

# Inwido Capital Markets day 2021

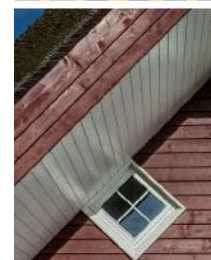
## Tips & house rules during the meeting

- You can download the presentation from [inwido.com](https://www.inwido.com)
- Presentations will start at 08:30 CET – program ends 11:30
- To ask a question during Q&A
  - On site Stockholm – raise hand
  - On webcast via Financial Hearings

Participants in Stockholm – please consider social distancing during meeting



## Windows & doors





# Capital Markets Day agenda

- |              |   |                                    |
|--------------|---|------------------------------------|
| <b>08:30</b> | CMD 2021 opening                                    |                                    |
| <b>08:35</b> | Inwido's growth journey<br>For a sustainable Inwido | Henrik Hjalmarsson<br>Lena Wessner |
| <b>09:45</b> | Break   |                                    |
| <b>10:05</b> | Panel talk "from small to big"                      | Jonna Opitz &<br>Antti Vuonokari   |
|              | The numbers that matter                             | Peter Welin                        |
| <b>11:05</b> | Q&A and close of program                            | Inwido Group Mgmt                  |
| <b>11:30</b> | Meet Inwido Group Management for lunch              |                                    |







Our growth  
journey

Henrik Hjalmarsson  
President & CEO



# Topics to cover

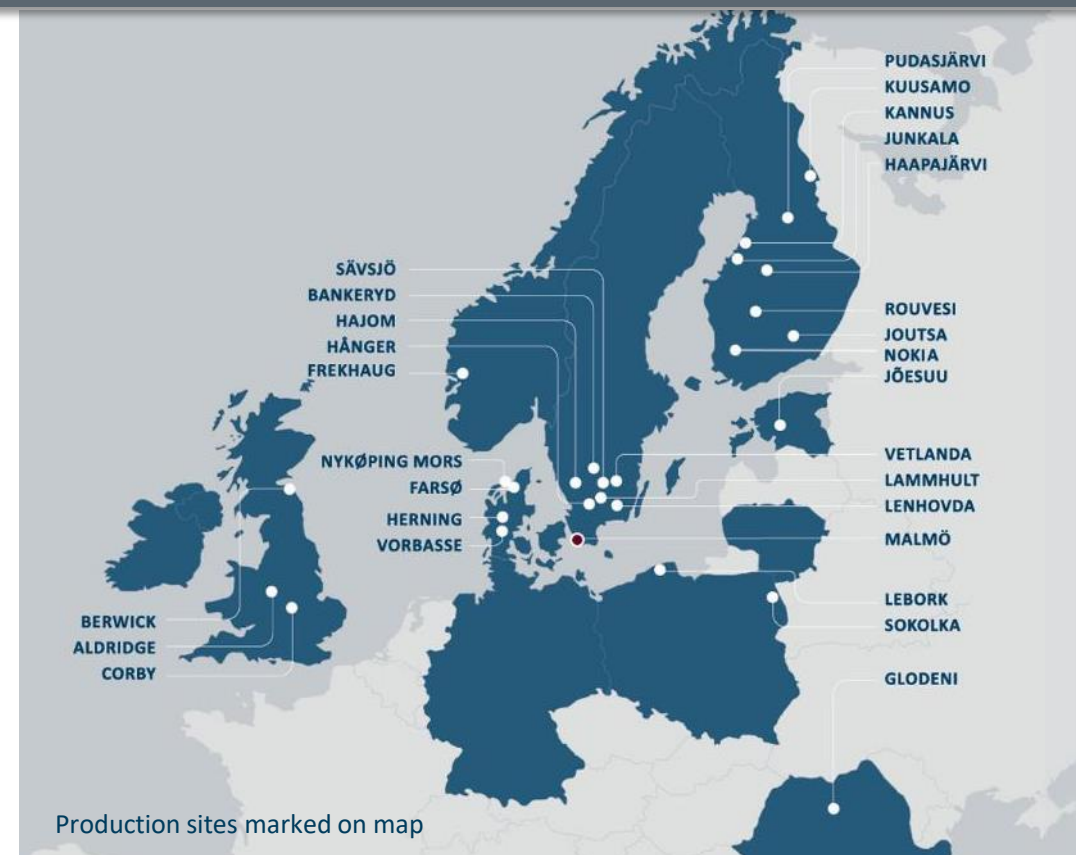
- This is Inwido
- Strategic cornerstones & value creation model
- 2021 achievements
- A growth focused strategy
- New long term targets
- Updated reporting structure
- Outlook 2022
- Summary



# This is Inwido

- Leading window group in Europe
- Clear market leader in the Nordic region with strong presence in the UK & Ireland
- Net sales of SEK 7.3 billion LTM Q3 2021
- Operating EBITA margin of 12.2% LTM Q3 2021
- Approx. 4,600 employees

Clear market leader in the Nordic region



# Our cornerstones for sustainable and profitable growth

**1**

A decentralized structure drives customer and results focus

**2**

Focus on consumer driven markets for profitable growth

**3**

Sustainable growth driven through acquisitions

**4**

Synergies drive structural improvements

# A clear and proven value creation model

## Our approach to drive sustainable shareholder value

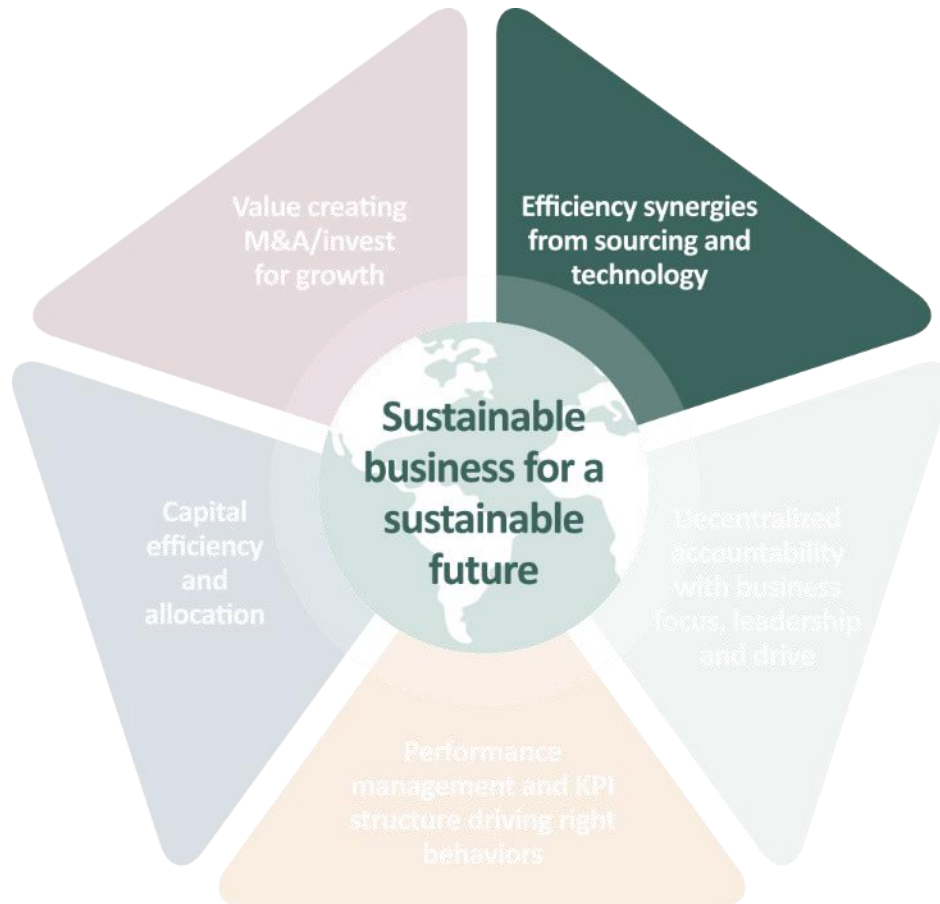
- Five elements that are the basis for Inwido's value creation model
- Ensures that we deliver long-term cost-efficient customer and employee value, in a sustainable way, and hence drives shareholder value
- Based on our proven ability to improve businesses to drive profit
- Plug in acquired businesses, but being sensitive to their starting point to protect base and maximize incremental value





# The value creation model put into action

Facilitates profitable growth with sustainability at its core



- Joint sourcing delivers savings on direct materials which improves profitability, while pushing suppliers to improve and innovate
- Best practice in technology improving supply chain efficiency and customer proposition across the group

# The value creation model put into action

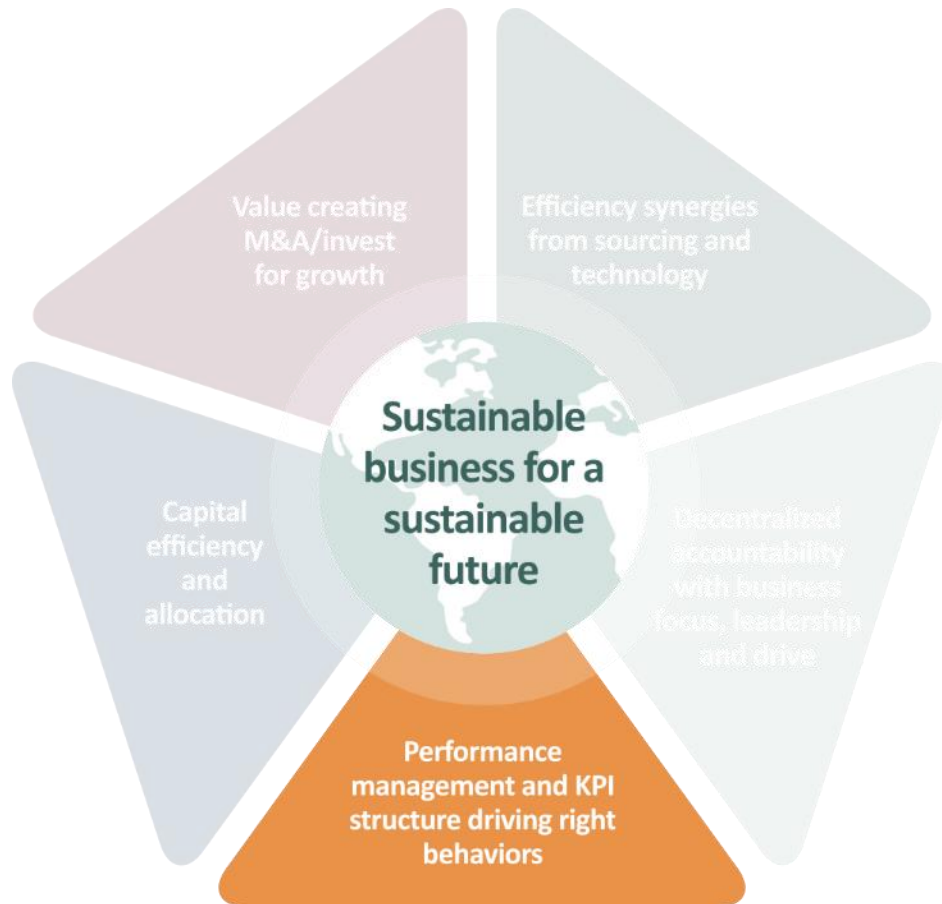
Facilitates profitable growth with sustainability at its core



- Decision making closer to the market and customers drives agility, speed and relevance
- Strong local business ownership and accountability strengthens business and results focus

# The value creation model put into action

Facilitates profitable growth with sustainability at its core

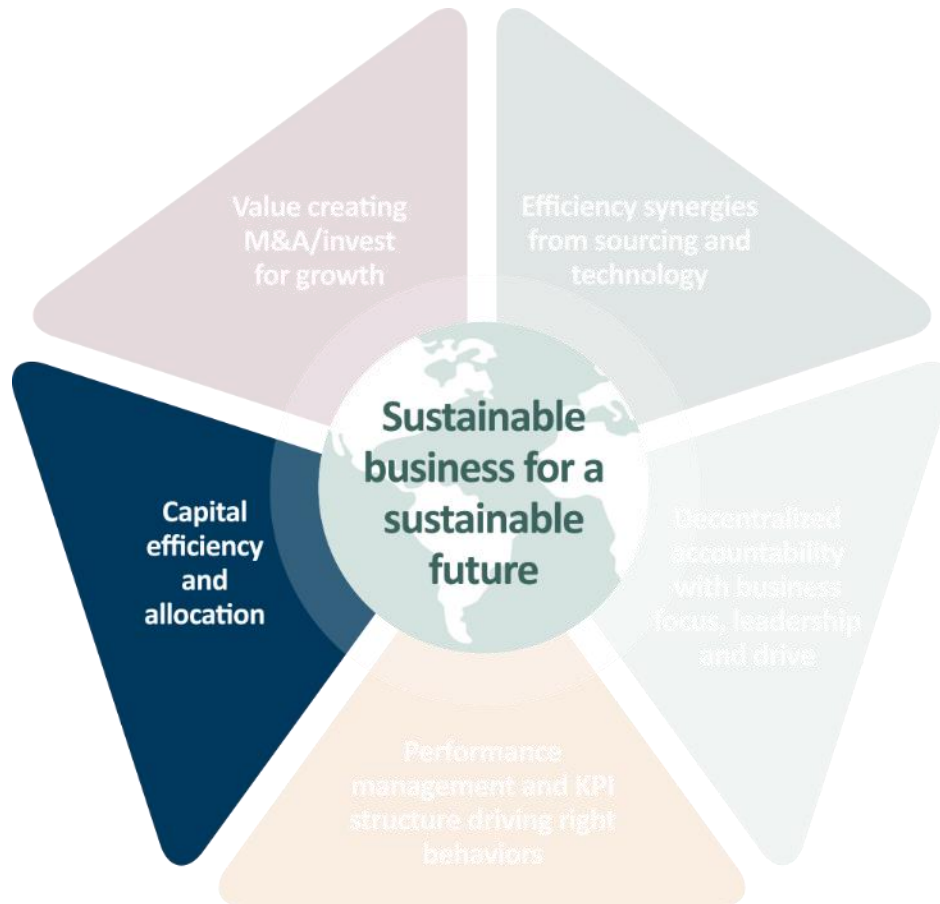


- Many local P&Ls with strong follow up drives increased transparency and rapid response to deviations
- The Inwido scorecard is a proven way to improve businesses in our industry



# The value creation model put into action

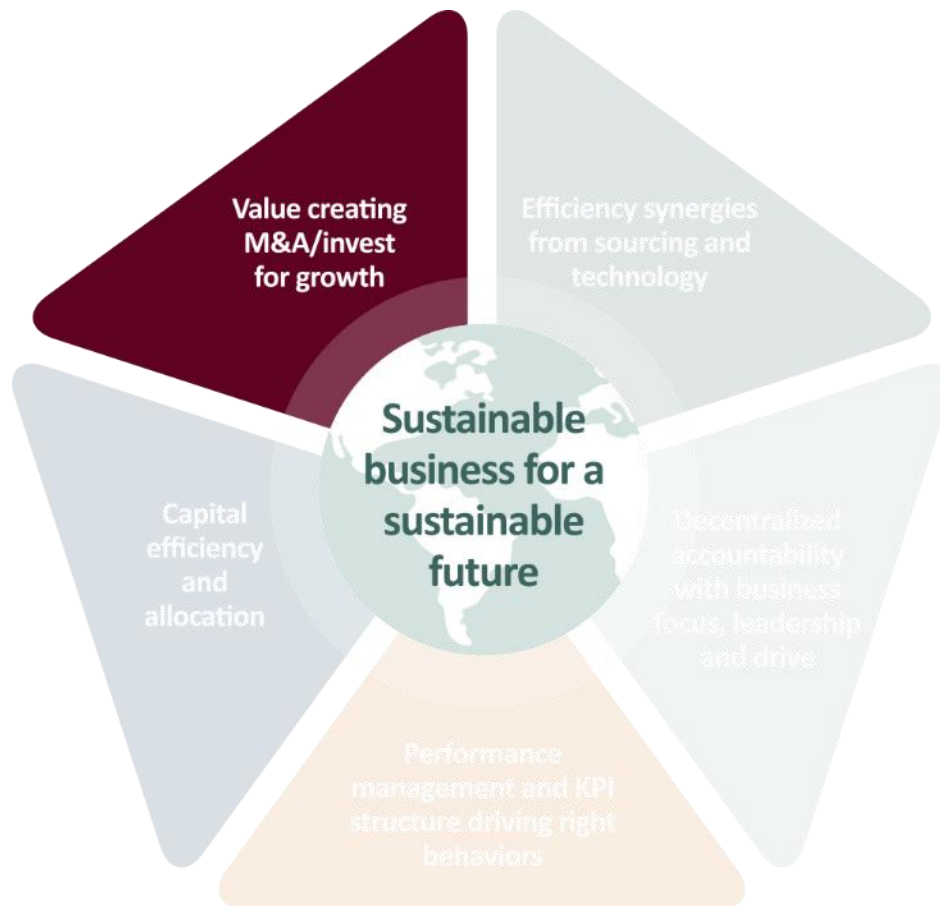
Facilitates profitable growth with sustainability at its core



- Strong cash generation allows continuous investments to improve the businesses as well as value creating acquisitions for continuous growth

# The value creation model put into action

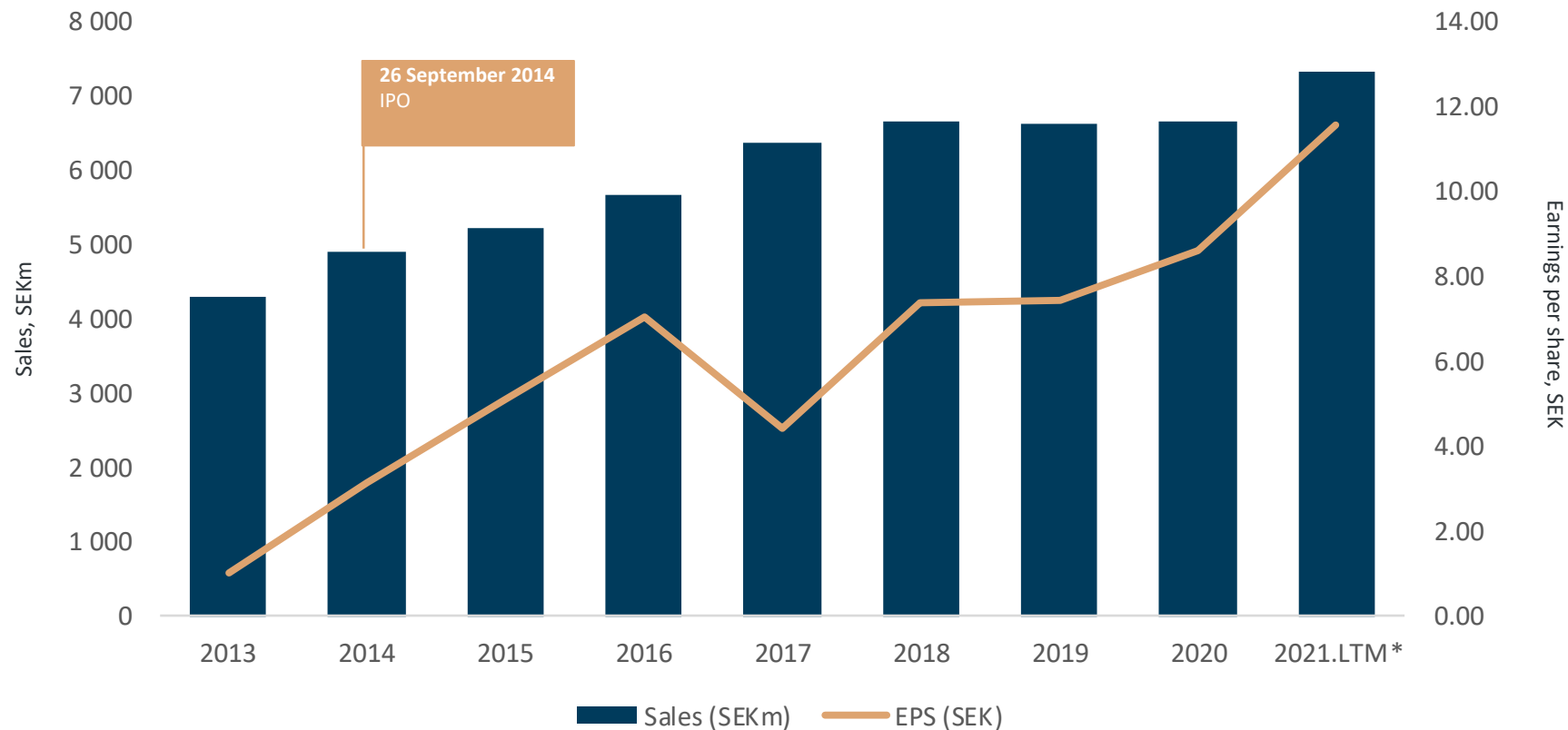
Facilitates profitable growth with sustainability at its core



- Continuous investments for growth and value creating acquisitions are pillars of Inwido's business model
- With cash focus on acquired businesses we generate further resources for growth creating a positive spiral

# Consistent shareholder value creation since the IPO

Further strengthened after clarification of the value creation model





# 2021 achievements

- Q3 2021 – tenth consecutive quarter with strengthened margins and sixth quarter in a row with organic growth
- 2021 has seen favorable markets in general with continued strong order intake for Inwido
- Continuous high price pressure on input materials and transportation
- First nine months sales growth of 14% to SEK 5,550 (organically +15%) and strengthened operating EBITA margin to 11.9% (10.2%)
- We have continued to manage the Covid-19 pandemic responsibly and decisively limiting the impact



# A growth focused strategy

# Accelerating our growth ambitions

Three pragmatic elements in our strategy

- Leverage a strong base to take the next steps towards long term profitable growth
- Maintain profit and organic growth momentum while driving M&A more actively





# Invest for growth

Dedication and prioritization of resources to drive organic growth

1

Investments for continued growth  
in e-Commerce

**Because e-Commerce is a considerable growth potential**

- Marketing and SEO/SEM
- Supply chain capacity
- Selective entry into new geographies

2

Secure assortment relevance

**Because the right assortment drives a sustainable competitive advantage**

- Exploit changing consumer preferences, e.g. safety
- Investments in energy efficiency

3

Cement and protect strong  
segment positions

**Because the market rewards strong segment/geography positions rather than overall market leadership**

- Market initiatives and investments
- Unique customer solutions/propositions
- Supply Chain investments



# Operational excellence to drive efficiency & margins

Lean businesses with high reliability and resilience wins in the market

**1**

Step change performance of units lagging in margin

**Because profit and margin potential on some larger units is still considerable**

- Elaborate customer and segment proposition
- Leverage increased decentralization
- Revamped long term footprint strategies

**2**

Leverage growth and invest for efficiency to expand margins

**Because the right cost level drives market relevance and margin potential**

- Exploit Lean by Inwido and operations best practice
- Scrutinize overheads and indirect costs
- Continuous Capex for automation and efficiency

**3**

Continued development of best practice sharing and pragmatic synergies

**Because soft synergies in technology and know-how is a considerable value creator**

- Leverage best practice sharing
- Invest in leadership and organization development
- Joint step changed sustainability efforts

## Value creating M&A

A key growth driver

- Accelerate M&A activities to deliver material acquired growth annually
- Strive for positive multiple arbitrage and leverage two step acquisitions in the case of stand-alone businesses





## A fragmented European industry landscape creates opportunity

- Top four window and door groups have a combined market share of less than 10%
- Many thousands of window and door businesses creates a considerable opportunity for consolidation
- With many family-owned businesses approaching generational shifts there is a clear window of opportunity
- We drive focused efforts to leverage our proven acquisition model to achieve considerable growth



# New long-term targets

# Step changing our growth and sustainability ambitions

## New long-term targets for Inwido

- Our present financial targets have been in place since the IPO in September 2014 whereas the business and our performance have developed considerably
- In our updated strategy we are increasing our growth ambitions, with considerable opportunity for acquisition driven growth, which should be visible in our long-term targets
- Our contribution to a more sustainable society is a substantial value driver and hence we wish to raise our ambitions in this area

# Sustainable value through sustainable business

## Long-term targets for Inwido

Revenue	SEK 20 billion by 2030	Sustainable development
Profitability	>15% Return On Operating Capital	Meet the 2030 Science Based Targets for reduction of greenhouse gas emissions
Capital	Net Debt in relation to Operating EBITDA <2.5x	
Dividend	Approximately 50% of Net Profit	>75% of Group window and door sales EU Taxonomy aligned by 2030



# Updated reporting structure

# Increased transparency and stronger growth focus

A new reporting structure and organization supporting long term targets

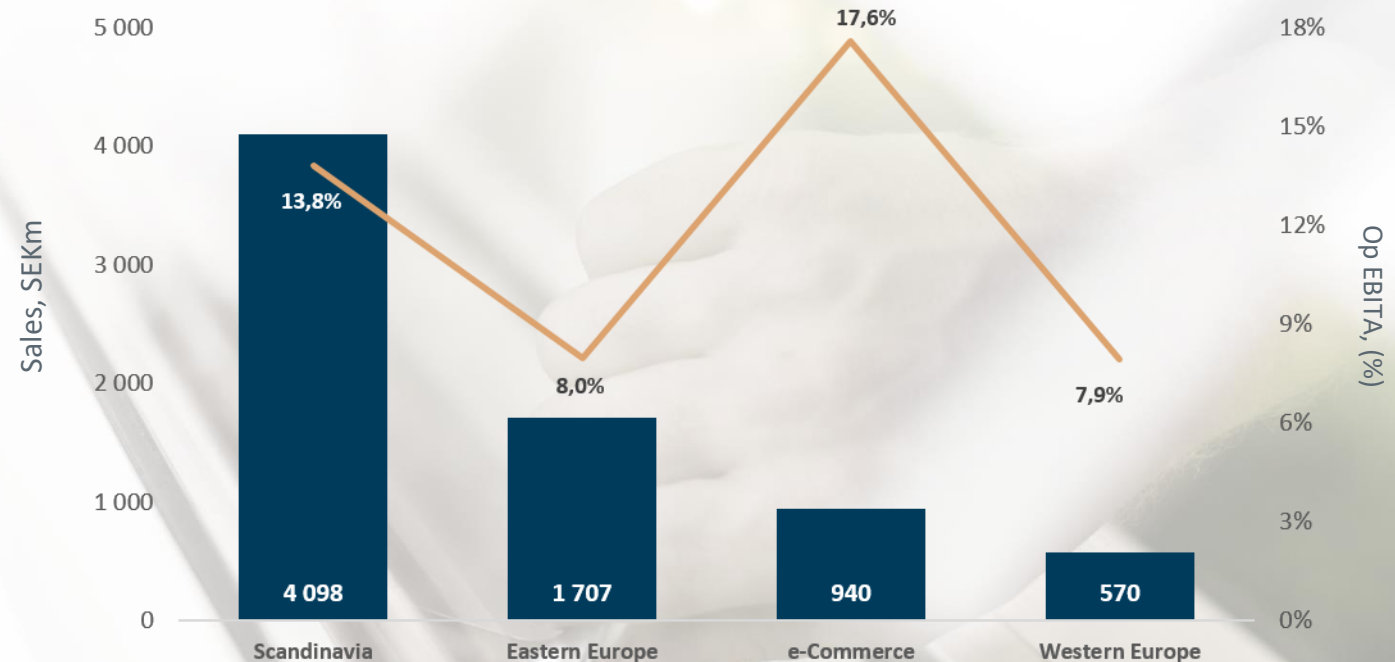
- Increasing the granularity of reporting to improve overall transparency
- Clearly highlighted growth segments, signaling our intent to drive growth more aggressively
- Reporting the e-Commerce business separately more clearly displays the growth trajectory, and the contribution to value creation
- By relieving the CEO from the operational responsibility for the largest Business Area, more senior focus and attention is devoted to the M&A agenda
- Improved ability for stakeholders to understand and analyze the business

# From two to four reported Business Areas

Increases transparency and more relevant for understanding the business



Sales (SEKm) and Op EBITA (%) per segment



# Stronger focus on growth and sustainable development

## Lean and business minded group management leading the new organization



**CFO & deputy CEO**  
*Peter Welin*



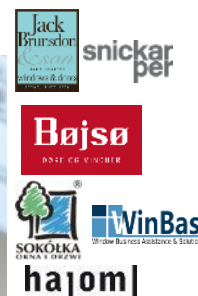
**President & CEO**  
*Henrik Hjalmarsson*



**Executive Vice President**  
**Human Resources,  
Organization & Sustainability**  
*Lena Wessner*



**Executive Vice President**  
**Eastern Europe**  
*Antti Vuonokari*



**Executive Vice President**  
**Communications & Premium**  
*Jonna Opitz*



**Executive Vice President**  
**Scandinavia**  
*Mads Storgaard Mehlsen,*  
as of June 1, 2022



**Executive Vice President**  
**e-Commerce**  
*Bo Overgaard Christensen*



# Outlook 2022 and summary

# Outlook

- Entering Q4 2021 with a strong order backlog and strengthened positions
- Near term healthy activity levels on both consumer and industry markets
- Hard to predict if/when input material inflation, transportation costs as well as lifted Covid restrictions will impact market demand in 2022
- Continued long term optimistic outlook with increasing demand for energy-efficient windows and doors
- Continuously increasing activity level on M&A to accelerate growth



# Summary

- A stable base with improved margins and a solid balance sheet as a platform for growth
- Accelerated growth ambitions, organic and through acquisitions
  - Considerable consolidation opportunity on the European market
- New long term targets highlighting focus on growth and sustainable development
- New reporting structure, aligned with strategy and increasing transparency
- New organization supporting delivery of strategy and long term targets





HENRIK HJALMARSSON  
PRESIDENT & CEO







For a sustainable  
Inwido

Lena Wessner

SVP HR, Organisation & Sustainability

We give more than we take

Why?

Sustainable business drives sustainable value

Today and for future generations



# Sustainability is the heart of our business model

- Improving energy efficiency of buildings by supplying high quality windows and doors
- Increased expectations on sustainability, for our products and the impact of our business
- Our Sustainability Compass supports our ambitions as a responsible corporate citizen and helps us prioritize and highlight sustainability efforts





# Inwido long term ambition – carbon footprint

*"We will reduce our  
carbon dioxide emissions with  
50 percent by 2030  
&  
be carbon neutral by 2050"*



# Sustainable business drives sustainable value





# Inwido's sustainability compass

## Be an environmental friend

### Why?

We need natural resources to do responsible business

### How?

- We provide products that drive energy efficiency and savings
- We decrease climate and environmental impact from our operations and suppliers
- We use wood from sustainable forestry
- We reuse, recycle and choose sustainable materials while reducing waste

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## Färdplan 2045

# EPD<sup>®</sup>



# Inwido's sustainability compass

## Be a good place to work

### Why?

Empowered colleagues make a difference

### How?

- We develop our employees and make them feel involved and valued
- We invest in health and safety
- We strive for equal opportunities
- We actively work to improve employee satisfaction

# Inwido's sustainability compass

## Be a good place to work

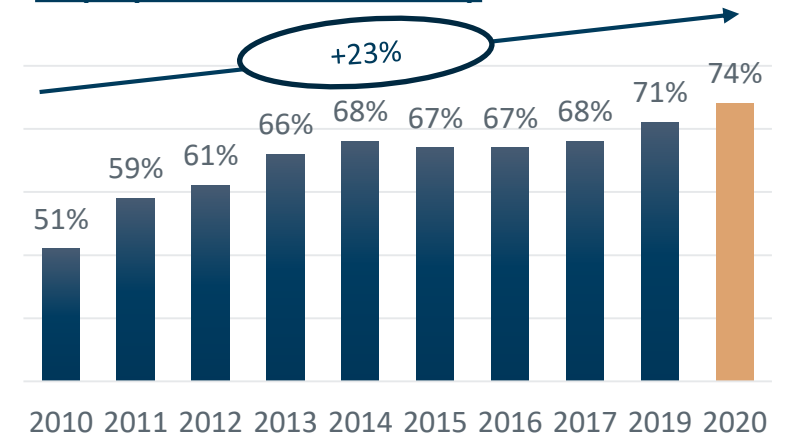
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### Employee satisfaction survey



# Inwido's sustainability compass

## Be a responsible business

### Why?

Aligning with society creates more opportunities

### How?

- We have zero tolerance regarding corruption and unethical business behavior
- We demand responsible behavior from all suppliers and partners
- We comply with strict codes of conduct
- We support our local communities



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# Inwido's 8 sustainability KPI's

## The result of our work in 2020

- Energy consumption
- Co2 emissions (scope 1 and 2)
- Wood from sustainable forestry
- Employees in rural areas
- Equality in management
- Accidents (with lost working days)
- CoC for suppliers (direct material)
- Sick leave

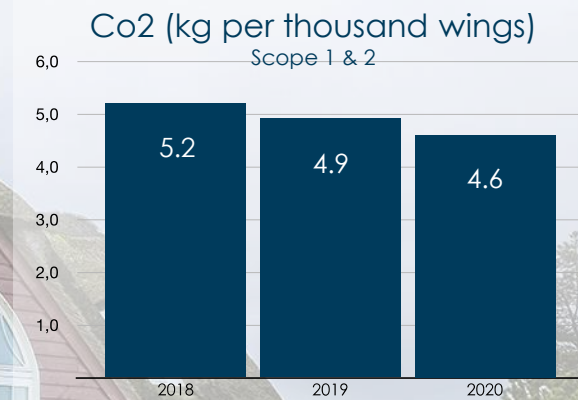




# Inwido's 8 sustainability KPI's

## The result of our work in 2020

- Energy consumption ✓
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- Employees in rural areas ✓
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- Sick leave ✗



Improved by  
7.1%



# Inwido's 8 sustainability KPI's

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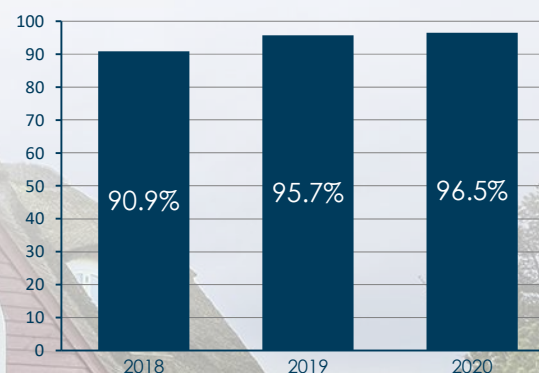


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CoC for Direct Material suppliers



## Raising the bar on our sustainability journey

- Introduce two new public KPIs
  - Hazardous and non-hazardous waste
  - Number of discrimination and harassment cases
- Committing to Science Based targets to meet the Paris agreement 2050
- We have an ambition to be 75% Taxonomy aligned on windows and doors sales by 2030



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



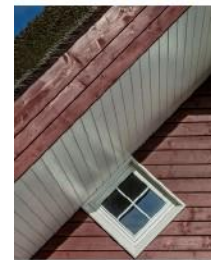


# Sustainability summary

- Good trend on our KPI's and added two new
- Long term ambition – our carbon footprint
- Science based target commitment
- Taxonomy alignment



## Windows & doors





Coffee-break

Program starts 10:05



# Capital Markets Day agenda - Part 2

- |              |  |  |
|--------------|--|--|
| <b>10:05</b> | Panel talk "from small to big"         | <b>Jonna Opitz &amp;<br/>Antti Vuonokari</b> |
|              | The numbers that matter                | <b>Peter Welin</b>                           |
| <b>11:05</b> | Q&A and close of program               | <b>Inwido Group Mgmt</b>                     |
| <b>11:30</b> | Meet Inwido Group Management for lunch |  |





# Inwidos recipe for success “from small to big”

## Three themes for panel talk:

- The Inwido world of big & small
- In the Inwido model we trust
- The future success model



**Jonna Opitz**



**Antti Vuonokari**

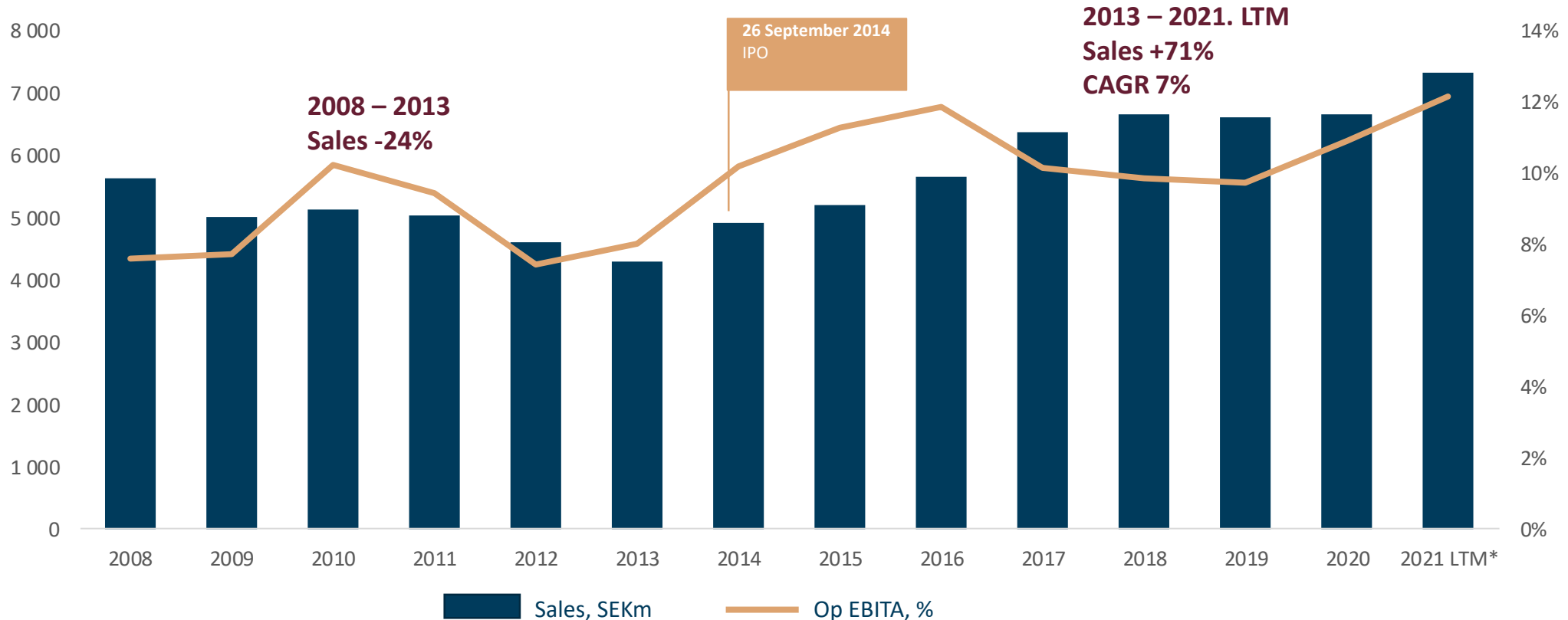


Finance

Peter Welin  
CFO & deputy CEO

# At a historic high margin level – 12.2% LTM

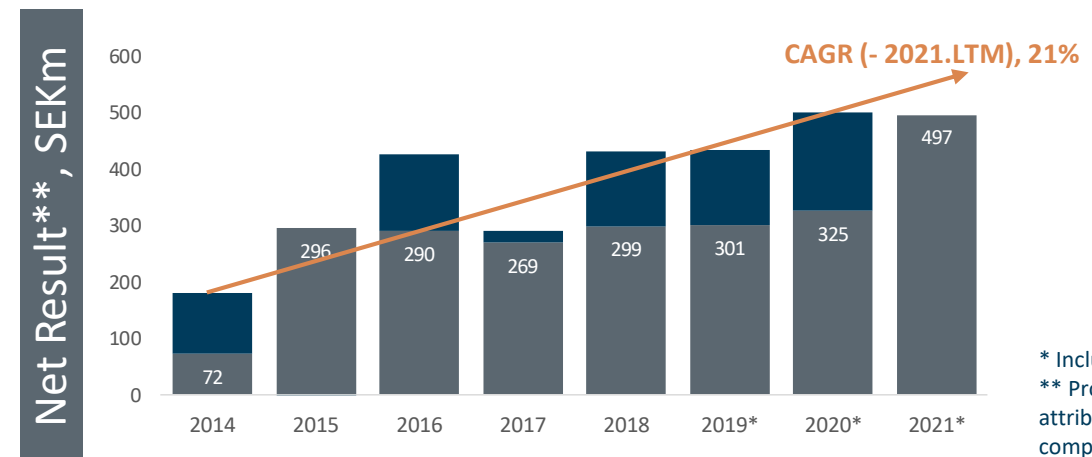
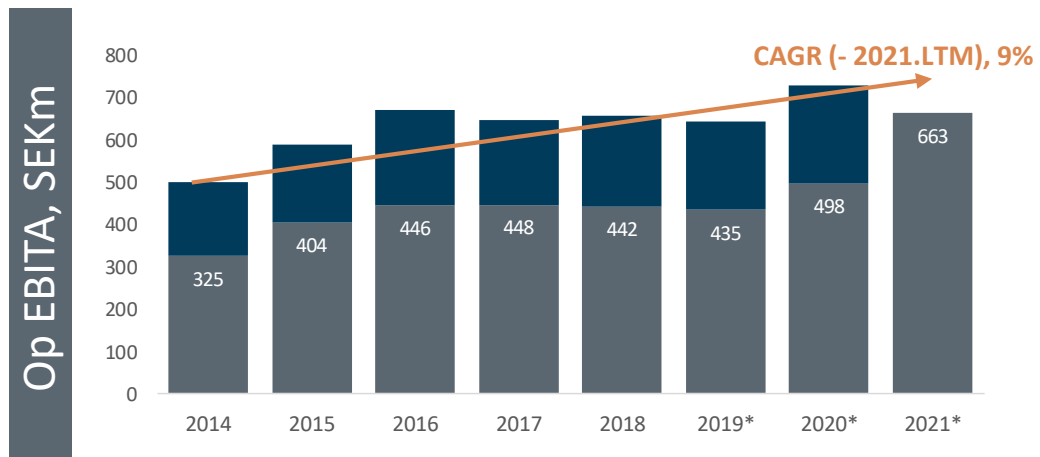
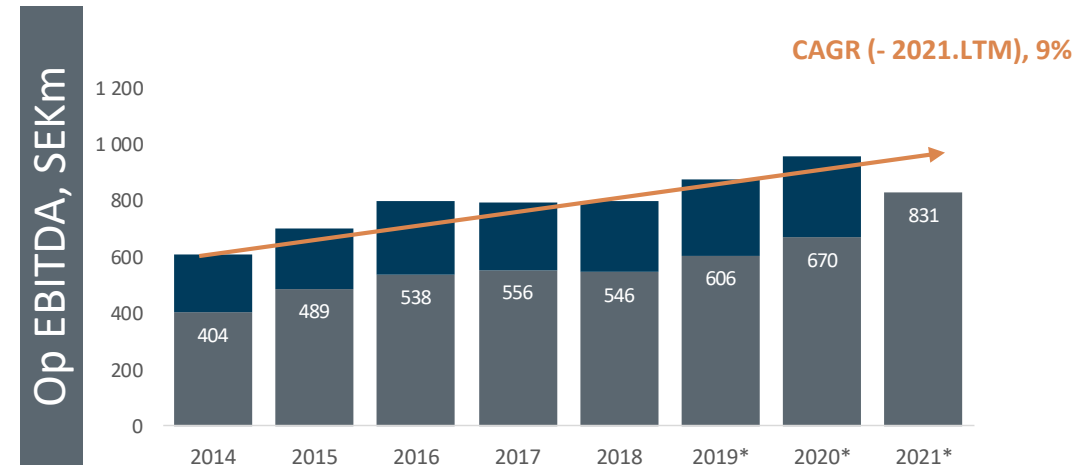
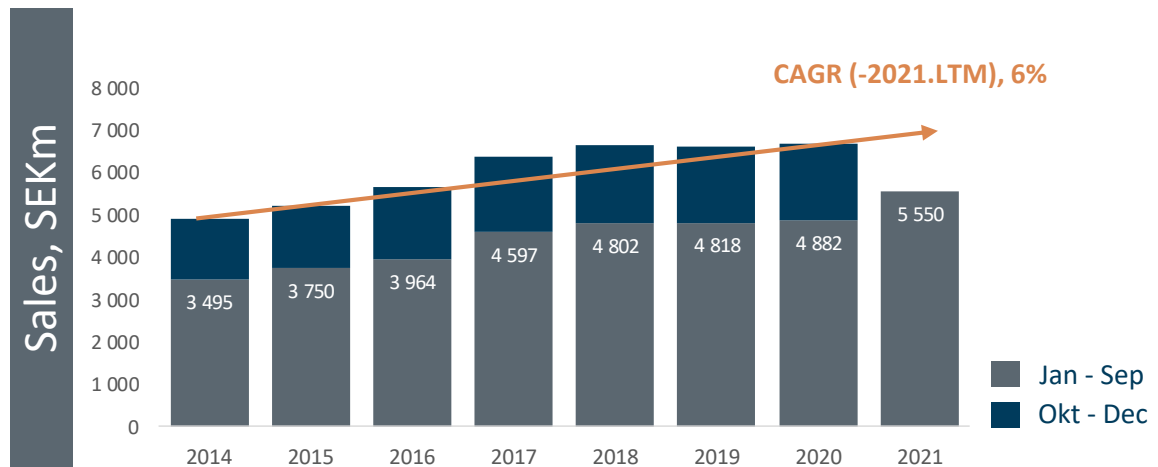
## Inwido performance, sales (SEKm) and Op EBITA (%)



\*2021 LTM = October 2020 – September 2021

# 2021- a year of improved performance

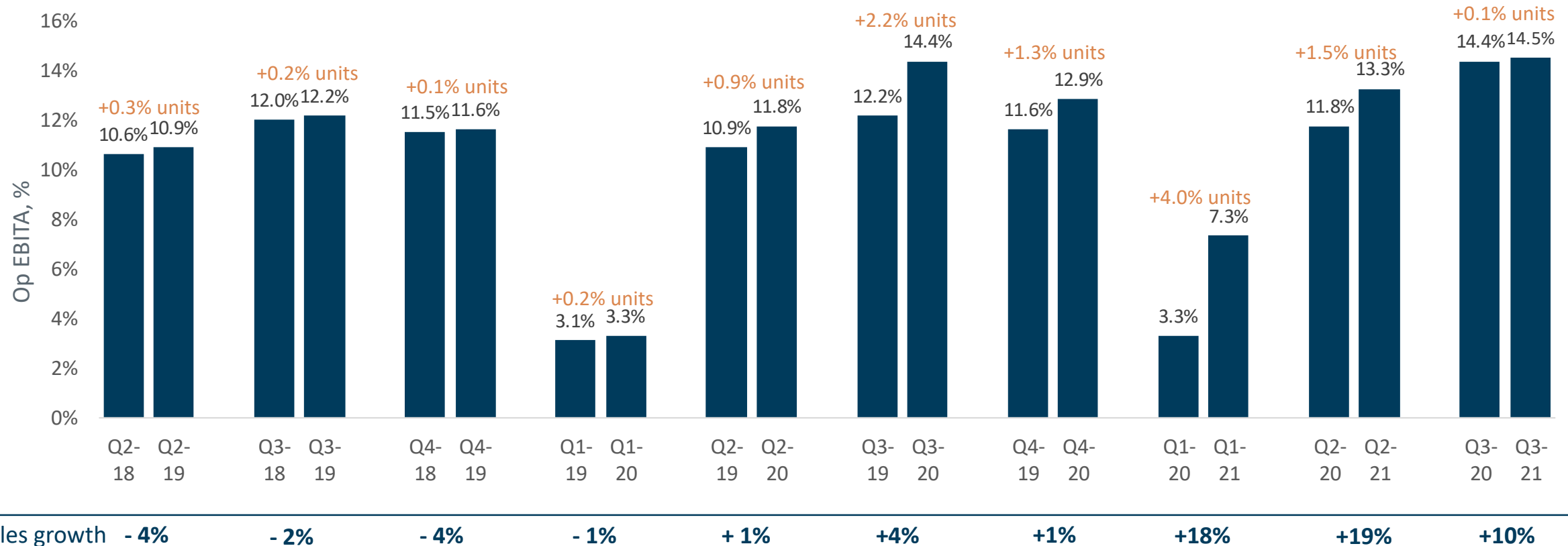
## Jan – Sept 2021 best performance ever



\* Including IFRS 16  
 \*\* Profit for the year attributable to parent company shareholders

# Ten quarters of improved margins – sales growth last six

## Op EBITA margin per quarter



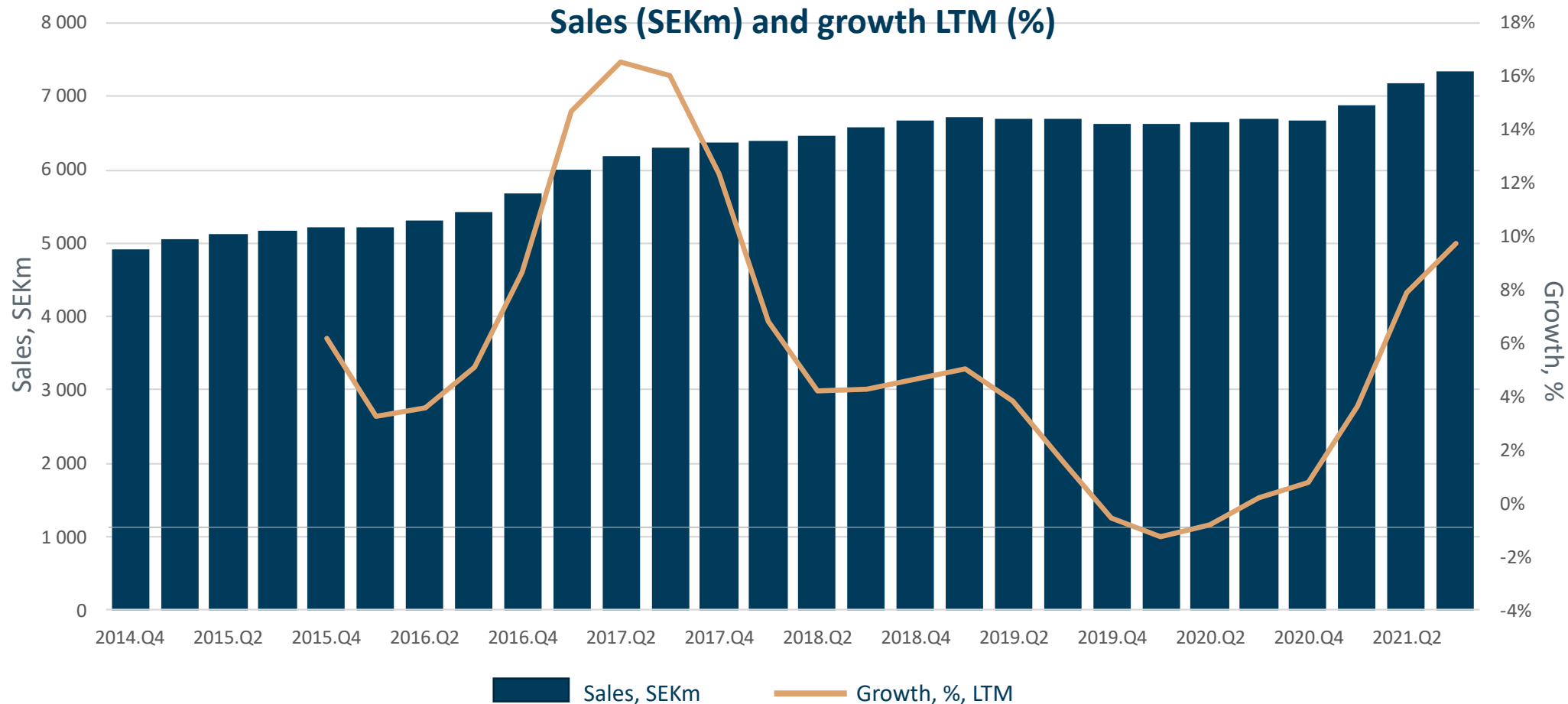
# Financial Targets

		Outcome September 2021
Revenue	<b>SEK 20 billion by 2030</b> With a further focus on growth, Inwido intends to grow, organically as well as through acquisitions, to reach a total revenue of at least SEK 20 billion by 2030	SEK 7,349m +9.8%, LTM
Profitability	<b>&gt;15% Return on operating capital</b> Inwido's Return on operating capital shall, over a business cycle, amount to an average of 15%.	16.4%
Capital	<b>Net Debt in relation to Operating EBITDA &lt;2.5x</b> Inwido's net debt in relation to operating EBITDA shall, excluding temporary deviations, not exceed a multiple of 2.5.	x 1.0
Dividend	<b>Approximately 50% of Net Profit</b> Inwido's goal is to pay its shareholders an annual dividend corresponding to approximately 50 percent of the net profit. However, consideration must be taken to Inwido's capital structure in relation to the objective, cash flow and future prospects.	–



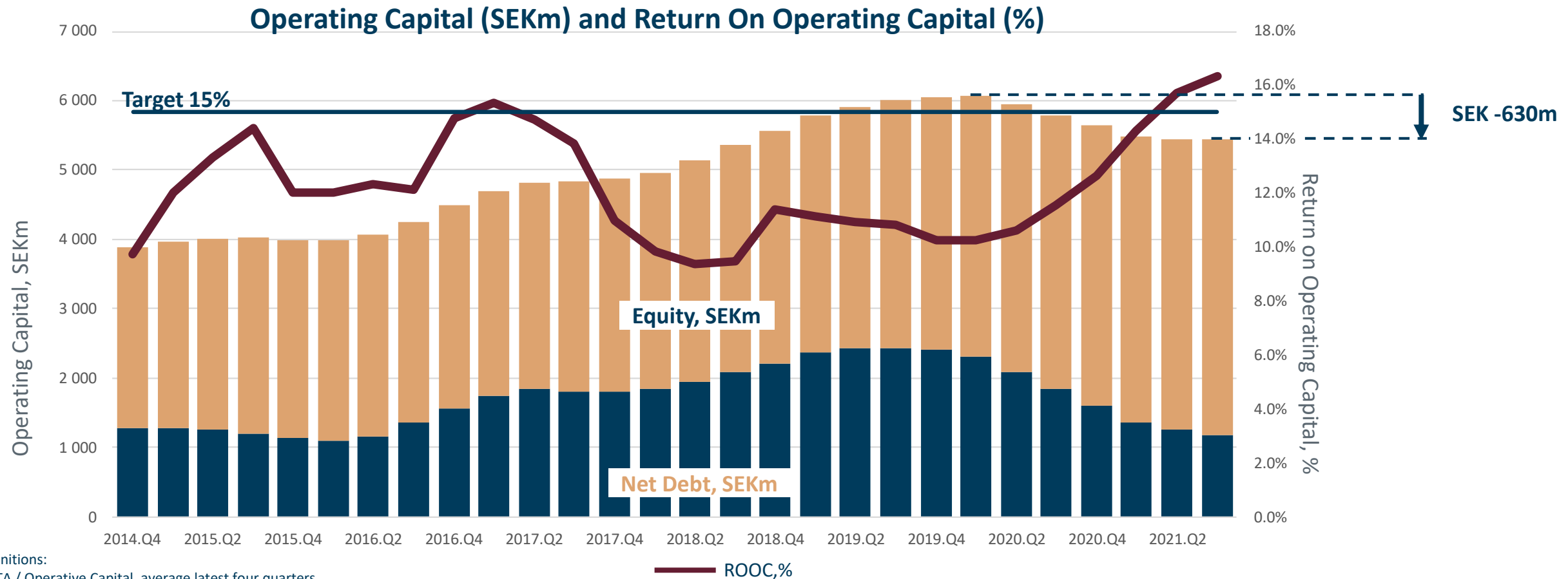
# Financial Target: Revenue – Sales growth

CAGR of 6% since the IPO in 2014



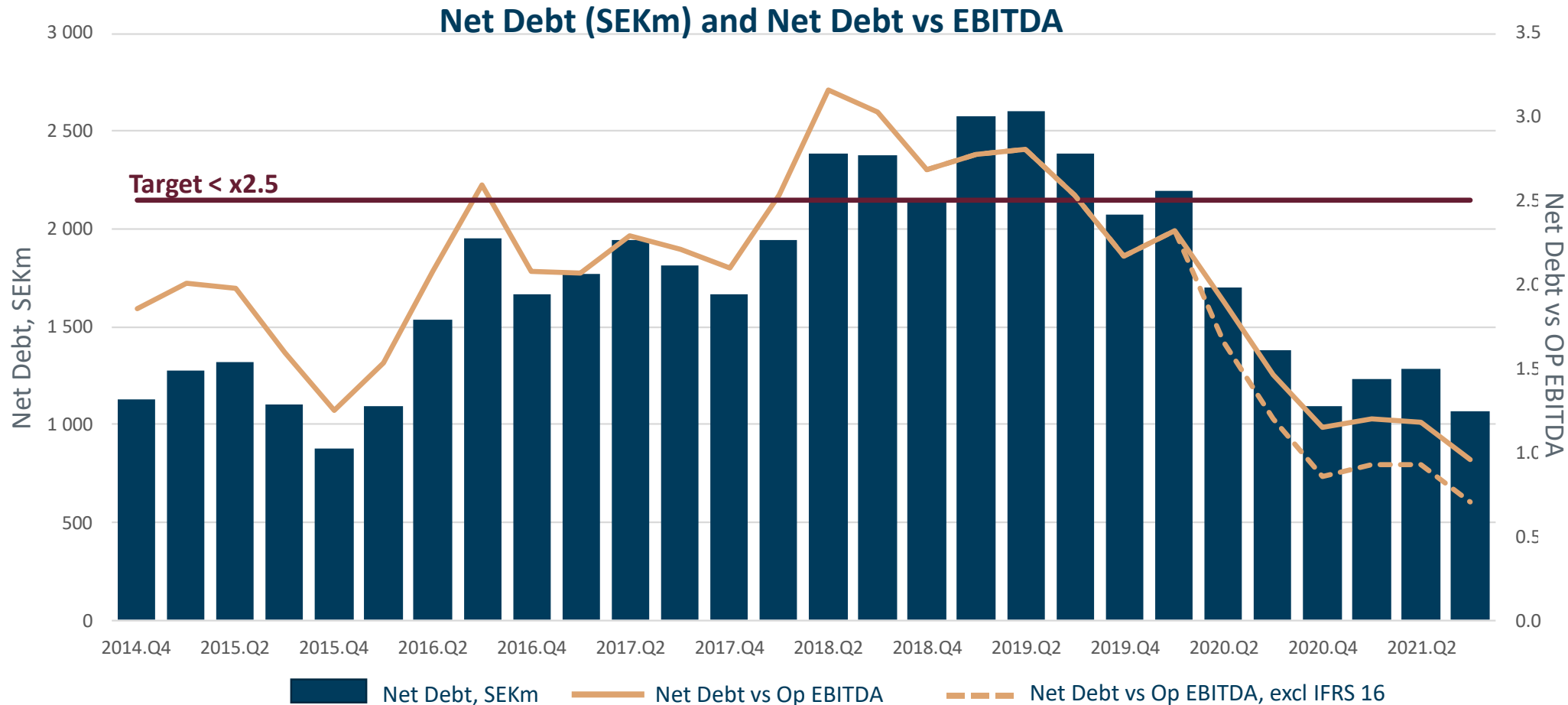
# Financial Target: Profit - Return On Operating Capital

Improved EBITA in combination with lower Operating Capital



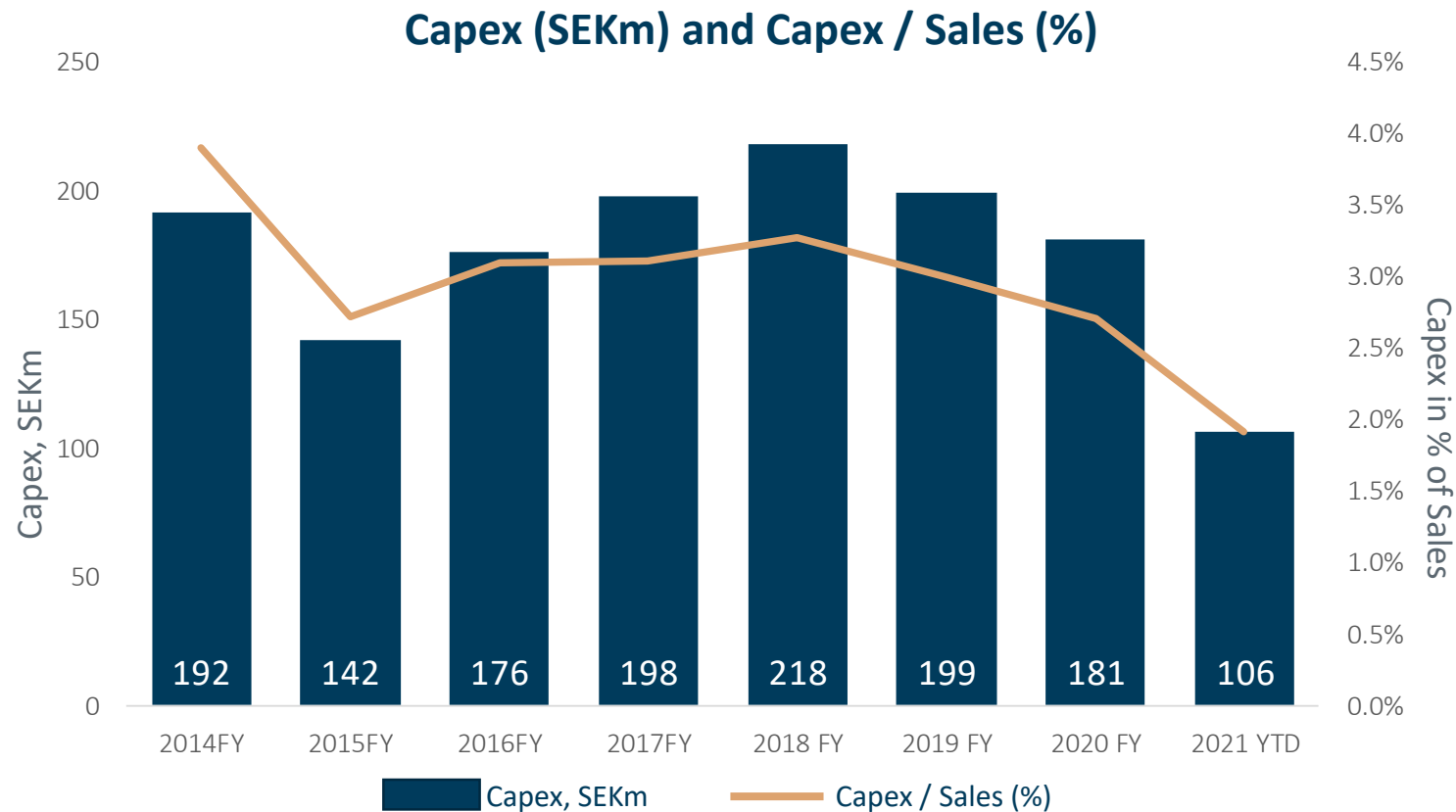
# Financial Target: Capital – Net Debt vs Op EBITDA

## Improved Op EBITDA in combination with lower Net Debt



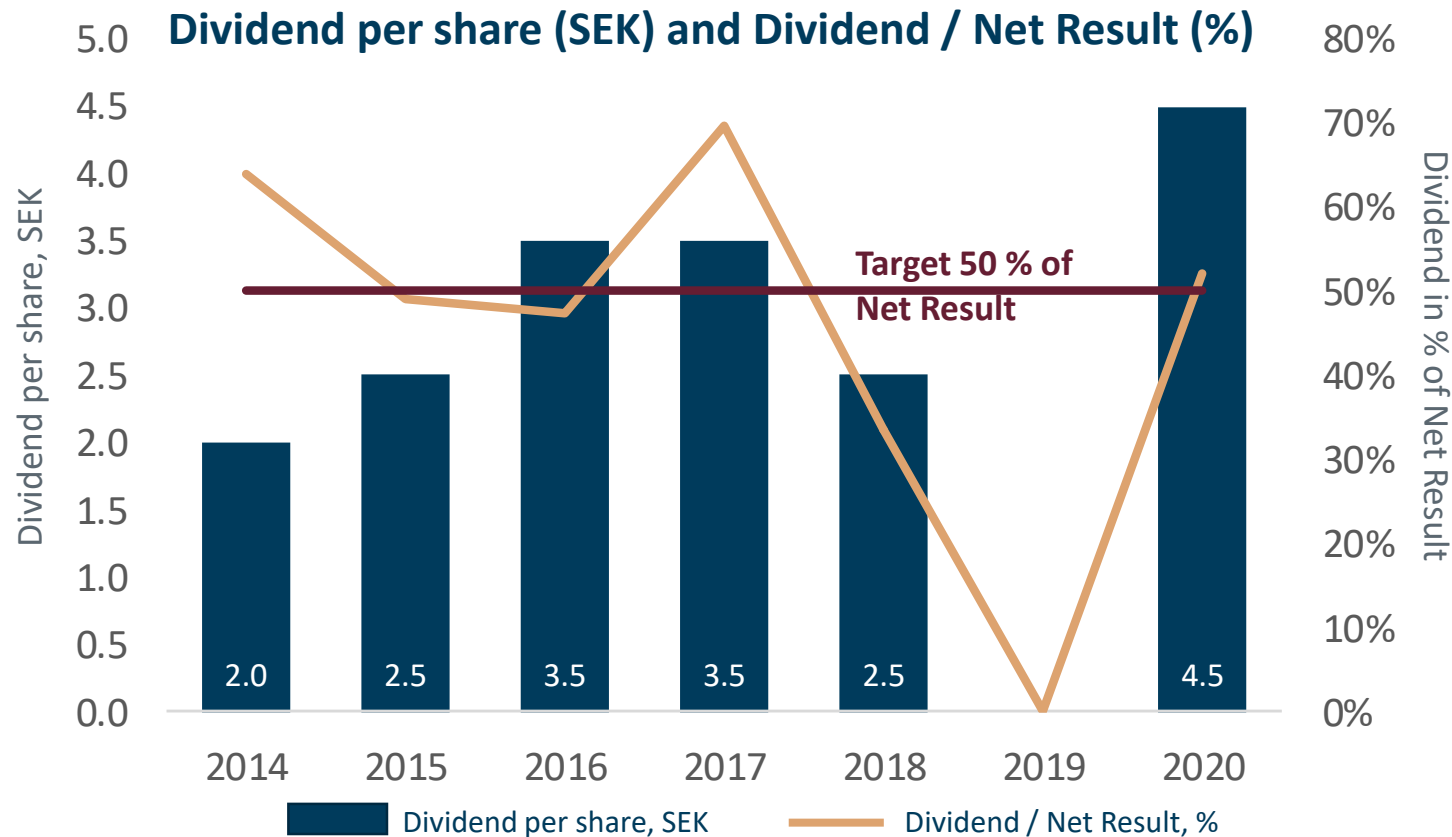
# Capex impacted by longer delivery times of machines

## Capex 2014 – 2021.Q3



# Financial Target: Dividend

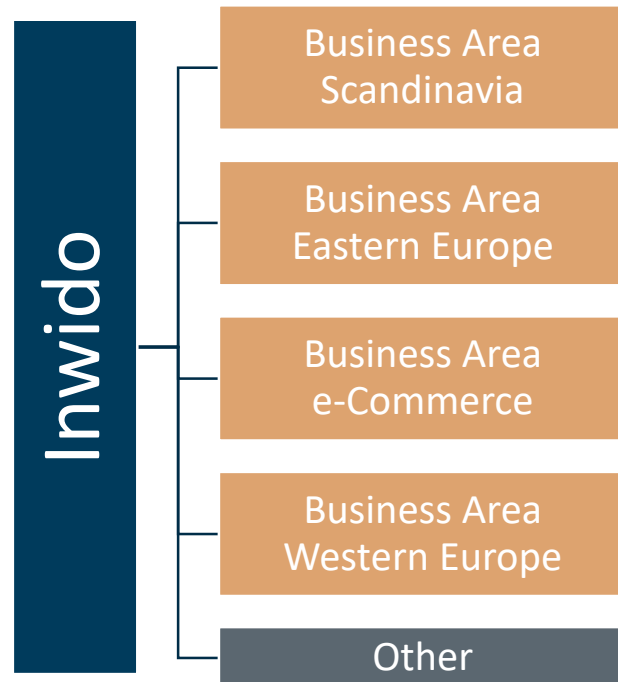
Dividend payments of SEK 1,072m (SEK 18.5 per share) since the IPO in 2014



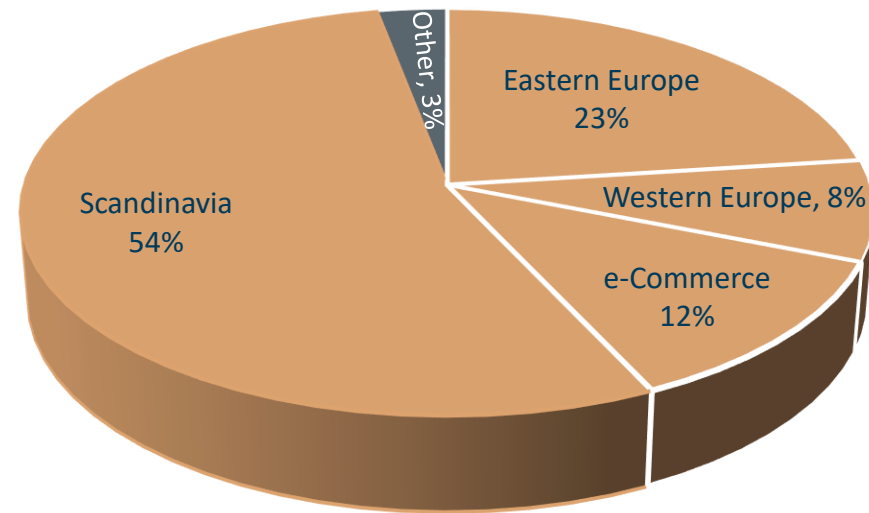


# New segment structure from 2022 with four segments

From two segments (North and South) to four segments




External Sales per Segment  
September 2021, LTM

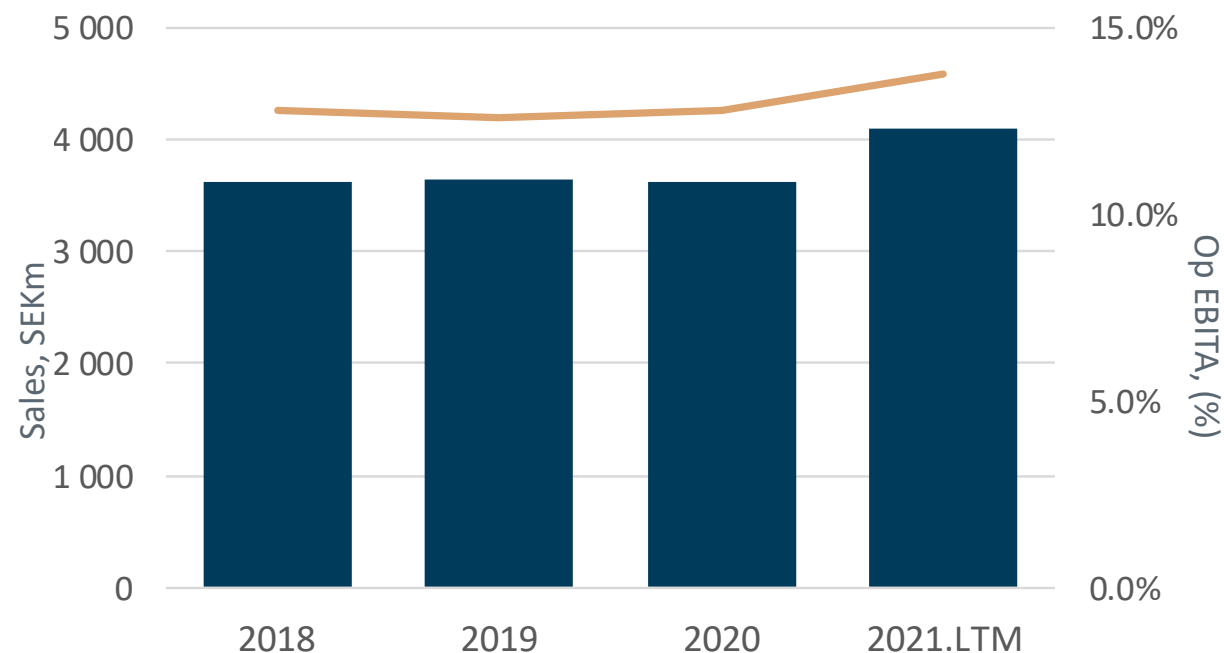


# New segment: Scandinavia

## Information Scandinavia

Sales, LTM	SEK 4,098m
Op EBITA (%), LTM	13.8%
Number of Business Units	13
Consumer share, external sales	72%
CAGR 2018 – 2021.LTM	5%
Markets 2021	Denmark, Sweden, Norway
	

Sales (SEKm) and Op EBITA (%)  
2018 – 2021.LTM

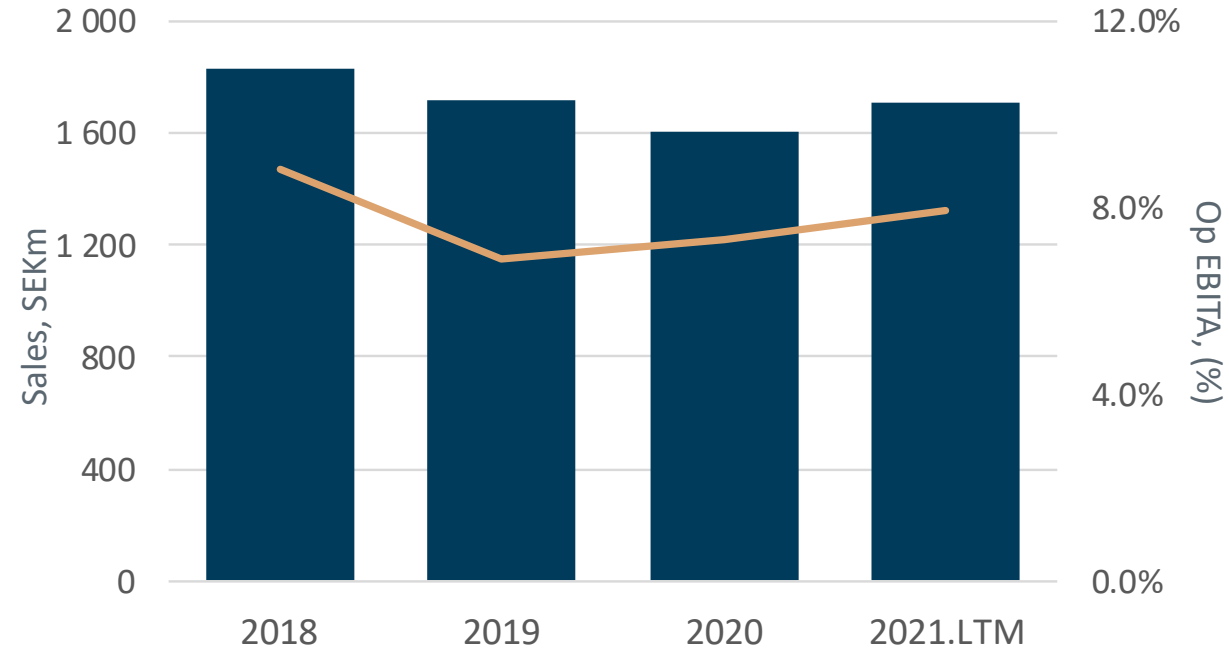


# New segment: **Eastern Europe**

## Information Eastern Europe

Sales, LTM	SEK 1,707m
Op EBITA (%), LTM	8.0%
Number of Business Units	7
Consumer share, external sales	63%
CAGR 2018 – 2021.LTM	-3%
Markets 2021	Finland, Poland
	

Sales (SEKm) and Op EBITA (%)  
2018 – 2021.LTM



# New segment: e-Commerce

## Information e-commerce

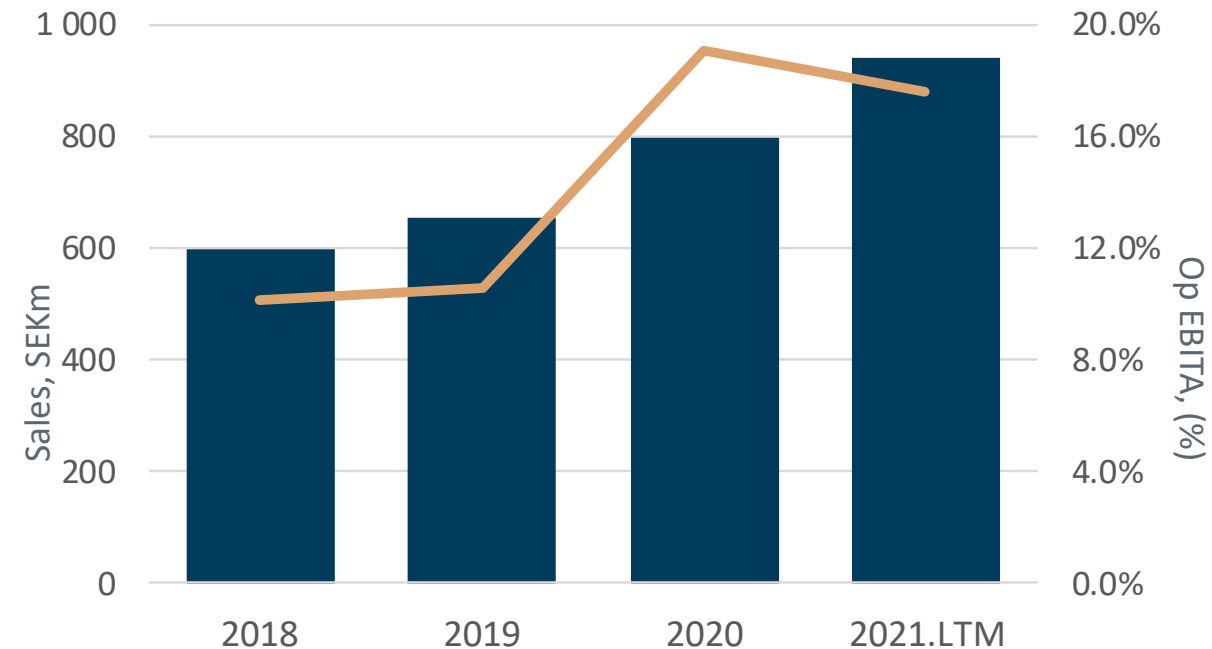
Sales, LTM	SEK 940m
Op EBITA (%), LTM	17.6%
Number of Business Units	1
Consumer share, external sales	100%
CAGR 2018 – 2021.LTM	18%
Markets 2021	Denmark, Sweden, Norway, Germany, Finland, UK and Ireland



**Bedst&Billigst**  
**SPARVINDUER**

**BonusFönster**  
**SPARFENSTER**




Sales (SEKm) and Op EBITA (%)  
2018 – 2021.LTM



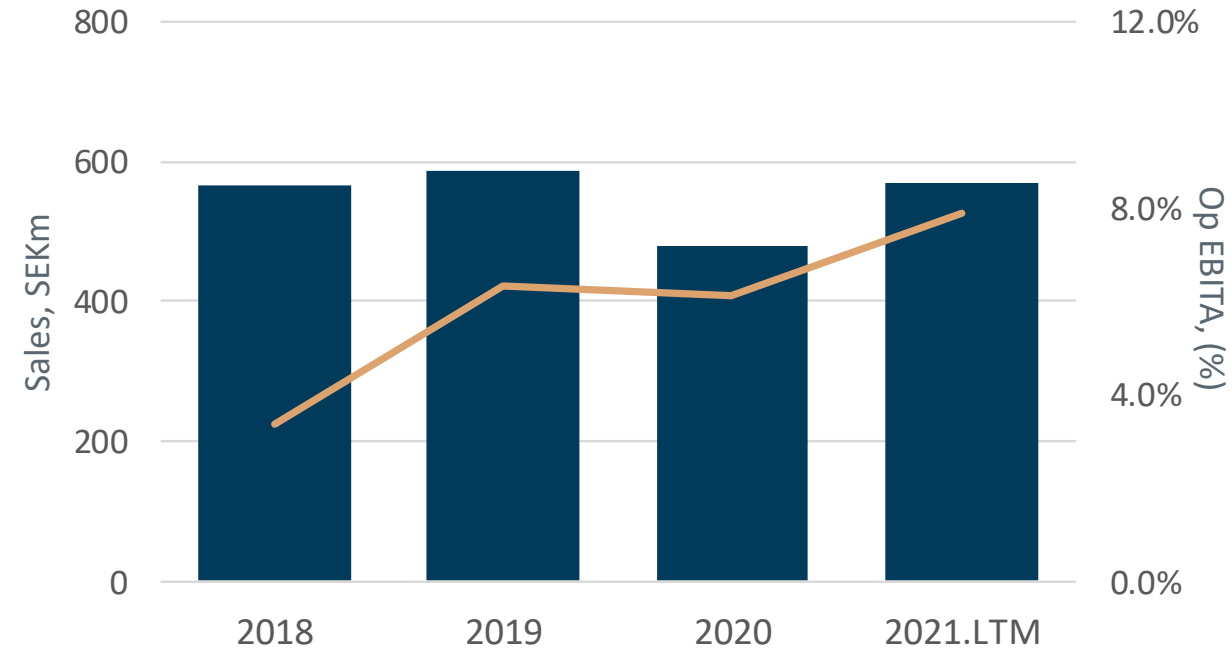


# New segment: **Western Europe**

## Information Western Europe

Sales, LTM	SEK 570m
Op EBITA (%), LTM	7.9%
Number of Business Units	4
Consumer share, external sales	81%
CAGR 2018 – 2021.LTM	0%
Markets 2021	England and Ireland
<div> <div> <b>ALLAN BROS.</b>  <small>ESTD 1811</small>  <small>Craftsmen of Timber Windows &amp; Doors</small> </div> <div>   <b>CWG Choices Ltd.</b> </div> <div>  </div> <div>  </div> </div>	

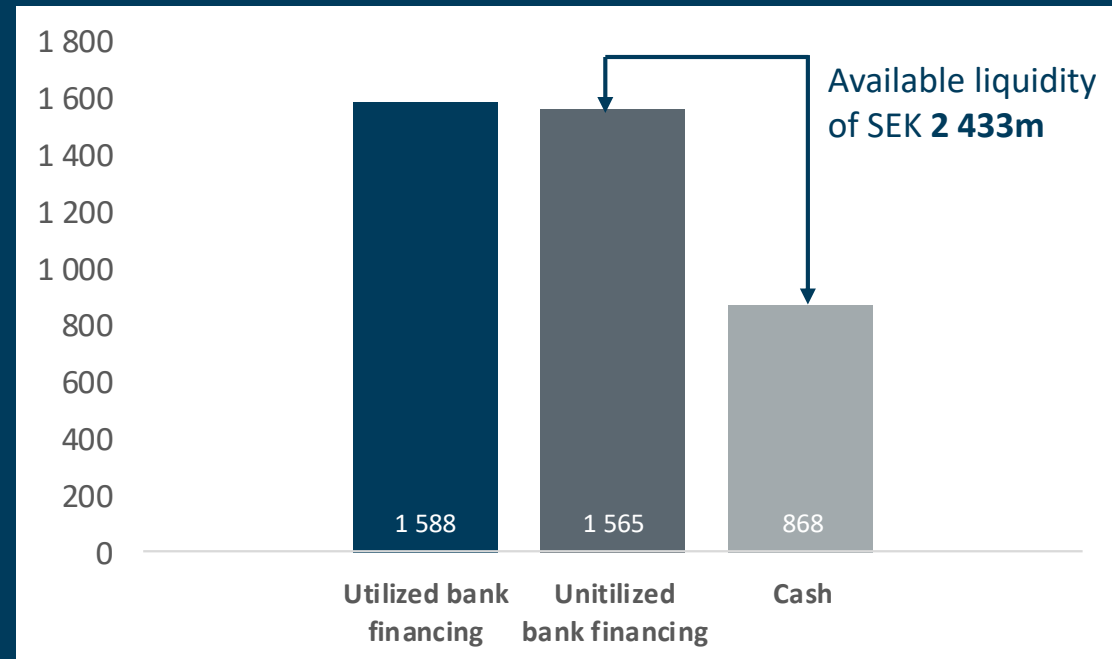
Sales (SEKm) and Op EBITA (%)  
2018 – 2021.LTM



## Liquidity to acquire sales of SEK 4bn

- Available liquidity of SEK 2.4 bn
- Liquidity and balance sheet to acquire sales of approx. **SEK 4bn** based on normal profit multiples and margins.
- With acquired sales of SEK 4bn the Net Debt vs EBITDA will be approx. on targeted level of x 2.5, based on the balance sheet September 2021.
- Future cash flows generations in 2022 – 2030 for further acquisitions to, together with organic growth, reach the target of SEK 20bn in sales year 2030.

### Utilized and unutilized as per September 2021



# Q&A session

In room: Raise hand/use microphone  
On Webcast: Write question on platform

Thanks for taking part of  
the Inwido 2021  
Capital Markets Day

## Annual and Sustainability Report 2020

inwido



To learn more about Inwido follow our story on LinkedIn

