

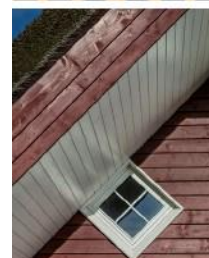
Welcome to Inwido's virtual CMD 2020

Tips & house rules during meeting

- You can download the CMD presentation from our web site
- Presentations will start at 10:00 CET
- Please **mute** your microphone until you wish to ask a question in the Q&A session (video optional)
- How to ask a question during Q&A
 - Use “raise hand” function in Teams to ask a question live
 - Or email your question to be moderated, to ir@inwido.com



Windows & doors



CMD agenda

- 10.00 ***Introduction & strategy update*** - Henrik Hjalmarsson
- 10.30 ***Growing consumer sales*** - Asger Drewes Jørgensen
- 10.50 ***Inwido's Sustainability compass*** - Lena Wessner
- 11.05 ***Short break***
- 11.10 ***Finance*** - Peter Welin
- 11.30 ***Closing summary*** - Henrik Hjalmarsson
- 11.35 ***Q&A-session***
- 12.00 ***Closing***



Introduction & strategy update

Capital Markets Day 2020

Henrik Hjalmarsson, President & CEO

The biggest window group in Europe

- Largest window group in Europe and a leading door manufacturer
- Clear market leader in the Nordic region with strong presence in the UK & Ireland
- Net sales of SEK 6.7 billion LTM Q3 2020
- Operating EBITA margin of 10.6% LTM Q3 2020
- Approx. 4,200 employees



frovin
DET OPRINDELIGE VINDUE

**snickar
per**



JNA
VINDUER & DØRE



**Jack
Brundson**
Windows & Doors

hajom

LÄMPÖ LUX
Kerrällä parempiin puutteisiin.



Elitfönster

Pihla

Varmasti hyvä.

FREKHAUG
VINDUET

Bedst & Billigst

tiivi

CARLSON

Bøjsø
DØRE OG VINDUER

Outline
vinduer til tiden

ALLAN BROS.
FST 1811
Craftsmen of Timber Windows & Doors

ERA
fönster

sparvinduer

OUTRUP
DIRECT TO HERE

LYSSAND

profin

KLASi

steelform

CWG
CWG Choices Ltd.

kpk
DØRE & VINDUER

Outline

lackering

SpareVinduer

lakiernia

diplomat

50+ acquisitions over 20 years

The beginning

- Merger of Elitfönster and Myresjöfönster
- Sales EUR 45m
- Swedish expansion




Nordic expansion

- More than 30 acquisitions of leading local brands
- Sourcing synergies
- Entry into selected European markets






One Group consolidation

- Consumer-oriented strategy
- 100% ownership of acquired companies
- Focus on gaining economies of scale and synergies



Expansion to selected European markets

- IPO 2014
- European expansion
- e-Commerce growth plan
- Multi material strategy











A simpler Inwido

- Decentralized and accountable organization with increased customer focus – Simplify
- Focused organic growth and value creating acquisitions



1996–2004

2005–2009

2010–2014

2014–2018

2019–

Business driven group management

Tight management team with hands on performance focus

LYSSAND

FREKHAUG
VINDUET

lackering

lakeriemia



CFO & deputy CEO
Peter Welin

profin **Pihla**
Varmasti hyvä.

KLAS1 **tiivi**

SYDÄNPUU

LÄMPÖLUX
Kerralla parempiin puutteisiin.



**Senior Vice President Inwido
Northeast and MD Pihla Group**
Antti Vuonokari (from 1 Dec.)

Elitfönster

steelform

ETRI



**President & CEO
and EVP Inwido North**
Henrik Hjalmarsson



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

**snickar
per**

ere
fonster

diplomat

hajom

WinBas
Window Business Assistance & Solutions



**Senior Vice President
Communications & MultiBrands**
Jonna Opitz

ALLAN BROS.
Craftsmen of Timber Windows & Doors

CWG
CWG Choices Ltd.

kpk
DØRE & VINDUER

**Jack
Brusdon**
Keskitalo
Keskitalo
Keskitalo

Outline
vinduere til tiden

SpareVinduer

CARLSON

sparvinduer

Bedst & Billigst

Bøjsø **OUTRUP**
DØRE OG VINDUER

frovin
DET OPBENDELIGE VINDUE

JNA

SOKOLKA
OKNA I DREWY



**Executive Vice President
Inwido South**
Asger Drewes Jørgensen

Q3: Strong profit and healthy organic growth

Benefiting from e-Com investments and capitalizing on robust consumer demand

- Sales +3%, organically +4%
- Operating EBITA of SEK 247 million (203)
- e-Commerce sales +42% organically with strong order intake +26%
- Order intake +7%; order backlog +18%
- Operating cash flow SEK 358 million (319)
- Improved net debt/EBITDA ratio 1.2 (2.5)

Covid-19 impact so far

- Guided by three principles from the start in Q1
 - Protect our employees
 - Contribute to limiting the spread
 - Keep the businesses running
- Overall limited operational and net financial impact to date
 - Government mandated shutdowns in UK and partly Ireland in Q2 and hold back of Finnish consumer sales
 - High sick leave impacting efficiency
- Decentralized operating model has allowed us to respond rapidly and appropriately
- Long-term effects due to Covid-19 remain hard to predict



Four cornerstones for sustainable and profitable growth

Our strategic cornerstones



A decentralized structure drives customer and results focus



Focus on consumer driven markets for profitable growth



Sustainable growth driven through acquisitions



Synergies drive structural improvements

How do we leverage a decentralized model

Four key insights behind our structural change Simplify launched Jan. 1, 2019

1. Our products, supply chains and market propositions are **fundamentally local**
 - Each geographical market has different channel characteristics as well as product specifications and expectations
 - Local tailorization and product uniqueness is very high (and increasing)
2. Clear accountabilities combined with appropriate authorities drives **performance focus and results**
 - Easier to track performance and set expectations on several smaller integrated P&Ls and Balance Sheets
 - Full accountability for local MD:s and leadership teams drives ownership and results focus especially when combined with clear incentive programs by Business Unit
3. Customer focus and intimacy gives **business opportunities and pricing power**
 - Customer propositions that truly addresses the local customers' pain points in an integrated way is a strong competitive advantage
4. Digitalization enables **efficient processes on a smaller scale**
 - Using modern technology many administrative and support processes can be automated/digitalized

Closing the books on two years with Simplify

We aspired to prepare for accelerated growth, with three objectives

1

Improve cash flow to reduce leverage

Key drivers:

- Step changed Working Capital focus and optimization
- Robust underlying EBITDA development (linked to no. 2 below)

2

Improve underlying efficiency and profitability,
i.e. margins

Key drivers:

- Continued operations investments for optimized conversion cost
- Reduced overhead cost, more aggressively the further from the customer

3

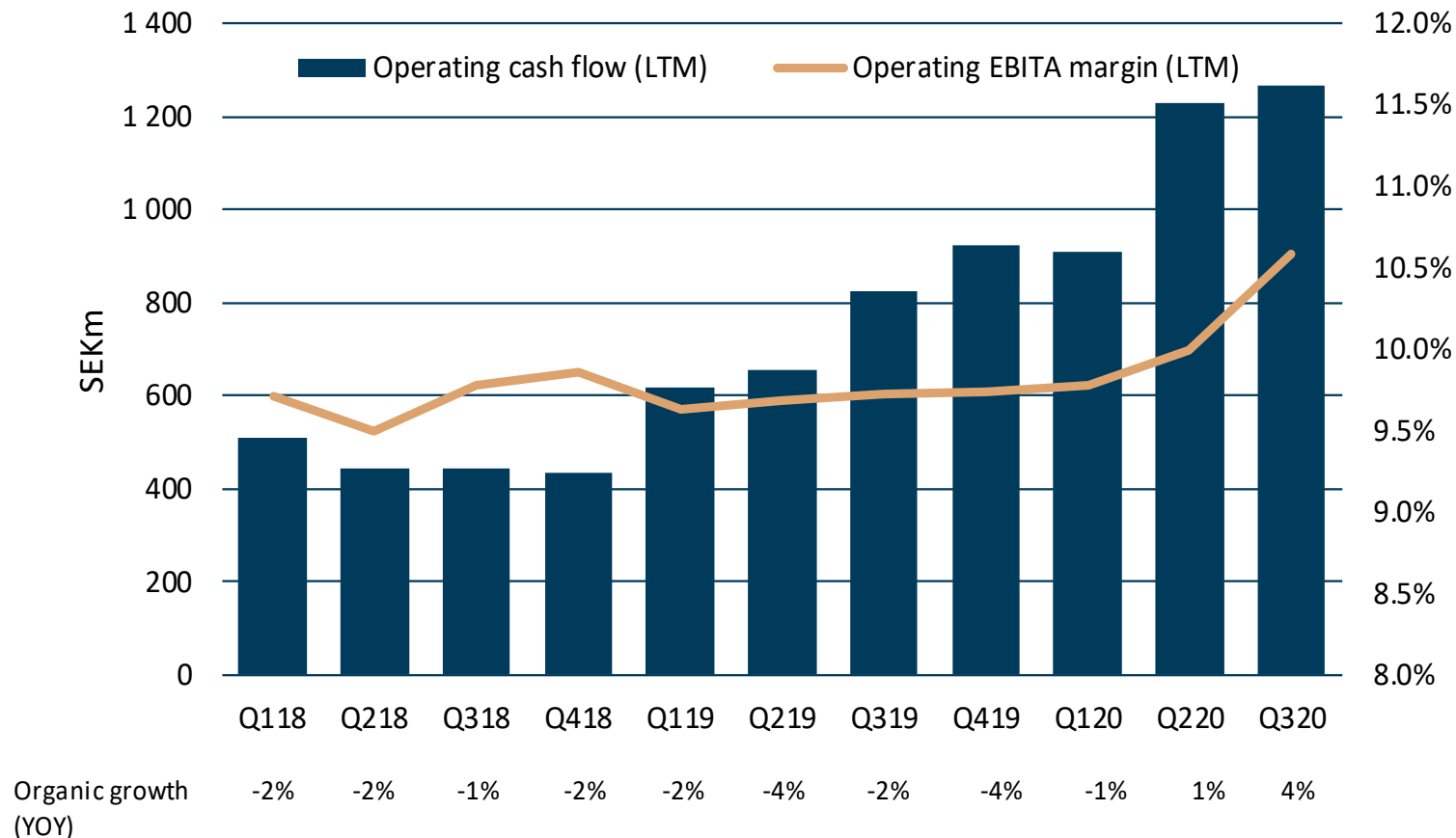
Turn business back towards organic growth

Key drivers:

- Leverage continued investments in e-Commerce
- Ongoing capitalization on strong segment positions

Improved cash flows and margins with organic growth

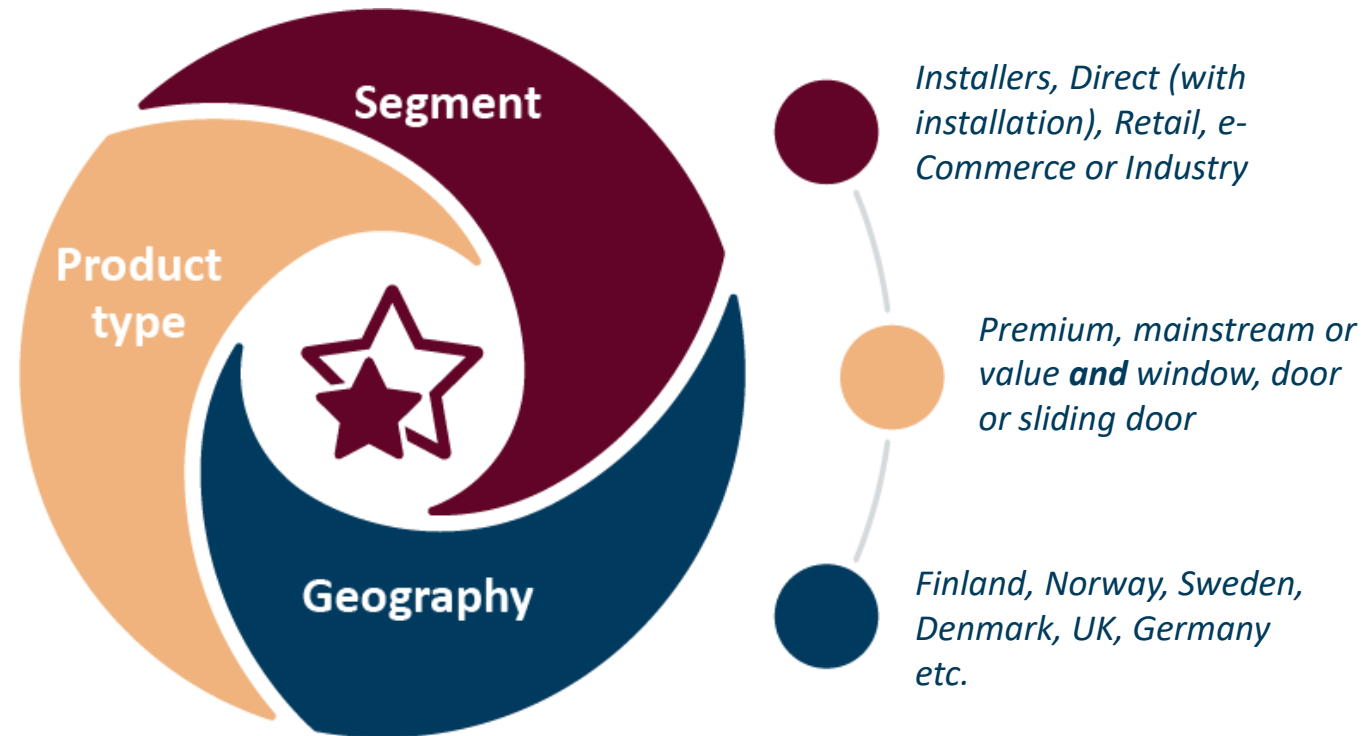
Our achievements two years into the journey



Explaining our market landscape

Complex channel structure allows strong niche positions

- We assess and develop strategies for our Business Units' market positioning and customer propositions in three dimensions
 - Geography
 - Product type and/or position
 - Segment
- Each separate combination of these dimensions is defined by its own set of competitive forces and has its own level of attractiveness



Accelerating growth ambitions

Our plan going forward

- Starting point for the next step of the journey
 - Leverage a stable base to take the next step towards long term profitable growth
 - Maintain profit and organic growth momentum while driving M&A more actively
- Three critical elements to take the next step



Invest for growth

Dedication and prioritization of resources to drive organic growth

1

Investments in e-Commerce

Because e-Commerce remains a considerable growth potential

- Marketing and SEO/SEM-investments
- Supply chain capacity to enable growth
- Entry into new geographies when relevant

2

Secure assortment relevance

Because the right assortment combined with best customer proposition drives a sustainable competitive advantage

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

3

Cement and protect strong segment positions

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

- Protect strong segment positions, particularly when threatened
- Continued development of unique customer solutions/propositions

Diligent execution to drive margins

Lean businesses with high reliability and resilience wins in the market

1

Reliability

Because customers continually value and reward reliable value chains

- Strong OTIF focus to retain customers
- Leading customer service processes – analog and digital
- Industry leading product quality

2

Efficiency

Because the right cost level drives market relevance and margin potential

- Build on best practices in production flow and management as well as automation investments
- Scrutinize overheads and indirect costs
- Execute margin improvement activities for BA North

3

Resilience

Because a resilient business model requires continuous development and stability

- Continuous evaluation and refining of the supply chain from the customer backwards
- Invest in leadership and organization development
- Step changed sustainability efforts

Value creating M&A

Substantial growth opportunity

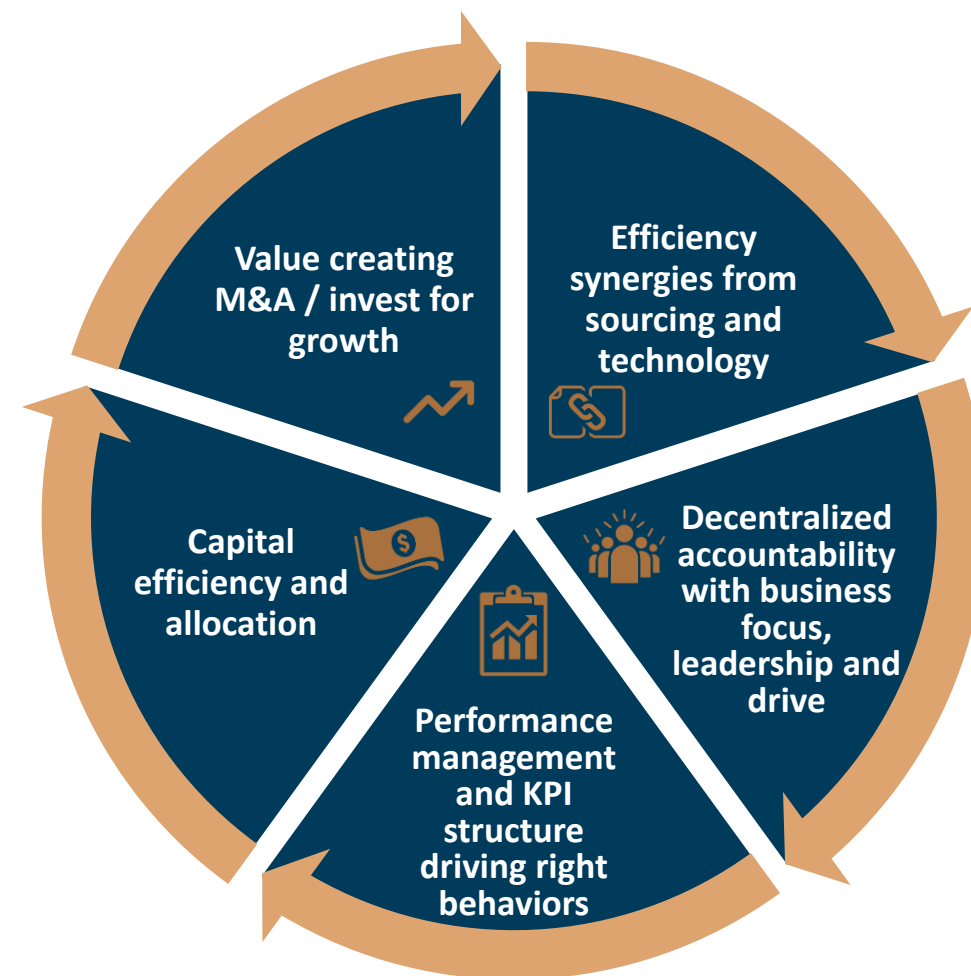
- Eight key criteria in our M&A model to ensure value creating acquisitions with key considerations
 - Validate that the target meets key criteria for Inwido to deliver value from improving it
 - Ensure focus on swift delivery of sourcing synergies
 - Strong and robust integration and business progression plan, including management continuity
 - Delivery of business improvements from applying our operating model
 - Strong cash generation to “amortize” EV and make room for new M&A
- We have a substantial long list of attractive targets with considerable EV creation potential



Execute our virtuous cycle to drive shareholder value

Inwido's "wheel of fortune"

- Five elements that are the basis for Inwido's value creation model
- Ensures that we deliver long term cost efficient customer and employee value 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 development value



Growing Consumer Sales

Asger Drewes Jørgensen, EVP Inwido South

Two distinct submarkets in the windows and doors business

Today's focus

Windows
& doors
business

1

Renovation



Typical customers

- End consumer / DIY (fx through E-commerce)
- Carpenters / installers – either direct or via builders merchants

In direct dialogue with end consumer

Main value proposition

- Design that fits existing house / inspiration
- Easy business
- Reliability of manufacturer: Delivery as agreed and on time, claims handling etc

2

New build



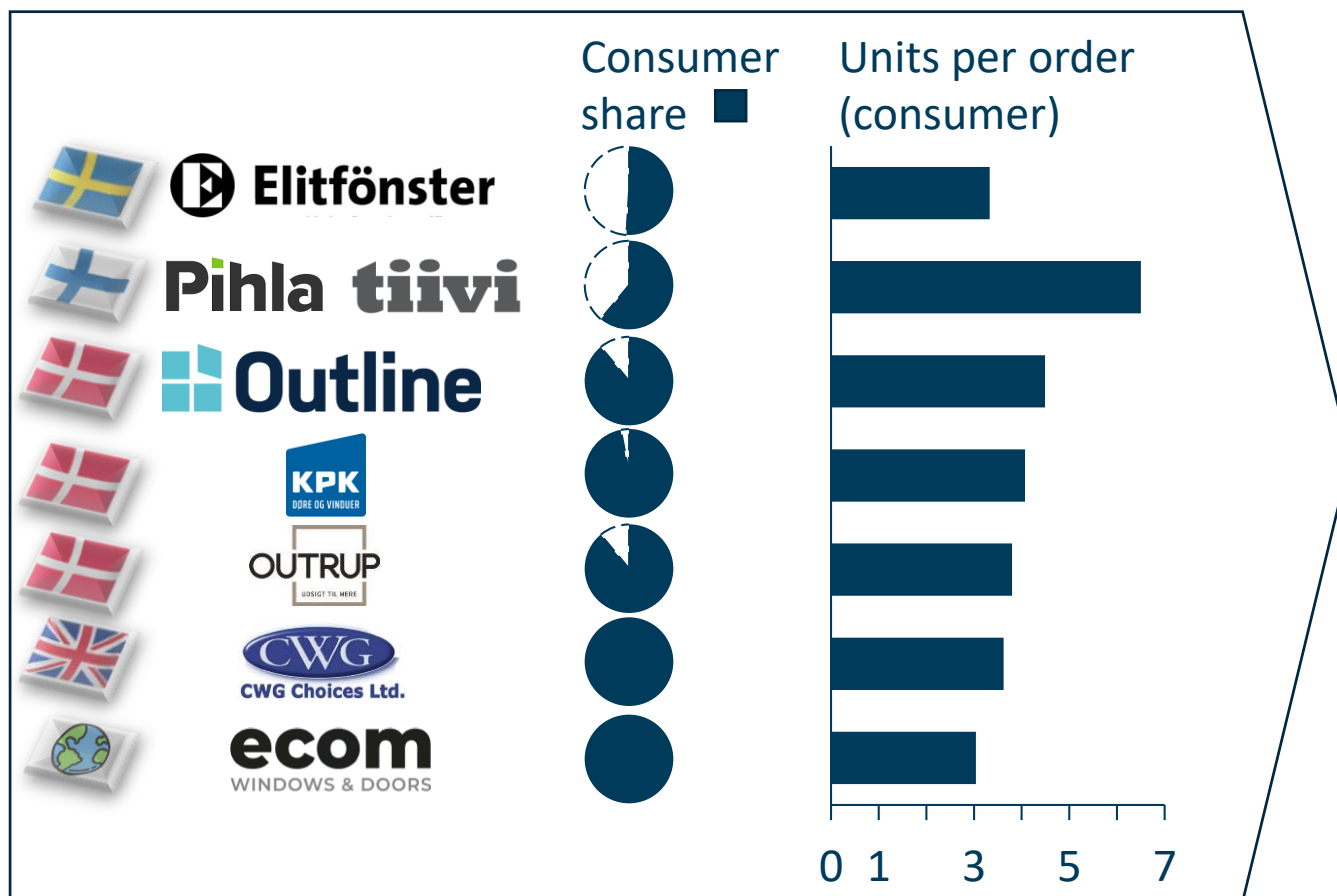
- Construction companies
- Some house manufacturers

- Price
- Product spec and performance
- Reliability of manufacturer: Delivery as agreed and on time, claims handling etc

Inwido is consumer and renovation heavy

Our major BU's:

+50% consumer share and <7 units per order



Strong consumer & renovation position has its benefits – as well as obligations

Benefits:

- Large customer base – risk is spread
- Renovation historically more crisis resistant than new build

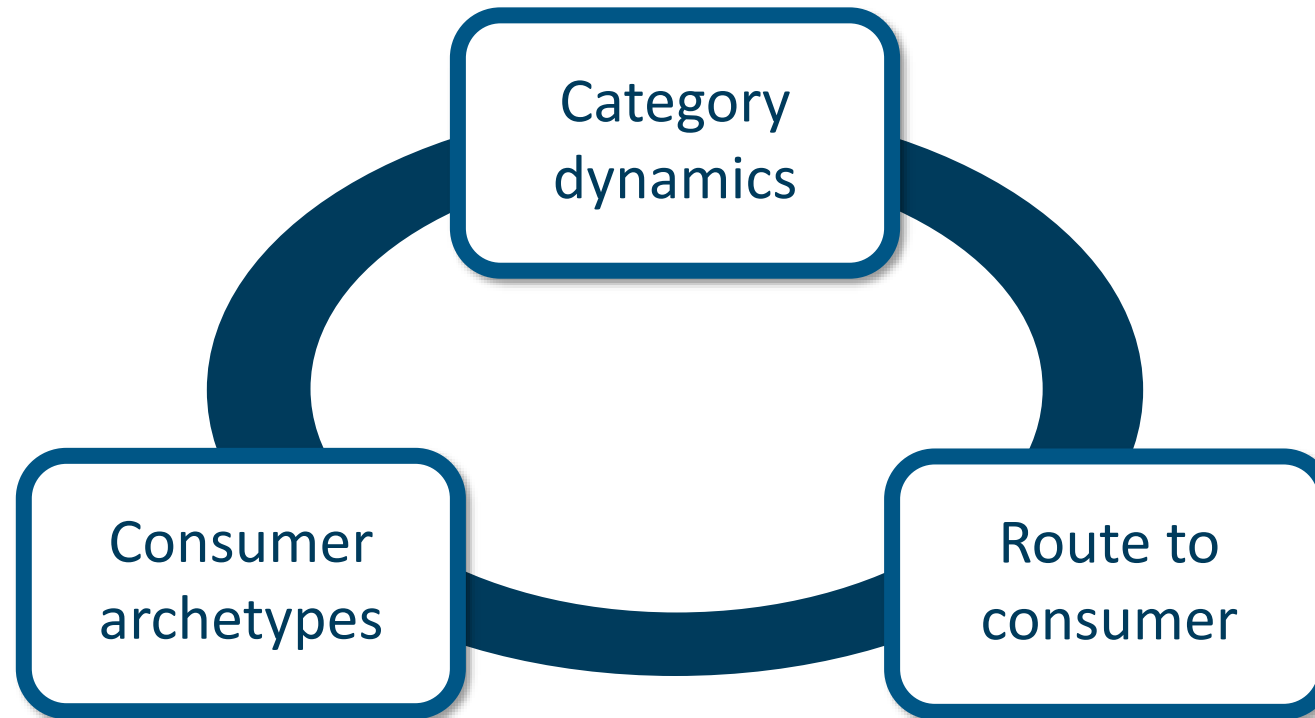


Obligation:

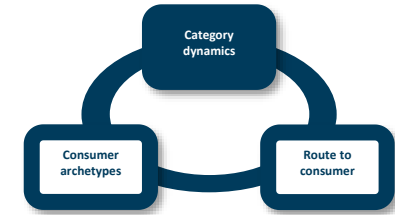
- We need to constantly have offerings that are relevant for both the end consumer and the installer
- Strong demands on delivery accuracy and quality



Three key insights are the foundation of how we do consumer business in windows and doors



Insight 1: Renovation category dynamics

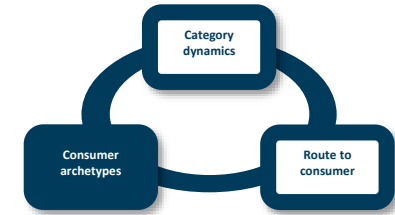


Category dynamics



- Low frequency, purchase every ~20 years
- 'Low involvement' – switches to high involvement at moment of purchase
- Highly complex: Made-to-order + numerous configuration options (fx glass types, handles, opening types, etc etc)
- Consumers worried about making the wrong choice / high risk. Large share will switch based on craftman advise!





Insight 2: Renovation consumer archetypes

Consumer archetypes



Do-It-Yourself: Experienced handyman / woman, comfortable taking on window exchange her / him-self



Find-It-Yourself: Tech savvy, wants to find and buy the products her / him-self, subsequently hires installer



Through Installer: Slightly involved in the process, relies on the installer / carpenter to buy and install



One-point-of-contact: Wants to be led through the process end to end

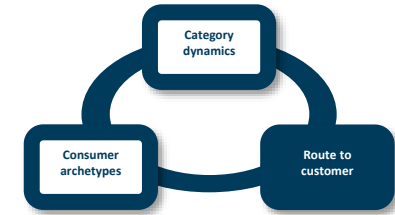
Preferred channel

Online /
e-com

Installer /
carpenter

Supply +
install

Insight 3: Routes to the end consumer



Direct



Indirect



Indirect



Key questions: What are the 'painpoints'? How do we best create value for the decision maker in each step?

Ex 1: E-commerce – direct to consumer sales



Sparvinduer.dk
Anmeldelser 2.021 • Fremragende
★★★★★ 4,7

NPS: 71

Consumer type(s)

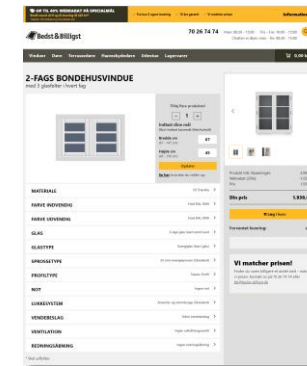
What are they looking for?

How do we address their need?

Do It Yourself



- Price (quality) balance
- Easy to order and buy / reduced complexity
- No 'fancy stuff'



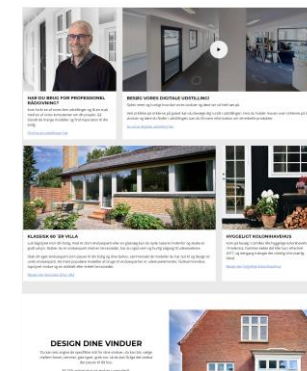
Bedst & Billigst (DK, NO) Bonusfonster (SE):

- Price guarantee
- Basic portfolio
- Simple config / order process

Find It Yourself



- Inspiration
- Easy to order and buy / reduced complexity
- Advice and guidance
- Manufacturer reputation



Sparvinduer (DK, SE, NO, GER):

- Large section with inspirational examples + testimonials
- Chat / phone / showroom support
- Trustpilot focus
- Simple config / order process

Leading positions from addressing consumer needs

#1 Market position

Denmark

Established: 1990



sparvinduer

Bedst & Billigst

Competitors: Klarvinduer.dk,
Vinduesgrossisten.dk

#1



Production sites

Sweden

Established: 2011

SparFönster

BonusFönster

Competitors: Bygghemma.se,
Nordiskafonster.se

#1-2

Norway

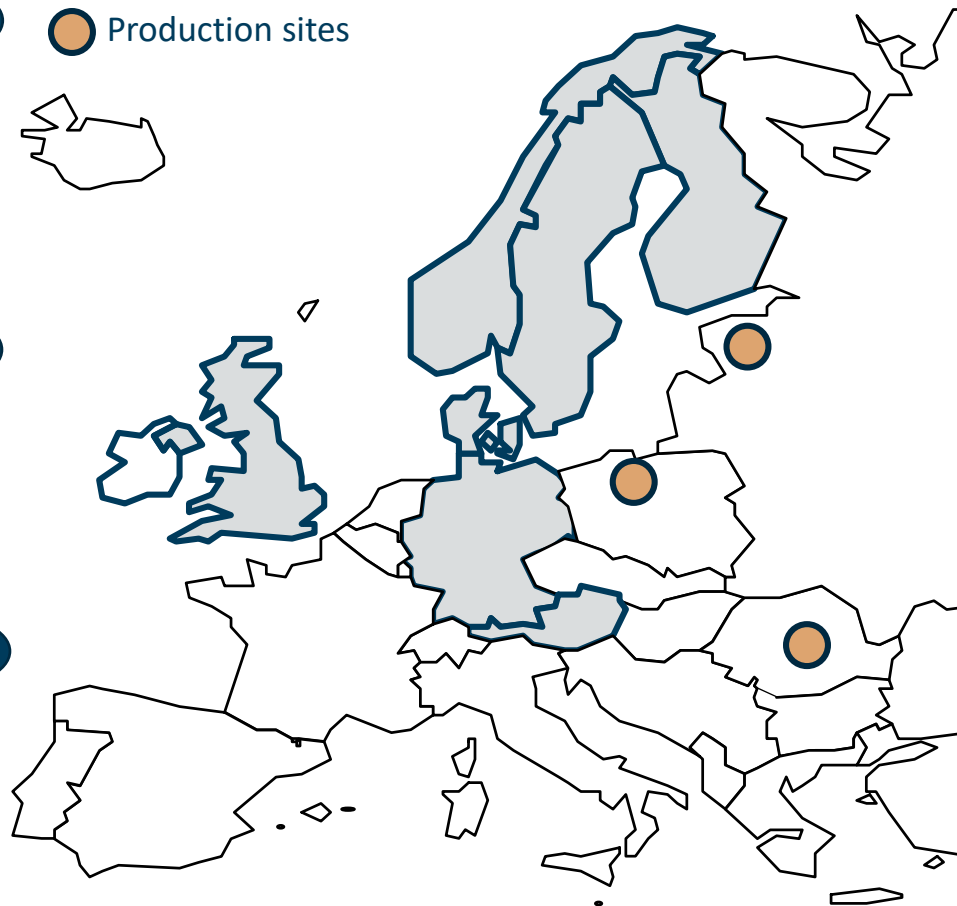
Established: 2008

Best & Billigst

SpareVinduer

Competitors: Skanva.no,
Tindevindu.no

#1



Finland

Established: 2017

SparIkkunat

Competitors: Piklas.fi, Lammin.fi

UK

Established: 2016

SparWindows

Competitors: Windows-doors-uk.co.uk, Woodenwindows.com

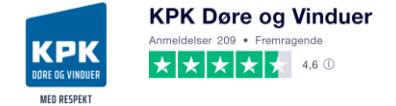
Germany & Austria

Established: 2015

SparFenster

Competitors: Fensterversand.com,
Fenster24.de

Ex 2: KPK – helping the carpenter help the end customer



NPS: 79

Consumer type(s)

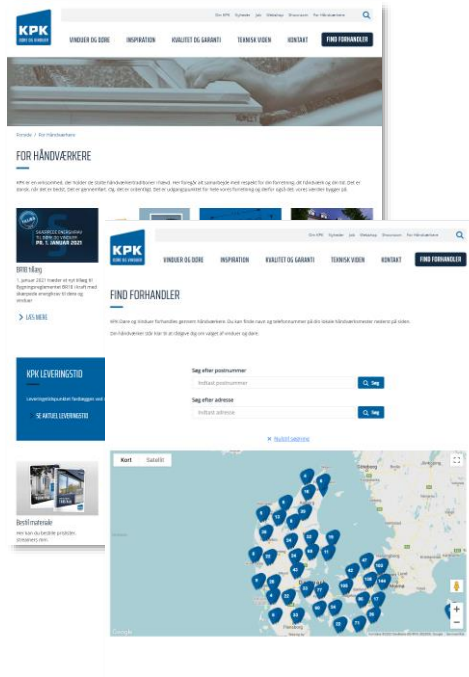
What are they looking for?

How do we address their need?

Through installer

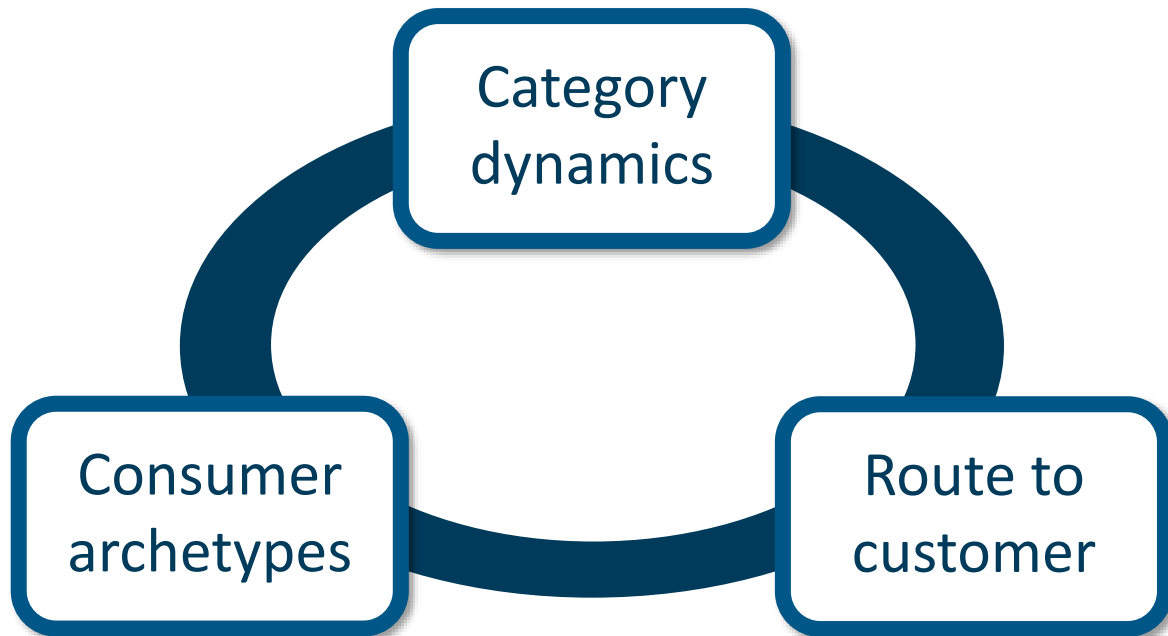


- A carpenter / installer they can trust
- Trust / comfort from a well-known brand
- Reassurance that they have made the right choice



- Referral of carpenters / installers
- Education of carpenters - creating ambassadors
- Making sure the carpenter is happy: Quality / price balance, delivery accuracy, claims handling, marketing materials, etc
- SoMe / Trustpilot / Young Craftman sponsorship / Sports sponsorship (handball)

Summary - Deep understanding of the consumer and customer journey is key for creating succes and value



Rigorous focus on:

Creating value for the carpenter / installer

Creating value for the builders merchants

Creating value for the consumer

Successful companies → value for Inwido

Sustainability

Lena Wessner, SVP Human Resources,
Organisation & Sustainability

We give more than we take

Why?

Sustainable business drives sustainable value
Today and for future generations

The Inwido approach to sustainability



We give more than we take

Because sustainable business drives sustainable value



Be an environmental friend



We need natural resources to do responsible business

Be a good place to work



Empowered colleagues make a difference

Be a responsible business



Aligning with society creates more opportunities

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

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

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

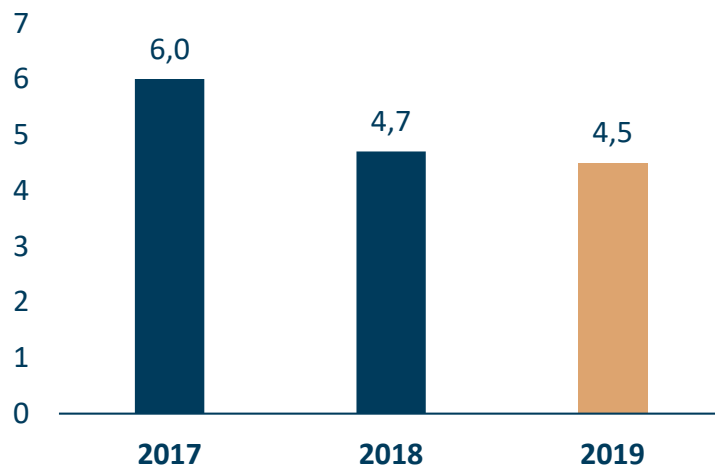
Inwido's sustainability compass – results & examples

Be an environmental friend

Why?

We need natural resources to do responsible business

CO₂^e kg per wing - reduction 25,3%

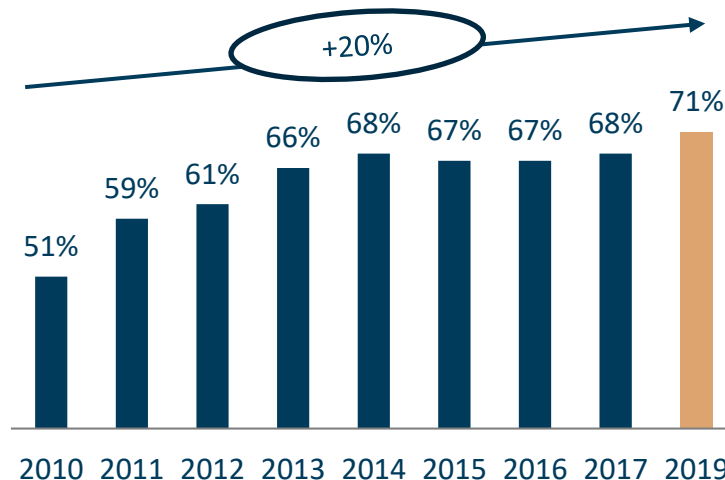


Be a good place to work

Why?

Empowered colleagues make a difference

Employee satisfaction survey



Be a responsible business

Why?

Aligning with society creates more opportunities

Company within the company – Outline Plus

2011

Outline plus started

31

Participants in work-training at the same time

100

Participants every year

Inwido long term ambition – carbon footprint

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



We give more than we take

Why?

Sustainable business drives sustainable value
Today and for future generations

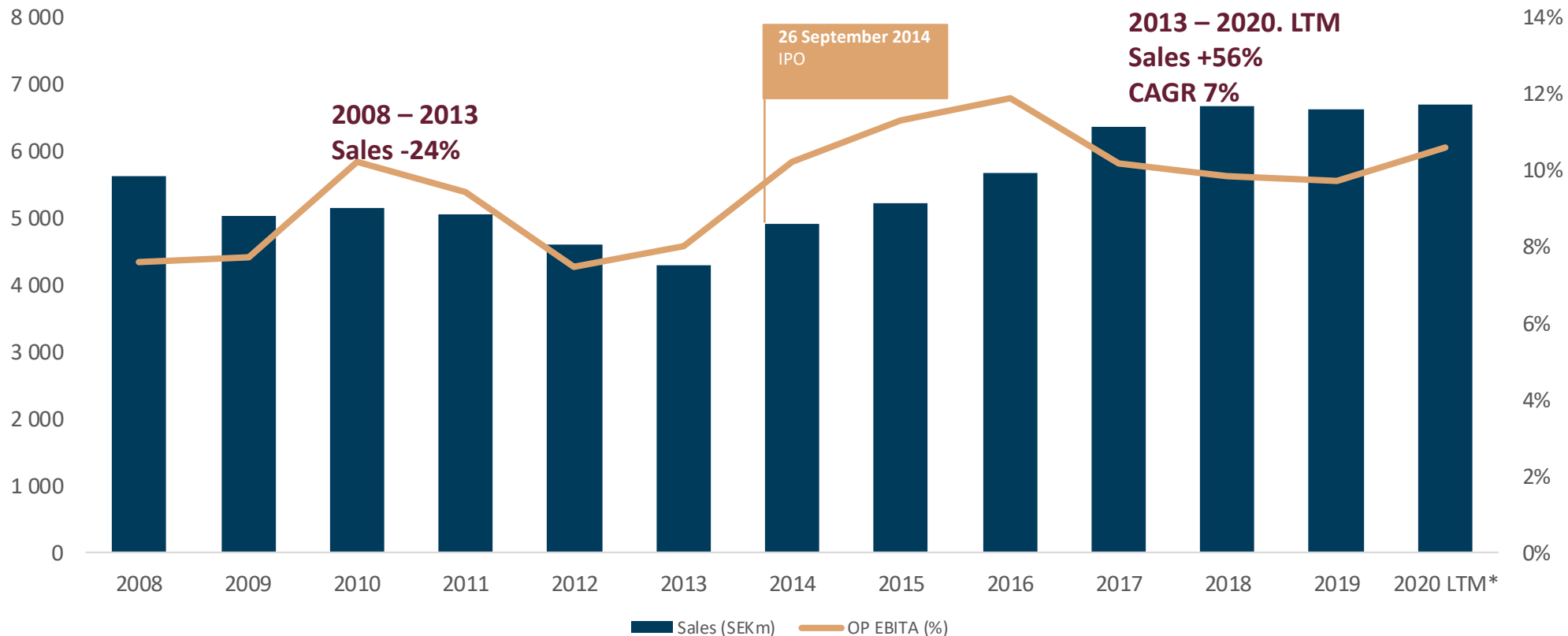
Short break.
We start again
in 5 minutes

Finance

Peter Welin, CFO & deputy CEO

Historic performance: Stable OP EBITA margin

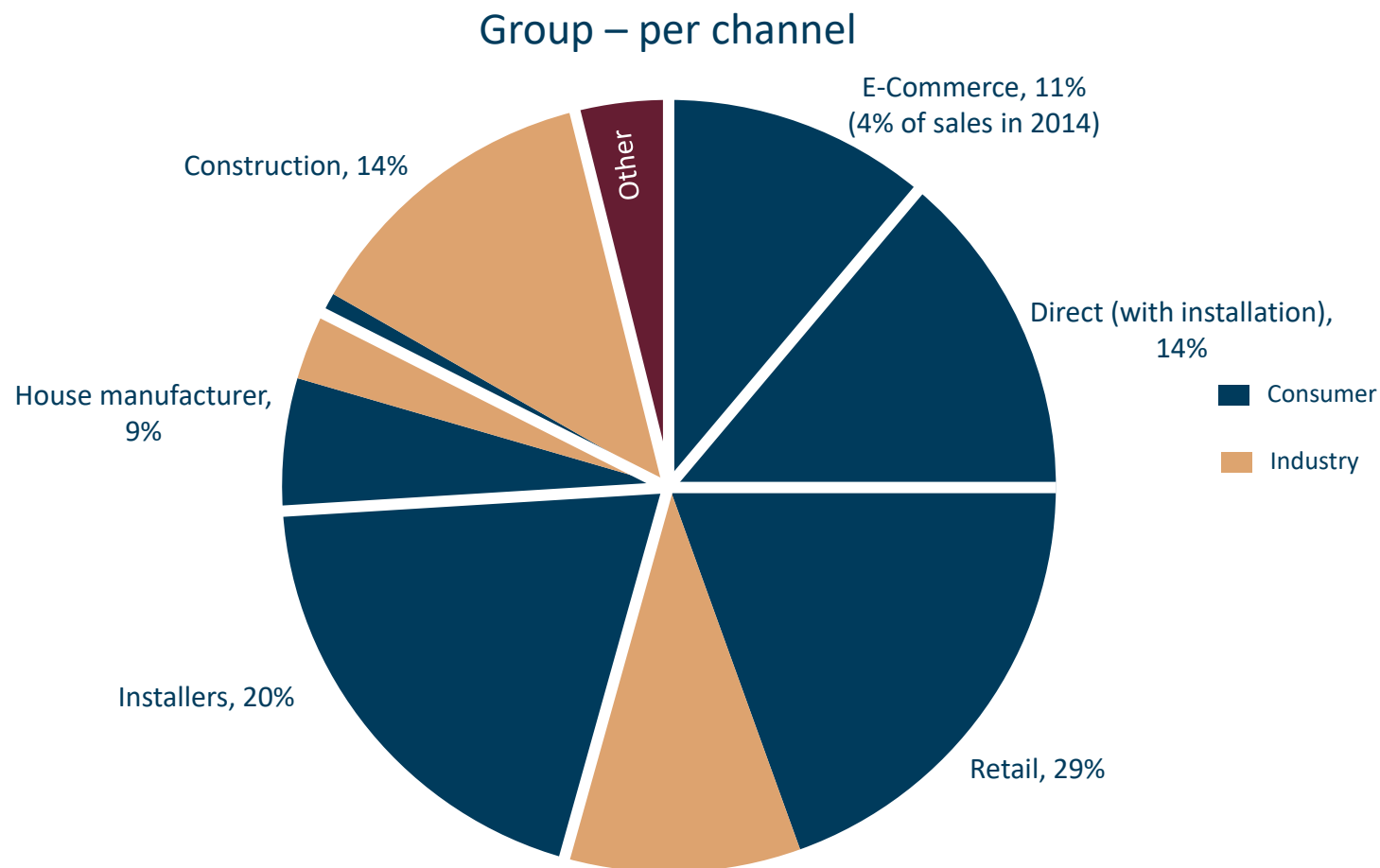
Inwido development since 2008, Sales (SEKm) and OP EBITA (%)



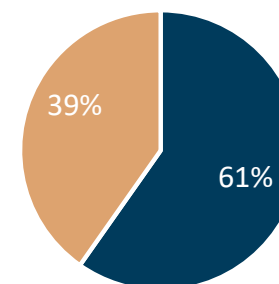
*2020 LTM = October 2019 – September 2020

Consumer sales stands for > 70%

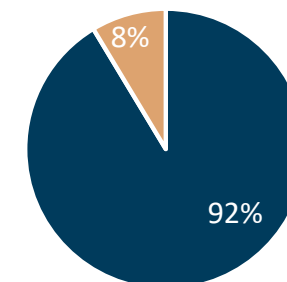
Sales per channel and segment (2020.09 LTM)



North – per segment



South – per segment



Financial targets (excluding dividend policy)

Target	Outcome 2020.09 LTM	2016.Q4 – 2020.Q3
Growth Inwido's objective is to exceed growth in our current markets through organic growth, as well as selective acquisitions and initiatives in Europe.	0.2 %	
Profitability Inwido's profitability target is an operating EBITA margin of 12 percent . Inwido may not achieve the profitability target during years when the market trend is weaker. In such cases, we will undertake measures to further enhance profitability, which we have been successful with in the past.	10.6 %	
Capital Structure Inwido's net debt in relation to operating EBITDA shall, excluding temporary deviations, not exceed a multiple of 2.5 .	x1.2*	

* Excluding IFRS 16

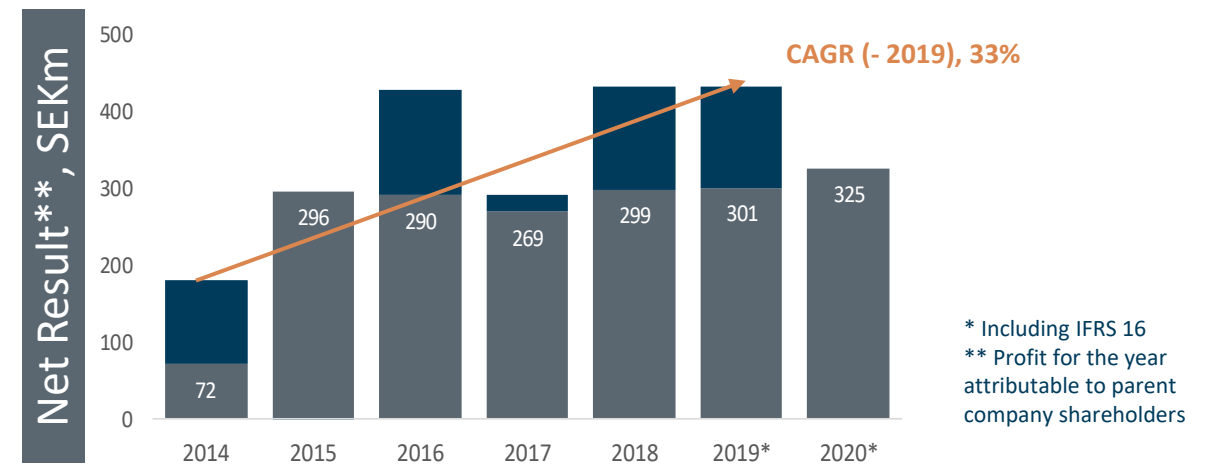
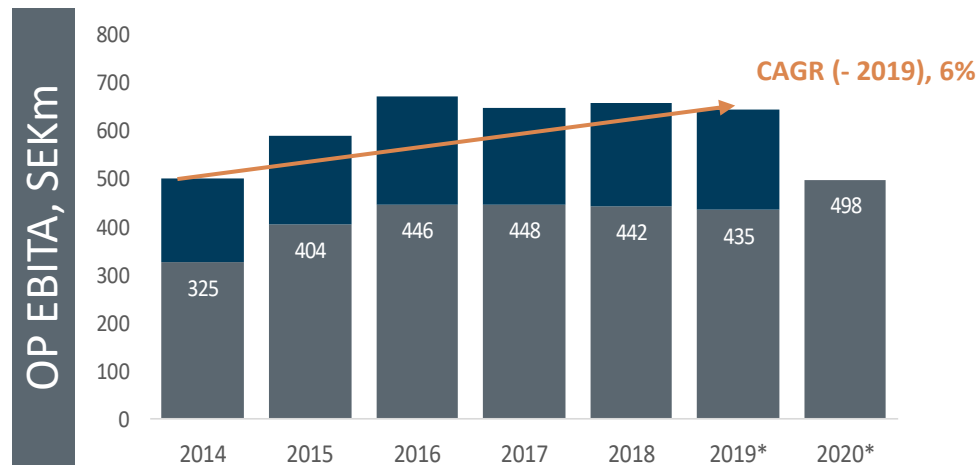
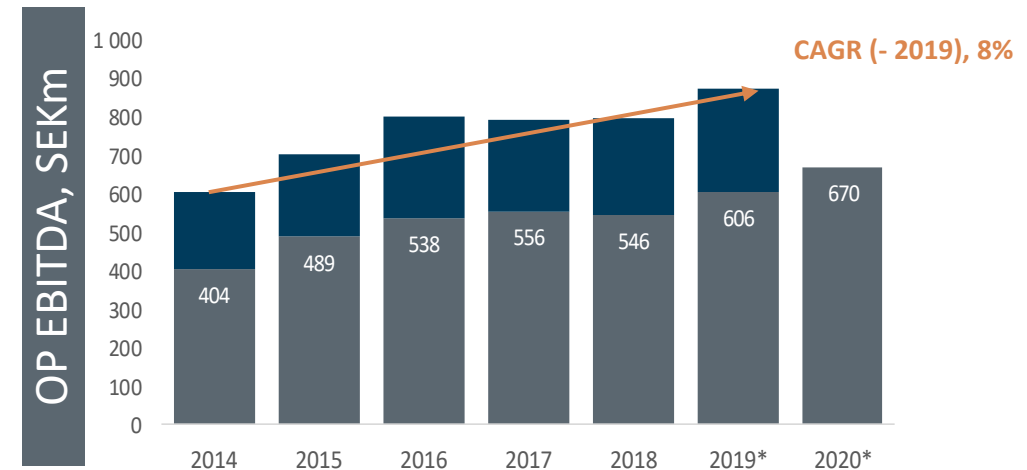
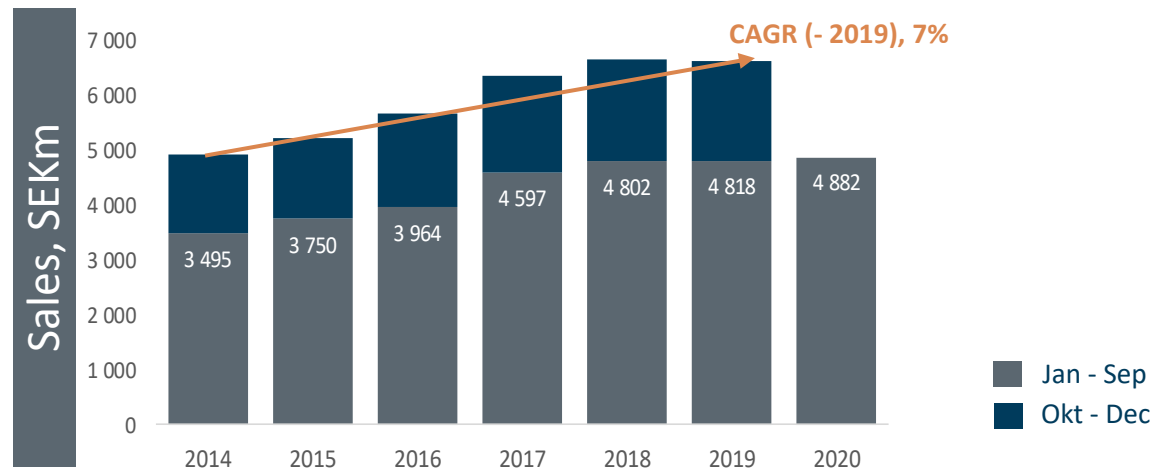
Improved result and growth in Q3 and YTD

Income statement Q3 2020

SEKm	Q3			Q1-Q3				
	2020	2019	Change	2020	2019	Change	LTM	2019
Net sales	1 716	1 665	3%	4 882	4 818	1%	6 695	6 631
Gross margin, %	27.6	26.6	-	25.7	25.5	-	25.7	25.5
Operating EBITA	247	203	22%	498	435	14%	709	646
Operating EBITA margin, %	14.4	12.2	-	10.2	9.0	-	10.6	9.7
EBITA	240	203	19%	482	435	11%	669	621
EBITA margin, %	14.0	12.2	-	9.9	9.0	-	10.0	9.4
Profit after tax	177	148	19%	326	301	8%	458	433
Earnings per share, SEK	3.05	2.56	19%	5.61	5.20	8%	7.90	7.48

Improved performance in 2020

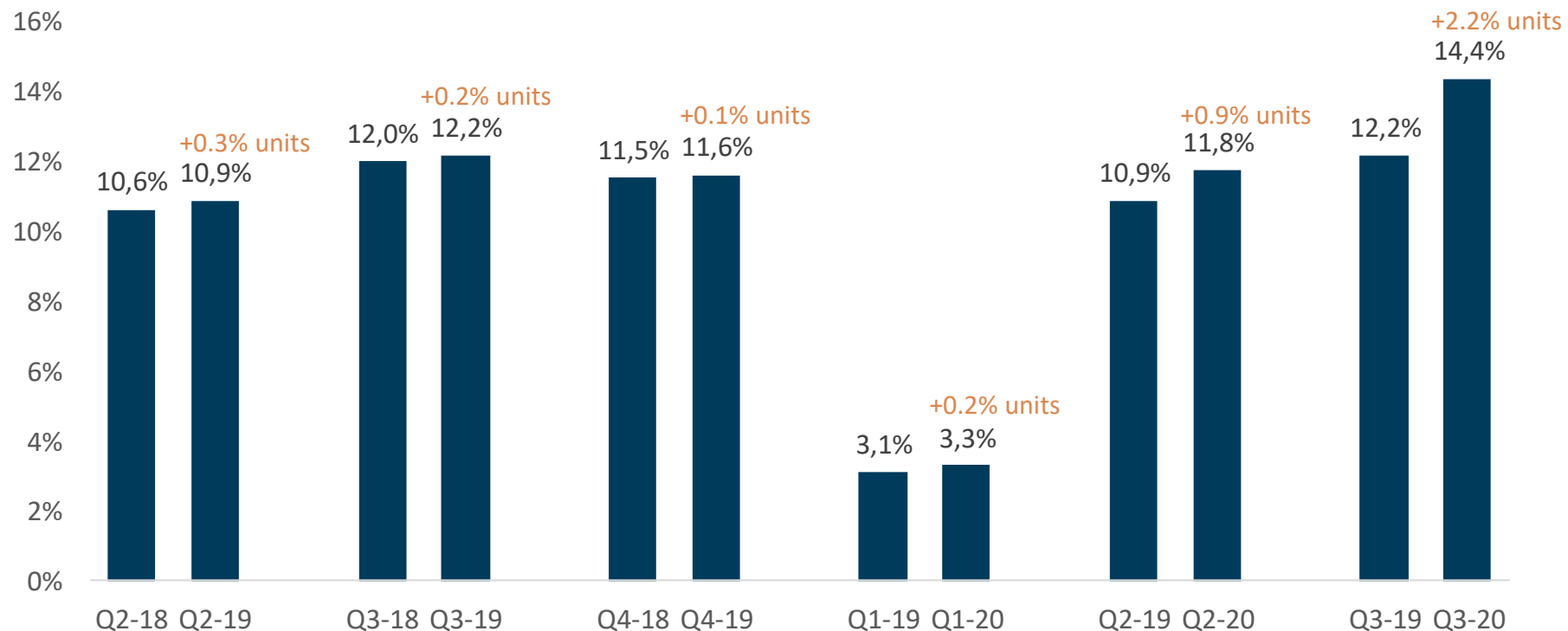
January – September 2020 best performance for the Group



Improved margins latest six quarters, with growth last two

Operating EBITA margin

OP EBITA margin per quarter



Organic sales growth

- 4%

- 2%

- 4%

- 1%

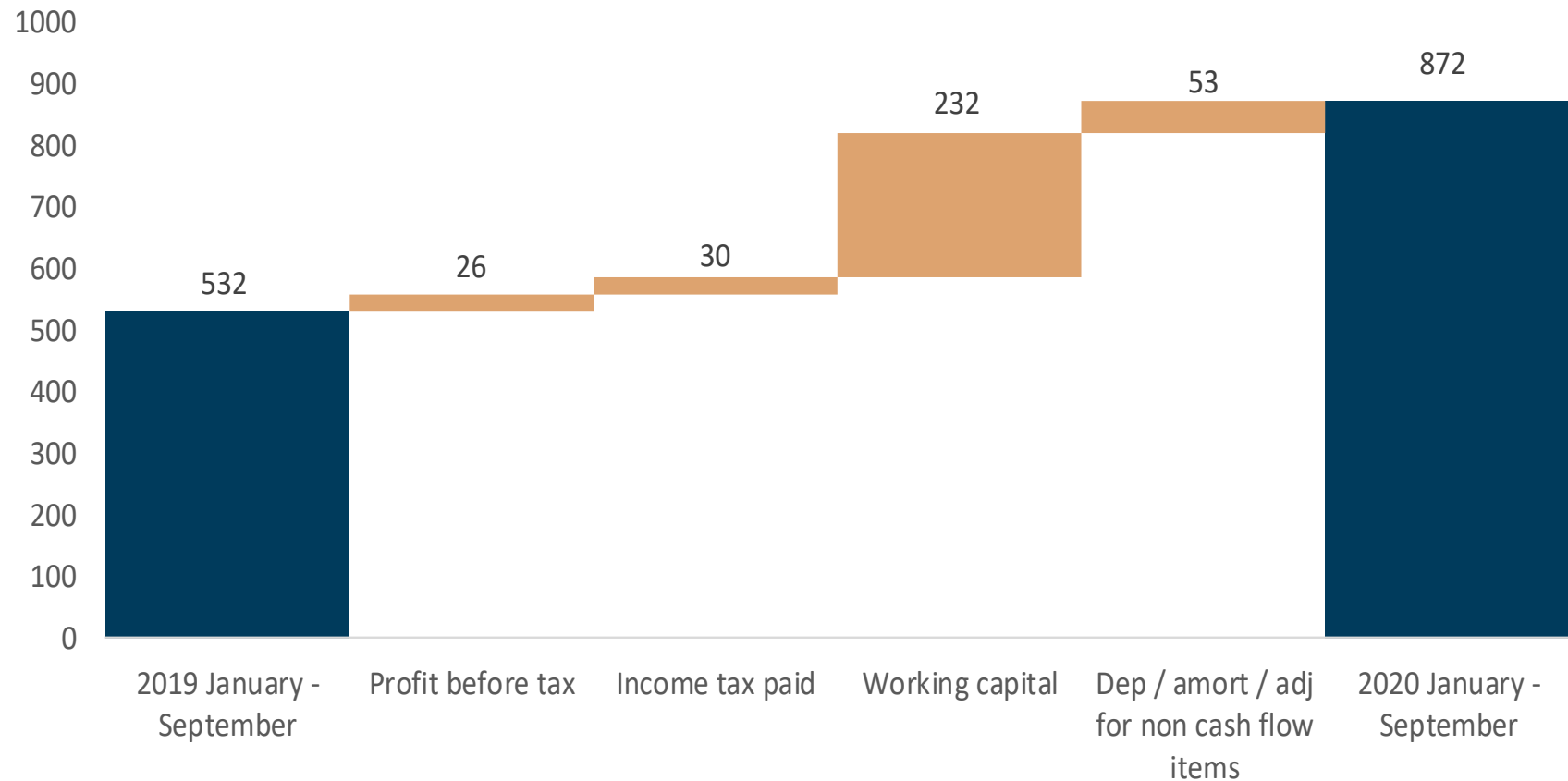
+ 1%

+4%

Improved cash flow by 340 SEK million

Cash flow from operating activities January – September

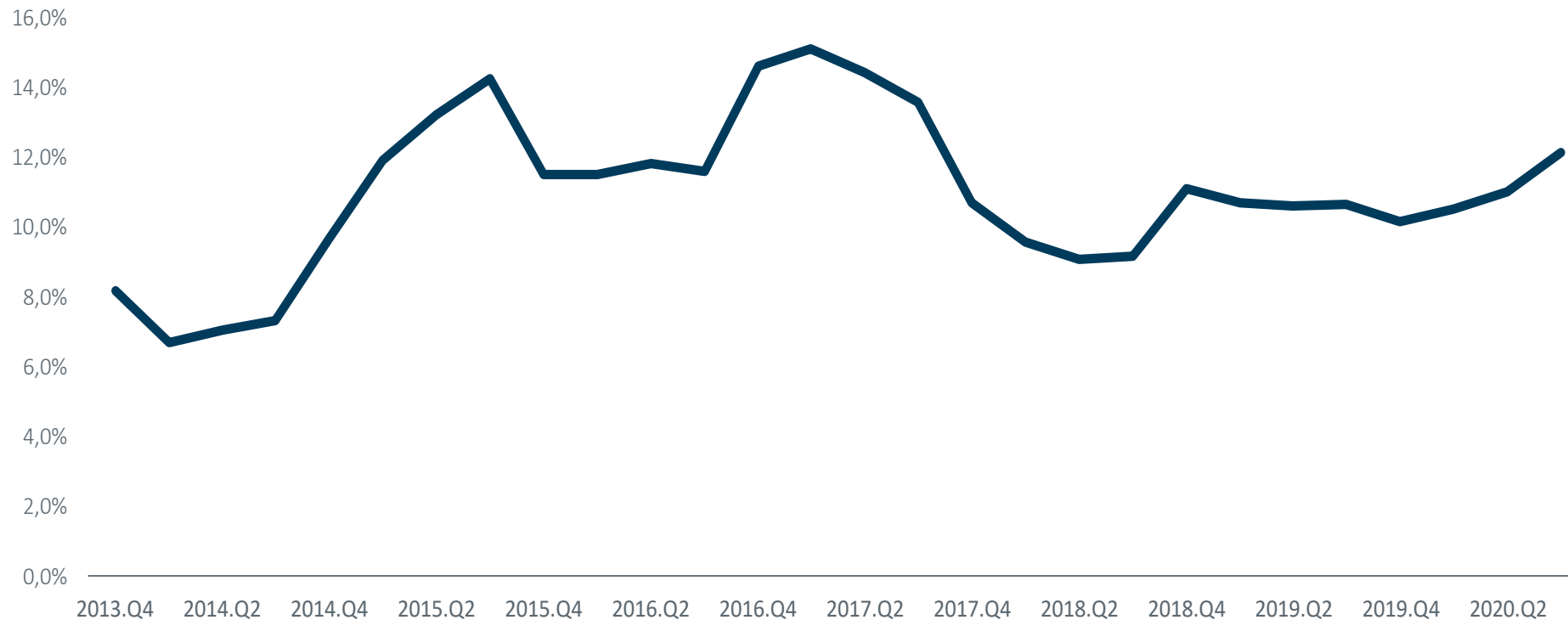
Cash flow from operating activities, SEKm



ROOC has improved in 2020

Return on operating capital from 2013 until 2020.Q3

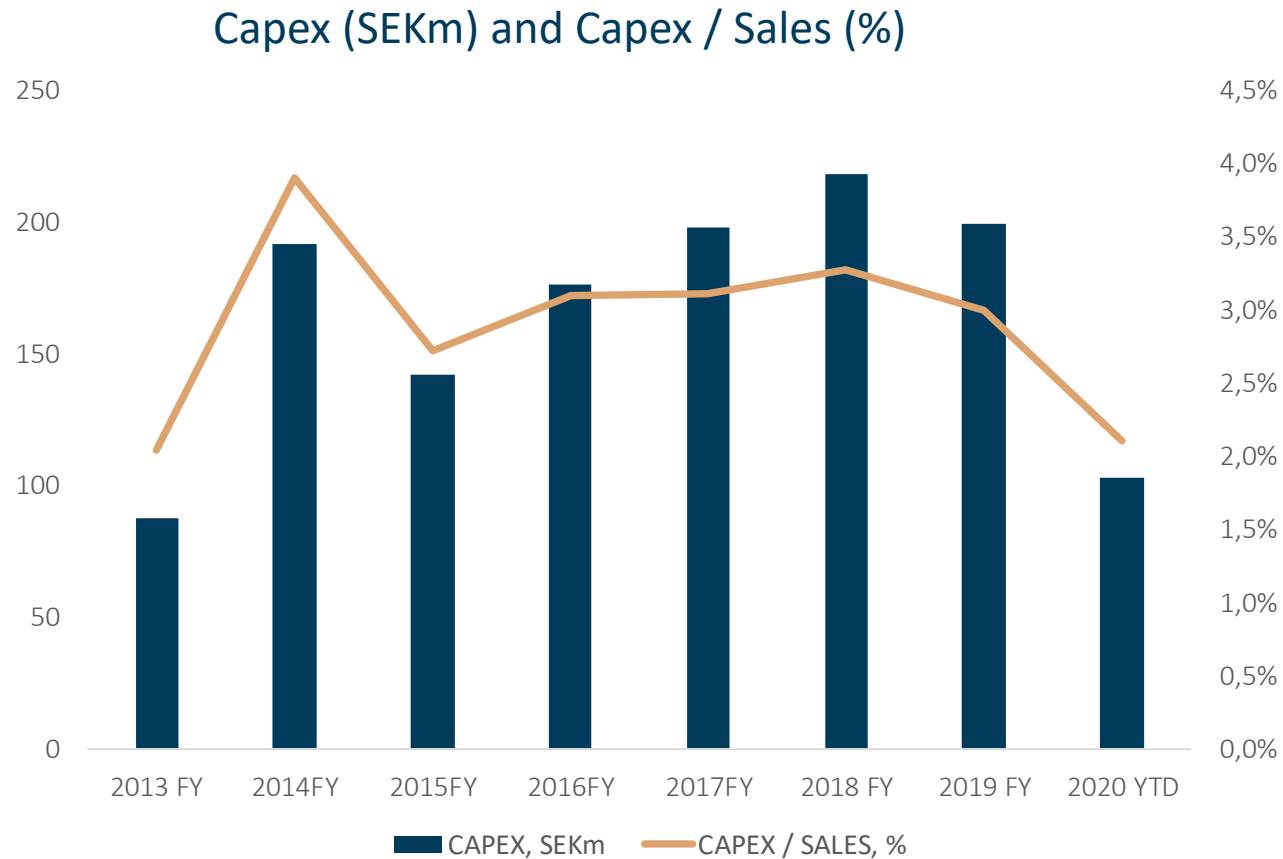
ROOC* per quarter



* Operating profit (EBIT) on a rolling 12-months basis as percentage of average operating capital (average latest four quarters), excluding IFRS 16

Capex level around 3% of sales latest years

Capex 2013 – 2020.Q3



No need for re-financing until 2022

Financing per September 2020

Loans	Nordea	Handelsbanken	Svensk Exportkredit
Face Value	SEK 2,050m	SEK 700m	EUR 51.5m
Signed, year	2018	2017	2017
Ends, year	2025	2022	2022

Closing summary & Q&A session

Use "raise hand" function to ask question or
email questions to ir@inwido.com

Concluding remarks

- Following the launch of Simplify we have gradually improved the performance of the business to form a stable base for the future
- With strong segment positions and a proven ability to capitalize on and grow the consumer market we stand well prepared to pursue our growth ambitions
- We will continue our efforts and investments to secure long term sustainable growth, organically as well as through M&A



Thanks for taking part of
the Inwido 2020
Capital Markets Day

To learn more about Inwido, see our
Annual Report 2019 and follow our story on LinkedIn 