

Welcome!

Inwido Capital Markets Day
7th November 2019

Network name: Grand Hotel - Guest
Passcode: Grand5577
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Agenda

08.30 – 09.00	Welcome, introduction and strategy	Henrik Hjalmarsson, President & CEO
09.00 – 09.20	Sourcing Power	Lars Jonsson, SVP Operations & Technology
09.20 – 09.40	European E-commerce growth	Asger Drewes Jørgensen, EVP Inwido South
09.40 – 10.00	Short break	
10.00 – 10.50	Value creation in the world of Inwido	(presentations and panel discussion)
	Carlson & Co	Lee Healion, MD
	Elitfönster	Jonas Hernborg, MD
	CWG Choices	Chris Powell, MD
10.50 – 11.20	Financials	Peter Welin, CFO & Deputy CEO
11.20 – 11.45	Conclusions & questions	
11.45	Lunch	

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Introduction and strategy

Henrik Hjalmarsson, President & CEO

This is Inwido

- Largest window group in Europe and a leading door manufacturer
- Clear market leader in the Nordic region with strong presence in UK & Ireland
- Net sales of SEK 6.7 billion LTM September 2019
- Operating EBITA margin of 9.7% LTM September 2019
- Approximately 4,500 employees

Clear market leader in the Nordic region



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

INWIDO
Great Windows & Doors

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

inwido

1996–2004

2005–2009

2010–2014

2014–2018

2019–

New effective organization following Simplify

Leaner management team with increased business and performance focus



CFO & deputy CEO
Peter Welin



President & CEO
Henrik Hjalmarsson



Communications & MultiBrands
Jonna Opitz



Operations & Technology
Lars Jonson



HR & Sustainability
Lena Wessner



Inwido South
Asger Drewes Jørgensen



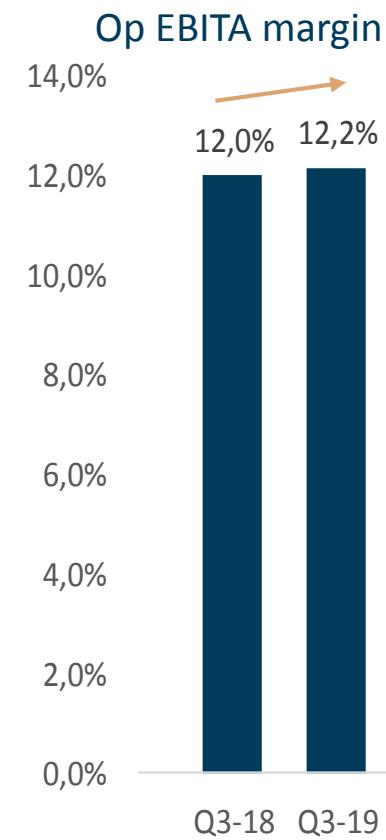
Inwido North
Henrik Hjalmarsson



Q3: Strong cash flow and good E-Commerce growth

Managing cash and margins well in softer market cycle

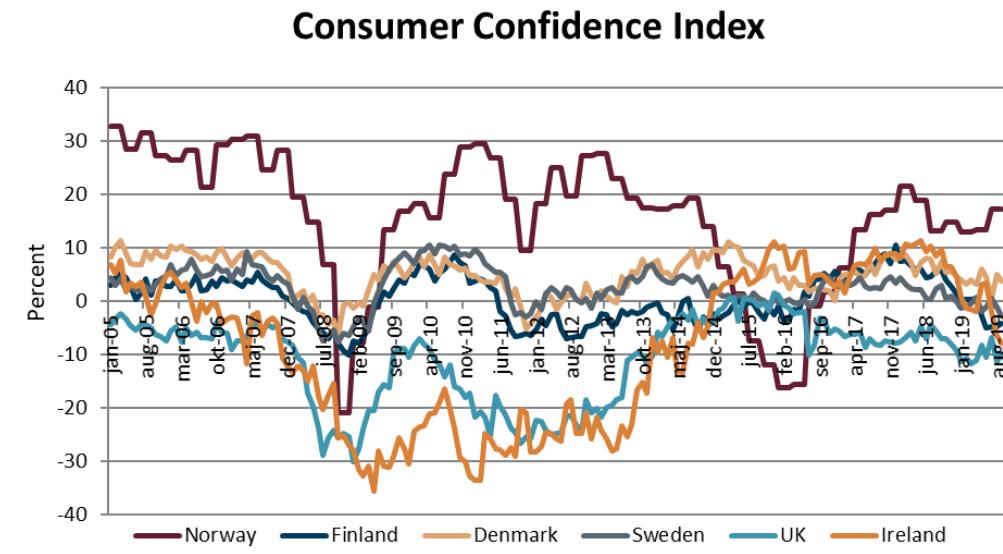
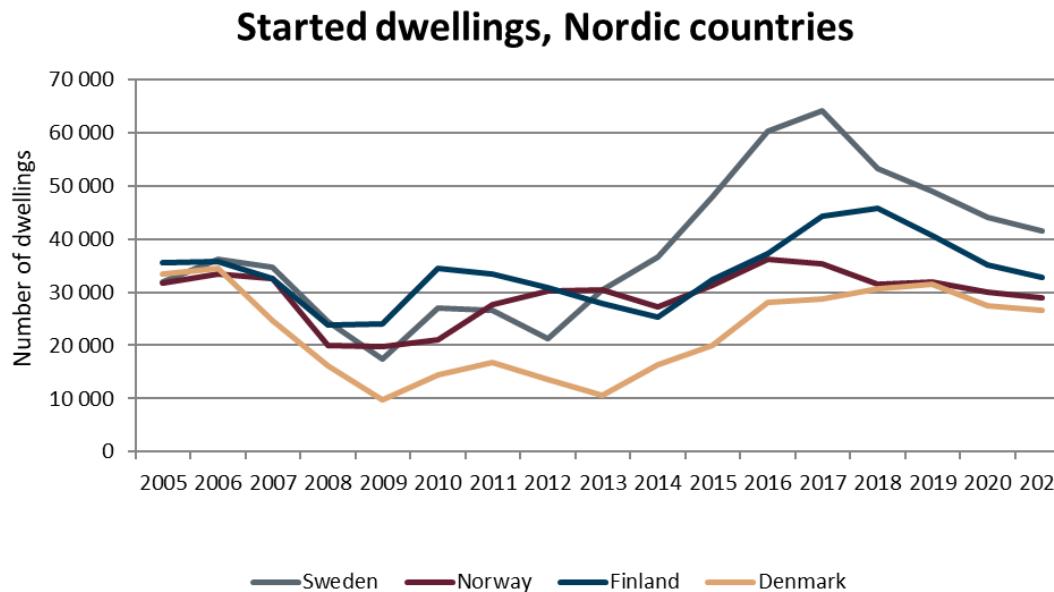
- Sales -1%, organically -2%
- Operating EBITA of SEK 203 million (202)
- The large Danish units continue to perform strongly
- e-Commerce now at 10% of revenue
- Profitability in Norwegian units continuing to progress positively
- Order intake -2% (+0% excl. acquired backlog); order backlog -5%
- Operating cash flow SEK 319 million (149)
- Improved net debt/EBITDA ratio 2.5 (3.0)
- We estimate that we continue to take market share in the Nordics



Market Outlook and expectations

Weaker new built market but more stable consumer demand

- Consumer demand is still on a healthy level, albeit softening in some markets, with expected continuation of good e-Commerce momentum
- Weaker industry market going into winter season and Brexit impacting UK & Ireland
- Long term underlying demand driven by e.g. home investments, urbanization and population growth



Reminder: Simplify – five strategic pillars

- 1 Highly decentralized business with accountable people
- 2 Continuous growth via acquisitions of strong companies
- 3 Prioritizing residential consumer driven businesses
- 4 Tight local cost efficient supply chains
- 5 Synergies from sourcing, finance, technology, leadership

Simplify on track and starting to deliver value

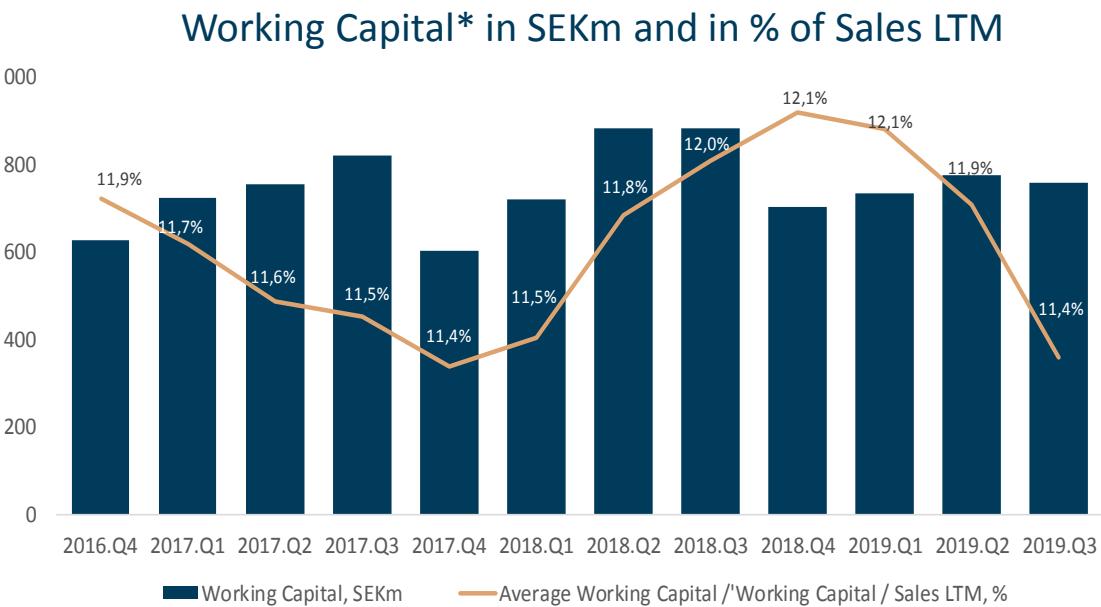
New business model implementation progressing well

- New structure in place and working well
 - More decentralized model with 28 Business Units run by MD:s and local leadership teams
 - Full P&L and balance sheet accountability locally
- Improved overall business effectiveness
 - Increased focus on creating customer value in end-to-end value chain
 - Better focus on operational opportunities as well as challenges generating improved execution
 - Increased focus on business and performance and less on process across the board
- Adjusting leaner overall organization to ensure fit-for-purpose
- Adjusting support and best practices sharing across the group to deliver best value

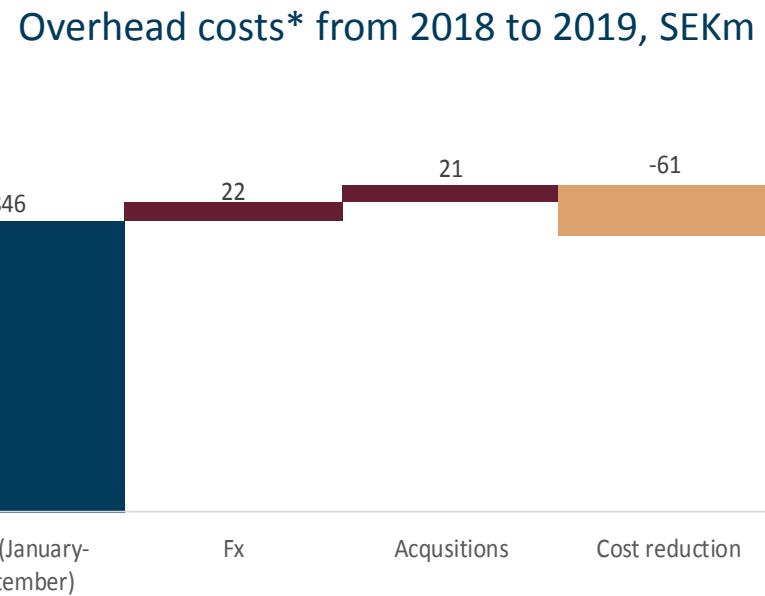
Simplify: Examples of emerging positive results

Expectations on continued positive long term impact

Improved cash flow with local accountability and target setting



Reduced overheads with more efficient management and full local cost accountability



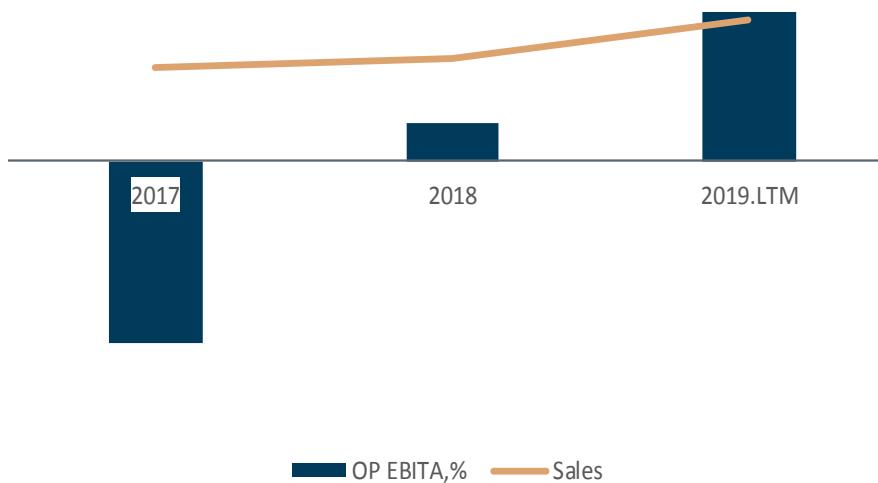
* Inventory + Trade Receivables – Trade Payables

* Selling expenses, Administration expenses, Research and development expenses

Simplify instrumental in turnaround of Norway and UK BU:s
Focus on challenges and stronger local accountability and leadership

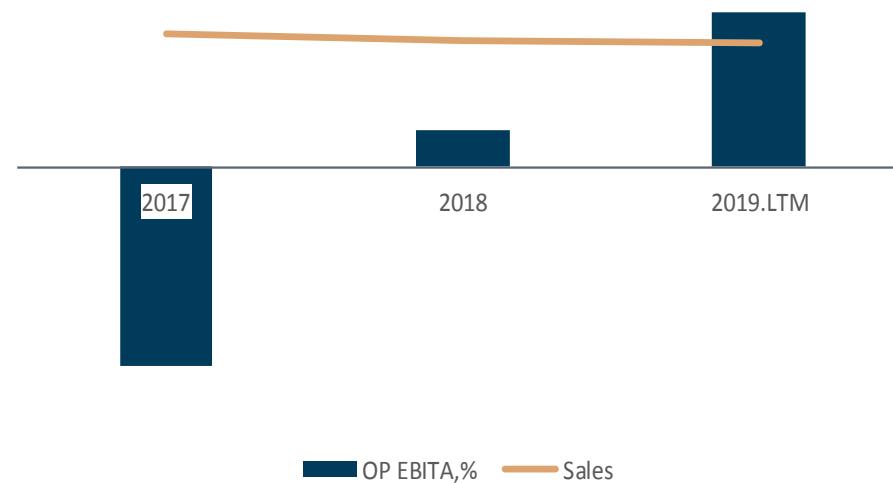
Lyssand-Frekhaug in profitable growth with more focused execution

Sales and OP EBITA Lyssand-Frekhaug



UK Business Units turned to profits through more appropriate cost and result focus

Sales and OP EBITA UK BU:s



Financial targets

Target

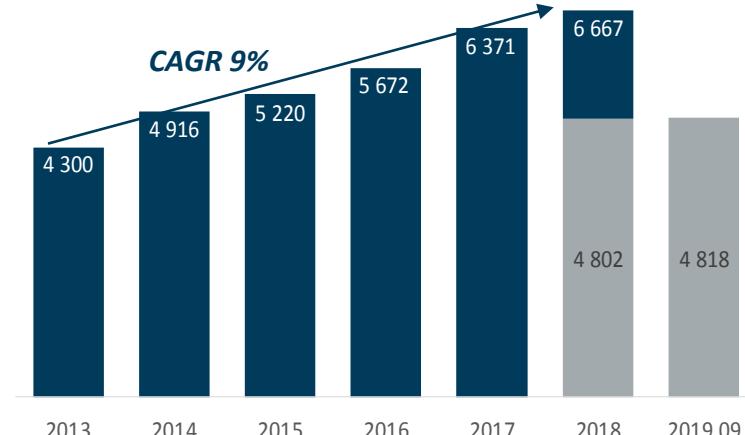


Summary

We will grow more than the market

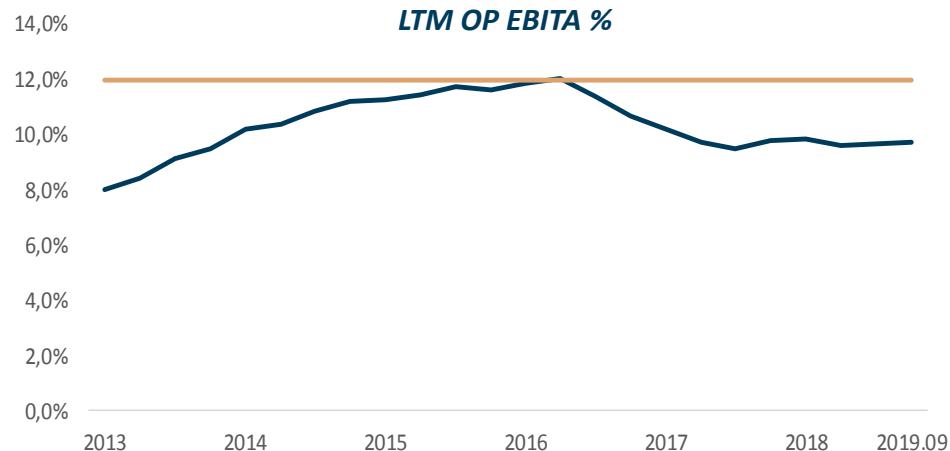
- Organic growth in existing units
- Selective acquisitions in Europe

Development



Operating EBITA of 12%

- Target may not be reached in years with weaker market trends
- Take continuous measures to strengthen margin



Financial targets

Target

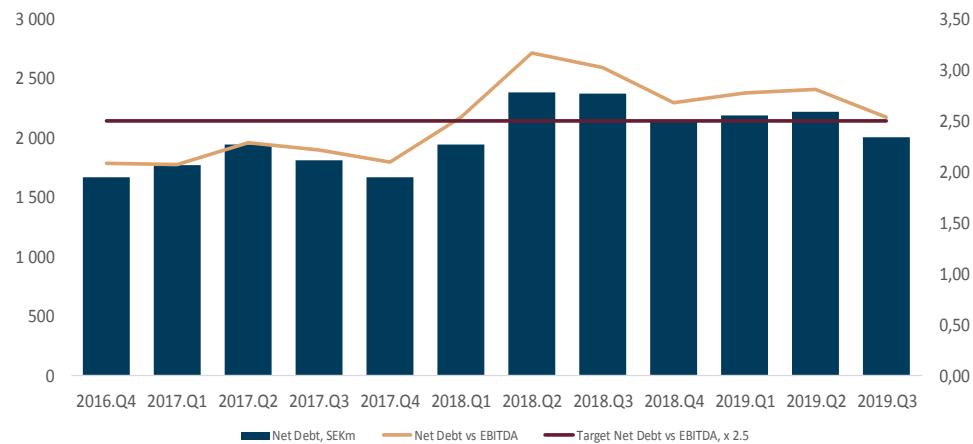


Summary

Net debt/EBITDA <2.5

- Excluding temporary deviations

Development



4



~50% of Net Profit

Taking into account:

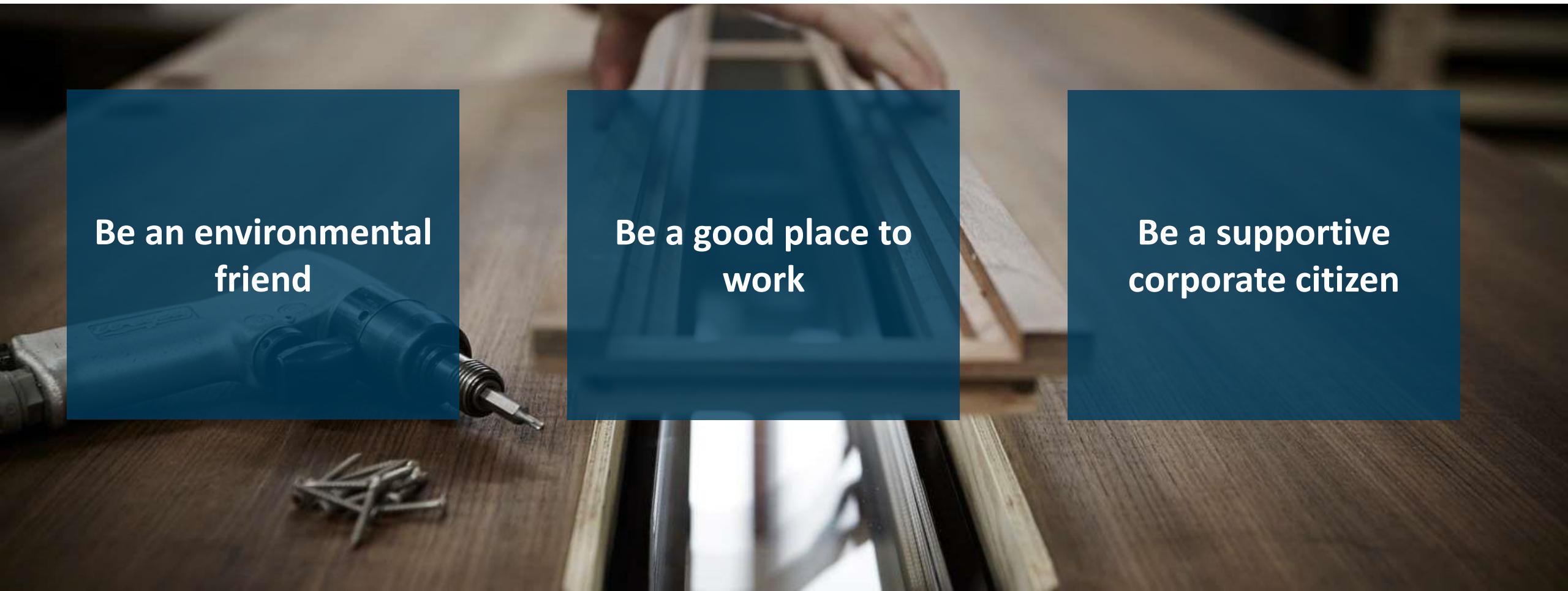
- Current balance sheet
- Future prospects

Dividend (SEKm) and Dividend / Net Result



Our sustainability compass

We give more than we take



Be an environmental friend

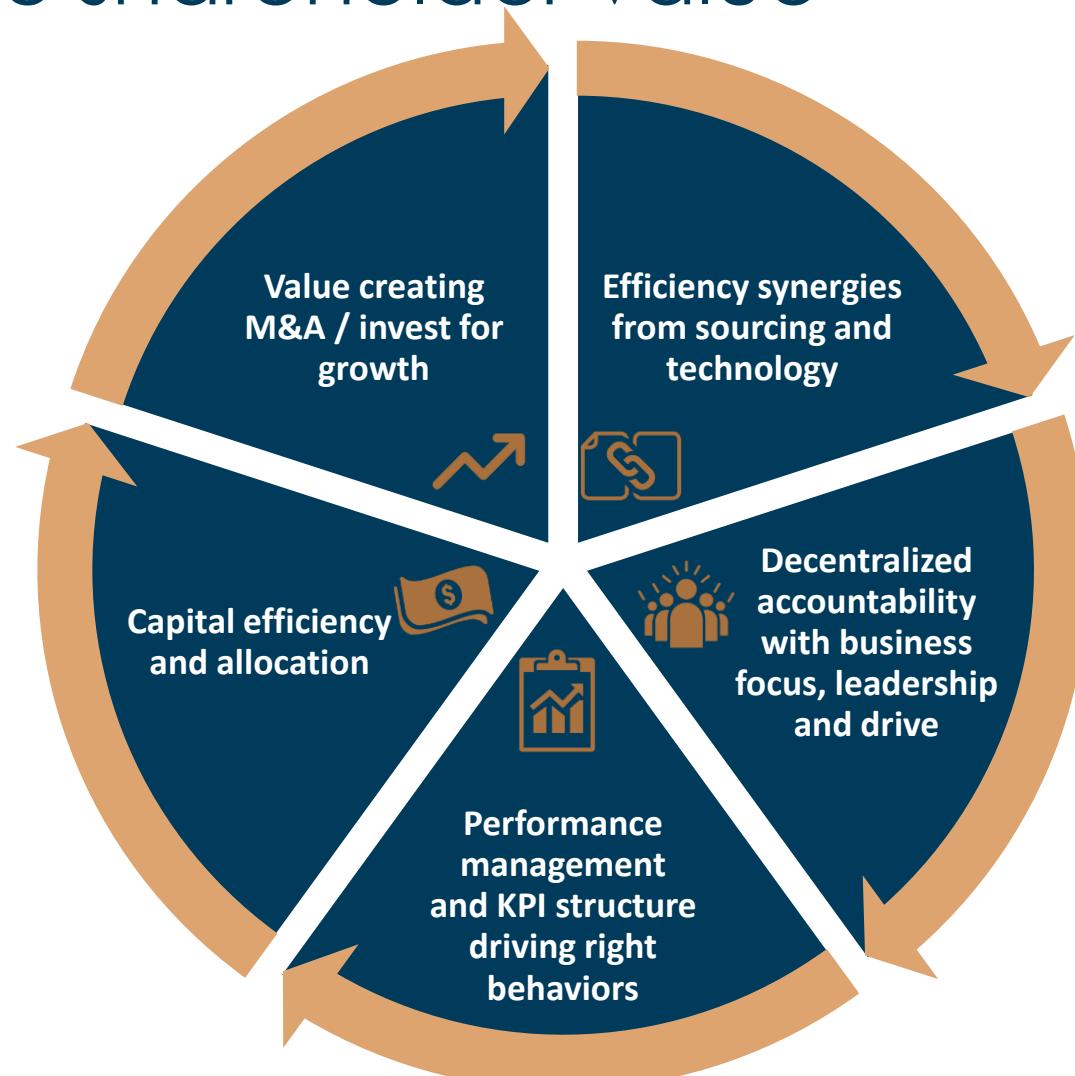
Be a good place to work

Be a supportive corporate citizen

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



M&A a long term value driver

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



Positioned for growth and profitability

1

Underlying demand
driven by macro factors as
well as a continuous
desire for good indoor life

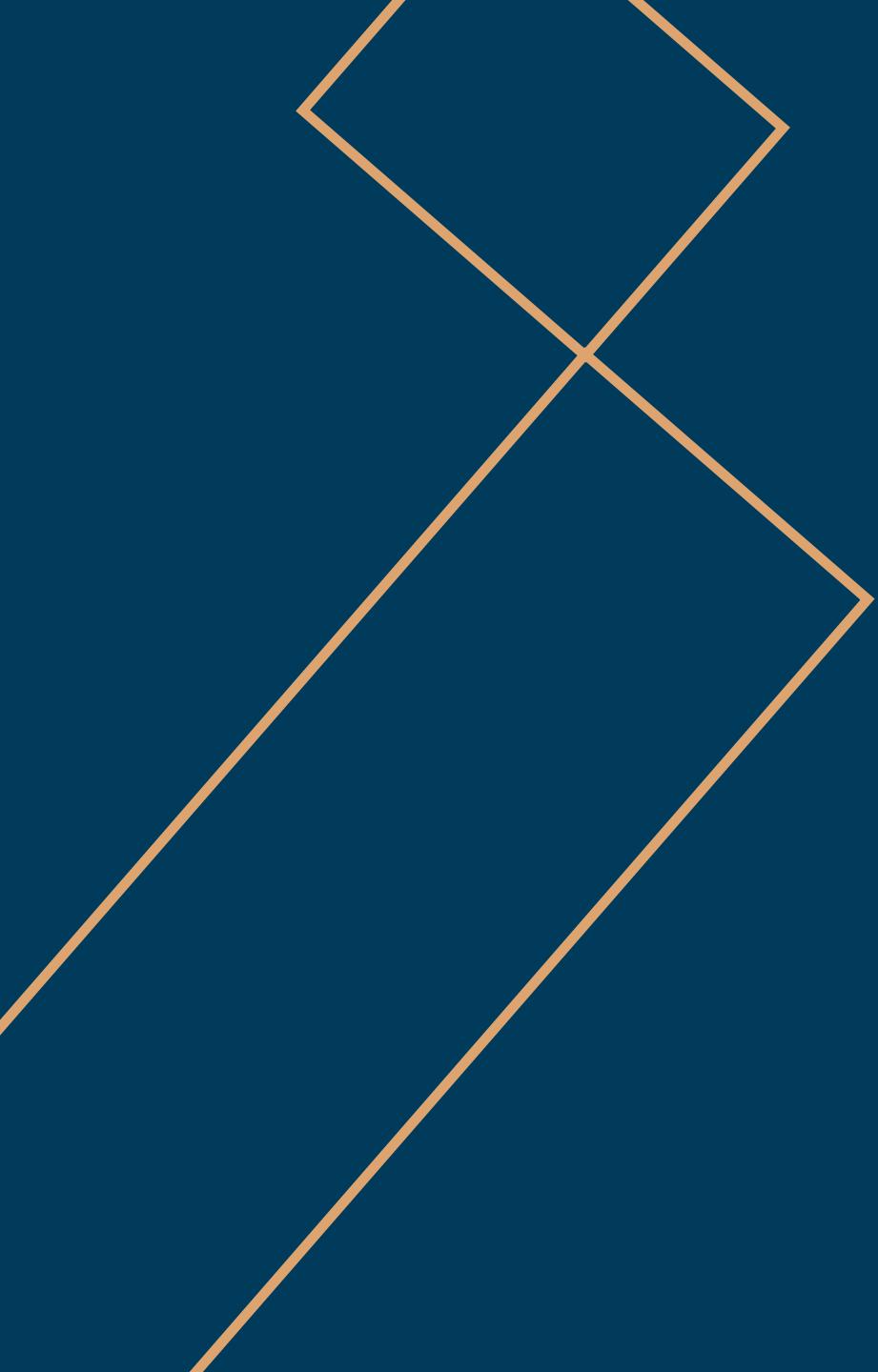
2

Strong market/segment
leaders with proven
stable cash generation
also in tougher markets

3

Repeatable and value
generating M&A model
with lots of targets within
range





Sourcing Power

Lars Jonsson, SVP Operations & Technology

Group Sourcing Power

✓ Facts and figures

- Accelerate business value
- M&A and sourcing excellence



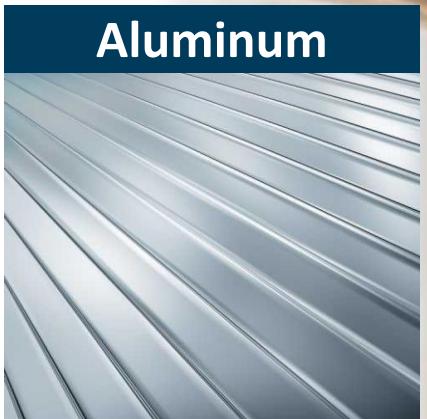
Sourcing facts

3,5 billion SEK
Total spend

Where of
2 billion SEK
Category

700
Direct suppliers

Main categories



Our Business "Made-to-Measure"

Buying



- Country specific customer preferences
- Wide range of customizable components

Production



Delivery



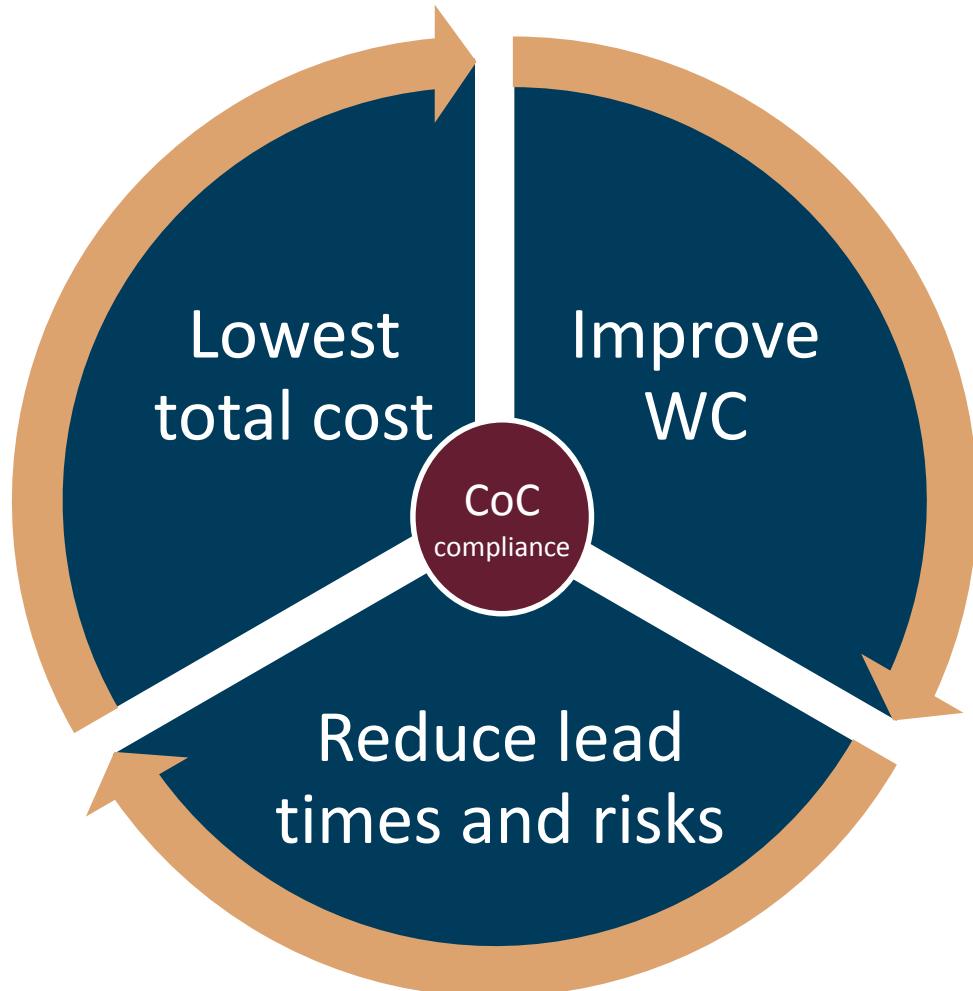
- Large number of delivery address
- Small orders per delivery address

Group Sourcing Power

- Facts and figures
- ✓ Accelerate business value
- M&A and sourcing excellence



Sourcing Strategy



Sourcing Power

3,5 billion SEK
Total spend

2 billion SEK
Category

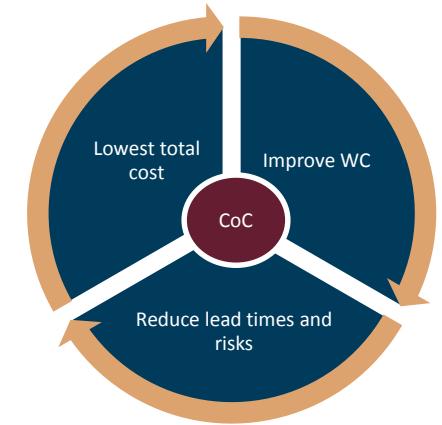
700
Direct suppliers

Sourcing Power Impact - Financial

Sourcing power
and supplier
intelligence

Advanced cross-
functional teams

Governance for
benchmark and best
practice



Targets and action plans

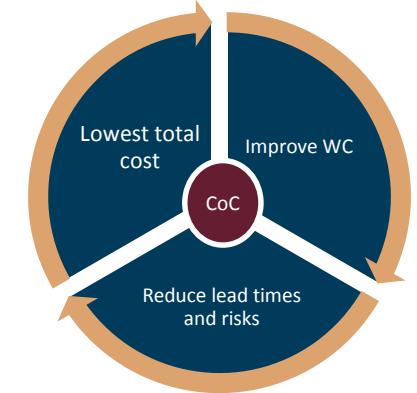
Improved local P&L and cash performance

Sourcing Power Impact - Sustainability

Be an environmental friend

Be a supportive corporate citizen

Be a good place to work



Inwido sustainability compass

Elevate the sustainability agenda
among our suppliers

Supplier Targets

Customer Demand

Quality defects
0%

+

On time delivery
97%

+

Cost reduction
5%

Sourcing power

Value engineering

Supplier and complexity reduction

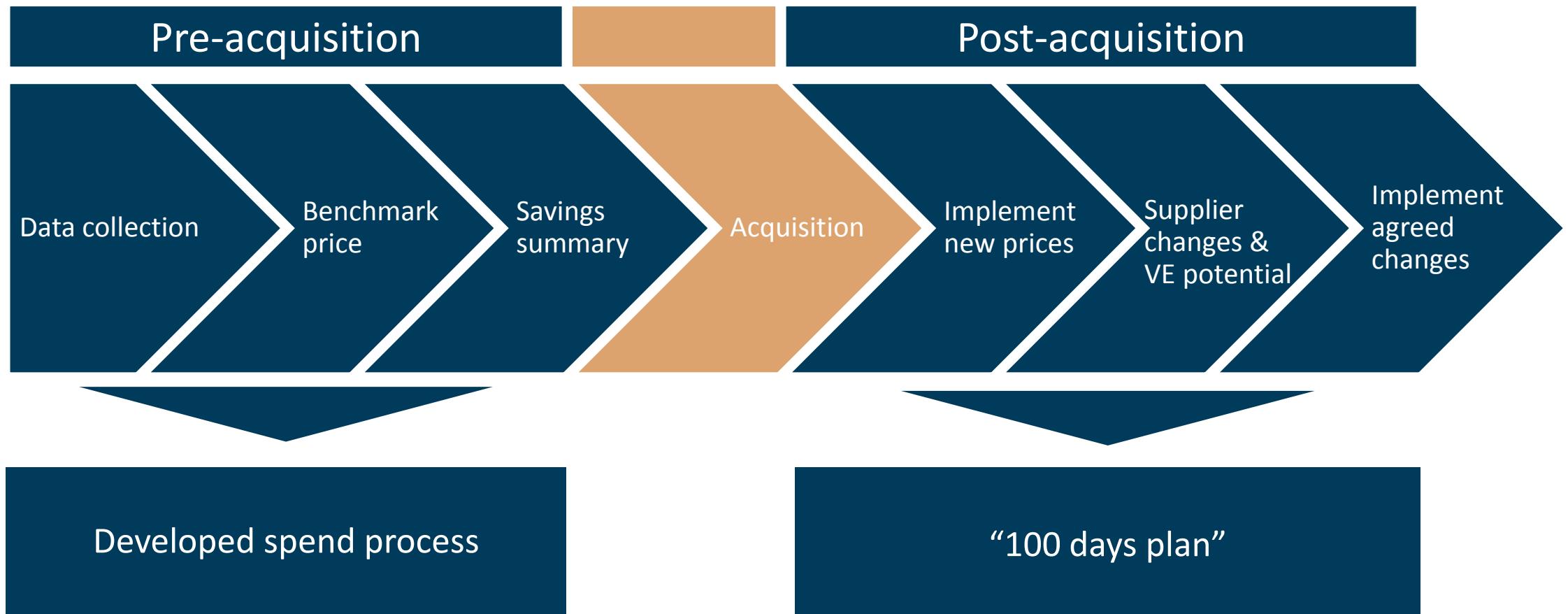


Group Sourcing Power

- Facts and figures
- Accelerate business value
- ✓ M&A and sourcing excellence



Leverage Acquisition Synergies



Sourcing Excellence Within The Last 5 Acquisitions

Bøjsø, Outrup, Bedst & Billigst, Profin, Klas1

Sourcing categories

Wood



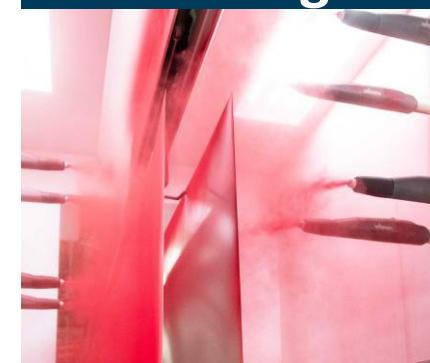
Aluminum



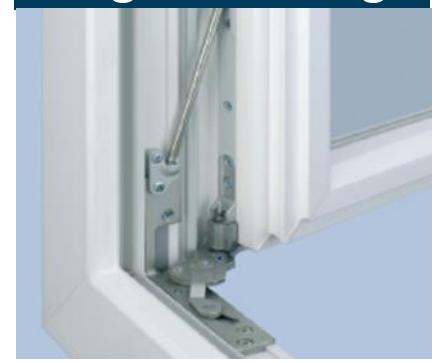
Glass



Coating



Hinges & Fittings



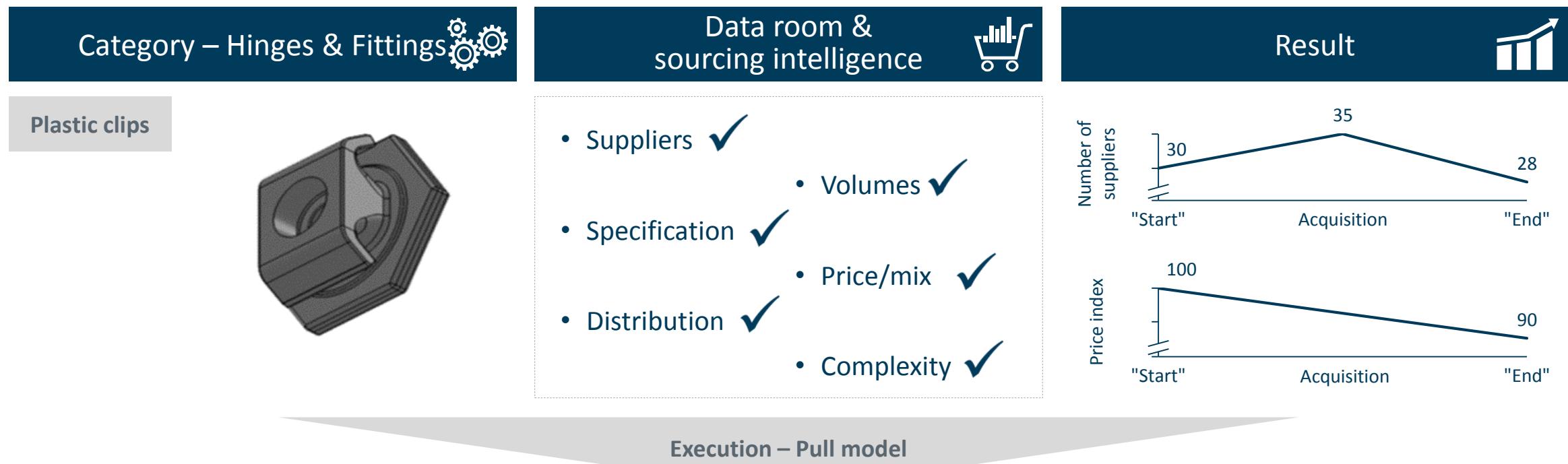
Improvement range in sourcing categories

Cost savings
5-10%

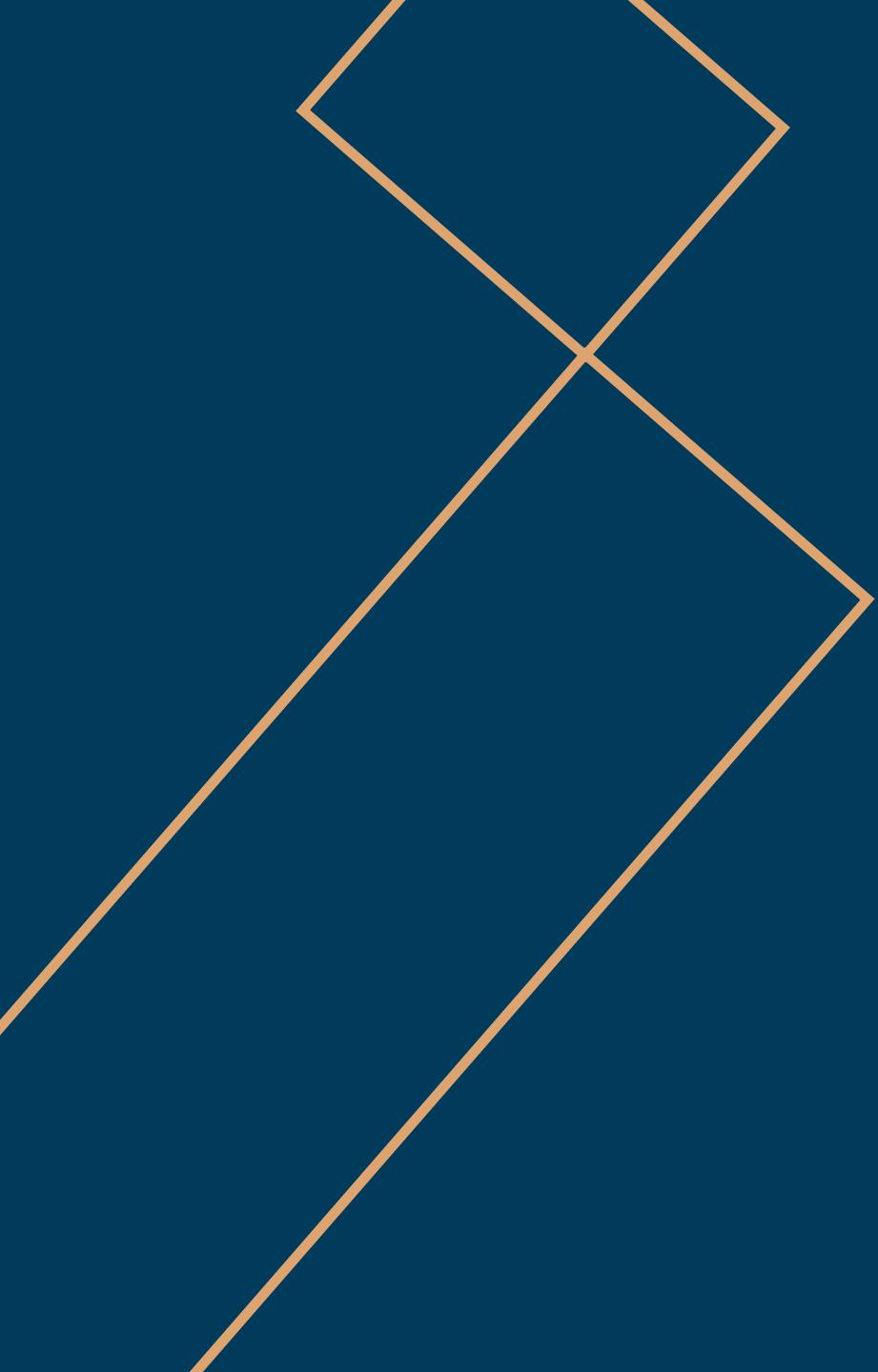
Prolonged payment levels
30-45 days

Sourcing Excellence – Acquisitions

How to and best practice



Local P&L impact



E-Commerce as a growth driver

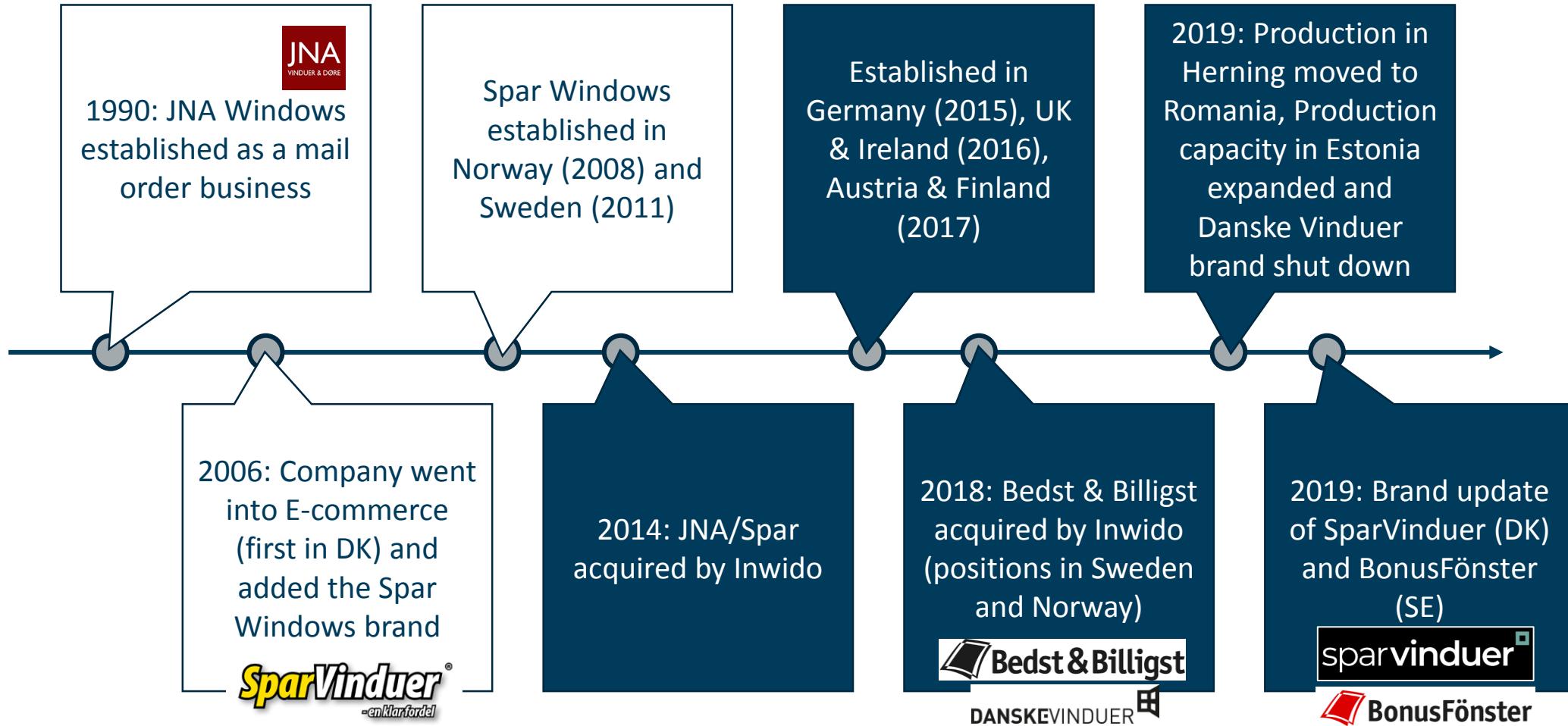
Asger Drewes Jørgensen, EVP Inwido South

Content

- ✓ Who we are
- ✓ Current performance
- ✓ What's the playing field
- ✓ How to play
- ✓ What about Amazon?
- ✓ Future priorities and ambition

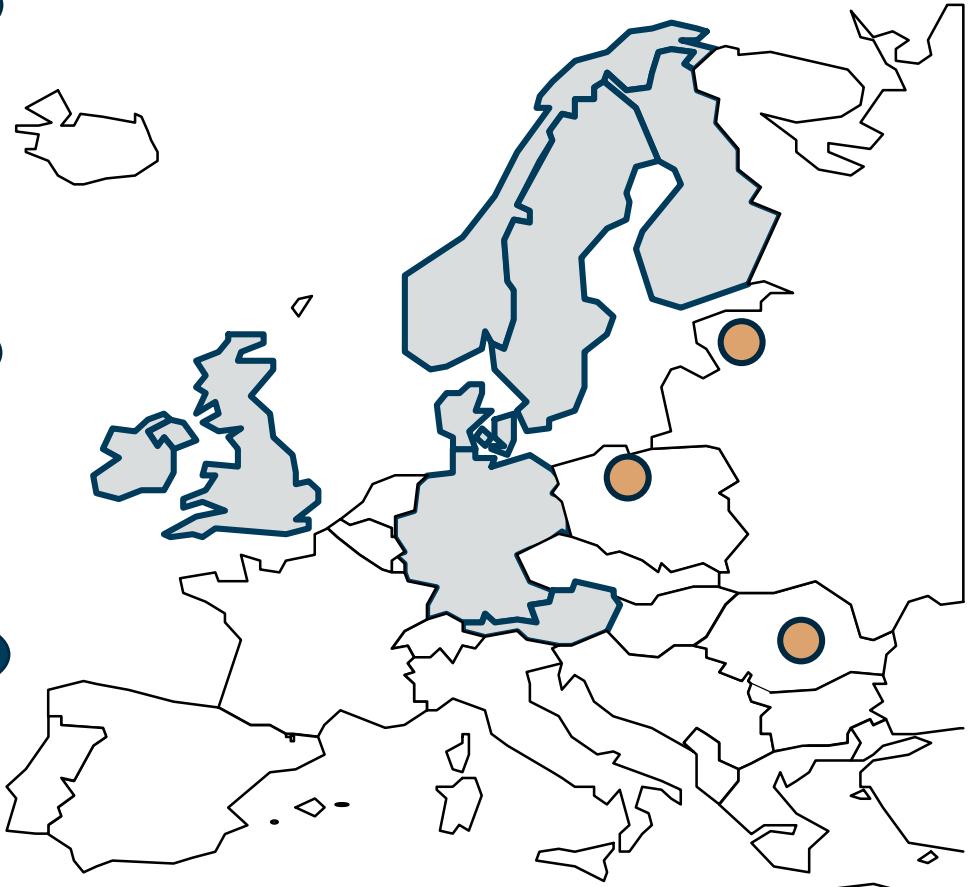


Inwido e-Commerce brief history



Denmark, Sweden and Norway our leading markets

#1 Market position
Production sites



Denmark

Established: 1990

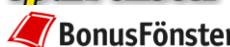


Competitors: Klarvinduer.dk,
Vinduesgrossisten.dk

#1

Sweden

Established: 2011



Competitors: Bygghemma.se,
Nordiskafonster.se

#1-2

Norway

Established: 2008



Competitors: Skanva.no,
Tindevindu.no

#1

Finland

Established: 2017



Competitors: Piklas.fi, Lammin.fi

Ireland

Established: 2016



Competitors: Window24.ie,
Wrightwindows.ie

UK

Established: 2016



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

Germany & Austria

Established: 2015

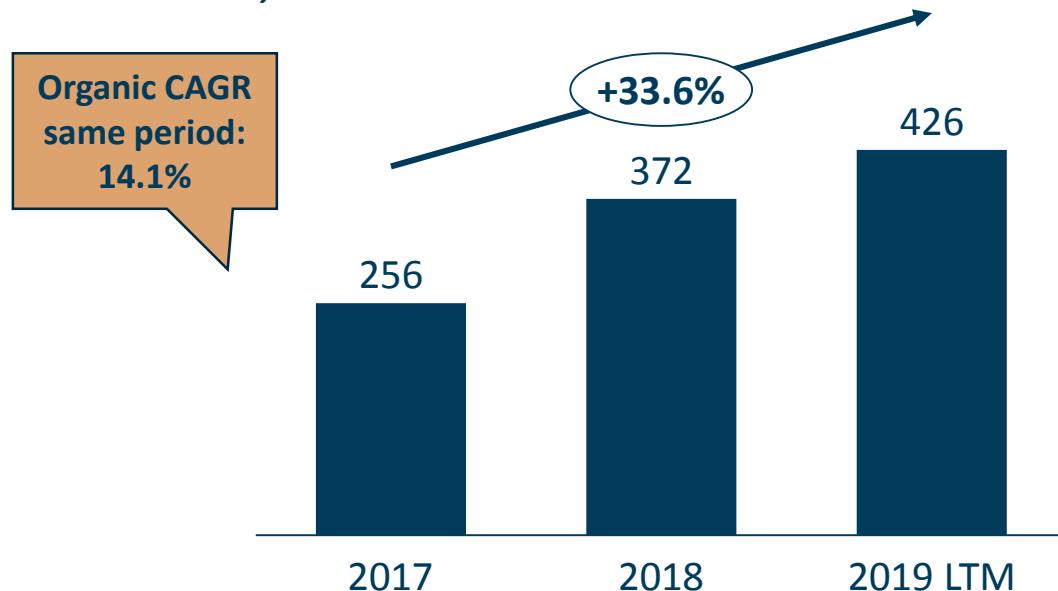


Competitors: Fensterversand.com,
Fenster24.de

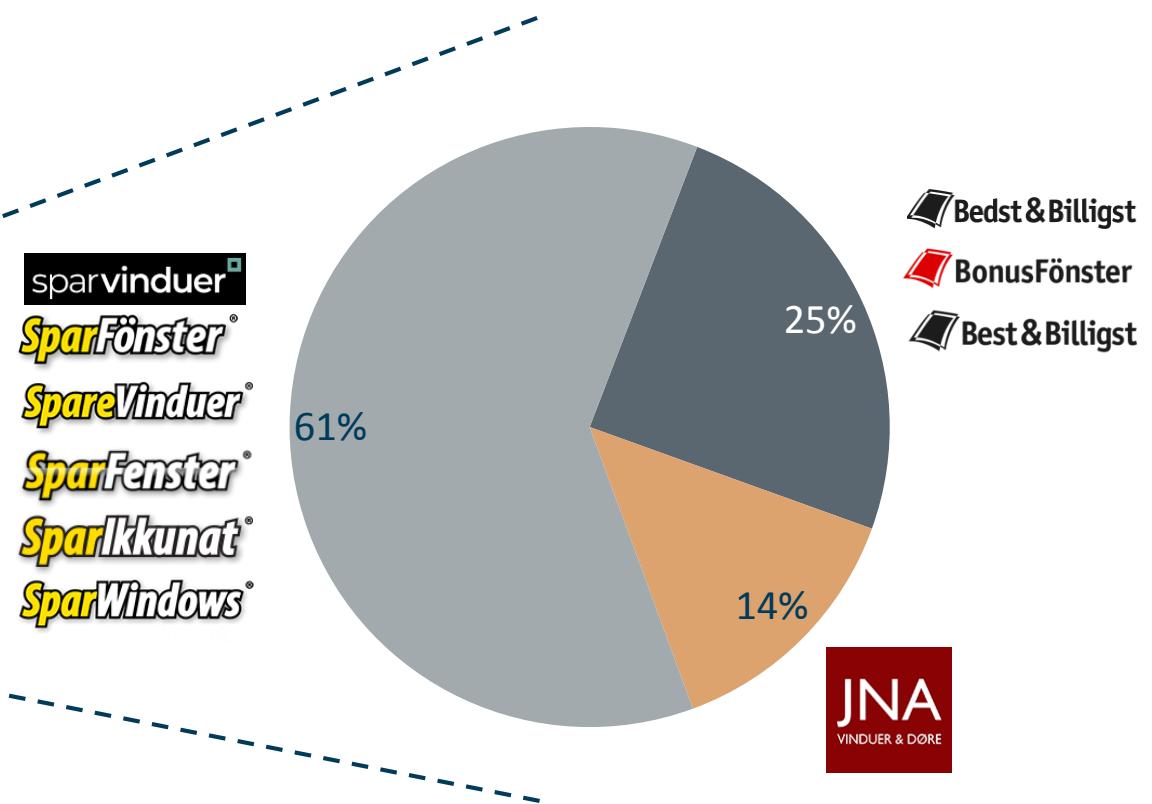
A strong growth business – profits on Group level

Main brand is Sparvinduer

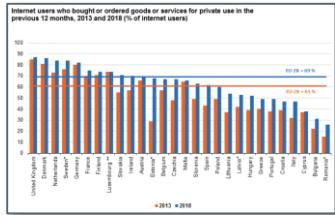
External revenue, DKKm



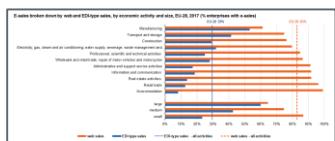
Op EBITA vs current Group average



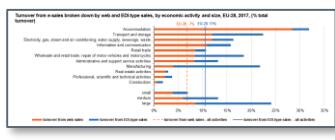
E-com within building materials lags behind other industries



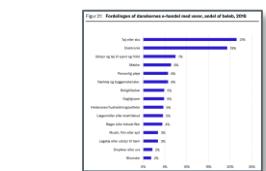
E-com use is high across Europe and continues to increase: 69% of internet users bought or ordered goods or services in past 12 month, up from 61% in 2013 (EU28, 2018)



More than 70% of construction companies have web sales solutions. Rank: 3 of 11 industries analyzes (EU28, 2017)



But only approx 1% of turnover within construction comes from web sales. Rank: 11 of 11 industries analyzed (EU28, 2017)



6 percent of total Danish e-com spending is on tools and building materials. Rank: 6 of 15 industries analyzed

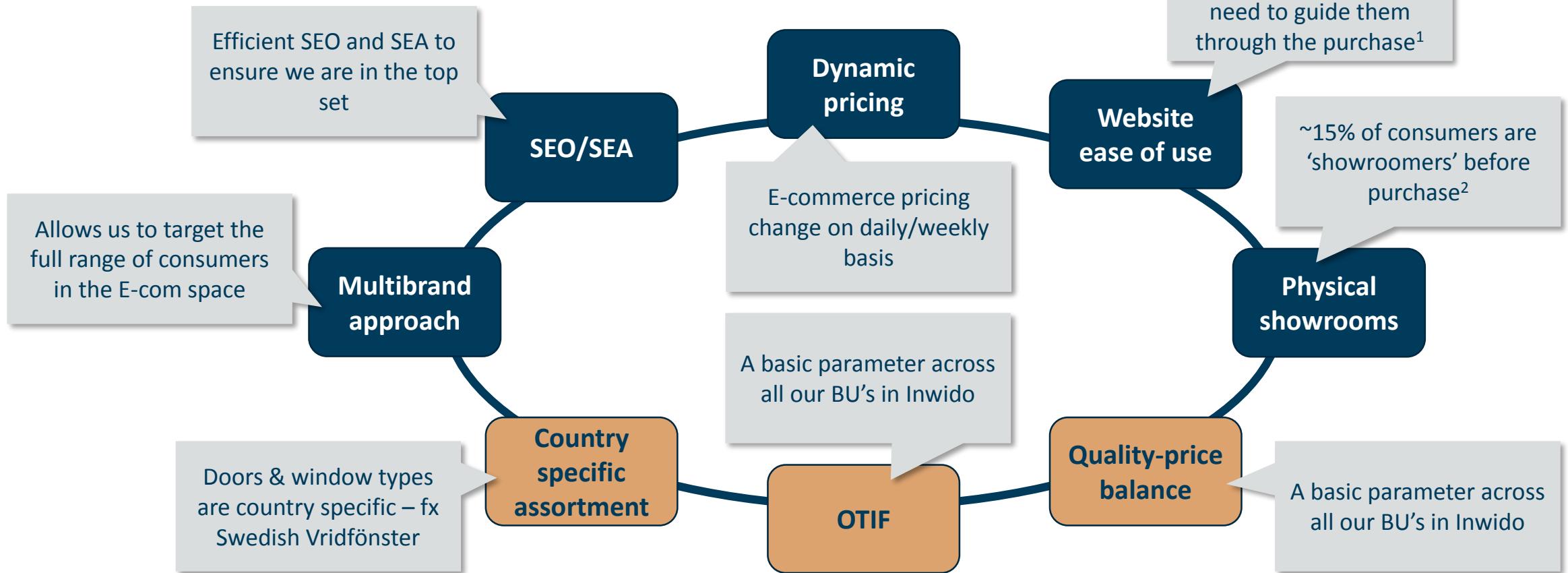
- **Statistics indicate that e-commerce adoption within our industry is lagging behind other industries in Europe**
- **We see the same picture amongst our competitors in the European markets**

We expect continuous strong growth in E-commerce within our industry – and we have a strong starting point

E-Com business is fundamentally different from our other 'normal' businesses

'Normal' Windows and doors business		E-commerce windows and doors
Sales	Business to Business	Business to consumer
Orders	Varying degree of large(r) project orders	• Main customer is the Do-It-Yourself and Find-It-Yourself consumer
Repeat sales	Relatively stable customer base	Virtually zero project orders
Customer savvy-ness	Skilled / knowledgeable about doors and windows configuration and purchase	Returning customers around 25%
Pricing	Often yearly pricing and rebate structure	Relatively unskilled - needs to be guided through the purchase process
		Fluctuating and dynamic pricing, daily/weekly swings

Competitive parameters to succeed in E-commerce within doors and windows – our view



Amazon: Windows and doors not a priority at the moment. We are ready to step in.

Not a separate search category

Windows, foils, cleaning and tools

- Very limited assortment on Amazon DE and UK
- Germany with the most 'advanced' assortment
- Only modular versions in 10 cm increments

We are ready to step in:

- Strong starting point as leading e-com player
- Average cost 13% of revenue - not prohibitive vs our current marketing spend
- Potential launch with separate brand to avoid confusion

Future priorities and ambition level: Double the business

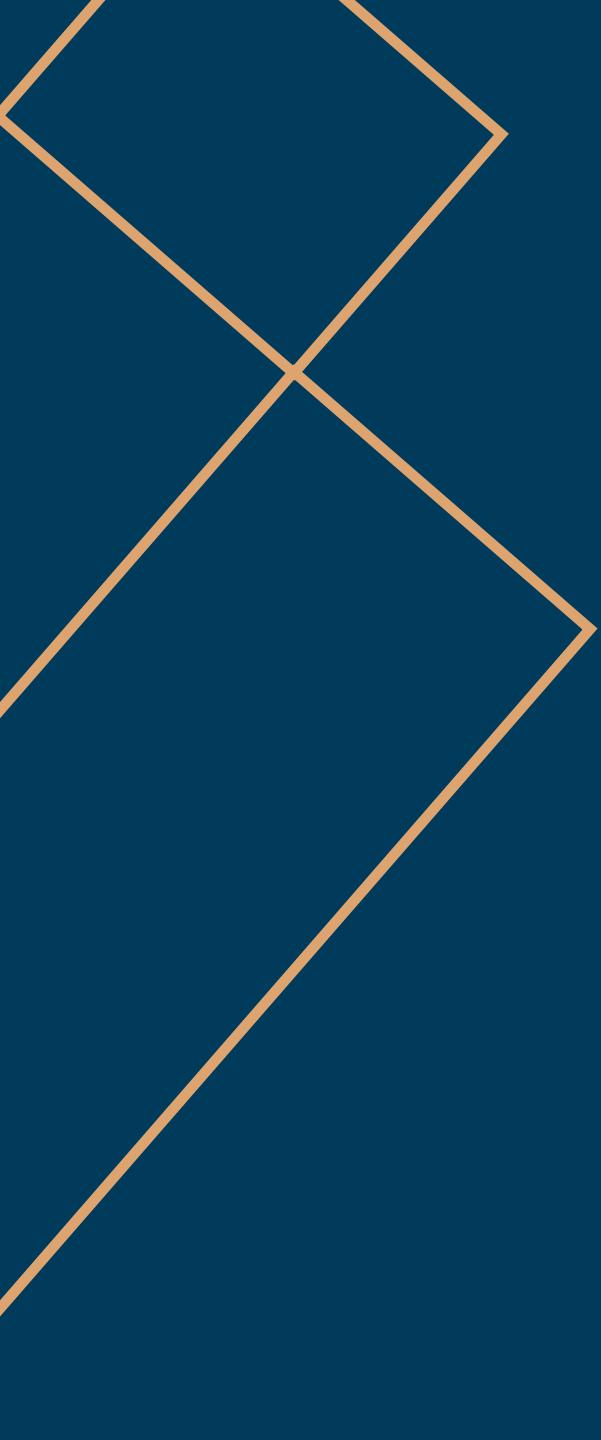
Key drivers for future performance



Ambition level

x2

- External revenue
- OP EBITA



CARLSON

“a turnaround story”

Lee Healion, MD Carlson & Co

History to Date

- 1983 – Started importing products from Denmark
- 1995 – CARLSON & Co Ltd Incorporated
- 1999 – Distribution agreement signed with OUTLINE
- 2006 – INWIDO Group acquired CARLSON & Co Ltd
- 2008 – Banking & Construction crisis hits Ireland
- 2011 – We hit the bottom in terms of sales
- 2015 – We return to the 2006 profit level
- 2017 – We record unprecedented performance

“Carlson are seen as the Market Leaders in Ireland for Scandinavian Windows & Doors”



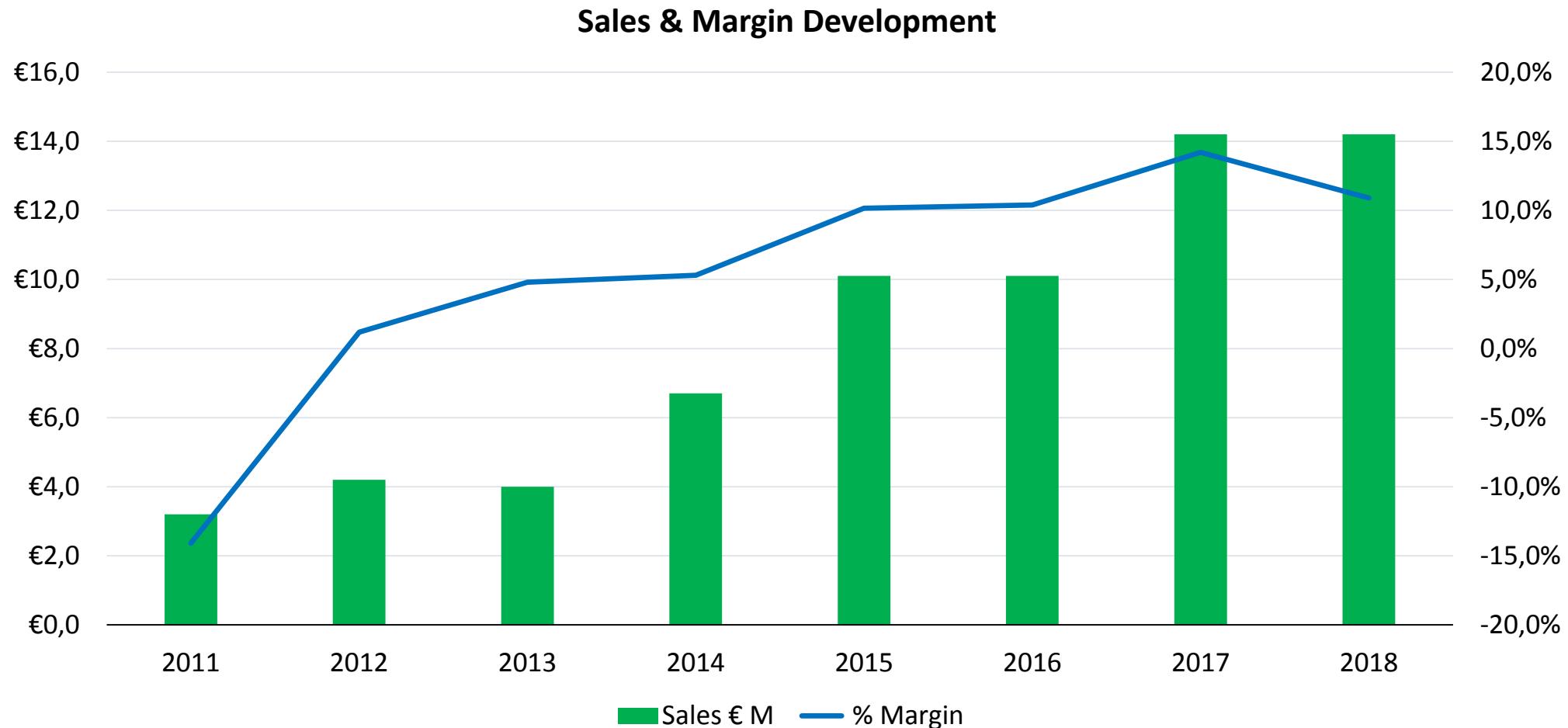
The Business Model

- More than 95% of our products come from the factory in Farsø, Denmark
- We generate approx. 80% of our business from greater Dublin area
- 20 staff based in our new Dublin offices & showrooms, with 40 independent installers
- We Supply & Fit over 95% of our Windows & Doors, directly to the market
- Our segment mix is Consumer 65% & Industry 35%
- We get a large amount of orders based on repeat/referral business
- We have built the business on strong personal relationships with both Architects & Builders

The Carlson motto is “Under Promise & Over Deliver” in terms of our Products & Services

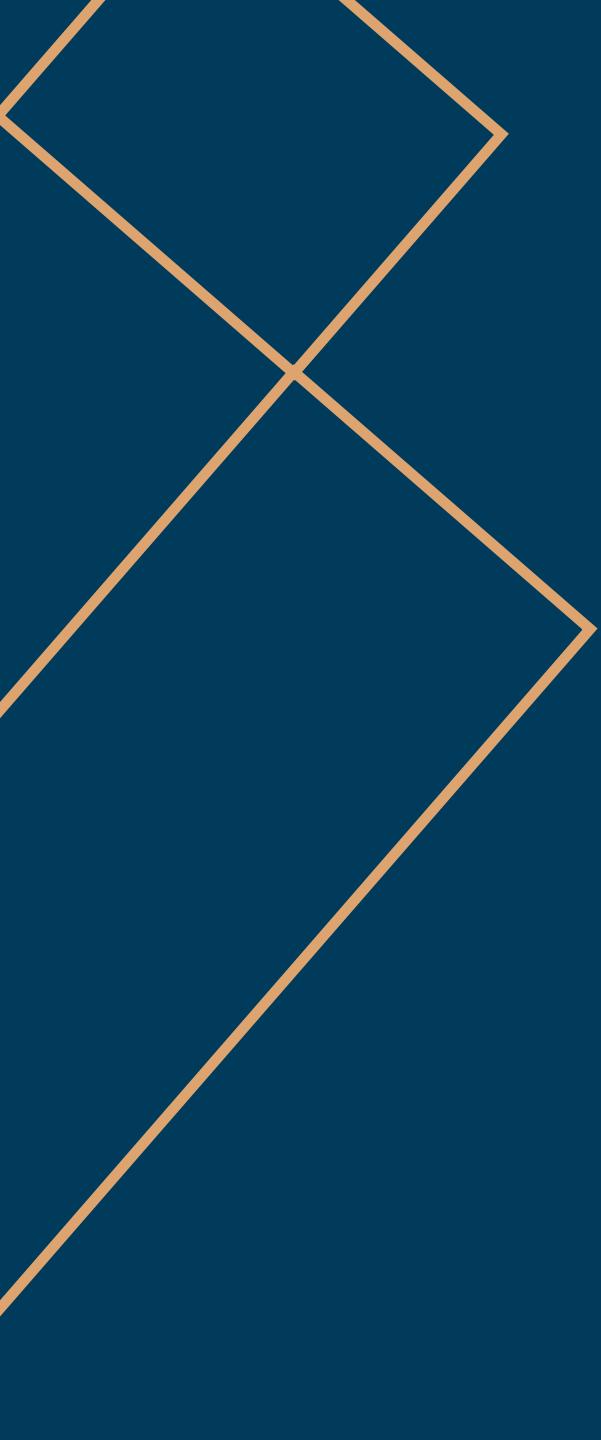


CARLSON – “a turnaround story”





Thank You



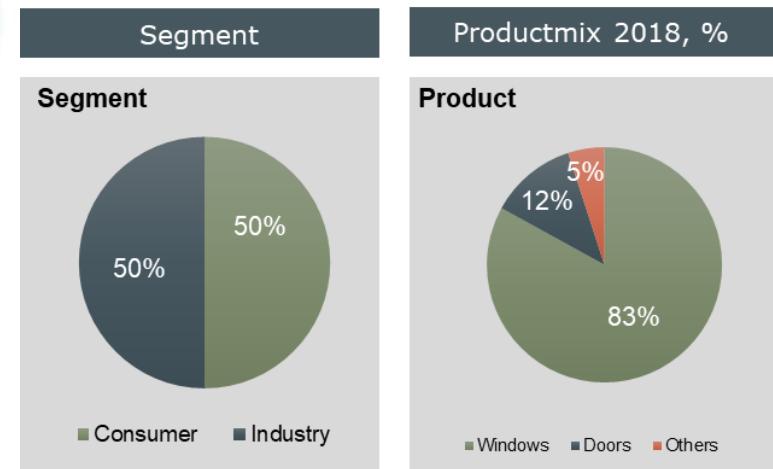
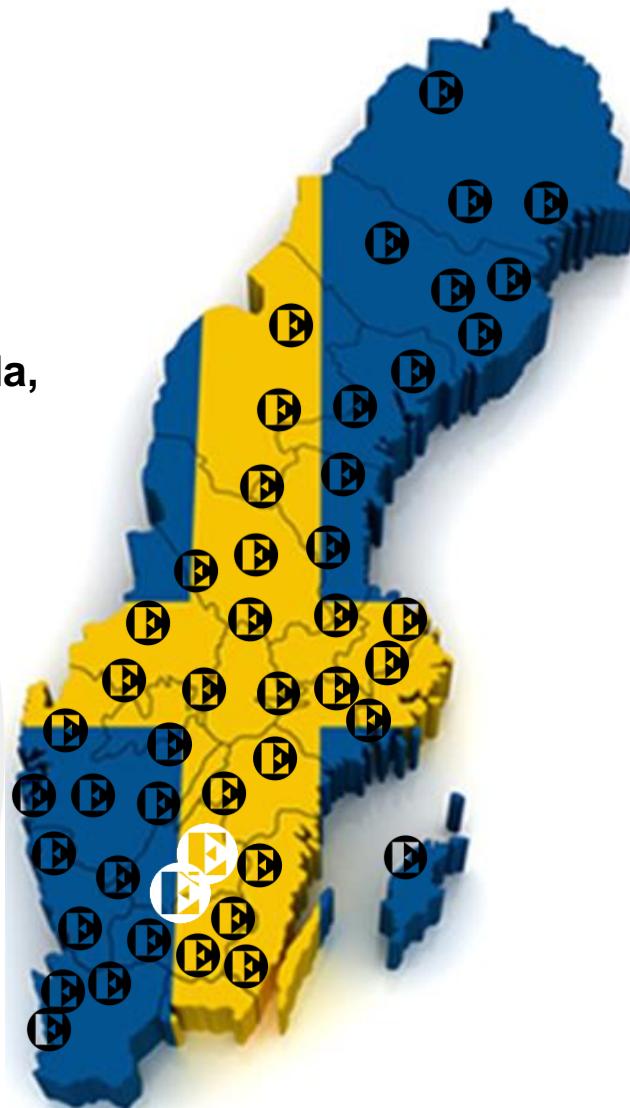
ELITFÖNSTER

“Building on the old –
creating the new”

Jonas Hernborg, MD Elitfönster

Elitfönster - the strongest window brand in Sweden

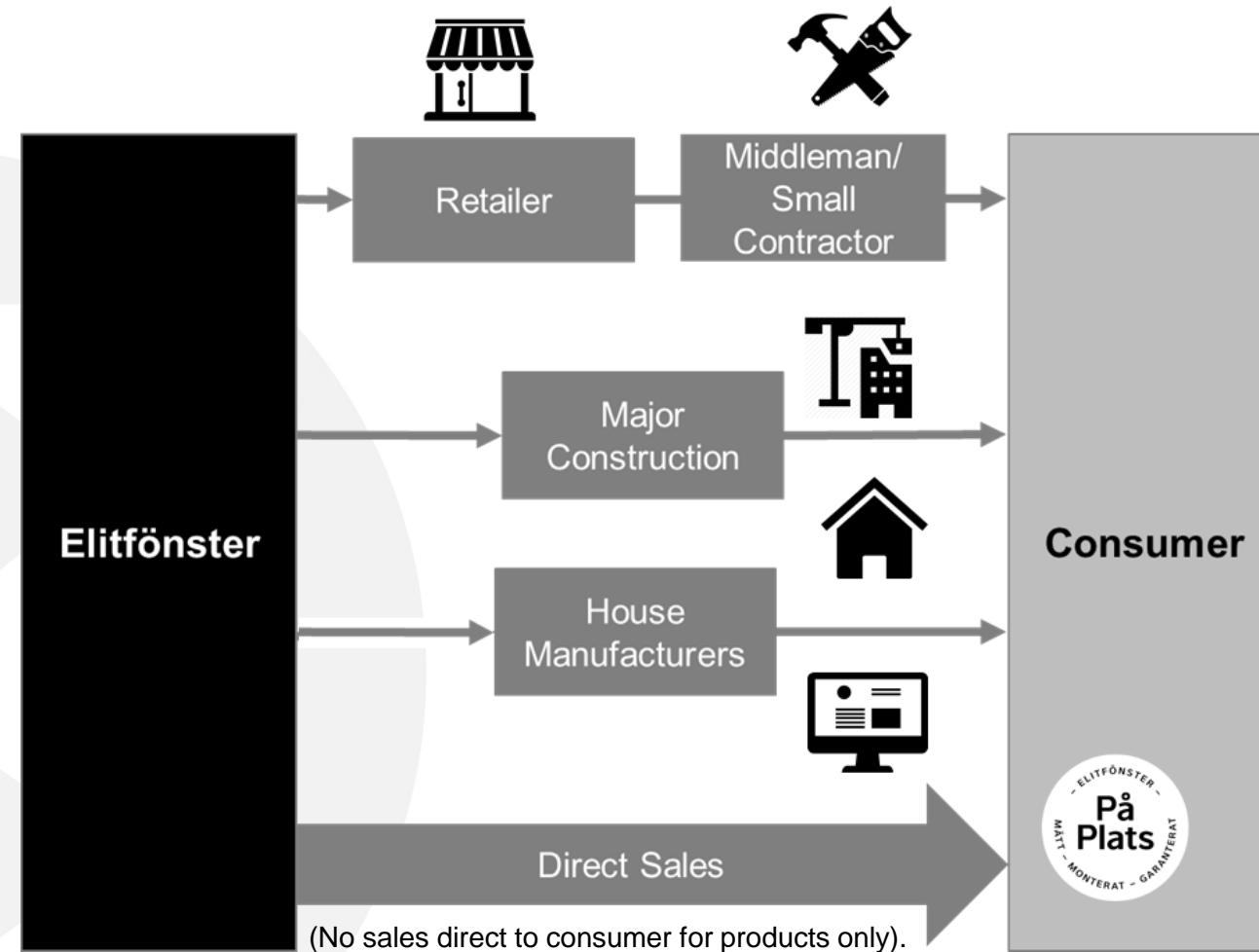
- Elitsnickerier was **founded in 1924** in **Lenhovda** Småland.
- In 1996 it was merged with **Myresjöfönster** in Vetlanda creating – **Elitfönster**.
- Elitfönster **head office** is located in **Vetlanda**, Småland
 - 2 factories in Vetlanda
 - 2 factories in Lenhovda (including a IGU factory).
- **Sales offices in:**
Vetlanda, Växjö, Jönköping, Göteborg, Stockholm and Malmö
- **Sales Representatives all over Sweden.**



2018	
Net sales (total)	1,904
Op. EBITA margin %	6.9%
Op. EBITA margin % on external sales	7.7%

Business Model & Product offering

Sales channels for Elitfönster



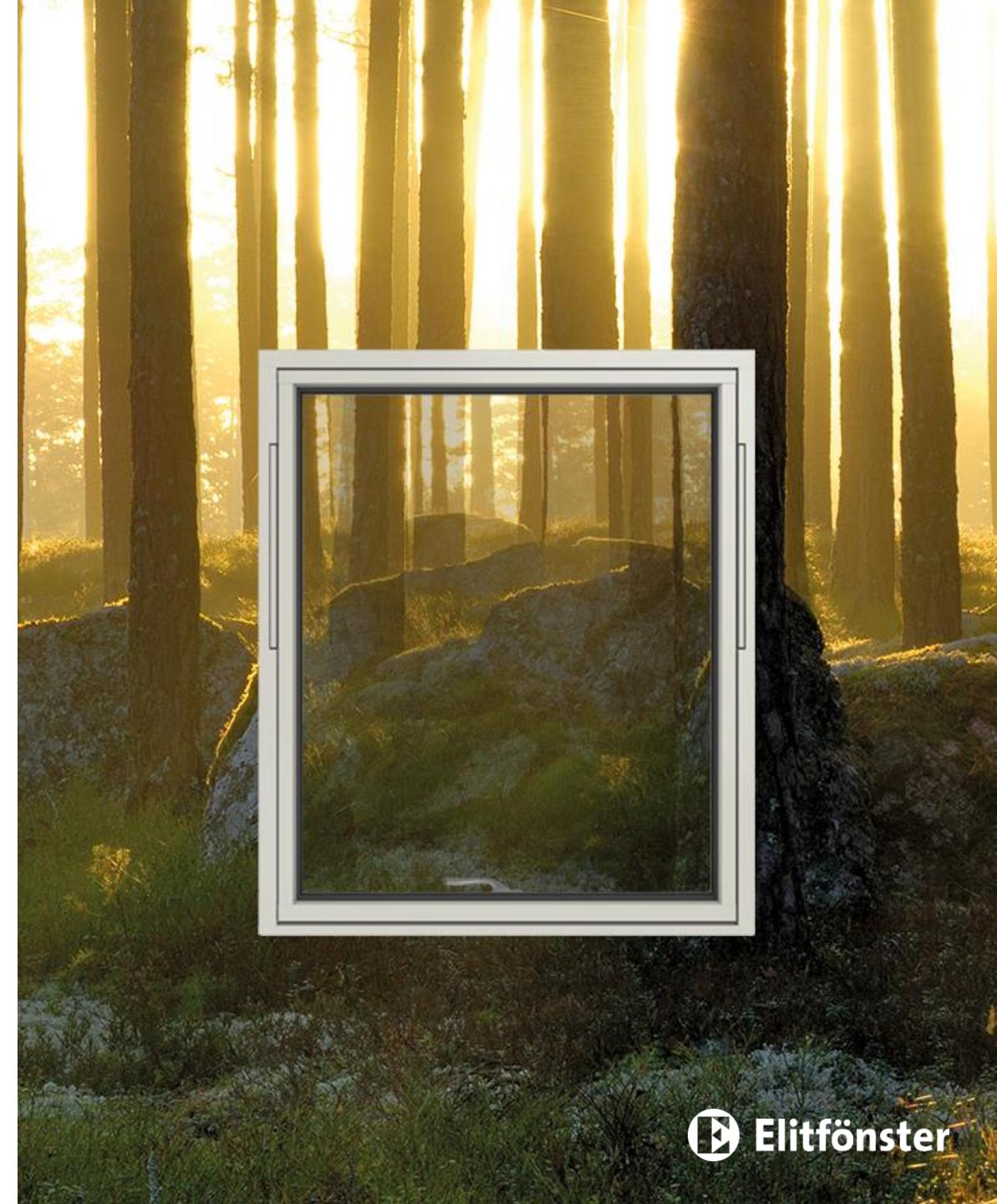
Why Elitfönster?

5 reasons to buy Elitfönster

- Quality of the products – up to 30 year warranty
- Wide range product assortment
- Sustainability – environment, social & financial
- Produced in Småland with a local supply chain
- Products tested & verified at accredited institutes

Facts from our production

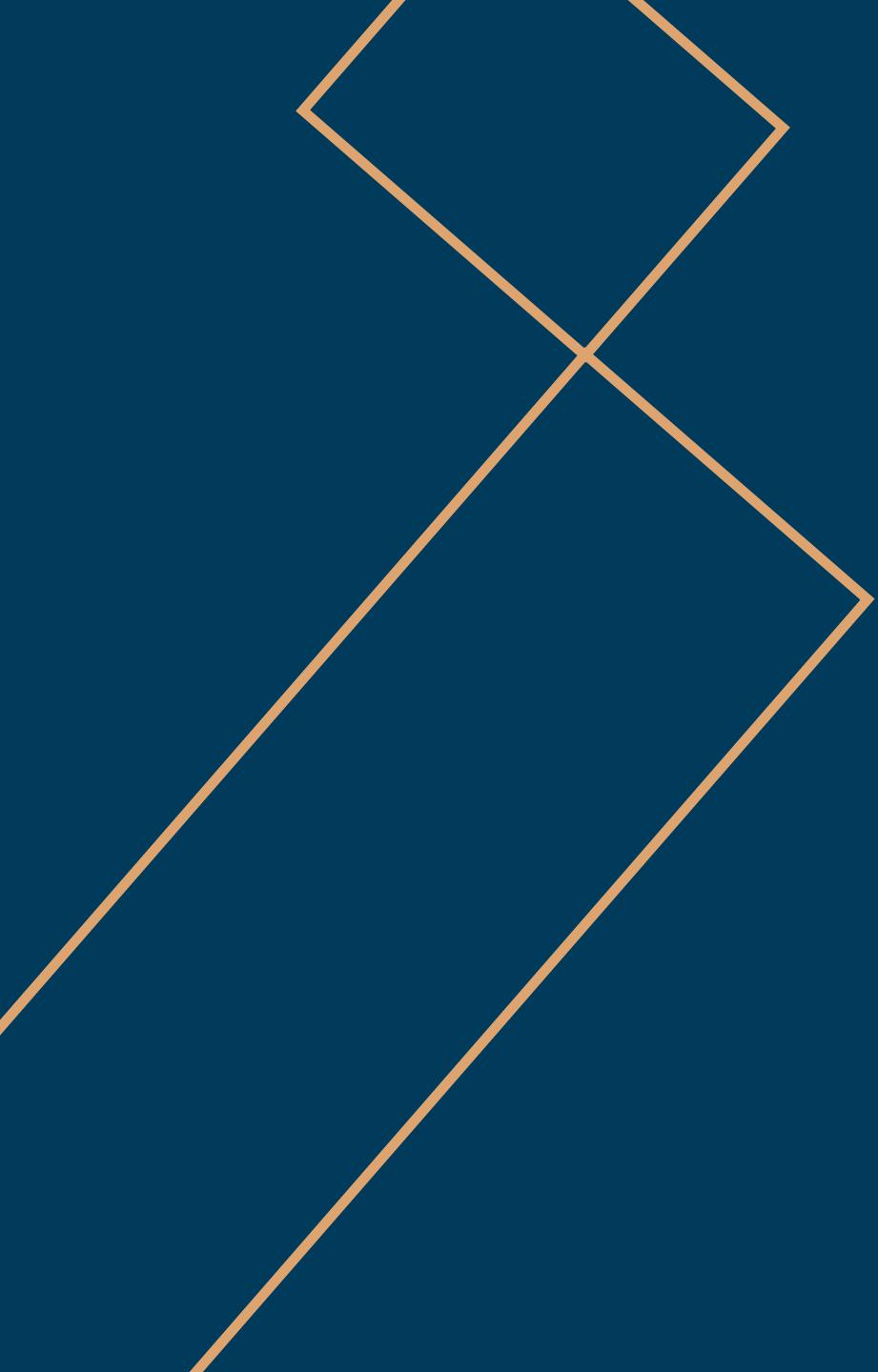
- 500.000 windows & doors sold yearly
- 3600 Manufactured products/day
- 800 trees is used every day
- 80 000 sqm production area
- 14 km linear metre wood is planed per day
- On Time In Full > 96%



Strategy for growth

- Customer orientation and responsiveness making us a reliable supplier
- Management close to the operations and decision-making
- Focus on the core business and competence
- Consumer focused initiatives
- Sustainability from both an environmental, financial and social perspective
- Investments in future window manufacturing with paced assembly





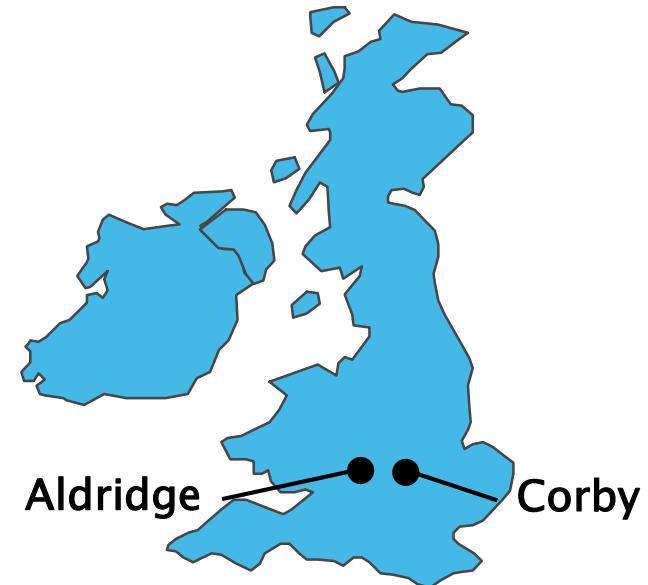
CWG CHOICES

“Building momentum in the Brexit shadow”

Chris Powell, MD CWG Choices

CWG's Choices Ltd – at a glance

- Founded in 1992 as Corby Window Group
- 201 Employees' (at 18th October 2019)
- Turnover 2018: GBP 26.185m
- Operating EBITA margin 2018: 9.2%
- We sell via High Street Retailers, Tradesperson (Door and Window Installers) and Regional Building Contractors
- 3 sites
 - Corby, Head Office
 - 'Alternative to Timber' PVCu Manufacturing
 - Aluminium Window and Door Manufacturing
 - Aldridge
 - PVCu Window and Door Manufacturing
 - Aldridge
 - Distribution Centre
- Acquired by Inwido in July 2016

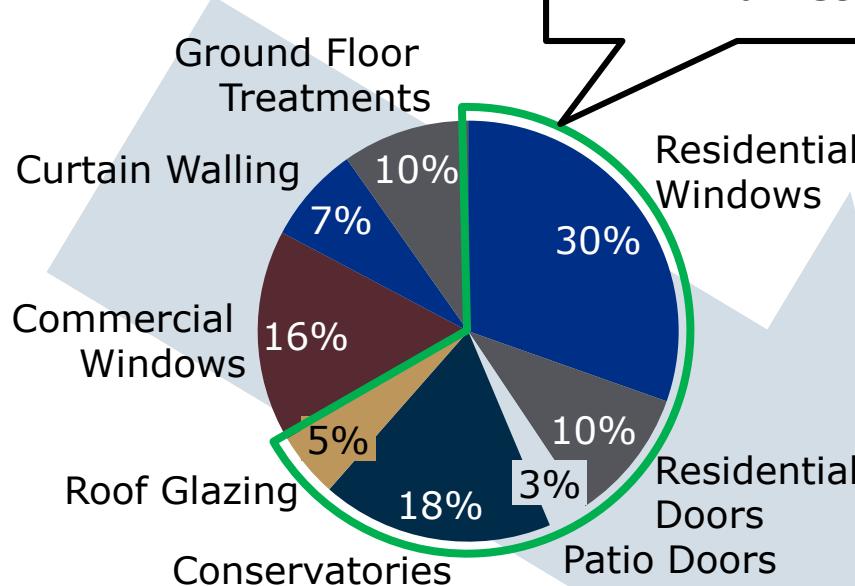


UK Market breakdown: Relevant market for CWG is GBPm 734

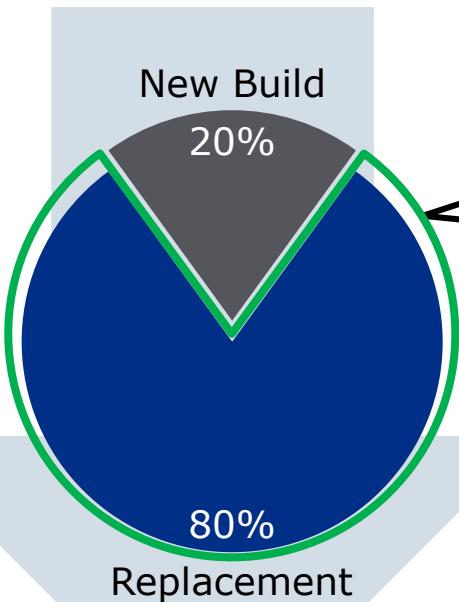
Total Trade

Residential Market

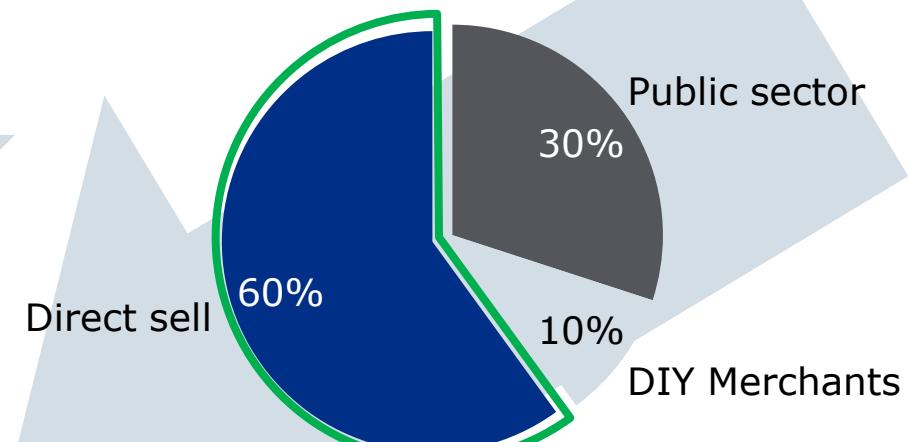
2018F: GBPm 2.302



CWG Relevant Market



CWG Relevant Market



CWG relevant market: GBPm 734

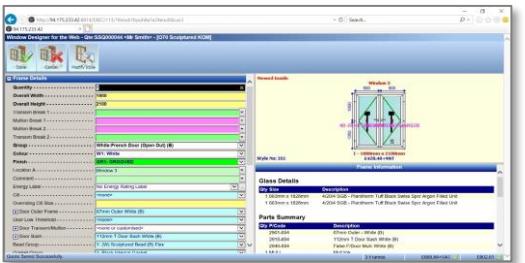
**CWG Current Turnover
£26m 3.5% Market
Share**

Ambition to get +10%

What is it CWG does better than others?

Super Highway:

CWG provides a bespoke quoting and ordering web portal for easy ordering



Lead generation:

CWG refers leads to our 'blue dot' customers, increasing their business



Social media and web:

CWG runs 140+ websites and social media accounts for our customer + provides social media training



Choices, choices, choices:

CWG has the largest assortment of doors and windows in the UK – models, colors, materials



PLUS the business basics:

On-time-in-full delivery (target 99%)

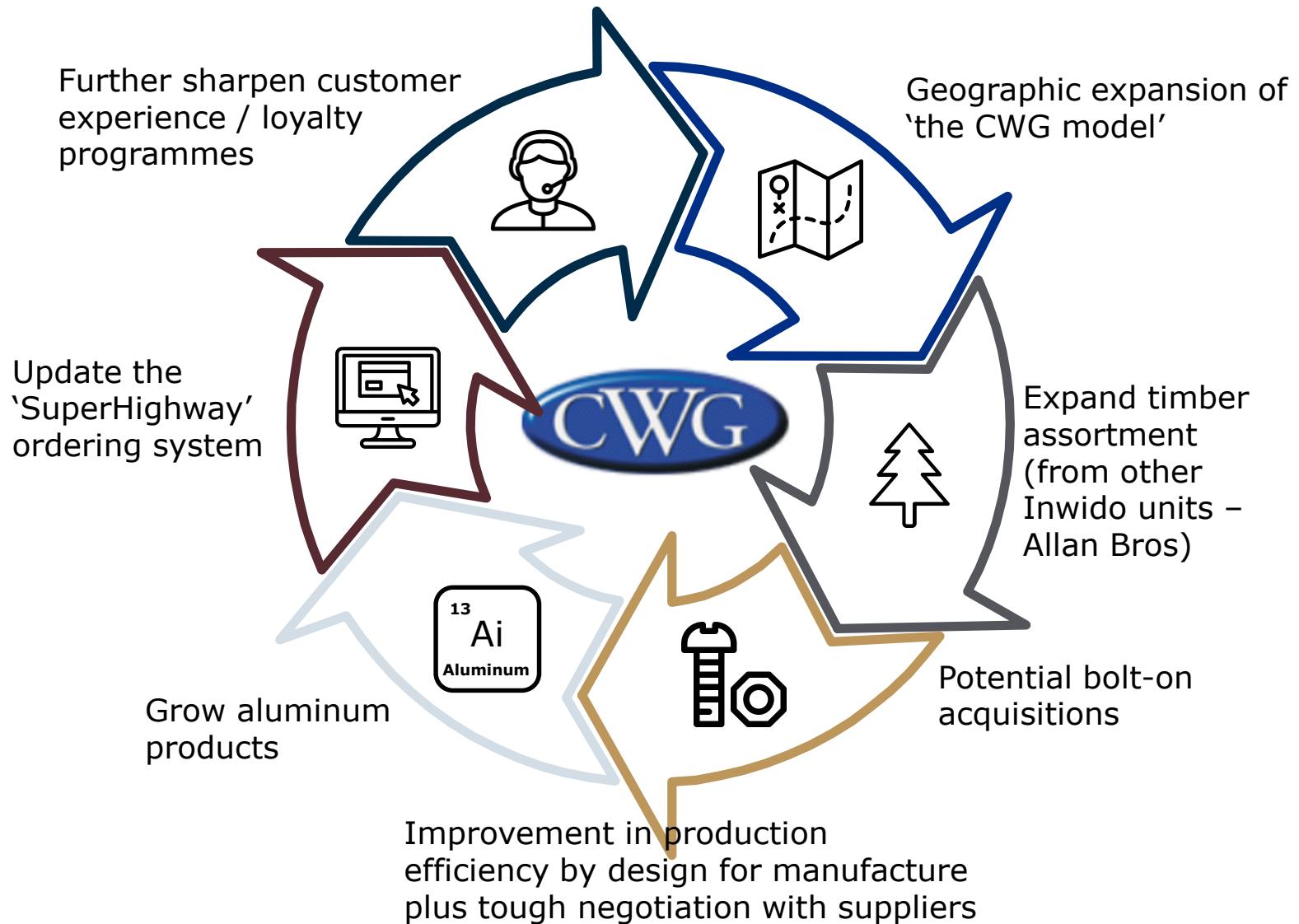
Quality products

Fair price

+ outstanding customer service

The 3 Corner Stones of CWG since 1992

Building Momentum in the Brexit Shadow





PANEL DISCUSSION

“Value creation in the world of Inwido”

Chris Powell, Jonas Hernborg, Lee Healion

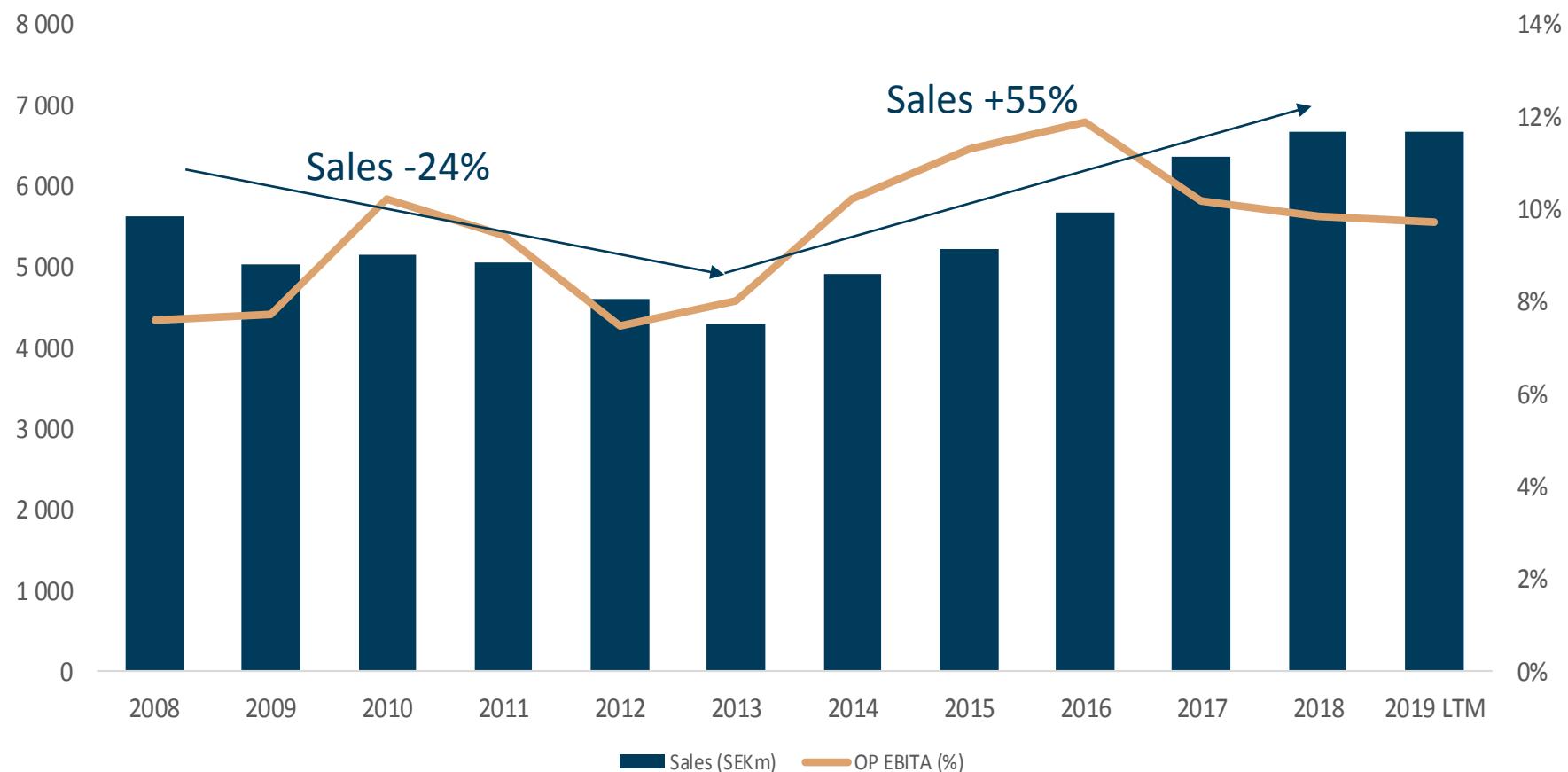


Finance

Peter Welin, CFO & deputy CEO

Stable performance of OP EBITA margin

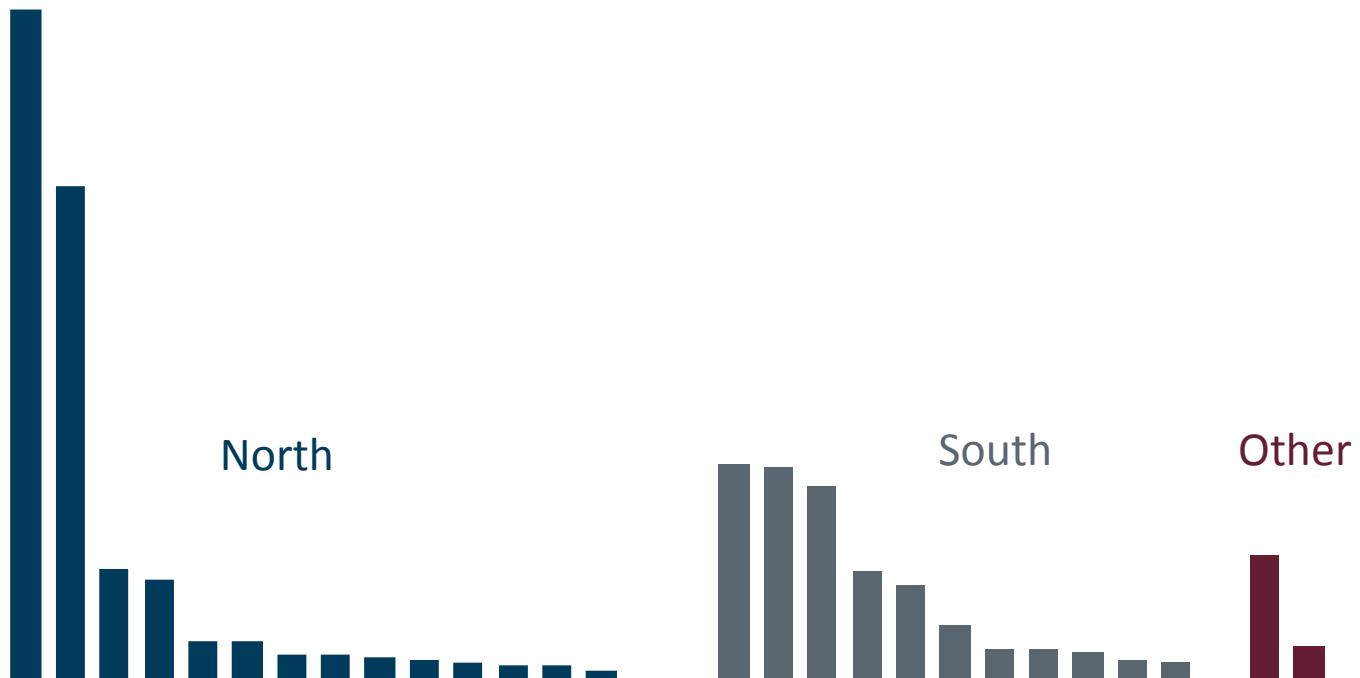
Inwido development since 2008



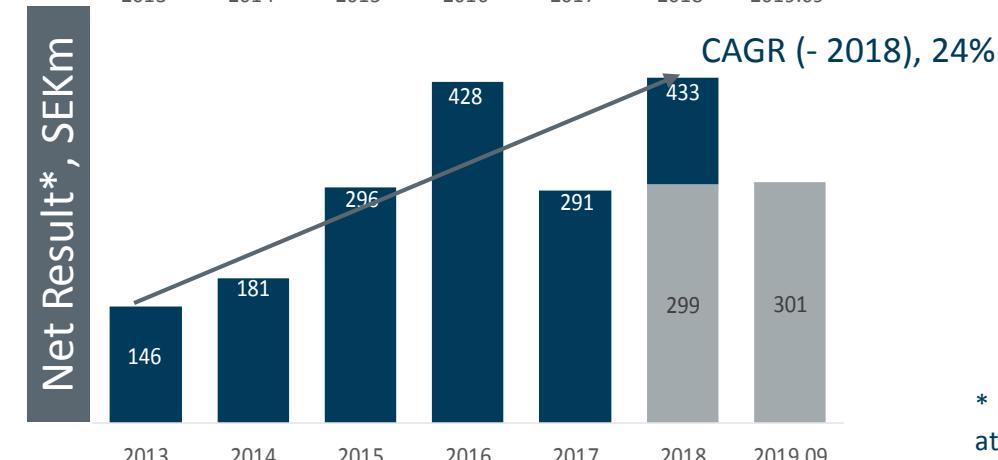
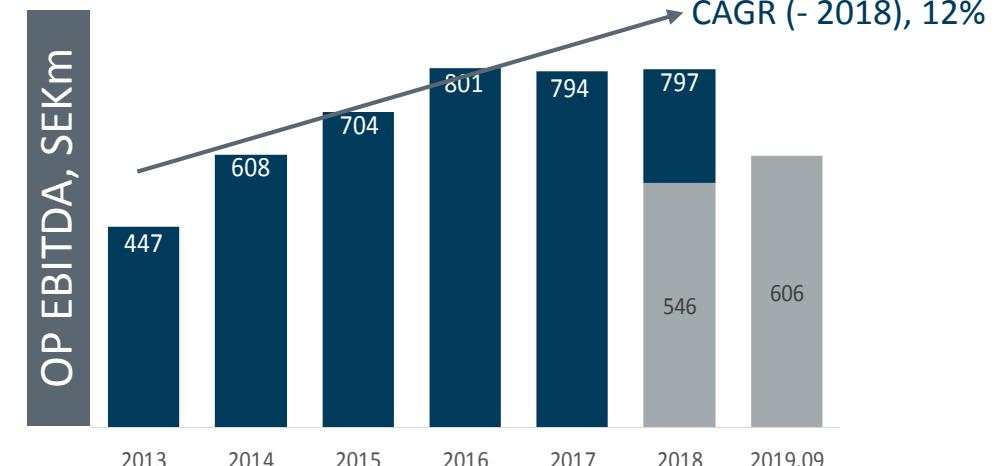
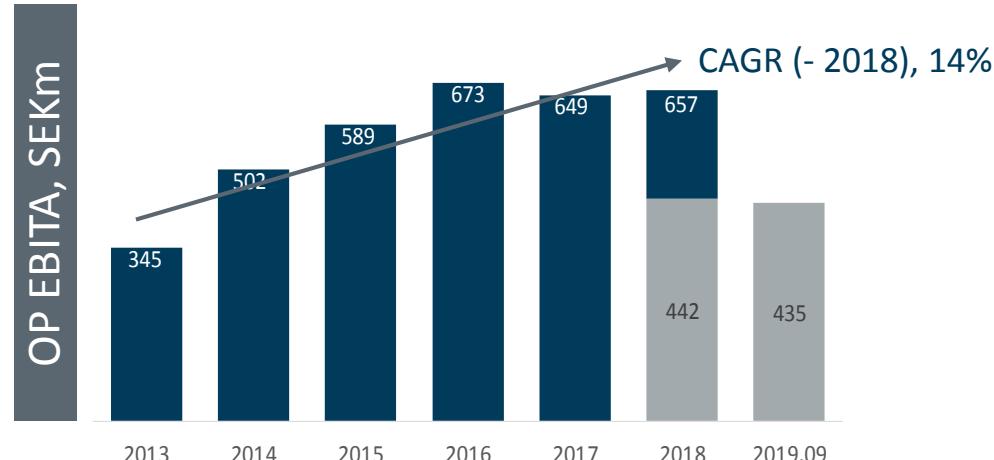
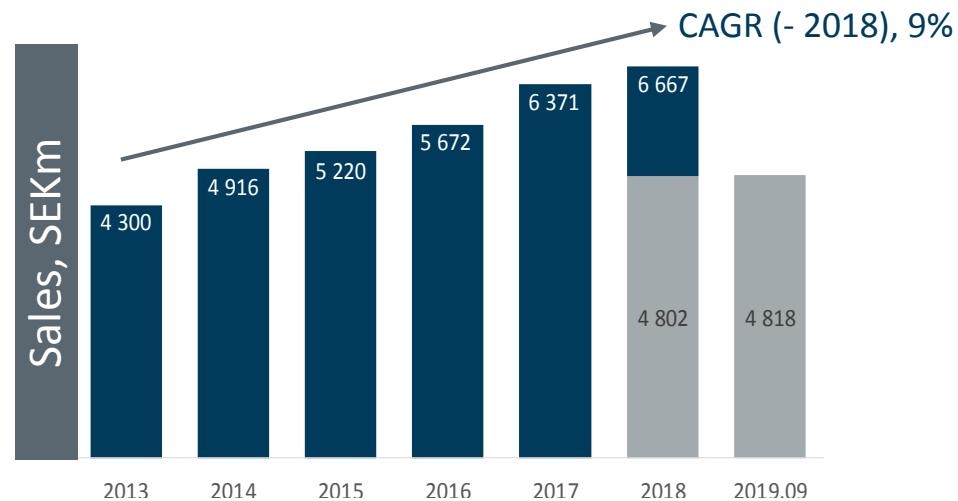
Inwido Group after Simplify

The group consists of 28 business units, whereof one internal support unit

Total sales (including internal sales) per business unit, SEKm



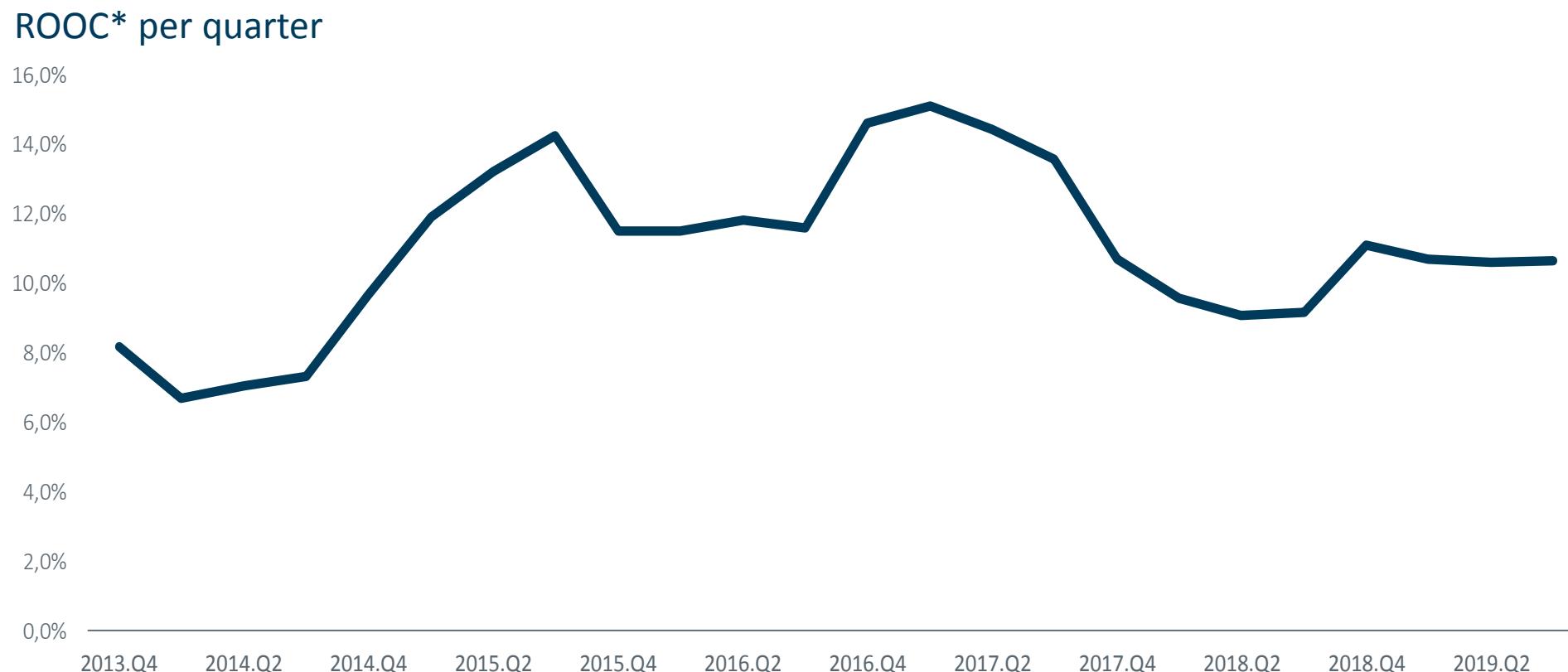
Improved performance since before the IPO



* Profit for the year
attributable to parent
company shareholders

ROOC has improved compared with last year

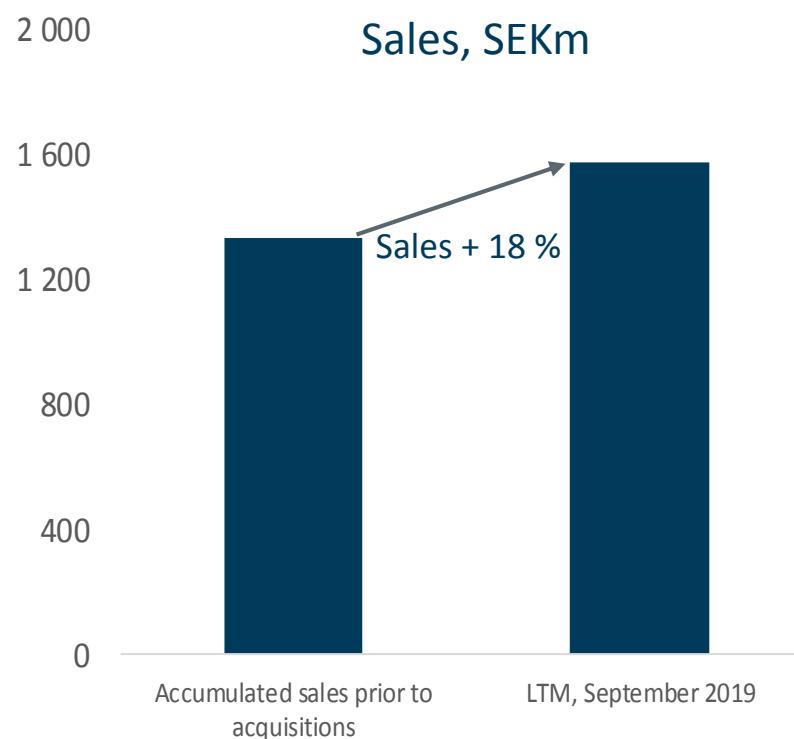
ROOC from 2013 until 2019.Q3



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

Nine acquisitions latest five years

Accumulated sales growth of 18%



Acquisitions (2014 – 2019)	
Sales, LTM September 2019	SEK 1.6bn
OP EBITA margin (%), LTM September 2019	11.0%
Acquisitions	9
ROOC on the acquisitions	10%

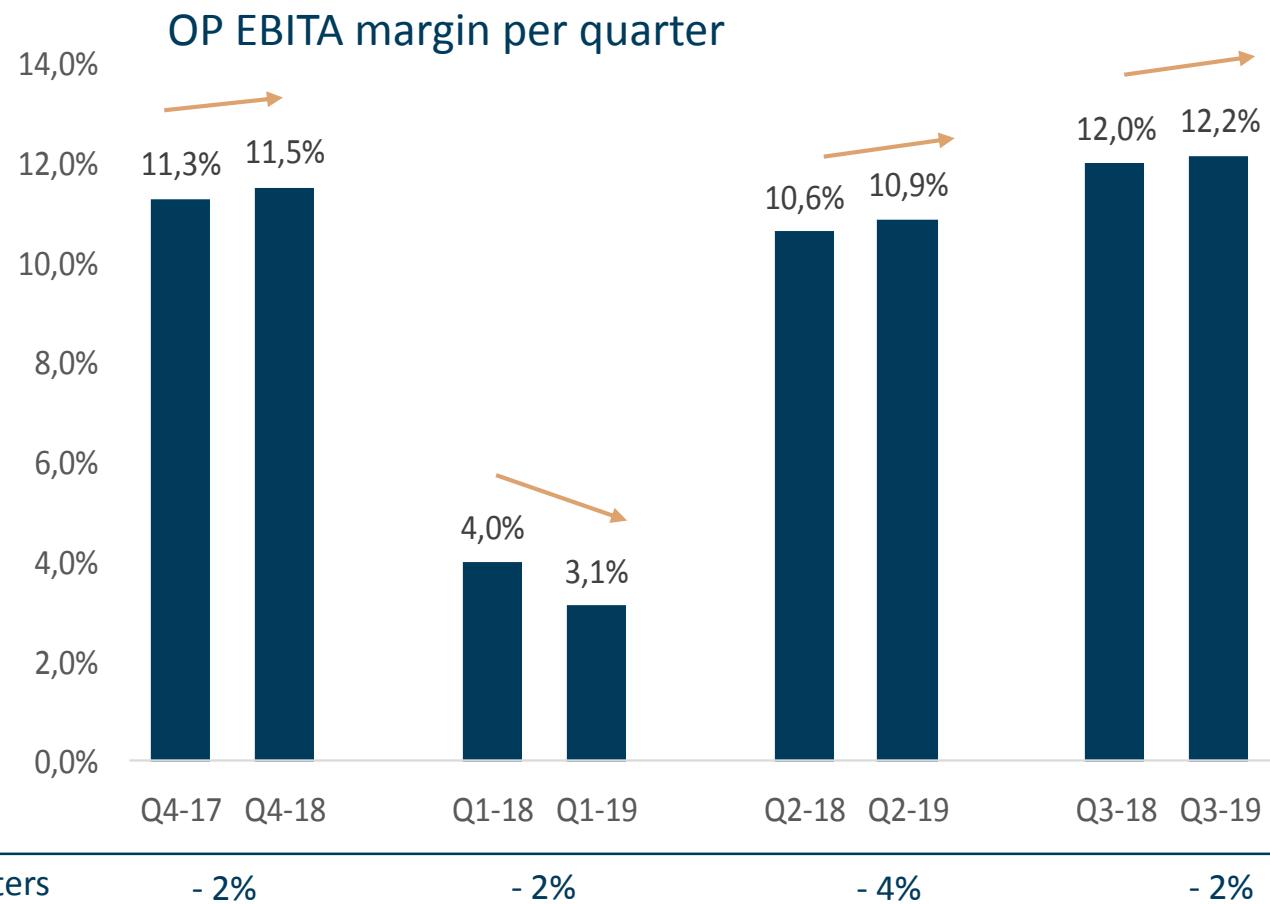
A stable result with improved OP EBITA margin

Income Statement Q3 2019

SEKm	Q3				Q1-Q3				LTM
	2019	2019*	2018	Change	2019	2019*	2018	Change	
Net sales	1 665	1 665	1 682	-1%	4 818	4 818	4 802	0%	6 682
Gross margin, %	26.6	26.4	26.7	-	25.5	25.4	25.7	-	25.5
Operating EBITA	203	200	202	0%	435	426	442	-2%	650
Operating EBITA margin, %	12.2	12.0	12.0	-	9.0	8.8	9.2	-	9.7
EBITA	203	200	200	2%	435	426	420	3%	650
EBITA margin, %	12.2	12.0	11.9	-	9.0	8.8	8.7	-	9.7
Profit after tax	148	148	135	10%	301	301	303	-1%	436
Earnings per share, SEK	2.56	2.56	2.31	11%	5.20	5.19	5.16	1%	7.51

Improved margins except winter season

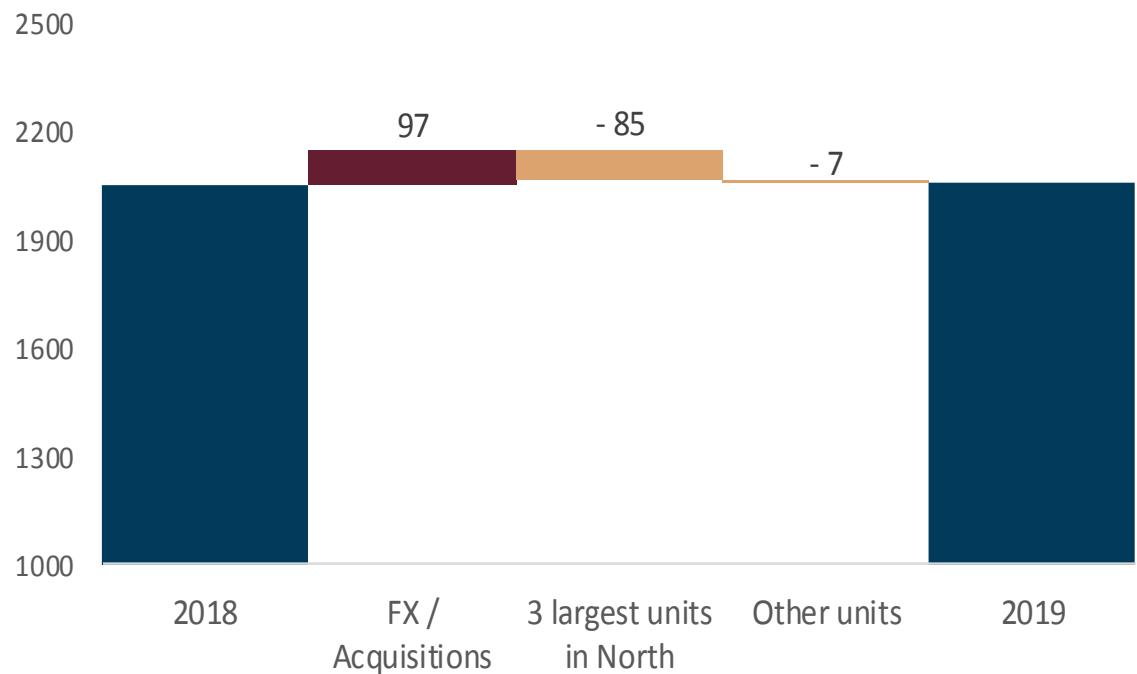
OP EBITA margin latest four quarters



Net cost savings of SEK 92m, whereof SEK 85m in 3 units

Costs January - September

Costs* from 2018 to 2019, SEKm

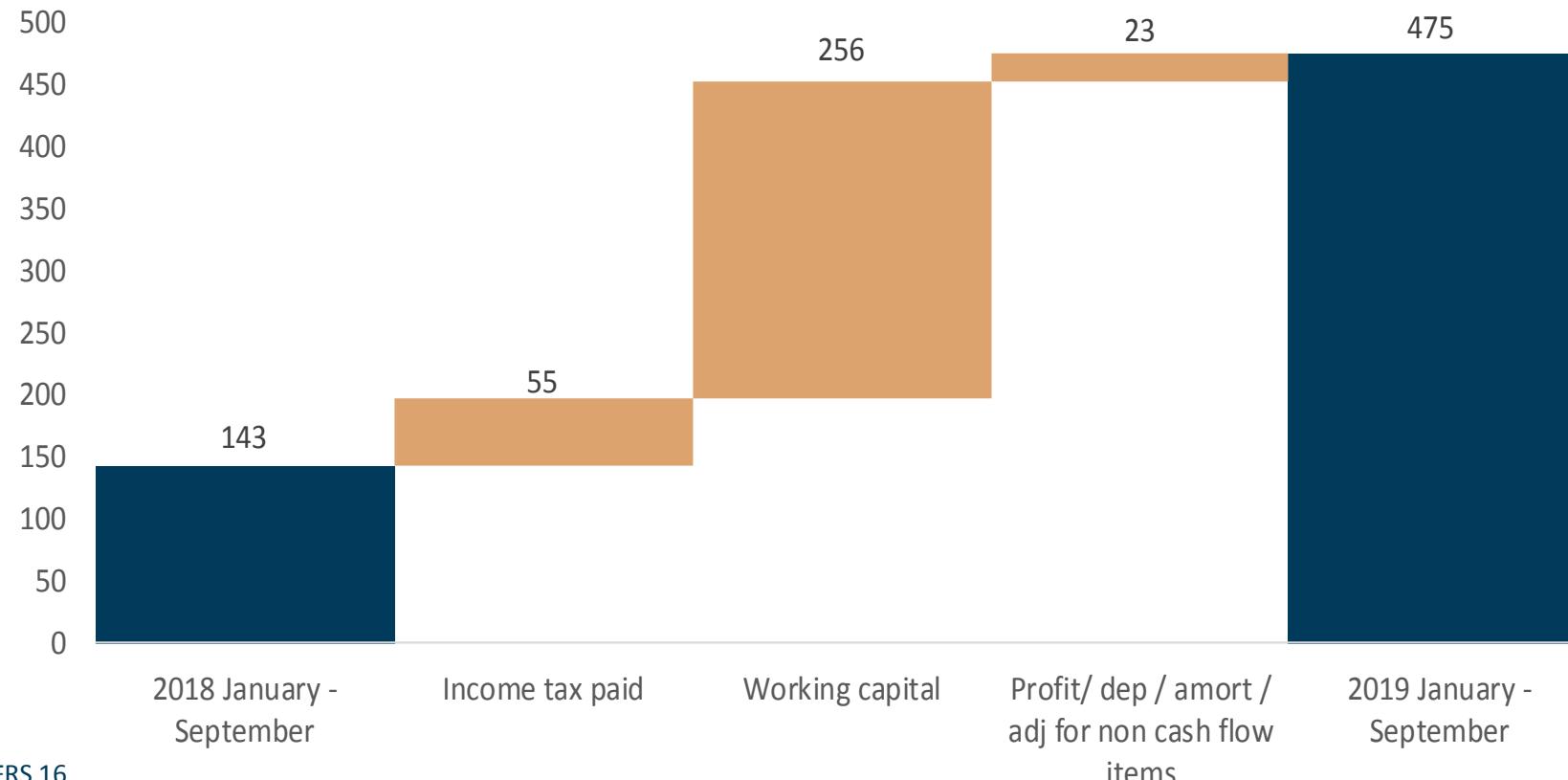


* Indirect production costs, Direct labour, Selling expenses, Administration expenses, Research and development expenses

Improved cash flow by SEK 332m

Cash flow from operating activities January - September

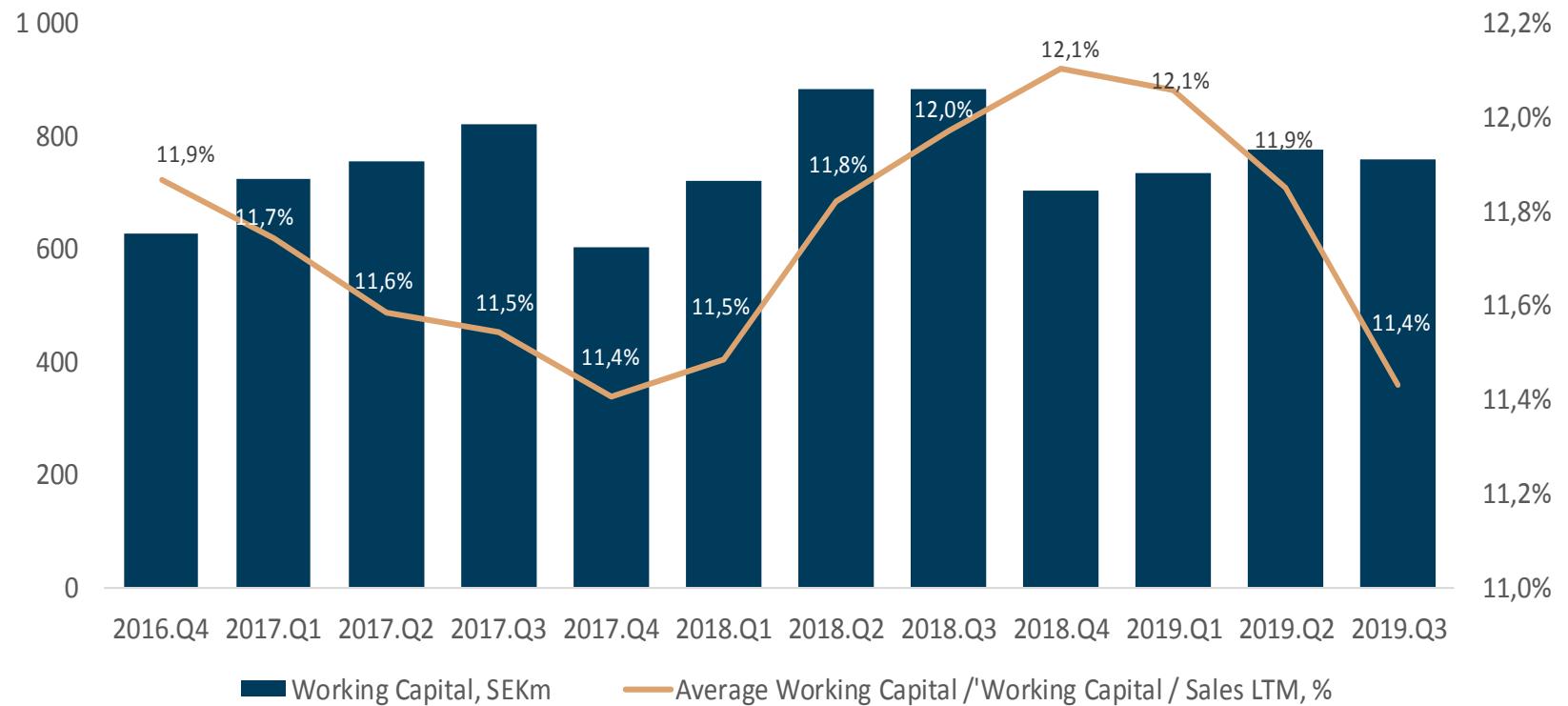
Cash flow from operating activities*, SEKm



* Excluding IFRS 16

Improved working capital last four quarters

Average Working Capital* in SEKm and in % of Sales LTM

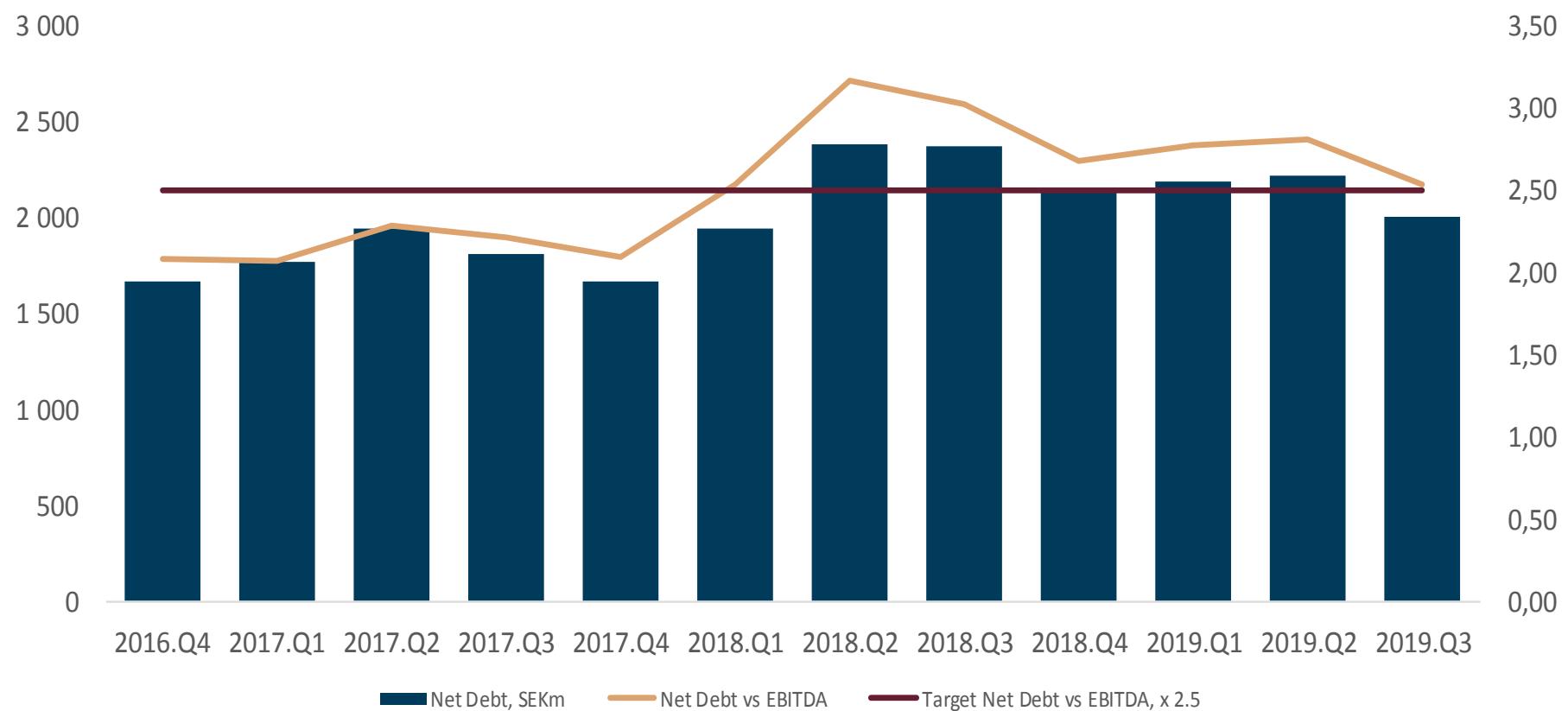


* Inventory + Trade Receivables – Trade Payables

Net Debt reduced by SEK 367m LTM, -50 bps

Net Debt and Net Debt vs EBITDA

Net Debt in SEKm and Net Debt vs EBITDA (both excluding IFRS 16)



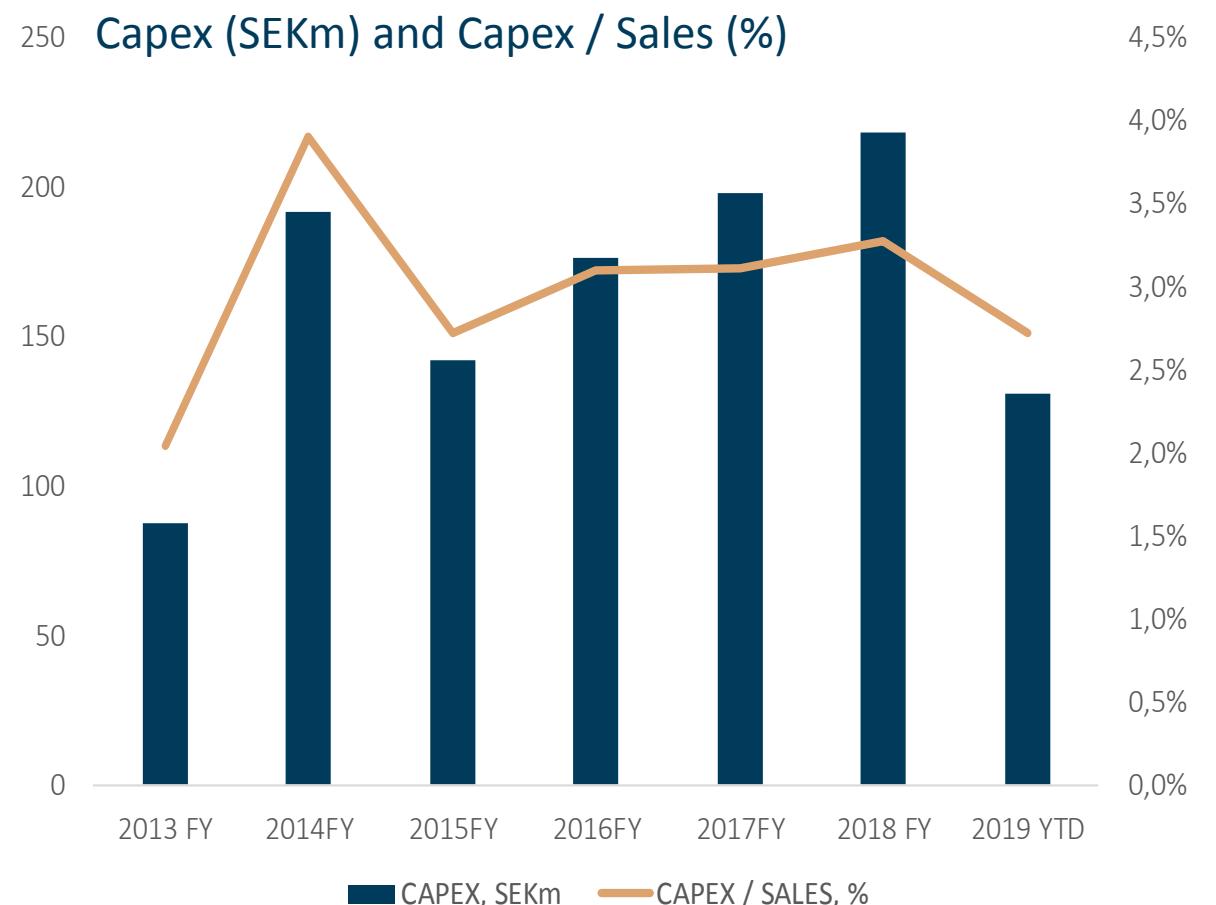
No need for re-financing until 2022

Financing per September 2019

Loans	Nordea	Handelsbanken	Svensk Exportkredit
Face Value	SEK 2,050m	SEK 700m	EUR 51.5m
Signed, year	2018	2017	2017
Ends, year	2024 (+ 1 year)	2022	2022

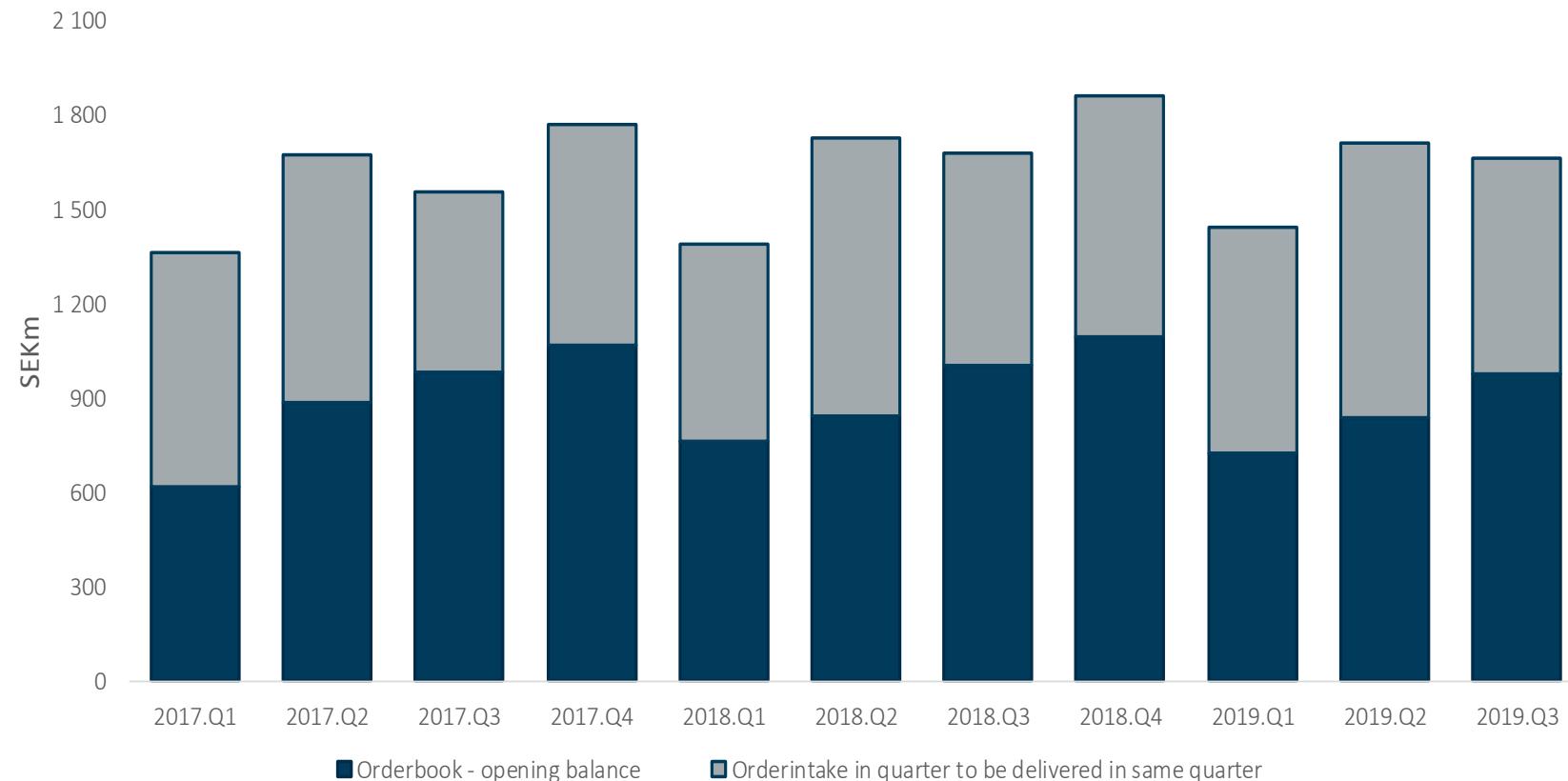
Capex level around 3% of sales latest years

Capex 2013 – Q3 2019



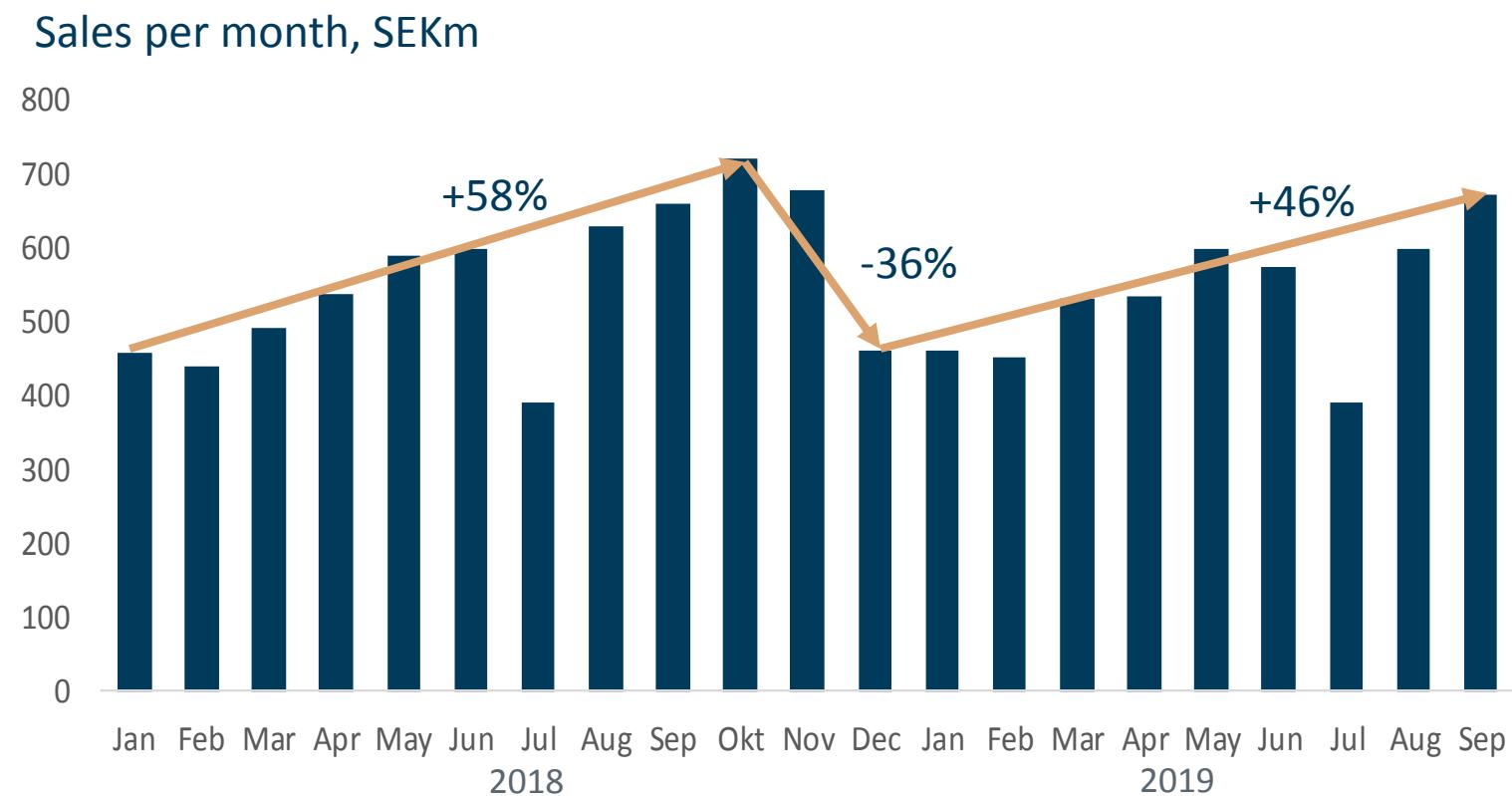
Short visibility demands flexibility, 6-7 weeks order backlog
Sales and opening backlog per quarter, 45% of sales are from new orders

Sales per quarter and order backlog beginning of the quarter, SEKm



High degree of seasonality demands flexibility

Sales per month



Conclusions & Questions



Thank you for
today!