

# ADDNODE GROUP

**Q2 2021**

# PRESENTATION OF ADDNODE GROUP'S

Interim report January – June 2021



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# **AGENDA**

Q2 2021

1. Addnode Group
2. Divisions
  - a. Design Management
  - b. Product Lifecycle Management
  - c. Process Management
3. Cash flow and Financial position
4. Acquisitions
5. Sustainability focus areas
6. Investment case
7. Q&A

# ADDNODE GROUP

## Digital Solutions for a Sustainable Future

We create sustainable growth in value by acquiring and developing cutting edge enterprises that digitalise society.

- **Design Management** - smarter design, construction, and management of products, buildings, assets and infrastructure.
- **Product Lifecycle Management** - simulation, design and product lifecycle management, from research, development and design to production, sales, aftermarket and recycling.
- **Process Management** - business processes for central and local government.

Full year 2020

Employees

1,833

Net Sales

3,807

SEK M

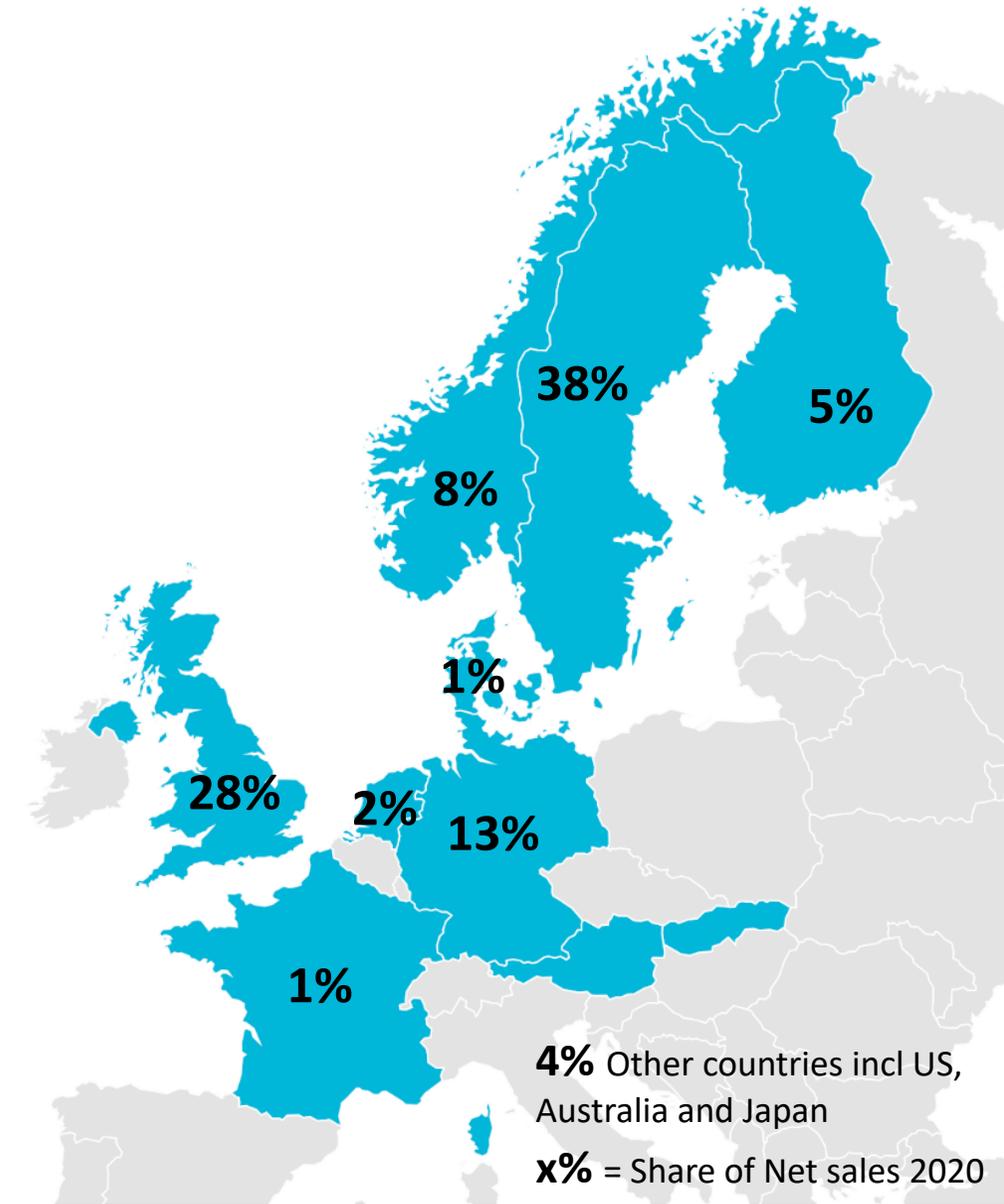
EBITA

356

SEK M

Recurring revenue

67%



ADDNODE GROUP

# ADDNODE GROUP

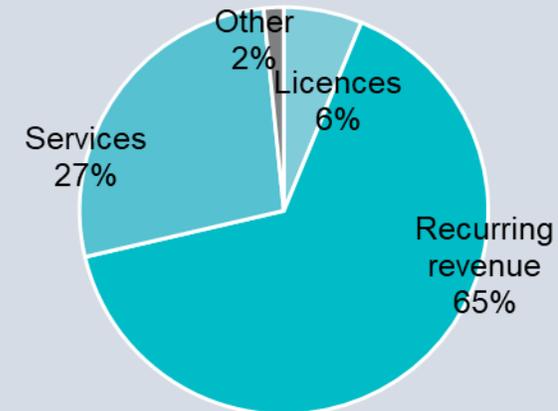
Growth, improved earnings, better market conditions

## Highlights

- Net sales 18%, organic growth 13%, currency adjusted organic growth 14%
- Strong market in the Nordics and signs of recovery in the UK
- Strong contribution from all divisions
  - PLM turns from loss to profit, support from growth and restructuring program
  - Process shows continued strength
  - Design back on growth path
- Acquisitions of Procad in Ireland (Design) and Elpool (Process)
- Credit facility extended by SEK 500 m

Addnode Group	Q2	Q2	Q2 Change	R12
	2021	2020		
Net sales, MSEK	1,002	846	18%	3,765
EBITA, MSEK	98	56	75%	397
EBITA margin, %	9.8	6.6		10.5

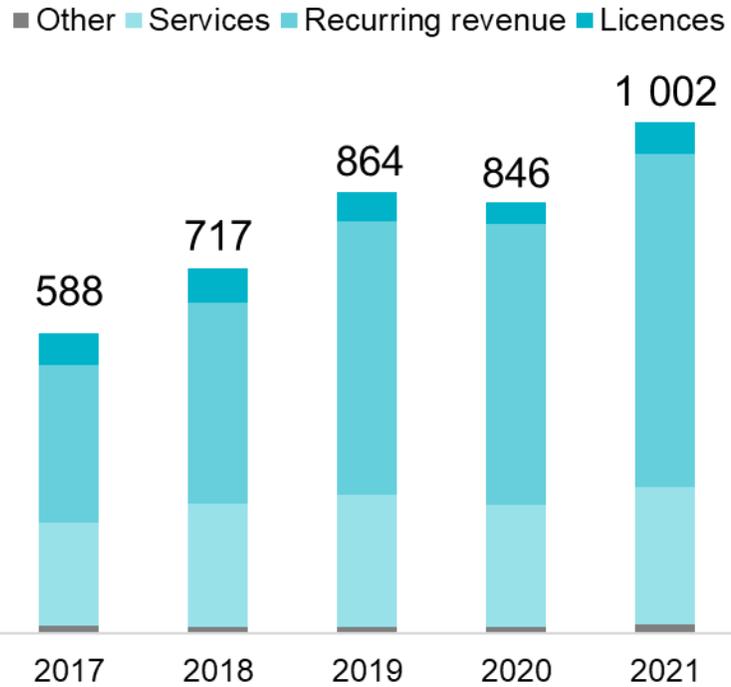
## Net sales distribution



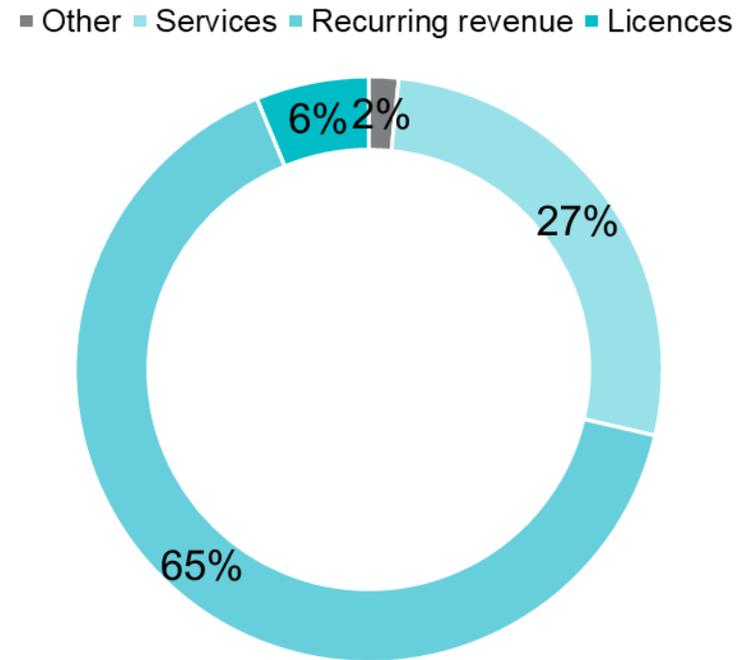
# ADDNODE GROUP

## Growth in recurring revenue

### Breakdown of net sales, Q2 2017 - 2021



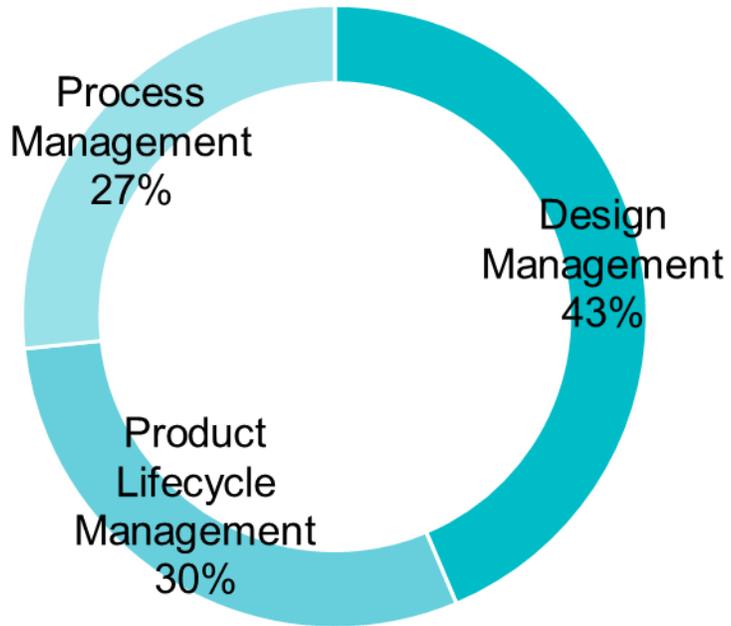
### Breakdown of net sales, Q2 2021



# THREE DIVISIONS

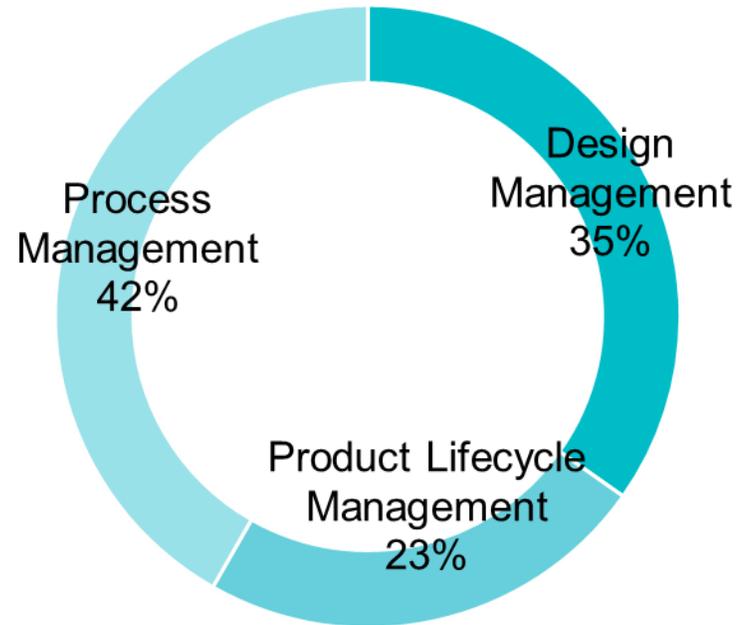
Q2 2021

Share of net sales\*



Addnode Group Net sales Q2 2021: SEK 1,002 m

Share of EBITA\*



Addnode Group EBITA Q2 2021: SEK 98 m

\* Before eliminations / central costs

# DESIGN MANAGEMENT

Organic growth and improved market conditions

*Tribia provides a collaboration tool for the construction of Sande Aqva.*

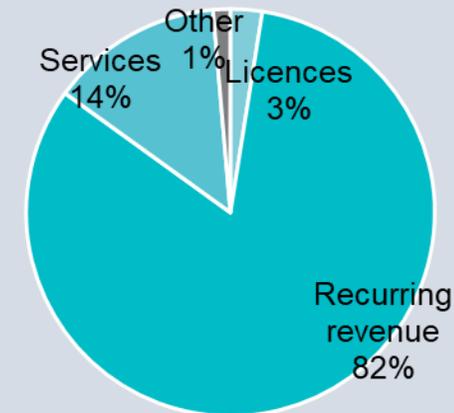


## Highlights

- Net sales 16%, organic growth 15%, currency adjusted organic growth 16%
- New business for design and BIM systems in the Nordics and UK, improving demand within facility management
  - Examples of new business: Geoscience Australia, Honeywell, Jaguar Land Rover, Mosanada, SSAB, tp bennett, Trollhättan Energi and Tyréns
- Acquisition of Procad opens up Ireland as a new market

<b>Design Management</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>Q2 Change</b>	<b>R12 20/21</b>
Net sales, MSEK	439	379	16%	1,731
EBITA, MSEK	40	36	11%	179
EBITA margin, %	9.1	9.5		10.3

## Net sales distribution



# PRODUCT LIFECYCLE MANAGEMENT

Significant improved EBITA and better market

*Technia delivers Dassault's 3DEXPERIENCE platform for Minesto.*

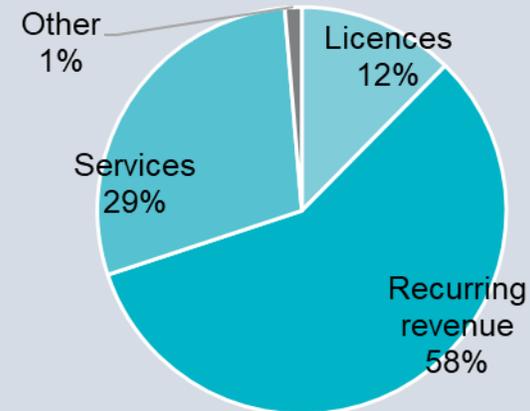


## Highlights

- Net sales 12%, organic growth 9%, currency adjusted organic growth 13%
- Significant improved EBITA, SEK 27 m compared to SEK -9 m in Q2'20
  - Restructuring program implemented
  - Stronger license sales and growth in services
- Stable market conditions in the Nordics and Germany, and improving market conditions in UK
  - Examples of new business: Artemis Technologies, B.Braun, Butterfly Seating, Coorstek, DLR, Einride AB, Koenigsegg Automotive AB, Metso Outotec, MyeongShin, Safran Aircraft, Scherdel, Sono Motors, Togg, Veryan and VINFAST

Product Lifecycle Management	Q2 2021	Q2 2020	Q2 Change	R12 20/21
Net sales, MSEK	299	267	12%	1,152
EBITA, MSEK	27	-9	n/a	101
EBITA margin, %	9.0	-3.4		8.8

## Net sales distribution



# PROCESS MANAGEMENT

Strong organic driving EBITA-improvement

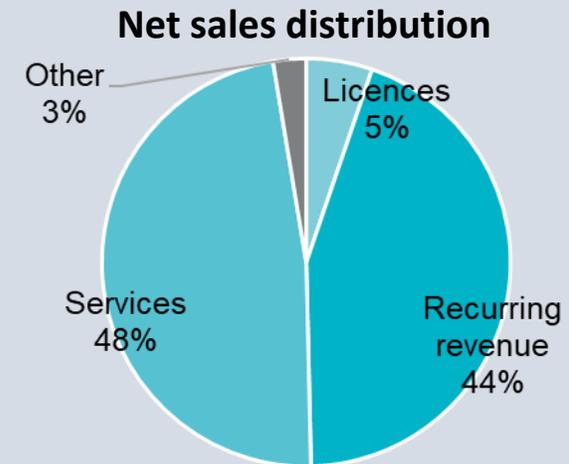
*Geosecma for ArcGis is used by 85% of the Swedish municipalities for city planning.*



## Highlights

- Net sales 31%, organic growth 13%
- Stable, solid earnings and strong growth driven by a strong product portfolio and the acquisition of S-Group Solutions
- Digital transformation continues to support strong demand from municipalities, authorities and other regulatory restricted businesses
  - Examples of new business: Apoteket, Energi-myndigheten, Post- och telestyrelsen, Region Dalarna, Region Stockholm, the municipalities of Södertörn and Östersund

Process Management	Q2 2021	Q2 2020	Q2 Change	R12 20/21
Net sales, MSEK	268	205	31%	901
EBITA, MSEK	48	37	30%	165
EBITA margin, %	17.9	18.0		18.3



# CONSOLIDATED CASH FLOW

Q2 2021

Cash flow, SEK m	Q2 2021	Q2 2020	Change	YTD Jun 2021	YTD Jun 2020	Change
Operating profit	59	24	35	132	101	31
Adjustments for non-cash items	53	73	-20	97	125	-28
Other	-22	-12	-10	-38	-27	-11
<b>Cash flow from operations before working capital changes</b>	<b>90</b>	<b>85</b>	<b>5</b>	<b>191</b>	<b>199</b>	<b>-8</b>
Changes in working capital	-39	103	-142	10	265	-255
<b>Cash flow from operating activities</b>	<b>51</b>	<b>188</b>	<b>-137</b>	<b>201</b>	<b>464</b>	<b>-263</b>
Cash flow from investing activities	-272	-138	-134	-301	-242	-59
Cash flow from financing activities	-69	102	-171	-87	186	-273
<b>Total cash flow</b>	<b>-290</b>	<b>152</b>	<b>-442</b>	<b>-187</b>	<b>408</b>	<b>-595</b>

# CONSOLIDATED FINANCIAL POSITION

June 30, 2021

	Jun 30, 2021	Jun 30, 2020	Change	Dec 31, 2020	Change
<b>Balance sheet, SEK m</b>					
Intangible non-current assets	2 561	2 040	521	2 143	418
Other non-current assets	206	255	-49	227	-21
Current receivables	870	654	216	804	66
Cash and cash equivalents	475	675	-200	644	-169
<b>Total assets</b>	<b>4 112</b>	<b>3 624</b>	<b>488</b>	<b>3 818</b>	<b>294</b>
Equity	1 607	1 447	160	1 512	95
Non-current liabilities	1 005	187	818	235	770
Current liabilities	1 500	1 990	-490	2 071	-571
<b>Total equity &amp; liabilities</b>	<b>4 112</b>	<b>3 624</b>	<b>488</b>	<b>3 818</b>	<b>294</b>
Equity ratio	39%	40%	-1%	40%	
Net debt	396	117	279	182	214
Revolving credit facility	1 600	1 000	600	1 000	600
Overdraft facility	0	100	-100	100	-100
<b>Total credit facilities</b>	<b>1 600</b>	<b>1 100</b>	<b>500</b>	<b>1 100</b>	<b>500</b>
<i>Whereof unutilized</i>	839	424	415	402	437

# ACQUISITIONS 2021 YTD

## S-Group Solutions



*Specialised in business-related GIS solutions for municipalities, water and sewage organizations and land surveying operations.*

Division  
**Process Management**

New employees  
**66**

Annual sales  
**144 SEK M**

## El-pool



*Develops digital solutions that offers many features that is used by players active in expansion and maintenance of electricity networks.*

Division  
**Process Management**

New employees  
**2**

Annual sales  
**6 SEK M**

## Procad



*Ireland's second largest Autodesk partner. Procad is an established and trusted advisor to many of Ireland's largest design, construction and manufacturing organisations.*

Division  
**Design Management**

New employees  
**18**

Annual sales  
**50 SEK M**

# ACQUISITIONS 2020

## Excitech



Largest Autodesk partner in UK market and leading provider of design software and consulting services for the construction and manufacturing industries.

Division  
**Design Management**

New employees  
**150**

Annual net sales  
**550 SEK M**

## Unizite



Norwegian developer of a mobile field tool that makes 3D models and other digital information available to everyone at a construction site.

Division  
**Design Management**

New employees  
**10**

Annual net sales  
**7 SEK M**

## Netpublicator



Develops digital services for efficient document and meeting management in conjunction with public administration meetings in Sweden.

Division  
**Process Management**

New employees  
**6**

Annual net sales  
**20 SEK M**

## Scanscot Technology



Develops digital services for efficient document and meeting management in conjunction with public administration meetings in Sweden.

Division  
**Product Lifecycle Management**

New employees  
**15**

Annual net sales  
**40 SEK M**

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# LONG-TERM SUSTAINABILITY FOCUS AREAS

## 1 Digital solutions that contribute to sustainable development

- Innovation for sustainability
- Ensuring privacy and integrity
- Designing for sustainable development and circular economy
- Simulations for environmental and health benefits
- Improved citizen involvement and dialogue

## 2 Care for people and the planet in our own operations

- Diversity and gender equality
- Employee well-being and safety
- Attracting and retaining talent
- Proactive and engaged employees committed to making a difference,
- Environmental initiatives to reduce travel and impacts from office space

## 3 The way we work with our partners and suppliers

- Long-term commitment
- Fair business principles and anti-corruption
- Ensuring that we respect human rights throughout the value chain, Supplier screening

## 4 Long-term financial viability

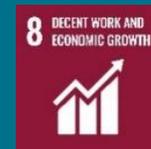
- Organic growth
- Acquisitions
- Decentralised business model
- Recurring revenue

5

## Sustainability management and governance

Code of Conduct and Sustainability policy, Certifications, Communication, Reporting

The UN's Global Goals with the closest connection to Addnode Group's focus areas



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# ADDNODE GROUP AS AN INVESTMENT

## 1 Acquisition driven growth

- Our strategy is to create growth by continuously acquiring new businesses and actively supporting our companies to drive organic growth.
- CAGR 2010–2020: 14%

Profitable growth 2010-2020



## 2 Sustainable digital solutions

- We provide digital solutions for design, simulation, product data information and case management.
- Global trends such as digitalisation, urbanisation and sustainability are driving demand for our solutions.



## 3 Attractive business model

- High share of recurring revenues.
- Customers return for advice, development and integration.
- Strong cash flow generation owing to large share of advance payments at start of year.
- Low capex need other than product development.

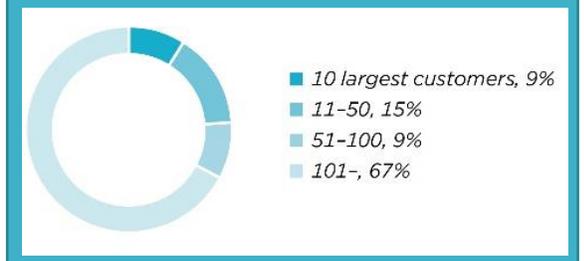
Revenue by type, 2020



## 4 Diversification spreads risk

- We are active in numerous geographic markets, private and public sectors and in many different industries.
- We are not dependent on individual customers, but we have many long-term customer relationships

Revenue by customer size, 2020



A serene landscape featuring a clear blue sky with a single, fluffy white cloud in the upper center. Below the sky is a calm, blue ocean with a clear horizon line. The overall scene is peaceful and minimalist.

**Q&A**



**Thank You!**

