

# ALLiGO

A woman with blonde hair, wearing a black blazer, is standing in a store and examining a high-visibility safety jacket. The jacket is orange and yellow with reflective silver stripes. She is holding a small tag attached to the jacket. The store is filled with various high-visibility safety jackets hanging on racks. The lighting is dramatic, highlighting the woman and the jacket she is looking at.

Interim Report Q2  
1 January – 30 June 2023

Tuesday, July 18, 2023



# Presenters

**Clein Johansson Ullenvik**

Group President & CEO



**Irene Wisenborn Bellander**

CFO

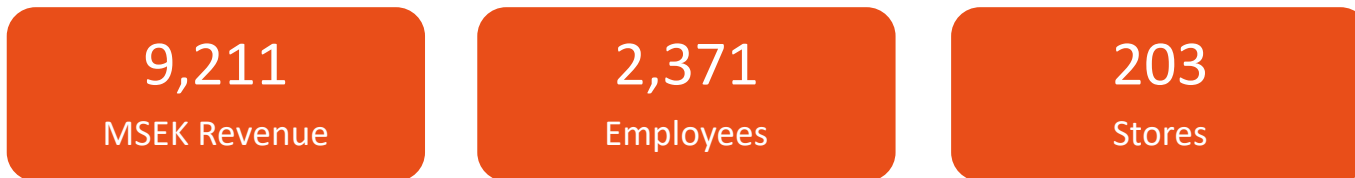


# AGENDA

- **This is Alligo**
- Highlights Q2 2023
- Business update
- Brand strategy
- Financials
- Summary and outlook
- Q&A



# Alligo – a leading player in workwear, personal protection, tools and supplies in the Nordic region



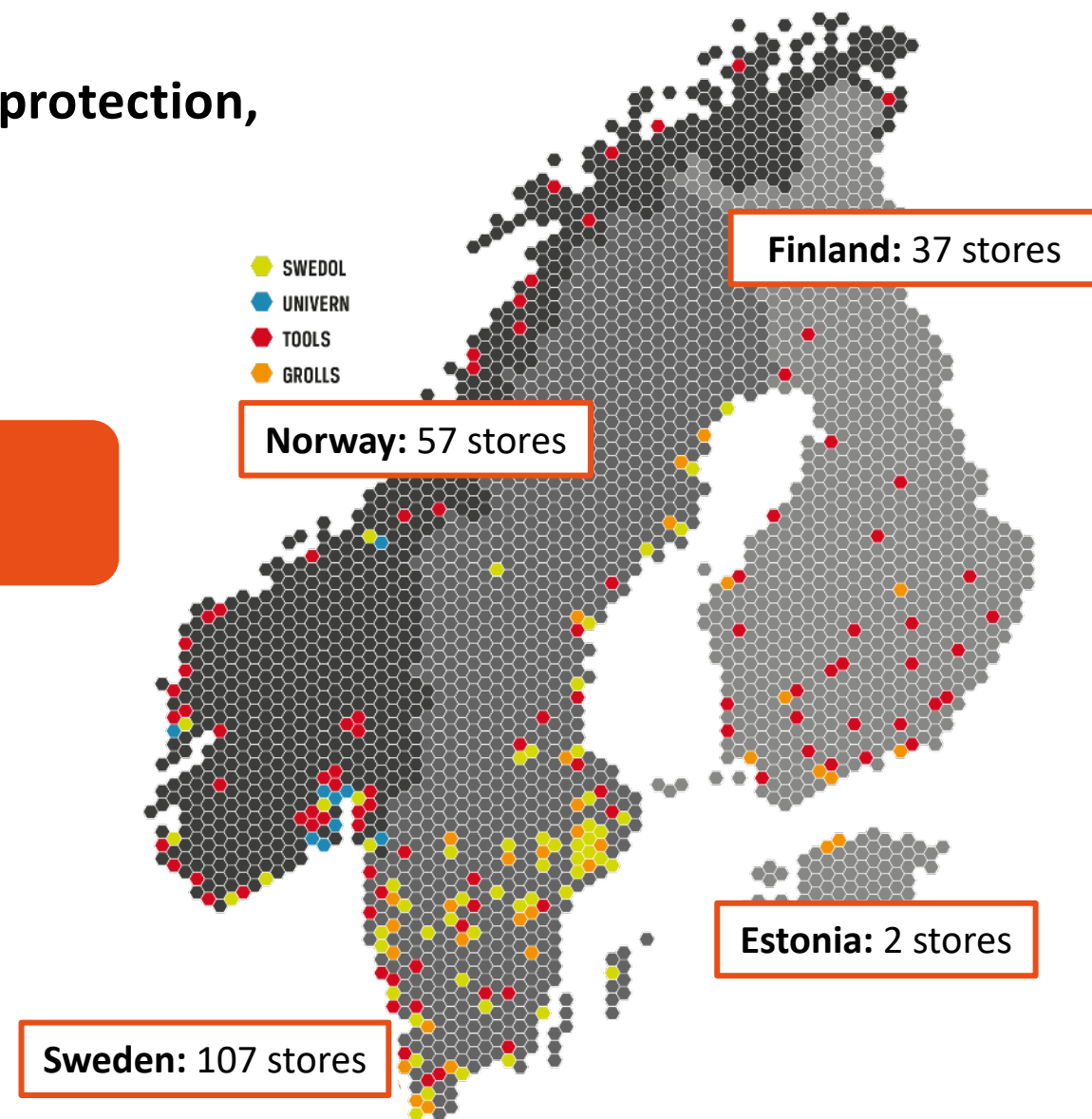
Main concept brands

**TOOLS**

**UNIVERN**

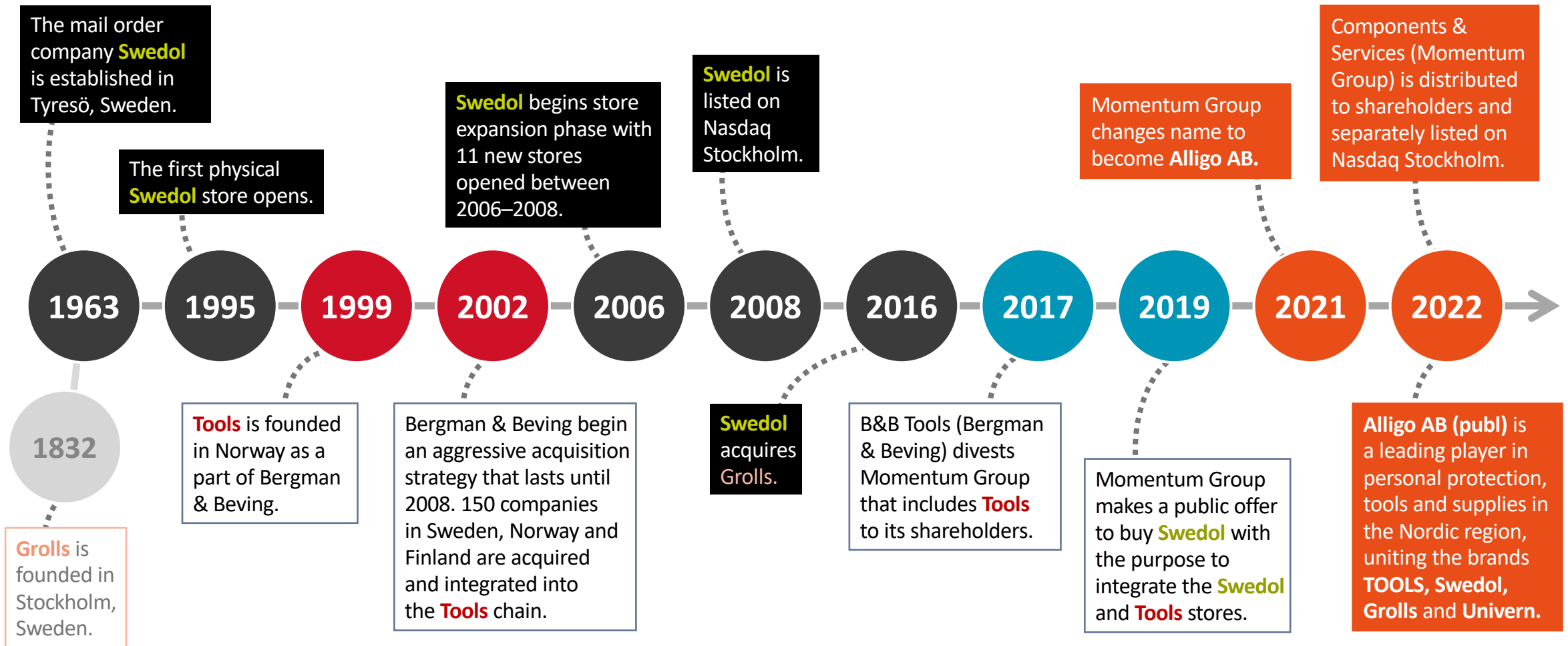
**swedol**

**GROLLS**

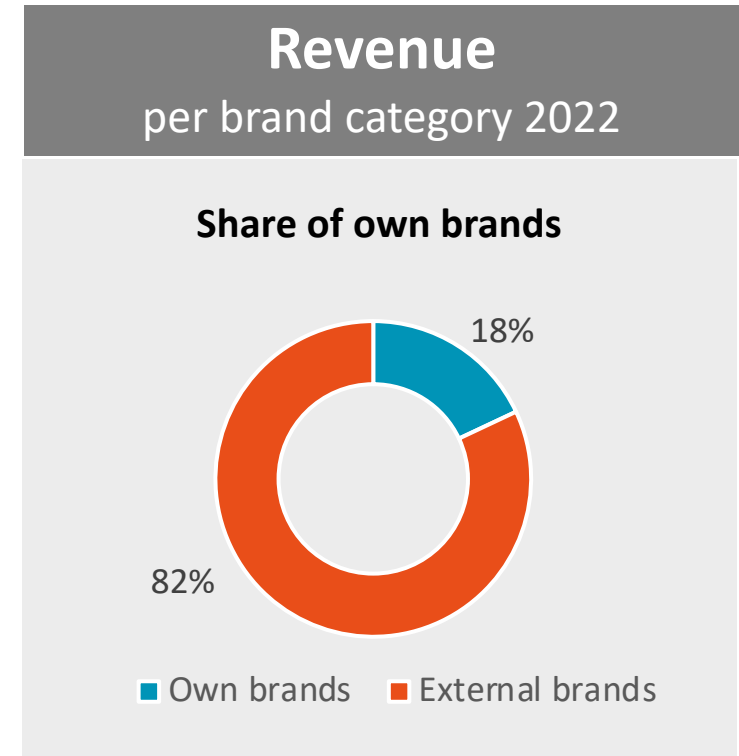
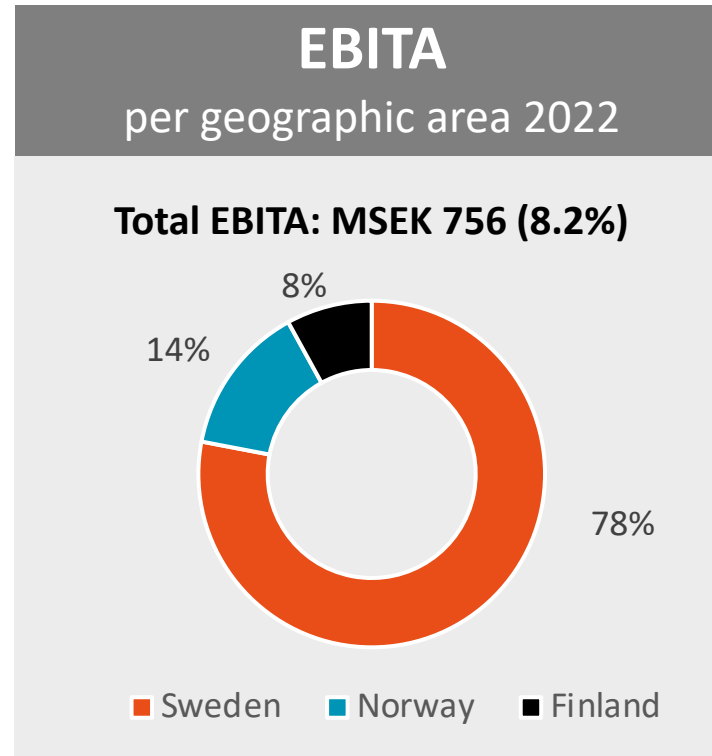




# The origin of Alligo



# Alligo at a glance





# Alligo at a glance

- **Nordic main markets**
  - revenue of approx. SEK 53 billion per year
- **Customers**
  - a combination of small and medium-sized enterprises, large industrial companies, and the public sector – within eight defined segments
- **Main competitors**
  - chains that focus on industry and construction as well as independent local operators



Manufacturing



Construction Industry



Public Sector



Transport & Storage



Repair & Maintenance



Agriculture & Forestry



Fishing & Aquaculture



Oil & Gas

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## Q2 in brief

### – strong quarter and first six months

- Revenue + 5.0 per cent to MSEK 2,388 (2,275)
- Adjusted EBITA increased by 17 per cent to MSEK 201 (172)
- Improved operating cash flow MSEK 287 (211)
  - still high inventory levels
- Updated organisation to strengthen sales regarding larger industrial clients as well as small and medium-sized enterprises
- Signed and completed three acquisitions
- Signed agreement to establish a new store in Boden, to open end of 2023.

+ 5 %

Revenue growth

+ 17 %

Adjusted EBITA growth

8.4 % (7.6)

Adjusted EBITA margin

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## Q2 business conditions

### Market situation

- Strong demand in Norway and Finland – tendency to slowdown
- Intensified slowdown in Sweden

### Proactive management

- Growth initiatives
- Price adjustments
- Sensitive categories
- Reviewing customer profitability
- Cost reductions

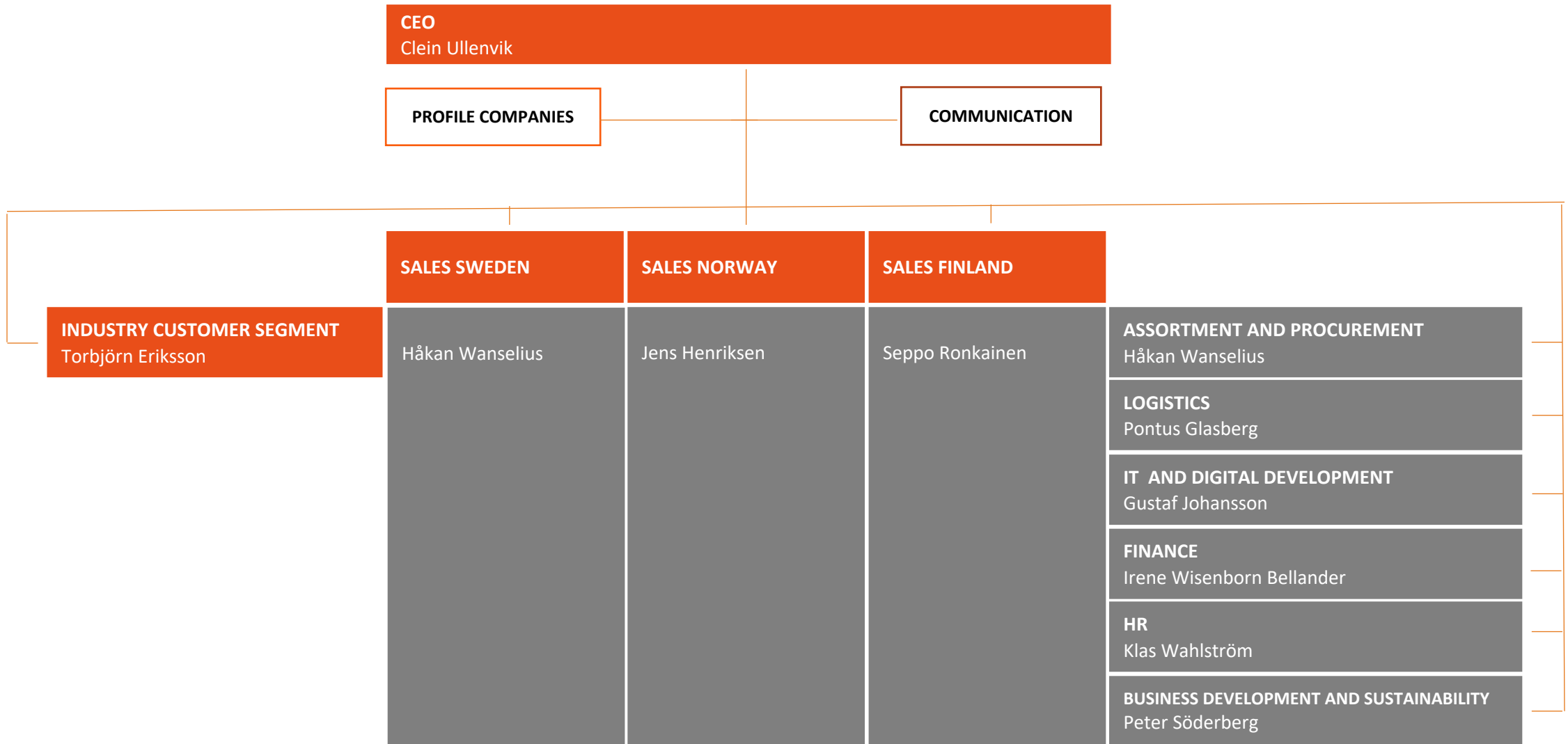
### Delivery capacity

- Good and stable

### Macro-economic factors

- Continued uncertainty
- Geopolitical turbulence
- Potential downturn in the business cycle

# Alligo Group – updated organisation as of August 1<sup>st</sup>



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# Own brands provides better control


**Supply chain**



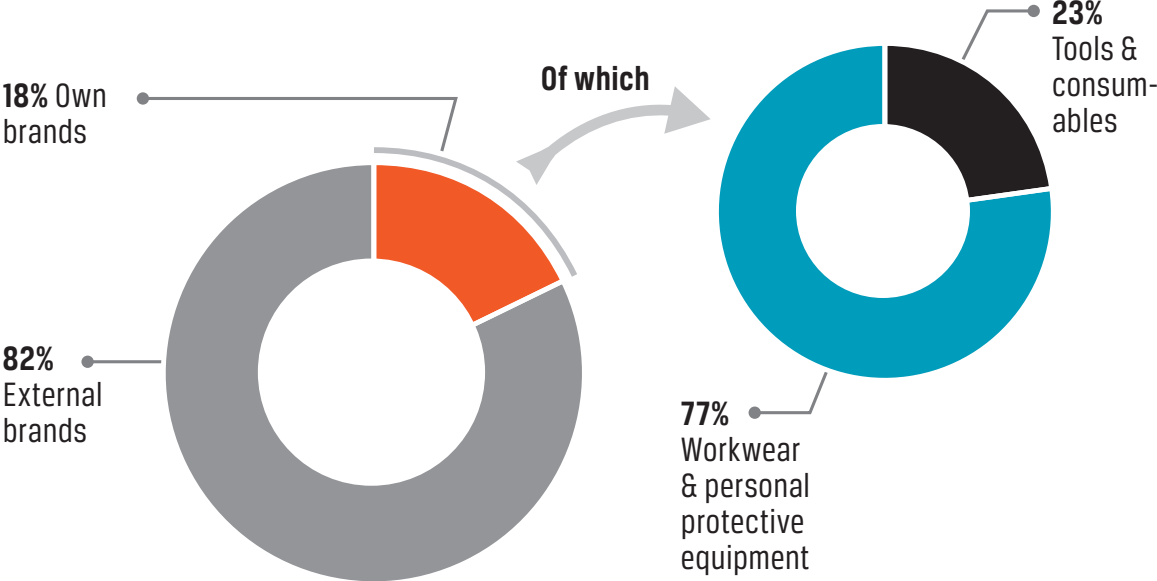
**Quality of products**



**Higher margins**



**OWN BRANDS**  
- SHARE OF SALES AND BREAKDOWN BY PRODUCT CATEGORY  
JAN-JUN 2023





# Alligo's product brands

## WORKWEAR & PPE



Iconic workwear since 1905



Workwear for Nordic weather conditions



Workwear and footwear with a focus on function



Protective gloves for all categories



Base and corporate branded clothing for every occasion

## TOOLS & SUPPLIES



Tools and storage with smart solutions



Complete lighting range for the professional user



Farming and forestry specialist



Supplies for all occasions

# Inhouse product development

## – from idea to finished garment

- In Almedal near Gothenburg, we develop the products for our own brands Björnkläder, Univern, Gesto and 1832.
- The product development department ensures that Alligo has:
  - an innovative, sustainable, and certified range that meets legal requirements and standards
  - as well as the needs and requirements of our customers
- Our own test lab performs nearly 700 checks and tests per year.







# OUR OWN BRANDS



# Björnkläder

– Iconic workwear since 1905

- Björnkläder is Sweden's oldest workwear brand – quality in every detail.
- Durability, function and comfort are the design team's key words when drawing, designing and developing the garments.
- All to cope with tough working environments.





# Univern

## – For tough outdoor environments

- Established in 1977, Univern is our premium brand with a wide range of products.
- The real expertise is in garments for extreme outdoor environments.
- Univern's clothing protects against wind, water and cold.
- The clothes are popular among our customers in the North Atlantic fishing industry and the oil industry.



# Gesto

## – Function with attitude

- Quality workwear and safety footwear at an attractive price without compromising on function.
- The newest workwear brand in the Alligo family, launched in 2013.
- Aims to be the market leader in function, innovation and design – and is one of the fastest growing brands in the Nordic region.
- Gesto's safety shoes come with features such as including BOA's patented lacing system.



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# Group in summary – strong quarter and first six months

## Revenues and EBITA

MSEK	2023 Apr-Jun	Δ, %	2022 Apr-Jun	2023 Jan-Jun	Δ, %	2022 Jan-Jun
Revenue	2,388	5.0	2,275	4,675	7.0	4,370
Adjusted EBITA	201	16.9	172	328	18.4	277
<i>Amortisation</i>	-14		-17	-29		-33
<i>Items affecting comparability</i>	-4		0	-4		-9
Operating profit	183		155	295		235
Gross margin, %	40.9		40.5	40.3		39.8
Adjusted EBITA margin, %	8.4		7.6	7.0		6.3



## Highlights Q2

- Revenue increased by 5.0 per cent
  - Organic growth of 2.7 per cent
  - Acquisition-driven growth of 4.0 per cent
  - One less trading day -1,7 per cent
- Adjusted EBITA increased by 16.9 per cent
  - Growth, margin improvements, and cost reductions
- Improved gross margin
  - Increased share of own brands 18.3 per cent (17.5)
  - Supplier negotiations
  - Negative country mix counteracts
- Items affecting comparability -4 MEK (0)
  - Organizational changes
- Restructuring reserve – release of MSEK 5
- Financial net -25 MSEK (-11)
- Effective tax rate of 21.5 per cent (21.5)



# Three acquisitions signed 2023

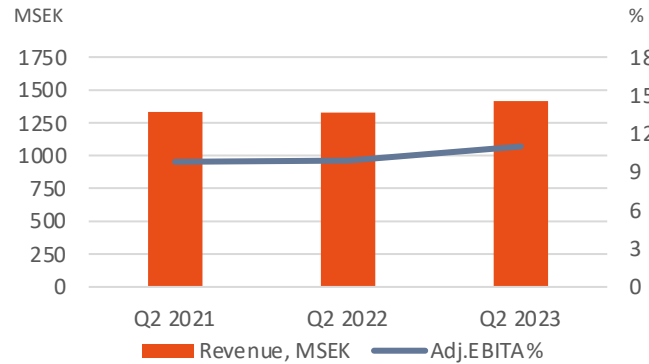
– adding 148 MSEK in annual revenue, as well as 37 employees and 6 stores

Acquisition	Product category	Date signing	Annual revenue (MSEK)*	Employees	Stores
 <b>Kitakone Oy</b>	TOOLS/Industrial Components/Consumables	April 2023	33	8	1
 <b>Topline AB</b>	Workwear/Profile Clothing/Product Media	June 2023	60	16	3
 <b>Tampereen Pirkka-Hitsi Oy</b>	Welding/Industrial Components/Consumables	June 2023	55	13	2
			<b>148</b>	<b>37</b>	<b>6</b>

\* Currency rate: EUR 11.0

# Profitable growth in Sweden and Norway – weaker in Finland

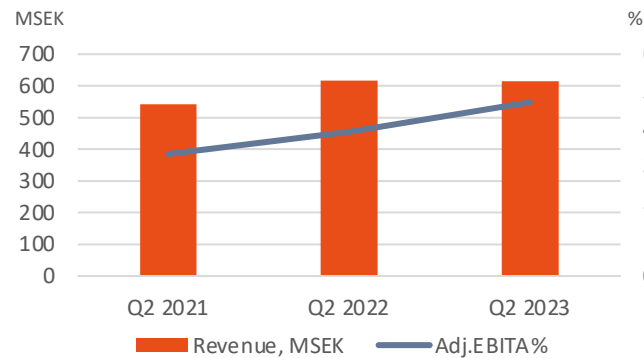
## Sweden



Organic growth:	Adj. EBITA margin:
Q2 +1%	Q2 11.0% (9.9)
H1 +/-0	H1 8.9% (8.7)

- Revenue increased by 6.5 per cent
  - Acquisition driven growth
  - Slowdown in the market
- Increased share of own brands 22.8 per cent (22.4)
- EBITA increased by +18 per cent
  - Growth, margin improvements, cost adjustments
- Focus forward – driving sales, sales and assortment management within the industrial segment

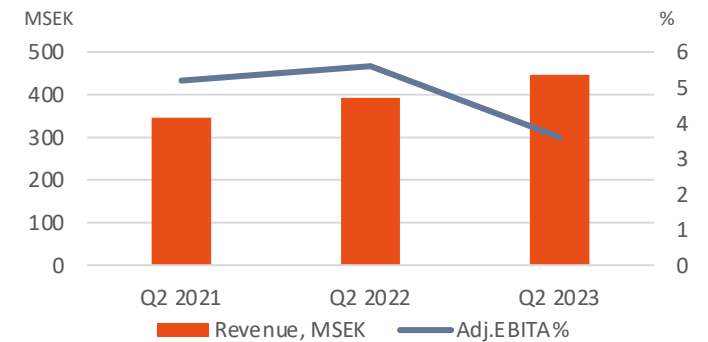
## Norway



Organic growth:	Adj. EBITA margin:
Q2 +6%	Q2 4.7% (3.9)
H1 +7%	H1 5.0% (3.4)

- Revenue decreased by 0.3 per cent
  - Negative FX effects
  - Signs of market slowdown – construction
- Increased share of own brands 15.3 per cent (13.2)
- EBITA increased by +21 per cent
  - Growth, margin improvements, cost adjustments
- Focus forward – increase share SME, sales and assortment management

## Finland



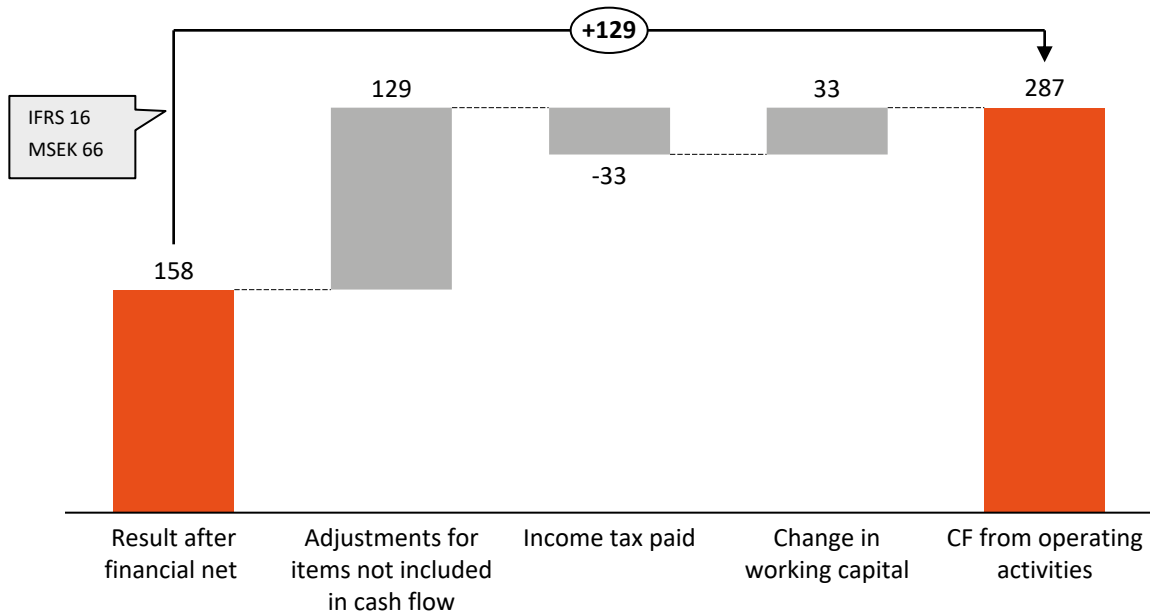
Organic growth:	Adj. EBITA margin:
Q2 +3%	Q2 3.6% (5.6)
H1 +6%	H1 3.1% (3.4)

- Revenue increased by 13.7 per cent
  - Positive FX effects
  - Larger industrial customers
  - Signs of market slowdown – construction
- Increased share of own brands 8.7 per cent (8.4)
- EBITA decreased by -27 per cent
  - Investments in stores
- Focus forward – investment in stores to attract SME, sales and assortment management

# Improved operating cash flow – inventory levels remain too high

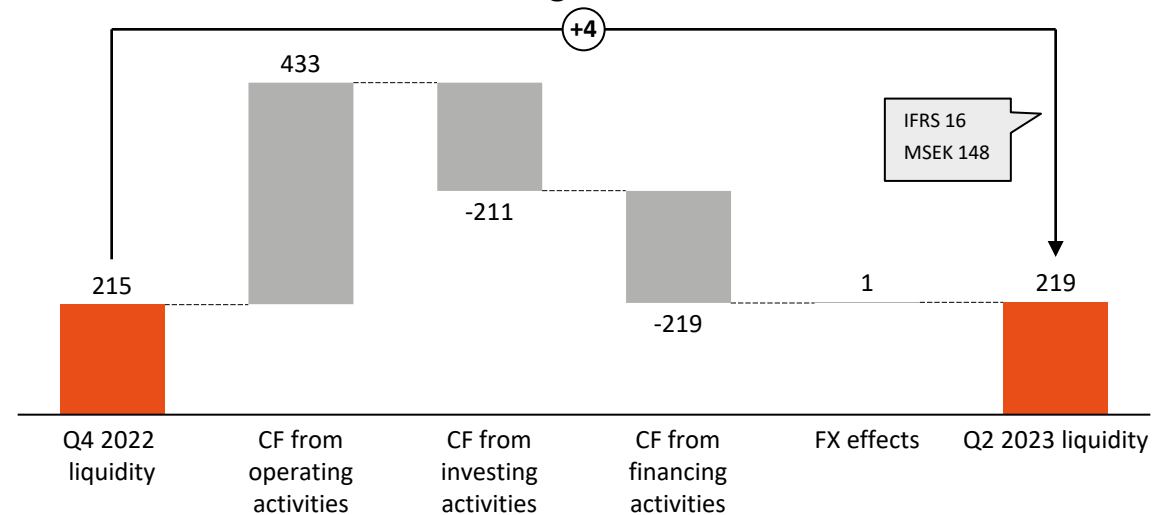
## Q2 Operating activities

- Operating cash flow amounted to 287 MSEK (211)
  - Positive effects from change in working capital
- Increased NWC/Sales 25,9 per cent (22,7) driven by inventory of own brands.
  - Several ongoing actions related to capital reduction



## Q1-Q2 Operating, investing and financing activities

- Investing activities
  - E-commerce investments, store adaptations, new WMS system in Norway, and expansion of Alligo's warehouse and logistics facility (MSEK 89)
  - Acquisition of subsidiaries (MSEK 122)
- Financing activities
  - Dividend paid, increased usage revolving facility, and amortization of leasing liabilities



# Strong financial position

## Overview of the financial position

MSEK	30 Jun 2023	31 Dec 2022
Non-current interest bearing liabilities	2,571	2,410
Current interest bearing liabilities	375	352
Cash and cash equivalents	-219	-215
Financial lease liabilities	-1,107	-1,013
<b>Net operational liabilities</b>	<b>1,620</b>	<b>1,534</b>
EBITDA*, LTM	895	845
<b>Net operational liabilities/EBITDA*, X</b>	<b>1.8</b>	<b>1.8</b>

\* Excl. IFRS 16

## Highlights

- Ratio of net operational liabilities to EBITDA (excl. IFRS 16) of 1.8
- Cash and unutilized granted credit facilities of MSEK 1 081 at the end of the period
- Equity/assets ratio 40 percent
- Total facility 2,300 MSEK excl credit facility 400 MSEK
  - Maturity 2026 + 1 year
  - Average interest rate Q2 4.3% (1.3)
- Financial covenants fulfilled
- Continue to invest in organic growth and take advantage of potential good M&A opportunities



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## Q2 in summary

- Strong quarter and first six months of the year
  - Profitable growth
  - Improved operating cash flow
- Uncertain macroeconomic environment
  - Slowdown in Sweden
  - Tendency toward slowdowns in Norway and Finland
- Strengthened competitiveness
  - Supplier negotiations
  - Cost reductions
- Three acquisitions signed and completed
- Good delivery capacity for own brands
  - Inventory levels remain too high – several actions ongoing
  - Progress within sustainability



# Outlook 2023

- Alligo is well-positioned in an uncertain market
- Focus on driving sales, developing our offer and streamlining our processes
  - Nordic standard assortment and roll-out of own brands
- Good availability for the autumn season
  - Capital reduction
- Increase the share of small and medium-sized enterprises
- Continuously review the organisation's cost structure
- Supplementing organic growth with acquisitions





# Q&A



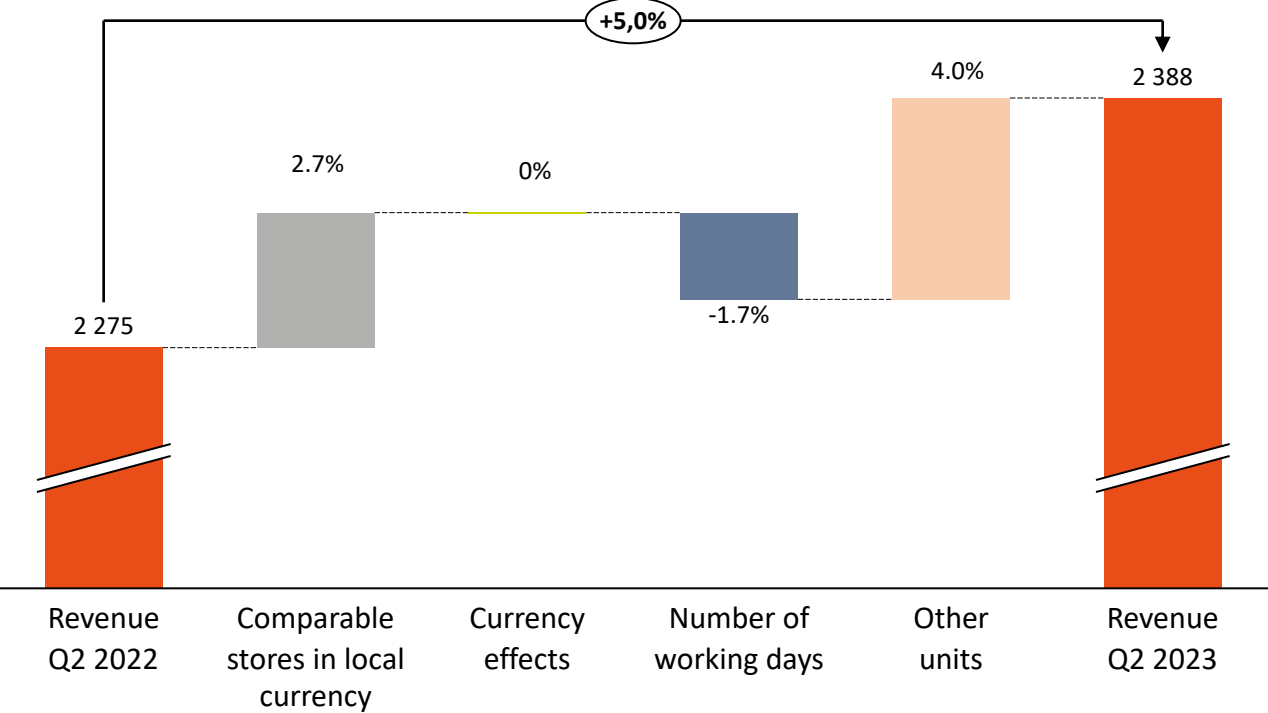


# APPENDIX



# Revenue bridge second quarter 2023

## Revenue year-on-year Q2



# IFRS 16 effects on cash flow

<b>MSEK</b>	<b>2023 Apr-Jun</b>	<b>2022 Apr-Jun</b>	<b>2023 Jan-Jun</b>	<b>2022 Jan-Jun</b>
IFRS 16 effects on cash flow from operations	66	101	148	196
IFRS 16 effects on cash flow from financing activities	-66	-101	-148	-196

# Five reasons to invest in Alligo

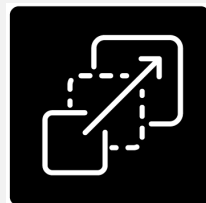
1

Attractive market growth and resilient customer segments



2

Scalable platform is a foundation for continued growth



3

Own brands and services increase competitiveness and profitability



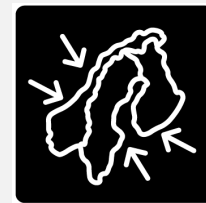
4

Sustainability as an integrated part of the business



5

A leader in the consolidation of the Nordic markets





# Solid performance in 2022 in relation to financial targets

TARGET

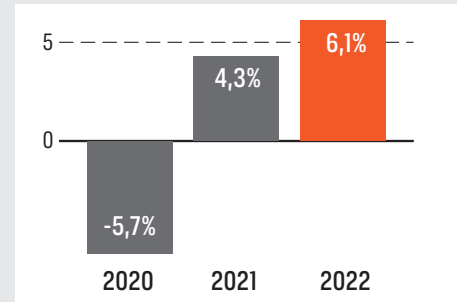
OUTCOME

## GROWTH

>5%

### Organic growth

Average organic growth shall be more than 5 per cent per year over a business cycle. Further growth shall also be made through acquisitions.



TARGET

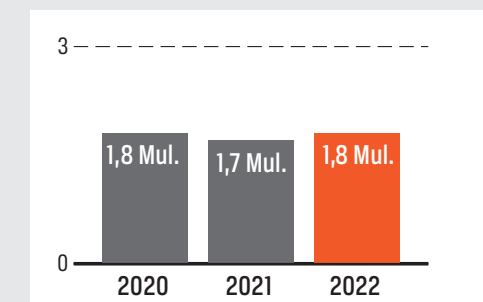
OUTCOME

## INDEBTEDNESS

<3X

### Ratio of net operational liabilities to EBITDA excl. IFRS 16

Ratio of net operational liabilities to EBITDA excl. IFRS 16 shall be less than a multiple of 3.

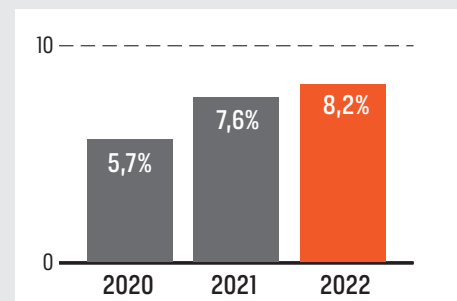


## PROFITABILITY

>10%

### EBITA margin

The EBITA margin shall be more than 10 per cent per year.

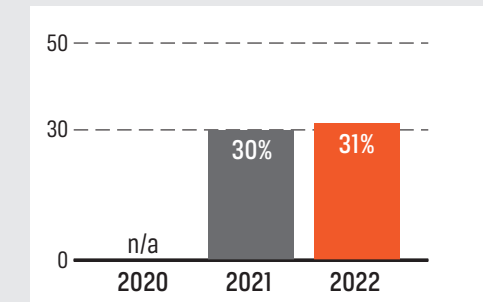


## DIVIDEND

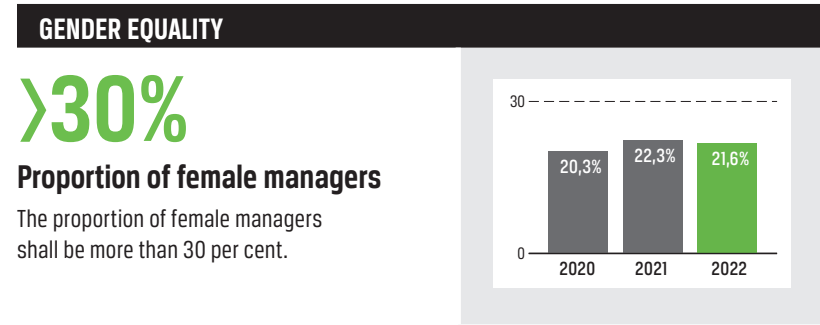
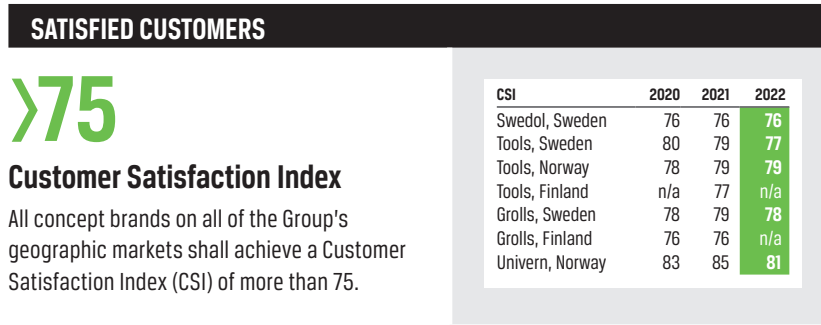
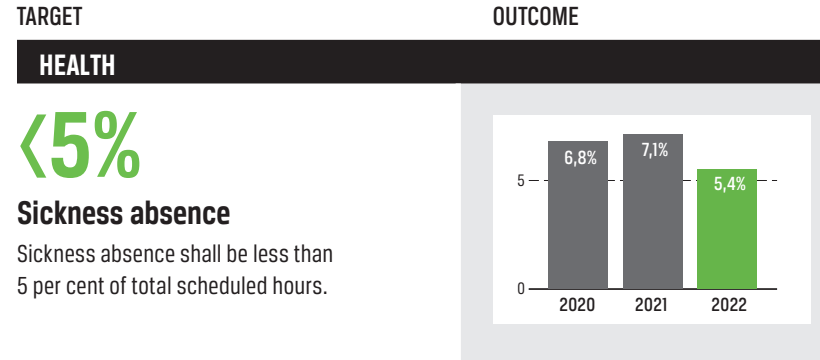
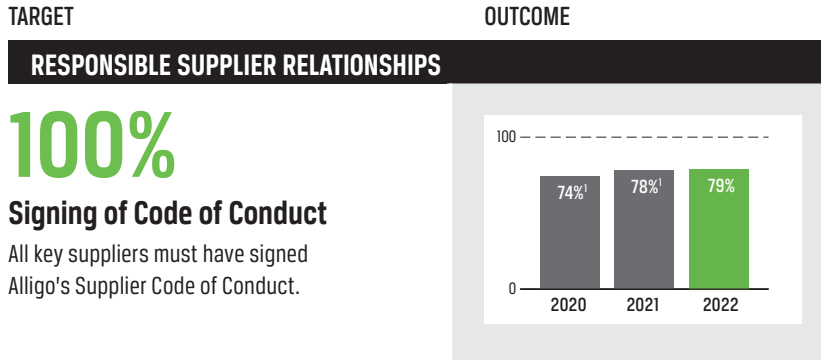
30-50%

### Dividend from net profit

The dividend as a percentage of net profit shall be 30-50 per cent, taking into account other factors such as financial position, cash flow and growth opportunities.



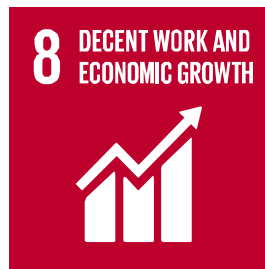
# Performance 2022 in relation to sustainability targets



1) The basis of calculation was adjusted in 2022 and the comparison figures have been recalculated according to the same principles.

# Alligos material sustainability issues and the UN Global Goals for sustainable development

- Customer satisfaction
- Diversity and equality
- Work environment and health
- Skills development
- Working conditions and human rights in the supply chain



- Product quality and safety
- Environmental impact and chemicals
- Transparent sustainability communication and help customers make sustainable choices
- Anti-corruption



- Climate impact

