



People Make the Difference

The Terranor Group Transformation Journey

Capital Markets Day Presentation 2021



The Terranor Group follows the vision of being first in mind as a highly competitive and sustainable road operations and maintenance service provider in the Nordics

Terranor is a **leading operations and maintenance service provider** for road infrastructure in the Nordics

High-skilled and high-experienced road services experts and managers

We stand for **in-time and in-cost delivery of our contract agreements with high customer satisfaction**

What we do...

Service portfolio and offering












-  **Winter road services**
-  **Summer road services**
-  **Infra groundworks**
-  **Green landscaping**
-  **Traffic safety**
-  **Road sweeping**
-  **Drainage**

Terranor at a glance

Quick facts

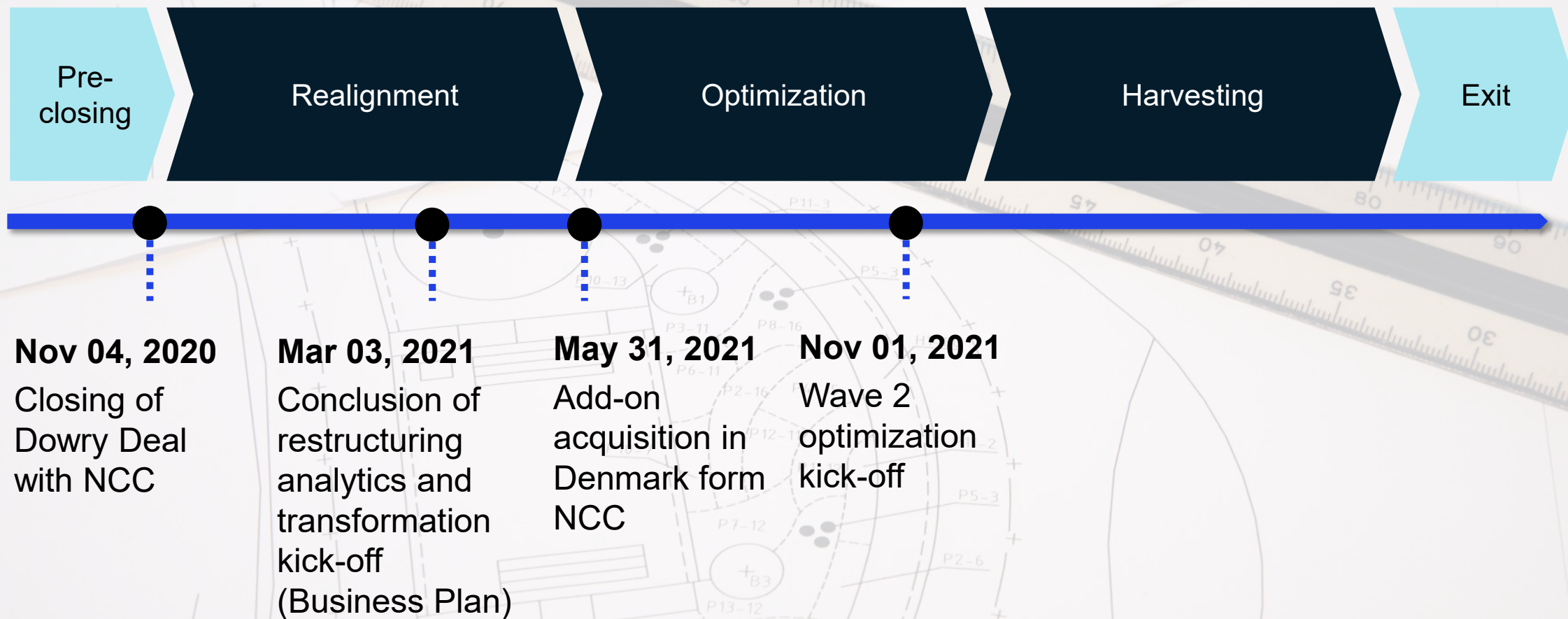
Dowry deal Nov 04, 2020

Add-on May 31, 2021

	 Terranor AB	 Terranor Oy	 Terranor A/S
			
Net revenue 2020, Mio. EUR 	91.1	14.9	39.4
Running service contracts, # 	64¹⁾	4	77
Served regions # 	20²⁾	4⁴⁾	5
Employees, # 	180³⁾	18	184³⁾
Headquarter 	Stockholm	Helsinki	Trige

1) Includes all contracts with >1MSEK in Q1-Q3/2020 | 2) 14 state contracts, 6 municipality contracts, 1 asphalt local market; local market incorporated in municipality | 3) Incl. Terranor Group temps | 4. 4 state contracts

Mutares' portfolio lifecycle is executed on an accelerated path



Terranor was a perfect strategic fit for Mutares

Preferred spin-off partner

- Platform acquisition in well-running business of Operations and Maintenance business (O&M)

European and particularly Nordics focus

- Strong presence in Sweden and Finland
- Headquarters in Stockholm and Helsinki

Strong position in business

- #2 of Trafikverket's state spending in Sweden
- #3 of state spending in Finland

Medium company size

- Target: 50-100 Mio. EUR
- ~105 Mio. EUR combined revenue in 2020

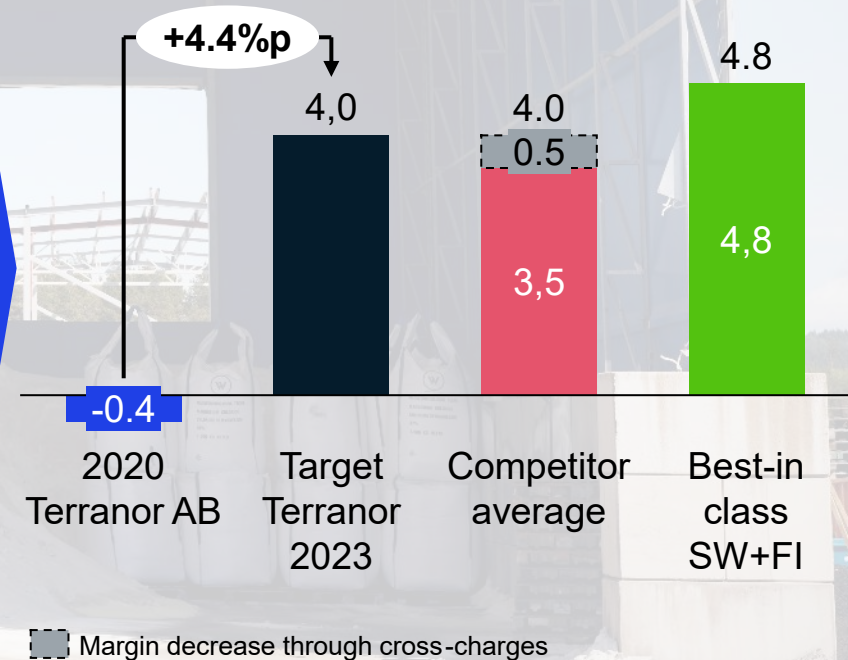
Operational improvement potential

- First optimizations kicked-off at closing
- Improvement potential in a more independent environment

We identified 4 key challenges for the turnaround program

- | | | |
|---|-------------------------------|--|
| 1 | Tender strategy and execution | <ul style="list-style-type: none"> Tendered only on very limited amount of state road contracts Insufficient capacity for tendering Limited lessons learned and benchmarking of cost |
| 2 | SG&A | <ul style="list-style-type: none"> Unreasonably high expenditures on IT, product development, marketing and strategy Dedicated central functions have been missing to support business continuity and growth |
| 3 | Contractor management | <ul style="list-style-type: none"> High variance of profitable and loss-making contracts Heterogeneous contract management and limited best-practice sharing Sub-optimal OPEX management |
| 4 | Procurement | <ul style="list-style-type: none"> No centralized procurement Only 2 FTE No running procurement spend control and KPIs |

Target: Minimum industry profitability
EBIT benchmarking in O&M road service business
Sweden and Finland



Transformation program achievements are well on track, Impact 2021 in Mio. EUR



Revenue

Adj. EBITDA²⁾

H1 2020

51.5
Mio. EUR



+ 26%

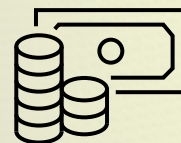
0.5
Mio. EUR



+ 440%

H1 2021¹⁾

65.0
Mio. EUR



2.7
Mio. EUR



- **Within only 10 months** since the acquisition, the **Terranor Group has grown and improved** substantially
- **+26% in revenue** growth and **+440% in adj. EBITDA** growth compared to 2020
- **FY revenues expectations have been adjusted upwards** to reflect the positive development especially in Sweden
- **Increasing profitability** offers opportunities and flexibility for **further investments**

People make the difference – Revenues, profitability and sustainability are driven by the joint ambitions of Mutares and all Terranor employees

A Terranor Academy

- Strength-based development of internal capabilities
- Clear incentive systems

B Mutares Support Team

- Expertise and experience provided on the ground through the **Mutares Operations Consultants**
- **M&A support** (e.g., Add-ons, financing negotiation, guarantee provider negotiation)

People and Impact





D Entrepreneurial spirit

- The change is driven by the **dedication and the entrepreneurial drive** of all Terranor employees

C Strengthen central functions

- High performance team in central functions
- Synergies across countries

The 2021 FY outlook and strategic targets set the pace for accelerated revenue and profitability advancements

	Revenue	Adj. EBITDA ¹⁾	Strategic Pillars
2021 FC	141 Mio. EUR	9 Mio. EUR [6.4%]	 Terranor Accelerator <ul style="list-style-type: none"> Strategic supplier partnership and development program Support Terranor Project Excellence with optimization of in-time, in-quality and in-cost execution
Outlook 2022	>165 Mio. EUR	>13 Mio. EUR [≥7.9%]	 Terranor Academy <ul style="list-style-type: none"> Professional development and promotion of knowledge and expertise to support highest performance  Site-by-site task force <ul style="list-style-type: none"> Bundle best-in-class site management and contract execution in dedicated task force Roll-out of best-in-class standards to each site  M&A activity <ul style="list-style-type: none"> Target rapid expansion to Norway Investigate service offering diversification

1) According to IFRS and including Terranor AB, Terranor Oy, and Terranor A/S; excluding consulting fees



**Harvesting phase
and exit to come...**

