

## Agenda

- ► Introduction to ITAB Group
- ► Retail in Transformation
- ▶ Interim Report Q2 2024
- Questions & Answers





### ITAB at a glance in 2023



**ITAB GROUP** 

MAIN CUSTOMER GROUPS

**SOLUTIONS** 

15 productionfacilities in 12countries

ITAB operations in **23** countries

2,533 employees

**6,139**MSEK, Net Sales

**432**MSEK, Operating profit

7.0%
Operating margin

Grocery

DIY/ Home improvement

Fashion

Other Customer Groups

(Pharmacies, Health & Beauty, Consumer Electronics, Sport & leisure, Service Stations, Hotels, Offices, Brands, Industry, Cafés & Restaurants)

Retail Interior Retail Technology Retail Lighting Retail Services

Rethink Retail.Together.

At ITAB we help customers turn consumer brand experience into physical reality with our know-how, solutions and ecosystem of partners.

Numbers refer to the Financial Year 2023.











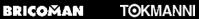
















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Note: Numbers refer to Financial Year 2023.





## Changing consumer expectations drive transformation in retail ...

#### **CONSUMER**



#### **RETAILER**



#### **ITAB**



- Greater choice of service
- Frictionless experiences
- More demanding expectations
- More informed on both product and price
- Investing more time in themselves and their social network

- Market disruption from online
- Changing investment priorities
- Reducing cost of in-store operations
- Investment in store experiences that differentiate their brand
- Keeping pace with the changing needs of their customers

- Continual insight from both consumer and customers across all regions
- Outcome based value proposition
- Solution provider driven by market insight
- Supported by an ecosystem of partners to co-create solutions
- Agile and flexible operations

... creating a cost vs experience dilemma and how to get the best return on capital



## ITAB is well positioned to help retailers rethink retail, and improve their business



#### Outcome based value proposition

- With a focus on a value based outcome we can deliver measurable results to our customers
- Starting with the consumer to understand their evolving needs and how they shop across different sectors
- Coupled with understanding the retailer challenges and investment priorities
- ► ITAB uses its retail insights, store know-how, solutions and leading best practice with proven return on investment
- Utilizing our breadth of solutions to create consumer journeys that influence buying behavior



**Desired Consumer Brand Experience**Improving the physical store experience,
driving footfall and consumer retention



Increased Sales & Conversion
Creating an experience that influences
consumer buying behaviour



Improved Efficiencies & Service Seamless consumer journeys that increase throughput and service

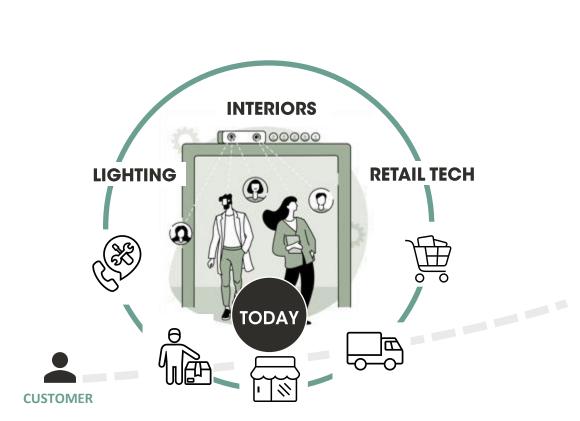


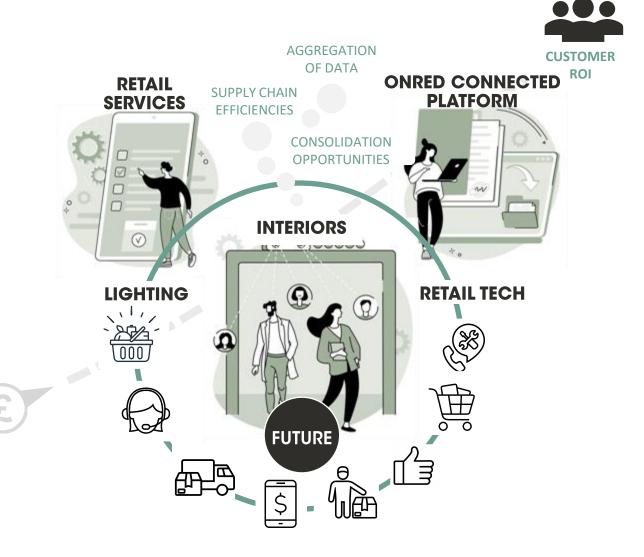
Reduced Operational Cost

Efficient operating models to help reduce cost instore running costs

## Supporting our growing influence on the consumer journey and retail operations

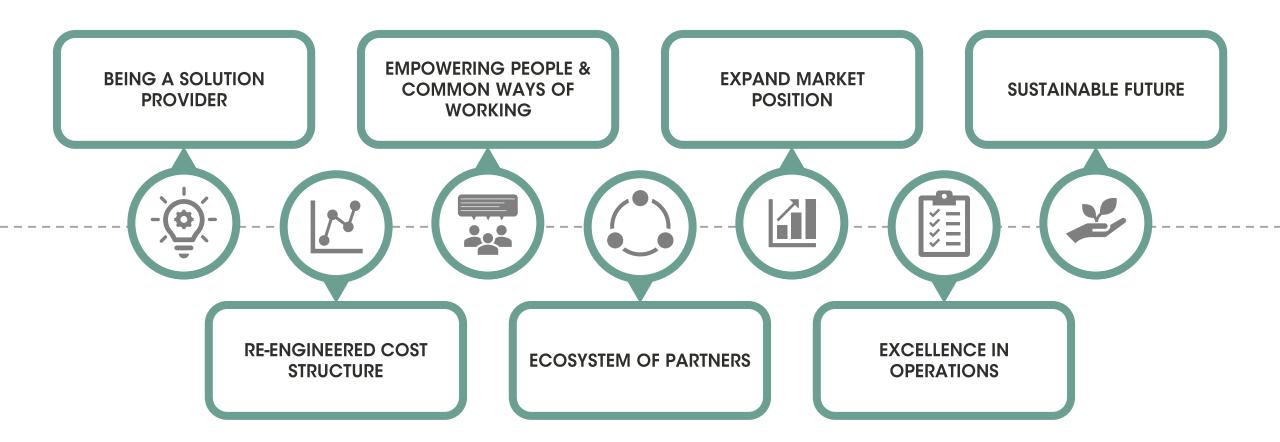






# One ITAB strategy focuses on transforming ITAB into the leading Solution Provider with differentiating capabilities





### Strategy execution update and our focus going forward



#### **STABILISE**

Cost & capital restructuring

- ► Sourcing volume consolidation
- ▶ SG&A reduction
- Manufacturing footprint consolidation
- Reduced net debt
- Reduction of fixed cost
- Fighting covid and its consequences

#### **SIMPLIFY**

#### **BUILD & INVEST**

Solution provider capabilities

- Development of Value proposition
- Roll out of new Go-to-Market model with sales trainings
- Services, Technology and Solution sales ambitions set
- ▶ Excellence in Operations
- Implement One ITAB operating model supported by shared IT

#### **AMPLIFY**

#### **EXPAND**

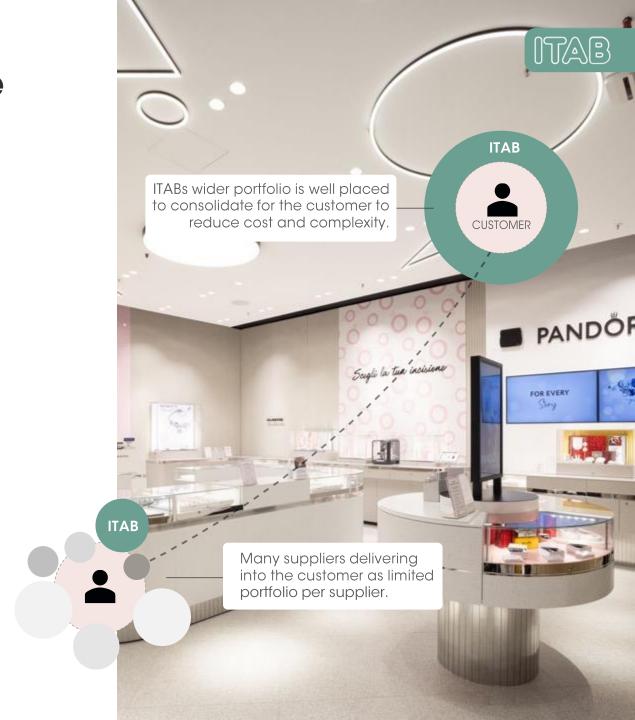
Sustainable profitable growth

- ► Increase cross-selling to existing customers & penetration in existing markets
- Leverage our strengths and cross sector know-how incl. existing services across our regions
- Extend our technology & service offer to support more areas of the value chain that impact of the physical store

**GROWTH** 

# Trends in current market underpin areas of growth where ITAB is well positioned

- ▶ Retailers are consolidating supply chain to reduce cost
- ► Continued shift in store investments from new store programs to smaller refurbishment projects to drive shorter ROI
- ▶ Use of retail technology to increase consumer self-service, reduce loss and improve experience
- ► Energy efficient lighting to reduce in-store operating costs and support the reduction in carbon emissions
- ► Adoption of wider differentiating experience with suppliers to support the reduction of operating costs





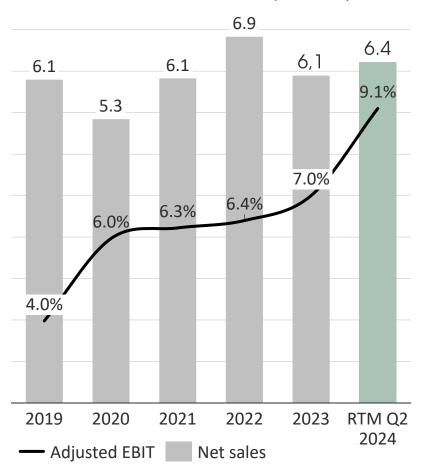
# Rethink Retail. Together.



## Continued strong profitability improvement, low debt, and positive cash flow





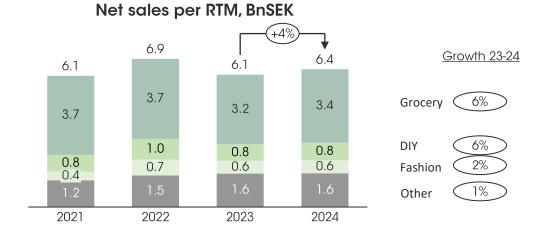


	Second	quarter	Full year			
MSEK	Q2 2024	Q2 2023	Δ	RTM 2024	2023	Δ
Net sales	1,685	1,504	+12%	6,391	6,139	+4%
EBIT	150	91	+65%	582	432	+35%
EBIT margin, %	8.9	6.0		9.1	7.0	
Earnings per share (SEK)	0.44	0.26	69%	1.73	1.24	40%
Operating cash flow	77	213	-64%	746	810	-8%
Net debt excl. leasing	199	489	-290	199	45	+154

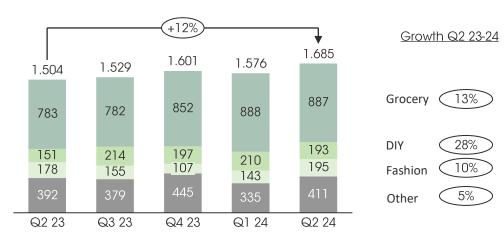
## Quarterly growth of 12% in Q2 (4% RTM), driven by Grocery and DIY segments



- Quarterly growth of 12 percent (no currency effect) where we experience a stabilizing market environment and continued focus on loss prevention and store efficiency to mitigate cost increases
- ▶ Most of our geographical markets are experiencing growth but especially Northern and Eastern Europe
- ► Loss Prevention (e.g. Smart Gates) is still showing growth, but it is our Self-Service solutions and Interior products that are mainly driving sales growth in Q2, together with our Conventional Checkouts
- ➤ Onwards we see that customer spend is still not normalized, and the political landscape in Europe brings some uncertainty



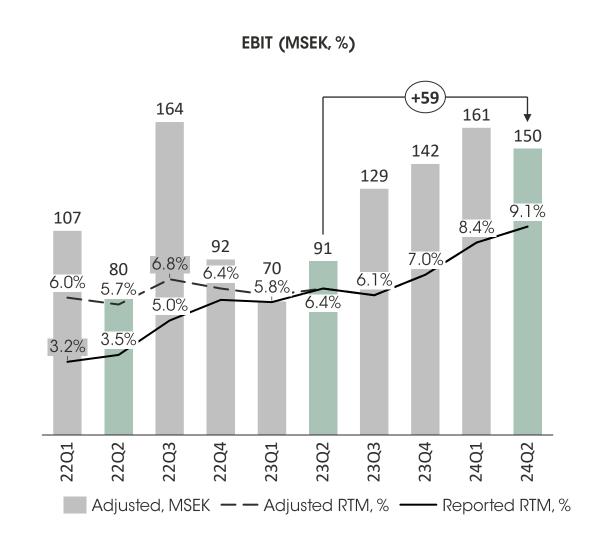
#### Net sales per quarter, MSEK



## Continued strong profitability with EBIT of 9.1% RTM, driven by technology leadership & increased demand



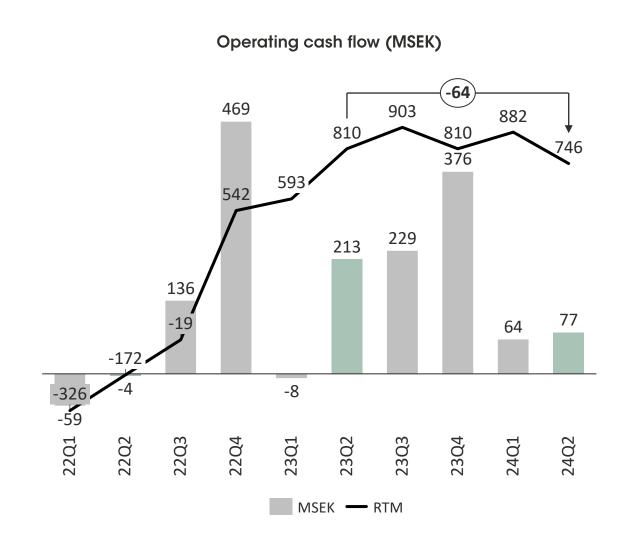
- ▶ Reported EBIT of MSEK 150 (91), is underpinned by a favorable product mix and higher utilization of our factories driven by growth in the Interior segment (Grocery and DIY)
- ► After a historically strong first quarter followed by a good second quarter, the EBIT margin of 9,5 percent is our highest margin for the first half of any year so far
- ▶ We continue to be successful within Loss Prevention, and now also see margin impact from growth in Self-service solutions, as well as a higher demand of Interior solutions & Conventional Checkouts
- ▶ We see clear benefits of cost initiatives executed in 2023, and continue to refine our ways of working and organisational structure to further improve our cost efficiency and build new capabilities in line with our strategy



# Strong RTM cash flow (MSEK 746) driven by both profitability improvement and higher capital efficiency



- ► Cash flow for Q2 at MSEK 77 due to strong profitability and stable working capital
- ▶ RTM yearly operating cash flow amounts to MSEK 746, mainly due to profitability but also improved capital efficiency (working capital has decreased by MSEK 100 since June 2023)
- ▶ Inventory continues to be on a more normalized level and is lower than in June 2023, despite higher volumes
- ▶ Our focus on capital efficiency will continue



### Main takeaways from Q2 2024

#### Strong sales and earnings trend so far in 2024

- ▶ Increased sales in several of the Group's product areas and markets – with continued strong demand for our loss prevention and self-service solutions, and increasing interest in refurbishment of stores and our conventional checkouts
- ► Continued strong gross margin in combination with the increase in sales and improved capacity utilisation at our production facilities contributed to 9.5 percent in EBIT margin the highest margin reported for the first half of any financial year so far
- ► A number of new customer agreements signed the favourable and more balanced product and customer mix contribute to a continued strong gross and EBIT margin
- ➤ Our strong gross margin and efforts to reduce the inventory levels and working capital continue to affect our cash flow positively, while an increase in accounts receivable due to higher sales have had a negative impact in the second quarter
- ► We continue to focus on our underlying earnings improvement by transforming and modernizing ITAB, and aim to actively participate in the expansion and consolidation of the market





