



ARMATECTM

concepts for flow technology

Communication pack, Project Red Bull
2021-04-29

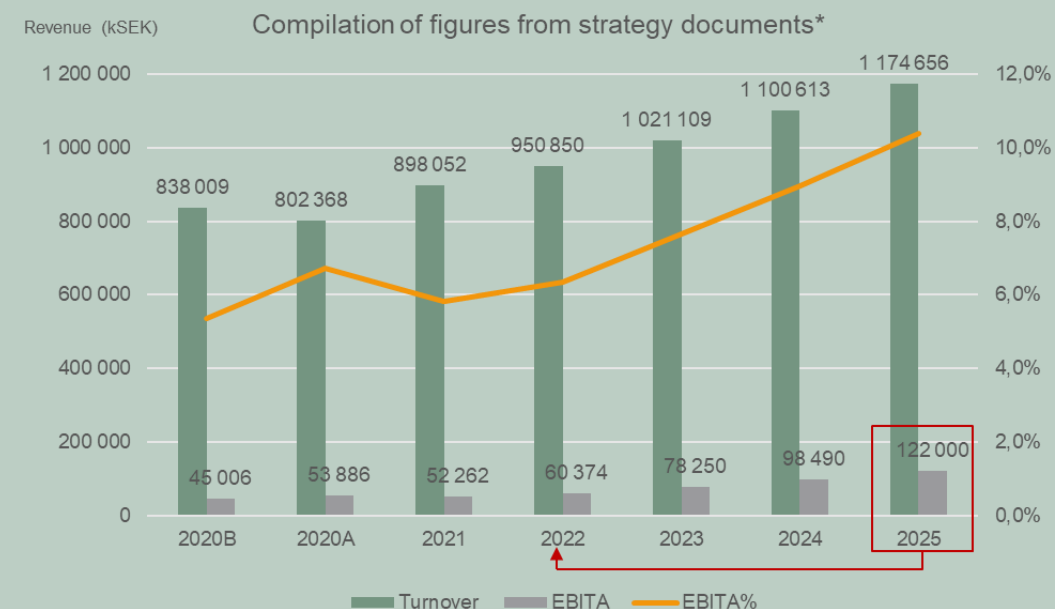
Agenda

Content

- Background
- Target
- Focus areas
- Execution
- Investments

BACKGROUND

- In December 2020 we got a board decision to approve the strategy that we outlined last year
- Hence, the strategy deployment was initiated by us starting to build a new platform, making us ready for change management
- Then, during first quarter this year, Ernströmgruppen changed Chairman and CEO and started to revise its strategy, and with that we were challenged to accelerate our strategy execution – what if Armatec should deliver within two years rather than five?
- During April we have revisited our planned initiatives in order to understand what is needed to dramatically accelerate the execution
- At a board meeting this week, plans have been presented on how to accelerate the value creation within Armatec group and resources necessary to do so



TARGET

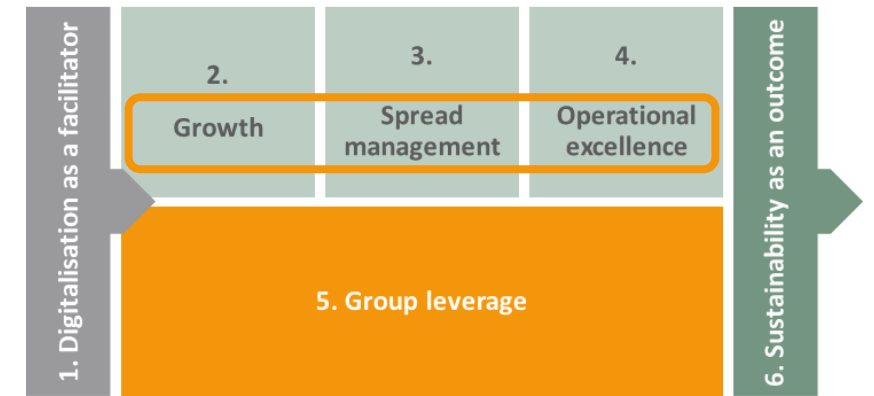
- In the original owners directive, Armatec was to deliver an EBITA profitability of 100 msek until 2025, coming from todays level of some 50 msek
- With the project launched today, a project we call Red Bull, we intend to deliver a 100 msek run rate at the end of 2022
- We have revisited all initiatives and quantified those who we deem will deliver the fastest results and they are adding up to a pipeline moving us up towards 120 msek
- In addition to Red Bull, we have an intention to also activate us within mergers and acquisitions, aligning us to the ambitious growth target in Ernströmgruppen

Assessed EBITA contribution from the initiative areas

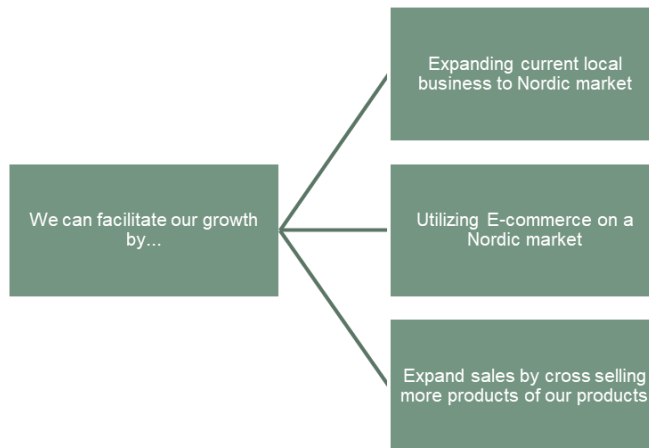


Focus areas

- The Red Bull plan is continuing on already identified focus areas, and initiatives will be executed to grow our business, to increase our margins and to improve our operational excellence:



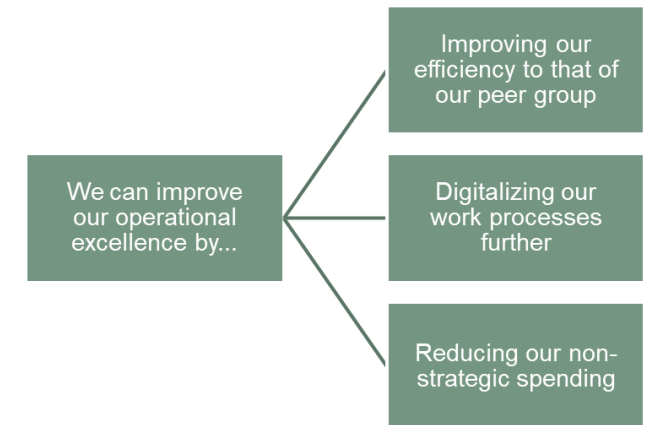
Growth



Spread Management

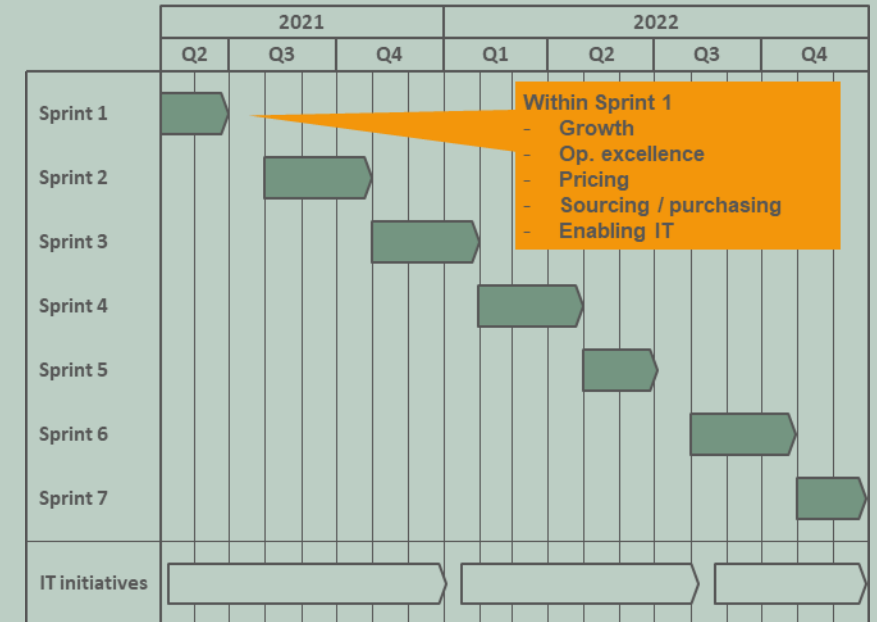


Ops excellence



EXECUTION

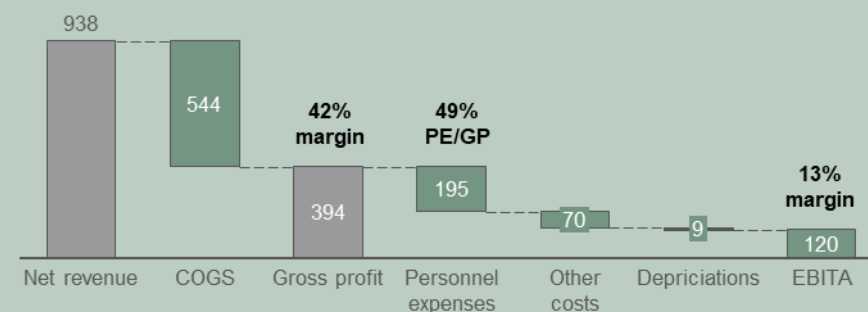
- We will be working in sprints of 2-3 months, that ensures right focus and value creation in the project, safeguarding efficient utilization of resources
- We are going to plan 1-2 sprints ahead, focusing on most important initiatives and taking into consideration any changed circumstances
- In planning of sprints, we will consider implementation time of initiatives and any dependencies identified
- The sprints will be planned with a clear goal, either by leading indicators or directly linked to KPI's, and after completion sustain the results
- We will involve resources with correct competence to avoid non-value adding time
- We will celebrate wins after completed sprints, consider lessons learnt and embark on next one



INVESTMENTS

- Since February, we have unlocked resources solely focusing on group functions like product- and change management, whom together, will be the drivers of our new established program office for Red Bull
- Further to existing resources we are planning to hire another 2-3 individuals who will strengthen our program office and in long term, also will convert our program office to a continuous improvement function
- In addition, to secure our success, we are going to work with a set of consultants from the company Capacent to get support in analysis, project monitoring and execution
- Total investments related to this Red Bull project will amount to 15 msek to end 2022, besides other investments needed to improve our business
- I am delighted that we obtain this amount of support and trust from our owners - in return, we will make sure we live up to their expectations

Assessed Red Bull run rate Dec 2022 (MSEK)



WELCOME TO JOIN OUR JOURNEY!