

Revenue increased by 41%, implementation of the growth strategy began

Wetteri Plc | Half-year financial report January–June 2023
Aarne Simula, CEO

Contents

1. Strong H1 for Wetteri – performance review
2. Strategy
3. Sector
4. Business model
5. Strategy progress
6. Financial targets and guidance



Financial performance

January–June 2023

Revenue increased by 41%

+41%

REVENUE

H1: EUR 200.2 million
H1/2022: EUR 142.2 million, pro forma

EUR 11.4 million

ADJUSTED EBITDA

H1/2022: EUR 6.9 million, pro forma

EUR 5.5 million

ADJUSTED OPERATING PROFIT

H1/2022: EUR 2.0 million, pro forma

Passenger Cars:

Volume growth improved profitability

Revenue increased significantly

**EUR 121.3
million**
Revenue

1,545 pcs
Invoiced sales of new
cars

2,300 €
Gross profit / Sold car

44.4%
Revenue growth,
pro forma H1/2022

**EUR 71.4
million**
Order backlog for new cars



Passenger cars: Volume growth improved profitability

EUR thousand	H1 2023	Q2 2023	Q1 2023	H1 2022 Pro forma
Revenue	121 280	70 164	51 117	83 965
EBITDA	2 399	1 780	619	1 847
Adjusted EBITDA	2 465	1 839	626	1 860
Operating profit (EBIT)	-741	52	-793	-463
Adjusted operating profit	237	596	-359	347



Heavy Equipment:
Profitable growth continued

89 new orders placed

EUR 37.4 million
Revenue

29.3%
Revenue growth,
H1/2022 pro forma

102 pcs
Invoiced sales of
new trucks

EUR 21.7 million
Order backlog



Heavy Equipment: Profitable growth continued

EUR thousand	H1 2023	Q2 2023	Q1 2023	H1 2022 Pro forma
Revenue	37 379	16 619	20 760	28 900
EBITDA	2 096	1 057	1 038	412
Adjusted EBITDA	2 680	1 204	1 477	1 289
Operating profit (EBIT)	878	540	338	-767
Adjusted operating profit	1 816	800	1 016	589

Maintenance Services:

New car deliveries supported growth

Efficient first half

EUR 33.5
million
Revenue

55.3%
Revenue growth,
pro forma H1/2022

39.8%
Increase in the number of
hours of work sold

67%
The proportion of
maintenance staff
at Wetteri



Maintenance Services: New car deliveries supported growth

EUR thousand	H1 2023	Q2 2023	Q1 2023	H1 2022 Pro forma
Revenue	33 524	19 025	14 499	21 584
EBITDA	5 222	2 305	2 917	2 635
Adjusted EBITDA	5 823	2 554	3 269	3 339
Operating profit (EBIT)	1 955	393	1 563	228
Adjusted operating profit	2 762	745	2 017	1 137

Car inventory financing arrangements and working capital management

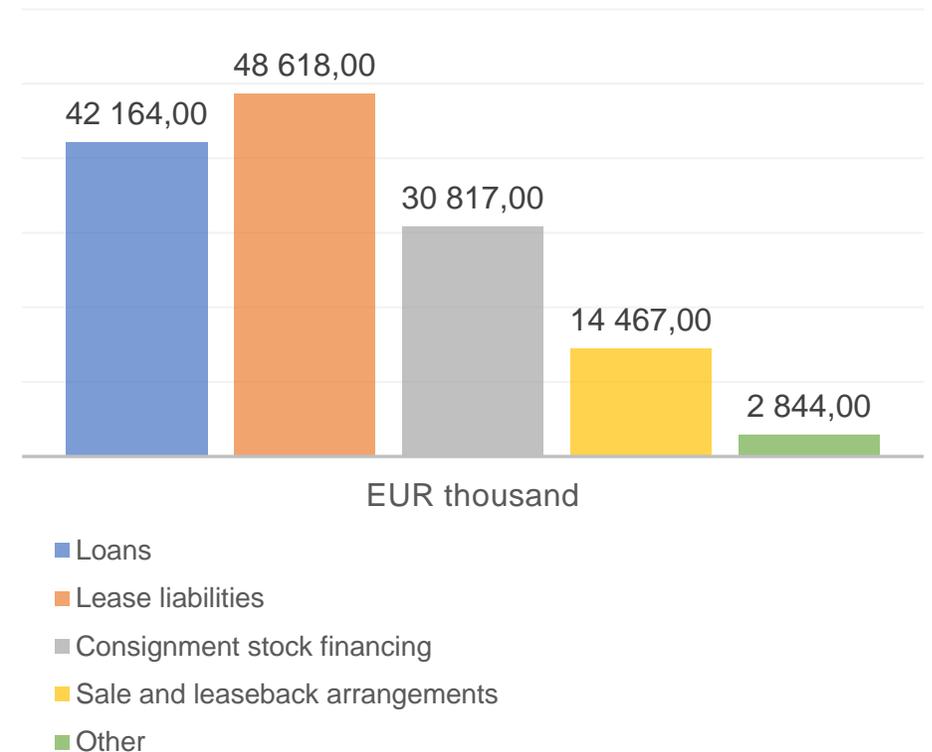
Consignment stock financing of used cars and sale and leaseback arrangements of dealership demonstrator cars a significant part of efficient working capital management and a large portion of the Group's interest-bearing liabilities

- Freeing up working capital for the capital-intensive car dealership business
- The Group has access to significant credit facilities within which it may finance its vehicles

Impact on the balance sheet:

- **Financing received** from the consignment stock arrangements and demonstrator car sale and leaseback arrangements is **presented as short-term financial liability in the balance sheet**
- **Financed cars are included in the inventory and serve as collateral for the financing received**
- Cars are redeemed back to Wetteri at the latest when they are sold forward to a new customer

Interest-bearing liabilities H1 2023



Key events in the reporting period

- Implementation of the Autotalo Hartikainen acquisition on 7 March 2023
- Completion of the tender offer procedure in April 2023
- Annual General Meeting on 8 May 2023: the Board's proposals were approved
 - The members of the Board of Directors are Markku Kankaala (Chair), Martti Haapala, Mikael Malmsten, Satu Mehtälä, Hannu Pärssinen and Arne Simula.
- Implementation of the AutoPalin business acquisition on 31 May 2023



Strategy

Operating environment and business model



Our goal is to be the largest and most profitable player in the automotive sector by the end of 2025.

EUR 1,000 million in revenue and EUR 30 million in operating profit over the medium term

Cornerstones of Wetteri's growth strategy

- Transformation of the automotive sector and growth through acquisitions
- Growth potential and organic growth in the automotive sector
- Multi-brand strategy and business model
- Improved operational efficiency

Renewal in business and distribution route models

Electrification of motoring

Increasing environmental requirements

Digitalisation and technological development

Investment requirements

The automotive sector is consolidating; operations are being centralised in larger units with better profitability

Transformation in the sector is a driver of Wetteri's growth

The automotive sector has significant organic growth potential

- First registrations of new cars increased by 8% year-on-year
 - First registrations of heavy equipment increased by 21–32%, depending on the weight category
 - The used car trade in dealerships grew by 4.3% year-on-year
 - The availability of new cars has improved, and delivery times shortened
 - The Finnish car fleet is ageing, with the average age around 13 years
 - The change in motive power types is progressing in different vehicle categories
 - Restoration of consumer confidence and positive market signals
 - The Finnish Information Centre of the Automobile Sector estimates that the number of first registrations of passenger cars will be around 82,000, which is below the long-term average
- Pent-up demand

A comprehensive business model for growth and stability

The entire life cycle of the vehicle, from passenger cars to heavy transport

- Sales of passenger cars and commercial vehicles and broad brand representation
- Used car trade
- Heavy equipment sales and maintenance agreements
- Spare parts, maintenance and repair services

The business model lays a solid foundation for growth

- Steady cash flow from several sources and segments
- Self-sufficiency in used cars
- High customer-specific market share
- Business risk management

Finland's largest representation of passenger car brands

Sales and maintenance



Maintenance





Sales & maintenance



Maintenance

Finland's largest lorry brand sales and maintenance representation

Maintenance contract coverage: 87.4%

Maintenance agreements made in connection with the sale of heavy equipment, typically for 3 years

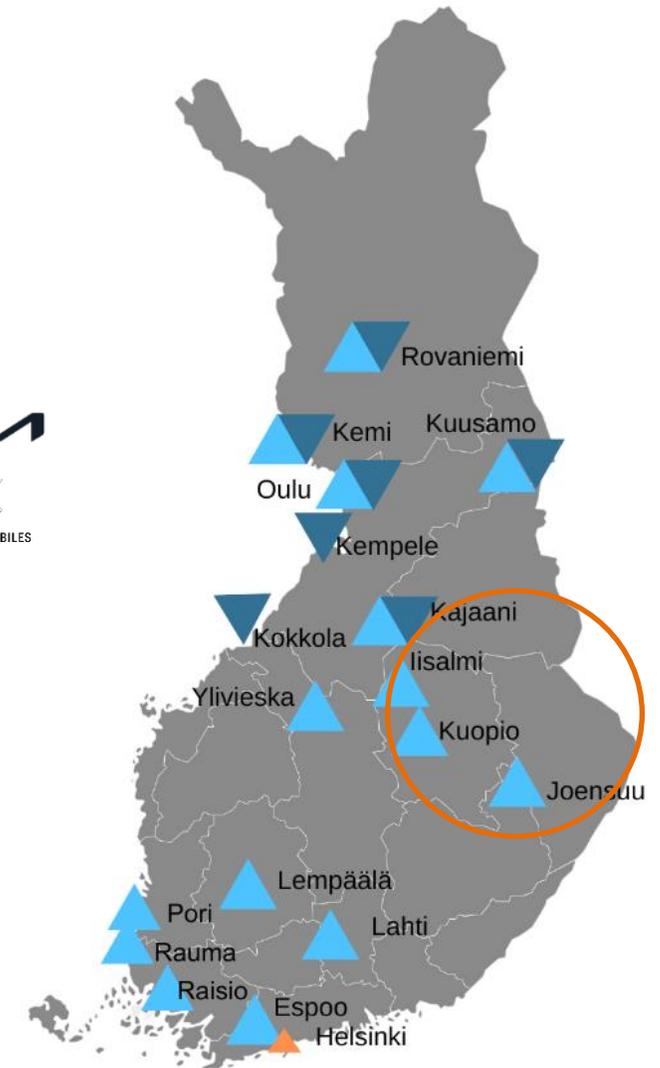
Remote diagnostics covers more than 800 lorries

Implementing the growth strategy

Autotalo Hartikainen

The first acquisition in the series

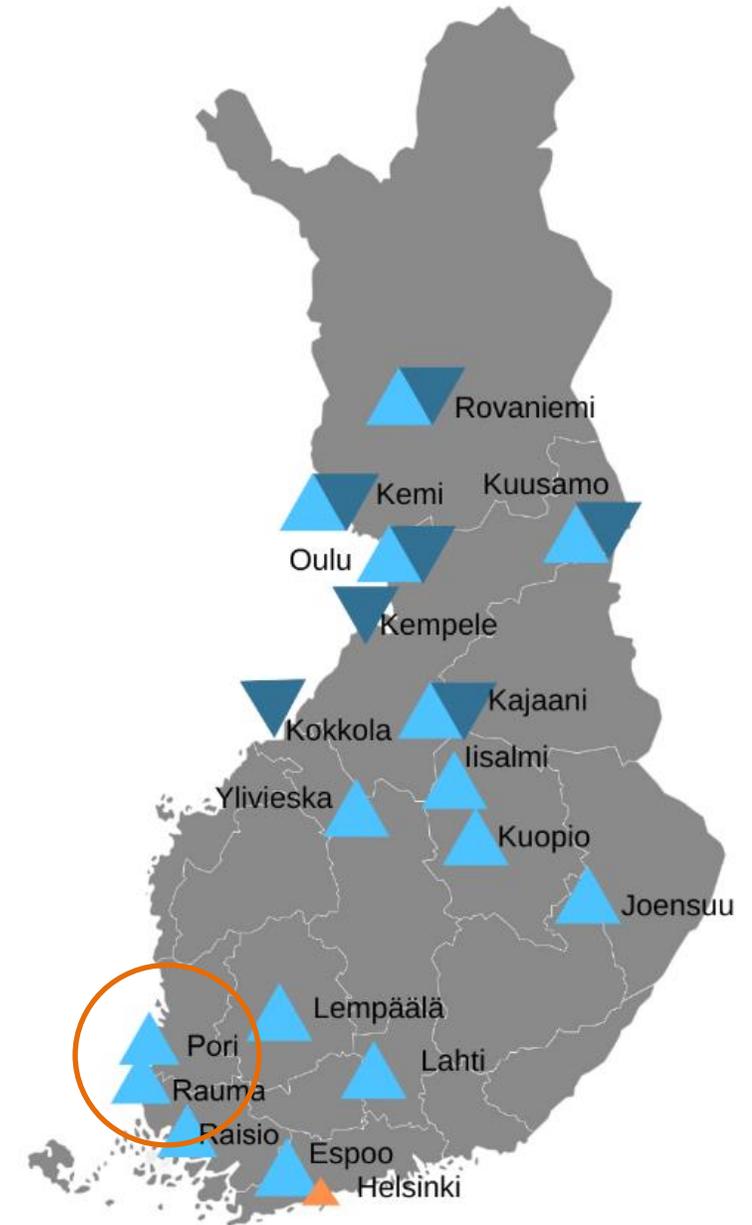
- Autotalo Hartikainen became part of Wetteri in March 2023
- Three new locations: Joensuu, Kuopio and Iisalmi. Plus a stronger presence in Kajaani.
- 5 new representation agreements for heavy equipment.
- 6 new passenger car brands, 1 new maintenance brand.
- 200 new employees joined Wetteri.



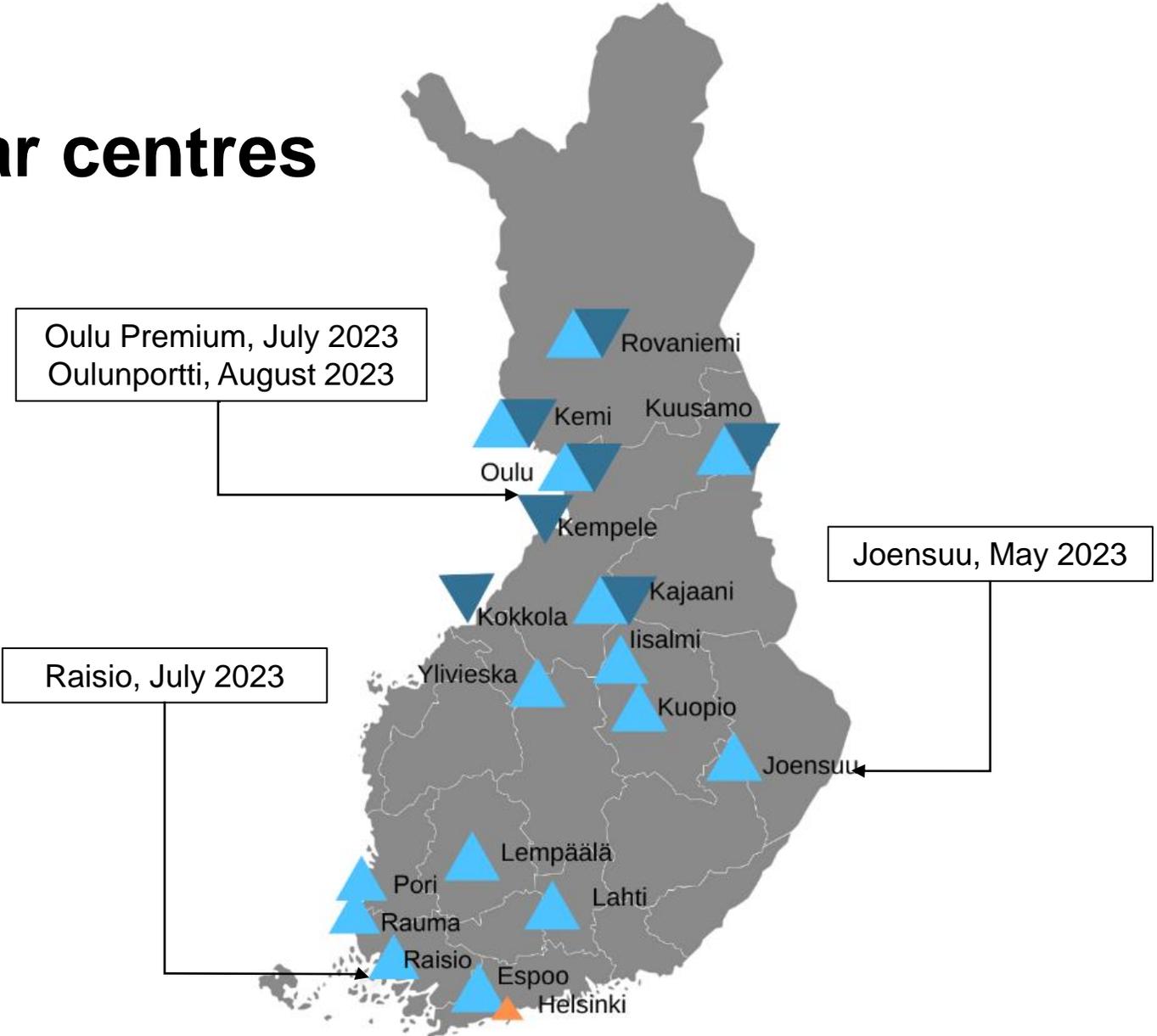
Autotalo Palin

Second acquisition in the series

- AutoPalin became part of Wetteri in June 2023
- Wetteri's presence in Rauma and Pori
- Wetteri is one of Finland's largest Volvo and Mercedes-Benz dealers.
- Around 70 new employees joined Wetteri.



New used car centres



Wetteri's targets and outlook for 2023



Sustainable shareholder value for investors

- Commitment to sustainable shareholder value growth and the implementation of the growth strategy
- Open and active communication
- Aiming for a broader ownership base and a liquid share.
 - During the current year, the company is still investigating the possibilities of financing growth, expanding the company's ownership base and strengthening self-sufficiency with a share issue, which would be aimed at institutional investors, private investors and Wetteri's personnel
- The goal is to become one of the most popular shares on the Helsinki stock exchange
- Dividend policy: 30% of net earnings

Estimate of developments in 2023

In accordance with our financial guidance, we expect our revenue to be EUR 460 million and our adjusted operating profit to be EUR 13 million in 2023.

Wetteri's disclosure of financial information in 2023

28 November 2023: interim report for January–September 2023

sijoittajat.wetteri.fi/en/

An aerial photograph of a winding asphalt road with double yellow lines, curving through a dense, lush green forest. A white car is visible on the road, and a small orange structure is nestled in the trees. The text 'Thank you!' is overlaid in large white font on the left side of the road.

Thank you!

Questions from the audience

WETTERI
OHITTAMATON.