

Växjö January 10, 2022

Balco Group updates its financial targets

Balco Group's Board of Directors has decided to update the Group's financial targets. A new target for earnings per share replaces the previous margin target, the dividend policy is adjusted and a new sustainability target linked to the sale of energy-saving measures is introduced. The targets for growth and interest-bearing net debt remain at the same level as before.

New target: Earnings per share shall grow by 20 percent per year

Balco Group's financial target for operating margin (EBIT) is replaced by earnings per share growing by 20 percent per year.

– The main task for Balco Group's Group Management is to create increased value for the company's shareholders, says Balco Group's Chairman of the Board Ingalill Berglund. This is done through organic profit growth and acquisitions. The majority of the companies that Balco acquires have a lower operating margin than the Group, but add shareholder value.

Adjusted dividend policy to 30–50 percent of profit after tax

The dividend policy is adjusted from at least half of the profit after tax to 30–50 percent of the profit after tax, taking into account the needs for Balco's long-term development and current market situation.

– Balco's goal is to complete acquisitions annually. In order to be active with acquisitions, the dividend target is adjusted so that the Group can create more share value in the long term through an increase in value in connection with the acquisitions, says Ingalill Berglund.

New sustainability target: More than 30 percent of the group's sales shall be within the EU taxonomy and provide at least 30 percent energy savings to our customers

Balco Group introduces a new sustainability goal and to emphasize the Group's sustainability focus, this sustainability goal has the same strategic significance as other financial goals. This goal shall be achieved within three years at the latest.

Maintained target: Balco shall achieve growth of 10 percent per year

The growth goal shall be achieved through a focus on vision and established strategies. Growth will take place organically, through acquisitions and through new collaborations or alliances. The goal means that Balco Group expects to grow significantly more than the underlying market in the long term.

Maintained target: Interest-bearing net debt shall not exceed 2.5 times operating profit before depreciation and amortization (EBITDA), other than temporarily

The target links borrowing to earning capacity and shall define a reasonable risk level. The goal shall be achieved through active investments and a clear focus on operating cash flow.

For more information, please contact:

Kenneth Lundahl, President and CEO, +46 70 630 20 57, kenneth.lundahl@balco.se
Michael Grindborn, CFO and Head of IR, +46 70 670 18 18, michael.grindborn@balco.se

Balco in brief:

Balco is a growth company offering high quality, innovative, patented and energy-saving balcony solutions. The company's customized products contribute to enhanced quality of life, security and an increase in value for residents of multi-family residential properties. Through a decentralized and efficient sales process, Balco has control over the entire value chain – from production to delivery. The company, which was founded in Växjö in 1987 and has approximately 500 employees, is a market leader in the Nordic region, and operates on several markets in northern Europe. Sales in 2020 amounted to 1.200 MSEK. Balco's shares are listed on the Nasdaq Stockholm Stock Exchange.