

The Clean Air Company

Nederman

Q1

Interim report

January-March 2020

Quarter 1, 2020

- Incoming orders amounted to SEK 995m (1,019), equivalent to a currency-neutral decrease of 3.6 percent compared with the same period last year.
- Net sales amounted to SEK 981m (1,036), equivalent to a currency-neutral decrease of 6.6 percent compared with the same period last year.
- Operating profit was SEK 64.2m (72.1), giving an operating margin of 6.5 percent (7.0).
- Adjusted operating profit was SEK 65.1m (73.1), giving an adjusted operating margin of 6.6 percent (7.1).
- Net profit was SEK 34.2m (46.2).
- Earnings per share were SEK 0.98 (1.32).
- As previously communicated, the Board of Directors has decided to withdraw its proposal of dividend to the AGM 2020.

Negative impact from corona pandemic on the result for the quarter. High level of readiness for future challenges.

Read more in Sven Kristensson's CEO's comments on page 2.





CEO's comments. Negative impact from corona pandemic on the result for the quarter. High level of readiness for future challenges.

The corona pandemic is currently impacting the entire world. Many countries have put their entire populations into quarantine and closed all businesses not deemed to be essential. Naturally, this has had far-reaching effects on all economic activity. In the first quarter of the year, the effects on Nederman were relatively limited. The Group has implemented a number of measures to address the situation and has plans prepared for further actions to manage this unique situation and to ensure that we have a strong and vibrant Nederman once the pandemic abates.

Relatively limited effects on earnings in first quarter

Sales for the quarter amounted to SEK 981m (1,036) and the adjusted operating profit was SEK 65.1m (73.1). Some delivery problems were encountered during the quarter, primarily to and from China, and certain projects in Europe and North America were delayed, which had a negative effect on sales and result.

The closedown of China at the beginning of the quarter obviously had a negative impact on demand. In other markets, we saw how demand began to decrease throughout March. At the end of the quarter, we noted a slight recovery in the Chinese market.

During the entire quarter, we were able to essentially maintain our operations and were not affected by disruptions to production. The foremost reason for this is that Nederman reacted very early to the serious signals emanating from China and accumulated inventory of critical components and identified alternative suppliers. Some of our plants were closed during parts of the quarter due to official decisions in countries affected.

Nederman - The Clean Air Company

Nederman celebrated 75 years as a company in 2019. Today, we are one of the world's leading companies in our field and our aim is to further strengthen our ability to contribute to better air quality the world over. With the lockdowns that have been implemented, the corona pandemic has demonstrated how quickly the world's air quality can be improved. The examples from China and Italy are clear. Nederman's key role in society has become equally apparent. According to the Health Effects Institute, five million people died prematurely in 2017 from diseases related to air pollution. Our products and systems can make a decisive contribution to keeping air clean, even during normal industrial production. This means that we can help save a large number of human lives each year.

High preparedness for the future

It is evident that the situation for the global economy is serious and it is being made more difficult because it is currently impossible to say when this situation will improve or at what pace the recovery will occur. Regarding the second quarter, we anticipate experiencing a significantly negative impact on our business. It is not possible at the present time to make long-term assessments.

To date, Nederman has implemented measures in the form of temporary lay-offs and short-time working. The company's Board has withdrawn its proposed dividend to the AGM in order to protect the company's liquidity in the short term, and will evaluate the possibilities of a dividend payment later this year. We have also expanded the Group's credit facilities.

In addition to this, we have prepared plans for more far-reaching measures and we have a high level of readiness to implement these plans if developments should require so.

Nederman has a diversified business

The effects of the ongoing pandemic will impact Nederman's different divisions at varying times. The Process Technology division works with long-term projects that will in all probability be implemented, but with some delays. Accordingly, the immediate effects for this division are expected to be more limited. Other divisions have a more fast-moving business involving the sales of products and smaller systems. We expect to see a more immediate decline in sales in this area, but we also make the assessment that the subsequent recovery will likely be more rapid.

Sven Kristensson, CEO

Segment overview

Nederman is organised in four operating segments. This organisation is based on technology, customers and business logic. The organisation is driven by simplicity and has the Group's brands as its starting point. This means that the operating segments are global and have an explicit focus on the customer. The organisation has four overriding priorities: strengthened profitability, improved efficiency, utilisation of all the possibilities offered by digitalisation and internal and external sustainability.

Nederman Extraction & Filtration Technology's product range consists of a broad range of capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids or compressed air.

Nederman Process Technology's products include, among other things, advanced filter solutions that are integrated in the customers' production processes where they catch harmful particles and gases, as well as other process critical equipment.

Nederman Duct & Filter Technology works with different types of pipe systems, valves and filter elements to ensure good air quality in a number of industries.

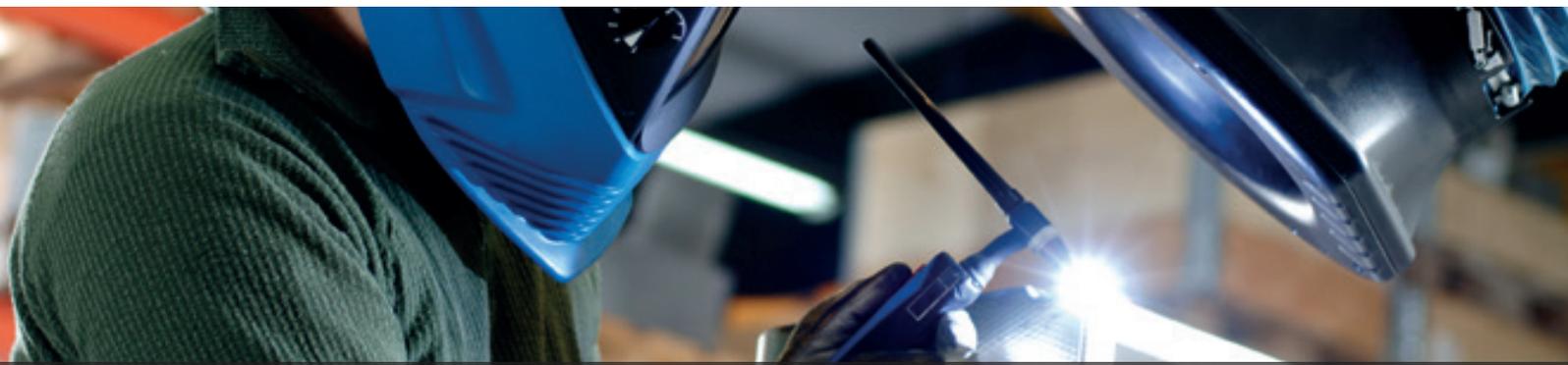
Nederman Monitoring & Control Technology's digital offering includes advanced measurement technology and a platform that consists of hardware installed in Nederman's products and solutions, and software that communicates with the cloud and provides customers with information and insight into critical parameters and processes.

	2020	1 Jan-31 Mar 2019	Currency-neutral growth %	Organic growth, %	Full year 2019	Apr-Mar 12 months
Order intake - External, SEKm						
Nederman Extraction & Filtration Technology	425.9	466.2	-9.3	-9.3	1,962.2	1,921.9
Nederman Process Technology	335.2	366.1	-10.3	-10.3	1,461.5	1,430.6
Nederman Duct & Filter Technology	117.4	126.0	-10.2	-10.2	473.5	464.9
Nederman Monitoring & Control Technology	116.6	60.7	93.9	-11.8	271.2	327.1
Total Nederman Group	995.1	1,019.0	-3.6	-9.9	4,168.4	4,144.5

	2020	1 Jan-31 Mar 2019	Currency-neutral growth %	Organic growth, %	Full year 2019	Apr-Mar 12 months
Total sales, SEKm						
Nederman Extraction & Filtration Technology	462.2	452.6	1.2	1.2	1,940.2	1,949.8
Nederman Process Technology	299.7	421.9	-30.5	-30.5	1,633.3	1,511.1
Nederman Duct & Filter Technology	132.1	133.7	-4.8	-4.8	555.4	553.8
Nederman Monitoring & Control Technology	108.4	53.5	105.8	7.7	280.3	335.2
Elimination	-21.9	-25.3			-101.5	-98.1
Total Nederman Group	980.5	1,036.4	-6.6	-11.7	4,307.7	4,251.8

	2020	1 Jan-31 Mar 2019	Full year 2019	Apr-Mar 12 months
Adjusted EBITA, SEKm				
Nederman Extraction & Filtration Technology	64.8	62.6	263.2	265.4
Nederman Process Technology	9.3	21.7	101.6	89.2
Nederman Duct & Filter Technology	15.7	16.8	69.6	68.5
Nederman Monitoring & Control Technology	10.6	-0.2	44.6	55.4
Other - non-allocated	-20.9	-17.1	-85.0	-88.8
Total Nederman Group	79.5	83.8	394.0	389.7

	2020	1 Jan-31 Mar 2019	Full year 2019	Apr-Mar 12 months
Adjusted EBITA margin, %				
Nederman Extraction & Filtration Technology	14.0	13.8	13.6	13.6
Nederman Process Technology	3.1	5.1	6.2	5.9
Nederman Duct & Filter Technology	11.9	12.6	12.5	12.4
Nederman Monitoring & Control Technology	9.8	-0.4	15.9	16.5
Total Nederman Group	8.1	8.1	9.1	9.2



Nederman Extraction & Filtration Technology's product range consists of a broad range of capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids or compressed air.

Nederman Extraction & Filtration Technology

Nederman Extraction & Filtration Technology's orders received amounted to SEK 426m (466) in the quarter. Sales amounted to SEK 462m (453) and the adjusted EBITA margin was 14.0 percent (13.8). The improved profitability is a result of higher sales and lower costs.

Development in the quarter

The development in the quarter was somewhat mixed. In Germany, orders received declined compared with the first quarter of 2019, mainly due to fewer system orders. Sales were stable and ended just under the level of a strong first quarter in 2019. The Nordic region displayed favourable sales for the quarter, while orders received declined following reduced activity in Denmark. Norway had strong orders received from the division's resellers.

In the UK, orders received and sales grew after a positive trend in systems sales and sales via resellers. Poland reported a healthy sales trend in the quarter, while orders received declined compared with the first quarter of 2019. In Southern Europe, orders received declined compared with the strong first quarter of 2019, mainly due to lower sales via resellers.

In North America, orders received declined year-on-year following lower demand for the division's system solutions. Sales were well in excess of the first quarter of 2019, due to a positive level of the number of completed and invoiced system sales. Brazil noted a favourable trend for orders received and sales, with one of the contributing factors being a significant order for the automotive industry.

In APAC, orders received were higher than the corresponding quarter in 2019 after healthy developments in Thailand, Indo-

nesia and Malaysia. At the end of the quarter, an upturn was also noted in orders received in China.

Effects of the corona pandemic

The ongoing pandemic has made it more difficult to visit customers, their plants and installations in progress. To address the reduced demand, shorter working hours have been introduced in all countries where it is possible, at the same time as a healthy level of deliveries and service is being maintained. The division has implemented measures to reduce the spread of infection in all areas of the business.

The pandemic is expected to have a significant impact on orders received and sales in the second quarter and the organisation will be adapted to address this situation. At the same time, it will be important to be flexible to be prepared for a return to more normal business conditions.

Nederman Extraction & Filtration Technology

Sales are conducted both via a network of partners and through our own sales companies. The division also has significant after-market sales in the form of sales of spare parts and service. Customers come from a number of different industries with various types of air emissions that must be dealt with in an efficient and safe manner. The business activities are conducted under the Nederman brand.

SEKm	Note	2020	1 Jan-31 Mar 2019	Currency- neutral growth, %	Organic growth, %	Full year 2019	Apr-Mar 12 months
Incoming orders - External		425.9	466.2	-9.3	-9.3	1,962.2	1,921.9
Total sales	2	462.2	452.6	1.2	1.2	1,940.2	1,949.8
Adjusted EBITA		64.8	62.6			263.2	265.4
Adjusted EBITA margin, %		14.0	13.8			13.6	13.6



Nederman Process Technology's products comprise advanced filter solutions and other process-critical equipment.

Nederman Process Technology

Nederman Process Technology's orders received amounted to SEK 335m (366) in the quarter. Sales amounted to SEK 300m (422) and the adjusted EBITA margin was 3.1 percent (5.1).

Development in the quarter

The decrease in orders received in the quarter was primarily attributable to the decline in the textile industry and a general downturn in China. The trend was partly offset by a favourable level of orders received in other industries and regions, mainly Americas, where the orders received were significantly higher than in the first quarter of 2019. Several large companies in the important textile and chemical industries announced during the quarter that they would reduce their investments, which will impact demand in the quarters to come.

Several of the ongoing projects were delayed during the quarter due to the corona pandemic, which explains to a degree the lower level of sales compared with the first quarter of 2019. However, it is not likely that orders will be cancelled since many of the projects are already at an advanced stage and because Nederman's part in them comprises a limited portion of the total cost.

The textile segment was challenging already prior to the corona pandemic and the first quarter of the year was difficult, not least in China. It is highly probable that the second quarter of the year will see a somewhat improved situation in China, but a very difficult situation in India, where the entire country has been locked down due to the pandemic.

The foundries and smelter segments performed favourably in Europe in the quarter, primarily driven by the aluminium recycling and asphalt applications industries. In APAC, the trend was the opposite, with declining orders received in China. The order book for the segment as a whole is at a favourable level. Some of the projects will probably be postponed to the future, but cancellations are not expected. The foundries segment is expected to be weak in the coming quarters as the automotive industry is essentially at a standstill.

Key activities

During the quarter, Nederman Process Technology continued the implementation of its strategy with the cornerstones of stronger productivity, globalisation of the business, service and digitalisation, and personnel development.

The efforts to improve productivity continued to generate results and costs during the quarter were 10 percent lower than in the corresponding quarter in 2019. The service and digitalisation strategy continues to generate results, including through a service contract with a value of SEK 30m.

Effects of the corona pandemic

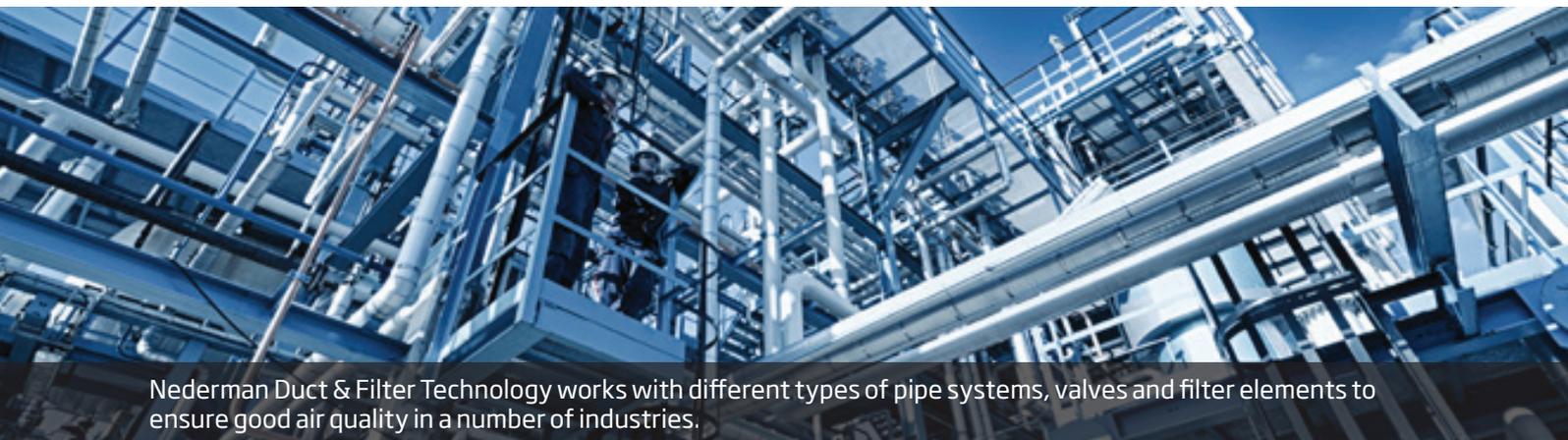
In principle, the division maintained normal production capacity during the quarter. All production facilities have taken precautionary measures to reduce the spread of infection.

The corona pandemic is expected to have consequences for orders received in the second quarter of the year. Orders received have declined in most markets and many customers want to postpone their deliveries because many of the end customers' operations have been shut down. Capacity and costs are being adapted to address the anticipated decrease in sales.

Nederman Process Technology

Sales activities are conducted by our sales force which has direct contact with the division's customers. The number of orders is few, but the individual order value is high. Nederman Process Technology works with a number of the world's leading companies and the relationships with customers are deep and long lasting. These customers are large companies in a wide range of industries, including the fibre, textile and chemical industries, metal recycling industry, foundries and smelters, and the waste industry. Nederman Process Technology carries on its business activities under four brands: MikroPul, Luwa, Pneumafil and LCI.

SEKm	Note	2020	1 Jan-31 Mar 2019	Currency- neutral growth, %	Organic growth, %	Full year 2019	Apr-Mar 12 months
Incoming orders - External		335.2	366.1	-10.3	-10.3	1,461.5	1,430.6
Total sales	2	299.7	421.9	-30.5	-30.5	1,633.3	1,511.1
Adjusted EBITA		9.3	21.7			101.6	89.2
Adjusted EBITA margin, %		3.1	5.1			6.2	5.9



Nederman Duct & Filter Technology works with different types of pipe systems, valves and filter elements to ensure good air quality in a number of industries.

Nederman Duct & Filter Technology

Nederman Duct & Filter Technology's orders received amounted to SEK 117m (126) in the quarter. Sales amounted to SEK 132m (134) and the adjusted EBITA margin was 11.9 percent (12.6). The trend in orders received compared with the fourth quarter of 2019 was positive for the division's two operations, Nordfab and Menardi.

Development in the quarter

Nordfab, which sells various types of pipe systems, had order growth of 17 percent compared with a weak fourth quarter in 2019, while profitability improved. During the quarter, Nordfab continued the expansion of its reseller network to further strengthen its market penetration. A new pipe system was launched in the quarter and the first installation was successfully completed.

Menardi, which sells the division's filter solutions, reported strong order growth compared with the fourth quarter of 2019, but lower orders received than in the first quarter of 2019, which contained a major order.

In North America, Nordfab have resolved the problems relating to the implementation of a new ERP system and the previous delivery problems have ended. Menardi noted strong growth compared with the final quarter of 2019.

In EMEA, Menardi secured a strategic order and orders received grew 122 percent compared with the corresponding quarter in 2019. Nordfab's orders received were on the same level as the fourth quarter in 2019, but were somewhat weaker compared with the strong first quarter of 2019.

In APAC, orders received grew 12.3 percent compared with the corresponding quarter in 2019. As a result of the organisational change process that was completed in the third quarter of 2019, profitability was significantly strengthened in the quarter.

Effects of the corona pandemic

All plants essentially maintained their normal production capacity during the quarter and experienced no problems in the supply chain, apart from some components from Italy and China, which did not have any immediate effect on production due to favourable inventory levels. All production facilities have taken precautionary measures to reduce the spread of infection. The plants in the US have been deemed to belong to the "essential production" category, which means they are permitted to maintain operations as previously.

The corona pandemic is expected to have consequences for orders received in the second quarter of the year. Orders received have already declined in most markets and many customers are postponing their deliveries as many of the end customers' operations have been shut down. Capacity and costs are being adapted to address the anticipated decrease in sales.

Nederman Duct & Filter Technology

Sales are mainly conducted via distributors, but Nederman Duct & Filter Technology also has a large share of internal sales to Nederman's other divisions. Customers are found in a wide range of industries, such as the woodworking industry, furniture industry, metalworking, cement & concrete industry, recycling industry, automotive industry, plastics manufacturing industry, chemical industry and others. Nederman Duct & Filter Technology carries on its business activities under two brands: Nordfab and Menardi.

SEKm	Note	2020	1 Jan-31 Mar 2019	Currency- neutral growth, %	Organic growth, %	Full year 2019	Apr-Mar 12 months
Incoming orders - External		117.4	126.0	-10.2	-10.2	473.5	464.9
Total sales	2	132.1	133.7	-4.8	-4.8	555.4	553.8
Adjusted EBITA		15.7	16.8			69.6	68.5
Adjusted EBITA margin, %		11.9	12.6			12.5	12.4



Nederman Monitoring & Control Technology's digital offering includes advanced solutions for emission monitoring and process control that provide customers with information on critical parameters and processes.

Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology's operations almost doubled in the quarter due to the acquisition of Gasmot, which was completed in the autumn of 2019. Orders received amounted to SEK 117m (61) in the quarter. Sales amounted to SEK 108m (54) and the adjusted EBITA margin was 9.8 percent (-0.4). With the acquisition of Gasmot in the autumn of 2019, the division has strengthened its position significantly. The product mix and a broad geographic presence improved the division's ability to manage the major fluctuations in demand caused by the corona pandemic.

Development in the quarter

In APAC, demand grew for the division's emission monitoring solutions (monitoring and emission control of gases and particles in the local environment). This positive trend was particularly apparent in China. Demand for the division's process control solutions (management and control of manufacturing processes) was weaker during the quarter, although some recovery was visible at the end of the quarter.

In Europe, demand for process control solutions was relatively weak, while sales were in line with the corresponding quarter in 2019. Demand for emission monitoring solutions improved somewhat compared with the first quarter of 2019 and closed at a satisfactory level.

In North America, where process control solutions continue to dominate the operations, orders received rose, while sales were on par with the same period in 2019.

Product launch

The quarter saw the launch of Gasmot's new monitoring product, CMM AutoQAL, which is equipped with new technology that reduces the need for costly manual validation, thereby increasing Gasmot's technology lead over its competitors.

Effects of the corona pandemic

The corona pandemic has primarily restricted demand for process control solutions. At the start of the quarter, when the pandemic mainly impacted China and other countries in Asia, sales and

efforts were concentrated to Europe and North America. Toward the end of the quarter, the opposite occurred when the market in China began to open up, while countries in Europe and North America closed down. Some delays to deliveries to China were experienced during the first quarter, which partly impacted sales.

All of the division's plants have implemented the applicable safety rules to reduce the spread of infection while protecting production and delivery capacity. The supply of components was satisfactory in the quarter and the production plants functioned as previously.

The corona pandemic is expected to have a negative impact on demand for the division's products during the second quarter of the year, mainly in Europe and North America. Accordingly, sales resources will be more concentrated to Asia and with a focus on China. The division will monitor developments closely and will gradually resume addressing the markets in Europe and North America as this becomes possible.

Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology conducts sales through the division's own companies and their network of distributors. Sales are also conducted through other divisions within Nederman. Monitoring & Control Technology works with a broad spectrum of industries that need to continuously monitor and steer their production and processes. Nederman Monitoring & Control Technology conducts its business activities under four brands: Nederman Insight, NEO Monitors, Auburn FilterSense and Gasmot.

SEKm	Note	2020	1 Jan-31 Mar 2019	Currency- neutral growth, %	Organic growth, %	Full year 2019	Apr-Mar 12 months
Incoming orders - External		116.6	60.7	93.9	-11.8	271.2	327.1
Total sales	2	108.4	53.5	105.8	7.7	280.3	335.2
Adjusted EBITA		10.6	-0.2			44.6	55.4
Adjusted EBITA margin, %		9.8	-0.4			15.9	16.5

January - March 2020

Incoming orders and sales

Incoming orders were SEK 995m (1,019), equivalent to a currency-neutral decrease of 3.6 percent compared with the same period last year.

Sales amounted to SEK 981m (1,036), equivalent to a currency-neutral decrease of 6.6 percent compared with the same period last year.

Profit/loss

Consolidated operating profit for the period was SEK 64.2m (72.1), which gave an operating margin of 6.5 percent (7.0).

Adjusted operating profit amounted to SEK 65.1m (73.1). Adjusted operating margin was 6.6 percent (7.1).

Profit before tax decreased to SEK 46.4m (64.2). Net profit was SEK 34.2m (46.2), which gave earnings per share of SEK 0.98 (1.32).

Cash flow

Cash flow for the period amounted to SEK -57.8m (-73.9) and cash flow from operating activities amounted to SEK 13.4m (-45.1).

Capital expenditure

Capital expenditure in intangible and tangible assets amounted to SEK 28.0m (18.9), of which capitalised development expenses amounted to SEK 1.3m (2.4).

Other financial information

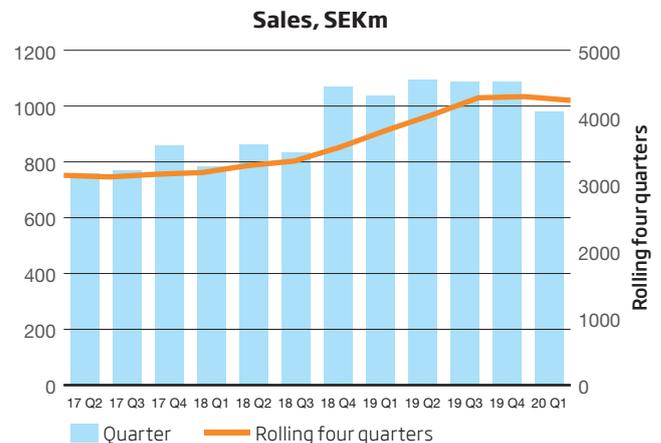
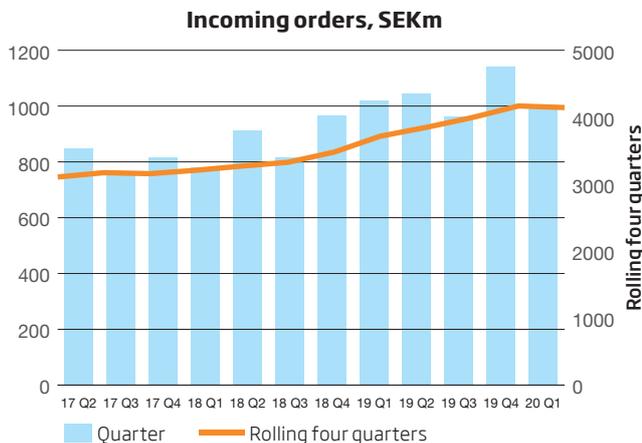
Liquidity: At the end of the period the Group had SEK 406.5m in cash and cash equivalents as well as SEK 163m in available but unutilised overdraft facilities. In addition, there was a credit facility of SEK 386m, which is a part of Nederman's loan agreement with SEB and SHB.

The equity in the Group as of 31 March 2020 amounted to SEK 1,463.1m (1,339.6). The total number of shares outstanding was 35,093,096 at the end of the period.

The equity ratio for the Group was 29.7 percent as of 31 March 2020 (32.1). The net debt/equity ratio was 112.7 percent (64.9).

Number of employees

The average number of employees during the period was 2,243 (2,256). The number of employees at the end of the period was 2,332 (2,303).



Key figures, Group

SEKm	2020	1 Jan-31 Mar 2019	Full year 2019	Apr-Mar 12 months
Net sales	980.5	1,036.4	4,307.7	4,251.8
Adjusted EBITDA	107.1	108.5	495.8	494.4
Adjusted EBITDA margin, %	10.9	10.5	11.5	11.6
Operating profit	64.2	72.1	343.2	335.3
Operating margin, %	6.5	7.0	8.0	7.9
Adjusted operating profit	65.1	73.1	349.1	341.1
Adjusted operating margin, %	6.6	7.1	8.1	8.0
Profit before tax	46.4	64.2	307.3	289.5
Net profit	34.2	46.2	225.8	213.8
Earnings per share, SEK	0.98	1.32	6.43	6.09
Return on equity, %	9.6	14.4	17.3	15.3
Return on operating capital, %	8.6	13.8	14.1	12.8
Net debt			1,564.1	1,649.0
Net debt/equity ratio, %			113.5	112.7
Net debt/Adjusted EBITDA, multiple			3.2	3.3
Interest cover ratio, multiple			8.1	6.7

Outlook

There is currently extreme uncertainty regarding the development of the global economy. For the second quarter of the year, Nederman expects the effects of the corona pandemic to be considerable in most of the Group's markets, not least in Europe and North America, where a large number of countries have closed down all non-essential operations. The Chinese market is expected to continue displaying signs of recovery during the quarter, provided the corona epidemic in the country continues to be kept under control, while the situation in several Asian countries is

more troubling. It is currently impossible to estimate exactly how extensive the effects of the corona pandemic will be or how protracted in terms of time.

Nederman has introduced several measures to prepare the Group for a prolonged difficult situation and will in the second quarter implement the measures required by the continued developments.

Dividend

Due to the ongoing corona pandemic, the Board of Directors has withdrawn its proposal to the AGM for a dividend and will evaluate the possibility for a dividend payment later in the year.

Nomination Committee

According to the guidelines approved by the Annual General Meeting concerning the work of the Nomination Committee, Anders Mörrck (Investment AB Latour), Chairman, Claes Murander (Lannebo Fonder), Henrik Forsberg Schoultz (Ernström & Co) and Fredrik Ahlin (IF Skadeförsäkring AB (publ)), have been appointed

members of the Nomination Committee ahead of the 2020 Annual General Meeting. Johan Hjertansson, Chairman of Nederman's Board of Directors, is a co-opted member of the Committee. For questions concerning the work of the Nomination Committee, contact anders.morck@latour.se.

Regions

	2020	1 Jan-31 Mar 2019	Full year 2019	Apr-Mar 12 months
External order intake, SEKm				
Americas	344.3	305.8	1,292.3	1,330.8
EMEA	510.0	517.0	2,204.5	2,197.5
APAC	140.8	196.2	671.6	616.2
Total Nederman Group	995.1	1,019.0	4,168.4	4,144.5

	2020	1 Jan-31 Mar 2019	Full year 2019	Apr-Mar 12 months
External net sales, SEKm				
Americas	320.9	324.8	1,380.4	1,376.5
EMEA	529.8	524.5	2,190.5	2,195.8
APAC	129.8	187.1	736.8	679.5
Total Nederman Group	980.5	1,036.4	4,307.7	4,251.8

Impact of the corona pandemic on Nederman

The ongoing corona pandemic has had and will continue to have a major impact on the Nederman Group. Below is an overview of how the Group was affected in the first quarter, the assessments made for the second quarter of the year, and what Nederman is doing to address this extreme situation.

Effects on Nederman's markets

- At the beginning of the first quarter of the year, demand declined strongly in Asia, particularly in China.
- Reduced demand from EMEA and Americas became noticeable at the end of the quarter.
- At about the same time as weaker demand appeared in EMEA and Americas, the first signs of recovery began to be seen in China.
- If the situation does not worsen again in China, the Group expects a continued cautious recovery in this market, while demand in the markets in Europe and Americas is expected to be low in the second quarter.

Effects on Nederman during the first quarter of 2020

- Some delivery problems were encountered during the quarter, primarily to and from China, and certain projects in Europe and North America were delayed, which had a negative effect on sales and result.
- Sales in Americas and EMEA were in line with the corresponding quarter in 2019, while sales in APAC displayed a considerable decline, and the Group's sales was below expectations held at the beginning of the year.
- The adjusted operating profit for the Group in its entirety amounted to SEK 65.1m for the quarter, which can be compared with a profit for the first quarter of 2019 of SEK 73.1m.

Anticipated future effects

- Since several countries throughout the world are more or less closed at the beginning of the second quarter, Nederman anticipates a significant impact on sales and earnings. It is not possible at the current time to quantify the extent of this impact. Nor is it possible to have a precise view of how long-lasting the effects will be or how quickly the economy will recover when we return to more normal conditions.

Nederman's measures

To protect its employees and prepare the Group for a challenging time, Nederman has implemented a long line of measures:

- Recommended hygiene routines have been implemented in all areas of the operations to limit the spread of infection in the company and the community.
- At some plants, shift work, with separated work teams, has been introduced to limit the risk that any spread of infection could affect production capacity.
- Temporary lay-offs and short-time working have been implemented at the plants where this is possible.
- Some inventory accumulation of components has been permitted in order to ensure continued delivery capacity, while potential new suppliers have also been identified. To date, the Group has not experienced any significant delivery problems, apart from the plants in China and India, which were closed down as a result of official decisions.
- It is essential to maintain healthy liquidity under the prevailing circumstances. Accordingly, Nederman's Board of Directors has withdrawn its earlier dividend proposal, and will evaluate the possibilities of a dividend payment later this year.
- The Group has expanded its credit facilities.
- Nederman is maintaining a high level of readiness to implement prepared measures to reduce costs depending on how the situation develops.

Statement

The Board and CEO confirm that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the Group. The report has not been reviewed by the company's auditor.

Helsingborg 21 April 2020

Johan Hjertonsson
Chairman

Gunilla Fransson
Member of the Board

Ylva op den Velde Hammargren
Member of the Board

Sam Strömerstén
Member of the Board

Sven Kristensson
Member of the Board
and CEO

Johan Menckel
Member of the Board

Consolidated income statement in summary

SEK million	Note	1 Jan–31 Mar		Full year	Apr–Mar
		2020	2019	2019	12 months
Net sales	2.3	980.5	1,036.4	4,307.7	4,251.8
Cost of goods sold		-612.9	-659.7	-2,716.4	-2,669.6
Gross profit		367.6	376.7	1,591.3	1,582.2
Selling expenses		-205.6	-209.1	-828.8	-825.3
Administrative expenses		-86.3	-80.9	-342.8	-348.2
Research and development expenses		-20.3	-14.5	-65.2	-71.0
Acquisition costs		-0.9	-1.0	-5.9	-5.8
Other operating income/expenses		9.7	0.9	-5.4	3.4
Operating profit		64.2	72.1	343.2	335.3
Financial income		0.4	2.9	8.4	5.9
Financial expense		-18.2	-10.8	-44.3	-51.7
Net financial items		-17.8	-7.9	-35.9	-45.8
Profit before tax		46.4	64.2	307.3	289.5
Taxes		-12.2	-18.0	-81.5	-75.7
Net profit		34.2	46.2	225.8	213.8
Net profit attributable to:					
The parent company's shareholders		34.2	46.2	225.8	213.8
Earnings per share					
before dilution (SEK)		0.98	1.32	6.43	6.09
after dilution (SEK)		0.98	1.32	6.43	6.09

Consolidated statement of comprehensive income in summary

SEK million	1 Jan–31 Mar		Full year	Apr–Mar
	2020	2019	2019	12 months
Net profit	34.2	46.2	225.8	213.8
Other comprehensive income				
Items that cannot be reclassified to net profit				
Revaluation of defined-benefit pension plans	-	-0.5	-62.4	-61.9
Tax attributable to items that cannot be reclassified to net profit	-	0.1	13.5	13.4
	-	-0.4	-48.9	-48.5
Items that have been or can be reclassified to net profit				
Exchange differences arising on translation of foreign operations	50.7	58.9	46.8	38.6
Cash flow hedges	-	-0.0	0.0	0.0
Tax attributable to items that can be reclassified to net profit	-	0.0	-	-0.0
	50.7	58.9	46.8	38.6
Other comprehensive income for the period, net of tax	50.7	58.5	-2.1	-9.9
Total comprehensive income for the period	84.9	104.7	223.7	203.9
Total comprehensive income attributable to:				
The parent company's shareholders	84.9	104.7	223.7	203.9

Consolidated statement of financial position in summary

SEK million	Note	31 March 2020	31 March 2019	31 Dec 2019
Assets				
Goodwill		1,653.3	1,216.2	1,612.2
Other intangible assets		441.1	267.9	425.2
Tangible assets		346.7	321.6	335.3
Right-of-use assets		271.9	212.7	257.7
Long-term receivables		6.4	12.8	5.3
Deferred tax assets		13.3	22.3	8.2
Total fixed assets		2,732.7	2,053.5	2,643.9
Inventories		664.0	618.6	610.3
Accounts receivable	4	663.5	604.5	619.3
Other current receivables	4	463.5	490.5	427.7
Cash and cash equivalents	4	406.5	403.3	445.3
Total current assets		2,197.5	2,116.9	2,102.6
Total assets		4,930.2	4,170.4	4,746.5
Equity				
		1,463.1	1,339.6	1,378.2
Liabilities				
Long-term interest-bearing liabilities	4	1,610.1	927.3	1,575.6
Long-term lease liabilities	4	218.9	175.1	208.4
Other long-term liabilities	4	4.7	241.6	4.9
Pension liabilities		156.0	91.6	153.1
Other provisions		18.3	18.3	21.0
Deferred tax liabilities		24.0	31.0	22.9
Total long-term liabilities		2,032.0	1,484.9	1,985.9
Current interest-bearing liabilities	4	-	16.3	5.0
Current lease liabilities	4	70.5	62.6	67.3
Accounts payable	4	456.6	436.3	423.2
Other current liabilities	4	881.0	803.1	860.7
Provisions		27.0	27.6	26.2
Total current liabilities		1,435.1	1,345.9	1,382.4
Total liabilities		3,467.1	2,830.8	3,368.3
Total equity and liabilities		4,930.2	4,170.4	4,746.5

Consolidated statement of changes in equity in summary

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Opening balance at beginning of period	1,378.2	1,234.9	1,234.9
Net profit	34.2	46.2	225.8
Other comprehensive income			
Change in translation reserve for the period	50.7	58.9	46.8
Cash flow hedges, net of tax	-	-0.0	0.0
Revaluation of defined-benefit pension plans, net of tax	-	-0.4	-48.9
Total other comprehensive income for the period	50.7	58.5	-2.1
Total comprehensive income for the period	84.9	104.7	223.7
Transactions with Group owners			
Dividend paid	-	-	-80.7
Share-based remuneration	-	-	0.3
Closing balance at end of period	1,463.1	1,339.6	1,378.2

Consolidated cash flow statement in summary

SEK million	Note	1 Jan-31 Mar 2020	2019	Full year 2019	Apr-Mar 12 months
Operating profit		64.2	72.1	343.2	335.3
Adjustment for:					
Depreciation and amortisation of fixed assets		42.0	35.4	146.7	153.3
Other adjustments		-4.5	-0.1	-0.8	-5.2
Interest received and paid including other financial items		-13.2	-9.9	-36.5	-39.8
Taxes paid		-16.6	-31.0	-77.8	-63.4
Cash flow from operating activities before changes in working capital		71.9	66.5	374.8	380.2
Cash flow from changes in working capital		-58.5	-111.6	-53.5	-0.4
Cash flow from operating activities		13.4	-45.1	321.3	379.8
Net investment in fixed assets		-26.3	-19.1	-89.6	-96.8
Acquisitions	5	-19.3	-	-656.6	-675.9
Cash flow before financing activities		-32.2	-64.2	-424.9	-392.9
Dividend paid		-	-	-80.7	-80.7
Cash flow from other financing activities		-25.6	-9.7	485.4	469.5
Cash flow for the period		-57.8	-73.9	-20.2	-4.1
Cash and cash equivalents at beginning of period		445.3	463.9	463.9	403.3
Translation differences		19.0	13.3	1.6	7.3
Cash and cash equivalents at end of period		406.5	403.3	445.3	406.5

Income statement for the parent company in summary

SEK million	1 Jan–31 Mar		Full year	Apr–Mar
	2020	2019	2019	12 months
Net sales	7.8	7.7	26.9	27.0
Administrative expenses	-29.2	-30.3	-117.4	-116.3
Research and development expenses	-0.3	-0.0	-	-0.3
Other operating revenue and expenses	0.1	0.4	0.3	-0.0
Operating profit/loss	-21.6	-22.2	-90.2	-89.6
Result from investment in subsidiaries	-	-	72.6	72.6
Other financial items	-1.9	-8.5	-16.1	-9.5
Profit/loss after financial items	-23.5	-30.7	-33.7	-26.5
Appropriations	-	-	144.0	144.0
Profit/loss before tax	-23.5	-30.7	110.3	117.5
Taxes	-3.6	-2.0	-13.9	-15.5
Net profit/loss for the period	-27.1	-32.7	96.4	102.0

Statement of comprehensive income for the parent company in summary

SEK million	1 Jan–31 Mar		Full year	Apr–Mar
	2020	2019	2019	12 months
Net profit/loss	-27.1	-32.7	96.4	102.0
Other comprehensive income	-	-	-	-
Items that cannot be reclassified to net profit/loss	-	-	-	-
Items that have been or can be reclassified to net profit/loss	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-27.1	-32.7	96.4	102.0

Balance sheet for the parent company in summary

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Assets			
Total fixed assets	2,141.1	1,607.2	2,126.9
Total current assets	397.7	347.4	398.1
Total assets	2,538.8	1,954.6	2,525.0
Shareholders' Equity	890.8	869.3	917.9
Untaxed reserves	-	1.4	-
Liabilities			
Total long-term liabilities	1,177.6	691.3	1,170.9
Total current liabilities	470.4	392.6	436.2
Total liabilities	1,648.0	1,083.9	1,607.1
Total equity and liabilities	2,538.8	1,954.6	2,525.0

Statement of changes in parent company shareholders' equity in summary

SEK million	31 March 2020	31 March 2019	31 Dec 2019
Opening balance at beginning of period	917.9	901.9	901.9
Net profit/loss	-27.1	-32.7	96.4
Other comprehensive income			
Total other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-27.1	-32.7	96.4
Transactions with owners			
Dividend paid	-	-	-80.7
Share-based remuneration	-	-	0.3
Closing balance at end of period	890.8	869.2	917.9

Note 1: Accounting policies

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The report for the parent company has been prepared in accordance with Swedish Annual Accounts Act chapter 9 and RFR 2. The same accounting policies and valuation principles, except for amendments below, as described in the latest annual report, see also pages 93-98 of the 2019 Annual Report, have been applied both to the Group and the parent company.

Changes that will come into effect on 1 January 2020 and beyond

IFRS 3 Business Combinations: The revised definition of a business combination and the classification of acquisitions as either an asset acquisition or a business combination will be applied to transactions that occur as of the financial year commencing 1 January 2020 or later.

IAS 1 Presentation of Financial Statements: The definition of the term “material” has been harmonised and clarified, and pertains to information that can reasonably be expected to affect primary users of the financial statements. The revised definition is applied as of the financial year commencing 1 January 2020 or later.

Note 2: Allocation of sales

SEKm	1 Jan-31 Mar 2020			
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	191.9	186.3	84.0	462.2
Nederman Process Technology	0.1	211.3	88.3	299.7
Nederman Duct & Filter Technology	120.5	8.5	3.1	132.1
Nederman Monitoring & Control Technology	98.1	-	10.3	108.4
Elimination	-9.0	-8.8	-4.1	-21.9
Total Nederman Group	401.6	397.3	181.6	980.5

SEKm	1 Jan-31 Mar 2019			
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	197.9	171.6	83.1	452.6
Nederman Process Technology	0.2	332.1	89.6	421.9
Nederman Duct & Filter Technology	122.4	8.4	2.9	133.7
Nederman Monitoring & Control Technology	53.1	-	0.4	53.5
Elimination	-10.8	-9.8	-4.7	-25.3
Total Nederman Group	362.8	502.3	171.3	1,036.4

SEKm	Full year 2019			
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	793.0	796.7	350.5	1,940.2
Nederman Process Technology	1.1	1,260.2	372.0	1,633.3
Nederman Duct & Filter Technology	504.6	37.3	13.5	555.4
Nederman Monitoring & Control Technology	276.1	-	4.2	280.3
Elimination	-38.9	-42.6	-20.0	-101.5
Total Nederman Group	1,535.9	2,051.6	720.2	4,307.7

Performance obligations for sales of Products and Service and aftermarket are satisfied at the point in time at which the customer obtains control. Performance obligations from sales of solutions, in terms of project sales, are satisfied over time. Revenue is recognised according to the project's rate of progression towards completion.

Note 3: Operating segment reporting

Segment reporting is based on reports submitted to the Group's senior executives. Nederman Group is divided into four operating segments; Nederman Extraction & Filtration Technology, Nederman Process Technology, Nederman Duct & Filter Technology and Nederman Monitoring & Control Technology, which are described further on pages 4-7. The division is based on technology, customers and business logic with the aim of increasing both growth and profitability through simple structures and clear focus. Non-allocated items refer mainly to costs relating to the parent company, Nederman Holding AB, which includes the central head office functions.

		1 Jan-31 Mar	Full year	Apr-Mar
Order intake - External, SEKm	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	425.9	466.2	1,962.2	1,921.9
Nederman Process Technology	335.2	366.1	1,461.5	1,430.6
Nederman Duct & Filter Technology	117.4	126.0	473.5	464.9
Nederman Monitoring & Control Technology	116.6	60.7	271.2	327.1
Total Nederman Group	995.1	1,019.0	4,168.4	4,144.5

		1 Jan-31 Mar	Full year	Apr-Mar
Total sales, SEKm	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	462.2	452.6	1,940.2	1,949.8
Nederman Process Technology	299.7	421.9	1,633.3	1,511.1
Nederman Duct & Filter Technology	132.1	133.7	555.4	553.8
Nederman Monitoring & Control Technology	108.4	53.5	280.3	335.2
Elimination	-21.9	-25.3	-101.5	-98.1
Total Nederman Group	980.5	1,036.4	4,307.7	4,251.8

		1 Jan-31 Mar	Full year	Apr-Mar
Adjusted EBITA, SEKm	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	64.8	62.6	263.2	265.4
Nederman Process Technology	9.3	21.7	101.6	89.2
Nederman Duct & Filter Technology	15.7	16.8	69.6	68.5
Nederman Monitoring & Control Technology	10.6	-0.2	44.6	55.4
Other - non-allocated	-20.9	-17.1	-85.0	-88.8
Total Nederman Group	79.5	83.8	394.0	389.7

		1 Jan-31 Mar	Full year	Apr-Mar
Adjusted EBITA margin, %	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	14.0	13.8	13.6	13.6
Nederman Process Technology	3.1	5.1	6.2	5.9
Nederman Duct & Filter Technology	11.9	12.6	12.5	12.4
Nederman Monitoring & Control Technology	9.8	-0.4	15.9	16.5
Total Nederman Group	8.1	8.1	9.1	9.2

Note 4: Fair value and reported value in the statement of financial position

	31 March 2020			
SEK million	Measured at fair value via income statement	Derivatives that are used for hedge accounting	Financial instruments not reported at fair value	Total carrying amount
Accounts receivable	-	-	663.5	663.5
Foreign exchange forward contracts entered *)	3.2	-	-	3.2
Other current receivables	-	-	303.1	303.1
Cash and cash equivalents	-	-	406.5	406.5
Total	3.2	-	1,373.1	1,376.3
Financial leasing liabilities	-	-	289.4	289.4
Bank loans	-	-	1,610.1	1,610.1
Accounts payable	-	-	456.6	456.6
Other long-term liabilities	-	-	4.7	4.7
Other current liabilities	-	-	776.0	776.0
Total	-	-	3,136.8	3,136.8

*) The Group holds financial instruments in the form of currency futures that are recorded at fair value in the balance sheet. The fair value of currency futures is determined by discounting the difference between the contracted forward rate and the forward rate that can be subscribed on the closing date for the remaining contracted period. Discounting is made using market rates. The fair value for all contracts has been determined from directly or indirectly observable market data, i.e. level 2 according to IFRS 13. For other financial instruments, the fair value and the book value are materially consistent. For further information, refer to note 26 in the 2019 Annual Report.

Note 5: Acquisition

On April 5, 2018 Nederman acquired 100 percent of the shares in the US company Auburn FilterSense LLC (AFS). The purchase price amounted to SEK 65.0m, of which SEK 20.7m constitutes a possible additional purchase price based on profitability in 2018 and 2019. In the first quarter 2020 the remaining part of the total additional purchase price was paid out.

Note 6: Transactions with related parties

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with Group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous year. Further, no Group company has provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives.

Note 7: Alternative performance measures

In addition to information on our reported IFRS results, we provide certain information on an underlying business performance basis. We believe that our underlying business performance measures provide meaningful supplemental information to both management, investors and other stakeholders. These underlying business performance measures should not be viewed in isolation or as substitutes to the equivalent IFRS measures, but should be used in conjunction with the most directly comparable IFRS measures in the reported results. This is a consistent application compared to previous periods. See page 25 for definitions.

The following underlying business measures are used:

Adjusted operating profit	Adjusted EBITDA	Return on operating capital
Adjusted operating margin	Adjusted EBITDA margin	Net debt/Adjusted EBITDA
EBITA	Equity/asset ratio	Interest Cover Ratio
Adjusted EBITA	Net debt	Order growth
Adjusted EBITA margin	Net debt/equity ratio	Sales growth
EBITDA	Return on equity	

SEK million	1 Jan-31 Mar		Full year	Apr-Mar
	2020	2019	2019	12 months
Operating profit	64.2	72.1	343.2	335.3
Acquisition cost	0.9	1.0	5.9	5.8
Adjusted operating profit	65.1	73.1	349.1	341.1
Adjusted operating profit	65.1	73.1	349.1	341.1
Net sales	980.5	1,036.4	4,307.7	4,251.8
Adjusted operating margin, %	6.6	7.1	8.1	8.0
Operating profit	64.2	72.1	343.2	335.3
Amortisation intangible assets	14.4	10.7	44.9	48.6
EBITA	78.6	82.8	388.1	383.9
EBITA	78.6	82.8	388.1	383.9
Acquisition cost	0.9	1.0	5.9	5.8
Adjusted EBITA	79.5	83.8	394.0	389.7
Adjusted EBITA	79.5	83.8	394.0	389.7
Net sales	980.5	1,036.4	4,307.7	4,251.8
Adjusted EBITA margin, %	8.1	8.1	9.1	9.2
Operating profit	64.2	72.1	343.2	335.3
Depreciation and amortisation	42.0	35.4	146.7	153.3
EBITDA	106.2	107.5	489.9	488.6
EBITDA	106.2	107.5	489.9	488.6
Acquisition cost	0.9	1.0	5.9	5.8
Adjusted EBITDA	107.1	108.5	495.8	494.4
Adjusted EBITDA	107.1	108.5	495.8	494.4
Net sales	980.5	1,036.4	4,307.7	4,251.8
Adjusted EBITDA margin, %	10.9	10.5	11.5	11.6

Note 7: Alternative performance measures, cont'd

SEK million	2020	1 Jan-31 Mar 2019	Full year 2019	Apr-Mar 12 months
Equity - Closing balance			1,378.2	1,463.1
Total assets (balance sheet total)			4,746.5	4,930.2
Equity/asset ratio, %			29.0	29.7
Cash and cash equivalents			445.3	406.5
Long-term interest-bearing liabilities			1,575.6	1,610.1
Long-term lease liabilities			208.4	218.9
Pension liabilities			153.1	156.0
Current interest-bearing liabilities			5.0	-
Current lease liabilities			67.3	70.5
Net debt			1,564.1	1,649.0
Net debt			1,564.1	1,649.0
Equity - Closing balance			1,378.2	1,463.1
Net debt/equity ratio, %			113.5	112.7
Equity - Opening balance	1,378.2	1,234.9	1,234.9	1,339.6
Equity - Closing balance	1,463.1	1,339.6	1,378.2	1,463.1
Equity - average	1,420.6	1,287.3	1,306.6	1,401.3
Net profit	34.2	46.2	225.8	213.8
Return on equity, %	9.6	14.4	17.3	15.3
Equity - average	1,420.6	1,287.3	1,306.6	1,401.3
Net Debt - opening balance	1,564.1	787.6	787.6	869.6
Net Debt - closing balance	1,649.0	869.6	1,564.1	1,649.0
Net Debt - average	1,606.6	828.6	1,175.9	1,259.3
Operating capital - average	3,027.2	2,115.9	2,482.5	2,660.6
Adjusted operating profit	65.1	73.1	349.1	341.1
Return on operating capital, %	8.6	13.8	14.1	12.8
Net debt			1,564.1	1,649.0
Adjusted EBITDA			495.8	494.4
Net debt/Adjusted EBITDA, multiple			3.2	3.3
Profit before tax			307.3	289.5
Financial expense			44.3	51.7
Acquisition cost			5.9	5.8
EBT excluding financial expenses & acquisition costs			357.5	347.0
Financial expense			44.3	51.7
Interest cover ratio, multiple			8.1	6.7

Note 7: Alternative performance measures, cont'd

SEK million	2020	1 Jan-31 Mar 2019	Full year 2019
Incoming orders, same period in previous year	1,019.0	781.7	3,479.5
Change in incoming orders, organic	-101.1	16.8	102.3
Change in incoming orders, currency effects	13.0	58.0	158.9
Change in incoming orders, acquisitions	64.2	162.5	427.7
Incoming orders	995.1	1,019.0	4,168.4
Order growth, %, organic	-9.9	2.1	2.9
Order growth, %, currency effects	1.2	7.5	4.6
Order growth, %, acquisitions	6.3	20.8	12.3
Order growth, %	-2.4	30.4	19.8
Net sales, comparative period previous year	1,036.4	785.8	3,553.9
Change in net sales, organic	-121.3	-2.9	-39.5
Change in net sales, currency effects	12.9	58.2	163.4
Change in net sales, acquisitions	52.5	195.3	629.9
Net sales	980.5	1,036.4	4,307.7
Sales growth, %, organic	-11.7	-0.4	-1.1
Sales growth, %, currency effects	1.2	7.5	4.6
Sales growth, %, acquisitions	5.1	24.8	17.7
Sales growth, %	-5.4	31.9	21.2

Note 8: Risks and uncertainties

Nederman is exposed to a number of risks that could significantly impact the Group's operations, earnings and financial position. Nederman conducts continuous risk assessments that include identifying the risks that impact the Group and taking measures to manage these risks. Nederman does not calculate the economic value of all risks because many of them are highly complex and interrelated. However, the practical management of these risks is facilitated in several different ways, including through Group-wide policies, business processes, training, internal controls, and processes for the audit and approval of reports. Nederman Group's risks are organised into four categories: Strategic risks, Operating risks, Compliance risks and Financial risks. For a more detailed description of these risks, refer to the Risk Management section on pages 78-79 and in note 26 of the Nederman Group's 2019 Annual and Sustainability Report.

Update of risks during the reporting period

As a result of the Corona outbreak, risks have changed during the reporting period, and this is described in the section entitled "Impact of the corona pandemic on Nederman" on page 11.

Definitions

Adjusted EBITA

Operating profit before amortisation and impairment loss of intangible assets, excluding acquisition and restructuring costs.

Adjusted EBITA margin

Adjusted EBITA as percentage of net sales.

Adjusted EBITDA

Operating profit before depreciation/amortisation and impairment loss, excluding acquisition and restructuring costs.

Adjusted EBITDA margin

Adjusted EBITDA as percentage of net sales.

Adjusted operating margin

Adjusted operating profit as percentage of net sales.

Adjusted operating profit

Operating profit excluding acquisition and restructuring costs.

Annual average

Average of opening and closing balance.

Currency-neutral growth

Currency-neutral growth is the growth rate that does not come from currency effects, compared with the corresponding period in the previous year.

Earnings per share (after dilution)

Net profit attributable to Parent Company shareholders in relation to average number of share outstanding plus average number of convertibles and options, as calculated in accordance with IAS 33.

Earnings per share (before dilution)

Net profit attributable to Parent Company shareholders divided by average number of shares outstanding.

EBITA

Operating profit before amortisation and impairment loss of intangible assets.

EBITA margin

EBITA in percentage of sales.

EBITDA

Operating profit before depreciation/amortisation and impairment loss.

EBITDA margin

EBITDA as a percentage of net sales.

Equity ratio

Equity divided by total assets (balance sheet total).

Interest Cover Ratio

Profit before tax with return of financial expenses in relation to financial expenses.

Net debt

Interest-bearing liabilities (including pensions) minus cash and cash equivalents.

Net debt/equity ratio

Net debt divided by shareholders' equity.

Operating capital

Shareholders' equity plus net debt.

Operating margin

Operating profit as percentage of net sales.

Operating profit/loss

Operating profit after depreciation/amortisation and impairment loss.

Organic growth

Organic growth is the growth rate that does not come from acquisitions and currency effects, compared with the corresponding period in the previous year.

Return on equity

Net profit for the period divided by average shareholders' equity.

Return on operating capital

Adjusted operating profit as a percentage of average operating capital.

Financial calendar

Invitation to telephone conference

A telephone conference regarding the report will be held, in English, today, Tuesday 21 April 2020 at 10.00. Nederman's President and CEO, Sven Kristensson and CFO, Matthew Cusick will present the report and answer questions.

To participate in the conference please call +46 8 5055 8365 or UK tel. no. +44 33 3300 9267. The conference will also be streamed over the internet.

Visit our website to participate in the webcast:

<http://www.nedermangroup.com/sv-SE/Investors/Reports/Webcast>.

Financial calendar

- Annual General Meeting 27 April 2020
- Interim report 2 17 July 2020 (new date)
- Interim report 3 23 October 2020

This report contains forward-looking statements that are based on the current expectations of Nederman's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

Nederman is required to disclose the information provided herein according to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instrument Trading Act. The information has been made public at 08.00 CET on 21 April 2020.

Further information can be obtained from

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A global group

Nederman is one of the world's leading developers of products and solutions for advanced air filtration in demanding industrial environments. Our offering comprises individual products, complete solutions, project design, installation, commissioning and service.

Our head office is located in Helsingborg and we currently have about 2,400 employees, with manufacturing in 13 countries and sales in more than 50 markets through our own sales organisation, agents or resellers.

COMPETITIVE PRODUCTS

All of Nederman's products are developed for the purpose of promoting health and safety, enhancing production efficiency and minimising the customers' environmental impact. Today, we are leaders in the development of digital products and solutions to safeguard the future for our customers in energy use, recycling and compliance with regulatory requirements. Sales of individual products, small and medium-sized systems, and major system solutions with a high degree of customisation comprise the majority of the Group's sales. The sale of products and solutions provides a broad customer base that drives our service sales.

FULL-SERVICE OFFERING

A key feature of our offering is the ability to guarantee our customers the highest possible availability for their solutions. Our starting point is that we must be the alternative that offers the customer the lowest total cost over the life cycle of the solution. In addition to high-quality products, this means that we offer qualified service with a high level of availability to ensure continuous operation. The offering includes technical service, service contracts, spare parts and consumables.

Service sales are a priority area. In 2019, service grew and made up 17% of total sales.

MARKET-LEADING POSITIONS

Since establishment 75 years ago, Nederman has developed a broad and competitive product programme. This programme, combined with a comprehensive sales network and significant investments in new technology, is the foundation for our leading position in a global market. Size and market breadth give us economies of scale in terms of product development, purchasing and production. Nederman is already the segment leader in EMEA, but is now also second-largest in the vital Americas market and in the top five in APAC. This provides a strong platform on which to build further.

STRONG BRANDS

Today, Nederman addresses its market with a strong portfolio of brands. Our strategy is that each individual brand is to bring cutting-edge competence to the Group in a specific product area or market segment. Accordingly, we have the possibility to meet many different customer needs and market segments, in both mature and emerging markets. In recent years, we have devoted a great deal of energy in the brands NEO Monitors and Auburn FilterSense as a base for the development of an entirely new digital offering, which will secure the Group's future positions. The brand portfolio is continuously evaluated, while we simultaneously actively analyse potential acquisitions.

Nederman