



Nederman



Nederman Interim Report Q1 2021

CEO – Sven Kristensson
CFO – Matthew Cusick



Nederman Group, Q1 2021

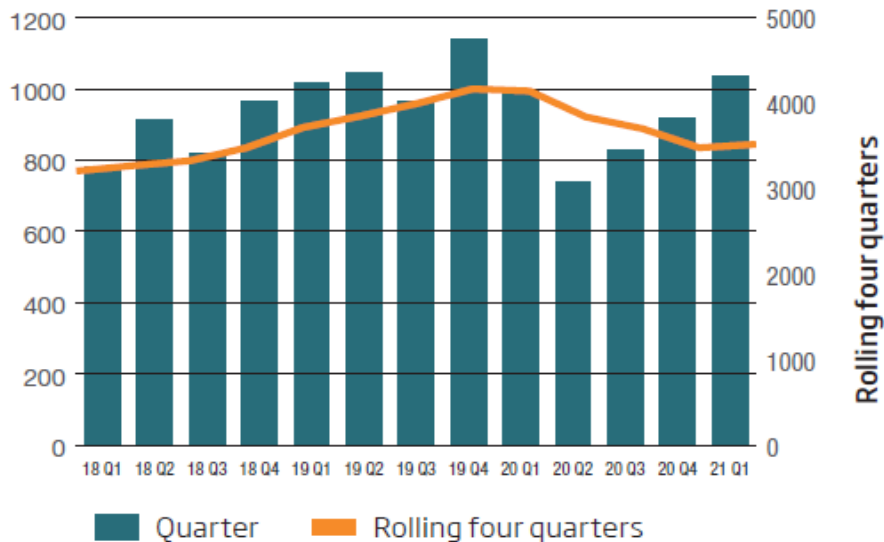
- A strong start to the year:
The positive outlook for a continued recovery remains, although market uncertainty is still evident, with further covid-19 related restrictions and lockdowns still a possibility
- Organic order growth in all divisions
- Sales growth versus Q4 2020 and with a positive sales mix and good cost control generated a strong result
- For the second consecutive quarter, we achieved an operating margin of 10%
- Good operating cash flow



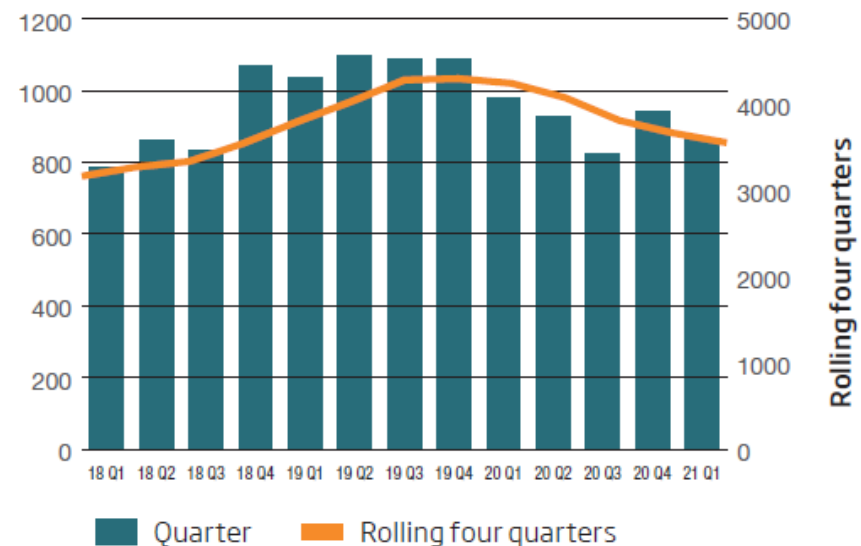
Nederman Group Financials: Q1 2021

- Incoming orders were 1,035m SEK (995m)
 - Currency-neutral growth versus Q1 2020 was 14.7%
 - Versus Q4 2020 incoming orders increased by 12.7%
- Net sales were 868m SEK (981m)
 - Currency neutral growth versus Q1 2020 was -2.7%

Incoming orders



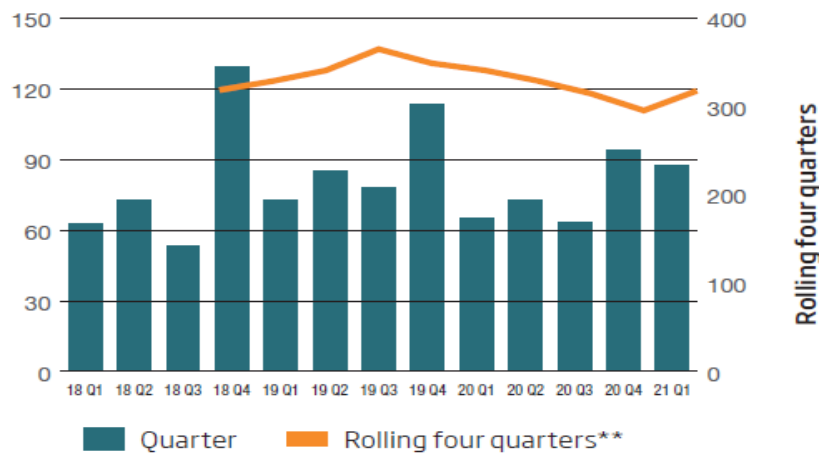
Sales



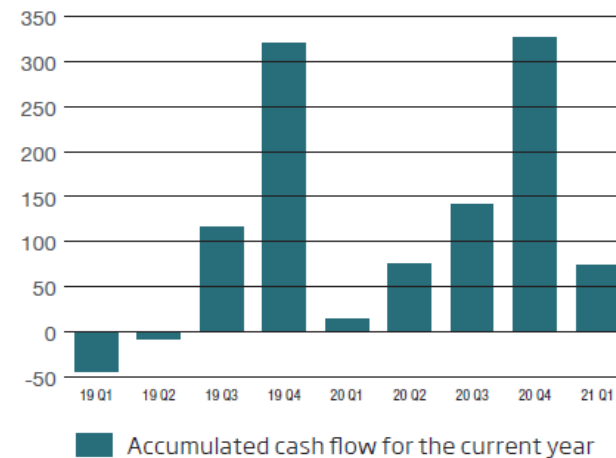
Nederman Group Financials: Q1 2021

- Adjusted operating profit was 87m SEK (65m), giving an adjusted operating margin of 10.1% (6.6%)
- Net profit was 57m SEK (34m)
- Earnings per share were 1.63kr (0.98kr)
- Cash flow from operations was 74m SEK (13m)

Adjusted Operating profit



Cash Flow from Operations



Extraction & Filtration Technology, Q1 2021

Nederman

Development during the quarter

- All 3 regions saw an increase in orders received, though lockdowns continued to affect individual markets
- In **Germany**, orders received increased base business was strong
- Denmark** had strong growth, while **Norway** and **Sweden** booked fewer mid-sized projects
- Poland noted strong growth versus Q1 2020 with both service and product sales increasing, particularly to the automotive industry
- The markets in **southern Europe** strengthened successively during the quarter
- Czech Republic** was negatively affected by the lockdown there, while **Turkey** recorded strong growth in both sales and orders
- The **UK** was again heavily impacted by strict covid restrictions, as were the **Benelux** countries though the quarter closed more positively there
- Orders received in **India** were in line with Q1 2020 while sales were good following the major windpower order booked in Q4 2020
- China, Australia and Thailand**, all reported solid growth in orders received and sales
- North America** saw healthy order growth compared with Q4 2020 with more mid-sized project orders booked, primarily to the wood industry
 - Despite lower sales volumes following tough market conditions in late 2020, profitability improved in North America
- In **Brazil** the positive sales trend continued, and although orders received did decline, quotation activity was good
- Distributor markets** had a strong quarter compared with Q1 2020 with healthy growth in several markets. Here the wood industry displayed strongest performance.

Key activities

- The division has continued to improve the performance of its digital tools ensuring simplicity for external customers and internal operations

SEKm	Note	1 Jan-31 Mar		Currency-neutral growth	Organic growth	Full year 2020	Apr-Mar 12 months
		2021	2020				
Incoming orders - external		430.9	425.9	9.4%	9.4%	1,589.2	1,594.2
Total sales	3	395.9	462.2	-6.9%	-6.9%	1,648.8	1,582.5
Adjusted EBITA		64.6	64.8			221.7	221.5
Adjusted EBITA margin		16.3%	14.0%			13.4%	14.0%

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Process Technology, Q1 2021

Development during the quarter

- The division is approaching per-pandemic levels in terms of Q1 orders received, gross margins and cash flow
- Quotations for large projects that were delayed due to customers' investment hesitancy have begun to show movement
- The **textile segment** had strong orders received in most markets.
 - **China** had a strong start to the year and the Pakistani government's financing programme for the textile industry led to higher sales.
 - Orders to Bangladesh on which handshakes had been received are now being realised, with downpayments received and project start-ups
 - Increased freight costs and fewer freight possibilities do make project planning and execution more difficult
 - Price pressure in the market is increasing the importance of the balance between volume and margins, making the more profitable aftermarket business even more key
- In the **foundry and smelter segment** the sustainability trend is creating tangibly increased demand for recycled aluminium.
 - This is one factor behind higher orders received Q1 2021 in **Europe**
 - In **Americas**, two major foundry projects were booked demonstrating important globalisation strategy

Key activities

- The number of our connected systems being installed is continuously increasing
- Several major projects in new markets were booked and the work across regional boundaries is accelerating
- Combining expertise from the Luwa with MikroPul businesses has led to the launch of a new heat recovery solution for the foundry industry

SEKm	Note	1 Jan-31 Mar 2021	2020	Currency- neutral growth	Organic growth	Full year 2020	Apr-Mar 12 months
Incoming orders - external		375.1	335.2	25.3%	25.3%	992.7	1,032.6
Total sales	3	242.3	299.7	-10.5%	-10.5%	1,136.8	1,079.4
Adjusted EBITA		6.8	9.3			58.1	55.6
Adjusted EBITA margin		2.8%	3.1%			5.1%	5.2%

Monitoring & Control Technology, Q1 2021

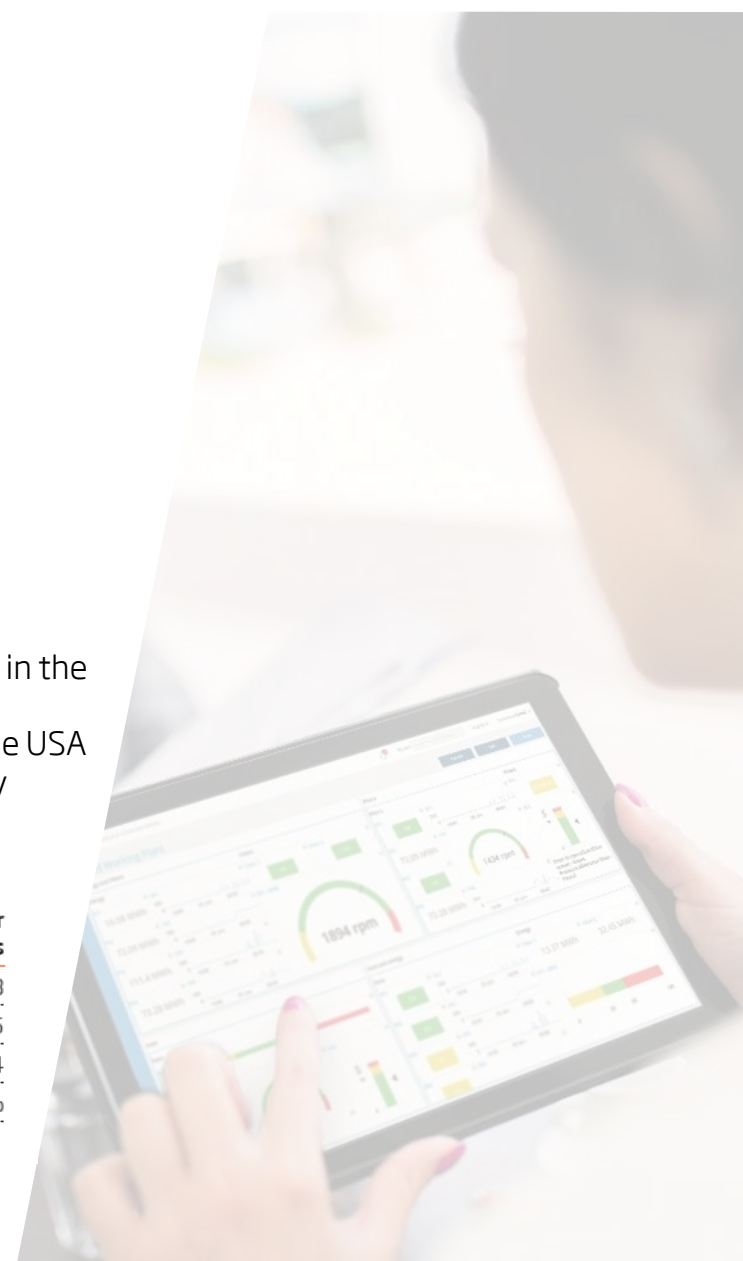
Development in the quarter

- Organic order intake growth of 11% in the quarter with Gasmet and Neo Monitors both developing well
- In **EMEA**, both sales and orders received were behind Q1 2020.
 - Lockdowns have dampened activity related to the division's process control operations
 - Sales and orders however received increased for emissions-related business
- In **APAC**, orders received clearly increased versus Q1 2020
 - The recovery has been faster in this region and China is the primary market driving growth
 - Most significant growth has been seen in emissions-related sales
- In **Americas**, orders received were higher than Q4 2020 and in line with Q1 2020
 - The regional recover appears faster than in Europe
 - The positive trend for process-oriented products and services continues

Key activities

- Neo Monitor's LaserGas III gas monitor achieved its SIL2 certification from Exida in March opening new possibilities in the international market for process instrumentation
- Auburn FilterSense delivered 42 advanced particle measurement instruments to one of the largest foundries in the USA
 - The operational improvement, sustainability, and cost reduction value of the system, rather than regulatory compliance was the key driver behind this sale

SEKm	Note	1Jan-31 Mar 2021	2020	Currency- neutral growth	Organic growth	Full year 2020	Apr-Mar 12 months
Incoming orders - external		118.7	116.6	10.8%	10.8%	495.7	497.8
Total sales	3	122.0	108.4	22.2%	22.2%	506.9	520.5
Adjusted EBITA		21.4	10.6			94.6	105.4
Adjusted EBITA margin		17.5%	9.8%			18.7%	20.2%



Duct & Filter Technology, Q1 2021

Development in the quarter

- A positive trend is most markets, with some showing a distinct recovery in orders and sales,
- Strong profitability due largely to enhancements in operational performance together with good cost control
- **Nordfab** ducting saw positive order growth compared with Q1 2020
 - In the **US**, orders received were significantly higher than both Q4 and Q1 of 2020
 - US Sales were also higher as digital orders continued to grow and medium-sized installations displayed a strong recovery
 - In **Europe**, orders were also higher than Q1 2020
 - Orders received in Thailand increased and profitability continued to strengthen
- **Menardi**, which sells the division's filter solutions, saw strong sales growth during the quarter
 - Better possibilities for physical customer visits, and an acute need for maintenance following delays in customers replacing filter bags are driving growth
 - Sales in the **US** were particularly positive following good order intake in Q4 2020, while order intake was in line with 2020
 - In **Europe**, development was in line with Q4 2020 with a significant increase in demand

Key activities

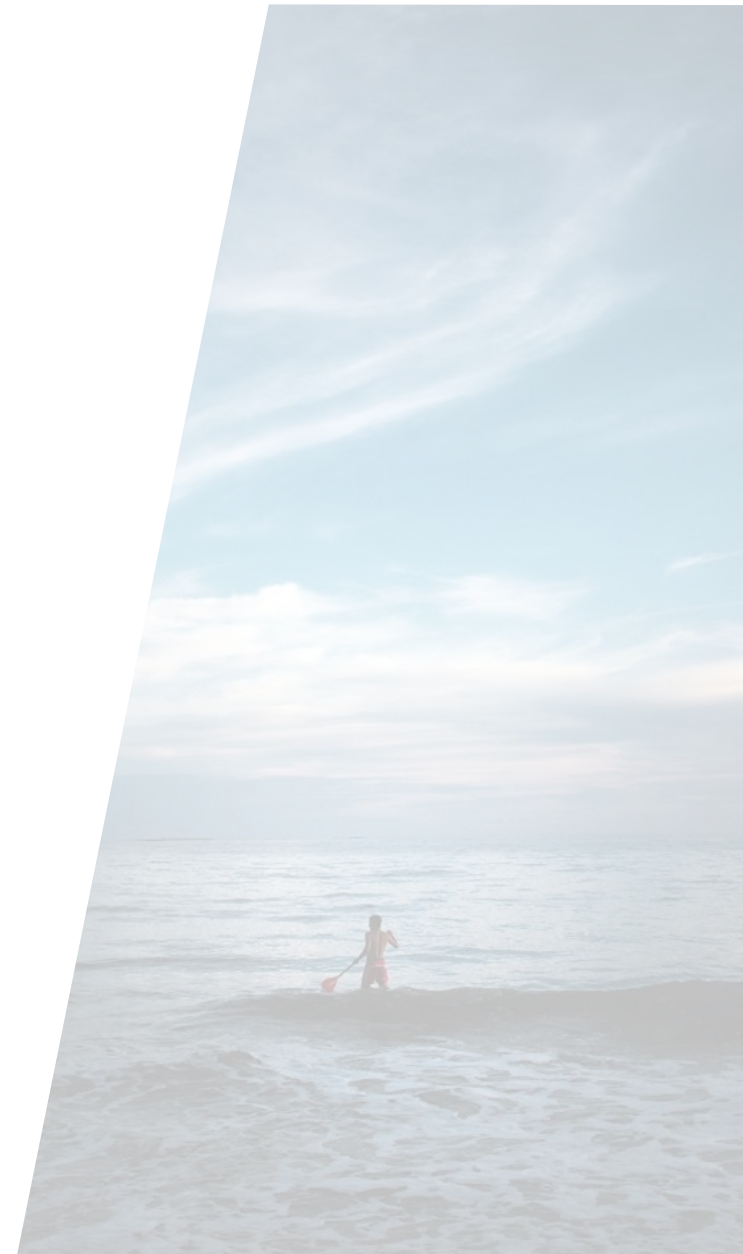
- An updated version of the customer portal and the QTO digital order management tool was launched for ducting in Europe
- A new design and quotation tool is under the final test phase and will be launched in Q2 (US) and Q3 (EMEA and APAC)

SEKm	Note	2021	1Jan-31Mar 2020	Currency- neutral growth	Organic growth	Fullyear 2020	Apr-Mar 12months
Incoming orders - external		110.5	117.4	7.4%	7.4%	402.6	395.7
Total sales	3	128.1	132.1	10.3%	10.3%	457.9	453.9
Adjusted EBITA		25.9	15.7			63.9	74.1
Adjusted EBITA margin		20.2%	11.9%			14.0%	16.3%

Summary, 2021 Quarter 1

A strong start to the year:

- Organic order growth in all divisions
- Sales growth versus Q4 2020 and with a positive sales mix and good cost control generated an operating profit of 10% for the second consecutive quarter
- Good operating cash flow



Outlook

The Outlook is positive for a continued recovery though market uncertainty remains, as does the potential for further lockdowns

For the second quarter, Nederman expects the effects of the COVID-19 pandemic to have a continued dampening effect on the Group's markets, particularly in Europe

If the vaccination programmes that are now under way throughout the world are rolled out according to current plans, we can look forward to a stronger second half of the year for Nederman

The COVID-19 pandemic has put the focus on clean air and lockdowns have shown what the world can look like when the air is not polluted by industrial emissions. This can be achieved without a paralysing pandemic, by effective air filtration, which Nederman demonstrates through each installation.



Financial Calendar

- Annual General Meeting April 26, 2021
- Interim report January-June 2021 July 15, 2021
- Interim report January-September 2021 October 22, 2021



A woman with long, dark hair is seen from the back, looking out over a vast ocean at sunset. The sky is a mix of orange, yellow, and blue, with the sun low on the horizon. The woman's hair is slightly blowing in the wind. The overall mood is serene and contemplative.

Nederman

We shape the future for clean air

We protect people, planet and production
from harmful effects of industrial processes