



Nederman Interim Report Q1 2020

CEO – Sven Kristensson
CFO – Matthew Cusick

Nederman Group, Q1 2020

- Negative impact from corona pandemic on order intake and result for the quarter
- Closedown in China earlier in Q1 and in the rest of the world later in the quarter obviously had a negative impact on order intake
- Delivery problems primarily into China and delays in project execution mainly in EMEA and Americas impacted sales and result
- Temporary lay offs and shorter working hours implemented where possible and appropriate
- Dividend proposal reversed
- High level of readiness for future challenges – more far reaching contingency plans prepared for implementation if necessary

Nederman Group Financials – Q1 2020

- Incoming orders were SEK 995m (1,019), a currency-neutral decrease of 3.6% v Q1 2019
- Net sales were SEK 981m (1,036), a currency-neutral decrease of 6.6 % v Q1 2019
- Operating profit was SEK 64.2m (72.1), giving an operating margin of 6.5% (7.0%)
- Adjusted operating profit was SEK 65.1m (73.1), an adjusted operating margin of 6.6% (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- As previously communicated, the Board of Directors has withdrawn the dividend proposal

Nederman Extraction & Filtration Technology, Q1 2020

The development in the quarter was somewhat mixed:

- In **Germany**, orders received declined vs Q1 2019, mainly due to fewer system orders. Sales were just behind a strong Q1 2019
- The **Nordic** region had sales growth in Q1, while orders received declined due largely to reduced activity in Denmark. Norway had strong orders received from the resellers there.
- 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 Q1 , though orders received declined
- In **Southern Europe**, orders received declined compared with a strong Q1 2019
- In **North America**, orders received declined in Q1 with lower demand for system solutions. Sales were well in excess of Q1 2019
- **Brazil** noted a favourable trend for orders and sales, including a significant order for the automotive industry
- In **APAC**, orders received were higher than Q1 2019 with good development in Thailand, Indonesia and Malaysia
- At the end of Q1, an upturn was also noted in orders received in **China**

Effects of the corona pandemic:

- Shorter working hours introduced where possible, while maintaining required level of deliveries and service
- Expected to have a **significant impact on orders received and sales in Q2 2020**. Organisation will be adapted to address this situation
- It remains important to be flexible to prepared for a return to more normal business conditions.

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, Q1 2020

Development in the quarter:

- An overall decrease in orders received in Q1 2020 due mainly to the decline in the **textile industry** and the general downturn in **China**
- Negative order intake trend in Q1 partly offset by growth in orders received in **Americas**
- The **foundries and smelter** segments performed well in **Europe** in Q1 , driven mainly by the aluminium recycling and asphalt industries.
- Execution of some ongoing projects was delayed due to the corona pandemic, which partially explains lower sales vs Q1 2019
- **Service and digitalisation** strategy continues to generate results, including one service contract with a value of SEK 30m

Effects of the corona pandemic:

- Several companies in textile and chemical industries have announced that investments will be reduced, which will impact future demand
- Unlikely that orders already booked will actually be cancelled - Many of the projects are already at an advanced stage and Nederman's content comprises a relatively limited portion of the total cost
- Project delays have been seen as customers' operations have been closed
- Capacity and costs are being adapted to address the downturn
- China now opening up but India still with full lock down in place
- Automotive industry is essentially at a standstill and that will impact foundry sales

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, Q1 2020

Development in the quarter

- **Nordfab**, which sells various pipe systems, had order growth of 17% vs Q4 of 2019, but lower than Q1 2019 in both America and Europe
 - Problems relating to the new ERP system implementation in North America now resolved and previous delivery problems have ended
 - Orders, sales and profitability improved in APAC – a clear result of the organisational changes completed in Q3 2019
 - 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 overall lower orders received than Q1 2019
 - In EMEA, Menardi secured one strategic order and orders received grew versus Q1 2019

Effects of the corona pandemic

- All plants essentially maintained their normal production capacity Q1 2020
- No major problems in the supply chain
- Plants in the US deemed “essential production” meaning they are permitted to maintain operations as before
- Orders received have already started to decline in most markets
- Pandemic is expected to have clear negative consequences for orders received in Q2 2020
- Capacity and costs are being adapted to address the sales decrease

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, Q1 2020

Development in the quarter

- In **APAC**, demand grew for emission monitoring solutions (monitoring and emission control of gases and particles in the local environment)
 - Positive trend was particularly apparent in China
 - Demand for the division's process control solutions (management and control of manufacturing processes) was weaker during Q1
 - 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 Q1 2019
 - Order intake for emission monitoring solutions improved compared with Q1 2019
- In **North America**, where process control solutions continue to dominate the operations, orders received rose. Sales were in line with Q1 2019

Product launch

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

Effects of the corona pandemic

- Production capacity essentially maintained to date
- Some delays in deliveries into China during Q1, which impacted sales
- Majority of impact to date has been on the demand for process control solutions
- Expected to have a negative impact on demand during Q2 2020, mainly in Europe and North America
 - Accordingly, sales resources and focus will be more concentrated to Asia and China

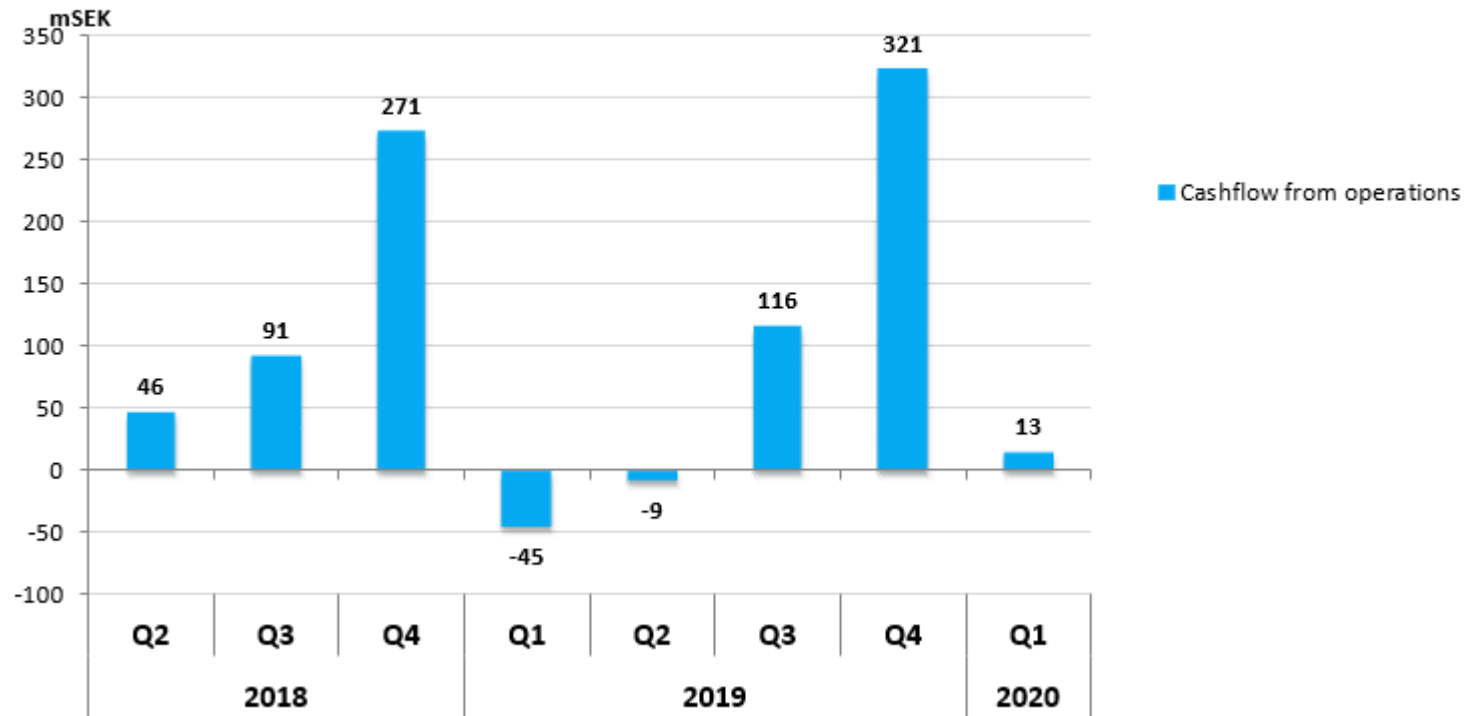
SEKm	Note	2020	1 Jan-31 Mar 2019	Currency- neutral growth, %	Organic growth, %	Full year 2019	Apr-Mar 12 months
Incoming orders - External		116.6	60.7	93.9	-11.8	271.2	327.1
Total sales	2	108.4	53.5	105.8	7.7	280.3	335.2
Adjusted EBITA		10.6	-0.2			44.6	55.4
Adjusted EBITA margin, %		9.8	-0.4			15.9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

Regions, Q1 2020

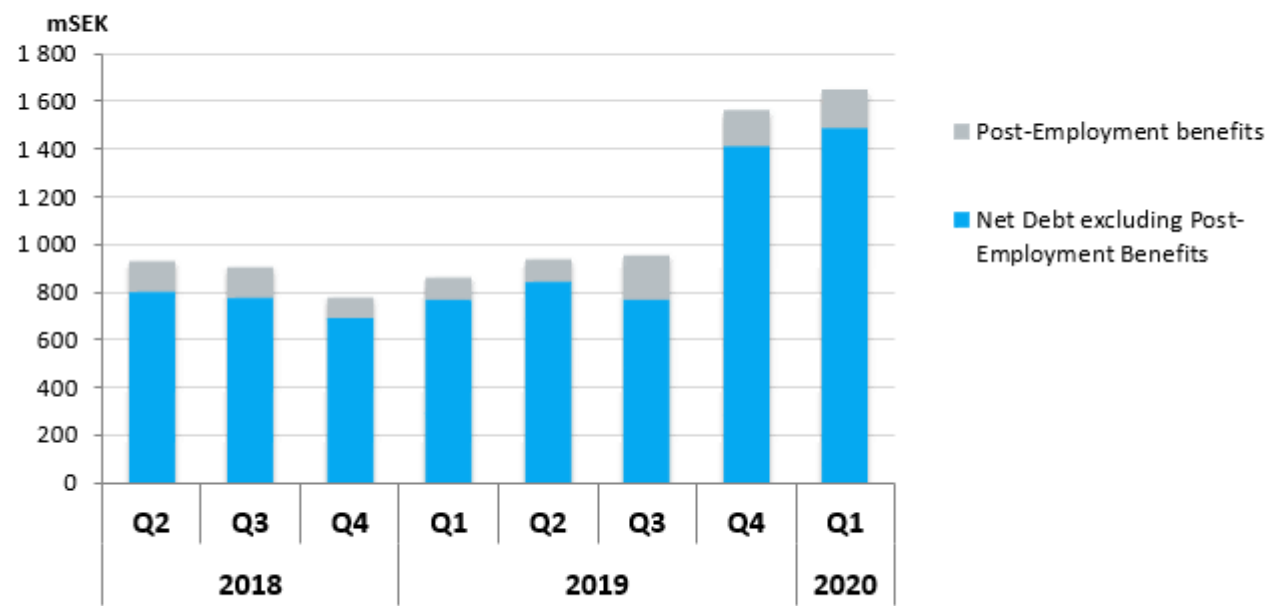
		1 Jan-31 Mar	Full year	Apr-Mar
External order intake, SEKm	2020	2019	2019	12 months
Americas	344.3	305.8	1,292.3	1,330.8
EMEA	510.0	517.0	2,204.5	2,197.5
APAC	140.8	196.2	671.6	616.2
Total Nederman Group	995.1	1,019.0	4,168.4	4,144.5

		1 Jan-31 Mar	Full year	Apr-Mar
External net sales, SEKm	2020	2019	2019	12 months
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

Cash Flow from Operations



Net Debt



Summary, 2020 Quarter 1

Extraction & Filtration Technology:

- Mixed quarter for order intake
- Strong sales and good, improved profitability

Process Technology:

- Textile market downturn evident
- Reduced sales negatively impacting result

Duct & Filter Technology:

- Order intake decline, particularly at end of quarter
- Strong but slightly reduced profitability

Monitoring & Control Technology:

- Order intake varied by region
- Improving profitability

Nederman Group:

- Negative impact of corona pandemic on order intake, sales and result

Outlook

There is currently **extreme uncertainty** regarding the development of the global economy.

For the Q2 of 2020, Nederman expects the **negative 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 Q2, provided the corona epidemic in the country continues to be kept under control, while the situation in several APAC countries remains more troubling.

It is currently extremely **difficult 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 further measures as and when the continued developments necessitate.

Financial Calendar 2020

Annual General Meeting

April 27, 2020

New date!

Interim Report January-June 2020

July 17, 2020

Interim Report January-September 2020

October 23, 2020



The Clean Air Company

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

