

**Nederman**

# Nederman Interim report Q2 2019

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**Nederman**



## Nederman Group Q2, 2019

Overall, the second quarter of the year was a good quarter for Nederman and development was **in line with our expectations**.

- **Europe** posted a strong quarter. In **North America**, three of our four divisions posted good progress.
- In **Asia**, development was significantly weaker. One explanation for this is concern arising from the trade conflict between the US and China, which has meant that customers are delaying investment decisions.
  - Although market conditions in Asia are challenging, we are not satisfied with how our sales have developed in the region.
- Our **new organisation with four global divisions**, is now fully operational and we are beginning to see positive results in the form of greater focus and high energy.
- Our **latest acquisitions** are also fully integrated in the new organisational structure and are contributing significantly to Nederman's development.
- This applies not least to **Luwa**, where we have seen solid evidence of Luwa's strong brand and good customer relations in the quarter.
  - We will build on this by further strengthening Luwa's service offering with attractive IOT solutions

## Nederman Group Q2, 2019

- Incoming orders amounted to SEK 1,044.1m (912.1), which currency adjusted is an increase of 10.3% compared with the same period last year.
- Net sales amounted to SEK 1,096.2m (863.9), which currency adjusted is an increase of 22.2% compared with the same period last year.
- Adjusted operating profit was SEK 84.9m (73.1)\*, giving an adjusted operating margin of 7.7% (8.5%)\*.
- Operating profit was SEK 84.5m (69.3)\*, giving an operating margin of 7.7% (8.0%)\*.
- Net profit was SEK 54.4m (43.6)\*.
- Earnings per share were SEK 1.55 kr (1.24)\*.

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard.

## Nederman Group January-June 2019

- Incoming orders amounted to SEK 2,063.1m (1,693.8), which currency adjusted is an increase of 16.1% compared with the same period last year.
- Net sales amounted to SEK 2,132.6m (1,649.7), which currency adjusted is an increase of 23.2% compared with the same period last year.
- Adjusted operating profit was SEK 158.0m (136.0)\*, giving an adjusted operating margin of 7.4% (8.2%)\*.
- Operating profit was SEK 156.6m (132.2)\*, giving an operating margin of 7.3% (8.0%)\*.
- Net profit was SEK 100.6m (80.3)\*.
- Earnings per share were SEK 2.87 (2.29)\*.

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard.

## Nederman Extraction & Filtration Technology, Q2 2019

*Nederman Extraction & Filtration Technology's products and solutions focus on problems that arise in different types of material processing, for example in metal, wood and composite industries.*

- **Europe** showed good growth during the quarter:
  - **Germany** had a good order intake following several orders for medium-sized system solutions and strong sales, especially in the aftermarket segment.
  - The **Nordic** region saw strong growth in order intake thanks to good sales in the base business in Norway and a larger order from the wind energy industry in Denmark.
  - The **UK** and **Southern Europe** also saw good order intake. In the UK, demand was mainly concentrated on product sales in the welding segment.
- The **US** saw good growth in both order intake and sales during the quarter and the US order backlog is now strong as a result of good demand for medium-sized system solutions. **Brazil** also showed good development.
- The markets in **Asia** experienced weak development, with the exception of **India** which saw growth.
- **Two new products were launched:** The IoT FlexFilter solution for high vacuum applications and Data Cable Reel for applications that require secure data transfer.

<b>SEKm</b>	<b>1 Apr-30 June 2019</b>	<b>1 Jan-30 June 2019</b>
Incoming orders - External	489.8	956.0
Total sales	482.5	935.1
Adjusted EBITA	62.1	124.7
Adjusted EBITA margin, %	12.9	13.3

## Nederman Process Technology, Q2 2019

*Nederman Process Technology's solutions form an integral part of the manufacturing processes and are crucial for creating safe working environments, stable production conditions and managing emissions to the local environment. The division's offering includes modern monitoring systems that limit the risks of unwanted and expensive production downtime.*

### Development in the quarter

- **Americas** reported a positive trend in profitability following good sales figures. Orders received were weakened by deferred orders for larger systems.
- Nederman Process Technology's activities in the **textile segment** are focused on countries in Asia. Sales have been strong during the first half of the year, but order intake has been weaker due to overcapacity in China and caution caused by the ongoing trade conflict.
- Orders and sales to **foundries and smelters** have developed well with good volumes in Germany and Poland. The potential is also good in North America, but Asian demand is more subdued.
- **Two new products for the textile industry were launched:** Loomlite for weaving mills and Texguard which reduces fire risk. Nederman Process Technology has also begun work on providing the textile industry with IoT solutions for continuous monitoring and control.

<b>SEKm</b>	<b>1 Apr-30 June 2019</b>	<b>1 Jan-30 June 2019</b>
Incoming orders - External	368.5	734.6
Total sales	432.8	854.7
Adjusted EBITA	33.1	54.8
Adjusted EBITA margin, %	7.6	6.4

## Nederman Duct & Filter Technology, Q2 2019

*Nederman Duct & Filter Technology's solutions are particularly important in industries with high levels of dust particles. The division operates Nederman Filter Competence Centre to support Nederman's other divisions with knowledge and expert advice.*

### Development in the quarter

- **Nordfab**, which sells various types of pipe systems, experienced good order growth.
  - In the US, the average order size has increased, which has resulted in a slight deterioration in gross profit margin, but the gross profit remains at a good level.
  - Nordfab has recently invested in its sales organisation and this has now resulted in increased sales in the **Americas** and **EMEA**. In **Asia**, development remains weak.
- **Menardi**, which sells the division's filter solutions, had a strong development in order intake. In the US, both sales and profitability have improved thanks to a strengthened sales organisation, better product mix and continuous efforts to identify and manage the causes of lower margins.
- Nederman Duct & Filter Technology participated in the Ligna 2019 trade fair in Hanover, Germany.
- The development of a **new optimised filter cartridge** was also completed in the quarter.

	1 Apr-30 June 2019	1 Jan-30 June 2019
<b>SEKm</b>		
Incoming orders - External	123.2	249.2
Total sales	151.6	285.3
Adjusted EBITA	23.5	40.3
Adjusted EBITA margin, %	15.5	14.1

## Nederman Monitoring & Control Technology, Q2 2019

*Nederman Monitoring & Control Technology uses today's ever-faster digitalisation to create new and improved customer offering, new services and new value.*

### Development in the quarter

- Updates for the Nederman Insight platform were launched with new opportunities for online reporting and reports, documenting key data such as filter system performance, productivity and environmental data. The update complements the platform's existing monitoring and alarm functionality.
- Nederman Insight has also been optimised for use with Nederman's solutions for high vacuum filtration where the functionality of the filters is critical for production and quality.
- The new applications, together with existing functions, are used in industries such as the wood industry, foundries, smelters and others.
- The Nederman Insight platform was presented at several industrial fairs around the world creating significant interest.

SEKm	1 Apr-30 June 2019	1 Jan-30 June 2019
Incoming orders - External	62.6	123.3
Total sales	56.0	109.5
Adjusted EBITA	7.8	10.5
Adjusted EBITA margin, %	13.9	9.6

## Regions, Q2 2019

### Americas

SEKm	Note	1 Apr-30 June		Currency-neutral growth %	Organic growth, %	1 Jan-30 June		Currency-neutral growth %	Organic growth, %	Full year 2018	July-June 12 months
		2019	2018			2019	2018				
Incoming orders		351.5	359.3	-10.2	-10.8	657.3	622.9	-4.4	-7.0	1,259.6	1,294.0
External net sales	1	351.3	320.3	0.8	-1.5	676.1	600.5	2.2	-2.7	1,246.8	1,322.4
Adjusted operating profit*		39.5	28.4			71.7	55.7			133.1	139.1
Adjusted operating margin, %*		11.2	8.9			10.6	9.3			9.9	10.5

### EMEA

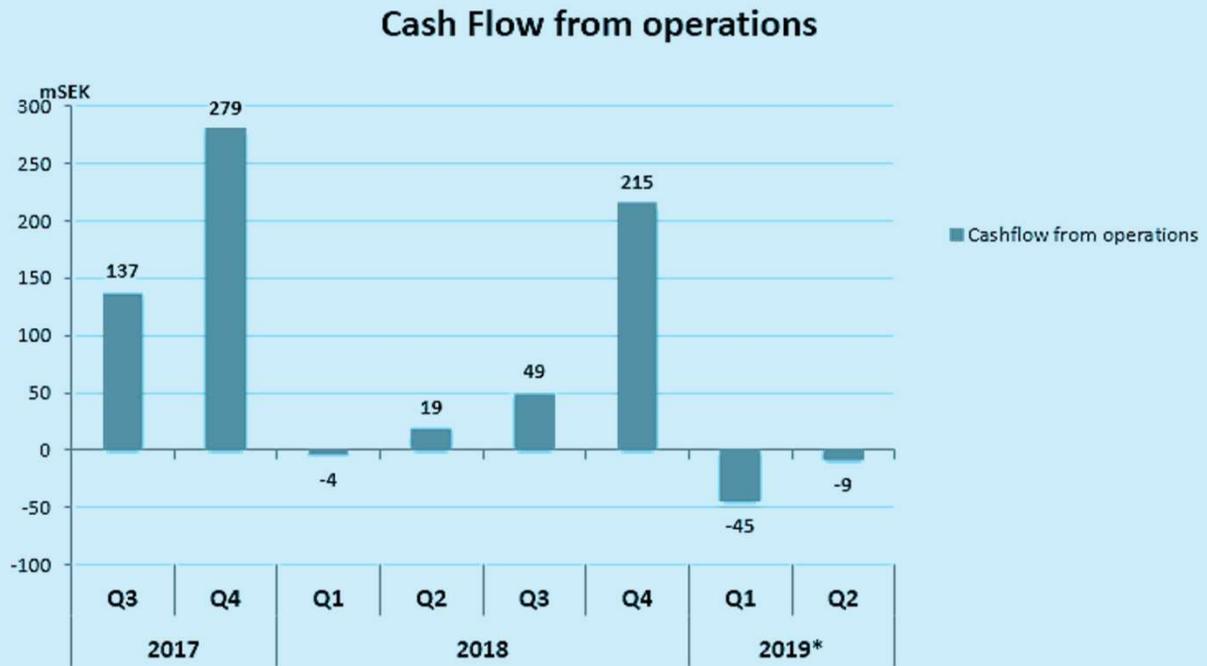
SEKm	Note	1 Apr-30 June		Currency-neutral growth %	Organic growth, %*	1 Jan-30 June		Currency-neutral growth %	Organic growth, %	Full year 2018	July-June 12 months
		2019	2018			2019	2018				
Incoming orders		543.4	447.7	19.4	6.8	1,060.4	850.2	21.6	8.6	1,731.6	1,941.8
External net sales	1	517.3	427.1	18.7	4.2	1,041.8	833.6	21.8	3.7	1,768.3	1,976.5
Adjusted operating profit*		67.4	65.3			134.7	121.2			266.2	279.7
Adjusted operating margin, %*		13.0	15.3			12.9	14.5			15.1	14.2

### APAC

SEKm	Note	1 Apr-30 June		Currency-neutral growth %	Organic growth, %	1 Jan-30 June		Currency-neutral growth %	Organic growth, %	Full year 2018	July-June 12 months
		2019	2018			2019	2018				
Incoming orders		149.2	105.1	41.1	-25.8	345.4	220.7	53.0	-21.9	488.3	613.0
External net sales	1	227.6	116.5	93.7	-15.3	414.7	215.6	67.9	-10.0	538.8	737.9
Adjusted operating profit*		15.3	2.5			17.5	2.3			18.3	33.5
Adjusted operating margin, %*		6.8	2.1			4.2	1.1			3.4	4.5

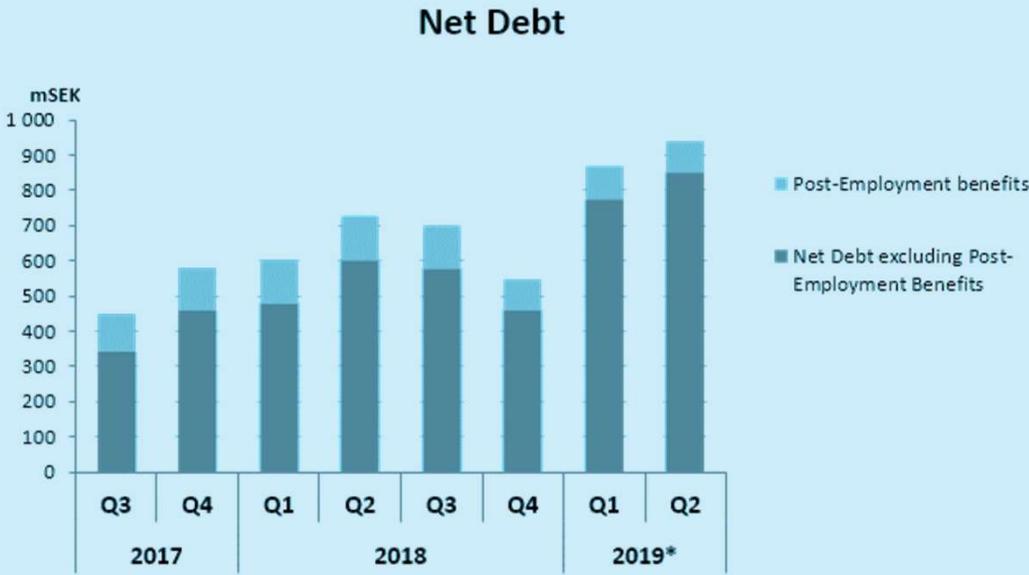
# Key Figures

# Cash Flow from operations



\* 2019 including IFRS 16

# Net Debt



\* 2019 including IFRS 16

- The group has refinanced its external loans and entered into a revolving loan agreement of SEK 1,500.0m with SEB and SHB.
- Further, the group entered into a bilateral loan agreement with Svensk Export Kredit of SEK 500.0m.
- The agreements have a three year maturity with extension options for two additional years.
- At the end of the period, the group had SEK 1,059.7m available funds from the revolving loan agreement with SEB & SHB.

## Summary

### **Extraction & Filtration Technology:**

- Positive development during the second quarter.
- Growth in Europe and Americas and the division as a whole.
- Strengthened order backlog.

### **Process Technology:**

- Stable development in the quarter.
- Positive trend in order intake in Europe
- Some uncertainty in the US market.
- Development in Asia weak with US/China trade conflict having a clear impact.

### **Duct & Filtration Technology:**

- Good development and improved profitability in the quarter.
- Growth in the Americas and EMEA regions.
- Demand remains weak in Asia.

### **Monitoring & Control Technology:**

- Stable growth in order intake and sales.
- Upgraded Nederman Insight digital platform launched.
- Nederman Insight has also been optimised for use in further industries.

## Outlook

Many of Nederman's markets show continued uncertainty. The ongoing trade conflicts, and financial uncertainty, prolong decisions on large investments and large projects are postponed.

Despite these geopolitical challenges, Nederman has a cautiously optimistic basic outlook.

Environmental issues will continue to be important for the Group's customers and Nederman has strengthened its position in many crucial areas where future growth is expected to be.

# Financial Calendar 2019

Interim Report January-September 2019

October 17, 2019



# The Clean Air Company

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

