



Nederman Interim report Q3 2019

CEO – Sven Kristensson
CFO – Matthew Cusick



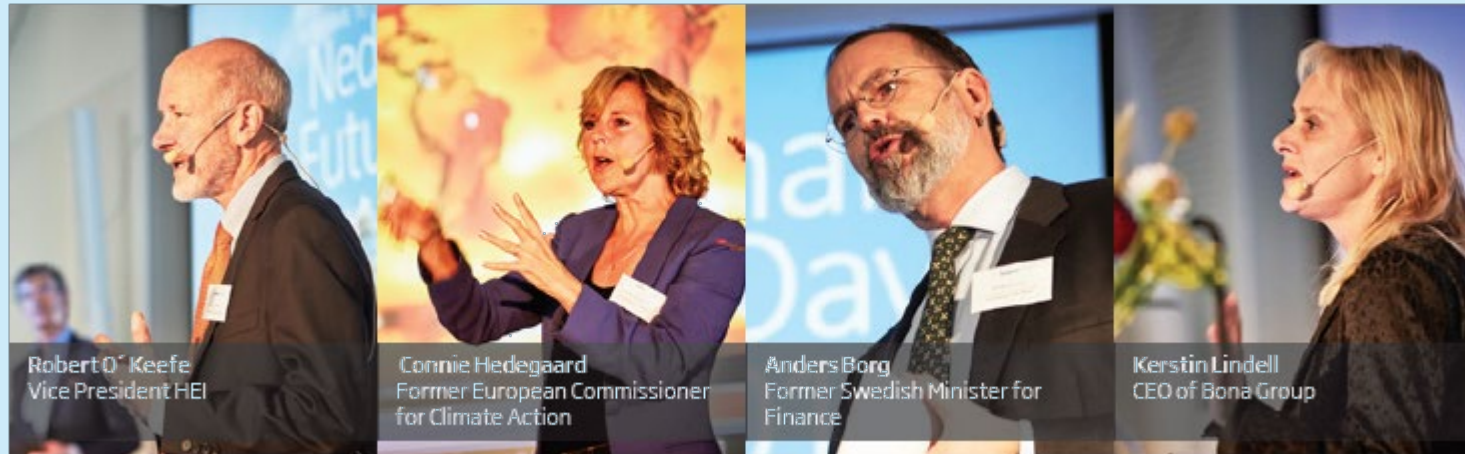
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Nederman

Nederman Group, Q3 2019

Overall, Q3 2019 was another good quarter for Nederman and development was again **in line with our expectations**.

- Both sales and orders showed **organic growth** though **development varied between regions**
- **Europe** posted a strong quarter, and again in **North America**, three of our four divisions posted good progress. In **Asia**, development was again weaker
- **Development** and release of new products integrated into our digital solutions continues
- **Nederman Future Days** was held during September 2019

Nederman Future Days



According to the Health Effects Institute (HEI) in the US, 95% of the world's population is exposed every day to poor quality air

On Tuesday, 17 September, Nederman Future Days was held to shine the spotlight on the global problem of poor quality air and how Nederman's products and systems can become an integrated part of the solution.

Over 250 participants in a day concluding in a panel discussion for all involved.

Nederman Group Financials, Q3 2019

- Incoming orders amounted to SEK 964.6m (817.9), which currency adjusted is an increase of 10% compared Q3 2018
- Net sales amounted to SEK 1,088.6m (835.2), which currency adjusted is an increase of 22% compared with Q3 2018
- Operating profit amounted to SEK 77.9m (53.5)*, giving an operating margin of 7.2% (6.4%)*
- Net profit amounted to SEK 52.8m (33.1)*
- Earnings per share amounted to 1.50kr (0.94kr)*

* 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-September 2019

- Incoming orders amounted to SEK 3,027.7m (2,511.7), which currency adjusted is an increase of 14% compared with the same period last year.
- Net sales amounted to SEK 3,221.2m (2,484.9), which currency adjusted is an increase of 23% compared with the same period last year.
- Operating profit amounted to SEK 234.5m (185.7)*, giving an operating margin of 7.3% (7.5%)*.
- Adjusted operating profit amounted to SEK 235.9m (189.5)*, giving an adjusted operating margin of 7.3% (7.6%)*.
- Net profit amounted to SEK 153.4m (113.4)*.
- Earnings per share amounted to 4.37kr (3.23kr)*.

* 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, Q3 2019

Continued positive development with strong organic growth in both orders received and sales. Profitability stronger than Q3, 2018.

- Many countries in **Europe** showed a positive trend
 - In **Germany**, orders received grew, driven by several medium-sized orders.
 - In the **Nordic** countries, base business showed strong growth. In Sweden, a major oil mist order was booked.
 - In the **UK**, product sales and aftermarket sales were at healthy levels.
 - **South Europe** was mixed. France had good growth, while Spain and Portugal were slightly weaker than Q3 2018.
- In **Americas**, US and Canada performed positively.
 - One major wood order was booked in the **US**.
 - Development in **Brazil** was also positive, in part due to strong aftermarket sales.
- Overall, **Asia** reported a weak Q3 with the exception of South East Asia.
- **Distributor markets** reported favourable performance, with growth in several markets.
- **Digital orders** have continued to increase as more countries and more partners are introduced to the partner-webshop.

SEKm	1 Jul-30 Sep 2019	1 Jan-30 Sep 2019
Incoming orders - External	493.8	1,449.8
Total sales	484.8	1,419.9
Adjusted EBITA	61.2	185.9
Adjusted EBITA margin, %	12.6	13.1

Nederman Process Technology, Q3 2019

Stable sales while orders received were weaker. Continued uncertainty and postponement of major investment decisions. Long-term work to strengthen profitability continues.

There were again **substantial differences between the regions** and between different industrial segments.

- in **Asia**:
 - The **textile** segment, is currently characterised by overcapacity and considerable caution in relation to major investments.
 - Orders received from this segment were weak while sales remain at a healthy level.
- In **EMEA**:
 - Continued good with demand from **foundries and smelters** in the region as well as the **recycling industry**.
 - Some uncertainty exists surrounding the development of the European automotive industry.
- In **North America**,
 - Orders received in the **chemical** sector are positive for year to date and order backlog in this segment remains stable.
 - Demand is however mainly for smaller installations - orders for larger systems are still being deferred.

SEKm	1 Jul-30 Sep 2019	1 Jan-30 Sep 2019
Incoming orders - External	281.2	1,015.8
Total sales	418.6	1,273.3
Adjusted EBITA	21.5	76.3
Adjusted EBITA margin, %	5.1	6.0

Nederman Duct & Filter Technology, Q3 2019

The division performed well in the quarter, with good overall growth in orders received and sales. Demand remained at a weaker level in Asia.

For **Nordfab**, which sells various types of pipe systems Q3 was another good quarter:

- Nordfab has recently invested in its sales organisation and broadened its network of resellers, and this resulted in a continued improvement in sales in the Americas and EMEA.
- In the US, the average order size has increased, resulting in a slight deterioration in the very good gross profit margin level.

Menardi, which sells the division's filter solutions:

- Noted a slightly weaker development, due in part to customers in the US postponing decisions on larger investments.
- In EMEA, there was strong growth compared with Q3 in 2018.
- A modest improvement in orders received in Asia was reported compared with Q3 2018.

SEKm	1 Jul-30 Sep 2019	1 Jan-30 Sep 2019
Incoming orders - External	135.4	384.6
Total sales	154.7	440.0
Adjusted EBITA	21.0	61.3
Adjusted EBITA margin, %	13.6	13.9

Nederman Monitoring & Control Technology, Q3 2019

Slightly weaker orders received during Q3, while sales grew organically. Upgraded Nederman Insight digital platform now covers a major part of the Nederman's customer segments.

- Development of the **Smartbox** universal control panel was completed in Q3:
 - Addresses a **wide range of system requirements** and can be used for anything from small, simple installations up to large and complex systems.
 - Smartbox was launched internally in August and September and will be released to the market later this year.
- Development of **new filter system** by the sister division Nederman Extraction & Filtration Technology also completed:
 - Can be combined with **new, digital solutions** and **used in an IoT environment**.
 - Solution helps customers to report regulatory compliance contributing to a better working and production environment
 - Will be launched at FabTech in Chicago later this autumn.
- Planning to further develop **NEO Monitors in the US market**, which is expected to have a positive impact on sales and earnings from 2020 and beyond.

SEKm	1 Jul-30 Sep 2019	1 Jan-30 Sep 2019
Incoming orders - External	54.2	177.5
Total sales	56.2	165.7
Adjusted EBITA	1.5	12.0
Adjusted EBITA margin, %	2.7	7.2

Regions, Q3 2019

Americas

SEKm	Note	1Jul-30Sep		Currency-neutral growth %	Organic growth, %	1Jan-30Sep		Currency-neutral growth %	Organic growth, %	Full year 2018	Oct-Sep 12 months
		2019	2018			2019	2018				
Incoming orders		351.7	309.7	-1.4	-1.5	1,009.0	932.6	-3.4	-5.2	1,259.6	1,336.0
External net sales	1	374.5	307.0	6.2	4.8	1,050.6	907.5	3.5	-0.2	1,246.8	1,389.9
Adjusted operating profit*		30.9	26.6			102.6	82.3			123.1	143.4
Adjusted operating margin, %*		8.2	8.7			9.8	9.1			9.9	10.3

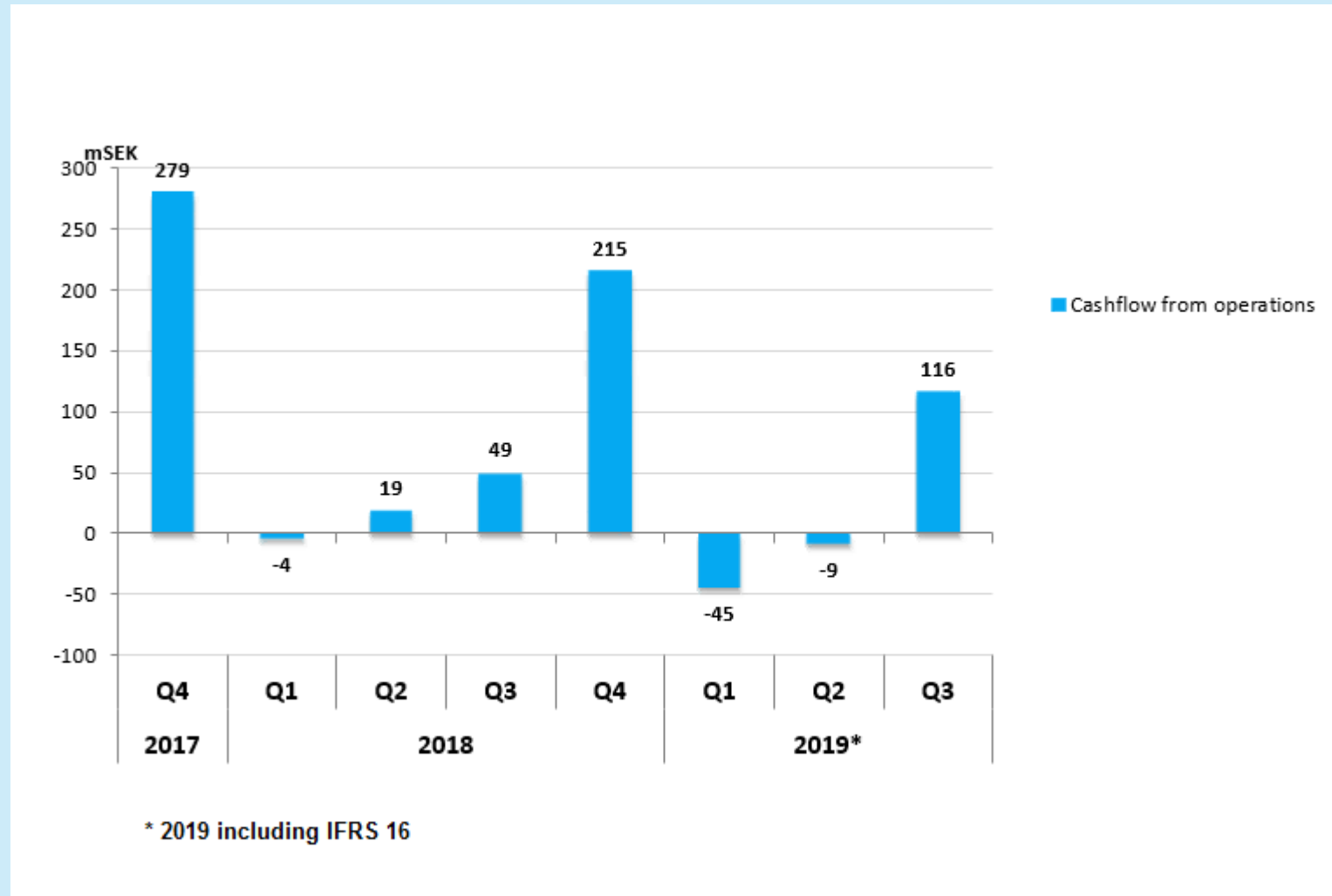
EMEA

SEKm	Note	1Jul-30Sep		Currency-neutral growth %	Organic growth, %	1Jan-30Sep		Currency-neutral growth %	Organic growth, %	Full year 2018	Oct-Sep 12 months
		2019	2018			2019	2018				
Incoming orders		470.2	412.9	11.4	4.9	1,530.6	1,263.1	18.2	7.4	1,731.6	1,999.1
External net sales	1	559.7	410.5	33.7	6.9	1,601.5	1,244.1	25.7	4.7	1,768.3	2,125.7
Adjusted operating profit*		76.8	49.7			211.5	170.9			266.2	306.8
Adjusted operating margin, %*		13.7	12.1			13.2	13.7			15.1	14.4

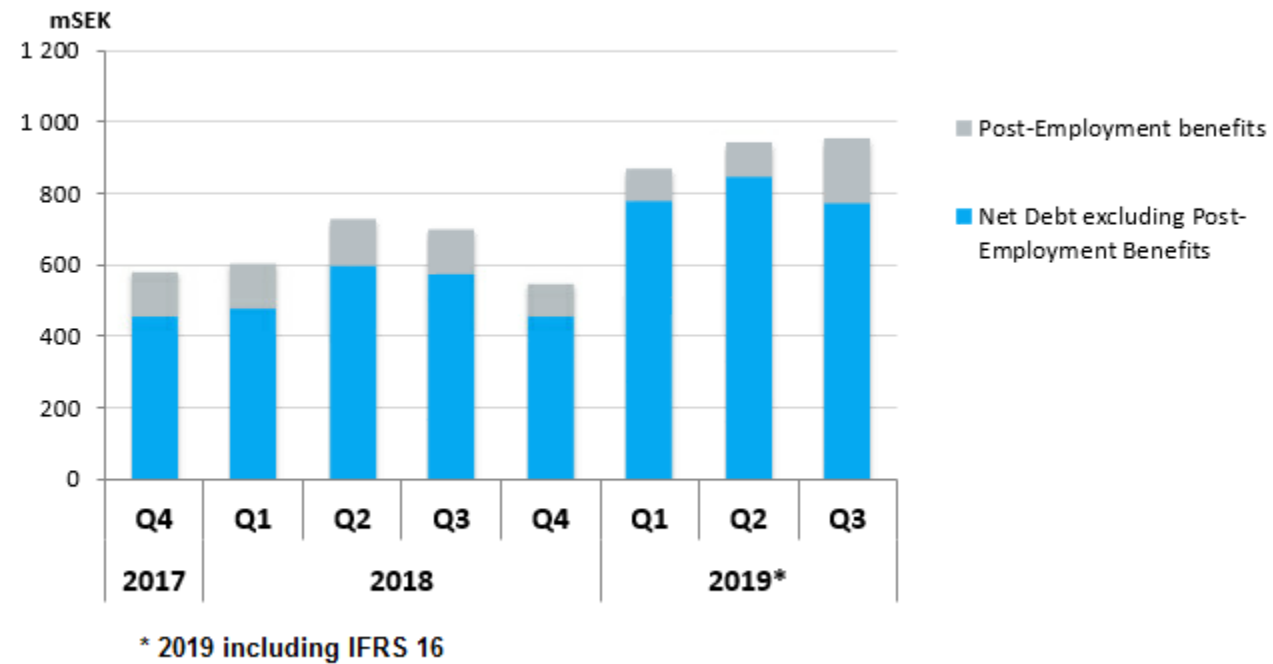
APAC

SEKm	Note	1Jul-30Sep		Currency-neutral growth %	Organic growth, %	1Jan-30Sep		Currency-neutral growth %	Organic growth, %	Full year 2018	Oct-Sep 12 months
		2019	2018			2019	2018				
Incoming orders		142.7	95.3	41.4	-5.2	488.1	316.0	49.5	-16.9	488.3	660.4
External net sales	1	154.4	117.7	25.3	-24.5	569.1	333.3	65.8	-15.1	538.8	774.6
Adjusted operating profit*		-1.9	-1.1			15.6	1.2			18.3	32.7
Adjusted operating margin, %*		-1.2	-0.8			2.7	0.4			3.4	4.2

Cash Flow from operations



Net Debt



Summary Q3

Extraction & Filtration Technology:

- Good organic growth and improved profitability
- Increased digital sales

Process Technology:

- Continued hesitancy on larger investment decisions
- Improved profitability

Duct & Filter Technology:

- Growth in US and EMEA

Monitoring & Control Technology:

- New releases continue

Nederman Group:

- Organic growth in both incoming orders and sales
- Improved profitability: Earnings per Share 1.50kr (0.94kr)

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.

Other information

Nomination Committee

According to the guidelines approved by the AGM concerning the work of the Nomination Committee, the following have been appointed members of the Nomination Committee ahead of the 2020 AGM:

Anders Mörck (Investment AB Latour), Chair

Claes Murander (Lannebo Fonder)

Henrik Forsberg Schoultz (Ernström & Co)

Fredrik Ahlin (IF Skadeförsäkring AB (publ))

Johan Hjertonsson, 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.

Organisation

During the period, Aage Snorgaard has left his position as SVP, Head of Division Monitoring & Control Technology. The recruitment process is under way to find his successor. Sven Kristensson is leading the work in the division until a successor to Aage Snorgaard has been appointed.

Financial Calendar 2019/2020

Year-end Report 2019

February 14, 2020

Interim Report January-March 2020

April 21, 2020

Interim Report January-June 2020

July 14, 2020



The Clean Air Company

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

