

Nederman Interim Report Q4 2021

CEO – Sven Kristensson
CFO – Matthew Cusick

Nederman Group, Q4 2021

A strong finish to an excellent year:

- High order intake growth versus both 2020 and 2019
- Strong profitability
 - >10% EBIT for 5th consecutive quarter
- Good cash flow
- Acquisition of Energy Save System Ltd
- The Board of directors proposes a dividend of 3.50kr per share

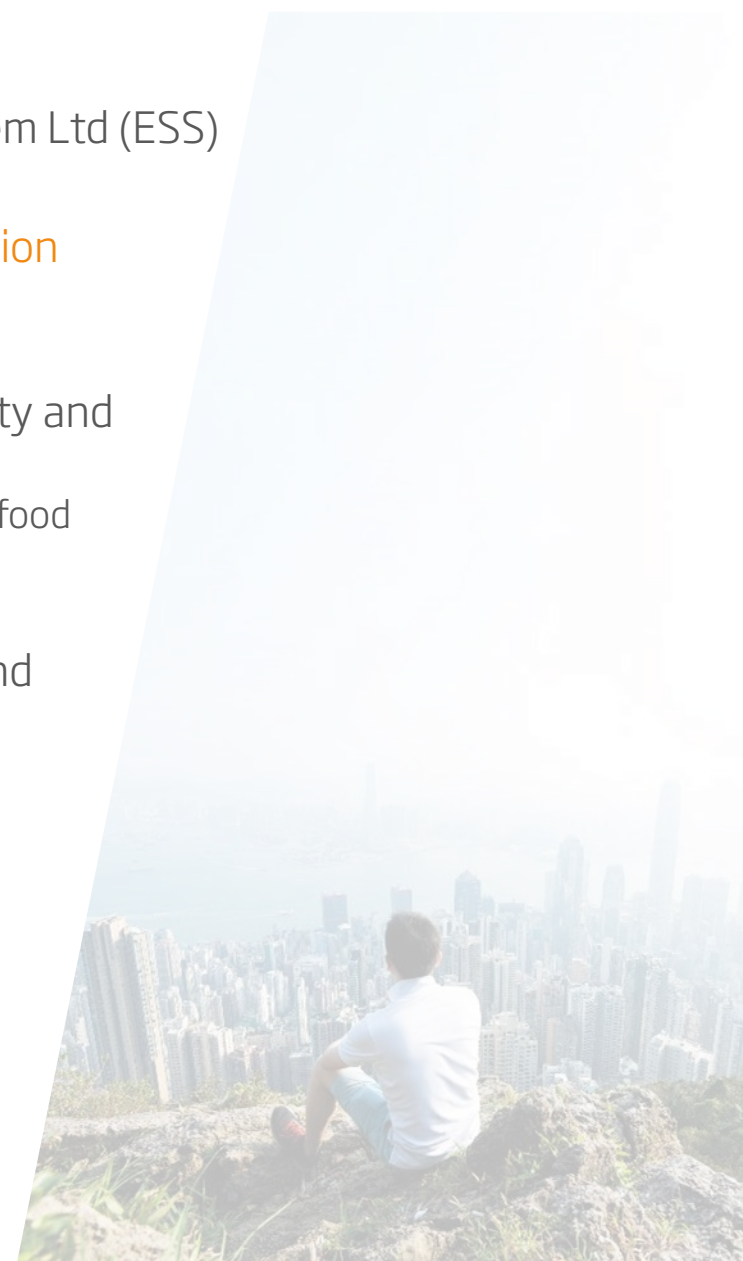
Some continued concerns:

- Component availability
- Material and component prices
- Transport difficulties



Acquisition

- On 16 November 2021, Nederman acquired the UK company Energy Save System Ltd (ESS)
- ESS has developed leading **technology for energy savings in industrial air filtration processes**
- ESS's product, DESA, is aimed at businesses that want to improve their air quality and decrease their environmental impact in industrial operations.
 - Examples of industries where DESA is beneficial include: Woodworking, metalworking, food processing, pharmaceutical, welding and foundries.
- Through the acquisition, Nederman has gained access to leading technology and strengthens its market offering in all divisions and markets.
- ESS is included in the Nederman Monitoring & Control Technology division.



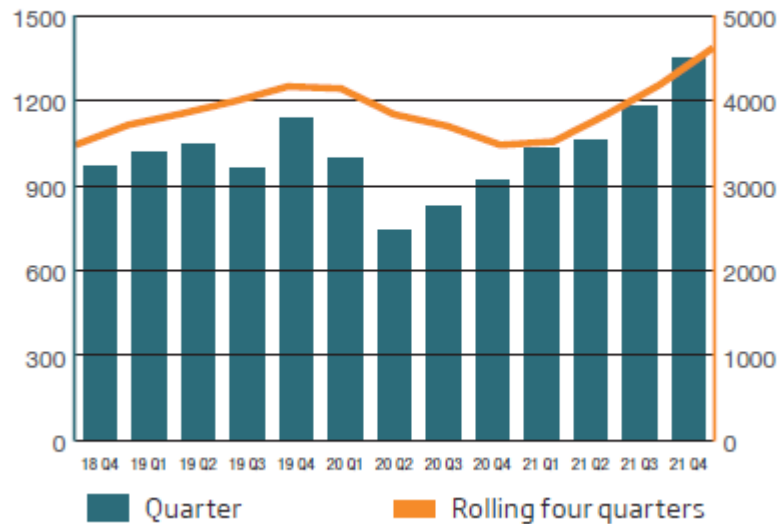
Nederman Group: Orders & Sales

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Quarter 4:

- Incoming orders were 1,352m SEK (918m)
 - Currency-neutral: +48% v Q4 2020
+24% v Q4 2019
- Sales were 1,152m SEK (940m)
 - Currency-neutral: +23% v Q4 2020
+11% v Q4 2019

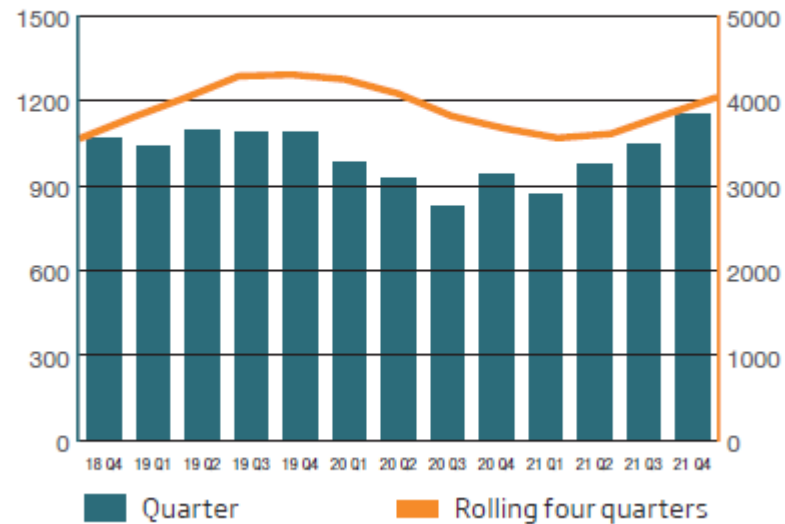
Incoming orders, SEKm



January - December:

- Incoming orders were 4,623m SEK (3,480m)
 - Currency-neutral: +39% v 2020
+20% v 2019
- Sales were 4,042m SEK (3,675m)
 - Currency-neutral: +15% v 2020
+1% v 2019

Sales, SEKm



Nederman Group: Profitability

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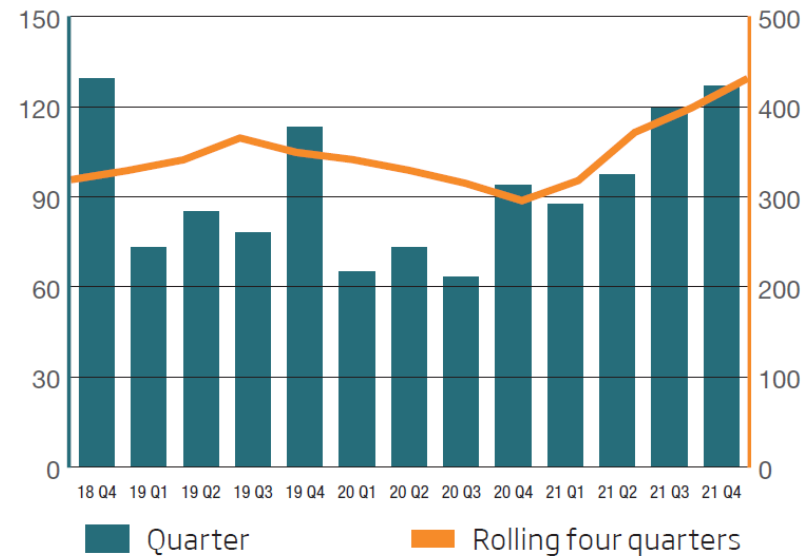
Quarter 4:

- Adjusted operating profit was 127m SEK(94m)
- Adjusted operating margin was 11.0% (10.0%)
- Profit after tax was 85m SEK (55m)
- Earnings per share was 2.41kr (1.57)

January - December:

- Adjusted operating profit was 431m SEK(296m)
- Adjusted operating margin was 10.7% (8.0%)
- Profit after tax was 305m SEK (110m)
- Earnings per share was 8.70kr (3.15)

Adjusted operating profit, SEKm

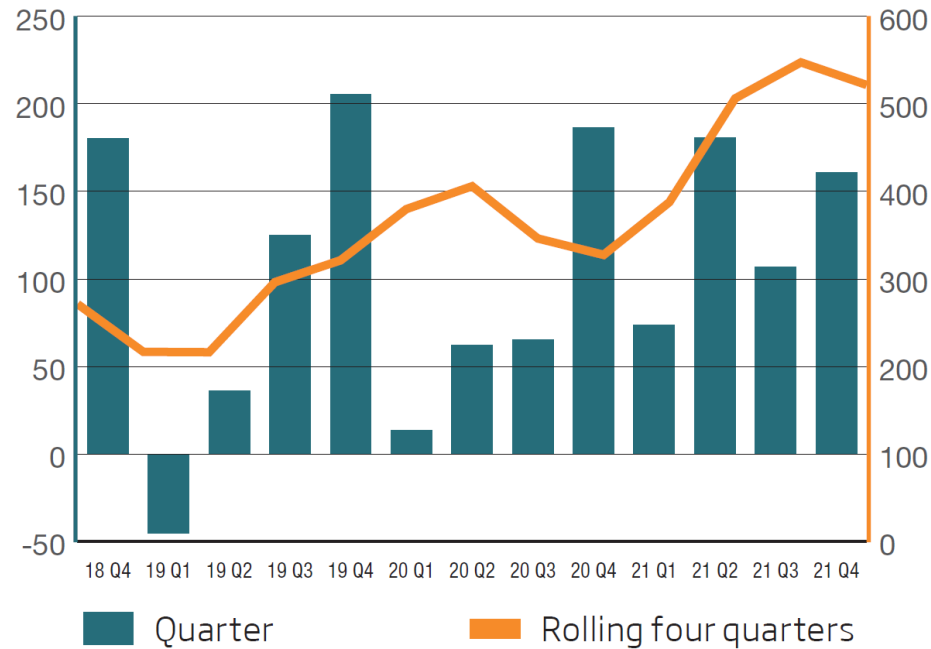


Nederman Group: Cash Flow & Net Debt

Cash flow from operations:

Q4 2021: 159m SEK (187m)

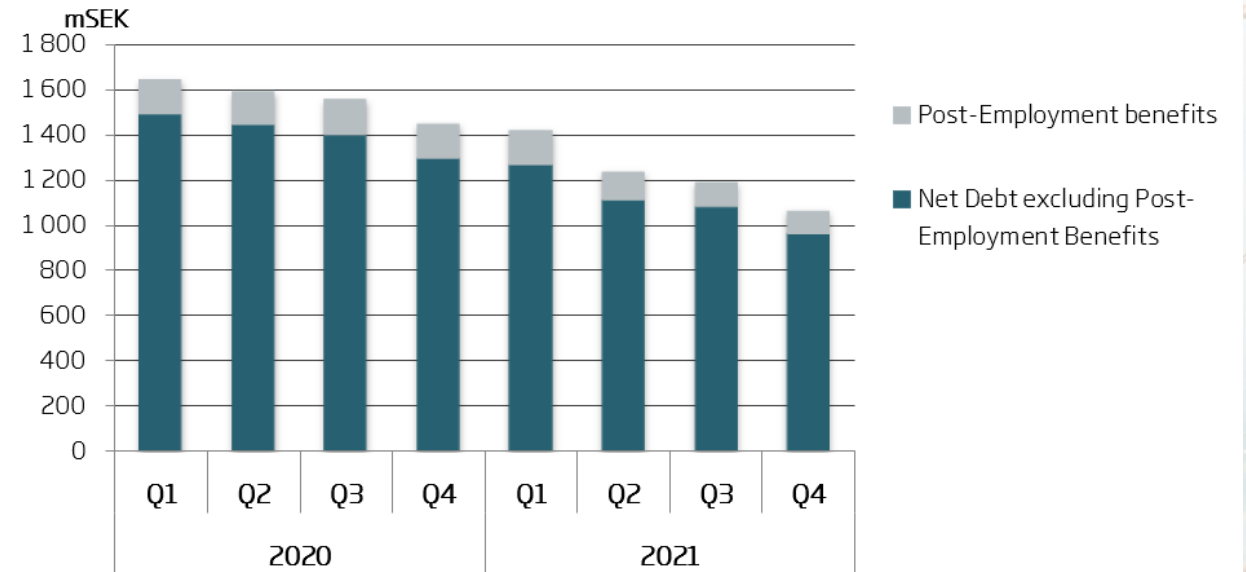
Full year 2021: 520m SEK (328m)



Net Debt:

31 December 2020: 1,451m SEK

31 December 2021: 1,068m SEK



Extraction & Filtration Technology, Q4 2021

Nederman

Development during the quarter

- Sales growth but a decline in order intake
- Clear differences in demand between regions
- Strong profitability continues

In EMEA:

- Absence of larger, and fewer mid-size orders
- Lack of orders mainly connected to the automotive industry and connected sub-suppliers
- Base business of product sales growing throughout the region, including via the partner and distributor network

In Americas:

- Solid growth particularly in the USA with mid-size solutions orders
- Solutions growth particularly strong in wood industry
- Service and after-market sales continue to grow

In APAC:

- Demand still subdued in several markets with COVID related restrictions
- Australia showing continued growth

Key activities

- The acquisition of Energy Save System (ESS), will clearly boost the division's wood segment in particular. Close cooperation with M&CT division.
- Launch of the LBR SmartFilter – a filter solution suitable for industrial dust collection applications including wood, agriculture, waste management and recycling
- Launch of the configurable industrial vacuum cleaner (500 series) for the extraction of liquids and coarse particles
- The Clean Air World Tour was launched – a digital event on the most recent trends in air filtering and industrial processes. Germany and UK were first out.
- Freight and supply chain challenges do continue

SEKm	Note	10Oct-31Dec 2021	10Oct-31Dec 2020	Currency -neutral growth	Organic growth	1Jan-31Dec 2021	1Jan-31Dec 2020	Currency -neutral growth	Organic growth
Incoming orders - External		410.8	450.4	-10.1%	-10.1%	1,780.9	1,589.2	16.0%	16.0%
Total sales	4	481.6	437.0	9.9%	9.9%	1,762.9	1,648.8	10.7%	10.7%
Adjusted EBITA		82.1	65.6			308.7	221.7		
Adjusted EBITA margin		17.0%	15.0%			17.5%	13.4%		

Process Technology, Q4 2021

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Development during the quarter

- Strong orders received in all segments and markets - **Highest ever quarterly order intake**
- **55% sales growth**
- Very good working capital development - Good cash flow management plus receipt of downpayments on projects

In Textile & Fibre:

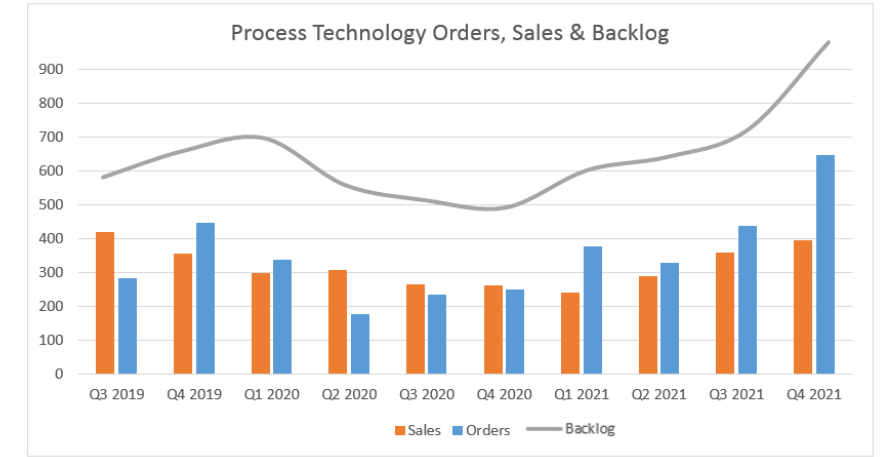
- Textile continued to develop very well
- India particularly strong with a trend for international buyers moving to Indian suppliers
- Extra production shift in Indian plant continued in Q4
- Project execution being impacted negatively by freight challenges and higher material costs

In Foundry & Smelter:

- Increased demand for projects to the recycling industry in Europe
- Clear sustainability trend in the foundry and smelter segment
- **Several major orders were secured**, including for recycling of aluminum and steel

In Customised Solutions:

- **Several medium-sized orders were registered**
- Strong order and quotation pipeline.
- "MikroPul Solutions Lab" launched in Q3 is generating interest and customer orders



Key activities

- Significant long-term contract signed for service and monitoring of installed equipment throughout its life-cycle
 - Clear trend towards Clean Air as a Service
- Continued focus on growing service business - particularly in textile & fibre where margins are currently under most pressure
- Challenges in the supply chain and logistics remain

SEKm	Note	1 Oct-31 Dec 2021	1 Oct-31 Dec 2020	Currency -neutral growth	Organic growth	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020	Currency -neutral growth	Organic growth
Incoming orders - External		646.3	248.3	167.7%	167.7%	1,785.5	992.7	89.9%	89.9%
Total sales	4	397.5	262.0	55.0%	55.0%	1,291.5	1,136.8	20.0%	20.0%
Adjusted EBITA		23.0	9.1			50.9	58.1		
Adjusted EBITA margin		5.8%	3.5%			3.9%	5.1%		

Monitoring & Control Technology, Q4 2021

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Development in the quarter

- Strong sales and order intake
- Excellent profitability
- Signals that activity levels in the market have begun to normalise
- Strained supply chain a constant challenge

In EMEA:

- **Good order intake growth** versus Q4 2020 and Q3 2021.
- A number of **larger OEM orders** were secured.
- Emissions-related business displayed continued strong growth in Q4

In APAC:

- Strong trend for orders received continued despite travel restrictions
- **China in particular is driving growth**

In Americas:

- **Orders received remained strong**
- Higher level of activity among customers in the region is clear
- Sales strengthened compared with Q4 2020
- **Region remains ahead of Europe in the recovery** process - with essentially a normal market situation
- Travel restrictions between Europe and North America were the main obstructions to more rapid growth

Key activities

- UK company Energy Save System Ltd (ESS) was acquired. Hardware and software for monitoring and control of filter systems in order to...
...lower energy consumption, reduce environmental impact and improve filter performance
- ESS strengthens Nederman's market offering in **all divisions** and markets.
- Internal cooperation stepped up to counter supply chain challenges

SEKm	Note	10Oct-31Dec		Currency -neutral growth	Organic growth	1Jan-31Dec		Currency -neutral growth	Organic growth
		2021	2020			2021	2020		
Incoming orders - External		166.4	118.4	36.7%	35.8%	561.8	495.7	16.5%	16.2%
Total sales	4	155.8	152.1	0.3%	-0.3%	537.3	506.9	8.9%	8.7%
Adjusted EBITA		41.3	34.1			120.9	94.6		
Adjusted EBITA margin		26.5%	22.4%			22.5%	18.7%		



Duct & Filter Technology, Q4 2021

Nederman

Development in the quarter

- Good growth though rate of expansion has slowed somewhat compared to Q3
- Solid order intake and sales development
- Strong profitability
- Some negative margin impact from product mix in Q4 – higher proportion of filter sales

In Nordfab:

- Strong growth compared with Q4 2020
- Prices have increased while volumes development is more modest
- Cost levels increasing as a result of the high inflation in the US
- Positive trend in Europe continued - both from new customers and higher volumes from existing customers
- Significant frame agreement signed with a UK kitchen manufacturer
- More dampened trend in Thailand

In Menardi:

- Sales of filter solutions under the Menardi brand, grew organically by 50% v Q4 2020
- Sales also clearly higher than the Q3 2021
- Growth is despite the continued lengthy delivery times for filter media
- High order backlog moving into 2022

Key activities

- Automated duct production line installed in the production plant in Denmark
 - New two-metre-long ducting launched in Europe in December
- Interactive 3D tool, QFV is attracting major interest and resulting in new customers and orders in the US. European launch is pending.
- Concerns remain surrounding availability and prices of important raw materials, and transport costs

SEKm	Note	10Oct-31Dec 2021	10Oct-31Dec 2020	Currency -neutral growth	Organic growth	1Jan-31Dec 2021	1Jan-31Dec 2020	Currency -neutral growth	Organic growth
Incoming orders - External		128.4	101.2	24.4%	24.4%	494.7	402.6	31.4%	31.4%
Total sales	4	137.8	105.7	27.9%	27.9%	540.8	457.9	26.0%	26.0%
Adjusted EBITA		24.4	20.8			104.0	63.9		
Adjusted EBITA margin		17.7%	19.7%			19.2%	14.0%		

Summary

Quarter 4:

- A strong finish to an excellent year
- Excellent Q4 order intake for the group, with some divisional and regional variation
- Strong profitability and cash flow development

2021:

- Record order intake and profitability for the Nederman group
- Extremely strong cash flow development
- The Board of directors proposes a dividend of 3.50kr per share

In conclusion...

We have advanced our position in a market that continues to have great potential

Outlook

- Our base business and a strong digital offering have enabled us to assert ourselves well in the current market
- We now see that demand for more major projects is picking up
- However, geopolitical concerns have increased and there is also a clear risk that supply chain problems, high material prices and logistics challenges will continue to impact:
 - a) Customers' investment decisions, and
 - b) Our own production and ability to deliver
- Generally however, we are cautiously optimistic about the next few quarters, but can see increased uncertainty in our markets.
- Nederman's long-term potential continues to strengthen:
 - Insight into the damage that poor air does to people is increasing
 - Nederman has a leading offering within industrial air filtration, and a key role to play which provide clear possibilities for growth
 - What is needed is even more political will throughout the world, to use regulations and incentives to work to reduce the risk that millions of people need to die prematurely each year from breathing in dirty and hazardous air



Financial Calendar

- Annual Report 18 March 2022
- Interim report 1 22 April 2022
- Annual General Meeting 25 April 2022
- Interim report 2 15 July 2022
- Interim report 3 24 October 2022
- Year-end report 16 February 2023



We shape the future for clean air

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