



# Nederman Interim Report Q2 2020

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## Good profitability under difficult circumstances

- Lockdowns in the wake of the COVID-19 pandemic had a major impact during the quarter
- Negative impact on orders, sales and profitability
- Demand returning at varying pace for different divisions, geographies and applications

## Programme for Nederman's future stability

- Nederman is implementing a restructuring programme that will lead to annual cost savings of approximately SEK 100m and savings of around SEK 55m already in 2020
- The plan encompasses all of the Group's divisions
- Total restructuring costs, are SEK 75m, and were expensed during Q2 2020
- Approximately 115 positions are impacted by the changes

- Incoming orders amounted to SEK 740m (1,044m), a currency-neutral decrease of 27.7% versus Q2 2019
- Net sales amounted to SEK 928m (1,096m), a currency-neutral decrease of 14% versus Q2 2019
- Operating profit, including restructuring costs, was SEK -2.3m (84.5)
- Adjusted operating profit was SEK 73m (85m), giving an adjusted operating margin of 7.9% (7.7%)
- Net profit was SEK -10.4m (54.4m)
- Earnings per share were SEK -0.30 (1.55)

- Incoming orders amounted to SEK 1,735m (2,063m), a currency-neutral decrease of 15.8%
- Net sales amounted to SEK 1,909m (2,133m), a currency-neutral decrease of 10.4%
- Operating profit, including restructuring costs, was SEK 62m (157m)
- Adjusted operating profit was SEK 138m (158m), giving an adjusted operating margin of 7.2 % (7.4%)
- Net profit was SEK 23.8m (100.6).
- Earnings per share were SEK 0.68 (2.87)

## Development in the quarter:

Lockdowns in the wake of the COVID-19 pandemic had a major impact

Demand improved notably during June

- All markets in **Europe** were affected negatively by COVID-19 related restrictions, the **Americas** were also negatively impacted, while **APAC** displayed some growth
- In **Germany**, orders and sales declined, some improvement was noted during June
- In the **Nordic** region, demand declined in Denmark and Sweden, while Norway was in line with Q2 2019.
- In the **UK**, performance was very weak in April and May, but the situation improved noticeably in June
- In the **Netherlands**, negative impact was limited and in **Belgium** was in line with Q2 2019
- In **France** and **Spain**, lockdowns meant all business activities were drastically reduced. Situation improved marginally by the end of June
- In **Poland**, orders received developed positively with strong demand for system solutions
- Weak trend in **distributor markets**, mainly due to low activity in the automotive industry
- Positive developments in **Australia, Thailand, Indonesia** and **Malaysia**. **China** was marginally weaker than Q2 2019.
- In **North America**, orders received declined following weak performance at the start of Q2. Q2 ended more positively with increased demand. In **Brazil**, orders received decreased versus a strong Q2 2019, and June was the weakest month of the quarter.

## Key activities:

- Several measures relating to cutting costs implemented
- Shorter working hours were introduced in numerous countries
- New generation of MCP/MEP smart filters, developed together with Monitoring & Control Technology, was launched in EMEA

SEKm	Note	1 Apr-30 June		Currency-neutral Organic		1 Jan-30 June		Currency-neutral Organic		Full year 2019	July-June 12 months
		2020	2019	growth, %	growth, %	2020	2019	growth, %	growth, %		
Incoming orders - External		353.5	489.8	-26.0	-26.0	779.4	956.0	-17.8	-17.8	1,962.2	1,785.6
Total sales	2	393.1	482.5	-16.7	-16.7	855.3	935.1	-8.0	-8.0	1,940.2	1,860.4
Adjusted EBITA		42.6	62.1			107.4	124.7			263.2	245.9
Adjusted EBITA margin, %		10.8	12.9			12.6	13.3			13.6	13.2

## Development in the quarter:

Significant decline in demand during the quarter as a result of lockdowns

Many projects that will most likely be completed, have now been delayed

### Fiber & Textile:

- Many spinning mills around the world suspended production in Q2
- Luwa production plant in India was closed for approximately 2 months
- Demand was very low with installation delays and postponed investments due to the prevailing economic uncertainty.
- Visible signs of activity increasing in China later in Q2

### Foundry and Smelter:

- Cautious recovery in Asia especially towards end of Q2
- In Europe, customers were impacted by restrictions with resulting postponed orders and delays to projects as a result.
- Good order backlog from foundries and smelters, mainly in Europe and Americas
- Some projects were postponed, but are expected to be implemented at a later date

### Customised Solutions:

- Weak demand across all markets, but progress in aftermarket as a result of the new MikroPul Assist production monitoring system

## Key activities:

- Efforts to improve productivity continued to generate results with costs lower than Q2 2019
- Normal production capacity maintained apart from in India
- Capacity and costs are being further adapted to address the anticipated decrease in sales

SEKm	Note	1 Apr-30 June		Currency-neutral		1 Jan-30 June		Currency-neutral		Full year 2019	July-June 12 months
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %		
Incoming orders - External		176.4	368.5	-51.4	-51.4	511.6	734.6	-30.9	-30.9	1,461.5	1,238.5
Total sales	2	309.0	432.8	-28.4	-28.4	608.7	854.7	-29.4	-29.4	1,633.3	1,387.3
Adjusted EBITA		25.6	33.1			34.9	54.8			101.6	81.7
Adjusted EBITA margin, %		8.3	7.6			5.7	6.4			6.2	5.9

# Duct & Filter Technology, Q2 2020

## Development in the quarter:

Decline in sales due to COVID-19 related restrictions

Number of requests for quotations now on a more healthy level

- **Nordfab** had negative order growth compared with Q2 2019.
  - In the **US**, demand decreased significantly compared with Q1 2020 and Q2 2019.
  - Large and small orders were impacted least, strong decline in mid-sized orders due to lockdown impact
  - In **Europe**, there was a strong decline, though some resellers built inventory to meet demand once restrictions ease
  - Positive profitability trend at **Thai** plant continued and overall impact on sales was limited
- **Menardi** also had negative growth compared with Q2 2019.
  - Orders received in the **US** in line with Q1, and impacted to a lesser extent by lockdowns though price pressure now apparent
  - In **Europe**, trend was positive due to increased sales to external customers

## Key activities

- Measures implemented to protect the profitability and liquidity in all of the division's operations
- In Sweden, a new distribution solution was established for the pipe and filter systems produced in Denmark
- The cooperation between the production plants in Denmark and the UK was intensified
- All plants essentially maintained their normal production capability

SEKm	Note	1 Apr-30 June		Currency-neutral growth, %		1 Jan-30 June		Currency-neutral growth, %		Fullyyear 2019	July-June 12 months
		2020	2019	Organic growth, %	Organic growth, %	2020	2019	Organic growth, %	Organic growth, %		
Incoming orders - External		91.9	123.2	-26.2	-26.2	209.3	249.2	-18.1	-18.1	473.5	433.6
Total sales	2	114.4	151.6	-25.3	-25.3	246.5	285.3	-15.7	-15.7	555.4	516.6
Adjusted EBITA		13.0	23.5			28.7	40.3			69.6	58.0
Adjusted EBITA margin, %		11.4	15.5			11.6	14.1			12.5	11.2



## Development in the quarter

### Largely positive development

- APAC was the first region to display signs of recovery with healthy growth in orders and sales as a result
- In Europe, sales and orders received both declined somewhat in the wake of lockdowns imposed
- In Americas, orders received rose, while sales were on par with Q2 2019

## Key activities

- Restructuring of Nederman Insight with the transfer to Auburn FilterSense in Boston to capitalise on the industrial expertise and market-oriented work approach there
- NEO Monitors now formally established in Houston to enable further development in the market around the US gulf coast
- The supply of components was satisfactory in the quarter and the production plants largely functioned as previously

SEKm	Note	1 Apr-30 June		Currency-neutral		1 Jan-30 June		Currency-neutral		Full year 2019	July-june 12 months
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %		
Incoming orders - External		117.7	62.6	95.8	-3.6	234.3	123.3	94.9	-7.6	271.2	382.2
Total sales	2	131.1	56.0	143.4	11.3	239.5	109.5	125.1	9.5	280.3	410.3
Adjusted EBITA		27.5	7.8			38.1	10.5			44.6	72.2
Adjusted EBITA margin, %		21.0	13.9			15.9	9.6			15.9	17.6

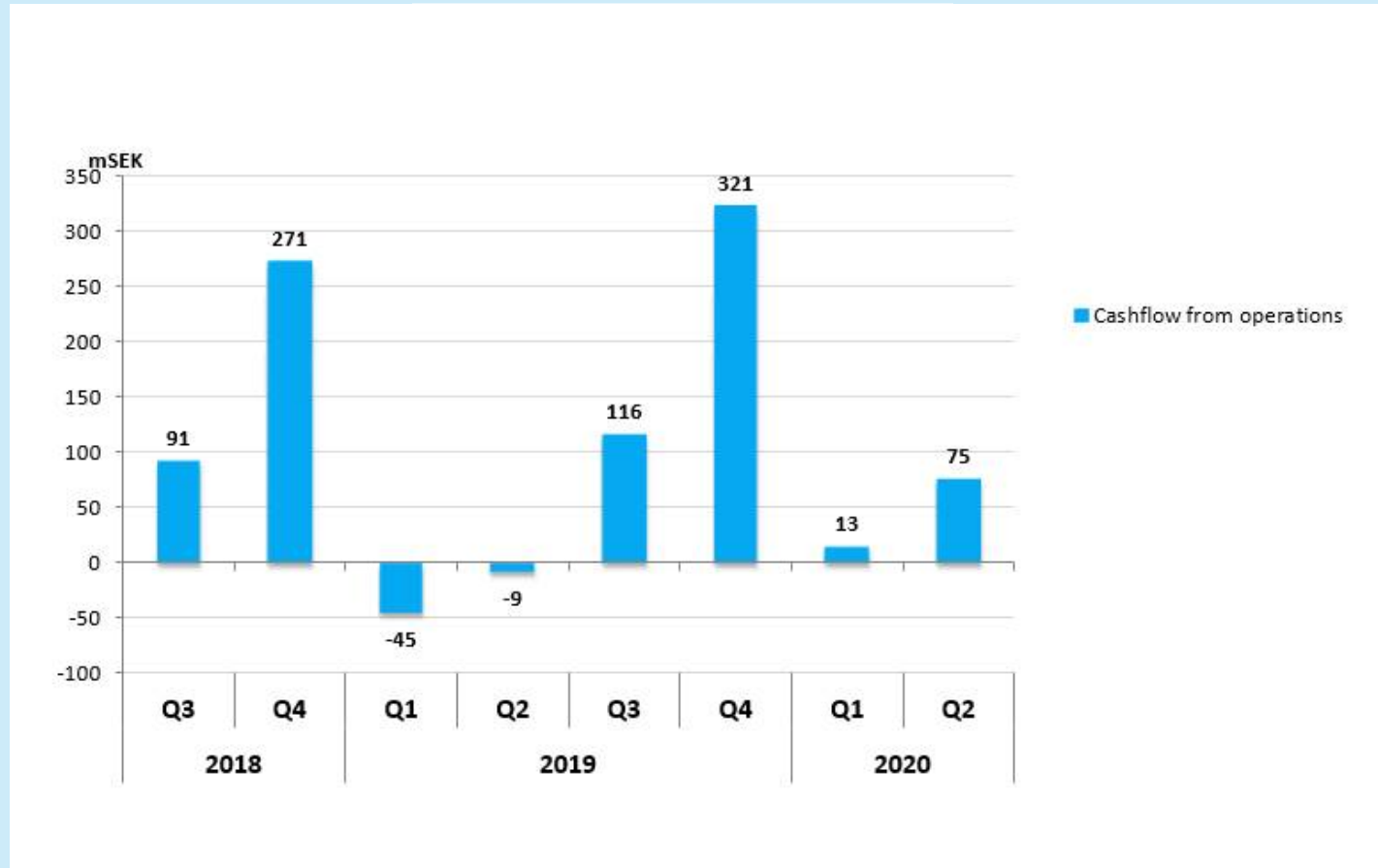


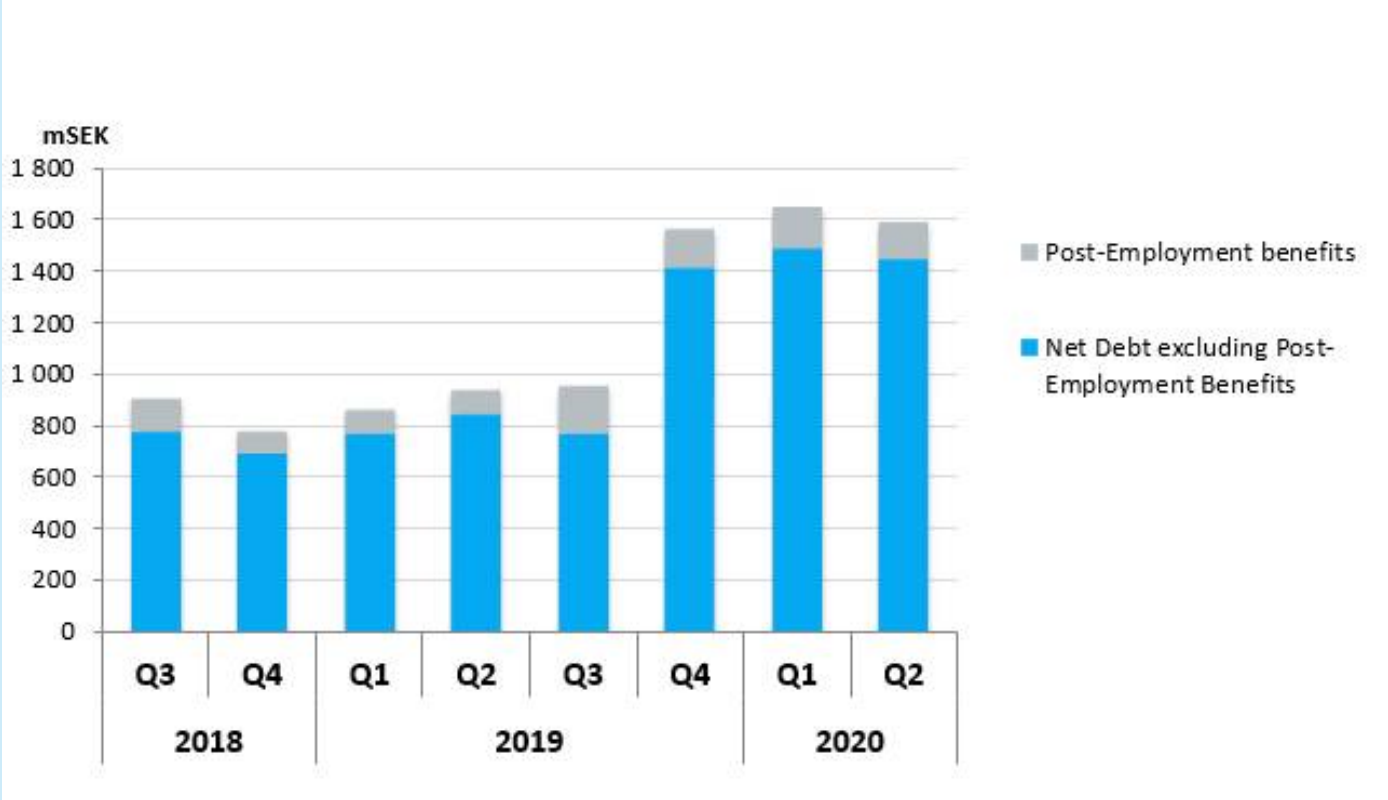
## Regions

External order intake, SEKm	1 Apr-30 June		1 Jan-30 June		Full year 2019	July-June 12 mån
	2020	2019	2020	2019		
Americas	239.8	351.5	584.1	657.3	1,292.3	1,219.1
EMEA	377.8	543.4	887.8	1,060.4	2,204.5	2,031.9
APAC	121.9	149.2	262.7	345.4	671.6	588.9
<b>Total Nederman Group</b>	<b>739.5</b>	<b>1,044.1</b>	<b>1,734.6</b>	<b>2,063.1</b>	<b>4,168.4</b>	<b>3,839.9</b>

External net sales, SEKm	1 Apr-30 June		1 Jan-30 June		Full year 2019	July-June 12 mån
	2020	2019	2020	2019		
Americas	299.1	351.3	620.0	676.1	1,380.4	1,324.3
EMEA	479.9	517.3	1,009.7	1,041.8	2,190.5	2,158.4
APAC	149.4	227.6	279.2	414.7	736.8	601.3
<b>Total Nederman Group</b>	<b>928.4</b>	<b>1,096.2</b>	<b>1,908.9</b>	<b>2,132.6</b>	<b>4,307.7</b>	<b>4,084.0</b>

# Cash Flow from Operations: Cumulative





## **Extraction & Filtration Technology:**

- Lockdowns had a major impact
- Demand improved notably during June

## **Process Technology:**

- Significant decline in demand particularly for larger investments
- Many projects that will most likely be completed, but have now been delayed

## **Duct & Filter Technology:**

- Decline in orders and sales due to restrictions
- Number of requests for quotations now on a more healthy level

## **Monitoring & Control Technology:**

- Largely positive development

## **Nederman Group**

- **Good profitability in difficult circumstances**
- **Programme implemented for Nederman's future stability**

## Outlook

**Restricted view.** It is currently very difficult to make long-term forecasts for economic development, but we do not anticipate a rapid economic recovery, but foresee a continued significant negative impact on the Group's sales during the third quarter of the year.

**Favourable view.** A positive effect of the lockdowns is that they have shown what the world looks like when the air is not polluted by industrial emissions. This is the world that Nederman is working to create by offering effective industrial air filtration instead of a paralysing pandemic. We demonstrate every day that this can be achieved, at every installation that we implement.

**High preparedness.** Nederman will continue to have a high level of preparedness and active approach to address the future development of the pandemic and its impact on society and the economy.

# Financial Calendar

Interim Report January-September 2020      October 23, 2020

Year-end Report January-December 2020      February 12, 2021



# The Clean Air Company

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

