



Nederman

Interim Report Q4 2020

CEO – Sven Kristensson

CFO – Matthew Cusick

Nederman Group, Q4 2020

Healthy operating margin and strong cash flow despite:

- Lockdowns
- Political uncertainty in the US
- Protracted Brexit negotiations



Nederman Group Financials: Q4 2020

- Incoming **orders** amounted to SEK 918m (1,141), a currency-neutral decrease of 16.9% versus Q4 2019
- Compared with Q3 2020 incoming orders increased with 10%
- Net **sales** amounted to SEK 940m (1,087), a currency-neutral decrease of 10.4% versus Q4 2019
- Adjusted **operating profit** was SEK 94.0m (113.2)
 - The adjusted operating margin was 10.0% (10.4%)
- **Net profit** was SEK 55.1m (72.4)
- **Earnings per share** were SEK 1.57 (2.06)

Nederman Group Financials: January-December 2020

- Incoming **orders** amounted to SEK 3,480m (4,168), a currency-neutral decrease of 13.7%
- Net **sales** totalled SEK 3,675m (4,308), a currency-neutral decrease of 11.8%
- **Adjusted operating profit** was SEK 295.6m (349.1)
 - The adjusted operating margin was 8.0% (8.1%)
- **Net profit** was SEK 110.4m (225.8)
- **Earnings per share** were SEK 3.15 (6.43)
- Due to the continued high uncertainty regarding the economic impact of lockdowns and restrictions in the wake of covid-19, the Board's **current proposal** is that **no dividend** be paid
 - This should enable Nederman to maintain financial stability and increase flexibility as new opportunities arise
 - The Board will continue to evaluate the situation and a further statement regarding dividends will be made at the latest in the Q3 2021 report on 22 October 2021

Extraction & Filtration Technology, Q4 2020

Key activities

- Work finalised on optimising operations & logistics at plants in EMEA to improve efficiency and customer satisfaction.
- Continued efforts to modernise and digitalise the product range in cooperation with the Monitoring & Control Technology division.
- Cost control measures taken have been successful.

Development during the quarter

Lockdowns had a substantial negative impact on demand in Europe and Americas. APAC was also affected to a certain extent even if the region's orders and sales grew.

- **German** orders increased and the level of market activity remained stable
- Orders received declined in the **Nordic** countries. Signals are generally positive, but uncertainty remains.
- The **UK** was strongly impacted by lockdowns and Brexit. Delivery capacity was retained due to careful planning and preparation.
- In **France**, a major order from the wind-power industry was booked and in **Spain**, orders received were in line with Q4 2019. Both **Belgium** and the **Netherlands** were also strongly impacted by lockdowns
- **Poland** had good growth in both service and products sales
- European **distributor markets** grew and profitability was in line with Q4 2019
- **India** had a strong Q4, with good service development and a major wind-power order.
- **Thailand** has solid growth in orders and a major automotive order was booked.
- **Other APAC** countries had a mixed growth picture however operating margins improved throughout APAC.
- In **North America**, orders received were behind a very strong Q4 2019. One large timber order was booked and profitability has increased.
- In **Brazil**, the positive trend from Q3 continued.

SEKm	Note	1 Oct-31 Dec		Currency-neutral		1 Jan-31 Dec		Currency-neutral	
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %
Incoming orders - External		450.4	512.4	-8.3	-8.3	1,589.2	1,962.2	-15.9	-15.9
Total sales	2	437.0	520.3	-12.2	-12.2	1,648.8	1,940.2	-11.9	-11.9
Adjusted EBITA		65.6	77.3			221.7	263.2		
Adjusted EBITA margin, %		15.0	14.9			13.4	13.6		

Process Technology, Q4 2020

Key activities

- Ongoing digitalisation of the product range which in turn has had positive effects on the service business
- Focus on strengthening orders received to build a good pipeline for the future
- Securing profitability in the short and long term

Development during the quarter

Some brightening in the market situation is now seen. Cost control measures led to a reduction in expenses of 22 percent in the quarter, compared with Q4 2019

- **Textile segment**
 - Signs of recovery - Q4 orders exceeded both Q4 2019 and Q3 2020
 - The Indian market is recovering after being particularly affected by lockdowns.
 - China remains difficult where the textile industry in general has seen reduced sales to key export markets
 - Sales of the Digi 7 digital monitoring solution grow and Digi 7 is now part of the standard range.
- **Foundry and smelter segment**
 - European market showed some signs of recovery, particularly in metal recycling and Q4 orders exceeded Q3 2020.
 - Service operations continue to be affected by the practical restrictions of lockdowns.

SEKm	Note	1 Oct-31 Dec		Currency-neutral		1 Jan-31 Dec		Currency-neutral	
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %
Incoming orders - External		248.3	445.7	-42.9	-42.9	992.7	1,461.5	-30.1	-30.1
Total sales	2	262.0	360.0	-25.1	-25.1	1,136.8	1,633.3	-28.3	-28.3
Adjusted EBITA		9.1	25.3			58.1	101.6		
Adjusted EBITA margin, %		3.5	7.0			5.1	6.2		

Duct & Filter Technology, Q4 2020

Key activities

- Investment in a fully automated pipe welding system for Europe was approved.
- Launch of a web shop in the US and a new high-vacuum system for the food industry in Europe.

Development in the quarter

Positive development in most markets, though lockdowns in Europe had an impact on some operations.

- Nordfab**, which sells different types of pipe systems saw positive order growth compared with Q4 2019
 - US** orders received grew versus both Q4 2019 and Q3 2020 with growing number of **digital orders** being booked
 - In **Europe**, orders received were below Q4 2019, but grew strongly versus Q3 2020.
 - Positive profitability trend continued at the plant in **Thailand**
- Menardi**, which sells the division's filter solutions saw orders received increase versus Q4 2019 and Q3 2020.
 - Increased opportunities for physical visits to **US** customers
 - Some previously postponed major installations now resumed.
 - In **Europe**, an increase in demand from external customers was seen

SEKm	Note	1 Oct-31 Dec		Currency-neutral		1 Jan-31 Dec		Currency-neutral	
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %
Incoming orders - External		101.2	88.9	14.6	14.6	402.6	473.5	-12.8	-12.8
Total sales	2	105.7	115.4	-8.1	-8.1	457.9	555.4	-15.5	-15.5
Adjusted EBITA		20.8	8.3			63.9	69.6		
Adjusted EBITA margin, %		19.7	7.2			14.0	12.5		

Monitoring & Control Technology, Q4 2020

Key activities

- New functionality was developed for the Insight system, resulting in improved flexibility and user-friendliness for the platform
- Establishment of business towards the process industry in the US progressing well
- Further focus on digitalisation of all key processes

Development in the quarter

The trend for product sales and service among the division's end customers was positive though development in Asia was affected to some extent by travel restrictions

- In **EMEA** orders received declined somewhat compared with Q3 2020
 - The general COVID-19 impact sees large variations within industries and between countries
 - Emission-related sales are generally less negatively affected than process control
- In **APAC**, orders received were also Behind Q3 2020 but emission-related sales were relatively strong
- Sales in **Americas** increased significantly compared with Q3 2020 and Q4 2019
 - Division is now able to go to market directly with our process-oriented products and services

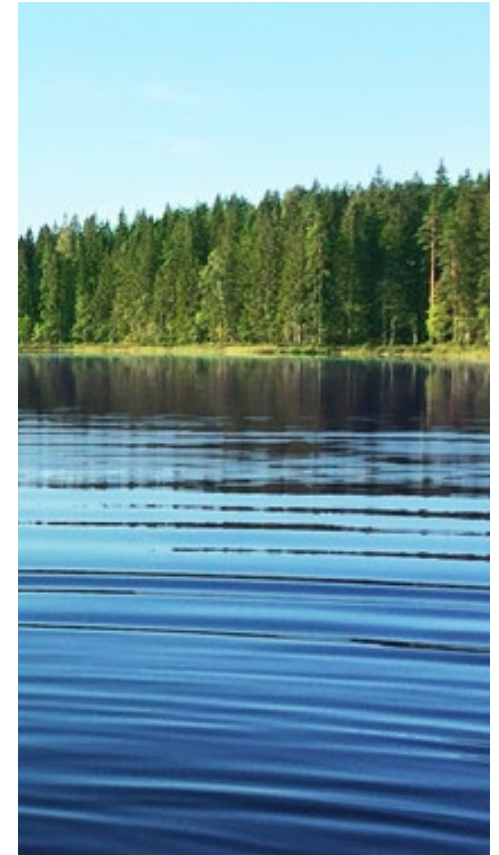
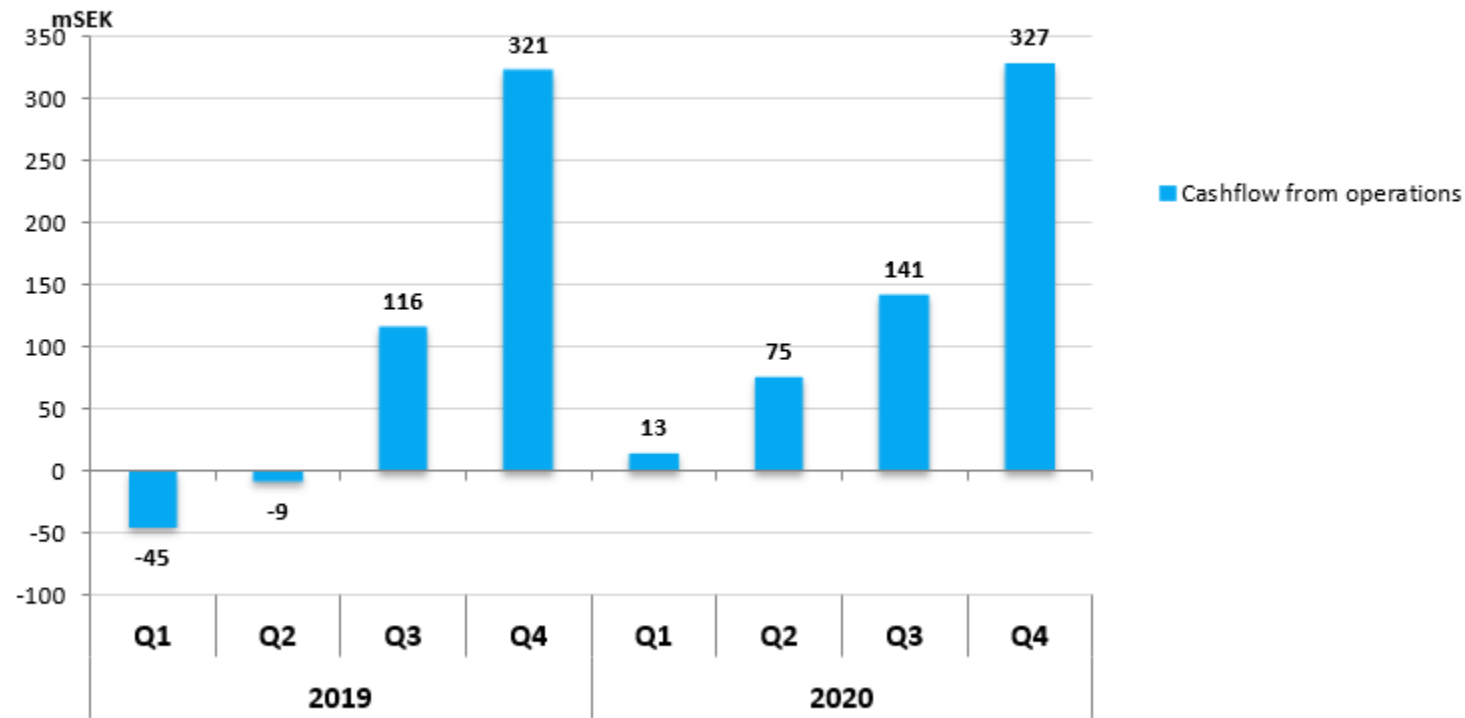
SEKm	Note	1 Oct-31 Dec		Currency- neutral		1 Jan-31 Dec		Currency- neutral	
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %
Incoming orders - External		118.4	93.7	30.1	-24.4	495.7	271.2	88.6	-7.1
Total sales	2	152.1	114.6	37.6	-11.5	506.9	280.3	87.3	-0.2
Adjusted EBITA		34.1	32.6			94.6	44.6		
Adjusted EBITA margin, %		22.4	28.4			18.7	15.9		

Regions, Q4 2020

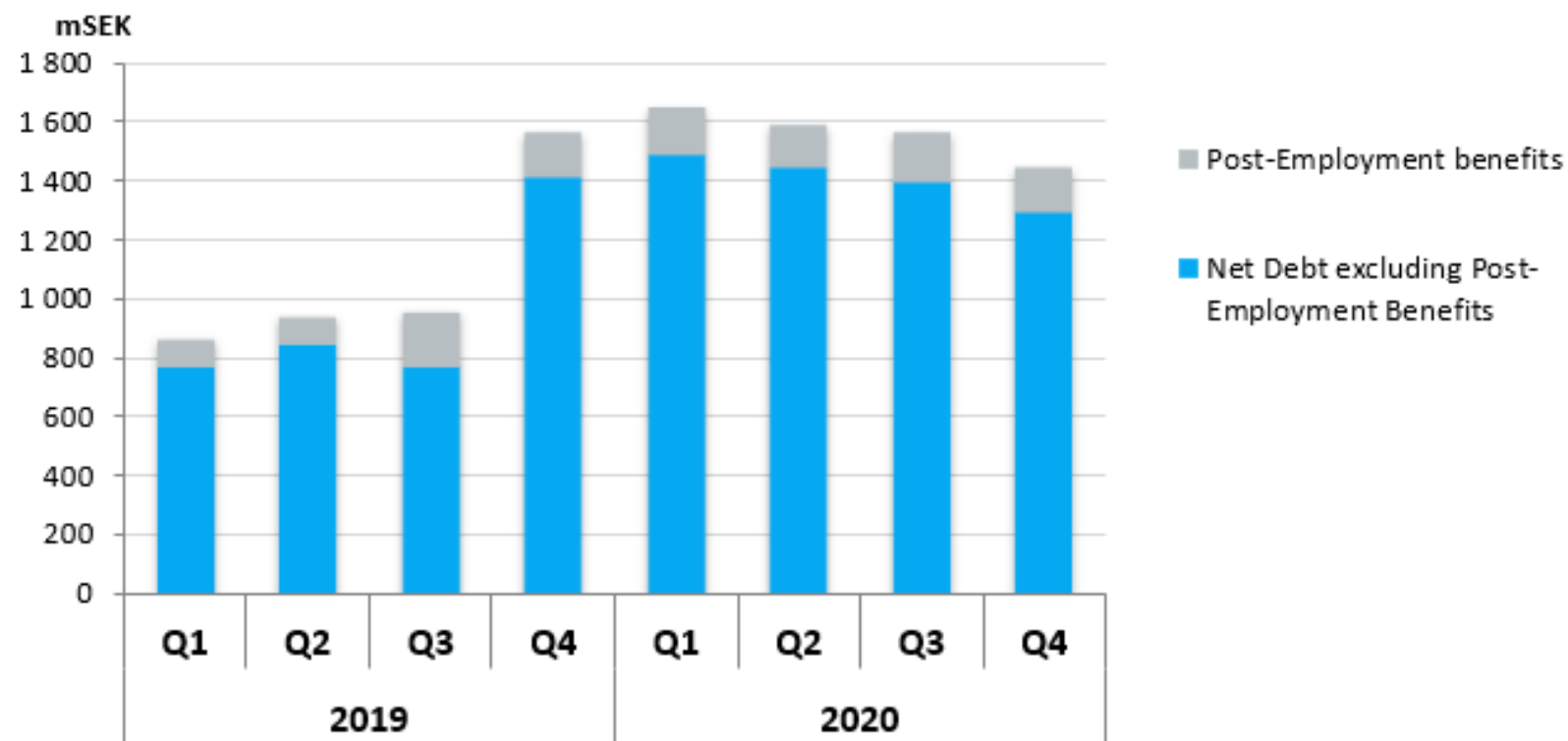
		1 Oct-31 Dec		1 Jan-31 Dec
External order intake, SEKm	2020	2019	2020	2019
Americas	248.3	283.3	1,058.4	1,292.3
EMEA	499.5	673.9	1,808.1	2,204.5
APAC	170.5	183.5	613.7	671.6
Total Nederman Group	918.3	1,140.7	3,480.2	4,168.4

		1 Oct-31 Dec		1 Jan-31 Dec
External net sales, SEKm	2020	2019	2020	2019
Americas	262.6	329.8	1,128.5	1,380.4
EMEA	468.5	589.0	1,915.7	2,190.5
APAC	209.0	167.7	630.6	736.8
Total Nederman Group	940.1	1,086.5	3,674.8	4,307.7

Cash Flow from Operations: Cumulative



Net Debt



Summary, 2020 Quarter 4

Extraction & Filtration Technology

- COVID-19 restrictions having major impact in Europe.
- Growth in APAC
- Healthy profitability

Process Technology:

- Continued postponed investment decisions though some more positive signs
- Good cost control and continued profitability

Duct & Filter Technology:

- Growing order intake
- Increased production efficiency and profitability

Monitoring & Control Technology:

- Strong sales and high profitability
- Improvements in Nederman's digital product range continue

Nederman Group

- Good profit margins
- Strong cash flow
- Mixed signals from market with some positive signs but lockdown impact still apparent

Outlook

Continued extreme uncertainty regarding the development of the global economy.

For the first quarter of the year, Nederman expects the effects of the COVID-19 pandemic to remain significant in most of the Group's markets. If the vaccination programmes that are now being initiated throughout the world have the expected effect on the global spread of infection, we anticipate a cautious recovery in the second half of 2021.

Accordingly, it is currently not possible to provide detailed forecasts of developments in the coming quarters, however during 2020, Nederman conducted a series of measures to maintain healthy profitability and the effects of these measures should continue to be seen.

We still see good opportunities to further advance our position, not least by launching new products and continuing the development of our digital offering.

The problems with poor air quality in the world remain extensive, leading to a large number of people dying prematurely every year and the underlying need for Nederman's products is significant.

Financial Calendar

Interim report January-March 2021	April 22, 2021
Annual General Meeting	April 26, 2021
Interim report January-June 2021	July 15, 2021
Interim report January-September 2021	October 22, 2021



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