Q1 Report 2020

Bo Annvik, CEO
Patrik Johnson, CFO
27 April 2020
Highlights first quarter 2020

- Strong organic order intake with positive book to bill
- Large variations between companies, segments and markets
- Record high Q1 EBITA-margin 12.4%
- Improved cash flow
- Strengthened financial position
- Continued high acquisition activity – six companies acquired during first quarter
- Limited effect of covid-19 during the quarter
Order intake

Order intake: 5,401 MSEK, Q growth: +17%, FY growth: +17%, R3Y CAGR: +14%
Net sales

4,976 MSEK  Q GROWTH  FY GROWTH  R3Y CAGR
+14%    +14%    +12%

QUARTERLY GROWTH

Organic  Acquisitions  Divestments  Currency
3%  9%  0%  2%
EBITA

616 MSEK

Q GROWTH  FY GROWTH  R3Y CAGR
+15%  +15%  +15%

*) Excluding restructuring costs 2017-Q4

QUARTERLY GROWTH
Organic sales growth by Business Area

- Large variation between companies, segments and markets
- Strong comparable numbers
- Good demand from companies in the MedTech- and Pharma segments positively effected Business Areas Flow Technology, Benelux and Industrial Components
- Higher sales of valves for power generation drove the growth in Business Area Benelux
- Negative impact from the slowdown in general engineering, automotive and construction
EBITA margin by Business Area

- Improvements in Business Areas Flow Technology, DACH and Industrial Components driven mainly by strong MedTech- and Pharma segments
- Good cost control and positive acquisition effect in Business Area Finland
- Improvement in valves for power generation in Benelux, but offset by decline in other sectors
- Weaker organic sales developments impacting margins in Business Areas Fluids & Mechanical Solutions, Measurement & Sensor Technology and UK
## Acquisitions & divestments 2020

### Acquisitions

<table>
<thead>
<tr>
<th>Q1</th>
<th>Business Area</th>
<th>Annual Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>🇩🇪 STEIN Automation GmbH</td>
<td>DACH</td>
<td>110 MSEK</td>
</tr>
<tr>
<td>🇳🇱 VarioDrive BV</td>
<td>Benelux</td>
<td>60 MSEK</td>
</tr>
<tr>
<td>🇳🇴 AVA Monitoring AB</td>
<td>Measurement &amp; Sensor Technology</td>
<td>45 MSEK</td>
</tr>
<tr>
<td>🇳🇴 Sverre Hellum &amp; Sønn AS</td>
<td>Industrial Components</td>
<td>60 MSEK</td>
</tr>
<tr>
<td>🇫🇮 Jouka OY</td>
<td>Finland</td>
<td>70 MSEK</td>
</tr>
<tr>
<td>🇳🇴 Nortronic AS</td>
<td>Industrial Components</td>
<td>60 MSEK</td>
</tr>
</tbody>
</table>

### Divestments

<table>
<thead>
<tr>
<th>Q1</th>
<th>Business Area</th>
<th>Annual Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>🇷🇺 Meson FT Rus LCC</td>
<td>Flow Technology</td>
<td>80 MSEK</td>
</tr>
</tbody>
</table>
# Key data summary

<table>
<thead>
<tr>
<th>MSEK</th>
<th>2020-Q1</th>
<th>2019-Q1</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Intake</td>
<td>5,401</td>
<td>4,410</td>
<td>17%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>4,976</td>
<td>4,366</td>
<td>14%</td>
</tr>
<tr>
<td>Gross margin, %</td>
<td>34.0</td>
<td>34.1</td>
<td></td>
</tr>
<tr>
<td>EBITA</td>
<td>616</td>
<td>537</td>
<td>15%</td>
</tr>
<tr>
<td>EBITA-margin, %</td>
<td>12.4</td>
<td>12.3</td>
<td></td>
</tr>
<tr>
<td>Net financial items</td>
<td>-32</td>
<td>-27</td>
<td>19%</td>
</tr>
<tr>
<td>Tax</td>
<td>-108</td>
<td>-92</td>
<td>17%</td>
</tr>
<tr>
<td>Earnings per share (before dilution), SEK</td>
<td>3.22</td>
<td>2.90</td>
<td>11%</td>
</tr>
<tr>
<td>Return On Capital Employed, %</td>
<td>18</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Cash Flow from operating activities</td>
<td>421</td>
<td>168</td>
<td>151%</td>
</tr>
<tr>
<td>Net debt / EBITDA, times</td>
<td>2.2</td>
<td>2.0</td>
<td></td>
</tr>
</tbody>
</table>
Cash Flow from operating activities

- Cash flow from operating activities grew 151% from 168 MSEK to 421 MSEK
- Growth versus last year mainly driven by an improved working capital development and a higher result
- Working capital was still on slightly high level, mainly due to earlier inventory build-up to ensure delivery service and availability
Q1 earnings per share grew 11% to SEK 3.22 (2.90)

Improvement driven by higher EBITA, but partly offset by increased amortizations of intangibles and financing costs

3- and 5-year quarterly earnings per share CAGR, were 14% and 19%
The interest-bearing net debt end of Q1 increased to 6,528 (5,089) MSEK

Driven by the high acquisition pace

Net debt/equity ratio increased to 85% (76%)

The long term financing strengthened further in April
Limited impact of covid-19 in Q1

- Minor disruptions in the supply chains
- Some production disturbances among manufacturing companies
- Strong development with increasing volumes in some of the MedTech companies and some industrial customers building stocks
- Country and customer lock downs in late March effected demand negatively
- Temporary layoffs widely used among the companies
- Decentralised business model with agile companies adapting to changing conditions
Stability based on diverse segments

- Engineering: 19%
- Construction/Infrastructure: 17%
- Healthcare: 13%
- Energy: 12%

No/low segment dependency
Business cycle “hedging”
AGM 2020 and the Board proposes no dividend

The AGM will take place on 2 June at 15.00 p.m. CEST in Stockholm

The Board proposes to the Annual General Meeting to resolve that no dividend should be paid
Key takeaways

- Strong growth and record margin, but variation in demand
- Limited covid-19 effects in Q1
- Large uncertainty ahead
- Diversified business group with agile and flexible companies, working closely with their customers
- Continued high pace of acquisitions – discussions continue but processes are prolonged
Thank you!

Q&A
Trusted by entrepreneurs
Financial Calendar & contact details

2 June 2020
Annual General Meeting

17 July 2020
Interim report 1 January – 30 June 2020

20 October 2020
Interim report 1 January – 30 September 2020

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