



An entrepreneurial world
where people make the difference



Q2 Report 2020

Bo Annvik, CEO
Patrik Johnson, CFO

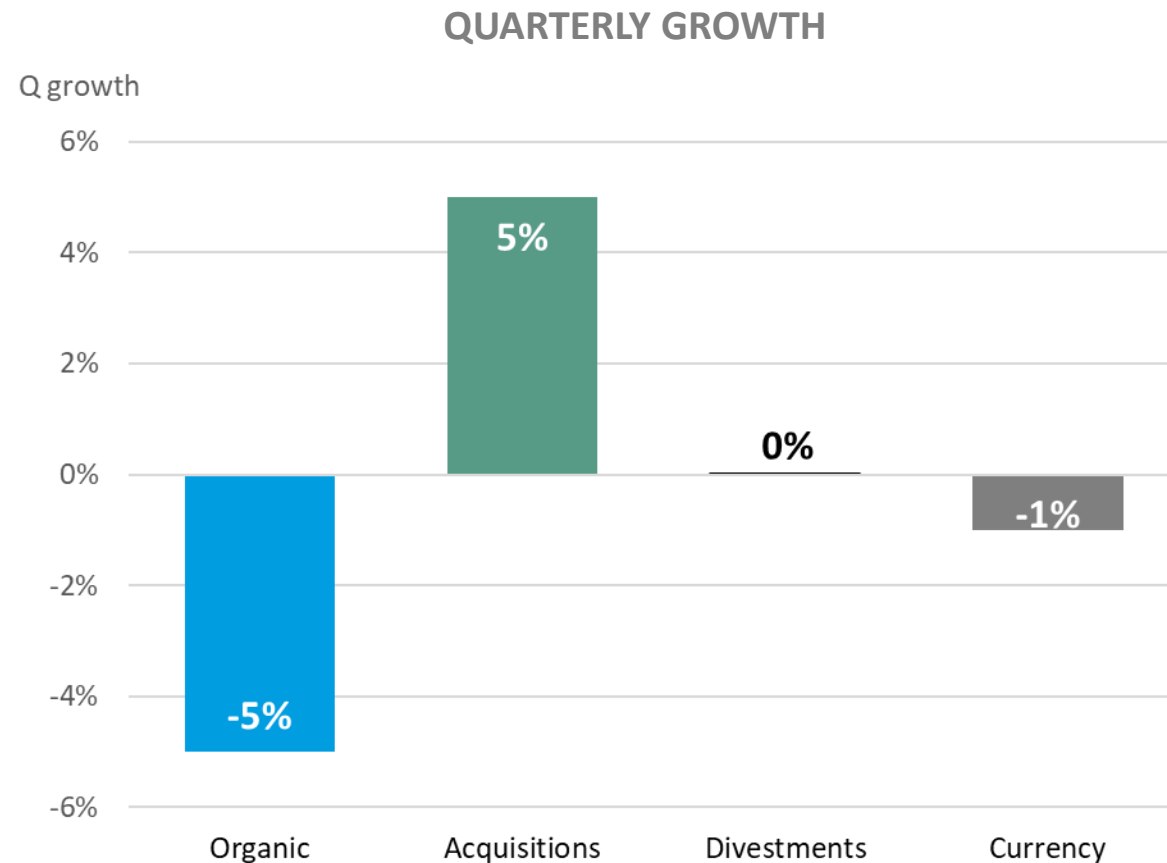
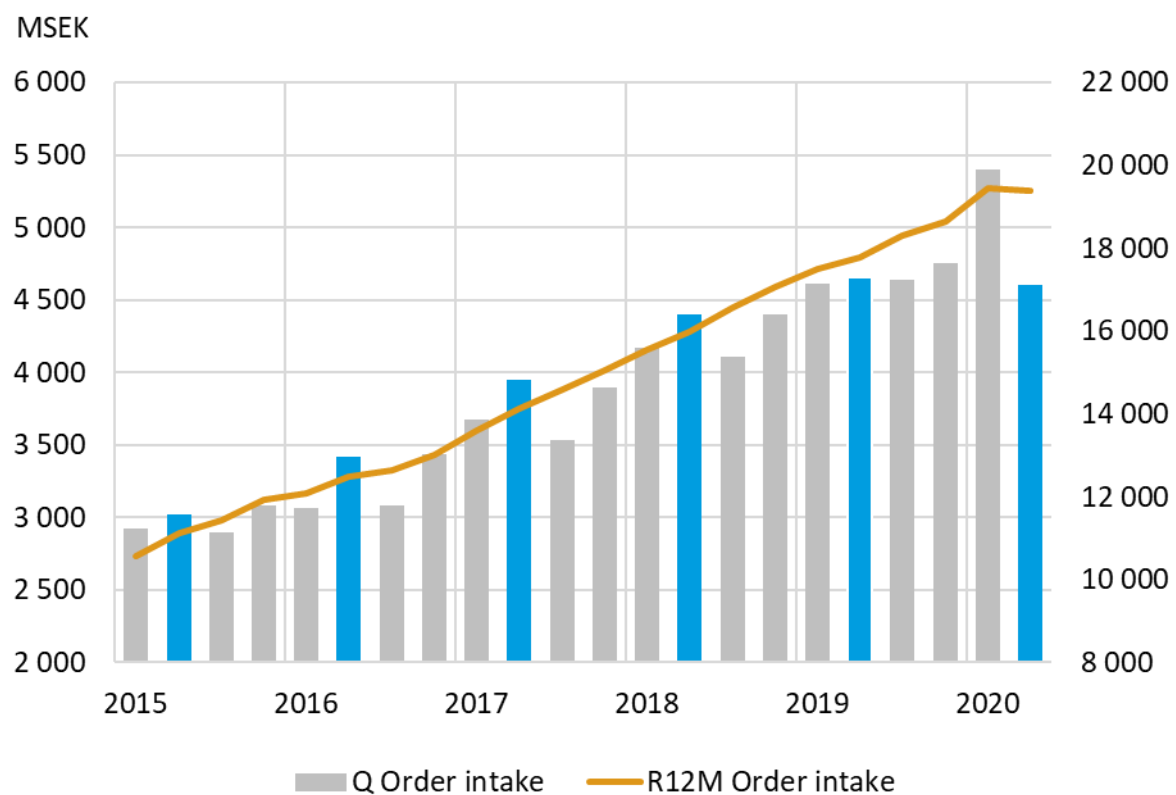
17 July 2020



Highlights second quarter 2020

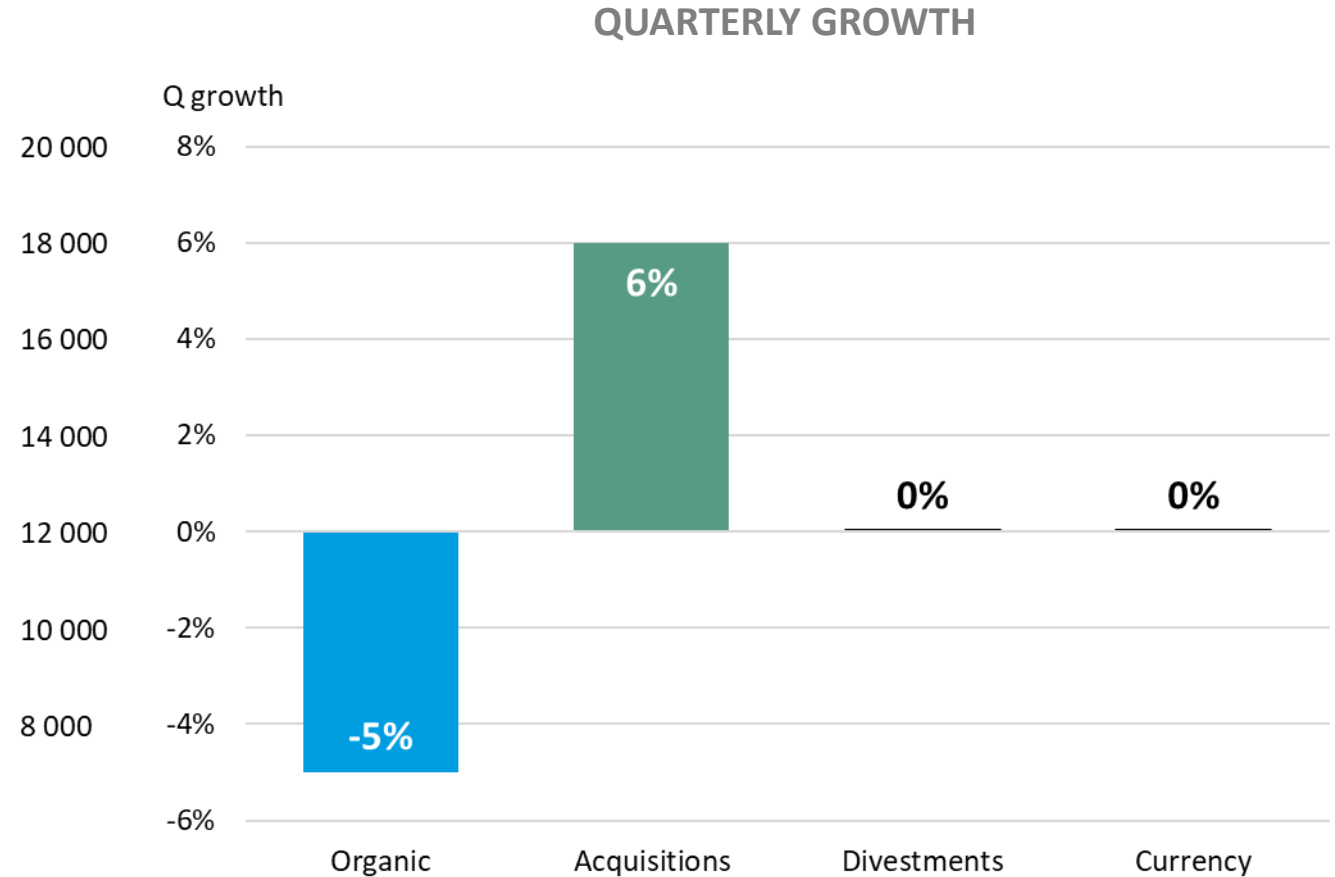
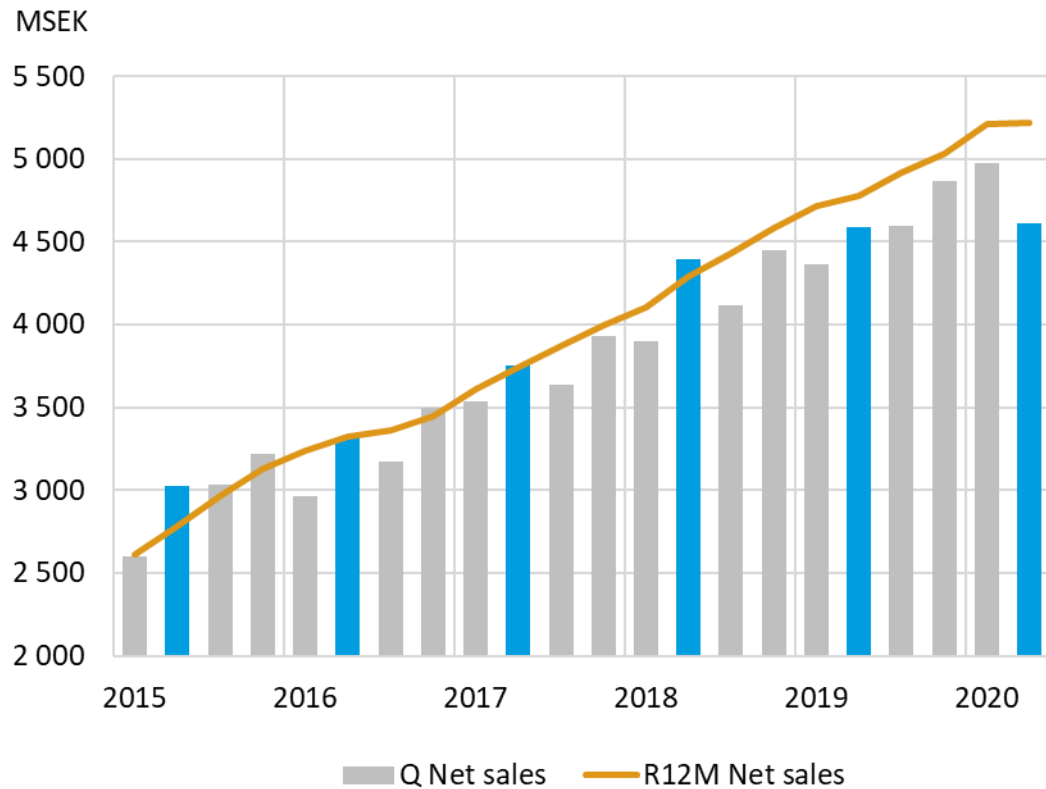
- Weakened overall demand and uncertain market conditions due to covid-19
- Significant variations between companies, segments and markets
- EBITA margin improved by good cost management and positive demand in certain segments
- Strengthened financial position and improved cash flow
- Acquisition pipeline remains good – finalisation of projects deliberately delayed

Order intake



	Q GROWTH	YTD GROWTH	R3Y CAGR
4,604 MSEK	-1%	+8%	+5%

Net sales



4,614 MSEK

Q GROWTH

+1%

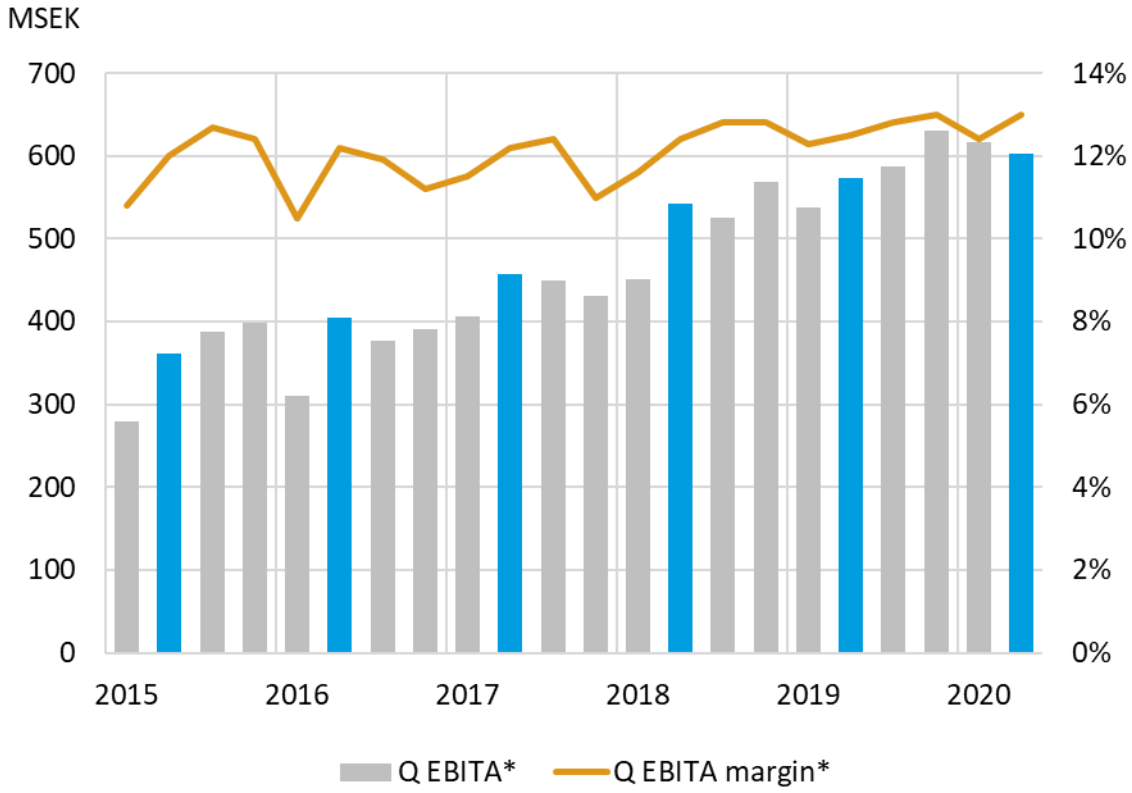
YTD GROWTH

+7%

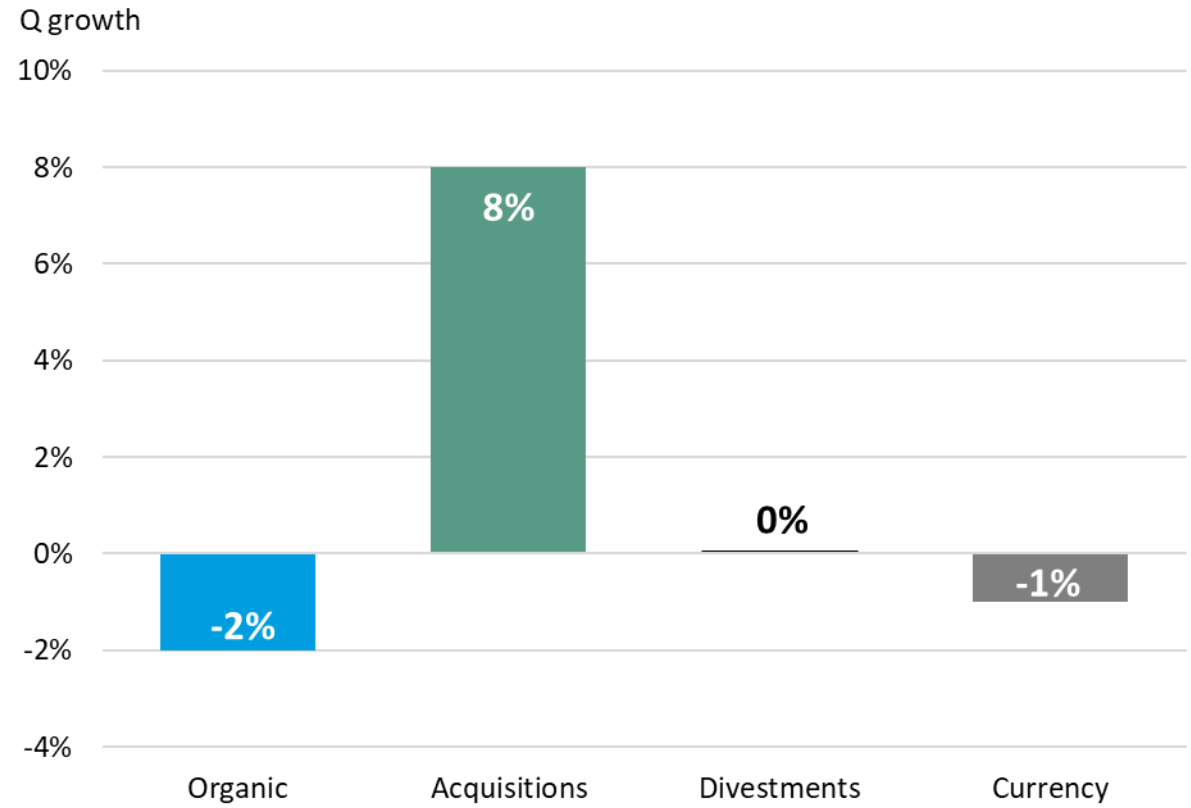
R3Y CAGR

+7%

EBITA



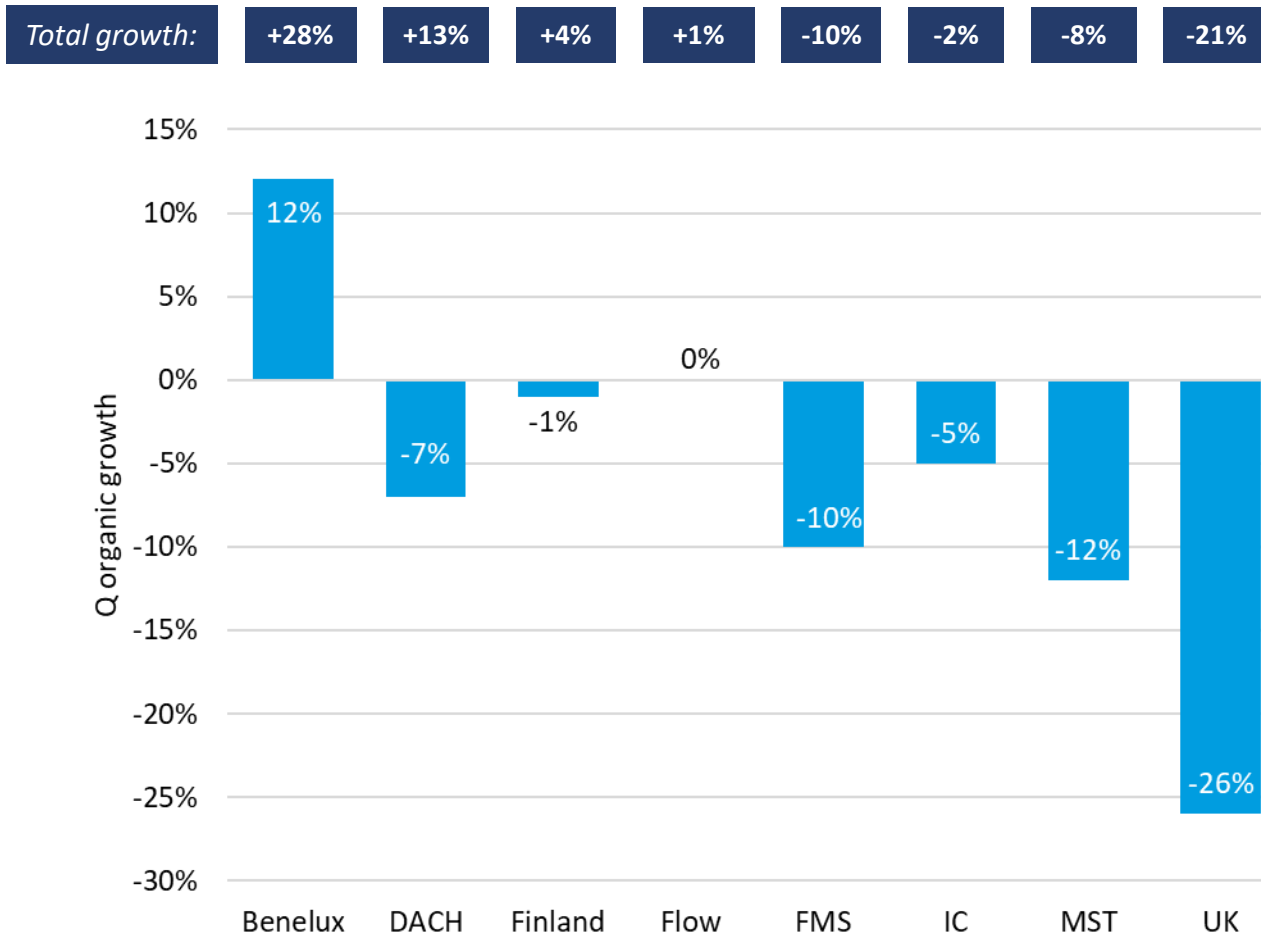
QUARTERLY GROWTH



*) Excluding restructuring costs 2017-Q4

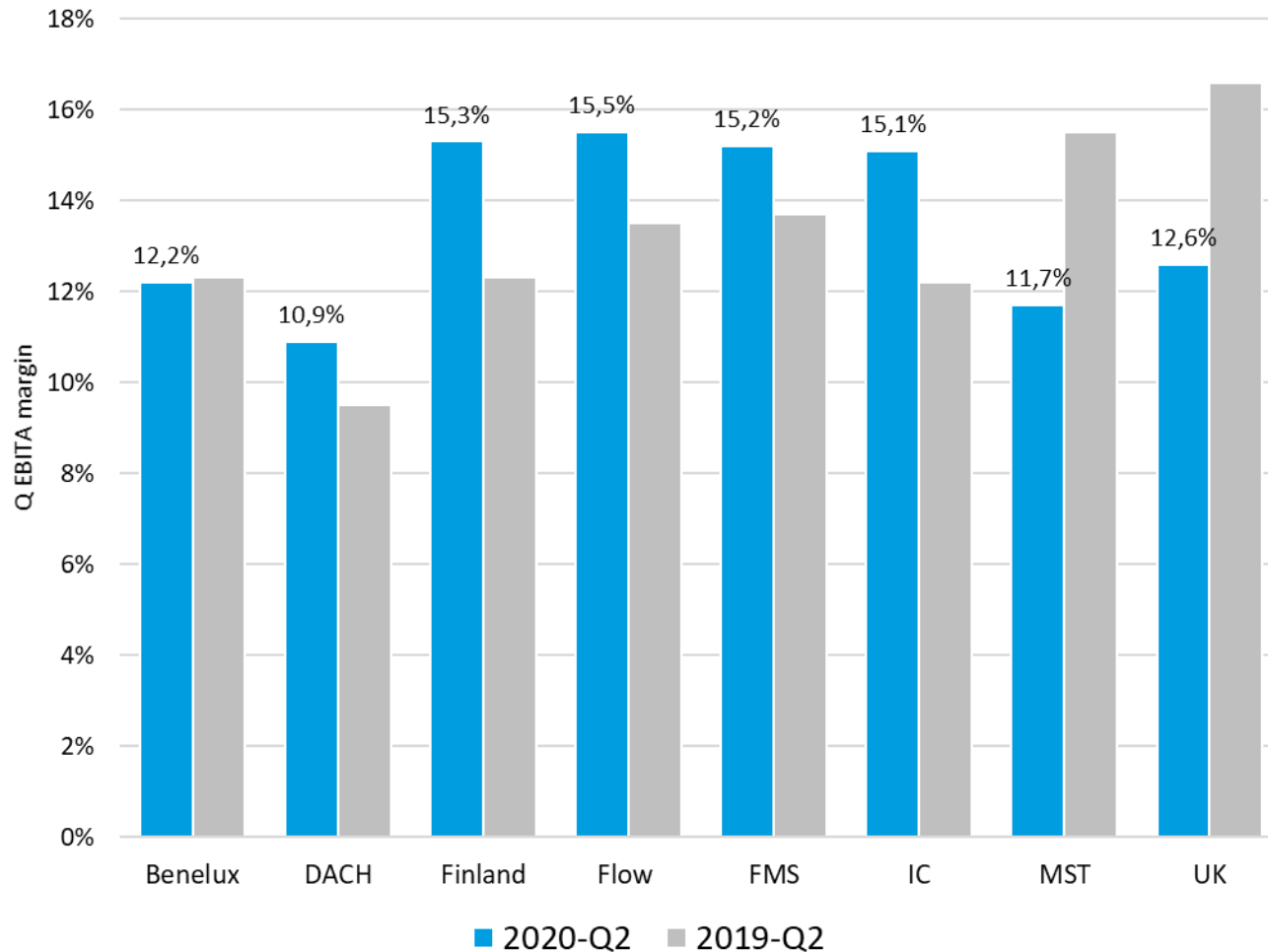
Q2-20 MARGIN	Q GROWTH	YTD GROWTH
602 MSEK	13.0%	+5%
		+10%

Organic sales growth by Business Area










- Large variations between companies, segments and markets
- All Business Areas negatively effected by the pandemic, especially businesses in General Engineering and Automotive
- Business Area Benelux supported by strong sales in Power generation and MedTech
- Positive impact from MedTech and Pharma segments in Business Area Flow Technology
- Significant lower activity in the UK due to the lock-down, not least in the infrastructure and construction businesses

EBITA margin by Business Area



- Five out of eight Business Areas increased the EBITA margin
- Improvements in Business Areas Flow Technology and Industrial Components mainly driven by strong performance in MedTech- and Pharma segments in combination with temporary cost measures
- Cost reductions and positive acquisition effects in Business Area Finland
- Weaker organic sales developments impacting margins in Business Areas Measurement & Sensor Technology and UK

Acquisitions & Divestments 2020

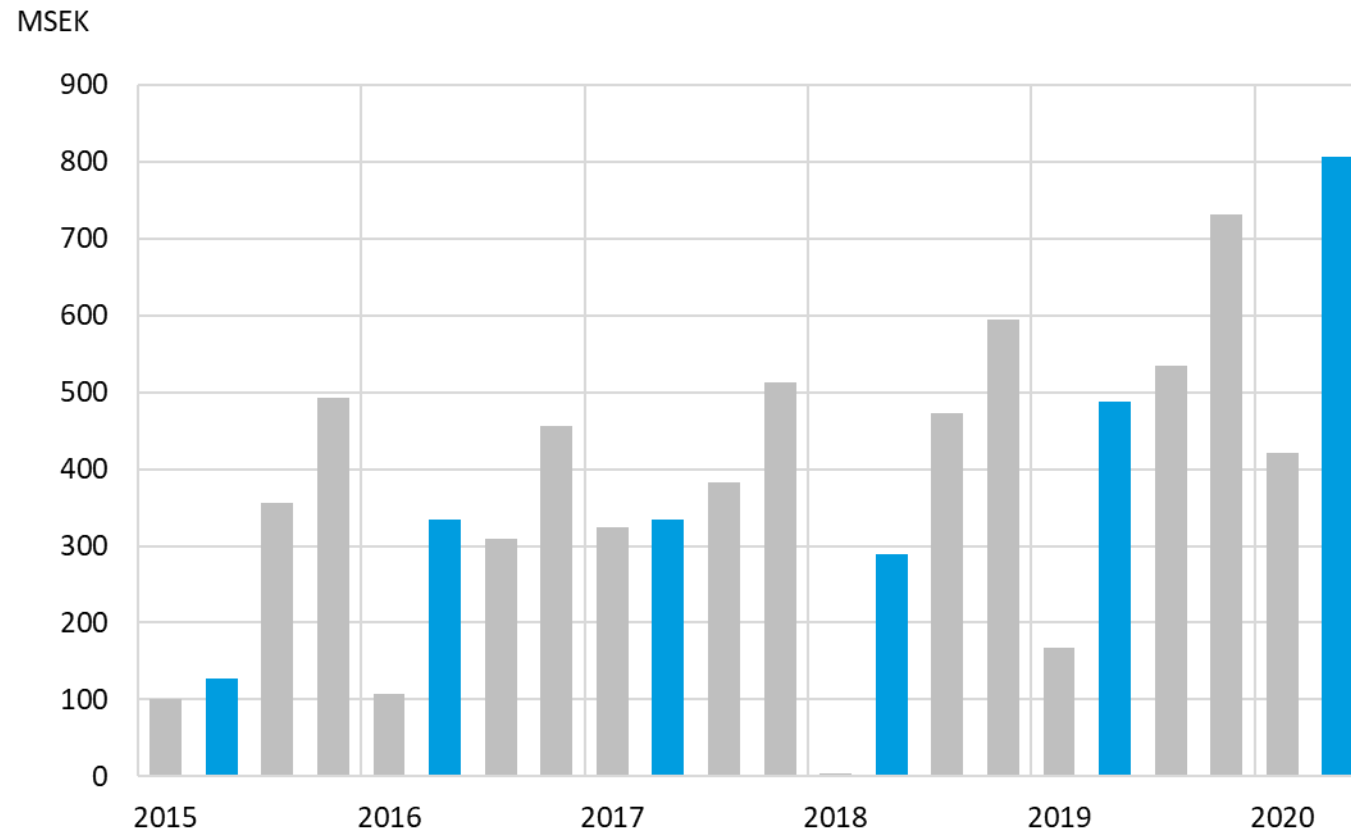
Acquisitions		Business Area	Annual Sales
Q1	 STEIN Automation GmbH	DACH	110 MSEK
	 VarioDrive BV	Benelux	60 MSEK
	 AVA Monitoring AB	Measurement & Sensor Technology	45 MSEK
	 Sverre Hellum & Sønn AS	Industrial Components	60 MSEK
	 Jouka OY	Finland	70 MSEK
	 Nortronic AS	Industrial Components	60 MSEK
Divestment		Business Area	Annual Sales
Q1	 Meson FT Rus LCC	Flow Technology	80 MSEK



Key data summary

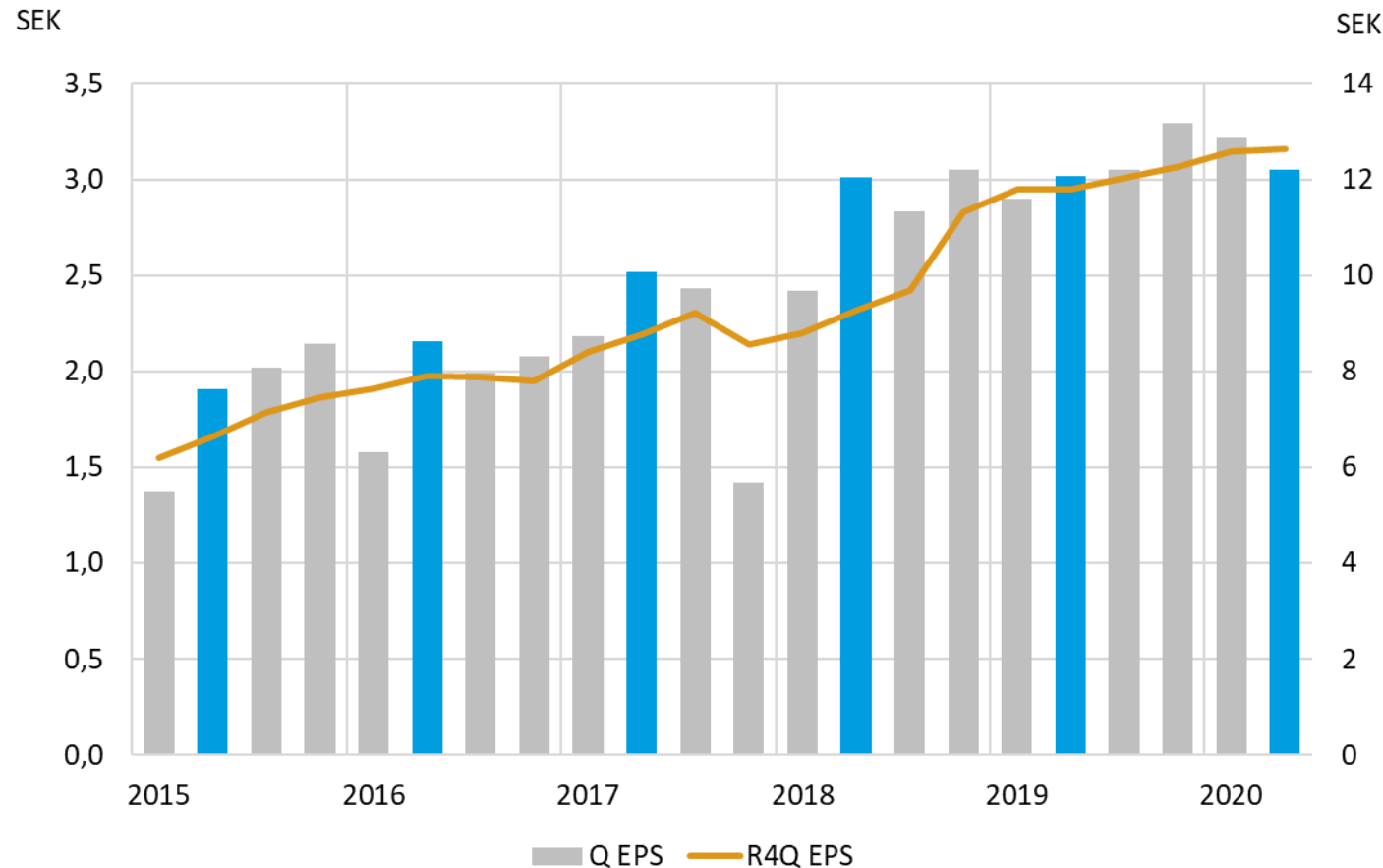
MSEK	2020-Q2	2019-Q2	Change	2020-YTD	2019-YTD	
Order Intake	4,604	4,653	-1%	10,005	9,263	8%
Net Sales	4,614	4,587	1%	9,590	8,953	7%
Gross margin, %	33.7	34.4		33.9	34.3	
EBITA	602	574	5%	1,218	1,111	10%
EBITA-margin, %	13.0	12.5		12.7	12.4	
Net financial items	-35	-27	30%	-67	-54	24%
Tax	-110	-104	6%	-218	-196	11%
Earnings per share (before dilution), SEK	3.05	3.02	1%	6,27	5,92	6%
Return On Capital Employed, %	18	20		18	20	
Cash Flow from operating activities	806	488	65%	1,227	656	87%
Net debt / EBITDA, times	1.8	2.5		1.8	2.5	

Cash Flow from operating activities



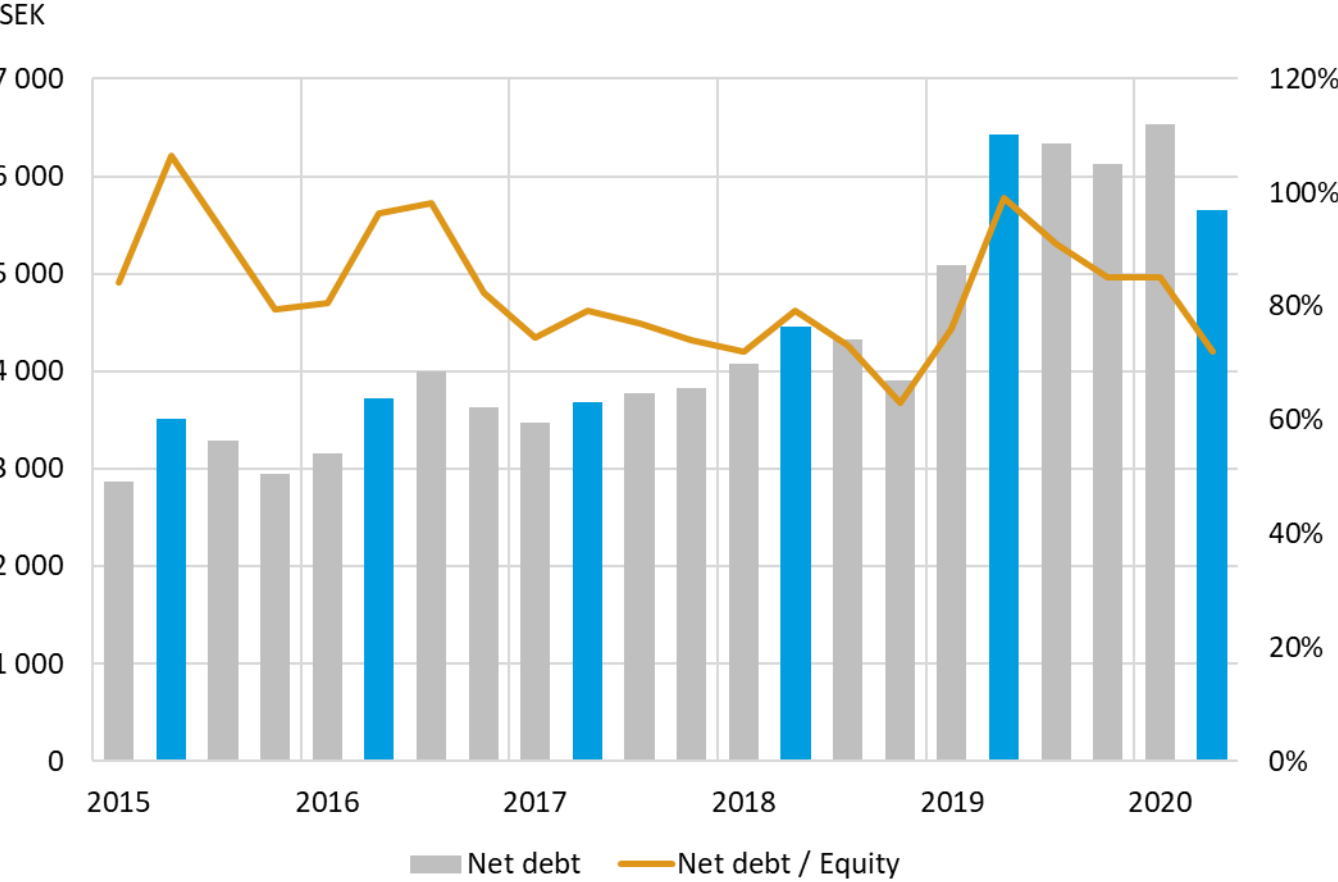
- Cash flow from operating activities grew 65% from 488 MSEK to 806 MSEK
- Growth versus last year mainly driven by an improved working capital development and a higher result
- Inventories were still on a high level, mainly due to earlier inventory build-up to ensure delivery service and availability

Earnings per share



- Q2 earnings per share grew 1% to SEK 3.05 (3.02)
- Improvement driven by higher EBITA, but partly offset by increased amortizations of intangibles, financing costs and taxes
- 3- and 5-year rolling 4Q earnings per share CAGR, were 13% and 14%

Net debt



- The interest-bearing net debt decreased to 5,657 (6,422) MSEK
- Net debt was positively impacted by a strong cash flow, postponed acquisitions and no dividend for 2019
- Net debt/equity ratio was 72% (99%)
- The long-term financing strengthened further during the quarter

Effects of covid-19 in Q2

Lower demand effected majority of the companies, especially businesses related to General Engineering and Automotive. UK companies impacted by the lock-down.

Increasing volumes and strong development in some of the MedTech companies

Cost measures implemented by all companies with decreasing volumes

Approximately 1,500 of totally 7,400 employees furloughed in the beginning of May – end of quarter approximately 1,000 employees

Governmental support measures corresponds to approximately 1.5% of net sales in the second quarter

Diversified business group
with flexible and
entrepreneurial companies
fully accountable

Proprietary products/
manufacturing



Technical trading

Stable platform for long-term value creation



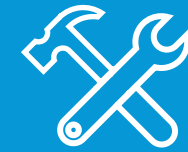
People
talent management



Knowledge
sharing



Sustainability
as a business opportunity



Indutrade
toolbox

DIGITALISATION



Key takeaways

- Lower demand due to covid-19, but large variations between companies, segments and markets
- Improved EBITA margin, effected positively by strong segments and good cost management
- We expect gradual improvement as countries open up, but continued uncertainty ahead
- Diversified business group with agile and flexible companies, working closely with their customers
- Strong financial position
- Good acquisition pipeline



Thank you!

Q&A



Our brand promise

Trusted by entrepreneurs

Financial Calendar & contact details

20 October 2020

Interim report 1 January – 30 September 2020

2 February 2021

Year End Report 1 January – 31 December 2020

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