

Interim report January-June 2020

Quarter 2, 2020

- Incoming orders amounted to SEK 740m (1,044), equivalent to a currency-neutral decrease of 27.7 percent compared with the same period last year.
- Net sales amounted to SEK 928m (1,096), equivalent to a currency-neutral decrease of 14.0 percent compared with the same period last year.
- Operating profit, including restructuring costs, was SEK -2.3m (84.5), giving an operating margin of -0.2 percent (7.7).
- Adjusted operating profit was SEK 73.0m (84.9), giving an adjusted operating margin of 7.9 percent (7.7).
- Net profit was SEK -10.4m (54.4).
- Earnings per share were SEK -0.30 (1.55).

January – June, 2020

- Incoming orders amounted to SEK 1,735m (2,063), equivalent to a currency-neutral decrease of 15.8 percent compared with the same period last year.
- Net sales amounted to SEK 1,909m (2,133), equivalent to a currency-neutral decrease of 10.4 percent compared with the same period last year.
- Operating profit, including restructuring costs, was SEK 61.9m (156.6), giving an operating margin of 3.2 percent (7.3).
- Adjusted operating profit was SEK 138.1m (158.0), giving an adjusted operating margin of 7.2 percent (7.4).
- Net profit was SEK 23.8m (100.6).
- Earnings per share were SEK 0.68 (2.87).

CEO's comments

" The second quarter of the year was marked by the restrictions imposed worldwide in the wake of the COVID-19 pandemic and the subsequent economic downturn. During the quarter, Nederman implemented a number of long and short-term measures to adapt the Group's operations to the new reality. Due to rapid actions in relation to costs and a favourable sales mix, adjusted operating profit amounted to a healthy SEK 73m (85) under the circumstances, corresponding to an adjusted operating margin of 7.9 percent (7.7). Orders received for the quarter amounted to SEK 740m (1,044) and sales were SEK 928m (1,096).

Measures to equip Nederman Group for the future

The restrictions and closures that were in force during the quarter placed immense pressure on the global economy. For Nederman, the situation led, for example, to decisions on investments in the Group's products and systems being postponed, a factor that primarily impacted sales in the Nederman Process Technology division and its major systems for industrial air filtration. The travel restrictions that have applied in large parts of the world also had a considerably negative impact on the Group's business opportunities.

To face the future following the lockdowns, Nederman is implementing a restructuring programme that will lead to annual cost savings of approximately SEK 100m. The plan encompasses all of the Group's divisions. The largest single measure is to discontinue Nederman Process Technology's MikroPul business in France. Restructuring costs, which amount to SEK 75m, were expensed during the second quarter of 2020. A total of approximately 115 positions are affected by the changes.

As a result of the Group's production now being made more efficient and the Group leaving some less profitable segments of the market, Nederman will be organised for the future and well-equipped to face the continued challenges in a time that is marked by considerable uncertainty.

Nederman's digitalisation journey increasingly important

Nederman had commenced its comprehensive digitalization long before the COVID-19 pandemic affected the world. Digitalisation primarily comprises two activities: the digitalisation of our products and the digitalisation of parts of the interaction with our customers through various online services.

On the product side, digitalisation entails that we have now launched smart filters that continuously measure, analyse and optimise the filtration process, thereby giving customers the possibility to take full responsibility for their air quality. The new generation of filter, which was developed in a shared, coordinated process within Nederman Monitoring & Control Technology, Nederman Extraction & Filtration Technology and Nederman Process Technology, and the myAir digital component were originally scheduled for launch at a number of trade fairs in 2020, but due to the prevailing circumstances, we conducted an extensive digital launch during the second quarter of the year.

The importance of continued digitalisation is also apparent from the development in the Nederman Monitoring & Control Technology division, which is the division least affected by the global economic downturn.

Limited impact on Nederman's production ability

Nederman's production capacity was generally good during the quarter. There were challenges in the supply chain, but as we took measures at an early stage to secure access to vital components and materials and made a persistent effort during the entire quarter, the disruptions to our production were limited.

The only exception was Nederman Process Technology's plant in India, which remained closed for two months during the quarter as a result of the country's COVID-19 restrictions. The plant was back in operation at the end of June, but was closed again in mid-July due to a new lockdown in the region.

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."

Sven Kristensson, CEO

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About Nederman

Nederman is a global leader in industrial air filtration dedicated to capturing, measuring, controlling and cleaning air to make industrial production more efficient, safe and sustainable. Based on industry leading products, solutions and services in combination with an innovative IoT platform we deliver knowledge and facts needed to optimise performance and guarantee emissions compliance.

The Nederman Group is listed on Nasdaq Stockholm. The Group has approximately 2200 employees and presence in more than 50 countries. Learn more at nedermangroup.com

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