

## Interim report January-June 2021

### Continued recovery and strong profitability

#### Quarter 2, 2021

- Incoming orders amounted to SEK 1,058m (740), equivalent to currency-neutral growth of 53.5 percent compared with the same period last year. Compared with the corresponding quarter 2019, incoming orders increased currency-neutral by 9.5 percent.
- Net sales amounted to SEK 977m (928), equivalent to currency-neutral growth of 13.8 percent compared with the same period last year.
- Operating profit was SEK 126.3m (-2.3), giving an operating margin of 12.9 percent (-0.2).
- Adjusted operating profit was SEK 97.4m (73.0), giving an adjusted operating margin of 10.0 percent (7.9).
- Net profit was SEK 82.7m (-10.4).
- Earnings per share were SEK 2.36 (-0.30).

#### January – June, 2021

- Incoming orders amounted to SEK 2,093m (1,735), equivalent to currency-neutral growth of 31.2 percent compared with the same period last year. Compared with the corresponding quarter 2019, incoming orders increased currency-neutral by 9.7 percent.
- Net sales amounted to SEK 1,845m (1,909), equivalent to currency-neutral growth of 5.3 percent compared with the same period last year.
- Operating profit was SEK 213.5m (61.9), giving an operating margin of 11.6 percent (3.2).
- Adjusted operating profit was SEK 184.8m (138.1), giving an adjusted operating margin of 10.0 percent (7.2).
- Net profit was SEK 139.9m (23.8).
- Earnings per share were SEK 3.99 (0.68).
- The Board of Directors proposes a dividend of SEK 1.00 (-) per share.

### CEO's comments

**"Nederman further strengthened its positions during the second quarter, with three of four divisions displaying high profitability and healthy sales growth. The Group's adjusted operating profit increased to SEK 97.4m (73.0), corresponding to an adjusted operating margin of 10.0 percent (7.9). Although uncertainty remains in our markets, we are cautiously optimistic ahead of the upcoming quarters.**

The recovery is continuing. During the second quarter, both sales and orders received increased at high rates compared with the second quarter of 2020, which was strongly impacted by the pandemic. At the same time, I conclude that we are in line with the levels for the corresponding period two years ago, when markets were in a “normal state”. We have made use of the reduced market activity during the pandemic to spend more time on enhancing our operational efficiency. The production and sales processes are now considerably more efficient, which will enable a more rapid upshift moving forward. We will take advantage of this as demand strengthens to in time achieve higher profitability levels than the figure of 10 percent we have attained in the past three quarters. Another key factor is our focused and successful work to strengthen the cash flow. Today, we have a balance sheet that not only enables investments in growth-promoting activities, but also provides scope to return to our dividend policy. The Board of Directors proposes that a dividend of SEK 1.00 per share be paid, corresponding to 31.8 percent of net profit for the 2020 financial year.

Digitalisation opens the way for increased value creation and we now have a strong offering in this area. We are making it easier to do business with us and, at the same time, enabling our customers to strengthen their competitiveness by monitoring connected systems in real time and other digital aftermarket services. We quite simply offer customers the possibility to future-proof their businesses. We are at the forefront in the development of world-leading technologies to measure and control gases and particles, and I want to point out that our digital offering has become synonymous with modern air filtration.

## **DEVELOPMENT IN THE DIVISIONS**

Activity among our customers is increasing although restrictions remain in place in many markets. The factors behind this are a pent-up investment need and increased optimism about the future. However, we have still some way to go before reaching pre-pandemic levels. It is mainly the absence of large projects in the market that is having an impact. This is particularly apparent in Nederman Process Technology. The division is currently recording a growing number of orders received, but the time from order to project start can be long. In addition, many of the customers are being impacted by increased uncertainty relating to rising prices for materials and transport.

Although our other three divisions are also being impacted by such factors as the rising material prices and uncertainty in the supply chain, they have a different type of business that has been able to more rapidly benefit from the recovery in demand. For example, during the second quarter, Nederman Monitoring & Control noted its highest level of profitability for a single quarter, with an adjusted EBITA margin of an impressive 23.5 percent. Nederman Extraction & Filtration Technology and Nederman Duct & Filter Technology also recorded high profitability and healthy growth in most markets. Cost-effective processes combined with full focus on our leading digital solutions will enable the continued strengthening of our profitability despite challenges in the form of negative currency effects, continued lockdowns and adjustments to rapidly rising raw material and freight prices. We have been successful in this work during the first half of 2021, but more will be needed going forward.

## **OUTLOOK**

We are cautiously optimistic about the upcoming quarters. Our basic business and a strong digital offering enable us to assert ourselves well in the current market, at the same time as the major projects are delayed. In the short term, rising raw material prices are putting pressure on profit margins and this negative impact is expected to continue into the third quarter. We anticipate that lockdowns and restrictions will have increasingly less of an impact on customers' short-term

willingness to invest, but could have a dampening effect in certain markets. Meanwhile, an increased risk of trade conflicts and other geopolitical uncertainty, as well as problems with access to materials and transport, are factors that could affect customers' long-term investment decisions. We are monitoring developments carefully to be able to further accelerate our operations at the right time.”

**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 2100 employees and presence in more than 50 countries. Learn more at [nedermangroup.com](http://nedermangroup.com)

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