

A photograph of a person sitting on the nacelle of a wind turbine, looking out over a vast, forested landscape under a sunset sky. The sun is low on the horizon, creating a warm, golden glow. The wind turbine's blades and nacelle are visible in the foreground, and the person is wearing a blue shirt and a hat. The background shows rolling hills and a winding river or lake.

ADDTECH

# INTERIM REPORT 1 APRIL – 30 SEPTEMBER 2020

Niklas Stenberg, President and CEO, and Malin Enarson, CFO

# SECOND QUARTER HIGHLIGHTS

Net sales  
**SEK 2,723 m, -7%**



EBITA margin  
**11.2%**  
From 13.0%

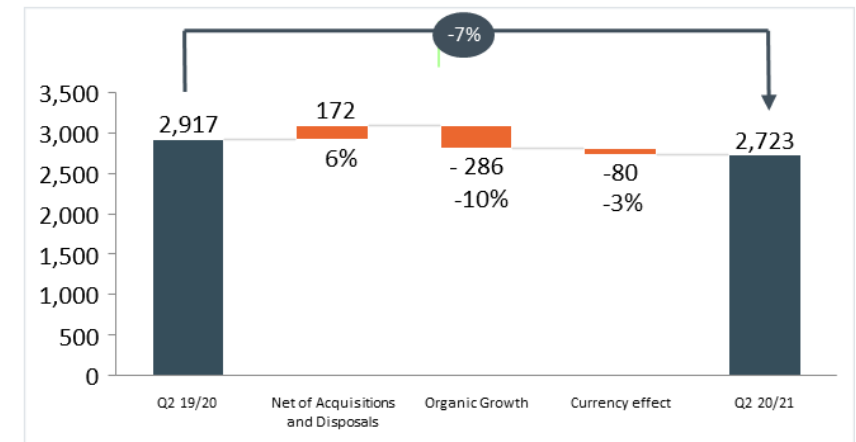
- Focusing on efficiency and finishing strongly
- Sharply reduced market for scrubber installations has had a significant impact on the organic decline and margin
- Varying business situation depending on geographies and segments
- Totally nine acquisitions so far this year
- Continued uncertain market conditions

## QUARTER 2: NET SALES

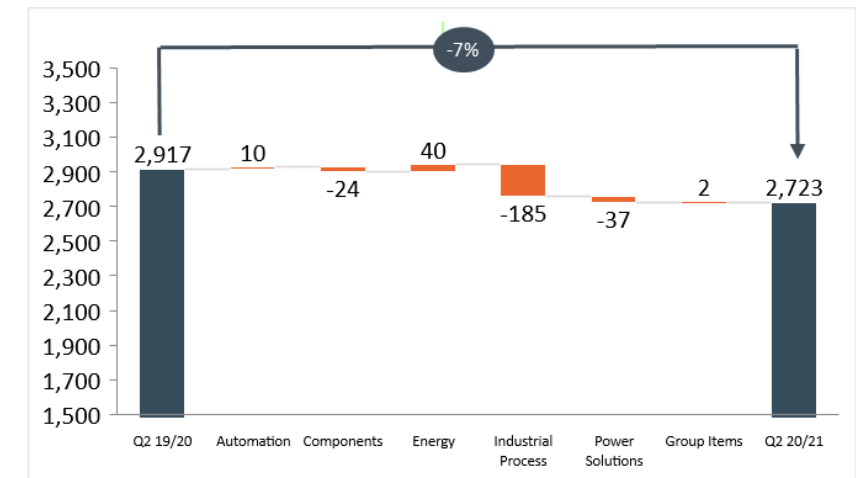
# NET SALES DECREASED TO SEK 2,723 M (2,917), -7%

- A strong ending gave an overall better outcome than initially feared
- Of the organic decline of about 10 percent, 8 percent is estimated to be due to negative Covid-19 effects and a significant part of the organic effect was related to sales of solutions for scrubber installations
- The acquired growth contributed 6 percent
- Varied business situation between different geographical markets and customer segments: Negative development of demand for production components for the mechanical industry, special vehicles and the marine segment, but positive market situation in the forest industry, wind power and infrastructure products for national and regional grids
- Recovery was strongest in Denmark and in our European markets outside the Nordic region, although this progressed from very low levels. The business situation developed stably in Sweden, while the trend in Finland and Norway was strongly negative, attributable largely to the scrubber business. The underlying sentiment is that the market situation in Finland was stable and in Norway it remained stagnant.

Net Sales Growth, SEK m



Net Sales Growth per Business Area, SEK m

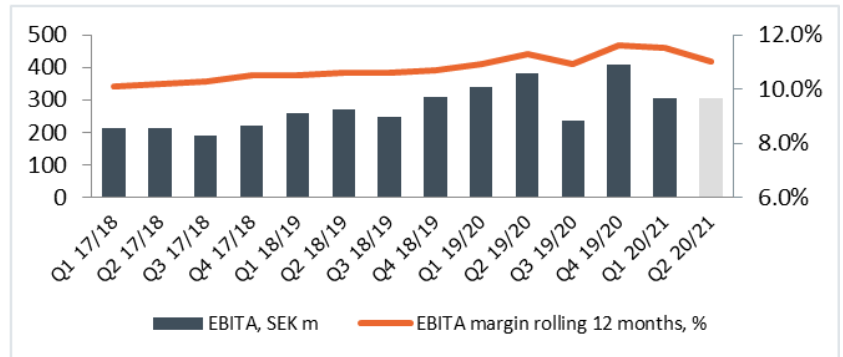


## QUARTER 2: EBITA DEVELOPMENT

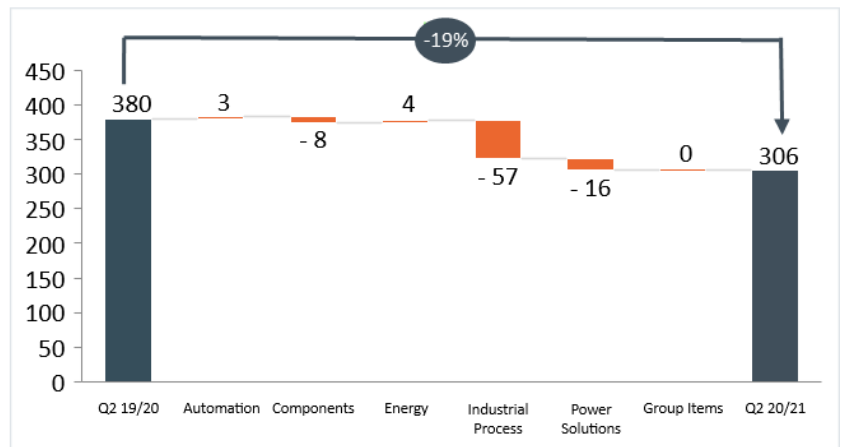
# EBITA DECREASED TO SEK 306 M (380), -19%

- The EBITA margin amounted to 11.2 percent, due to short term cost reductions, long term adjustments of operating costs as well as favourable contributions from acquisitions
- At the end of the quarter, approximately 200, corresponding to about 8%, of the Group's employees had been notified of redundancy and a further 260 employees are affected by short-term lay-offs
- Sharply reduced sales of scrubber installations have had a significant impact on EBITA and the EBITA-margin
- Operating profit decreased with 26 percent to SEK 242 m (329) and the operating margin amounted to 8.9% (11.2)
- Net financial items were SEK -15 m (-22) and profit after financial items decreased with 26 percent to SEK 227 m (307)
- Profit after tax decreased by 24 percent to SEK 181 m (240)

EBITA, SEK m and EBITA margin rolling 12 months, %



EBITA Growth per business area, SEK m





# AUTOMATION

## Quarter 2:

- Net sales increased by 2 percent to SEK 562 m (552)
- EBITA increased by 7 percent to SEK 60 m (57)
- The business area was affected marginally negatively by Covid-19
- The level of activity remained low among the companies exposed to the Nordic engineering industry, particularly larger OEM customers that have put new investments on hold
- The companies operating in the markets outside the Nordic region remained affected by shutdowns and restrictions
- The business situation was favourable in medical technology, the defence industry, as well as in data and telecom

	3 months ending			6 months ending			12 months ending	
	30 Sept 20	30 Sept 19	Δ	30 Sept 20	30 Sept 19	Δ	30 Sept 20	31 Mar 20
Net Sales, SEK m	562	552	2%	1,145	1,143	0%	2,427	2,425
EBITA, SEK m	60	57	7%	110	117	-6%	260	267
EBITA-margin, %	10.8	10.3	-	9.6	10.2	-	10.7	11.0



**AUTOMATION**

- MOTION & DRIVES
- INDUSTRIAL IT & SENSORS
- FIBER-OPTIC COMMUNICATION

# COMPONENTS

## Quarter 2:

- Net sales decreased by 5 percent to SEK 487 m (511)
- EBITA decreased by 15 percent to SEK 50 m (58)
- On the whole, the business area was affected moderately negatively by Covid-19
- The business situation in Denmark was stable, while operations in Norway were negatively affected by both currency effects and low oil prices, with a resulting low rate of investment in the oil and gas market segment. The market situation in Finland and Sweden was negative, impacted primarily by the automotive and engineering industries, although there was some recovery late in the quarter

	3 months ending			6 months ending			12 months ending	
	30 Sept 20	30 Sept 19	Δ	30 Sept 20	30 Sept 19	Δ	30 Sept 20	31 Mar 20
Net Sales, SEK m	487	511	-5%	983	1,015	-3%	2,050	2,082
EBITA, SEK m	50	58	-15%	100	112	-11%	206	218
EBITA-margin, %	10.2	11.4	-	10.2	11.0	-	10.0	10.5



**COMPONENTS**

- DENMARK
- FINLAND
- NORWAY
- SWEDEN

# ENERGY

## Quarter 2:

- Net sales increased by 7 percent to SEK 633 m (593)
- EBITA increased by 5 percent to SEK 79 m (75)
- The business situation in the business area remained highly favourable in the second quarter, affected only marginally negatively by Covid-19
- Sales of infrastructure products for national and regional grids and for wind power, maintained at high levels and the market situation remained stable throughout the quarter
- The units that are active in sales of niche products for electrical power distribution and for building and installation continued to experience declining demand due to Covid-19

	3 months ending			6 months ending			12 months ending	
	30 Sept 20	30 Sept 19	Δ	30 Sept 20	30 Sept 19	Δ	30 Sept 20	31 Mar 20
Net Sales, SEK m	633	593	7%	1,316	1,212	9%	2,516	2,412
EBITA, SEK m	79	75	5%	160	142	12%	300	282
EBITA-margin, %	12.4	12.6	–	12.1	11.7	–	11.9	11.7



# INDUSTRIAL PROCESS

## Quarter 2:

- Net sales decreased by 21 percent to SEK 680 m (865)
- EBITA decreased by 42 percent to SEK 77 m (134)
- The business area was affected very negatively by the effects of Covid-19
- The market situation for the companies in special vehicles and the engineering industry continued to be perceived as weak, although there was some recovery late in the quarter
- Demand was high for projects in the forest industry, while demand for solutions for scrubber installations remained low due to low oil prices and the prevailing pandemic, and these sales decreased by approximately 75 percent compared with the corresponding period last year

	3 months ending			6 months ending			12 months ending	
	30 Sept 20	30 Sept 19	Δ	30 Sept 20	30 Sept 19	Δ	30 Sept 20	31 Mar 20
Net Sales, SEK m	680	865	-21%	1,349	1,672	-19%	2,881	3,204
EBITA, SEK m	77	134	-42%	150	237	-37%	358	445
EBITA-margin, %	11.4	15.4	-	11.1	14.2	-	12.4	13.9





# POWER SOLUTIONS

## Quarter 2:

- Net sales decreased by 9 percent to SEK 365 m (402)
- EBITA decreased by 25 percent to SEK 46 m (62)
- The business area was affected very negatively by the effects of Covid-19
- The declining market for special vehicles continued to be what affected the business area the most as a whole, with sales decreasing by approximately 30 percent due to the prevailing situation although a clear recovery was noted in September
- The market situation was stable for customized battery solutions and for the companies operating in power supply
- The business situation in wind power and in data and telecom remained favourable over the quarter

	3 months ending			6 months ending			12 months ending	
	30 Sept 20	30 Sept 19	Δ	30 Sept 20	30 Sept 19	Δ	30 Sept 20	31 Mar 20
Net Sales, SEK m	365	402	-9%	746	819	-9%	1,557	1,630
EBITA, SEK m	46	62	-25%	96	127	-24%	200	231
EBITA-margin, %	12.6	15.3	-	12.9	15.5	-	12.9	14.2



**POWER SOLUTIONS**

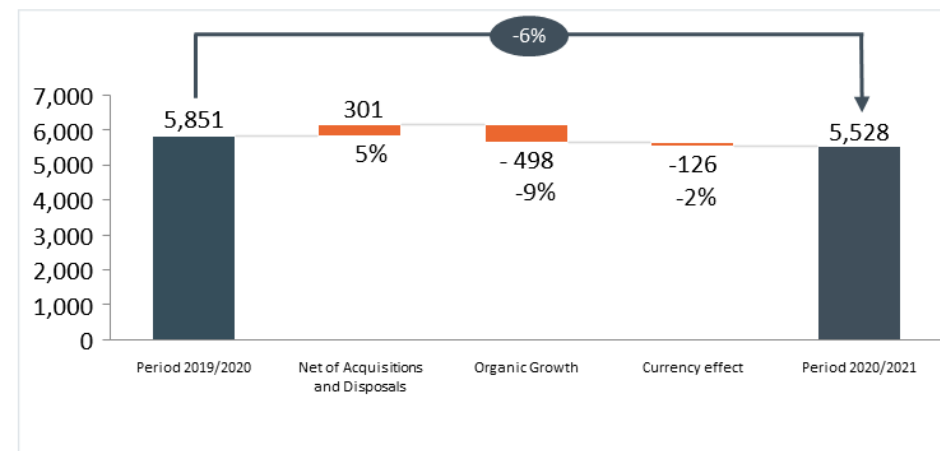
- BATTERY SYSTEMS
- CUSTOMISED SOLUTIONS
- POWER SYSTEMS

PERIOD APRIL 1 – SEPTEMBER 30

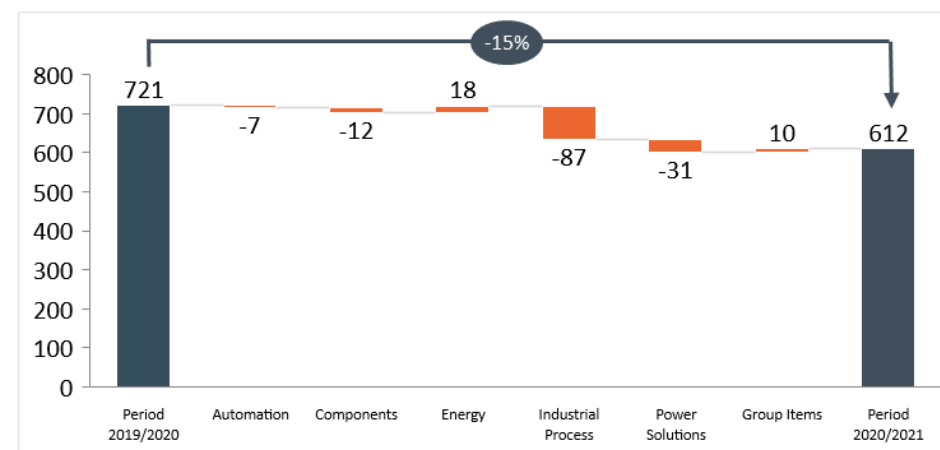
# NET SALES AMOUNTED TO SEK 5,528 M (5,851)

- Net sales decreased by 6% to SEK 5,528 m (5,851)
- Of the organic decline of about 9 percent, 7 percent is estimated to be due to negative Covid-19 effects
- For the group in total EBITA is affected positively by approximately SEK 35 million from governmental support measures
- EBITA decreased by 15% and amounted to SEK 612 m (721) corresponding to an EBITA margin of 11.1% (12.3)
- Operating profit decreased by 22% and amounted to SEK 485 m (621) corresponding to an operating margin of 8.8% (10.6)
- Profit after tax decreased by 22% and amounted to SEK 365 m (466)
- Earnings per share before dilution amounted to SEK 1.30 (1.70)
- Cash flow from operating activities amounted to SEK 567 m (519)









Net Sales Growth, SEK m, 6 months



EBITA Growth per Business Area, SEK m, 6 months



# NINE ACQUISITIONS SO FAR THIS YEAR

	Acquisitions	Business Area	Access	Net Sales, SEK m*	Number of employees*
	Elkome Group Oy	Automation	April, 2020	85	38
	Peter Andersson AB	Energy	April, 2020	30	9
	Valutec Group AB	Industrial Process	April, 2020	350	45
	Fluidcontrol Oy	Components	September, 2020	41	20
	Kaptas Oy	Automation	September, 2020	41	27
	Elsystem i Perstorp AB	Automation	September, 2020	40	18
	Martin Bruusgaard AS	Industrial Process	September, 2020	108	30
	Satco Komponent AB	Components	October, 2020	18	2
	Skyltar & Märken Gruppen AB	Energy	October, 2020	60	23

*Strong pipeline with ongoing projects*



# FINANCIAL POSITION



# INCOME STATEMENT, CONDENSED

(SEKm)	3 months ending		6 months ending		12 months ending	
	30 Sept 20	30 Sept 19	30 Sept 20	30 Sept 19	30 Sept 20	31 Mar 20
<b>Net Sales</b>	<b>2,723</b>	<b>2,917</b>	<b>5,528</b>	<b>5,851</b>	<b>11,412</b>	<b>11,735</b>
Cost of sales & op. expenses	-2,479	-2,601	-5,035	-5,260	-10,439	-10,664
Other operating items	-2	13	-8	30	52	90
<b>Operating profit</b>	<b>242</b>	<b>329</b>	<b>485</b>	<b>621</b>	<b>1,025</b>	<b>1,161</b>
Financial income & expenses	-15	-22	-25	-28	-53	-56
<b>Profit after financial items</b>	<b>227</b>	<b>307</b>	<b>460</b>	<b>593</b>	<b>972</b>	<b>1,105</b>
Income tax expense	-46	-67	-95	-127	-200	-232
<b>Net profit</b>	<b>181</b>	<b>240</b>	<b>365</b>	<b>466</b>	<b>772</b>	<b>873</b>
Earnings per share, SEK	0.65	0.85	1.30	1.70	2.80	3.20
EBIT margin, %	8.9	11.2	8.8	10.6	9.0	9.9
EBITA margin, %	11.2	13.0	11.1	12.3	11.0	11.6

# BALANCE SHEET, CONDENSED

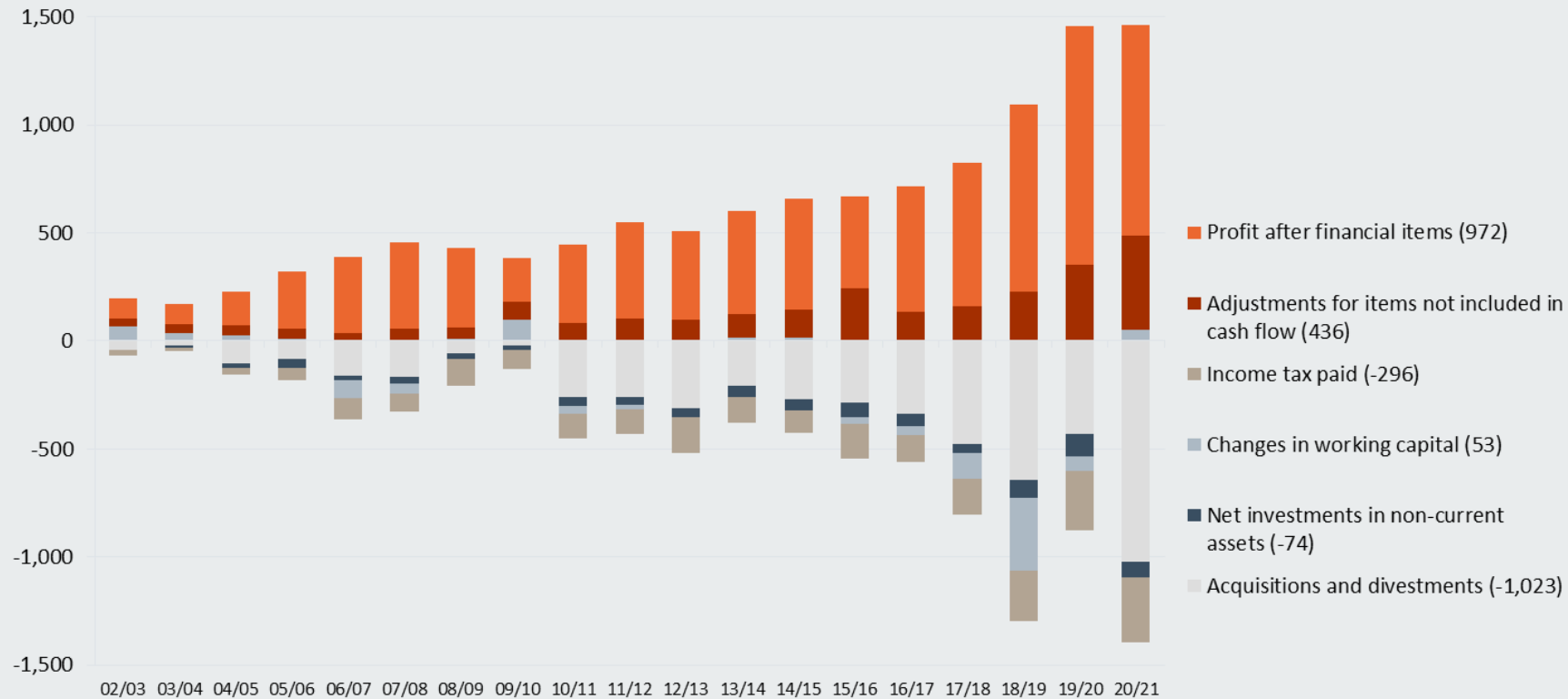
(SEKm)	30 Sept 20	30 Sept 19	31 Mar 20
Goodwill	2,553	1,917	1,997
Other intangible non-current assets	1,725	1,246	1,243
Property, plant and equipment	883	873	936
Non-current financial assets	66	62	64
Inventories	1,810	1,632	1,642
Current receivables	2,053	2,150	2,261
Cash and cash equivalents	467	258	363
<b>Total assets</b>	<b>9,557</b>	<b>8,138</b>	<b>8,506</b>
Total equity	3,028	2,627	3,076
Interest-bearing provisions & liabilities	3,974	3,175	2,948
Non-interest-bearing prov. & liabilities	2,555	2,336	2,482
<b>Total equity &amp; liabilities</b>	<b>9,557</b>	<b>8,138</b>	<b>8,506</b>

# CASH FLOW STATEMENT, CONDENSED

(SEKm)	3 months ending		6 months ending		12 months ending	
	30 Sept 20	30 Sept 19	30 Sept 20	30 Sept 19	30 Sept 20	31 Mar 20
Profit after financial items	227	307	460	593	972	1,105
Adj. for non cash items	138	111	267	185	436	354
Income tax paid	-79	-71	-139	-116	-296	-273
Changes in working capital	-43	-81	-21	-143	53	-69
<b>Cash flow from operating activities</b>	<b>243</b>	<b>266</b>	<b>567</b>	<b>519</b>	<b>1,165</b>	<b>1,117</b>
Net investment in non-current assets	-14	-26	-29	-57	-74	-102
Acquisitions and disposals	-158	-46	-888	-295	-1,023	-430
Dividend paid	-269	-336	-269	-336	-269	-336
Repurchase of own shares/options	-22	-48	-5	-42	11	-26
Other financing activities	236	207	749	167	437	-145
<b>Period's cash flow</b>	<b>16</b>	<b>17</b>	<b>125</b>	<b>-44</b>	<b>247</b>	<b>78</b>

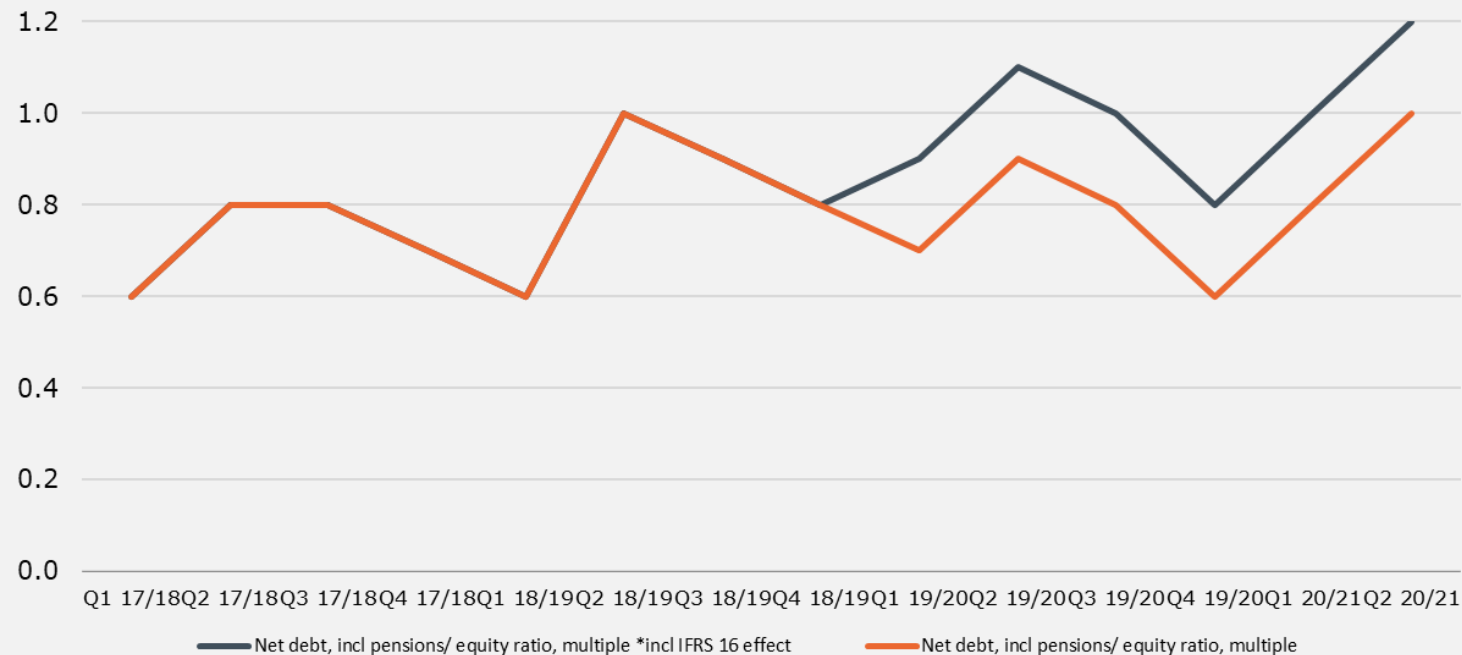
# CASH FLOW R12

Cash flow from operating and investing activities





# APPROACH TO NET DEBT / EQUITY RATIO



- Besides P/WC, no specific targets for gearing and debt
- Debt rate bound to move up and down periodically with business like ours
- Our target to acquire on our own cashflow is working well

# KEY FINANCIAL INDICATORS

(SEKm)	30 Sept 2020	31 Mar 2020	30 Sept 2019
Total equity (SEKm)	3,028	3,076	2,627
Equity per share, SEK	10.40	11.25	9.60
Equity ratio, %	32	36	32
Return on working capital (P/WC), %	51	56	56
Return on equity, %	26	32	33
Return on capital employed, %	17	21	22
Financial net debt (SEKm)	3,507	2,585	2,917
- of which pension liability	359	332	374
- of which other liabilities	3,148	2,253	2,543
Financial net debt / EBITDA	2.4	1.6	2.2
Net debt / equity ratio, times	1.2	0.8	1.1
Interest coverage ratio, times	17	21	25
Average number of employees	2,990	2,913	2,790
Number of employees at end of period	3,090	2,981	2,941

# NETWORK FOR GROWTH

Entrepreneurship 2.0  
Digitalisation  
Sustainability  
Leadership development  
Treasury  
Academy  
Financial support  
Increased decentralisation  
International expansion  
Co-creation  
New talent  
Equal opportunities



# EFFICIENT ORGANISATIONAL STRUCTURE



## AUTOMATION

- MOTION & DRIVES
- INDUSTRIAL IT & SENSORS
- FIBER-OPTIC COMMUNICATION



## COMPONENTS

- DENMARK
- FINLAND
- NORWAY
- SWEDEN



## ENERGY

- ENERGY PRODUCTS
- ENERGY SUPPLY



## INDUSTRIAL PROCESS

- PROCESS TECHNOLOGY
- INDUSTRIAL SOLUTIONS



## POWER SOLUTIONS

- BATTERY SYSTEMS
- CUSTOMISED SOLUTIONS
- POWER SYSTEMS



# KEY TAKE AWAYS

- **Gradual recovery and cost control create resilience in earnings performance**
  - Recovery and stabilisation in most market segments
  - Long term cost reductions gradually replace short term savings
- **Successful work with acquisitions**
  - Nine acquisitions so far this year
  - Strong pipeline of new potential acquisitions
- **Strong Balance Sheet**
  - Stable cash flow
  - Focus on improved working capital
- **Outlook**
  - Continued recovery expected but uncertainty in market conditions remain
  - The level of activity is expected to remain low in the market for scrubber installations
  - Continued focus on cost control and additional productivity measurements
  - Focused measurements towards increased digitalisation, largely due to co-creation between the companies
  - Great confidence in our growth strategies, scalable business model and entrepreneurial corporate culture

Q&A

