



ADDTECH

# INTERIM REPORT 1 APRIL – 31 DECEMBER 2022

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

## QUARTER 3 HIGHLIGHTS

Net sales  
**SEK 4,653 m, +30%**



EBITA-margin  
**13.5%**  
From 12.8%

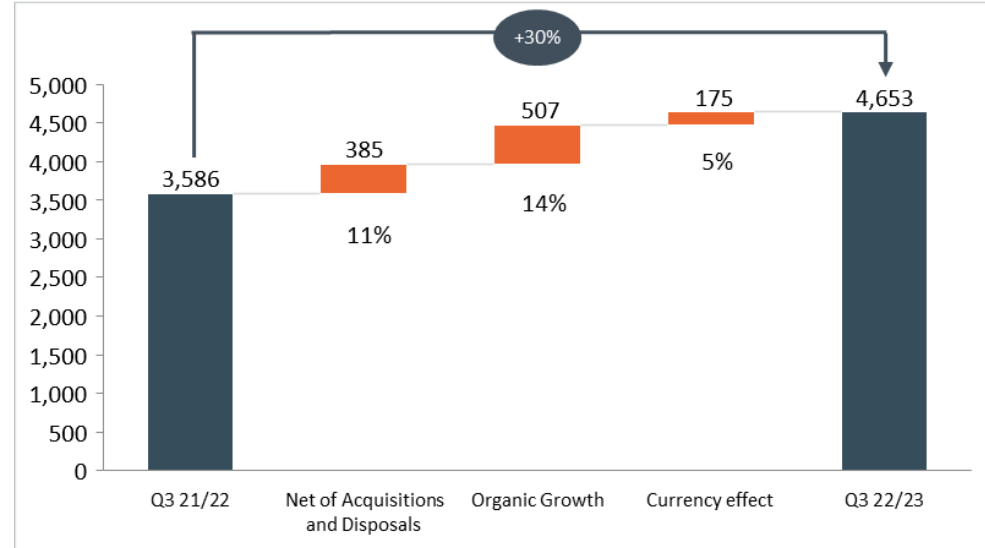
- High customer activity and favourable order situation in all business areas
- Organic sales growth of 14%
- Margins defended at high levels despite continued inflationary pressure
- Strengthened order backlog
- The highly uncertain macro situation remains
- Ten acquisitions so far this year

## QUARTER 3: NET SALES DEVELOPMENT

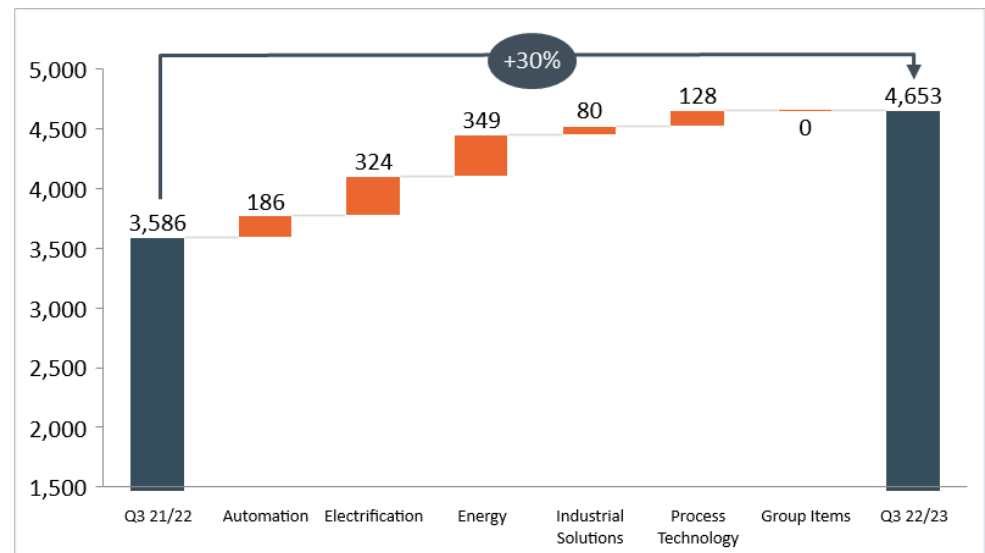
# STRONG BUSINESS SITUATION

- Net sales increased by 30% of which 14% was organic growth
  - High customer activity in most market segments and geographies
  - Increased order backlog despite strong invoicing in the quarter
  - Disruptions in the value chains continue to subside
  - Continued focus on active customer and supplier dialogue

### Net Sales Growth, SEK m



### Net Sales Growth per Business Area, SEK m

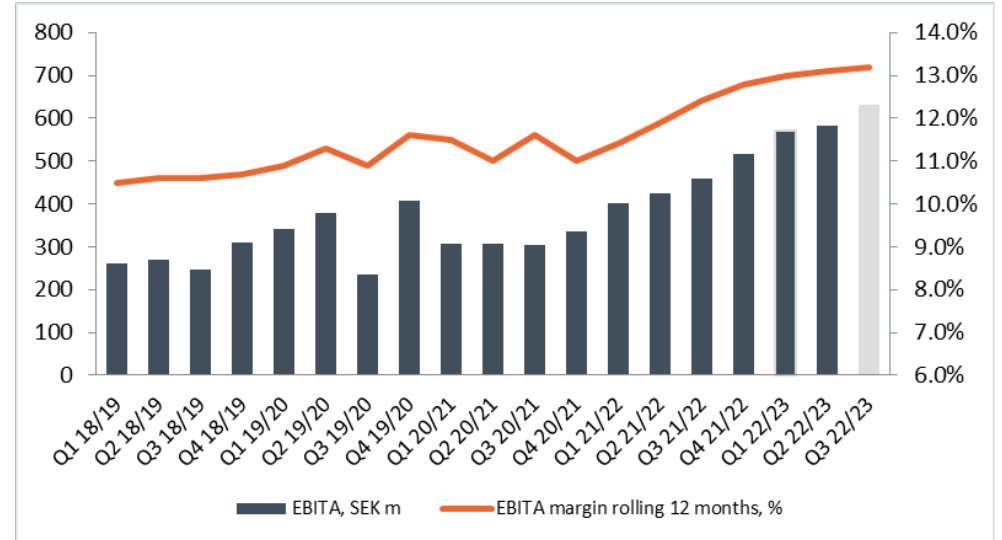


## QUARTER 3: EBITA DEVELOPMENT

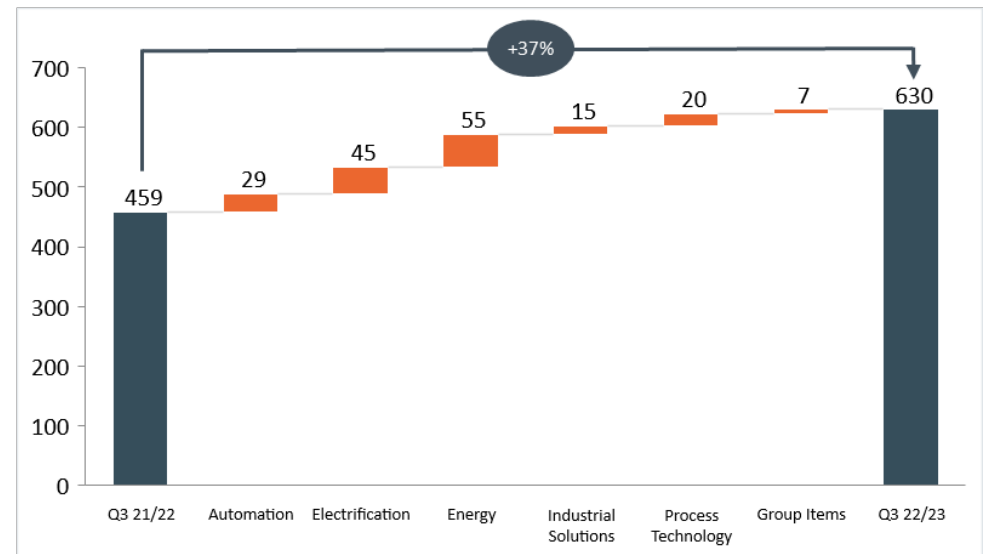
# HIGH EARNINGS GROWTH

- 37% EBITA growth with a margin of 13.5%
  - Solid contribution from all business areas
  - Margins defended due to active efforts to offset high inflationary pressure
  - Despite increased inventory, operating cash flow strengthened over the quarter
  - P/WC remained at a high level

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



EBITA Growth per business area, SEK m



# SOLID CONTRIBUTION ACROSS THE BOARD



## AUTOMATION

Net sales SEK 877 m (691) **+27%**  
 EBITA SEK 105 m (76) **+38%**  
 EBITA-margin **12.0%**

- Highly favourable business situation
- Sales trend was favourable in key segments; process industry, mechanical industry and medical technology
- Increased demand for companies operating in the defence industry



## ELECTRIFICATION

Net sales SEK 1,001 m (677) **+48%**  
 EBITA SEK 118 m (73) **+61%**  
 EBITA-margin **11.7%**

- Another strong quarter
- Strongest development within the electronics, special vehicles and defence segments
- Stable demand in medical technology, energy, telecoms and for specially-adapted battery modules



## ENERGY

Net sales SEK 1,267 m (918) **+38%**  
 EBITA SEK 169 m (114) **+49%**  
 EBITA-margin **13.4%**

- Sales of infrastructure products for electric transmission continuous to be very good
- The business situation for building and installation products, fiber optic networks and the manufacturing industry was very strong
- Good demand for niche products for electric power distributions – somewhat weaker in windpower



## INDUSTRIAL SOLUTIONS

Net sales SEK 802 m (722) **+11%**  
 EBITA SEK 148 m (133) **+12%**  
 EBITA-margin **18.5%**

- Favourable business situation with very tough comparisons
- Stable sales at a high level within the forest and sawmill industry but with a lower demand for long projects – order backlog remains at a very good level
- Stable business situation in special vehicles and mechanical industry - positive development in waste and recycling



## PROCESS TECHNOLOGY

Net sales SEK 713 m (585) **+22%**  
 EBITA SEK 94 m (74) **+27%**  
 EBITA-margin **13.2%**

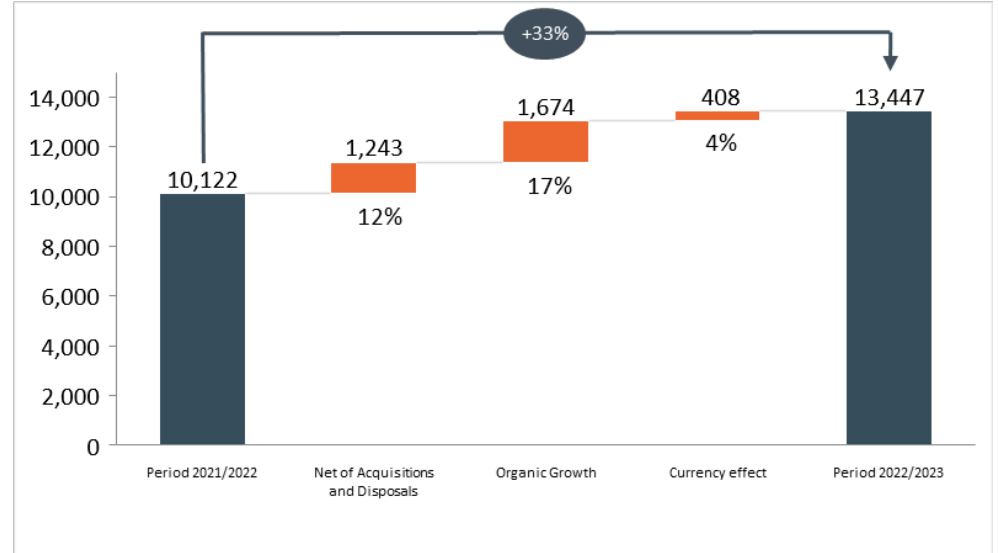
- Favourable market situation in the third quarter
- The business situation for companies operating in the energy, special vehicles, and marine segment was particularly favourable
- The demand for after-market components and services, medical technology, mechanical industry and the forest and process industry was stable

APRIL 1 – DECEMBER 31

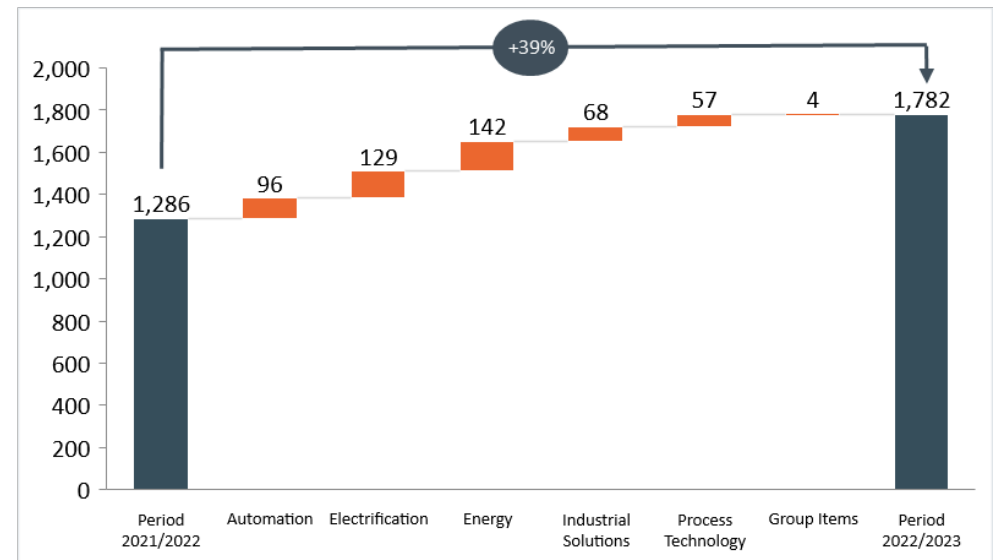
# CONTINUED VALUE CREATION

- Net sales increased by 33% to SEK 13,447 m (10,122)
- The organic growth amounted to 17% and acquired growth amounted to 12%
- EBITA increased by 39% and amounted to SEK 1,782 m (1,286) corresponding to an EBITA margin of 13.3% (12.7)
- Operating profit increased by 41% and amounted to SEK 1,507 m (1,065) corresponding to an operating margin of 11.2% (10.5)
- Profit after tax increased by 38% and amounted to SEK 1,093 m (792)
- Cash flow from operating activities amounted to SEK 1,100 m (805)
- Earnings per share before dilution amounted to SEK 3.90 (2.80)











Net Sales Growth, SEK m, 9 months



EBITA Growth per business area, SEK m, 9 months



# OUR INTERNATIONAL EXPANSION CONTINUES

Acquisition	Business area	Access	Net sales, SEKm*	Employees*
 Intertrafo Oy	Energy	April 2022	30	15
 Electric Control Systems Automation AS	Process Technology	April 2022	75	31
 Impulseradar Sweden AB	Industrial Solutions	April 2022	80	27
 C.K. Environment A/S	Process Technology	May 2022	40	14
 Arruti Group	Energy	June 2022	280	90
 Gotapack International AB	Process Technology	July 2022	25	5
 Allied Insulators Ltd.	Energy	August 2022	75	15
 Advanced Valve Solutions B.V.	Process Technology	December 2022	140	27
 MCS Europe Group B.V.	Automation	January 2023	75	19
 Drivhuset AB	Industrial Solutions	January 2023	35	7

- 10 companies acquired during the fiscal year adding SEK 850 m and 250 new employees



# SUPPORTS THE TRANSITION TO RENEWABLE ENERGY



Country: The Netherlands

Employees: 27

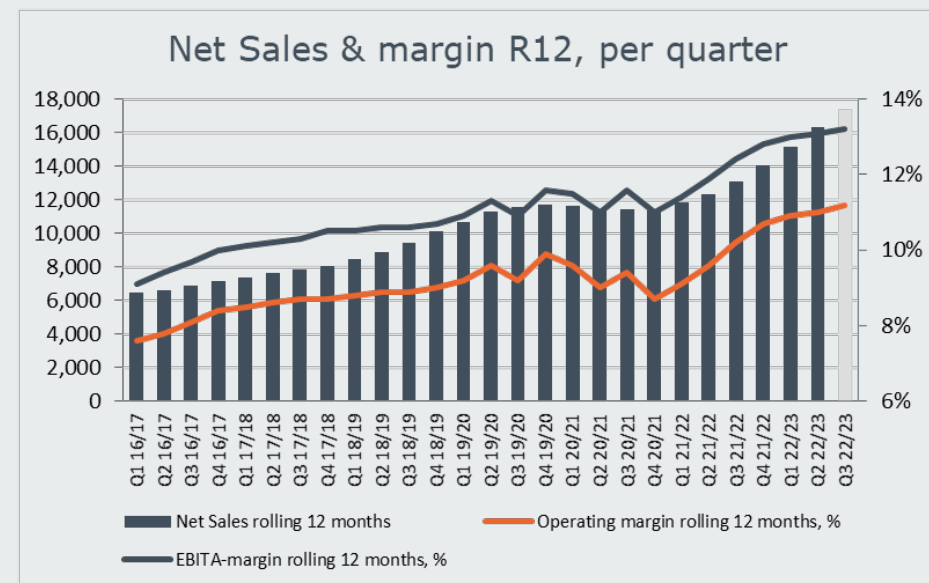
Annual sales: SEK 140 m

- Niche provider of engineered high-end valves, steam attemperators and valve systems mainly to the power generation industry
- AVS has developed a strong sales proposition for increased reliability and fast start/stop of Combined Cycle Gas Turbine (CCGT) power stations that enables and support the transition to renewable energy
- International export organisation with primary markets Benelux and UK



# RESULT AND MARGINS

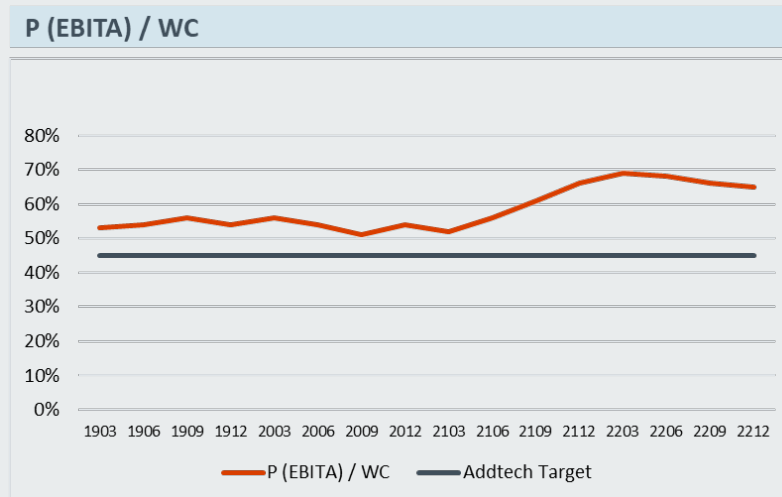
(SEKm)	3 months ending		9 months ending		12 months ending	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Mar 22
<b>Net Sales</b>	<b>4,653</b>	<b>3,586</b>	<b>13,447</b>	<b>10,122</b>	<b>17,363</b>	<b>14,038</b>
Cost of sales & op. expenses	-4,142	-3,225	-11,969	-9,091	-15,472	-12,594
Other operating items	25	21	29	34	52	57
<b>Operating profit</b>	<b>536</b>	<b>382</b>	<b>1,507</b>	<b>1,065</b>	<b>1,943</b>	<b>1,501</b>
Financial income & expenses	-44	-18	-113	-46	-135	-68
<b>Profit after financial items</b>	<b>492</b>	<b>364</b>	<b>1,394</b>	<b>1,019</b>	<b>1,808</b>	<b>1,433</b>
Income tax expense	-105	-85	-301	-227	-390	-316
<b>Net profit</b>	<b>387</b>	<b>279</b>	<b>1,093</b>	<b>792</b>	<b>1,418</b>	<b>1,117</b>
Earnings per share, SEK	1.40	0.95	3.90	2.80	5.10	4.00
EBIT margin, %	11.5	10.7	11.2	10.5	11.2	10.7
EBITA margin, %	13.5	12.8	13.3	12.7	13.2	12.8



# CASHFLOW

(SEKm)	3 months ending		9 months ending		12 months ending	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Mar 22
Profit after financial items	492	364	1,394	1,019	1,808	1,433
Adj. for non cash items	156	147	522	420	696	594
Income tax paid	-122	-149	-335	-314	-437	-416
Changes in working capital	50	8	-481	-320	-651	-490
<b>Cash flow from operating activities</b>	<b>576</b>	<b>370</b>	<b>1,100</b>	<b>805</b>	<b>1,416</b>	<b>1,121</b>
Net investment in non-current assets	-33	-35	-95	-65	-146	-116
Acquisitions and disposals	-153	-119	-1,135	-711	-1,563	-1,139
Dividend paid	-	-	-485	-323	-485	-323
Repurchase of own shares/options	30	32	-48	3	-41	10
Other financing activities	-409	-259	799	354	905	460
<b>Period's cash flow</b>	<b>11</b>	<b>-11</b>	<b>136</b>	<b>63</b>	<b>86</b>	<b>13</b>

- Strengthened cashflow
- P/WC remained high at 65%



# KEY FINANCIAL INDICATORS

(SEKm)	31 Dec 22	31 Mar 22	31 Dec 21
Total equity (SEKm)	5,148	4,259	3,952
Equity per share, SEK	17.70	14.60	13.65
Equity ratio, %	35	34	35
Return on working capital (P/WC), %	65	69	66
Return on equity, %	31	30	28
Return on capital employed, %	21	20	19
Financial net debt (SEKm)	4,850	4,061	3,643
- of which pension liability	264	314	344
- of which other liabilities	4,586	3,747	3,299
Financial net debt / EBITDA	1.9	2.0	1.9
Net debt / equity ratio, times	0.9	1.0	0.9
Interest coverage ratio, times	16	22	21
Average number of employees	3,663	3,317	3,240
Number of employees at end of period	3,861	3,556	3,381

- **Financial position remained strong**

- Equity ratio 35% (35%)
- Leverage 1.9 (1.9)
- Gearing 0.9 (0.9)

# FIVE AREAS FOR FUTURE GROWTH



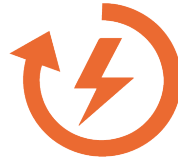
## AUTOMATION

- MOTION & DRIVES
- INDUSTRIAL IT & SENSORS



## ELECTRIFICATION

- BATTERY SYSTEMS
- CONNECTIVITY SOLUTIONS
- POWER & MOBILITY



## ENERGY

- ENERGY PRODUCTS
- ENERGY SUPPLY



## INDUSTRIAL SOLUTIONS

- MATERIAL PROCESSING
- VEHICLE SOLUTIONS



## PROCESS TECHNOLOGY

- PROCESS SYSTEMS
- EMISSION CONTROL
- PROCESS CONTROL

### KEY GROWTH DRIVERS

- Industry 4.0
- Smart cities
- Internet of Things

- Decarbonisation
- Energy storage - batteries

- Increased production of renewable energy
- Grid development
- Safety products

- Resource efficiency – recycling systems
- Increased focus on ergonomics
- Increased use of fiber-based materials

- Increased regulations – emissions air and water
- Efficiency and optimisation of industrial flows

# SUMMARY

- High customer activity in all business areas – organic sales growth of 14%
- Strong earnings growth – margins improved
- Strengthened order backlog
- Strengthened cashflow and continued strong financial position
- The international expansion continues
- Highly uncertain macro situation – very few signs of a slowdown in customer activity



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION