

The Clean Air Company

Nederman

Q2

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).

Programme for Nederman's future stability

To face the future following extensive lockdowns and travel restrictions in the wake of the pandemic, 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.

Read more in Sven Kristensson's CEO's comments on page 2.

CEO's comments

Good profitability under difficult circumstances. Programme for Nederman's future stability.

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 digitalisation 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.



Programme for Nederman's future stability.

To face the future following the COVID-19 pandemic, Nederman is implementing a restructuring programme that will lead to annual cost savings of SEK 100m. The plan encompasses all of the Group's divisions. 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.

About one third of the total cost of SEK 75m impacted cash flow during the second quarter and most of the remaining amount will impact cash flow during the second half of 2020. The trade union negotiations have been largely completed.

Central components of the programme

- The single largest measure is the discontinuation of Nederman Process Technology's MikroPul operation in France.
- Nederman will exit less profitable market segments and focus on the segments in the market where future growth is to be found.
- Restructuring of the production operations and logistics function to enable more efficient production of modern smart filters.
- Strengthen the divisions' ability to collaborate on product development.

Continued focus on digitalisation

The improvements in product development and production will enable an intensified focus on digitalisation and increase cooperation between the Group's divisions.

Annual savings

SEK 100m

Savings in 2020

SEK 55m

Costs

SEK 75m

(Expensed Q2, 2020)

Segment overview

Nederman is organised in four operating segments. This organisation is based on technology, customers and business logic. The organisation is driven by simplicity and has the Group's brands as its starting point. This means that the operating segments are global and have an explicit focus on the customer. The organisation has four overriding priorities: strengthened profitability, improved efficiency, utilisation of all the possibilities offered by digitalisation and internal and external sustainability.

Nederman Extraction & Filtration Technology's product range consists of a broad range of capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids or compressed air.

Nederman Process Technology's products include, among other things, advanced filter solutions that are integrated in the customers' production processes where they catch harmful particles and gases, as well as other process critical equipment.

Nederman Duct & Filter Technology works with different types of pipe systems, valves and filter elements to ensure good air quality in a number of industries.

Nederman Monitoring & Control Technology's digital offering includes advanced measurement technology and a platform that consists of hardware installed in Nederman's products and solutions, and software that communicates with the cloud and provides customers with information and insight into critical parameters and processes.

	Currency-				Currency-				Full year 2019	July-June 12 months
	1 Apr-30 June 2020	1 Apr-30 June 2019	neutral growth %	Organic growth, %	1 Jan-30 June 2020	1 Jan-30 June 2019	neutral growth %	Organic growth, %		
Order intake - External, SEKm										
Nederman Extraction & Filtration Technology	353.5	489.8	-26.0	-26.0	779.4	956.0	-17.8	-17.8	1,962.2	1,785.6
Nederman Process Technology	176.4	368.5	-51.4	-51.4	511.6	734.6	-30.9	-30.9	1,461.5	1,238.5
Nederman Duct & Filter Technology	91.9	123.2	-26.2	-26.2	209.3	249.2	-18.1	-18.1	473.5	433.6
Nederman Monitoring & Control Technology	117.7	62.6	95.8	-3.6	234.3	123.3	94.9	-7.6	271.2	382.2
Total Nederman Group	739.5	1,044.1	-27.7	-33.7	1,734.6	2,063.1	-15.8	-21.9	4,168.4	3,839.9

	Currency-				Currency-				Full year 2019	July-June 12 months
	1 Apr-30 June 2020	1 Apr-30 June 2019	neutral growth %	Organic growth, %	1 Jan-30 June 2020	1 Jan-30 June 2019	neutral growth %	Organic growth, %		
Totalsales, SEKm										
Nederman Extraction & Filtration Technology	393.1	482.5	-16.7	-16.7	855.3	935.1	-8.0	-8.0	1,940.2	1,860.4
Nederman Process Technology	309.0	432.8	-28.4	-28.4	608.7	854.7	-29.4	-29.4	1,633.3	1,387.3
Nederman Duct & Filter Technology	114.4	151.6	-25.3	-25.3	246.5	285.3	-15.7	-15.7	555.4	516.6
Nederman Monitoring & Control Technology	131.1	56.0	143.4	11.3	239.5	109.5	125.1	9.5	280.3	410.3
Elimination	-19.2	-26.7			-41.1	-52.0			-101.5	-90.6
Total Nederman Group	928.4	1,096.2	-14.0	-20.7	1,908.9	2,132.6	-10.4	-16.3	4,307.7	4,084.0

	1 Apr-30 June		1 Jan-30 June		Full year 2019	July-June 12 months
	2020	2019	2020	2019		
Adjusted EBITA, SEKm						
Nederman Extraction & Filtration Technology	42.6	62.1	107.4	124.7	263.2	245.9
Nederman Process Technology	25.6	33.1	34.9	54.8	101.6	81.7
Nederman Duct & Filter Technology	13.0	23.5	28.7	40.3	69.6	58.0
Nederman Monitoring & Control Technology	27.5	7.8	38.1	10.5	44.6	72.2
Other - non-allocated	-20.4	-30.7	-41.3	-50.7	-85.0	-75.6
Total Nederman Group	88.3	95.8	167.8	179.6	394.0	382.2

	1 Apr-30 June		1 Jan-30 June		Full year 2019	July-June 12 months
	2020	2019	2020	2019		
Adjusted EBITA margin, %						
Nederman Extraction & Filtration Technology	10.8	12.9	12.6	13.3	13.6	13.2
Nederman Process Technology	8.3	7.6	5.7	6.4	6.2	5.9
Nederman Duct & Filter Technology	11.4	15.5	11.6	14.1	12.5	11.2
Nederman Monitoring & Control Technology	21.0	13.9	15.9	9.6	15.9	17.6
Total Nederman Group	9.5	8.7	8.8	8.4	9.1	9.4

Nederman Extraction & Filtration Technology

The downturn in the global economy in the wake of the COVID-19 pandemic had a major impact on Nederman Extraction & Filtration Technology during the quarter. The orders received for the quarter declined organically by 26 percent to SEK 354m (490). Sales amounted to SEK 393m (483) and the adjusted EBITA margin was 10.8 percent (12.9). During the final month of the quarter, there was some improvement particularly in North America, with the booking of two large orders. The order backlog is at a healthy level, but is lower than at the corresponding time in 2019.

Development in the quarter

All markets in Europe were affected during the quarter by the economic downturn due to the COVID-19 pandemic. Americas were also negatively impacted by the prevailing situation, while APAC displayed some growth in orders received.

In Germany, orders received and sales declined in the quarter, although some improvement was noted during the final month of the quarter. In the Nordic region, demand declined in Denmark and Sweden, while the performance in Norway was in line with the second quarter of 2019. In the UK, the performance was very weak in April and May, but the situation improved noticeably in June, with favourable demand for system solutions and service. In the Netherlands, the negative effects of COVID-19 were more limited than in most European countries and in Belgium, development was in line with the second quarter of 2019.

In France and Spain, the lockdowns meant that all business activities were drastically reduced. The situation only improved marginally at the end of the quarter. In Poland, orders received developed positively as a result of healthy demand for the division's system solutions.

In APAC, orders received were higher compared with a weak second quarter in 2019 after positive developments in Australia, Thailand, Indonesia and Malaysia. China was marginally weaker than in the second quarter of 2019.

In North America, orders received declined due to weak performance at the beginning of the quarter. The quarter, however, ended on a strong note with healthy demand for system solutions. In Brazil, orders received decreased compared with a very strong quarter in 2019 and June was the weakest month of the quarter.

There was a weak trend in the distributor markets, mainly due to a low level of activity in the automotive industry.

Key activities

The division implemented several measures relating to costs, which led to a significant reduction in expenses.

During the quarter, the new generation of MCP/MEP smart filters was also launched, developed in cooperation with Nederman Monitoring & Control Technology, in several markets in EMEA. It was positively received by the market.

Effects of the COVID-19 pandemic

The ongoing pandemic has made it more difficult to visit customers, their plants and installations in progress. To address the reduced demand, shorter working hours have been introduced in all countries where it is possible, at the same time as a healthy level of deliveries and service have been maintained. The division has implemented measures to reduce the spread of infection in all areas of the business.

The pandemic is also expected to have a significant impact on orders received and sales in the third quarter and the organisation is being adapted to address this situation. At the same time, it will be important to be flexible to be prepared for a return to more normal business conditions.

Nederman Extraction & Filtration Technology

Sales are conducted both via a network of partners and through our own sales companies. The division also has significant after-market sales in the form of sales of spare parts and service. Customers come from a number of different industries with various types of air emissions that must be dealt with in an efficient and safe manner. The business activities are conducted under the Nederman brand.

SEKm	Note	1 Apr-30 June		Currency-neutral		1 Jan-30 June		Currency-neutral		Full year 2019	July-June 12 months
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %		
Incoming orders - External		353.5	489.8	-26.0	-26.0	779.4	956.0	-17.8	-17.8	1,962.2	1,785.6
Total sales	2	393.1	482.5	-16.7	-16.7	855.3	935.1	-8.0	-8.0	1,940.2	1,860.4
Adjusted EBITA		42.6	62.1			107.4	124.7			263.2	245.9
Adjusted EBITA margin, %		10.8	12.9			12.6	13.3			13.6	13.2

Nederman Process Technology

Nederman Process Technology's orders received amounted to SEK 176m (369) in the quarter. Sales amounted to SEK 309m (433) and the adjusted EBITA margin was 8.3 percent (7.6). There was a strong decline in demand during the quarter as a result of large parts of the world being affected by lockdowns. The division still has many projects that will most likely be completed, but have now been postponed after several important customers announced that they would be delaying planned investments.

Weak demand will probably have a negative impact on orders received during the coming quarters. The division's sales are driven by the implementation of major projects and several of these were postponed during the quarter, with reduced invoicing as a result. Since the division's systems are, as a rule, included as a smaller part of very large and capital-intensive projects that are already far advanced in their implementation, the risk of existing contracts being cancelled is deemed to be limited. Measures to address costs resulted in expenses being reduced by 29 percent for the quarter compared with the same period in 2019. Profitability for the quarter was thus strengthened significantly compared with the first quarter of the year.

Development in the quarter

The textile segment was already challenging before the COVID-19 pandemic and a considerable number of spinning mills throughout the world suspended production during the quarter due to the pandemic. This applied particularly to the key Indian market, which was largely closed down for the quarter, including the division's own production plant. Due to the closure of large sections of the country's textile industry, demand was very low, as the customers were either unable to install new systems because of the official restrictions or postponed their investments due to the prevailing economic uncertainty. After a difficult first six months of the year, there are now visible signs of activity increasing in the textile segment in China.

The foundry and smelter segment displayed a cautious recovery in Asia, with a higher level of activity at the end of the quarter. In Europe, the division's customers were impacted by the COVID-19 restrictions, with postponed orders and delays to projects as a result.

The division has a good order backlog from foundries and smelters, primarily in Europe and Americas. Some projects were postponed, but are expected to be implemented at a later date. The foundry market is expected to be weak in the coming quarters because investments in the automotive industry have essentially been suspended, which also impacted the division's service operations during the quarter. There was also weak demand

for customised solutions in all markets, but the division made considerable progress in the aftermarket, including as a result of the new MikroPul Assist production monitoring system, which comprises a key part of Nederman's increasingly digitalised customer offering.

Key activities

During the quarter, Nederman Process Technology continued the implementation of its strategy with the cornerstones of: stronger productivity, globalisation of the business, service and digitalisation, and personnel development. The efforts to improve productivity continued to generate results and costs during the quarter were lower than in the corresponding quarter in 2019.

Effects of the COVID-19 pandemic

In principle, the division maintained normal production capacity during the quarter, apart from in India. All plants have taken precautionary measures to reduce the spread of infection.

The COVID-19 pandemic is expected to have consequences for orders received during the third quarter of the year, which is traditionally the division's weakest quarter due to the European vacation period. Orders received declined in most markets and many customers want to delay their deliveries as many of the end customers' operations have been shut down. Capacity and costs are being adapted to address the anticipated decrease in sales.

Nederman Process Technology

Sales activities are conducted by our sales force which has direct contact with the division's customers. The number of orders is few, but the individual order value is high. Nederman Process Technology works with a number of the world's leading companies and the relationships with customers are deep and long lasting. These customers are large companies in a wide range of industries, including the fibre, textile and chemical industries, metal recycling industry, foundries and smelters, and the waste industry. Nederman Process Technology carries on its business activities under four brands: MikroPul, Luwa, Pneumafil and LCI.

SEKm	Note	1 Apr-30 June		Currency-neutral		1 Jan-30 June		Currency-neutral		Full year 2019	July-June 12 months
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %		
Incoming orders - External		176.4	368.5	-51.4	-51.4	511.6	734.6	-30.9	-30.9	1,461.5	1,238.5
Total sales	2	309.0	432.8	-28.4	-28.4	608.7	854.7	-29.4	-29.4	1,633.3	1,387.3
Adjusted EBITA		25.6	33.1			34.9	54.8			101.6	81.7
Adjusted EBITA margin, %		8.3	7.6			5.7	6.4			6.2	5.9

Nederman Duct & Filter Technology

Nederman Duct & Filter Technology's orders received amounted to SEK 92m (123) in the quarter. Sales amounted to SEK 114m (152) and the adjusted EBITA margin was 11.4 percent (15.5). The decline in sales is attributable to the restrictions caused by the ongoing COVID-19 pandemic. The number of requests for quotations is on a healthy level considering the circumstances, but orders and the start-up of new projects have been partly postponed. Disruptions to the supply chain have generally been limited. As a result of a number of early measures related to costs, essentially all of the division's companies were able to maintain a nearly normal level of profitability.

Development in the quarter

Nordfab, which sells various types of pipe systems, had negative order growth compared with the corresponding quarter in 2019.

In the US, demand decreased significantly compared with the first quarter of the year and the corresponding quarter in 2019. Large and small orders were those affected least, while there was a very strong decline in medium sized orders due to the customer category requesting this part of the product range being extensively impacted by the lockdowns imposed in several countries. Travel restrictions also had a significantly negative impact on orders received in the quarter.

In Europe, there was a strong decline in demand during the quarter, although the large resellers in Germany built up their inventory to be able to meet demand when that country eased its earlier restrictions.

The positive profitability trend at the plant in Thailand continued during the quarter. Domestic sales grew because most of the country's customers were not affected by lockdown, while exports to Australia dropped significantly. In total, the impact on sales from the plant in Thailand was limited.

Menardi, which sells the division's filter solutions, had negative growth compared with the second quarter of 2019.

Orders received in the US were on par with the first quarter of the year, as a large share of the sales comprise the aftermarket and repeat sales to existing customers. Although orders received were not affected significantly by the COVID-19 pandemic, there was clear price pressure in the quarter. Travel restrictions, which were in force for a large part of the quarter, could continue to have a negative impact for some time to come.

In Europe, the trend was positive due to a considerable increase in demand from external customers.

Key activities

During the quarter, Nederman Duct & Filter Technology implemented a number of measures to protect the profitability and liquidity in all of the division's operations. In Sweden, a new logistics solution was established for the pipe and filter systems produced at the division's plant in Denmark. The new logistics solution will be fully operational in the third quarter of the year. The cooperation between the production plants in Denmark and the UK was intensified during the quarter to manage the strains caused by the COVID-19 pandemic.

Effects of the COVID-19 pandemic

All plants essentially maintained their normal production capacity during the quarter and experienced no problems in the supply chain. All plants have taken precautionary measures to reduce the spread of infection. The plants in the US have been deemed to belong to the "essential production" category, which meant that they were able to maintain operations as previously. The COVID-19 pandemic is also expected to have negative consequences for orders received in the third quarter of the year.

Nederman Duct & Filter Technology

Sales are mainly conducted via distributors, but Nederman Duct & Filter Technology also has a large share of internal sales to Nederman's other divisions. Customers are found in a wide range of industries, such as the woodworking industry, furniture industry, metalworking, cement & concrete industry, recycling industry, automotive industry, plastics manufacturing industry, chemical industry and others. Nederman Process Technology carries on its business activities under two brands: Nordfab and Menardi.

SEKm	Note	1 Apr-30 June		Currency-neutral		1 Jan-30 June		Currency-neutral		Full year 2019	July-June 12 months
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %		
Incoming orders - External		91.9	123.2	-26.2	-26.2	209.3	249.2	-18.1	-18.1	473.5	433.6
Total sales	2	114.4	151.6	-25.3	-25.3	246.5	285.3	-15.7	-15.7	555.4	516.6
Adjusted EBITA		13.0	23.5			28.7	40.3			69.6	58.0
Adjusted EBITA margin, %		11.4	15.5			11.6	14.1			12.5	11.2

Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology had a largely positive development during the quarter. Orders received amounted to SEK 118m (63) in the quarter. Sales amounted to SEK 131m (56) and the adjusted EBITA margin was 21.0 percent (13.9). Viewed in light of the strong economic downturn, this is a satisfactory development. With the acquisition of Gasmot in the autumn of 2019, the division has strengthened its position significantly. The product mix and a broad geographic presence improved the division's ability to manage the major fluctuations in demand caused by the COVID-19 pandemic.

Development in the quarter

APAC was the first region to display signs of recovery following the global economic downturn, with healthy growth in orders received and sales as a result.

In Europe, sales and orders received both declined as a consequence of the comprehensive lockdowns imposed in several of the region's countries, even if the measures differed greatly between countries.

In Americas, where process control solutions continue to dominate the business, orders received rose, while sales were on par with the same period in 2019.

Key activities

The restructuring of Nederman Insight was completed during the quarter. This operation has now been transferred to Auburn FilterSense in Boston to capitalise on the industrial expertise and market-oriented work approach there.

NEO Monitors is now formally established in Houston, in the US, with sales and service. Accordingly, the company is well-positioned to further exploit the market around the highly industrialised Gulf coast of the US.

Effects of the COVID-19 pandemic

All of the division's plants have implemented the applicable safety rules to reduce the spread of infection and protect production and delivery capacity. The supply of components was satisfactory in the quarter and the production plants functioned as previously.

The COVID-19 pandemic is expected to have a negative impact on demand for the division's products during the third quarter of the year, mainly in Europe and North America.

Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology conducts sales through the division's own companies and their network of distributors. Sales are also conducted through other divisions within Nederman. Monitoring & Control Technology works with a broad spectrum of industries that need to continuously monitor and steer their production and processes. Nederman Monitoring & Control Technology conducts its business activities under four brands: Nederman Insight, NEO Monitors, Auburn FilterSense and Gasmot.

SEKm	Note	1 Apr-30 June		Currency-neutral		1 Jan-30 June		Currency-neutral		Full year 2019	July-June 12 months
		2020	2019	growth, %	Organic growth, %	2020	2019	growth, %	Organic growth, %		
Incoming orders - External		117.7	62.6	95.8	-3.6	234.3	123.3	94.9	-7.6	271.2	382.2
Total sales	2	131.1	56.0	143.4	11.3	239.5	109.5	125.1	9.5	280.3	410.3
Adjusted EBITA		27.5	7.8			38.1	10.5			44.6	72.2
Adjusted EBITA margin, %		21.0	13.9			15.9	9.6			15.9	17.6

Quarter 2, 2020

Incoming orders and sales

Incoming orders during the quarter amounted to SEK 740m (1,044), equivalent to a currency-neutral decrease of 27.7 percent compared with the corresponding period last year.

Sales for the quarter amounted to SEK 928m (1,096), equivalent to a currency-neutral decrease of 14.0 percent compared with the corresponding period last year.

Profit/loss

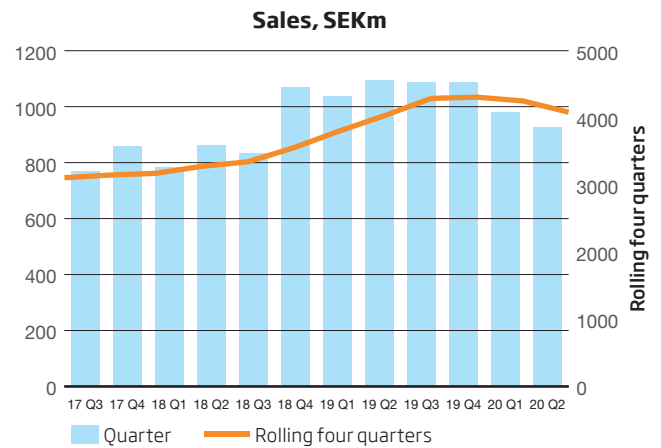
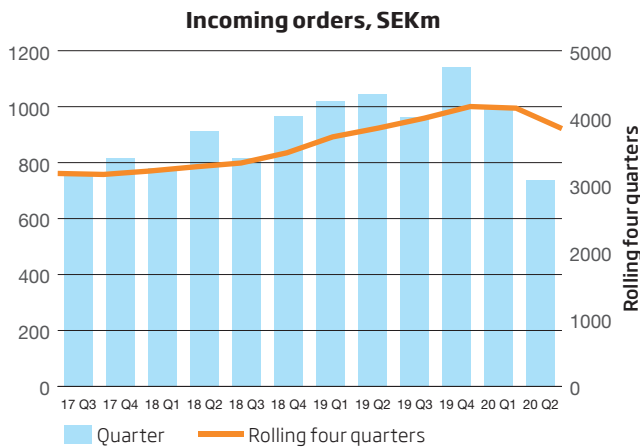
The consolidated operating profit for the quarter was SEK -2.3m (84.5), which gave an operating margin of -0.2 percent (7.7).

Adjusted operating profit amounted to SEK 73.0m (84.9). Adjusted operating margin was 7.9 percent (7.7).

Profit before tax decreased to SEK -13.9m (75.6). Net profit was SEK -10.4m (54.4), which gave earnings per share of SEK -0.30 (1.55).

Capital expenditure

Capital expenditure in intangible and tangible assets amounted to SEK 24.1m (20.2).



January - June 2020

Incoming orders and sales

Incoming orders were SEK 1,735m (2,063), equivalent to a currency-neutral decrease of 15.8 percent compared with the same period last year.

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.

Profit/loss

Consolidated operating profit for the period was SEK 61.9m (156.6), which gave an operating margin of 3.2 percent (7.3).

Adjusted operating profit amounted to SEK 138.1m (158.0). Adjusted operating margin was 7.2 percent (7.4).

Profit before tax decreased to SEK 32.5m (139.8). Net profit was SEK 23.8m (100.6), which gave earnings per share of SEK 0.68 (2.87).

Cash flow

Cash flow for the period amounted to SEK -40.2m (-152.7) and cash flow for operating activities to SEK 75.4m (-9.1). The foremost reasons for the improved cash flow are that no dividend was paid during the second quarter and the lower inventory levels. Other adjustments of SEK 54.7m pertain to the Group's provisions for restructuring measures.

Capital expenditure

Capital expenditure in intangible and tangible assets amounted to SEK 52.1m (39.1), of which capitalised development expenses amounted to SEK 8.8m (6.9).

Other financial information

Liquidity: At the end of the period the Group had SEK 395.6m in cash and cash equivalents as well as SEK 206m in available but unutilised overdraft facilities.

In addition, there was a credit facility of SEK 218m within the framework of Nederman's loan agreement with SEB and SHB, and SEK 200m within the framework of Nederman's loan agreement with SHB.

Nederman has entered updated financing agreements with its banks. The updated financing agreements create flexibility regarding covenants for the coming six quarters.

The equity in the Group as of 30 June 2020 amounted to SEK 1,341.6m (1,323.4). The total number of shares outstanding was 35,093,096 at the end of the period.

The equity ratio for the Group was 29.2 percent as of 30 June 2020 (31.8). The net debt/equity ratio was 118.9 percent (71.2).

Number of employees

The average number of employees during the period was 2,184 (2,230). The number of employees at the end of the period was 2,133 (2,293).

Key figures, Group

SEKm	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Net sales	928.4	1,096.2	1,908.9	2,132.6	4,307.7	4,084.0
Adjusted EBITDA	116.2	120.9	223.3	229.4	495.8	489.7
Adjusted EBITDA margin, %	12.5	11.0	11.7	10.8	11.5	12.0
Operating profit	-2.3	84.5	61.9	156.6	343.2	248.5
Operating margin, %	-0.2	7.7	3.2	7.3	8.0	6.1
Adjusted operating profit	73.0	84.9	138.1	158.0	349.1	329.2
Adjusted operating margin, %	7.9	7.7	7.2	7.4	8.1	8.1
Profit before tax	-13.9	75.6	32.5	139.8	307.3	200.0
Net profit	-10.4	54.4	23.8	100.6	225.8	149.0
Earnings per share, SEK	-0.30	1.55	0.68	2.87	6.43	4.25
Return on equity, %	-3.0	16.3	3.5	15.7	17.3	11.2
Return on operating capital, %	9.7	15.2	9.4	14.7	14.1	12.7
Net debt					1,564.1	1,594.5
Net debt/equity ratio, %					113.5	118.9
Net debt/Adjusted EBITDA, multiple					3.2	3.3
Interest cover ratio, multiple					8.1	6.4

Outlook

There is currently extreme uncertainty regarding the development of the global economy. For the third quarter of the year, Nederman expects the effects of the COVID-19 pandemic to remain considerable in most of the Group's markets. The Chinese market continues to display signs of recovery, while the situation in several other Asian countries is more troubling. It is currently not possible to determine exactly how extensive the effects of the COVID-19 pandemic will be or how protracted in terms of time.

During the second quarter, Nederman implemented a number of measures to maintain good profitability under the currently difficult circumstances. A restructuring programme for Nederman's future business stability was also initiated in the quarter. The programme will generate annual cost savings of SEK 100m (SEK 55m in 2020). The programme's costs amount to SEK 75m and were charged to the profit and loss account in their entirety to the second quarter of 2020. Nederman will also continue the digitalisation of its product range, which has been in progress for a long time.

Regions

External order intake, SEKm	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 mån
Americas	239.8	351.5	584.1	657.3	1,292.3	1,219.1
EMEA	377.8	543.4	887.8	1,060.4	2,204.5	2,031.9
APAC	121.9	149.2	262.7	345.4	671.6	588.9
Total Nederman Group	739.5	1,044.1	1,734.6	2,063.1	4,168.4	3,839.9

External net sales, SEKm	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 mån
Americas	299.1	351.3	620.0	676.1	1,380.4	1,324.3
EMEA	479.9	517.3	1,009.7	1,041.8	2,190.5	2,158.4
APAC	149.4	227.6	279.2	414.7	736.8	601.3
Total Nederman Group	928.4	1,096.2	1,908.9	2,132.6	4,307.7	4,084.0

Impact of the COVID-19 pandemic on Nederman

The ongoing COVID-19 pandemic and the resulting restrictions have had and will continue to have a major impact on the Nederman Group. Below is an overview of how the Group has been affected and what Nederman is doing to address this extreme situation.

Effects on Nederman's markets

- Reduced demand from EMEA and Americas became noticeable at the end of the first quarter and continued through the second quarter, albeit with a marked improvement in certain markets during June.

Effects on Nederman during the second quarter of 2020

- Lockdowns and travel restrictions during the quarter caused difficulties for Nederman and Nederman's customers in the form of delivery problems and project delays, which had a negative impact on earnings.
- Orders received, sales and, therefore, earnings were negatively affected in all of Nederman's regions, Americas, EMEA and APAC.
- The adjusted operating profit for the total Group amounted to SEK 73m for the quarter, which can be compared with a profit for the second quarter of 2019 of SEK 85m.

Anticipated future effects

- See page 12.

Nederman's measures

To protect its employees and prepare the Group for a challenging time, Nederman has implemented a long line of measures:

- Recommended hygiene routines have been implemented in all areas of the company to limit the spread of infection in the company and the community.
- At some plants, shift work, with separated work teams, has been introduced to limit the risk that any spread of infection could affect production capacity.
- Temporary lay-offs and short-time working have been implemented at the plants where this is possible and necessary.
- Some accumulation of components in inventory has taken place in order to ensure continued delivery capacity, while potential new suppliers have also been identified.
- It is essential to maintain healthy liquidity under the prevailing circumstances. Accordingly, Nederman's Board of Directors withdrew its earlier dividend proposal and will evaluate dividend possibilities later during the year.
- The Group has expanded its credit facilities.
- Nederman has signed updated financing agreements with its banks. The updated financing agreements create flexibility regarding covenants for the coming six quarters.
- Restructuring programme, see page 3.
- Nederman is maintaining a high level of readiness to implement prepared measures to reduce costs depending on how the situation develops.

Statement

The Board and CEO confirm that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the Group. The report has not been reviewed by the company's auditor.

Helsingborg 17 July 2020

Johan Hjertonsson
Chairman

Gunilla Fransson
Member of the Board

Ylva op den Velde Hammargren
Member of the Board

Sam Strömerstén
Member of the Board

Sven Kristensson
Member of the Board
and CEO

Johan Menckel
Member of the Board

Consolidated income statement in summary

SEK million	Note	1 Apr-30 June		1 Jan-30 June		Full year	July-June
		2020	2019	2020	2019	2019	12 months
Net sales	2.3	928.4	1,096.2	1,908.9	2,132.6	4,307.7	4,084.0
Cost of goods sold		-580.7	-694.9	-1,193.6	-1,354.6	-2,716.4	-2,555.4
Gross profit		347.7	401.3	715.3	778.0	1,591.3	1,528.6
Selling expenses		-165.1	-211.8	-370.7	-420.9	-828.8	-778.6
Administrative expenses		-75.6	-90.8	-161.9	-171.7	-342.8	-333.0
Research and development expenses		-18.6	-14.9	-38.9	-29.4	-65.2	-74.7
Acquisition costs		-0.3	-0.4	-1.2	-1.4	-5.9	-5.7
Restructuring costs		-75.0	-	-75.0	-	-	-75.0
Other operating income/expenses		-15.4	1.1	-5.7	2.0	-5.4	-13.1
Operating profit		-2.3	84.5	61.9	156.6	343.2	248.5
Financial income		-0.1	2.2	0.3	5.1	8.4	3.6
Financial expense		-11.5	-11.1	-29.7	-21.9	-44.3	-52.1
Net financial items		-11.6	-8.9	-29.4	-16.8	-35.9	-48.5
Profit before tax		-13.9	75.6	32.5	139.8	307.3	200.0
Taxes		3.5	-21.2	-8.7	-39.2	-81.5	-51.0
Net profit		-10.4	54.4	23.8	100.6	225.8	149.0
Net profit attributable to:							
The parent company's shareholders		-10.4	54.4	23.8	100.6	225.8	149.0
Earnings per share							
before dilution (SEK)		-0.30	1.55	0.68	2.87	6.43	4.25
after dilution (SEK)		-0.30	1.55	0.68	2.87	6.43	4.25

Consolidated statement of comprehensive income in summary

SEK million	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Net profit	-10.4	54.4	23.8	100.6	225.8	149.0
Other comprehensive income						
Items that cannot be reclassified to net profit						
Revaluation of defined-benefit pension plans	-	-0.7	-	-1.2	-62.4	-61.2
Tax attributable to items that cannot be reclassified to net profit	-	0.2	-	0.3	13.5	13.2
	-	-0.5	-	-0.9	-48.9	-48.0
Items that have been or can be reclassified to net profit						
Exchange differences arising on translation of foreign operations	-111.1	10.2	-60.4	69.1	46.8	-82.7
Cash flow hedges	-	0.0	-	0.0	0.0	-
Tax attributable to items that can be reclassified to net profit	-	-	-	-	-	-
	-111.1	10.2	-60.4	69.1	46.8	-82.7
Other comprehensive income for the period, net of tax	-111.1	9.7	-60.4	68.2	-2.1	-130.7
Total comprehensive income for the period	-121.5	64.1	-36.6	168.8	223.7	18.3
Total comprehensive income attributable to:						
The parent company's shareholders	-121.5	64.1	-36.6	168.8	223.7	18.3

Consolidated statement of financial position in summary

SEK million	Note	30 June 2020	30 June 2019	31 Dec 2019
Assets				
Goodwill		1,586.5	1,226.1	1,612.2
Other intangible assets		424.3	269.8	425.2
Tangible assets		326.1	322.2	335.3
Right-of-use assets		247.6	202.0	257.7
Long-term receivables		6.2	12.7	5.3
Deferred tax assets		28.4	21.3	8.2
Total fixed assets		2,619.1	2,054.1	2,643.9
Inventories		573.0	634.0	610.3
Accounts receivable	4	561.6	628.0	619.3
Other current receivables	4	437.9	517.3	427.7
Cash and cash equivalents	4	395.6	327.5	445.3
Total current assets		1,968.1	2,106.8	2,102.6
Total assets		4,587.2	4,160.9	4,746.5
Equity				
		1,341.6	1,323.4	1,378.2
Liabilities				
Long-term interest-bearing liabilities	4	1,575.6	935.2	1,575.6
Long-term lease liabilities	4	196.7	164.6	208.4
Other long-term liabilities	4	4.7	240.2	4.9
Pension liabilities		150.4	91.7	153.1
Other provisions		18.0	18.6	21.0
Deferred tax liabilities		22.1	30.4	22.9
Total long-term liabilities		1,967.5	1,480.7	1,985.9
Current interest-bearing liabilities	4	0.0	16.1	5.0
Current lease liabilities	4	67.4	62.0	67.3
Accounts payable	4	360.2	433.3	423.2
Other current liabilities	4	766.5	818.5	860.7
Provisions		84.0	26.9	26.2
Total current liabilities		1,278.1	1,356.8	1,382.4
Total liabilities		3,245.6	2,837.5	3,368.3
Total equity and liabilities		4,587.2	4,160.9	4,746.5

Consolidated statement of changes in equity in summary

SEK million	30 June 2020	30 June 2019	31 Dec 2019
Opening balance at beginning of period	1,378.2	1,234.9	1,234.9
Net profit	23.8	100.6	225.8
Other comprehensive income			
Change in translation reserve for the period	-60.4	69.1	46.8
Cash flow hedges, net of tax	-	0.0	0.0
Revaluation of defined-benefit pension plans, net of tax	-	-0.9	-48.9
Total other comprehensive income for the period	-60.4	68.2	-2.1
Total comprehensive income for the period	-36.6	168.8	223.7
Transactions with Group owners			
Dividend paid	-	-80.7	-80.7
Share-based remuneration	-	0.4	0.3
Closing balance at end of period	1,341.6	1,323.4	1,378.2

Consolidated cash flow statement in summary

SEK million	Note	1 Jan-30 June 2020	1 Jan-30 June 2019	Full year 2019	July-June 12 months
Operating profit		61.9	156.6	343.2	248.5
Adjustment for:					
Depreciation and amortisation of fixed assets		85.2	71.4	146.7	160.5
Other adjustments		54.7	-0.6	-0.8	54.5
Interest received and paid including other financial items		-25.4	-20.0	-36.5	-41.9
Taxes paid		-37.1	-53.0	-77.8	-61.9
Cash flow from operating activities before changes in working capital		139.3	154.4	374.8	359.7
Cash flow from changes in working capital		-63.9	-163.5	-53.5	46.1
Cash flow from operating activities		75.4	-9.1	321.3	405.8
Net investment in fixed assets		-52.0	-38.2	-89.6	-103.4
Acquisitions	5	-19.3	-4.1	-656.6	-671.8
Cash flow before financing activities		4.1	-51.4	-424.9	-369.4
Dividend paid		-	-80.7	-80.7	-
Cash flow from other financing activities		-44.3	-20.6	485.4	461.7
Cash flow for the period		-40.2	-152.7	-20.2	92.3
Cash and cash equivalents at beginning of period		445.3	463.9	463.9	327.5
Translation differences		-9.5	16.3	1.6	-24.2
Cash and cash equivalents at end of period		395.6	327.5	445.3	395.6

Income statement for the parent company in summary

SEK million	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Net sales	7.1	8.1	14.9	15.8	26.9	26.0
Administrative expenses	-29.3	-35.1	-58.5	-65.4	-117.4	-110.5
Research and development expenses	-0.2	0.4	-0.5	0.4	-	-0.9
Other operating revenue and expenses	-1.9	0.2	-1.8	0.6	0.3	-2.1
Operating profit/loss	-24.3	-26.4	-45.9	-48.6	-90.2	-87.5
Result from investment in subsidiaries	-	50.1	-	50.1	72.6	22.5
Other financial items	-4.7	-5.2	-6.6	-13.7	-16.1	-9.0
Profit/loss after financial items	-29.0	18.5	-52.5	-12.2	-33.7	-74.0
Appropriations	-	-	-	-	144.0	144.0
Profit/loss before tax	-29.0	18.5	-52.5	-12.2	110.3	70.0
Taxes	3.3	-1.3	-0.3	-3.3	-13.9	-10.9
Net profit/loss for the period	-25.7	17.2	-52.8	-15.5	96.4	59.1

Statement of comprehensive income for the parent company in summary

SEK million	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Net profit/loss	-25.7	17.2	-52.8	-15.5	96.4	59.1
Other comprehensive income	-	-	-	-	-	-
Items that cannot be reclassified to net profit/loss	-	-	-	-	-	-
Items that have been or can be reclassified to net profit/loss	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-25.7	17.2	-52.8	-15.5	96.4	59.1

Balance sheet for the parent company in summary

SEK million	30 June 2020	30 June 2019	31 Dec 2019
Assets			
Total fixed assets	2,147.2	1,612.9	2,126.9
Total current assets	374.7	131.1	398.1
Total assets	2,521.9	1,744.0	2,525.0
Shareholders' Equity	865.1	806.1	917.9
Untaxed reserves	-	1.4	-
Liabilities			
Total long-term liabilities	1,172.3	694.6	1,170.9
Total current liabilities	484.5	241.9	436.2
Total liabilities	1,656.8	936.5	1,607.1
Total equity and liabilities	2,521.9	1,744.0	2,525.0

Statement of changes in parent company shareholders' equity in summary

SEK million	30 June 2020	30 June 2019	31 Dec 2019
Opening balance at beginning of period	917.9	901.9	901.9
Net profit/loss	-52.8	-15.5	96.4
Other comprehensive income			
Total other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-52.8	-15.5	96.4
Transactions with owners			
Dividend paid	-	-80.7	-80.7
Share-based remuneration	-	0.4	0.3
Closing balance at end of period	865.1	806.1	917.9

Pledged assets and contingent liabilities for the parent company

SEK million	30 June 2020	30 June 2019	31 Dec 2019
Pledged assets	none	none	none
Contingent liabilities	432.3	398.7	412.2

Note 1: Accounting policies

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The report for the parent company has been prepared in accordance with Swedish Annual Accounts Act chapter 9 and RFR 2. The same accounting policies and valuation principles, except for amendments below, as described in the latest annual report, see also pages 93-98 of the 2019 Annual Report, have been applied both to the Group and the parent company.

Note 2: Allocation of sales

SEKm				1 Apr-30 June 2020
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	153.9	171.5	67.7	393.1
Nederman Process Technology	0.0	222.8	86.2	309.0
Nederman Duct & Filter Technology	104.6	7.0	2.8	114.4
Nederman Monitoring & Control Technology	119.4	-	11.7	131.1
Elimination	-7.9	-7.7	-3.6	-19.2
Total Nederman Group	370.0	393.6	164.8	928.4

SEKm				1 Apr-30 June 2019
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	206.0	187.7	88.8	482.5
Nederman Process Technology	0.6	335.6	96.6	432.8
Nederman Duct & Filter Technology	137.2	9.7	4.7	151.6
Nederman Monitoring & Control Technology	55.6	-	0.4	56.0
Elimination	-9.1	-11.1	-6.5	-26.7
Total Nederman Group	390.3	521.9	184.0	1,096.2

SEKm				1 Jan-30 June 2020
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	345.8	357.8	151.7	855.3
Nederman Process Technology	0.1	434.1	174.5	608.7
Nederman Duct & Filter Technology	225.1	15.5	5.9	246.5
Nederman Monitoring & Control Technology	217.5	-	22.0	239.5
Elimination	-16.9	-16.5	-7.7	-41.1
Total Nederman Group	771.6	790.9	346.4	1,908.9

SEKm				1 Jan-30 June 2019
Total sales by segment and sales type	Product sales	Solution sales	Service and aftermarket	Total
Nederman Extraction & Filtration Technology	403.9	359.3	171.9	935.1
Nederman Process Technology	0.8	667.7	186.2	854.7
Nederman Duct & Filter Technology	259.6	18.1	7.6	285.3
Nederman Monitoring & Control Technology	108.7	-	0.8	109.5
Elimination	-19.9	-20.9	-11.2	-52.0
Total Nederman Group	753.1	1,024.2	355.3	2,132.6

Note 2: Allocation of sales, cont'd

SEKm	Full year 2019			
	Product sales	Solution sales	Service and aftermarket	Total
Total sales by segment and sales type				
Nederman Extraction & Filtration Technology	793.0	796.7	350.5	1,940.2
Nederman Process Technology	1.1	1,260.2	372.0	1,633.3
Nederman Duct & Filter Technology	504.6	37.3	13.5	555.4
Nederman Monitoring & Control Technology	276.1	0.0	4.2	280.3
Elimination	-38.9	-42.6	-20.0	-101.5
Total Nederman Group	1,535.9	2,051.6	720.2	4,307.7

Performance obligations for sales of Products and Service and aftermarket are satisfied at the point in time at which the customer obtains control. Performance obligations from sales of solutions, in terms of project sales, are satisfied over time. Revenue is recognised according to the project's rate of progression towards completion.

Note 3: Operating segment reporting

Segment reporting is based on reports submitted to the Group's senior executives. Nederman Group is divided into four operating segments; Nederman Extraction & Filtration Technology, Nederman Process Technology, Nederman Duct & Filter Technology and Nederman Monitoring & Control Technology, which are described further on pages 5-8. The division is based on technology, customers and business logic with the aim of increasing both growth and profitability through simple structures and clear focus. Non-allocated items refer mainly to costs relating to the parent company, Nederman Holding AB, which includes the central head office functions.

Order intake - External, SEKm	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	353.5	489.8	779.4	956.0	1,962.2	1,785.6
Nederman Process Technology	176.4	368.5	511.6	734.6	1,461.5	1,238.5
Nederman Duct & Filter Technology	91.9	123.2	209.3	249.2	473.5	433.6
Nederman Monitoring & Control Technology	117.7	62.6	234.3	123.3	271.2	382.2
Total Nederman Group	739.5	1,044.1	1,734.6	2,063.1	4,168.4	3,839.9

Total sales, SEKm	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	393.1	482.5	855.3	935.1	1,940.2	1,860.4
Nederman Process Technology	309.0	432.8	608.7	854.7	1,633.3	1,387.3
Nederman Duct & Filter Technology	114.4	151.6	246.5	285.3	555.4	516.6
Nederman Monitoring & Control Technology	131.1	56.0	239.5	109.5	280.3	410.3
Elimination	-19.2	-26.7	-41.1	-52.0	-101.5	-90.6
Total Nederman Group	928.4	1,096.2	1,908.9	2,132.6	4,307.7	4,084.0

Adjusted EBITA, SEKm	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	42.6	62.1	107.4	124.7	263.2	245.9
Nederman Process Technology	25.6	33.1	34.9	54.8	101.6	81.7
Nederman Duct & Filter Technology	13.0	23.5	28.7	40.3	69.6	58.0
Nederman Monitoring & Control Technology	27.5	7.8	38.1	10.5	44.6	72.2
Other - non-allocated	-20.4	-30.7	-41.3	-50.7	-85.0	-75.6
Total Nederman Group	88.3	95.8	167.8	179.6	394.0	382.2

Adjusted EBITA margin, %	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Nederman Extraction & Filtration Technology	10.8	12.9	12.6	13.3	13.6	13.2
Nederman Process Technology	8.3	7.6	5.7	6.4	6.2	5.9
Nederman Duct & Filter Technology	11.4	15.5	11.6	14.1	12.5	11.2
Nederman Monitoring & Control Technology	21.0	13.9	15.9	9.6	15.9	17.6
Total Nederman Group	9.5	8.7	8.8	8.4	9.1	9.4

Note 4: Fair value and reported value in the statement of financial position

	30 June 2020			
SEK million	Measured at fair value via income statement	Derivatives that are used for hedge accounting	Financial instruments not reported at fair value	Total carrying amount
Accounts receivable	-	-	561.6	561.6
Foreign exchange forward contracts entered *)	1.6	-	-	1.6
Other current receivables	-	-	313.7	313.7
Cash and cash equivalents	-	-	395.6	395.6
Total	1.6	-	1,270.9	1,272.5
Financial leasing liabilities	-	-	264.1	264.1
Bank loans	-	-	1,575.6	1,575.6
Accounts payable	-	-	360.2	360.2
Other long-term liabilities	-	-	4.7	4.7
Other current liabilities	-	-	681.3	681.3
Total	-	-	2,885.9	2,885.9

*) The Group holds financial instruments in the form of currency futures that are recorded at fair value in the balance sheet. The fair value of currency futures is determined by discounting the difference between the contracted forward rate and the forward rate that can be subscribed on the closing date for the remaining contracted period. Discounting is made using market rates. The fair value for all contracts has been determined from directly or indirectly observable market data, i.e. level 2 according to IFRS 13. For other financial instruments, the fair value and the book value are materially consistent. For further information, refer to note 26 in the 2019 Annual Report.

Note 5: Acquisition

On April 5, 2018 Nederman acquired 100 percent of the shares in the US company Auburn FilterSense LLC (AFS). The purchase price amounted to SEK 65.0m, of which SEK 20.7m constitutes a possible additional purchase price based on profitability in 2018 and 2019. In the first quarter 2020 the remaining part of the total additional purchase price was paid out.

Note 6: Transactions with related parties

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with Group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous year. Further, no Group company has provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives.

Note 7: Alternative performance measures

In addition to information on our reported IFRS results, we provide certain information on an underlying business performance basis. We believe that our underlying business performance measures provide meaningful supplemental information to both management, investors and other stakeholders. These underlying business performance measures should not be viewed in isolation or as substitutes to the equivalent IFRS measures, but should be used in conjunction with the most directly comparable IFRS measures in the reported results. This is a consistent application compared to previous periods. See page 27 for definitions.

The following underlying business measures are used:

Adjusted operating profit	Adjusted EBITDA	Return on operating capital
Adjusted operating margin	Adjusted EBITDA margin	Net debt/Adjusted EBITDA
EBITA	Equity/asset ratio	Interest Cover Ratio
Adjusted EBITA	Net debt	Order growth
Adjusted EBITA margin	Net debt/equity ratio	Sales growth
EBITDA	Return on equity	

SEK million	1 Apr-30 June		1 Jan-30 June		Full year	July-June
	2020	2019	2020	2019	2019	12 months
Operating profit	-2.3	84.5	61.9	156.6	343.2	248.5
Acquisition cost	0.3	0.4	1.2	1.4	5.9	5.7
Restructuring costs	75.0	-	75.0	-	-	75.0
Adjusted operating profit	73.0	84.9	138.1	158.0	349.1	329.2
Adjusted operating profit	73.0	84.9	138.1	158.0	349.1	329.2
Net sales	928.4	1,096.2	1,908.9	2,132.6	4,307.7	4,084.0
Adjusted operating margin, %	7.9	7.7	7.2	7.4	8.1	8.1
Operating profit	-2.3	84.5	61.9	156.6	343.2	248.5
Amortisation intangible assets	15.3	10.9	29.7	21.6	44.9	53.0
EBITA	13.0	95.4	91.6	178.2	388.1	301.5
EBITA	13.0	95.4	91.6	178.2	388.1	301.5
Acquisition cost	0.3	0.4	1.2	1.4	5.9	5.7
Restructuring costs	75.0	-	75.0	-	-	75.0
Adjusted EBITA	88.3	95.8	167.8	179.6	394.0	382.2
Adjusted EBITA	88.3	95.8	167.8	179.6	394.0	382.2
Net sales	928.4	1,096.2	1,908.9	2,132.6	4,307.7	4,084.0
Adjusted EBITA margin, %	9.5	8.7	8.8	8.4	9.1	9.4
Operating profit	-2.3	84.5	61.9	156.6	343.2	248.5
Depreciation and amortisation	43.2	36.0	85.2	71.4	146.7	160.5
EBITDA	40.9	120.5	147.1	228.0	489.9	409.0
EBITDA	40.9	120.5	147.1	228.0	489.9	409.0
Acquisition cost	0.3	0.4	1.2	1.4	5.9	5.7
Restructuring costs	75.0	-	75.0	-	-	75.0
Adjusted EBITDA	116.2	120.9	223.3	229.4	495.8	489.7
Adjusted EBITDA	116.2	120.9	223.3	229.4	495.8	489.7
Net sales	928.4	1,096.2	1,908.9	2,132.6	4,307.7	4,084.0
Adjusted EBITDA margin, %	12.5	11.0	11.7	10.8	11.5	12.0

Note 7: Alternative performance measures, cont'd

SEK million	1 Apr-30 June		1 Jan-30 June		Full year 2019	July-June 12 months
	2020	2019	2020	2019		
Equity - Closing balance					1,378.2	1,341.6
Total assets (balance sheet total)					4,746.5	4,587.2
Equity/asset ratio, %					29.0	29.2
Cash and cash equivalents					445.3	395.6
Long-term interest-bearing liabilities					1,575.6	1,575.6
Long-term lease liabilities					208.4	196.7
Pension liabilities					153.1	150.4
Current interest-bearing liabilities					5.0	0.0
Current lease liabilities					67.3	67.4
Net debt					1,564.1	1,594.5
Net debt					1,564.1	1,594.5
Equity - Closing balance					1,378.2	1,341.6
Net debt/equity ratio, %					113.5	118.9
Equity - Opening balance	1,463.1	1,339.6	1,378.2	1,234.9	1,234.9	1,323.4
Equity - Closing balance	1,341.6	1,323.4	1,341.6	1,323.4	1,378.2	1,341.6
Equity - average	1,402.4	1,331.5	1,359.9	1,279.2	1,306.6	1,332.5
Net profit	-10.4	54.4	23.8	100.6	225.8	149.0
Return on equity, %	-3.0	16.3	3.5	15.7	17.3	11.2
Equity - average	1,402.4	1,331.5	1,359.9	1,279.2	1,306.6	1,332.5
Net Debt - opening balance	1,649.0	869.6	1,564.1	787.6	787.6	942.1
Net Debt - closing balance	1,594.5	942.1	1,594.5	942.1	1,564.1	1,594.5
Net Debt - average	1,621.8	905.9	1,579.3	864.9	1,175.9	1,268.3
Operating capital - average	3,024.2	2,237.4	2,939.2	2,144.1	2,482.5	2,600.8
Adjusted operating profit	73.0	84.9	138.1	158.0	349.1	329.2
Return on operating capital, %	9.7	15.2	9.4	14.7	14.1	12.7
Net debt					1,564.1	1,594.5
Adjusted EBITDA					495.8	489.7
Net debt/Adjusted EBITDA, multiple					3.2	3.3
Profit before tax					307.3	200.0
Financial expense					44.3	52.1
Acquisition cost					5.9	5.7
Restructuring costs					-	75.0
EBT excl. financial expenses, acquisition costs and restructuring costs					357.5	332.8
Financial expense					44.3	52.1
Interest cover ratio, multiple					8.1	6.4

Note 7: Alternative performance measures, cont'd

SEK million	1 Apr-30 June		1 Jan-30 June		Full year
	2020	2019	2020	2019	2019
Incoming orders, same period in previous year	1,044.1	912.2	2,063.1	1,693.8	3,479.5
Change in incoming orders, organic	-351.1	-35.8	-452.2	-19.0	102.3
Change in incoming orders, currency effects	-15.7	38.5	-2.7	96.5	158.9
Change in incoming orders, acquisitions	62.2	129.3	126.4	291.8	427.7
Incoming orders	739.5	1,044.1	1,734.6	2,063.1	4,168.4
Order growth, %, organic	-33.7	-3.9	-21.9	-1.1	2.9
Order growth, %, currency effects	-1.5	4.2	-0.1	5.7	4.6
Order growth, %, acquisitions	6.0	14.2	6.1	17.2	12.3
Order growth, %	-29.2	14.5	-15.9	21.8	19.8
Net sales, comparative period previous year	1,096.2	863.9	2,132.6	1,649.7	3,553.9
Change in net sales, organic	-227.8	-4.7	-349.1	-7.6	-39.5
Change in net sales, currency effects	-14.0	40.6	-1.1	98.8	163.4
Change in net sales, acquisitions	74.0	196.4	126.5	391.7	629.9
Net sales	928.4	1,096.2	1,908.9	2,132.6	4,307.7
Sales growth, %, organic	-20.7	-0.5	-16.3	-0.5	-1.1
Sales growth, %, currency effects	-1.3	4.7	-0.0	6.1	4.6
Sales growth, %, acquisitions	6.7	22.7	5.9	23.7	17.7
Sales growth, %	-15.3	26.9	-10.4	29.3	21.2

Note 8: Risks and uncertainties

Nederman is exposed to a number of risks that could significantly impact the Group's operations, earnings and financial position. Nederman conducts continuous risk assessments that include identifying the risks that impact the Group and taking measures to manage these risks. Nederman does not calculate the economic value of all risks because many of them are highly complex and interrelated. However, the practical management of these risks is facilitated in several different ways, including through Group-wide policies, business processes, training, internal controls, and processes for the audit and approval of reports. Nederman Group's risks are organised into four categories: Strategic risks, Operating risks, Compliance risks and Financial risks. For a more detailed description of these risks, refer to the Risk Management section on pages 78-79 and in note 26 of the Nederman Group's 2019 Annual and Sustainability Report.

Update of risks during the reporting period

As a result of the COVID-19 pandemic, risks have changed during the reporting period, and this is described in the section entitled "Impact of the COVID-19 pandemic on Nederman" on page 13.

Definitions

Adjusted EBITA

Operating profit before amortisation and impairment loss of intangible assets, excluding acquisition and restructuring costs.

Adjusted EBITA margin

Adjusted EBITA as percentage of net sales.

Adjusted EBITDA

Operating profit before depreciation/amortisation and impairment loss, excluding acquisition and restructuring costs.

Adjusted EBITDA margin

Adjusted EBITDA as percentage of net sales.

Adjusted operating margin

Adjusted operating profit as percentage of net sales.

Adjusted operating profit

Operating profit excluding acquisition and restructuring costs.

Annual average

Average of opening and closing balance.

Currency-neutral growth

Currency-neutral growth is the growth rate that does not come from currency effects, compared with the corresponding period in the previous year.

Earnings per share (after dilution)

Net profit attributable to Parent Company shareholders in relation to average number of share outstanding plus average number of convertibles and options, as calculated in accordance with IAS 33.

Earnings per share (before dilution)

Net profit attributable to Parent Company shareholders divided by average number of shares outstanding.

EBITA

Operating profit before amortisation and impairment loss of intangible assets.

EBITA margin

EBITA in percentage of sales.

EBITDA

Operating profit before depreciation/amortisation and impairment loss.

EBITDA margin

EBITDA as a percentage of net sales.

Equity ratio

Equity divided by total assets (balance sheet total).

Interest Cover Ratio

Profit before tax with return of financial expenses in relation to financial expenses.

Net debt

Interest-bearing liabilities (including pensions) minus cash and cash equivalents.

Net debt/equity ratio

Net debt divided by shareholders' equity.

Operating capital

Shareholders' equity plus net debt.

Operating margin

Operating profit as percentage of net sales.

Operating profit/loss

Operating profit after depreciation/amortisation and impairment loss.

Organic growth

Organic growth is the growth rate that does not come from acquisitions and currency effects, compared with the corresponding period in the previous year.

Return on equity

Net profit for the period divided by average shareholders' equity.

Return on operating capital

Adjusted operating profit as a percentage of average operating capital.

Financial calendar

Invitation to telephone conference

A telephone conference regarding the report will be held, in English, today, Friday 17 July 2020 at 10.00. Nederman's President and CEO, Sven Kristensson and CFO, Matthew Cusick will present the report and answer questions.

To participate in the conference please call +46 8 5055 8365 or UK tel. no. +44 33 3300 9267. The conference will also be streamed over the internet.

Visit our website to participate in the webcast:

<http://www.nedermangroup.com/sv-SE/Investors/Reports/Webcast>.

Financial calendar

- Interim report 3 23 October 2020
- Year-end report 12 February 2021

This report contains forward-looking statements that are based on the current expectations of Nederman's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

Nederman is required to disclose the information provided herein according to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instrument Trading Act. The information has been made public at 08.00 CET on 17 July 2020.

Further information can be obtained from

Sven Kristensson, CEO

Telephone +46 (0)42-18 87 00

e-mail: sven.kristensson@nederman.com

Matthew Cusick, CFO

Telephone +46 (0)42-18 87 00

e-mail: matthew.cusick@nederman.com

For further information, see Nederman's website:

www.nedermangroup.com

Address

Nederman Holding AB (publ),

Box 602, 251 06 Helsingborg, Sweden

Telephone +46 (0)42-18 87 00

Swedish corporate identity no.: 556576-4205

A global group

Nederman is one of the world's leading developers of products and solutions for advanced air filtration in demanding industrial environments. Our offering comprises individual products, complete solutions, project design, installation, commissioning and service.

Our head office is located in Helsingborg and we currently have about 2,200 employees, with manufacturing in 13 countries and sales in more than 50 markets through our own sales organisation, agents or resellers.

COMPETITIVE PRODUCTS

All of Nederman's products are developed for the purpose of promoting health and safety, enhancing production efficiency and minimising the customers' environmental impact. Today, we are leaders in the development of digital products and solutions to safeguard the future for our customers in energy use, recycling and compliance with regulatory requirements. Sales of individual products, small and medium-sized systems, and major system solutions with a high degree of customisation comprise the majority of the Group's sales. The sale of products and solutions provides a broad customer base that drives our service sales.

FULL-SERVICE OFFERING

A key feature of our offering is the ability to guarantee our customers the highest possible availability for their solutions. Our starting point is that we must be the alternative that offers the customer the lowest total cost over the life cycle of the solution. In addition to high-quality products, this means that we offer qualified service with a high level of availability to ensure continuous operation. The offering includes technical service, service contracts, spare parts and consumables.

Service sales are a priority area. In 2019, service grew and made up 17% of total sales.

MARKET-LEADING POSITIONS

Since establishment 75 years ago, Nederman has developed a broad and competitive product programme. This programme, combined with a comprehensive sales network and significant investments in new technology, is the foundation for our leading position in a global market. Size and market breadth give us economies of scale in terms of product development, purchasing and production. Nederman is already the segment leader in EMEA, but is now also second-largest in the vital Americas market and in the top five in APAC. This provides a strong platform on which to build further.

STRONG BRANDS

Today, Nederman addresses its market with a strong portfolio of brands. Our strategy is that each individual brand is to bring cutting-edge competence to the Group in a specific product area or market segment. Accordingly, we have the possibility to meet many different customer needs and market segments, in both mature and emerging markets. In recent years, we have devoted a great deal of energy in the brands NEO Monitors and Auburn FilterSense as a base for the development of an entirely new digital offering, which will secure the Group's future positions. The brand portfolio is continuously evaluated, while we simultaneously actively analyse potential acquisitions.

Nederman