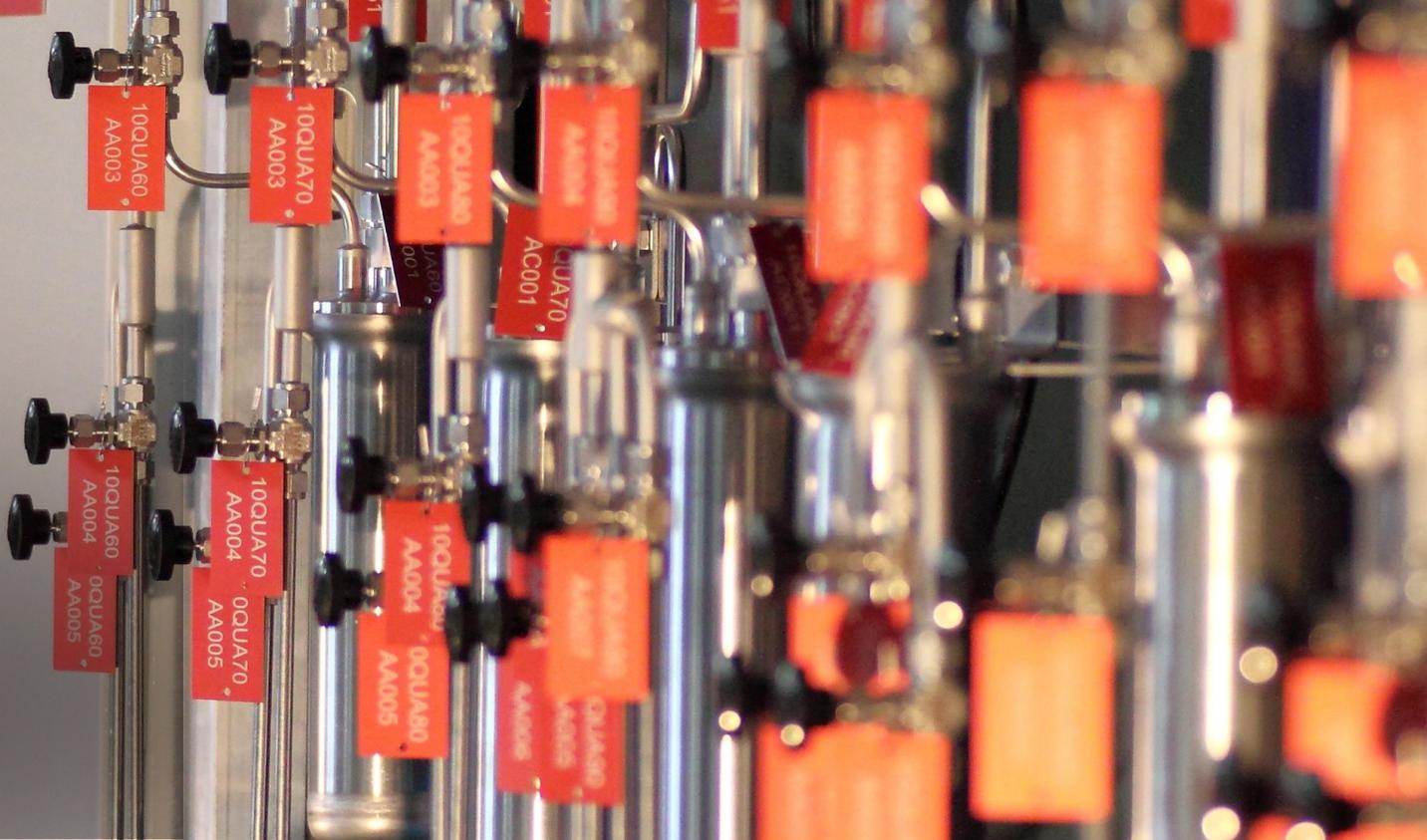




An entrepreneurial world
where people make the difference



Interim Report January-September 2019

Bo Annvik, CEO
Patrik Johnson, CFO

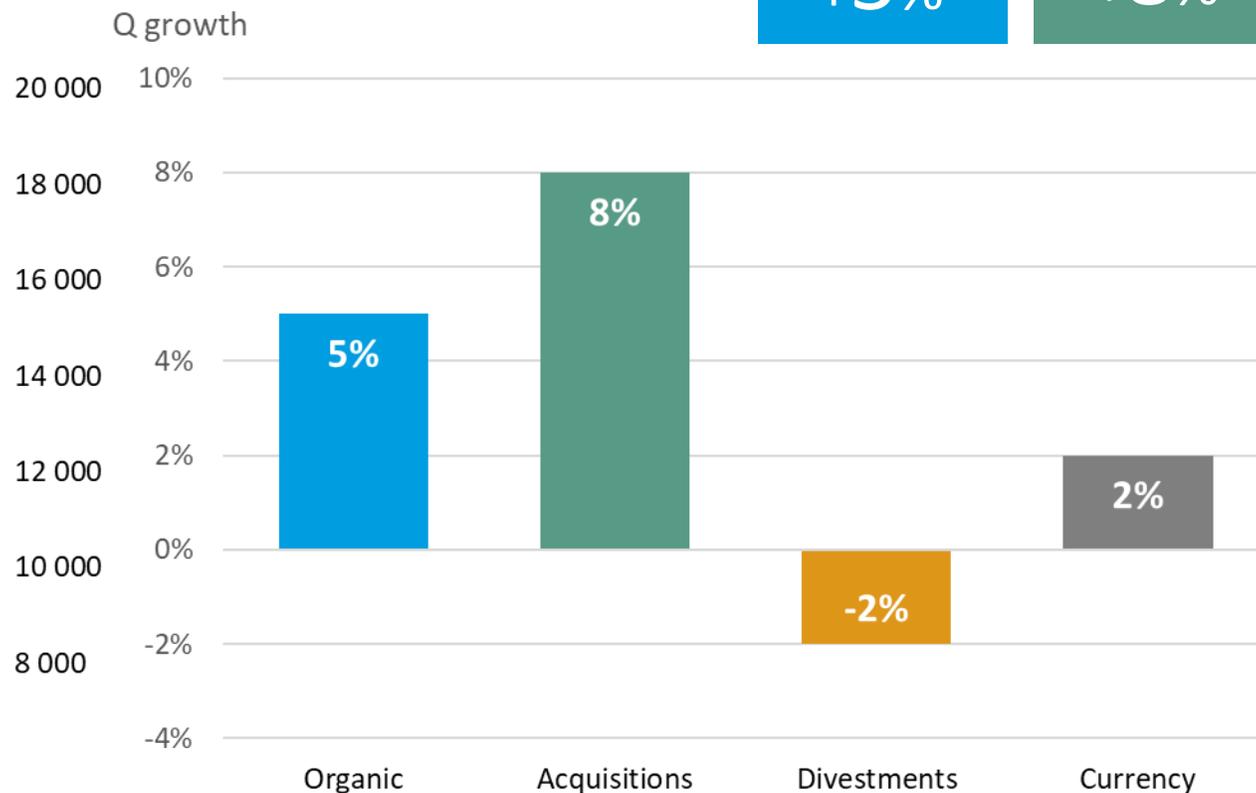
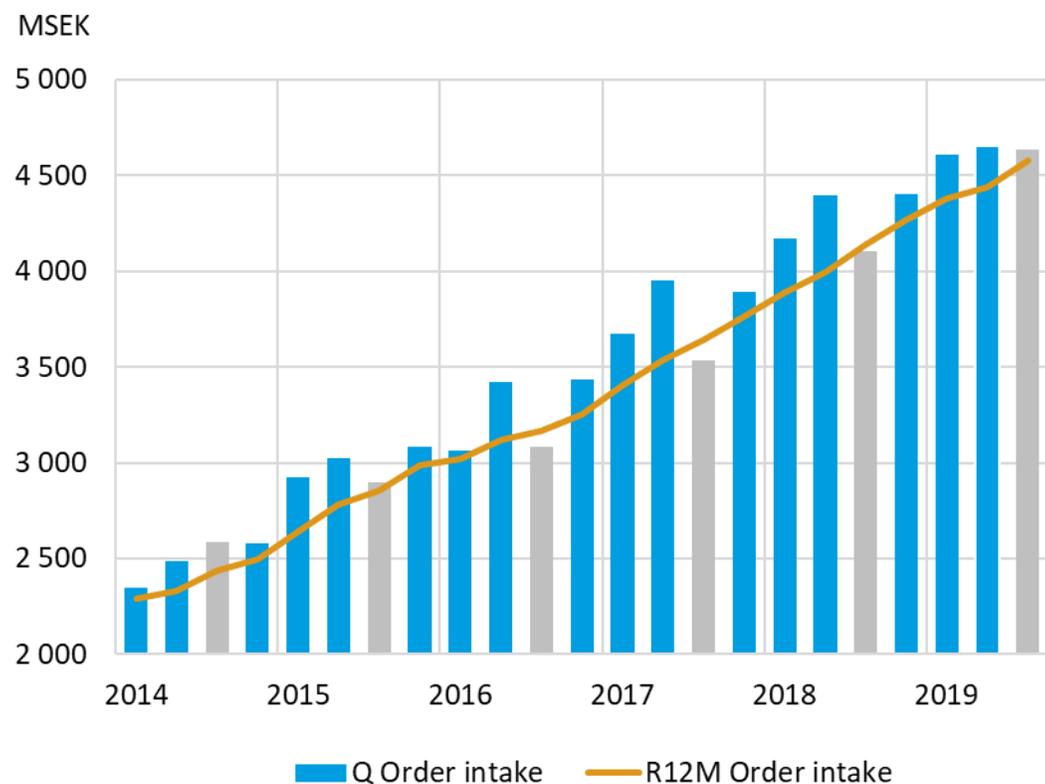
25 October 2019



Highlights Q3 2019

- Order intake and sales grew organically with positive book to bill
- Demand remained at good level, but flattening out and increased variation between companies, segments and markets
- Stable EBITA margin
- Solid cash flow during the quarter, working capital still on high level
- Acquisition activity remained high – in total 14 companies acquired so far during the year

Order intake



4,638 MSEK

Q GROWTH

+13%

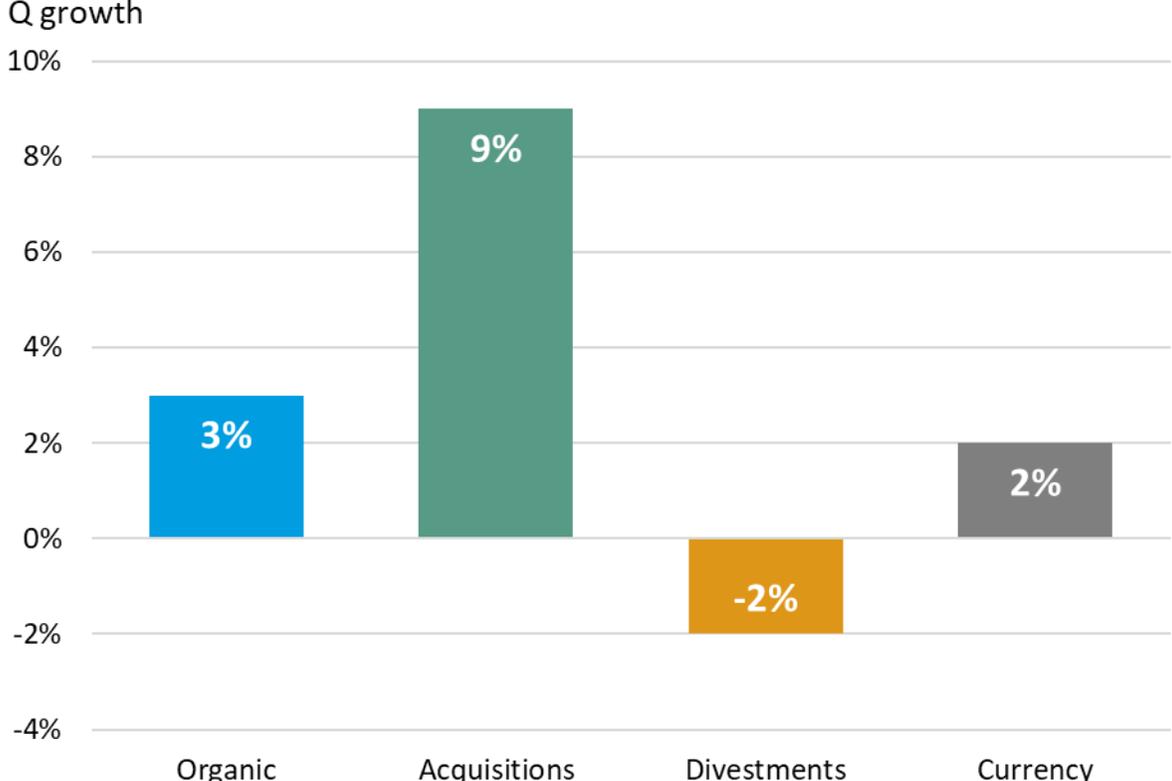
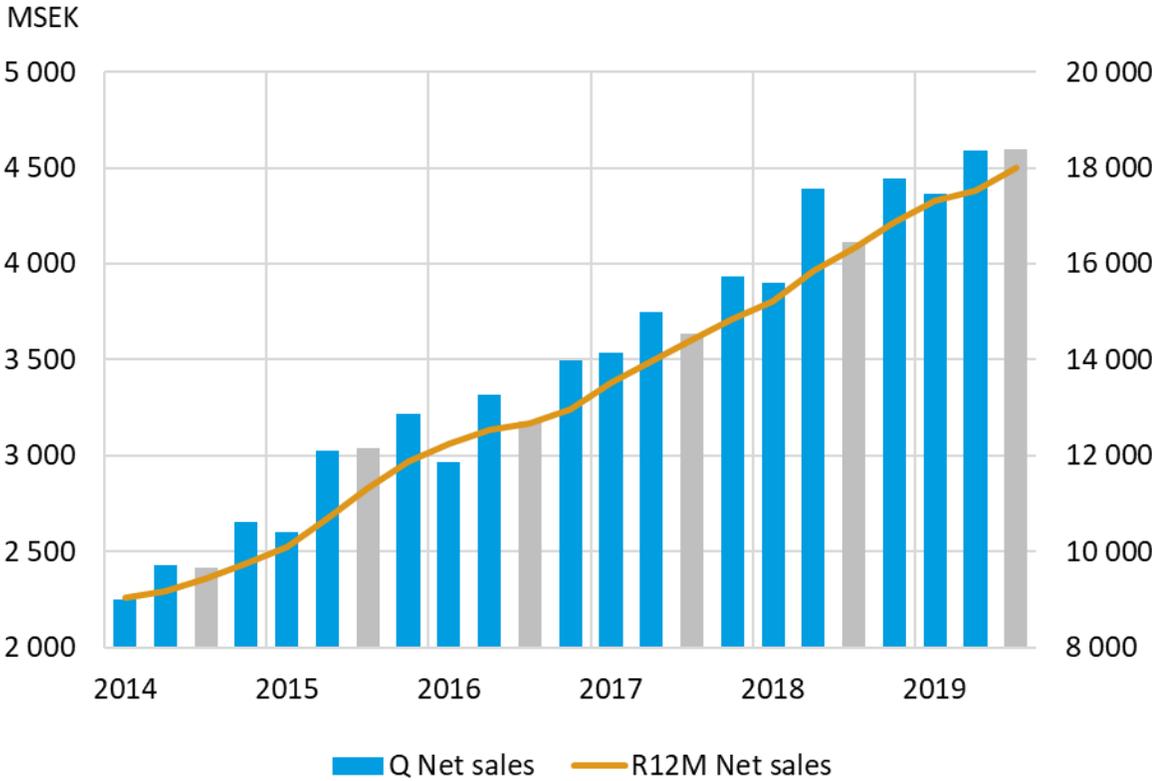
YTD GROWTH

+10%

R3Y CAGR

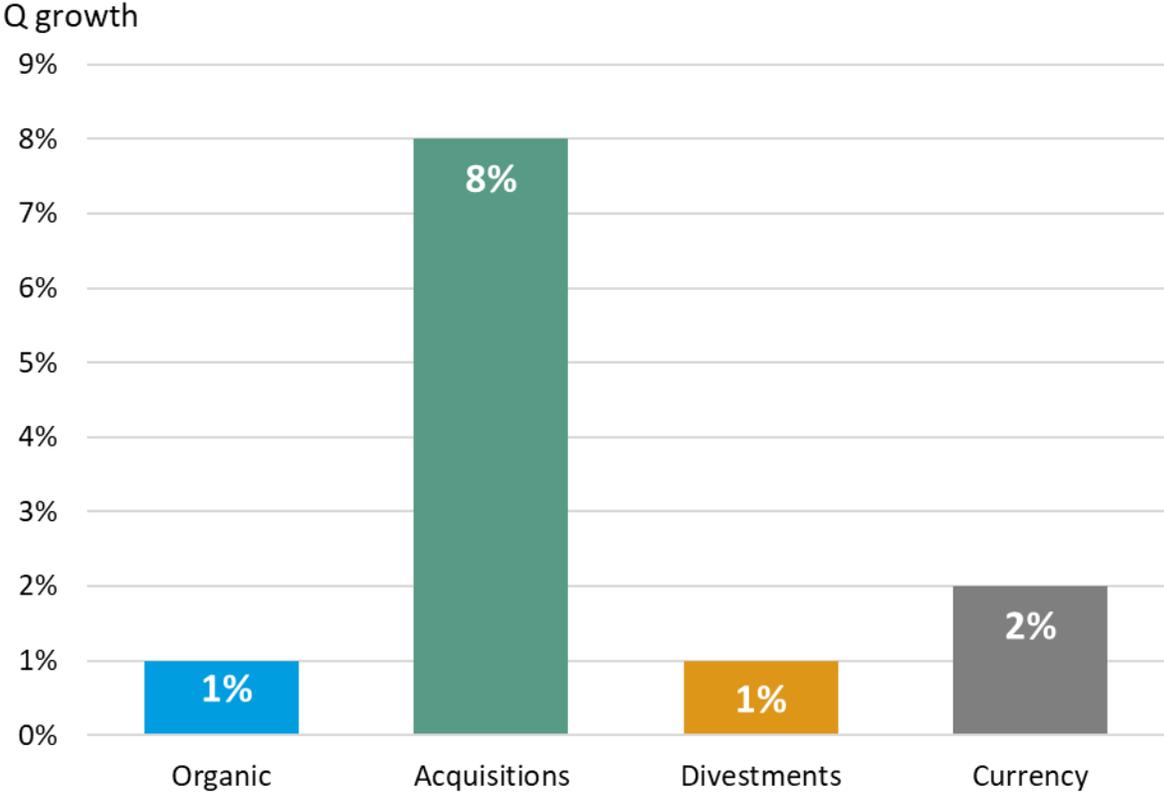
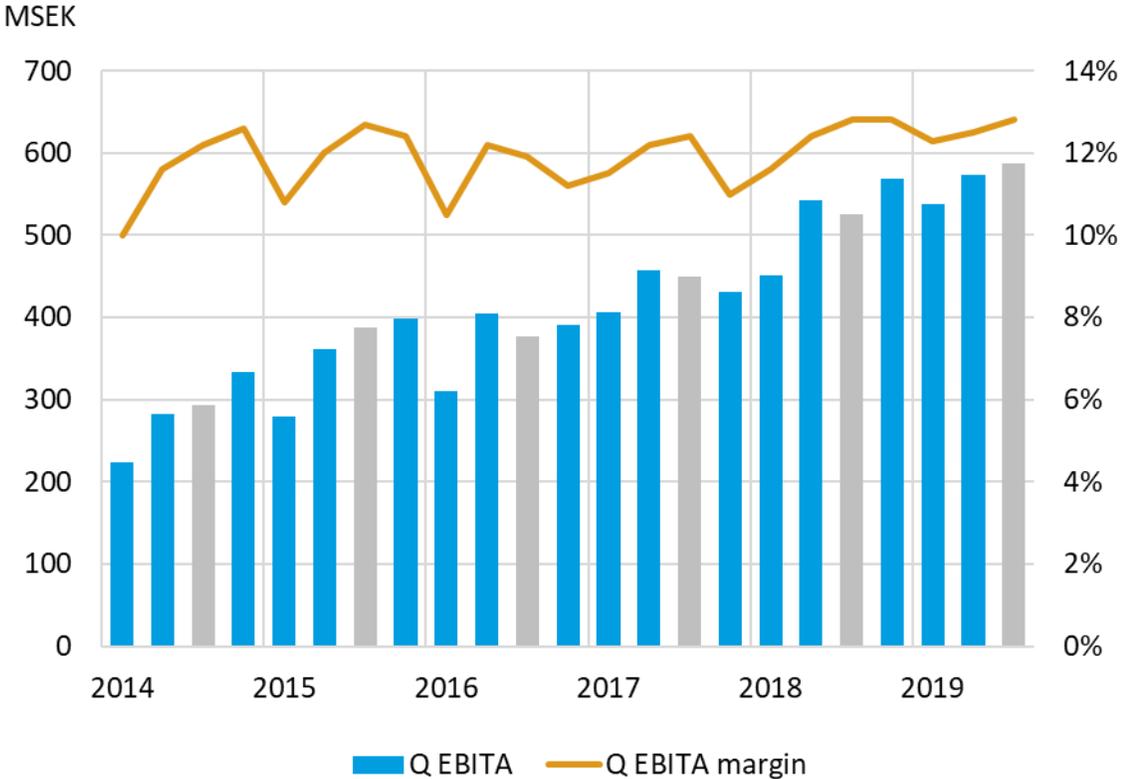
+15%

Net sales



	Q GROWTH	YTD GROWTH	R3Y CAGR
4,595 MSEK	+12%	+9%	+13%

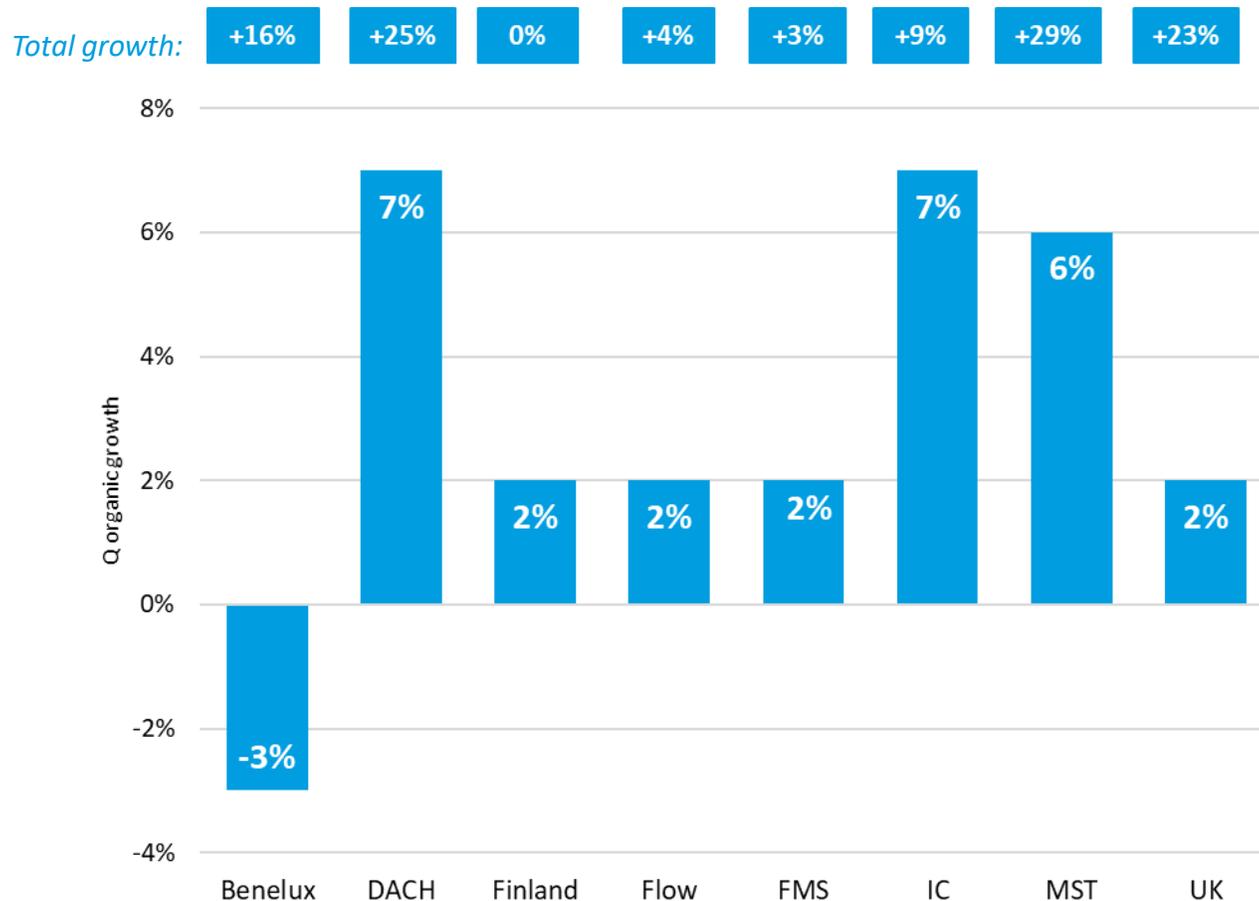
EBITA*



588 MSEK	Q GROWTH +12%	YTD GROWTH +12%	R3Y CAGR +16%
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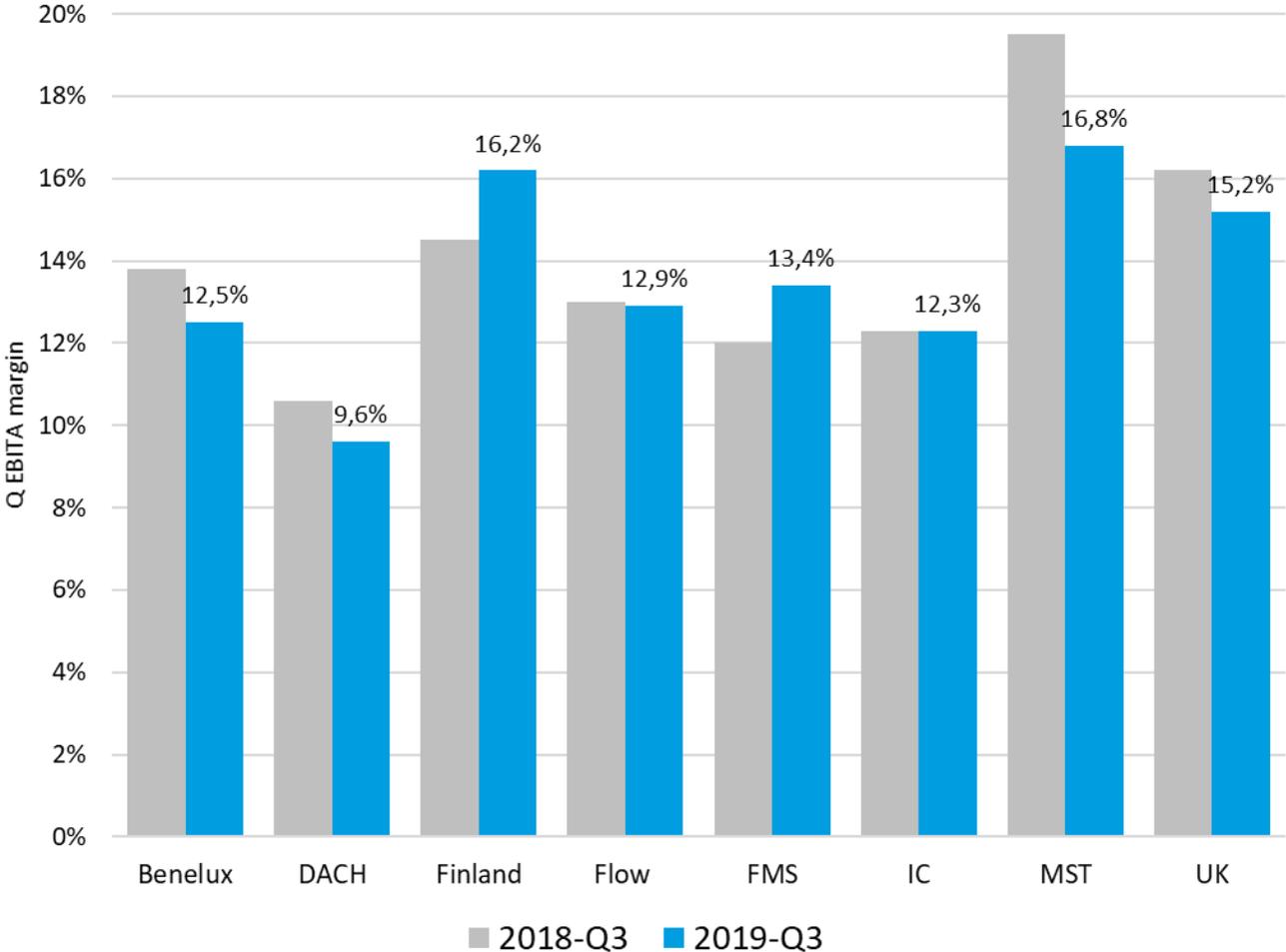
*) Excluding restructuring costs 2017-Q4

Organic sales growth by Business Area



- Sales grew organically in 7 of our 8 Business Areas
- Variation increasing between companies, segments and markets
- Growth in Business Area DACH supported by demand from Swiss process industry
- The MedTech segment driving Business Area Industrial Components sales growth
- Continued grow in the UK but levelling off due to the uncertainty around Brexit
- Decline in Business Area Benelux due to low deliveries and sales of valves for power generation

EBITA margin by Business Area



- Strongest development in Finland and Fluids & Mechanical Solutions driven by organic growth in several companies, cost efficiency measures and divestments
- Lower sales in the Netherlands and Germany impacting profitability of Business Area Benelux and DACH
- Margins in Measurement & Sensor Technology and UK remain on high levels, but declined versus high levels last year

Acquisitions 2019

	Acquisitions	Business Area	Annual Sales
Q1	 Weldability Sif	UK	100 MSEK
	 STRIHL Scandinavia AB	Fluids & Mechanical Solutions	60 MSEK
Q2	 Acumo AB	Industrial Components	60 MSEK
	 QbiQ Group B.V.	Benelux	320 MSEK
	 Adam Equipment Co Ltd	Measurement & Sensor Technology	150 MSEK
	 Datum Equipment Co Ltd	Measurement & Sensor Technology	50 MSEK
	 Starke Arvid AB	Fluids & Mechanical Solutions	90 MSEK
	 Färber & Schmid AG	DACH	220 MSEK
Q3	 Finisterra AS	Industrial Components	50 MSEK
	 Natgraph Ltd	UK	120 MSEK
	 Sensor Groep BV	Benelux	90 MSEK
	 Finkova Oy	Flow Technology	90 MSEK
Q4	 Uniska AG	DACH	50 MSEK
	 Leiderdorp Instruments B.V.	Benelux	30 MSEK



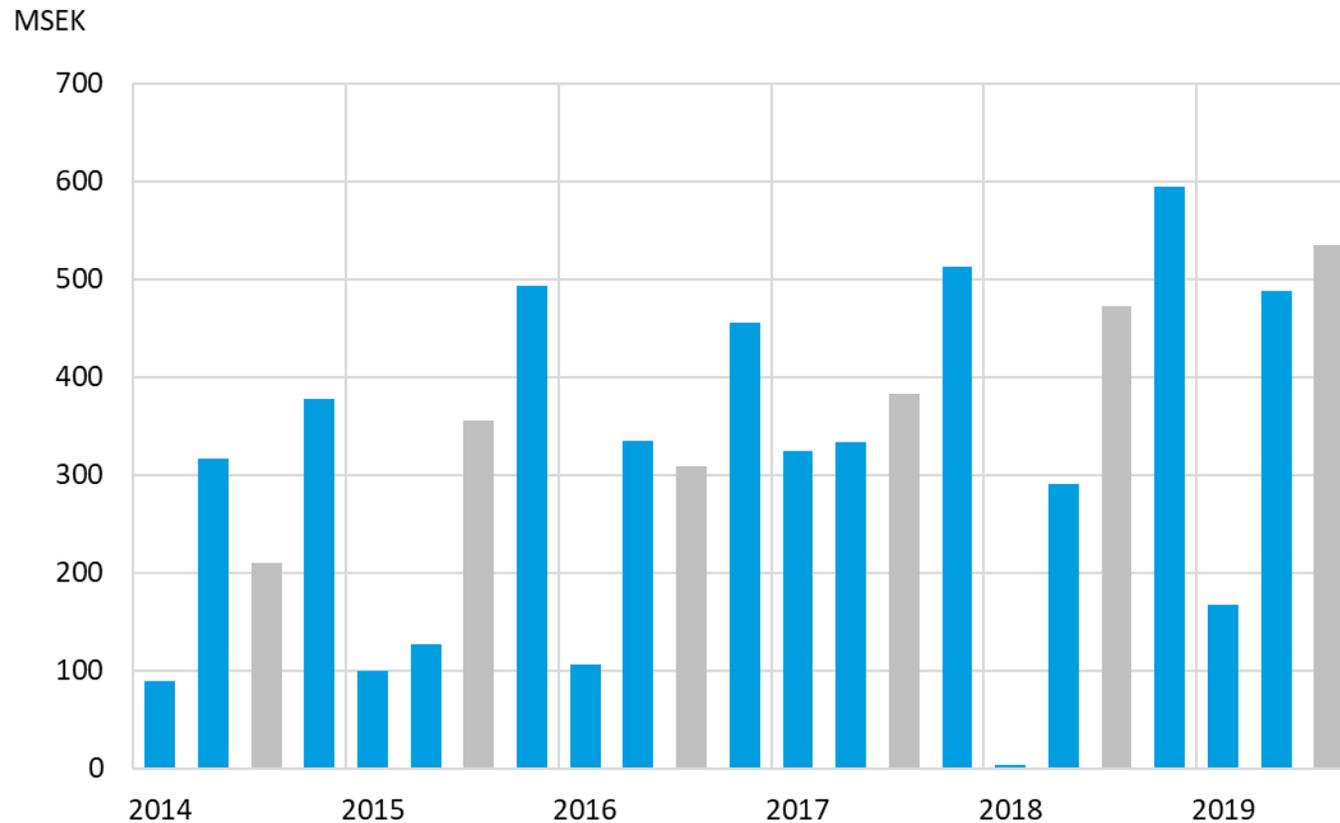
Key data summary

MSEK	2019-Q3	2018-Q3	Change	2019-YTD	2018-YTD	Change
Order Intake	4,638	4,106	13%	13,901	12,670	10%
Net Sales	4,595	4,115	12%	13,548	12,402	9%
Gross margin, %	33.9	34.1		34.1	34.1	
EBITA	588	525	12%	1,699	1,519	12%
EBITA-margin, %	12.8	12.8		12.5	12.2	
Net financial items	-33	-21	57%	-87	-59	47%
Tax	-103	-96	7%	-299	-267	12%
Earnings per share (before dilution), SEK	3.05	2.83	8%	8.97	8.26	9%
Return On Capital Employed, %	19	19		19	19	
Cash Flow from operating activities	534	472	13%	1,190	766	55%
Net debt / EBITDA, times	2.3	2.1		2.3	2.1	

Overview IFRS 16 effects

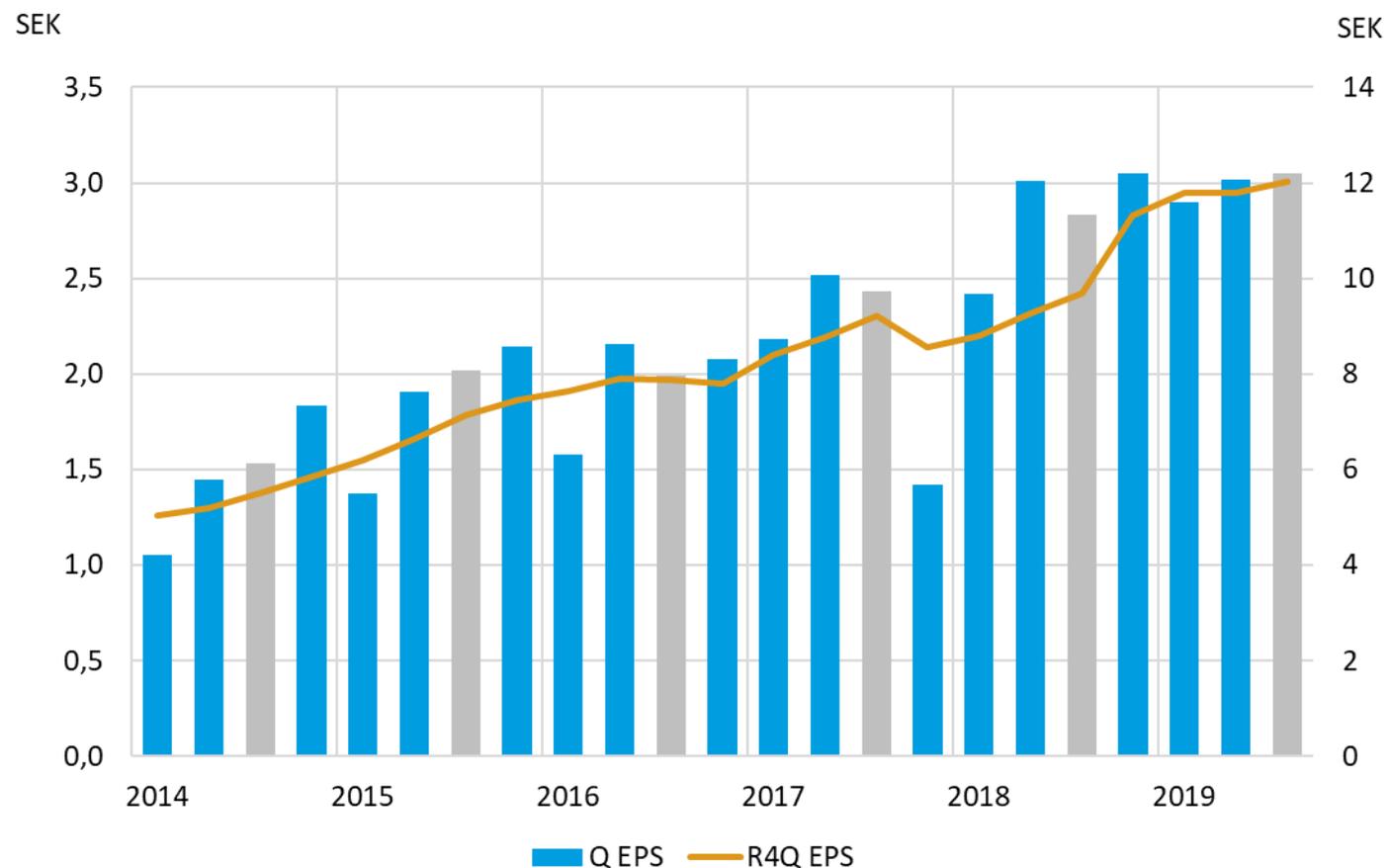
Item / KPI	Impact	Comment
Net debt	+842 MSEK	Opening balance
Finance net	-15 MSEK	Increased costs YTD-2019
Depreciation	-210 MSEK	Increased costs YTD-2019
EBITA	+15 MSEK	Increased result YTD-2019
EBITDA	+210 MSEK	Increased result YTD-2019
Net debt / equity	+13%-points	Approximate increase of ratio at end Q3-2019

Cash Flow from operating activities



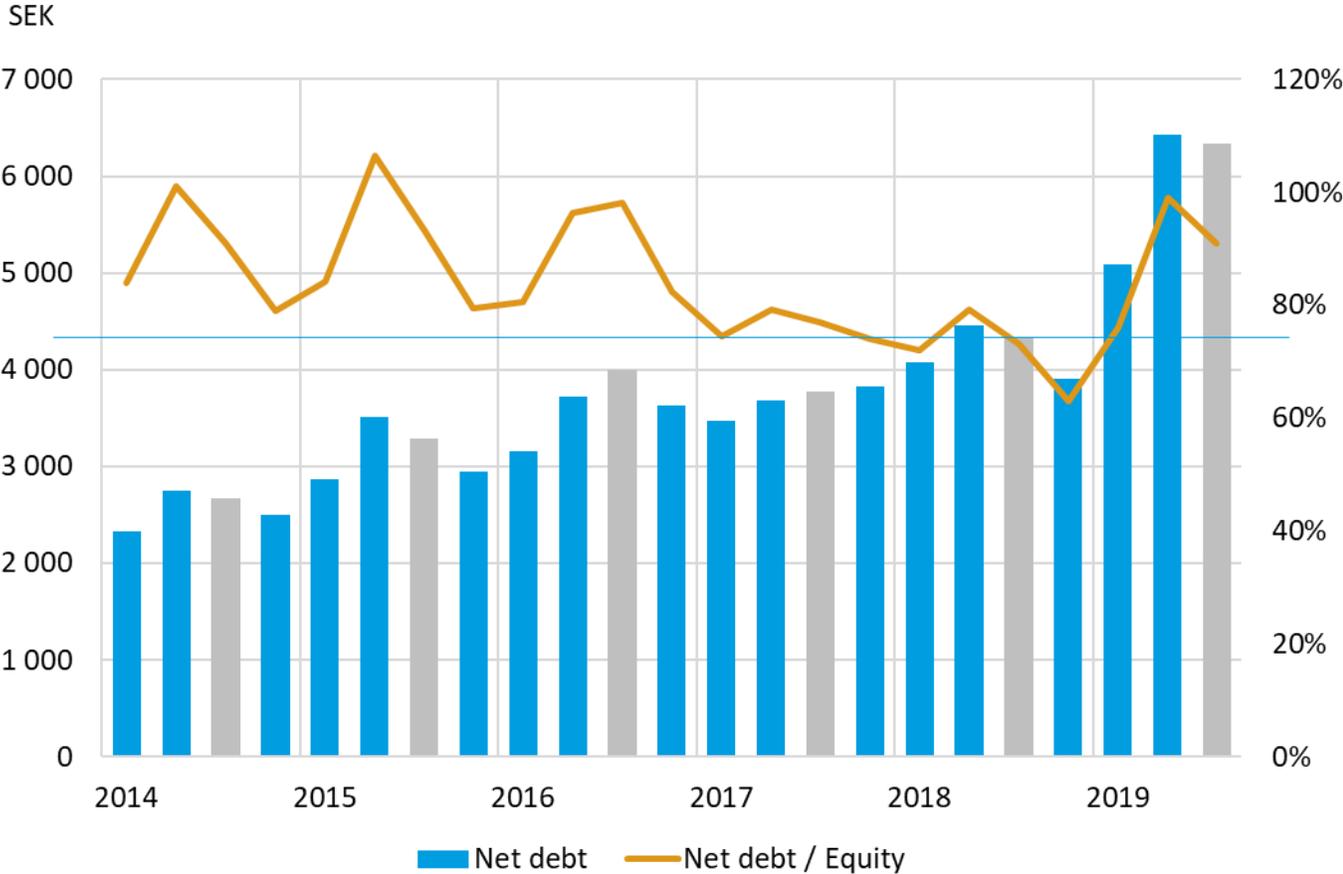
- Cash flow from operating activities grew 13% from 472 MSEK to 534 MSEK
- High level from historical perspective, but growth versus last year driven from IFRS 16
- Working capital still on high level, mainly due to inventory build-up to ensure delivery service and availability

Earnings per share



- Q3 earnings per share grew 8% to SEK 3.05 (2.83)
- Improvement driven by higher EBITA, but slightly offset by increased amortizations and financing costs
- 3- and 5-year earnings per share CAGR, were 15% respectively

Net debt



- The interest-bearing net debt end of Q3 increased to 6,342 (4,324) MSEK
- Driven by the high acquisition pace and the implementation of IFRS 16
- Net debt/equity ratio increased to 91% (73%). The ratio would have been approximately 78% excluding IFRS 16 effects.

Successful business model stands firm



Develop



Acquire

Strategic initiatives

- People
- Indutrade toolbox
- Active Knowledge Sharing
- Sustainability as business opportunity



Key takeaways

- Stable level of earnings
- Order intake and sales grew organically
- Demand at good level, but flattening out with increased variation between companies and segments
- Continued high pace of acquisitions and opportunities remain good
- Diversified Group with agile and flexible companies, working closely with the customers
- Stable platform in place for continued sustainable profitable growth



The background of the slide is a close-up, shallow depth-of-field photograph of industrial machinery. It features various metal pipes, valves, and components, some of which are illuminated by a bright, warm light source, creating a bokeh effect. A semi-transparent yellow rectangular overlay is positioned on the left side of the image, containing the text.

Thank you!

Q&A

Trusted by
entrepreneurs

Financial Calendar & contact details

5 February 2020

Year End Report 1 January – 31 December 2019

27 April 2020

Interim Report 1 January – 31 March 2020

6 May 2020 - Annual General Meeting

17 July 2020

Interim report 1 January – 30 June 2020

20 October 2020

Interim report 1 January – 30 September 2020

Contact: Frida Adrian
VP Communications, Sustainability and IR
+46 70 930 93 24
frida.adrian@indutrade.com