



An entrepreneurial world  
where people make the difference



**Q3 Report 2020**

**Bo Annvik, President and CEO**  
**Patrik Johnson, CFO**

20 October 2020



# Highlights third quarter 2020

- Gradually improved market situation, but overall demand still impacted negatively by the covid-19 situation
- Organic order intake -2% and net sales unchanged
- Significant variations between companies, segments and markets
- Record-high EBITA margin, driven by positive demand in certain segments and good cost management
- Strong cashflow
- Acquisition pipeline good – in total 9 companies acquired so far during the year

# Effects of covid-19 in Q3

Demand improved gradually, but majority of the companies were still to some extent negatively impacted by the pandemic

Some MedTech companies positively impacted by covid-19

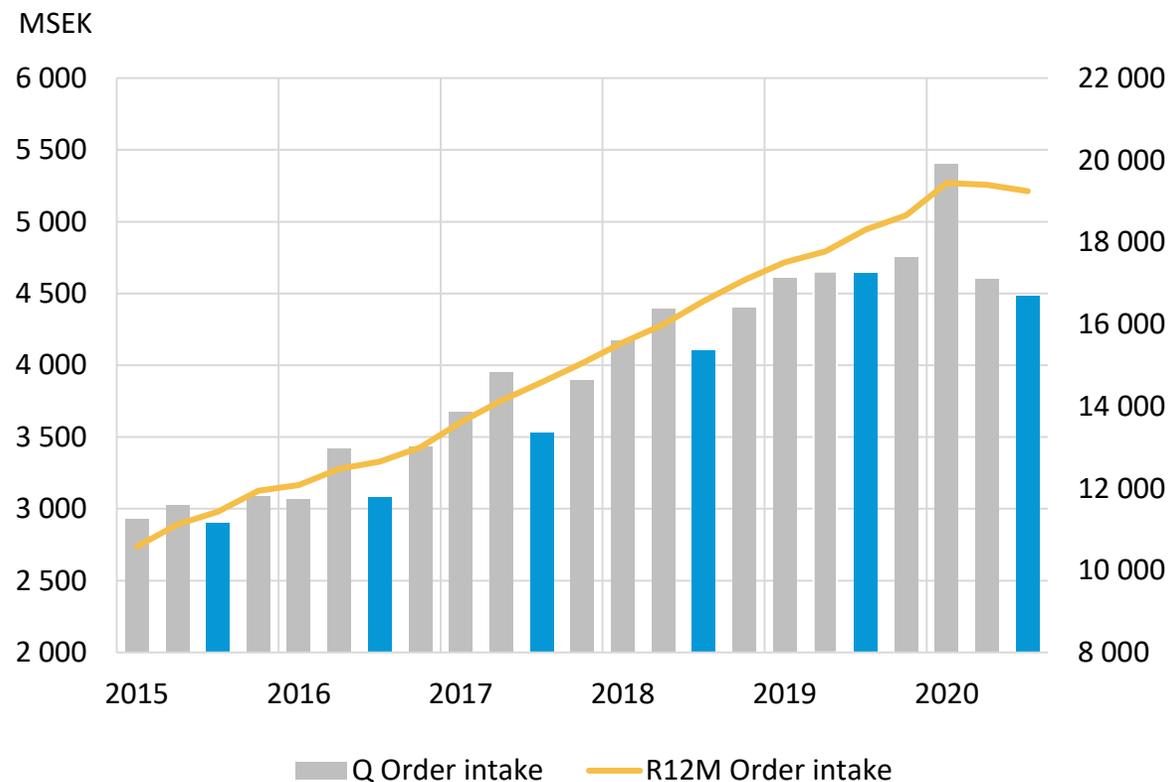
Cost measures implemented by all companies with decreasing volumes

Short time work declining, approx. 600 of totally 7,200 employees furloughed end of Q3. Approx. 260 permanent reductions since Q1.

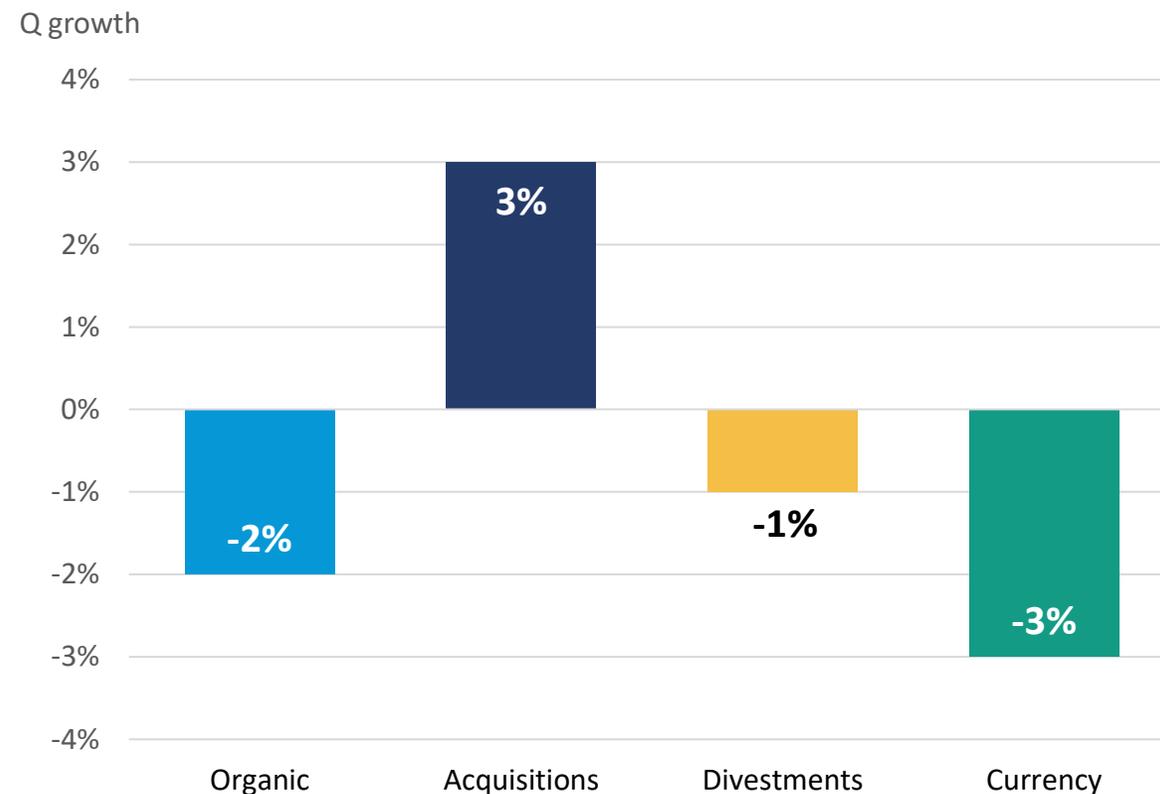
Governmental support corresponded to approx. 0.5% of net sales

A total of +21 MSEK in non-recurring items relating to the pandemic

# Order intake



## QUARTERLY GROWTH



**4,486 MSEK**

Q GROWTH

**-3%**

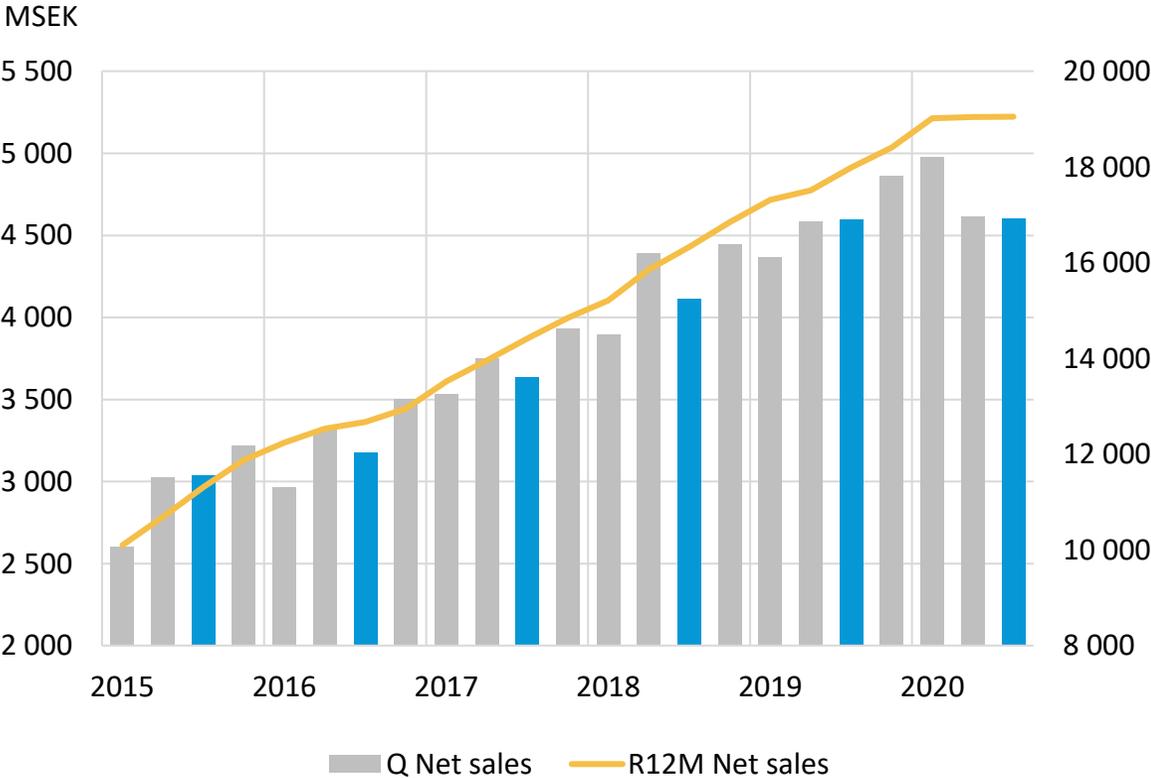
YTD GROWTH

**+4%**

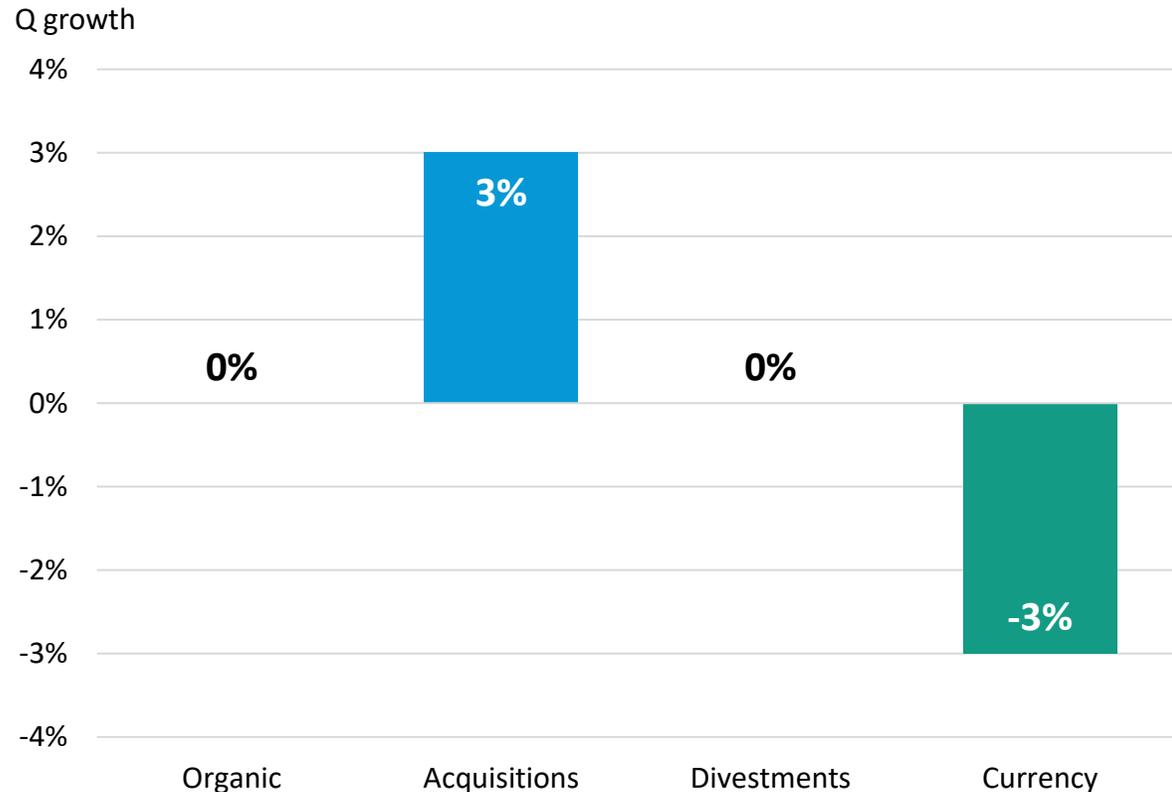
R3Y CAGR

**+8%**

# Net sales

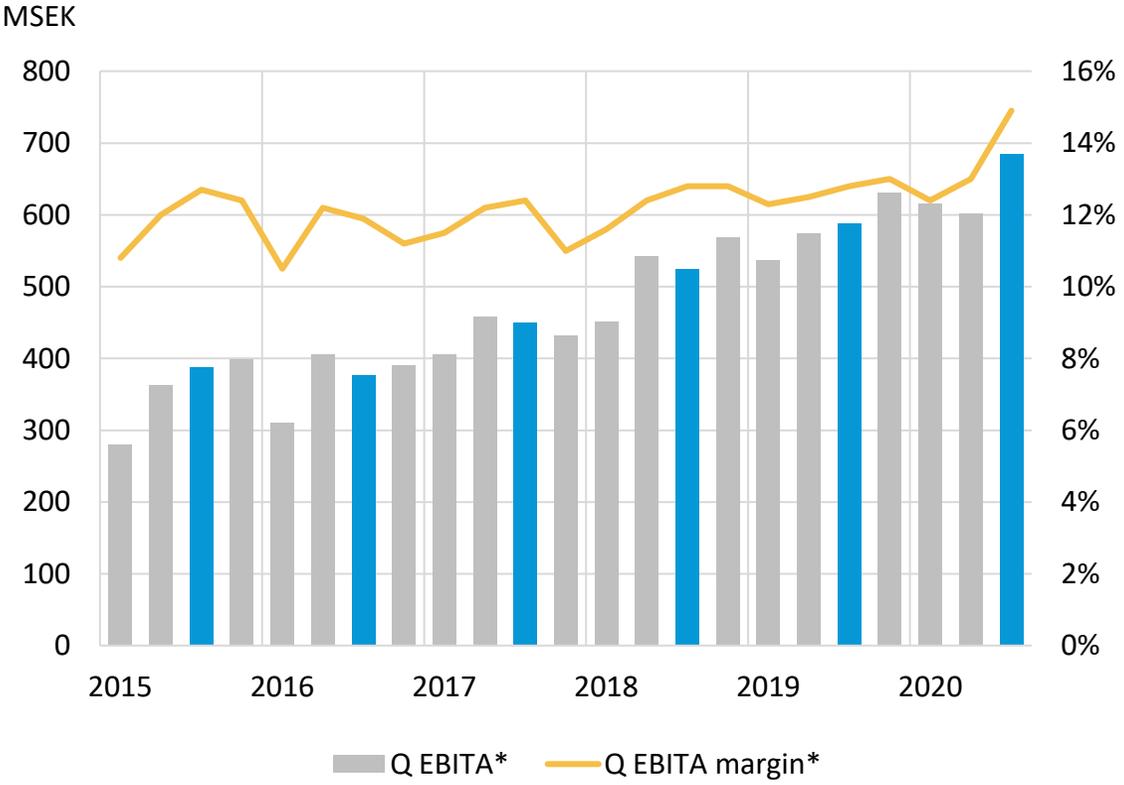


## QUARTERLY GROWTH

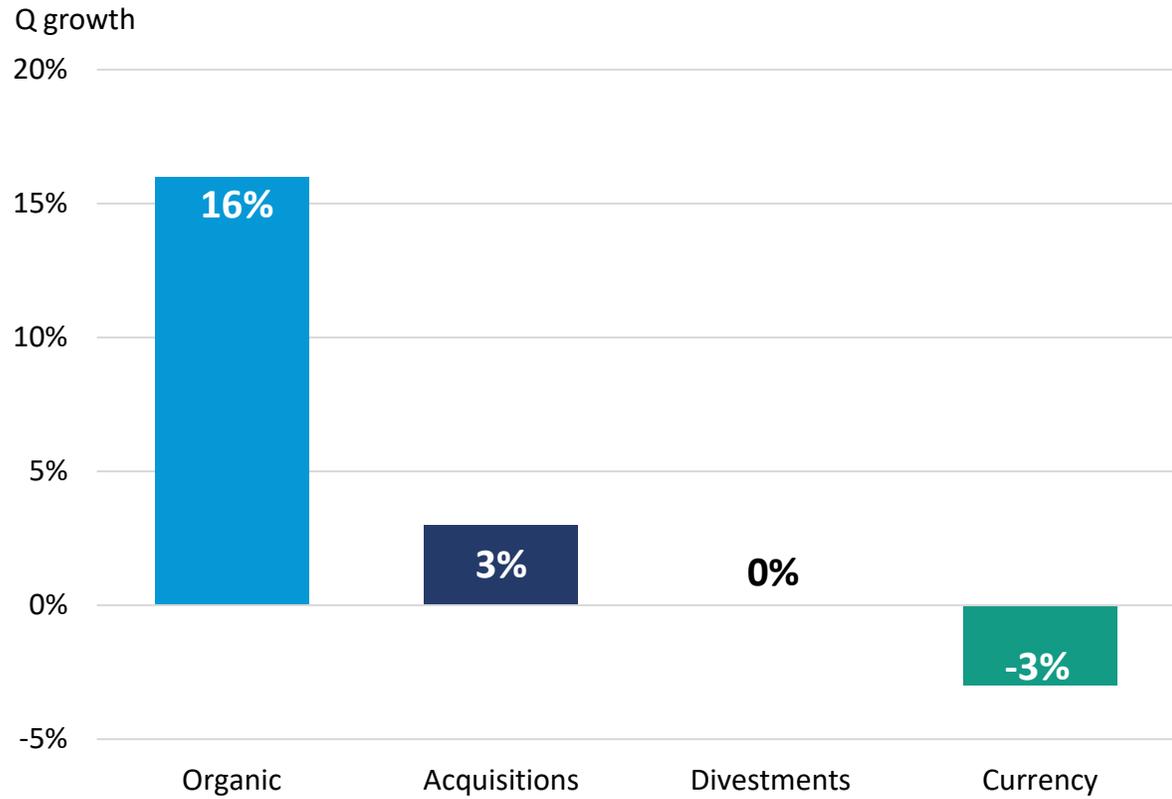


	Q GROWTH	YTD GROWTH	R3Y CAGR
<b>4,599 MSEK</b>	<b>0%</b>	<b>+5%</b>	<b>+8%</b>

# EBITA



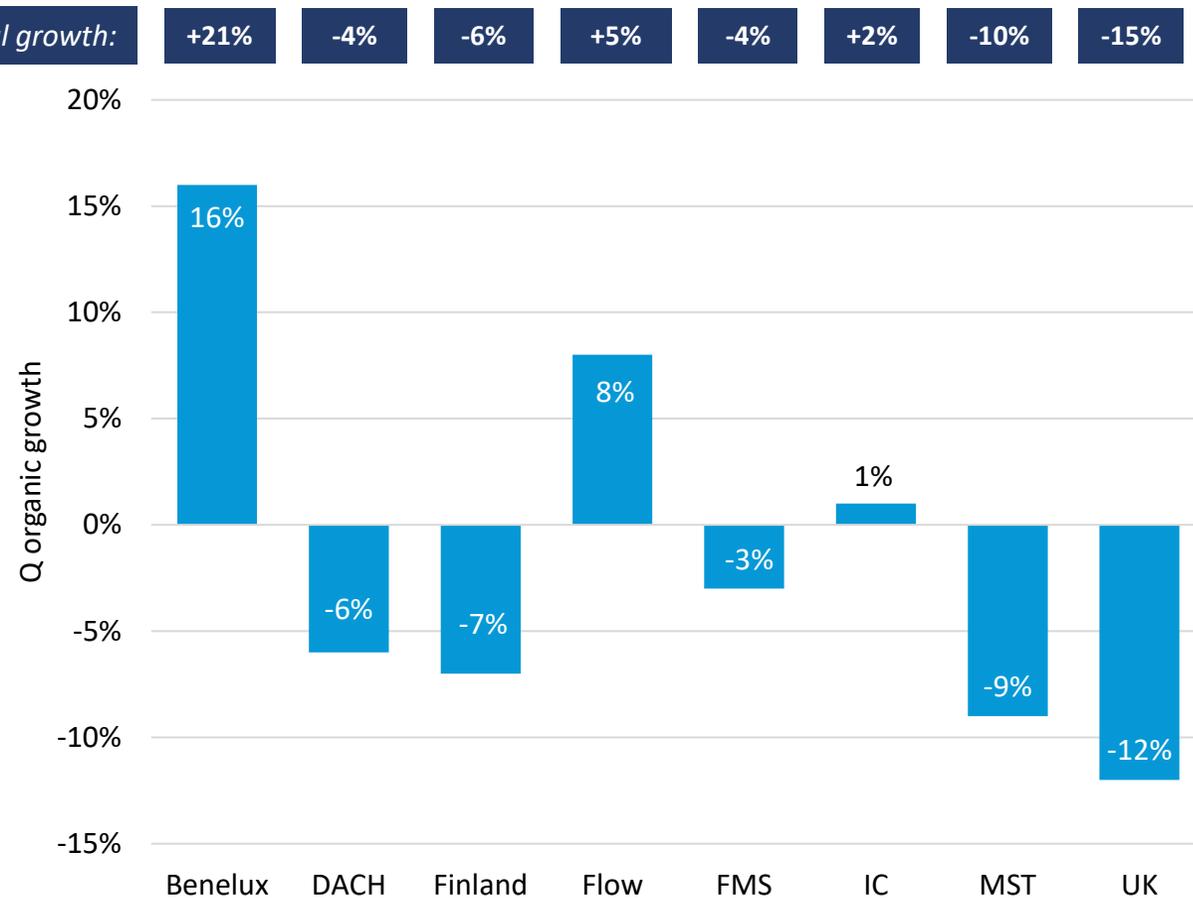
## QUARTERLY GROWTH



\*) Excluding restructuring costs 2017-Q4

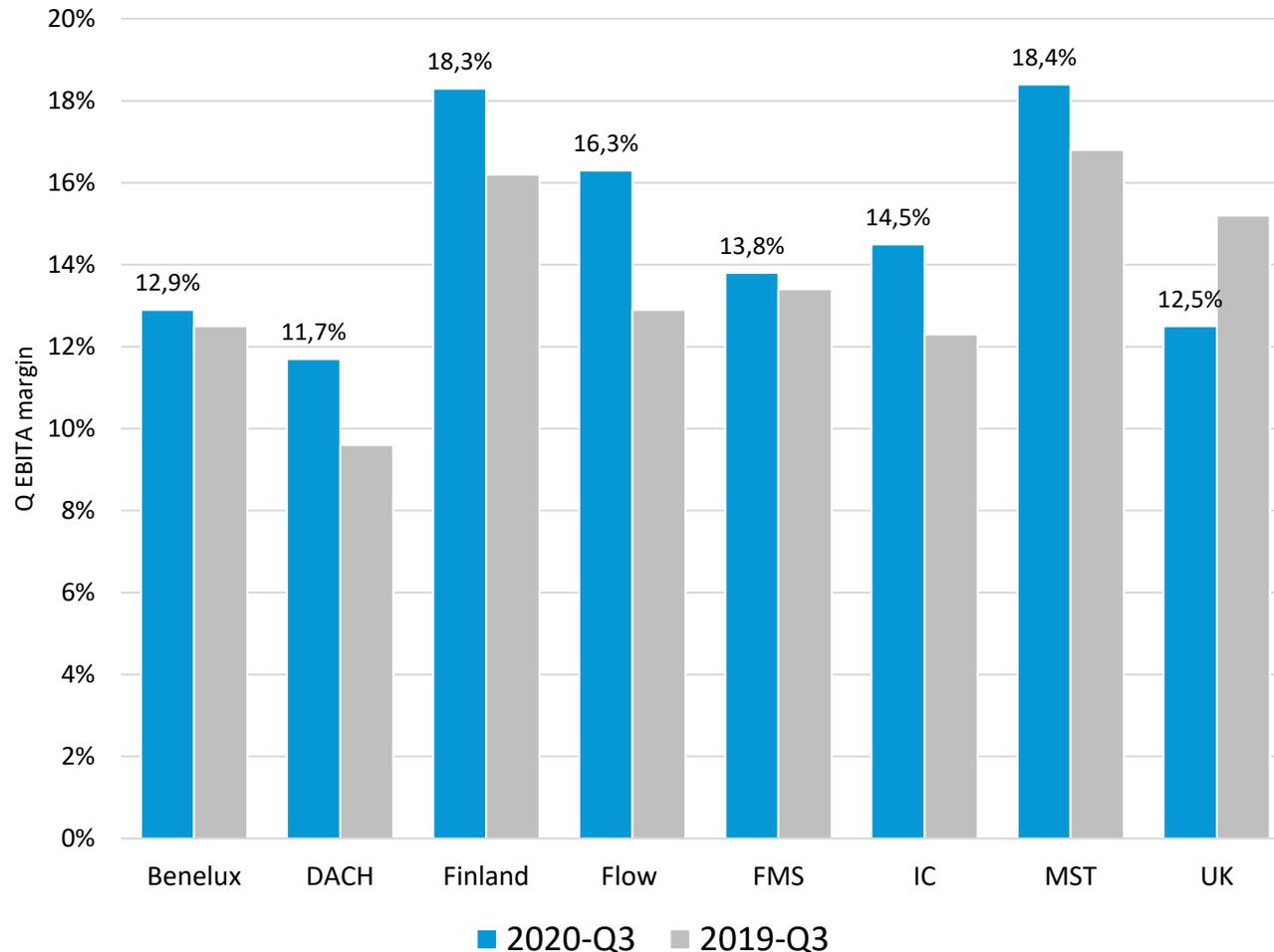
	Q3-20 MARGIN	Q GROWTH	YTD GROWTH
	<b>685 MSEK</b>	<b>14.9%</b>	<b>+16%</b>
		<b>+12%</b>	

# Organic sales growth by Business Area



- Large variations between companies, segments and markets
- All Business Areas negatively effected by the pandemic, especially businesses in General Engineering and Automotive segments
- Valves for Power Generation and MedTech drove strong growth in Business Area Benelux
- Continued positive impact from MedTech and Pharma segments in Business Area Flow Technology
- Low activity and investment level in many customer segments due to the pandemic, negatively impacted Business Areas Measurement & Sensor Technology and UK

# EBITA margin by Business Area



- Seven out of eight Business Areas increased the EBITA margin
- The MedTech, Pharma and Energy customer segments main driver for the improvement in several Business Areas
- Strong cost management across all Business Areas
- The weak organic sales development impacting Business Area UK

# Acquisitions & Divestments 2020

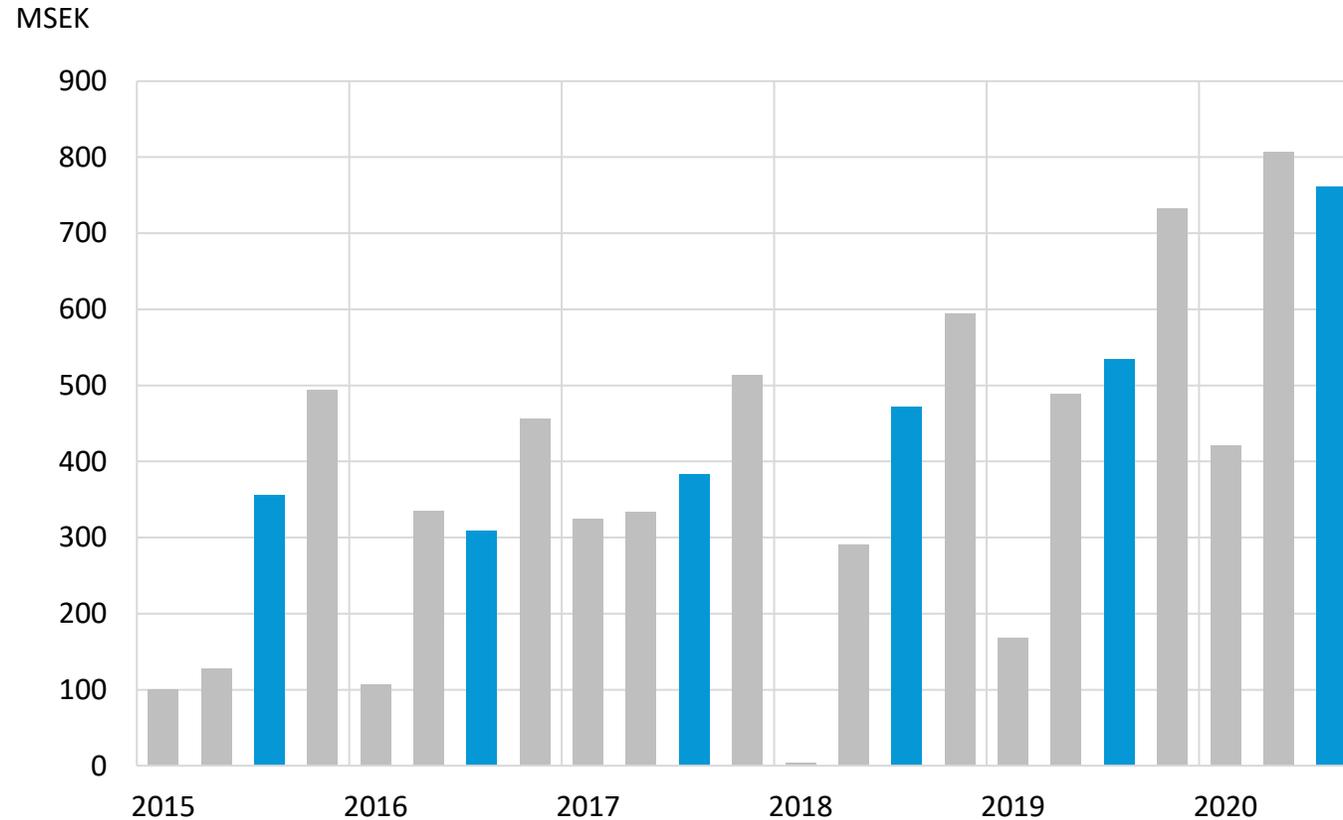
Acquisitions		Business Area	Annual Sales
Q1	 STEIN Automation GmbH	DACH	110 MSEK
	 VarioDrive B.V.	Benelux	60 MSEK
	 AVA Monitoring AB	Measurement & Sensor Technology	45 MSEK
	 Sverre Hellum & Sønn AS	Industrial Components	60 MSEK
	 Jouka OY	Finland	70 MSEK
	 Nortronic AS	Industrial Components	60 MSEK
Q3	 Holland Fasteners B.V.	Benelux	50 MSEK
	 UK Gas Technologies Ltd	Flow Technology	130 MSEK
Q4	 Cheirón A.S.	Industrial Components	120 MSEK
Divestment		Business Area	Annual Sales
Q1	 Meson FT Rus LCC	Flow Technology	80 MSEK



# Key data summary

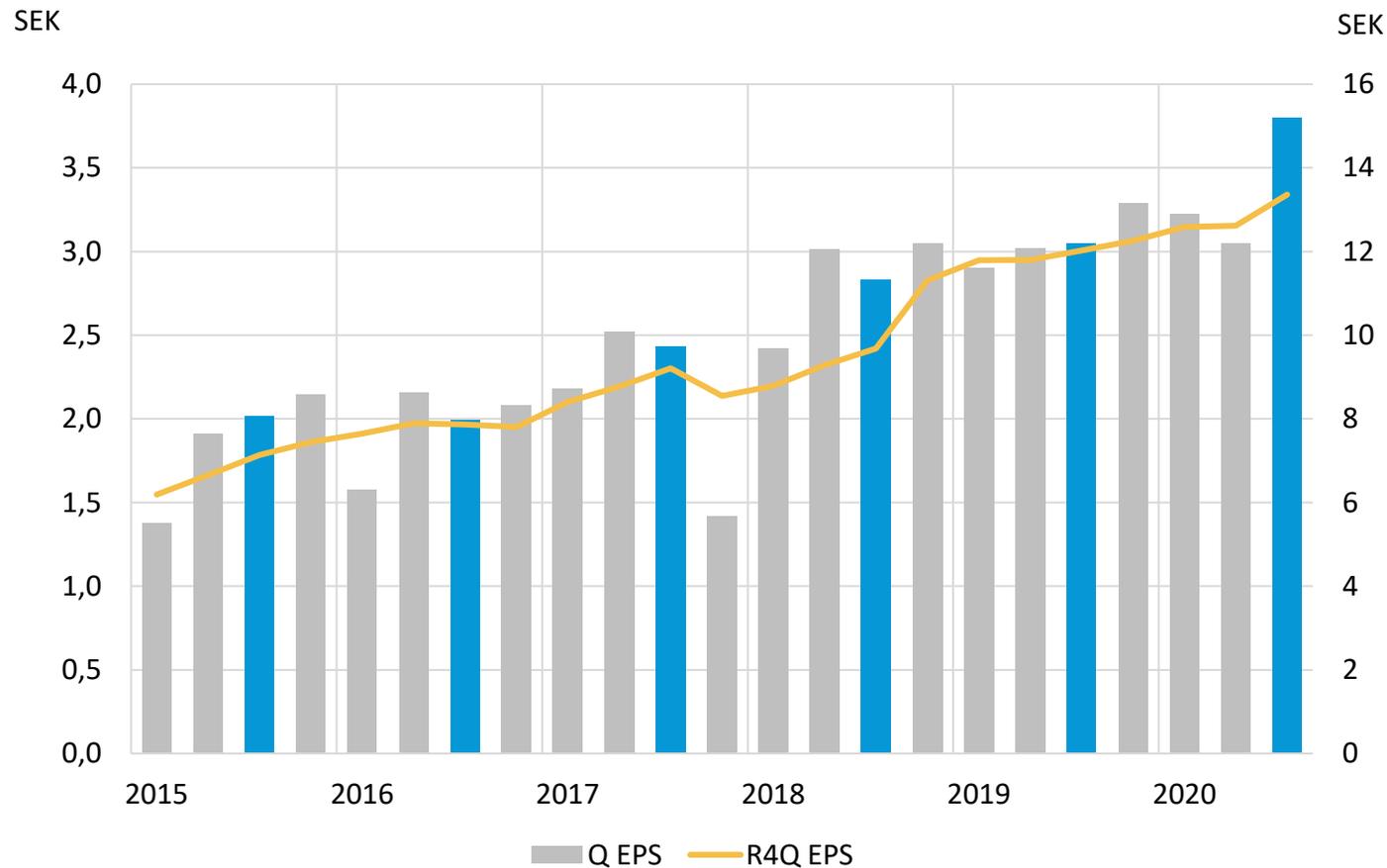
MSEK	2020-Q3	2019-Q3	Change	2020-YTD	2019-YTD	
Order Intake	4,486	4,638	-3%	14,491	13,901	4%
Net Sales	4,599	4,595	0%	14,189	13,548	5%
Gross margin, %	33.6	33.9		33.8	34.1	
EBITA	685	588	16%	1,903	1,699	12%
EBITA-margin, %	14.9	12.8		13.4	12.5	
Net financial items	-26	-33	-21%	-93	-87	7%
Tax	-115	-103	12%	-333	-299	11%
Earnings per share (before dilution), SEK	3.80	3.05	25%	10.07	8.97	12%
Return On Capital Employed, %	19	19		19	19	
Cash Flow from operating activities	761	534	43%	1,988	1,190	67%
Net debt / EBITDA, times	1.6	2.3		1.6	2.3	

# Cash Flow from operating activities



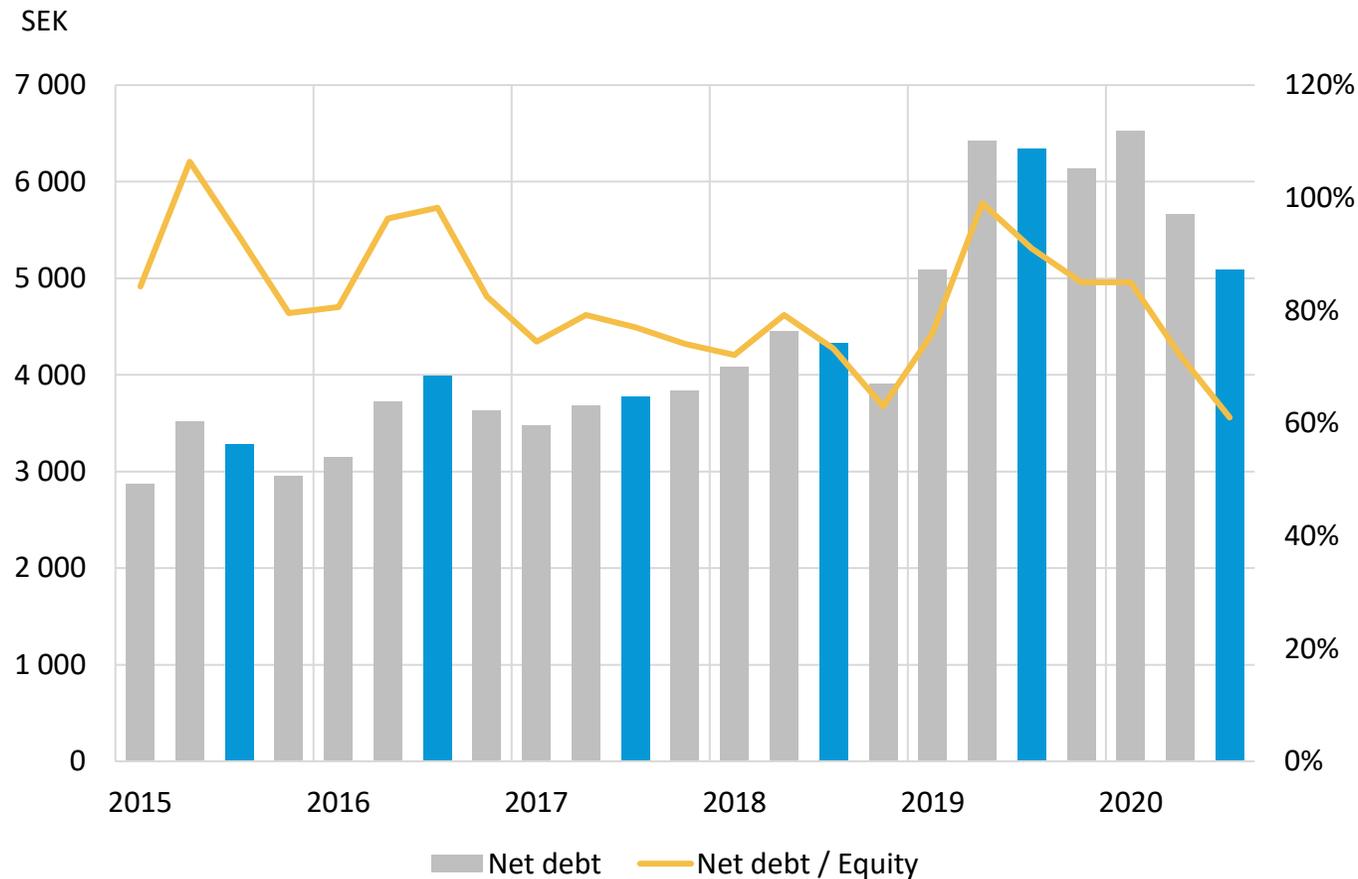
- Cash flow from operating activities grew 43% from 534 MSEK to 761 MSEK
- Improvement mainly driven by an improved working capital development and a higher result
- Inventories were still on a high level, mainly due to earlier inventory build-up to ensure delivery service and availability

# Earnings per share



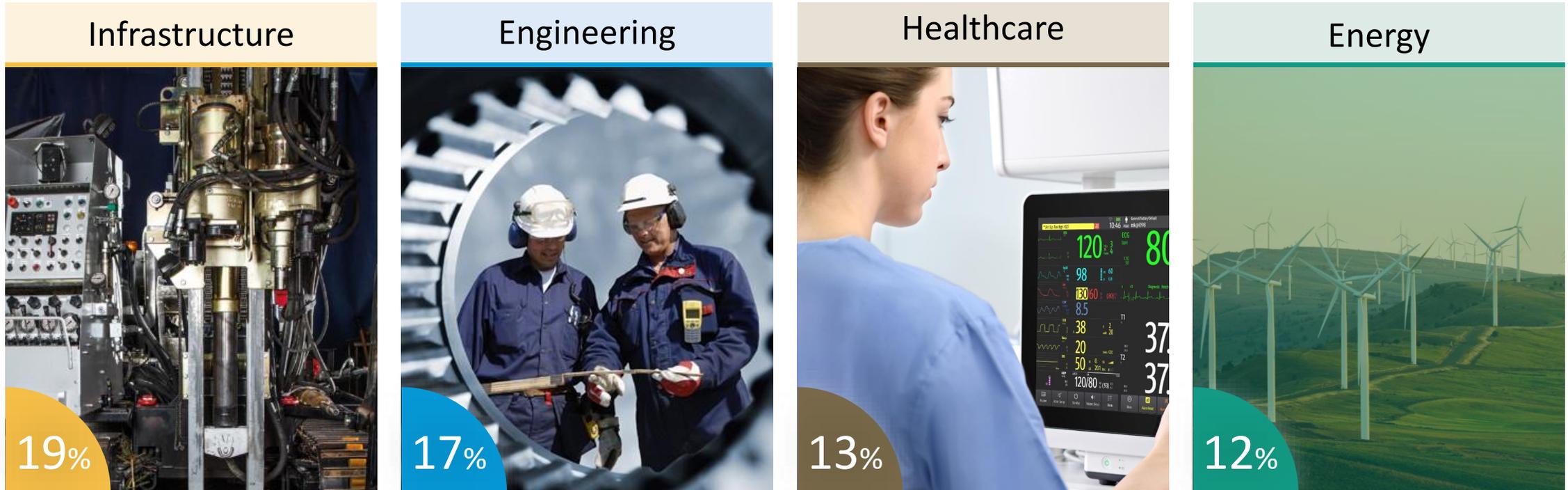
- Q3 earnings per share grew 24% to SEK 3.80 (3.05)
- Improvement mainly driven by higher EBITA
- 3- and 5-year rolling 4Q earnings per share CAGR, were 12% and 13%

# Net debt



- The interest-bearing net debt decreased to 5,088 (6,130) MSEK
- Net debt was positively impacted by a strong cash flow, postponed acquisitions and no dividend for 2019
- Net debt/equity ratio was 61% (85%)

# Stability based on diverse segments



Net sales per customer segment %, financial year 2019

No or low segment dependency  
Business cycle "hedging"

# Focus on Digitalisation & Sustainability

- Increase customer value by offering solutions that reduce environmental impacts and enhances efficiency
- ESG-related KPI's for the Group as of 2020
- Long-term Sustainability Vision including measurable goals for the Indutrade Group soon to be launched

# Key takeaways

- Gradual improvements during the quarter, but majority of the companies were still impacted negatively by the pandemic
- Large variations between companies, segments and markets
- Record high earnings – positively effected by strong segments and good cost management
- Continued uncertain market conditions ahead
- Diversified business group with agile and flexible companies, working closely with their customers
- Good acquisition pipeline

A close-up photograph of industrial machinery, featuring a large metal pipe with a red-painted flange and several bolts. The background is blurred, showing more of the industrial environment.

Thank you!

Q&A



Our brand promise

Trusted by entrepreneurs

# Financial Calendar & contact details

## **2 FEBRUARY 2021**

Year End Report 1 January – 31 December 2020

## **13 APRIL 2021**

Annual General Meeting 2021

## **29 APRIL 2021**

Interim Report 1 January – 31 March 2021

## **19 JULY 2021**

Interim Report 1 January – 30 June 2021

## **28 OCTOBER 2021**

Interim Report 1 January – 30 September 2021

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