

A photograph of a person sitting on the nacelle of a wind turbine, looking out over a vast, forested landscape under a sunset sky. The sun is low on the horizon, creating a warm, golden glow. The wind turbine's blades are visible in the foreground, and the person is wearing a blue shirt and a hat. The landscape is filled with dense green trees, and a body of water is visible in the distance.

ADDTECH

INTERIM REPORT 1 APRIL – 31 DECEMBER 2020

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

THIRD QUARTER HIGHLIGHTS

Net sales
SEK 2,881 m, +1%



EBITA margin
10.6%
From 8.3%

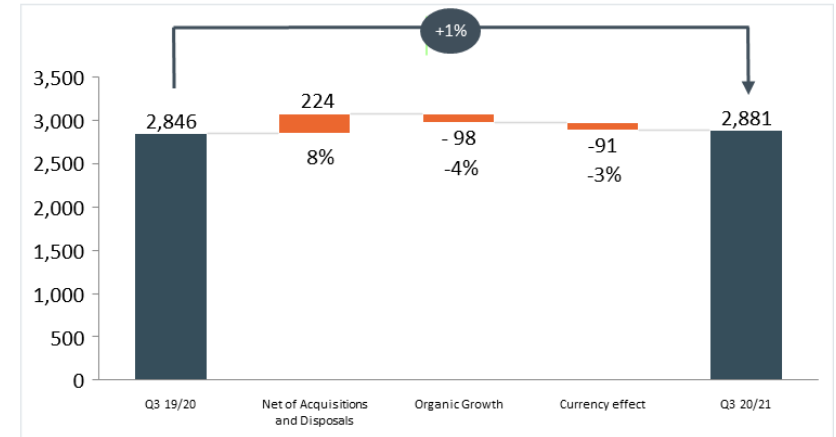
- Clear recovery in demand and stable margin thanks to efforts to adjust to lower business volumes
- Favourable market development adjusted for the cyber attack and the sharp decline in sales of scrubber related products
- Substantial variations between customers, segments and geographic markets remain
- Totally thirteen acquisitions so far this year
- Positive trend in working capital and strong cash flow

QUARTER 3: NET SALES

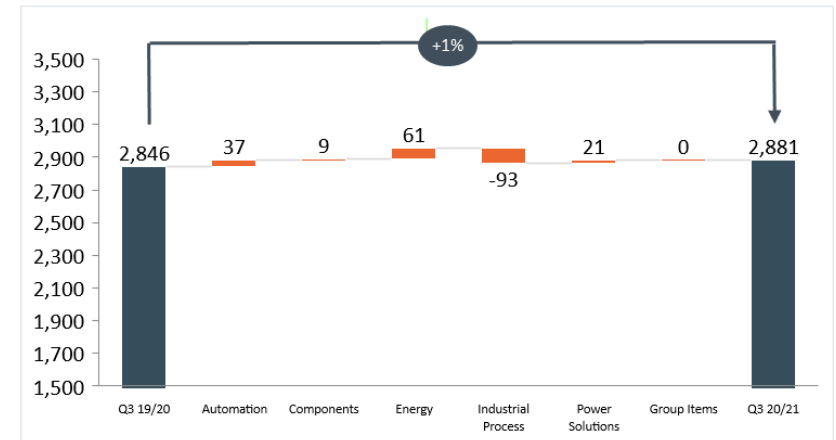
NET SALES INCREASED TO SEK 2,881 M (2,846), +1%

- On the whole, the outcome for the third quarter was in line with our expectations
- Of the organic decline of about 4 percent, a significant part was related to decreased sales of solutions for scrubber installations. There was still a certain negative impact on sales from Covid-19
- The acquired growth contributed 8 percent
- Substantial variations between customers, segments and geographic markets remain; In the engineering sector and in special vehicles, the market situation improved sequentially, in electronics and medical technology, the business situation was stable while demand in the marine segment remained weak. Demand in the forest industry, especially the sawmill market, was very good and sales in wind power and infrastructure products for national and regional grids was strong
- We noted a continued recovery in most of our geographic markets, albeit to varying degrees. Overall, the strongest recovery in the third quarter was among the companies in Sweden and European markets outside the Nordic region, although the increase in demand among the latter geographies was from very low levels. In Denmark, Finland and Norway, the recovery in the business situation was somewhat weaker, although it did improve compared with the second quarter

Net Sales Growth, SEK m



Net Sales Growth per Business Area, SEK m

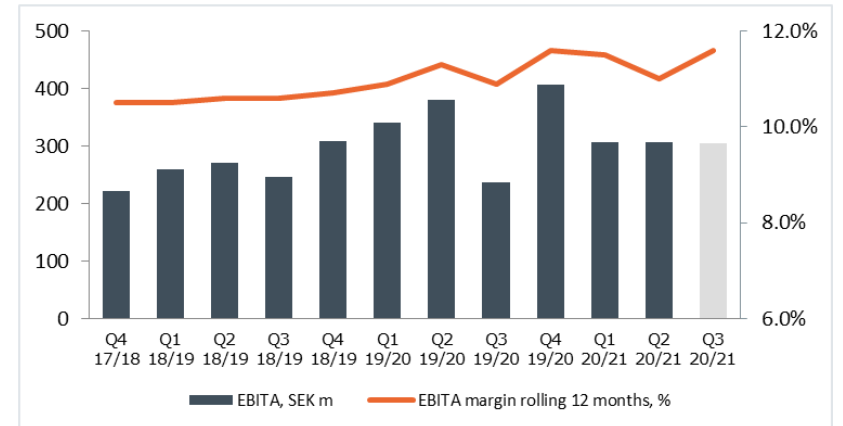


QUARTER 3: EBITA DEVELOPMENT

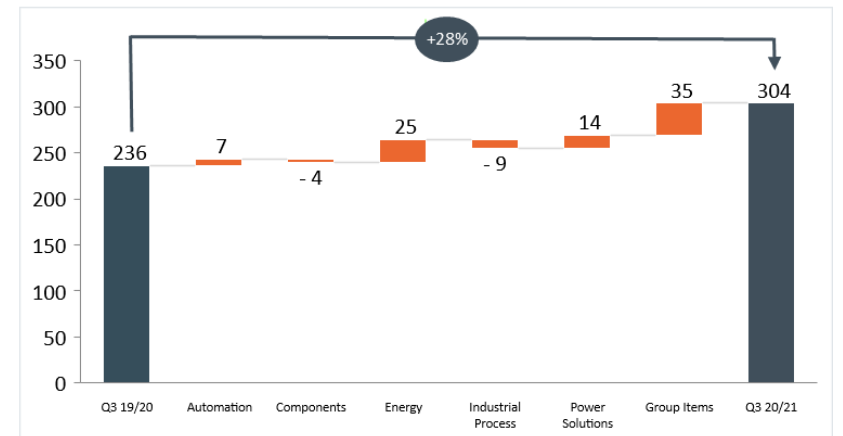
EBITA INCREASED TO SEK 304 M (236), +28%

- The EBITA margin amounted to 10.6 percent, due to short term cost reductions, long term adjustments of operating costs as well as favourable contributions from acquisitions
- At the end of the quarter, approximately 240, corresponding to about 8%, of the Group's employees had been notified of redundancy and a further 200 employees are affected by short-term lay-offs
- Operating profit increased with 27 percent to SEK 238 m (188) and the operating margin amounted to 8.3% (6.6)
- Net financial items were SEK -12 m (-9) and profit after financial items increased with 26 percent to SEK 226 m (179)
- Profit after tax increased by 22 percent to SEK 174 m (142)

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



EBITA Growth per business area, SEK m



AUTOMATION

Quarter 3:

- Net sales increased by 6 percent to SEK 625 m (588)
- EBITA increased by 13 percent to SEK 58 m (51)
- The business area was affected marginally negatively by Covid-19
- During the quarter, demand increased for the companies exposed to the Nordic engineering sector
- In other segments of importance for the business area, such as medical technology, the defence industry and the data and telecommunications segment, the market situation remained positive with stable sales
- The business situation among the companies operating in the markets outside the Nordic region remained affected by shutdowns and restrictions

	3 months ending			9 months ending			12 months ending	
	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Mar 20
Net Sales, SEK m	625	588	6%	1,770	1,731	2%	2,464	2,425
EBITA, SEK m	58	51	13%	168	168	0%	267	267
EBITA-margin, %	9.2	8.7	–	9.5	9.7	–	10.8	11.0



AUTOMATION

● MOTION & DRIVES

● INDUSTRIAL IT & SENSORS

● FIBER-OPTIC COMMUNICATION



COMPONENTS

Quarter 3:

- Net sales increased by 2 percent to SEK 498 m (489)
- EBITA decreased by 9 percent to SEK 37 m (41)
- On the whole, the business area was affected moderately negatively by Covid-19
- In Denmark and Sweden the market situation over the quarter was favourable, in Norway it was stable, while in Finland the business situation was varied
- Demand remained favourable in the wind power market and the automotive and engineering industries saw a certain degree of recovery from low levels, while the business situation in electronics was stable
- Currency effects, product mix and non-recurring items in the form of restructuring costs had a negative effect on outcomes and margins

	3 months ending			9 months ending			12 months ending	
	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Mar 20
Net Sales, SEK m	498	489	2%	1,481	1,504	-2%	2,059	2,082
EBITA, SEK m	37	41	-9%	137	153	-10%	202	218
EBITA-margin, %	7.5	8.3	-	9.3	10.2	-	9.8	10.5



ENERGY

Quarter 3:

- Net sales increased by 10 percent to SEK 657 m (596)
- EBITA increased by 42 percent to SEK 87 m (62)
- The business situation in the business area remained highly favourable in the third quarter, affected only marginally by Covid-19
- Sales of infrastructure products for upgrading and building out national and regional grids and for wind power, maintained high levels and the market situation remained stable throughout the quarter
- The market situation for the units active in sales of niche products for electrical power distribution and for building and installation stabilised during the quarter

	3 months ending			9 months ending			12 months ending	
	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Mar 20
Net Sales, SEK m	657	596	10%	1,973	1,808	9%	2,577	2,412
EBITA, SEK m	87	62	42%	247	204	21%	325	282
EBITA-margin, %	13.3	10.3	–	12.5	11.3	–	12.6	11.7



INDUSTRIAL PROCESS

Quarter 3:

- Net sales decreased by 12 percent to SEK 707 m (800)
- EBITA decreased by 10 percent to SEK 86 m (95)
- The business area was affected very negatively by the effects of Covid-19
- In the process industry, the business situation was stable and demand for projects in the forest industry remained high
- Demand for solutions for scrubber installations remained low and sales decreased by approximately 80 percent compared with the corresponding period in the preceding year
- The market situation developed favourable for the companies within special vehicles and the engineering sector

	3 months ending			9 months ending			12 months ending	
	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Mar 20
Net Sales, SEK m	707	800	-12%	2,056	2,472	-17%	2,788	3,204
EBITA, SEK m	86	95	-10%	236	332	-29%	349	445
EBITA-margin, %	12.1	11.9	-	11.5	13.4	-	12.5	13.9



POWER SOLUTIONS

Quarter 3:

- Net sales increased by 6 percent to SEK 398 m (377)
- EBITA increased by 38 percent to SEK 50 m (36)
- The business area was affected moderately negatively by the effects of Covid-19
- The market situation for the operations within special vehicles stabilised and demand increased
- Demand was favourable for customised battery solutions and for the companies operating in power supply
- In wind power the business situation remained favourable over the quarter and in data and telecommunications it was stable

	3 months ending			9 months ending			12 months ending	
	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Dec 19	Δ	31 Dec 20	31 Mar 20
Net Sales, SEK m	398	377	6%	1,144	1,196	-4%	1,578	1,630
EBITA, SEK m	50	36	38%	146	163	-10%	214	231
EBITA-margin, %	12.6	9.7	-	12.8	13.6	-	13.6	14.2



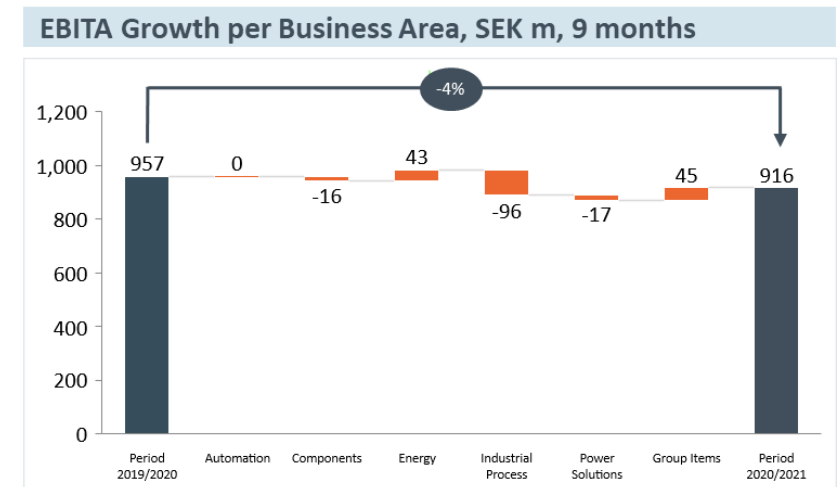
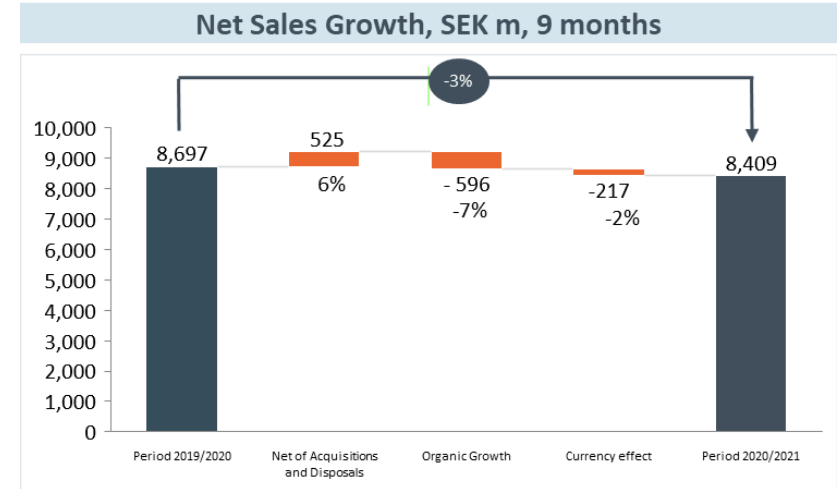
POWER SOLUTIONS

- BATTERY SYSTEMS
- CUSTOMISED SOLUTIONS
- POWER SYSTEMS












PERIOD APRIL 1 – DECEMBER 31

NET SALES AMOUNTED TO SEK 8,409 M (8,697)

- Net sales decreased by 3% to SEK 8,409 m (8,697)
- For the Group in total EBITA was affected positively by approximately the equivalent of 0.5% of sales due to governmental support measures
- EBITA decreased by 4% and amounted to SEK 916 m (957) corresponding to an EBITA margin of 10.9% (11.0)
- Operating profit decreased by 11% and amounted to SEK 723 m (809) corresponding to an operating margin of 8.6% (9.3)
- Profit after tax decreased by 12% and amounted to SEK 539 m (608)
- Earnings per share before dilution amounted to SEK 1.95 (2.25)
- Cash flow from operating activities amounted to SEK 1,050 m (667)



THIRTEEN ACQUISITIONS SO FAR THIS YEAR

	Acquisitions	Business Area	Access	Net Sales, SEK m*	Number of employees*
	Elkome Group Oy	Automation	April, 2020	85	38
	Peter Andersson AB	Energy	April, 2020	30	9
	Valutec Group AB	Industrial Process	April, 2020	350	45
	Fluidcontrol Oy	Components	September, 2020	41	20
	Kaptas Oy	Automation	September, 2020	41	27
	Elsystem i Perstorp AB	Automation	September, 2020	40	18
	Martin Bruusgaard AS	Industrial Process	September, 2020	108	30
	Satco Komponent AB	Components	October, 2020	18	2
	Skyltar & Märken Gruppen AB	Energy	October, 2020	60	23
	OF-Beteiligungs AG	Power Solutions	December, 2020	170	35
	Powernor AS	Power Solutions	January, 2021	35	6
	Synective Labs AB	Automation	January, 2021	30	27
	Impact Air Systems Ltd. och Impact Technical Services Ltd.	Industrial Process	January, 2021	95	33



FINANCIAL POSITION

INCOME STATEMENT, CONDENSED

(SEKm)	3 months ending		9 months ending		12 months ending	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19	31 Dec 20	31 Mar 20
Net Sales	2,881	2,846	8,409	8,697	11,447	11,735
Cost of sales & op. expenses	-2,633	-2,668	-7,668	-7,928	-10,404	-10,664
Other operating items	-10	10	-18	40	32	90
Operating profit	238	188	723	809	1,075	1,161
Financial income & expenses	-12	-9	-37	-37	-56	-56
Profit after financial items	226	179	686	772	1,019	1,105
Income tax expense	-52	-37	-147	-164	-215	-232
Net profit	174	142	539	608	804	873
Earnings per share, SEK	0.65	0.55	1.95	2.25	2.90	3.20
EBIT margin, %	8.3	6.6	8.6	9.3	9.4	9.9
EBITA margin, %	10.6	8.3	10.9	11.0	11.6	11.6

BALANCE SHEET, CONDENSED

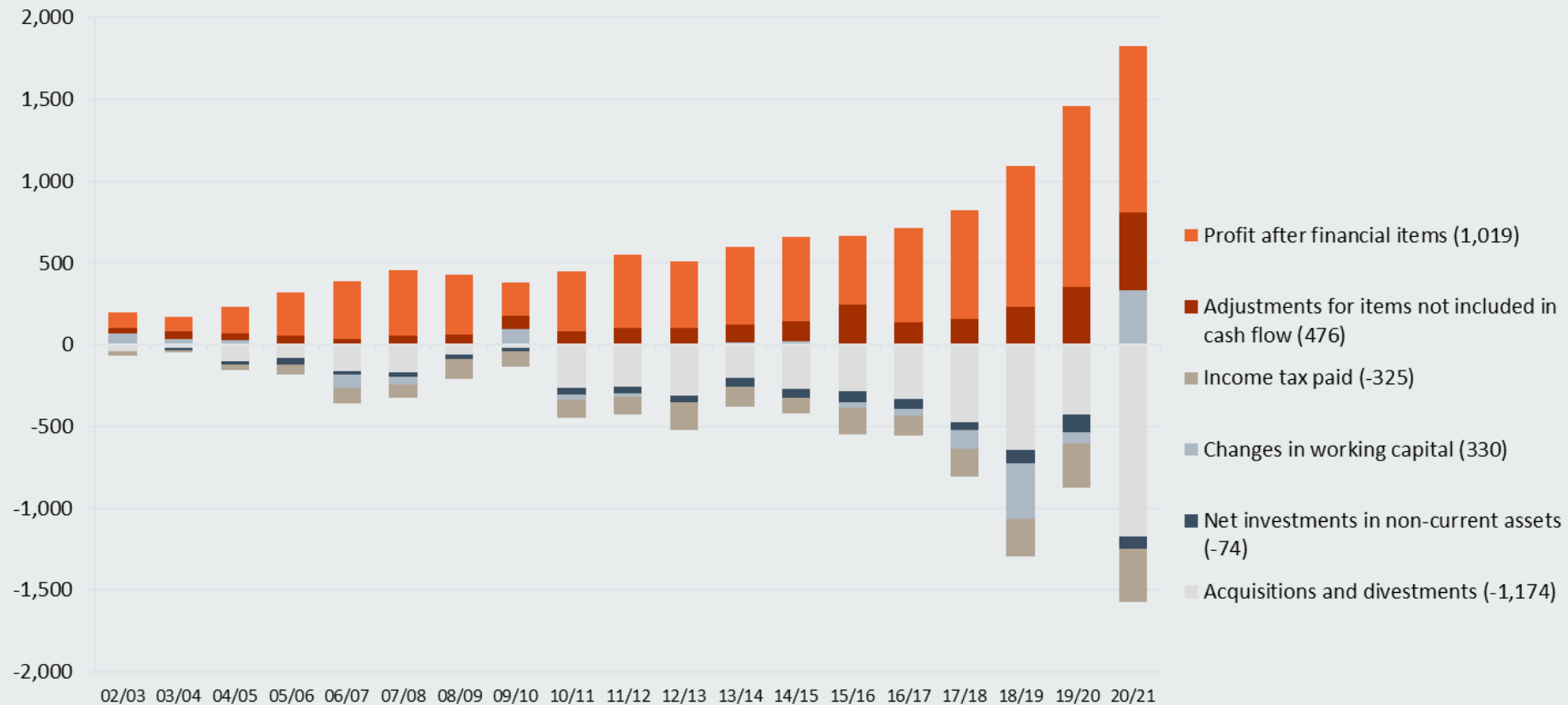
(SEKm)	31 Dec 20	31 Dec 19	31 Mar 20
Goodwill	2,604	1,896	1,997
Other intangible non-current assets	1,728	1,183	1,243
Property, plant and equipment	965	824	936
Non-current financial assets	61	60	64
Inventories	1,716	1,623	1,642
Current receivables	1,835	2,126	2,261
Cash and cash equivalents	454	316	363
Total assets	9,363	8,028	8,506
Total equity	3,084	2,710	3,076
Interest-bearing provisions & liabilities	3,817	3,078	2,948
Non-interest-bearing prov. & liabilities	2,462	2,240	2,482
Total equity & liabilities	9,363	8,028	8,506

CASH FLOW STATEMENT, CONDENSED

(SEKm)	3 months ending		9 months ending		12 months ending	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19	31 Dec 20	31 Mar 20
Profit after financial items	226	179	686	772	1,019	1,105
Adj. for non cash items	133	93	400	278	476	354
Income tax paid	-100	-71	-239	-187	-325	-273
Changes in working capital	224	-53	203	-196	330	-69
Cash flow from operating activities	483	148	1,050	667	1,500	1,117
Net investment in non-current assets	-16	-16	-45	-73	-74	-102
Acquisitions and disposals	-166	-15	-1,054	-310	-1,174	-430
Dividend paid	-	-	-269	-336	-269	-336
Repurchase of own shares/options	25	8	20	-34	28	-26
Other financing activities	-315	-64	434	103	186	-145
Period's cash flow	11	61	136	17	197	78

CASH FLOW R12

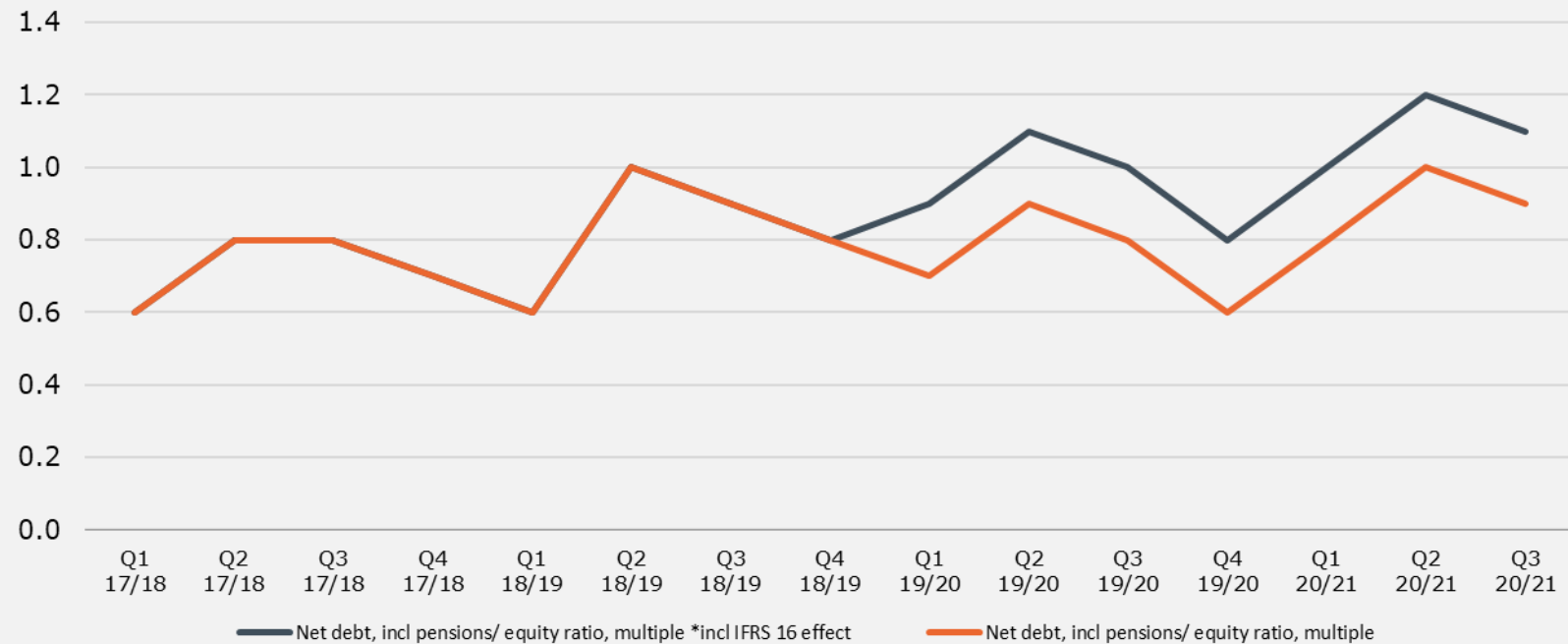
Cash flow from operating and investing activities



KEY FINANCIAL INDICATORS

(SEKm)	31 Dec 20	31 Mar 20	31 Dec 19
Total equity (SEKm)	3,084	3,076	2,710
Equity per share, SEK	10.60	11.25	9.90
Equity ratio, %	33	36	34
Return on working capital (P/WC), %	54	56	54
Return on equity, %	27	32	31
Return on capital employed, %	17	21	20
Financial net debt (SEKm)	3,363	2,585	2,762
- of which pension liability	387	332	373
- of which other liabilities	2,976	2,253	2,389
Financial net debt / EBITDA	2.1	1.6	2.1
Net debt / equity ratio, times	1.1	0.8	1.0
Interest coverage ratio, times	17	21	24
Average number of employees	3,025	2,913	2,849
Number of employees at end of period	3,103	2,981	2,931

APPROACH TO NET DEBT / EQUITY RATIO



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

KEY TAKE AWAYS

- **Clear recovery in demand and continued cost control create resilience in earnings performance**
 - Recovery in most market segments
 - Long term cost reductions gradually replace short term savings
- **Successful work with acquisitions**
 - Thirteen acquisitions so far this year
 - Strong pipeline of new potential acquisitions
- **Strong Balance Sheet**
 - Strong cash flow
 - Focus on improved working capital has given the desired effect
- **Outlook**
 - Continued gradual normalisation of demand expected but continued uncertainty due to Covid-19 remains
 - The level of activity is expected to remain low in the market for scrubber installations
 - Continued focus on maintaining good cost control in taking advantage of growth opportunities
 - Focused measurements towards increased digitalisation and sustainability
 - Great confidence in our growth strategies, scalable business model and entrepreneurial corporate culture

NETWORK FOR GROWTH

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



EFFICIENT ORGANISATIONAL STRUCTURE



AUTOMATION

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



COMPONENTS

- DENMARK
- FINLAND
- NORWAY
- SWEDEN



ENERGY

- ENERGY PRODUCTS
- ENERGY SUPPLY



INDUSTRIAL PROCESS

- PROCESS TECHNOLOGY
- INDUSTRIAL SOLUTIONS



POWER SOLUTIONS

- BATTERY SYSTEMS
- CUSTOMISED SOLUTIONS
- POWER SYSTEMS

Q&A

