

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 and nacelle are visible in the foreground, and the person is wearing a blue shirt and a hat. The background shows rolling hills and a large body of water in the distance.

ADDTECH

INTERIM REPORT 1 APRIL – 30 JUNE 2020

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

FIRST QUARTER HIGHLIGHTS

Net sales
SEK 2,805 m, -4%



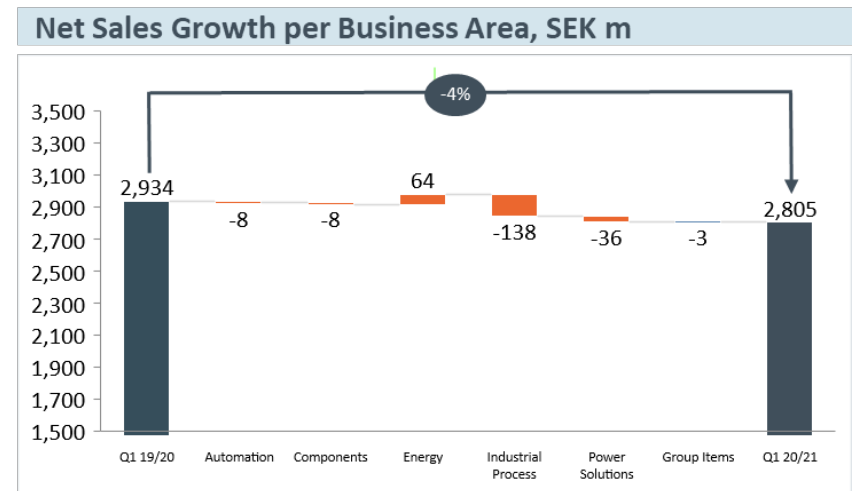
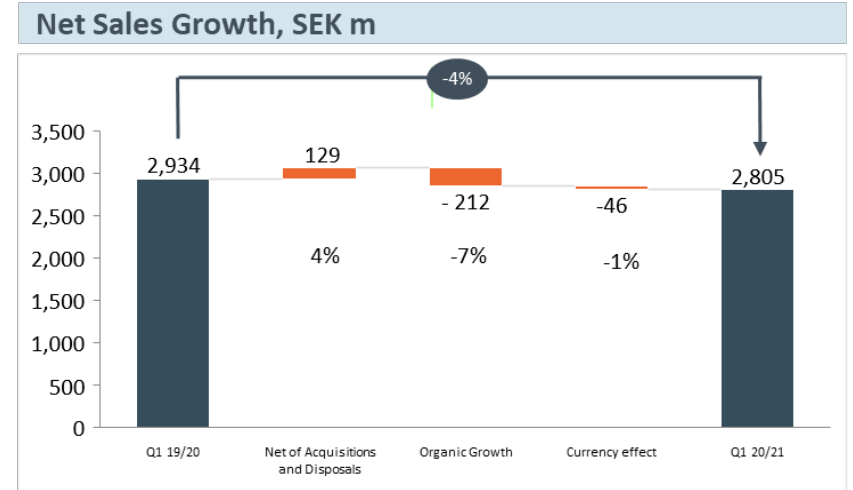
EBITA margin
10.9%
From 11.6%

- Good cost control gave stable margins despite COVID-19 effects
- Varying business situation depending on geographies and segments
- Three acquisitions made with annual sales of approximately SEK 465 m
- Continued tough market conditions next quarter
- Board proposes dividend of SEK 4 /share

QUARTER 1: NET SALES

NET SALES DECREASED TO SEK 2,805 M (2,934), -4%

- Lower business volumes due to COVID-19, however better outcome than initially feared
- Of the sales decrease, the organic decrease amounted to approximately 7 percent and the acquired growth contributed with 4 percent compared to the same period last year
- Business situation varied depending on geographies and segments: Negative development in demand for components to mechanical industry, special vehicles and the marine segment, but increased demand in electronics, windpower, defense and infrastructure products
- Business climate most favourable in Denmark, while operations outside of the Nordics saw weak development due to lock-downs

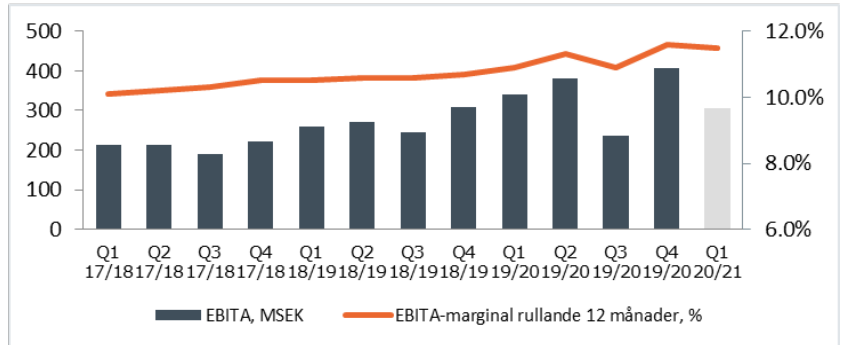


QUARTER 1: EBITA DEVELOPMENT

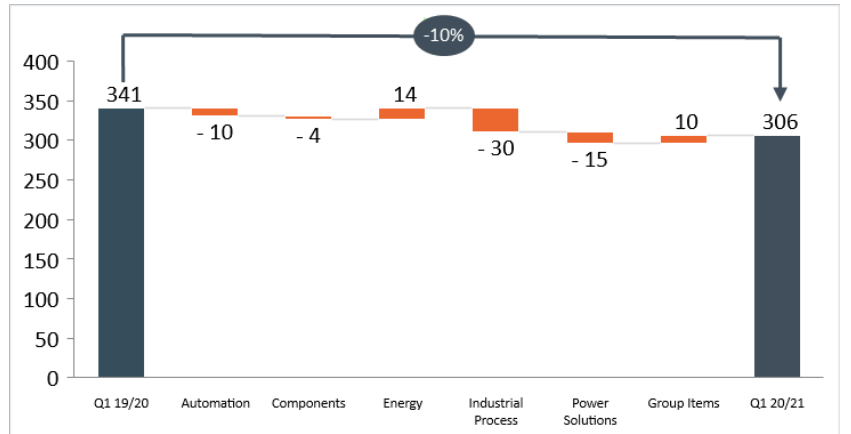
EBITA DECREASED TO SEK 306 M (341), -10%

- The EBITA margin amounted to 10.9 percent, a decrease with only 0.7 percentage points compared to the same period last year, due to short term cost reductions
- Operating profit decreased during the period with 17 percent to SEK 243 m (292) and the operating margin amounted to 8.7% (10.0)
- Net financial items were SEK -10 m (-6) and profit after financial items increased decreased with 19 percent to SEK 233 m (286)
- Profit after tax for the period decreased by 19 percent to SEK 184 m (226) and the effective tax rate amounted to 21 percent (21)

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



EBITA Growth per Business Area, SEK m, 12 months



AUTOMATION

Quarter 1:

- Net sales decreased by 1 percent to SEK 583 m (591)
- EBITA decreased by 17 percent to SEK 50 m (60)
- The business area was affected somewhat negatively by COVID-19
- The greatest negative impact was on demand from the Nordic engineering sector, particularly in the units exposed to small and medium-sized customers
- The units outside the Nordic region experienced major challenges in terms of restrictions and closures
- The units exposed to the medical technology sector, the defence industry and the data and telecom sectors developed positively

	3 months ending			12 months ending	
	30 Jun 20	30 Jun 19	Δ	30 Jun 20	31 Mar 20
Net Sales, SEK m	583	591	-1%	2,417	2,425
EBITA, SEK m	50	60	-17%	257	267
EBITA-margin, %	8.5	10.2	-	10.6	11.0

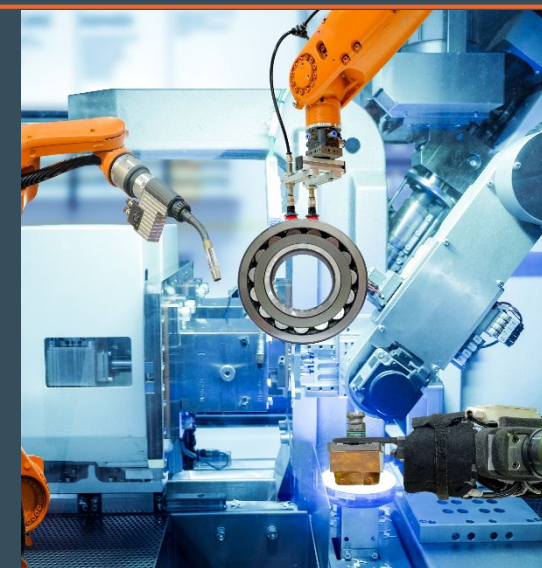


AUTOMATION

● MOTION & DRIVES

● INDUSTRIAL IT & SENSORS

● FIBER-OPTIC COMMUNICATION



COMPONENTS

Quarter 1:

- Net sales decreased by 2 percent to SEK 496 m (504)
- EBITA decreased by 6 percent to SEK 50 m (54)
- On the whole, the business area was affected moderately negatively by COVID-19
- The units in special vehicles and the engineering sector experienced the greatest negative impact. The units exposed to the medical technology and electronics sectors developed favourably, with sales of components and solutions for which demand increased due to the pandemic
- Geographically, Finland had the best market situation while Sweden faced the greatest challenges. Nonetheless, Denmark and Norway experienced a stable business situation in the market segments in which the companies operate

	3 months ending			12 months ending	
	30 Jun 20	30 Jun 19	Δ	30 Jun 20	31 Mar 20
Net Sales, SEK m	496	504	-2%	2,074	2,082
EBITA, SEK m	50	54	-6%	214	218
EBITA-margin, %	10.2	10.7	-	10.3	10.5



ENERGY

Quarter 1:

- Net sales increased by 10 percent to SEK 683 m (619)
- EBITA increased by 21 percent to SEK 81 m (67)
- The business situation was very positive in the business area in the first quarter, affected only marginally by COVID-19
- Sales of infrastructure products for national and regional grids and for wind power, held at high levels and the market situation remained stable throughout the quarter
- The units that are active in sales of niche products for electrical power distribution, as well as construction and installation experienced clear effects of the pandemic through decreased demand

	3 months ending			12 months ending	
	30 Jun 20	30 Jun 19	Δ	30 Jun 20	31 Mar 20
Net Sales, SEK m	683	619	10%	2,476	2,412
EBITA, SEK m	81	67	21%	296	282
EBITA-margin, %	11.9	10.9	–	12.0	11.7



INDUSTRIAL PROCESS

Quarter 1:

- Net sales decreased by 17 percent to SEK 669 m (807)
- EBITA decreased by 29 percent to SEK 73 m (103)
- The business area was impacted very negatively by the effects of COVID-19
- The market situation for the companies in the forest industry was very positive, but otherwise demand decreased in most market segments, primarily in special vehicles, the engineering sector and in the marine segment
- Demand for solutions for scrubber installations remained low due to the uncertainty surrounding the oil price and the prevailing pandemic, and sales decreased by approximately 50 percent compared with the corresponding period last year

	3 months ending			12 months ending	
	30 Jun 20	30 Jun 19	Δ	30 Jun 20	31 Mar 20
Net Sales, SEK m	669	807	-17%	3,066	3,204
EBITA, SEK m	73	103	-29%	415	445
EBITA-margin, %	10.9	12.8	-	13.5	13.9



POWER SOLUTIONS

Quarter 1:

- Net sales decreased by 9 percent to SEK 381 m (417)
- EBITA decreased by 23 percent to SEK 50 m (65)
- The business area was affected very negatively by the effects of COVID-19
- The sharply declining market for special vehicles was what most affected the business area as a whole, with sales decreasing by approximately 25 percent because of the prevailing situation
- The market situation otherwise remained favourable for customised battery solutions and for the companies operating in power supply and wind power
- The business situation in data and telecom developed positively over the quarter

	3 months ending			12 months ending	
	30 Jun 20	30 Jun 19	Δ	30 Jun 20	31 Mar 20
Net Sales, SEK m	381	417	-9%	1,594	1,630
EBITA, SEK m	50	65	-23%	216	231
EBITA-margin, %	13.1	15.7	-	13.6	14.2



POWER SOLUTIONS

- BATTERY SYSTEMS
- CUSTOMISED SOLUTIONS
- POWER SYSTEMS

SUMMARY OF EFFECTS FROM COVID-19

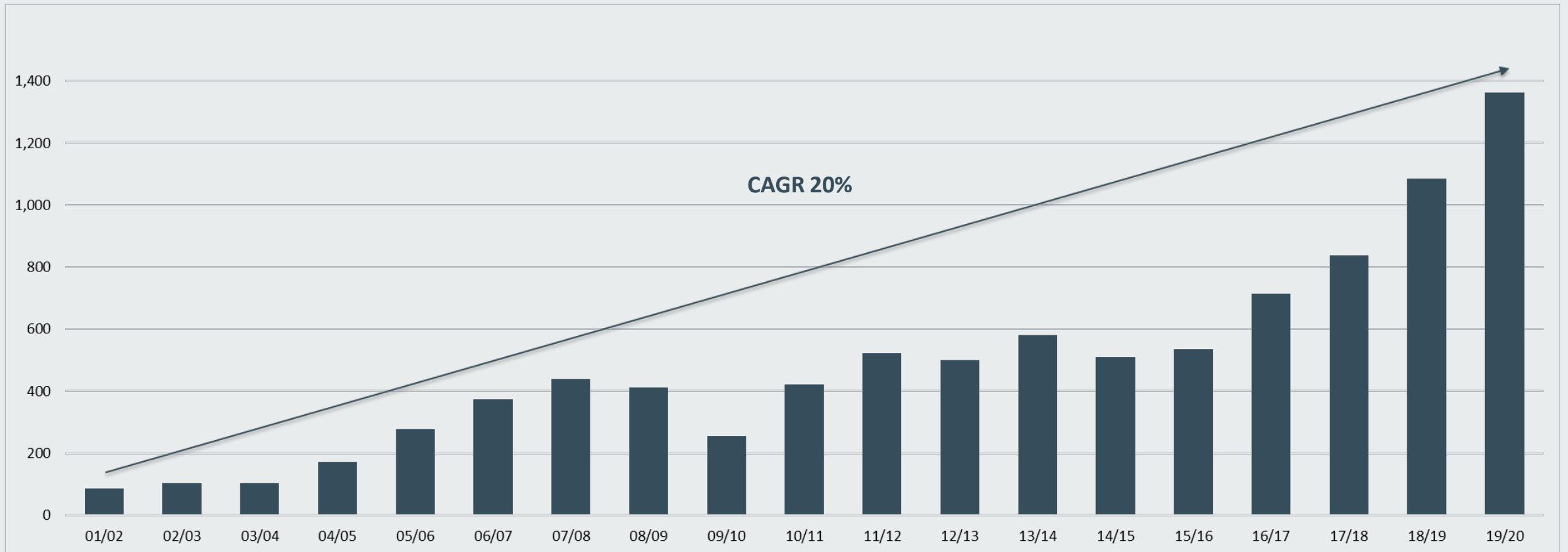
■ Current situation

- Net sales in the first quarter is estimated to have been impacted negatively by the pandemic with approximately 7 percent, compared to the same period previous year
- Business situation during the first quarter was weakest during April, improved somewhat during May and was clearly stabilized during June, as an effect of more customers re-opening their production
- Functional supply chains during the whole quarter
- At the end of the quarter, approximately 120 of totally 3,000 employees were made redundant, and another 800 employees were affected by short-term lay-offs
- For the group in total EBITA is affected positively by approximately SEK 25 million from governmental support measures.

■ Looking ahead

- Uncertainties remain, as well as different circumstances depending on geographies and segments, meaning that we continue to work with different scenarios and assessments on an ongoing basis, being prepared to quickly adjust to changing circumstances
- At present, our view is that it will take more time before returning to normal levels, at least within for us important customer segments such as special vehicles
- Our best current assessment is that the second quarter of the financial year will in comparison to previous year experience a greater negative impact on business volumes than the first quarter, considering the order intake and the coming summer months with more extensive shut-downs than normal among both customers and suppliers

SUSTAINABLE, PROFITABLE GROWTH OVER TIME






9/11, IT Crisis

Finance crisis

Oil crisis

Cyber attack

THREE ACQUISITIONS DURING FIRST QUARTER

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

SEK 465 m

Yearly net sales

92

New employees

Lower acquisition pace due to COVID-19 uncertainties, however, pipeline is still strong with ongoing projects and we see favourable opportunities for acquisitions over the upcoming quarters

FINANCIAL POSITION

INCOME STATEMENT, CONDENSED

(SEKm)	3 months ending		12 months ending	
	30 Jun 20	30 Jun 19	30 Jun 20	31 Mar 20
Net Sales	2,805	2,934	11,606	11,735
Cost of sales & op. expenses	-2,556	-2,659	-10,561	-10,664
Other operating items	-6	17	67	90
Operating profit	243	292	1,112	1,161
Financial income & expenses	-10	-6	-60	-56
Profit after financial items	233	286	1,052	1,105
Income tax expense	-49	-60	-221	-232
Net profit	184	226	831	873
Earnings per share, SEK	2.65	3.35	12.15	12.85
EBIT margin, %	8.7	10.0	9.6	9.9
EBITA margin, %	10.9	11.6	11.5	11.6

BALANCE SHEET, CONDENSED

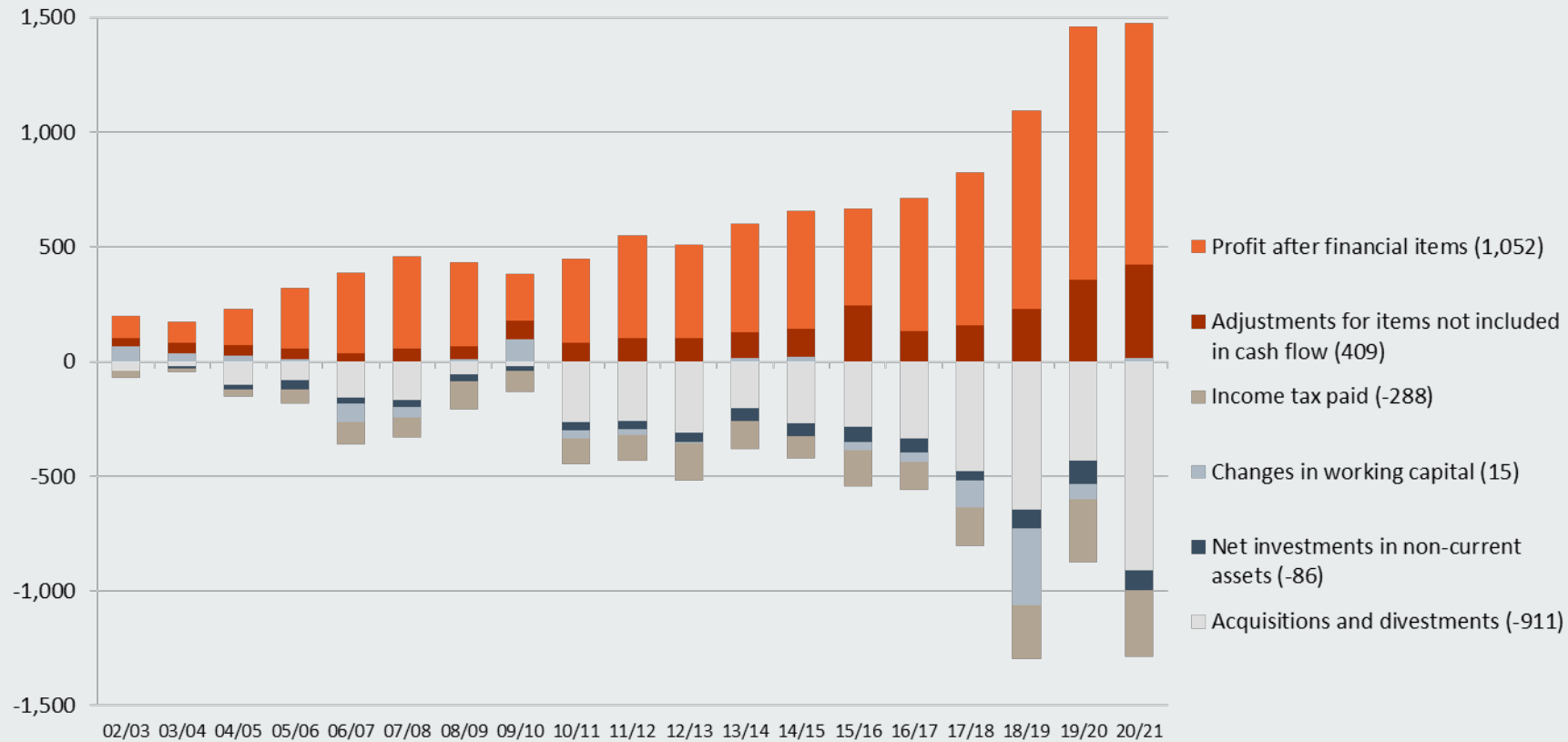
(SEKm)	30 Jun 20	30 Jun 19	31 Mar 20
Goodwill	2,442	1,896	1,997
Other intangible non-current assets	1,673	1,272	1,243
Property, plant and equipment	900	816	936
Non-current financial assets	61	57	64
Inventories	1,765	1,580	1,642
Current receivables	2,020	2,058	2,261
Cash and cash equivalents	453	233	363
Total assets	9,314	7,912	8,506
Total equity	3,150	2,782	3,076
Interest-bearing provisions & liabilities	3,636	2,828	2,948
Non-interest-bearing prov. & liabilities	2,528	2,302	2,482
Total equity & liabilities	9,314	7,912	8,506

CASH FLOW STATEMENT, CONDENSED

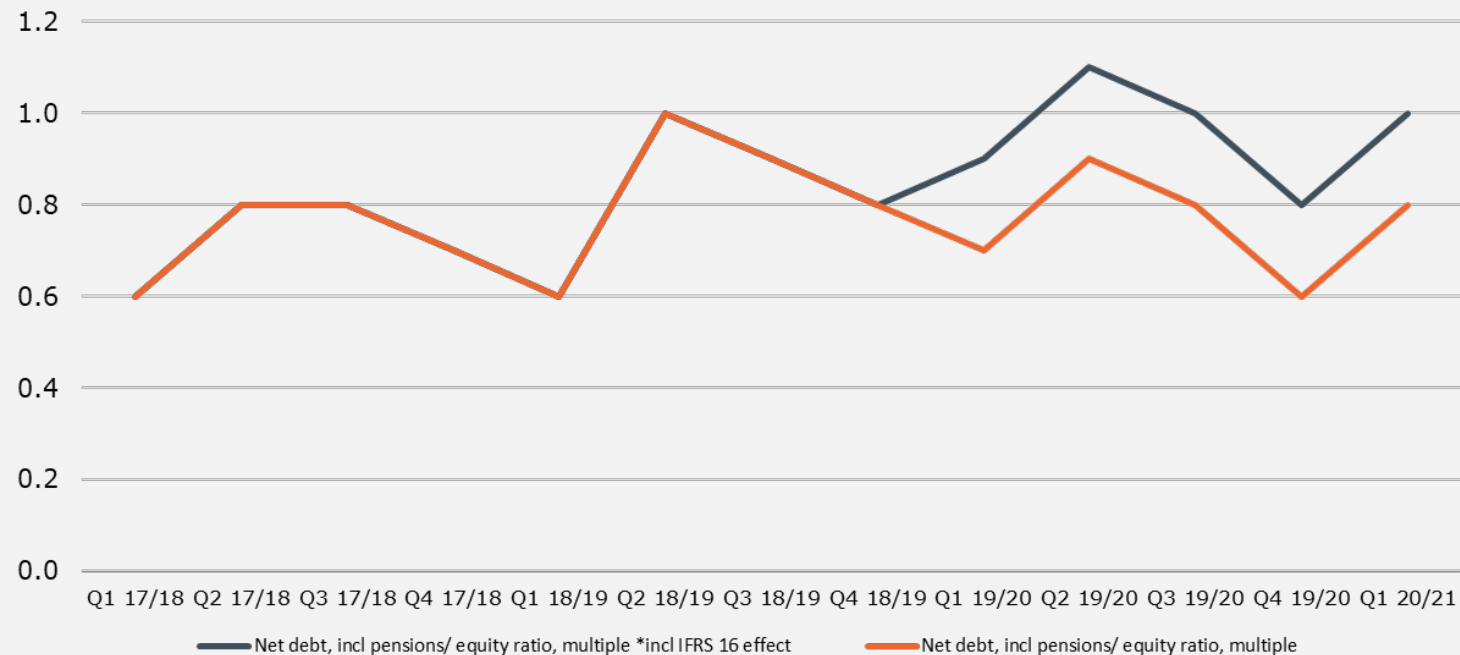
(SEKm)	3 months ending		12 months ending	
	30 Jun 20	30 Jun 19	30 Jun 20	31 Mar 20
Profit after financial items	233	286	1,052	1,105
Adj. for non cash items	129	74	409	354
Income tax paid	-60	-45	-288	-273
Changes in working capital	22	-62	15	-69
Cash flow from operating activities	324	253	1,188	1,117
Net investment in non-current assets	-15	-31	-86	-102
Acquisitions and disposals	-730	-249	-911	-430
Dividend paid	-	-	-336	-336
Repurchase of own shares/options	17	6	-15	-26
Other financing activities	513	-40	408	-145
Period's cash flow	109	-61	248	78

CASH FLOW

Cash flow from operating and investing activities



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 FINANCIAL INDICATORS

(SEKm)	30 Jun 20	31 Mar 20	30 Jun 19
Total equity (SEKm)	3,150	3,076	2,782
Equity per share, SEK	44.00	44.95	40.60
Equity ratio, %	34	36	35
Return on working capital (P/WC), %	54	56	54
Return on equity, %	29	32	31
Return on capital employed, %	19	21	21
Financial net debt (SEKm)	3,183	2,585	2,595
- of which pension liability	328	332	313
- of which other liabilities	2,855	2,253	2,282
Financial net debt / EBITDA	2.0	1.6	2.1
Net debt / equity ratio, times	1.0	0.8	0.9
Interest coverage ratio, times	19	21	23
Average number of employees	2,959	2,913	2,697
Number of employees at end of period	3,022	2,981	2,896

Our sustainability visions for 2030

SUSTAINABLE BUSINESS

TARGET 9-4



UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY

100%
sales contributing to sustainable development

SUSTAINABLE ORGANIZATION

TARGET 13-3



BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

50%
reduced Co2 intensity

TARGET 5-5

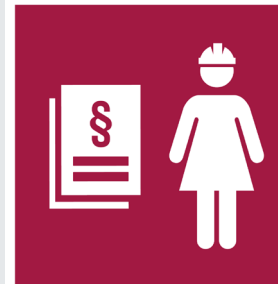


ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION-MAKING

40%
women in leading positions

SUSTAINABLE SUPPLY CHAIN


TARGET 8-8



PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS

80%
of purchase volume assessed by Code of Conduct

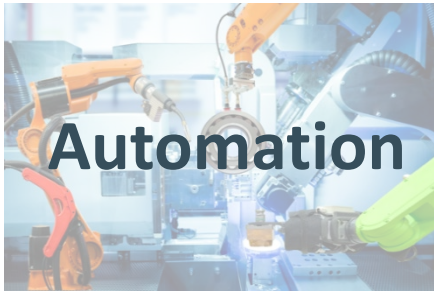
TARGET 12-6



ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING

SUSTAINABILITY IS A CENTRAL PART OF OUR BUSINESS

BUSINESS AREAS



GROWTH DRIVERS

- Industry 4.0
- Smart cities
- Internet of Things

- Electrification
- Environmental development
- Technological development

- Renewable energy
- Grid development
- Higher level of tech in installation

- Environmental regulations
- Optimization and safety
- New products in flow processing

- Electrification
- Increased focus on ergonomics
- Increased focus on batteries

Q&A

