

5 May 2020

## Press release

### **Interim report January-March 2020**

#### **January-March 2020**

- Net sales were 419.9 MSEK (299.3), an increase of 40.3% from the equivalent quarter in 2019. Organic growth was 11.8% for the period.
- Operating income increased to 56.3 MSEK (39.5), an operating margin of 13.4% (13.2).
- The acquired business Hotbath contributed 83.8 MSEK to net sales and 16.0 MSEK to operating profit after amortisation of customer relationships.
- Earnings per share were 3.00 SEK (2.28), an increase of 31.6% from the equivalent period in 2019.
- Cash flow after investments was 23,9 MSEK (-1.0).

#### **Significant events during and after the quarter**

- The spread of Covid-19 has had consequences and created uncertainty about the future for the business and the global economy in general.

## Statement from the CEO

### **A strong start in uncertain times**

We finished the first quarter with record figures. Sales was 420 MSEK which is an increase of 40% and organic growth of 12%. At the same time we delivered a strong profit and cash flow. This is a continuation of our established strategy from 2019 with strong performance from all our employees and a strong belief in our products and services in the market. At the same time we are very aware of the Covid-19 crisis which the whole world is experiencing and which, of course, affects our employees and business.

Sales have increased in both our Nordic and International markets. A significant part of this is last year's acquisition of Hotbath but it is also the result of product launches in our 3 other brands and continuous work to further develop customer relationships. Profitability has increased due to continued active work with product mix and increased productivity in Mora. However, during the first quarter we have higher sales and marketing costs due to our decisions to invest in marketing.

We follow the development of Covid-19 daily and have established additional routines to act proactively, with our customers and employees in mind, in both the short and long term. During the first quarter the business has worked well despite restrictions in various countries. We are dependent on suppliers in Asia and Europe who have had disruptions affecting deliveries during the quarter and have affected us negatively. Thanks to our production facility in Mora and strong supplier relationships we have managed to maintain a good service level to our customers. We can also see that some customers have increased their inventory level to a higher level than usual towards the end of the first quarter.

There is a lot of uncertainty about Covid-19 and how it will affect demand for our products. We know that we are affected later than others in the construction sector because taps are installed towards the end of projects. We also know that the repairs and renewals market is relatively strong. We are expecting to see lower demand during the rest of the year due to Covid-19. We normally have a short order stock so follow developments daily.

At the moment, there is too much uncertainty to judge how much the group will be impacted by the virus. We are adapting the business to meet the changing

requirements of the current environment and in dialogue with our employees, customers and suppliers. Amongst other things we are adjusting the number of temporary and agency staff numbers, changes to working schedules and, in some of our overseas companies, we have significantly reduced working hours for certain staff. Our goal is to, together with other affected parties, find innovative solutions which help us all through the crisis and give us a stronger position afterwards. This is all based on our strategy to invest in our brands and products to be our customers' first choice.

During the quarter we have also seen a significant increase in sales of our touch free products. It is very pleasing because, as well as reducing energy and water usage, they provide better hand hygiene which is more important than ever in the current environment. We continue our development work with further sustainable products where touch free is an obvious function which, in combination with attractive appearance, gives our customers a clear "WOW experience". Together with Idre Fjäll we have installed and set up connected touch free taps which show clear water savings and increased comfort for the users. At the same time we have expanded our popular Damixa Silhouet range with more colours to our customers' satisfaction. We continue to develop products which combine sustainability and attractive design since we are convinced that this is a winning concept for us and our customers.

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*FM Mattsson Mora Group conducts the sale, manufacture and product development of water taps under the strong, established brands of FM Mattsson, Mora Armatur, Damixa and Hotbath. The group's vision is to be the customer's first choice for mixer taps in the bathroom and kitchen. In 2019 the business generated sales of more than SEK 1.4 billion from its companies in Sweden, Norway, Denmark, Finland, Benelux, Germany and Italy and had over 500 employees (figures adjusted for the acquisition of Hotbath in May 2019). FM Mattsson Mora Group is listed on Nasdaq Stockholm.*