

# Q3



## Interim report

## January - September 2019

### Quarter 3, 2019

- Incoming orders amounted to SEK 964.6m (817.9), which currency adjusted is an increase of 10.0 percent compared with the same period last year.
- Net sales amounted to SEK 1,088.6m (835.2), which currency adjusted is an increase of 22.4 percent compared with the same period last year.
- Operating profit amounted to SEK 77.9m (53.5)\*, giving an operating margin of 7.2 percent (6.4)\*.
- Net profit amounted to SEK 52.8m (33.1)\*.
- Earnings per share amounted to SEK 1.50 kr (0.94).\*

### January - September, 2019

- Incoming orders amounted to SEK 3,027.7m (2,511.7), which currency adjusted is an increase of 14.2 percent compared with the same period last year.
- Net sales amounted to SEK 3,221.2m (2,484.9), which currency adjusted is an increase of 23.0 percent compared with the same period last year.
- Operating profit amounted to SEK 234.5m (185.7)\*, giving an operating margin of 7.3 percent (7.5)\*.
- Adjusted operating profit amounted to SEK 235.9m (189.5)\*, giving an adjusted operating margin of 7.3 percent (7.6)\*.
- Net profit amounted to SEK 153.4m (113.4)\*.
- Earnings per share amounted to SEK 4.37 (3.23)\*.

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.





## CEO's comments

### Another quarter with a positive trend in Europe. Continued challenges in Asia.

Nederman performed favourably in the third quarter of the year. Total orders received amounted to SEK 964.6m (817.9), equivalent to a currency-neutral growth of 10.0 percent. Net sales totalled SEK 1,088.6m (835.2), equivalent to a currency-neutral growth of 22.4 percent. The trend in EMEA remained positive, with healthy growth in both orders received and sales. In the Americas, orders received deteriorated slightly compared with the corresponding period in 2018. Demand in the APAC region remained weak.

Development in the quarter is in line with our expectations. Europe reported another strong quarter. In the Americas, our focus on profitability improvements has now yielded results in the form of stronger operating profit. It is also worth noting that the Nederman Extraction & Filtration Technology division reported a positive performance in the US during the quarter. Meanwhile, we are continuing to see major investment decisions in the US being deferred into the future. Development in Asia was weak, with investments in China remaining at low levels.

#### Outlook

Many of our markets, not least the US and China, continue to be characterised by uncertainty. Trade conflicts and financial uncertainty mean that decisions on major investments are being delayed and that large projects are being postponed. We have also noted increasing signs of a general slowdown in the world economy. Despite these challenges, our basic view is one of cautious optimism. Environmental issues will remain important for our customers and we are continuing to strengthen our positions in several key areas where we see that future growth will occur. In Europe and North America, we will build on Nederman's strengths as a leading environmental technology company. In regard to the developments in Asia, which are not aligned with our ambitions, we are continuing our intensive efforts to reverse the trend.

#### Nederman Future Days

Clean air is becoming a rare luxury. According to the Health Effects Institute (HEI) in the US, 95 percent of the world's population is exposed every day to poor quality air. This is the basis for Nederman's ambition to become the "Clean Air Company" and to show that the solutions to current problems of air pollution largely can be found in industry.

This is also why we held the Nederman Future Days event during the quarter. For one day, we brought together leading experts in the environment, politics and economics to discuss the future. Speakers included prominent names, such as Robert O'Keefe, Vice President, Health Effects Institute (HEI), Connie Hedegaard, Danish politician, former European Commissioner for Climate Action and Danish Minister for Climate and Energy as well as Anders Borg, former Swedish Minister for Finance.

The day included many important discussions about how we can tackle the global problem of poor quality air and how the industry can be part of the solution - not the problem.

#### Sven Kristensson

CEO



Nederman Extraction & Filtration Technology's product range consists of a broad range of capturing devices, fans, high-vacuum products and reels for the distribution of a variety of liquids or compressed air.

## Nederman Extraction & Filtration Technology

**Nederman Extraction & Filtration Technology reported continued favourable development during the third quarter of the year, with strong organic growth in both orders received and sales. The core business involving the sales of products and smaller systems performed well during the third quarter of the year. Three major orders were registered in the quarter. The order book was strengthened during the first nine months of the year and is at a significantly higher level than at the corresponding time in 2018. Profitability for the quarter was stronger compared with the same period in 2018.**

### Development in the quarter

Many countries in Europe showed a positive trend during the quarter. In Germany, orders received grew, driven by several medium-sized orders. In the Nordic countries, the core business with sales of products and smaller systems displayed strong growth. In Sweden, a major oil mist order was booked. In the UK, product sales and aftermarket sales were at healthy levels for the quarter. Developments in southern Europe were more mixed. France reported good growth, while Spain and Portugal noted a slightly weaker trend compared with the corresponding quarter in 2018.

The US and Canada performed positively during the quarter. One major order was booked in the US in the quarter. Developments in Brazil were also positive, in part due to the strong trend for aftermarket sales.

Overall, Asia reported a weak quarter with the exception of Southeast Asia, which demonstrated solid growth supported by a large order in Thailand.

Distributor markets reported favourable performance during the quarter, with growth in several of the more mature markets. Digital orders have continued to increase as more countries and more partners are introduced to the division's webshop.

### Nederman Extraction & Filtration Technology

Sales are conducted both via a network of partners and through our own sales companies. The division also has significant aftermarket sales in the form of sales of spare parts and service. Customers come from a number of different industries with various types of air emissions that must be dealt with in an efficient and safe manner. The business activities are conducted under the Nederman brand.

SEKm	1 Jul-30 Sep 2019	1 Jan-30 Sep 2019
Incoming orders - External	493.8	1,449.8
Total sales	484.8	1,419.9
Adjusted EBITA	61.2	185.9
Adjusted EBITA margin, %	12.6	13.1



Nederman Process Technology's products include among other things, advanced filter solutions that are integrated in the customers' production processes where they catch harmful particles and gases, as well as other process critical equipment.

## Nederman Process Technology

**Sales for Nederman Process Technology were stable during the quarter while orders received were weaker, impacted by continued uncertainty and the postponement of major investments. During the quarter, the division continued its long-term work to improve productivity and strengthen profitability.**

### Development in the quarter

The third quarter was marked by substantial differences between the regions and between different industrial segments. The textile segment, which is an important industrial segment in Asia, is currently characterised by overcapacity and considerable caution in relation to major investments, due to the trade conflict between the US and China, among other factors. Accordingly, orders received from this segment were weak for the quarter, while sales were at a healthy level.

In EMEA, developments remained positive with good demand from foundries and smelters in the region. Healthy demand was also noted from the European recycling industry. Orders received in the quarter were as planned and the order book is at a healthy level. Some uncertainty exists surrounding the development of the European automotive industry, though any possible impact from this has not yet been reflected in the division's orders received.

In North America, orders received from the chemical sector were favourable for the first three quarters of the year and the order

book from this segment is at a stable level. However, it should be noted that demand is mainly for slightly smaller installations and orders for larger systems are still being deferred into the future.

Work to improve the division's productivity and profitability continued unabated during the quarter, and included the creation of a new and stronger organisation in the US.

### Nederman Process Technology

Sales activities are conducted by our sales force, which has direct contact with the division's customers. Although the number of orders is low, the individual order value is high. Nederman Process Technology works with a number of the world's leading companies and the relationships with customers are deep and long lasting. These customers are large companies in a wide range of industries, including the fibre, textile and chemical industries, metal recycling industry, foundries and smelters, and the waste industry. Nederman Process Technology conducts its business activities under four brands: MikroPul, Luwa, Pneumafil and LCI.

SEKm	1Jul-30 Sep 2019	1Jan-30 Sep 2019
Incoming orders - External	281.2	1,015.8
Total sales	418.6	1,273.3
Adjusted EBITA	21.5	76.3
Adjusted EBITA margin, %	5.1	6.0



Nederman Duct & Filter Technology works with different types of pipe systems, valves and filter elements to ensure good air quality in a number of industries.

## Nederman Duct & Filter Technology

Nederman Duct & Filter Technology performed favourably in the quarter, noting good currency-neutral growth in orders received and sales. However, demand remained weak in Asia and exports to Australia from the division's plant in Thailand was adversely impacted by exchange rate fluctuations. The development of the price of steel, especially in the US, is a factor that the division follows closely as it has a potentially large impact on pricing and margins. In the UK, concerns surrounding Brexit are creating uncertainty and dampening demand. The order book is at a higher level than at the corresponding time in 2018.

### Development in the quarter

Nordfab, which sells various types of pipe systems, experienced yet another good quarter. In the US, the average order size increased, which resulted in a slight deterioration in the gross profit margin, but gross profit remains at a good level. Nordfab has recently invested in its sales organisation and broadened its network of resellers, and this resulted in a continued improvement in sales in the Americas and EMEA.

Menardi, which sells the division's filter solutions, noted a slightly weaker development, due in part to customers in the US postponing decisions on larger investments. In EMEA, Menardi reported strong growth compared with the corresponding period in 2018.

A modest improvement in orders received in Asia was reported compared with the corresponding period of 2018, while sales were slightly lower.

### Nederman Duct & Filter Technology

Sales are mainly conducted via distributors, but Nederman Duct & Filter Technology also has a large share of internal sales to Nederman's other divisions. Customers are found in a wide range of industries, such as the woodworking industry, furniture industry, metalworking, cement and concrete industry, recycling industry, automotive industry, plastics manufacturing industry, chemical industry and others. Nederman Duct & Filter Technology conducts its business activities under two brands: Nordfab and Menardi.

SEKm	1 Jul-30 Sep 2019	1 Jan-30 Sep 2019
Incoming orders - External	135.4	384.6
Total sales	154.7	440.0
Adjusted EBITA	21.0	61.3
Adjusted EBITA margin, %	13.6	13.9



Nederman Monitoring & Control Technology's digital offering is based on a platform, consisting of hardware installed in Nederman's products and solutions, and software that communicates with the cloud and provides customers with information and insight into critical parameters and processes.

## Nederman Monitoring & Control Technology

**Nederman Monitoring & Control Technology noted a slightly weaker performance for orders received during the quarter while sales grew organically. The upgraded Nederman Insight digital platform - with improved functionality and optimised for use in additional industries - was launched during the second quarter of the year and now covers a major part of the Nederman Group's customer segments.**

### Development in the quarter

Nederman Monitoring & Control Technology works continuously to develop new, innovative solutions that are adapted to the future in terms of IoT and other technologies. During the third quarter of the year, this development work took significant steps forward. During the quarter, the development of the Smartbox universal control panel was completed, and addresses a wide range of system requirements and can be used for anything from small, simple installations up to large and complex systems. Smartbox was launched internally in August and September and will be released to the market later this year.

During the quarter, the development of a new filter system by the sistersegment Nederman Extraction & Filtration Technology, which can be combined with new, digital solutions and used in an IoT environment, was also completed. The new solution, which helps customers to report regulatory compliance and contributes to a good work and production environment, will be launched at FabTech in Chicago later this autumn.

Nederman Monitoring & Control Technology is now continuing its work to create and build new integrated digital solutions, which it will achieve through the use of expertise from NEO Monitors and Auburn FilterSense, among others. The division is also planning to further develop the position of NEO Monitors in the US market, which is expected to have a positive impact on sales and earnings from 2020 and beyond.

### Nederman Monitoring & Control Technology

Nederman Monitoring & Control Technology conducts sales through the division's own companies and their network of distributors. Sales are also conducted through other divisions within Nederman. Monitoring & Control Technology works with a broad spectrum of industries that need to continuously monitor and steer their production and processes. Nederman Monitoring & Control Technology conducts its business activities under three brands: Nederman Insight, NEO Monitors and Auburn FilterSense.

SEKm	1 Jul-30 Sep 2019	1 Jan-30 Sep 2019
Incoming orders - External	54.2	177.5
Total sales	56.2	165.7
Adjusted EBITA	1.5	12.0
Adjusted EBITA margin, %	2.7	7.2

# Regions

## Americas

SEKm	Note	1Jul-30 Sep		Currency- neutral growth %	Organic growth, %	1Jan-30 Sep		Currency- neutral growth %	Organic growth, %	Full year 2018	Oct-Sep 12 months
		2019	2018			2019	2018				
Incoming orders		351.7	309.7	-1.4	-1.5	1,009.0	932.6	-3.4	-5.2	1,259.6	1,336.0
External net sales	1	374.5	307.0	6.2	4.8	1,050.6	907.5	3.5	-0.2	1,246.8	1,389.9
Adjusted operating profit*		30.9	26.6			102.6	82.3			123.1	143.4
Adjusted operating margin, %*		8.2	8.7			9.8	9.1			9.9	10.3

## EMEA

SEKm	Note	1Jul-30 Sep		Currency- neutral growth %	Organic growth, %	1Jan-30 Sep		Currency- neutral growth %	Organic growth, %	Full year 2018	Oct-Sep 12 months
		2019	2018			2019	2018				
Incoming orders		470.2	412.9	11.4	4.9	1,530.6	1,263.1	18.2	7.4	1,731.6	1,999.1
External net sales	1	559.7	410.5	33.7	6.9	1,601.5	1,244.1	25.7	4.7	1,768.3	2,125.7
Adjusted operating profit*		76.8	49.7			211.5	170.9			266.2	306.8
Adjusted operating margin, %*		13.7	12.1			13.2	13.7			15.1	14.4

## APAC

SEKm	Note	1Jul-30 Sep		Currency- neutral growth %	Organic growth, %	1Jan-30 Sep		Currency- neutral growth %	Organic growth, %	Full year 2018	Oct-Sep 12 months
		2019	2018			2019	2018				
Incoming orders		142.7	95.3	41.4	-5.2	488.1	316.0	49.5	-16.9	488.3	660.4
External net sales	1	154.4	117.7	25.3	-24.5	569.1	333.3	65.8	-15.1	538.8	774.6
Adjusted operating profit*		-1.9	-1.1			15.6	1.2			18.3	32.7
Adjusted operating margin, %*		-1.2	-0.8			2.7	0.4			3.4	4.2

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

# Quarter 3, 2019

## Incoming orders and sales

Incoming orders during the quarter amounted to SEK 964.6m (817.9). Adjusted for currency effects, this corresponds to an increase of 10.0 percent compared with the corresponding period last year.

Sales for the quarter amounted to SEK 1,088.6m (835.2). Adjusted for currency effects, this corresponds to an increase of 22.4 percent compared with the corresponding period last year.

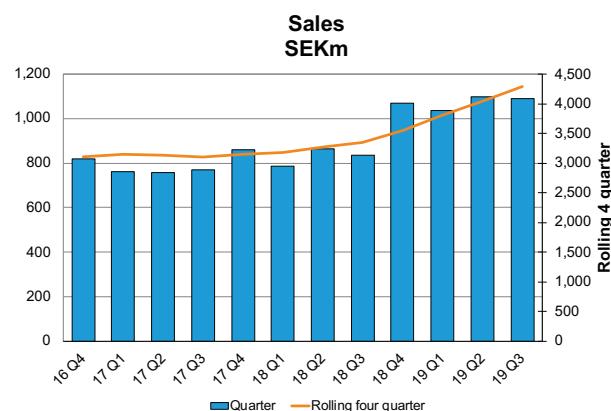
## Profit/loss

The consolidated operating profit for the quarter amounted to SEK 77.9m (53.5)\*, which gave an operating margin of 7.2 percent (6.4)\*.

Profit before tax increased to 72.6 Mkr (44.2)\*. Net profit amounted to SEK 52.8m (33.1)\*, which gave earnings per share of SEK 1.50 kr (0.94)\*.

## Capital expenditure

Capital expenditure during the quarter amounted to SEK 34.7m (21.1)\*. Capital expenditure includes this year's investments in Right-of-use assets, see accounting policies IFRS 16 pages 13-14.



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# January - September, 2019

## Incoming orders and sales

Incoming orders amounted to SEK 3,027.7m (2,511.7). Adjusted for currency effects, this corresponds to an increase of 14.2 percent compared with the same period last year.

Sales amounted to SEK 3,221.2m (2,484.9). Adjusted for currency effects, this corresponds to an increase of 23.0 percent compared with the same period last year.

## Profit/loss

Consolidated operating profit for the period amounted to SEK 234.5m (185.7)\*, which gave an operating margin of 7.3 percent (7.5)\*.

Adjusted operating profit amounted to SEK 235.9m (189.5)\*. Adjusted operating margin amounted to 7.3 percent (7.6)\*.

Profit before tax increased to SEK 212.4m (153.1)\*. Net profit amounted to SEK 153.4m (113.4)\*, which gave earnings per share of SEK 4.37 (3.23)\*.

## Cash flow

Cash flow for the period amounted to SEK -69.7m (-140.5)\* and cash flow from operating activities amounted to SEK 116.0m (91.0)\*.

## Capital expenditure

Capital expenditure during the period amounted to SEK 93.9m (70.8)\*, of which capitalised development costs amounted to SEK 10.2m (3.4). Capital expenditure includes this year's investments in Right-of-use assets, see accounting policies IFRS 16 pages 13-14.

## Other financial information

Liquidity: At the end of the period the Group had SEK 412.9m in cash and cash equivalents as well as SEK 91.1m in available but unutilised overdraft facilities.

The group has refinanced its external loans and entered into a revolving loan agreement of SEK 1,500.0m with SEB and SHB. Further, the group entered into a bilateral loan agreement with Svensk Export Kredit of SEK 500.0m. The agreements have a three year maturity with extension options for two additional years. At the end of the period, the group had SEK 1,043.4m in available funds from the revolving loan agreement with SEB & SHB

The equity in the Group as of 30 Sep 2019 amounted to SEK 1,338.3m (1,177.3)\*. An ordinary dividend of SEK 2.30 per share was paid to shareholders in the second quarter, amounting in total to SEK 80.7m. The total number of shares outstanding amounted to 35,093,096 at the end of the period.

As a result of the share split that was approved by the 2018 annual general meeting having been completed, the number of shares were increased by 23,430,680. As per 30 September 2019, the total number of shares and votes in the company amounts to 35,146,020. The share capital remains unchanged and the par value of the share is changed from SEK 0.1 to SEK 0.03. The earnings per share in the previous year has been adjusted based on the number of shares outstanding after the share split.

The equity ratio for the Group amounted to 31.3 percent as of 30 Sep 2019 (34.6)\*. The net debt/equity ratio amounted to 71.5 percent (76.9)\*.

Net debt has been affected negatively by an increased pension liability, which during 2019 has increased by SEK 90m. The increased pension liability is mainly a result of decreased discount rates of the Group's defined benefit plans.

## Number of employees

The average number of employees during the period amounted to 2,188 (1,760). The number of employees at the end of the period amounted to 2,250 (1,811).

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

# Key figures, Group

SEKm	1 Jul-30 Sep		1 Jan-30 Sep		Full year	
	2019	2018*	2019	2018*	2018*	12 months*
Net sales	1,088.6	835.2	3,221.2	2,484.9	3,553.9	4,290.2
Adjusted EBITDA	114.9	85.4	344.3	282.5	440.1	501.9
Adjusted EBITDA margin, %	10.6	10.2	10.7	11.4	12.4	11.7
Operating profit	77.9	53.5	234.5	185.7	305.7	354.5
Operating margin, %	7.2	6.4	7.3	7.5	8.6	8.3
Adjusted operating profit	77.9	53.5	235.9	189.5	318.9	365.3
Adjusted operating margin, %	7.2	6.4	7.3	7.6	9.0	8.5
Profit before tax	72.6	44.2	212.4	153.1	267.5	326.8
Net profit	52.8	33.1	153.4	113.4	202.8	242.8
Earnings per share, SEK	1.50	0.94	4.37	3.23	5.78	6.92
Return on equity, %	15.9	11.3	15.9	13.5	17.7	19.3
Return on operating capital, %	13.7	10.2	14.6	12.8	16.5	16.7
Net debt					787.6	956.7
Net debt/equity ratio, %					63.8	71.5
Net debt/Adjusted EBITDA, multiple					1.8	1.9
Interest cover ratio, multiple					7.5	9.2

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

# Outlook

Many of Nederman's markets show continued uncertainty. The ongoing trade conflicts and financial uncertainty prolong decisions on large investments and large projects are postponed. Despite these geopolitical challenges, Nederman has a cautious-

ly optimistic basic outlook. Environmental issues will continue to be important for the Group's customers and Nederman has strengthened its position in many crucial areas where future growth is expected to be.

# Other information

## Risks and uncertainties

The Nederman Group and the parent company are exposed to a number of risks, mainly due to purchasing and selling of products in foreign currencies. The risks and uncertainties are described in more detail in the 2018 Annual Report in the Directors' Report on pages 52-53 and in Note 24. No circumstances have arisen to change the assessment of identified risks.

## Nomination Committee

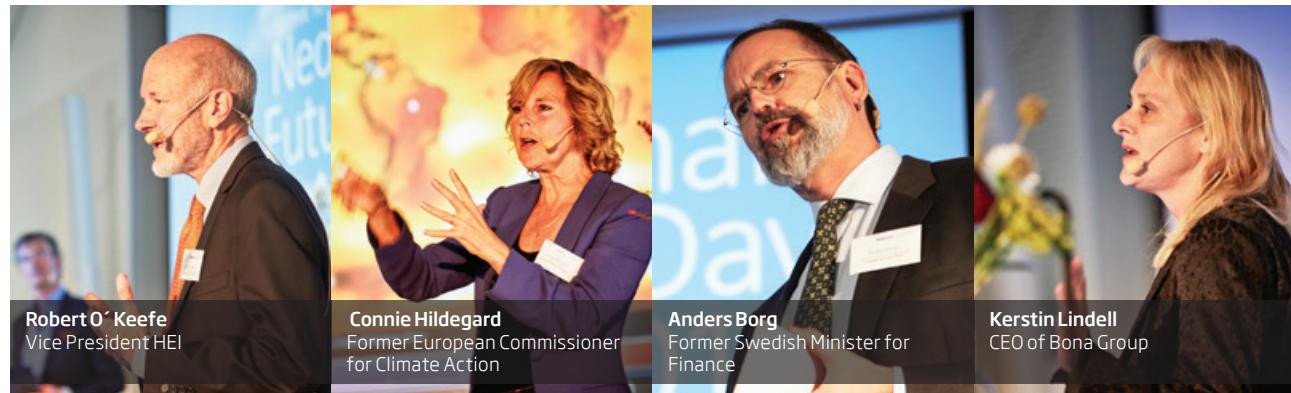
According to the guidelines approved by the Annual General Meeting concerning the work of the Nomination Committee, Anders Mörck (Investment AB Latour), Chairman, Claes Murander (Lannebo Fonder), Henrik Forsberg Schoultz (Ernström & Co) and

Fredrik Ahlin (IF Skadeförsäkring AB (publ)), have been appointed members of the Nomination Committee ahead of the 2020 Annual General Meeting. Johan Hjertonsson, Chairman of Nederman's Board of Directors, is a co-opted member of the Committee. For questions concerning the work of the Nomination Committee, contact anders.morck@latour.se.

## Organisation

During the period, Aage Snorgaard has left his position as SVP, Head of Division Monitoring & Control Technology. The recruitment process is under way to find his successor. Sven Kristensson is leading the work in the division until a successor to Aage Snorgaard has been appointed.

# Nederman Future Days



On Tuesday, 17 September, "Nederman Future Days" was held to shine the spotlight on the global problem of poor quality air and how Nederman's products and systems can become an integrated part of the solution.

According to the Health Effects Institute (HEI) in the US, 95 percent of the world's population is exposed every day to poor quality air. One of the speakers during the day was **Robert O'Keefe** from HEI who spoke about air quality and health in a global perspective. **Connie Hildegard**, the Danish politician and former European Commissioner for Climate Action and Danish Minister for Climate and Energy, spoke in her address about the next steps towards a more sustainable world - who must do what. **Anders Borg**, former Swedish Minister for Finance, described in his address how digitalisation and globalisation will transform our economy and our future.

Other speakers included Nederman's President and CEO **Sven Kristensson** who talked about digitalisation, technology and how companies such as Nederman are part of the solution to create good regulatory compliance in industry, and thereby promote clean and healthy air.

**Tomas Hagström** and **Hans Dahlén** provided perspectives on how digitalisation and the connected world are creating the foundation for the fourth industrial revolution and **Kerstin Lindell**, CEO of Bona Group, spoke about sustainable innovation and how sustainability can be the core of research, development and growth.

The day ended with a panel discussion for all participants and questions from the large audience of about 250 people.

# Statement

The Board and CEO confirm that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the Group. The report has been reviewed by the company's auditor.

**Helsingborg 17 October 2019**

**Johan Hjertonsson**  
Chairman

**Gunilla Fransson**  
Member of the Board

**Ylva op den Velde Hammargren**  
Member of the Board

**Sam Strömerstén**  
Member of the Board

**Sven Kristensson**  
Member of the Board  
and CEO

**Johan Menckel**  
Member of the Board

# Accounting policies

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The report for the parent company has been prepared in accordance with Swedish Annual Accounts Act chapter 9 and RFR 2. The same accounting policies and valuation principles, except for amendments below in relation to IFRS 16 for the Group, as described in the latest annual report, see also pages 67-72 of the 2018 Annual Report, have been applied both to the Group and the parent company. The parent company applies the exemption in RFR 2 regarding IFRS 16, which means that all leases will continue to be reported as operating expenses in the income statement.

## Changes that will come into effect on 1 January 2019 and beyond

### IFRS 16 Leases

IFRS 16 with application for financial years commencing on 1 January 2019 supersedes IAS 17, Leases, and related interpretations. IFRS 16 establishes policies for accounting, valuation, presentation and disclosure of leasing agreements and states that lessees must report leases in the statement of financial position. This recognition model is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for that right. This means that at the start date, a right of use asset that represents the right to use the underlying asset during the lease term and a lease liability that represents the present value of future lease payments are recognised in the financial statement. Depreciation costs for the right of use asset and interest expenses for the lease liability are reported in the consolidated income statement and statement of comprehensive income. After the date the lease is entered into, the lease liability is remeasured so that it reflects changes in the lease payments, for example with a change in the lease term or indexation of future lease payments. The remeasurement amount is reported as an adjustment of the right of use asset.

Nederman's primary asset class is properties, such as factories and offices, but also machinery, vehicles and equipment. The

standard contains two exceptions for reporting in the statement of financial position that Nederman applies; short-term leases (lease term of 12 months or less) and leases for which the underlying asset has a low value (USD 5,000). These lease payments are recognised as operating expenses in the income statement and are therefore not included in the right of use asset or the lease liability.

The definitions according to IFRS 16 are applied when assessing whether a contract contains a leased asset. A right of use asset is defined as an identified asset for which Nederman essentially is entitled to the economic benefits arising from the use of the asset and where Nederman has the right to control the use of the asset. The lease term is determined on the basis of the non-cancellable period according to the lease contract. If the contract contains an extension option and there is reasonable certainty that this will be utilised, the lease term applied consists of the non-cancellable period plus the assessed period of the extension.

The discount rate primarily consists of the implicit interest if it is available according to the lease contract. For other leasing agreements, the discount rate is the marginal loan rate. The marginal loan interest rate consists of an interest margin based on the lessee's (subsidiary within the Group) credit rating and a reference interest rate (IBOR) for the specific currency and the term of the lease asset.

In connection with the transition to IFRS 16, the Group has applied a retroactive method, which means that figures for the 2018 financial year have been restated in accordance with the new standard. Thus, the opening balances for 2018 have been restated and the cumulative effect of applying IFRS 16 retroactively is reported as of 1 January 2018 as a transition effect in equity.

The transition to IFRS 16 has had the following effect on the Group's income statement, statement of financial position, cash flow and key figures:

Effect on the consolidated income statement, SEKm	1 Jul-30 Sep, 2018			1 Jan-30 Sep, 2018			1 Jan-31 Dec, 2018		
	Previously published accounts	IFRS 16 adjustments	Restated accounts	Previously published accounts	IFRS 16 adjustments	Restated accounts	Previously published accounts	IFRS 16 adjustments	Restated accounts
Netsales	835.2	-	835.2	2,484.9	-	2,484.9	3,553.9	-	3,553.9
Cost of goods sold	-530.1	1.4	-528.7	-1,552.5	3.8	-1,548.7	-2,227.0	5.1	-2,221.9
<b>Gross profit</b>	<b>305.1</b>	<b>1.4</b>	<b>306.5</b>	<b>932.4</b>	<b>3.8</b>	<b>936.2</b>	<b>1,326.9</b>	<b>5.1</b>	<b>1,332.0</b>
Selling expenses	-178.4	1.2	-177.2	-542.6	3.5	-539.1	-735.2	4.6	-730.6
Administrative expenses	-60.6	0.2	-60.4	-187.8	0.6	-187.2	-253.0	0.9	-252.1
Research and development expenses	-10.1	0.1	-10.0	-29.5	0.2	-29.3	-44.3	0.2	-44.1
Other operating income/expenses	-5.4	-	-5.4	5.1	-	5.1	0.5	-	0.5
<b>Operating profit</b>	<b>50.6</b>	<b>2.9</b>	<b>53.5</b>	<b>177.6</b>	<b>8.1</b>	<b>185.7</b>	<b>294.9</b>	<b>10.8</b>	<b>305.7</b>
Net financial items	-6.7	-2.6	-9.3	-24.4	-8.2	-32.6	-26.9	-11.3	-38.2
<b>Profit before tax</b>	<b>43.9</b>	<b>0.3</b>	<b>44.2</b>	<b>153.2</b>	<b>-0.1</b>	<b>153.1</b>	<b>268.0</b>	<b>-0.5</b>	<b>267.5</b>
Taxes	-11.0	-0.1	-11.1	-39.7	0.0	-39.7	-64.8	0.1	-64.7
<b>Net profit</b>	<b>32.9</b>	<b>0.2</b>	<b>33.1</b>	<b>113.5</b>	<b>-0.1</b>	<b>113.4</b>	<b>203.2</b>	<b>-0.4</b>	<b>202.8</b>

Effect on the consolidated financial position, SEKm	1 January, 2018			30 September, 2018			31 December, 2018		
	Previously published accounts	IFRS16 adjustments	Restated accounts	Previously published accounts	IFRS16 adjustments	Restated accounts	Previously published accounts	IFRS16 adjustments	Restated accounts
<b>Assets</b>									
Right-of-use assets	-	183.2	183.2	-	179.1	179.1	-	211.0	211.0
Long-term receivables	5.4	6.6	12.0	9.6	6.4	16.0	6.6	5.7	12.3
Deferred tax assets	16.8	-	16.8	13.8	0.0	13.8	20.3	0.1	20.4
Other fixed assets	1,449.1	-	1,449.1	1,564.7	-	1,564.7	1,755.5	1.0	1,756.5
<b>Total fixed assets</b>	<b>1,471.3</b>	<b>189.8</b>	<b>1,661.1</b>	<b>1,588.1</b>	<b>185.5</b>	<b>1,773.6</b>	<b>1,782.4</b>	<b>217.8</b>	<b>2,000.2</b>
Other current receivables	222.4	1.2	223.6	359.8	1.4	361.2	414.3	1.3	415.6
Other current assets	1,277.2	-	1,277.2	1,263.1	-	1,263.1	1,604.7	-	1,604.7
<b>Total current assets</b>	<b>1,499.6</b>	<b>1.2</b>	<b>1,500.8</b>	<b>1,622.9</b>	<b>1.4</b>	<b>1,624.3</b>	<b>2,019.0</b>	<b>1.3</b>	<b>2,020.3</b>
<b>Total assets</b>	<b>2,970.9</b>	<b>191.0</b>	<b>3,161.9</b>	<b>3,211.0</b>	<b>186.9</b>	<b>3,397.9</b>	<b>3,801.4</b>	<b>219.1</b>	<b>4,020.5</b>
<b>Equity</b>	<b>1,075.8</b>	<b>-15.0</b>	<b>1,060.8</b>	<b>1,192.4</b>	<b>-15.1</b>	<b>1,177.3</b>	<b>1,250.3</b>	<b>-15.4</b>	<b>1,234.9</b>
<b>Liabilities</b>									
Long-term lease liabilities	0.3	155.2	155.5	0.4	148.3	148.7	0.4	174.2	174.6
Other long-term liabilities	1,125.8	-	1,125.8	1,136.5	-	1,136.5	1,286.5	-	1,286.5
<b>Total long-term liabilities</b>	<b>1,126.1</b>	<b>155.2</b>	<b>1,281.3</b>	<b>1,136.9</b>	<b>148.3</b>	<b>1,285.2</b>	<b>1,286.9</b>	<b>174.2</b>	<b>1,461.1</b>
Current lease liabilities	0.1	50.8	50.9	0.1	53.7	53.8	0.2	60.3	60.5
Other current liabilities	768.9	-	768.9	881.6	-	881.6	1,264.0	-	1,264.0
<b>Total current liabilities</b>	<b>769.0</b>	<b>50.8</b>	<b>819.8</b>	<b>881.7</b>	<b>53.7</b>	<b>935.4</b>	<b>1,264.2</b>	<b>60.3</b>	<b>1,324.5</b>
<b>Total liabilities</b>	<b>1,895.1</b>	<b>206.0</b>	<b>2,101.1</b>	<b>2,018.6</b>	<b>202.0</b>	<b>2,220.6</b>	<b>2,551.1</b>	<b>234.5</b>	<b>2,785.6</b>
<b>Total equity and liabilities</b>	<b>2,970.9</b>	<b>191.0</b>	<b>3,161.9</b>	<b>3,211.0</b>	<b>186.9</b>	<b>3,397.9</b>	<b>3,801.4</b>	<b>219.1</b>	<b>4,020.5</b>

Effect on the consolidated cash flow statement, SEKm	1 Jan-30 Sep, 2018			1 Jan-31 Dec, 2018		
	Previously published accounts	IFRS16 adjustments	Restated accounts	Previously published accounts	IFRS16 adjustments	Restated accounts
Operating profit	177.6	8.1	185.7	294.9	10.8	305.7
Adjustment for:						
Depreciation and amortisation of fixed assets	51.2	41.8	93.0	63.9	57.3	121.2
Interest paid and other financial items	-20.2	-8.2	-28.4	-25.3	-11.3	-36.6
Cash flow from other operating activities	-159.3	-	-159.3	-118.9	-	-118.9
<b>Cash flow from operating activities</b>	<b>49.3</b>	<b>41.7</b>	<b>91.0</b>	<b>214.6</b>	<b>56.8</b>	<b>271.4</b>
Cash flow from investing activities	-65.8	-	-65.8	-117.3	-	-117.3
<b>Cash flow before financing activities</b>	<b>-16.5</b>	<b>41.7</b>	<b>25.2</b>	<b>97.3</b>	<b>56.8</b>	<b>154.1</b>
Cash flow from financing activities	-124.0	-41.7	-165.7	-9.6	-56.8	-66.4
<b>Cash flow for the period</b>	<b>-140.5</b>	<b>-</b>	<b>-140.5</b>	<b>87.7</b>	<b>-</b>	<b>87.7</b>

Effect on key figures, SEKm	1 Jul-30 Sep, 2018		1 Jan-30 Sep, 2018		1 Jan-31 Dec, 2018	
	Previously published accounts	Restated accounts	Previously published accounts	Restated accounts	Previously published accounts	Restated accounts
EBITDA	68.4	85.4	228.8	278.7	358.8	426.9
Adjusted EBITDA	68.4	85.4	232.6	282.5	372.0	440.1
Adjusted EBITDA margin, %	8.2	10.2	9.4	11.4	10.5	12.4
Operating profit	50.6	53.5	177.6	185.7	294.9	305.7
Operating margin, %	6.1	6.4	7.1	7.5	8.3	8.6
Adjusted operating profit	50.6	53.5	181.4	189.5	308.1	318.9
Adjusted operating margin, %	6.1	6.4	7.3	7.6	8.7	9.0
Profit before tax	43.9	44.2	153.2	153.1	268.0	267.5
Net profit	32.9	33.1	113.5	113.4	203.2	202.8
Earnings per share, SEK	0.94	0.94	3.23	3.23	5.79	5.78
Return on equity, %	11.1	11.3	13.3	13.5	17.5	17.7
Return on operating capital, %	10.6	10.2	13.6	12.8	17.8	16.5
Net debt					553.1	787.6
Net debt/equity ratio, %					44.2	63.8
Net debt/Adjusted EBITDA, multiple					1.5	1.8
Interest cover ratio, multiple					9.8	7.5

## Consolidated income statement in summary

SEK million	Note	1 Jul-30 Sep		1 Jan-30 Sep		Full year 2018*	Oct-Sep 12 months*
		2019	2018*	2019	2018*		
Net sales	1	1,088.6	835.2	3,221.2	2,484.9	3,553.9	4,290.2
Cost of goods sold		-699.6	-528.7	-2,054.2	-1,548.7	-2,221.9	-2,727.4
<b>Gross profit</b>		<b>389.0</b>	<b>306.5</b>	<b>1,167.0</b>	<b>936.2</b>	<b>1,332.0</b>	<b>1,562.8</b>
Selling expenses		-212.2	-177.2	-633.1	-539.1	-730.6	-824.6
Administrative expenses		-89.1	-60.4	-260.8	-187.2	-252.1	-325.7
Research and development expenses		-17.2	-10.0	-46.6	-29.3	-44.1	-61.4
Acquisition costs		-0.0	-0.0	-1.4	-3.8	-13.2	-10.8
Other operating income/expenses		7.4	-5.4	9.4	8.9	13.7	14.2
<b>Operating profit</b>		<b>77.9</b>	<b>53.5</b>	<b>234.5</b>	<b>185.7</b>	<b>305.7</b>	<b>354.5</b>
Financial income		5.9	1.1	11.0	2.6	5.0	13.4
Financial expense		-11.2	-10.4	-33.1	-35.2	-43.2	-41.1
<b>Net financial items</b>		<b>-5.3</b>	<b>-9.3</b>	<b>-22.1</b>	<b>-32.6</b>	<b>-38.2</b>	<b>-27.7</b>
<b>Profit before tax</b>		<b>72.6</b>	<b>44.2</b>	<b>212.4</b>	<b>153.1</b>	<b>267.5</b>	<b>326.8</b>
Taxes		-19.8	-11.1	-59.0	-39.9	-64.7	-84.0
<b>Net profit</b>		<b>52.8</b>	<b>33.1</b>	<b>153.4</b>	<b>113.4</b>	<b>202.8</b>	<b>242.8</b>
<b>Net profit attributable to:</b>							
The parent company's shareholders		52.8	33.1	153.4	113.4	202.8	242.8
<b>Earnings per share</b>							
before dilution (SEK)		1.50	0.94	4.37	3.23	5.78	6.92
after dilution (SEK)		1.50	0.94	4.37	3.23	5.78	6.92

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

# Consolidated statement of comprehensive income in summary

SEK million	1 Jul-30 Sep		1 Jan-30 Sep		Full year	Oct-Sep
	2019	2018*	2019	2018*	2018*	12 months*
<b>Net profit</b>	<b>52.8</b>	<b>33.1</b>	<b>153.4</b>	<b>113.4</b>	<b>202.8</b>	<b>242.8</b>
<b>Other comprehensive income</b>						
<b>Items that cannot be reclassified to net profit</b>						
Revaluation of defined-benefit pension plans	-89.0	-1.4	-90.2	-2.3	-15.5	-103.4
Tax attributable to items that cannot be reclassified to net profit	21.5	0.4	21.8	0.6	3.8	25.0
	<b>-67.5</b>	<b>-1.0</b>	<b>-68.4</b>	<b>-1.7</b>	<b>-11.7</b>	<b>-78.4</b>
<b>Items that have been or can be reclassified to net profit</b>						
Exchange differences arising on translation of foreign operations	29.6	-16.0	98.7	76.0	54.3	77.0
Cash flow hedges	-	-0.0	0.0	-0.0	-0.1	-0.1
Tax attributable to items that can be reclassified to net profit	-	0.0	-	0.0	0.0	0.0
	<b>29.6</b>	<b>-16.0</b>	<b>98.7</b>	<b>76.0</b>	<b>54.2</b>	<b>76.9</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-37.9</b>	<b>-17.0</b>	<b>30.3</b>	<b>74.3</b>	<b>42.5</b>	<b>-1.5</b>
<b>Total comprehensive income for the period</b>	<b>14.9</b>	<b>16.1</b>	<b>183.7</b>	<b>187.7</b>	<b>245.3</b>	<b>241.3</b>
<b>Total comprehensive income attributable to:</b>						
The parent company's shareholders	14.9	16.1	183.7	187.7	245.3	241.3

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

# Consolidated statement of financial position in summary

SEK million	Note	30 Sep 2019	30 Sep 2018*	31 Dec 2018*
<b>Assets</b>				
Goodwill		1,260.5	1,064.0	1,183.4
Other intangible assets		271.0	244.4	261.5
Tangible assets		337.7	256.3	311.6
Right-of-use assets		196.3	179.1	211.0
Long-term receivables		12.4	16.0	12.3
Deferred tax assets		31.5	13.8	20.4
<b>Total fixed assets</b>		<b>2,109.4</b>	<b>1,773.6</b>	<b>2,000.2</b>
Inventories		647.1	486.1	562.0
Accounts receivable	3	639.8	545.9	578.8
Other current receivables	3	466.9	361.2	415.6
Cash and cash equivalents	3	412.9	231.1	463.9
<b>Total current assets</b>		<b>2,166.7</b>	<b>1,624.3</b>	<b>2,020.3</b>
<b>Total assets</b>		<b>4,276.1</b>	<b>3,397.9</b>	<b>4,020.5</b>
<b>Equity</b>		<b>1,338.3</b>	<b>1,177.3</b>	<b>1,234.9</b>
<b>Liabilities</b>				
Long-term interest-bearing liabilities	3	951.8	801.5	917.4
Long-term lease liabilities	3	158.5	148.7	174.6
Other long-term liabilities	3	242.1	179.3	231.7
Pension liabilities		181.3	124.8	90.9
Other provisions		19.5	8.9	17.1
Deferred tax liabilities		21.4	22.0	29.4
<b>Total long-term liabilities</b>		<b>1,574.6</b>	<b>1,285.2</b>	<b>1,461.1</b>
Current interest-bearing liabilities	3	16.2	8.1	8.1
Current lease liabilities	3	61.8	53.8	60.5
Accounts payable	3	424.1	325.9	444.6
Other current liabilities	3	827.6	526.2	783.2
Provisions		33.5	21.4	28.1
<b>Total current liabilities</b>		<b>1,363.2</b>	<b>935.4</b>	<b>1,324.5</b>
<b>Total liabilities</b>		<b>2,937.8</b>	<b>2,220.6</b>	<b>2,785.6</b>
<b>Total equity and liabilities</b>		<b>4,276.1</b>	<b>3,397.9</b>	<b>4,020.5</b>

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

## Consolidated statement of changes in equity in summary

SEK million	30 Sep 2019	30 Sep 2018*	31 Dec 2018*
Opening balance at beginning of period	1,234.9	1,075.8	1,075.8
Transition effect IFRS 16	-	-15.0	-15.0
Net profit	153.4	113.4	202.8
Other comprehensive income			
Change in translation reserve for the period	98.7	76.0	54.3
Cash flow hedges, net of tax	0.0	-0.0	-0.1
Revaluation of defined-benefit pension plans, net of tax	-68.4	-1.7	-11.7
<b>Total other comprehensive income for the period</b>	<b>30.3</b>	<b>74.3</b>	<b>42.5</b>
<b>Total comprehensive income for the period</b>	<b>183.7</b>	<b>187.7</b>	<b>245.3</b>
Transactions with Group owners			
Dividend paid	-80.7	-70.2	-70.2
Share-based remuneration	0.4	-1.0	-1.0
<b>Closing balance at end of period</b>	<b>1,338.3</b>	<b>1,177.3</b>	<b>1,234.9</b>

## Consolidated cash flow statement in summary

SEK million	1 Jan-30 Sep 2019	2018*	Full year 2018*	Oct-Sep 12 months*
Operating profit	234.5	185.7	305.7	354.5
Adjustment for:				
Depreciation and amortisation of fixed assets	108.4	93.0	121.2	136.6
Other adjustments	4.3	-12.7	-10.4	6.6
Interest received and paid incl. other financial items	-30.6	-28.4	-36.6	-38.8
Taxes paid	-63.6	-31.4	-36.0	-68.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>253.0</b>	<b>206.2</b>	<b>343.9</b>	<b>390.7</b>
Cash flow from changes in working capital	-137.0	-115.2	-72.5	-94.3
<b>Cash flow from operating activities</b>	<b>116.0</b>	<b>91.0</b>	<b>271.4</b>	<b>296.4</b>
Net investment in fixed assets	-63.8	-27.5	-50.6	-86.9
Acquisitions	-4.1	-38.3	-66.7	-32.5
<b>Cash flow before financing activities</b>	<b>48.1</b>	<b>25.2</b>	<b>154.1</b>	<b>177.0</b>
Dividend paid	-80.7	-70.2	-70.2	-80.7
Cash flow from other financing activities	-37.1	-95.5	3.8	62.2
<b>Cash flow for the period</b>	<b>-69.7</b>	<b>-140.5</b>	<b>87.7</b>	<b>158.5</b>
Cash and cash equivalents at beginning of period	463.9	360.9	360.9	231.1
Translation differences	18.7	10.7	15.3	23.3
<b>Cash and cash equivalents at end of period</b>	<b>412.9</b>	<b>231.1</b>	<b>463.9</b>	<b>412.9</b>

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

## Income statement for the parent company in summary

SEK million	1 Jul-30 Sep		1 Jan-30 Sep		Full year 2018	Oct-Sep 12 months
	2019	2018	2019	2018		
Operating profit/loss	-16.2	-16.4	-64.8	-57.2	-82.3	-89.9
Result from investment in subsidiaries	20.4	26.1	70.5	63.5	63.5	70.5
Other financial items	-0.1	-1.8	-13.8	-19.2	-7.5	-2.1
<b>Profit/loss after financial items</b>	<b>4.1</b>	<b>7.9</b>	<b>-8.1</b>	<b>-12.9</b>	<b>-26.3</b>	<b>-21.5</b>
Appropriations	-	-	-	-	143.6	143.6
<b>Profit/loss before tax</b>	<b>4.1</b>	<b>7.9</b>	<b>-8.1</b>	<b>-12.9</b>	<b>117.3</b>	<b>122.1</b>
Taxes	-6.3	-1.6	-9.6	-4.4	-13.0	-18.2
<b>Net profit/loss for the period</b>	<b>-2.2</b>	<b>6.3</b>	<b>-17.7</b>	<b>-17.3</b>	<b>104.3</b>	<b>103.9</b>

## Statement of comprehensive income for the parent company in summary

SEK million	1 Jul-30 Sep		1 Jan-30 Sep		Full year 2018	Oct-Sep 12 months
	2019	2018	2019	2018		
<b>Net profit/loss</b>	<b>-2.2</b>	<b>6.3</b>	<b>-17.7</b>	<b>-17.3</b>	<b>104.3</b>	<b>103.9</b>
Other comprehensive income	-	-	-	-	-	-
Items that cannot be reclassified to net profit/loss	-	-	-	-	-	-
Items that have been or can be reclassified to net profit/loss	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-2.2</b>	<b>6.3</b>	<b>-17.7</b>	<b>-17.3</b>	<b>104.3</b>	<b>103.9</b>

## Balance sheet for the parent company in summary

SEK million	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>Assets</b>			
Total fixed assets	1,617.0	1,389.1	1,603.5
Total current assets	136.8	477.5	332.5
<b>Total assets</b>	<b>1,753.8</b>	<b>1,866.6</b>	<b>1,936.0</b>
Shareholders' Equity	803.9	780.3	901.9
Untaxed reserves	1.4	-	1.4
<b>Liabilities</b>			
Total long-term liabilities	695.3	461.3	682.4
Total current liabilities	253.2	625.0	350.3
<b>Total liabilities</b>	<b>948.5</b>	<b>1,086.3</b>	<b>1,032.7</b>
<b>Total equity and liabilities</b>	<b>1,753.8</b>	<b>1,866.6</b>	<b>1,936.0</b>

## Statement of changes in parent company shareholders' equity in summary

SEK million	30 Sep 2019	30 Sep 2018	31 Dec 2018
Opening balance at beginning of period	901.9	868.8	868.8
Net profit/loss	-17.7	-17.3	104.3
Other comprehensive income			
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-17.7</b>	<b>-17.3</b>	<b>104.3</b>
Transactions with owners			
Dividend paid	-80.7	-70.2	-70.2
Share-based remuneration	0.4	-1.0	-1.0
<b>Closing balance at end of period</b>	<b>803.9</b>	<b>780.3</b>	<b>901.9</b>

## Pledged assets and contingent liabilities for the parent company

SEK million	30 Sep 2019	30 Sep 2018	31 Dec 2018
Pledged assets	none	none	none
Contingent liabilities	403.9	389.2	436.2

## Note 1: Allocation of sales

SEKm				1Jul-30 Sep 2019
External net sales allocated on regions and sales segments	Product sales	Solution sales	Service and aftermarket	Total
EMEA	205.5	246.7	107.5	559.7
APAC	24.4	112.2	17.8	154.4
Americas	173.3	135.4	65.8	374.5
<b>Total</b>	<b>403.2</b>	<b>494.3</b>	<b>191.1</b>	<b>1,088.6</b>

SEKm				1Jul-30 Sep 2018
External net sales allocated on regions and sales segments	Product sales	Solution sales	Service and aftermarket	Total
EMEA	163.1	151.5	95.9	410.5
APAC	26.2	80.7	10.8	117.7
Americas	149.9	96.7	60.4	307.0
<b>Total</b>	<b>339.2</b>	<b>328.9</b>	<b>167.1</b>	<b>835.2</b>

SEKm				1Jan-30 Sep 2019
External net sales allocated on regions and sales segments	Product sales	Solution sales	Service and aftermarket	Total
EMEA	601.2	696.5	303.8	1,601.5
APAC	72.9	438.9	57.3	569.1
Americas	486.1	379.2	185.3	1,050.6
<b>Total</b>	<b>1,160.2</b>	<b>1,514.6</b>	<b>546.4</b>	<b>3,221.2</b>

SEKm				1Jan-30 Sep 2018
External net sales allocated on regions and sales segments	Product sales	Solution sales	Service and aftermarket	Total
EMEA	520.3	454.5	269.3	1,244.1
APAC	81.9	217.2	34.2	333.3
Americas	415.7	314.0	177.8	907.5
<b>Total</b>	<b>1,017.9</b>	<b>985.7</b>	<b>481.3</b>	<b>2,484.9</b>

SEKm				Full year 2018
External net sales allocated on regions and sales segments	Product sales	Solution sales	Service and aftermarket	Total
EMEA	715.1	691.9	361.3	1,768.3
APAC	112.4	376.3	50.1	538.8
Americas	569.4	447.5	229.9	1,246.8
<b>Total</b>	<b>1,396.9</b>	<b>1,515.7</b>	<b>641.3</b>	<b>3,553.9</b>

Performance obligations for sales of Products and Service – and aftermarket are satisfied at the point in time at which the customer obtains control. Performance obligations from sales of solutions, in terms of project sales, are satisfied over time. Revenue is recognized according to the project's rate of progression towards completion.

## Note 2: Operating segment reporting

Segment reporting is based on reports submitted to the Group's senior executives. From 2019 the Nederman Group is divided into four operating segments; Nederman Extraction & Filtration Technology, Nederman Process Technology, Nederman Duct & Filter Technology and Nederman Monitoring & Control Technology, which are described further on pages 3-6. The division is based on technology, customers and business logic with the aim of increasing both growth and profitability through simple structures and clear focus. Non-allocated items refer mainly to costs relating to the parent company, Nederman Holding AB, which includes the central head office functions.

For disclosure purposes and comparability the three former operating segments according to the principles applied up until 2018 are also presented; EMEA, APAC, Americas.

	1Jul-30 Sep 2019	1Jan-30 Sep 2019
<b>Order intake - External, SEKm</b>		
Nederman Extraction & Filtration Technology	493.8	1,449.8
Nederman Process Technology	281.2	1,015.8
Nederman Duct & Filter Technology	135.4	384.6
Nederman Monitoring & Control Technology	54.2	177.5
<b>Total Nederman Group</b>	<b>964.6</b>	<b>3,027.7</b>

	1Jul-30 Sep 2019	1Jan-30 Sep 2019
<b>Total sales, SEKm</b>		
Nederman Extraction & Filtration Technology	484.8	1,419.9
Nederman Process Technology	418.6	1,273.3
Nederman Duct & Filter Technology	154.7	440.0
Elimination	-25.7	-77.7
<b>Total Nederman Group</b>	<b>1,088.6</b>	<b>3,221.2</b>

	1Jul-30 Sep 2019	1Jan-30 Sep 2019
<b>Adjusted EBITA, SEKm</b>		
Nederman Extraction & Filtration Technology	61.2	185.9
Nederman Process Technology	21.5	76.3
Nederman Duct & Filter Technology	21.0	61.3
Nederman Monitoring & Control Technology	1.5	12.0
Other - non-allocated	-16.1	-66.8
<b>Total Nederman Group</b>	<b>89.1</b>	<b>268.7</b>

	1Jul-30 Sep 2019	1Jan-30 Sep 2019
<b>Adjusted EBITA margin, %</b>		
Nederman Extraction & Filtration Technology	12.6	13.1
Nederman Process Technology	5.1	6.0
Nederman Duct & Filter Technology	13.6	13.9
Nederman Monitoring & Control Technology	2.7	7.2
<b>Total Nederman Group</b>	<b>8.2</b>	<b>8.3</b>

## Note 2: Operating segment reporting

SEK million	1 Jul-30 Sep		1 Jan-30 Sep		Full year	Oct-Sep
	2019	2018*	2019	2018*	2018*	12 months*
<b>EMEA</b>						
Incoming orders	470.2	412.9	1,530.6	1,263.1	1,731.6	1,999.1
External net sales	559.7	410.5	1,601.5	1,244.1	1,768.3	2,125.7
Depreciation & amortisation	-18.8	-17.7	-55.9	-53.5	-66.0	-68.4
Adjusted operating profit	76.8	49.7	211.5	170.9	266.2	306.8
Adjusted operating margin, %	13.7	12.1	13.2	13.7	15.1	14.4
<b>APAC</b>						
Incoming orders	142.7	95.3	488.1	316.0	488.3	660.4
External net sales	154.4	117.7	569.1	333.3	538.8	774.6
Depreciation & amortisation	-5.7	-3.2	-17.0	-9.9	-14.6	-21.7
Adjusted operating profit	-1.9	-1.1	15.6	1.2	18.3	32.7
Adjusted operating margin, %	-1.2	-0.8	2.7	0.4	3.4	4.2
<b>Americas</b>						
Incoming orders	351.7	309.7	1,009.0	932.6	1,259.6	1,336.0
External net sales	374.5	307.0	1,050.6	907.5	1,246.8	1,389.9
Depreciation & amortisation	-7.3	-6.6	-20.5	-17.7	-24.0	-26.8
Adjusted operating profit	30.9	26.6	102.6	82.3	123.1	143.4
Adjusted operating margin, %	8.2	8.7	9.8	9.1	9.9	10.3
<b>Other - non-allocated</b>						
Depreciation & amortisation	-5.2	-4.4	-15.0	-11.9	-16.6	-19.7
Adjusted operating profit	-27.9	-21.7	-93.8	-64.9	-88.7	-117.6
<b>The Group</b>						
Incoming orders	964.6	817.9	3,027.7	2,511.7	3,479.5	3,995.5
Net sales	1,088.6	835.2	3,221.2	2,484.9	3,553.9	4,290.2
Depreciation & amortisation	-37.0	-31.9	-108.4	-93.0	-121.2	-136.6
Adjusted operating profit	77.9	53.5	235.9	189.5	318.9	365.3
Acquisition cost	-0.0	-0.0	-1.4	-3.8	-13.2	-10.8
Operating profit	77.9	53.5	234.5	185.7	305.7	354.5
Profit before tax	72.6	44.2	212.4	153.1	267.5	326.8
Net profit	52.8	33.1	153.4	113.4	202.8	242.8

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

## Note 3: Fair value and reported value in the statement of financial position

				30 Sep 2019
SEK million	Measured at fair value via income statement	Derivatives that are used for hedge accounting	Financial instruments not reported at fair value	Total carrying amount
Accounts receivable	-	-	639.8	639.8
Foreign exchange forward contracts entered *)	12.4	-	-	12.4
Other current receivables	-	-	320.1	320.1
Cash and cash equivalents	-	-	412.9	412.9
<b>Total</b>	<b>12.4</b>	-	<b>1,372.8</b>	<b>1,385.2</b>
Lease liabilities	-	-	220.3	220.3
Bank loans	-	-	968.0	968.0
Accounts payable	-	-	424.1	424.1
Other long-term liabilities	-	-	242.1	242.1
Other current liabilities	-	-	734.2	734.2
<b>Total</b>	<b>-</b>	-	<b>2,588.7</b>	<b>2,588.7</b>

\*) The Group holds financial instruments in the form of currency futures that are recorded at fair value in the balance sheet. The fair value of currency futures is determined by discounting the difference between the contracted forward rate and the forward rate that can be subscribed on the closing date for the remaining contracted period. Discounting is made using market rates. The fair value for all contracts has been determined from directly or indirectly observable market data, i.e. level 2 according to IFRS 13. For other financial instruments, the fair value and the book value are materially consistent. For further information, refer to note 24 in the 2018 Annual Report.

## Note 4: Acquisitions

### Luwa Air Engineering AG

The acquisition analysis for the acquisition of Luwa Air Engineering AG in 2018 has been adjusted. According to the original acquisition analysis, the acquired net assets were valued at SEK 172.7m, which in the third quarter of 2019 were adjusted by SEK 11.2m after tax effects, following the final valuation of the carrying amount at the date of acquisition. The adjustment increased goodwill by a corresponding amount. The acquisition analysis for Luwa Air Engineering AG is preliminary.

## Note 5: Transactions with related parties

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with Group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous year. Nor has any Group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives.

## Note 6: Alternative performance measures

In addition to information on our reported IFRS results, we provide certain information on an underlying business performance basis. We believe that our underlying business performance measures provide meaningful supplemental information to both management, investors and other stakeholders. These underlying business performance measures should not be viewed in isolation or as substitutes to the equivalent IFRS measures, but should be used in conjunction with the most directly comparable IFRS measures in the reported results. This is a consistent application compared to previous periods. See page 29 for definitions.

**The following underlying business measures are used:**

Adjusted operating profit	Adjusted EBITDA	Return on operating capital
Adjusted operating margin	Adjusted EBITDA margin	Net debt/Adjusted EBITDA
EBITA	Equity/asset ratio	Interest Cover Ratio
Adjusted EBITA	Net debt	Order growth
Adjusted EBITA margin	Net debt/equity ratio	Sales growth
EBITDA	Return on equity	

SEK million	1 Jul-30 Sep		1 Jan-30 Sep		Full year 2018*	Oct-Sep 12 months*
	2019	2018*	2019	2018*		
Operating profit	77.9	53.5	234.5	185.7	305.7	354.5
Acquisition cost	0.0	0.0	1.4	3.8	13.2	10.8
<b>Adjusted operating profit</b>	<b>77.9</b>	<b>53.5</b>	<b>235.9</b>	<b>189.5</b>	<b>318.9</b>	<b>365.3</b>
Adjusted operating profit	77.9	53.5	235.9	189.5	318.9	365.3
Net sales	1,088.6	835.2	3,221.2	2,484.9	3,553.9	4,290.2
<b>Adjusted operating margin, %</b>	<b>7.2</b>	<b>6.4</b>	<b>7.3</b>	<b>7.6</b>	<b>9.0</b>	<b>8.5</b>
Operating profit	77.9	53.5	234.5	185.7	305.7	354.5
Amortisation intangible assets	11.2	10.9	32.8	30.1	35.1	37.8
<b>EBITA</b>	<b>89.1</b>	<b>64.4</b>	<b>267.3</b>	<b>215.8</b>	<b>340.8</b>	<b>392.3</b>
EBITA	89.1	64.4	267.3	215.8	340.8	392.3
Acquisition cost	0.0	0.0	1.4	3.8	13.2	10.8
<b>Adjusted EBITA</b>	<b>89.1</b>	<b>64.4</b>	<b>268.7</b>	<b>219.6</b>	<b>354.0</b>	<b>403.1</b>
Adjusted EBITA	89.1	64.4	268.7	219.6	354.0	403.1
Net sales	1,088.6	835.2	3,221.2	2,484.9	3,553.9	4,290.2
<b>Adjusted EBITA margin, %</b>	<b>8.2</b>	<b>7.7</b>	<b>8.3</b>	<b>8.8</b>	<b>10.0</b>	<b>9.4</b>
Operating profit	77.9	53.5	234.5	185.7	305.7	354.5
Depreciation and amortization	37.0	31.9	108.4	93.0	121.2	136.6
<b>EBITDA</b>	<b>114.9</b>	<b>85.4</b>	<b>342.9</b>	<b>278.7</b>	<b>426.9</b>	<b>491.1</b>
EBITDA	114.9	85.4	342.9	278.7	426.9	491.1
Acquisition cost	0.0	0.0	1.4	3.8	13.2	10.8
<b>Adjusted EBITDA</b>	<b>114.9</b>	<b>85.4</b>	<b>344.3</b>	<b>282.5</b>	<b>440.1</b>	<b>501.9</b>
Adjusted EBITDA	114.9	85.4	344.3	282.5	440.1	501.9
Net sales	1,088.6	835.2	3,221.2	2,484.9	3,553.9	4,290.2
<b>Adjusted EBITDA margin, %</b>	<b>10.6</b>	<b>10.2</b>	<b>10.7</b>	<b>11.4</b>	<b>12.4</b>	<b>11.7</b>

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

## Note 6: Alternative performance measures, cont'd

SEK million	2019	1 Jul-30 Sep 2018*	2019	1 Jan-30 Sep 2018*	Full year 2018*	Oct-Sep 12 months*
Equity - Closing balance					1,234.9	1,338.3
Total assets (balance sheet total)					4,020.5	4,276.1
<b>Equity/asset ratio, %</b>					<b>30.7</b>	<b>31.3</b>
Cash and cash equivalents					463.9	412.9
Long-term interest-bearing liabilities					917.4	951.8
Long-term lease liabilities					174.6	158.5
Pension liabilities					90.9	181.3
Current interest-bearing liabilities					8.1	16.2
Current lease liabilities					60.5	61.8
<b>Net debt</b>					<b>787.6</b>	<b>956.7</b>
Net debt					787.6	956.7
Equity - Closing balance					1,234.9	1,338.3
<b>Net debt/equity ratio, %</b>					<b>63.8</b>	<b>71.5</b>
Equity - Opening balance	1,323.4	1,161.2	1,234.9	1,060.8	1,060.8	1,177.3
Equity - Closing balance	1,338.3	1,177.3	1,338.3	1,177.3	1,234.9	1,338.3
Equity - average	1,330.9	1,169.3	1,286.6	1,119.1	1,147.9	1,257.8
Net profit	52.8	33.1	153.4	113.4	202.8	242.8
<b>Return on equity, %</b>	<b>15.9</b>	<b>11.3</b>	<b>15.9</b>	<b>13.5</b>	<b>17.7</b>	<b>19.3</b>
Equity - average	1,330.9	1,169.3	1,286.6	1,119.1	1,147.9	1,257.8
Net Debt - opening balance	942.1	938.9	787.6	791.3	791.3	905.8
Net Debt - closing balance	956.7	905.8	956.7	905.8	787.6	956.7
Net Debt - average	949.4	922.4	872.2	848.6	789.5	931.3
Operating capital - average	2,280.3	2,091.7	2,158.8	1,967.6	1,937.4	2,189.1
Adjusted operating profit	77.9	53.5	235.9	189.5	318.9	365.3
<b>Return on operating capital, %</b>	<b>13.7</b>	<b>10.2</b>	<b>14.6</b>	<b>12.8</b>	<b>16.5</b>	<b>16.7</b>
Net debt					787.6	956.7
Adjusted EBITDA					440.1	501.9
<b>Net debt/Adjusted EBITDA, multiple</b>					<b>1.8</b>	<b>1.9</b>
Profit before tax					267.5	326.8
Financial expense					43.2	41.1
Acquisition cost					13.2	10.8
EBT excl. financial expenses and acquisition costs					323.9	378.7
Financial expense					43.2	41.1
<b>Interest cover ratio, multiple</b>					<b>7.5</b>	<b>9.2</b>

\* In the transition to IFRS 16, the Group has applied a retroactive method, which means that the figures for the 2018 financial year have been restated in accordance with the new standard. For information on the financial effects, see accounting policies on pages 13-14.

## Note 6: Alternative performance measures, cont'd

SEK million	2019	1 Jul-30 Sep		1 Jan-30 Sep		Full year 2018
		2019	2018	2019	2018	
Incoming orders, same period in previous year	817.9	761.0	2,511.7	2,341.5	3,157.3	
Change in incoming orders, organic	10.8	-42.9	-8.2	-26.3	-9.4	
Change in incoming orders, currency effects	64.5	48.2	161.0	44.6	87.7	
Change in incoming orders, acquisitions	71.4	51.6	363.2	151.9	243.9	
<b>Incoming orders</b>	<b>964.6</b>	<b>817.9</b>	<b>3,027.7</b>	<b>2,511.7</b>	<b>3,479.5</b>	
Order growth, %, organic	1.3	-5.6	-0.3	-1.1	-0.3	
Order growth, %, currency effects	7.9	6.3	6.3	1.9	2.8	
Order growth, %, acquisitions	8.7	6.8	14.5	6.5	7.7	
<b>Order growth, %</b>	<b>17.9</b>	<b>7.5</b>	<b>20.5</b>	<b>7.3</b>	<b>10.2</b>	
Net sales, comparative period previous year	835.2	768.7	2,484.9	2,288.5	3,148.5	
Change in net sales, organic	14.0	-26.9	6.5	22.3	-4.1	
Change in net sales, currency effects	66.3	47.1	165.1	46.8	88.4	
Change in net sales, acquisitions	173.1	46.3	564.7	127.3	321.1	
<b>Net sales</b>	<b>1,088.6</b>	<b>835.2</b>	<b>3,221.2</b>	<b>2,484.9</b>	<b>3,553.9</b>	
Sales growth, %, organic	1.7	-3.5	0.3	1.0	-0.1	
Sales growth, %, currency effects	8.0	6.1	6.6	2.0	2.8	
Sales growth, %, acquisitions	20.7	6.0	22.7	5.6	10.2	
<b>Sales growth, %</b>	<b>30.4</b>	<b>8.6</b>	<b>29.6</b>	<b>8.6</b>	<b>12.9</b>	

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

## Review report

# Nederman Holding AB (publ), corporate identity number 556576-4205

### To the Board of Directors

#### Introduction

We have reviewed the condensed interim report for Nederman Holding AB (publ) as at September 30, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

#### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted

auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Helsingborg, October 17, 2019

Ernst & Young AB

**Staffan Landén**

Authorized Public Accountant

# Definitions

## Adjusted EBITA

Operating profit before amortisation and impairment loss of intangible assets, excluding acquisition and restructuring costs.

## Adjusted EBITA margin

Adjusted EBITA as percentage of net sales.

## Adjusted EBITDA

Operating profit before depreciation/amortization and impairment loss, excluding acquisition and restructuring costs.

## Adjusted EBITDA margin

Adjusted EBITDA as percentage of net sales.

## Adjusted operating margin

Adjusted operating profit as percentage of net sales.

## Adjusted operating profit

Operating profit excluding acquisition and restructuring costs

## Annual average

Average of year-beginning and year-end balance.

## Currency-neutral growth

Currency-neutral growth is the growth rate that does not come from currency effects, compared with the corresponding period in the previous year.

## Earnings per share (after dilution)

Net profit attributable to Parent Company shareholders in relation to average number of share outstanding plus average number of convertibles and options, as calculated in accordance with IAS 33.

## Earnings per share (before dilution)

Net profit attributable to Parent Company shareholders divided by average number of shares outstanding.

## EBITA

Operating profit before amortisation and impairment loss of intangible assets.

## EBITA margin

EBITA in percentage of sales.

## EBITDA

Operating profit before depreciation/amortization and impairment loss.

## EBITDA margin

EBITDA as a percentage of net sales.

## Equity ratio

Equity divided by total assets (balance sheet total).

## Interest Cover Ratio

Profit before tax with return of financial expenses in relation to financial expenses.

## Net debt

Interest-bearing liabilities (including pensions) minus cash and cash equivalents.

## Net debt/equity ratio

Net debt divided by shareholders' equity.

## Operating capital

Shareholders' equity plus net debt.

## Operating margin

Operating profit as percentage of net sales.

## Operating profit/loss

Operating profit after depreciation/amortization and impairment loss.

## Organic growth

Organic growth is the growth rate that does not come from acquisitions and currency effects, compared with the corresponding period in the previous year.

## Return on equity

Net profit for the period divided by average shareholders' equity

## Return on operating capital

Adjusted operating profit as a percentage of average operating capital

# Financial calendar

## Invitation to telephone conference

A telephone conference regarding the report will be held, in English, today, Thursday, 17 October 2019 at 10.00. Nederman's President and CEO, Sven Kristensson and CFO, Matthew Cusick will present the report and answer questions.

To participate in the conference please call +46 8 5055 8365 or UK tel. no. +44 33 3300 9267. The conference will also be streamed over the internet.

Visit our website to participate in the webcast:

<http://www.nedermangroup.com/sv-SE/Investors/Reports/Webcast>.

## Financial calendar

• Year-end report	14 February 2020
• Interim report 1	21 April 2020
• Annual General Meeting	27 April 2020
• Interim report 2	14 July 2020

This report contains forward-looking statements that are based on the current expectations of Nederman's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

Nederman is required to disclose the information provided herein according to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instrument Trading Act. The information has been made public at 08.00 CET on 17 October 2019.

## Further information can be obtained from

Sven Kristensson, CEO  
Telephone +46 (0)42-18 87 00  
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Matthew Cusick, CFO  
Telephone +46 (0)42-18 87 00  
e-mail: [matthew.cusick@nederman.com](mailto:matthew.cusick@nederman.com)

For further information, see Nederman's website:  
[www.nedermangroup.com](http://www.nedermangroup.com)

## Address

Nederman Holding AB (publ),  
Box 602, 251 06 Helsingborg, Sweden  
Telephone +46 (0)42-18 87 00  
Swedish corporate identity no.: 556576-4205

# This is Nederman

## A Swedish environmental technology company

Nederman's expertise and turnkey solutions within industrial air filtration protect people, machinery and the environment from the harmful effects of industrial processes. In this way Nederman helps to create safe work spaces, efficient production and significant environmental benefits. This interplay between health, environment and efficiency comes together to form the concept of eco-efficiency.

**Eco-efficiency** means that we contribute to both economic efficiency and long-term sustainable production. In terms of economy, it is about high production efficiency and product quality, machinery that has a long life and minimised environmental costs. From an environmental perspective it is about benefits from reduced emissions, more efficient use of materials and recycling, and lower energy consumption.

**Nederman's customers** are found in industries such as metal, wood and composite processing, food processing, pharmaceutical production, waste management, agriculture, textile industry, chemical industry, process industry, power generation and the automotive aftermarket.

## Strong global position

Nederman has a strong global presence in regard to both sales and manufacturing. Sales are conducted through its own sales companies and distributors in over 50 countries. The main focus of sales is in Europe and North America, but Nederman is also active in a number of markets in Asia and South America. Manufacturing is carried out on five continents. Turnover in 2018 amounted to SEK 3.6 billion.

## New digital solutions

The Group's goal is to within Nederman Monitoring & Control Technology continue to develop new digital solutions into a complete ecosystem of services that can be marketed towards both new and existing customers with the installation of Nederman's systems. To achieve this, the company is successively building up the new competence necessary to create an attractive offering with a robust infrastructure for IoT.

## Strategy and financial objectives

Nederman's aim is to achieve a sales growth of 8-10 percent over a business cycle and that an operating margin of at least reach 10 percent shall be achieved. To achieve these goals, Nederman is focusing on four priority areas:

- Expansion into new customer and market segments
- Developed positions in the value chain
- Geographic expansion
- Development of new products and solutions.



During the last five years, sales growth has averaged 6.2 percent. During the period, the adjusted operating margin varied between 7.1 and 9.1 percent and in 2018 amounted to 8.7 percent. The average dividend during the period was 40.5 percent of net profit.

## Three sales segments

Nederman's sales model is divided into three segments in order to deliver solutions to customers' challenges as effectively as possible.

**Product sales** Nederman has a wide range of standard products that solve common problems related to smoke, gas, dust, materials recycling, the working environment and efficient production.

**Solutions** Nederman's solutions are designed to solve more complex tasks and specific customer problems. Business activities include careful preliminary study of the customer's business operations and needs, planning and system design, installation, commissioning and training.

**Service and aftermarket** Service is an integral part of Nederman's offering and a focus area for growth. By offering qualified service with good availability, Nederman helps to ensure continuous operation without expensive interruptions to customers' production.