



Q2 Report 2019

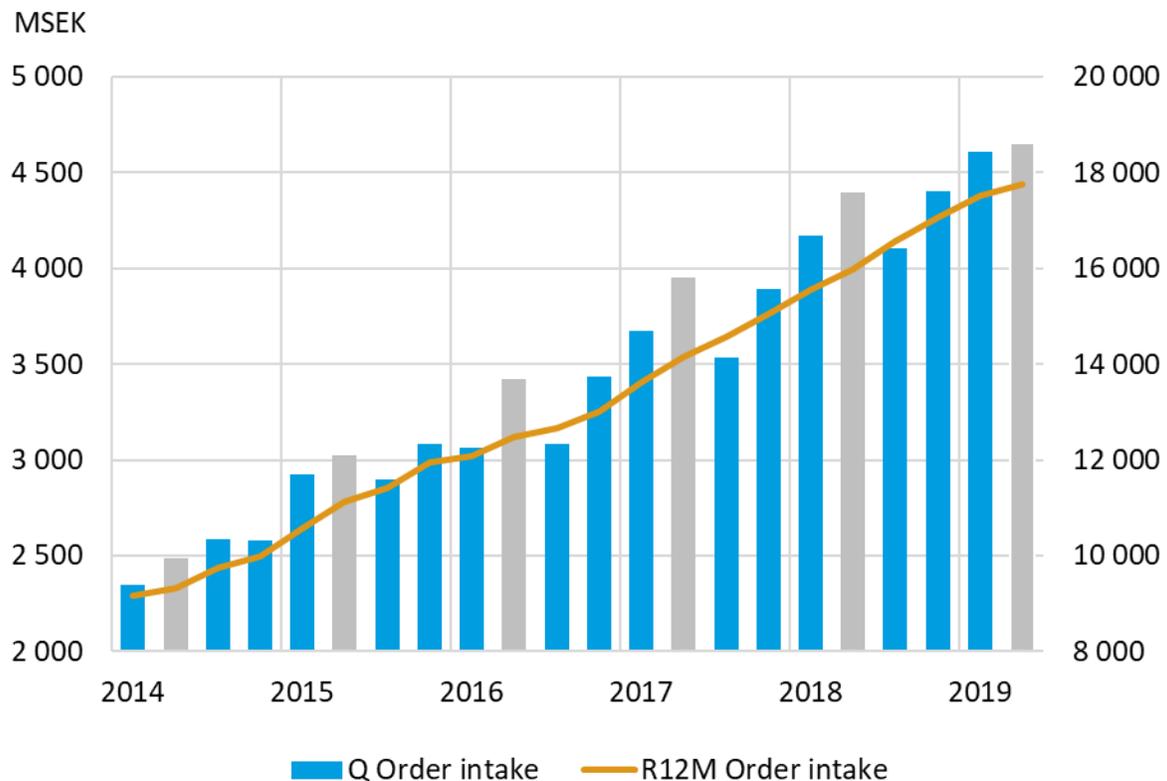
Bo Annvik, CEO
Patrik Johnson, CFO

18 July 2019

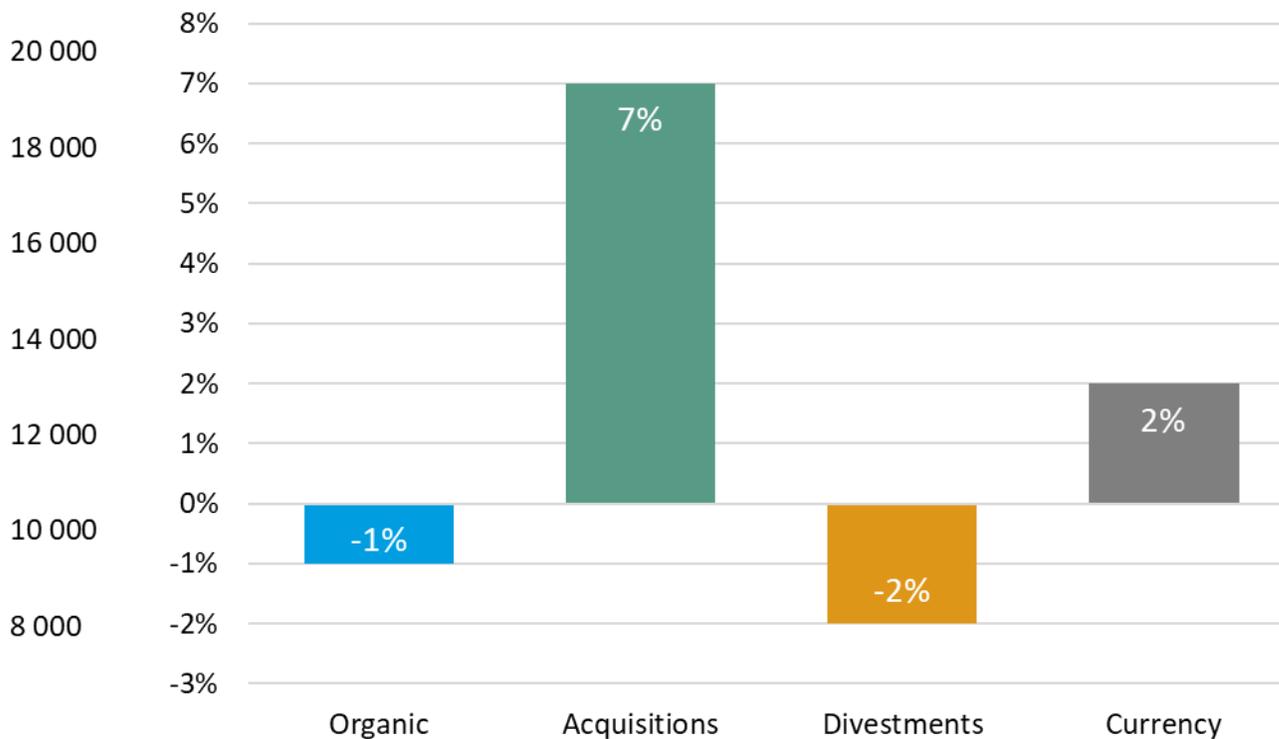
Highlights second quarter 2019

- Good and stable demand with positive book to bill
- Increasing variation in demand between companies, segments and markets
- High acquisition pace – 10 companies acquired so far during the year
- EBITA margin improved slightly
- Cash flow improved during the quarter, working capital still on high level

Order intake



Q growth



4,653 MSEK

Q GROWTH

+6%

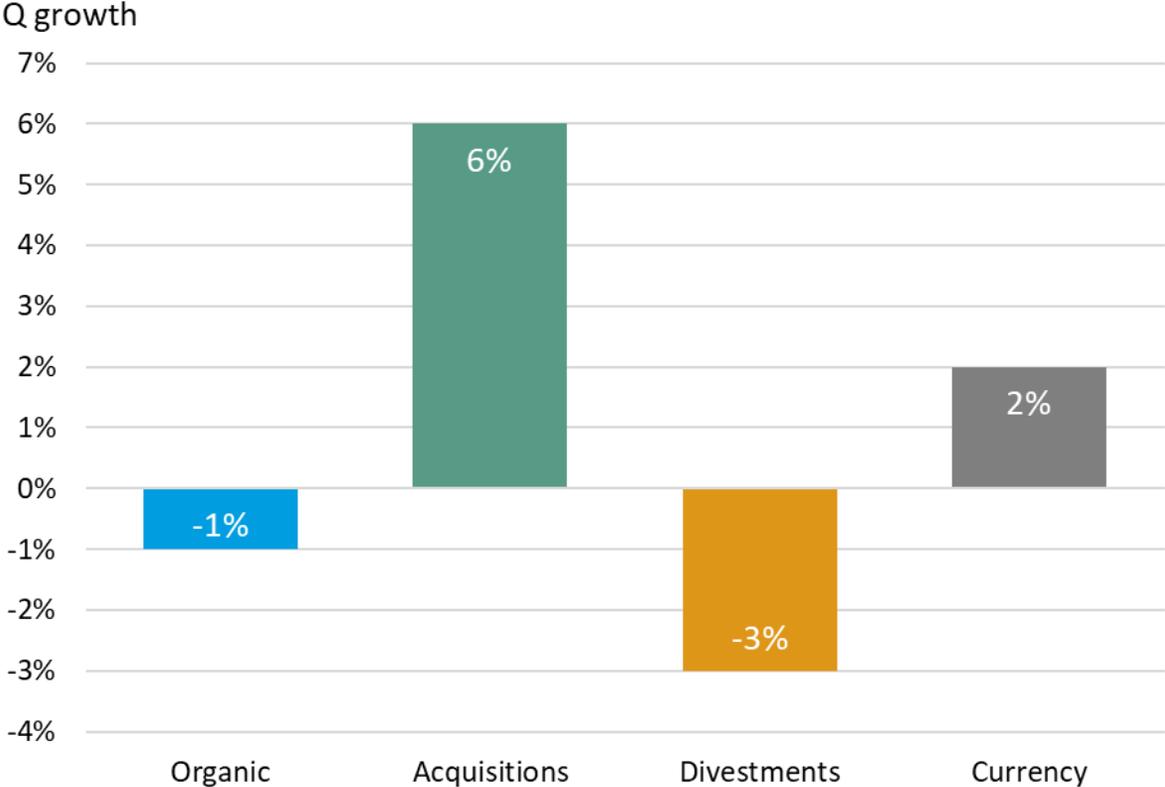
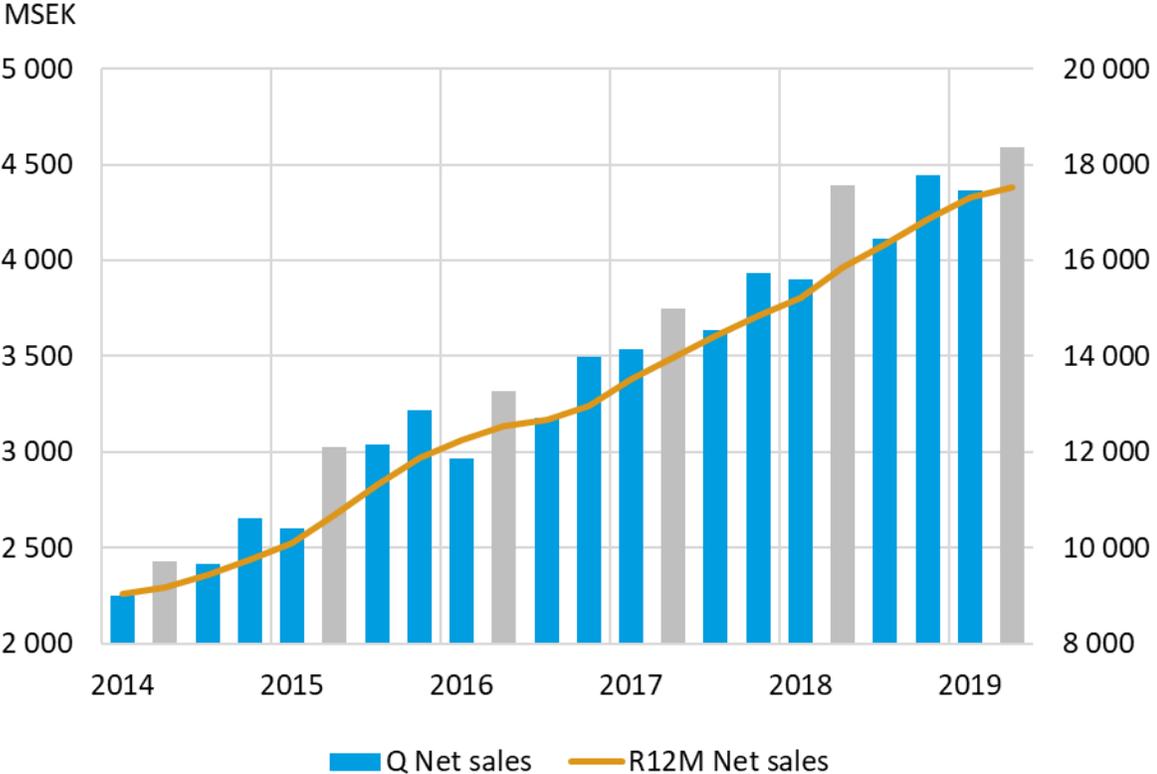
YTD GROWTH

+8%

R3Y CAGR

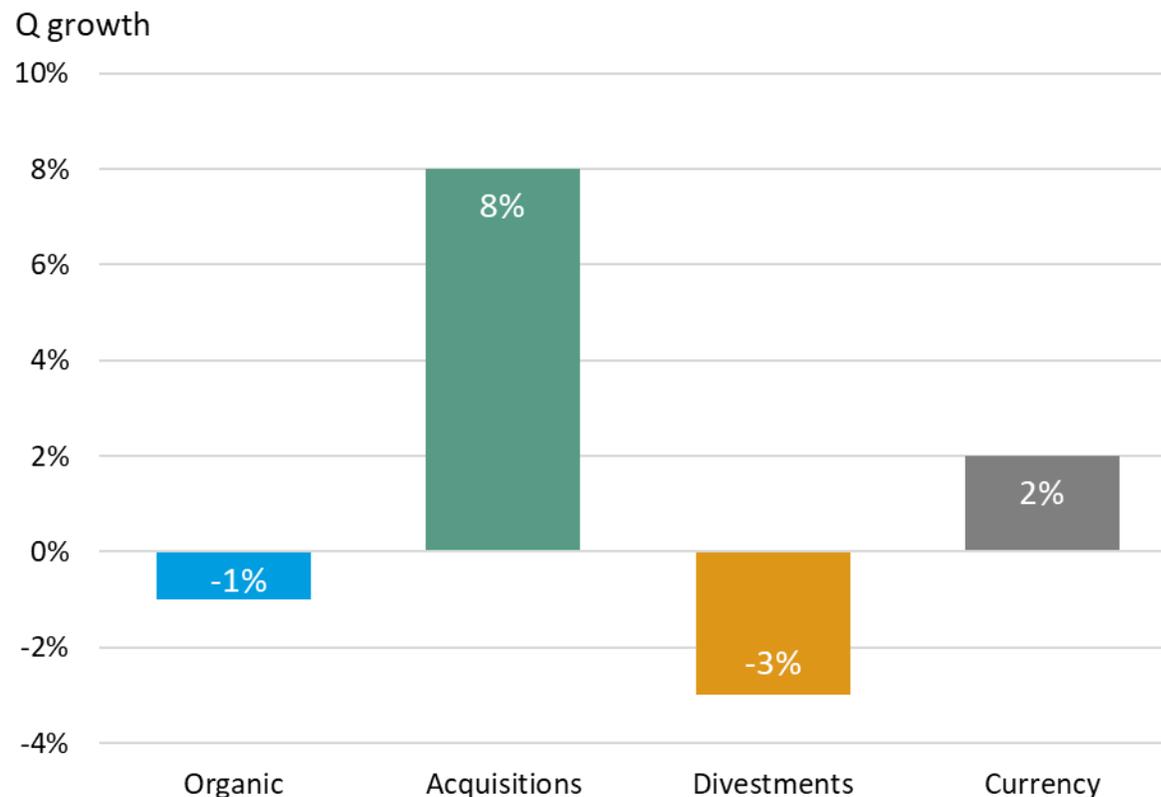
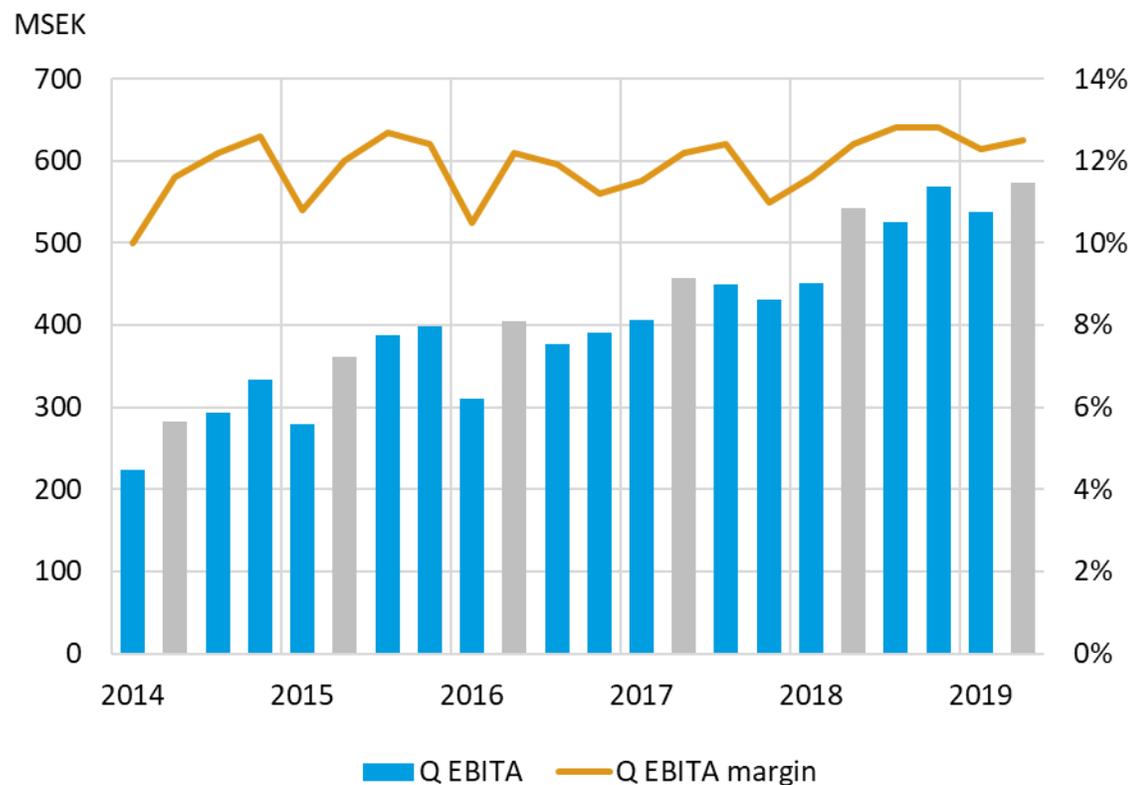
+11%

Net sales



4,587 MSEK	Q GROWTH +4%	YTD GROWTH +8%	R3Y CAGR +11%
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EBITA*



574 MSEK

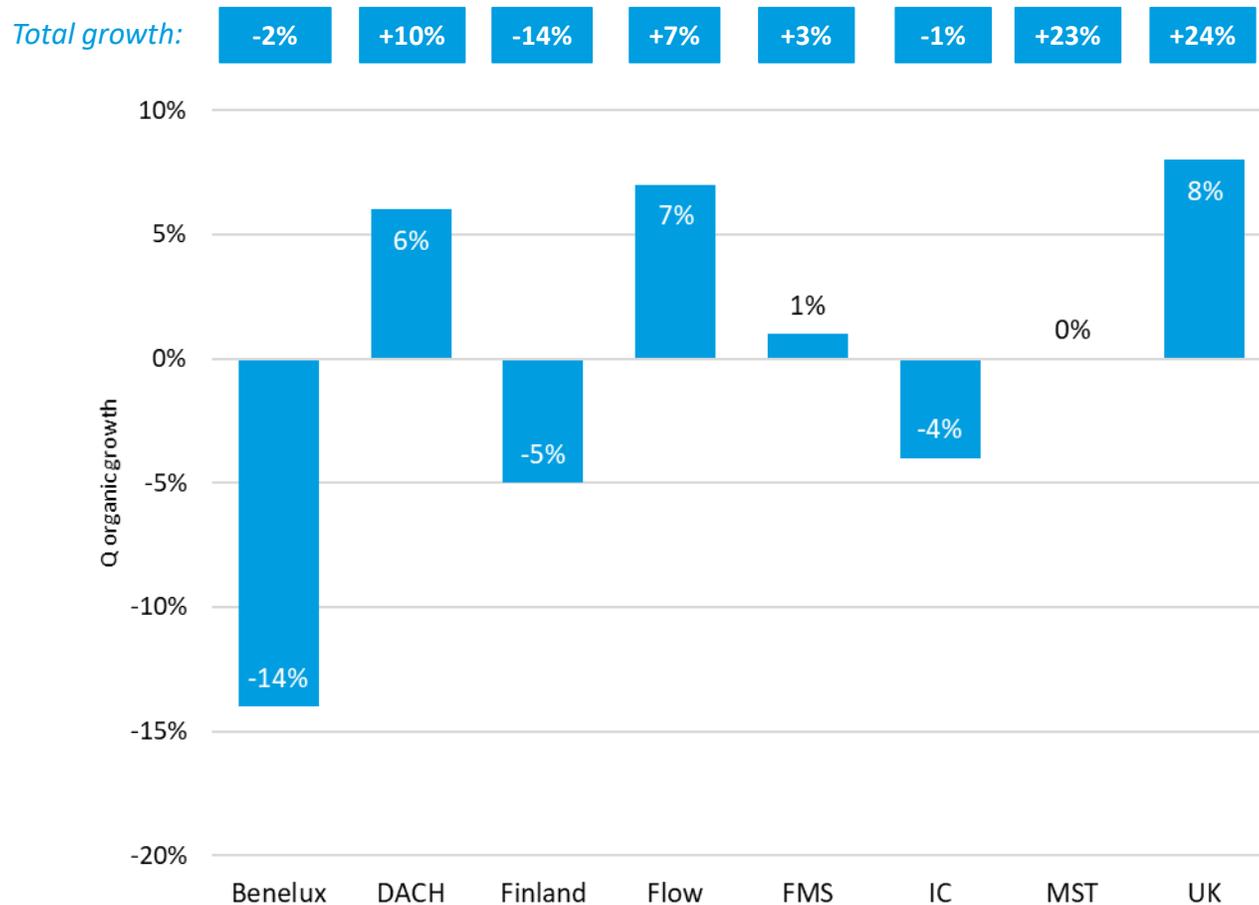
Q GROWTH
+6%

YTD GROWTH
+12%

R3Y CAGR
+12%

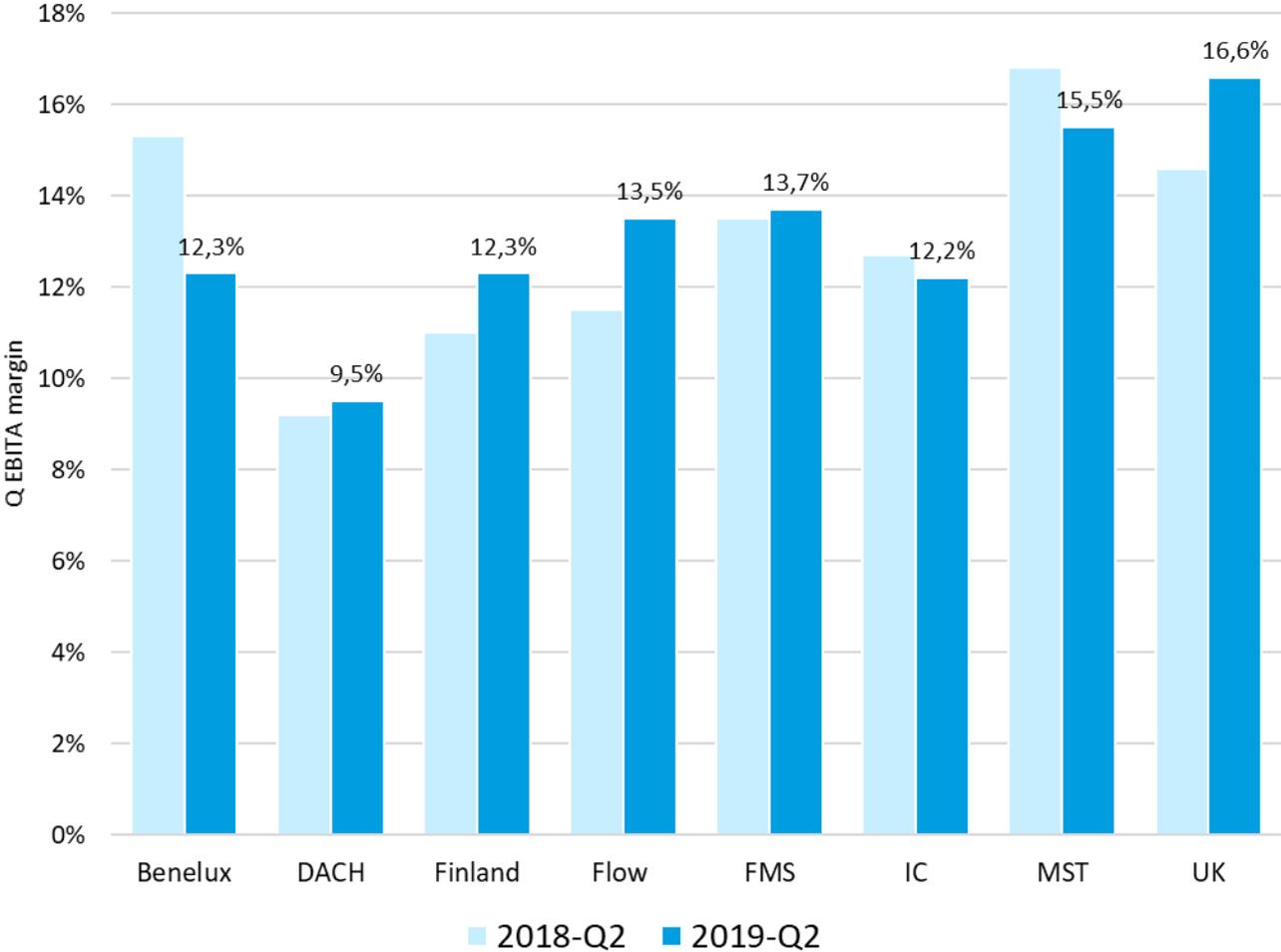
*) Excluding restructuring costs 2017-Q4

Organic sales growth by Business Area



- Variation increasing between companies, segments and markets
- Continued strong development in Business Areas UK and Flow Technology, but uncertainty surrounding Brexit affecting to a greater extent than during Q1
- Business Area DACH supported by demand from Swiss process industry
- Filter/Hydraulics segments strong in Business Area Fluids & Mechanical solutions, but Industry segment declined
- Lower demand in North America for one of the larger companies affecting the Business Area Measurement & Sensor Technology
- Low sales of Valves for Power Generation impacting Benelux Business Area

EBITA margin by Business Area



- EBITA margin improved in 5 out of 8 Business Areas
- Strongest development in UK and Flow Technology driven by higher sales, favourable mix and good cost control
- Finland benefited from efficiency measures and divestments
- Benelux declined mainly due to the Power Generation segment
- Measurement & Sensor Technology maintained good margin level, but decreased slightly impacted by significantly lower demand in North America related to one larger company

Acquisitions & divestments 2019

	Acquisitions	Business Area	Annual Sales
Q1	 Weldability Sif	UK	100 MSEK
	 STRIHL Scandinavia AB	Fluids & Mechanical Solutions	60 MSEK
Q2	 Acumo AB	Industrial Components	60 MSEK
	 QbiQ Group B.V.	Benelux	320 MSEK
	 Adam Equipment Co Ltd	Measurement & Sensor Technology	150 MSEK
	 Datum Equipment Co Ltd	Measurement & Sensor Technology	50 MSEK
	 Starke Arvid AB	Fluids & Mechanical Solutions	90 MSEK
	 Färber & Schmid AG	DACH	220 MSEK
Q3	 Finisterra AS	Industrial Components	50 MSEK
	 Natgraph Ltd	UK	120 MSEK
	Divestments	Business Area	Annual Sales
Q1	 Wilhelm Sander Fertigung GmbH	Flow Technology	60 MSEK
Q2	 Rostfria VA-system i Storfors AB	Flow Technology	30 MSEK
	 EssMed Group	Industrial Components	40 MSEK



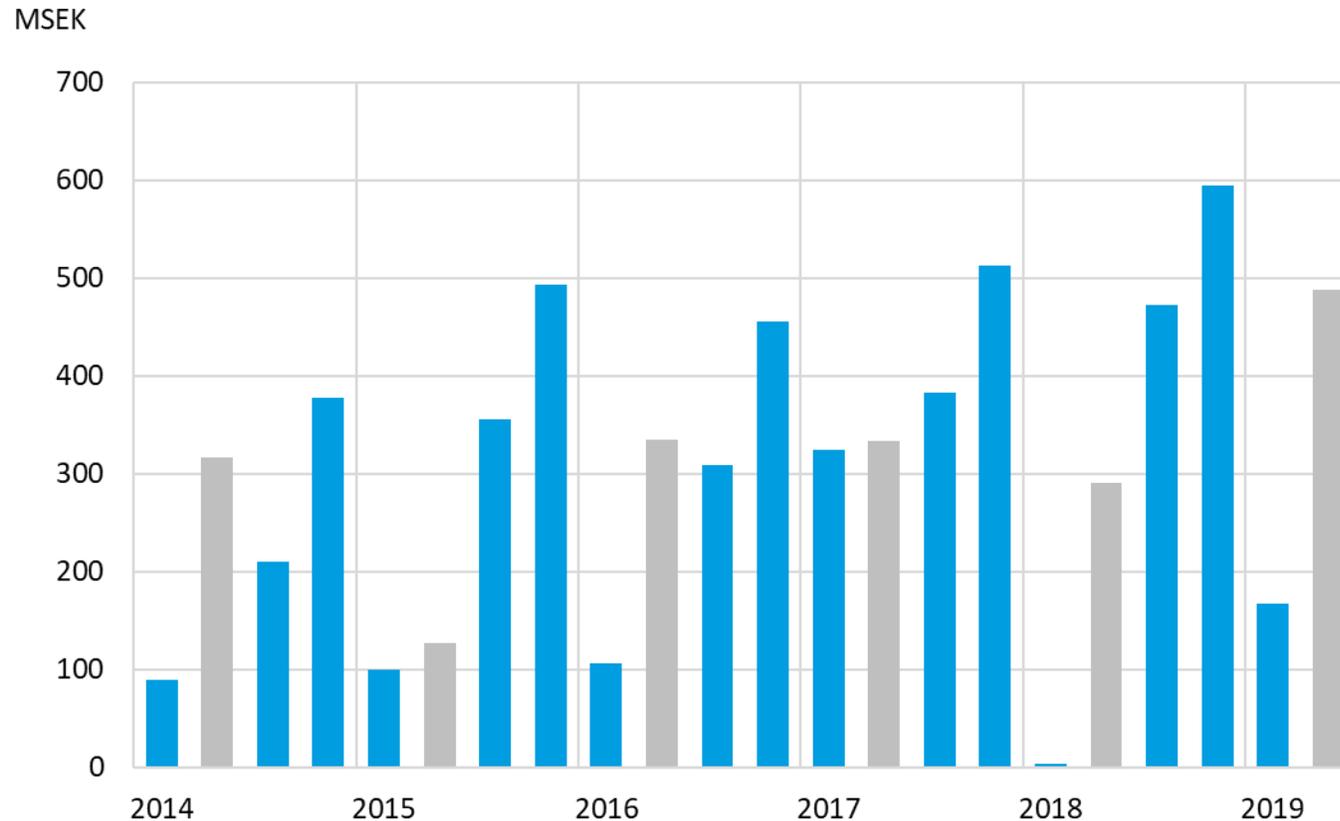
Key data summary

MSEK	2019-Q2	2018-Q2	Change	2019-YTD	2018-YTD	Change
Order Intake	4,653	4,391	6%	9,263	8,564	8%
Net Sales	4,587	4,390	4%	8,953	8,287	8%
Gross margin, %	34.4	33.6		34.3	34.1	
EBITA	574	543	6%	1,111	994	12%
EBITA-margin, %	12.5	12.4		12.4	12.0	
Net financial items	-27	-18	50%	-54	-38	42%
Tax	-104	-93	12%	-196	-171	15%
Earnings per share (before dilution), SEK	3.02	3.01	0%	5.92	5.43	9%
Return On Capital Employed, %	20	19		20	19	
Cash Flow from operating activities	488	290	68%	656	294	123%
Net debt / EBITDA, times	2.5	2.2		2.5	2.2	

Overview IFRS 16 effects

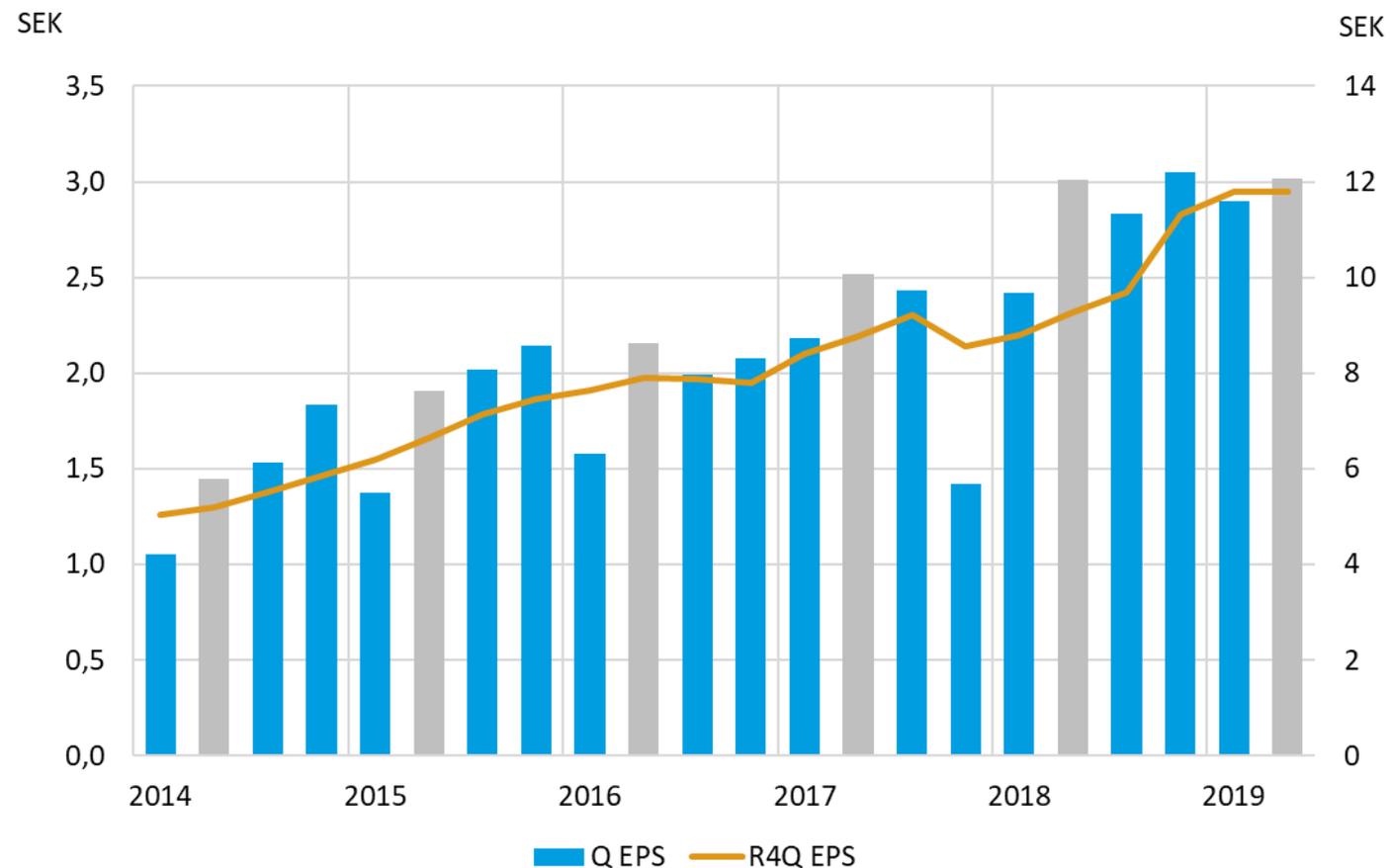
Item / KPI	Impact	Comment
Net debt	+842 MSEK	Opening balance
Finance net	-10 MSEK	Increased costs YTD-2019
Depreciation	-140 MSEK	Increased costs YTD-2019
EBITA	+10 MSEK	Increased costs YTD-2019
EBITDA	+150 MSEK	Increased result YTD-2019
Net debt / equity	+14%-points	Approximate increase of ratio at end Q2-2019

Cash Flow from operating activities



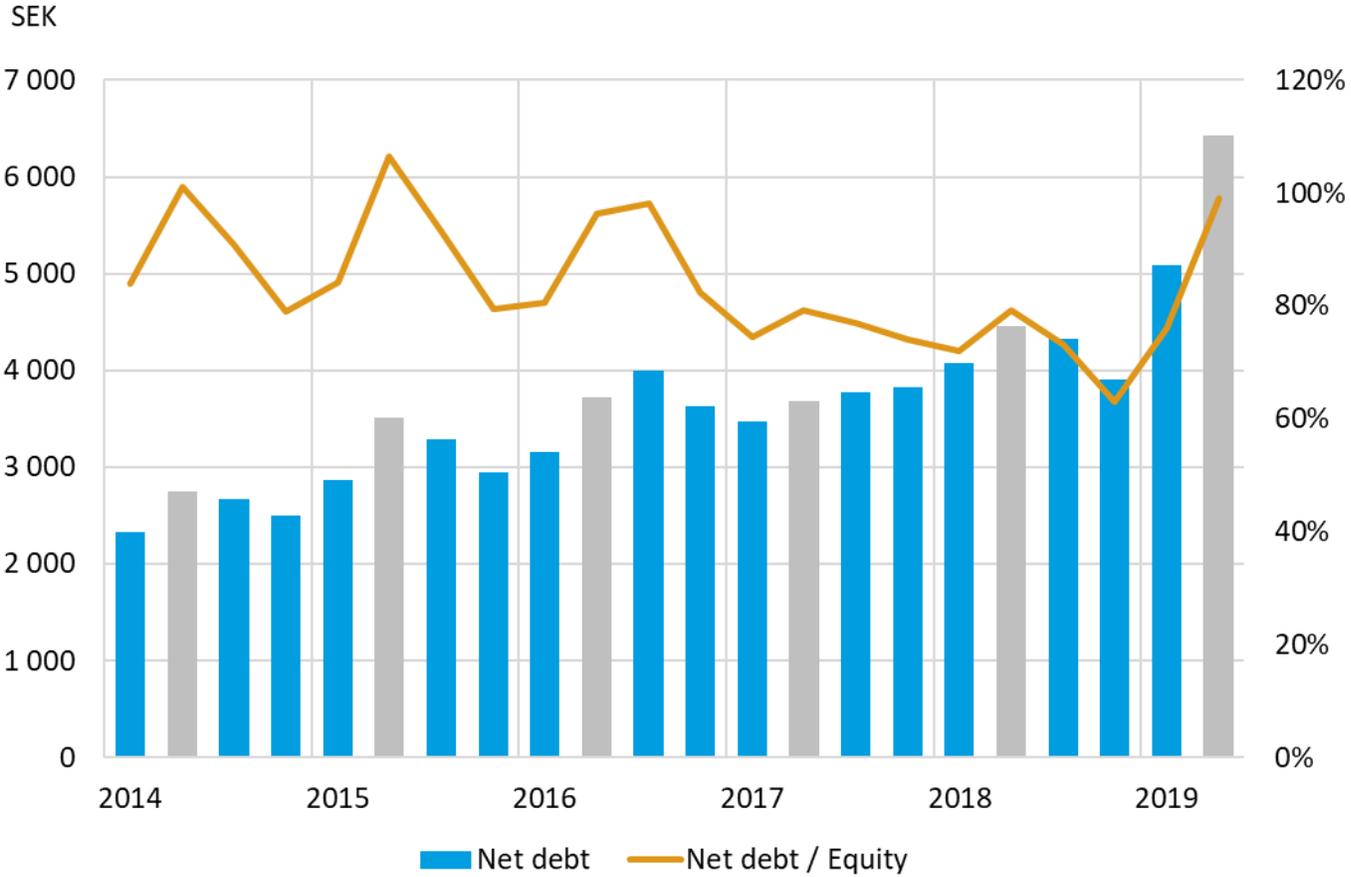
- Cash Flow from operating activities grew 68% from 290 MSEK to 488 MSEK, mainly driven by lower working capital build up and increased profit
- Working capital still on slightly high level due to high capacity utilization in our companies and long lead times from suppliers

Earnings per share



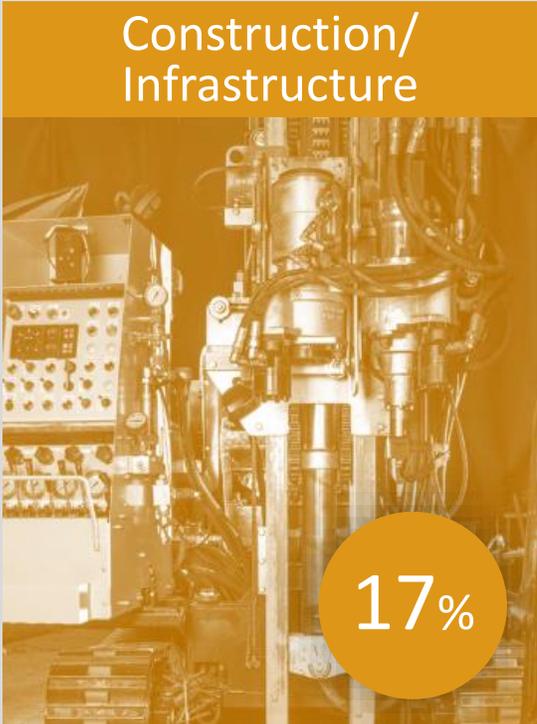
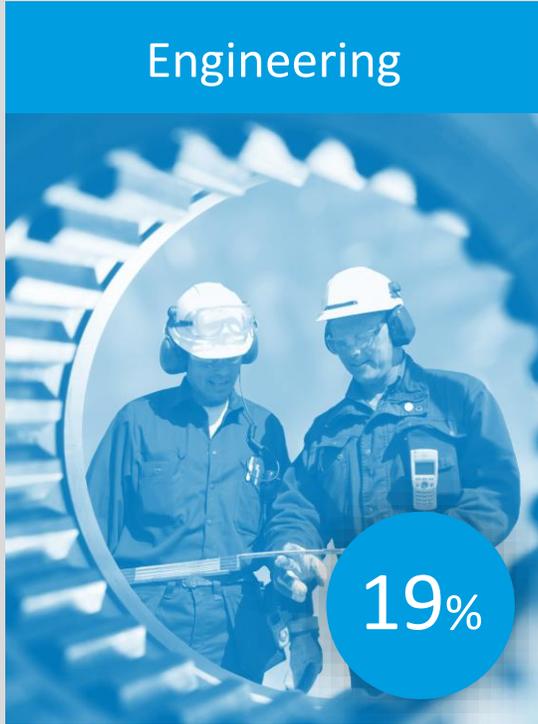
- Q2 earnings per share in line with last year, SEK 3.02 (3.01)
- 3- and 5-year earnings per share CAGR, are 12% respectively 16%

Net debt



- The interest-bearing net debt end of Q2 increased 6,422 (4,451) MSEK
- Driven by the high acquisition pace and the implementation of IFRS 16
- Net debt/equity ratio increased to 99% (79%). The ratio would have been approximately 85% excluding IFRS 16 effects
- Long-term financing strengthened further - new 5-year revolving credit facility in place and a 5,25-year MTN bond issued

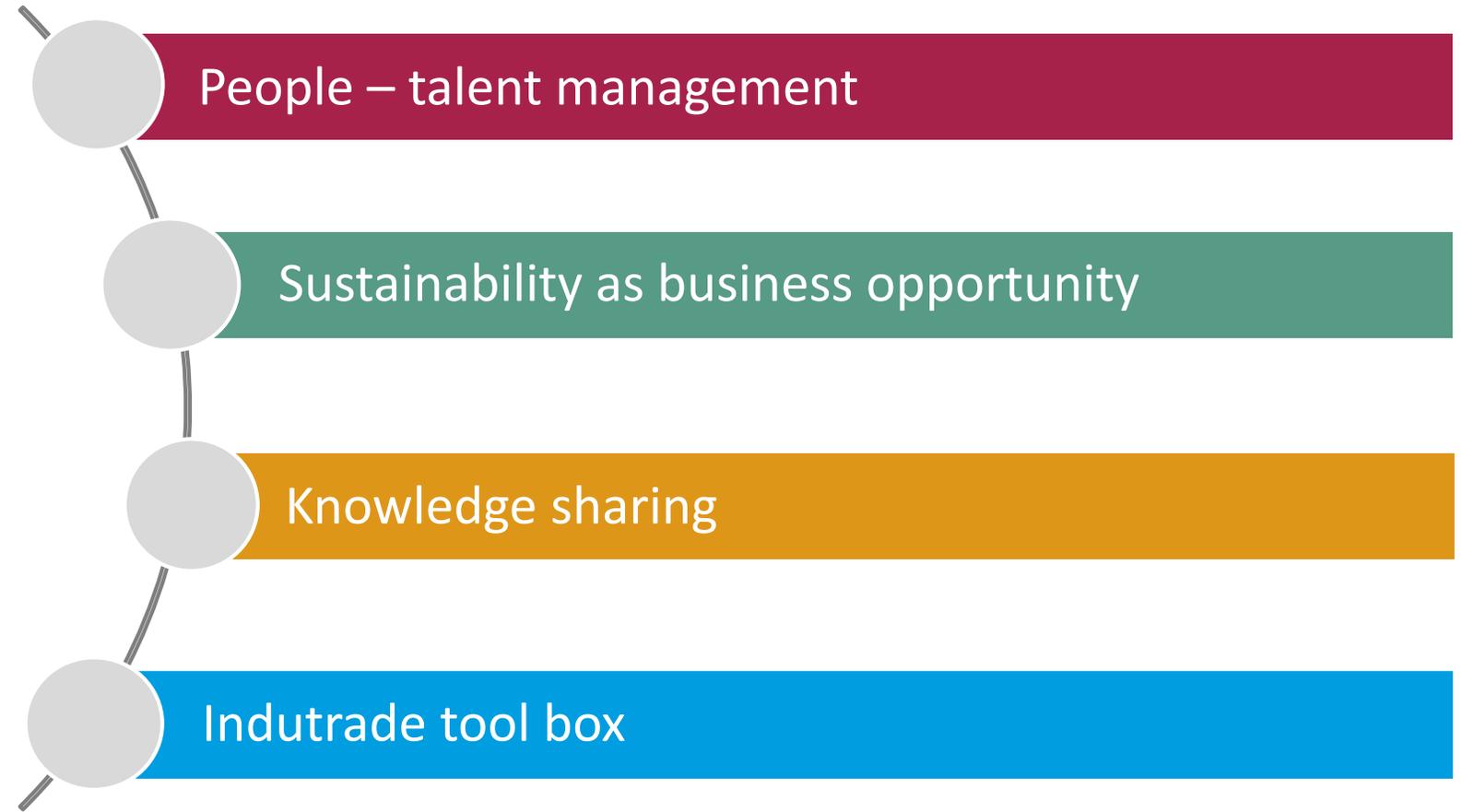
Stability based on diverse segments



No/low segment dependency
Business cycle “hedging”

Net sales per customer segment %, financial year 2018

STRATEGIC INITIATIVES



Key takeaways

- Good and stable demand, but with increased variation between companies, segments and markets
- Solid profitability
- High pace of acquisitions and opportunities remain good
- Diversified Group with agile and flexible companies, working closely with the customers
- Stable platform in place for continued sustainable profitable growth



Thank you!

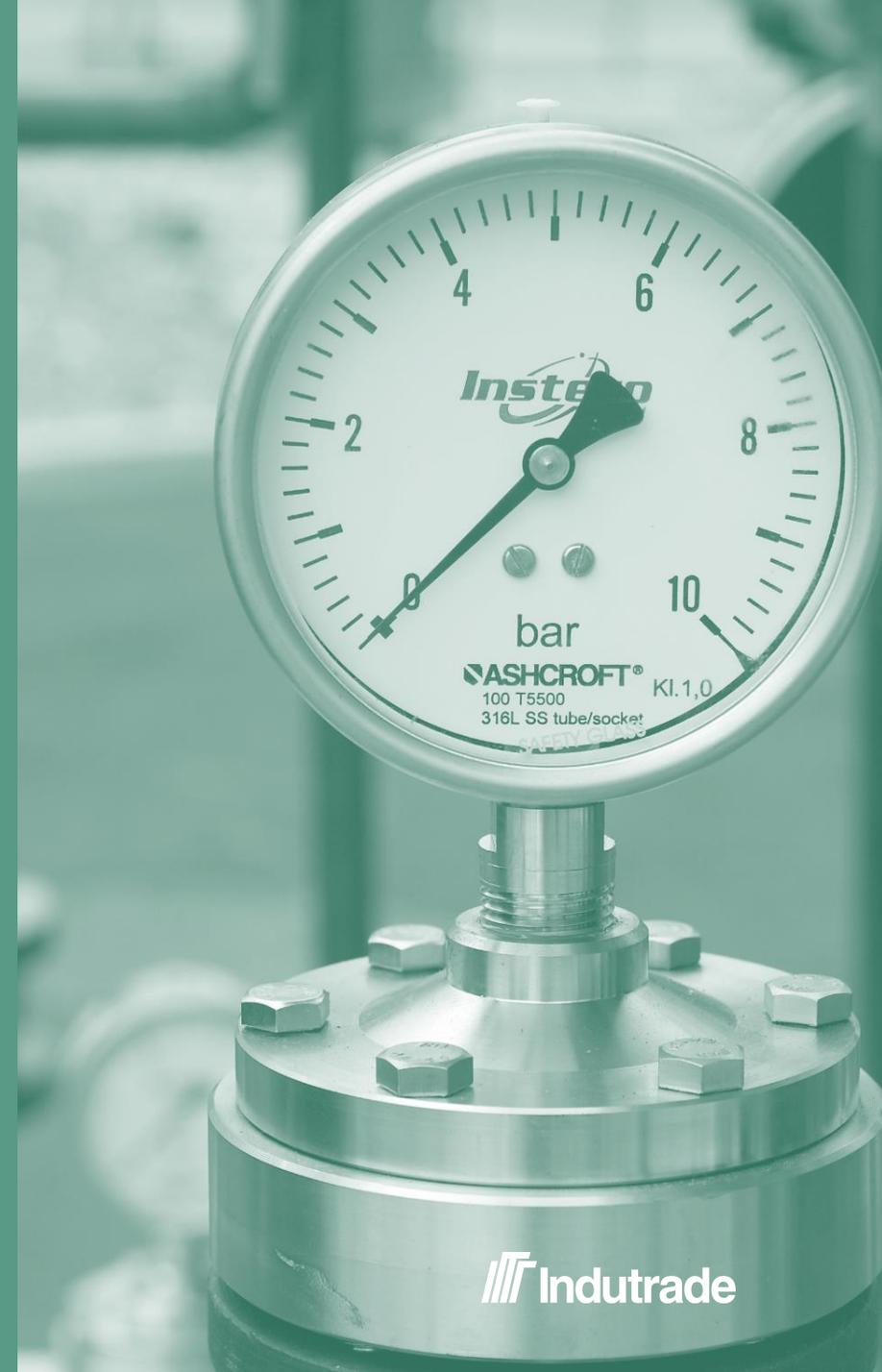
Q&A



Financial Calendar & contact details

- 25 October 2019
Interim Report 1 January – 30 September 2019
- 5 February 2020
Year End Report 1 January – 31 December 2019

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The logo for Indutrade features a stylized 'IT' monogram on the left, composed of three parallel, slanted white bars. To the right of the monogram, the word 'Indutrade' is written in a bold, white, sans-serif typeface.

IT Indutrade