



Q1 Report 2019

Bo Annvik, CEO
Patrik Johnson, CFO

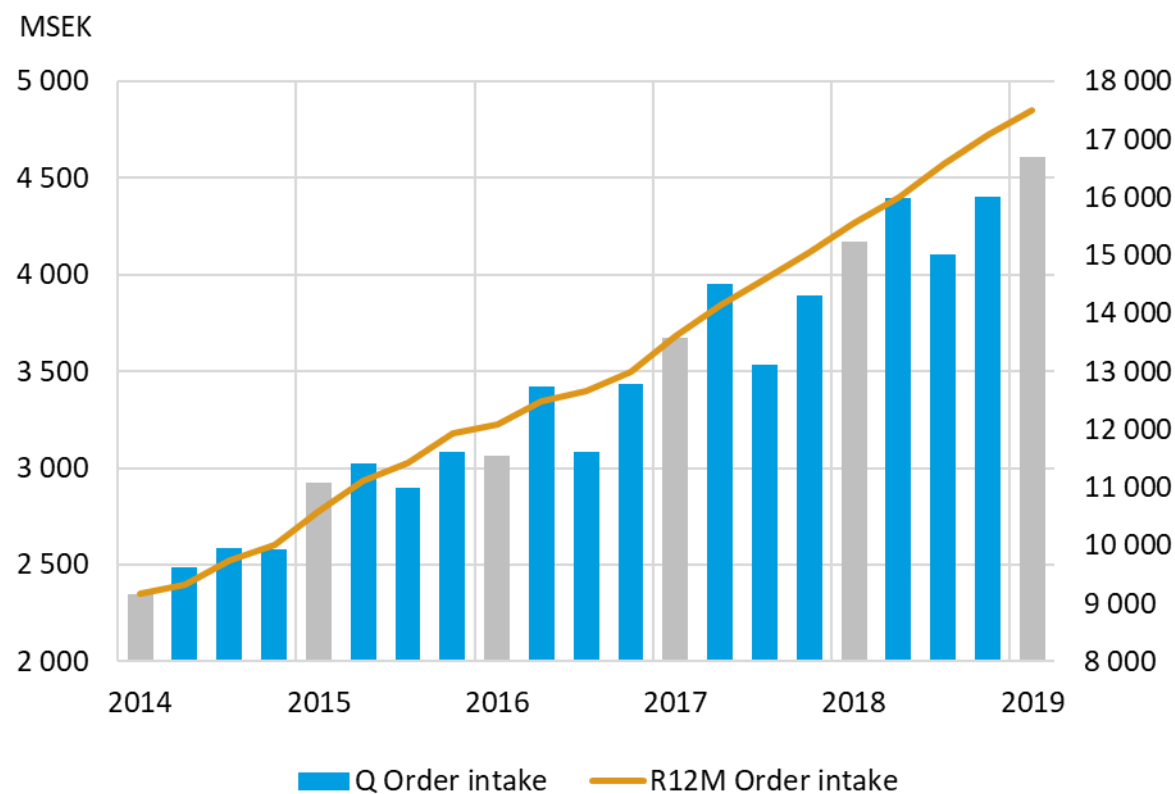
25 April 2019



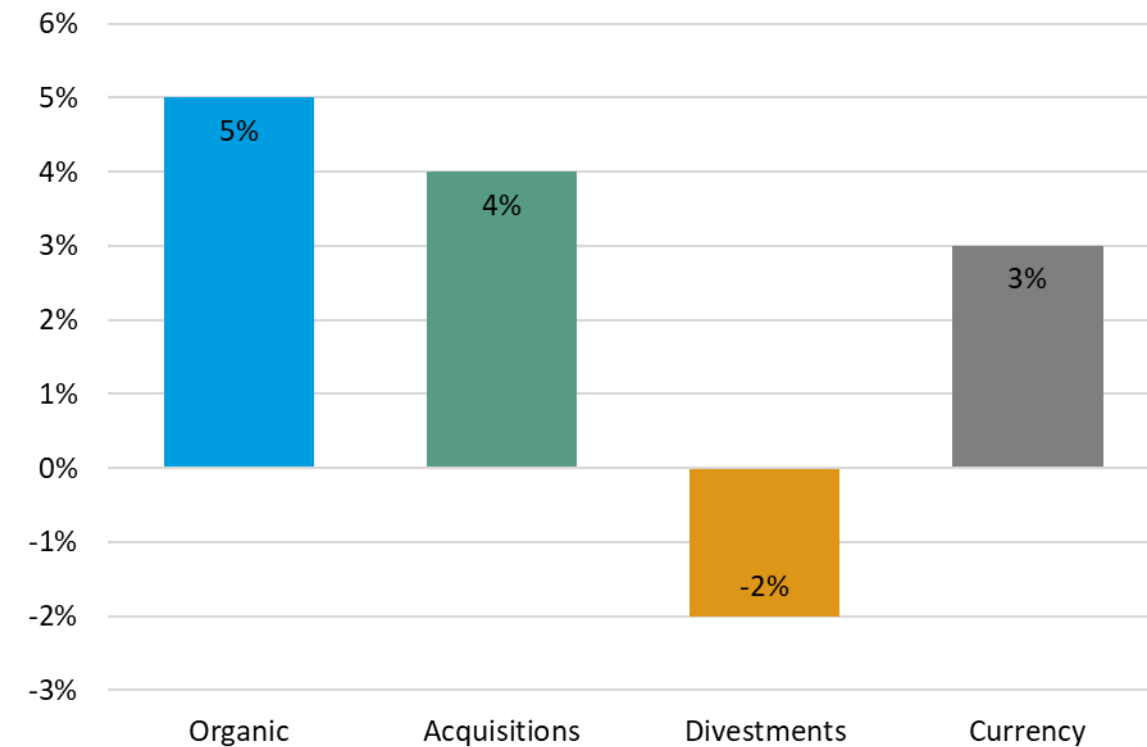
Highlights first quarter 2019

- Stable demand on a high level with strong organic growth rates
- Record high Q1 EBITA margin with good organic operating leverage
- Cash flow improved during the quarter, however, working capital increased
- Acquisition of Weldability Sif and STRIHL during Q1, and Acumo beginning of April
- Signing of UN Global Compact (UNGC)

Order intake



Q growth



4,610 MSEK

Q GROWTH

+10%

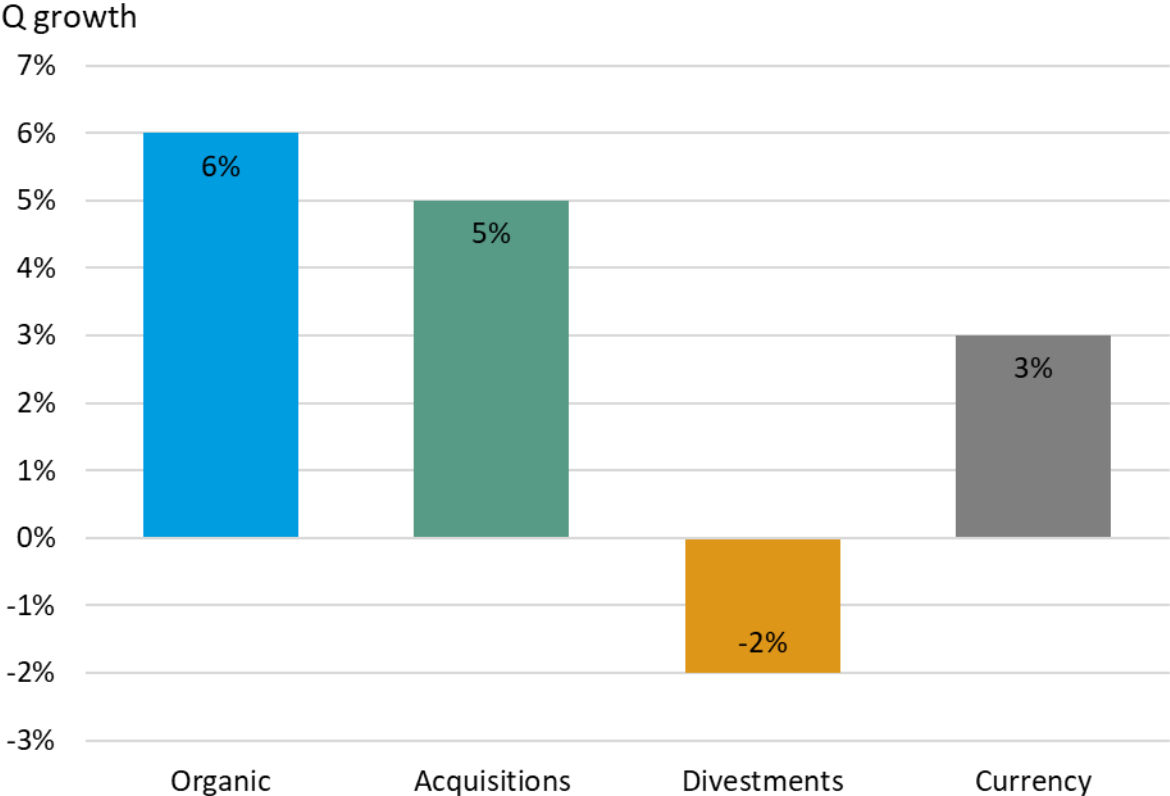
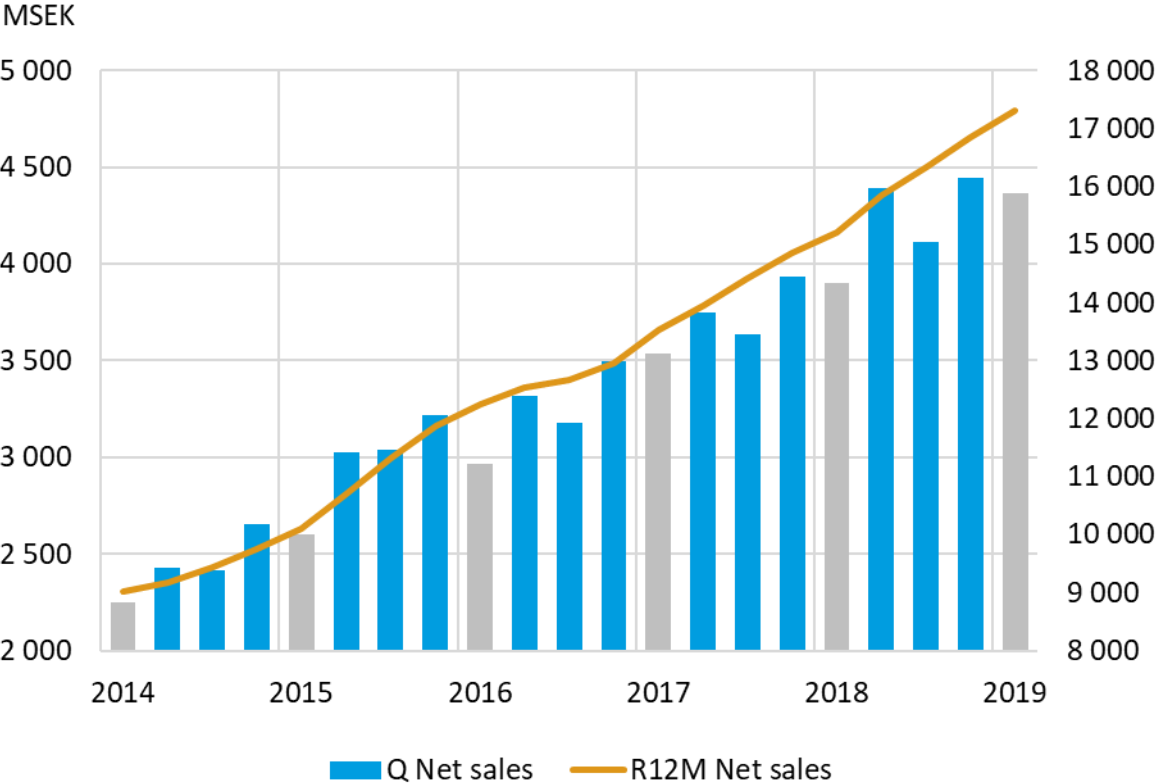
YTD GROWTH

+10%

R3Y CAGR

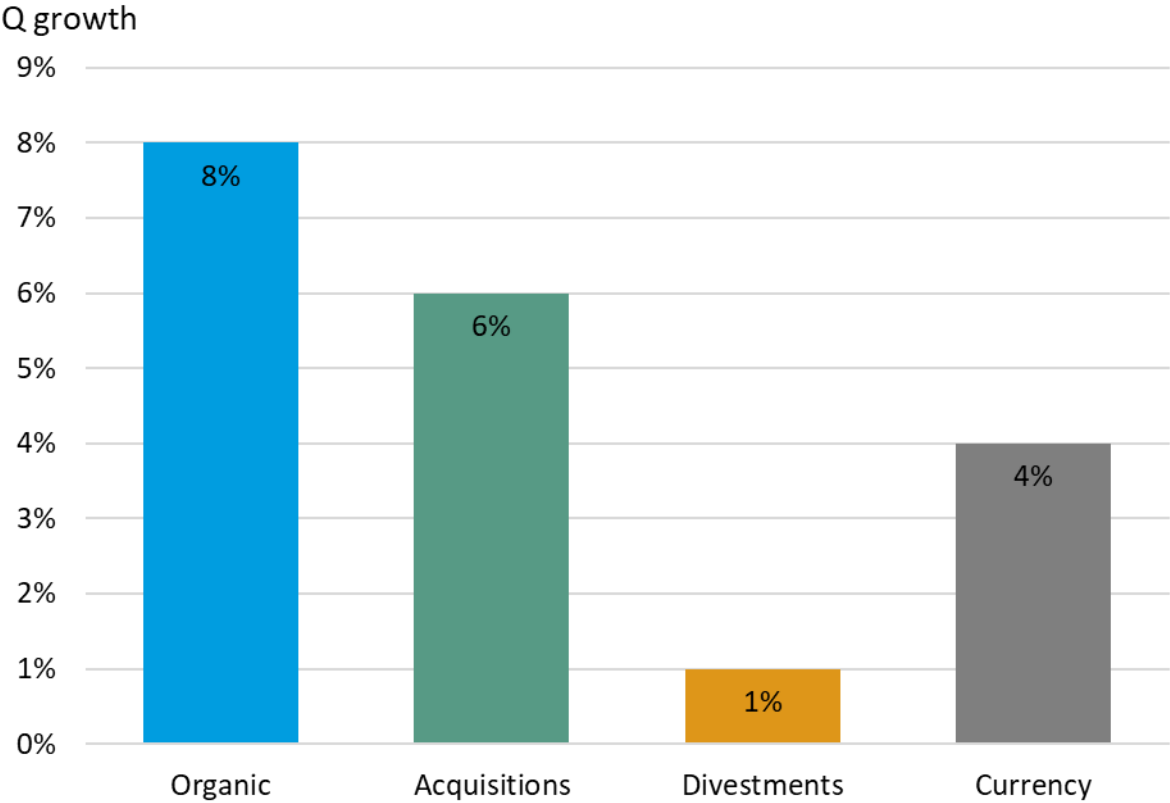
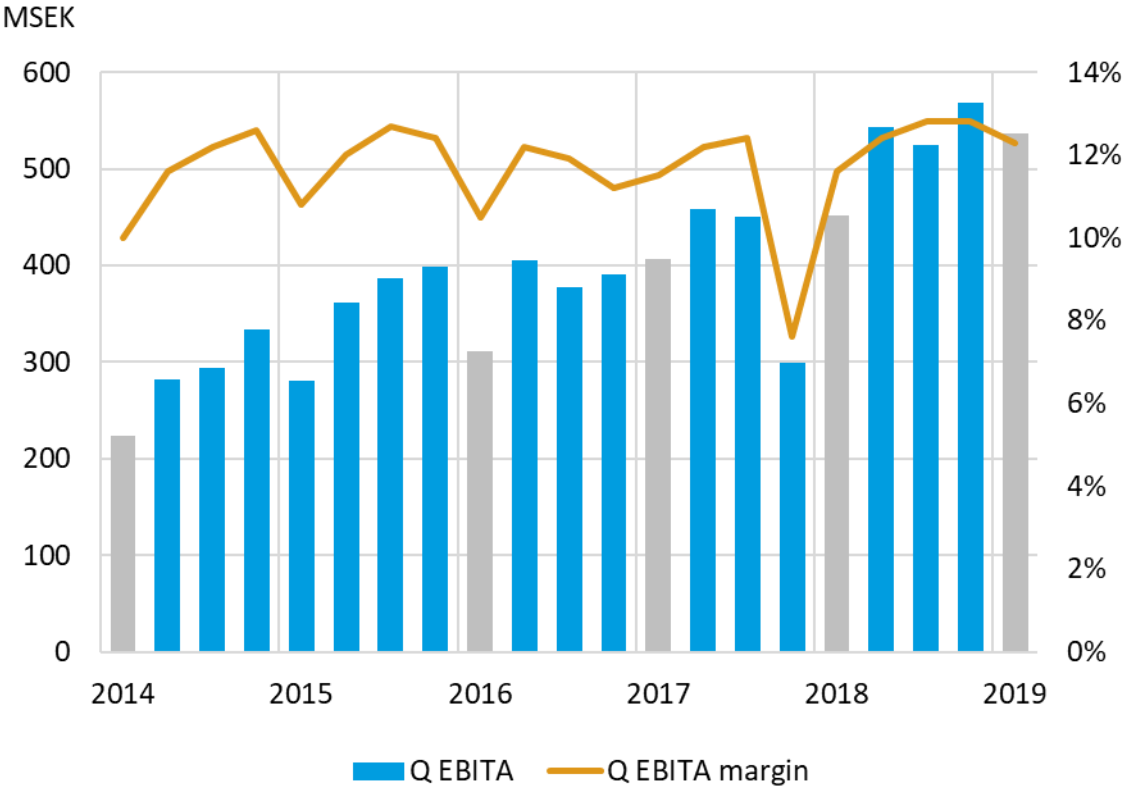
+15%

Net sales



	Q GROWTH	YTD GROWTH	R3Y CAGR
4,366 MSEK	+12%	+12%	+11%

EBITA



537 MSEK

Q GROWTH

+19%

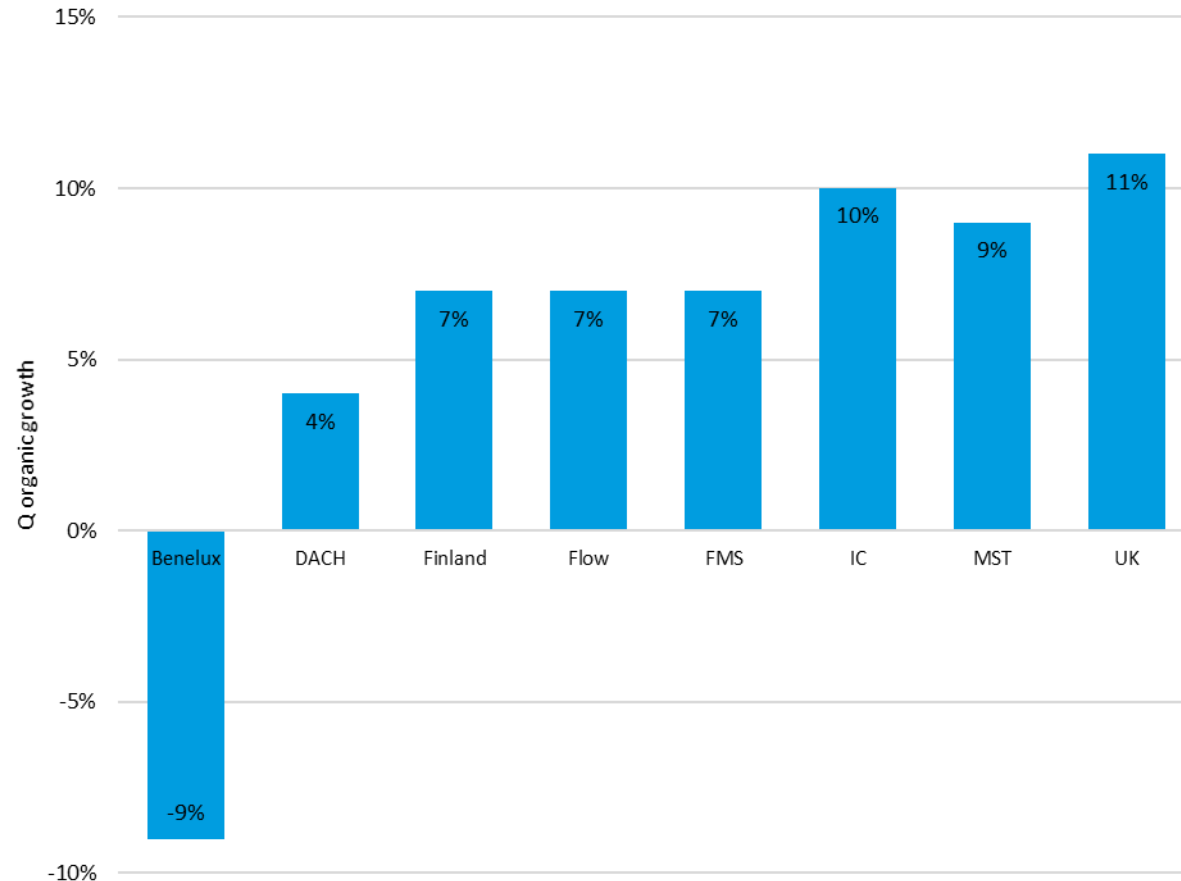
YTD GROWTH

+19%

R3Y CAGR

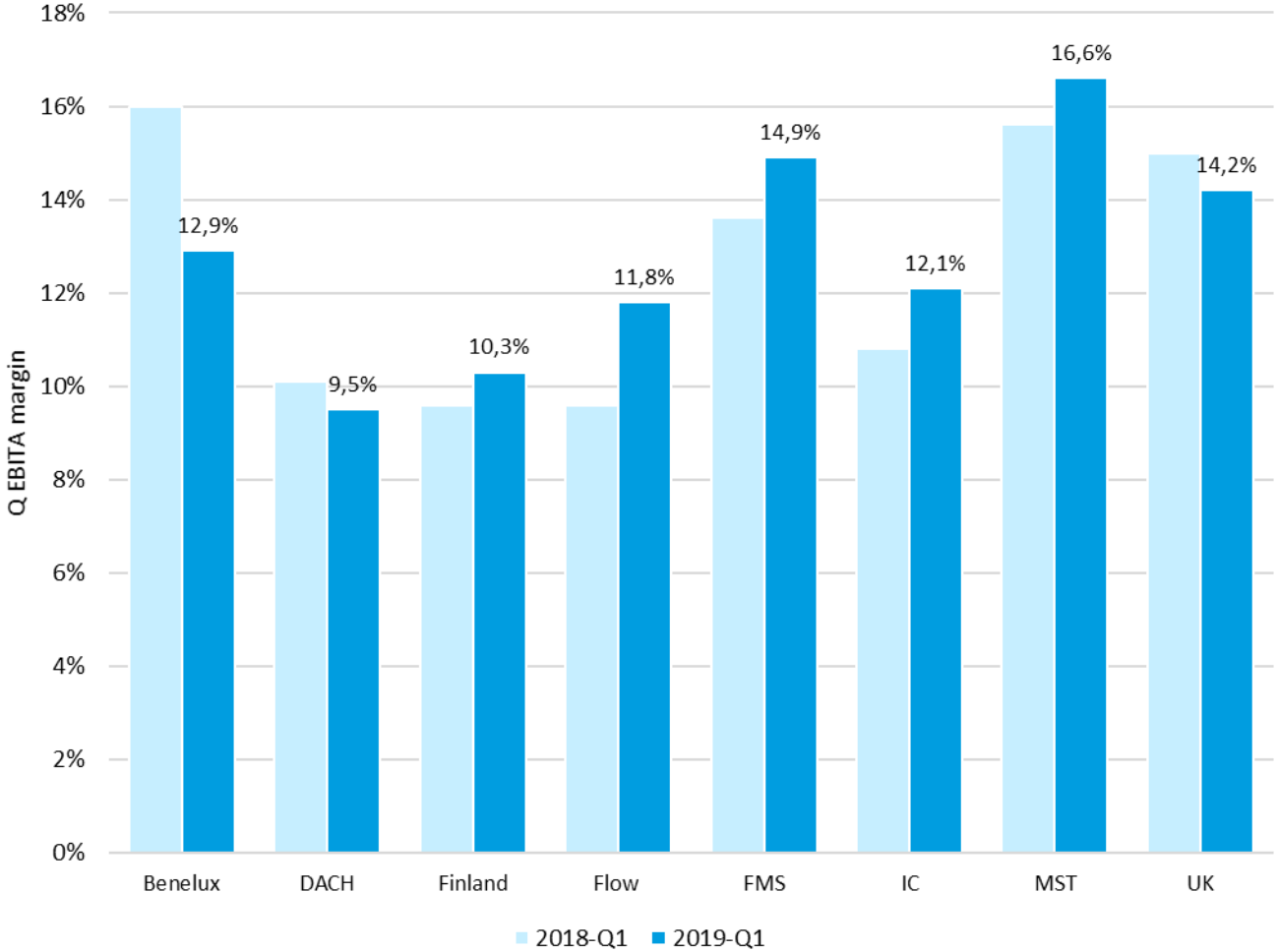
+20%

Organic sales growth by Business Area



- Most Business Areas grew organically in the quarter
- Broad strong demand in Business Area UK – both domestic and export oriented companies developed positively
- Brexit impacting customer behaviour – net effect estimated to be minor
- Hydraulics, process, chemical and med-tech segment companies performed strong in Business Area Industrial Components
- Low sales of valves for power generation impacting Business Area Benelux

EBITA margin by Business Area



- EBITA margin improved in most Business Areas, both organically and through structural activities
- Good organic operating leverage main driver of margin improvement in Flow Technology, Industrial Components, Fluids & Mechanical Solutions and Measurement & Sensor Technology
- Finland benefited from restructuring and divestments
- Benelux decline relates entirely to the valves for power generation business
- A few specific companies with weaker development impacting DACH
- UK effected by negative mix changes and one-off items

Acquisitions/divestments 2019

Acquisitions



Weldability Sif



STRIHL



Acumo AB

Divestments



Wilhelm Sander Fertigung GmbH

Business Area

UK

Fluids & Mechanical Solutions

Industrial Components

Business Area

Flow Technology

Annual Sales

100 MSEK

60 MSEK

60 MSEK

Annual Sales

60 MSEK



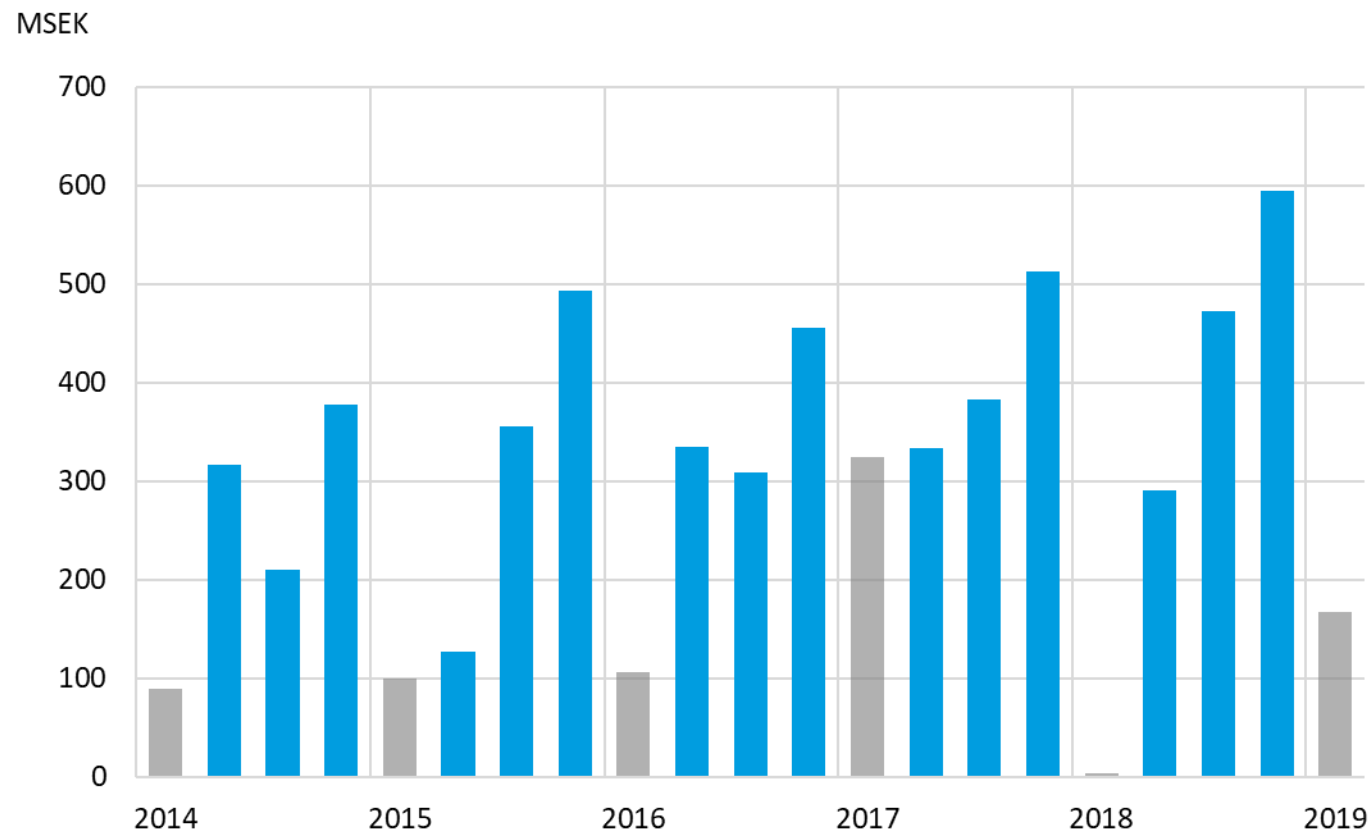
Key data summary

MSEK	2018-Q1	2017-Q1	Change
Order Intake	4,610	4,173	10%
Net Sales	4,366	3,897	12%
Gross margin, %	34.1	34.6	
EBITA	537	299	19%
EBITA-margin, %	12.3	11.6	
Net financial items	-27	-20	35%
Tax	-92	-78	18%
Earnings per share (before dilution), SEK	2.90	2.42	20%
Return On Capital Employed, %	21	19	
Cash Flow from operating activities	168	4	
Net debt / EBITDA, times	2.0	2.1	

Overview IFRS 16 effects

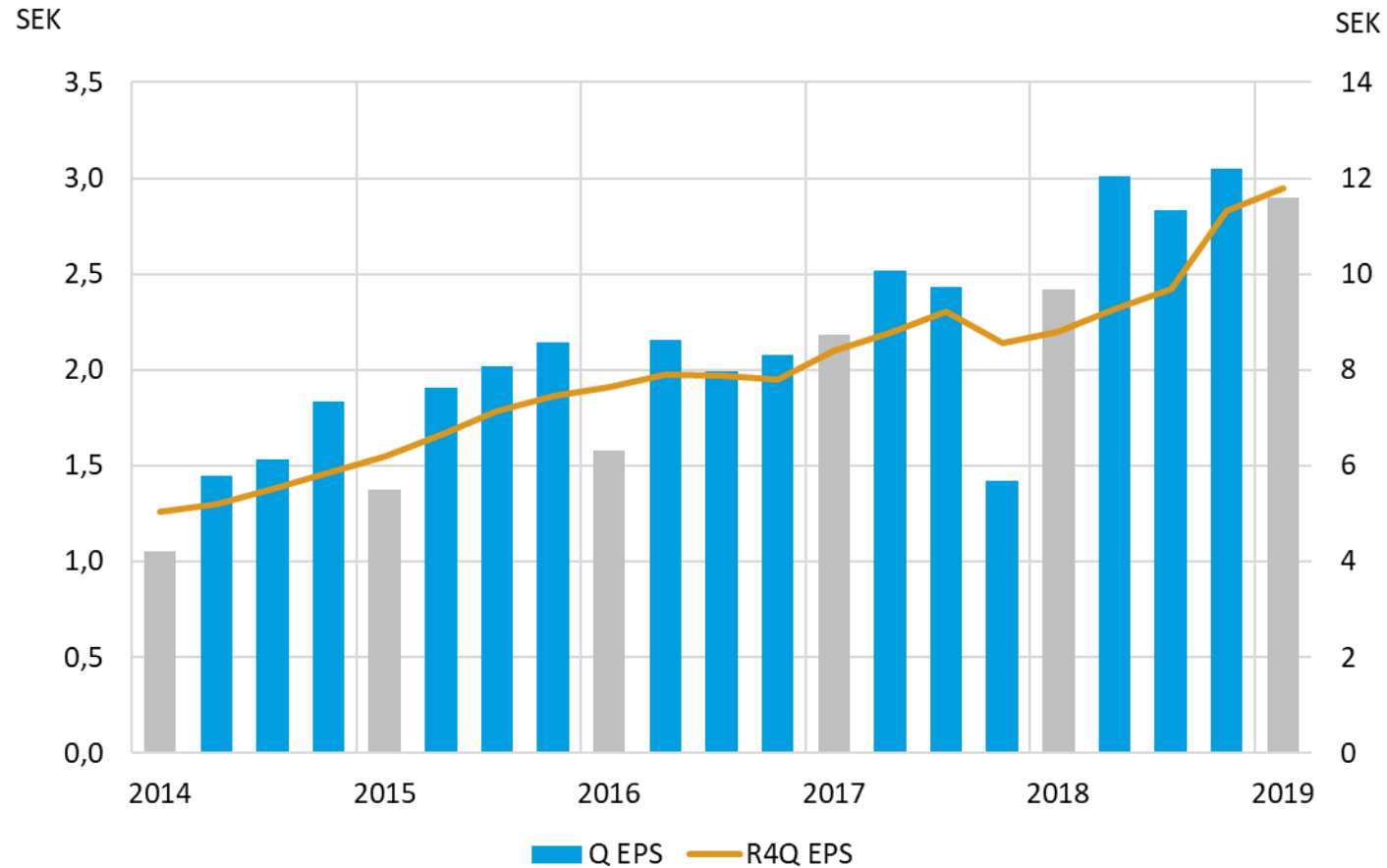
Item / KPI	Estimated impact	Comment
Net debt	+842 MSEK	Opening balance
Finance net	-5 MSEK	Increased costs in Q1-2019
Depreciation	-67 MSEK	Increased costs in Q1-2019
EBITA	+5 MSEK	Increased result in Q1-2019
EBITDA	+72 MSEK	Increased result in Q1-2019
Net debt / equity	+12%-points	Approximate increase of ratio in Q1-2019

Cash Flow from operating activities



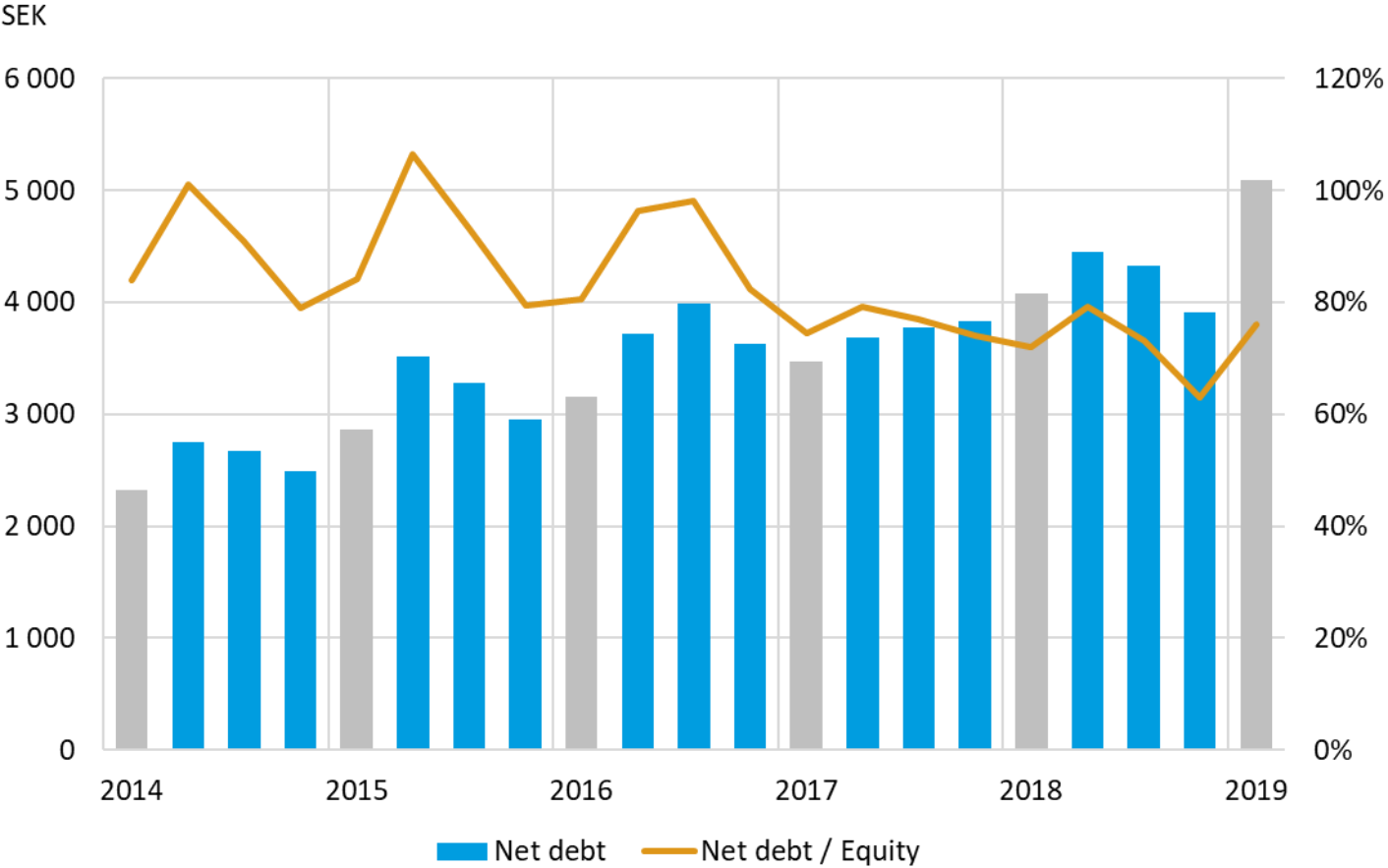
- Cash Flow from operating activities grew from 4 MSEK to 168 MSEK, mainly driven by increased profits
- Cash flow impacted negatively by increased working capital since year end. The increase is partly seasonal and volume related, but partly also because of high capacity utilization in many companies and at customers and suppliers.

Earnings per share



- Q1 earnings per share rose 20% to SEK 2.90 (2.42)
- 3 and 5 year earnings per share CAGR, are 23%

Net debt



- The interest bearing net debt end of Q1 increased to 5,089 (4,078) MSEK
- The major part (approx. 820 MSEK) of the increase relates to the implementation of IFRS 16
- Net debt / equity ratio increased to 76% (72%). The ratio would have been approx. 64% excluding IFRS16 effects

Our Core Values & Business Model stand strong

People make the difference

Entrepreneurship

with a passion
for business

Decentralisation

built
on trust

Long-term

built on
profitable growth

Sustainability as a business opportunity

- Indutrade signed UN Global Compact (UNGC)
- Framework for our decentralised business model
- Updated materiality analysis on Group level
- Workshop and training for all MDs
- Mandatory part of the strategic board meeting for all companies
- “Toolkit” to support the companies



United Nations
Global Compact



Key takeaways

- Our values, business model and strategy stand strong
- Good quarter with continued strong organic growth and operating leverage
- Record Q1 EBITA margin
- Diversified group with agile and flexible companies, working closely with their customers
- Acquisition pace increasing and pipeline remain strong
- Increased focus on sustainable business





Thank you!
Q&A

Financial Calendar & Contact details

- 9 May 2019
Annual General Meeting
- 18 July 2019
Interim report 1 January – 30 June 2019
- 25 October 2019
Interim report 1 January – 30 September 2019

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