

Quarter 1

INTERIM REPORT
JANUARY – MARCH 2020

QUARTER 1 2020

- Net sales amounted to 279,1 MSEK (209,2) which is an increase of 33,5% (43,2)
- Operating profit before amortization of goodwill (EBITA) reached 32,9 MSEK (45,9) with a margin of 11,8% (21,9)
- Operating profit after amortization of goodwill (EBIT) reached 12,9 MSEK (40,3) with a margin of 4,6% (19,3). Amortizations of goodwill had an impact on EBIT with -20,1 MSEK (-5,5)
- Earnings per share amounted to 0,28 SEK (2,69)
- Cash flow from operating activities after change in working capital amounted to -14,9 MSEK (32,9)

KEY RATIOS

	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019	Jan-Dec 2018
Net sales (TSEK)	279 111	209 154	1 038 351	643 758
Sales growth (%)	33,5	43,2	61,3	31,0
EBITDA (TSEK)	37 117	48 198	174 968	138 007
EBITA (TSEK)	32 942	45 822	162 462	131 863
EBITA (%)	11,8	21,9	15,6	20,5
Amortization of goodwill (TSEK)	-20 075	-5 535	-51 329	-11 887
Operating profit EBIT (TSEK)	12 850	40 347	111 148	119 976
Operating margin EBIT (%)	4,6	19,3	10,7	18,6
Cash flow from operating activities (TSEK)	-14 881	32 899	126 084	92 074
Debt/equity ratio (%)	44,7	72,4	41,7	74,5
Net debt (TSEK)	-206 438	98 470	-153 167	172 546
Earnings per share (SEK)	0,28	2,69	6,54	8,61
Equity per share (SEK)	39,23	36,27	37,72	31,68
Number of shares, end of period	11 320 968	11 320 968	11 320 968	11 320 968



COMMENTS BY THE CEO AXEL BERTSSON

During the first quarter of 2020, sales increased by 33% compared to the corresponding quarter last year which was primarily driven by the completed acquisitions in 2019. Our sales of 279 MSEK (209) was negatively impacted by Covid-19 during the entire quarter in China and during March in other regions of the organization. The work with improving the lower average profitability level, in the acquired companies in 2019, continues as planned. However, the decreased sales due to Covid-19 has resulted in a negative impact on the result and operating profit during the quarter compared to last year's strong first quarter. The operating profit before amortization (EBITA) in the quarter amounted 33 MSEK (45), a decrease of 27% from the corresponding quarter last year.

We had a strong start of the year with a good order intake in Europe and North America but in the end of the quarter we were affected by customer closedowns in many of our markets which resulted in decreased sales. In China, Covid-19 affected order intake and sales heavily during the first quarter which resulted in a sales decrease of 60%. During April, the order intake in Asia recovered, and we received our second largest order to date in the region from a die casting plant outside Shanghai. Our new established entity in Japan has had a good start and the activity level as well as sales has exceeded our expectations. In the UK we experienced a challenging start of the year with a weaker order intake.

Due to our customer closedowns, many installations, deliveries and partial deliveries have not been completed and our stock level has thereby increased

more than planned. We are ready to deliver as soon as our customers open their business again.

We expect challenging market conditions ahead as a result of Covid-19 and the economic uncertainty it brings. We are continuously monitoring the Group's expenses to adjust our organization to the current market conditions. Our top priority is the health of our employees and customers, and we limit the spread of the virus by continuously monitoring and adhering to the instructions from all authorities in the countries where we operate.

As previously communicated, we decided to implement furloughs in our European and North American markets which affected about half of the Group's employees. Planned investments are revaluated, and we have signed a supplement to our existing credit facility. Our assessment is that through our actions we are now in a strong position to manage a decreased order intake but also the possibility to capture market share.

Our employees have responded in a fantastic way to the challenges we are facing with a positive attitude and we want to take this opportunity to thank them for their great commitment and effort.

A handwritten signature in black ink, appearing to be 'Axel Berntsson', written in a cursive style.

Axel Berntsson, CEO Absolent Group AB

Lidköping, May 2020

GROUP JANUARY TO MARCH 2020

NET SALES

The net sales for the Group amounted to 279,1 MSEK (209,2), which corresponds to a growth of 33,5% (43,2).

Operating profit

Operating profit (EBIT) amounted to 12,9 MSEK (40,3), which corresponds to an operating margin (EBIT) of 4,6% (19,3). The parent company and the Group do not apply IFRS/IAS 36. Thereby, impairment test of the goodwill is not performed. The Group amortize the goodwill linear over the estimated useful life, which is five to ten years. Compared to the same period previous year these amortizations have increased due to the acquisitions made. The amortizations of the goodwill do not affect the taxable profit. The currency rates impacted the operating profit (EBIT) positively for the period. The financial items were negatively impacted by the currency rates. The impact is related to the credit facility in foreign currency. After taxes and financial items of -9,6 MSEK (-9,9) the result for the period was 3,2 MSEK (30,4). Earnings per share amounted to 0,28 SEK (2,69).

INVESTMENTS

The Group invested 8,5 MSEK (22,7) for the period January to March mainly in machinery and inventories in current operations. A new company was established in Japan to facilitate and pursue the Japanese market.

CASH FLOW

Cash flow from the operating activities before changes in working capital amounted to 21,9 MSEK (45,3).

Cash flow after changes in working capital amounted to -14,9 MSEK (32,9).

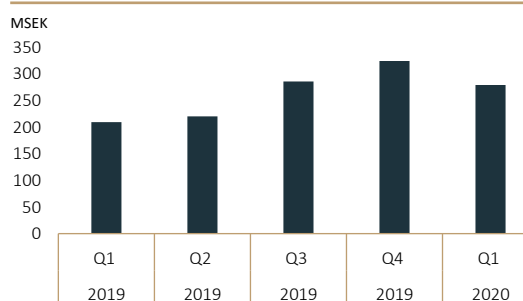
FINANCIAL POSITION

Interest bearing liabilities amounted to 304,9 MSEK at the end of the period. At the beginning of the period the liabilities amounted to 303,5 MSEK. Net debt of the Group was -206,4 MSEK by the end of March compared to -153,2 MSEK in the beginning of the period. The debt/equity ratio was at the end of the period 44,7% compared to 41,7 % by the beginning of the period.

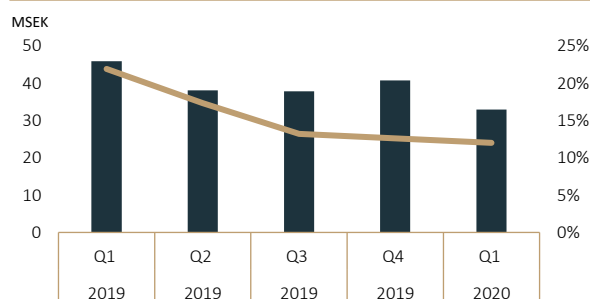
NET SALES PER REGION, Q1



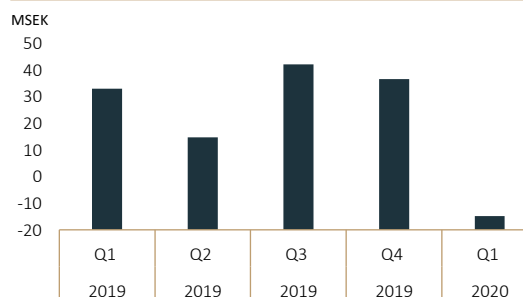
NET SALES



EBITA AND EBITA-MARGIN



CASH FLOW FROM OPERATING ACTIVITIES



OTHER INFORMATION

RISKS AND UNCERTAINTIES

The Group and the parent company are exposed to different risks in their daily operations such as business risk, competitor risk, distributor risk, supplier risk and acquisition risk. These risks are described in detail in the Annual Report of Absolent Group for 2019 (available on www.absolentgroup.com). The risk profile has not changed since the Annual Report of 2019 was published, but the uncertainties in the market has increased with the spread of Covid-19.

FINANCIAL IMPACT OF COVID 19

At the end of the quarter the Group has noticed a decrease in the order intake which, most likely, will impact the second quarter negatively. To meet the decreased sales, furloughs of employees have been made on our markets in Europe and North America. The furloughs are handle locally based on local regulations.

Due to the great uncertainties in the market, the Board of Directors announced on April 1 to revoke the dividend proposal given to the annual general meeting for 2020. In addition, Absolent Group signed a supplement to existing credit facility of additional 300 MSEK. This will contribute to strengthen the Groups financial position and gives capital to face challenges and possibilities that may arise as a result of Covid-19.

The Group management follows the development closely and evaluates both the operational and financial impact and takes proactive measures to limit the effects.

ACCOUNTING PRINCIPLES

The Group and the parent company applies the Swedish Annual Accounts Act (1995:1554) and General recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) of the Swedish Accounting Standard Board. The accounting principles applied are the same as those described in the disclosures of the annual report for 2019 (available on www.absolentgroup.com). No new accounting principles for 2020 has been applied by the Group.

This information is information Absolent Group AB (publ.) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 01:00 p.m. CEST May 5, 2020.

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CERTIFIED ADVISER

Erik Penser Bank AB is the Certified Adviser.

FINANCIAL CALENDER

Annual General Meeting 2020	May 5, 2020
Interim report, Q2 2020	August 4, 2020
Interim report, Q3 2020	November 19, 2020

This interim report has not been reviewed by the company auditors.

The interim report is available on the Group website (www.absolentgroup.com).

This document is a translation of the Swedish original. In the event of any discrepancies between this translation and the Swedish original, the latter shall prevail.

Lidköping May 5, 2020
Axel Berntsson
CEO

GROUP – INCOME STATEMENTS

(TSEK)	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	279 111	209 154	1 038 351
Cost of products and services sold	-172 908	-113 792	-616 832
Gross profit	106 203	95 362	421 519
Sales expenses	-58 136	-30 818	-172 274
Administrative expenses	-33 207	-19 139	-121 555
Research and development expenses	-5 800	-3 271	-13 848
Other operating income and expenses	3 790	-1 787	-2 694
Operating result (EBIT)	12 850	40 347	111 148
Financial items	-3 787	734	-3 204
Result before tax	9 063	41 081	107 943
Taxes	-5 840	-10 651	-33 869
Result for the period	3 223	30 430	74 074

GROUP – BALANCE SHEETS

(TSEK)	31-Mar 2020	31-Mar 2019	31-Dec 2019
Assets			
<i>Fixed assets</i>			
Intangible assets	352 350	127 733	361 648
Tangible assets	130 179	98 975	128 043
Financial assets	140	203	208
Sum fixed assets	482 669	226 911	489 899
<i>Current assets</i>			
Inventories	120 710	69 960	112 742
Account receivables	246 179	135 534	238 691
Other current assets	46 542	28 880	33 244
Cash and cash equivalents	104 207	105 496	150 379
Sum current assets	517 638	339 870	535 055
Total assets	1 000 307	566 781	1 024 955
Equity and liabilities			
<i>Equity</i>			
Share capital (11 320 968 shares)	3 363	3 363	3 363
Other contributed capital	32 510	32 510	32 510
Other equity including profit for the year	408 281	374 758	391 199
Minority interests	1	-	1
Sum equity	444 155	410 631	427 073
<i>Provisions</i>			
Deferred tax liabilities	11 841	10 376	12 277
Other provisions	45 681	1 030	72 850
Sum provisions	57 522	11 406	85 127
<i>Long-term liabilities</i>			
Liabilities to credit institutions	299 761	1 424	296 848
Sum long-term liabilities	299 761	1 424	296 848
<i>Short-term liabilities</i>			
Other interest-bearing liabilities	5 175	5 602	5 204
Bank overdraft	5 709	-	1 494
Accounts payables	67 978	59 826	84 916
Other current liabilities	120 007	77 892	124 292
Sum short-term liabilities	198 869	143 320	215 908
Sum equity and liabilities	1 000 307	566 781	1 024 955

GROUP - STATEMENTS OF CHANGES IN EQUITY

(TSEK)	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Opening balance	427 073	358 701	358 701
Translation differences	13 859	21 500	11 278
Dividends	-	-	-16 981
Result for the year	3 223	30 430	74 074
Change in minority	-	-	1
Closing balance	444 155	410 631	427 073

GROUP - CASH FLOW STATEMENTS

(TSEK)	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating result (EBIT)	12 850	40 347	111 148
Adjustment for items not included in the cash flow	26 287	8 233	66 186
Financial net, paid	-733	570	-3 615
Paid tax	-16 534	-3 898	-27 121
Changes in working capital	-36 751	-12 353	-20 514
Cash flow from operating activities	-14 881	32 899	126 084
Investing activities	-8 527	-22 722	-68 334
Acquired operations	-27 000	-83 155	-409 471
Provision for additional purchase price, not included in the cash flow	-	-	47 000
Cash flow from investing activities	-50 408	-72 978	-304 721
Financing activities	-732	-205	277 567
Cash flow for the period	-51 140	-73 183	-27 154
Cash and cash equivalents at the beginning of the period	150 379	172 771	172 771
Translation differences	4 968	5 908	4 762
Cash and cash equivalents at the end of the period	104 207	105 496	150 379

PARENT COMPANY – INCOME STATEMENTS

(TSEK)	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	1 205	1 194	6 006
Gross profit	1 205	1 194	6 006
Sales expenses	-378	-251	-990
Administrative expenses	-8 022	-4 318	-23 458
Research and development expenses	-540	-609	-1 927
Other operating income and expenses	591	9	-147
Operating result (EBIT)	-7 144	-3 975	-20 516
Financial items	-327	115	-268
Appropriations	7 416	3 873	20 819
Result before tax	-55	13	35
Taxes	-	-13	-49
Result for the period	-55	0	-14

PARENT COMPANY - BALANCE SHEETS

(TSEK)	31-Mar 2020	31-Mar 2019	31-dec 2019
Assets			
<i>Fixed assets</i>			
Intangible assets	8 922	277	6 868
Tangible assets	131	149	135
Participations in group companies	362 447	131 757	362 447
Long-term receivables group companies	118 060	10 056	113 809
Sum total fixed assets	489 560	142 239	483 259
<i>Current assets</i>			
Receivables group companies	65 007	14 434	54 653
Other receivables	2 939	1 458	2 531
Cash and cash equivalents	-	45 624	9 920
Sum current assets	67 945	61 516	67 103
Total assets	557 505	203 755	550 363
Equity and liabilities			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital (11 320 968 shares)	3 363	3 363	3 363
Reserve fund	918	918	918
<i>Non-restricted equity</i>			
Share premium fund	32 510	32 510	32 510
Retained earnings	101 550	118 546	101 564
Result for the period	-55	0	-14
Sum total equity	138 286	155 337	138 341
<i>Provisions</i>			
Other provisions	20 000	-	47 000
Sum provisions	20 000	-	47 000
<i>Long-term liabilities</i>			
Liabilities to credit institutions	298 871	-	295 830
Sum long-term liabilities	298 871	-	295 830
<i>Short-term liabilities</i>			
Bank overdraft	2 887	-	-
Accounts payables	2 739	925	2 547
Liabilities group companies	87 825	42 678	59 438
Other liabilities	6 897	4 815	7 207
Sum short-term liabilities	100 348	48 418	69 192
Sum equity and liabilities	557 505	203 755	550 363