

# Presentation of Interim Report Q3 2021

1 January-30 September 2021

29 October 2021

# Presenters today



**ULF LILIUS**  
President & CEO



**NIKLAS ENMARK,**  
EVP & CFO



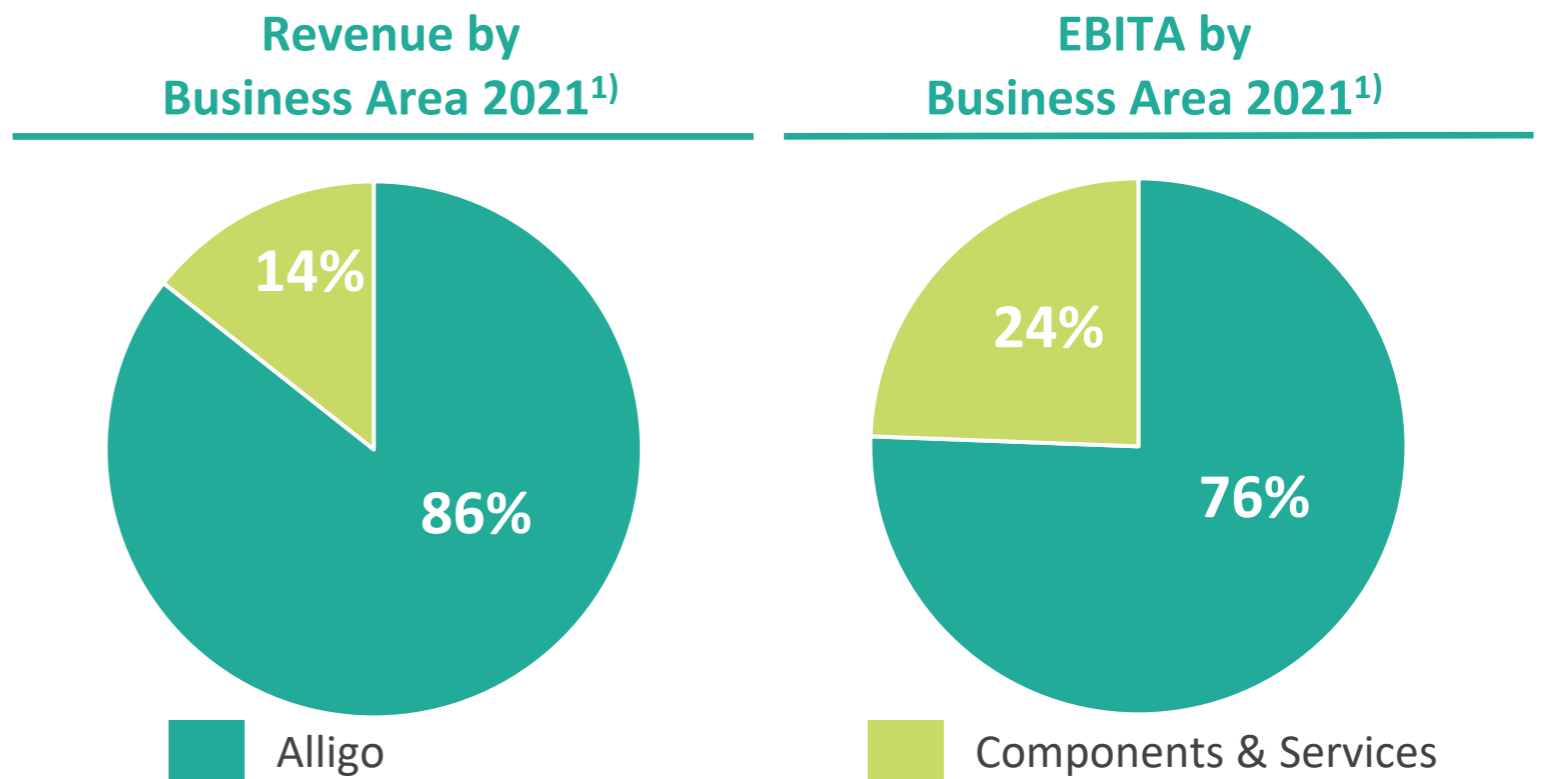
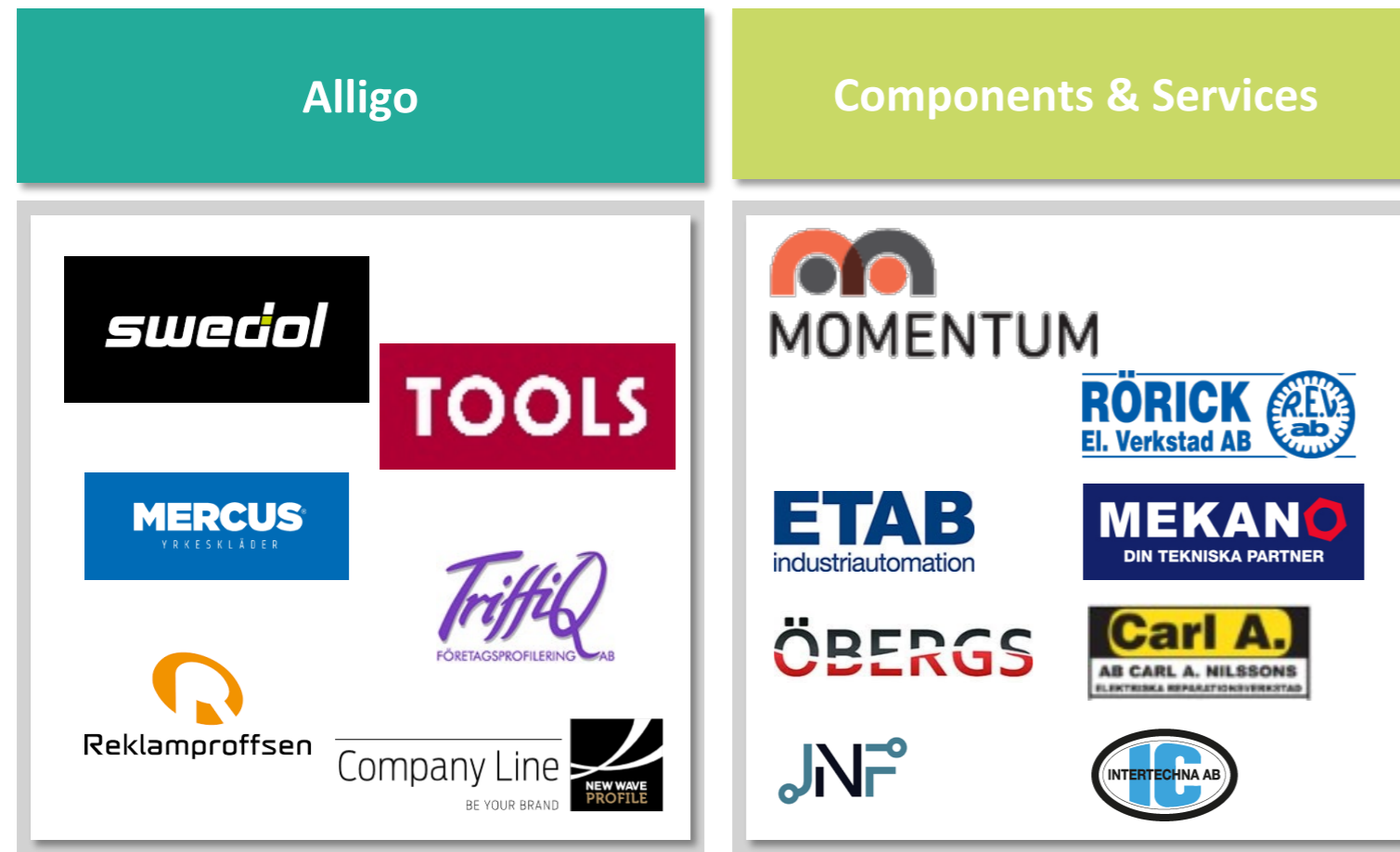
**CLEIN JOHANSSON  
ULLENVIK**  
Business Area Manager Alligo



**IRENE WISENBORN  
BELLANDER**  
CFO Alligo

# Momentum Group at a glance

- Momentum Group is a leading supplier of industrial consumables, industrial components, services and maintenance for professional end users in the industrial and construction sectors in the Nordics.
- Decentralised business model.
- Strong local presence in close proximity to customers (260 local units).
- Two operationally independent Business Areas:



# Interim Report Q3 2021 (9 months) – 1 January-30 September 2021

## Interim Report Q3 2021 [1 Jan-30 Sep 2021]

# Highlights from the report

Increased demand from most customers, and both of the Group's business areas continued to deliver a positive performance. The Group maintained its ability to deliver despite certain challenges with materials shortages and increased prices for raw materials and transportation. EBITA increased by 56% during the quarter.

Move of TOOLS Swedish logistics operations to *Alligo's* modern and highly efficient logistics centre in Örebro leading to cost reductions and more efficient supply chain. Restructuring costs of MSEK 108 in Q3

Five acquisitions completed during the period. After the end of the period *Components & Services* acquired Intertechna that strengthens the technical service offering and *Alligo* acquired the Norwegian workwear specialist RAF Romerike Arbeidstøy.

Decision to continue with the spin-off of the Group's operations into two independent companies with the ambition for a separate listing of *Components & Services* on Nasdaq Stockholm during H1 2022.

# Interim Report Q3 2021 [1 Jan-30 Sep 2021]

## Business area Alligo<sup>1</sup>

- **Revenue** increased by 5%<sup>2</sup> for the quarter and by 3%<sup>2</sup> for the reporting period.
  - Stable organic demand growth from small and midsize companies in Sweden, weaker in Norway and Finland.
  - Actions to improve the position in the industrial segment are implemented continuously.

MSEK	QUARTER (3 mon)			REPORTING PERIOD (9 mon) <sup>1</sup>		
	JUL-SEP 2021	JUL-SEP 2020	Δ	JAN-SEP 2021	JAN-SEP 2020	Δ
Revenue	1,874	1,781	5%	6,028	5,845	3%
EBITA <sup>3</sup>	154	94	64%	406	307	32%
EBITA margin <sup>3</sup> , %	8.2%	5.3%		6.7%	5.3%	

- **EBITA<sup>3</sup>** increased by 64% to MSEK 154 (94) for the quarter, corresponding to an **EBITA margin<sup>3</sup>** of 8.2% (5.3).
- For the reporting period, **EBITA<sup>3</sup>** increased by 32%<sup>1</sup>.
  - Increased revenue and integration synergies offset price increases for certain product areas and freights.
- Launch of own brands at TOOLS postponed to Q4 due to challenges in the freight market.
- Move of TOOLS Swedish logistics operations to Alligo's modern and highly efficient logistics centre in Örebro
  - More efficient flow of goods and increased customer value
  - Annual estimated cost savings of MSEK 25
  - Restructuring costs of MSEK 108 in Q3
- Divestment of Gigant in order to focus on sales to end users.

## Business Area Components & Services

- **Revenue** increased by 16%<sup>1</sup> for the quarter and by 10% percent<sup>1</sup> for the reporting period.
  - Positive sales development for all businesses during the quarter.
  - Positive outlook for the remainder of the year from many customers.
  - Some challenges with the availability of certain products in the short term.
  - Businesses acquired so far in 2021 contributed by MSEK 140 in revenue during the reporting period.
- **EBITA<sup>2</sup>** increased by 38% to MSEK 51 (37) for the quarter, corresponding to an **EBITA margin<sup>2</sup>** of 14.9% (14.5). For the reporting period, **EBITA<sup>2</sup>** increased by 24%.
  - Volume growth, measures for improved efficiency, price adjustments and a good product mix contributed to a continued strong profit development and good profitability.
- Acquisition of **Intertechna** (completed after the period), strengthens the offering in the development and digitization of production and maintenance.

MSEK	QUARTER (3 mon)			REPORTING PERIOD (9 mon)		
	JUL-SEP 2021	JUL-SEP 2020	Δ	JAN-SEP 2021	JAN-SEP 2020	Δ
Revenue	343	256	34%	1,089	867	26%
EBITA <sup>2</sup>	51	37	38%	144	116	24%
EBITA margin <sup>2</sup> , %	14.9%	14.5%		13.2%	13.4%	

## Interim Report Q3 2021 [1 Jan-30 Sep 2021]

# Group in Summary<sup>1</sup>

- **Revenue** increased by 6%<sup>2</sup> to MSEK 2,209 during the quarter. For the reporting period, **revenue** increased by 4%<sup>2</sup> to MSEK 7,094.
- **EBITA<sup>3</sup>** for the quarter increased by 56% to MSEK 200 (128), corresponding to an **EBITA margin<sup>3</sup>** of 9.1% (6.3).

MSEK	QUARTER (3 mon)			REPORTING PERIOD (9 mon) <sup>1</sup>		
	JUL-SEP 2021	JUL-SEP 2020	Δ	JAN-SEP 2021	JAN-SEP 2020	Δ
Revenue	2,209	2,029	9%	7,094	6,685	6%
EBITA <sup>3</sup>	200	128	56%	539	417	29%
<i>Items affecting comparability</i>	-113	-97		-115	-106	
<i>Amortisation of intangible assets in corporate acquisitions</i>	-19	-17		-54	-40	
Operating profit	68	14	386%	370	228	62%
EBITA margin <sup>3</sup> , %	9.1%	6.3%		7.6%	6.2%	

- **EBITA<sup>3</sup>** increased by 29% to MSEK 539 (417) for the reporting period, corresponding to an **EBITA margin<sup>3</sup>** of 7.6 percent (6.2).
- The work to enable the split of **the Group** into two separate listed companies proceeds according to plan and has resulted in advisory costs affecting comparability of MSEK –7 during the reporting period, in addition to the 108 MSEK in restructuring cost in business area Alligo related to TOOLS Swedish logistics operation.
- **Return on working capital (EBITA/WC)** increased to 37% (29) rolling 12 months.
- The **equity/assets ratio** was 40 percent at the end of the period.



## Interim Report Q3 2021 [1 Jan-30 Sep 2021]

# Cash-flow Statement in Summary

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020
<b>Operating activities</b>				
Operating activities before changes in working capital	242	211	730	581
Changes in working capital	-297	9	-299	121
<b>Cash flow from operating activities</b>	<b>-55</b>	<b>220</b>	<b>431</b>	<b>702</b>
<b>Investing activities</b>				
Acquisition of intangible & tangible non-current assets	-26	-46	-101	-105
Sale of intangible & tangible non-current assets	0	0	0	0
Acquisition of subsidiaries & other business units	-	-51	-127	-1,753
Sale of financial non-current assets	0	1	0	1
<b>Cash flow from investing activities</b>	<b>-26</b>	<b>-97</b>	<b>-228</b>	<b>-1,857</b>
<b>Cash flow before financing</b>	<b>-81</b>	<b>123</b>	<b>203</b>	<b>-1,155</b>
<b>Financing activities</b>				
Financing activities	-93	-65	-436	1,208
<b>Cash flow for the period</b>	<b>-174</b>	<b>58</b>	<b>-233</b>	<b>53</b>
Cash and cash equivalents at the beginning of the period	317	29	375	37
Exchange-rate differences in cash and cash equivalents	2	1	3	-2
<b>Cash and cash equivalents at the end of the period</b>	<b>145</b>	<b>88</b>	<b>145</b>	<b>88</b>

- **Cash flow from operating activities for rolling 12 months ending 30 September 2021** amounted to MSEK 920.

# Performance Measures in Summary

	12 MONTHS ENDING			
	30 SEP 2021	31 DEC 2020	31 MAR 2020	31 MAR 2019
Revenue <sup>1</sup> , MSEK	9,623	9,214	9,780	6,024
EBITA <sup>1,2</sup> , MSEK	740	618	681	318
EBITA margin <sup>1,2</sup> , %	7.7%	6.7%	7.0%	5.3%
Profit margin, %	5.2%	4.4%	4.6%	4.9%
Return on working capital (EBITA/WC) <sup>1</sup> , %	37%	32%	28%	27%
Return on equity, %	13%	12%	16%	19%
Equity/assets ratio, %	40%	39%	48%	45%
Earnings per share, SEK	7.85	6.50	7.70	8.20
Financial net loan liability (closing balance), MSEK	2,526	2,331	708	293
Operational net loan liability (closing balance), MSEK	1,462	1,293	166	266
Number of employees at the end of the period	2,810	2,670	1,651	1,684

- **Operational net loan liability** amounted to MSEK 1,462 at the end of the period (MSEK 1,293 as of 31 Dec 2020).
- The **equity/assets ratio** was 40% (38) at the end of the period.
- **Return on equity** for rolling 12 months ending 30 Sep 2021 was 13% (10).

**Focus** in the short to medium term

# Preparing for a split into two separate listed companies

- Change of group management as of 1 November
- Change of name of the listed parent company Momentum Group AB to Alligo AB – *subject to decision at extraordinary general meeting on 2 December 2021.*
- Parent company in business area Components & Services – name change to Momentum Group AB on 2 December 2021.
- Listing of new Momentum Group AB planned for H1 2022.



Business area Alligo –

## Extensive integration efforts to build Alligo



- A lot of things have happened in the last year – extensive efforts to integrate, e.g., assortment, sales networks, processes and systems
- Much remains to be done, but we are now ready to look ahead and define our strategy for the future – we already have Mission, Vision, Strategic objectives and Core Values in place

Business area Alligo –

# Our strategy map – now complete

## Mission

**We make businesses work**

## Vision

**We're unbeatable**

- ...as a partner to our customers
- ...as an employer
- ...as a partner to our suppliers
- ...as a leader in sustainable development in our industry

## Strategic objectives

- We provide our customers with what they need in a friendly way**
- We are the workplace where the best people want to work and we make them grow**
- We have our industry's most efficient operations and reliable processes**
- We are known as the leader in sustainable development in our industry**

## Core Values

**Commitment  
Collaboration  
Competence**

Business area Alligo –

# Our desired position – from different perspective

We want to be a fully integrated company

## Customers

- We focus on professional customers in eight defined industry segments
- Our priority is to be strong facing the end customers

## Offering

- We offer a product assortment with focus on consumables and a high degree of standardisation
- Services are an important part of our offering

## Go-to-market

- We meet our customers where they want to meet us – through several sales channels
- Our digital channels support and drive different types of sales
- We meet our customers through several concept brands and have the ambition to reduce these to one main brand per country over time

## Business area Components & Services –

# Market's best partner for the industry

Operates, develops and acquires successful companies in the Nordic region

### THREE MAIN FOCUS AREAS

#### COMPONENTS & SERVICES

*Potential acquisition targets with competitive offerings of industrial components, services and solutions for maintenance, repairs and operations.*

#### GROUP COMPANIES TODAY



Revenue: MSEK 1,000 / EBITA: MSEK 135

#### TECHNICAL SERVICE

*Potential acquisition targets with competitive offerings of technical service for the industrial sector, including solutions for digitalised maintenance, etc.*

#### GROUP COMPANIES TODAY



Revenue: MSEK 325 / EBITA: MSEK 30

#### SPECIALISTS

*Potential acquisition targets with a competitive edge in specialist areas / market niches for the industrial sector.*

#### GROUP COMPANIES TODAY



Revenue: MSEK 140 / EBITA: MSEK 15



# Business area Components & Services – Focus in the short to medium term

- Prepare the listing of new Momentum Group – planned for H1 2022
- Business development through active ownership
- Manage companies through decentralized responsibility and enable employee development
- Growth through acquisitions of sustainable companies



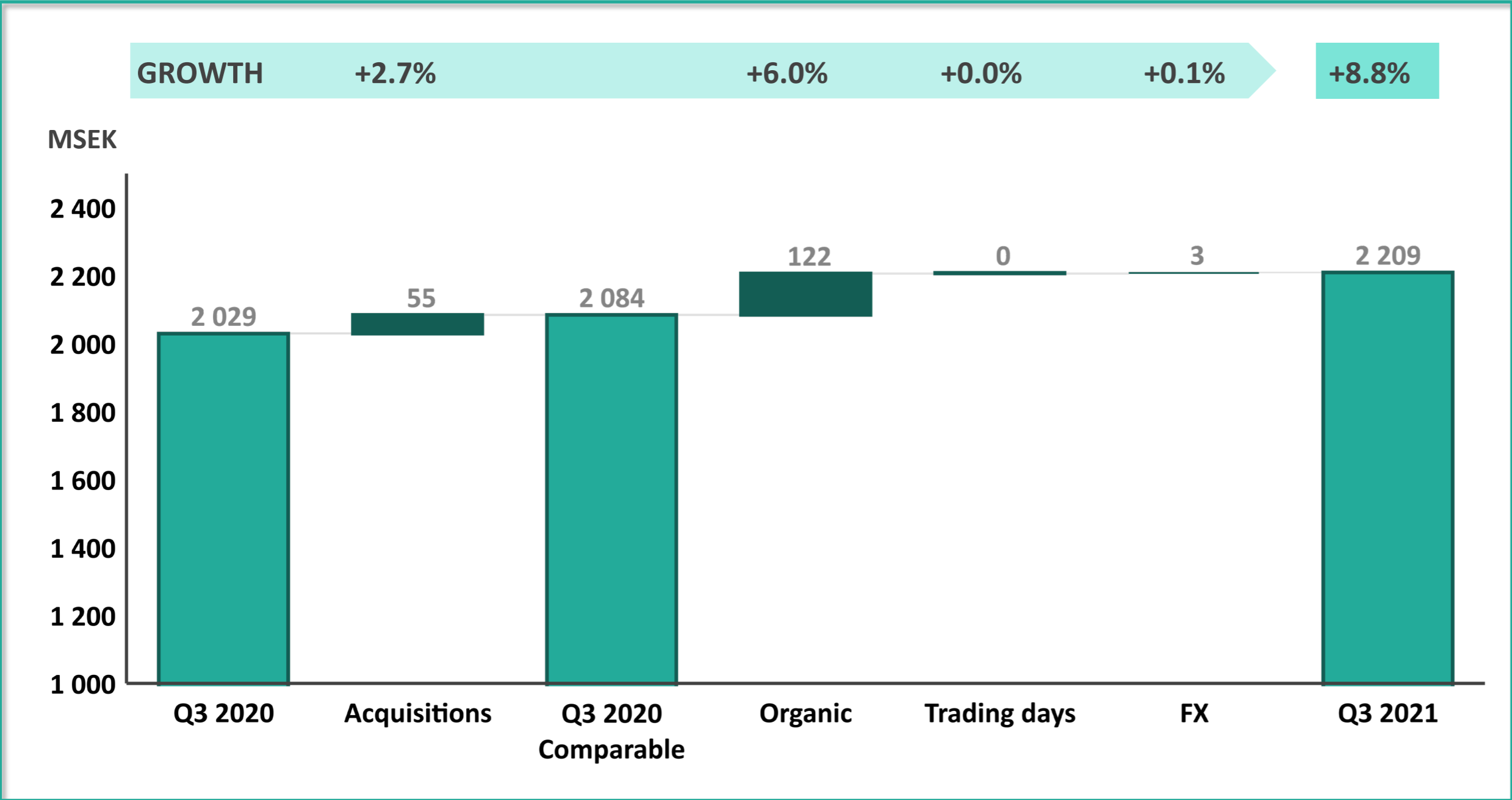
# Q&A

momentumgroup 

**APPENDIX –**  
**Revenue bridges**  
**Income statements & Balance sheets**

# Third quarter 2021 [1 Jul-30 Sep]

## Revenue bridge

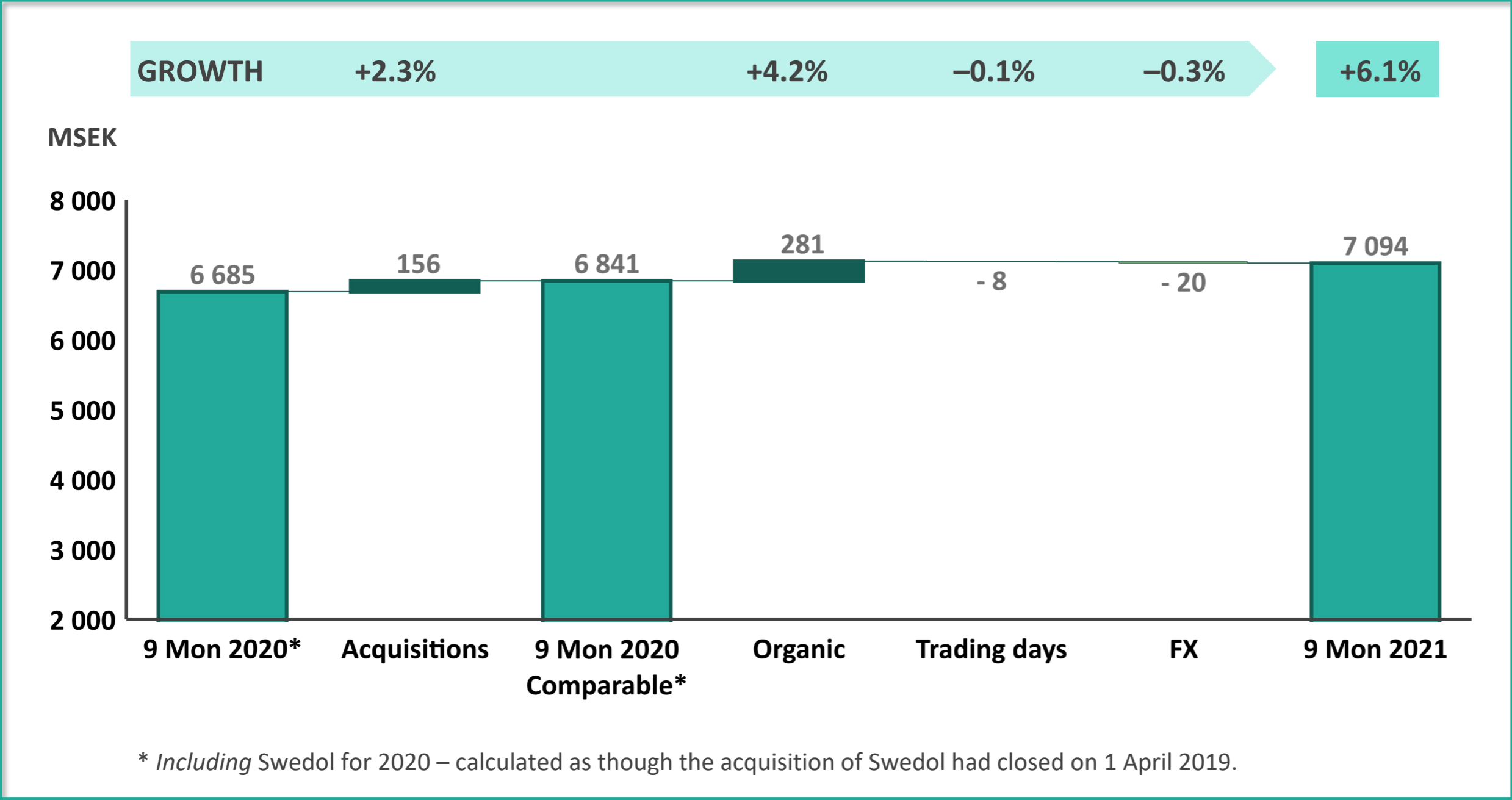


### HIGHLIGHTS

- **Organic change<sup>1</sup>** at +6 percent
  - Development by business area:
    - Alligo: +5%.
    - Components & Services: +16%.
- **Same number of trading days** in the quarter compared to the preceding year.
- **Revenue contribution from acquisitions** amounting to +3 percent.

Reporting period 2021 [1 Jan-30 Sep]

# Revenue bridge



### HIGHLIGHTS

- **Organic change<sup>1</sup>** at +4.2 percent
  - Development by business area:
    - Alligo: +3%.
    - Components & Services: +10%.
- **The same number of trading days (rounded)** in the reporting period compared to the preceding year.
- **Revenue contribution from acquisitions (excl. Swedol)** amounting to +2 percent.

## Interim Report Q3 2021 [1 Jan-30 Sep 2021]

# Income Statements and Balance Sheets in Summary

### Income statement

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020
Revenue	2,209	2,029	7,094	5,856
Other operating income	2	7	15	12
<b>Total operating income</b>	<b>2,211</b>	<b>2,036</b>	<b>7,109</b>	<b>5,868</b>
Cost of goods sold	-1,261	-1,276	-4,127	-3,627
Personnel costs	-435	-380	-1,453	-1,102
Depreciation, amortisation, impairment losses and reversal of impairment losses	-202	-182	-474	-386
Other operating expenses	-245	-184	-685	-525
<b>Total operating expenses</b>	<b>-2,143</b>	<b>-2 022</b>	<b>-6,739</b>	<b>-5,640</b>
<b>Operating profit</b>	<b>68</b>	<b>14</b>	<b>370</b>	<b>228</b>
Financial income	0	1	2	4
Financial expenses	-18	-13	-42	-36
<b>Net financial items</b>	<b>-18</b>	<b>-12</b>	<b>-40</b>	<b>-32</b>
Taxes	-12	-1	-70	-47
<b>Net profit</b>	<b>38</b>	<b>1</b>	<b>260</b>	<b>149</b>

### Balance Sheet

ASSETS MSEK	30 SEP 2021	30 SEP 2020	EQUITY AND LIABILITIES MSEK	30 SEP 2021	30 SEP 2020
<b>ASSETS</b>			<b>EQUITY</b>		
<b>Non-current assets</b>			Equity attributable to Parent		
Intangible non-current assets	2,853	2,767	Company shareholders	3,257	2,931
Tangible non-current assets	529	526	Non-controlling interest	19	13
Right-of-use assets	941	964	<b>Total equity</b>	<b>3,276</b>	<b>2,944</b>
Financial investments	1	1	<b>Non-current liabilities</b>		
Deferred tax assets	91	49	Non-current interest-bearing liabilities	1,483	1,614
<b>Total non-current assets</b>	<b>4,415</b>	<b>4,307</b>	Non-current lease liabilities	670	647
<b>Current assets</b>			Provisions for pensions	33	35
Inventories	1,991	1,823	Other non-current liabilities and provisions	440	352
Accounts receivable	1,315	1,187	<b>Total non-current liabilities</b>	<b>2,626</b>	<b>2,648</b>
Other current receivables	273	213	<b>Current liabilities</b>		
Cash and cash equivalents	145	88	Current interest-bearing liabilities	124	120
<b>Total current assets</b>	<b>3,724</b>	<b>3,311</b>	Current lease liabilities	361	365
<b>TOTAL ASSETS</b>	<b>8,139</b>	<b>7,618</b>	Accounts payable	1,021	966
			Other current liabilities	731	575
			<b>Total current liabilities</b>	<b>2,237</b>	<b>2,026</b>
			<b>TOTAL LIABILITIES</b>	<b>4,863</b>	<b>4,674</b>
			<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,139</b>	<b>7,618</b>