

# Presentation of Financial Report— Financial year 2018/19

9 May 2019

# Presenters today



**ULF LILIUS**  
President & CEO

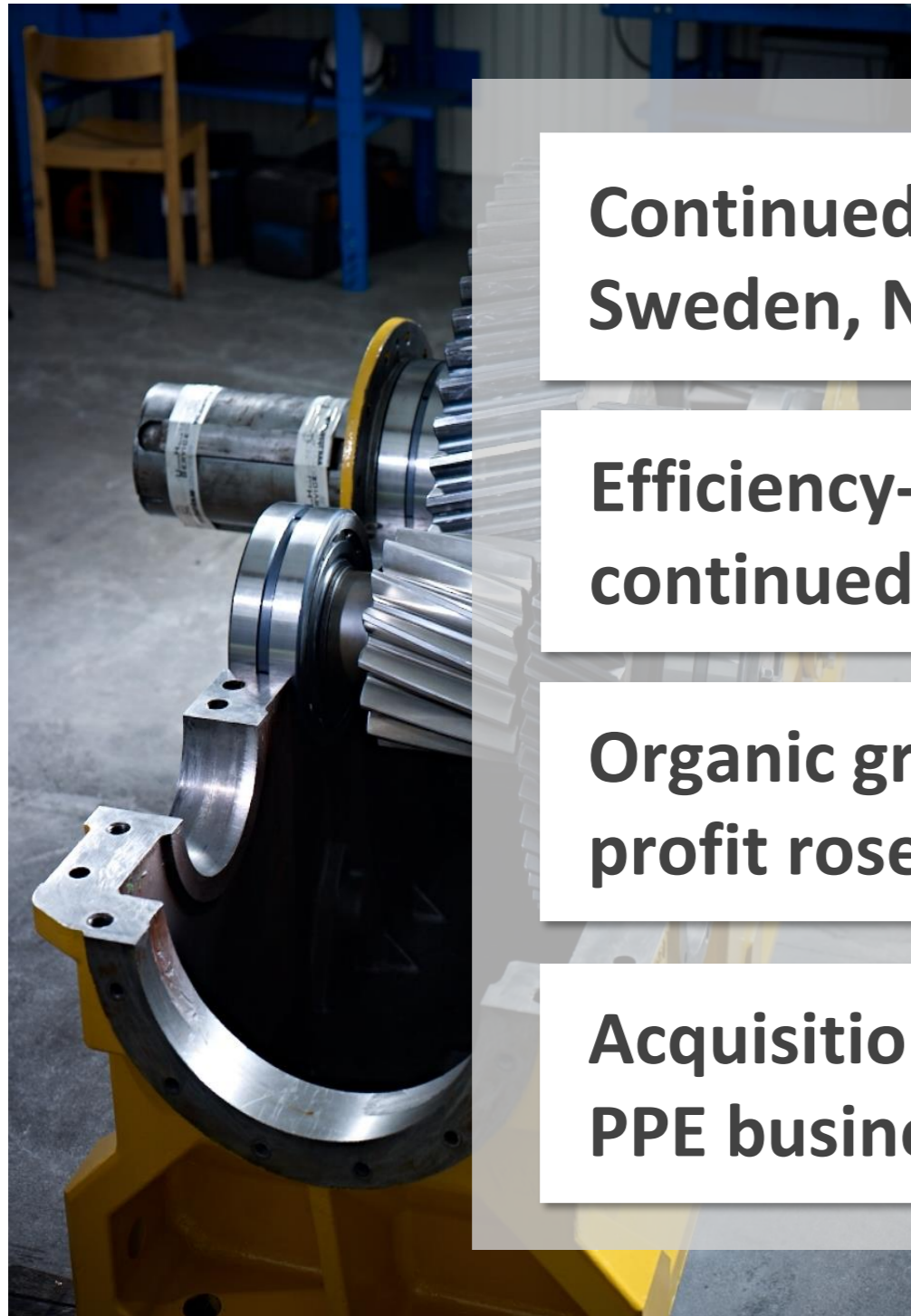


**NIKLAS ENMARK,**  
EVP & CFO

# Fourth quarter 2018/19

1 January-31 March 2019

# Financial year 2018/19 – Highlights Q4



**Continued stable market conditions in the industrial sectors in Sweden, Norway and Finland during the fourth quarter.**

**Efficiency-enhancements and increased sales contributed to continued positive profit development and stronger cash-flow.**

**Organic growth in revenue amounted to 3 percent, and operating profit rose by 30 percent during the quarter.**

**Acquisitions of TOOLS Løvold in Norway and Lindström Group's PPE business in Finland.**

# Financial year 2018/19 – Fourth quarter [1 Jan-31 Mar 2019]

- **Revenue** increased by 3 percent<sup>1</sup> during the quarter.
  - Continued stable demand in industry.
  - Strong growth in TOOLS Norway and Momentum Industrial.
  - One more trading day than the corresponding quarter in the preceding year.

| MSEK  | QUARTER      |              |      | FINANCIAL YEAR |         |      |
|---|--------------|--------------|------|----------------|---------|------|
|   | Jan-Mar 2019 | Jan-Mar 2018 | Δ    | 2018/19        | 2017/18 | Δ    |
| Revenue                                       | 1,560        | 1,437        | +9%  | 6,024          | 5,616   | +7%  |
| Operating profit                              | 79           | 60           | +32% | 302            | 240     | +26% |
| <i>of which items affecting comparability</i> | –            | –1           |      | –              | –12     |      |
| Adjusted operating profit                     | 79           | 61           | +30% | 302            | 252     | +20% |
| Adjusted operating margin, %                  | 5.1%         | 4.2%         |      | 5.0%           | 4.5%    |      |

- **Operating profit** rose by 30 percent to MSEK 79 (61), corresponding to an **operating margin** of 5.1 percent (4.2).
  - Momentum Industrial, including the MRO businesses acquired from Brammer, continues to increase its profits.
  - Ongoing work with improvement measures in TOOLS and Gigant continued.
  - The acquired niche companies in workwear and promotional products contributed positively to the profit development.
- **EBITA** increased by 21 percent to MSEK 318 (262), corresponding to an **EBITA margin** of 5.3 percent (4.7).
- During the quarter, **industrial reseller TOOLS Løvold in Norway and Lindström Group's PPE business in Finland were acquired**. The acquisitions strengthen Momentum Group's position as a leading supplier to Nordic industry further.

## Fourth quarter 2018/19 – Business area – Tools & Consumables

- **Revenue** for the business area increased by 1 percent<sup>1</sup> during the fourth quarter.
  - Continued stable demand in industry, with strong growth in TOOLS Norway and our workwear & product media companies.
  - Acquisitions contributed by approximately 3 percent to the revenue growth.
- **Operating profit** rose by 52 percent to MSEK 41 (27), corresponding to an **operating margin** of 3.4 percent (2,4).
  - Positive earnings trend for TOOLS Norway and the Group companies in workwear & product media in particular.
- **Improvement measures in TOOLS continue.**
  - A more focused and profitable product and service offering (e.g. OHS<sup>2</sup>).
  - Establishment of a regional logistics hub in the Oslo area. [NO]
  - The closure of 15 less profitable stores concluded in FY 2017/18. [SE]
  - Improved efficiency and reduction of costs in focus. [SE / NO / FI]
- **Acquisitions of TOOLS Løvold in Norway and Lindström Group’s PPE business in Finland** strengthen TOOLS’ position as a leading supplier to Nordic industry further.

| MSEK  | QUARTER      |              |      | FINANCIAL YEAR |         |      |
|---|--------------|--------------|------|----------------|---------|------|
|   | Jan-Mar 2019 | Jan-Mar 2018 | Δ    | 2018/19        | 2017/18 | Δ    |
| Revenue                                       | 1,209        | 1,120        | +8%  | 4,688          | 3,303   | +5%  |
| Operating profit                              | 41           | 27           | +52% | 168            | 102     | +25% |
| <i>of which items affecting comparability</i> | –            | 0            |      | –              | –5      |      |
| Adjusted operating profit                     | 41           | 27           | +52% | 168            | 107     | +19% |
| Adjusted operating margin, %                  | 3.4%         | 2.4%         |      | 3.6%           | 3.2%    |      |

## Fourth quarter 2018/19 – Business area – Components & Services

- **Revenue** increased by 5 percent<sup>1</sup> during the fourth quarter.
  - Favourable demand for Momentum Industrial in all product areas and services.
  - Following the increased co-ordination with TOOLS, revenue for Gigant decreased by 15 percent during the quarter.
- **Operating profit** increased by 8 percent to MSEK 40 (37), corresponding to an **operating margin** of 10.1 percent (10.0).
  - Momentum Industrial’s operating margin amounted to 11 percent during the quarter.
- **Restructuring work in Gigant** contributed to lower costs and improved efficiency.
  - Increased co-ordination and co-operation with TOOLS facilitated by an adjustment in the business area structure in the Group as of 1 April 2019, whereby Gigant has become part of the Tools & Consumables Business area.
- **Continued focus on profitable growth** for Momentum Industrial.

| MSEK  | QUARTER         |                 |      | FINANCIAL YEAR |         |      |
|---|-----------------|-----------------|------|----------------|---------|------|
|   | Jan-Mar<br>2019 | Jan-Mar<br>2018 | Δ    | 2018/19        | 2017/18 | Δ    |
| Revenue                                       | 398             | 371             | +7%  | 1,537          | 1,398   | +10% |
| Operating profit                              | 40              | 36              | +11% | 142            | 123     | +15% |
| <i>of which items affecting comparability</i> | –               | –1              |      | –              | –2      |      |
| Adjusted operating profit                     | 40              | 37              | +8%  | 142            | 125     | +14% |
| Adjusted operating margin, %                  | 10.1%           | 10.0%           |      | 9.2%           | 8.9%    |      |

# Financial year 2018/19

1 April 2018-31 March 2019



## Financial year 2018/19 –

# Full year – 1 April 2018-31 March 2019

- **Revenue** for the financial year increased by 2 percent<sup>1</sup> to MSEK 6,024 (5,616) .
  - Favourable revenue growth in the many of the units, especially TOOLS Norway and Momentum Industrial.
  - Negative effect on store sales due to the winding down of 15 less profitable stores in TOOLS Sweden compared to the previous year.
  - Acquisitions contributed approximately 2 percent to total revenue growth.
  - In total, the financial year included one more trading day compared with the preceding year.
- **Adjusted operating profit** increased by 20 percent to MSEK 302 (252), corresponding to an **adjusted operating margin** of 5.0 percent (4.5).
  - Positive profit development for, among others, Momentum Industrial and TOOLS Norway.
  - In line with prior communication, the measures to improve efficiency and cost levels in TOOLS and Gigant continue.
  - The acquired Group companies in workwear and promotional products contribute positively to the earnings trend.
- **EBITA** increased by 21 percent to MSEK 318 (262), corresponding to an EBITA margin of 5.3 percent (4.7).
- The Board of Directors proposes a **dividend** of SEK 3.20 per share (2.60).
- **Return on equity** amounted to 19 percent (17) and **return on working capital (EBITA/WC)** to 27 percent (25).
- **After the end of the financial year – acquisition of 70 percent of the shares in ETAB Industriautomation.** The acquisition strengthens Momentum Industrial's position as the leading supplier to Swedish industry further.

# Financial year 2018/19 – Cash-flow statement [1 Apr 2018-31 Mar 2019]

| MSEK   | QUARTER         |                 | FINANCIAL YEAR |            |
|--|-----------------|-----------------|----------------|------------|
|  | JAN-MAR<br>2019 | JAN-MAR<br>2018 | 2018/19        | 2017/18    |
| <b>Operating activities</b>                                |                 |                 |                |            |
| Operating activities before changes in working capital     | 61              | 36              | 235            | 195        |
| Changes in working capital                                 | 7               | -44             | -5             | -103       |
| <b>Cash flow from operating activities</b>                 | <b>68</b>       | <b>-8</b>       | <b>230</b>     | <b>92</b>  |
| <b>Investing activities</b>                                |                 |                 |                |            |
| Acquisition of subsidiaries and other business units (net) | -27             | -22             | -73            | -72        |
| Other  | -9              | -10             | -28            | -27        |
| <b>Cash flow before financing</b>                          | <b>32</b>       | <b>-40</b>      | <b>129</b>     | <b>-7</b>  |
| Financing activities                                       | -29             | 45              | -131           | -52        |
| <b>Cash flow for the period</b>                            | <b>3</b>        | <b>5</b>        | <b>-2</b>      | <b>-59</b> |
| Cash and cash equivalents at the beginning of the period   | 5               | 5               | 10             | 69         |
| Exchange-rate differences in cash and cash equivalents     | 0               | 0               | 0              | 0          |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>8</b>        | <b>10</b>       | <b>8</b>       | <b>10</b>  |

- **Cash flow from operating activities for the financial year** amounted to MSEK 230 (92).
  - Cash flow from operating activities for the fourth quarter amounted to MSEK 68 (-8).

# Financial year 2018/19 – Performance measures<sup>1</sup> [1 Apr 2018-31 Mar 2019]

| MSEK   | 12 MONTHS ENDING |                |                |                |
|--|------------------|----------------|----------------|----------------|
|  | 31 MAR<br>2019   | 31 MAR<br>2018 | 31 MAR<br>2017 | 31 MAR<br>2016 |
| Adjusted operating profit, MSEK                        | <b>302</b>       | 252            | 193            | 193            |
| Adjusted operating margin, %                           | <b>5.0%</b>      | 4.5%           | 3.6%           | 3.7%           |
| EBITA, MSEK  | <b>318</b>       | 262            | 195            | 193            |
| EBITA margin, %  | <b>5.3%</b>      | 4.7%           | 3.6%           | 3.7%           |
| Profit margin, %                                       | <b>4.9%</b>      | 4.2%           | 1.0%           | 3.5%           |
| Return on working capital (P/WC), %                    | <b>25%</b>       | 24%            | 21%            | 19%            |
| Return on working capital (EBITA/WC), %                | <b>27%</b>       | 25%            | 21%            | 19%            |
| Return on equity, %                                    | <b>19%</b>       | 17%            | 4%             | 14%            |
| Adjusted equity/assets ratio, %                        | <b>45%</b>       | 42%            | 40%            | 43%            |
| Earnings per share, SEK                                | <b>8.20</b>      | 6.45           | 1.50           | 4.95           |
| Operational net loan liability (closing balance), MSEK | <b>266</b>       | 295            | 263            | 117            |
| Number of employees at the end of the year             | <b>1,684</b>     | 1,647          | 1,660          | 1,573          |

- **Operational net loan liability** amounted to MSEK 266 (295).
  - Dividend of MSEK 73 (–) paid during the year.
- The **equity/assets ratio** was 45 percent (42) at the end of the financial year.
- **Return on equity** was 19 percent (17).

**Focus in the short to medium term**

# Momentum Group's focus in the short to medium term

Momentum Group's strategic focus is concentrated on three main areas

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1.

**Change and  
improvement  
initiatives in TOOLS**

2.

**Continued  
development and  
establishment of niche  
offerings in current  
operations**

3.

**Acquisition-driven  
growth strategy with  
focus on niche  
acquisitions**

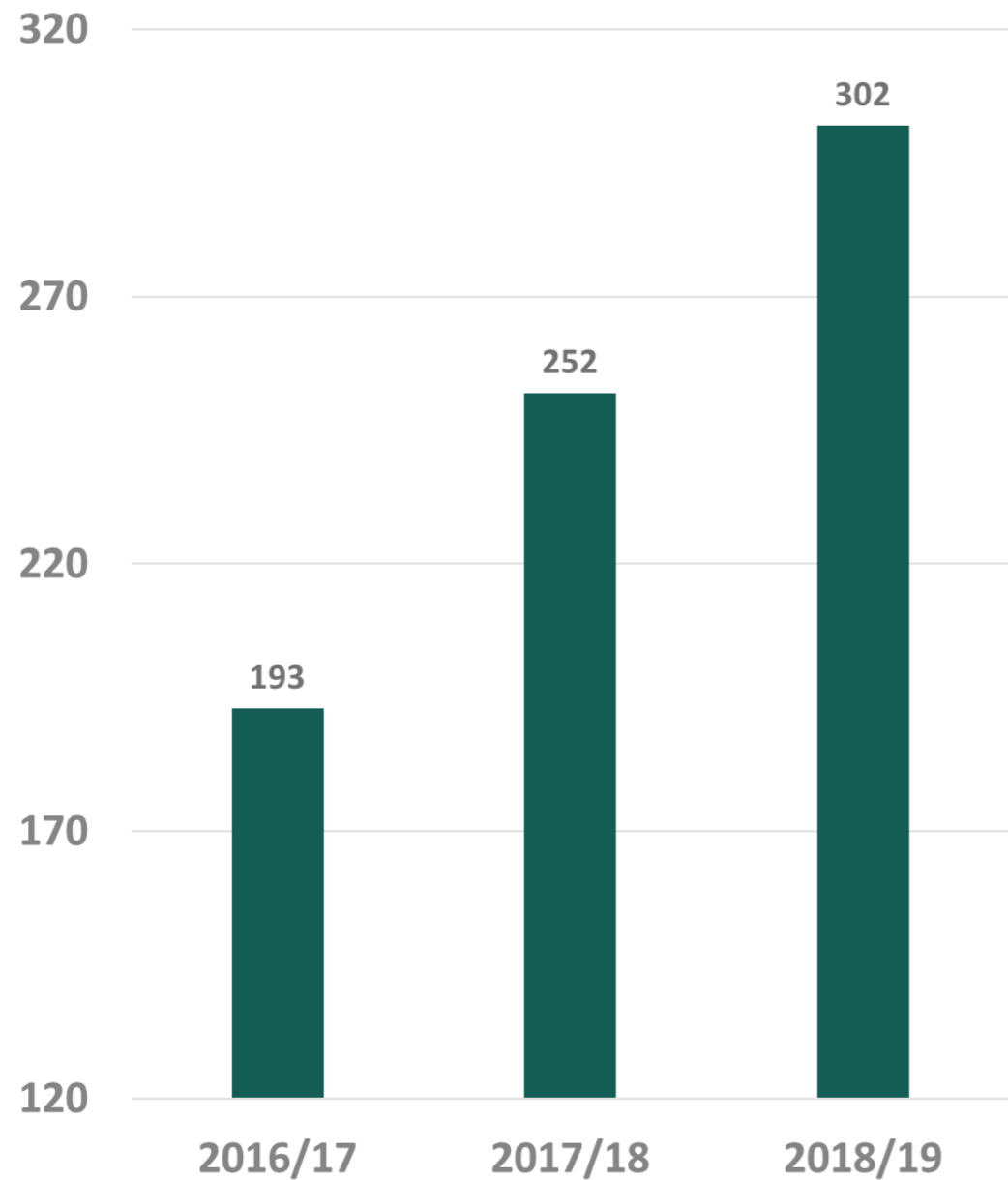
Since the spin-off and separate listing in June 2017 –  
**Ten acquisitions with approx. MSEK 570 in annual revenue**



# Since the spin-off and separate listing in June 2017 – Increased focus has positive effects ...

## GROUP – ADJUSTED OPERATING PROFIT

MSEK



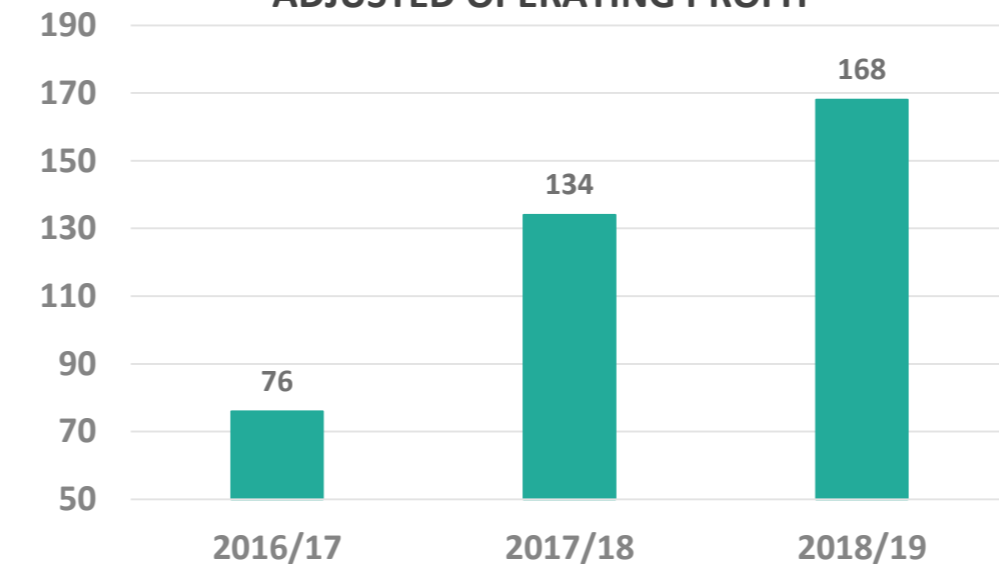
## THE MOMENTUM GROUP 2016/17-2018/19 –

**Operating profit: +25%<sup>1)</sup> per annum**

**Return on equity: From 4% to 19%**

## BA TOOLS & CONSUMABLES – ADJUSTED OPERATING PROFIT

MSEK

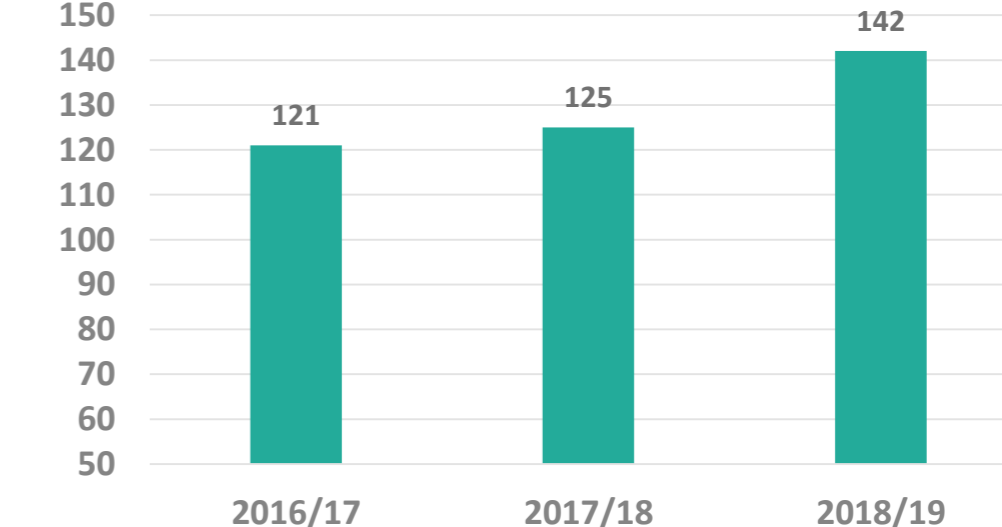


## BUSINESS AREA T&C 2016/17-2018/19 –

**Operating profit: +51% per annum**

## BA COMPONENTS & SERVICES – ADJUSTED OPERATING PROFIT

MSEK



## BUSINESS AREA C&S 2018/19 –

**Operating margin: 9.2%**

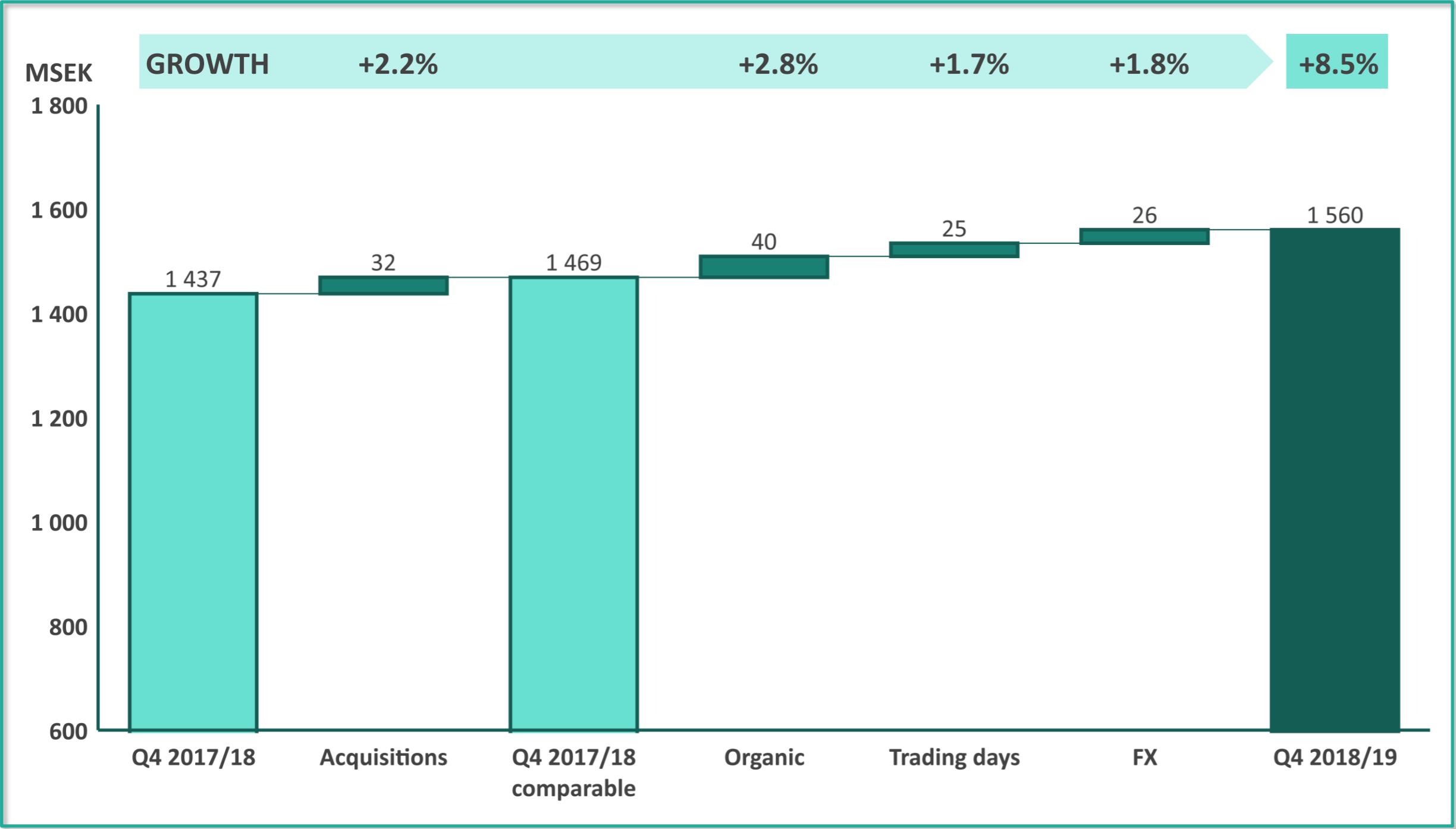
# Q&A



momentumgroup 

**APPENDIX –  
Revenue bridges  
Income statements & Balance sheets  
Other information – Adjusted business area structure 2019 &  
Effects of IFRS 16**

# Financial year 2018/19 – Revenue bridge – Fourth quarter [1 Jan-31 Mar 2019]

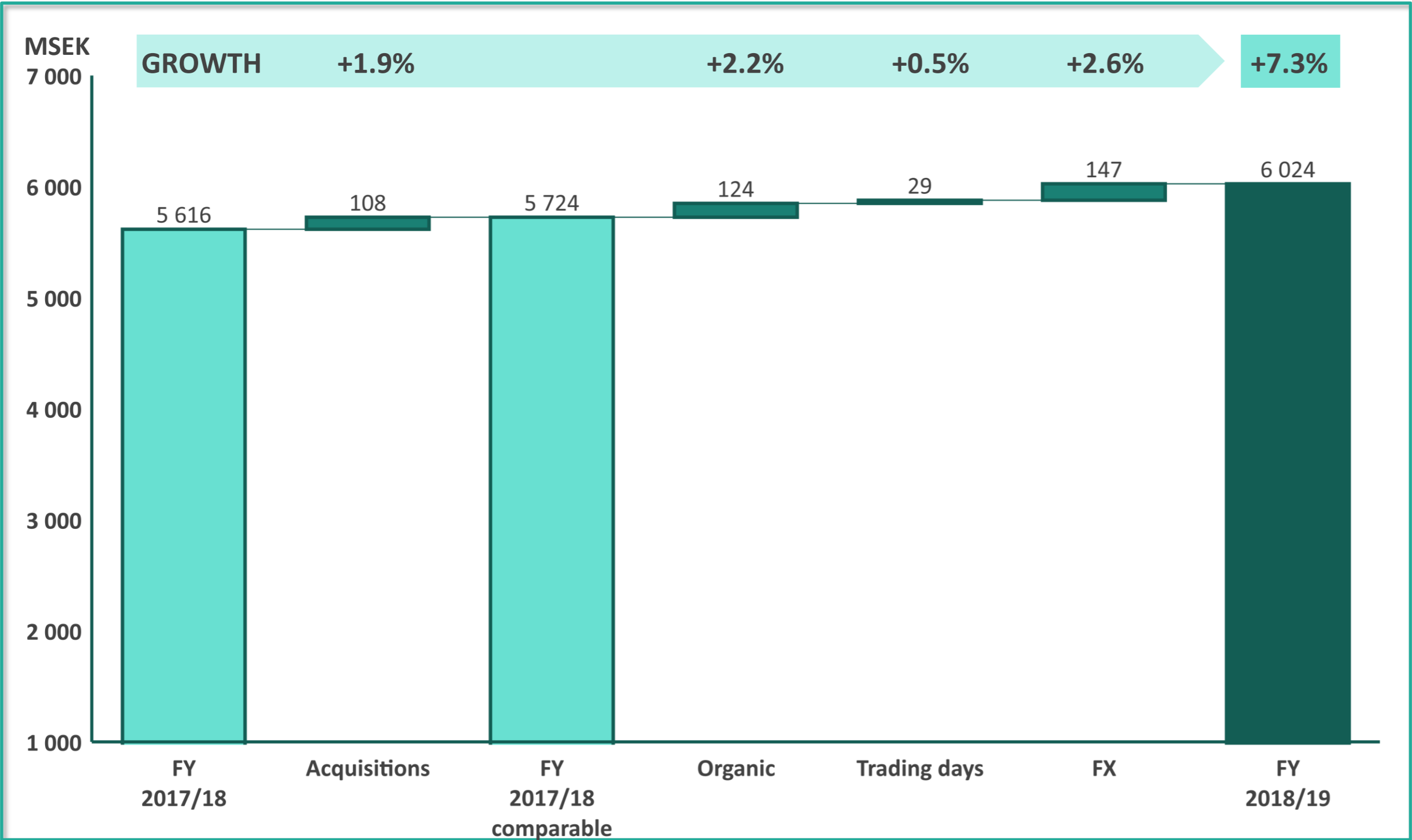


### HIGHLIGHTS

- **Organic growth<sup>1</sup>** at 2.8 percent (1.7)
  - Development by business area:
    - Tools & Consumables: +1%.
    - Components & Services: +5%.
- **One more trading day** compared with the preceding year.
- **Revenue contribution from acquisitions** amounting to +2.2 percent (+3.0).

Note: 1) For comparable units in local currency, adjusted for the number of trading days this year compared to the corresponding period in the preceding year.

# Financial year 2018/19 – Revenue bridge – Financial year [1 Apr 2018-31 Mar 2019]



### HIGHLIGHTS

- Organic growth<sup>1</sup>** amounted to 2.2 percent (2.1) – development by business area:
  - Tools & Consumables: +0%.
  - Components & Services: +9%.
- One more trading day** compared with the preceding year.
- Acquisitions adding** 1.9 percent (+4.2) to revenue growth.

Note: 1) For comparable units in local currency, adjusted for the number of trading days this year compared to the corresponding period in the preceding year.

# Income statements and Balance sheets [Quarter 4 – 2018/19]

## Income statement

| MSEK   | QUARTER         |                 | FINANCIAL YEAR |             |
|--|-----------------|-----------------|----------------|-------------|
|  | JAN-MAR<br>2019 | JAN-MAR<br>2018 | 2018/19        | 2017/18     |
| Revenue  | 1,560           | 1,437           | 6,024          | 5,616       |
| Operating expenses<br><i>(excl. Items affecting comparability)</i> | -1,481          | -1,376          | -5,722         | -5,364      |
| <b>Adjusted operating profit</b>                                   | <b>79</b>       | <b>61</b>       | <b>302</b>     | <b>252</b>  |
| <i>Adjusted operating margin, %</i>                                | <i>5.1%</i>     | <i>4.2%</i>     | <i>5.0%</i>    | <i>4.5%</i> |
| Items affecting comparability                                      | -               | -1              | -              | -12         |
| <b>Operating profit</b>  | <b>79</b>       | <b>60</b>       | <b>302</b>     | <b>240</b>  |
| <i>Operating margin, %</i>   | <i>5.1%</i>     | <i>4.2%</i>     | <i>5.0%</i>    | <i>4.3%</i> |
| Financial income and expenses                                      | -2              | 0               | -6             | -5          |
| <b>Profit after financial items</b>                                | <b>77</b>       | <b>60</b>       | <b>296</b>     | <b>235</b>  |
| Taxes  | -16             | -14             | -65            | -53         |
| <b>Net profit</b>  | <b>61</b>       | <b>46</b>       | <b>231</b>     | <b>182</b>  |

## Balance Sheet

| MSEK                            | ASSETS         |                | EQUITY & LIABILITIES                     |                |
|---------------------------------|----------------|----------------|--|----------------|
|                                 | 31 MAR<br>2019 | 31 MAR<br>2018 | 31 MAR<br>2019                           | 31 MAR<br>2018 |
| Intangible non-current assets   | 649            | 627            | <b>EQUITY</b>                            | <b>1,317</b>   |
| Other non-current assets        | 85             | 87             | Non-current interest-bearing liabilities | <b>137</b>     |
| <b>Total non-current assets</b> | <b>734</b>     | <b>714</b>     | Provisions for pensions                  | <b>27</b>      |
| Inventories                     | 986            | 927            | Other non-current liabilities            | <b>76</b>      |
| Accounts receivable             | 1 044          | 967            | <b>Total non-current liabilities</b>     | <b>240</b>     |
| Other current receivables       | 142            | 116            | Current interest-bearing liabilities     | <b>137</b>     |
| Cash and cash equivalents       | 8              | 10             | Accounts payable                         | <b>822</b>     |
| <b>Total current assets</b>     | <b>2,180</b>   | <b>2,020</b>   | Other current liabilities                | <b>398</b>     |
| <b>TOTAL ASSETS</b>             | <b>2,914</b>   | <b>2,734</b>   | <b>Total current liabilities</b>         | <b>1,357</b>   |
|                                 |                |                | <b>TOTAL LIABILITIES</b>                 | <b>1,597</b>   |
|                                 |                |                | <b>TOTAL EQUITY &amp; LIABILITIES</b>    | <b>2,914</b>   |

# Other information in preparation for 2019/20

- **New business area structure as of 1 April 2019 – Pro forma financial information 2018/19**

In order to create even stronger conditions for increased coordination and profitability in the Group's two business areas, Momentum Group's business area structure was slightly adjusted as of 1 April 2019. The adjustment mainly involves subsidiary Gigant AB, which has become part of the Tools & Consumables business area (formerly part of the Components & Services business area). Above all, this change will facilitate increased coordination between Gigant and the TOOLS operations.

| ADJUSTED BUSINESS<br>AREAS AS OF 1 APR 2019 | FINANCIAL YEAR 2018/19 – PRO FORMA |                        |                     |
|---|------------------------------------|------------------------|---------------------|
|   | Revenue, MSEK                      | Operating profit, MSEK | Operating margin, % |
| Tools & Consumables                         | 4,925                              | 180                    | +3.7%               |
| Components & Services                       | 1,148                              | 130                    | +11.3%              |
| Group-wide                                  | 126                                | -8                     | N/A                 |
| Eliminations                                | -175                               | 0                      | N/A                 |
| <b>THE MOMENTUM GROUP</b>                   | <b>6,024</b>                       | <b>302</b>             | <b>5.0%</b>         |

- **Application of IFRS 16 *Leases* as of 1 April 2019**

In the transition to IFRS 16, the Group's total assets will increase by approximately MSEK 500. The transition will also have a positive impact of 0.2 percentage point on the operating margin compared with previous accounting policies (corresponding to an increase of approximately MSEK 10 in operating profit for the 2018/19 financial year).