

# Presentation of Interim Report – First six months 2017/18

27 October 2017

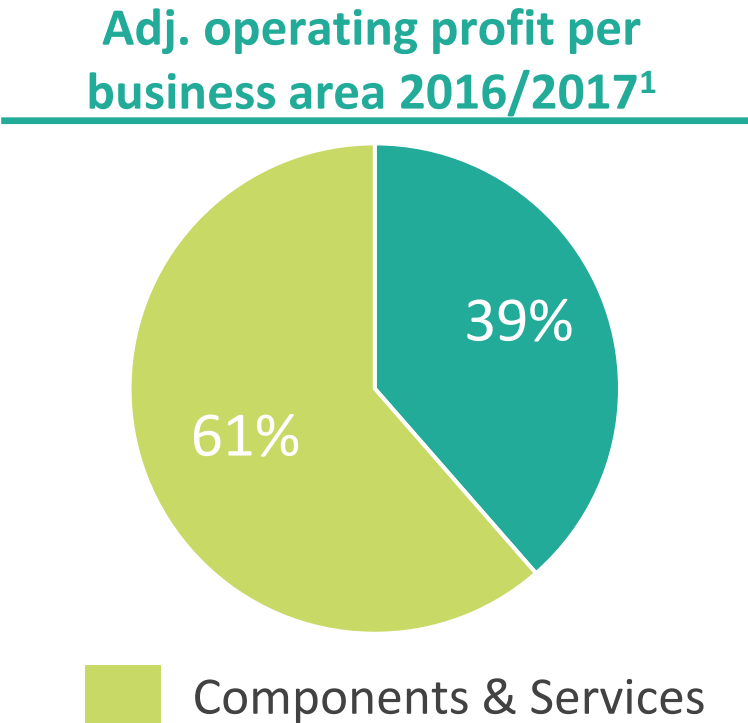
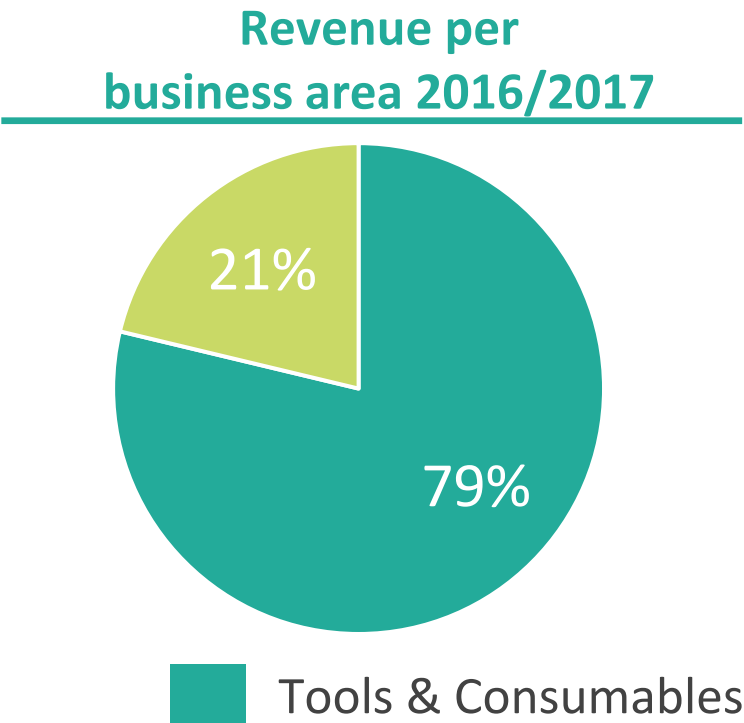
# Introduction to Momentum Group

## Momentum Group in brief

- Momentum Group is one of the leading suppliers 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
- Two business areas:



2016/17	Revenue (MSEK) <b>5,411</b>	Adj. operating profit (MSEK) <sup>1</sup> <b>193</b>	Adj. operating margin <sup>1</sup> <b>3.6%</b>
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# Strong position in industrial consumables and components

## One of the leading resellers in the Nordic market

momentumgroup 

**TOOLS**



One of the leading resellers of industrial consumables in the Nordics

  
**MOMENTUM**

One of Sweden's leading resellers of industrial components and services for the industrial sector

**MERCUS**  
YRKESKLÄDER

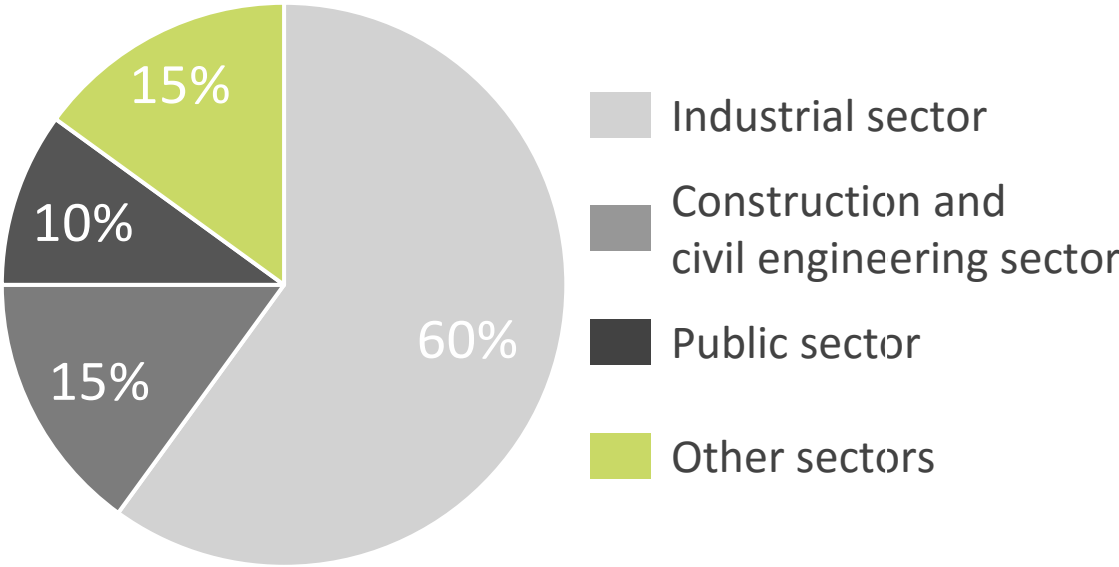
*TriffiQ*  
FÖRETAGSPROFILERING AB

Leading niche players in workwear

**GIGANT**

Leading niche player in workplace equipment

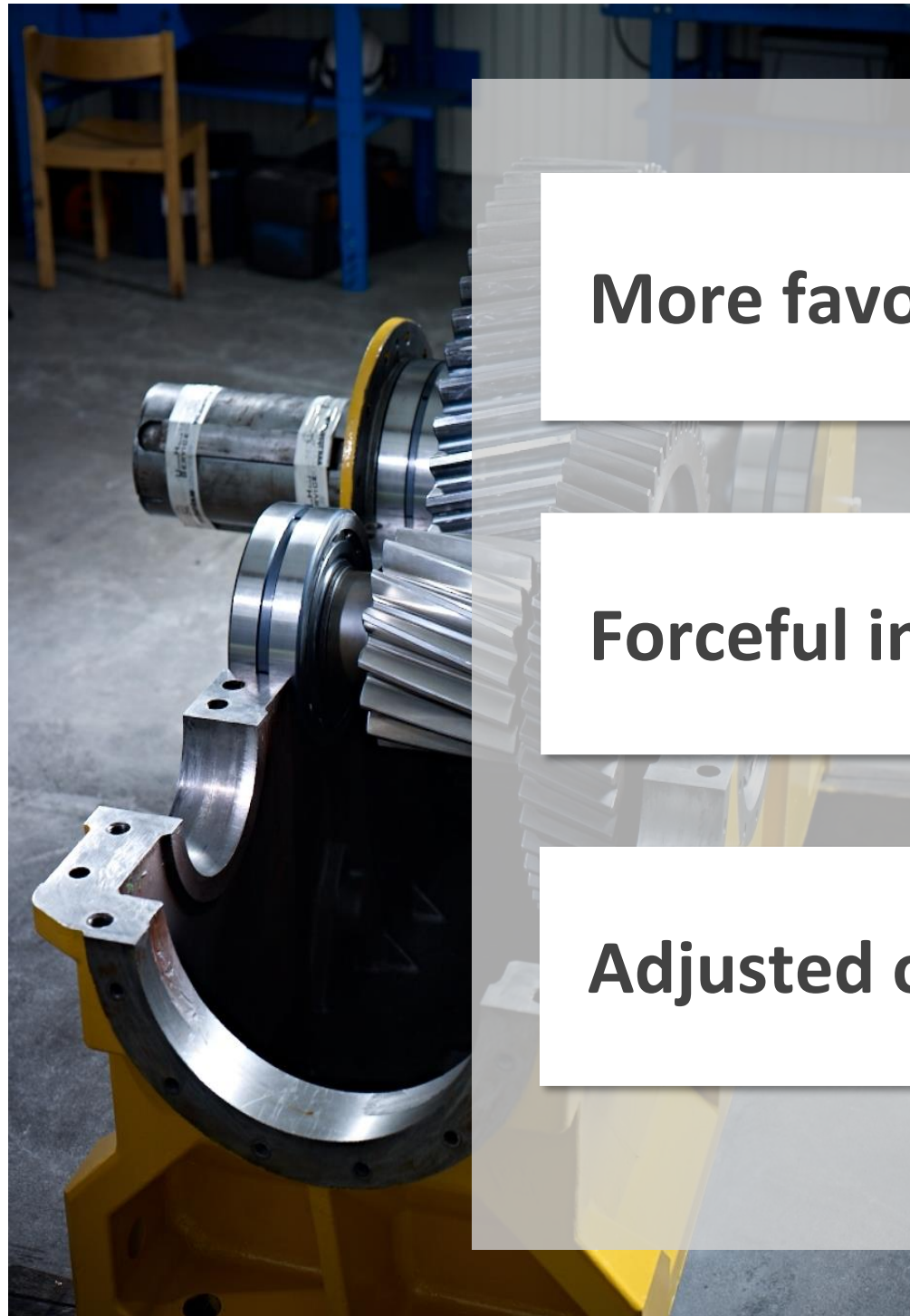
## Attractive macroeconomic trends<sup>1</sup>



# Interim Report – First six months 2017/18

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# Operating year 2017/18 – Interim Report – Highlights Q2



**More favourable demand in industry.**

**Forceful improvement measures in TOOLS generate results.**

**Adjusted operating profit rose by more than 30 percent.**

# Operating year 2017/18 – Second quarter [1 Jul-30 Sep 2017]

- **Revenue** increased by 3 percent<sup>1</sup> during the quarter.
  - Growth in all geographic markets except Norway.
  - Increased activity level and more favourable demand in industry.

MSEK	QUARTER			REPORTING PERIOD		
	Jul-Sep 2017	Jul-Sep 2016	Δ	Apr-Sep 2017	Apr-Sep 2016	Δ
Revenue	1,293	1,210	+7%	2,693	2,592	+4%
Operating profit	62	48	+29%	104	101	+3%
<i>of which items affecting comparability</i>	–1	–		–11	–	
Adjusted operating profit	63	48	+31%	115	101	+14%
Adjusted operating margin, %	4.9%	4.0%		4.3%	3.9%	

- **Adjusted operating profit** increased by 31 percent to MSEK 63 (48), corresponding to an **adjusted operating margin** of 4.9 percent (4.0).
  - Most units improved their results during the quarter.
  - Ongoing work with improvement measures in TOOLS Sweden, TOOLS Norway and Gigant continued according to plan.
- **Acquisition of 70 percent of the shares in TriffiQ Företagsprofilering** – one of the leading resellers of work clothes and shoes in Stockholm. TriffiQ has annual revenue of approx. MSEK 70 with high profitability.

# Second quarter 2017/18 – Business area – Tools & Consumables

- **Revenue** increased by 2 percent<sup>1</sup> during the second quarter.
  - Increased activity level and more favourable demand in industry, particularly from larger customer companies.
  - The acquisitions of Astrup Industrivarer (November 2016) and TriffiQ Företagsprofilering (September 2017) contributed by an additional 7 percent to the revenue growth.
- **Adjusted operating profit** increased by 85 percent to MSEK 37 (20), corresponding to an **adjusted operating margin** of 3.6 percent (2.1).
  - Implemented improvement measures in TOOLS Sweden and TOOLS Norway generated positive results.
- **Improvement measures in TOOLS continued according to plan.**
  - A more focused and profitable product and service offering (e.g. OHS<sup>2</sup>).
  - Establishment of a central warehouse. [SE]
  - The last of 15 less profitable stores closed down. [SE]
  - Implementation of an ERP system. [NO]
  - Increased proportion of purchasing directly from suppliers.

MSEK	QUARTER			REPORTING PERIOD		
	Jul-Sep 2017	Jul-Sep 2016	Δ	Apr-Sep 2017	Apr-Sep 2016	Δ
Revenue	1,023	955	+7%	2,133	2,040	+5%
Operating profit	37	20	+85%	56	44	+27%
<i>of which items affecting comparability</i>	0	–		–5	–	
Adjusted operating profit	37	20	+85%	61	44	+39%
Adjusted operating margin, %	3.6%	2.1%		2.6%	2.2%	



## Second quarter 2017/18 – Business area – Components & Services

- **Revenue** increased by 7 percent<sup>1</sup> during the second quarter.
  - More favourable demand in industry, in particular from larger customers in Sweden and Finland.
  - Increased sales of services and maintenance, and the acquisition of Arboga Machine Tool (March 2017) had a small positive effect on revenue.
- **Adjusted operating profit** increased by 3 percent to MSEK 30 (29), corresponding to an **adjusted operating margin** of 9.5 percent (9.7).
  - Continued high profitability in Momentum Industrial, whereas lower sales via Gigant's resellers in Norway had a negative impact on the profit development for the business area.
- **Increased proportion of direct sales to end customers** in industry and construction for Gigant – and the transformation continues.
- **Continued focus on profitable growth** for Momentum Industrial.

MSEK	QUARTER			REPORTING PERIOD		
	Jul-Sep 2017	Jul-Sep 2016	Δ	Apr-Sep 2017	Apr-Sep 2016	Δ
Revenue	317	299	+6%	658	648	+2%
Operating profit	29	29	+0%	55	58	–5%
<i>of which items affecting comparability</i>	–1	–		–1	–	
Adjusted operating profit	30	29	+3%	56	58	–3%
Adjusted operating margin, %	9.5%	9.7%		8.5%	9.0%	



# Operating year 2017/18 – Reporting period - First six months [1 Apr-30 Sep 2017]

- **Revenue** increased by 2 percent<sup>1</sup> to MSEK 2,693 (2,592) during the reporting period .
  - The negative effect from the Easter holidays with fewer trading days in April was offset by stronger sales in the end of the second quarter (September in particular).
- **Adjusted operating profit** increased by 14 percent to MSEK 115 (101), corresponding to an **adjusted operating margin** of 4.3 percent (3.9).
  - Positive profit development for TOOLS Sweden and TOOLS Finland in particular, with adjusted operating margins for the six month period of approx. 2.5 percent and more than 5 percent, respectively.
  - In line with prior communication, the measures to improve efficiency and cost levels in TOOLS and Gigant continue and these are estimated to take full effect in the end of the fiscal year 2017/18.
- **Return on working capital (P/WC)** for the most recent 12 month period amounted to 21 percent (21).

# Operating year 2017/18 – Cash-flow statement [1 Apr-30 Sep 2017]

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2017	JUL-SEP 2016	APR-SEP 2017	APR-SEP 2016
<b>Operating activities</b>				
Operating activities before changes in working capital	60	53	96	96
Changes in working capital	–81	–21	–125	–31
<b>Cash flow from operating activities</b>	–21	32	–29	65
<b>Investing activities</b>				
Acquisition of subsidiaries and other business units	–38	–	–38	–6
Other	–8	–13	–17	–22
<b>Cash flow before financing</b>	–67	19	–84	37
Financing activities	67	–32	30	–115
<b>Cash flow for the period</b>	0	–13	–54	–78
Cash and cash equivalents at the beginning of the period	15	466	69	525
Exchange-rate differences in cash and cash equivalents	0	7	0	13
<b>Cash and cash equivalents at the beginning of the period</b>	15	460	15	460

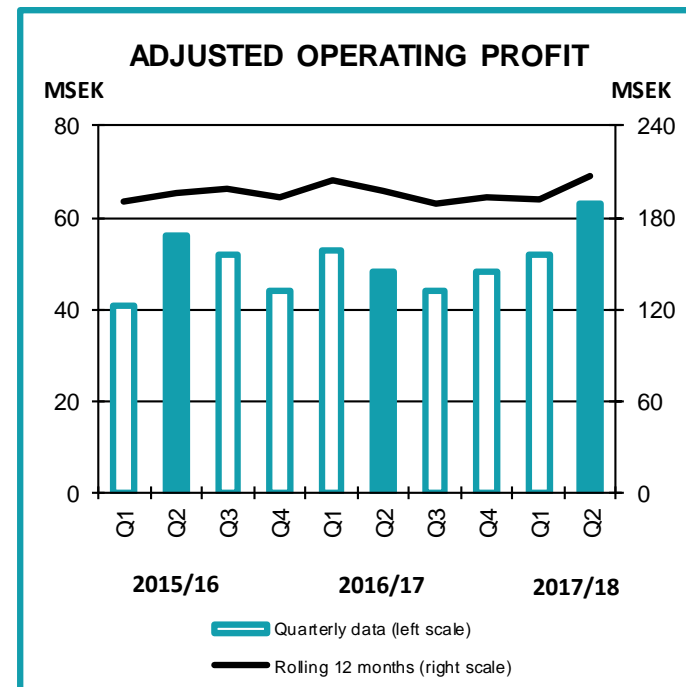
- **Cash flow from operating activities for the reporting period** amounted to MSEK –29 (65).
  - Working capital increased by MSEK 125 due to higher activity level at the end of the period, as well as regular seasonality effects.

# Operating year 2017/18 – Performance measures<sup>1</sup> [1 Apr-30 Sep 2017]

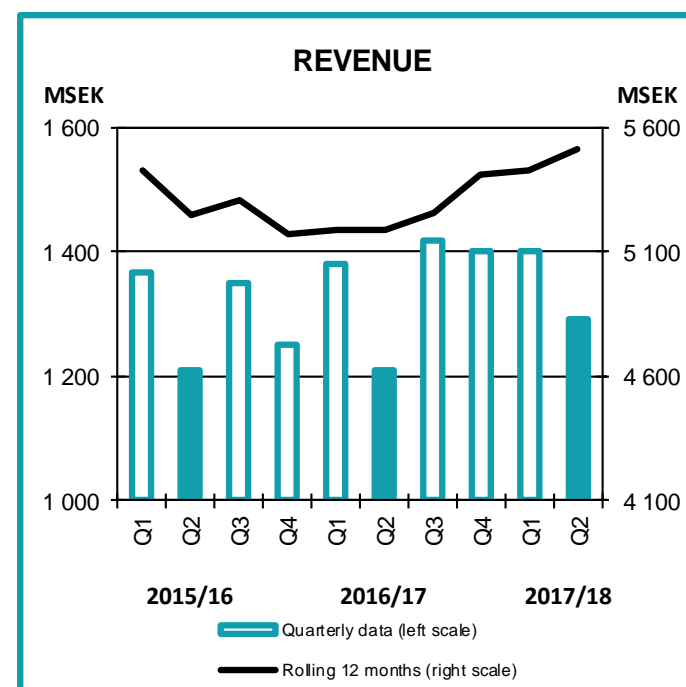
MSEK	12 MONTHS ENDING			
	30 SEP 2017	31 MAR 2017	31 MAR 2016	31 MAR 2015
Adjusted operating profit, MSEK	<b>207</b>	193	193	198
Adjusted operating margin, %	<b>3.8%</b>	3.6%	3.7%	3.7%
Profit margin, %	<b>1.1%</b>	1.0%	3.5%	3.4%
Return on working capital (P/WC), %	<b>21%</b>	21%	19%	17%
Return on adjusted capital employed, %	<b>15%</b>	16%	15%	14%
Return on equity, %	<b>4%</b>	4%	14%	13%
Adjusted equity/assets ratio, %	<b>40%</b>	40%	43%	42%
Earnings per share, SEK	<b>1.60</b>	1.50	4.95	4.95
Operational net loan liability (closing balance), MSEK	<b>348</b>	263	117	382
Number of employees at the end of the period	<b>1,631</b>	1,660	1,573	1,618

- **Operational net loan liability** amounted to MSEK 348 (224).
- The **equity/assets ratio** was 40 percent (37) at the end of the period.

# Operating year 2017/18 – Rolling 12 months ending 30 Sep 2017 (“RTM”)



- **RTM Adjusted operating profit** amounted to MSEK 207 (FY 2016/17: 193), corresponding to a **RTM Adjusted operating margin** of 3.8 percent (3.6).
  - **Tools & Consumables:**  
Adj. operating profit MSEK 93 (76) → Adj. operating margin 2.1 percent (1.8).
  - **Components & Services:**  
Adj. operating profit MSEK 119 (121) → Adj. operating margin 8.7 percent (8.9).



- **RTM Revenue** amounted to MSEK 5,512 (FY 2016/17: 5,411).
  - **Tools & Consumables:** Revenue MSEK 4,362 (4,269).
  - **Components & Services:** Revenue MSEK 1,369 (1,359).

# Focus in the short to medium term

27 October 2017

# 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**



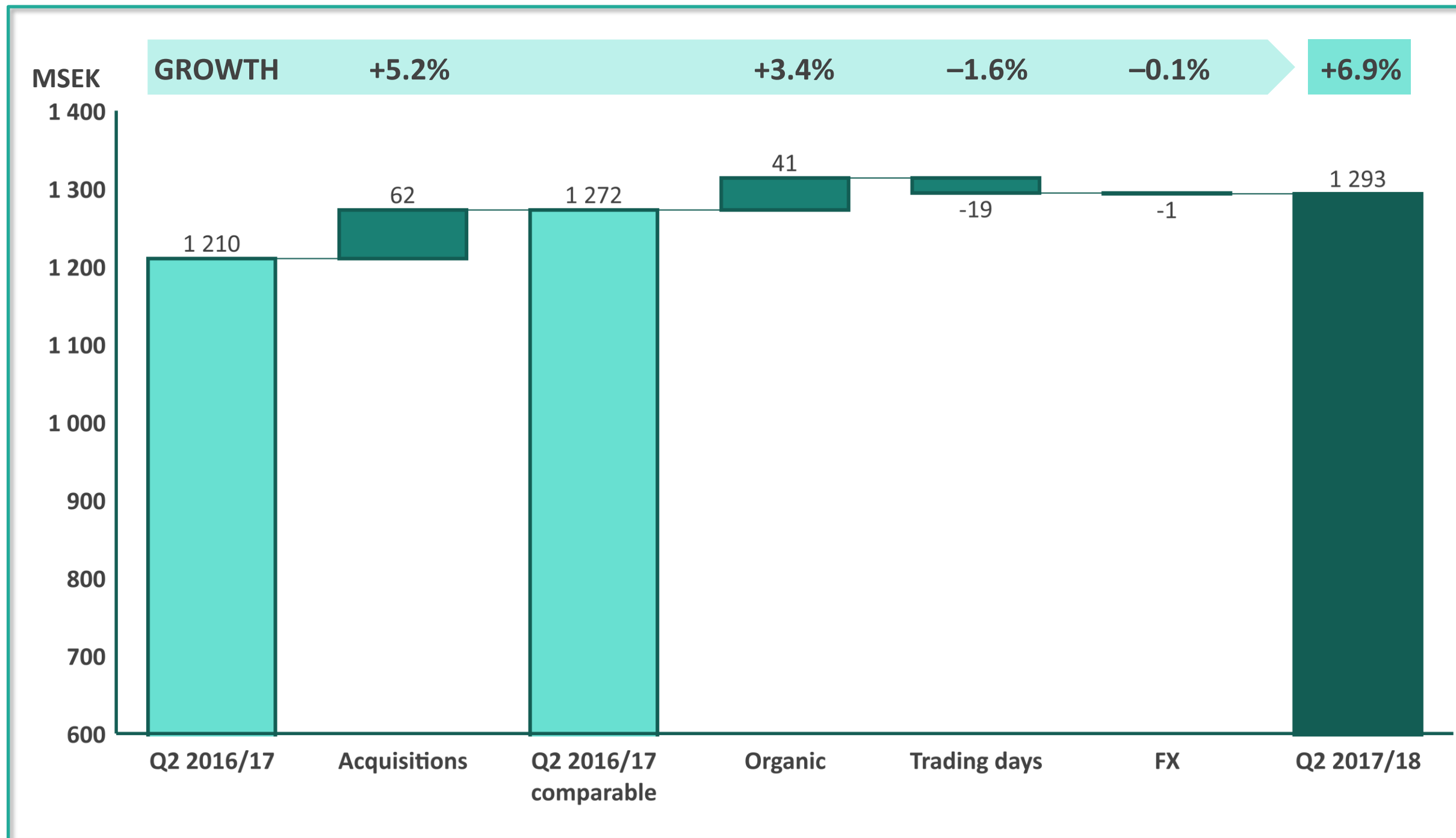
# Q&A

momentumgroup



# APPENDIX – Revenue bridges Income statements & Balance sheets

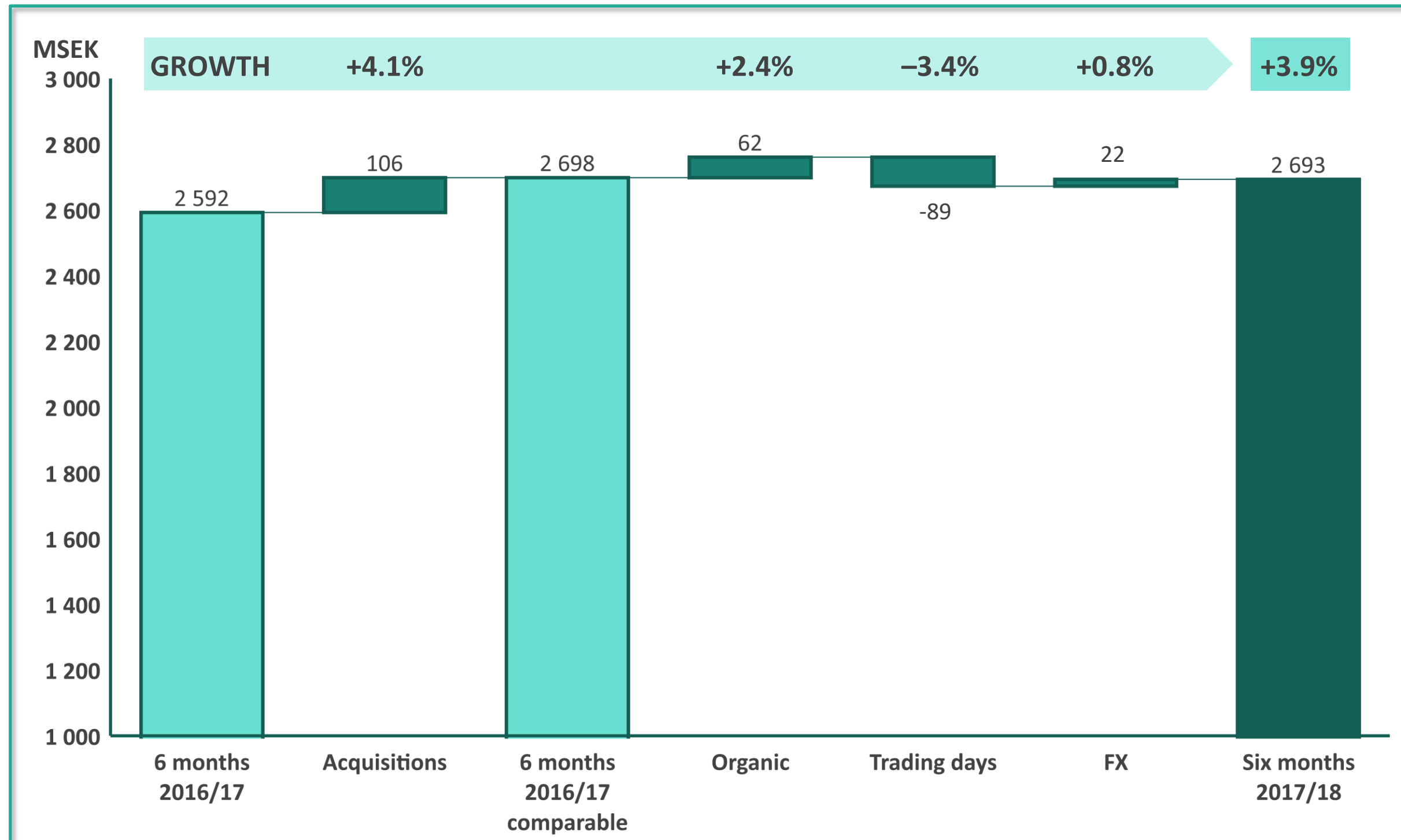
# Operating year 2017/18 – Revenue bridge - Second quarter [1 Jul-30 Sep 2017]



## HIGHLIGHTS

- **Organic growth<sup>1</sup>** improving to more than 3 percent (–1) – with increases in both business areas:
  - Tools & Consumables +2%.
  - Components & Services +7%.
- **One less trading day** compared with the corresponding quarter in the preceding year.
- **Revenue contribution from acquisitions** amounting to +5 percent (+1).

# Operating year 2017/18 – Revenue bridge - Reporting period [1 Apr-30 Sep 2017]



## HIGHLIGHTS

- **Organic growth<sup>1</sup>** amounted to over 2 percent (+1) – with increases in both business areas:
  - Tools & Consumables +2%.
  - Components & Services +4%.
- **Four trading days less** compared with the corresponding period in the preceding year.
- **Acquisitions adding 4 percent (1) to revenue growth.**

# Income statements and Balance sheets [Quarter 2 – 2017/18]

## Income statement

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2017	JUL-SEP 2016	APR-SEP 2017	APR-SEP 2016
Revenue	1,293	1,210	2,693	2,592
Operating expenses (excl. Items affecting comparability)	-1,230	-1,162	-2,578	-2,491
<b>Adjusted operating profit</b>	<b>63</b>	<b>48</b>	<b>115</b>	<b>101</b>
<i>Adjusted operating margin, %</i>	<i>4.9%</i>	<i>4.0%</i>	<i>4.3%</i>	<i>3.9%</i>
Items affecting comparability	-1	–	-11	–
<b>Operating profit</b>	<b>62</b>	<b>48</b>	<b>104</b>	<b>101</b>
<i>Operating margin, %</i>	<i>4.8%</i>	<i>4.0%</i>	<i>3.9%</i>	<i>3.9%</i>
Financial income and expenses	-1	-3	-3	-5
<b>Profit after financial items</b>	<b>61</b>	<b>45</b>	<b>101</b>	<b>96</b>
Taxes	-14	-10	-23	-21
<b>Net profit</b>	<b>47</b>	<b>35</b>	<b>78</b>	<b>75</b>

## Balance Sheet

ASSETS			EQUITY & LIABILITIES		
MSEK	30 SEP 2017	31 MAR 2017	MSEK	30 SEP 2017	31 MAR 2017
Intangible non-current assets	583	533	<b>EQUITY</b>	<b>1,068</b>	<b>1,007</b>
Other non-current assets	103	105	Non-current interest-bearing liabilities	191	150
<b>Total non-current assets</b>	<b>686</b>	<b>638</b>	Provisions for pensions	24	24
Inventories	885	823	Other non-current liabilities	66	41
Accounts receivable	949	912	<b>Total non-current liabilities</b>	<b>281</b>	<b>215</b>
Other current receivables	120	109	Current interest-bearing liabilities	172	182
Cash and cash equivalents	15	69	Accounts payable	780	782
<b>Total current assets</b>	<b>1,969</b>	<b>1,913</b>	Other current liabilities	354	365
<b>TOTAL ASSETS</b>	<b>2,655</b>	<b>2,551</b>	<b>Total current liabilities</b>	<b>1,306</b>	<b>1,329</b>
			<b>TOTAL LIABILITIES</b>	<b>1,587</b>	<b>1,544</b>
			<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,655</b>	<b>2,551</b>