

Presentation of Interim Report – First nine months 2017/18

9 February 2018

Presenters today



ULF LILIUS
President & CEO



NIKLAS ENMARK,
EVP & CFO

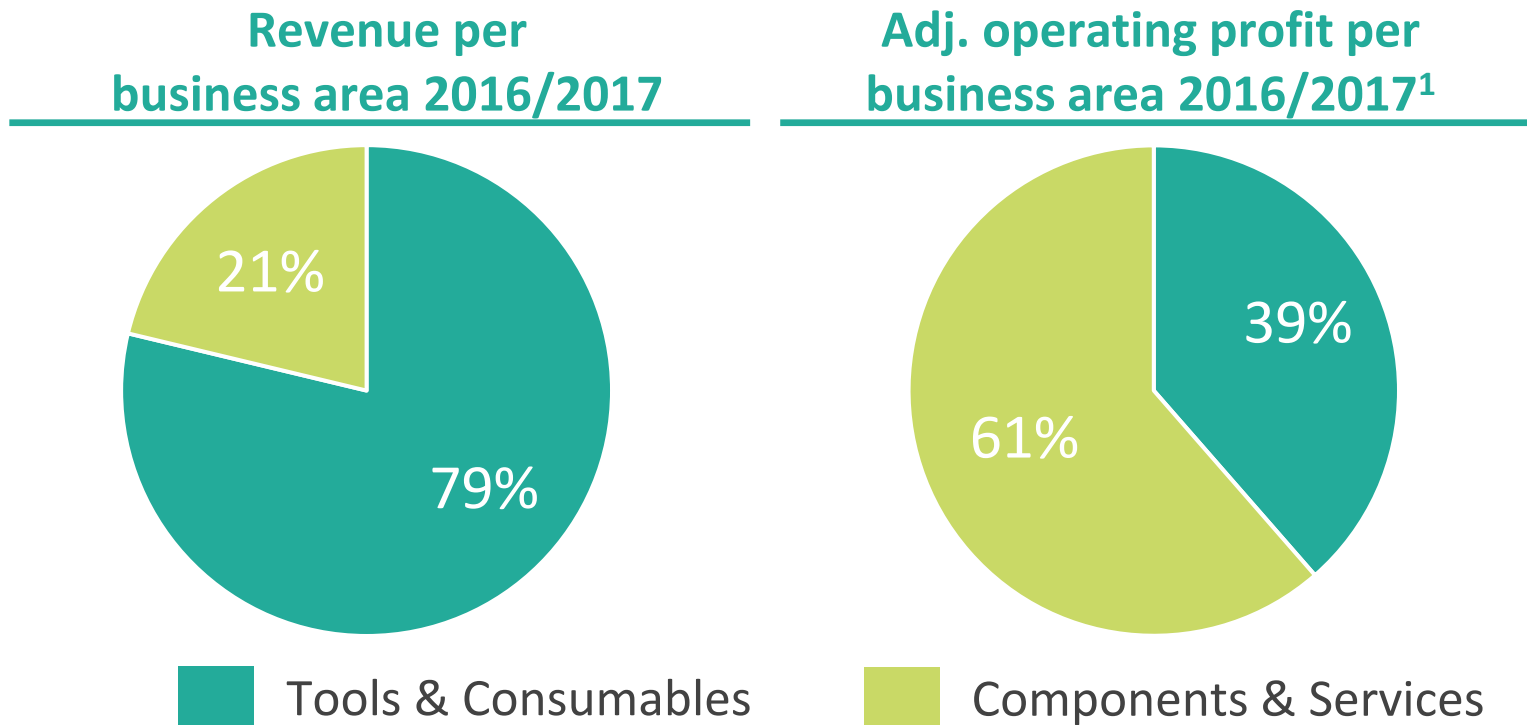
Introduction to Momentum Group

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) 5,411	Adj. operating profit (MSEK) ¹ 193	Adj. operating margin ¹ 3.6%
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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

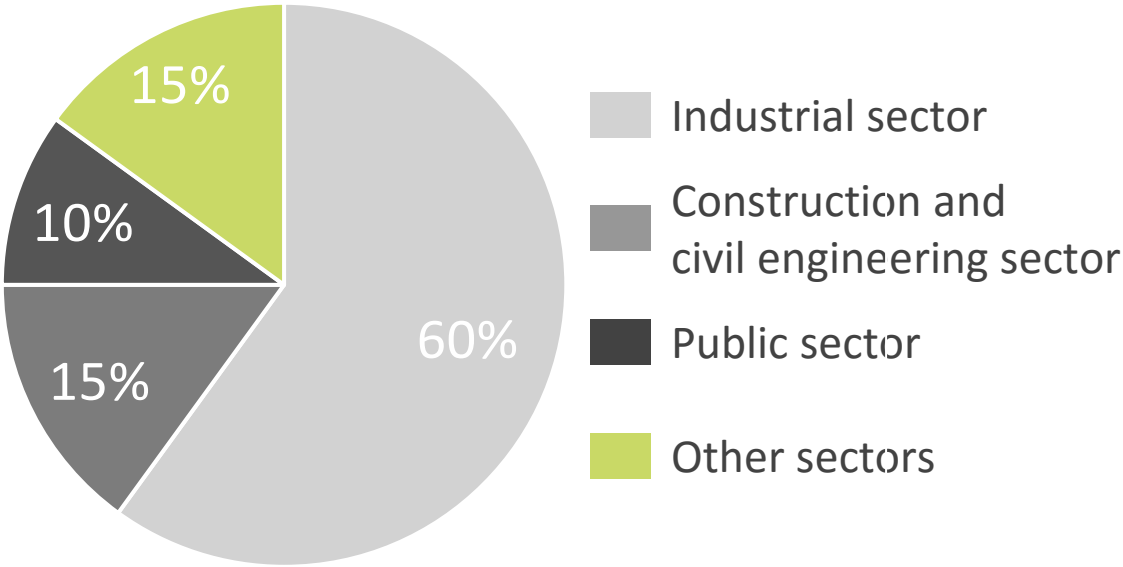
TriffiQ
FÖRETAGSPROFILERING AB

Leading niche players in workwear

GIGANT

Leading niche player in workplace equipment

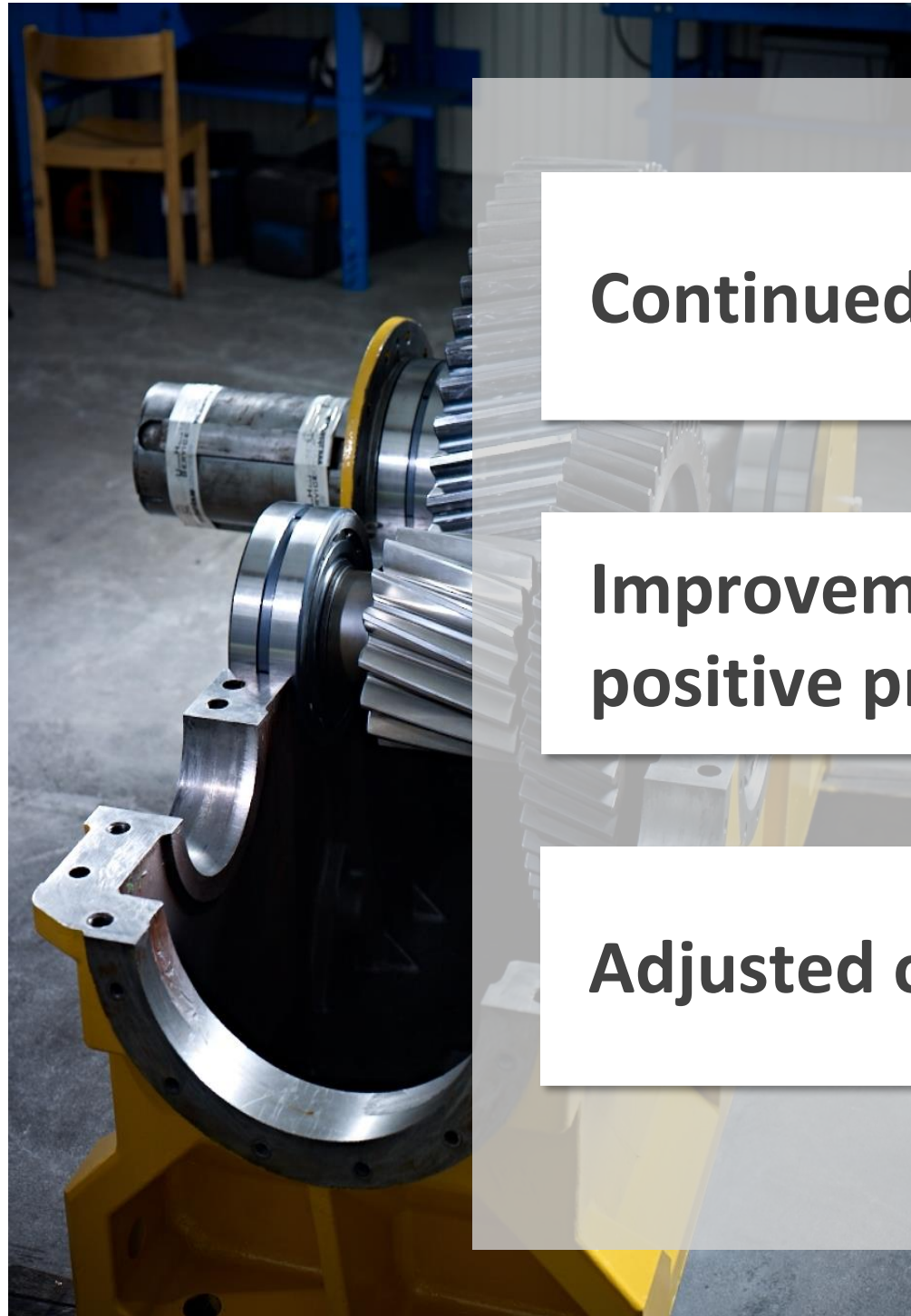
Attractive macroeconomic trends¹



Interim Report – First nine months 2017/18

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Operating year 2017/18 – Interim Report – Highlights Q3



Continued favourable market conditions, particularly in industry.

Improvement measures in the Group continue to contribute to positive profit development.

Adjusted operating profit rose by more than 70 percent.

Operating year 2017/18 – Third quarter [1 Oct-31 Dec 2017]

- **Revenue** increased by 2 percent¹ during the quarter.
 - Continued high activity level and favourable demand in industry.
 - Growth in all geographic markets.
- **Adjusted operating profit** increased by 73 percent to MSEK 76 (44), corresponding to an **adjusted operating margin** of 5.1 percent (3.1).
 - Most units improved their results during the quarter.
 - Ongoing work with improvement measures in TOOLS Sweden, TOOLS Norway and Gigant continued according to plan – with positive results.

MSEK	QUARTER			REPORTING PERIOD		
	Oct-Dec 2017	Oct-Dec 2016	Δ	Apr-Dec 2017	Apr-Dec 2016	Δ
Revenue	1,486	1,419	+5%	4,179	4,011	+4%
Operating profit	76	34	+124%	180	135	+33%
<i>of which items affecting comparability</i>	–	–10		–11	–10	
Adjusted operating profit	76	44	+73%	191	145	+32%
Adjusted operating margin, %	5.1%	3.1%		4.6%	3.6%	

- **Acquisition of the remaining 70 percent of the shares in AB Knut Sehlin's Industrivaruhus** – one of the leading industrial resellers in Örnsköldsvik with approximately MSEK 40 in annual revenue.
- **Repurchase of 250,000 own Class B shares in connection with the issuance and conveyance of 250,000 call options** for repurchased shares to 40 key individuals in senior positions in the Group.

Third quarter 2017/18 – Business area – Tools & Consumables

- **Revenue** remained largely unchanged in total¹ during the third quarter, despite decreased sales to store customers due to the successful winding down of 15 TOOLS stores in Sweden.
 - Continued high activity level and favourable demand in industry, particularly from larger customer companies.
 - The acquisitions of Astrup Industrivarer (November 2016), TriffiQ Företagsprofilering (September 2017) and Knut Sehlin's Industrivaruhus (October 2017) contributed by an additional 7 percent to the revenue growth.
- **Adjusted operating profit** increased by 254 percent to MSEK 46 (13), corresponding to an **adjusted operating margin** of 3.9 percent (1.2).
 - 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. OHS²).
- Establishment of a central warehouse. [SE]
- 15 less profitable stores closed down compared to previous year. [SE]
- Implementation of an ERP system. [NO]

MSEK	QUARTER			REPORTING PERIOD		
	Oct-Dec 2017	Oct-Dec 2016	Δ	Apr-Dec 2017	Apr-Dec 2016	Δ
Revenue	1,170	1,122	+4%	3,303	3,162	+4%
Operating profit	46	13	+254%	102	57	+79%
<i>of which items affecting comparability</i>	0	–		–5	–	
Adjusted operating profit	46	13	+254%	107	57	+88%
Adjusted operating margin, %	3.9%	1.2%		3.2%	1.8%	

Third quarter 2017/18 – Business area – Components & Services

- **Revenue** increased by 4 percent¹ during the third quarter.
 - Continued 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 7 percent to MSEK 32 (30), corresponding to an **adjusted operating margin** of 8.7 percent (8.5).
 - Continued high profitability in Momentum Industrial, whereas lower sales for Gigant in Norway had a negative impact on the profit development for the business area.
- **Establishment of a new production company for Gigant** together with their largest supplier – will have a positive effect on efficiency and lower costs.
- **Continued focus on profitable growth** for Momentum Industrial.

MSEK	QUARTER			REPORTING PERIOD		
	Oct-Dec 2017	Oct-Dec 2016	Δ	Apr-Dec 2017	Apr-Dec 2016	Δ
Revenue	369	355	+4%	1,027	1,003	+2%
Operating profit	32	30	+7%	87	88	–1%
of which items affecting comparability	0	–		–1	–	
Adjusted operating profit	32	30	+7%	88	88	0%
Adjusted operating margin, %	8.7%	8.5%		8.6%	8.8%	

Operating year 2017/18 – Reporting period - First nine months [1 Apr-31 Dec 2017]

- **Revenue** increased by 4 percent¹ to MSEK 4,179 (4,011) during the reporting period .
 - Favourable revenue growth in the most of the units despite, for example, the negative effect on store sales due to the successful winding down of 15 less profitable stores in TOOLS Sweden compared to the previous year.
 - The negative effect from the Easter holidays with fewer trading days in April 2017 was offset by stronger sales at the end of the second quarter and during the third quarter (September, October and November in particular).
 - The fourth quarter will be affected negatively by the Easter holidays with fewer trading days in March 2018.
- **Adjusted operating profit** increased by 32 percent to MSEK 191 (145), corresponding to an **adjusted operating margin** of 4.6 percent (3.6).
 - Positive profit development for TOOLS Sweden and TOOLS Finland in particular.
 - In line with prior communication, the measures to improve efficiency and cost levels in TOOLS Sweden, TOOLS Norway and Gigant continued – with positive results.
- **Return on working capital (P/WC)** for the most recent 12 month period amounted to 24 percent (21).

Operating year 2017/18 – Cash-flow statement [1 Apr-31 Dec 2017]

MSEK	QUARTER		REPORTING PERIOD	
	OCT-DEC 2017	OCT-DEC 2016	APR-DEC 2017	APR-DEC 2016
Operating activities				
Operating activities before changes in working capital	63	44	159	140
Changes in working capital	66	81	–59	50
Cash flow from operating activities	129	125	100	190
Investing activities				
Acquisition of subsidiaries and other business units (net)	–3	–109	–41	–115
Other	–9	–18	–26	–40
Cash flow before financing	117	–2	33	35
Financing activities	–127	–35	–97	–150
Cash flow for the period	–10	–37	–64	–115
Cash and cash equivalents at the beginning of the period	15	460	69	525
Exchange-rate differences in cash and cash equivalents	0	–5	0	8
Cash and cash equivalents at the beginning of the period	5	418	5	418

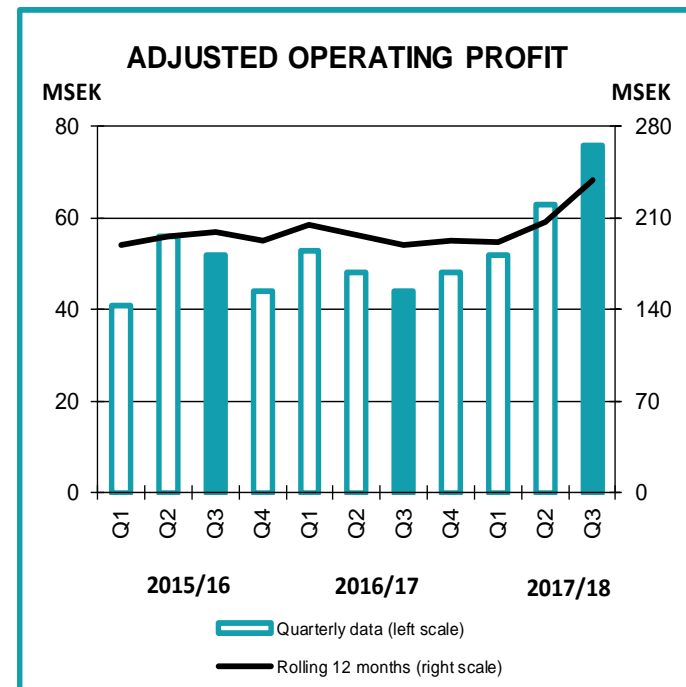
- **Cash flow from operating activities for the reporting period** amounted to MSEK 100 (190).
 - Cash flow from operating activities for the third quarter amounted to MSEK 129 (125).

Operating year 2017/18 – Performance measures¹ [1 Apr-31 Dec 2017]

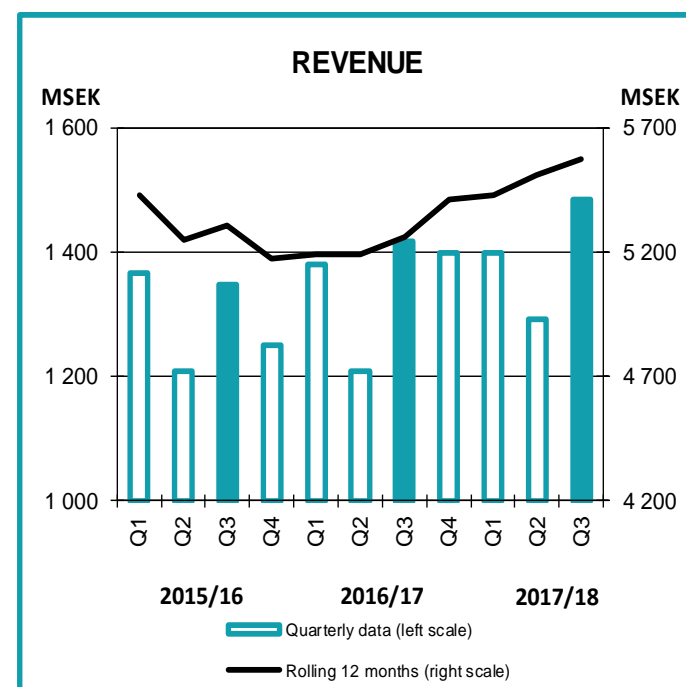
MSEK	12 MONTHS ENDING			
	31 DEC 2017	31 MAR 2017	31 MAR 2016	31 MAR 2015
Adjusted operating profit, MSEK	239	193	193	198
Adjusted operating margin, %	4.3%	3.6%	3.7%	3.7%
Profit margin, %	1.8%	1.0%	3.5%	3.4%
Return on working capital (P/WC), %	24%	21%	19%	17%
Return on adjusted capital employed, %	17%	16%	15%	14%
Return on equity, %	8%	4%	14%	13%
Adjusted equity/assets ratio, %	41%	40%	43%	42%
Earnings per share, SEK	2.85	1.50	4.95	4.95
Operational net loan liability (closing balance), MSEK	256	263	117	382
Number of employees at the end of the period	1,656	1,660	1,573	1,618

- **Operational net loan liability** amounted to MSEK 256 (229).
- The **equity/assets ratio** was 41 percent (37) at the end of the period.

Operating year 2017/18 – Rolling 12 months ending 31 Dec 2017 (“RTM”)



- **RTM Adjusted operating profit** amounted to MSEK 239 (FY 2016/17: 193), corresponding to a **RTM Adjusted operating margin** of 4.3 percent (3.6).
 - **Tools & Consumables:**
Adj. operating profit MSEK 126 (76) → Adj. operating margin 2.9 percent (1.8).
 - **Components & Services:**
Adj. operating profit MSEK 121 (121) → Adj. operating margin 8.7 percent (8.9).



- **RTM Revenue** amounted to MSEK 5,579 (FY 2016/17: 5,411).
 - **Tools & Consumables:** Revenue MSEK 4,410 (4,269).
 - **Components & Services:** Revenue MSEK 1,383 (1,359).

Focus in the short to medium term

9 February 2018

Momentum Group's focus in the short to medium term

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

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**

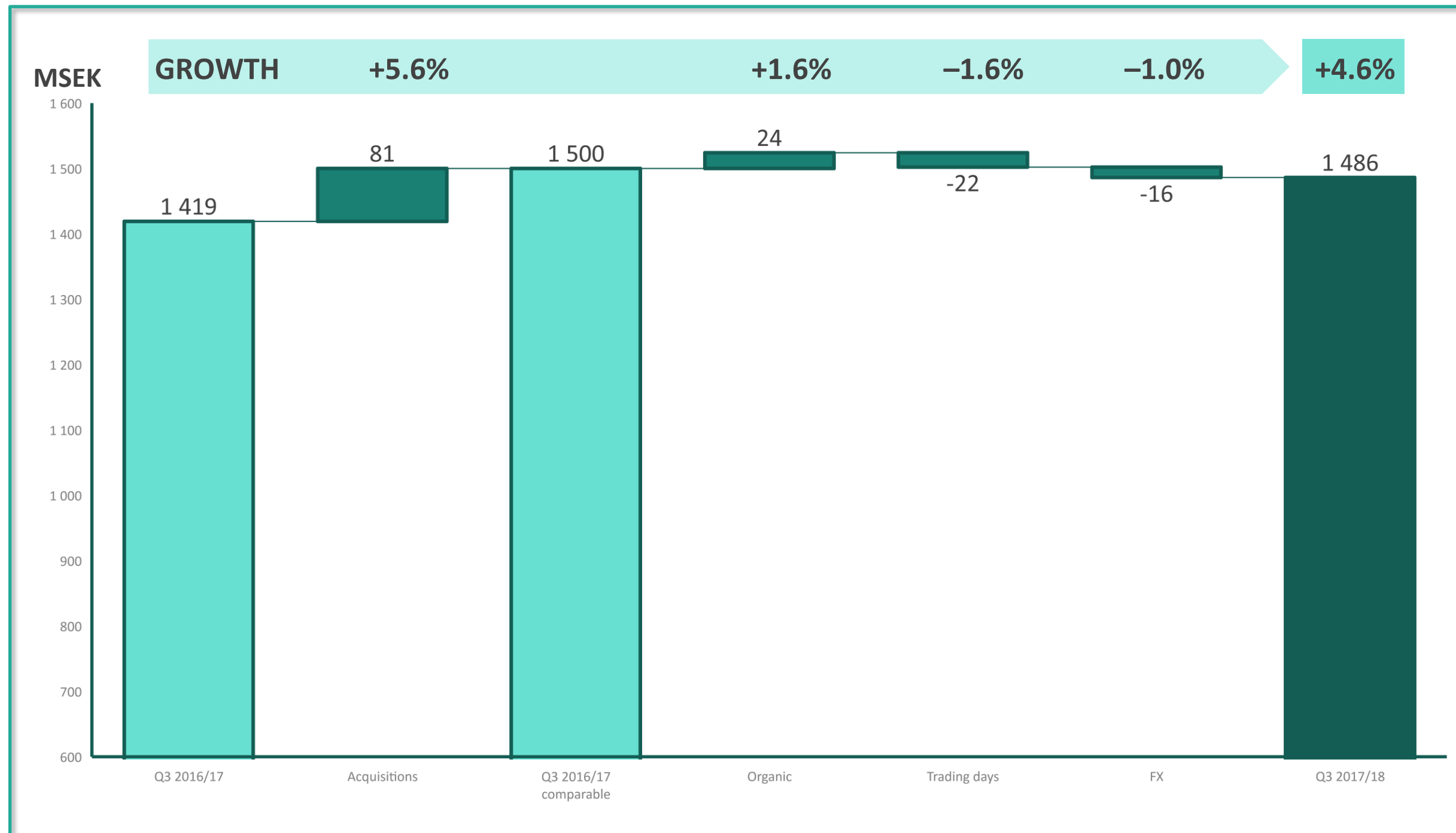
Q&A

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APPENDIX – Revenue bridges Income statements & Balance sheets

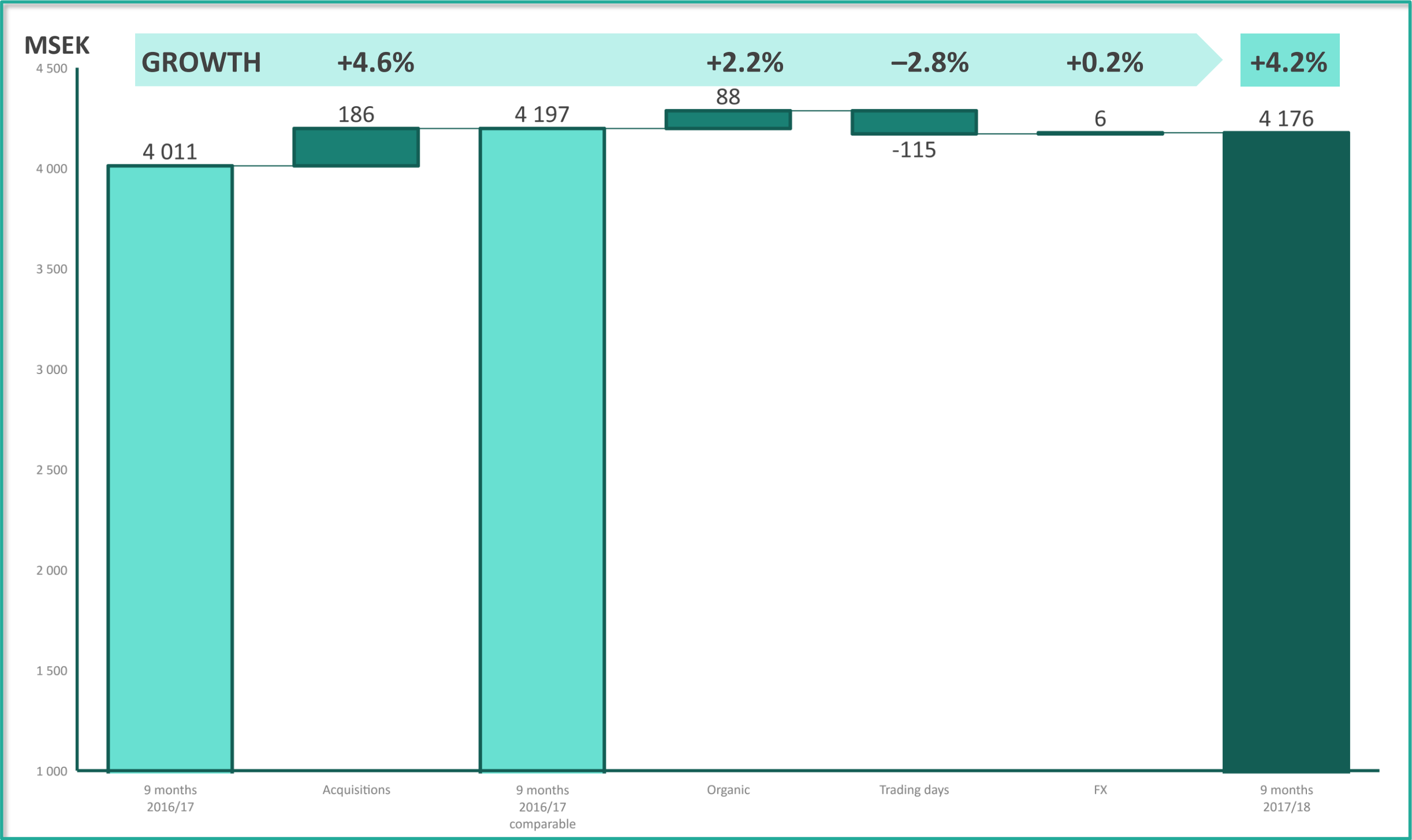
Operating year 2017/18 – Revenue bridge - Third quarter [1 Oct-31 Dec 2017]



HIGHLIGHTS

- **Organic growth¹** improving to 1.6 percent (–0.3) – with stable / positive development in both business areas:
 - Tools & Consumables +0%.
 - Components & Services +4%.
- **One less trading day** compared with the corresponding quarter in the preceding year.
- **Revenue contribution from acquisitions** amounting to +5.6 percent (+1.3).

Operating year 2017/18 – Revenue bridge - Reporting period [1 Apr-31 Dec 2017]



HIGHLIGHTS

- **Organic growth¹** amounted to 2.2 percent (–0.7) – with increases in both business areas:
 - Tools & Consumables +1%.
 - Components & Services +4%.
- **Five trading days less** compared with the corresponding period in the preceding year.
- **Acquisitions adding 4.6 percent (+1.0) to revenue growth.**

Income statements and Balance sheets [Quarter 3 – 2017/18]

Income statement

MSEK	QUARTER		REPORTING PERIOD	
	OCT-DEC 2017	OCT-DEC 2016	APR-DEC 2017	APR-DEC 2016
Revenue	1,486	1,419	4,179	4,011
Operating expenses (excl. Items affecting comparability)	-1,410	-1,375	-3,988	-3,866
Adjusted operating profit	76	44	191	145
<i>Adjusted operating margin, %</i>	<i>5.1%</i>	<i>3.1%</i>	<i>4.6%</i>	<i>3.6%</i>
Items affecting comparability	0	-10	-11	-10
Operating profit	76	34	180	135
<i>Operating margin, %</i>	<i>5.1%</i>	<i>2.4%</i>	<i>4.3%</i>	<i>3.4%</i>
Financial income and expenses	-2	-3	-5	-8
Profit after financial items	74	31	175	127
Taxes	-16	-8	-39	-29
Net profit	58	23	136	98

Balance Sheet

ASSETS			EQUITY & LIABILITIES		
MSEK	31 DEC 2017	31 MAR 2017	MSEK	31 DEC 2017	31 MAR 2017
Intangible non-current assets	589	533	EQUITY	1,104	1,007
Other non-current assets	90	105	Non-current interest-bearing liabilities	99	150
Total non-current assets	679	638	Provisions for pensions	25	24
Inventories	927	823	Other non-current liabilities	57	41
Accounts receivable	897	912	Total non-current liabilities	181	215
Other current receivables	134	109	Current interest-bearing liabilities	162	182
Cash and cash equivalents	5	69	Accounts payable	783	782
Total current assets	1,963	1,913	Other current liabilities	412	365
TOTAL ASSETS	2,642	2,551	Total current liabilities	1,357	1,329
			TOTAL LIABILITIES	1,538	1,544
			TOTAL EQUITY & LIABILITIES	2,642	2,551