

Presentation of Interim Report— First six months 2018/19

24 October 2018

Presenters today



ULF LILIUS
President & CEO

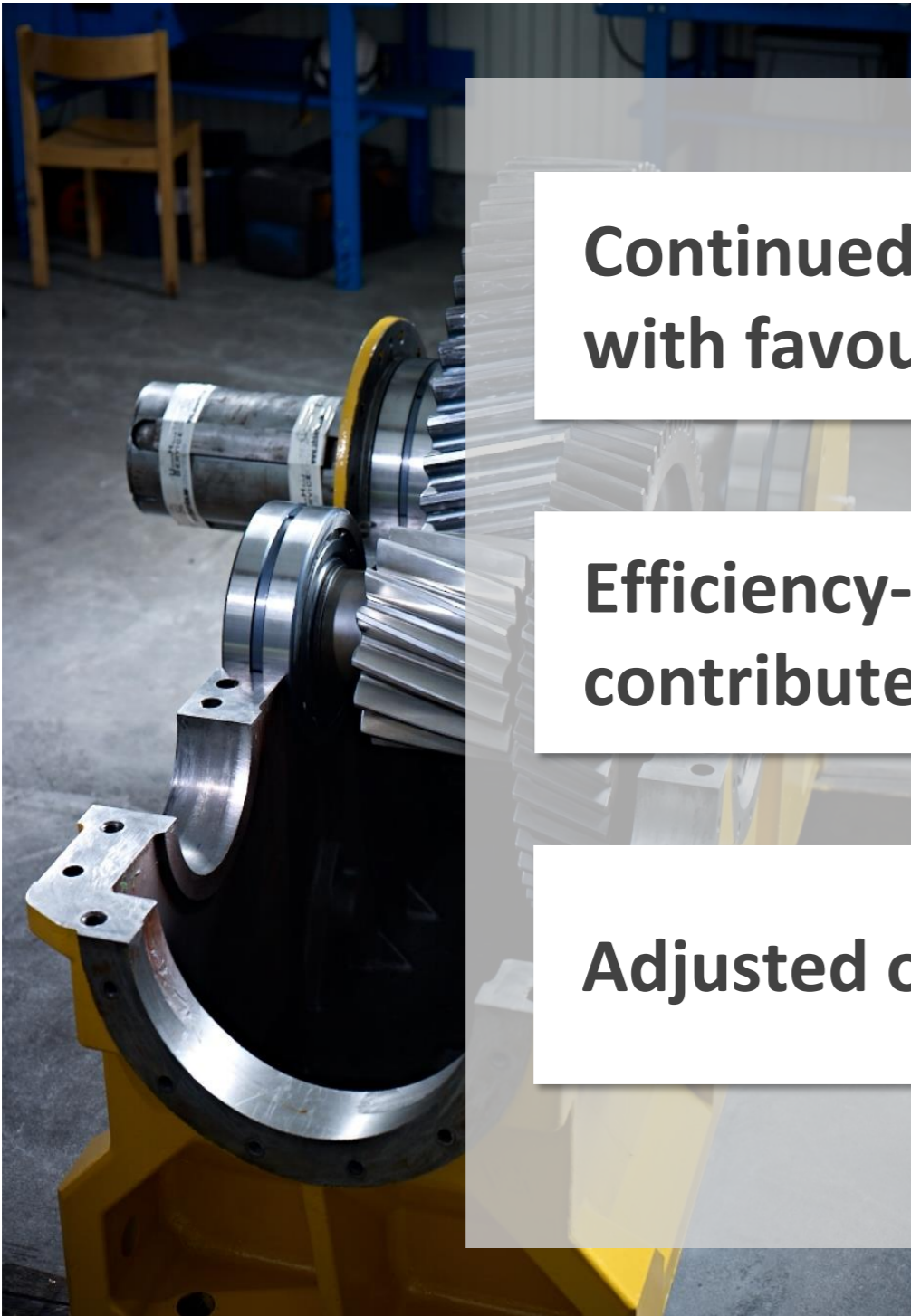


NIKLAS ENMARK,
EVP & CFO

Interim Report – First six months 2018/19

24 October 2018

Financial year 2018/19 – Interim Report – Highlights Q2



Continued stable market conditions during the second quarter, with favourable growth in Norway.

Efficiency-enhancements, increased sales and acquired businesses contributed to continued positive profit development.

Adjusted operating profit rose by 8 percent during the quarter.

Financial year 2018/19 – Second quarter [1 Jul-30 Sep 2018]

- **Revenue** increased by 1 percent¹ during the quarter.
 - Continued stable demand in industry.
 - Favourable growth in the Norwegian market.
- **Adjusted operating profit** increased by 8 percent to MSEK 68 (63), corresponding to an **adjusted operating margin** of 5.0 percent (4.9).
 - Several units improved their results during the quarter.
 - Ongoing work with improvement measures in TOOLS and Gigant continued – with positive results.
 - The acquired niche companies in workwear and profile clothing contributed positively to the profit development.
- The **integration of Brammer’s Swedish MRO business** concluded during the quarter, comprising eight local sales and service units across Sweden with total annual revenue of approximately MSEK 140 and healthy trade margins.
- **Annual General Meeting 2018 held on 22 August 2018** – A dividend of SEK 2.60 per share paid and 250,000 call options for repurchased shares issued and conveyed to 25 key individuals in senior positions in the Group.

MSEK	QUARTER			REPORTING PERIOD (6 Mon)		
	Jul-Sep 2018	Jul-Sep 2017	Δ	Apr-Sep 2018	Apr-Sep 2017	Δ
Revenue	1,369	1,293	+6%	2,912	2,693	+8%
Operating profit	68	62	+10%	138	104	+33%
<i>of which items affecting comparability</i>	–	–1		–	–11	
Adjusted operating profit	68	63	+8%	138	115	+20%
Adjusted operating margin, %	5.0%	4.9%		4.7%	4.3%	

Second quarter 2018/19 – Business area – Tools & Consumables

- **Revenue** for the business area decreased by 1 percent¹ in total during the second quarter.
 - Continued stable demand in industry, with favourable growth in Norway.
 - Acquisitions contributed by 1 percent to the revenue growth.
 - Continued restructuring work in TOOLS Sweden, including the winding down of 15 less profitable stores during 2017.
- **Adjusted operating profit** amounted to MSEK 35 (37), corresponding to an **adjusted operating margin** of 3.3 percent (3.7).
 - Positive earnings trend for TOOLS Norway and the Group companies in workwear and profile clothing in particular.
- **Improvement measures in TOOLS continue.**
 - A more focused and profitable product and service offering (e.g. OHS²).
 - Establishment of a regional logistics hub in the Oslo area. [NO]
 - 15 less profitable stores closed down compared to previous year. [SE]
 - Improved efficiency and reduction of costs in focus. [SE / NO / FI]

MSEK	QUARTER			REPORTING PERIOD (6 MON)		
	Jul-Sep 2018	Jul-Sep 2017	Δ	Apr-Sep 2018	Apr-Sep 2017	Δ
Revenue	1,070	1,023	+5%	2,288	2,133	+7%
Operating profit	35	37	-5%	79	56	+41%
<i>of which items affecting comparability</i>	–	0		–	-5	
Adjusted operating profit	35	37	-5%	79	61	+30%
Adjusted operating margin, %	3.3%	3.6%		3.5%	2.9%	

Second quarter 2018/19 – Business area – Components & Services

- **Revenue** increased by 8 percent¹ during the second quarter.
 - Favourable demand for Momentum Industrial in all product areas, particularly to larger customers in the automotive and process industries.
- **Adjusted operating profit** increased by 3 percent to MSEK 31 (30), corresponding to an **adjusted operating margin** of 9.0 percent (9.5).
 - Continued high profitability in Momentum Industrial.
- The **integration of the eight local sales and service units acquired from Brammer Sweden** was concluded according to plan during the quarter.
- **Restructuring work under way in Gigant** with a focus to reduce costs and improve efficiency.
- **Continued focus on profitable growth** for Momentum Industrial.

MSEK	QUARTER			REPORTING PERIOD (6 MON)		
	Jul-Sep 2018	Jul-Sep 2017	Δ	Apr-Sep 2018	Apr-Sep 2017	Δ
Revenue	345	317	+9%	722	658	+10%
Operating profit	31	29	+7%	62	55	+13%
<i>of which items affecting comparability</i>	–	–1		–	–1	
Adjusted operating profit	31	30	+3%	62	56	+11%
Adjusted operating margin, %	9.0%	9.5%		8.6%	8.5%	

Financial year 2018/19 –

Reporting period – First six months [1 Apr-30 Sep 2018]

- **Revenue** for the reporting period increased by 2 percent¹ to MSEK 2,912 (2,693) .
 - Favourable revenue growth in the most of the units despite, for example, the 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 reporting period included one more trading day than the corresponding period in the preceding year.
- **Adjusted operating profit** increased by 20 percent to MSEK 138 (115), corresponding to an **adjusted operating margin** of 4.7 percent (4.3).
 - 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 profile clothing contribute positively to the earnings trend.
- **Return on working capital (P/WC)** for the most recent 12 month period amounted to 24 percent (21).
 - Continued focus on decreasing funds tied up in working capital.

Financial year 2018/19 – Cash-flow statement [1 Apr-30 Sep 2018]

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2018	JUL-SEP 2017	APR-SEP 2018	APR-SEP 2017
Operating activities				
Operating activities before changes in working capital	50	60	100	96
Changes in working capital	-66	-81	-92	-125
Cash flow from operating activities	-16	-21	8	-29
Investing activities				
Acquisition of subsidiaries and other business units (net)	-	-38	-43	-38
Other	-7	-8	-13	-17
Cash flow before financing	-23	-67	-48	-84
Financing activities	23	67	44	30
Cash flow for the period	0	0	-4	-54
Cash and cash equivalents at the beginning of the period	6	15	10	69
Exchange-rate differences in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at the beginning of the period	6	15	6	15

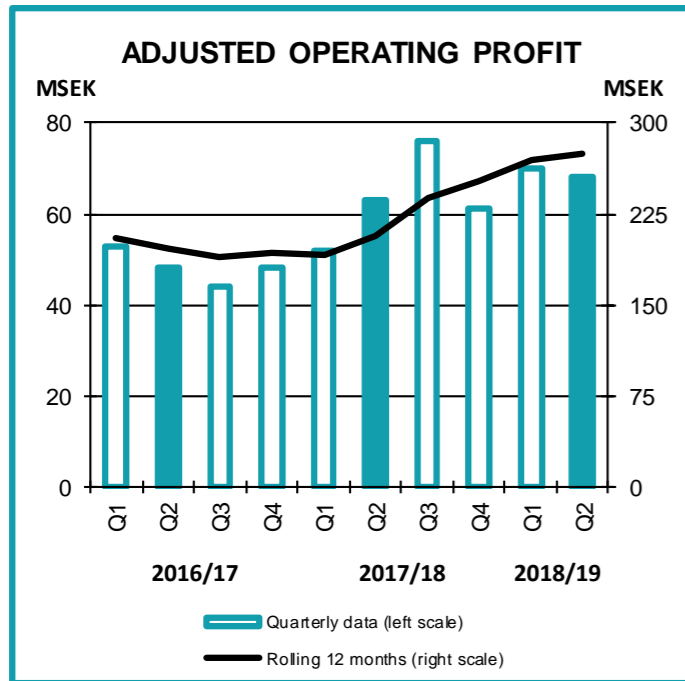
- **Cash flow from operating activities for the reporting period** amounted to MSEK 8 (-29).
 - Cash flow from operating activities for the second quarter amounted to MSEK -16 (-21).

Financial year 2018/19 – Performance measures¹ [1 Apr-30 Sep 2018]

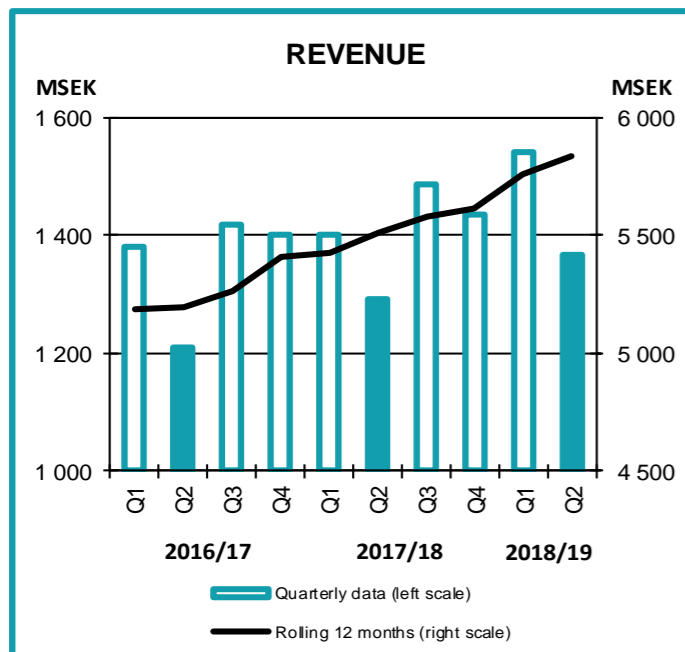
MSEK	12 MONTHS ENDING			
	30 SEP 2018	31 MAR 2018	31 MAR 2017	31 MAR 2016
Adjusted operating profit, MSEK	275	252	193	193
Adjusted operating margin, %	4.7%	4.5%	3.6%	3.7%
Profit margin, %	4.6%	4.2%	1.0%	3.5%
Return on working capital (P/WC), %	24%	24%	21%	19%
Return on adjusted capital employed, %	18%	18%	16%	15%
Return on equity, %	18%	17%	4%	14%
Adjusted equity/assets ratio, %	42%	42%	40%	43%
Earnings per share, SEK	7.45	6.45	1.50	4.95
Operational net loan liability (closing balance), MSEK	419	295	263	117
Number of employees at the end of the period	1,668	1,647	1,660	1,573

- **Operational net loan liability** amounted to MSEK 419 (348).
 - Dividend of MSEK 73 (–) paid during the quarter.
- The **equity/assets ratio** was 42 percent (40) at the end of the reporting period.

Financial year 2018/19 – Rolling 12 months ending 30 Sep 2018 (“RTM”)



- **RTM Adjusted operating profit** amounted to MSEK 275 (FY 2017/18: 252), corresponding to a **RTM Adjusted operating margin** of 4.7 percent (4.5).
 - **Tools & Consumables:**
Adj. operating profit MSEK 152 (134) → Adj. operating margin 3.3 percent (3.3).
 - **Components & Services:**
Adj. operating profit MSEK 131 (125) → Adj. operating margin 9.0 percent (8.9).



- **RTM Revenue** amounted to MSEK 5,835 (FY 2017/18: 5,616).
 - **Tools & Consumables:** Revenue MSEK 4,578 (4,423).
 - **Components & Services:** Revenue MSEK 1,462 (1,398).

Focus in the short to medium term

24 October 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

1.

Change and improvement initiatives in TOOLS

Focus enables increased profitability

SALES	OFFERING	LOGISTICS	LOCAL PRESENCE
Focus on OHS- products and services	More focused and coordinated assortment	Clear logistics offering to our customers	Optimise local presence by customer structure
New e-commerce – with advisory services	Own purchasing from new suppliers	Own central warehouses in Sweden and Finland – and regional logistics hubs in Norway	Closure of a numbers of less profitable stores

2. Continued development and establishment of niche offerings in current operations

A decentralised business model is a key to success and continued development of the business of each respective subsidiary

FOCUS AREAS INCLUDE:

Strengthening of the service and product offering

Focus on "Occupational Health and Safety" and "Operational Reliability" in the customers' operations

Continued investments in digital solutions

3. Acquisition-driven growth strategy with focus on niche acquisitions



✓ Well developed customer and/or supplier relationships

✓ Leading within their market niches

✓ Profitable

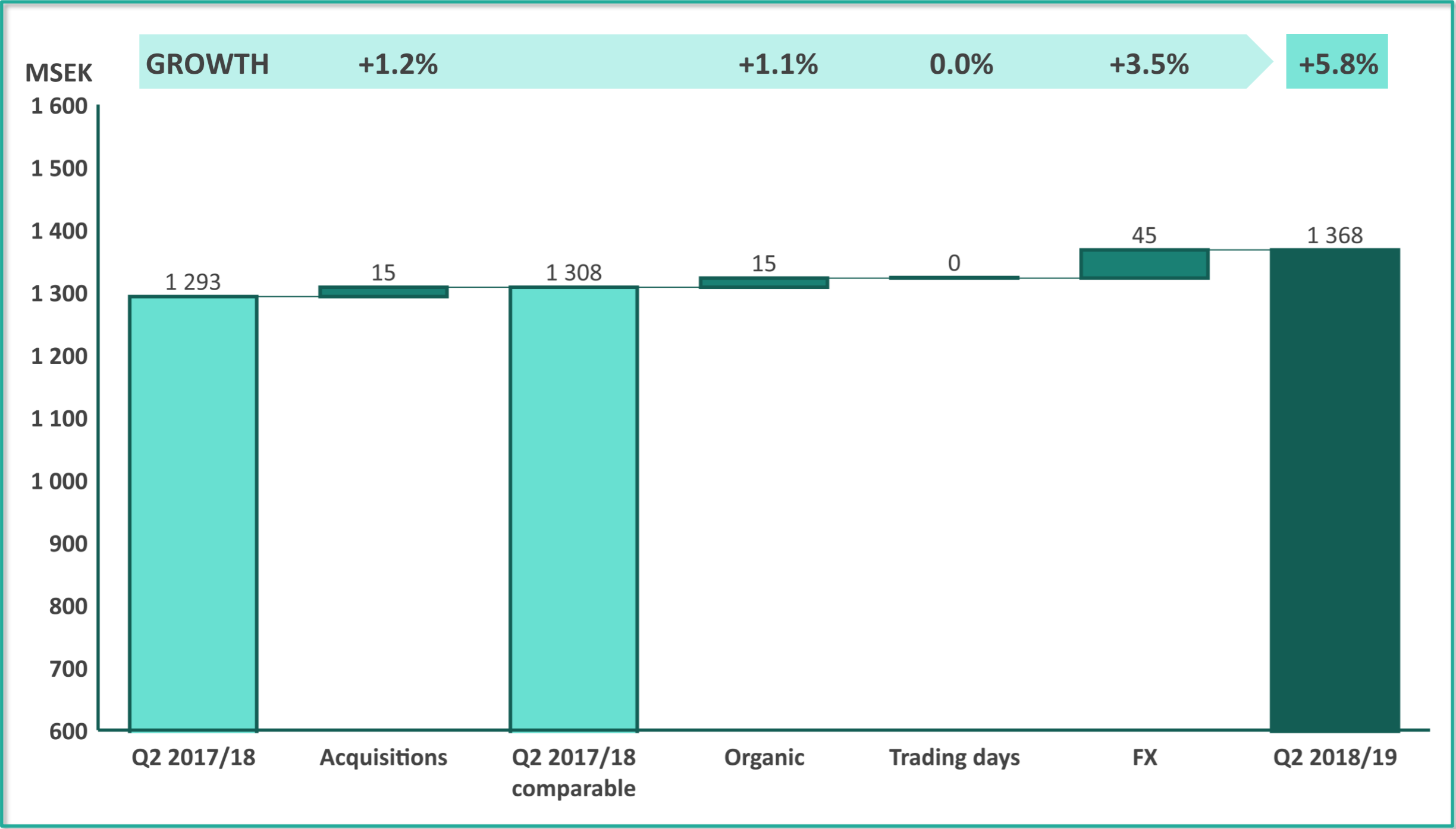
Acquisition candidates should be leading within their market niches for professional end-users in the Nordic region – and able to develop in order to achieve long-term sustainable profitability and growth

Q&A

momentumgroup 

APPENDIX – Revenue bridges Income statements & Balance sheets

Financial year 2018/19 – Revenue bridge – Second quarter [1 Jul-30 Sep 2018]

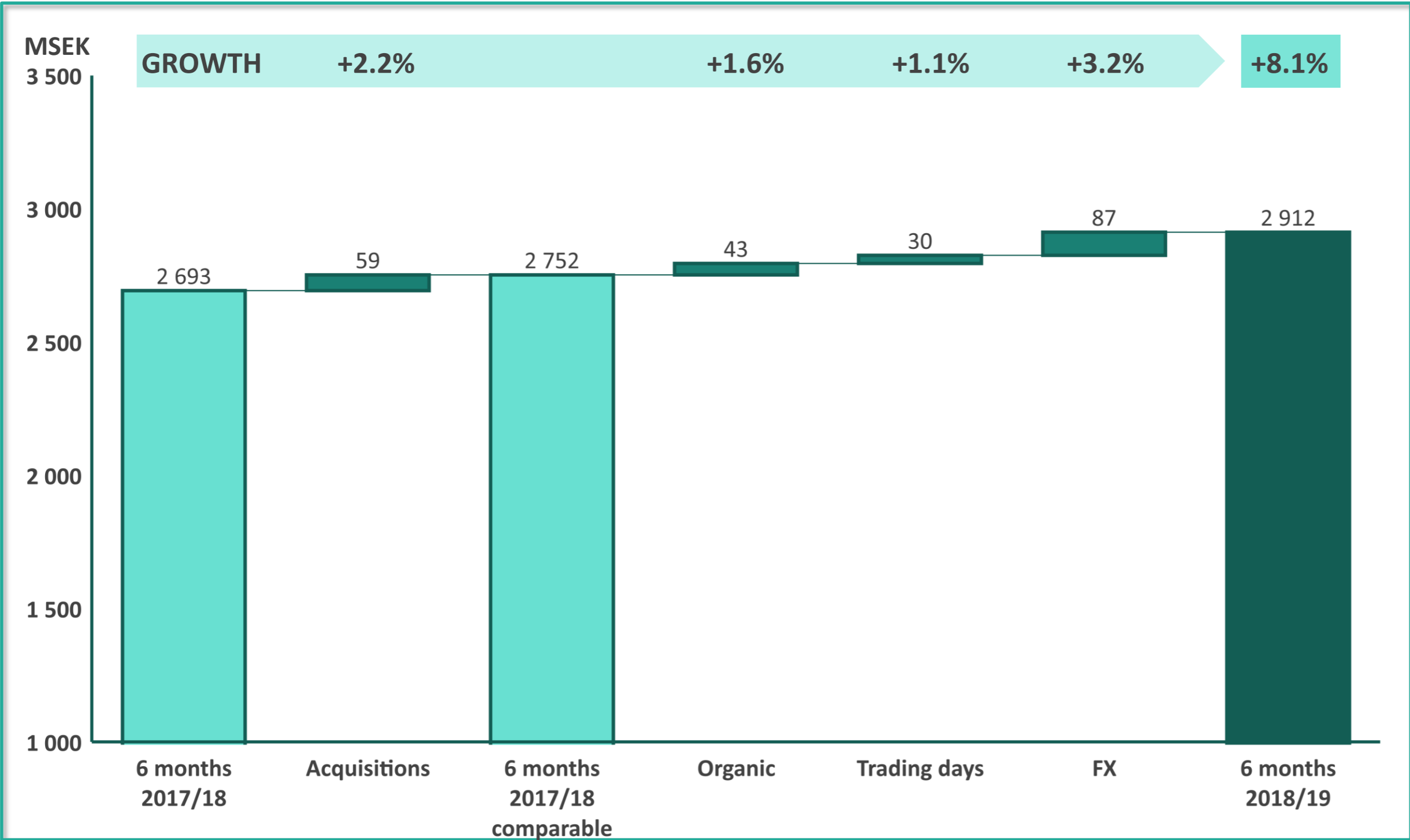


HIGHLIGHTS

- **Organic growth¹** at 1.1 percent (3.4) – Development by business area:
 - Tools & Consumables: -1%.
 - Components & Services: +8%.
- **Same number of trading days.**
- **Revenue contribution from acquisitions** amounting to +1.2 percent (+5.2).

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 – Reporting period [1 Apr-30 Sep 2018]



HIGHLIGHTS

- **Organic growth¹** amounted to 1.6 percent (2.4) – development by business area:
 - Tools & Consumables: +/-0%.
 - Components & Services: +8%.
- **One more trading day** compared with the preceding year.
- **Acquisitions adding 2.2 percent (+4.1)** 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 2 – 2018/19]

Income statement

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2018	JUL-SEP 2017	APR-SEP 2018	APR-SEP 2017
Revenue	1,369	1,293	2,912	2,693
Operating expenses (excl. Items affecting comparability)	-1,301	-1,230	-2,774	-2,578
Adjusted operating profit	68	63	138	115
<i>Adjusted operating margin, %</i>	<i>5.0%</i>	<i>4.9%</i>	<i>4.7%</i>	<i>4.3%</i>
Items affecting comparability	-	-1	-	-11
Operating profit	68	62	138	104
<i>Operating margin, %</i>	<i>5.0%</i>	<i>4.8%</i>	<i>4.7%</i>	<i>3.9%</i>
Financial income and expenses	-2	-1	-3	-3
Profit after financial items	66	61	135	101
Taxes	-14	-14	-29	-23
Net profit	52	47	106	78

Balance Sheet

MSEK	ASSETS		EQUITY & LIABILITIES	
	30 SEP 2018	31 MAR 2018	30 SEP 2018	31 MAR 2018
Intangible non-current assets	648	627	EQUITY	1,213
Other non-current assets	84	87	Non-current interest-bearing liabilities	203
Total non-current assets	732	714	Provisions for pensions	28
Inventories	975	927	Other non-current liabilities	71
Accounts receivable	1,016	967	Total non-current liabilities	302
Other current receivables	109	116	Current interest-bearing liabilities	222
Cash and cash equivalents	6	10	Accounts payable	760
Total current assets	2,106	2,020	Other current liabilities	341
TOTAL ASSETS	2,838	2,734	Total current liabilities	1,323
			TOTAL LIABILITIES	1,625
			TOTAL EQUITY & LIABILITIES	2,838