

Presentation of Interim Report— First nine months 2018/19

8 February 2019

Presenters today



ULF LILIUS
President & CEO

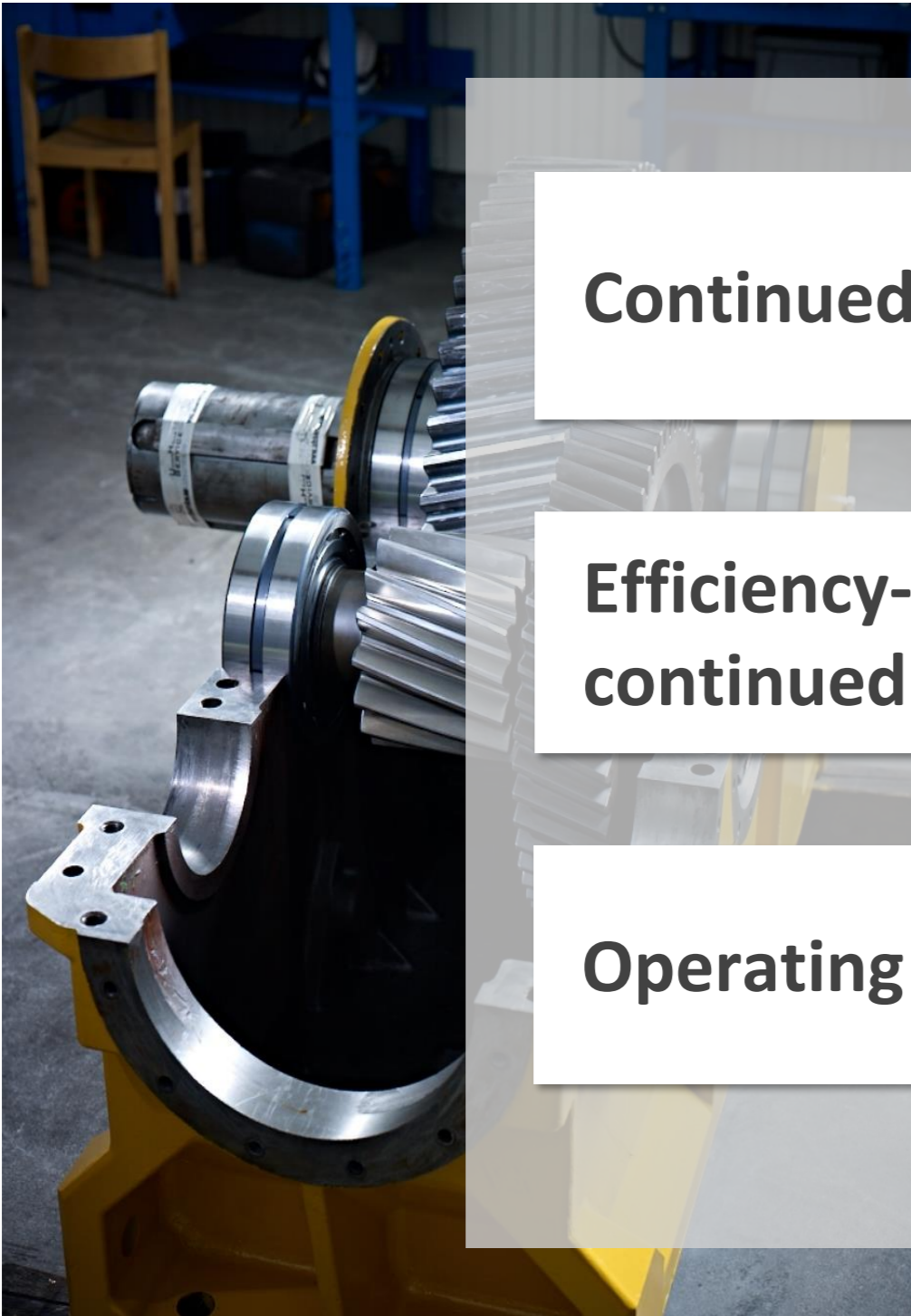


NIKLAS ENMARK,
EVP & CFO

Interim Report – First nine months 2018/19

8 February 2019

Financial year 2018/19 – Interim Report – Highlights Q3



Continued stable market conditions during the third quarter.

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

Operating profit rose by 12 percent during the quarter.

Financial year 2018/19 – Third quarter [1 Oct-31 Dec 2018]

- **Revenue** increased by 3 percent¹ during the quarter.
 - Continued stable demand in industry.
 - Favourable growth in the Norwegian market.
 - One less trading day than the corresponding quarter in the preceding year.

MSEK	QUARTER			REPORTING PERIOD (9 Mon)		
	Oct-Dec 2018	Oct-Dec 2017	Δ	Apr-Dec 2018	Apr-Dec 2017	Δ
Revenue	1,552	1,486	+4%	4,464	4,179	+7%
Operating profit	85	76	+12%	223	180	+24%
<i>of which items affecting comparability</i>	–	0		–	–11	
Adjusted operating profit	85	76	+12%	223	191	+17%
Adjusted operating margin, %	5.5%	5.1%		5.0%	4.6%	

- **Operating profit** increased by 12 percent to MSEK 85 (76), corresponding to **operating margin** of 5.5 percent (5.1).
 - 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 profile clothing contributed positively to the profit development.
- The Group's **new e-commerce initiative Brider** (www.briders.se) was launched in December. Brider will sell tools and consumables to customer groups that the Group does not reach through the existing market channels.
- *After the end of the quarter* – **acquisition of industrial reseller TOOLS Løvold** in Norway. The acquisition strengthens TOOLS' position as the leading supplier to Norwegian industry further.

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

- **Revenue** for the business area decreased by 1 percent¹ in total during the third quarter.
 - Continued stable demand in industry, with favourable growth in Norway.
 - Acquisitions contributed by approximately 2 percent to the revenue growth.
- **Operating profit** amounted to MSEK 48 (46), corresponding to an **operating margin** of 4.0 percent (3.9).
 - 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]
 - The closure of 15 less profitable stores concluded during the second quarter of FY 2017/18. [SE]
 - Improved efficiency and reduction of costs in focus. [SE / NO / FI]

MSEK	QUARTER			REPORTING PERIOD (9 MON)		
	Oct-Dec 2018	Oct-Dec 2017	Δ	Apr-Dec 2018	Apr-Dec 2017	Δ
Revenue	1,191	1,170	+2%	3,479	3,303	+5%
Operating profit	48	46	+4%	127	102	+25%
<i>of which items affecting comparability</i>	–	0		–	–5	
Adjusted operating profit	48	46	+4%	127	107	+19%
Adjusted operating margin, %	4.0%	3.9%		3.7%	3.2%	

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

- **Revenue** increased by 14 percent¹ during the third quarter.
 - Favourable demand for Momentum Industrial in all product areas and services.
- **Operating profit** increased by 25 percent to MSEK 40 (32), corresponding to an **operating margin** of 9.6 percent (8.7).
- **Restructuring work under way in Gigant** with a focus to reduce costs and improve 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 will become part of the Tools & Consumables Business area.
- **Continued focus on profitable growth** for Momentum Industrial.

MSEK	QUARTER			REPORTING PERIOD (9 MON)		
	Oct-Dec 2018	Oct-Dec 2017	Δ	Apr-Dec 2018	Apr-Dec 2017	Δ
Revenue	417	369	+13%	1,139	1,027	+11%
Operating profit	40	32	+25%	102	87	+17%
<i>of which items affecting comparability</i>	–	0		–	–1	
Adjusted operating profit	40	32	+25%	102	88	+16%
Adjusted operating margin, %	9.6%	8.7%		9.0%	8.6%	

Financial year 2018/19 –

Reporting period – First nine months [1 Apr-31 Dec 2018]

- **Revenue** for the reporting period increased by 2 percent¹ to MSEK 4,464 (4,179) .
 - 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 the same number of trading days as the corresponding period in the preceding year.
- **Adjusted operating profit** increased by 17 percent to MSEK 223 (191), corresponding to an **adjusted operating margin** of 5.0 percent (4.6).
 - 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 (24).
 - Continued focus on decreasing funds tied up in working capital.

Financial year 2018/19 – Cash-flow statement [1 Apr-31 Dec 2018]

MSEK	QUARTER		REPORTING PERIOD	
	OCT-DEC 2018	OCT-DEC 2017	APR-DEC 2018	APR-DEC 2017
Operating activities				
Operating activities before changes in working capital	74	63	174	159
Changes in working capital	80	66	-12	-59
Cash flow from operating activities	154	129	162	100
Investing activities				
Acquisition of subsidiaries and other business units (net)	-3	-3	-46	-41
Other	-6	-9	-19	-26
Cash flow before financing	145	117	97	33
Financing activities	-146	-127	-102	-97
Cash flow for the period	-1	-10	-5	-64
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 end of the period	5	5	5	5

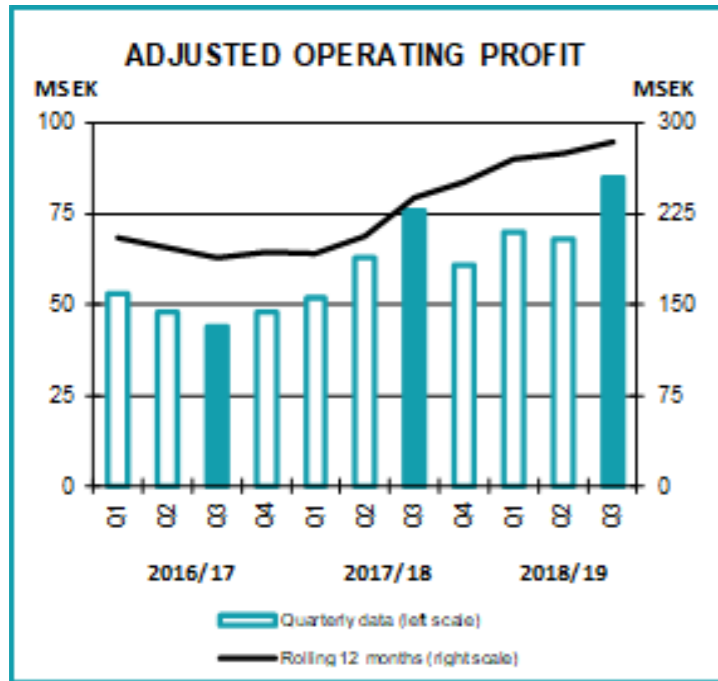
- **Cash flow from operating activities for the reporting period** amounted to MSEK 162 (100).
 - Cash flow from operating activities for the second quarter amounted to MSEK 154 (129).

Financial year 2018/19 – Performance measures¹ [1 Apr-31 Dec 2018]

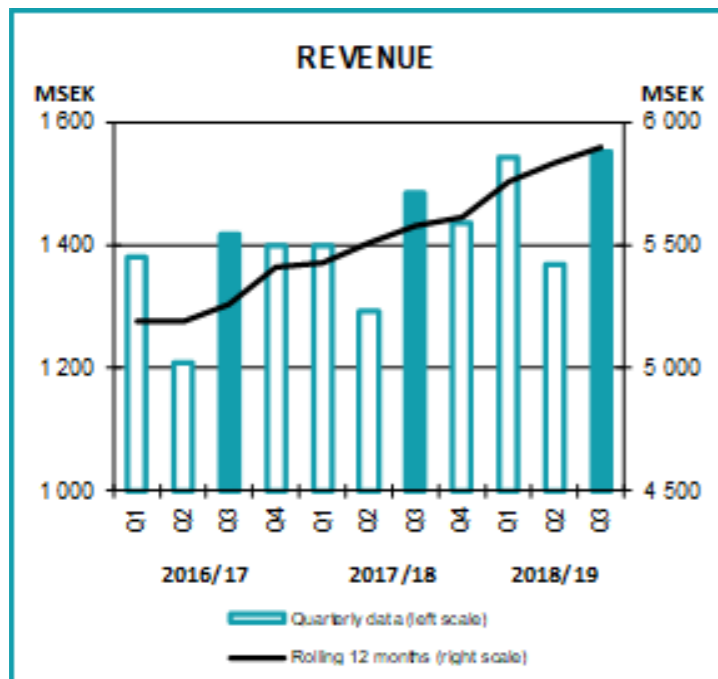
MSEK	12 MONTHS ENDING			
	31 DEC 2018	31 MAR 2018	31 MAR 2017	31 MAR 2016
Adjusted operating profit, MSEK	284	252	193	193
Adjusted operating margin, %	4.8%	4.5%	3.6%	3.7%
Profit margin, %	4.7%	4.2%	1.0%	3.5%
Return on working capital (P/WC), %	24%	24%	21%	19%
Return on adjusted capital employed, %	19%	18%	16%	15%
Return on equity, %	18%	17%	4%	14%
Adjusted equity/assets ratio, %	45%	42%	40%	43%
Earnings per share, SEK	7.65	6.45	1.50	4.95
Operational net loan liability (closing balance), MSEK	297	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 297 (256).
 - Dividend of MSEK 73 (–) paid during the year.
- The **equity/assets ratio** was 45 percent (41) at the end of the reporting period.
- **Return of equity** was 18 percent (8) for the latest 12-month period.

Financial year 2018/19 – Rolling 12 months ending 31 Dec 2018 (“RTM”)



- **RTM Adjusted operating profit** amounted to MSEK 284 (FY 2017/18: 252), corresponding to a **RTM Adjusted operating margin** of 4.8 percent (4.5).
 - **Tools & Consumables:**
Adj. operating profit MSEK 154 (134) → Adj. operating margin 3.3 percent (3.0).
 - **Components & Services:**
Adj. operating profit MSEK 139 (125) → Adj. operating margin 9.2 percent (8.9).



- **RTM Revenue** amounted to MSEK 5,901 (FY 2017/18: 5,616).
 - **Tools & Consumables:** Revenue MSEK 4,599 (4,423).
 - **Components & Services:** Revenue MSEK 1,510 (1,398).

Focus in the short to medium term

8 February 2019

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

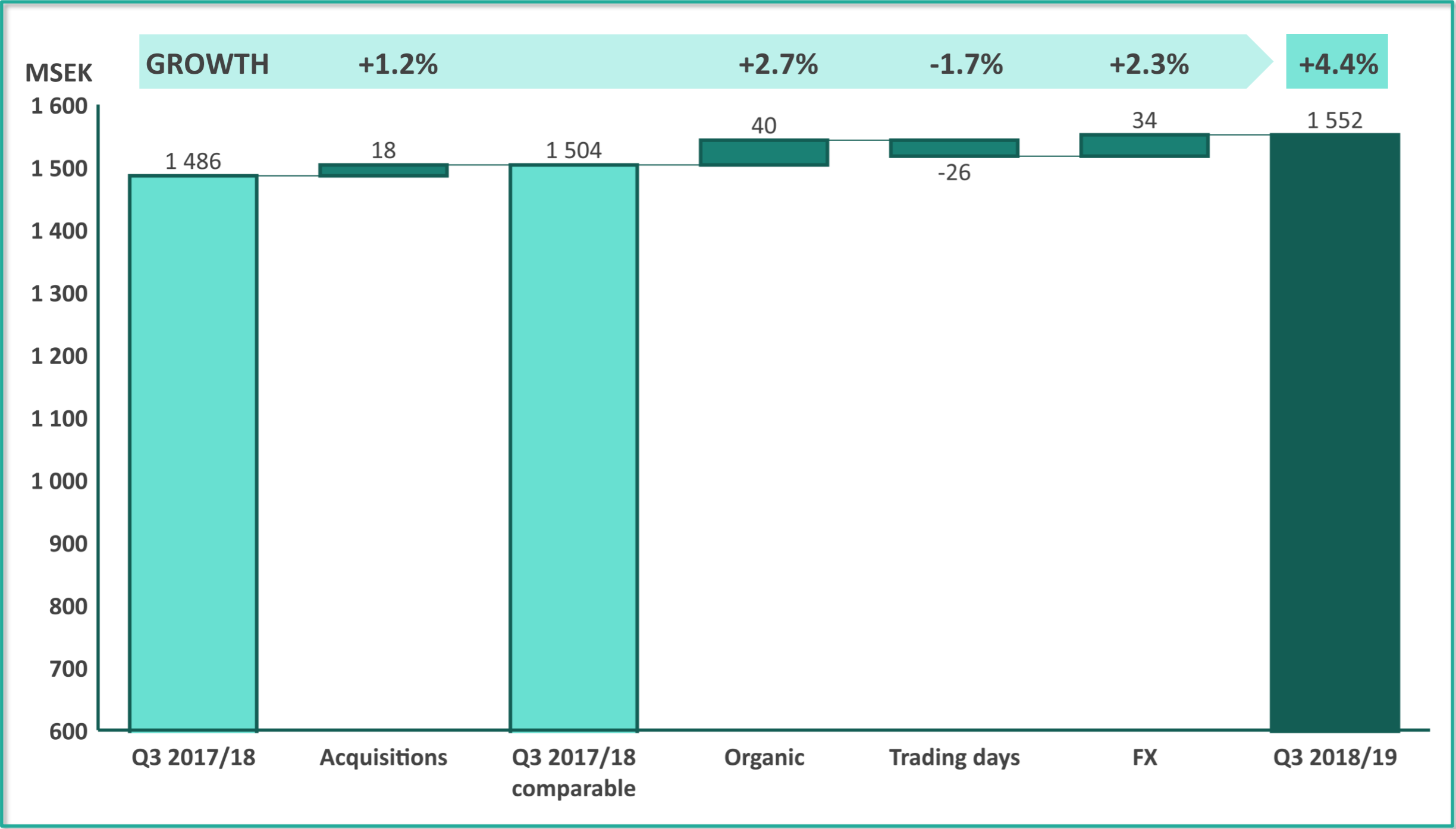
Q&A

momentumgroup



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

Financial year 2018/19 – Revenue bridge – Third quarter [1 Oct-31 Dec 2018]

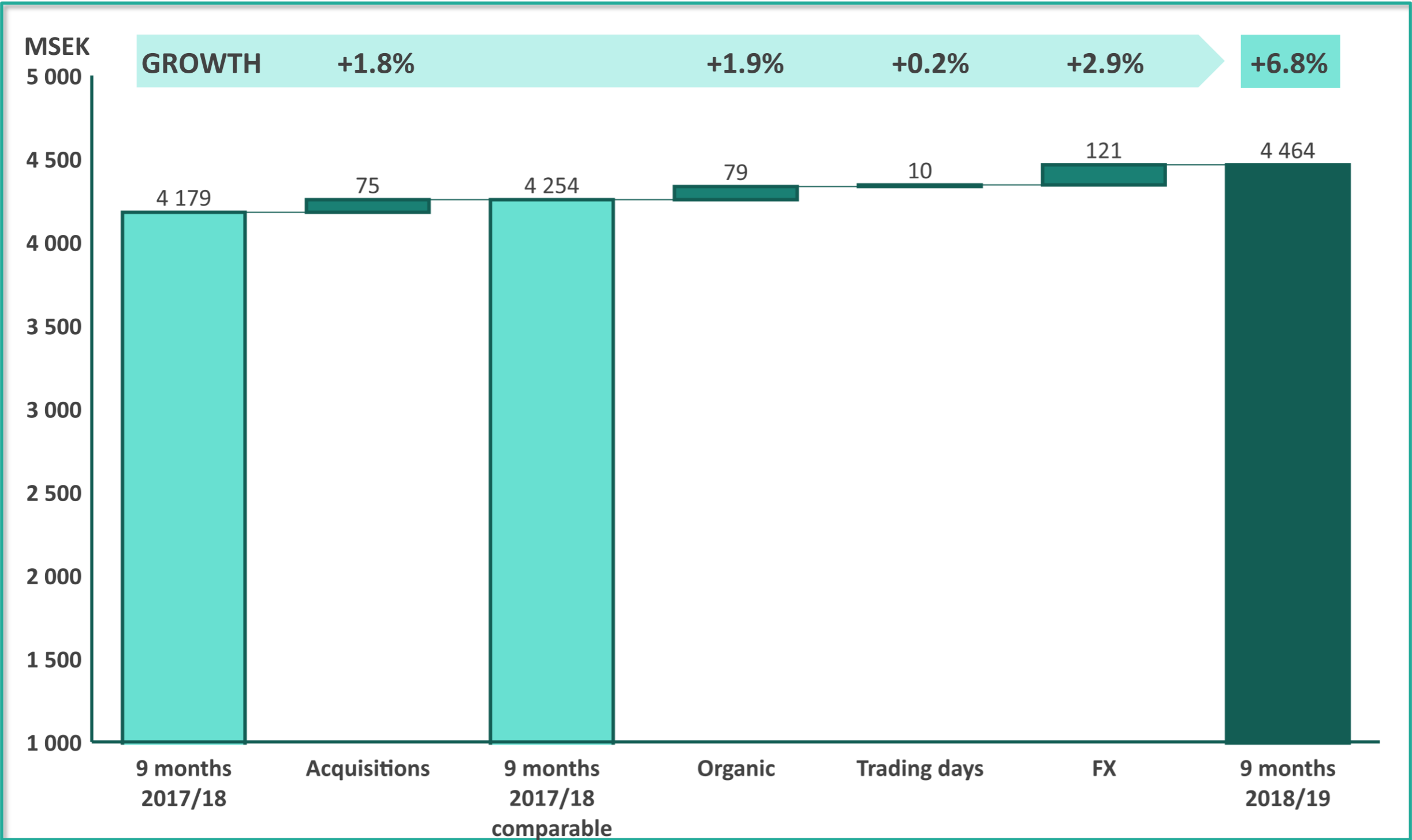


HIGHLIGHTS

- **Organic growth¹** at 2.7 percent (1.6) – Development by business area:
 - Tools & Consumables: -1%.
 - Components & Services: +14%.
- **One less trading day** compared with the preceding year.
- **Revenue contribution from acquisitions** amounting to +1.2 percent (+5.6).

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-31 Dec 2018]



HIGHLIGHTS

- **Organic growth¹** amounted to 1.9 percent (2.2) – development by business area:
 - Tools & Consumables: -1%.
 - Components & Services: +10%.
- **Same number of trading days** compared with the preceding year.
- **Acquisitions adding** 1.8 percent (+4.6) 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 3 – 2018/19]

Income statement

MSEK	QUARTER		REPORTING PERIOD	
	OCT-DEC 2018	OCT-DEC 2017	APR-DEC 2018	APR-DEC 2017
Revenue	1,552	1,486	4,464	4,179
Operating expenses <i>(excl. Items affecting comparability)</i>	-1,467	-1,410	-4,241	-3,988
Adjusted operating profit	85	76	223	191
<i>Adjusted operating margin, %</i>	<i>5.5%</i>	<i>5.1%</i>	<i>5.0%</i>	<i>4.6%</i>
Items affecting comparability	-	0	-	-11
Operating profit	85	76	223	180
<i>Operating margin, %</i>	<i>5.5%</i>	<i>5.1%</i>	<i>5.0%</i>	<i>4.3%</i>
Financial income and expenses	-1	-2	-4	-5
Profit after financial items	84	74	219	175
Taxes	-20	-16	-49	-39
Net profit	64	58	170	136

Balance Sheet

MSEK	ASSETS		EQUITY & LIABILITIES		
	31 DEC 2018	31 MAR 2018	31 DEC 2018	31 MAR 2018	
Intangible non-current assets	638	627	EQUITY	1,233	1,170
Other non-current assets	80	87	Non-current interest-bearing liabilities	128	103
Total non-current assets	718	714	Provisions for pensions	30	27
Inventories	968	927	Other non-current liabilities	69	79
Accounts receivable	915	967	Total non-current liabilities	227	209
Other current receivables	130	116	Current interest-bearing liabilities	174	202
Cash and cash equivalents	5	10	Accounts payable	730	743
Total current assets	2,018	2,020	Other current liabilities	372	410
TOTAL ASSETS	2,736	2,734	Total current liabilities	1,276	1,355
			TOTAL LIABILITIES	1,503	1,564
			TOTAL EQUITY & LIABILITIES	2,736	2,734