

# Presentation of Financial Report— Financial year 2018/19

9 May 2019

# Presenters today



**ULF LILIUS**  
President & CEO

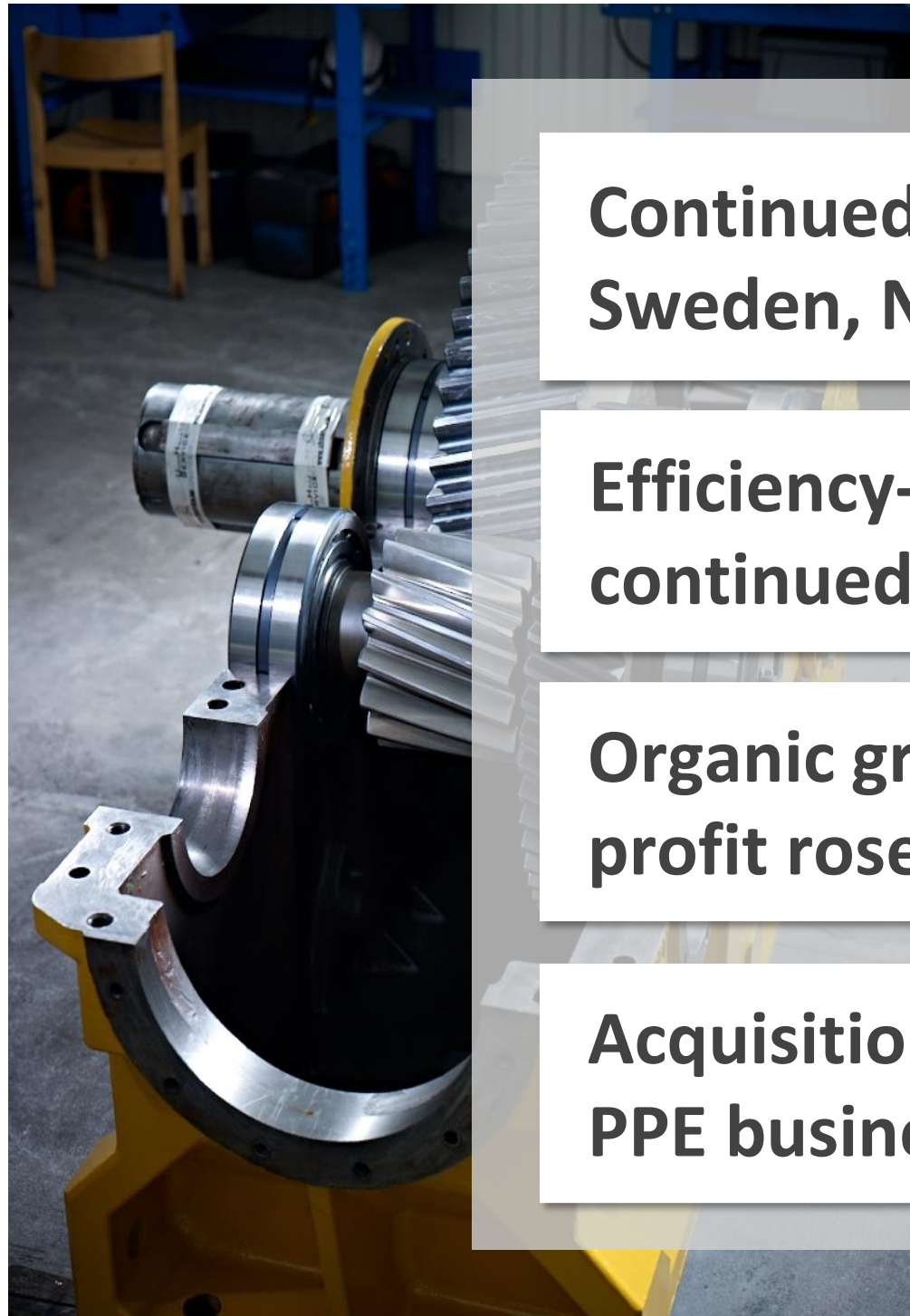


**NIKLAS ENMARK,**  
EVP & CFO

# 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 2019	Jan-Mar 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 2019	JAN-MAR 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 2019	31 MAR 2018	31 MAR 2017	31 MAR 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

---

**1.**

**Change and  
improvement  
initiatives in TOOLS**

**2.**

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

**3.**

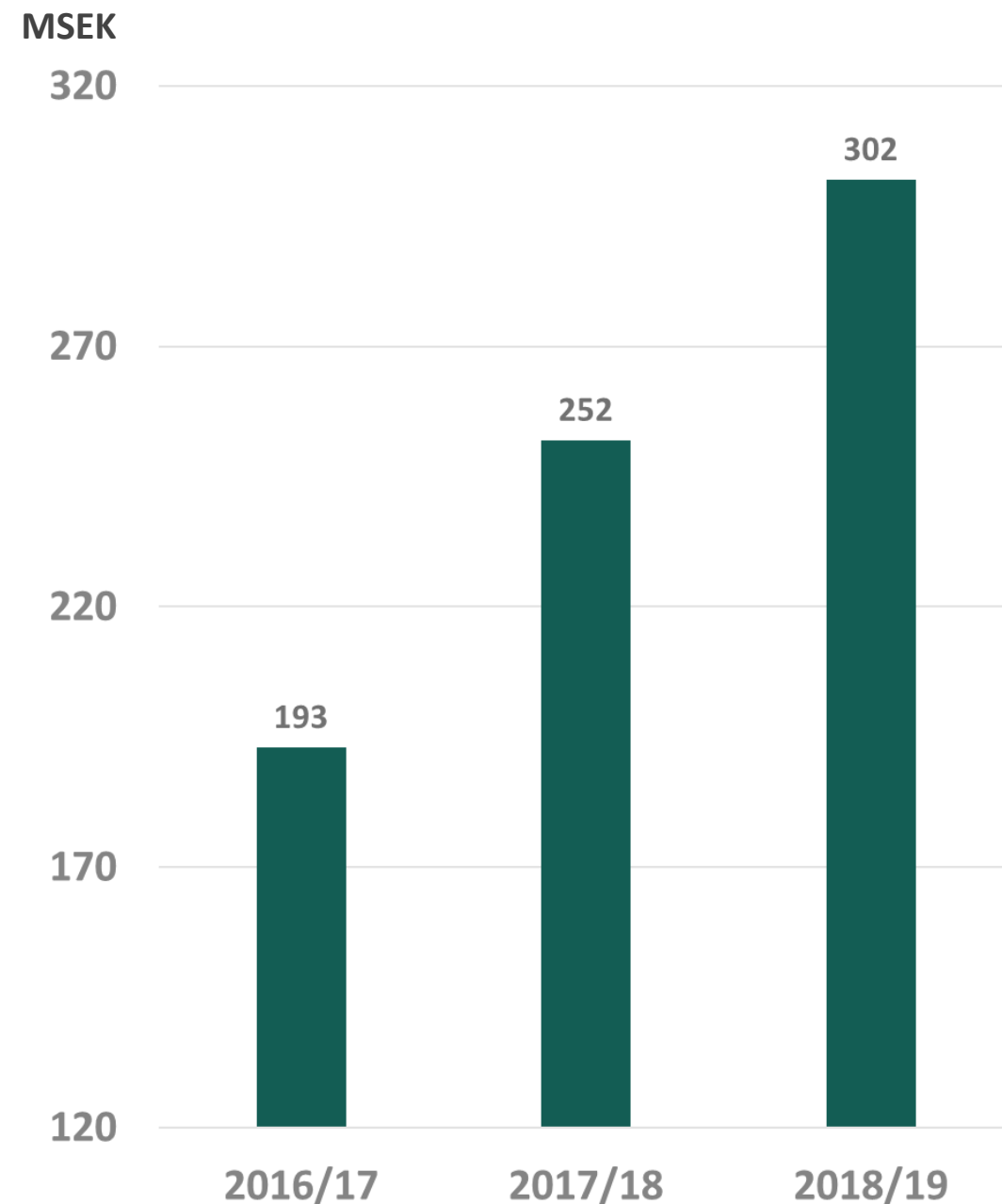
**Acquisition-driven  
growth strategy with  
focus on niche  
acquisitions**

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

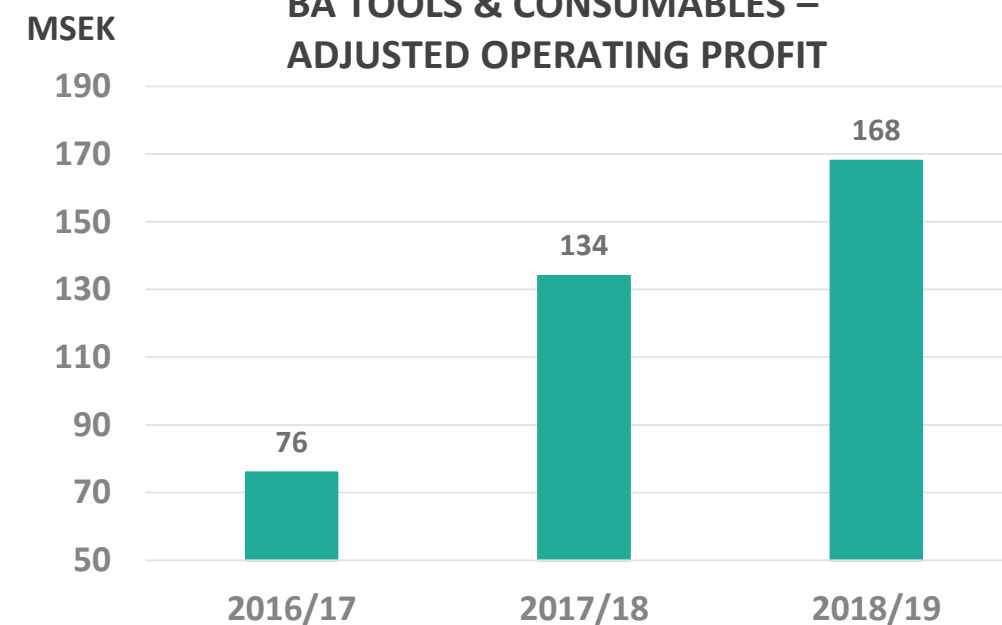


## THE MOMENTUM GROUP 2016/17-2018/19 –

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

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

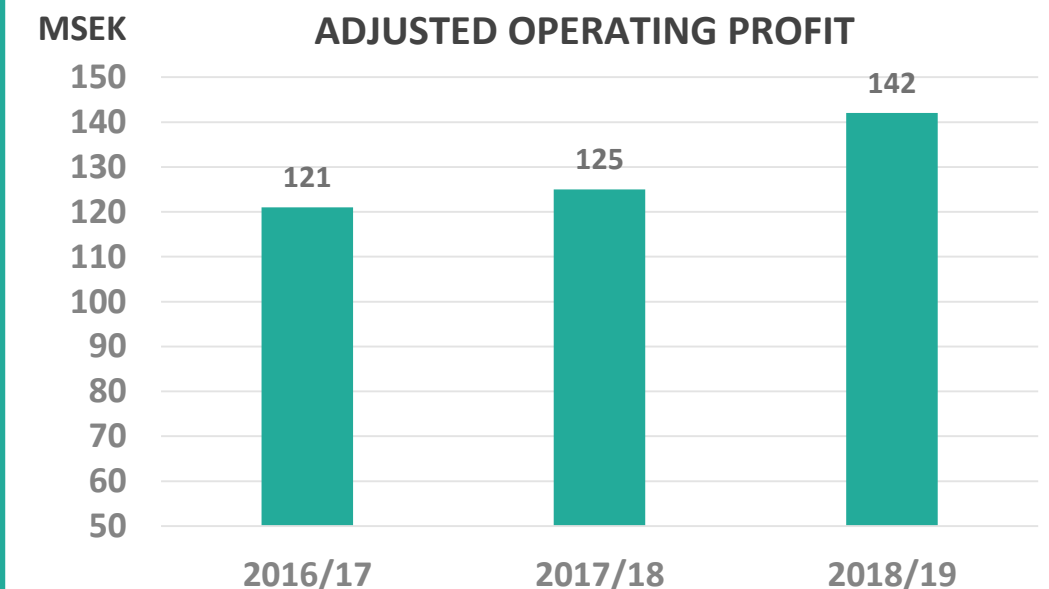
### BA TOOLS & CONSUMABLES – ADJUSTED OPERATING PROFIT



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

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

### BA COMPONENTS & SERVICES – ADJUSTED OPERATING PROFIT



### BUSINESS AREA C&S 2018/19 –

***Operating margin: 9.2%***



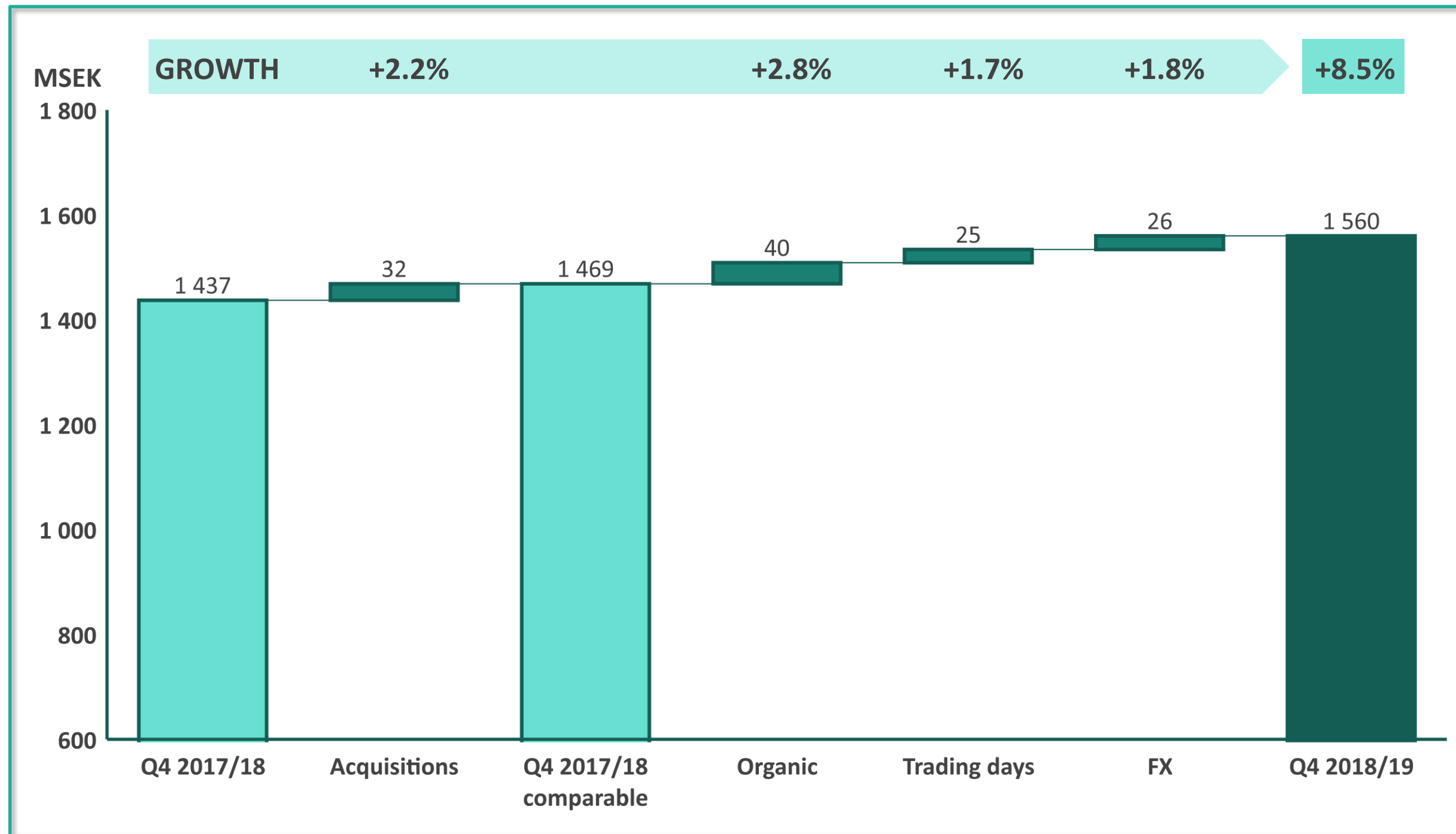
# Q&A

momentumgroup



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

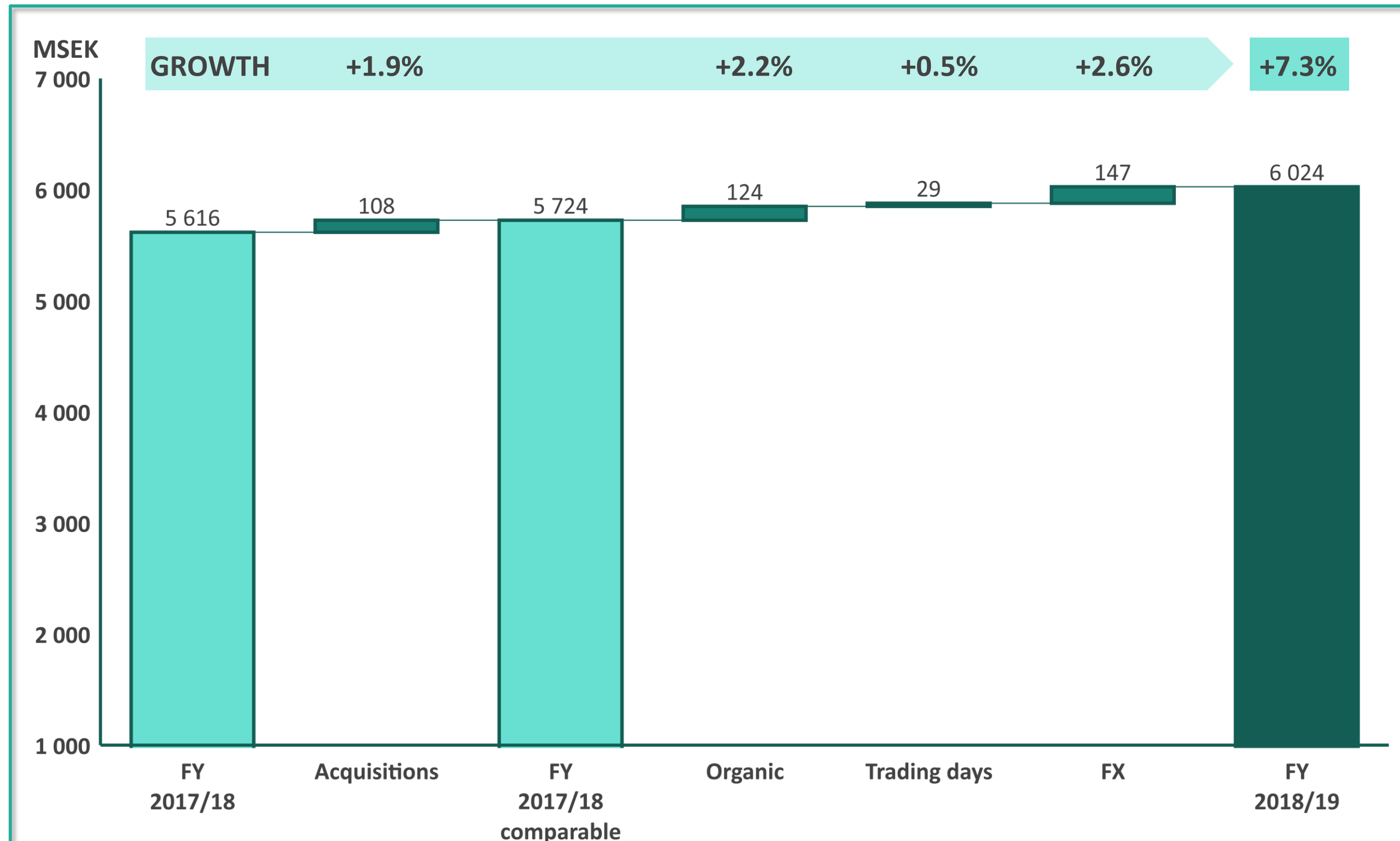
# Financial year 2018/19 – Revenue bridge – Fourth quarter [1 Jan-31 Mar 2019]



## 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).

# 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.

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

## Income statement

MSEK	QUARTER		FINANCIAL YEAR	
	JAN-MAR 2019	JAN-MAR 2018	2018/19	2017/18
Revenue	1,560	1,437	6,024	5,616
Operating expenses (excl. Items affecting comparability)	–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

ASSETS			EQUITY & LIABILITIES		
MSEK	31 MAR 2019	31 MAR 2018	MSEK	31 MAR 2019	31 MAR 2018
Intangible non-current assets	649	627	<b>EQUITY</b>	<b>1,317</b>	<b>1,170</b>
Other non-current assets	85	87	Non-current interest-bearing liabilities	137	103
<b>Total non-current assets</b>	<b>734</b>	<b>714</b>	Provisions for pensions	27	27
Inventories	986	927	Other non-current liabilities	76	79
Accounts receivable	1 044	967	<b>Total non-current liabilities</b>	<b>240</b>	<b>209</b>
Other current receivables	142	116	Current interest-bearing liabilities	137	202
Cash and cash equivalents	8	10	Accounts payable	822	743
<b>Total current assets</b>	<b>2,180</b>	<b>2,020</b>	Other current liabilities	398	410
<b>TOTAL ASSETS</b>	<b>2,914</b>	<b>2,734</b>	<b>Total current liabilities</b>	<b>1,357</b>	<b>1,355</b>
			<b>TOTAL LIABILITIES</b>	<b>1,597</b>	<b>1,564</b>
			<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,914</b>	<b>2,734</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 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).