

Presentation of Interim Report— First six months 2019/20

25 October 2019

Presenters today



ULF LILIUS
President & CEO



NIKLAS ENMARK,
EVP & CFO

Interim Report – First six months 2019/20

25 October 2019

Financial year 2019/20 – Interim Report – Highlights Q2



Continued stable market conditions in the industrial sectors in Sweden and Norway during the quarter, whereas the development in Finland was slightly weaker.

Stable sales, continued efficiency-enhancements (with improved gross margins in some units) and acquisitions contributed to an increase in EBITA of 11 percent to MSEK 80 (72).

We continue to improve our efficiency and profits, and to decrease our working capital further – with decentralised responsibility and increased coordination as key factors in our corporate culture.

The evaluation of interesting acquisition targets continue.

Financial year 2019/20 –

Second quarter [1 Jul-30 Sep 2019]

- **Revenue** decreased by 1 percent¹ during the quarter.
 - Continued stable demand in industry in Sweden and Norway, whereas the development in Finland was slightly weaker.
 - Acquisitions contributed to the total revenue growth by some 4 percent.
 - Two more trading days than the corresponding quarter in the preceding year.

MSEK	QUARTER (3 mon)			REPORTING PERIOD (6 mon)		
	JUL-SEP 2019	JUL-SEP 2018	Δ	APR-SEP 2019	APR-SEP 2018	Δ
Revenue	1,432	1,369	+5%	3,008	2,912	+3%
EBITA	80	72	+11%	155	146	+6%
Operating profit	75	68	+10%	145	138	+5%
EBITA margin, %	5.6%	5.3%		5.2%	5.0%	
Operating margin, %	5.2%	5.0%		4.8%	4.7%	

- **EBITA** increased by 11 percent to MSEK 80 (72), corresponding to an **EBITA margin** of 5.6 percent (5.3).
 - Stable sales, efficiency enhancements and acquisitions contributed to improved gross margins and profits.
- **Operating profit** rose by 10 percent to MSEK 75 (68), corresponding to an **operating margin** of 5.2 percent (5.0).
- The **acquisitions concluded** to date during the year continue to strengthen Momentum Group's position as a leading supplier to Nordic industry further, and contribute to a positive profit development for the Group.

Second quarter 2019/20 – Business area – Tools & Consumables

- **Revenue** for the business area decreased by 3 percent¹ during the second quarter.
 - Continued stable demand in Norwegian industry, whereas the start of the quarter in July and August was weaker than normal in Sweden and Finland.
 - Acquisitions contributed by approximately 4 percent to the revenue growth.
- **Operating profit** rose by 12 percent to MSEK 38 (34), corresponding to an **operating margin** of 3.3 percent (3.0).
 - Positive earnings trend for TOOLS Sweden and Mercus Yrkeskläder 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 continue. [NO]
 - Improved efficiency and reduction of costs in focus. [SE / NO / FI]
 - Development of a proprietary brand of gloves. [FI]
- The **acquisition of Company Line** in June contributed to the profit development and strengthened the Group's position as a leading supplier of workwear further.

MSEK	QUARTER (3 mon)			REPORTING PERIOD (6 mon)		
	JUL-SEP 2019	JUL-SEP 2018	Δ	APR-SEP 2019	APR-SEP 2018	Δ
Revenue	1,157	1,119	+3%	2,444	2,400	+2%
Operating profit	38	34	+12%	78	79	–1%
Operating margin, %	3.3%	3.0%		3.2%	3.3%	

Second quarter 2019/20 – Business area – Components & Services

- **Revenue** increased by 3 percent¹ during the second quarter.
 - Favourable demand for Momentum Industrial in all product areas and services.
 - After a slightly weaker start of the quarter, the sales to customer groups in steel and vehicles had a positive development while demand in pulp & paper was somewhat more restrained.
- **Operating profit** increased by 8 percent to MSEK 36 (32), corresponding to an **operating margin** of 12.7 percent (12.2).
 - Momentum Industrial's subsidiaries in service and repairs (Rörick Elektriska Verkstad and Carl A Nilsson) continued to report positive development during the quarter.
- The **acquisition of ETAB Industriautomation** in June contributed to the profit development and strengthened the Momentum Industrial's competence and offering in industrial hydraulics.
- **Continued focus on profitable growth** for Momentum Industrial going forward.

MSEK	QUARTER (3 mon)			REPORTING PERIOD (6 mon)		
	JUL-SEP 2019	JUL-SEP 2018	Δ	APR-SEP 2019	APR-SEP 2018	Δ
Revenue	284	263	+8%	582	537	+8%
Operating profit	36	32	+13%	68	62	+10%
Adjusted operating margin, %	12.7%	12.2%		11.7%	11.3%	

Financial year 2019/20 –

Reporting period – First six months [1 Apr-30 Sep 2019]

- **Revenue** for the reporting period decreased by approximately 1 percent¹ to MSEK 3,008 (2,912) .
 - Stable market conditions in Sweden and Norway, whereas the development in Finland has been slightly weaker to date.
 - Acquisitions contributed approximately 4 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.
- **EBITA** increased by 6 percent to MSEK 155 (146), corresponding to an **EBITA margin** of 5.2 percent (5.0).
 - Stable sales, efficiency enhancements and acquisitions has contributed to improved gross margins in, for example, TOOLS Sweden and Momentum Industrial, and increased profits for the Group.
- **Operating profit** rose by 5 percent to MSEK 145 (138), corresponding to an **operating margin** of 4.8 percent (4.7).
- **Improved cash flow from operating activities** with continued focus on decreasing funds tied up in working capital, and the **return on working capital (EBITA/WC)** increased to 27 percent (25) for rolling 12 months.
- **Continued focus on improving efficiency and profits** – with decentralised responsibility and increased co-ordination as key factors for success.

Financial year 2019/20 –

Cash-flow statement [1 Apr-30 Sep 2019]

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2019	JUL-SEP 2018	APR-SEP 2019	APR-SEP 2018
Operating activities				
Operating activities before changes in working capital	118	50	244	100
Changes in working capital	10	–66	–42	–92
Cash flow from operating activities	128	–16	202	8
Investing activities				
Acquisition of subsidiaries and other business units (net)	–	–	–58	–43
Other	–4	–7	–10	–13
Cash flow before financing	124	–23	134	–48
Financing activities	–113	23	–115	44
Cash flow for the period	11	0	19	–4
Cash and cash equivalents at the beginning of the period	16	6	8	10
Exchange-rate differences in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at the end of the period	27	6	27	6

- **Cash flow from operating activities for the reporting period** amounted to MSEK 202 (8).
 - Cash flow from operating activities for the second quarter amounted to MSEK 128 (–16).

Financial year 2019/20 – Performance measures¹ [1 Apr-30 Sep 2019]

MSEK	12 MONTHS ENDING			
	30 SEP 2019	31 MAR 2019	31 MAR 2018	31 MAR 2017
Adjusted operating profit, MSEK	309	302	252	193
Adjusted operating margin, %	5.0%	5.0%	4.5%	3.6%
EBITA, MSEK	327	318	262	195
EBITA margin, %	5.3%	5.3%	4.7%	3.6%
Profit margin, %	4.9%	4.9%	4.2%	1.0%
Return on working capital (P/WC), %	25%	25%	24%	21%
Return on working capital (EBITA/WC), %	27%	27%	25%	21%
Return on equity, %	18%	19%	17%	4%
Equity/assets ratio, %	38%	45%	42%	39%
Earnings per share, SEK	8.25	8.20	6.45	1.50
Financial net loan liability (closing balance), MSEK	935	293	322	287
Operational net loan liability (closing balance), MSEK	349	266	295	263
Number of employees at the end of the period	1,692	1,684	1,647	1,660

- **Operational net loan liability** amounted to MSEK 349 (419).
 - Dividend of MSEK 89 (73) paid during the quarter.
- The **equity/assets ratio** was 38 percent (42) at the end of the reporting period.
- **Return on equity** was 18 percent (18).

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 –
Eleven acquisitions with approx. MSEK 650 in annual revenue



All acquisitions concluded within the framework of the Group's three strategic focus areas

1.

Change and improvement initiatives in TOOLS



TOOLS Løvold AS



AB Knut Sehlin

Support the transformation of TOOLS, mainly through geographic expansion

2.

Continued development and establishment of niche offerings in current operations



Broaden the product / service offering within existing businesses

3.

Acquisition-driven growth strategy with focus on niche acquisitions

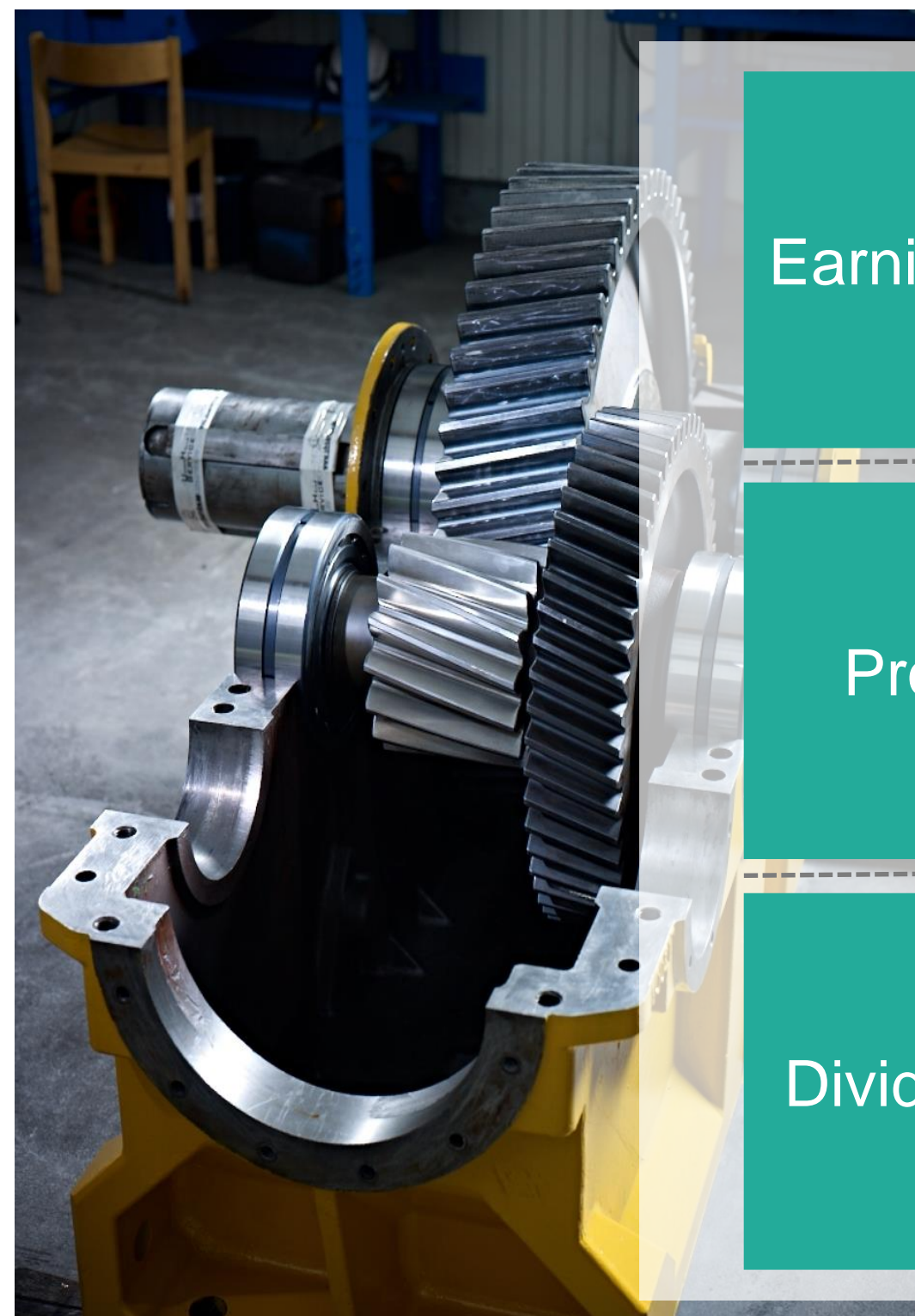


Reklamproffsen



Establish new offerings through acquisitions of niche companies

Financial targets



Earnings growth

- Momentum Group aims to achieve earnings growth (operating profit) of at least 15 percent annually over a business cycle

Profitability

- Momentum Group aims to achieve a return on equity of at least 20 percent, combined with the internal profitability target of P/WC of at least 45 percent, measured as operating profit (P) in relation to utilised working capital (WC)

Dividend policy

- 30-50 percent of earnings per share annually over a business cycle

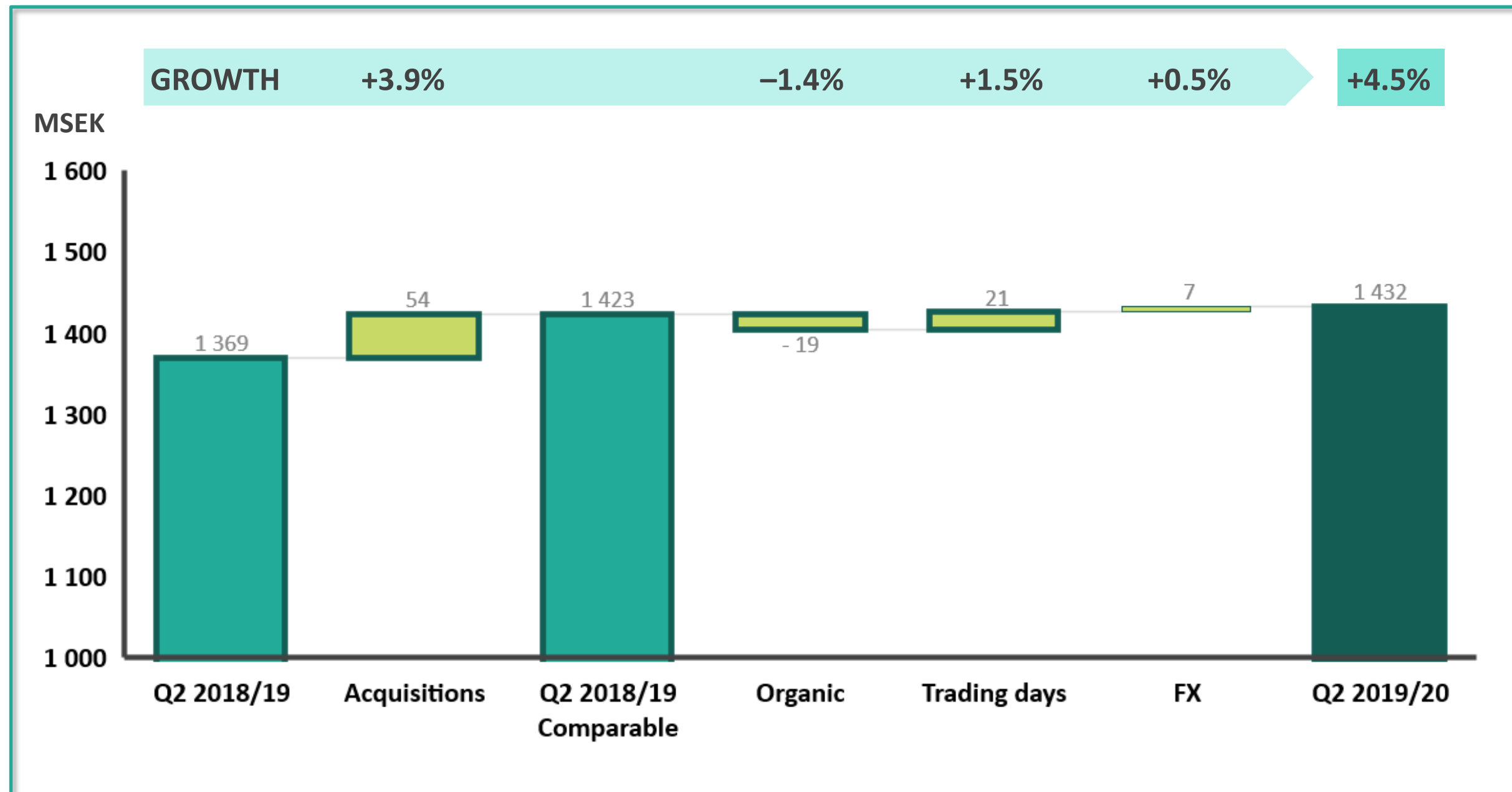
Q&A

momentumgroup



APPENDIX – Revenue bridges Income statements & Balance sheets

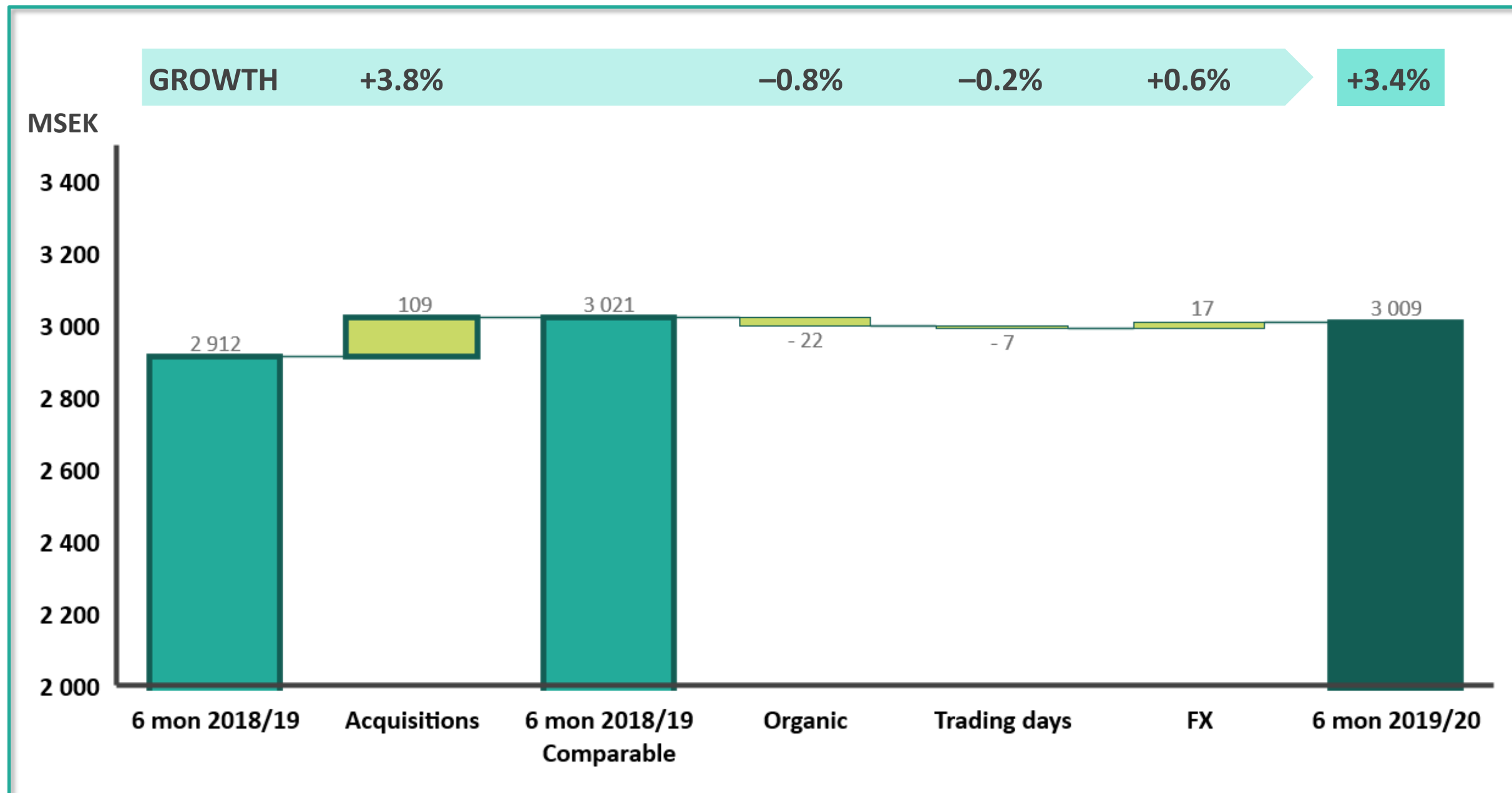
Financial year 2019/20 – Revenue bridge – Second quarter [1 Jul-30 Sep 2019]



HIGHLIGHTS

- **Organic change¹** at –1.4 percent (+1.1)
– Development by business area:
 - Tools & Consumables: –3%.
 - Components & Services: +3%.
- **Two more trading days** compared with the preceding year.
- **Revenue contribution from acquisitions** amounting to +3.9 percent (+1.2).

Financial year 2019/20 – Revenue bridge – Reporting period [1 Apr-30 Sep 2019]



HIGHLIGHTS

- **Organic change¹** amounted to –0.8 percent (+1.6) – development by business area:
 - Tools & Consumables: –2%.
 - Components & Services: +5%.
- **Same number of trading days** compared with the preceding year.
- **Acquisitions adding** 3.8 percent (+2.2) to revenue growth.

Financial year 2019/20 –

Income statements and Balance sheets [Quarter 2 – 2019/20]

Income statement

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2019	JUL-SEP 2018	APR-SEP 2019	APR-SEP 2018
Revenue	1,432	1,369	3,008	2,912
Operating expenses	–1,357	–1,301	–2,863	–2,774
Operating profit	75	68	145	138
<i>Operating margin, %</i>	<i>5.2%</i>	<i>5.0%</i>	<i>4.8%</i>	<i>4.7%</i>
Financial income and expenses	–4	–2	–8	–3
Profit after financial items	71	66	137	135
Taxes	–15	–14	–30	–29
Net profit	56	52	107	106

Balance Sheet

ASSETS			EQUITY & LIABILITIES		
MSEK	30 SEP 2019	31 MAR 2019	MSEK	30 SEP 2019	31 MAR 2019
Intangible non-current assets	678	649	EQUITY	1,322	1,317
Right-of-use assets	548	–	Non-current interest-bearing liabilities	183	137
Other non-current assets	90	85	Non-current lease liabilities	345	–
Total non-current assets	1,316	734	Provisions for pensions	33	27
Inventories	1,026	986	Other non-current liabilities	79	76
Accounts receivable	976	1,044	Total non-current liabilities	640	240
Other current receivables	114	142	Current interest-bearing liabilities	193	137
Cash and cash equivalents	27	8	Current lease liabilities	208	–
Total current assets	2,143	2,180	Accounts payable	746	822
TOTAL ASSETS	3,459	2,914	Other current liabilities	350	398
			Total current liabilities	1,497	1,357
			TOTAL LIABILITIES	2,137	1,597
			TOTAL EQUITY & LIABILITIES	3,459	2,914