

# Presentation of Financial Report— Financial year 2019/20

13 May 2020

# Presenters today



**ULF LILIUS**  
President & CEO



**NIKLAS ENMARK,**  
EVP & CFO

# Fourth quarter 2019/20

1 January-31 March 2020

Financial year 2019/20 –

## Fourth quarter – Highlights [1 Jan-31 Mar 2020]



The COVID-19 pandemic is deemed to have had limited effect on the Group's operations during the fourth quarter, with continued stable demand in many markets for the Group's operations.

Continued positive earnings performance with strengthened gross margins and cost efficiency, which led to an increase in EBITA of 10 percent to MSEK 91 (83) – *excluding* items affecting comparability (MSEK –5).

The acquisition of Swedol concluded in the fourth quarter – and as of 1 April 2020 the Group's annual revenue amounts to approx. SEK 9.5 billion.

The COVID-19 pandemic will affect the Group during the coming months and the whole 2020/21 financial year, and actions are taken continuously to mitigate the negative effects. The Group's financial position is strong.

# Financial year 2019/20 – Fourth quarter [1 Jan-31 Mar 2020]

- **Revenue** decreased by 3 percent<sup>1</sup> during the fourth quarter.

- Stable revenue development, despite continued restraint among industrial customers in Sweden and Finland.
- Stronger demand in Norway, particularly in the oil & gas and public sectors.

MSEK	QUARTER (3 mon)			FINANCIAL YEAR		
	JAN-MAR 2020	JAN-MAR 2019	Δ	2019/20	2018/19	Δ
Revenue	1,539	1,552	-1%	6,135	6,024	+2%
EBITA <sup>2</sup>	91	83	+10%	338	318	+6%
Adjusted operating profit <sup>2</sup>	85	79	+8%	317	302	+5%
EBITA margin, %	5.9%	5.3%		5.5%	5.3%	
Adjusted operating margin, %	5.5%	5.1%		5.2%	5.0%	

- Variation in sales trends between different customers segments and product areas, with negative effects on sales of winter workwear due to the relatively mild weather.
- Increased restraint and negative effects on demand in the end of March due to the spreading of the COVID-19 pandemic. In total – only limited effects on the figures for the fourth quarter due to the pandemic.

- **EBITA<sup>2</sup>** increased by 10 percent to MSEK 91 (83), corresponding to an **EBITA margin** of 5.9 percent (5.3).
  - Strengthened gross margins and efficiency enhancements.
  - Expansion of the logistics function in Norway incurred extra costs of approximately MSEK 2 during the quarter.
- **Adjusted operating profit<sup>2</sup>** rose by 8 percent to MSEK 85 (79), corresponding to an **adjusted operating margin** of 5.5 percent (5.1).

## Fourth quarter 2019/20 – Business area – Tools & Consumables

- **Revenue** for the business area decreased by 3 percent<sup>1</sup> during the fourth quarter.
  - Continued favourable demand trend in Norway, primarily in the oil & gas and public sector, whereas revenue for TOOLS Sweden decreased during the quarter. Negative effects on the sale of winter clothing due to the relatively mild weather.
  - The COVID-19 pandemic had limited effect on total revenue for the whole quarter, despite negative effects from the pandemic on sales for all operations in the business area in the end of March.
- **Operating profit** amounted to MSEK 44 (46), corresponding to an **operating margin** of 3.6 percent (3.6).
  - Efforts to improve gross margins, efficiency enhancements and increased co-ordination continue as key factors for success.
  - Expansion of the logistics function in Norway incurred extra costs of approximately MSEK 2 during the quarter.
- **Improvement measures in TOOLS continue** with a more focused and profitable product and service offering (e.g. OHS<sup>2</sup>), the establishment of a regional logistics hub in the Oslo area and continued focus on improved efficiency and reduction of costs in all countries.
- **Integration between TOOLS and Swedol initiated** after the completion of the acquisition of Swedol – creates favourable opportunities for the future.

MSEK	QUARTER (3 mon)			FINANCIAL YEAR		
	JAN-MAR 2020	JAN-MAR 2019	Δ	2019/20	2018/19	Δ
Revenue	1,232	1,268	-3%	4,959	4,925	+1%
Operating profit	44	46	-4%	170	180	-6%
Operating margin, %	3.6%	3.6%		3.4%	3.7%	

# Fourth quarter 2019/20 – Business area – Components & Services

- **Revenue** decreased by 3 percent<sup>1</sup> during the fourth quarter.
  - Variable demand trend for Momentum Industrial in different customer and product areas.
  - Sales to customer groups in the paper & pulp, automotive and mining industries remained generally positive for the whole quarter, despite negative effects on demand due the customers’ actions to mitigate the COVID-19 pandemic in the end of March.
- **Operating profit** increased by 23 percent to MSEK 43 (35), corresponding to an **operating margin** of 13.7 percent (11.6).
  - Measures to increase efficiency and customer cultivation had a positive effect on the gross margins and operating profit.
- **Positive development for the subsidiaries** in service and repairs as well as pneumatics and hydraulics during the quarter.
- **Continued focus on profitable growth** as well as **further acquisitions** going forward.
  - Continuous evaluation of potential acquisition targets.

MSEK	QUARTER (3 mon)			FINANCIAL YEAR		
	JAN-MAR 2020	JAN-MAR 2019	Δ	2019/20	2018/19	Δ
Revenue	313	303	+3%	1,207	1,148	+5%
Operating profit	43	35	+23%	150	130	+15%
Adjusted operating margin, %	13.7%	11.6%		12.4%	11.3%	

# Financial year 2019/20

1 April 2019-31 March 2020



# Financial year 2019/20 – Full-year – 1 April 2019-31 March 2020

- **Revenue** for the financial year decreased by approximately 2 percent<sup>1</sup> to MSEK 6,135 (6,024) .
  - Stable revenue development in total – with continued restraint and cautious attitude among industrial customers in Sweden and Finland, whereas demand in Norway was somewhat stronger.
  - Acquisitions contributed approximately 4 percent to total revenue growth.
  - The COVID-19 pandemic is deemed to have had limited effects on revenue for the whole year, despite negative pandemic effects on demand for all businesses in the Group towards the end of March.
- **EBITA**<sup>2</sup> increased by 6 percent to MSEK 338 (318), corresponding to an **EBITA margin** of 5.5 percent (5.3).
  - 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 as a whole.
  - Expansion of the logistics function in Norway incurred extra costs of approximately MSEK 14 during the year.
- **Adjusted operating profit**<sup>2</sup> rose by 5 percent to MSEK 317 (302), corresponding to an **adjusted operating margin** of 5.2 percent (5.0).
- **Improved cash flow from operating activities** with continued focus on decreasing funds tied up in working capital, and the **return on equity** amounted to 16 percent for the financial year.
- The Board of Directors proposes that **no dividend** be paid for 2019/20 due to the current situation with COVID-19.
- **Continued focus** on improvements in the Group's efficiency and profits (including actions to mitigate negative effects from the COVID-19 pandemic), the integration of TOOLS and Swedol, and acquisition driven growth in BA Components & Services.

## Financial year 2019/20 –

# Full-year – Cash-flow statement [1 Apr 2019-31 Mar 2020]

MSEK	QUARTER		FINANCIAL YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
<b>Operating activities</b>				
Operating activities before changes in working capital	122	61	487	235
Changes in working capital	-17	7	18	-5
<b>Cash flow from operating activities</b>	<b>105</b>	<b>68</b>	<b>505</b>	<b>230</b>
<b>Investing activities</b>				
Acquisition of subsidiaries and other business units (net)	-8	-27	-66	-73
Other	-4	-9	-18	-28
<b>Cash flow before financing</b>	<b>93</b>	<b>32</b>	<b>421</b>	<b>129</b>
Financing activities	1,028	-29	729	-131
<b>Cash flow for the period</b>	<b>1,121</b>	<b>3</b>	<b>1,150</b>	<b>-2</b>
Cash and cash equivalents at the beginning of the period	37	5	8	10
Exchange-rate differences in cash and cash equivalents	-1	0	-1	0
<b>Cash and cash equivalents at the end of the period</b>	<b>1,157</b>	<b>8</b>	<b>1,157</b>	<b>8</b>

- **Cash flow from operating activities for the financial year** amounted to MSEK 505 (230).
  - Cash flow from operating activities for the fourth quarter amounted to MSEK 105 (68).

# Financial year 2019/20 – Full-year – Performance measures<sup>1</sup> [1 Apr 2019-31 Mar 2020]

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
EBITA, MSEK	<b>338</b>	318	262	195
EBITA margin, %	<b>5.5%</b>	5.3%	4.7%	3.6%
Adjusted operating profit, MSEK	<b>317</b>	302	252	193
Adjusted operating margin, %	<b>5.2%</b>	5.0%	4.5%	3.6%
Profit margin, %	<b>4.6%</b>	4.9%	4.2%	1.0%
Return on working capital (P/WC), %	<b>26%</b>	25%	24%	21%
Return on working capital (EBITA/WC), %	<b>28%</b>	27%	25%	21%
Return on equity, %	<b>16%</b>	19%	17%	4%
Equity/assets ratio, %	<b>48%</b>	45%	42%	39%
Earnings per share, SEK	<b>7.70</b>	8.20	6.45	1.50
Financial net loan liability (closing balance), MSEK	<b>708</b>	293	322	287
Operational net loan liability (closing balance), MSEK	<b>166</b>	266	295	263
Number of employees at the end of the period	<b>1,651</b>	1,684	1,647	1,660

- **Operational net loan liability** amounted to MSEK 166 (266).
- The **equity/assets ratio** was 48 percent (45) at the end of the financial year.
- **Return on equity** was 16 percent (19).

# Focus in the short to medium term

# Focus areas since the spin-off and separate listing in June 2017 until April 2020 – Eleven acquisitions with approx. MSEK 650 in annual revenue

1.

Change and improvement initiatives in TOOLS



TOOLS Løvold AS



AB Knut Sehlins

*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*

Swedol is a part of the Momentum Group since 1 April 2020 –

# Acquisition of Swedol – creates favourable opportunities

## A COMBINATION OF TOOLS & SWEDOL –

- Complementary customer focus and sales channels.
- Strengthened product ranges, procurement channels and logistics solutions, increased proportion of proprietary product brands, and development of services and digital solutions.
- Favourable opportunities for increased revenue and earnings (coordination, synergies and economies of scale).



## FOCUS AREAS AFTER CLOSING

- A stronger business partners for all customers in the Nordic region.
- Coordination, synergies and economies of scale.
- Efficient chain operations.
- Improved profitability and increased revenue.  
→ Ambition to improve the EBITA margin of the “new” business area to 10 percent over time (*at present*: approx. 6.5 percent).



## PRO FORMA REPORTING 2019/20

Pro forma figures for 2019/20 (including Swedol) for the whole Momentum Group and the “new” business area will presented in a separate press release in advance of the Interim Report for the first quarter of the current financial year 2020/21.

Focus areas as of April 2020 –

# Momentum Group's focus in the short to medium term

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

1.

Integration and synergies within  
*BA Tools, Consumables,  
Workwear & Protective  
Equipment*  
[TOOLS and Swedol]

2.

Continued development  
and improvement of  
efficiency and profits in  
*all Group companies*

3.

Acquisition-driven  
growth strategy within  
*BA Components &  
Services*

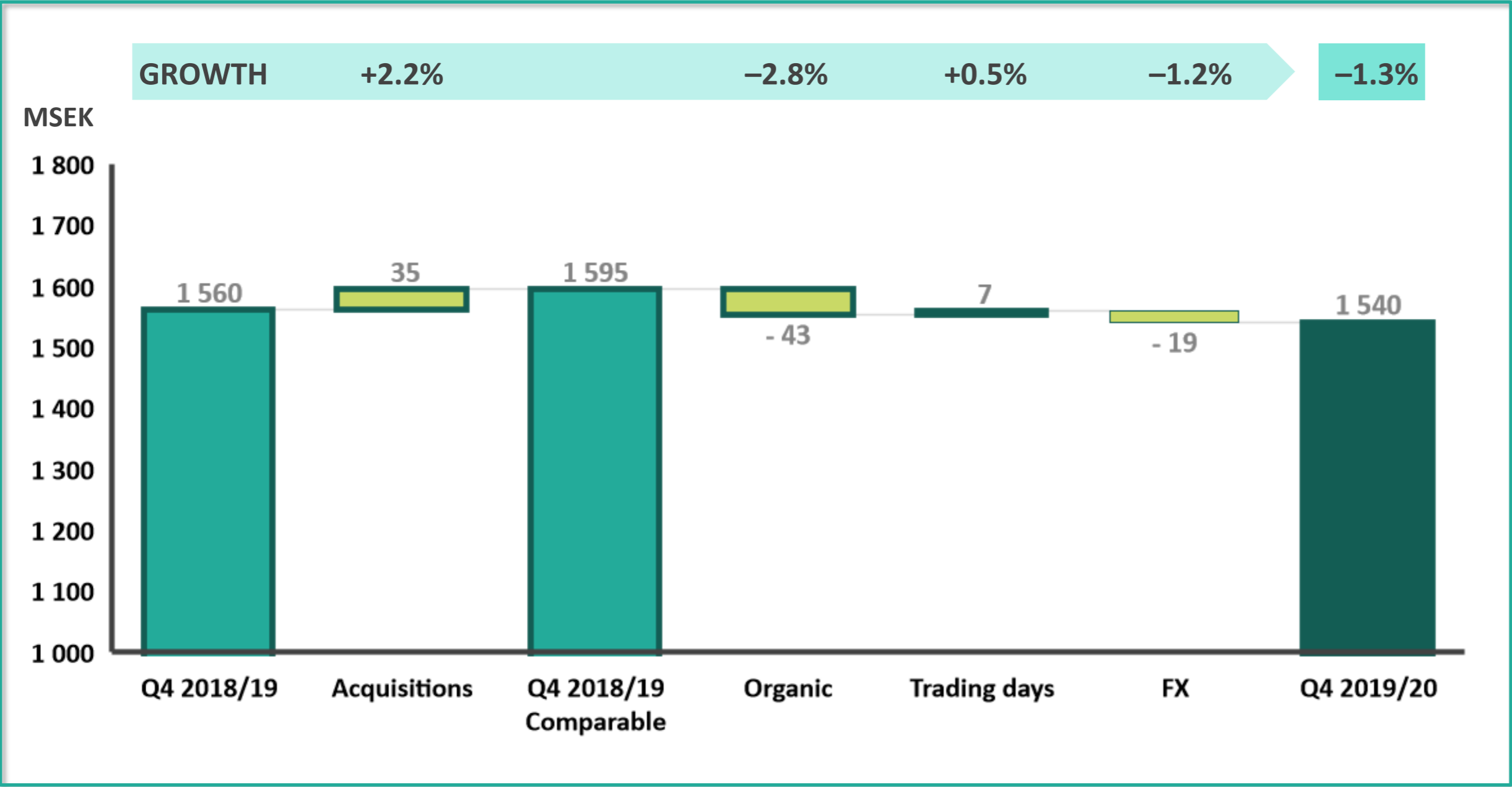
# Q&A



momentumgroup 

# APPENDIX – Revenue bridges Income statements & Balance sheets

# Financial year 2019/20 – Revenue bridge – Fourth quarter [1 Jan-31 Mar 2020]

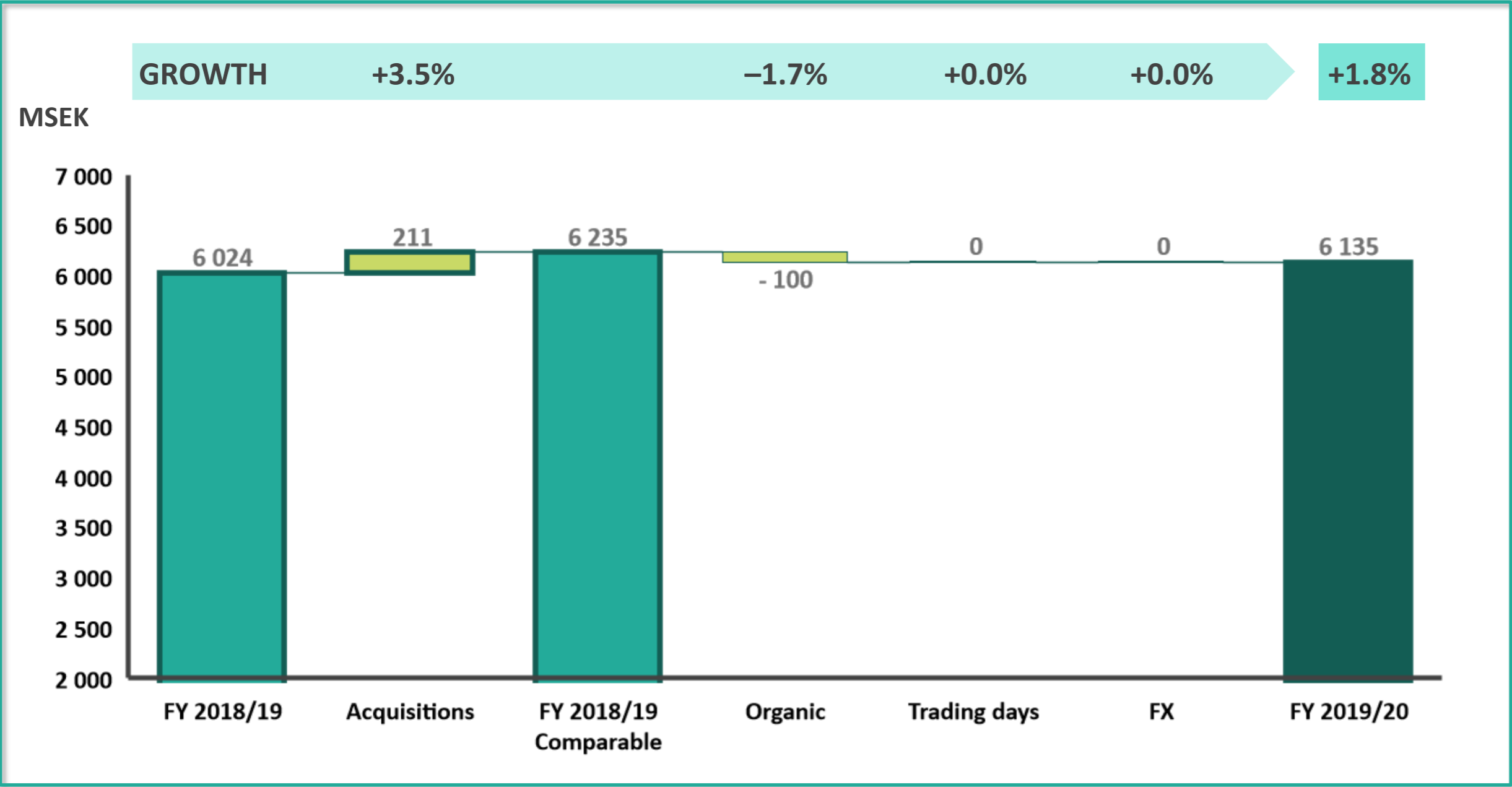


### HIGHLIGHTS

- **Organic change<sup>1</sup>** at –2.8 percent (+2.8) – Development by business area:
  - Tools & Consumables: –3%.
  - Components & Services: –3%.
- **Same number of trading days** as the preceding year.
- **Revenue contribution from acquisitions** amounting to +2.2 percent (+2.2).

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 2019/20 – Revenue bridge – Full-year [1 Apr 2019-31 Mar 2020]



### HIGHLIGHTS

- **Organic change<sup>1</sup>** amounted to –1.7 percent (+2.2) – development by business area:
  - Tools & Consumables: –3%.
  - Components & Services: +1%.
- **Same number of trading days** compared with the preceding year.
- **Acquisitions adding** 3.5 percent (+1.9) 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.

## Financial year 2019/20 –

# Income statements and Balance sheets [Quarter 4 – FY 2019/20]

### Income statement

MSEK	QUARTER		FINANCIAL YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Revenue	1,539	1,560	6,135	6,024
Operating expenses <i>(excl. Items affecting comparability)</i>	-1,454	-1,481	-5,818	-5,722
<b>Adjusted operating profit</b>	<b>85</b>	<b>79</b>	<b>317</b>	<b>302</b>
<i>Adjusted operating margin, %</i>	<i>5.5%</i>	<i>5.1%</i>	<i>5.2%</i>	<i>5.0%</i>
Items affecting comparability	-5	-	-14	-
<b>Operating profit</b>	<b>80</b>	<b>79</b>	<b>303</b>	<b>302</b>
<i>Operating margin, %</i>	<i>5.2%</i>	<i>5.1%</i>	<i>4.9%</i>	<i>5.0%</i>
Financial income and expenses	-6	-2	-20	-6
<b>Profit after financial items</b>	<b>74</b>	<b>77</b>	<b>283</b>	<b>296</b>
Taxes	-20	-16	-66	-65
<b>Net profit</b>	<b>54</b>	<b>61</b>	<b>217</b>	<b>231</b>

### Balance Sheet

MSEK	ASSETS		EQUITY & LIABILITIES		
	31 MAR 2020	31 MAR 2019	31 MAR 2020	31 MAR 2019	
Intangible non-current assets	660	649	<b>EQUITY</b>	<b>2,888</b>	<b>1,317</b>
Right-of-use assets	491	-	Non-current interest-bearing liabilities	1,245	137
Other non-current assets	81	85	Non-current lease liabilities	305	-
<b>Total non-current assets</b>	<b>1,232</b>	<b>734</b>	Provisions for pensions	31	27
Inventories	985	986	Other non-current liabilities	71	76
Accounts receivable	964	1,044	<b>Total non-current liabilities</b>	<b>1,652</b>	<b>240</b>
Other current receivables	1,612	142	Current interest-bearing liabilities	78	137
Cash and cash equivalents	1,157	8	Current lease liabilities	206	-
<b>Total current assets</b>	<b>4,718</b>	<b>2,180</b>	Accounts payable	764	822
<b>TOTAL ASSETS</b>	<b>5,950</b>	<b>2,914</b>	Other current liabilities	362	398
			<b>Total current liabilities</b>	<b>1,410</b>	<b>1,357</b>
			<b>TOTAL LIABILITIES</b>	<b>3,062</b>	<b>1,597</b>
			<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>5,950</b>	<b>2,914</b>