

Presentation of Interim Report— First six months 2020

23 October 2020

Presenters today



ULF LILIUS
President & CEO



NIKLAS ENMARK,
EVP & CFO

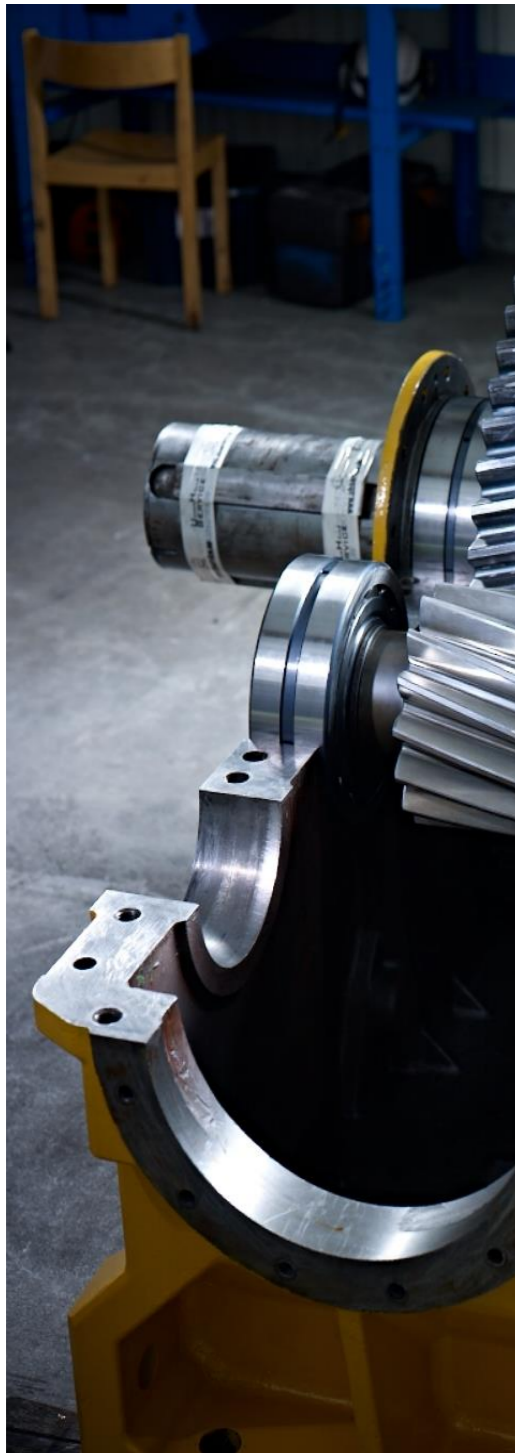


**CLEIN JOHANSSON
ULLENVIK**
Business Area Manager

Interim Report Q2 – 1 April-30 September 2020

23 October 2020

Interim Report Q2 2020 [1 Apr-30 Sep] – Highlights from the Report



The COVID-19 pandemic has affected the Group's operations during the financial year 2020, with continued restraint and lower demand in most geographic markets and customer segments in the second quarter.

Measures taken for improved efficiency and higher margins contributed to a stable profit development for BA Components & Services during the period.

The integration between TOOLS and Swedol continues according to plan – and a restructuring reserve for the coordination of stores and product assortments amounting to MSEK 97 was charged to the operating profit for the quarter.

The pandemic will likely continue to affect the Group in the coming months. The Group remains vigilant and takes actions to advance its market position in these turbulent times. The Group's financial position remains strong.

Business area Tools, Consumables, Workwear & Protective Equipment – Integration of TOOLS and Swedol – according to plan

- New integrated organisational structure launched on 1 October
- Common strategic platform defined
- Consolidation of ERP system initiated
 - Finland is the first country during Q1 2021
- Local integration of stores and sales forces initiated
 - Combined Swedol and TOOLS store in Kalmar opened
- Consolidation of suppliers and product range ongoing
- Launch of proprietary brands from Swedol in TOOLS
 - Multi-year process
- Consolidation of logistics centres in TOOLS Norway ongoing



Interim Report Q2 2020 [1 Jul-30 Sep] –

BA Tools, Consumables, Workwear & Protective Equipment¹

- **Revenue** for the business area decreased by 7 percent² during the second quarter.
 - To a varying degree, the COVID-19 pandemic had an effect on revenue for most markets, customer segments and businesses.
- **EBITA³** amounted to MSEK 94 (127), corresponding to an **EBITA margin³** of 5.3 percent (6.4) for the quarter.
 - Effects from lower revenue, increased purchasing prices and exchange rate development.
- **Integration of TOOLS and Swedol** continues according to plan and a joint organisation is established as of 1 October.
 - **First joint store opened** in Kalmar (Sweden) in September – with some 30 joint stores in Sweden and Norway to follow.
 - Operating profit for the second quarter charged with **a restructuring reserve amounting to MSEK 97** – costs for the coordination of stores and product assortments and a reduction of regional logistics centres in Norway.
- In addition to the ongoing efforts to achieve synergies between TOOLS and Swedol and the challenges in the surrounding world, **several measures to improve sales trends, efficiency and margins** are being implemented – and will contribute to reaching the goal of an EBITA margin of 10 percent within a three-year period.

MSEK	QUARTER (3 mon) ¹			REPORTING PERIOD (6 mon) ¹		
	JUL-SEP 2020	JUL-SEP 2019	Δ	APR-SEP 2020	APR-SEP 2019	Δ
Revenue	1,781	1,978	-10%	3,793	4,180	-9%
EBITA ³	94	127	-26%	216	265	-18%
EBITA margin ³ , %	5.3%	6.4%		5.7%	6.3%	

Business area Components & Services – Acquisition-driven growth strategy



✓ Well developed customer and/or supplier relationships

✓ Leading within their market niches

✓ Profitable

*Acquisition candidates should be leading within their market niches
– and able to achieve long-term sustainable
profitability and growth*

BA Components & Services

- **Revenue** for the business area decreased by 13 percent¹ during the second quarter.
 - The COVID-19 pandemic and continued restraint and caution had an effect on revenue for most markets and customer segments, but demand from industrial customers recovered gradually during the quarter.
- **EBITA²** amounted to MSEK 37 (37), corresponding to an **EBITA margin²** of 14.5 percent (12.5) for the quarter.
 - Measures taken for improved efficiency and higher margins contributed to a stable profit development.
- The **subsidiaries** specialising in service and repairs (Rörick Elektriska Verkstad) and pneumatics and hydraulics (ETAB Industriautomation) continued to display a stable development during the quarter.
- To further strengthen its market position in service and maintenance for Swedish industry, Rörick has signed an agreement to **acquire SKF's spindle service operations** in Sweden.

- The business area continues to **evaluate interesting acquisition opportunities** for profitable growth and strengthened market positions in different areas.

MSEK	QUARTER (3 mon)			REPORTING PERIOD (6 mon)		
	JUL-SEP 2020	JUL-SEP 2019	Δ	APR-SEP 2020	APR-SEP 2019	Δ
Revenue	256	295	-13%	541	605	-11%
EBITA ²	37	37	0%	71	70	+1%
EBITA margin ² , %	14.5%	12.5%		13.1%	11.6%	

Interim Report 2020 [1 Apr-30 Sep] – Group in Summary¹

- **Revenue** decreased by 7.5 percent² to MSEK 2,029 during the second quarter. For the full reporting period, **revenue** decreased by 8 percent² to MSEK 4,317. The second quarter had the same number of trading days as the corresponding quarter in the preceding year. In total, the reporting period included one more trading day compared to the preceding year.

MSEK	QUARTER (3 mon) ¹			REPORTING PERIOD (6 mon) ¹		
	JUL-SEP 2020	JUL-SEP 2019	Δ	APR-SEP 2020	APR-SEP 2019	Δ
Revenue	2,029	2,258	-10%	4,317	4,757	-9%
EBITA³	128	161	-20%	283	329	-14%
<i>Items affecting comparability</i>	-97	-		-101	-	
<i>Amortisation of intangible assets in corporate acquisitions</i>	-17	-5		-34	-10	
Operating profit	14	156		283	319	
EBITA margin³, %	6.3%	7.1%		6.6%	6.9%	

- **EBITA³** for the second quarter decreased by 20 percent to MSEK 128 (161), corresponding to an **EBITA margin** of 6.3 percent (7.1). **EBITA³** decreased by 14 percent to MSEK 283 (329) for the full reporting period, corresponding to an **EBITA margin** of 6.6 percent (6.9).
- **Improved cash flow from operating activities** of MSEK 597 (202) with continued focus on decreasing funds tied up in working capital, and the **return on working capital (EBITA/WC)** amounted to 26 percent for rolling 12 months.
- The **equity/ assets ratio** was 38 percent at the end of the reporting period.

Interim Report Q2 2020 [1 Apr-30 Sep] –

Cash-flow Statement in Summary

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2020	JUL-SEP 2019	APR-SEP 2020	APR-SEP 2019
Operating activities				
Operating activities before changes in working capital	211	118	459	244
Changes in working capital	9	10	138	-42
Cash flow from operating activities	220	128	597	202
Investing activities				
Acquisition of subsidiaries and other business units (net)	-51	-	-1,744	-58
Other	-46	-4	-101	-10
Cash flow before financing	123	124	-1,248	134
Financing activities	-65	-113	180	-115
Cash flow for the period	58	11	-1,068	19
Cash and cash equivalents at the beginning of the period	29	16	1,157	8
Exchange-rate differences in cash and cash equivalents	1	0	-1	0
Cash and cash equivalents at the end of the period	88	27	88	27

- **Cash flow from operating activities for the reporting period** amounted to MSEK 597 (202).
 - Cash flow from operating activities for the second quarter amounted to MSEK 220 (128).

Interim Report Q2 2020 [1 Apr-30 Sep] –

Performance Measures in Summary

	12 MONTHS ENDING			
	30 SEP 2020	31 MAR 2020	31 MAR 2019	31 MAR 2018
Revenue ¹ , MSEK	9,340	9,780	6,024	5,616
EBITA ^{1,2} , MSEK	635	681	318	262
EBITA margin ^{1,2} , %	6.8%	7.0%	5.3%	4.7%
Profit margin, %	3.6%	4.6%	4.9%	4.2%
Return on working capital (EBITA/WC) ¹ , %	26%	30%	27%	25%
Return on equity, %	10%	16%	19%	17%
Equity/assets ratio, %	38%	48%	45%	42%
Earnings per share, SEK	5.75	7.70	8.20	6.45
Financial net loan liability (closing balance), MSEK	2,693	708	293	322
Operational net loan liability (closing balance), MSEK	1,646	166	266	295
Number of employees at the end of the period	2,513	1,651	1,684	1,647

- **Operational net loan liability** amounted to MSEK 1,646 (349).
- The **equity/assets ratio** was 38 percent (38) at the end of the reporting period.
- **Return on equity** was 10 percent (16).

Focus in the short to medium term

Development since spin-off and listing in 2017

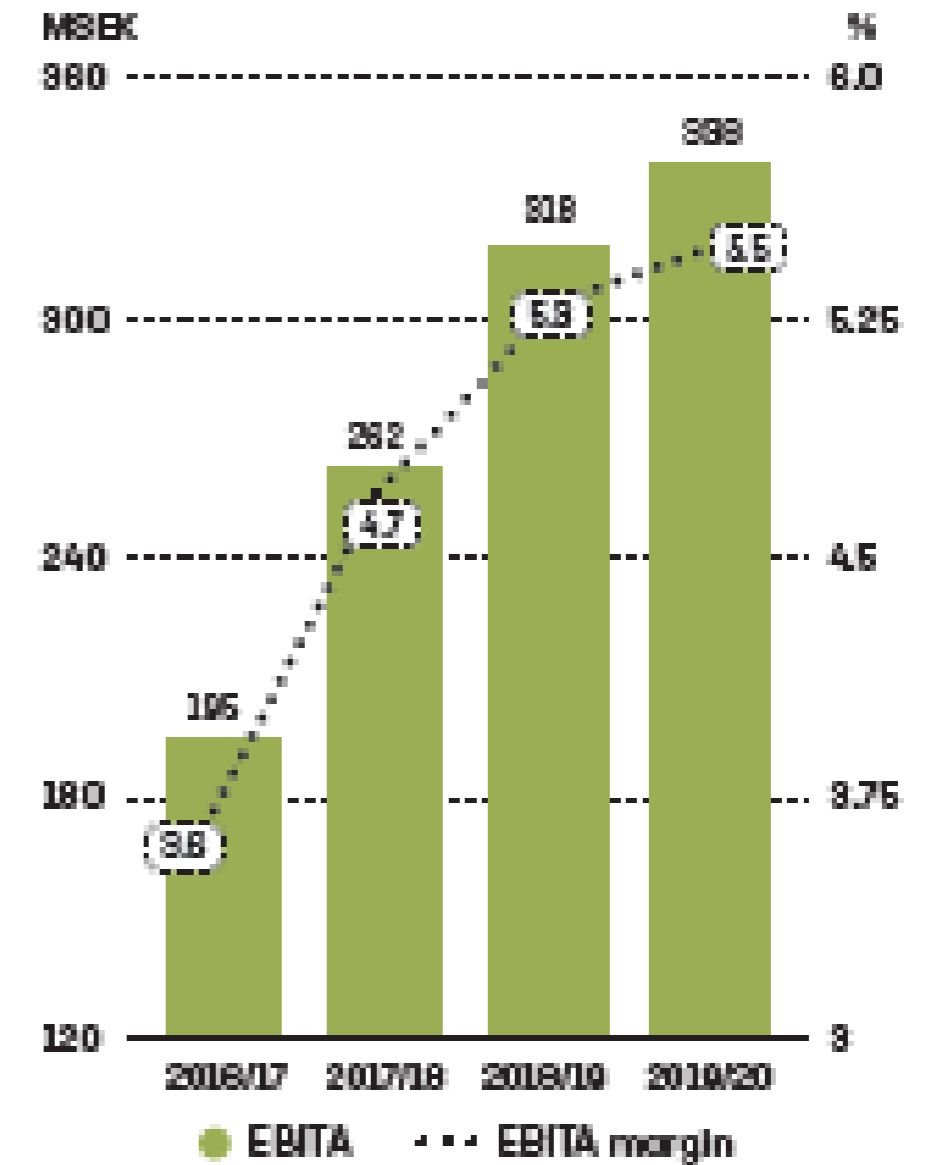
TWELVE ACQUISITIONS WITH SEK 4.3 BILLION TOTAL IN ANNUAL REVENUE

Broaden the product / service offering within existing businesses

Establish new offerings through acquisitions of niche companies

Support the transformation of TOOLS, mainly through geographic expansion

INCREASED FOCUS YIELDS RESULTS



Focus areas 2020-2021 –

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.

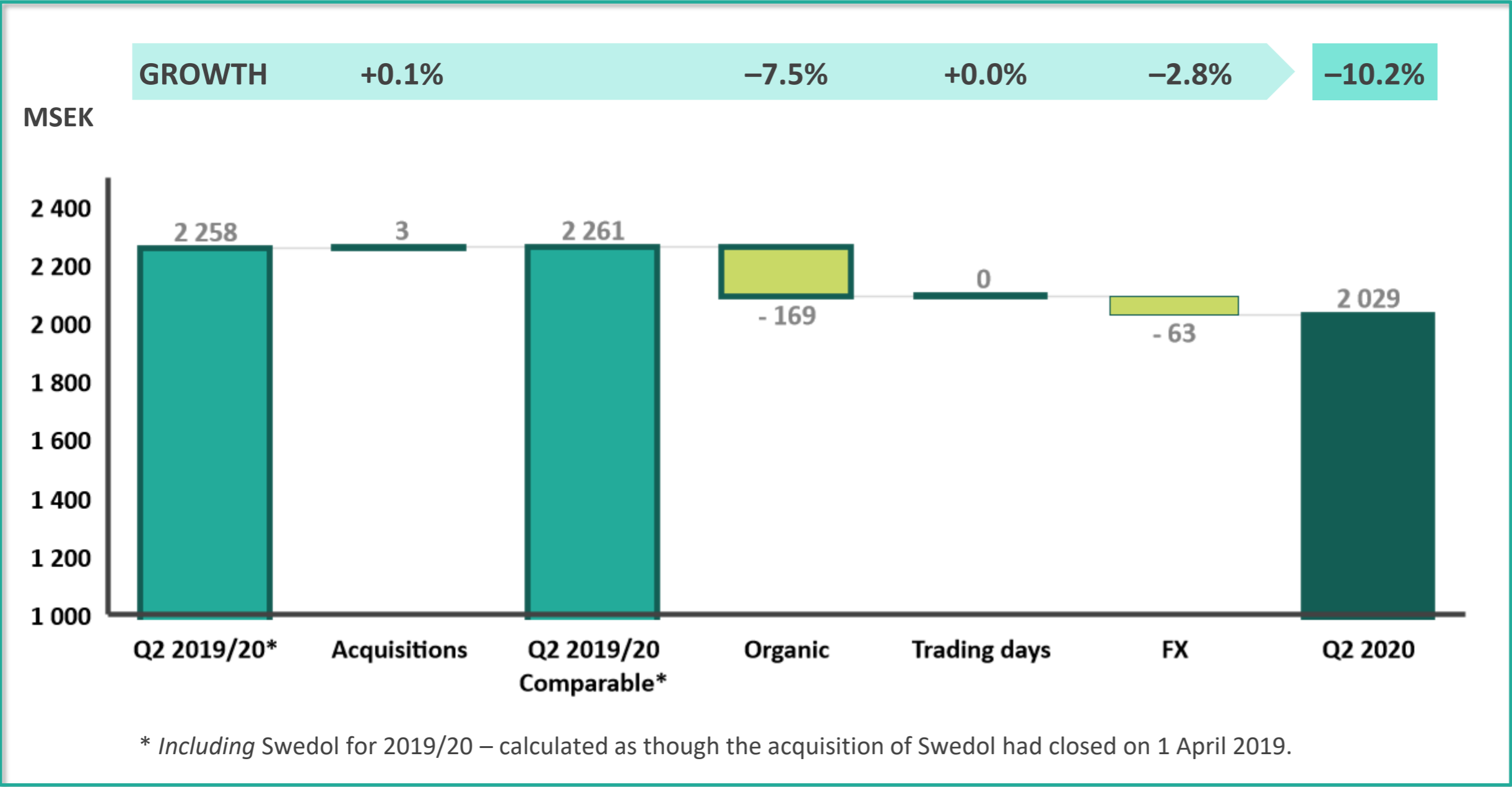
Acquisition-driven
growth strategy within
*BA Components &
Services*

Q&A

momentumgroup 

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

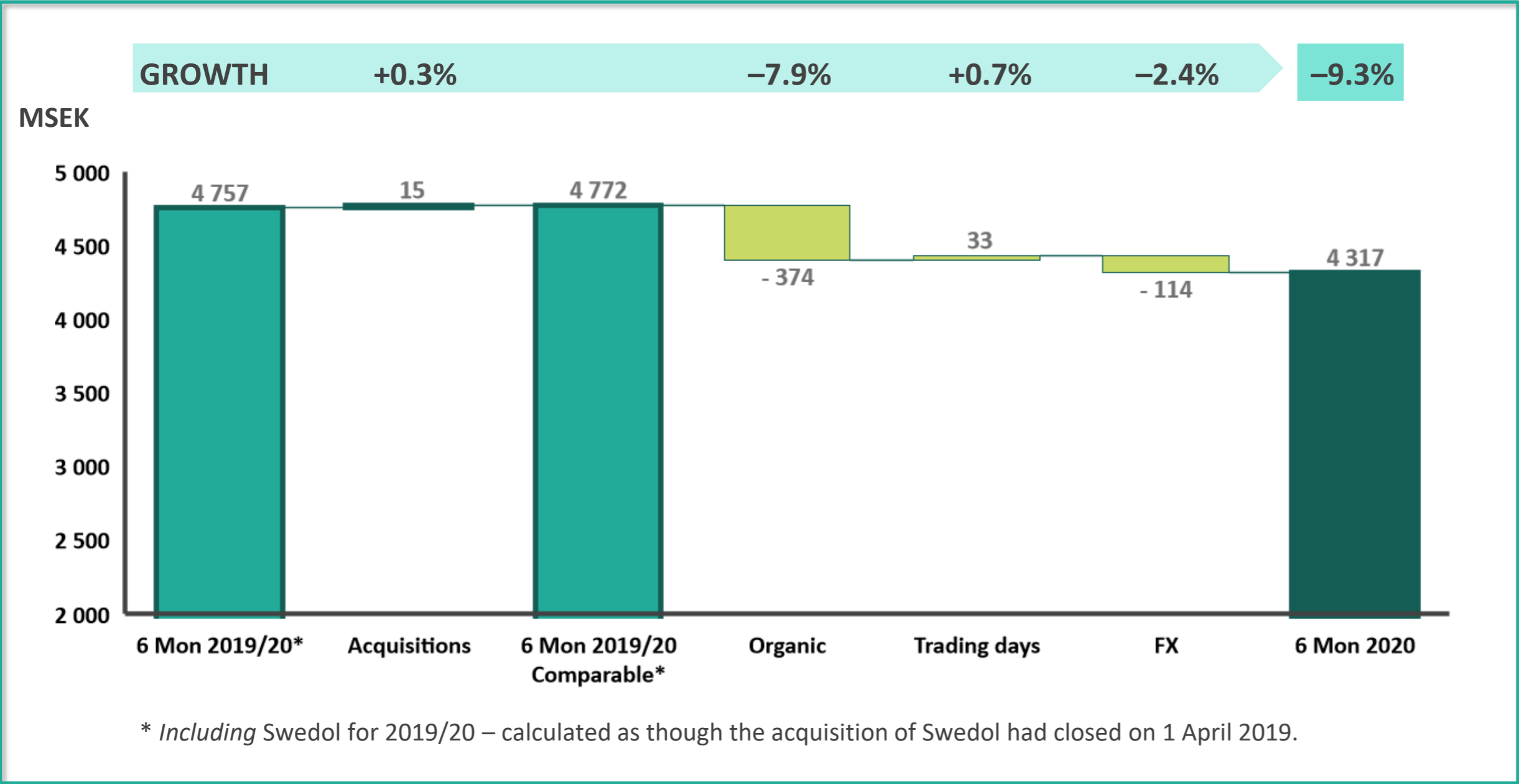
Second quarter 2020 [1 Jul-30 Sep] – Revenue bridge



HIGHLIGHTS

- **Organic change¹** at –7.5 percent – Development by business area:
 - Tools & Consumables: –6.9%.
 - Components & Services: –13.2%.
- **Same number of trading days** as the preceding year.
- **Revenue contribution from acquisitions (excl. Swedol)** amounting to +0.1 percent.

Reporting period 2020 [1 Apr-30 Sep] – Revenue bridge



HIGHLIGHTS

- **Organic change¹** amounted to -7.9 percent – development by business area:
 - Tools & Consumables: -7.5%.
 - Components & Services: -12.6%.
- **One more trading day** compared with the preceding year.
- **Acquisitions (excl. Swedol) adding** 0.3 percent to revenue growth.

Second quarter 2020 [1 Jul-30 Sep] –

Income Statements and Balance Sheets in Summary

Income statement

MSEK	QUARTER		REPORTING PERIOD	
	JUL-SEP 2020	JUL-SEP 2019	APR-SEP 2020	APR-SEP 2019
Revenue	2,029	1,432	4,317	3,008
Operating expenses <i>(excl. Items affecting comparability and amortisation of intangible assets in corporate acquisition)</i>	-1,901	-1,352	-4,034	-2,853
EBITA	128	80	283	155
<i>EBITA margin, %</i>	6.3%	5.6%	6.6%	5.2%
Items affecting comparability	-97	–	-101	–
Amortisation of intangible assets in corporate acquisitions	-17	-5	-34	-10
Operating profit	14	75	148	145
<i>Operating margin, %</i>	0.7%	5.2%	3.4%	4.8%
Financial income and expenses	-12	-4	-26	-8
Profit after financial items	2	71	122	137
Taxes	-1	-15	-27	-30
Net profit	1	56	95	107

Balance Sheet

MSEK	ASSETS		EQUITY & LIABILITIES	
	30 SEP 2020	31 MAR 2020	30 SEP 2020	31 MAR 2020
Intangible non-current assets	2,767	660	EQUITY	2,944
Right-of-use assets	964	491	Non-current interest-bearing liabilities	1,614
Other non-current assets	576	81	Non-current lease liabilities	647
Total non-current assets	4,307	1,232	Provisions for pensions	35
Inventories	1,823	985	Other non-current liabilities	352
Accounts receivable	1,187	964	Total non-current liabilities	2,648
Other current receivables	213	1,602	Current interest-bearing liabilities	120
Cash and cash equivalents	88	1,157	Current lease liabilities	365
Total current assets	3,311	4,708	Accounts payable	966
TOTAL ASSETS	7,618	5,940	Other current liabilities	575
			Total current liabilities	2,026
			TOTAL LIABILITIES	4,674
			TOTAL EQUITY & LIABILITIES	7,618
				5,940