

Presentation of Financial Report – Financial year 2017/18

8 May 2018

Presenters today



ULF LILIUS
President & CEO





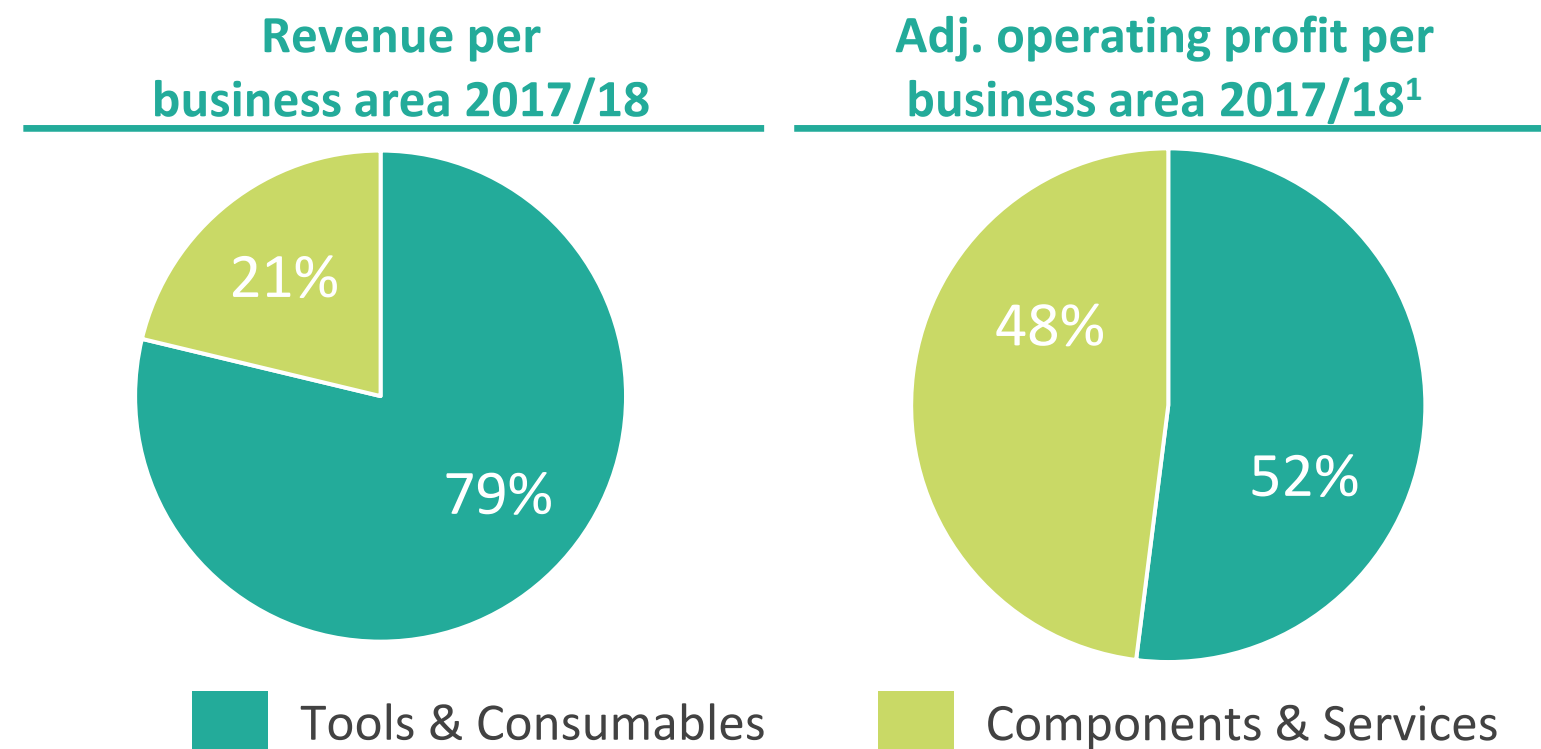
NIKLAS ENMARK,
EVP & CFO

Introduction to Momentum Group

Momentum Group in brief

- Momentum Group is one of the leading suppliers of industrial consumables, industrial components, services and maintenance for professional end users in the industrial and construction sectors in the Nordics
- Decentralised business model
- Strong local presence in close proximity to customers
- Two business areas:

Tools & Consumables	Components & Services
	



Strong position in industrial consumables and components

One of the leading resellers in the Nordic market

momentumgroup 

TOOLS



One of the leading resellers of industrial consumables in the Nordics


MOMENTUM

One of Sweden's leading resellers of industrial components and services for the industrial sector

MERCUS
YRKESKLÄDER

TriffiQ
FÖRETAGSPROFILERING AB



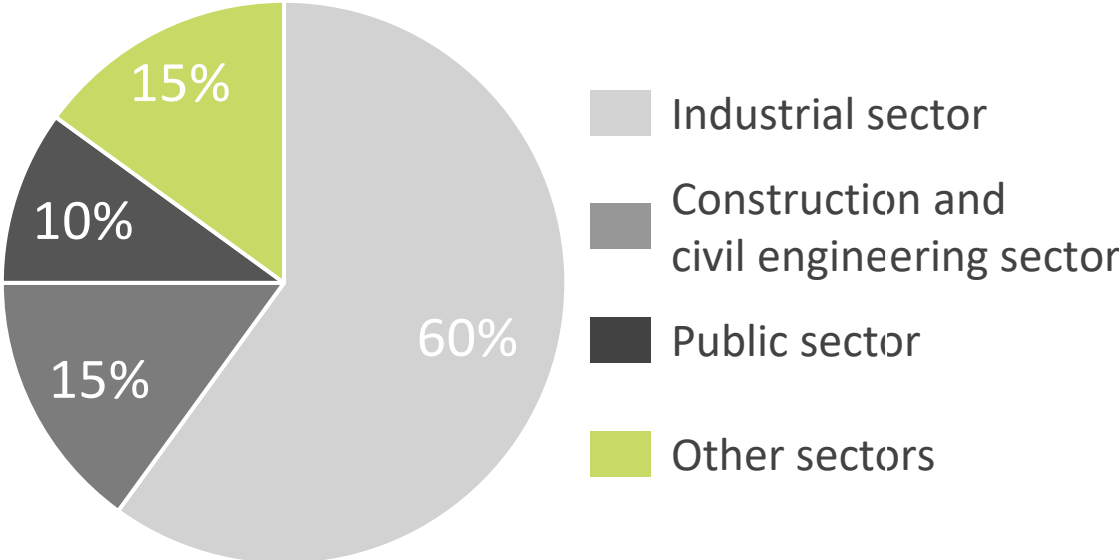
Reklamproffsen

Leading niche players in workwear and profile clothing

GIGANT

Leading niche player in workplace equipment

Attractive macroeconomic trends¹

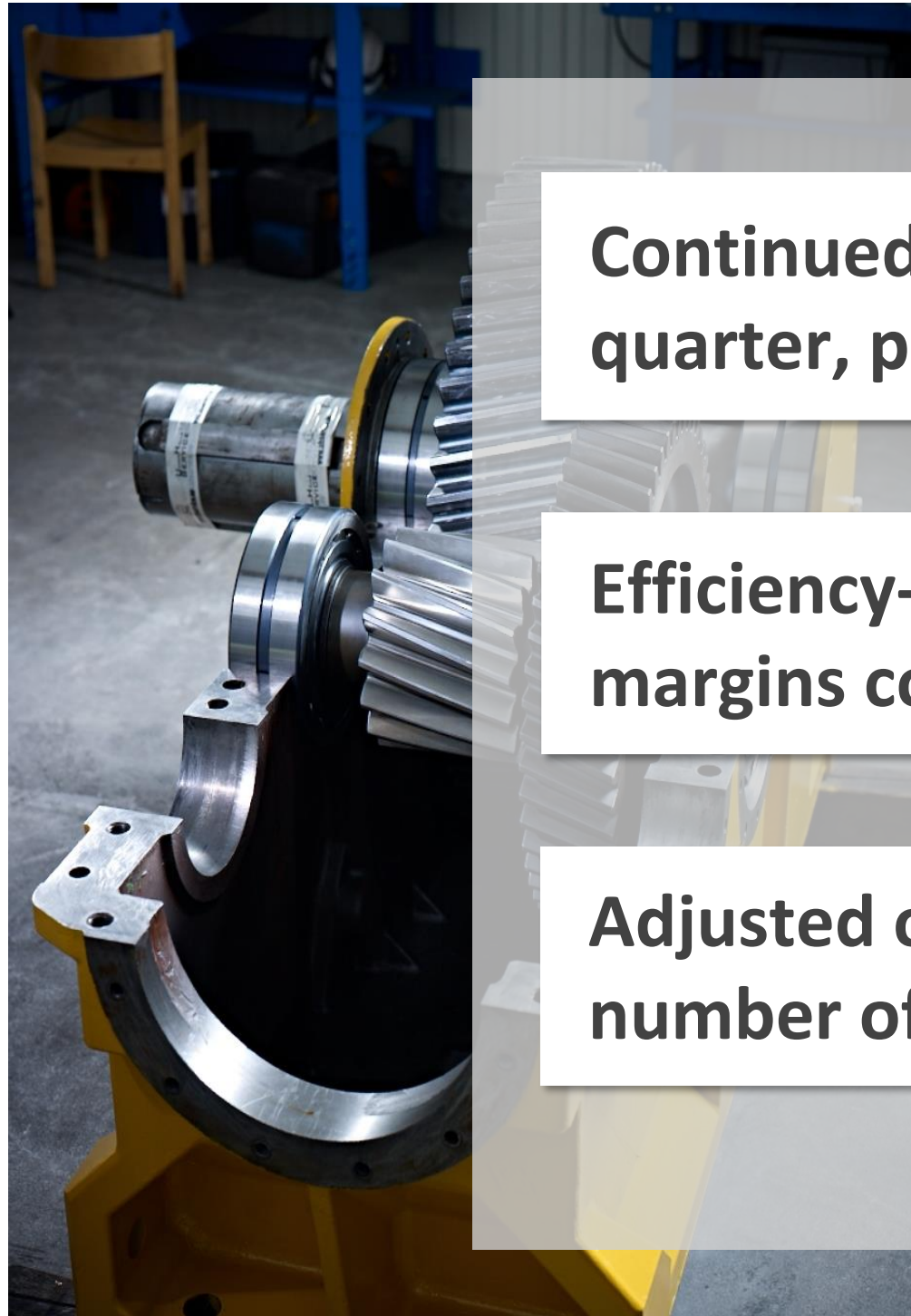


Note: 1) Refers to the proportion of external revenue per customer segment for the calendar year 2016, rounded to the nearest five percent.

Financial Report – Financial year 2017/18

8 May 2018

Financial year 2017/18 – Financial Report – Highlights Q4



Continued favourable market conditions during the fourth quarter, primarily in Sweden and Finland.

Efficiency-enhancements, increased sales and improved gross margins contributed to continued positive profit development.

Adjusted operating profit rose by 27 percent, despite lower number of trading days due to the Easter holidays.

Financial year 2017/18 – Fourth quarter [1 Jan-31 Mar 2018]

- **Revenue** increased by 3 percent¹ during the quarter.
 - Continued high activity level and favourable demand in industry.
 - Growth in all geographic markets.
- **Adjusted operating profit** increased by 27 percent to MSEK 61 (48), corresponding to an **adjusted operating margin** of 4.2 percent (3.4).
 - Most units improved their results during the quarter, despite two fewer trading days compared to the previous year.
 - Ongoing work with improvement measures in TOOLS Norway and Gigant continued according to plan – with positive results.
- **Acquisition of 70 percent of the shares in Reklamproffsen in Örebro** – strengthens the Group’s position as a leading supplier of workwear and profile clothing for industrial and service companies.
- **After the end of the financial year – acquisition of Profilmakarna in Södertälje**, a leading reseller of profile clothing, promotional products and workwear.

MSEK	QUARTER			FINANCIAL YEAR		
	Jan-Mar 2018	Jan-Mar 2017	Δ	2017/18	2016/17	Δ
Revenue	1,437	1,400	+3%	5,616	5,411	+4%
Operating profit	60	-70	N/A	240	65	+269%
<i>of which items affecting comparability</i>	-1	-118		-12	-128	
Adjusted operating profit	61	48	+27%	252	193	+31%
Adjusted operating margin, %	4.2%	3.4%		4.5%	3.6%	

Fourth quarter 2017/18 – Business area – Tools & Consumables

- **Revenue** remained largely unchanged in total¹ during the fourth quarter, despite decreased sales to store customers due to the successful winding down of 15 TOOLS stores in Sweden.
 - Continued high activity level and favourable demand in industry, particularly from larger customer companies.
 - Acquisitions contributed by an additional 3 percent to the revenue growth.
- **Adjusted operating profit** increased by 42 percent to MSEK 27 (19), corresponding to an **adjusted operating margin** of 2.4 percent (1.7).
 - Implemented improvement measures in TOOLS Sweden and TOOLS Norway continue to generate positive results.
- **Improvement measures in TOOLS continued according to plan.**
 - A more focused and profitable product and service offering (e.g. OHS²).
 - Establishment of a central warehouse. [SE]
 - 15 less profitable stores closed down compared to previous year. [SE]
 - Implementation of an ERP system. [NO]
 - Improved efficiency and reduced costs. [NO]

MSEK	QUARTER			FINANCIAL YEAR		
	Jan-Mar 2018	Jan-Mar 2017	Δ	2017/18	2016/17	Δ
Revenue	1,120	1,107	+1%	4,423	4,269	+4%
Operating profit	27	-45	N/A	129	12	+975%
<i>of which items affecting comparability</i>	0	-64		-5	-64	
Adjusted operating profit	27	19	+42%	134	76	+76%
Adjusted operating margin, %	2.4%	1.7%		3.0%	1.8%	

Fourth quarter 2017/18 – Business area – Components & Services

- **Revenue** increased by 3 percent¹ during the fourth quarter.
 - Continued favourable demand in industry, in particular for components, services and maintenance to larger customers in Sweden and Finland.
 - Acquisitions contributed by an additional 4 percent to the revenue growth.
- **Adjusted operating profit** increased by 12 percent to MSEK 37 (33), corresponding to an **adjusted operating margin** of 10.0 percent (9.3).
 - Continued high profitability in Momentum Industrial with an operating margin of over 12 percent.
 - Restructuring work under way in Gigant with a focus on direct sales to end customers is proceeding according to plan and measures to reduce costs had a positive impact on earnings during the quarter.

- **Establishment of a new production company for Gigant** together with their largest supplier – will have a positive effect on efficiency and lower costs.

- **Continued focus on profitable growth** for Momentum Industrial.

MSEK	QUARTER			FINANCIAL YEAR		
	Jan-Mar 2018	Jan-Mar 2017	Δ	2017/18	2016/17	Δ
Revenue	371	356	+4%	1,398	1,359	+3%
Operating profit	36	25	+44%	123	113	+9%
<i>of which items affecting comparability</i>	-1	-8		-2	-8	
Adjusted operating profit	37	33	+12%	125	121	+3%
Adjusted operating margin, %	10.0%	9.3%		8.9%	8.9%	

Financial year 2017/18 –

Financial year – 12 months [1 Apr 2017-31 Mar 2018]

- **Revenue** for the full financial year increased by 4 percent¹ to MSEK 5,616 (5,411) .
 - Favourable revenue growth in the most of the units despite, for example, the negative effect on store sales due to the successful winding down of 15 less profitable stores in TOOLS Sweden compared to the previous year.
 - The negative effects from the Easter holidays with fewer trading days in April 2017 and March 2018, respectively, was offset by stronger sales at the end of the second quarter and during the third quarter (September, October and November in particular) and acquisitions concluded.
 - In total, the financial year included seven fewer trading days than the preceding year.
- **Adjusted operating profit** increased by 31 percent to MSEK 252 (193), corresponding to an **adjusted operating margin** of 4.5 percent (3.6).
 - Positive profit development for TOOLS Sweden and TOOLS Finland in particular.
 - In line with prior communication, the measures to improve efficiency and cost levels in TOOLS Sweden, TOOLS Norway and Gigant continue – with positive results.
 - The acquisitions concluded during the year reported healthy profitability.
- **Return on working capital (P/WC)** for the financial year amounted to 24 percent (21).
 - Continued focus on decreasing funds tied up in working capital.
- The Board **proposes a dividend of SEK2.60 per share** for the 2017/18 financial year.

Financial year 2017/18 – Cash-flow statement [1 Apr 2017-31 Mar 2018]

MSEK	QUARTER		FINANCIAL YEAR	
	JAN-MAR 2018	JAN-MAR 2017	2017/18	2016/17
Operating activities				
Operating activities before changes in working capital	36	8	195	148
Changes in working capital	-44	-21	-103	29
Cash flow from operating activities	-8	-13	92	177
Investing activities				
Acquisition of subsidiaries and other business units (net)	-22	-6	-63	-121
Other	-10	-27	-36	-67
Cash flow before financing	-40	-46	-7	-11
Financing activities	45	-298	-52	-448
Cash flow for the period	5	-344	-59	-459
Cash and cash equivalents at the beginning of the period	5	418	69	525
Exchange-rate differences in cash and cash equivalents	0	-5	0	3
Cash and cash equivalents at the beginning of the period	10	69	10	69

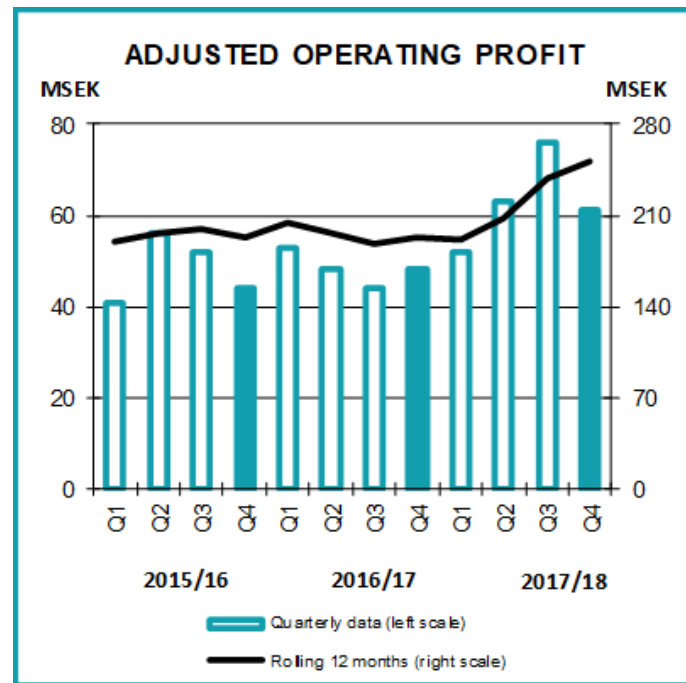
- **Cash flow from operating activities for the financial year** amounted to MSEK 92 (177).
 - Cash flow from operating activities for the fourth quarter amounted to MSEK -8 (-13).
- **The change in working capital** is primarily due to the restructuring of the TOOLS businesses during the year, in combination with the increased activity level.

Financial year 2017/18 – Performance measures¹ [1 Apr 2017-31 Mar 2018]

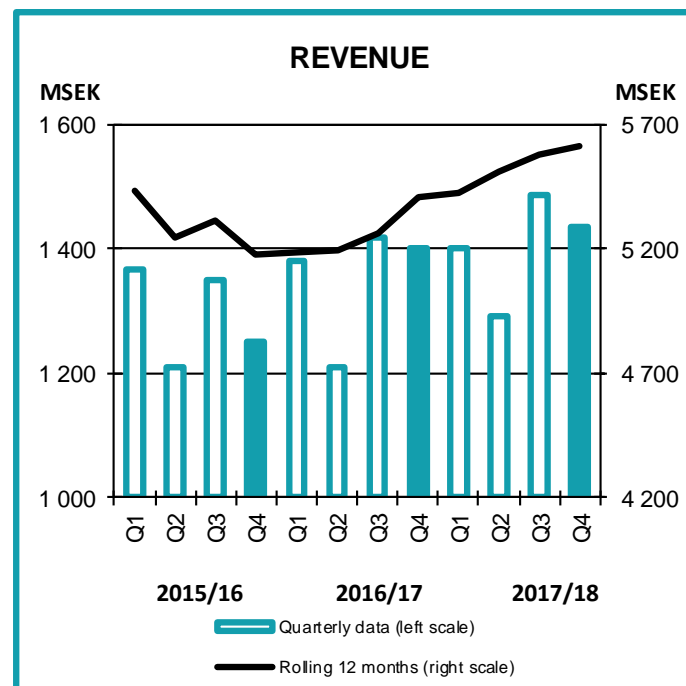
MSEK	12 MONTHS ENDING			
	31 MAR 2018	31 MAR 2017	31 MAR 2016	31 MAR 2015
Adjusted operating profit, MSEK	252	193	193	198
Adjusted operating margin, %	4.5%	3.6%	3.7%	3.7%
Profit margin, %	4.2%	1.0%	3.5%	3.4%
Return on working capital (P/WC), %	24%	21%	19%	17%
Return on adjusted capital employed, %	18%	16%	15%	14%
Return on equity, %	17%	4%	14%	13%
Adjusted equity/assets ratio, %	42%	40%	43%	42%
Earnings per share, SEK	6.45	1.50	4.95	4.95
Operational net loan liability (closing balance), MSEK	295	263	117	382
Number of employees at the end of the period	1,647	1,660	1,573	1,618

- **Operational net loan liability** amounted to MSEK 295 (263).
- The **equity/assets ratio** was 42 percent (39) at the end of the year.

Financial year 2017/18 – Financial year – 12 months



- **Adjusted operating profit** amounted to MSEK 252 (FY 2016/17: 193), corresponding to an **Adjusted operating margin** of 4.5 percent (3.6).
 - **Tools & Consumables:**
Adj. operating profit MSEK 134 (76) → Adj. operating margin 3.0 percent (1.8).
 - **Components & Services:**
Adj. operating profit MSEK 125 (121) → Adj. operating margin 8.9 percent (8.9).



- **Revenue** amounted to MSEK 5,616 (FY 2016/17: 5,411).
 - **Tools & Consumables:** Revenue MSEK 4,423 (4,269).
 - **Components & Services:** Revenue MSEK 1,398 (1,359).

Focus in the short to medium term

8 May 2018

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.

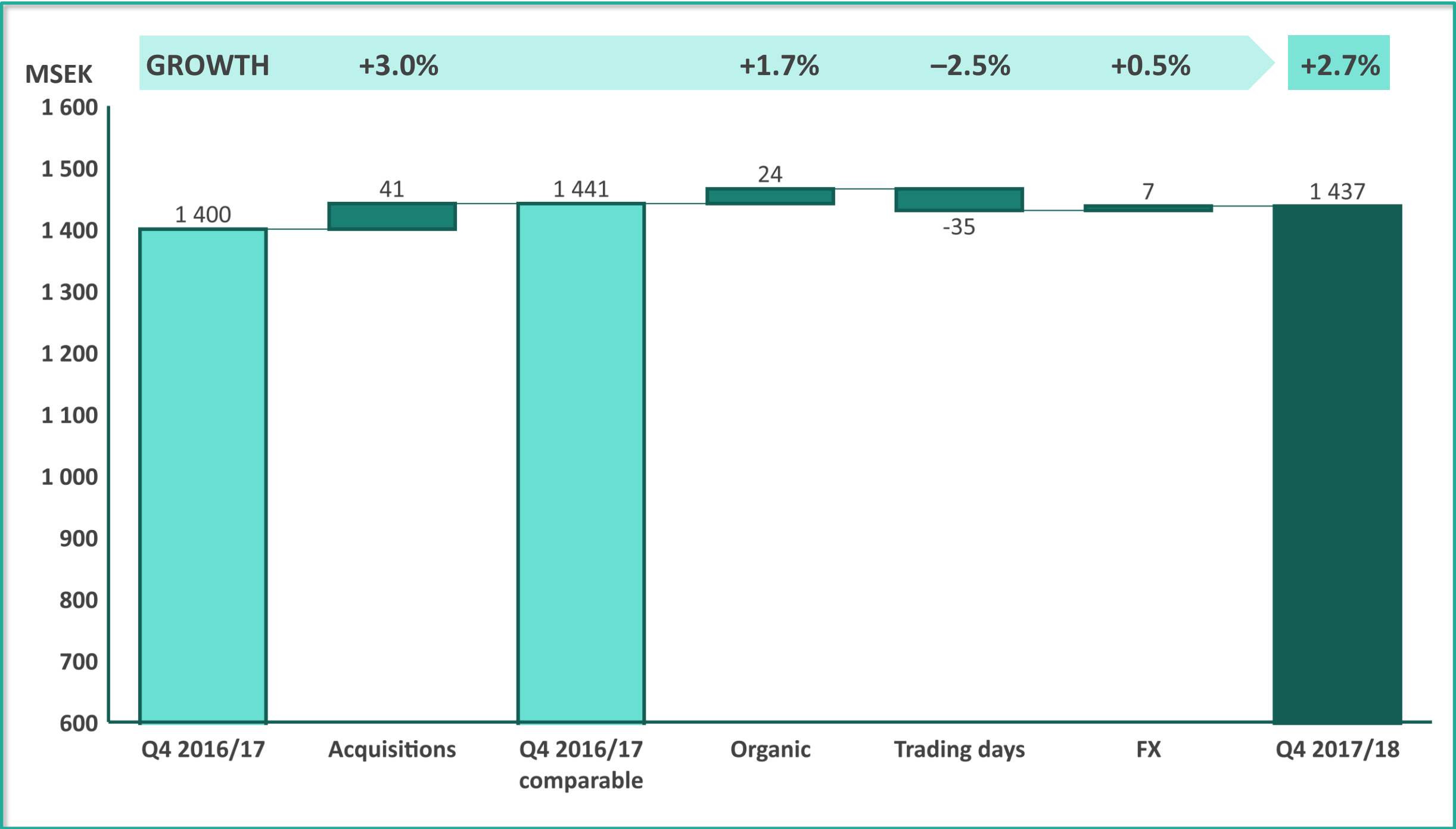
**Acquisition-driven
growth strategy with
focus on niche
acquisitions**

Q&A

momentumgroup 

APPENDIX – Revenue bridges Income statements & Balance sheets

Financial year 2017/18 – Revenue bridge - Fourth quarter [1 Jan-31 Mar 2018]

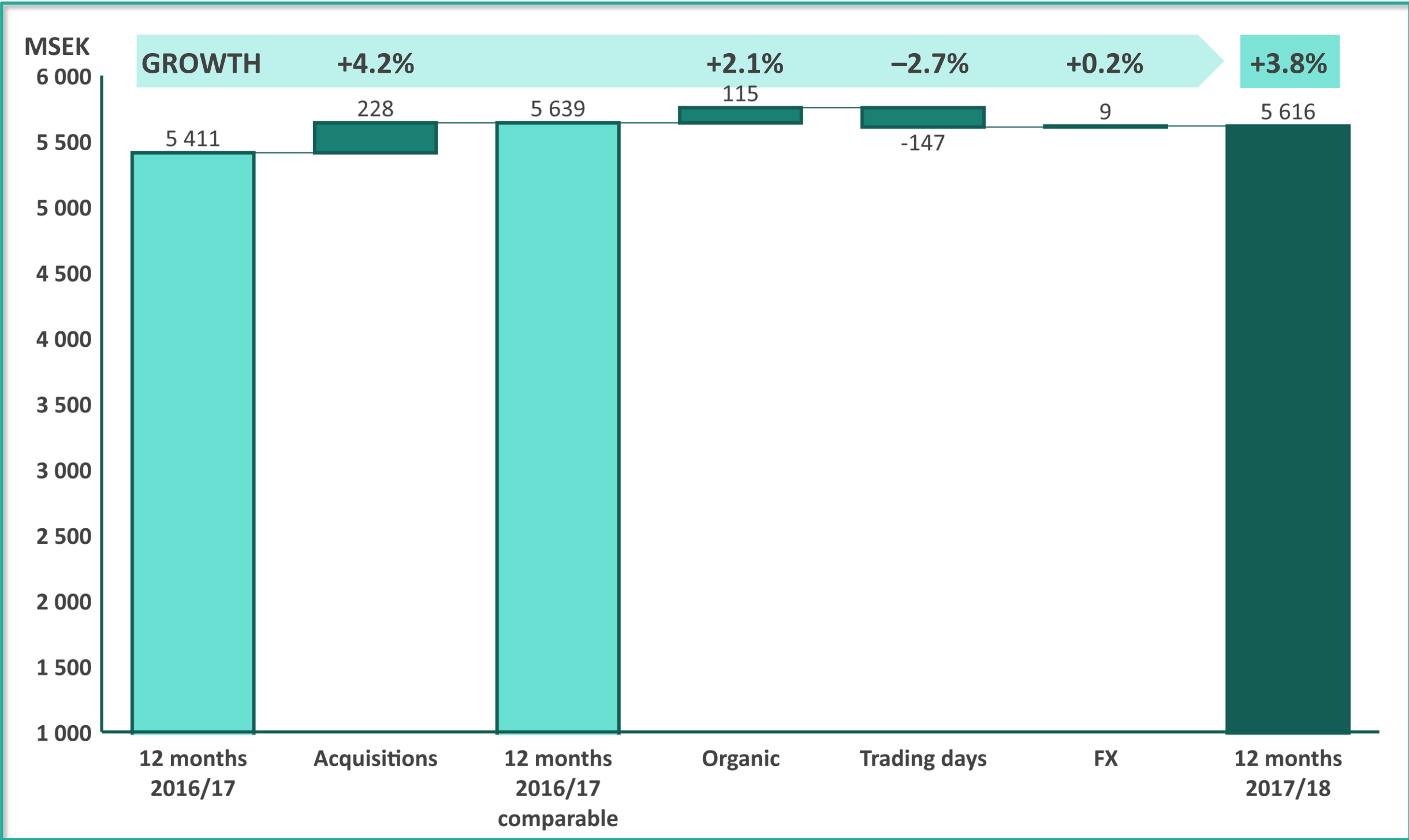


HIGHLIGHTS

- **Organic growth¹** improving to 1.7 percent (0.1) – with stable / positive development in both business areas:
 - Tools & Consumables +0%.
 - Components & Services +3%.
- **Two less trading days** compared with the corresponding quarter in the preceding year.
- **Revenue contribution from acquisitions** amounting to +3.0 percent (+4.1).

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 2017/18 – Revenue bridge - Financial year [1 Apr 2017-31 Mar 2018]



HIGHLIGHTS

- **Organic growth¹** amounted to 2.1 percent (–0.5) – with increases in both business areas:
 - Tools & Consumables +1%.
 - Components & Services +4%.
- **Seven trading days less** compared with the preceding year.
- **Acquisitions adding 4.2 percent** (+1.7) 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 4 – 2017/18]

Income statement

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2018	JAN-MAR 2017	2017/18	2016/17
Revenue	1,437	1,400	5,616	5,411
Operating expenses <i>(excl. Items affecting comparability)</i>	-1,376	-1,352	-5,364	-5,218
Adjusted operating profit	61	48	252	193
<i>Adjusted operating margin, %</i>	4.2%	3.4%	4.5%	3.6%
Items affecting comparability	-1	-118	-12	-128
Operating profit	60	-70	240	65
<i>Operating margin, %</i>	4.2%	-5.0%	4.3%	1.2%
Financial income and expenses	0	-3	-5	-11
Profit after financial items	60	-73	235	54
Taxes	-14	17	-53	-12
Net profit	46	-56	182	42

Balance Sheet

MSEK	ASSETS		EQUITY & LIABILITIES	
	31 MAR 2018	31 MAR 2017	31 MAR 2018	31 MAR 2017
Intangible non-current assets	627	533	EQUITY	1,170
Other non-current assets	87	105	Non-current interest-bearing liabilities	103
Total non-current assets	714	638	Provisions for pensions	27
Inventories	927	823	Other non-current liabilities	79
Accounts receivable	967	912	Total non-current liabilities	209
Other current receivables	116	109	Current interest-bearing liabilities	202
Cash and cash equivalents	10	69	Accounts payable	743
Total current assets	2,020	1,913	Other current liabilities	410
TOTAL ASSETS	2,734	2,551	Total current liabilities	1,355
			TOTAL LIABILITIES	1,564
			TOTAL EQUITY & LIABILITIES	2,734