

Interim Report

1 April – 31 December 2023

9 February 2024

Magnus Söderlind – CEO
Peter Schön – CFO



HIGHLIGHTS

Third Quarter 2023/2024







- ❖ Positive earnings trend continues, despite deteriorating market conditions
 - ❖ Strong development in two out of three divisions
 - ❖ Acquired two companies – Ateco 13 Nov
Orbital Fabrications 18 Dec
-

- ❖ Revenue amounted to MSEK 1,187 (1,239)
- ❖ The **gross margin** continued to strengthen to 48.9% (44.9%)
- ❖ Efficiency measures **lower cost**
- ❖ **EBITA increased** by 7% to MSEK 110 (103)
- ❖ The **EBITA margin** improved to 9.3% (8.3)
- ❖ EBT amounted to MSEK 70 (71)
- ❖ Increased earnings and reduced inventories **strengthened cash flow** from operating activities to MSEK 207 (59)



ACQUISITIONS

1 April – 31 December 2023

		Division	Annual Revenue MSEK	EBITA %	P/WC %
Q1	 Tema Norge	TC	45	>15	>45
	 Elkington	BM	40	>15	>45
Q2	 Itaab	BM	75	>15	>45
	 Sandbergs	TC	60	>15	>45
Q3	 Ateco	WS	50	>15	>45
	 Orbital Fabrications	TC	180	>15	>45
Total			450		

Tema Norge



Elkington



Itaab



Sandbergs



Ateco



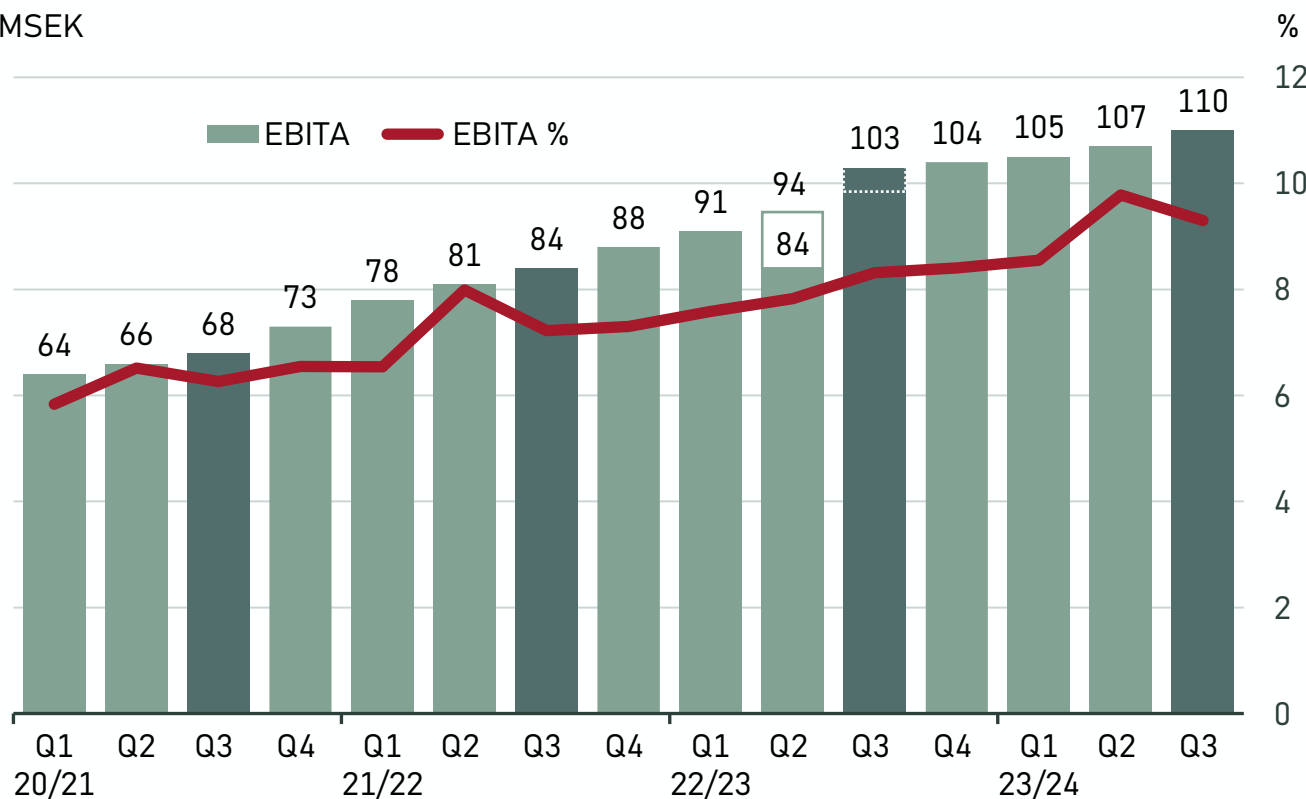
Orbital



CONTINUED POSITIVE EBITA TREND

EBITA per quarter

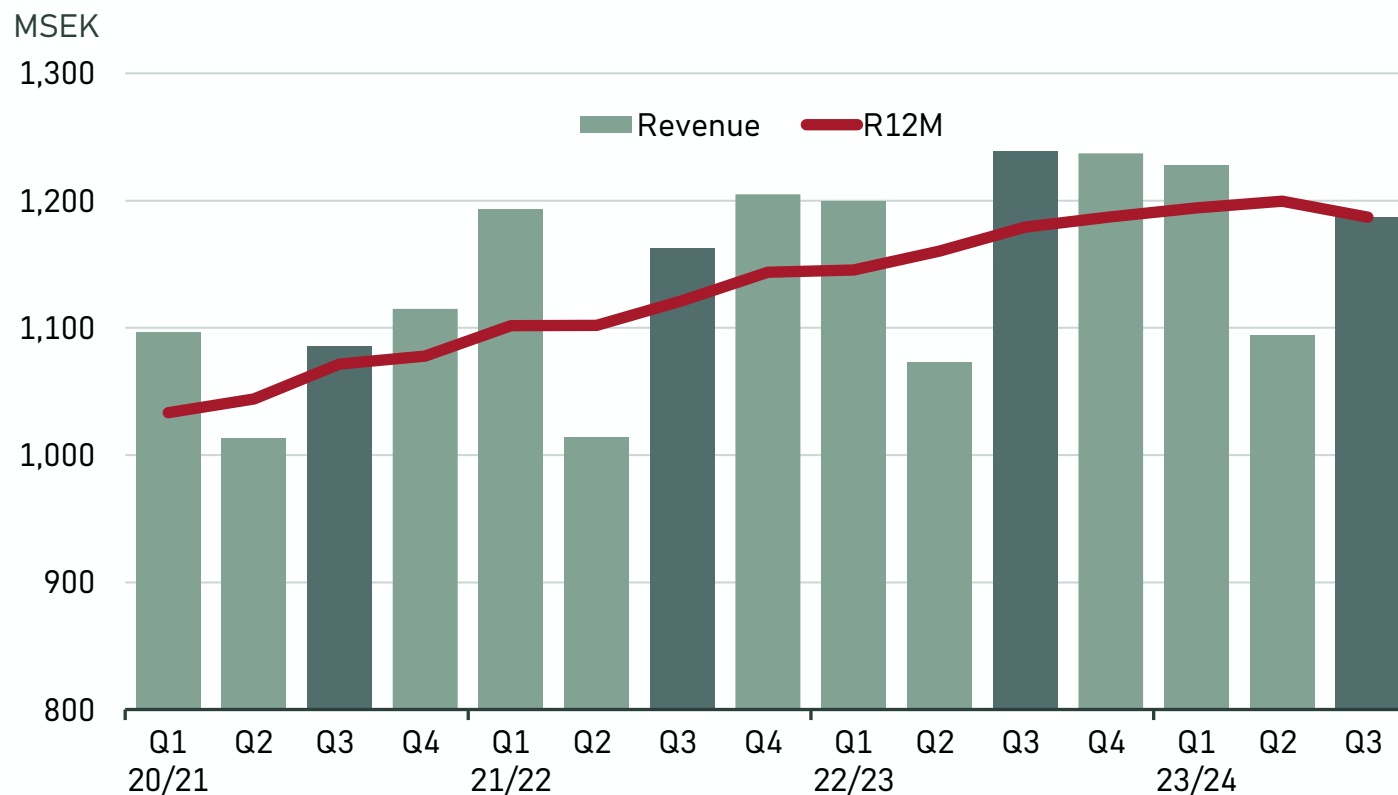
MSEK



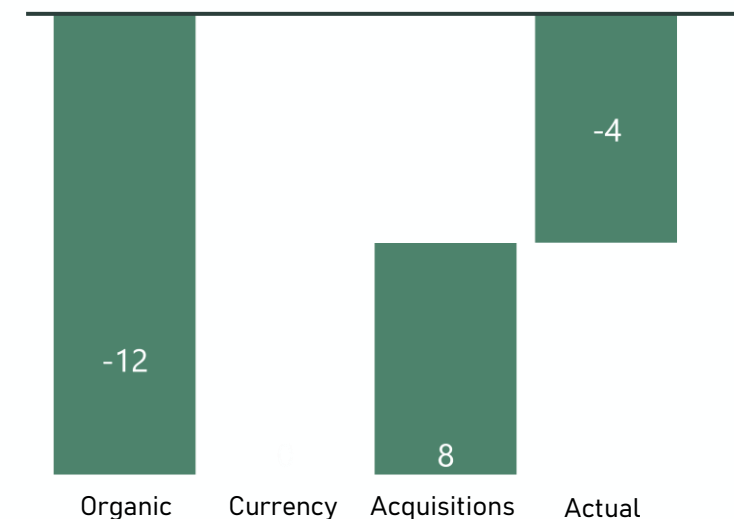
- ❖ EBITA increased by 7 percent to MSEK 110 (103)
- ❖ EBITA margin improved to 9.3 percent (8.3)
- ❖ Improved Gross Margin 4 percentage units

REVENUE DEVELOPMENT REFLECTS A FOCUS ON HIGH MARGIN BUSINESSES COMBINED WITH A WEAKER UNDERLYING MARKET

Revenue per quarter

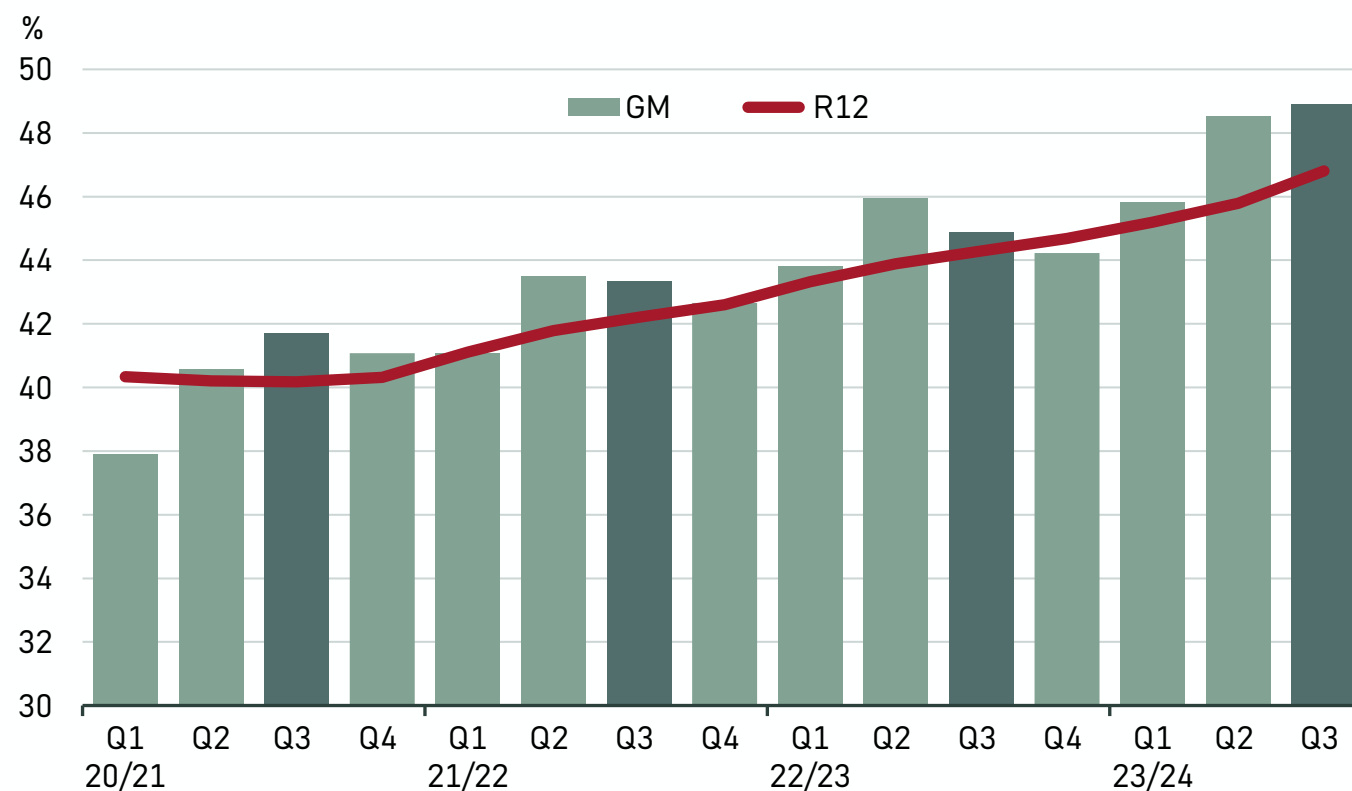


Quarterly Revenue Growth, %

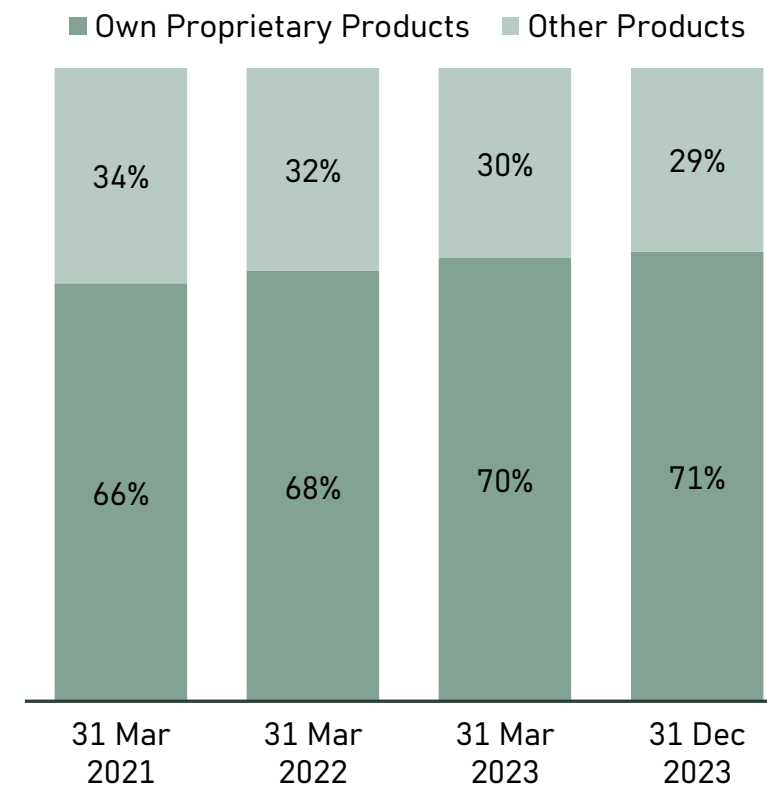


IMPROVED GROSS MARGIN

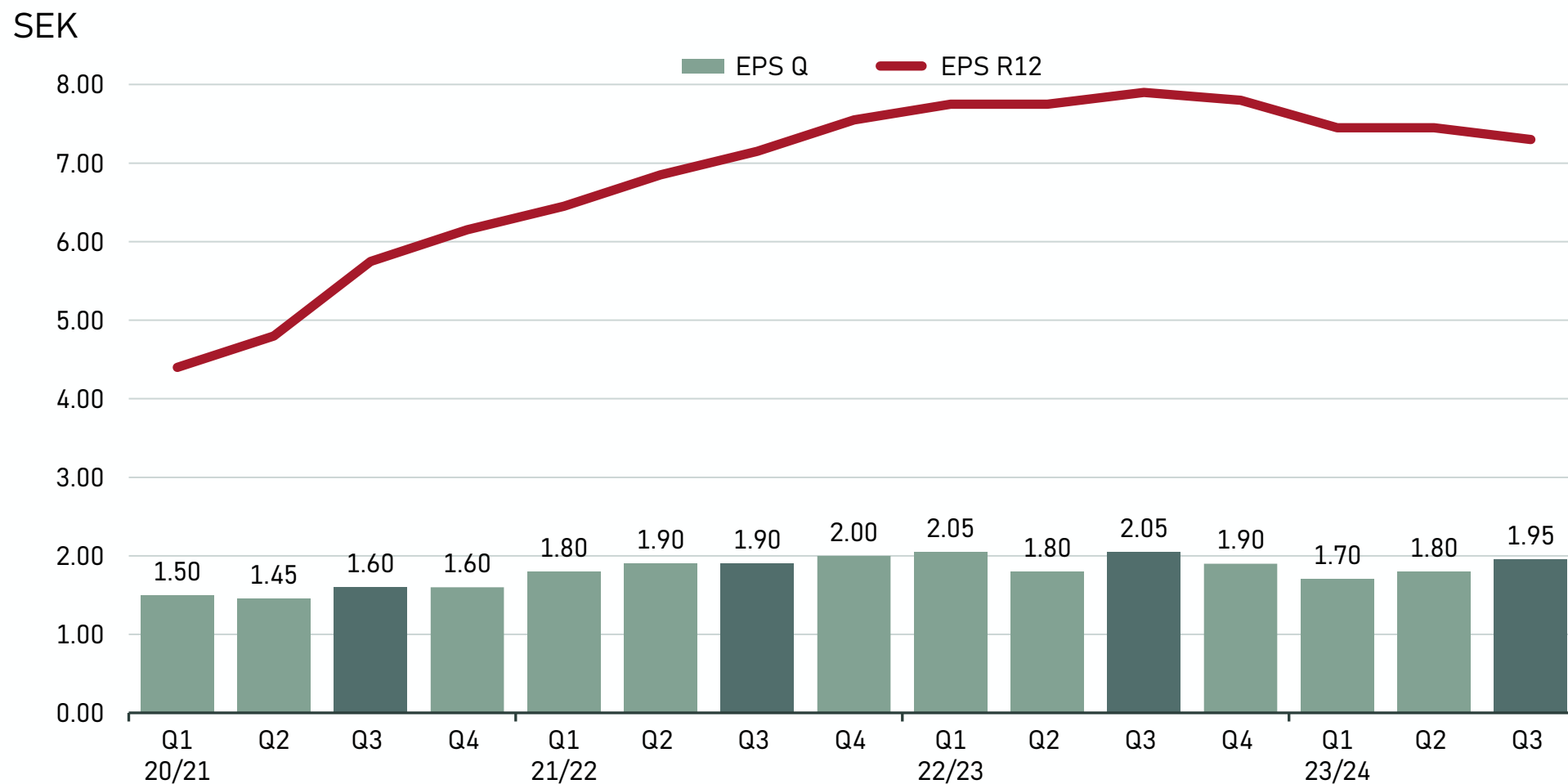
Gross margin per quarter



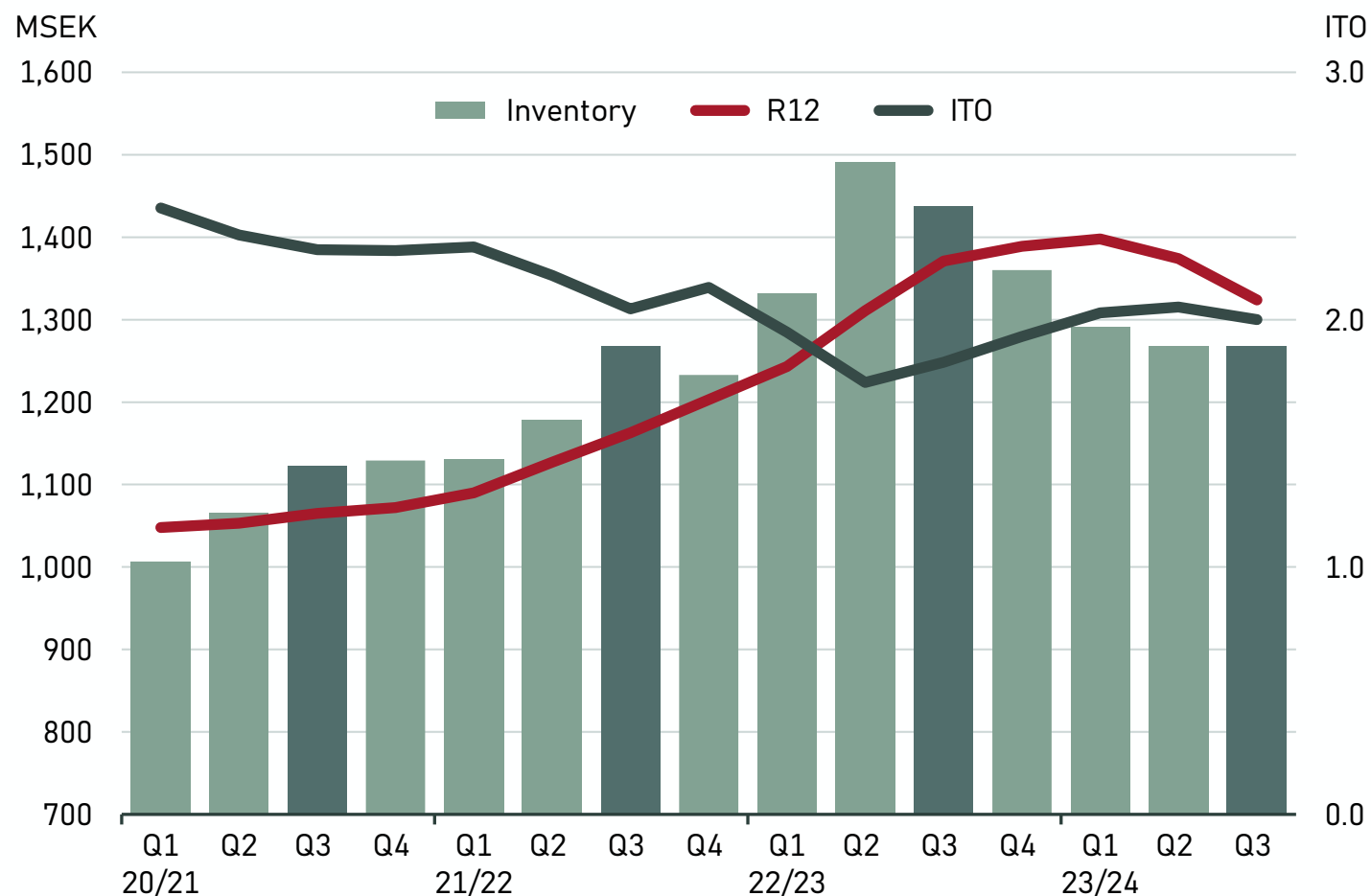
Revenue per type of products Rolling 12 months



EARNINGS PER SHARE

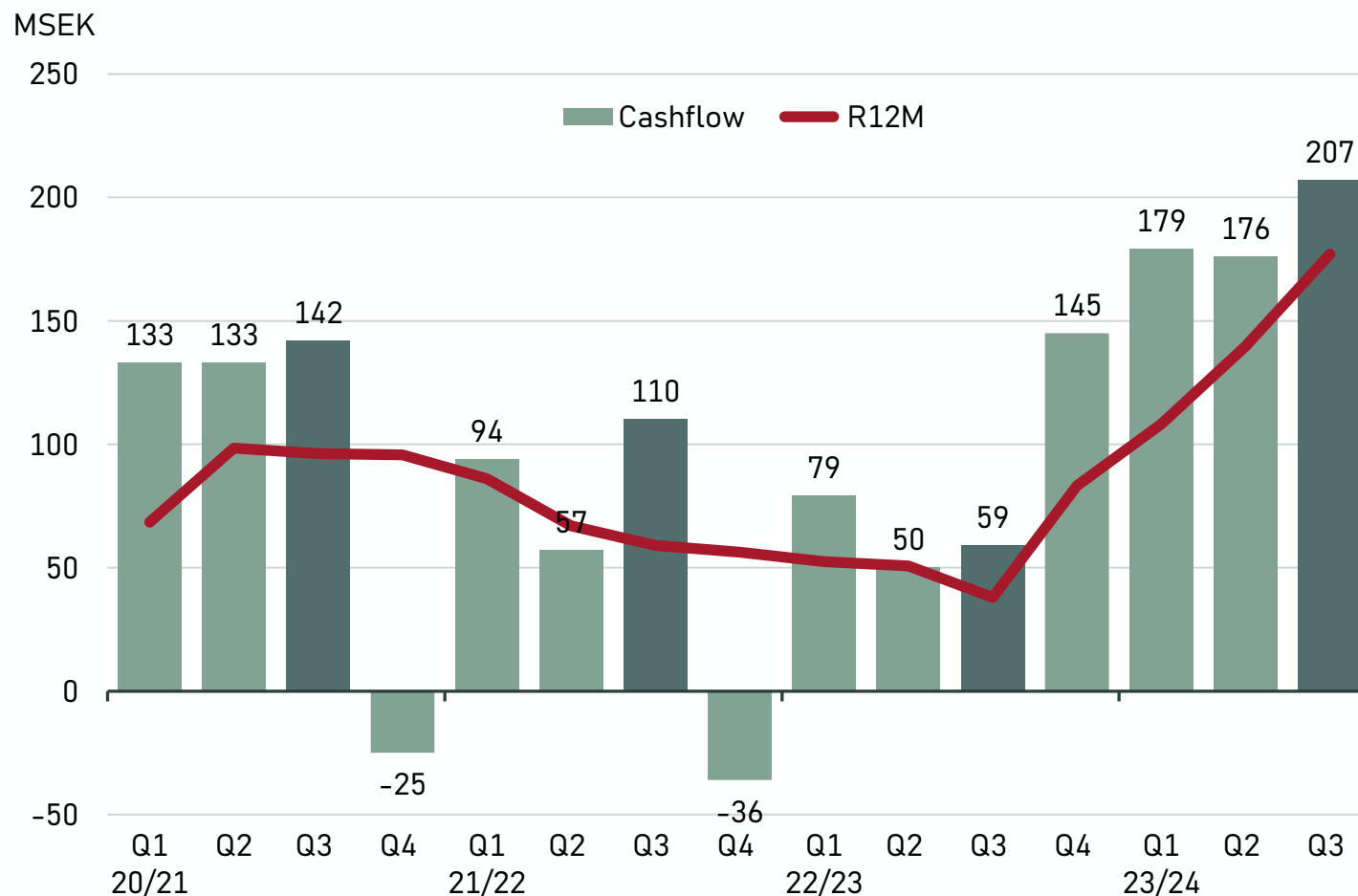


INVENTORY



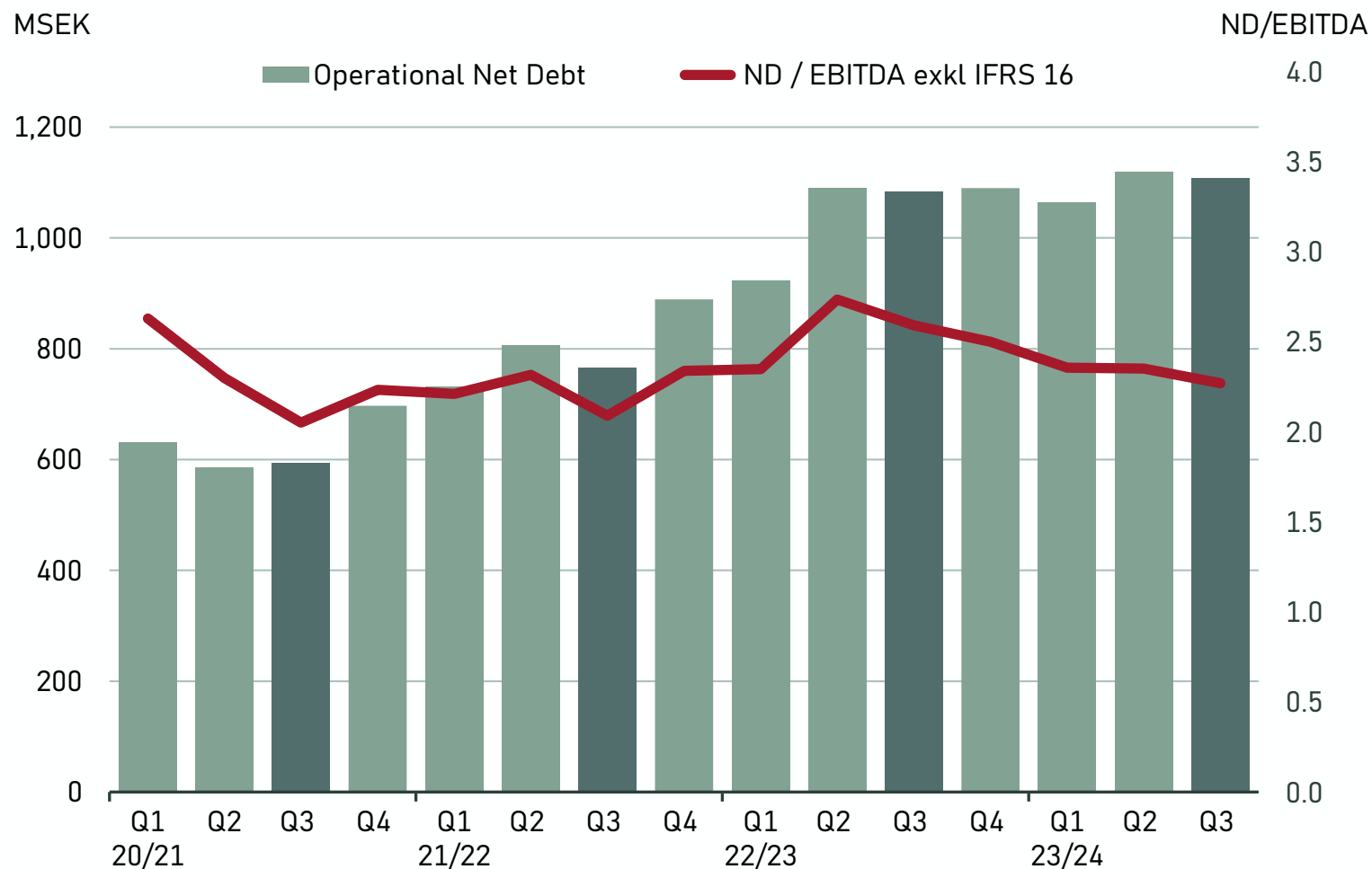
- ❖ **Inventory** amounted to MSEK 1,268 (1,438)
- ❖ **Decreased safety stock**
- ❖ **Decreased High volume - Low margin business**
- ❖ **Improved product mix and streamlining assortment in all companies**
- ❖ Lower sales impacted inventory and ITO negative

CASH FLOW FROM OPERATING ACTIVITIES



- ❖ **Cash flow** from operating activities amounted to **MSEK 207 (59)**
- ❖ **Improved profitability**
- ❖ **Improved inventory levels**
- ❖ **A/P recovered** when some companies started moderate purchase of goods
- ❖ **Lower A/R** due to lower sales

NET DEBT

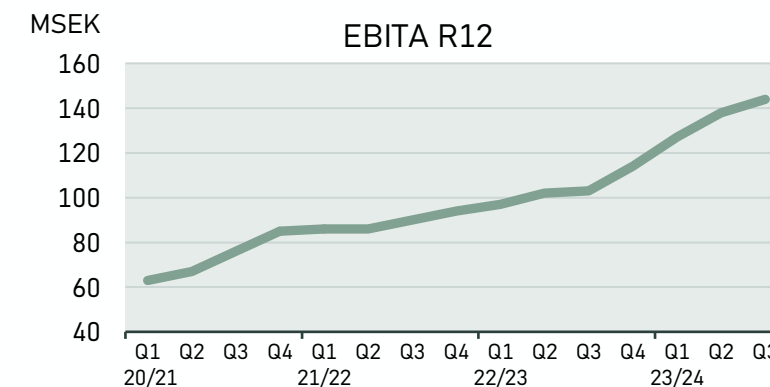
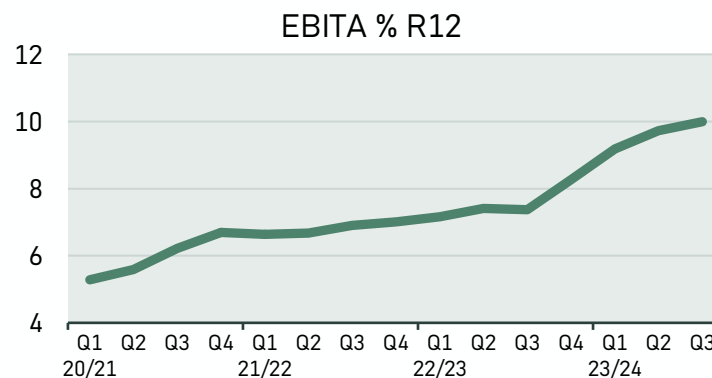
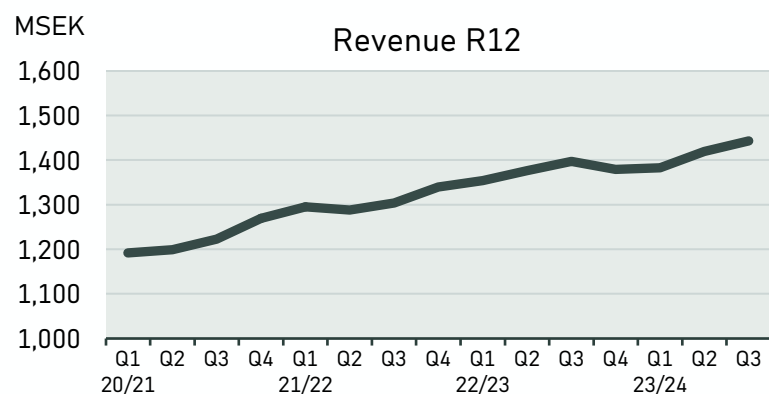


- ❖ **Operational net debt** amounted to MSEK 1,108 (1,083)
- ❖ Strong underlying cash flow
- ❖ Acquisitions of MSEK 133 in Q3 and MSEK 312 in the Period
- ❖ Strong Acquisition pipeline
- ❖ Acquisitions will continue

Building Materials

Profit increase of 55% despite construction industry exposure

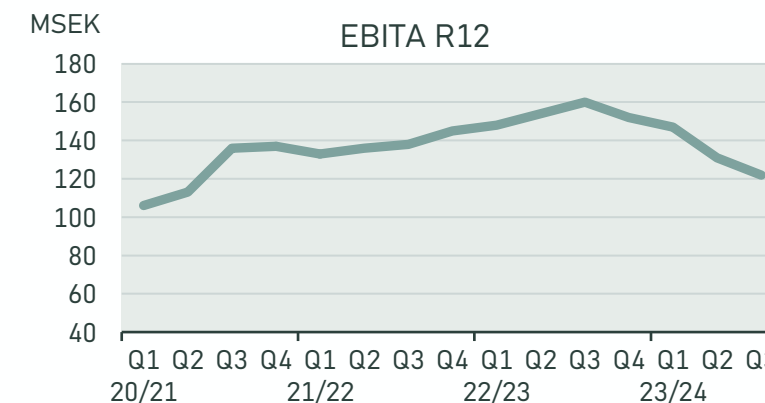
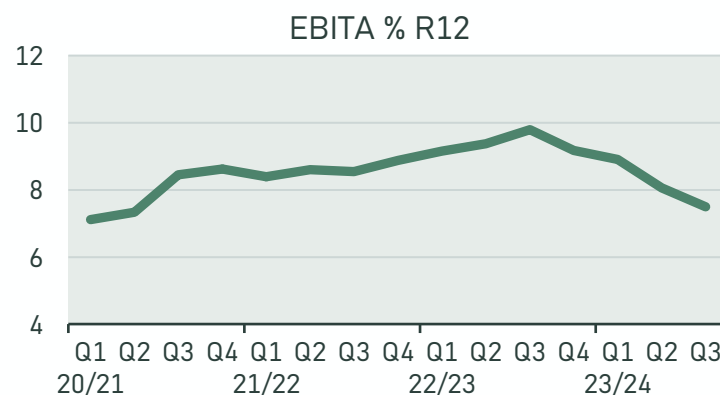
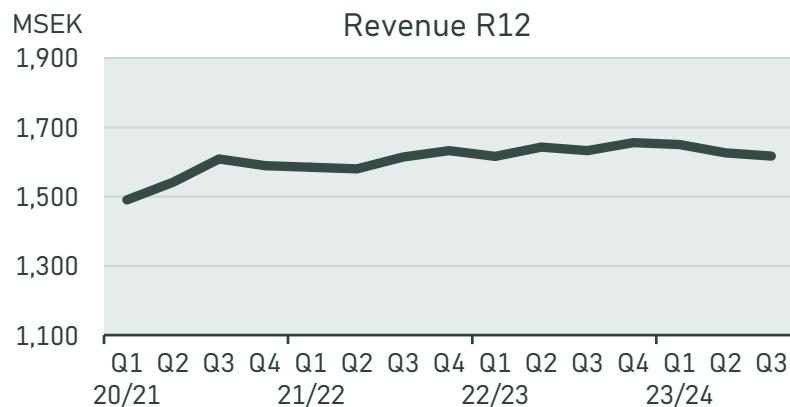
- ❖ **Demand from customers** in commercial buildings and infrastructure remained good, residential still weak
- ❖ **Revenue** increased 8 percent to MSEK 322 (298)
- ❖ **EBITA** increased with 55 percent to MSEK 17 (11)
- ❖ **EBITA margin** improved to 5.3 percent (3.7)
- ❖ **All units improved results** compared to same quarter last year
- ❖ **Improved efficiency and acquisitions** main driver behind improvement



Workplace Safety

Unsatisfactory results – further actions if profitability does not recover

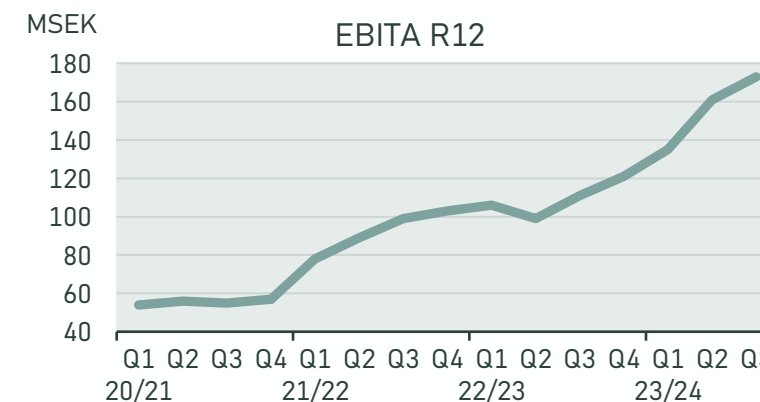
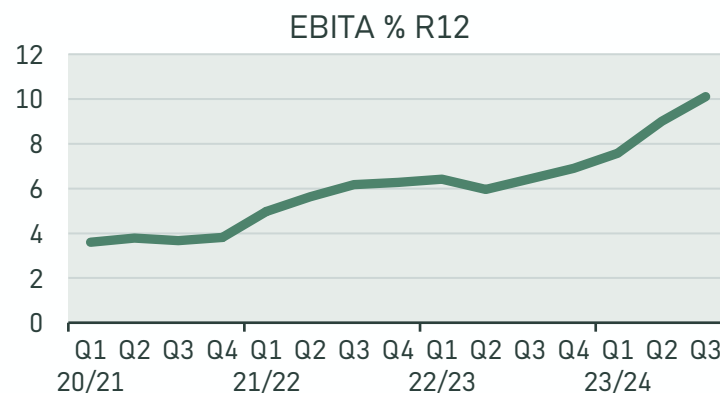
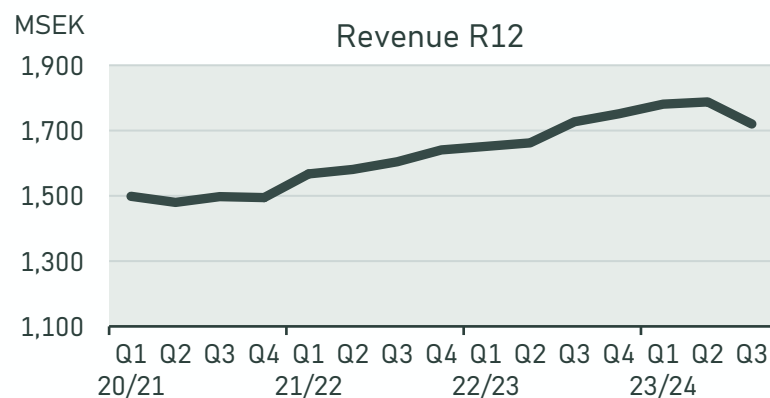
- ❖ **No pick-up in demand**, especially for the companies that deliver to retailers
- ❖ **Revenue** amounted to MSEK 433 (442)
- ❖ **EBITA** amounted to MSEK 40 (49)
- ❖ **EBITA margin** amounted to 9.2 percent (11.1)
- ❖ **Additional cost-saving** measures were implemented



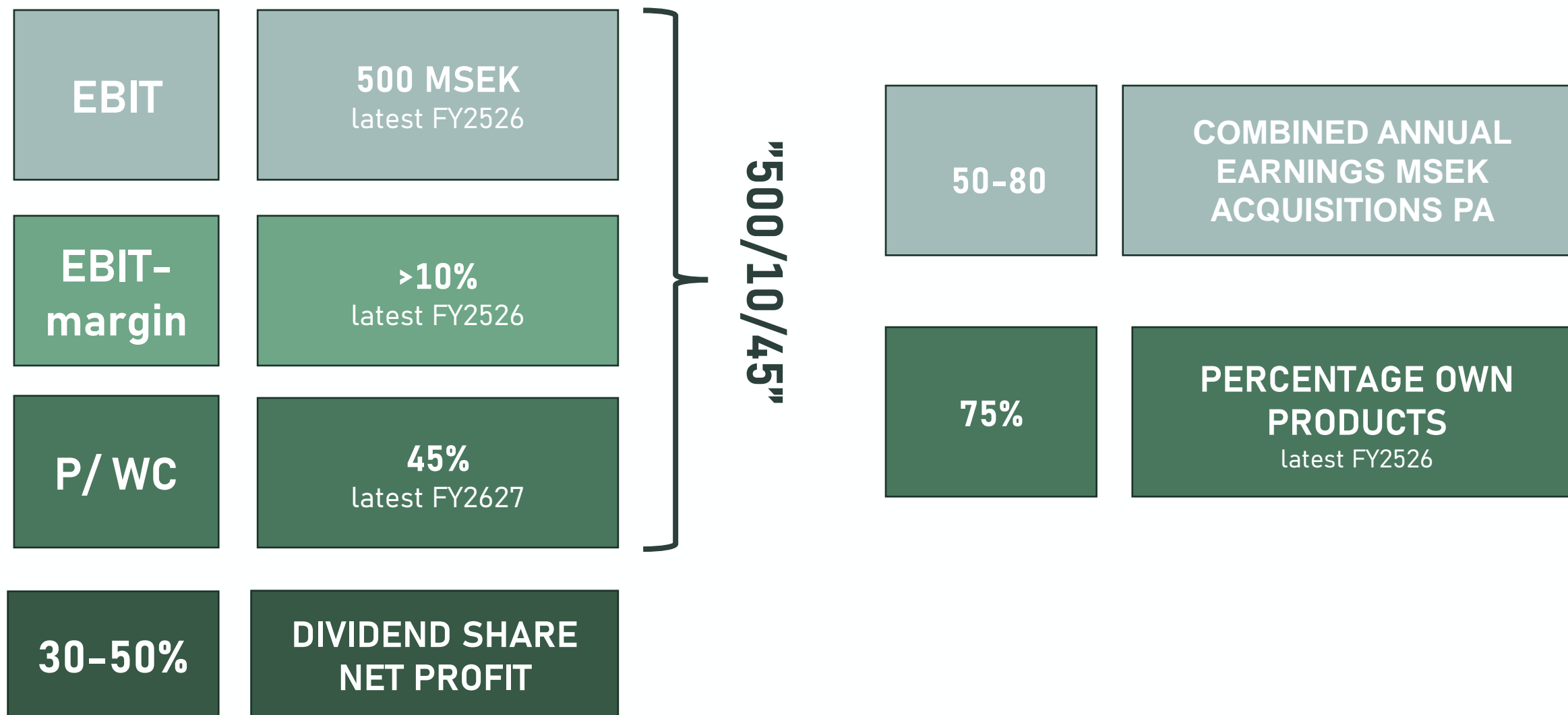
Tools & Consumables

All-time-high result and double-digit margins

- ❖ Demand industry-related customers weakened during the quarter
- ❖ Revenue amounted to MSEK 441 (509)
- ❖ EBITA increased by 27 percent to MSEK 57 (45)
- ❖ EBITA margin improved to 12.9 percent (8.8)
- ❖ The profit and margin improvement is primarily related to acquired companies
- ❖ Luna cost measures compensated for weaker demand. **Result was almost on par** with the previous year, despite a 5 MSEK extraordinary result effect PY



GROUP TARGETS



HOW TO REACH '500/10/45'

WHAT WE ALWAYS DO

- ❖ Prioritizing **profit expansion over revenue expansion**
- ❖ Group level - **B&B Focus Model** for capital allocation
- ❖ Company-by-company strategy, **goals and activities** that ensure that companies “keep eyes on the path without losing sight of the summit”
- ❖ Group support – **B&B Tool Box**
- ❖ **Acquisition** of highly profitable B2B companies with leading position in expansive niches

CURRENT GROUP THEMES

- ❖ Increase **liquidity**
 - ❖ **Stock** (ITO) back to 'pre-corona' levels
 - ❖ Cautious **asset investments**
- ❖ Tight **Cost Control** (COS%)
- ❖ **Gross margin** protection

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Calendar



15 May 2024

Financial Report

1 April 2023–31 March 2024 will be published

BERGMAN & BEVING