

# BERGMAN & BEVING

Presentation – Third Quarter

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# Introduction

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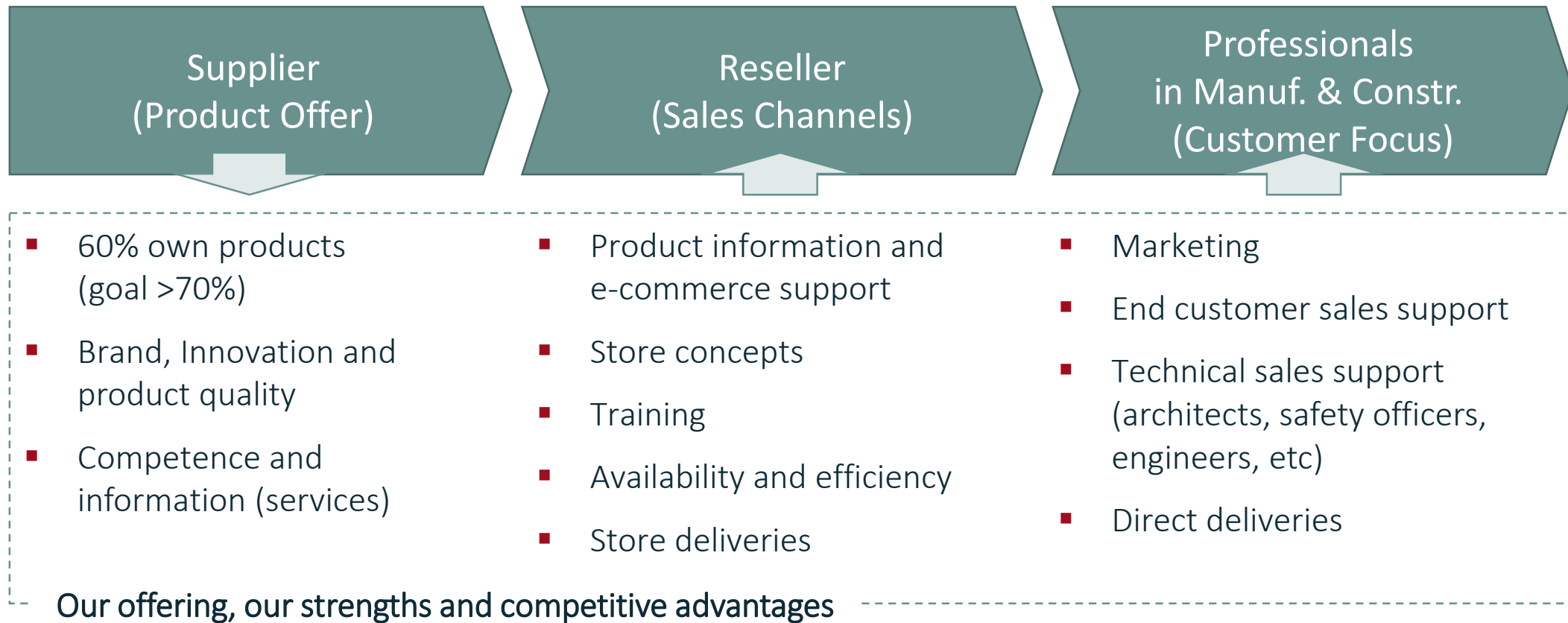
## About Bergman & Beving

- Bergman & Beving develops and provides leading brands for professionals within manufacturing and construction
- The group consists of the brands ESSVE, Fireseal, Arbesko, Guide, Cresto, Zekler, L. Brador, Teng Tools, Limit, Mareld, Luna and Skydda
- Through our strong brands, we are represented in over 25 countries with over 5000 point of sales
- Our main markets are Sweden, Norway and Finland
- The group turnover is about 3800 MSEK and has 1000 employees
- Our subsidiaries are run with decentralised business management



# Business model

Bergman & Beving develops and provides leading brands for Manufacturing & Construction Professionals



# Interim Report Q3

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# 1 April – 31 December 2017

## Third Quarter

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- Revenue amounted to MSEK 954 (970)
  - Measured in local currency and adjusted for number of trading days +1%
  - Comparable units -5%
- EBITA amounted to MSEK 55 (52) corresponding to an EBITA margin of 5.8 percent (5.4)

## Nine months

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- Revenue amounted to MSEK 2 873 (2 866)
    - Measured in local currency and adjusted for number of trading days +3%
    - Comparable units -6%
  - EBITA amounted to MSEK 171 (214) corresponding to an EBITA margin of 6.0 percent (7.5)
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## 1 April – 31 December 2017

- During the third quarter, we intensified our focus on our leading brands and strengthened our earnings compared with the year-earlier period
    - EBITA amounted to MSEK 55 (52)
    - Overall, our share of proprietary brands also continued to increase and reached over 60%
  - Our sales and marketing initiatives for our leading brands were well received, and we signed agreements with several new chain customers in the Nordic region
  - We received varying signals from our main markets, with strong demand from industrial customers in the Nordic region alongside a certain degree of uncertainty in the Nordic construction market
    - Our construction-related customers adopted a wait-and-see approach and were cautious in their purchases toward the end of the year
    - However, we maintained our market shares and strong position, and still consider the underlying construction market to be stable, albeit with a lower growth rate than in the past
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## 1 April – 31 December 2017

- Workplace Safety displayed a strong performance and delivered an EBITA margin of more than 10 percent, the highest to date for the division
    - The division now has several dedicated units and launched a new e-commerce platform during the quarter
  - The restructuring of Tools & Consumables generated positive results, and the outsourcing of the subsidiary Luna's logistics continued according to plan
    - The new solution is expected to be in place during the next quarter
  - Building Materials was negatively impacted by sluggish demand from its construction-related customers, particularly toward the end of the quarter
  - The implementation of the Group's previously initiated structural measures has proceeded according to and had a positive effect
    - Combined with the recently initiated efficiency enhancements, these measures are expected to improve profitability, mainly in the next financial year
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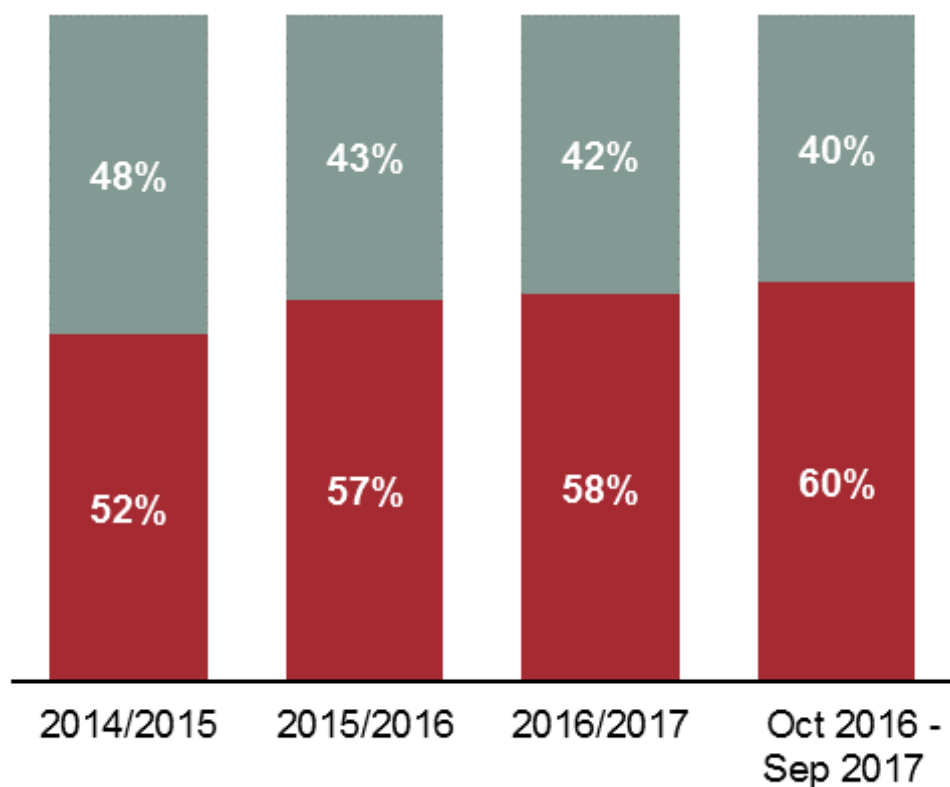
## 1 April – 31 December 2017

- We repurchased shares for a total of MSEK 88 during the quarter and we now hold a total of 1.4 million shares, of which approximately one-third will be used to cover two outstanding option programmes
    - The Board continuously assesses the need to repurchase shares in order to optimise our capital structure
  - We are also actively pursuing our acquisition strategy and have good potential to carry out further transactions
    - Acquisitions are important for creating long-term profitable growth
    - We are continuously discussing additional acquisitions of both independent niche companies and complementary acquisitions to strengthen existing positions
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## Revenue by brand sales and by country

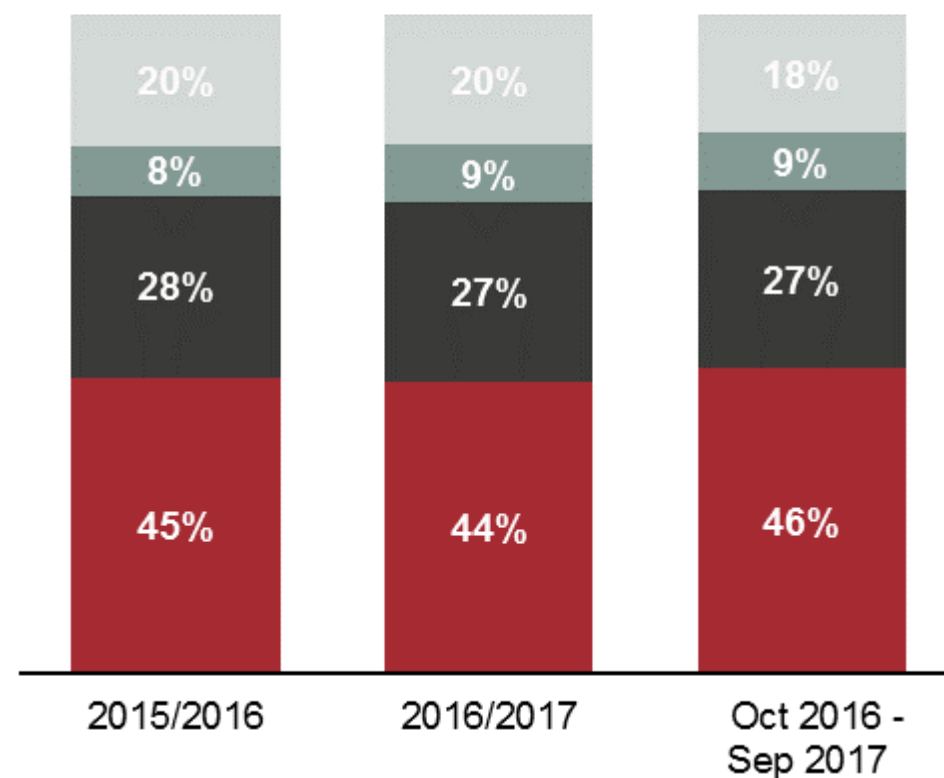
**REVENUE PER TYPE OF BRAND**  
ROLLING 12 MONTHS

■ Own brands ■ Other brands



**REVENUE PER COUNTRY**  
ROLLING 12 MONTHS

■ Sweden ■ Norway ■ Finland ■ Other countries



## Building Materials

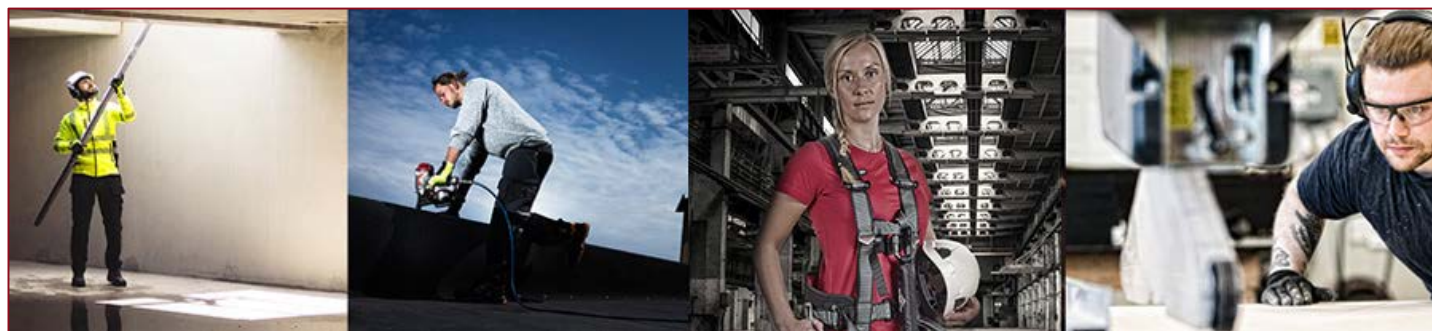
MSEK	Three months	Nine months	Year 16/17
Revenue	209	739	1004
EBITA	6	67	119
EBITA margin (%)	2.9%	9.1%	11.9%


**ESSVE**
 **FireSeal**

- The general sense of uncertainty in the Nordic construction industry had an adverse impact on revenue toward the end of the quarter, resulting in some of inventory adjustments among our customers
- However, underlying demand is still considered favorable and the division maintained its market shares in both the construction and manufacturing sectors in the Nordic region
- The division also experienced weaker demand from customers in the marine and offshore industry, with delays in the order intake
- Given the uncertainty in the market, measures to reduce costs are being made

# Workplace Safety

MSEK	Three months	Nine months	Year 16/17
Revenue	349	1005	1287
EBITA	39	76	108
EBITA margin (%)	11.2%	7.6%	8.4%



- Revenue for the seasonally strong third quarter was affected positively by the acquisitions of Arbesko and AAK Safety
- Despite market uncertainty, demand from customers in the in the area of construction materials in the Nordic region continued to increase, while the gross margin improved as sales of our proprietary brands increased
- The market position of our brands has continuously improved and we are consistently implementing targeted initiatives designed to further support this positive trend



## Tools & Consumables

MSEK	Three months	Six months	Year 16/17
Revenue	397	1126	1548
EBITA	15	18	66
EBITA margin (%)	3.8%	1.6%	4.3%



- Demand from customers in the manufacturing sector remained stable and the positive trend in the Finnish market continued
- The outsourcing of Luna's logistics management is fully under way and, to a certain extent, impacted revenue for the quarter
- The outsourcing is expected to be fully implemented in the next quarter
- The structural measures implemented began to generate results during the quarter and the ongoing efficiency-enhancement efforts were intensified



# Appendix

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## Bergman & Beving – Consolidated income statement in summary

	3 months up until		9 months up until		12 months up until	
MSEK	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Mar 2017
Revenue	954	970	2 873	2 866	3 841	3 834
Operating Profit	389	379	1 238	1 095	1 610	1 466
<i>Operating Margin, %</i>	40.8	39.1	43.1	38.2	41.9	38.2
Operating expenses	–334	–327	–1 067	–881	–1393	–1206
<b>EBITA</b>	<b>55</b>	<b>52</b>	<b>171</b>	<b>214</b>	<b>217</b>	<b>260</b>
<i>EBITA-margin, %</i>	5.8%	5.4%	6.0%	7.5%	5.6%	6.8%

# Bergman & Beving – Consolidates Income Statement in summary

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>3 months</b>		<b>9 months</b>		<b>R12 months</b>	<b>Full-year</b>
<b>Continuing operations MSEK</b>	<b>Oct-Dec 2017</b>	<b>Oct-Dec 2016</b>	<b>Apr-Dec 2017</b>	<b>Apr-Dec 2016</b>	<b>Jan-Dec 2017</b>	<b>2016/2017</b>
Revenue	954	970	2,873	2,866	3,841	3,834
Other operating income	3	3	4	5	0	0
<b>Total operating income</b>	<b>957</b>	<b>973</b>	<b>2,877</b>	<b>2,871</b>	<b>3,841</b>	<b>3,834</b>
Cost of goods sold	-568	-594	-1,639	-1,776	-2,231	-2,368
Personnel costs	-175	-194	-553	-537	-751	-735
Depreciation, amortisation and impairment losses	-6	-4	-19	-12	-24	-17
Other operating expenses	-155	-130	-501	-333	-625	-456
<b>Total operating expenses</b>	<b>-904</b>	<b>-922</b>	<b>-2,712</b>	<b>-2,658</b>	<b>-3,631</b>	<b>-3,576</b>
<b>Operating profit</b>	<b>53</b>	<b>51</b>	<b>165</b>	<b>213</b>	<b>210</b>	<b>258</b>
Financial income and expenses	-6	-1	-18	-5	-18	-5
<b>Profit after financial items</b>	<b>47</b>	<b>50</b>	<b>147</b>	<b>208</b>	<b>192</b>	<b>253</b>
Taxes	-6	-11	-29	-49	-38	-58
<b>Net profit from continuing operations</b>	<b>41</b>	<b>39</b>	<b>118</b>	<b>159</b>	<b>154</b>	<b>195</b>
<i>Discontinued operations</i>						
Net profit from discontinued operations	-	31	1,091	106	1,027	42
<b>Net profit</b>	<b>41</b>	<b>70</b>	<b>1,209</b>	<b>265</b>	<b>1,181</b>	<b>237</b>



# Bergman & Beving – Consolidates Income Statement in summary

## CONSOLIDATED BALANCE SHEET

MSEK	31 December 2017	31 December 2016	31 March 2017
<b>ASSETS</b>			
Intangible non-current assets	1,533	1,952	2,023
Tangible non-current assets	109	120	112
Financial non-current assets	3	7	8
Shares in associated companies	-	11	9
Deferred tax assets	83	98	104
Inventories	891	1,640	1,595
Accounts receivable	655	1,273	1,451
Other current receivables	210	247	205
Cash and cash equivalents	55	73	63
<b>Total assets</b>	<b>3,539</b>	<b>5,421</b>	<b>5,570</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,521	2,734	2,724
Non-current interest-bearing liabilities	170	100	200
Provisions for pensions	612	596	582
Other non-current liabilities and provisions	127	96	129
Current interest-bearing liabilities	222	148	123
Accounts payable	480	1,021	1,046
Other current liabilities	407	726	766
<b>Total equity and liabilities</b>	<b>3,539</b>	<b>5,421</b>	<b>5,570</b>

# Bergman & Beving – Consolidated cash-flow statement

CONSOLIDATED CASH-FLOW STATEMENT	3 months		9 months		R12 months	Full-year
MSEK	Oct-Dec 2017	Oct-Dec 2016	Apr-Dec 2017	Apr-Dec 2016	Jan-Dec 2017	2016/2017
Operating activities before changes in working capital	24	82	104	313	145	354
Net profit from discontinued operations	0	-	14	-	14	-
Changes in working capital	94	109	52	104	0	52
<b>Cash flow from operating activities</b>	<b>118</b>	<b>191</b>	<b>170</b>	<b>417</b>	<b>159</b>	<b>406</b>
Investments in intangible and tangible assets	-9	-29	-21	-65	-40	-84
Proceeds from sale of intangible and tangible assets	24	0	24	0	24	0
Acquisition of businesses	0	-154	-208	-160	-261	-213
Divestment of businesses	17	-	17	-	17	-
Discontinued operations, net effect	-	-	222	-	222	-
<b>Cash flow before financing</b>	<b>150</b>	<b>8</b>	<b>204</b>	<b>192</b>	<b>121</b>	<b>109</b>
Financing activities	-153	17	-211	-184	-136	-109
<b>Cash flow for the period</b>	<b>-3</b>	<b>25</b>	<b>-7</b>	<b>8</b>	<b>-15</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of the period*</b>	<b>57</b>	<b>47</b>	<b>63</b>	<b>62</b>	<b>73</b>	<b>62</b>
Cash flow for the period	-3	25	-7	8	-15	0
Exchange-rate differences in cash and cash equivalents	1	1	-1	3	-3	1
<b>Cash and cash equivalents at the end of the period</b>	<b>55</b>	<b>73</b>	<b>55</b>	<b>73</b>	<b>55</b>	<b>63</b>

# Bergman & Beving – Key financial ratios

	R12 months	
Continuing operations	31 December 2017	31 March 2017
Revenue, MSEK	3,841	3,834
EBITA, MSEK	217	260
EBITA margin, %	5.6	6.8
Operating profit, MSEK	210	258
Operating margin, %	5.5	6.7
Profit after financial items, MSEK	192	253
Net profit, MSEK	154	195
Profit margin, %	5.0	6.6
Return on working capital (P/WC), %	20	25
Return on capital employed, %	7	8
Return on equity, %	8	7
Operational net loan liability (closing balance), MSEK	337	260
Equity (closing balance), MSEK	1,521	2,724
Equity/assets ratio, %	43	49
Number of employees at the end of the period	1,078	1,018
<b>Key per-share data</b>		
Earnings, SEK	5.50	6.95
Earnings after dilution, SEK*	5.50	6.90
Cash flow from operating activities, SEK	5.80	14.45
Equity, SEK	54.15	96.80
Share price, SEK	86.00	192.00