

Year-end report 2023

15 February 2024

Q4 23

Presenting today



Ulf Lilius
President and CEO



Niklas Enmark
CFO



Agenda

- **Q4 highlights**
- **Development during the quarter**
- **Financial targets**



Q4 highlights

Stable conclusion to a year dominated by strong growth

Revenue:

+35%

- Strong sales development with 5% organic growth.
- Demand still generally stable from our Nordic industrial customers. Some market segments exhibit a lower level of activity.
- Strong contribution from acquisitions.

EBITA:

+25%

- Fueled by organic sales growth.
- Cost control.
- Strong contribution from acquisitions.

EBITA/WC:

59%

- High level of profitability
- Strong cash flow.
- Proposal for a dividend of 1.10 SEK per share, 32% of net profit

Acquisitions in Q4:

cobalch
pipeline accessories

SWERUB 

 **WEH**[®]

HELSINGIN KUMI



Q4 2023

Development during the quarter

Group: Sales Q4 2023

- Revenue increased by 35% to SEK 667 m (494).
- Growth in comparable units of 5%.
- Demand generally stable. Some customers show signs of lower level of activity, but the Nordic industry is resilient.
- Global component shortage less noticeable.
- More moderate increase in purchase prices and costs.
- Positive contribution from acquisitions adding 31%.
- One less trading day vs last year.



Revenue growth
in comparable units vs Q4 2022

+5%



Sales performance

	Q4 2023	Jan-Dec 2023
Comparable units in local currency	5.5%	7.5%
Currency effects	0.2%	0.5%
Number of trading days	-1.8%	-1.0%
Acquisitions	31.2%	25.2%
Total change	35.1%	32.2%

Group: Earnings Q4 2023

- Earnings growth due to:
 - Organic revenue growth
 - Clear contribution from acquisitions
 - Stable or increasing gross margins
- Operating profit rose by 17% to SEK 61 m (52).
- EBITA increased by 25% to SEK 70 m (56).
 - EBITA margin 10.5% (11.3).
- Net profit SEK 44 m (39).
- Earnings per share SEK 0.85 (0.75).



EBITA growth

vs Q4 2022

+25%

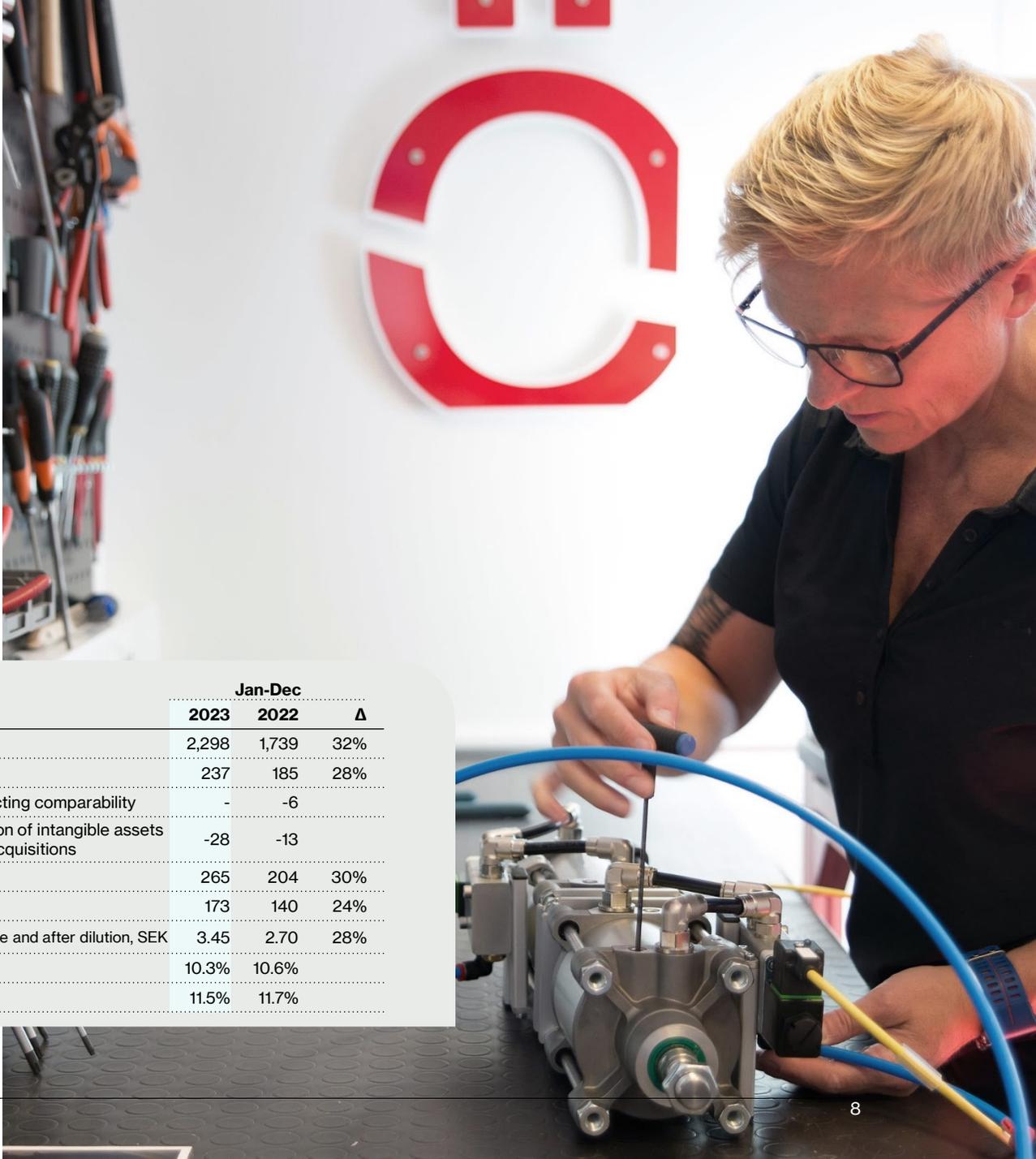
Earnings, SEK m



	Q4		
	2023	2022	Δ
Revenue	667	494	35%
Operating profit	61	52	17%
of which: Items affecting comparability	-	-	
of which: Amortisation of intangible assets in connection with acquisitions	-9	-4	
EBITA	70	56	25%
Net profit	44	39	13%
Earnings per share before and after dilution, SEK	0.85	0.75	13%
Operating margin	9.1%	10.5%	
EBITA margin	10.5%	11.3%	

Group: Full year 2023

- Revenue increased by 32% to SEK 2,298 m (1,739).
 - Growth in comparable units of 7%.
- Operating profit rose by 28% to SEK 237 m (185).
- EBITA increased by 30% to SEK 265 m (204).
- EBITA margin of 11.5% (11.7).
- Net profit SEK 173 m (140).
- Earnings per share SEK 3.45 (2.70).
- Dividend (proposal) of SEK X (1.00) corresponding to a dividend ratio of X% (37).



Revenue growth
in comparable units vs 2022

+7%

EBITA growth
vs 2022

+30%

	Jan-Dec		
	2023	2022	Δ
Revenue	2,298	1,739	32%
Operating profit	237	185	28%
of which: Items affecting comparability	-	-6	
of which: Amortisation of intangible assets in connection with acquisitions	-28	-13	
EBITA	265	204	30%
Net profit	173	140	24%
Earnings per share before and after dilution, SEK	3.45	2.70	28%
Operating margin	10.3%	10.6%	
EBITA margin	11.5%	11.7%	

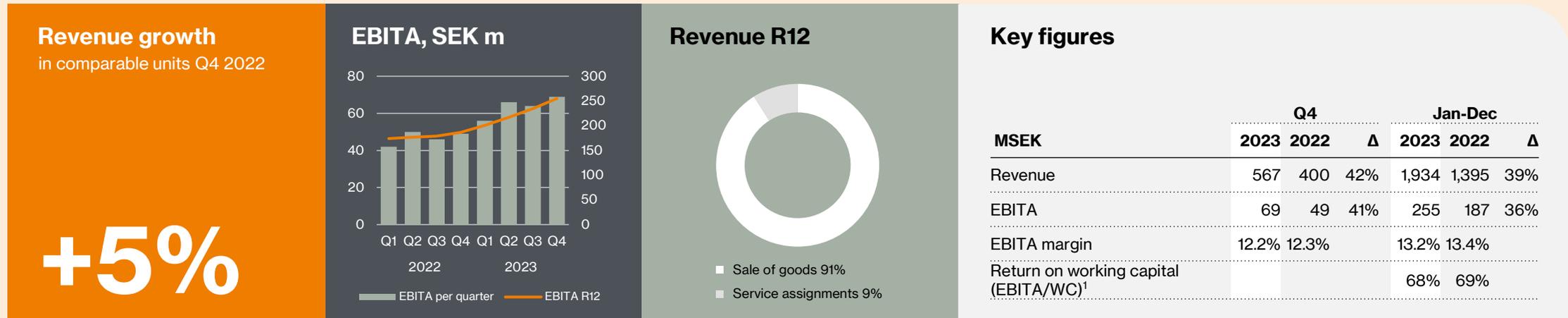
Components business area

Momentum Industrial

- Continued healthy sales and earnings growth.
- Volume growth in the automotive and mining customer segments.
- Decrease in the pulp and paper segment.
- Growth in product areas bearings, automation and seals.

Specialist

- Stable growth in both sales and earnings.
- Strong contribution from acquired businesses (SEK 155 m).
- Generally stable demand. Customers are somewhat more cautious with projects coupled with some delivery delays.
- Acquisitions of Cobalch, WEH Sverige, Swerub and Helsingin Kumi completed in Q4.



¹ R12 until 31 December 2023.



Services business area

- In general, positive sales trend and good utilization rate in workshops.
- Earnings affected by
 - lower utilization rate end of period
 - some projects with slightly lower margins.
 - merger of Mekano and Carl A.
- Measurement technology showed increased customer activity and improved demand.



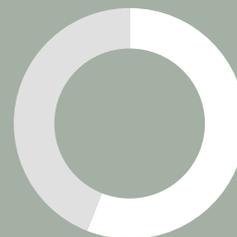
Revenue growth in comparable units vs Q4 2023

+7%

EBITA, SEK m



Revenue R12



- Sale of goods 56%
- Service assignments 44%

Key figures

MSEK	Q4			Jan-Dec		
	2023	2022	Δ	2023	2022	Δ
Revenue	104	99	5%	379	363	4%
EBITA	10	14	-29%	37	40	-8%
EBITA margin	9.6%	14.1%		9.8%	11.0%	
Return on working capital (EBITA/WC) ¹				51%	62%	

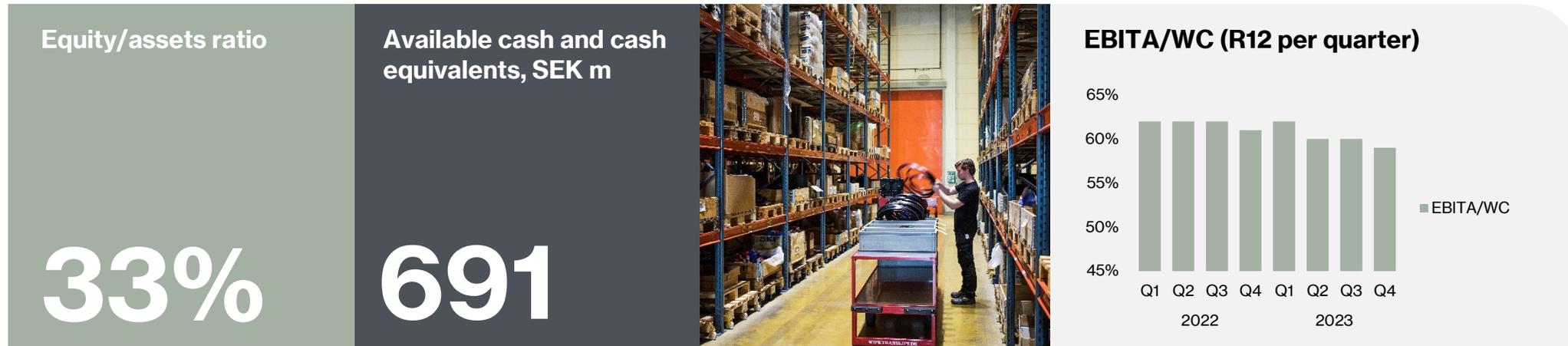
¹ R12 until 31 December 2023.



Profitability, cash flow and financial position

- EBITA/WC 59% (61).
- Return on equity 31% (29).
- Cash flow from operating activities for the reporting period of SEK 260 m (135)
 - IFRS effects on cash flow¹ SEK 65 m (50).
- Cash flow from investing activities SEK –436 m (–105)
 - of which acquisitions –424 m (–100).
- Cash flow from financing activities SEK 206 m (–83)
 - change in interest-bearing liabilities SEK +239 m (+5)
 - paid dividends SEK –50 m (–).
- Operational net loan liability of SEK 326 m (48 at the beginning of the year)
 - change mainly from cash flow from operating activities, acquisitions and dividends.

¹ Positive effect on cash flow from operating activities, negative effect on financing activities. Net is zero. For previous periods, see appendix.



Acquisitions in Q4



Cobalch ApS

Specialist in pipeline accessories for gas, water, oil, sewage treatment plants, water works and refineries.

Acquired holding: **70%**
Closing: **November 2023**
Annual revenue: **SEK 25 million**
No. of employees: **4**



WEH Sverige AB

Specialist in CNG/Hydrogen refueling components and gas detection.

Acquired holding: **100%**
Closing: **November 2023**
Annual revenue: **SEK 10 million**
No. of employees: **1**



Swerub AB

Market leader in Sweden in advanced custom-made rubber products for industry.

Acquired holding: **100%**
Partially paid for by own B shares.
Closing: **November 2023**
Annual revenue: **SEK 40 million**
No. of employees: **25**



Helsingin Kumi Oy

Specialist in customized rubber products and rubber profiles for industrial customers in Finland.

Acquired holding: **100%**
Closing: **December 2023**
Annual revenue: **SEK 25 million**
No. of employees: **7**



Financial targets

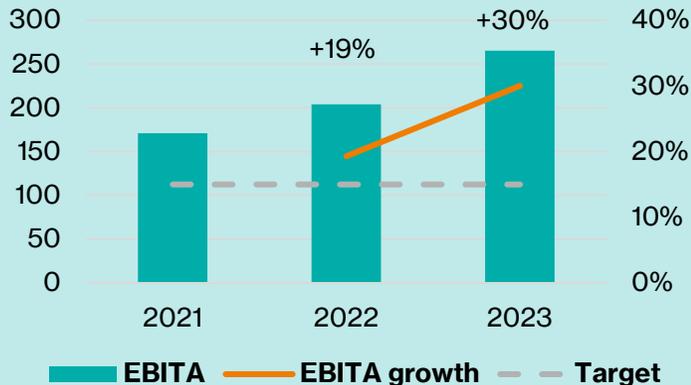
Exceeding all financial targets

Earnings growth

Aims to achieve earnings growth (EBITA) of >15% annually over a business cycle **and at least double our earning every five years.**

Target: >15%
Outcome 2023: **30%**

Earnings growth, SEK m



Profitability

Aims to achieve a profitability of P/WC of >45%, measured as EBITA (P) in relation to utilised working capital (WC)¹.

Target: >45%
Outcome 2023: **59%**

Profitability (EBITA/WC)



Dividend policy

>30% of earnings per share annually over a business cycle. Proposal for a dividend of 1.10 SEK per share, 32% of net profit.

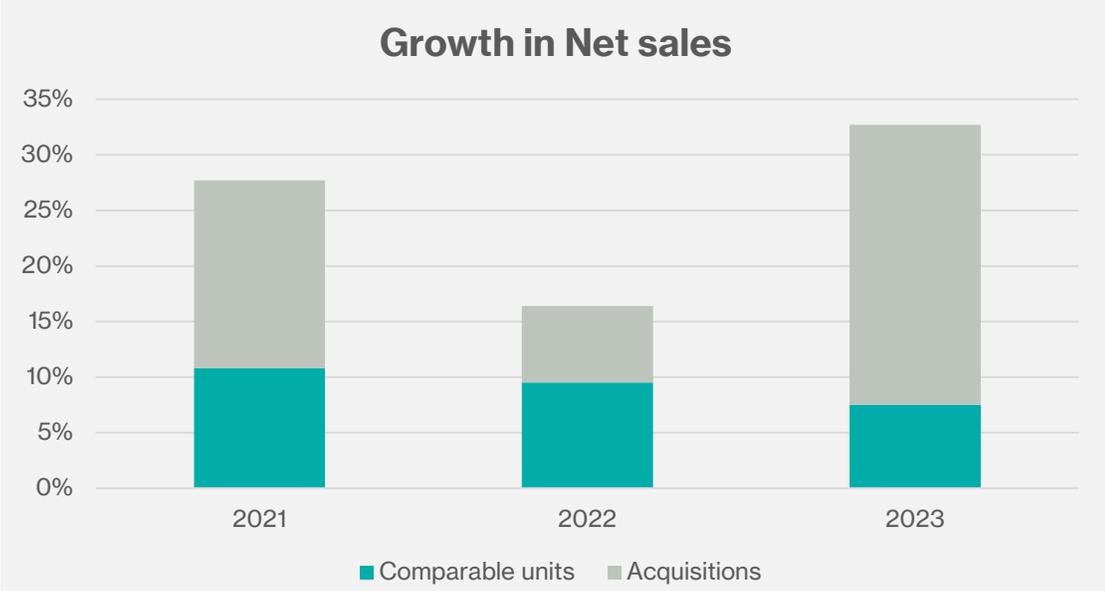
Target: >30%
Outcome 2023²: **32%**

¹ (P/WC) refers to the return (EBITA R12 (P)) on working capital (WC) defined as inventories plus accounts receivables less accounts payable on average R12.

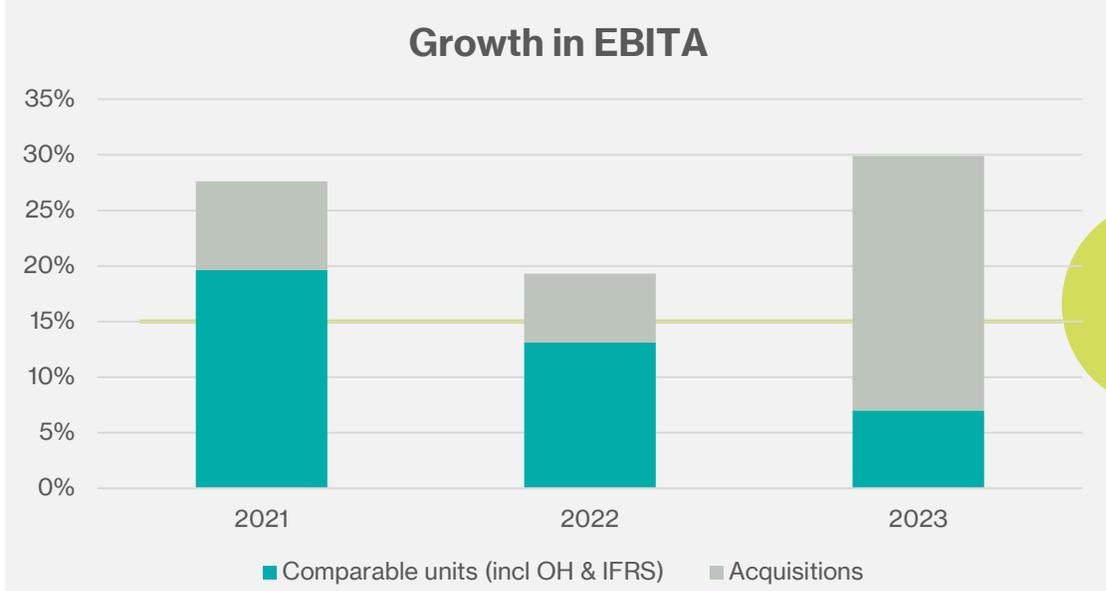
² Proposal of the Board of Directors.



Growth development in net sales and EBITA



Strong organic growth over time coupled with an increasing contribution from acquisitions.



Growth in EBITA thanks to organic sales increase, improvements in comparable units as well as good acquisition track record.

Acquisitions an important driver for profit expansion.

Aims to achieve earnings growth (EBITA) of >15% annually over a business cycle and at least double earning every five years.

Financial target: **EBITA >15%**



New Group structure for continued growth, profitability and development

Industry business area

The companies in the Industry business area offer components and related services primarily to aftermarket and OEM customers in the industrial sector in the Nordic region. The companies are primarily resellers, but with some elements of own products and assembly with a strong focus on industrial improvements.

Infrastructure business area

The companies in the Infrastructure business area offer products, services and solutions to customers in industrial infrastructure that are critical to a functioning society. The companies are resellers and service companies and often deliver complete solutions with a focus on safe operation, longer service life and increased efficiency.

Power Transmission

Offers repair and maintenance services and solutions with a focus on industrial improvements to the aftermarket in the Nordic region.

Revenue: SEK 1,285 million¹



Specialist

Leading specialists in selected product verticals such as drive, bearing, sealing and technical transmission.

Revenue: SEK 325 million¹



Flow Technology

Focus on critical functions for processes and to society where media such as steam, gas and water play a central role.

Revenue: SEK 325 million¹



Technical Solutions

Offers industrial services that secure and streamline the operation of plants and gives machines increased service life and efficiency.

Revenue: SEK 380 million¹



¹ Revenue refers to net sales 2023 (proforma).



Contact us

Please email us at ir@momentum.group
if you have any questions.



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Appendix

IFRS effects on cash flow

MSEK	2023	2022
IFRS effects on cash flow from operations	65	50
IFRS effects on cash flow from financing activities	-65	-50
Net	0	0



Largest shareholders

Shareholder	A shares	B shares	Capital	Votes
Nordstjernan	213	22,876,641	45.32%	41.18%
Tom Hedelius	513,124		1.02%	9.24%
Ampfield Management		4,759,748	9.43%	8.57%
Fidelity Investments (FMR)		3,961,200	7.85%	7.13%
Tredje AP-fonden		2,000,000	3.96%	3.60%
Lannebo Fonder		1,735,915	3.44%	3.12%
Momentum Group AB*		1,083,026	2.15%	1.95%
Handelsbanken Fonder		977,212	1.94%	1.76%
Sandrew AB		800,000	1.58%	1.44%
Foord Asset Management Limited		746,190	1.48%	1.34%
Dimensional Fund Advisors		651,629	1.29%	1.17%
Enter Fonder		583,311	1.16%	1.05%
REQ Capital AS		503,371	1.00%	0.91%
Case Kapitalförvaltning		500,000	0.99%	0.90%
Ulf Lilius	2,688	454,370	0.91%	0.87%
Paradigm Capital AG		322,923	0.64%	0.58%
SEB Fonder		274,898	0.54%	0.49%
La Financière de l'Echiquier		273,585	0.54%	0.49%
Total largest shareholders	516,025	42,504,019	85.22%	85.79%
Other	48,048	7,412,797	14.78%	14.21%
Total	564,073	49,916,816	100.00%	100.00%

* Treasury shares

Source: Monitor. Data as of 31 December 2023



Pro forma statements

MSEK	Jan-Dec 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Jan-Dec 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue										
Industry	1 610	425	375	414	396	1 384	389	315	358	322
Infrastructure	704	247	208	138	111	374	110	89	93	82
Group-wide	13	4	4	3	2	9	3	2	2	2
Eliminations	-29	-9	-7	-6	-7	-28	-8	-6	-7	-7
Group total	2 298	667	580	549	502	1 739	494	400	446	399
EBITA										
Industry	221	57	52	59	53	184	46	46	50	42
Infrastructure	71	22	22	14	13	43	17	10	9	7
Group-wide	-27	-9	-4	-8	-6	-23	-7	-6	-5	-5
Eliminations	-	-	-	-	-	-	-	-	-	-
Group total	265	70	70	65	60	204	56	50	54	44
EBITA margin										
Industry	13,7%	13,4%	13,9%	14,3%	13,4%	13,3%	11,8%	14,6%	14,0%	13,0%
Infrastructure	10,1%	8,9%	10,6%	10,1%	11,7%	11,5%	15,5%	11,2%	9,7%	8,5%
Group total	11,5%	10,5%	12,1%	11,8%	12,0%	11,7%	11,3%	12,5%	12,1%	11,0%
EBITA/WC*										
Industry	69%	69%	68%	68%	68%	69%	69%	71%	73%	75%
Infrastructure	55%	55%	62%	65%	68%	62%	62%	58%	55%	47%
Group total	59%	59%	60%	60%	62%	61%	61%	62%	62%	62%

* Rolling 12 months



Dates for upcoming financial information

31 March 2024

Annual and sustainability report

26 April 2024

Interim report Q1 2024

7 May 2024

Annual General Meeting 2024

17 July 2024

Interim report Q2 2024

24 October 2024

Interim report Q3 2024

14 February 2025

Year-end report 2024

