momentum group

Interim report Q2 2023

14 July 2023

Presenting today

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President and CEO

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CFO

Agenda

- Q2 highlights
- Development during the quarter
- Growth strategy
- Q&A

Q2 highlights

Continued favourable organic and acquisition-driven growth

Revenue:

+23%

- Continued healthy sales development.
- Stable demand.
- Positive contribution from acquisitions.
- 7% growth in comparable units.

EBITA:

+20%

- Organic growth.
- Cost control.
- Contribution from acquisitions.

EBITA/WC:

60%

- Profitability remains high.
- Focus on keeping low and stable working capital within all operations.
- Strong cash flow.

Acquisitions in Q2:

askalon® process

REGAL

Acquisition after Q2:

iTEMS

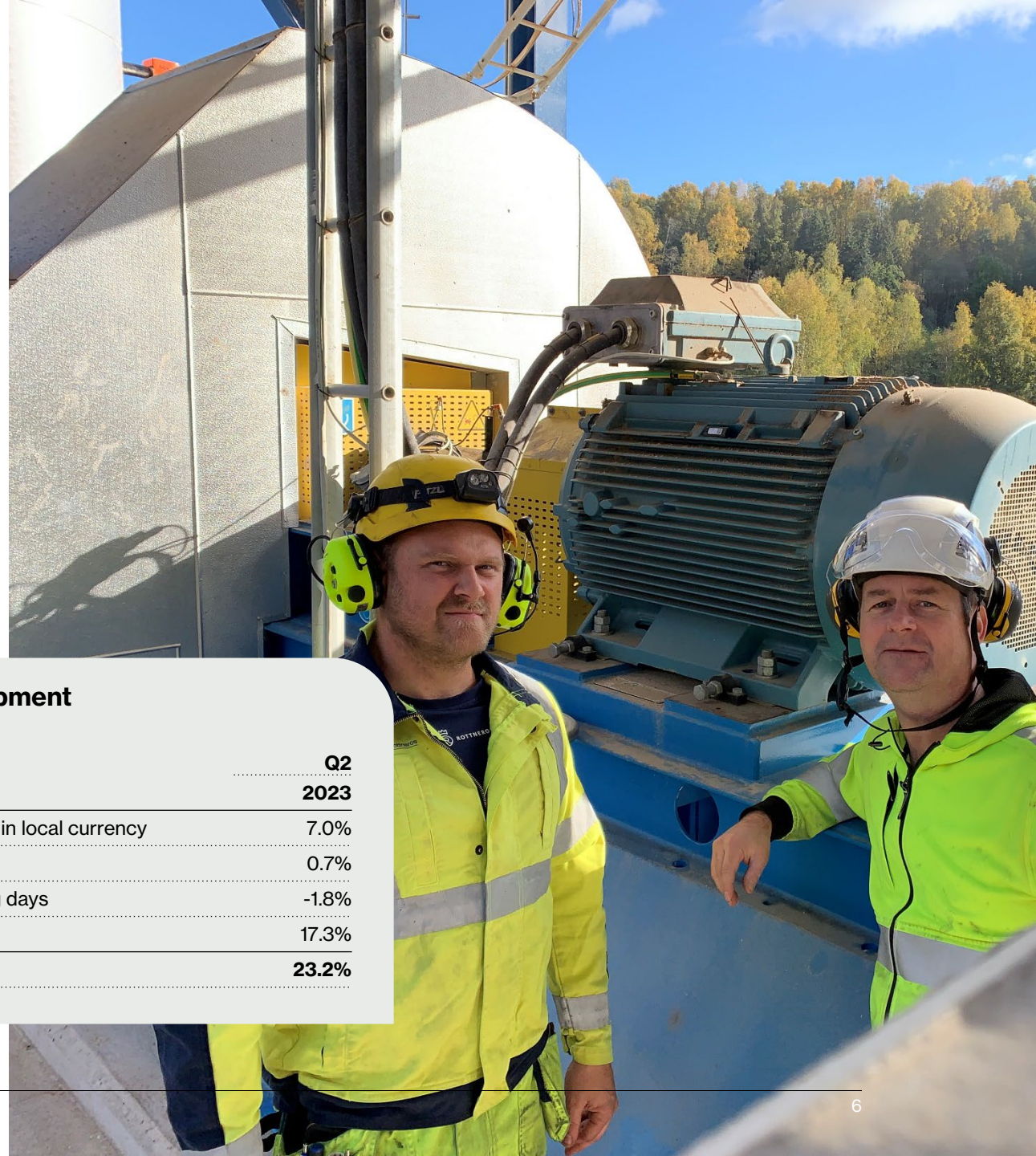
momentum group

Q2 2023

Development during the quarter

Group: Sales Q2 2023

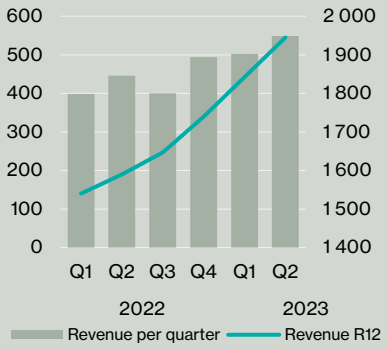
- Revenue increased by 23% to SEK 549 m (446).
- Growth in comparable units of 7%.
- Continued healthy sales development and demand.
- Signs of improvement for global component shortage.
- More moderate increase in purchase prices and costs.
- Still no major impact from the weak SEK.
- Positive contribution from acquisitions adding 17%.
- One less trading day vs last year.



Revenue growth
in comparable units vs Q2 2022

+7%

Revenue, SEK million



Sales development

%	Q2 2023
Comparable units in local currency	7.0%
Currency effects	0.7%
Number of trading days	-1.8%
Acquisitions	17.3%
Total change	**23.2%**

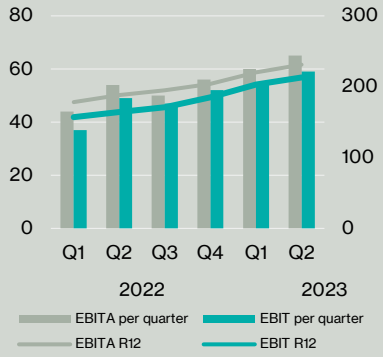
Group: Earnings Q2 2023

- Earnings growth due to:
  - Revenue growth, organic and acquisitions.
  - Cost control and well-managed price/cost increases.
- Operating profit rose by 20% to SEK 59 m (49).
- EBITA increased by 20% to SEK 65 m (54).
  - EBITA margin 11.8% (12.1).
- Net profit SEK 43 m (37).
- Earnings per share SEK 0.90 (0.70).

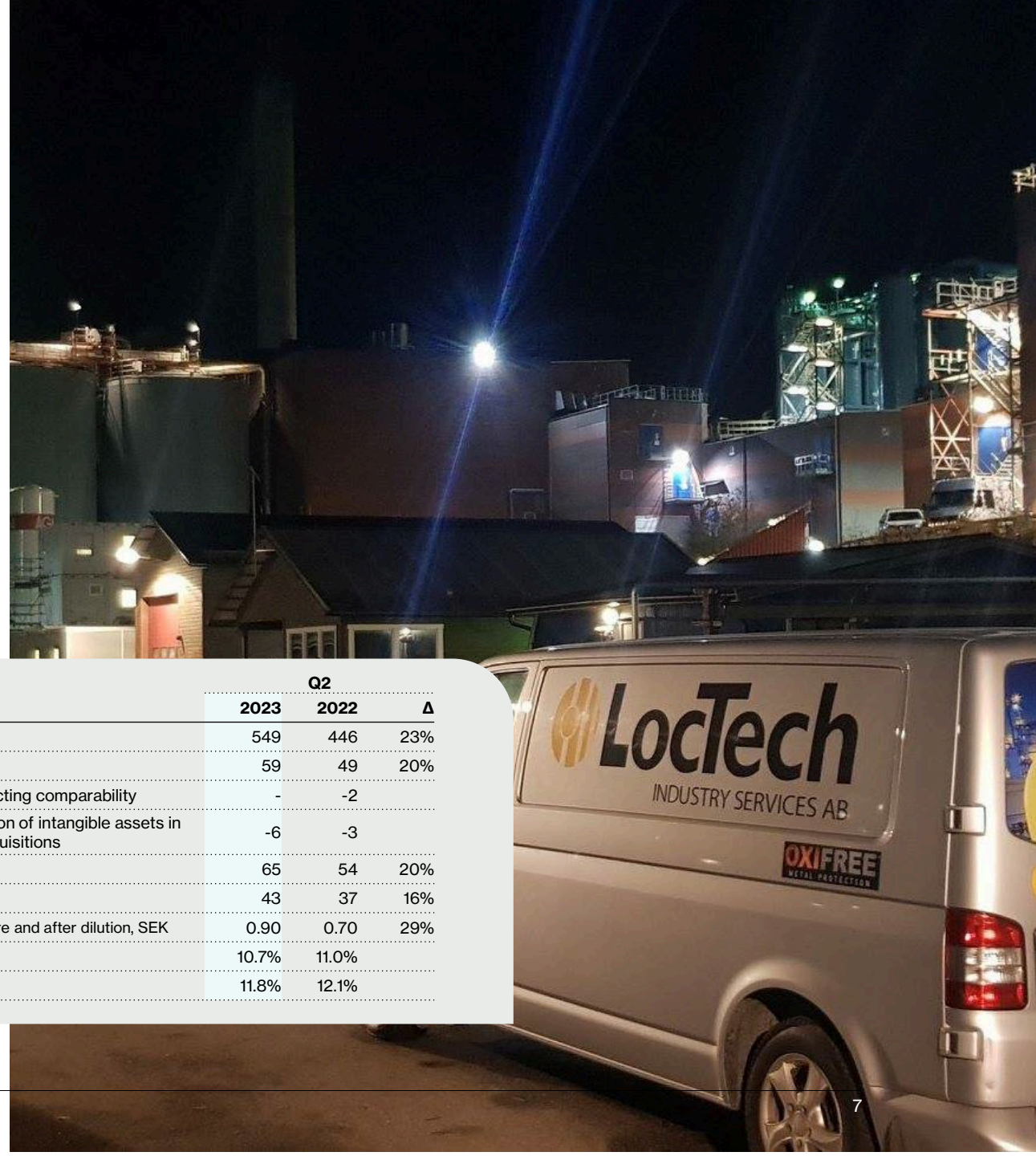
EBITA growth
vs Q2 2022

+20%

Earnings, SEK m



MSEK	Q2 2023	Q2 2022	Δ
Revenue	549	446	23%
Operating profit	59	49	20%
of which: Items affecting comparability	-	-2	
of which: Amortisation of intangible assets in connection with acquisitions	-6	-3	
EBITA	65	54	20%
Net profit	43	37	16%
Earnings per share before and after dilution, SEK	0.90	0.70	29%
Operating margin	10.7%	11.0%	
EBITA margin	11.8%	12.1%	



Group: 1 Jan-30 Jun 2023

- Revenue increased by 24% to SEK 1,051 m (845).
- Operating profit rose by 33% to SEK 114 m (86).
- EBITA increased by 28% to SEK 125 m (98).
- EBITA margin of 11.9% (11.6).
- Net profit SEK 85 m (65).
- Earnings per share SEK 1.75 (1.25).

Revenue growth
vs Jan-Jun 2022

+24%

EBITA growth
vs Jan-Jun 2022

+28%

	Jan-Jun			R12 Jun		
MSEK	**2023**	**2022**	**Δ**	**2023**	**2022**	**Δ**
Revenue	1,051	845	24%	1,945	1,590	22%
Operating profit	114	86	33%	213	164	30%
of which: Items affecting comparability	0	-6		0	-12	
of which: Amortisation of intangible assets in connection with acquisitions	-11	-6		-18	-12	
EBITA	125	98	28%	231	188	23%
Net profit	85	65	31%	160	125	28%
Earnings per share before and after dilution, SEK	1.75	1.25	40%	3.20	2.40	33%
Operating margin	10.8%	10.2%		11.0%	10.3%	
EBITA margin	11.9%	11.6%		11.9%	11.8%	

Components business area

Momentum Industrial

- Strong growth in both sales and earnings.
- Growth was particularly favourable in the customer segments mining, paper and automotive.
- LocTech integrated into Momentum Industrial.

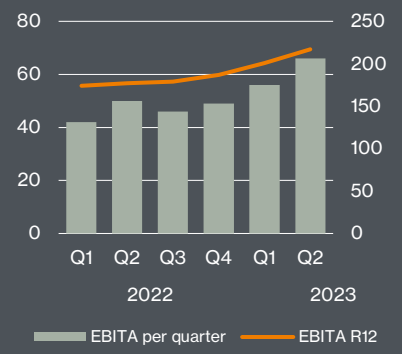
Specialist

- Good demand and growth in both sales and earnings.
- Continued (but less) impact from delivery disruptions.
- Acquisitions of Askalon and Regal completed in Q2 – positive impact on the performance.
- Acquisition of Processkontroll Items after the period.

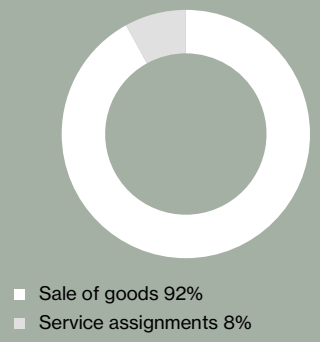
Revenue growth
in comparable units vs Q2 2022

+10%

EBITA, SEK m



Revenue R12



Key figures

	Q2			Jan-Jun		
MSEK	**2023**	**2022**	**Δ**	**2023**	**2022**	**Δ**
Revenue	461	358	29%	871	680	28%
EBITA	66	50	32%	122	92	33%
EBITA margin	14.3%	14.0%		14.0%	13.5%	
Return on working capital (EBITA/WC)				69%	73%	

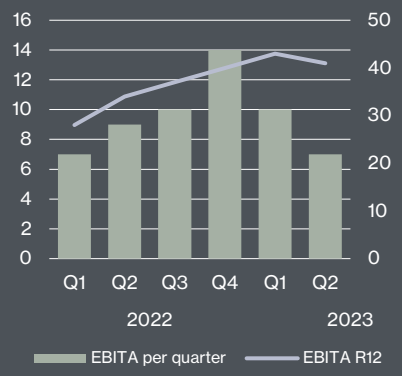
Services business area

- Stable revenue trend for most of the companies.
- Some delivery delays and slightly lower project sales in Rörick and Mekano affecting sales during Q2.
- Announcement of the merger of Carl A and Mekano.
- Increased customer activity and improved demand towards the end of the quarter.

Revenue growth
in comparable units vs Q2 2022

-7%

EBITA, SEK m



Revenue R12

- Sale of goods 58%
- Service assignments 42%

Key figures

	Q2			Jan-Jun		
MSEK	**2023**	**2022**	**Δ**	**2023**	**2022**	**Δ**
Revenue	91	93	-2%	188	175	7%
EBITA	7	9	-22%	17	16	6%
EBITA margin	7.7%	9.7%		9.0%	9.1%	
Return on working capital (EBITA/WC)				61%	55%	

Profitability, cash flow and financial position

- EBITA/WC 60% (62).
- Return on equity 32% (28).
- Cash flow from operating activities for the reporting period of SEK 112 m (46)
  - IFRS effects on cash flow[1] SEK 31 m (25).
- Cash flow from investing activities SEK –289 m (–33)
  - of which acquisitions –284 m (–32).
- Cash flow from financing activities SEK 196 m (–80)
  - change in interest-bearing liabilities SEK +246 m (–6)
  - paid dividends SEK –50 m (–).
- Operational net loan liability of SEK 305 m (48 at the beginning of the year)
  - change mainly from cash flow from operating activities, acquisitions and dividends.

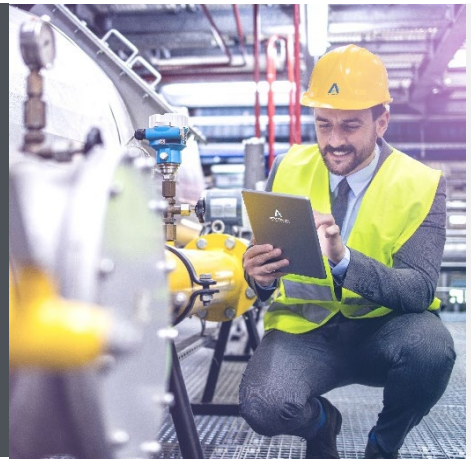
[1] Positive effect on cash flow from operating activities, negative effect on financing activities. Net is zero. For previous periods, see appendix.

Equity/assets ratio

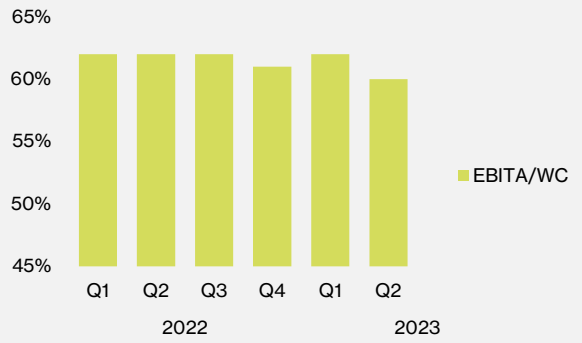
32%

Available cash and cash equivalents, SEK m

704



EBITA/WC (R12 per quarter)



Growth strategy

Acquisitions are an important part of our growth strategy

The strategy is to acquire and develop businesses focused on trade and services in selected product and service verticals – in both existing product and service areas and in new business areas.

Candidates for acquisition should be leaders in their product and service verticals and it should be possible for them to develop and achieve long-term sustainable profitability and growth.

Professional organisation for acquisitions

Acquisitions at subsidiary level

Subsidiaries that meet the profitability target:

>45% EBITA/WC

Add-on acquisitions to strengthen the offering or geographical expansion, based on our capital allocation model – or as we call it, our internal Focus Model – which helps each company prioritize their goals and activities to focus on.

The subsidiary's CEO is commercially responsible with support from the Group if the company meet the profitability target.

Acquisitions at business area level

Three areas with clear acquisition agendas.

Aftermarket – companies that complement the operations within Momentum Industrial in Sweden, Norway and Finland.

Specialists – companies in leading specialist positions in their market niche in the Nordic region.

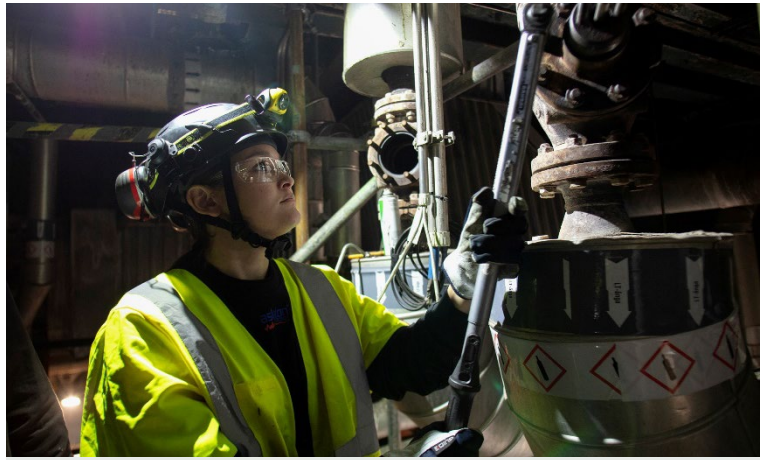
Technical service – companies within technical industrial service, primarily in Sweden.

Acquisitions at Group level

Larger acquisitions.

Supports the companies and business areas with specific expertise in transactions, financial analysis, communication and more.

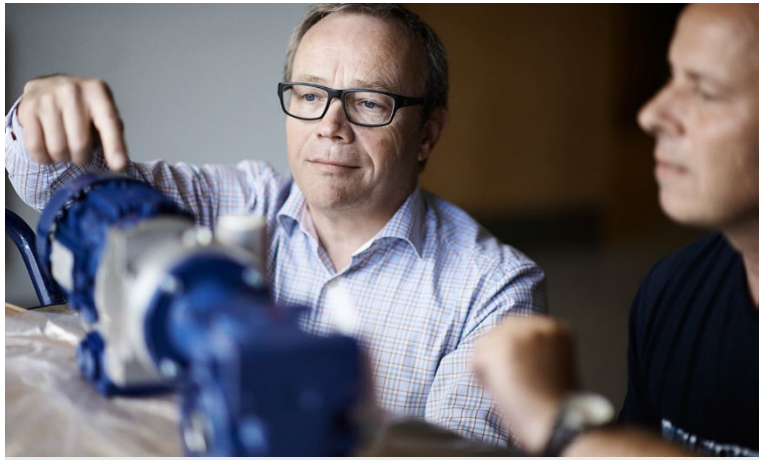
Acquisitions in and after the period



Askalon

Leading in advanced valve solutions, primarily for the power, refinery and process industries in Sweden, Denmark, Finland and Iceland.

Acquired holding: **94%**
Closing: **June 2023**
Annual revenue: **SEK 317 million**
No. of employees: **115**



Regal

Leading niche player in transmission, electrical automation and control to both OEM and end customers in the food, toy and pharmaceutical industries in Denmark.

Acquired holding: **100%**
Closing: **June 2023**
Annual revenue: **DKK 34 million**
No. of employees: **6**

iTEMS

Leading niche player in instrumentation for demanding operating conditions for customers primarily in the process, gas, biogas, pharmaceutical and manufacturing industries.

Acquired holding: **100%**
Closing: **July 2023**
Annual revenue: **SEK 50 million**
No. of employees: **12**

Focus going forward

- Organic growth by developing our companies.
- Cash flow EBITA/WC to finance our expansion and development.
- Margin around double digits in order to have EBITA/WC > 45%.
- 3-5 acquisitions every year.
- Reasonable net debt to EBITDA.
- Capital allocation through share buybacks and add-on acquisitions to strengthen the offering or geographical expansion, based on our capital allocation model (our internal Focus Model) which helps each company prioritize their goals and activities to focus on.

With the aim to increase EPS.

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	Reporting period Jan-Jun 2023	Jan-Jun 2022	R12 June 2023	FY 2022
IFRS effects on cash flow from operations	31	25	56	50
IFRS effects on cash flow from financing activities	-31	-25	-56	-50
Net	**0**	**0**	**0**	**0**

Largest shareholders

Shareholder	A shares	B shares	Capital	Votes
Nordstjernan	213	27,776,641	55.02%	50.00%
Tom Hedelius	513,124		1.02%	9.24%
Ampfield Management		3,475,082	6.88%	6.25%
Fidelity Investments (FMR)		2,898,934	5.74%	5.22%
Momentum Group AB[1]		1,259,624	2.50%	2.27%
Lannebo Fonder		1,102,232	2.18%	1.98%
Carnegie Fonder		999,007	1.98%	1.80%
Sandrew AB		800,000	1.58%	1.44%
Enter Fonder		750,009	1.49%	1.35%
Foord Asset Management Limited		746,190	1.48%	1.34%
Dimensional Fund Advisors		662,758	1.31%	1.19%
Handelsbanken Fonder		526,500	1.04%	0.95%
Ulf Lilius	2,688	333,826	0.67%	0.65%
Paradigm Capital AG		352,033	0.70%	0.63%
La Financière de l'Echiquier		300,285	0.59%	0.54%
SEB Fonder		274,898	0.54%	0.49%
Adrigo Asset Management		272,997	0.54%	0.49%
Christina Mörner	10,000	156,647	0.33%	0.46%
Total largest shareholders	***526,025***	***42,687,663***	***85.60%***	***86.30%***
Other	38,048	7,229,153	14.40%	13.70%
Total	**564,073**	**49,916,816**	**100.00%**	**100.00%**

[1] Treasury shares
Source: Monitor. Data as of 30 June 2023

Dates for upcoming financial information

Financial reports

27 October 2023
Interim Report for the third quarter of 2023

15 February 2024
Year-end report 2023