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Momentum Group

Q1 2026

Speakers

Niklas Enmark
VP and CFO | Momentum Group

Operator

Ulf Lilius
CEO | Momentum Group

Prepared Remarks

Ulf Lilius
CEO | Momentum Group

Welcome to the presentation of Momentum Group's Q1 report for 2026. I'm Ulf Lilius, CEO for Momentum Group, and I'm here with my colleague Niklas Enmark, Vice President and CFO, and we will guide you through our report today. The business climate continues to be hesitant, where our customers have a strong focus on costs and where demand is generally sluggish. Adding to this last quarter brought an increased anxiety coupled to the geopolitical turmoil. This was especially apparent in the first half of March, when the market was quiet. Later in the month, the situation bounced back, enabling us to somewhat compensate for the tough start. In this environment, our priority is to have a strong focus on costs, as well as pricing and efficiency measures to mitigate the volatility in demand and volumes.

Ulf Lilius
CEO | Momentum Group

At the same time, we urge our companies to maintain high customer activities in order to be well-positioned to meet the gradually improving market demand as it materializes. We also continue to make selective acquisitions in line with our strategy. I'm pleased to see that despite that tough market condition that had a relatively large negative impact on our sales volumes, we have performed fairly well in all other categories. Our gross margin is improving and our cost base is decreasing. We have also completed two acquisitions in the start of this year, and we have a good pipeline going forward. I will also give you a few words of the acquisitions made in 2026. Höglandets Kompressorservice is a specialist in compressor technology for industrial customers and was acquired during the quarter.

Ulf Lilius
CEO | Momentum Group

Actuated Solutions in the U.K. was acquired after the period and marks our entry in the U.K. market and the first acquisition outside of the Nordics. The short-term market situation remains challenging, and given the prevailing geopolitical uncertainty, we expect customers to exhibit a certain level of restraint also going forward. We continue to focus on what we can influence, and with the actions that have been taken, we're well-positioned to meet improved demand and be the best choice when business decisions are made. We stick to our long-term ambition to reach SEK 600 million by the end of 2030, even though we could have wished for a more comfortable start of that journey. We have several more quarters left to continue to improve. I will now summarize market and sales for the quarter.

Ulf Lilius
CEO | Momentum Group

On a total level, Momentum Group reported unchanged revenue during the first quarter of the year with good contributions from acquisitions. The sales from comparable units decreased by 6% as the business climate in the group's main markets in the Nordic region remained hesitant. Improved signals from the market at the end of last year gave the way to a more cautious customer situation at the beginning of this year, where we saw a focus on cost control, as well as restraint in investment decisions and maintenance among our customers. The Danish market was weaker than the other countries in the Nordic region, primarily due to lower activity in project-intensive segments. Demand in other markets was more stable, although variation continued to be noted between various customer segments. The period was dominated by varied demand, geopolitical uncertainty, and periodically lower activity levels among customers.

Ulf Lilius
CEO | Momentum Group

Seasonal factors had a relatively significant impact during the quarter, with lower activity in plant maintenance leading to lower capacity utilization in parts of the service operation. Several group companies noted a slight improvement in demand towards the end of the period after notable lower activity level at the beginning of March, likely as a result of the geopolitical tensions. Overall demand was cautious, with geopolitical tensions weighing heavily. Sales fluctuated during the period, but a slight upturn in sales took place towards the end of the quarter. Acquired operations made a positive contribution to revenue and earnings. To date this year, Momentum Group has completed two acquisitions, one of which took place after the end of the quarter, with a combined annual revenue of approximately SEK 80 million. I will now hand over to Niklas for the Q1 report, and I will return to discuss Momentum Group's outlook.

Niklas Enmark
VP and CFO | Momentum Group

Thank you, Ulf. I will go through the development per business area. Revenue for the business area industry decreased by 2% to SEK 431 million compared with the same quarter of last year. Revenue for comparable units measured in local currency and adjusted for the number of trading days decreased by 3% compared to the previous year. That's the same change that we saw in the previous quarter. EBITA decreased by 10% to SEK 57 million, corresponding to an EBITA margin of 13.2%. The EBITA margin did mean a positive change compared to the 10.8% we reported in the last quarter of last year. The quarter-over-quarter improvement attributed to high gross margins, reduction in costs, and strong contributions from acquisitions. The business area's profitability measured as return on working capital amounted to 63%.

Niklas Enmark
VP and CFO | Momentum Group

Power Transmission sales fell slightly with a somewhat lower EBITA margin, with strong gross margins. Demand bounced back to positive in the pulp and paper and mining industries, decreased again in the automotive industry. The performance in other customer segments varied. Activity levels shifted during the quarter with a generally weak start, followed by gradual improvement, likely affected by geopolitical turmoil causing volatility in demand and sales with an overall dampening effect. Within Specialist, sales and EBITDA margins declined for comparable units. The business unit noted sluggish demand for systems and projects for the manufacturing industry in general, in Denmark, demand was markedly weaker than in the previous year, primarily due to lower activity in larger projects, as we also commented on last quarter. During the quarter, acquired operations contributed revenue of SEK 10 million with a strong contribution to earnings.

Niklas Enmark
VP and CFO | Momentum Group

Quarter-over-quarter, the business unit improved markedly with higher gross margins and lower costs as actions have been taken to mitigate the effect from lower sales volumes. Revenue for the business area infrastructure decreased by 4% to SEK 316 million compared with the same quarter of last year. Traditionally, Q1 is a quarter below revenue, which is then due to the structure of the businesses involved in this business area. Revenue for comparable units measured in local currency and adjusted for the number of trading days decreased by 9% compared to the previous year. That's a worse performance than in the previous quarter. Besides a generally cautious market, likely affected by the geopolitical situation in the business area, we also saw more pronounced seasonal effects, partly caused by company mix effects, but also partly by harsh weather conditions affecting the service businesses within the area.

Niklas Enmark
VP and CFO | Momentum Group

EBITDA decreased by 4% to SEK 22 million, corresponding to an EBITDA margin of 7.0%. Improvements were seen in both gross margins and reduced costs compared to the corresponding period of last year, which was then not fully able to compensate for the relatively large drop in sales for comparable companies. All in all, acquisitions gave a slight positive contribution to earnings. The business area's profitability measured as return on working capital amounted to 62%. Within Flow Technology, sales for comparable units declined slightly, but with increasing earnings, especially due to strong gross margins. Demand was impacted by a more cautious market, especially affecting the inflow of projects. The product sales trend was positive in Sweden, but significantly weaker in Denmark. Service utilization was somewhat lower during the quarter. During the quarter, acquired operations contributed revenue of SEK 29 million with a strong contribution to earnings.

Niklas Enmark
VP and CFO | Momentum Group

Within Technical Solutions, sales and earnings for comparable units declined. The performance was impacted by lower capacity utilization in parts of the services operation, driven by the seasonal effects and also customer restraints. The Measurement and Control operations reported improved earnings despite lower sales volumes. Acquired operations contributed revenue of SEK 12 million during the quarter, which was characterized by low activity levels, resulting in a negative earnings contribution. Coming back to the group again and some comments on the earnings and profitability performance. EBITDA during the first quarter decreased by 8% to SEK 70 million. During the quarter, we had a positive contribution from acquisition, which was then not able to compensate for the lower EBITDA for comparable units. Looking at the latter, we increased the gross margins and lowered costs in absolute terms, but could not fully compensate for the drop in organic sales volumes.

Niklas Enmark
VP and CFO | Momentum Group

The EBITDA margin of 9.5% was lower than last year, but was also a small increase from the previous quarter. Besides the operational comments for a business area that I gave, EBITDA and EBITDA margin was also affected by higher depreciations than last year by SEK 3 million. Positive to note is that we continue to increase our gross margins in the group, despite the fact that there is a high degree of attention to costs and prices among our customers. Operating profit was SEK 56 million, corresponding to an operating margin of 7.6%. Operating profit is affected by higher level of amortization with an effect of SEK 2 million compared to the previous year. Last year's operating profit was charged with costs affecting comparability of minus SEK 3 million. Rolling 12 months, we continued to increase our revenue now by plus 5% to SEK 3.1 billion.

Niklas Enmark
VP and CFO | Momentum Group

Included in this are contributions from acquisitions by SEK 288 million. Per business area, net sales decreased by 1% within the Industry business area, and in Infrastructure, net sales increased by 15%. Our EBITDA increased by 2% to SEK 331 million with an EBITDA margin of 10.7%. Per business area, Infrastructure increases EBITDA with 22% with increasing EBITDA margins, whereas Industry saw its EBITDA decreasing by 7% with slightly lower EBITDA margins. Earnings per share stood at SEK 3.7 per share. Looking at some profitability and cash flow comments, our key financial metric of EBITDA over working capital remained relatively stable during the year at 56%. The slight decrease is due to the somewhat lower EBITDA margins during the rolling 12-month period. Our return on equity stood at 24%. Cash flow during the quarter was highly affected by the large shifts in sales and invoicing.

Niklas Enmark
VP and CFO | Momentum Group

As the latter part of March saw an increase in sales after a slowdown in the beginning of the month, accounts receivables were high at the end of the period, thus affecting cash flow. During the period, inventory levels continued to decrease, now by SEK 5 million. Cash flow from operating activities was SEK 64 million, and after working capital changes, SEK 57 million. For the rolling 12-month period, cash flow from operating activities was SEK 312 million. Operational cash flow also includes positive IFRS 16 effects of accumulated SEK 95 million, which is met by the same negative number in financing activities, making the net amount zero. Cash flow from investing activities for the reporting period amounted to SEK 34 million. This cash flow also includes acquisitions of SEK 21 million and also settlements of acquisitions, that is earn-outs and call options of SEK 9 million during the period.

Niklas Enmark
VP and CFO | Momentum Group

Our operational net loan liability amounted to SEK 356 million at the end of the period. The operational net debt to IFRS 16-adjusted EBITDA ratio was 1.0 at the end of the period. With that, I hand back to you, Ulf.

Ulf Lilius
CEO | Momentum Group

Thank you, Niklas. I give you some input about our journey and priorities coming years. We have a long history from the start in 1996, the foundation of Momentum Group, which was bought by Bergman & Beving in 2004. Momentum Group's favorable development since its listing in 2022 has been driven by the consistent application of a business culture and work methods. We want to acquire leading small and medium-sized specialist companies and help them to grow and develop in a positive direction. We consistently invest the cash flow we generate in new well-functioning and profitable businesses and thereby finance our growth ourselves. Since our spin-off in March 2022, we have increased revenue by about SEK 1 billion and completed 31 acquisitions, two in 2026, with nine being bolt-ons, while maintaining strong cash flow and capital discipline.

Ulf Lilius
CEO | Momentum Group

Operationally, our organization model based on decentralization, clear management by objectives, continuous improvement, and simplicity is therefore well established. We apply our capital allocation model in a disciplined manner, with each subsidiary working towards earnings and working capital targets, supported by Momentum Group in its capacity as an active and committed owner. The model fosters a sense of responsibility and challenges our companies to identify growth and development opportunities at all levels. Our acquisition strategy is another important factor in our success. In recent years, we have given our business units greater responsibility for acquisitions and strengthened the organization to support acquisition at the subsidiary level. This has had the desired effect, and it's reflected in the number of quality of acquisition opportunities we evaluate.

Ulf Lilius
CEO | Momentum Group

We have also seen that our way of developing companies attract entrepreneurs, which instills confidence in our ownership concept, with Momentum Group acting as a permanent owner. A very important factor in being able to reach this goal is to keep up a high acquisition pace. It's important for us to generate good cash flow from our operation. Our financial target for profitability working capital is a simplified measure of cash flow, meaning that if we can derive good after-tax profits from a business and be stringent in our working capital measurement, we should generate a good cash flow, which is fundamental to reach the earnings growth target.

Ulf Lilius
CEO | Momentum Group

This autumn, we transition to the next stage, fostering organic growth within our current businesses by enhancing both value and efficiency, expansion, and strengthening our position across the value chain and product verticals, and evaluating opportunities to expand our geographical footprint, as well as building a stronger M&A organization. The objective for the next phase is to achieve a further doubling of EBITDA, targeting approximately SEK 680 million by the end of 2030. This aligns with our goal of expanding profits by 15% annually over a business cycle. We are very aware that this was not the best start to reach our next five-year goal, but we have three more quarters this year to improve and 19 to reach the goal. Turbulent times call for a warm heart and a cool head.

Ulf Lilius
CEO | Momentum Group

Compassion combined with clear judgment and culture, we intend to continue along the path we have established, with the focus on earnings growth, a controlled balance sheet, strong cash flow, and continue to use our capital allocation model. This will create the condition and organization improvements for further value-adding acquisitions, thereby increasing our profit and our earnings per share over time. Our decentralized profit responsibility, proximity to customers, and ability to adapt to changes in our operating environment will continue to be a strength over time. Thank you for your time and interest listening to our Q1 presentation, which are available with the report on our website. If you have any questions or specific requests, do not hesitate to contact us through our email or by phone. Thank you once again.

Q&A

Operator

Hello, everyone, and welcome to our Q&A session following the interim report for the first quarter that was released this morning. As usual, we have received a number of questions, and we have here our CEO, Ulf, and CFO, Niklas, to be answering the questions. Let's get started. Organic growth was down 6% in Q1. How much of this is structural versus more temporary geopolitical effects? Has the improvement towards the end of the quarter continued into April? Ulf, please, can you answer that?

Ulf Lilius
CEO | Momentum Group

Even though we had a negative organic sales development in both business areas, there are some differences. Overall, however, we met the market in Q1 that was more cautious after the more positive signals we saw in the end of last year. We see this primarily as timing rather than anything structural. We don't see a short-term structural shift as regards customers and their fundamental situation in Q1. Yes, of course, there are great uncertainty out there, but most of all, our customers are continuing their operation as before, albeit at a lower pace. The development in business area industry continues at about the same pace as these last quarters. A general sluggish market with lower project sales and the situation in Denmark that has hampered growth these last quarters.

Ulf Lilius
CEO | Momentum Group

We are continuously addressing this, and we saw a clear improvement in EBITDA margins in Q1 versus Q4 of last year due to cost reductions and stable gross margins. The development in business area infrastructure is mainly driven by lower activity in service and project-related business, where customers were clearly more cautious, both in investments and in planned maintenance. Towards the end of the quarter, activity improved with more inquiries and a somewhat higher activity level across several parts of the group after a weak start to the month due to the geopolitical situation. The strong finish somewhat compensated for the slow start of the month, meaning that March as a total was an okay month. Q1 is very impacted by March as January, February are lower activity months, which meant that the final weeks in March was not sufficient to have a significant impact to the whole quarter.

Operator

Next question. In infrastructure, how much of the drop in organic growth is driven by service utilization, project activity, seasonality, and general caution? Ulf.

Ulf Lilius
CEO | Momentum Group

It's a combination of all those factors, and it varies somewhat between the business units. In Flow Technology, the largest impact came from a more cautious market with the largest effect on project demands and also somewhat lower service utilization levels. In the business unit, we also saw a significant drop in sales in Denmark. In Technical Solution, we had a more pronounced seasonal effect this quarter with lower activity in plant maintenance, which directly impacted utilization in our service operation. Also in this area, we have a company mix effect from the fact that some of the acquired businesses these last years have more noticeable seasonality in their businesses. Companies such as Avoma and WH-Service. Overall, it's a mix of seasonality, lower project volumes, and general market caution, not a structural change.

Operator

In the report, you mentioned postponed maintenance. Is this mainly timing, and do you expect it to come back in Q2?

Niklas Enmark
VP and CFO | Momentum Group

We see this as a timing rather than a permanent reduction. Customers are postponing maintenance, likely due to uncertainty relating to their own demand situation, and also focus on cost reductions as well as production planning, of course. Underlying need is still there. Historically, this type of work tends to come back, although not necessarily fully in one single quarter. It can be spread over time. Q2 to Q3 is usually the period where we have the highest maintenance activity levels.

Operator

More specifically in infrastructure, the customer who have postponed the maintenance in the quarter, is the effect broad or concentrated to a few larger customers?

Niklas Enmark
VP and CFO | Momentum Group

Our customer concentration is generally quite low. From a group perspective, the customers are not large. For a single company that have a handful of service technicians planned for maintenance work that is postponed, that of course will be of great importance for that single company.

Operator

The next question, how did the project sales develop compared to last year?

Niklas Enmark
VP and CFO | Momentum Group

As we state in the report, the general project activity continues to be quite weak, but has been so this last year or so. Nothing dramatically has really changed there. What has changed is the fact that in Denmark, we've had some larger projects in both industry and infrastructure that have been completed during 2025. This reflects the cautious behavior we see among the customers when it comes to larger investment decisions.

Operator

Denmark was the weakest market. Is this temporary, project-related, or something more structural?

Niklas Enmark
VP and CFO | Momentum Group

Well, as I stated before, it's mainly project related and linked to lower activity in certain segments and these projects that I mentioned before. Denmark has been a strong country for us over a longer period. Part of what we see now is more of a normalization back to sort of the normal levels.

Operator

Gross margin improved despite weaker volumes. What is driving that? Is it mix related?

Niklas Enmark
VP and CFO | Momentum Group

Mix is part of the explanation, not the only one. We have seen somewhat lower volumes within certain lower margin product areas, and also the projects sometimes have a bit lower margins. The lower project volumes does partly explains this. More importantly, this reflects the pricing discipline and the active management at company level that has been performed, and the fact that we say no also to work that is not generating acceptable margins. Our businesses tend to adapt quickly to the market situation, which supports the gross margin even in a softer environment.

Operator

How much of the decline in the EBITDA margin in infrastructure is utilization driven versus mix or pricing?

Niklas Enmark
VP and CFO | Momentum Group

The majority is utilization driven. Lower service utilization has a direct impact on margins as we have the costs for personnel, and that is the main explanation this quarter. The drop-through rate from lower utilization is quite high.

Operator

How are you balancing short-term cost control with maintaining capacity and sales activity ahead of a recovery?

Ulf Lilius
CEO | Momentum Group

That balance is very important for us. We work actively with cost control and adapt where needed, but we are careful not to weaken our market position. We continue to invest in sales activities, customer relationships, and competence. Our decentralized model allows us to make these decisions closer to the customer and adjust in a pragmatic way.

Operator

You have completed two acquisitions year to date. How does the pipeline look in terms of deal flow, seller willingness, and valuation levels? Ulf.

Ulf Lilius
CEO | Momentum Group

We continue to see a good inflow of opportunities and an active pipeline. Seller willingness remains solid and many entrepreneurs are looking for long-term industrial owners. Valuations are relatively stable overall and assessed case by case. We see a supportive environment for continued acquisitions.

Operator

The pace of acquisitions seems lower than the strong start in 2025. Is that due to increased competition or something else?

Ulf Lilius
CEO | Momentum Group

The pace can vary between quarters depending on timing of processes. We don't see any structural change in the market or increased competition affecting us materially. This is mainly about timing rather than a change in underlying activity.

Operator

How do recent acquisitions compare in terms of seasonality? Is the revenue and EBITDA profile similar to the group?

Niklas Enmark
VP and CFO | Momentum Group

Broadly speaking, yes. The companies we acquire typically have a similar mix of products and services, so the seasonal profile is largely aligned with the group as such. There are some recent acquisitions, however, that are more seasonally dependent, such as Avoma, WH-Service, and Sulmu, all part of the infrastructure business area. As the infrastructure share of sales and EBITDA has increased over time, seasonality have become more visible, where Q1 and Q4 account for a lesser portion of sales than before.

Operator

Now the last question today. With your entry into the U.K., should we expect further geographic expansion, and how are you working to grow in that market?

Ulf Lilius
CEO | Momentum Group

The U.K. is a natural next step and an attractive market for us. Our focus now is to develop the platform we have established, building on the existing businesses and identifying opportunities for further growth, both organically and through acquisitions. At the same time, the Nordics remain our core, but we are open to expansion where we see the right opportunities.

Operator

Okay, that concludes today's Q&A session. Thank you for listening. Of course, if you have any follow-up questions, please don't hesitate to contact us. Thank you and have a good day.