

## Interim Report 1 April - 30 September 2019

### Second quarter (1 July - 30 September 2019)

- Revenue amounted to MSEK 970 (919).
- EBITA totalled MSEK 53 (64), corresponding to an EBITA margin of 5.5 percent (7.0).
- Net profit totalled MSEK 30 (44).
- Earnings per share amounted to SEK 1.10 (1.65).

### Six months (1 April - 30 September 2019)

- Revenue amounted to MSEK 1,994 (1,956).
- EBITA totalled MSEK 114 (128), corresponding to an EBITA margin of 5.7 percent (6.5).
- Net profit totalled MSEK 68 (86).
- Earnings per share amounted to SEK 2.50 (3.20).
- Return on working capital (P/WC) amounted to 20 percent (21).

### Significant events since the start of the operating year

- Four acquisitions have been completed, with total annual revenue of approximately MSEK 230.
- Collaboration began with Sundström Safety AB through a jointly owned company with Bergman & Beving as the majority shareholder.
- Jörgen Wigh was elected as the new Chairman of the Board at the Annual General Meeting on 26 August 2019. Fredrik Börjesson and Alexander Wennergren Helm were elected as new directors.

MSEK	3 months			6 months			R12 months	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Δ %	Apr-Sep 2019	Apr-Sep 2018	Δ %	Oct 2018- Sep 2019	2018/2019
Revenue	970	919	6	1,994	1,956	2	3,983	3,945
EBITA	53	64	-17	114	128	-11	235	249
EBITA margin, percent	5.5	7.0		5.7	6.5		5.9	6.3
Net profit (after taxes)	30	44	-32	68	86	-21	151	169
Earnings per share before dilution, SEK	1.10	1.65	-33	2.50	3.20	-22	5.60	6.25
Earnings per share after dilution, SEK	1.10	1.65	-33	2.50	3.20	-22	5.60	6.25
P/WC, percent							20	22
Equity/assets ratio, percent							35	43
Number of employees at the end of the period	1,113	1,016	10	1,113	1,016	10	1,113	1,031

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## CEO's comments

We consistently continued our investments in innovation, international expansion and acquisitions to develop our portfolio of leading product companies. Sales developed positively at the end of the quarter, which partly compensated for weaker sales during the summer months. We experienced mixed demand signals from our primary markets and from our various customer segments, reflecting increased uncertainty in the market. At the same time, we continued to successfully broaden our customer base, and sales to new customers increased steadily.

The investments in our prioritized brands create the basis for long-term profitable growth and accounted for most of the cost increases during the quarter. Nonetheless, we are not satisfied with the profit trend and measures to reduce costs by MSEK 60 have been initiated. Implemented cost reduction activities had a negative effect on cost with approximately MSEK 7 in the quarter.

Measures to improve the contribution margin have been initiated in all divisions as a response to the effects of a weakened krona and increased raw material prices. Tools & Consumables developed in line with the preceding year, where the subsidiary Luna continued to develop positively. The Building Materials divisions maintained its strong market position despite increased price pressure. Workplace Safety continued its focus on additional independent units and targeted investments in product development and establishing a European sales network. At the same time, planned structural measures were completed within the division's distribution operation, Skydda.

Acquisitions remain an important part of our strategy for growth and two companies were acquired during the quarter, with an annual revenue of approximately MSEK 110. The latest acquisition, Systemtextgruppen AB, contributed an annual revenue of approximately MSEK 40 with a healthy profitability. Thanks to a gradually improving pipeline, we foresee good opportunities to acquire attractive companies both in the Nordic region and in other geographic markets in the future.

Stockholm, October 2019

Pontus Boman  
President & CEO

## Profit and revenue

### Second quarter (July–September 2019)

Revenue increased by 6 percent to MSEK 970 (919). For comparable units, revenue declined by 1 percent in local currency and acquisitions increased revenue by 6 percent. Exchange-rate fluctuations had a positive impact of 1 percent on revenue.

Sales to new customers increased while our investments in product development and in broadening the customer portfolio continued. The gross margin was lower than in the preceding year due to the negative effects of currency and raw material prices.

Earnings included extra costs of approximately MSEK 7 related to completed efficiency measures.

EBITA for the second quarter amounted to MSEK 53 (64), corresponding to an EBITA margin of 5.5 percent (7.0).

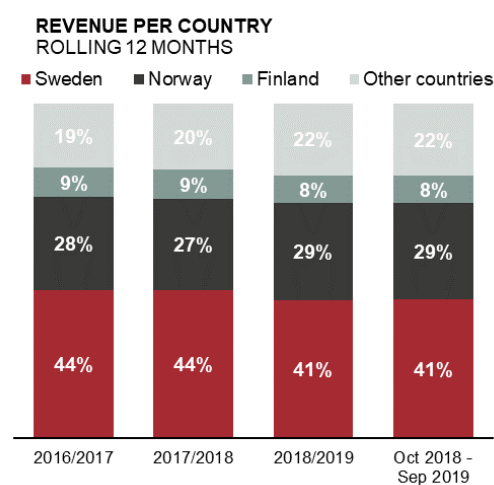
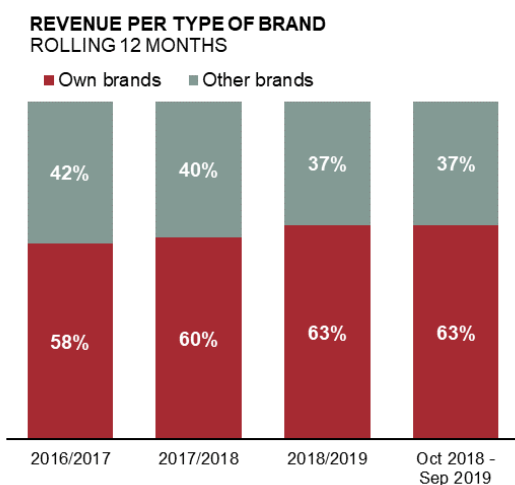
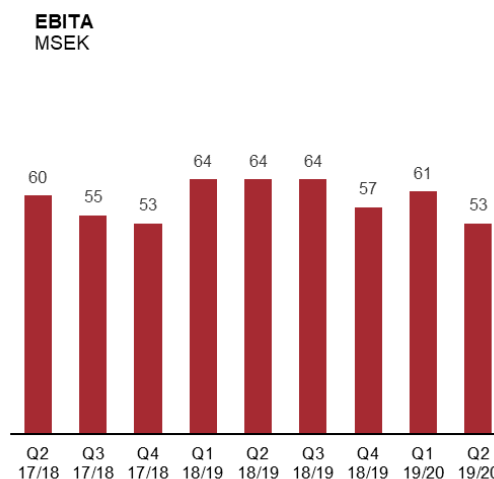
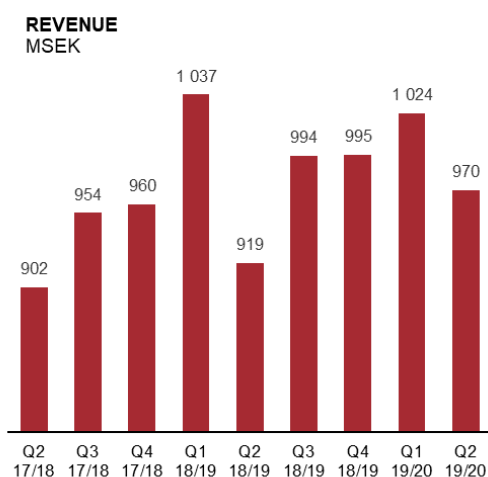
Profit after financial items totalled MSEK 39 (55). The introduction of IFRS 16 affected earnings negatively, since interest expenses increased. Net profit totalled MSEK 30 (44), corresponding to earnings per share of SEK 1.10 (1.65).

### Six months (April–September 2019)

Revenue increased by 2 percent to MSEK 1,994 (1,956). For comparable units, revenue declined by 4 percent in local currency and acquisitions increased revenue by 5 percent. Exchange-rate fluctuations had a positive impact of 1 percent on revenue.

EBITA for the period amounted to MSEK 114 (128), corresponding to an EBITA margin of 5.7 percent (6.5).

Profit after financial items totalled MSEK 88 (111) and net profit amounted to MSEK 68 (86), corresponding to earnings per share of SEK 2.50 (3.20).



## Performance by division

MSEK	3 months			6 months			R12	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Δ %	Apr-Sep 2019	Apr-Sep 2018	Δ %	Oct 2018- Sep 2019	
<b>Revenue</b>								
Building Materials	300	251	20	614	553	11	1,116	1,055
Workplace Safety	305	300	2	648	651	0	1,352	1,355
Tools & Consumables	378	378	0	757	764	-1	1,572	1,579
Group-wide/eliminations	-13	-10		-25	-12		-57	-44
<b>Total revenue</b>	<b>970</b>	<b>919</b>	<b>6</b>	<b>1,994</b>	<b>1,956</b>	<b>2</b>	<b>3,983</b>	<b>3,945</b>
<b>EBITA</b>								
Building Materials	17	21	-19	40	56	-29	72	88
Workplace Safety	19	27	-30	48	61	-21	105	118
Tools & Consumables	18	18	0	30	20	50	72	62
Group-wide/eliminations	-1	-2		-4	-9		-14	-19
<b>Total EBITA</b>	<b>53</b>	<b>64</b>	<b>-17</b>	<b>114</b>	<b>128</b>	<b>-11</b>	<b>235</b>	<b>249</b>
<b>EBITA margin, percent</b>								
Building Materials	5.7	8.4		6.5	10.1		6.5	8.3
Workplace Safety	6.2	9.0		7.4	9.4		7.8	8.7
Tools & Consumables	4.8	4.8		4.0	2.6		4.6	3.9
<b>Total EBITA margin</b>	<b>5.5</b>	<b>7.0</b>		<b>5.7</b>	<b>6.5</b>		<b>5.9</b>	<b>6.3</b>

### Building Materials

Building Materials' revenue increased by 20 percent to MSEK 300 (251) and EBITA amounted to MSEK 17 (21). Revenue for the first six months increased by 11 percent to MSEK 614 (553) and EBITA totalled MSEK 40 (56).

Uncertainty prevailed in the construction market, while the market share was maintained in both Sweden and Norway despite increased price pressure. Price increases were implemented to compensate for the negative effects from currency and raw materials. Further efficiency measures were taken to improve profitability, which negatively impacted costs for the period.

### Workplace Safety

Workplace Safety's revenue increased by 2 percent to MSEK 305 (300) and EBITA amounted to MSEK 19 (27). Revenue for the first six months amounted to MSEK 648 (651) and EBITA to MSEK 48 (61).

The underlying demand for personal protective equipment remained strong. The gross margin was negatively affected by currency and raw materials and in the same time, targeted growth investments affected costs negatively. Measures to improve profitability within the distribution business continued according to plan and negatively affected costs during the period.

### Tools & Consumables

Revenue in Tools & Consumables remained at the same level of MSEK 378 (378) and EBITA totalled MSEK 18 (18). Revenue for the first six months declined by 1 percent to MSEK 757 (764) and EBITA amounted to MSEK 30 (20).

The division developed according to plan and measures taken within the subsidiary Luna continued. Earnings were negatively impacted by the costs of new product launches.

### Group-wide and eliminations

Group-wide expenses and eliminations for the second quarter amounted to MSEK -1 (-2). Group-wide expenses for the first six months totalled MSEK -4 (-9).

The Parent Company's revenue amounted to MSEK 17 (14) and profit after financial items to MSEK 15 (14) for the period.

## Employees

At the end of the period, the number of employees in the Group amounted to 1,113, compared with 1,031 at the beginning of the financial year. During the period, 75 employees were gained via acquisitions.

## Corporate acquisitions

On 1 April, the Building Materials division acquired all shares in Bröderna Miller AB. The company is a leader in hardware fittings in Sweden and sells most of its products under its own Miller's brand in the Swedish market. The hardware fittings operations generate revenue of approximately MSEK 40 and have 11 employees.

On April 10, the Building Materials division acquired all shares in KGC Verktyg & Maskiner AB, with closing taking place on 1 May. KGC develops and sells quality tools and accessories for bricklayers and tilers under its own KGC brand. The business is primarily aimed at the Swedish market. The company generates revenue of approximately MSEK 80 and has 24 employees.

On 1 July, the Building Materials division acquired all shares in H&H Tuonti Oy. H&H is a niche supplier of collated fastening products under its own brand with complementary products and machines. H&H has a strong position with a well-established sales network of resellers in Finland. The company generates revenue of approximately MEUR 7 and has 21 employees.

On 30 September, Workplace Safety acquired all shares in Systemtextgruppen AB. Systemtext develops, designs and manufactures work-environment signs. The products are sold via resellers in the Nordic region. The company generates annual revenue of approximately MSEK 40 and has 19 employees.

The following analysis is preliminary.

<b>Fair value of acquired assets and liabilities</b>	<b>MSEK</b>
Customer relations	71
Other non-current assets	5
Other assets	108
Deferred tax liability, net	14
Current liabilities	36
<b>Acquired net assets</b>	<b>134</b>
Goodwill	74
Purchase consideration paid for shares	186
Additional purchase consideration	22
Less: Cash and cash equivalents in acquired companies	-7
<b>Net change in cash and cash equivalents</b>	<b>-179</b>

Acquisition-related transaction costs, which are recognised in other operating expenses in the income statement, amounted to MSEK 1. The additional purchase consideration is contingent and is estimated to amount to a maximum of MSEK 31.

<b>Acquisition</b>	<b>Closing</b>	<b>Rev. MSEK*</b>	<b>No. of empl.*</b>	<b>Division</b>
Miller, Sweden	April 2019	40	11	Building Materials
KGC, Sweden	May 2019	80	24	Building Materials
H&H Tuonti, Finland	July 2019	70	21	Building Materials
Systemtext, Sweden	Sep 2019	40	19	Workplace Safety

\* Refers to the situation assessed on a full-year basis on the date of acquisition.

## Profitability, cash flow and financial position

Profitability, measured as the return on working capital (P/WC), amounted to 20 percent (21). The return on equity was 9 percent (11 at the beginning of the year).

Cash flow from operating activities for the first six months totalled MSEK 94 (189). Working capital increased during the period by MSEK 72. The Group's inventories increased by MSEK 30 and operating receivables decreased by MSEK 76, while operating liabilities decreased by MSEK 118.

The cash flow was also impacted with an amount of MSEK -48 (-24) pertaining to investments and divestments of non-current assets and an amount of MSEK -179 (-69) pertaining to the acquisition and divestment of operations. The slightly higher rate of investment was primarily attributable to investments in ERP, digitisation and product development.

The Group's operational net loan liability at the end of the period amounted to MSEK 629 (360), excluding pension obligations of MSEK 741 (623) and lease liabilities according to IFRS 16 of MSEK 468. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 370 (441). During the period, granted credit facilities were expanded by MSEK 200.

The equity/assets ratio was 35 percent (43). The somewhat lower equity/assets ratio is partially a result of the introduction of IFRS 16.

Equity per share amounted to SEK 58.85, compared with SEK 61.35 at the beginning of the year. Equity per share after dilution totalled SEK 58.85, compared with SEK 61.35 at the beginning of the year.

The Swedish tax rate, which is also the Parent Company's tax rate, was lowered to 21.4 percent this year. The Group's weighted average tax rate, with its current geographic mix, was just under 23 percent.

## Share structure and repurchase of shares

At the end of the period, share capital totalled MSEK 56.9 and was distributed by class of share as follows:

### SHARE STRUCTURE

Class of share	No. of shares	No. of votes	% of capital	% of votes
Class A shares, 10 votes per share	1,062,436	10,624,360	3.9	28.7
Class B shares, 1 vote per share	26,373,980	26,373,980	96.1	71.3
<b>Total number of shares before repurchasing</b>	<b>27,436,416</b>	<b>36,998,340</b>	<b>100.0</b>	<b>100.0</b>
Of which, repurchased Class B shares	-426,706		1.6	1.2
<b>Total number of shares after repurchasing</b>	<b>27,009,710</b>			

The share price on 30 September 2019 was SEK 83.80. The average number of treasury shares was 426,706 during the period and 426,706 at the end of the period. The average purchase price for the repurchased shares was SEK 92.83 per share.

### CALL OPTION PROGRAMMES

Outstanding programmes	No. of options	Corresponding no. of shares	% of total shares	Redemption price	Redemption period
Call option programme 2017/2021	160,000	160,000	0.6%	118.10	14 Sep 2020–11 Jun 2021
Call option programme 2018/2022	210,000	210,000	0.8%	117.90	13 Sep 2021–10 Jun 2022
Call option programme 2019/2023	270,000	270,000	1.0%	107.50	12 Sep 2022–09 Jun 2023

Call options issued for repurchased shares did not result in any dilution effect over the most recent 12-month period.

## Events after the end of the quarter

No significant changes occurred after the end of the quarter.

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## Affirmation

The Board of Directors and the President & CEO affirm that this interim report provides a true and fair overview of the operations, position and earnings of the Parent Company and the Group, and that it describes the material risks and uncertainties to which the Parent Company and the companies within the Group are exposed.

Stockholm, 25 October 2019

**Jörgen Wigh**  
Chairman

**Fredrik Börjesson**  
Director

**Henrik Hedelius**  
Director

**Malin Nordesjö**  
Director

**Louise Undén**  
Director

**Alexander Wennergren Helm**  
Director

**Lillemor Backström**  
Director – employee representative

**Anette Swanemar**  
Director – employee representative

**Pontus Boman**  
President & CEO

This report has not been subject to special review by the Company's auditors.

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## Other information

### Publication

The information in this report is such that Bergman & Beving AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 7:45 a.m. CET on 25 October 2019.

### Dates for forthcoming financial information

**Interim Report 1 April–31 December 2019** will be published on 7 February 2020 at 7:45 a.m.

**Financial Report 1 April 2019–31 March 2020** will be published on 15 May 2020 at 7:45 a.m.

### Contact information

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Visit [www.bergmanbeving.com](http://www.bergmanbeving.com) to download reports and press releases.

## Reporting by quarter

MSEK	2019/2020			2018/2019			2017/2018			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue</b>										
Building Materials	300	314	275	227	251	302	270	209	244	286
Workplace Safety	305	343	335	369	300	351	312	349	291	365
Tools & Consumables	378	379	397	418	378	386	378	397	367	362
Group-wide/eliminations	-13	-12	-12	-20	-10	-2	0	-1	0	4
<b>Total revenue</b>	<b>970</b>	<b>1,024</b>	<b>995</b>	<b>994</b>	<b>919</b>	<b>1,037</b>	<b>960</b>	<b>954</b>	<b>902</b>	<b>1,017</b>
<b>EBITA</b>										
Building Materials	17	23	20	12	21	35	25	6	23	38
Workplace Safety	19	29	21	36	27	34	27	39	22	15
Tools & Consumables	18	12	20	22	18	2	4	15	18	-15
Group-wide/eliminations	-1	-3	-4	-6	-2	-7	-3	-5	-3	18
<b>Total EBITA</b>	<b>53</b>	<b>61</b>	<b>57</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>53</b>	<b>55</b>	<b>60</b>	<b>56</b>
<b>EBITA margin, percent</b>										
Building Materials	5.7	7.3	7.3	5.3	8.4	11.6	9.3	2.9	9.4	13.3
Workplace Safety	6.2	8.5	6.3	9.8	9.0	9.7	8.7	11.2	7.6	4.1
Tools & Consumables	4.8	3.2	5.0	5.3	4.8	0.5	1.1	3.8	4.9	-4.1
<b>Total EBITA margin</b>	<b>5.5</b>	<b>6.0</b>	<b>5.7</b>	<b>6.4</b>	<b>7.0</b>	<b>6.2</b>	<b>5.5</b>	<b>5.8</b>	<b>6.7</b>	<b>5.5</b>



## Group summary

CONSOLIDATED INCOME STATEMENT	3 months		6 months		R12	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Apr-Sep 2019	Apr-Sep 2018	months Oct 2018- Sep 2019	2018/2019
<b>MSEK</b>						
Revenue	970	919	1,994	1,956	3,983	3,945
Other operating income	4	0	9	0	20	11
<b>Total operating income</b>	<b>974</b>	<b>919</b>	<b>2,003</b>	<b>1,956</b>	<b>4,003</b>	<b>3,956</b>
Cost of goods sold	-571	-526	-1,175	-1,132	-2,323	-2,280
Personnel costs	-176	-164	-370	-354	-760	-744
Depreciation, amortisation and impairment losses	-41	-9	-79	-16	-94	-31
Other operating expenses	-137	-160	-273	-333	-605	-665
<b>Total operating expenses</b>	<b>-925</b>	<b>-859</b>	<b>-1,897</b>	<b>-1,835</b>	<b>-3,782</b>	<b>-3,720</b>
<b>Operating profit</b>	<b>49</b>	<b>60</b>	<b>106</b>	<b>121</b>	<b>221</b>	<b>236</b>
Financial income and expenses	-10	-5	-18	-10	-28	-20
<b>Profit after financial items</b>	<b>39</b>	<b>55</b>	<b>88</b>	<b>111</b>	<b>193</b>	<b>216</b>
Taxes	-9	-11	-20	-25	-42	-47
<b>Net profit</b>	<b>30</b>	<b>44</b>	<b>68</b>	<b>86</b>	<b>151</b>	<b>169</b>
Of which, attributable to Parent Company shareholders	30	44	68	86	151	169
Of which, attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share before dilution, SEK	1.10	1.65	2.50	3.20	5.60	6.25
Earnings per share after dilution, SEK	1.10	1.65	2.50	3.20	5.60	6.25
Number of shares outstanding before dilution, '000	27,010	27,010	27,010	27,010	27,010	27,010
Weighted number of shares before dilution, '000	27,010	27,010	27,010	27,010	27,010	27,010
Weighted number of shares after dilution, '000	27,010	27,010	27,010	27,010	27,010	27,010

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK						
<b>Net profit</b>	<b>30</b>	<b>44</b>	<b>68</b>	<b>86</b>	<b>151</b>	<b>169</b>
Remeasurement of defined-benefit pension plans	-56	13	-96	0	-112	-16
Tax attributable to components that will not be reclassified	12	-3	20	0	23	3
<b>Components that will not be reclassified to net profit</b>	<b>-44</b>	<b>-10</b>	<b>-76</b>	<b>0</b>	<b>-89</b>	<b>-13</b>
Translation differences	5	-7	7	3	9	5
Fair value changes for the year in cash-flow hedges	3	9	0	0	5	5
Tax attributable to components that will be reclassified	-1	-2	0	0	-1	-1
<b>Components that will be reclassified to net profit</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>3</b>	<b>13</b>	<b>9</b>
<b>Other comprehensive income for the period</b>	<b>-37</b>	<b>10</b>	<b>-69</b>	<b>3</b>	<b>-76</b>	<b>-4</b>
<b>Total comprehensive income for the period</b>	<b>-7</b>	<b>54</b>	<b>-1</b>	<b>89</b>	<b>75</b>	<b>165</b>
Of which, attributable to Parent Company shareholders	-7	54	-1	89	75	165
Of which, attributable to non-controlling interest	-	-	-	-	-	-

**CONSOLIDATED BALANCE SHEET**

<b>MSEK</b>	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>31 March 2019</b>
<b>Assets</b>			
Intangible non-current assets	1,854	1,649	1,681
Tangible non-current assets	107	89	99
Right-of-use assets	465	-	-
Financial non-current assets	2	3	3
Deferred tax assets	102	77	79
Inventories	1,028	877	942
Accounts receivable	796	765	834
Other current receivables	148	153	127
Cash and cash equivalents	84	80	85
<b>Total assets</b>	<b>4,586</b>	<b>3,693</b>	<b>3,850</b>
<b>Equity and liabilities</b>			
Equity attributable to Parent Company shareholders	1,577	1,581	1,657
Non-controlling interest	13	-	-
Non-current interest-bearing liabilities	728	180	175
Provisions for pensions	741	623	646
Other non-current liabilities and provisions	134	118	120
Current interest-bearing liabilities	453	260	266
Accounts payable	485	506	580
Other current liabilities	455	425	406
<b>Total equity and liabilities</b>	<b>4,586</b>	<b>3,693</b>	<b>3,850</b>
Operational net loan liability	629	360	356

**CONSOLIDATED STATEMENT OF EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS**

<b>MSEK</b>	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>31 March 2019</b>
<b>Opening equity</b>	<b>1,657</b>	<b>1,559</b>	<b>1,559</b>
Dividend	-81	-68	-68
Exercise and purchase of options for repurchased shares	2	1	1
Total comprehensive income for the period	-1	89	165
<b>Closing equity</b>	<b>1,577</b>	<b>1,581</b>	<b>1,657</b>

CONSOLIDATED CASH-FLOW STATEMENT	3 months		6 months		R12 months	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Apr-Sep 2019	Apr-Sep 2018	Oct 2018-Sep 2019	2018/2019
<b>MSEK</b>						
Operating activities before changes in working capital	68	54	166	145	281	260
Changes in working capital	-55	-6	-72	44	-118	-2
<b>Cash flow from operating activities</b>	<b>13</b>	<b>48</b>	<b>94</b>	<b>189</b>	<b>163</b>	<b>258</b>
Investments in intangible and tangible assets	-23	-14	-48	-24	-104	-80
Proceeds from sale of intangible and tangible assets	0	0	0	0	0	0
Acquisition of businesses	-71	-	-179	-69	-178	-68
<b>Cash flow before financing</b>	<b>-81</b>	<b>34</b>	<b>-133</b>	<b>96</b>	<b>-119</b>	<b>110</b>
Financing activities	65	-49	131	-82	119	-94
<b>Cash flow for the period</b>	<b>-16</b>	<b>-15</b>	<b>-2</b>	<b>14</b>	<b>0</b>	<b>16</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>99</b>	<b>98</b>	<b>85</b>	<b>67</b>	<b>80</b>	<b>67</b>
Cash flow for the period	-16	-15	-2	14	0	16
Exchange-rate differences in cash and cash equivalents	1	-3	1	-1	4	2
<b>Cash and cash equivalents at the end of the period</b>	<b>84</b>	<b>80</b>	<b>84</b>	<b>80</b>	<b>84</b>	<b>85</b>

## Compilation of key financial ratios

KEY FINANCIAL RATIOS	R12 months		
	30 September 2019	30 September 2018	31 March 2019
<b>MSEK</b>			
Revenue	3,983	3,870	3,945
EBITA	235	236	249
EBITA margin, percent	5.9	6.1	6.3
Operating profit	221	225	236
Operating margin, percent	5.5	5.8	6.0
Profit after financial items	193	202	216
Net profit	151	167	169
Profit margin, percent	4.8	5.2	5.5
Return on working capital (P/WC), percent	20	21	22
Return on capital employed, percent	8	9	9
Return on equity, percent	9	11	11
Operational net loan liability (closing balance)	629	360	356
Equity (closing balance)	1,590	1,581	1,657
Equity/assets ratio, percent	35	43	43
Number of employees at the end of the period	1,113	1,016	1,031
<b>Key per-share data</b>			
Earnings, SEK	5.60	6.15	6.25
Earnings after dilution, SEK	5.60	6.15	6.25
Cash flow from operating activities, SEK	6.05	10.55	9.60
Equity, SEK	58.85	58.20	61.35
Share price, SEK	83.80	96.30	106.60

From 1 April 2019, key ratios include right-of-use assets and lease liabilities according to IFRS 16. Comparative figures have not been restated. Non-controlling interest is included when calculating key ratios.

## Parent Company summary

INCOME STATEMENT	3 months		6 months		R12	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Apr-Sep 2019	Apr-Sep 2018	months Oct 2018- Sep 2019	
<b>MSEK</b>						
Revenue	8	8	17	14	33	30
Other operating income	0	0	0	0	0	0
<b>Total operating income</b>	<b>8</b>	<b>8</b>	<b>17</b>	<b>14</b>	<b>33</b>	<b>30</b>
Operating expenses	-10	-7	-21	-16	-41	-36
<b>Operating profit/loss</b>	<b>-2</b>	<b>1</b>	<b>-4</b>	<b>-2</b>	<b>-8</b>	<b>-6</b>
Financial income and expenses	10	8	19	16	37	34
<b>Profit after financial items</b>	<b>8</b>	<b>9</b>	<b>15</b>	<b>14</b>	<b>29</b>	<b>28</b>
Appropriations	-	-	-	-	30	30
<b>Profit before taxes</b>	<b>8</b>	<b>9</b>	<b>15</b>	<b>14</b>	<b>59</b>	<b>58</b>
Taxes	-2	-2	-4	-3	-14	-13
<b>Net profit</b>	<b>6</b>	<b>7</b>	<b>11</b>	<b>11</b>	<b>45</b>	<b>45</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3 months		6 months		R12	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Apr-Sep 2019	Apr-Sep 2018	months Oct 2018- Sep 2019	
<b>MSEK</b>						
<b>Net profit</b>	<b>6</b>	<b>7</b>	<b>11</b>	<b>11</b>	<b>45</b>	<b>45</b>
Fair value changes for the year in cash-flow hedges	3	9	0	0	6	6
Taxes attributable to other comprehensive income	-1	-2	0	0	-1	-1
<b>Components that will be reclassified to net profit</b>	<b>2</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>
<b>Other comprehensive income for the period</b>	<b>2</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>
<b>Total comprehensive income for the period</b>	<b>8</b>	<b>14</b>	<b>11</b>	<b>11</b>	<b>50</b>	<b>50</b>

BALANCE SHEET	30 September 2019	30 September 2018	31 March 2019
<b>MSEK</b>			
<b>Assets</b>			
Intangible non-current assets	0	0	0
Tangible non-current assets	3	0	0
Financial non-current assets	2,457	2,349	2,330
Current receivables	429	324	452
Cash and cash equivalents	0	0	0
<b>Total assets</b>	<b>2,889</b>	<b>2,673</b>	<b>2,782</b>
<b>Equity, provisions and liabilities</b>			
Equity	1,264	1,294	1,332
Untaxed reserves	246	226	246
Provisions	39	41	40
Non-current liabilities	380	180	175
Current liabilities	960	932	989
<b>Total equity, provisions and liabilities</b>	<b>2,889</b>	<b>2,673</b>	<b>2,782</b>

## Notes

### 1. Accounting policies

This Interim Report was prepared in accordance with IFRS and by applying IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Securities Market Act. The Interim Report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which conforms to the provisions detailed in RFR 2 Accounting for Legal Entities.

The same accounting policies and bases of judgement have been applied in this Interim Report as in the Annual Report for 2018/2019, with the exception of the changed accounting policies described below. Disclosures are provided in the financial statements and accompanying notes as well as other sections of the interim report.

### New or amended accounting standards which take effect in 2019 or later

IFRS has issued a new standard (IFRS 16) that took effect on 1 January 2019 and is applied by Bergman & Beving as of 1 April 2019. This standard is described in more detail in Note 1 Accounting policies of the Annual Report for 2018/2019. A brief description of the effects for Bergman & Beving as of 1 April 2019 is presented below.

#### IFRS 16 Leases

The standard introduces a single lessee accounting model requiring lessees to recognise a right-of-use asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments. The previous principle of only a straight-line expense for operating leases in profit or loss has been replaced with instead recognising expenses for depreciation and interest in profit or loss and a non-current asset (right-of-use asset) and an interest-bearing lease liability in the balance sheet.

IFRS 16 Leases replaces the existing IFRS related to the recognition of leases (IAS 17, etc.). The Group applies the relief rule of "inheriting" the former definition of leases on transition. This means that the Group applies IFRS 16 to all leases that were signed prior to 1 April 2019 and that were identified as leases under the earlier principles.

The Group applies the modified retrospective approach, which entails that the opening balance is adjusted in an amount corresponding to the accumulated effect of the initial application of the standard on the initial application date and that comparative years are not restated.

The Group has chosen to exclude short-term leases with a term of 12 months or less and leases where the underlying asset has a low value. Lease payments for these leases are recognised on a straight-line basis over the term of the lease. For open-ended leases for office and warehouse premises, the Group has determined that, based on experience and past history, a five-year time horizon can generally be used, even if the formal lease term is shorter than five years.

The standard has had the following effects on the balance sheet as of 1 April 2019: Non-current assets (recognised as right-of-use assets) increased by MSEK 479; the impact on other current receivables was marginally negative; non-current interest-bearing liabilities increased by MSEK 366; and current interest-bearing liabilities increased by MSEK 113.

Dividing the lease liability into depreciation and interest has a positive impact on operating profit (EBITA) and a negative impact on net financial items. The main payment is not recognised as financing activities and reduces the cash flow from financing activities, with a corresponding increase in cash flow from operating activities. The interest portion of the lease payments will remain cash flow from operating activities and be included in net financial items, paid.

Depreciation of right-of-use assets amounted to MSEK 30 for the second quarter and MSEK 59 accumulated. The average borrowing rate amounted to just over 2 percent and affected interest expenses in an amount of MSEK 3 during the quarter and nearly MSEK 6 accumulated. Lease liabilities according to IFRS 16 amounted to MSEK 468 at the end of the period.

### 2. Revenue per geographic area

The Group primarily conducts operations in Sweden, Norway and Finland and revenue presented for the geographic markets is based on the domicile of the customers.

MSEK	3 months		6 months		R12 months	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Apr-Sep 2019	Apr-Sep 2018	Oct 2018-Sep 2019	2018/2019
Sweden	386	374	823	812	1,644	1,633
Norway	268	271	564	563	1,152	1,151
Finland	103	78	182	176	331	325
Other countries	213	196	425	405	856	836
<b>Revenue</b>	<b>970</b>	<b>919</b>	<b>1,994</b>	<b>1,956</b>	<b>3,983</b>	<b>3,945</b>

### 3. Risks and uncertainties

During the financial year, no significant changes occurred with respect to risks and uncertainties, for either the Group or the Parent Company. For information about the Group's risks and uncertainties, refer to page 38 of Bergman & Beving's Annual Report for 2018/2019.

### 4. Transactions with related parties

No transactions having a material impact on the Group's position or earnings occurred between Bergman & Beving and its related parties during the financial year.

### 5. Alternative performance measures

Bergman & Beving AB uses certain financial performance measures in its analysis of the operations and their performance that are not calculated in accordance with IFRS. The Company believes that these performance measures provide valuable information for investors, since they enable a more accurate assessment of current trends when combined with other key financial ratios calculated in accordance with IFRS. Since listed companies do not always calculate these performance measures ratios in the same way, there is no guarantee that the information is comparable with other companies' performance measures of the same name.

### Change in revenue

Comparable units refer to sales in local currency from units that were part of the Group during the current period and the entire corresponding period in the preceding year.

Percentage change in revenue for:	3 months		6 months	
	Jul-Sep 2019	Jul-Sep 2018	Apr-Sep 2019	Apr-Sep 2018
Comparable units in local currency	-1	-3	-4	-3
Currency effects	1	3	1	3
Acquisitions/divestments	6	2	5	2
<b>Total – change</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>2</b>

### EBITA

Operating profit for the period before impairment of goodwill and amortisation and impairment of other intangible assets in connection with corporate acquisitions and equivalent transactions.

MSEK	3 months		6 months		R12 months	Full-year
	Jul-Sep 2019	Jul-Sep 2018	Apr-Sep 2019	Apr-Sep 2018	Oct 2018-Sep 2019	2018/2019
<b>EBITA</b>	<b>53</b>	<b>64</b>	<b>114</b>	<b>128</b>	<b>235</b>	<b>249</b>
Depreciation and amortisation in connection with acquisitions	-4	-4	-8	-7	-14	-13
<b>Operating profit</b>	<b>49</b>	<b>60</b>	<b>106</b>	<b>121</b>	<b>221</b>	<b>236</b>

### Return on working capital (P/WC)

Bergman & Beving's profitability target is for each unit in the Group to achieve profitability of at least 45 percent, measured as EBITA (P) for the rolling 12-month period as a percentage of average 12 months' working capital (WC), defined as inventories plus accounts receivable less accounts payable.

MSEK	Oct 2018-Sep 2019	Oct 2017-Sep 2018	2018/2019
<b>EBITA (P)</b>	<b>235</b>	<b>236</b>	<b>249</b>
<b>Average working capital (WC)</b>			
Inventories	958	878	898
Accounts receivable	746	725	737
Accounts payable	-520	-489	-513
<b>Total – average WC</b>	<b>1,184</b>	<b>1,114</b>	<b>1,122</b>
<b>P/WC, percent</b>	<b>20</b>	<b>21</b>	<b>22</b>

## **6. Other definitions**

### **Return on equity**

Net profit for the rolling 12-month period divided by average equity.

### **Return on capital employed**

Profit after financial items plus financial expenses for the rolling 12-month period divided by the average balance-sheet total less non-interest-bearing liabilities.

### **EBITA margin**

EBITA for the period as a percentage of revenue.

### **Equity per share**

Equity attributable to Parent Company shareholders divided by the weighted number of shares at the end of the period.

### **Cash flow per share**

Cash flow for the rolling 12-month period from operating activities divided by the weighted number of shares.

### **Operational net loan liability**

Interest-bearing liabilities excluding lease liabilities and provisions for pensions less cash and cash equivalents.

### **Earnings per share**

Net profit attributable to the Parent Company shareholders divided by the weighted number of shares.

### **Operating margin**

Operating profit for the period as a percentage of revenue.

### **Equity/assets ratio**

Equity as a percentage of the balance-sheet total.

### **Profit margin**

Net profit after financial items as a percentage of revenue.

### **Weighted number of shares**

Average number of shares outstanding before or after dilution. Shares held by Bergman & Beving are not included in the number of shares outstanding. Dilution effects arise due to call options that can be settled using shares in share-based incentive programmes. The call options have a dilution effect when the average share price during the period is higher than the redemption price of the call options.



## Bergman & Beving in brief

- Bergman & Beving develops, acquires and markets leading brands for the manufacturing and construction sectors.
- The subsidiaries in the Group are operated with decentralised business responsibility, with a focus on simplicity, responsibility and freedom.
- We offer the subsidiaries financial resources and competence within brand development.
- Bergman & Beving currently comprises numerous strong brands for the manufacturing and construction sectors.
- Through our brands, we are represented in more than 25 countries with over 5,000 sales outlets.

## Strategy

Bergman & Beving aims to be a leader in selected niches in the manufacturing and construction sectors, where its brands and high level of expertise are important differentiators.

Bergman & Beving strives to build and develop a portfolio comprising a wide variety of individual brands that achieve leading positions in their selected niches.

## The following units/brands are included in the Company's divisions:

Building Materials	Workplace Safety	Tools & Consumables
  	  	 
  	      	     