BERGMAN & BEVING

Interim Report 1 April–30 June 2019

First quarter (1 April–30 June 2019)

- Revenue amounted to MSEK 1,024 (1,037).
- EBITA decreased by 5 percent to MSEK 61 (64), corresponding to an EBITA margin of 6.0 percent (6.2).
- Operating profit amounted to MSEK 57 (61), corresponding to an operating margin of 5.6 percent (5.9).
- Net profit totalled MSEK 38 (42).
- Earnings per share amounted to SEK 1.40 (1.55).
- Three acquisitions have been completed, one of which after the end of the period, with total annual revenue of approximately MSEK 190.
- Collaboration with Sundström Safety AB through a jointly owned company with Bergman & Beving as the majority shareholder.

	3 months			R12 months	Full-year
MSEK	**Apr–Jun 2019**	**Apr–Jun 2018**	**Δ %**	**Jul 2018–Jun 2019**	**2018/2019**
Revenue	1,024	1,037	*-1*	3,932	3,945
EBITA	61	64	*-5*	246	249
EBITA margin, percent	6.0	6.2		6.3	6.3
Net profit (after taxes)	38	42	*-10*	165	169
Earnings per share before dilution, SEK	1.40	1.55	*-10*	6.10	6.25
Earnings per share after dilution, SEK	1.40	1.55	*-10*	6.10	6.25
P/WC, percent				22	22
Equity/assets ratio, percent				38	43
Number of employees at the end of the period	1,088	1,034		1,088	1,031

CEO’s comments

The result in the first quarter amounted to SEK 61 million, with the calendar effect impacting negatively with approximately SEK 10 million. We are not satisfied with the development and are therefore implementing price adjustments and efficiency measures that are expected to contribute positively during the second half of the operating year.

We received mixed signals from our primary markets and from our various customer segments during the quarter. Demand in the Finnish market was stable, while the Swedish and Norwegian markets developed more cautiously, where customers in both the construction and manufacturing sectors were more careful in their purchasing. At the same time, we continued our investments to broaden the customer base and signed several new customer agreements in which we steadily increase our sales.

We are pleased to highlight the development within Tools & Consumables, where our investments have yielded positive results and our earnings have strengthened considerably. However, we are not satisfied with the development within Building Materials. The gross margin in the division declined, in large part explaining the weak earnings performance. The price increases we have implemented have not yet been sufficient in light of the continued weakening of the Swedish krona. Workplace Safety strengthened its gross margin while our targeted growth investments had a negative effect on costs. We have invested in our strong brands and will continue to implement targeted initiatives to create profitable growth.

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 120. After the end of the period, the Building Materials division acquired H&H Tuonti, with an annual revenue of approximately MSEK 70. The acquisition has strengthened the division’s position within fastening elements in the Finnish market. Thanks to a sound financial situation and a gradually improving pipeline, we anticipate good opportunities to acquire attractive companies both in the Nordic region and in other geographic markets in the future.

Stockholm, July 2019

Pontus Boman

President & CEO

Profit and revenue

First quarter (April–June 2019)

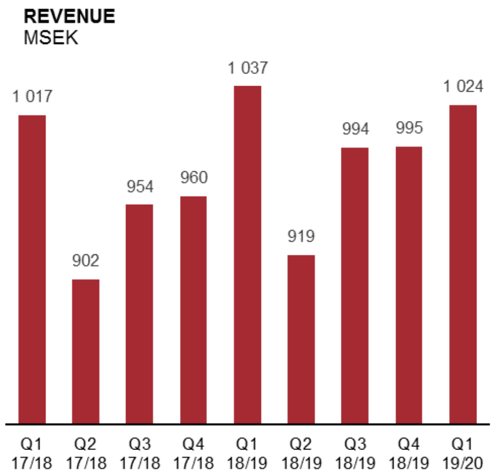
Revenue declined by 1 percent to MSEK 1,024 (1,037). For comparable units, revenue declined by 6 percent in local currency and acquisitions increased revenue by 4 percent. Exchange-rate fluctuations had a positive impact of 1 percent on revenue.

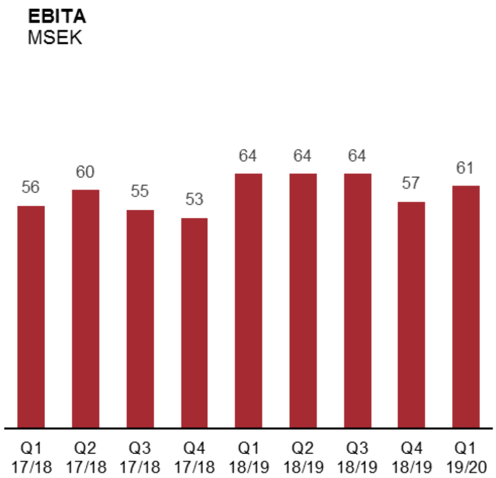
The Company's investments in its brands and focus on broadening the customer portfolio continued and sales to new customers increased.

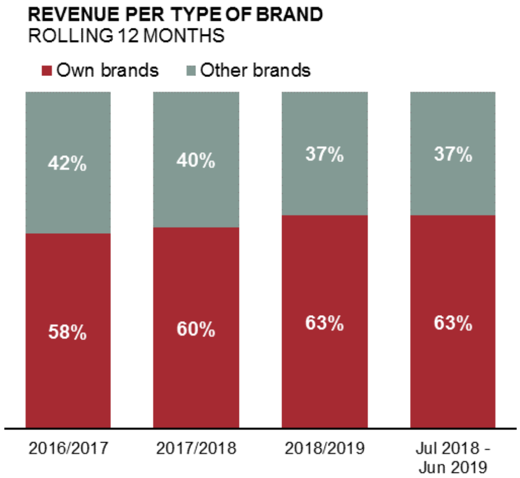
The gross margin was stable overall despite the effects of currency and raw material prices. The Company's lower earnings are primarily attributable to fewer working days in the quarter.

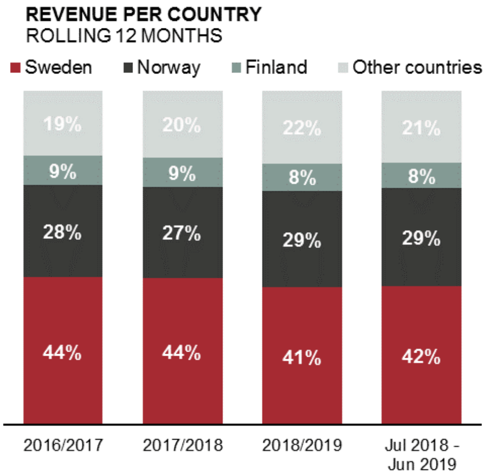
EBITA for the first quarter amounted to MSEK 61 (64), corresponding to an EBITA margin of 6.0 percent (6.2).

Profit after financial items totalled MSEK 49 (56). The introduction of IFRS 16 affected earnings negatively, since interest expenses increased. Net profit totalled MSEK 38 (42), corresponding to earnings per share of SEK 1.40 (1.55).









Performance by division

MSEK	3 months Apr–Jun 2019	Apr–Jun 2018	Δ %	R12 months Jul 2018–Jun 2019	Full-year 2018/2019
Revenue					
Building Materials	314	302	*4*	1,067	1,055
Workplace Safety	343	351	*-2*	1,347	1,355
Tools & Consumables	379	386	*-2*	1,572	1,579
Group-wide/eliminations	-12	-2		-54	-44
Total revenue	**1,024**	**1,037**	***-1***	**3,932**	**3,945**
EBITA					
Building Materials	23	35	*-34*	76	88
Workplace Safety	29	34	*-15*	113	118
Tools & Consumables	12	2	*500*	72	62
Group-wide/eliminations	-3	-7		-15	-19
Total EBITA	**61**	**64**	***-5***	**246**	**249**
EBITA margin, percent					
Building Materials	7.3	11.6		7.1	8.3
Workplace Safety	8.5	9.7		8.4	8.7
Tools & Consumables	3.2	0.5		4.6	3.9
Total EBITA margin	**6.0**	**6.2**		**6.3**	**6.3**

Building Materials

Building Materials' revenue increased by 4 percent to MSEK 314 (302) and EBITA amounted to MSEK 23 (35).

Uncertainty prevailed in the construction market, and customers in both Sweden and Norway were more careful in their purchasing. The price increases implemented did not fully compensate for the negative effects from currency and raw materials, which affected the earnings performance. Efficiency measures to compensate for market trends began to have an effect and further measures were taken. Acquired units performed as expected.

Workplace Safety

Workplace Safety's revenue declined by 2 percent to MSEK 343 (351) and EBITA amounted to MSEK 29 (34).

The division essentially performed as expected, with negative effects from fewer working days in the quarter. The underlying demand for personal protective equipment remained strong. The gross margin improved, while targeted growth investments had a negative effect on costs. Measures were taken to improve profitability within the distribution business.

Tools & Consumables

Tools & Consumables' revenue declined by 2 percent to MSEK 379 (386) and EBITA totalled MSEK 12 (2).

The division strengthened its margins, improved its efficiency and demonstrated a healthy earnings trend in all units. The measures taken within the subsidiary Luna continued according to plan.

Group-wide and eliminations

Group-wide expenses and eliminations for the first quarter amounted to MSEK -3 (-7).

The Parent Company's revenue for the quarter amounted to MSEK 8 (7) and profit after financial items to MSEK 7 (5).

Employees

At the end of the period, the number of employees in the Group amounted to 1,088, compared with 1,031 at the beginning of the financial year. During the period, 35 employees were gained via acquisitions.

Corporate acquisitions

On 1 April, the Building Materials division acquired 100 percent of the 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 100 percent of the 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.

The following analysis is preliminary.

Fair value of acquired assets and liabilities	**MSEK**
Customer relations	33
Other non-current assets	1
Other assets	65
Deferred tax liability, net	7
Current liabilities	26
Acquired net assets	**66**
Goodwill	44
Purchase consideration paid for shares	110
Additional purchase consideration	0
Less: Cash and cash equivalents in acquired companies	-2
Net change in cash and cash equivalents	-108

The acquisitions are expected to have a marginally positive impact on Bergman & Beving's earnings per share for the 2019/2020 operating year.

Acquisition-related transaction costs, which are recognised in other operating expenses in the income statement, amounted to MSEK 0. The additional purchase consideration is contingent and is estimated to amount to a maximum of MSEK 9.

Acquisition	Closing	Rev. MSEK*	No. of empl.*	Division
Miller, Sweden	April 2019	40	11	Building Materials
KGC, Sweden	May 2019	80	24	Building Materials

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

Jointly owned company

In May, the Workplace Safety division and Sundström Safety AB established the jointly owned company Zekler Safety AB with Bergman & Beving as the majority shareholder. The Zekler brand was established by Bergman & Beving in 2003 and is currently one of the Nordic region's leading brands in eye protection, hearing protection and respiratory protection. Sundström was founded in 1926 and is currently a world leader in advanced respiratory protection.

In May, Bergman & Beving divested 25 percent of its shares in Zekler Safety AB at book value. A non-controlling interest emerged in the reporting for the first quarter.

Profitability, cash flow and financial position

Profitability, measured as the return on working capital (P/WC), amounted to 22 percent (21). The return on equity was 10 percent (10).

Cash flow from operating activities for the quarter totalled MSEK 81 (141). Working capital increased during the quarter by MSEK 17. During the quarter, the Group's inventories increased by MSEK 18 and operating receivables decreased by MSEK 67, while operating liabilities decreased by MSEK 66.

Cash flow for the quarter was impacted in an amount of MSEK -25 (-10) pertaining to investments and divestments of non-current assets and an amount of MSEK -108 (-69) pertaining to acquisitions and divestments of operations. The slightly higher rate of investment in the fourth quarter 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 436 (318), excluding pension obligations of MSEK 686 (634) and lease liabilities according to IFRS 16. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 364 (482).

The equity/assets ratio was 38 percent (43). The somewhat lower equity/assets ratio is a result of the introduction of IFRS 16.

Equity per share amounted to SEK 62.05, compared with SEK 61.35 at the beginning of the year. Equity per share after dilution totalled SEK 62.05, 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
Total number of shares before repurchasing	**27,436,416**	**36,998,340**	**100.0**	**100.0**
Of which, repurchased Class B shares	-426,706		1.6	1.2
Total number of shares after repurchasing	**27,009,710**			

The share price on 30 June 2019 was SEK 100.80. 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 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 financial year

On 1 July, the Building Materials division acquired the Finnish company H&H Tuonti Oy. The company is a niche supplier of collated fastening products under its own brand with complementary products and machines. The company generates revenue of approximately MSEK 70 and has 21 employees.

The Annual General Meeting

The Annual General Meeting (AGM) of Bergman & Beving AB will be held on 26 August 2019, at 2:00 p.m. at IVA in Stockholm, Grev Turegatan 16.

Stockholm, 17 July 2019

Pontus Boman
President & CEO

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

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. The information was submitted for publication, through the agency of the contact person set out above, at 7:45 a.m. CET on 17 July 2019.

Dates for forthcoming financial information

The 2019 Annual General Meeting will be held at IVA, Grev Turegatan 16 in Stockholm on 26 August at 2:00 p.m.

Interim Report 1 April–30 September 2019 will be published on 25 October at 7:45 a.m.

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

Pontus Boman, President & CEO, Tel: +46 10 454 77 00
Peter Schön, CFO, Tel: +46 70 339 89 99

Visit www.bergmanbeving.com to download reports and press releases.

BERGMAN & BEVING

Reporting by quarter

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

Group summary

CONSOLIDATED INCOME STATEMENT	3 months		R12 months	Full-year
MSEK	**Apr–Jun 2019**	**Apr–Jun 2018**	**Jul 2018–Jun 2019**	**2018/2019**
Revenue	1,024	1,037	3,932	3,945
Other operating income	4	0	15	11
Total operating income	**1,028**	**1,037**	**3,947**	**3,956**
Cost of goods sold	-603	-606	-2,277	-2,280
Personnel costs	-194	-190	-748	-744
Depreciation, amortisation and impairment losses	-38	-7	-62	-31
Other operating expenses	-136	-173	-628	-665
Total operating expenses	**-971**	**-976**	**-3,715**	**-3,720**
Operating profit	**57**	**61**	**232**	**236**
Financial income and expenses	-8	-5	-23	-20
Profit after financial items	**49**	**56**	**209**	**216**
Taxes	-11	-14	-44	-47
Net profit	**38**	**42**	**165**	**169**
Of which, attributable to Parent Company shareholders	38	42	165	169
Of which, attributable to non-controlling interest	-	-	-	-
Earnings per share before dilution, SEK	1.40	1.55	6.10	6.25
Earnings per share after dilution, SEK	1.40	1.55	6.10	6.25
Number of shares outstanding before dilution, '000	27,010	27,010	27,010	27,010
Weighted number of shares before dilution, '000	27,010	27,010	27,010	27,010
Weighted number of shares after dilution, '000	27,010	27,010	27,010	27,010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
MSEK				
Net profit	**38**	**42**	**165**	**169**
Remeasurement of defined-benefit pension plans	-40	-13	-43	-16
Tax attributable to components that will not be reclassified	8	3	8	3
Components that will not be reclassified to net profit	**-32**	**-10**	**-35**	**-13**
Translation differences	2	11	-4	5
Fair value changes for the year in cash-flow hedges	-3	-9	11	5
Tax attributable to components that will be reclassified	1	2	-2	-1
Components that will be reclassified to net profit	**0**	**4**	**5**	**9**
Other comprehensive income for the period	**-32**	**-6**	**-30**	**-4**
Total comprehensive income for the period	**6**	**36**	**135**	**165**
Of which, attributable to Parent Company shareholders	6	36	135	165
Of which, attributable to non-controlling interest	-	-	-	-

BERGMAN & BEVING

CONSOLIDATED BALANCE SHEET

MSEK	30 June 2019	30 June 2018	31 March 2019
Assets			
Intangible non-current assets	1,773	1,640	1,681
Tangible non-current assets	102	91	99
Right-of-use assets	467	-	-
Financial non-current assets	3	2	3
Deferred tax assets	90	81	79
Inventories	986	854	942
Accounts receivable	791	809	834
Other current receivables	139	149	127
Cash and cash equivalents	99	98	85
Total assets	**4,450**	**3,724**	**3,850**
Equity and liabilities			
Equity attributable to Parent Company shareholders	1,663	1,595	1,657
Non-controlling interest	13	-	-
Non-current interest-bearing liabilities	600	190	175
Provisions for pensions	686	634	646
Other non-current liabilities and provisions	128	114	120
Current interest-bearing liabilities	402	226	266
Accounts payable	559	521	580
Other current liabilities	399	444	406
Total equity and liabilities	**4,450**	**3,724**	**3,850**
Operational net loan liability	436	318	356

CONSOLIDATED STATEMENT OF EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS

MSEK	30 June 2019	30 June 2018	31 March 2019
Opening equity	**1,657**	**1,559**	**1,559**
Dividend	-	-	-68
Exercise and purchase of options for repurchased shares	-	-	1
Total comprehensive income for the period	6	36	165
Closing equity	**1,663**	**1,595**	**1,657**

BERGMAN & BEVING

CONSOLIDATED CASH-FLOW STATEMENT	3 months		R12 months	Full-year
MSEK	**Apr–Jun 2019**	**Apr–Jun 2018**	**Jul 2018–Jun 2019**	**2018/2019**
Operating activities before changes in working capital	98	91	267	260
Changes in working capital	-17	50	-69	-2
Cash flow from operating activities	**81**	**141**	**198**	**258**
Investments in intangible and tangible assets	-25	-10	-95	-80
Proceeds from sale of intangible and tangible assets	0	0	0	0
Acquisition of businesses	-108	-69	-107	-68
Cash flow before financing	**-52**	**62**	**-4**	**110**
Financing activities	66	-33	5	-94
Cash flow for the period	**14**	**29**	**1**	**16**
Cash and cash equivalents at the beginning of the period	**85**	**67**	**98**	**67**
Cash flow for the period	14	29	1	16
Exchange-rate differences in cash and cash equivalents	0	2	0	2
Cash and cash equivalents at the end of the period	**99**	**98**	**99**	**85**

Compilation of key financial ratios

KEY FINANCIAL RATIOS		R12 months	
MSEK	**30 June 2019**	**30 June 2018**	**31 March 2019**
Revenue	3,932	3,853	3,945
EBITA	246	232	249
EBITA margin, percent	6.3	6.0	6.3
Operating profit	232	223	236
Operating margin, percent	5.9	5.8	6.0
Profit after financial items	209	200	216
Net profit	165	163	169
Profit margin, percent	5.3	5.2	5.5
Return on working capital (P/WC), percent	22	21	22
Return on capital employed, percent	9	9	9
Return on equity, percent	10	10	11
Operational net loan liability (closing balance)	436	318	356
Equity (closing balance)	1,676	1,595	1,657
Equity/assets ratio, percent	38	43	43
Number of employees at the end of the period	1,088	1,034	1,031
Key per-share data			
Earnings, SEK	6.10	5.95	6.25
Earnings after dilution, SEK	6.10	5.95	6.25
Cash flow from operating activities, SEK	7.35	7.60	9.60
Equity, SEK	62.05	58.05	61.35
Share price, SEK	100.80	94.70	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		R12 months	Full-year
MSEK	Apr–Jun 2019	Apr–Jun 2018	Jul 2018–Jun 2019	2018/2019
Revenue	8	7	31	30
Other operating income	0	0	0	0
Total operating income	**8**	**7**	**31**	**30**
Operating expenses	-10	-10	-36	-36
Operating loss	**-2**	**-3**	**-5**	**-6**
Financial income and expenses	9	8	35	34
Profit after financial items	**7**	**5**	**30**	**28**
Appropriations	-	-	30	30
Profit before taxes	**7**	**5**	**60**	**58**
Taxes	-1	-1	-13	-13
Net profit	**6**	**4**	**47**	**45**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3 months		R12 months	Full-year
MSEK	Apr–Jun 2019	Apr–Jun 2018	Jul 2018–Jun 2019	2018/2019
Net profit	**6**	**4**	**47**	**45**
Fair value changes for the year in cash-flow hedges	-3	-9	12	6
Taxes attributable to other comprehensive income	1	2	-2	-1
Components that will be reclassified to net profit	**-2**	**-7**	**10**	**5**
Other comprehensive income for the period	**-2**	**-7**	**10**	**5**
Total comprehensive income for the period	**4**	**-3**	**57**	**50**

BALANCE SHEET			
MSEK	30 June 2019	30 June 2018	31 March 2019
Assets			
Intangible non-current assets	0	0	0
Tangible non-current assets	1	0	0
Financial non-current assets	2,481	2,357	2,330
Current receivables	326	298	452
Cash and cash equivalents	0	0	0
Total assets	**2,808**	**2,655**	**2,782**
Equity, provisions and liabilities			
Equity	1,336	1,346	1,332
Untaxed reserves	246	226	246
Provisions	40	44	40
Non-current liabilities	250	190	175
Current liabilities	936	849	989
Total equity, provisions and liabilities	**2,808**	**2,655**	**2,782**

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 2018 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 had 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 in the first quarter amounted to MSEK 29. The average borrowing rate was just over 2 percent and led to further interest expenses of almost MSEK 3. Lease liabilities according to IFRS 16 amounted to MSEK 467 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.

	3 months		R12 months	Full-year
MSEK	**Apr–Jun 2019**	**Apr–Jun 2018**	**Jul 2018–Jun 2019**	**2018/2019**
Sweden	438	438	1,633	1,633
Norway	296	292	1,155	1,151
Finland	78	98	305	325
Other countries	212	209	839	836
Revenue	**1,024**	**1,037**	**3,932**	**3,945**

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.

	3 months	
Percentage change in revenue for:	**Apr–Jun 2019**	**Apr–Jun 2018**
Comparable units in local currency	-6	-3
Currency effects	1	3
Acquisitions/divestments	4	2
Total – change	**-1**	**2**

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.

	3 months		R12 months	Full-year
MSEK	**Apr–Jun 2019**	**Apr–Jun 2018**	**Jul 2018–Jun 2019**	**2018/2019**
EBITA	**61**	**64**	**246**	**249**
Depreciation and amortisation in connection with acquisitions	-4	-3	-14	-13
Operating profit	**57**	**61**	**232**	**236**

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	**Jul 2018–Jun 2019**	**2018/2019**
EBITA (P)	**246**	**249**
Average working capital (WC)		
Inventories	921	898
Accounts receivable	741	737
Accounts payable	-522	-513
Total – average WC	**1,140**	**1,122**
P/WC, percent	**22**	**22**

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
ESSVE, MILLER'S Bröderna Miller AB, FireSeal, BVS Brannvernsystemer AS, KGC	GUIDE, CRESTO, L.BRADOR, ARBESKO, ZEKLER, SKYDDA	LUNA GROUP, LIMIT, Luna, LIDÉN Weighing, TENGTOOLS, UVECO, MARELD, BELANO MASKIN AB