

Financial Report 1 April 2019–31 March 2020

Fourth quarter (1 January–31 March 2020)

- Revenue increased by 10 percent to MSEK 1,090 (995).
- EBITA amounted to MSEK 57 (57) and was charged with restructuring expenses of MSEK 18.
- EBITA before restructuring expenses increased by 32 percent to MSEK 75 (57), corresponding to an EBITA margin of 6.9 percent (5.7).
- Net profit amounted to MSEK 30 (38).
- Earnings per share amounted to SEK 1.10 (1.40).

12 months (1 April 2019–31 March 2020)

- Revenue increased by 3 percent to MSEK 4,060 (3,945).
- EBITA amounted to MSEK 208 (249) and was charged with restructuring expenses of MSEK 41.
- EBITA before restructuring expenses was MSEK 249 (249).
- Net profit amounted to MSEK 116 (169).
- Earnings per share amounted to SEK 4.30 (6.25).
- Return on working capital (P/WC) amounted to 16 percent (22).
- The Board postpones the decision on dividend proposal.

Significant events since the start of the operating year

- Five acquisitions have been completed, with total annual revenue of approximately MSEK 270.
- 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.
- The Covid-19 pandemic had a variety of effects on operations. Construction-related sales continued while industry-related sales decreased at the end of the quarter. Sales of personal protective equipment increased. It is currently difficult to determine how significant the impact will be and how long the effects will linger.

MSEK	3 months			Full-year		
	Jan–Mar 2020	Jan–Mar 2019	Δ %	Apr 2019– Mar 2020	Apr 2018– Mar 2019	Δ %
Revenue	1,090	995	10	4,060	3,945	3
EBITA	57	57	0	208	249	-16
EBITA excl. restructuring expenses	75	57	32	249	249	0
EBITA margin, percent	5.2	5.7		5.1	6.3	
EBITA margin excl. restructuring expenses, percent	6.9	5.7		6.1	6.3	
Profit after financial items	42	48	-13	155	216	-28
Net profit (after taxes)	30	38	-21	116	169	-31
Earnings per share before dilution, SEK	1.10	1.40	-21	4.30	6.25	-31
Earnings per share after dilution, SEK	1.10	1.40	-21	4.30	6.25	-31
P/WC, percent				16	22	
Equity/assets ratio, percent				34	43	
Number of employees at the end of the period	1,083	1,031	5	1,083	1,031	5

Transition to IFRS 16 as of 1 April 2019

As of 1 April 2019, the Group applies IFRS 16 Leases. The transition was completed using the modified retrospective approach, which does not entail restating the comparative figures.

CEO's comments

The year concluded with a healthy sales trend and Bergman & Beving reported its highest invoicing yet in a single quarter. Revenue increased by 10 percent, or 2 percent after adjustments for acquisitions and currency effects. Earnings were on a par with the preceding year. Adjusted for items affecting comparability, earnings and the operating margin improved significantly. We can thus look back on a year of restructuring that ended on a positive note in terms of revenue and earnings performance.

The Covid-19 pandemic impacted our operations in several ways, with varying demand from our customers. Demand from construction-related customers was relatively stable while demand from industry-related customers demonstrated a downward trend towards the end of the quarter. At the same time, the demand for personal protective equipment was very high. Some of the companies in the Workplace Safety division assisted the authorities with both purchasing and temporary deliveries of personal protective equipment to best meet needs in the society. Considering the circumstances, our normal deliveries have functioned smoothly, without major disruptions to our customers.

The previously announced efficiency measures have been carried out according to plan and are now completed. These measures consisted primarily of staff reductions. Costs associated with carrying out these actions had a negative impact of approximately MSEK 18 on earnings for the quarter. To mitigate the negative effects of reduced demand as a result of the Covid-19 pandemic and to adapt operations to the new market conditions, efficiency measures in the companies have been strengthened further. The Group's decentralised business model means that each company prepares measures that are suited for its particular operations. The measures are decided and implemented gradually in each company depending on how the market and the situation changes.

During a year marked by restructuring, we continued in parallel to make future-oriented investments in product development, sales and marketing of our strong brands. The share of proprietary product brands increased to 66 percent, both as a result of organic improvements and through acquisitions. Acquisitions remain an important part of our strategy for growth and five acquisitions were completed totalling approximately MSEK 270 in annual business volume. During these times, our priorities are the health and safety of our employees, customers and business partners. We will maintain a high focus on the business and hard work, with initiatives to improve profitability and our efficiency in a more decentralised structure. Ultimately, this will create the conditions to achieve our financial targets, although our current profitability is significantly below our long-term targets.

I would like to conclude by extending my sincere thanks to all our dedicated employees for your committed work during the year and welcome our new employees to Bergman & Beving. The Group's financial position remains strong and we have a healthy level of financial readiness to address both challenges and opportunities. Our ambition is clear – we will emerge from this crisis as a stronger company.

Stockholm, May 2020

Pontus Boman
President & CEO

Profit and revenue

Fourth quarter (Jan–Mar 2020)

Revenue rose by 10 percent to MSEK 1,090 (995). For comparable units, revenue increased by 2 percent in local currency and acquisitions increased revenue by 9 percent. Exchange-rate fluctuations had a negative impact of 1 percent on revenue.

Demand during the first months of the quarter was at a higher level than in the preceding year. From mid-March onwards, demand from industry customers was negatively affected by the Covid-19 pandemic. At the same time, demand for personal protective equipment from the authorities as well as other customers was strong. Sales to new customers increased and investments in product development and broadening the customer portfolio continued. The share of proprietary product sales increased.

EBITA for the fourth quarter amounted to MSEK 57 (57), corresponding to an EBITA margin of 5.2 percent (5.7). Earnings included extra costs of approximately MSEK 18 related to completed efficiency measures. EBITA for the fourth quarter, excluding restructuring expenses, amounted to MSEK 75 (57), corresponding to an EBITA margin of 6.9 percent (5.7).

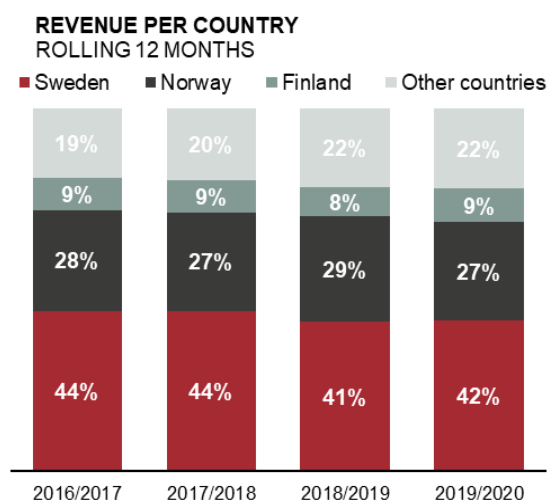
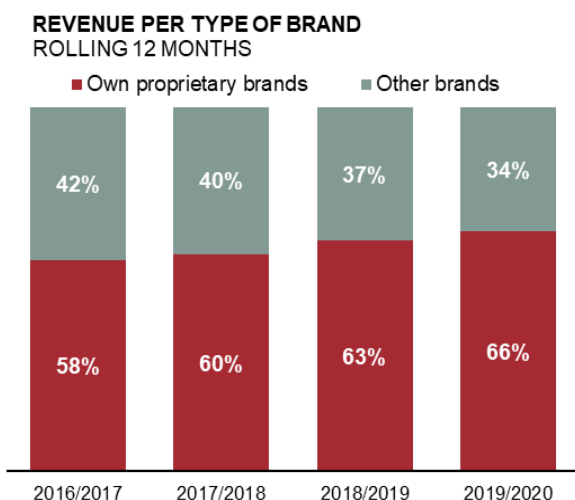
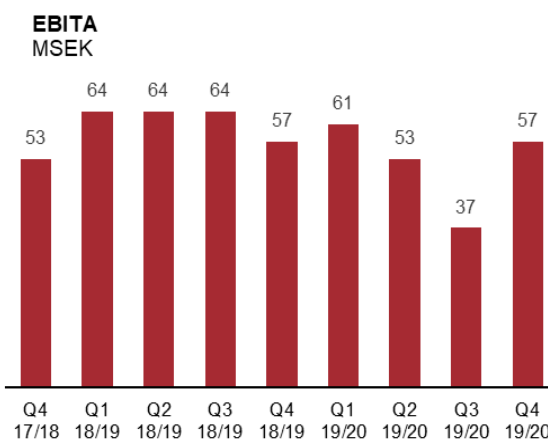
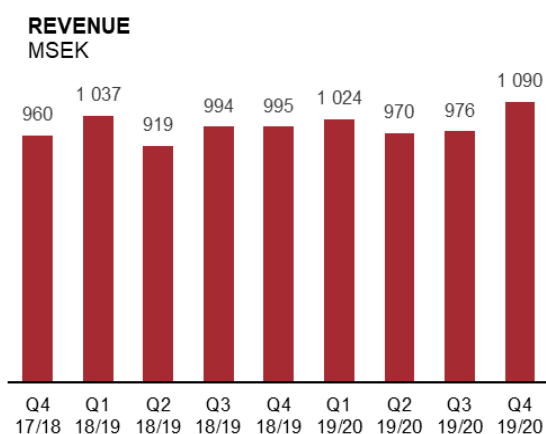
Profit after financial items amounted to MSEK 42 (48). The introduction of IFRS 16 affected earnings negatively, since interest expenses increased. Net profit amounted to MSEK 30 (38), corresponding to earnings per share of SEK 1.10 (1.40).

12 months (Apr 2019–Mar 2020)

Revenue rose by 3 percent to MSEK 4,060 (3,945). For comparable units, revenue declined by 3 percent in local currency and acquisitions increased revenue by 6 percent. Exchange-rate fluctuations did not affect revenue.

EBITA for the financial year amounted to MSEK 208 (249), corresponding to an EBITA margin of 5.1 percent (6.3). Earnings included extra costs of approximately MSEK 41 related to completed efficiency measures. EBITA for the financial year excluding restructuring expenses, amounted to MSEK 249 (249), corresponding to an EBITA margin of 6.1 percent (6.3).

Profit after financial items amounted to MSEK 155 (216) and net profit amounted to MSEK 116 (169), corresponding to earnings per share of SEK 4.30 (6.25).



Performance by division

MSEK	3 months			Full-year		
	Jan–Mar 2020	Jan–Mar 2019	Δ %	Apr 2019– Mar 2020	Apr 2018– Mar 2019	Δ %
Revenue						
Building Materials	318	275	16	1,143	1,055	8
Workplace Safety	403	335	20	1,401	1,355	3
Tools & Consumables	380	397	-4	1,565	1,579	-1
Group-wide/eliminations	-11	-12		-49	-44	
Total revenue	1,090	995	10	4,060	3,945	3
EBITA						
Building Materials	16	20	-20	53	88	-40
Workplace Safety	29	21	38	95	118	-19
Tools & Consumables	19	20	-5	73	62	18
Group-wide/eliminations	-7	-4		-13	-19	
Total EBITA	57	57	0	208	249	-16
EBITA margin, percent						
Building Materials	5.0	7.3		4.6	8.3	
Workplace Safety	7.2	6.3		6.8	8.7	
Tools & Consumables	5.0	5.0		4.7	3.9	
Total EBITA margin	5.2	5.7		5.1	6.3	

Building Materials

Building Materials' revenue increased by 16 percent to MSEK 318 (275) and EBITA amounted to MSEK 16 (20). Revenue for the full year increased by 8 percent to MSEK 1,143 (1,055) and EBITA amounted to MSEK 53 (88).

The construction season had a strong start and demand in Sweden and Norway during the first months of the quarter was higher than in the preceding year. The shutdown in Norway due to the Covid-19 pandemic had a negative effect on demand. Demand from customers in the telecom and automotive industries was substantially lower due to the Covid-19 pandemic. Efficiency measures to improve profitability were completed, which negatively impacted earnings for the period in an amount of approximately MSEK 8 and for the year approximately MSEK 20.

Workplace Safety

Workplace Safety's revenue increased by 20 percent to MSEK 403 (335) and EBITA amounted to MSEK 29 (21). Revenue for the full year increased by 3 percent to MSEK 1,401 (1,355) and EBITA amounted to MSEK 95 (118).

The underlying demand for personal protective equipment was strong despite the negative effect of a mild winter. During the end of the quarter, several companies assisted the authorities with both purchasing and temporary deliveries of personal protective equipment to best meet needs in society arising from Covid-19.

Efficiency measures to improve profitability were completed, which negatively impacted earnings for the period in an amount of approximately MSEK 7 and for the year approximately MSEK 14.

Tools & Consumables

Tools & Consumables' revenue declined by 4 percent to MSEK 380 (397) and EBITA amounted to MSEK 19 (20). Revenue for the full year decreased by 1 percent to MSEK 1,565 (1,579) and EBITA increased to MSEK 73 (62).

Companies in the division initially developed according to plan, but in the end of the quarter they faced significantly reduced demand due to the Covid-19 pandemic. Efficiency measures at the subsidiary Luna negatively impacted earnings for the period in an amount of approximately MSEK 3 and for the year approximately MSEK 7.

Group-wide and eliminations

Group-wide expenses and eliminations for the fourth quarter amounted to MSEK -7 (-4). Group-wide expenses and eliminations for the full year amounted to MSEK -13 (-19).

The Parent Company's revenue amounted to MSEK 32 (30) and profit after financial items to MSEK 26 (28) for the period. The item "Appropriations" includes Group contributions received in a net amount of MSEK 15 (50).

Employees

At the end of the period, the number of employees in the Group totalled 1,083, compared with 1,031 at the beginning of the financial year. This included 39 employees whose employment is being terminated on account of the efficiency measures. During the period, 87 employees were gained via acquisitions.

Corporate acquisitions

On 1 April, Bergman & Beving 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 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.

On 3 February, Workplace Safety acquired all shares in VIP Safety B.V. and 51 percent of the shares in Masters of Gloves B.V. VIP Safety sells personal protective equipment (PPE) and workwear in the Benelux countries. VIP Safety has 12 employees and generates annual revenue of approximately MSEK 40. Masters of Gloves is a brand of protective gloves for police, military, emergency services and other similar customers.

The purchase price allocation for the acquisitions for the period from 1 April to 31 August 2019 have been finalised. No material adjustments have been made in the calculations. The total purchase price allocation for the year's acquisitions:

Fair value of acquired assets and liabilities	MSEK
Customer relations	98
Other non-current assets	8
Other assets	126
Deferred tax liability, net	20
Current liabilities	51
Acquired net assets	161
Goodwill	101
Purchase consideration paid for shares	218
Additional purchase consideration	44
Less: Cash and cash equivalents in acquired companies	-11
Net change in cash and cash equivalents	-207

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 54.

Acquisition	Closing	Rev. MSEK*	No. of empl.*	Division
Miller, Sweden	Apr 2019	40	11	Tools & Consumables**
KGC, Sweden	May 2019	80	24	Building Materials
H&H Tuonti, Finland	Jul 2019	70	21	Building Materials
Systemtext, Sweden	Sep 2019	40	19	Workplace Safety
VIP, Benelux	Feb 2020	40	12	Workplace Safety

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

** The acquisition was made under Building Materials but transferred to Tools & Consumables during the third quarter, with retroactive effect.

Profitability, cash flow and financial position

Profitability, measured as the return on working capital (P/WC), amounted to 16 percent (22). The return on equity was 7 percent (11).

Cash flow from operating activities for the year amounted to MSEK 222 (258). Working capital increased during the period by MSEK 103. The Group's inventories increased by MSEK 76 and operating receivables increased by MSEK 9, while operating liabilities decreased by MSEK 18.

Cash flow was also charged with net investments in non-current assets in the amount of MSEK 121 (80) and MSEK 207 (68) pertaining to the acquisition and divestment of operations. The 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 695 (356), excluding pension obligations of MSEK 695 (646) and lease liabilities according to IFRS 16 of MSEK 460. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 305 (444). Additional credit of MSEK 500 was raised in April.

The equity/assets ratio was 34 percent (43). The lower equity/assets ratio is partially a result of the introduction of IFRS 16, which as of this financial year has had a negative effect of 4 percentage points on the equity/assets ratio.

Equity per share amounted to SEK 61.10, compared with SEK 61.35 at the beginning of the year. Equity per share after dilution totalled SEK 61.10, 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 approximately 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	-729,677		2.7	2.0
Total number of shares after repurchasing	26,706,739			

The share price as of 31 March 2020 was SEK 50.30. The average number of treasury shares was 549,294 during the period and 729,677 at the end of the period. The average purchase price for the repurchased shares was SEK 88.86 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 June 2021
Call option programme 2018/2022	210,000	210,000	0.8%	117.90	13 Sep 2021–10 June 2022
Call option programme 2019/2023	270,000	270,000	1.0%	107.50	12 Sep 2022–9 June 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 financial year

No significant events occurred after the end of the financial year.

The Annual General Meeting

The Annual General Meeting (AGM) of Bergman & Beving AB will be held on Wednesday 26 August 2020, at 4:00 p.m. at IVA in Stockholm, Grev Turegatan 16. The notice of the AGM will be published in July and will be available at www.bergmanbeving.com. The Board postpones the decision on dividend proposal.

Stockholm, 15 May 2020

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 persons set out below, at 7:45 a.m. CET on 15 May 2020.

Dates for forthcoming financial information

Interim Report 1 April–30 June 2020 will be published on 15 July 2020 at 7:45 a.m.

The 2020 Annual General Meeting will be held at IVA, Grev Turegatan 16 in Stockholm on 26 August at 4:00 p.m.

Interim Report 1 April–30 September 2020 will be published on 22 October 2020 at 7:45 a.m.

Interim Report 1 April–31 December 2020 will be published on 5 February 2021 at 7:45 a.m.

The 2019/2020 Annual Report will be published on Bergman & Beving's website in July.

Contact information

Pontus Boman, President & CEO, Tel: +46 10 454 77 00

Peter Schön, CFO, Tel: +46 70 339 89 99

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Reporting by quarter

MSEK	2019/2020				2018/2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Building Materials	318	237	288	300	275	227	251	302
Workplace Safety	403	350	305	343	335	369	300	351
Tools & Consumables	380	402	390	393	397	418	378	386
Group-wide/eliminations	-11	-13	-13	-12	-12	-20	-10	-2
Total revenue	1,090	976	970	1,024	995	994	919	1,037
EBITA								
Building Materials	16	-3	17	23	20	12	21	35
Workplace Safety	29	18	19	29	21	36	27	34
Tools & Consumables	19	24	18	12	20	22	18	2
Group-wide/eliminations	-7	-2	-1	-3	-4	-6	-2	-7
Total EBITA	57	37	53	61	57	64	64	64
EBITA margin, percent								
Building Materials	5.0	-1.3	5.9	7.7	7.3	5.3	8.4	11.6
Workplace Safety	7.2	5.1	6.2	8.5	6.3	9.8	9.0	9.7
Tools & Consumables	5.0	6.0	4.6	3.1	5.0	5.3	4.8	0.5
Total EBITA margin	5.2	3.8	5.5	6.0	5.7	6.4	7.0	6.2

The acquisition of Miller's was made under Building Materials in April 2019 but was transferred to Tools & Consumables during the third quarter, with retroactive effect. Comparative figures have been restated.

Group summary

MSEK	3 months		Full-year	
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	Apr 2018– Mar 2019
Revenue	1,090	995	4,060	3,945
Other operating income	11	7	27	11
Total operating income	1,101	1,002	4,087	3,956
Cost of goods sold	-648	-575	-2,388	-2,280
Personnel costs	-209	-198	-779	-744
Depreciation, amortisation and impairment losses	-42	-8	-164	-31
Other operating expenses	-151	-167	-567	-665
Total operating expenses	-1,050	-948	-3,898	-3,720
Operating profit	51	54	189	236
Financial income and expenses	-9	-6	-34	-20
Profit after financial items	42	48	155	216
Taxes	-12	-10	-39	-47
Net profit	30	38	116	169
Of which, attributable to Parent Company shareholders	30	38	116	169
Of which, attributable to non-controlling interest	0	-	0	-
Earnings per share before dilution, SEK	1.10	1.40	4.30	6.25
Earnings per share after dilution, SEK	1.10	1.40	4.30	6.25
Number of shares outstanding before dilution, '000	26,707	27,010	26,707	27,010
Weighted number of shares before dilution, '000	26,707	27,010	26,887	27,010
Weighted number of shares after dilution, '000	26,707	27,010	26,887	27,010

MSEK	3 months		Full-year	
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	Apr 2018– Mar 2019
Net profit	30	38	116	169
Remeasurement of defined-benefit pension plans	33	9	-48	-16
Tax attributable to components that will not be reclassified	-7	-2	10	3
Components that will not be reclassified to net profit	26	7	-38	-13
Translation differences	1	11	-5	5
Fair value changes for the year in cash-flow hedges	3	-10	6	5
Tax attributable to components that will be reclassified	-1	2	-1	-1
Components that will be reclassified to net profit	3	3	0	9
Other comprehensive income for the period	29	10	-38	-4
Total comprehensive income for the period	59	48	78	165
Of which, attributable to Parent Company shareholders	59	48	78	165
Of which, attributable to non-controlling interest	0	-	0	-

CONSOLIDATED BALANCE SHEET

MSEK	31 March 2020	31 March 2019
Assets		
Goodwill	1,570	1,472
Other intangible non-current assets	385	209
Tangible non-current assets	102	99
Right-of-use assets	455	-
Financial non-current assets	3	3
Deferred tax assets	89	79
Inventories	1,077	942
Accounts receivable	855	834
Other current receivables	138	127
Cash and cash equivalents	90	85
Total assets	4,764	3,850
Equity and liabilities		
Equity attributable to Parent Company shareholders	1,631	1,657
Non-controlling interest	12	-
Non-current interest-bearing liabilities	862	175
Provisions for pensions	695	646
Other non-current liabilities and provisions	174	120
Current interest-bearing liabilities	383	266
Accounts payable	583	580
Other current liabilities	424	406
Total equity and liabilities	4,764	3,850
Operational net loan liability	695	356

CONSOLIDATED STATEMENT OF EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS

MSEK	31 March 2020	31 March 2019
Opening equity	1,657	1,559
Dividend	-81	-68
Exercise and purchase of options for repurchased shares	2	1
Repurchase of own shares	-25	-
Total comprehensive income for the period	78	165
Closing equity	1,631	1,657

CONSOLIDATED CASH-FLOW STATEMENT

MSEK	3 months		Full-year	
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	Apr 2018– Mar 2019
Operating activities before changes in working capital	78	40	325	260
Changes in working capital	-101	-81	-103	-2
Cash flow from operating activities	-23	-41	222	258
Investments in intangible and tangible assets	-36	-30	-122	-80
Proceeds from sale of intangible and tangible assets	1	0	1	0
Acquisition of businesses	-25	2	-207	-68
Cash flow before financing	-83	-69	-106	110
Financing activities	93	74	107	-94
Cash flow for the period	10	5	1	16
Cash and cash equivalents at the beginning of the period	78	77	85	67
Cash flow for the period	10	5	1	16
Exchange-rate differences in cash and cash equivalents	2	3	4	2
Cash and cash equivalents at the end of the period	90	85	90	85

Compilation of key financial ratios

KEY FINANCIAL RATIOS

MSEK	Full-year	
	31 March 2020	31 March 2019
Revenue	4,060	3,945
EBITA	208	249
EBITA margin, percent	5.1	6.3
Operating profit	189	236
Operating margin, percent	4.7	6.0
Profit after financial items	155	216
Net profit	116	169
Profit margin, percent	3.8	5.5
Return on working capital (P/WC), percent	16	22
Return on capital employed, percent	6	9
Return on equity, percent	7	11
Operational net loan liability (closing balance)	695	356
Equity (closing balance)	1,643	1,657
Equity/assets ratio, percent	34	43
Number of employees at the end of the period	1,083	1,031
Key per-share data		
Earnings, SEK	4.30	6.25
Earnings after dilution, SEK	4.30	6.25
Cash flow from operating activities, SEK	8.25	9.60
Equity, SEK	61.10	61.35
Share price, SEK	50.30	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		Full-year	
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	Apr 2018– Mar 2019
MSEK				
Revenue	7	8	32	30
Other operating income	-	0	0	-
Total operating income	7	8	32	30
Operating expenses	-12	-9	-43	-36
Operating loss	-5	-1	-11	-6
Financial income and expenses	9	9	37	34
Profit after financial items	4	8	26	28
Appropriations	38	30	38	30
Profit before taxes	42	38	64	58
Taxes	-10	-9	-15	-13
Net profit	32	29	49	45

STATEMENT OF COMPREHENSIVE INCOME	3 months		Full-year	
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	Apr 2018– Mar 2019
MSEK				
Net profit	32	29	49	45
Fair value changes for the year in cash-flow hedges	3	-9	6	6
Taxes attributable to other comprehensive income	-1	2	-1	-1
Components that will be reclassified to net profit	2	-7	5	5
Other comprehensive income for the period	2	-7	5	5
Total comprehensive income for the period	34	22	54	50

BALANCE SHEET		
	31 March 2020	31 March 2019
MSEK		
Assets		
Intangible non-current assets	0	0
Tangible non-current assets	3	0
Financial non-current assets	2,450	2,330
Current receivables	666	452
Cash and cash equivalents	0	0
Total assets	3,119	2,782
Equity, provisions and liabilities		
Equity	1,282	1,332
Untaxed reserves	223	246
Provisions	40	40
Non-current liabilities	510	175
Current liabilities	1,064	989
Total equity, provisions and liabilities	3,119	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 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 29 for the fourth quarter and MSEK 118 accumulated. The average borrowing rate amounted to just over 3 percent and affected interest expenses in an amount of MSEK 3 during the quarter and MSEK 11 accumulated. Lease liabilities according to IFRS 16 amounted to MSEK 460 at the end of the period. Financing activities in the cash-flow statement were charged an accumulated MSEK 113 for lease liability payments and cash flow from operating activities increased, with adjustments for depreciation of right-of-use assets.

Operational follow-ups will be unaffected by the new lease recommendations. IFRS 16 will not affect follow-up of earnings from the divisions.

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			Full-year		
	Jan–Mar 2020	Jan–Mar 2019	Δ %	Apr 2019– Mar 2020	Apr 2018– Mar 2019	Δ %
Sweden	453	406	12	1,683	1,633	3
Norway	279	302	-8	1,101	1,151	-4
Finland	104	76	37	382	325	18
Other countries	254	211	20	894	836	7
Revenue	1,090	995	10	4,060	3,945	3

3. Risks and uncertainties

Bergman & Beving is affected by the implications of the Covid-19 outbreak. There is a significant risk that these may lead to a financial impact on the Group. Some impact could already be noted towards the end of the financial year. Bergman & Beving started taking measures immediately and work continues to minimise the consequences and effect on the Group. The financial impact is related to the overall situation. Decisions by different local authorities lead to disruptions in the supply chain and reduced demand, for example. Given the uncertain situation, it is not currently possible to estimate all of the potential impact on Bergman & Beving.

In addition to Covid-19 risks, the risk for IT attacks has become more pressing. Other risks and uncertainties for the Group and the Parent Company remain unchanged. For information about these 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		Full-year	
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	Apr 2018– Mar 2019
Comparable units in local currency	2	-1	-3	-2
Currency effects	-1	2	0	3
Acquisitions/divestments	9	3	6	2
Total – change	10	4	3	3

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		Full-year	
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	Apr 2018– Mar 2019
EBITA	57	57	208	249
Depreciation and amortisation in connection with acquisitions	-6	-3	-19	-13
Operating profit	51	54	189	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	Apr 2019–Mar 2020	Apr 2018–Mar 2019
EBITA (P)	208	249
Average working capital (WC)		
Inventories	1,030	898
Accounts receivable	764	737
Accounts payable	-527	-513
Total – average WC	1,267	1,122
P/WC, percent	16	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

- We develop, design and acquire strong products and 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 4,000 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
 	  	   
  	     	     