

Interim Report 1 April-30 September 2018

Second quarter (1 July-30 September 2018)

- Revenue amounted to MSEK 919 (902).
- EBITA totalled MSEK 64 (60), corresponding to an EBITA margin of 7.0 percent (6.7).
- Operating profit amounted to MSEK 60 (58), corresponding to an operating margin of 6.5 percent (6.4).
- Net profit totalled MSEK 44 (40).
- Earnings per share amounted to SEK 1.65 (1.45).
- Cash flow from operating activities totalled MSEK 48 (10).

Six months (1 April-30 September 2018)

- Revenue amounted to MSEK 1,956 (1,919).
- EBITA totalled MSEK 128 (116), corresponding to an EBITA margin of 6.5 percent (6.0).
- Operating profit amounted to MSEK 121 (112), corresponding to an operating margin of 6.2 percent (5.8).
- Net profit totalled MSEK 86 (77).
- Earnings per share amounted to SEK 3.20 (2.75).
- The return on working capital (P/WC) for the rolling 12-month period was 21 percent (20).
- Cash flow from operating activities totalled MSEK 189 (12).

Significant events since the start of the operating year

- Two acquisitions have been carried out, with total annual revenue of approximately MSEK 90.
- Johan Sjö was elected as the new Chairman of the Board at the Annual General Meeting on 23 August 2018.
- In accordance with a resolution by Bergman & Beving's Annual General Meeting on 23 August 2018, the number of Class B shares outstanding was reduced by 1,000,000.

Continuing operations MSEK	3 months			6 months			R12 months	Full-year
	Jul-Sep 2018	Jul-Sep 2017	Δ %	Apr-Sep 2018	Apr-Sep 2017	Δ %	Oct 2017- Sep 2018	2017/2018
Revenue	919	902	2	1,956	1,919	2	3,870	3,833
EBITA	64	60	7	128	116	10	236	224
EBITA margin, %	7.0	6.7		6.5	6.0		6.1	5.8
Net profit (after taxes)	44	40	10	86	77	12	167	158
Earnings per share before dilution, SEK	1.65	1.45	14	3.20	2.75	20	6.15	5.70
Earnings per share after dilution, SEK	1.65	1.45	14	3.20	2.75	20	6.15	5.70
P/WC, %							21	20
Equity/assets ratio, %				43	43		43	43
Number of employees at the end of the period	1,016	1,111	-9	1,016	1,111	-9	1,016	1,028

CEO's comments

Continued earnings improvement

The Group's positive performance continued during the second quarter, with improved earnings and a stronger operating margin. Demand for our proprietary brands improved and the share increased to 62 percent.

Overall, we experienced favourable demand in our main markets in the Nordic region, despite being impacted to a certain extent by a later-than-normal start to the season following the summer. The construction market noted stable demand, with Sweden remaining hesitant and more positive signals from Norway, which benefited from increased activity in the offshore industry. The industrial market remained strong, primarily driven by the trend in Sweden and Finland.

Our restructuring measures in the Tools & Consumables division yielded results and our efforts to enhance the efficiency of the organisation continued. At the same time, the niche companies in the division performed well. The Building Materials divisions maintained its strong market position and demand tracked the trend in our main markets. Workplace Safety continued to make good progress and the division delivered both improved earnings and a stronger operating margin. The establishment of the division's brands as independent units has been well received in the market.

Redemptions and acquisitions

During the quarter the cancellation of one million repurchased shares was completed, which affects our shareholders positively.

Acquisitions remain an important part of our strategy for growth. Our recent acquisitions of niche technology companies have contributed positively to our performance, demonstrating the success of our acquisition model. We see good potential to continue acquiring attractive companies.

Stockholm, October 2018

Pontus Boman

President & CEO

Profit and revenue

Second quarter (July-September 2018)

Revenue rose by 2 percent to MSEK 919 (902). For comparable units, revenue declined by 3 percent in local currency and acquisitions increased revenue by 2 percent. Exchange-rate fluctuations had a positive impact of 3 percent on revenue.

Revenue from proprietary product brands increased and the share grew. The phaseout of volumes with lower margins continued as expected. Combined, this further strengthened the gross margin and resulted in improved earnings.

EBITA for the second quarter amounted to MSEK 64 (60), corresponding to an EBITA margin of 7.0 percent (6.7).

Profit after financial items totalled MSEK 55 (53) and net profit amounted to MSEK 44 (40), corresponding to earnings per share of SEK 1.65 (1.45).

Six months (April-September 2018)

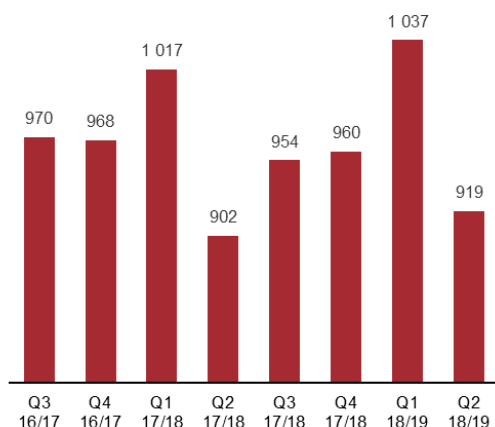
Revenue rose by 2 percent to MSEK 1,956 (1,919). For comparable units, revenue declined by 3 percent in local currency and acquisitions increased revenue by 2 percent. Exchange-rate fluctuations had a positive impact of 3 percent on revenue.

EBITA for the period amounted to MSEK 128 (116), corresponding to an EBITA margin of 6.5 percent (6.0).

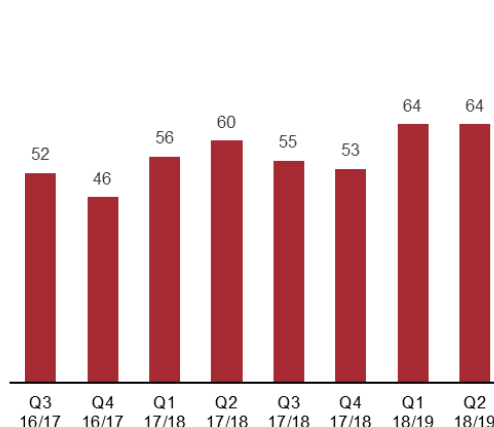
Profit for the first quarter was impacted positively by items affecting comparability amounting to MSEK 2.

Exchange-rate translation effects had a positive impact of MSEK 4 (2) on operating profit. Profit after financial items totalled MSEK 111 (101) and net profit amounted to MSEK 86 (77), corresponding to earnings per share of SEK 3.20 (2.75).

REVENUE
MSEK

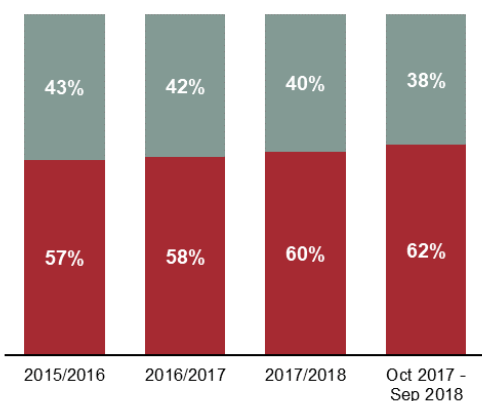


EBITA
MSEK



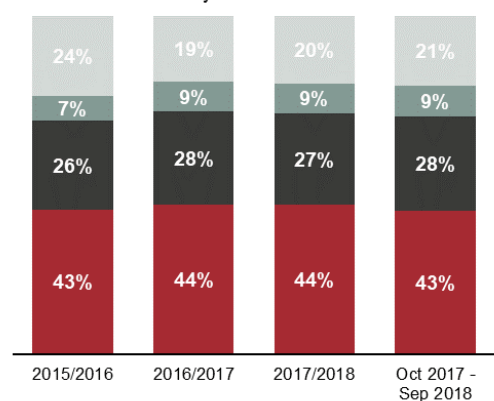
REVENUE PER TYPE OF BRAND
ROLLING 12 MONTHS

■ Own brands ■ Other brands



REVENUE PER COUNTRY
ROLLING 12 MONTHS

■ Sweden ■ Norway ■ Finland ■ Other countries



Performance by division

	3 months			6 months			R12 months	Full-year
Continuing operations MSEK	Jul-Sep 2018	Jul-Sep 2017	Δ %	Apr-Sep 2018	Apr-Sep 2017	Δ %	Oct 2017- Sep 2018	2017/2018
Revenue								
Building Materials	251	244	3	553	530	4	1,032	1,009
Workplace Safety	300	291	3	651	656	-1	1,312	1,317
Tools & Consumables	378	367	3	764	729	5	1,539	1,504
Group-wide/eliminations	-10	0		-12	4		-13	3
Total revenue	919	902	2	1,956	1,919	2	3,870	3,833
Operating profit								
Building Materials	21	23	-9	56	61	-8	87	92
Workplace Safety	27	22	23	61	37	65	127	103
Tools & Consumables	18	18	0	20	3	567	39	22
Group-wide/eliminations	-2	-3		-9	15		-17	7
EBITA	64	60	7	128	116	10	236	224
Depreciation and amortisation in connection with acquisitions	-4	-2		-7	-4		-11	-8
Operating profit	60	58	3	121	112	8	225	216

Building Materials

Revenue in Building Materials increased by 3 percent to MSEK 251 (244) and EBITA amounted to MSEK 21 (23). Revenue for the first six months rose by 4 percent to MSEK 553 (530) and EBITA totalled MSEK 56 (61). Profit for the first six months of the preceding year was impacted negatively by items affecting comparability of approximately MSEK 2.

Demand from customers in the construction sector was stable. The Swedish market remained somewhat hesitant, while demand in the Norwegian market was positive. Demand from shipyard customers remained low, particularly in the Chinese market. Earnings were also impacted by higher freight costs.

Workplace Safety

Workplace Safety's revenue rose by 3 percent to MSEK 300 (291) and EBITA amounted to MSEK 27 (22). Revenue for the first six months amounted to MSEK 651 (656) and EBITA to MSEK 61 (37). Profit for the first six months of the preceding year was impacted negatively in an amount of approximately MSEK 9 due to items affecting comparability related to the restructuring of the operations.

Demand for personal protective equipment in the market was continued favourable but was partly negatively impacted by a somewhat later start than normal after the summer. The gross margin improved as sales of proprietary brands increased. The establishment of the Company's brands as independent business units was well received in the market and our position in the market was consolidated.

Tools & Consumables

Revenue in Tools & Consumables amounted to MSEK 378 (367) and EBITA totalled MSEK 18 (18). Revenue for the first six months rose by 5 percent to MSEK 764 (729) and EBITA totalled MSEK 20 (3). Profit for the first six months of the preceding year was impacted negatively in an amount of approximately MSEK 12 due to items affecting comparability related to the restructuring of the operations.

Demand from customers in the industrial sector remained favourable, with a strong industrial economy in both Sweden and Finland. The structural measures implemented in the subsidiary Luna have begun to generate results and the new logistics management is now fully operational. At the same time, the efforts to further improve profitability continued. The niche companies in the division reported favourable earnings trends and strengthened their margins.

Group-wide and eliminations

Group-wide expenses for the second quarter amounted to MSEK 2 (3). Group-wide expenses for the first six months totalled MSEK 9 (+15). Profit for the first six months of the preceding year was impacted positively by items affecting comparability of approximately MSEK 24.

The Parent Company's revenue amounted to MSEK 14 (16) and profit after financial items to MSEK 14 (9) for the period. These results do not include any Group contributions, intra-Group dividends or other corresponding items.

Employees

At the end of the period, the number of employees in the Group amounted to 1,016, compared with 1,028 at the beginning of the financial year. As a result of acquisitions, the number of employees increased by 25 during the period, while the number of employees in other operations was reduced by 37.

Corporate acquisitions

In early April, the Building Materials division acquired all shares in BVS Brannvernssystemer A/S (BVS) and its group companies. BVS is a provider of passive fire protection solutions focusing on fire curtains, smoke ventilation and inspection hatches under its own brand names Flammatex and Inspecto. The business is primarily aimed at the Norwegian market, but the company also has a sales company in Sweden and own production in Hungary. The company, based in Stavanger, generates annual revenue of approximately MNOK 20 and has 15 employees.

In early May, the Tools & Consumables division acquired all shares in Belano Maskin AB (Belano). Belano is a leading supplier of machinery, spare parts and service focused on the attractive niche of construction and ventilation sheet-metal workers. The business is primarily aimed at the Swedish market. The company, based in Alingsås, generates annual revenue of approximately MSEK 65 and has ten employees.

The acquisitions are expected to have a marginally positive impact on Bergman & Beving's earnings per share for the 2018/2019 operating year.

The following analysis is preliminary.

Fair value of acquired assets and liabilities	MSEK
Customer relations	32
Other non-current assets	2
Other assets	34
Deferred tax liability, net	7
Non-current liabilities	2
Current liabilities	11
Acquired net assets	49
Goodwill	37
Purchase consideration paid for shares	84
Additional purchase consideration	2
Less: Cash and cash equivalents in acquired companies	-17
Redemption of interest-bearing liabilities	-2
Net change in cash and cash equivalents	-69

Acquisition	Closing	Revenue, MSEK*	No. of employees*	Division
BVS, Norway	April 2018	22	15	Building Materials
Belano, Sweden	May 2018	65	10	Tools & Consumables

* 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 21 percent (20). The return on capital employed was 9 percent (8 at the beginning of the year) and the return on equity was 11 percent (9 at the beginning of the year).

Cash flow from operating activities for the period amounted to MSEK 189 (12), with cash flow for the year-earlier period including discontinued operations. Funds tied up in working capital decreased by MSEK 44. During the period, inventories declined by MSEK 31 and operating receivables increased by MSEK 24. Operating liabilities rose by MSEK 37.

Cash flow for the period was also impacted in an amount of MSEK -24 (-12) pertaining to investments and divestments of non-current assets and an amount of MSEK -69 (-208) pertaining to the acquisition and divestment of operations.

The Group's operational net loan liability at the end of the period amounted to MSEK 360 (393), excluding pension obligations of MSEK 623 (590). Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 441 (510).

The equity/assets ratio was 43 percent, unchanged since the beginning of the year.

Equity per share amounted to SEK 58.20, compared with SEK 56.10 at the beginning of the year. Equity per share after dilution totalled SEK 58.20, compared with SEK 56.15 at the beginning of the year.

The Swedish tax rate, which is also the Parent Company's tax rate, was 22 percent. The Group's weighted average tax rate, with its current geographic mix, was approximately 22 percent. In June, the Swedish Riksdag passed a proposal concerning new tax rules, including interest deduction restrictions and a two-stage reduction in corporate tax to 20.6 percent by 2021. As a result of the reduced tax rate, deferred tax assets and tax liabilities have been remeasured. This remeasurement resulted in an accounting tax expense of approximately MSEK 1.

Share structure and repurchase of shares

At the end of the financial year, share capital totalled MSEK 56.9. In accordance with a resolution by Bergman & Beving's Annual General Meeting on 23 August 2018, the number of Class B shares outstanding was reduced by 1,000,000. The distribution by class of share is 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 as of 30 September 2018 was SEK 96.30. The average number of treasury shares was 1,304,484 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	Original 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	0.7%	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.

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, 26 October 2018

Johan Sjö
Chairman

Roger Bergqvist
Director

Anders Börjesson
Director

Henrik Hedelius
Director

Malin Nordesjö
Director

Louise Undén
Director

Lillemor Svensson
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.

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 26 October 2018.

Dates for forthcoming financial information

Interim Report 9 months – 1 April-31 December 2018 will be published on 8 February 2019.

Financial Report 2018/2019 – 1 April 2018-31 March 2019 will be published on 16 May 2019.

Contact information

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

Reporting by quarter

MSEK	2018/2019				2017/2018				2016/2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue										
Building Materials	251	302	270	209	244	286	276	220	231	277
Workplace Safety	300	351	312	349	291	365	314	335	284	354
Tools & Consumables	378	386	378	397	367	362	381	416	370	381
Group-wide/eliminations	-10	-2	0	-1	0	4	-3	-1	-1	0
Total revenue	919	1,037	960	954	902	1,017	968	970	884	1,012
Operating profit										
Building Materials	21	35	25	6	23	38	31	21	31	36
Workplace Safety	27	34	27	39	22	15	26	27	24	31
Tools & Consumables	18	2	4	15	18	-15	10	18	22	16
Group-wide/eliminations	-2	-7	-3	-5	-3	18	-21	-14	5	-3
EBITA	64	64	53	55	60	56	46	52	82	80
Depreciation and amortisation in connection with acquisitions	-4	-3	-2	-2	-2	-2	-1	-1	0	0
Operating profit	60	61	51	53	58	54	45	51	82	80

Group summary

CONSOLIDATED INCOME STATEMENT	3 months		6 months		R12 months	Full-year
	Jul-Sep 2018	Jul-Sep 2017	Apr-Sep 2018	Apr-Sep 2017	Oct 2017-Sep 2018	2017/2018
MSEK						
Revenue	919	902	1,956	1,919	3,870	3,833
Other operating income	0	0	0	1	2	3
Total operating income	919	902	1,956	1,920	3,872	3,836
Cost of goods sold	-526	-529	-1,132	-1,071	-2,257	-2,196
Personnel costs	-164	-161	-354	-379	-693	-718
Depreciation, amortisation and impairment losses	-9	-6	-16	-13	-28	-25
Other operating expenses	-160	-148	-333	-345	-669	-681
Total operating expenses	-859	-844	-1,835	-1,808	-3,647	-3,620
Operating profit	60	58	121	112	225	216
Financial income and expenses	-5	-5	-10	-11	-23	-24
Profit after financial items	55	53	111	101	202	192
Taxes	-11	-13	-25	-24	-35	-34
Net profit	44	40	86	77	167	158
Net profit from discontinued operations	-	0	-	1,091	-	1,091
Net profit	44	40	86	1,168	167	1,249
Of which, attributable to Parent Company shareholders	44	40	86	1,168	167	1,249
Earnings per share before dilution, SEK	1.65	1.45	3.20	41.75	6.15	44.95
- of which, continuing operations	1.65	1.45	3.20	2.75	6.15	5.70
Earnings per share after dilution, SEK	1.65	1.45	3.20	41.60	6.15	44.90
- of which, continuing operations	1.65	1.45	3.20	2.75	6.15	5.70
Number of shares outstanding before dilution, '000	27,010	27,985	27,010	27,985	27,010	27,010
Weighted number of shares before dilution, '000	27,010	27,985	27,010	27,985	27,170	27,785
Weighted number of shares after dilution, '000	27,010	27,993	27,010	28,064	27,170	27,816

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK						
Net profit	44	40	86	1,168	167	1,249
Remeasurement of defined-benefit pension plans	13	-22	0	-32	-27	-59
Tax attributable to components that will not be reclassified	-3	5	0	7	6	13
Components that will not be reclassified to net profit	10	-17	0	-25	-21	-46
Translation differences	-7	-4	3	-15	16	-2
Fair value changes for the year in cash-flow hedges	9	0	0	-3	-7	-10
Tax attributable to components that will be reclassified	-2	0	0	1	1	2
Components that will be reclassified to net profit	0	-4	3	-17	10	-10
Other comprehensive income for the period	10	-21	3	-42	-11	-56
Total comprehensive income for the period	54	19	89	1,126	156	1,193
Of which, attributable to Parent Company shareholders	54	19	89	1,126	156	1,193

CONSOLIDATED BALANCE SHEET

MSEK	30 September 2018	30 September 2017	31 March 2018
Assets			
Intangible non-current assets	1,649	1,537	1,569
Tangible non-current assets	89	144	88
Financial non-current assets	3	3	2
Deferred tax assets	77	78	81
Inventories	877	887	879
Accounts receivable	765	774	790
Other current receivables	153	188	157
Cash and cash equivalents	80	57	67
Total assets	3,693	3,668	3,633
Equity and liabilities			
Equity	1,581	1,580	1,559
Non-current interest-bearing liabilities	180	170	130
Provisions for pensions	623	590	623
Other non-current liabilities and provisions	118	133	115
Current interest-bearing liabilities	260	280	307
Accounts payable	506	484	497
Other current liabilities	425	431	402
Total equity and liabilities	3,693	3,668	3,633
Operational net loan liability	360	393	370

CONSOLIDATED STATEMENT OF EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS

MSEK	30 September 2018	30 September 2017	31 March 2018
Opening equity	1,559	2,724	2,724
Dividend	-68	-141	-141
Exercise and purchase of options for repurchased shares	1	3	3
Repurchase of own shares	-	-30	-118
Distribution of Momentum Group	-	-2,102	-2,102
Total comprehensive income for the period	89	1,126	1,193
Closing equity	1,581	1,580	1,559

CONSOLIDATED CASH-FLOW STATEMENT	3 months		6 months		R12 months	Full-year
MSEK	Jul-Sep 2018	Jul-Sep 2017	Apr-Sep 2018	Apr-Sep 2017	Oct 2017-Sep 2018	2017/2018
Operating activities before changes in working capital	54	61	145	80	190	125
Changes in working capital	-6	-51	44	-42	96	10
Cash flow from operating activities, discontinued operations	-	-	-	-26	-	-26
Cash flow from operating activities	48	10	189	12	286	109
Investments in intangible and tangible assets	-14	-4	-24	-12	-41	-29
Proceeds from sale of intangible and tangible assets	0	0	0	0	24	24
Acquisition of businesses	-	-20	-69	-208	-69	-208
Divestment of businesses	-	-	-	0	17	17
Investing activities, discontinued operations	-	-	-	-6	-	-6
Cash flow before financing	34	-14	96	-214	217	-93
Financing activities	-49	-1	-82	-58	-195	-171
Financing activities, discontinued operations	-	-	-	268	-	268
Cash flow for the period	-15	-15	14	-4	22	4
Cash and cash equivalents at the beginning of the period*	98	76	67	63*	57	63*
Cash flow for the period	-15	-15	14	-4	22	4
Exchange-rate differences in cash and cash equivalents	-3	-4	-1	-2	1	0
Cash and cash equivalents at the end of the period	80	57	80	57	80	67

* Includes cash and cash equivalents in discontinued operations

Compilation of key financial ratios

	R12 months		
	30 September 2018	30 September 2017	31 March 2018
Revenue, MSEK	3,870	3,857	3,833
EBITA, MSEK	236	214	224
EBITA margin, %	6.1	5.5	5.8
Operating profit, MSEK	225	208	216
Operating margin, %	5.8	5.4	5.6
Profit after financial items, MSEK	202	196	192
Net profit, MSEK	167	152	158
Profit margin, %	5.2	5.1	5.0
Return on working capital (P/WC), %	21	20	20
Return on capital employed, %	9	7	8
Return on equity, %	11	7	9
Operational net loan liability (closing balance), MSEK	360	393	370
Equity (closing balance), MSEK	1,581	1,580	1,559
Equity/assets ratio, %	43	43	43
Number of employees at the end of the period	1,016	1,111	1,028
Key per-share data			
Earnings, SEK	6.15	5.45	5.70
Earnings after dilution, SEK	6.15	5.40	5.70
Cash flow from operating activities, SEK	10.55	6.90*	3.9*
Equity, SEK	58.20	56.55	56.10
Share price, SEK	96.3	109.25	84.70

* Key financial ratios refer to items including discontinued operations

Parent Company summary

INCOME STATEMENT	3 months		6 months		R12 months	Full-year
	Jul-Sep 2018	Jul-Sep 2017	Apr-Sep 2018	Apr-Sep 2017	Oct 2017-Sep 2018	
MSEK						
Revenue	8	7	14	16	23	25
Other operating income	-	-	-	-	0	0
Total operating income	8	7	14	16	23	25
Operating expenses	-7	-9	-16	-23	-31	-38
Operating profit/loss	1	-2	-2	-7	-8	-13
Financial income and expenses	8	6	16	16	30	30
Profit after financial items	9	4	14	9	22	17
Appropriations	-	-	-	-	14	14
Profit before taxes	9	4	14	9	36	31
Taxes	-2	-1	-3	-2	-8	-7
Net profit	7	3	11	7	28	24

STATEMENT OF COMPREHENSIVE INCOME	3 months		6 months		R12 months	Full-year
	Jul-Sep 2018	Jul-Sep 2017	Apr-Sep 2018	Apr-Sep 2017	Oct 2017-Sep 2018	
MSEK						
Net profit	7	3	11	7	28	24
Other comprehensive income for the period						
Components that will not be reclassified to net profit	-	-	-	-	-	-
Fair value changes for the year in cash-flow hedges	9	0	0	-3	-7	-10
Taxes attributable to other comprehensive income	-2	0	0	1	1	2
Other comprehensive income for the period	7	0	0	-2	-6	-8
Total comprehensive income for the period	14	3	11	5	22	16

BALANCE SHEET

MSEK	30 September 2018	30 September 2017	31 March 2018
Assets			
Intangible non-current assets	0	0	0
Tangible non-current assets	0	0	0
Financial non-current assets	2,349	2,363	2,333
Current receivables	324	379	530
Cash and cash equivalents	0	1	0
Total assets	2,673	2,743	2,863
Equity, provisions and liabilities			
Equity	1,294	1,427	1,349
Untaxed reserves	226	264	226
Provisions	41	44	44
Non-current liabilities	180	230	130
Current liabilities	932	778	1,114
Total equity, provisions and liabilities	2,673	2,743	2,863

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.

Bergman & Beving measures financial instruments at fair value or cost in the balance sheet depending on their classification. In addition to items in the financial net debt, financial instruments also include accounts receivable and accounts payable. According to IFRS 7, financial instruments measured at fair value in the balance sheet are included in level 2 of the fair value hierarchy. The carrying amounts for financial assets and liabilities correspond to fair value in all material respects.

The same accounting policies and bases of judgement have been applied in this Interim Report as in the Annual Report for 2017/2018.

For the current year, all figures in the income statement and balance sheet refer to continuing operations. In the comparative periods, all figures in the income statement and balance sheet refer to continuing operations unless otherwise stated. Momentum Group, which was distributed and listed in the first quarter of 2017, is reported as discontinued operations and thus included in certain key ratios in the comparative period.

New or amended accounting standards which take effect in 2018 or later

IFRS has issued new standards (IFRS 9 and IFRS 15) that took effect on 1 January 2018 and have been applied by Bergman & Beving as of 1 April 2018. IFRS has issued a new standard (IFRS 16) that will take effect on 1 January 2019 and will be applied by Bergman & Beving as of 1 April 2019. These standards are described in more detail in Note 1 Accounting policies of the Annual Report for 2017/2018. A brief description of the effects for Bergman & Beving as of 1 April 2018 and 1 April 2019, respectively, is presented below.

IFRS 9 Financial instruments

Bergman & Beving's accounts receivable generally relate to customers with a good payment capacity, which is taken into account in the provision for expected credit losses. The new standard will entail no translation effects for Bergman & Beving in this respect and thus there is no need to adjust equity at the beginning of the 2018/2019 financial year.

Since Bergman & Beving applies hedge accounting according to the previous rules of IAS 39, the introduction of IFRS 9 is not expected to have any impact in this regard. Nor will the classification of financial instruments according to IFRS 9 have any impact on the Group's reporting. The new standard will thus have no impact on equity at the beginning of the 2018/2019 financial year.

IFRS 15 Revenue from Contracts with Customers

Bergman & Beving's revenue is mainly derived from sales of goods with a marginal share derived from sales of services. With respect to sales of both goods and services, risk and control are transferred to the buyer upon delivery. Sales are made on normal credit terms and Bergman & Beving does not offer any other financing. Bergman & Beving is always the principal during the supply process. Accordingly, revenue can be recognised immediately upon delivery. The new standard will entail no translation effects for Bergman & Beving and thus there is no need to adjust equity at the beginning of the 2018/2019 financial year.

IFRS 16 Leases

As an operational lessee, Bergman & Beving will be affected by the implementation of IFRS 16. Bergman & Beving has carried out a preliminary assessment of the effects of IFRS 16 and will continue working on this analysis in 2018/2019. Monetary calculations of the effect of IFRS 16 and the choice regarding transitional methods and application of exemption rules have not yet been concluded. The information provided in Note 26 of the Annual Report for 2017/2018 concerning operational leases gives an indication of the nature and extent of the leases that exist at present.

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		6 months		R12 months	Full-year
MSEK	Jul-Sep 2018	Jul-Sep 2017	Apr-Sep 2018	Apr-Sep 2017	Oct 2017-Sep 2018	2017/2018
Sweden	374	394	812	869	1,634	1,692
Norway	271	251	563	511	1,094	1,042
Finland	78	82	176	173	340	336
Other countries	196	175	405	366	802	763
Revenue	919	902	1,956	1,919	3,870	3,833

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 31 of Bergman & Beving's Annual Report for 2017/2018.

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		6 months	
Percentage change in revenue for:	Jul-Sep 2018	Jul-Sep 2017	Apr-Sep 2018	Apr-Sep 2017
Comparable units in local currency	-3.0	-6.9	-3.0	-10.0
Currency effects	3.3	0.0	2.9	0.8
Acquisitions/divestments	1.7	9.0	2.1	10.4
Total – change	1.9	2.1	2.0	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		6 months		R12 months	Full-year
MSEK	Jul-Sep 2018	Jul-Sep 2017	Apr-Sep 2018	Apr-Sep 2017	Oct 2017-Sep 2018	2017/2018
EBITA	64	60	128	116	236	224
Depreciation and amortisation in connection with acquisitions	-4	-2	-7	-4	-11	-8
Operating profit	60	58	121	112	225	216

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 2017-Sep 2018	Oct 2016-Sep 2017	2017/2018
EBITA (P)	236	214	224
Average working capital (WC)			
Inventories	878	860	883
Accounts receivable	725	742	730
Accounts payable	-489	-512	-496
Total – average WC	1,114	1,090	1,117
P/WC, %	21	20	20

6. Discontinued operations

On 14 June 2017, an Extraordinary General Meeting of Shareholders resolved to distribute all of Bergman & Beving's shares in Momentum Group to the shareholders of Bergman & Beving AB, meaning that for each Class A share in Bergman & Beving the shareholders received one Class A share in Momentum Group and for each Class B share in Bergman & Beving the shareholders received one Class B share in Momentum Group. The first day of trading in Momentum Group shares on Nasdaq Stockholm took place on 21 June.

Profit from the discontinued operations amounted to MSEK 1,077, which pertains to the difference between the market value of Momentum Group AB of MSEK 2,102 (based on the average trading price on the first day of trading) and the consolidated value of MSEK 1,025. The consolidated value mainly pertained to goodwill and other current assets. The capital gain includes transaction costs of MSEK 16. For more information on discontinued operations, refer to Note 31 Discontinued operations in Bergman & Beving's Annual Report for 2017/2018.

INCOME STATEMENT

MSEK	2018/2019	2017/2018
Revenue	-	917
Other operating income	-	1
Total operating income	-	918
Cost of goods sold	-	-579
Personnel costs	-	-202
Depreciation, amortisation and impairment losses	-	-5
Other operating expenses	-	-114
Total operating expenses	-	-900
Operating profit	-	18
Profit from discontinued operations	-	1,077
Financial income	-	0
Financial expenses	-	-1
Net financial items	-	1,076
Profit after financial items	-	1,094
Taxes	-	-3
Net profit from discontinued operations	-	1,091
Earnings per share before dilution	-	39.25
Earnings per share after dilution	-	39.20

CASH-FLOW STATEMENT

MSEK	2018/2019	2017/2018
Cash flow from operating activities	-	-26
Cash flow from investing activities	-	-6
Cash flow from financing activities	-	268
Cash flow for the period, discontinued operations	-	236

7. 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 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 brands are included in the Company's divisions:

Building Materials	Workplace Safety	Tools & Consumables
 	     	     