



BELLMAN GROUP
INTERIM REPORT
QUARTER 1 2019

Bellman Group AB (publ)
(Corp.ID Nr. 559108-3729)
Stockholm, 30 May, 2019



ABOUT BELLMAN GROUP

Bellman Group is a construction group that operates in rock blasting, soil removal, transport and mass handling in Sweden, primarily in the Stockholm and Gothenburg regions. The group consists of Bellmans, which is a transport company, Uppländska Berg (MST), which performs blasting operations, VSM, which carries out excavation work with large machinery, and Samgräv, which is active in transport, mass handling and landfills.

In 2018 the group sales were SEK 1.6 billion (pro forma*) and it had approximately 400 employees and 800 subcontractors. The Bellman Group, with registered offices in Solna, Sweden, has corporate bonds listed on Nasdaq Stockholm and the principal owner is Verdane Capital. Bellman Group is a group with an explicit acquisition strategy.

VISION

We do not follow the development in the industry. We lead it.

MISSION

We make it possible to build.

BUSINESS CONCEPT

Bellman Group's business concept is to blast, shaft and transport with focus on quality, efficiency and safety in complex projects and environments for our customers in the construction sector.

CORE VALUES

Quality. Competence. Security.

OVERALL GOALS

The growth of Bellman Group shall be through the acquisition of established and profitable companies that complement and act within the framework of Bellman Group's offering. Revenue synergies, rather than cost synergies, are a criterion and the group shall not be perceived by its key customers to operate competing operations. Growth will also come through organic growth in existing subsidiaries.

*) To illustrate the full year sales of the Bellman Group, the pro forma sales figure above shows the revenue for January to December 2018, including full year figures for VSM and Samgräv, as if the acquisitions of the subsidiaries had taken place on 1 January 2018.



AT A GLANCE – QUARTER/YEAR-TO-DATE

On 31 January 2019, Bellman Group completed the acquisition of Samgräv Holding AB, purchasing all the shares in the company and acquiring, indirectly, its subsidiaries; Samkross i Härryda AB, Samgräv Maskinförmedling AB, Samgräv Recycling AB and Samkross i Uddevalla AB.

Bellman Group funded the new acquisition by new equity, SEK 44 million, and issuing of additional bonds, SEK 100 million. The new bonds were listed on the Corporate bond list at NASDAQ Stockholm AB (“Nasdaq Stockholm”) and the total outstanding nominal amount equalled SEK 600 million after the transaction.



FINANCIAL SUMMARY - QUARTER/ YEAR-TO-DATE

- Revenue increased by 135.6 % to SEK 445.6 million (189.2). Inclusion of VSM and Samgräv January – March 2018 as well as Samgräv January 2019 results in a pro forma** revenue increase of 36.5 % or SEK 125.5 million driven by VSM SEK 90.4 million, Bellmans SEK 32.4 million, MST SEK 6.6 million and Samgräv SEK 16.9 million.
- EBITDA before items affecting comparability increased with 199.5 % to SEK 49.8 million (16.6). On a pro forma level EBITDA increased by 101.9 % or SEK 27.3 million driven by VSM SEK 28.5 million and Bellmans SEK 1.8 million partly offset by MST SEK -2.0 million and Samgräv SEK -0.8 million.
- EBITDA after items affecting comparability totalled SEK 48.0 million (15.1), corresponding to a margin of 10.8 % (8.0 %).
- Operating profit totalled SEK 28.9 million (8.7), with a margin of 6.5% (4.6 %), including amortisation of intangible assets.
- Earnings per share (SEK), basic and diluted, was SEK 7.0 (3.6).



BELLMAN GROUP KEY PERFORMANCE INDICATORS

SEK million	*)	*)	***) Pro forma	***) Pro forma
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenue	445.6	189.2	469.4	344.0
EBITDA before items affecting comparability	49.8	16.6	54.2	26.8
EBITDA before items affecting comparability margin, %	11.2 %	8.8 %	11.5 %	7.8 %
EBITDA after items affecting comparability	48.0	15.1	52.4	25.3
EBITDA after items affecting comparability margin, %	10.8 %	8.0 %	11.2 %	7.4 %
Operating profit (EBIT)	28.9	8.7	33.0	9.1
Operating margin, %	6.5 %	4.6 %	7.0 %	2.7 %
Net income for the period	14.4	3.6	17.5	6.0
Earnings per share (SEK), basic and diluted	7.0	3.6		

*) The 2019 data includes MST, Bellmans and VSM for the entire period and Samgräv for the period February to March. The 2018 data includes MST and Bellmans for the entire period.

***) To illustrate the full year development of the Bellman Group, the pro forma figures for the 3-month period January to March 2019 and the comparative pro forma figures for the 3-month period January to March 2018, as presented in the analysis table above, include figures for VSM and Samgräv, as if the acquisitions of the subsidiaries had taken place on 1 January 2018.



A WORD FROM OUR CEO

We have seen a solid performance for the group during the first quarter. Growth has been strong, driven by both acquisitions and organic. The group's sales for the period amounted to SEK 445.6 million (189.2), an increase of SEK 256.5 million compared with the corresponding period in 2018. EBITDA for the period amounted to SEK 49.8 million (16.6) before items affecting comparability. We have seen organic growth in VSM, Bellmans and MST, mainly as a result of large infrastructure projects like "Förfart Stockholm" and "Sälens flygplats".

On 31 January, we completed the acquisition of Samgräv Holding AB, located in Gothenburg. With this acquisition, Bellman Group has significantly strengthened its position in the Västra Götaland region. We are a group that pro forma (2018) generated a revenue of SEK 1.6 billion with an established near double-digit EBITDA margin and we employ approximately 400 employees and 800 subcontractors.

Reinforced position

In accordance with our strategy and business plan, we have completed acquisitions in line with our goal of being a comprehensive supplier within groundwork and mass management and we continue to be the obvious choice for our customers. Our customer base mainly consists of large and medium-sized construction/ infrastructure companies in Sweden. Building and infrastructure investments in Sweden are characterised by an increasing complexity, which places demands on our customers' partners. Here we not only distinguish

ourselves by our size and our uniquely wide offer, but also by our extensive experience from complex projects where the requirements for project management skills, competence and time planning are crucial success factors. Our customers expect us to take the leadership role and together with them drive the development forward, with new solutions and standards. Our professionalism helps our customers develop, strengthen their business and processes, and we deliver the best value to our customers.

Stable foundation for further growth

The new group has a stable basis for further growth through:

- ❖ Good balance between the operations, with a broad offering in rock blasting, excavation, transport and mass handling in Sweden, primarily the Stockholm and Gothenburg regions.
- ❖ Strong underlying market, with large infrastructure investments spanning a long-time horizon.
- ❖ Low project risk in the business as the compensation model is largely variable/ volume-based (majority of business is infrastructure driven).
- ❖ Being a quality provider who actively helps the customer during the project's process, solving the customer's problems.
- ❖ A strong brand that the customer can always rely on.

Håkan Lind, CEO of Bellman Group

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GROUP FINANCIAL OVERVIEW - QUARTER 1/YEAR TO DATE

Sales

The group's consolidated revenue for the period was SEK 445.6 million (189.2), an increase of SEK 256.5 million or 135.6 %, mainly as a result of the acquisition of VSM SEK 189.1 million and Samgräv SEK 48.6 million. Bellmans reported a revenue increase of SEK 32.4 million or 23.7 %, driven by high capacity utilization as a result of strong market demand (infrastructure projects). MST reported a revenue increase of SEK 6.6 million or 12.3 %, primarily driven by large projects related to infrastructure and housing.

The pro forma revenue result for the period was SEK 469.4 million (344.0), an increase of SEK 125.5 million or 36.5 %. VSM reported an increase of SEK 90.4 million or 91.6 %, mainly driven by large infrastructure projects, like "Förbifart Stockholm", "Sälens flygplats" etc. Samgräv reported an increase of SEK 16.9 million or 30.2 %, mainly related to car and machine services. These sale increases were partly offset by higher intragroup eliminations of SEK -20.8 million due to additional intragroup activity.

Earnings

Group EBITDA before items affecting comparability was SEK 49.8 million (16.6), an increase of SEK 33.1 million or 199.5 %, also driven by the acquisitions of VSM SEK 26.8 million as well as Samgräv SEK 6.6 million. Bellmans reported an increase in EBITDA before items affecting comparability of SEK 1.8 million or 27.2 %, where increased revenue was partly offset by increased fuel costs. MST reported a decrease in EBITDA of SEK -2.0 million or -19.4 %, increased cost explained by higher utilization of sub-contractors and higher fuel costs.

The pro forma EBITDA before items affecting comparability for the period was SEK 54.2 million (26.8), an increase of SEK 27.3 million or 101.9 %. VSM reported an increase of SEK 28.5 million, mainly driven by profitable growth (infrastructure projects). Samgräv reported a decrease of SEK -0.8 million or -6.8 %, mainly driven by an unfavourable product mix.

The EBITDA after items affecting comparability for the period was SEK 48.0 million (15.1), an increase of SEK 32.9 million or 217.8 %. Pro forma the EBITDA after items affecting comparability for the period was SEK 52.4 million (25,3), an increase of SEK 27.1 million or 107.0 %.

Operating profit was SEK 28.9 million (8.7), including depreciation and amortisation totalling SEK -19.1 million (-6.4) and items affecting comparability of SEK -1.7 million (-1.5). Items affecting comparability were comprised of Internal Control Project SEK -0.8 million, acquisition costs SEK -0.7 million, corporate branding SEK -0.2 million and internal restructuring in order to simplify the group's legal structure SEK -0.1 million.

Net financial expenses were SEK 10.8 million (4.0), which was mainly attributable to interest on the corporate bonds and amortisation of financing costs. Net profit for the period was SEK 14.4 million (3.6).

Cash Flow

The group's cash flow from operating activities was SEK 13.8 million (12.4), an increase of SEK 1.4 million mainly driven by increased cash flow from operating activities SEK 20.4 million partly offset by higher change in working capital SEK -19.0 million.

Cash flow from investing activities was SEK -103.9 million (-4.9) and was mainly driven by the Samgräv acquisition costs SEK -94.2 million as well as an increase in budgeted net investments in property, plant and equipment of SEK -9.7 million vs Q1 2018 of -4.9.

Cash flow from financing activities was SEK 77.7 million (0.0), driven by the Samgräv acquisition, resulting in an increase of the Bond loan with SEK 100 million, partly offset by repayment of debt and loans SEK 22.3 million. As a result, cash flow for the period was negative with SEK -12.4 million compared to a positive SEK 7.5 million in Q1 2018.

Investments

The group budgeted investments in property, plant and equipment totalled a net amount of SEK 9.7 million (4.9), which referred to Samgräv SEK 7.2 million (landfills), Bellmans SEK 0.9 million, VSM SEK 0.9 million and MST SEK 0.6 million.

Acquisitions

On 31 January 2019, Bellman Group completed the acquisition of Samgräv Holding AB, purchasing all the shares in the company and acquiring, indirectly, its subsidiaries. The acquisition was funded by new equity increasing the number of shares to 2,087.0 thousand (Q1 2018 1,014.2) and the issuance of new corporate bonds increasing the bond loans of SEK 100 million up to SEK 600 million.

Net interest-bearing debt

The group's net interest-bearing debt, for covenant purposes, as of 31 March 2019 was SEK 522.6 million (129.4), comprised bonds of a nominal value of SEK 600.0 million (220.0), lease liabilities (according to IAS 17) of SEK 4.7 million (5.1) less cash and cash equivalents of SEK -82.1 million (-95.7). The ratio of net interest-bearing debt to the March LTM EBITDA before items affecting comparability was 2.5 (2.0), including LTM pro forma EBITDA relating to VSM and Samgräv.

Total net debt was SEK 675.5 million (187.9) including contingent consideration of SEK 88.8 million (0.0), vendor loan of SEK 37.7 million (58.5), right of use assets and leases SEK 26.5 million (0.0).

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Organisation

At 31 March 2019, the group had 373 (161) employees. Of these, 182 (0) employees in VSM, 94 (85) employees in MST, 73 (74) employees in Bellmans, 21 (0) employees in Samgräv and 3 (2) employees in the parent company. The increase is mainly due to the acquisition of VSM and Samgräv. Attracting competent staff and retaining key personnel is crucial for Bellman Group's success. The physical safety of personnel is high priority and the Bellman Group has a zero vision when it comes to accidents. Risks, incidents and accidents are reported and investigated so that measures can be taken as quickly as possible. Measures are continuously taken to create and maintain safe workplaces, train employees in safety, change attitudes and thereby contribute to a healthy organisation and a safe working environment.

We see challenges in recruiting more female employees in order to create a more balanced gender distribution within the company. We are convinced that an inclusive workplace culture characterised by diversity benefits everyone. Discrimination and harassment are not allowed in any form and all employees must be given equal opportunity to develop. A good corporate culture makes for wellbeing, good relationships, low staff turnover and low sick leave. Bellman Group collaborates with schools, employment services and competitors to secure jointly future needs for competent employees. We also encourage employees who want further education or undergo broadening training within our various machine types.

Financial position and financing

At the end of the period, the group had cash and cash equivalents of SEK 82.1 million (95.7). Including an undrawn overdraft facility, available cash and cash equivalents totalled SEK 120.1 million (115.7). The parent company has issued corporate bonds, which are listed on the Corporate bond list at NASDAQ Stockholm AB ("Nasdaq Stockholm"). These bonds are listed as Bellman Group 1 with 600 units. The total outstanding nominal amount is SEK 600 million (220) and the

nominal value per unit is SEK 1.0 million. The interest rate of the bonds is the variable 3-month STIBOR plus 6.50 %. The interest is payable quarterly in arrears. The bonds mature in June 2022. The terms and conditions of the bonds include an early redemption option. The option is accounted for as a derivative at an amount of SEK 1.2 million (1.0) and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds include a quarterly maintenance test, which is deemed to be satisfied provided the ratio of net interest-bearing debt to EBITDA is less than 4.25. The terms and conditions of the bonds are available on the website of Bellman Group AB (publ), www.bellmangroup.se.

Risk and undertakings

A presentation of significant risks and uncertainties can be found in the group's Annual Report for 2018. The Annual Report is available on the website of Bellman Group AB (publ), www.bellmangroup.se. There has been no material change in significant risks and uncertainties since the Annual Report was published.

Significant events after the end of March

There have not been any significant events after 31 March 2019.

Outlook

Bellman Group is continuously working to develop and customise its operations within the various segments. This work is done both through industry organisations and in connection with customers. The future development of the group subsidiaries is deemed good. The assessment is supported by the fact that the group is active in a well-structured market, that the customers demand the group's service offering and that the services are of high utility. Long-term trends, such as urbanization, also work to the group's advantage. Urbanization promotes the market in which the group's largest customers are active, thereby increasing demand for the group's services.

SEGMENT DEVELOPMENT				
SEK million	*)	*)	**) Proforma	**) Proforma
	Q1	Q1	Q1	Q1
	2019	2018	2019	2018
MST	60.0	53.4	60.0	53.4
Bellmans	169.1	136.7	169.1	136.7
VSM	189.1	-	189.1	98.7
Samgräv	48.6	-	72.9	56.0
Elimination, inter-company sales	-21.2	-0.9	-21.7	-0.9
Total revenue	445.6	189.2	469.4	344.0
SEK million	*)	*)	**) Proforma	**) Proforma
	Q1	Q1	Q1	Q1
	2019	2018	2019	2018
MST	8.1	10.1	8.1	10.1
Bellmans	8.5	6.7	8.5	6.7
VSM	26.8	-	26.8	-1.7
Samgräv	6.6	-	11.0	11.8
Other	-0.3	-0.2	-0.3	-0.2
Total EBITDA before items affecting comparability	49.8	16.6	54.2	26.8

*) The 2019 data includes MST, Bellmans and VSM for the entire period, and Samgräv for the period February to March. The 2018 data includes MST and Bellmans for the entire period.

**) To illustrate the full year development of the Bellman Group, the pro forma figures for the 3-month period January to March 2019 and the comparative pro forma figures for the 3-month period January to March 2018, as presented in the analysis table above, include figures for VSM and Samgräv, as if the acquisitions of the subsidiaries had taken place on 1 January 2018.

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OTHER INFORMATION

AUDIT

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

CONTACT INFORMATION

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FINANCIAL CALENDAR

The interim report for the period April - June 2019, to be released on 29 August 2019.

ASSURANCE

The Board of Directors and CEO hereby confirm that this interim report for January – March 2019 provides a true and fair overview of the performance of the parent company's and the group's operations, financial position and earnings, and that it describes the significant risks and uncertainties to which the parent company and the companies included in the group are exposed.

Stockholm, 30 May 2019

Björn Andersson
Chairman of the Board

Per Nordlander
Member of the Board

Håkan Lind
CEO and Member of the Board

Christina Ragsten
Member of the Board

Ingalill Östman
Member of the Board

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CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	*) Q1 2019	*) Q1 2018
Revenue		445.6	189.2
Other operating income		1.3	0.7
Total revenue		446.9	189.9
Operating expenses			
Raw materials and consumables		-320.5	-141.4
Other external expenses		-16.9	-7.0
Employee benefits		-62.1	-26.4
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-19.1	-6.4
Other operating income		0.5	0.0
Total operating expenses		-418.0	-181.1
Operating profit		28.9	8.7
Net financial items	4	-10.8	-4.0
Profit after net financial items		18.1	4.7
Income tax		-3.7	-1.1
Net profit for the period		14.4	3.6
Profit attributable to:			
- parent company shareholders		14.0	3.6
- non-controlling interests		0.4	0.0
Earnings per share (SEK), basic and diluted		7.0	3.6
Average number of shares, thousands		2,006.3	1,008.5
Statement of other comprehensive income			
Net profit for the period		14.4	3.6
Other comprehensive income		0.0	0.0
Items that may or has been classified as net income		0.0	0.0
Total comprehensive income for the period		14.4	3.6
Total comprehensive income for the period is attributable to:			
- parent company shareholders		14.0	3.6
- non-controlling interests		0.4	0.0

*) The income statement for 2018 refers to MST, Bellmans and the parent company for the entire period. The income statement for 2019 refers to MST, Bellmans, VSM and the parent company for the entire period and for Samgräv for the period February to March.

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CONSOLIDATED BALANCE SHEET

SEK million	Note	*) 31 Mar 2019	*) 31 Mar 2018	*) 31 Dec 2018
Assets				
Intangible assets	6	505.8	146.7	334.0
Property, plant and equipment		416.6	117.2	321.3
Non-current financial assets	4	18.1	4.5	14.7
Total non-current assets		940.6	268.5	670.0
Inventories		7.2	7.1	5.0
Current receivables		354.5	133.8	266.3
Cash and cash equivalents		82.1	95.7	94.5
Total current assets		443.8	236.6	365.8
TOTAL ASSETS		1,384.4	505.1	1,035.7
Equity and liabilities				
Parent shareholders' equity		303.5	79.9	245.6
Non-controlling interests		6.1	0.0	5.6
Non-current liabilities	8	751.1	279.0	547.9
Current liabilities	8	323.7	146.2	236.6
TOTAL EQUITY AND LIABILITIES		1,384.4	505.1	1,035.7

*) The statement of financial position for March 2018 refers to MST, Bellmans and the parent company. The statement of financial position for December 2018 refers to MST, Bellmans, VSM and the parent company.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Attributable to shareholders of Bellman Group AB					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Retained earnings (incl. net profit/loss for the year)	Total			
Opening balance, 1 January 2018	1.0	47.4	27.9	76.3	0.0	76.3	
Net profit/loss for the period	0.0	0.0	3.6	3.6	0.0	3.6	
Total comprehensive income	0.0	0.0	3.6	3.6	0.0	3.6	
Transactions with shareholders in their capacity as owners	0.0	0.0	0.0	0.0	0.0	0.0	
Closing balance, 31 March 2018	1.0	47.4	31.5	79.9	0.0	79.9	
Opening balance, 1 January 2019	1.9	191.5	52.2	245.6	5.6	251.2	
Net profit/loss for the period	0.0	0.0	14.0	14.0	0.4	14.4	
Total comprehensive income	0.0	0.0	14.0	14.0	0.4	14.4	
Issue of new shares	0.2	43.8	0.0	44.0	0.0	44.0	
Transactions with shareholders in their capacity as owners	0.2	43.8	0.0	44.0	0.0	44.0	
Closing balance, 31 March 2019	2.1	235.3	66.2	303.6	6.1	309.7	

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CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million		*) Q1	*) Q1
	Note	2019	2018
Cash flow from operating activities			
Operating profit		28.9	8.7
<u>Adjustment for non-cash items:</u>			
Depreciation and amortisation		19.1	6.4
Other & non-cash items		1.1	-0.7
Interest paid		-9.4	-3.6
Income taxes paid / received		-11.4	-2.9
Cash flow from operating activities before changes in working capital			
working capital		28.3	7.9
Changes in working capital		-14.5	4.5
Cash flow from operating activities			
		13.8	12.4
Cash flow from investing activities			
Acquisition of subsidiaries, net of acquired cash and cash equivalents	6	-94.2	-
Net investments in property, plant and equipment		-9.7	-4.9
Cash flow from investing activities			
		-103.9	-4.9
Cash flow from financing activities			
Repayment of lease liability		-2.4	-
Loans raised	6, 8	95.9	-
Repayment of loans		-15.9	-
Cash flow from financing activities			
		77.7	-
Cash flow for the period			
		-12.4	7.5
Cash and cash equivalents at the beginning of the period		94.5	88.2
Cash and cash equivalents at the end of the period			
		82.1	95.7

*) The cash flow statement for 2018 refers to MST, Bellmans and to the Parent Company for the entire period. The cash flow statement for 2019 refers to MST, Bellmans, VSM and the Parent Company for the entire period and for Samgräv for the period February to March.

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PARENT COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million	Q1 2019	Q1 2018
Total revenue	3.1	2.0
Total operating expenses	-5.2	-3.6
Operating loss	-2.0	-1.6
Loss after net financial expense	-10.5	-4.8
Net gain/loss for the period	-8.3	-3.7
Statement of other comprehensive income		
Net gain/loss for the period	-8.3	-3.7
Total comprehensive income for the period	-8.3	-3.7

PARENT COMPANY BALANCE SHEET

SEK million	31 Mar 2019	31 Mar 2018	31 Dec 2018
Total non-current assets	1097.3	370.2	829.9
Total current assets	61.8	36.8	81.4
TOTAL ASSETS	1159.1	407.0	911.3
Total equity	325.7	131.0	290.0
Total non-current liabilities	808.8	252.1	592.7
Total current liabilities	24.6	23.9	28.6
TOTAL EQUITY AND LIABILITIES	1159.1	407.0	911.3

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK million	Q1 2019	Q1 2018
Operating loss	-2.0	-1.6
Cash flow from operating activities before changes in working capital	-9.1	-4.2
Changes in working capital	-3.1	0.6
Cash flow from operating activities	-12.3	-3.6
Cash flow from investing activities	-102.7	0.0
Cash flow from financing activities	95.9	0.0
Cash flow for the period	-19.1	-3.6
Cash and cash equivalents at beginning of period	79.2	38.6
Cash and cash equivalents at end of period	60.1	35.0

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NOTES TO THE FINANCIAL STATEMENTS

1 Summary of significant accounting policies

The significant accounting policies applied in preparing these consolidated financial statements are described below. Unless otherwise stated, these policies have been applied consistently for all the periods presented. All amounts presented in the financial statements are in millions of Swedish kronor (SEK million) unless stated otherwise.

1.1. Basis of preparation of financial statements

The consolidated financial statements for the Bellman Group have been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 *Supplementary Financial Reporting Rules for Corporate Groups* of the Swedish Financial Reporting Board, the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Annual Accounts Act.

The parent company applies Recommendation RFR 2 *Financial Reporting for Legal Entities* of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act.

The accounting principles and calculation methods applied in the interim report are consistent with those described in the 2018 annual report. No other IFRS or IFRIC interpretations, which have not to date become effective, are expected to have any material impact on the group. For further information regarding the group's applied accounting principles, see the group's annual report for 2018.

1.2. IFRS 16 Leases

In January 2016, IASB published a new lease standard that will replace IAS 17 Leases and the related interpretations, IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases are recognised in the balance sheet, with a few exceptions. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period, as well as an obligation to pay for this right. For the lessor, the accounting treatment will remain essentially unchanged. The standard is effective for financial years beginning on or after 1 January 2019.

From 1 January 2019, IFRS 16 is fully applied by Bellman Group. Comparatives for the 2018 financial year will not be restated.

The group applies the recognition exemption to recognise short-term leases (with a lease term of 12 months or less) and leases where the underlying asset is of low value as an expense in profit or loss on a straight-line basis. Non-lease components are not separated from lease components. The group is not applying IFRS 16 to leases of intangible assets.

Instead of operating lease expenses, the group recognises depreciation and interest expenses in the consolidated income statement. Lease payments affects cash flow from operating activities (e.g. paid interest, leases of low value and short-term leases) and cash flow from financing activities (repayment of lease liability) in the cash flow statement.

The group applies the following practical expedients permitted by the standard at transition to IFRS 16.

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and not reassessing whether a contract is, or contains, a lease at the date of initial application.

For leases classified as finance leases the group applies IAS 17, the carrying amount of the right-of-use asset and the lease liability is at 1 January 2019 the carrying amount of the lease asset and lease liability at 31 December, 2018.

The group's lease contracts mainly consist of leases of office premises, machinery and equipment.

The main judgements made are related to determining the lease term and to determine the incremental borrowing rate. Regarding the lease term, a majority of the lease contracts in the group include options either to extend or to terminate the contract. When determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. When determining the incremental borrowing rate, the group considers which entity within the group entered into the lease contract, the duration of the lease and type of leased asset. The incremental borrowing rate reflects a secured borrowing for a similar right of use asset. As of 1 January 2019, the group's

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right of use assets and leases amounted to SEK 22.7 million, and these have on the liability side been reported as noncurrent liabilities of SEK 11.5 million and current liabilities of SEK 11.2 million.

2 Significant estimates and judgments regarding the accounting

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations regarding future events, which are seen to be reasonable under the circumstances at hand. Significant estimates and judgments made in the group relate to impairment of goodwill. For more information, see note 15 in the annual report 2018.

3 Segment information

Description of segments and principal business activities:

The Bellman Group's senior management team, comprised of the group CEO, group CFO and the chief executives of the subsidiaries, constitutes the chief operating decision making in the Bellman Group and evaluates the group's financial position and results, as well as makes strategic decisions. Management has defined the operating segments based on the information discussed by the senior management team, and this information is used as a basis for decisions regarding the allocation of resources and evaluation of results.

Senior management monitors the operations based on the four operating segments MST, Bellmans, VSM and Samgräv, as well as regards the Other segment. Senior management primarily applies EBITDA after items affecting comparability in monitoring the group's results.

Bellmans

Bellmans Åkeri & Entreprenad AB and Grundab Entreprenader i Stockholm AB, which was acquired on 1 July 2017, is a transport company founded in 1972. The business focus is on transport and machine services, excavation, as well as sales and mass handling. The business is geographically concentrated to the Greater Stockholm region and the surrounding area. Bellmans head office is in Saltsjö-Boo, Stockholm.

MST

Modern Sprängteknik i Norden AB with subsidiaries Uppländska Bergkrossnings AB, Uppländska Bergborrnings AB and Sprängarbeten i Trönödal AB, which was acquired on 1 January 2016, was founded in 1972. The business focus is on rock blasting, rock drilling, wire sawing and rock cracking. The operations are concentrated geographically to the Greater Stockholm region with the surrounding area, southwestern and western Sweden and to southern Norrland. The head office for MST is Norrtälje.

VSM

VSM Entreprenad AB with its subsidiaries VSM AS, Munthers Specialtransporter AB and VSM Rental AB, which was acquired on 17 July 2018, was founded in 1972. VSM is a contracting machine company with operations that mainly include rock and gravel handling at stationary and mobile crushing plants, contracts within road, tunnel, construction and exploitation, as well as leasing of machines and drivers. The business is geographically concentrated to the Greater Stockholm region and the surrounding area. The head office for VSM is Kallhäll, Stockholm.

Samgräv

Samgräv Holding AB with the subsidiaries Samkross i Härryda AB, Samgräv Maskinförmedling AB, Samgräv Recycling AB and Samkross i Uddevalla AB was acquired on 31 January 2019. The acquisition was financed through a new issue and issue of new bonds. The company has its head office in Kungälv.

Other segment

Bellman Group AB (publ) is the group's parent company and was formed on 10 April 2017 with its registered office in Solna, Sweden. The parent company contains group management and certain central functions. The parent company owns 100 % of the shares in Bellmans Åkeri & Entreprenad AB, Grundab Entreprenader in Stockholm AB, Modern Sprängteknik i Norden AB and VSM Entreprenad AB.

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Net sales

Sales between segments are made on market terms. Revenue for the segments arising from external customers as reported to senior management is measured in the same manner as in the consolidated income statement.

SEK million	*) Quarter Q1 2019	*) Quarter Q1 2018	**) Pro forma Quarter Q1 2019	**) Pro forma Quarter Q1 2018
Revenue	2019	2018	2019	2018
MST	60.0	53.4	60.0	53.4
Bellmans	169.1	136.7	169.1	136.7
VSM	189.1	0.0	189.1	98.7
Samgräv	48.6	0.0	72.9	56.0
Elimination, inter-company sales	-21.2	-0.9	-21.7	-0.9
Total revenue	445.6	189.2	469.4	344.0

SEK million	*) Quarter Q1 2019	*) Quarter Q1 2018	**) Pro forma Quarter Q1 2019	**) Pro forma Quarter Q1 2018
EBITDA before items affecting comparability	2019	2018	2019	2018
MST	8.1	10.1	8.1	10.1
Bellmans	8.5	6.7	8.5	6.7
VSM	26.8	0.0	26.8	-1.7
Samgräv	6.6	0.0	11.0	11.8
Other	-0.3	-0.2	-0.3	-0.2
Total EBITDA before items affecting comparability	49.8	16.6	54.2	26.8

SEK million	*) Quarter Q1 2019	*) Quarter Q1 2018	**) Pro forma Quarter Q1 2019	**) Pro forma Quarter Q1 2018
Operating profit/loss	2019	2018	2019	2018
MST	4.7	6.6	4.7	6.6
Bellmans	5.6	3.7	5.6	3.7
VSM	15.4	0.0	15.4	-11.2
Samgräv	5.9	0.0	10.0	11.5
Other	-2.7	-1.6	-2.7	-1.6
Total operating profit	28.9	8.7	33.0	9.1

SEK million	*) Quarter Q1 2019	*) Quarter Q1 2018	**) Pro forma Quarter Q1 2019	**) Pro forma Quarter Q1 2018
Depreciation, amortisation and impairment	2019	2018	2019	2018
MST	-3.5	-3.5	-3.5	-3.5
Bellmans	-3.2	-2.9	-3.2	-2.9
VSM	-11.7	0.0	-11.7	-9.5
Samgräv	-0.8	0.0	-1.1	-0.3
Other	0.0	0.0	0.0	0.0
Total depreciation, amortisation and impairment	-19.1	-6.4	-19.4	-16.2

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The following is a reconciliation of profit/loss before tax and EBITDA before items affecting comparability:

	Quarter	Quarter	Quarter	Quarter
	Q1	Q1	Q1	Q1
	2019	2018	2019	2018
EBITDA before items affecting comparability	49.8	16.6	54.2	26.8
items affecting comparability***	-1.7	-1.5	-1.7	-1.5
Depreciation, amortisation and impairment	-19.1	-6.4	-19.4	-16.2
Financial income and expense	-10.8	-4.0	-10.9	-4.5
Profit before tax	18.1	4.7	22.1	4.7
SEK million	*)	*)	**) Pro forma	**) Pro forma
	Quarter	Quarter	Quarter	Quarter
	Q1	Q1	Q1	Q1
Working capital excl. taxes	2019	2018	2019	2018
MST	26.2	21.5	26.2	21.5
Bellmans	-11.9	-1.7	-11.9	-1.7
VSM	59.4	0.0	59.4	13.7
Samgräv	0.4	0.0	0.4	6.7
Other	-23.0	-22.2	-23.0	-22.2
Total working capital excl. taxes	51.1	-2.4	51.1	18.0

*) The 2019 data includes MST, Bellmans and VSM for the entire period and Samgräv for the period February to March. The 2018 data includes MST and Bellmans for the entire period.

**) To illustrate the full year development of the Bellman Group, the pro forma figures for the 3-month period January to March 2019 and the comparative pro forma figures for the 3-month period January to March 2018, as presented in the analysis table above, include figures for MST, Bellmans, VSM and Samgräv, as if the acquisition of the subsidiaries had taken place on 1 January 2018.

***) Items affecting comparability were all booked in the other segment and comprised of Internal Control Project SEK -0.8 million, acquisition costs SEK -0.7 million, corporate branding SEK -0.2 million and internal restructuring in order to simplifying the group's legal structure SEK -0.1 million.

4 Financial assets at fair value through profit or loss

The group's financial assets measured at fair value through profit or loss consist of an early redemption option included in corporate bonds, accounted for as a derivative. The group has classified this financial instrument at Level 3 in the fair value hierarchy. The fair value of the derivative has been determined based on present value, and the applied discount rate has been adjusted for own credit risk. Unobservable inputs refer to the risk-adjusted discount rate and expected cash flows. The fair value of the derivative was SEK 1.2 million (1.0) as of 31 March 2019.

The additional purchase price for Samgräv has been set to a fair value of SEK 88.8 million as of 31 March 2019. This is an earnout based on EBITDA for the next four years (2019-2022) and it is also classified at Level 3 in the fair value hierarchy.

No transfers have been made between the levels during the period.

5 Transactions with related parties

No transactions between the Bellman Group and related parties significantly impacted the group's financial position or results during the period. For more information, see note 28 in the 2018 annual report.

6 Business combination

On 31 January, the group acquired all shares in Samgräv Holding AB ("Samgräv") including subsidiaries. Samgräv's principal activities include mediation and letting of e.g. construction machines, trucks, crane trucks, tractors, surface compactors, machine operators and builders. Samgräv's operations are focused to Western Sweden and they have their own inert landfills, recycling facilities and quarries, as well as transportation and machinery mediation. The combination of own facilities and transportation and machinery mediation means an important competitive advantage in creating cost-effective and environmentally friendly transports for customers. The acquisition was financed through newly issued shares and issuance of new bonds.

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The total purchase price was SEK 232.8 million, funded by new equity and issuance of new bonds. A cash payment of SEK 100.0 million was paid in its entirety as of 31 January and the company has also completed a new issue of shares valued at SEK 44.0 million directed to the former owners of Samgräv and there is a remaining contingent consideration at a fair value of SEK 88.8 million. The additional purchase price will be paid annually, in cash, ending 1 January 2023.

Reported net asset value in Samgräv at the date of the acquisition was SEK 60.5 million, resulting in a residual of SEK 172.3 million compared to purchase price of SEK 232.8 million. This residual comprises of goodwill SEK 171.4 million and an intangible asset (brand value) of SEK 1.1 million partly offset by tax SEK 0.2 million. The intention is that Samgräv will continue to operate as a separate business following the acquisition.

Purchase consideration

Cash paid	100.0
Ordinary shares issued	44.0
Contingent consideration	88.8
Total purchase consideration	232.8

Fair value

Cash	5.8
Trade receivables	36.3
Buildings and land	51.9
Plant and equipment	26.3
Financial assets	0.9
Inventories	1.3
Other current receivables	2.3
Trade payables	-35.1
Deferred tax liabilities	-2.0
Other non-current liabilities	-17.7
Other current liabilities	-9.5
Asset value Samgräv	60.5
Intangible assets	172.3
Net assets acquired	232.8

The fair value of the 142,349 ordinary shares issued as part of the purchase price for Samgräv (SEK 44 million) was based on an estimated market value of SEK 309.1 per share. The fair value of shares has been established using a generally accepted valuation method. The valuation method means that the company value is calculated using an EBITDA multiple that corresponds to comparable companies in the same industry. In the event that certain predetermined EBITDA levels are achieved by the subsidiary, an additional purchase price of up to the fair value of SEK 88.8 million will be paid in cash annually until 1 January 2023.

Goodwill is attributable to the future profitability of the landfill business as well as a general high profitability of the acquired business. No portion of the recognised goodwill is expected to be tax-deductible.

Acquired assets: The fair value of acquired trade receivables was SEK 36.3 million which was equal to the gross amount.

Revenue and earnings of acquired business: The acquired business added revenues of SEK 48.6 million and net profit of SEK 4.6 million for the period 1 February to 31 March 2019. If the acquisition had taken place on 1 January 2019, pro forma consolidated revenue and earnings for the period to 31 March 2019 would have been SEK 72.9 million and SEK 7.8 million, respectively. These amounts have been calculated based on the subsidiary's earnings after adjustments for differences in accounting policies between the group and subsidiary, and the additional amortisation charge that would have been incurred if the fair value adjustment for intangible assets had been applied from 1 January 2019, along with the related tax effects.

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Effect on cash flow, where of SEK 11.5 million was long-term debt and 11.2 was short term debt.

Paid to seller	-100.0
Cash acquired business	5.8
Net effect on cash flow acquired business	-94.2

Acquisition-related costs of SEK 0.7 million are included in other external expenses in the income statement and in operating activities in the statement of cash flows.

7 Pledged assets

There have been no significant changes in pledged assets.

8 Interest bearing liabilities

In quarter 1, the parent company has increased the value on the issued corporate bonds that are listed on Nasdaq Stockholm, with a nominal amount of SEK 100 million. These bonds are listed as BELLMAN GROUP AB 01 with 600 units (500 units), with a total outstanding nominal amount of SEK 600 million (SEK 500 million) and has a nominal value of SEK 1.2 million (SEK 1.0 million) per unit. Financing expenses of SEK 18.8 million (SEK 6.8 million) attributable to the bond loan have been reported against the loan. The bond interest rate is variable interest three months STIBOR plus 6.50%, which is paid quarterly in arrears. The bond matures in June 2022. The parent company has provided shares in subsidiaries as collateral for the bond loan. The terms of the bond include an option that entitles the holder to the early repayment of the loan. This option is reported as a derivative and is classified as a financial asset that is measured at fair value through profit or loss. The terms of the corporate bond loan are available on Bellman Group AB's (publ) website, www.bellmangroup.se

The seller loan amounts to a total of SEK 37.7 million (SEK 58.5 million), of which SEK 19.5 million (SEK 19.5 million) is a current liability and SEK 18.2 million (SEK 39.0 million) is a non-current liability. The seller loan runs without interest and is unsecured. The terms of the loan stipulate that instalment payments started in 2018 and the loan must be fully repaid by 2022.

The group leases certain property, plant and equipment as well as vehicles through leasing agreements. As of 31 March 2019, the group's leases amounted to SEK 31.2 million (5.1), where of SEK 18.6 million (3.7) was non-current debt and SEK 12.6 million (1.4) was current debt.

Covenants

Under the terms and conditions of the bonds, certain covenants must be met each time the group enters into a new business combination. All covenants were met in connection with the acquisitions of Samgräv.

9 Shares and earnings per share

Number of shares	Q1	Q1
	2019	2018
Total number of shares (A-shares), thousands	2,087.0	1,014.2
Total number of weighted average shares, before and after dilution (A-shares), thousands	2,006.3	1,008.5
Earnings per share (SEK), basic and diluted	7.0	3.6

A change in the number of shares relates to issues of ordinary shares was made during quarter 1 2019. In February 2019 there was an issue of 142,349 ordinary shares which increased the share capital to SEK 2.1 million (total amount paid incl. share premium SEK 44 million).

10 events after the report period

No significant events have occurred after 31 March 2019.

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DEFINITIONS AND USE OF NON-IFRS MEASURES

Below are descriptions of key ratios and descriptions of non-IFRS performance measures. A reconciliation of alternative performance measures (APMs) is shown in a separate document, which is published together with this annual report, see www.bellmangroup.se.

The APMs that have not been calculated according to IFRS and which are presented in this report do not constitute recognised valuation principles for financial position or liquidity according to IFRS, but are used by the Bellman Group to monitor the financial outcome of the group's operations and the group's financial position. The APMs presented in the report shall always be viewed together with the information presented in the income statement, balance sheet, cash flow statement and key ratios, which have been prepared in accordance with IFRS.

The Bellman Group reports these APMs since they consider them to be important complementary measures of profitability and financial position, and that these measures are often used by external stakeholders in order to assess and compare business-economic outcomes and financial position. When comparing the APMs presented here, the calculation for other companies may have been made with different definitions, which means that the outcome is not directly comparable.

APM	Description
Cash flow from operating activities	Operating profit adjusted for non-cash items, sales of machinery and equipment and changes in working capital.
Earnings per share	Profit for the year attributable to parent company shareholders divided by average number of outstanding ordinary shares.
EBITDA	Profit before net financial income/expense, tax, depreciation, amortisation and impairment. EBITDA is a measure which the group considers to be relevant for investors who want to understand the company's earnings performance before investments in non-current assets.
EBITDA margin	EBITDA as a percentage of revenue for the period.
Equity/assets ratio	Equity including non-controlling interests, expressed as a percentage of total assets. This key ratio is used to show financial risk, expressed as the percentage of total assets that is financed by the owners.
Items affecting comparability	Items that occur rarely or are unusual in the ordinary course of business, such as start-up costs, restructuring costs and acquisition costs.
Interest-bearing net debt	Interest-bearing liabilities less cash and cash equivalents. This key ratio shows the group's total interest-bearing liabilities.
Net sales	The group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will accrue to the company and specific criteria have been met for each of the group's businesses. For time and materials service contracts, revenue is recognised in the period in which the services are performed.
Operating margin	Operating profit as a percentage of revenue during the period.
Order backlogs	The value of remaining, not yet accrued project revenues from orders on hand at the end of the period.
Net debt	Interest-bearing liabilities plus contingent consideration related to Bellmans less cash and cash equivalents.
Organic growth	The change in net sales adjusted for acquisitions and sales compared with the same period in the previous year.
Working capital	Working capital is calculated as short-term operating assets (inventories, trade receivables and other non-interest-bearing receivables) less current operating liabilities (trade payables and other current non-interest-bearing liabilities). This measure shows the amount of working capital tied up in operating activities and can be expressed as a percentage of revenues to gain an understanding of how efficiently tied-up working capital is being utilised.