



INTERIM REPORT JULY - SEPTEMBER 2018

The Bellman Group is comprised of Bellmans Åkeri & Entreprenad AB and Grundab Entreprenader i Stockholm AB (Bellmans), who are transport firms, Modern Sprängteknik i Norden AB and its subsidiaries (MST), which are engaged in blasting operations and VSM Entreprenad AB (VSM), a machine contracting company. Bellman Group AB, the Parent Company, was registered in April 2017. The major owner of Bellman Group AB is Verdane Holding 26 AB.

The income statement for 2017 refers to MST for the period January – December, to Bellmans for the period July – December and to the Parent Company for the period April – December. The income statement for 2018 refers to MST, Bellmans and the Parent company for the period January – September and for VSM for the period August – September.

To illustrate the full year development of the Bellman Group, the proforma figures for the 9 months January – September 2018 and the comparative proforma figures for January – December 2017, as presented in the analysis table in this report on page 2, include figures for MST, Bellmans and VSM, as if the acquisition of the subsidiaries had taken place on 1 January 2017.

JULY – SEPTEMBER 2018

- On 17 July, 2018, Bellman Group completed the acquisition of the machine contracting company, VSM Entreprenad AB, purchasing all of the shares in the company and also acquired, indirectly, its subsidiaries and associated companies. The acquisition was funded by new equity and the issuance of new corporate bonds. The income statement for the Bellman Group per September 2018 includes VSM financial data for the period August to September 2018.
- Revenues increased 53.6% to SEK 300.5 million (195.6). Excluding VSM for the period August to September 2018, revenues increased 8.0% to SEK 211.3 million (195.6), reflecting sales growth by Bellmans (high capacity utilization), see analysis table on page 5.
- EBITDA before items affecting comparability increased to SEK 30.1 million (14.0). Excluding VSM for the period August to September 2018, EBITDA before items affecting comparability improved by 15.7% to SEK 16.2 million (14.0), reflecting solid profit growth by MST (improved gross margins), see analysis table on page 5.
- EDITDA after items affecting comparability totalled SEK 29.0 million, corresponding to a margin of 9.7%.
- Operating profit totalled SEK 16.4 million, with a margin of 5.5%, including amortisation of intangible assets.

JANUARY – SEPTEMBER 2018

- Revenues increased 15.9% to SEK 695.3 million (599.8). Excluding VSM, revenues increased 1.1 % to SEK 606.1 million (599.8).
- EBITDA before items affecting comparability increased to SEK 64.8 million (52.3). Excluding VSM, EBITDA before items affecting comparability decreased by 2.7 % to SEK 50.9 million (52.3), impacted by increased fuel costs and additional costs relating to the new Group headquarter for Bellmans, partly offset by profit growth at MST (improved gross margins).
- EDITDA after items affecting comparability totalled SEK 57.1 million, corresponding to a margin of 8.2%.
- Operating profit totalled SEK 31.6 million, with a margin of 4.5%, including amortisation of intangible assets.

BELLMAN GROUP KEY PERFORMANCE INDICATORS

SEK million	*)		*)		*) Latest		**) Proforma	
	3 Months	3 Months	9 Months	9 Months	12 Months	9 Months	12 Months	
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Sep	Jan-Dec	
	2018	2017	2018	2017	2017-2018	2018	2017	
Revenues	300,5	195,6	695,3	599,8	923,4	995,3	1353,0	
EBITDA before extraordinary items	30,1	14,0	64,8	52,3	74,9	107,9	155,3	
EBITDA before extraordinary items margin, %	10,0%	7,1%	9,3%	8,7%	8,1%	10,8%	11,5%	
EBITDA after extraordinary items	29,0	13,7	57,1	47,5	64,7	100,2	148,0	
EBITDA after extraordinary items margin, %	9,7%	7,0%	8,2%	7,9%	7,0%	10,1%	10,9%	
Operating profit (EBIT)	16,4		31,6			52,3	92,3	
Operating margin, %	5,5%		4,5%			5,3%	6,8%	
Net income for the period	7,3		13,0			29,5	53,6	
Earnings per share (SEK), basic and diluted	5,2		11,4					

*) The 2018 data includes MST and Bellmans for the entire period, and VSM for the period 17 July to September. The 2017 data includes MST and Bellmans for the entire period.

**) The 2017 and 2018 proforma data includes MST, Bellmans and VSM for the entire period.

CEO COMMENTS

Commercial update

Bellman Group completed the acquisition of the machine contracting company, VSM Entreprenad AB, as of July 17, 2018. VSM is a machine contracting company with operations comprised, primarily, of rock and gravel handling at stationary and mobile crushing plants, earth excavation involving roads, tunnelling, construction development and civil engineering, as well as of the rental of heavy machinery. VSM conducts its operations in Sweden and Norway through its subsidiaries and associated companies. For the financial year 2017, VSM's sales amounted to SEK 525 million and the adjusted EBITDA for the same period amounted to SEK 93 million. The Bellman Group's revenue for the financial year 2017, calculated proforma including VSM, amounted to SEK 1.353 million, and the adjusted EBITDA for the same period was SEK 155 million. Through this acquisition, Bellman Group strengthens its position within the machine contracting sector and broadens its operations to include Norway.

Sales and profit growth during the third quarter

During the third quarter, the Bellman Group reported a revenue increase of 54% and profits increased to SEK 30.1 million (14.0) mainly as a result of the acquisition of VSM, included in the Groups financial reporting for the period August to September 2018. Excluding VSM, the revenue increase was 8% as a result of sales growth in Bellmans (high capacity utilisation) and profits increased with 16% due to a solid performance by MST (improved gross margins). For the period January to September 2018, the Bellman Group reported a revenue increase of 16% and profits increased to SEK 64.8 million (52.3). Excluding VSM for the period August to September 2018, revenue increased by 1% and profits decreased by 3%, impacted by increased fuel costs and additional costs relating to the new Group headquarter for Bellmans, partly offset by profit growth at MST (improved gross margins).

Operational update

During the third quarter, MST continued to see a positive effect from its investments in five drilling-rigs purchased from a competitor in December 2017. Margins have improved as a result of replacing sub-contractors with own machines and personnel. Operationally, MST and Bellmans has had a stable third quarter, with a high capacity utilization.

Outlook

We believe that we will deliver sales and profits in line with expectations, during the forthcoming reporting periods. Overall, we believe in a strong market for our services during the next few years, even though we have noted that the market conditions for housing construction could prove to be less favourable going forward. The Bellman Group's business plan for the next 3-year period includes growth in terms of both volume and profit. This target will be achieved through organic growth, as well as through acquisitions.

Håkan Lind
CEO

FINANCIAL COMMENTS

GROUP FINANCIAL PERFORMANCE – July to September

Sales and earnings

The Group's consolidated revenues for the period were SEK 300.5 million (195.6), an increase of 53.6%, mainly as a result of the acquisition of VSM. Excluding VSM for the period August to September 2018, revenues increased by 8.0% to SEK 211.3 million (195.6). MST reported revenues of SEK 51.8 million (51.5) and Bellmans SEK 160.9 million (145.6). The revenue growth for Bellmans was mainly attributable to high capacity utilisation.

EBITDA before items affecting comparability for the Group increased to SEK 30.1 million (14.0). Excluding VSM for the period August to September 2018, EBITDA before items affecting comparability for the Group improved by 15.7% to SEK 16.2 million (14.0). MST reported an EBITDA of SEK 6.7 million (4.7) and Bellmans SEK 10.7 million (10.4). The increase in profits for MST reflects improved gross margins as a result of replacing sub-contractors with own machines and personnel, as well as being a result of a more favourable product mix compared with the prior year.

Operating profit was SEK 16.4 million, including depreciation and amortisation totalling SEK -12.6 million and items affecting comparability of SEK -1.1 million. Items affecting comparability were comprised of acquisition costs.

Net financial expenses were SEK -7.7 million, which was mainly attributable to interest on the corporate bonds. Net profit for the period was SEK 7.3 million.

Cash flow

The Group's cash flow from operating activities was SEK 27.1 million, including a SEK 5.2 million reduction in working capital, largely related to reduced accounts receivables. Cash flow from investing activities was SEK -220.3 million and was comprised of acquisition costs net of acquired cash relating to VSM (-205.9 million) as well as of net investments in property, plant and equipment (SEK 14.4 million). Cash flow from financing activities was SEK 209.3 million, reflecting new equity and the issuance of new bonds in order to finance the acquisition of VSM. As a result, cash flow for the period was a positive SEK 16.1 million.

Investments

The Group undertook planned investments in property, plant and equipment in a net amount of SEK 14.4 million, of which SEK 8.1 million referred to MST and SEK 6.3 million to Bellmans.

GROUP FINANCIAL PERFORMANCE – January to September

Sales and earnings

The Group's consolidated revenues for the period were SEK 695.3 million (599.8), an increase of 15.9%. Excluding VSM for the period August to September 2018, revenues increased with 1.1% to SEK 606.1 million (599.8). MST reported revenues of SEK 165.6 million (169.3) and the equivalent figure for Bellmans was SEK 444.0 million (437.9). The revenue decline for MST reflected fewer accepted low margin projects and the revenue growth for Bellmans was mainly attributable to high capacity utilisation.

EBITDA before items affecting comparability for the Group increased to SEK 64.8 million (52.3). Excluding VSM for the period August to September 2018, EBITDA before items affecting comparability for the Group decreased by 2.7% to SEK 50.9 million (52.3). MST reported an EBITDA of SEK 26.1 million (20.3) and Bellmans' equivalent figure was SEK 24.6 million (33.0). The increase in profits for MST reflects improved gross margins as a result of replacing sub-contractors with own machines and personnel and was also due to a more favourable product mix compared with the prior year. This was offset by the profit decrease in Bellmans, impacted by increased fuel costs and additional costs related to the new Group headquarters, as well as by an improved quality in the financial reporting of provisions compared with the prior year.

Operating profit was SEK 31.6 million, including depreciation and amortisation of SEK -25.4 million and items affecting comparability of SEK -7.8 million. Items affecting comparability were comprised of acquisition costs, costs related to the IFRS conversion as well as costs incurred in relation to the listing application of the corporate bonds on the Corporate Bond List at NASDAQ Stockholm AB ("Nasdaq Stockholm"). The bonds were originally listed on Nasdaq First North.

Net financial expenses were SEK -15.8 million, which was mainly attributable to interest on the corporate bonds. Net profit for the period was SEK 13.0 million.

Cash flow

The Group's cash flow from operating activities was SEK 31.6 million. Cash flow from investing activities was SEK -227.8 million and was comprised of acquisition costs net of acquired cash relating to VSM (-205.9 million), as well as of net investments in property, plant and equipment (-21.9 million). Cash flow from financing activities was SEK 189.8 million, reflecting new equity and the issuance of new bonds in order to finance the acquisition of VSM, as well as reflecting the repayment of loans. As a result, cash flow for the period was negative SEK -6.4 million.

Investments

The Group undertook planned investments in property, plant and equipment in a net amount of SEK 21.9 million, of which SEK 12.6 million referred to MST and SEK 9.3 million to Bellmans.

Net interest-bearing debt

The Group's net interest-bearing debt as of 30 September 2018 was SEK 423.0 million, comprised of bonds (SEK 500.0 million), lease liabilities (SEK 4.8 million) less cash and cash equivalents (SEK 81.8 million). The ratio of net interest-bearing debt to the September LTM EBITDA before items affecting comparability was 2.4 (including LTM proforma EBITDA relating to VSM). Total net debt including vendor loan (non-interest-bearing) of 36.5 million was 459.5 million.

ORGANISATION

As at 30 September, the Group had 358 full-time employees.

FINANCIAL POSITION AND FINANCING

At the end of the period, the Group had cash and cash equivalents of SEK 81.8 million. Including an undrawn overdraft facility, available cash and cash equivalents totalled SEK 119.8 million. 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 500 units. The total outstanding nominal amount is SEK 500 million and the nominal value per unit is SEK 1.0 million. The interest rate on the bonds is the variable three-month STIBOR plus 6.50 per cent. 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. This option is accounted for as a derivative in an amount of SEK 1.2 million 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.

RISKS AND UNCERTAINTIES

A description of significant risks and uncertainties can be found in the Group's Annual Report for 2017. 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 REPORTING PERIOD

There are no significant events to report after the reporting period.

OUTLOOK

Management expects the demand for Bellman Group's services to be strong during the remaining of 2018.

SEGMENT DEVELOPMENT

SEK million	*) 3 Months Jul-Sep 2018	*) 3 Months Jul-Sep 2017	*) 9 Months Jan-Sep 2018	*) 9 Months Jan-Sep 2017	*) Latest 12 Months Oct-Sep 2017-2018	**) Proforma 9 Months Jan-Sep 2018	**) Proforma 12 Months Jan-Dec 2017
Revenues							
MST	51,8	51,5	165,6	169,3	234,2	165,6	237,9
Bellmans	160,9	145,6	444,0	437,9	606,4	444,0	600,3
Elimination, intercompany sales	-1,4	-1,5	-3,5	-7,4	-6,4	-3,5	-10,3
Total revenues excl. VSM	211,3	195,6	606,1	599,8	834,2	606,1	827,9
VSM	97,1	0,0	97,1	0,0	97,1	404,2	525,1
Elimination, intercompany sales	-7,9	0,0	-7,9	0,0	-7,9	-15,0	0,0
Total revenues incl. VSM	300,5	195,6	695,3	599,8	923,4	995,3	1353,0

SEK million	*) 3 Months Jul-Sep 2018	*) 3 Months Jul-Sep 2017	*) 9 Months Jan-Sep 2018	*) 9 Months Jan-Sep 2017	*) Latest 12 Months Oct-Sep 2017-2018	**) Proforma 9 Months Jan-Sep 2018	**) Proforma 12 Months Jan-Dec 2017
EBITDA before extraordinary items							
MST	6,7	4,7	26,1	20,3	30,8	26,1	25,0
Bellmans	10,7	10,4	24,6	33,0	29,8	24,6	38,2
Other	-1,2	-1,1	0,2	-1,0	0,4	0,2	-0,8
Total EBITDA before extraordinary items excl. VSM	16,2	14,0	50,9	52,3	61,0	50,9	62,4
VSM	13,9	0,0	13,9	0,0	13,9	57,1	92,9
Total EBITDA before extraordinary items incl. VSM	30,1	14,0	64,8	52,3	74,9	107,9	155,3

*) The 2018 data includes MST and Bellmans for the entire period, and VSM for the period 17 July to September. The 2017 data includes MST and proforma Bellmans for the entire period.

**) The 2017 and 2018 proformadata includes MST, Bellmans and VSM for the entire period.

Comments to statutory data (non-proforma) as per page 8-10

GROUP FINANCIAL PERFORMANCE – July to September

As mentioned previously in this report, the income statement for 2017 refers to MST for the period January – December, to Bellmans for the period July – December and the Parent Company for the period April – December. The income statement for 2018 refers to MST, Bellmans and the Parent company for the period January – September and for VSM for the period August – September.

Sales and earnings

Revenues for the period amounted to SEK 300.5 million compared with SEK195.6 million in the same period in the previous year. This was mainly the result of VSM being included in the period August to September 2018, while it had not been included in the corresponding period in the prior year. EBITDA before items affecting comparability amounted to SEK 30.1 million compared with SEK 14.0 million in the same period in the previous year. The increase in profits was mainly a result of VSM being included in the period August to September 2018, while it had not been included in the corresponding period in the prior year. Operating profit amounted to SEK 16.4 million, including depreciation and amortization of SEK -12.6 million and items affecting comparability of SEK -1.1 million. Items affecting comparability were comprised of acquisition costs. Net financial expenses amounted to SEK -7.7 million, primarily attributable to interest on corporate bonds. Net income for the period amounted to SEK 7.3 million.

Cash flow and investments

The Group's cash flow from operating activities was SEK 27.1 million, including a SEK 5.2 million reduction of working capital, largely related to reduced accounts receivables. Cash flow from investing activities was SEK -220.3 million and was comprised of the acquisition of VSM, net of acquired cash (-205.9 million), as well as of net investments in property, plant and equipment (SEK 14.4 million). Cash flow from financing activities was SEK 209.3 million, reflecting new equity and the issuance of new bonds in order to finance the acquisition of VSM. As a result, cash flow for the period was positive SEK 16.1 million.

GROUP FINANCIAL PERFORMANCE – January to September

Sales and earnings

Revenues for the period amounted to SEK 695.3 million compared with SEK 313.4 million in the same period in the previous year. This was mainly the result of Bellmans being included in the full year 2018, while it had only been included for July to September in the corresponding period in the prior year. This was also the result of VSM being included for the period August to September 2018 but not in the corresponding period in the prior year. EBITDA before items affecting comparability amounted to SEK 64.8 million compared with SEK 52.3 million in the same period in the previous year. The increase in profits was mainly a result of Bellmans being included in the full year 2018, while it had only been included July to September in the corresponding period in the prior year. The increase was also due to VSM being included for the period August to September 2018 but was not included in the corresponding period in the prior year. Operating profit amounted to SEK 31.6 million, including depreciation and amortization of SEK -25.4 million and items affecting comparability totalled SEK -7.8 million. Items affecting comparability were comprised of acquisition costs, costs incurred in the listing of the corporate bonds on the Corporate Bond List at NASDAQ Stockholm AB ("Nasdaq Stockholm"), as well as of costs related to the IFRS conversion. Net financial expenses amounted to SEK -15.8 million, primarily attributable to interest on corporate bonds. Net income amounted to SEK 13.0 million for the period.

Cash flow and investments

The Group's cash flow from operating activities was SEK 31.6 million. Cash flow from investing activities was SEK -227.8 million and was comprised of acquisition costs net of acquired cash relating to VSM (-205.9 million), as well as of net investments in property, plant and equipment (SEK 21.9 million). Cash flow from financing activities was SEK 189.8 million, reflecting new equity and the issuance of new bonds in order to finance the acquisition of VSM, and was also due to the repayment of loans. As a result, cash flow for the period was a negative SEK -6.4 million.

Parent Company

Parent Company net sales for the quarter were SEK 2.3 million and the net loss was SEK -6.8 million. The Parent Company made an investment in all of the shares in VSM Entreprenad AB during the period. Equity at the end of the reporting period amounted to SEK 262.7 million.

OTHER INFORMATION

AUDIT

This report has not been subject to review by the Group auditors.

CONTACT INFORMATION

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FINANCIAL CALENDAR

The interim report for the period October – December 2018, to be released on 26 February, 2019

ASSURANCE

The Board of Directors and CEO hereby confirm that this Interim Report January – September 2018 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 factors of uncertainty to which the Parent Company and the companies included in the Group are exposed.

Stockholm, 22 November 2018

Per Nordlander
Chairman of the Board

Björn Andersson
Member of the Board

Robin Karlsson
Member of the Board

Håkan Lind
CEO and Member of the Board

GROUP – CONDENSED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

SEK million		*) 3 Months Jul-Sep 2018	*) 3 Months Jul-Sep 2017	*) 9 Months Jan-Sep 2018	*) 9 Months Jan-Sep 2017	*) 12 Months Jan-Dec 2017
	Note					
Revenues		300,5	195,6	695,3	313,4	542,6
Other operating income		3,6	3,3	5,2	2,3	2,7
		304,2	198,9	700,6	315,7	545,3
Operating expenses						
Raw materials and consumables		-219,9	-159,4	-515,6	-225,4	-404,7
Other external expenses		-9,9	-9,8	-27,7	-19,3	-32,6
Employee benefits		-45,3	-19,9	-100,2	-46,1	-75,5
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-12,6	-6,3	-25,4	-11,3	-17,3
Other operating expenses		0,0	3,9	0,0	0,0	-0,6
Total operating expenses		-287,8	-191,6	-669,0	-302,1	-530,7
Operating profit		16,4	7,3	31,6	13,6	14,6
Net financial items	4	-7,7	-4,5	-15,8	-4,9	-8,1
Profit after net financial items		8,7	2,8	15,8	8,7	6,5
Income tax		-1,4	-1,5	-2,8	-2,8	-2,7
Net profit for the period		7,3	1,3	13,0	5,9	3,8
Profit attributable to:						
- Parent Company shareholders		7,4	1,3	13,1	5,9	3,8
- non-controlling interests		-0,2	0,0	-0,2	0,0	0,0
Earnings per share (SEK), basic and diluted		5,3	2,0	11,5	13,0	5,9
Average number of shares, thousands		1 398,5	663,0	1 141,8	454,3	643,0
Statement of other comprehensive income						
Net profit for the period		7,3	1,3	13,0	5,9	3,8
Other comprehensive income						
Other comprehensive income for the period		0,0	0,0	0,0	0,0	0,0
Total comprehensive income for the period		7,3	1,3	13,0	5,9	3,8
Total comprehensive income for the period is attributable to:						
- Parent Company shareholders		7,4	1,3	13,1	5,9	3,8
- non-controlling interests		-0,2	0,0	-0,2	0,0	0,0

*) The income statement for 2017 refers to MST for the period January – December, to Bellmans for the period July – December and to the Parent Company for the period April – December. The income statement for 2018 refers to MST, Bellmans and the Parent company for the period January – September and for VSM for the period August – September.

GROUP – CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
Assets				
Intangible assets	6	334,7	147,7	147,1
Property, plant and equipment		325,0	107,3	116,7
Non-current financial assets	4	17,2	2,5	3,4
Total non-current assets		676,9	257,5	267,2
Inventories		7,2	6,8	7,6
Current receivables		269,2	150,2	134,7
Cash and cash equivalents		81,8	101,7	88,2
Total current assets		358,2	258,7	230,5
TOTAL ASSETS		1035,1	516,2	497,7
Equity and liabilities				
Parent shareholders' equity		234,5	75,8	76,3
Non-controlling interests		4,9	0,0	0,0
Non-current liabilities	8	546,8	256,7	278,1
Current liabilities		248,8	183,7	143,3
TOTAL EQUITY AND LIABILITIES		1035,1	516,2	497,7

GROUP – CONDENSED STATEMENT OF CHANGES IN EQUITY

SEK million	3 Months	3 Months	9 Months	9 Months	12 Months
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Opening balance	82,1	75,1	76,3	24,3	24,3
Net income for the period attributable to Parent shareholders	7,4	1,3	13,1	5,9	3,8
Net income for the period attributable to Non controlling interests	-0,2	0,0	-0,2	0,0	0,0
Other comprehensive income	0,0	-0,6	0,0	-0,6	0,0
Total comprehensive income for the period	7,3	0,7	13,0	5,3	3,8
New share issue	145,0	0,0	145,0	30,4	32,4
Shareholders contribution	0,0	0,0	0,0	15,8	15,8
Non controlling interests arising on a business combination	5,1	0,0	5,1	0,0	0,0
Transactions with owners in their capacity as owners	150,1	0,0	150,1	46,2	48,2
Closing balance	239,4	75,8	239,4	75,8	76,3

GROUP – CONDENSED STATEMENT OF CASH FLOW

SEK million	*) 3 Months Jul-Sep	*) 3 Months Jul-Sep	*) 9 Months Jan-Sep	*) 9 Months Jan-Sep	*) 12 Months Jan-Dec
	2018	2017	2018	2017	2017
Cash flow from operating activities					
Operating profit	16,4	7,3	31,6	13,6	14,6
<u>Adjustment for non-cash items:</u>					
Depreciation and amortisation	12,6	6,3	25,4	11,3	17,3
Other & non-cash items	4,2	-8,2	2,4	-2,5	-2,2
Interest received	0,0	0,0	0,0	0,0	0,0
Net interest expense	-8,3	-3,7	-15,5	-4,0	-7,7
Income taxes paid / received	-3,0	1,2	-8,0	-0,1	-1,5
Cash flow from operating activities before changes in working capital	21,9	3,0	36,0	18,3	20,5
Changes in working capital	5,2	13,8	-4,3	4,2	1,7
Cash flow from operating activities	27,1	16,8	31,6	22,5	22,2
Cash flow from investing activities					
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-205,9	0,1	-205,9	-108,5	-108,5
Net investments in property, plant and equipment	-14,4	-12,4	-21,9	-19,1	-34,3
Cash flow from investing activities	-220,3	-12,3	-227,8	-127,6	-142,8
Cash flow from financing activities					
Issue of shares	45,0	0,0	45,0	1,1	3,1
Shareholder contributions received	0,0	0,0	0,0	13,9	13,9
Loans raised	268,6	-0,9	268,6	212,0	212,0
Repayment of loans	-104,3	0,4	-123,8	-22,8	-22,8
Cash flow from financing activities	209,3	-0,5	189,8	204,2	206,2
Cash flow for the period	16,1	4,0	-6,4	99,1	85,6
Cash and cash equivalents at the beginning of the period	65,6	97,7	88,1	2,6	2,6
Foreign exchange difference	0,1	0,0	0,1	0,0	0,0
Cash and cash equivalents at the end of the period	81,8	101,7	81,8	101,7	88,2

*) The income statement for 2017 refers to MST for the period January – December, to Bellmans for the period July – December and to the Parent Company for the period April – December. The income statement for 2018 refers to MST, Bellmans and the Parent company for the period January – September and for VSM for the period August – September

PARENT COMPANY – CONDENSED STATEMENT OF INCOME

SEK million	3 Months	3 Months	9 Months	9 Months	9 Months
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Apr-Dec
	2018	2017	2018	2017	2017
Total Revenues	2,3	0,8	6,7	1,6	4,8
Total operating expenses	-3,5	-2,0	-14,4	-2,7	-8,2
Operating loss	-1,2	-1,2	-7,7	-1,1	-3,4
Loss after net financial expense	-8,8	-5,1	-21,8	-5,0	-10,8
Net loss for the period	-6,8	-4,0	-17,0	-3,9	-8,4
Statement of other comprehensive income					
Net loss for the period	-6,8	-4,0	-17,0	-3,9	-8,4
Other comprehensive income for the period	0,0	0,0	0,0	0,0	0,0
Total comprehensive income for the period	-6,8	-4,0	-17,0	-3,9	-8,4

PARENT COMPANY – CONDENSED STATEMENT OF FINANCIAL POSITION

SEK million	Note	30 Sep 2018	30 Sep 2017	31 Dec 2017
Total non-current assets		793,1	351,9	369,1
Total current assets		35,4	57,9	41,4
TOTAL ASSETS		828,4	409,8	410,5
Total equity		262,7	137,3	134,7
Total non-current liabilities		542,6	251,4	251,8
Total current liabilities		23,1	21,1	24,0
TOTAL EQUITY AND LIABILITIES		828,4	409,8	410,5

PARENT COMPANY – CONDENSED STATEMENT OF CASH FLOW

SEK million	3 Months	3 Months	9 Months	9 Months	9 Months
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Apr-Dec
	2018	2017	2018	2017	2017
Operating loss	-1,2	-1,2	-7,7	-1,1	-3,4
Cash flow from operating activities before changes in working capital	-7,1	-4,5	-20,2	-4,4	-10,0
Changes in working capital	-2,9	-0,5	-0,1	-0,4	1,9
Cash flow from operating activities	-10,0	-5,0	-20,3	-4,8	-8,1
Cash flow from investing activities	-331,9	-12,1	-279,2	-167,3	-182,2
Cash flow from financing activities	313,6	-1,0	294,1	226,9	228,9
Cash flow for the period	-28,3	-18,1	-5,4	54,8	38,6
Cash and cash equivalents at beginning of period	61,5	72,9	38,6	0,0	0,0
Cash and cash equivalents at end of period	33,2	54,8	33,2	54,8	38,6

NOTES TO THE FINANCIAL INFORMATION

1 Summary of significant accounting policies

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 refer to millions of Swedish kronor (SEK million) unless stated otherwise.

The new standard IFRS 16 Leases will be applied from 1 January, 2019. Additional information regarding the impact of the new standard will be presented in the Year-end Report 2018.

1.1. Basis of preparation of financial statements

The consolidated financial statements for 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 2017 Annual Report with the exception of the new standards, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, applying from 1 January 2018. The implementation of the new standards has not had any material impact on the Group's financial statements. In accordance with IFRS 15 Revenue from Contracts with Customers, there is a new disclosure requirement which has had no impact on the manner in which the Group discloses its revenues in Note 3. 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 2017.

2 Important 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.

Company management deem that there is no significant information, nor judgments in the accounts regarding future developments or other important sources of uncertainty in the estimates undertaken at balance sheet date, which would imply a significant risk of a major adjustment in the reported values of the assets and liabilities during the foreseeable future.

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 maker in the Bellman Group and evaluates the Group's financial position and results, and 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 three operating segments MST, Bellmans and VSM, as well as regards the Other segment. Senior management primarily applies EBITDA in monitoring the Group's results.

MST

Rock blasting, rock drilling and excavation services.

Bellmans

Transport and excavation services in the construction sector.

VSM

Rock, gravel handling and earth excavation.

Other segment

Senior management and other central services.

Revenues

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	*) 3 Months Jul-Sep 2018	*) 3 Months Jul-Sep 2017	*) 9 Months Jan-Sep 2018	*) 9 Months Jan-Sep 2017	*) 12 Months Jan-Dec 2017
Revenues					
MST	51,8	51,5	165,6	169,3	237,9
Bellmans	160,9	145,6	444,0	145,6	309,1
VSM	97,1	0,0	97,1	0,0	0,0
Elimination, intercompany sales	-9,3	-1,5	-11,4	-1,5	-4,4
Total revenues	300,5	195,6	695,3	313,4	542,6

SEK million	*) 3 Months Jul-Sep 2018	*) 3 Months Jul-Sep 2017	*) 9 Months Jan-Sep 2018	*) 9 Months Jan-Sep 2017	*) 12 Months Jan-Dec 2017
EBITDA before extraordinary items					
MST	6,7	4,7	26,1	20,3	24,9
Bellmans	10,7	10,4	24,6	10,4	15,1
VSM	13,9	0,0	13,9	0,0	0,0
Other	-1,2	-1,1	0,2	-1,0	-0,8
Total EBITDA before extraordinary items	30,1	14,0	64,8	29,7	39,2

SEK million	*) 3 Months Jul-Sep 2018	*) 3 Months Jul-Sep 2017	*) 9 Months Jan-Sep 2018	*) 9 Months Jan-Sep 2017	*) 12 Months Jan-Dec 2017
Operating profit/loss					
MST	3,7	1,0	16,3	11,7	13,2
Bellmans	6,9	7,1	15,5	7,1	9,5
VSM	7,6	0,0	7,6	0,0	0,0
Other	-1,8	-0,8	-7,8	-5,2	-8,1
Total operating profit	16,4	7,3	31,6	13,6	14,6

SEK million	*) 3 Months Jul-Sep 2018	*) 3 Months Jul-Sep 2017	*) 9 Months Jan-Sep 2018	*) 9 Months Jan-Sep 2017	*) 12 Months Jan-Dec 2017
Depreciation, amortisation and impairment					
MST	-3,1	-3,6	-10,0	-8,6	-11,7
Bellmans	-2,9	-2,7	-8,8	-2,7	-5,6
VSM	-6,3	0,0	-6,3	0,0	0,0
Other	-0,3	0,0	-0,3	0,0	0,0
Total depreciation, amortisation and impairment	-12,6	-6,3	-25,4	-11,3	-17,3

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

SEK million	*) 3 Months	*) 3 Months	*) 9 Months	*) 9 Months	*) 12 Months
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
	2018	2017	2018	2017	2017
EBITDA before extraordinary items	30,1	14,0	64,8	29,7	39,2
Extraordinary items**	-1,1	-0,3	-7,8	-4,8	-7,3
Depreciation, amortisation and impairment	-12,6	-6,3	-25,4	-11,3	-17,3
Financial income and expense	-7,7	-4,5	-15,8	-4,9	-8,1
Profit before tax	8,7	2,8	15,8	8,7	6,5

*) The income statement for 2017 refers to MST for the period January – December, to Bellmans for the period July – December and to the Parent Company for the period April – December. The income statement for 2018 refers to MST, Bellmans and the Parent company for the period January – September and for VSM for the period August – September

***) Consisting of items affecting comparability which are comprised of acquisition costs, costs related to the IFRS conversion as well as costs incurred in relation to the listing application of the corporate bonds on the Corporate Bond List at NASDAQ Stockholm AB (“Nasdaq Stockholm”).

SEK million	30 Sep 2018	30 Sep 2017	31 Dec 2017
Working capital excl. taxes			
MST	22,5	23,3	23,1
Bellmans	2,2	-8,8	2,3
VSM	36,6	0,0	0,0
Other	-2,0	0,4	-2,0
Total working capital excl. taxes	59,3	14,9	23,4

4 Financial assets at fair value through profit or loss

The fair value hierarchy:

This section describes the estimates and judgements applied in determining the fair values of financial instruments measured at fair value in the financial statements. In order to provide an indication of the reliability of the inputs used in determining fair value, the Group has classified the financial instruments at Level 3 in the fair value hierarchy. In cases in which one or several significant inputs are not based on observable market information, the instrument is included in Level 3.

SEK million	Measured at fair value through profit or loss	Level of fair value hierarchy		
		1	2	3
Closing balance, 30 September 2017				
Derivatives	0,0	0,0	0,0	0,0
Total assets	0,0	0,0	0,0	0,0
Closing balance, 31 December 2017				
Derivatives	1,0	0,0	0,0	1,0
Total assets	1,0	0,0	0,0	1,0
Closing balance, 30 September 2018				
Derivatives	1,2	0,0	0,0	1,2
Total assets	1,2	0,0	0,0	1,2

No transfers between the levels were made during the period.

Valuation techniques used in determining fair value:

The fair values of derivatives have 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.

Measurement at fair value using significant unobservable inputs (Level 3):
The following table shows changes in Level 3 instruments in the current period.

SEK million	Derivatives
Closing balance, 30 September 2017	0,0
Issuance of corporate bonds	1,0
Acquisitions	0,0
Gains (+)/losses (-) recognised in other financial income**)	0,0
Closing balance, 31 December 2017	1,0
Acquisitions	0,0
Gains (+)/losses (-) recognised in other financial income**)	0,2
Closing balance, 30 September 2018	1,2

**) Includes unrealised gains or losses recognised in the income statement attributable to balances held at the end of the reporting period.

Measurement inputs and their relationship to fair value:

Changes in unobservable inputs used in determining fair value as regards Level 3 are not considered to give rise to any significant changes which would materially impact fair value. The Group's Finance Department includes members of staff undertaking measurements of balance sheet items for financial reporting, including Level 3 fair value measurements. The major Level 3 inputs are analysed at the end of each reporting period.

5 Transactions with related parties

No transactions between the Bellman Group and related parties significantly impacting the Group's financial position or results took place during the period.

6 Business combination

On 17th July 2018, Bellman Group finalized the acquisition of all shares in VSM Entreprenad AB (VSM). The total purchase price was MSEK 339,3 and has been funded by new equity and issuance of new bonds. The cash payment of MSEK 239,3 has been paid in its entirety as of July 17th and the Company has completed a new issue of shares valued at MSEK 100 directed to the former owners of VSM. Reported net asset value in VSM as of the day of the acquisition was MSEK 152,8, following a residual of MSEK 186,5 compared to purchase price MSEK 339,3 of which MSEK 2,7 and -0,6 has been allocated to intangible assets respective deferred tax and MSEK 183,8 has been allocated to goodwill. The intention is that VSM will continue to operate as a separate business following the acquisition.

Preliminary purchase allocation

Purchase price	
Cash	239,3
Paid with own shares	100,0
Total purchase consideration	339,3
Fair value net asset	
Cash and bank	33,4
Current assets	91,3
Tangible fixed assets	208,8
Financial assets	7,4
Intangible assets	186,5
Current liabilities	-165,3
Liabilities to credit institutions	0,0
Deferred tax	-17,7
Non-controlling interests	-5,1
Net assets acquired	339,3

Effect on cashflow

Paid to seller	-239,3
Cash acquired business	33,4
Net effect on cashflow acquired business	-205,9

7 Pledged assets

No significant changes in assets pledged as security took place in the period.

8 Interest bearing liabilities

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 500 units. The total outstanding nominal amount is SEK 500 million and the nominal value per unit is SEK 1.0 million. The interest rate on the bonds is variable three-month STIBOR plus 6.50 per cent. 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. This option is accounted for as a derivative of SEK 1.2 million and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds includes 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.

The vendor loan is for SEK 36.5 million, of which SEK 19.5 million is a current liability and SEK 17.5 million is a non-current liability. The vendor loan is interest-free and is not secured by collateral. Under the terms and conditions of the loan, the first instalments are due in 2018 and the loan must be fully repaid by 2020.

The carrying amount of the majority of the Group's borrowings approximates the fair value of the loan. This is due to the fact that the interest rates on the borrowings is in parity with current market interest rates and is also due to the fact that the borrowings are short-term. The only significant difference that has been identified in this context refers to the vendor loan, which has a carrying amount of SEK 39.0 million and a fair value of SEK 36.8 million based on discounted cash flows applying an estimated market interest rate applicable to the Group.

9 Shares

Number of shares	*) 3 Months	3 Months	*) 9 Months	9 Months	**) 12 Months
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
	2018	2017	2018	2017	2017
Total number of shares (A-shares), thousands	1 944,6	1 000,0	1 944,6	1 000,0	1 000,0
Total number of weighted average shares, before and after dilution (A-shares), thousands	1 398,5	663,0	1 141,8	454,3	643,0

*) 3 months Jul-Sep 2018 and 9 months Jan-Sep includes figures for the Parent Company from 10 April 2017 (which was the date of incorporation of Bellman Group AB), figures from MST from January 2017, figures from Bellmans from the date of the acquisition of the Bellmans subsidiaries 1 July 2017 and figures from VSM from the date of the acquisition of the VSM subsidiaries on 17 July 2018.

**) 12 months Jan-Dec 2017 includes figures for the Parent Company from 10 April 2017 (which was the date of incorporation of Bellman Group AB), figures from MST from January 2017 and figures from Bellmans from the date of the acquisition of the Bellmans subsidiaries on 1 July 2017.

DEFINITIONS AND USE OF NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) EARNINGS MEASURES

Descriptions of financial performance measures and descriptions of earnings measures which are not used in the IFRS regulations.

The alternative financial measures which have not been calculated in accordance with IFRS and which are presented in this report do not constitute recognised valuation principles for financial position or liquidity in accordance with IFRS but are used by the Bellman Group to monitor the Group's financial performance and financial position. The alternative performance measures presented in the report must always be assessed in conjunction with the information presented in the income statement, balance sheet and statement of cash flows, and with performance measures calculated in accordance with IFRS.

The Bellman Group presents these alternative financial measures due to the fact that it considers that they constitute important supplementary measures of profitability and financial position, and because these measures are often used by external stakeholders to assess and compare different companies' financial performance and financial positions. When comparing the alternative financial measures presented here, it should be noted that calculations for other companies may have been undertaken applying different definitions, which means that the figures will not be directly comparable.

Term	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 revenues 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 which occur rarely or are unusual in the ordinary course of business, such as start-up costs, restructuring costs and acquisition costs.
Net interest-bearing debt	Interest-bearing liabilities less cash and cash equivalents. This key ratio shows the Group's total interest-bearing liabilities.
Revenues	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 revenues for the period.
Order backlog	The value of remaining, not yet accrued project revenues from orders on hand at the end of the period.
Order intake	The value of received projects and changes to existing projects during the period concerned.
Organic growth	The change in revenues adjusted for acquisitions and sales compared with the same period in the previous year.
Working capital	Working capital is calculated as current operating assets (inventories, trade receivables and other current 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.