



Q1 2019
Interim financial report
North Investment Group AB (publ)

Highlights

- ✓ Acquisition of Sørлие Projektinnredninger effective from 1.1.2019.
- ✓ Group revenue of SEK 239m during the quarter comprising growth of 33.5% (+14.5% proforma 2018 incl Sørлие).
- ✓ Strong commercial development across all business areas: Strong growth in Norway (30.3% vs proforma 2018 incl Sørлие), Sweden somewhat behind 2018 (-1.6%) due to public sector delays.
- ✓ EBITDA of SEK 24.1m in Q1 (SEK 24.7m).
- ✓ Unrealized foreign exchange loss of SEK 3m (SEK 4.5m)
- ✓ Strong order backlog of SEK 118m per Q1 2019 (SEK 102m Q1 2018 incl Sørлие).
- ✓ Private placement of SEK 29m completed in January 2019 in connection with the acquisition, strengthening the equity.

Key consolidated figures

	Q1 2019	Q1 2018	Q1 2018
(SEKm, unless stated)	Unaudited	Unaudited	Proforma incl Sørлие
Revenue	239.2	179.2	214.2
Gross profit	90.1	69.2	78.7
EBITDA	24.1	24.7	27.7
EBIT	13.2	13.9	14.4
Net profit	1.1	4.9	5.3
Cash flow from operations	-17.5	-1.9	n/a
Gross profit margin (%)	38.3%	39.8%	37.7%
EBITDA margin (%)	10.2 %	14.2 %	12.9 %

CEO statement

"We are very pleased with the first quarter of 2019. The sales figures are well ahead of previous year and budget. With a negative difference in currency-effect of SEK 7.5m compared to 2018 in mind, the underlying profitability of the Group is strong.

The acquisition of Sørлие Projektinnredninger in January has been an important addition to our Group. The main focus for 2019 is to meet the sales targets for the company and at the same time start the different projects to further improve profitability for both Sørлие and the remainder of the Group. The culture for sale and craftsmanship in Sørлие is an asset that will be regarded as a tier for the Group going forward.

The integration of Ergoff continues with full strength. In first quarter we moved the warehouse from Uppsala to our Central warehouse in Tranås. In addition, we are reorganizing part of the workforce to be even better prepared for meeting tomorrow's need of our customers. The full profitability effect from the projects in Ergoff is expected to exceed SEK 3m.

The new contract with Volvo Car Corporation AB that we signed in October for SEK 29m has started well. The deliveries have been according to plan and our main focus now is to together with Volvo analyse further needs so that the partnership can be further strengthened.

For our Central warehouse in Sweden, Tranås, we have done several major changes during the quarter. With the Volvo agreement and the move of the Ergoff inventory to the warehouse, there are new requirements. Through reorganizing personnel and internal logistics in warehouse, together with improvements in systems and routines, we have significantly improved the effectivity. We will see the positive effects of this even more as we come in to our main season in Sweden."



Ståle Eide, CEO
Tranås, 29th May 2019

Financial review

Q1 2019

Income statement

The Group reported revenue of SEK 239m (SEK 179m) and EBITDA of SEK 24m (SEK 25m) in Q1 2019. Order intake was SEK 240m (SEK 162m), corresponding to an increase of 48 % compared to Q1 2018. Increase in order intake (incl Sørлие 2018) was 15%. EBIT for the Group was SEK 13.2m (SEK 14.2m) and net profit SEK 1.1m (SEK 5.2m). Gross margin for the Group in 2019 was 38.3% (39.8%). The main reason for the decrease in gross margin is the acquisition of Sørлие Prosjektinnredninger that has somewhat lower gross margin compared to Group average. The difference between the FX-loss in 2019 compared to the FX-gain in 2018 is SEK 7.5m.

Segments

NIG is divided into two segments, NIG Norway (Norway) and NIG Sweden (Sweden).

Norway delivered SEK 139m in revenue (SEK 108m incl Sørлие 2018) and SEK 15.3m in EBITDA (SEK 15.3m incl Sørлие 2018) during the quarter. Sweden reported revenue of SEK 112m (SEK 114m) and EBITDA of SEK 9.1m (SEK 11.0m).

Cash flow

The Group's net cash flow from operations was negative with SEK 17.5m (SEK 1.9m). The liquidity situation of the Group is according to plan.

Balance sheet

As of Q1 2019, the Group had assets of SEK 888m, mainly related to goodwill, right of use assets, accounts receivable and cash and cash equivalents.

During Q1 2019, the Group invested SEK 0.9m (SEK 2.9m) in tangible assets and SEK 41.9m (SEK 0.2m) intangible assets. The investment in intangible assets for Q1 2019 is mainly related to Goodwill from purchase of Sørлие. The investments in tangible assets is mainly relate to replacement of light machinery.

Net interest bearing debt (excl. Lease liabilities) was SEK 214.1m (SEK 169.6m).

Risk and uncertainties

The Group's main risks and uncertainties are related to its high exposure to certain markets. In addition, the Group has financial risk related to primarily currency risk, interest rate risk related to its financing and credit risk related to sales.

Outlook

The Board of Directors is pleased with the 2019 first quarter results and the order intake during the period. We have set forth ambitious targets for 2019.

The integration of our latest acquisition, Sørliie Prosjektinnredninger, has started and we expect to generate positive synergy-effects already for the last two quarters of 2019.

The Group is well prepared before the peak season for the Group with sales done in Q2 for delivery in Q3. The signals so far give comfort to a successful 2019 meeting the targets for the year.

The Group is continuously looking for new strategic acquisition targets combined with a strong focus on succeeding through profitable organic growth.



Group financial statements

Consolidated income statement

All amounts in SEK thousand

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Revenue	235 275	173 616	735 265
Other operating revenue	3 905	5 613	11 147
Total operating revenue	239 180	179 229	746 412
Cost of goods sold	(138 497)	(96 682)	(411 192)
Other external cost	(19 801)	(16 021)	(68 211)
Salaries and personnel expense	(52 878)	(43 150)	(169 623)
Other operating expense	(5 253)	(315)	(8 674)
EBITDA	22 751	23 061	88 712
Depreciation and amortization expense	(10 830)	(10 860)	(42 034)
Operating profit	11 921	12 201	46 678
Interest income and similar	557	73	1 054
Interest expense and similar	(12 095)	(7 308)	(27 813)
Net financial income (expenses)	(11 538)	(7 235)	(26 759)
Profit before income tax	383	4 966	19 919
Income taxes	(91)	(1 230)	(2 490)
Net profit for the period	292	3 736	17 429

Consolidated statement of comprehensive income

Items that may be reclassified subsequently to income statement

Translation differences on net investment in foreign operations	6 076	8 803	4 026
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Items that will not be reclassified to income statement

Remeasurement of defined benefit pension plans	-	-	(944)
Income taxes	-	-	195
Other comprehensive income (loss), net of taxes	6 076	8 803	3 276
Total comprehensive income	6 368	12 539	20 705

Total comprehensive income attributable to:

Equity holders of North Investment Group AB (publ)

Consolidated balance sheet statement

All amounts in SEK thousand

ASSETS	2019	2018	2018
	31.3.	31.3.	31.12.
Software, licences, etc.	4 915	3 917	5 029
Goodwill	246 817	204 038	200 675
Total intangible assets	251 732	207 955	205 703
Right of use assets	241 518	244 762	214 343
Land, buildings and other property	1 147	415	894
Machinery and plant	4 705	4 994	4 601
Office machinery, equipment and similar	3 417	2 805	2 693
Total property, plant and equipment	250 787	252 976	222 531
Other long term receivables	180	379	187
Total non-current financial assets	180	379	187
Deferred tax receivables	38 047	35 802	37 875
TOTAL NON-CURRENT ASSETS	540 745	497 112	466 296
Inventories			
Raw materials	12 981	5 622	10 662
Work in progress	8 324	5 041	6 832
Finished products	65 526	60 439	54 689
Advance payments to suppliers	1 284	2 217	1 263
Total inventories	88 115	73 319	73 446
Accounts receivables	133 669	88 415	91 682
Other short term receivables	11 472	5 213	11 346
Tax recoverables	2 091	3 667	1 401
Prepaid expenses and accrued income	14 999	19 483	12 348
Cash and cash equivalents	97 777	10 802	139 082
Total receivables	260 008	127 580	255 859
TOTAL CURRENT ASSETS	348 123	200 899	329 305
TOTAL ASSETS	888 868	698 011	795 601

All amounts in SEK thousand

EQUITY AND LIABILITIES	2019	2018	2018
	31.3.	31.3.	31.12.
Share capital	105 619	100 909	100 909
Other equity	-11 871	-11 972	-11 871
This years result	-9 037	-26 829	-39 929
Equity attributable to majority shareholders	84 711	62 108	49 109
Liabilities to shareholders	0	124 385	0
Liabilities to financial institutions	0	0	0
Bonds	311 908	0	310 599
Pension liabilities	32 232	35 557	31 944
Other provisions	0	3 758	1 487
Non-current Lease liabilities	242 282	253 167	224 075
Total non-current liabilities	586 421	416 867	568 105
Liabilities to financial institutions	7 995	56 060	37
Current lease liabilities	45 118	40 566	37 633
Prepayments from customers	0	630	1 196
Accounts payable	85 272	57 518	75 794
Tax payable	662	0	484
Other short-term liabilities	35 179	29 917	28 052
Accrued expenses and deferred income	43 510	34 345	35 191
Total current liabilities	217 736	219 036	178 387
TOTAL EQUITY AND LIABILITIES	888 868	698 011	795 601

Consolidated statement of changes in equity

All amounts in SEK thousand	Attributable to equity holders of the parent company			Total equity
	Share capital	Other Equity	Retained earnings	
	Other Equity			
Equity as at 01.01.2018	100 909	-11 972	-39 638	49 299
Comprehensive income				
Profit for the period			3 736	3 736
Other comprehensive income				
<i>Items that will not be reclassified in profit or loss</i>				
Translation difference, net assets in foreign currency		-	8 803	8 803
Total comprehensive income	-	-	12 539	12 539
Liquidation of daughter company			270	270
Total shareholders transactions	-	-	270	270
Equity as at 31.03 2018	100 909	-11 972	-26 829	62 108
Profit for the period			13 693	13 693
Other comprehensive income				
<i>Items that will not be reclassified in profit or loss</i>				
Actuarial loss on pension obligations			-944	-944
<i>Items that may be reclassified in profit or loss</i>				
Translation difference, net assets in foreign currency		101	-4 879	-4 778
Deffered tax			195	195
Total comprehensive income		101	8 065	8 166
Group Contribution				
Dividends			-11 421	-11 421
			-9 744	-9 744
Total shareholders transactions			-21 165	-21 165
Equity as at 31.12 2018	100 909	-11 871	-39 929	49 109
Equity as at 01.01 2019	100 909	-11 871	-39 929	49 109
Profit for the period			292	292
<i>Items that will not be reclassified in profit or loss</i>				
Issue of share capital	4 710		24 524	29 234
<i>Items that may be reclassified in profit or loss</i>				
Translation difference, net assets in foreign currency		-	6 076	6 076
Total comprehensive income	105 619	-11 871	-9 037	84 711

Consolidated statement of cash flows

All amounts in SEK thousand

	2019-01-01 - 2019-03-31	2018-01-01 - 2018-03-31	2018-01-01 - 2018-12-31
Cash flows from operations			
Profit/(loss) before income taxes	383	4 966	19 919
Taxes paid in the period	-778	-	-
Depreciation	10 830	10 857	42 002
Other adjustments	288	-841	-4 454
Currency (gains) losses not related to operating activities	-1 034	-220	-1 288
Change in inventory	-10 094	-5 278	-5 405
Change in trade debtors	-15 789	-2 953	-5 654
Change in trade creditors	-970	-5 789	12 487
Change in other provisions	-306	-2 654	-5 651
Net cash flow from operations	-17 470	-1 912	51 956
Cash flows from investments			
Purchase of intangible assets	-170	-188	-2 436
Purchase of fixed assets	-871	-444	-1 834
Purchase of subsidiaries (net of cash)	-19 550	-	-
Change in other short- and longterm investments	-7	-5	-853
Net cash flows from investments	-20 598	-637	-5 123
Cash flow from financing			
Net change in credit line	8 494	11 976	-44 046
Proceeds from long term loans	-	-	310 624
Repayment of borrowings	-1 487	-1	-124 386
Repayment of leasing liabilities	-11 278	-10 136	-36 909
Dividends paid to equity holders of NIG AB	-	-	-24 577
Other transactions	-	270	270
Net cash flow from financing	-4 271	2 109	80 976
Net change in cash and cash equivalents	-42 339	-440	127 809
Cash and cash equivalents at the beginning of the period	139 082	11 022	11 022
Exchange rate differences in cash and cash equivalents	1 034	220	251
Cash and cash equivalents at the end of the period	97 777	10 802	139 082

Parent Company financial statements - North Investment Group AB (publ.)

Consolidated income statement

All amounts in SEK thousand

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Revenue	0	0	0
Other operating revenue	0	0	0
Total operating revenue	0	0	0
Cost of goods sold	-	-	-
Other external cost	(331)	(1 012)	(1 689)
Salaries and personnel expense	-	-	-
Depreciation and amortization expense	-	-	-
Other operating expense	-	-	-
Total operating expense	(331)	(1 012)	(1 689)
Operating profit	(331)	(1 012)	(1 689)
Interest income and similar	1 103	5	301
Interest expense and similar	(7 226)	(1 478)	(12 389)
Net financial income (expenses)	(6 123)	(1 473)	(12 088)
Group Contribution	-	-	12 278
Profit before income tax	(6 454)	(2 485)	(1 499)
Income taxes	-	-	321
Net profit for the period	(6 454)	(2 485)	(1 178)

Total comprehensive income attributable to:

Equity holders of NIG AB

Consolidated balance sheet statement

All amounts in SEK thousand

ASSETS	2019	2018	2018
	31.3.	31.3.	31.12.
Other investments	303 390	303 390	303 390
Receivables to group companies	107 024	0	56 089
Deferred tax receivables	321	0	321
Total non-current financial assets	410 735	303 390	359 800
TOTAL NON-CURRENT ASSETS	410 735	303 390	359 800
Other short term receivables	13 388	4 924	12 490
Prepaid expenses and accrued income	0	27	84
Cash and cash equivalents	41 365	72	73 925
Total receivables	54 753	5 023	86 499
TOTAL CURRENT ASSETS	54 753	5 023	86 499
TOTAL ASSETS	465 488	308 413	446 299

All amounts in SEK thousand

EQUITY AND LIABILITIES	2019	2018	2018
	31.03	31.03	31.12
Share capital	105 619	100 909	100 909
Other equity	54 401	40 799	31 054
This years result	-6 454	-2 485	-1 178
Equity attributable to majority shareholders	153 566	139 223	130 785
Liabilities to group companies	0	166 819	0
Bonds	311 908	0	310 599
Total non-current liabilities	311 908	166 819	310 599
Accounts payable	1	893	0
Other short-term liabilities	0	0	76
Short-term liabilities group companies	0	1 478	4 839
Total current liabilities	14	2 371	4 915
TOTAL EQUITY AND LIABILITIES	465 488	308 413	446 299

Accounting policies

The interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Swedish Annual Accounts Act. The consolidated financial statements were prepared in accordance with the cost method. All amounts are in thousands of Swedish kroner, unless otherwise stated.

The Parent Company applies Recommendation RFR 2 *Accounting for Legal Entities*, issued by the Swedish Financial Reporting Board, and the Annual Accounts Act. The application of RFR 2 means that the Parent Company, in the interim report for a legal entity, applies all IFRS and statements approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, with consideration taken to the relationship between accounting and taxation.

The accounting policies applied correspond to the accounting policies and measurement principles presented in the 2018 Annual Report. The 2018 Annual Report is available at www.northinvestmentgroup.se.

The Group applied IFRS 16 Leases as of January 1, 2017. For more information see Annual report.

Risks and risk management

Exposure to risk is a natural part of business activity and this is reflected in NIG's approach to risk management. Responsibility for the management of the group's financial transactions and risks is centralised to the parent company. The main risk exposure is related to financial risks. See note 3 in the Annual Report.

Seasonal variations

The Group has seasonal variations related to one of its main categories; school furniture. A high share of these deliveries is related to 3rd quarter.

Related party transactions

The Group has immaterial transactions with other companies in the majority share owners' Group. In addition; through the acquisition of Sørлие there has been a private placement towards the previous owner of Sørлие, who is also an employee in Sørлие.

Acquisitions

On 7 January, NIG Norge AS acquired 100 per cent of the shares of the Norwegian company Sørлие Projektinnredninger AS. Sørлие Projektinnredninger is an Østfold-based supplier of furniture and interior design solutions for offices, meeting rooms, canteens, kindergartens, schools and nursing homes. Sørлие has 36 employees and generates annual sales of NOK 150 million.

Consideration

Cash consideration	53 680
Total	53 680

Acquisition analysis

Booked and fair value of assets and liabilities at the time of acquisition:

	Fair value
Deferred tax assets	209
Property, plant and equipment	522
Inventories	6 232
Accounts receivables	29 713
Other short term receivables	965
Cash	3 464
Accounts payables	-12 462
Tax payables	-1 431
Other short term liabilities	-6 216
Short term liabilities to owners	-3 216
Accrued expenses and deferred income	-6 085
Total net assets	11 696
Goodwill	41 984
Considerations	53 680

Goodwill is attributable to the workforce and the high profitability of the acquired business as well as to synergies within the group.

The consideration excludes acquisition-related costs. No further acquisitions were made in Q1 2019.

Audit review report

This interim report has not been examined by the company's auditor.

Segments/revenue

	Jan-Mar 2019		Jan-Mar 2018		Jan-Dec 2018	
	NIG	NIG	NIG	NIG	NIG	NIG
	Norway	Sweden	Norway	Sweden	Norway	Sweden
Revenue per segment	138.9	112.2	72.6	114.1	262.4	472.9
Net sales to other segments	-	-	-	-	-	-
Revenue from external customers	138.9	112.2	72.6	114.1	262.4	472.9

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
NIG Norway	15.3	14.8	44.5
NIG Sweden	9.1	11.0	45.9
EBITDA	24.4	25.8	90.4

for the Group's operating segments is reconciled with the Group's profit before tax in accordance with the following:

NIG AB and elimination	-0.4	-1.1	-1.7
EBITDA for the Group	24.1	24.7	88.7
Amortisation and depreciation	-10.8	-10.9	-42.0
Financial items net	-11.5	-7.2	-26.8
Profit before tax	1.7	6.6	19.9

Additional information

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