



INTERIM REPORT JULY – SEPTEMBER 2017

The BMST Group was established on 30 June, 2017 and is comprised of Bellmans Åkeri & Entreprenad AB and Grundab Entreprenad i Stockholm AB (Bellmans), who are haulage contractors, as well as of Modern Sprängteknik i Norden AB with the subsidiaries Uppländska Bergkrossnings AB, Uppländska Bergborrnings AB and Sprängarbeten i Trönödal AB (MST), who undertake blasting operations. BMST Intressenter AB, the Parent Company, was registered in April 2017. The majority owner of BMST Intressenter AB is Verdane Capital. This Interim Report covers the period 10 April to 30 September, 2017. The first quarterly figures for the Group refer to 1 July – 30 September 2017. Comparative figures in this report cover the corresponding period in 2016 for net sales and EBITDA for MST and Bellmans. The proforma 9 month figures for January – September 2017 refer to MST and Bellmans, that is, as if BMST's acquisition of the subsidiaries had taken place on 31 December 2016.

JULY – SEPTEMBER 2017

- Sales growth due to solid performance by MST. Net sales increased 19.9% to MSEK 198.8 (165.8).
- EBITDA increased 41,6% to MSEK 14.3 (10.1), corresponding to a margin of 7.2%.
- Operating profit totalled MSEK 3.7, with a margin of 1.9%, including goodwill amortization.
- Order intake for MST increased by 8%.
- Earnings per share were SEK -1.8.

JANUARY – SEPTEMBER 2017 (PROFORMA)

- Net sales increased with 19.1% to MSEK 599.8 (503.5), with the main driver being MST.
- EBITDA increased 42.5% to MSEK 52.3 (36.7), corresponding to a margin of 8.7%.
- Operating profit amounted to MSEK 20.7 with a margin of 3.5%.
- Order intake for MST was MSEK 86.2, or 15% over prior year.

BMST GROUP KEY PERFORMANCE INDICATORS

MSEK	3 Months		*) Proforma
	July-Sep	2017	9 Months Jan-Sep 2017
Net sales	198,8		599,8
Gross profit	38,3		130,4
Gross margin, %	19,3%		21,7%
EBITDA	14,3		52,3
EBITDA margin, %	7,2%		8,7%
Operating profit (EBIT)	3,7		20,7
Operating margin, %	1,9%		3,5%
Net income for the period	-1,8		9,1
Earnings per share (SEK)	-1,8		

*) Proforma 9 months Jan-Sep 2017 includes figures for MST and Bellmans as if BMST's acquisition of the subsidiaries had taken place on 31 December 2016.

CEO COMMENTS

Strong revenue growth and EBITDA margin improvement

During the third quarter, the BMST Group continued with the positive trend experienced during the first half of the year in terms of sales and profits. Organic sales growth for the third quarter was 20% compared with the same period last year, with MST generating a 63% growth and Bellmans seeing a 3% growth. EBITDA for the group improved by 41% to MSEK 14.3 (MSEK 10.1) compared with the third quarter 2016, corresponding to a margin of 7.2% (6.1%). The improvement in profits was mainly a result of volume growth. It should be noted that MST's order backlog at the beginning of 2016 was very low, which was one of the reasons for the poor performance in 2016. For 2017, the performance is back to normal with a strong order backlog.

For the period January to September, organic sales growth was 19% year-on-year, with MST generating a 40% growth and Bellmans 10%. EBITDA for the Group improved by 42% to MSEK 52.3 (MSEK 36.7) versus last year, corresponding to a margin of 8.7% (7.3%), as a result of volume growth, improved margins and operating expenses in line with the business plan. The Group generated a positive cash flow from operating activities totaling MSEK 45 and investments in tangible assets of MSEK 26 was in line with expectations.

Operational update

Operationally, we have had a stable third quarter, with a high capacity utilization in both MST and Bellmans. As the market continues to be strong for our services, it is from time to time a challenge to find good quality sub-contractors.

Commercial update

The market has been strong during the first three quarters of 2017, especially in the Stockholm Region, where the BMST Group has approximately 90% of its operations. Several frame agreements with the large construction companies were signed during the period, with some of those agreements covering a period of 2 - 3 years. The new Group has been well received in the market, both by customers and personnel. As the Group now has widened its offerings, there are improved opportunities to compete for larger and more complex projects.

Outlook

We feel confident that during the remainder of 2017, we will continue to deliver sales and profits in line with expectations. Overall, we believe in a strong market for our services during forthcoming years, even though we have received an indication that the market conditions for housing construction could be less favorable going forward. The BMST Group's business plan includes volume and profit growth for the next 3 year period. This target will be achieved both through organic growth and acquisitions.

Håkan Lind

CEO

FINANCIAL COMMENTS

All reported figures are in accordance with local accounting principles BFNAR 2012:1 Annual and consolidated accounts (K3) and the Annual Accounts Act. A transition to IFRS is planned at year end. This Interim Report covers the period 10 April to 30 September, 2017. The first quarterly figures for the Group refer to 1 July – 30 September 2017. Comparative figures in this report cover the corresponding period in 2016 for net sales and EBITDA for MST and Bellmans. The proforma 9 month figures for January – September 2017 refer to MST and Bellmans, that is, as if BMST's acquisition of the subsidiaries had taken place on 31 December 2016.

GROUP FINANCIAL PERFORMANCE - July to September

Revenue and income

Net sales for the period amounted to MSEK 198.8 (165.8), an increase of 19.9% year-on-year. This growth was primarily attributable to MST (+62.9%) with a high level of activity in the market and a strong order backlog coming into 2017 (MSEK 169.5). Bellmans reported sales growth of 3.4% during the quarter.

EBITDA amounted to MSEK 14.3 (10.1). The significant profit increase compared with last year is primarily explained by the volume growth in MST. EBITDA for Bellmans was broadly in line with last year. EBIT amounted to MSEK 3.7, including depreciation MSEK -5.3 and amortization of goodwill, MSEK -5.3.

Net financial income amounted to MSEK -4.5, primarily attributable to interest on the corporate bond loan. Net income amounted to MSEK -1.8 for the period and was affected by income taxes of MSEK -1.0.

Cash flow

Cash flow from operating activities amounted to MSEK 22.7, including a reduction in working capital of MSEK 11.4. Cash flow from investing activities amounted to MSEK -17.0, reflecting net investments in tangible assets of MSEK -12.2 and capitalized expenditure referring to the acquisition of the Group companies of MSEK -4.8. Cash flow from financing activities amounted to MSEK -1.8, which was related to payments of borrowing costs. Cash flow for the period amounted to MSEK 3.9.

Investments

Net investments in tangible assets amounted to MSEK -12.2, mainly referring to investments in drilling-rigs.

GROUP FINANCIAL PERFORMANCE – Proforma January to September

Revenue and income (proforma)

Net sales for the period amounted to MSEK 599.8 (503.5), an increase of 19.1 % year-on-year. This growth was primarily attributable to MST (+40.1%). It should be noted that MST's order backlog at the beginning of 2016 was very low, which impacted the poor performance in 2016. For 2017, the performance is back to normal with a strong order backlog. Bellmans reported sales growth of 10.3% year-on-year, mainly explained by a continuing strong demand in the market for Bellmans' services.

EBITDA amounted to MSEK 52.3 (36.7). The significant profit increase compared with last year for both MST and Bellmans was a result of volume growth, improved margins and operating expenses in line with the business plan. EBIT amounted to MSEK 20.7, including depreciation of MSEK -15.5 and amortization of goodwill of MSEK -16.0.

Net financial income amounted to MSEK -4.5, mostly attributable to interest on the corporate bond loan. Net income amounted to MSEK 9.1 for the period and was impacted by income taxes of MSEK -7.1.

Cash flow (proforma)

Cash flow from operating activities amounted to MSEK 45.2, including a reduction in working capital of MSEK 0.2. Cash flow from investing activities amounted to MSEK -155.2, reflecting net investments in tangible assets of MSEK -25.9 and investments in intangible assets relating to the acquisition of Group companies of MSEK -129.3. Cash flow from financing activities amounted to MSEK 180.2, mainly related to proceeds from bond loan partly offset by repayments of borrowings. Cash flow for the period amounted to MSEK 70.2.

Investments (proforma)

Total investments in tangible assets amounted to MSEK -25.9, referring to investments undertaken by MST (approx. 19) and Bellmans (approx. 7).

ORGANISATION

The number of full time equivalents in the Group at the end of September was 162.

FINANCIAL POSITION AND FINANCING

Cash and cash equivalents at the end of the period amounted to MSEK 101.6. Including a non-utilized overdraft facility, available cash and cash equivalents amounted to MSEK 116.6. The Parent Company has issued a corporate bond loan which was listed on the NASDAQ First North bond market, Stockholm on 10 August, 2017. This instrument is listed as BMST 01 with 220 units and a nominal value of MSEK 1.0 for each unit. The bond carries interest at a floating rate of three months STIBOR plus 6.50 per cent payable quarterly in arrears, and matures in June 2022. The Group is obliged to report its financial position as described in the terms and conditions of the bond. For the terms and conditions of the corporate bond loan, please see the website of BMST Intressenter AB (publ) available at www.bmstab.se.

FINANCIAL INSTRUMENTS

The Group has no financial assets or financial liabilities valued at fair value in the valuation hierarchy.

RISKS AND UNCERTAINTIES

The BMST Group is exposed to several global and Group-specific risks that can impact operations and the financial performance, as well as the financial position of the Group. The foreseeable risks are identified and monitored centrally on the basis of established policies. Risk management in the Group aims at positioning the Group to be able to correctly respond to possible risk events. Below is a non-exhaustive list of risks, without regards to their level of significance, which the Group consider to be material.

- Operating risks
- Market, commercial and political risks
- Financial risks
- Contract risk
- Legal risk
- Credit risks
- Taxation and charges

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

OUTLOOK

We believe the strong market for BMST's services will continue in the fourth quarter of 2017, and that the Group will continue to show progress compared with the previous year.

SEGMENT DEVELOPMENT

MST and Bellmans are reported as two separate segments.

MSEK	3 Months July-Sep 2017	*) Proforma 9 Months Jan-Sep 2017
Total net sales		
MST	53,6	169,3
Bellmans	146,7	437,9
Elimination of internal sales	-1,5	-7,4
Total net sales	198,8	599,8

MSEK	3 Months July-Sep 2017	*) Proforma 9 Months Jan-Sep 2017
EBITDA		
MST	4,7	20,3
Bellmans	9,8	33,0
Other	-0,2	-1,0
Total EBITDA	14,3	52,3

MSEK	3 Months July-Sep 2017	*) Proforma 9 Months Jan-Sep 2017
Operating profit		
MST	0,3	7,2
Bellmans	3,6	14,5
Other	-0,2	-1,0
Total operating profit	3,7	20,7

*) Proforma 9 months Jan-Sep 2017 includes figures for MST and Bellmans as if BMST's acquisition of the subsidiaries had taken place on 31 December 2016.

GROUP – CONDENSED CONSOLIDATED INCOME STATEMENTS

MSEK	3 Months	**) 6 Months	*) Proforma 9 Months Jan-Sep 2017
	July-Sep 2017	Apr-Sep 2017	
Net sales	198,8	198,8	599,8
Other operating income	0,6	0,6	4,9
	199,4	199,4	604,7
Operating expenses			
Raw materials and sub-contractors	-160,5	-160,5	-469,4
Other external expenses	-4,5	-5,3	-16,4
Personnel costs	-20,1	-20,1	-66,1
Depreciation/amortization and write-downs of tangible and intangible fixed assets	-10,6	-10,6	-31,5
Other operating expenses	0,0	0,0	-0,6
Total operating expenses	-195,7	-196,5	-584,0
Operating profit	3,7	2,9	20,7
Financial income and expenses	-4,5	-4,5	-4,5
Income after financial items	-0,8	-1,6	16,2
Taxes	-1,0	-0,8	-7,1
Net income for the period	-1,8	-2,4	9,1
Earnings per share (SEK)	-1,8	-2,4	
Number of shares in thousands	1000,0	1000,0	

*) Proforma 9 months Jan-Sep 2017 includes figures for MST and Bellmans as if BMST's acquisition of the subsidiaries had taken place on 31 December 2016.

**) 6 months Apr-Sep 2017 includes figures for the Parent Company from 10 April 2017 (which was the date of incorporation of BMST Intressenter AB) and figures from MST and Bellmans from the date of BMST's acquisition of the subsidiaries 30 June 2017.

GROUP – CONDENSED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30 Sep 2017
Assets		
Intangible assets	2	208,7
Tangible assets		107,4
Financial fixed assets		1,1
Total fixed assets		317,2
Inventories		6,8
Current receivables		150,0
Cash and cash equivalents		101,6
Total current assets		258,4
TOTAL ASSETS		575,6
Equity and liabilities		
Equity		138,7
Non-current liabilities	3, 4	275,1
Current liabilities		161,8
TOTAL EQUITY AND LIABILITIES		575,6
Net debt = loan less cash and cash equivalents		181,6

GROUP – STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

MSEK	3 Months	**) 6 Months
	July-Sep 2017	Apr-Sep 2017
Opening balance	140,5	0,0
Shareholders contribution	0,0	70,050
New share issue	0,0	71,050
Income for the period	-1,8	-2,4
Closing balance	138,7	138,7

**) 6 months Apr-Sep 2017 includes figures for the Parent Company from 10 April 2017 (which was the date of incorporation of BMST Intressenter AB) and figures from MST and Bellmans from the date of BMST's acquisition of the subsidiaries 30 June 2017.

GROUP – CONDENSED CASH FLOW

MSEK	3 Months	**) 6 Months	*) Proforma
	July-Sep	Apr-Sep	9 Months
	2017	2017	Jan-Sep
			2017
Operating profit	3,7	2,9	20,7
Interest received and paid	-3,6	-3,6	-3,5
Income taxes paid	1,0	1,0	0,0
<u>Adjustments for non-cash items:</u>			
Depreciation/amortization	10,6	10,6	31,5
Other non-cash items	-0,4	-0,4	-3,7
Cash flow from operating activities before changes in working capital	11,3	10,5	45,0
Changes in working capital	11,4	11,5	0,2
Cash flow from operating activities	22,7	22,0	45,2
Investments in intangible assets	0,0	0,0	-129,3
Payment for acquisition of subsidiaries, net of cash acquired	-4,8	-104,5	0,0
Net investments in tangible assets	-12,2	-12,2	-25,9
Cash flow from investing activities	-17,0	-116,7	-155,2
Proceeds from issues of shares	0,0	1,1	1,1
Proceeds from shareholders contribution	0,0	13,9	13,9
Proceeds from borrowings	0,0	220,0	220,0
Payment of borrowing costs	-1,8	-8,0	-8,0
Repayment of borrowings	0,0	-30,7	-46,8
Cash flow from financing activities	-1,8	196,3	180,2
Cash flow for the period	3,9	101,6	70,2
Cash and cash equivalents at the start of the period	97,7	0,0	31,4
Cash and cash equivalents at the end of the period	101,6	101,6	101,6

*) Proforma 9 months Jan-Sep 2017 includes figures for MST and Bellmans as if BMST's acquisition of the subsidiaries had taken place on 31 December 2016.

**) 6 months Apr-Sep 2017 includes figures for the Parent Company from 10 April 2017 (which was the date of incorporation of BMST Intressenter AB) and figures from MST and Bellmans from the date of BMST's acquisition of the subsidiaries 30 June 2017.

PARENT COMPANY – CONDENSED INCOME STATEMENTS

MSEK	3 Months	6 Months
	July-Sep 2017	Apr-Sep 2017
Net sales	1,7	1,7
Other operating income	0,0	0,0
	1,7	1,7
Operating expenses		
Raw materials and sub-contractors	0,0	0,0
Other external expenses	-1,9	-2,7
Personnel costs	0,0	0,0
Depreciation/amortization and write-downs of tangible and intangible fixed assets	0,0	0,0
Other operating expenses	0,0	0,0
Total operating expenses	-1,9	-2,7
Operating profit	-0,2	-1,0
Financial income and expenses	-3,9	-3,9
Income after financial items	-4,1	-4,9
Taxes	0,9	1,1
Net income for the period	-3,2	-3,8
Earnings per share (SEK)	-3,2	-3,8
Number of shares in thousands	1 000	1 000

PARENT COMPANY – CONDENSED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30 Sep 2017
Assets		
Intangible assets		0,0
Tangible assets		0,0
Financial fixed assets	2, 3	353,0
Total fixed assets		353,0
Inventories		0,0
Current receivables		2,0
Cash and cash equivalents		54,8
Total current assets		56,8
TOTAL ASSETS		409,8
Equity and liabilities		
Equity		137,2
Non-current liabilities	3, 4	251,4
Current liabilities		21,2
TOTAL EQUITY AND LIABILITIES		409,8
Net debt = loan less cash and cash equivalents		223,7

PARENT COMPANY – CONDENSED CASH FLOW

MSEK	3 Months	6 Months
	July-Sep 2017	Apr-Sep 2017
Operating profit	-0,2	-1,0
Interest received and paid	-3,3	-3,3
Income taxes paid	0,0	0,0
<u>Adjustments for non-cash items:</u>		
Depreciation/amortization	0,0	0,0
Other non-cash items	0,0	0,0
Cash flow from operating activities before changes in working capital	-3,5	-4,3
Changes in working capital	-0,7	-0,6
Cash flow from operating activities	-4,2	-4,9
Payment for acquisition of subsidiaries	-4,8	-129,3
Loans to subsidiary	-7,4	-38,0
Cash flow from investing activities	-12,2	-167,3
Proceeds from issues of shares	0,0	1,1
Proceeds from shareholders contribution	0,0	13,9
Proceeds from borrowings	0,0	220,0
Payment of borrowing costs	-1,7	-8,0
Repayment of borrowings	0,0	0,0
Cash flow from financing activities	-1,7	227,0
Cash flow for the period	-18,1	54,8
Cash and cash equivalents at the start of the period	72,9	0,0
Cash and cash equivalents at the end of the period	54,8	54,8

NOTES TO THE FINANCIAL INFORMATION

1 ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with local accounting principles BFNAR 2012:1 Annual and consolidated accounts (K3) and the Annual Accounts Act.

2 BUSINESS COMBINATION

Summary of acquisition:

On 30 June 2017 the Parent Company acquired 100% of the share capital in MST, undertaking blasting operations, and Bellmans, operating as haulage contractors. This acquisition has significantly increased the Group's market share in this industry. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:			
MSEK	MST	Bellmans	Total
Cash paid	0,0	124,5	124,5
Capitalized expenditure referring to the acquisition	1,5	3,3	4,8
Non-cash issue	96,9	29,2	126,1
Vendor loan	0,0	58,5	58,5
Total purchase consideration	98,4	215,5	313,9

The assets and liabilities recognized as attributable to the acquisition are as follows:

Fair value			
MSEK	MST	Bellmans	Total
Cash	8,9	15,9	24,8
Trade receivables	38,9	69,5	108,4
Inventories	5,8	0,0	5,8
Plant and equipment	36,9	57,5	94,4
Other short term receivables	12,6	19,8	32,4
Trade payables	-14,2	-17,6	-31,8
Deferred tax liability	-7,9	-12,2	-20,1
Short term financial debt	-30,7	0,0	-30,7
Other short term liabilities	-16,8	-66,5	-83,3
Net identifiable assets acquired	33,5	66,4	99,9
Add: Goodwill	64,9	149,1	214,0
Net assets acquired	98,4	215,5	313,9

Goodwill is attributable to the workforce and the high level of profitability in the acquired business, and will not be deductible for tax purposes. As per 30 September 2017, amortization of goodwill amounted to MSEK 5.3. A preliminary calculation of goodwill has been made and this value may change over a period of twelve months from acquisition date.

Purchase consideration - cash outflow:	3 Months	6 Months
	July-Sep 2017	Apr-Sep 2017
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash considerations	4,8	129,3
Less: Balances acquired	0	
Cash	0	24,8
	0,0	24,8
Net outflow of cash - investing activities	4,8	104,5

3 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

MSEK	Group 30 Sep 2017	Parent Company 30 Sep 2017
For own provisions and liabilities		
Securities for financial liabilities:		
Shares in subsidiaries	210,2	313,9
Floating charge	15,0	0,0
Intercompany loans	0,0	30,7
Total for own provisions and liabilities	225,2	344,6
Total assets pledged as security	225,2	344,6

4 NON-CURRENT LIABILITIES

MSEK	Group 30 Sep 2017	Parent Company 30 Sep 2017
Corporate bond	220,0	220,0
Borrowing costs	-7,6	-7,6
Lease liabilities	3,5	0,0
Vendor loan	39,0	39,0
Deffered tax liabilities	20,2	0,0
Total non-current liabilities	275,1	251,4

The essential non-current liabilities mature as follows:

MSEK	Group 30 Sep 2017		Total
	1-5 years	Later than 5 years	
Secured			
Corporate bond	220,0	0,0	220,0
Total secured borrowings	220,0	0,0	220,0
Unsecured			
Vendor loan	39,0	0,0	39,0
Total unsecured borrowings	39,0	0,0	39,0
Total borrowings	259,0	0,0	259,0

MSEK	Parent Company 30 Sep 2017		Total
	1-5 years	Later than 5 years	
Secured			
Corporate bond	220,0	0,0	220,0
Total secured borrowings	220,0	0,0	220,0
Unsecured			
Vendor loan	39,0	0,0	39,0
Total unsecured borrowings	39,0	0,0	39,0
Total borrowings	259,0	0,0	259,0

The Parent Company has issued a corporate bond loan which was listed on the NASDAQ First North bond market, Stockholm on 10 August, 2017. The instrument is listed as BMST 01 with 220 units and a nominal value of MSEK 1.0 per unit. Borrowing costs of MSEK 7.6 relating to the bond has been activated on the loan. The bond carries interest at a floating rate of three months STIBOR plus 6.50 per cent payable quarterly in arrears and matures in June 2022. The corporate bond was secured by the shares in the subsidiaries in the Parent Company. The Group is obliged to report its financial position as described in the terms and conditions of the bond. For terms and conditions of the corporate bond loan, please see the website of BMST Intressenter AB (publ) available at www.bmstab.se. The vendor loan is interest free and held without security. The terms of the loan stipulate that amortization will commence 2018 and that the loan is to be fully repaid in 2020.

OTHER INFORMATION

TRANSACTIONS

No significant transactions between related parties have taken place during the period.

AUDIT

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

CERTIFIED ADVISER

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NEXT REPORT

Year end report 2017, to be released on 28 February 2018.

ASSURANCE

The Board of Directors and CEO hereby assure that this interim report 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 23 November 2017

Tore Hallersbo
Chairman of the Board

Björn Andersson
Member of the Board

Robin Karlsson
Member of the Board

Per Nordlander
Member of the Board

Håkan Lind
CEO and Member of the Board