



## INTERIM REPORT JANUARY – MARCH 2018

The Bellman Group consists of Bellmans Åkeri & Entreprenad AB and Grundab Entreprenader i Stockholm AB (Bellmans), which are transport firms, and of Modern Sprängteknik i Norden AB and its subsidiaries Uppländska Bergkrossnings AB, Uppländska Bergborrnings AB and Sprängarbeten i Trönödal AB (MST), which are engaged in blasting operations. Bellman Group AB, the Parent Company, was registered in April 2017. The main owner of Bellman Group AB is Verdane Holding 26 AB. This interim report covers the period 1 January to 31 March, 2018.

Since presentation of the previous report, the Parent Company has undertaken a name change from BMST Intressenter AB to Bellman Group AB. The Group's corporate bonds have been listed on the Corporate Bond List at Nasdaq Stockholm AB ("Nasdaq Stockholm"). The first listing day at Nasdaq Stockholm was 11 May 2018

The comparative figures for January – March 2017 in this report refer to MST. 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.

To illustrate the full year development of the Bellman Group, the comparative proforma figures for the 12 months January – December 2017 and comparative proforma figures for January – March 2017, as found in the analysis in this report include figures for MST and Bellmans, as if the acquisition of the subsidiaries had taken place on 1 January 2017.

### JANUARY – MARCH 2018 (PROFORMA)

- EBITDA before extraordinary items increased 9.9% to SEK 16.6 million (15.1), mainly reflecting improved margins in MST.
- Net sales increased slightly versus prior year at SEK 189.2 million (187.3).
- EDITDA after extraordinary items totalled SEK 15.1 million (15.1) corresponding to a margin of 8.0%.
- Operating profit totalled SEK 8.7 million, with a margin of 4.6%, including amortisation of intangible assets.
- Order backlog for MST was SEK 109 million at the end of March 2018 compared with SEK 94 million at the end of December 2017.

### BELLMAN GROUP KEY PERFORMANCE INDICATORS

SEK million	3 Months	Proforma	Latest	Proforma
	Jan-Mar	3 Months	12 Months	12 Months
	2018	2017	2017-2018	2017
Net sales	189,2	187,3	829,8	827,9
EBITDA before extraordinary items	16,6	15,1	63,9	62,4
EBITDA before extraordinary items margin, %	8,8%	8,1%	7,7%	7,5%
EBITDA after extraordinary items	15,1	15,1	55,1	55,1
EBITDA after extraordinary items margin, %	8,0%	8,1%	6,6%	6,7%
Operating profit (EBIT)	8,7			32,5
Operating margin, %	4,6%			3,9%
Net income for the period	3,6			18,0

Proforma figures 2017 include figures for MST and Bellmans as if the acquisition of the subsidiaries had taken place on 1 January 2017.

## CEO COMMENTS

### **Strong profit growth during the first quarter**

During the first quarter, the Bellman Group continued to report the positive earnings trend experienced during the period January to December 2017. EBITDA before extraordinary items for the Group increased by 9.9% to SEK 16.6 million, compared with SEK 15.1 million in the first quarter 2017, corresponding to a margin of 8.8% (8.1%). This was mainly a result of improved margins in MST.

Net sales for the Group increased slightly versus the corresponding period in the prior year at SEK 189.2 million (187.3).

### **Operational update**

During the first quarter, MST has seen the positive effect of the 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, we have had a stable first quarter, with a high capacity utilization in both MST and Bellmans. As the market continues to be strong for our services, it can occasionally be a challenge to find good quality sub-contractors.

### **Commercial update**

The market has been strong during the first quarter of 2018, especially in the Stockholm region, where the Bellman Group has approximately 90% of its operations. Several framework agreements with large construction companies were signed during the period, with some of these agreements covering 2 - 3 years. The new Group has been well received in the market, both by customers and personnel. As the Group has now widened its offering, there are improved opportunities to compete for larger and more complex projects.

### **Outlook**

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

**Håkan Lind**  
*CEO*

# FINANCIAL COMMENTS

## GROUP FINANCIAL PERFORMANCE – Proforma January to March

### Sales and earnings

Consolidated net sales for the period were SEK 189.2 million (187.3), an increase of 1.0%. MST reported net sales of 53.3 million (54.6) and Bellmans 136.7 million (137.2), broadly in line with the first quarter prior year.

EBITDA before extraordinary items for the Group increased by 9.9% to SEK 16.6 million compared with SEK 15.1 million in the first quarter 2017, corresponding to a margin of 8.8%. MST reported a EBITDA of SEK 10.0 million (SEK 4.0 million). The increase in profits mainly reflects improved margins as a result of replacing sub-contractors with own machines and personnel, as well as a more favorable product mix compared to prior year. Bellmans reported a EBITDA of SEK 6.7 million (SEK 11.1 million). The decrease in profits is explained by increased personnel expenses, allocated costs for the new Group structure, as well as an improved quality in the quarterly reporting of provisions compared with the first quarter prior year.

Operating profit was SEK 8.7 million, including depreciation and amortisation of SEK -6.4 million and extraordinary items of SEK -1.5 million. Extraordinary items comprised acquisition costs, as well as costs incurred in the listing of the corporate bonds on the Corporate Bond List at NASDAQ Stockholm AB ("Nasdaq Stockholm").

The net financial expense was SEK -4.0 million, which was mainly attributable to interest on the corporate bonds. The net profit for the period was SEK 3.6 million.

### Cash flow

The Group's cash flow from operating activities was SEK 12.4 million. Cash flow from investing activities was SEK -4.9 million and comprised net investments in property, plant and equipment. Cash flow from financing activities was SEK 0.0 million. The cash flow for the period was SEK 7.5 million.

### Investments

The Group undertook planned investments in and sales of property, plant and equipment in a net amount of SEK 4.9 million, of which SEK 2.5 million related to MST and SEK 2.4 million to Bellmans.

### Net interest bearing debt

The Group's net interest-bearing debt at 31 March 2018 was SEK 129.4 million, comprised of bonds (SEK 220.0 million), lease liabilities (SEK 5.1 million) less cash and cash equivalents (SEK 95.7 million). The ratio of net interest-bearing debt to the March LTM EBITDA before extraordinary items was 2.0.

### ORGANISATION

At 31 March, the Group had 161 full-time employees.

### FINANCIAL POSITION AND FINANCING

At the end of the period, the Group had cash and cash equivalents of SEK 95.7 million. Including an undrawn overdraft facility, available cash and cash equivalents totalled SEK 115.7 million. The Parent Company has issued corporate bonds, which were listed on the NASDAQ First North bond market in Stockholm on 10 August 2017. The bonds are listed as BMST 01 with 220 units. The total outstanding nominal amount is SEK 220.0 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 at SEK 1.0 million and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds are available on the website of Bellman Group AB (publ), [www.bellmangroup.se](http://www.bellmangroup.se). As per 11 May, the Group's corporate bonds have been listed on the Corporate Bond List at Nasdaq Stockholm AB ("Nasdaq Stockholm").

## 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](http://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

The Group's corporate bonds have been listed on the Corporate Bond List at Nasdaq Stockholm AB ("Nasdaq Stockholm"). The first listing day at Nasdaq Stockholm was 11 May 2018

## OUTLOOK

Management expects the demand for Bellman Group's services to remain strong in 2018.

## SEGMENT DEVELOPMENT

SEK million	3 Months	Proforma 3 Months	Latest 12 Months	Proforma 12 Months
	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017-2018	Jan-Dec 2017
<b>Net sales</b>				
MST	53,3	54,6	236,6	237,9
Bellmans	136,7	137,2	599,8	600,3
Elimination, intercompany sales	-0,8	-4,5	-6,6	-10,3
<b>Total net sales</b>	<b>189,2</b>	<b>187,3</b>	<b>829,8</b>	<b>827,9</b>

SEK million	3 Months	Proforma 3 Months	Latest 12 Months	Proforma 12 Months
	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017-2018	Jan-Dec 2017
<b>EBITDA before extraordinary items</b>				
MST	10,0	4,0	31,0	25,0
Bellmans	6,7	11,1	33,8	38,2
Other	-0,1	0,0	-0,9	-0,8
<b>Total EBITDA before extraordinary items</b>	<b>16,6</b>	<b>15,1</b>	<b>63,9</b>	<b>62,4</b>

Proforma 3 months Jan-Mar 2017 and 12 months Jan-Dec 2017 include figures for MST and Bellmans as if the acquisition of the Bellmans subsidiaries had taken place on 1 January 2017.

## GROUP FINANCIAL PERFORMANCE – January to March

As mentioned previously in this report, the comparative figures for January – March 2017 in this report refer to MST. The income statement for 2017 refers to MST for the period January – December, Bellmans for the period July – December and the Parent Company for the period April – December.

### Sales and earnings

Net sales for the period amounted to SEK 189.2 million compared to SEK 54.6 million in the same period in the previous year. This was mainly the result of Bellmans being included in the first quarter 2018, while it was not included in the corresponding period in the prior year. EBITDA before extraordinary items amounted to SEK 16.6 million compared with SEK 4.0 million in the same period in the previous year. The increase in profits was mainly a result of Bellmans being included in the first quarter 2018, while it was not included in the corresponding period in the prior year. Operating profit amounted to SEK 8.7 million, including depreciation and amortization of SEK -6.4 million and extraordinary items of SEK -1.5 million. Extraordinary items comprised acquisition costs, as well as costs incurred in relation to the listing application for the corporate bonds on the Corporate Bond List at NASDAQ Stockholm AB ("Nasdaq Stockholm"). Net financial expenses amounted to SEK -4.0 million, primarily attributable to interest on the corporate bonds. Net income amounted to SEK 3.6 million for the period.

### Cash flow and investments

The Group's cash flow from operating activities was SEK 12.4 million. Cash flow from investing activities was SEK -4.9 million and comprised net investments in property, plant and equipment. Cash flow from financing activities was SEK 0.0 million. The cash flow for the period was SEK 7.5 million.

## OTHER INFORMATION

### AUDIT

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

### CERTIFIED ADVISER

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### FINANCIAL CALENDAR

Interim report April – June 2018, to be released on 30 August, 2018

### ASSURANCE

The Board of Directors and CEO hereby confirm that this Interim Report January – March 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, 24 May 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 Jan-Mar	3 Months Jan-Mar	*) Proforma 12 Months Jan-Dec
	Note	2018	2017	2017
Net sales		189,2	54,6	827,9
Other operating income		0,7	0,4	5,5
		189,9	55,0	833,4
<b>Operating expenses</b>				
Raw materials and consumables		-141,4	-34,4	-647,6
Other external expenses		-7,0	-4,2	-34,7
Staff costs		-26,4	-12,4	-95,4
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-6,4	-2,8	-22,6
Other operating expenses		0,0	0,0	-0,6
Total operating expenses		-181,2	-53,8	-800,9
<b>Operating profit</b>		<b>8,7</b>	<b>1,2</b>	<b>32,5</b>
Financial income and expenses	4	-4,0	-0,1	-7,7
<b>Profit after net financial expense</b>		<b>4,7</b>	<b>1,1</b>	<b>24,8</b>
Taxes		-1,1	-0,2	-6,8
<b>Net profit for the period</b>		<b>3,6</b>	<b>0,9</b>	<b>18,0</b>
Profit attributable to:				
- parent company shareholders		3,6	0,9	
- non-controlling interests		0,0	0,0	
Earnings per share (SEK)		3,5	-	
Average number of shares, thousands		1 014,1	-	
<b>Statement of other comprehensive income</b>				
Net profit for the period		3,6	0,9	
<b>Other comprehensive income</b>				
Other comprehensive income for the period		0,0	0,0	
<b>Total comprehensive income for the period</b>		<b>3,6</b>	<b>0,9</b>	
Total comprehensive income for the period is attributable to:				
- parent company shareholders		3,6	0,9	
- non-controlling interests		0,0	0,0	

\*) Proforma 12 months Jan-Dec 2017 includes figures for MST and Bellmans as if the acquisition of the Bellmans subsidiaries had taken place on 1 January 2017.

## GROUP – CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	Note	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Assets</b>				
Intangible assets	6	146.7	1.3	147.1
Property, plant and equipment		117.2	35.2	116.7
Non-current financial assets	4	4.5	0.0	3.4
<b>Total non-current assets</b>		<b>268.4</b>	<b>36.5</b>	<b>267.2</b>
Inventories		7.1	5.1	7.6
Current receivables		133.9	51.0	134.7
Cash and cash equivalents		95.7	0.9	88.2
<b>Total current assets</b>		<b>236.7</b>	<b>57</b>	<b>230.5</b>
<b>TOTAL ASSETS</b>		<b>505.1</b>	<b>93.5</b>	<b>497.7</b>
<b>Equity and liabilities</b>				
Equity		79.9	25.2	76.3
Non-current liabilities	7, 8	279.0	32.4	278.1
Current liabilities		146.2	35.9	143.3
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>505.1</b>	<b>93.5</b>	<b>497.7</b>

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

SEK million	Attributable to shareholders of Bellman Group AB			
	Share capital	Other contributed capital	Retained earnings (incl. net profit/loss for the year)	Total equity
Opening balance, 1 January 2017	0.0	0.2	24.1	24.3
Net profit/loss for the period	0.0	0.0	0.9	0.9
Other comprehensive income for the period	0.0	0.0	0.0	0.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>	<b>0.9</b>
Issue of new shares	0.0	0.0	0.0	0.0
Shareholder contributions	0.0	0.0	0.0	0.0
<b>Transactions with shareholders in their roles as owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Closing balance, 31 March 2017</b>	<b>0.0</b>	<b>0.2</b>	<b>25.0</b>	<b>25.2</b>
Opening balance, 1 January 2018	1.0	47.4	27.9	76.3
Net profit/loss for the period	0.0	0.0	3.6	3.6
Other comprehensive income for the period	0.0	0.0	0.0	0.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>3.6</b>	<b>3.6</b>
Issue of new shares	0.0	0.0	0.0	0.0
Shareholder contributions	0.0	0.0	0.0	0.0
<b>Transactions with shareholders in their roles as owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Closing balance, 31 March 2018</b>	<b>1.0</b>	<b>47.4</b>	<b>31.5</b>	<b>79.9</b>

## GROUP – CONDENSED STATEMENT OF CASH FLOW

SEK million	3 Months Jan-Mar	3 Months Jan-Mar	*) Proforma 12 Months Jan-Dec
	2018	2017	2017
<b>Cash flow from operating activities</b>			
<b>Operating profit</b>	<b>8,7</b>	<b>1,2</b>	<b>32,5</b>
Adjustment for non-cash items:			
Depreciation and amortisation	6,4	2,8	22,6
Other non-cash items	-0,7	-0,7	-4,0
Interest received	0,0	0,0	0,6
Interest paid	-3,6	-0,2	-7,9
Income taxes paid	-2,9	-0,8	-1,5
<b>Cash flow from operating activities before changes in working capital</b>	<b>7,9</b>	<b>2,3</b>	<b>42,3</b>
Changes in working capital	4,5	-0,8	-2,2
<b>Cash flow from operating activities</b>	<b>12,4</b>	<b>1,5</b>	<b>40,1</b>
<b>Cash flow from investing activities</b>			
Investments in intangible assets	0,0	0,0	-124,5
Acquisition of subsidiaries, net of acquired cash and cash equivalents	0,0	0,0	0,0
Investments in property, plant and equipment	-5,7	-3,8	-50,3
Sale of property, plant and equipment	0,8	0,7	9,3
<b>Cash flow from investing activities</b>	<b>-4,9</b>	<b>-3,1</b>	<b>-165,5</b>
<b>Cash flow from financing activities</b>			
Issue of shares	0,0	0,0	3,1
Shareholder contributions received	0,0	0,0	13,9
Loans raised	0,0	0,4	220,0
Payment of financing costs	0,0	0,0	-8,0
Repayment of loans	0,0	-0,5	-46,8
<b>Cash flow from financing activities</b>	<b>0,0</b>	<b>-0,1</b>	<b>182,2</b>
<b>Cash flow for the period</b>	<b>7,5</b>	<b>-1,7</b>	<b>56,8</b>
Cash and cash equivalents at the beginning of the period	88,2	2,6	31,4
<b>Cash and cash equivalents at the end of the period</b>	<b>95,7</b>	<b>0,9</b>	<b>88,2</b>

\*) Proforma 12 months Jan-Dec 2017 includes figures for MST and Bellmans as if the acquisition of the Bellmans subsidiaries had taken place on 1 January 2017.

## PARENT COMPANY – CONDENSED STATEMENT OF INCOME

SEK million	3 Months	9 Months
	Jan-Mar	Apr-Dec
	2018	2017
Net sales	2.0	4.8
Other operating income	0.0	0.0
	2.0	4.8
<b>Operating expenses</b>		
Raw materials and consumables	0.0	0.0
Other external expenses	-3.6	-8.2
Staff costs	0.0	0.0
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	0.0	0.0
Other operating expenses	0.0	0.0
Total operating expenses	-3.6	-8.2
<b>Operating loss</b>	<b>-1.6</b>	<b>-3.4</b>
Other interest income and similar income	0.8	1.2
Interest expense and similar charges	-3.6	-7.8
Other financial items	-0.4	-0.8
<b>Loss after net financial expense</b>	<b>-4.8</b>	<b>-10.8</b>
Deffered tax	1.1	2.4
<b>Net loss for the period</b>	<b>-3.7</b>	<b>-8.4</b>

## PARENT COMPANY – CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

<b>Statement of other comprehensive income</b>		
Net loss for the period	-3.7	-8.4
<b>Other comprehensive income</b>		
Other comprehensive income for the period	0.0	0.0
<b>Total comprehensive income for the period</b>	<b>-3.7</b>	<b>-8.4</b>

## PARENT COMPANY – CONDENSED STATEMENT OF FINANCIAL POSITION

SEK million	Note	31 Mar 2018	31 Dec 2017
<b>Assets</b>			
Intangible assets		0.0	0.0
Property, plant and equipment		0.5	0.5
Non-current financial assets	6	369.7	368.6
<b>Total non-current assets</b>		<b>370.2</b>	<b>369.1</b>
Inventories		0.0	0.0
Current receivables		1.8	2.8
Cash and cash equivalents		35.0	38.6
<b>Total current assets</b>		<b>36.8</b>	<b>41.4</b>
<b>TOTAL ASSETS</b>		<b>407.0</b>	<b>410.5</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital		1.0	1.0
Total restricted equity		1.0	1.0
Non-restricted equity			
Share premium account		72.0	72.0
Retained earnings		61.7	70.1
Net loss for the period		-3.7	-8.4
Total non-restricted equity		130.0	133.7
<b>Total equity</b>		<b>131.0</b>	<b>134.7</b>
<b>Non-current liabilities</b>			
	7, 8		
Bonds		213.1	212.8
Other non-current liabilities		39.0	39.0
<b>Total non-current liabilities</b>		<b>252.1</b>	<b>251.8</b>
<b>Current liabilities</b>			
Trade payables		0.6	0.2
Liabilities to Group companies		1.3	0.2
Other current liabilities		19.5	19.8
Accrued expenses and deferred income		2.5	3.8
<b>Total current liabilities</b>		<b>23.9</b>	<b>24.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>407.0</b>	<b>410.5</b>

## PARENT COMPANY – CONDENSED STATEMENT OF CASH FLOW

SEK million	3 Months	9 Months
	Jan-Mar 2018	Apr-Dec 2017
<b>Cash flow from operating activities</b>		
<b>Operating loss</b>	<b>-1.6</b>	<b>-3.4</b>
Adjustment for non-cash items:		
Depreciation and amortisation	0.0	0.0
Other non-cash items	0.0	0.0
Interest received	1.0	0.8
Interest paid	-3.6	-7.4
Income taxes paid	0.0	0.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-4.2</b>	<b>-10.0</b>
Changes in working capital	0.6	1.9
<b>Cash flow from operating activities</b>	<b>-3.6</b>	<b>-8.1</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries, net of acquired cash and cash equivalents	0.0	-129.3
Investments in property, plant and equipment	0.0	-0.5
Sale of property, plant and equipment	0.0	0.0
Loans to Group companies	0.0	-52.4
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>-182.2</b>
<b>Cash flow from financing activities</b>		
Issue of shares	0.0	3.0
Shareholder contributions received	0.0	13.9
Loans raised	0.0	220.0
Payment of financing costs	0.0	-8.0
Repayment of loans	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>228.9</b>
<b>Cash flow for the period</b>	<b>-3.6</b>	<b>38.6</b>
Cash and cash equivalents at beginning of the period	38.6	0.0
<b>Cash and cash equivalents at end of the period</b>	<b>35.0</b>	<b>38.6</b>

# 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 otherwise indicated.

### 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 in place.

Company management deem that there is no significant information or judgments in the accounts regarding future developments or other important sources of uncertainty in the estimates undertaken at balance sheet date implying 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, which consists 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 that is discussed in the senior management team and which is used as a basis for decisions on the allocation of resources and evaluation of results.

Senior management monitors the operations based on the two operating segments MST and Bellmans, as well as the Other segment. Senior management mainly 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.

#### Other segment

Senior management and other central services.

## Net sales

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

SEK million	3 Months Jan-Mar	3 Months Jan-Mar	*) Proforma 12 Months Jan-Dec
	2018	2017	2017
<b>Net sales</b>			
MST	53,3	54,6	237,9
Bellmans	136,7	0,0	600,3
Elimination, intercompany sales	-0,8	0,0	-10,3
<b>Total net sales</b>	<b>189,2</b>	<b>54,6</b>	<b>827,9</b>

SEK million	3 Months Jan-Mar	3 Months Jan-Mar	*) Proforma 12 Months Jan-Dec
	2018	2017	2017
<b>EBITDA before extraordinary items</b>			
MST	10,0	4,0	25,0
Bellmans	6,7	0,0	38,2
Other	-0,1	0,0	-0,8
<b>Total EBITDA before extraordinary items</b>	<b>16,6</b>	<b>4,0</b>	<b>62,4</b>

SEK million	3 Months Jan-Mar	3 Months Jan-Mar	*) Proforma 12 Months Jan-Dec
	2018	2017	2017
<b>Operating profit/loss</b>			
MST	6,6	1,2	13,3
Bellmans	3,7	0,0	27,3
Other	-1,6	0,0	-8,1
<b>Total operating profit</b>	<b>8,7</b>	<b>1,2</b>	<b>32,5</b>

SEK million	3 Months Jan-Mar	3 Months Jan-Mar	*) Proforma 12 Months Jan-Dec
	2018	2017	2017
<b>Depreciation, amortisation and impairment</b>			
MST	-3,5	-2,8	-11,7
Bellmans	-2,9	0,0	-10,9
Other	0,0	0,0	0,0
<b>Total depreciation, amortisation and impairment</b>	<b>-6,4</b>	<b>-2,8</b>	<b>-22,6</b>

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

SEK million	3 Months Jan-Mar	3 Months Jan-Mar	*) Proforma 12 Months Jan-Dec
	2018	2017	2017
EBITDA before extraordinary items	16,6	4,0	62,4
Extraordinary items	-1,5	0,0	-7,3
Depreciation, amortisation and impairment	-6,4	-2,8	-22,6
Financial income and expense	-4,0	-0,1	-7,7
Profit before tax	4,7	1,1	24,8

SEK million			
Working capital	31 Mar 2018	31 Mar 2017	31 Dec 2017
MST	22,9	21,4	23,1
Bellmans	-7,2	0,0	-3,9
Other	-2,5	0,0	-2,0
<b>Total working capital</b>	<b>13,2</b>	<b>21,4</b>	<b>17,2</b>

\*) Proforma 12 months Jan-Dec 2017 includes figures for MST and Bellmans as if the acquisition of the Bellmans subsidiaries had taken place on 1 January 2017.

#### 4 Financial assets at fair value through profit or loss

The fair value hierarchy:

This section explains estimates and judgements used in determining the fair values of financial instruments which are measured at fair value in the financial statements. To give an indication of the reliability of the inputs used in determining fair value, the Group has classified the financial instruments to Level 3 of the fair value hierarchy. In cases where 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
<b>Closing balance, 31 December 2017</b>				
Derivatives	1.0	0.0	0.0	1.0
<b>Total assets</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>
<b>Closing balance, 31 March 2018</b>				
Derivatives	1.0	0.0	0.0	1.0
<b>Total assets</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>

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 discount rate applied has been adjusted for own credit risk. Unobservable inputs refer to risk-adjusted discount rate and expected cash flows.

Measurement at fair value using significant unobservable inputs (Level 3):

The following table shows changes for Level 3 instruments in the current period.

SEK million	Derivatives
<b>Closing balance, 31 December 2017</b>	<b>1.0</b>
Acquisitions	0.0
Gains (+)/losses (-) recognised in other financial income**)	0.0
<b>Closing balance, 31 March 2018</b>	<b>1.0</b>

\*\*) 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 in Level 3 are not considered to result in any significant changes which materially affect fair value. The Group's finance department includes members of staff who perform measurements of balance sheet items for financial reporting, including Level 3 fair value measurements. The main 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 financial position or results have taken place during the period.

## **6 Business combination**

No business combinations were made during the period.

## **7 Pledged assets**

No significant changes in assets pledged as security have been made in the period.

## **8 Non-current liabilities**

No essential changes in non-current liabilities were made during the period.

The Parent Company has issued corporate bonds, which were listed on the NASDAQ First North bond market in Stockholm on 10 August 2017. The instrument is listed as BMST 01 with 220 units. The total outstanding nominal amount is SEK 220.0 million and the nominal value per unit is SEK 1.0 million. Financing costs of SEK 6.8 million attributable to the bonds have been capitalised to the loan. 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. For the bonds, the Parent Company has posted collateral in the form of shares in subsidiaries. The terms and conditions of the bonds include an early redemption option. This option is accounted for as a derivative and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds are available on the website of Bellman Group AB (publ), [www.bellmangroup.se](http://www.bellmangroup.se).

The vendor loan is for SEK 58.5 million, of which SEK 19.5 million is a current liability and SEK 39.0 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 installments are due in 2018 and the loan must be fully repaid by 2020.

For the majority of the Group's borrowings, the carrying amount approximates the fair value of the loan, as the interest rate is in parity with current market interest rates or due to the fact that the borrowing in question is short-term. A significant difference has been identified only as regards 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 that is relevant for the Group.

## 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 because 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.

<b>Term</b>	<b>Description</b>
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 net sales 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.
Extraordinary items	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.
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 net sales 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 net sales 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 net sales to gain an understanding of how efficiently tied-up working capital is being utilised.