

# REQ Global Compounders

Our Best Global Compounders

January 2023



**REQ CAPITAL**

INVESTING WITH INSIGHT

## Momentum Group

Momentum Group is an industrial solutions group specializing in acquiring, operating, and developing industrial companies in the Nordic region. The company was spun out from Alligo AB in March 2022. Alligo AB has roots in the Bergman & Beving sphere and was spun out from B&B Tools (Bergman & Beving) in 2017. Momentum Group consists of eight independent industrial companies. Swedish investment company Nordstjernan AB is the largest shareholder, with 50% of the votes. It is represented on the board by its advisor Johan Sjö (former Addtech CEO, another Bergman & Beving spin-out). Tom Hedelius holds 9.2% of the votes (1% of the share capital).



Since the early days, there has been a clear focus on profitability in the Bergman & Beving Group. Momentum Group has adopted the same profitability targets as the other Bergman & Beving spin-outs: profits divided by working capital (P/WC) >45%, and annual EBITA growth >15%. For the last three years of available financial history as a standalone company, Momentum Group has had an average profit over working capital of 53%, an average return on capital employed of 29%, and an annual EBITA CAGR of 14%.

The company has two operating segments, Components, and Services. The Components business area (80% of net sales) comprises industrial production companies with leading specialist positions in their respective market niches. The Services business area (20% of net sales) includes industrial service companies operating within a range of industries such as the processing and food industries.

Momentum Group has a clear growth strategy, both through organic growth and acquisitions. The growth strategy shall be self-funding through internal cash flow. It has a proven track record of investments, with a well-established model for sourcing and integrating its portfolio companies. The company runs a highly decentralized business structure. The management team of each group company has a high degree of freedom but is also responsible for business development and meeting the group-wide profitability targets.

We believe Momentum Group's business model and Bergman & Beving's legacy provide a good foundation for creating shareholder value. The company is in its early stages of growth and offers an attractive growth runway through scaling its acquisition-driven business model in the future.

### Momentum Group AB Class B

Indexed Price Performance

Price (Indexed to 100)

