Alimak Group

Q2 2019, 21 August 2019

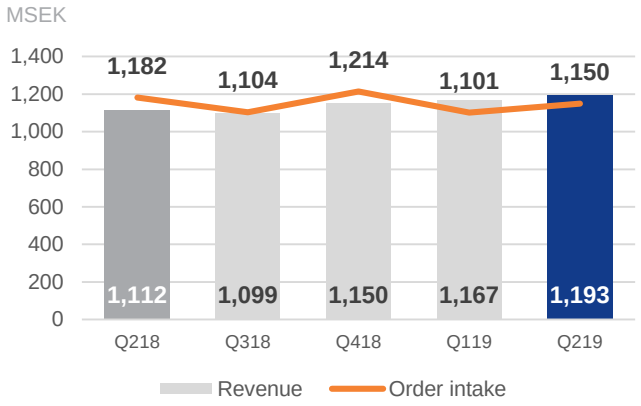
Tormod Gunleiksrud, CEO
Tobias Lindquist, CFO

Solid Group performance, mixed outcomes within the business areas

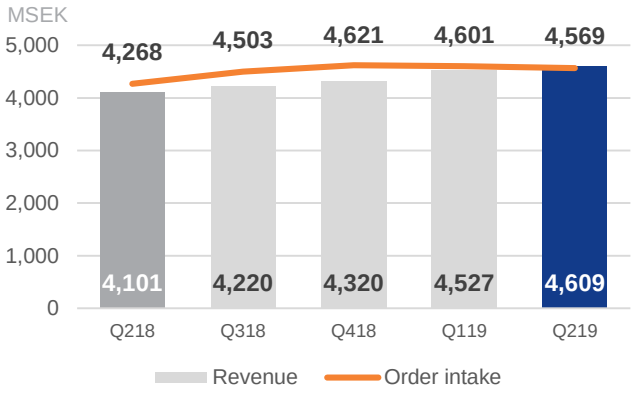
Q2

- Order intake decrease mainly stemming from weak order intake in Construction Equipment.
  - Another all-time high of orders in a quarter for After Sales
- Strong revenue growth in Construction Equipment compensates slight decrease in Industrial Equipment
- Margin improvement both year-over-year and sequentially for the Group
  - EBITA margin adj. at 14.4% (13.4)
  - EPS increase of 37%

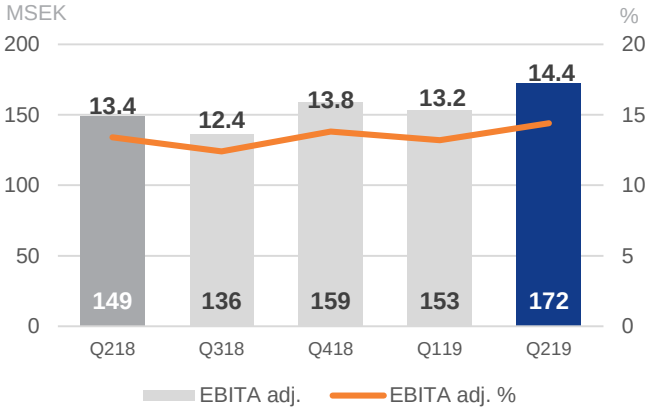
Order intake & Revenue by Quarters



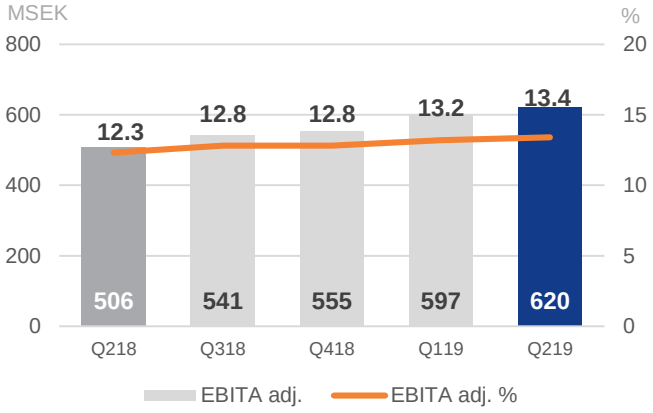
Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



EBITA adj. & EBITA margin adj. by R12M



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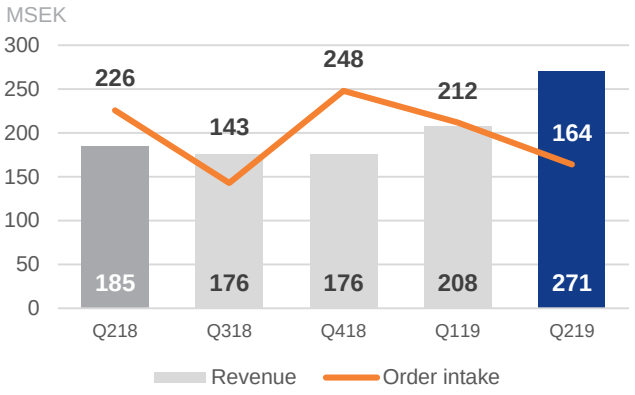
Construction Equipment

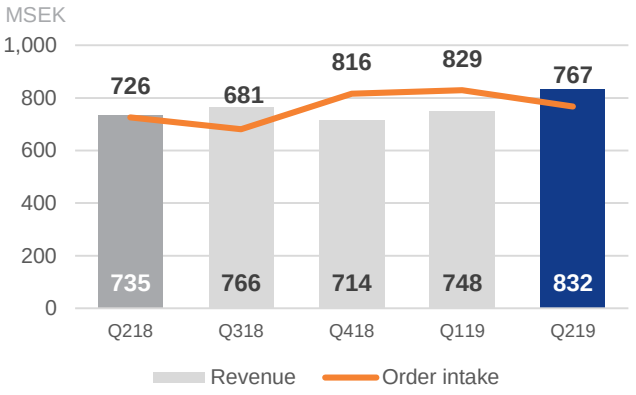
Q2

- Order intake decrease of 27%, down 30% organic, to MSEK 164 (226)
  - Decrease mostly coming from Northern Europe and the UK
  - Solid pipeline but increased market uncertainty
- Revenue growth of 47%, 40% organic, to MSEK 271 (185)
- EBITA adj. improvement to MSEK 50 (31), a margin of 18.5% (16.5)

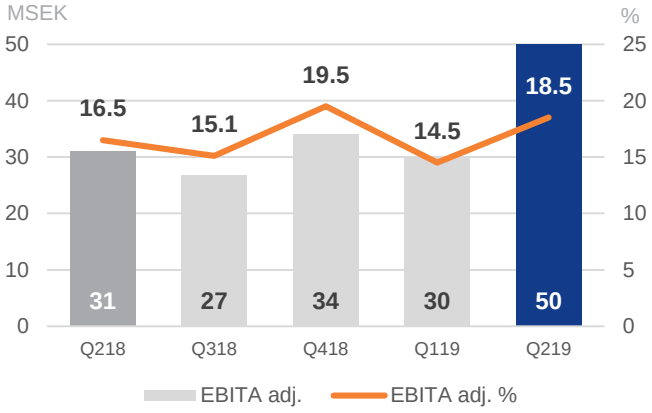
Order intake & Revenue by Quarters



Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



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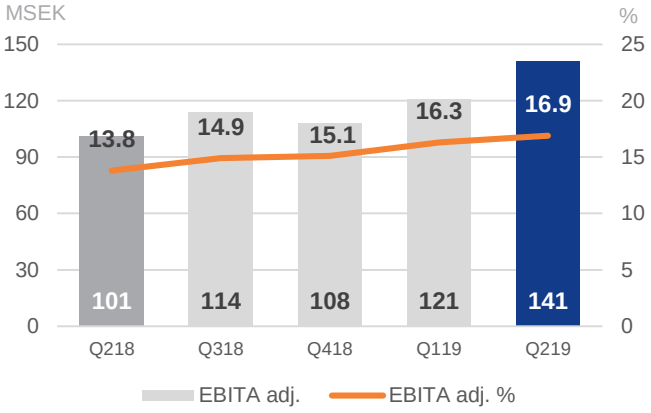

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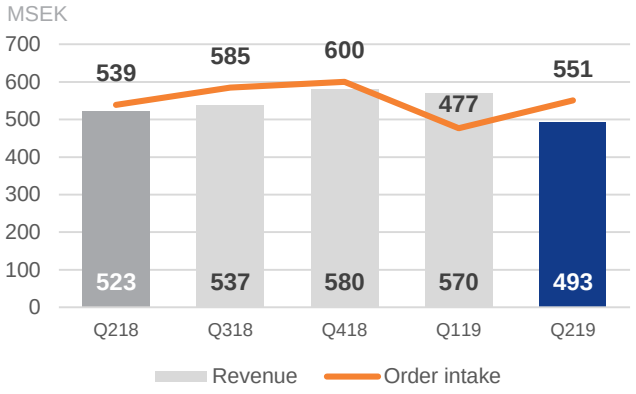
Industrial Equipment

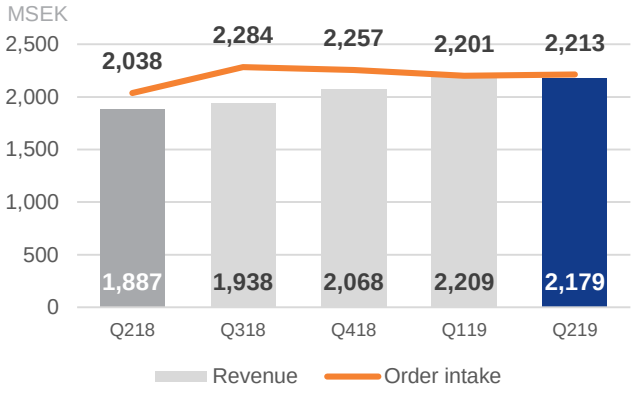
Q2

- 2% increase in order intake, down 2% organic, to MSEK 551 (539)
  - Wind business unit still facing price pressure from China on tower internals
  - Good development in other units
- Revenue decrease of 6%, a 7% decrease organically, to MSEK 493 (523)
- EBITA adj. at MSEK 17 (14), margin 3.5% (2.7)

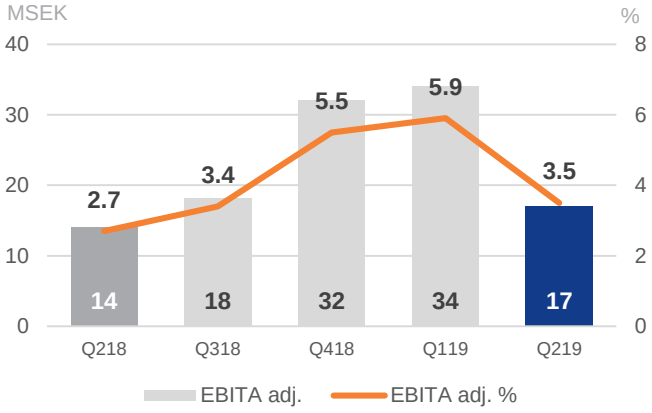
Order intake & Revenue by Quarters



Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



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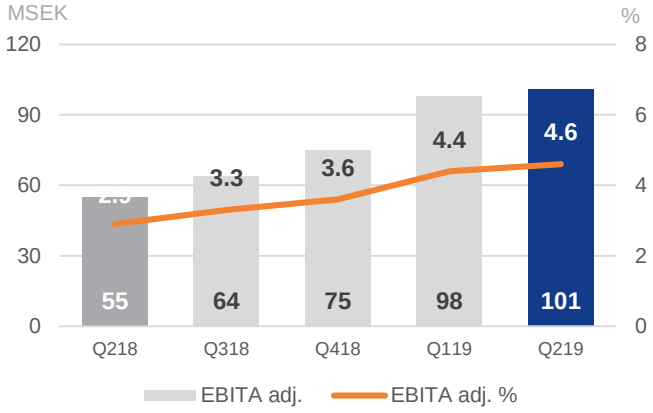

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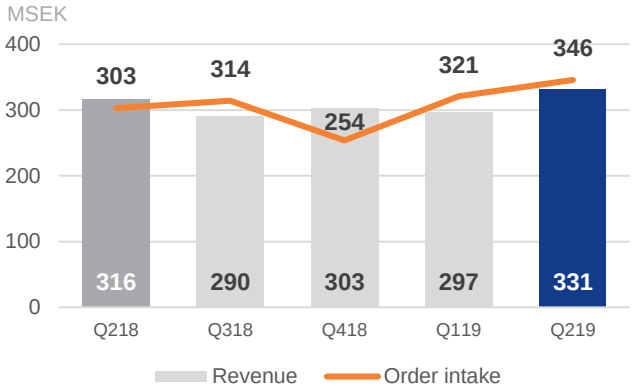
After Sales

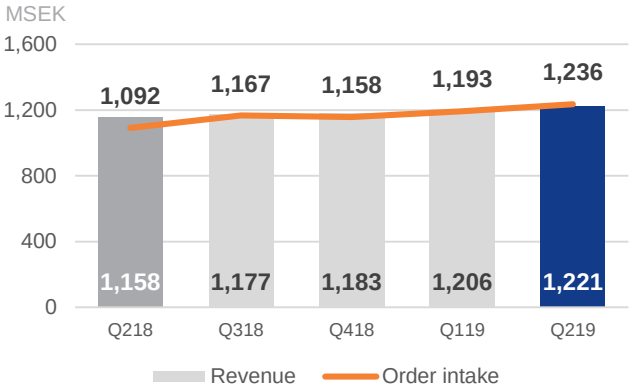
Q2

- Order intake growth of 14% to MSEK 346 (303), 8% organic
  - All-time high
  - Increase in BMU refurbishment and service contracts
- 5% growth of revenue, flat organic, to MSEK 331 (316)
  - Good development of service and refurbishment, less spare parts in the mix
- EBITA adj. at MSEK 90 (92), a margin of 27.2% (29.1)

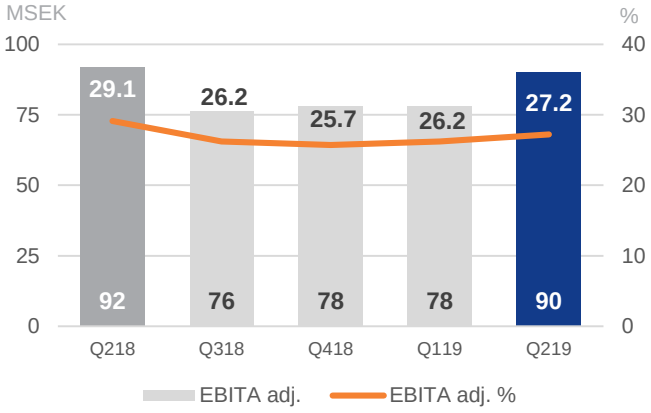
Order intake & Revenue by Quarters



Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



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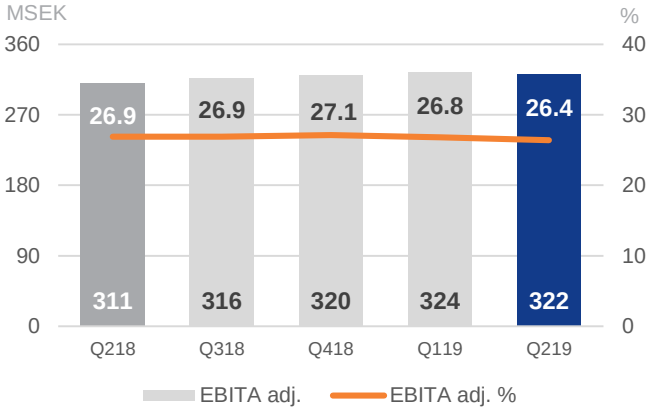

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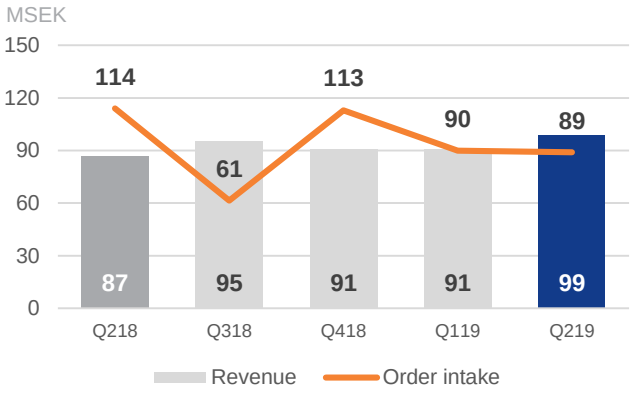
Rental

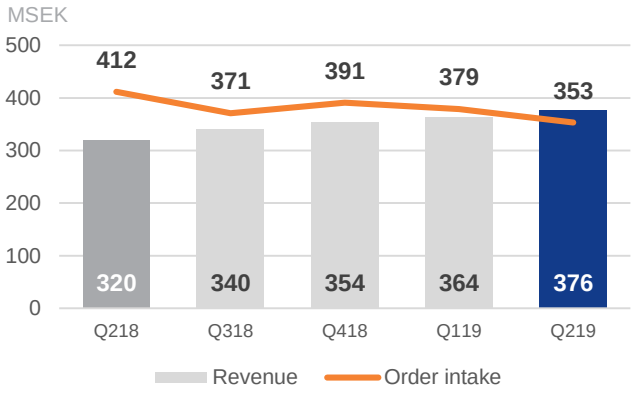
Q2

- A drop of 22% in order intake year-over-year, down 24% organic, to MSEK 89 (114)
  - Drop stemming from Australia
  - High utilisation
- Revenue growth of 13% in the quarter, 11% organic, to MSEK 99 (87)
- EBITA adj. at MSEK 15 (12) margin 14.8% (14.0)

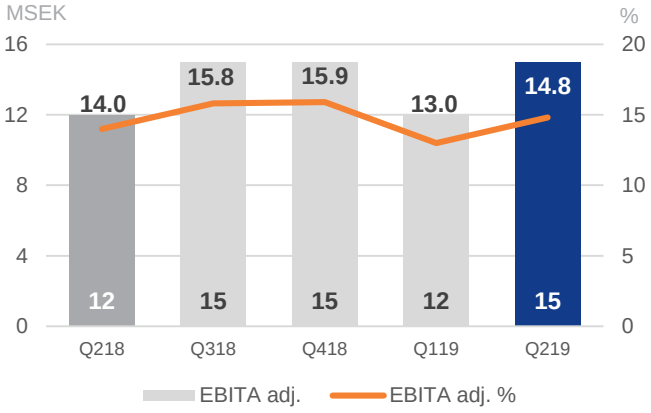
Order intake & Revenue by Quarters



Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



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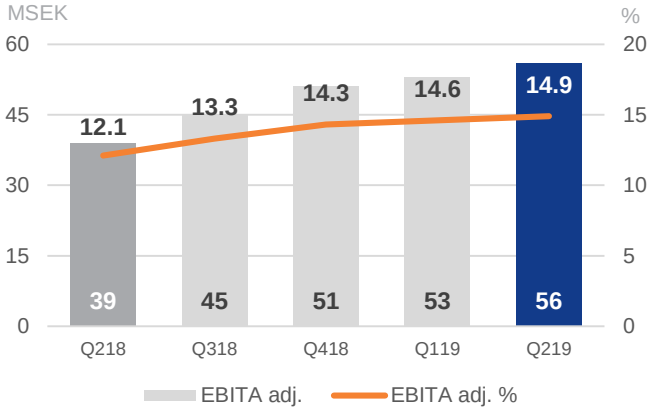

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Earnings summary

Q2

- EBITA adj. +16%, driven by improvements in Construction Equipment
- Result for the period +37%
- Amortisation – Some intangible assets fully amortised in 2018
- Financial net – IFRS 16 effect of MSEK -1
- Taxes – Tax rate 25% (29%)

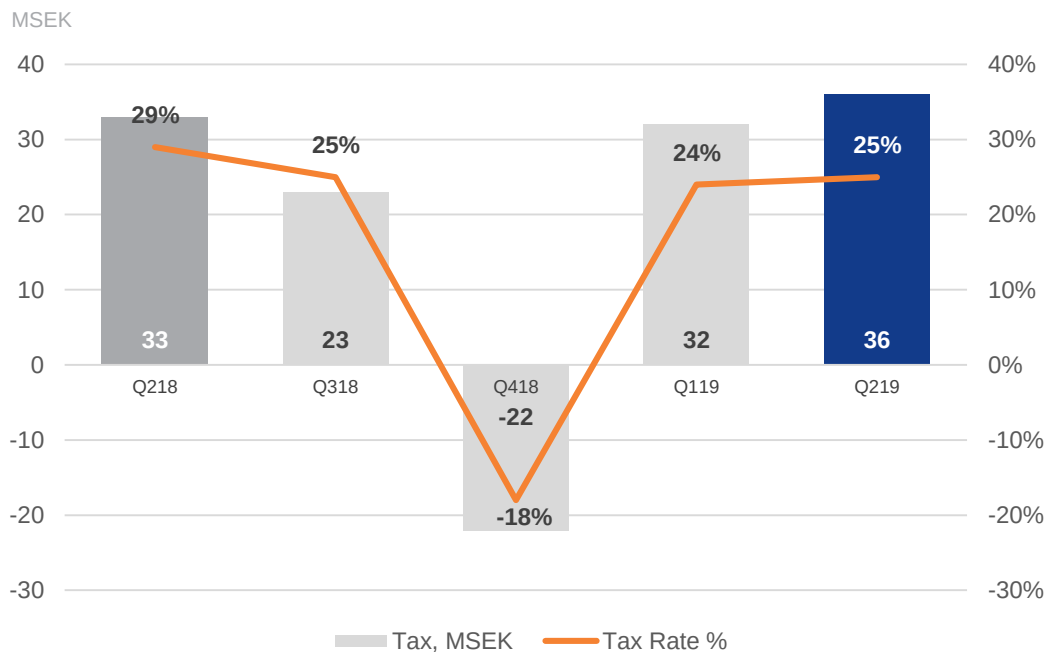
MSEK	Q2 2019	Q2 2018	△MSEK
EBITA adj.	**172**	**149**	**+23**
Items affecting comparability	(0)	(13)	+13
EBITA	**172**	**136**	**+36**
Amortisations	(10)	(15)	+5
EBIT	**161**	**121**	**+40**
Financial net	(17)	(9)	-8
EBT	**145**	**112**	**+32**
Taxes	(36)	(33)	-3
Result for the period	**108**	**79**	**+29**

Tax Expense

Q2

- Tax expense for the quarter was MSEK 36 (33) and the tax rate was 25% (29%)
- There was no material change in deferred tax assets in the quarter

Tax expense and Tax rate by Quarter



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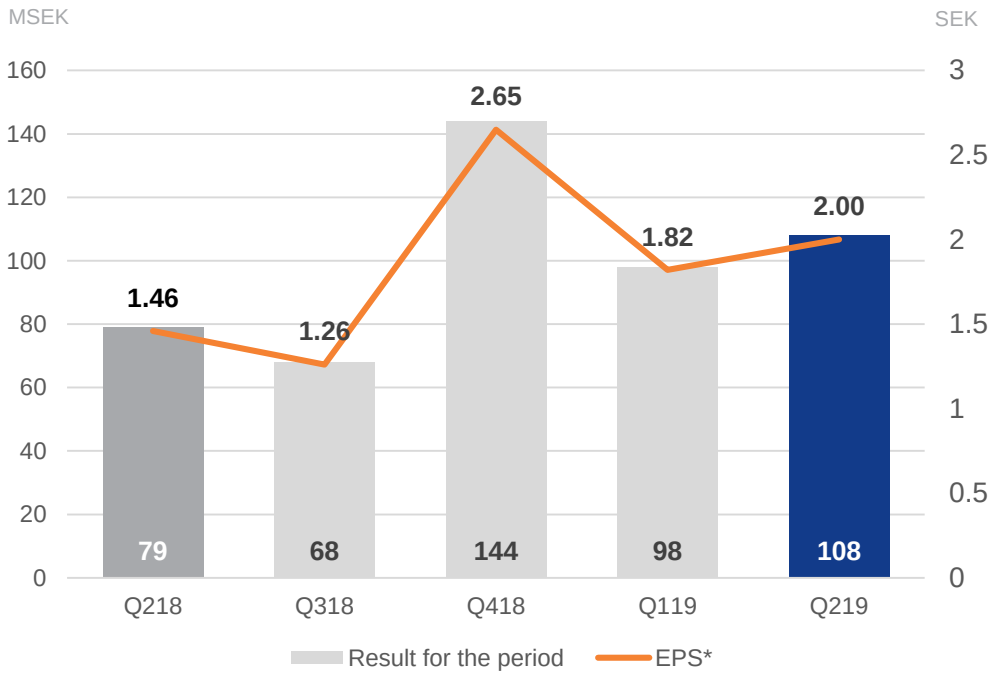
Result for the period and EPS

Q2

- Result for the period MSEK 108 (79)
- EPS for the period SEK 2.00 (1.46)
- Both up 37%, driven by the EBITA adj. result

Result for the period and EPS



**) Calculated on numbers of shares at 2019-06-30:* 54,157,861

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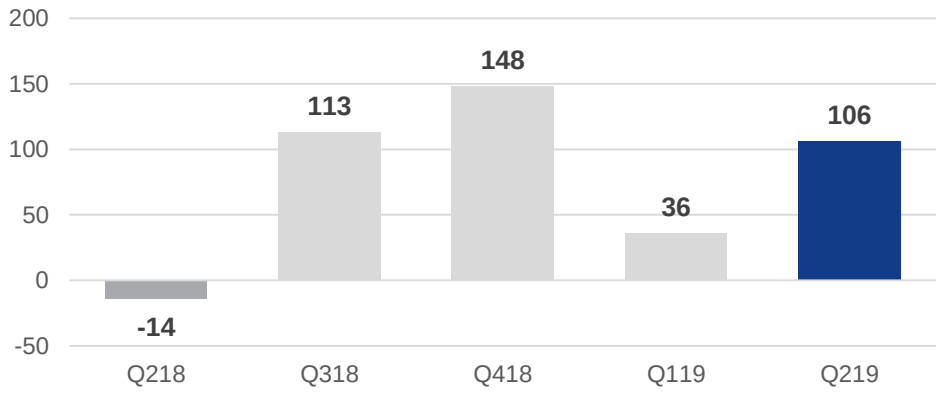
Cash flow and Net debt

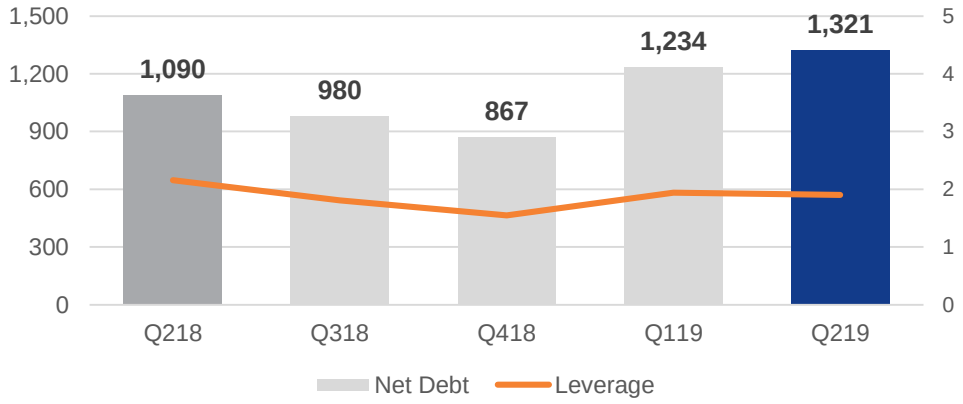
Q2

- Good cash flow from operations MSEK 106 (-14)
- Working capital increased by MSEK 59 (143)
  - Lower operating liabilities
  - Reduction in inventories and trade receivables
- Net debt totalled MSEK 1,321 (867 as of December 31, 2018)
  - IFRS 16 impact of MSEK 327
  - Dividend payment in the quarter, MSEK 149
- Leverage (Net Debt/EBITDA) at June 30, 2019 was 1.90 (1.55 as of December 31, 2018)
  - IFRS 16 impact 0.47 points (Leverage 1.44 excluding IFRS 16 impact)

Cash flow, MSEK by Quarter



Net debt, MSEK and Leverage by Quarter



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Mid-term Financial Targets

Q2

Revenue growth target

6%

The Group's mid-term target is to have an average annual organic revenue growth of at least 6%.

EBITA margin target

15%

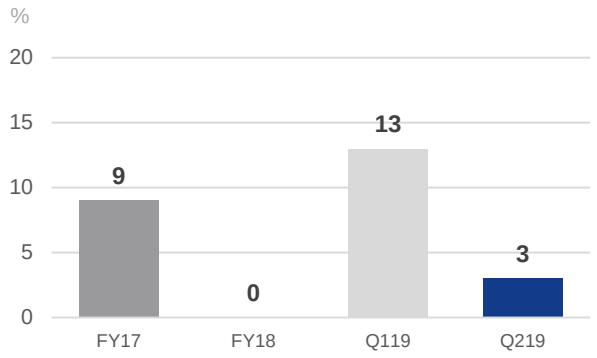
The Group's mid-term target is to reach an operating EBITA margin of at least 15%.

Leverage target (Net debt/EBITDA)

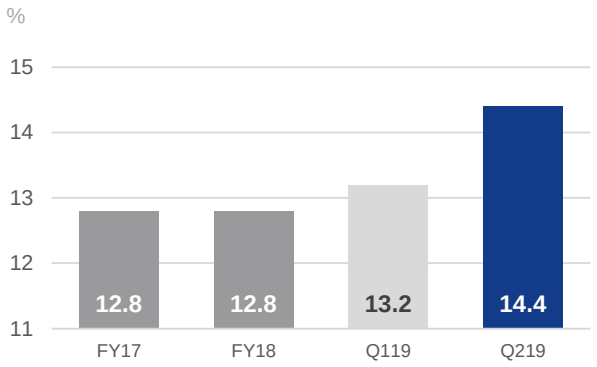
2.0x

The company will maintain an effective capital structure with a net debt of around 2.0x EBITDA. The capital structure will be flexible and allow for strategic initiatives.

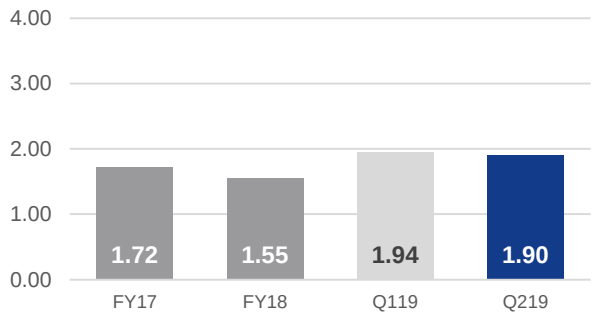
Organic revenue growth in %



EBITA margin adj. %



Leverage



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Summary

Q2

- Solid Group performance and strengthened EBITA margin adj.
- Mixed outcomes in the different business areas
- Market uncertainty, especially within Construction
- Wind still faces price competition on tower internals
- BMU after-market potential starting to materialise
- Organic revenue growth YTD at 8%
- Expect to be on run-rate for mid-term margin target in Q4 2019

Q&A