Alimak Group

Q3 2019, 23 October 2019

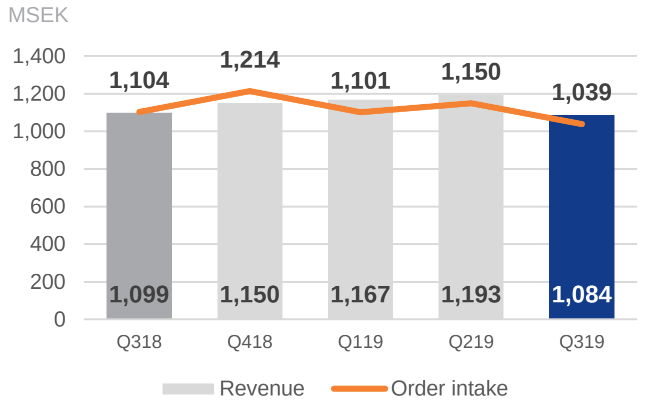
Tormod Gunleiksrud, CEO
Tobias Lindquist, CFO

Increased margin and earnings

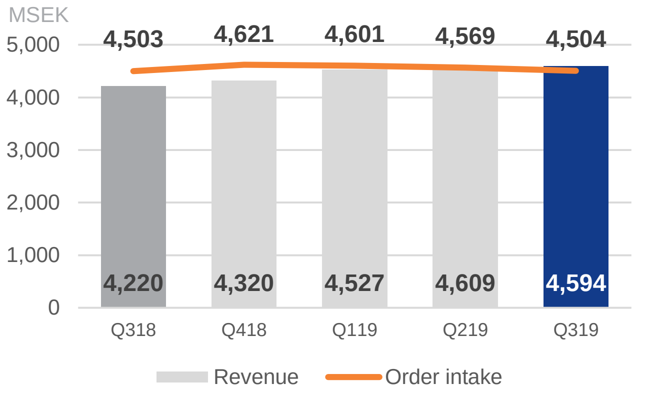
Q3

- Order intake decrease of 6%, down 9% organic, to MSEK 1,039 (1,104)
  - Decrease mainly stemming from the Wind and Oil & Gas units in Industrial Equipment
- Revenue relatively flat year-over-year, down 5% organic. Decrease in Construction Equipment, strong quarter for After Sales
- Margin improvement in Industrial Equipment and After Sales, leaving Group EBITA margin adj. at 14.0% (12.4)

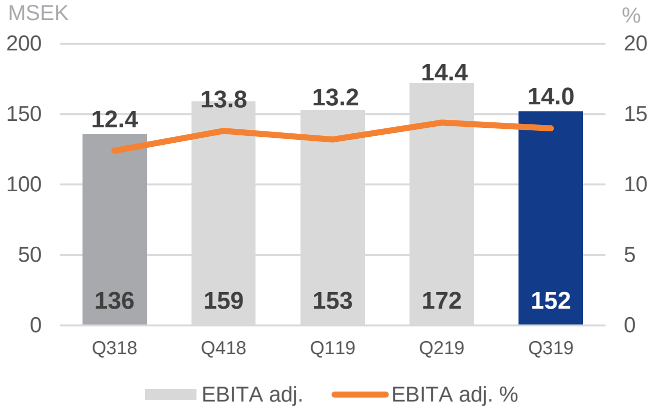
Order intake & Revenue by Quarters



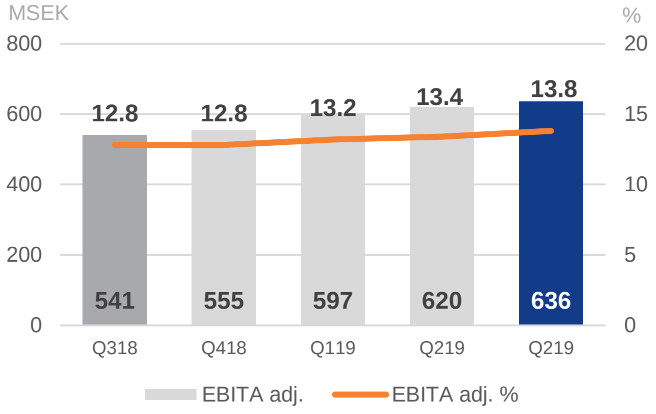
Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



EBITA adj. & EBITA margin adj. by R12M

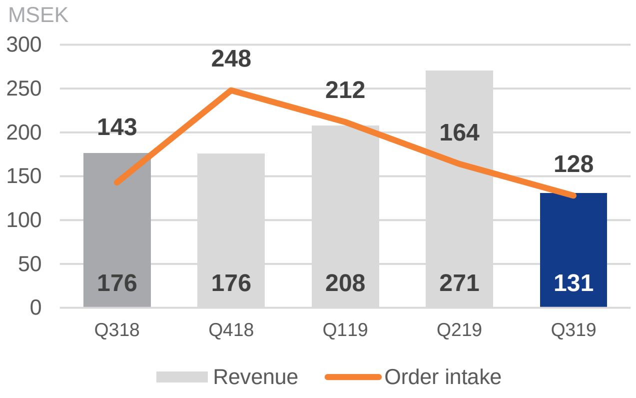


Construction Equipment

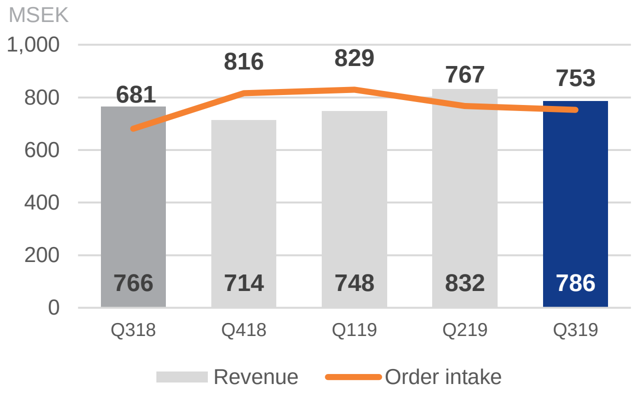
Q3

- Order intake decrease of 10%, down 13% organic, to MSEK 128 (148)
  - Weak demand in the UK and the Nordics
  - Other regions in line with previous year
- Revenue decrease of 26%, down 28% organic, to MSEK 131 (176)
  - Large deliveries made at end of Q2
  - Effect of this year's drop in orders for the UK and the Nordic markets
- EBITA adj. at MSEK 19 (27), a margin of 14.6% (15.1)
  - Effect of volume drop
  - Good factory utilisation
  - Large part of deliveries from high margin inventories

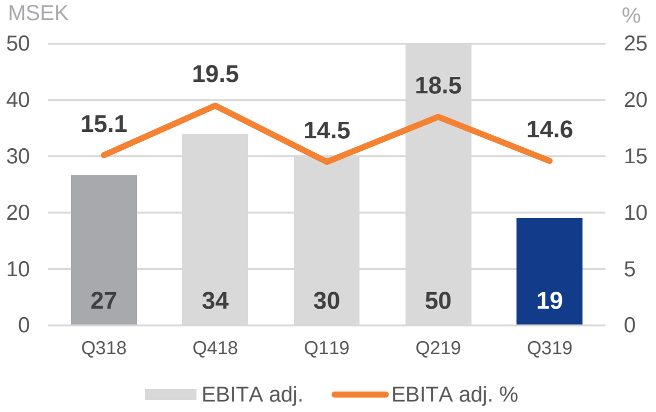
Order intake & Revenue by Quarters



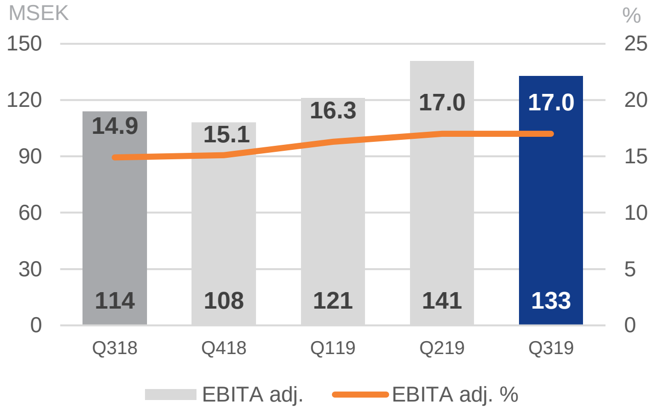
Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



EBITA adj. & EBITA margin adj. by R12M



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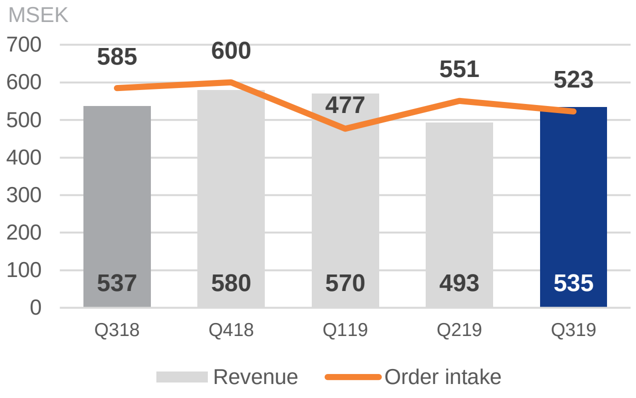
Industrial Equipment

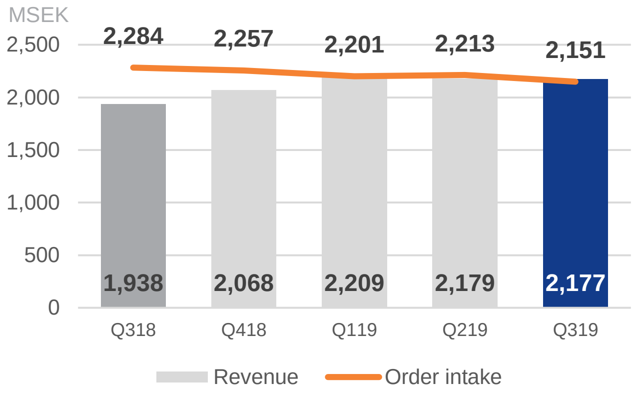
Q3

- Order intake decrease of 11%, down 14% organic, to MSEK 523 (585)
  - Continued low orders for tower internals for Wind in China
  - Low orders for Oil & Gas
  - Good performance for BMU – increased scope for Sydney Harbour Bridge
  - Strong numbers from General Industry
- Revenue flat year-over-year, a 4% decrease organically to MSEK 535 (537)
  - Strong performance by General Industry
- EBITA adj. at MSEK 32 (18), a margin improvement to 6.0% (3.4)

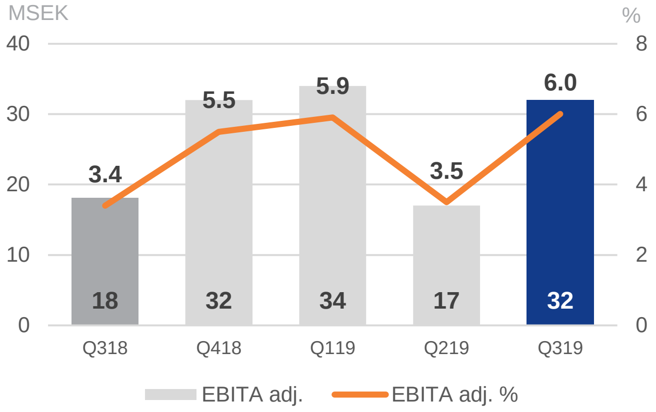
Order intake & Revenue by Quarters



Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



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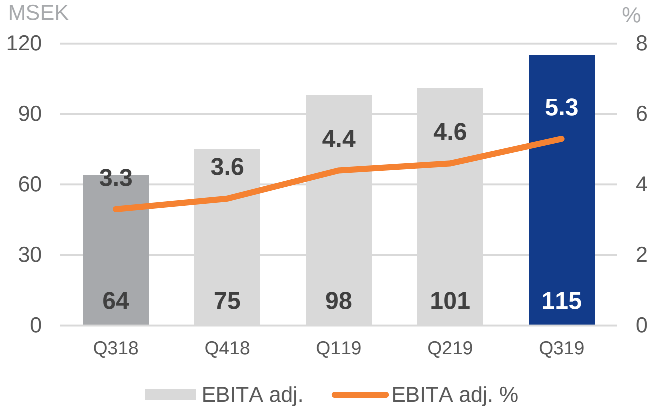
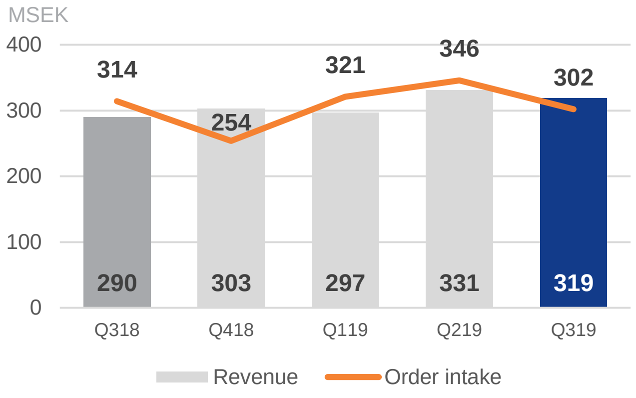


After Sales

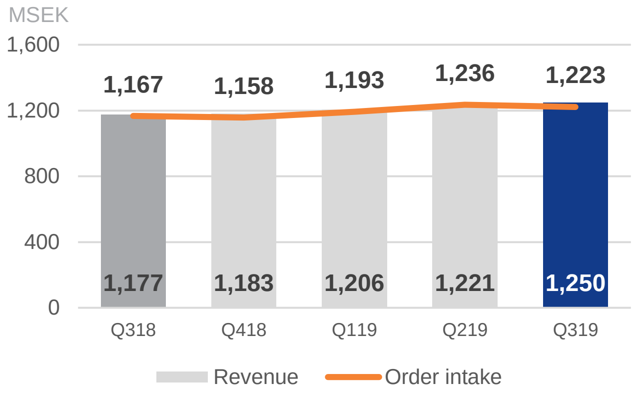
Q3

- Order intake decrease of 4% to MSEK 302 (314), down 7% organic
  - Challenging market conditions in Hong Kong
  - Fewer refurbishment contracts awarded
  - Europe performing well
  - Good performance on parts orders for Wind
- 10% growth of revenue, up 6% organic, to MSEK 319 (290)
- EBITA adj. at MSEK 85 (76), a margin of 26.7% (26.2)
  - Higher revenues
  - Increased share of revenue from Wind and BMU affecting mix year-to-date

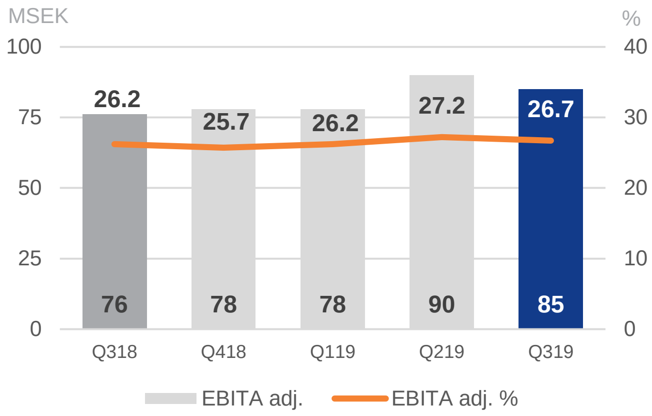
Order intake & Revenue by Quarters



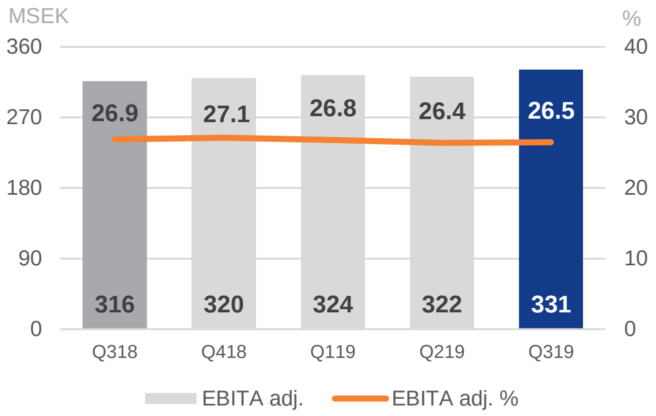
Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



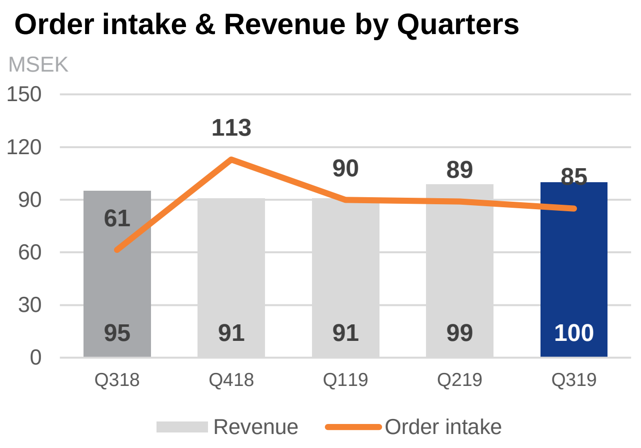
EBITA adj. & EBITA margin adj. by R12M

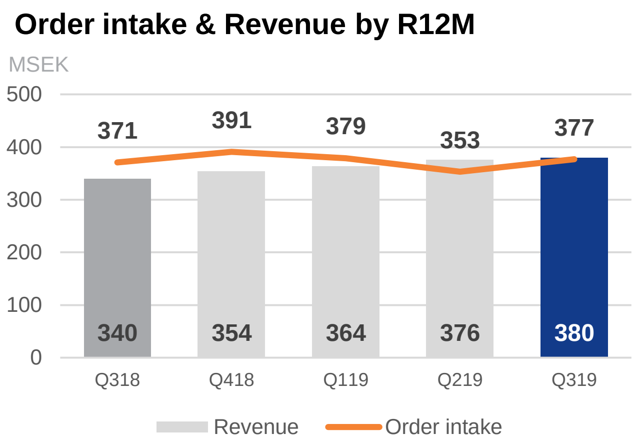


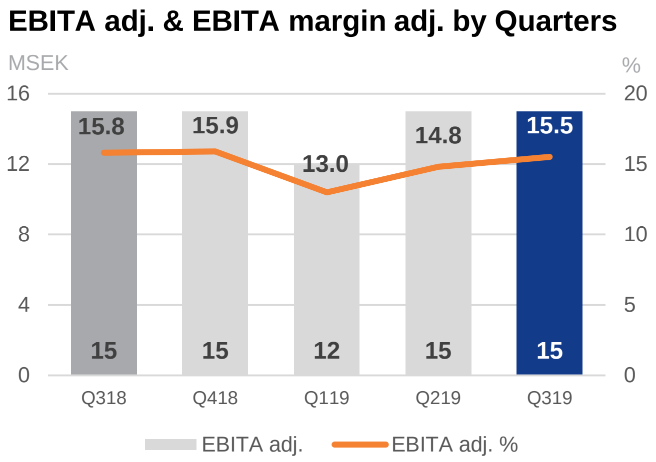
Rental

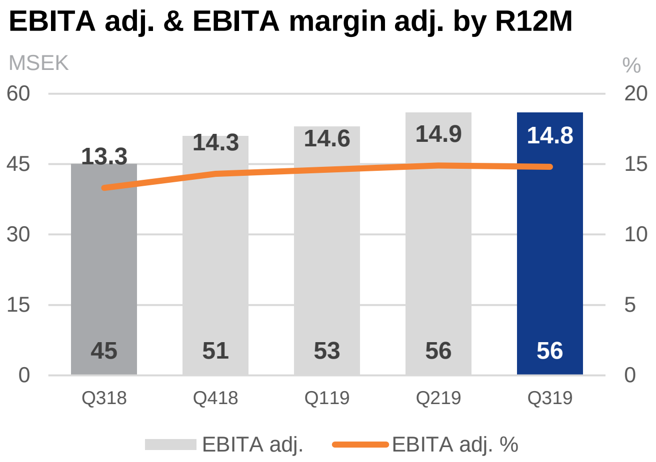
Q3

- Order intake increase by 39% to MSEK 85, up 37% organic
  - Continued strong construction activity across served markets
  - Shortage of machines in fleet main limitation for growth
- Revenue growth of 5% in the quarter, 3% organic
  - High utilisation, small expansion of fleet
- EBITA adj. at MSEK 15 (15), margin at 15.5% (15.8)









Earnings summary

Q3

- EBITA adj. +12%, with margin improvements for Industrial Equipment and After Sales
- Financial net – IFRS 16 effect of MSEK -3
- Taxes – Tax rate 23% (25%)
- Result for the period +45%
  - Improved EBITA adj. and lower non-recurring costs

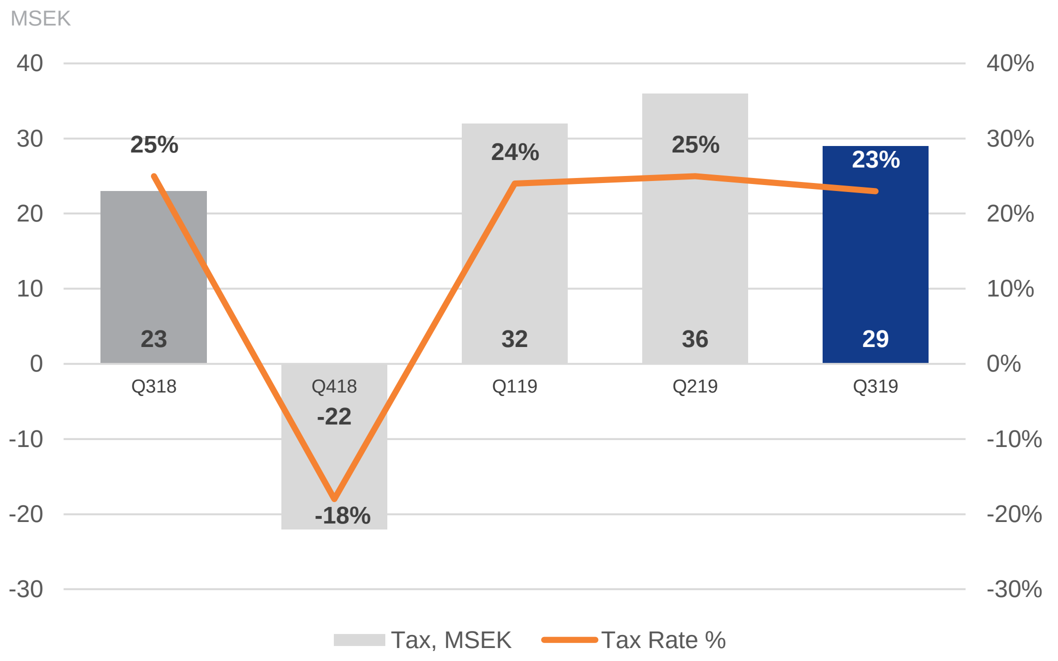
MSEK	Q3 2019	Q3 2018	△MSEK
EBITA adj.	**152**	**136**	**+16**
Non-recurring costs	(0)	(19)	+19
EBITA	**152**	**117**	**+35**
Amortisations	(11)	(12)	+1
EBIT	**141**	**105**	**+36**
Financial net	(12)	(13)	+1
EBT	**129**	**92**	**+37**
Taxes	(29)	(23)	-6
Result for the period	**100**	**68**	**+32**

Tax Expense

Q3

- Tax expense for the quarter was MSEK 29 (23) with a tax rate of 23% (25%).
- There was no material change in deferred tax assets in the quarter

Tax expense and Tax rate by Quarter



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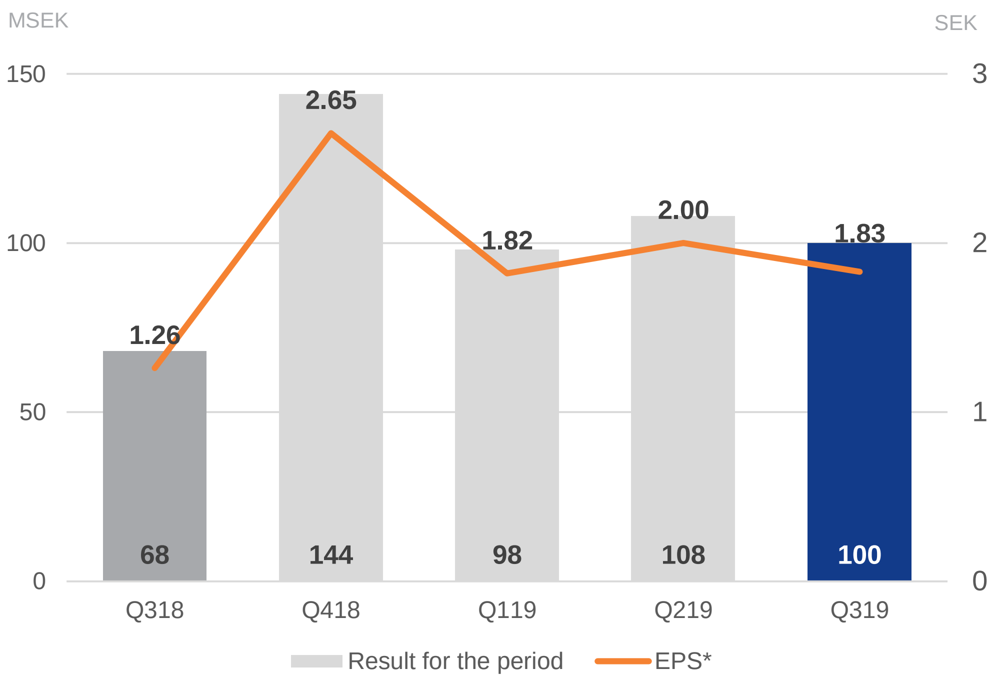
Result for the period and EPS

- Result for the period MSEK 100 (68)
- EPS for the period SEK 1.83 (1.26)
- Both up 45%, driven by the EBITA adj. result and lower non-recurring items

Result for the period and EPS



**) Calculated on numbers of shares at 2019-09-30:* 54,157,861

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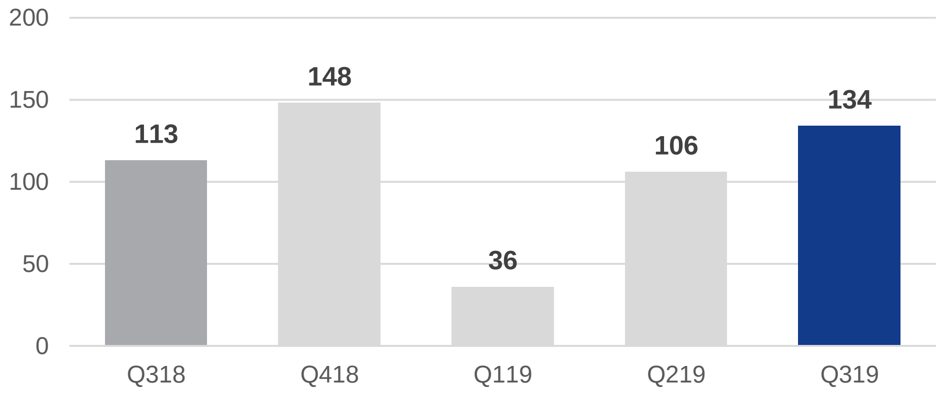
Cash flow and Net debt

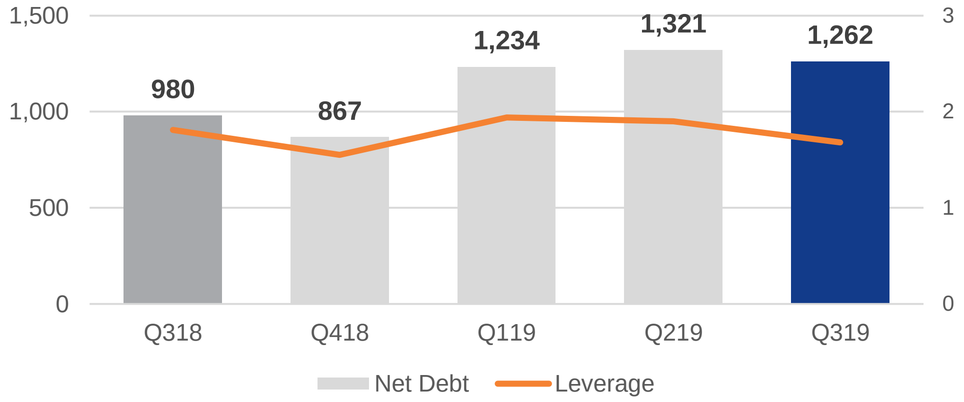
Q3

- Good cash flow from operations MSEK 134 (113)
- Working capital increased by MSEK 9 (-22)
  - Higher contract assets in the BMU business unit
- Net debt totalled MSEK 1,262 (867 as of December 31, 2018)
  - IFRS 16 impact of MSEK 332
- Leverage (Net Debt/EBITDA) at September 30, 2019 was 1.68 (1.55 as of December 31, 2018)
  - Leverage 1.24 excluding IFRS 16 impact

Cash flow, MSEK by Quarter



Net debt, MSEK and Leverage by Quarter



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Q3

Mid-term Financial Targets

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%

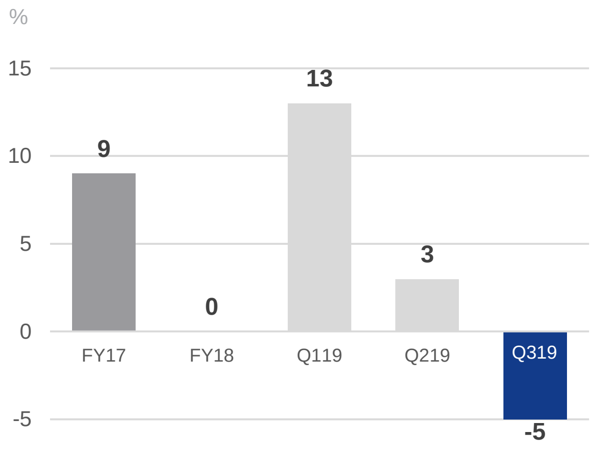
The Group’s mid-term target is to reach an operating EBITA margin of at least 15%.

Leverage target (Net debt/EBITDA)

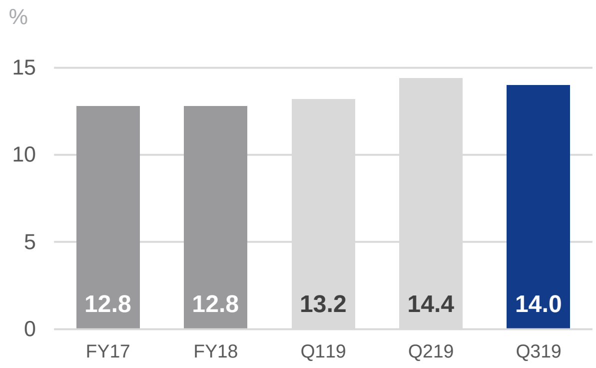
2.0x

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.

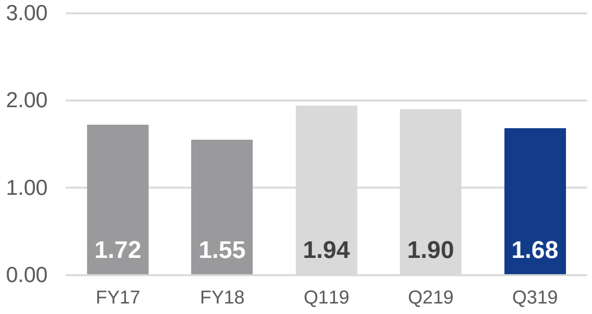
Organic revenue growth in %



EBITA margin adj. %



Leverage



Summary

Q3

- Continued trends and developments
  - Improving margins in Industrial Equipment
  - Gaining a good foothold in After Sales
  - Challenging market for wind tower internals
  - Construction customers cautious on new capex
- Strong improvement in Group earnings, EBITA adj. growth by 12% and margin improvement to 14.0% (12.4)

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Q&A