Alimak Group

Q2 2018, 21 August 2018

Tormod Gunleiksrud, CEO
Stefan Rinaldo, Interim CFO

Including acquired businesses

Q2

Acquisitions still affecting YTD comparisons, Q2 comparisons are like-for-like

- Avanti Wind Systems was consolidated from 1 February 2017
- Facade Access Group was consolidated from 1 March 2017

Quarterly highlights

Q2

Solid quarter in most Business Areas

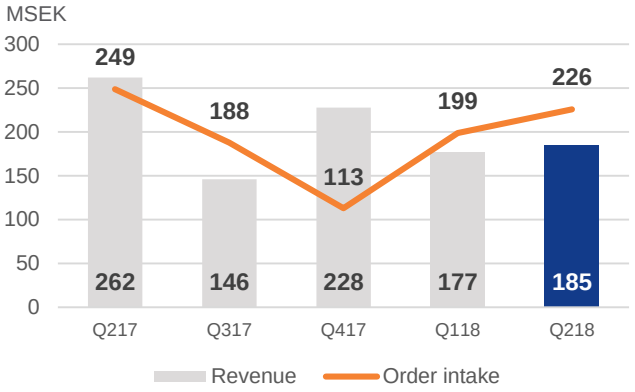
- Solid quarter with two exceptions, Industrial Equipment margin and cash flow
- Continued high activity in the global construction sector and within After Sales
- On route to our mid-term targets with integration progressing as planned and activities implemented to improve profitability in Industrial Equipment

Construction Equipment

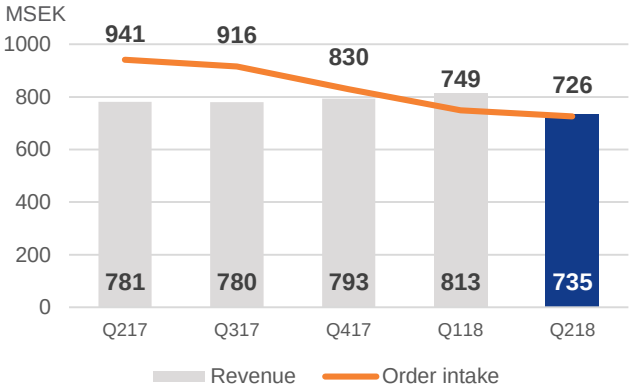
Q2

- Good order intake in the quarter of MSEK 226 (249), but with continued tough comparables
- Sequential improvement of revenue to MSEK 185 (262) but down 30% year-over-year
- Strong EBITA adj. margin of 16.5% (16.0)

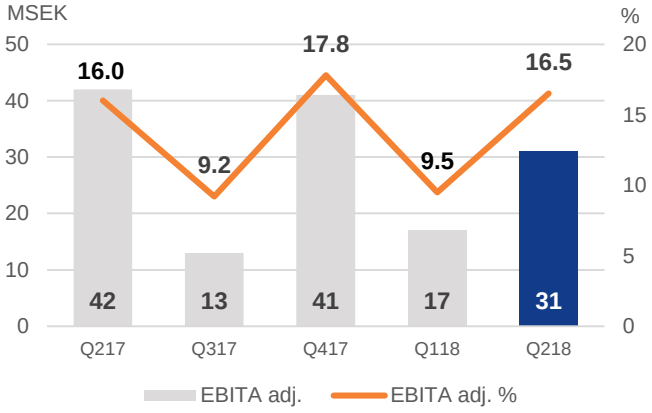
Order intake & Revenue by Quarters



Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



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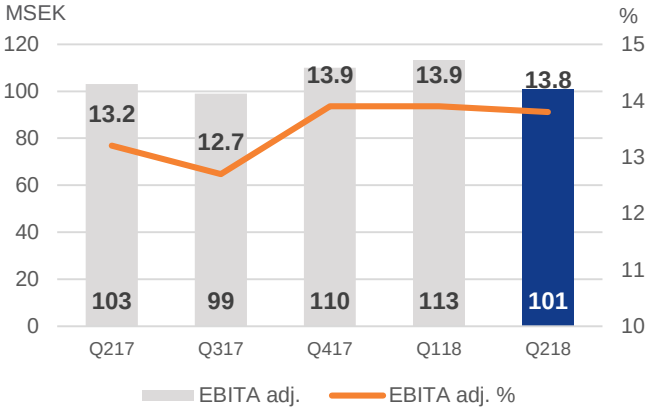

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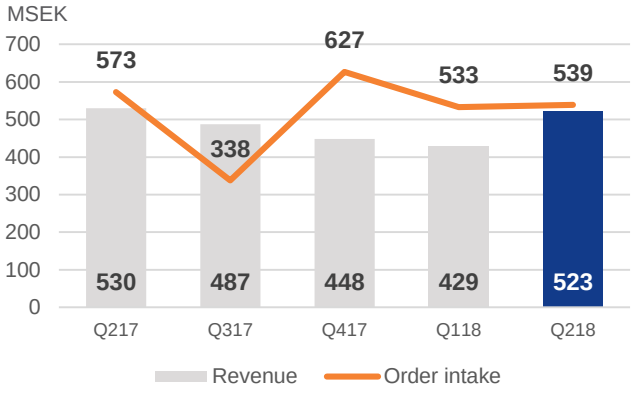
Industrial Equipment

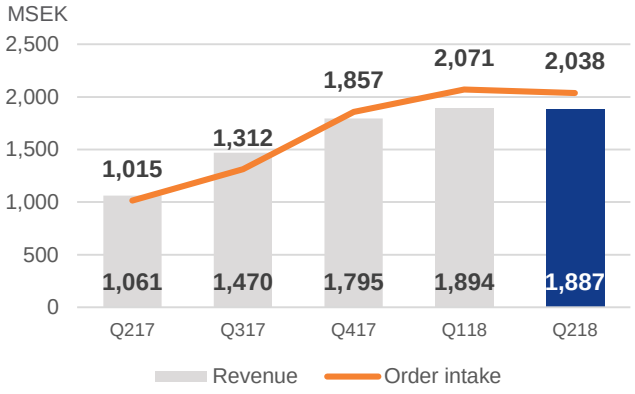
Q2

- Organic order intake decrease of 6% to MSEK 539 (573)
- Organic revenue stable year-over-year at MSEK 523 (530)
- EBITA adj. of MSEK 14 (27) and a margin of 2.7% (5.1) following project delays and technical challenges identified in Q1

Order intake & Revenue by Quarters



Order intake & Revenue by R12M



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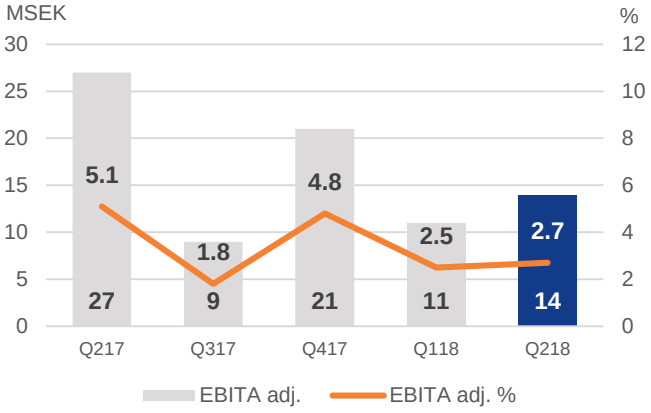

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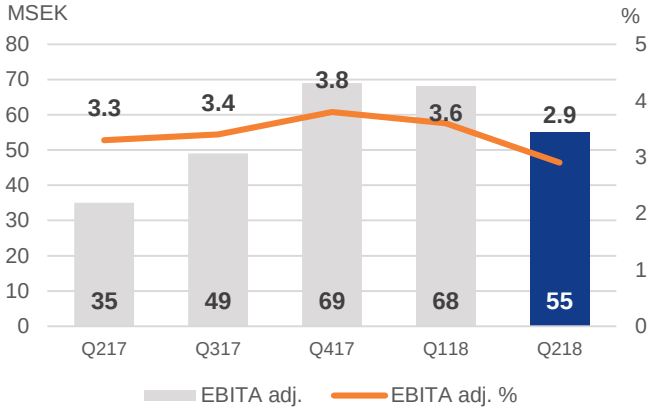

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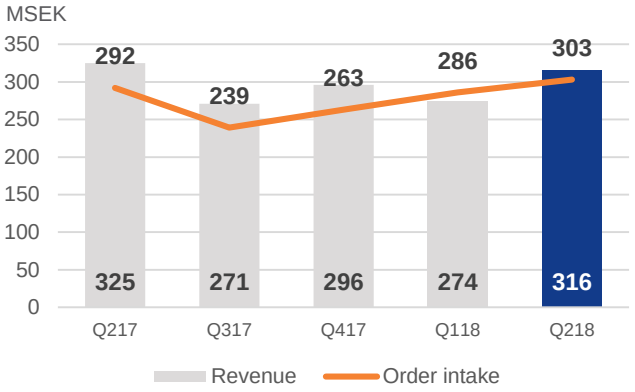
After Sales

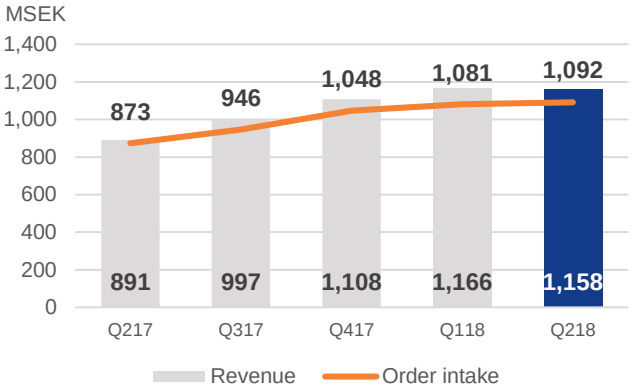
Q2

- Good order intake of MSEK 303 (292) with continued positive development
- Organic revenue decrease of 3% to MSEK 316 (325)
- Good EBITA margin adj. of 29.1% (28.3)

Order intake & Revenue by Quarters



Order intake & Revenue by R12M



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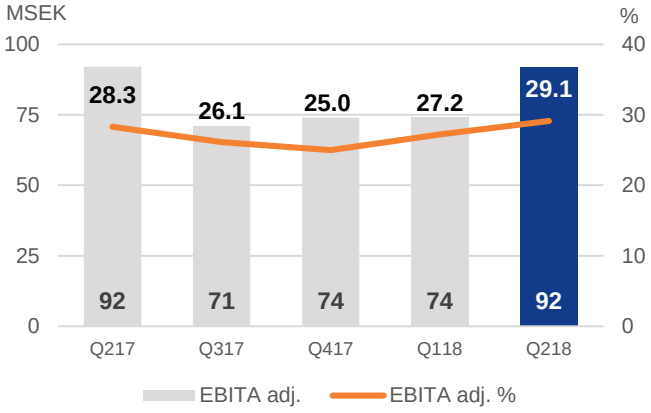

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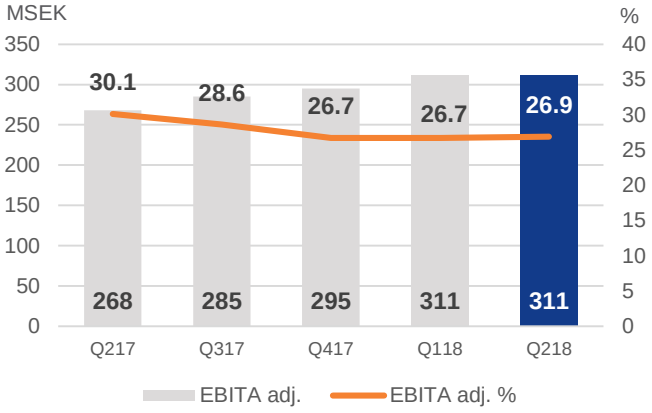

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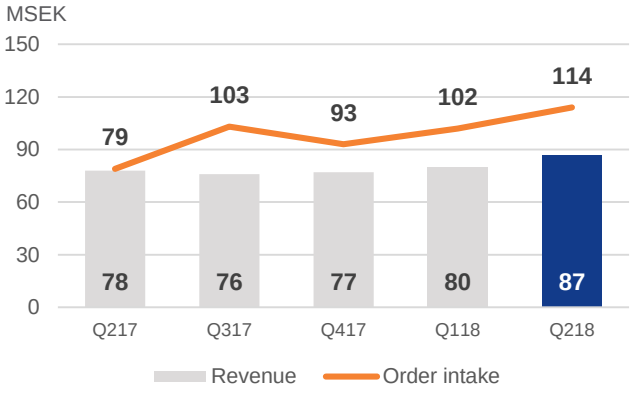
Rental

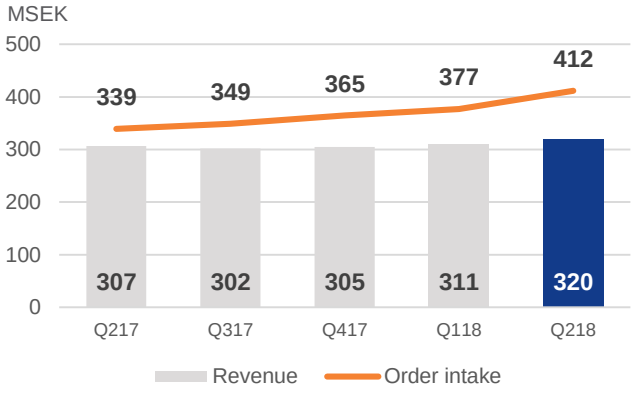
Q2

- Very strong organic order intake growth of 41%, to MSEK 114 (79)
- Organic revenue growth of 9% to MSEK 87 (78), supporting the buildup of a solid backlog
- The EBITA margin adj. improved sequentially to 14.0% (15.9)

Order intake & Revenue by Quarters



Order intake & Revenue by R12M



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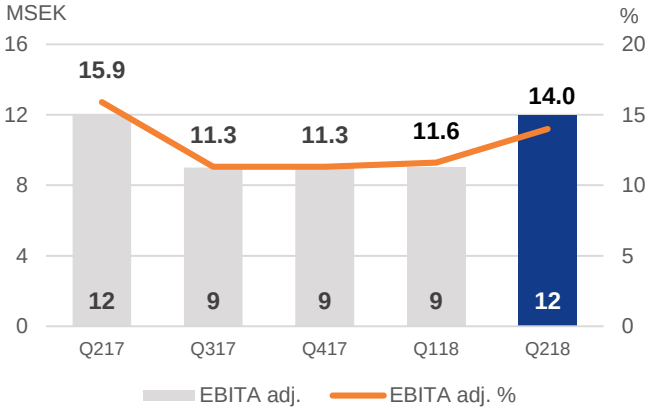

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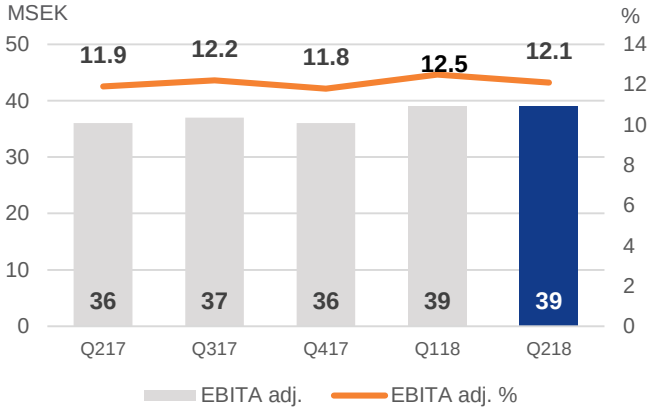

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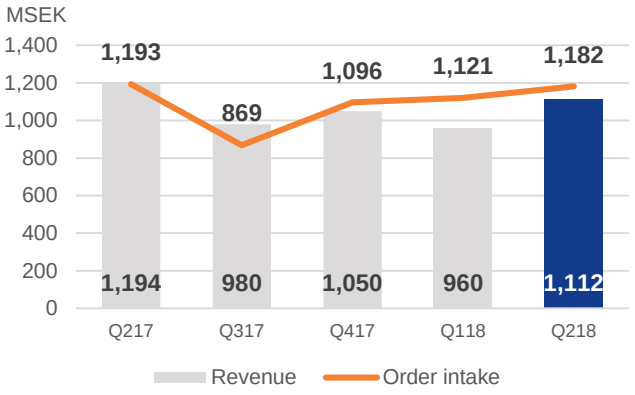
Group

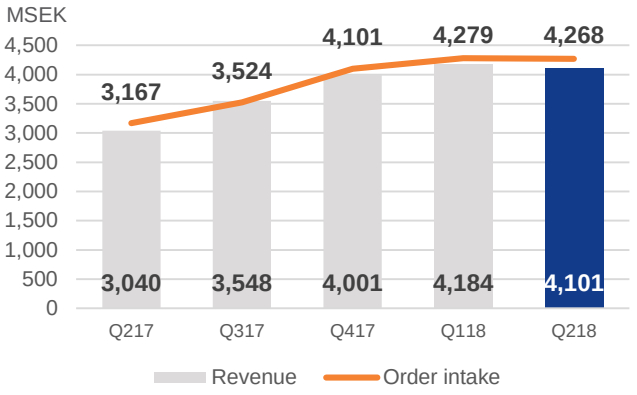
Q2

- Stable order intake year-over-year, despite tough comparables
- Revenue at MSEK 1,112, a year-over-year organic decrease of 8%
- EBITA margin adj. of 13.4% in the quarter, implying a sequential improvement mostly driven by After Sales

Order intake & Revenue by Quarters



Order intake & Revenue by R12M



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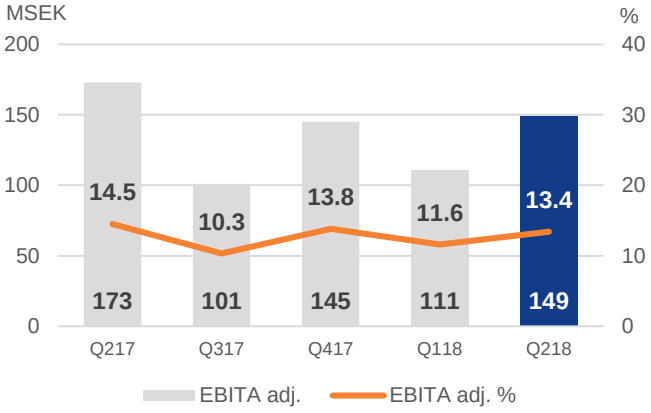

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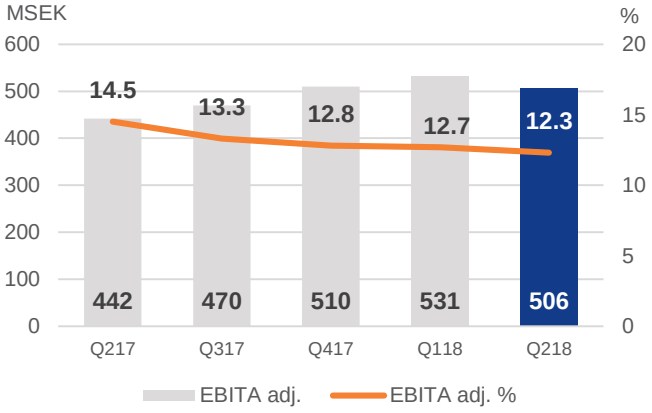

Management assessment: If the acquired companies would have been fully consolidated by 1 January 2017:

Order intake growth year to date would have been -7%

Revenue growth year to date would have been -5%

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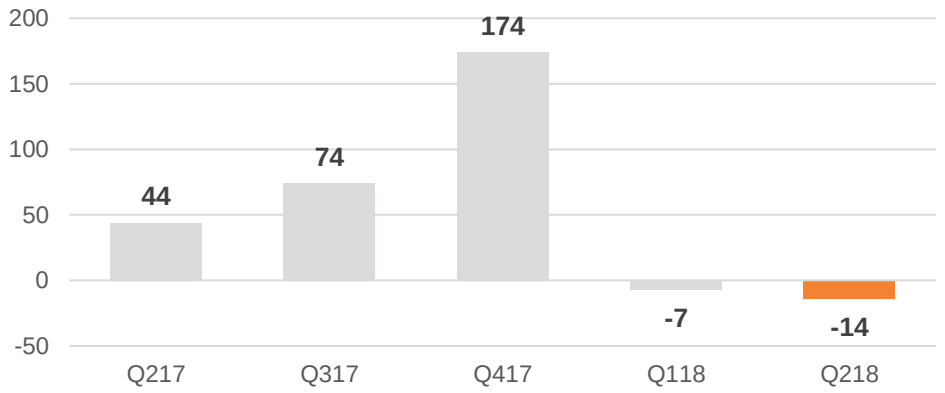
Cash flow and Net debt

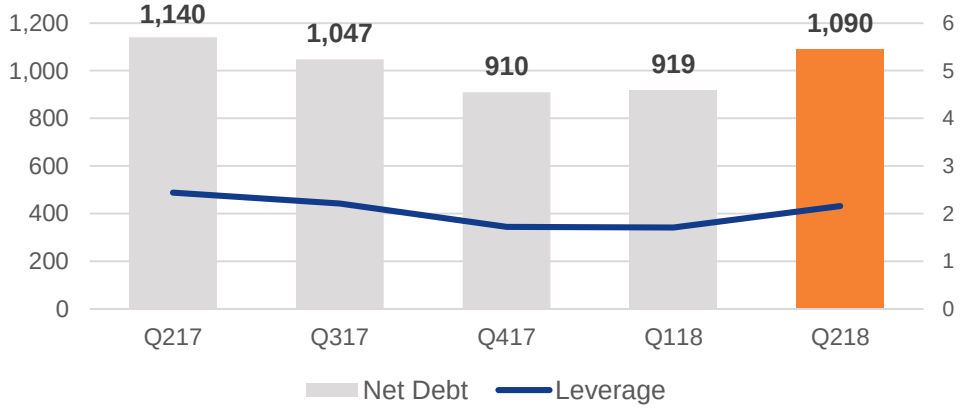
Q2

- Cash flow from operating activities in the second quarter was MSEK -14 (44) in the quarter, mainly coming from within Industrial Equipment
- Net debt at end of Q2 MSEK 1,090 (910 at 31 December 2017) slightly increased compared to last quarter following payment of dividend
- Leverage (Net debt/EBITDA) at 2.16 (2.44)
- A strong financial position for the Group

Cash Flow by Quarter, MSEK



Net Debt, MSEK and Leverage by Quarter



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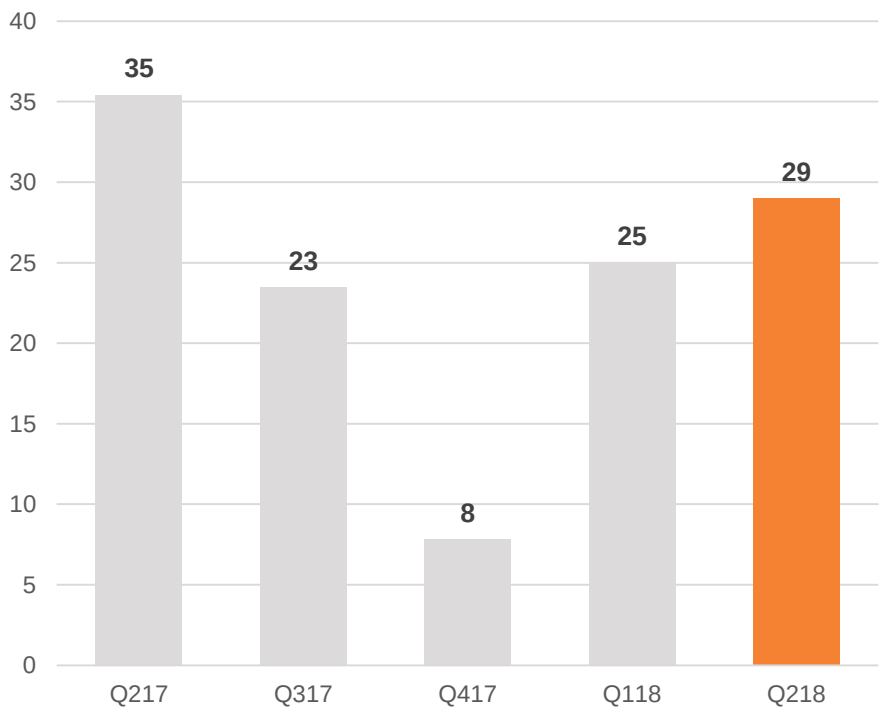
Tax Expense

Q2

- Tax expense for the quarter was MSEK 33 (43)
- Expected mid term tax rate to be between 26 – 28% on the back of updated country structure

Tax Expense, % of EBT by Quarter



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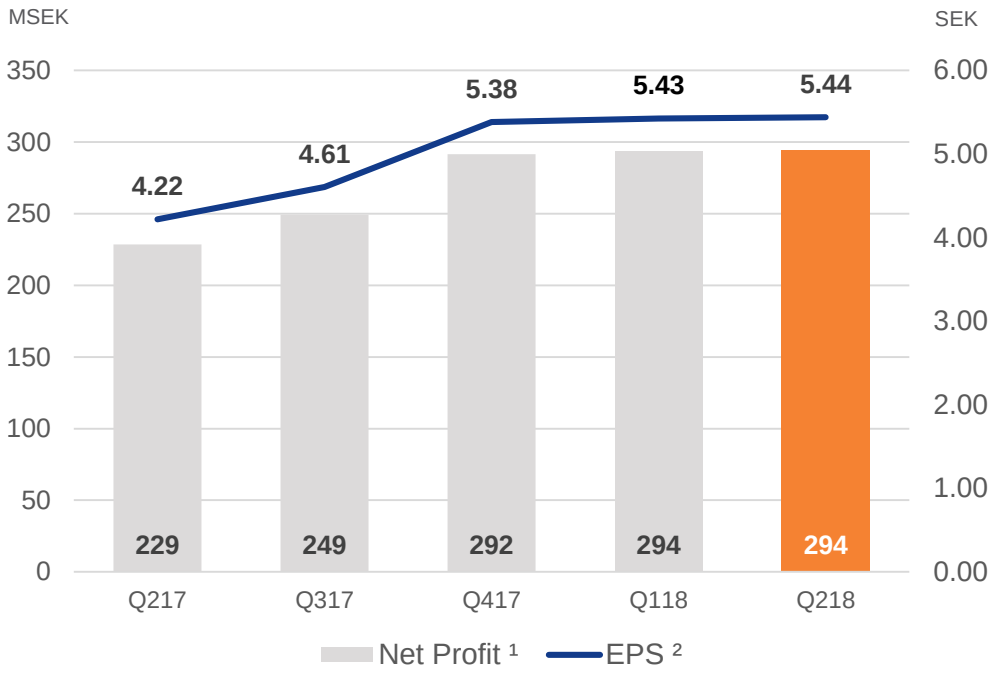
EPS

Q2

- 54,157,861 shares as per 2018-06-30
- EPS was SEK 1.46 (1.45) in the quarter based on current number of shares

Net Profit and EPS, R12M



1) Net Profit R-12 months
2) EPS calculated on numbers of shares at 2018-06-30

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Integration plan

Q2

Synergy potential

- Synergies of 2 percentage points (baseline 12.0%, actual proforma 2016) on the EBITA margin with full effect during 2019
- Procurement and manufacturing optimization
- After Sales
  - Increased footprint, size and utilization
  - Improved structure and service levels
- Strengthened organization and structure

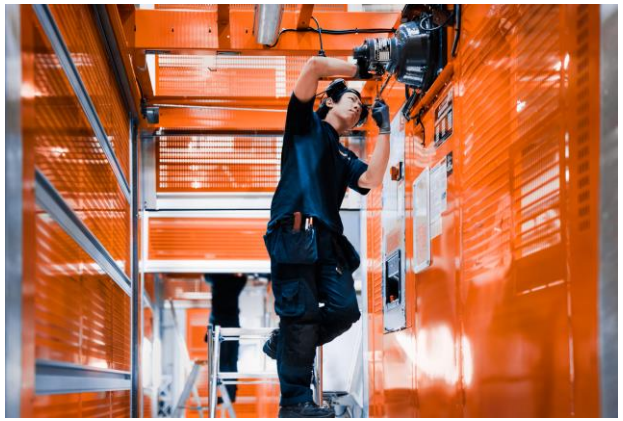
Integration plan

- Transformation ready by 2019
- 15 cross functional work streams with the task to develop the best practice across the organization
- Integration costs ~MSEK 110
  - Non recurring costs reported in 2017 and most of remaining integration costs expected to be incurred during 2018

Integration project update

Q2

- Joint After Sales concept, Alimak Service, will be operational in all major markets during 2018
  - Rolled out in USA, Brazil, UK and Singapore
  - Remaining major countries ongoing
- Procurement integration progressing well. Early identified savings have been captured and additional are under execution
- Continuous re-negotiations with and replacement of suppliers both to facilitate integration effects and offset price uplifts from development of market prices
- Continued streamlining of sales, administration and support organizations in most countries
  - Merger of premises, offices and functions ongoing
  - New legal country footprint ready and under implementation. First wave finished in 2018 and second part in beginning of 2019



Mid-term Financial Targets

Q2

Revenue growth target	EBITA margin target	Leverage target (net debt/EBITDA)
6%	**15%**	**2.0x**
The Group's mid-term target is to have an average annual organic revenue growth of at least 6%.	The Group's mid-term target is to reach an operating EBITA margin of at least 15%.	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.

Summary

Q2

- Solid quarter with two exceptions, Industrial Equipment margin and cash flow
- Continued high activity in the global construction sector and within After Sales
- On route to our mid-term targets with integration progressing as planned and activities implemented to improve profitability in Industrial Equipment

Q&A