Alimak Group

Q3 2020, 22 October 2020

Ole Kristian Jødahl, CEO

Tobias Lindquist, CFO

Agenda

- Q3 2020 results
- The New Heights programme
- Q&A

Quarterly highlights

Q3

- Still significant impact from COVID-19, but sequentially improved operational result and cash flow
- Orders and revenue impacted by negative currency effects – organic decrease lower than H1
- New Heights programme launched
  - Targeted annual savings of MSEK 60
  - Non-recurring costs of MSEK 35 taken in the quarter
- Continued increase of investment in R&D
- Verta Corporation acquisition closed end of September

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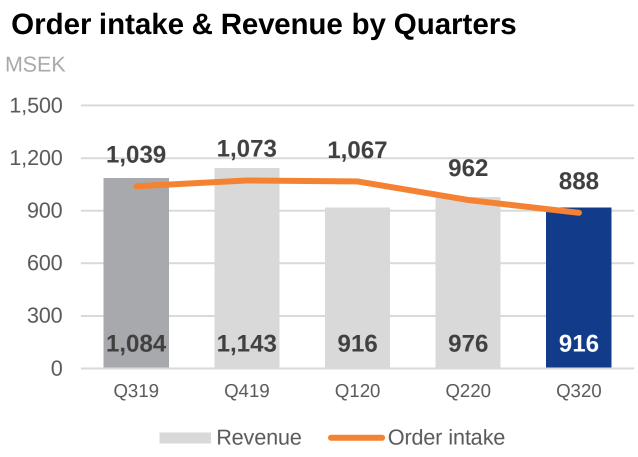
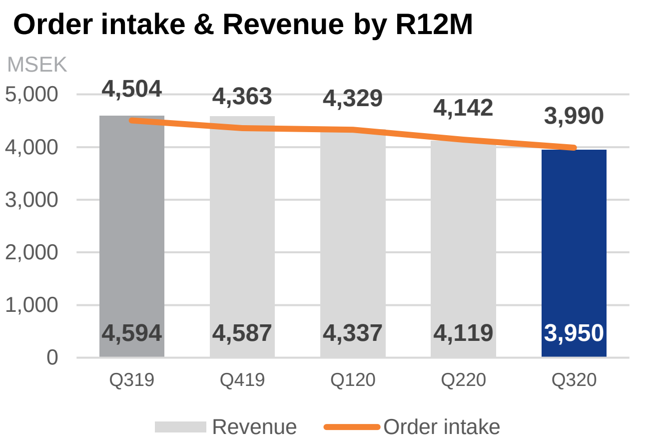
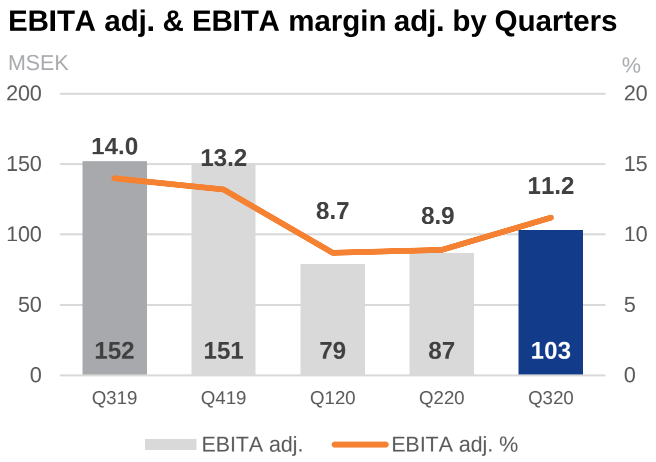
Group quarterly summary

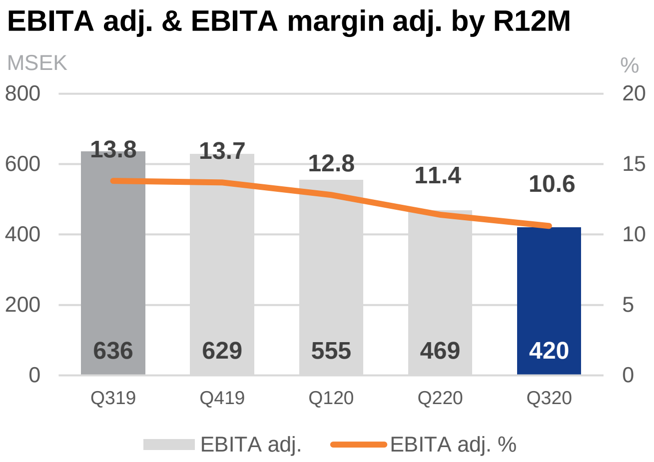
Q3

- **Order intake** decreased by 15% (9% organically)
  - Largest decline in Americas and APAC, Europe improved
- **Revenue** decreased by 16% (9% organically)
  - Largest decline in Americas and Europe while APAC improved
  - Weak quarter for Industrial Equipment
  - Sequential improvements for After Sales and Rental
- **EBITA adj.** decreased to MSEK 103 (152), margin 11.2% (14.0)
  - Margin improvements for Rental and After Sales
  - Volume drop for BMU, General Industry and Construction Equipment affecting result
  - Result and margin better sequentially





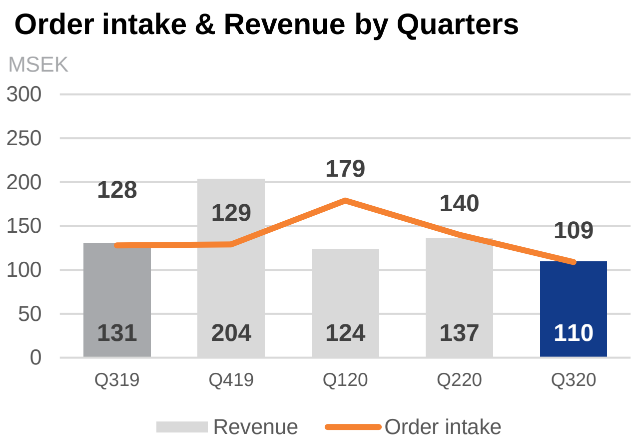


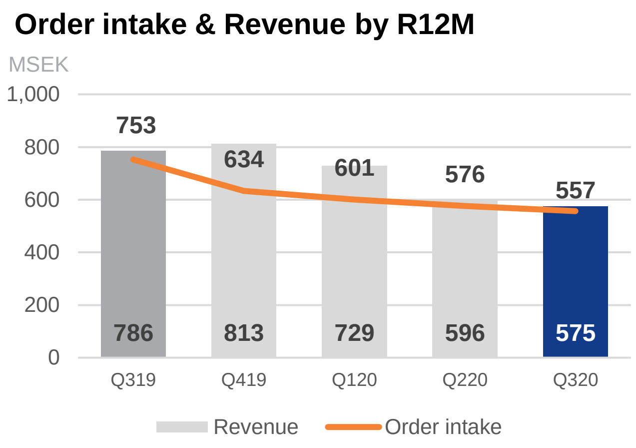


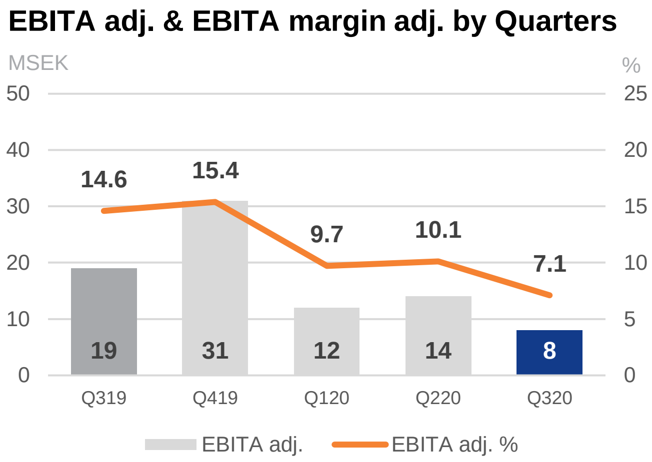
Construction Equipment

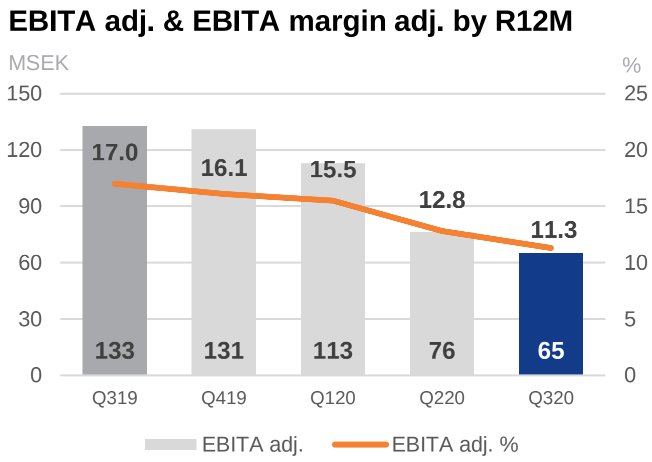
Q3

- **Order intake** decreased by 15% (9% organically)
  - Americas down (COVID-19)
  - Europe and APAC flat
- **Revenue** decreased by 16% (10% organically)
  - Americas sharply down
  - Improvement in APAC
  - Europe flat
- **EBITA adj**. at MSEK 8 (19), margin 7.1% (14.6)
  - Volume and mix (less Americas)







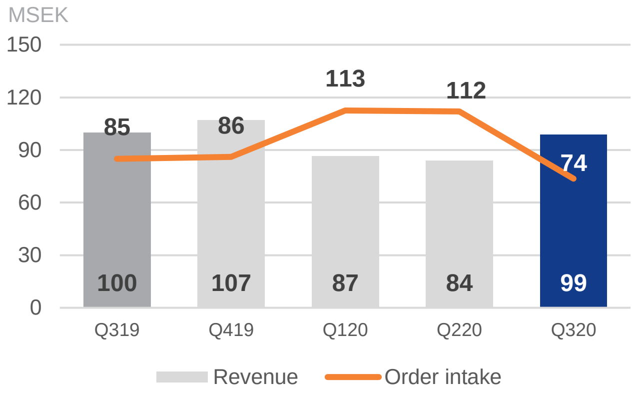


Rental

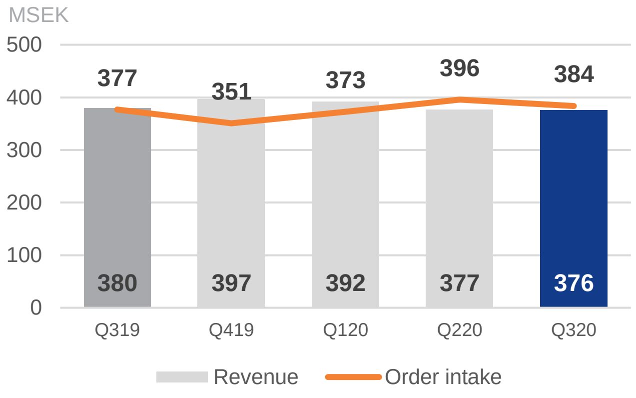
Q3

- **Order intake** decreased 14% (10% organically)
  - YTD up 14% organically
- **Revenue** was flat, up 2% organically
  - Improvements in Europe
  - Soft quarter in Australia
- **EBITA adj.** at MSEK 19 (15), margin 18.8% (15.5)
  - Favourable mix

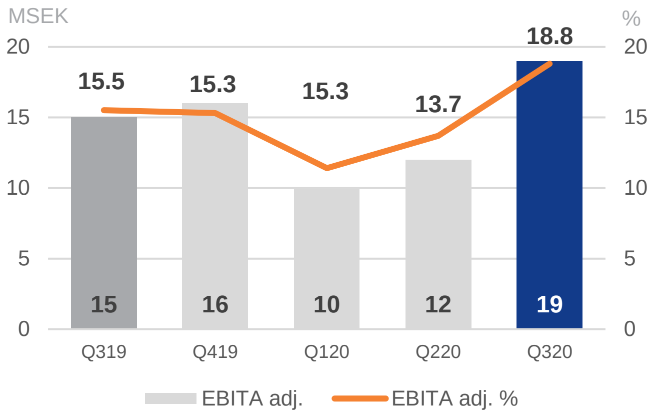
Order intake & Revenue by Quarters



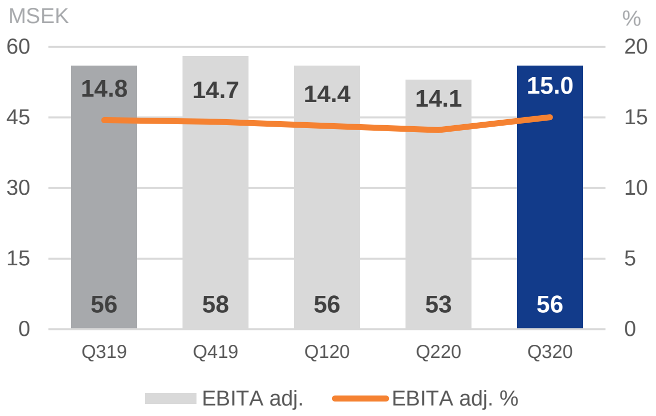
Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



EBITA adj. & EBITA margin adj. by R12M

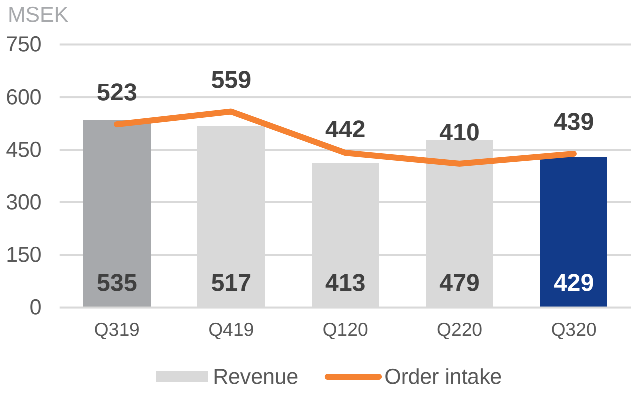


Industrial Equipment

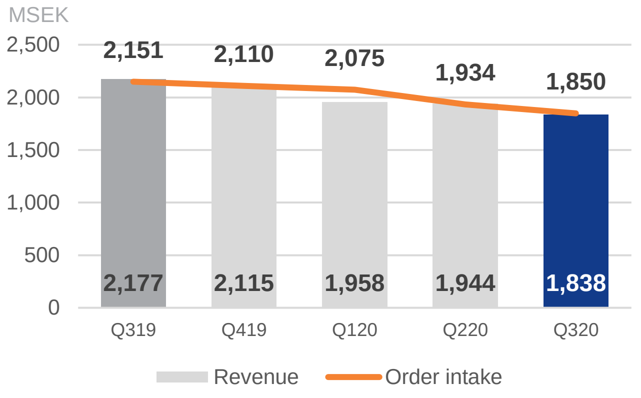
Q3

- **Order intake** decreased 16% (10% organically)
  - Decline largely BMU-related
- **Revenue** decreased by 20% (13% organically)
  - BMU significantly lower
  - General Industry challenging comparables
  - Solid quarter for Wind (China)
- **EBITA adj.** at MSEK 0 (32), a margin of 0.1% (6.0)
  - Volume decline for BMU and General Industry
  - Conservative risk approach

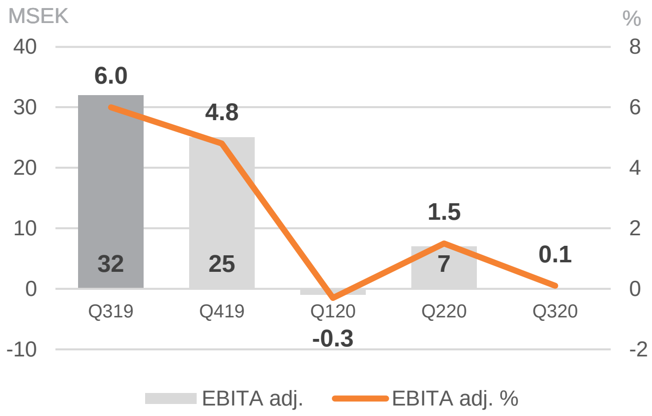
Order intake & Revenue by Quarters



Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



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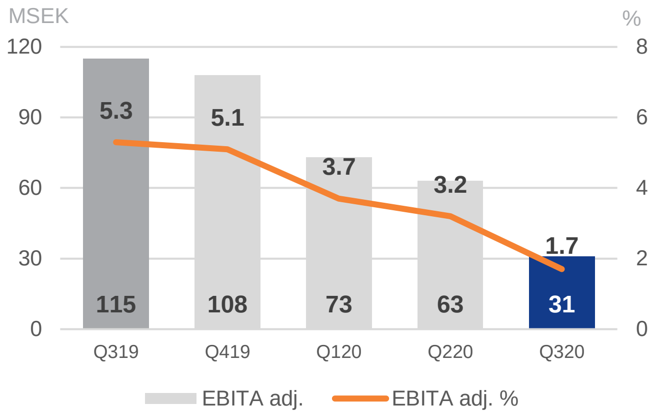
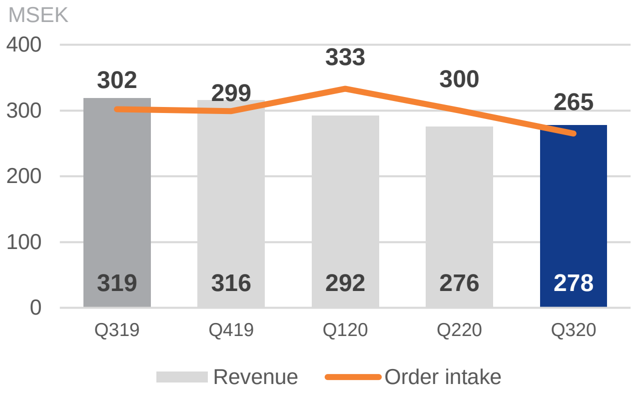


After Sales

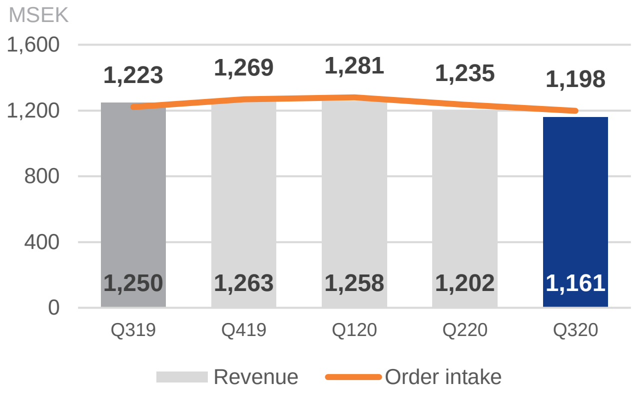
Q3

- **Order intake** decreased 12% (5% organically)
  - Delays in closing larger projects
  - Soft quarter in APAC and Europe
- **Revenue** decreased by 13% (6%) organically
  - Lockdowns still impacting
  - Lower volume of refurbishment projects
  - Highest impact in Americas
- **EBITA adj.** at MSEK 76 (85), a margin of 27.3% (26.7)
  - Favourable product mix – larger share of parts
  - Reduction of staff
- Verta Corporation acquired end of September – no impact on Q3 orders or revenue

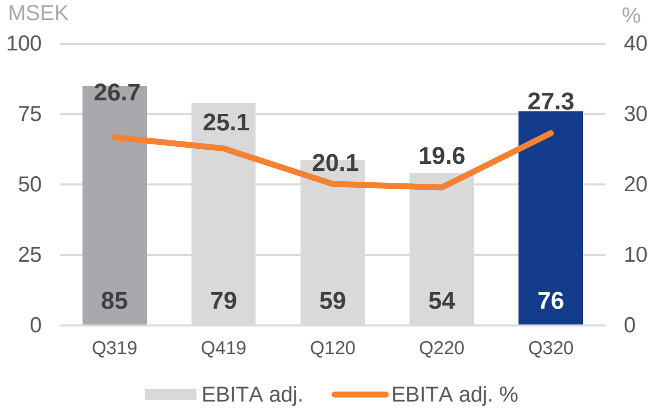
Order intake & Revenue by Quarters



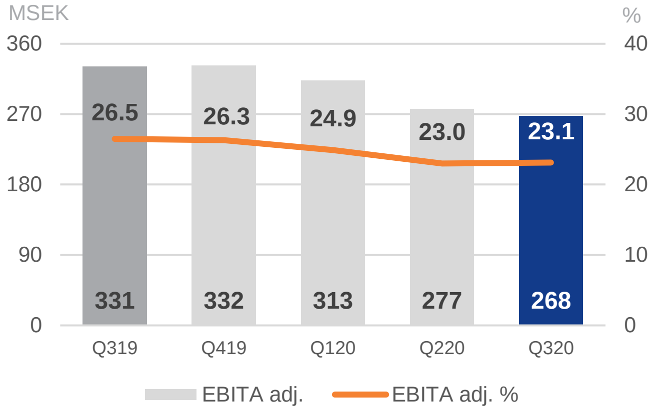
Order intake & Revenue by R12M



EBITA adj. & EBITA margin adj. by Quarters



EBITA adj. & EBITA margin adj. by R12M



Earnings summary

Q3

- EBITA adjusted
  - Revenue / volume driven
  - Industrial Equipment accounts for MSEK -32 of the drop
  - Sequential improvements for After Sales and Rental
- Non-recurring costs
  - Reorganisation and restructuring
  - MSEK 35 in Q3 and another MSEK 25 in Q4
- Financial net
  - Deviation currency related
- Taxes
  - Tax rate of 22% (23)

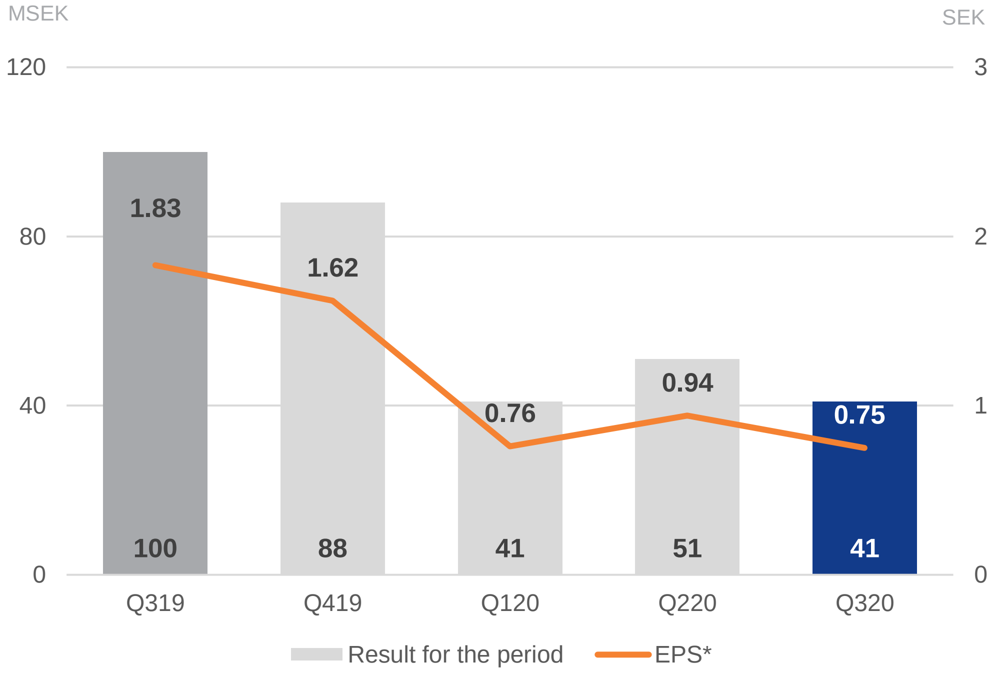
MSEK	Q3 2020	Q3 2019	△MSEK
EBITA adj.	**103**	**152**	**-49**
Non-recurring costs	(35)	(0)	-35
EBITA	**67**	**152**	**-85**
Amortisations	(9)	(11)	+2
EBIT	**59**	**141**	**-82**
Financial net	(6)	(12)	+6
EBT	**52**	**129**	**-76**
Taxes	(11)	(29)	+18
Result for the period	**41**	**100**	**-59**

Result for the period and EPS

Q3

- Result for the period MSEK 41 (100)
  - Lower EBITA adj.
  - Non-recurring expenses
  - Lower tax costs
- EPS decreased to SEK 0.75 (1.83) for the quarter

Result for the period and EPS



*) *Calculated on numbers of shares at 2020-09-30:* 54,157,861

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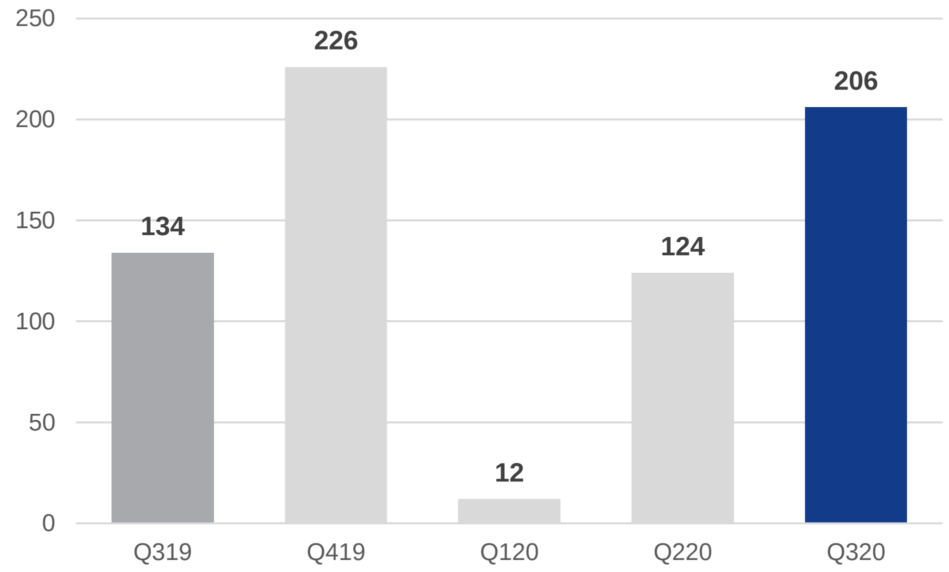
Cash flow

Q3

- Cash flow from operations MSEK 206 (134)
  - Profit before tax MSEK 52 (129)
  - Reduction in working capital MSEK 104 (-9)
- Cash management improvements
  - High attention on receivables
  - Inventory improvements – but still more needed
- Investments in fixed assets MSEK 23 (10)
  - Largely rental fleet MSEK 19 (3)

Operating Cash flow, MSEK by Quarter



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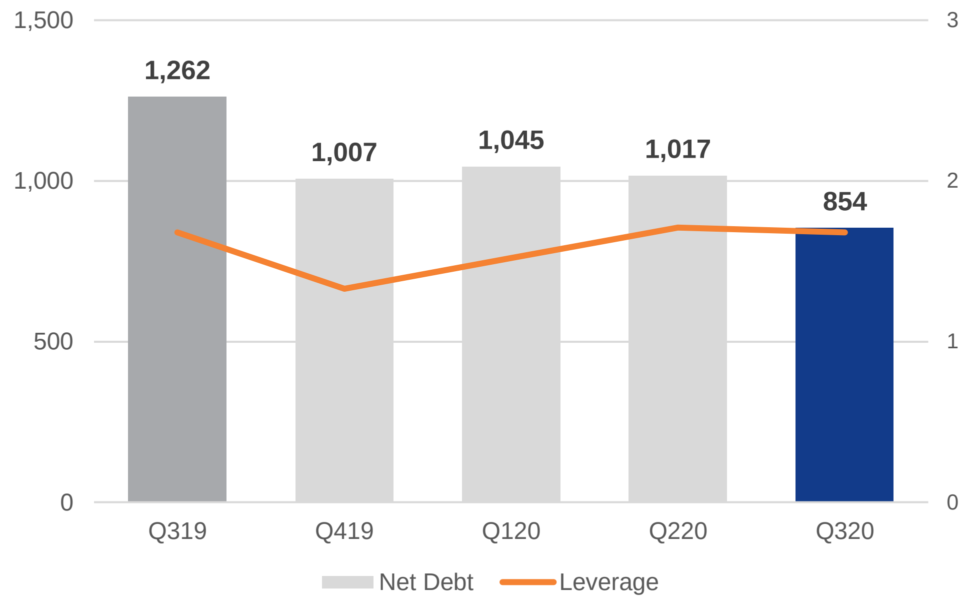
Net debt

Q3

- Net debt
  - Strong operating cash flow
  - Limited investments
  - Lower dividend
- Leverage
  - Lower Net debt
  - Lower EBITDA result

Net debt, MSEK and Leverage by Quarter



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The New Heights programme

1

Establish the base

2020

2

Secure margin improvements

2021

3

Profitable growth

2022-2025

What are we doing

- ✓ Updating Group vision and core values
- ✓ New customer centric organisation with full accountability and mandate to act
- ✓ Accelerating innovation, digitalisation and a customer centric value proposition
- ✓ Establishing a People & Culture function to secure excellence in developing our most important asset
- ✓ Setting profit before growth – securing margin improvements

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Secure margin improvements

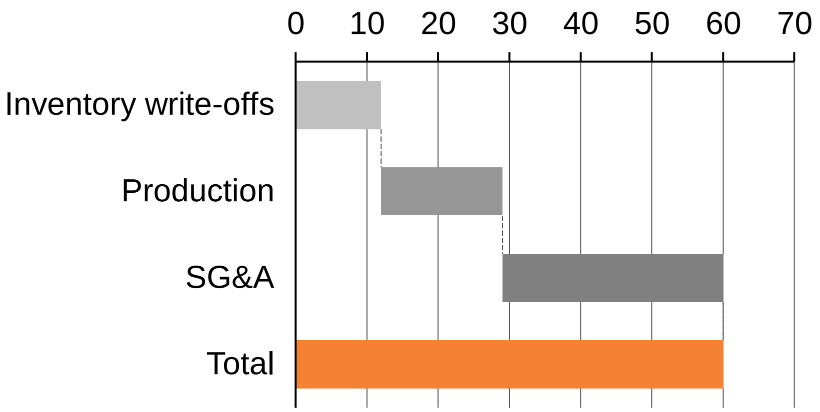
- Profit before growth
- Gain efficiencies from new organisation
- Improve working capital management
- Increased room to continue investment in technology and digitalisation

⇨ Net reduction of ~120 employees (80 production and 40 SG&A)

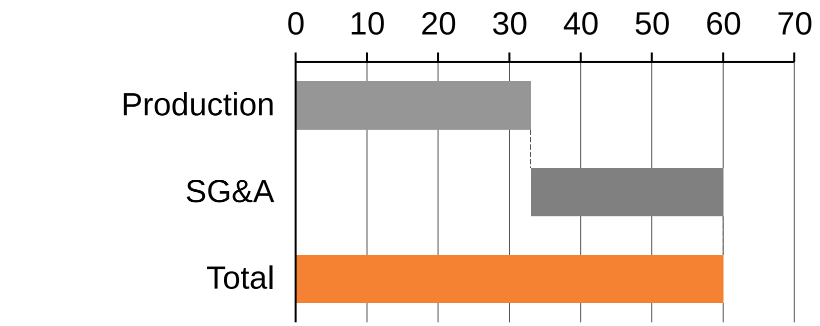
⇨ Targeted **annual savings of ~MSEK 60**, full effect by end of H1 2021

⇨ One-time costs of **~ MSEK 60** (MSEK 35 in Q3 and MSEK 25 in Q4 2020)

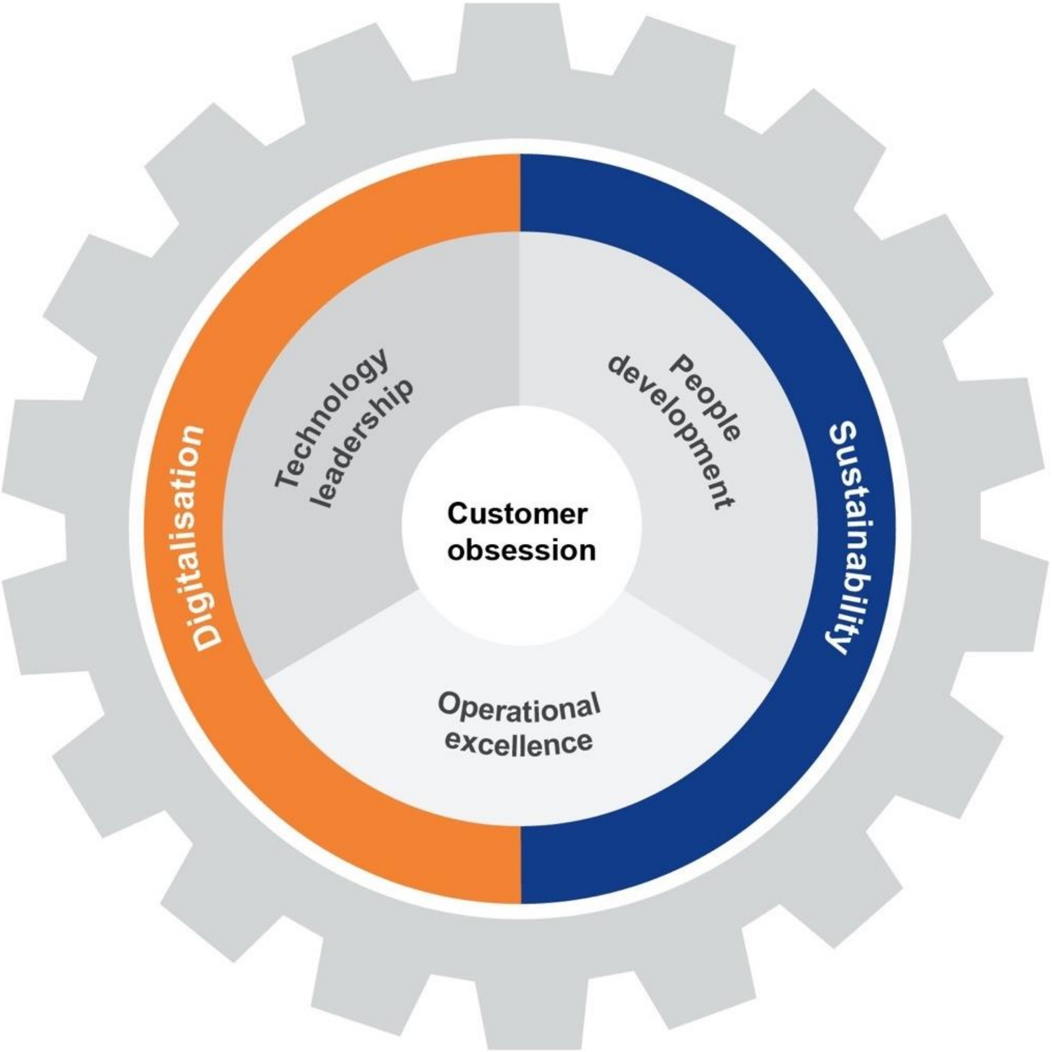
One-off costs



Annualised savings



Corner stones for Alimak Group's future value creation



Q3

Summary Q3

- Not satisfactory order intake, revenue and result
  - Very soft summer months – improved in September
  - US, BMU and Construction main issues
  - Not loosing market share so ready to gain sales when markets turn
  - Active measures taken on cost; addressing the profit
  - Rental and After Sales improved activity and margin
- Solid cash flow in the quarter
- New Heights launched




Q&A