

# BT Industries AB (publ)

Interim report January – September 2003

- ▷ *Orders received SEK 8,761 m. (9,396), -7%*
- ▷ *Net sales SEK 8,552 m. (8,999), -5%*
- ▷ *Pre-tax income -7% to SEK 502 m. , profit margin 5.9% (6.0%)*
- ▷ *Orders, sales and income affected negatively by weaker USD*

## Financial summary

SEK m.	July - Sept. 3 months		Jan. - Sept. 9 months		Oct. - Sept. rolling 12 months		Full-year 2002
	2003	2002	2003	2002	2003	2002	
Orders received	2,741	3,012	8,761	9,396	11,921	12,714	12,556
Net sales	2,671	2,909	8,552	8,999	11,882	12,532	12,329
EBITA <sup>1)</sup>	193	223	607	672	898	956	963
Operating income	117	144	372	422	578	622	627
Income after net financial items	164	180	502	540	757	785	796

## Market development

The global market for industrial trucks is estimated to have increased slightly during the year compared with the corresponding period of 2002.

The recovery in both the global economy and the industrial truck industry has been somewhat slower than we had previously expected, especially during the third quarter. Although demand grew slightly in North America in the latest quarter, it remains at a lower level on a cumulative basis than at the same time a year ago. In Europe, there are major differences between countries, but on the whole volume is growing somewhat. In markets outside Western Europe and North America, there is an evident increase in demand, most noticeably in Oceania and Eastern Europe.

BT's global market share is estimated to have remained at largely the same level as before.

Net sales amounted to SEK 8,552 m. (8,999 m.). At comparable exchange rates, the increase was 4%, however.

Net sales by product area were as follows:

Amounts in SEK m.	January - Sept.		Change, %
	2003	2002	
Warehouse trucks	3,860	4,138	-7%
Counterbalanced trucks	1,213	1,238	-2%
Manual trucks	300	348	-14%
Total, trucks	5,373	5,724	-6%
- % of total	63%	64%	
Spare parts	1,420	1,476	-4%
Service	951	962	-1%
Other areas	808	837	-3%
Total, aftermarket	3,179	3,275	-3%
- % of total	37%	36%	
<b>Net sales</b>	<b>8,552</b>	<b>8,999</b>	<b>-5%</b>

## Orders and net sales

During the first nine months of 2003 the Group's orders received amounted to SEK 8,761 m. (9,396). The decrease is entirely due to currency effects, primarily from a weaker U.S. dollar. At comparable exchange rates, orders received were 2% higher than the corresponding period of 2002.

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### Income

The Group's EBITA (Earnings Before Interest, Tax and Amortization) decreased by 10% to SEK 607 m. (672).

The Group has been able to maintain its gross margin despite intense price pressure in the market. The aftermarket's slightly higher share of total sales was a contributing factor.

Product development, selling and administrative expenses amounted to SEK 1,871 m. (1,948), a decrease of 4%. Excluding currency effects, overhead rose by 3%.

Income from long-term rentals/leasing totaled SEK 149 m., against SEK 152 m. Other net financial income and expenses amounted to SEK -19 million, against SEK -34 m. in the previous year.

The Group's income after net financial items thus amounted to SEK 502 m. (540), a decrease of 7%. At comparable exchange rates, income remained at the same level as in the corresponding period of 2002.

### Capital expenditures

The Group's total net capital expenditures for tangible and intangible fixed assets amounted to SEK 357 m., compared with SEK 294 m. in the corresponding period of 2002. As noted earlier in the year, the increase is attributable to the ongoing capacity expansion at the warehouse truck plant in Mjölby and an expansion in several markets of truck fleets for short-term rental.

### Financing and liquidity

Total assets amounted to SEK 10,155 m., against SEK 10,610 m. at the beginning of the year.

During the year shareholders were paid a dividend of SEK 140 m.

Net borrowings amounted to SEK 575 m., against SEK 784 m. at the beginning of the year. At the same time the net gearing ratio was 16% versus 22%.

The equity ratio amounted to 36%, against 34% at the beginning of the year.

Cash flow has been positive during the year, amounting to SEK 281 m. (766). The lower level compared with 2002 is due to an increase in tied-up working capital.

### Personnel

The number of employees as of September 30 was 7,797, essentially unchanged from 7,794 at the beginning of the year.

### BT's business areas

BT's operations are organized into three business areas. In addition, BT has central, Group-wide resources for, among other things, management, accounting, finance, IT and information.

#### Business area BT EUROPE

*Covering primarily Western Europe.*

SEK m.	January - Sept. 2003	2002	Full-year 2002
Orders received	5,270	5,435	7,312
Net sales	5,114	5,166	7,224
Income	340	389	558
Operating margin, % 3)	6.6%	7.5%	7.7%
Operating capital 4)	1,594	1,610	1,562
No. of employees	4,795	4,723	4,736

On the whole, demand for warehouse trucks in BT EUROPE's markets grew slightly. BT's market share is estimated to have remained unchanged.

Orders received amounted to SEK 5,270 m. (5,435). This year's third quarter was clearly weaker than the same quarter in 2002. Net sales amounted to SEK 5,114 m. (5,166).

Income amounted to SEK 340 m. (389), a decrease of 13% attributable to lower margins. Costs of approximately SEK 10 m. to restructure the sales organization were charged against income during the quarter.

The operating margin amounted to 6.6% (7.5), i.e. the same level as after the first half-year.

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## Business area BT RAYMOND

*Covering primarily North America.*

SEK m.	January - Sept.		Full-year
	2003	2002	2002
Orders received	3,001	3,606	4,746
Net sales	3,032	3,493	4,615
Income 2)	220	292	371
Operating margin, % 3)	7.3%	8.4%	8.0%
Operating capital 4)	924	1,134	990
No. of employees	2,281	2,423	2,401

During the third quarter the U.S. market reported a slight upswing in demand. As a whole, however, the first nine months of 2003 were weaker than a year earlier. The BT Group's market share is estimated to have remained unchanged compared with the previous quarter.

The average exchange rate for the U.S. dollar against the Swedish krona fell by approximately 17% during the year's first nine months. Orders received, expressed in USD, remained unchanged compared with the previous year. Expressed in SEK, however, orders received declined in parity with the weaker dollar. Net sales fell by 13%. Expressed in USD, net sales instead rose by 4%.

The operating margin was 7.3% (8.4). Last year's result included a capital gain on share sales of SEK 20 m. without any equivalent this year. The fact that BT's North American operations have plants in both the U.S. and Canada, and large product flows between the two countries, makes the exchange rate between the U.S. and Canadian dollars a very important factor. In this case it has affected income adversely.

BT is in litigation in the USA. The claim is disputed in full by BT and BT is reasonably certain that it will win the case. Since BT is of the opinion that no payment will be made, no provision has been made in the accounts.

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- 1) EBITA = Earnings Before Interest, Tax and Amortization of goodwill. For BT, including income from long-term rentals/leasing.
- 2) Income = operating income + income from long-term rentals/leasing. Amortization of goodwill at the Group level is not charged against the individual business areas.
- 3) Operating income plus income from long-term rentals/leasing in relation to net sales.
- 4) Operating capital = working capital incl. the share of the equity of associated companies plus tangible and intangible fixed assets, excl. goodwill.

## Business area BT INTERNATIONAL

*Markets outside North America and Western Europe.*

SEK m.	January - Sept.		Full-year
	2003	2002	2002
Orders received	1,008	947	1,313
Net sales	943	830	1,222
Income 2)	44	20	50
Operating margin, % 3)	4.6%	2.5%	4.1%
Operating capital 4)	334	271	261
No. of employees	683	541	625

Demand has grown in business area BT INTERNATIONAL's markets. Significant growth has been noted primarily in Oceania and Eastern Europe.

Orders received amounted to SEK 1,008 m. (947), an increase of 6%. Net sales rose by 12% to SEK 943 m. (830). Exchange rate effects have had a significant negative impact on business area BT INTERNATIONAL as well. At comparable exchange rates, orders received rose by 14% and net sales by 22%.

Considerably stronger income and operating margins have been achieved during the year. The increase in income is due to both volume effects and an improved gross margin.

Mjölby, October 29, 2003

Per Zaunders  
President and CEO

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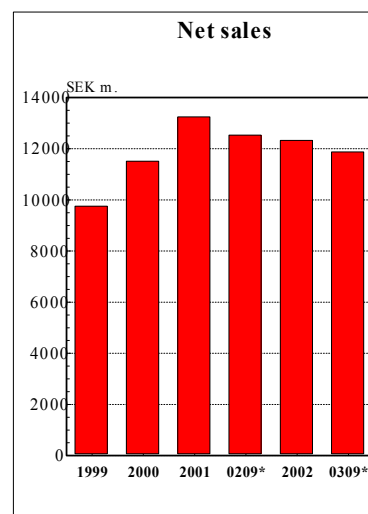
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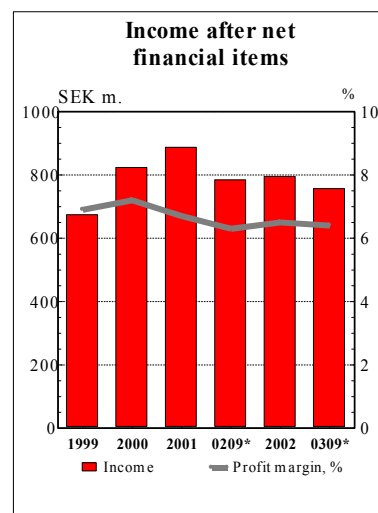
## Income statements

SEK m.	January - Sept.		Full-year
	2003	2002	2002
<b>Net sales</b>	<b>8,552</b>	<b>8,999</b>	<b>12,329</b>
Cost of sales	-6,234	-6,571	-9,005
<b>Gross income</b>	<b>2,318</b>	<b>2,428</b>	<b>3,324</b>
Product development	-182	-197	-263
Marketing and sales	-1,005	-1,011	-1,360
Administration	-684	-740	-1,002
Amortization of goodwill	-86	-99	-130
Income in associated companies	1	-2	-2
Other operating income	92	111	168
Other operating expenses	-81	-70	-108
<b>Operating income</b>	<b>372</b>	<b>422</b>	<b>627</b>
<b>Income from financial investments</b>			
Income from long-term rentals/leasing	149	152	206
Interest income and other financial income	51	64	90
Interest expenses and other financial	-71	-98	-127
<b>Income after net financial items</b>	<b>502</b>	<b>540</b>	<b>796</b>
Tax	-203	-220	-318
<b>Net income</b>	<b>299</b>	<b>320</b>	<b>478</b>

Ave. no. of shares outstanding, thousands	28,000	28,000	28,000
Earnings per share, estimated tax, SEK	10.70	11.40	17.00
Earnings per share after full tax, SEK	-	-	17.05
Total depreciation and amortization	-407	-438	-581



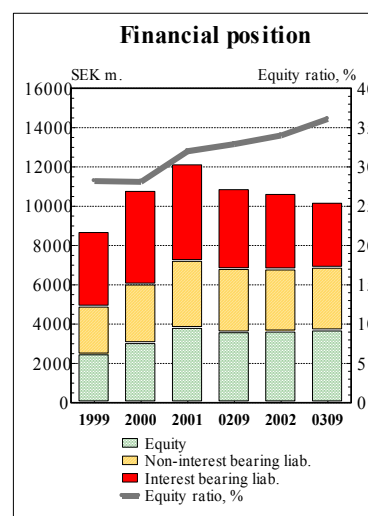
\*) 12-months rolling



\*) 12-months rolling

## Balance sheets

SEK m.	September 30		Dec. 31
	2003	2002	2002
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	1,306	1,653	1,543
Other intangible assets	62	43	58
Tangible	1,661	1,733	1,706
Financial	1,725	1,969	1,835
<b>Total</b>	<b>4,754</b>	<b>5,398</b>	<b>5,141</b>
<b>Current assets</b>			
Inventory	1,503	1,565	1,373
Current receivables	3,482	3,448	3,523
Cash and banks	416	438	572
<b>Total</b>	<b>5,401</b>	<b>5,451</b>	<b>5,468</b>
<b>TOTAL ASSETS</b>	<b>10,155</b>	<b>10,849</b>	<b>10,610</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>3,661</b>	<b>3,566</b>	<b>3,608</b>
<b>Provisions</b>	<b>958</b>	<b>889</b>	<b>927</b>
<b>Liabilities</b>			
Long-term liabilities	521	1,962	573
Current liabilities	5,015	4,432	5,502
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,155</b>	<b>10,849</b>	<b>10,610</b>

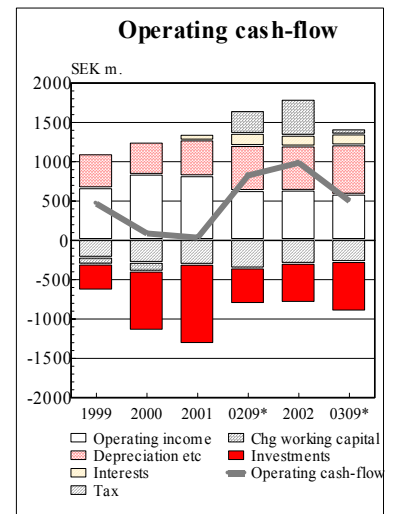


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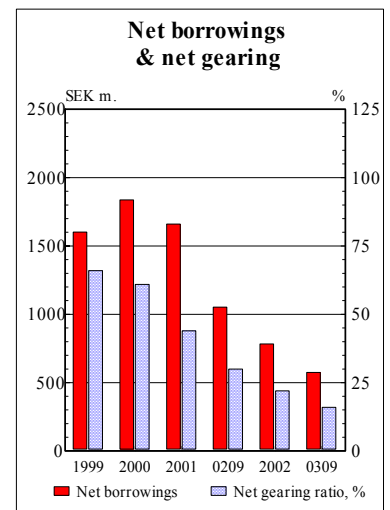
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## Statements of cash flows

SEK m.	Januari-sept.		Full-year
	2003	2002	2002
<b>Operating activities</b>			
Operating income	372	422	627
<i>Non cash flow related items</i>			
Depreciations acc. to plan	407	438	581
Other	133	14	-18
Non cash flow related items	540	452	562
Income from long-term rentals/leasing	158	149	208
Other financial items, net	-53	-20	-71
Tax paid	-215	-237	-302
Cash flow from operating activities before changes in working capital	803	766	1,025
Changes in working capital	-105	286	458
<b>Cash flow from operations</b>	<b>698</b>	<b>1,052</b>	<b>1,483</b>
<b>Investment activities</b>			
Investments in financial fixed assets	-61	8	-49
Investments in tangible and intangible fixed assets	-357	-294	-447
<b>Cash flow from investment activities</b>	<b>-418</b>	<b>-286</b>	<b>-496</b>
<b>OPERATING CASH FLOW</b>	<b>281</b>	<b>766</b>	<b>987</b>
Acquisitions/disposals of companies, net	-29	27	0
<b>Financing activities</b>			
Change of loans	-257	-386	-433
Dividend paid	-140	-280	-280
<b>Cash flow from financing activities</b>	<b>-397</b>	<b>-666</b>	<b>-713</b>
<b>Change in cash and banks</b>	<b>-146</b>	<b>127</b>	<b>274</b>
Cash and banks brought forward	572	335	335
Translation differences in cash and banks	-11	-24	-36
<b>Cash and banks carried forward</b>	<b>416</b>	<b>438</b>	<b>572</b>



\*) 12-months rolling

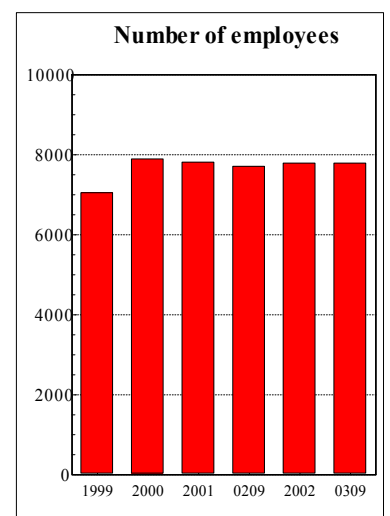


## Net borrowings

SEK m.	Sept. 30		Dec. 31
	2003	2002	2002
Interest-bearing assets	2,729	3,008	3,058
Interest-bearing liabilities	3,304	4,062	3,842
<b>NET BORROWINGS</b>	<b>575</b>	<b>1,054</b>	<b>784</b>

## Changes in equity

SEK m.	Sept. 30		Dec. 31
	2003	2002	2002
Equity brought forward, January 1	3,608	3,788	3,788
Foreign currency translation effects etc	-107	-262	-378
Dividend paid	-140	-280	-280
Net income	299	320	478
<b>Equity carried forward</b>	<b>3,661</b>	<b>3,566</b>	<b>3,608</b>



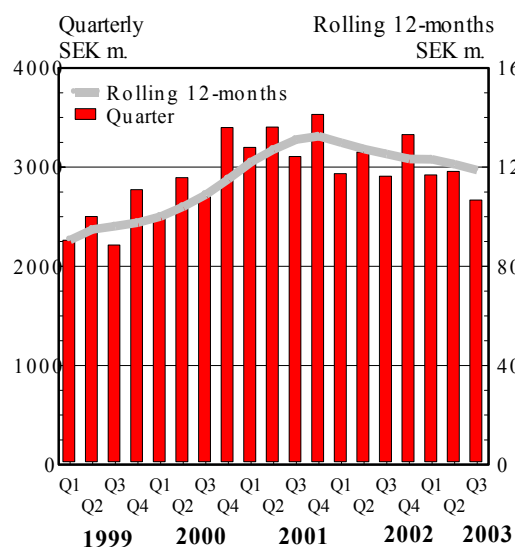
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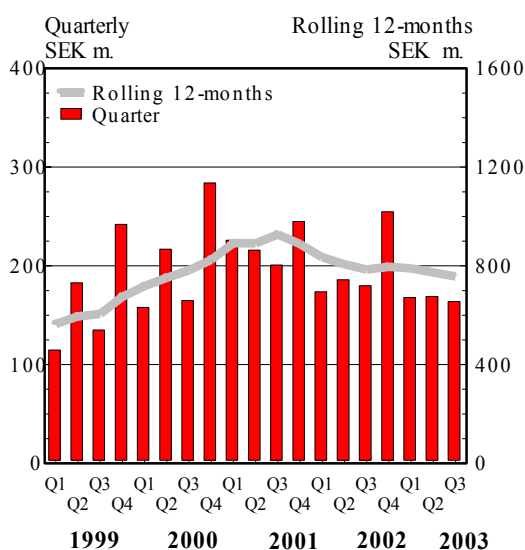
## Quarterly development

Amounts in SEK m.	Q1		Q2		Q3		Q4	
	2003	2002	2003	2002	2003	2002	2002	2001
Orders received	3,027	3,096	2,993	3,288	2,741	3,012	3,160	3,318
Net sales	2,923	2,936	2,958	3,154	2,671	2,909	3,330	3,533
Cost of sales	-2,121	-2,136	-2,166	-2,304	-1,948	-2,131	-2,434	-2,641
Gross income	802	800	792	850	723	778	896	892
Gross margin, %	27.4%	27.2%	26.8%	26.9%	27.1%	26.7%	26.9%	25.2%
Operating expenses	-676	-667	-663	-705	-606	-634	-691	-691
Operating income	126	133	129	145	117	144	205	201
Interest margin LTR/leasing	52	62	49	44	48	46	54	48
Operating margin, %	6.1%	6.6%	6.0%	6.0%	6.2%	6.5%	7.8%	7.0%
Net financial items, other	-10	-21	-8	-3	-1	-10	-3	-4
Income after net financial items	168	174	170	186	164	180	256	245
Profit margin, %	5.8%	5.9%	5.7%	5.9%	6.1%	6.2%	7.7%	6.9%

## Net sales



## Income after financial net



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## Key ratios

		January – September 2003	September 2002	Full-year 2002
EBITA margin, %	1)	<b>7.1%</b>	7.5%	7.8%
Operating margin, %	2)	<b>6.1%</b>	6.4%	6.8%
Profit margin, %	3)	<b>5.9%</b>	6.0%	6.5%
Interest coverage, multiple	4)	<b>26.2</b>	12.9	13.7
Return on capital employed, %	5)	-	-	14.3%
Return on equity, %	6)	-	-	12.9%
Net gearing ratio, %	7)	<b>16%</b>	30%	22%
Equity ratio, %	8)	<b>36.1%</b>	32.9%	34.0%

## Share data

		January – September 2003	September 2002	Full-year 2002
Earnings per share after full tax, SEK	9)	-	-	17.05
Earnings per share after standard tax, SEK	10)	<b>10.70</b>	11.40	17.00
EBITA per share, SEK	11)	<b>21.65</b>	24.00	34.40
Cash flow per share, SEK	12)	<b>10.05</b>	27.35	35.25
Dividend per share, SEK		<b>5.00</b>	10.00	10.00
Equity per share, SEK	13)	<b>130.75</b>	127.35	128.85
No. of shares, thousands		<b>28,000</b>	28,000	28,000

## DEFINITIONS

- 1) Operating income plus amortization of goodwill and income from long-term rentals/leasing divided by net sales.
- 2) Operating income plus income from long-term rentals/leasing in relation to net sales.
- 3) Income after net financial items in relation to net sales.
- 4) Operating income plus interest income divided by interest expenses.
- 5) Operating income plus interest income including income from long-term rentals/leasing in relation to the average of capital employed at the opening and close of each period.
- 6) Net income for the period in relation to the average of equity at the opening and close of each period.
- 7) Net borrowings in relation to equity and the minority share at the close of each period.
- 8) Equity including the minority share in relation to total assets at the close of each period.
- 9) Net income for the period divided by the average number of shares.
- 10) Income before tax charged with standard tax of approx. 35% on income after net financial items plus non-tax deductible amortization divided by the average number of shares.
- 11) Operating profit before amortization of goodwill, plus interest income including income from long-term rentals/leasing divided by the average number of shares.
- 12) Operating cash flow according to the statement of cash flows divided by the average number of shares.
- 13) Equity divided by the number of shares on the closing day.

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## Five-year summary

SEK m.	2002	2001	2000	1999	1998
<b>Income statements</b>					
Net sales	12,329	13,248	11,518	9,759	8,838
Gross income	3,324	3,548	3,247	2,847	2,568
EBITA	963	1,122	1,094	899	783
Operating income	627	810	831	660	576
Income after net financial items	796	888	824	675	544
Net income	478	552	552	431	310
<i>Total depreciation according to plan</i>	<i>-581</i>	<i>-575</i>	<i>-482</i>	<i>-417</i>	<i>-380</i>
<b>Balance sheets</b>					
Fixed assets	5,143	6,048	5,345	4,531	4,435
Current assets	5,467	5,803	5,554	4,136	3,693
<b>Total assets</b>	<b>10,610</b>	<b>11,851</b>	<b>10,899</b>	<b>8,667</b>	<b>8,128</b>
Equity	3,608	3,788	3,070	2,442	2,027
Minority share	-	3	3	2	2
Liabilities and provisions	7,002	8,060	7,826	6,223	6,099
<b>Total liabilities and equity</b>	<b>10,610</b>	<b>11,851</b>	<b>10,899</b>	<b>8,667</b>	<b>8,128</b>
<b>Net borrowings</b>					
Interest-bearing assets	3,058	3,259	2,932	2,193	1,789
Interest-bearing liabilities	3,842	4,920	4,770	3,796	3,908
<b>Net borrowings</b>	<b>784</b>	<b>1,661</b>	<b>1,838</b>	<b>1,603</b>	<b>2,119</b>
<b>Cash flow</b>					
Cash flow from operations	1,483	1,042	838	797	429
Cash flow from investments 1)	-496	-1,007	-751	-330	-670
Operating cash flow	987	35	87	467	-241
<b>Key ratios</b>					
EBITA margin, %	7.8%	8.5%	9.5%	9.2%	8.9%
Operating margin, %	6.8%	7.5%	8.5%	8.2%	7.8%
Profit margin, %	6.5%	6.7%	7.2%	6.9%	6.2%
Return on capital employed, %	14.3%	16.5%	18.5%	16.8%	15.3%
Return on equity, %	12.9%	16.1%	20.0%	19.3%	16.3%
Capital turnover rate, multiple	2.1	2.1	2.1	2.0	1.9
Interest coverage, multiple	13.7	6.9	5.8	5.2	4.2
Net gearing ratio, %	22%	44%	60%	66%	104%
Equity ratio, %	34.0%	32.0%	28.2%	28.2%	25.0%
<b>Personnel</b>					
Number of employees at year-end	7 794	7 820	7 899	7 054	6 975

1) Excluding acquisitions of companies

For definitions, see page 7.