

# BT Industries AB (publ)

Interim report January – June, 1999

- ▶ *Orders received SEK 4,823 m. (SEK 4,391 m.), up 10%*
- ▶ *Invoiced sales rose 16% to SEK 4,770 m. (SEK 4,121 m.)*
- ▶ *Income after net financial items +21%, SEK 298 m. (SEK 247 m.)*
- ▶ *Acquisition of 51% of SOUEL in Greece*

## Financial summary

Amounts in SEK m.	January – June		Full year 1998
	1999	1998	
Orders received	<b>4,823</b>	4,391	8,924
Net sales	<b>4,770</b>	4,121	8,838
EBITDA 1)	<b>490</b>	425	956
Operating income	<b>288</b>	251	576
Income after net financial items	<b>298</b>	247	544

1) EBITDA = Earnings Before Interest, Tax, Depreciation and Amortization of intangible assets

## Market development

The world market for warehouse trucks has developed positively. In North America, demand has been strong. In Western Europe, demand has also remained good, with an increase primarily in Southern Europe. In emerging markets – i.e. outside Western Europe and North America – total volume is relatively stable. Development remains weak in parts of Eastern Europe, while signs of recovery in demand can be noted in South-East Asia and Latin America.

## Acquisitions

On July 1, following the conclusion of the report period, BT acquired 51% of the shares in SOUEL Warehousing S.A. in Greece. For a number of years SOUEL has been BT's distributor of warehouse trucks in the Greek market, which to date has been limited in volume but is now quickly growing. SOUEL, with approx. SEK 30 m. in net sales, will be consolidated as a subsidiary as of July 1 of this year.

In March BT acquired 45% of the shares in CESAB Carrelli Elevatori S.p.A. – Italy's second largest manufacturer of counterbalanced trucks. The additional products added under the BT name have been well received by the market. Delivery of BT-customized products have started in Europe. The profit impact is however marginal. CESAB is consolidated as an associated company of BT Industries as of March 1999.

## Orders and sales

The Group's orders received during the first six months of 1999 amounted to SEK 4,823 m. (SEK 4,391 m.), an increase of approximately 10% compared with the corresponding period last year.

Net sales amounted to SEK 4,770 m. (SEK 4,121 m.), an increase of 16% compared with the first six months of 1998. The order backlog has risen somewhat since the beginning of the year.

Net sales for the first six months of 1999 and 1998 by product area were as follows:

Amounts in SEK m.	January-June		Change %
	1999	1998	
Warehouse trucks	<b>2,485</b>	2,236	+ 11%
Counterbalanced trucks	<b>436</b>	225	+ 94%
Manual trucks	<b>214</b>	203	+ 5%
Total, trucks	<b>3,135</b>	2,664	+ 18%
- % of total	<b>66%</b>	65%	
Spare parts	<b>696</b>	619	+ 12%
Service	<b>506</b>	467	+ 8%
Short-term rentals	<b>222</b>	182	+ 22%
Other areas	<b>211</b>	189	+ 12%
Total, service market	<b>1,635</b>	1,457	+ 12%
- % of total	<b>34%</b>	35%	
<b>Net sales</b>	<b>4,770</b>	4,121	+ 16%

# BT Industries AB (publ)

Interim report January – June 1999

## Income

The service market account for approximately 35% of consolidated net sales and is an important factor for the Group's stability in earning capacity. Out of gross income, totalling SEK 1,392 m., the service market accounted for roughly 50%.

The Group's EBITDA rose by 15% to SEK 490 m. (SEK 425 m.).

Net financial items amounted to SEK 10 m. (SEK -4 m.) and include a positive interest margin on long-term rentals/leasing of SEK 66 m. (SEK 54 m.). Lower interest rates on borrowings have positively impacted net financial items.

Income after net financial items amounted to SEK 298 m. (SEK 247 m.), an increase of 21%.

Net income, after taxes, amounted to SEK 174 m. (SEK 144 m.).

Earnings per share amounted to SEK 6.20, against SEK 5.15 in the corresponding period last year.

## Capital expenditures

The Group's total net capital expenditures for tangible fixed assets amounted to SEK 138 m., compared with SEK 191 m. in the previous year. Of the total expenditures, approximately 30% were for trucks for short-term rentals.

## Financing and liquidity

The Group's total assets rose to SEK 8,526 m., against SEK 8,128 m. at the beginning of the year, while net borrowings amounted to SEK 2,009 m., compared with SEK 2,119 m. at year-end 1998. The net gearing ratio thus improved to 92%, against 104% at the end of last year.

The equity ratio amounted to 25.5%, against 25.0% at the beginning of the year.

Operating cash flow amounted to SEK 158 m. (SEK -303 m.). The positive cash flow trend is the result of programs initiated in 1998 to free up capital and to raise capital efficiency. The new financing for leasing of trucks in the U.S was introduced earlier during the year. This will have a positive effect compared with the previous financing solution and gradually free up capital during the years to come.

## Personnel

The number of employees was 7,148, compared with 6,975 at the end of last 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.

### BT EUROPE business area

*Covering primarily Western Europe*

	January-June		Full year
SEK m.	1999	1998	1998
Orders received	2,550	2,479	4,846
Net sales	2,444	2,262	4,845
Income 1)	204	209	445
Operating margin, % 2)	8.4%	9.3%	9.2%
No. of employees	3,885	3,691	3,799

Demand for warehouse trucks has risen during the first six months of the year. Market growth has been higher in Southern- than in Northern Europe. Orders received gradually increased during the first six months. Sales rose by 8% compared with the corresponding period last year. Operating margin fell approximately one percentage unit as a result of slightly lower gross margins and higher overhead due to the introduction of a new business support system in the European organisation as well as investments into improved market coverage.

### BT RAYMOND business area

*Covering primarily North America*

	January-June		Full year
SEK m.	1999	1998	1998
Orders received	2,225	1,970	4,031
Net sales	2,262	1,904	3,914
Income 1)	216	160	322
Operating margin, % 2)	9.5%	8.4%	8.2%
No. of employees	2,913	2,795	2,861

Demand in North America developed strongly during the first half of 1999. At the same time BT RAYMOND further strengthened its position and increased its market shares. Business area sales rose by 19% to SEK 2,262 m. Income rose by 35% to SEK 216 m. from the previous year. The increase in operating margin compared with the corresponding 1998 period is related to volume growth as well as productivity gains.

# BT Industries AB (publ)

Interim report January – June 1999

## BT INTERNATIONAL business area

*Markets outside North America and Western Europe*

	January-June		Full year
SEK m.	1999	1998	1998
Orders received	279	203	584
Net sales	319	185	569
Income 1)	7	12	29
Operating margin, % 2)	2.3%	6.3%	5.1%
No. of employees	304	237	274

Markets outside Western Europe and North America are showing some growth, although at a considerably lower level than is expected long-term. Sales rose by 72%, primarily due to the acquisition of MHC in May 1998. The income trend has been unsatisfactory mainly owing to the business climate in Eastern Europe.

- 1) Income = operating income + income from long-term rentals/leasing. Amortisation of goodwill is not charged against individual business areas.
- 2) For definition see note 2 on page 7.

Total assets amounted to SEK 5,858 m., against SEK 5,187 m. at the beginning of the year. The Parent Company's net borrowings declined by SEK 288 m. during the first half of the year, while shareholders' equity amounted to SEK 1,851 m.

During the second quarter a dividend was paid to the shareholders in the amount of SEK 91 m., (SEK 77 m.), corresponding to SEK 3.25 per share (SEK 2.75).

The number of employees at the end of the period was 46 (54).

### NEXT INTERIM REPORT FROM BT INDUSTRIES AB

Interim report  
January-September 1999

October 19

*Information can be obtained from BT Industries  
AB, Information, telephone +46-142-86 000.*

*www.bt-industries.com*

Mjölby, July 20, 1999

Carl-Erik Ridderstråle  
*President and CEO*

For further information, please contact:  
Carl-Erik Ridderstråle, CEO  
Per Zaunders, CFO  
Telephone: +46-142-86 000

## Year 2000

A Y2K analysis of existing internal production and IT systems as well as BT's own products and the status of its suppliers was completed in 1998. The need for certain modifications of internal production systems was identified. These modifications were essentially complete as of mid-year. Some modifications remain, however, and are expected to be complete during the third quarter. A new business support system is being implemented in 13 European companies. The project continues according to plan and implementation in the three remaining companies will be completed during the autumn.

## Parent Company - BT Industries AB

The Parent Company's net sales during the period amounted to SEK 12 m. (SEK 12 m.) and relate primarily to rental income from Group companies. Income after net financial items amounted to SEK 103 m. (SEK 177 m.) and includes dividends from subsidiaries of SEK 158 m. (SEK 192 m.).

Net capital expenditures for fixed assets amounted to SEK 12 m. (SEK 1m.) and relate primarily to property renovations in Mjölby and IT-related investments.

## Auditors' report

We have reviewed this interim report and in doing so followed the recommendation of the Swedish Institute of Authorized Public Accountants. A review as such is considerably limited in comparison with an audit. Nothing has come to our attention that would indicate that the report does not meet the requirements of the Swedish acts governing securities exchanges and annual accounts.

Mjölby, July 20, 1999  
Öhrlings Coopers & Lybrand AB

Robert Barnden  
*Authorized Public Accountant*

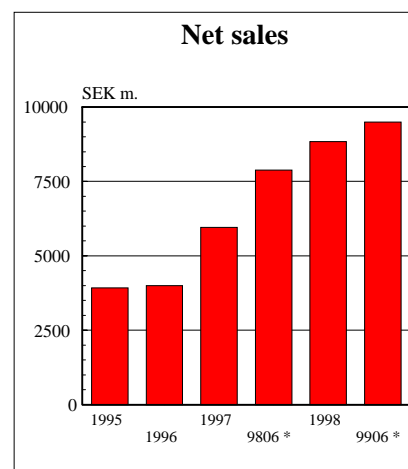
Håkan Thörnholm  
*Authorized Public Accountant*

# BT Industries AB (publ)

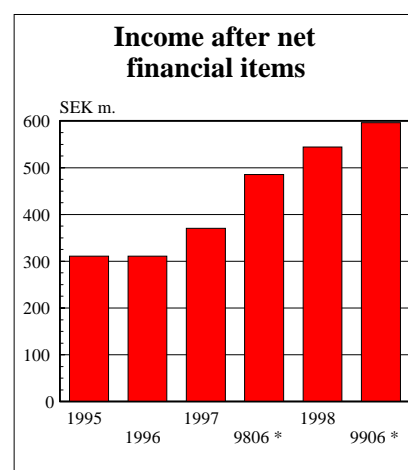
Interim report January – June 1999

## Income statements

Amounts in SEK m.	January-June		Full-year
	1999	1998	1998
<b>Net sales</b>	<b>4,770</b>	<b>4,121</b>	<b>8,838</b>
Cost of sales	-3,378	-2,911	-6,270
<b>Gross income</b>	<b>1,392</b>	<b>1,210</b>	<b>2,568</b>
Product development	-87	-77	-174
Marketing and sales	-626	-548	-1,156
Administration	-354	-297	-623
Amortisation of goodwill	-50	-46	-95
Other operating income	37	29	103
Other operating expenses	-34	-25	-59
Income in associated companies	10	5	12
<b>Operating income</b>	<b>288</b>	<b>251</b>	<b>576</b>
<b>Income from financial investments</b>			
Income from long-term rentals/leasing	66	54	112
Interest income and other financial income	25	24	42
Interest expenses and other financial expenses	-81	-82	-186
<b>Income after net financial items</b>	<b>298</b>	<b>247</b>	<b>544</b>
Income tax	-123	-104	-234
Minority interests	-1	1	0
<b>Net income</b>	<b>174</b>	<b>144</b>	<b>310</b>
Average number of shares, thousands	28,000	28,000	28,000
Earnings per share after standard tax, SEK	6.20	5.15	11.35
Earnings per share after full tax, SEK	-	-	11.10
Total depreciation according to plan	-202	-174	-380



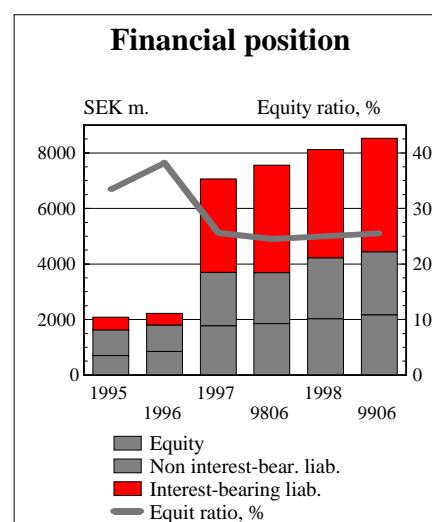
\*) 12 months rolling values



\*) 12 months rolling values

## Balance sheets

Amounts in SEK m.	June 30		Dec. 31
	1999	1998	1998
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	1,769	1,739	1,749
Other intangible assets	17	24	20
Tangible assets	1,352	1,224	1,334
Financial fixed assets	1,496	1,215	1,332
<b>Total fixed assets</b>	<b>4,634</b>	<b>4,202</b>	<b>4,435</b>
<b>Current assets</b>			
Inventories	1,094	932	1,015
Current receivables	2,563	2,257	2,478
Cash and banks	235	171	200
<b>Total current assets</b>	<b>3,892</b>	<b>3,360</b>	<b>3,693</b>
<b>TOTAL ASSETS</b>	<b>8,526</b>	<b>7,562</b>	<b>8,128</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2,168</b>	<b>1,847</b>	<b>2,027</b>
<b>Minority share</b>	<b>5</b>	<b>5</b>	<b>2</b>
<b>Provisions</b>	<b>591</b>	<b>528</b>	<b>563</b>
<b>Liabilities</b>			
Long-term liabilities	3,524	3,282	3,072
Short-term liabilities	2,238	1,900	2,464
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,526</b>	<b>7,562</b>	<b>8,128</b>



# BT Industries AB (publ)

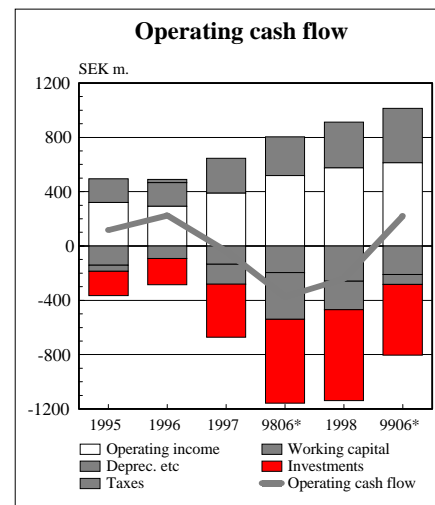
Interim report January – June 1999

## Statements of cash flows

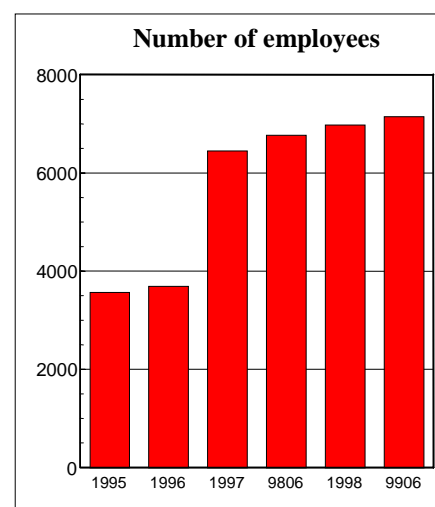
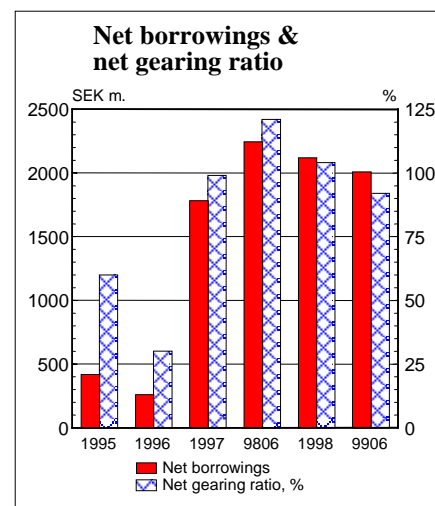
Amounts in SEK m.	January – June		Full-year
	1999	1998	1998
<b>From operations</b>			
Operating income	288	251	576
Non cash flow related items			
- Depreciations and amortisations	202	174	380
- Other	19	-19	-45
Non cash flow related items	221	155	335
Income from long-term rentals/leasing	66	54	112
Other financial items, net	-46	-58	-125
Paid taxes	-97	-147	-259
Cash flow from operations before changes in working capital	432	255	639
Changes in working capital	-72	-208	-210
<b>Cash flow from operations</b>	<b>360</b>	<b>47</b>	<b>429</b>
<b>From investments</b>			
Net investments in financial fixed assets	-64	-159	-261
Net investments in tangible fixed assets	-138	-191	-409
<b>Cash flow from investments</b>	<b>-202</b>	<b>-350</b>	<b>-670</b>
<b>OPERATING CASH FLOW</b>	<b>158</b>	<b>-303</b>	<b>-241</b>
Acquisitions of companies	-59	-218	-218
<b>From financial activities</b>			
Changes in interest-bearing liabilities	27	483	446
Dividend to shareholders	-91	-77	-77
<b>Cash flow from financial activities</b>	<b>-64</b>	<b>406</b>	<b>369</b>
<b>Change in cash and banks</b>	<b>35</b>	<b>-115</b>	<b>-90</b>
Cash brought forward	200	285	285
Translation differences, cash and banks	0	1	5
<b>Cash and banks carried forward</b>	<b>235</b>	<b>171</b>	<b>200</b>

## Net borrowings

Amounts in SEK m.	June 30		Dec. 31
	1999	1998	1998
Interest-bearing assets	2,088	1,639	1,789
Interest-bearing liabilities	4,097	3,883	3,908
<b>NET BORROWINGS</b>	<b>2,009</b>	<b>2,244</b>	<b>2,119</b>



\*) 12 months rolling values



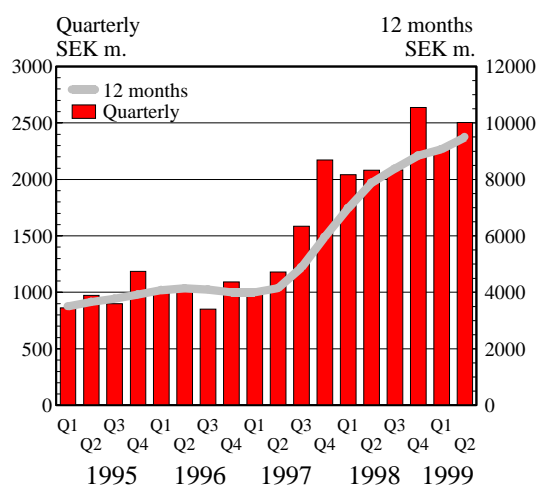
# BT Industries AB (publ)

Interim report January – June 1999

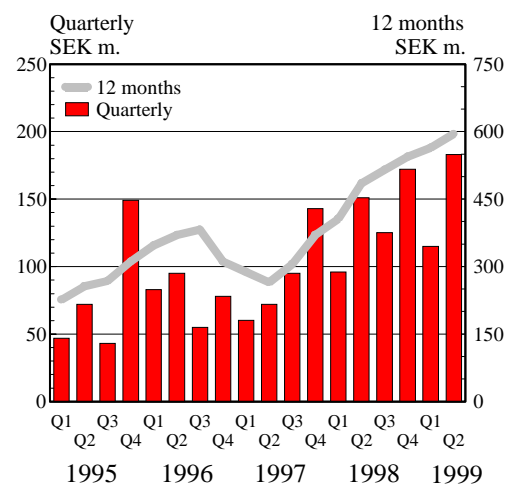
## Quarterly development

Amounts in SEK m.	1st quarter		2nd quarter		3rd quarter		4th quarter	
	1999	1998	1999	1998	1998	1997	1998	1997
Orders received	2382	2203	2441	2188	2203	1606	2330	2104
Net sales	2266	2041	2504	2080	2082	1584	2635	2170
Cost of sales	-1607	-1463	-1771	-1448	-1457	-1116	-1902	-1556
Gross income	659	578	733	632	625	468	733	614
Gross margin, %	29.1%	28.3%	29.3%	30.4%	30.0%	29.5%	27.8%	28.3%
Operating expenses	-538	-467	-566	-492	-490	-351	-543	-463
Operating income	121	111	167	140	135	117	190	151
Income from LTR/leasing	32	28	34	26	28	21	30	28
Operating margin, %	6.8%	6.8%	8.0%	8.0%	7.8%	8.7%	8.3%	8.2%
Net financial items, other	-38	-43	-18	-15	-38	-43	-48	-36
Income after net financial items	115	96	183	151	125	95	172	143
Profit margin, %	5.1%	4.7%	7.3%	7.3%	6.0%	6.0%	6.5%	6.6%

## Net sales



## Income after net financial items



# BT Industries AB (publ)

Interim report January – June 1999

## Key ratios

		January – June 1999	June 1998	Full-year 1998
EBITDA margin, %	1)	<b>11.7%</b>	11.6%	12.1%
Operating margin, %	2)	<b>7.4%</b>	7.4%	7.8%
Profit margin, %	3)	<b>6.2%</b>	6.0%	6.2%
Interest coverage, multiple	4)	<b>4.7</b>	4.0	4.2
Return on capital employed, %	5)	-	-	15.3%
Return on equity, %	6)	-	-	16.3%
Net gearing ratio, %	7)	<b>92%</b>	121%	104%
Equity ratio, %	8)	<b>25.5%</b>	24.5%	25.0%

## Per share data

		January – June 1999	June 1998	Full-year 1998
Earnings per share, full tax, SEK	9)	-	-	11.10
Earnings per share, standard tax, SEK	10)	<b>6.20</b>	5.15	11.35
EBITDA per share, SEK	11)	<b>19.85</b>	17.10	38.15
Operating cash flow per share, SEK	12)	<b>5.65</b>	-10.80	-8.60
Equity per share, SEK	13)	<b>77.40</b>	65.95	72.40
Number of shares (000) at the end of the period		<b>28,000</b>	28,000	28,000
Average number of shares (000)		<b>28,000</b>	28,000	28,000
Number of shareholders at the end of the period		<b>6,307</b>	4,678	4,936

## DEFINITIONS

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



# BT Industries AB (publ)

Interim report January – June 1999

## Five-year summary

Amounts in SEK m.	1998	1997	1996	1995	1994
<b>Income statements</b>					
Net sales	8,838	5,956	3,999	3,918	3,354
Gross income	2,568	1,754	1,256	1,289	1,102
Income before depreciation (EBITDA)	956	656	455	483	365
Operating income	576	389	293	321	227
Income after net financial items	544	370	311	311	202
Net income	310	168	202	213	142
<i>Total depreciation according to plan</i>	<i>-380</i>	<i>-267</i>	<i>-162</i>	<i>-162</i>	<i>-138</i>
<b>Balance sheets</b>					
Fixed assets	4,435	3,906	767	731	734
Current assets	3,693	3,155	1,456	1,355	1,373
<b>Total assets</b>	<b>8,128</b>	<b>7,061</b>	<b>2,223</b>	<b>2,086</b>	<b>2,107</b>
Equity	2,027	1,774	850	696	512
Minority share	2	34	-	-	-
Liabilities and provisions	6,099	5,253	1,373	1,390	1,595
<b>Total liabilities and equity</b>	<b>8,128</b>	<b>7,061</b>	<b>2,223</b>	<b>2,086</b>	<b>2,107</b>
<b>Net borrowings</b>					
Interest-bearing assets	1,789	1,578	170	53	185
Interest-bearing liabilities	3,908	3,361	429	470	724
<b>Net borrowings</b>	<b>2,119</b>	<b>1,783</b>	<b>259</b>	<b>417</b>	<b>539</b>
<b>Cash flows</b>					
Cash flow from operations	429	352	418	296	424
Cash flow from investments 1)	-670	-390	-194	-179	-118
Operating cash flow	-241	-38	224	117	306
<b>Key ratios</b>					
EBITDA margin, %	12.1%	12.2%	12.3%	13.2%	11.8%
Operating margin, %	7.8%	7.7%	8.3%	9.1%	7.7%
Profit margin, %	6.2%	6.2%	7.8%	7.9%	6.0%
Return on capital employed, %	15.3%	16.7%	27.5%	30.1%	20.8%
Return on equity, %	16.3%	12.8%	26.1%	35.3%	32.1%
Capital turnover rate, multiple	1.9	2.1	3.3	3.3	2.7
Interest coverage, multiple	4.2	4.9	10.8	6.4	4.3
Net gearing ratio, %	104%	99%	30%	60%	105%
Equity ratio, %	25.0%	25.6%	38.2%	33.4%	24.3%
<b>Personnel</b>					
Number of employees at year-end	6,975	6,444	3,688	3,566	3,303

1) Excluding acquisitions of companies

For definitions, see page 7.