

BT Industries AB (publ)

Interim report January – June, 2003

- ▷ *Orders received SEK 6,020 m. (6,383), -6%*
- ▷ *Net sales SEK 5,881 m. (6,090), -3%*
- ▷ *Income after net financial items SEK 338 m. (360), -6%*
- ▷ *Continued tentativeness in the market*

Financial summary

SEK m.	April - June 3 months		January - June 6 months		July - June 12-months rolling		Full-year 2002
	2003	2002	2003	2002	2003	2002	
Orders received	2,993	3,288	6,020	6,383	12,192	12,551	12,556
Net sales	2,958	3,154	5,881	6,090	12,120	12,731	12,329
EBITA ¹⁾	206	221	414	450	928	1,002	963
Operating profit	130	145	256	278	605	674	627
Income after net financial items	169	186	338	360	773	806	796

Market development

During the first half-year the global market for industrial trucks grew by approximately 5% compared with the corresponding period of 2002. Increases were primarily noted in combustion-powered counterbalanced trucks. In electric-powered trucks, where BT is mainly active, the increase was approximately 2%.

Continued uncertainty in the global economy has affected customers' willingness to invest and delayed investment decisions. In North America, demand for warehouse trucks declined by approximately 6% compared with the corresponding period of the 2002. In Europe, slight volume growth has been noted, although with major differences between countries. In the rest of the world, demand for warehouse trucks has risen.

BT's global market share is estimated to have remained unchanged.

Net sales amounted to SEK 5,881 m. (6,090). At comparable exchange rates, the increase was approximately 4%.

Net sales for the first half of 2003 and 2002 by product area were as follows:

SEK m.	January - June		Change in %
	2003	2002	
Warehouse trucks	2,724	2,858	-5%
Counterbalanced trucks	815	841	-3%
Manual trucks	202	234	-14%
Total trucks	3,741	3,932	-5%
- % of total	64%	65%	
Parts	946	973	-3%
Services	639	649	-2%
Other	556	535	4%
Total service market	2,140	2,157	-1%
- % of total	36%	35%	
Net sales	5,881	6,090	-3%

Orders and sales

During the first half-year the Group's orders received amounted to SEK 6,020 m. (6,383). The decrease is entirely due to currency effects, primarily from a weaker U.S. dollar. At comparable exchange rates, orders received rose by 2% compared with the corresponding period of 2002.

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Income

The Group's EBITA ¹⁾ decreased by 8% to SEK 414 m. (450).

The Group has been able to maintain its gross margin despite intense price pressure in the market. A more favorable product mix was a contributing factor.

Product development, selling and administrative expenses amounted to SEK 1,278 m. (1,329), a decrease of 4%. Excluding currency effects, overhead costs rose by 3%.

Income from long-term rentals/leasing totalled SEK 101 m., against SEK 106 m. Other net financial income and expenses amounted to SEK -18 million, against SEK -24 m. in the previous year.

The Group's income after net financial items thus amounted to SEK 338 m. (360), a decrease of 6%. At comparable exchange rates, income remained at last year's level, despite that the 2002 figure included a non-recurring capital gain of SEK 20 m. from the sale of shares.

Capital expenditures

The Group's total net capital expenditures for tangible and intangible fixed assets amounted to SEK 281 m., compared with SEK 212 m. during the corresponding period of 2002. The increase is partly attributable to the ongoing capacity expansion at the warehouse truck plant in Mjölby and partly to an expansion of truck fleets in a number of markets for short-term rental and customer demonstration purposes.

Financing and liquidity

The Group's total assets amounted to SEK 10,401 m., against SEK 10,610 m. at the beginning of the year.

During the second quarter the shareholder was paid a dividend of SEK 140 m., or SEK 5.00 per share.

Net borrowings amounted to SEK 642 m., against SEK 784 m. at the beginning of the year. The net gearing ratio was 18%, compared with 22% at the beginning of the year.

The equity ratio amounted to 35%, against 34% at the beginning of the year.

Cash flow was positive during the first half-year, amounting to SEK 96 m. (625). The lower level compared with 2002 is due to an increase in tied-up capital. Working capital and higher tied-up capital in the North American leasing operations contributed to this.

Personnel

As of June 30 the Group had 7,808 employees, largely unchanged compared with 7,794 at year-end 2002.

BTs affärsområden

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 - June		Full-year
	2003	2002	2002
Orders received	3,676	3,638	7,312
Net sales	3,531	3,562	7,224
Income ²⁾	232	264	558
Operating margin ³⁾	6.6%	7.4%	7.7%
Operating capital ⁴⁾	1,575	1,623	1,562
Number of employees	4,796	4,730	4,736

On the whole, demand for warehouse trucks in BT EUROPE's markets grew slightly. During the first half-year BT maintained its market share.

Orders received amounted to SEK 3,676 m. (3,638), an insignificant increase. Net sales were SEK 3,531 m. (3,562). Exchange rate effects have been marginal for the business area.

Income amounted to SEK 232 m. (264), a decrease of 12%. The decrease was attributable to lower margins primarily during the second quarter, though also to higher overhead for, among other things, the continued expansion of IT infrastructure. The operating margin thus amounted to 6.6% (7.4%).

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Business Area BT RAYMOND

Covering primarily North America

SEK m.	January - June		Full-year
	2003	2002	2002
Orders received	2,037	2,510	4,746
Net sales	2,084	2,302	4,615
Income 2)	147	195	371
Operating margin 3)	7.0%	8.5%	8.0%
Operating capital 4)	983	1,114	990
Number of employees	2,318	2,438	2,401

The signs of rising demand evident during the second half of 2002 dissipated at the beginning of the current year. No significant positive signals were noted during the second quarter either. In our opinion, however, conditions in our industry have now bottomed out.

Demand for industrial trucks in the North American market fell by around 6% compared with the corresponding period of 2002.

After a long period of rising market shares, the BT Group's share in North America is estimated to currently have leveled off.

Between the first half of 2002 and first half of 2003 the U.S. dollar fell by approximately 18% against the Swedish krona. This has resulted in significant exchange rate effects. Orders received, expressed in USD, remained at an unchanged level compared with the previous year. Expressed in SEK, however, orders received declined in parity with the weaker dollar. Net sales fell by 9%. At comparable exchange rates, net sales rose by approximately 6%.

The operating margin was nearly 2 percentage points lower than the corresponding period of 2002. An important reason is the relationship between the U.S. and Canadian dollars. This has significantly affected BT's North American operations, with plants in both the U.S. and Canada and large product flows between the two countries. Last year's capital gain on share sales (SEK 20 m.) was not repeated this year and therefore also affected the operating margin.

Business Area BT INTERNATIONAL

Markets outside North America and Western Europe

SEK m.	January - June		Full-year
	2003	2002	2002
Orders received	649	613	1,313
Net sales	647	564	1,222
Income 2)	31	15	50
Operating margin 3)	4.8%	2.7%	4.1%
Operating capital 4)	334	272	261
Number of employees	658	525	625

In markets outside Western Europe and North America, the demand trend has been mainly good. A higher level of activity and positive development were noted in South America, Eastern Europe and Australia. BT's market share as a whole is estimated to have remained unchanged.

Orders received amounted to SEK 649 m. (613), an increase of 6%. Net sales rose by 15% to SEK 647 m. (564). Exchange rate effects have been significant for business area BT INTERNATIONAL as well. At comparable exchange rates, orders received rose by 13% and net sales by 23%.

Income and the operating margin improved significantly compared with the corresponding period of 2002. The increase in income was due to volume effects and an improved gross margin.

On June 1 Steve Polkinghorne took over as the head of the business area when Ditlef Fürst retired as planned. Polkinghorne was previously responsible for BT INTERNATIONAL's operations in Eastern Europe.

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Parent Company

The Parent Company's net sales amounted to SEK 34 m. (51). Income after net financial items was SEK 103 m. (174). Intra-Group dividends affected income positively by SEK 124 m. (177).

Net capital expenditures for tangible and intangible fixed assets amounted to SEK 12 m. (-18).

Total assets amounted to SEK 6,187 m., against SEK 6,594 m. at the beginning of the year.

As of June 30 the Parent Company had 27 employees (23).

Mjölby, August 21, 2003

Per Zaunders
President and CEO

For further information, please contact:

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President and CEO
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- 1) EBITA = Earnings Before Interest, Tax and Amortization of goodwill. For BT, also 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.

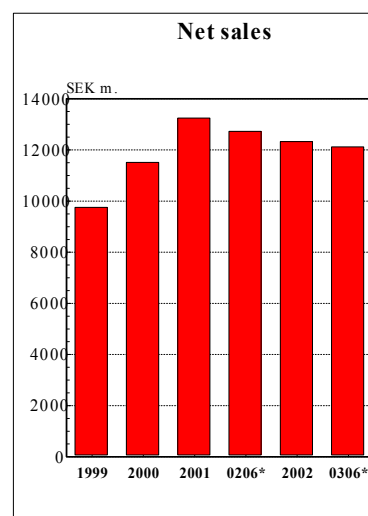
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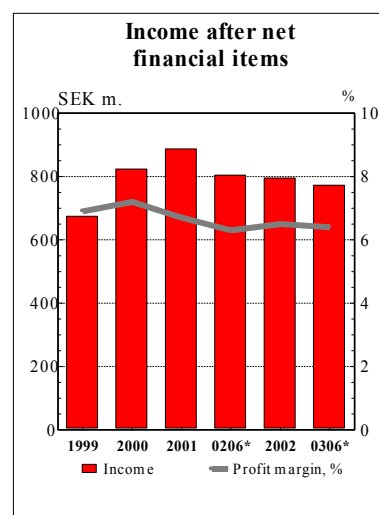
Income statements

SEK m.	January - June		Full-year
	2003	2002	2002
Net sales	5,881	6,090	12,329
Cost of sales	-4,287	-4,439	-9,005
Gross income	1,594	1,650	3,324
Product development	-124	-135	-263
marketing and sales	-686	-695	-1,360
Administration	-468	-499	-1,002
Amortization of goodwill	-58	-66	-130
Income in associated companies	-5	-2	-2
Other operating income	70	86	168
Other operating expenses	-67	-61	-108
Operating income	256	278	627
Income from financial investments			
Income from long-term rentals/leasing	101	106	206
Interest income and other financial income	35	38	90
Interest expenses and other financial expenses	-53	-62	-127
Income after net financial items	338	360	796
Tax	-137	-147	-318
Net income	201	213	478

Average number of shares outstanding, thousands	28,000	28,000	28,000
Earnings per share, estimated tax, SEK	7.20	7.60	17.00
Earnings per share after full tax, SEK	-	-	17.05
<i>Total depreciation and amortization</i>	<i>-274</i>	<i>-298</i>	<i>-581</i>



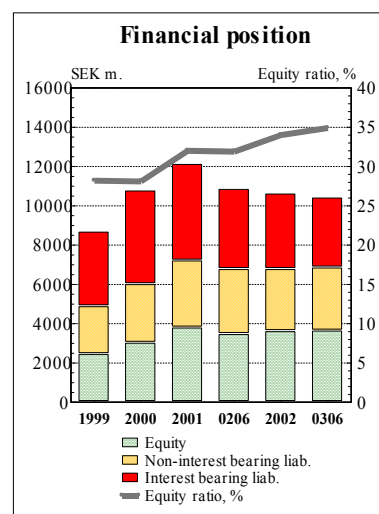
*) 12-months rolling values



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Balance sheets

SEK m.	June 30		Dec. 31
	2003	2002	2002
ASSETS			
<i>Fixed assets</i>			
Goodwill	1,370	1,656	1,543
Other intangible assets	65	42	58
Tangible	1,721	1,751	1,706
Financial	1,824	1,913	1,835
Total	4,979	5,362	5,141
<i>Current assets</i>			
Inventory	1,470	1,591	1,373
Current receivables	3,501	3,567	3,523
Cash and banks	451	325	572
Total	5,422	5,483	5,468
TOTAL ASSETS	10,401	10,845	10,610
EQUITY AND LIABILITIES			
<i>Equity</i>	3,635	3,462	3,608
<i>Provisions</i>	969	878	927
<i>Liabilities</i>			
Long-term liabilities	544	695	573
Current liabilities	5,253	5,811	5,502
TOTAL EQUITY AND LIABILITIES	10,401	10,845	10,610

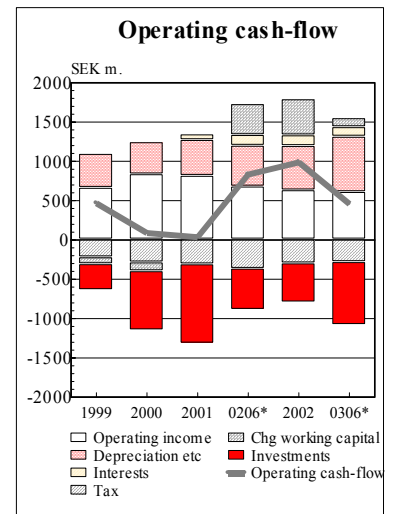


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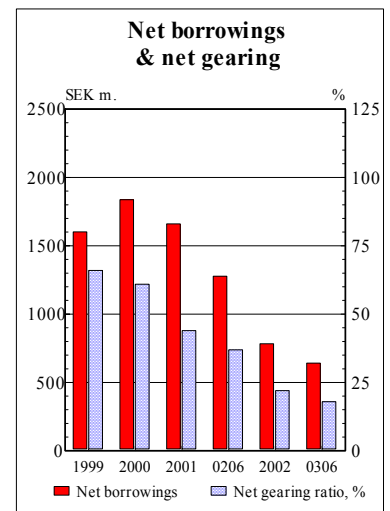
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Statements of cash-flows

SEK m.	January - June		Full-year
	2003	2002	2002
Operating activities			
Operating income	256	278	627
<i>Non cash flow related items</i>			
Depreciations acc. to plan	274	298	581
Other	167	-1	-18
Non cash flow related items	441	297	562
Income from long-term rentals/leasing	111	106	208
Other financial items, net	-58	-35	-71
Tax paid	-154	-170	-302
Cash flow from operating activities before changes in working capital	596	476	1,025
Changes in working capital	-77	266	458
Cash flow from operations	519	742	1,483
Investment activities			
Investments in financial fixed assets	-143	95	-49
Investments in tangible and intangible fixed assets	-281	-212	-447
Cash flow from investment activities	-423	-117	-496
OPERATING CASH FLOW	96	625	987
Acquisitions/disposals of companies, net	-3	37	0
Financing activities			
Change of loans	-75	-369	-433
Dividend paid	-140	-280	-280
Cash flow from financing activities	-215	-649	-713
Change in cash and banks	-123	13	274
Cash and banks brought forward	572	335	335
Translation differences in cash and banks	1	-23	-36
Cash and banks carried forward	451	325	572



*) 12-months rolling values

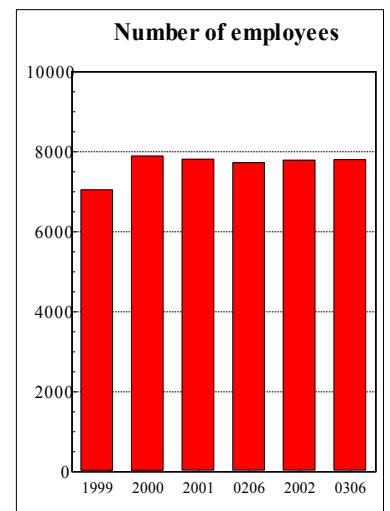


Net borrowings

	June 30		Dec. 31
SEK m.	2003	2002	2002
Interest-bearing assets	2,914	2,799	3,058
Interest-bearing liabilities	3,556	4,077	3,842
NET BORROWINGS	642	1,278	784

Changes in equity

SEK m.	June 30		31 dec.
	2003	2002	2002
Equity brought forward, January 1	3,608	3,788	3,788
Foreign currency translation effects etc	-34	-259	-378
Dividend paid	-140	-280	-280
Net income	201	213	478
Equity carried forward	3,635	3,462	3,608



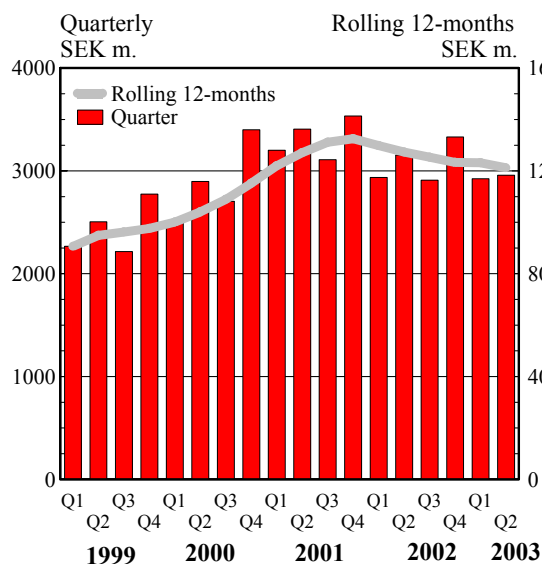
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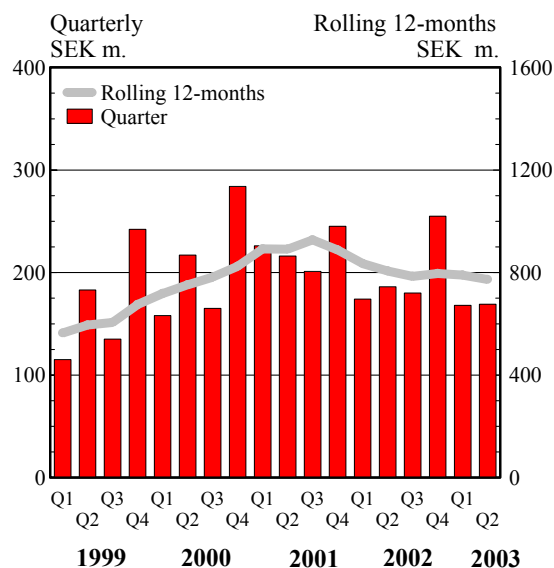
Quarterly development

Amounts in SEK m.	Q1		Q2		Q3		Q4	
	2003	2002	2003	2002	2002	2001	2002	2001
Orders received	3,027	3,096	2,993	3,288	3,012	2,849	3,524	3,318
Net sales	2,923	2,936	2,958	3,154	2,909	3,109	3,539	3,533
Cost of sales	-2,121	-2,136	-2,166	-2,304	-2,131	-2,282	-2,587	-2,641
Gross income	802	800	792	850	778	827	952	892
Gross margin, %	27.4%	27.2%	26.8%	26.9%	26.7%	26.6%	26.9%	25.2%
Operating expenses	-676	-667	-662	-705	-634	-631	-725	-691
Operating income	126	133	130	145	144	196	227	201
Interest margin LTR/leasing	52	62	49	44	46	38	59	48
Operating margin, %	6.1%	6.6%	6.1%	6.0%	6.5%	7.5%	8.1%	7.0%
Net financial items, other	-10	-21	-9	-3	-10	-33	-8	-4
Income after net financial items	168	174	170	186	180	201	278	245
Profit margin, %	5.8%	5.9%	5.7%	5.9%	6.2%	6.5%	7.8%	6.9%

Net sales



Income after financial net



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Key ratios

		January – June 2003	June 2002	Full-year 2002
EBITA margin, %	1)	7.0%	7.4%	7.8%
Operating margin, %	2)	6.1%	6.3%	6.8%
Profit margin, %	3)	5.7%	5.9%	6.5%
Interest coverage, multiple	4)	23.1	14.7	13.7
Return on capital employed, %	5)	-	-	14.3%
Return on equity, %	6)	-	-	12.9%
Net gearing ratio, %	7)	18%	37%	22%
Equity ratio, %	8)	34.9%	31.9%	34.0%

Share data

		January – June 2003	June 2002	Full-year 2002
Earnings per share after full tax, SEK	9)	-	-	17.05
Earnings per share after standard tax, SEK	10)	7.20	7.60	17.00
EBITA per share, SEK	11)	14.80	16.05	34.40
Cash flow per share, SEK	12)	3.40	22.30	35.25
Dividend per share, SEK		5.00	10.00	10.00
Equity per share, SEK	13)	129.80	123.65	128.85
No. of shares, thousands		28,000	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
Income statements					
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>
Balance sheets					
Fixed assets	5,143	6,048	5,345	4,531	4,435
Current assets	5,467	5,803	5,554	4,136	3,693
Total assets	10,610	11,851	10,899	8,667	8,128
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
Total liabilities and equity	10,610	11,851	10,899	8,667	8,128
Net borrowings					
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
Net borrowings	784	1,661	1,838	1,603	2,119
Cash flow					
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
Key ratios					
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%
Personnel					
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 8.