



BT Industries AB (publ) Interim report January – June 2004

- ▶ ***BT Industries growing in a growing market***
- ▶ ***Orders received SEK 6,725 m. (6,020), +12%***
- ▶ ***Net sales SEK 6,173 m. (5,881), +5%***
- ▶ ***Income after net financial items SEK 419 m. (338), +24%***

Financial summary

SEK m.	April - June 3 months		January - June 6 months		July - June 12 months		Full-year 2003
	2004	2003	2004	2003	2004	2003	
Orders received	3,483	2,993	6,725	6,020	12,788	12,192	12,083
Net sales	3,213	2,958	6,173	5,881	12,170	12,120	11,877
EBITA ¹⁾	277	206	471	414	938	928	881
Operating income	191	130	313	256	626	605	569
Income after net financial items	245	169	419	338	817	773	736

Market development

The global market for industrial trucks is continuing to grow following the initial turnaround in 2003. The increase in demand was seen first in the counterbalanced truck segment, then later in warehouse trucks. During the first half of 2004 growth in demand for warehouse trucks accelerated, at the same time as growth continued for counterbalanced trucks. During the second quarter demand continued to pick up. The upward trend in North America has been reinforced, but sharp increases in demand are now being reported in a number of other markets as well.

Main focus for BT is on warehouse trucks. In the last several years BT has also been active in counterbalanced trucks – principally electric-powered. BT have raised its market share in warehouse trucks and maintained the market share in counterbalanced trucks. In total BT's market share thus has increased somewhat during the first half of the year.

Orders and net sales

The Group's orders received rose by 12% and after the first half year amounted to SEK 6,725 m. (6,020). The increase underscores that the market now is recovering and that BT has successfully been able to satisfy the higher demand. At comparable exchange rates, orders received rose by approximately 16% compared with the corresponding period of 2003.

The positive trend in warehouse truck orders during the first half year and especially the second quarter has not yet resulted in corresponding deliveries and higher invoicing.



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The gains in counterbalanced trucks are the result of BT's increased focus on the segment through its own products manufactured in Italy, but also through a supply chain cooperation with Toyota in certain markets.

The service market is developing positively and is generally an important, stabilizing factor for the Group's net sales.

The strong positive development in the Group's order intake has resulted in a growing order backlog. Thereby a significant increase in net sales from higher deliveries during the second half of the year can be expected.

Net sales amounted to SEK 6,173 m. (5,881), an increase of 5%. At comparable exchange rates, net sales rose by approximately 9%, however.

Net sales in the first half of 2004 and 2003 by product area were as follows:

Amounts in SEK m.	January - June		Change in %
	2004	2003	
Warehouse trucks	2,756	2,724	1%
Counterbalanced trucks	914	815	12%
Manual trucks	204	202	1%
Total, trucks	3,874	3,741	4%
- % of total	63%	64%	
Spare parts	993	946	5%
Service	711	639	11%
Other areas	596	556	7%
Total, service market	2,299	2,140	7%
- % of total	37%	36%	
Net sales	6,173	5,881	5%

Restructuring

On April 1, 2004 BT Industries and its owner, Toyota Industries, completed a restructuring of operations in Australia. Toyota Industries Australia acquired BT's Australian marketing company, BT LiftTrucks, which continues to operate in Australia and remains BT's dealer in the Australian market.

As a result of this internal restructuring within the Toyota Industries Group a non-recurring capital gain amounting to approximately SEK 30 m. occurred in BT Industries AB, while future income from the Australian market will be reduced.



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Income

The Group's EBITA (Earnings Before Interest, Tax and Amortization) rose by 14% to SEK 471 m. (414).

Gross margins on machines and services have decreased slightly compared with the corresponding period of 2003. A continued expansion, mainly in sales and services, coupled with various quality-improvement measures, has temporarily led to higher costs, the positive effects of which have not yet been fully realized. Increased prices on raw material, primarily steel, also has started to affect gross margins negatively. However, this is expected to be partly compensated by price increases in several markets.

Income from long-term rentals/leasing amounted to SEK 103 m., against SEK 101 m. in the first half of 2003. Other net financial income and expenses amounted to SEK 4 m., against SEK -18 m. in the previous year.

The Group's income after net financial items thus amounted to SEK 419 m. (338), up 24%.

Excluding the non-recurring capital gain income was up some 15%.

The profit margin was 6.8%, against 5.7% in the corresponding period of 2003.

Capital expenditures

The Group's total net capital expenditures for tangible and intangible fixed assets amounted to SEK 268 m., compared with SEK 280 m. in the corresponding period of 2003. Expenditures included a new plant in Mjölby to more efficiently satisfy specific customer demands for special machines. This facility went on stream during the second quarter of this year.

Financing and liquidity

The Group's total assets rose to SEK 11,506 m. from SEK 10,265 m. at the beginning of the year. Net borrowings amounted to SEK 182 m., against SEK 365 m. at the start of the year, at the same time that the net gearing ratio was 5% versus 10%.

During the second quarter shareholders received a dividend of SEK 140 m., or SEK 5 per share, unchanged from the previous year.

The equity ratio amounted to 34.2%, against 36.5% at the beginning of the year.

Cash flow trended more positive and amounted to SEK 190 m. against SEK 96 m. in the corresponding period of 2003. The main reasons for the positive trend are financial flows and lower tax payments.

Personnel

The number of employees as of June 30 was 8,067, compared with 8,026 at the beginning of the year.



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Parent company

Net sales for the parent company amounted to SEK 33 m. (34). Income after net financial items was SEK 40 m. (103). Dividends received from subsidiaries affected income positively by SEK 43 m. (124).

Net capital expenditures in tangible and intangible assets was SEK -15 m. (SEK+12 m.).

Total assets amounted to SEK 4,226 m. compared with SEK 6,837 m. at the beginning of the year. The decrease in total assets is a result of transferred financing from BT Industries AB to the sister company Toyota Industries Finance International AB during the year.

At the end of the period number of employees was 29 (27).

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.



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Business area BT EUROPE

Covering primarily Western Europe

SEK m.	January - June		Full-year
	2004	2003	2003
Orders received	4,130	3,686	7,165
Net sales	3,773	3,540	7,061
Income 2)	243	232	525
Operating margin, % 3)	6.4%	6.6%	7.4%
Operating capital 4)	1,588	1,575	1,566
No. of employees	4,882	4,796	4,831

Demand for warehouse trucks increased in BT EUROPE's markets during the first half year. The increase accelerated toward the end of the second quarter. BT was able to somewhat raise its share of the growing market.

Orders received amounted to SEK 4,130 m. (3,686), a gain of 12% from the previous year. The increase in orders has not yet resulted in corresponding deliveries and increased net sales. The strong order intake has resulted in a significant increase in order backlog.

Net sales rose by 7% to SEK 3,773 m. (3,540). Exchange rate effects during the first half year were negligible. As a result of the strong order intake, shipments and net sales will increase significantly during the second half of the year.

Income amounted to SEK 243 m. (232), up 5%. Intense price competition and rising production costs due in part to substantially higher steel prices have led to slightly lower margins. The decline in margins could only be partly offset by a lower level of expenses relative to sales. As a result, the operating margin declined to 6.4%, compared with 6.6% on the corresponding period a year earlier.

Definitions of terms from page 1 and in the sections on BT's business areas.

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.*



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Business area BT RAYMOND

Covering primarily North America.

	January - June		Full-year
SEK m.	2004	2003	2003
Orders received	2,323	2,037	4,284
Net sales	2,121	2,084	4,247
Income 2)	167	147	303
Operating margin, % 3)	7.9%	7.0%	7.1%
Operating capital 4)	1,086	983	956
No. of employees	2,499	2,318	2,436

Demand in the North American market has now strongly picked up. The positive trend during the first quarter was further strengthened during the second quarter. BT RAYMOND have increased its market share during the period.

Orders received amounted to SEK 2,323 m. (2,037), a gain of 14%. Expressed in USD, the increase was no less than 27%. However, the current year includes the consolidation of a previously unconsolidated dealer, which accounted for approximately 6 percentage points of the increase in dollar.

Net sales amounted to SEK 2,121 m. (2,084), an increase of 2%. Net sales were also greatly affected by the weaker U.S. dollar. The sales increase expressed in USD was 14%. The positive order situation will facilitate higher deliveries and increased net sales later in the year.

Income amounted to SEK 167 m. (147), a gain of 14%. Despite increases in steel prices the operating margin was raised to 7.9% (7.0%).



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Business area BT INTERNATIONAL

Markets outside North America and Western Europe.

SEK m.	January - June		Full-year
	2004	2003	2003
Orders received	722	649	1,388
Net sales	697	647	1,338
Income 2)	31	31	57
Operating margin, % 3)	4.4%	4.8%	4.3%
Operating capital 4)	266	334	319
No. of employees	638	658	714

In markets covered by the business area, demand has grown and the market remains to grow strongly. BT INTERNATIONAL's market share increased during the first half of the year.

Orders received amounted to SEK 722 m. (649), an increase of 11%. Net sales rose by 8% to SEK 697 m. (647). Exchange rate effects were marginal.

On April 1 BT Industries AB transferred ownership of BT LiftTrucks in Australia to the Australian sister organization Toyota Industries Corporation Australia. This resulted in a slight decrease in orders received, sales, income, capital and personnel compared with the corresponding period of 2003.

Income amounted to SEK 31 m. (31). A lower margin on new truck sales was partly compensated by growing operations in the service market. The operating margin amounted to 4.4% (4.8%).

Mjölby, August 24, 2004

Per Zaunders
President and CEO

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Income statements

SEK m.	January - June		Full-year
	2004	2003	2003
Net sales	6,173	5,881	11,877
Cost of sales	-4,502	-4,287	-8,630
Gross income	1,671	1,594	3,247
Product development	-132	-124	-243
Sales and marketing	-730	-686	-1,419
Administration	-479	-468	-938
Amortization of goodwill	-56	-58	-118
Income in associated companies	7	-5	10
Other operating income	81	70	131
Other operating expenses	-49	-67	-102
Operating income	313	256	569
Income from financial investments			
Income from long-term rentals/leasing	103	101	194
Interest income and other financial income	43	35	70
Interest expenses and other financial expenses	-40	-53	-97
Income after net financial items	419	338	736
Tax	-153	-137	-265
Net income	266	201	471

Ave. no. of shares outstanding, thousands	28,000	28,000	28,000
Earnings per share, estimated tax, SEK	9.50	7.20	15.70
Earnings per share, full tax, SEK	-	-	16.80
<i>Total depreciation and amortization</i>	-286	-274	-571



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Balance sheets

SEK m.	June 30		Dec. 31
	2004	2003	2003
ASSETS			
<i>Fixed assets</i>			
Goodwill	1,243	1,370	1,244
Other intangible assets	58	65	67
Tangible	1,811	1,722	1,754
Financial	1,746	1,824	1,589
Total	4,858	4,981	4,654
<i>Current assets</i>			
Inventory	1,407	1,470	1,299
Current receivables	4,299	3,499	3,504
Cash and banks	942	451	808
Total	6,648	5,420	5,611
TOTAL ASSETS	11,506	10,401	10,265
EQUITY AND LIABILITIES			
<i>Equity</i>	3,937	3,635	3,747
<i>Provisions</i>	1,048	969	995
<i>Liabilities</i>			
Long-term liabilities	2,072	544	429
Current liabilities	4,449	5,253	5,094
TOTAL EQUITY AND LIABILITIES	11,506	10,401	10,265



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Statements of cash flows

SEK m.	January – June		Full-year
	2004	2003	2003
<i>Operating activities</i>			
Operating income	280	256	569
<i>Non cash flow related items</i>			
Depreciations acc. to plan	286	274	571
Other	118	167	45
Non cash flow related items	404	441	616
Income from long-term rentals/leasing	103	111	205
Other financial items, net	-9	-58	-63
Tax paid	-69	-154	-273
Cash flow from operating activities before changes in working capital	709	596	1,054
Changes in working capital	-131	-77	98
Cash flow from operations	578	519	1,152
<i>Investment activities</i>			
Investments in financial fixed assets	-120	-143	-86
Investments in tangible and intangible fixed assets	-268	-280	-594
Cash flow from investment activities	-388	-423	-680
OPERATING CASH FLOW	190	96	472
Acquisitions/disposal of companies, net	42	-3	-31
<i>Financing activities</i>			
Change of loans	40	-75	-58
Dividend paid	-140	-140	-140
Cash flow from financing activities	-100	-215	-198
<i>Change in cash and banks</i>	132	-123	243
Cash and banks brought forward	808	572	572
Translation differences in cash and banks	2	1	-7
Cash and banks carried forward	942	451	808



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Net borrowings

SEK m.	June 30		Dec. 31
	2004	2003	2003
Interest-bearing assets	3,925	2,914	2,996
Interest-bearing liabilities	4,107	3,556	3,361
NET BORROWINGS	182	642	365

Changes in equity

SEK m.	June 30		Dec. 31
	2004	2003	2003
Equity brought forward, January 1	3,747	3,608	3,608
Foreign currency translation effects etc	64	-34	-192
Dividend paid	-140	-140	-140
Net income	266	201	471
Equity carried forward	3,937	3,635	3,747



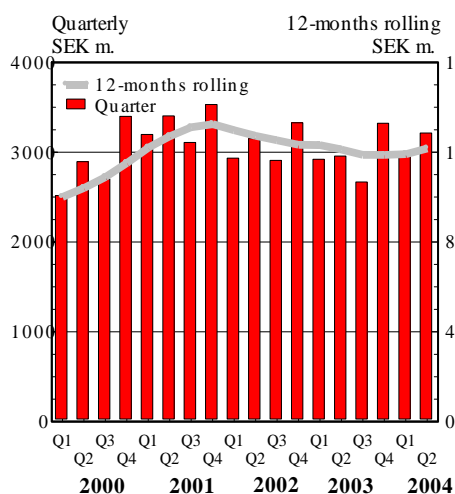
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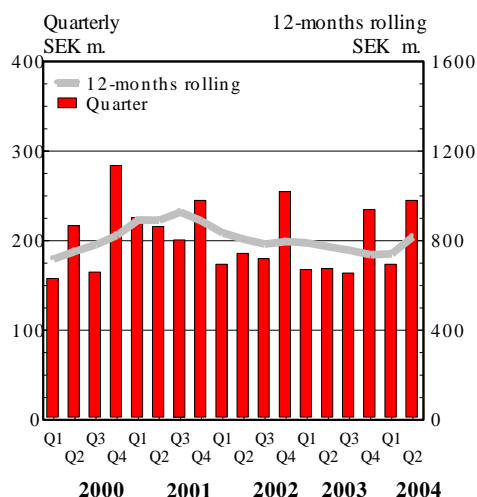
Quarterly development

Amounts in SEK m.	Q1		Q2		Q3		Q4	
	2004	2003	2004	2003	2003	2002	2003	2002
Orders received	3,242	3,027	3,483	2,993	2,741	3,012	3,322	3,160
Net sales	2,960	2,923	3,213	2,958	2,671	2,909	3,325	3,330
Cost of sales	-2,152	-2,121	-2,350	-2,166	-1,948	-2,131	-2,395	-2,434
Gross income	808	802	863	792	723	778	930	896
Gross margin, %	27.3%	27.4%	26.9%	26.8%	27.1%	26.7%	28.0%	26.9%
Operating expenses	-686	-676	-672	-663	-606	-634	-733	-691
Operating income	122	126	191	129	117	144	197	205
Interest margin LTR/leasing	45	52	58	49	48	46	45	54
Operating margin, %	5.6%	6.1%	7.7%	6.0%	6.2%	6.5%	7.3%	7.8%
Net financial items, other	7	-10	-4	-8	-1	-10	-8	-3
Income after net financial items	174	168	245	170	164	180	234	256
Profit margin, %	5.9%	5.8%	7.6%	5.7%	6.1%	6.2%	7.0%	7.7%

Net sales



Income after financial net





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Key ratios

		January – June 2004	June 2003	Full-year 2003
EBITA margin, %	1)	7.6%	7.0%	7.4%
Operating margin, %	2)	6.7%	6.1%	6.4%
Profit margin, %	3)	6.8%	5.7%	6.2%
Interest coverage, multiple	4)	14.7	23.1	23.9
Capital turnover rate, multiple	5)	2.0	2.1	2.1
Return on capital employed, %	6)	-	-	14.1%
Return on equity, %	7)	-	-	12.8%
Net gearing ratio, %	8)	5%	18%	10%
Equity ratio, %	9)	34.2%	34.9%	36.5%

Share data

		January – June 2004	June 2003	Full-year 2003
Earnings per share after full tax, SEK	10)	-	-	16.80
Earnings per share after standard tax, SEK	11)	9.50	7.20	15.70
EBITA per share, SEK	12)	16.80	14.80	31.45
Cash flow per share, SEK	13)	6.80	3.40	16.85
Dividend per share, SEK		5.00	5.00	5.00
Equity per share, SEK	14)	141.60	129.80	133.80
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) Net sales divided by average capital employed at the opening and close of each period.
- 6) 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.
- 7) Net income for the period in relation to the average of equity at the opening and close of each period.
- 8) Net borrowings in relation to equity and the minority share at the close of each period.
- 9) Equity including the minority share in relation to total assets at the close of each period.
- 10) Net income for the period divided by the average number of shares.
- 11) 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.
- 12) Operating income before amortization of goodwill plus result from long-term rentals/leasing in relation to average number of shares outstanding.
- 13) Operating cash flow according to the statement of cash flows divided by the average number of shares.
- 14) Equity divided by the number of shares on the closing day.



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Five-year summary

SEK m.	2003	2002	2001	2000	1999
Income statements					
Net sales	11,877	12,329	13,248	11,518	9,759
Gross income	3,247	3,324	3,548	3,247	2,847
EBITA	881	963	1,122	1,094	899
Operating income	569	627	810	831	660
Income after net financial items	736	796	888	824	675
Net income	471	478	552	552	431
Balance sheets					
Fixed assets	4,654	5,143	6,048	5,345	4,531
Current assets	5,611	5,467	5,803	5,554	4,136
Total assets	10,265	10,610	11,851	10,899	8,667
Equity	3,747	3,608	3,788	3,070	2,442
Minority share	-	-	3	3	2
Liabilities and provisions	6,518	7,002	8,060	7,826	6,223
Total liabilities and equity	10,265	10,610	11,851	10,899	8,667
Net borrowings					
Interest-bearing assets	2,996	3,058	3,259	2,932	2,193
Interest-bearing liabilities	3,361	3,842	4,920	4,770	3,796
Net borrowings	365	784	1,661	1,838	1,603
Cash flow					
Cash flow from operations	1,152	1,483	1,042	838	797
Cash flow from investments 1)	-680	-496	-1,007	-751	-330
Operating cash flow	472	987	35	87	467
Key ratios					
EBITA margin, %	7.4%	7.8%	8.5%	9.5%	9.2%
Operating margin, %	6.4%	6.8%	7.5%	8.5%	8.2%
Profit margin, %	6.2%	6.5%	6.7%	7.2%	6.9%
Return on capital employed, %	14.1%	14.3%	16.5%	18.5%	16.8%
Return on equity, %	12.8%	12.9%	16.1%	20.0%	19.3%
Capital turnover rate, multiple	2.1	2.1	2.1	2.1	2.0
Interest coverage, multiple	23.9	13.7	6.9	5.8	5.2
Net gearing ratio, %	10%	22%	44%	60%	66%
Equity ratio, %	36.5%	34.0%	32.0%	28.2%	28.2%
Personnel					
Number of employees at year-end	8 026	7 794	7 820	7 899	7 054

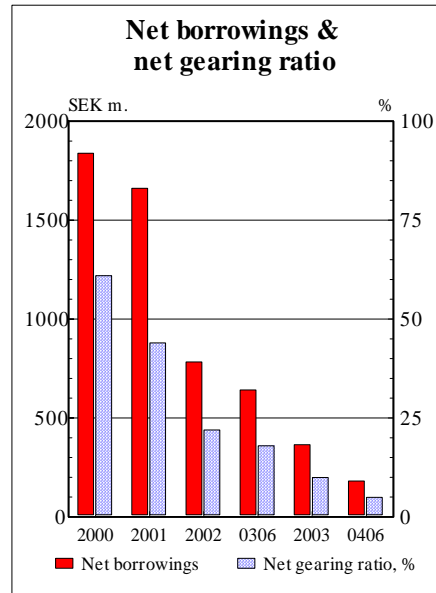
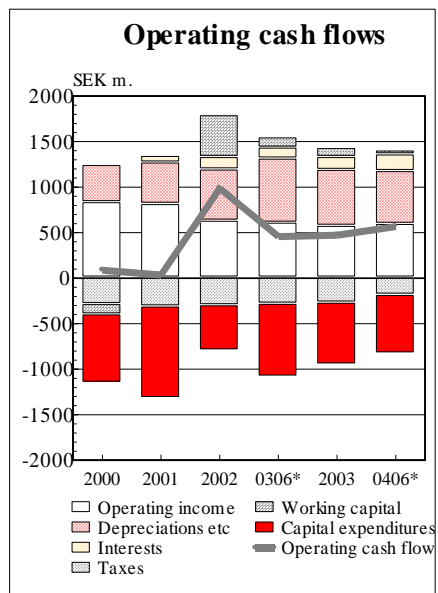
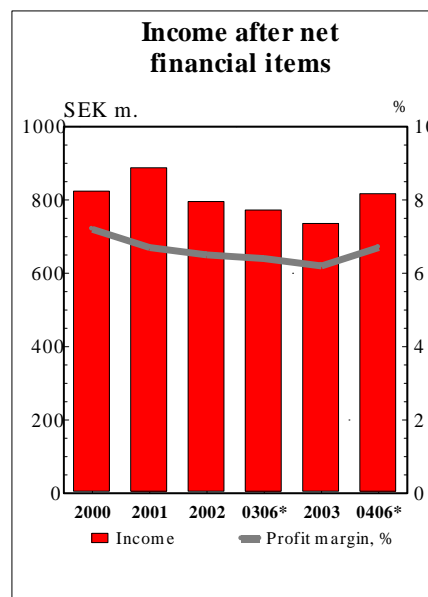
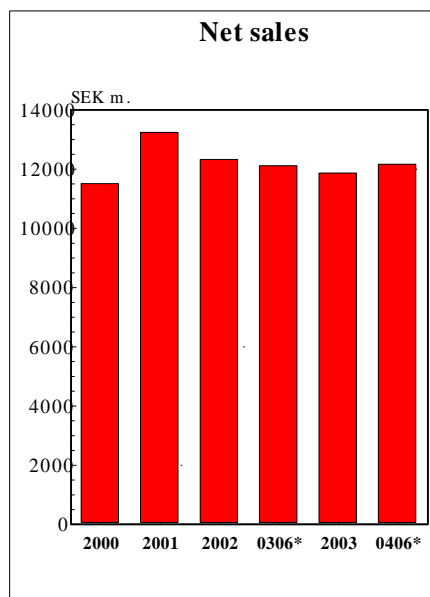
1) Excluding acquisitions of companies
For definitions, see page 13.



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Graphic summary



*) 12-months rolling values