



BT Industries AB (publ)

Interim report January – September 2004

- ▶ ***BT advances its position in a strong market***
- ▶ ***Orders received SEK 9,997 m. (8,761), +14%***
- ▶ ***Net sales SEK 9,127 m. (8,552), +7%***
- ▶ ***Income after net financial items SEK 562 m. (502), +12%***
- ▶ ***Higher raw material prices put pressure on margins***

Financial summary

SEK m.	July - Sept. 3 months		January - Sept. 9 months		October - Sept. 12 months		Full-year 2003
	2004	2003	2004	2003	2004	2003	
Orders received	3,272	2,741	9,997	8,761	13,319	11,921	12,083
Net sales	2,953	2,671	9,127	8,552	12,452	11,882	11,877
EBITA ¹⁾	175	193	646	607	920	898	881
Operating income	93	117	405	372	602	578	569
Income after net financial items	143	164	562	502	796	757	736

Market development

The global market for industrial trucks has continued to grow. Volumes reported in the global market are now higher than ever before. Although the most substantial rise in demand is in North America, gains and growth are now dominating most other markets as well.

The global market for industrial trucks is divided into two main categories: (electric) warehouse trucks and (electric- or combustion-powered) counterbalanced trucks. The market's growth was noted first in counterbalanced trucks, then later in warehouse trucks.

BT's main focus is warehouse trucks. In the last several years BT has also been active in counterbalanced trucks – principally electric-powered. BT has significantly raised its market share in warehouse trucks and maintained its share in counterbalanced trucks. As a whole, BT's market share has increased during the year.

Orders and sales

The Group's orders received rose by 14% and after the first nine months of the year amounted to SEK 9,997 m. (8,761). The positive trend is partly the result of a growing market and is partly due to BT's improved market position. At comparable exchange rates, orders received rose by approximately 18% compared with the corresponding period of 2003.



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The high order backlog from the strong order intake will contribute to higher deliveries and net sales for the rest of the year.

The increase in counterbalanced trucks is the result of BT's growing focus on the segment through its own products manufactured in Italy, and in certain markets through a supply chain cooperation with Toyota.

The aftermarket is developing strongly and is generally an important, stabilizing factor for the Group's net sales.

Net sales for the first three quarters amounted to SEK 9,127 m. (8,552), up 7%. At comparable exchange rates, however, the increase was approximately 11%.

Net sales by product area were as follows:

Amounts in SEK m.	January - Sept.		Change in %
	2004	2003	
Warehouse trucks	3,966	3,860	3%
Counterbalanced trucks	1,340	1,213	10%
Manual trucks	307	300	2%
Total, trucks	5,613	5,373	4%
- % of total	62%	63%	
Spare parts	1,511	1,420	6%
Service	1,067	951	12%
Other areas	936	808	16%
Total, servicemarket	3,514	3,179	11%
- % of total	38%	37%	
Net sales	9,127	8,552	7%

Restructuring

As previously announced, BT Industries and its owner, Toyota Industries, completed a restructuring of operations in Australia on April 1, 2004. BT's Australian marketing company, BT LiftTrucks, was transferred to and coordinated with Toyota Industries Australia. BT LiftTrucks continues to operate in Australia and remains BT's dealer in the Australian market.

Income

The Group's EBITA (Earnings Before Interest, Tax and Amortization) rose by 6% to SEK 646 m. (607).

Gross margins on machines and services have decreased slightly compared with the corresponding period of 2003. The market is still facing intense price competition, putting pressure on BT's margins. Rising raw material prices, mainly for steel, have also begun to



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affect the gross margin. Looking ahead, this is expected to be compensated, however, by price hikes in most markets.

Income from long-term rentals/leasing amounted to SEK 158 m., against SEK 149 m. in the corresponding period of 2003. Other net financial income and expenses was SEK -1 m., against SEK -19 m. in the previous year.

The Group's income after net financial items thus amounted to SEK 562 m. (502), an increase of 12%. The profit margin was 6.2%, against 5.9% in the corresponding period last year.

Capital expenditures

The Group's total net capital expenditures for tangible and intangible fixed assets amounted to SEK 369 m., compared with SEK 357 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 amounted to SEK 11,456 m. from SEK 10,265 m. at the beginning of the year. Net borrowings amounted to SEK 95 m., against SEK 365 m. at the start of the year. The net gearing ratio was 2% versus 10% at the beginning of the year.

The equity ratio was 35.0%, against 36.5% at the beginning of the year.

Cash flow since the beginning of the year amounted to SEK 187 m., against SEK 281 m. in the corresponding period of 2003. The lower cash flow this year mainly relates to an increase in tied-up working capital due to the volume expansion and also to higher investments in financial fixed assets.

Personnel

The number of employees as of September 30 was 8,207, compared with 8,026 at the beginning of the year. Increases were mainly in North America, though also in Europe, and involved mainly production-related personnel.

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 - Sept.		Full-year
	2004	2003	2003
Orders received	6,042	5,270	7,165
Net sales	5,445	5,114	7,061
Income 2)	333	340	525
Operating margin, % 3)	6.1%	6.6%	7.4%
Operating capital 4)	1,607	1,594	1,566
No. of employees	4,930	4,795	4,831

Demand for lift trucks has developed strongly in BT EUROPE's markets during the year. BT has been able to raise its share of the growing market. Several key contracts have been signed with major global and pan-European customers. A slightly lower growth rate is expected during the remainder of the year.

Orders received amounted to SEK 6,042 m. (5,270), a gain of 15% from the previous year. The increase in orders has not yet resulted in a corresponding rise in deliveries and net sales. The strong orders have therefore led to a significantly higher order backlog, which will mean higher deliveries and invoicing in the months ahead.

Capacity utilization at the plants is high. The transition to consumption-steered production with Kanban and just-in-time techniques is successfully implemented in Sweden and Italy, with better efficiency and productivity as a result.

Net sales rose by 6% to SEK 5,445 m. (5,114). Currency translation effects have been negligible during the year.

Income amounted to SEK 333 m. (340), a decrease of 2%. Intense price competition and rising production costs due in part to substantially higher steel prices have put pressure on margins. A further expansion mainly in sales and services, along with various quality improvements, has temporarily raised costs, while the positive effects have not yet been fully realized. As a result, the operating margin declined to 6.1%, against 6.6% on the corresponding date 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.

SEK m.	January - Sept.		Full-year
	2004	2003	2003
Orders received	3,542	3,001	4,284
Net sales	3,280	3,032	4,247
Income 2)	236	220	303
Operating margin, % 3)	7.2%	7.3%	7.1%
Operating capital 4)	1,136	924	956
No. of employees	2,575	2,281	2,436

Demand in the North American market has been very strong throughout the year. BT RAYMOND has at the same time raised its market shares.

Orders received amounted to SEK 3,542 m. (3,001), a gain of 18%. Expressed in USD, the increase was no less than 31%. However, the current year includes the consolidation of a previously independent dealer, which accounted for nearly 6 percentage points of the increase in USD. The increase in orders received has led to higher capacity utilization at the plants. To handle the higher volume, new employees have been hired.

Net sales amounted to SEK 3,280 m. (3,032), an increase of 8%. Also net sales were greatly affected by the weaker U.S. dollar. The sales increase expressed in USD was 20%. The positive order situation will facilitate continued high deliveries and net sales.

Income amounted to SEK 236 m. (220), a gain of 7%. The positive effects of economies of scale from increased volumes have been offset by substantially higher steel prices. The operating margin was 7.2% (7.3%).



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Business area BT INTERNATIONAL

Markets outside North America and Western Europe.

SEK m.	January - Sept.		Full-year
	2004	2003	2003
Orders received	1,127	1,008	1,388
Net sales	999	943	1,338
Income 2)	49	44	57
Operating margin, % 3)	4.9%	4.7%	4.3%
Operating capital 4)	249	334	319
No. of employees	655	683	714

In markets covered by the business area, demand has grown and the market remains strong. Also the market share for BT INTERNATIONAL has risen during the year.

Orders received amounted to SEK 1,127 m. (1,008), an increase of 12%. Net sales rose by 6% to SEK 999 m. (943). Exchange rate effects were marginal.

Income amounted to SEK 49 m. (44). Operating margin is gradually improving and amounted to 4.9% (4.6%).

As previously announced, BT Industries AB transferred ownership of BT LiftTrucks in Australia to the Australian sister organization Toyota Industries Corporation Australia on April 1, 2004. This has resulted in a slight decrease in orders received, sales, income, capital and personnel compared with the corresponding period of 2003.

Mjölby, November 12, 2004

Per Zaunders
President and CEO

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Income statements

SEK m.	January - Sept.		Full-year
	2004	2003	2003
Net sales	9,127	8,552	11,877
Cost of sales	-6,698	-6,234	-8,630
Gross income	2,429	2,318	3,247
Product development	-193	-182	-243
Sales and marketing	-1,073	-1,005	-1,419
Administration	-718	-684	-938
Amortization of goodwill	-83	-86	-118
Income in associated companies	14	1	10
Other operating income	98	92	131
Other operating expenses	-68	-81	-102
Operating income	405	372	569
Income from financial investments			
Income from long-term rentals/leasing	158	149	194
Interest income and other financial income	60	51	70
Interest expenses and other financial expenses	-61	-71	-97
Income after net financial items	562	502	736
Tax	-211	-203	-265
Net income	351	299	471
Ave. no. of shares outstanding, thousands	28,000	28,000	28,000
Earnings per share, estimated tax, SEK	12.55	10.70	15.70
Earnings per share, full tax, SEK	-	-	16.80
<i>Total depreciation and amortization</i>	-429	-407	-571



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Balance sheets

SEK m.	Sept. 30		Dec. 31
	2004	2003	2003
ASSETS			
<i>Fixed assets</i>			
Goodwill	1,176	1,306	1,244
Other intangible assets	54	62	67
Tangible	1,796	1,661	1,754
Financial	1,727	1,725	1,589
Total	4,753	4,754	4,654
<i>Current assets</i>			
Inventory	1,485	1,503	1,299
Current receivables	4,297	3,482	3,504
Cash and banks	930	416	808
Total	6,712	5,401	5,611
TOTAL ASSETS	11,465	10,155	10,265
EQUITY AND LIABILITIES			
<i>Equity</i>	4,013	3,661	3,747
<i>Provisions</i>	1,071	958	995
<i>Liabilities</i>			
Long-term liabilities	2,085	521	429
Current liabilities	4,296	5,015	5,094
TOTAL EQUITY AND LIABILITIES	11,465	10,155	10,265



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Statements of cash flow

SEK m.	January – Sept. 2004	Sept. 2003	Full-year 2003
<i>Operating activities</i>			
Operating income	405	372	569
<i>Non cash flow related items</i>			
Depreciations acc. to plan	429	407	571
Other	64	133	45
Non cash flow related items	493	540	616
Income from long-term rentals/leasing	158	158	205
Other financial items, net	13	-53	-63
Tax paid	-97	-215	-273
Cash flow from operating activities before changes in working capital	972	803	1,054
Changes in working capital	-217	-105	98
Cash flow from operations	755	698	1,152
<i>Investment activities</i>			
Investments in financial fixed assets	-199	-61	-86
Investments in tangible and intangible fixed assets	-369	-357	-594
Cash flow from investment activities	-568	-418	-680
OPERATING CASH FLOW	187	281	472
Acquisitions/disposal of companies, net	42	-29	-31
<i>Financing activities</i>			
Change of loans	30	-257	-58
Dividend paid	-140	-140	-140
Cash flow from financing activities	-110	-397	-198
<i>Change in cash and banks</i>	119	-146	243
Cash and banks brought forward	808	572	572
Translation differences in cash and banks	3	-11	-7
Cash and banks carried forward	930	416	808



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Net borrowings

SEK m.	Sept. 30 2004	2003	Dec. 31 2003
Interest-bearing assets	3,885	2,729	2,996
Interest-bearing liabilities	3,980	3,304	3,361
Net borrowings	95	575	365

Changes in equity

SEK m.	Sept. 30 2004	2003	Dec. 31 2003
Equity brought forward, January 1	3,747	3,608	3,608
Foreign currency translation effects etc	55	-107	-192
Dividend paid	-140	-140	-140
Net income	351	299	471
Equity carried forward	4,013	3,661	3,747



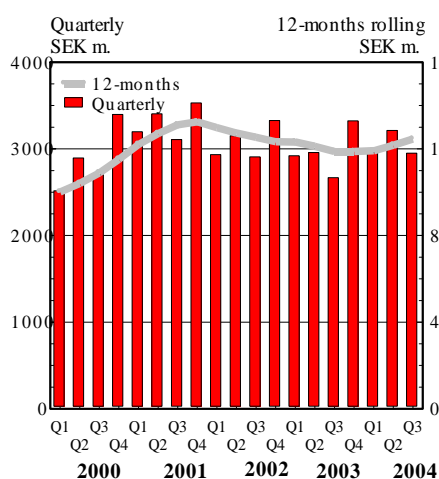
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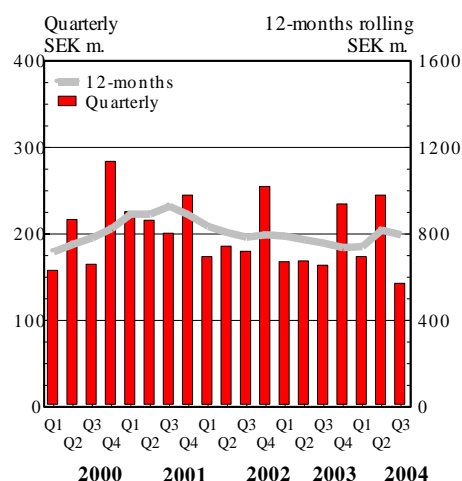
Quarterly development

Amounts in SEK m.	Q1		Q2		Q3		Q4	
	2004	2003	2004	2003	2004	2003	2003	2002
Orders received	3,242	3,027	3,483	2,993	3,272	2,741	3,322	3,160
Net sales	2,960	2,923	3,213	2,958	2,953	2,671	3,325	3,330
Cost of sales	-2,152	-2,121	-2,350	-2,166	-2,195	-1,948	-2,395	-2,434
Gross income	808	802	863	792	758	723	930	896
Gross margin, %	27.3%	27.4%	26.9%	26.8%	25.7%	27.1%	28.0%	26.9%
Operating expenses	-686	-676	-672	-663	-665	-606	-733	-691
Operating income	122	126	191	129	93	117	197	205
Interest margin LTR/leasing	45	52	58	49	55	48	45	54
Operating margin, %	5.6%	6.1%	7.7%	6.0%	5.0%	6.2%	7.3%	7.8%
Net financial items, other	7	-10	-4	-8	-5	-1	-8	-3
Income after net financial items	174	168	245	170	143	164	234	256
Profit margin, %	5.9%	5.8%	7.6%	5.7%	4.8%	6.1%	7.0%	7.7%

Net sales



Income after financial net





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Key ratios

		January – Sept. 2004	Sept. 2003	Full-year 2003
EBITA margin, %	1)	7.1%	7.1%	7.4%
Operating margin, %	2)	6.2%	6.1%	6.4%
Profit margin, %	3)	6.2%	5.9%	6.2%
Interest coverage, multiple	4)	12.3	26.2	23.9
Capital turnover rate, multiple	5)	2.1	2.2	2.1
Return on capital employed, %	6)	-	-	14.1%
Return on equity, %	7)	-	-	12.8%
Net gearing ratio, %	8)	2%	16%	10%
Equity ratio, %	9)	35.0%	36.1%	36.5%

Share data

		January – Sept. 2004	Sept. 2003	Full-year 2003
Earnings per share after full tax, SEK	10)	-	-	16.80
Earnings per share after standard tax, SEK	11)	12.55	10.70	15.70
EBITA per share, SEK	12)	23.05	21.65	31.45
Cash flow per share, SEK	13)	6.65	10.05	16.85
Dividend per share, SEK		5.00	5.00	5.00
Equity per share, SEK	14)	143.30	130.75	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

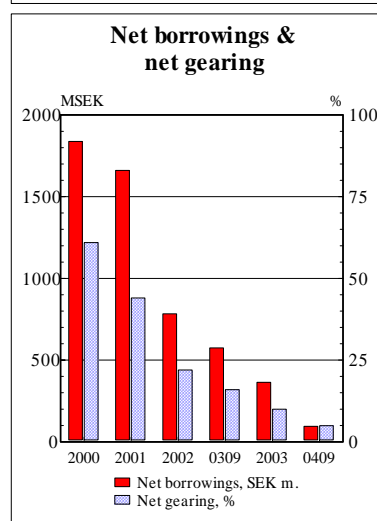
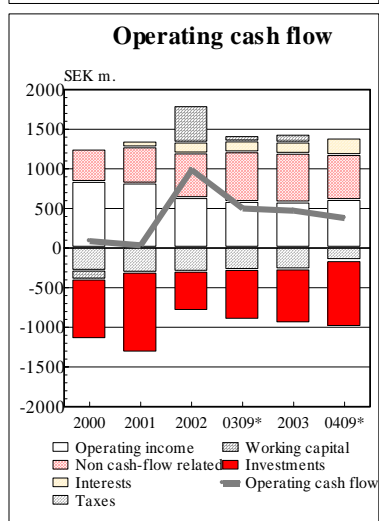
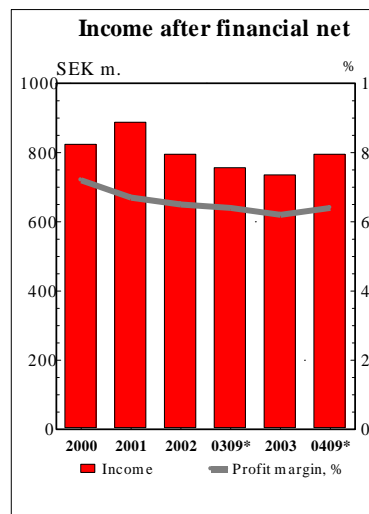
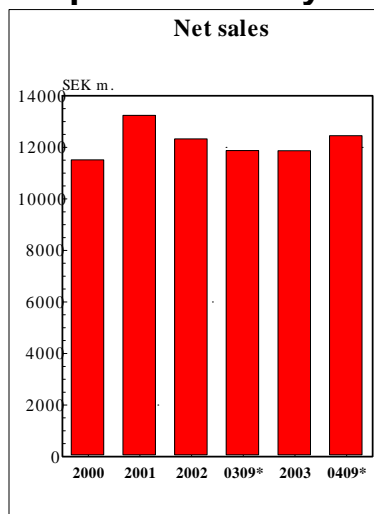
For definitions, see page 12.



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Graphic summary



*) 12-months rolling values