



## BT Industries AB (publ) Annual Accounts 2004

- ▷ **Improved market share in a growing market**
- ▷ **Orders received SEK 13,294 m. (12,083), +10%**
- ▷ **Net sales SEK 12,636 m. (11,877), +6%**
- ▷ **Increased income, despite much higher raw material prices**
- ▷ **Income after net financial items SEK 808 m. (736), +10%**

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### Financial summary

	October-December 3 months		Full-year 12 months	
	2004	2003	2004	2003
Orders received	3,297	3,322	13,294	12,083
Net sales	3,509	3,325	12,636	11,877
EBITA 1)	292	274	926	881
Operating income	206	197	598	569
Income after net financial items	262	234	808	736

1) EBITA = Earnings Before Interest, Tax and Amortization of goodwill. For BT Industries, including income from long-term rentals/leasing.

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### Market development

During the year total volume in the industrial truck market reached its highest level ever, measured in terms of orders for number of trucks. BT estimates the global market at around 736,000 units, against approximately 634,000 in the previous year. The highest increase in demand was in the North American market. However, growth and rising volumes now dominate most other markets as well.

The forklift truck market is divided into two main categories: warehouse trucks (electric) and counterbalanced trucks (electric- or combustion-powered). Both segments are reporting substantial gains. The global market for warehouse trucks is estimated at 282,000 units, an increase of about 13% compared with 2003. Counterbalanced trucks have an estimated global market volume of approximately 454,000 units, up 18%.

BT's primary focus is warehouse trucks. In the last several years, however, it has also been active in counterbalanced trucks – mainly electric-powered. Orders received during the year rose more than the market and BT gained additional market share. In the warehouse truck segment BT thus has strengthened its position as the world's largest producer in the industry.



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### Orders and sales

The Group's orders received amounted to SEK 13,294 m. (12,083), an increase of 10% compared with the previous year. Net sales amounted to SEK 12,636 m. (11,877), 6% higher than the previous year. Translated to SEK, the increase was slowed by the weak dollar. At comparable exchange rates, orders received rose by 14% and net sales by 10%.

At year-end the order backlog was 32% higher than the beginning of the year. The significant increase is mainly due to the substantial rise in orders received.

Of the Group's net sales, 60% was in Europe, 34% in North America and 6% in the rest of the world.

Net sales by product area were as follows:

Amounts in SEK m.	Full-year		Change in %
	2004	2003	
Warehouse trucks	<b>5,562</b>	5,273	5%
Counterbalanced trucks	<b>1,885</b>	1,699	11%
Manual trucks	<b>421</b>	408	3%
Total, trucks	<b>7,868</b>	7,380	7%
- % of total	<b>62%</b>	62%	
Spare parts	<b>2,026</b>	1,933	5%
Service	<b>1,442</b>	1,357	6%
Other areas	<b>1,300</b>	1,206	8%
Total, aftermarket	<b>4,768</b>	4,496	6%
- % of total	<b>38%</b>	38%	
<b>Net sales</b>	<b>12,636</b>	11,877	6%

### Income

Gross income amounted to SEK 3,345 m. (3,427), an increase of 3%. The gross margin was 26.5% (27.3). The lower margin is mainly due to substantially higher steel prices during the year.

The Group's EBITA (Earnings Before Interest, Tax and Amortization of intangible assets) rose by 5% to SEK 926 m. (881). Operating income amounted to SEK 598 m., against SEK 569 m. in the previous year.

Income (the interest margin) from long-term rentals/leasing amounted to SEK 218 m., against SEK 194 m. in the previous year. Other net financial income and expenses improved to SEK -8 m., against SEK -28 m. in the previous year. The improvement is an effect of a further reduction in net borrowings and generally lower interest rates.

Income after net financial items amounted to SEK 808 m. (736), an increase of 10%.

Despite the higher steel prices, the profit margin improved slightly to 6.4%, compared with 6.2% in the previous year.



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The Group's total tax charge was SEK 291 m. (265) and net income for the year amounted to SEK 517 m. (471). Earnings per share after full taxes thus amounted to SEK 18.45 (16.80).

The return on capital employed rose from 14.1% to 15.3% in 2004.

The return on equity was 14.2%, against 12.8% for the full-year 2003. The improvement is attributable to the positive income trend and the reduction in shareholders' equity following a change in accounting principles.

#### **Capital expenditures**

The Group's net capital expenditures for tangible and intangible fixed assets amounted to SEK 675 m., compared with SEK 594 m. in the previous year.

The production units together account for nearly 30% of total capital expenditures. Investments included a new facility in Mjölby to more efficiently meet demand for special products. A significant share of the Group's investments is to expand and restock the fleet of trucks for short-term rentals and customer demonstrations.

#### **Financing and liquidity**

The Group's total assets amounted to SEK 11,224 m., against SEK 10,265 m. at the beginning of the year.

The Group's cash flow has remained positive despite an increase in working capital. Higher investment levels in 2004 than in 2003 affected cash flow negatively. Operating cash flow amounted to SEK 58 m., against SEK 472 m. in the previous year.

A dividend of SEK 140 m. was paid to shareholders during the year.

Net borrowings amounted to SEK 47 m., compared with SEK 365 m. at year-end 2003. Thus, the reduction in net gearing ratio continued, from 10% in the previous year to only 1%.

The equity ratio was 34.0%, against 36.5% a year earlier.

#### **Structural and accounting changes**

On April 1, 2004 BT Industries and its owner, Toyota Industries, completed a restructuring of operations in Australia. 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.

Late in the year BT Industries discontinued its finance company operations in Ireland. After a write-down of capital, the companies BTI Finance Ireland and Ladyday were sold. During the year a new company was established to coordinate the Group's short-term rental operations in Europe. Several other minor acquisitions and changes in ownership in other companies were made during the year. The changes are considered immaterial from the Group's perspective.



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As of 2004 BT Industries applies new accounting principles for pensions and other, similar employee benefits, in accordance with IAS19. The change in accounting principles has had a significant effect on the consolidated balance sheet. Shareholders' equity has been reduced by SEK 259 m., at the same time that the pension liability has increased by SEK 387 m. In 2004 also income before tax was charged with SEK 16 m. due to the new rules.

#### **Personnel**

As of December 31 the Group had 8,357 employees, compared with 8,026 at year-end 2003. The increase was mainly the result of the Group's growth. The principal increase during the year was in the production units.

Geographically, increases were noted in North America (around 250 employees) and Europe (around 100 employees). Employees in Australia are no longer part of the BT Industries Group; instead, they are now part of the Toyota Industries Australia Group following the internal restructuring.

#### **Proposed distribution of income**

The Board of Directors and the President recommend that the shareholders receive a dividend of SEK 160 m., compared with SEK 140 m. in 2004. The proposed dividend represents an increase of 14%.

#### **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 communication.



## BT Industries AB (publ) Annual Accounts 2004

### **Business area BT EUROPE**

*Covering primarily Western Europe*

SEK m.	Full-year		Full-year
	2004	2003	2002
Orders received	<b>8,115</b>	7,165	7,312
Net sales	<b>7,656</b>	7,061	7,224
Income 2)	<b>540</b>	525	558
Operating margin, % 3)	<b>7.1%</b>	7.4%	7.7%
Operating capital 4)	<b>1,700</b>	1,566	1,562
No. of employees	<b>4,954</b>	4,831	4,736

Demand for lift trucks has developed strongly in BT EUROPE's markets during the year. BT has been able to significantly raise its share of the growing market. Several key contracts were signed with major global and pan-European customers.

Orders received amounted to SEK 8,115 m. (7,165), a gain of 13% from the previous year. Despite a gradually higher delivery rate from the plants, the strong order intake led to a significant increase in the order backlog, for delivery in 2005.

Capacity utilization at the plants remains high. Consumption-steered production with Kanban and just-in-time techniques is being successfully implemented in Sweden as well as in Italy, with higher efficiency and productivity as a result.

Net sales rose by 8% to SEK 7,656 m. (7,061). Currency translation effects were negligible during the year.

Income amounted to SEK 540 m. (525), an increase of 3%. Intense price competition and rising production costs due in part to higher steel prices have put pressure on margins. As a result, the operating margin declined to 7.1%, compared with 7.4% for the previous year.

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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.	Full-year <b>2004</b>	2003	Full-year 2002
Orders received	<b>4,669</b>	4,284	4,746
Net sales	<b>4,448</b>	4,247	4,615
Income 2)	<b>305</b>	303	371
Operating margin, % 3)	<b>6.9%</b>	7.1%	8.0%
Operating capital 4)	<b>1,199</b>	956	990
No. of employees	<b>2,668</b>	2,436	2,401

The North American market was distinguished by very strong demand throughout the year. BT RAYMOND raised its market shares of the growing market.

Orders received amounted to SEK 4,669 m. (4,284), a gain of 9%. Currency translation effects are significant. Expressed in USD, the increase in orders was no less than 21%. The high orders received have raised capacity utilization at the plants. To handle the higher volume, a significant number of new employees have been hired.

Net sales amounted to SEK 4,448 m. (4,247), an increase of 5%. The sales increase expressed in USD was 16%.

Income amounted to SEK 305 m. (303). The positive effects from economies of scale from increased volumes have been offset by substantially higher steel prices. Income in 2004 was also affected by an unfavorable exchange rate between the U.S. dollar and the Canadian dollar. A significant share of production takes place in Canada, due to which a stronger Canadian dollar weighs down profitability.

The operating margin was 6.9% (7.1%).



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### **Business area BT INTERNATIONAL**

*Markets outside North America and Western Europe.*

SEK m.	Full-year		Full-year 2002
	2004	2003	
Orders received	<b>1,501</b>	1,388	1,313
Net sales	<b>1,412</b>	1,338	1,222
Income 2)	<b>71</b>	57	50
Operating margin, % 3)	<b>5.0%</b>	4.3%	4.1%
Operating capital 4)	<b>241</b>	319	261
No. of employees	<b>687</b>	714	625

In markets covered by the business area, demand was very strong in 2004. All regions (Eastern Europe, Asia, Oceania, South-America and Africa) reported substantial growth. BT INTERNATIONAL's market share as a whole remained unchanged.

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 2003.

Orders received amounted to SEK 1,501 m. (1,388), an increase of 8%. Net sales rose by 6% to SEK 1,412 m. (1,388). Exchange rate effects were marginal.

Income amounted to SEK 71 m. (57). The gradually improving operating margin was 5.0% (4.3%).

Mjölby, March 14, 2005

Per Zaunders  
President and CEO

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### Income statements

SEK m.	Full-year	
	2004	2003
<b>Net sales</b>	<b>12,636</b>	11,877
Cost of sales	<b>-9,291</b>	-8,630
<b>Gross income</b>	<b>3,345</b>	3,247
Product development	<b>-268</b>	-243
Marketing and sales	<b>-1,468</b>	-1,419
Administration	<b>-964</b>	-938
Amortization of goodwill	<b>-109</b>	-118
Income in associated companies	<b>27</b>	10
Other operating income	<b>133</b>	131
Other operating expenses	<b>-98</b>	-102
<b>Operating income</b>	<b>598</b>	569
<b>Income from financial investments</b>		
Income from long-term rentals/leasing	<b>218</b>	194
Interest income and other financial income	<b>77</b>	70
Interest expenses and other financial	<b>-85</b>	-97
<b>Income after net financial items</b>	<b>808</b>	736
Tax	<b>-291</b>	-265
<b>Net income</b>	<b>517</b>	471

Average number of shares, thousands	<b>28,000</b>	28,000
Earnings per share, standard tax, SEK	<b>17.90</b>	15.70
Earnings per share, full tax, SEK	<b>18.45</b>	16.80
<i>Total depreciations according to plan</i>	<b>-570</b>	-571





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## Balance sheets

SEK m.	December 31	
	2004	2003
<b>ASSETS</b>		
<i>Fixed assets</i>		
Goodwill	1,064	1,244
Other intangible assets	76	67
Tangible	1,875	1,754
Financial	1,762	1,589
<b>Total</b>	<b>4,777</b>	<b>4,654</b>
<i>Current assets</i>		
Inventory	1,408	1,299
Current receivables	4,099	3,504
Cash and banks	940	808
<b>Total</b>	<b>6,447</b>	<b>5,611</b>
<b>TOTAL ASSETS</b>	<b>11,224</b>	<b>10,265</b>
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>	3,812	3,747
<i>Provisions</i>	1,451	995
<i>Liabilities</i>		
Long-term liabilities	2,654	429
Current liabilities	3,307	5,094
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,224</b>	<b>10,265</b>



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### Statements of cash-flow

SEK m.	Full-year	
	2004	2003
<b><i>Operating activities</i></b>		
Operating income	598	569
<i>Non cash flow related items</i>		
Depreciations acc. to plan	570	571
Other	26	45
Non cash flow related items	596	616
Income from long-term rentals/leasing	218	205
Other financial items, net	3	-63
Tax paid	-149	-273
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,266</b>	1,054
Changes in working capital	-281	98
<b>Cash flow from operations</b>	<b>985</b>	1,152
<b><i>Investment activities</i></b>		
Investments in financial fixed assets	-252	-86
Investments in tangible and intangible fixed assets	-675	-594
<b>Cash flow from investment activities</b>	<b>-927</b>	-680
<b>OPERATING CASH FLOW</b>	<b>58</b>	472
Acquisitions/disposal of companies, net	56	-31
<b><i>Financing activities</i></b>		
Change of loans	160	-58
Dividend paid	-140	-140
<b>Cash flow from financing activities</b>	<b>20</b>	-198
<b><i>Change in cash and banks</i></b>	<b>135</b>	243
Cash and banks brought forward	808	572
Translation differences in cash and banks	-3	-7
<b>Cash and banks carried forward</b>	<b>940</b>	808



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### Net borrowings

SEK m.	December 31	
	2004	2003
Interest-bearing assets	3,512	2,996
Interest-bearing liabilities	3,559	3,361
<b>Net borrowings</b>	<b>47</b>	<b>365</b>

### Changes in equity

SEK m.	December 31	
	2004	2003
<b>Equity brought forward, January 1</b>	<b>3,488</b>	<b>3,608</b>
Foreign currency translation effects etc	-53	-192
Dividend paid	-140	-140
Net income	517	471
<b>Equity carried forward, Dec. 31</b>	<b>3,812</b>	<b>3,747</b>
Changes in accounting principles (RR29)		-259
<b>Opening balance 2004</b>		<b>3,488</b>

In 2004 BT Industries adopted RR29 (~IAS19). The opening balance thus has been adjusted for the change in accounting principles. The amount charged to equity was SEK -259 m.



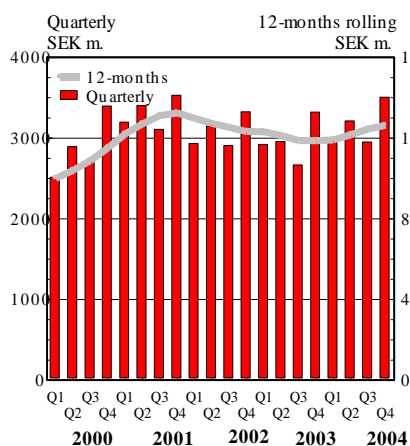
# BT Industries AB (publ) Annual Accounts 2004

## Quarterly development

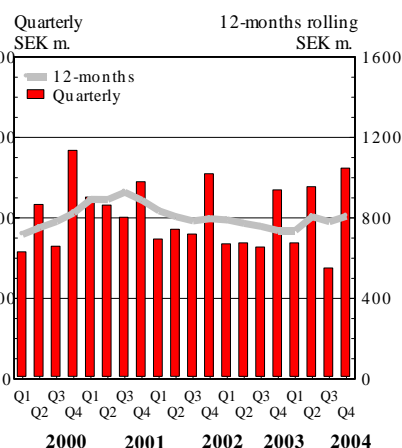
Amounts in SEK m.	Q1		Q2		Q3		Q4	
	2004	2003	2004	2003	2004	2003	2004	2003
Orders received	3,242	3,027	3,483	2,993	3,272	2,741	3,297	3,322
Net sales	2,960	2,923	3,213	2,958	2,953	2,671	3,510	3,325
Cost of sales	-2,151	-2,121	-2,350	-2,166	-2,195	-1,948	-2,595	-2,395
Gross income	809	802	863	792	758	723	915	930
Gross margin, %	27.3%	27.4%	26.9%	26.8%	25.7%	27.1%	26.1%	28.0%
Operating expenses	-692	-676	-677	-663	-669	-606	-709	-733
Operating income	117	126	186	129	89	117	206	197
Interest margin LTR/leasing	45	52	58	49	55	48	60	45
Operating margin, %	5.5%	6.1%	7.6%	6.0%	4.9%	6.2%	7.6%	7.3%
Net financial items, other	7	-10	-5	-8	-6	-1	-4	-8
Income after net financial items	169	168	239	170	138	164	262	234
Profit margin, %	5.7%	5.8%	7.4%	5.7%	4.7%	6.1%	7.5%	7.0%

Note! Quarterly data has been prepared pro forma to comply with new accounting rules according to RR29 (IAS19).

### Net sales



### Income after financial net





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### Key ratios

		Full-year 2004	2003
EBITA margin, %	1)	<b>7.3%</b>	7.4%
Operating margin, %	2)	<b>6.5%</b>	6.4%
Profit margin, %	3)	<b>6.4%</b>	6.2%
Interest coverage, multiple	4)	<b>11.8</b>	23.9
Capital turnover rate, multiple	5)	<b>2.3</b>	2.1
Return on capital employed, %	6)	<b>15.3%</b>	14.1%
Return on equity, %	7)	<b>14.2%</b>	12.8%
Net gearing ratio, %	8)	<b>1%</b>	10%
Equity ratio, %	9)	<b>34.0%</b>	36.5%

### Share data

		Full-year 2004	2003
Earnings per share after full tax, SEK	10)	<b>18.45</b>	16.80
Earnings per share after standard tax, SEK	11)	<b>17.90</b>	15.70
EBITA per share, SEK	12)	<b>33.05</b>	31.45
Cash flow per share, SEK	13)	<b>2.05</b>	16.85
Dividend per share, SEK	14)	<b>5.71</b>	5.00
Equity per share, SEK	15)	<b>136.15</b>	133.80
No. of shares, thousands		<b>28,000</b>	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) For 2004 proposed dividend by the Board of Directors.
- 15) Equity divided by the number of shares on the closing day.



# BT Industries AB (publ)

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### Five-year summary

SEK m.	2004	2003	2002	2001	2000
<b>Income statements</b>					
Net sales	12,636	11,877	12,329	13,248	11,518
Gross income	3,345	3,247	3,324	3,548	3,247
EBITA	926	881	963	1,122	1,094
Operating income	598	569	627	810	831
Income after net financial items	808	736	796	888	824
Net income	517	471	478	552	552
<b>Balance sheets</b>					
Fixed assets	4,777	4,654	5,143	6,048	5,345
Current assets	6,447	5,611	5,467	5,803	5,554
<b>Total assets</b>	<b>11,224</b>	<b>10,265</b>	<b>10,610</b>	<b>11,851</b>	<b>10,899</b>
Equity	3,812	3,747	3,608	3,788	3,070
Minority share	-	-	-	3	3
Liabilities and provisions	7,412	6,518	7,002	8,060	7,826
<b>Total liabilities and equity</b>	<b>11,224</b>	<b>10,265</b>	<b>10,610</b>	<b>11,851</b>	<b>10,899</b>
<b>Net borrowings</b>					
Interest-bearing assets	3,512	2,996	3,058	3,259	2,932
Interest-bearing liabilities	3,559	3,361	3,842	4,920	4,770
<b>Net borrowings</b>	<b>47</b>	<b>365</b>	<b>784</b>	<b>1,661</b>	<b>1,838</b>
<b>Cash flow</b>					
Cash flow from operations	985	1,152	1,483	1,042	838
Cash flow from investments 1)	-927	-680	-496	-1,007	-751
Operating cash flow	58	472	987	35	87
<b>Key ratios</b>					
EBITA margin, %	7.3%	7.4%	7.8%	8.5%	9.5%
Operating margin, %	6.5%	6.4%	6.8%	7.5%	8.5%
Profit margin, %	6.4%	6.2%	6.5%	6.7%	7.2%
Return on capital employed, %	15.3%	14.1%	14.3%	16.5%	18.5%
Return on equity, %	14.2%	12.8%	12.9%	16.1%	20.0%
Capital turnover rate, multiple	2.3	2.1	2.1	2.1	2.1
Interest coverage, multiple	11.8	23.9	13.7	6.9	5.8
Net gearing ratio, %	1%	10%	22%	44%	60%
Equity ratio, %	34.0%	36.5%	34.0%	32.0%	28.2%
<b>Personnel</b>					
Number of employees at year-end	8 357	8 026	7 794	7 820	7 899

1) Excluding acquisitions of companies

For definitions, see page 13.



# BT Industries AB (publ) Annual Accounts 2004

## Graphic summary

