



Q2 2019

15 August 2019



Another record-breaking quarter

- Highest revenue and best result to-date in single quarter
- Increased equipment sales amidst moderate market growth – continued market share gain
- Continued growth in aftermarket sales and contracting services

35%
revenue growth

44%
operating profit
growth

8.9%
operating margin

85%
EPS growth

Best Q2 to-date



- Revenue of SEK 1,100m
 - Best single quarter revenue to-date and 35% higher than Q2 2018
 - Equipment sales up 31% amidst market growth of about 5%
 - Aftermarket sales up 13%
 - Other revenue up 322%
- Operating profit increased 44% and net income 34%
 - Record-setting quarter as operating profit grew 44% on Q2 2018
 - SG&A expenses as % of revenue at 10.1%, vs. 10.3% in Q2 2018
 - Operating margin at 8.9%

SEK 1,100m
(+35%)
Revenue

SEK 98m
(+44%)
operating profit

8.9%
operating margin

Growing aftermarket and contracting services



- Continued aftermarket growth driven by:

- Digital sales support
- Volvo and Renault Trucks

13%
increase in
aftermarket sales

- Contracting services growth

- Other revenue driven by contracting services
- Continued ramp-up of our biggest project to date, initiated in Q4 2018
- Increased investments in machines for contracting services

322%
growth in other
revenue
(mainly contracting
services)

Business development



- Roll-out in Kazakhstan continues as planned
 - Machine and parts logistics established
 - Continued build-up of local organization
- Investment in component remanufacturing centre in Ekaterinburg underway
- Capital expenditure into expanding contracting services

**Roll-out in
Kazakhstan
continues**

Economic development in Russia and Kazakhstan



- Russia's economy continued to recover, albeit at a modest pace
 - 1.2% GDP growth expected 2019¹⁾
- At 4.7%, June inflation was higher than last year but below consensus estimates and trending down
- Central Bank cut key rate by cumulative 50 basis points from 7.75% to 7.25%
- Some details on “National Projects” from 2018 May Decrees presented at St.Petersburg International Economic Forum
 - Not expected to affect economy or construction equipment demand before 2020
- Kazakhstan's economy continues to grow
 - 3.8% GDP growth expected 2019²⁾

4.7%
June inflation in
Russia

Key Rate
decreased from
7.75% to 7.25%³⁾

Management changes



- Erik Danemar appointed new CFO, Investor Relations Director and member of Group management, effective from 31 May 2019

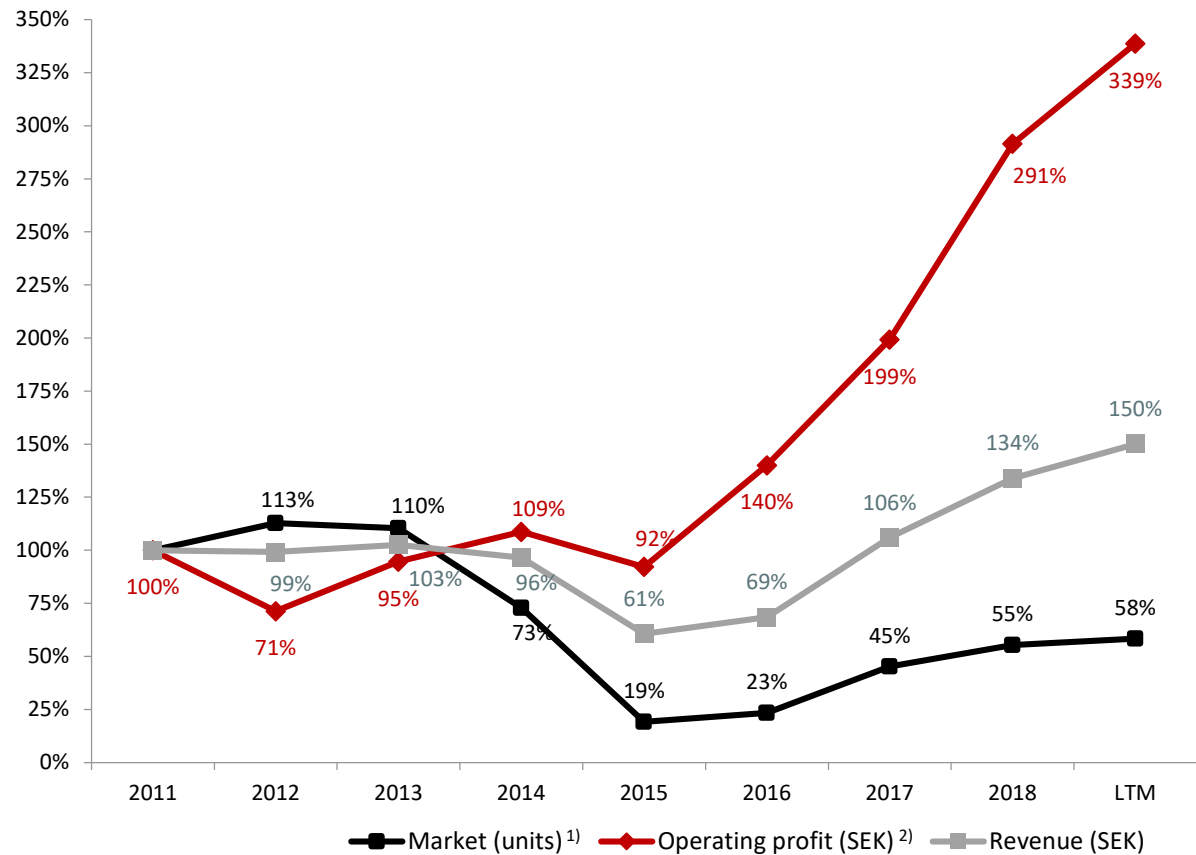
Q2 Profit and loss

SEK MM	Q2 2019	Q2 2018	% Change SEK	% Change Local currency
New units sold	280	231		
Revenue	1,100	817	35%	29%
Gross Profit	221	158	40%	34%
<i>% Margin</i>	20.1%	19.3%		
Operating profit	98	68	44%	38%
<i>% Margin</i>	8.9%	8.3%		
Result	73	54	34%	28%
EPS	5.03	2.71	85%	77%
EBITDA	126	77	62%	56%

- Revenue up 35% (29% in RUB)
 - Equipment sales up 31%
 - Aftermarket sales up 13%
 - Other revenue up 322%
- Volume and average price growth
 - New units up 21%,
 - Average new price up 12%
 - Market growth estimated at 5%
- Gross margin supported by growth in contracting services
- SG&A up in SEK but lower as % of revenue (10.1% vs. 10.3% in Q2 2018)
- Operating margin grew to 8.9% and operating profit increased by 44%
- Higher interest cost against net FX gain
- Net income up 34%
- EBITDA positively impacted by IFRS 16

Market at low levels

- Number of imported machines to Russia only 58% of 2011 level and 52% of 2012 level
- Revenue 50% higher than 2011
- Operating profit 239% higher than 2011
- Growth in aftermarket and other revenue share

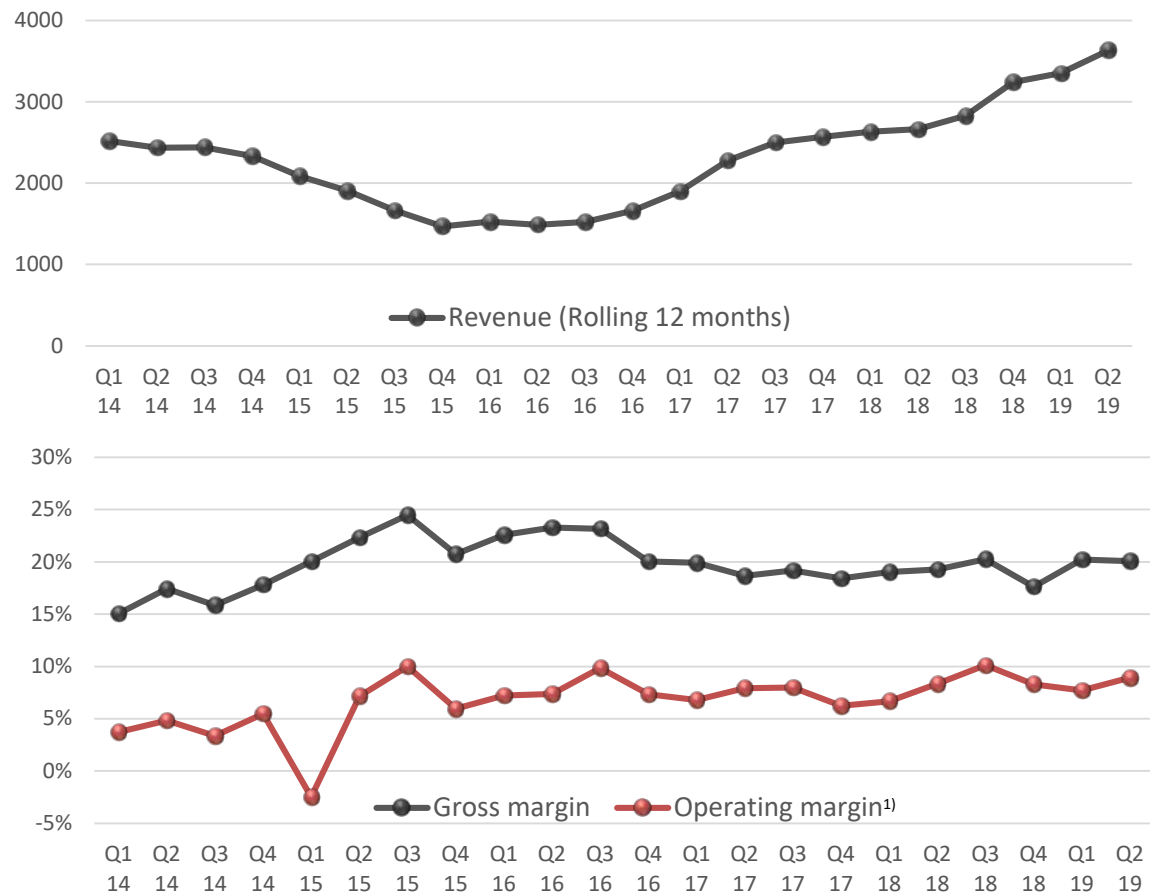


1) LTM refers to last twelve months as of end of May 2019

2) 2011-2016 refer to adjusted EBIT, i.e. operating profit excluding amortisation of transaction-related intangible assets and write-downs of non-current assets in Q4 2016

Revenue and margin development

- 12th consecutive quarter with YoY growth
 - All-time high revenue, operating profit and net income in Q2 2019
 - Market recovery and market share
 - Strong efforts across business areas
- Q2 2019 gross margin improvement, mainly due to growth in contracting services
- Q2 2019 operating margin of 8.9%
 - SG&A decline in % of revenue

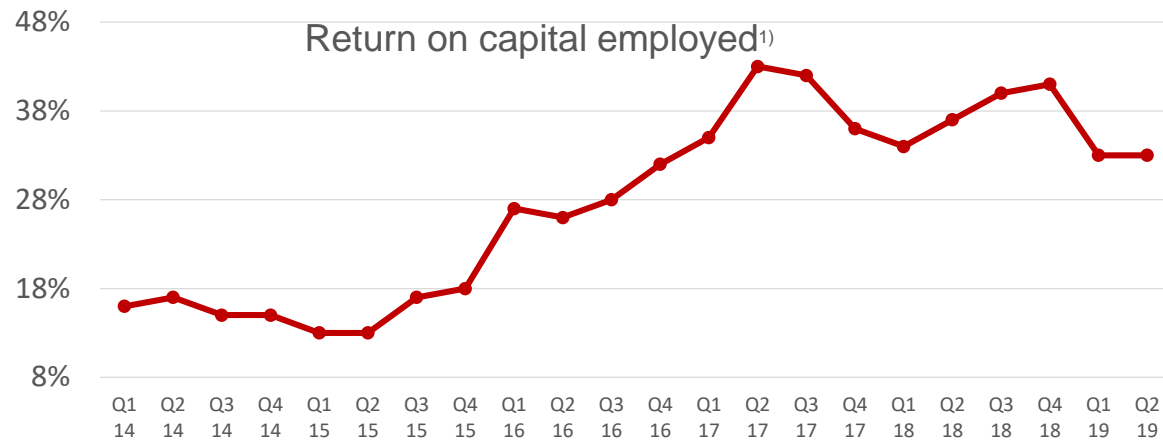
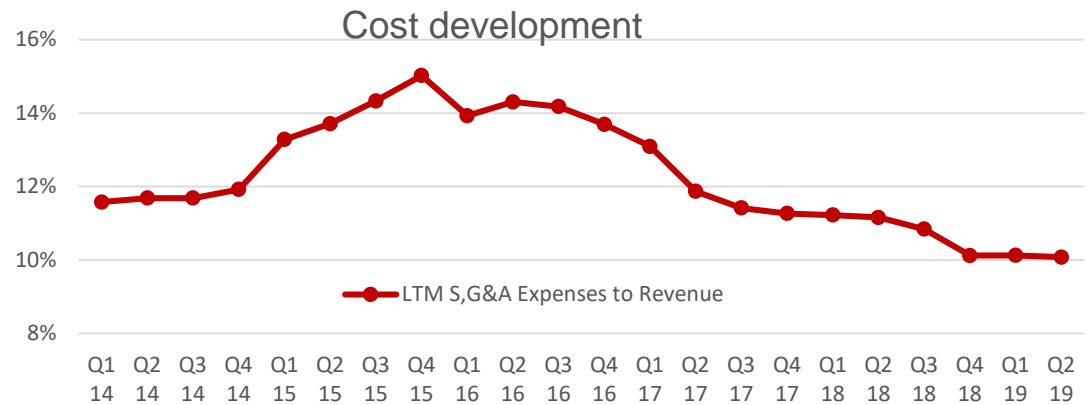


1) 2014-2016 refer to adjusted EBIT, i.e. operating profit excluding amortisation of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

Development of cost and return on capital employed

- Efficient use of the organisation
 - LTM SG&A expenses to revenue down by 1%-point YoY

- Decrease in ROCE in 1H 2019 related to working capital build-up and IFRS 16



1) Operating profit plus financial income (LTM) in relation to capital employed (equity and interest-bearing liabilities, average LTM)

Note: 2014-2016 refer to adjusted EBIT, i.e. operating profit excluding amortisation of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

Cash flows

SEK MM	Q2 2019	Q2 2018
Cash flow before working capital	136	80
Cash flow from operating activities	(313)	58
<i>of which change in working capital</i>	<i>(404)</i>	<i>(17)</i>
Investing activities	(34)	1
Cash flows before Financing Activities	(346)	59
Financing activities	136	(112)
Cash Flow (before FX fluctuations)	(211)	(52)

- Cash flows from operating activities decreased due to increased working capital
- Relatively high inventories partly due to seasonality, delayed disbursements in road construction, and ongoing transfer of importation
- Growth in sales contributed to higher receivables, while payables declined
- Capex increased mainly due to acquisition of machines for contracting services
- SEK 109m dividend paid in Q2 2019

Balance sheet

SEK MM	30 June 2019	30 June 2018
Cash & Cash Equivalent	189	250
Debt	462	-
Lease liabilities	173	46
Net Debt / (Cash)	446	(204)
Working capital	655	162
<i>% of LTM revenue</i>	<i>18%</i>	<i>6%</i>
Shareholders Equity	741	584
Total Assets	2,611	1,537
<i>Equity / Assets</i>	<i>28%</i>	<i>38%</i>

- Cash and equivalents declined to SEK 189m
- Debt increased mainly as a result of higher working capital, capex and dividend payment
- YoY increase in lease liabilities includes SEK 76m related to application of IFRS 16 from 1 Jan 2019
- Net debt increased to SEK 446m
- Working capital at 18% of revenue
- Working capital expected to return to lower levels as inventories decline

Financial objectives

KPI	Objective	LTM
Revenue	Triple 2016 revenue by 2021	More than 2x 2016 revenue
Operating margin	7-9%	8.8%
Net Debt / EBITDA	0-2 x	1.1 x

Outlook CEO comment

We believe that the market will continue to expand somewhat during the rest of 2019, although not at the same pace as in 2017 and 2018. In a longer perspective, we remain optimistic as the long-term fundamentals in the machine markets in Russia and Kazakhstan are still strong. Our optimism is supported by the so-called “national projects” that are being implemented, a program to boost Russia’s economy, inter alia through increased infrastructure investments.

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Q & A