



# Q3/2018 results

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# Forward looking statements

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:

- 1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
- 2) the competitive situation, especially significant technological solutions developed by competitors
- 3) the company's own operating conditions, such as the success of production, product development and project management and their continuous development and improvement
- 4) the success of pending and future acquisitions and restructuring.

# Third quarter in brief

Strong orders in both segments

Healthy backlog supported sales growth

Improved profitability driven by volume but somewhat diluted by mix

Step change in year-to-date 2018 performance

# Group third-quarter financials

**Orders received up 8% (+16% in constant currencies) to EUR 883 million**

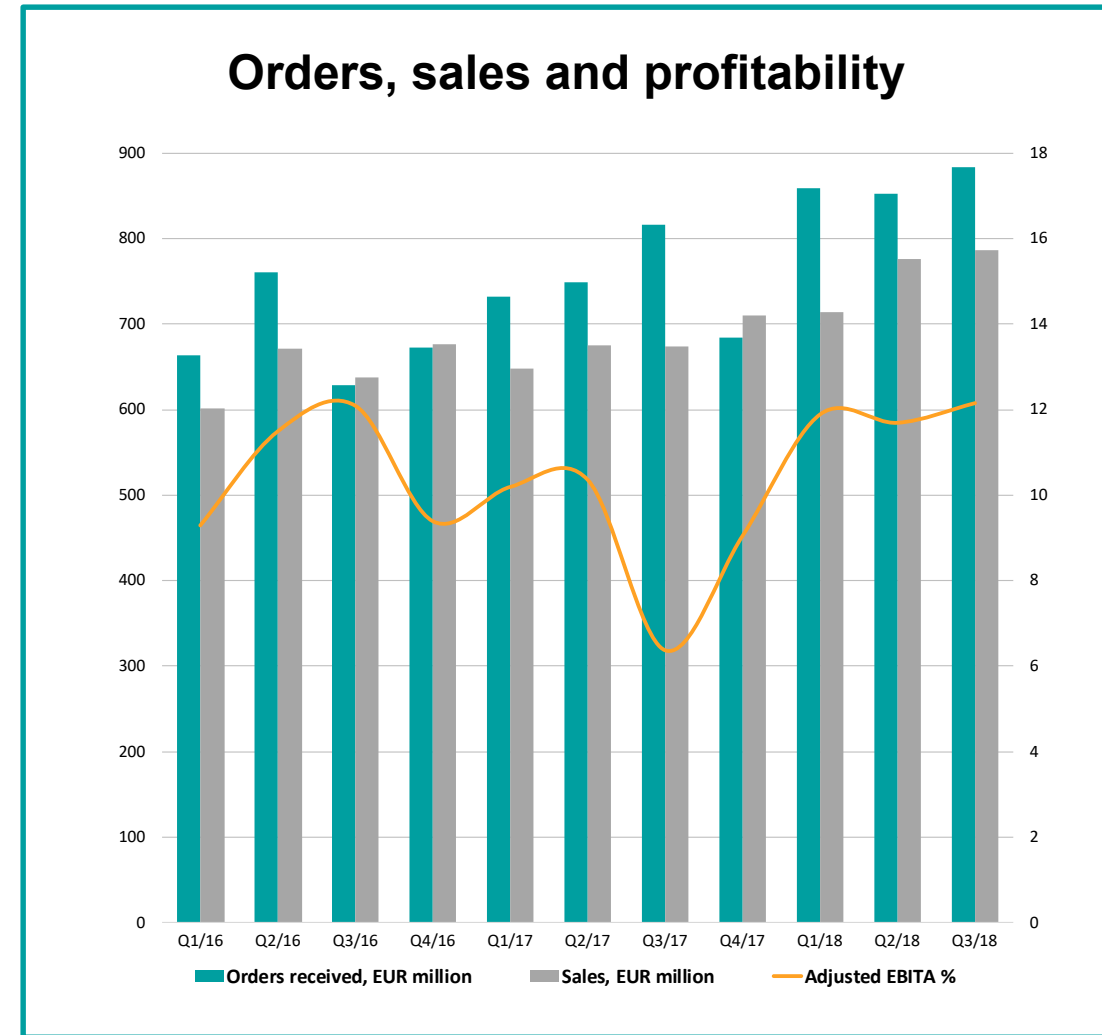
**Sales grew 18% (+25% in constant currencies) to EUR 786 million**

**Adjusted EBITA EUR 96 million or 12.2% of sales (43 million or 6.4%)**

**Operating profit EUR 91 million or 11.6% of sales (39 million or 5.9%)**

**Earnings per share were EUR 0.40 (0.13)**

**Free cash flow totaled EUR 66 million (58 million)**



# Minerals quarterly highlights

## Orders received up 9% (+17% in constant currencies) to EUR 702 million

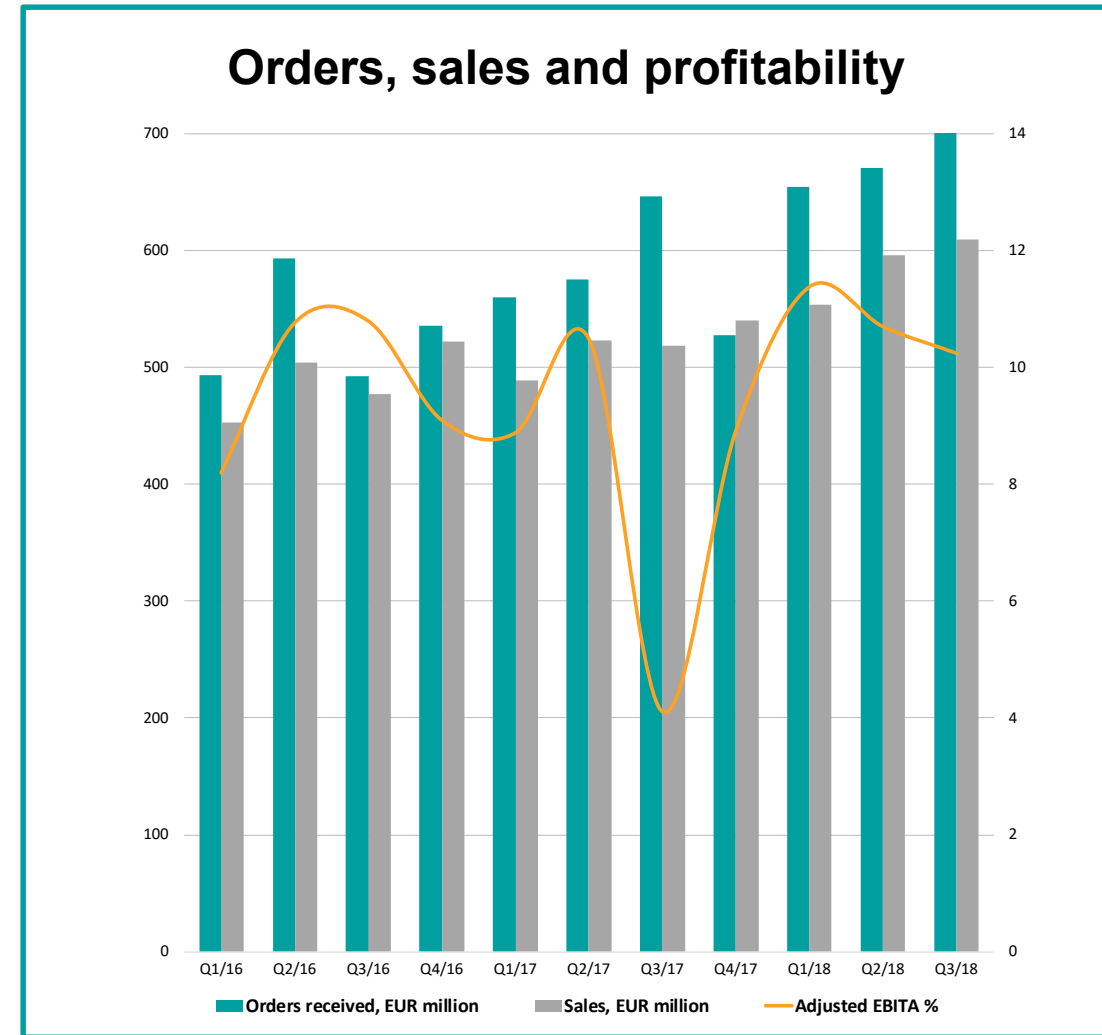
- Growth driven by both equipment and services
- Mining equipment orders increased sequentially
- Aggregates supported by the acquisition of P.J. Jonsson och Söner in Sweden

## Sales grew 19% (+27% in constant currencies) to EUR 609 million

- Growth driven by equipment
- Share of services was 61% (67%)

## Adjusted EBITA margin was 10.2% (4.2% \*)

- Positive contribution from increased volumes
- Somewhat diluted by sales mix



# Flow Control quarterly highlights

**Orders received up 6% (+12% in constant currencies) to EUR 181 million**

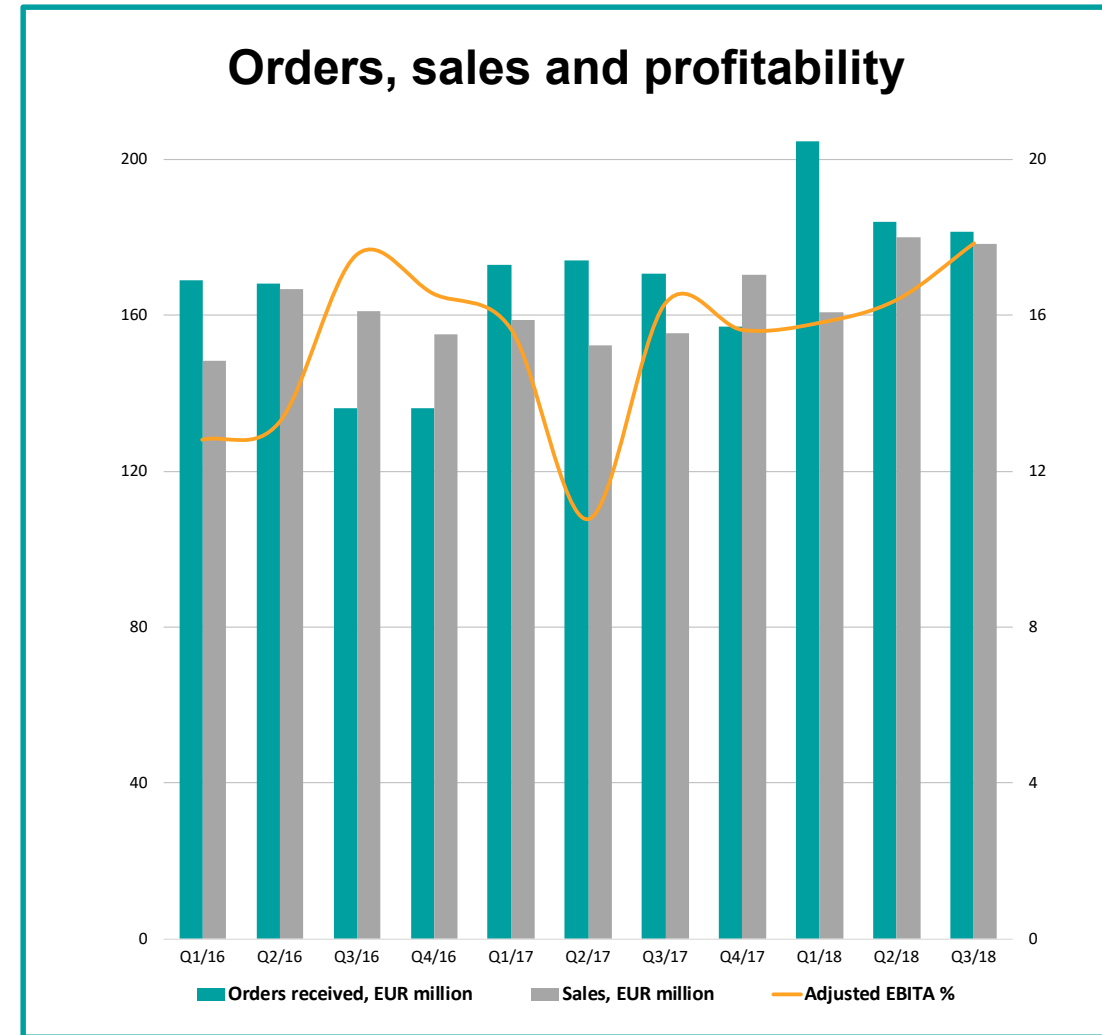
- Solid day-to-day activity
- Project orders lower, as expected

**Sales grew 15% (+21% in constant currencies) to EUR 178 million**

- Supported by healthy order backlog

**Adjusted EBITA margin was 17.9% (16.3%)**

- Improved operational performance



# Income statement

EUR million	Q3/2018	Q3/2017	Change %	Q1-Q3/2018	Q1-Q3/2017	Change %	2017
<b>Orders received</b>	<b>883</b>	817	8	2,595	2,298	13	2,982
<b>Services orders received</b>	<b>461</b>	443	4	1,415	1,324	7	1,717
<b>Sales</b>	<b>786</b>	667	18	2,276	1,989	14	2,699
<b>Services sales</b>	<b>436</b>	397	10	1,300	1,183	10	1,595
<b>Adjusted EBITA *)</b>	<b>96</b>	43	122	272	179	51	244
<b>% of sales</b>	<b>12.2</b>	6.4		11.9	9.0		9.0
<b>Operating profit *)</b>	<b>91</b>	39	131	258	159	63	218
<b>% of sales</b>	<b>11.6</b>	5.9		11.3	8.0		8.1
<b>Profit for the period</b>	<b>60</b>	19	205	167	90	85	102
<b>Earnings per share, EUR</b>	<b>0.40</b>	0.13		1.11	0.60		0.68

\*) The adjusted EBITA and operating profit (EBIT) for the 2017 comparison periods included EUR 33 million charges related to closing of mining projects in the backlog.

# Balance sheet

EUR million	Sep 30, 2018	% of total	Dec 31, 2017	% of total
Intangible assets	555	18%	545	17%
Tangible assets	280	9%	287	9%
Other non-current assets	137	4%	130	4%
Inventories	906	29%	750	23%
Receivables (trade and other)	812	26%	748	23%
Current financial assets	36	1%	154	5%
Cash and cash equivalents	393	13%	673	20%
<b>TOTAL ASSETS</b>	<b>3,119</b>		<b>3,287</b>	
Total equity	1,344	43%	1,351	41%
Interest-bearing liabilities	576	19%	851	26%
Non interest-bearing liabilities	1,199	38%	1,085	33%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,119</b>		<b>3,287</b>	



# Cash flow

EUR million	Q1-Q3/2018	Q1-Q3/2017	2017
Profit for the period	166	90	102
Adjustments	130	138	192
Change in net working capital	-106	-45	-23
Financial items, paid	-12	-14	-21
Taxes paid	-71	-49	-64
<b>Net cash flows from operating activities</b>	<b>108</b>	<b>120</b>	<b>185</b>
Capital expenditure on fixed assets	-39	-26	-38
Business acquisitions, net of cash	-25	0	-30
Other	4	1	3
<b>Net cash flow from investments</b>	<b>-61</b>	<b>-25</b>	<b>-66</b>
<b>Free cash flow</b>	<b>89</b>	<b>101</b>	<b>158</b>

# Financial position



	Q1-Q3/2018	2017
Return on capital employed before taxes (ROCE), %, annualized	<b>17.1</b>	10.3
Return on equity (ROE), %, annualized	<b>16.5</b>	7.3
Net gearing at the end of the period, %	<b>10.3</b>	1.8
Cash conversion, %	<b>53</b>	155
Equity-to-assets ratio at the end of the period, %	<b>47.8</b>	44.5
Debt to capital, %	<b>30.0</b>	38.7
Net debt/EBITDA	<b>0.3</b>	0.1
EBITDA / Financial expenses, net (interest coverage)	<b>14.4</b>	8.0

# Execution of profitable growth strategy continued

## Capital expenditure

- Growth investments relate mainly to aggregates equipment, foundry capacity and rubber consumables
- Investment decision to wear castings manufacturing capacity in India

## Research and development

- Ramping up as planned

## Digital Strategy

- Progressing as planned

## Acquisitions

- P.J. Jonsson och Söner closed in Sweden on July 2, 2018
- P.J Jonsson och Söner and WEARX contributed
  - EUR 27 million to quarterly orders and
  - EUR 14 million to quarterly sales.
- Rotex acquisition in India expected to close by the end of 2018



# Market outlook

Our market conditions are expected to develop as follows:

- Growth in demand to increase for Minerals equipment
- Growth in demand to remain stable for Minerals services
- Growth in demand to remain stable (to level off) for Flow Control

Previous market outlook, published July 26, 2018, in brackets



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