

Interim Report January – September 2018

The third quarter of 2018 has as always been marked by the vacation period at our main customers. A significant lower revenue in comparison with previous quarters has impacted the result. However, after the vacation period the overall high demands continued in all our segments and in most markets.

As announced in August 2018, LEAX has started a program for increased profitability and this work was intensified during the third quarter. We have successfully managed to increase prices to get compensated for higher cost levels and to improve our margins. Most of these actions will have an effect during the fourth quarter and onwards and the work is continuing. Further actions are identified to further improve the profitability and to reduce net working capital.

Highlights of the third quarter of 2018:

- Net Sales amounted to SEK 393,9 million (349,0)
- Adjusted operating profit before depreciation (Adjusted EBITDA) amounted to SEK 19,7 million (24,5)
- Earnings before tax (EBT) decreased to SEK -16,7 million (-6,8)
- Profit margin before tax (EBT%) amounted to -4,2%, (-1,9%)
- Cash flow from operating activities amounted to SEK -8,7 million (13,3)
- Net income for the period decreased to SEK -10,7 million (-5,9)

Highlights of the first nine months of 2018:

- Net Sales amounted to SEK 1 329,4 million (1 189,1)
- Adjusted operating profit before depreciation (Adjusted EBITDA) amounted to SEK 75,8 million (78,3)
- Earnings before taxes (EBT) decreased to SEK -17,6 million (-6,4)
- Profit margin before tax (EBT%) amounted to -1,3% (-0,5)
- Cash flow from operating activities amounted to SEK 23 million (-30,2)
- Net income for the period decreased to SEK -15,7 million (69,6)*

* Net income for the first nine months of 2017 had a positive effect from discontinued business of SEK 69,6 million.

Contact details:

Henrik Fagrenius, President & CEO

Telephone: +46 (0) 221 346 89

E-mail: henrik.fagrenius@leax.com

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About LEAX:

LEAX Group is the parent company of a group ("LEAX Group") with more than 1,200 employees. LEAX Group has operations in Köping, Falun, Falköping and Tidaholm in Sweden, Riga and Rezekne in Latvia, Curitiba in Brazil, Detmold in Germany, Mezökövesd in Hungary and Wuxi in China. LEAX Group is a manufacturer of mechanical components and subsystems for the heavy vehicle industry, passenger cars, mining and construction industries and other engineering industries. LEAX Group also delivers customized gearboxes for various mechanical engineering industries. LEAX Group's sales for 2017 amounted to approx. 1.7 billion SEK.