

The background is a deep blue with a complex, abstract pattern of fine, white, scratch-like lines and streaks, giving it a textured, almost crystalline appearance. In the lower-left quadrant, there is a faint, circular, metallic-looking shape that resembles a large wheel or a cross-section of a pipe, partially obscured by the overall texture.

Robit

Robit Plc

H2 and Full Year 2018

Analyst and press Conference

Helsinki, 20 February, 2019

Welcome!

Our strategy has not changed

Robit

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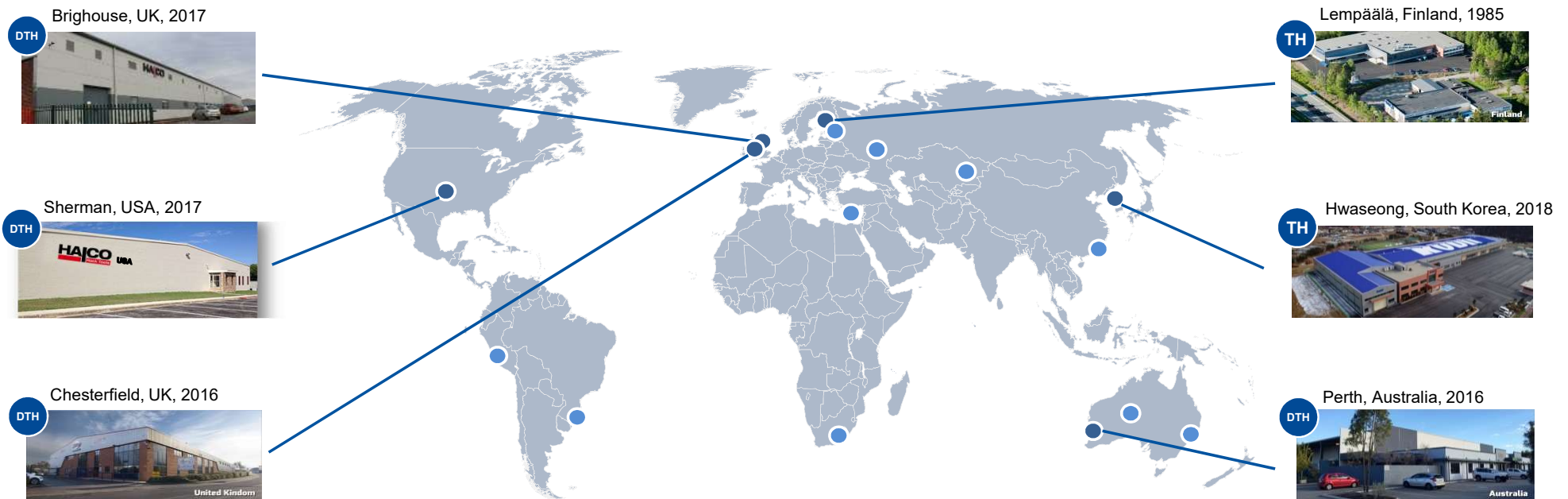
Key elements of our strategy

- **We are a Sales company**
 - We want to grow – organically & structurally
 - We hunt for market share
 - We act globally but focusing in chosen countries
 - We sell via distributors and via direct sales
- **We have a focus only in Drilling consumables**
 - We are active in four market segments
 - ✓ Mining
 - ✓ Construction
 - ✓ Tunnelling
 - ✓ Well Drilling
 - We have a wide & quality product range
- **We work and act our own way – differentiation, entrepreneurship, efficiency**



Global presence

- Over 100 distributors
- Ten Robit sales locations
- Six sales & manufacturing locations



Robit has changed



Year 2010

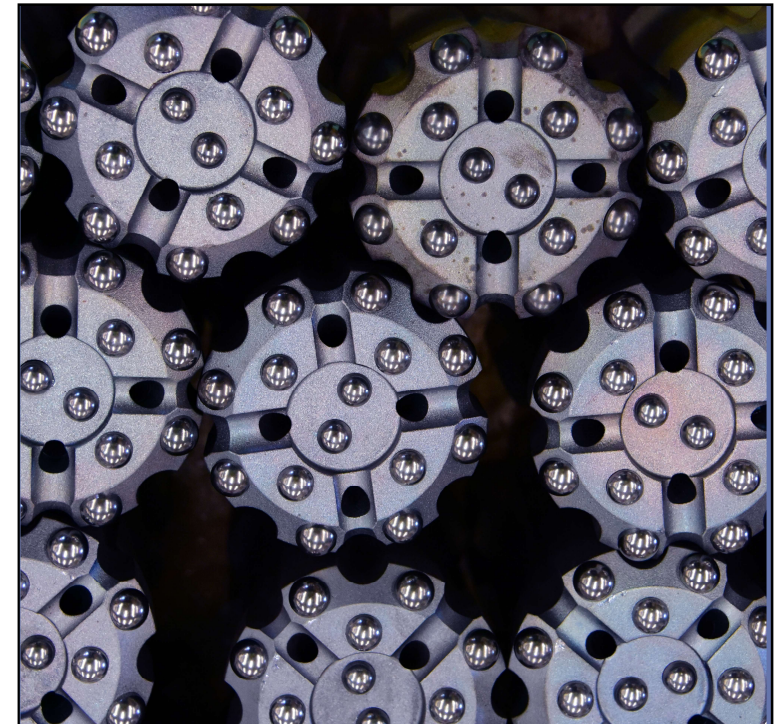
- Net sales 18,9 MEUR
- 41 employees
- One factory in Finland
- Active in Top Hammer business only
- Niche business
- Privately owned

Year 2018

- Net sales 82,7 MEUR
- 286 employees
- Operating globally with own subsidiaries in all the continents
- 6 factories globally
- Active in Top Hammer and DTH business; having the widest offering in drilling consumables
- Sales to over 100 countries in 2018
- Listed in Helsinki Stock exchange main list

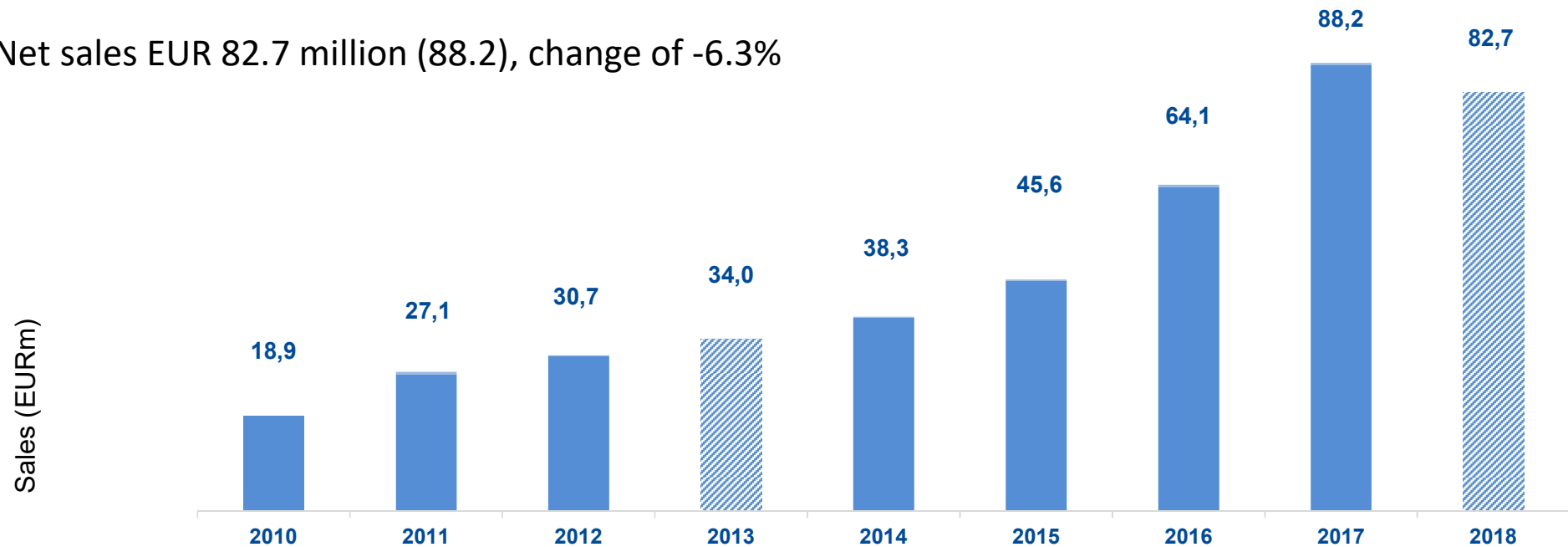
Year 2018 in brief

- Tough year behind - the weakest result in the company's history
- Market was active
- Start up year of the new Korean factory
- Lot of ground work done to develop sales channels
- Restructuring of the operations:
+3,0 MEUR estimated cost decrease for 2019,
with -53 persons headcount reduction
- The result for the review period includes 19.3 MEUR
of the DTH goodwill impairment loss
- Good equity ratio (49,3 %) and cash position
(28 MEUR cash) at year end



The growth company

Net sales EUR 82.7 million (88.2), change of -6.3%



Looking forward

- Market outlook continues to be good for the 2019
- Good progress in the sales and distribution organizations
- Wide and high-quality offering
- Manufacturing capacity is not limiting the growth
- Stable financial position supports further growth
- No need for any major capex in 2019
- Restructuring measures made in 2018, decreased the cost base
- Further efficiency measures started since EGM 12/2018



Efficiency program status

Actions done since the launch, December 7, 2018:

- Resource allocations towards sales
- Offering classified to:
Make to Stock and Make to Order items
- Streamlining on core processes ongoing
- DTH manufacturing strategy rationalized
- Inventory streamlining ongoing
- Receivables collection with strong emphasis
- Weekly employee pulse survey started



Growth initiatives



Cash flow



Robit People



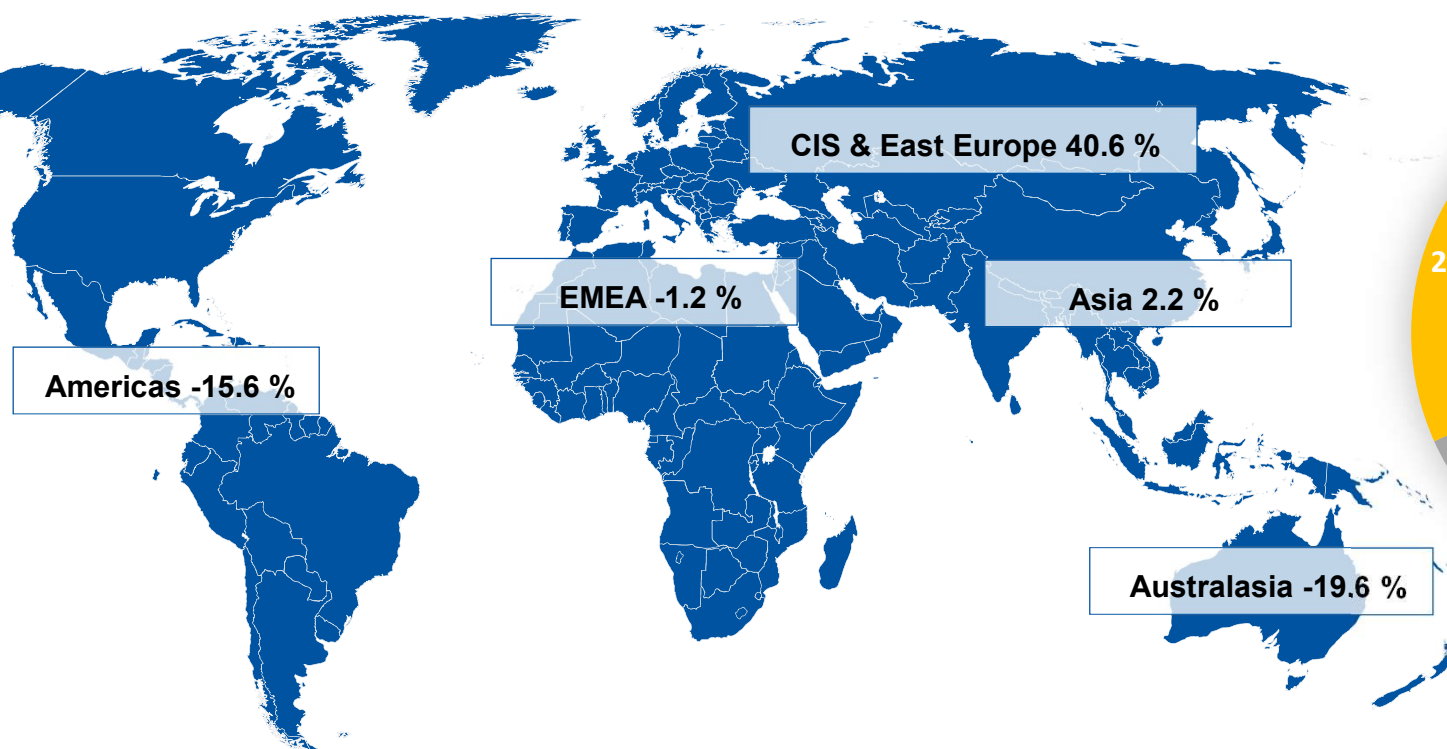
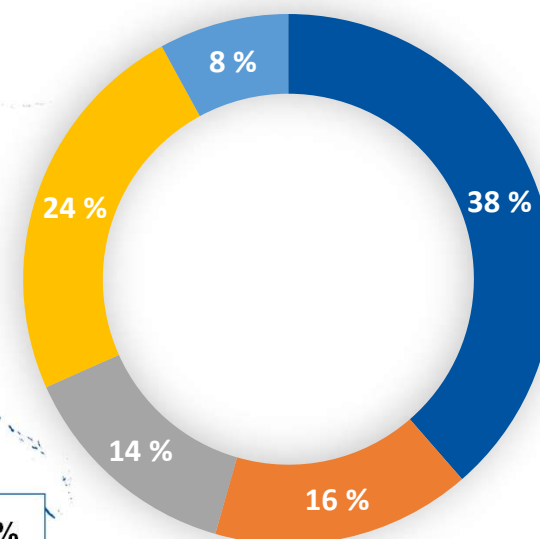
Key Processes

Sales
Tommi Lehtonen, EVP

Net Sales – Change (2018 compared vs. 2017)

Net Sales Share

■ EMEA ■ Americas ■ Asia ■ Australasia ■ CIS & East Europe



Market Segments

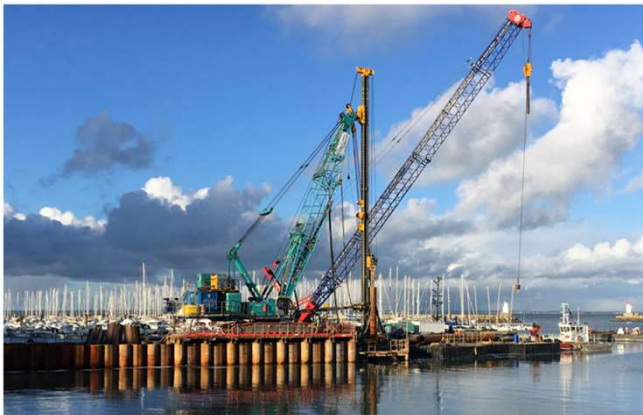
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Underground and Open Pit Mining 50 %



Construction, Tunneling and Well Drilling 50 %



Key highlights

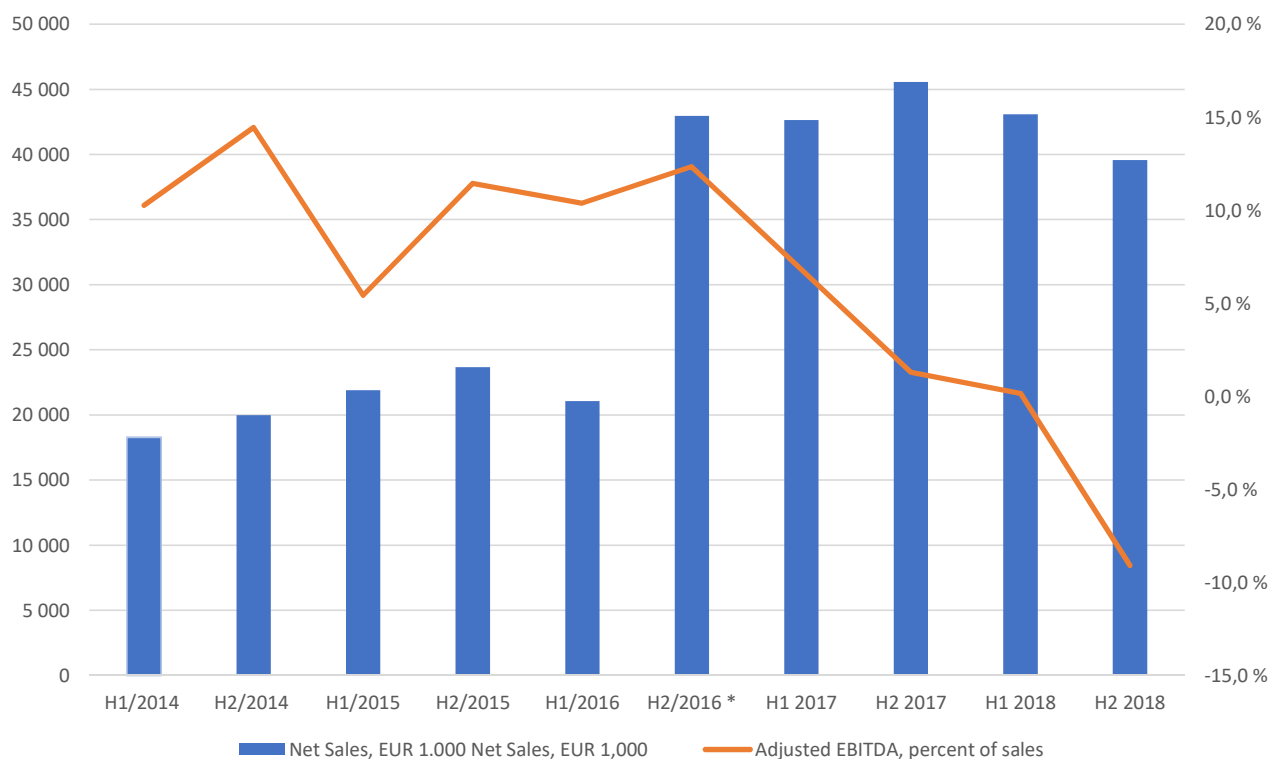
- Outlook for target markets is stable on a good level
- Investments to direct sales in focused areas
- New markets through distribution development
- Clear geographic priorities for sales development
- Focused offering development to support growth



Financials

Ilkka Miettinen, CFO

Half year net sales development and EBITDA %



*Acquisitions in Australia and UK

- Net sales dropped between H2/2017 to H2/2018 13%
- Profitability dropped dramatically during the same period
- Restructuring program completed in 2018, savings (3,0 MEUR) will be fully effective in 2019
- Prudent inventory and bad debt write-offs made at the year end (2,1 MEUR)

Income statement H2 and full year 2018

- Full year net sales dropped by 6,3 % and H2/2018 by 13,0 % vs. comparison period
- Adjusted EBITDA
 - Restructuring costs -1,3 MEUR
- EBITDA affected by:
 - Low capacity utilization due to low sales
 - Additional expenses in Korean operations due to outsourced purchases during ramp up
 - Prudent approach to obsolete inventory and overdue receivables (impact -2,1 MEUR)

| | H2 2018 | H2 2017 | 2018 | 2017 |
|-----------------------------------|---------|---------|---------|--------|
| Net Sales, EUR 1.000 | 39 583 | 45 577 | 82 683 | 88 222 |
| Net Sales growth, percent | -13,1 % | 6,0 % | -6,3 % | 37,7 % |
| EBITDA, EUR 1.000 | -3 834 | 306 | -4 782 | 1 626 |
| EBITDA, percent of sales | -9,7 % | 0,7 % | -5,8 % | 1,8 % |
| Adjusted EBITDA, EUR 1.000 | -3 598 | 592 | -3 529 | 3 500 |
| Adjusted EBITDA, percent of sales | -9,1 % | 1,3 % | -4,3 % | 4,0 % |
| EBITA, EUR 1.000 | -6 472 | -1 910 | -9 658 | -2 734 |
| EBITA, percent of sales | -16,4 % | -4,2 % | -11,7 % | -3,1 % |
| Adjusted EBITA, EUR 1.000 | -6 236 | -1 625 | -8 405 | -861 |
| Adjusted EBITA, percent of sales | -15,8 % | -3,6 % | -10,2 % | -1,0 % |
| Result for the period, EUR 1.000 | -27 014 | -3 292 | -31 384 | -5 190 |

EBITDA Bridge 2017 vs. 2018 (MEUR)

| | |
|-----------------------------------|-------------|
| EBITDA 2017 | 3,5 |
| Changes in 2018 | |
| Restructuring cost | -1,3 |
| Sales volume drop | -1,7 |
| Capacity utilization | -1,5 |
| Payroll savings | 1,8 |
| Bad debt and inventory write offs | -2,1 |
| Korea plan ramp-up cost | -1,5 |
| Other | -2,0 |
| EBITDA 2018 | -4,8 |



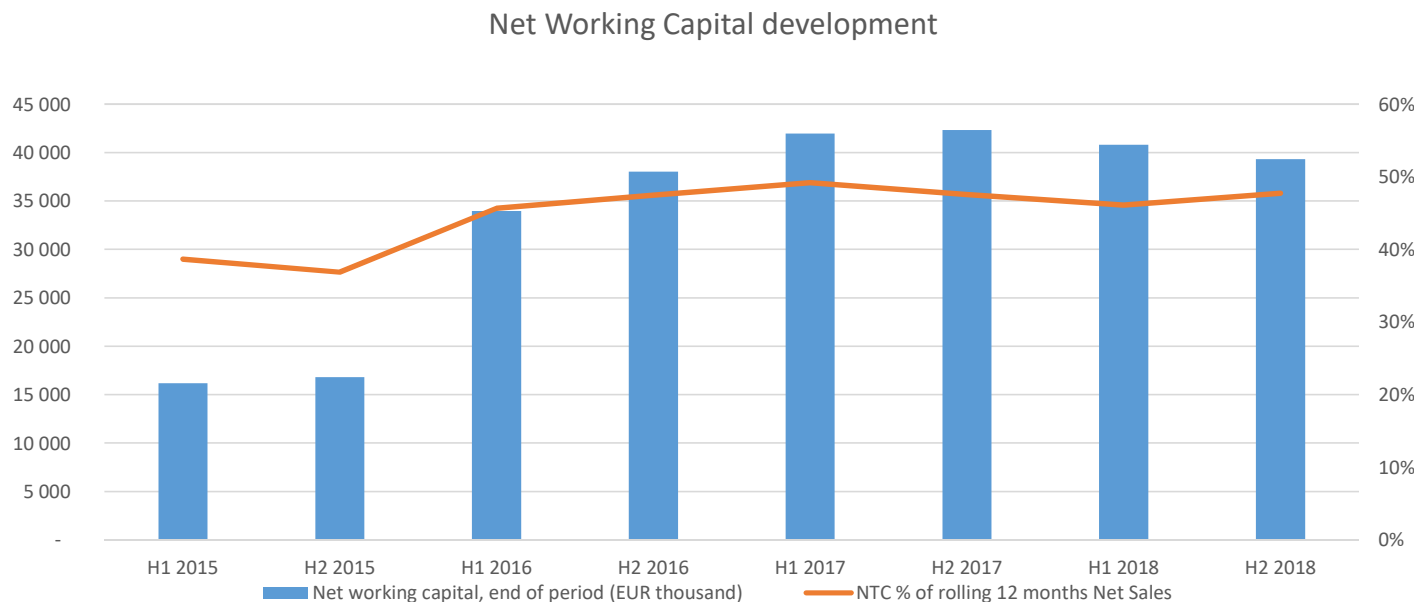
Balance sheet

- Goodwill impairment expense of 19.3 MEUR
 - Non cash item
- Net interest bearing debt 15,7 MEUR – increase of 8,1 MEUR
- Gearing 27,4 %
- Equity ratio 49,3%
- Financing agreement re-negotiated and covenants agreed for 2019
 - ab. 10 MEUR to be amortized in 2019
- Good cash position allows to deliver improvement through efficiency program
- No dividend distribution proposed by the board

CONSOLIDATED BALANCE SHEET

| EUR thousand | 31-Dec-18 | 31-Dec-17 |
|--|----------------|----------------|
| ASSETS | | |
| Goodwill | 5 159 | 25 029 |
| Other intangible assets | 6 923 | 8 088 |
| Property, plant and equipment | 25 824 | 26 280 |
| Other | 1 780 | 2 423 |
| Inventories | 30 808 | 30 141 |
| Account and other receivables | 18 640 | 25 921 |
| Other | 392 | 156 |
| Cash and cash equivalents | 27 470 | 42 172 |
| Total assets | 116 996 | 160 211 |
| EQUITY AND LIABILITIES | | |
| Total equity | 57 763 | 92 118 |
| Total non-current liabilities | 28 535 | 6 740 |
| Current borrowings | 17 419 | 46 413 |
| Account payables and other liabilities | 12 740 | 14 546 |
| Other | 538 | 394 |
| Total equity and liabilities | 116 996 | 160 211 |

Net Working Capital (NWC) development



- NWC still too high being about 45 %
- Project on-going to improve NWC – performance
- Targets to be achieved through stricter control and better processes
- Actions already ongoing

Cash flow FY2018

- Cashflow from operations (-2.2 MEUR) not on a satisfactory level
- Investing activities (-4.6 MEUR) relate mainly to the finalization of Korean plant corresponding the budget
- Financing activities (-7.6 MEUR) include 2.1 MEUR dividend distribution
- Increase in net debt 8.1 MEUR

CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR thousand | 1 Jan - 31 Dec 2018 | 1 Jan - 31 Dec 2017 |
|---|------------------------|------------------------|
| Cash flows from operating activities | | |
| Cash flows before changes in working capital | -1 588 | 2 983 |
| Change in working capital | 389 | -3 221 |
| Cash flows from operating activities before financial items and taxes | -1 199 | -238 |
| Interest and other finance expenses paid | -887 | -1 010 |
| Interest and other finance income received | 64 | 146 |
| Income taxes paid | -188 | -926 |
| Net cash outflow from operating activities | -2 210 | -2 027 |
| Net cash outflow from investing activities | -4 630 | -13 341 |
| Net cash outflow from financing activities | -7 592 | 46 982 |
| Net change in cash | -14 432 | 31 613 |
| Cash and cash equivalents at the beginning of the financial year | 42 172 | 10 519 |
| Exchange gains/losses on cash and cash equivalents | -270 | 40 |
| Cash and cash equivalents at end of the year | 27 470 | 42 172 |

Q & A