



ANNUAL GENERAL MEETING 2019

Tampere 27 March, 2019, Tampere-talo

Welcome!



Robit

Chairman of the Board's review

Harri Sjöholm

Our strategy has not changed

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

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Market Segments

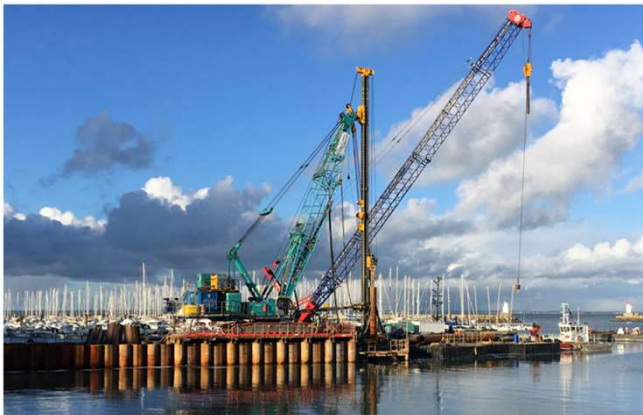
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Underground and Open Pit Mining 50 %



Construction, Tunneling and Well Drilling 50 %



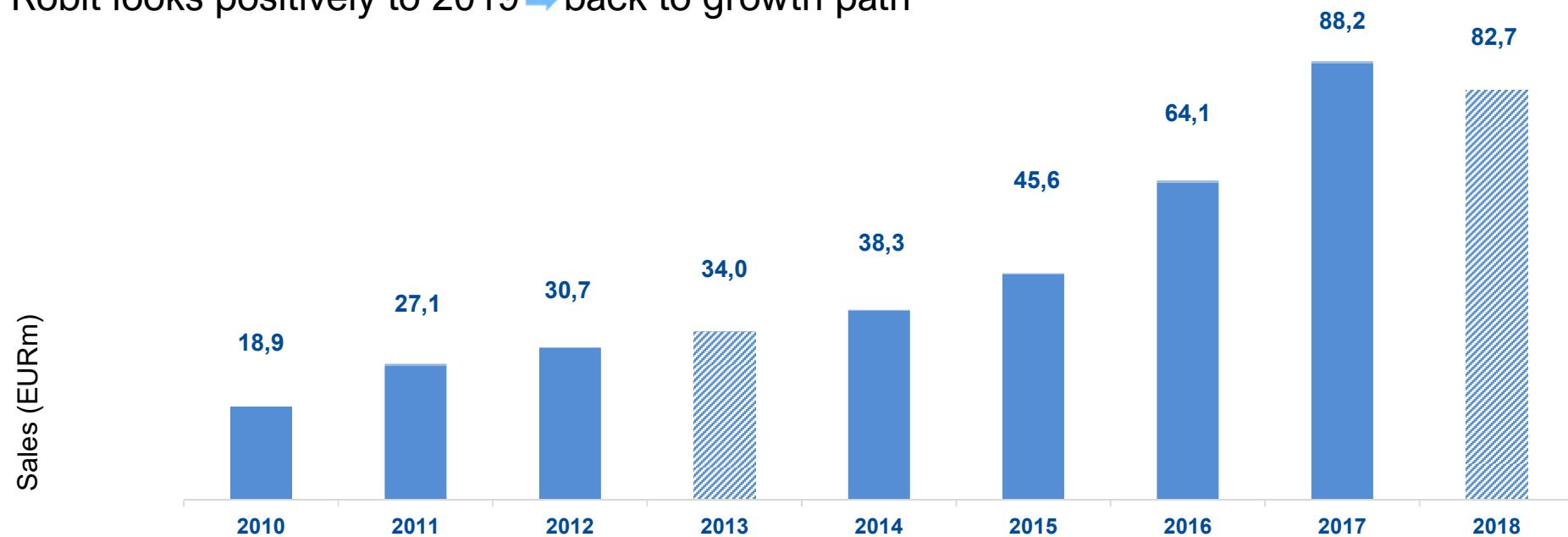
Key issues 2018 by the Board

- 2018 was a challenging year and a clear disappointment
- Net Sales MEUR 82,7 (-6 %); profit (EBITDA) clear minus
- Cash flow MEUR -1,2 from operating activities before financial items and taxes
- Equity ratio 49%
- 22 Board Meetings in 2018 with participation per cent 99%
- Active committees
- Changes in the board members due to the performance during the year



Robit – a growth company

Robit looks positively to 2019 → back to growth path





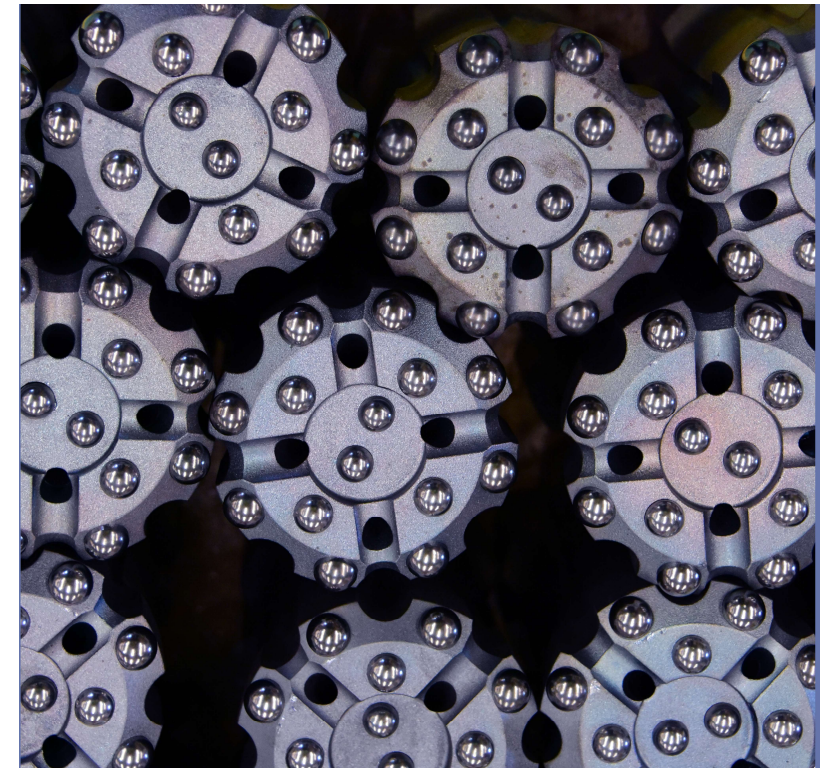
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CEO's review

Ilkka Miettinen

Year 2018 in brief

- Market was active
- Start up year of the new Korean factory, major investment
- Positive outlook for sales in 2019
 - lot of ground work done to develop sales channels
- Restructuring of the operations:
with -53 persons headcount reduction
- The negative result for the review period includes MEUR 19.3 of the DTH goodwill impairment loss
- Good equity ratio (49,3 %) and cash position (MEUR 28 cash) at year end



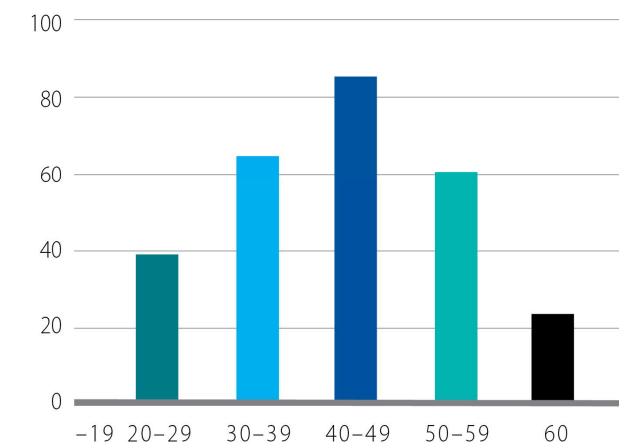
Strong Robit team

- Number of employees in 2018: 286 (329)
 - White collar 140, blue collar 146
- Key competences; sales skills and product knowledge
 - Product and sales training arranged at several locations during 2018, also flexible online training (eLearning) available
- 100% of the personnel completed the Code of conduct eLearning program

COUNTRY	PERSONNEL
UK	69
Finland	67
South-Korea	58
Australia	48
Peru	14
USA	14
South-Africa	9
Russia	4
Other Countries	3
ALL TOTAL	286



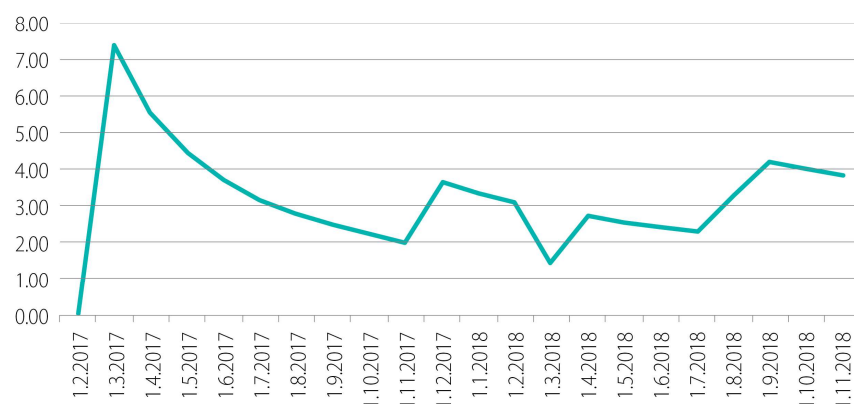
PERSONNEL AGE DISTRIBUTION



Safety – a priority at Robit

- Systematic work to improve work safety continued in 2018
 - Best practices shared between the Group's various units
 - Lost time injury frequency rate in 2018 (LTIFR) was 3.7

LOST TIME INJURY FREQUENCY RATE (LTIFR)



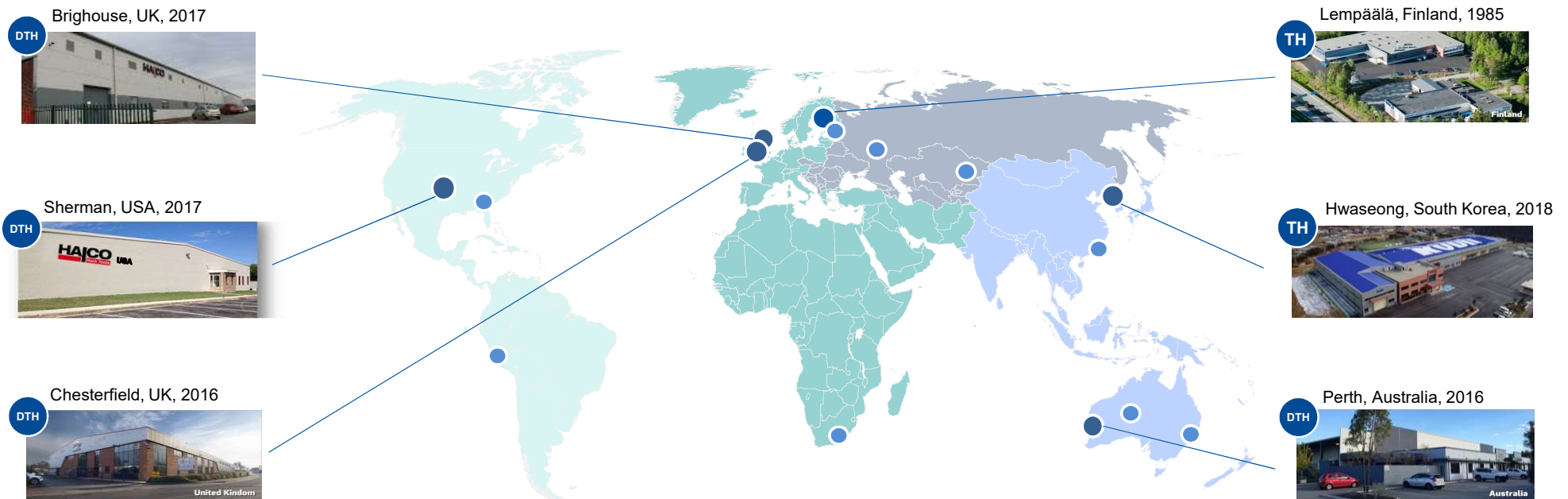
Global presence

15 own locations:

- 6 manufacturing locations
- 9 Robit Sales & Service points

Over 100 distributors

- 50% direct sales via own Sales & Service points
- 50 % via distributors



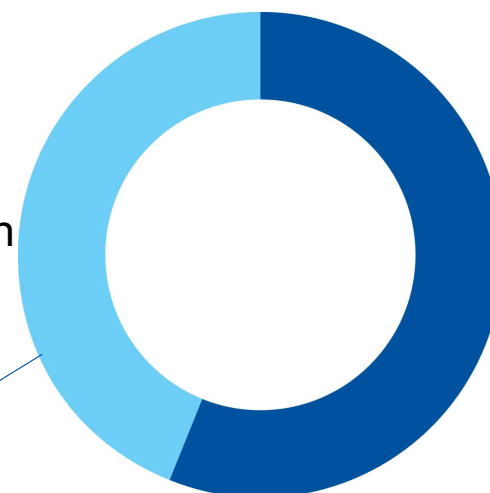
Korea factory investment

- Biggest investment in Robit's history, MEUR 10,0
- building size 9,550 sqm
- High level of automation and robitization in production
 - improved cost competitiveness and manufacturing efficiency
 - The most modern Top Hammer rod factory in the world
- Factory situated in Hwaseong, South Korea close to Seoul, which further improves logistical connections



Offering and competitiveness

- Clear geographic priorities for sales development
- Technical and quality competitiveness
- Competing against western suppliers
- Further efforts to cost efficiency against price erosion
 - Robotics & automation



TOP HAMMER 36.6 MEUR

DOWN THE HOLE 46.1 MEUR

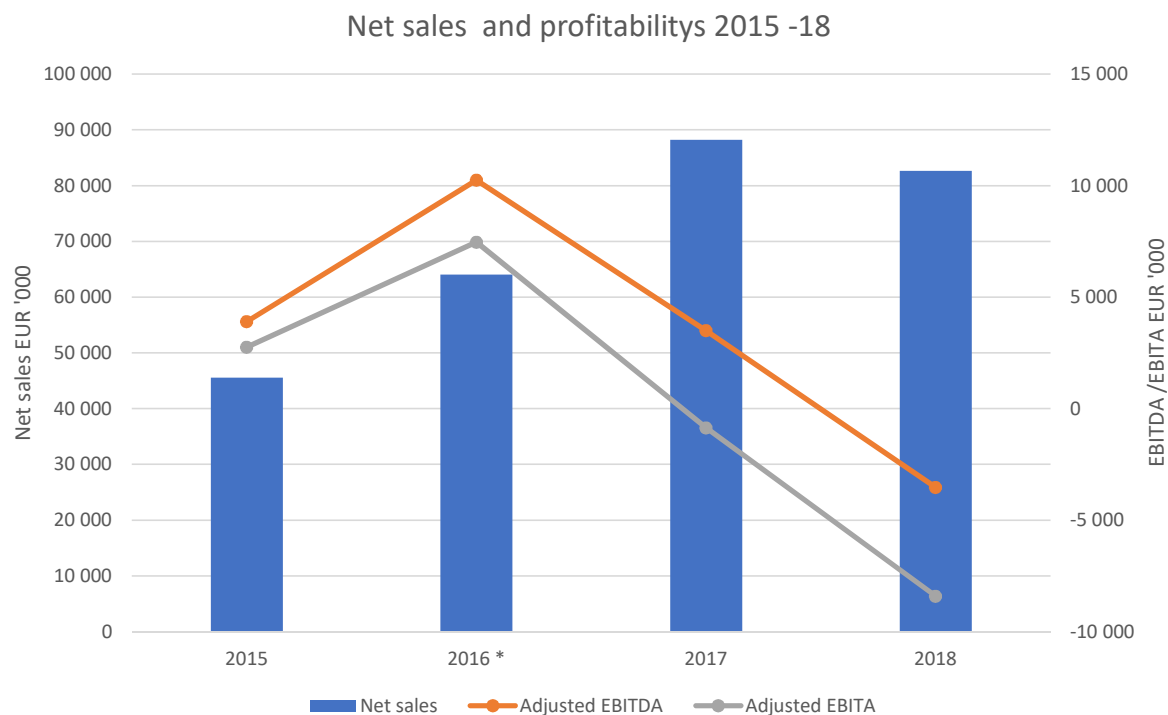




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Financials

Net sales development, adjusted EBITDA and EBITA



*Acquisitions in Australia and UK

- Net sales fell 6,3 % in 2018
- Profitability dropped dramatically
- Restructuring program completed in 2018, savings will be fully effective in 2019
- Prudent inventory and bad debt write-offs made at the year end (2,1 MEUR)

Income statement Full Year 2018

- Full year net sales dropped by 6,3 %
- 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

	2018	2017
Net Sales, EUR 1.000	82 683	88 222
Net Sales growth, percent	-6,3 %	37,7 %
EBITDA, EUR 1.000	-4 782	1 626
EBITDA, percent of sales	-5,8 %	1,8 %
Adjusted EBITDA, EUR 1.000	-3 529	3 500
Adjusted EBITDA, percent of sales	-4,3 %	4,0 %
EBITA, EUR 1.000	-9 658	-2 734
EBITA, percent of sales	-11,7 %	-3,1 %
Adjusted EBITA, EUR 1.000	-8 405	-861
Adjusted EBITA, percent of sales	-10,2 %	-1,0 %
Result for the period, EUR 1.000	-31 384	-5 190

*) EBITA = Earnings before amortizations of acquisitions and impairment of goodwill

**) Items affecting comparability 1.3 MEUR are restructuring costs

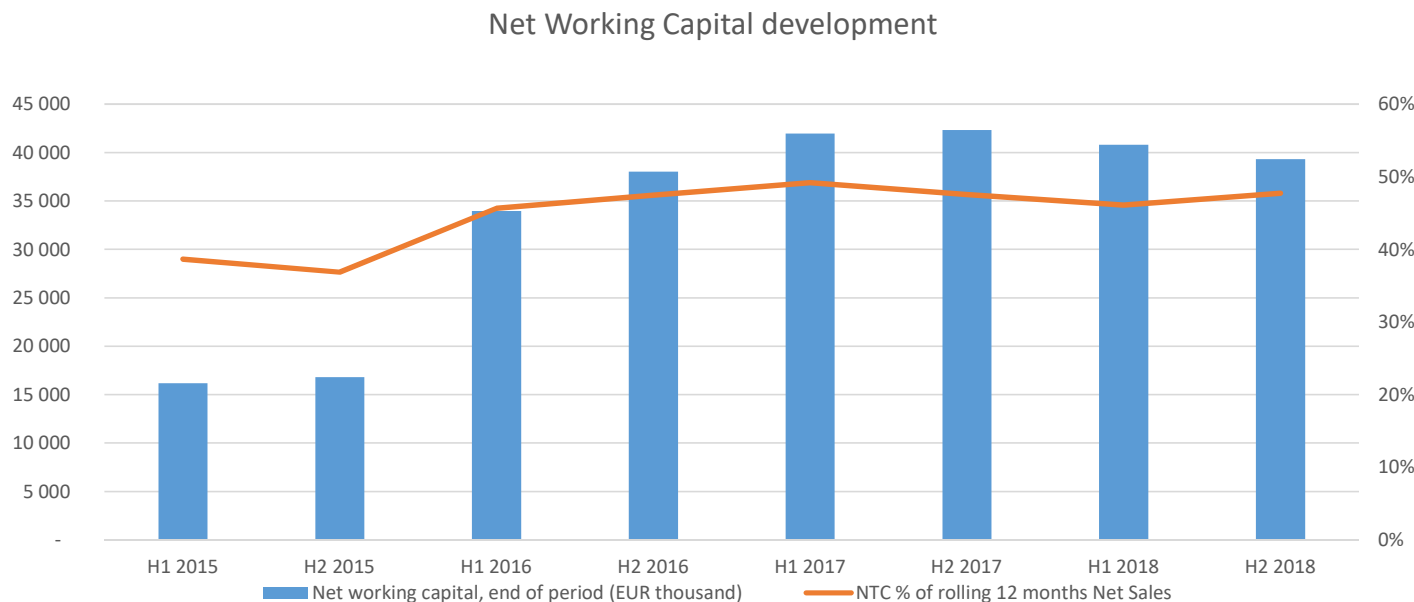
Balance sheet

- Goodwill impairment expense of MEUR 19.3
 - 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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
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

- 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

An aerial photograph of a river and a highway interchange, overlaid with a blue gradient. The river is on the left, winding through a landscape. The highway is on the right, with multiple lanes and a complex interchange. The text 'Robit' is in the top left, and 'Focus areas for 2019' is in the center.

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Focus areas for 2019

Focus areas for 2019

- Resource allocations towards sales
- Offering classified: Make to Stock and Make to Order items
 - Better availability
 - Improved control of inventory
- DTH manufacturing strategy rationalized
- Release cash from receivables and inventory
- EBITA positive
- Committed personnel:
 - Global strategy workshop tour,
 - Weekly employee pulse survey



Growth initiatives



Cash flow



Robit People



Key Processes

Outlook for 2019

In 2019 the company's goal is to achieve positive EBITA profitability and a significant release of capital tied up in the business.





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Thank you – have a nice spring time!