

JLT Year-end Report 2018



- **Order intake MSEK 142.3 (110.3)**
- **Revenues MSEK 130.0 (112.7)**
- **Operating profit MSEK 12.7 (9.3)**
- **Profit after tax MSEK 9.8 (6.8)**
- **Dividend 0.22 kr (0.15)**

A statement by the CEO

A strong fourth quarter and full-year

2018 has proved to be JLT's strongest year in its history. We have beaten several financial records both in terms of the quarter and the full year, and I am proud of these results and our highly qualified employees. The order intake during the fourth quarter was the strongest we have seen in a single quarter, while the order intake, gross margin and gross profit for the full-year reached an all-time high.

Revenues increased 15% in 2018. A strong position in the high-end market segment and a considerably wider customer base resulted in steady growth of the underlying business with an increasing gross margin. The gross margin for 2018 closed at 47 percent, compared to 32 percent in 2013. Underlying sales, excluding major project transactions, continued to grow throughout 2018 – an increase of 16% year-on-year.

Strategy, products and services

An important part of our growth strategy is to provide a comprehensive offering including both products and services, as this gives us the opportunity to stand out in the market and enhance profitability rather than merely supplying hardware products. We are working to expand our service offering and to broaden our product portfolio, both via in-house development and by purchasing products and services.

In line with this strategy, in April we launched JLT Technology Services™ for the important and growing US market, in which we now offer installation and maintenance services along with servicing of both JLT's own products and third-party products. Thanks to JLT Technology Services, we are effectively complementing and refining our offering for existing markets and customers. In the long term we plan to offer similar services in Europe.

Globally, sales of services including service agreements are continuing to show a positive trend, with our service-related revenues amounting to MSEK 10.9 for the year, an increase of 27%.

JLT Mobile Computers AB

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Because it Works!™

At the end of the first quarter we launched the JLT6012 logistics computer in line with our plan. This represented a strategically important step for JLT, as its integrated sensors and other new technology lay the foundations for future development of both products and services. The JLT6012 computer has been positively received by customers and, since its launch, sales have increased faster than any other computer in JLT's history. The year also saw us supplement our offer with several new Windows and Android-based portable tablets and hand-held computers in order to satisfy our customers' need for rugged products.

We are seeing positive results of previous investments as part of our growth strategy, but there is more to be done. We will continue with our strategic plan that involves us moving towards increased service content having originally been a purely hardware-based company, and our plan is to intensify these activities throughout 2019.

Liquidity

As a result of our growth strategy, JLT has generated a strong cash flow over the past few years, and by the end of 2018 we had MSEK 44 in liquid assets.

This liquidity provides flexibility and competitiveness in the face of a potential impending recession. We will intensify our acquisition strategy to support and strengthen JLT's development. We are actively searching for acquisitions that will refine JLT's current operations. This could mean a new market, a new segment or a supplement to JLT's offering.

The board is simultaneously recommending an extra dividend for 2018 of SEK 0.07, thus a total of SEK 0.22 per share.

Investments in the growth strategy and JLT's transformation into a business model with a more comprehensive approach are both positive developments. Our goal is to continue developing the company to ensure strong growth and profitability and thus create added value for customers, employees and shareholders.

Per Holmberg, CEO

Consolidated revenues and earnings for the full-year 2018

For the full-year 2018, the Group reported revenues of MSEK 130.0 (112.7). Gross profit totaled MSEK 60.5 (49.5) and the gross margin was 46.5 percent (44.0).

Operating expenses totaled MSEK 45.3 (39.1), of which other costs accounted for MSEK 13.5 (12.5). Personnel costs totaled MSEK 31.8 (26.6).

EBITDA for the year totaled MSEK 15.2 (10.4).

Depreciation/amortization amounted to MSEK 2.4 (1.2) for the year, of which development expenditures were MSEK 1.3 (0.1) and goodwill MSEK 0.6 (0.5).

Consolidated operating profit totaled MSEK 12.7 (9.3).

Net financial items amounted to MSEK -0.3 (0.0), yielding a profit before tax of MSEK 12.5 (9.3).

Group tax totaling MSEK 2.6 (2.5) led to a profit after tax of MSEK 9.8 (6.8).

Order intake during the year totaled MSEK 142.3 (110.3) and the order backlog amounted at the end of the year to MSEK 23.3 (10.6). The order backlog with delivery planned for the first quarter of 2019 amounted to MSEK 20.0 (8.3).

Orders with delivery planned within 12 months are reported as outgoing order backlog for 2019, while any order backlog with delivery planned for the next quarter is reported separately. Service agreements are not counted as part of the order backlog.

Comments on earnings for 2018

The Group's total revenues increased 15 percent in 2018 compared with the previous year. In combination with an improved gross margin, this led an increase in gross profit of 22 percent. The order intake rose 29 percent during the course of 2018.

The gross margin increased slightly to 46.5 percent (44.0), influenced by an increasing share of service revenues but also positive currency effects.

Costs, in particular personnel costs, increased compared with the previous year. This increase is attributable to operations in the US, where there were new recruits to the sales force. A strong USD exchange rate is also affecting costs as well as a higher proportion of those with variable remuneration. During the period, provisions for variable remuneration were made in the amount of MSEK 1.2 (0.3).

Income Statement, MSEK	2018 Q4	2017 Q4	2018	2017
Net Revenues	33.3	27.0	130.0	112.7
Gross Profit	15.7	11.6	60.5	49.5
- <i>Gross margin</i>	47.0%	43.1%	46.5%	44.0%
Sales & marketing costs	-5.1	-4.8	-21.5	-17.5
Overhead and R&D costsOf which:	-6.5	-5.3	-23.9	-21.6
Restructuring costs	0.0	0.0	0.0	0.0
EBITDA	4.1	1.5	15.2	10.4
Depreciation	-0.6	-0.3	-2.4	-1.2
Of which:				
- Property, plants and equipment	-0.2	-0.1	-0.6	-0.5
- Intangible fixed assets	-0.3	0.0	-1.3	-0.1
- Goodwill	-0.1	-0.1	-0.6	-0.5
Operating Profit/Loss	3.5	1.3	12.7	9.3
- <i>Operating margin</i>	10.4%	4.8%	9.8%	8.2%

The development of JLT’s platform for the next generation of vehicle-mounted computers was completed in 2017 and launched in 2018. Sales of this newly launched product have exceeded all expectations. No further development expenditures took place in 2018, and depreciation/amortization of capitalized development expenditures amounted during the year to MSEK 1.3 (0.1).

Sales of service agreements and other services show a positive trend, with service-related revenues amounting to MSEK 10.9 (8.6). Prepaid service agreements recognized as a liability totaled MSEK 13.9 (12.3).

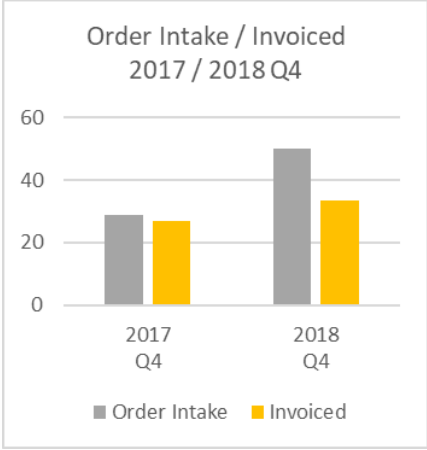
Fourth quarter of 2018

Revenues of MSEK 33.3 (27.0) were reported in the fourth quarter with a gross margin of 47.0 percent (43.1), which led to a gross profit of MSEK 15.7 (11.6).

Operational costs totaled MSEK 11.6 (10.2). EBITDA amounted to MSEK 4.1 (1.5). During the fourth quarter, provisions for variable remuneration were made in the amount of MSEK 0.8 (0.1).

Depreciation/amortization amounted to MSEK 0.6 (0.3) and operating profit totaled MSEK 3.5 (1.3).

The order intake for the quarter totaled MSEK 49.9 (29.0).



Operations in 2019

JLT’s aim is to grow profitably, which is why we have been following a growth strategy for several years now in which we strengthen our sales channel while also developing our offering by way of complementary products, accessories and services. In line with this strategy, in April we launched JLT Technical Services in the US market, as well as an expanded service and production capacity during the third quarter.

Thanks to JLT Technical Services we are now able to offer our US customers installation and maintenance services. These services effectively complement and refine our product offering for existing markets and customers, and in the long term we plan to offer similar services in Europe.

A new production and service facility was established together with a local service partner in Atlanta in order to increase capacity in the vital and growing US market. Thanks to this new facility, we can now offer our US customers a broader service offering involving repair and maintenance of both JLT’s proprietary equipment and third-party products, such as scanners, printers and hand-held computers from the most common brands. This expanded offering means we can enhance the efficiency of our service management for customers and lower their maintenance costs.

Market development

The majority of the 15 percent increase in revenue and 29 percent increase in order intake has come from Europe. Sales in the US market have grown at a slower pace.

It is pleasing to note that after several years of stagnation in the mining market, we are beginning to see some recovery within that segment. During the first quarter, orders came in from customers in the mining industry in the US and the Nordic region, which is a positive sign in terms of future trends in the global mining market and may indicate that the mining segment – once of major significance to JLT – is on the rise once again.

Product development

On 5 March, JLT launched the JLT6012 logistics computer, which is the first computer in JLT’s next generation of vehicle-mounted computers and the 6th generation in JLT’s history. This new computer is principally targeted at customers within warehousing and logistics, as it has a range of functions that facilitate daily work for users while reducing overall costs for the customer.

With the JLT6012 computer, JLT has also created an innovative platform containing new technology that will form the basis of future solutions, thus lifting the benefit to customers to whole new levels. JLT6012 was introduced in the spring at the leading logistics trade fairs – LogiMAT in Stuttgart, SITL in Paris and MODEX in Atlanta, GA – to a highly positive reception. Sales of the new JLT6012



computer have exceeded expectations during the year, with an emphasis on sales to the US market. See press release from 5 March 2018.

The product range was expanded during the year to include Android-based hand-held and tablet products. See press release from 17 October 2018.

Personnel

In connection with the restructure of service operations in the US, the workforce has been reduced as those directly involved in service and production naturally left their roles. In other areas, new recruits were taken on within development and production in Sweden and within sales in the US.

Press releases in 2018

In addition to financial reporting

- March 5, 2018 JLT Mobile Computers Launches Next Generation Vehicle-Mounted Computers Boosting User Productivity in Tough Environments
- March 26, 2018 JLT Mobile Computers' Rugged Tablet Verizon Wireless Certified
- April 9, 2018 JLT Mobile Computers Bridges the Technology Integration Gap with Industry-Leading Deployment Services Capability
- May 28, 2018 JLT Mobile Computers Presents New Rugged Tablet and IT Solutions for Productivity Gains in Port and Terminal Operations at TOC Europe
- July 11, 2018 JLT Mobile Computers to Showcase Rugged Tablet and IT Solutions for Precision Farming at InfoAg
- October 2, 2018 JLT Mobile Computers Significantly Expands its US Service Capabilities to Simplify Customers' Repair and Maintenance Management
- October 17, 2018 JLT Mobile Computers Expands its Android™ Products Suite with New Fully Rugged Tablets and Handheld Computers
- October 31, 2018 JLT Mobile Computers Strengthens its 10-inch Tablet Offering with New Integrated Keyboard and High-Performance Versions

Financial position and cash flow

Cash flow amounted to MSEK 17.1 (neg: 1.3), following a dividend of MSEK 4.2 (4.2) and a new share issue of MSEK 2.1 (0.0). The Group's cash and cash equivalents amounted to MSEK 43.9 (26.7) on the balance-sheet date.

The equity/assets ratio was 60 percent (62) and equity totaled MSEK 54.2 (46.3).

As of the second quarter of 2017, cash assets are partly being invested under discretionary management as per an adopted investment policy, which stipulates that a maximum of 20 percent is invested in equities or equity-related instruments. The scope of the amount under management is based on the prevailing liquidity requirements.

The company holds no interest-bearing liabilities.

Parent Company

The parent company performs services for the subsidiary and forwards these invoices. The parent company posted an operating loss of MSEK 2.3 (-0.6).

The Group's tax status

Remaining tax loss carryforwards at the end of the period totaled MSEK 4.3, all of which were attributable to foreign subsidiaries. Remaining loss carryforwards were not recognized as deferred tax assets.

Accounting policies

This interim report was prepared in accordance with the Swedish Accounting Standards Board's General Recommendation BFNAR 2007:1, Optional Interim Reporting. As of 2014, JLT applies the Annual Accounts Act and the Swedish Accounting Standards Board's regulatory framework K3, Annual Reports and consolidated financial statements.

This report has not been audited.

Dividend

The board of directors proposes to the annual general meeting that a dividend of SEK 0.22 per share (0.15) be paid for the 2018 fiscal year.

This proposal is based on an unchanged dividend of SEK 0.15, which corresponds to 43 percent of annual earnings. The company's dividend policy stipulates that the dividend must correspond to 30-50 percent of net profit for the year. In addition, an extra dividend of SEK 0.07 is proposed which corresponds to the capital injection from a new issue in connection with the maturation of employee stock options.

Related-party transactions

JLT's premises have been rented since 2002 from a property company owned entirely by the company's main shareholder, Jan Olofsson. In the view of the board, the terms are appropriate in relation to the market and the premises are well adapted to the company's current and predicted future needs.

The JTL share

A total of 8.4 million shares (20.8) were traded during the period, representing 30 percent of the total number of shares.

During the period, the number of shares increased by 650,000 through a new subscription under the 2015 options program. The total number of shares now stands at 28,552,000. An additional 1,200,000 options remain outstanding which mature in June 2021 at a subscription rate of SEK 7.00 per share.

The share traded at SEK 4.46 at the beginning of the period, and closed the period at SEK 3.92.

JLT's share is listed on the First North exchange, and Eminova Fondkommission AB serves as its certified advisor. The replacement of Mangold Fondkommission AB with Eminova Fondkommission AB took place on January 1, 2019.

Eminova Fondkommission AB

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Annual General Meeting

The Annual General Meeting will be held on Tuesday, May 7 at 4 p.m. at ICON in Växjö.

Financial calendar for 2019

Interim Report Jan - Mar 2019	7 May, 2019
Interim Report Jan - Jun 2019	15 August, 2019
Interim Report Jan - Sept 2019	25 October, 2019
Year-end report 2020	7 February, 2020

Växjö, 8 February, 2019

On behalf of the board: Per Holmberg, CEO

Enquiries

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This information is information that JLT Mobile Computers AB is obliged to make public in accordance with the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 8 February, 2019, 08:00 CET.

JLT Mobile Computers Group

Income Statement, MSEK	2018 Q4	2017 Q4	2018	2017
Net Revenue	33.3	27.0	130.0	112.7
Operating Expenses				
Materials and supplies	-17.7	-15.4	-69.5	-63.2
Other external costs	-3.3	-3.2	-13.5	-12.5
Personnel costs	-8.3	-7.0	-31.8	-26.6
Depreciation	-0.6	-0.3	-2.4	-1.2
Operating Profit/Loss	3.5	1.3	12.7	9.3
Net financial items	-0.3	0.1	-0.3	0.0
Profit/Loss After Financial Items	3.1	1.4	12.5	9.3
Taxes	-0.5	-0.4	-2.6	-2.5
Net Profit/Loss For The Period	2.6	0.9	9.8	6.8
Earnings/loss per share (SEK)	0.09	0.03	0.34	0.24

Balance Sheet, MSEK	2018 31 dec	2017 31 dec
<i>Assets</i>		
Intangible assets	4.6	6.3
Property, plant and equipment	0.5	0.8
Non-current financial assets	0.0	0.0
Total non-current assets	5.1	7.2
Inventories	19.2	20.8
Current receivables	22.7	20.1
Cash and cash equivalents	43.9	26.7
Total current assets	85.9	67.6
Total Assets	91.0	74.8
<i>Equity and liabilities</i>		
Share capital	28.6	
Restricted equity	7.0	6.7
Retained earnings	18.7	11.7
Total Equity	54.2	46.3
Provisions	1.8	1.4
Long term liabilities	-	-
Current liabilities	35.0	27.1
Total Equity And Liabilities	91.0	74.8

	2018	2017
Statement of Cash Flows, MSEK		
Cash flow resulting from current operations before changes in working capital	14.4	10.1
Change in working capital	5.2	-4.5
Operating Activities	19.5	5.7
Investing Activities	-0.3	-2.8
Financing Activities	-2.1	-4.2
Cash Flow for the Period	17.1	-1.3
Cash and cash equivalents	43.9	26.7

	2018 31 dec	2017 31 dec
Statement of Changes in Equity, MSEK		
Opening Equity	46.3	43.7
Profit/loss for the period	9.8	6.8
Translation differences	0.2	-0.1
New share issue	2.1	-
Dividend	-2.1	-4.2
Closing Equity	54.2	46.3

		2018	2017
Key Data			
EBITDA margin	%	11.7	9.3
Operating margin	%	9.8	8.2
Profit margin	%	9.6	8.3
Capital employed	MSEK	54.2	47.6
ROACE	%	25	21
Equity	MSEK	54.2	46.3
Return on equity	%	20	16
Net indebtedness	MSEK	-43.9	-26.7
Debt/equity ratio	%	60	62
Earnings/loss per share	SEK	0.34	0.24
Equity per share	SEK	1.90	1.66
Net debt per share	SEK	-1.54	-0.96
Closing market price of share	SEK	3.92	4.46
No. of shares outstanding	x 1.000	28,552	27,902