



## JANUARY—MARCH 2017

### Continued positive trend and strong order intake in the first quarter

- Order intake increased by 20% to 318 MSEK (265.0).
- Net sales increased by 3% to 290.2 MSEK (280.5).
- EBIT was 2.5 MSEK (-55.5). Profit/loss 2016 was burdened by non-recurring costs of 50 MSEK.
- Profit/loss after tax was -3.8 MSEK (-41.9).
- Earnings per share was -0.22 SEK (-2.19).
- The Board of Directors is proposing to the AGM that the parent company change its name to Beijer Electronics Group AB (publ).
- New segment reporting for Beijer Electronics, Westermo and Korenix business units.

# Interim Report, Beijer Electronics Group

## Comments from President and CEO Per Samuelsson

“The positive trend for Beijer Electronics Group continued in the first quarter of 2017. Business improved gradually during the quarter, which meant that the outcome for the period as a whole was according to plan.

We’re following the established plan in order to achieve our targets of annual growth of 7% and EBIT of 10% in the second half of 2018. The strong order intake was particularly pleasing. Given some minor positive and negative divergences, sales and profit essentially shadowed internal expectations. Sales increased slightly, and underlying EBIT improved compared to the corresponding quarter last year.

As profit remains low, certain reported items have a significant impact. Exchange rate effects from the stronger US and Taiwanese dollar had a negative profit impact of 3 MSEK. Lagging price increases are expected to partially offset the currency effects later in the year. Planned and increased product development costs also had a 3 MSEK profit impact. Non-recurring costs in Taiwan burdened profit by 1.5 MSEK. In a longer term perspective, these

items are less significant. At the same time, the trend suggests that we’re heading in the right direction.

The Westermo business unit returned convincing results in the quarter, including strong order intake, positive growth, clearly increased profit and improved profitability. Westermo continued to launch new products in its train segment, which also expands the market for other applications such as trams. The investment in the new assembly plant at Stora Sundby was completed in the quarter, which improves efficiency, quality, delivery reliability and capacity.

The Beijer Electronics business unit continued to progress as expected. Order intake increased, sales remained largely unchanged and underlying profit improved compared to 2016. The new X2 series operator panel was successfully launched on the market and returned strong sales growth. The launch of the X2 series will be completed with the introduction of X2 Extreme in 2017. We’ve intensified product development in accordance with the new vision focused on Smart Automation. A number of new software

## Business Area Sales and Operating Profit

MSEK	Sales Quarter 1		Operating Profit Quarter 1	
	Mar. '1703	Mar. '1603	Mar. '1703	Mar. '1603
Business area Beijer Electronics	162.9	164.2	1.9	-49.9 <sup>a</sup>
Business area Westermo	106.2	97.0	10.8	3.4
Business area Korenix	25.8	23.2	-2.5	-0.9
Intern försäljning	-4.7	-3.9		
Koncernjusteringar och moderbolag			-7.7	-8.1
<b>Beijer Electronics Group</b>	<b>290.2</b>	<b>280.5</b>	<b>2.5</b>	<b>-55.5</b>

<sup>a</sup> Of which restructuring expense of -50.0 MSEK

## New segment reporting

New segment reporting for the Beijer Electronics, Westermo and Korenix business units was introduced from 1 January 2017.

products and services will be launched over the coming twelve months. We will also ramp up our marketing and sales resources.

The Korenix business unit experienced both positive and negative developments in the quarter. The period came off to a weak start, while the conclusion to the quarter was stronger. Increased order intake in the quarter was particularly positive. Sales were in line with plan, while profit was slightly lower than expected for reasons including negative exchange rate effects and non-recurring costs. On the negative side, Korenix discovered that some local key members of staff were acting disloyally towards the company. The individuals have now been dismissed and some are subject to legal proceedings. Profit was affected by non-recurring costs of 1.5 MSEK in the quarter. Our judgment is that Korenix's operations will not be affected by these events looking ahead. The positive trend from the close of the first quarter is expected to continue, including some major project deals in China and Taiwan in the second quarter.

Against the background of operational progress in the first quarter, our previous assessment of the outlook for the full year 2017 stands. The Group is expected to return increased sales and improved underlying EBIT compared to 2016."

#### **The Group in the first quarter**

The Group's order intake made strong progress in the first quarter 2017. The 20% increase to 318.2 MSEK (265.0)

was broad-based and included all three of the Group's business units. Westermo provided the highest growth, up 46%. Korenix's order intake increased by 17%, and Beijer Electronics by 5%. Adjusted for exchange rate effects, Group order intake increased by 17%.

Group sales grew by 3% to 290.2 MSEK (280.5). Adjusted for exchange rate effects, sales increased by 1%. The outcome was in line with plan.

Group EBITDA amounted to 19.1 MSEK (-39.6). Depreciation and amortization was 16.6 MSEK (15.9). EBIT was 2.5 MSEK (-55.5). Profit/loss for 2016 was burdened by non-recurring costs of 50 MSEK and adjusted for these, profit/loss was -5.5 MSEK. The underlying profit improvement is according to plan, and is due to slightly increased sales and an improved gross margin and reduced costs as a result of last year's restructuring program. At the same time, profit/loss in the first quarter of 2017 was affected by negative exchange rate effects totaling 3 MSEK, planned higher development expenditure of 3 MSEK and non-recurring costs of 1.5 MSEK.

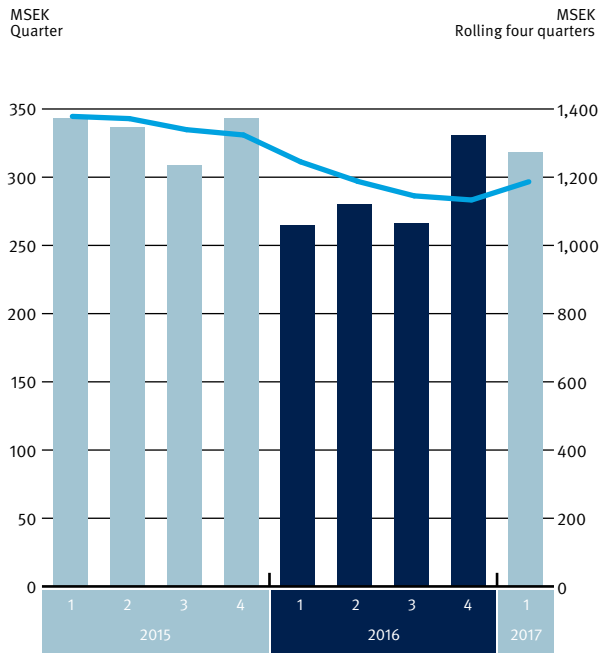
Total development expenditure increased by 7% to 36.3 MSEK (33.9). This corresponded to 12.5% (12.1) of Group sales.

Profit/loss before tax was -4.3 MSEK (-56.7). Net financial income/expenses was -6.8 MSEK (-1.2). Profit/loss after estimated tax was -3.8 MSEK (-41.9). Earnings per share after estimated tax were -0.22 SEK (-2.19).

“ The continued strong order intake was pleasing. Westermo's excellent results were complemented by growth in the other business units.

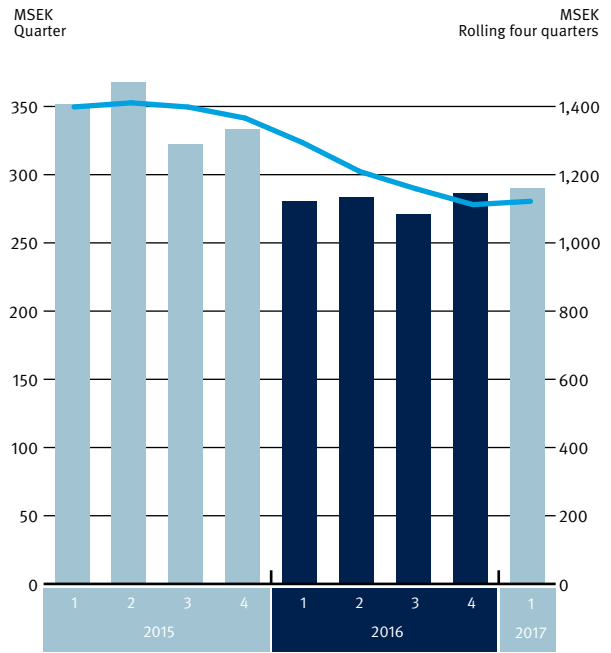
**PER SAMUELSSON**, PRESIDENT AND CEO.

### Group order intake



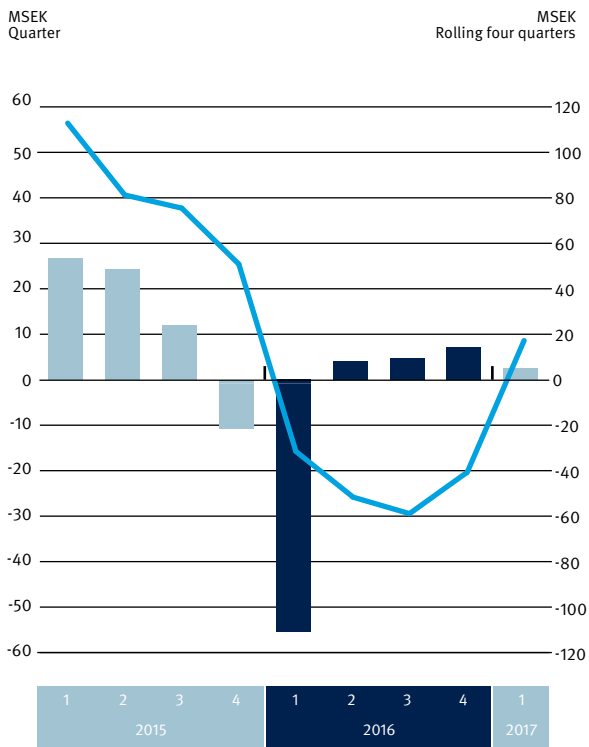
▲ The bars and left-hand scale indicate quarterly order intake. The curve and right-hand scale show rolling four quarter order intake.

### Group sales



▲ The bars and left-hand scale indicate quarterly sales. The curve and right-hand scale show rolling four quarter sales.

### Group operating profit



▲ The bars and left-hand scale indicate quarterly operating profit. The curve and right-hand scale show rolling four quarter operating profit.

## Business unit

# Beijer Electronics

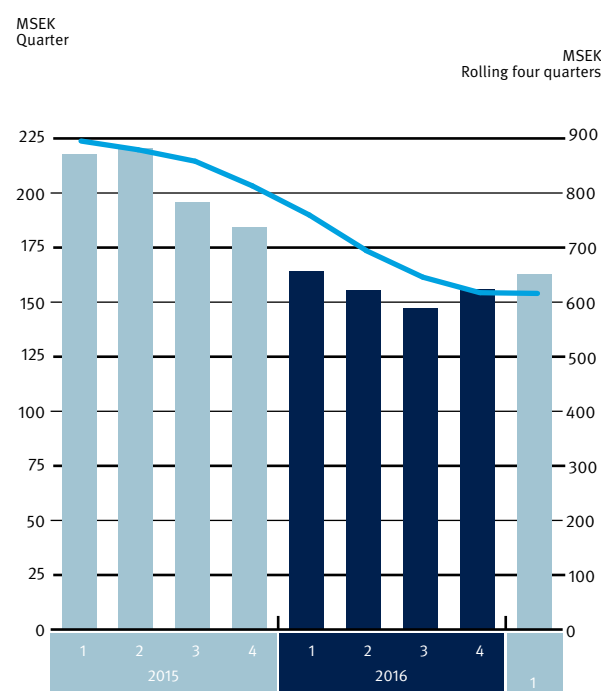
The Beijer Electronics business unit's sales and profit were largely within the framework of expectations for the period as a whole. Order intake increased, sales were largely unchanged and underlying profit improved compared to 2016. Last year's realignment in the Nordics continued to have a negative impact on operations, while the rest of Europe made positive progress with the exception of Turkey. Order intake growth in the US was solid, while Asia returned good sales growth.

The new X2 series operator panel launched last autumn met with market success and returned good sales growth. In 2017, the launch of X2 Extreme completed the X2 series. The business unit further intensified product development according to the new vision focusing on Smart Automation, which features control, connection and presentation of data for mission-critical applications. Several new software products and services will be launched over the coming twelve month period. Marketing and sales resources will also gradually be prioritized as a step in the business unit's competence shift and realignment process.

Beijer Electronics' order intake increased by 5% to 162.5 MSEK (154.1). Sales were 162.9 MSEK (164.2). EBITDA was 7.5 MSEK (-44.8). Depreciation and amortization was 5.6 MSEK (5.1). EBIT was 1.9 MSEK (-49.9). Profit/loss was burdened by non-recurring costs of 50 MSEK in 2016. Last year's program of measures had a positive profit impact through increased gross margin and reduced overheads. At the same time, profit was burdened by higher development

expenditure of 3 MSEK and negative exchange rate effects of 2 MSEK.

Sales, Beijer Electronics



▲ The bars and left-hand scale indicate quarterly sales. The curve and right-hand scale show rolling four quarter sales.

## Business unit

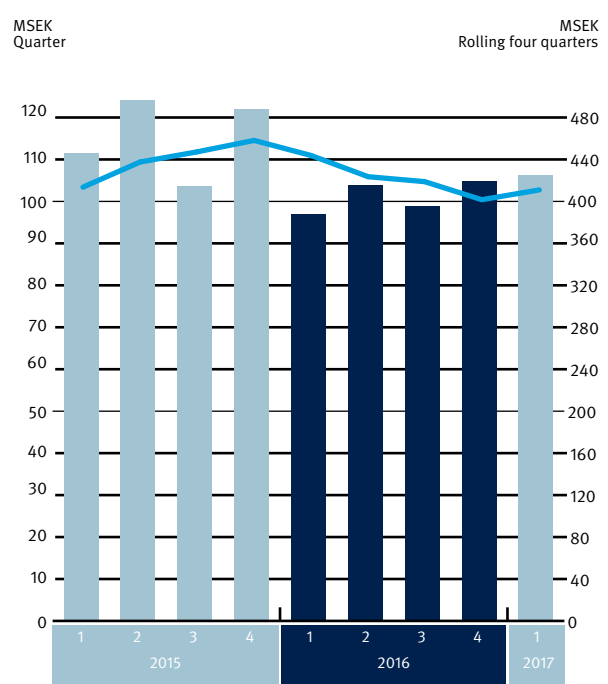
# Westermo

The Westermo business unit made robust progress in the first quarter. Order intake increased sharply, mainly due to the completion of a number of major orders in the train segment. Basic business was also stable, and overall sales growth was good. Sales growth and sound cost control contributed to an improved EBIT and profitability.

Far-reaching investments in the Stora Sundby assembly plant were completed in the period. The investment ensures quality, delivery reliability, increased capacity and improved efficiency. Westermo continued to launch new products in IP Train, and the business unit now has an entirely new product generation in this segment. Apart from improved performance and increased functionality, the new products pave the way for market growth as they are also suitable for other applications such as trams.

Westermo's order intake increased by 46% to 131.0 MSEK (89.6). Sales increased by 10% to 106.2 MSEK (97.0). EBITDA increased to 16.6 MSEK (9.5). Depreciation and amortization was 5.8 MSEK (6.1). EBIT increased to 10.8 MSEK (3.4). This corresponded to an operating margin of 10.2% (3.5).

Sales, Westermo



▲ The bars and left-hand scale indicate quarterly sales. The curve and right-hand scale show rolling four quarter sales.

## Business unit

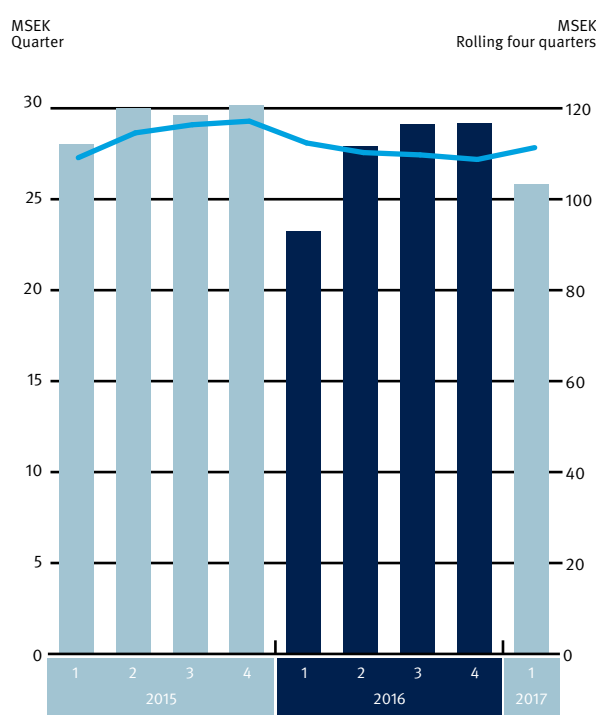
# Korenix

The Korenix business unit made mixed progress, with both positive and negative developments in the quarter. The period came off to a weak start, while the conclusion was stronger. The most positive factor was increased order intake in the quarter, even if exchange rate effects were also positive. Sales were higher than in the corresponding period of 2016 and in line with plan, while profit/loss was down on 2016 and slightly weaker than expected for reasons including negative exchange rate effects and non-recurring costs.

A negative development was that Korenix discovered that some local key members of staff had acted disloyally towards the company. The individuals involved have been dismissed and some are subject to legal proceedings. The costs are estimated to total a maximum of 2 MSEK in 2017, of which 1.5 MSEK were posted to the first quarter. Otherwise, Korenix' operations are not expected to be affected by these events. The positive trend from the end of the first quarter is expected to continue, including some major project deals in China and Taiwan in the second quarter.

Korenix' order intake increased by 17% to 29.4 MSEK (25.2) in the first quarter. Adjusted for exchange rate effects, it increased by 3%. Sales increased by 11% to 25.8 MSEK (23.2). EBITDA was 0.2 MSEK (1.2). Depreciation and amortization was 2.7 MSEK (2.0). EBIT was -2.5 MSEK (-0.8). Profit was negatively affected by exchange rate effects of 1 MSEK and non-recurring costs of 1.5 MSEK.

Sales, Korenix



▲ The bars and left-hand scale indicate quarterly sales. The curve and right-hand scale show rolling four quarter sales.

## Other financial information

Group investments, including capitalized development expenses and acquisitions, amounted to 22.5 MSEK (16.1). Cash flow from operating activities was -22.7 MSEK (-29.3). Equity was 423.3 MSEK (469.0) on March 31, 2017. The equity ratio was 30.3% (33.2). Cash and cash equivalents were 62.2 MSEK (93.3). Net debt was 627.3 MSEK (539.2). The average number of employees was 680 (730).

### Prospects for the full year 2017

The positive trend for Beijer Electronics Group continued in the first quarter. For the full year, we expect the Group to return increased sales and improved underlying EBIT compared to 2016.

### Name change to Beijer Electronics Group AB (publ)

The Board of Directors has proposed that the AGM 2017 authorize a change to the Articles of Association permitting a change of name of the parent company from Beijer Electronics AB (publ) to Beijer Electronics Group AB (publ). In order for this kind of change to the Articles of Association to be valid, authorization must be approved by a minimum of two thirds of the votes cast and represented at the AGM. Shareholders who jointly represent just over 60% of the share capital and votes in the company have announced that they intend to vote in favor of the proposal at the AGM. The decision must also be approved by the Swedish Companies Registration Office.

### Financial targets for the Group

The Board of Directors set new financial targets for Beijer Electronics Group in the first quarter 2016. The targets are that within a 2-3 year timeframe, the Group will achieve minimum organic growth of 7% per year, and achieve minimum EBIT of 10%, measured as an average over a business cycle.

Malmö, Sweden, April 27, 2017

Per Samuelsson  
President and CEO

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*This report has not been reviewed by the company's  
Auditors.*

### Accounting Principles

For the Group, this Financial Statement has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations of the Swedish Annual Accounts Act. The Financial Statement for the parent company has been prepared in accordance with the Swedish Annual Accounts

Act's chapter 9, Interim Reporting. The accounting principles applied for the Group and parent company are consistent with those accounting principles used when preparing the latest annual accounts.



## Interim Report in Summary

### Income Statement—Group

SEK 000	Quarter 1, 2017	Quarter 1, 2016	Full year, 2016
Net turnover	290,223	280,508	1,121,509
Other operating revenue	-1,887	-5	1,715
Operating expenses excluding depreciation and amortisation	-269,256	-320,114 <sup>a</sup>	-1,100,205 <sup>a</sup>
<b>Operating profit before depreciation and amortization</b>	<b>19,080</b>	<b>-39,611</b>	<b>23,019</b>
Amortization, intangible assets	-12,139	-10,850	-43,526
Depreciation, property, plant and equipment	-4,414	-5,024	-18,848
<b>Operating profit</b>	<b>2,527</b>	<b>-55,485</b>	<b>-39,355</b>
Net financial items	-6,845	-1,174	-84,844 <sup>b</sup>
<b>Profit before tax</b>	<b>-4,318</b>	<b>-56,659</b>	<b>-124,199</b>
Estimated tax	481	14,767	-1,914
<b>Net profit</b>	<b>-3,837</b>	<b>-41,892</b>	<b>-126,113</b>
<i>Attributable to equity holders of the parent</i>	<i>-4,147</i>	<i>-41,701</i>	<i>-126,061</i>
<i>Attributable to minority interest</i>	<i>310</i>	<i>-191</i>	<i>-52</i>
<i>Earnings per share, SEK</i>	<i>-0,22</i>	<i>-2,19</i>	<i>-6,61</i>

<sup>a</sup> Of which restructuring expense -50.0 MSEK.

<sup>b</sup> Of which impairment in associated company 71,594,000 SEK.

### Comprehensive Income

SEK 000	Quarter 1, 2017	Quarter 1, 2016	Full year, 2016
Net profit	-3,837	-41,892	-126,113
Actuarial gains and losses			-6,745
Translation differences	12,199	-10,329	50,914
<b>Comprehensive income</b>	<b>8,362</b>	<b>-52,221</b>	<b>-81,944</b>
<i>Attributable to equity holders of the parent</i>	<i>7,899</i>	<i>-51,977</i>	<i>-81,740</i>
<i>Attributable to minority interest</i>	<i>463</i>	<i>-244</i>	<i>-204</i>

## Balance Sheet—Group

Tkr	2017-03-31	2016-03-31	2016-12-31
<b>Assets</b>			
Intangible assets	775,288	714,795	766,572
Tangible assets	87,380	79,423	82,718
Financial assets	55,430	128,042	50,406
Current assets	439,079	413,723	423,968
Cash equivalents and short-term investments	62,158	93,282	107,228
<b>Total assets</b>	<b>1,419,335</b>	<b>1,429,265</b>	<b>1,430,892</b>
<b>Liabilities and shareholders' equity</b>			
Shareholders' equity	423,288	468,986	415,389
Minority share of shareholders' equity	6,236	5,733	5,773
Long-term liabilities	516,907	533,497	514,939
Current liabilities	472,904	421,049	494,791
<b>Total liabilities and shareholders' equity</b>	<b>1,419,335</b>	<b>1,429,265</b>	<b>1,430,892</b>
<i>Of which interest-bearing liabilities</i>	<i>689,512</i>	<i>632,452</i>	<i>689,126</i>

## Statement of Changes to Shareholders' Equity

SEK 000	Mar. 31, 2017	Mar. 31, 2016	Dec. 31, 2016
<b>Attributable to equity holders of the parent</b>			
Opening balance, shareholders' equity, January 1	415,389	520,963	520,963
Dividend			-23,834
Comprehensive income	7,899	-51,977	-81,740
<b>Closing balance, shareholders' equity</b>	<b>423,288</b>	<b>468,986</b>	<b>415,389</b>
<b>Attributable to non-controlling interests</b>			
Opening balance, January 1	5,773	5,977	5,977
Comprehensive income	463	-244	-204
<b>Closing balance</b>	<b>6,236</b>	<b>5,733</b>	<b>5,773</b>

## Key Figures—Group

	Mar. 31, 2016	Mar. 31, 2015	Dec. 31, 2015
Operating margin, %	0.9	-19.8	-3.5
Profit margin, %	-1.3	-14.9	-11.2
Equity ratio, %	30.3	33.2	29.4
Shareholders' equity per share, SEK	22.2	24.6	21.8
Earnings per share, SEK	-0.22	-2.19	-6.61
Return on equity after tax, %	-19.5	-6.3	-26.6
Return on capital employed, %	1.9	-2.2	-3.2
Return on net operating assets, %	2.7	-4.1	-5.8
Average number of employees	680	730	714

## Cash Flow Statement–Group

SEK 000	Mar. 31, 2016	Mar. 31, 2015	Dec. 31, 2015
Cash flow from operating activities before changes in working capital	8,507	2,275	12,673
Change in working capital	-31,218	-31,600	-3,308
<b>Cash flow from operating activities</b>	<b>-22,711</b>	<b>-29,325</b>	<b>9,365</b>
Cash flow from investing activities	-22,458	-16,113	-74,767
Cash flow from finance activities	-188	23,396	72,143
Dividends paid			-23,834
<b>Change in cash equivalents</b>	<b>-45,357</b>	<b>-22,042</b>	<b>-17,093</b>
Cash equivalents and short-term investments, opening balance	107,228	116,636	116,636
Cash equivalents	287	-1,312	7,685
<b>Cash equivalents and short-term investments, closing balance</b>	<b>62,158</b>	<b>93,282</b>	<b>107,228</b>

## Operating Segments

SEK 000	Quarter 1, 2017	Quarter 1, 2016	Full year, 2016
<b>Nettoomsättning</b>			
Beijer Electronics	162,871	164,212	623,255
Westermo	106,214	96,978	404,620
Korenix	25,818	23,230	109,399
Group adjustments	-4,680	-3,912	-15,765
<b>Group</b>	<b>290,223</b>	<b>280,508</b>	<b>1,121,509</b>
<b>Operating profit before depreciation and amortization</b>			
Beijer Electronics	7,528	-44,822 <sup>a</sup>	-14,406 <sup>b</sup>
Westermo	16,558	9,485	53,639 <sup>b</sup>
Korenix	206	1,191	10,365
Parent company	-5,872	-6,448	-28,477 <sup>b</sup>
Group adjustments	660	983	1,898
<b>Group</b>	<b>19,080</b>	<b>-39,611</b>	<b>23,019</b>
<b>Operating profit</b>			
Beijer Electronics	1,871	-49,927	-34,109
Westermo	10,767	3,400	30,563
Korenix	-2,511	-850	1,700
Parent company	-7,862	-8,400	-36,624
Group adjustments	262	292	-885
<b>Group</b>	<b>2,527</b>	<b>-55,485</b>	<b>-39,355</b>

<sup>a</sup> Of which restructuring expense -50.0 MSEK.

<sup>b</sup> Of which restructuring expense -47 395 tkr, Westermo -1 886 tkr parent company -720 tkr.

### Income Statement—Parent Company

SEK 000	Quarter 1, 2017	Quarter 1, 2016	Full year, 2016
Net turnover	7,942	9,471	37,883
Operating expenses	-15,804	-17,871	-74,507
<b>Operating profit</b>	<b>-7,862</b>	<b>-8,400</b>	<b>-36,624</b>
Net financial items*	-5,396	-3,187	-33,209 <sup>a</sup>
<b>Profit before tax</b>	<b>-13,258</b>	<b>-11,587</b>	<b>-69,833</b>
Appropriations			4,100
Estimated tax	2,805	2,475	5,483
<b>Net profit</b>	<b>-10,453</b>	<b>-9,112</b>	<b>-60,250</b>
<i>of which dividend from subsidiaries</i>			40,000

*a Of which impairment in associated company 71,594,000 SEK.*

### Balance Sheet—Parent Company

SEK 000	Quarter 1, 2017	Quarter 1, 2016	Full year, 2016
<b>Assets</b>			
Fixed assets	725,966	807,147	734,835
Current assets	10,828	12,779	18,304
Cash equivalents and short-term investments*	1,166	0	1,166
<b>Total assets</b>	<b>737,960</b>	<b>819,926</b>	<b>754,305</b>
<b>Liabilities and shareholders' equity</b>			
Shareholders' equity	68,538	153,963	78,991
Long-term liabilities	408,571	475,454	397,808
Current liabilities	260,851	190,509	277,506
<b>Total liabilities and shareholders' equity</b>	<b>737,960</b>	<b>819,926</b>	<b>754,305</b>
<i>Of which interest-bearing liabilities</i>	592,875	543,051	592,593

## Financial definitions

### **Capital employed**

Equity plus interest-bearing liabilities.

### **Development expenditure**

Expenditure on product development work, such as personal expenses and external consulting expenses.

### **Earnings per share**

Net profit attributable to parent company shareholders divided by the number of shares at year-end.

### **Equity ratio**

Equity in relation to total assets.

### **Equity per share**

Equity attributable to parent company shareholders divided by the number of shares.

### **Net debt**

Interest-bearing liabilities less cash and cash equivalents and investments in securities, etc.

### **Operating assets**

Total assets less cash and cash equivalents, and interest-bearing liabilities.

### **Operating margin**

Operating profit in relation to net sales.

### **Profit margin**

Net profit in relation to net sales.

### **Return on capital employed**

Profit before tax plus financial expenses rolling 12 months in relation to average capital employed.

### **Return on equity after tax**

Net profit rolling 12 months in relation to average equity.

### **Return on net operating assets**

Operating profit (profit after depreciation and amortization) in relation to average net operating assets.

### Beijer Electronics AB (publ)

Beijer Electronics is a high technology company active in industrial automation and data communication. The company develops and markets competitive products and solutions that focus on the user. Since its start-up in 1981, Beijer Electronics has evolved into a multinational group with sales over 1.1 billion SEK in 2016. The company is listed on NASDAQ OMX Nordic Stockholm Small Cap under the ticker BELE.

### More Information

You can subscribe for financial information on Beijer Electronics via e-mail. Subscribe easily at our website, [www.beijerelectronics.com](http://www.beijerelectronics.com). If you have any questions about the Beijer Electronics group, please call +46 (0)40 35 86 00, or send an email: [info@beijerelectronics.com](mailto:info@beijerelectronics.com).

### Financial Calendar

July, 14 2017.....Six-month Interim Report  
October 25, 2017.....Nine-month Interim Report



### New generation communication networks for trains

Westermo provides an extensive range of network devices customized for rail vehicles. They can be used to create reliable solutions for many different applications such as Wi-Fi access points, observation and surveillance cameras, multimedia displays, network video recorders, online timetable information, diagnostic data and much more. The very compact Viper series of Ethernet train switches provides up to 20 ports with or without PoE and up to 5 gigabit ports. The versatility of the Viper series and the ability to process high amounts of data traffic solves the growing need for network capacity.

► [Read more at www.westermo.com](http://www.westermo.com)

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