

JANUARY-MARCH 2018

High order intake and increased sales, plus clear earnings improvement

- Order intake rose by 25% to 398 MSEK (318).
- Net sales increased by 16% to 337 MSEK (290).
- EBIT was 18.1 MSEK (2.5).
- Profit/loss after tax was 9.6 MSEK (-3.8).
- Earnings per share were -0.34 SEK (-0.14).

Interim Report for Beijer Electronics Group AB

Comments from CEO Per Samuelsson

“Beijer Electronics Group’s excellent progress in the first quarter confirms our previous view that the strategy we have set is working, and we have good prospects of achieving our long-term targets. The Group’s order intake of nearly 400 MSEK was our best to date in a single quarter. A sales increase of 16%, with all three business entities contributing, is also a source of real confidence going forward.

The earnings increase, which meant we achieved an EBIT margin of just over 5% in the quarter, is consistent with our long-term plan. We can see that the major adjustment of the Group and significant initiatives executed in recent years are progressively paying off. Our new customer-oriented organization, which has undergone significant skills succession, has been fine-tuned, and is now supporting our sales process end to end, with an increasing range of new products with higher margins to sell on a growing market.

In combination with a higher share of proprietary products and greater efficiency in procurement and manufacturing, this meant that we were able to expand

our gross margin. In combination with healthy growth and good cost control, this had a positive effect on EBIT. While earnings are still too low, we are heading in the right direction. We’re satisfied with our financial performance, but are cautious about drawing excessive conclusions from a single quarter, when we benefited from a weak Swedish krona in the period. This can change quickly, as can other external factors. The Group also secured a major single order of 28 MSEK, which doesn’t happen every quarter.

The Westermo business entity was the big stand-out with all-time high order intake, sales and earnings. These successes are mainly in network equipment for the train side. Westermo won a major prestigious order from Alstom of France, and breakthrough orders on new business accounts in Belgium and Canada. Other segments within this business entity also performed positively, and all product segments achieved growth in the period. High growth is also presenting certain challenges such as overcoming bottlenecks and capacity shortages.

Business entity net sales and EBIT

MKR	Sales Quarter 1		EBIT Quarter 1	
	1803	1703	1803	1703
Beijer Electronics	173.1	162.9	8.4	1.9
Westermo	138.3	106.2	21.0	10.8
Korenix	31.4	25.8	0.4	-2.5
Intra-group sales	-6.0	-4.7		
Group adjustments and depreciation			-11.7	-7.7
Beijer Electronics Group	336.8	290.2	18.1	2.5

“ While earnings are still too low, we are heading in the right direction.

PER SAMUELSSON, PRESIDENT & CEO

The Beijer Electronics business entity corroborated its positive trend in the first quarter. Order intake increased, and sales progressed positively, while earnings also made a good improvement, albeit from a low level. Its new products gained a positive market reception, and sales are good. We have high expectations of the new version of X2 extreme, which made positive contribution to order intake in the quarter. A number of new products will also be launched in the year. Restructuring of the Danish and German sales organizations has progressed as planned, with the target of increasing sales volumes on these markets.

After a difficult previous year, the Korenix business entity was able to report order intake and sales growth in the first quarter. It turned around a loss, posting some positive earnings. Korenix's focus is on gradual recovery through 2018.

For the Group overall, we are retaining our previous view that Beijer Electronics Group will be able to increase sales and earnings for the full year 2018, compared to 2017."

The Group in the first quarter

The Group's order intake progressed strongly in the first quarter 2018. The increase of 25% to 398 MSEK (318) was broad based, and covered all three of the Group's business entities. Westermo achieved the highest growth, with 36% gains. Korenix's order intake increased by 12%, and Beijer Electronics' by 18%. However, currency effects had a negative impact on volumes. Adjusted for currency effects, the Group's order intake increased by 27%.

The Group's sales increased by 16% to 337 MSEK (290). Adjusted for currency effects, sales increased by 18%.

The Group's in EBITDA increased by 87% to 35.7 MSEK (19.1). Depreciation and amortization were 17.7 MSEK (16.6). EBIT rose to 18.1 MSEK (2.5), equating to an EBIT margin of 5.4% (0.9). The earnings improvement is due to increased sales volume, a wider gross margin and good cost control, as well as positive currency effects of 5 MSEK.

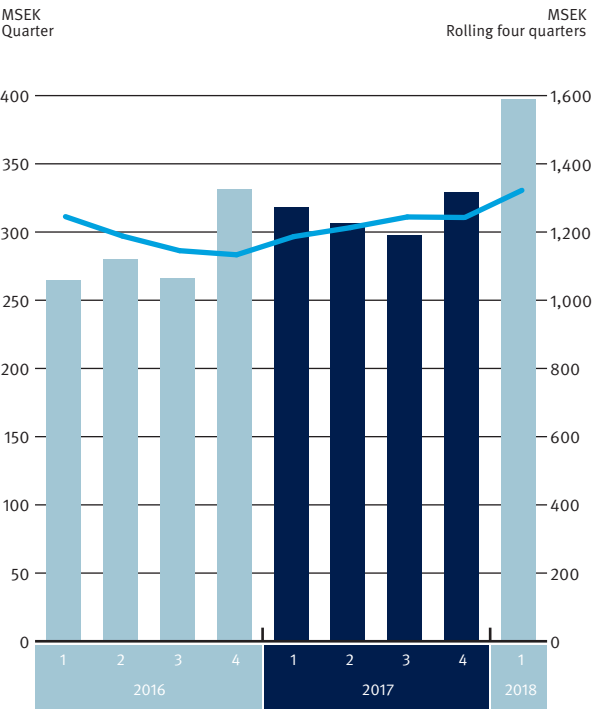
Total development expenditure amounted to 38.1 MSEK (36.3), corresponding to 11.3% (12.6) of Group sales.

Profit/loss before tax increased to 14.7 MSEK (-4.3). Net financial income/expense was -3.3 MSEK (-6.8). The improved net financial income/expense is due to the rights issue executed in 2017, and more positive financing terms. Profit/loss after estimated tax was 9.6 MSEK (-3.8). A relatively high tax charge in the quarter is due to a cautious assessment of loss carry-forwards and minor adjustments from the previous year. Earnings per share after estimated tax amounted to 0.34 SEK (-0.14).

“ The strategy we have set is working, and the Group's order intake of nearly 400 MSEK was our best to date in a single quarter.

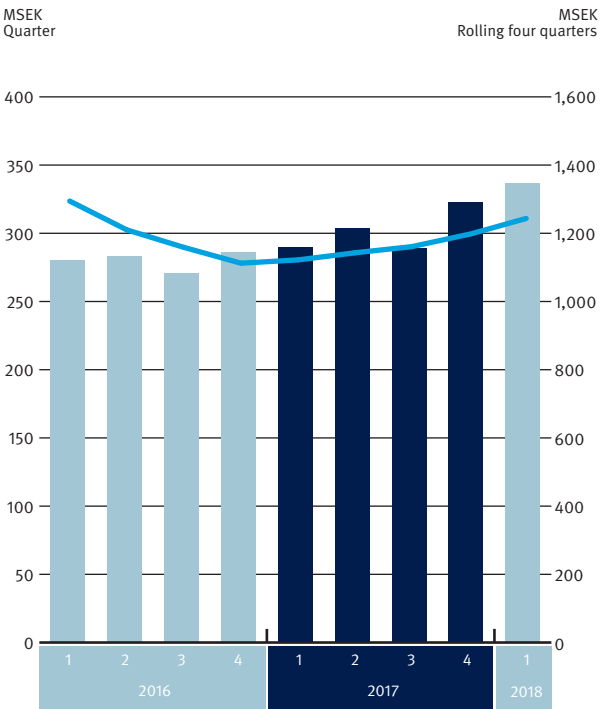
PER SAMUELSSON, PRESIDENT & CEO

Group order intake



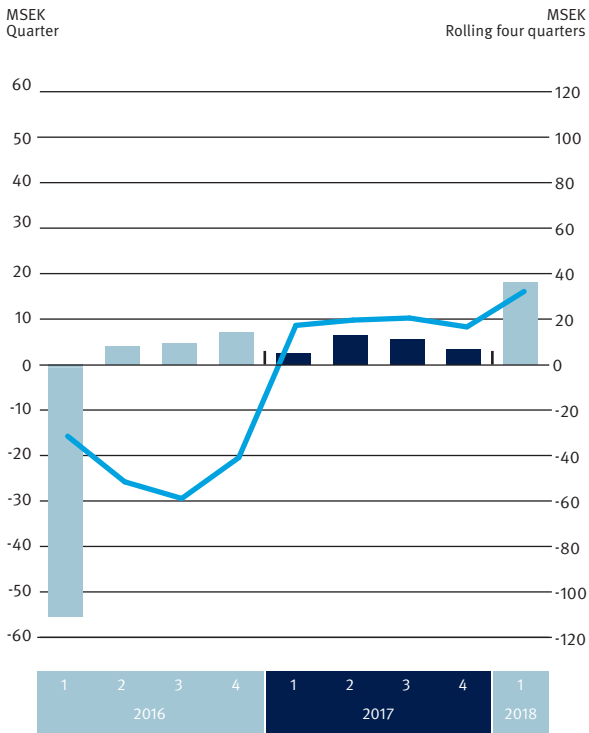
▲ The bars and left-hand scale indicate quarterly order intake. The curve and right-hand scale show rolling four quarter order intake.

Group net sales



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

Group EBIT



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

“ The Westermo business entity was the big stand-out with all-time high order intake, sales and earnings.

PER SAMUELSSON, PRESIDENT & CEO

Business entity

Beijer Electronics

The Beijer Electronics business entity secured its positive trend in the first quarter.

Order intake increased and sales progressed favorably, while earnings showed a good improvement, albeit from a low level.

The American market remained robust, mainly due to good growth in the oil & gas sector. Sales in other and new segments also progressed well, which means that the business entity achieved more diversified sales in the US. Growth in Asia was also positive, with explanations including large orders for display solutions. In Europe, the quarter started somewhat slow, but sales gradually improved. For the period overall, sales were unchanged, mainly due to downturns in Denmark and Norway, while Sweden, Germany, the UK, France and other countries made positive progress.

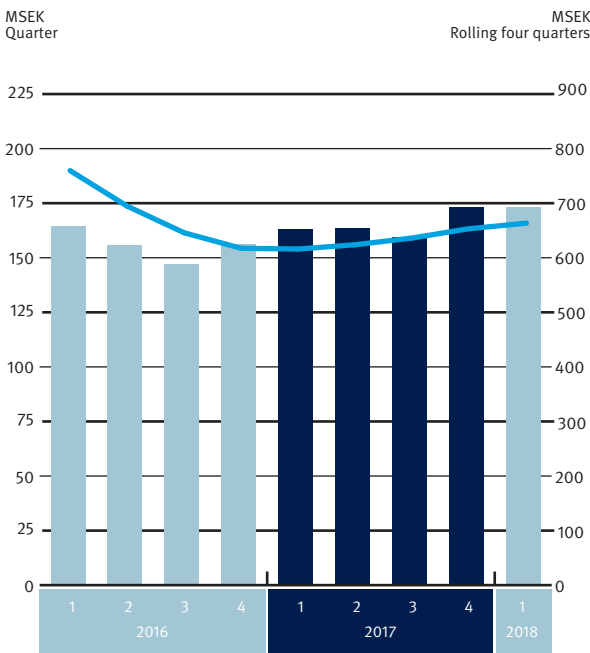
Sales of the new X2 series operator panel continued to increase, representing almost 30% of the business entity's total sales in the period. The most recent version, X2 Extreme, launched at the end of 2017, gained a very positive market reception, which was another contributor to order intake in the quarter.

Product development remained intensive. A number of new products and services, mainly in software, will be launched in the year.

The altered sales mix, with a higher share of proprietary and new products, and positive currency effects, contributed to a significant gross margin improvement in Europe and the US. Sales organizations in Germany and Denmark were restructured, which involved some non-recurring expenses being charged to earnings.

Beijer Electronics' order intake increased by 18% to 192 MSEK (162). Sales increased by 6% to 173 MSEK (163). EBITDA increased to 14.1 MSEK (7.5). Depreciation and amortization were 5.7 MSEK (5.6). EBIT rose to 8.4 MSEK (1.9), equivalent to a margin of 4.9%.

Net sales, Beijer Electronics



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

Business entity

Westermo

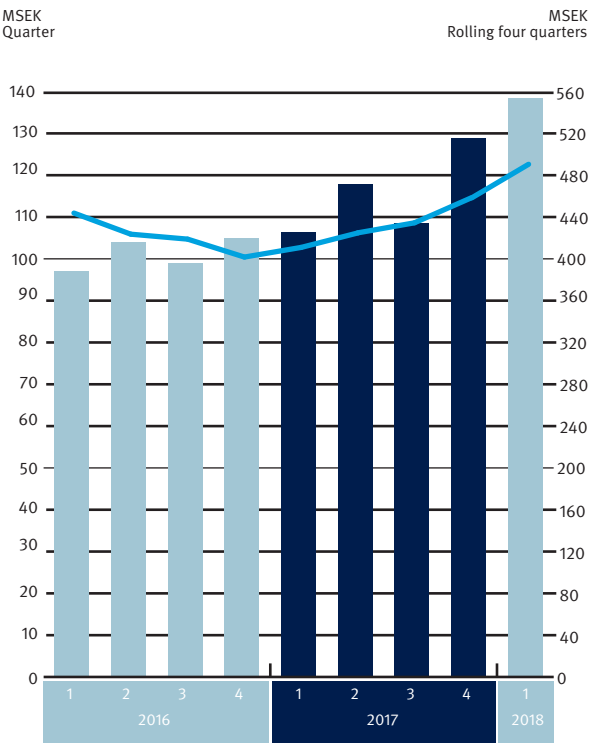
The Westermo business entity achieved all-time highs in order intake, sales and earnings. Order intake and sales increased sharply, contributing to a very good pay-off on earnings and margins.

Primarily, the IP train side achieved continued successes. Westermo secured a major 28 MSEK order from French train manufacturer Alstom in the quarter. Shipments start in 2018, and will continue for a 2-3-year period. The business entity secured several new orders, including breakthrough orders in Canada and Belgium. Other segments also progressed well, and all product segments grew in the period.

The new organization introduced in December 2017 is in place, and the new management was complete in the quarter. The organization has more focus, and Separate functions for Product Development, Operations and Marketing will increase efficiency, quality and delivery precision further. However, several challenges remain, not least against the backdrop of the business entity’s high growth. This is a matter of overcoming bottlenecks at the supplier level and in manufacturing, and alleviating various capacity problems, as well as improving ongoing cash flow.

Westermo’s order intake increased by 37% to 179 MSEK (131). Sales increased by 30% to 138 MSEK (106). EBITDA increased by 67% to 27.7 MSEK (16.6). Depreciation and amortization were 6.7 MSEK (5.8). EBIT almost doubled to 21.0 MSEK (10.8), equivalent to an operating margin of 15.2% (10.2).

Net sales, Westermo



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

Business entity

Korenix

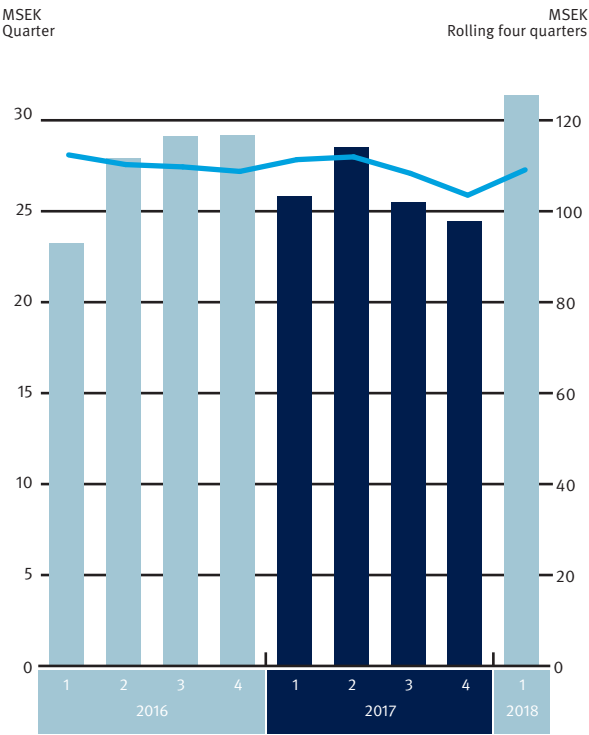
After a year of adjustment in 2017, the Korenix business entity achieved a good recovery in its operations. Order intake and sales increased in the first quarter, while Korenix turned a loss into some positive earnings. The upturn is due to several major orders, and a healthy order book at year-end, which generated increased sales in the period.

The new organization, with an all-new management, had a progressive positive impact on operations. Meanwhile, Korenix worked on fine-tuning and clarifying its product range, while ensuring good cost control.

The focus in 2018 is on continued, and ongoing, recovery in its operations.

Korenix’s order intake increased by 12% to 33 MSEK (29) in the first quarter. Sales increased to 31 MSEK (26). EBITDA was 3.4 MSEK (0.2). Depreciation and amortization were 3.1 MSEK (2.7). EBIT was 0.4 MSEK (-2.5), equivalent to an operating margin of 1.1%.

Net sales, Korenix



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

Other financial information

Group investments, including capitalized development expenses and acquisitions, amounted to 27.6 MSEK (22.5). The remaining 10% of the Group's Turkish company, Beijer Elektronik Tic. A.S., was acquired from its previous owners in the first quarter. Cash flow from operating activities was -12.1 MSEK (-22.7). Equity was 614.7 MSEK (423.3) on 31 March 2018. The equity ratio was 41.8% (30.3). Cash and cash equivalents were 83.2 MSEK (62.2). Net debt was 457.1 MSEK (627.3). The average number of employees was 714 (680).

Issue of class C shares

In March 2018, Beijer Electronics Group's Board of Directors decided to issue 34,657 class C shares with a quotient value of SEK 0.33, in accordance with the authorization of the AGM 2017. The issue was to a financial institution, and was immediately repurchased by the company. The intention of the repurchased class C shares on delivery to employees in 2020 is to convert them to ordinary shares, pursuant to the terms and conditions of the LTI 2017/2020 incentive program.

Prospects for the full year 2018

For the full year 2018, Beijer Electronics Group expects to be able to increase sales and earnings compared to 2017.

Financial targets for the Group

The Board of Directors set 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 a minimum EBIT margin of 10%, measured as an average over a business cycle.

Malmö, Sweden, 26 April 2018

Per Samuelsson

President and CEO

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Accounting policies

For the Group, this Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. For the parent company, this Interim Report has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers came into effect as of 1 January 2018. The implementation of IFRS 9 and IFRS 15 did not have any material effect on the Group's or segments' financial reporting.

New IFRS that have not yet come into effect

IFRS 16 Leases comes into effect on 1 January 2019. The Group has started a project to analyze and evaluate the effects of the introduction of this new standard on the Group's financial reporting. This work is in an early phase, and the preliminary conclusions are scheduled to be available coincident with presentation of the Interim Report for January-September 2018.

Interim Report in Summary

Income Statement—Group

SEK 000	Quarter 1, 2018	Quarter 1, 2017	Full Year, 2017
Net turnover	336,798	290,223	1,205,912
Other operating revenue	4,270	-1,887	-82
Operating expenses excluding depreciation and amortisation	-305,348	-269,256	-1,115,504
Operating profit before depreciation and amortization	35,720	19,080	90,326
Amortization, intangible assets	-13,304	-12,139	-55,090
Depreciation, property, plant and equipment	-4,348	-4,414	-17,220
Operating profit	18,068	2,527	18,016
Net financial items	-3,347	-6,845	-21,853
Profit before tax	14,721	-4,318	-3,837
Estimated tax	-5,163	481	-2,373
Net profit	9,558	-3,837	-6,210
<i>Attributable to equity holders of the parent</i>	<i>9,596</i>	<i>-4,147</i>	<i>-6,988</i>
<i>Attributable to non-controlling interest</i>	<i>-38</i>	<i>310</i>	<i>778</i>
<i>Earnings per share, SEK (comparative figure restated for rights issues)</i>	<i>0.34</i>	<i>-0.14</i>	<i>-0.24</i>

Comprehensive Income

SEK 000	Quarter 1, 2018	Quarter 1, 2017	Full year, 2017
Net profit	9,558	-3,837	-6,210
Actuarial gains and losses			-13,267
Translation differences	20,786	12,199	-27,236
Comprehensive income	30,344	8,362	-46,713
<i>Attributable to equity holders of the parent</i>	<i>30,240</i>	<i>7,899</i>	<i>-47,161</i>
<i>Attributable to non-controlling interest</i>	<i>104</i>	<i>463</i>	<i>448</i>

Balance Sheet—Group

SEK 000	31 Mar. 2018	31 Mar. 2017	31 Dec. 2017
Assets			
Intangible assets	768,969	775,288	754,571
Tangible assets	90,558	87,380	84,947
Financial assets	56,337	55,430	55,117
Current assets	482,885	439,079	435,304
Cash equivalents and short-term investments	83,241	62,158	89,281
Total assets	1,481,990	1,419,335	1,419,220
Liabilities and shareholders' equity			
Shareholders' equity	614,720	423,288	585,015
Non-controlling interest share of shareholders' equity	5,058	6,236	6,221
Long-term liabilities	505,519	516,907	511,112
Current liabilities	356,693	472,904	316,872
Total liabilities and shareholders' equity	1,481,990	1,419,335	1,419,220
<i>Of which interest-bearing liabilities</i>	<i>540,384</i>	<i>689,512</i>	<i>506,662</i>

Statement of Changes in Equity –Group

SEK 000	31 Mar. 2018	31 Mar. 2017	31 Dec. 2017
Attributable to equity holders of the parent			
Opening balance, shareholders' equity, 1 January	585,015	415,389	415,389
Rights issue	-78		216,733
Share-based payment	343		54
Share repurchase	-11		
Acquisitions	-789		
Comprehensive income	30,240	7,899	-47,161
Closing balance, shareholders' equity	614,720	423,288	585,015
Attributable to non-controlling interests			
Opening balance, 1 January	6,221	5,773	5,773
Acquisitions	-1,267		
Comprehensive income	104	463	448
Closing balance	5,058	6,236	6,221

Key Figures—Group

	31 Mar. 2018	31 Mar. 2017	31 Dec. 2017
Operating margin, %	5.4	0.9	1.5
Profit margin, %	2.8	-1.3	-0.5
Equity ratio, %	41.8	30.3	41.7
Equity per share, SEK (comparative figure restated for rights issues)	21.5	14.8	20.4
Earnings per share, SEK (comparative figure restated for rights issues)	0.34	-0.14	-0.24
Return on equity after tax, %	1.4	-19.5	-1.2
Return on capital employed, %	3.0	1.9	1.7
Return on net operating assets, %	4.4	2.7	2.5
Average number of employees	714	680	702

Cash Flow Statement–Group

SEK 000	31 Mar. 2018	31 Mar. 2017	31 Dec. 2017
Cash flow from operating activities before changes in working capital	29,691	8,507	61,765
Change in working capital	-41,761	-31,218	-13,904
Cash flow from operating activities	-12,070	-22,711	47,861
Cash flow from investing activities	-27,632	-22,458	-79,400
Cash flow from finance activities	31,049	-188	17,795
Change in cash equivalents	-8,653	-45,357	-13,744
Cash equivalents and short-term investments, opening balance	89,281	107,228	107,228
Cash equivalents	2,613	287	-4,203
Cash equivalents and short-term investments, closing balance	83,241	62,158	89,281

Operating segments

SEK 000	Quarter 1, 2018	Quarter 1, 2017	Full year, 2017
Net sales			
Beijer Electronics	173,056	162,871	659,059
Westermo	138,286	106,214	461,155
Korenix	31,367	25,818	104,198
Group adjustments	-5,911	-4,680	-18,500
Group	336,798	290,223	1,205,912
Operating profit before depreciation and amortization			
Beijer Electronics	14,101	7,528	36,577
Westermo	27,705	16,558	69,548
Korenix	3,410	206	5,588
Parent company	-8,273	-5,872	-22,782
Group adjustments	-1,223	660	1,395
Group	35,720	19,080	90,326
Operating profit			
Beijer Electronics	8,422	1,871	12,544
Westermo	20,962	10,767	46,583
Korenix	358	-2,511	-9,934
Parent company	-10,420	-7,862	-30,877
Group adjustments	-1,254	262	-300
Group	18,068	2,527	18,016

Revenue

SEK 000	Quarter 1, 2018	Quarter 1, 2017	Full year, 2017
Geographical market			
Sweden	48,069	43,927	171,252
Rest of Nordics	31,698	35,893	137,413
Germany	24,284	23,330	93,992
UK	26,454	17,721	71,155
France	11,314	9,409	40,595
Turkey	7,608	6,562	29,221
Rest of Europe	46,466	40,411	168,810
USA	67,321	48,256	218,734
Taiwan	22,236	21,622	78,195
China	20,316	14,967	70,896
Rest of Asia	19,405	19,031	85,159
Rest of world	11,627	9,094	40,490
Group	336,798	290,223	1,205,912
Category			
Operator panels and accessories	151,457	139,501	573,868
Network equipment	163,976	127,722	547,842
Other products and services	21,365	23,000	84,202
Group	336,798	290,223	1,205,912

Income Statement—Parent Company

SEK 000	Quarter 1, 2018	Quarter 1, 2017	Full year, 2017
Net turnover	8,328	7,942	31,767
Operating expenses	-18,748	-15,804	-62,644
Operating profit	-10,420	-7,862	-30,877
Net financial items*	1,829	-5,396	-21,390
Profit before tax	-8,591	-13,258	-52,267
Appropriations			53,000
Estimated tax	1,597	2,805	75
Net profit	-6,994	-10,453	808
<i>of which dividend from subsidiaries</i>			1,056

Balance Sheet—Parent Company

SEK 000	Quarter 1, 2018	Quarter 1, 2017	Full year, 2017
Assets			
Fixed assets	765,997	725,966	759,718
Current assets	13,591	10,828	25,605
Cash equivalents and short-term investments	1,166	1,166	1,166
Total assets	780,754	737,960	786,489
Liabilities and shareholders' equity			
Shareholders' equity	289,846	68,538	296,586
Long-term liabilities	373,592	408,571	414,178
Current liabilities	117,316	260,851	75,725
Total liabilities and shareholders' equity	780,754	737,960	786,489
<i>Of which interest-bearing liabilities</i>	426,417	592,875	394,822

Parent Company Statement of Changes in Equity

SEK 000	Share capital ^{a)}	Other restricted equity	Share pre- mium reserve and retained earnings	Net profit	Total equity
Opening equity, 1 Jan. 2018	9,534	7,034	280,018		296,586
Net profit				-6,994	-6,994
Total changes to net worth, exc. transactions with company's shareholders	9,534	7,034	280,018	-6,994	289,592
Rights issue ^a	11		-89		-78
Repurchase of treasury shares			-11		-11
Share-based payment			343		343
Closing equity, 31 Mar. 2018	9,545	7,034	280,261	-6,994	289,846

a

No. of shares, 1 Jan. 2018 28,601,379
 Shares issued in current rights issue 34,657
 No. of shares, 31 Mar. 2018 28,636,036

Quotient value (SEK) 0.33

The issue price was 0.33 SEK per share.

Financial definitions

Average

Average values are computed as the median value of the current reporting period and the corresponding item in comparative periods 12 months previously.

Capital employed

Equity plus interest-bearing liabilities.

Development expenditure

Expenditure on product development work, such as personell expenditure and external consulting expenditure, including expenditure capitalized as intangible assets.

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 Group AB (publ)

Beijer Electronics Group (publ) 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 Group has evolved into a multinational group with net sales of 1.2 billion SEK in 2017. The company is listed on NASDAQ OMX Nordic Stockholm Small Cap under the ticker BELE.

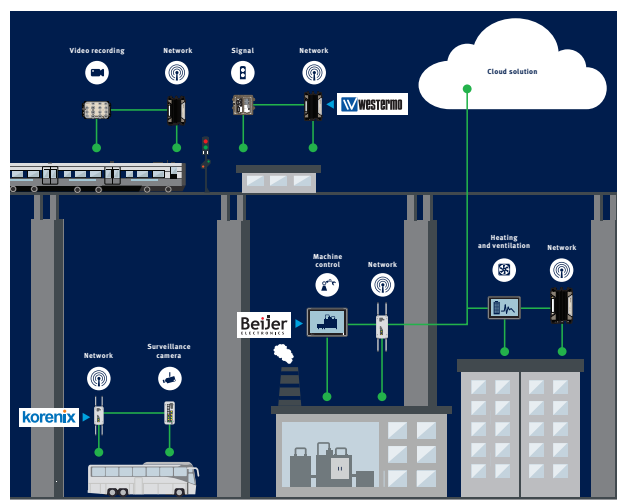
More Information

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

Financial Calendar

13 July 2018.....Six-month Interim Report

24 October 2018.....Nine-month Interim Report



What we do

Beijer Electronics Group delivers smart automation and data communication solutions. Our solutions control, connect and present data and information in mission-critical applications and robust data communication. Digitalization is transforming market demands and the trend is moving towards connected systems with more software. The group is assigning significant resources to staying at the leading edge in developing new software and hardware solutions in automation and data communication. Beijer Electronics Group addresses an array of market segments with varying needs, which apply differing standards on their solutions. A significant component in Beijer Electronics Group's offering targets exposed sectors in demanding environments that need robust, secure and sustainable solutions.

► Read more at www.beijergroup.com

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electronics
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