



acirro+

THE CLOUD-BASED IIOT PLATFORM

Secure. User-friendly. Flexible.

A strong third quarter with continued growth investments

1 January - 30 September, 2019

Per Samuelsson, CEO & Joakim Laurén, CFO

Agenda

- ▶ Business update for the quarter
- ▶ Financial performance, BEIJER GROUP
- ▶ Financial performance, business entities
- ▶ Financial targets
- ▶ Outlook
- ▶ Q&A



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Business update for the quarter, i)

- ▶ Strong quarter with many positives and continued investments for future growth.
- ▶ During 2020 over half of our sales will be from newer products.
- ▶ The uncertainty in our surroundings remains but yet no significant slowdown visible except for UK effected by Brexit and general automation industry in Germany.
- ▶ Order growth in the quarter and strong backlog in all three business entities.
- ▶ Westermo at all-time-high levels for order, sales and profit while also investing into new segments.

Business update for the quarter, ii)

- ▶ The investment in capacity increase for Westermo supply chain is paying off with stability and shorter lead-times.
- ▶ The irregularities between quarters due to end-of-life processes (*phasing out 4 older generations and replacing with X2 series*) remain in Beijer Electronics. Will fade out in coming quarters.
- ▶ Korenix moving forward in line with plan with focus on zero result.
- ▶ Cash flow improves compared to earlier but still way to go.
- ▶ Net income continues to improve and EPS increased to 0.65 SEK in the quarter.

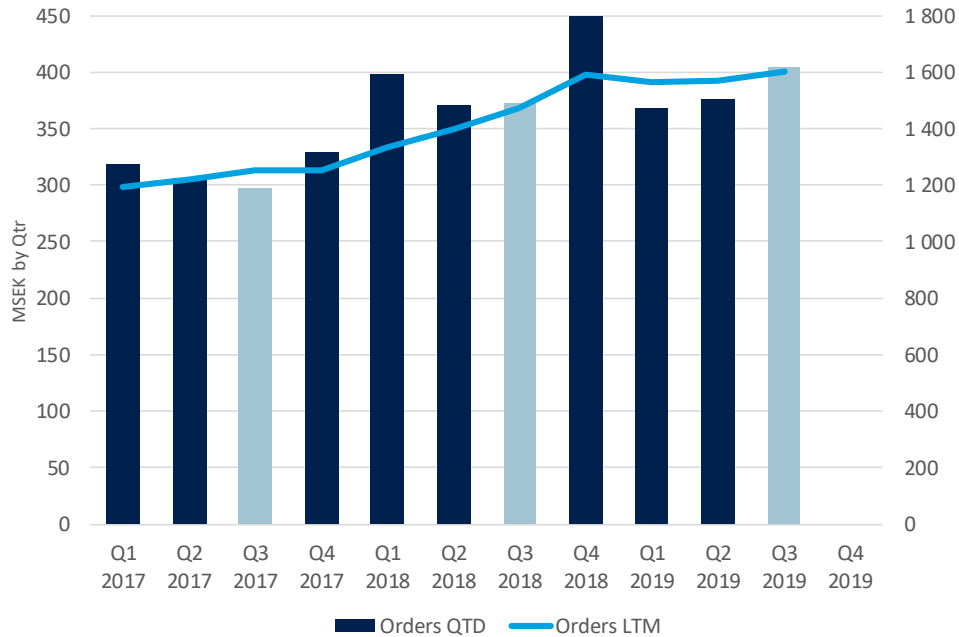
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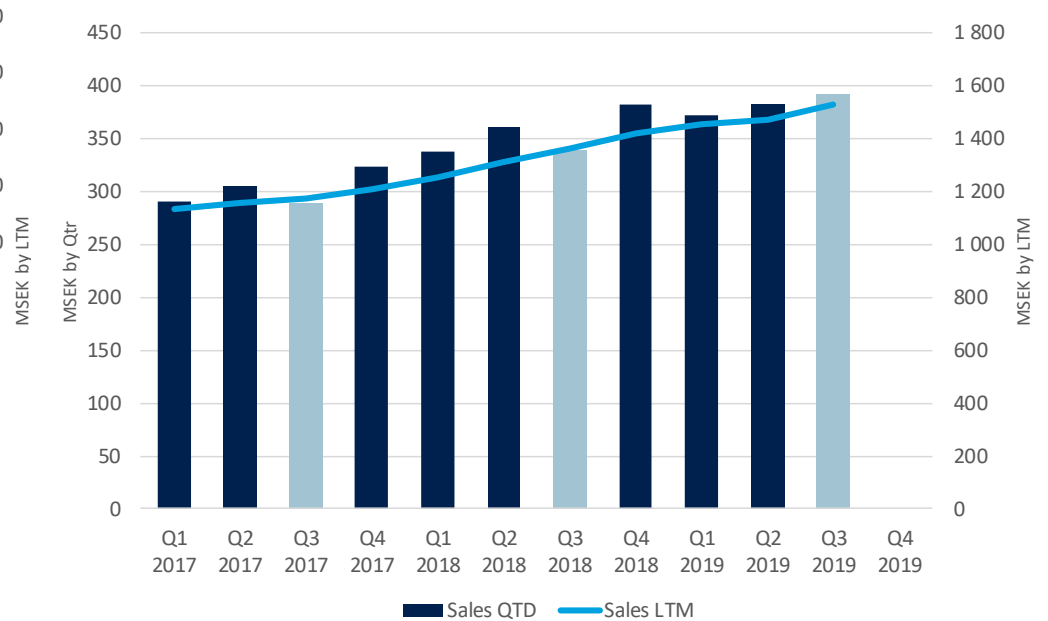


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Order intake



Sales



- ▶ Order growth driven organically by Westermo and Korenix while Beijer Electronics is impacted by the EOL irregularities.
- ▶ Sales growth of 16% in total and 12% excluding acquisitions. Westermo organically at +24%, Korenix at +12% and Beijer Electronics at +3%.
- ▶ Strong backlog for all three business entities and in total at +24% vs last year excluding acquisitions.
- ▶ FX contributes with 3-4 p.p. vs last year in the quarter.

Group – positive with a strong quarter

MSEK	Q3 2019	Q3 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	404.9	372.1	9%	1,150.3	1,141.2	1%	1,593.2
Sales	391.4	338.4	16%	1,143.4	1,036.1	10%	1,417.2
EBIT	29.9	17.7	69%	81.5	53.7	52%	73.9
EBIT%	7.6%	5.2%		7.1%	5.2%		5.2%

Comments to Q3

- ▶ IFRS16 - limited impact on EBIT, net +0.6 MSEK in the quarter.
- ▶ Improved EBIT vs last year and last quarter and at 7.6% in Q3.
- ▶ Westermo shines in the quarter with all-time-high for orders, sales and profit while also investing for future growth.
- ▶ Beijer Electronics improves vs last year but the quarterly irregularities remain.
- ▶ Currency impacts EBIT in Q3 with +2.6 MSEK of mainly transactional variances.
- ▶ Net income at +18.8 MSEK or EPS at 0.65 SEK.
- ▶ Free cash flow excluding Neratec acquisition at +28 MSEK in the quarter.

EBIT and EBIT% QTD



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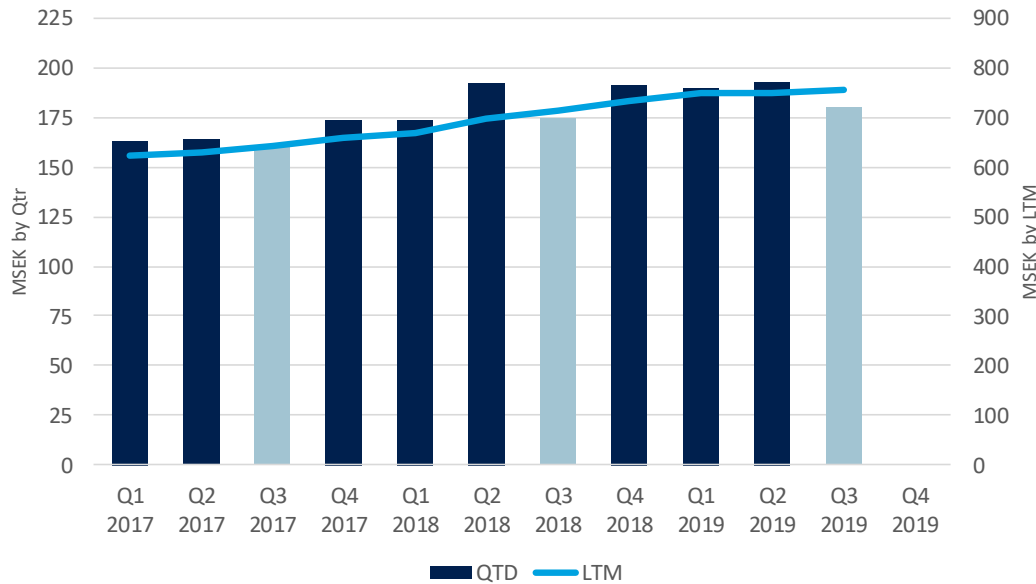
Beijer Electronics – irregularities remain due to end-of-life

MSEK	Q3 2019	Q3 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	164.8	180.6	-9%	534.3	560.7	-5%	792.2
Sales	180.0	174.5	3%	562.4	539.9	4%	731.4
EBIT	12.3	8.9	38%	44.3	30.0	47%	47.4
EBIT%	6.8%	5.1%		7.9%	5.6%		6.5%

Comments to Q3

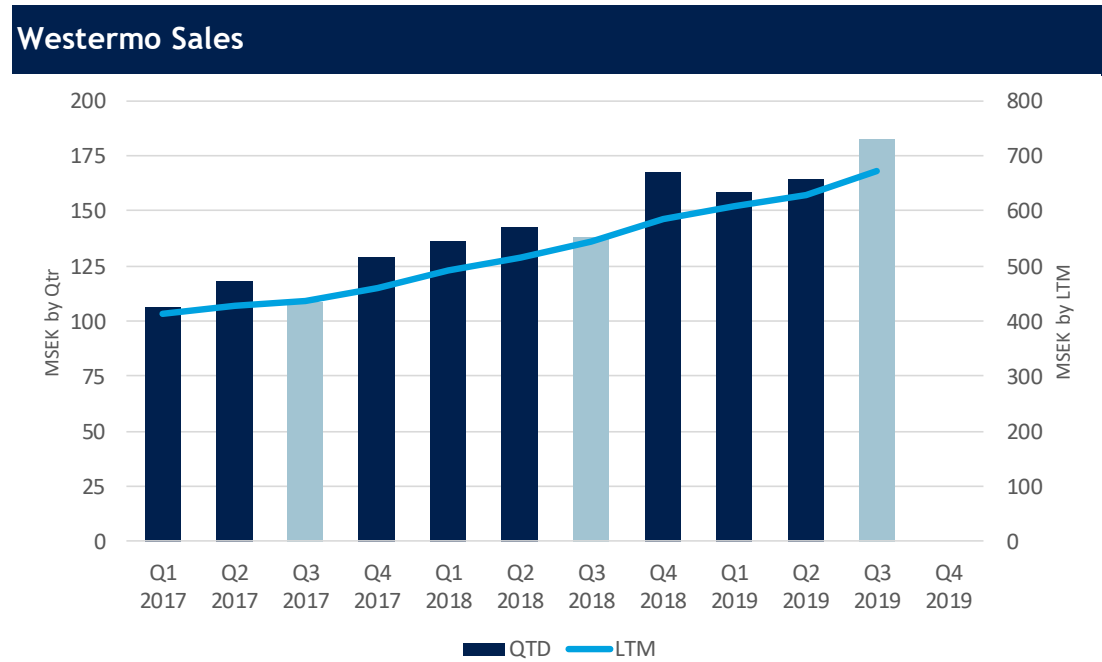
- ▶ The process of phasing out 4 older product platforms continues and is behind the irregularities between quarters, creating bumpy development for volumes and gross margin. Expected to continue in the coming quarters.
- ▶ The transition into higher portion of the X2-series continues and is now above the 50% mark.
- ▶ EBIT improvement compared to last year due to improved gross margins and tight cost control.
- ▶ The all new IOT-platform Acirro+ is released to the market with a new revenue model including SaaS (Software as a Service).

Beijer Electronics Sales



Westermo – all time high quarter

MSEK	Q3 2019	Q3 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	213.9	168.2	27%	542.0	499.6	8%	687.9
Sales	182.8	138.3	32%	505.9	416.9	21%	584.2
EBIT	26.0	15.5	67%	67.3	56.0	20%	69.7
EBIT%	14.2%	11.2%		13.3%	13.4%		11.9%



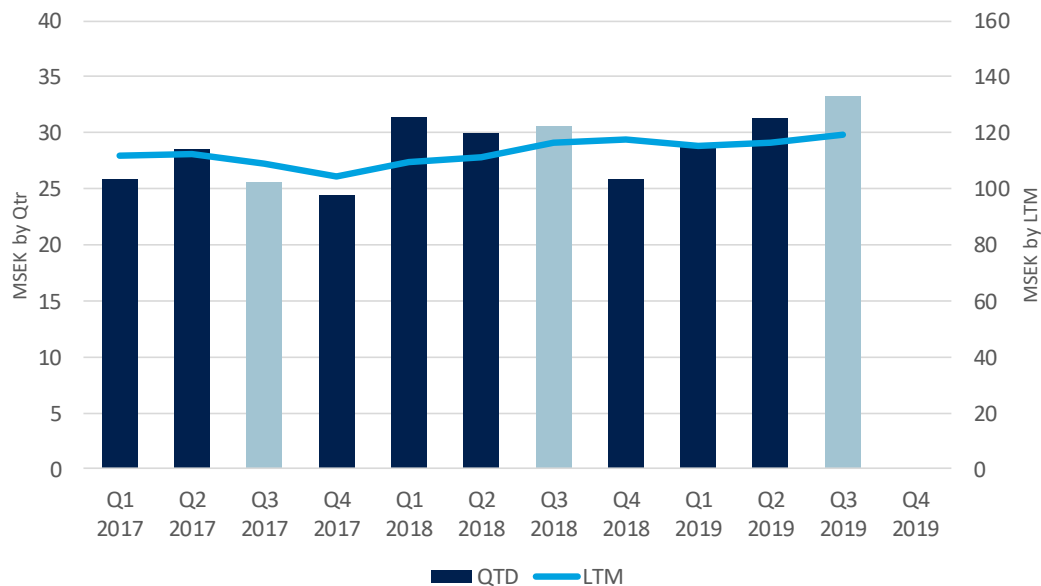
Comments to Q3

- ▶ Order bookings strong including some larger projects to Bombardier Spain and to a subway project in Singapore. Neratec adds on as well. Solid organic growth at +18% for the quarter.
- ▶ Continued strong sales growth confirms the performance and the higher capacity in the supply chain.
- ▶ Future-oriented spending into the new segments defined in the WeGrow strategy.
- ▶ Good profitability in the quarter driven by the volume.
- ▶ The Neratec acquisition starts to add well to volumes and contributed marginally positive to earnings.

Korenix – recovery ongoing

MSEK	Q3 2019	Q3 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	31.0	28.3	10%	92.2	93.5	-1%	129.2
Sales	33.3	30.6	9%	93.4	92.0	2%	117.8
EBIT	-0.7	-0.2	225%	-1.6	-2.3	-31%	-6.4
EBIT%	-2.1%	-0.7%		-1.7%	-2.5%		-5.4%

Korenix Sales



Comments to Q3

- ▶ Order growth in the quarter and now with a strong orderbook at 50% larger than last year.
- ▶ Sales growth continues.
- ▶ EBIT with a small loss in the quarter close to last year.
- ▶ Continued high R&D activity to regenerate the product offering providing for future growth.
- ▶ Increasing its interaction with Beijer Electronics and their channel to market.
- ▶ Recovery ongoing with focus to show profitability during 2019.

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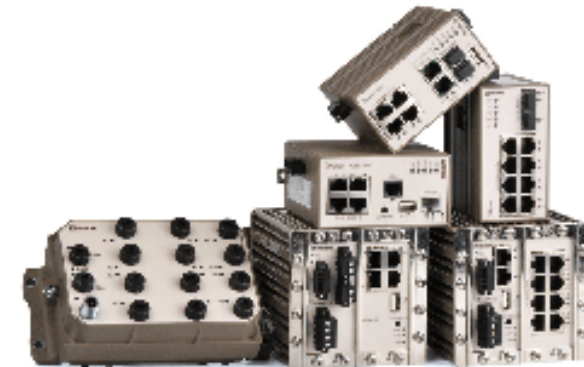
Financial targets for the group*

*Within a 2-3 year timeframe, the group will achieve minimum organic **growth of 7% per year**, and in the first phase, achieve a minimum **EBIT margin of 10%**, measured as an average over a business cycle.*

** Decided by the board in 2016*

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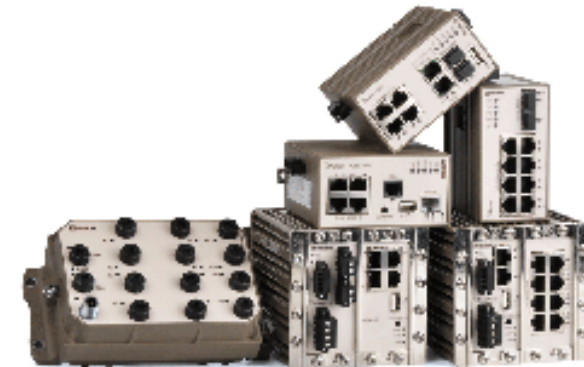
Outlook for 2019*

"BEIJER GROUP is expecting to improve sales and earnings for the full year 2019 compared to the figures for 2018"

** Remained unchanged from last quarter*

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**BEIJER
GROUP**