

Volumes still strong and earnings improve

January–June, 2018

Per Samuelsson, CEO & Joakim Laurén, CFO

Agenda

- ▶ Key events in the quarter
- ▶ Financial performance, Beijer Electronics Group
- ▶ Financial performance, business entities
- ▶ Financial targets
- ▶ Outlook
- ▶ Q&A



Key events in the quarter

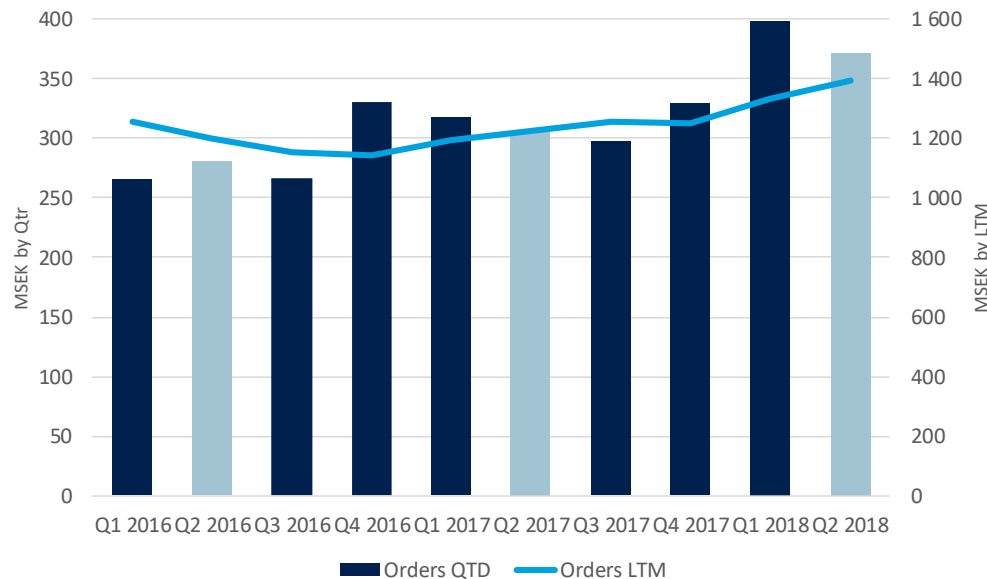
- ▶ Beijer Electronics Group continues the positive trend. We are developing overall according to plan and are on the right path towards the financial goals.
- ▶ Continued strong order intake coming from all three business entities.
- ▶ Good sales growth of +19% where all business entities and regions contribute.
- ▶ Improved earnings with an EBIT of 5% in the quarter. Still low levels but the direction is right.
- ▶ Beijer Electronics starts to contribute significantly to the earnings improvement for the group.
- ▶ Westermo continues well with another good quarter.
- ▶ Korenix' organisation starts to deliver and the Smart City order of 5 MSEK is a good example.
- ▶ Positive net income on similar level as last quarter.

Agenda

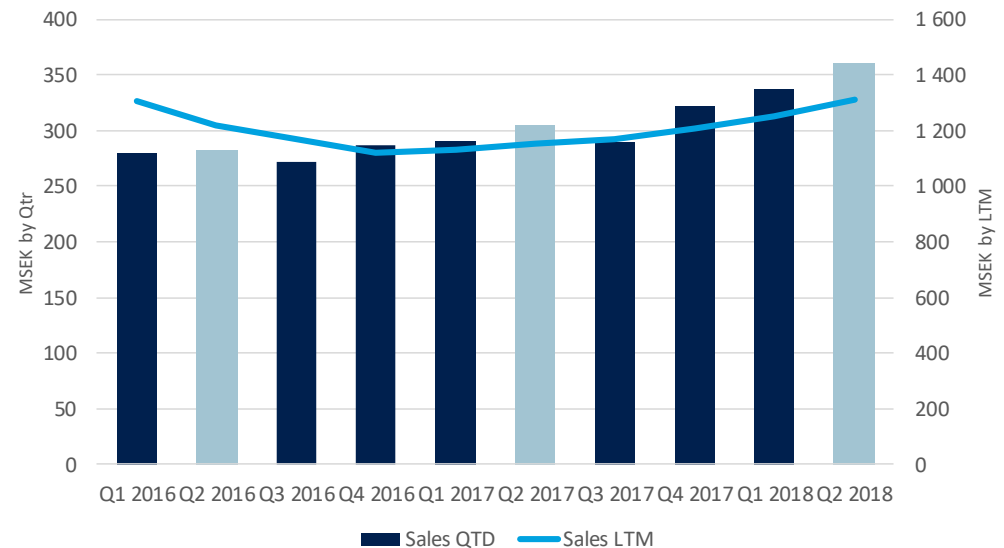
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Order intake



Sales

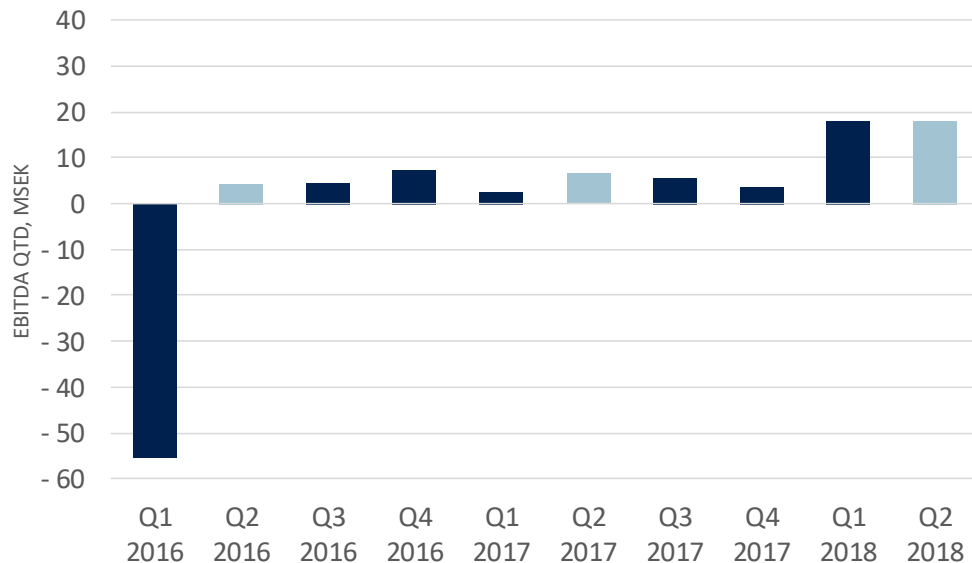


- ▶ Second best order quarter at 371 MSEK or at +21% without any really large order. All business entities come in with high growth.
- ▶ Sales at good 361 MSEK or at +19% where both Beijer Electronics and Westermo are at strong levels.
- ▶ FX contributes with 2 %-points in the quarter.

Group – strong volume growth and improved result

MSEK	Q2 2018	Q2 2017	%	YTD 2018	YTD 2017	%
Order intake	371.4	306.6	21%	769.1	624.8	23%
Sales	360.8	304.0	19%	697.6	594.2	17%
EBITDA	36.4	23.3	57%	72.2	42.3	70%
<i>EBITDA%</i>	<i>10.1%</i>	<i>7.7%</i>		<i>10.3%</i>	<i>7.1%</i>	
EBIT	18.0	6.5	177%	36.0	9.0	300%
<i>EBIT%</i>	<i>5.0%</i>	<i>2.1%</i>		<i>5.2%</i>	<i>1.5%</i>	

EBIT QTD



Comments to Q2

- ▶ The step up of EBIT generation continues and Q2 at +18 MSEK or 5.0%.
- ▶ The higher level of sales is the main reason for the improvement.
- ▶ Currency impacts EBIT with about +5 MSEK of mainly transactional variances.
- ▶ R&D spending remains on high levels.
- ▶ Net income at +10.5 MSEK.
- ▶ EPS at +0.36 SEK.
- ▶ Cash flow start to improve and positive +19 MSEK in the quarter. Still improvement potential.

Agenda

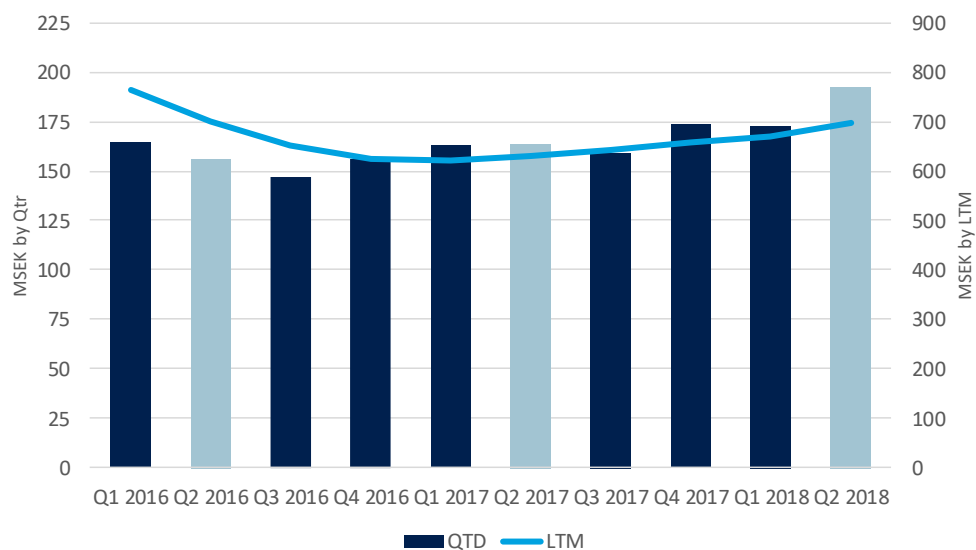
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Beijer Electronics – growth drives profitability

MSEK	Q2 2018	Q2 2017	%	YTD 2018	YTD 2017	%
Order intake	188.4	159.3	18%	380.1	321.7	18%
Sales	192.3	163.6	18%	365.4	326.4	12%
EBITDA	19.4	9.6	101%	33.5	17.2	95%
<i>EBITDA%</i>	<i>10.1%</i>	<i>5.9%</i>		<i>9.2%</i>	<i>5.3%</i>	
EBIT	12.7	3.7	246%	21.2	5.6	281%
<i>EBIT%</i>	<i>6.6%</i>	<i>2.2%</i>		<i>5.8%</i>	<i>1.7%</i>	

Beijer Electronics Sales



Comments to Q2

- ▶ Continued good order development driven by all regions.
- ▶ Sales step up to +18% where we see nice growth across all regions.
- ▶ The X2 series continues to contribute well and now behind 1/3 of the sales volume.
- ▶ Gross margins continue to improve due to the new product mix and efficiency in the supply chain.
- ▶ R&D activities remain on a high level providing for new offerings later in the year.
- ▶ EBIT improving to +13 MSEK or +6.6% in the quarter and starts to contribute well to the group earnings.

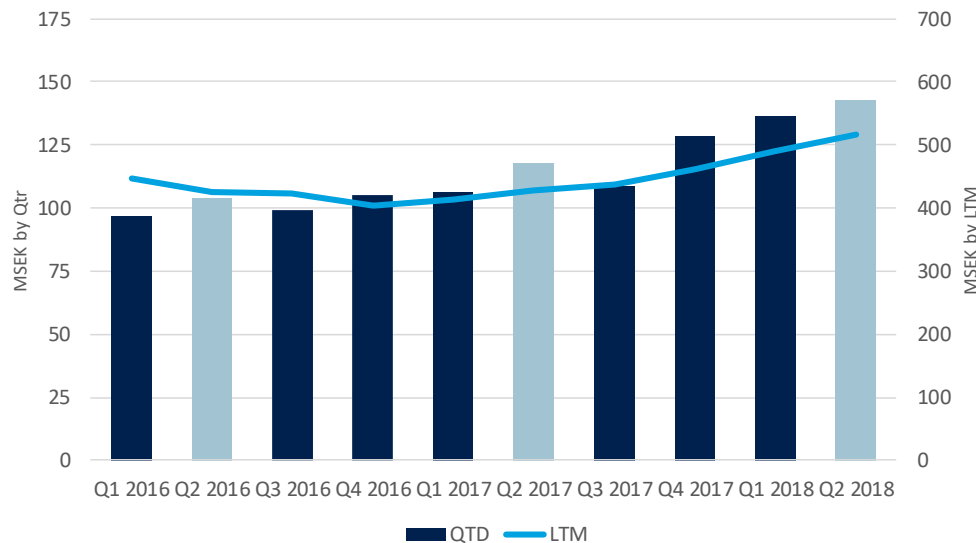
Westermo – continued strong development

MSEK	Q2 2018	Q2 2017	%	YTD 2018	YTD 2017	%
Order intake	154.8	126.0	23%	331.4	257.0	29%
Sales	142.6	117.7	21%	278.6	224.0	24%
EBITDA	26.1	15.7	66%	53.8	32.3	67%
<i>EBITDA%</i>	<i>18.3%</i>	<i>13.4%</i>		<i>19.3%</i>	<i>14.4%</i>	
EBIT	19.6	10.0	96%	40.5	20.8	95%
<i>EBIT%</i>	<i>13.7%</i>	<i>8.5%</i>		<i>14.6%</i>	<i>9.3%</i>	

Comments to Q2

- ▶ Orders at strong 155 MSEK or +23% without any really large orders.
- ▶ Train segment continues strongly and other segments are also developing good.
- ▶ Sales increasing and at +21% in the quarter that gives a sales pace above half a billion Swedish krona.
- ▶ R&D spending continues on high levels.
- ▶ The high growth creates challenges by suppliers and in supply chain but are being handled.
- ▶ EBIT almost doubled to +20 MSEK or +13.7%.

Westermo Sales



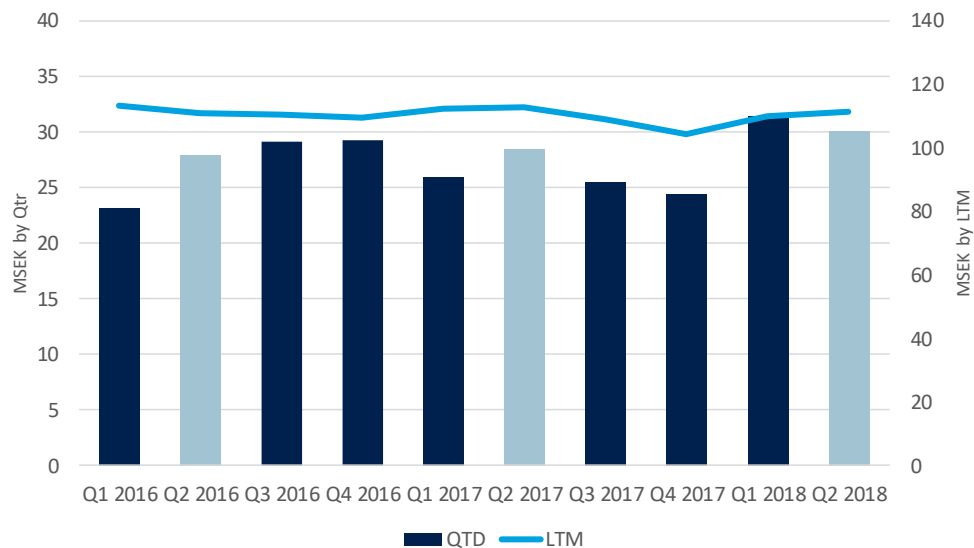
Korenix – organisation starts to deliver

MSEK	Q2 2018	Q2 2017	%	YTD 2018	YTD 2017	%
Order intake	32.2	27.0	19%	65.3	56.5	16%
Sales	30.0	28.5	5%	61.4	54.3	13%
EBITDA	0.8	3.7	-79%	4.2	3.9	7%
<i>EBITDA%</i>	<i>2.5%</i>	<i>13.0%</i>		<i>6.8%</i>	<i>7.2%</i>	
EBIT	-2.4	0.9	-354%	-2.0	-1.6	31%
<i>EBIT%</i>	<i>-8.0%</i>	<i>3.3%</i>		<i>-3.3%</i>	<i>-2.9%</i>	

Comments to Q2

- ▶ Nice order growth at +19%.
- ▶ The changed organisation starts to deliver and the Smart City order of 5 MSEK is a good example.
- ▶ Sales growth at +5% but still on too low levels.
- ▶ Negative EBIT in the quarter due to unfavourable product mix and continued initiatives in sales- and marketing and product development.
- ▶ Recovery in focus for 2018 with the goal of showing profitability in 2019.

Korenix Sales



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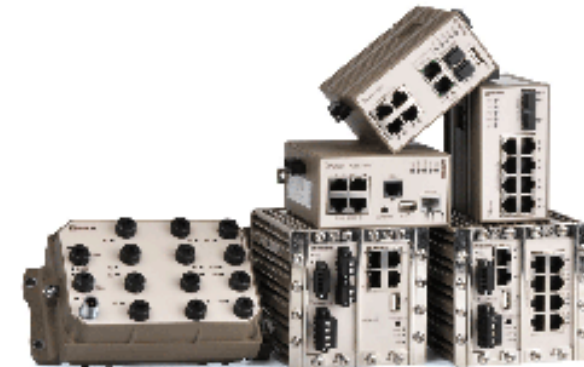
Financial targets for the group*

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. With the current financial structure, this equates to a return on equity of some 20%.

** Decided by the Board in Q1 2016*

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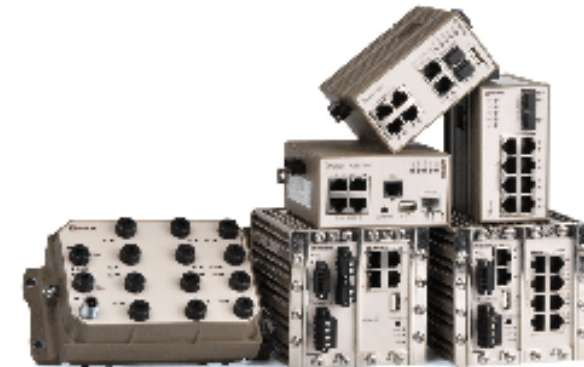


Outlook for 2018

“Beijer Electronics Group shows significantly improved sales and earnings in the first half of the year. For the second half of 2018, the group is expecting to report higher sales and earnings than corresponding period of last year.”

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