

**Strong order intake, increased sales and clear earnings improvement**

January-March, 2018

Per Samuelsson, CEO & Joakim Laurén, CFO

# Agenda

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



## Key events in the quarter

- ▶ Strong order intake at all-time-high level for the Group driven by all business entities where Westermo shines.
- ▶ Sales increase with +16% supported by all business entities.
- ▶ Improved earnings with an EBIT level of +5.4% for the quarter.
- ▶ Our strategy is working and we are heading in the right direction but still on too low profitability level.
- ▶ Room for major improvements in capital management and cash generation.
- ▶ Westermo stand out with all-time-high orders, sales and earnings.
- ▶ Beijer Electronics continues to improve with order growth and improved sales and earnings.
- ▶ Korenix start to show some growth and are back into the black.
- ▶ Positive net income in the quarter.

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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%.*

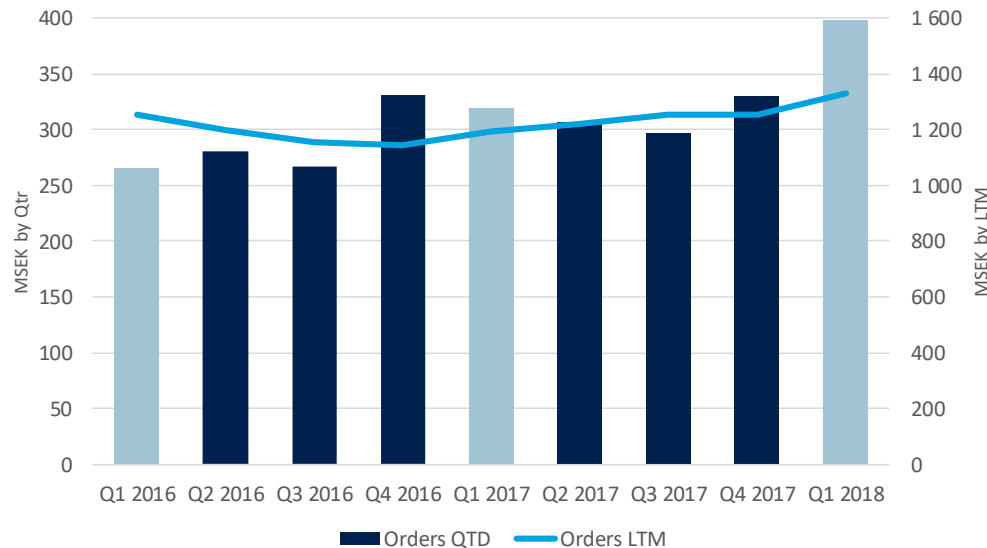
*\* Decided by the board in Q1 2016*

# Agenda

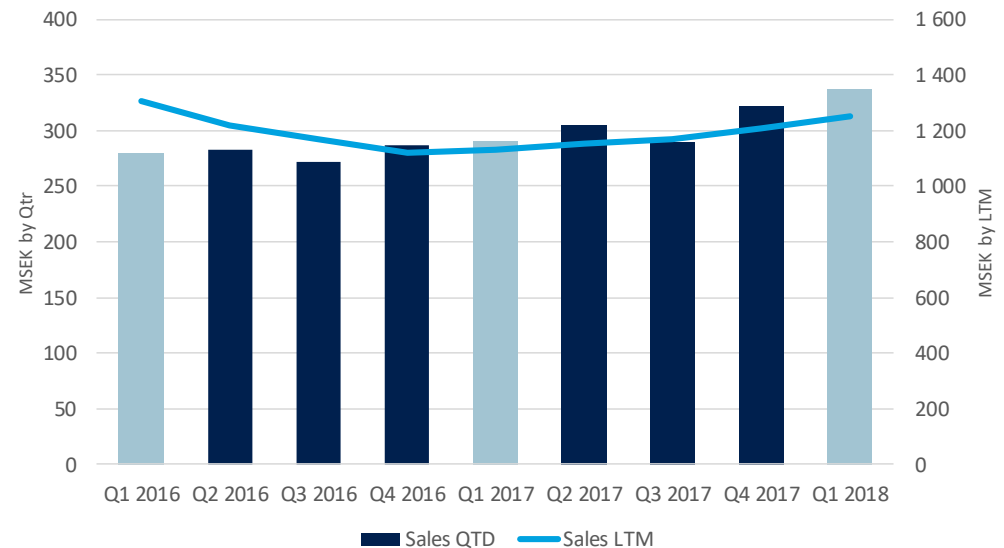
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## Order intake



## Sales

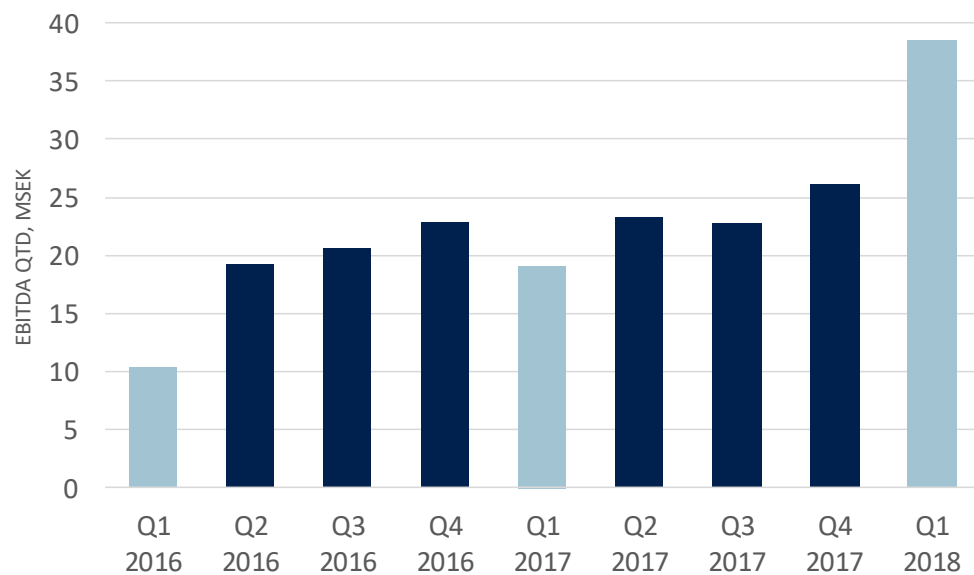


- ▶ All time high orders at 397 MSEK or +25%. Westermo +36%, Beijer Electronics +18% and Korenix +12%.
- ▶ Westermo received a larger order of 28 MSEK for Alstom, France.
- ▶ Sales at 337 MSEK or +16% where all business entities contribute to the growth.
- ▶ FX impacts volumes negatively with 2 %-points.

## Group – strong volume growth and improved result

MSEK	Q1 2018	Q1 2017	%	YTD 2018	YTD 2017	%
Order intake	397.7	318.2	25%	397.7	318.2	25%
Sales	336.8	290.2	16%	336.8	290.2	16%
EBITDA	35.7	19.1	87%	35.7	19.1	87%
<i>EBITDA%</i>	<i>10.6%</i>	<i>6.6%</i>		<i>10.6%</i>	<i>6.6%</i>	
EBIT	18.1	2.5	615%	18.1	2.5	615%
<i>EBIT%</i>	<i>5.4%</i>	<i>0.9%</i>		<i>5.4%</i>	<i>0.9%</i>	

EBITDA QTD (excluding restructuring cost)



### Comments

- ▶ EBITDA trend continues.
- ▶ EBIT improvement due to higher volume, improved gross margins and costs in line.
- ▶ R&D spending remains on high levels.
- ▶ Currency impacts EBIT with +5 MSEK of transactional variances.
- ▶ Net income at +9.6 MSEK.
- ▶ EPS at +0.34 SEK.
- ▶ Cash flow negative of -40 MSEK mainly due to working capital increases.
- ▶ Remaining 10% of Beijer Electronics Turkey was acquired.
- ▶ Issue of 34,657 C-shares related to LTI program.



# Agenda

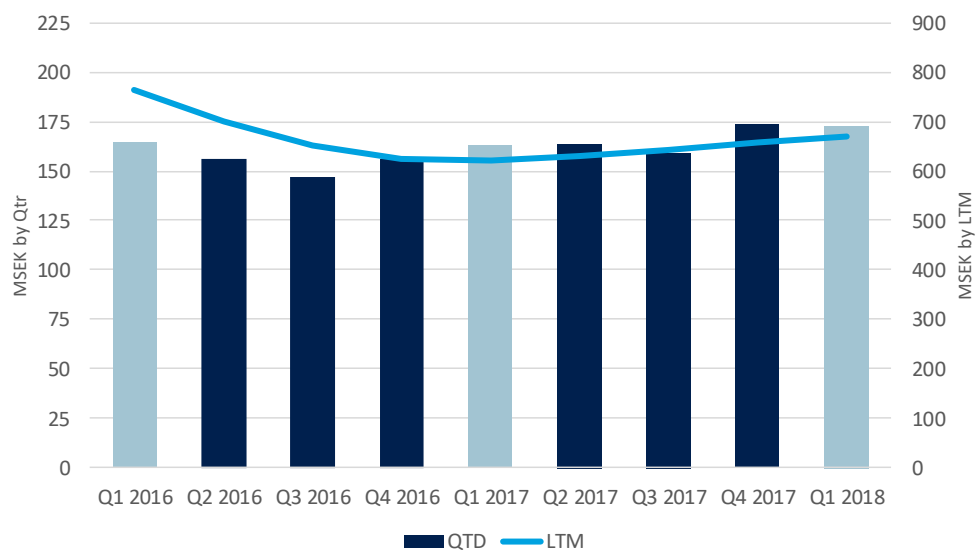
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## Beijer Electronics – positive trend continues

MSEK	Q1 2018	Q1 2017	%	YTD 2018	YTD 2017	%
Order intake	191.7	162.5	18%	191.7	162.5	18%
Sales	173.1	162.9	6%	173.1	162.9	6%
EBITDA	14.1	7.5	87%	14.1	7.5	87%
<i>EBITDA%</i>	<i>8.1%</i>	<i>4.6%</i>		<i>8.1%</i>	<i>4.6%</i>	
EBIT	8.4	1.9	350%	8.4	1.9	350%
<i>EBIT%</i>	<i>4.9%</i>	<i>1.1%</i>		<i>4.9%</i>	<i>1.1%</i>	

Beijer Electronics Sales



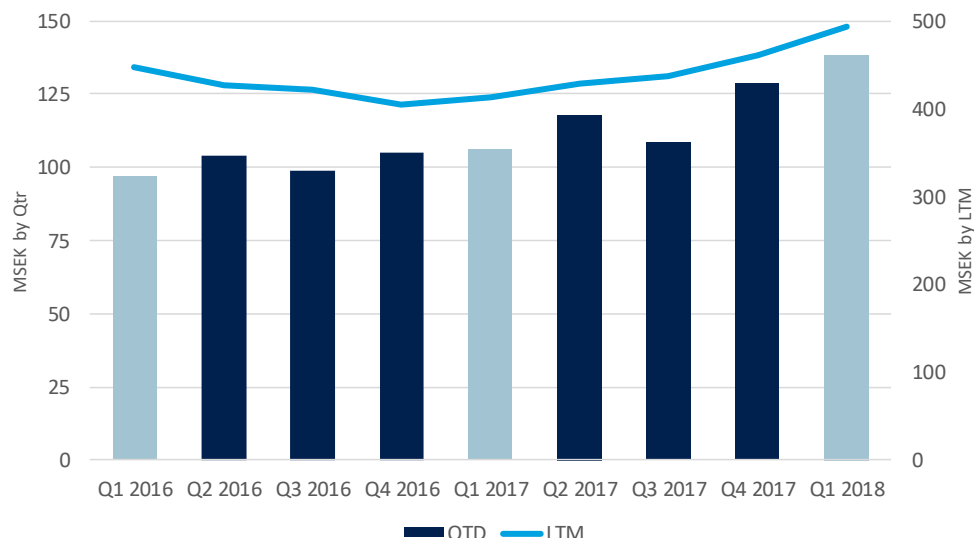
### Comments

- ▶ Good order intake from all regions where Asia at good +34%.
- ▶ Sales at +6% where Americas and the Oil & Gas sector contribute well. Asia is also increasing while EMEA is flat.
- ▶ The positive development of X2 sales remains and contributes to almost 30% of the volume.
- ▶ Gross margins are increasing due to new product mix and efficiency in supply chain.
- ▶ R&D activities remain intensive with new offerings expected later in the year.
- ▶ EBIT improving to +8.4 MSEK or +4.9%.

# Westermo – all-time-high volumes and earnings

MSEK	Q1 2018	Q1 2017	%	YTD 2018	YTD 2017	%
Order intake	178.8	131.0	37%	178.8	131.0	37%
Sales	138.3	106.2	30%	138.3	106.2	30%
EBITDA	27.7	16.6	67%	27.7	16.6	67%
<i>EBITDA%</i>	<i>20.0%</i>	<i>15.6%</i>		<i>20.0%</i>	<i>15.6%</i>	
EBIT	21.0	10.8	95%	21.0	10.8	95%
<i>EBIT%</i>	<i>15.2%</i>	<i>10.1%</i>		<i>15.2%</i>	<i>10.1%</i>	

Westermo Sales



## Comments

- ▶ Orders at record level 179 MSEK including an 28 MSEK order for Alstom France of train network equipment. Overall good activity level in all segments.
- ▶ Sales increased with +30%.
- ▶ R&D activities on high levels.
- ▶ EBIT at +21.0 MSEK or +15.2% due to the increased volumes.
- ▶ Challenges with capacity step-up and bottlenecks in supply chain are being addressed.
- ▶ Improvement potential in cash flow going forward.
- ▶ New management team now complete.

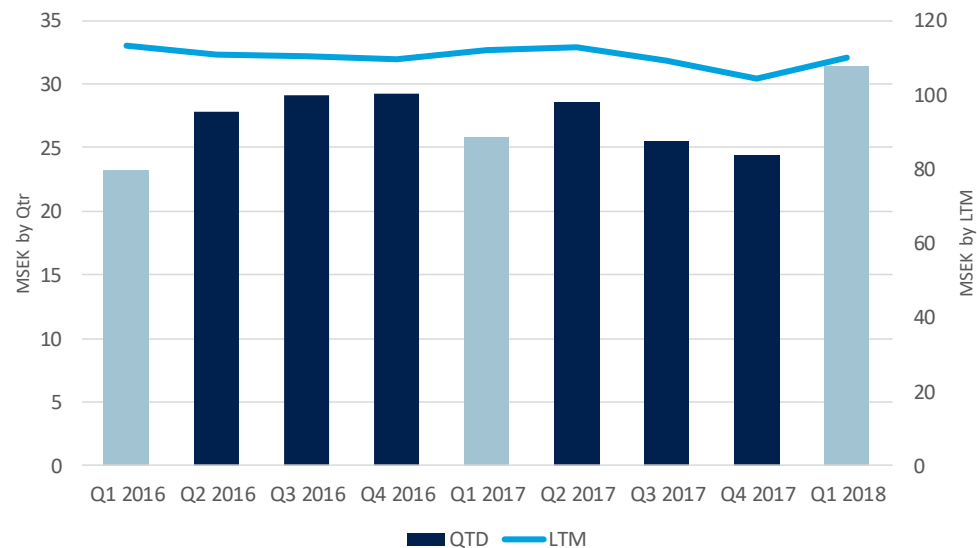
## Korenix – start to grow and into the black

MSEK	Q1 2018	Q1 2017	%	YTD 2018	YTD 2017	%
Order intake	33.1	29.4	12%	33.1	29.4	12%
Sales	31.4	25.8	21%	31.4	25.8	21%
EBITDA	3.4	0.2	1555%	3.4	0.2	1555%
<i>EBITDA%</i>	<i>10.9%</i>	<i>0.8%</i>		<i>10.9%</i>	<i>0.8%</i>	
EBIT	0.4	-2.5	-114%	0.4	-2.5	-114%
<i>EBIT%</i>	<i>1.1%</i>	<i>-9.7%</i>		<i>1.1%</i>	<i>-9.7%</i>	

### Comments

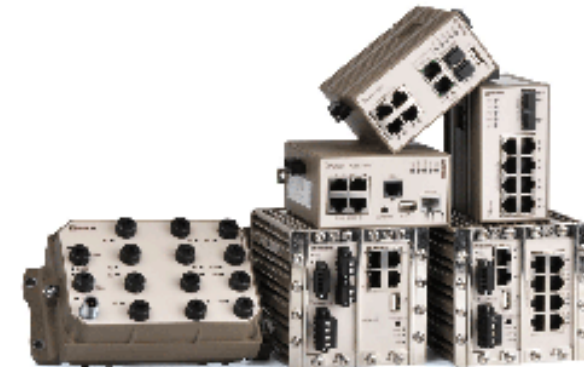
- ▶ Orders and sales increased in the quarter due to some good orders.
- ▶ EBIT positive yet on very low levels.
- ▶ New organisation is finding feet and starting to contribute well.
- ▶ Interesting pipeline with good opportunities.
- ▶ Focus on gradual recovery during the year.

### Korenix Sales



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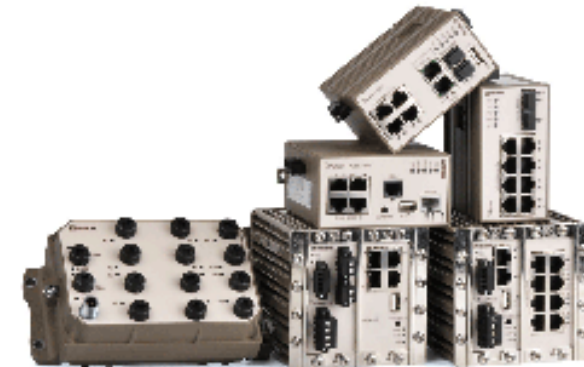


## Outlook for 2018

*“Beijer Electronics Group is converging on its targets of yearly growth of 7% and a 10% margin. In 2018, we expect increased sales and earnings compared to 2017”*

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