

Positive trend of high volumes continues and earnings improve

January-September, 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

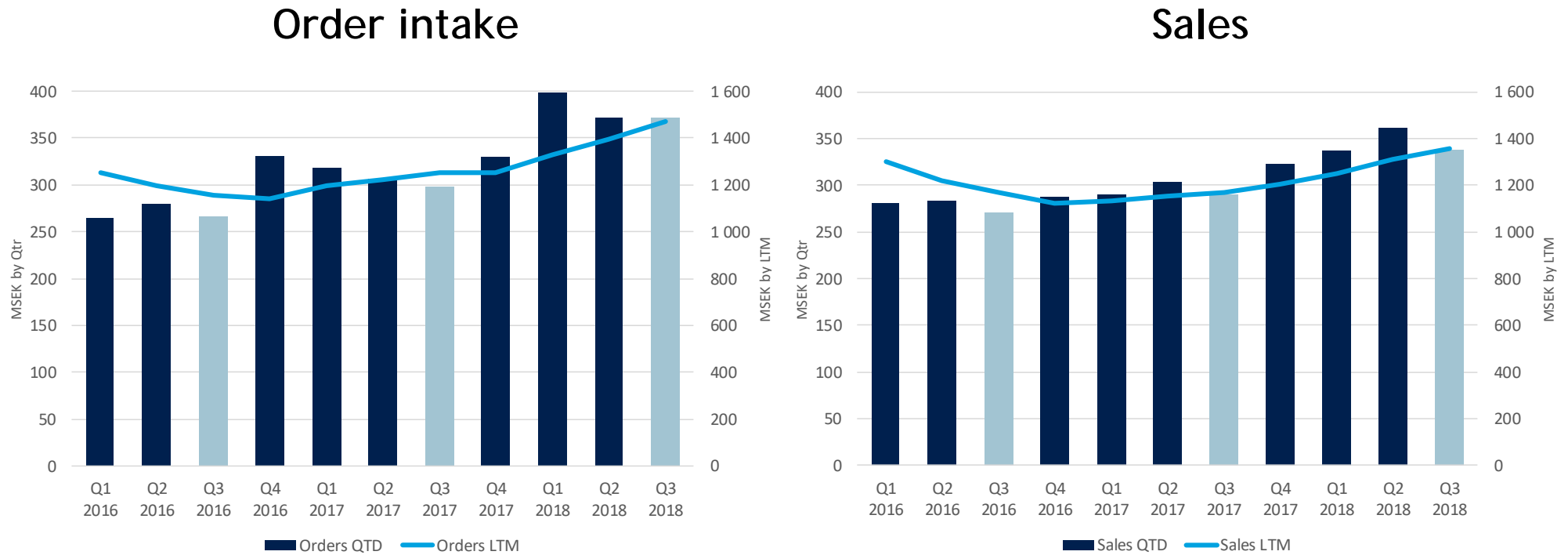
- ▶ The trend is continuing with good growth and good profit improvement and confirms our planned direction.
- ▶ Strong order development at +25% driven by high level in Westermo and continued growth in Beijer Electronics and somewhat increasing in Korenix.
- ▶ Good sales growth of +17% where all business entities and regions contribute.
- ▶ The positive volume development in Westermo challenges the supply organisation to keep up with demands and to increase capacity.
- ▶ Our new IIOT solution FTTTC within Beijer Electronics is launched to the market and the interest is high.
- ▶ The earnings are improving to +5.2% EBIT margin in the quarter. Still low levels but the direction is right.
- ▶ Cash flow positive in the quarter but significant rooms for improvement remain.
- ▶ Net income at +11 MSEK and EPS at +0.38 SEK/share.

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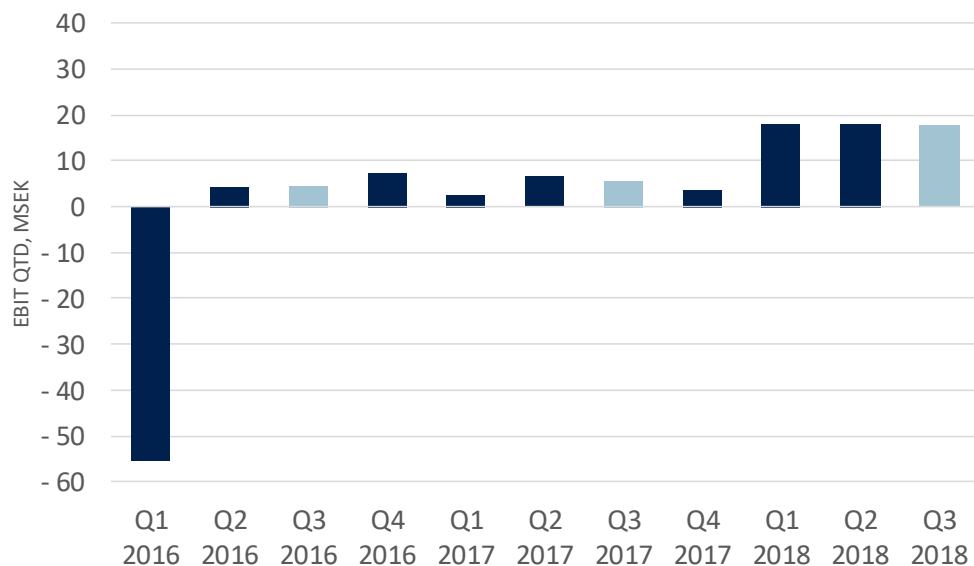


- ▶ Strong orders at +25% in the quarter where Westermo sticks out at +57% including one larger order of 17 MSEK. Beijer Electronics at +8% and Korenix at +4%.
- ▶ We note a more clear seasonality in Q3 for Beijer Electronics and Korenix impacted by vacation period.
- ▶ Sales at good +17% where all business entities contribute well.
- ▶ Increasing backlog during 8 straight quarters.
- ▶ FX contributes with 6 p.p. in the quarter.

Group - positive trend of high volumes continues and earnings improve

MSEK	Q3 2018	Q3 2017	%	YTD 2018	YTD 2017	%
Order intake	372.1	297.4	25%	1,141.2	922.1	24%
Sales	338.4	289.1	17%	1,036.1	883.3	17%
EBITDA	37.8	22.4	69%	109.9	64.7	70%
<i>EBITDA%</i>	<i>11.2%</i>	<i>7.7%</i>		<i>10.6%</i>	<i>7.3%</i>	
EBIT	17.7	5.6	215%	53.7	14.6	267%
<i>EBIT%</i>	<i>5.2%</i>	<i>1.9%</i>		<i>5.2%</i>	<i>1.7%</i>	

EBIT QTD



Comments to Q3

- ▶ Continued improved EBIT generation to 18 MSEK or 5.2%.
- ▶ Increased sales and improved gross margins the main reasons for improvement.
- ▶ Currency impacts EBIT positively with +2 MSEK of mainly transactional variances.
- ▶ R&D spending remains on high levels at 11.2% providing for future offerings to the market.
- ▶ Net income at +11.0 MSEK and EPS at 0.38 SEK/share.
- ▶ Cash flow positive in the quarter at +15 MSEK but still rooms for improvement.

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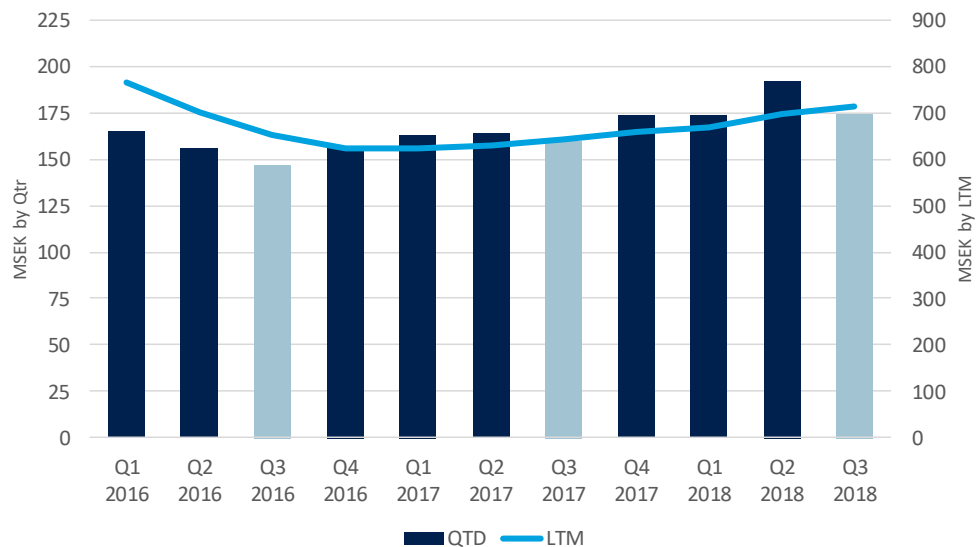
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Beijer Electronics - growth and improved profit

MSEK	Q3 2018	Q3 2017	%	YTD 2018	YTD 2017	%
Order intake	180.6	167.5	8%	560.7	489.2	15%
Sales	174.5	159.4	9%	539.9	485.8	11%
EBITDA	16.5	8.0	106%	50.0	25.2	98%
<i>EBITDA%</i>	<i>9.4%</i>	<i>5.0%</i>		<i>9.3%</i>	<i>5.2%</i>	
EBIT	8.9	1.6	440%	30.0	7.2	318%
<i>EBIT%</i>	<i>5.1%</i>	<i>1.0%</i>		<i>5.6%</i>	<i>1.5%</i>	

Beijer Electronics Sales

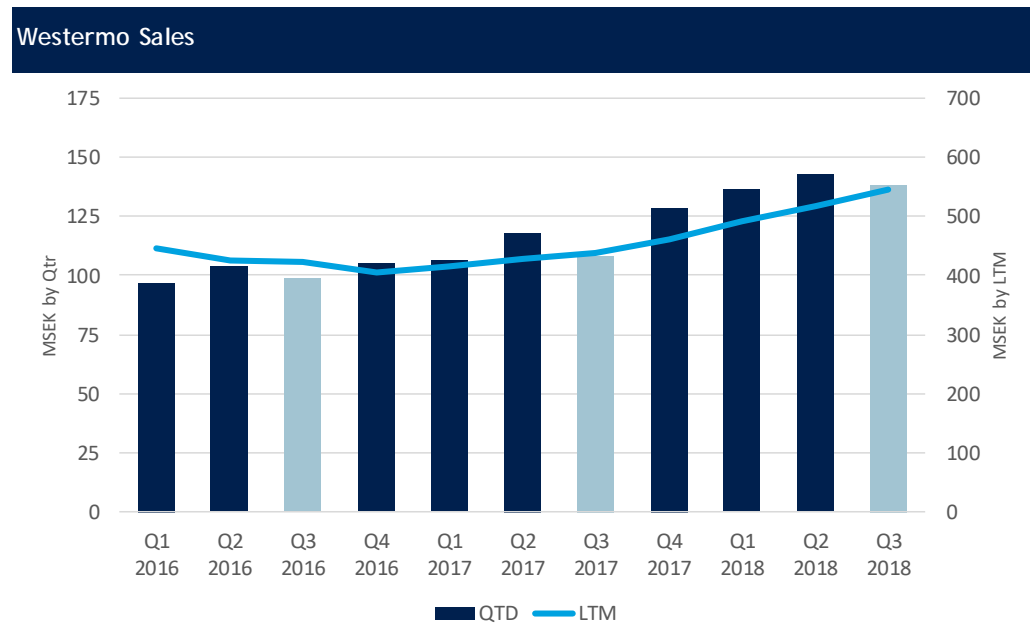


Comments to Q3

- ▶ Orders continue to develop well at +8% driven by EMEA and somewhat Americas.
- ▶ Steady sales growth of 9% where all regions contribute.
- ▶ The seasonality pattern impacted of vacations becomes more visible.
- ▶ Gross margins continue to improve driven by the mix of new products and efficiency in the supply chain.
- ▶ R&D activities on continued high level.
- ▶ EBIT improving to +9 MSEK or 5.1% in the quarter.

Westermo - strong growth continues

MSEK	Q3 2018	Q3 2017	%	YTD 2018	YTD 2017	%
Order intake	168.2	107.0	57%	499.6	364.0	37%
Sales	138.3	108.5	27%	416.9	332.5	25%
EBITDA	22.6	18.2	24%	76.4	50.5	51%
<i>EBITDA%</i>	<i>16.3%</i>	<i>16.8%</i>		<i>18.3%</i>	<i>15.2%</i>	
EBIT	15.5	13.1	18%	56.0	33.9	65%
<i>EBIT%</i>	<i>11.2%</i>	<i>12.1%</i>		<i>13.4%</i>	<i>10.2%</i>	



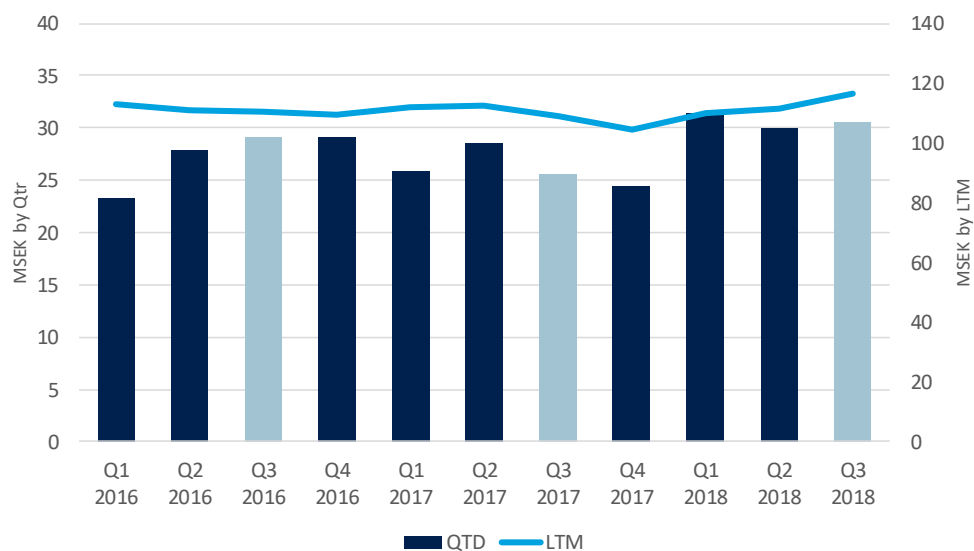
Comments to Q3

- ▶ Strong order development of +57% in the quarter including a 17 MSEK order to a US train manufacturer.
- ▶ The train segment continues to develop well and also other segments show nice growth.
- ▶ Sales continues to increase at high levels and is up +27% in the quarter.
- ▶ The higher volume puts challenge to the supply chain. High delivery demands in combination with capacity increase activities impact the profitability in the quarter.
- ▶ R&D activities remain on a high level.
- ▶ EBIT improve to +15.5 MSEK or 11.2%.

Korenix - recovery ongoing

MSEK	Q3 2018	Q3 2017	%	YTD 2018	YTD 2017	%
Order intake	28.3	27.2	4%	93.5	83.7	12%
Sales	30.6	25.5	20%	92.0	79.8	15%
EBITDA	3.0	0.5	534%	7.2	4.4	64%
<i>EBITDA%</i>	<i>9.9%</i>	<i>1.9%</i>		<i>7.8%</i>	<i>5.5%</i>	
EBIT	-0.2	-2.3	-91%	-2.3	-3.9	-42%
<i>EBIT%</i>	<i>-0.7%</i>	<i>-9.1%</i>		<i>-2.5%</i>	<i>-4.9%</i>	

Korenix Sales



Comments to Q3

- ▶ Orders somewhat up in the quarter at +4%.
- ▶ Sales continues to grow nicely.
- ▶ The seasonality impact of vacations in Europe becomes more obvious.
- ▶ The new sales organisation in China starts to give impact in the development.
- ▶ EBIT just below zero for the quarter at -0.2 MSEK.
- ▶ Recovery ongoing with aim to show profitability during 2019.

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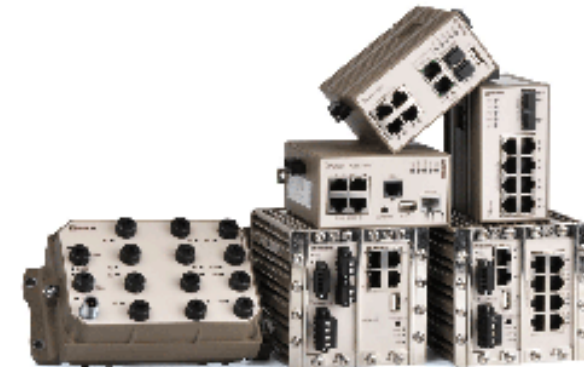
Financial targets for the group*

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. 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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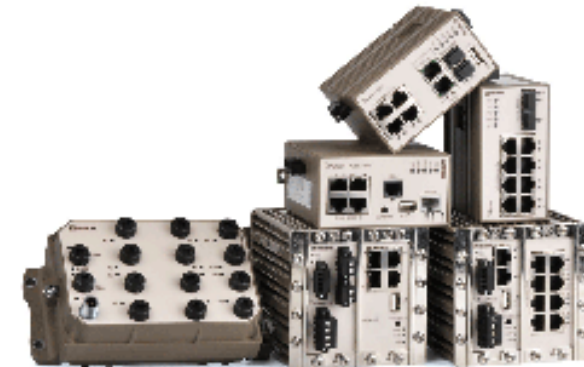


Outlook for 2018

“ Compared to the corresponding period of 2017, Beijer Electronics Group reported significantly improved sales and earnings in the first three quarters of the year. For the fourth quarter, the Group is again expecting to report higher sales and earnings than the corresponding period of 2017.”

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