

## Strong finish with high organic growth

January-December, 2017

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 finish of the year in terms of volumes.
- ▶ Orders in the quarter match the very good Q4 last year driven by good development in Beijer Electronics and almost similar level in Westermo.
- ▶ EBITDA continue to improve quarter by quarter compared to last year, however still on low levels.
- ▶ EBIT came in lower affected by impairments done in Korenix.
- ▶ Net income at -1 MSEK for Q4.
- ▶ Westermo delivers good result, Beijer Electronics still on low levels and Korenix posted a loss.
- ▶ R&D activities continue with high activity level paving ground for future releases of products and software solutions.
- ▶ Positive cash flow of 35 MSEK in the quarter.
- ▶ New Group Management Team formed.
- ▶ The Board is proposing a dividend of 0 (nil) SEK per share for 2017.

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## Financial targets for the group

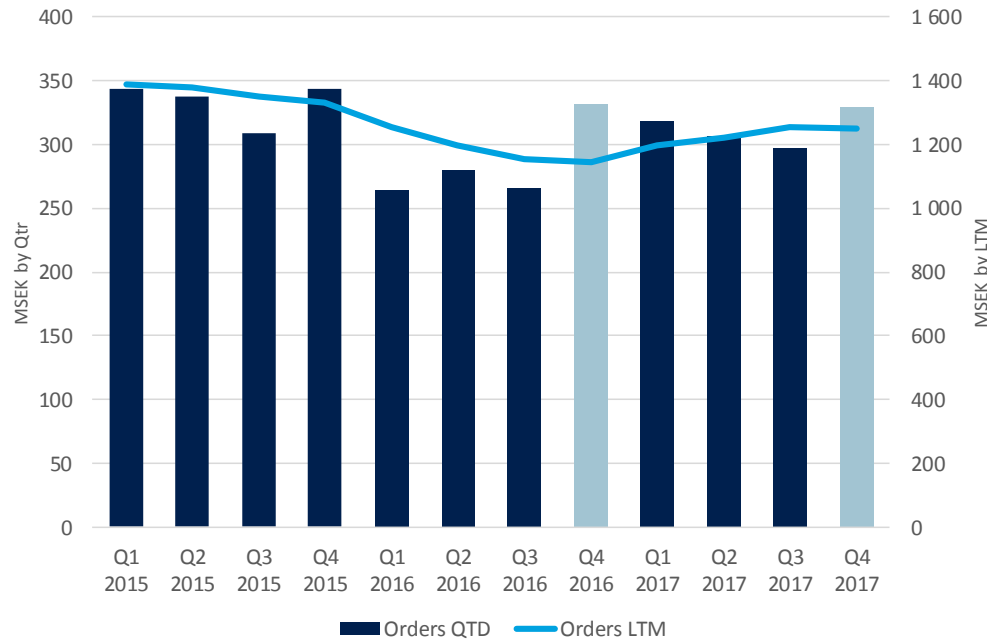
*Within a 2-3 year timeframe, the group will achieve minimum organic growth of 7% per year, and in the first phase, achieve a minimum EBIT margin of 10%, measured as an average over a business cycle. With the current financial structure, this equates to a return on equity of some 20%.*

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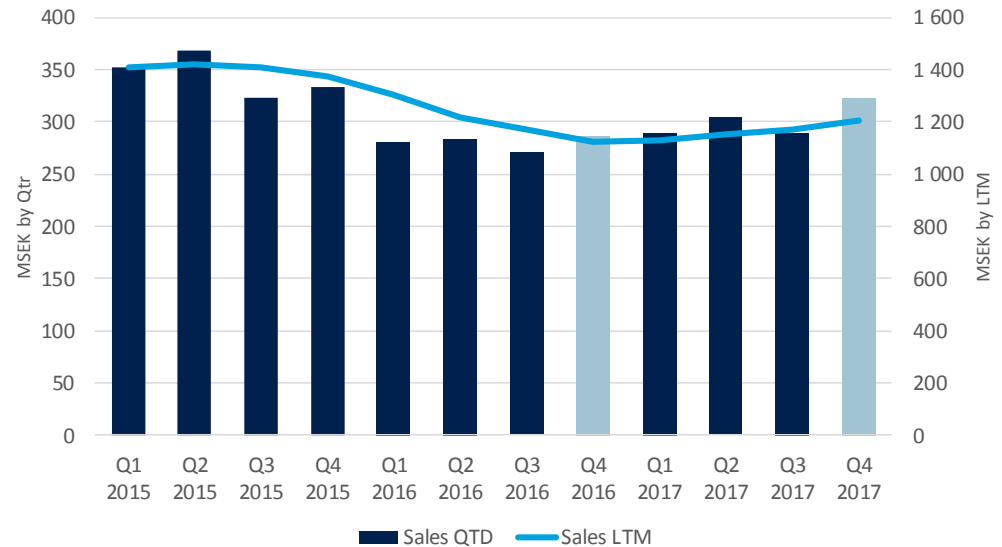
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## Order intake



## Sales

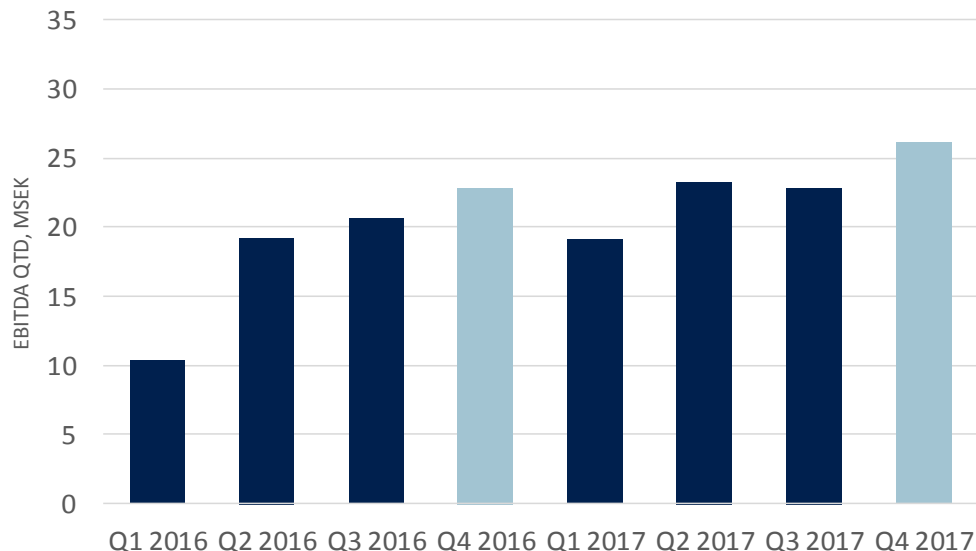


- ▶ Orders in line with the strong quarter last year driven by good growth in Beijer Electronics and with Westermo close to its strong Q4 2016. FY2017 ended with good +10%.
- ▶ Sales at +13% compared to last year where both Beijer Electronics and Westermo delivered double-digit growth. FY2017 at +8%.
- ▶ FX impacted negatively in the quarter with abt 2 p.p and for the full year positively abt 1 p.p.

## Group - strong volumes but still way to go for result

MSEK	Q4 2017	Q4 2016	%	FY 2017	FY 2016	%
Order intake	329.5	331.1	0%	1,251.6	1,142.5	10%
Sales	322.6	286.6	13%	1,205.9	1,121.5	8%
EBITDA	25.6	22.8	12%	90.3	23.0	292%
<i>EBITDA%</i>	<i>7.9%</i>	<i>8.0%</i>		<i>7.5%</i>	<i>2.1%</i>	
EBIT	3.4	7.3	-53%	18.0	-39.4	-146%
<i>EBIT%</i>	<i>1.0%</i>	<i>2.5%</i>		<i>1.5%</i>	<i>-3.5%</i>	

EBITDA QTD (excluding restructuring cost)



### Comments

- ▶ EBITDA continue the trend with improvements vs last year driven by the higher volumes off-set somewhat by higher spending.
- ▶ R&D expenses continued on high levels.
- ▶ Continued selective high activity within sales and marketing to support future growth.
- ▶ EBIT impacted of -4.5 MSEK of impairment loss in Korenix.
- ▶ Currency impact EBIT +1.0 MSEK in the quarter and -7.8 MSEK for the full year.
- ▶ Result level still on too low levels but the direction into 2018 is promising.
- ▶ Rights issue finalised in October contributing net 217 MSEK.



# Agenda

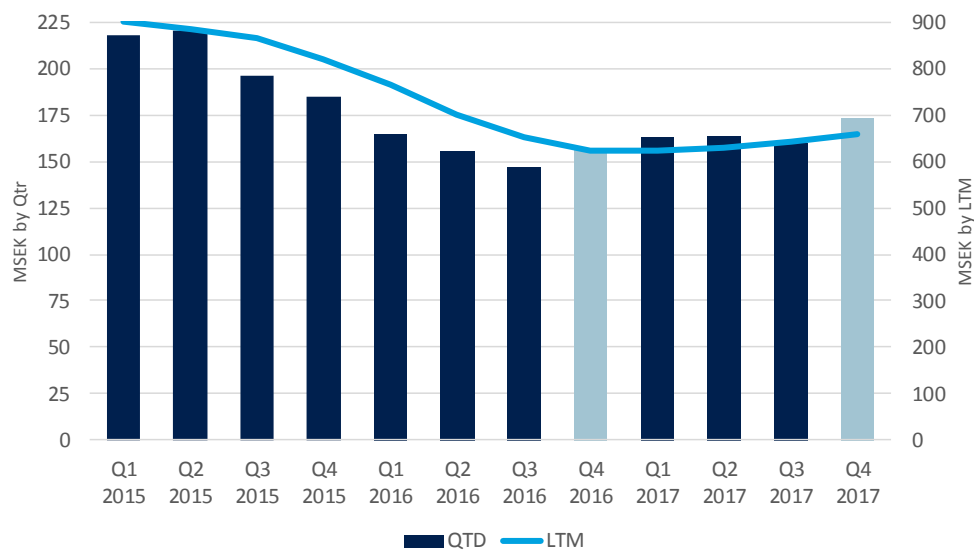
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## Beijer Electronics - improving with high activity level impacting

MSEK	Q4 2017	Q4 2016	%	FY 2017	FY 2016	%
Order intake	171.0	158.8	8%	660.2	609.2	8%
Sales	173.2	156.2	11%	659.1	623.3	6%
EBITDA	11.4	10.6	7%	36.6	-14.4	-354%
<i>EBITDA%</i>	<i>6.6%</i>	<i>6.8%</i>		<i>5.5%</i>	<i>-2.3%</i>	
EBIT	5.4	5.4	-1%	12.5	-34.1	-137%
<i>EBIT%</i>	<i>3.1%</i>	<i>3.5%</i>		<i>1.9%</i>	<i>-5.5%</i>	

Beijer Electronics Sales



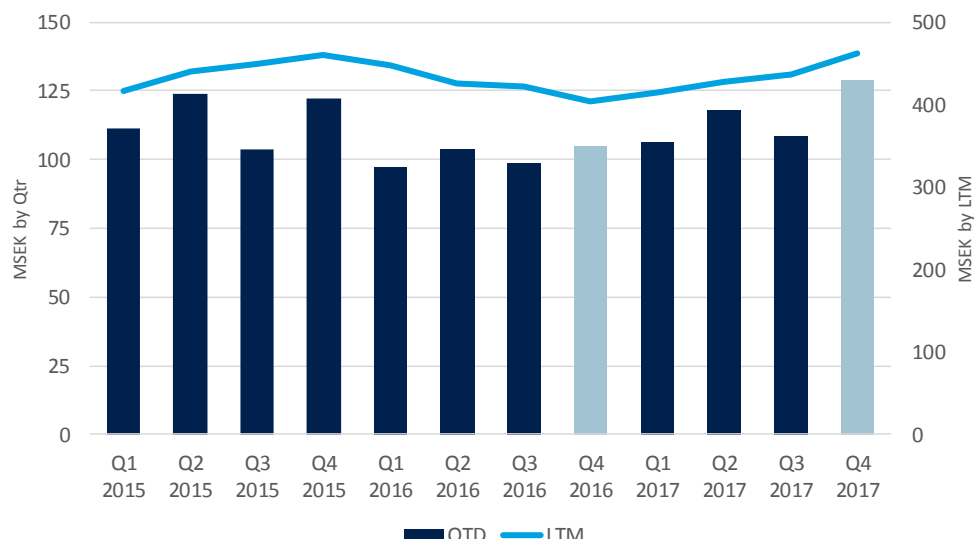
### Comments

- ▶ Orders continue to develop in a good way with +8% for the quarter and +8% for the full year.
- ▶ Good sales in the quarter driven by a convincing US market and where Europe also showed growth but still with a mixed picture. UK, Norway and Turkey develops well while other markets still have a way to go.
- ▶ The new X2 series of operator panels develops very well with a strong market impact. Further models, X2 extreme, are being introduced in the quarter gaining good interest from our customers.
- ▶ Result still impacted short term by the future focused increased spending.

# Westermo - strong growth and improved profitability

MSEK	Q4 2017	Q4 2016	%	FY 2017	FY 2016	%
Order intake	138.7	145.8	-5%	502.7	438.3	15%
Sales	128.7	104.9	23%	461.2	404.6	14%
EBITDA	19.0	14.8	29%	69.5	53.6	30%
<i>EBITDA%</i>	<i>14.8%</i>	<i>14.1%</i>		<i>15.1%</i>	<i>13.3%</i>	
EBIT	12.7	9.3	36%	46.6	30.6	52%
<i>EBIT%</i>	<i>9.9%</i>	<i>8.9%</i>		<i>10.1%</i>	<i>7.6%</i>	

Westermo Sales



## Comments

- ▶ Good continued overall progress for Westermo in the quarter where most customer segments contributed positively, including Train.
- ▶ Orders came in not far from the very good Q4 last year and the full year reached above ½ billion SEK.
- ▶ Sales showed strong development at +23% in the quarter and ended the full year with a +14% growth.
- ▶ High activity level within R&D providing for future product releases.
- ▶ Improved profitability with an EBIT margin exceeding 10% for the full year.
- ▶ New organisation implemented in December.

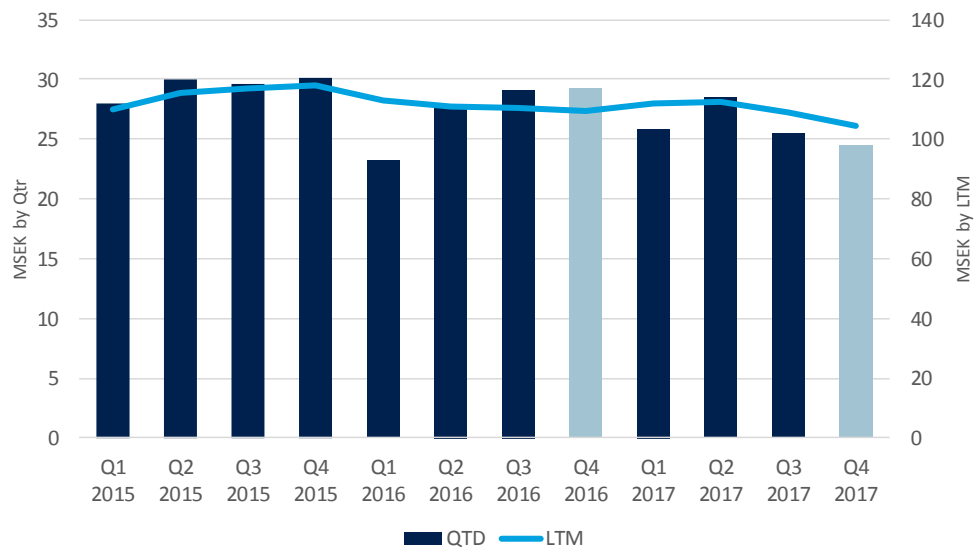
# Korenix - realignment continued impacting the result

MSEK	Q4 2017	Q4 2016	%	FY 2017	FY 2016	%
Order intake	23.6	30.2	-22%	107.3	110.7	-3%
Sales	24.4	29.2	-16%	104.2	109.4	-5%
EBITDA	1.2	4.1	-71%	5.6	10.4	-46%
<i>EBITDA%</i>	<i>4.9%</i>	<i>14.2%</i>		<i>5.4%</i>	<i>9.5%</i>	
EBIT	-6.1	1.7	-452%	-9.9	1.7	-684%
<i>EBIT%</i>	<i>-24.8%</i>	<i>5.9%</i>		<i>-9.5%</i>	<i>1.6%</i>	

## Comments

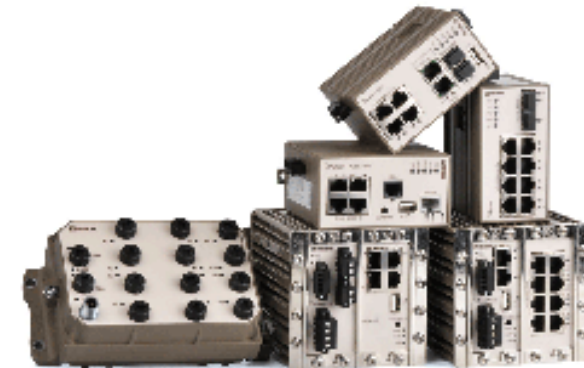
- ▶ Q4 was impacted by the realignment of the business entity leading to a negative result.
- ▶ Volumes moving sequentially sideways during the year.
- ▶ Impairment of capitalized development expenditure hitting the result with -4.5 MSEK in the quarter.
- ▶ New organisation in place paving the way for recovery in 2018.
- ▶ The legal proceedings as informed earlier about, are still ongoing.

## Korenix Sales



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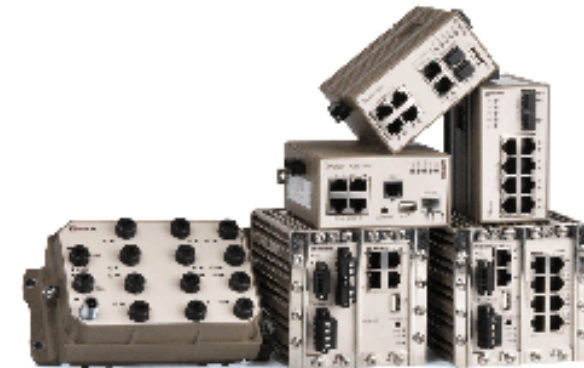


## Outlook for 2018

*"Beijer Electronics Group is converging on its targets of yearly growth of 7% and a 10% margin. We achieved our growth target in 2017. In 2018, we expect increased sales and earnings compared to 2017"*

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