

## Stable underlying progress but Covid-19 having an impact and causing uncertainty

1 January - 31 March, 2020

Per Samuelsson, CEO & Joakim Laurén, CFO

# Agenda

- ▶ Business update for the quarter including Summary of measures against Covid-19
- ▶ Financial performance, BEIJER GROUP & business entities
- ▶ Concluding notes and Outlook
- ▶ Q&A

## Business update for the quarter, i)

- ▶ The coronavirus is overshadowing most of what is happening in the society and of course also across the BEIJER GROUP organisation.
- ▶ Our employees have kept activity levels up, and our operations and supply chains have been able to function during the quarter.
- ▶ Overall, we estimate a loss of sales of 7-9% during Q1 due to Covid-19 with the main impact on Korenix and Beijer Electronics.
- ▶ Westermo remained convincing and delivered good growth and a record profitability.
- ▶ A supply agreement was signed by Westermo with a large North American train operator at a value estimated to 80 MSEK.

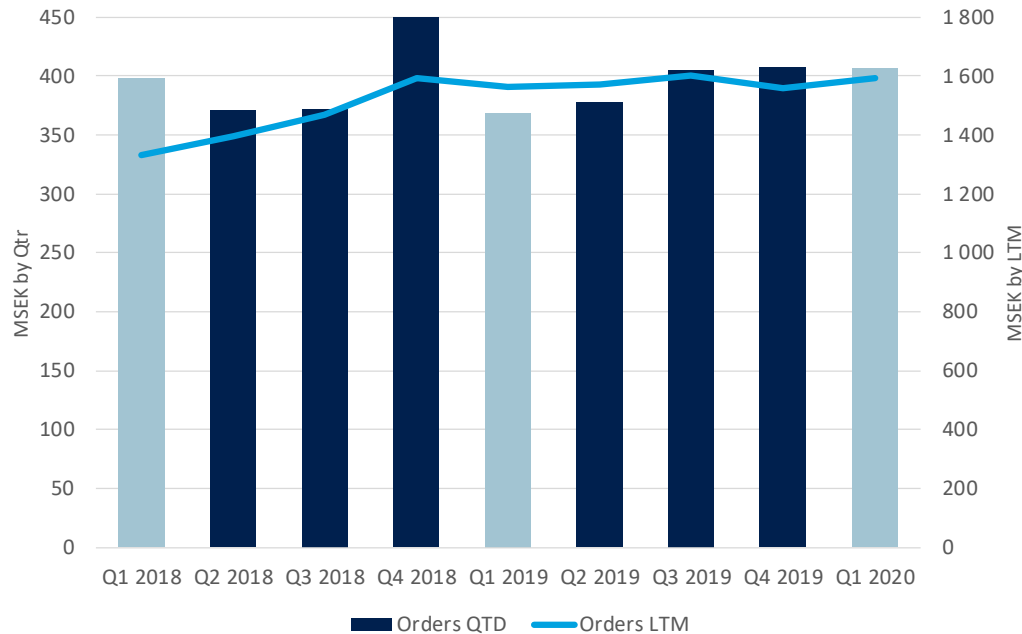
## Business update for the quarter, ii)

- ▶ Beijer Electronics showed a mixed picture with somewhat low sales impacted by Covid-19, while also managing the phase-out of the old product families. On the same time we see a comforting order growth in the quarter.
- ▶ Korenix had a quite tough Q1, heavily impacted by Covid-19 leading to negative result.
- ▶ To adapt costs, we decided to execute a program of measures including downsizing of staff of some 40 people in Korenix and Beijer Electronics. Most layoffs in Taiwan but also some in Sweden. A cost of 15 MSEK was taken in Q1. Estimated yearly savings of 40-45 MSEK.
- ▶ Overall underlying performance of the Group at decent level driven by Westermo. Cash flow remained positive in the quarter.
- ▶ We are preparing ourselves for tougher times ahead and we will adapt to the market conditions.

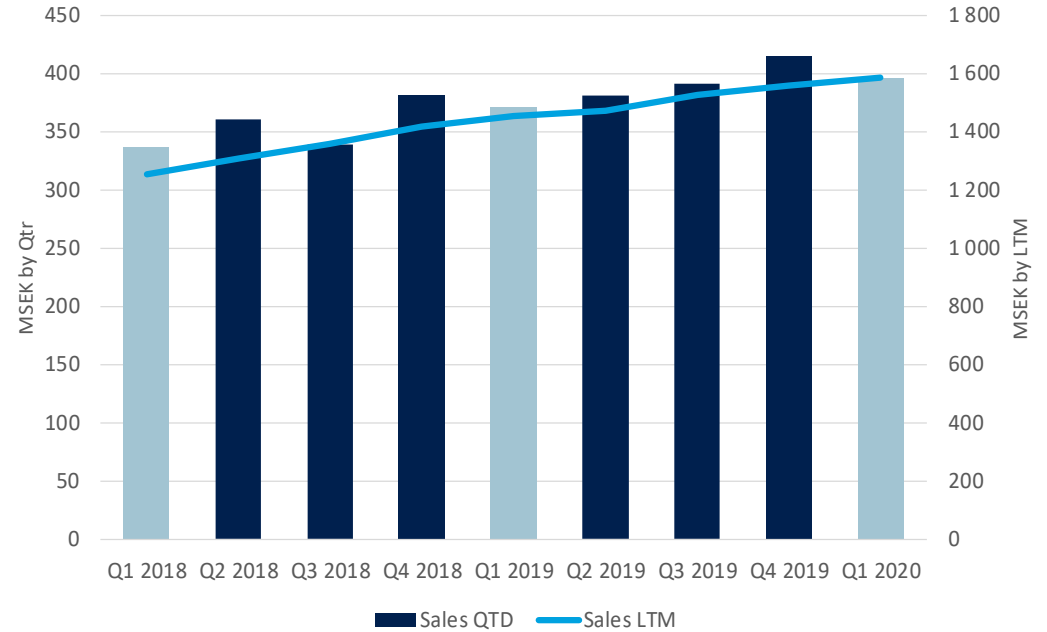
## Summary of measures against Covid-19

- ▶ People's health and safety first – by implemented internal measures – affecting staff and the relationship with customers and suppliers.
- ▶ Wherever possible, staff work remotely or from home. Contacts and meetings via various digital tools.
- ▶ At workplaces, measures in place to maintain distance and a safe environment.
- ▶ Exploring and making use of country specific support packages when applicable across the world.
- ▶ The Board suggests to cancel the dividend for the financial year 2019 at the coming AGM in June.
- ▶ Ongoing activities to arrange for additional liquidity buffer if needed.
- ▶ BEIJER GROUP will adapt its cost levels to prevail market conditions and at the same time safeguard its long-term skills.
- ▶ Once the crisis is over, our organisation will be intact and remain attractive to customers and employees.

### Order intake



### Sales



- ▶ Orders up +10% driven by the acquisitions from last year. Organically at 97%. Westermo show growth via the acquired entities, Beijer Electronics grow +2% while Korenix had a drop of orders in the quarter.
- ▶ Sales were +7% driven by the acquisitions and without at 95%. Westermo grow also excluding the new entities by +8%. Beijer Electronics had a weaker sales level and so did Korenix, both including Covid-19 impact.
- ▶ Healthy backlog at +15% vs last year and organically at +3%.
- ▶ FX contributes with 2-3 p.p. vs last year in the quarter.

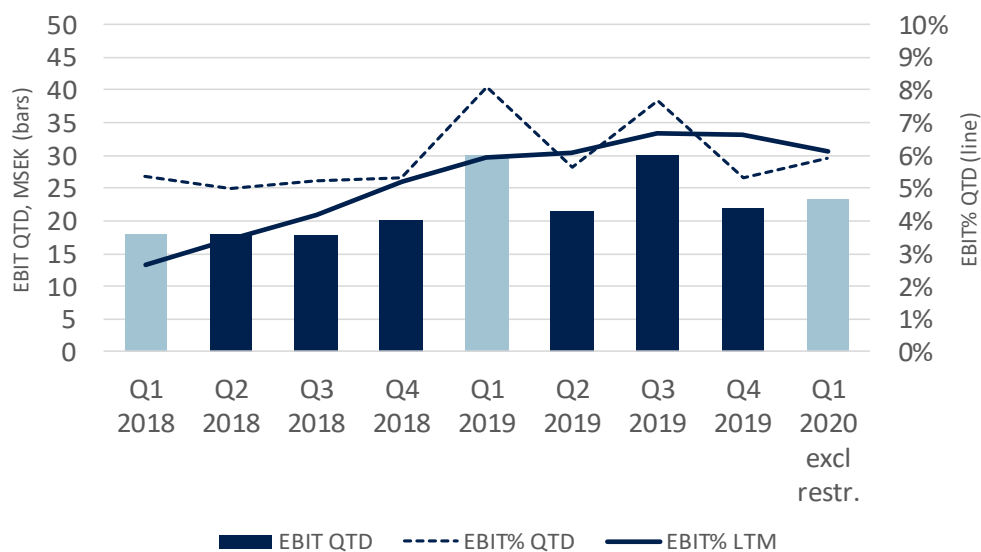
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## Group – stable underlying progress but Covid-19 having an impact

| MSEK                            | Q1 2020     | Q1 2019     | %           | FY 2019      |
|---------------------------------|-------------|-------------|-------------|--------------|
| Order intake                    | 405.8       | 368.5       | 10%         | 1,557.2      |
| Sales                           | 395.3       | 370.9       | 7%          | 1,558.7      |
| EBIT excl restructuring Q1-2020 | 23.4        | 30.1        | -22%        | 103.5        |
| <i>EBIT excl restruct. %</i>    | <i>6.0%</i> | <i>8.1%</i> |             | <i>6.6%</i>  |
| <b>EBIT</b>                     | <b>8.4</b>  | <b>30.1</b> | <b>-72%</b> | <b>103.5</b> |
| <i>EBIT%</i>                    | <i>2.1%</i> | <i>8.1%</i> |             | <i>6.6%</i>  |

EBIT and EBIT% QTD and EBIT% LTM (Q1 2020 excl restructuring cost)



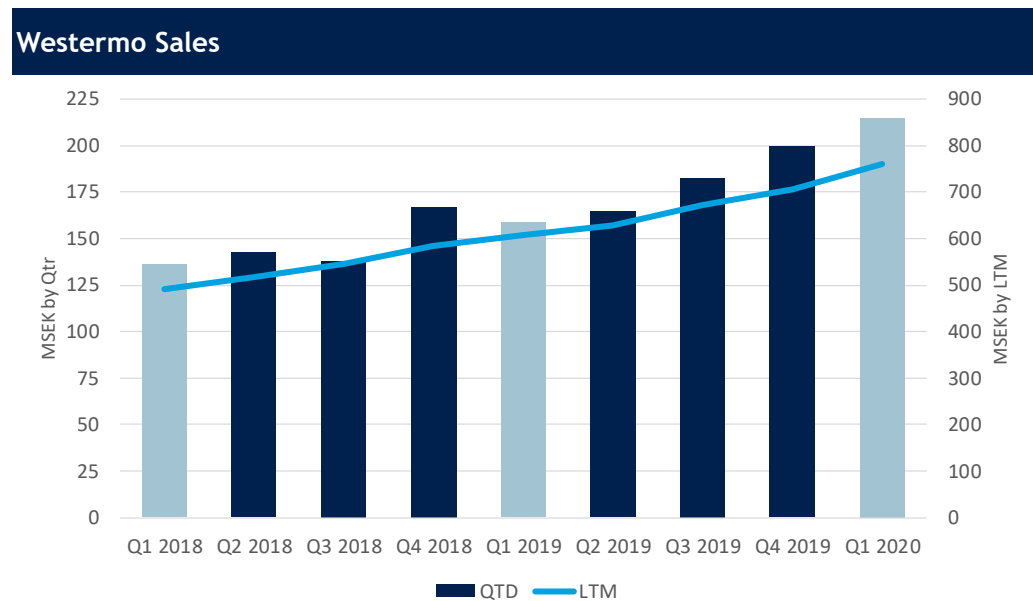
### Comments to Q1

- ▶ EBIT at +8.4 MSEK impacted by 15 MSEK in restructuring cost for program launched in March. The program involved staff downsizing of some 40 people in Korenix and Beijer Electronics.
- ▶ EBIT excluding restructuring at +23.4 MSEK or 6%.
- ▶ Currency impacts EBIT in Q1 with +2.0 MSEK of mainly transactional variances.
- ▶ Net income at +5.2 MSEK (+20.0) and EPS at 0.19 SEK (0.70).
- ▶ Free cash flow at +3.5 MSEK in Q1 driven by good progress in mainly Beijer Electronics.



## Westermo – good performance with record profitability

| MSEK         | Q1 2020      | Q1 2019      | %          | FY 2019      |
|--------------|--------------|--------------|------------|--------------|
| Order intake | 201.9        | 162.1        | 25%        | 725.8        |
| Sales        | 214.6        | 158.7        | 35%        | 705.2        |
| <b>EBIT</b>  | <b>33.4</b>  | <b>21.2</b>  | <b>57%</b> | <b>89.6</b>  |
| <i>EBIT%</i> | <i>15.6%</i> | <i>13.4%</i> |            | <i>12.7%</i> |



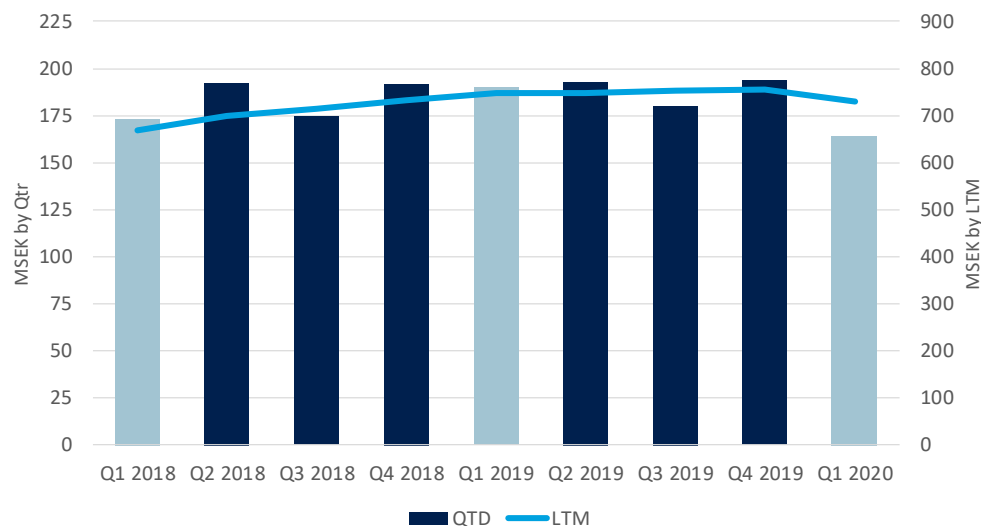
### Comments to Q1

- ▶ Overall good performance with sales growth and record profitability level.
- ▶ Order growth via acquired entities at +25%, while organic development at -5% as no larger order booked.
- ▶ Agreement signed with North American train operator with an estimated value of 80 MSEK.
- ▶ Integration activities for acquired entities Neratec and Virtual Access according to plan, and they contribute to bottom line in line with other Westermo.
- ▶ Ongoing focus on the new segments Power distribution and Rail trackside, with new products to be introduced the coming quarter.

## Beijer Electronics – mixed picture

| MSEK                            | Q1 2020      | Q1 2019     | %     | FY 2019     |
|---------------------------------|--------------|-------------|-------|-------------|
| Order intake                    | 187.7        | 183.4       | 2%    | 732.2       |
| Sales                           | 164.0        | 189.5       | -13%  | 756.2       |
| EBIT excl restructuring Q1-2020 | 4.8          | 18.3        | -74%  | 55.0        |
| <i>EBIT excl restruct. %</i>    | <i>2.9%</i>  | <i>9.6%</i> |       | <i>7.3%</i> |
| EBIT                            | -4.6         | 18.3        | -125% | 55.0        |
| <i>EBIT%</i>                    | <i>-2.8%</i> | <i>9.6%</i> |       | <i>7.3%</i> |

### Beijer Electronics Sales



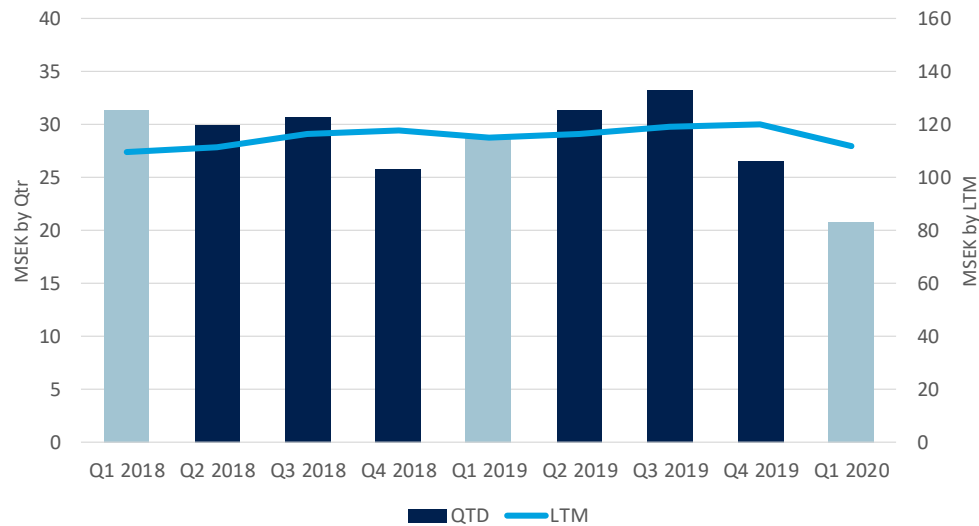
### Comments to Q1

- ▶ Orders increased at +2% in the quarter where the X2 series show strong development as planned.
- ▶ Sales drop impacted by Covid-19 while the phase-out of the older product families also still impact.
- ▶ Restructuring program decided which includes a reduction of some 25 employees, mainly in Taiwan and Sweden.
- ▶ Cost for restructuring leads to a loss in the quarter while underlying EBIT at weak profitability due to the lower sales.
- ▶ Pilot deliveries started to Otis where regular shipments are scheduled for June.

## Korenix – tough Q1 impacted by Covid-19

| MSEK                            | Q1 2020       | Q1 2019      | %      | FY 2019      |
|---------------------------------|---------------|--------------|--------|--------------|
| Order intake                    | 20.3          | 29.1         | -30%   | 121.8        |
| Sales                           | 20.7          | 28.8         | -28%   | 119.9        |
| EBIT excl restructuring Q1-2020 | -6.2          | -0.6         | 930%   | -4.3         |
| <i>EBIT excl restruct. %</i>    | <i>-29.7%</i> | <i>-2.1%</i> |        | <i>-3.6%</i> |
| EBIT                            | -9.0          | -0.6         | 1,409% | -4.3         |
| <i>EBIT%</i>                    | <i>-43.6%</i> | <i>-2.1%</i> |        | <i>-3.6%</i> |

### Korenix Sales



### Comments to Q1

- ▶ Significant impact of Covid-19 on Korenix in the quarter with lower orders and sales.
- ▶ Restructuring program decided which includes a reduction of some 15 employees and coordination of some supply chain activities with Beijer Electronics.
- ▶ Low sales behind the underlying loss in the quarter.
- ▶ Notable increased customer activity in China and Taiwan at the end of the quarter.

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## Concluding notes by Per...



## Outlook for 2020

*“ It is not possible to judge the effect of the spread of the coronavirus on society and the global economy at present.*

*This means that BEIJER GROUP is not publishing any estimates of underlying financial performance for the full year 2020.”*

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# BEIJER GROUP