



# Impact of Covid-19 continues, but signs that the bottom has passed

1 January - 30 September 2020

Per Samuelsson, CEO & Joakim Laurén, CFO

# Agenda

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

## Business update for the quarter, i)

- ▶ As indicated, Covid-19 continues to impact volumes and earnings. Sequential drop of sales by 6% vs Q2.
- ▶ No loss of customers.
- ▶ The cost reduction actions initiated already early during the Pandemic are having the intended effect in the quarter with reduced overheads.
- ▶ Currency effects driven by the stronger Swedish krona impact EBIT in the quarter with -8 MSEK.
- ▶ The earnings impacted to just a small positive EBIT in the quarter.
- ▶ Positive, if yet small, free cash flow during the quarter.
- ▶ Maintained approach to balance cost reductions with future growth ambitions while maintaining a healthy financial position.

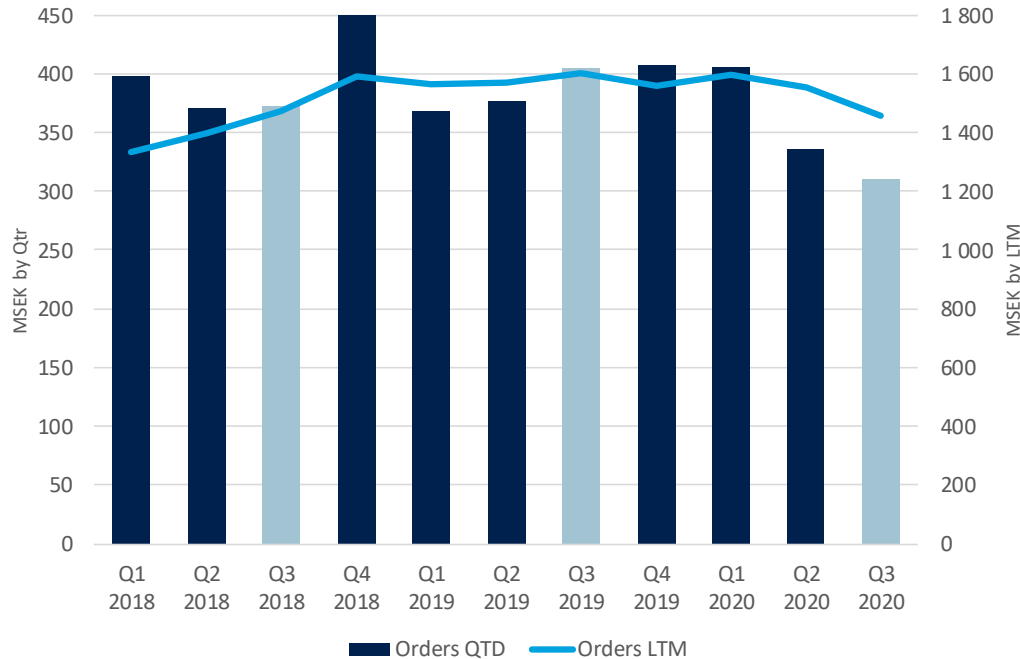
## Business update for the quarter, ii)

- ▶ Westermo impacted by covid-19 with lower sales giving a lower EBIT-earnings in the quarter.
- ▶ Beijer Electronics show a lower sales and, despite further cost reductions, posts a smaller negative EBIT.
- ▶ Korenix increase the sales some, yet on very low levels, with a corresponding smaller negative EBIT.
- ▶ We see signs that the bottom has passed...
  - Both Beijer Electronics and Korenix show sequential order growth in Q3
  - Despite the drop, Westermo landed a few nice orders in the quarter and we see good potential in the coming quarters
- ▶ We reiterate that once the effects of the crisis start to fade off, we will be in even better shape and ready for growth and with aim on our financial targets.

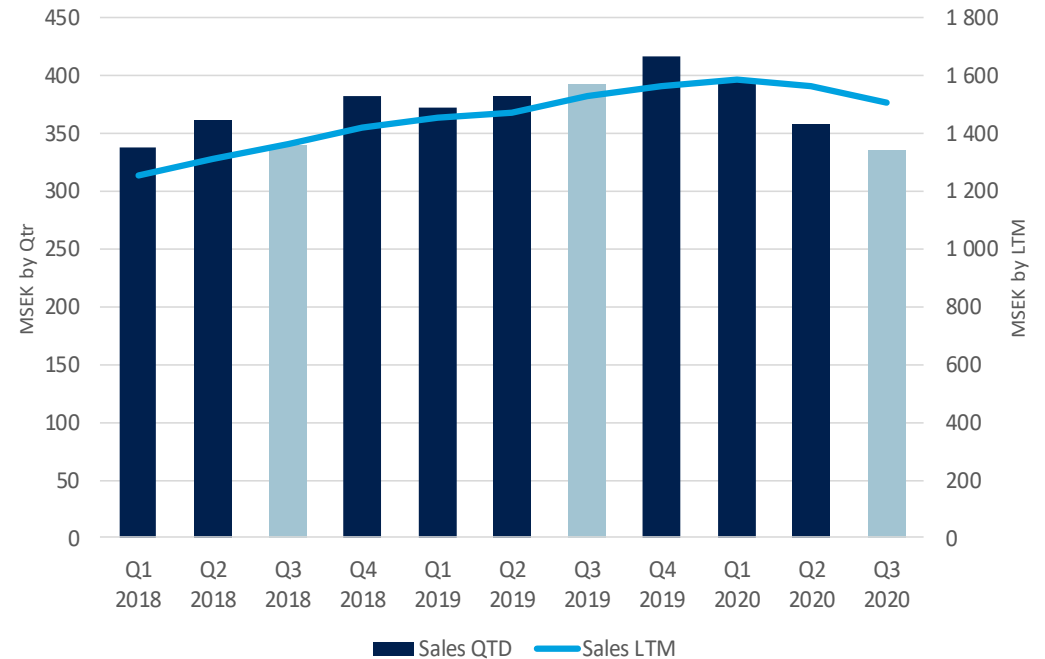
## Summary of Covid-19 related measures

- ▶ People's health and safety is #1.
- ▶ Wherever possible, our people work remotely or from home. Contacts and meetings via various digital tools.
- ▶ At workplaces, measures in place to maintain distance and a safe environment.
- ▶ Supply chains have been fully operational during the quarter.
- ▶ Many countries provide various support packages and we have made use of these when we qualify instead of additional reductions. Cost support of abt 0.9 MSEK in the quarter and 6.5 MSEK year-to-date. Repayment of 8.7 MSEK of liquidity support in Q3 and still at +16.2 MSEK year-to-date.
- ▶ Agreement of additional credit facility in place for further liquidity buffer for the future if needed.

### Order intake



### Sales



- ▶ Orders sequentially down -7% from Q2 driven by Westermo while both Beijer Electronics and Korenix show growth.
- ▶ Sales sequentially down -6% from Q2. Beijer Electronics down -11% while Westermo at -4% and Korenix is up +7%.
- ▶ The overall backlog yet healthy at 90% organically.
- ▶ FX effects hamper with 2-4 p.p. vs last year in the quarter.

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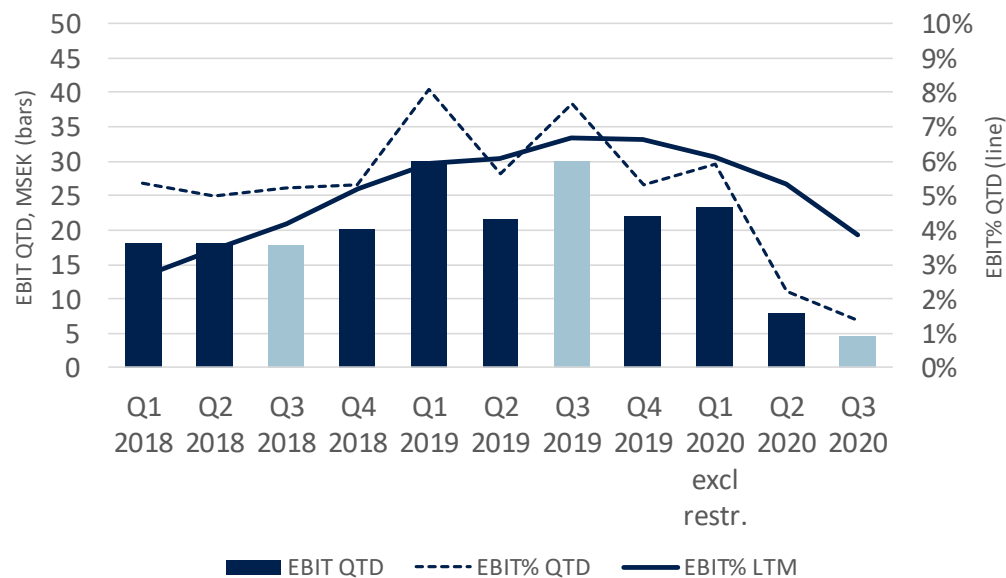
## Group – Covid-19 and FX impact the earnings

MSEK	Q3 2020	Q3 2019	%	YTD 2020	YTD 2019	%	FY 2019
Order intake	310.3	404.9	-23%	1,051.6	1,150.3	-9%	1,557.2
Sales	334.7	391.4	-14%	1,087.5	1,143.4	-5%	1,558.7
EBIT excl restructuring 2020	4.7	29.9	-84%	36.0	81.5	-56%	103.5
<i>EBIT excl restruct. %</i>	<i>1.4%</i>	<i>7.6%</i>		<i>3.3%</i>	<i>7.1%</i>		<i>6.6%</i>
EBIT	4.7	29.9	-84%	21.0	81.5	-74%	103.5
<i>EBIT%</i>	<i>1.4%</i>	<i>7.6%</i>		<i>1.9%</i>	<i>7.1%</i>		<i>6.6%</i>

### Comments to Q3

- ▶ EBIT at +4.7 MSEK due to the lower sales off-set by further cost reductions and negative currency impact.
- ▶ Total currency impact on EBIT of -8.4 MSEK of mainly transactional variances.
- ▶ Total OH cost reduced further 7% from Q2.
- ▶ Net income at positive +1.2 MSEK or an EPS of 0.05 SEK.
- ▶ Free cash flow at +5.5 MSEK in Q3.

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





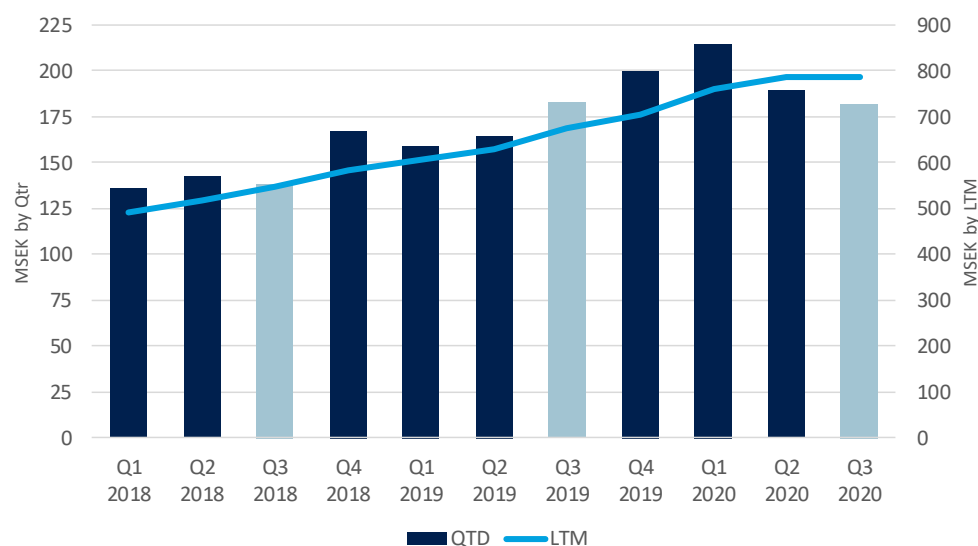
## Westermo – impact of Covid-19 but maintained strategic focus

MSEK	Q3 2020	Q3 2019	%	YTD 2020	YTD 2019	%	FY 2019
Order intake	163.6	213.9	-23%	564.1	542.0	4%	725.8
Sales	181.9	182.8	0%	586.0	505.9	16%	705.2
EBIT	15.6	26.0	-40%	70.6	67.3	5%	89.6
EBIT%	8.6%	14.2%		12.0%	13.3%		12.7%

### Comments to Q3

- ▶ Orders affected negatively in Q3 due to Covid-19 giving lower activities and deferred investments among our customers. However, good potentials going forward.
- ▶ Organic sales development at -23% in Q3.
- ▶ EBIT at +15.6 MSEK or 8.6% in the quarter.
- ▶ The integration of Neratec is now complete and Virtual Access is continuing on plan. Both entities contribute well in the quarter.
- ▶ Maintained focus on the new segments Power Distribution and Trackside.
- ▶ A new extension inaugurated at the Stora Sundby production plant.

### Westermo Sales



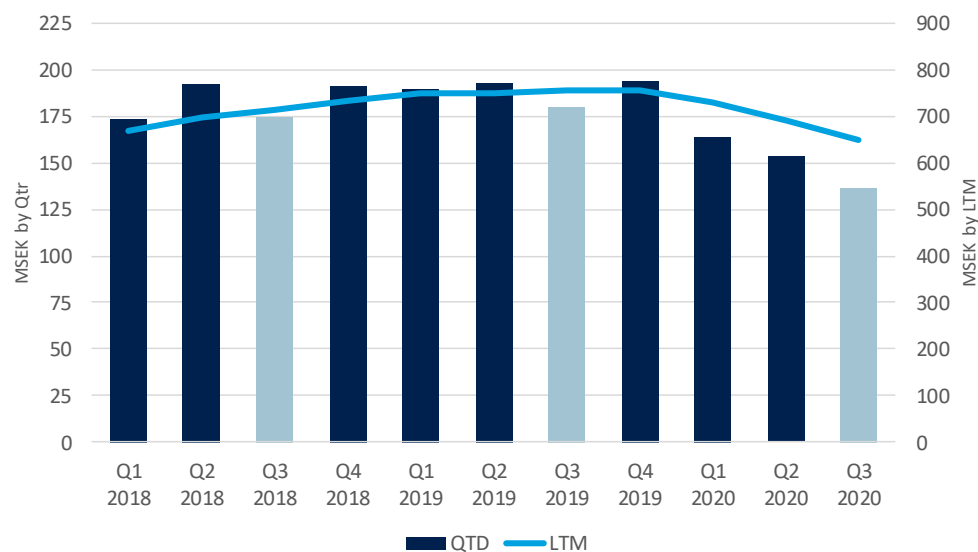
## Beijer Electronics – further impact but signs of bottom-out

MSEK	Q3 2020	Q3 2019	%	YTD 2020	YTD 2019	%	FY 2019
Order intake	127.9	164.8	-22%	436.2	534.3	-18%	732.2
Sales	136.5	180.0	-24%	453.4	562.4	-19%	756.2
EBIT excl restructuring 2020	-2.8	12.3	-123%	0.0	44.3	-100%	55.0
<i>EBIT excl restruct. %</i>	<i>-2.1%</i>	<i>6.8%</i>		<i>0.0%</i>	<i>7.9%</i>		<i>7.3%</i>
EBIT	-4.5	12.3	-136%	-11.0	44.3	-125%	55.0
EBIT%	-3.3%	6.8%		-2.4%	7.9%		7.3%

### Comments to Q3

- ▶ Sales drop due to the effects of the Pandemic and where US shows the largest decline.
- ▶ Orders sequentially increase somewhat from Q2 driven by good development in Asia.
- ▶ The program of measures continues to give effect with sequential further 10% lower overhead cost in the quarter.
- ▶ Restructuring cost re-distributed and affecting the quarter. EBIT at -4.5 MSEK.
- ▶ Regular shipments to OTIS as planned during the quarter and expected to gradually increase going forward.
- ▶ The cooperation with Korenix continues.

### Beijer Electronics Sales



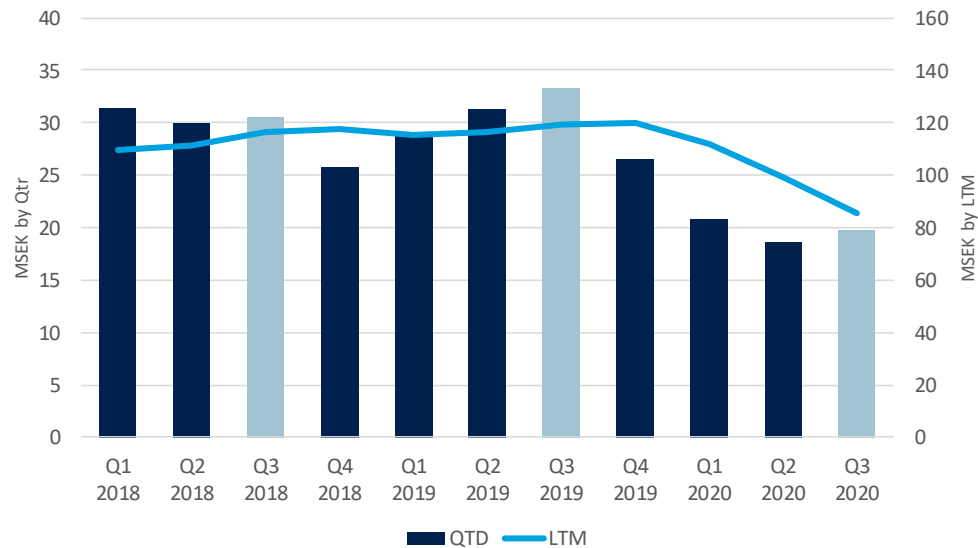
# Korenix – continued impact but signs of bottom-out

MSEK	Q3 2020	Q3 2019	%	YTD 2020	YTD 2019	%	FY 2019
Order intake	22.3	31.0	-28%	62.4	92.2	-32%	121.8
Sales	19.8	33.3	-40%	59.2	93.4	-37%	119.9
EBIT excl restructuring 2020	-1.4	-0.7	103%	-11.0	-1.6	605%	-4.3
EBIT excl restruct.%	-7.1%	-2.1%		-18.6%	-1.7%		-3.6%
EBIT	-1.4	-0.7	103%	-13.8	-1.6	786%	-4.3
EBIT%	-7.1%	-2.1%		-23.3%	-1.7%		-3.6%

## Comments to Q3

- ▶ Both orders and sales increased sequentially from Q2, still at low levels.
- ▶ Positive development in Asia while US and Europe still are on the low side.
- ▶ The program of measures continues to give effect with significant effect on the overhead cost.
- ▶ EBIT at -1.4 MSEK.
- ▶ Maintained development activities for the redesign to modular approach of both hardware and software with launches as from the end of the year.
- ▶ The cooperation with Beijer Electronics continues with opening up of sales channels and supply chain coordination.

## Korenix Sales



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## Concluding notes by Per...



- ▶ Stable financial position
- ▶ Strong product offering
- ▶ Whole organisation geared for growth
- ▶ Financial targets in focus

## 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