



Westermo driving the Group's sales and earnings performance

1 January – 31 December, 2019

Per Samuelsson, CEO & Joakim Laurén, CFO

Agenda

- ▶ Business update for the quarter
- ▶ Financial performance, BEIJER GROUP
- ▶ Financial performance, business entities
- ▶ Financial targets
- ▶ Outlook
- ▶ Q&A



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Business update for the quarter, i)

- ▶ Convincing progress for Westermo with growth and profitability improvement for the quarter while still investing in the new segments Power Distribution and Rail Trackside.
- ▶ The acquisition of the Irish company Virtual Access in the quarter broadens the wireless portfolio further and alongside with Neratec added on earlier in the year, this paves way for accelerated profit development during 2020 and onwards.
- ▶ Beijer Electronics signs a five year agreement worth more than 150 MSEK.
- ▶ Strong free cash flow of over 70 MSEK.
- ▶ Orders on same level as earlier quarters in 2019 and ending up lower than the exceptionally strong Q4 last year.

Business update for the quarter, ii)

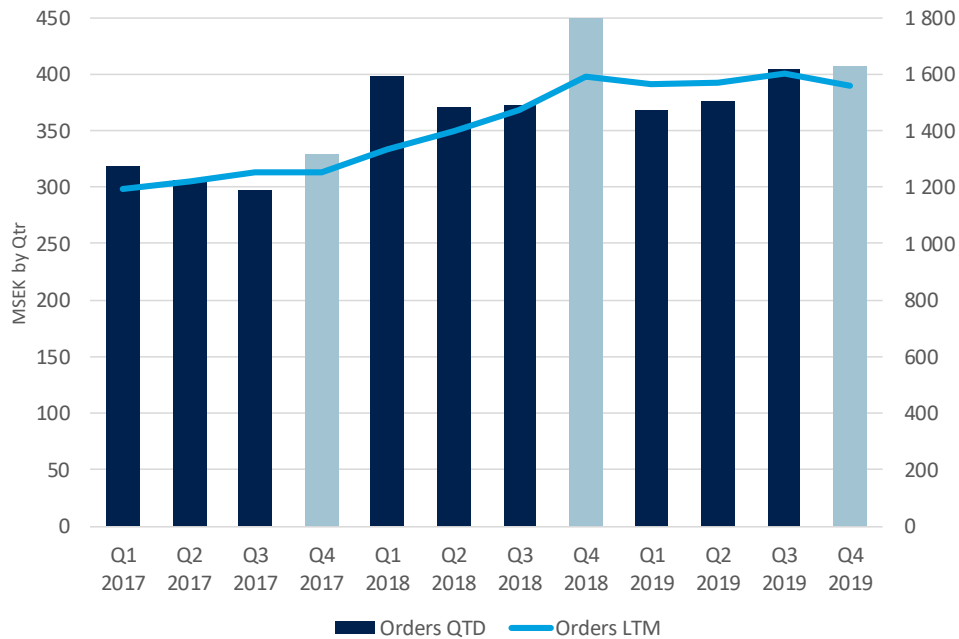
- ▶ Mixed performance picture in the quarter where Westermo is on track, Beijer Electronics continued hampered by irregularities due to end-of-life, while Korenix did not achieve the sales volumes as expected.
- ▶ Beijer Electronics is expected to stabilize as the product family generation shift finalizes. Added on, with the new IOT platform acirro+ and the Otis contract, it provides for good potential for further positive progress during 2nd half of the year.
- ▶ Korenix' partner up with Beijer Electronics sales organisation in Europe opening up for additional growth for both entities, while coordination gains in areas as supply chain will provide for a lower cost base.
- ▶ Business cycle wise, the uncertainty with a mixed picture remains as seen previous quarter.
- ▶ We follow the Corona Virus situation in China carefully.
- ▶ The group strategy the last years has proven to be successful and we are well positioned for continued profitable growth in the new decade.

Agenda

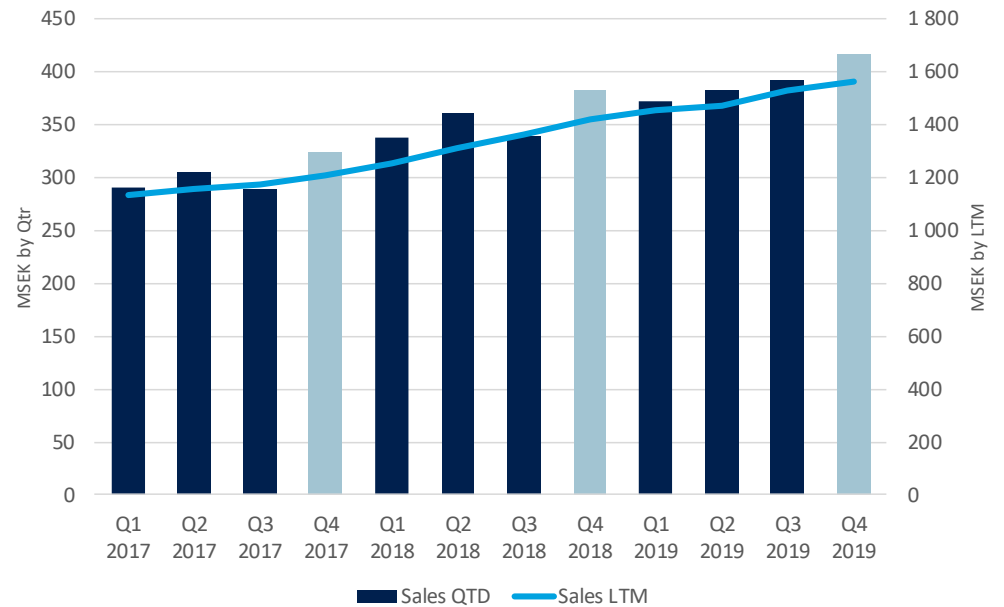
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Order intake



Sales



- ▶ Orders moving sideways and lower than the exceptional Q4 last year.
- ▶ Sales increase 9% in the quarter where acquired entities contribute with about 21 MSEK. Westermo at organically +6%, Beijer Electronics at +1% and Korenix at +3%.
- ▶ Continued good backlog at 507 MSEK or +10% vs last year where acquired entities added 49 MSEK.
- ▶ FX contributes with 2-3 p.p. vs last year in the quarter.

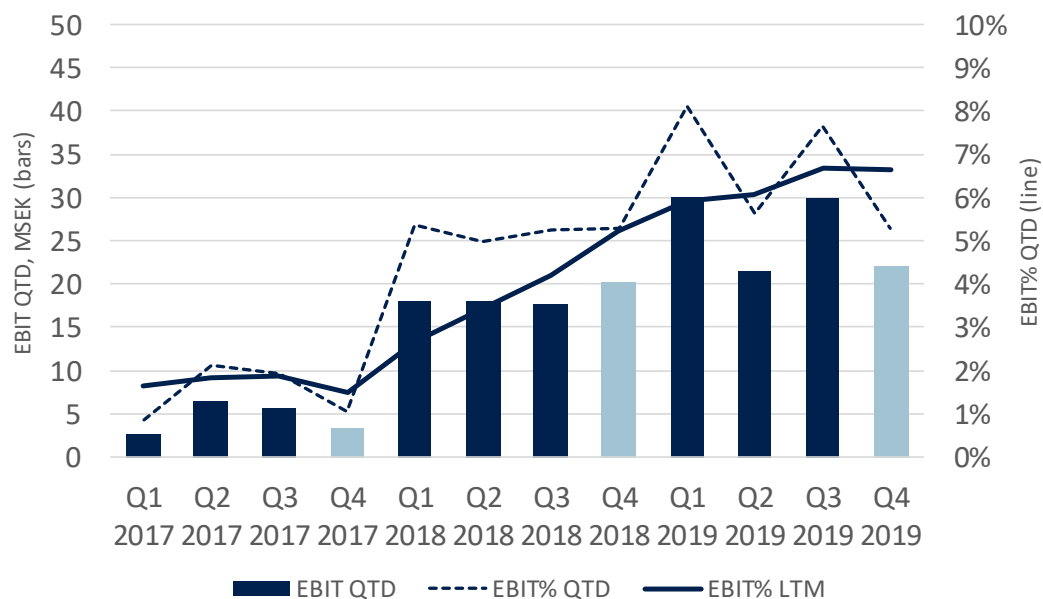
Group – mixed in quarter but good yearly improvement

MSEK	Q4 2019	Q4 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	406.9	452.0	-10%	1,557.2	1,593.2	-2%	1,593.2
Sales	415.3	381.2	9%	1,558.7	1,417.2	10%	1,417.2
EBIT	22.0	20.2	9%	103.5	73.9	40%	73.9
EBIT%	5.3%	5.3%		6.6%	5.2%		5.2%

Comments to Q4

- ▶ IFRS16 – limited impact on EBIT, net +0.6 MSEK in the quarter.
- ▶ Somewhat improved EBIT vs last year at 22 MSEK. FY2019 well above 100 MSEK.
- ▶ Westermo shows good progress and improves vs last year.
- ▶ Beijer Electronics hampered as earlier quarters by irregularities from end-of-life processes.
- ▶ Korenix did not achieve the sales needed for break-even.
- ▶ Strong free cash flow of over 70 MSEK in the quarter
- ▶ EPS at 0.44 SEK impacted of a 2.9 MSEK stamp duty related to the Virtual Access acquisition.

EBIT and EBIT% QTD and EBIT% LTM



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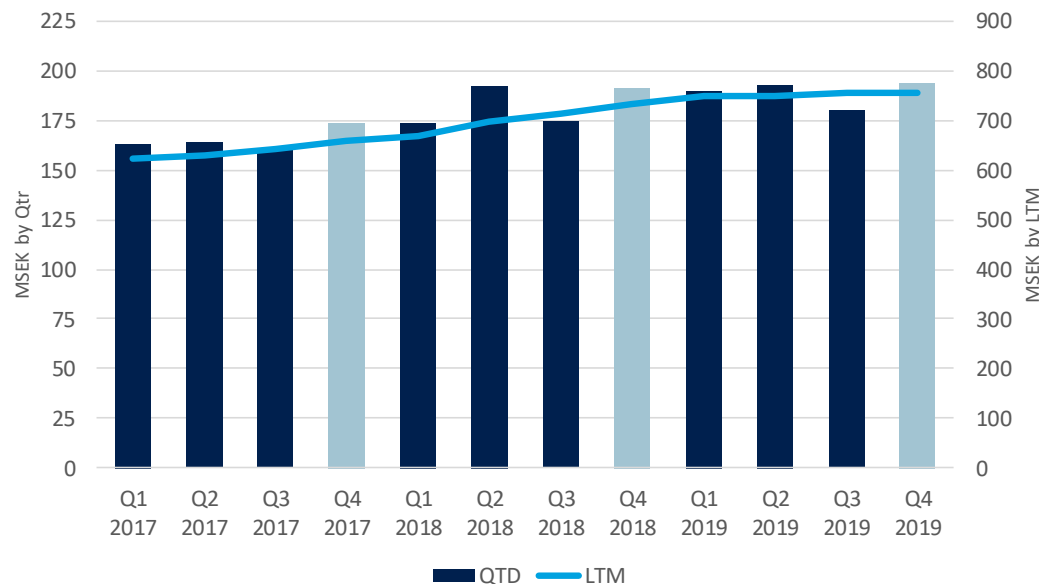
Beijer Electronics – bumpy, and long term agreement with Otis

MSEK	Q4 2019	Q4 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	197.9	231.5	-15%	732.2	792.2	-8%	792.2
Sales	193.8	191.5	1%	756.2	731.4	3%	731.4
EBIT	10.7	17.3	-38%	55.0	47.4	16%	47.4
EBIT%	5.5%	9.0%		7.3%	6.5%		6.5%

Comments to Q4

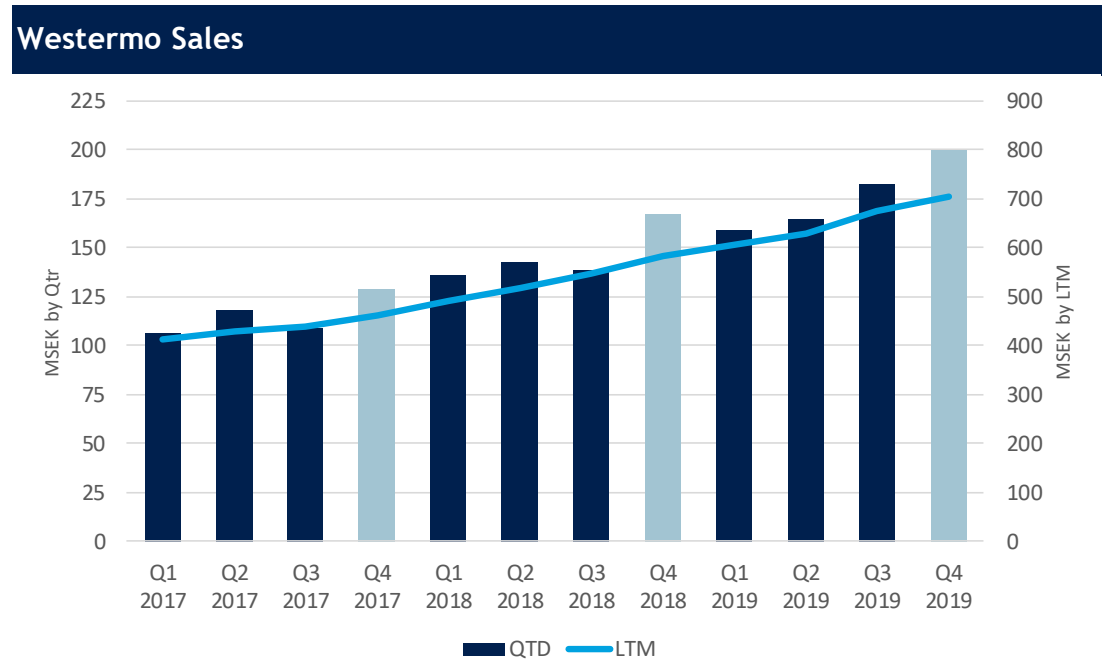
- ▶ The irregularities caused by the phasing out of 4 older generations of products continue to impact also this quarter.
- ▶ Once the share of the newer X2-family increases, a more stable performance development is expected during the 2nd half of the year.
- ▶ Despite the bumpy development during last quarters, the full year shows profit improvement.
- ▶ A five year supply agreement signed with Otis Elevator Company during the quarter for supply of display solutions for their Compass product line.

Beijer Electronics Sales



Westermo – solid development including multiple initiatives

MSEK	Q4 2019	Q4 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	183.8	188.3	-2%	725.8	687.9	6%	687.9
Sales	199.3	167.3	19%	705.2	584.2	21%	584.2
EBIT	22.3	13.6	64%	89.6	69.7	29%	69.7
EBIT%	11.2%	8.1%		12.7%	11.9%		11.9%



Comments to Q4

- ▶ Good development with organic growth and profit improvement.
- ▶ Record full year FY2019 for orders, sales and profit.
- ▶ Acquisition of Virtual Access during the quarter giving – together with Neratec added earlier – a complete wireless portfolio that expects to contribute to profit during the year.
- ▶ The future-oriented activities within the segments Power Distribution and Rail Trackside continue.
- ▶ Marginal profit contribution of the acquired entities while there is some acquisition costs burdening the quarter.
- ▶ Supply chain more stable and the cash flow improved by the end of the year.

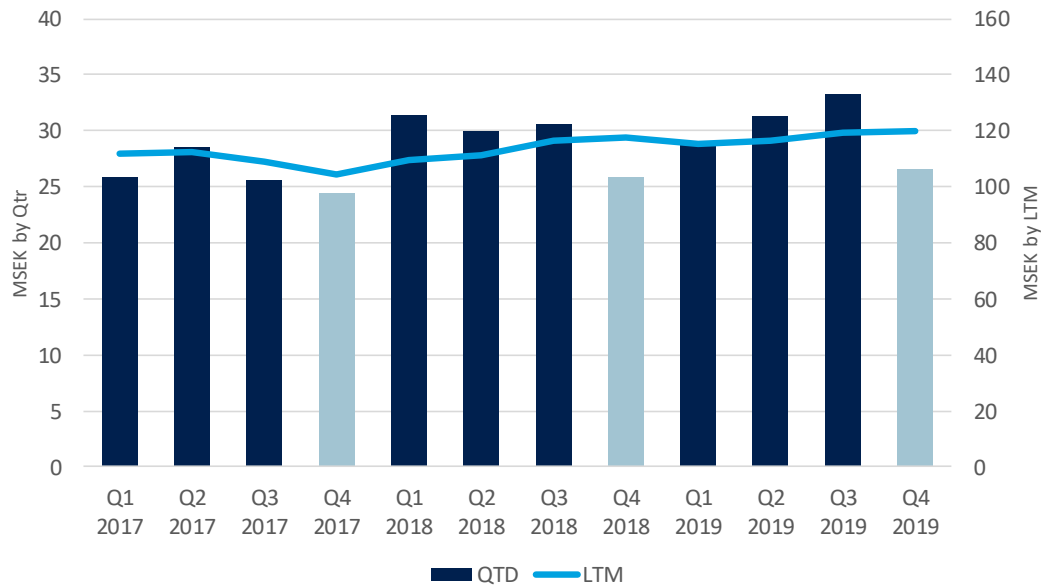
Korenix – sales shortage behind the loss

	Q4	Q4		YTD	YTD		FY
MSEK	2019	2018	%	2019	2018	%	2018
Order intake	29.6	35.7	-17%	121.8	129.2	-6%	129.2
Sales	26.5	25.8	3%	119.9	117.8	2%	117.8
EBIT	-2.8	-4.1	-33%	-4.3	-6.4	-32%	-6.4
EBIT%	-10.5%	-15.9%		-3.6%	-5.4%		-5.4%

Comments to Q4

- ▶ Korenix did not achieve break-even due to sales shortage. A handful of project deliveries were moved forward into 2020.
- ▶ Partnership with Beijer Electronics in Europe for adding another channel to existing sales network.
- ▶ Coordination activities such as within supply chain are ongoing and will benefit the cost base.
- ▶ Continued high activity with developing a new modular hard- and software platform for the full range of products.

Korenix Sales



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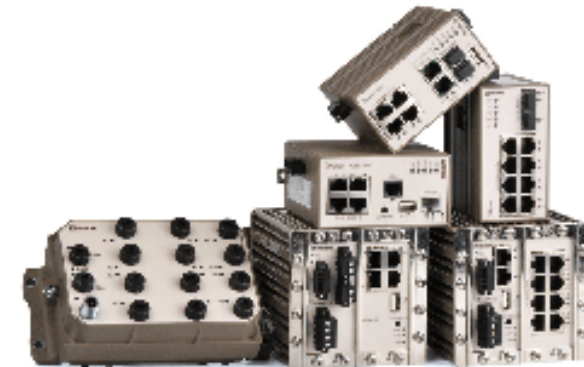
Financial targets for the group*

*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.*

** Decided by the board in 2016*

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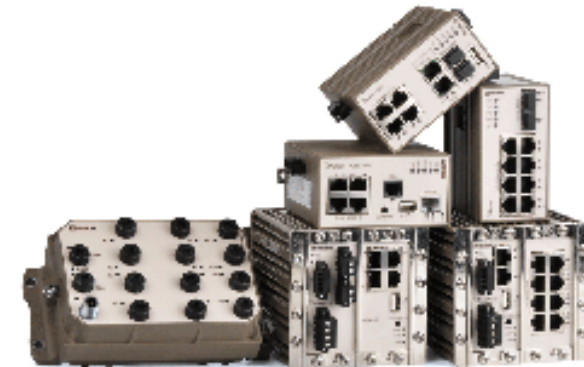


Outlook for 2020

"BEIJER GROUP expects to increase sales and earnings for the full year 2020 compared to 2019"

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