



Continued positive progress and acquisition of Swiss tech company

1 January - 30 June, 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



Business update for the quarter 2

- ▶ The overall direction is still positive despite Q2 marked a pause in the continued expansion and aim towards targets.
- ▶ Neratec was acquired by Westermo in early July.
- ▶ Order volumes on OK level despite no larger orders.
- ▶ Market uncertainty remains but we have not seen signs of slowdown by our customers. Underlying pipeline still promising.
- ▶ Beijer Electronics affected by end-of-life processes (*phasing out 4 older generations and replacing with X2 series*) creating irregularity between quarters, impacting volumes as well as profitability.

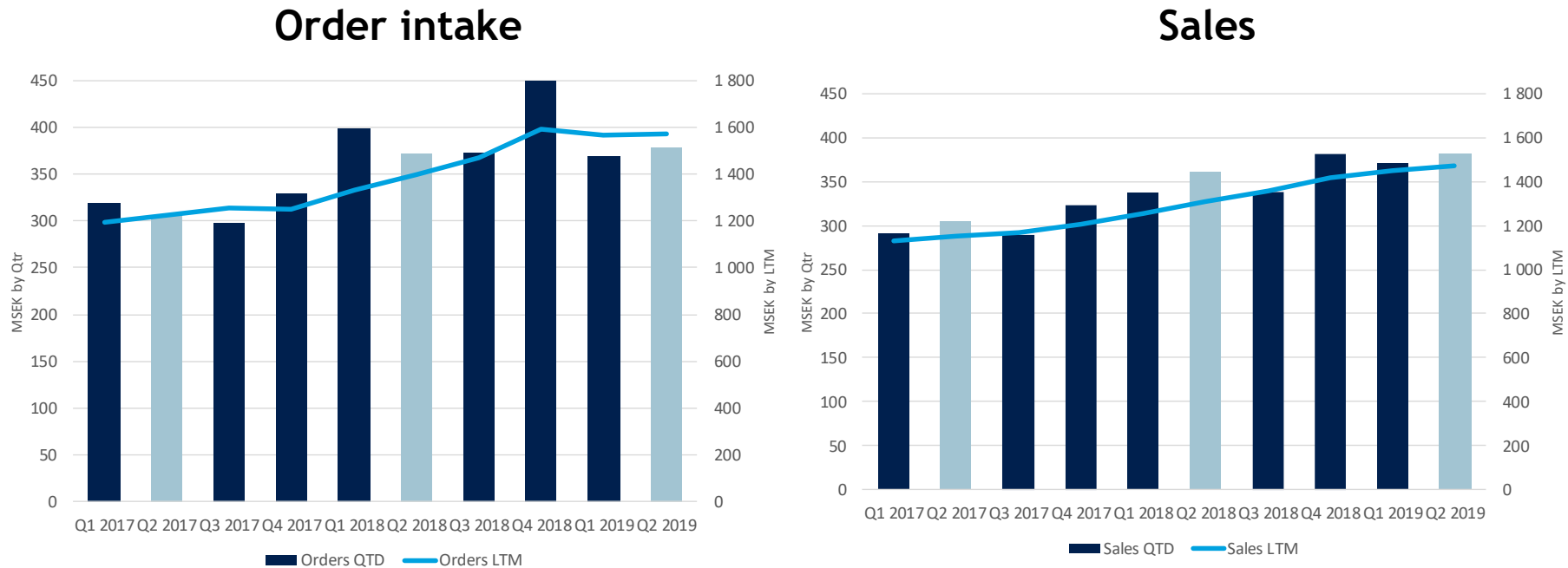
Business update for the quarter 2

- ▶ Westermo continue to grow and profitability level remains healthy despite WeGrow investments into new segments, continued capacity increases and cost related to acquisition.
- ▶ Korenix moving forward in line with plan and close to zero result.
- ▶ Cash flow not where we want it to be and in full focus.
- ▶ Net income continue to improve and EPS increased to +0.48 SEK in the quarter.

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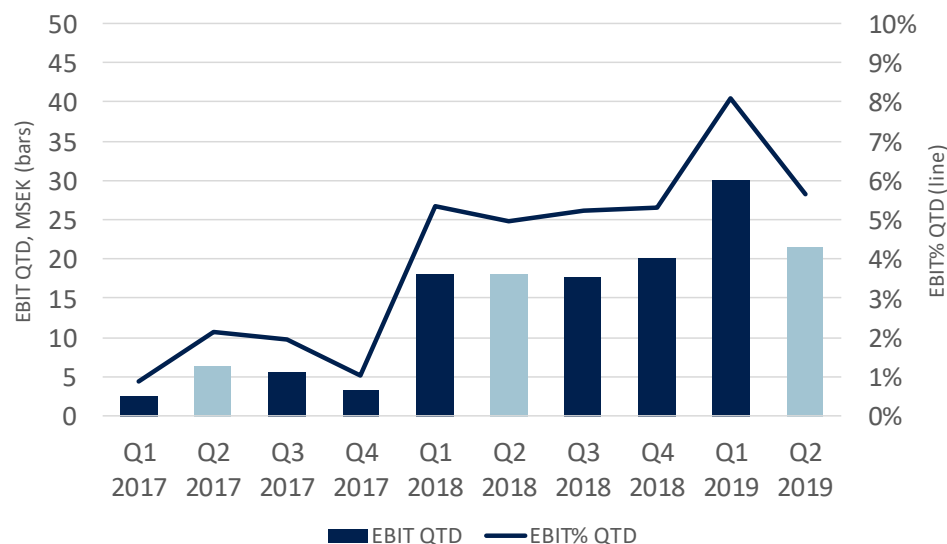


- ▶ Orders overall OK given no larger project booking and end-of-life-irregularity.
- ▶ Sales growth at +6% where Beijer Electronics’ end-of-life processes impact and Westermo achieved their 2nd best quarter ever.
- ▶ Backlog still strong at +29% vs last year.
- ▶ FX contributes with 2-3 p.p vs. last year in the quarter.

Group – positive progress despite irregularity impact

MSEK	Q2 2019	Q2 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	377.0	371.4	2%	745.4	769.1	-3%	1,593.2
Sales	381.2	360.8	6%	752.0	697.6	8%	1,417.2
EBIT	21.5	18.0	20%	51.6	36.0	43%	73.9
EBIT%	5.6%	5.0%		6.9%	5.2%		5.2%

EBIT and EBIT% QTD



Comments to Q2

- ▶ IFRS16 – limited impact on EBIT, net +0.5 MSEK in the quarter.
- ▶ Improved EBIT vs. last year but sequentially impacted by the end-of-life-irregularity in Beijer Electronics. The impact expected to taper off during the year.
- ▶ Westermo continue to show good progress including additional investments for the future.
- ▶ Korenix transition according to plan and now close to zero result.
- ▶ Currency impacts EBIT by +4.8 MSEK with about $\frac{3}{4}$ transactional and $\frac{1}{4}$ translation variances.
- ▶ Net income at +13.7 MSEK or EPS at +0.48 SEK.
- ▶ Cash flow continued negative at -17 MSEK in the quarter.

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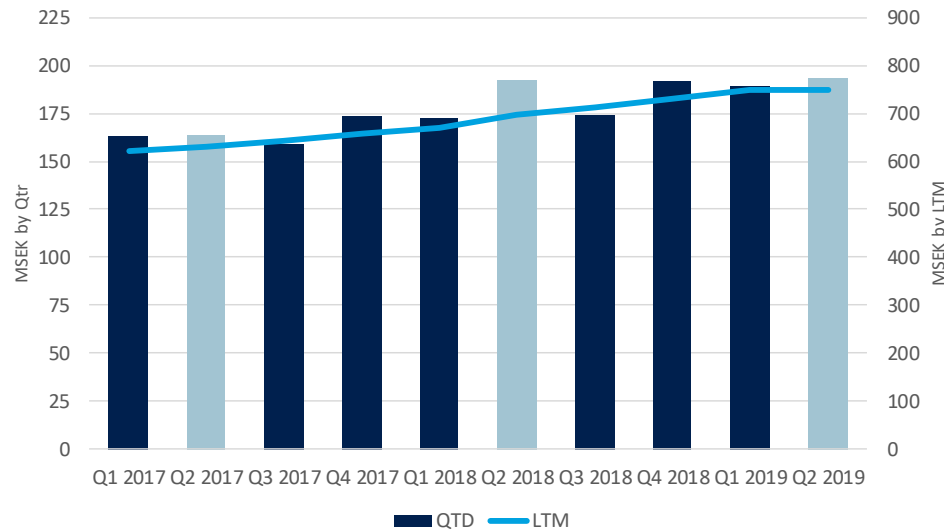
Beijer Electronics – affected by end-of-life

MSEK	Q2 2019	Q2 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	186.2	188.4	-1%	369.6	380.1	-3%	792.2
Sales	192.9	192.3	0%	382.4	365.4	5%	731.4
EBIT	13.7	12.7	8%	32.0	21.2	51%	47.4
EBIT%	7.1%	6.6%		8.4%	5.8%		6.5%

Comments to Q2

- ▶ 4 older product platforms are being phased out during 2019 and replaced by the X2 series as informed about earlier.
- ▶ Irregularity in-between the quarters due to customer behaviour gives bumpy sequential volumes and gross margin.
- ▶ The end-of-life impact is expected to taper off during the remains of the year.
- ▶ Still, EBIT improvement compared to last year.
- ▶ Changes implemented in the US sales organisation to improve and step-up going forward.

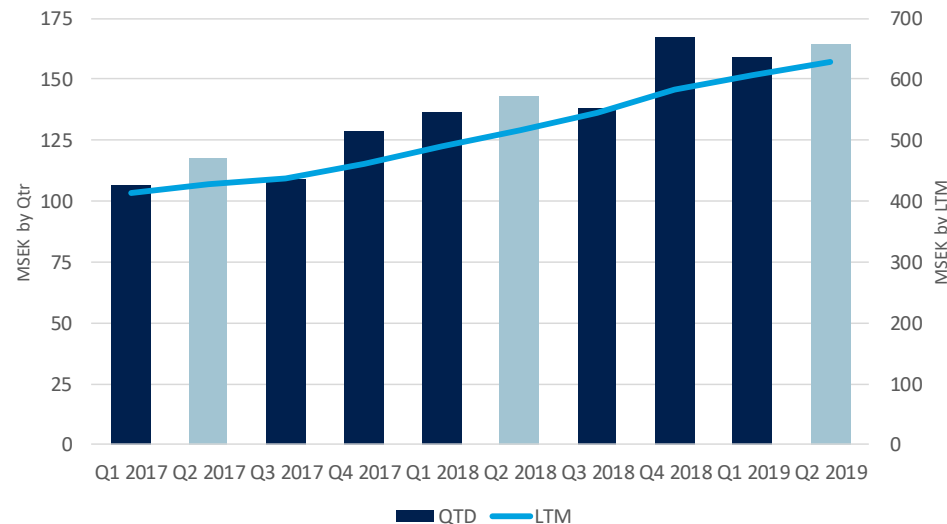
Beijer Electronics Sales



Westermo – strong trend continues

MSEK	Q2 2019	Q2 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	166.1	154.8	7%	328.2	331.4	-1%	687.9
Sales	164.4	142.6	15%	323.1	278.6	16%	584.2
EBIT	20.1	19.6	3%	41.3	40.5	2%	69.7
EBIT%	12.2%	13.7%		12.8%	14.6%		11.9%

Westermo Sales

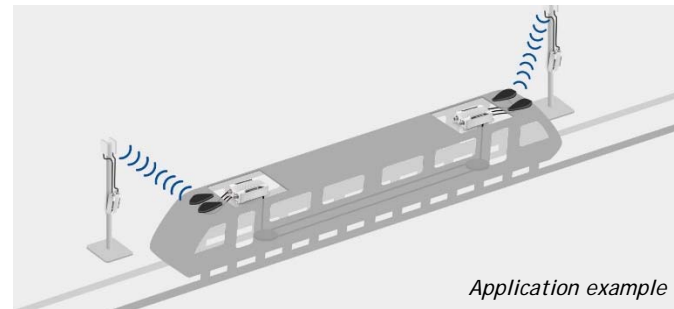


Comments to Q2

- ▶ Order growth without any larger project bookings.
- ▶ Sales continue to develop well confirming the capacity increases.
- ▶ Future-oriented spending impacts the profit growth
 - WeGrow investments in the new segments *Power distribution* and *Trackside*.
 - Continued capacity step-up of supply chain.
 - Acquisition-related costs in the quarter.
- ▶ Continued high R&D activity level.
- ▶ Multiple product releases during the year including *Viper Backbone Node* this quarter.
- ▶ Complementary acquisition of Neratec.

Acquisition of Neratec by Westermo

- ▶ At July 8, 100% of the Swiss company Neratec was acquired.
- ▶ Neratec is a technology company specialized in WLAN products mainly for the train and trackside sector.
- ▶ Sales of 6.5 MCHF (~62 MSEK) in 2018 and about 25 employees located in Bubikon.
- ▶ Strengthens Westermo's offering to the Railway industry to include robust wireless technology.
- ▶ Westermo global sales network opens up for Neratec solution sales.
- ▶ Purchase price 5 MCHF on cash/debt free basis plus a smaller performance-based consideration later.
- ▶ First acquisition by BEIJER GROUP since new strategy in 2016.



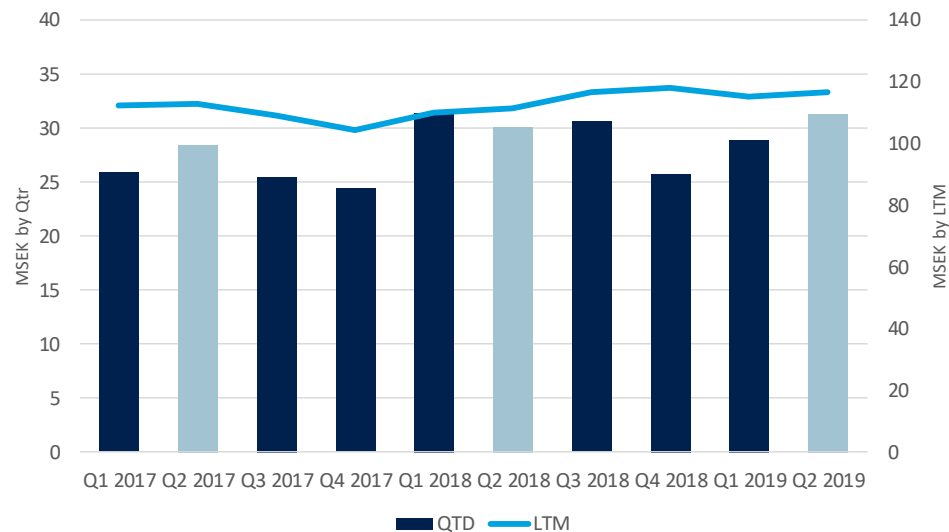
Korenix – recovery progress as planned

MSEK	Q2 2019	Q2 2018	%	YTD 2019	YTD 2018	%	FY 2018
Order intake	32.1	32.2	0%	61.2	65.3	-6%	129.2
Sales	31.3	30.0	4%	60.1	61.4	-2%	117.8
EBIT	-0.3	-2.4	-89%	-0.9	-2.0	-58%	-6.4
EBIT%	-0.9%	-8.0%		-1.4%	-3.3%		-5.4%

Comments to Q2

- ▶ Orders on similar level as last year that included a larger order.
- ▶ Sales increased somewhat.
- ▶ EBIT improvement and close to break-even.
- ▶ High R&D activity level to regenerate the product range providing for future growth.
- ▶ Recovery ongoing with focus to show profitability during 2019.

Korenix Sales



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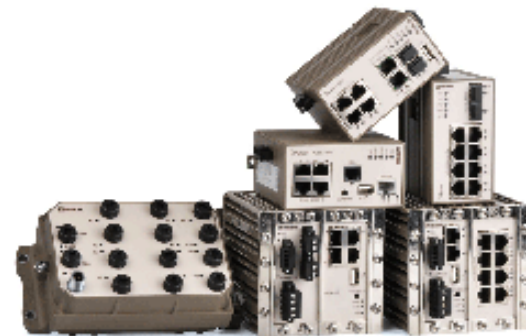
Financial targets for the group*

*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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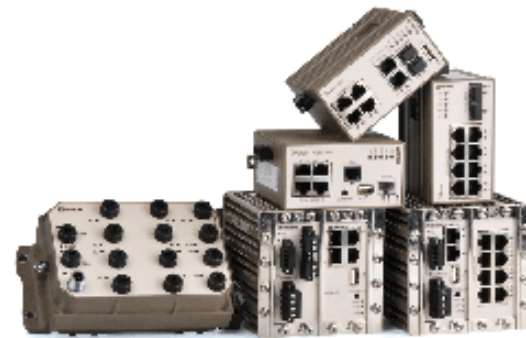
Outlook for 2019*

“ BEIJER GROUP is expecting to improve sales and earnings for the full year 2019 compared to the figures for 2018 “

** Unchanged from last quarter*

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BEIJER GROUP