Summary and introduction

Business update

Financial results

Q&A
## Financial summary of Q1 2021 and last twelve months

### Q1

- Net sales 455 MSEK (361), +26%
- Order intake 565 MSEK (401), +41%
- EBIT 114 MSEK (67)
- EBIT margin 25.0% (18.5%)
- Cash flow from ops. of 132 MSEK (55)
- EPS 1.93 (1.01)

### Last twelve months

- Net sales 1,560 MSEK (1,500), +4%
- Order intake 1,611 MSEK (1,484), +9%
- EBIT 335 MSEK (250)
- EBIT margin 21.4% (16.7%)
- Cash flow from ops. of 447 MSEK (257)
- EPS 5.70 (4.56)
We are Connecting Devices™
HMS at a glance

Our field: Industrial ICT (Information and Communication Technology)

700 employees worldwide

Partners in over 50 countries

Offices in 16 countries

Head office in Halmstad, Sweden

π billion SEK: 2025 growth goal

1467 MSEK 2020 sales

Operating margin goal: 20%

Earnings per share: 4.79 SEK
Two customer groups – Users and Makers

Users of automation systems
Usually targeted via partners

Makers of industrial equipment
Usually targeted direct
HMS strategic focus areas 2020-2025

ENVIRONMENT
Make HMS a net positive CO₂ company by 2025

STAFF & CUSTOMERS
Happy & high performing employees generate loyal customers

GROWTH & PROFITABILITY
Continue our sustainable and profitable growth
HMS targets 2020-2025

**ENVIRONMENT**
Make HMS a net positive CO$_2$ company by 2025

**STAFF & CUSTOMERS**
Happy & high performing employees generate loyal customers

**GROWTH & PROFITABILITY**
Continue our sustainable and profitable growth

**TARGETS FOR 2025**
- Net positive internal CO$_2$ impact
- Net positive external CO$_2$ impact
- Employee NPS > 25
- Customer NPS > 25
- Net Sales > $\pi$ (3.14) BSEK
- EBIT-margin of 20%
- Dividend 30-50% of EPS

(NPS=Net Promoter Score)
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Business update first quarter 2021

• Broad recovery in the market – all main brands **35%+ organic growth** in orders

• Main driver – investments in manufacturing industry
  • Strong Automotive sector for the first time in years
  • Robot manufacturers placing larger orders
  • Building automation on same level as second half of 2020

• Stocking effects **boosting order intake by ~60-70 MSEK**
  • Customer stocking up to offset delays in component shortage
  • Increase in customers stock levels from rapid improvement in industry

• **Positive outlook 2021** – good investment climate to continue, but somewhat slower pace than seen in Q1
HMS 2025 implementation

**Environment**
- Make HMS a net positive CO₂ company by 2025

**Selection of Q1 initiatives**
- Sustainability manager recruited
- Roll out of green energy sources in France office
- DHL Go-Green

**Staff & customers**
- Happy & high performing employees generate loyal customers

**Selection of Q1 initiatives**
- Strengthening of organization in China and Southeast Asia
- Continued work from home

**Growth & Profitability**
- Continue our sustainable and profitable growth

**Selection of Q1 initiatives**
- M&A manager recruited
- Full effects from last year’s gross margin improvement project
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Financial results

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Q1 2021: Order intake 565 MSEK, +41%

ORDER INTAKE, MSEK

HIGHLIGHTS

• Order intake Q1 2021: 565 MSEK (401), +41% (organic +38%)
• All markets strong
  • Europe 37% organic growth
  • Asia +67% - China continues to a new level
• Anybus, Ixxat, Ewon and Intesis all between 35-42% organic growth
• Procentec continues very positive, new key accounts driving growth
• Extraordinary FX comparable in Q1 2020
Q1 2021: Net Sales 455 MSEK, +26%

**NET SALES, MSEK**

- **Net Sales Q1 2021** of 455 MSEK (361), +26% (organic +19%)
- **Net Sales R12** of 1,560 MSEK (1,500), +4% (organic +1%)
- **Remote Access and Remote Data** driving growth
- **Component lead times** getting longer, impacting HMS lead time, daily operational challenges and reprioritization

**HIGHLIGHTS**

- **BRIDGE Q120-Q121, MSEK**
- **BRIDGE R12 months, MSEK**
Sales per region Q1 2021

**Americas**
- Net Sales 96 MSEK (87)
- 21% of Group sales (24%)
- USA represents 81%

**APAC**
- Net Sales 79 MSEK (60)
- 17% of Group sales (17%)
- Japan represents 43%
- China 33%

**EMEA**
- Net Sales 280 MSEK (214)
- 62% of Group sales (59%)
- Germany represents 35%
Q1 2021: EBIT 114 MSEK (25.0% margin)

**Comments on Q1 results**

- EBIT 114 MSEK (67), EBIT margin of 25.0% (18.5%)
- Volume and gross margin in favor, together with continued low OPEX
- Q1 gross margin of 64.0% (62.4)
  - Main impact from 2020 gross margin work
  - Volume benefit and FX downside even out
  - Coming component pricing impact on gross margins negatively about 0.5-1pp
- OPEX amounted to 177 MSEK (159) corresponding to an organic increase of 11 MSEK (+7%)
  - Net R&D vs Q1 2020 is +10 MSEK
- Expected OPEX ramp-up during coming quarters from new investments and business activities normalizing
Q1 2021: EPS of 1.93 SEK

Comments on Q1 EPS

- EPS of 1.93 SEK (1.01)
- Net financials of 1 MSEK (-4)

Comments on R12 months EPS

- EPS of 5.70 (4.56)
- Net financials of -8 MSEK (-15)
- Dividend proposed of 2.00 SEK (0)

*Adjusted EPS 0.68
2021 Q1: Cash flow from operations of 132 MSEK

- Cash flow from operating activities of 132 MSEK (55)
- Changes in NWC → cash flow of -19 MSEK (-29), major ramp up of receivables
- NWC in % of sales 9.5% (10.3)
- Reduced inventory, expected to be low in coming quarters

Comments on R12 months Cash Flow

- Cash flow from operating activities of 447 MSEK (257)
- Changes in NWC → cash flow of +23 MSEK (-30)
Net debt 96 MSEK

Comments on Net debt and leverage

- Net debt / EBITDA of 0.21 (1.13)
- Net debt / Equity: 0.07 (0.36)
- Net debt reduced 200+ MSEK during 2020
- Good shape to execute updated strategy with increased M&A focus