Summary and introduction

Business update

Financial results

Q&A
Financial summary of Q1 2023 and R12

**Q1**

- Net sales 773 MSEK (517), +49%
- Order intake 682 MSEK (857), -20%
- EBIT 211 MSEK (139) (Adj. 112)
- EBIT margin 27.4% (26.9) (Adj. 21.7)
- Cash flow from ops. of 155 MSEK (80)
- EPS 3.70 (2.41) (Adj. 1.84)

**R12**

- Net sales 2,762 MSEK (2,034), +36%
- Order intake 2,889 MSEK (2,830), +2%
- EBIT 725 MSEK (471) (Adj. 444 MSEK)
- EBIT margin 26.2% (23.1) (Adj. 21.8%)
- Cash flow from ops. of 506 MSEK (456)
- EPS 12.17 SEK (8.09) (Adj. 7.52)
HMS at a glance

Our field: Industrial ICT

5G Smart Grid
AI IoT

Wireless

Head office in Halmstad, Sweden

750 employees worldwide

750 employees worldwide

Offices in 17 countries

Offices in 17 countries

Partners in over 50

Partners in over 50

2022 sales
2,506 MSEK
(225 M EUR, 245 M USD)

2022 sales
2,506 MSEK
(225 M EUR, 245 M USD)

±0 Net positive in CO₂ emissions

±0 Net positive in CO₂ emissions

+30 Staff NPS
+30 Staff NPS

Customer NPS

Customer NPS

π 3,14 billion SEK

π 3,14 billion SEK
HMS makes products which enable machines to communicate.

Valuable data and insights from machines and systems.
HMS playing field – overall market segments

**Industrial Automation**
- Manufacturing
  - Factory automation, Process automation
- Transportation & Infrastructure
  - Air, roads, railways, ports, marine, utilities, data centers, telecom, material handling, warehousing etc.
- Power & Energy
  - Power generation, power distribution, power management

**Building Automation**
- Commercial buildings, industrial buildings, hotels, offices, residential, retail

**Industrial Information and Communication Technology Solutions**
**HMS key customer groups and market channels**

**Makers of industrial equipment**

- Device manufacturers
  - Revenue: 44% of revenue
  - Business model: Design Wins
  - Go-to-market: Direct Sales

**Users of automation systems**

- Machine builders
  - Revenue: 27% of revenue
  - Business model: Specified as standard or option in BOM
  - Go-to-market: Direct Sales & Distribution

- End users & System integrators
  - Revenue: 29% of revenue
  - Business model: Project Sales, Product Sales
  - Go-to-market: Traditional Distributors, E-Commerce Distributors
Summary and introduction

Business update

Financial results

Q&A
Starting off the year with a record quarter in sales – delivery capacity improved

Solid start of the quarter in order intake, clear de-stocking from customers in Europe and Asia towards the end of the quarter

Improved delivery situation for critical components and semiconductors as semiconductor demand in general starting to decline

Lower demand for spot market purchases but still cost inflation on raw material

Integration of Procentec into the HMS organization and re-branding of Procentec to Anybus
Summary and introduction

Business update

Financial results

Q&A
Order intake of 682 MSEK in Q1 2023, -20%

ORDER INTAKE, MSEK

HIGHLIGHTS

- Q1 2023: 682 MSEK (857), -20% (organic -20%)
- R12 2023: 2,889 MSEK (2,830), +2% (organic -6%)
- Strong start of the quarter, de-stocking from several customers in Europe and Asia towards the end of the quarter due to improved lead-times and build up safety stocks
- Strong market in Building Automation and more challenging within Information Centric
- Book-to-bill of 0.88 in Q1
No boost effect in Q1 – solid underlying demand

Order Intake, MSEK

- FX revaluation of already existing order book
- "Boost"
- Real demand

Accumulated boost orders since 2021 above 1 BSEK
Net Sales 773 MSEK in Q1 2023, +49%

**HIGHLIGHTS**

- Q1 2023: 773 MSEK (517), +49% (organic 40%)
- R12 2023: 2,762 MSEK (2,034), +36% (organic +26%)
- Capacity and component availability becoming better allowing HMS to capitalize on the backlog
- Record sales in Americas and Asia
Decline of order backlog by 91 MSEK from last quarter.

High invoicing in Q1 in combination with a weaker order intake gives a decline of 6% in the order backlog compared to Q4 2022.
Q1 2023: Sales per region

**Americas**
- Net Sales 165 MSEK (100)
- 21% of Group sales (19%)
- USA represents 71%

**APAC**
- Net Sales 145 MSEK (97)
- 19% of Group sales (19%)
- Japan represents 51%
- China 34%

**EMEA**
- Net Sales 463 MSEK (320)
- 60% of Group sales (62%)
- Germany represents 35%
Q1 2023: EBIT 211 MSEK (27.4% margin)

- EBIT Q1: 211 MSEK (139) (Adj. 112)
- EBIT margin Q1: 27.4% (26.9) (Adj. 21.7)
- EBIT R12: 725 MSEK (471) (Adj. 444)
- EBIT margin R12: 26.2% (23.1) (Adj. 21.8)

Q1 2023 gross margin of 64.8% (61.8)

Main drivers to strong gross margin:
- Price adjustments towards customers
- Lower spot market purchases
- Favorable currency situation
- Increasing production volumes

Organic OPEX increase by 33% to 290 MSEK – investment in Sales & Marketing and IT/ERP drivers
Q1 2023: EPS 3.70 SEK

EPS, SEK

• EPS of 3.70 SEK (2.41) (Adj. 1.84)
• Net financials of 2 MSEK (-4)

Comments on Q1 EPS

• EPS of 3.12 SEK (2.02) (Adj. 1.24)
• Net financials of 12 MSEK (-4)

Comments on R12 EPS

• EPS of 12.17 SEK (8.09) (Adj. 7.52)
• Net financials of -24 MSEK (-2)
• The board proposes a dividend of 4.00 SEK (3.00) for 2022

*Adjusted EPS 0.68

EPS R12  Adj. EPS  EPS
Q1 2023: Cash flow from ops. of 155 MSEK

Cash flow from operating activities of 155 MSEK (80)

Changes in NWC ➔ -70 MSEK (-50)

- Inventory buildup of 27 MSEK
- High Accounts Receivable from strong March in invoicing
- NWC in % of sales 9.5% (6.6)

Comments on Q1 Cash Flow

Cash conversion (cash flow ops./EBITDA) Cash flow

Comments on R12 Cash Flow

- Cash flow from operating activities of 506 MSEK (456)
- Changes in NWC ➔ cash flow of -237 MSEK (-58)
  - Inventory buildup of 166 MSEK
Q1 2023: Net Debt of 383 MSEK

- Net debt / EBITDA of 0.46 (0.52)
- Net debt / Equity: 0.22 (0.23)
- Several new office agreements increasing leasing debt
- Cash larger than interest bearing debt

Comments on Net debt and leverage:

- Net debt / EBITDA of 0.46 (0.52)
- Net debt / Equity: 0.22 (0.23)
- Several new office agreements increasing leasing debt
- Cash larger than interest bearing debt
Signs of de-stocking but end markets rather positive

- Order intake slowed down towards end of the quarter with several customers de-stocking due to high inventory levels
- Still majority of customers are positive to market demand

Another record quarter

- Record quarter in both sales, gross margin and EBIT – HMS has so far managed to navigate the high-inflation environment in a satisfying way
Questions?