Summary

Business update

Financial results

Q&A
Summary Q2 and first six months

Second quarter
- Net sales for the second quarter reached SEK 416 m (329), corresponding to an increase of 26%. Currency translations had a positive effect of SEK 19 m on net sales.
- Operating profit reached SEK 72 m (63), equal to a 17% (19) operating margin.
- Order intake was SEK 375 m (336), corresponding to an increase of 11%.
- Cash flow from operating activities amounted to SEK 51 m (51).
- Profit after taxes totalled SEK 51 m (42) and the earnings per share was SEK 1.10 (0.90).
- HMS acquired 74.9% of the shares in the German company WEBfactory GmbH.
- HMS acquired 100% of the shares in the Dutch company Raster Products B.V.

First six months
- Net sales for the first six months amounted to SEK 796 m (649), corresponding to a 23% increase. Currency translations had a positive effect of SEK 43 m on net sales.
- Operating profit was SEK 132 m (125), equal to a 17% (19) operating margin.
- Order intake was SEK 762 m (686), corresponding to an increase of 11%.
- Cash flow from operating activities amounted to SEK 103 m (71).
- Profit after taxes totalled SEK 92 m (79) and the earnings per share was SEK 1.98 (1.69).
HMS Financial targets – 20/20/50

HMS sales development 2009-2018

HMS Financial targets

<table>
<thead>
<tr>
<th>Sales growth (CAGR)</th>
<th>Target</th>
<th>Actual 2009-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20%</td>
<td>21%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>EBIT (% margin)</th>
<th>Target</th>
<th>Actual</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>20%</td>
<td>18%</td>
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</table>

<table>
<thead>
<tr>
<th>Dividend (% of EPS)</th>
<th>Target</th>
<th>Actual</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>50%</td>
<td>46%</td>
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</tbody>
</table>
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• A mixed picture in Q2 – record sales, with organic growth, additional revenue from M&A and a favorable currency situation, but a continued slowdown in order intake and softer market outlook going forward

• After some good quarters in Americas with good growth compared to last year we now see a more hesitant market in Americas going forward, with concerns about trade policies and market development in general

• Europe showed continued good sales growth and stability, but we are starting to see some darker clouds on the important German market

• Asia had all time high revenue, supported from orders gained in 2018. Order intake on substantially lower level in Japan and even if China and India developed positive it was not enough to offset the development in the large Japanese market
100% of Raster Products B.V. was acquired on May 1st
- Yearly revenues of 2 MEUR
- Distributor with HMS products representing 80% of their sales
- Base for continued expansion in The Netherlands

74.9% of WEBfactory GmbH was acquired on April 1st
- Yearly revenues of 2.5 MEUR
- Data visualization software
HMS Hub™ - From Device to Enterprise

Application (SaaS) and Cloud connections

Hub Portal & Hub Connectors

Solution Partner Software
Dashboard, Analytics, Machine Learning, predictive maintenance, Digital Twin, etc.

Edge Connectivity (CaaS)

Security & Device Management

Edge Intelligence

Industrial Communication

Industrial Devices

Solution Partner Software

Dashboards, Analytics, Machine Learning, predictive maintenance, Digital Twin, etc.

And more...

Hub Portal & Hub Connectors

Solution Partner Software

Dashboards, Analytics, Machine Learning, predictive maintenance, Digital Twin, etc.

And more...
WEBfactory plug-in perfectly with HMS IIoT view

- consumption data
- logistic data
- manufacturing data
- energy data
- maintenance data
- environmental data
- process data
- operating data
- machine data
- usage data
- device data
- finance data
- CRM data
- quality data

WEBfactory
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Order intake of 375 MSEK

Order intake, MSEK

Comments on order intake

- Q2: +11%, organic growth in local currencies +1%
- H1: +11%, organic growth in local currencies +2%
- First time since 2017 with book to bill <1
- Weak order intake in almost all markets

Growth

<table>
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<th>Quarter</th>
<th>Growth</th>
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<td>Q217</td>
<td>33%</td>
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<tr>
<td>Q317</td>
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<tr>
<td>Q417</td>
<td>8%</td>
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<tr>
<td>Q118</td>
<td>17%</td>
</tr>
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<td>Q318</td>
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<td>Q418</td>
<td>34%</td>
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<tr>
<td>Q119</td>
<td>11%</td>
</tr>
<tr>
<td>Q219</td>
<td>11%</td>
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</table>
Net Sales reached all time high of 416 MSEK

- Q2: +26%, organic growth in local currencies +13%
- H1: +23%, organic growth in local currencies +9%

Q2:
- EMEA: +23% (excl acquisitions +11%)
- Americas: +21%
- Asia: +46%
EBIT margin of 17% in the second quarter

• EBIT of 72 MSEK, (63 MSEK) corresponding to 17% margin
• Q2 gross margin of 61.2% (62.8%), main reason is the low gross margin in Beck
• Price increases and WEBfactory impact brings us back to 60%+ margin
• OPEX increase of 38 MSEK (+26%)
All time high EPS of 1.10 SEK

EPS per quarter, SEK

- Q217: 0.86
- Q317: 0.90
- Q417: 0.43
- Q118: 0.80
- Q218: 0.90
- Q318: 1.09
- Q418: 0.90
- Q119: 0.88
- Q219: 1.10

Comments on EPS
- EPS of 1.10 SEK (0.90)
- Net financials of -2 MSEK (-5)
Cash flow from operating activities, 51 MSEK

Comments on cash flow

• Cash flow from operating activities 70 MSEK (after changes in NWC 51 MSEK)

• NWC is 10.4% of net sales (June closing) and 8.3% of net sales (average LTM)
Net debt/EBITDA at 1.61

Net debt and leverage, MSEK

<table>
<thead>
<tr>
<th></th>
<th>Q217</th>
<th>Q317</th>
<th>Q417</th>
<th>Q118</th>
<th>Q218</th>
<th>Q318</th>
<th>Q418</th>
<th>Q119</th>
<th>Q219</th>
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<tbody>
<tr>
<td>Net debt/EBITDA</td>
<td>379</td>
<td>319</td>
<td>304</td>
<td>335</td>
<td>365</td>
<td>381</td>
<td>342</td>
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<td>524</td>
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<tr>
<td>Net debt IFRS 16</td>
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<tr>
<td>Net debt</td>
<td>311</td>
<td>342</td>
<td>381</td>
<td>365</td>
<td>342</td>
<td>311</td>
<td>98</td>
<td>428</td>
<td>524</td>
</tr>
</tbody>
</table>

Comments on net debt and leverage

- Net debt/EBITDA of 1.61 (1.35)
- Net debt/Equity: 0.58 (0.47)
- Dividend (84 MSEK), WEBfactory and Raster behind the increase in Net Debt
- IFRS 16 impact on net debt +96 MSEK
- Comparable (excl. IFRS 16) Net debt/EBITDA of 1.38 (1.35)
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