Agenda

Summary

Business update

Financial results

Q&A
Financial summary of Q2 2020 and first six months

**Q2**
- Net sales 355 MSEK (416), -15%
- Order intake 302 MSEK (375), -19%
- EBIT 69 MSEK (72)
- EBIT margin 19% (17)
- Cash flow from ops. of 115 MSEK (51)
- EPS 1.24 (1.10)

**First six months**
- Net sales 716 MSEK (796), -10%
- Order intake 703 MSEK (762), -8%
- EBIT 136 MSEK (132)
- EBIT margin 19% (17)
- Cash flow from ops. of 170 MSEK (103)
- EPS 2.26 (1.98)
We are Connecting Devices™

Connecting Devices™
We make sure that industrial devices can communicate. Millions of robots, engines, drives, generators and other business-critical equipment rely on HMS technology to get connected.
HMS is working with “Users” and “Makers”

HMS have thousands of industrial customers

Users of Industrial Automation Systems
These companies work in end-user industries:

- Examples of Users
  - Volkswagen, Carlsberg, Continental, BMW
  - e.on, Nestlé, Foxconn

- HMS typically reaches these customers indirectly via intermediaries (Systems Integrators, Distributors and Solution Partners).

Makers of Industrial Equipment
These companies make:

- Intelligent Industrial Machines
  - Packaging machine, CT-scanner, Windmill, Elevator, genset, AGV, heavy duty vehicle etc. “Machine Categories”

- Intelligent Industrial Devices
  - Drives, PLC, HMI, Robot controller, actuator, nutrunner, circuit breaker etc. “Device Categories”

- HMS typically address these customers directly with HMS sales force.
<table>
<thead>
<tr>
<th>Category</th>
<th>Users</th>
<th>Makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design wins, embedded products</td>
<td>0%</td>
<td>49%</td>
</tr>
<tr>
<td>Gateways, routers and other products</td>
<td>18%</td>
<td>28%</td>
</tr>
<tr>
<td>Software, subscriptions and services</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>
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Q&A
• The challenging macro situation impacting all main markets
  • Our three main markets in Europe – Germany, France and Italy continues to suffer from lower demand as a result of Corona slow down
  • USA held up well in Q1 but is now also impacted by the market decline
• Japan and China are holding up well and showing growing order intake
• The decline impacts all our four brands – all suffering from double digit decline in order intake
• High focus on setting up digital events with customers
  • HMS had 128 digital events between February to June with 5 498 registered attendees 5 425 hours of engagement
Corona update

Q2
- All HMS team members are OK and healthy
- Short-time work in Germany and Sweden (about 20%)
- All supply facilities are working without any major disruption

Q3 expectations
- Expected continued soft market in all major markets
- Short-time work continues in Germany, until further notice
- Close monitoring of the situation and potential implementation of short-time work at higher level as well as in other areas
- Most fairs cancelled for the rest of 2020

Strategy
- Once the Corona situation is behind us we expect good market conditions for Automation & Digitalization, and we should then have intact teams to execute our business – until then we keep a close eye on our cost and cash flow
Summary

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Financial results

Q&A
Order intake 302 MSEK

Comments on Q2 order intake

- Order intake in Q2 302 MSEK (375), corresponding to a decrease of 19%
- Organic a decrease of 17%
- Q1 stocking orders of 30-40 MSEK
- Continued decline in Germany, Italy and France
- USA now also heavily impacted, -20%
- Japan and China growing more than 20%

Comments on first six months order intake

- Order intake first six months 703 MSEK (762), corresponding to a decrease of 8%
- Organic a decrease of 10%
- Germany and Italy are down more than 20%
- Japan and China growing more than 20%
Net sales 355 MSEK

- Net Sales of 355 MSEK (416), corresponding to a decrease of 15%
  - Organic a decrease of 14%
  - EMEA: -23%
  - Americas: +4%
  - Asia: -8% (record quarter in Q2 2019)

- Comments on Q2 Net Sales
  - Net Sales of 355 MSEK (416), corresponding to a decrease of 15%
  - Organic a decrease of 14%
  - EMEA: -23%
  - Americas: +4%
  - Asia: -8% (record quarter in Q2 2019)

- Comments on first six months Net Sales
  - Net Sales of 716 MSEK (796), corresponding to a decrease of 10%
  - Organic a decrease of 11%
  - EMEA: -17%
  - Americas: +3%
  - Asia: -1%
Sales per region Q2 2020

Sales per region Q2 2020, MSEK

**Americas**
- Net Sales 84 MSEK (81)
- 24% of Group sales (19%)
- USA represents 82%

**Asia**
- Net Sales 73 MSEK (79)
- 20% of Group sales (19%)
- Japan represents 49%

**EMEA**
- Net Sales 198 MSEK (256)
- 56% of Group sales (62%)
- Germany represents 42%
EBIT 69 MSEK (19% margin)

Comments on Q2 results
- EBIT 69 MSEK (72), EBIT margin of 19.4% (17.3)
- Q2 gross margin of 62.0% (61.2), positive effects from a favorable product mix, pricing and efficiency improvements
- OPEX decrease of 21 MSEK corresponding to an organic decrease of 25 MSEK (-14%)
- Short-time work OPEX reduction by 8 MSEK

Comments on first six months results
- EBIT of 136 MSEK (132), corresponding to 18.9% (16.6) margin
- Gross margin 62.2% (60.3)
- OPEX decrease of 27 MSEK, corresponding to an organic decrease of 39 MSEK, mainly related to corona effects and restructuring program implemented in Q3 2019
- Restructuring program effects as planned, 45 MSEK OPEX reduction annually
EPS 1.24 SEK

EPS, SEK

Comments on Q2 EPS

- EPS of 1.24 SEK (1.10)
- Net financials of 0 MSEK (-2)

Comments on first six months EPS

- EPS of 2.26 (1.98)
- Net financials of -5 MSEK (-7)

*Adjusted EPS
Cash flow from operations of 115 MSEK in Q2

- Cash flow from operating activities of 115 MSEK (51)
- Changes in NWC of 18 MSEK
- NWC in % of sales 11.0%

Comments on Q2 Cash Flow:
- Cash flow from operating activities of 115 MSEK (51)
- Changes in NWC of 18 MSEK
- NWC in % of sales 11.0%

Comments on first six months Cash Flow:
- Cash flow from operating activities of 170 MSEK (103)
- Changes in NWC of -11 MSEK
Net debt and leverage, MSEK

- Net debt / EBITDA of 0.73 (1.61)
- Net debt / Equity: 0.24 (0.58)
- Reduced leverage as result of no dividend

Comments on Net debt and leverage