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Summary Q3 2018 – record sales and profit

Third quarter

- Net sales for the third quarter reached SEK 353 m (305), corresponding to an increase of 16%. The revaluation of the Swedish krona had a positive impact of SEK 29 m

- Operating profit reached SEK 74 m (65) equal to a 21% (21) operating margin

- Order intake was SEK 360 m (289), corresponding to an increase of 24%

- Cash flow from operating activities amounted to SEK 73 m (62)

- Profit after taxes totalled SEK 51 m (42) and the earnings per share was SEK 1,09 (0,90)

- Acquisition of 100% of the shares in Beck IPC GmbH

First nine months

- Net sales for the first nine months amounted to SEK 1 003 m (882), corresponding to a 14% increase. The revaluation of the Swedish krona had a positive impact of SEK 44 m

- Operating profit was SEK 199 m (181), equal to a 20% (21) operating margin

- Order intake was SEK 1 046 m (916), corresponding to an increase of 14%

- Cash flow from operating activities amounted to SEK 144 m (171)

- Profit after taxes totalled SEK 129 m (123) and the earnings per share was SEK 2,78 (2,62)
HMS Financial targets – 20/20/50

HMS Sales development 2009-2017

HMS Financial targets

- **Sales growth**: 20% per year
- **EBIT**: 20% per year
- **Dividend**: 50% of EPS
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Continued strong economy in Americas, pace has picked up after a slow Q1

Still good performance YTD in Asia, after a strong start of the year, Q2 and Q3 has been a bit slower in sales. Strong order intake in Q3

Stable development in EMEA, our largest market, after a weak Q2. Additional 10 MSEK in the quarter from the Beck acquisition

New product launches and certification for IIoT and security

Component shortage situation has improved, stock build up completed
On July 17th HMS acquired German Beck IPC GmbH

- Beck IPC is leading provider in the embedded communications market with solutions for embedded control, M2M communication and the Industrial Internet of Things (IIoT)
- Purchase price of 5 MEUR, debt and cash free
- Earn-out of 2 MEUR based on certain financial targets are met until 2020

Financial impact for HMS

- Yearly sales of 6-7 MEUR
- Initial EBIT will be close to zero
- Limited impact for HMS EPS in 2018

- The embedded offering of Beck IPC consisting of both hardware and software, are important building blocks to strengthen HMS’ strategy within IIoT
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## Order intake of 360 MSEK

### Order intake, MSEK

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q316</th>
<th>Q416</th>
<th>Q117</th>
<th>Q217</th>
<th>Q317</th>
<th>Q417</th>
<th>Q118</th>
<th>Q218</th>
<th>Q318</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported growth</td>
<td>252</td>
<td>267</td>
<td>299</td>
<td>328</td>
<td>289</td>
<td>288</td>
<td>350</td>
<td>336</td>
<td>360</td>
</tr>
<tr>
<td>Organic growth</td>
<td>40%</td>
<td>70%</td>
<td>50%</td>
<td>33%</td>
<td>15%</td>
<td>8%</td>
<td>17%</td>
<td>3%</td>
<td>24%</td>
</tr>
</tbody>
</table>

### Comments on order intake

- Group order intake +24% (Beck: 23 MSEK)
- Organic growth +16% (in local currencies 8%)
- Large increase in Asia – two large frame orders to be delivered in 2019
Sales reached all time high of 353 MSEK

Sales growth of 16%, Beck included by 10 MSEK

4% organic growth in local currencies

EMEA +19% in Q3 – general stable market development

Americas +17% in Q3 – investments are starting to pay off

Asia +5% – lower sales activity on large customers
EBIT margin of 21% in the third quarter

EBIT per quarter, MSEK

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBIT, MSEK</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q316</td>
<td>55</td>
<td>21%</td>
</tr>
<tr>
<td>Q416</td>
<td>40</td>
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<td>Q117</td>
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<td>Q217</td>
<td>59</td>
<td>20%</td>
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<tr>
<td>Q317</td>
<td>65</td>
<td>21%</td>
</tr>
<tr>
<td>Q417</td>
<td>31</td>
<td>10%</td>
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<tr>
<td>Q118</td>
<td>63</td>
<td>20%</td>
</tr>
<tr>
<td>Q218</td>
<td>63</td>
<td>19%</td>
</tr>
<tr>
<td>Q318</td>
<td>74</td>
<td>21%</td>
</tr>
</tbody>
</table>

Comments on EBIT

- EBIT of 74 MSEK, 21% margin
- +11 MSEK in positive currency effects
- Gross margin of 60.3%
- Increased OPEX of 18 MSEK in relation to Q3 2017, +50 FTE (+20 FTE from Beck)
EPS of 1.09 SEK

EPS per quarter, SEK

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EPS (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q316</td>
<td>0.79</td>
</tr>
<tr>
<td>Q416</td>
<td>0.55</td>
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<td>Q117</td>
<td>0.86</td>
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<tr>
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<td>Q317</td>
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<tr>
<td>Q417</td>
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<tr>
<td>Q118</td>
<td>0.80</td>
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<tr>
<td>Q218</td>
<td>0.90</td>
</tr>
<tr>
<td>Q318</td>
<td>1.09</td>
</tr>
</tbody>
</table>

Comments on EPS

• EPS of 1.09 SEK (0.90)
• Net financials of -4 MSEK (-6)
Cash flow from operating activities, 73 MSEK

Cash flow from operations per quarter, MSEK

Comments on cash flow

• Cash flow from operating activities before changes in NWC 59 MSEK
• Decrease of NWC by 15 MSEK
Net debt/EBITDA is stable at 1.36

Comments on net debt and leverage

- Net debt/EBITDA of 1.36
- No increase in Net debt/EBITDA, despite acquisitions of Beck
- Repurchase of own shares of 11 MSEK (to share savings program)
Working capital of 9.3% of R12-sales

Working capital per quarter, MSEK

% of sales | Q316 | Q416 | Q117 | Q217 | Q317 | Q417 | Q118 | Q218 | Q318
---|---|---|---|---|---|---|---|---|---
7.9% | 68 | 87 | 74 | 64 | 59 | 39 | 113 | 123 | 122
9.1% | 9.2% | 9.3%
5.9% | 5.2% | 3.3% | 9.2% | 9.8% | 9.3%

Comments on working capital
- NWC expected to be around 10% of sales
- NWC from Beck 10 MSEK
- Inventory increase of 12 MSEK (Beck 6 MSEK) offset by increased current liabilities
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