

The background of the slide features a dark blue world map. Overlaid on the map are white lines representing a global network, with glowing nodes at various points. Faint binary code (0s and 1s) is scattered across the background, particularly on the right side.

HMS Networks Q3 2021 presentation

October 22, 2021

Staffan Dahlström, CEO, Joakim Nideborn, CFO

Summary and introduction

Business update

Financial results

Q&A

Financial summary of Q3 2021 and first nine months

Q3

- Net sales 472 MSEK (345), +37%
- Order intake 669 MSEK (336), +99%
- EBIT 101 MSEK (77)
- EBIT margin 21.5% (22.3%)
- Cash flow from ops. of 148 MSEK (116)
- EPS 1.81 (1.33)

First nine months

- Net sales 1,401 MSEK (1,061), +32%
- Order intake 1,839 MSEK (1,039), +77%
- EBIT 336 MSEK (213)
- EBIT margin 24.0% (20.0%)
- Cash flow from ops. of 405 MSEK (286)
- EPS 5.75 (3.58)



We are Connecting Devices™



Anybus®
BY HMS NETWORKS

Ewon®
BY HMS NETWORKS

Intesis™
BY HMS NETWORKS

Ixxat®
BY HMS NETWORKS

WEBfactory®
Member of the HMS group

PROCENDEC
Member of the HMS group.

owasys®
Member of the HMS group



HMS at a glance

+7,000,000

devices connected
in automation

+300,000

machines connected
to cloud systems

Our field:
Industrial ICT

(Information and
Communication
Technology)

5G Wireless
Smart Grid
AI IoT

At the forefront of
technology

700
employees
worldwide

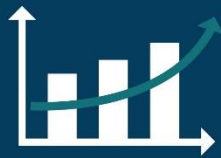


Partners in over
50 countries

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

TARGETS FOR 2025

- Net positive internal CO₂ impact
- Net positive external CO₂ impact

ENVIRONMENT

Make HMS a net positive CO₂ company by 2025

TARGETS FOR 2025

- Employee NPS > 25
- Customer NPS > 25

(NPS=Net Promoter Score)

STAFF & CUSTOMERS

Happy & high performing employees
generate loyal customers

TARGETS FOR 2025

- Net Sales > π (3.14) BSEK
- EBIT-margin of 20%
- Dividend 30-50% of EPS

GROWTH & PROFITABILITY

Continue our sustainable and profitable growth

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Business update third quarter 2021 (1/2)



- Strong demand across the line – drivers from **increased automation, digitalization, energy monitoring and remote access**
- Mainly good development of **existing customers behind the growth**



- Continued stocking effects **boosting order intake by ~140 MSEK**
- More and more customers placing orders far out in 2022 already



- **Gross margin negatively impacted by ~2%-points** from price increases and spot-market purchases of components
- Expected margins in line with current levels until mid 2022
- **Price increases initiated to recoup** and get back to 63%+ gross margins



- Acquisition of 60% of the shares in Owasys on July 1st
- Cellular IoT platform for Utility Vehicles
- Strengthen HMS' offer within Mobile Machines

Acquisition of 60% of shares in Owasys

Owasys is a Spanish company making wireless gateways and platforms for utility vehicles

Company profile

owasys
Advanced Wireless Devices



Products and use cases

IoT gateways and platform
For controlling and monitoring the data from industrial machines and vehicles at the Edge



Cloud based Telemetry
Systems for industrial vehicles

Waste collection vehicles
monitoring system

Next generation telemetry and
prognostics solution for
electrical vehicles



Deal and financials

Overview of transaction

- HMS acquired 60% of Owasys on July 1st
- Management team of 4 owns 10% each
- Option buy remaining 40% in 2025

Financial overview 2021

- Expected Net Sales ~6 MEUR
- Expected EBIT ~1.4 MEUR

Expectations

- Double digit organic growth expected for the coming years



- **Positive outlook 2021** – good investment climate to continue, during coming quarters order intake is expected to normalize
- **Challenging component situation** – Expected delivery capacity to remain on current levels short term and improve slowly during 2022

Summary and introduction

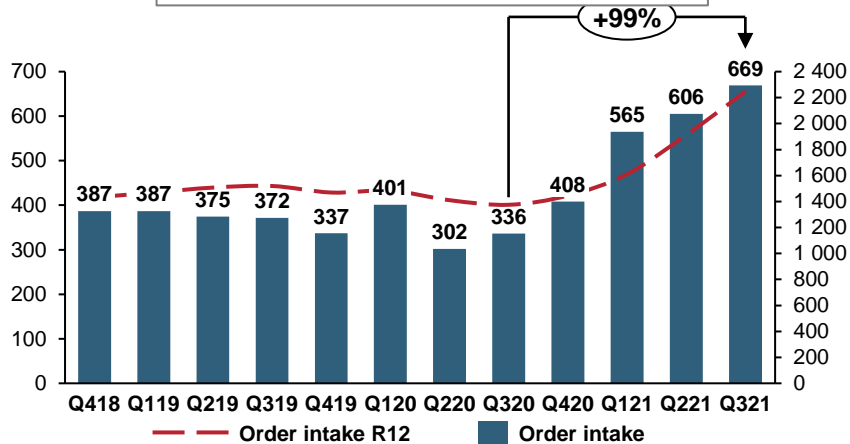
Business update

Financial results

Q&A

Q3 2021: Order intake 669 MSEK, +99%

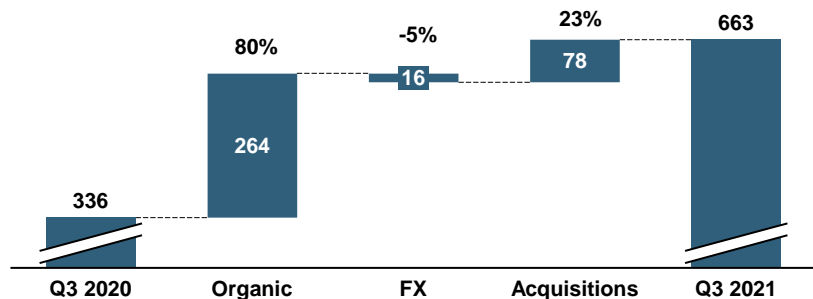
ORDER INTAKE, MSEK



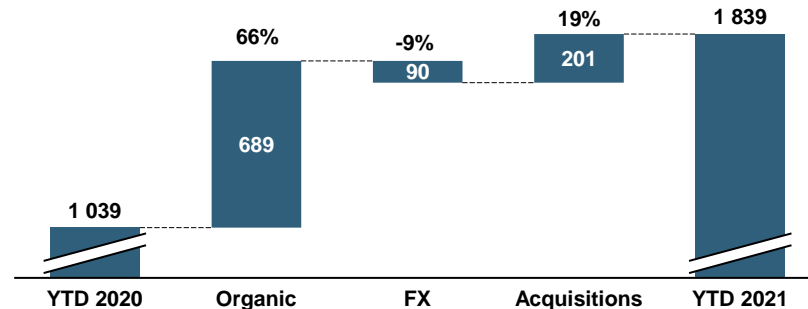
HIGHLIGHTS

- Q3 2021: 669 MSEK (336), +99% (organic +80%)
- YTD 2021: 1,839 MSEK (1,039), +77% (organic +66%)
- Adjusting for 140 MSEK order intake boost resulting in 43% underlying organic growth in Q3
- Anybus is the main growth driver with 100%+ organic growth in Q3 – embedded business strong in all geographies

BRIDGE Q320-Q321, MSEK

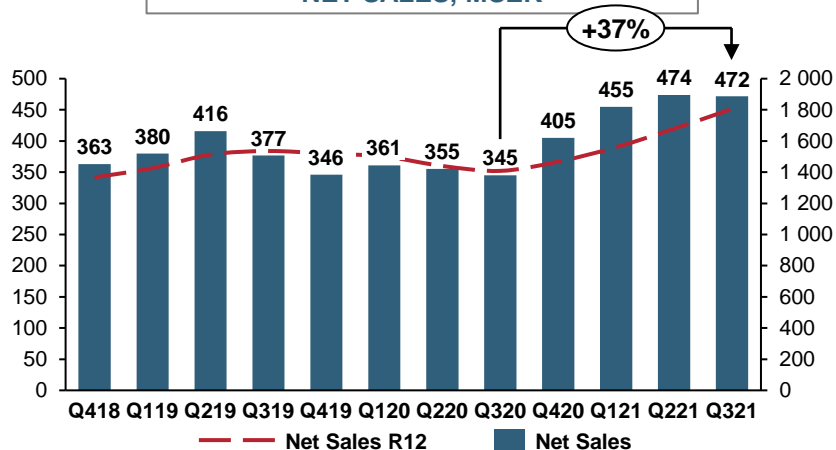


BRIDGE first nine months, MSEK



Q3 2021: Net Sales 472 MSEK, +37%

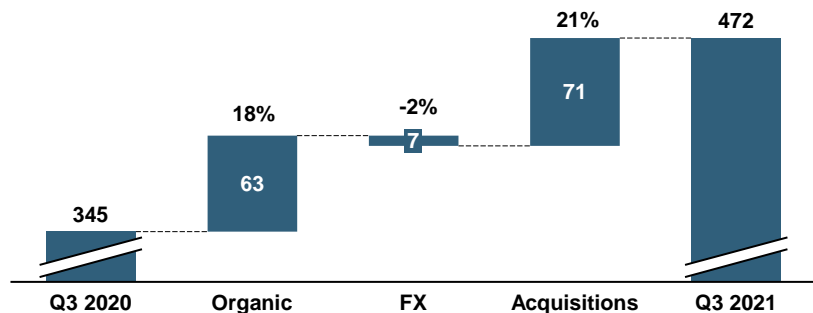
NET SALES, MSEK



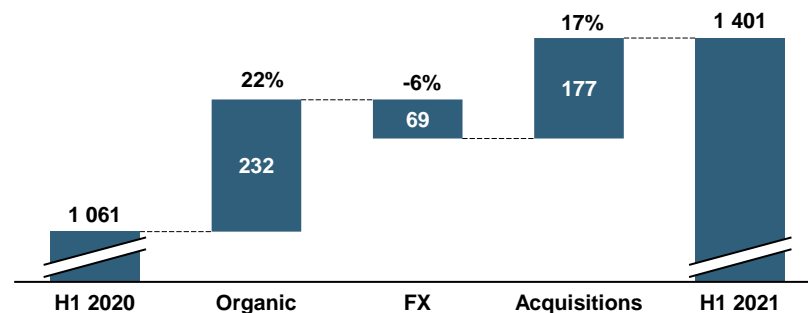
HIGHLIGHTS

- Q3 2021: 472 MSEK (345), +37% (organic +18%)
- YTD 2021: 1,401 MSEK (1,061), +32% (organic +22%)
- Procentec has reached a new level during the year, now a 200 MSEK business on R12 basis
- Delivery constraints primarily on Ewon and Intesis – in total ~50 MSEK in postponed deliveries during Q3

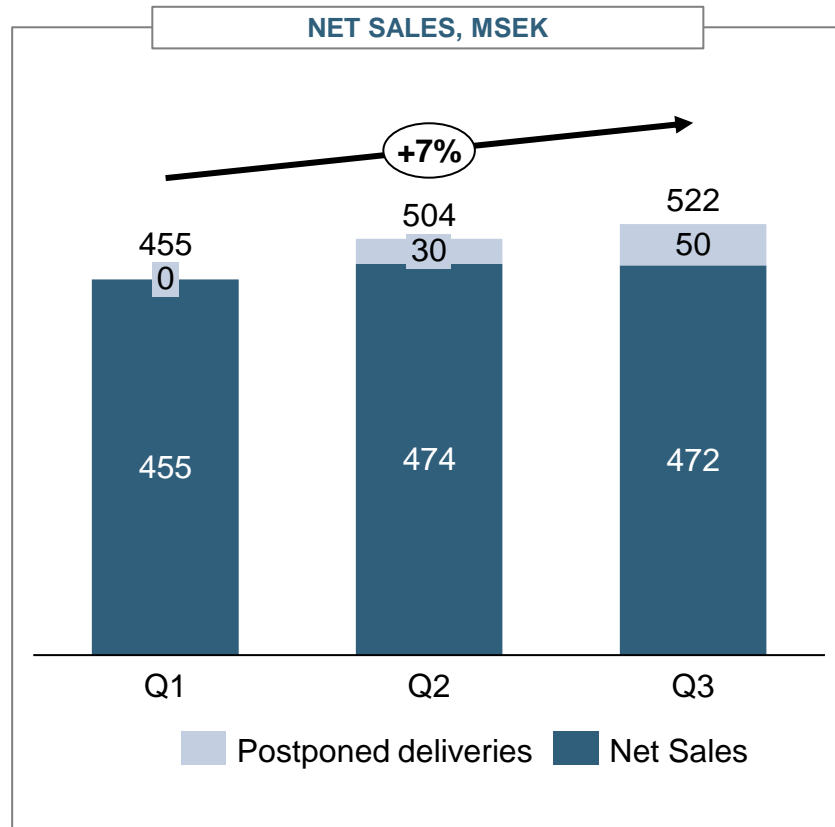
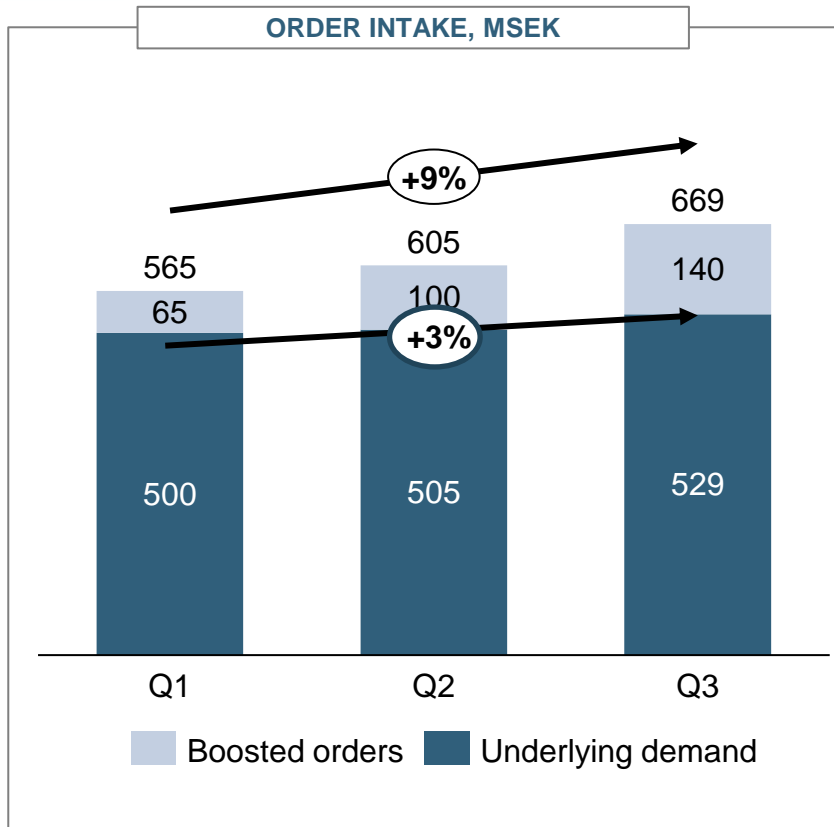
BRIDGE Q320-Q321, MSEK



BRIDGE first nine months, MSEK



Underlying demand is growing throughout the year

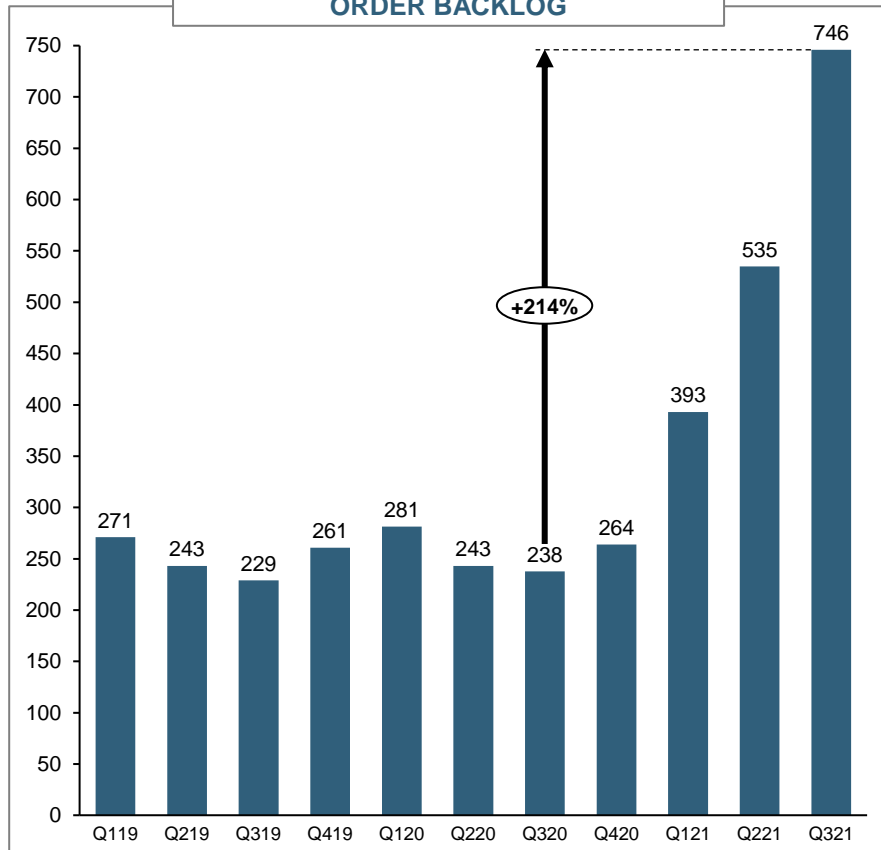


Compounded quarterly growth

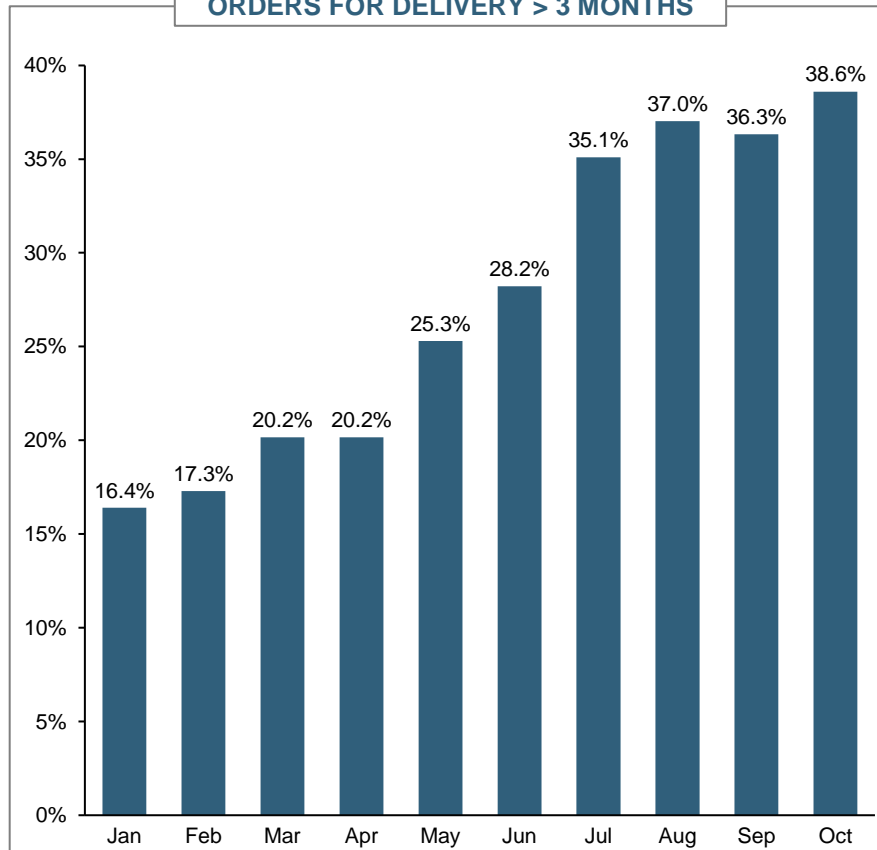


Growing backlog from component constraints

ORDER BACKLOG

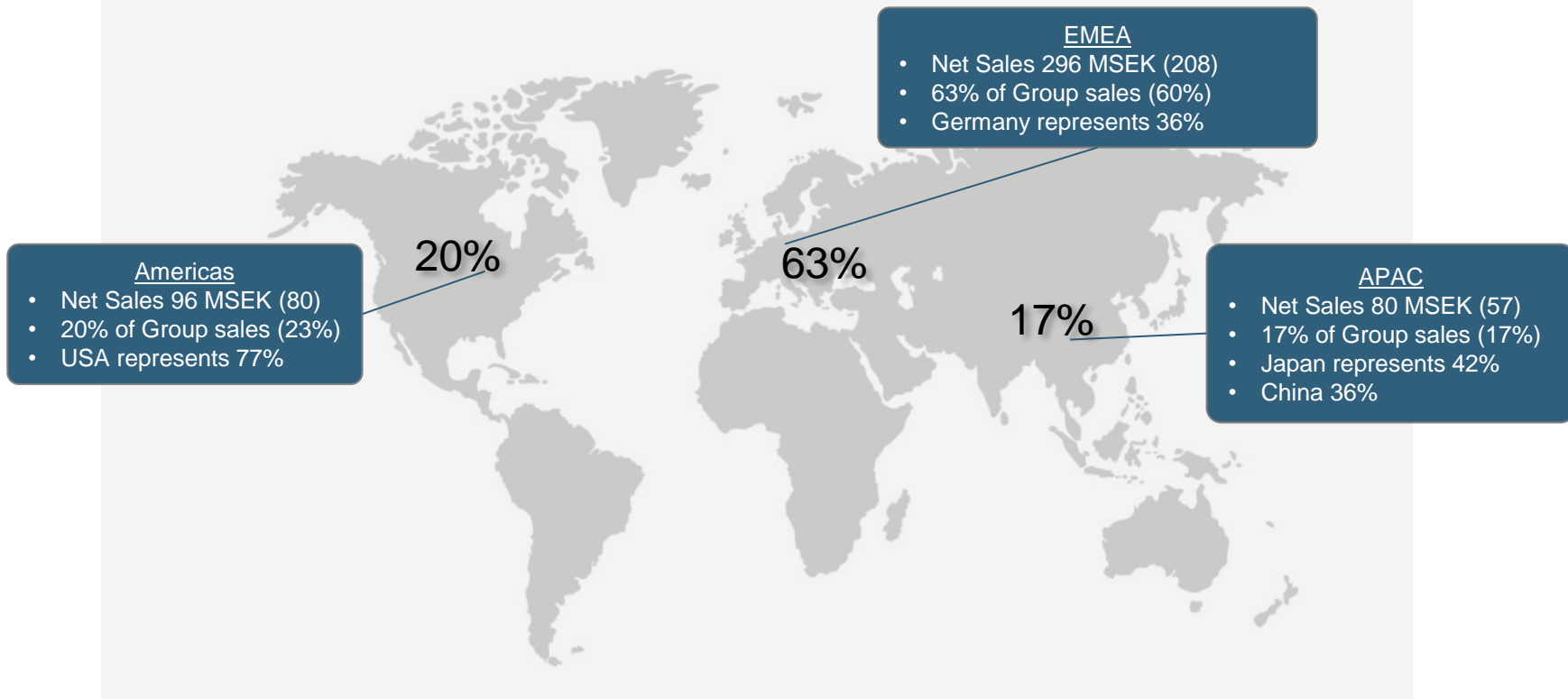


ORDERS FOR DELIVERY > 3 MONTHS

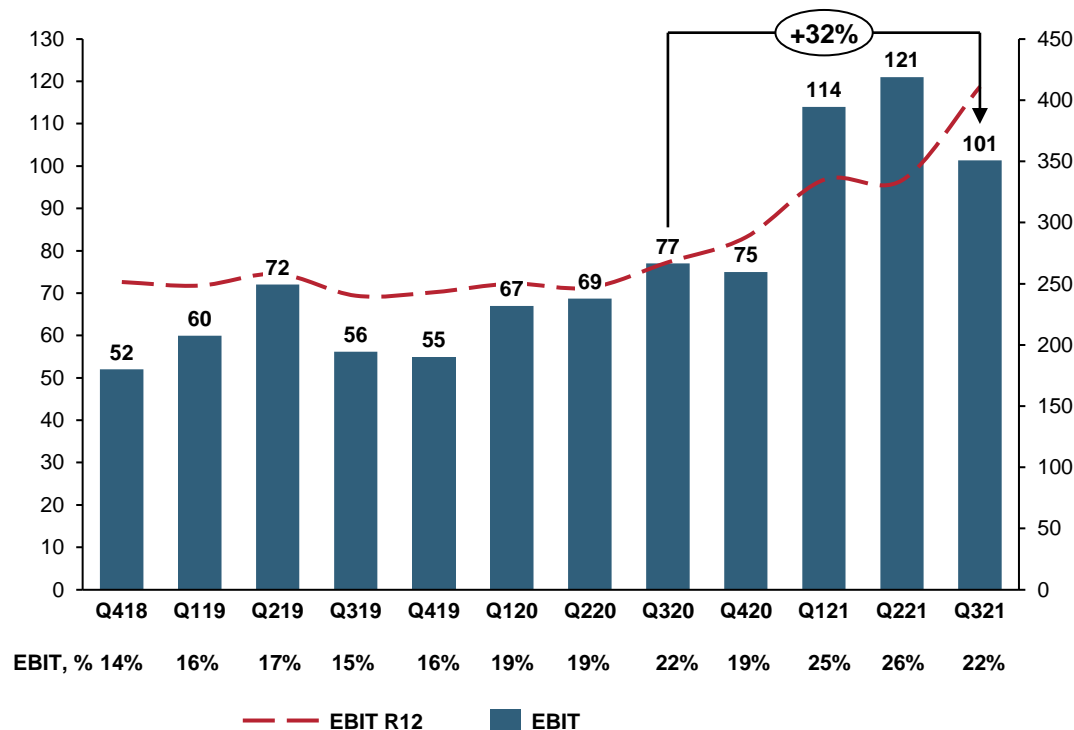


Q3 2021: Sales per region

Sales per region Q3 2021, MSEK

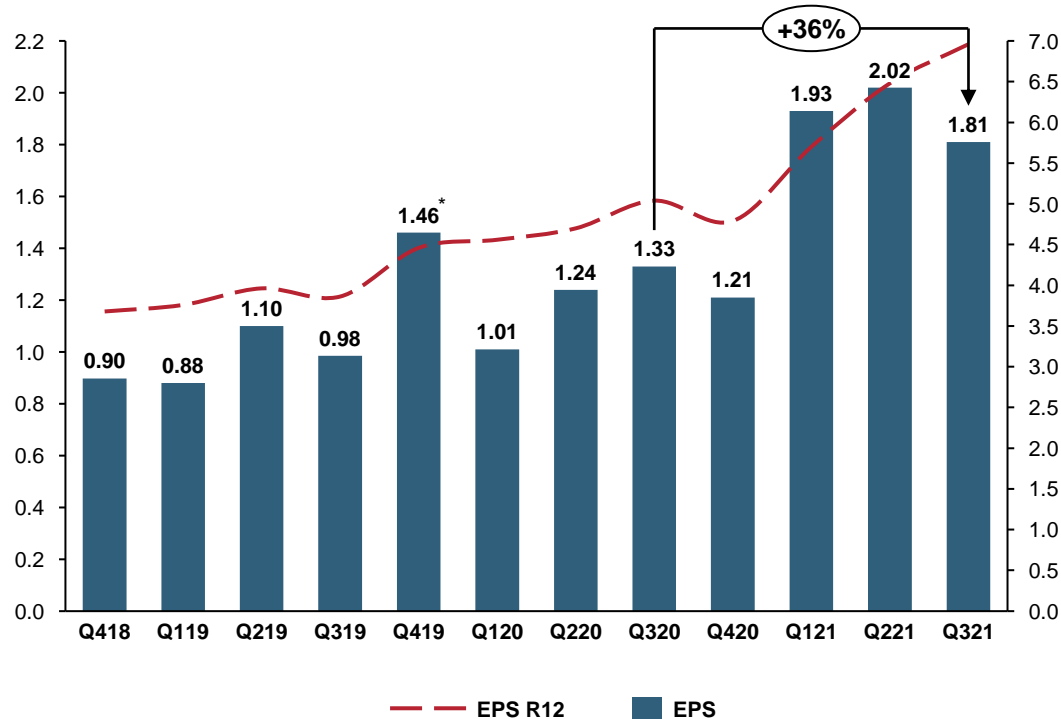


Q3 2021: EBIT 101 MSEK (21.5% margin)

EBIT, MSEK**Comments on Q3 results**

- EBIT Q3: 101 MSEK (77), margin of 21.5% (22.3%)
- EBIT YTD: 336 MSEK (213), margin of 24% (20%)
- Q3 gross margin of 61.4% (61.9%)
 - Negative effects from price increases of components ~2%-point
 - Price increases is under implementation
- OPEX amounted to 189 MSEK (137) corresponding to an organic increase of 33 MSEK (+25%) related to growth initiatives
- Expected OPEX ramp-up during Q4, ~10% vs Q3 levels

EPS, SEK



Comments on Q3 EPS

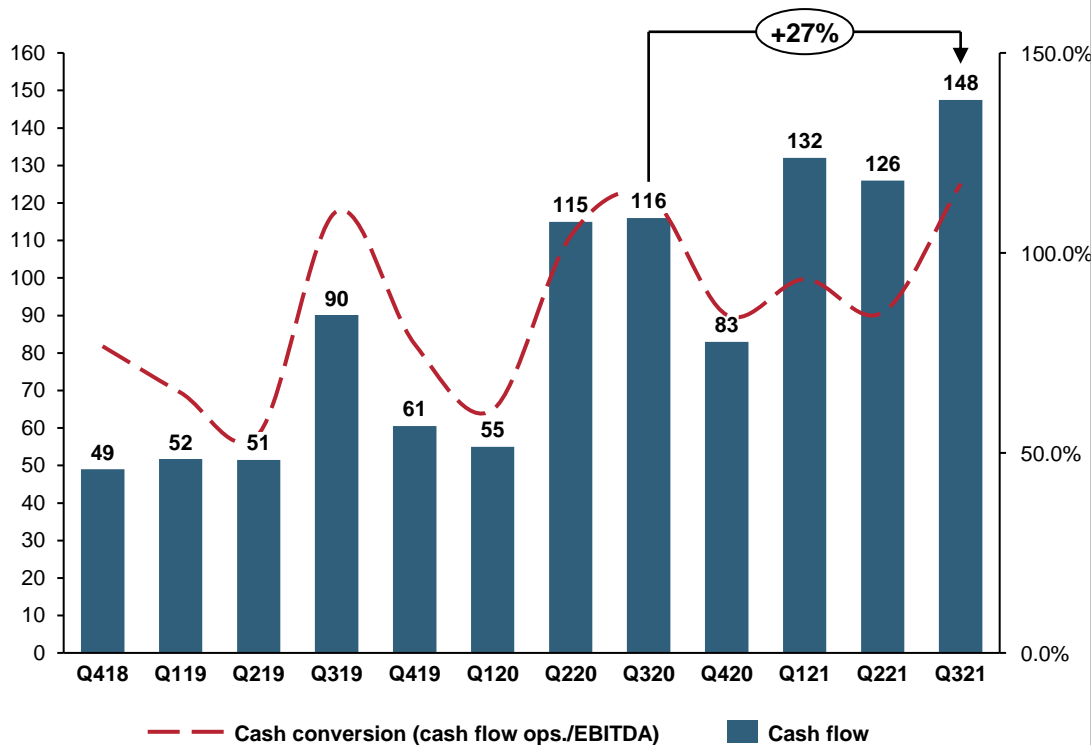
- EPS of 1.81 SEK (1.33)
- Net financials of 1 MSEK (-4)

Comments on first nine months EPS

- EPS of 5.75 (3.58)
- Net financials of -2 MSEK (-9)

Q3 2021: Cash flow from operations of 148 MSEK

CASH FLOW, MSEK



Comments on Q3 Cash Flow

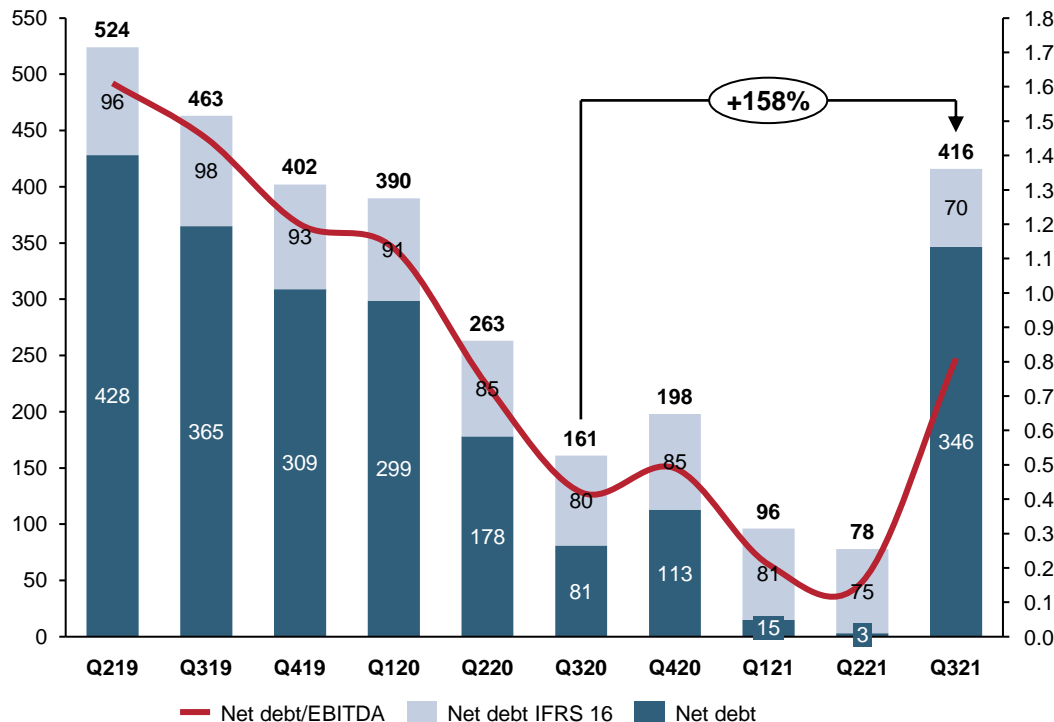
- Cash flow from operating activities of 148 MSEK (116)
- Changes in NWC → cash flow of +20 MSEK (20)
- NWC in % of sales 7.4% (10.7)

Comments on first nine months Cash Flow

- Cash flow from operating activities of 405 MSEK (286)
- Changes in NWC → cash flow of -4 MSEK (8)

Q3 2021: Net debt of 416 MSEK

Net debt and leverage, MSEK



Comments on Net debt and leverage

- Net debt / EBITDA of 0.81 (0.42)
- Net debt / Equity: 0.38 (0.14)
- Dividend of 2.00 SEK per share, 93 MSEK in Q2
- Acquisition of Owasys July 1st impacting Net Debt
- Put/call option of Owasys and Procentec increasing Net Debt by 390 MSEK

