



JANUARY – JUNE, 2016

Operating profit goes positive, IDC recovers

Second quarter

- Order intake of 280.2 MSEK (337.0*).
- Net sales were 283.3 MSEK (367.5*).
- Operating profit 4.2 MSEK (24.2).
- Profit/loss after tax was -2.8 MSEK (12.9).
- Earnings per share were -0.14 SEK (0.67).

First half-year

- Order intake of 545.1 MSEK (680.4*).
- Net sales were 563.8 MSEK (719.3*).
- Operating profit -51.3 MSEK (50.9). Profit was charged with non-recurring expenses of 50 MSEK (0).
- Profit/loss after tax was -44.7 MSEK (28.0).
- Earnings per share were -2.33 SEK (1.48).

**Includes distributor volumes that have been discontinued.*

Interim Report, Beijer Electronics AB

Comments from President and CEO Per Samuelsson

“Beijer Electronics recovered in the second quarter and we are heading in the right direction. After the two quarters of operating losses, in the second quarter, operating profit moved into the black. The recovery has been gradual. After a poor start, the period finished really well.

The IDC business area’s order intake recovered well after a weak first quarter. In the second quarter, order intake was up by 23% on the first quarter, and by 11% on the corresponding period of 2015. But sales were down on the second quarter 2015, which did include several major project shipments. Westermo, and Korenix especially, reported increased sales quarter on quarter.

Meanwhile, IDC’s profitability level is too low due to major initiatives, mainly in Westermo. We are now putting more emphasis on growth with higher profitability. Accordingly, Westermo has adapted its planned cost increases to sales. We expect to be able to manage rising volumes with our existing organization.

Within the IAS business area, our programs of measures had the main positive effect, with significantly lower overheads resulting. Gross margin also improved. Sales

remained at a low level, but excluding Mitsubishi Electric products, sales stabilized, and were unchanged in the first half-year compared to the second half-year 2015. IAS is launching a new product range in the fall, the X2 series. Over a 12-month period, IAS will progressively introduce hardware and software for this new series, for all the business area’s different panels. This is expected to have a positive impact on sales late in the year. Overall, we expect sales to recover again in the second half-year.

IAS’s new organizational structure was implemented in the quarter, which in practice will mean a more customer-oriented approach, with more staff such as management and development personnel being involved in the sales process, as well as sales and account managers. We also altered our marketing by launching a joint brand, X2, which links to our full range of panels and iX software to create a superior customer offering. Additionally, our programs of measures are progressing as planned.

We expect the group’s operating profit to be somewhat better in the second half-year 2016 than the corresponding period of 2015. But this will not fully offset the poor

“Beijer Electronics recovered in the second quarter and we are heading in the right direction. We’re moving from the red into the black.

PER SAMUELSSON, PRESIDENT AND CEO

number in the first half-year. Accordingly, we anticipate the group's operating profit for the full year 2016 being below our previous estimate of somewhat better operating profit excluding non-recurring expenses."

The group in the second quarter

The group's order intake was 280.2 MSEK (337.0) in the second quarter 2016. The downturn is due to the discontinued partnership with Mitsubishi Electric, reduced demand in the oil and gas sector and slower activity in China.

The group's sales were down by 23% to 283.3 MSEK (367.5). Excluding Mitsubishi Electric products, sales decreased by 13%. The decrease in underlying sales volume is because of somewhat lower sales to the oil and gas sector, reduced demand in China and lower sales in the IDC business area.

The group's operating profit before depreciation and amortization was 19.2 MSEK (39.6). Depreciation and amortization was 15.0 MSEK (15.4). The operating profit was 4.2 MSEK (24.2). Total development expenses were

25.0 MSEK (29.1), which was 8.8% (7.9) of the group's sales.

The profit before tax was 0.7 MSEK (20.7). Net financial income/expense was -3.4 MSEK (-3.5). Profit/loss after estimated tax was -2.8 MSEK (12.9). Earnings per share after estimated tax were -0.14 SEK (0.67).

The group in the first half-year

Order intake was 545.1 MSEK (680.4). Sales amounted to 563.8 MSEK (719.3). The operating profit/loss before depreciation and amortization was -20.4 MSEK (81.3). Depreciation and amortization was 30.9 MSEK (30.4). Operating profit/loss was -51.3 MSEK (50.9). Profit was charged with non-recurring expenses of 50 MSEK (0). Total development expenses were 51.7 MSEK (57.8), which is 9.2% (8.0) of the group's sales.

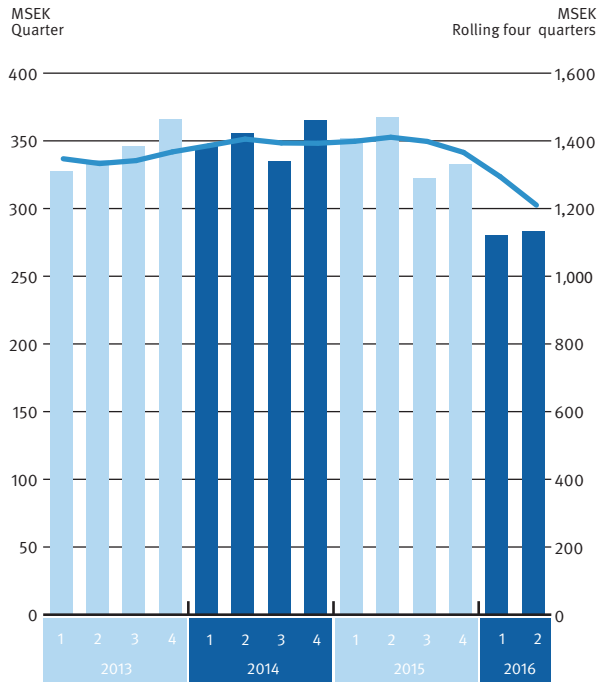
The profit/loss before tax was -55.9 MSEK (43.6). Net financial income/expense was -4.6 MSEK (-7.2). Profit/loss after estimated tax was -44.7 MSEK (28.0). Earnings per share after estimated tax were -2.33 MSEK (1.48).

Business Area Sales and Operating Profit

MSEK	Sales Quarter 2		Operating profit Quarter 2		Sales 6 mth.		Operating Profit 6 mth.	
	1606	1506	1606	1506	1606	1506	1606	1506
IAS business area	155.7	220.7	10.0	13.7	319.9	438.3	-39.9 ^a	27.2
IDC business area	129.1	150.0	6.5	15.2	246.9	286.8	8.8	31.1
Intra-group sales	-1.5	-3.2			-3.0	-5.8		
Group adjustments and depreciation			-12.3	-4.7			-20.2	-7.4
Beijer Electronics Group	283.3	367.5	4.2	24.2	563.8	719.3	-51.3	50.9

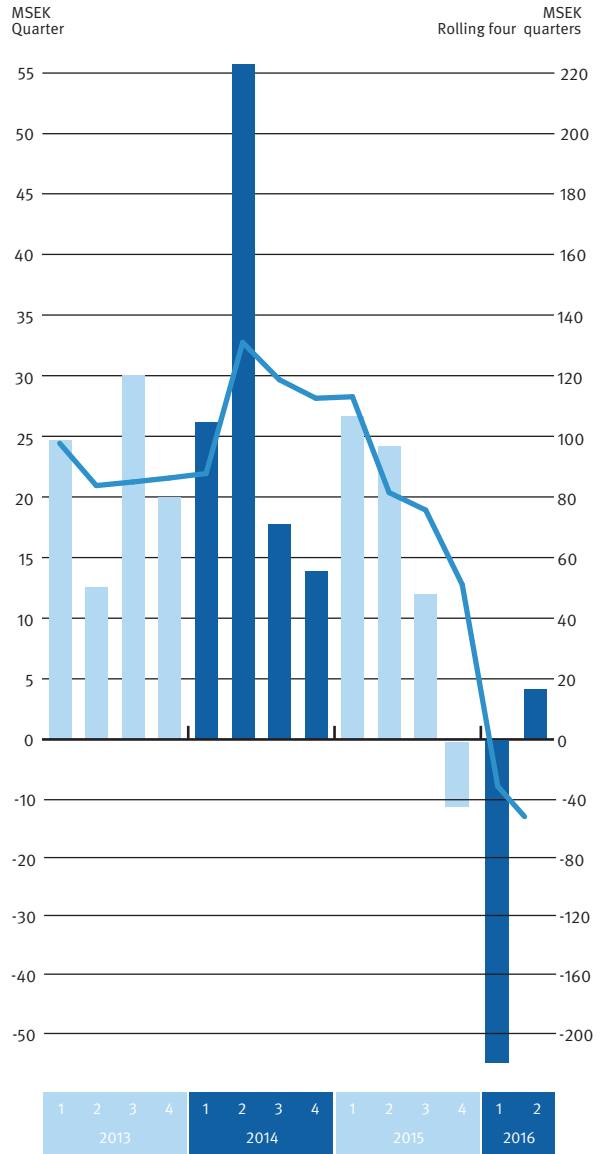
a Of which restructuring expense of -50.0 MSEK

Group Sales



▲ The bars and left-hand scale indicate quarterly sales. The curve and right-hand scale show rolling four quarter sales.

Group Operating Profit



▲ The bars and left-hand scale indicate quarterly profit after depreciation. The curve and right-hand scale show rolling four quarter profit after depreciation.

Industrial Automation Solutions business area

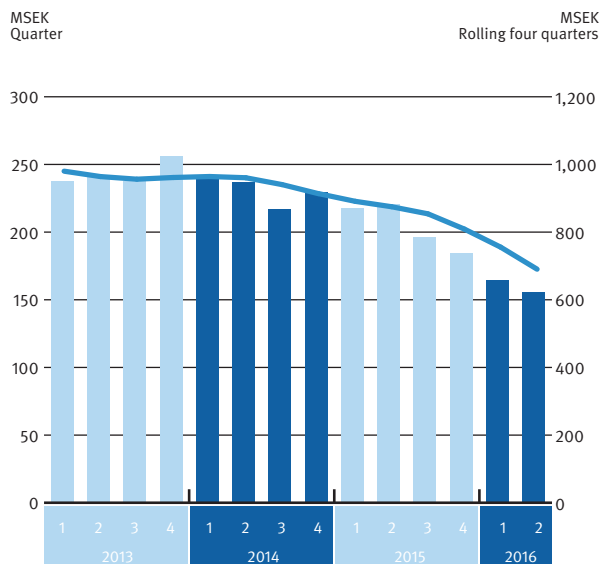
After two poor quarters, the Industrial Automation Solutions (IAS) business area succeeded in returning to profitability. This is mainly due to lower costs resulting from our programs of measures, as well as improved gross margins. As expected, order intake and sales reduced due to the termination of the Mitsubishi Electric partnership and continued weak demand in the oil and gas sector, as well as some downturn in China. However, continuing operations gradually stabilized, and sales in the first half-year were at the same level as in the second half-year 2015. Simultaneously, IAS saw altered customer behavior, with shorter order cycles, and customers placing more, but smaller, orders than previously. This means that order intake

and sales become more synchronized in time. One positive trend is that software is gaining more significance, because software is paving the way for hardware sales more often. An all-new product range, the X2 series, will be launched in the coming year, starting in the third quarter. This program includes software and hardware for all panels, from smaller to robust and niche panels. In combination with a more sales-oriented organization, we expect this to increase sales in the second half-year. Our program of measures is going as planned, and will continue to take effect.

Second quarter

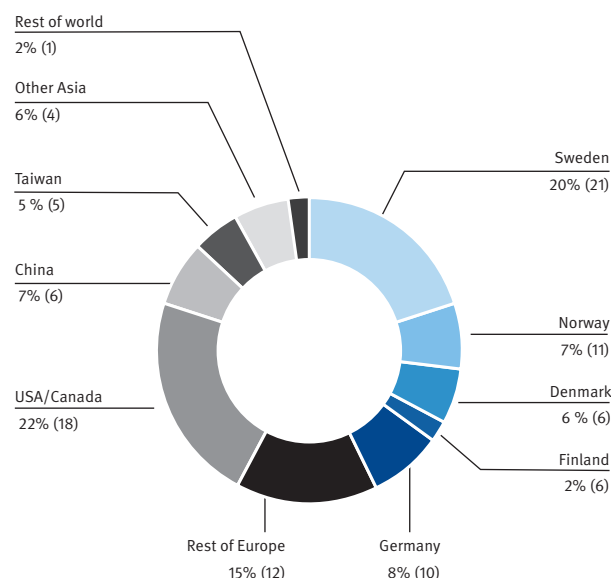
Business area order intake decreased by 33% to 143.9

Sales, IAS



▲ The bars and left-hand scale indicate quarterly sales. The curve and right-hand scale show rolling four quarter sales.

Sales by Geographical Market, IAS



▲ Sales by geographical market for the first half-year 2016 compared to 2015.

MSEK (214.4). Sales decreased by 30% to 155.7 MSEK (220.7). The downturn is largely explained by the discontinuation of sales of Mitsubishi Electric products. Operating profit before depreciation and amortization was 14.4 MSEK (18.8). Depreciation and amortization was 4.4 MSEK (5.1). Operating profit was 10.0 MSEK (13.7), corresponding to an operating margin of 6.4% (6.2). The new program of measures is progressing as planned. Lower expenses and an improved gross margin contributed to somewhat higher profitability. The profit decrease in absolute terms is due to lower sales volume.

First half-year

Order intake amounted to 298.0 MSEK (434.4). Sales were 319.9 MSEK (438.3). Operating profit/loss before depreciation and amortization was -30.4 MSEK (37.4). Depreciation and amortization was 9.5 MSEK (10.2). Operating profit/loss was -39.9 MSEK (27.2). Profit was charged with non-recurring expenses of 50 MSEK.

“ I’m delighted to see all the energy from our new organization, which combined with new products and software solutions in the coming years, bodes well for the future.

PER SAMUELSSON, PRESIDENT AND CEO

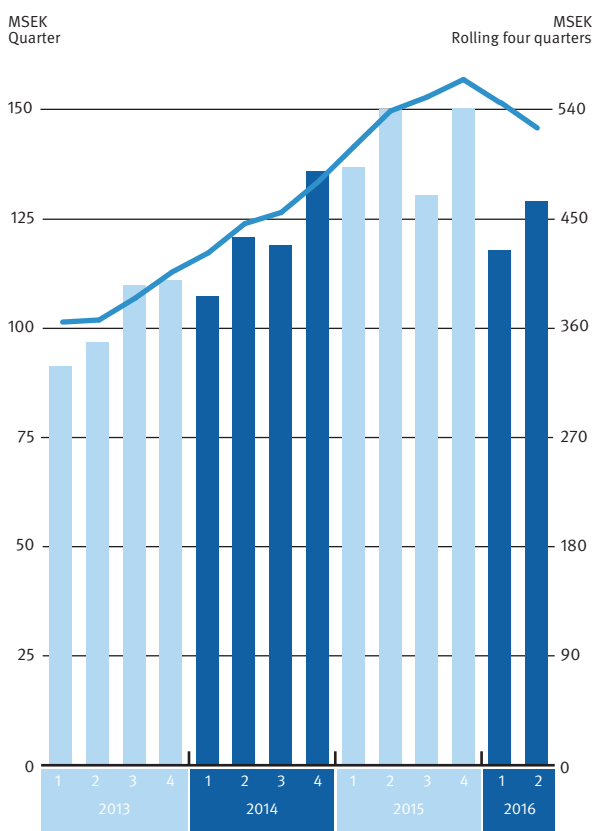
Industrial Data Communication business area

IDC's market was poor in the first quarter but recovered somewhat in the second. Accordingly, the IDC business area was able to report good order intake growth, which was at a satisfactory level in the second quarter after a weak first quarter. The upturn was broad based, with several new orders on different markets. Sales were down, but there were several major project shipments in the second quarter 2015. Nevertheless, the trend is positive, and IDC's sales were up by 10% on the first quarter 2016. The subsidiary Korenix, which focuses on the surveillance and security

sector, increased sales by 23%. The upgrades to external software mentioned in the previous quarterly Interim Report are now complete.

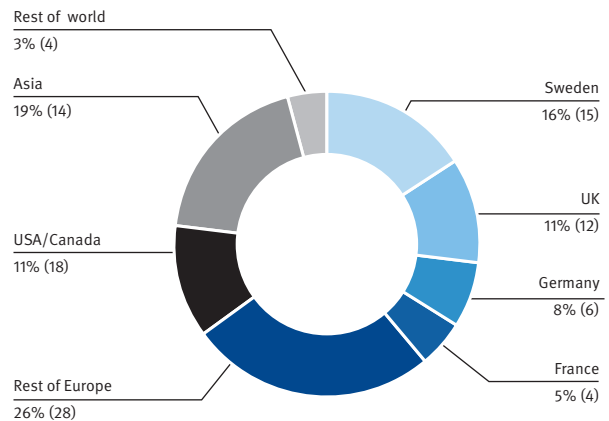
In the period, the planned cost increases in Westermo resulting from this business area's extensive initiatives, have been slimmed back and adapted to sales. This means a higher priority on increased profitability with retained growth in the second half-year, when continued increasing volumes will be managed by the existing organization.

Sales, IDC



▲ The bars and left-hand scale indicate quarterly sales. The curve and right-hand scale show rolling four quarter sales.

Sales by Geographical Market, IDC



▲ Sales by geographical market for the first half-year 2016 compared to 2015.

Second quarter

IDC's order intake was up by 23% quarter on quarter, and by 11% to 136.3 MSEK (122.6) on the second quarter 2015. Sales decreased by 14% to 129.1 MSEK 150.0. Operating profit before depreciation and amortization was 14.2 MSEK (22.4). Depreciation and amortization was 7.7 MSEK (7.2). Operating profit was 6.5 MSEK (15.2), corresponding to an operating margin of 5.0% (10.1). The profit decrease is due to lower sales volumes and higher development and marketing expenses.

First half-year

Order intake was unchanged in the first half-year, at 247.2 MSEK (246.0). Sales decreased to 246.9 MSEK (286.8). Operating profit before depreciation and amortization was 24.7 MSEK (45.5). Depreciation and amortization was 15.9 MSEK (14.4). Operating profit was 8.8 MSEK (31.1), corresponding to an operating margin of 3.6% (10.8). The profit decrease is due to lower sales volumes and higher development and marketing expenses.

“ After a slow start to the year, it's positive to see Westermo's healthy order intake in the second quarter.

PER SAMUELSSON, PRESIDENT AND CEO

Other financial information

Group investments including capitalized development expenses and acquisitions amounted to 33.8 MSEK (46.7). Cash flow from operating activities was -18.8 MSEK (25.8). Equity was 463.3 MSEK (532.0) on June 30, 2016. The equity ratio was 31.5% (35.0). Cash and cash equivalents were 111.1 MSEK (131.8). Net debt was 569.0 MSEK (525.8). The average number of employees was 723 (750).

New financial targets for the group

The Board of Directors has set new financial targets for Beijer Electronics.

These targets are that within a 2-3 year timeframe, the group will achieve minimum organic growth of 7% per year, and achieve a minimum EBIT margin of 10%, measured as an average over a business cycle.

These new targets assume Westermo's highly ambitious growth plans until 2017 taking a longer time to realize. Meanwhile, Korenix has an improved product range with a sharper focus on the surveillance and security sector. This means that overall, Korenix will achieve a minimum growth rate of 10% per year.

The IAS business area, which is currently being realigned, is expected to enter a growth phase from current and comparable levels, assuming implementation of a new organization and a sharper focus on the business area's robust terminals, as early as in the current year. The ambition is to restore profitability to the levels that the former

HMI Products business area delivered historically. As software content progressively increases, this is expected to exert a bigger positive impact on profitability, and a lesser impact on growth rates. The markets that both business areas address are in long-term growth, apart from the oil and gas sector.

Prospects for the full year 2016

In the first half-year 2016, the IAS business area largely progressed as planned, while the results of the IDC business area were below estimates. In the second half-year, sales excluding Mitsubishi Electric products, and operating profit, are expected to be better than the corresponding period of 2015. The low profit in the first half-year means Beijer Electronics now expects operating profit excluding non-recurring expenses for the full year 2016 to be lower than 2015. The previous estimate was for somewhat improved operating profit.

Significant events

Beijer Electronics' Board of Directors convened an EGM on January 4, 2016. This EGM, which was held on January 28, 2016, approved the Board's proposal for the sale of the group's subsidiaries in Estonia, Latvia and Lithuania, to certain senior managers of these companies. These companies' combined sales were 18 MSEK in 2015.

The sale of the Finnish operation was completed on January 11, 2016.

At the end of January 2016, Beijer Electronics' Board of Directors approved a program of measures for the IAS business area. The cost of the program of measures is expected to amount to 50 MSEK, which was charged to profit in the first quarter of 2016. The program is expected to generate cost savings of 50 MSEK annualized, taking full effect in 2017, with 30 MSEK expected in 2016, commencing in the second quarter. The program of measures is going as planned, with a total of 50 staff affected, half of them in the Nordics.

The program includes an improved sales and marketing organization and rationalizations in manufacturing. The aim is to create a more customer-oriented and flexible organization with a clear focus on proprietary products. The long-term ambition is also to increase the software share of total sales, focusing more on specific segments for robust terminals and concentrating resources on fewer markets, and reaching larger customers.

Accounting principles

For the group, this Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and

applicable regulations of the Swedish Annual Accounts Act. The Interim Report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting. The accounting principles applied for the group and parent company are consistent with those accounting principles used when preparing the latest annual accounts.

This Report has not been reviewed by the company's Auditors.

Malmö, Sweden, July 14, 2016

Per Samuelsson
President and CEO

For more information, please contact:

*President and CEO Per Samuelsson,
tel +46 (0)40-35 86 10, +46(0)708-58 54 40 or CFO
Joakim Laurén, tel +46(0)40-35 84 96,
+46(0)703-35 84 96*

Per Samuelsson
President and CEO

Anders Ilstam
Chairman of the Board

Ulrika Hagdahl
Board member

Maria Khorsand
Board member

Christer Öjdemark
Board member

Bo Elisson
Board member

Johan Wester
Board member

Interim Report in Summary

Income Statement—Group

SEK 000	Quarter 2, 2016	Quarter 2, 2015	6 mth. 2016	6 mth. 2015	Full year, 2015
Net turnover	283,314	367,524	563,823	719,274	1,374,575
Other operating revenue	472	8,920	468	9,088	9,656
Operating expenses excluding depreciation and amortisation	-264,607	-336,820	-584,723 ^a	-647,054	-1,268,719 ^{b,c}
Operating profit before depreciation and amortization	19,179	39,624	-20,432	81,308	115,512
Amortization, intangible assets	-10,445	-10,140	-21,295	-20,087	-41,727
Depreciation, property, plant and equipment	-4,565	-5,293	-9,589	-10,332	-21,585
Operating profit	4,169	24,191	-51,316	50,889	52,200
Net financial items	-3,424	-3,461	-4,598	-7,246	-8,860 ^d
Profit before tax	745	20,730	-55,914	43,643	43,340
Estimated tax	-3,512	-7,800	11,256	-15,591	-19,523
Net profit	-2,767	12,930	-44,658	28,052	23,817
<i>Attributable to equity holders of the parent</i>	<i>-2,676</i>	<i>12,824</i>	<i>-44,377</i>	<i>28,133</i>	<i>23,957</i>
<i>Attributable to minority interest</i>	<i>-91</i>	<i>106</i>	<i>-281</i>	<i>-81</i>	<i>-140</i>
<i>Earnings per share, SEK</i>	<i>-0.14</i>	<i>0.67</i>	<i>-2.33</i>	<i>1.48</i>	<i>1.26</i>

^a Of which restructuring expense -50.0 MSEK

^b Of which non-recurring cost of -3.2 MSEK attributable to change of CEO

^c Of which restructuring expense -4,125,000 SEK

^d Including participating interest in associated company of -3.8 MSEK and adjustment of additional purchase consideration of 2,216,000 SEK

Comprehensive Income

SEK 000	Quarter 2, 2016	Quarter 2, 2015	6 mth. 2016	6 mth. 2015	Full year, 2015
Net profit	-2,767	12,930	-44,658	28,052	23,817
Actuarial gains and losses	-1,791	-195	-1,791	-195	10,854
Translation differences	22,834	-23,451	12,505	31,523	13,216
Comprehensive income	18,276	-10,716	-33,944	59,380	47,887
<i>Attributable to equity holders of the parent</i>	<i>18,180</i>	<i>-10,756</i>	<i>-33,796</i>	<i>59,340</i>	<i>48,266</i>
<i>Attributable to minority interest</i>	<i>96</i>	<i>40</i>	<i>-148</i>	<i>40</i>	<i>-379</i>

Balance Sheet—Group

SEK 000	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Assets			
Intangible assets	734,661	722,391	718,321
Tangible assets	77,749	82,222	83,493
Financial assets	130,898	116,374	107,860
Current assets	434,038	485,168	426,694
Cash equivalents and short-term investments	111,106	131,819	116,636
Total assets	1,488,452	1,537,974	1,453,004
Liabilities and shareholders' equity			
Shareholders' equity	463,333	532,037	520,963
Minority share of shareholders' equity	5,829	6,396	5,977
Long-term liabilities	534,875	548,111	530,963
Current liabilities	484,415	451,430	395,101
Total liabilities and shareholders' equity	1,488,452	1,537,974	1,453,004
<i>Of which interest-bearing liabilities</i>	<i>680,108</i>	<i>657,588</i>	<i>609,453</i>

Statement of Changes to Shareholders' Equity

SEK 000	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Attributable to equity holders of the parent			
Opening balance, shareholders' equity, 1 January	520,963	496,531	496,531
Dividend	-23,834	-23,834	-23,834
Comprehensive Income	-33,796	59,340	48,266
Closing balance, shareholders' equity	463,333	532,037	520,963
Minority interest			
Opening balance, 1 January	5,977	6,356	6,356
Dividend	-148	40	-379
Closing balance	5,829	6,396	5,977

Key Figures–Group

	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Operating margin, %	-9.1	7.1	3.8
Profit margin, %	-7.9	3.9	1.7
Equity ratio, %	31.5	35.0	36.3
Shareholders' equity per share, SEK	24.3	27.9	27.3
Earnings per share, SEK	-2.33	1.48	1.26
Return on equity after tax, %	-9.7	9.3	4.6
Return on capital employed, %	-3.9	7.4	4.8
Return on net operating assets, %	-6.9	11.9	7.4
Average number of employees	723	750	752

Cash Flow Statement–Group

SEK 000	Jun 30, 2015	Jun 30, 2014	Dec 31, 2014
Cash flow from operating activities before changes in working capital	-223	56,336	78,676
Change in working capital	-18,571	-30,560	5,983
Cash flow from operating activities	-18,794	25,776	84,659
Cash flow from investing activities	-33,768	-46,690	-79,965
Cash flow from finance activities	68,597	13,960	-23,246
Dividends paid	-23,834	-23,834	-23,834
Change in cash equivalents	-7,799	-30,788	-42,386
Cash equivalents and short-term investments, opening balance	116,636	156,842	156,842
Exchange rate change, cash equivalents	2,269	5,765	2,180
Cash equivalents and short-term investments, closing balance	111,106	131,819	116,636

Operating Segments

SEK 000	Quarter 2, 2016	Quarter 2, 2015	6 mth. 2016	6 mth. 2015	Full year, 2015
Net turnover					
IAS	155,713	220,652	319,925	438,281	818,790
IDC	129,139	150,043	246,918	286,803	567,601
Group adjustments	-1,538	-3,171	-3,020	-5,810	-11,816
Group	283,314	367,524	563,823	719,274	1,374,575
Operating profit before depreciation and amortization					
IAS	14,446	18,834	-30,377 ^a	37,434	38,310 ^b
IDC	14,189	22,401	24,674	45,528	80,314
Parent company	-9,996	-2,926	-16,444	-3,870	-7,833 ^c
Group adjustments	540	1,315	1,715	2,216	4,721
Group	19,179	39,624	-20,432	81,308	115,512
Operating profit					
IAS	10,011	13,664	-39,916	27,168	17,050
IDC	6,483	15,178	8,844	31,121	49,722
Parent company	-12,168	-4,744	-20,568	-7,416	-15,104
Group adjustments	-157	93	324	16	532
Group	4,169	24,191	-51,316	50,889	52,200

^a Of which restructuring expense -50.0 MSEK

^b Of which restructuring expense -4,125,000 SEK

^c Of which non-recurring cost of -3.2 MSEK attributable to change of CEO

Income Statement—Parent Company

SEK 000	Quarter 2, 2016	Quarter 2, 2015	6 mth. 2016	6 mth. 2015	Full year, 2015
Net turnover	9,471 ^a	15,397	18,942 ^a	30,795	61,593
Operating expenses	-21,639	-20,141	-39,510	-38,211	-76,697 ^b
Operating profit	-12,168	-4,744	-20,568	-7,416	-15,104
Net financial items*	43,151	-6,172	39,964	-1,191	47,703
Profit before tax	30,983	-10,916	19,396	-8,607	32,599
Appropriations		262		525	14,754
Estimated tax	1,801	1,980	4,276	548	-1,557
Net profit	32,784	-8,674	23,672	-7,534	45,796
* Of which dividends from subsidiaries	40,000	0	40,000	0	46,814

^a The parent company's revenues consist of invoicing of group-wide expenses to subsidiaries.

In 2016, the parent company altered the principle governing the expenses that are invoiced.

^b Of which non-recurring cost of -3.2 MSEK attributable to change of CEO

Balance Sheet—Parent Company

SEK 000	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Assets			
Fixed assets	812,828	812,596	796,223
Current assets	15,410	27,130	39,257
Cash equivalents and short-term investments	1,166	2,027	0
Total assets	829,404	841,753	835,480
Liabilities and shareholders' equity			
Shareholders' equity	162,911	109,745	163,075
Untaxed reserves		525	
Long-term liabilities	428,728	525,321	497,988
Current liabilities	237,765	206,162	174,417
Total liabilities and shareholders' equity	829,404	841,753	835,480
<i>Of which interest-bearing liabilities</i>	<i>588,712</i>	<i>556,913</i>	<i>518,930</i>

Financial definitions

Operating margin

Operating profit in relation to net sales.

Profit margin

Net profit in relation to net sales.

Equity ratio

Equity in relation to total assets.

Equity per share

Equity attributable to parent company shareholders divided by the number of shares.

Earnings per share

Net profit attributable to parent company shareholders divided by the number of shares at year-end.

Return on equity after tax

Net profit rolling 12 months in relation to average equity.

Return on capital employed

Profit before tax plus financial expenses rolling 12 months in relation to average capital employed.

Return on net operating assets

Operating profit (profit after depreciation and amortization) in relation to average net operating assets.

Capital employed

Equity plus interest-bearing liabilities.

Operating assets

Total assets less cash and cash equivalents, and interest-bearing liabilities.

Beijer Electronics AB (publ)

Beijer Electronics is a high technology company active in industrial automation and data communication. The company develops and markets competitive products and solutions that focus on the user. Since its start-up in 1981, Beijer Electronics has evolved into a multinational group with sales of 1,375 MSEK in 2015. The company is listed on NASDAQ OMX Nordic Stockholm Small Cap under the ticker BELE.

More Information

You can subscribe for financial information on Beijer Electronics via e-mail. Subscribe easily at our website, www.beijerelectronics.com. If you have any questions about the Beijer Electronics group, please call +46 (0)40 35 86 00, or send an email: info@beijerelectronics.com.

Financial Calendar

October 20, 2016.....Nine-month Interim Report
January 27, 2017.....Financial Statement 2016
April 27, 2017.....Three-month Interim Report
April 27, 2017.....Annual General Meeting
July 14, 2017.....Six-month Interim Report
October 25, 2017.....Nine-month Interim Report



Next-generation HMIs

Beijer Electronics will be launching the next generation of HMIs in August 2016. Six product families, which combine great design with high performance to power HMI solutions. Now, you can create smart integrated solutions backed by iX HMI software and WARP Engineering Studio.

► [Read more at www.beijerelectronics.com](http://www.beijerelectronics.com)



Head office

Beijer Electronics AB (publ)
Box 426, Stora Varvsgatan 13a
201 24 Malmö, Sweden
Corp. ID no. 556025-1851

www.beijerelectronics.com | +46 (0)40 35 86 00