

HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q1 results of 2018 – Nasdaq webinar

Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

May 29, 2018



Executive summary



2018 Business trends

- Data network system global market (new telecom) and industrial sector continuously demonstrate growth which have resulted in strong HansaMatrix Q1 turnover and margins.
- HansaMatrix Innovation is successfully continuing knowledge based business (R&D work and New product development) development continuing good start at Year 2017.
- During Q1 2018 HansaMatrix opened its representation in Sweden and focuses sales efforts to grow its market share.



2018 Q1 summary

- Q1 Quarterly turnover 5.9 million euro, y-o-y growth 31%
- Trailing twelve month (TTM) turnover 21 million EUR
- TTM turnover and EBITDA growth respectively 16% and 33%, compared to TTM period ending at Q1 2017 (y-o-y basis)

Results summary, MEUR	2018Q1	2018Q1 12m TTM
Turnover	5.898	21.085
EBITDA	1.050	3.766
EBITDA, %	17.8%	17.9%
net profit	0.502	1.617
net profit, %	8.5%	7.7%
P/E		8.8



2018 Q1 comparison with peers

- HansaMatrix EBITDA and net profit margins – highest among industry peers
- Results reflect management strategy to focus on higher added value product manufacturing and capability to provide the research and development resources (R&D) for customers

TTM figures - Million EUR	Market Cap	TTM Revenue	TTM EBITDA	TTM Net Profit	EBITDA margin	Net profit margin
HansaMatrix	14.5	21.1	3.8	1.6	17.8%	8.5%
Incap Oyj	25.7	48.5	5.0	3.1	10.2%	6.4%
Kitron ASA	170.1	263.7	22.3	10.9	8.4%	4.1%
Data Response ASA	154.1	137.1	11.5	3.2	8.4%	2.3%
Note AB	62.3	123.8	9.9	5.9	8.0%	4.8%
HANZA Holding	17.9	152.6	8.9	2.2	5.8%	1.5%
Inission AB	20.1	74.4	3.8	2.1	5.2%	2.8%

Source: Bloomberg, May 28, 2018

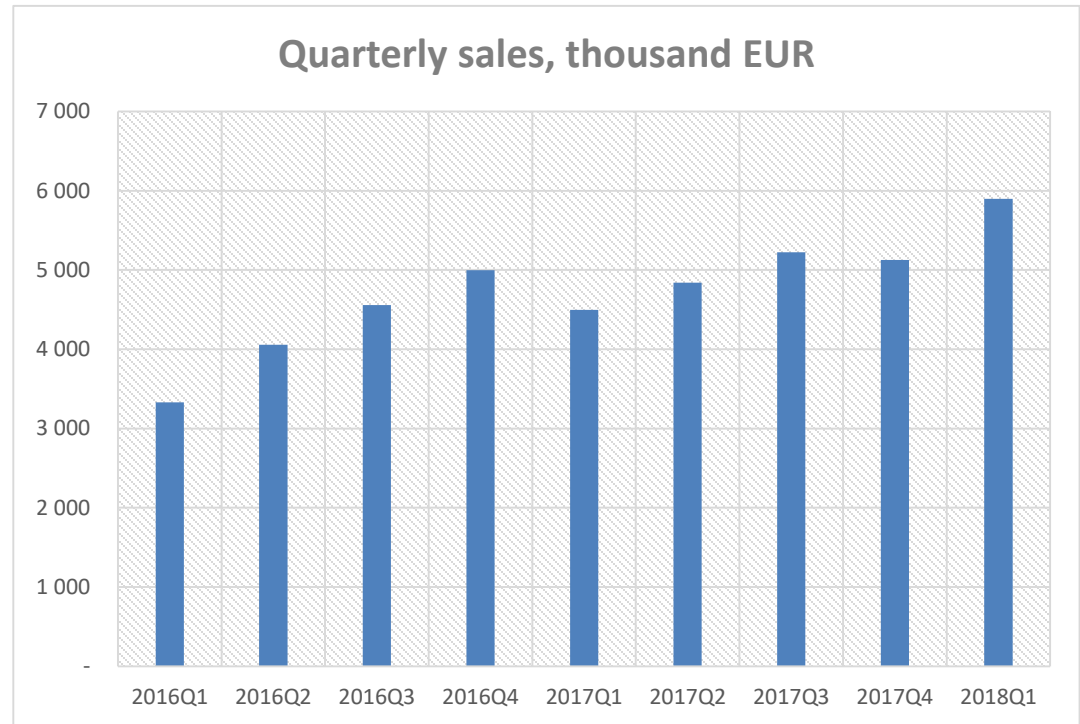


Q1 results of 2018 in detail



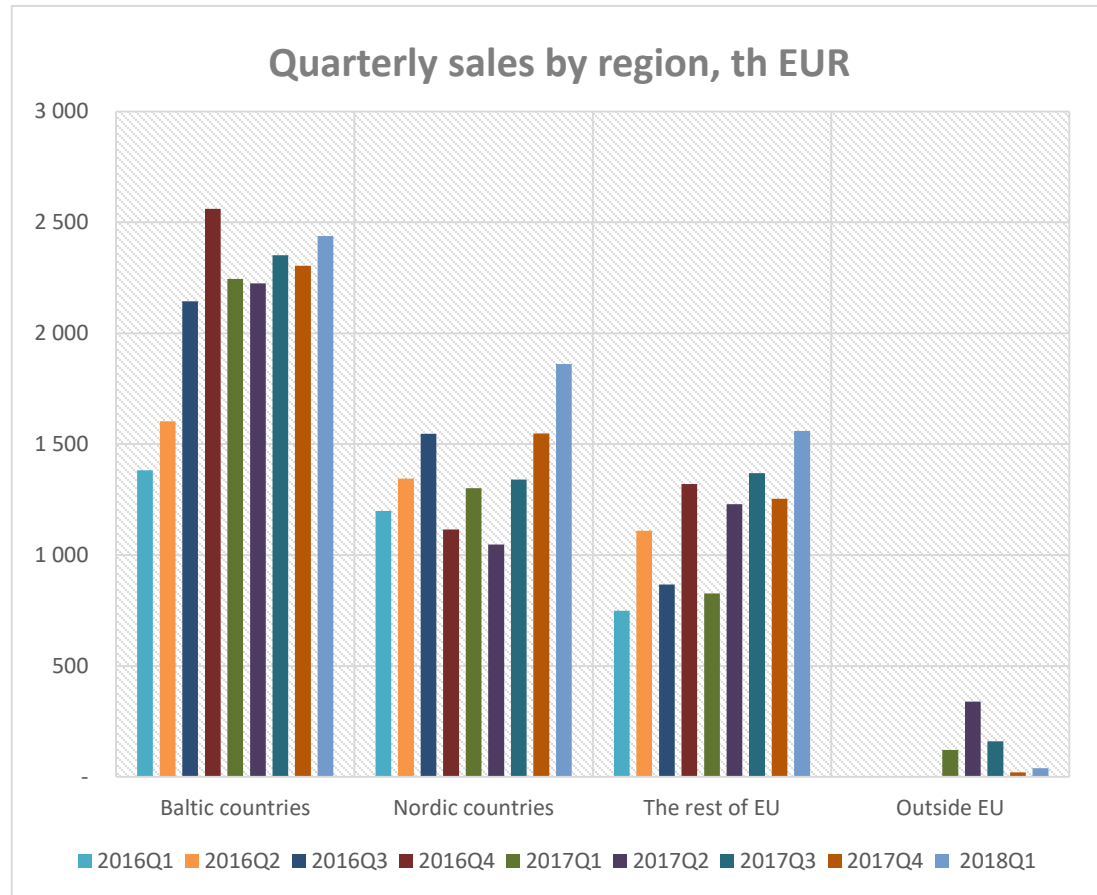
2018 Q1 sales

- Quarterly sales reached 5.898 million euro
- An increase by 31% in comparison to 2017Q1
- An increase by 15% in comparison to 2017Q4



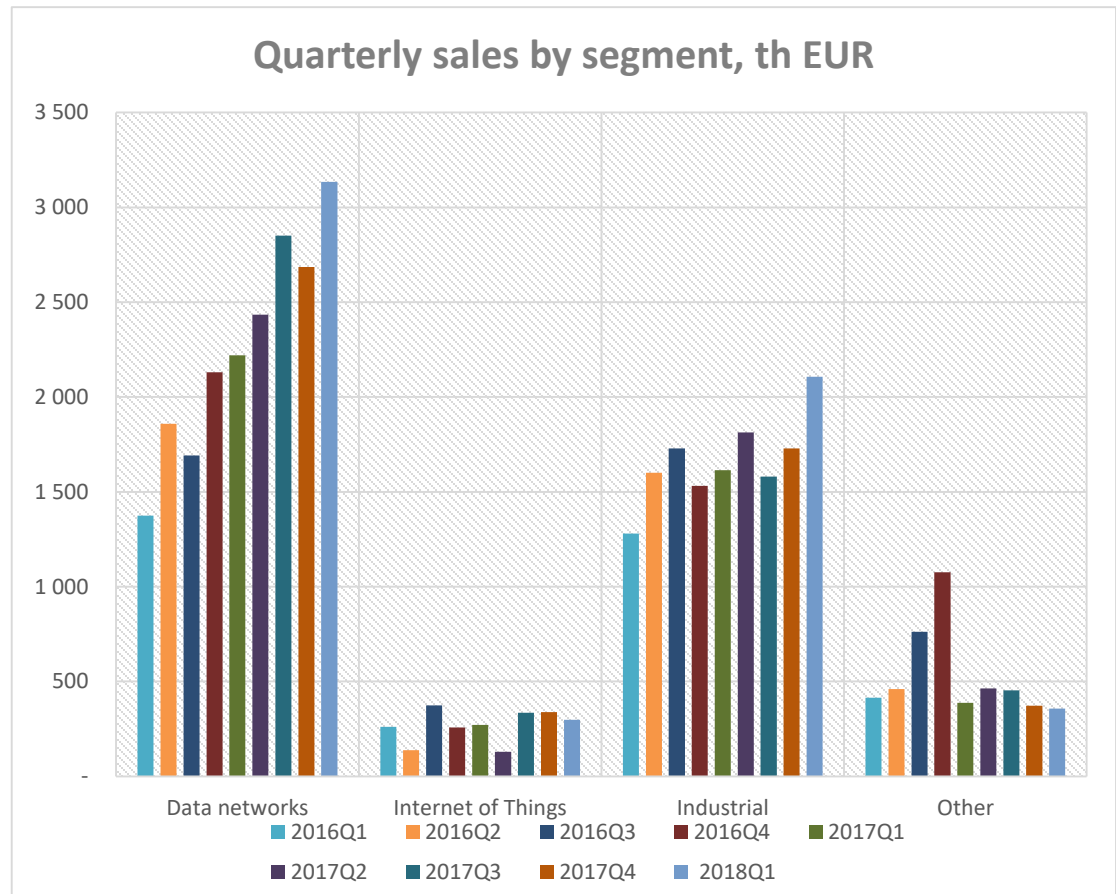
2018 Q1 sales by region

- Baltic sales – 41%
 - ✓ 9% up from 2017Q1
 - ✓ 6% up from 2017Q4
- Nordic sales – 32%
 - ✓ 43% up from 2017Q1
 - ✓ 20% up from 2017Q4
- The rest of EU sales – 26%
 - ✓ 89% up from 2017Q1
 - ✓ 24% up from 2017Q4
- Outside EU – 0.65%
 - ✓ 68% down from 2017Q1
 - ✓ 93% up from 2017Q4



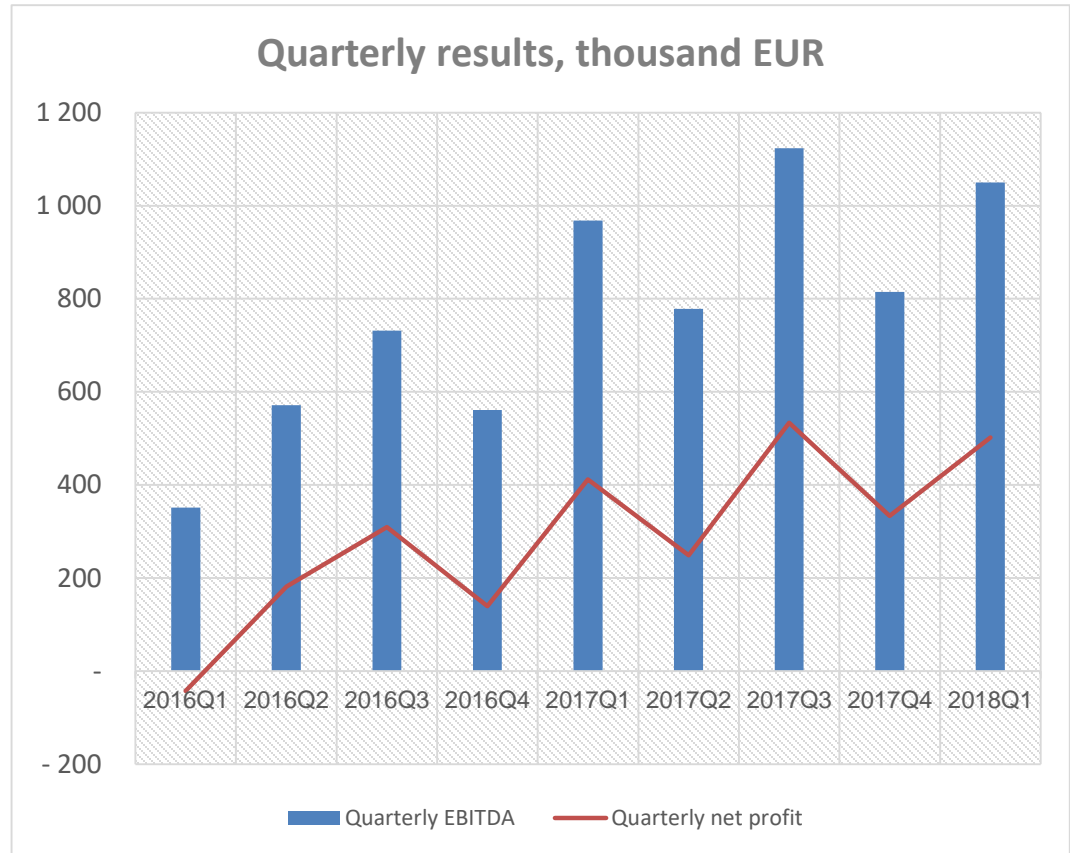
2018 Q1 sales by market segment

- Data network products - 53%
 - ✓ 41% up from 2017Q1
 - ✓ 17% up from 2017Q4
- Industrial segment – 36%
 - ✓ 31% up from 2017Q1
 - ✓ 22% up from 2017Q4
- Internet-of-things - 5%
 - ✓ 10% up from 2017Q1
 - ✓ 12% down from 2017Q4
- Other – 6%
 - ✓ 8% down from 2017Q1
 - ✓ 4% down from 2017Q4



2018 Q1 profitability results

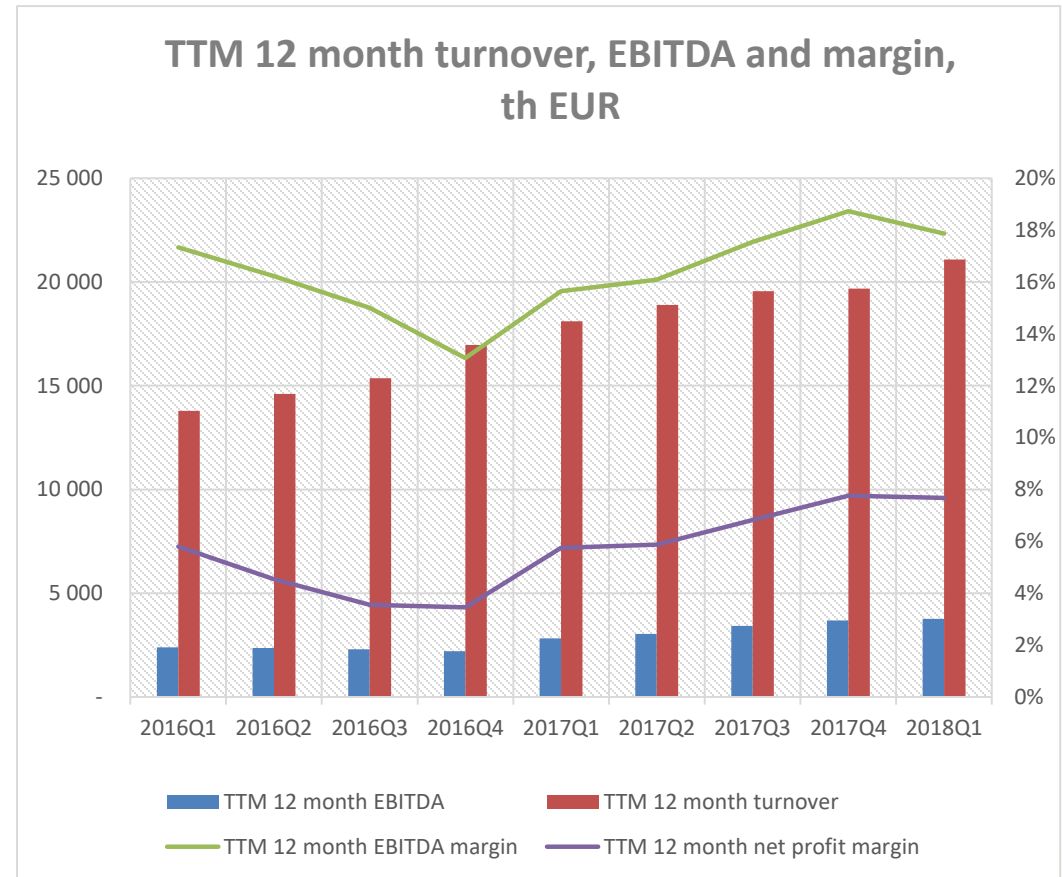
- 2018 Q1 EBITDA result – 1.050 million EUR
 - ✓ 8% up from 2017Q1
 - ✓ 29% up from 2017Q4
- Net profit results – 0.502 million euros
 - ✓ 22% up from 2017Q1
 - ✓ 51% up from 2017Q4
- Q1 EBITDA margin – 17.8%
- Q1 net profit margin – 8.5%



TTM 12 month results in detail

TTM 12 month sales and results

- TTM (trailing twelve months) 12 months represent period:
 - ✓ starting April 1, 2017
 - ✓ ending March 31, 2018
- TTM turnover grown to 21.1 million EUR - 33% up from period ending at Q1 2017
- TTM EBITDA result is 3.766 million EUR - 16% up from period ending at Q1 2017
- TTM net profit is 1.617 million EUR - 55% up from period ending at Q1 2017
- TTM EBITDA margin reported as 17.9%
- TTM net profit margin reported as 7.7%
- Margins are highest among industry peers.



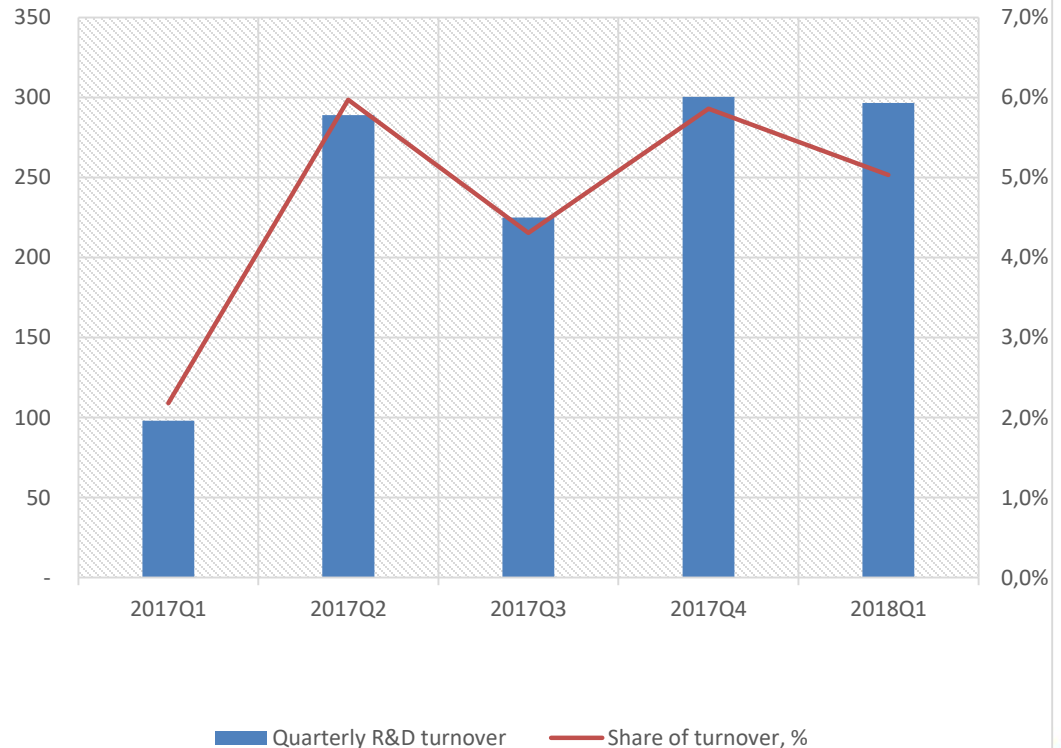
Update on other activities



Quarterly and 12m R&D turnover

- 2018 Q1 R&D B2B sales reported 0.297 M EUR
- 5.0% share of quarterly consolidated sales
- 2018 Q1 R&D sales remained at 2017 Q4 level – slightly decreasing by 1.2%
- 2018 Q1 12 TTM R&D sales reported 1.111 M EUR
- 5.3% share of 12 TTM consolidated sales
- grant financing not included in the reported results

Quarterly R&D turnover, th EUR and share of sales, %



Investments during 2018 Q1

- During 3 month period of 2018 HansaMatrix made approximately 183 thEUR investments in production capacity increase, research instruments, test systems and development of new products.
- During reporting period the Company has signed technological equipment delivery contracts for total amount of 850 thEUR to be invested in Q2 an Q3.
- During the Q1 of 2018, AS HansaMatrix and its subsidiaries refinanced and consolidated all the loans and leasing liabilities from AS Citadele banka, SIA Citadele līzings un faktoring and SIA Swedbank leasing to AS SEB banka.



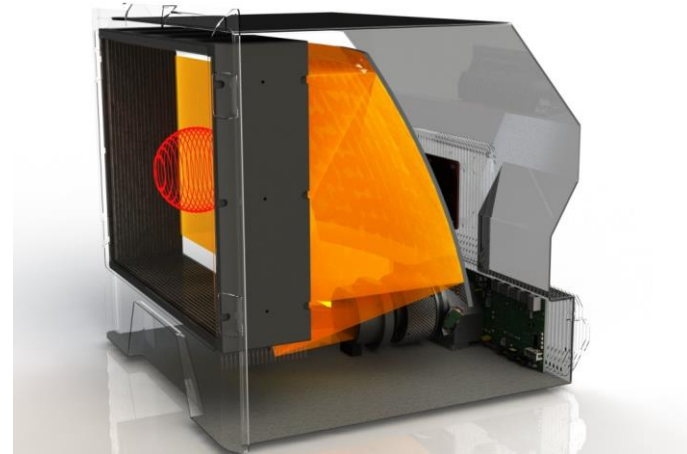
Investments in associated companies

- During 2018 Q1 HansaMatrix made investment of 277 thEUR in LightSpace Technologies to finance the development and commercialization of 3D display technologies.
- As of March 31, 2018 HansaMatrix investment in the form of the convertible loan in LightSpace Technologies amounted to 499 thEUR.
- During Q1 2018 HansaMatrix has provided additional 100 thEUR funds in form of convertible loan to associated company – Zinātnes parks.
- As of March 31, 2018 HansaMatrix investment in the form of the convertible loan in Zinātnes parks in total amounted to 946 thEUR.



Business development of LightSpace Technologies

- During a reporting period LightSpace has made an agreement in USA regarding joint development of head mount display based on LightSpace multiplane display technology.
- LightSpace has supplied two more units for customer evaluation to USA customers in aviation and training simulation markets.
- Marketing activities included participation in SPIE Photonics West 2018 in San Francisco and SPIE DCS 2018 in Orlando, Florida, USA.



Investment in RIX high tech city

- During Q1 2018 Zinātnes Parks has invested 47.5 thEUR in construction technical project development.
- planned to complete construction project development work by Q3 2018.
- Currently searching for real estate investors to support a realization of the project - *RIX high tech city*.



Other Events during reporting period

- Two shareholders have sold HansaMatrix shares, increasing the free float:
 - FlyCap Investment Fund - 191 417 (10.46%) shares to a new institutional and retail investors.
 - Macro Rīga - 24 664 (1.35%) at a price of EUR 7.50 per share.
- Starting with January 2018, HansaMatrix and LightSpace Technologies has started to implement the EU grant funded research project developing optics for robotic 3D vision. Project budget 352.1 thousand EUR, planned EU grant 184.7 thEUR.
- February 13, 2018, EUROLCDS issued 1019 new shares. In order to establish control over critical technology supply chain LightSpace Technologies subscribed to 1000 of the new shares (30.73%) for the required investment of EUR 1.4 million EUR. Other shares in EUROLCDS are held by existing shareholders.



Significant events after reporting period

- Annual general meeting of shareholders on April 26, 2018 approved HansaMatrix dividend in amount of 0.08 EUR per share to be paid out in 2 equal tranches on May 25, 2018 and November 15, 2018.
- FlyCap investment fund has further reduced its shareholding in HansaMatrix to remaining 175,808 shares or 9.61%.
- LightSpace Technologies has increased shareholding to 76.12% shares of the main supplier EUROLCDs in share swap transaction when BaltCap Jeremie Fund and HansaMatrix has swapped (invested) their EUROLCDs shares for newly issued LightSpace Technologies shares. In addition to share swap HansaMatrix has subscribed to 1000 new and Ilmars Osmanis has used his personal option to buy 500 new LightSpace Technology shares. After the above transactions HansaMatrix holds 39.99% Lightspace Technologies shares.



Guidance statement

- It has already been announced - HansaMatrix estimate of gross revenues for the coming year 2020:
 - ✓ revenue by year 2020: to reach 30 million EUR
 - ✓ EBITDA margin by year 2020: to be between 12 to 15%



Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

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Thank you!

