

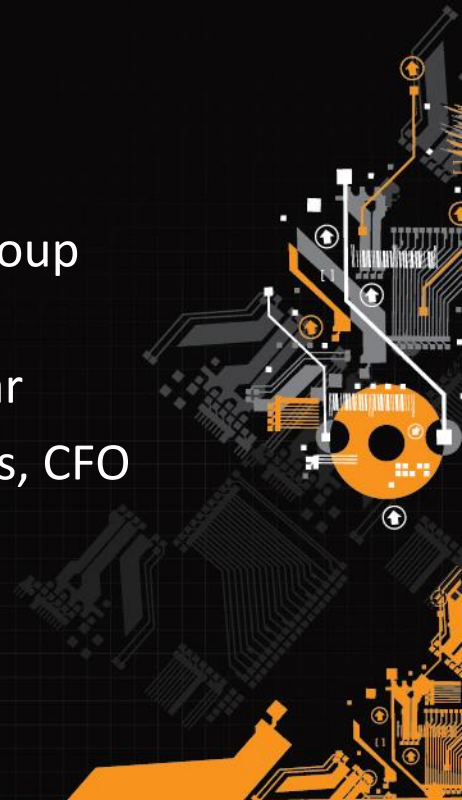
# HANSAMATRIX



Innovator and Manufacturing Solution High-Tech Group

Q3 and 9 month results of 2019 – Nasdaq webinar  
Presenters: Ilmars Osmanis, CEO and Maris Macijevskis, CFO

November 26, 2019



# Executive summary

# 2019 Business trends

- Seem that business has adapted to uncertainly created by USA and Chine trade «war» and performing «as usual».
- Increasing investments in EU 5G networks positively effect future sales development. In 2019 Q3 HansaMatrix continued to supply electronic circuits for 5G network base stations.
- Faster then expected salary inflation in Latvia. 2018 year y-o-y salary inflation reached 8.4% and consensus forecast for 2019 among bank analysts stand at 7...8% level.



# 2019 Q3 summary

- Historically highest quarterly turnover, 22% y-o-y growth
- EBITDA y-o-y increased by 21% in 2019 Q3
- 2019 Q3 net profit slightly negative (influenced by wage inflation, EIB loan remuneration provisions, losses from investments in associates)

Results summary, MEUR	2018 Q3	2019 Q3	y-o-y	TTM 2019 Q3
Turnover	5.003	6.118	+22%	23.061
EBITDA	0.777	0.942	+21%	3.535
EBITDA, %	15.5%	15.4%		15.3%
Net profit	0.153	-0.028		-0.068
Net profit, %	3.1%			
P/E				



# 2019 Q3 comparison with peers

- HansaMatrix EBITDA margin – the second highest compared to industry peers
- Peer market value range 4.2x up to 14.2x EBITDA (HansaMatrix 3.3x)

TTM figures - Million EUR	Market Cap	TTM Revenue	TTM EBITDA	TTM Net Profit	EBITDA margin	Net profit margin
Incap Oyj	71.6	69.2	12.3	8.1	17.7%	11.7%
HansaMatrix	11.4	23.0	3.5	-0.1	15.3%	
Data Response ASA	306.4	183.0	21.6	10.9	11.8%	5.9%
Note AB	108.7	159.3	14.9	8.5	9.3%	5.3%
Kitron ASA	166.6	323.5	26.1	12.9	8.1%	4.0%
Inission AB	50.43	92.8	7.2	4.2	7.8%	4.5%
HANZA Holding	48.7	185.9	11.8	0.8	6.4%	0.4%

Source: Bloomberg, November 25, 2019

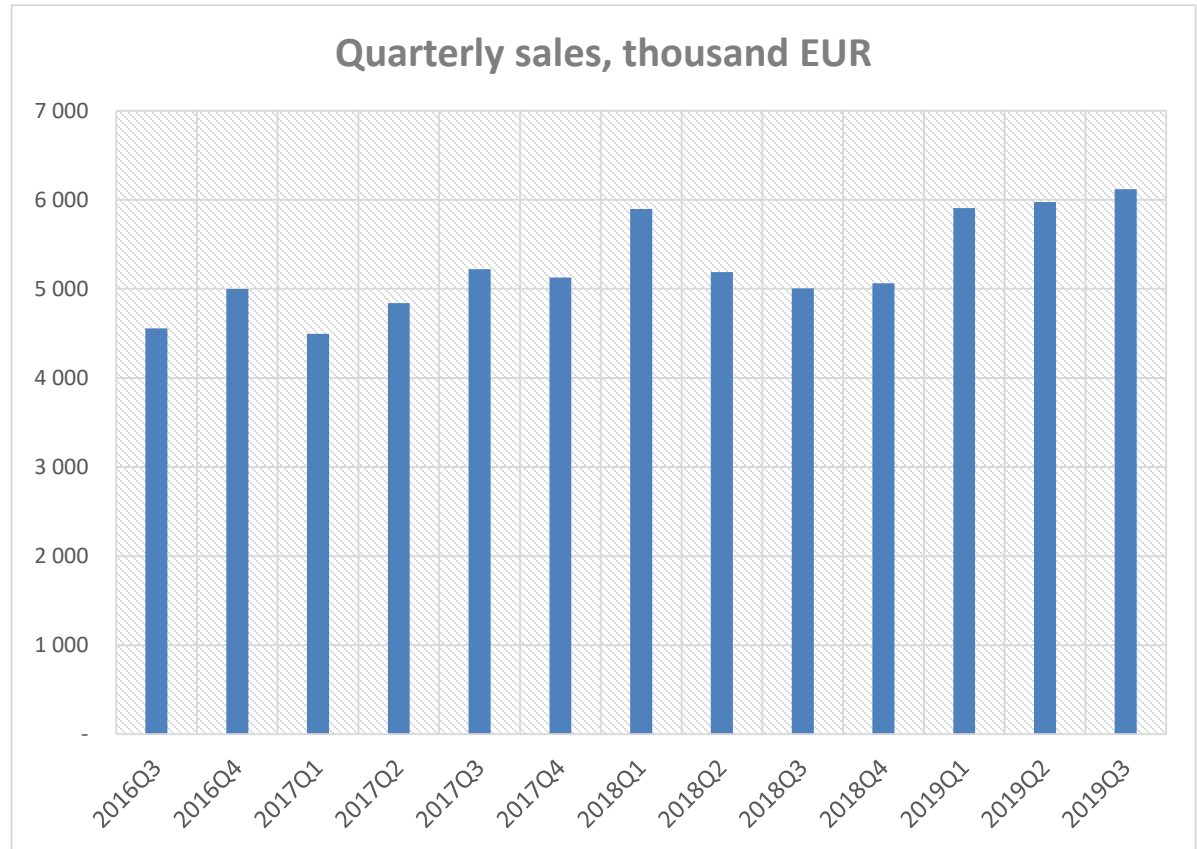


# Q3 results of 2019 in detail



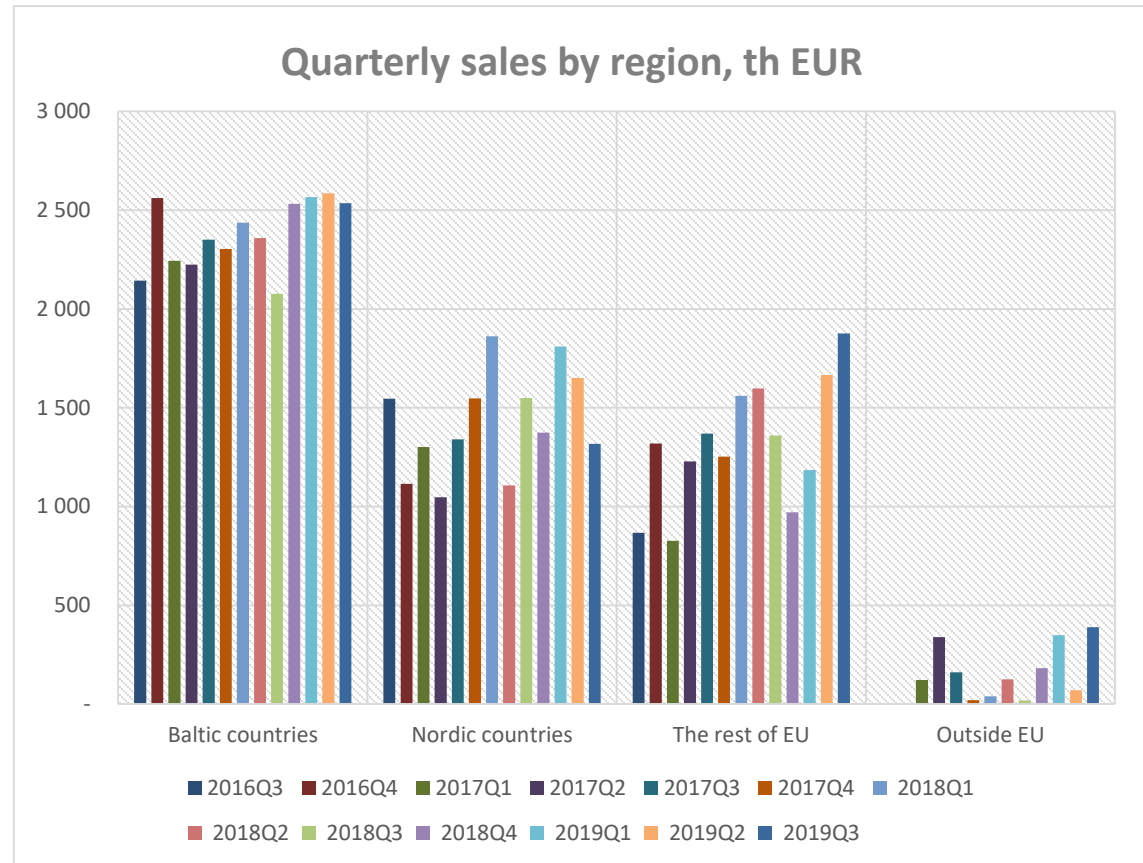
# 2019 Q3 sales

- Quarterly sales reached 6.118 million euro
- A increase by 22% in comparison to 2018Q3
- An increase by 2% in comparison to 2019Q2



# 2019 Q3 sales by region

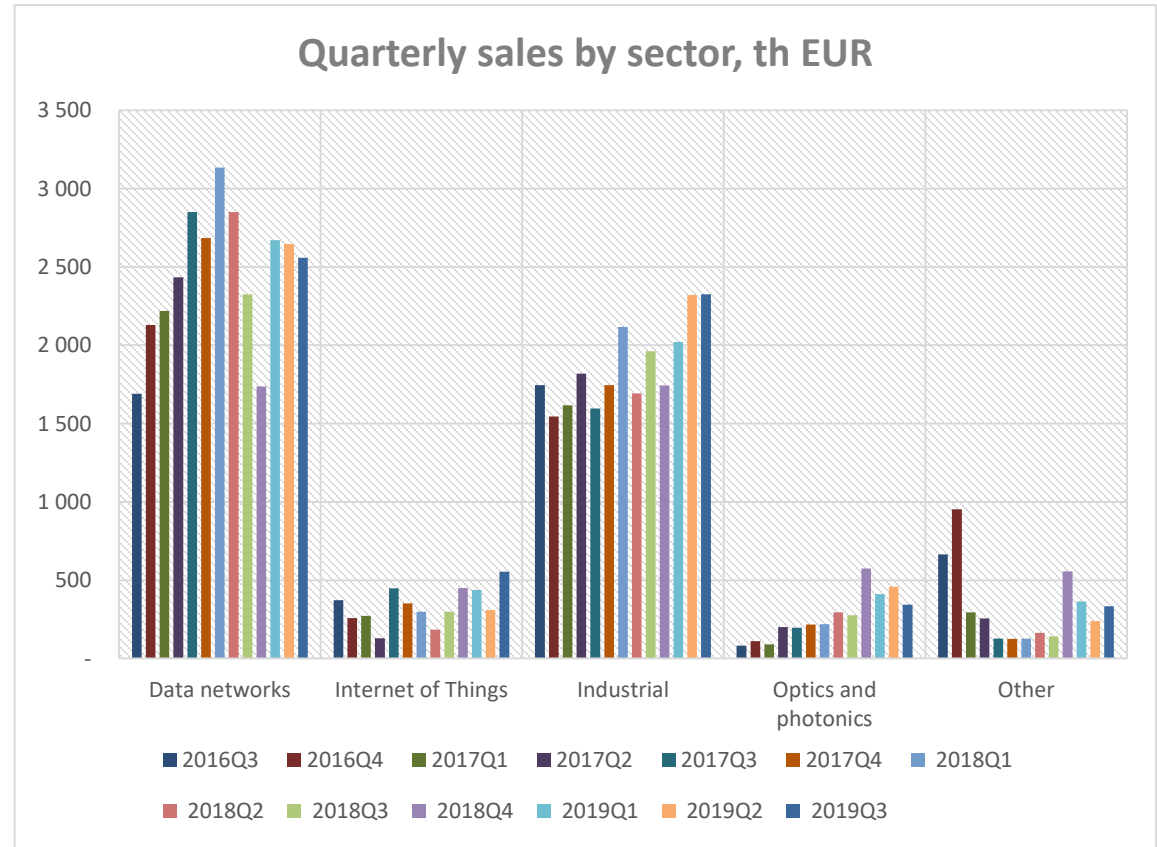
- Baltic sales – 41%
  - ✓ 22% up from 2018Q3
- Nordic sales – 22%
  - ✓ 15% down from 2018Q3
- The rest of EU sales – 31%
  - ✓ 38% up from 2018Q3
- Outside EU – 6%
  - ✓ 1980% up from 2018Q3





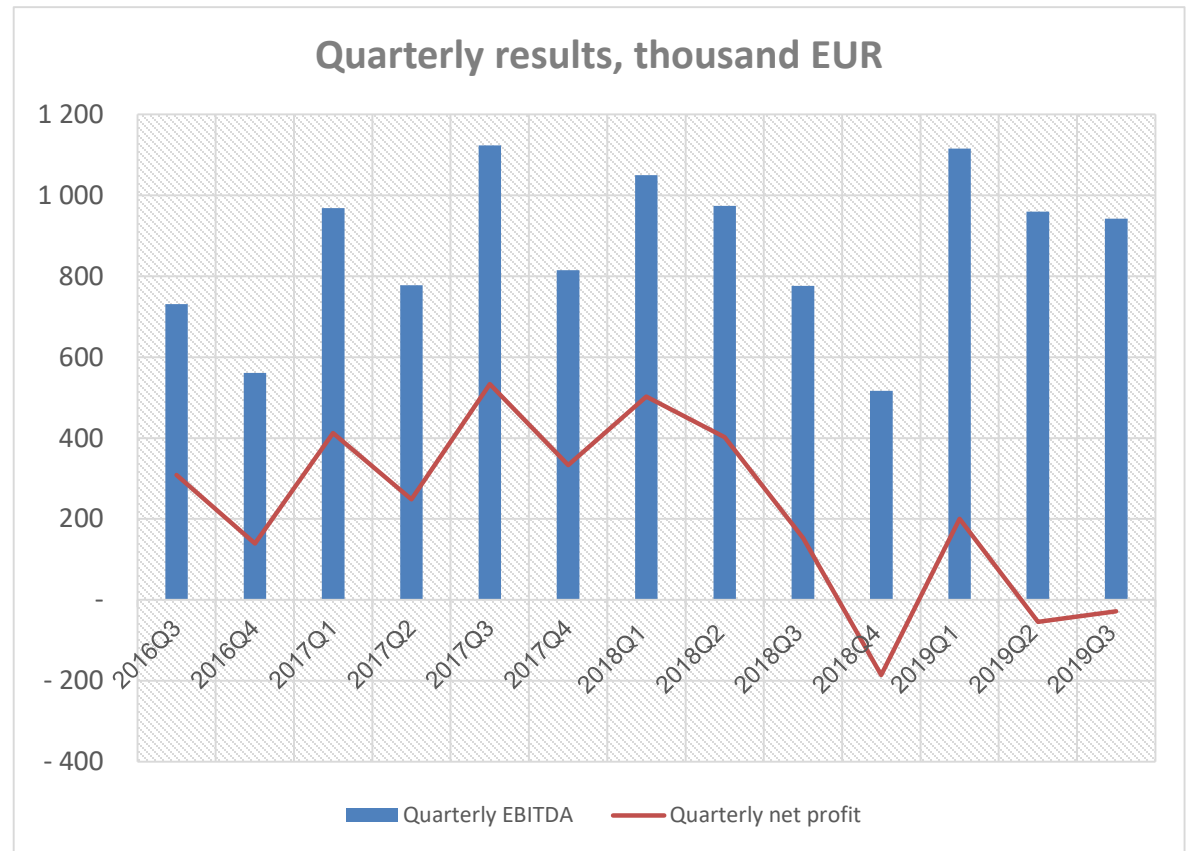
# 2019 Q3 sales by market sector

- Data network products - 42%
  - ✓ 10% up from 2018Q3
- Industrial segment – 38%
  - ✓ 19% up from 2018Q3
- Internet-of-things - 9%
  - ✓ 86% up from 2018Q3
- Optics and photonics - 6%
  - ✓ 25% up from 2018Q3
- Other – 5%
  - ✓ 134% up from 2018Q3



# 2019 Q3 profitability results

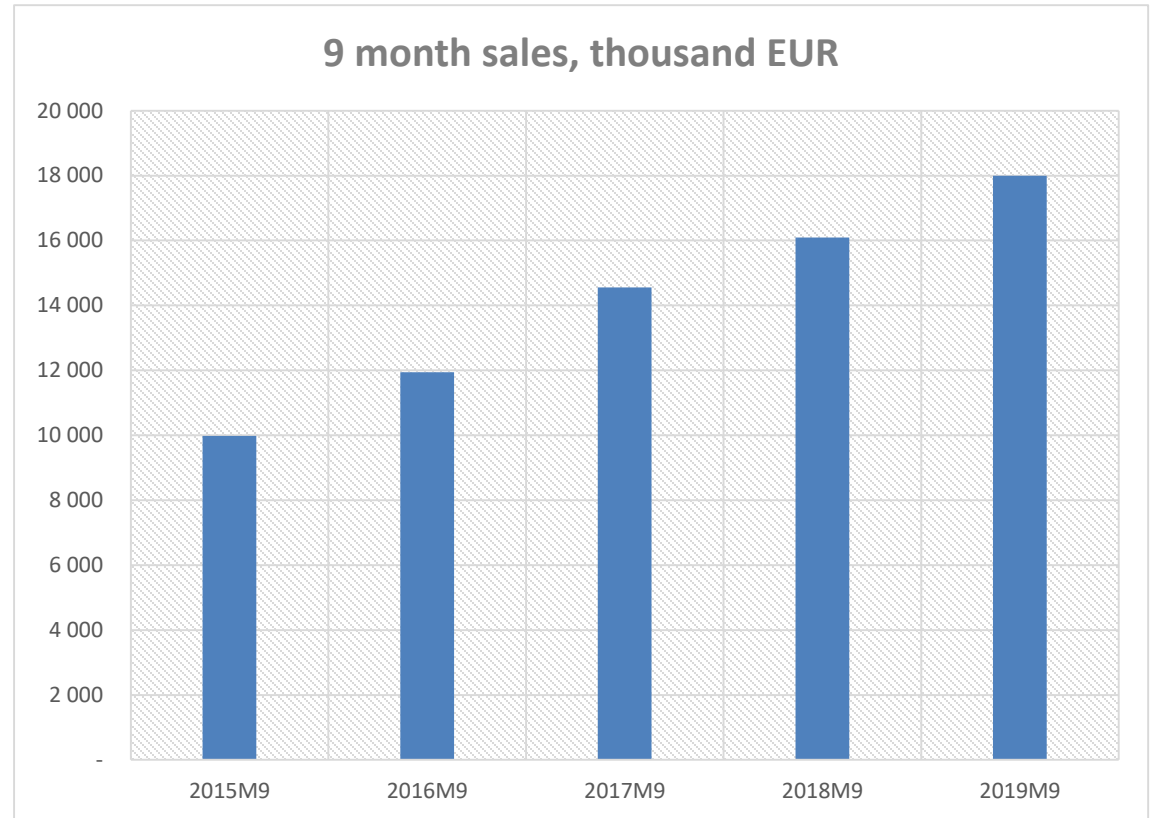
- 2019 Q3 EBITDA result – 0.942 million EUR
  - ✓ 21% up from 2018Q3
- Net loss – 0.028 million EUR
- Q3 EBITDA margin – 15.4%
- Q3 EBITDA profitability influenced by:
  - ✓ Comparably high share of higher margin products
  - ✓ IFRS 16 introduction effect



# 9m results of 2019 in detail

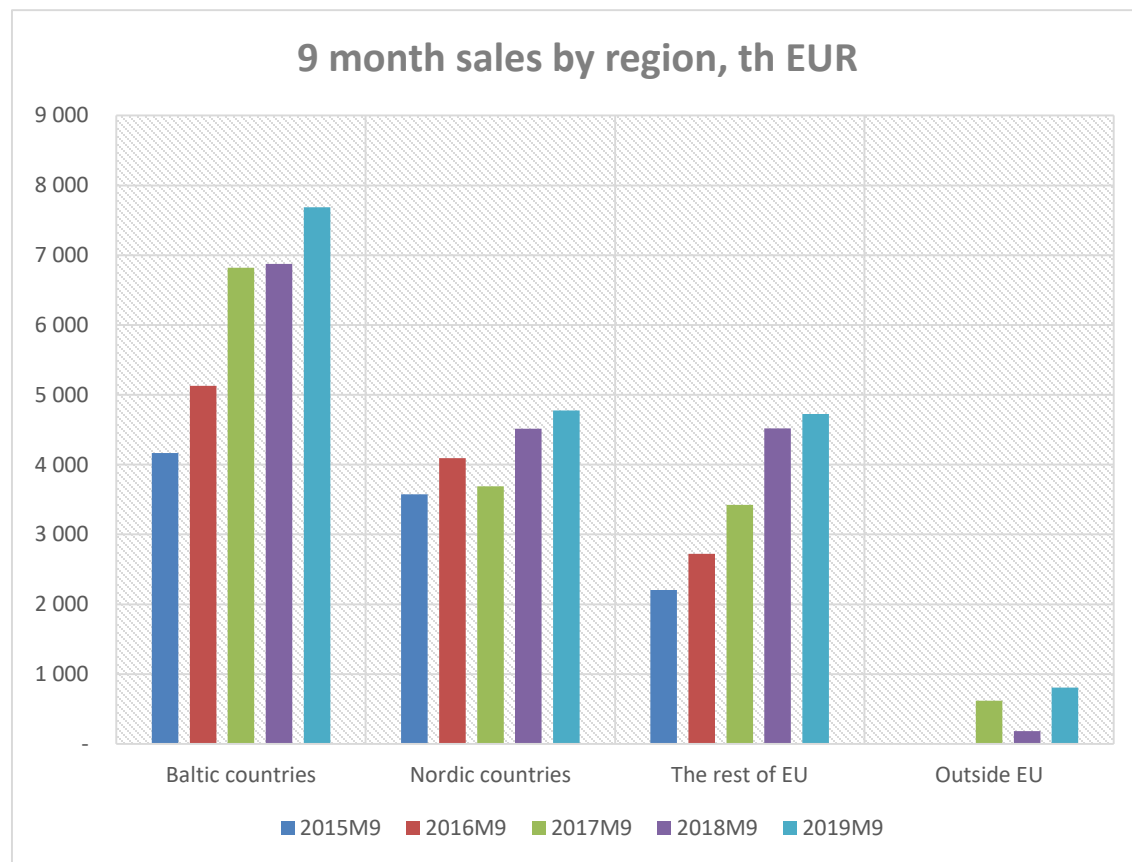
# 2019 9m sales

- Record high 2019 9m sales of 17.999 million EUR
- An increase by 12% in comparison to 2018 9m



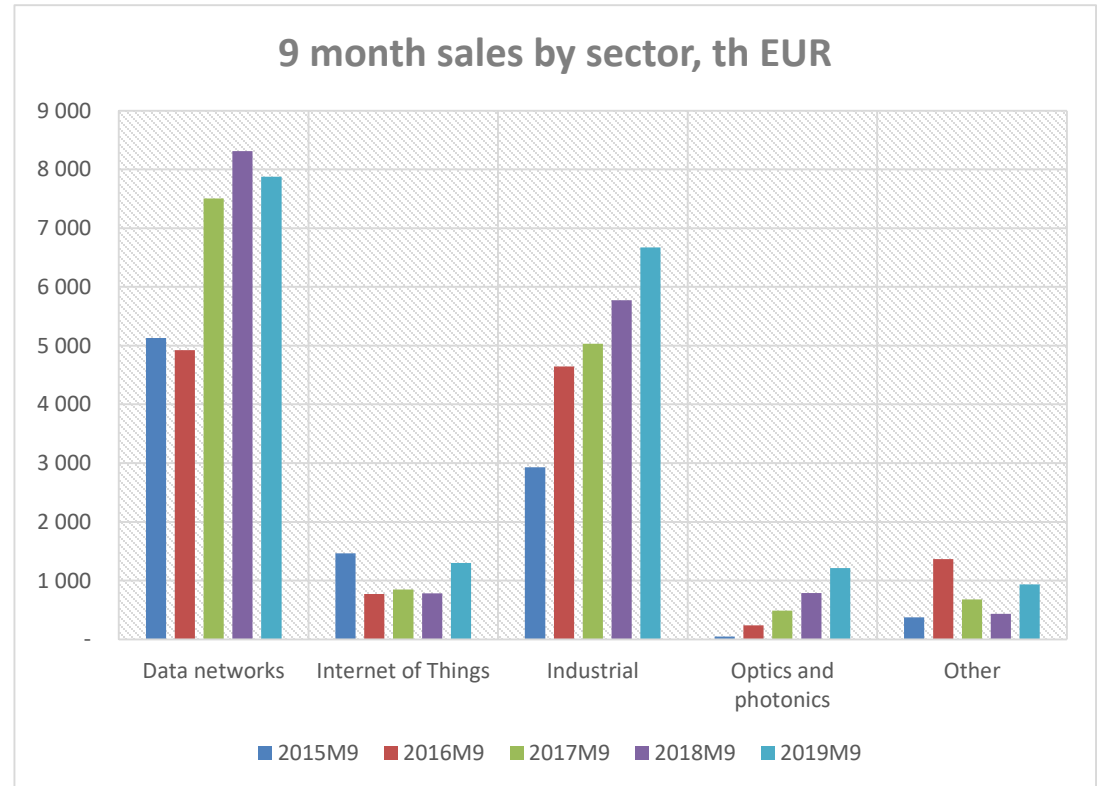
# 2019 9m sales by region

- Baltic sales – 43%
  - ✓ 12% up from 2018 9m
- Nordic sales – 27%
  - ✓ 6% up from 2018 9m
- The rest of EU sales – 26%
  - ✓ 5% up from 2018 9m
- Outside EU – 4%
  - ✓ 344% up from 2018 9m



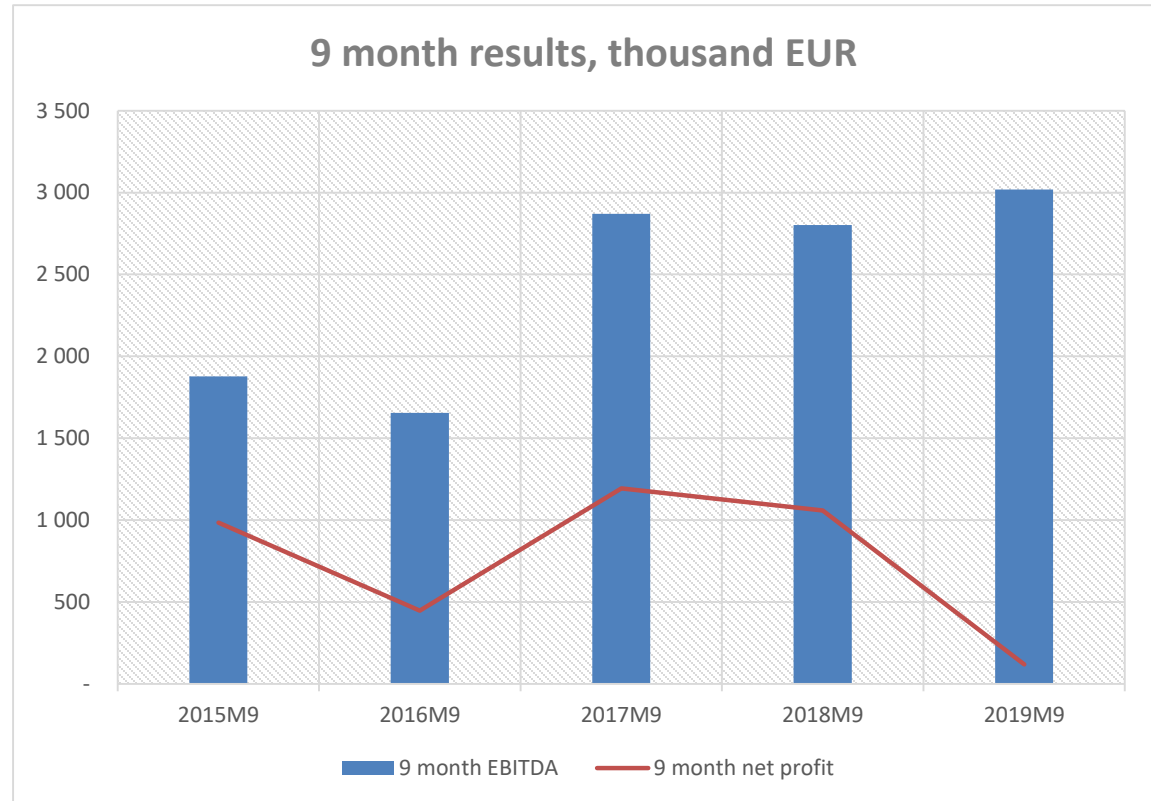
# 2019 9m sales by market sector

- Data network products - 44%  
✓ 5% down from 2018 9m
- Industrial segment – 37%  
✓ 16% up from 2018 9m
- Internet-of-things - 7%  
✓ 67% up from 2018 9m
- Optics and photonics - 7%  
✓ 54% up from 2018 9m
- Other – 5%  
✓ 116% up from 2018 9m



# 2019 9m profitability results

- 2019 9m EBITDA result – 3.018 million EUR
  - ✓ 8% up from 2018 9m
- Net profit result – 0.118 million euros
  - ✓ 89% down from 2018 9m
- 9m EBITDA margin – 16.8%
- 9m net profit margin – 0.7%

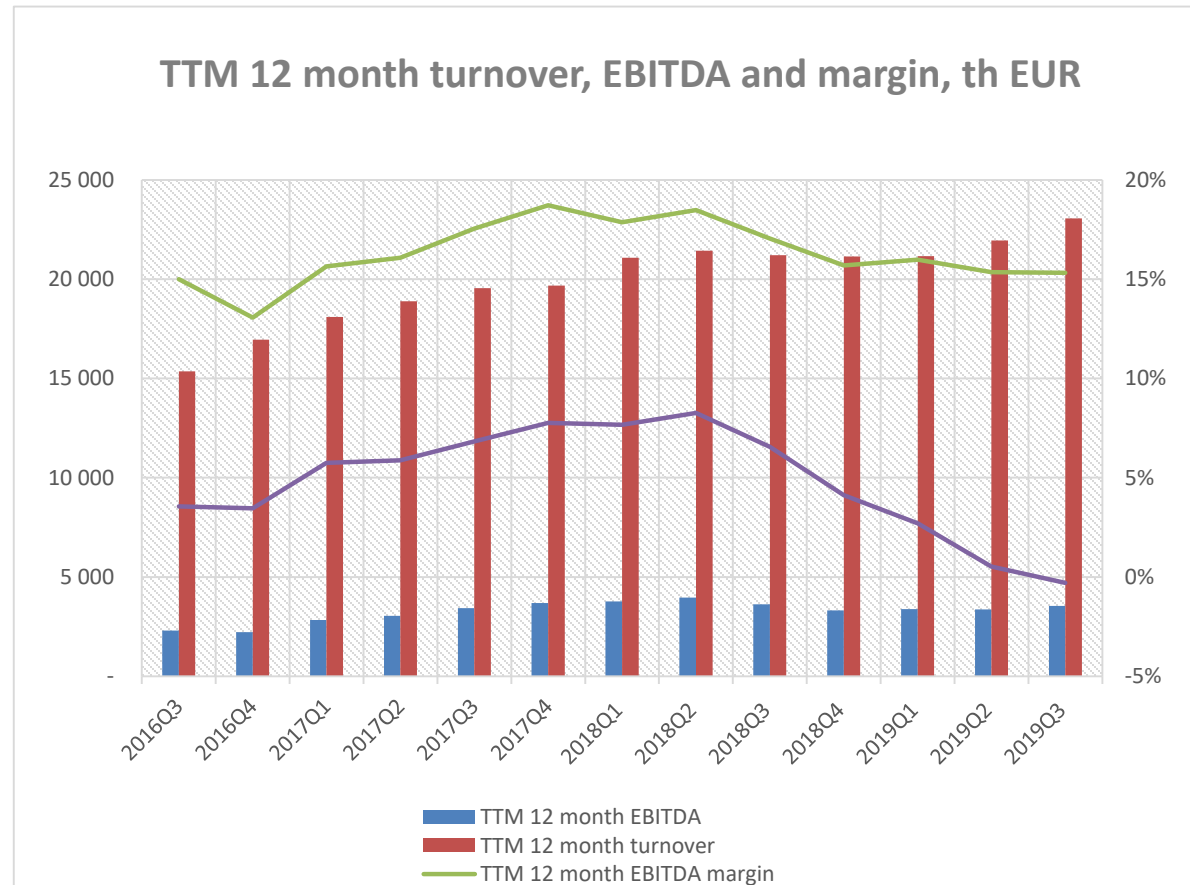


# TTM 12 month results in detail



# TTM 12 month sales and results

- TTM (trailing twelve months) period ending Q3 2019 indicator dynamics compared to TTM period ending Q3 2018:
- TTM turnover 23.061 M EUR – 5.1% up
- TTM EBITDA 3.535 M EUR – 4.9% up
- TTM net profit -0.068 M EUR
- TTM EBITDA margin reported as 15.3%

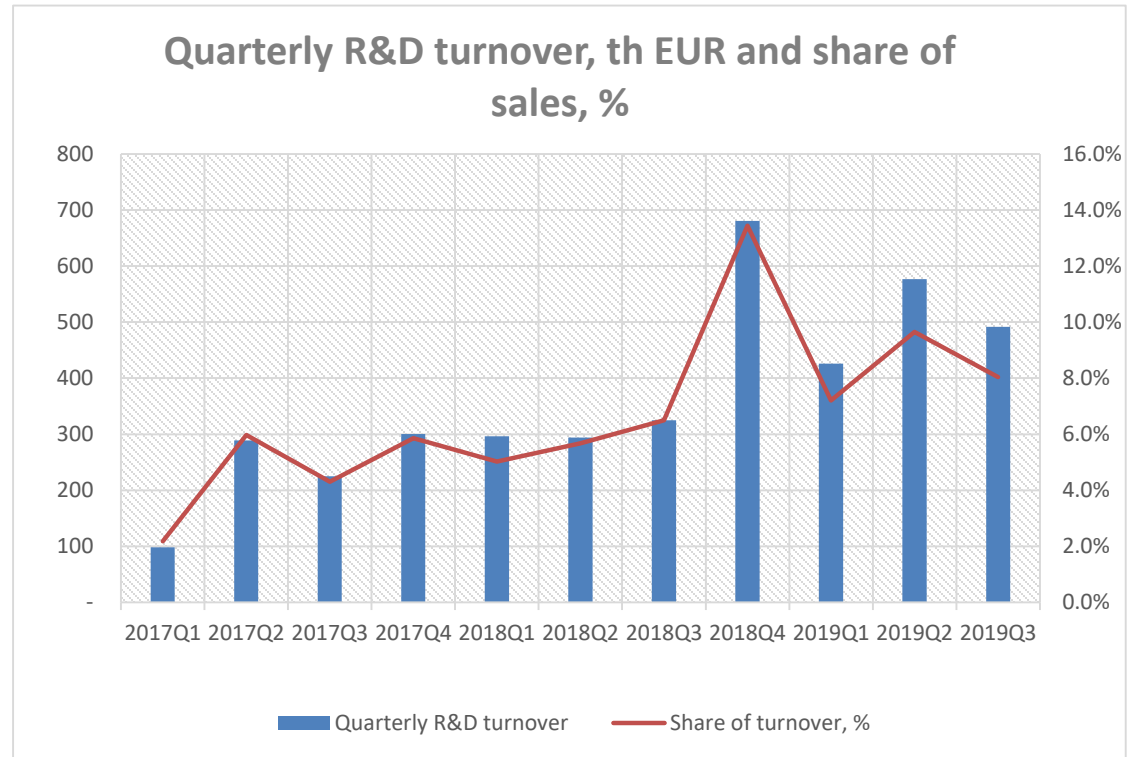


# Update on other activities



# 2019 Q3 R&D turnover

- 2019 Q3 R&D B2B sales reported 0.49 M EUR
- y-o-y 51% growth
- 8% share of Q3 sales
- 2019 9M R&D B2B sales reported 1.49 M EUR
- y-o-y 163% growth
- 8.3% share of 9M sales



# Investments during 2019 Q3 and 9m

- During 2019 Q3 HansaMatrix made 264 thEUR investments in production capacity increase and introduction of a new production technologies.
- In 2019 9m 2315 thEUR were invested.
- Most significant investments in 2019 Q3:
  - Finalized warehouse premise purchase 880 m2 located next to Pārogre plant for 227 th EUR



# Investments in associated companies

- During Q3 2019 HansaMatrix made 811 thEUR (3'139 thEUR in 2019 9m) investments into SIA Lightspace Technologies to finance the development and commercialization of 3D display technologies.
- In Q3 2019 HansaMatrix has increased its capital participation in the SIA Lightspace technologies to 49.86% by paying up (carrying out the convertible loan conversion) newly issued 2730 capital shares of SIA Lightspace technologies in amount of 1 501 500 EUR or 550 EUR per 1 share.
- During Q3 2019 HansaMatrix made 73 th EUR (318 thEUR in 2019 9m) investments in form of convertible loan to associated company – Zinātnes parks.



# Business development of LightSpace Technologies

- During Q3 Two global Tier1 OEMs (biggest names) in AR and VR has chosen to build concept VR/AR prototypes using LightSpace multi focal VR/AR headset photonics technology.
- In August 2019 received and installed vacuum coating line to enable larger size multi plane screen manufacturing.
- Global Tier1 display manufacturer has chosen LightSpace technology to build new generation 3D displays.



# Other events during reporting period

- On August 08 the shareholding of Macro Riga in HansaMatrix has decreased by 15.06% to 34.03% in a transaction where Macro Riga repaid shareholder loan to HansaMatrix with HansaMatrix shares owned by Macro Riga.
- On August 12 ZGI Capital managed fund ZGI-4 has become a 15.06% shareholder of HansaMatrix by purchasing 15.06% HansaMatrix shares from HansaMatrix. As a result of this transaction ZGI-4 has invested EUR 2 million in HansaMatrix to enhance the company's growth and competitiveness.



# Events after reporting period

- On October 29, 2019 extraordinary shareholder meeting of HansaMatrix, elected new Supervisory Council member Ivars Ķirsons, simultaneously Krišs Osmanis left the Supervisory Board position.
- On October 29, 2019 extraordinary shareholder meeting approved remuneration policy of the Board of Directors and the Supervisory Council. The goal of the policy is to establish key remuneration principles facilitating the Company's business strategy, long-term interests and sustainability.
- The Company has decided to change fixed asset depreciation policy with regard to manufacturing equipment to ensure residual values are better matched with fair values of fixed assets. The changes are expected to have a positive impact on the Company's net profit in 2019 of approximately EUR 310 th.





# Q&A Session

We welcome your questions during webinar !

Please use investor contact for any other enquiries:

**Māris Macijevskis, CFO**

Phone: (+371) 6780 0002

e-mail: [invest@hansamatrix.com](mailto:invest@hansamatrix.com)



# Q and A submitted before webinar

1. What is expected annual growth of Group revenues for the next ten years?  
*On May 28, 2019 the Company has updated revenue and margin guidance up to the year 2022, including the following projections:*

*Forecast of consolidated revenue for 2020:*

- *revenue by year 2020: 30 million EUR*
- *EBITDA margin by year 2020: between 12% to 15%*

*Forecast of consolidated revenue for 2022:*

- *revenue by year 2022: 40 million EUR*
- *EBITDA :margin by year 2022 between 12% to 15%*



# Alternative performance measures

The definitions of alternative performance indicators (APIs) used in the webinar presentation can be found on page 33 of the HansaMatrix Unaudited Interim Condensed Consolidated Financial Statements for the 6 month period ended June 30, 2019:

<https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=912311&messageId=1149300>





Thank you!

