

## SELECTED FINANCIAL INFORMATION

Remaining operations	Net sales	EBITA*	Profit/loss for the period	Earnings per ordinary share	Earnings per ordinary share incl. discontinued operations
April to June 2018	SEK 378 million (239)	SEK 44 million (19)	SEK 27 million (6)	SEK 0.78 (0.07)	SEK 0.83 (-0.04)
January to June 2018	SEK 716 million (470)	SEK 78 million (47)	SEK 45 million (26)	SEK 1.21 (0.71)	SEK 2.31 (0.60)
RTM as per 30 June 2018	SEK 1,291 million (921)	SEK 153 million (123)	SEK 114 million (74)	SEK 3.09 (2.83)	SEK 4.08 (2.66)

### SECOND QUARTER

- Net sales increased by 58 percent to SEK 377.8 million (239.3), of which comparable units increased by 13 percent
- EBITA\* increased by 128 percent to SEK 44.1 million (19.3). EBITA\* is the Group's operating profit and corresponds to EBITA before acquisition costs of negative SEK 4.4 million (0.0) and before profit from the revaluation of conditional purchase considerations of SEK 0.0 million (0.0)
- Earnings after tax for the period for remaining operations amounted to SEK 27.4 million (6.1), of which SEK 27.0 million (5.3) was attributable to the Parent Company's shareholders
- The Group's earnings after tax for the period amounted to SEK 29.7 million (2.9), of which SEK 28.7 million (2.4) was attributable to the Parent Company's shareholders
- Earnings per ordinary share for remaining operations, less minority interests and dividends on preference shares, amounted to SEK 0.78 (0.07)
- Earnings per ordinary share for the Group, less minority interests and dividends on preference shares, amounted to SEK 0.83 (negative 0.04)
- During the period, the acquisition of KSS Klimat- & Styrssystem AB was completed
- On 31 May, the divestment of the support operations was completed

### EVENTS AFTER THE REPORTING DATE

- On 2 July, Sdiptech AB acquired all shares in Rogaland Industri Automasjon AS, including 51 percent of the shares in the subsidiary Agder Industri-Automasjon AS

### FIRST HALF OF THE YEAR

- Net sales increased by 52 percent to SEK 715.9 million (469.5), of which comparable units increased by 10 percent
- EBITA\* increased by 65 percent to SEK 78.4 million (47.5). EBITA\* is the Group's operating profit and corresponds to EBITA before acquisition costs of negative SEK 16.3 million (negative 1.4) and before profit from the revaluation of conditional purchase considerations of SEK 0.0 million (0.0)
- Earnings after tax for the period for remaining operations amounted to SEK 44.6 million (25.5), of which SEK 43.6 million (23.8) was attributable to the Parent Company's shareholders
- The Group's earnings after tax for the period amounted to SEK 121.6 million (23.0), of which SEK 76.8 million (21.3) was attributable to the Parent Company's shareholders
- Earnings per ordinary share for remaining operations, less minority interests and dividends on preference shares, amounted to SEK 1.21 (0.71)
- Earnings per ordinary share for the Group, less minority interests and dividends on preference shares, amounted to SEK 2.31 (0.60), which included the proceeds on the divestment of InsiderLog by SEK 25.8 million.
- Cash flow from current remaining operations amounted to SEK 12.1 million (21.5)
- During the first half of the year, five acquisitions were completed: Multitech Site Services Limited, Optyma Security Systems Limited, Aviolinx Communication and Services AB, Centralmontage i Nyköping AB and KSS Klimat- & Styrssystem AB

## KEY FIGURES REMAINING OPERATIONS

(SEK million)	3 months		6 months		12 months	
	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	RTM 30 Jun 2018	Jan-Dec 2017
EBITA* margin %	11.7%	8.0%	11.0%	10.1%	11.9%	11.7%
Net debt/EBITDA, multiple	1.77	2.93	1.77	2.93	1.77	1.37
Net bank debt/EBITDA, multiple	-0.08	0.81	-0.08	0.81	-0.08	-0.25
Return on capital employed	14.3%	12.7%	14.3%	12.7%	14.3%	16.8%
Return on equity	11.7%	16.2%	11.7%	16.2%	11.7%	11.4%
Cash flow generation %	52%	133%	63%	79%	77%	83%

Definitions of key figures are found on page 19.

# COMMENT BY THE CEO

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## DEAR SHAREHOLDERS,

### **Good organic growth and continued profit rise in elevators**

The second quarter represents a strong continuation of the year. The organic growth for the Group's net sales amounted to 10 percent for the first half of the year, and 13 percent for the second quarter. For our elevator operations, the improvement program continues and profitability within elevators is now improving for the second consecutive quarter.

During the first six months, net sales on a rolling 12 month basis increased by 24 percent from SEK 1,045 million (31 december 2017) to SEK 1,291 million (30 June 2018). Operating profit on a rolling 12 month basis grew by 25 percent during the same period from SEK 153 million to SEK 123 million. Hence, operating profit during the second quarter of the year was almost as high as in the first two quarters last year. The Group has strong niche market positions and we see good conditions for continued profit growth in the coming quarters.



## THE QUARTER

The second quarter of the year underscored the positive trend and growth in the Group. During the quarter, the Group's net sales rose by 58 percent to SEK 378 million compared with the preceding year, and organic sales growth for the quarter was 13 percent. EBITA before acquisition costs (EBITA\*) rose by 128 percent to SEK 44 million. In addition to good sales growth, the Group's profitability and profit margin for EBITA\* also improved to 11.7 percent in the quarter, compared with 8.0 percent in the corresponding period last year.

### **Installation**

On the installation side, EBITA\* increased by 96 percent in the second quarter to SEK 18.2 million. The installation side is undergoing a clear improvement in profitability thanks to the ongoing programme of measures for our elevator operations. The measures are proving effective, the positive trend shift from the preceding quarter is holding up and profitability continues to improve. Internationally, the level of activity in new installations remains high, causing continued high staff turnover and increased salary costs. However, demand is strong and our measures are focused on raising prices and we are encountering favourable understanding for this among our customers. In Sweden, where we focus primarily on the renovation market, we are seeing positive signs that demand is strengthening due to pent up renovation needs, since new construction has long been prioritized at the expense of renovation. Naturally, although this is positive, we cannot rule out extending the programme of measures to further strengthen profitability as there is potential for further margin enhancement.

### **Products & Services**

While earnings on the installation side are clearly improving, the Niche Products & Services business area continues to contribute stable profit growth. The subsidiaries in the business area hold strong niche market positions and EBITA\* rose by 62 percent to SEK 28.7 million in the second quarter. Companies that are acquired develop well under Sdipotech's management, and acquired profits are rolled into the Group in accordance with our business model.

## ACQUISITIONS

During and immediately following the end of the second quarter we completed two acquisitions, one in Sweden and one in Norway.

### **Property automation and energy efficiency**

Through KSS Klimat- & Styrsystem AB, we are establishing ourselves in energy efficiency and property automation – an infrastructure segment that we believe offers good long-term potential. Advanced indoor climate control is clearly linked to both energy efficiency and cost reduction, and, in our assessment, demand will increase and remain favourable through periods of both prosperity and recession.

### Water and wastewater treatment

In early July, we acquired Rogaland Industri Automasjon AS, which specializes in automation systems for water and wastewater treatment. Through the acquisition, we are expanding the Sdiptech Group's offering in the water segment to Norway. Sdiptech's solutions play important roles in future infrastructure systems, and the market for decontamination of water, soil and air is expected to increase as stricter environmental regulations are introduced and the focus on environmental issues generally increases.

### Ongoing acquisition processes

Acquisition efforts are continuing unabated and we currently have an intention agreement for an additional acquisition and are in bidding discussions with a couple more companies. There are a number of interesting companies in the pipeline that are focused on infrastructure and it is, as usual, difficult to predict when acquisition processes will be completed, and new companies will join us in the Group.

### PROSPECTS

We continue to see favourable conditions for profit growth during the remaining quarters of the year, partly through the profitability improvement in the elevator operations and partly because other operations continue to progress well and according to plan. We also expect new companies that we have acquired to contribute to our earnings.

### Continued profit rise in elevator operations

We are implementing a programme of measures in the elevator operations and this is clearly enhancing profitability. During the first quarter of the year, after three quarters of declining profits, we were able to state that the lowest point had been passed. The positive trend continues and second quarter earnings were higher than in the corresponding period last year.

### Good sales growth with focus now on continued margin improvement

With us now starting to have profitability in the elevator operations under control, the whole Group is developing well and according to plan. The full-year net sales figures for the past 2.5 years are SEK 750 million (2016), SEK 1,045 million (2017) and SEK 1,291 million (RTM June 2018). If we also take the annual sales of the companies acquired over the past 12 months into account, the Group is approaching more than SEK 1,500 million in sales. The marginal development for the same period is 14.3 percent (2016), 11.7 percent (2017) and 11.9 percent (RTM). There is potential for further margin enhancement and we are actively working to improve this through various improvement measures.

In conclusion, I would like to thank our shareholders for your continued support and give a warm welcome all the new shareholders.



Jakob Holm  
CEO, Sdiptech AB (publ.)

### FUTURE CALENDAR EVENTS

Interim Report July-September 2018:	6 November
Year-end report 2018:	12 February, 2019

# OVERVIEW OF OPERATIONS

## GROUP

The Group is divided into different segments in order to better reflect the operations. The Group's main business areas are divided into: Tailored Installations and Niche Products & Services.

The distribution of the Group's companies between these two areas is based on the commercial nature of the individual operations.

The two business areas are headed by three area managers and reporting within the Group follows the same division.

Group EBITA* (SEK million)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	RTM 30 Jun 2018	Jan-Dec 2017
Tailored Installations	18.2	9.3	25.7	24.9	34.6	33.8
Niche Products & Services	28.7	17.7	60.5	34.9	129.8	104.2
<b>Business areas</b>	<b>46.9</b>	<b>27.0</b>	<b>86.2</b>	<b>59.8</b>	<b>164.4</b>	<b>138.0</b>
Central units	-2.9	-7.8	-7.8	-12.4	-10.9	-15.5
<b>Total, remaining operations</b>	<b>44.1</b>	<b>19.3</b>	<b>78.4</b>	<b>47.5</b>	<b>153.4</b>	<b>122.5</b>
Discontinued operations	3.0	-2.8	69.5	-1.9	64.3	-7.1
<b>Total</b>	<b>47.1</b>	<b>16.4</b>	<b>147.9</b>	<b>45.6</b>	<b>217.8</b>	<b>115.4</b>

## EBITA\*

\*Consists of EBITA before transaction costs for acquisitions, and before revaluations of conditional purchase considerations.

The purpose of EBITA\* is to clarify development in the Group's operating profit. Due to the irregular nature of when acquisition expenses arise and are booked, EBITA\* shows more clearly the underlying operational development of the business. Revaluation of liabilities for conditional purchase considerations is another item that should be excluded to clarify the profit development in the operations. See the tables to the right that show the historical outcome.

Acquisition costs related to a specific acquisition are recorded in full at the time of completion of the acquisition. Accordingly, transaction costs arise as acquisitions are completed, and not as costs are incurred. With transaction costs in a separate account, both the underlying operational trend and acquisition costs can be clarified individually.

## Disposal of Support operations

On 31 May, the Support operations were divested and are therefore reported on a separate line, Discontinued operations. The Support operations were previously included in the segment Central units. For further information regarding the divestment of the Support operations, see Discontinued operations below, and the press release from 13 April 2018.

## Adjustment items for EBITA\*

The costs that are excluded when calculating EBITA\* have historically amounted to the amounts below. Acquisition costs include both external costs and intra-group costs, with the latter being invoiced from companies within the Support operations.

Acquisition costs	Q1	Q2	Q3	Q4	Total
2018	11.9	4.4			16.3
2017	1.4	0.0	0.3	10.2	11.9
2016	0.0	7.7	2.7	6.6	17.0

Adjustment of liability for additional purchase consideration	Q1	Q2	Q3	Q4	Total
2018	0.0	0.0			0.0
2017	0.0	0.0	0.0	78.0	78.0
2016	0.0	0.0	0.0	4.6	4.6

## SEGMENTS

### TAILORED INSTALLATIONS

The companies within Tailored installations provide tailor-made installations for extensively specialized needs in urban infrastructure. The principal geographical market is Northern Europe, and customers include, among others, property owners, construction companies, global elevator companies, major FMCG chains, energy distributors, data centres, airports, hotels and municipalities.

#### The business area's niches are:

- Elevators Stockholm – installation, renovation and service
- Elevators Vienna – installation, renovation and service
- Elevators global – installation
- Cooling
- Safety
- Uninterrupted power supply
- Wastewater treatment
- Electric automation
- Roof maintenance including personal protection

#### Comment:

The business area's sales for the period increased by 48 percent to SEK 219.4 million (148.6). EBITA\* for the period increased by 96 percent to SEK 18.2 million (9.3). The EBITA\* margin for the period increased to 8.3 percent (6.3), mainly due to the elevator operations' recovery to the 2017 level, and good profitability in the acquired companies Centralmontage and Optyma Security System over the year.

#### Elevator companies:

Internationally, there is a continued high level of activity in new installations, where Sdipotech mainly has its global elevator operations. However, there is also a high level of personnel turnover and increased salary costs. Programmes of measures, primarily targeting price increases, are in progress, as well as activities to strengthen the aftermarket offering.

In the Swedish renovation market and aftermarket, we are seeing signs that demand is strengthening due to renovation needs that have built up while capital has been prioritized for new construction and new installation. Customers are now more willing to invest in renovation, and the price pressure that has pervaded the renovation market has abated somewhat. Naturally, although this is positive, we cannot rule out extending the programme of measures to further strengthen profitability as margins still do not meet our expectations.

Tailored Installations (SEK million)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	RTM 30 Jun 2018	Jan-Dec 2017
Net sales	219.4	148.6	418.6	284.4	743.7	609.5
EBITA*	18.2	9.3	25.7	24.9	34.6	33.8
EBITA* margin %	8.3%	6.3%	6.1%	8.8%	4.7%	5.5%

### NICHED PRODUCTS & SERVICES

The companies within Niche Products & Services are product and service companies. The principal geographic markets are the Nordic Region and the UK, as well as export markets. Customers include construction companies, property owners, hospitals, veterinarians, municipalities and energy distributors.

#### The business area's niches are:

- Electrical power monitoring
- Shell completion
- Vibration monitoring (services and measurement systems)
- Gas evacuation
- Water monitoring and district heating monitoring
- Decontamination of liquids, gases and water
- Radio infrastructure

- Temporary infrastructure
- Property automation
- Other (metalworking, prototype manufacturing)

#### Comment:

The business area's sales increased by 74 percent to SEK 158.4 million (90.8). EBITA\* increased by 62 percent to SEK 28.7 million (17.7), based on strong market positions and good demand. During the quarter, the EBITA\* margin decreased to 18.1 percent (19.5). The EBITA\* margin for the quarter decreased compared with RTM, because the segment's operations showed very good profitability in the second half of 2017. A normalization towards the level of the second quarter is expected in 2018. During the second quarter, KSS Klimat- & Styrsystem AB was acquired and joined the business area.

Niche products & Services (SEK million)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	RTM 30 Jun 2018	Jan-Dec 2017
Net sales	158.4	90.8	297.3	185.1	547.9	435.7
EBITA*	28.7	17.7	60.5	34.9	129.8	104.2
EBITA* margin %	18.1%	19.5%	20.3%	18.9%	23.7%	23.9%

## CENTRAL UNITS – GROUP-WIDE FUNCTIONS AND ELIMINATIONS

Central units previously included the Support operations but, after the divestment on 31 May, this part has now been moved to Discontinued operations. Subsequently, Central units consist of the Group's parent company, Sdipotech AB, the Group's holding company, and Group eliminations.

Group-wide functions and eliminations (SEK million)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	RTM 30 Jun 2018	Jan-Dec 2017
Net sales	0.1	0.0	0.0	0.0	-0.2	-0.1
EBITA*	-2.9	-7.8	-7.8	-12.4	-10.9	-15.5

### Comment:

EBITA\* for the period was a negative SEK 2.9 million (negative 7.8). The capital gain from the sale of the support operations affected profit by SEK 2.7 million. There has been a gradual increase in staffing in the Group's parent company over the past year, in order to support continued acquisition-driven growth. The first half of the year includes recruitment costs for management team positions and acquisition teams.

## DISCONTINUED OPERATIONS

The Support operations provides administrative services to the Group as well as to external customers.

### The Support operations mainly supply services within:

- Acquisitions
- Legal advice
- Communication
- Recruitment
- IT

### Comment:

As per 31 May, Sdipotech AB has divested its 60 percent shareholding in S. Professionals AB ("Sprof") and its subsidiaries (together referred to as "the Support operations").

The Support operations' sales for the period up until the divestment amounted to SEK 10.2 million (6.6). EBITA\* for the period up

Discontinued operations (SEK million)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	RTM 30 Jun 2018	Jan-Dec 2017
Net sales	10.2	6.6	15.0	13.6	34.1	32.7
EBITA* excl. sale of InsiderLog	3.0	-2.8	-1.2	-1.9	-6.4	-7.1
Sale of InsiderLog	-	-	70.7	-	70.7	-
EBITA*	3.0	-2.8	69.5	-1.9	64.3	-7.1

until the divestment amounted to SEK 3.0 million (negative 2.8). Income is volatile by nature and a major project was completed in the second quarter, resulting in a positive outcome for the period.

### Acquisition operations

To ensure continuity in Sdipotech's acquisition activities, a cooperation agreement has been entered into between Sdipotech and Sprof, ensuring that efforts to identify, contact and acquire entrepreneurial companies will continue unchanged until the end of 2019. Until that date, Sdipotech will, in parallel, establish an internal function to replace and take over these acquisition activities. Recruitment processes have already been initiated for this purpose.

For further information on the background and grounds for this, refer to the press release from 13 April. As a result of the above decisions, the Support operations are subsequently reported under the heading Discontinued operations.

## INSIDERLOG

The positive capital gain from the sale of InsiderLog in January 2018 amounts to SEK 70.7 million, of which SEK 57.3 million relates to the proceeds received from the divestment and SEK 14.3 million relates to the upward revaluation of the remaining 20 percent shareholding.

Under the agreement in connection with Sdipotech AB's disposal of the Support operations, Sdipotech AB is entitled to 36 percent of the current proceeds of sale for InsiderLog AB, as well as 36 percent of any future proceeds of sale including additional purchase considerations, corresponding to Sdipotech AB's indirect ownership in InsiderLog AB at the time of the transaction with Euronext. Sdipotech AB's financial interest in InsiderLog is therefore not covered by the disposal of the Support operations. The table to the right illustrates the value-related components regarding InsiderLog AB.

<b>Cash payment</b>	<b>57.3</b>
- of which Sdipotech's share	20.6
- of which other shareholders	36.7
	<b>57.3</b>
<b>Remaining share 20 percent</b>	<b>14.3</b>
- of which Sdipotech's share	5.2
- of which other shareholders	9.2
	<b>14.3</b>
<b>Deduction for: Net identifiable assets and liabilities</b>	<b>1.0</b>
<b>Capital gain</b>	<b>70.7</b>
- of which Sdipotech's share	25.4

# COMMENTS ON THE FINANCIAL DEVELOPMENT

Comments on financial development refer to the remaining operations, unless otherwise stated.

## JANUARY – JUNE

### Net sales

Net sales for the Group increased by SEK 246.4 million to SEK 715.9 million (469.5) during the first half of the year. Sales in comparable units, that is, companies included in the Group throughout the period and the entire comparative period, increased by SEK 47.3 million and amounted to SEK 508.4 million (461.1), equivalent to an organic change of 10 percent for the period. Non-comparable units contributed SEK 207.5 million (8.4) to sales for the period.

In the segment Tailored Installations, net sales for the period increased by SEK 134.2 million to SEK 418.6 million (284.4).

In the segment Niched Products & Services, net sales for the period increased by SEK 112.2 million to SEK 297.3 million (185.1).

### Profit/loss

EBITA\* for the first half of the year amounted to SEK 78.4 million (47.5). Total EBITA\* for the Group, including discontinued operations, amounted to SEK 147.9 million (45.6). The change in earnings is primarily attributable to the divestment of InsiderLog.

Within the Technical Installations segment, EBITA\* for the period was SEK 25.7 million (24.9) and the EBITA\* margin decreased to 6.1 percent (8.8). The EBITA\* margin RTM for the period was 4.7 percent. There was a margin decline within the elevator operations, both the local operations in Stockholm and the global operations. The programme of measures launched in the first quarter has begun to have an impact in 2018.

EBITA\* in the Niched Products & Services segment increased to SEK 60.5 million (34.9) and the EBITA margin was 20.3 percent (18.9).

Profit after tax for the first half of the year amounted to SEK 44.6 million (25.5). Profit after tax, including discontinued operations, amounted to SEK 121.6 million (23.0).

## APRIL – JUNE

### Net sales

The Group's net sales for the second quarter amounted to SEK 377.8 million (239.3). Sales in comparable units, that is, companies included in the Group throughout the period and the entire comparative period, increased by SEK 30.0 million and amounted to SEK 260.9 million (230.9), equivalent to an organic change of 13 percent for the period. Non-comparable units contributed SEK 116.9 million (8.4) to sales for the period.

In the segment Tailored Installations, net sales for the period increased by SEK 70.8 million to SEK 219.4 million (148.6).

In the segment Niched Products & Services, net sales for the period increased by SEK 67.6 million to SEK 158.4 million (90.8).

### Profit/loss

EBITA\* during the second quarter amounted to SEK 44.1 million (19.3). Total EBITA\* for the Group, including discontinued operations, amounted to SEK 47.1 million (16.4).

Within the Technical Installations segment, EBITA\* was SEK 18.2 million (9.3) and the EBITA\* margin increased to 8.3 percent (6.3).

EBITA\* in the Niched Products & Services segment increased to SEK 28.7 million (17.7) and the EBITA\* margin was 18.1 percent (19.5).

Profit after tax for the second quarter amounted to SEK 27.4 million (6.1). Profit after tax, including discontinued operations, amounted to SEK 29.7 million (2.9).

### Acquisitions and disposals during the period

On 31 May 2018, Sdiptech AB divested its 60 percent shareholding in S. Professionals AB ("Sprof") and its subsidiaries (together referred to as "the Support operations").

On 31 May 2018, Sdiptech acquired all of the shares in KSS Klimat- & Styrsystem AB. KSS Klimat- & Styrsystem (KSS) designs, programs, installs and operates control and monitoring systems for property automation, focusing on indoor and outdoor climate control and ventilation. In addition to these new installations, KSS also performs service and system adaptations to existing installations. Over the past broken financial year, net sales amounted to approximately SEK 88 million and operating profit to approximately SEK 12 million.

## FINANCIAL POSITION JANUARY–JUNE

In the second quarter, cash flow from current operations amounted to SEK 12.1 million (21.5). Paid taxes for the year in relation to profit after net interest income were higher than the applicable tax rate after a higher final tax payment during the second quarter of 2018. In the first six months, paid taxes were high in relation to profit for the period as the final tax payment for the preceding year is made during the first quarter. To a certain extent, seasonal effects impact changes in working capital negatively in the first quarter.

Cash flow from investing activities was negative in the amount of SEK 196.4 million (82.3). The cash flow effect of completed acquisitions (see also Note 5) amounted to a negative SEK 180.3 million (69.2) for the period, of which SEK 178.0 million relates to the year's acquisitions and SEK 2.3 million to payment on acquisitions from previous years. Investments in tangible non-current assets amounted to negative SEK 11.1 million (12.6).

Cash flow from financing activities amounted to SEK 73.9 million (423.5). Loans raised amounted to SEK 120.9 million (38.0), most of which are related to acquisitions during the period. Loans were amortized by a negative of SEK 41.9 million (82.6). Dividends on preference shares amounted to a negative of SEK 7.0 million (7.4) and dividends to non-controlling interests amounted to a negative of SEK 0.4 million (1.2).

Interest-bearing liabilities including additional purchase considerations and financial leasing amounted to SEK 853.6 million (619.8). The two largest items within interest-bearing liabilities amounted to SEK 316.6 million (309.6) in liabilities to credit institutions, and SEK 502.6 million (282.4) in deferred payments of purchase considerations for acquisitions. These conditional purchase considerations are classified as interest-bearing as they are presented at net present value, but they do not give rise to any actual interest payments that are charged to the Group's cash flow until final settlement. However, a discounted interest rate is booked as a financial expense for the period. The Group's Financial expenses includes this interest rate by a negative of SEK 3.2 million (5.5) in the first six months of 2018.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents in continuing operations, amounted to SEK 636.1 million (132.4).

Net bank debt, in accordance with the calculation method above but only for liabilities to credit institutions, amounted to SEK 98.7 million (negative 179.0).

The key figures Net debt/EBITDA, which is calculated on a twelve-month basis, amounted to 1.77 (2.93). The key figure Net bank debt/EBITDA was a negative 0.08 (positive 0.81).

### Employees

At the end of the quarter, there were 987 employees (823). Companies acquired in 2018 contributed 232 new employees.

### Sdipotech AB

Bengt Lejdström stepped in as the new CFO of Sdipotech AB in early August 2018, joining the Company from Lagercrantz Group. Bengt is now a member of the Company's management team, succeeding the former CFO who left the Company in June 2018.

Anders Mattson stepped in as President for Sdipotech AB in the end of August 2018 and is a member of the Company's management team. Anders Mattson joins Sdipotech from Munters. As Sdipotech increases the number of subsidiaries, the Group is, with the recruitment of Anders, expanding the number of operations managers to a total of three.

### Risks and uncertainty factors

Through its operations, the Group and the Parent Company are exposed to various types of financial risks, mainly related to loans and receivables. The financial risks consist of interest rate risk, credit and financing risk. See note 15 from the 2017 Annual Report for further detailed information.

### Related-party transactions

Related-party transactions occur mainly with the majority-owned company Serendipity Group and Serendipity Ixora, which share the same principal owners regarding rent of premises.

### Events after the reporting date

On 2 July 2018, Sdipotech AB acquired all shares in Rogaland Industri Automasjon AS, including 51 percent of the shares in the subsidiary Agder Industri-Automasjon AS (together referred to as "RIA"). RIA was founded in 1990 and specializes in automation systems for water and wastewater treatment and extends the Sdipotech Group's offering in the water segment. RIA's operations consist of developing and installing customized control and regulator systems for water and wastewater treatment plants, with customers operating predominantly in the local government and industrial sectors. The Company generates annual sales of approximately NOK 40 million, with an operating profit of approximately NOK 7 million.

# CONSOLIDATED INCOME STATEMENT

(SEK million)	Note	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales		377.8	239.3	715.9	469.5	1,045.1
Other operating income		8.9	0.9	13.5	2.7	85.1
<b>Total income</b>		<b>386.7</b>	<b>240.2</b>	<b>729.4</b>	<b>472.2</b>	<b>1,130.2</b>
<b>Operating expenses</b>						
Direct expenses		-168.1	-101.6	-319.2	-202.2	-466.3
Other external expenses		-46.5	-31.0	-94.5	-55.9	-122.6
Employee expenses		-126.8	-84.8	-242.7	-161.7	-338.0
Depreciation and amortization of tangible non-current assets		-5.5	-3.5	-10.9	-6.3	-14.7
Depreciation and amortization of intangible non-current assets		-0.3	-0.1	-0.5	-0.1	-33.0
<b>Operating profit</b>		<b>39.5</b>	<b>19.2</b>	<b>61.6</b>	<b>46.0</b>	<b>155.6</b>
<b>Profit/loss from financial items</b>						
Financial income		0.1	0.8	5.1	1.2	1.3
Financial expenses		-5.1	-9.1	-8.8	-11.5	-37.4
<b>Profit/loss after financial items</b>		<b>34.5</b>	<b>10.8</b>	<b>57.9</b>	<b>35.6</b>	<b>119.4</b>
Tax on profit for the period		-7.1	-4.8	-13.3	-10.1	-24.6
<b>Profit/loss for the period from remaining operations</b>		<b>27.4</b>	<b>6.1</b>	<b>44.6</b>	<b>25.5</b>	<b>94.9</b>
<b>Discontinued operations:</b>						
Profit/loss for the period from discontinued operations		2.3	-3.1	77.0	-2.5	-1.7
<b>Profit/loss for the period</b>		<b>29.7</b>	<b>2.9</b>	<b>121.6</b>	<b>23.0</b>	<b>93.2</b>
<b>Profit/loss attributable to remaining operations:</b>						
Parent Company's shareholders		27.0	5.3	43.6	23.8	91.3
Non-controlling interests		0.4	0.8	1.0	1.8	3.6
<b>Profit/loss attributable to discontinued operations:</b>						
Parent Company's shareholders		1.7	-2.8	33.2	-2.5	-4.2
Non-controlling interests		0.7	-0.3	43.8	0.0	2.5
Earnings per share for remaining operations before and after dilution, based on earnings attributable to the Parent Company's shareholders during the year (expressed in SEK per share)		0.78	0.07	1.21	0.71	2.93
Earnings per share including discontinued operations before and after dilution, based on earnings attributable to Parent Company's shareholders during the year (expressed in SEK per share)		0.83	-0.04	2.31	0.60	2.70
<b>EBITA*</b>		<b>44.1</b>	<b>19.3</b>	<b>78.4</b>	<b>47.5</b>	<b>122.5</b>
Number of ordinary shares at end of period (Million)		30.3	30.3	30.3	30.3	30.3
Average number of ordinary shares (Million)		30.3	26.2	30.3	23.8	27.0

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Profit/loss for the period	29.7	2.9	121.6	23.0	93.2
Other comprehensive income for the period					
Components that will be reclassified to profit/loss in the period					
Changes in accumulated translation differences	1.0	-0.2	8.7	-0.1	0.3
<b>Total components that will be reclassified to profit/loss in the period</b>	<b>1.0</b>	<b>-0.2</b>	<b>8.7</b>	<b>-0.1</b>	<b>0.3</b>
<b>Comprehensive income for the period</b>	<b>30.7</b>	<b>2.7</b>	<b>130.3</b>	<b>22.9</b>	<b>93.5</b>
<b>Attributable to:</b>					
Parent Company's shareholders	29.6	2.2	85.5	21.2	87.4
Non-controlling interests	1.0	0.5	44.8	1.7	6.1
<b>Total comprehensive income attributable to Parent Company's shareholders has arisen from</b>					
- Remaining operations	28.0	5.0	52.3	23.7	91.6
- Discontinued operations	1.7	-2.8	33.2	-2.5	-4.2

# CONSOLIDATED BALANCE SHEET

(SEK million)	Note	2018 30 Jun	2017 30 Jun	2017 31 Dec
<b>Non-current assets</b>				
<i>Intangible non-current assets</i>				
Goodwill	3	1,389.1	912.5	1,055.1
Other intangible assets		16.3	0.4	13.3
<i>Tangible non-current assets</i>				
Tangible non-current assets		97.9	64.0	80.8
<i>Financial non-current assets</i>				
Other financial non-current assets		13.4	4.0	1.8
<b>Total non-current assets</b>		<b>1,516.8</b>	<b>981.0</b>	<b>1,151.0</b>
<b>Current assets</b>				
Completed products and goods for resale		90.6	48.1	63.2
Accounts receivable		259.8	169.1	216.9
Other receivables		55.7	15.0	15.6
Current tax assets		27.5	13.3	13.2
Prepaid expenses and accrued income		60.3	41.6	40.4
Cash and cash equivalents		217.5	488.6	330.0
<b>Total current assets</b>		<b>711.4</b>	<b>775.7</b>	<b>679.3</b>
<b>Total assets</b>		<b>2,228.2</b>	<b>1,756.7</b>	<b>1,830.4</b>
<b>Shareholders' equity</b>				
<b>Shareholders' equity attributable to Parent Company's shareholders</b>				
Capital		0.8	0.8	0.8
Other contributed capital		714.6	715.7	712.6
Reserves		9.5	0.4	0.8
Profit/loss brought forward including earnings for the period		328.7	200.4	259.0
<b>Total equity attributable to Parent Company's shareholders</b>		<b>1,053.6</b>	<b>917.3</b>	<b>973.2</b>
Non-controlling interests		28.6	34.4	33.2
<b>Total shareholders' equity</b>		<b>1,082.2</b>	<b>951.8</b>	<b>1,006.4</b>
<b>Liabilities</b>				
Interest-bearing long-term liabilities	4	689.1	520.3	448.2
Non-interest bearing long-term liabilities		15.4	10.6	10.9
Interest-bearing short-term liabilities	4	164.6	99.5	135.7
Non-interest-bearing short-term liabilities		277.0	174.5	229.2
<b>Total liabilities</b>		<b>1,146.0</b>	<b>804.9</b>	<b>824.0</b>
<b>Total equity and liabilities</b>		<b>2,228.2</b>	<b>1,756.7</b>	<b>1,830.4</b>

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(SEK million)	Shareholders' equity attributable to Parent Company shareholders					Non-controlling interests	Total Shareholders' equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total		
<b>Opening balance, 1 January 2017</b>	0.6	240.4	0.5	186.1	427.6	33.1	460.7
Comprehensive income for the period	-	-	-	21.3	21.3	1.7	23.0
Other comprehensive income for the period	-	-	-0.1	-	-0.1	-	-0.1
<b>Comprehensive income for the period</b>	-	-	-0.1	21.3	21.2	1.7	22.9
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Dividend paid to non-controlling interests	-	-	-	-	-	-0.4	-0.4
Share issue ordinary shares Series B	0.2	499.8	-	-	500.0	-	500.0
Share issue expenses	-	-24.5	-	-	-24.5	-	-24.5
<b>Closing balance, 30 June 2017</b>	0.8	715.7	0.4	200.4	917.3	34.4	951.8
<b>Opening balance, 1 July 2017</b>	0.8	715.7	0.4	200.4	917.3	34.4	951.8
Comprehensive income for the period	-	-	-	65.8	65.8	4.4	70.2
Other comprehensive income for the period	-	-	0.4	-	0.4	-	0.4
<b>Comprehensive income for the period</b>	-	-	0.4	65.8	66.2	4.4	70.6
Change in non-controlling interests	-	-	-	-0.3	-0.3	0.3	-
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Dividend paid to non-controlling interests	-	-	-	-	-	-5.9	-5.9
Share issue expenses	-	-3.1	-	-	-3.1	-	-3.1
<b>Closing balance, 31 December 2017</b>	0.8	712.6	0.8	259.0	973.2	33.2	1,006.4
<b>Opening balance, 1 January 2018</b>	0.8	712.6	0.8	259.0	973.2	33.2	1,006.4
Comprehensive income for the period	-	-	-	76.8	76.8	44.8	121.6
Other comprehensive income for the period	-	-	8.7	-	8.7	-	8.7
<b>Comprehensive income for the period</b>	-	-	8.7	76.8	85.5	44.8	130.3
Change in non-controlling interests	-	-	-	-0.1	-0.1	-0.1	-0.2
Option premiums	-	1.9	-	-	1.9	-	1.9
Sales of subsidiaries	-	-	-	-	-	-49.2	-49.2
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Dividend paid to non-controlling interests	-	-	-	-	-	-0.1	-0.1
<b>Closing balance, 30 June 2018</b>	0.8	714.6	9.5	328.7	1,053.6	28.6	1,082.2

# CONSOLIDATED CASH FLOW ANALYSIS

(SEK million)	Note	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
<b>Continuing operations</b>				
Earnings after financial items		57.9	33.7	120.1
Adjustment for items not included in cash flow		5.1	13.6	-8.4
Paid taxes		-40.7	-28.0	-41.3
<b>Cash flow from continuing operations before change in working capital</b>		<b>22.3</b>	<b>19.3</b>	<b>70.4</b>
Cash flow from change in working capital				
Increase(-)/decrease(+) in operating receivables		-30.4	5.1	-17.0
Increase(+)/decrease(-) in operating liabilities		20.2	-2.9	16.4
<b>Cash flow from current operations</b>		<b>12.1</b>	<b>21.5</b>	<b>69.8</b>
<b>Investing activities</b>				
Acquisitions of subsidiaries		-180.3	-69.2	-160.8
Acquisitions of intangible non-current assets		-6.0	-	-9.9
Acquisitions of tangible non-current assets		-11.1	-12.6	-21.2
Investments in financial non-current assets		-	-0.5	-
Disposal of non-current financial assets		1.0	-	1.0
<b>Cash flow from investing activities</b>		<b>-196.4</b>	<b>-82.3</b>	<b>-190.9</b>
<b>Financing activities</b>				
New share issue		-	475.5	472.4
Option premiums		1.9	-	-
Loans raised		120.9	38.0	37.0
Amortization of loans		-41.9	-82.6	-163.8
Dividends paid		-7.0	-7.4	-20.3
<b>Cash flow from financing activities</b>		<b>73.9</b>	<b>423.5</b>	<b>325.3</b>
<b>Cash flow for the period from remaining operations</b>		<b>-110.4</b>	<b>362.7</b>	<b>204.2</b>
<b>Cash flow for the period from discontinued operations</b>				
Cash and cash equivalents at beginning of year		330.0	125.6	125.6
Exchange rate difference in cash and cash equivalents		2.3	0.3	0.2
<b>Cash and cash equivalents at end of period from remaining operations</b>		<b>217.5</b>	<b>488.6</b>	<b>330.0</b>

# PARENT COMPANY INCOME STATEMENT

(SEK million)	Note	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales		0.8	0.0	1.7	0.0	2.8
Other operating income		0.5	-	1.4	1.5	3.0
<b>Total income</b>		<b>1.3</b>	<b>0.0</b>	<b>3.1</b>	<b>1.5</b>	<b>5.8</b>
<b>Operating expenses</b>						
Other external expenses		-3.3	-3.8	-6.1	-6.8	-11.8
Employee expenses		-3.5	-2.5	-7.4	-4.4	-9.3
Depreciation of tangible and intangible non-current assets		0.0	-0.1	-0.1	-0.1	-0.2
<b>Operating profit</b>		<b>-5.6</b>	<b>-6.4</b>	<b>-10.5</b>	<b>-9.8</b>	<b>-15.6</b>
<b>Profit/loss from financial items</b>						
Financial income		74.4	12.2	91.8	13.6	18.2
Financial expenses		0.0	-0.4	-6.9	-0.6	-0.9
<b>Profit/loss after financial items</b>		<b>68.7</b>	<b>5.4</b>	<b>74.4</b>	<b>3.2</b>	<b>1.8</b>
Group contributions received		-	-	-	-	20.5
Tax on profit for the period		-	-	-	-	-
<b>Profit/loss for the period</b>		<b>68.7</b>	<b>5.4</b>	<b>74.4</b>	<b>3.2</b>	<b>22.2</b>

Profit/loss for the period complies with total comprehensive income for the period.

# PARENT COMPANY BALANCE SHEET

(SEK million)	2018 30 Jun	2017 30 Jun	2017 31 Dec
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>			
Other intangible non-current assets	0.1	0.3	0.2
<i>Tangible non-current assets</i>			
Tangible non-current assets	-	0.0	-
<i>Financial non-current assets</i>			
Financial non-current assets	406.3	282.1	336.4
Receivables, Group companies	407.5	130.4	258.0
<b>Total non-current assets</b>	<b>813.9</b>	<b>412.8</b>	<b>594.7</b>
<b>Current assets</b>			
Receivables, Group companies	104.3	22.9	33.1
Accounts receivable	0.7	0.1	0.1
Other receivables	13.8	1.3	1.9
Current tax assets	-	0.1	-
Prepaid expenses and accrued income	6.5	4.2	14.2
Cash and cash equivalents	27.4	369.6	181.6
<b>Total current assets</b>	<b>152.8</b>	<b>398.2</b>	<b>230.9</b>
<b>Total assets</b>	<b>966.6</b>	<b>811.0</b>	<b>825.6</b>
<b>Shareholders' equity</b>			
Liabilities	0.8	0.8	0.8
Share premium reserve	714.5	715.7	712.6
Retained earnings including profit/loss for the period	166.7	87.3	99.3
<b>Total shareholders' equity</b>	<b>882.0</b>	<b>803.8</b>	<b>812.7</b>
<b>Liabilities</b>			
Long-term liabilities to Group companies	69.7	-	-
Short-term liabilities to Group companies	11.1	0.2	7.8
Short-term liabilities	3.8	7.0	5.1
<b>Total liabilities</b>	<b>84.6</b>	<b>7.2</b>	<b>12.9</b>
<b>Total equity and liabilities</b>	<b>966.6</b>	<b>811.0</b>	<b>825.6</b>

# NOTES

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## **ACCOUNTING PRINCIPLES IN ACCORDANCE WITH IFRS**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (EU).

The Parent Company's Interim Report has been prepared in accordance with the Annual Accounts Act, which is in accordance with the provisions of RFR2 Accounting for Legal Entities.

The same accounting principles and calculation base have been applied to Group and Parent Company, as in the preparation of the most recent Annual Report, except for the segment reporting. For further information, see Note 2.

This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Annual Accounts Act.

## **NOTE 1 IMPORTANT ESTIMATES AND EVALUATIONS ON APPLICATION OF THE GROUP'S ACCOUNTING PRINCIPLES**

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions.

### **Calculation of fair value**

Estimates of fair value in operations primarily affect the Group's goodwill, liabilities related to deferred payments on acquisitions and the Parent Company's shareholdings in subsidiaries.

In the case of business combinations, components of the purchase consideration are usually linked to the acquired company's financial results for a period of time after the acquisition. The book value of liabilities to sellers in the form of contingent considerations will be affected both positively and negatively as a result of assessments of each company's financial results for the remaining term period.

## **NOTE 2 SEGMENT REPORTING**

### **Tailored Installations**

The companies within Tailored installations provide tailor-made installations for extensively specialized needs in urban infrastructure. The principal geographical market is Northern Europe, and customers include, among others, property owners, construction companies, global elevator companies, major FMCG chains, energy distributors, data centres, airports, hotels and municipalities.

### **Niched Products & Services**

The companies within Niched Products & Services are product and service companies. The principal geographic markets are the Nordic Region and the UK, as well as export markets. Customers comprise construction companies, property owners, hospitals, municipalities and energy distributors.

### **Central units – Group-wide functions and eliminations**

Group-wide functions and eliminations consist of the Group's Parent Company, Sdiptech AB, the Group's holding company, as well as Group eliminations, which include revaluations of liabilities relating to additional purchase considerations.

### **Discontinued operations**

Discontinued operations relate to the Support operations that provide administrative services to the Group as well as to external customers. Sdiptech's Board of Directors resolved on 14 February 2018 to divest the Support operations and this was approved by the Annual General Meeting of 14 May 2018.

## Group Segment Information

Group Net sales (SEK million)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Tailored Installations	219.4	148.6	418.6	284.4	609.5
Niched Products & Services	158.4	90.8	297.3	185.1	435.7
Central units	0.1	0.0	0.0	0.0	-0.1
Discontinued operations	10.2	6.6	15.0	13.6	32.7
<b>Total</b>	<b>388.1</b>	<b>246.0</b>	<b>730.9</b>	<b>483.1</b>	<b>1,077.8</b>

  

Group Operating Profit (SEK million)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017*
Tailored Installations	18.2	9.3	25.6	24.9	33.7
Niched Products & Services	28.5	17.7	60.1	34.9	103.5
Central units	-7.2	-7.8	-24.1	-13.8	18.3
Discontinued operations**	3.0	-2.8	77.7	-1.9	0.8
<b>Total</b>	<b>42.5</b>	<b>16.4</b>	<b>139.3</b>	<b>44.0</b>	<b>156.3</b>

\*Depreciation of goodwill has reduced the operating profit by SEK 32 million, for more information see Note 3.

\*\*SEK 70.7 million of the operating profit for the half-year relates to capital gains from the sale of InsiderLog. Sdipotech retains its financial interest in InsiderLog through an agreement, even after the divestment of the discontinued operations, both in regards of the purchase consideration received and future purchase consideration for remaining holdings in InsiderLog.

## NOTE 3 GOODWILL

	(SEK million)
<b>Carrying amount, 30 June 2017</b>	<b>912.5</b>
Acquisitions Jul 2017 – Jun 2018	500.6
Adjustment acquisition analyses	-6.6
Depreciations	-32.4
Discontinued operations	-0.6
Currency translation effects	15.6
<b>Carrying amount, 30 June 2018</b>	<b>1,389.1</b>

In comparison with 30 June 2017, goodwill increased by a total of SEK 476.6 million and amounted to SEK 1,389.1 million as at 30 June 2018. Between July 2017 and July 2018, nine business acquisitions were carried out, which together increased goodwill by SEK 500.6 million.

In the fourth quarter of 2017, goodwill was tested for impairment and the preliminary acquisition analyses for the year's acquisitions were adjusted. Impairment requirements of SEK 32.4 million were identified for previous acquisitions and preliminary acquisitions analyses were adjustment up by SEK 6.6 million.

The discontinued operations contributed a negative of SEK 0.6 million, and the remaining change of SEK 15.6 million relates to currency effects.

## NOTE 4 INTEREST-BEARING LIABILITIES

(SEK million)	2018 30 Jun	2017 30 Jun	2017 31 Dec
Liabilities to credit institutions	236.4	240.3	169.7
Accrued borrowing costs	-3.5	-3.9	-2.5
Financial leasing	13.3	14.2	20.3
Conditional purchase considerations	441.7	268.3	259.6
Other non-current liabilities	1.3	1.4	1.1
<b>Total current interest-bearing liabilities</b>	<b>689.1</b>	<b>520.3</b>	<b>448.2</b>
Liabilities to credit institutions	83.4	73.1	62.6
Financial leasing	18.8	11.9	10.6
Conditional purchase considerations	60.9	14.1	60.9
Other current liabilities	1.5	0.3	1.5
<b>Total current interest-bearing liabilities</b>	<b>164.6</b>	<b>99.5</b>	<b>135.7</b>

Conditional purchase considerations	(SEK million)
<b>Carrying amount, 30 June 2017</b>	<b>282.4</b>
Additional for acquisitions Jul–Dec 2017	105.5
Paid purchase considerations	-8.0
Interest expenses (discount effect due to changed discount rate)	13.2
Interest expenses (discount effect due to present value calculation)	5.4
Revaluation through operating profit	-78.0
Currency translation effects	0.0
<b>Carrying amount, 31 December 2017</b>	<b>320.5</b>
Additional for acquisitions Jan–Jun 2018	175.9
Paid purchase considerations	-1.7
Interest expenses (discount effect due to present value calculation)	3.2
Currency translation effects	4.6
<b>Carrying amount, 30 June 2018</b>	<b>502.6</b>

Conditional purchase considerations relate to different types of covenants to the seller that are linked to terms based on the acquired company's profit for a specified period after the acquisition. Liabilities are reported at present value of expected outflows.

## NOTE 5 BUSINESS ACQUISITIONS

### Acquisition analyses 2018

	Centralmontage i Nyköping AB	Aviolinx Communication and Services AB	Optyma Security Systems Limited	Multitech Site Services Limited	KSS Klimat- & Styrssystem AB
<b>Acquired assets</b>					
Tangible non-current assets	0.2	0.6	4.3	7.5	1.4
Other non-current assets	-	-	-	-	11.6
Accounts receivable	4.4	2.3	12.9	31.8	10.0
Inventories and work in progress	1.6	-	1.1	2.3	-
Cash and cash equivalents	3.0	0.6	9.7	23.3	43.1
Other current assets	0.0	11.7	0.1	-	3.2
Deferred tax liability	-0.2	-0.6	-0.5	-1.1	-1.4
Other long-term liabilities	-	-	-	-	-
Current tax liability	-0.4	-	-	-6.5	-9.0
Other current liabilities	-6.1	-4.7	-6.6	-12.3	-20.4
<b>Net identifiable assets and liabilities</b>	<b>2.3</b>	<b>9.8</b>	<b>21.1</b>	<b>45.1</b>	<b>38.5</b>
Consolidated goodwill	25.4	29.8	43.2	105.9	112.5
<b>Transferred remuneration</b>	<b>27.7</b>	<b>39.6</b>	<b>64.3</b>	<b>151.1</b>	<b>151.0</b>
<b>Transferred remuneration</b>					
Cash and cash equivalents	12.3	27.6	54.8	101.2	61.8
Conditional purchase considerations	15.4	12.0	9.5	49.9	89.2
<b>Total transferred remuneration</b>	<b>27.7</b>	<b>39.6</b>	<b>64.3</b>	<b>151.1</b>	<b>151.0</b>
<b>Liquidity impact on the Group</b>					
Acquired cash and cash equivalents	3.0	0.6	9.7	23.3	43.1
Transferred remuneration	-12.3	-27.6	-54.8	-101.2	-61.8
<b>Total liquidity impact</b>	<b>-9.3</b>	<b>-27.1</b>	<b>-45.1</b>	<b>-77.8</b>	<b>-18.7</b>

### Accounting of acquisitions

When a subsidiary is acquired and the former owners remain as minority owners, the agreement contains, in some cases, an option that allows the minority owner to sell the remaining holdings, and Sdipotech's ability to purchase, at a later date. In these cases, no non-controlling interest is reported, but instead a financial liability is reported. The debt is reported at the present value of the estimated redemption amount of the shares.

### Description of the year's acquisitions

On 3 January 2018, the acquisition of Centralmontage i Nyköping AB was completed. An agreement to acquire the company was originally entered into and announced on 7 December 2017. Centralmontage manufactures customized switching centres for large parts of society, including traffic networks, properties and industries. Net sales for the financial year 2016 amounted to approximately SEK 34.0 million and operating income to approximately SEK 3.9 million.

On 9 January 2018, the acquisition of Aviolinx Communication and Services AB was completed. An agreement to acquire the company was originally entered into and announced on 13 December 2017. Aviolinx is one of three companies in the world providing complete infrastructure and operational control for high-frequency backup communications for air traffic. The company is unique in its category in Europe and adjacent geographical regions. Net sales for the financial year 2016 amounted to approximately SEK 18 million and operating income to approximately SEK 4 million.

On 11 January 2018, the acquisition of Optyma Security Systems Limited was completed. An agreement to acquire the company

was originally entered into and announced on 21 December 2017. Optyma is a provider of integrated security systems for public and private environments, including security-classified national infrastructure. Customers operate in several sectors. During the financial year 2016, net sales amounted to approximately GBP 6.4 million and operating profit to approximately GBP 1.1 million.

On 31 January 2018, the acquisition of all shares in Multitech Site Services Limited was completed. An agreement to acquire the company was originally entered into and announced on 29 December 2017. Multitech provides temporary infrastructure, focusing primarily on the London metropolitan region. The company offers services to construction sites including temporary electrical supply, data, plumbing, and fire safety. During the financial year ended 31 October 2017, net sales amounted to approximately GBP 10.4 million and operating profit to approximately GBP 1.9 million.

On 31 May 2018, the acquisition of KSS Klimat- & Styrssystem AB was completed. KSS Klimat- & Styrssystem (KSS) designs, programs, installs and operates control and monitoring systems for property automation, focusing on indoor and outdoor climate control and ventilation. In addition to these new installations, KSS also performs service and system adaptations to existing installations. Over the past broken financial year, net sales amounted to approximately SEK 88 million and operating income to approximately SEK 12 million.

## DEFINITIONS KEY FIGURES

<b>EBITDA</b>	Operating profit before depreciation and impairment losses.
<b>EBITA*</b>	Operating profit before amortization and impairment of intangible non-current assets attributable to acquisitions. In order to clarify the underlying operating profit, acquisition-related transaction costs, which are incurred and booked regularly, are also excluded. Also, the result from revaluation of liabilities relating to conditional purchases considerations are excluded. Indicated with an asterisk.
<b>EBIT</b>	Operating profit.
<b>EBITA margin</b>	EBITA* in relation to net sales.
<b>Net debt/EBITDA</b>	Calculated as average net debt for the last four quarters, in relation to EBITDA for the last four quarters. Net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents.
<b>Net bank debt/EBITDA</b>	Calculated as average net debt to credit institutions for the last four quarters, in relation to EBITDA for the last four quarters. Net debt to credit institutions include short-term and non-current liabilities to credit institutions less cash and cash equivalents.
<b>Capital employed</b>	Shareholders' equity and interest-bearing liabilities less cash and cash equivalents and short-term investments.
<b>Return on capital employed</b>	Calculated as EBITA for the most recent four quarters at the time of closing of the accounts, in relation to average capital employed for the most recent four quarters at the time of closing of accounts.
<b>Cash flow generation</b>	Calculated as operating cash flow in relation to EBITDA. Operating cash flow is calculated as EBITDA less the net of investments in, and sales of, tangible and intangible non-current assets and adjustments for cash flow from changes in working capital.
<b>Earnings per ordinary share</b>	Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preferred shareholders divided by the average number of ordinary shares outstanding during the period.
<b>Earnings per preferred share</b>	Calculated as operating income attributable to the Parent Company for the period, in relation to the average number of preferred shares outstanding for the corresponding period.

## RECONCILIATION OF ALTERNATIVE KEY FIGURES

For monitoring of the Group's operations, alternative key figures are presented in the interim report. The alternative key figures presented in this interim report relate to EBITDA, EBITA, EBITA\*, net debt, net bank debt, and capital employed. Definitions of the alternative key figures are presented on page 19.

EBITDA compared with financial statements in accordance with IFRS (SEK million)	6 months 2018	6 months 2017	Full-year 2017
Operating profit	61.6	46.0	155.6
Depreciation and amortization of tangible non-current assets	10.9	6.3	14.7
Depreciation and amortization of intangible non-current assets	0.5	0.1	33.0
<b>EBITDA</b>	<b>73.0</b>	<b>52.4</b>	<b>203.3</b>

EBITA and EBITA* compared with financial statements in accordance with IFRS (SEK million)	6 months 2018	6 months 2017	Full-year 2017
Operating profit	61.6	46.0	155.6
Depreciation and amortization of intangible non-current assets	0.5	0.1	33.0
<b>EBITA</b>	<b>62.1</b>	<b>46.1</b>	<b>188.6</b>
Transaction costs	16.3	1.4	11.9
Adjustment of liability for additional purchase consideration	-	-	-78.0
<b>EBITA*</b>	<b>78.4</b>	<b>47.5</b>	<b>122.5</b>

Average interest-bearing net debt compared with financial statements in accordance with IFRS (SEK million)	Average	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Interest-bearing liabilities	685.3	853.6	738.2	583.9	565.2
Cash and cash equivalents	-309.7	-217.5	-297.5	-330.0	-393.7
<b>Interest-bearing net debt</b>	<b>375.6</b>	<b>636.1</b>	<b>440.8</b>	<b>253.9</b>	<b>171.6</b>
Adjustment for discontinued operations	21.8	-	87.1	-	-
<b>Interest-bearing net debt</b>	<b>397.3</b>	<b>636.1</b>	<b>527.8</b>	<b>253.9</b>	<b>171.6</b>

Average interest-bearing net liabilities to credit institutions compared with financial statements in accordance with IFRS (SEK million)	Average	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Liabilities to credit institutions	270.3	316.2	288.9	229.8	246.3
Cash and cash equivalents	-309.7	-217.5	-297.5	-330.0	-393.7
<b>Interest-bearing net liabilities to credit institutions</b>	<b>-39.4</b>	<b>98.7</b>	<b>-8.6</b>	<b>-100.2</b>	<b>-147.4</b>
Adjustment for discontinued operations	21.8	-	87.1	-	-
<b>Interest-bearing net liabilities to credit institutions</b>	<b>-17.6</b>	<b>98.7</b>	<b>78.5</b>	<b>-100.2</b>	<b>-147.4</b>

Average capital employed compared with financial statements in accordance with IFRS (SEK million)	Average	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Interest-bearing liabilities	685.3	853.6	738.2	583.9	565.2
Cash and cash equivalents	-309.7	-217.5	-297.5	-330.0	-393.7
<b>Interest-bearing net debt</b>	<b>375.6</b>	<b>636.1</b>	<b>440.8</b>	<b>253.9</b>	<b>171.6</b>
Adjustment for discontinued operations	21.8	-	87.1	-	-
<b>Interest-bearing net debt</b>	<b>397.3</b>	<b>636.1</b>	<b>527.8</b>	<b>253.9</b>	<b>171.6</b>
Shareholders' equity	1,036.0	1,082.2	1,103.9	1,006.4	951.6
<b>Capital employed</b>	<b>1,433.4</b>	<b>1,718.3</b>	<b>1,631.7</b>	<b>1,260.3</b>	<b>1,123.2</b>

## CERTIFICATION

The Board of Directors and the CEO consider that the interim report gives a true and fair view of the company's and the Group's operations, position and results and describes significant risks and uncertainties faced by the company and the group. This interim report has not been audited by the company's auditors.

**STOCKHOLM, 21 AUGUST 2018**

Jakob Holm  
CEO

Jan Samuelson  
Chairman of the Board

Ashkan Pouya  
Board Member

Saeid Esmailzadeh  
Board Member

Katarina Lundblad Pinnekamp  
Board Member

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Board Member

Markus Sjöholm  
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