



YEAR-END REPORT

2018

JANUARY TO DECEMBER



SELECTED FINANCIAL INFORMATION

Remaining operations	Net sales	EBITA*	Earnings for the period	Earnings per ordinary share	Earnings per ordinary share incl. discontinued operations
Oct - Dec 2018	419.2 MSEK (331.0)	56.5 MSEK (47.5)	25.1 MSEK (59.6)	SEK 0.64 (1.80)	SEK 0.64 (1.69)
Jan - Dec 2018	1,496.2 MSEK (1,045.1)	177.2 MSEK (122.5)	96.3 MSEK (94.9)	SEK 2.58 (2.93)	SEK 3.68 (2.70)

FOURTH QUARTER 2018

- Net sales increased by 27 percent to SEK 419.2 million (331.0).
- Operating profit EBITA* increased by 19 percent to SEK 56.5 million (47.5). The programme of measures for the elevator operations has been concluded with good results and acquired companies has contributed to the development of the earnings.
- Profit after financial items for remaining operations amounted to SEK 35.0 million (67.1). The preceding year included a positive net effect from the revaluation of conditional purchase considerations and goodwill of SEK 45.6 million, while for 2018, these had a negative effect of SEK 10.8 million.
- Earnings after tax for the Group amounted to SEK 25.1 million (59.6), of which SEK 22.9 million (57.9) was attributable to the Parent Company's shareholders.
- Earnings per ordinary share for the Group, less minority interests and dividends on preference shares, amounted to SEK 0.64 (1.80).
- During the quarter, Sdiptech AB acquired two companies; Vera Klippan AB on 5 November, and Pure Water Scandinavia AB on 18 December.
- After reporting date, on 24 January, Sdiptech AB acquired all shares in RedSpeed International Ltd.

JANUARY – DECEMBER 2018

- Net sales increased by 43 percent to SEK 1,496.2 million (1,045.1).
- Operating profit EBITA* increased by 45 percent to SEK 177.2 million (122.5).
- Profit after financial items for remaining operations increased by 6 percent to SEK 126.8 million (119.4), including a net effect from revaluation of conditional purchase considerations and goodwill of a negative SEK 10.8 million (45.6).
- Earnings after tax for the Group amounted to SEK 96.3 million (94.9), of which SEK 92.1 million (91.3) was attributable to the Parent Company's shareholders.
- Earnings per ordinary share for the Group, less minority interests and dividends in preference shares, amounted to SEK 2.58 (2.93), which included the proceeds on the divestment of InsiderLog by SEK 25.8 million.
- Cashflow from current remaining operations amounted to SEK 88.6 million (69.8).
- During the period January to December 2018, eight acquisitions were completed: Multitech Site Services Limited, Optyma Security Systems Limited, Avioline Communication and Services AB, Centralmontage i Nyköping AB, KSS Klimat- & Styrsystem AB, Rogaland Industri Automasjon AS, Vera Klippan AB and Pure Water Scandinavia AB.

KEY FIGURES – REMAINING OPERATIONS (for definitions, please refer to page 23)

SEK million	3 months		12 months	
	Oct - Dec 2018	Oct - Dec 2017	Jan - Dec 2018	Jan - Dec 2017
EBITA* margin %	13.5%	14.3%	11.8%	11.7%
Net debt/EBITDA, multiple	3.02	1.37	3.02	1.37
Net bank debt/EBITDA, multiple	0.59	-0.25	0.59	-0.25
Return on capital employed	10.9%	16.8%	10.9%	16.8%
Return on equity	8.8%	11.4%	8.8%	11.4%
Cash flow generation %	56%	63%	56%	63%

) EBITA is the Group's operating profit and corresponds to EBITA before acquisition costs and before income from revaluation of conditional purchase considerations

COMMENTS BY THE CEO

CONTINUED PROFIT GROWTH AND ELEVATOR PROGRAM SUCCESSFULLY COMPLETED

DEAR SHAREHOLDERS,

I can happily summarize a strong 2018 for Sdipotech. We continue to grow steadily and consolidated net sales for 2018 amounted to SEK 1,496 million, an increase of 43 percent. Organic growth in consolidated net sales amounted to 5.4 percent for 2018, in line with our financial targets.

Operating profit before acquisition expenses (EBITA*) amounted to SEK 177 million for 2018, an increase of 45 percent. For our elevator operations, the successful programme of improvement is now being concluded with good results. The fourth quarter brought a continued positive trend in the Group's profitability and the EBITA* profit over the year amounted to 10.1 percent in the first quarter, 11.7 percent in the second quarter, 11.7 percent in the third quarter and finally 13.5 percent in the fourth quarter.

THE QUARTER

The fourth quarter of the year underscored the positive trend and growth in the Group. Consolidated net sales rose by 27 percent over the quarter to SEK 419 million compared with the preceding year, and EBITA* increased by 19 percent to SEK 56.5 million.

Tailored Installations

As a result of the programme of measures we implemented in our elevator operations, EBITA* in the installation operations rose significantly in the fourth quarter, from SEK 2.7 million to SEK 22.4 million, compared with the preceding year. As previously announced, we have avoided temporary "quick fixes" to focus instead on fundamental adjustments in the operations to achieve lasting effects. This has yielded results and the EBITA* profit margin for the quarter was 9.8 percent, compared with 1.5 percent in the preceding year.

Products & Services

The subsidiaries in the business area have strong niche market positions and acquired companies are developing well in Sdipotech's direction. As previously announced, our second business area showed very strong profitability towards the end of the preceding year. In 2018, the business area showed favourable, although more normal, profitability of 21.3 percent in the fourth quarter, compared with the high figure of 27.8 percent in the preceding year. As previously announced, a gradual normalisation is taking place towards a margin level of about 20 percent and, as planned, we were able to round off 2018 with a profit margin for the full-year of 20.6 percent.

ACQUISITIONS

In the fourth quarter, two acquisitions were completed in the area of water and wastewater treatment. In early November, we acquired Vera Klippan AB, a leading niche

producer of large-dimension pipes and cisterns. The company's products are used for applications including chemicals, water and sewage. Just before Christmas, we acquired Pure Water Scandinavia AB, a leading product company in the ultrapure water niche. The company's products are used by energy companies, hospitals and laboratories, for example.

In January 2019, we acquired RedSpeed International Ltd. This company is a leading supplier in the area of traffic safety and manufactures digital cameras for speed and traffic monitoring. RedSpeed's principal focus is on the UK market where the company holds a strong market share. The company also perceives growing interest in its products among customers outside the EU. With this acquisition, we are stepping into the area of traffic monitoring solutions, which are growing in importance as traffic flows are automated to an increasing extent.

The three acquisitions we have made in the UK over the past 12 months are all active in the relatively large domestic UK infrastructure market. In addition to the Nordic region, focused mainly on Sweden, we are now conducting targeted activities in the UK, the Benelux countries and other parts of northern Europe.

NEW MARKET-FOCUSED BUSINESS AREAS

For many reasons, infrastructure is in focus around the world. It is included in several of the UN's Agenda 2030 sustainable development goals, is a priority for the G20 constellation and an issue uniting people across political borders. In the western world, the investment needs are considerable as infrastructure built in the 50s, 60s and 70s has grown outdated and, as consumption grows, capacity shortages are increasing. At the same time, society seeks to build more sustainable, more efficient and more secure communities, which is driving development in a positive direction.

Examples of areas we have identified as particularly important for the development of society are water, energy, communications, transport and security, and we have for a long time focused our acquisition efforts on these particular areas. Among our subsidiaries, we have now achieved the critical mass needed to organise ourselves in line with this, and three new business areas will be established as of 2019: Water & Energy, Special Infrastructure Solutions and Property Technical Services.

- Water & Energy – The areas are in focus for global welfare, constituting, among other things, two of the principal goals of the UN's Agenda 2030. Several strong trends, including increased digitalisation and automation and a gradual introduction of stricter environmental regulations, are expected to bring market growth. Over the past 15 months, we have made six acquisitions in the business area.

- Special Infrastructure Solutions – Segments such as air and climate control, data communications, transport and security have been identified as particularly crucial to society’s long-term development. In the past 15 months, we have completed four acquisitions in the business area.
- Property Technical Services – Technical services for properties, such as elevator and roof renovation, represent Sdiptech’s origins. In the metropolitan cities to which populations and economies are being concentrated, there is a long-term need for service, repairs and property modernisation. Our subsidiaries focusing on this area apply a different business logic than that of product companies. As Sdiptech is focusing increasingly on proprietary products, we currently have no plans to expand this business area.

OUTLOOK

Our business model works well and creates a strong profit growth. In 2018, EBITA * increased by 45 percent to SEK 177 million. Our view of upcoming periods remains unchanged and we see good prospects for continued profit growth, partly because our business areas continue to grow well and as planned, and partly because newly acquired companies are expected to contribute favourable earnings.

In conclusion, I would like to thank all of our dedicated employees for their fantastic efforts in 2018. I would also like to bid a warm welcome all new shareholders having joined Sdiptech since the last report and welcome all new employees to our growing Sdiptech team.



Jakob Holm
CEO, Sdiptech AB (publ.)

OVERVIEW OF OPERATIONS

GROUP

The Group is divided into different business areas 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. As of January 2019, however, Sdiptech will divide its operations into new business areas, better adapted to the markets in which the Group's units operate, see also

page 9. The three business area managers will also be responsible for each of these areas.

Disposal of the 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.

Group EBITA* (SEK million)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Tailored Installations	22.4	2.7	63.1	33.8
Niche Products & Services	40.4	42.1	133.3	104.2
Business areas	62.9	44.8	196.4	138.0
Central units	-6.4	2.7	-19.2	-15.5
Total, remaining operations	56.5	47.5	177.2	122.5
Discontinued operations	-	-4.6	69.5	-7.1
Total	56.5	42.9	246.7	115.4

EBITA*

* consists of EBITA before acquisition costs, 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, acquisition costs arise as acquisitions are completed, and not as costs are incurred. With acquisition costs in a separate account, both the underlying operational trend and acquisition costs can be clarified individually.

Adjustment items for EBITA*

The costs and revenues that are excluded when calculating EBITA* have historically amounted to the amounts to the right. Acquisition costs include both external costs and intra-group costs, with the latter being invoiced from companies within the Support operations. The revaluation of liabilities relating to conditional purchase considerations may entail corresponding revenues if liabilities have been written-

down, or an expense if the liabilities have been written-up. In such cases, the effect on EBITA* will be the opposite.

Effects on EBITA*, compared with EBITA, are distributed as follows:

Acquisition costs	Q1	Q2	Q3	Q4	Total
2018	11.9	4.4	2.1	2.7	21.1
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	-14.7	-19.2	-33.9
2017	0.0	0.0	0.0	-78.0	-78.0
2016	0.0	0.0	0.0	-4.6	-4.6

	Full year 2018	Full year 2017
EBITA* to EBIT bridge		
EBITA*	177.2	122.5
Adjustment of liability for additional purchase consideration	33.9	78.0
Acquisition costs	-21.1	-11.6
EBITA	189.9	188.6
Depreciation and amortization of intangible non-current assets	-46.6	-33.0
EBIT	143.3	155.6

BUSINESS AREAS

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:

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

Tailored Installations (SEK million)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	229.6	179.9	850.3	609.5
EBITA*	22.4	2.7	63.1	33.8
EBITA* margin %	9.8%	1.5%	7.4%	5.5%

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 include construction companies, property owners, hospitals, veterinarians, municipalities, and energy distributors.

The business area's niches are:

- Electrical power monitoring
- Gas evacuation
- Water monitoring and district heating monitoring
- Decontamination of liquids, gases and water
- Radio infrastructure
- Temporary infrastructure
- Property automation
- Shell completion
- Vibration monitoring (services, measurement systems)
- Other (metalworking, prototype manufacturing)

Niched Products & Services (SEK million)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	189.6	151.2	646.0	435.7
EBITA*	40.4	42.1	133.3	104.2
EBITA* margin %	21.3%	27.8%	20.6%	23.9%

Comment:

The business area's net sales for the fourth quarter increased by 28 percent to SEK 229.6 million (179.9). Net sales for the full-year increased by 40 percent to SEK 850.3 million (609.5). EBITA* for the fourth quarter increased by 730 percent to SEK 22.4 million (2.7) and EBITA* for the full-year increased by 87 percent to SEK 63.1 million (33.8). The EBITA* margin increased to 7.4 percent for the full-year (5.5). In comparable units, sales increased by 13 percent, mainly as a result of the recovery in the elevator operations and good growth in operations including cooling and wastewater treatment. The business area's electric automation units achieved a strong end to the year.

The Elevator companies:

The programme of measures in progress over the year has had an impact. This focused primarily on price increases and measures to strengthen the aftermarket offering, but also measures to reduce expenses. This has now yielded results in most units with profitability having been strengthened. Sales have been lower among Swedish elevator companies as a deliberate result of the programme of action, which aims to decrease the number of businesses and to make those remaining more profitable. The foreign units have experienced strong demand and demonstrated good growth over the full-year.

Comment:

The business area's sales for the fourth quarter increased by 25 percent to SEK 189.6 million (151.2). Sales for the full-year increased by 48 percent to SEK 646.0 million (435.7). EBITA* for the fourth quarter decreased by 4 percent to SEK 40.4 million (42.1). EBITA* for the full-year, increased by 28 percent to SEK 133.3 million (104.2).

Over the full-year, the EBITA* margin fell by 3.3 percent to 20.6 percent (23.9), since the business area's operations showed very good profitability in the second half of 2017, and since margins were evened out through acquisition activities. Some units experienced a strong end to the year, however, including electrical power monitoring and temporary infrastructure. A gradual normalisation is taking place towards a margin level of about 20 percent. In the fourth quarter, the business area acquired Vera Klippan AB and Pure Water Scandinavia AB.

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, Sdiptech AB, the Group's holding company, and Group eliminations

Comment:

EBITA* for the fourth quarter was negative in the amount of SEK 6.4 million (positive 2.7) and negative in the amount of SEK 19.2 million (negative 15.5) for the full-year. 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. Expenses include those for recruitment for management team positions and acquisition teams. The fourth quarter of the preceding year included internal revenue attributable to the full-year, hence the positive outcome.

Group-wide functions and eliminations (SEK million)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	0.0	-0.1	-0.1	-0.1
EBITA*	-6.4	2.7	-19.2	-15.5

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, Sdiptech 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 15.0 million (32.7). EBITA* for the period up until the divestment amounted to SEK 69.5 million (negative 7.1).

Discontinued operations (SEK million)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	-	9.4	15.0	32.7
EBITA* excl. sale of InsiderLog	-	-4.6	-1.2	-7.1
Sale of InsiderLog	-	-	70.7	-
EBITA*	-	-4.6	69.5	-7.1

The Acquisition operations

To ensure continuity in Sdiptech's acquisition activities, a cooperation agreement has been entered into between Sdiptech and Sprof, ensuring that efforts to identify, contact, and acquire entrepreneur led companies will continue unchanged until the end of 2019. Until that date, Sdiptech 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, see 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 Sdiptech AB's disposal of the Support operations, Sdiptech 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 Sdiptech AB's indirect ownership in InsiderLog AB at the time of the transaction with Euronext. Sdiptech 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.

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

ACQUISITIONS

OCTOBER – DECEMBER

On 5 November 2018, Sdiptech AB acquired all shares in Vera Klippan AB. Vera Klippan is a leading producer of heavy-duty fiberglass pipes and cisterns in large dimensions. The company's products are used for chemicals, water and sewage, as well as chimneys and scrubbers. The company has a turnover of approximately SEK 15 million with good profitability.

On 18 December 2018, the acquisition of Pure Water Scandinavia AB was completed. Pure Water Scandinavia is a leading product company in the niche of ultrapure water. The company's products are used by companies such as hospitals, energy companies and laboratories. The company has a turnover of approximately SEK 32 million with good profitability.

JANUARY – SEPTEMBER

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- & Styrsystem AB was completed. 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 income to approximately SEK 12 million.

On 2 July 2018, Sdiptech AB acquired all shares in Rogaland Industri Automasjon AS, including 51 percent of the shares in the subsidiary Adger Industri-Automasjon AS (together "RIA"). RIA was founded in 1990 and specializes in automation systems for water and wastewater treatment and extends the Sdiptech Group's offer within the water segment. RIA's operations consist of the development and installation of customized control and regulating systems for water and sewage plants, and customers are found primarily in municipalities and industry. The company generates annual net revenue of approximately NOK 40 million and an operating profit of approximately NOK 7 million.

NEW BUSINESS AREAS

For many reasons, infrastructure is in focus around the world. Examples of areas we have identified as particularly important for the development of society are water, energy, communications, transport and security, and we have for a long time focused our acquisition efforts on these particular areas. Among our subsidiaries, we have now achieved the critical mass needed to organise ourselves in line with this, and three new business areas will be established as of 2019: Water & Energy, Special Infrastructure Solutions and Property Technical Services. To see which companies are included in the respective business area, new and old, see Companies per Business area, page 22.

BUSINESS AREAS

WATER & ENERGY

The companies within Water & Energy provide tailor-made products and services for highly specialised needs in the purification and storage of water, sewage treatment and electricity supply. The main geographical markets are northern Europe and the UK.

Subsegments:

- Water & Wastewater
- Power & Energy

Water & Energy (SEK million)	Jan-Dec 2018
Net sales	427.9
EBITA*	64.2
EBITA* margin %	15.0%

SPECIAL INFRASTRUCTURE SOLUTIONS

The companies within Special Infrastructure Solutions provide customised products and services for highly specialised needs in the areas of energy efficiency, air climate, safety and communications. The main geographical markets are northern Europe and the UK.

Subsegments

- Air & Climate control
- Safety & Security
- Transportation

Special Infrastructure Solutions (SEK million)	Jan-Dec 2018
Net sales	319.6
EBITA*	70.6
EBITA* margin %	22.1%

PROPERTY TECHNICAL SERVICES

The companies within Property Technical Services provide tailor-made services for specialised needs in roof, elevator and light construction technology. The principal geographic market is Europe.

Subsegments:

- Elevators
- Other Property Technical Services

Property Technical Services (SEK million)	Jan-Dec 2018
Net sales	749.0
EBITA*	61.7
EBITA* margin %	8.2%

COMMENTS ON THE FINANCIAL POSITION

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

FINANCIAL POSITION JANUARY – DECEMBER

Cashflow from current operations, before changes in working capital, amounted to SEK 112.7 million (70.4) for the period January to December. During the financial year, paid taxes were high in relation to profit for the period as the final tax payment for the preceding year was made. In addition, SEK 11 million in tax liabilities relating to the profit/loss of 2017 has been added through acquisitions, that now has been paid. However, these payments have been regulated by a corresponding reduction of the purchase consideration of the acquisitions.

Cashflow from investing activities during the financial year was negative in the amount of SEK 328.4 million (negative 190.9). The cash flow effect of completed acquisitions (see also Note 5) amounted to a negative of SEK 293.4 million (negative 160.8) for the period, of which SEK 285.4 million relates to the year's acquisitions and SEK 8.0 million to payment on acquisitions from previous years. Investments in tangible non-current assets amounted to negative SEK 22.2 million (negative 21.2).

Cashflow from financing activities amounted to SEK 238.6 million (325.3). Loans raised amounted to SEK 331.3 million (37.0), most of which are related to acquisitions during the period. Loans were amortized by a negative of SEK 80.7 million (negative 163.8). Dividends on preference shares amounted to a negative of SEK 14.0 million (negative 14.0) and dividends to non-controlling interests amounted to SEK 0.0 million (negative 6.3).

Interest-bearing liabilities including additional purchase considerations and financial leasing amounted to SEK 1,018.3 million (583.9). The two largest items within interest-bearing liabilities amounted to SEK 481.9 million (229.8) in liabilities to credit institutions, and SEK 500.2 million (320.5) 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 6.3 million (24.2) in the period January to December 2018.

Revaluation of liabilities relating to conditional purchase considerations occurred during 2018 by a negative SEK 33.9 million (negative 78), resulting in a corresponding revenue.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents in remaining operations, amounted to SEK 693.5 million (253.9).

Net bank debt, in accordance with the calculation method above but only for liabilities to credit institutions, amounted to SEK 157.1 million (negative 100.2).

The key figures Net debt/EBITDA, which is calculated on a twelve-month basis, amounted to 3.02 (1.37). The increase is due to the positive effects of the revaluation of liabilities relating to conditional purchase considerations in 2017 (SEK 78.0 million) being greater than those for 2018 (SEK 33.9 million).

The key figure Net bank debt/EBITDA was 0.59 (negative 0.25).

During the 2018 full-year, goodwill was tested for impairment, for those companies whose additional purchase considerations were revalued, resulting in impairment of a negative of SEK 44.7 million (negative 32.4) being recognised.

Parent company

The Parent Company Sdiptech AB's internal net sales for the financial year amounted to SEK 3.8 million (2.8) and profit after financial items amounted to SEK 56.1 million (1.8). The result includes dividends from subsidiaries of SEK 65 million (18).

Investments in fixed assets amounted to SEK 0.0 million (0.0). The parent company's equity ratio was 75 percent (98).

OTHER INFORMATION

Employees

At the end of the year, there were 1,014 employees (882). Companies acquired in 2018 contributed 280 new employees.

Events after the reporting date

On 24 January 2019, Sdiptech AB acquired all shares in RedSpeed International Ltd. The company is a leading supplier of solutions to the traffic enforcement industry, specialising in the development, manufacture and maintenance of digital enforcement cameras. The company has a primary focus on the UK market, where it has a strong market share, but is also seeing increasing interest for their products from customers outside the EU. The company has net sales of approximately GBP 5.6 million and operating income of approximately GBP 1.6 million.

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.

Sdiptech Annual General Meeting 2019

The 2019 Annual General Meeting will be held on 13 May 2019, at 4 p.m. at the Royal Swedish Academy of Engineering Sciences (IVA), Grev Turegatan 16, Stockholm, Sweden. To have a matter addressed at the Meeting, requests from shareholders shall have been received by 5 April 2019. The Annual Report will be published in mid-April 2019. The notice to attend the Annual General Meeting will be published on the company's website no later than four weeks prior to the Meeting. All shareholders included in the share register five days prior to the meeting may participate in person or by proxy. Notification of attendance shall be submitted to the company in accordance with the instructions given in the notice to attend.

Nomination Committee

A Nomination Committee has been appointed for the 2019 Annual General Meeting. Proposals to the Nomination

Committee from shareholders may be submitted by e-mail to valberedningen@sdiptech.com or by post to the company's address. More information is available at www.sdiptech.com.

Dividends

The Board of Directors proposes that the Annual General Meeting resolve that dividends be paid to preference shareholders in accordance with the Articles of Association. The Board of Directors further proposes that no dividend be paid on Class A or Class B ordinary shares and that remaining profit be carried forward to a new account.

CONSOLIDATED INCOME STATEMENT

(SEK million)	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales		419.2	331.0	1,496.2	1,045.1
Other operating income		27.4	81.7	58.2	85.1
Total income		446.6	412.6	1,554.4	1,130.2
Operating expenses					
Direct expenses		-181.4	-153.6	-664.2	-466.3
Other external expenses		-49.3	-40.4	-182.7	-122.6
Employee expenses		-137.7	-98.8	-494.5	-338.0
Depreciation and amortization of tangible non-current assets		-5.3	-4.2	-23.0	-14.7
Depreciation and amortization of intangible non-current assets		-30.9	-32.8	-46.6	-33.0
Operating profit		42.0	82.9	143.3	155.6
Profit/loss from financial items					
Financial income		0.1	2.5	2.6	1.3
Financial expenses		-7.1	-18.3	-19.1	-37.4
Profit/loss after financial items		35.0	67.1	126.8	119.4
Tax on profit for the period ¹⁾		-9.9	-7.4	-30.5	-24.6
Profit/loss for the period from remaining operations		25.1	59.6	96.3	94.9
Discontinued operations					
Profit/loss for the period from discontinued operations		-	-2.1	77.0	-1.7
Profit/loss for the period		25.1	57.5	173.3	93.2
Profit/loss attributable to remaining operations:					
Parent Company's shareholders		22.9	57.9	92.1	91.3
Non-controlling interests		2.2	1.7	4.2	3.6
Profit/loss attributable to discontinued operations:					
Parent Company's shareholders		-	-3.2	33.2	-4.2
Non-controlling interests		-	1.1	43.8	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 (in SEK per share)		0.64	1.80	2.58	2.93
Earnings per share including discontinued operations before and after dilution, based on earnings attributable to the Parent Company's shareholders during the year (in SEK per share)		0.64	1.69	3.68	2.70
EBITA*		56.5	47.5	177.2	122.5
Number of ordinary shares at end of period (Million)		30.3	30.3	30.3	30.3
Average number of ordinary shares (Million)		30.3	30.3	30.3	27.0

¹⁾ Taxes for the periods quarter four and full-year 2018, include SEK 1.0 million relating to tax expense attributable to previous years.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Profit/loss for the period		25.1	57.5	173.3	93.2
Other comprehensive income for the period					
Components that will be reclassified to profit/loss in the period					
Changes in accumulated translation differences		-4.1	0.8	1.5	0.3
Total components that will be reclassified to profit/loss in the period		-4.1	0.8	1.5	0.3
Comprehensive income for the period		21.0	58.3	174.8	93.5
Attributable to:					
Parent Company's shareholders		18.9	55.5	126.9	87.4
Non-controlling interests		2.1	2.8	47.9	6.1
Total comprehensive income attributable to Parent Company's shareholders has arisen from					
-Remaining operations		18.9	58.7	93.7	91.6
-Discontinued operations		-	-3.2	33.2	-4.2

CONSOLIDATED BALANCE SHEET

(SEK million)	Note	2018 31 Dec	2017 31 Dec
Non-current assets			
<i>Intangible non-current assets</i>			
Goodwill	3	1,451.9	1,055.1
Other intangible assets		25.2	13.3
<i>Tangible non-current assets</i>			
Tangible non-current assets		108.2	80.8
<i>Financial non-current assets</i>			
Other financial non-current assets		1.9	1.8
Total non-current assets		1,587.1	1,151.0
Current assets			
Completed products and goods for resale		96.4	63.2
Accounts receivable		308.8	216.9
Other receivables		62.4	15.6
Current tax assets		18.2	13.2
Prepaid expenses and accrued income		55.3	40.4
Cash and cash equivalents		324.8	330.0
Total current assets		865.9	679.3
Total assets		2,453.0	1,830.4
Shareholders' equity			
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		0.8	0.8
Other contributed capital		714.6	712.6
Reserves		11.5	0.8
Profit/loss brought forward including earnings for the period		361.1	259.0
Total equity attributable to Parent Company's shareholders		1,088.1	973.2
Non-controlling interests		32.7	33.2
Total shareholders' equity		1,120.8	1,006.4
Liabilities			
Interest-bearing long-term liabilities	4	663.3	448.2
Non-interest-bearing long-term liabilities		14.2	10.9
Interest-bearing short-term liabilities	4	355.0	135.7
Non-interest-bearing short-term liabilities		299.7	229.2
Total liabilities		1,332.2	824.0
Total equity and liabilities		2,453.0	1,830.4

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(SEK million)	Shareholders' equity attributable to Parent Company shareholders					Non-controlling interests	Total Shareholders' equity
	Share capital	Other contr. capital	Reserves	Retained earnings	Total		
Opening balance, 1 January 2017	0.6	240.4	0.5	186.2	427.6	33.1	460.7
Comprehensive income for the period	-	-	-	87.1	87.1	6.1	93.2
Other comprehensive income for the period	-	-	0.3	-	0.3	-	0.3
Comprehensive income for the period	-	-	0.3	87.1	87.4	6.1	93.5
Change in non-controlling interests	-	-	-	-0.3	-0.3	-	-0.3
Dividend paid to preference shareholders	-	-	-	-14.0	-14.0	-	-14.0
Dividend paid to non-controlling interests	-	-	-	-	-	-6.3	-6.3
Share issue ordinary shares Series B	0.2	499.8	-	-	500.0	-	500.0
Share issue expenses	-	-27.6	-	-	-27.6	-	-27.6
Closing balance, 31 December 2017	0.8	712.6	0.8	259.0	973.2	33.2	1,006.4
Opening balance, 1 January 2018	0.8	712.6	0.8	259.0	973.2	33.2	1 006.4
Comprehensive income for the period	-	-	-	125.3	125.3	48.0	173.3
Other comprehensive income for the period	-	-	1.6	-	1.6	-0.1	1.5
Comprehensive income for the period	-	-	1.6	125.3	126.9	47.9	174.8
Change in non-controlling interests	-	-	-	-0.0	-0.0	-0.3	-0.3
Option premiums	-	2.0	-	-	2.0	-	2.0
Acquisitions of subsidiaries	-	-	-	-	-	1.1	1.1
Sales of subsidiaries	-	-	-	-	-	-49.2	-49.2
Dividend paid to preference shareholders	-	-	-	-14.0	-14.0	-	-14.0
Dividend paid to non-controlling interests	-	-	-	-	-	-0.1	-0.1
Development reserve	-	-	9.1	-9.1	-	-	-
Closing balance, 31 December 2018	0.8	714.6	11.5	361.1	1,088.1	32.7	1,120.8

CONSOLIDATED CASH FLOW ANALYSIS

(SEK million)	Note	2018 Jan-Dec	2017 Jan-Dec
Continued operations			
Earnings after financial items		126.8	120.1
Adjustment for items not included in cash flow		31.6	-8.4
Paid taxes		-45.7	-41.3
Cash flow from continuing operations before change in working capital		112.7	70.4
Cash flow from change in working capital			
Increase(-)/decrease(+) in operating receivables		-54.3	-17.0
Increase(+)/decrease(-) in operating liabilities		30.2	16.4
Cashflow from current operations		88.6	69.8
Investing activities			
Acquisitions of subsidiaries		-293.4	-160.8
Acquisitions of intangible non-current assets		-13.7	-9.9
Acquisitions of tangible non-current assets		-22.2	-21.2
Investments in financial non-current assets		0.0	0.0
Disposal of non-current financial assets		0.9	1.0
Cash flow from investing activities		-328.4	-190.9
Financing activities			
New share issue		-	472.4
Option premiums		2.0	0.0
Loans raised		331.3	37.0
Amortization of loans		-80.7	-163.8
Dividends paid		-14.0	-20.3
Cash flow from financing activities		238.6	325.3
Cash flow for the period from remaining operations		-1.2	204.2
Cash flow for the period from discontinued operations			
Cash and cash equivalents at beginning of year		330.0	125.6
Exchange rate difference in cash and cash equivalents		0.4	0.2
Cash and cash equivalents at end of period from remaining operations		324.8	330.0

PARENT COMPANY INCOME STATEMENT

(SEK million)	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales		1.1	2.7	3.8	2.8
Other operating income		0.1	0.7	1.8	3.0
Total income		1.2	3.5	5.6	5.8
Operating expenses					
Other external expenses		-2.9	-2.6	-11.1	-11.8
Employee expenses		-5.1	-3.0	-16.6	-9.3
Depreciation of tangible and intangible non-current assets		0.0	0.0	-0.2	-0.2
Operating profit		-6.9	-2.2	-22.2	-15.6
Profit/loss from financial items					
Financial income		0.9	3.2	102.7	18.2
Financial expenses		-4.7	-4.9	-24.4	-0.9
Profit/loss after financial items		-10.7	-4.0	56.1	1.8
Group contributions received		48.3	20.5	48.3	20.5
Tax on profit for the period		-	-	-	0.0
Profit/loss for the period		37.6	16.5	104.4	22.2

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

PARENT COMPANY BALANCE SHEET

(SEK million)	2018 31 Dec	2017 31 Dec
Non-current assets		
<i>Intangible non-current assets</i>		
Other intangible non-current assets	0.1	0.2
<i>Tangible non-current assets</i>		
Tangible non-current assets	-	-
<i>Financial non-current assets</i>		
Financial non-current assets	513.3	336.4
Receivables, Group companies	476.5	258.0
Total non-current assets	989.9	594.7
Current assets		
Receivables, Group companies	61.7	33.1
Accounts receivable	0.3	0.1
Other receivables	14.0	1.9
Current tax assets	-	0.0
Prepaid expenses and accrued income	8.6	14.2
Cash and cash equivalents	124.8	181.6
Total current assets	209.5	230.9
Total assets	1,199.4	825.6
Shareholders' equity		
Share capital	0.8	0.8
Share premium reserve	714.6	712.6
Retained earnings including profit/loss for the period	189.8	99.3
Total shareholder's equity	905.2	812.7
Liabilities		
Long-term liabilities to Group companies	81.0	0.0
Short-term liabilities to Group companies	17.6	7.8
Short-term liabilities	195.5	5.1
Total liabilities	294.2	12.9
Total equity and liabilities	1,199.4	825.6

NOTES

ACCOUNTS PRINCIPLES IN ACCORDANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (EU). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Annual Accounts Act.

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, where discontinued operations have been added. For further information, see Note 2.

In addition, new IFRS standards and IFRIC interpretations, primarily IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments), have been applied. IFRS 9 has not had any significant impact on the Group's earnings and financial position. With regard to transitional rules to IFRS 15, the so-called cumulative method has been used, without transferring revenue or expenses between financial years and without adjustments of equity or other balance sheet items. These new standards have not had any significant impact on the Group's financial results or reports.

The Group is in the process of introducing IFRS16, which comes into force in 2019. The main effects on the Group's accounts are that consolidated total assets increase preliminarily by SEK 70 million, calculated at the beginning of 2019, with an asset and a liability being reported for lease agreements in effect at any given point in time, and that operating profit improves by a preliminary SEK 5 million annually through the implicit interest expense in the leasing agreements being reported under net financial items rather than under operating profit.

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. Financial assets and liabilities in the balance sheet are reported at acquisition value, unless otherwise stated, which is judged to be a good approximation to the fair value of the items.

In the case of acquisitions, 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 conditional purchase 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

As of January 2019, Sdipotech will report profits from its operations in new segments: Water & Energy, Special Infrastructure Solutions and Property Technical Services. In this note, however, profit is reported in accordance with the segments in force during the 2018 financial year.

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, Sdipotech 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. Sdipotech'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*

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Group net sales (SEK million)				
Tailored Installations	229.6	179.9	850.3	609.5
Niched Products & Services	189.6	151.2	646.0	435.7
Central units	0.0	-0.1	-0.1	-0.1
Total	419.2	331.0	1,496.2	1,045.1
Discontinued operations	-	9.4	15.0	32.7
Total	419.2	340.4	1,511.2	1,077.8

	Oct-Dec 2018	Oct-Dec 2017	jan-dec 2018	Jan-Dec 2017
Group operating profit (SEK million)				
Tailored Installations	22.2	2.7	62.8	33.7
Niched Products & Services	39.8	41.5	131.8	103.5
Central units	-20.0	38.7	-51.3	18.3
Total	42.0	82.8	143.3	155.6
Discontinued operations**	-	-0.5	77.7	0.8
Total	42.0	82.3	221.0	156.4

* Rounding differences of +/- 0.1 SEK million may occur

** SEK 70.7 million of the operating profit for the half-year relates to capital gains from the sale of InsiderLog. Sdipitech 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)
Carrying amount 2017-12-31	1,055.1
Acquisitions Jan 2018 – Dec 2018	463.5
Adjustment acquisition analyses	-25.5
Depreciations	-44.7
Discontinued operations	-0.6
Currency translation effects	4.1
Carrying amount 2018-12-31	1,451.9

In comparison with 31 December 2017, goodwill increased by a total of SEK 396.8 million and amount to SEK 1,451.9 million as per 31 December 2018. Between December 2017 and December 2018, eight business acquisitions were carried out, which together increased goodwill by SEK 463.5 million.

In the fourth quarter of 2018 and the third quarter in 2018, goodwill was tested for impairment and the preliminary acquisition analyses for the year's acquisitions were adjusted. Impairment requirements of SEK 44.7 million (of which SEK 30.0 million in the fourth quarter of 2018) were identified for previous acquisitions and preliminary acquisitions analyses were adjustment by SEK 25.5 million.

The discontinued operations contributed a negative of SEK 0.6 million, and the remaining change of SEK 4.1 million relates to currency effects.

NOTE 4 INTEREST-BEARING LIABILITIES

(SEK million)	2018 31 Dec	2017 31 Dec
Liabilities to credit institutions	206.0	169.7
Accrued borrowing costs	-3.8	-2.5
Financial leasing	20.7	20.3
Conditional purchase considerations	439.3	259.6
Other non-current liabilities	1.1	1.1
Total current interest-bearing liabilities	663.3	448.2
Liabilities to credit institutions	279.7	62.6
Financial leasing	12.9	10.6
Conditional purchase considerations	60.9	60.9
Other current liabilities	1.5	1.5
Total current interest-bearing liabilities	355.0	135.7

Conditional purchase considerations	(SEK million)
Carrying amount 2017-12-31	320.5
Additional for acquisitions Jan-Dec 2018	213.1
Paid purchase considerations	-5.8
Interest expenses (discount effect due to present value calculation)	6.3
Revaluation through operating profit	-33.9
Carrying amount 2018-12-31	500.2

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

Preliminary acquisition analyses 2018

	Central- montage i Nyköping AB	Aviolinx Communica- tion and Services AB	Optyma Security Systems Limited	Multitech Site Services Limited	KSS Klimat- & Styrssystem AB	Rogaland Industri Automasjon A/S	Vera Klippan AB	Pure Water Scandinavia AB
Acquired assets								
Intangible non-current assets	-	-	-	-	-	-	3.5	1.4
Tangible non-current assets	0.2	0.6	4.3	7.5	1.4	0.3	7.5	0.1
Other non-current assets	0.0	0.0	0.0	0.0	11.6	-	-	-
Accounts receivable	4.4	2.3	12.9	31.8	10.0	7.9	2.9	5.6
Inventories and work in progress	1.6	-	1.1	2.3	0.0	3.4	4.7	3.0
Cash and cash equivalents	3.0	0.6	9.7	23.3	43.1	10.1	0.7	6.4
Other current assets	0.0	11.7	0.1	0.0	3.2	0.3	0.2	0.7
Deferred tax liability	-0.2	-0.6	-0.5	-1.1	-1.4	-	-	-0.5
Other long-term liabilities	0.0	0.0	0.0	0.0	0.0	-	-	-
Current tax liabilities	-0.4	0.0	0.0	-6.5	-3.2	-1.4	-0.1	-0.7
Other current liabilities	-6.1	-4.7	-6.6	-12.3	-20.4	-6.5	-2.4	-7.1
Minority interest	0.0	0.0	0.0	0.0	0.0	-1.1	-	-
Net identifiable assets and liabilities	2.3	9.8	21.1	45.1	44.3	13.0	17.0	8.9
Consolidated goodwill	19.6	29.1	39.2	98.6	148.3	52.9	3.0	43.1
Transferred remuneration	21.9	38.9	60.3	143.8	192.6	65.9	20.0	52.0
Transferred remuneration								
Cash and cash equivalents	12.3	27.6	54.8	101.2	109.2	41.2	11.0	25.0
Conditional purchase considerations	9.6	11.3	5.5	42.6	83.4	24.7	9.0	27.0
Total transferred remuneration	21.9	38.9	60.3	143.8	192.6	65.9	20.0	52.0
Liquidity impact on the Group								
Acquired cash and cash equivalents	3.0	0.6	9.7	23.3	43.1	10.1	0.7	6.4
Transferred remuneration	-12.3	-27.6	-54.8	-101.2	-109.2	-41.2	-11.0	-25.0
Total liquidity impact	-9.3	-27.1	-45.1	-77.8	-66.1	-31.1	-10.3	-18.6

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

For descriptions of the year's acquisitions, see page 8.

COMPANIES PER BUSINESS AREA

The below shows which companies have been included in the business areas Tailored Installations and Niche Products & Services during the fourth quarter of 2018, and which companies are included in the new business areas Water & Energy, Special Infrastructure Solutions and Property Technical Services as of January 2019:

Business areas in fourth quarter 2018

TAILORED INSTALLATIONS:

- Aufzuge Friedl GmbH
- CentralByggarna i Åkersberga AB
- Centralmontage i Nyköping AB
- EuroTech Sire System AB
- Frigotech AB
- HissPartner i Stockholm AB
- ManKan Hiss AB
- Metus d.o.o.
- Optyma Security Systems Ltd
- St. Eriks Hiss AB
- Stockholms Hiss- & Elteknik AB
- Tello Service Partner AB
- Topas Vatten AB.

NICHED PRODUCTS & SERVICES:

- AVA Monitoring AB
- Castella Entreprenad AB
- CliffModels AB
- Hansa Vibrations & Omgivningskontroll AB
- Hydrostandard Mätteknik Nordic AB
- KSS Klimat & Styrssystem AB
- Medicvent AB
- Multitech Site Services Ltd
- Polyproject Environment AB
- Pure Water Scandinavia AB (as of Dec-18)
- Rogaland Industri Automasjon AS
- Storadio Aero AB (former Aviolinx AB)
- Thors Trading AB
- Unipower AB
- Vera Klippan AB (as of Nov-18)

Business areas as of January 2019

WATER & ENERGY:

- CentralByggarna i Åkersberga AB
- Centralmontage i Nyköping AB
- EuroTech Sire System AB
- Hansa Vibrations & Omgivningskontroll AB
- Hydrostandard Mätteknik Nordic AB
- Multitech Site Services Ltd
- Polyproject Environment AB
- Pure Water Scandinavia AB
- Rogaland Industri Automasjon AS
- Topas Vatten AB
- Unipower AB
- Vera Klippan AB

SPECIAL INFRASTRUCTURE SOLUTIONS:

- AVA Monitoring AB
- CliffModels AB
- Frigotech AB
- KSS Klimat & Styrssystem AB
- Medicvent AB
- Optyma Security Systems Ltd
- RedSpeed International Ltd (as of Jan-19)
- Storadio Aero AB (former Aviolinx AB)
- Thors Trading AB

PROPERTY TECHNICAL SERVICES:

- Aufzuge Friedl GmbH
- Castella Entreprenad AB
- HissPartner i Stockholm AB
- ManKan Hiss AB
- Metus d.o.o.
- St. Eriks Hiss AB
- Stockholms Hiss- & Elteknik AB
- Tello Service Partner AB

DEFINITIONS KEY FIGURES

EBITDA	Operating profit before depreciation and impairment losses.
EBITA*	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 expenses relating to acquisitions, which are incurred and booked regularly, are also excluded. The results of the revaluation of liabilities relating to conditional purchase considerations are also excluded. EBITA* is indicated with an asterisk.
EBITA* margin	EBITA* in relation to net sales.
Net debt/EBITDA	Calculated as average net debt for the past 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. Parts of the interest-bearing liabilities are debt related to the conditional considerations for acquisitions, which are regulated at the end of the earn-out periods depending on the earnings development during those periods. A payment of the debt at the current booked value requires higher earnings levels than the current level.
Net bank debt/EBITDA	Calculated as average net debt to credit institutions for the past four quarters, in relation to EBITDA for the past four quarters. Net debt to credit institutions includes short-term and long-term interest-bearing liabilities less cash and cash equivalents.
Capital employed	Calculated as average shareholders' equity and interest-bearing net debt for the past four quarters less cash and cash equivalents and short-term investments.
Return on capital employed	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.
Cash flow generation	Calculated as cash flow from continuing operations against profit before tax adjusted for non-cash items.
Earnings per ordinary share	Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders dividend by the average number of ordinary shares outstanding during the period.

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/EBITDA, net bank debt/EBITDA, return on capital employed, cash flow generation and earnings per ordinary share.

EBITDA

Operating profit before depreciation and impairment losses.

	Full year 2018	Full year 2017
EBITDA (SEK million)		
Operating profit	143.3	155.6
Depreciation and amortization of tangible non-current assets	23.0	14.7
Depreciation and amortization of intangible non-current assets	46.6	33.0
EBITDA	213.0	203.3

EBITA*

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 purchase considerations are excluded. EBITA* is indicated with an asterisk.

	Full year 2018	Full year 2017
EBITA* (SEK million)		
Operating profit	143.3	155.6
Depreciation and amortization of intangible non-current assets	46.6	33.0
EBITA	189.9	188.6
Acquisition costs	21.1	11.9
Adjustment of liability for additional purchase consideration	-33.9	-78.0
EBITA*	177.2	122.5

EBITA* margin

EBITA* in relation to net sales.

	Full year 2018	Full year 2017
EBITA* in relation to net sales (SEK million)		
EBITA*	177.2	122.5
Net sales	1,496.2	1,045.1
EBITA* margin	11.8%	11.7%

Net debt/EBITDA

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. Parts of the interest-bearing liabilities are debt related to the conditional considerations for acquisitions, which are regulated at the end of the earn-out periods depending on the earnings development during those periods. A payment of the debt at the current booked value requires higher earnings levels than the current level.

Average interest-bearing net debt (SEK million)	Average	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest-bearing liabilities	889.6	1,018.3	948.3	853.6	738.2
Cash and cash equivalents	-269.2	-324.8	-237.1	-217.5	-297.5
Interest-bearing net debt	620.4	693.5	711.3	636.1	440.8
Adjustment for discontinued operations	21.8	-	-	-	87.1
Interest-bearing net debt	642.2	693.5	711.3	636.1	527.8

	Full year 2018	Full year 2017
Average net debt in relation to EBITDA (SEK million)		
Interest-bearing net debt	642.2	278.8
EBITDA	213.0	203.3
Net debt/EBITDA	3.02	1.37

Net bank debt/EBITDA

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.

Average interest-bearing net liabilities to credit institutions (SEK million)	Average	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Liabilities to credit institutions	372.7	481.9	404.0	316.2	288.9
Cash and cash equivalents	-269.2	-324.8	-237.1	-217.5	-297.5
Interest-bearing net liabilities to credit institutions	103.5	157.1	166.9	98.7	-8.6
Adjustment for discontinued operations	21.8	-	-	-	87.1
Interest-bearing net liabilities to credit institutions	125.3	157.1	166.9	98.7	78.5

Average net bank debt in relation to EBITDA (SEK million)	Full year 2018	Full year 2017
Interest-bearing net liabilities to credit institutions	125.3	-50.1
EBITDA	213.0	203.3
Net bank debt/EBITDA	0.59	-0.25

Capital employed

Calculated as average shareholders' equity and interest-bearing liabilities for the last four quarters, less cash and cash equivalents and short-term investments.

Average capital employed (SEK million)	Average	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Interest-bearing net debt	642.2	693.5	711.3	636.1	527.8
Short-term investments	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	1,102.4	1,120.4	1,103.3	1,082.2	1,103.9
Capital employed	1,744.6	1,813.9	1,814.5	1,718.3	1,631.7

Return on capital employed

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.

Average EBITA in relation to average capital employed (SEK million)	Full year 2018	Full year 2017
EBITA	189.9	188.6
Capital employed	1,744.6	1,125.6
Return on capital employed %	10.9	16.8

Cash flow generation

Calculated as cash flow from continuing operations against profit before tax adjusted for non-cash items.

Cash flow generation %	Full year 2018	Full year 2017
EBT	126.8	119.4
Adjustment for items not included in cash flow	31.6	-8.4
Adjusted EBT	158.4	111.0
Cash flow from continuing operations	88.6	69.8
Cash flow generation %	56%	63%

Earnings per ordinary share

Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the average number of ordinary shares outstanding during the period.

Earnings per ordinary share (SEK million)	Full year 2018	Full year 2017
Profit/loss attributable to Parent company's shareholders	125.3	87.1
Dividend paid to preference shareholders	14.0	14.0
Profit/loss attributable to Parent company's shareholders		
Number of ordinary shares outstanding	30.3	27.0
Earnings per ordinary share	3.68	2.70

STOCKHOLM, 12 FEBRUARY 2019

Jakob Holm
President and CEO

This Interim Report has not been subject to review by the Company's auditors.

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Sdiptech AB (publ) is required to disclose this information pursuant to EU Market Use Regulation 596/2014. The information was provided by the above contact persons for publication 12 February 2019 at 08:30 CET.

UPCOMING REPORTS

Annual report for 2018	April 2019
Interim report for January – March 2019	3 May 2019
Interim report for April – June 2019	23 July 2019
Interim report for July – September 2019	25 October 2019
Year-end report for 2019	11 February 2020

Payment of dividends to preference shareholders

For each preference share, an annual dividend of SEK 8.00 is paid, divided into four quarterly payments of SEK 2.00 apiece. The record dates for receipt of dividends of preference shares are:

- 15 March 2019
- 14 June 2019
- 13 September 2019
- 13 December 2019

