



INTERIM FINANCIAL  
REPORT

Q1 2019

JANUARY TO MARCH



## SELECTED FINANCIAL INFORMATION

Period	Net sales	EBITA*	Earnings for the period	Earnings per ordinary share	Earnings per ordinary share incl. discontinued operations
Jan - Mar 2019	422.2 MSEK (338.1)	51.8 MSEK (34.3)	20.2 MSEK (17.2)	SEK 0.52 (0.43)	SEK 0.52 (1.47)
LTM 31 Mar 2019	1,580.3 MSEK (1,153.0)	194.7 MSEK (127.7)	99.7 MSEK (91.7)	SEK 2.68 (2.61)	SEK 2.74 (3.57)

### FIRST QUARTER 2019

- Net sales increased by 24.9 percent to SEK 422.2 million (338.1).
- Operating profit EBITA\* increased by 51.0 percent to SEK 51.8 million (34.3), corresponding to an EBITA\* margin of 12.3%. Acquired units with higher profit margin and margin increases, especially within Water & Energy, has contributed to the development of the profit.
- Profit after acquisitions costs and financial items amounted to SEK 26.5 million (23.2).
- Earnings after tax amounted to SEK 20.2 million (17.2), of which SEK 19.3 million (16.6) was attributable to the Parent Company's shareholders.
- Earnings after tax for the Group, including discontinued operations, amounted to SEK 20.2 million (91.9), of which SEK 19.3 million (48.1) was attributable to the Parent Company's shareholders.
- Earnings per ordinary share, less minority interests and dividends on preference shares, amounted to SEK 0.52 (0.43).
- Earnings per ordinary share for the Group, including discontinued operations, less minority interests and dividends in preference shares amounted to SEK 0.52 (1.47).
- Cashflow from current remaining operations amounted to SEK 57.6 million (6.4), corresponding to a cash flow generation of 110.8% (25.9). The improvement was mainly due to higher profit and changes in the working capital.
- During the period, Sdiptech AB completed two acquisitions: On 24 January 2019, Sdiptech acquired all of the shares in RedSpeed International Limited and on 18 February, Sdiptech acquired all of the shares in Water Treatment Products Limited and Water Treatment Products Holding Limited.
- On 18 February 2019, Sdiptech divested its shares in AVA Monitoring AB back to the original owners.
- At the end of March 2019, Sdiptech signed an agreement with Nordea on bank financing totalling SEK 800 million. The bank financing consists of a so-called revolving credit facility (RCF) of SEK 800 million and an agreement on a so-called cash pool for efficient cash management within the Group and its companies. These key agreements replace the current spread of credit agreements totalling approximately SEK 480 million (per 31 December 2018).

### KEY FIGURES (for definitions, please refer to page 22)

SEK million	3 months		12 months	
	Jan-Mar 2019	Jan-Mar 2018	LTM 31 March 2019	Jan-Dec 2018
EBITA* margin	12.3%	10.1%	12.3%	11.8%
Net debt/EBITDA, multiple	3.30	1.35	3.30	3.02
Net bank debt/EBITDA, multiple	0.84	-0.43	0.84	0.59
Return on capital employed	10.7%	14.4%	10.7%	10.9%
Return on equity	8.9%	9.0%	8.9%	8.8%
Cash flow generation	110.8%	25.9%	75.3%	55.9%

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

NB: The comparative figures for the previous year's periods are excluding the discontinued Support operations, unless otherwise stated.



## COMMENTS BY THE CEO

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### STRONG PROFIT GROWTH AND A GOOD MARKET SITUATION

#### DEAR SHAREHOLDER,

I can sum up a good start to 2019. Net sales increased by 25 percent during the quarter and EBITA\* increased by 51 percent. Cash flow generation improved to 111 percent (26) during the quarter after a decrease in both inventories and operating receivables. The market situation was generally good within the business areas, leading to attractive organic growth in most businesses.

#### THE FIRST QUARTER

The organic growth in the Water & Energy and Special Infrastructure Solutions business areas totaled +11 percent during the quarter, while Water & Energy strengthened its margins in a satisfactory manner. Property Technical Services decreased organically by -9% due partly to a deliberate shift towards more profitable customer segments in elevators, and partly to a market correction in the housing sector that is impacting our shell completion operations.

In the Water & Energy and Special Infrastructure Solutions business areas, the market situation is good thanks to a long-term willingness among both public and private customers to invest in the expansion of capacity and better solutions. We experienced particularly strong demand within water treatment, power distribution, electrical automation and refrigeration. A gradual introduction of more stringent environmental regulations, an increasing degree of process automation and general undercapacity in systems is driving the willingness to invest.

In the Property Technical Services business area, our elevator operations are continuing to develop positively with improved profitability and increased profits during the quarter. After a period strongly characterized by new construction of housing, during which our customers prioritized new construction over renovations, demand for renovations has returned to a good level. On the other hand, we saw a trend reversal in shell completion, which is also part of the business area. After a period of very high activity in new housing construction, demand is now showing a correction. In addition, unusually large projects during the prior year period contributed to a negative development this year. However, new incoming orders are now being directed towards commercial and public properties, where demand has been stable for many years.

#### ACQUISITIONS

In the first quarter, two acquisitions of well-managed product companies were completed in the UK.

RedSpeed International Ltd, which is part of the Special Infrastructure Solutions business area, manufactures digital cameras for speed monitoring and traffic safety enforcement. RedSpeed is mainly focused on the UK market where the company has a strong market share. Through the acquisition, we are taking a step into the market for traffic monitoring solutions, which are becoming increasingly common and are in line with the increasing automation of traffic flows.

Water Treatment Products, which is part of the Water & Energy business area, is a leading company within preparation and manufacture of chemical products for water treatment and is primarily focused on the domestic UK market. The water treatment market is showing steady growth and we expect that this will continue as water shortages are becoming an ever-increasing problem in society.

#### OUTLOOK

During the quarter, we signed an agreement with Nordea regarding bank financing of SEK 800 million, which will strengthen Sdiptech's flexibility when it comes to continued acquisitions and growth.

Our business model is working well and during the first quarter EBITA\* increased by 51 percent after positive contributions from acquisitions and strengthened margins in Water & Energy. For Sdiptech, the market correction in the housing sector in Stockholm is primarily restricted to shell completion; however, the market situation for the Group is otherwise good. Our view on future periods remains unchanged with good opportunities for continued profit growth.

By way of conclusion, I want to convey a big thank you to all of our dedicated employees for a good start to 2019. I also want to welcome to Sdiptech the new shareholders that have joined us and our new employees in the UK.



Jakob Holm  
CEO, Sdiptech AB (publ.)

## OVERVIEW OF OPERATIONS

### GROUP

As of January 2019, the operations are reported according to new business areas, better adapted to the markets in which the Group's business units operate; Water & Energy, Special Infrastructure Solutions and Property Technical Services.

### 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.

Group EBITA* (SEK million)	Jan-Mar 2019	Jan-Mar 2018	LTM Mar 2018	Jan-Mar 2018
Water & Energy	26.1	11.7	78.6	64.2
Special Infrastructure Solutions	20.6	13.6	77.6	70.6
Property Technical Services	9.3	13.9	57.1	61.7
<b>Business areas</b>	<b>56.0</b>	<b>39.2</b>	<b>213.3</b>	<b>196.4</b>
Central units	-4.2	-4.9	-18.7	-19.2
<b>Total, remaining operations</b>	<b>51.8</b>	<b>34.3</b>	<b>194.6</b>	<b>177.2</b>
Discontinued operations	-	66.5	3.0	69.5
<b>Total</b>	<b>51.8</b>	<b>100.8</b>	<b>197.6</b>	<b>246.7</b>

### 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 also excluded to clarify the profit development in the operations. See the tables to the right for 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. Q1 2019 has thus been charged with costs for several major acquisition activities

### Adjustment items for EBITA\*

The costs and revenues that are excluded when calculating EBITA\* have historically amounted to the amounts to the right.

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.

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

Acquisition costs	Q1	Q2	Q3	Q4	Total
2019	18.8				18.8
2018	11.9	4.4	2.1	2.7	21.1
2017	1.4	0.0	0.3	10.2	11.9

Adjustment of liability for additional purchase consideration	Q1	Q2	Q3	Q4	Total
2019	-				-
2018	-	-	-14.7	-19.2	-33.9
2017	-	-	-	-78.0	-78.0

EBITA* to EBIT bridge	Jan-Mar 2019	Full year 2018
EBITA*	51.8	177.2
Adjustment of liability for additional purchase consideration	-	33.9
Acquisition costs	-18.8	-21.1
<b>EBITA</b>	<b>33.0</b>	<b>189.9</b>
Depreciation and amortization of intangible non-current assets	-1.2	-46.6
<b>EBIT</b>	<b>31.8</b>	<b>143.3</b>

## BUSINESS AREAS

For many reasons, infrastructure is in focus around the world. Examples of areas we have identified as particularly important for societal development, and that therefore show good demand, are water, energy, air and climate control, transportation and security, and we have for a long time focused our acquisition strategy on these areas. As of January 2019, three new business areas are established: Water & Energy, Special Infrastructure Solutions and Property Technical Services. To see what companies are included in each business area, see Companies per business area, page 20.

### WATER & ENERGY

The companies within Water & Energy provide niche products and services focused on the water and energy infrastructure segments. The companies address specialised needs in water and water purification, as well as electricity supply and electrical automation. The principal geographic markets today are Sweden and the UK.

Growth opportunities for the business area are expected to be strong. The water segment is characterised by neglected investment and growing water scarcity, combined with increasing needs for water treatment and consumption in our geographic markets. In the energy segment, there are good growth opportunities as a direct consequence of the power shortage impeding regional development in parts of Europe, as well as an effect of pervasive trends in digitisation, automation and electrification in society.

The goal of the business area is to achieve long-term growth of both sub-segments by continued acquisitions in our focus market in Western Europe. The EBITA\* margin for the business area is expected to amount to about 16–18 percent for the full-year 2019.

#### SUB SEGMENTS:

- Water & Sanitation
- Power & Energy

Water & Energy (SEK million)	Jan-Mar 2019	Jan-Mar 2018	LTM Mar 2019	Jan-Dec 2018
Net sales	150.2	88.9	489.2	427.9
EBITA*	26.1	11.7	78.6	64.2
EBITA* margin %	17.4%	13.2%	16.1%	15.0%

### SPECIAL INFRASTRUCTURE SOLUTIONS

The companies within Special Infrastructure Solutions provide niched products and services for specialised needs in air and climate control, security and surveillance and transport systems. The principal geographic markets are Sweden, Northern Europe and the UK.

The products and services within Special Infrastructure Solutions span a relatively broad range of niched infrastructure solutions. The common theme is market segments with favourable underlying growth, a low degree of cyclicity and a gradual introduction of stricter environmental, energy and safety regulations.

The goal of the business area is to achieve long-term growth in the sub-segments by continued acquisitions in our focus markets in Western Europe. A continued normalization of the EBITA\* margin is now gradually occurring towards a level of about 18–20 percent.

#### EXAMPLE AREAS OF APPLICATION

- Installations and components for water treatment in industry and municipalities
- Installation and service of smaller water and sewage treatment plants
- Production of ultra-pure water
- Advanced electrical cabinets and customized electric automation
- Monitoring of electricity quality
- Temporary infrastructure such as temporary electricity, water, fire protection and lighting

#### Comment:

The business area's sales increased by 69 percent in the first quarter to SEK 150.2 million (88.9) compared to the previous year. In comparable units, sales increased by 10 percent due to continued strong growth within the entire business area. EBITA\* for the first quarter increased by 123 percent to SEK 26.1 million (11.7). The EBITA\* margin increased during the first quarter to 17.4 percent (13.2). The stronger margin compared to the previous year came partly from acquired units with higher profit margins than the average, and partly from the fact that certain comparable units with higher margins increased their profits.

#### SUB SEGMENTS:

- Air & Climate control
- Safety & Security
- Transportation

#### EXAMPLE AREAS OF APPLICATION

- Monitoring of indoor climate, ventilation and energy efficiency
- Systems for the evacuation of toxic gases
- Installation and service of cooling systems
- Integrated security systems for public and private environments
- Cameras for traffic control and security
- High-frequency radio communication services for aircraft operators

#### Comment:

The business area's sales increased by 66 percent in the first quarter to SEK 100.0 million (60.4) compared to the previous

year. In comparable units, sales increased by 13 percent primarily due to continued strong growth within Safety & Security and in the market for refrigeration units.

EBITA\* for the first quarter increased by 51 percent to SEK 20.6 million (13.6). The EBITA\* margin decreased during the first quarter to 20.6 percent (22.6), when an equalization of margins takes place through acquisition activities.

Special Infrastructure Solutions (SEK million)	Jan-Mar 2019	Jan-Mar 2018	LTM Mar 2019	Jan-Dec 2018
Net sales	100.0	60.4	359.2	319.6
EBITA*	20.6	13.6	77.6	70.6
EBITA* margin %	20.6%	22.6%	21.6%	22.1%

## PROPERTY TECHNICAL SERVICES

The companies within Property Technical Services offer specialised technical services for landlords. Customers are spread across several segments, including public functions (schools, hospitals, etc.), commercial properties (offices, warehouses, etc.), as well as housing (municipal and private). Assignments are performed throughout the lifecycle of a property, including service, renovation, modernisation and new construction. The principal geographic markets today are Stockholm and major cities in Germany, the Benelux countries and Austria. The business models are generally project-based and include associated aftermarket services and framework agreements.

The long-term underlying demand for our services is considered favourable. In the metropolitan cities to which populations and economies are being concentrated, there is a long-term need for renovation, modernisation and new construction. Although variations in demand in individual markets can affect demand in specific sub segments, they are simultaneously stabilised by customers being spread between several customer segments and geographies and by the offering including all stages in the lifecycle of a property.

The business area's objective is primarily to develop the existing companies to further strengthen our market positions in each market segment. A normalization of the EBITA\* margin is now gradually occurring towards a level of about 8–10 percent.

### SUB SEGMENTS:

- Elevators
- Other Property Technical Services

### EXAMPLE AREAS OF APPLICATION

- Renovating, modernising och service av hissar
- Manufacturing of special lifts and resource supply to global lift manufacturers
- Renovation of roofs and installation of roof safety
- Contracts for shell competition and plaster interior walls

### Comment:

The business area's sales decreased by 9 percent in the first quarter to SEK 172.1 million (188.8) compared to the previous year. EBITA\* for the first quarter decreased by 33 percent to SEK 9.3 million (13.9). The EBITA\* margin for the quarter was 5.4 percent (7.3). In comparable units, sales fell by 9 percent partly due to a planned shift towards more profitable customer segments within elevators, but primarily due to a slowdown in new housing construction in Stockholm that impacted our shell completion operations. Large projects in the housing sector during the year-earlier period contributed to a negative development this year. New incoming orders have been directed towards commercial and public properties where demand has been stable for many years.

Property Technical Services (SEK million)	Jan-Mar 2019	Jan-Mar 2018	LTM Mar 2019	Jan-Dec 2018
Net sales	172.1	188.8	732.3	749.0
EBITA*	9.3	13.9	57.1	61.7
EBITA* margin %	5.4%	7.3%	7.8%	8.2%

## 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.

### Comment:

EBITA\* amounted to a negative of SEK 4.2 million (negative 4.9) for the first quarter. Central costs amounted to approximately a negative of SEK 6 million, but EBITA\* was affected by the positive effect on earnings that arose when AVA was sold back to the original owners and other adjustments.

Group-wide functions and eliminations (SEK million)	Jan-Mar 2019	Jan-Mar 2018	LTM Mar 2019	Jan-Dec 2018
Net sales	-0.1	0.0	-0.2	-0.1
EBITA*	-4.2	-4.9	-18.5	-19.2

## DISCONTINUED OPERATIONS

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

As per 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").

The Support operations' sales for the period up until the divestment amounted to SEK 15.0 million. EBITA\* for the period 2018 up until the divestment amounted to SEK 69.5 million.

The positive result from the discontinued operations in the preceding year is essentially from the capital gain from the sale of InsiderLog in January 2018. It amounted to SEK 70.7 million, of which SEK 57.3 million related to the sales proceeds received and SEK 14.3 million related to value adjustment for the remaining interest in InsiderLog of 20 percent of the shares in InsiderLog AB.

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.

Discontinued operations (SEK million)	Jan-Mar 2019	Jan-Mar 2018	LTM Mar 2019	Jan-Dec 2018
Net sales	-	4.8	10.2	15.0
EBITA*	-	66.5	3.0	69.5

## COMMENTS ON THE FINANCIAL POSITION

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

### FINANCIAL POSITION JANUARY – MARCH

#### Net sales

Net sales for the Group amounted to 422.2 SEK million (338.1) during the first quarter. Net sales in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparison period, amounted to SEK 309.6 million (312.5), which corresponds to an organic change of a negative of 0.9 percent for the period. Non-comparable units contributed SEK 112.6 million (25.6) to net sales for the period.

#### Earnings

During the first quarter EBITA\* amounted to SEK 51.8 million (34.3). Total EBITA\* for the Group including discontinued operations amounted to SEK 51.8 million (100.8 of which 66.5 from discontinued operations, see page 7).

During the first quarter, profit after tax amounted to SEK 20.2 million (17.2). Profit after tax including discontinued operations amounted to SEK 20.2 million (91.9 of which 74.7 from discontinued operations). In the financial statements, the Group has reduced the Group's taxes corresponding to a loss carryforward of SEK 6.5 million.

#### Acquisitions and divestments during the period

On 24 January 2019, Sdipotech AB acquired all the shares in RedSpeed International Ltd. The company is a leading provider of solutions for traffic safety, including manufacture and maintenance of digital cameras for speed control and traffic monitoring. The primary focus is on the UK market, where the company holds a strong market share, as well as within the EU. The company generates annual sales of around GBP 5.6 million, with an operating profit of approximately GBP 1.6 million.

On 18 February 2019, Sdipotech AB acquired all of the shares in Water Treatment Products Limited and its holding company Water Treatment Products Holdings Limited. Water Treatment Products is a leading company in the preparation and manufacture of chemical products for water treatment in the UK. The company generates annual sales of around GBP 9.4 million, with an operating profit of approximately GBP 2.5 million.

On 18 February 2019, Sdipotech AB divested its shares in AVA Monitoring AB back to the original owners. The reversal of the acquisition was effectuated by Sdipotech receiving a refund of the cash purchase consideration paid on the acquisition of AVA Monitoring in July 2017 of approximately SEK 21.5 million. Sdipotech's outstanding liabilities to the sellers of AVA Monitoring, totalling SEK 72 million were written off, including the reserved liability for future payment of the conditional purchase consideration. The booked goodwill asset of SEK 71 million that arose in connection with the acquisition was also written off. Finally, a cash payment of approximately SEK 2 million was received. Following deductions for the accumulated shareholders'

equity from which Sdipotech has benefited since the acquisition, as well as for other costs in connection with the reversal, the net effect for Sdipotech will be a gain of approximately SEK 3 million.

#### Cashflow

Cash flow from operating activities after changes in working capital amounted to SEK 57.6 million (6.4) during the first quarter. A contributory factor to the improved cash flow was changes in the working capital and that tax payments were lower due to use of intra-group loss carryforwards. The introduction of IFRS 16 also had a positive impact on cash flow from operating activities, as items that previously were included in this metric are now presented as Investments in property, plant and equipment. However, the cash flow generation expressed as a percentage was not impacted and amounted to 110.8 percent (25.9) during the first quarter.

Cashflow from investing activities was negative in the amount of SEK 256.6 million (negative 152.4). The cash flow effect of completed acquisitions (see also Note 5) amounted to a negative of SEK 240.6 million (negative 140.8) for the period, of which SEK 220.4 million relates to the year's acquisitions and SEK 20.3 million to payment on acquisitions from previous years. Investments in tangible non-current assets amounted to negative SEK 14.9 million (negative 8.6).

Cashflow from financing activities amounted to SEK 79.4 million (51.0). Loans raised amounted to SEK 95.2 million (74.0), most of which are related to acquisitions during the period. Amortization of loans has been made by a negative of SEK 12.3 million (negative 21.1), which also relates to the majority of the redemption of previous acquisition loans in connection with the new financing. Dividends on preference shares amounted to a negative of SEK 3.5 million (negative 3.5).

#### Liabilities

Interest-bearing liabilities including additional purchase considerations and financial leasing amounted to SEK 1,233.2 million (738.2). The two largest items within interest-bearing liabilities amounted to SEK 563.4 million (288.9) in liabilities to credit institutions, and SEK 560.5 million (413.5) 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 of SEK 2.1 million (1.6) in the period January to March 2019.

Discounting also occurs of the assets that are classified as rights of use under IFRS 16. During the period, earnings were



charged with SEK 0.5 million related to interest under IFRS 16.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents in remaining operations, amounted to SEK 1,025.7 million (527.8). The net debt, consisting of interest-bearing liabilities less cash and cash equivalents amounted to SEK 1,025.7 million (527.8). The net debt was impacted by the introduction of IFRS 16 by the fact that liabilities for financial leases increased by SEK 72.7 million, also see Accounting principles, page 17.

Net bank debt, in accordance with the calculation method above but only for liabilities to credit institutions, amounted to SEK 356.0 million (78.5).

The key figures Net debt/EBITDA, which is calculated on a twelve-month basis, amounted to 3.30 (1.35) by 31 March.

#### **Parent company**

The Parent Company SdipTech AB's internal net sales for the financial year amounted to SEK 2.0 million (0.9) and profit after financial items amounted to SEK 4.8 million (5.7).

## **OTHER INFORMATION**

### **Employees**

At the end of the year, there were 1,102 employees (1,026). Companies acquired in the first quarter contributed with 97 new employees.

### **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:

- Liquidity- and financing risk
- Interest rate risk
- Currency risk
- Customer- and counterparty risk

See note 15 from the 2018 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**

No significant events have been noted after the reporting date.

### **SdipTech Annual General Meeting 2019**

The Annual General Meeting 2019 will be held on Monday, 13 May, at 16:00 at IVA (Ingenjorsvetenskapsakademien), Grev Turegatan 16 Stockholm. Notice of the Annual General Meeting was published 11 April 2019. All shareholders who are included in the register of shareholders five days before the Annual General Meeting can participate in person or by proxy. The notification must be made to the company as stated in the notice.

The Annual Report was published 18 April 2019.

## CONSOLIDATED INCOME STATEMENT

(SEK million)	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Net sales	422.2	338.1	1,496.2
Other operating income	7.0	4.6	58.2
<b>Total income</b>	<b>429.2</b>	<b>342.6</b>	<b>1,554.4</b>
<b>Operating expenses</b>			
Materials, contracting and subcontracting	-176.2	-151.1	-664.2
Other external expenses	-60.6	-47.9	-182.7
Employee expenses	-145.3	-116.0	-494.5
Depreciation and amortization of tangible non-current assets	-14.1	-5.4	-23.0
Depreciation and amortization of intangible non-current assets	-1.2	0.2	-46.6
<b>Operating profit</b>	<b>31.8</b>	<b>22.1</b>	<b>143.3</b>
<b>Profit/loss from financial items</b>			
Financial income	5.3	8.3	2.6
Financial expenses	-10.6	-7.0	-19.1
<b>Profit/loss after financial items</b>	<b>26.5</b>	<b>23.4</b>	<b>126.8</b>
Tax on profit for the period	-6.3	-6.2	-30.5
<b>Profit/loss for the period from remaining operations</b>	<b>20.2</b>	<b>17.2</b>	<b>96.3</b>
<b>Discontinued operations</b>			
Profit/loss for the period from discontinued operations	-	74.7	77.0
<b>Profit/loss for the period</b>	<b>20.2</b>	<b>91.9</b>	<b>173.3</b>
<b>Profit/loss attributable to remaining operations:</b>			
Parent Company's shareholders	19.3	16.6	92.1
Non-controlling interests	0.9	0.6	4.2
<b>Profit/loss attributable to discontinued operations:</b>			
Parent Company's shareholders	-	31.5	33.2
Non-controlling interests	-	43.1	43.8
Earnings per share for remaining operations, attributable to the Parent Company's shareholders during the period, after deduction for dividends to preference shareholders (in SEK per share)	0.52	0.43	2.58
Earnings per share including discontinued operations, attributable to the Parent Company's shareholders during the period, after deduction for dividends to preference shareholders (in SEK per share)	0.52	1.47	3.68
<b>EBITA*</b>	<b>51.8</b>	<b>34.3</b>	<b>177.2</b>
Number of ordinary shares at end of period (Million)	30.3	30.3	30.3
Average number of ordinary shares (Million)	30.3	30.3	30.3

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Profit/loss for the period	20.2	91.9	173.7
<b>Other comprehensive income for the period</b>			
<b>Components that will be reclassified to profit/loss in the period</b>			
Changes in accumulated translation differences	0.4	7.7	1.5
<b>Total components that will be reclassified to profit/loss in the period</b>	<b>0.4</b>	<b>7.7</b>	<b>1.5</b>
<b>Comprehensive income for the period</b>	<b>20.6</b>	<b>99.6</b>	<b>175.2</b>
<b>Attributable to:</b>			
Parent Company's shareholders	19.7	55.8	127.3
Non-controlling interests	0.9	43.8	47.9
<b>Total comprehensive income attributable to Parent Company's shareholders has arisen from</b>			
-Remaining operations	19.7	24.3	93.7
-Discontinued operations	-	31.5	77.7

## CONSOLIDATED BALANCE SHEET

(SEK million)	Note	2019 31 Mar	2018 31 Mar	2018 31 Dec
<b>Non-current assets</b>				
<i>Intangible non-current assets</i>				
Goodwill	3	1,704.7	1,252.4	1,451.9
Other intangible assets		24.6	14.9	25.2
<i>Tangible non-current assets</i>				
Tangible non-current assets		199.6	98.1	108.2
<i>Financial non-current assets</i>				
Other financial non-current assets		1.8	1.9	1.9
<b>Total non-current assets</b>		<b>1,930.7</b>	<b>1,367.3</b>	<b>1,587.1</b>
<b>Current assets</b>				
Completed products and goods for resale		111.9	85.4	96.4
Accounts receivable		315.9	263.5	308.8
Other receivables		64.1	12.1	62.4
Current tax assets		23.4	21.7	18.2
Prepaid expenses and accrued income		63.3	46.7	55.3
Cash and cash equivalents		207.4	221.4	324.8
<b>Total current assets</b>		<b>786.1</b>	<b>650.8</b>	<b>865.9</b>
Assets in disposal group		-	87.1	-
<b>Total assets</b>		<b>2,716.8</b>	<b>2,105.2</b>	<b>2,453.0</b>
<b>Shareholders' equity</b>				
<b>Shareholders' equity attributable to Parent Company's shareholders</b>				
Share capital		0.8	0.8	0.8
Other contributed capital		714.6	714.2	714.2
Reserves		0.9	8.5	11.5
Profit/loss brought forward including earnings for the period		377.9	303.5	361.1
<b>Total equity attributable to Parent Company's shareholders</b>		<b>1,094.2</b>	<b>1,027.1</b>	<b>1,088.1</b>
Non-controlling interests		33.7	76.9	32.7
<b>Total shareholders' equity</b>		<b>1,127.9</b>	<b>1,103.9</b>	<b>1,120.8</b>
<b>Liabilities</b>				
Interest-bearing long-term liabilities	4	624.1	589.2	663.3
Non-interest-bearing long-term liabilities		18.3	13.6	14.2
Interest-bearing short-term liabilities	4	609.1	149.0	355.0
Non-interest-bearing short-term liabilities		337.5	249.5	299.7
<b>Total liabilities</b>		<b>1,589.0</b>	<b>1,001.3</b>	<b>1,332.2</b>
<b>Total equity and liabilities</b>		<b>2,716.8</b>	<b>2,105.2</b>	<b>2,453.0</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(SEK million)	Shareholders' equity attributable to Parent Company shareholders				Total	Non-controlling interests	Shareholders' equity
	Share capital	Other contr. capital	Reserves	Retained earnings			
<b>Opening balance, 1 January 2018</b>	<b>0.8</b>	<b>712.6</b>	<b>0.8</b>	<b>259.0</b>	<b>973.2</b>	<b>33.2</b>	<b>1,006.4</b>
Comprehensive income for the period	-	-	-	48.1	48.1	43.8	91.9
Other comprehensive income for the period	-	-	7.7	-	7.7	-	7.7
<b>Comprehensive income for the period</b>	-	-	<b>7.7</b>	<b>48.1</b>	<b>55.8</b>	<b>43.8</b>	<b>99.6</b>
Dividend paid to preference shareholders	-	-	-	-3.5	-3.5	-	-3.5
Dividend paid to non-controlling interests	-	-	-	-	-	-0.1	-0.1
Option premiums	-	1.6	-	-	1.6	-	1.6
<b>Closing balance, 31 March 2018</b>	<b>0.8</b>	<b>714.2</b>	<b>8.5</b>	<b>303.6</b>	<b>1,027.1</b>	<b>76.9</b>	<b>1,104.0</b>
<b>Opening balance, 1 April 2018</b>	<b>0.8</b>	<b>714.2</b>	<b>8.5</b>	<b>303.6</b>	<b>1,027.1</b>	<b>76.9</b>	<b>1,104.0</b>
Comprehensive income for the period	-	-	-	77.6	77.6	4.2	81.8
Other comprehensive income for the period	-	-	-6.1	-	-6.1	-0.1	-6.2
<b>Comprehensive income for the period</b>	-	-	<b>-6.1</b>	<b>77.6</b>	<b>71.5</b>	<b>4.1</b>	<b>75.6</b>
Change in non-controlling interests	-	-	-	-	-	-0.2	-0.2
Acquisitions of subsidiaries	-	-	-	-	-	1.1	1.1
Sales of subsidiaries	-	-	-	-	-	-49.2	-49.2
Dividend paid to preference shareholders	-	-	-	-10.5	-10.5	-	-10.5
Dividend paid to non-controlling interests	-	-	-	-	-	-0.1	-0.1
Option premiums	-	0.4	-	-	0.4	-	0.4
Development reserve	-	-	9.1	-9.1	-	-	-
<b>Closing balance, 31 December 2018</b>	<b>0.8</b>	<b>714.6</b>	<b>11.5</b>	<b>361.6</b>	<b>1,088.5</b>	<b>32.6</b>	<b>1,121.1</b>
<b>Opening balance, 1 January 2019</b>	<b>0.8</b>	<b>714.6</b>	<b>11.5</b>	<b>361.6</b>	<b>1,088.5</b>	<b>32.6</b>	<b>1,121.1</b>
Comprehensive income for the period	-	-	-	19.3	19.3	0.9	20.2
Other comprehensive income for the period	-	-	-	0.3	0.3	0.1	0.4
<b>Comprehensive income for the period</b>	-	-	-	-	<b>19.6</b>	<b>1.0</b>	<b>20.6</b>
Exchange differences	-	-	-	7.6	7.6	-	7.6
Sales of subsidiaries	-	-	-10.6	-7.4	-18.0	-	-18.0
Dividend paid to preference shareholders	-	-	-	-3.5	-3.5	-	-3.5
<b>Closing balance, 31 March 2019</b>	<b>0.8</b>	<b>714.6</b>	<b>0.9</b>	<b>377.9</b>	<b>1,094.2</b>	<b>33.7</b>	<b>1,127.9</b>

## CONSOLIDATED CASH FLOW ANALYSIS

(SEK million)	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
<b>Continued operations</b>			
Earnings after financial items	26.5	23.4	126.8
Adjustment for items not included in cash flow	25.5	1.3	31.6
Paid taxes	-19.7	-24.4	-45.7
<b>Cash flow from continuing operations before change in working capital</b>	<b>32.3</b>	<b>0.3</b>	<b>112.7</b>
Cash flow from change in working capital			
Increase(-)/decrease(+) in operating receivables	-8.5	-16.3	-16.7
Increase(+)/decrease(-) in operating liabilities	14.9	0.1	-37.6
<b>Cashflow from current operations</b>	<b>18.9</b>	<b>22.3</b>	<b>30.2</b>
	<b>57.6</b>	<b>6.4</b>	<b>88.6</b>
<b>Investing activities</b>			
Acquisitions of subsidiaries	-240.6	-140.8	-293.4
Acquisitions of intangible non-current assets	3.3	-	-
Acquisitions of tangible non-current assets	-4.4	-3.0	-13.7
Investments in financial non-current assets	-14.9	-8.6	-22.2
Disposal of non-current financial assets	-	-	0.9
<b>Cash flow from investing activities</b>	<b>-256.6</b>	<b>-152.4</b>	<b>-328.4</b>
<b>Financing activities</b>			
New share issue	-	-	-
Option premiums	-	1.6	2.0
Loans raised	95.2	74.0	331.3
Amortization of loans	-12.3	-21.1	-80.7
Dividends paid	-3.5	-3.5	-14.0
<b>Cash flow from financing activities</b>	<b>79.4</b>	<b>51.0</b>	<b>238.6</b>
<b>Cash flow for the period from remaining operations</b>	<b>-119.6</b>	<b>-95.0</b>	<b>-1.2</b>
<b>Cash flow for the period from discontinued operations</b>	<b>-</b>	<b>59.5</b>	<b>-4.4</b>
Cash and cash equivalents at beginning of year	324.8	330.0	330.0
Exchange rate difference in cash and cash equivalents	2.2	2.5	0.4
<b>Cash and cash equivalents at end of period from remaining operations</b>	<b>207.4</b>	<b>221.4</b>	<b>324.8</b>

## PARENT COMPANY INCOME STATEMENT

(SEK million)	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Net sales	2.0	0.9	3.8
Other operating income	0.5	0.9	1.8
<b>Total income</b>	<b>2.6</b>	<b>1.8</b>	<b>5.6</b>
<b>Operating expenses</b>			
Other external expenses	-3.0	-2.8	-11.1
Employee expenses	-5.7	-4.0	-16.6
Depreciation of tangible and intangible non-current assets	-	-	-0.2
<b>Operating profit</b>	<b>-6.2</b>	<b>-5.0</b>	<b>-22.2</b>
<b>Profit/loss from financial items</b>			
Result from participation in group companies			65.1
Financial income	18.2	10.7	14.7
Financial expenses	-7.2	-0.1	-1.5
<b>Profit/loss after financial items</b>	<b>4.8</b>	<b>-0.1</b>	<b>56.1</b>
Group contributions received	-	-	50.3
Group contributions provided	-3.1	-	-
Tax on profit for the period	-	-	-
<b>Profit/loss for the period</b>	<b>1.7</b>	<b>5.7</b>	<b>106.5</b>

## PARENT COMPANY BALANCE SHEET

(SEK million)	2019 31 Mar	2018 31 Mar	2018 31 Dec
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>			
Other intangible non-current assets	0.2	0.1	0.1
<i>Financial non-current assets</i>			
Financial non-current assets	355.2	392.1	513.3
Receivables, Group companies	856.7	405.6	476.5
<b>Total non-current assets</b>	<b>1,212.1</b>	<b>797.9</b>	<b>989.9</b>
<b>Current assets</b>			
Receivables, Group companies	67.6	38.9	61.7
Accounts receivable	0.3	0.5	0.3
Other receivables	14.5	0.6	14.0
Current tax assets	-	-	-
Prepaid expenses and accrued income	7.5	6.8	8.6
Cash and cash equivalents	30.3	45.9	124.8
<b>Total current assets</b>	<b>120.2</b>	<b>92.7</b>	<b>209.5</b>
<b>Total assets</b>	<b>1,332.3</b>	<b>890.6</b>	<b>1,199.4</b>
<b>Shareholders' equity</b>			
Share capital	0.8	0.8	0.8
Share premium reserve	714.6	714.2	714.6
Retained earnings including profit/loss for the period	190.1	101.5	189.8
<b>Total shareholder's equity</b>	<b>905.5</b>	<b>816.5</b>	<b>905.2</b>
<b>Liabilities</b>			
Long-term liabilities to Group companies	112.3	69.7	81.0
Short-term liabilities to Group companies	303.0	-	17.6
Short-term liabilities	11.5	4.4	195.5
<b>Total liabilities</b>	<b>426.8</b>	<b>74.1</b>	<b>294.2</b>
<b>Total equity and liabilities</b>	<b>1,332.3</b>	<b>890.6</b>	<b>1,199.4</b>

## NOTES

### ACCOUNTING 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 a new division of business areas has been made. For further information on the new business areas see the Annual Report 2018 and press release from March 29, 2019.

The Group applies IFRS 16 Leases from 1 January 2019. The standard has replaced IAS 17 Leases and related interpretations. The standard implies a uniform lease model for lessees that requires recognition of:

- right-of-use assets and
- the lease liability that represents the obligation to pay lease payments

The standard applies to all lease contracts with the exception of leases that are shorter than 12 months and/or relate to minor amounts.

Sdipotech has opted to use the modified retrospective method, which means that identified leases are not restated retrospectively and thus comparative figures for periods before 2019 are not impacted.

For Sdipotech, the new standard implies an increase in right-of-use assets and lease liabilities in the balance sheet, which represents the value of the future assets and future payments, respectively. In the income statement, a change has occurred compared to previous accounting principles as costs previously booked as lease expenses are now recognized as depreciation and interest expense.

Jan-Mar 2019 (SEK million)	Incl IFRS 16	Excl IFRS 16
Sales	422.2	422.2
EBITDA	47.1	37.6
EBITDA%	11.2%	8.9%
EBITA*	51.8	51.5
EBITA*%	12.3%	12.2%
<b>Carrying amount 2019-03-31</b>	<b>IFRS16</b>	<b>IAS17</b>
Financial leasing assets	101.1	29.1
Non-current liabilities financial leasing	-56.8	-19.4
Current liabilities financial leasing	-45.0	-9.7

The Group's assets under IFRS 16 essentially consist of rental of office premises as well as vehicles and equipment used in the operations. IFRS 16 is not applied in the segment reporting.

### 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.

#### WATER & ENERGY

The companies within Water & Energy provide niche products and services focused on the water and energy infrastructure segments. The companies address specialised needs in water and water purification, as well as electricity supply and electrical automation. The principal geographic markets today are Sweden and the UK.

#### SPECIAL INFRASTRUCTURE SOLUTIONS

The companies within Special Infrastructure Solutions provide niched products and services for specialised needs in air and climate control, security and surveillance and transport systems. The principal geographic markets are Sweden, Northern Europe and the UK.

The products and services within Special Infrastructure Solutions span a relatively broad range of niched infrastructure solutions. The common theme is market segments with favourable underlying growth, a low degree of cyclicalty and a gradual introduction of stricter environmental, energy and safety regulations.

## PROPERTY TECHNICAL SERVICES

The companies within Property Technical Services offer specialised technical services for landlords. Customers are spread across several segments, including public functions (schools, hospitals, etc.), commercial properties (offices, warehouses, etc.), as well as housing (municipal and private). Assignments are performed throughout the lifecycle of a property, including service, renovation, modernisation and new construction. The principal geographic markets today are Stockholm and major cities in Germany, the Benelux countries and Austria. The business models are generally project-based and include associated aftermarket services and framework agreements.

### 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.

### Segment information, the Group\*

The Group Net sales (SEK million)	Jan - Mar 2019	Jan - Mar 2018	LTM Mar 2019	Jan- Dec 2018
Water & Energy Special Infrastructure Solutions	150.2	88.9	489.2	427.9
Property Technical Services	100.0	60.4	359.2	319.6
Central units	172.1	188.8	732.2	749.0
	-0.1	-	-0.1	-0.1
<b>Total</b>	<b>422.2</b>	<b>338.1</b>	<b>1,580.4</b>	<b>1,496.3</b>
Discontinued operations	-	4.8	10.2	15.0
<b>Total</b>	<b>422.2</b>	<b>342.9</b>	<b>1,590.7</b>	<b>1,511.3</b>

The Group Operating profit (SEK million)	Jan - Mar 2019	Jan - Mar 2018	LTM Mar 2019	Jan- Dec 2018
Water & Energy Special Infrastructure Solutions	25.5	11.7	77.8	64.0
Property Technical Services	20.3	13.5	76.1	69.3
Central units	9.1	13.8	56.6	61.4
	-23.1	-16.9	-57.5	-51.4
<b>Total</b>	<b>31.8</b>	<b>22.2</b>	<b>153.0</b>	<b>143.3</b>
Discontinued operations**	-	74.7	3.0	77.7
<b>Total</b>	<b>31.8</b>	<b>96.9</b>	<b>156.0</b>	<b>221.0</b>

\* 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. 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 2018-03-31</b>	<b>1,252.4</b>
Acquisitions Apr 2018 – Mar 2019	583.1
Adjustment acquisition analyses	-30.0
Depreciations	-44.7
Discontinued operations	-71.6
Currency translation effects	15.4
<b>Carrying amount 2019-03-31</b>	<b>1,704.6</b>

In comparison with 31 March 2018, goodwill increased by a total of SEK 452.2 million and amount to SEK 1,704.6 million as per 31 March 2019. Between April 2018 and March 2019, six business acquisitions were carried out, which together increased goodwill by SEK 583.1 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 were identified for previous acquisitions. No impairment requirement has been identified during the quarter. Preliminary acquisitions analyses were adjustment by SEK 1.7 million.

Divestment of AVA Monitoring and the discontinued operations contributed a negative of SEK 71.6 million, and the remaining change of SEK 9.6 million relates to currency effects.

## NOTE 4 INTEREST-BEARING LIABILITIES

(SEK million)	2019 31 Mar	2018 31 Mar	2018 31 Dec
Liabilities to credit institutions	7.8	217.5	206.0
Accrued borrowing costs	-3.6	-3.2	-3.8
Financial leasing	56.8	21.1	20.7
Conditional purchase considerations	560.5	352.6	439.3
Other non-current liabilities	2.5	1.1	1.1
<b>Total non-current interest-bearing liabilities</b>	<b>624.1</b>	<b>589.2</b>	<b>663.3</b>
Liabilities to credit institutions	559.2	74.5	279.7
Financial leasing	47.5	12.1	12.9
Conditional purchase considerations	-	60.9	60.9
Other current liabilities	2.4	1.5	1.5
<b>Total current interest- bearing liabilities</b>	<b>609.1</b>	<b>149.0</b>	<b>355.0</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.

<b>Conditional purchase considerations</b>	<b>(SEK million)</b>
<b>Carrying amount 2018-12-31</b>	<b>500.2</b>
Additional for acquisitions Jan-Mar 2019	138.9
Paid purchase considerations	-20.3
Interest expenses (discount effect due to present value calculation)	2.6
Sold units	-65.7
Exchange differences	4.8
<b>Carrying amount 2019-03-31</b>	<b>560.5</b>

## NOTE 5 BUSINESS ACQUISITIONS

<b>(SEK million)</b>	<b>Summa</b>
Intangible non-current assets	6.8
Tangible non-current assets	40.9
Inventories and work in progress	14.5
Cash and cash equivalents	113.1
Other current assets	28.4
Deferred tax liability	-0.6
Other current liabilities	-33.9
<b>Net identifiable assets and liabilities</b>	<b>169.2</b>
Consolidated goodwill	303.2
<b>Transferred remuneration</b>	<b>472.4</b>
<b>Transferred remuneration</b>	
Cash and cash equivalents	333.5
Conditional purchase considerations	138.9
<b>Total transferred remuneration</b>	<b>472.4</b>
<b>Liquidity impact on the Group</b>	
Acquired cash and cash equivalents	113.1
Transferred remuneration	-333.5
<b>Total liquidity impact</b>	<b>-220.4</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 Sdiptech'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 24 January 2019, Sdiptech AB acquired all of the shares in RedSpeed International Ltd. The company is a leading provider of solutions for traffic safety, including manufacture and maintenance of digital cameras for speed control and traffic monitoring. The primary focus is on the UK market, where the company holds a strong market share, as well as within the EU. The company generates annual sales of around GBP 5.6 million, with an operating profit of approximately GBP 1.6 million.

On 18 February 2019, Sdiptech AB acquired all of the shares in Water Treatment Products Limited and its holding company Water Treatment Products Holdings Limited. Water Treatment Products is a leading company in the preparation and manufacture of chemical products for water treatment in the UK. The company generates annual sales of around GBP 9.4 million, with an operating profit of approximately GBP 2.5 million.

## COMPANIES PER BUSINESS AREA

The below shows which companies are included in the new business areas Water & Energy, Special Infrastructure Solutions and Property Technical Services as of January 2019:

### Business areas first quarter 2019

#### WATER & ENERGY (in alphabetical order):

- CentralByggarna i Åkersberga AB      Producer of customized switching stations and electrical automation
- Centralmontage i Nyköping AB      Producer of customized switching stations and electrical automation
- EuroTech Sire System AB      Installation and service of uninterruptible power supply
- Hansa Vibrations & Omgivningskontrol AB      Performs vibration measurements in infrastructure projects
- Hydrostandard Mätteknik Nordic AB      Replacement, renovation and calibration of water meters
- Multitech Site Services Ltd      Temporary infrastructure such as temporary electricity, water, fire protection and lighting
- Polyproject Environment AB      Installations and components for water treatment in industry and municipalities
- Pure Water Scandinavia AB      Producer of ultra-pure water products
- Rogaland Industri Automasjon AS      Control and regulating systems for water and sewerage systems
- Topas Vatten AB      Installation and service of smaller water and wastewater treatment plants
- Unipower AB      Measuring systems for monitoring of power quality
- Vera Klippan AB      Producer of large-dimension cisterns for larger water and sewerage systems
- Water Treatment Products Ltd  
(from Feb 2019)      Preparation and manufacture of water treatment products

#### SPECIAL INFRASTRUCTURE SOLUTIONS (in alphabetical order):

- CliffModels AB      Prototypes for industrial product development
- Frigotech AB      Installation and service of refrigeration units
- KSS Klimat & Styrssystem AB      Indoor climate control, ventilation and energy efficiency
- Medicvent AB      System for evacuation of noxious gases
- Optyma Security Systems Ltd      Integrated security systems for public and private environments
- RedSpeed International Ltd (from Jan -19)      Digital cameras for speed monitoring and traffic enforcement
- Storadio Aero AB (formerly Aviolinx AB)      Infrastructure and operational liaison centre for backup air traffic communications
- Thors Trading AB      Durable products in carbon steel material for racing and harness racing

#### PROPERTY TECHNICAL SERVICES (in alphabetical order):

- Aufzuge Friedl GmbH      Renovation, modernization and service of elevators in Vienna (Austria)
- Castella Entreprenad AB      Contracts for shell completion and internal plaster walls
- HissPartner i Stockholm AB      Renovation, modernization and service of elevators in Stockholm
- ManKan Hiss AB      Renovation, modernization and service of elevators in Stockholm
- Metus d.o.o.      Production of special elevators for customer-specific needs  
Supply of resources to global elevator manufacturers
- St. Eriks Hiss AB      Renovation, modernization and service of elevators in Stockholm
- ST Lift GmbH      Production of compact elevators
- Stockholms Hiss- & Elteknik AB      Renovation, modernization and service of elevators in Stockholm
- Tello Service Partner AB      Roof renovations and installation of roof safety equipment

## 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. 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.
<b>EBITA* margin</b>	EBITA* in relation to net sales.
<b>Net debt/EBITDA</b>	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.
<b>Net bank debt/EBITDA</b>	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.
<b>Capital employed</b>	Calculated as average shareholders' equity and interest-bearing net debt for the past four quarters 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 cash flow from continuing operations against profit before tax adjusted for non-cash items.
<b>Earnings per ordinary share</b>	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.

## 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.

EBITDA (SEK million)	Q1 2019	Q1 2018	Full year 2018
Operating profit	31.8	22.1	143.3
Depreciation and amortization of tangible non-current assets	14.1	5.4	23.0
Depreciation and amortization of intangible non-current assets	1.2	0.2	46.6
<b>EBITDA</b>	<b>47.1</b>	<b>27.7</b>	<b>213.0</b>

### EBITA\*

Operating profit before amortization and impairment of intangible non-current assets. 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.

EBITA* (SEK million)	Q1 2019	Q1 2018	Full year 2018
Operating profit	31.8	22.1	143.3
Depreciation and amortization of intangible non-current assets	1.2	0.2	46.6
<b>EBITA</b>	<b>33.0</b>	<b>22.3</b>	<b>189.9</b>
Acquisition costs	18.8	11.9	21.1
Adjustment of liability for additional purchase consideration	-	-	-33.9
<b>EBITA*</b>	<b>51.8</b>	<b>34.3</b>	<b>177.2</b>

### EBITA\* margin

EBITA\* in relation to net sales.

EBITA* in relation to net sales (SEK million)	Q1 2019	Q1 2018	Full year 2018
EBITA*	51.8	34.3	177.2
Net sales	422.2	338.1	1,496.2
<b>EBITA* margin %</b>	<b>12.3</b>	<b>10.1</b>	<b>11.8</b>

### 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	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Interest-bearing liabilities	1,014.4	1,237.4	1,018.3	948.3	853.6
Cash and cash equivalents	-246.7	-207.4	-324.8	-237.1	-217.5
<b>Interest-bearing net debt</b>	<b>767.7</b>	<b>1,030.0</b>	<b>693.5</b>	<b>711.3</b>	<b>636.1</b>

Average net debt in relation to EBITDA (SEK million)	LTM 31 March 2019	Full year 2018
Interest-bearing net debt	767.7	642.2
EBITDA	232.4	213.0
<b>Net debt/EBITDA</b>	<b>3.30</b>	<b>3.02</b>

### 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	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Liabilities to credit institutions	441.6	564.3	481.9	404.0	316.2
Cash and cash equivalents	-246.7	-207.4	-324.8	-237.1	-217.5
<b>Interest-bearing net liabilities to credit institutions</b>	<b>194.9</b>	<b>356.9</b>	<b>157.1</b>	<b>166.9</b>	<b>98.7</b>

  

Average net bank debt in relation to EBITDA (SEK million)	LTM 31 March 2019	Full year 2018
Interest-bearing net liabilities to credit institutions	194.9	125.3
EBITDA	232.4	213.0
<b>Net bank debt/EBITDA</b>	<b>0.84</b>	<b>0.59</b>

### 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	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Interest-bearing net debt	767.7	1,030.0	693.5	711.3	636.1
Short-term investments	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	1108.6	1,127.9	1,120.8	1,103.3	1,082.2
<b>Capital employed</b>	<b>1,876.3</b>	<b>2,157.9</b>	<b>1,814.3</b>	<b>1,814.5</b>	<b>1,718.3</b>

### 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)	Q1 2019	Q1 2018	LTM 31 March 2019	Full year 2018
EBITA	200.6	183.2	200.6	189.9
Capital employed	1,876.3	1,274.8	1,876.3	1,744.6
<b>Return on capital employed %</b>	<b>10.7</b>	<b>14.4</b>	<b>10.7</b>	<b>10.9</b>

### Cash flow generation

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

Cash flow generation %	Q1 2019	Q1 2018	LTM 31 March 2019	Full year 2018
EBT	26.5	23.4	129.8	126.8
Adjustment for items not included in cash flow	25.5	1.3	55.8	31.6
<b>Adjusted EBT</b>	<b>52.0</b>	<b>24.7</b>	<b>185.6</b>	<b>158.4</b>
Cash flow from continuing operations	57.6	6.4	139.8	88.6
<b>Cash flow generation %</b>	<b>110.8</b>	<b>25.9</b>	<b>75.3</b>	<b>55.9</b>

### 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)	Q1 2019	Q1 2018	LTM 31 March 2019	Full year 2018
Profit/loss attributable to Parent company's shareholders	19.3	48.1	95.2	125.3
Dividend paid to preference shareholders	3.5	3.5	14.0	14.0
<b>Profit/loss attributable to Parent company's shareholders</b>				
Number of ordinary shares outstanding	30.3	30.3	30.3	30.3
<b>Earnings per ordinary share</b>	<b>0.52</b>	<b>1.47</b>	<b>2.68</b>	<b>3.68</b>

STOCKHOLM, 3 MAY 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 3 May 2019 at 08:00 CET.

#### UPCOMING REPORTS

Interim report for January – March 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:

- 14 June 2019
- 13 September 2019
- 13 December 2019
- 13 March 2020

