

Press release
21 July 2020, 19:30

Sdipotech updates the financial targets

Sdipotech's Board of Directors has set new financial targets to replace the previous ones, which were communicated in 2016 prior to the company's listing of the B share. The updated financial targets reflect the direction and phase that Sdipotech is currently in.

Sdipotech's business model is to create value growth by acquiring and developing profitable niche companies within critical societal infrastructure. The company's financial targets are carefully calibrated to drive strong profit growth towards a manageable financial risk at any given time, based on the development phase in which the company is. The updated financial targets reflect this, at the same time as it entails simplification compared to the previous targets.

The Board has set the following new financial targets:

- Organic earnings growth: To achieve an average annual organic growth rate for EBITA of 5-10 percent.
- Acquired earnings growth: The goal is to, on an annual average basis, acquire companies with a total EBITA of SEK 90 million.
- Capital structure: Financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5.

The growth targets for both organic and acquired earnings growth remain central to the phase in which Sdipotech is and are unchanged from the previous targets.

The target for the capital structure is adjusted to include the financial net debt instead of, as before, the total net debt. Sdipotech finances its acquisitions through both borrowing from banks or the financial market ("financial debt"), as well as conditional acquisition considerations withheld during a so-called earnout period ("conditional debt"). From a risk perspective, it is mainly the financial debt that is central to monitor. While the conditional debt includes lower risk since it is directly correlated with the actual profit development - as the debt decreases if the result decreases and vice versa.

The previous goal of return on capital employed is removed as a financial target as the measure is expected to have a lower relevance in the strong growth phase that the company is currently in. However, the key figure remains important in the company's operational management and is reported unchanged in connection with the interim reports.

The dividend policy is left unchanged. According to this shall, in addition to an annual preference share dividend of SEK 8.00 per share, the free cash flow be reinvested for growth.

For additional information, please contact:

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Sdipotech's common share of series B share is traded under the short name SDIP B with ISIN code SE0003756758. Sdipotech AB's preferred shares are traded under the short name SDIP PREF with ISIN code SE0006758348. Sdipotech AB's Certified Adviser at Nasdaq First North Premier Growth Market is Erik Penser Bank, +468-463 83 00, certifiedadviser@penser.se. Further information is available on the company's website: www.sdipotech.com

Sdipotech AB is a technology group with a primary focus on infrastructure segments critical to well-functioning societies and to welfare, e.g. water & sanitation, power & energy, transportation, energy efficiency and air climate. As part of our offering in urban areas, we also provide niched technical services for buildings and real-estate such as renovation of elevators and roofs. The company has approximately SEK 2,000 million in sales and is based in Stockholm.

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