



INTERIM FINANCIAL
REPORT

Q2 2019

JANUARY TO JUNE



SELECTED FINANCIAL INFORMATION

Period	Net sales	EBITA*	Earnings for the period	Earnings per ordinary share	Earnings per ordinary share incl. discount. ops
Apr - Jun 2019	448.7 MSEK (377.8)	62.8 MSEK (44.1)	47.7 MSEK (27.4)	SEK 1.43 (0.78)	SEK 1.43 (0.83)
Jan - Jun 2019	870.9 MSEK (715.9)	114.5 MSEK (78.4)	68.0 MSEK (44.6)	SEK 1.95 (1.21)	SEK 1.95 (2.31)
LTM 30 juni 2019	1,651.2 MSEK (1,291.4)	213.3 MSEK (153.4)	120.1 MSEK (113.9)	SEK 3.34 (3.09)	SEK 3.34 (4.08)

SECOND QUARTER 2019

- Net sales increased by 18.8 percent to SEK 448.7 million (377.8). The organic growth in the Water & Energy and Special Infrastructure Solutions business areas totalled +17% during the quarter, while it was -11 percent in Property Technical Services. For the Group overall, the organic sales growth was +1 percent.
- Operating profit EBITA* increased by 42.4 percent to SEK 62.8 million (44.1), corresponding to an EBITA* margin of 14.0 percent (11.7). The stronger margins, particularly in Water & Energy and acquired units with higher profit margins contributed to the earnings trend.
- Profit after acquisitions costs and financial items increased by 59 percent and amounted to SEK 59.4 million (39.5).
- Earnings before tax increased by 59 percent and amounted to SEK 54.7 million (34.5).
- Earnings after tax for the Group, including discontinued operations, amounted to SEK 47.7 million (29.7), of which SEK 46.8 million (28.7) was attributable to the Parent Company's shareholders.
- Cash flow from current operations amounted to SEK 63.0 million (5.7).
- On 31 May 2019 Sdipotech acquired all the shares in Cryptify AB.
- Earnings per ordinary share, less minority interests and dividends on preference shares, was SEK 1.43 (0.83).

KEY RATIOS (for definitions, please refer to page 22)

SEK million	3 months		6 months		12 months	
	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM 30 June 2019	Jan-Dec 2019
EBITA* margin	14.0%	11.7%	13.1%	11.0%	12.9%	11.8%
Net debt/EBITDA, multiple	2.73	1.77	2.73	1.77	2.73	3.02
Net bank debt/EBITDA, multiple	0.83	-0.08	0.83	-0.08	0.83	0.59
Return on capital employed	13.7%	14.3%	13.7%	14.3%	13.7%	10.9%
Return on equity	13.0%	11.7%	13.0%	11.7%	13.0%	8.8%
Cash flow generation	78.2%	14.9%	91.0%	19.2%	86.5%	55.9%

) EBITA is the Group's operating profit and corresponds to EBITA before acquisition costs and before income from remeasurements of contingent consideration payments

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



COMMENTS BY THE CEO

STRONGER MARGINS AND ORGANIC PROFIT GROWTH

The organic profit growth was 8 percent during the first half of 2019. The profit growth through acquisitions was 38 percent during the same period, which is in line with our overall goal to increase the Group's earnings through organic growth as well as acquisitions. Meanwhile, the EBITA margin* during the first half of 2019 rose by 2.1 percentage points to 13.1 percent (11.0 percent).

There were mainly two underlying reasons for the organic profit growth and the stronger margin. Firstly, our business areas with higher margins, i.e. Water & Energy and Special Infrastructure Solutions, showed good organic growth in net sales of 15 percent in total during the first half of 2019. Secondly, we deliberately directed the Swedish elevator operations, which are found in Property Technical Services, towards more niche-focused but profitable business transactions and these operations displayed higher profits and lower net sales according to plan compared to the previous year.

THE SECOND QUARTER

I can confirm that the continuation of 2019 was as good as the start of the year. Net sales in the second quarter increased by 19 percent, EBITA* increased by 42 percent and profit after tax increased by 74 percent. Cash flow from operating activities was good at SEK 63 million (6) during the quarter, after a strong performance and decrease in working capital. The market situation was generally good within the business areas with strong organic growth in most areas.

Our businesses with higher operating margins in the Water & Energy and Special Infrastructure Solutions business areas, showed good organic growth in net sales of +17 percent in total. The market situation in the business areas is good thanks to a long-term willingness among public and private customers to invest in this infrastructure. A gradual introduction of more stringent environmental regulations, greater improvements in efficiency and security and general undercapacity in systems is driving the willingness to invest.

Our business area with a lower operating margin, Property Technical Services, displayed lower net sales than the previous year, equivalent to -11 percent. There were two reasons for this. Firstly, in our elevator operations, we have concentrated on fewer but more profitable customers and net sales were consequently at lower levels, while conversely, profits were higher compared to the previous year. Secondly, our shell completion operations reported

significantly lower demand, which was expected and in line with the first quarter. During the first half of the previous year, unusually large housing projects were completed which contributed to a negative development this year.

ACQUISITIONS

So far this year, three acquisitions were carried out; in the first quarter, two acquisitions were completed of well-managed product companies in the UK and during the second quarter, the Swedish company Cryptify AB was acquired.

Cryptify develops software products for secure mobile communication. The customers are primarily found in Sweden and the UK in the government and defense segments with so-called restricted security classification, where the need for secure communication is growing.

OUTLOOK

Our business model is working well and during the first half of 2019, we increased our profit before financial items (EBIT) by 48 percent after positive contributions from acquisitions and organic profit growth.

Our development work, which in Water & Energy and Special Infrastructure Solutions was focused on sales growth and in the elevator operations was focused on strengthening profitability, is having the desired effect and contributing to both organic growth and to stronger margins.

For Sdipotech the market correction in the housing sector in Stockholm is primarily restricted to shell completion, where we also expect some slowdown in the next quarter but not to the same extent as in the first half of 2019. The market situation for the Group is otherwise good. Our view on future periods remains unchanged with good opportunities for continued profit growth.

In the past year, we have built up our own acquisition team, which will replace the external team that is now being gradually phased out. This phase-out will be completed before year-end and when this happens our acquisition costs will fall significantly.

By way of conclusion, I want to convey a big thank you to all of our dedicated employees for a continued good start to 2019. I also want to welcome on board the new shareholders that have joined Sdipotech.



Jakob Holm
CEO, Sdipotech 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)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM Jun 2019	Jan-Dec 2018
Water & Energy	32.4	10.2	58.4	21.9	100.7	64.2
Special Infrastructure Solutions	20.7	15.9	41.3	29.5	82.4	70.6
Property Technical Services	16.9	20.9	26.2	34.8	53.2	61.7
Business areas	70.0	47.0	125.9	86.2	236.2	196.4
Central units	-7.2	-2.9	-11.4	-7.8	-22.8	-19.2
Total, remaining operations	62.8	44.1	114.5	78.4	213.4	177.2
Discontinued operations	-	3.0	-	69.5	-	69.5
Total	62.8	47.1	114.5	147.9	213.4	246.7

EBITA*

* consists of EBITA before acquisition costs, and before remeasurements of contingent consideration payments.

The purpose of EBITA* is to clarify the 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. Remeasurement of liabilities for contingent consideration payments is also excluded to clarify the earnings trend 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. The first six months of 2019 has thus been charged with costs for several major acquisitions processes.

Adjustment items for EBITA*

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

The remeasurement of liabilities relating to contingent consideration payments 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 cost	Q1	Q2	Q3	Q4	Total
2019	18.8	2.0			20.8
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 earnouts	Q1	Q2	Q3	Q4	Total
2019	-	51.0			51.0
2018	-	-	14.7	19.2	33.9
2017	-	-	-	78.0	78.0

	Q2	Jan-Jun 2019	Full year 2018
EBITA* to EBIT bridge			
EBITA*	62.8	114.5	177.2
Adjustment of liability for earnouts	-51.0	81.0	33.9
Acquisition costs	-2.0	-20.8	-21.1
EBITA	111.8	174.8	189.9
Depreciation and amortisation of intangible non-current assets	-52.4	-83.6	-46.6
EBIT	59.4	91.2	143.3

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 are showing good demand, are water, energy, air and climate control, transportation and security, and we have focused our acquisition strategy on these areas for a long time. As of January 2019, three new business areas have been established: Water & Energy, Special Infrastructure Solutions and Property Technical Services. For information regarding 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 organic growth as well as acquisitions in our focus markets 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)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM Jun 2019	Jan-Dec 2018
Net sales	168.0	102.2	318.2	191.1	555.0	427.9
EBITA*	32.4	10.2	58.4	21.9	100.7	64.2
EBITA* margin %	19.3%	10.0%	18.4%	11.5%	18.1%	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 organic growth as well as continued acquisitions in our focus markets in

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 customised 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 64 percent in the second quarter to SEK 168.0 million (102.2) compared to the previous year. In comparable units, sales increased by 13.4 percent due to continued strong growth within the entire business area. EBITA* for the second quarter increased by 218 percent to SEK 32.4 million (10.2). The EBITA* margin increased during the first quarter to 19.3 percent (10.0). The stronger margin came partly from the fact that some comparable units with high margins produced to meet especially high incoming orders and from acquired units with higher profit margins than the average.

Western Europe. A continued normalisation of the EBITA* margin is now gradually occurring towards a level of about 18–20 percent.

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 37 percent in the second quarter to SEK 102.9 million (75.1) compared to the previous year. In comparable units, sales increased by 23 percent primarily due to continued strong growth within Air & Climate control and Safety & Security.

EBITA* for the second quarter increased by 30 percent to SEK 20.7 million (15.9). The EBITA* margin decreased during the first quarter to 20.1 percent (21.1), when an equalisation of margins takes place through acquisition activities.

Special Infrastructure Solutions (SEK million)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM Jun 2019	Jan-Dec 2018
Net sales	102.9	75.1	202.9	135.5	386.9	319.6
EBITA*	20.7	15.9	41.3	29.5	82.4	70.6
EBITA* margin %	20.1%	21.1%	20.4%	21.8%	21.3%	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 areas in 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, these fluctuations are simultaneously stabilised by the fact that customers are spread among several customer segments and geographies and because the offering includes all stages in the lifecycle of a property.

The business area's objective is primarily to develop the existing companies in order to further strengthen our market positions in each market segment. A normalisation 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

- Renovation, modernisation and service of lifts
- Manufacturing of special lifts and resource supply to global elevator 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 11 percent in the first quarter to SEK 177.8 million (200.5). EBITA* for the second quarter decreased by 19 percent to SEK 16.9 million (20.9). The EBITA* margin for the quarter was 9.5 percent (10.4). In comparable units, sales fell by 11 percent partly due to a planned shift towards more profitable customer segments within elevators, but primarily due to a correction in the housing sector 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)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM Jun 2019	Jan-Dec 2018
Net sales	177.8	200.5	349.9	389.3	709.5	749.0
EBITA*	16.9	20.9	26.2	34.8	53.2	61.7
EBITA* margin %	9.5%	10.4%	7.5%	8.9%	7.5%	8.2%

CENTRAL UNITS – GROUP-WIDE FUNCTIONS AND ELIMINATIONS

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

Comment:

EBITA* amounted to a negative SEK 7.2 million (negative 2.9) for the second quarter. In the previous year, head office costs amounted to about SEK -6 million but EBITA* was impacted by the positive earnings effect that arose in connection with the disposal of the Support operations.

Group-wide functions and eliminations (SEK million)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM Jun 2019	Jan-Dec 2018
Net sales	-	-	-	-	-0.1	-0.1
EBITA*	-7.2	-2.9	-11.4	-7.8	-22.8	-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, Sdipotech 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 came 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 a 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)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM Jun 2019	Jan-Dec 2018
Net sales	-	10.2	-	15.0	-	15.0
EBITA*	-	3.0	-	69.5	-	69.5

COMMENTS ON THE FINANCIAL POSITION

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

FINANCIAL POSITION JANUARY - JUNE

Net sales

Net sales for the Group amounted to SEK 870.9 million (715.9) during the second quarter. Net sales in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 639.4 million (641.5), which corresponded to an organic change of 0 percent for the period. Non-comparable units contributed SEK 231.4 million (74.4) to net sales for the period.

Earnings

During the first six months EBITA* amounted to SEK 114.5 million (78.4). Total EBITA* for the Group including discontinued operations amounted to SEK 114.5 million (147.9), of which SEK 69.5 from discontinued operations, see page 7).

During the first half of the year, profit after tax amounted to SEK 68.0 million (44.6). Profit after tax including discontinued operations amounted to SEK 68.0 million (121.6, of which SEK 77.0 from discontinued operations). In the financial statements, the Group has reduced the Group's taxes corresponding to a loss carryforward of SEK 13.0 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 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 31 May 2019 Sdipotech AB acquired all the shares in Cryptify AB. Cryptify is a Swedish based software product company offering solutions for secure mobile communication primarily in Sweden and the UK. Current net sales are approximately SEK 18 million with good profitability.

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 contingent 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.

Cash flow

Cash flow from operating activities after changes in working capital amounted to SEK 120.6 million (12.1) during the first half of the year. Contributory factors to the improved cash flow included changes in working capital and lower tax payments 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 91.0 percent (19.2) during the first half year.

Cash flow from investing activities was negative in the amount of SEK 317.3 million (negative 196.4). The cash flow effect of completed acquisitions (see also Note 5) amounted to a negative SEK 283.0 million (negative 180.3) for the period, of which SEK 261.4 million relates to the year's acquisitions and SEK 21.6 million to payment on acquisitions from previous years. Investments in tangible non-current assets amounted to a negative SEK 30.8 million (negative 11.1).

Cash flow from financing activities amounted to SEK 95.6 million (73.9). Loans raised amounted to SEK 120.3 million (120.9), most of which are related to acquisitions during the period. Amortisation of loans has been made by a negative SEK 17.7 million (negative 41.9), of which the majority related to redemption of previous acquisition loans in connection with the new financing. Dividends on preference shares amounted to a negative SEK 7.0 million (negative 7.0).

Liabilities

Interest-bearing liabilities including earnouts and financial leases amounted to SEK 1,218.1 million (853.6). The two largest items within interest-bearing liabilities amounted to SEK 588.3 million (316.6) in liabilities to credit institutions, and SEK 502.3 million (502.6) in deferred payments of purchase considerations for acquisitions.



These contingent consideration payments 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 negative 4.2 million (negative 3.2) in the period January to June 2019.

Remeasurement of liabilities relating to contingent consideration payments occurred during the first half of 2019 of SEK -51.0 million (0.0), which resulted in an equivalent revenue item.

Discounting also occurs of the assets that are classified as rights of use under IFRS 16. During the period, earnings were charged with SEK 1.2 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 993.8 million (636.1). The net debt was impacted by the introduction of IFRS 16 by the fact that liabilities for financial leases increased by approximately SEK 90 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 364.0 million (98.7).

The key ratio Net debt/EBITDA, which is calculated on a twelve-month basis, amounted to 2.73 (1.77) on 30 June.

During the first half of 2019, impairment testing of goodwill occurred, for the companies whose earnouts were remeasured, which resulted in an impairment loss of SEK -51.0 million (0.0).

Parent Company

The Parent Company SdipTech AB's internal net sales for the financial year amounted to SEK 4.1 million (1.7) and profit after financial items amounted to SEK negative 2.3 million (74.4).

OTHER INFORMATION

Employees

At the end of the quarter, there were 1,135 employees (987). Companies acquired in 2019 contributed 105 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 Serendipity Ixora, and their principal owners, relating to the renting of premises.

Events after the reporting date

No significant events have been noted after the reporting date.

CONSOLIDATED INCOME STATEMENT

(SEK million)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	448.7	377.8	870.9	715.9	1,496.2
Other operating income	57.4	8.9	64.5	13.5	58.2
Total income	556.1	386.7	935.4	729.4	1,554.4
Operating expenses					
Materials, contracting and subcontracting	-183.8	-168.1	-359.9	-319.2	-664.2
Other external expenses	-44.1	-46.5	-104.7	-94.5	-182.7
Employee expenses	-151.3	-126.8	-296.6	-242.7	-494.5
Depreciation and amortisation of tangible non-current assets	-15.2	-5.5	-29.3	-10.9	-23.0
Depreciation and amortisation of intangible non-current assets	-52.4	-0.3	-53.6	-0.5	-46.6
Operating profit	59.4	39.5	91.2	61.6	143.3
Profit/loss from financial items					
Financial income	1.2	0.1	6.5	5.1	2.6
Financial expenses	-5.9	-5.1	-16.5	-8.8	-19.1
Profit/loss after financial items	54.7	34.5	81.2	57.9	126.8
Tax on profit for the period	-7.0	-7.1	-13.2	-13.3	-30.5
Profit/loss for the period from remaining operations	47.7	27.4	68.0	44.6	96.3
Discontinued operations					
Profit/loss for the period from discontinued operations	-	2.3	-	77.0	77.0
Profit/loss for the period	47.7	29.7	68.0	121.6	173.3
Profit/loss attributable to remaining operations:					
Parent Company's shareholders	46.8	27.0	66.1	43.6	92.1
Non-controlling interests	0.9	0.4	18	1.0	4.2
Profit/loss attributable to discontinued operations:					
Parent Company's shareholders	-	1.7	-	33.2	33.2
Non-controlling interests	-	0.7	-	43.8	43.8
Earnings per share for remaining operations, attributable to the Parent Company's shareholders during the period, after deduction of dividends to preference shareholders (in SEK per share)	1.43	0.78	1.95	1.21	2.58
Earnings per share including discontinued operations, attributable to the Parent Company's shareholders during the period, after deduction of dividends to preference shareholders (in SEK per share)	1.43	0.83	1.95	2.31	3.68
EBITA*	62.8	44.1	114.5	78.4	177.2
Number of ordinary shares at end of period (million)	30.3	30.3	30.3	30.3	30.3
Average number of ordinary shares (million)	30.3	30.3	30.3	30.3	30.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Profit/loss for the period	47.7	29.7	68.0	121.6	173.7
Other comprehensive income for the period					
Components that will be reclassified to profit/loss in the period					
Changes in accumulated translation differences	-0.1	1.0	-	8.7	1.5
Total components that will be reclassified to profit/loss in the period	-0.1	1.0	-	8,7	1.5
Comprehensive income for the period	47.6	30.7	68.0	130.3	175.2
Attributable to:					
Parent Company's shareholders	46.7	29.6	66.1	85.5	127.3
Non-controlling interests	0.9	1.0	1.8	44.8	47.9
Total comprehensive income attributable to Parent Company's shareholders has arisen from					
-Remaining operations	46.7	28.0	66.1	52.3	93.7
-Discontinued operations	-	1.7	-	33.2	77.7

CONSOLIDATED BALANCE SHEET

(SEK million)	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current assets				
<i>Intangible non-current assets</i>				
Goodwill	3	1,660.9	1,389.1	1,451.9
Other intangible assets		49.6	16.3	25.2
<i>Tangible non-current assets</i>				
Tangible non-current assets		217.0	97.9	108.2
<i>Financial non-current assets</i>				
Other financial non-current assets		1.8	13.4	1.9
Total non-current assets		1,929.3	1,516.8	1,587.1
Current assets				
Completed products and goods for resale		108.6	90.6	96.4
Accounts receivable		318.6	259.8	308.8
Other receivables		71.5	55.7	62.4
Current tax assets		26.9	27.5	18.2
Prepaid expenses and accrued income		59.2	60.3	55.3
Cash and cash equivalents		224.3	217.5	324.8
Total current assets		809.0	711.4	865.9
Assets in disposal group		2,738.3	2,228.2	2,453.0
Total assets				
Shareholders' equity				
Shareholders' equity attributable to Parent Company's shareholders				
Share capital		0.8	0.8	0.8
Other contributed capital		714.6	714.6	714.2
Other contributed capital		0.9	9.5	11.5
Reserves		410.4	328.7	361.1
Profit/loss brought forward including earnings for the period		1,126.7	1,053.6	1,088.1
Total equity attributable to Parent Company's shareholders		34.6	28.6	32.7
Non-controlling interests		1,161.4	1,082.2	1,120.8
Total shareholders' equity				
Liabilities				
Interest-bearing long-term liabilities	4	1,153.5	689.1	663.3
Interest-bearing long-term liabilities		18.4	15.4	14.2
Non-interest-bearing long-term liabilities	4	64.6	164.6	355.0
Interest-bearing short-term liabilities		340.4	277.0	299.7
Non-interest-bearing short-term liabilities		1,576.9	1,146.0	1,332.2
Total liabilities		2,738.3	2,228.2	2,453.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(SEK million)	Shareholders' equity attributable to Parent Company shareholders					Non- controlling interests	Share- holders' equity
	Share capital	Other contr. capital	Reserves	Retained earnings	Total		
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	-	-	-	76.8	76.8	44.8	121.6
Other comprehensive income for the period	-	-	8.7	-	8.7	-	8.7
Comprehensive income for the period	-	-	8.7	76.8	85.5	44.8	130.3
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Sales of subsidiaries	-	-	-	-	-	-49.2	-49.2
Dividend paid to non-controlling interests	-	-	-	-	-	-0.1	-0.1
Option premiums	-	1.9	-	-	1.9	-	1.9
Closing balance, 30 June 2018	0.8	714.5	9.5	328.7	1,053.6	28.7	1,082.3
Opening balance per 1 July 2018	0.8	714.5	9.5	328.7	1,053.6	28.7	1,082.3
Comprehensive income for the period	-	-	-	48.9	48.9	3.2	52.1
Other comprehensive income for the period	-	-	-7.1	-	-7.1	-0.1	-7.2
Comprehensive income for the period	-	-	-7.1	48.9	41.8	3.1	44.9
Change in non-controlling interests	-	-	-	-	-	-0.2	-0.2
Acquisitions of subsidiaries	-	-	-	-	-	1.1	1.1
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Option premiums	-	0.1	-	-	0.1	-	0.1
Development reserve	-	-	9.1	-9.1	-	-	-
Closing balance per 31 December 2018	0.8	714.6	11.5	361.6	1,088.6	32.7	1,121.2
Opening balance per 1 January 2019	0.8	714.6	11.5	361.6	1,088.6	32.7	1,121.2
Comprehensive income for the period	-	-	-	66.1	66.1	1.8	68.0
Other comprehensive income for the period	-	-	-	-0.2	-0.2	0.1	-0.1
Comprehensive income for the period	-	-	-	65.9	65.9	1.9	67.9
Exchange differences	-	-	-	3.3	3.3	0.1	3.8
Sales of subsidiaries	-	-	-10.6	-13.4	-24.0	-	-24.0
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Closing balance per 30 June 2019	0.8	714.6	0.9	410.4	1,126.7	34.6	1,161.4

CONSOLIDATED CASH FLOW STATEMENT

(SEK million)	Apr- Jun 2019	Apr- Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan- Dec 2018
Continued operations					
Earnings after financial items	54.7	34.5	81.2	57.9	126.8
Adjustment for items not included in cash flow	25.9	3.8	51.4	5.1	31.6
Paid taxes	-21.3	-16.3	-41.0	-40.7	-45.7
Cash flow from continuing operations before change in working capital	59.3	22.0	91.6	22.3	112.7
Cash flow from change in working capital					
Increase(-)/decrease(+) in stock	3.2	-5.1	-5.3	-21.4	-16.7
Increase(-)/decrease(+) in operating receivables	-2.2	-9.1	12.7	-9.0	-37.6
Increase(+)/decrease(-) in operating liabilities	2.7	-2.1	21.6	20.2	30.2
Cash flow from current operations	63.0	5.7	120.6	12.1	88.6
Investing activities					
Acquisitions of subsidiaries	-40.8	-39.5	-283.0	-180.3	-293.4
Disposal of subsidiaries	-	-	3.3	-	-
Acquisitions of intangible non-current assets	-2.4	-3.0	-6.8	-6.0	-13.7
Acquisitions of tangible non-current assets	-15.9	-2.5	-30.8	-11.1	-22.2
Disposal of non-current financial assets	-	1.0	-	1.0	0.9
Cash flow from investing activities	-59.1	-44.0	-317.3	-196.4	-328.4
Financing activities					
Option premiums	-	0.3	-	1.9	2.0
Loans raised	25.1	46.9	120.3	120.9	331.3
Amortisation of loans	-5.4	-20.8	-17.7	-41.9	-80.7
Dividends paid	-3.5	-3.5	-7.0	-7.0	-14.0
Cash flow from financing activities	16.2	22.9	95.6	73.9	238.6
Cash flow for the period from remaining operations	20.1	-15.4	-101.1	-110.4	-1.2
Cash flow for the period from discontinued operations	-	11.7	-	-4.4	-4.4
Cash and cash equivalents at beginning of year	207.4	221.4	324.8	330.0	330.0
Exchange rate difference in cash and cash equivalents	-3.2	-0.2	0.6	2.3	0.4
Cash and cash equivalents at end of period from remaining operations	224.3	217.5	224.3	217.5	324.8

PARENT COMPANY INCOME STATEMENT

(SEK million)	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales		2.0	0.8	4.1	1.7	3.8
Other operating income		0.4	0.5	0.9	1.4	1.8
Total income		2.4	1.3	5.0	3.1	5.6
Operating expenses						
Other external expenses		-3.1	-3.3	-6.1	-6.1	-11.1
Employee expenses		-5.4	-3.5	-11.2	-7.4	-16.6
Depreciation of tangible and intangible non-current assets		-	-	-	-0.1	-0.2
Operating profit		-6.1	-5.6	-12.3	-10.5	-22.2
Profit/loss from financial items						
Result from participation in Group companies		-	-	-	-	65.1
Financial income		0.5	74.4	12.6	91.8	14.7
Financial expenses		-1.5	-	-2.7	-6.9	-1.5
Profit/loss after financial items		-7.1	68.7	-2.3	-74.4	56.1
Group contributions received		-	-	-	-	50.3
Group contributions provided		-	-	-3.1	-	-
Tax on profit for the period		-	-	-	-	-
Profit/loss for the period		-7.1	68.7	-5.4	74.4	106.5

PARENT COMPANY BALANCE SHEET

(SEK million)	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current assets			
<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	243.5	406.3	513.3
Receivables, Group companies	975.4	407.5	476.5
Total non-current assets	1,219.1	813.9	989.9
Current assets			
Receivables, Group companies	71.5	104.3	61.7
Trade receivables	0.3	0.7	0.3
Other receivables	13.3	13.8	14.0
Current tax assets	0.2	-	-
Prepaid expenses and accrued income	8.8	6.5	8.6
Cash and cash equivalents	10.6	27.4	124.8
Total current assets	104.7	152.8	209.5
Total assets	1,323.8	966.6	1,199.4
Shareholders' equity			
Share capital	0.8	0.8	0.8
Share premium reserve	714.6	714.5	714.6
Retained earnings including profit/loss for the period	179.5	166.7	189.8
Total shareholder's equity	894.9	882.0	905.2
Liabilities			
Long-term liabilities to Group companies	106.2	69.7	81.0
Short-term liabilities to Group companies	311.5	11.1	17.6
Short-term liabilities	11.2	3.8	195.5
Total liabilities	428.9	84.6	294.2
Total equity and liabilities	1,323.8	966.6	1,199.4

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 methods have been applied in the 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. The effect of the new standard is an increase in the opening balances for utilization rights and leasing liabilities of approximately SEK 70 million. In the income statement, a change has occurred compared to previous accounting principles as costs previously booked as lease expenses are now recognised as depreciation and interest expense.

Jan-Jun 2019 (SEK million)	Incl. IFRS 16	Excl. IFRS 16
Sales	870.9	870.9
EBITDA	204.1	183.7
EBITDA%	23.4%	21.1%
EBITA*	114.5	113.8
EBITA*%	13.1%	13.1%
Carrying amount 30 Jun 2019	IFRS 16	IAS 17
Finance lease assets	119.5	27.2
Non-current liabilities finance leases	-70.1	-19.4
Current liabilities finance leases	-49.9	-7.8

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 ASSUMPTIONS 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 the 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 contingent consideration will be affected both positively and negatively as a result of assessments of each company's financial results for the remaining 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 cyclicity 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, Sdiptech AB, the Group's holding company, as well as Group eliminations, which include remeasurements of liabilities relating to earnouts.

Discontinued operations

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

Segment information, Group

The Group	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales (SEK million)					
Water & Energy	168.0	102.2	318.2	191.1	427.9
Special Infrastructure Solutions	102.9	75.1	202.9	135.5	319.6
Property Technical Services	177.8	200.5	349.9	389.9	749.0
Segments total	448.7	377.8	871.0	715.9	1,496.4
Central units	-	-	-	-	-0.1
Total	448.7	377.8	871.0	715.9	1,496.3
Discontinued operations	-	10.2	-	15.0	15.0
Total	448.7	388.0	871.0	730.9	1,511.3

Group	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Operating profit (SEK million)					
Water & Energy	31.7	10.2	57.2	21.9	64.0
Special Infrastructure Solutions	20.4	15.6	40.6	29.2	69.3
Property Technical Services	16.8	20.9	25.8	34.7	61.4
Segments total	68.9	46.9	123.7	85.7	194.7
Central units	-9.4	-7.2	-32.5	-24.1	-51.4
Total	59.4	39.5	91.2	61.6	143.3
Discontinued operations	-	3.0	-	77.7	77.7
Total	59.4	42.5	91.2	139.3	221.0

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

NOTE 3 GOODWILL

	(SEK million)
Carrying amount 30 Jun 2018	1,389.1
Acquisitions Jul 2018 – Jun 2019	496.6
Adjustment acquisition analyses	-56.1
Depreciation	-95.7
Discontinued operations	-71.0
Currency translation effects	-2.0
Carrying amount 30 Jun 2019	1,660.9

Between July 2018 and June 2019 impairment requirements have been identified for previous acquisitions of SEK 95.7. Preliminary acquisition analyses were adjusted by SEK 56.7 million.

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

Compared to 30 June 2018, goodwill increased by a total of SEK 271.8 million and amounted to SEK 1,660.9 million as per 30 June 2019. Between July 2018 and June 2019, six business acquisitions were carried out, which together increased goodwill by SEK 496.6 million.

NOTE 4 INTEREST-BEARING LIABILITIES

(SEK million)	30 Jun 2019	30 Jun 2018	31 Dec 2018
Liabilities to credit institutions	581.8	236.4	206.0
Accrued borrowing costs	-3.6	-3.5	-3.8
Finance leases	70.1	13.3	20.7
Contingent consideration	502.3	441.7	439.3
Other non-current liabilities	2.8	1.3	1.1
Total non-current interest-bearing liabilities	1,153.5	689.1	663.3
Liabilities to credit institutions	10.0	83.4	279.7
Finance leases	49.9	18.8	12.9
Contingent consideration	-	60.9	60.9
Other current liabilities	4.7	1.5	1.5
Total current interest-bearing liabilities	64.6	164.6	355.0

Contingent consideration payments 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 the present value of expected outflows.

Contingent consideration	(SEK million)
Carrying amount 31 Dec 2018	500.2
Additional for acquisitions Jan-Jun 2019	134.6
Paid purchase considerations	-20.3
Interest expenses (discount effect due to present value calculation)	4.2
Remeasurement through operating profit	-51.0
Sold units	-65.7
Exchange differences	0.2
Carrying amount 31 Mar 2019	502.2

NOTE 5 BUSINESS ACQUISITIONS

(SEK million)	Total
Intangible non-current assets	30.8
Tangible non-current assets	40.9
Inventories and work in progress	14.5
Cash and cash equivalents	120.9
Other current assets	30.0
Deferred tax liability	-0.6
Other current liabilities	-39.5
Net identifiable assets and liabilities	197.0
Consolidated goodwill	319.9
Transferred consideration	516.9
Transferred consideration	
Cash and cash equivalents	382.3
Contingent consideration	134.6
Total transferred consideration	516.9
Liquidity impact on the Group	
Acquired cash and cash equivalents	120.9
Transferred consideration	-382.3
Total liquidity impact	-261.4

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.

On 31 May 2019, Sdiptech AB acquired all the shares in Cryptify AB. Cryptify is a Swedish-based software product company offering solutions for secure mobile communication primarily in Sweden and the UK. Current net sales are approximately SEK 18 million with good profitability.

COMPANIES PER BUSINESS AREA

The companies that are included in the new business areas Water & Energy, Special Infrastructure Solutions and Property Technical Services are shown below:

Business areas first quarter 2019

WATER & ENERGY (in alphabetical order):

- CentralByggarna i Åkersberga AB Producer of customised switching stations and electrical automation
- Centralmontage i Nyköping AB Producer of customised 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
- Cryptify AB (from May 2019) Software solution for secure communication
- 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, modernisation and service of elevators in Vienna (Austria)
- Castella Entreprenad AB Contracts for shell completion and internal plaster walls
- HissPartner i Stockholm AB Renovation, modernisation and service of elevators in Stockholm
- ManKan Hiss AB Renovation, modernisation 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, modernisation and service of elevators in Stockholm
- ST Lift GmbH Production of compact elevators
- Stockholms Hiss- & Elteknik AB Renovation, modernisation and service of elevators in Stockholm
- Tello Service Partner AB Roof renovations and installation of roof safety equipment

DEFINITIONS KEY FIGURES

EBITDA	Operating profit before depreciation and impairment losses.
EBITA*	Operating profit before amortisation 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 remeasurement of liabilities relating to contingent consideration payments 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 contingent consideration payments for acquisitions, which are regulated at the end of the earnout periods depending on the earnings trend 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 four most recent quarters on closing day, in relation to average capital employed for the four most recent quarters on closing day.
Cash flow generation	Calculated as cash flow from continuing operations in relation to 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 divided by the average number of ordinary shares outstanding during the period.

ALTERNATIVE PERFORMANCE MEASURES

To facilitate monitoring of the Group's operations, alternative performance measures are presented in the interim report. The alternative performance measures 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)	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Operating profit	59.4	39.5	91.2	61.6	143.3
Depreciation and amortisation of tangible non-current assets	15.2	5.5	29.3	10.9	23.0
Depreciation and amortisation of intangible non-current assets	52.4	0.3	53.6	0.5	46.6
EBITDA	127.0	45.3	174.1	73.0	213.0

EBITA*

Operating profit before amortisation 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 remeasurement of liabilities relating to contingent consideration payments is excluded. EBITA* is indicated with an asterisk.

EBITA* (SEK million)	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
Operating profit	59.4	39.5	91.2	61.6	143.3
Depreciation and amortisation of intangible non-current assets	52.4	0.3	53.6	0.5	46.6
EBITA	111.8	39.8	144.8	62.1	189.9
Acquisition costs	2.0	4.4	20.8	16.3	21.1
Adjustment of liability for earnouts	-51.0	-	-51.0	-	-33.9
EBITA*	62.8	44.1	114.5	78.4	177.2

EBITA* margin

EBITA* in relation to net sales.

EBITA* in relation to net sales (SEK million)	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Full year 2018
EBITA*	628	44.1	114.5	78.4	177.2
Net sales	448.7	377.8	870.9	715.9	1 496.2
EBITA* margin %	14.0	11.7	13.1	11.0	11.8

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 contingent consideration payments for acquisitions, which are regulated at the end of the earnout periods depending on the earnings trend 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	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Interest-bearing liabilities	1,106.6	1,222.4	1,237.4	1,018.3	948.3
Cash and cash equivalents	-248.4	-224.3	-207.4	-324.8	-237.1
Interest-bearing net debt	858.2	998.1	1,030.0	693.5	711.3

Average net debt in relation to EBITDA (SEK million)	LTM 30 Jun 2019	Full year 2018
Interest-bearing net debt	858.4	642.2
EBITDA	314.0	213.0
Net debt/EBITDA	2.73	3.02

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 includes 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	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Liabilities to credit institutions	509.9	589.2	564.3	481.9	404.0
Cash and cash equivalents	-248.4	-224.3	-207.4	-324.8	-237.1
Interest-bearing net liabilities to credit institutions	261.5	364.9	356.9	157.1	166.9

Average net bank debt in relation to EBITDA (SEK million)	LTM 30 Jun 2019	Full year 2018
Interest-bearing net liabilities to credit institutions	261.5	125.3
EBITDA	314.0	213.0
Net bank debt/EBITDA	0.83	0.59

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	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Interest-bearing net debt	858.2	998.1	1,030.0	693.5	711.3
Short-term investments	-	-	-	-	-
Shareholders' equity	1,128.3	1,161.6	1,127.9	1,120.8	1,103.3
Capital employed	1,986.5	2,159.7	2,157.9	1,814.3	1,814.5

Return on capital employed

Calculated as EBITA for the most recent four quarters on closing day, in relation to average capital employed for the four most recent quarters on closing day.

Average EBITA in relation to average capital employed (SEK million)	Q2 2019	Q2 2018	LTM 30 Jun 2019	Full year 2018
EBITA	272.6	204.6	272.6	189.9
Capital employed	1,986.3	1,433.4	1,986.3	1,744.6
Return on capital employed %	13.7	14.3	13.7	10.9

Cash flow generation

Calculated as cash flow from continuing operations in relation to profit before tax adjusted for non-cash items

Cash flow generation %	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	LTM 30 Jun 2019	Full year 2018
EBT	54.7	34.5	81.2	57.9	150.0	126.8
Adjustment for items not included in cash flow	25.9	3.8	51.4	5.1	77.9	31.6
Adjusted EBT	80.6	38.3	132.6	63.0	227.9	158.4
Cash flow from continuing operations	63.0	5.7	120.6	12.1	197.1	88.6
Cash flow generation %	78.2	14.9	91.0	19.2	86.5	55.9

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)	Q2 2019	Q2 2018	Q2 2019	Q2 2018	LTM 30 Jun 2019	Full year 2018
Profit/loss attributable to Parent Company's shareholders	46.8	27.0	66.1	43.6	115.0	125.7
Dividend paid to preference shareholders	3.5	3.5	7.0	7.0	14.0	14.0
Profit/loss attributable to Parent Company's shareholders	43.3	23.5	59.1	36.6	101.0	111.7
Number of ordinary shares outstanding	30.3	30.3	30.3	30.3	30.3	30.3
Earnings per ordinary share	1.43	0.78	1.95	1.21	3.34	3.69

STOCKHOLM, 23 JULY 2019

Jakob Holm
President and CEO

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

For additional information, please contact:

Jakob Holm, CEO, +46 761 61 21 91, jakob.holm@sdiptech.com

Bengt Lejdström, CFO, +46 702 74 22 00, bengt.lejdstrom@sdiptech.com

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 on 23 July 2019 at 08.00 CET.

UPCOMING REPORTS

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 each. The record dates for receipt of dividends of preference shares are:

- 13 September 2019
- 13 December 2019
- 13 March 2020

