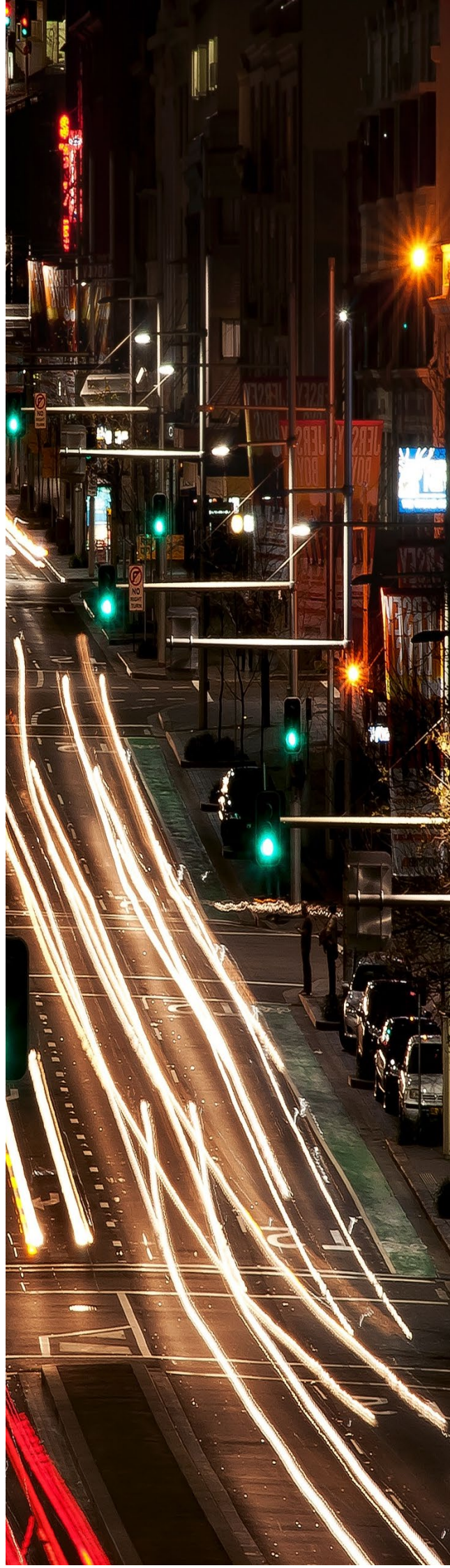


INTERIM FINANCIAL
REPORT

Q3 2019

JANUARY TO SEPTEMBER



SELECTED FINANCIAL INFORMATION

Period	Net sales	EBITA*	Earnings for the period	Earnings per ordinary share
Jul - Sep 2019	441.6 MSEK (361.1)	63.9 MSEK (42.3)	41.9 MSEK (26.6)	SEK 1.26 (0.73)
Jan - Sep 2019	1,312.4 MSEK (1,077.1)	178.5 MSEK (120.7)	109.9 MSEK (71.2)	SEK 3.22 (1.94)
LTM 30 Sep 2019	1,731.5 MSEK (1,408.0)	235.0 MSEK (168.4)	135.3 MSEK (130.7)	SEK 3.87 (3.76)

THIRD QUARTER 2019

- Net sales increased by 22 percent to SEK 441.6 million (361.1). The organic growth in the Water & Energy and Special Infrastructure Solutions business areas totalled +10% during the quarter, while it was -8 percent in Property Technical Services. For the Group overall, the organic sales growth was +1 percent.
- Operating profit EBITA* increased by 51 percent to SEK 63.9 million (42.3), corresponding to an EBITA* margin of 14.5 percent (11.7). The organic profit growth for the Group overall was +6%, of which +1% related to exchange rate differences.
- Profit after acquisitions costs before financial items (EBIT) increased by 29 percent and amounted to SEK 51.1 million (39.6).
- Earnings before tax increased by 65 percent and amounted to SEK 56.1 million (33.9).
- Earnings after tax for the Group amounted to SEK 41.9 million (26.6), of which SEK 41.9 million (25.6) was attributable to the Parent Company's shareholders.
- Cash flow from current operations amounted to SEK 87.9 million (18.1).
- On 28 August 2019 Sdiptech acquired all the shares in Auger Site Investigations Ltd.
- Earnings per ordinary share, less minority interests and dividends on preference shares, was SEK 1.26 (0.73).

FIRST NINE MONTHS 2019

- Net sales increased by 22 percent to SEK 1,312.4 million (1,077.1). For the Group overall, the organic sales growth was 0 percent.
- Operating profit EBITA* increased by 48 percent to SEK 178.5 million (120.7), corresponding to an EBITA* margin of 13.6 percent (11.2). The organic profit growth for the Group overall was +7%, of which +1% related to exchange rate differences.
- Profit after acquisitions costs before financial items (EBIT) increased by 40 percent and amounted to SEK 142.3 million (101.3).
- Profit after financial items for remaining operations increased by 50 percent to SEK 137.3 million (91.8).
- Earnings after tax for the Group, excluding discontinued operations, amounted to SEK 109.9 million (71.2). Attributable to the Parent Company's shareholders was SEK 107.9 million (69.2).
- Cash flow from current operations amounted to SEK 208.7 million (30.2).
- During the period, Sdiptech AB completed four acquisitions; RedSpeed International Limited, Water Treatment Products Limited, Cryptify AB and Auger Site Investigations Ltd.
- Earnings per ordinary share, including discounted operations, less minority interests and dividends on preference shares, amounted to SEK 3.22 (3.04) of which SEK 0 (1.10) was attributable to discontinued operations.

KEY RATIOS (for definitions, please refer to page 23)

SEK million	3 months		9 months		12 months	
	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM 30 Sep 2019	Jan-Dec 2019
EBITA* margin	14.5%	11.7%	13.6%	11.2%	13.6%	11.8%
Net debt/EBITDA, multiple	3.08	2.09	3.08	2.09	3.08	3.02
Net bank debt/EBITDA, multiple	1.08	0.24	1.08	0.24	1.08	0.59
Return on capital employed	12.6%	14.5%	12.6%	14.5%	12.6%	10.9%
Return on equity	12.4%	12.8%	12.4%	12.8%	12.4%	8.8%
Cash flow generation	148.7%	42.1%	108.9%	28.5%	109.5%	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

CONTINUED ORGANIC PROFIT GROWTH AND STRONGER MARGINS

During the first nine months of the year, the organic profit growth amounted to 7 percent, of which 1 percent came from currency effects. The acquired profit growth amounted to 41 percent, which is well in line with our overall goal of increased earnings through both organic growth and acquisitions. Meanwhile, the EBITA margin* during the first nine months rose by 2.4 percentage points to 13.6 percent (11.2 percent).

THIRD QUARTER

I can confirm that the positive earnings trend also continued during the third quarter. Net sales in the third quarter amounted to SEK 442 million (361), EBITA* to SEK 64 million (42) and profit after tax to SEK 42 million (27). Cash flow from operating activities was good at SEK 88 million (18) 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 business areas with higher operating margins, Water & Energy and Special Infrastructure Solutions, showed good organic growth in net sales of +10 percent in total. The market situation in the business areas in general is good thanks to a long-term willingness among public and private sector customers to invest in this infrastructure.

Our business area with a lower operating margin, Property Technical Services, displayed lower net sales than the previous year, as expected, equivalent to -8 percent, but at the same time reported an increase in EBITA* equivalent to +3 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 lower sales than last year, which was expected and in line with our outlook.

ACQUISITIONS

So far this year, four acquisitions have been completed, equivalent to acquired EBITA of about SEK 90 million in total.

During the first half of 2019, three well-managed product companies were acquired and during the third quarter, the British company Auger Site Investigations Ltd was acquired.

Auger's customers are insurance companies in the UK and the company is specialised in claims management of underground infrastructure, e.g. drainage and water mains. The market is non-cyclical and is showing slow but steady growth due to aging infrastructure as well as increasing pipe leakages and blockages. Auger Site Investigations Ltd fits well with our strategic focus areas for continued expansion and is included in our Special Infrastructure Solutions business area.

OUTLOOK

The market situation for the Group is generally good. The willingness to invest in our sectors is driven by a general undercapacity in infrastructure and a gradual introduction of stricter regulations for better environment and safety. Our business units generally perform reasonably well even in cyclical downturns, although individual companies in the Group can be adversely affected.

For Sdipotech, the market correction of the housing sector in Stockholm is mainly restricted to shell completion. The correction has been completed and going forward we are expecting a positive development in this business compared to the previous year.

Developments in the Water & Energy and Special Infrastructure Solutions business areas have been strong over the past twelve months, and Water & Energy is primarily facing high comparative figures in the coming quarters.

The target of an annual acquisition of SEK 90 million is calibrated against our other financial key ratios. The acquisition target was met already in August and should be seen as a goal over time.

By way of conclusion, I want to convey a big thank you to all of our dedicated employees for another strong quarter and I want to welcome the new shareholders who 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)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM Sep 2019	Jan-Dec 2018
Water & Energy	25.3	12.9	83.6	34.8	113.1	64.2
Special Infrastructure Solutions	26.0	16.9	67.3	46.4	91.5	70.6
Property Technical Services	18.2	17.6	44.5	52.4	53.8	61.7
Business areas	69.5	47.4	195.5	133.5	258.4	196.4
Central units	-5.6	-5.1	-17.0	-12.8	-23.4	-19.2
Total, remaining operations	63.9	42.3	178.5	120.7	235.0	177.2
Discontinued operations	-	-	-	69.5	-	69.5
Total	63.9	42.3	178.5	190.2	235.0	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.

During 2019, Sdipotec has built up its own acquisition team, which will replace the external team that is now being gradually phased out. This phase-out has now been completed, which means that our acquisition costs will be significantly lower going forward.

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	10.8	-	31.5
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

	Q3	Jan-Sep 2019	Full year 2018
EBITA* to EBIT bridge			
EBITA*	63.9	178.5	177.2
Adjustment of liability for earnouts	-	51.0	33.9
Acquisition costs	-10.8	-31.6	-21.1
EBITA	53.2	197.9	189.9
Depreciation and amortisation of intangible non-current assets	-2.1	-55.6	-46.6
EBIT	51.1	145.3	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 21.

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

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 52 percent in the third quarter to SEK 152.5 million (100.5) compared to the previous year. In comparable units, sales increased by 13 percent due to continued strong growth within the entire business area. EBITA* for the third quarter increased by 96 percent to SEK 25.3 million (12.9). The EBITA* margin increased during the first quarter to 16.6 percent (12.8). The stronger margins came partly from growth in units with high margins and partly from acquired units with higher profit margins than the average. The business area is facing high comparative figures in the coming quarters, with expected lower growth year on year as a result.

Water & Energy (SEK million)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM Sep 2019	Jan-Dec 2018
Net sales	152.5	100.5	470.7	291.5	607.1	427.9
EBITA*	25.3	12.9	83.6	34.8	113.1	64.2
EBITA* margin %	16.6%	12.8%	17.8%	11.9%	18.6%	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

Western Europe. A continued normalization 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

- Solutions for secure mobile telecommunications
- Claims management of underground infrastructure
- High-frequency radio communication services for aircraft operators

Comment:

The business area's sales increased by 52 percent in the third quarter to SEK 124.1 million (81.6) compared to the previous year. In comparable units, sales increased by 7 percent primarily due to continued strong growth within Safety & Security followed by Air & Climate control.

EBITA* for the second quarter increased by 54 percent to SEK 26.0 million (16.9). The EBITA* margin increased during the third quarter to 21.0 percent (20.7). A number of units still have comparatively high profit margins, particularly within Air & Climate control.

Special Infrastructure Solutions (SEK million)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM Sep 2019	Jan-Dec 2018
Net sales	124.1	81.6	327.0	217.1	429.5	319.6
EBITA*	26.0	16.9	67.3	46.4	91.5	70.6
EBITA* margin %	21.0%	20.7%	20.6%	21.4%	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 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

- Renovation, modernization 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 8 percent in the third quarter to SEK 165.0 million (179.1). EBITA* for the third quarter increased by 3 percent to SEK 18.2 million (17.6). The EBITA* margin for the quarter was 11.1 percent (9.8). In comparable units, sales fell by 8 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. Order bookings for the Group's company in shell completion were redirected towards commercial and public properties where demand has been stable for many years. Demand within construction of rental apartments is also stable.

Property Technical Services (SEK million)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM Sep 2019	Jan-Dec 2018
Net sales	165.0	179.1	514.9	568.5	695.4	749.0
EBITA*	18.2	17.6	44.5	52.4	53.8	61.7
EBITA* margin %	11.1%	9.8%	8.6%	9.2%	7.7%	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, Sdiptech AB, the Group's holding company.

Comment:

EBITA* amounted to a negative SEK 5.6 million (negative 5.1) for the third quarter. Staffing in the Group's Parent Company has gradually increased during the year, aimed at supporting continued acquisition-led growth.

Group-wide functions and eliminations (SEK million)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM Sep 2019	Jan-Dec 2018
Net sales	-	-	-	-	-0.1	-0.1
EBITA*	-5.6	-5.1	-17.0	-12.8	-23.4	-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 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)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM Sep 2019	Jan-Dec 2018
Net sales	-	-	-	15.0	-	15.0
EBITA*	-	-	-	69.5	-	69.5

COMMENTS ON THE FINANCIAL DEVELOPMENT

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

JULY-SEPTEMBER

Net sales

Net sales for the Group amounted to SEK 441.6 million (361.1) during the third 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 357.4 million (353.4), which corresponded to an organic change of 1 percent for the period. Non-comparable units contributed SEK 84.2 million (7.7) to net sales for the period. Also see Business areas, page 5-6.

Earnings

During the third quarter EBITA* amounted to SEK 63.9 million (42.3).

The Group's net financial items were impacted positively by currency effects of SEK 11 million from net remeasurements of internal assets and liabilities. Of these, SEK 3 million were of a non-recurring nature as an overview was carried out of the Group's internal balances, see Notes on page 17.

During the third quarter, profit after tax amounted to SEK 41.9 million (26.6).

Acquisitions and divestments during the period

On 28 August 2019 Sdiptech acquired all the shares in Auger Site Investigations Ltd. Auger Site Investigations serves the insurance industry and is specialized in claims management of underground infrastructure (water, drainage, subsidence) in the UK. The current trading is at net sales of approximately GBP 12.5 million and a pre-tax operating income of approximately GBP 2.9 million.

JANUARY - SEPTEMBER

Net sales

Net sales for the Group amounted to SEK 1,312.4 million (1,077.1) for the first nine months of the year. 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 925.1 million (927.2), which corresponded to an organic change of 0 percent for the period. Non-comparable units contributed SEK 387.4 million (149.8) to net sales for the period.

Earnings

During the first nine months EBITA* amounted to SEK 178.5 million (120.7). Total EBITA* for the Group including discontinued operations amounted to SEK 178.5 million (190.2), of which SEK 69.5 from discontinued operations, see page 7).

During the first nine months of the year, profit after tax amounted to SEK 109.9 million (71.2). Profit after tax including discontinued operations amounted to SEK 109.7

million (148.2, 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.

FINANCIAL POSITION JANUARY - SEPTEMBER

Cash flow

Cash flow from operating activities after changes in working capital amounted to SEK 208.7 million (30.2) during the first nine months. 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 108.9 percent (28.5) during the first nine months.

Cash flow from investing activities was negative in the amount of SEK 552.2 million (negative 283.5). The cash flow effect of completed acquisitions (see also Note 5) amounted to a negative SEK 499.1 million (negative 258.7) for the period, of which SEK 473.0 million relates to the year's acquisitions and SEK 26.1 million to payment on acquisitions from previous years. Investments in tangible non-current assets amounted to a negative SEK 48.4 million (negative 18.4) where the introduction of IFRS 16 had a negative impact equivalent to the positive effect on cash flow from operating activities.

Cash flow from financing activities amounted to SEK 191.2 million (163.1). Loans raised amounted to SEK 220.3 million (231.8), most of which are related to acquisitions during the period. Amortisation of loans has been made by a negative SEK 17.8 million (negative 60.2), 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 10.5 million (negative 10.5) and dividends to non-controlling interests amounted to SEK -1.1 million (0.0).

Liabilities

Interest-bearing liabilities including earnouts and financial leases amounted to SEK 1,421.9 million (948.3). The two largest items within interest-bearing liabilities amounted to SEK 690.4 million (404.0) in liabilities to credit institutions, and SEK 603.0 million (509.8) 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 5.5 million (negative 4.8) in the period January to September 2019.

Remeasurement of liabilities relating to contingent consideration payments occurred during the first half of 2019 of SEK -51.0 million (-14.7), which resulted in an equivalent revenue item. In addition to this, an adjustment of preliminary acquisition analyses was made during the year of SEK -18.3 million, which has been adjusted against goodwill.

Discounting also occurs of the assets that are classified as rights of use under IFRS 16. During the period, earnings were charged with SEK 1.8 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 1,245.9 million (711.3). The net debt was impacted by the introduction of IFRS 16 by the fact that liabilities for financial leases increased by approximately SEK 93 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 514.4 million (166.9).

The key ratio Net debt/EBITDA, which is calculated on a twelve-month basis, amounted to 3.08 (2.09) on 30 September.

During the first nine months 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 (14.7).

Parent Company

The Parent Company Sdiptech AB's internal net sales for the financial year amounted to SEK 6.1 million (2.7) and profit after financial items amounted to SEK 0.8 million (66.8). The result includes dividends from subsidiaries of SEK 5.0 million (65.0).

OTHER INFORMATION

Employees

At the end of the quarter, there were 1,262 employees (1,056). Companies acquired in 2019 contributed 229 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 S Fund 1 AB 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.

Nomination Committee ahead of 2020 AGM

The Chairman of the Board was entrusted by the Extraordinary General Meeting on 13 May 2019 with the task of contacting the largest shareholders in terms of votes as of 31 August 2019, and requesting them to appoint members, in order to form a Nomination Committee together with the Chairman of the Board. The Nomination Committee shall be composed of four members.

In accordance with this, the following persons were appointed as members of the Nomination Committee ahead of the Annual General Meeting 2020:

- Saeid Esmaeilzadeh (Chairman of the Nomination Committee)
- Magnus Skåniger (representing Swedbank Robur Fonder)
- Helen Fasth Gillstedt (representing Handelsbanken Fonder)
- Jan Samuelson (Chairman of the Board of Directors)

Proposals to the Nomination Committee from shareholders may be sent to the company for forwarding or may be sent by e-mail to valberedningen@sdiptech.com. More information is available on www.sdiptech.com.

CONSOLIDATED INCOME STATEMENT

(SEK million)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales	441.6	361.1	1,312.4	1,077.1	1,496.2
Other operating income	3.1	17.3	67.5	30.8	58.2
Total income	444.6	378.4	1,380.0	1,107.8	1,554.4
Operating expenses					
Materials, contracting and subcontracting	-174.6	-163.6	-534.5	-482.8	-664.2
Other external expenses	-57.3	-39.0	-162.0	-133.5	-182.7
Employee expenses	-143.1	-114.1	-439.7	-356.8	-494.5
Depreciation and amortisation of tangible non-current assets	-16.4	-6.8	-45.7	-17.7	-23.0
Depreciation and amortisation of intangible non-current assets	-2.1	-15.2	-55.6	-15.7	-46.6
Operating profit	51.1	39.6	142.3	101.3	143.3
Profit/loss from financial items					
Financial income	11.0	-0.5	17.5	4.6	2.6
Financial expenses	-6.0	-5.3	-22.5	-14.1	-19.1
Profit/loss after financial items	56.1	33.9	137.3	91.8	126.8
Tax on profit for the period	-14.2	-7.2	-27.5	-20.5	-30.0
Profit/loss for the period from remaining operations	41.9	26.6	109.9	71.2	96.7
Discontinued operations					
Profit/loss for the period from discontinued operations	-	-	-	77.0	77.0
Profit/loss for the period	41.9	26.6	109.9	148.2	173.7
Profit/loss attributable to remaining operations:					
Parent Company's shareholders	41.7	25.6	107.9	69.2	92.5
Non-controlling interests	0.2	1.0	2.0	2.0	4.2
Profit/loss attributable to discontinued operations:					
Parent Company's shareholders	-	-	-	33.2	33.2
Non-controlling interests	-	-	-	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)	1.26	0.73	3.22	1.94	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)	1.26	0.73	3.22	3.04	3.69
EBITA*	63.9	42.3	178.5	120.7	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)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Profit/loss for the period	41.9	26.6	109.9	148.2	173.7
Other comprehensive income for the period					
Components that will be reclassified to profit/loss in the period					
Changes in accumulated translation differences	-0.2	-3.1	-0.3	5.6	1.5
Total components that will be reclassified to profit/loss in the period	-0.2	-3.1	-0.3	5.6	1.5
Comprehensive income for the period	41.7	23.5	109.6	153.8	175.2
Attributable to:					
Parent Company's shareholders	41.5	22.5	107.6	108.0	127.3
Non-controlling interests	0.2	1.0	2.0	45.8	47.9
Total comprehensive income attributable to Parent Company's shareholders has arisen from					
-Remaining operations	41.5	22.5	107.6	74.8	94.1
-Discontinued operations	-	-	-	33.2	33.2

CONSOLIDATED BALANCE SHEET

(SEK million)	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
Non-current assets				
<i>Intangible non-current assets</i>				
Goodwill	3	1,874.6	1,460.1	1,451.9
Other intangible assets		97.8	17.7	25.2
<i>Tangible non-current assets</i>				
Tangible non-current assets		243.6	97.8	108.2
<i>Financial non-current assets</i>				
Other financial non-current assets		4.1	1.9	1.9
Total non-current assets		2,220.1	1,577.5	1,587.1
Current assets				
Completed products and goods for resale		116.4	93.5	96.4
Accounts receivable		345.8	286.2	308.8
Other receivables		64.3	59.4	62.4
Current tax assets		33.8	23.4	18.2
Prepaid expenses and accrued income		64.7	65.0	55.3
Cash and cash equivalents		175.9	237.1	324.8
Total current assets		800.8	764.5	865.9
Assets in disposal group		3,020.8	2,342.0	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		714.9	714.6	714.6
Reserves		0.9	6.4	11.5
Profit/loss brought forward including earnings for the period		454.3	350.8	361.6
Total equity attributable to Parent Company's shareholders		1,171.0	1,072.6	1,088.6
Non-controlling interests		34.0	30.7	32.7
Total shareholders' equity		1,205.0	1,103.3	1,121.2
Liabilities				
Interest-bearing long-term liabilities	4	1,353.4	692.2	663.3
Non-interest-bearing long-term liabilities		18.9	14.8	14.2
Interest-bearing short-term liabilities	4	68.4	256.1	355.0
Non-interest-bearing short-term liabilities		375.1	275.6	299.3
Total liabilities		1,815.8	1,238.7	1,332.2
Total shareholders' equity and liabilities		3,020.8	2,342.0	2,453.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(SEK million)	Shareholders' equity attributable to Parent Company shareholders					Non-controlling interests	Shareholders' 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	-	-	-	102.4	102.4	45.8	148.2
Other comprehensive income for the period	-	-	5.6	-	5.6	-	5.6
Comprehensive income for the period	-	-	5.6	102.4	108.0	45.8	153.8
Dividend paid to preference shareholders	-	-	-	-10.5	-10.5	-	-10.5
Acquisitions of subsidiaries	-	-	-	-	-	1.1	1.1
Sales of subsidiaries	-	-	-	-	-	-49.2	-49.2
Dividend paid to non-controlling interests	-	-	-	-	-	-0.1	-0.1
Change in non-controlling interests	-	-	-	-0.1	-0.1	-0.1	-0.3
Option premiums	-	2.0	-	-	2.0	-	2.0
Closing balance, 30 September 2018	0.8	714.6	6.4	350.8	1,072.5	30.7	1,103.3
Opening balance per 1 October 2018	0.8	714.6	6.4	350.8	1,072.5	30.7	1,103.3
Comprehensive income for the period	-	-	-	23.3	23.3	2.2	25.5
Other comprehensive income for the period	-	-	-4.0	-	-4.0	-0.1	-4.1
Comprehensive income for the period	-	-	-4.0	23.3	19.3	2.1	21.4
Change in non-controlling interests	-	-	-	0.1	0.1	-0.2	-0.1
Dividend paid to preference shareholders	-	-	-	-3.5	-3.5	-	-3.5
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	-	-	-	107.9	107.9	2.0	109.9
Other comprehensive income for the period	-	-	-	-0.4	-0.4	0.1	-0.2
Comprehensive income for the period	-	-	-	107.5	107.5	2.1	109.6
Change in non-controlling interests	-	-	-	-0.3	-0.3	0.3	-
Option premiums	-	0.3	-	-	0.3	-	0.3
Exchange differences	-	-	-	9.4	9.4	0.1	9.5
Sales of subsidiaries	-	-	-10.6	-13.4	-24.0	-	-24.0
Dividend paid to non-controlling interests	-	-	-	-	-	-1.1	-1.1
Dividend paid to preference shareholders	-	-	-	-10.5	-10.5	-	-10.5
Closing balance per 30 September 2019	0.8	714.9	0.9	454.3	1,171.0	34.0	1,205.0

CONSOLIDATED CASH FLOW STATEMENT

(SEK million)	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan- Dec 2018
Continued operations					
Earnings after financial items	56.1	33.9	137.3	91.8	126.8
Adjustment for items not included in cash flow	3.0	9.1	54.3	14.2	31.6
Paid taxes	-15.7	-2.2	-56.6	-42.9	-45.7
Cash flow from continuing operations before change in working capital	43.4	40.8	135.0	63.1	112.7
Cash flow from change in working capital					
Increase(-)/decrease(+) in stock	-7.1	0.1	-12.4	-21.3	-16.7
Increase(-)/decrease(+) in operating receivables	36.2	-19.9	48.9	-28.9	-37.6
Increase(+)/decrease(-) in operating liabilities	15.4	-2.9	37.2	17.3	30.2
Cash flow from current operations	87.9	18.1	208.7	30.2	88.6
Investing activities					
Acquisitions of subsidiaries	-216.1	-78.4	-499.1	-258.7	-293.4
Disposal of subsidiaries	-	-	3.3	-	-
Acquisitions of intangible non-current assets	-1.1	-1.3	-8.0	-7.3	-13.7
Acquisitions of tangible non-current assets	-17.6	-7.3	-48.4	-18.4	-22.2
Disposal of non-current financial assets	-	-0.1	-	0.9	0.9
Cash flow from investing activities	-234.8	-87.1	-552.2	-283.5	-328.4
Financing activities					
Option premiums	0.3	0.1	0.3	2.0	2.0
Loans raised	100.0	110.9	220.3	231.8	331.3
Amortisation of loans	-0.1	-18.3	-17.8	-60.2	-80.7
Dividends paid	-4.6	-3.5	-11.6	-10.5	-14.0
Cash flow from financing activities	95.6	89.2	191.2	163.1	238.6
Cash flow for the period from remaining operations	-51.3	20.2	-152.3	-90.2	-1.2
Cash flow for the period from discontinued operations	-	-	-	-4.4	-4.4
Cash and cash equivalents at beginning of year	224.3	217.5	324.8	330.0	330.0
Exchange rate difference in cash and cash equivalents	2.9	-0.6	3.4	1.7	0.4
Cash and cash equivalents at end of period from remaining operations	175.9	237.1	175.9	237.1	324.8

PARENT COMPANY INCOME STATEMENT

(SEK million)	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales		2.0	1.0	6.1	2.7	3.8
Other operating income		0.8	0.4	1.7	1.8	1.8
Total income		2.8	1.4	7.8	4.4	5.6
Operating expenses						
Other external expenses		-3.3	-2.0	-9.3	-8.1	-11.1
Employee expenses		-4.5	-4.0	-15.6	-11.5	-16.6
Depreciation of tangible and intangible non-current assets		-	-	-0.1	-0.1	-0.2
Operating profit		-4.9	-4.7	-17.3	-15.3	-22.2
Profit/loss from financial items						
Result from participation in Group companies		5.0	-	5.0	65.0	65.1
Financial income		3.2	-2.3	15.8	34.6	14.7
Financial expenses		-	-0.5	-2.7	-17.5	-1.5
Profit/loss after financial items		3.2	-7.6	0.8	66.8	56.1
Group contributions received		-	-	-	-	50.3
Group contributions provided		-	-	-3.1	-	-
Tax on profit for the period		-	-	-	-	-
Profit/loss for the period		3.2	-7.6	-2.3	66.8	106.5

PARENT COMPANY BALANCE SHEET

(SEK million)	30 Sep 2019	30 Sep 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	83.2	420.8	513.3
Receivables, Group companies	1,153.0	480.8	476.5
Total non-current assets	1,236.6	901.6	989.9
Current assets			
Receivables, Group companies	77.2	45.8	61.7
Trade receivables	0.8	0.7	0.3
Other receivables	15.6	13.9	14.0
Current tax assets	-	-	-
Prepaid expenses and accrued income	8.7	7.0	8.6
Cash and cash equivalents	-	81.2	124.8
Total current assets	102.3	148.7	209.5
Total assets	1,339.0	1,050.3	1,199.4
Shareholders' equity			
Share capital	0.8	0.8	0.8
Share premium reserve	714.9	714.6	714.6
Retained earnings including profit/loss for the period	179.1	155.6	189.8
Total shareholder's equity	894.8	871.0	905.2
Liabilities			
Long-term liabilities to Group companies	106.2	69.7	81.0
Short-term liabilities to Group companies	317.9	16.0	17.6
Short-term liabilities	20.1	93.6	195.5
Total liabilities	444.2	179.3	294.2
Total equity and liabilities	1,339.0	1,050.3	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 Interim Report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, which is in accordance with the provisions of RFR 2, Accounting for Legal Entities. In the Parent Company, the same principles are applied as in the preparation of the latest annual report.

Compared with the latest published annual report, changes in accounting principles and methods of calculation with regard to segment reporting and hedge accounting have occurred at a Group level. A new division of business areas has been made in the segment reporting. For more information about the new division, see the 2018 Annual Report and the press release from 29 March 2019.

The Group applies hedge accounting as of 30 September 2019, because part of the external borrowing has been raised in foreign currency. The fluctuation in exchange rates is recognised against equity. In connection with the change, an overview was conducted of the Group's internal balances with regard to financing of acquisitions and internal borrowing with regard to transaction costs. These have been defined as current with the effect that the previous adjustment to equity at a Group level is discontinued. The effect of the change on the year will be SEK 3 million in positive net financial items.

From 1 January 2019, the Group applies IFRS 16 Leases. The standard has replaced IAS 17 Leases and related interpretations. The new standard means a uniform leasing model for both financial and operating leases compared to before when the operating leases did not require any recognition of assets and liabilities in the balance sheet.

The standard requires recognition of:

- right-of-use assets and
- lease liability, which represents the obligation to pay leasing fees

Sdiptech 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. As of 1 January 2019, an opening lease liability is reported and a right of use amounting to the same amount.

The following exemptions were applied during the transition:

- The standard applies to all leases including contracts that were defined as leases under previous accounting rules
- Exemptions are made for leases of less than 12 months and leases relating to assets, which have a low value.

For Sdiptech, 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. Recognised assets in the balance sheet related to leases amounted to SEK 101 million on 1 January 2019. Obligations for operating and finance leases in the 2018 Annual Report amounted to SEK 98.4 million. Differences between obligations for future leasing fees and the opening lease liability as of 1 January 2019 are mainly due to the discount effect and short-term leases and lease assets that have a low value.

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 recognized as depreciation and interest expense.

Jan-Sep 2019 (SEK million)	IFRS 16	IAS 17
Sales	1,312.4	1,312.4
EBITDA	243.7	212.7
EBITDA%	18.6%	16.2%
EBITA*	178.5	177.5
EBITA*%	13.6%	13.5%

Carrying amount 30 Sep 2019	IFRS 16	IAS 17
Finance lease assets	121.0	28.8
Non-current liabilities finance leases	-70.4	-19.4
Current liabilities finance leases	-51.4	-9.4

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, Sdiptech 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

Segment information, Group

The Group	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales (SEK million)					
Water & Energy	152.5	100.5	470.7	291.5	427.9
Special Infrastructure Solutions	124.1	81.6	327.0	217.1	319.6
Property Technical Services	165.0	179.1	514.9	568.5	749.0
Segments total	441.6	361.1	1,312.6	1,077.1	1,496.4
Central units	-	-	-	-	-0.1
Total	441.6	361.1	1,312.6	1,077.1	1,496.3
Discontinued operations	-	-	-	15.0	15.0
Total	441.6	361.1	1,312.6	1,092.1	1,511.3

Group	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Operating profit (SEK million)					
Water & Energy	24.8	12.9	82.0	34.7	64.0
Special Infrastructure Solutions	25.8	16.4	66.5	45.6	69.3
Property Technical Services	18.0	17.6	43.9	52.3	61.4
Segments total	68.6	46.9	192.3	132.7	194.7
Central units	-17.5	-7.3	-50.0	-31.4	-51.4
Total	51.1	39.6	142.3	101.3	143.3
Discontinued operations	-	-	-	77.7	77.7
Water & Energy	51.1	39.6	142.3	179.0	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.

segments with favourable underlying growth, a low degree of cyclicality 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.

NOTE 3 GOODWILL

	(SEK million)
Carrying amount 31 December 2018	1,451.9
Acquisitions Jul 2018 – Jun 2019	538.4
Adjustment acquisition analyses	-18.3
Amortisation	-51.0
Discontinued operations	-71.0
Currency translation effects	24.6
Carrying amount 30 September 2019	1,874.6

Compared to 31 December 2018, goodwill increased by a total of SEK 422.7 million and amounted to SEK 1,874.6 million as per 30 September 2019. Between December 2018 and September 2019, four business acquisitions were carried out, which together increased goodwill by SEK 538.4 million.

In the period January to September 2019 impairment requirements have been identified for previous acquisitions of SEK 51.0. Preliminary acquisition analyses were adjusted by negative SEK 18.3 million.

Divestment of AVA Monitoring and the discontinued operations contributed a negative SEK 71.6 million, and the remaining change of SEK 24.6 million relates to currency effects.

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.

	(SEK million)
Contingent consideration	
Carrying amount 31 December 2018	500.2
Additional for acquisitions Jan-Sep 2019	232.1
Paid purchase considerations	-24.8
Interest expenses (discount effect due to present value calculation)	5.5
Remeasurement through operating profit	-51.0
Sold units	-65.7
Exchange differences	6.7
Carrying amount 30 September 2019	603.0

NOTE 4 INTEREST-BEARING LIABILITIES

(SEK million)	30 Sep 2019	30 Sep 2018	31 Dec 2018
Liabilities to credit institutions	680.8	227.4	206.0
Accrued borrowing costs	-3.6	-4.1	-3.8
Finance leases	70.4	18.8	20.7
Contingent consideration	603.0	448.9	439.3
Other non-current liabilities	2.8	1.2	1.1
Total non-current interest-bearing liabilities	1,353.4	692.2	663.3
Liabilities to credit institutions	13.2	180.6	279.7
Finance leases	51.4	13.1	12.9
Contingent consideration	-	60.9	60.9
Other current liabilities	3.9	1.5	1.5
Total current interest-bearing liabilities	68.4	256.1	355.0

NOTE 5 BUSINESS ACQUISITIONS

Accounting of acquisitions

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

Description of the year's acquisitions

On 24 January 2019, Sdipotech 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, 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 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 28 August 2019 Sdipotech acquired all the shares in Auger Site Investigations Ltd. Auger Site Investigations serves the insurance industry and is specialized in claims management of underground infrastructure (water, drainage, subsidence) in the UK. The current trading is at net sales of approximately GBP 12.5 million and a pre-tax operating income of approximately GBP 2.9 million.

BUSINESS ACQUISITIONS, January – September 2019 (SEK million)

Intangible non-current assets	30.8
Tangible non-current assets	61.4
Inventories and work in progress	14.5
Cash and cash equivalents	136.8
Other current assets	103.2
Deferred tax liability	-0.6
Other current liabilities	-51.2
Net identifiable assets and liabilities	294.9
Consolidated goodwill	508.4
Transferred consideration	803.3
Transferred consideration	
Cash and cash equivalents	609.8
Contingent consideration	232.1
Total transferred consideration	841.9
Liquidity impact on the Group	
Acquired cash and cash equivalents	136.8
Transferred consideration	-609.8
Total liquidity impact	-473.0

COMPANIES PER BUSINESS AREA

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

Business areas 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 & Omgivningskontroll 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):

- Auger Site Investigations Ltd
(from Aug -19) Specialized in claims management of underground infrastructure
- 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.
Return on equity	Calculated as average profit after tax, adjusted for dividend to preference shares, for the four most recent quarters in relation to average equity 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)	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	LTM Sep 2019	Full year 2018
Operating profit	51.1	39.6	142.3	101.3	184.3	143.3
Depreciation and amortisation of tangible non-current assets	16.4	6.8	45.7	17.7	51.0	23.0
Depreciation and amortisation of intangible non-current assets	2.1	15.2	55.6	15.7	86.5	46.6
EBITDA	69.6	61.6	243.7	134.7	321.9	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)	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	LTM Sep 2019	Full year 2018
Operating profit	51.1	39.6	142.3	101.3	184.3	143.3
Depreciation and amortisation of intangible non-current assets	2.1	15.2	55.6	15.7	86.5	46.6
EBITA	53.2	54.9	198.0	117.0	270.8	189.9
Acquisition costs	10.8	2.1	31.5	18.4	34.3	21.1
Adjustment of liability for earnouts	-	-14.7	-51.0	-14.7	-70.1	-33.9
EBITA*	63.9	42.3	178.5	120.7	235.0	177.2

EBITA* margin

EBITA* in relation to net sales.

EBITA* in relation to net sales (SEK million)	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	LTM Sep 2019	Full year 2018
EBITA*	63.9	42.3	178.5	120.7	235.0	177.2
Net sales	441.6	361.1	1,312.4	1,077.1	1,731.6	1,496.2
EBITA* margin %	14.5	11.7	13.6	11.2	13.6	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	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Interest-bearing liabilities	1,226.1	1,462.2	1,222.4	1,237.4	1,018.3
Cash and cash equivalents	-233.1	-175.9	-224.3	-207.4	-324.8
Interest-bearing net debt	993.0	1,250.3	998.1	1,030.1	693.5

Average net debt in relation to EBITDA (SEK million)	LTM 30 Sep 2019	Full year 2018
Interest-bearing net debt	993.0	642.2
EBITDA	321.9	213.0
Net debt/EBITDA	3.08	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	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Liabilities to credit institutions	581.6	690.8	589.2	564.3	481.9
Cash and cash equivalents	-233.1	-175.9	-224.3	-207.4	-324.8
Interest-bearing net liabilities to credit institutions	348.5	514.9	364.9	356.9	157.1

Average net bank debt in relation to EBITDA (SEK million)	LTM 30 Sep 2019	Full year 2018
Interest-bearing net liabilities to credit institutions	348.5	125.3
EBITDA	321.9	213.0
Net bank debt/EBITDA	1.08	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	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Interest-bearing net debt	993.0	1,250.3	998.1	1,030.0	693.5
Shareholders' equity	1,153.9	1,205.0	1,161.6	1,127.9	1,121.2
Capital employed	2,146.8	2,455.2	2,159.7	2,157.9	1,814.7

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)	Q3 2019	Q3 2018	LTM 30 Sep 2019	Full year 2018
EBITA	270.8	232.5	270.8	189.9
Capital employed	2,146.8	1,606.2	2,146.8	1,744.6
Return on capital employed %	12.6	14.5	12.6	10.9

Return on equity

Calculated as average profit after tax, adjusted for dividend to preference shares, for the four most recent quarters in relation to average equity for the four most recent quarters on closing day.

Average adjusted net profit in relation to average equity (SEK million)	Q3 2019	Q3 2018	LTM 30 Sep 2019	Full year 2018
Profit after tax, adjusted	117.2	109.9	117.2	78.6
Equity	945.0	856.6	945.0	885.4
Return on capital employed %	12.4	12.8	12.4	8.9

Cash flow generation

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

Cash flow generation %	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	LTM 30 Sep 2019	Full year 2018
EBT	56.1	33.9	137.3	91.8	172.3	126.8
Adjustment for items not included in cash flow	3.0	9.1	54.3	14.2	71.7	31.6
Adjusted EBT	59.1	43.0	191.6	106.0	244.0	158.4
Cash flow from continuing operations	87.9	18.1	208.7	30.2	267.1	88.6
Cash flow generation %	148.7	42.1	108.9	28.5	109.5	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)	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	LTM 30 Sep 2019	Full year 2018
Profit/loss attributable to Parent Company's shareholders	41.7	25.6	107.9	69.2	131.2	125.7
Dividend paid to preference shareholders	-3.5	-3.5	-10.5	-10.5	-14.0	-14.0
Profit/loss attributable to Parent Company's shareholders	38.2	22.1	97.4	58.7	117.2	111.7
Number of ordinary shares outstanding	30.3	30.3	30.3	30.3	30.3	30.3
Earnings per ordinary share	1.26	0.73	3.22	1.94	3.87	3.69

STOCKHOLM, 25 OCTOBER 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 25 October 2019 at 08.00 CET.

UPCOMING REPORTS

Year-end report for 2019	11 February 2020
Annual report	April 2020
Interim report for Jan-Mar 2020	29 April 2020
Annual General Meeting 2020	18 May 2020, at 16:00

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 December 2019
- 13 March 2020