



# **INTERIM REPORT JANUARY–SEPTEMBER 2017**

November 15, 2017



**MARKET**

- Growing city infrastructures - continuous need to develop and maintain
- Stockholm main market - opportunity in additional urban areas in Europe

**OPERATING  
MODEL**

- Strong niches - businesses with documented history of profitability
- Decentralized - preserve entrepreneurial spirit, decision making closest to customer

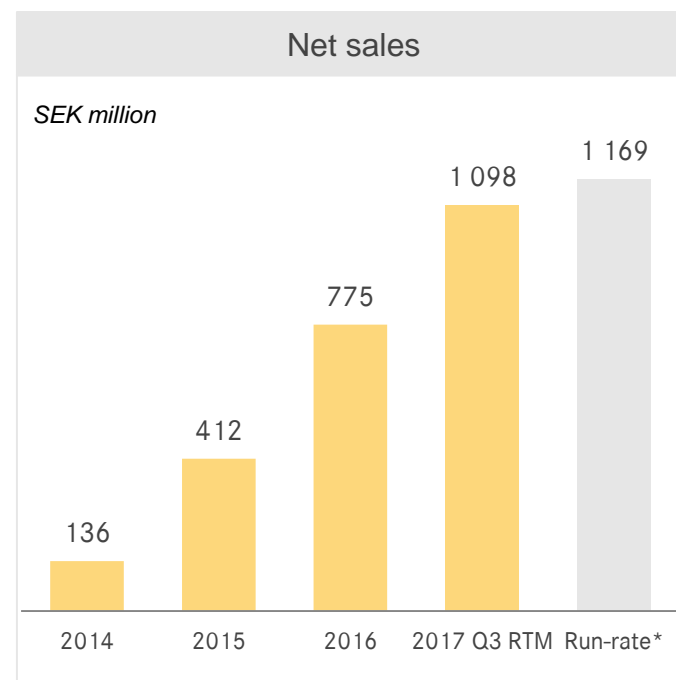
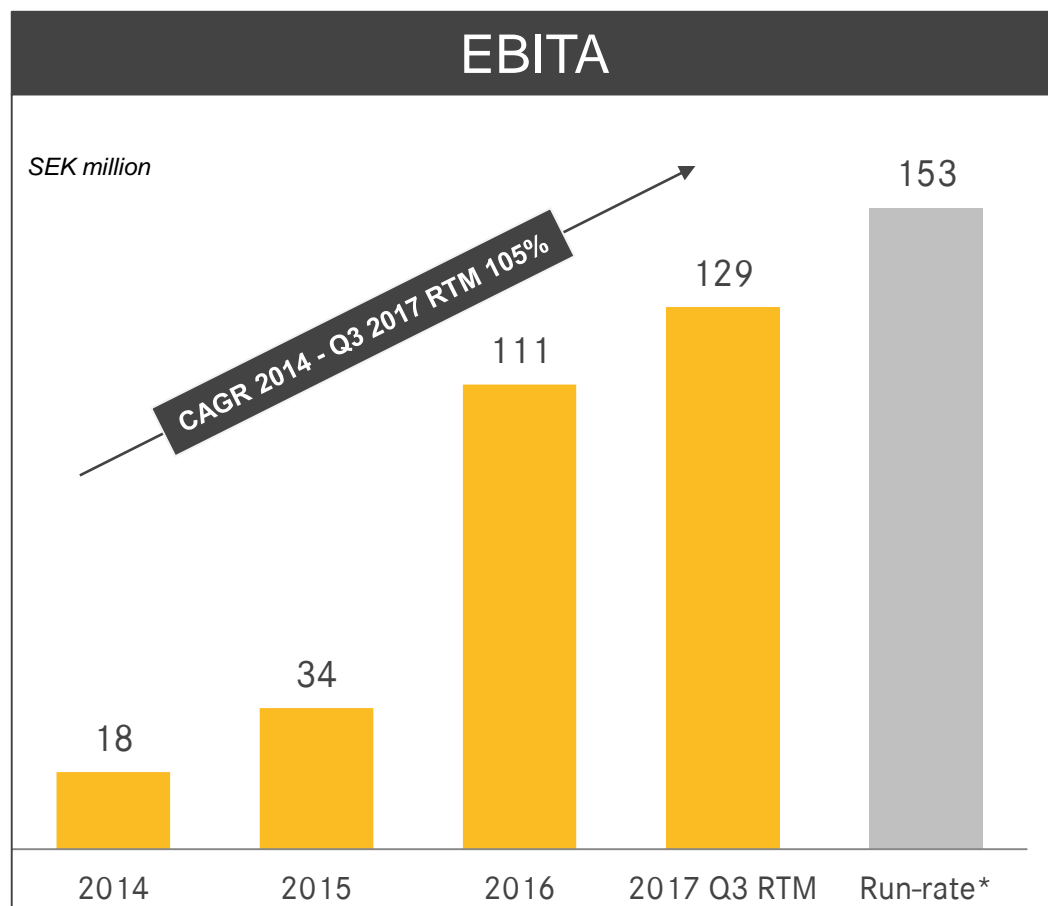
**GROWTH  
STRATEGY**

- Acquisitions to add additional niched products and services in our core market
- SEK 500 million in capital injection in May 2017 to finance growth

**GOALS**

- Add 90 MSEK acquired EBITA on a yearly average, 5-10 % organic yearly growth
- Continue on set path and pace and reach SEK 600-800 million EBITA in 2021

## One primary target: to grow yearly profits

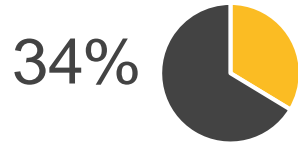


\*) Run-rate as per Nov 15 2017, including completed acquisitions in the fourth quarter








## Core business of niched services and products for urban infrastructures

### Tailored installations

Percent of EBITA\*

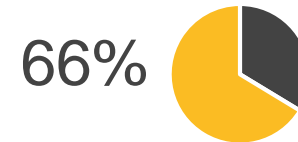


No of employees **519**




-  Elevators (local)  
Renovation and service
-  Elevators (global)  
New installations
-  Cooling
-  Uninterrupted power supply
-  Wastewater treatment
-  Electrical automation
-  Roof maintenance (new Q4)

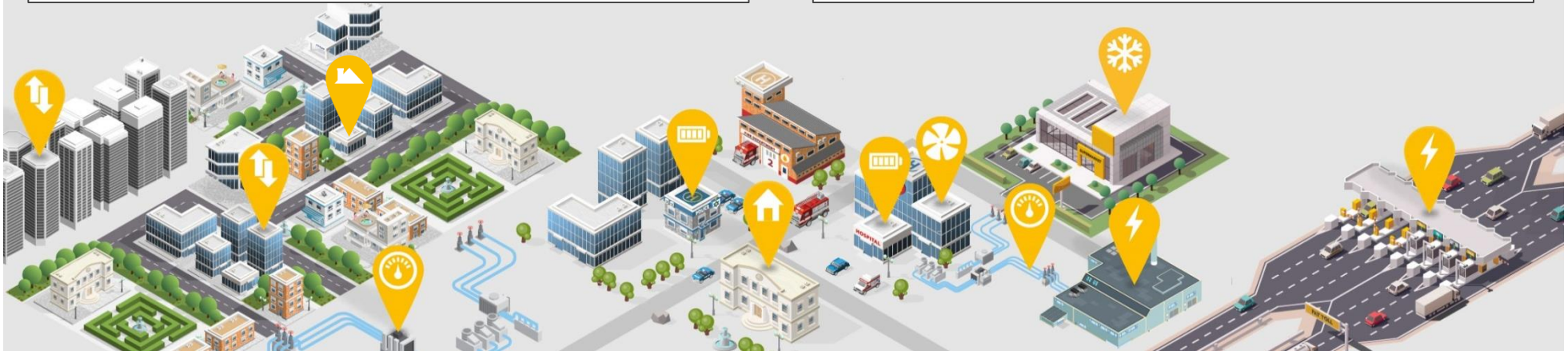
### Niche Products & Services

Percent of EBITA\*



No of employees **246**

-  Electrical power quality
-  Shell completion
-  Vibration monitoring
-  Gas evacuation
-  District heating and water metering
-  Water cleaning (new Q4)



\*) Excluding central units. RTM.



# Sdipotech in brief

## Management and board

### Management



**JAKOB HOLM**  
CEO

**Shares:**  
266,749 (Class B), 1,040 (Pref)  
**Experience:**  
Axholmen, General Electric, Accenture  
M.Sc. KTH Royal Institute of Technology



**CARL JOHAN ÅKESSON**  
CFO

**Shares:**  
100,000 (Class B), 150 (Pref)  
**Experience:**  
Mediaplanet, EF, MTG  
M.Sc. Stockholm School of Economics



**FREDRIK SEDERHOLM**  
President,  
Tailored installations

**Shares:**  
88,888 (Class B)  
**Experience:**  
Assemblin, Caverion, Otis Elevator  
M.Sc. Business Economics, Stockholm University



**FREDRIK NAVJORD**  
President,  
Niche products & services

**Shares:**  
18,180 (Class B)  
**Experience:**  
Metric, Addtech, Volvo  
M.Sc. Chalmers University of Technology



**KAMJAR HAJABDOLLAHI**  
Head of acquisitions

**Shares:**  
46,700 (Class B), 12,349 (Pref)  
**Experience:**  
Orbion Consulting, Webpentus  
Master of Law (LL.M.) Uppsala University

### Board of Directors



**ASHKAN POUYA**  
Chairman

**Shares:**  
1,000,000 (Class A), 5,835,383 (Class B)\*  
**Experience:**  
Serendipity Ixora, Serial entrepreneur  
B.A. Business Administration



**JOHNNY ALVARSSON**  
Board Member

**Shares:**  
18,200 (Class B)  
**Experience:**  
Indutrade, Elektronikgruppen, Zeteco  
M.Sc. Linköping University Institute of Technology



**JAN SAMUELSON**  
Board Member

**Shares:**  
91,000 (Class B)  
**Experience:**  
Resurs Bank, Accent Equity Partners  
M.Sc. Stockholm School of Economics



**KATARINA LUNDBLAD PINNEKAMP**  
Board Member

**Shares:**  
9,090 (Class B)  
**Experience:**  
ABB, Exeger  
M.Sc. in Material Science



**SAEID ESMAEILZADEH**  
Board Member

**Shares:**  
1,000,000 (Class A), 5,835,383 (Class B)\*  
**Experience:**  
Serendipity Ixora, Serial entrepreneur  
Ph.D. in Materials Chemistry



**MIKAEL LÖNN**  
Board Member

**Shares:**  
169,215 (Class B)  
**Experience:**  
Serial entrepreneur  
B.A. Stockholm University and M.D. Karolinska Institutet

\*) Through Serendipity Group AB

Q3-2017

Net Sales

**SEK 254 million**

+35% (188 million)

EBITA

**SEK 30.1 million**

+23% (24.5 million)

JAN-SEP 2017

Net Sales

**SEK 737 million**

+49% (496 million)

EBITA

**SEK 74.3 million**

+33% (55.9 million)

# Quarter and YTD

## Key events in brief

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### EARNINGS

- Sales continues to grow at a steady pace in both Q3 (+35%) and YTD (+49%) with solid demand for the Group's products and services, as well as contribution from acquisitions made during the last twelve months.
- EBITA in Q3 increased, mainly on the back of completed acquisitions in the last twelve months. Good performance in niched products where we hold strong market positions, showing strong sales and profitable growth.
- Margins in Tailored Installations decreasing mainly from higher completion costs in delivery due to increased staff turnover, and a reduced demand in the renovation sector as capital allocation over-weighted towards new installation at the expense of renovations and maintenance.

### ACQUISITIONS

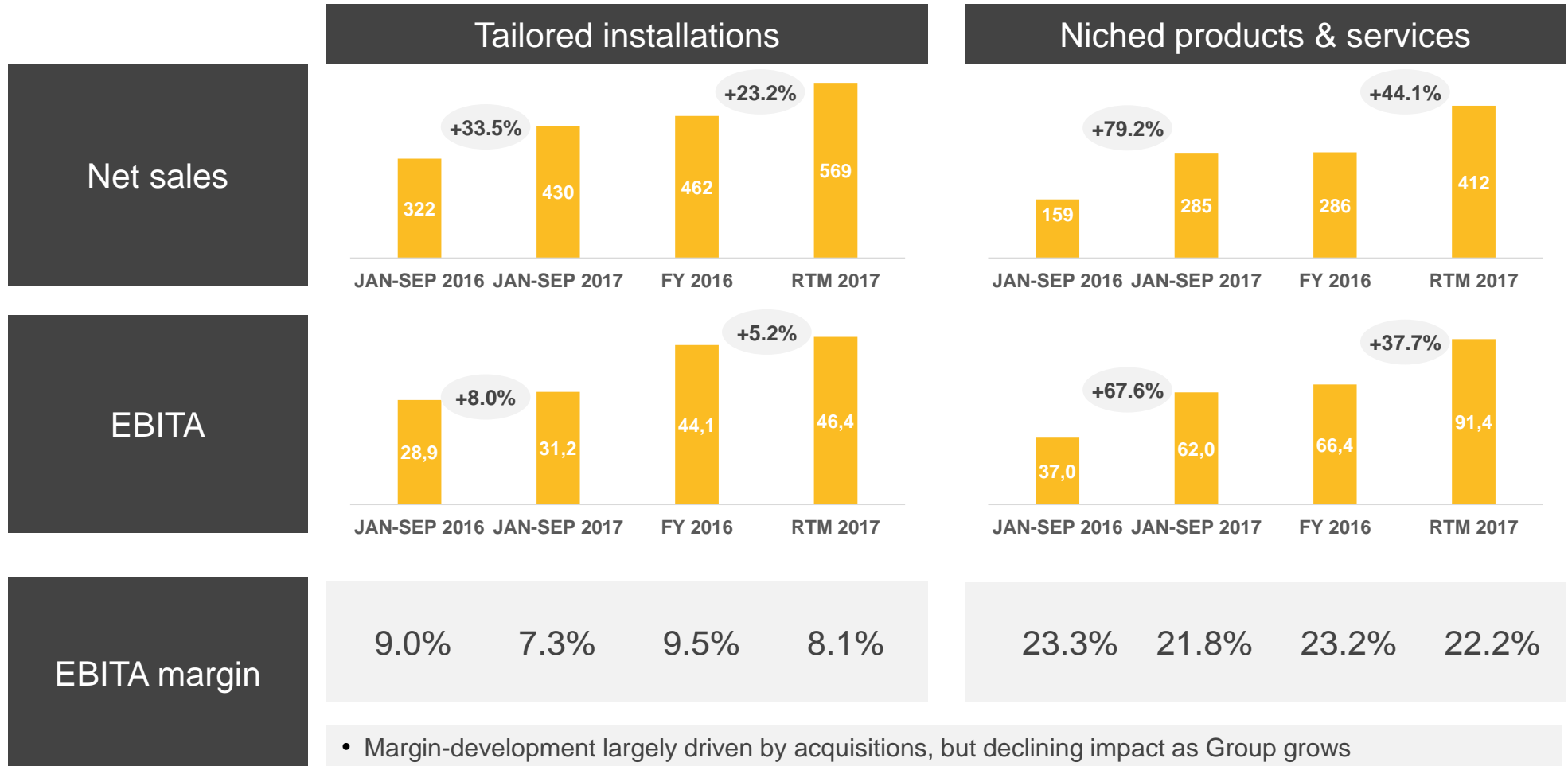
- The acquisition of AVA Monitoring with annual sales of SEK 28 million was completed in Q3.
- Two completed acquisitions after the end of Q3, Tello Service Partner (annual sales SEK 32 million) and Polyproject Environment (annual sales SEK 38 million).
- With a pipeline of active prospects at 330 and with currently good conversion from bid discussions to LOI, an unusually high number of companies are in the final stages of being acquired

### SUMMARY

- Growth in both sales and EBITA in the quarter and YTD, with acquisitions gaining strong pace on the back of Sdiptech's in-house process for pursuing acquisitions.
- Following the new share issue of SEK 500 million financial conditions are in place to continue on the path of growing EBITA to SEK 600 – 800 million in 2021.

# Quarter and YTD

## Financial development in business areas





Annual pace  
**Run-rate rolling twelve months**

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**Net Sales\***

**SEK 1,169 million**

(911 million FY-2016)

**EBITA\***

**SEK 153 million**

(140 million FY-2016)

**Average net debt /  
EBITDA RTM**

**1.98**

*Net debt / EBITDA RTM*  
0.14

**EBITA %**

**13.1%**

(15.4% FY-2016)

**Run-rate**



\*) Run-rate as per Nov 15 2017, including completed acquisitions in the fourth quarter

# Acquisitions

## Tello Service Partner – extends offering in the renovation market

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### ACQUISITION IN BRIEF

- Sdiptech acquired 100% of the shares
- With Tello, Sdiptech is strengthening the renovation business with a niche service company with strong presence in the Stockholm region.
- The company's focus on the renovation market creates non-cyclical revenue over time as exposure to new construction is limited.



### TELLO SERVICE PARTNER

- Tello Service Partner specializes in roof repainting and installation of personal protection on roofs. Tello will be part of Sdiptech's business area Tailored Installation.
- Financials:
  - Net sales 2016/2017: SEK 32.2 million
  - EBITA 2016/2017: SEK 10.0 million



## Acquisitions

# Polyproject Environment – next step building our water treatment business

### ACQUISITION IN BRIEF

- Sdiptech acquired 100% of the shares
- With Polyproject we strengthen our offering in water treatment by acquiring a company specializing in heavily contaminated environments that exist in cities and in industry.
- The solutions are playing an important role in future infrastructure as the market for water, land and air purification is expected to increase.




### POLYPROJECT ENVIRONMENT

- Polyproject Environment is an environmental technology company, specializing in bespoke components and facilities for cleaning contaminated liquids, gases and water.
- Financials:
  - Net sales 2016: SEK 38.6 million
  - EBITA 2016: SEK 5.9 million



## Acquisitions: Six acquisitions completed in 2017 and an unusually high number of companies in final stages

Process	Phase	Company	Operational niche	Country	EBITA (SEKm)
	Search / Contact	330 companies in total	Both areas	Multiple	-
	Bid discussions	~10 companies	Both areas	Multiple	-
	LOI	5 companies*	Niched products and services	SE, UK	**
	Closed Q1	Topas Vatten	Tailored installations	SE	~6
	Closed Q2	Aufzüge / ST Liftsystem	Installations / Products	Austria	~6
	Closed Q3	AVA Monitoring	Niched products and services	SE	~6
	Closed Q4	Tello Service Partner	Tailored Installations	SE	~10
	Closed Q4	Polyproject Environment	Niched products and services	SE	~6
Total Closed, YTD					~34

\*) Time from LOI to Closing varies between one to two quarters, progress and current status varies across companies

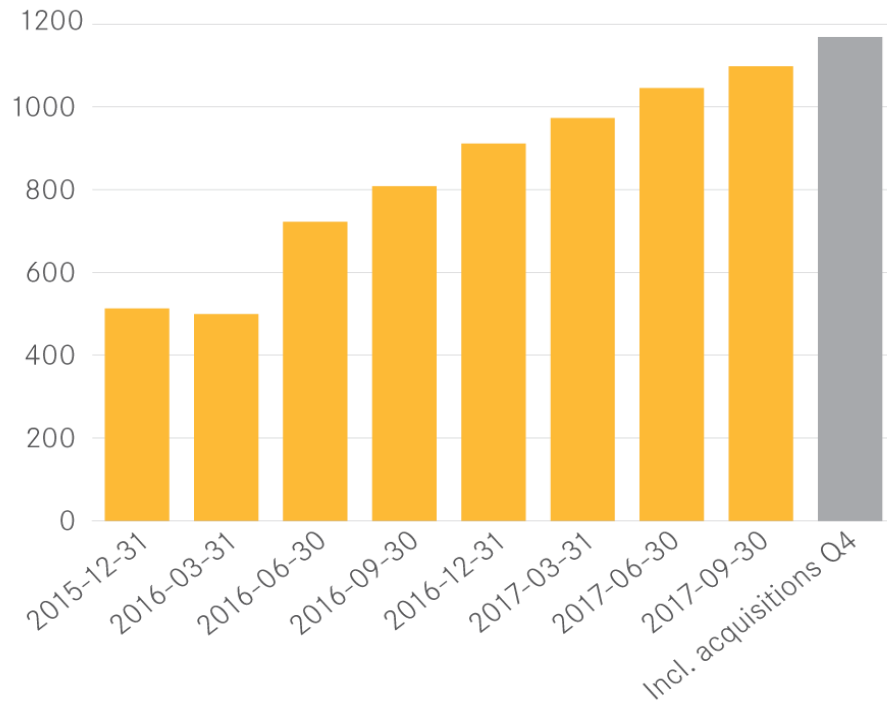
\*\*) Acquisitions can be cancelled for many reasons. To avoid deviations between expectations and outcome no EBITA numbers are provided

### Comments

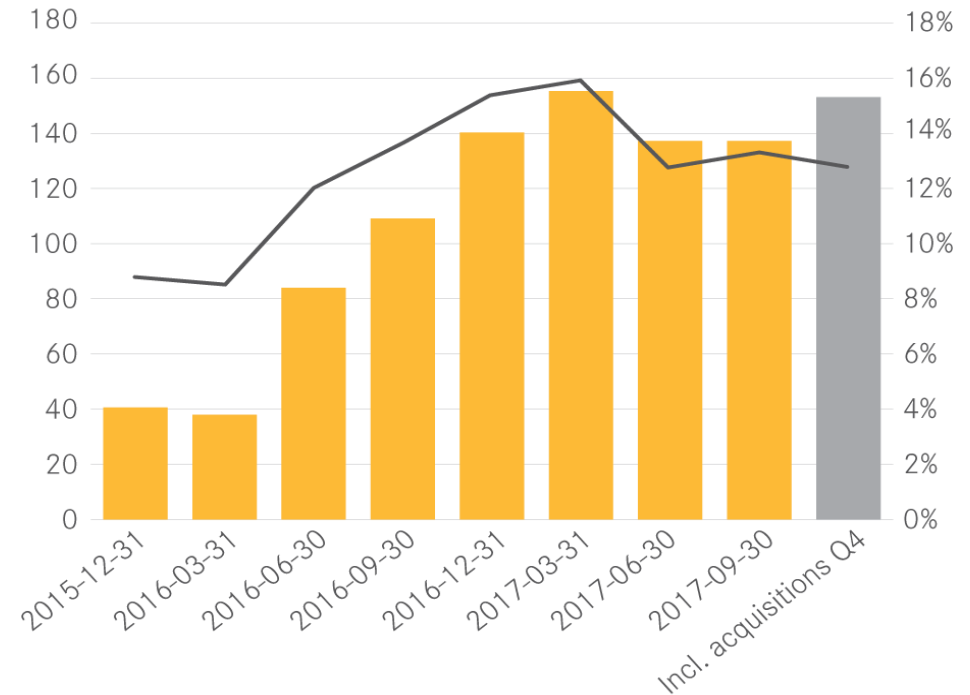
- Majority of ~10 bid discussions in early stages
- Two closed acquisitions in Q4 together with five companies currently in LOI thanks to several long and mature bid discussions entering the period
- Investments in the acquisition process has enabled us to start reaching out internationally

# Run-rate serves as a growth indicator as it will, all else equal, shift into reported figures the coming 12 months

## SALES, Run-rate RTM



## EBITA, Run-rate RTM



- Only closed acquisitions included in the run-rate metric
- Long-term goal of 600-800 MSEK EBITA in 2021 based on continued acquisitions and organic growth





# Appendix



# Financial targets

Metric	Target	Performance	Comment										
EBITA	<b>600-800</b> <b>(by 2021)</b> Reach an EBITA of SEK 600-800 million before the end of 2021	<table><tr><td>18,4</td><td>33,7</td><td>110,9</td><td>129,4</td><td>153,1</td></tr><tr><td>2014</td><td>2015</td><td>2016</td><td>RTM</td><td>Runrate</td></tr></table>	18,4	33,7	110,9	129,4	153,1	2014	2015	2016	RTM	Runrate	Run-rate include Tello Service Partner and Polyproject Environment
18,4	33,7	110,9	129,4	153,1									
2014	2015	2016	RTM	Runrate									
Organic EBITA growth	<b>5-10%</b> Maintain a 5-10% EBITA organic growth CAGR	<table><tr><td>39%</td><td>-2,5%</td></tr><tr><td>2016</td><td>RTM</td></tr></table>	39%	-2,5%	2016	RTM	A small base (MSEK 52,9) for calculating organic growth, as relatively few entities are comparable. The metric will fluctuate over the foreseeable future.						
39%	-2,5%												
2016	RTM												
Acquired EBITA growth	Maintain a similar rate and profile of acquisitions as for 2016 in coming years	<table><tr><td>90</td><td>34</td></tr><tr><td>2016</td><td>YTD</td></tr></table>	90	34	2016	YTD	EBITA measured by the latest available annual accounts for each entity at time of acquisition.						
90	34												
2016	YTD												
Capital structure	<b>&lt;2.5x</b> Net debt / EBITDA LTM not to exceed 2.5 times	<table><tr><td>0,41</td><td>2,60</td><td>1,98</td></tr><tr><td>2015</td><td>2016</td><td>RTM</td></tr></table>	0,41	2,60	1,98	2015	2016	RTM	Based on Net debt as of 30th June 2017 the metric was 0,98.				
0,41	2,60	1,98											
2015	2016	RTM											
Return on capital employed	<b>&gt;15%</b> Return on capital employed to exceed 15 percent	<table><tr><td>8,7%</td><td>13,6%</td><td>14,9%</td></tr><tr><td>2015</td><td>2016</td><td>RTM</td></tr></table>	8,7%	13,6%	14,9%	2015	2016	RTM					
8,7%	13,6%	14,9%											
2015	2016	RTM											
Dividend	<b>No dividend</b> Preferred stock dividend SEK 8.00/year, reinvest remaining free cash flow	<b>SEK 8.00</b> per preference share											

# Income statement, SEK million

(SEK million)	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net sales		254.3	187.9	737.4	496.4	775.5
Other operating income		2.0	0.9	4.8	3.0	13.4
<b>Total income</b>		<b>256.3</b>	<b>188.8</b>	<b>742.2</b>	<b>499.4</b>	<b>788.9</b>
<b>Operating expenses</b>						
Direct expenses		-110.5	-77.8	-314.1	-201.7	-321.6
Other external expenses		-28.1	-18.4	-86.7	-50.9	-79.6
Employee expenses		-83.4	-65.6	-256.6	-185.4	-268.3
Depreciation/amortization of tangible and intangible non-current assets		-4.3	-2.5	-10.7	-5.6	-8.6
<b>Operating earnings</b>		<b>30.0</b>	<b>24.5</b>	<b>74.1</b>	<b>55.8</b>	<b>110.8</b>
<b>Profit/loss from financial items</b>						
Financial income		-1.9	1.3	-0.5	3.5	2.5
Financial expenses		-8.0	-2.6	-19.8	-6.1	-9.8
<b>Earnings after financial items</b>		<b>20.0</b>	<b>23.1</b>	<b>53.7</b>	<b>53.2</b>	<b>103.5</b>
Tax on profit for the period		-7.3	-6.2	-18.0	-15.9	-24.1
<b>Profit/loss for the period for the year from continuing operations</b>		<b>12.7</b>	<b>17.0</b>	<b>35.8</b>	<b>37.3</b>	<b>79.4</b>
<b>Discontinued operations:</b>						
Profit/loss for the period for the year from phased-out operations	4	-	0.8	-	4.5	4.5
<b>Profit/loss for the period</b>		<b>12.7</b>	<b>17.8</b>	<b>35.8</b>	<b>41.8</b>	<b>83.9</b>
<b>Profit attributable to:</b>						
Parent Company's shareholders		11.1	16.9	32.4	38.1	73.9
Non-controlling interests		1.6	0.9	3.3	3.7	10.0
Earnings per share for remaining operations before and after dilution, based on earnings attributable to the Parent Company's shareholders during the year (expressed in SEK per share)		0.25	0.59	0.85	1.09	2.61
Earnings per share including discontinued operations before and after dilution, based on earnings attributable to Parent Company's shareholders during the year (expressed in SEK per share)		0.25	0.63	0.85	1.30	2.82
Number of ordinary shares at the end of the period (Million)		30.3	21.3	30.3	21.3	21.3
Average number of ordinary shares (Million)		30.3	21.3	26.0	21.1	21.2

# Balance sheet, SEK million

(SEK millions)	Note	2017 30 Sep	2016 30 Sep	2016 31 Dec
<b>Non-current assets</b>				
<i>Intangible non-current assets</i>				
Goodwill	3	931.3	619.4	805.7
Other intangible assets		8.5	0.5	0.5
<i>Tangible non-current assets</i>				
Tangible non-current assets		70.6	53.3	49.6
<i>Financial assets</i>				
Other financial non-current assets		1.8	2.6	2.6
<b>Total non-current assets</b>		<b>1 012.1</b>	<b>675.8</b>	<b>858.4</b>
<b>Current assets</b>				
Completed products and goods for resale		53.5	33.6	34.2
Accounts receivable		167.7	127.1	155.9
Other receivables		15.7	68.8	58.7
Current tax assets		13.7	11.1	9.5
Prepaid expenses and deferred income		47.7	22.7	27.0
Cash and cash equivalents		393.7	84.5	125.6
<b>Total current assets</b>		<b>691.9</b>	<b>347.7</b>	<b>410.9</b>
Assets in disposal group	4	–	–	–
<b>Total assets</b>		<b>1 704.1</b>	<b>1 023.5</b>	<b>1 269.3</b>
<b>Shareholders' equity</b>				
<b>Shareholders' equity attributable to Parent Company's shareholders</b>				
Share capital		0.8	0.6	0.6
Other paid-in capital		712.6	240.4	240.4
Reserves		0.0	0.7	0.5
Profit/loss brought forward including earnings for the period		208.1	154.0	186.1
<b>Total equity attributable to Parent Company's shareholders</b>		<b>921.6</b>	<b>395.8</b>	<b>427.6</b>
Non-controlling interests		30.1	26.6	33.1
<b>Total shareholders' equity</b>		<b>951.6</b>	<b>422.2</b>	<b>460.7</b>
<b>Liabilities</b>				
Interest-bearing long-term liabilities	5	488.5	377.1	485.8
Non-interest bearing long-term liabilities		10.9	6.4	7.1
Interest-bearing short-term liabilities		75.5	92.7	151.8
Non-interest-bearing short-term liabilities		177.6	125.1	163.9
<b>Total liabilities and provisions</b>		<b>752.4</b>	<b>601.3</b>	<b>808.6</b>
<b>Total equity and liabilities</b>		<b>1 704.1</b>	<b>1 023.5</b>	<b>1 269.3</b>

# Cash flow statement, SEK million

SEK million	Note	2017 Jul-Sep	2016 Jul-Sep	2016 Jan-Dec
<b>Continuing operations</b>				
Earnings after financial items		53.7	53.2	103.5
Adjustment for items not included in cash flow		29.4	6.2	1.7
Paid taxes		-44.5	-17.1	-21.9
<b>Cash flow from current operations before change in working capital</b>		<b>38.6</b>	<b>42.3</b>	<b>83.3</b>
<b>Cash flow from change in working capital</b>				
Increase(-)/decrease(+) in operating receivables		5.0	-26.3	-41.9
Increase(-)/decrease(+) in operating liabilities		-7.5	-13.6	20.2
<b>Cash flow from current operations</b>		<b>36.2</b>	<b>2.4</b>	<b>61.6</b>
<b>Investment activities</b>				
Acquisitions of subsidiaries	5	-84.8	-248.5	-357.5
Disposals of subsidiaries		-	-1.0	-1.0
Acquisitions of intangible non-current assets		-4.1	-0.1	-0.1
Acquisitions of tangible non-current assets		-19.5	-10.2	-13.5
Disposal of tangible non-current assets		-	-	10.8
Purchase consideration received, divested operations		-	40.0	40.0
Investments in financial non-current assets		-	-	-
Disposals of tangible non-current assets		1.1	20.0	20.0
<b>Cash flow from investment activities</b>		<b>-107.4</b>	<b>-199.8</b>	<b>-301.3</b>
<b>Financing activities</b>				
New share issue		472.4	67.9	67.9
Loans raised		38.4	183.1	298.6
Amortization of loans		-154.8	-46.6	-75.2
Dividends paid		-16.8	-11.7	-15.2
<b>Cash flow from financing activities</b>		<b>339.2</b>	<b>192.7</b>	<b>276.1</b>
<b>Cash flow for the period</b>		<b>268.0</b>	<b>-4.7</b>	<b>36.4</b>
Cash and equivalents at the beginning of the year		125.6	89.0	89.0
Exchange rate difference in cash and equivalents		0.0	0.2	0.2
<b>Cash and equivalents at the end of the accounting period</b>		<b>393.7</b>	<b>84.5</b>	<b>125.6</b>