



Årsstämma Sdiptech

14 maj, 2018





AGENDA

1. 2017 and 1st quarter

2. Proposed divestment of Support business

**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

Core business of niched services and products for urban infrastructures

Tailored Installations

Percent of EBITA¹

18%



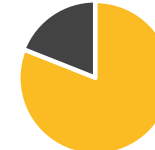
No of employees **665**

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

Niche Products & Services

Percent of EBITA¹

82%



No of employees **320**

- Electrical power quality
- Shell completion
- Vibration monitoring
- Gas evacuation
- District heating and
water metering
- Water cleaning
- Radio communication
- Site services



1) EBITA* excluding central units. RTM.

Selected milestones in 2017

- Listing of Sdiptech B at Nasdaq First North Premier
- 10 acquisitions in total 75m SEK EBITA
- Expanded platform for growth; two new geographical markets, Vienna/Austria and London/UK
- Increased business footprint; 25 subsidiaries and passed the mark of 1000 employees
- Growth Net Sales > 50%, today vs. 2016

10 acquisitions signed in 2017; SEK 75m added EBITA*

ACQUISITIONS MADE IN 2017

Company	Business Area/Niche	Acquisition Date	Country
Topas Vatten och Service AB	Tailored Installations: Wastewater Treatment	January	Sweden
Aufzüge Friedl GmbH	Tailored Installations: Elevators	June	Austria
ST Liftsystems GmbH	Niched Products & Services: Elevators	June	Austria
AVA Monitoring AB	Niched Products & Services: Vibration Monitoring	July	Sweden
Tello Service Partner AB	Tailored Installations: Roof Maintenance	October	Sweden
Polyproject Environment AB	Niched Products & Services: Water Cleaning	November	Sweden
Optyma Security Systems Limited	Tailored Installations: Security	January 2018 ¹⁾	UK
Multitech Site Services Limited	Niched Products & Services: Temporary infrastrucutre	January 2018 ¹⁾	UK
Centralmontage i Nyköping AB	Tailored Installations: Electrical Automation	January 2018 ¹⁾	Sweden
Aviolinx Communication and Services AB	Niched Products & Services: Radio Communication	January 2018 ¹⁾	Sweden

1) Signed in 2017, closed after end of Q4-2017 for practical reasons

Introducing EBITA*

New Key Figure EBITA*

- EBITA* introduced in 2018
- EBITA* consists of EBITA before transaction costs on acquisitions and before adjustment of liabilities for additional payments to sellers
- Appropriate to introduce now when the Group's accounting can be simplified in conjunction with the divestment of Support business

The purpose of EBITA*

- Improve the conditions for external investors and stock market to better understand the dynamics of the Group
- Firstly, to clarify the Group's operational result. Earnings trends can be made clearer as well as the underlying development in our business.
- Secondly, to break out and separately report non-operational and irregular items.
- As an effect, the Group's operational results as well as the irregular items are clarified each one separately.

2017 and 1st quarter 2018

Financial development Group

Net Sales FY2017 (FY2016)
SEK 1,045 m (745 m) +40.3%

Net Sales RTM Q1-18
SEK 1,153 m +10,3%

EBITA* FY2017 (FY2016)
SEK 122.5 m (107.7 m) +13,7%

EBITA* RTM Q1-18
SEK 127.7 m +4,2%

Net Debt/EBITDA

1.35 RTM Q1 2018 (1.37 FY 2017)

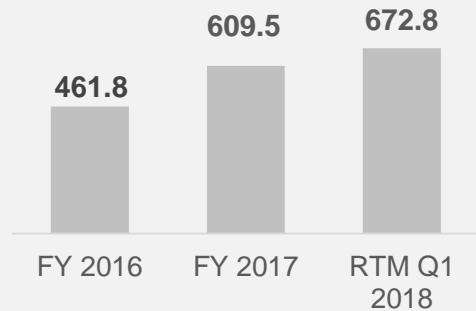
NOTE: Figures excluding the Support-business to provide a fair view on the development, Sdiptech intends to divest the business pending decision at AGM.

2017 and 1st quarter 2018

Tailored Installations

Tailored Installations

Net sales



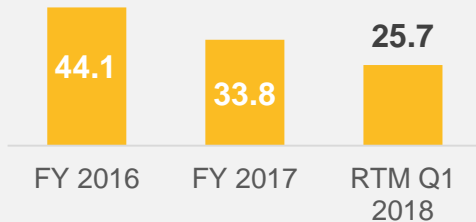
Elevator improvement program

- Market dynamics; price pressure is expected to remain in 2018. Programme of measures was initiated in 2017.
- Main activities of program; prioritize profitable contracts, gradually build a more profitable core, complete contracted but less profitable projects and handle incurred redundancy.
- Improvement profile; No temporary 'quick fix'. Fundamental readjustment of business, thus a lag until realized benefits.
- Status; on-track. Trend has shifted in terms of declining results. After three quarters, EBITA is now growing again. Expecting EBITA to be in line with previous year in the second quarter and reaching full effect in 2019.

Other

- The group of other companies in the business area is in line with the previous year

EBITA*



EBITA* margin

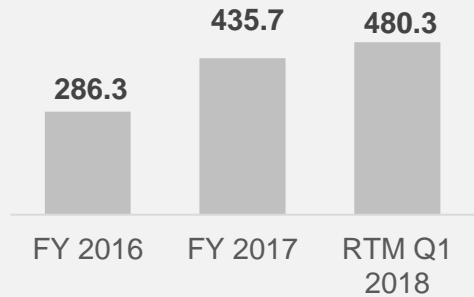
9,5% 5.5% 3.8%

2017 and 1st quarter 2018

Niched Products & Services

Niched Products & Services

Net sales



2017: Solid growth in largest business area

- Size representing 82% of the two business areas' profits
- Underlying organic EBITA growth in 2017 was 10,9%

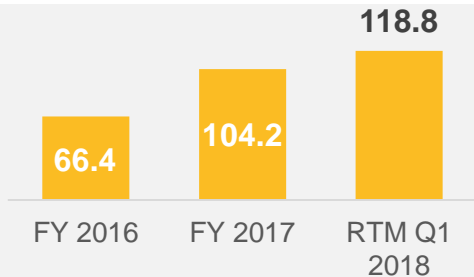
1st quarter: Market and sales

- Sales RTM increased by 10% to 480.3 mSEK from FY2017
- Solid demand and strong niched market positions

1st quarter: Profits

- EBITA* RTM increased by 14% to 118,8 mSEK from FY2017
- The EBITA* margin in end of 2017 was very good and a normalization for RTM towards level of 2016 is expected during 2018.

EBITA*



EBITA* margin

Period	EBITA* margin (%)
FY 2016	23,2%
FY 2017	23.9%
RTM Q1 2018	24.7%

Highlights 1st quarter:

Follow-up from main messages in year end presentation

Solid growth in general

- **Exemplified by a steady growth in the largest business area, Niche products & services**
Size representing 82% of the two business areas' profits
 - Underlying organic EBITA growth in 2017 was 10,9%
 - Dependable growth in full-year EBITA*: 66m (2016), 104m (2017), 119m (RTM 1st quarter 2018)

Improvement program in elevator business

- **Status - on track:** Profitability program in phase with activities and in some areas ahead of plan
- **Profit levels rising:** Trend shift in terms of declining results. After three quarters, EBITA growing again.
- **Outlook:** EBITA* in Q2 2018 expected in line with 2017, gradually improving with full effect in 2019

Growth remains on the agenda, but profitability prioritized

- **Satisfactory acquisition intensity:** Currently two additional Letter of Intents totalling 20mSEK
- **Adapting group management to our size:** After summer, one additional business area lead and new CFO
- **Simplification and focus on core:** Divestment of the Support-business with negative and volatile results



AGENDA

1. 2017 and 1st quarter

2. Proposed divestment of Support business



Divestment of the Support business proposed at AGM 14th of May 2018

Background

- The purpose of Sdiptech's Support-business is to provide both internal and external companies with business support related services
 - Smaller consulting businesses; Acquisitions, PR/Communication, Legal, HR, IT
 - A few tech products developed
- Sdiptech holds a 60% share ownership and the Support-business' management the remaining 40%
- Non-core for Sdiptech, however delivery of acquisitions is a strategic part

Rational for divestment

- Support business has added undesired complexity:
 - 1) for external parties to assess volatile earnings in a non-core part of the business
 - 2) for internal management to follow-up and control the operations
- The divestment also has the benefit of excluding earnings from the Group that during 2017 turned negative

Support (mSEK)	Jan-Mar 2018	Jan-Mar 2017	RTM 31 Mar 2018	Jan-Dec 2017
Net Sales	4,8	7,0	30,5	32,7
EBITA* before InsiderLog	-4,2	-0,2	-11,0	-7,1

Profits from external customers, i.e. excl. revenue from Sdiptech

- A divestment will streamline Sdiptech's core business and shareholder value can be created more effectively

Divestment of the Support business proposed to Annual General Meeting

Transaction

- Divestment of Sdiptech's shares to the Support-business' management
- Payment 0,5 mSEK day 1 and additional consideration during coming two years estimated at 8 mSEK

1 Continuity ensured in Sdiptech's acquisition processes

- To ensure continuity in acquisitions, an agreement between the divested consulting business and Sdiptech has been signed
- Ensures that the acquisition delivery continues unchanged in 2018-2019
- Recruitment of internal team has been initiated to replace and take over the acquisition processes

2 Full financial upside in tech products is retained by profit sharing agreements

<u>InsiderLog, divestment of 80 percent</u>			
A. Cash payment, 80 percent		B. Remaining 20 percent	
- whereof Sdiptech	57,3	- whereof Sdiptech	14,3
- whereof other sharholders	20,6	- whereof Sdiptech	5,2
	36,7	- whereof other sharholders	9,2
	57,3		14,3

- Regardless of the divestment of Support, Sdiptech retains the financial upside in InsiderLog currently valued at 5,2 mSEK
- Financial upside also remains in two additional tech products with potentially a future value, VOXO and HomeMaker



Thank you!