



## **INTERIM REPORT JULY - SEPTEMBER 2018**

November 6, 2018



# Today's presenters

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## JAKOB HOLM, CEO



- Joined Sdiptech in 2014
- Holds 258,749 ordinary shares, 1,040 preference shares, 189,000 buy options
- Background: Axholmen (founder), General Electric, Accenture
- Education: M.Sc. in Systems Engineering from KTH Royal Institute of Technology

## BENGT LEJDSTRÖM, CFO



- Joined Sdiptech in 2018
- Holds 25,200 ordinary shares and 57,600 buy options
- Background: CFO Lagercrantz Group, Interim Justitia, Acando
- Education: M.Sc. in Business Economics from Stockholm School of Economics

## ■ Our offering

Niched technology, solutions and services to the Infrastructure sector

## ■ Our market

Expanding and more advanced infrastructures, growth driven by urbanization and improvements to sustainability, efficiency and safety

## ■ Our business model

- Decentralized in subsidiaries, decision making closest to customer
- Profitable niche market positions drive organic growth
- Acquisitions to add new niched infrastructure offerings

### Net Sales

**SEK 1,408m**

RTM Q3 2018

### Operating profit

**SEK 168m**

RTM Q3 2018

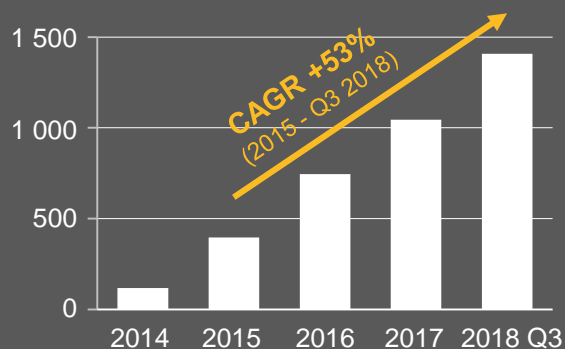
### Employees

**1,100**

### Subsidiaries

**27**

### Net Sales



# Infrastructure as a market is defined by long-lasting growth drivers

In focus for Sdiptech's growth; **infrastructure areas that are critical to welfare**



Water & Sanitation



Power & Energy



Air climate



Transportation

## A growing gap between demand and capacity

- **Aging infrastructures** and a need to rebuild
- **Capacity requirements** continue to grow
- **Urbanization** increases shortage and strain

## A constant strive for a better society

- **Sustainability**
  - **Efficiency**
  - **Safety**
- ▶
- Updated regulations
  - Changing consumer behaviour
  - Implemented in infrastructures



# Quarterly highlights

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## Continued strong growth

- Continued strong growth in both business areas in the quarter
  - Organic growth in net sales of 5% in the third quarter, and 9% in the first nine months of 2018
  - Net sales increased 48% to SEK 361m
  - EBITA\* in the third quarter 2018 increased with 56% to SEK 42.3m
  - EBITA\* margin increased to 11.7% (11.1%)

## Elevator performance strengthened

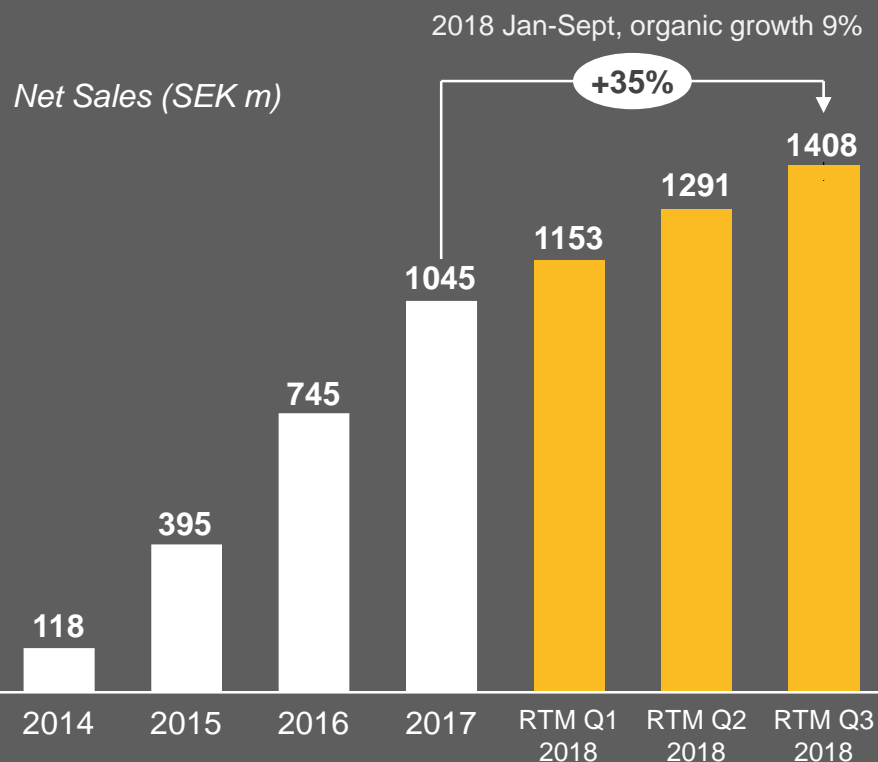
- Continued good progress in improvement program
- Trend shift from early 2018 remains and EBITA\* improves as well as the EBITA\* margin
- In a few areas additional improvement potential still exists and the activities will continue until we are completely satisfied with the profitability

## Outlook is positive

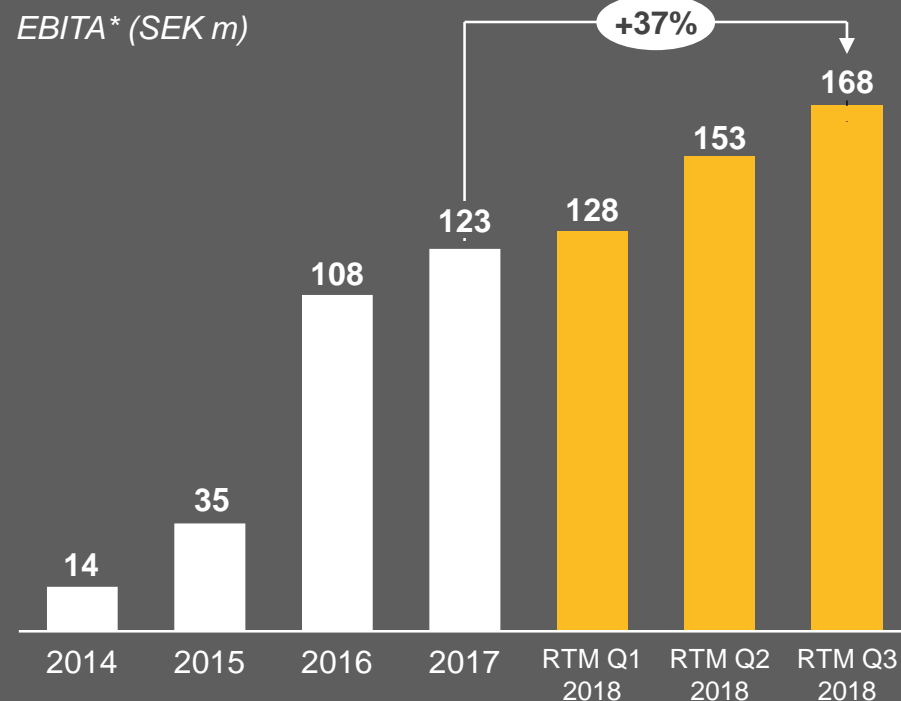
- Coming quarters, unchanged positive view on growing profit levels
- Profitability improvement in Installations as well as continued profitable growth in Product & Services
- Newly added acquisitions contribute with results

## Growth in three quarters of 2018 +35% and YTD organic growth 9%

### Group Net sales



### Group EBITA\*



Quarter, YTD, and RTM

## Financial development Group - remaining operations

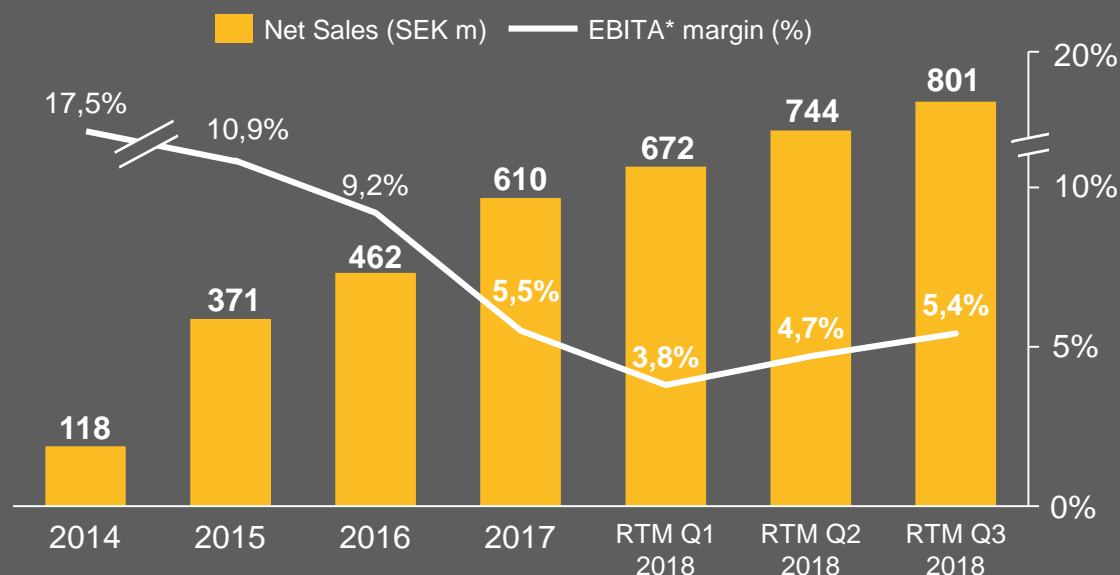
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	<b>Q3 2018</b> (Q3 2017)	<b>Jan-Sep 2018</b> (Jan-Sep 2017)	<b>RTM Q3 2018</b> (FY 2017)
Net Sales (SEKm)	+48% <b>361</b> (245)	+51% <b>1,077</b> (714)	+35% <b>1,408</b> (1,045)
EBITA* (SEKm)	+56% <b>42</b> (27)	+61% <b>121</b> (75)	+38% <b>168</b> (123)
EBITA* margin	<b>11.7%</b> (11.1%)	<b>11.2%</b> (10.5%)	<b>12.0%</b> (11.7%)

# Quarter and RTM

## Financial development in Tailored Installations

### Tailored Installations



#### Quarter

- Continued strong growth in sales, in the quarter increased with 39% to 202.1 SEKm
- EBITA\* increased with 142% to 15.0 SEKm
- EBITA\* margin increased to 7.4% (4.3%) mainly due to recovery in elevators

#### Elevator recovery

- Programme of measures was initiated in Q4 2017 to improve profitability
- The positive trend shift from early 2018 remains and profitability continues to improve in the third quarter

#### Other

- Other companies in the business area are in line with previous year
- Total number of companies: 13

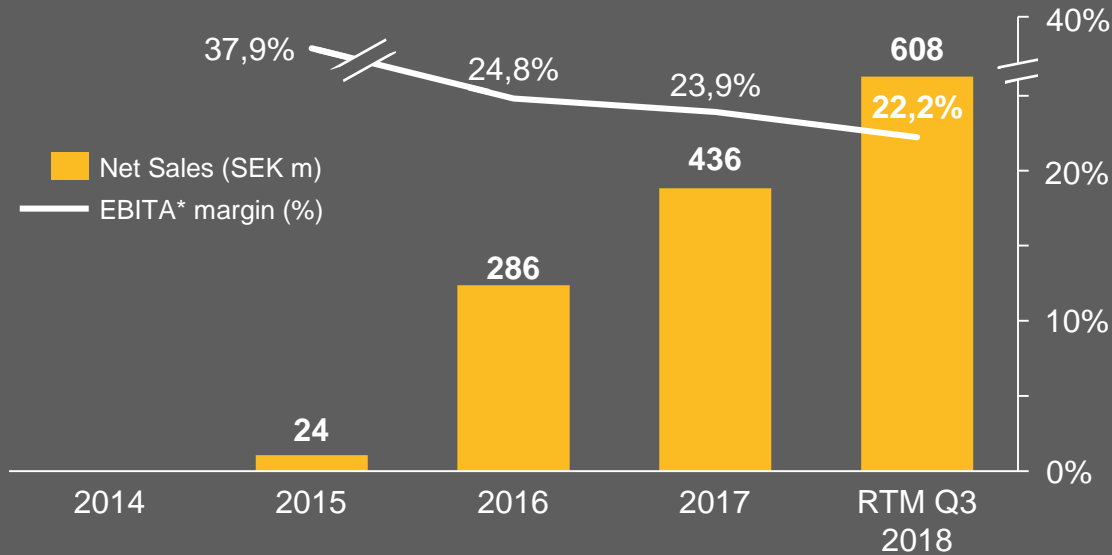
	Q3 2018 (Q3 2017)	Jan-Sep 2018 (Jan-Sep 2017)	RTM Q3 2018 (FY 2017)
Net Sales (SEKm)	<b>202.1</b> (145.1)	<b>620.7</b> (429.5)	<b>800.7</b> (609.5)
EBITA* (SEKm)	<b>15.0</b> (6.2)	<b>40.7</b> (31.2)	<b>43.3</b> (33.8)
EBITA* margin	<b>7.4%</b> (4.3%)	<b>6.6%</b> (7.3%)	<b>5.4%</b> (5.5%)



## Quarter and RTM

# Financial development in Niche Products & Services

### Niche Products & Services



#### Quarter

- Continued strong growth in sales, in the quarter increased with 60% to 159.1 SEKm
- EBITA\* increased with 20% to 32.4 SEKm
- Due to very good profitability last six months 2017, EBITA\* margin decreased. A normalization corresponding to the profitability in 2018, ca. 20% is expected.

#### Other

- Acquisitions:  
KSS Klimat- & Styrsystem AB in Q2  
Rogaland Industri Automasjon AS early in Q3  
and Vera Klippan AB in early Q4.
- Total number of companies: 14

	Q3 2018 (Q3 2017)	Jan-Sep 2018 (Jan-Sep 2017)	RTM Q3 2018 (FY 2017)
Net Sales (SEKm)	159.1 (99.5)	456.4 (284.5)	607.6 (435.7)
EBITA* (SEKm)	32.4 (27.1)	92.8 (62.1)	135.0 (104.2)
EBITA* margin	20.3% (27.3%)	20.3% (21.8%)	22.2% (23.9%)

# Acquisitions

## Seven acquisitions closed in 2018 totaling SEK 60 million added EBITA



Phase	Company	Business area	Country	EBITA (SEK m)
Search / Contact	<b>380</b> companies in total	Both areas	Multiple	-
Bid discussions	<b>4</b> companies	Niched products and services	UK, SE	~45
LOI	<b>2</b> companies*	Niched products and services	Multiple	~20
Closed Q4	Vera Klippan	Niched products and services	SE	~65
Closed Q3	Rogaland Industri Automasjon	Niched products and services	NO	
Closed Q2	KSS Klimat- & Styrssystem	Niched products and services	SE	
Closed Q1	Centralmontage i Nyköping	Tailored Installations	SE	
Closed Q1	Aviolinx Communication and services	Niched products and services	SE	
Closed Q1	Optyma Security systems	Tailored Installations	UK	
Closed Q1	Multitech Site services	Niched products and services	UK	

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

# Acquisitions

## Niched Products & services

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### Rogaland Industri Automasjon AS

- Rogaland Industri Automasjon AS designs and develops customized systems for control and regulation systems for water and sewage plants. Customers are found primarily in municipalities and industry.
- Through the acquisition, we expand the Group's offering in the water segment to Norway. The market for decontamination of water, soil and air is expected to increase as stricter environmental regulations are introduced and the focus on environmental issues increases.
- Net Sales: NOK 40m



– STEDET FOR AUTOMASJON

### Vera Klippan AB

- Vera Klippan is a leading producer of heavy duty fiberglass pipes and cisterns in large dimensions. The company's products are used for chemicals, water and sewage, as well as chimneys and scrubbers.
- Through the acquisition, we complement the Group's offering in the water segment. The market for decontamination of water, soil and air is expected to increase as stricter environmental regulations are introduced and the focus on environmental issues increases.
- Net Sales: SEK 15m



## In summary

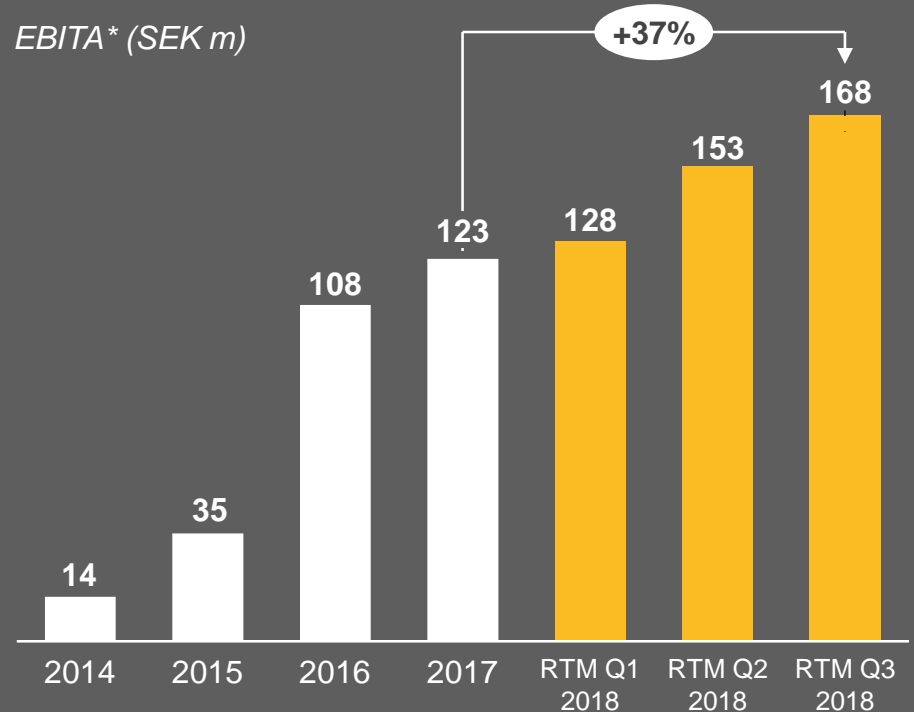
- Niche technology, solutions and services to the Infrastructure sector
- Growth driven by urbanization as well as improvements for increased sustainability, efficiency and safety

**Outlook is positive**

- Coming quarters, unchanged positive view on growing profit levels
- Profitability improvement in Installations as well as continued profitable growth in Product & Services
- Newly added acquisitions contribute with results

### Group EBITA\*

EBITA\* (SEK m)





Thank you for listening.



# Appendix



# Sdipotech in brief

## Management and board

### Management



**JAKOB HOLM**  
CEO

**Shares:**  
258,749 (Class B), 1,040 (Pref),  
189,000 (Buy options)  
**Experience:**  
Axholmen, General Electric, Accenture  
M.Sc. KTH Royal Institute of Technology



**BENGT LEJDSTRÖM**  
CFO

**Shares:**  
25,200 (Class B), 57,699 (Buy options)  
**Experience:**  
Lagercrantz Group, Interim Justitia, Acando  
M.Sc. Stockholm School of Economics



**FREDRIK SEDERHOLM**  
President

**Shares:**  
82,222 (Class B), 68,400 (Buy options)  
**Experience:**  
Assemblin, Caverion, Otis Elevator  
M.Sc. Business Economics, Stockholm University



**FREDRIK NAVJORD**  
President

**Shares:**  
18,345 (Class B), 52,500 (Buy options)  
**Experience:**  
Metric, Addtech, Volvo  
M.Sc. Chalmers University of Technology



**ANDERS MATTSSON**  
President

**Shares:**  
68,700 (Buy options)  
**Experience:**  
Munters  
M.Sc. Chalmers University of Technology



**Steven Gilsdorf**  
Head of Acquisitions

**Shares:**  
68,400 (Buy options)  
**Experience:**  
GE Capital, Booz & Co., Bisnode  
MBA, London Business School,

### Board of Directors



**JAN SAMUELSON**  
Chairman

**Shares:**  
191,000 (Class B)  
**Experience:**  
Resurs Bank, Accent Equity Partners  
M.Sc. Stockholm School of Economics



**JOHNNY ALVARSSON**  
Board Member

**Shares:**  
18,200 (Class B), 18,000 (Buy options)  
**Experience:**  
Indutrade, Elektronikgruppen, Zeteco  
M.Sc. Linköping University Institute of Technology



**ASHKAN POUYA**  
Board Member

**Shares:**  
2,000,000 (Class A), 12,581,711 (Class B)\*  
**Experience:**  
Serendipity Ixora, Serial entrepreneur  
B.A. Business Administration



**KATARINA LUNDBLAD PINNEKAMP**  
Board Member

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



**SAEID ESMAEILZADEH**  
Board Member

**Shares:**  
2,000,000 (Class A), 12,581,711 (Class B)\*  
**Experience:**  
Serendipity Ixora, Serial entrepreneur  
Ph.D. in Materials Chemistry



**MARKUS SJÖHOLM**  
Board Member

**Shares:**  
15,000 (Class B)  
**Experience:**  
CapMan Buyout  
LL.M. & M.Sc. In Economics

\*) Through Serendipity Group AB

# Consolidated Income statement

(SEK million)	Note	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales		361.1	244.6	1,077.0	714.1	1,045.1
Other operating income		17.3	1.0	30.8	3.7	85.1
<b>Total income</b>		<b>378.4</b>	<b>245.6</b>	<b>1,107.8</b>	<b>717.8</b>	<b>1,130.2</b>
<b>Operating expenses</b>						
Direct expenses		-163.6	-110.4	-482.8	-312.7	-466.3
Other external expenses		-39.0	-26.5	-133.5	-82.4	-122.6
Employee expenses		-114.1	-77.6	-356.8	-239.2	-338.0
Depreciation and amortization of tangible non-current assets		-6.8	-4.3	-17.7	-10.5	-14.7
Depreciation and amortization of intangible non-current assets		-15.2	0.0	-15.7	-0.2	-33.0
<b>Operating profit</b>		<b>39.6</b>	<b>26.8</b>	<b>101.3</b>	<b>72.8</b>	<b>155.6</b>
<b>Profit/loss from financial items</b>						
Financial income		-0.5	-1.9	4.6	-0.5	1.3
Financial expenses		-5.3	-8.0	-14.1	-19.7	-37.4
<b>Profit/loss after financial items</b>		<b>33.9</b>	<b>16.9</b>	<b>91.8</b>	<b>52.5</b>	<b>119.4</b>
Tax on profit for the period		-7.2	-7.0	-20.5	-17.1	-24.6
<b>Profit/loss for the period from remaining operations</b>		<b>26.6</b>	<b>9.8</b>	<b>71.2</b>	<b>35.4</b>	<b>94.9</b>
<b>Discontinued operations</b>						
Profit/loss for the period from discontinued operations		-	2.9	77.0	0.4	-1.7
<b>Profit/loss for the period</b>		<b>26.6</b>	<b>12.7</b>	<b>148.2</b>	<b>35.8</b>	<b>93.2</b>
<b>Profit/loss attributable to remaining operations:</b>						
Parent Company's shareholders		25.6	8.9	69.2	32.7	91.3
Non-controlling interests		1.0	1.0	2.0	2.7	3.6
<b>Profit/loss attributable to discontinued operations:</b>						
Parent Company's shareholders		-	2.3	33.2	-0.2	-4.2
Non-controlling interests		-	0.6	43.8	0.6	2.5
Earnings per share for remaining operations before and after dilution, based on earnings attributable to the Parent Company's shareholders during the year (in SEK per share)		0.73	0.18	1.94	0.85	2.93
Earnings per share including discontinued operations before and after dilution, based on earnings attributable to the Parent Company's shareholders during the year (in SEK per share)		0.73	0.25	3.04	0.85	2.70
<b>EBITA*</b>		<b>42.3</b>	<b>27.2</b>	<b>120.7</b>	<b>74.8</b>	<b>122.5</b>
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	26.0	27.0

# Consolidated Balance sheet

(SEK million)	Note	2018 30 Sep	2017 30 Sep	2017 31 Dec
<b>Non-current assets</b>				
<i>Intangible non-current assets</i>				
Goodwill	3	1,460.1	931.3	1,055.1
Other intangible assets		17.7	8.5	13.3
<i>Tangible non-current assets</i>				
Tangible non-current assets		97.8	70.6	80.8
<i>Financial non-current assets</i>				
Other financial non-current assets		1.9	1.8	1.8
<b>Total non-current assets</b>		<b>1,577.5</b>	<b>1,012.1</b>	<b>1,151.0</b>
<b>Current assets</b>				
Completed products and goods for resale		93.5	53.5	63.2
Accounts receivable		286.2	167.7	216.9
Other receivables		59.4	15.7	15.6
Current tax assets		23.4	13.7	13.2
Prepaid expenses and accrued income		65.0	47.7	40.4
Cash and cash equivalents		237.1	393.7	330.0
<b>Total current assets</b>		<b>764.5</b>	<b>691.9</b>	<b>679.3</b>
<b>Total assets</b>		<b>2,342.0</b>	<b>1,704.1</b>	<b>1,830.4</b>
<b>Shareholders' equity</b>				
<b>Shareholders' equity attributable to Parent Company's shareholders</b>				
Capital		0.8	0.8	0.8
Other contributed capital		714.6	712.6	712.6
Reserves		6.4	0.0	0.8
Profit/loss brought forward including earnings for the period		350.8	208.1	259.0
<b>Total equity attributable to Parent Company's shareholders</b>		<b>1,072.6</b>	<b>921.6</b>	<b>973.2</b>
Non-controlling interests		30.7	30.1	33.2
<b>Total shareholders' equity</b>		<b>1,103.3</b>	<b>951.6</b>	<b>1,006.4</b>
<b>Liabilities</b>				
Interest-bearing long-term liabilities	4	692.2	488.5	448.2
Non-interest-bearing long-term liabilities		14.8	10.9	10.9
Interest-bearing short-term liabilities	4	256.1	75.5	135.7
Non-interest-bearing short-term liabilities		275.6	177.6	229.2
<b>Total liabilities</b>		<b>1,238.7</b>	<b>752.4</b>	<b>824.0</b>
<b>Total equity and liabilities</b>		<b>2,342.0</b>	<b>1,704.1</b>	<b>1,830.4</b>

# Consolidated Cash flow statement

(SEK million)	Note	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
<b>Continued operations</b>				
Earnings after financial items		91.8	53.7	120.1
Adjustment for items not included in cash flow		14.2	29.4	-8.4
Paid taxes		-42.9	-44.5	-41.3
<b>Cash flow from continuing operations before change in working capital</b>		<b>63.1</b>	<b>38.6</b>	<b>70.4</b>
Cash flow from change in working capital				
Increase(-)/decrease(+) in operating receivables		-50.2	5.0	-17.0
Increase(+)/decrease(-) in operating liabilities		17.3	-7.5	16.4
<b>Cashflow from current operations</b>		<b>30.2</b>	<b>36.2</b>	<b>69.8</b>
<b>Investing activities</b>				
Acquisitions of subsidiaries		-258.7	-84.8	-160.8
Acquisitions of intangible non-current assets		-7.3	-4.1	-9.9
Acquisitions of tangible non-current assets		-18.4	-19.5	-21.2
Investments in financial non-current assets		0.0	0.0	0.0
Disposal of non-current financial assets		0.9	1.1	1.0
<b>Cash flow from investing activities</b>		<b>-283.5</b>	<b>-107.4</b>	<b>-190.9</b>
<b>Financing activities</b>				
New share issue		0.0	472.4	472.4
Option premiums		2.0	0.0	0.0
Loans raised		231.8	38.4	37.0
Amortization of loans		-60.2	-154.8	-163.8
Dividends paid		-10.5	-16.8	-20.3
<b>Cash flow from financing activities</b>		<b>163.1</b>	<b>339.2</b>	<b>325.3</b>
<b>Cash flow for the period from remaining operations</b>		<b>-90.2</b>	<b>268.0</b>	<b>204.2</b>
<b>Cash flow for the period from discontinued operations</b>		<b>-4.4</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of year		330.0	125.6	125.6
Exchange rate difference in cash and cash equivalents		1.7	0.0	0.2
<b>Cash and cash equivalents at end of period from remaining operations</b>		<b>237.1</b>	<b>393.7</b>	<b>330.0</b>

# Alternative Key Figure

## EBITA\* introduced in Q1

### New Key Figure EBITA\*

- EBITA\* introduced from the first quarter
- EBITA\* consists of EBITA before transaction costs on acquisitions and before adjustment of liabilities for additional payments to sellers
- Appropriate to introduce as the Group's accounting can be simplified in conjunction with the divestment of the Support operations

### The purpose of EBITA\*

- Clarify the dynamics of the Group, and to facilitate for investors and other external parties
- Firstly, highlight 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 easier to follow

# Ownership 30 September 2018

	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Serendipity Group	2,000,000	12,581,711		45.53%	65.13%
Swedbank Robur Fonder		2,061,000		6.44%	4.12%
Elementa Management		1,949,759		6.09%	3.90%
Handelsbanken Fonder		1,350,000		4.22%	2.70%
Catella Fonder		770,000		2.40%	1.54%
Aktia		662,500		2.07%	1.32%
Avanza Pension		357,858	285,720	2.01%	1.29%
F Holmström Private Equity		579,248		1.81%	1.16%
AB Axel Granström		400,000		1.25%	0.80%
Nordnet Pensionsförsäkring		315,012	55,985	1.16%	0.74%
Others		7,250,557	1,408,295	27.02%	17.30%
<b>Total</b>	<b>2,000,000</b>	<b>28,277,645</b>	<b>1,750,000</b>	<b>100%</b>	<b>100%</b>