



INTERIM REPORT APRIL – JUNE 2019

July 23, 2019



Today's presenters

JAKOB HOLM, CEO



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

BENGT LEJDSTRÖM, CFO



- Joined Sdiptech in 2018
- Holds 45,200 ordinary shares, 2,500 preference shares, 57,600 buy options
- Background: CFO Lagercrantz Group, Intrum Justitia, Acando
- Education: M.Sc. in Business Economics from Stockholm School of Economics

Today's presentation

LONG-TERM TRENDS IN OUR MARKETS

BUSINESS AREAS

CURRENT TRADING

OFFERING

Niched technology, solutions and services
to the Infrastructure sector

MARKET

Strong underlying trends, volume as well as
improvements, drive long-term growth

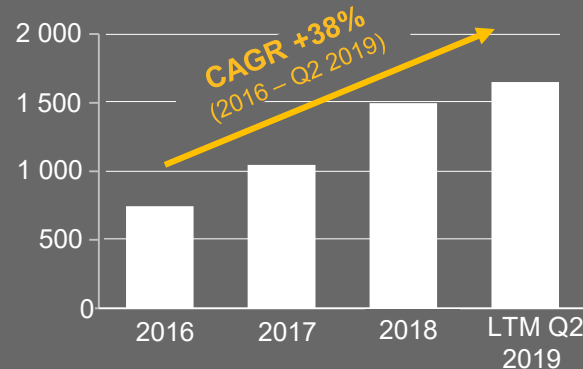
Employees

1 130

Subsidiaries

31

Net Sales





UNDER-INVESTMENTS DRIVE LONG-TERM VOLUME DEMAND

- **Aging infrastructure** and a need to rebuild
 - **Capacity requirements** continue to grow
 - **Urbanization** increases shortage & strain
-
- **Investment priority** for nations worldwide



A STRIVE FOR BETTER SOCIETIES DRIVES TECHNICAL IMPROVEMENTS

- We expect and demand increasing **Sustainability, Efficiency & Safety**
- Consumer expectations rise
- Policy-makers adapt with regulations
- Implemented in infrastructure
- Specialists and niche companies ideal home for the technical advancements

Today's presentation

LONG-TERM TRENDS IN OUR MARKETS

BUSINESS AREAS

CURRENT TRADING

WATER & ENERGY

Sub-segments:

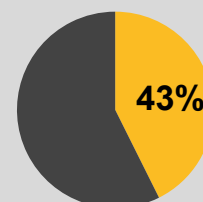
- Water & Sanitation
- Power & Energy

SALES ¹⁾ **555 MSEK**

EBITA*-% ¹⁾ **18.1 %**

NO. OF UNITS **13**

1): LTM



Share of total EBITA*

LTM excl. central costs

UNIPOWER

**CENTRAL
BYGGARNA**
i ÅKERSBERGA AB

C M
CENTRALMONTAGE AB

HYDRO
Standard AB

HANSA

P Polyproject

TOPAS
VATTEN

MT MULTITECH
SITE SERVICES

Eurotech

Acquisitions last 12 months

STEDET FOR AUTOMATION
RIA

VERA
KLIPPAN

PWS
Pure Water Scandinavia

Water Treatment Products
speciality chemicals & technical solutions

SPECIAL INFRASTRUCTURE SOLUTIONS

Sub-segments:

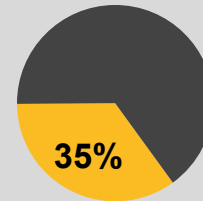
- Air & Climate control
- Safety & Security
- Transportation

SALES ¹⁾ **387 MSEK**

EBITA*-% ¹⁾ **21.3 %**

NO. OF UNITS: **9**

1): LTM



Share of total EBITA*

LTM excl. central costs

FRIGOTECH

OPTYMA SECURITY SOLUTIONS



CLIFF MODELS



STORADIO.AERO

THORS
TRADING AB



KSS
Klimat & Styrsystem

Acquisitions last 12 months

RedSpeed®
International Ltd.



PROPERTY TECHNICAL SERVICES

Sub-segments:

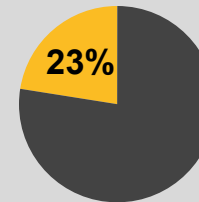
- Elevator
- Other

SALES ¹⁾ **710 MSEK**

EBITA*-% ¹⁾ **7.5 %**

NO. OF UNITS **9**

1): LTM



Share of total EBITA*

LTM excl. central costs

Service elevators, Stockholm



ManKan Hiss AB



S:T ERIKS HISS

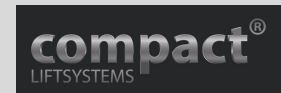


HissPartner

Service elevators, Vienna



New elevators, Europe



Other, Property Technical Services



No acquisitions last 18 months

Acquisitions in Q2

Cryptify AB

- Cryptify is a Swedish based software product company offering solutions for secure mobile communication primarily in Sweden and the UK.
- The customers are primarily found in Government & Defence, with so-called restricted security classification where the need for secure and ease-of-use communication is growing.
- Net sales SEK 18 million.



Acquisitions

11 acquisitions completed since 2018

Completed	Company	Business area	Country
Q2-19	Cryptify AB	Special Infrastructure Solutions	SE
Q1-19	Water Treatment Products Ltd	Water & Energy	UK
Q1-19	RedSpeed International Ltd	Special Infrastructure Solutions	UK
Q4-18	Pure Water Scandinavia AB	Water & Energy	SE
Q4-18	Vera Klippan AB	Water & Energy	SE
Q3-18	Rogaland Industri Automasjon AS	Water & Energy	NO
Q2-18	KSS Klimat- & Styrsystem AB	Special Infrastructure Solutions	SE
Q1-18	Centralmontage i Nyköping AB	Water & Energy	SE
Q1-18	Storadio Aero AB (former Aviolinx)	Special Infrastructure Solutions	SE
Q1-18	Optyma Security Systems Ltd	Special Infrastructure Solutions	UK
Q1-18	Multitech Site Services Ltd	Water & Energy	UK

Today's presentation

LONG-TERM TRENDS IN OUR MARKETS

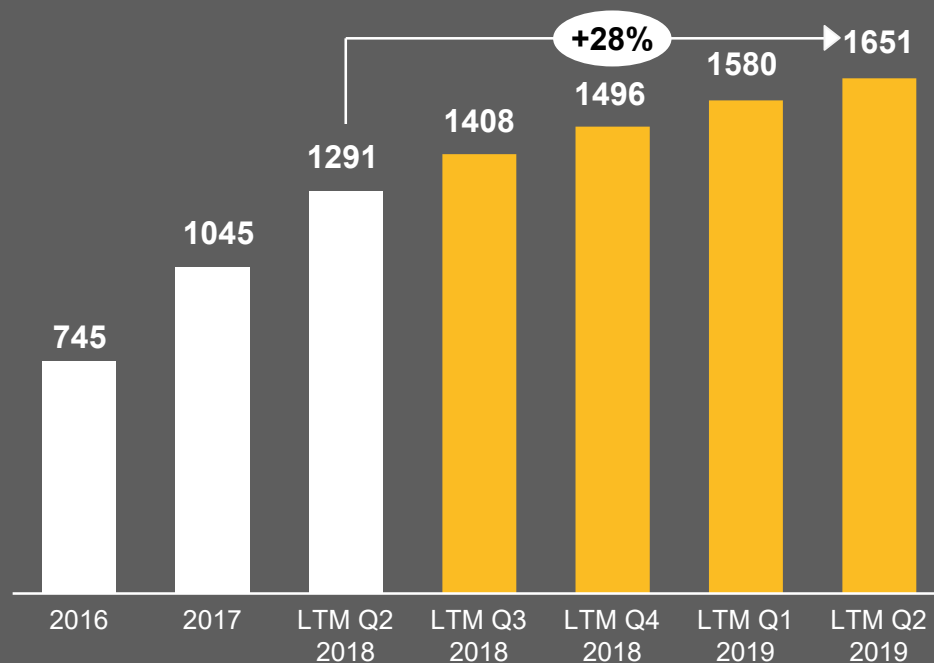
BUSINESS AREAS

CURRENT TRADING

Growth in LTM Q2 2019 Sales +28% and EBITA* +39%

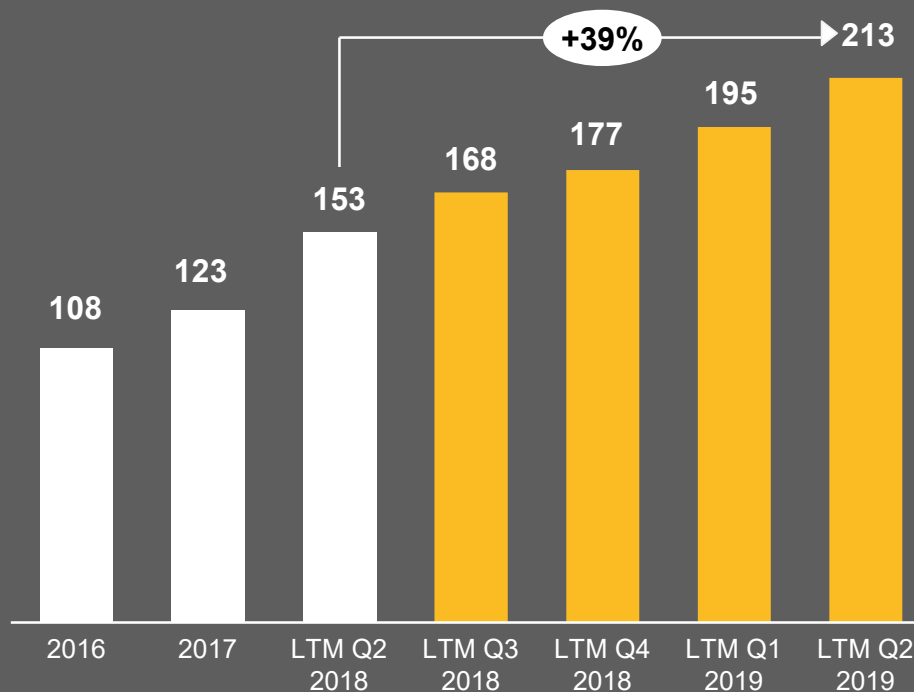
Group Net sales

Net Sales (SEK m)



Group EBITA*

EBITA* (SEK m)



Quarterly highlights

Strong sales growth but in shell completion a correction in demand

- Net sales increased 19% to SEK 449m
- Good overall market situation and demand. Organic sales growth of +17% in total for Water & Energy and Special Infrastructure Solution.
- A reversed development within shell completion due to correction in the housing sector in Stockholm. Large projects in previous year Q2 amplified the decrease y-o-y in the quarter, but not expected for Q3/Q4.

Strong organic profit growth and cash flow

- Good organic profit growth in the quarter, in total +8% YTD
EBITA* increased 42% to SEK 63m and EBITA* margin increased to 14.0% (11.7%)
Earnings per share increased 74% to SEK 1.43
- Strong organic profit growth for Water & Energy and Special Infrastructure Solutions. Organic profit growth from the Swedish elevator business after realignment towards more profitable customer segments.
- Strong cash flow, SEK 63m (6) from operating activities, corresponding to a cash generation of 78% (15%)

Outlook is positive

- Coming quarters unchanged positive view on growing profit levels
- The development work, for which Water & Energy and Special Infrastructure Solutions is focused on sales growth, and for which the elevator business focuses on profitability enhancement, will continue
- Internal acquisition team now built up, and external team is being phased out during the year. Acquisition costs will fall significantly when the phase out is completed.

Quarter and LTM

Financial development Group

	Q2 2019 (Q2 2018)	LTM Q2 2019 (LTM Q2 2018)
Net Sales (SEKm)	+19% 449 (378)	+28% 1,651 (1,291)
EBITA* (SEKm)	+42% 63 (44)	+39% 213 (153)
EBITA* margin	14.0% (11.7%)	12.9% (11.8%)
EPS, SEK/share	1.43 (0.78)	3.34 (3.09)
Cash flow, ops (SEKm)	63.0 (5.7)	197.1 (60.4)
Net bank debt/EBITDA	0.83 (-0.08)	
Net debt/EBITDA ¹⁾	2.73 (1.77)	

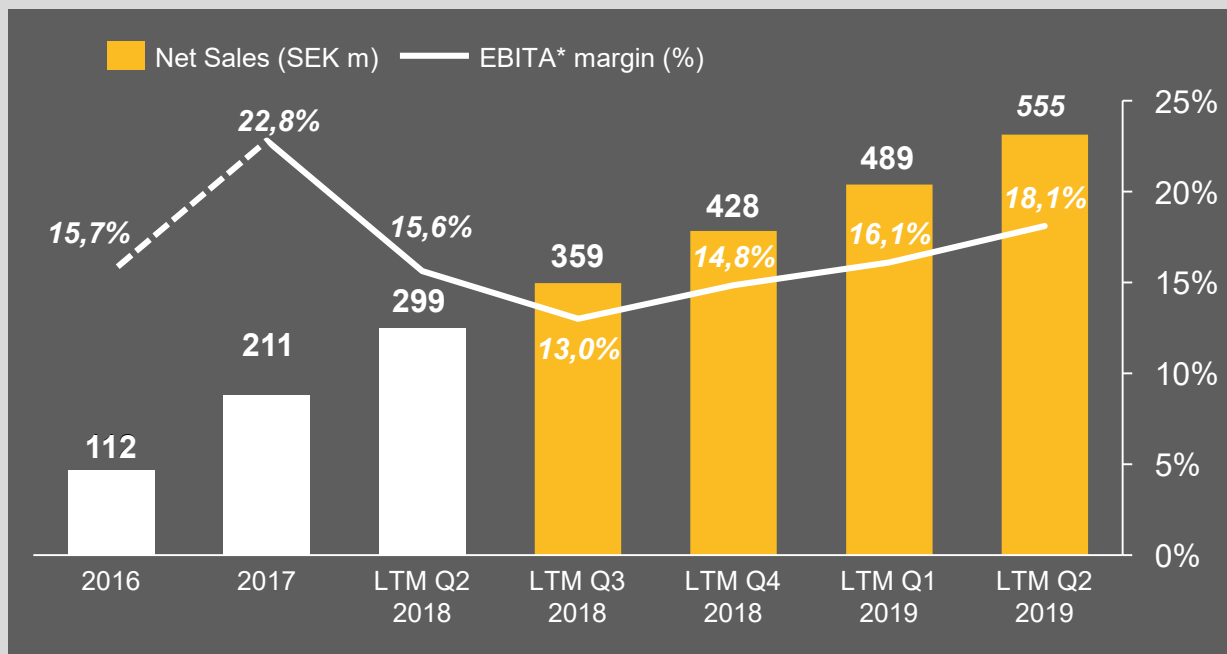
1) Comment on the Net debt/EBITDA ratio:

At a share of 46%, Net debt consists of debt related to “conditional considerations for acquisitions” (Swe: tilläggsköpeskillingar). These debts are sized for profit growth, i.e. current Net debt is based on future EBITDA levels higher than the current EBITDA levels used in the ratio.

Quarter and LTM

Financial development in Water & Energy

Water & Energy



Quarter

- Continued strong growth in sales, in the quarter increased with 64% to SEK 168m, of which organic growth was 13%
- EBITA* increased with 218% to SEK 32m
- EBITA* margin increased to 19.3% (10.0%)
- The stronger margin partly from that some comparable units with high margins had high incoming orders and partly from acquired units with higher profit margins than the average.

Other

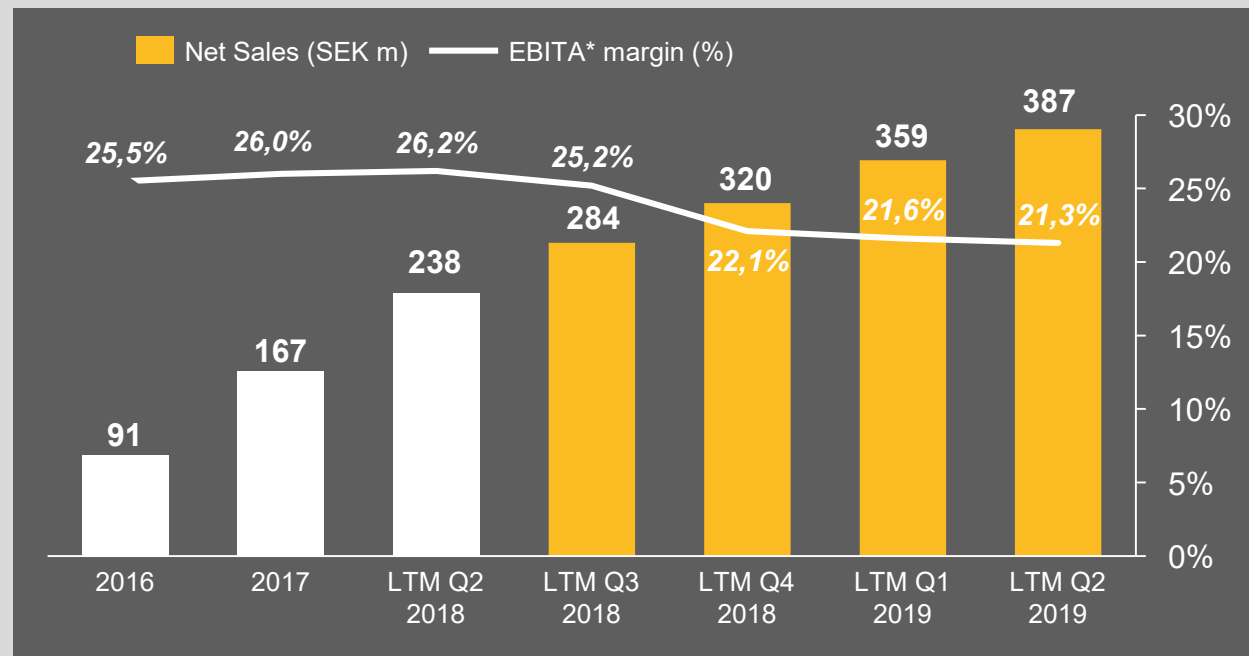
- EBITA * margin for the business area is expected to be around 16–18% for the full year 2019
- Acquisitions during 2019:
Water Treatment Products Ltd, in Feb-19
- Total number of units: 13

	Q2 2019 (Q2 2018)	LTM Q2 2019 (LTM Q2 2018)
Net Sales (SEKm)	168.0 (102.2)	555.0 (299.0)
EBITA* (SEKm)	32.4 (10.2)	100.7 (46.7)
EBITA* margin	19.3% (10.0%)	18.1% (15.6%)

Quarter and LTM

Financial development in Special Infrastructure Solutions

Special Infrastructure Solutions



Quarter

- Continued strong growth in sales, in the quarter increased with 37% to SEK 103m, of which organic growth was 23%
- EBITA* increased with 30% to SEK 21m
- The EBITA * margin decreased during the first quarter to 20.1 percent (21.1), as a leveling of margins is done through acquisition activities
- Continued strong growth within Air & Climate control and Safety & Security

Other

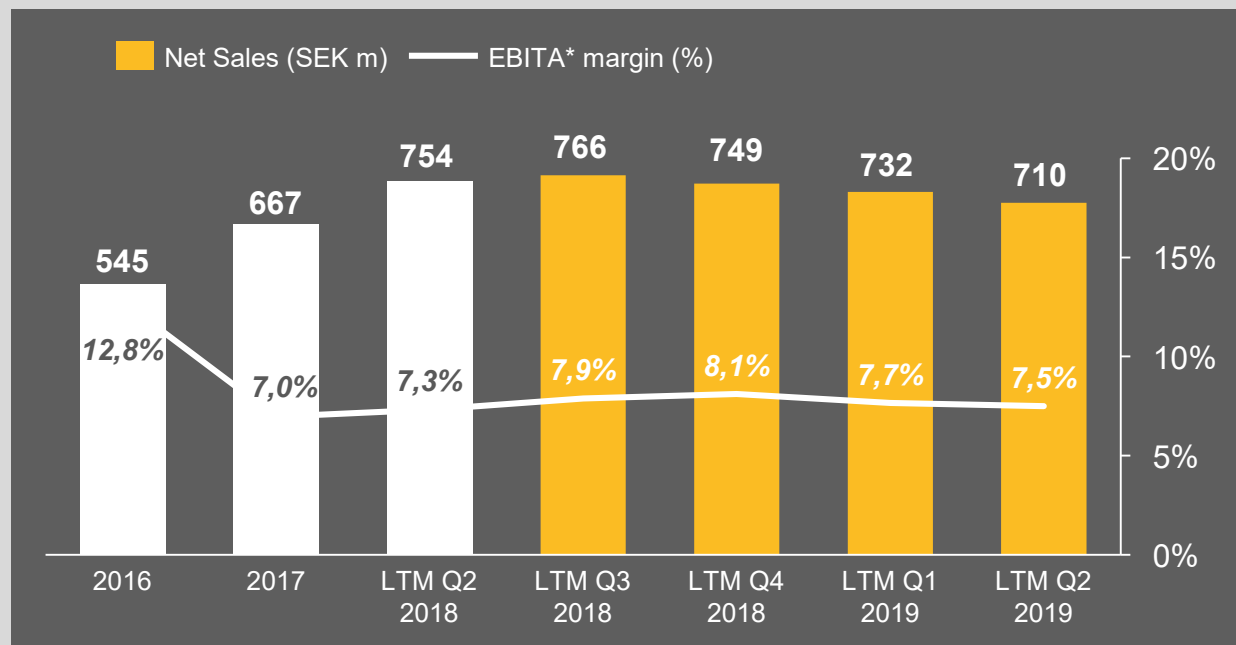
- EBITA * margin for the business area is expected to be around 18–20% for the full year 2019
- Acquisitions during 2019:
RedSpeed International Ltd, in Jan-19
Cryptify AB, in May-19
- Total number of units: 9

	Q2 2019 (Q2 2018)	LTM Q2 2019 (LTM Q2 2018)
Net Sales (SEKm)	102.9 (75.1)	386.9 (238.2)
EBITA* (SEKm)	20.7 (15.9)	82.4 (62.4)
EBITA* margin	20.1% (21.1%)	21.3% (26.2%)

Quarter and LTM

Financial development in Property Technical Services

Property Technical Services



Quarter

- Sales in the quarter decreased with 11% to SEK 178m, partly due to a planned shift towards more profitable customer segments within elevators, but primarily due to a correction in the housing sector in Stockholm that impacted our shell completion operations. Large projects previous year in Q2 amplified the decrease, but not expected to same extent for Q3 nor Q4.
- Incoming orders in shell completion directed towards commercial and public properties
- EBITA* decreased with 19% to SEK 17m
- EBITA* margin decreased to 9.5% (10.4%)

Other

- A gradual normalization of the EBITA* margin for the business area towards 8–10%
- Acquisitions during 2019: None
- Total number of units: 9

	Q2 2019 (Q2 2018)	LTM Q2 2019 (LTM Q2 2018)
Net Sales (SEKm)	177.8 (200.5)	709.5 (754.1)
EBITA* (SEKm)	16.9 (20.9)	53.2 (55.1)
EBITA* margin	9.5% (10.4%)	7.5% (7.3%)

Summary

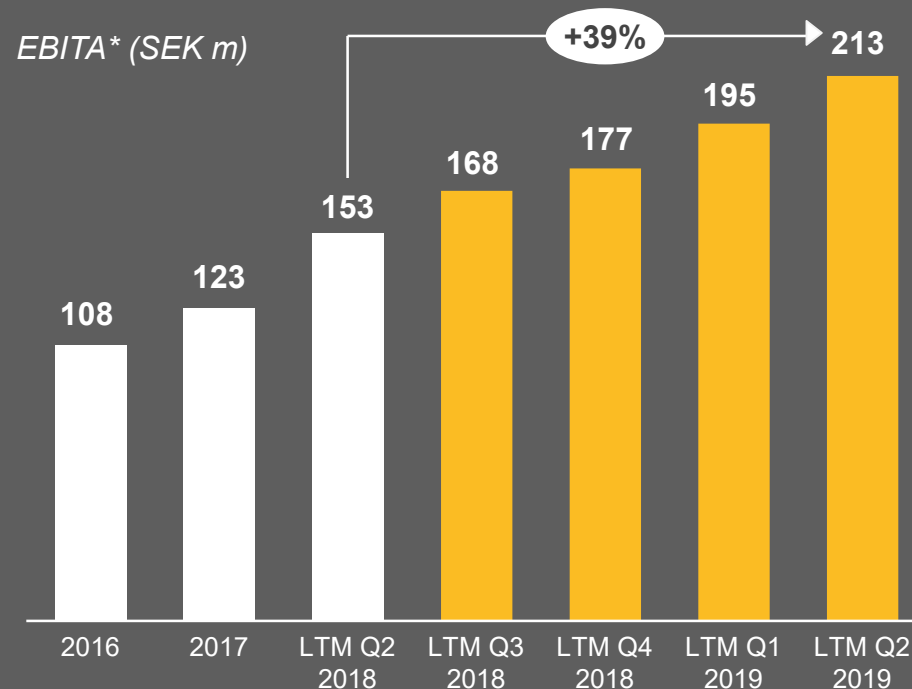
Long term growth in Infrastructure niches

- Niche technology, solutions and services to the Infrastructure sector
- Growth driven by under-investments, fundamentally growing demand, as well as continuous improvements for increased sustainability, efficiency and safety

Outlook is positive

- The positive trend and growth in the Group continues in the first two quarters of the year
- Unchanged positive view on growing profit levels
- Good market situation and newly added acquisitions contribute with results

Group EBITA*





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:
45,200 (Class B), 2,500 (Pref), 57,699 (Buy options)
Experience:
Lagercrantz Group, Intrum Justitia, Acando
M.Sc. Stockholm School of Economics



FREDRIK SEDERHOLM

**Head of Property
Technical Services**

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



FREDRIK NAVJORD

**Head of
Water & Energy**

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



ANDERS MATTSSON

**Head of Special
Infrastructure Solutions**

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:
236,000 (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

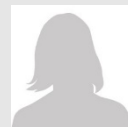
Shares:
1,000,000 (Class A), 6,290,856 (Class B)
Experience:
Serendipity Ixora, Serial entrepreneur
B.A. Business Administration



MARKUS SJÖHOLM

Board Member

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



BIRGITTA HENRIKSSON

Board Member

Shares:
4,599 (Class B)
Experience:
Brunswick Group, D. Carnegie & Co AB
MS.c. in Economics



URBAN DOVERHOLT

Board Member

Shares:
0
Experience:
ASSA AB, Assa Abloy, BAE Systems
M.Sc. in Engineering

*) Through Serendipity Group AB

Ownership 30 June 2019

	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Saeid Esmaeilzadeh	1,000,000	6,375,164		23.0%	32.7%
Ashkan Pouya	1,000,000	6,290,856		22.8%	32.6%
Swedbank Robur Fonder		2,061,000		6.4%	4.1%
Handelsbanken Fonder		2,040,000		6.4%	4.1%
Elementa Management		1,074,463		3.4%	2.1%
Catella Fonder		928,243		2.9%	1.9%
Aktia Asset Management		662,500		2.1%	1.3%
Fredrik Holmström		579,248		1.8%	1.2%
Avanza Pension		338,996	238,910	1.8%	1.2%
Nordnet Pensionsförsäkring		321,642	78,934	1.3%	0.8%
Others		7,605,533	1,432,156	28.2%	18.1%
Total	2,000,000	28,277,645	1,750,000	100.00%	100.00%

EBITA* → Net profit

	2019 LTM Q2	2018 Jan-Dec	
Net Sales	1 651.2	1 496.2	
Operational costs	-1437.9	-1 319.0	
Profit from operations, EBITA*	213.3	177.2	EBITA*, best representation of the profits from the ongoing operations
Acquisition costs	-25.6	-21.1	Direct costs related to acquisitions, occurs with irregularity
Earn-out debt adjustments	84.9	33.9	Adjustment of debt related to conditional considerations (“earn-out”) for acquisitions, booked as a revenue item
EBITA	272.6	189.9	
Amortizations	-98.7	-46.6	Incl reduced goodwill related to acquisitions, booked as a cost item -97.6 (-46.6)
EBIT	173.9	143.3	
Net financial expense	-15.3	-10.2	
Discounted interest	-8.5	-6.3	Discounted interest on conditional considerations (“earn-out”) for acquisitions and discounted interest for leases according to IFRS 16
EBT	150.0	126.8	
Tax	-30.0	-30.5	Tax (20.2% in 2018) based on EBT excluding GW writedown, earn-out debt adjustments, discounted interest and tax related to previous year
Net profit	120.1	96.3	