



**Q2 REPORT
APRIL – JUNE 2020**

July 22, 2020



→ **Business overview**

Market situation

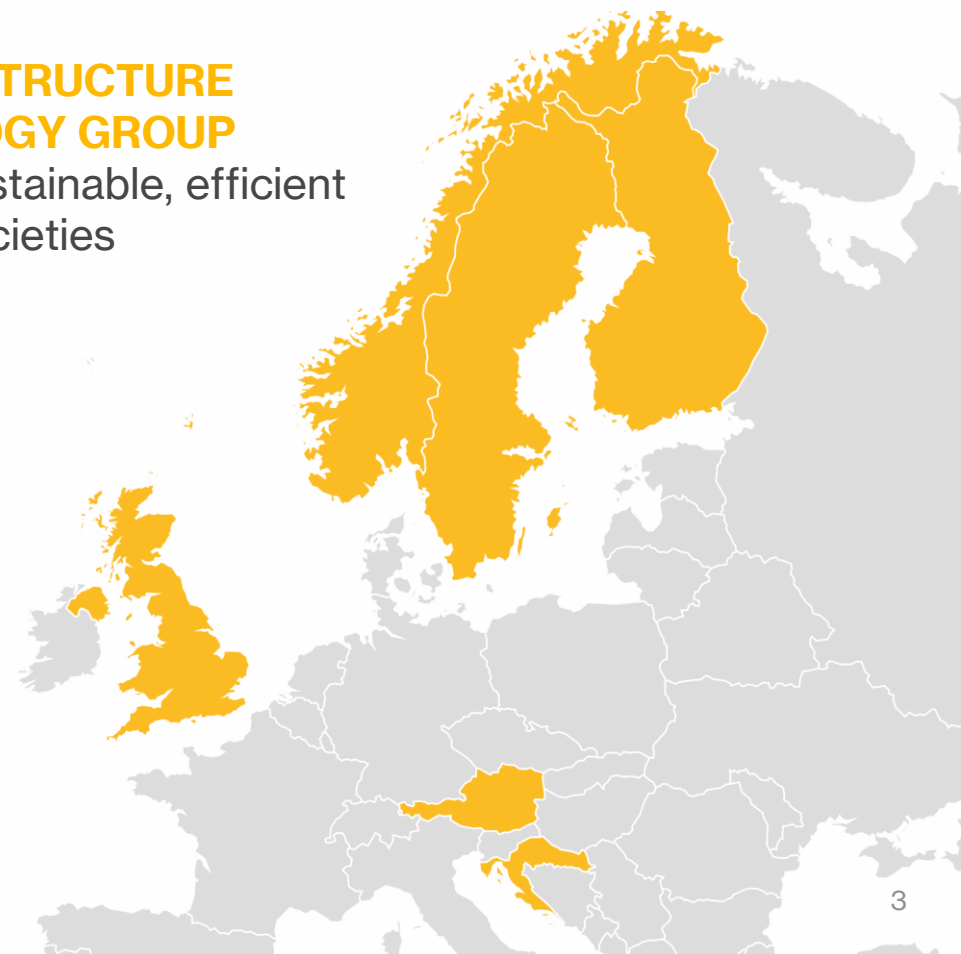
Current trading



AN INFRASTRUCTURE TECHNOLOGY GROUP

Creating sustainable, efficient
and safe societies

1,922	15.7%	41%	1,291	33
MSEK Net Sales LTM Q2 2020	EBITA*-margin LTM Q2 2020	Growth EBITA* LTM Q2 2020	Employees	Business Units



Strategic positioning and Business model

- We deliver niched technical products and services to critical needs in the **infrastructure sector**
- We **acquire and develop** small and medium-sized companies to reach their full-potential
- We focus on **niche positions** in high-margin markets with strong drivers for long-term growth
- We are organized in a **decentralized structure** so that important decisions are made closest to our customers



Business Areas



Water & Energy

- Water & Sanitation
- Power & Energy



37%

Share of total EBITA*

627

Revenue
(MSEK)

20%

EBITA*
-margin

13

Business
Units



Special Infrastructure Solutions

- Air & Climate control
- Safety & Security
- Transportation



45%

Share of total EBITA*

583

Revenue
(MSEK)

26%

EBITA*
-margin

11

Business
Units



Property Technical Services

- Elevators
- Other property technical services



18%

Share of total EBITA*

712

Revenue
(MSEK)

8%

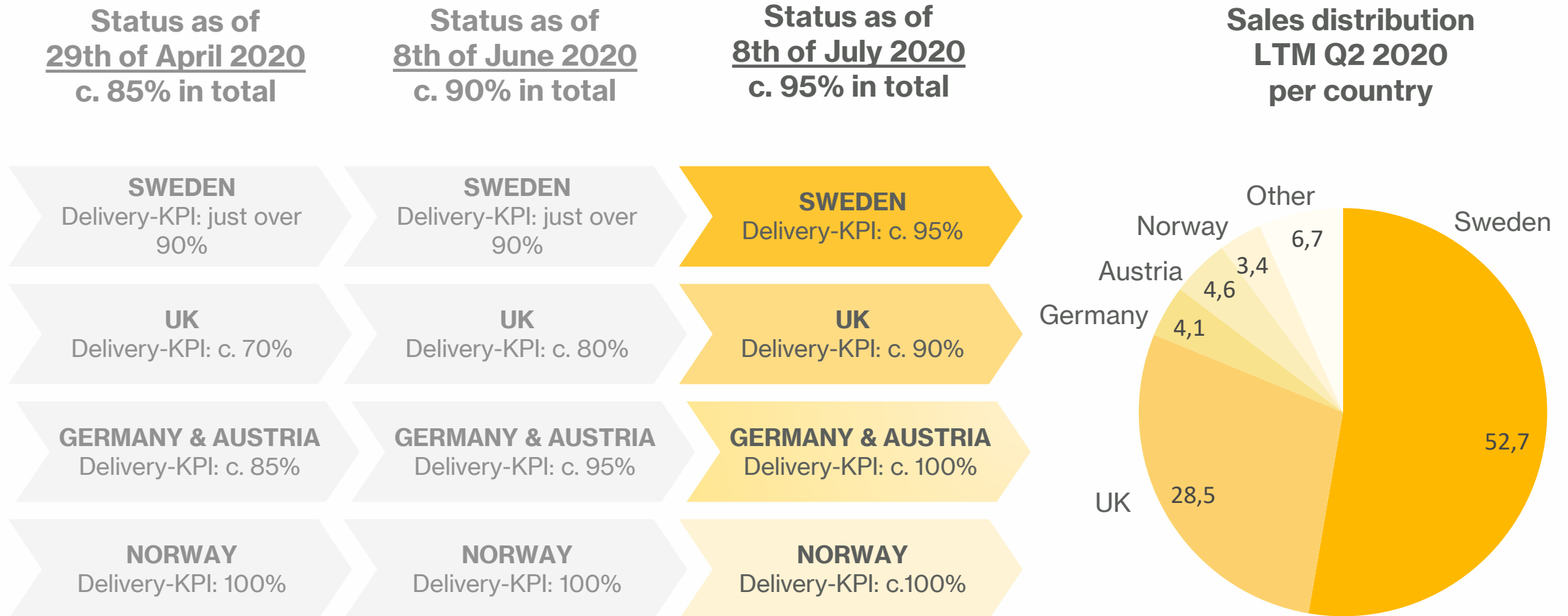
EBITA*
-margin

9

Business
Units

Business overview
→ **Market situation**
Current trading

Effects from Covid-19



Corona: solid demand in our industry and we have started to catch up on delays – 95% of planned order value



Q2

Decreasing negative effects –
underlying demand for critical societal
infrastructure

RIGHT NOW

Demand generally still solid.
Gradual catch up of backlog due
to delays related to corona.

FURTHER AHEAD

Impossible to predict but reasons to be confident about the
long-term outlook

Based on our knowledge of the current situation, we see no reason to revise our growth targets
for organic profit growth of 5-10 percent for 2020 and for the longer term.

Business overview
Market situation

→ Current trading

Updated Financial Targets

- **Organic earnings growth:**

To achieve an average annual organic growth rate for EBITA of 5-10 percent (unchanged).

- **Acquired earnings growth:**

The goal is to, on an annual average basis, acquire companies with a total EBITA of SEK 90 million (unchanged).

- **Capital structure:**

Financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5.



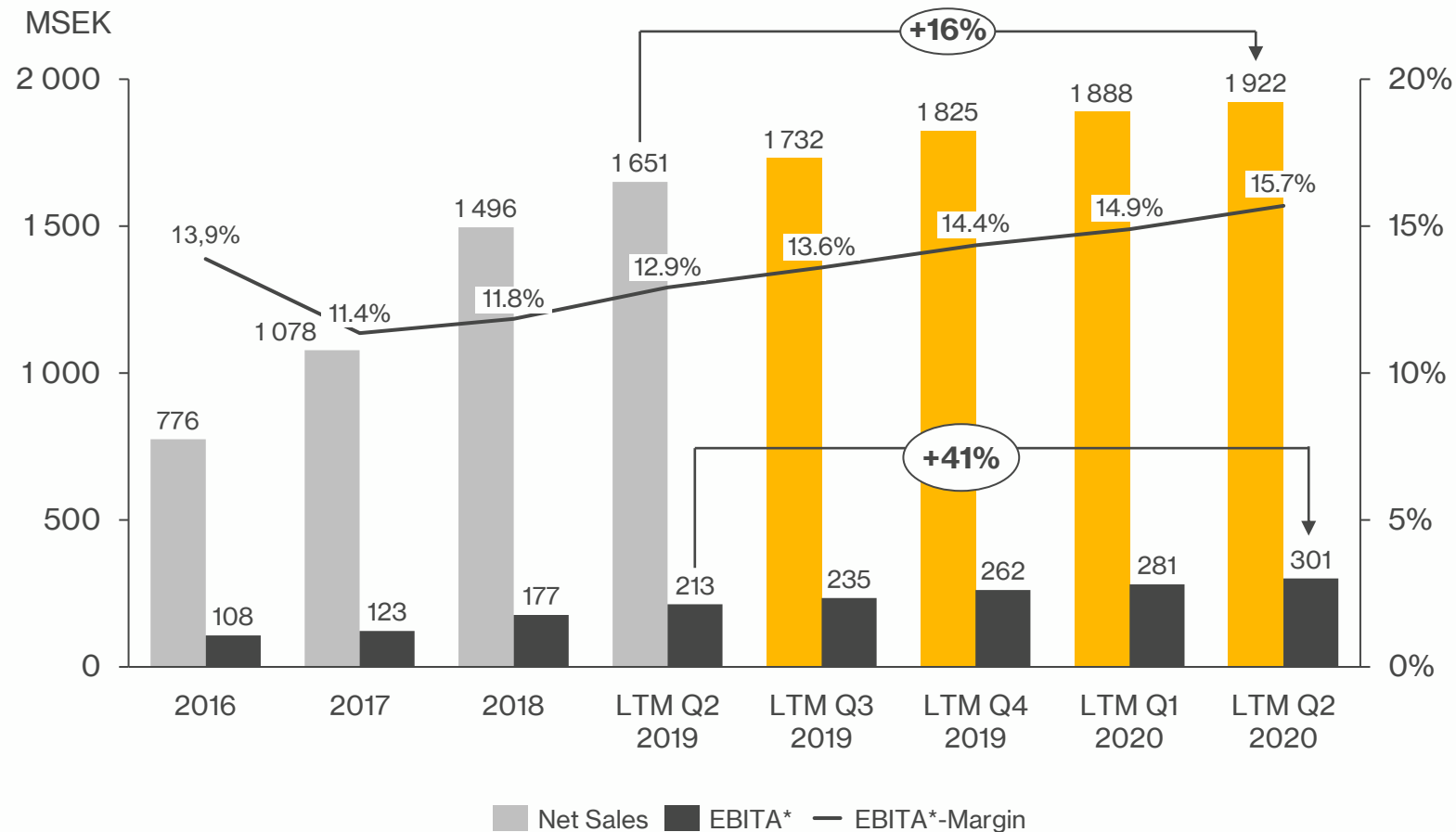
The target for the capital structure is adjusted to include the financial net debt instead of the total net debt.

The previous goal of return on capital employed is removed as a financial target as the measure is expected to have a lower relevance in the strong growth phase that Sdiptech is currently in.

The dividend policy is left unchanged. According to this shall, in addition to an annual preference share dividend of SEK 8.00 per share, the free cash flow be reinvested for growth.

Financial Development

Group Sales & EBITA*



Financial growth goals

- Acquisition target: 90 MSEK EBITA per year
- Organic EBITA growth: 5-10 percent per year

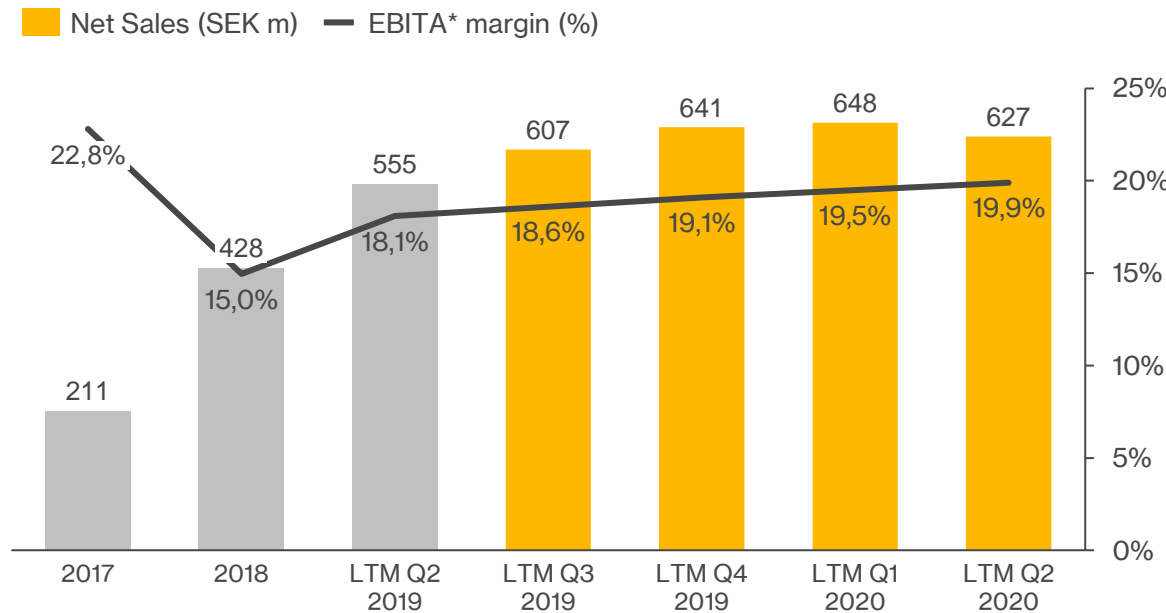
Quarter and LTM - Financial development

	Q2 2020 (Q2 2019)	LTM Q2 2020 (LTM Q2 2019)
Net Sales (SEKm)	+8% 483 (449)	+16% 1,922 (1,651)
EBITA* (SEKm)	+32% 83 (63)	+41% 301 (213)
EBITA* margin	17.1% (14.0%)	15.7% (12.9%)
EPS ¹⁾ , SEK/share	1.07 (1.43)	5.57 (3.34)
Cash flow, ops (SEKm)	164 (63)	414 (197)
Financial net debt/EBITDA	1.13 (0.83)	
Net debt/EBITDA ²⁾	3.04 (2.73)	

1) EPS after dilution and deduction of dividends to preference shareholders

2) Net debt/EBITDA ratio: At a share of 44%, 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.

Financial Development Water & Energy



	Q2 2020 (Q2 2019)	LTM Q2 2020 (LTM Q2 2019)
Net Sales (SEKm)	147.4 (168.0)	627.2 (555.0)
EBITA* (SEKm)	31.1 (32.4)	125.1 (100.7)
EBITA* margin	21.1% (19.3%)	19.9% (18.1%)

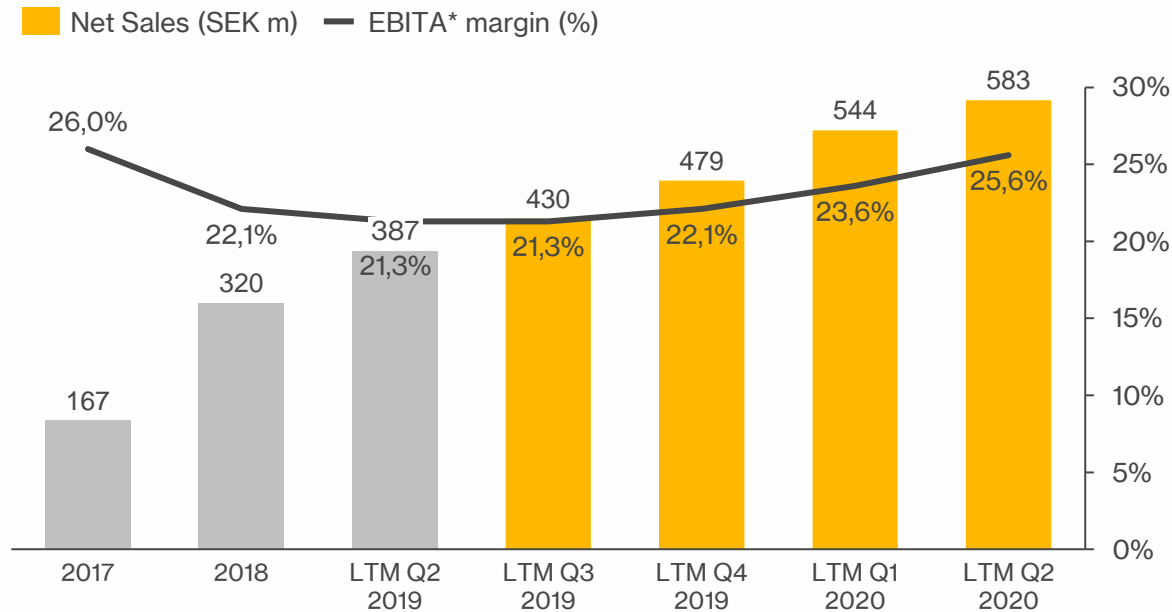
Quarter (all units comparable vs last year)

- Sales decreased by 12.3%.
- The reduction in turnover applies to some units, especially in the UK, where parts of the staff have had difficulties getting to their workplaces due to local government decisions.
- EBITA* decreased with 4.1%.
- Companies in Power & Energy saw increased profits, while companies in Water & Sanitation reduced their profits slightly.

Other

- Guiding: we expect EBITA* margin to approx. 17-20% on a full-year basis.
- Acquisitions LTM Q2 2020: None
- Total number of units: 13

Financial Development Special Infrastructure Solutions



	Q2 2020 (Q2 2019)	LTM Q2 2020 (LTM Q2 2019)
Net Sales (SEKm)	141.6 (102.9)	583.1 (386.9)
EBITA* (SEKm)	41.4 (20.7)	149.5 (82.4)
EBITA* margin	29.2% (20.1%)	25.6% (21.3%)

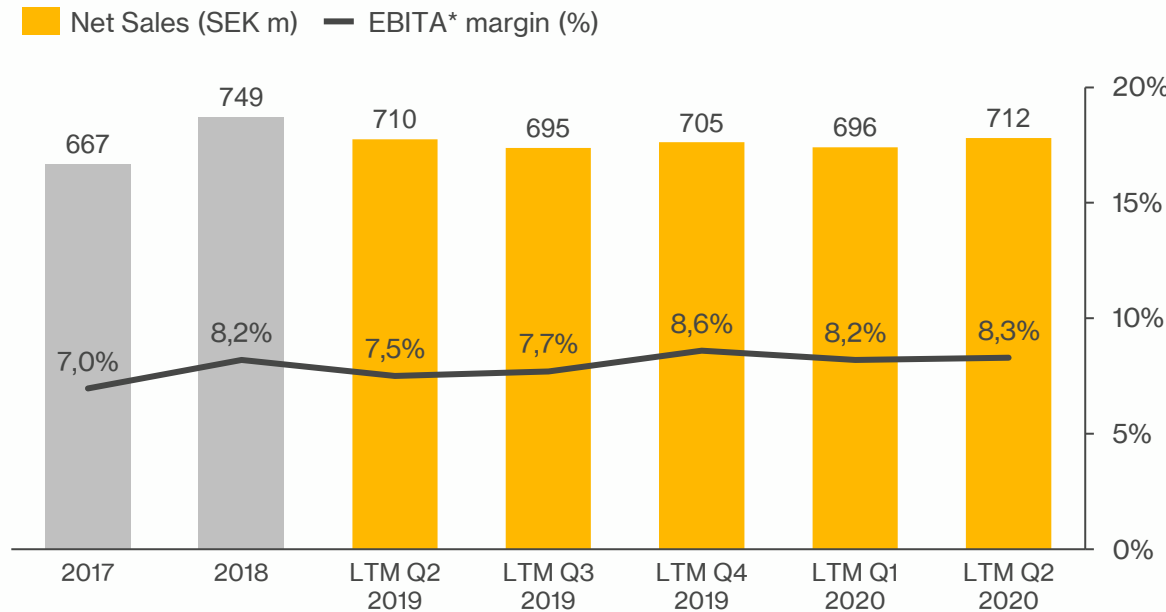
Quarter

- Strong growth in sales with 37.6% (-3.5% in comparable units).
- Acquisitions and a good development in Air & Climate control contributed to the strong growth, as well as increased demand for secure communication.
- EBITA* increased with 100% (+39.2% in comparable units).
- Several units at historically high profit margins due to scalable business models and cost reductions.
- No special effects from covid-19 were noted within the business area during the quarter.

Other

- Guiding: due to acquisitions and strong performance, we have updated the guidance and expect EBITA* margin to approx. 22-25% on a full-year basis.
- Acquisitions LTM Q2 2020: Auger Site Investigations Ltd (August-19), Oy Hilltip Ab (June-20), Stockholmradio AB (June-20).
- Total number of units: 11

Financial Development Property Technical Services



	Q2 2020 (Q2 2019)	LTM Q2 2020 (LTM Q2 2019)
Net Sales (SEKm)	194.4 (177.8)	712.1 (709.5)
EBITA* (SEKm)	19.4 (16.9)	59.3 (53.2)
EBITA* margin	10.0% (9.5%)	8.3% (7.5%)

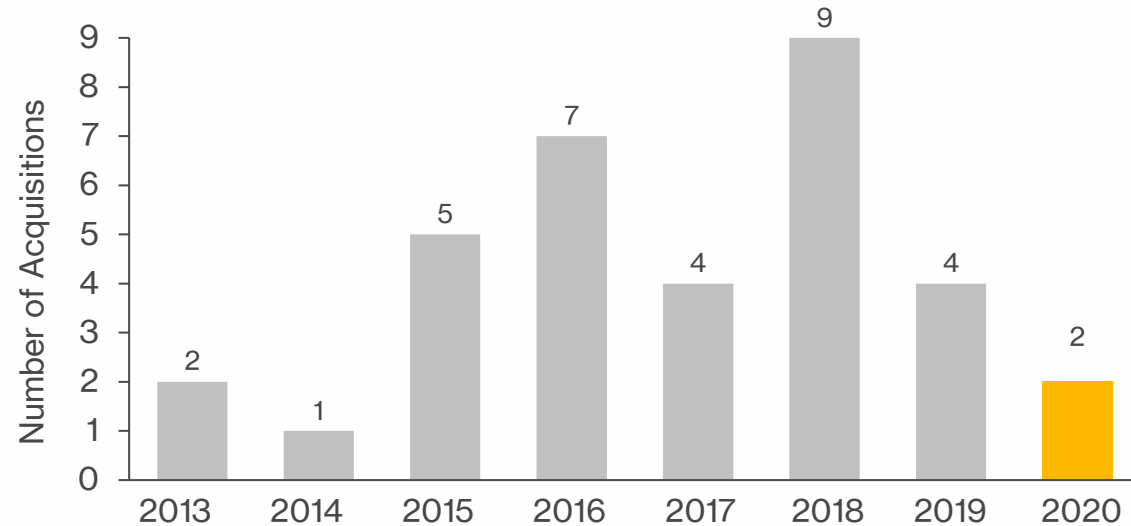
Quarter (all units comparable vs last year)

- Sales increased with 9.3%.
- The recovery from covid-19 has been faster than expected and business volumes have not been affected to any great extent.
- EBITA* increased 14.8%.
- The good order intake from the business units in shell completion has begun to realize, especially from commercial and public properties where demand is stable.

Other

- Guiding: we expect EBITA* margin to approx. 8-10% on a full-year basis.
- Acquisitions LTM Q2 2020: None.
- Total number of units: 9

Acquisitions



Companies acquired since 2020

Company	Business Area	Region	EBITA	Period
Hilltip Oy	Special Infrastructure Solution	FI	26	Q2
Stockholm Radio AB	Special Infrastructure Solution	SE	1	Q2

Activities

- Increased flexibility for further acquisitions due to a directed share issue in June, where approximately SEK 353 million was raised.
- Acquisition target unchanged: SEK 90 million EBITA per year.
- Core of business is to acquire and develop niche-companies offering products and services within the infrastructure sector.
- The demand for these companies' products and services are continually strong, even in a recession.
- Not waiting for a different state of the market.
- Selective view on acquisition target, strong pipeline.
- Strong financial position with a good cash flow and solid credit facilities.

Acquisitions in 2020 - June

Oy Hilltip Ab

- Hilltip is a leading supplier of road maintenance products, such as snowplows and salt spreaders, but they also offer road and field maintenance equipment for all seasons, adapted for pickups and smaller trucks and tractors.
- The products are distributed through a large network of retailers all over Europe, they also launched in North America earlier this year.
- Hilltip has a turnover of approximately EUR 10.5 million, with a pre-tax operating income of approximately EUR 2.5 million.



Acquisitions in 2020 - June

Stockholmradio AB

- Stockholmradio offers radio coverage in areas where the mobile phone network fails.
- The company's coastal radio is available through around sixty VHF stations that are part of the Swedish Maritime Administration's coastal radio network, which covers the Swedish coasts and the larger inland lakes.
- Stockholmradio has a turnover of approximately SEK 1.7 million, with good profitability.
- The company will be included in the business area Special Infrastructure Solutions from July 2020.

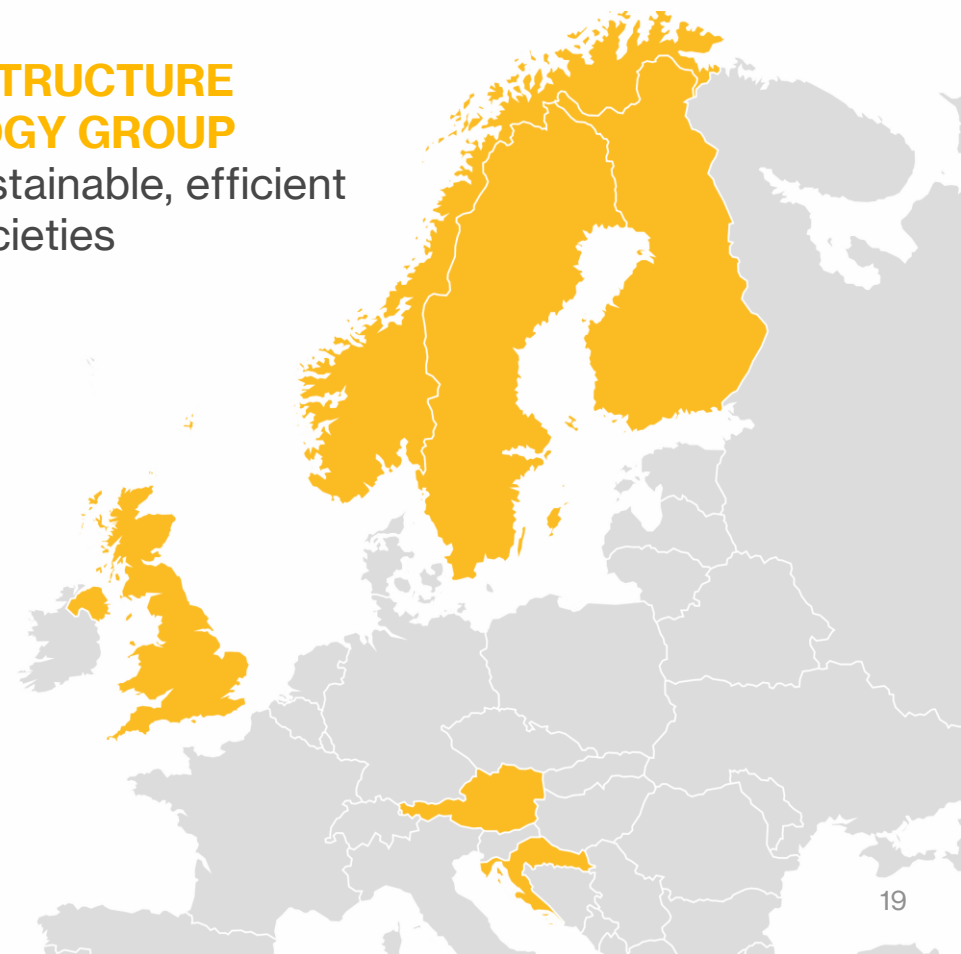
The logo for Stockholmradio, featuring the word "stockholmradio" in a bold, sans-serif font. "stockholm" is in blue and "radio" is in red. Below the text are three wavy blue lines representing water.



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Thank you for listening









Appendix

Management Team and Board of Directors*

Management

	Jakob Holm CEO	258,749 (Class B) 1,040 (Pref) 189,000 (Buy options) Axholmen, General Electric, Accenture M.Sc. KTH Royal Institute of Technology		Fredrik Navjord Head of Water & Energy	18,345 (Class B) 52,500 (Buy options) Metric, Addtech, Volvo M.Sc. Chalmers University of Technology
	Bengt Lejdström CFO	50,000 (Class B) 500 (Pref) 68,400 (Buy options) Lagercrantz Group, Interim Justitia, Acando M.Sc. Stockholm School of Economics		Anders Mattsson Head of Special Infrastructure Solution	68,400 (Buy options) Munters, Roland Berger, Bearingpoint M.Sc. Chalmers University of Technology
	Steven Gilsdorf Head of Acquisitions	2,485 (Class B) 68,400 (Buy options) GE Capital, Booz & Co., Bisnode MBA, London Business School		Fredrik Sederholm Head of Property Technical Services	82,222 (Class B) 68,400 (Buy options) Assemblin, Caverion, Otis Elevator M.Sc. Business Economics, Stockholm University

Board of Directors

	Jan Samuelson Chairman	236,000 (Class B) 90,000 (Buy options) Resurs Holding, Stillfront Group, Accent Equity Partners, EF Education M.Sc. Stockholm School of Economics, LL.M. Stockholm University		Birgitta Henriksson Board Member	4,600 (Class B) Fogel & Partner, Stillfront Group, Carnegie B.Sc. Business Administration Uppsala University
	Ashkan Pouya Board Member	5,435,000 (Class B) 1,000,000 (Pref) Serendipity Group B.Sc. Business Administration Uppsala University		Urban Doverholt Board Member	No holdings Assa Abloy, BAE Systems Hägglunds, M.Sc. KTH Royal Institute of Technology, IMD Lausanne
	Johnny Alvarsson Board Member	18,200 (Class B) Indutrade, Beijer Alma, Ericsson, Instalco, VBG M.Sc. Engineering Linköping University		Eola Änggård Runsten Board Member	No holdings AcadeMedia, EQT, SEB, B.Sc. Business Administration Stockholm School of Economics

Ownership 30 June 2020

Owner	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Ashkan Pouya	1,000,000	5,435,000		18.2%	28.9%
Saeid Esmaeilzadeh	1,000,000	3,243,690		12.0%	24.8%
Swedbank Robur Fonder		3,467,000		9.8%	6.5%
Handelsbanken Fonder		2,720,000		7.7%	5.1%
Invesco		1,712,612		4.8%	3.2%
Cliens Fonder		803,071		2.3%	1.5%
Nordnet Pensionsförsäkring		679,151	73,423	2.1%	1.4%
FORUM Family Office GmbH		651,982		2.0%	1.3%
Fredrik Holmström		625,021		2.0%	1.2%
Aktia Asset Management		681,096		1.9%	1.3%
ODIN Fonder		650,000		1.8%	1.2%
Avanza Pension		412,626	214,928	1.8%	1.2%
Fidelity Investments (FMR)		545,867		1.5%	1.0%
Catella Fonder		548,585		1.4%	1.0%
Elementa Management		435,090		1.2%	0.8%
Total	2,000,000	31,641,827	1,750,000	100.00%	100.00%