



Year-End Report October – December 2020

February 11, 2021



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 50,000 ordinary shares, 500 preference shares, 68,400 buy options
- Background: CFO Lagercrantz Group, Intrum Justitia, Acando
- Education: M.Sc. in Business Economics from Stockholm School of Economics

➔ **2020**

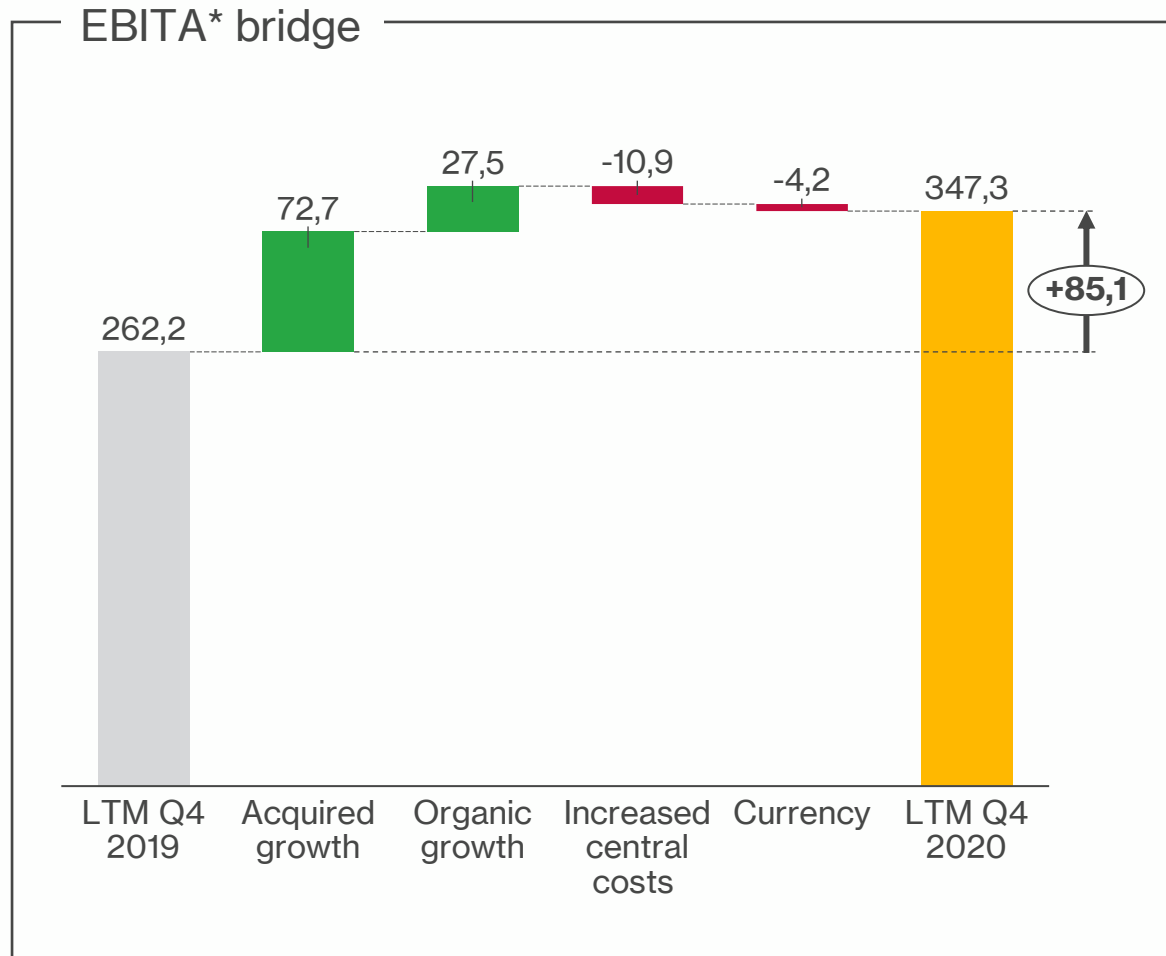
Fourth quarter Financial development Outlook

2020 – a strong year demonstrating resilience

- Exceeded our financial goals
 - **11.3%** organic EBITA* growth (goal 5-10%)
 - **SEK 91 m** acquired EBITA (goal SEK 90 m)
 - **0.84** financial net debt/EBITDA (goal <2.5)
- Added high-quality companies
 - **Four** acquisitions, contributing to more sustainable, efficient and safe societies
 - Increased awareness and interest for Sdiptech in UK
- Margin expansion continued
 - **16,6%** 2020 vs 14,4% 2019 EBITA*-margin
- Strengthened sustainability focus with long-term purposes
- Resilience during a year of global turmoil
 - **3.5%** organic net sales growth excl. currency effects
 - **109%** cash conversion



Our goal is to increase profits every year



Acquired profit growth

- Our business model increases profits every year through acquisitions

Organic profit growth

- Driven by organic sales growth as well as a margin expansion

Profitability

- Margin expansion continued with an EBITA*-margin of 16.6 percent (14.4)
- Scalable business models drive profitability
- Also, extra high profitability level due to:
 - Precautionary measures on costs
 - Backlog catch-up in Q3/Q4, peak deliveries with normal capacity

2020

→ **Fourth quarter**
Financial development
Outlook

No significant effects in regards to Covid-19



Q4

Solid underlying demand
Caught up on delayed orders from 1st wave
Resumed value-creating investments

RIGHT NOW

Limited mobility affects some business units
Less impact 2nd/3rd wave(s), better routines to manage

FURTHER AHEAD

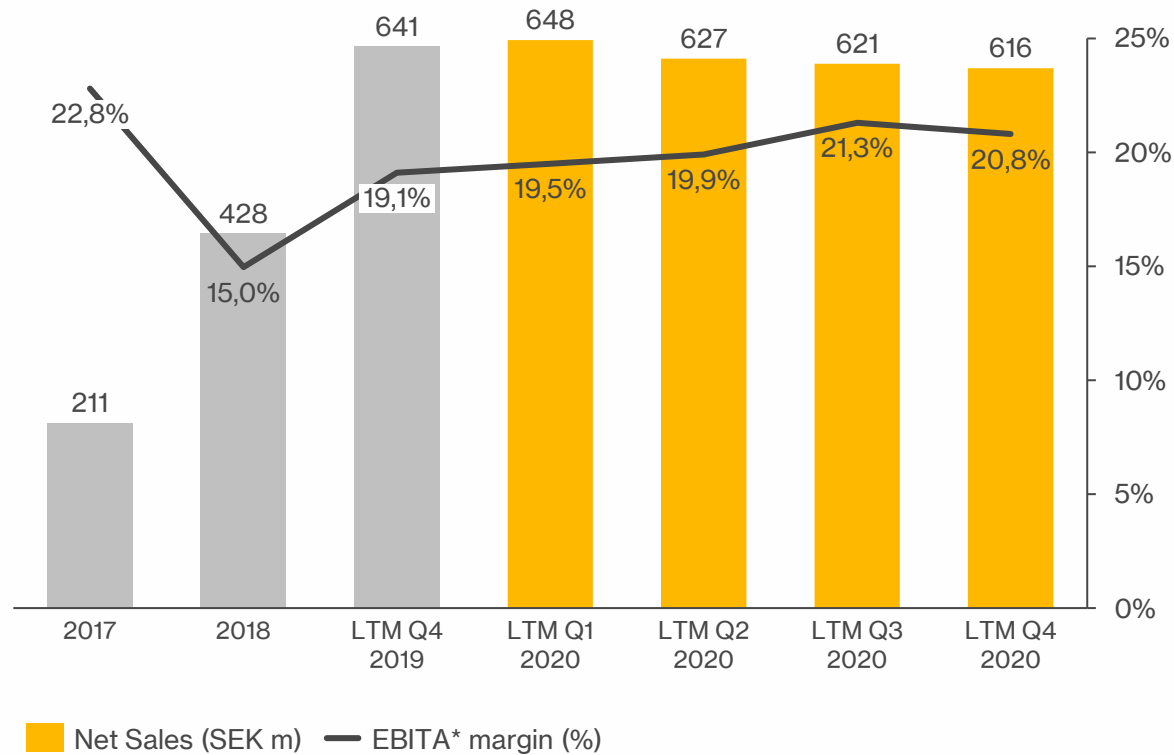
Resilience provides confidence on the long-term outlook

Acquisition in Q4: GAH Refrigeration Ltd



- UK leader in the design, manufacture and service of last mile transport refrigeration solutions
- Sales GBP 27 million, EBITA at 17%
- Last-mile cooling, typically food and groceries
- Key drivers changing consumer behavior and online shopping
- Strong product niche, customer driven R&D
- Included in Special Infrastructure Solutions and Sdiptech's 7th business unit in the UK

Water & Energy



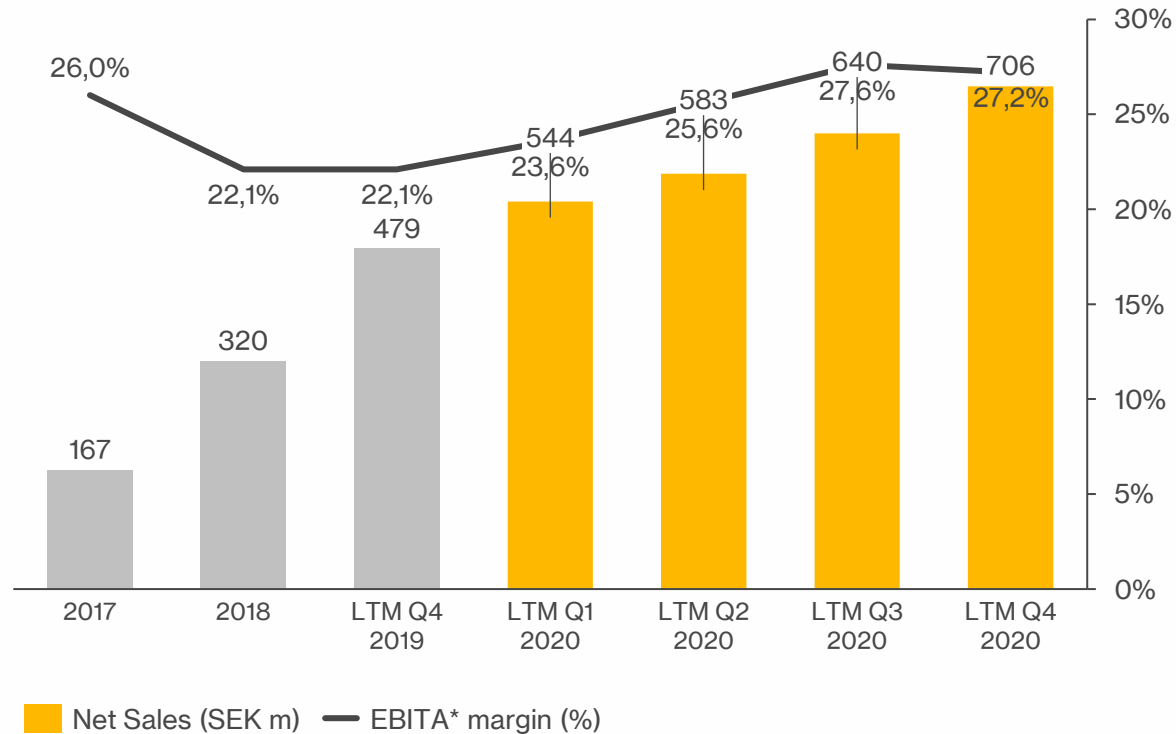
Quarter

- Continued stable demand from customers
- Organic net sales down -3.5%
 - Some sales decrease due to new Covid-19 restrictions
 - Expected to catch-up on delays in the same way as after the 1st wave
- EBITA* and profitability affected on the back of the delayed deliveries but expected to be temporary

Other

- Acquisitions LTM Q4 2020: None
- Total number of units: 13

Special Infrastructure Solutions



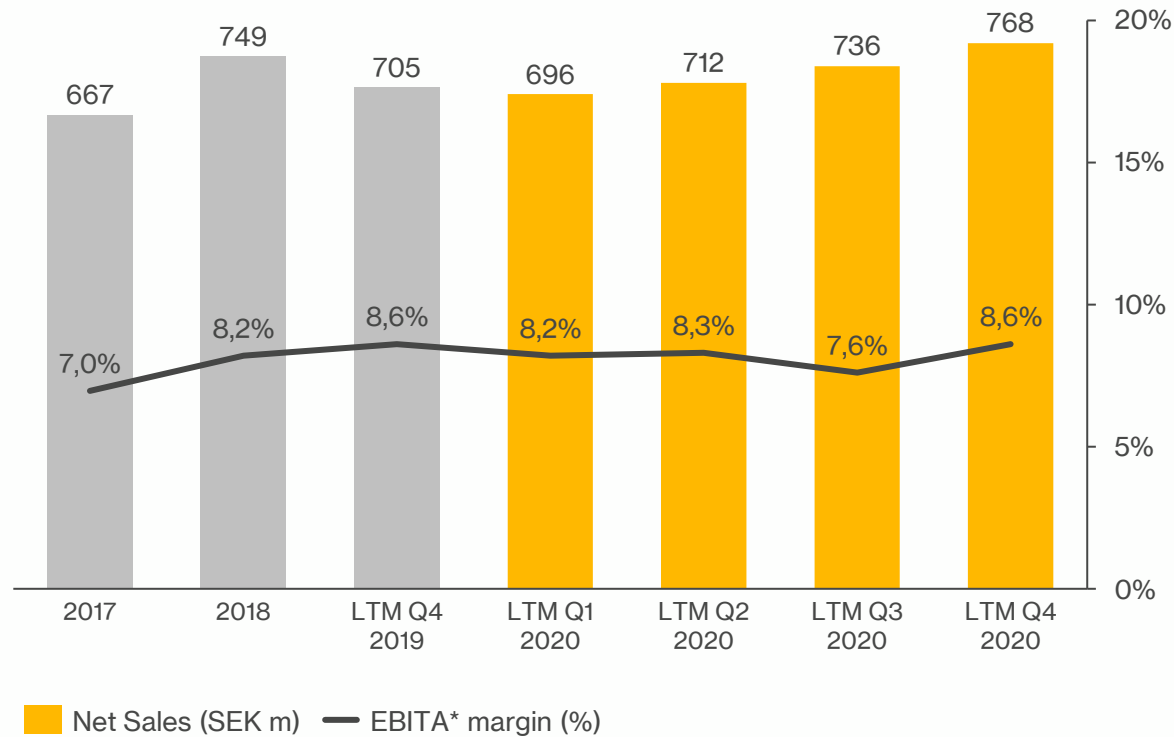
Quarter

- Overall sales growth 42.8% driven largely by acquisitions
- Continued stable demand from customers
- Organic net sales up 0.8%
 - Minor sales decrease in some units due to new Covid-19 restrictions, offset by strong performance in others
- Significant profitability improvement since last year
- Profitability normalizing from extra high levels in Q3
 - Also, GAH in reported numbers from Dec-20, the weakest month across the year

Other

- Acquisitions LTM Q4 2020:
 - Oy Hilltip Ab (June-20)
 - Stockholmradio AB (June-20)
 - Alerter Group Ltd (July-20)
 - GAH (Refrigeration) Ltd (Dec-20)
- Total number of units: 13

Property Technical Services



Quarter

- Sales increased by 16.7% (all organic)
- The profitability program from 2017-18 now paying off
- Business units positioned to grow in a profitable way
 - 59% increase in EBITA* in the quarter

Other

- Acquisitions LTM Q4 2020: None
- Total number of units: 9

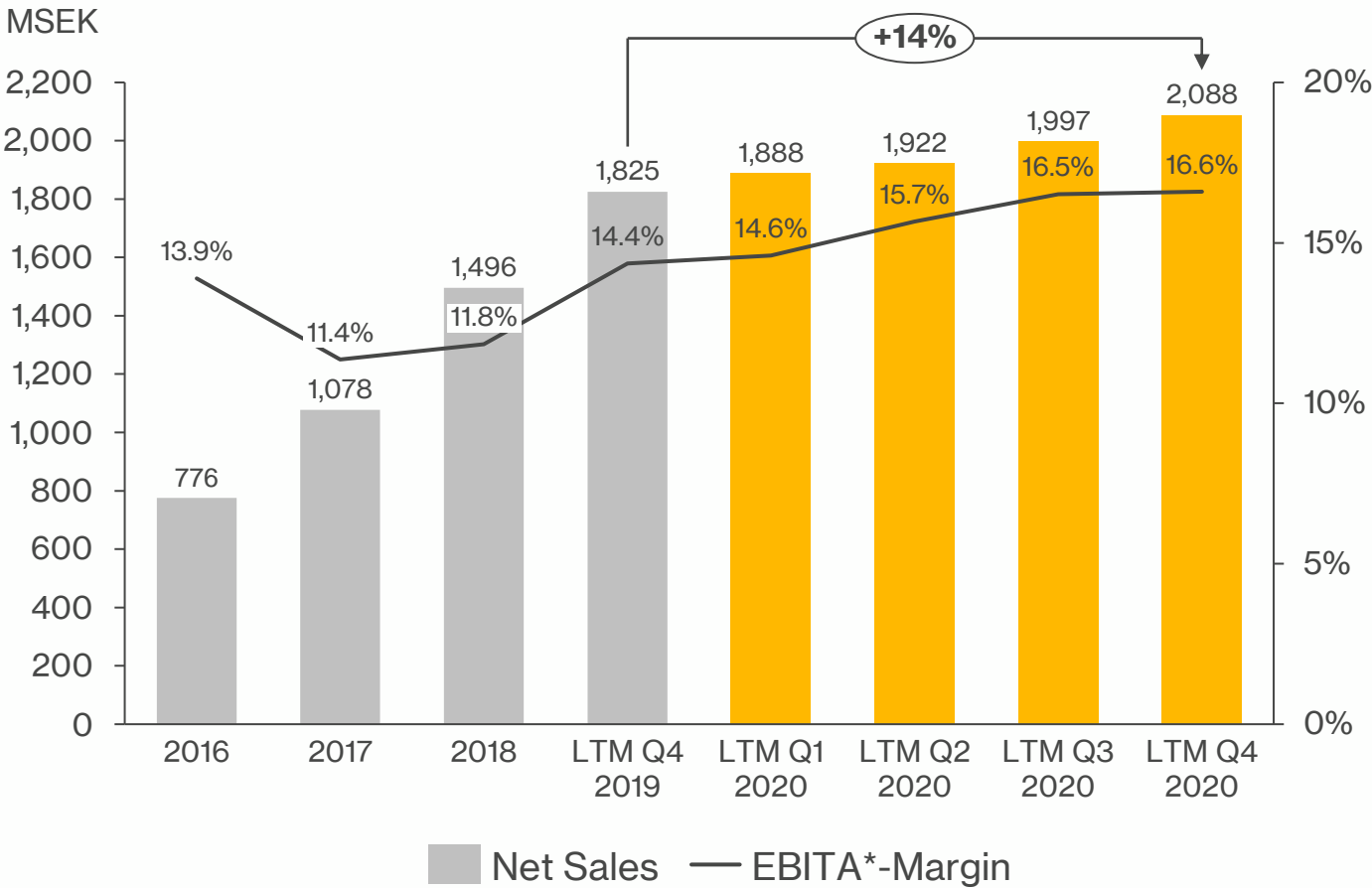
2020

Fourth quarter

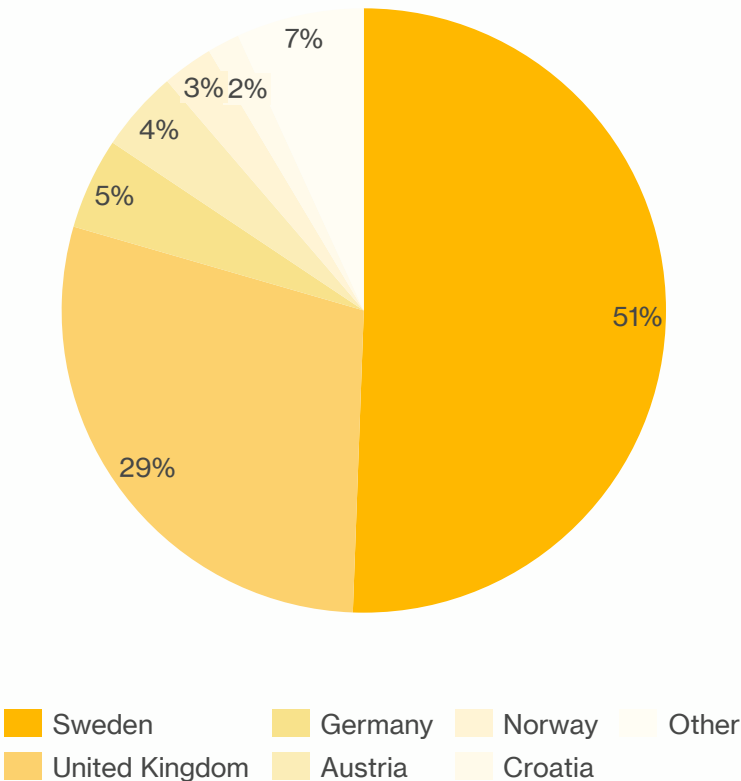
→ **Financial development**

Outlook

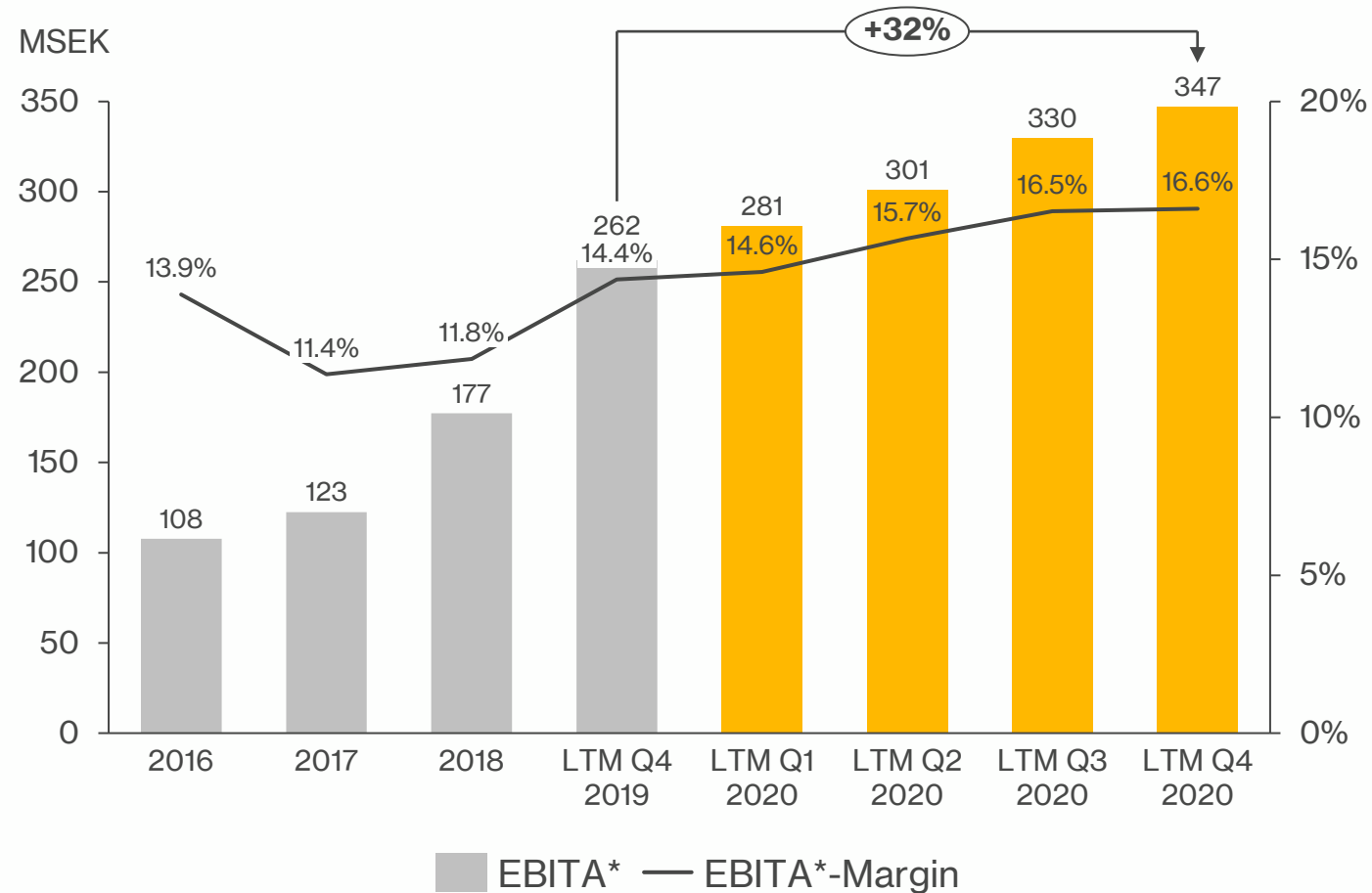
Group sales & EBITA*-margin



Sales by country



EBITA* & EBITA*-margin



Quarter

- Operating profit EBITA* increased by 20.4%
- EBITA* margin of 16.7%
- Organic EBITA* growth was 10.2%

YTD

- Operating profit EBITA* increased by 32.5%
- EBITA* margin of 16.6%
- Organic profit growth of 11.3%

Guidance 2021

- EBITA* margin of ca. 17%

Quarter and LTM


Q4 2020

604SEKm
NET SALES
(+18%)

101SEKm
EBITA*
(+20%)

16.7%
EBITA*
MARGIN

1.05
EPS ¹⁾
SEK/Share

154SEKm
Cash flow, ops
(137% conv.)


**LTM Q4
2020**

2,088
SEKm NET
SALES (+14%)

347SEKm
EBITA*
(+33%)

16.6%
EBITA*
MARGIN

6.18
EPS ¹⁾
SEK/Share

451SEKm
Cash flow, ops
(109% conv.)

0.84 Net bank debt/EBITDA

2.74 Net debt/EBITDA ²⁾

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.

EBITA* → Net profit

	2020 Q4	2019 Q4	2020 Jan-Dec	2019 Jan-Dec	
Net Sales	604.3	513.0	2 088.0	1 825.4	
Operational costs	-503.5	-429.3	-1 740.7	-1.563.2	
Profit from operations, EBITA*	100.8	83.7	347.3	262.2	EBITA*, best representation of the profits from the ongoing operations
Acquisition costs	-5.2	-0.3	-9.6	-31.9	Direct costs related to acquisitions
Earn-out debt adjustments	-13.5	9.3	-13.5	60.3	Adjustment of debt related to conditional considerations ("earn-out") for acquisitions
Add back amortizations non acquisition	2.2	-	6.0	-	Add back amortization of intangible non-current asset non acquisition related
EBITA	84.4	92.7	330.2	290.6	
Amortizations & write-downs of intangible fixed assets	-7.3	-13.2	-19.8	-68.8	Incl reduced goodwill related to acquisitions, booked as a cost item (0 in Jan-Dec 2020 and -60.9m in Jan-Dec 2019)
EBIT	77.1	79.5	310.5	221.8	
Net financial income/expense	-8.2	-2.8	3.8	-17.8	Jan-Dec 2020 incl SEK 26.9m as realization of additional purchase consideration linked to the sale of the support operations in 2018
Currency effects	-6.6	-1.0	-17.3	16.9	Effect mainly from net assets in GBP
Discounted interest	-2.7	-4.1	-12.8	-11.9	Discounted interest on conditional considerations ("earn-out") for acquisitions and discounted interest for leases according to IFRS 16
EBT	59.6	71.6	284.2	209.0	
Tax	-16.6	-16.3	-64.0	-43.8	Tax (22.5% Jan-Dec 2020) based on EBT excl GW write down, earn-out debt adjust., discounted interest and tax related to previous year
Net profit	43.0	55.3	220.2	165.2	Net profit increased by 33% FY 2020 vs. 2019

Planning assumptions

- Same financial targets for 2021
 - **Organic earnings growth:** 5-10% organic EBITA* growth
 - **Acquired earnings growth:** SEK 90 million added EBITA*
- Underlying profitability gradually continue to strengthening
 - **New guiding for 2021:** EBITA-margin for the group ca 17%
- Amortization and acquisition costs
 - New depreciation is added at **approx. 2%** per year of the additional acquired companies' purchase price
- Net financial items
 - Discount rates are **approx. 2%** per year of average booked profit-based conditional purchase considerations



2020

Fourth quarter

Financial development

→ **Outlook**

Looking forward

Resilience and solid underlying development

- Solid demand from our customers, e.g. demonstrated by organic sales growth in 2020
- Underlying profitability gradually increases
 - Despite extra high profitability levels in 2020
 - New guidance for 2021: EBITA* margin for the group ca 17%

Acquisition prospects are normal and good

- Well-capitalized for acquisitions
- Restrictions prolongs the acquisition discussions somewhat
 - Despite this, a solid pipeline for 2021

Well-positioned versus strong drivers in societies

- New efforts towards a more sustainable society






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 Mattson 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			

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	4,300,000 (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 31 Jan 2021

Owner	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Ashkan Pouya	1,000,000	4,300,000		14.98%	26.78%
Saeid Esmaeilzadeh	1,000,000	2,890,479		10.99%	24.14%
Swedbank Robur Fonder		3,463,659		9.79%	6.49%
Invesco		2,490,923		7.04%	4.67%
Handelsbanken Fonder		2,440,000		6.89%	4.57%
Danske Invest (Lux)		1,127,000		3.18%	2.11%
Cliens Fonder		953,302		2.69%	1.79%
ODIN Fonder		730,000		2.06%	1.37%
Nordnet Pensionsförsäkring		664,635	64,840	2.06%	1.37%
Avanza Pension		494,080	183,007	1.91%	1.27%
FORUM Family Office GmbH		651,982		1.84%	1.22%
Fredrik Holmström		625,021		1.77%	1.17%
Fidelity Investments (FMR)		543,627		1.54%	1.02%
Berenberg Funds		394,930		1.12%	0.74%
Enter Fonder		358,228		1.01%	0.67%
Total	2,000,000	31,641,827	1,750,000	100.00%	100.00%