



Q3 REPORT JULY – SEPT 2021

October 26, 2021



Creating sustainable, efficient and safe societies

Today's presenters

Jakob Holm

CEO



- Joined Sdiptech in 2014
- Holds 329,749 ordinary shares, 1,040 preference shares, 176,000 warrants
- 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 72,800 ordinary shares, 500 preference shares, 83,100 warrants
- Background: CFO Lagercrantz Group, Intrum Justitia, Acando
- Education: M.Sc. in Business Economics from Stockholm School of Economics

➔ **Business overview**

Third quarter

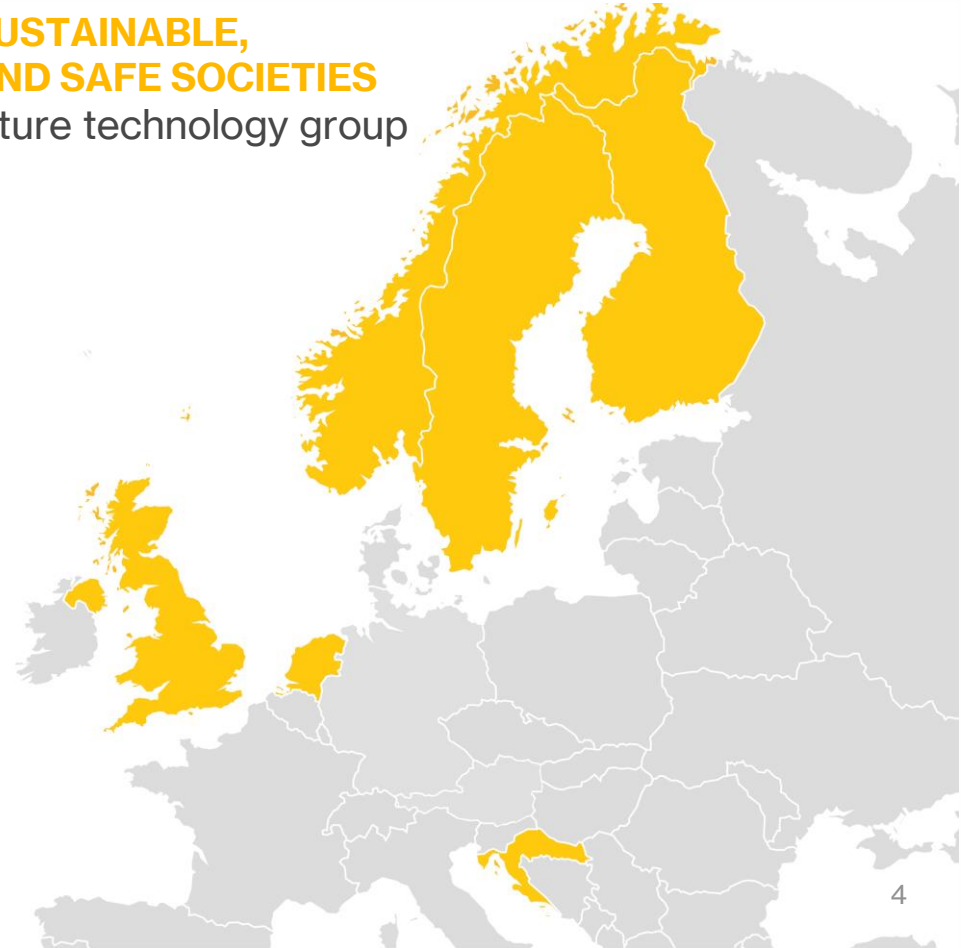
Financial development

Outlook



SDIPTECH

**CREATING SUSTAINABLE,
EFFICIENT AND SAFE SOCIETIES**
An infrastructure technology group



2,574

MSEK Net Sales
LTM Q3 2021

17.7%

EBITA*-margin
LTM Q3 2021

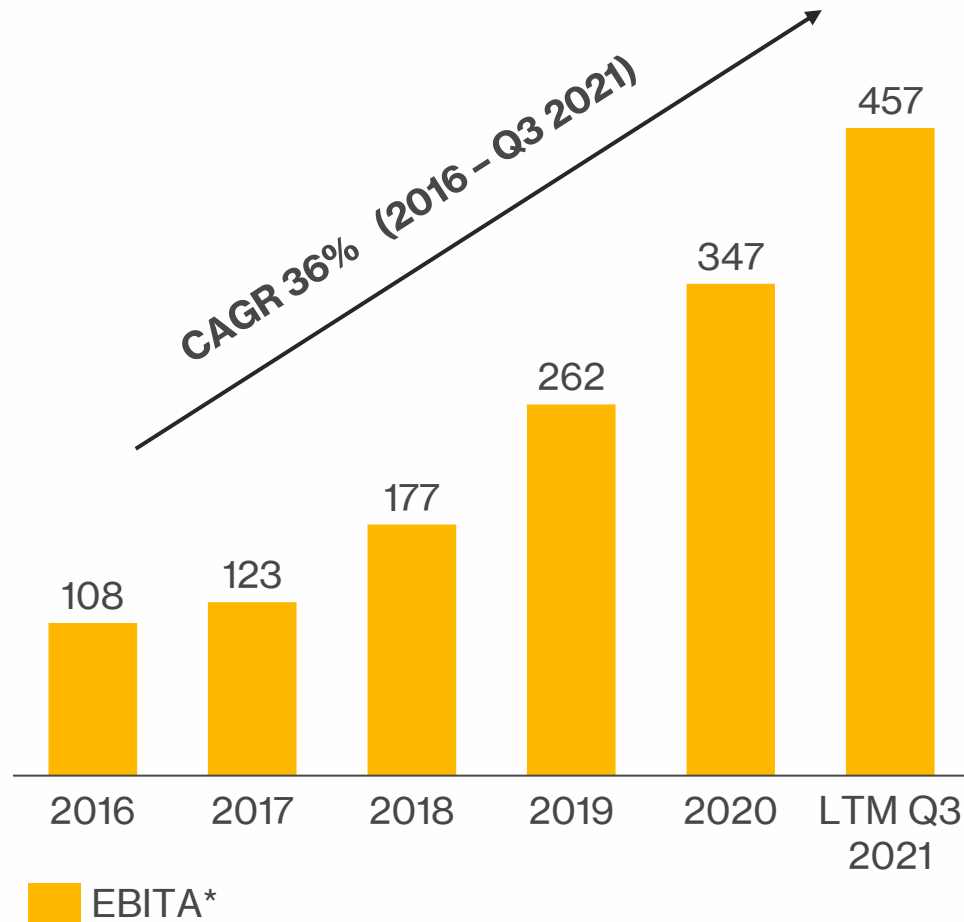
44%

Growth EBITA*
LTM Q3 2021

36%

CAGR EBITA*
2016 – Q3 2021

Sdiptech's overall goal is to create value by increasing profits every year



- Sdiptech's **overall goal is to create sustainable, long-term value growth** by consistently increasing profits, every year
- Sdiptech's business model is designed to **acquire** niched companies and **develop** them to their full potential
- Our focus is on defensible **high-margin positions**
- Sdiptech's markets are defined by **long-term investment needs**
 - More sustainable, efficient and safe societies
 - Under-dimensioned and aging infrastructures

Business overview

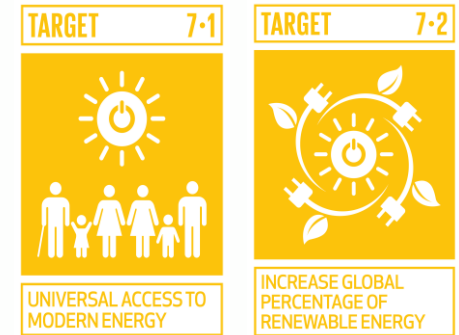
→ **Third quarter**

Financial development

Outlook

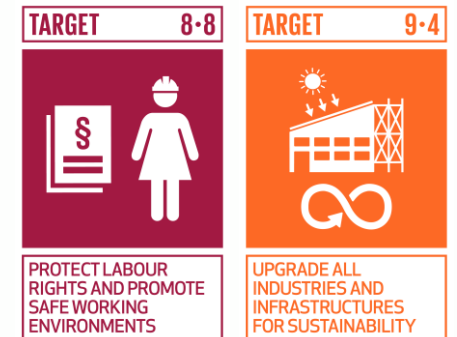
Acquisition in Q3: Welcome IDE Systems

- Annual sales of GBP 8 million, GBP 1,9 million in profit
- Specialist in temporary power distribution and monitoring systems in the UK
- Contributes to SDG target: 7.1 and 7.2 by:
 - Develops a software suite of onsite power management tools, enabling reductions in power usage and thus carbon emissions
- Included in the Water & Energy business area from September 2021



Acquisition (in Q4): Welcome Certus Automation

- Annual sales of EUR 19 million, EUR 5 million in profit
- Global provider of solutions for automation in ports, terminals and logistics distribution centers
- Contributes to SDG target: 8.8 and 9.4 by:
 - Automate identification, registration and positioning for increased efficiency
 - Improved safety by limiting the need for hazardous human intervention
 - Reduced emissions by optimizing truck- and ship flows
- Will be included in the Special Infrastructure Solutions business area from October 2021



Solid organic growth, in line with our financial goals, despite extraordinary external factors during and after the pandemic

“The Group showed very strong organic EBITA growth of 18.6 percent during the quarter, without currency effects. An important reason for this profit growth is the extra high delivery levels in the quarter when delayed orders are catching up.”*

– Sdiptech’s Q3 report 2020

“Another reason is that a large part of the cost savings that were implemented in the spring remain.”

– Sdiptech’s Q3 report 2020

“Overall, we still have extra high profitability, resulting in operating margins during the period, which should not be considered as permanent.”

– Sdiptech’s Q3 report 2020

Between 1 January 2020 to 30 September 2021

(the period when the world has been affected by the pandemic),
the average annual **organic sales growth was approx. 6 percent**,
and the average annual **organic profit growth was approx. 7 percent**,
which is perfectly in line with our financial goals of 5-10 percent.

Additional value creating activities in Q3

Organizational updates

- Feet on the ground in Italy
- Wider view on infrastructure
- Moved remainder of PTS to SIS

Raised acquisition target

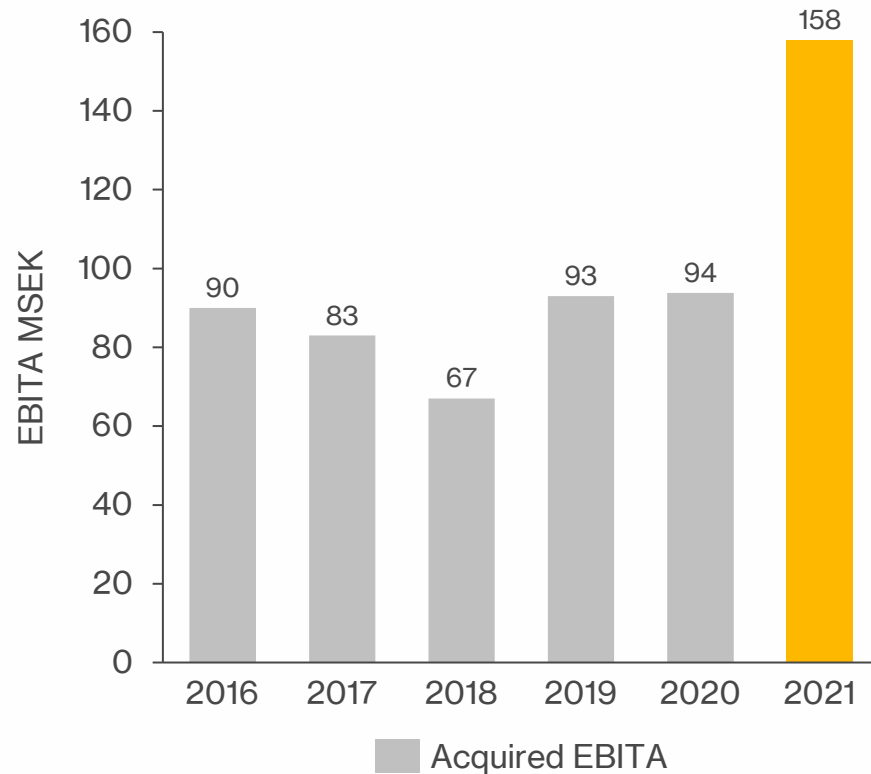
- SEK 120 – 150 million in added EBITA*



Infrastructure according to Sdiptech:

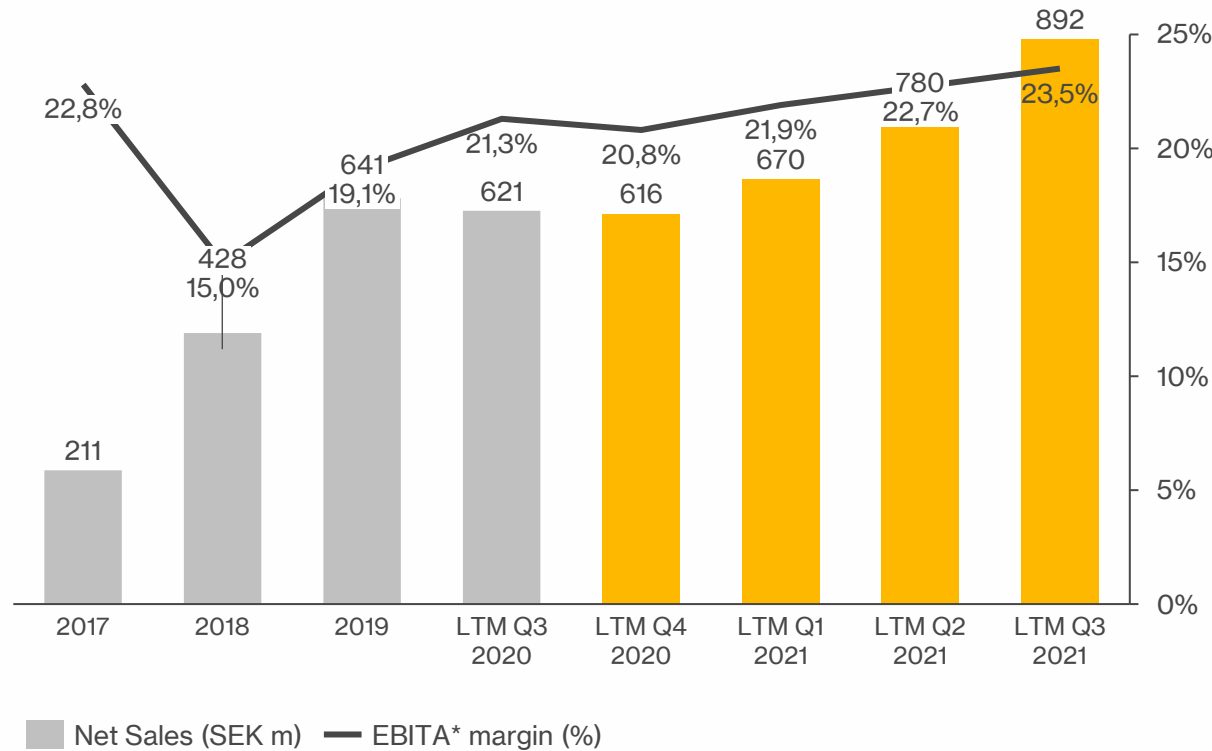
*“Components and systems providing commodities and services essential to **enhance societal living conditions** and **improve the surrounding environment.**”*

Acquisitions 2021



Company	Business Area	Region	EBITA mSEK	Period
Rolec Services & One Stop Ltd	Water & Energy	UK	82	Q1
Ficon Oy	Special Infrastructure Solution	FI	4	Q2
IDE Systems Ltd	Water & Energy	UK	22	Q3
Certus Automation	Special Infrastructure Solution	NL	50	Q4
Total Acquired Gross			158	
Companies divested in 2021				
SE & AU Elevator Business + Tello	Property Technical Services	SE, AU	37	Q2
Total Acquired Net			121	

Water & Energy



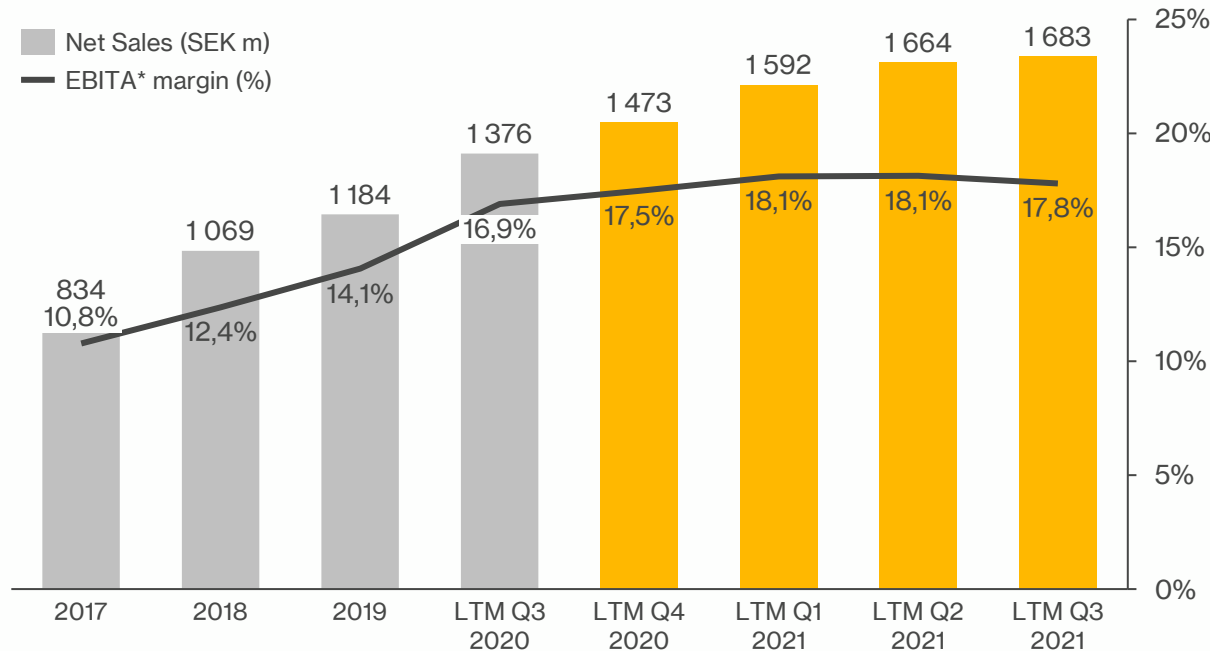
Quarter

- Sales increased by 76.2% to SEK 285.5m (146.7)
 - Largely driven by the newly acquired business units Rolec and IDE
 - Also, solid growth in the entire business area
- EBITA* margin increased to 25.0% (22.0)
 - Acquired: Positive margin expansion from Rolec and IDE
 - Organic: Return to more normal cost and staffing levels after last year's reductions and cost cautiousness
- EBITA* increased by 100.3% to SEK 64.7m (32.3)

Other

- Acquisitions Q3 2021: 1
- Total number of units: 15

Special Infrastructure Solutions



PTS merged with SIS, all numbers in SIS now including former PTS

- Seven divestments in former PTS in Q1 and Q2 2021
- Two remaining business units from PTS in SIS from now on

Quarter

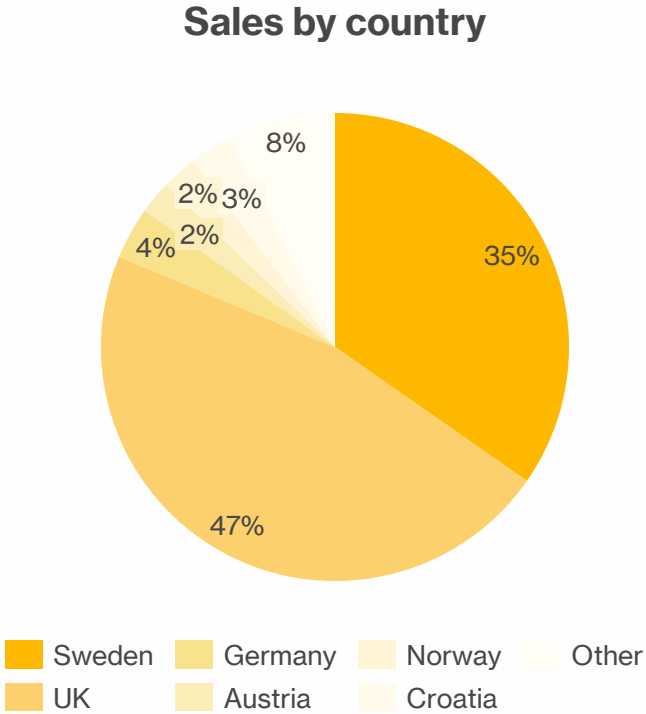
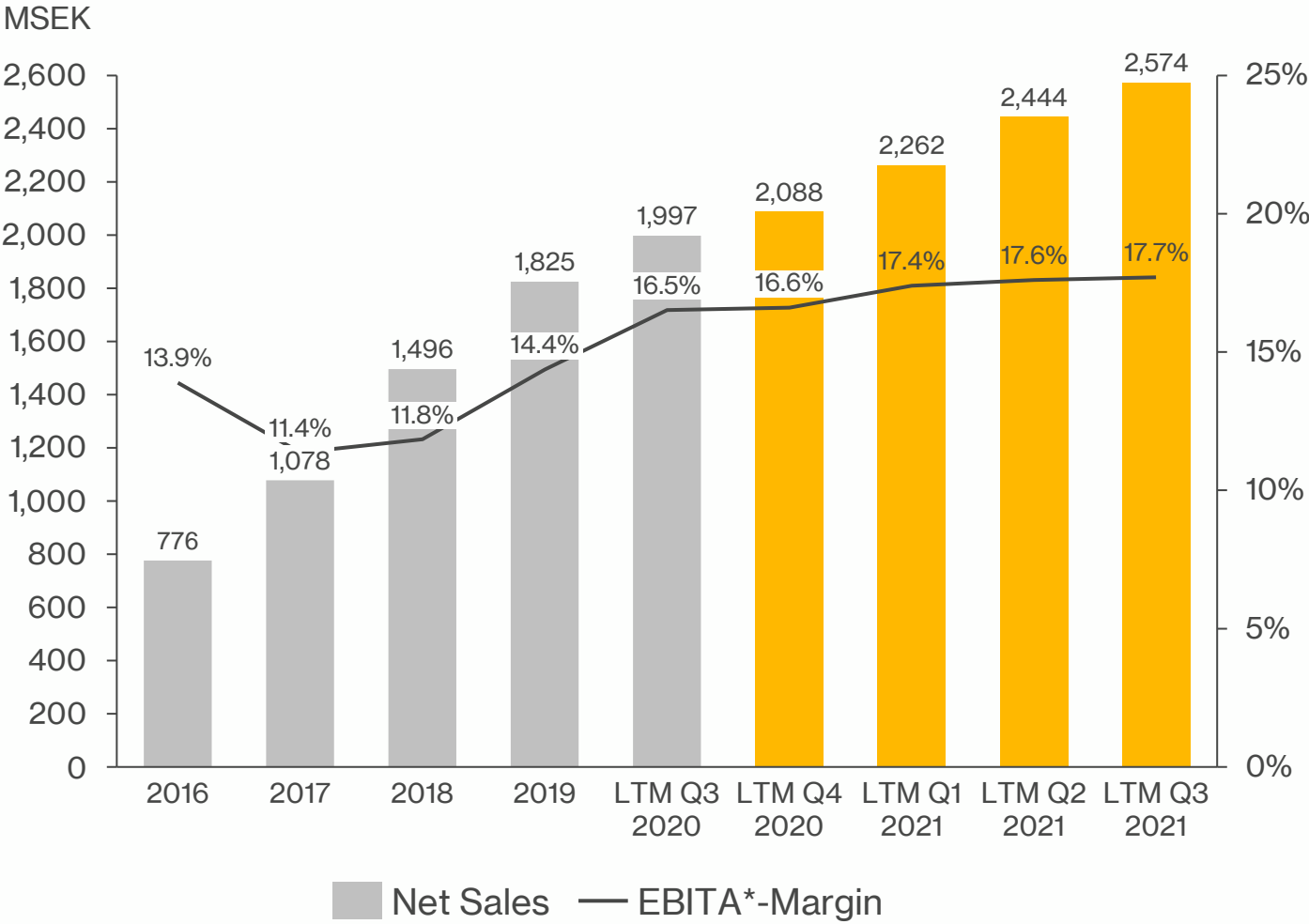
- Sales increased by 5.0% to SEK 387.7m (369.2)
 - Net effect from divestments and acquisitions small, majority of sales growth was organic
 - A continued solid sales growth
 - However, lower sales than expected in some units due to delayed orders from customers
- EBITA* margin decreased to 17.1% (18.5)
 - Acquired: Newly acquired GAH, profitability level ~17% contributes to a lower margin than previous year
 - Organic: Return to more normal cost and staffing levels after last year's reductions and cost cautiousness
 - Increased material prices also affected profitability, as large price increases occurred in a short time, thus partly borne by Sdiptech
- EBITA* decreased by -3.0% to SEK 66.2m (68.3)

Other

- Acquisitions (Q4) 2021: 1
- Total number of units: 16

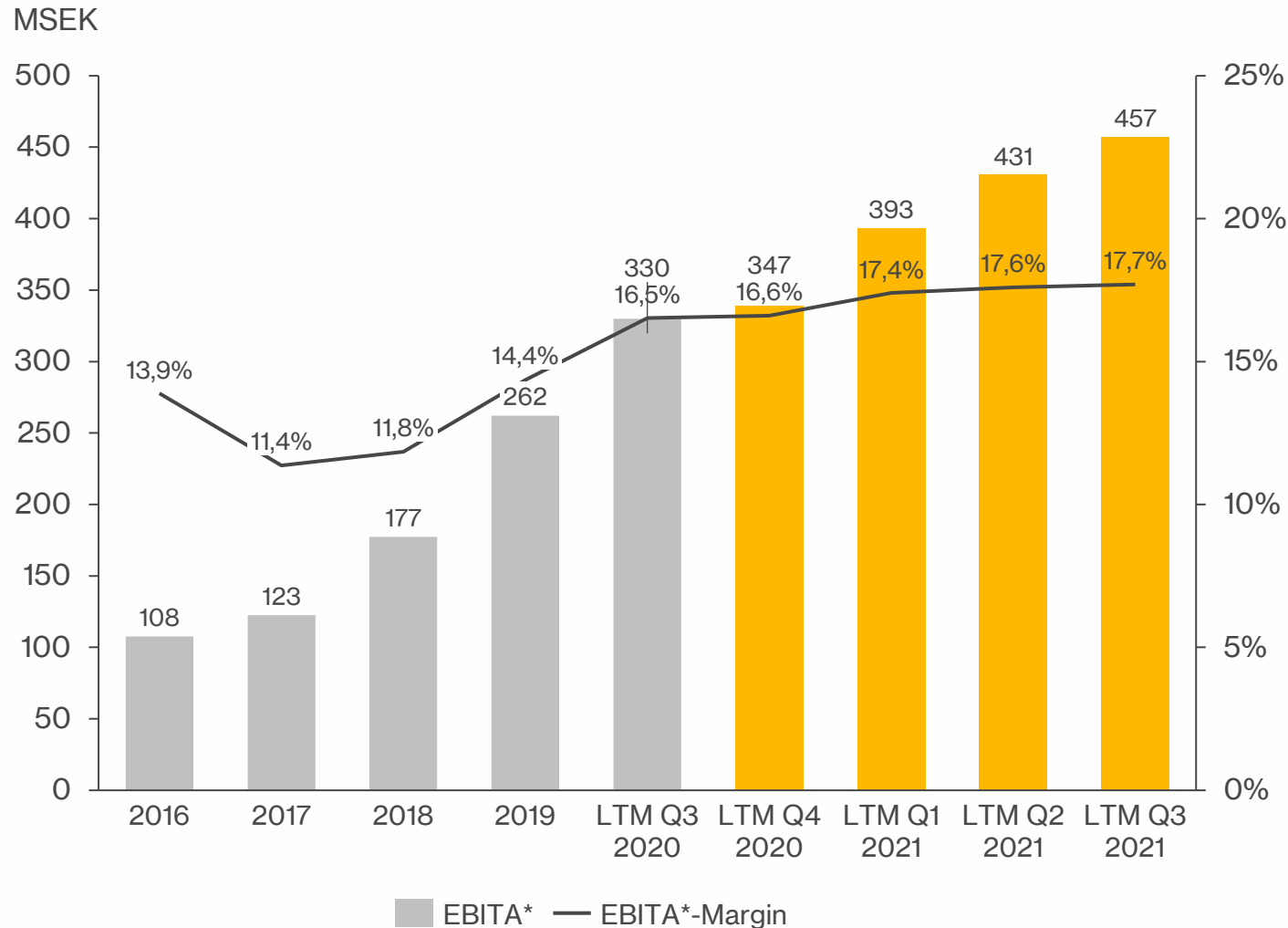
Business overview
Third quarter
➔ **Financial development**
Outlook

Group sales & EBITA*-margin



Sources: Sdiptech Financial reports, LTM Q3 2021

EBITA* & EBITA*-margin



Quarter

- EBITA* increased by 28.6%
- EBITA* margin of 18.4%

YTD

- EBITA* increased by 44.4%, of which -4.5% organic, +53.5 % acquired, -4.2 % divested and -0.4% from currency.
- EBITA* margin of 18.1%

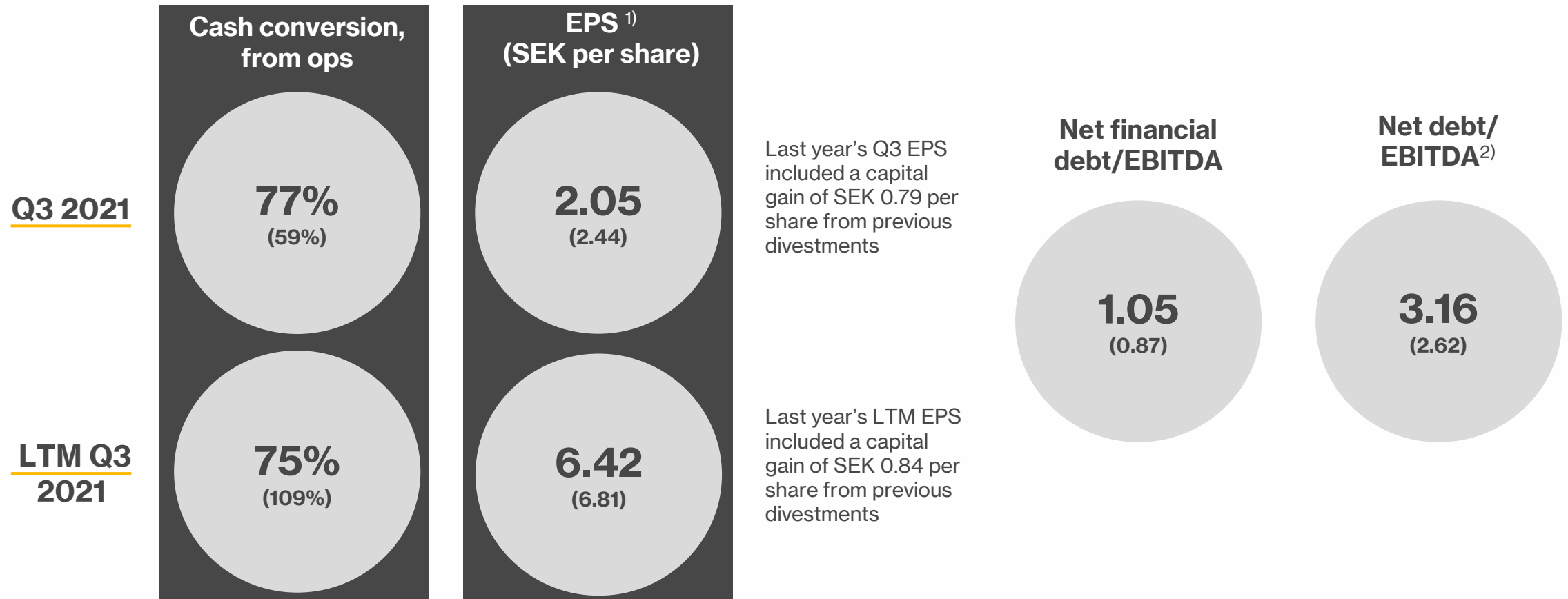
Period of the pandemic

- Between 1 Jan-20 and 30 Sept-21, organic EBITA* growth was approx. 7% - in line with our financial goals (5-10%)

Guidance full year 2021

- EBITA* margin of 19-20%

Additional metrics



1) EPS: earnings per ordinary share, after dilution and deduction of dividends to preference shareholders

2) Net debt/EBITDA ratio: At a share of 49%, interest bearing 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.

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Looking ahead

Underlying demand from customers

- Organic sales growth 8.4% YTD Q3-21
- Between 1 January 2020 to 30 September 2021, organic sales growth has been approx. 6%

Profitability continue to increases

- Driven by acquisitions
- Between 1 January 2020 and 30 September 2021, organic profit growth has been approx. 7%
- in line with our financial goals (5-10%)
- Guidance for 2021: EBITA* margin for the group 19-20% (17%)

Continued uncertainties regarding the supply of goods

- Monitoring these risks and working closely with both customers and suppliers

Well-positioned versus strong drivers in societies

- Strong efforts towards more sustainable, efficient and safe societies continue






Thank you for listening








Appendix

Management Team and Board of Directors

Management

	Jakob Holm CEO	329,749 (Class B) 1,040 (Pref) 176,000 (Warrants) Axholmen, General Electric, Accenture M.Sc. KTH Royal Institute of Technology		Fredrik Navjord Head of Water & Energy	36,569 (Class B) 50,000 (Warrants) Metric, Addtech, Volvo M.Sc. Chalmers University of Technology
	Bengt Lejdström CFO	72,800 (Class B) 500 (Pref) 83,100 (Warrants) Lagercrantz Group, Interim Justitia, Acando M.Sc. Stockholm School of Economics		Anders Mattson Head of Special Infrastructure Solution	20,500 (Class B) 72,600 (Warrants) Munters, Roland Berger, Bearingpoint M.Sc. Chalmers University of Technology
	Steven Gilsdorf Head of Acquisitions	25,285 (Class B) 83,100 (Warrants) GE Capital, Booz & Co., Bisnode MBA, London Business School			

Board of Directors

	Jan Samuelson Chairman	326,000 (Class B) 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
	Eola Änggård Runsten Board Member	600 (Class B) AcadeMedia, EQT, SEB, B.Sc. Business Administration Stockholm School of Economics		Urban Doverholt Board Member	No holdings Assa Abloy, BAE Systems Hägglunds, M.Sc. KTH Royal Institute of Technology, IMD Lausanne
	Johnny Alvarsson Board Member	9,036 (Class B) Indutrade, Beijer Alma, Ericsson, Instalco, VBG M.Sc. Engineering Linköping University			

Ownership 30 September 2021

Owner	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Swedbank Robur Fonder		3,397,798		9.16%	6.17%
Vulcan Value Partners, LLC		3,373,540		9.09%	6.12%
Ashkan Pouya	1,000,000	2,169,936		8.54%	22.08%
Invesco		2,563,562		6.91%	4.65%
Handelsbanken Fonder		2,130,031		5.74%	3.86%
Saeid Esmaeilzadeh	1,000,000	752,654		4.72%	19.51%
Kabouter Management LLC		1,639,938		4.42%	2.98%
Danske Invest (Lux)		985,000		2.65%	1.79%
ODIN Fonder		917,075		2.47%	1.66%
Fredrik Holmström		706,844		1.9%	1.28%
Nordnet Pensionsförsäkring		622,069	61,208	1.84%	1.24%
Cliens Fonder		620,302		1.67%	1.13%
Avanza Pension		426,392	162,468	1.59%	1.07%
FORUM Family Office GmbH		574,083		1.55%	1.04%
WCM Investment Management		555,106		1.5%	1.01%
Total	2,000,000	33,363,927	1,750,000	100.00%	100.00%

EBITA* → Net profit

	YTD Q3 2021	YTD Q3 LTM Sep 2020 2021	Full Year 2020	
Net Sales	1,969.8	1,483.7	2,574.1	2,088.0
Operational costs	-1,613.9	-1,237.3	-2,117.3	-1,740.7
Profit from operations, EBITA*	355.9	246.4	456.8	347.3
Acquisition costs	-22.8	-4.4	-28.0	-9.6
Earn-out debt adjustments	-3.2	-	-16.8	-13.5
Loss on divestments	-20.3	-	-20.3	-
Add back amortisations non acquisition	6.5	4.0	8.5	6.0
EBITA	316.2	245.9	400.5	330.2
Amortisations & write-downs of intangible fixed assets	-34.5	-12.5	-41.8	-19.8
EBIT	281.7	233.4	358.8	310.5
Net financial income/expense	-20.6	12.2	-28.9	3.8
Currency effects	16.6	-10.7	10.0	-17.3
Discounted interest	-16.7	-10.2	-19.3	-12.8
EBT	261.0	224.7	320.6	284.2
Tax	-61.1	-47.3	-77.8	-64.0
Net profit	199.9	177.3	242.8	220.2

EBITA*, best representation of the profits from the ongoing operations

Direct costs related to acquisitions

Adjustment of debt related to conditional considerations ("earn-out") for acquisitions, booked as other revenue or external cost

Adjustment for reported loss on divestments

Add back amortisation of intangible non-current asset non acquisition related

Jan-Dec 2020 incl SEK 26.9m as realisation of additional purchase consideration linked to the sale of the support operations in 2018

Discounted interest on conditional considerations ("earn-out") for acquisitions and discounted interest for leases according to IFRS 16

Tax (22.5% Jan-Dec 2020) based on EBT earn-out debt adjust., discounted interest and tax related to previous year