

INTERIM FINANCIAL REPORT JULY-SEPTEMBER 2018

SELECTED FINANCIAL INFORMATION

Remaining operations	Net sales	EBITA*	Earnings for the period	Earnings per ordinary share	Earnings per ordinary share incl. discontinued operations
Jul - Sep 2018	361.1 MSEK (244.6)	42.3 MSEK (27.2)	26.6 MSEK (9.8)	SEK 0.73 (0.18)	SEK 0.73 (0.25)
Jan - Sep 2018	1,077.0 MSEK (714.1)	120.7 MSEK (74.8)	71.2 MSEK (35.4)	SEK 1.94 (0.85)	SEK 3.04 (0.85)
RTM 30 Sep 2018	1,408.0 MSEK (981.1)	168.4 MSEK (124.5)	130.7 MSEK (99.6)	SEK 3.76 (1.99)	SEK 4.73 (2.19)

THIRD QUARTER

- Net sales increased by 48 percent to SEK 361.1 million (244.6), of which comparable units increased by 5 percent
- Operating profit EBITA* increased by 56 percent to SEK 42.3 million (27.2)
- Profit after financial items for remaining operations increased by 101 percent to SEK 33.9 million (16.9)
- Earnings after tax for the Group amounted to SEK 26.6 million (12.7), of which SEK 25.6 million (11.2) was attributable to the Parent Company's shareholders
- Earnings per ordinary share for the Group, less minority interests and dividends on preference shares, amounted to SEK 0.73 (0.25)
- On 2 July, Sdiptech AB acquired all shares in Rogaland Industri Automasjon AS, including 51 percent of the shares in the subsidiary Agder Industri-Automasjon AS
- After reporting date, on 5 November, Sdiptech AB acquired all shares in Vera Klippan AB

JANUARY - SEPTEMBER

- Net sales increased by 51 percent to SEK 1,077.0 million (714.1), of which comparable units increased by 9 percent
- Operating profit EBITA* increased by 61 percent to SEK 120.7 million (74.8)
- Profit after financial items for remaining operations increased by 75 percent to SEK 91.8 million (52.5)
- Earnings after tax for the Group amounted to SEK 148.2 million (35.8), of which SEK 102.4 million (32.5) was attributable to the Parent Company's shareholders
- Earnings per ordinary share for the Group, less minority interests and dividends on preference shares, amounted to SEK 3.04 (0.85), which included the proceeds on the divestment of InsiderLog by SEK 25.8 million
- Cashflow from current remaining operations amounted to SEK 30.2 million (36.2)
- During the period January to September 2018, six acquisitions were completed: Multitech Site Services Limited, Optyma Security Systems Limited, Aviolinx Communication and Services AB, Centralmontage i Nyköping AB, KSS Klimat-& Styrsystem AB and Rogaland Industri Automasjon AS

KEY FIGURES – REMAINING OPERATIONS

SEK million	3 months		9 months		12 months	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	RTM 30 Sep 2018	Jan-Dec 2017
EBITA* margin %	11.7%	11.1%	11.2%	10.5%	12.0%	11.7%
Net debt/EBITDA, multiple	2.09	2.40	2.09	2.40	2.09	1.37
Net bank debt/EBITDA, multiple	0.24	0.17	0.24	0.17	0.24	-0.25
Return on capital employed	14.5%	12.3%	14.5%	12.3%	14.5%	16.8%
Return on equity	12.8%	10.8%	12.8%	10.8%	12.8%	11.4%
Cash flow generation %	49%	54%	56%	69%	73%	83%

Definitions on key figures are found on page 20.

) EBITA is the Group's operating profit and corresponds to EBITA before acquisition costs and before income from revaluation of conditional purchase considerations

COMMENTS BY THE CEO

DEAR SHAREHOLDERS,

Good organic growth and continued profit gains in the elevator operations

The third quarter brought strong follow-through on the heels of the strong performance in the preceding quarter. Organic growth in consolidated net sales amounted to 5 percent for the past quarter and 9 percent for the first three quarters of the year, well in line with our financial targets. In our elevator operations, the programme of improvements continues to yield results, and the positive trend continues with another quarter in which earnings improved compared with the preceding year.

QUARTER

The third quarter of the year underscored the Group's positive trend and growth. Over the quarter, consolidated net sales rose by 48 percent compared with the previous year, to SEK 361.1 million, and the organic sales growth over the quarter was 5 percent. EBITA before acquisition costs (EBITA*) rose by 56 percent to SEK 42.3 million. In addition to good sales growth, over the quarter, the Group's profitability and EBITA* profit margin also improved to 11.7 percent, compared with 11.1 percent in the corresponding period last year.

Tailored Installations

In the installation operations, EBITA* rose by 142 percent over the third quarter to SEK 15.0 million. The installation operations are experiencing clear improvement in profitability thanks to the ongoing programme of measures for our elevator operations. As previously announced, we avoid temporary quick fixes, and instead we are implementing fundamental adjustments to the operations to achieve lasting effects. The measures are working well, and the positive trend from the beginning of 2018 has persisted with profitability continuing to improve over the quarter. Additional potential for improved profitability remains in individual units and we will continue the activities until we are fully satisfied with the profitability.

Products & Services

Prior to the listing of our Series B share in the spring of 2017, net sales in the product operations amounted to SEK 286 million (2016) and, in less than two years, have grown by 113 percent to SEK 608 million today (Q3 2018 rolling 12-months). In the third quarter of the year, EBITA* increased by 20 percent to SEK 32.4 million. The business area's subsidiaries hold strong niche market positions and the companies that are acquired develop well under Sdiptech's management.

ACQUISITIONS

Water and wastewater treatment

In early July, we acquired Rogaland Industri Automasjon AS, which specializes in automation systems for water and wastewater treatment. Sdiptech's solutions play an important role in future infrastructures, and the market for water, soil and air decontamination is expected to increase as more stringent environmental regulations are introduced and the general focus on environmental issues increases.

Ongoing acquisition processes

Acquisition efforts continue unabated and we currently have letters of intent regarding two additional acquisitions and bid discussions in progress regarding a number of other companies.

PROSPECTS

Good sales growth and current focus on continued margin improvement and new acquisitions

Our outlook for the coming quarters remains unchanged and we perceive favourable conditions for continued profit growth, partly because our business segments continue to grow well and according to plan, and because recently acquired companies will contribute good earnings.

Our focus sharpens our purpose as a company

The market segments on which Sdiptech focuses enjoy a favourable underlying trend – stronger than GDP. Areas such as water, energy, transport, indoor climate and security are driven by constant demand for improvement, based on society's pursuit of more sustainable, safe and efficient communities. As a company focusing on infrastructure, we will have a clear position in this development. For a long time, we have focused our growth efforts on these areas, and all acquisitions over the past 12 months have been made in the areas of water treatment, electricity supply, safety, transport or energy efficiency.

Sdiptech's objective is to be a proactive player in these segments and to contribute to favourable social development.

In conclusion, I would like to thank our employees for their commitment and excellent work, as well as all of our shareholders for their continued support. I would also like to welcome all new shareholders to Sdiptech.



Jakob Holm
CEO, Sdiptech AB (publ.)

OVERVIEW OF OPERATIONS

GROUP

The Group is divided into different segments in order to better reflect the operations. The Group's main business areas are divided into: Tailored Installations and Niche Products & Services.

The distribution of the Group's companies between these two areas is based on the commercial nature of the individual operations. The two business areas are headed by three area managers and reporting within the Group follows the same division.

Group EBITA* (SEK million)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	RTM 30 Sep 2018	Jan-Dec 2017
Tailored Installations	15.0	6.2	40.7	31.2	43.3	33.8
Niche Products & Services	32.4	27.1	92.8	62.1	135.0	104.2
Business areas	47.4	33.3	133.5	93.3	178.3	138.0
Central units	-5.1	-6.1	-12.8	-18.5	-9.9	-15.5
Total, remaining operations	42.3	27.2	120.7	74.8	168.4	122.5
Discontinued operations	-	3.2	69.5	1.2	61.2	-7.1
Total	42.3	30.4	190.2	76.0	229.6	115.4

EBITA*

* consists of EBITA before transaction costs for acquisitions, and before revaluations of conditional purchase considerations.

The purpose of EBITA* is to clarify development in the Group's operating profit. Due to the irregular nature of when acquisition expenses arise and are booked, EBITA* shows more clearly the underlying operational development of the business. Revaluation of liabilities for conditional purchase considerations is another item that should be excluded to clarify the profit development in the operations. See the tables to the right that show the historical outcome.

Acquisition costs related to a specific acquisition are recorded in full at the time of completion of the acquisition. Accordingly, transaction costs arise as acquisitions are completed, and not as costs are incurred. With transaction costs in a separate account, both the underlying operational trend and acquisition costs can be clarified individually.

Disposal of the Support operations

On 31 May, the Support operations were divested and are therefore reported on a separate line, Discontinued operations. The Support operations were previously included in the segment Central units. For further information regarding the divestment of the Support operations, see Discontinued operations below, and the press release from 13 April 2018.

Adjustment items for EBITA*

The costs and revenues that are excluded when calculating EBITA* have historically amounted to the amounts below. Acquisition costs include both external costs and intra-group costs, with the latter being invoiced from companies within the Support operations. Adjustment of liability for additional purchase consideration has resulted in corresponding revenue when liabilities were revalued.

Acquisition costs	Q1	Q2	Q3	Q4	Total
2018	11.9	4.4	2.1		18.4
2017	1.4	0.0	0.3	10.2	11.9
2016	0.0	7.7	2.7	6.6	17.0

Adjustment of liability for additional purchase consideration	Q1	Q2	Q3	Q4	Total
2018	0.0	0.0	14.7		14.7
2017	0.0	0.0	0.0	78.0	78.0
2016	0.0	0.0	0.0	4.6	4.6

SEGMENTS

TAILORED INSTALLATIONS

The companies within Tailored installations provide tailor-made installations for extensively specialized needs in urban infrastructure. The principal geographical market is Northern Europe, and customers include, among others, property owners, construction companies, global elevator companies, major FMCG chains, energy distributors, data centres, airports, hotels, and municipalities.

The business area's niches are:

- Cooling
- Safety
- Uninterrupted power supply
- Wastewater treatment
- Electric automation
- Roof maintenance including personal protection
- Elevators Stockholm – installation, renovation, service
- Elevators Vienna - installation, renovation, service
- Elevators global – installation

Comment:

The business area's sales for the period increased by 39 percent to SEK 202.1 million (145.1). EBITA* for the period increased by 142 percent to SEK 15.0 million (6.2). The EBITA* margin for the period increased to 7.4 percent (4.3), mainly due to the elevator operation's recovery, and good profitability in operations such as cooling, uninterrupted power supply, and roof maintenance.

The Elevator companies:

Internationally, there is a continued high level of activity in new installations, where Sdiptech mainly has its global elevator operations. However, there is also a high level of personnel turnover and increased salary costs. Programmes of measures are in progress and has given effect. These are primarily targeting price increases and activities to strengthen the aftermarket offering.

In the Swedish renovation market and aftermarket, we are seeing signs of a strengthened demand. Customers are now more willing to invest in renovation, and the price pressure that has pervaded the renovation market has abated somewhat. Programmes of measures to strengthen efficiency and the offers have also taken place in the third quarter. This has resulted in strengthening the profitability in most of the units. However, some units have still not reached the desired results, hence activities will proceed to until we are fully satisfied with the profitability.

Tailored Installations (SEK million)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	RTM 30 Sep 2018	Jan-Dec 2017
Net sales	202.1	145.1	620.7	429.5	800.7	609.5
EBITA*	15.0	6.2	40.7	31.2	43.3	33.8
EBITA* margin %	7.4%	4.3%	6.6%	7.3%	5.4%	5.5%

NICHED PRODUCTS & SERVICES

The companies within Niche Products & Services are product and service companies. The principal geographic markets are the Nordic Region and the UK, as well as export markets. Customers include construction companies, property owners, hospitals, veterinarians, municipalities, and energy distributors.

The business area's niches are:

- Electrical power monitoring
- Shell completion
- Vibration monitoring (services, measurement systems)
- Gas evacuation
- Water monitoring and district heating monitoring
- Decontamination of liquids, gases and water
- Radio infrastructure

- Temporary infrastructure
- Property automation
- Other (metalworking, prototype manufacturing)

Comment:

The business area's sales increased by 60 percent to SEK 159.1 million (99.5). EBITA* increased by 20 percent to SEK 32.4 million (27.1), based on strong market positions and good demand. The EBITA* margin for the quarter decreased to 20.3 percent (27.3). The EBITA* margin for the quarter decreased compared with RTM, as the business area's operations showed very good profitability in the second half of 2017, and as a normalization of margins happens through acquisition activities. There is a normalization, gradually, towards the level of approximately 20 percent. During the third quarter, Rogaland Industri Automasjon AS was acquired and joined the business area.

Niche Products & Services (SEK million)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	RTM 30 Sep 2018	Jan-Dec 2017
Net sales	159.1	99.5	456.4	284.5	607.6	435.7
EBITA*	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%



CENTRAL UNITS – GROUP-WIDE FUNCTIONS AND ELIMINATIONS

Central units previously included the Support operations but, after the divestment on 31 May, this part has now been moved to Discontinued operations. Subsequently, Central units consist of the Group's parent company, Sdiptech AB, the Group's holding company, and Group eliminations.

Comment:

EBITA* for the period was a negative SEK 5.1 million (negative 6.1). There has been a gradual increase in staffing in the Group's parent company over the past year, in order to support continued acquisition-driven growth. The first nine months of the year includes recruitment costs for management team positions and acquisition team positions. The previous year's corresponding period included costs related to the listing of the company's common stock.

Group-wide functions and eliminations (SEK million)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	RTM 30 Sep 2018	Jan-Dec 2017
Net sales	0.0	0.0	-0.1	0.0	-0.2	-0.1
EBITA*	-5.1	-6.1	-12.8	-18.5	-9.9	-15.5

DISCONTINUED OPERATIONS

The Support operations provides administrative services to the Group as well as to external customers.

SEK 15.0 million (23.3). EBITA* for the period January to September, up until the divestment amounted to SEK 69.5 million (1.2).

The Support operations mainly supply services within:

- Acquisitions
- Legal advice
- Communication
- Recruitment
- IT

The Acquisition operations

To ensure continuity in Sdiptech's acquisition activities, a cooperation agreement has been entered into between Sdiptech and Sprof, ensuring that efforts to identify, contact, and acquire entrepreneur led companies will continue unchanged until the end of 2019. Until that date, Sdiptech will, in parallel, establish an internal function to replace and take over these acquisition activities. Recruitment processes have already been initiated for this purpose.

Comment:

As per 31 May, Sdiptech AB has divested its 60 percent shareholding in S. Professionals AB ("Sprof") and its subsidiaries (together referred to as "the Support operations"). The Support operations' sales for the period January to September, up until the divestment amounted to

For further information on the background and grounds for this, see the press release from 13 April. As a result of the above decisions, the Support operations are subsequently reported under the heading Discontinued operations.

Discontinued operations (SEK million)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	RTM 30 Sep 2018	Jan-Dec 2017
Net sales	-	9.7	15.0	23.3	24.4	32.7
EBITA* excl. sale of InsiderLog	-	3.2	-1.2	1.2	-9.5	-7.1
Sale of InsiderLog	-	-	70.7	-	70.7	-
EBITA*	-	3.2	69.5	1.2	61.2	-7.1

INSIDERLOG

The positive capital gain from the sale of InsiderLog in January 2018 amounts to SEK 70.7 million, of which SEK 57.3 million relates to the proceeds received from the divestment and SEK 14.3 million relates to the upward revaluation of the remaining 20 percent shareholding.

Under the agreement in connection with Sdiptech AB's disposal of the Support operations, Sdiptech AB is entitled to 36 percent of the current proceeds of sale for InsiderLog AB, as well as 36 percent of any future proceeds of sale including additional purchase considerations, corresponding to Sdiptech AB's indirect ownership in InsiderLog AB at the time of the transaction with Euronext. Sdiptech AB's financial interest in InsiderLog is therefore not covered by the disposal of the Support operations. The table to the right illustrates the value-related components regarding InsiderLog AB.

Cash payment	57.3
- of which Sdiptech's share	20.6
- of which other shareholders	36.7
	<hr/>
	57.3
Remaining share 20 percent	14.3
- of which Sdiptech's share	5.2
- of which other shareholders	9.2
	<hr/>
	14.3
Deduction for: Net identifiable assets and liabilities	1.0
Capital gain	70.7
- of which Sdiptech's share	25.4



COMMENTS ON THE FINANCIAL DEVELOPMENT

Comments on the financial development refer to the remaining operations, unless otherwise stated.

JULY – SEPTEMBER

Net sales

The Group's net sales for the third quarter amounted to SEK 361.1 million (244.6). Sales in comparable units, that is, companies included in the Group throughout the period and the entire comparative period, increased by SEK 11.7 million and amounted to SEK 256.3 million (244.6), equivalent to an organic change of 5 percent for the period. Non-comparable units contributed SEK 104.8 million (0.0) to sales for the period.

In the segment Tailored Installations, net sales for the period increased by SEK 57.0 million to SEK 202.1 million (145.1).

In the segment Niched Products & Services, net sales for the period increased by SEK 59.6 million to SEK 159.1 million (99.5).

Profit/loss

EBITA* during the third quarter amounted to SEK 42.3 million (27.2). Total EBITA* for the Group, including discontinued operations, amounted to SEK 42.3 million (30.4).

Within the Tailored Installations segment, EBITA* for the period was SEK 15.0 million (6.2) and the EBITA* margin increased to 7.4 percent (4.3).

Within the Niched Products & Services segment, EBITA* increased to SEK 32.4 million (27.1) and the EBITA* margin decreased to 20.3 percent (27.3).

Profit after tax for the third quarter amounted to SEK 26.6 million (9.8). Profit after tax, including discontinued operations, amounted to SEK 26.6 million (12.7).

Acquisitions and disposals during the period

On 2 July 2018, Sdiptech AB acquired all shares in Rogaland Industri Automasjon AS, including 51 percent of the shares in the subsidiary Adger Industri-Automasjon AS (together "RIA"). RIA was founded in 1990 and specializes in automation systems for water and wastewater treatment and extends the Sdiptech Group's offer within the water segment. RIA's operations consist of the development and installation of customized control and regulating systems for water and sewage plants, and customers are found primarily in municipalities and industry. The company generates annual net revenue of approximately 40 MNOK and an operating profit of approximately 7MNOK.

JANUARY – SEPTEMBER

Net sales

Net sales for the Group increased by SEK 362.9 million to SEK 1,077.0 million (714.1) during the period. Sales in comparable units, that is, companies included in the Group throughout the period and the entire comparative period, increased by SEK 58.6 million and amounted to SEK 737.2 million (678.6), equivalent to an organic change of 9 percent for the period. Non-comparable units contributed SEK 339.8 million (35.5) to sales for the period.

In the segment Tailored Installations, net sales for the period increased by SEK 191.2 million to SEK 620.7 million (429.5).

In the segment Niched Products & Services Installations, net sales for the period increased by SEK 171.9 million to SEK 456.4 million (284.5).

Profit/loss

EBITA* for the period January to September amounted to SEK 120.7 million (74.8). Total EBITA* for the Group, including discontinued operations, amounted to SEK 190.2 million (75.9). The change in earnings is primarily attributable to the sale of InsiderLog.

Within the Tailored Installations segment, EBITA* for the period was SEK 40.7 million (31.2) and the EBITA* margin decreased to 6.6 percent (7.3). The EBITA* margin RTM for the period was 5.4 percent.

Within the Niched Products & Services segment, EBITA* increased to SEK 92.9 million (62.1) and the EBITA* margin decreased to 20.3 percent (21.8).

Profit after tax for the period January to September amounted to SEK 71.2 million (35.4). Profit after tax, including discontinued operations, amounted to SEK 148.2 million (35.8).

FINANCIAL POSITION JANUARY - SEPTEMBER

Cash flow from current operations, before changes in working capital, amounted to SEK 61.3 million (38.6) for the period January to September. In the first nine months of the financial year, paid taxes were high in relation to profit for the period as the final tax payment for the preceding year was made. In addition, SEK 11 million in tax liabilities relating to the profit/loss of 2017 has been added through acquisitions. However, these payments have been regulated by a corresponding reduction of the purchase consideration of the acquisitions. To a certain extent, seasonal effects impact changes in working capital negatively in the third quarter, resulting in a cash flow from the current operation amounting to SEK 30.2 million (36.2).

Cash flow from investing activities was negative in the amount of SEK 281.8 million (negative 107.4). The cash flow effect of completed acquisitions (see also Note 5) amounted to a negative SEK 258.7 million (negative 84.8) for the period, of which SEK 248.3 million relates to the year's acquisitions and SEK 10.4 million to payment on acquisitions from previous years. Investments in tangible non-current assets amounted to negative SEK 18.4 million (negative 19.5).

Cash flow from financing activities amounted to SEK 161.4 million (339.2). Loans raised amounted to SEK 231.8 million (38.4), most of which are related to acquisitions during the period. Loans were amortized by a negative of SEK 61.9 million (negative 154.8). Dividends on preference shares amounted to a negative of SEK 10.5 million (negative 10.5) and dividends to non-controlling interests amounted to SEK 0.0 million (negative 6.3).

Interest-bearing liabilities including additional purchase considerations and financial leasing amounted to SEK 948.3 million (564.0). The two largest items within interest-bearing liabilities amounted to SEK 404.0 million (246.3) in liabilities to credit institutions, and SEK 509.8 million (287.8) in deferred payments of purchase considerations for acquisitions.

These conditional purchase considerations are classified as interest-bearing as they are presented at net present value, but they do not give rise to any actual interest payments that are charged to the Group's cash flow until final settlement. However, a discounted interest rate is booked as a financial expense for the period. The Group's Financial expenses includes this interest rate by a negative of SEK 4.8 million (negative 8.3) in the period July to September 2018.

Revaluation of liabilities relating to conditional purchase considerations occurred in the third quarter of 2018 by SEK 14.7 million (0.0), resulting in a corresponding revenue.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents in remaining operations, amounted to SEK 711.3 million (170.3).

Net bank debt, in accordance with the calculation method above but only for liabilities to credit institutions, amounted to SEK 166.9 million (negative 147.4).

The key figure Net debt/EBITDA, which is calculated on a twelve-month basis, amounted to 2.09 (2.40). The key figure Net bank debt/EBITDA was 0.24 (0.17).

During the third quarter of 2018, impairment testing of goodwill, for those companies whose additional purchase consideration was revalued, resulted in a write-down of SEK 14.7 million (0.0).

Parent company

The Parent Company Sdiptech AB's internal net sales for the first nine months of the financial year amounted to SEK 2.7 million (0.0) and profit after financial items amounted to SEK 66.8 million (5.7). The result includes dividends from subsidiaries of SEK 65 million (18).

Investments in fixed assets amounted to SEK 0.0 million (0.0). The parent company's equity ratio was 83 percent (99).

OTHER INFORMATION

Employees

At the end of the quarter, there were 1,056 employees (810). Companies acquired in 2018 contributed 256 new employees.

Sdiptech AB

Steven Gilsdorf stepped in as Head of Acquisitions for Sdiptech AB in the beginning of September 2018 and is a member of the Company's management team. Steven Gilsdorf joins Sdiptech from Bisnode, where he held several positions, most recently Head of Group M&A. Steven has extensive experience in acquisitions of small to mid-size companies in Sweden as well as internationally.

Events after the reporting date

On 5 November 2018, Sdiptech AB acquired all shares in Vera Klippan AB. The company 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 ventilation chimneys and scrubbers. The company has net sales of approximately SEK 15 million with good profitability. Through the acquisition, the Sdiptech Group extends its offer in the field of water treatment.

Risks and uncertainty factors

Through its operations, the Group and the Parent Company are exposed to various types of financial risks, mainly related to loans and receivables. The financial risks consist of interest rate risk, credit and financing risk. See note 15 from the 2017 Annual Report for further detailed information.

Related-party transactions

Related-party transactions occur mainly with the majority-owned company Serendipity Group and Serendipity Ixora, which share the same principal owners regarding rent of premises.

Nomination Committee for the AGM 2019

The 2018 Annual General Meeting, on 14 May, resolved to give the Chairman of the Board of Directors the assignment of contacting the largest shareholders by voting power as of

31 August 2018 and request them to appoint members, who would constitute the Nomination Committee. The Nomination Committee should consist of four members. In accordance therewith, a Nomination Committee has been appointed, consisting of:

- Marcus Wahlberg (representing Elementa Management)
- Chairman of the Nomination Committee
- Jan Samuelson (chairman of the Board of Directors)
- Saeid Esmaeilzadeh (representing Serendipity Group AB)
- Magnus Skåninger (representing Swedbank Robur Fonder)

Proposals from the shareholders to the Nomination Committee can be submitted by e-mail to valberedningen@sdiptech.com or by mail to the company address. More information is found on www.sdiptech.com.

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
Total income		378.4	245.6	1,107.8	717.8	1,130.2
Operating expenses						
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
Operating profit		39.6	26.8	101.3	72.8	155.6
Profit/loss from financial items						
Financial income		-0.5	-1.9	4.6	-0.5	1.3
Financial expenses		-5.3	-8.0	-14.1	-19.7	-37.4
Profit/loss after financial items		33.9	16.9	91.8	52.5	119.4
Tax on profit for the period		-7.2	-7.0	-20.5	-17.1	-24.6
Profit/loss for the period from remaining operations		26.6	9.8	71.2	35.4	94.9
Discontinued operations						
Profit/loss for the period from discontinued operations		-	2.9	77.0	0.4	-1.7
Profit/loss for the period		26.6	12.7	148.2	35.8	93.2
Profit/loss attributable to remaining operations:						
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
Profit/loss attributable to discontinued operations:						
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
EBITA*		42.3	27.2	120.7	74.8	122.5
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 STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	Note	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Profit/loss for the period		26.6	12.7	148.2	35.8	93.2
Other comprehensive income for the period						
Components that will be reclassified to profit/loss in the period						
Changes in accumulated translation differences		-3.1	-0.6	5.6	-0.5	0.3
Total components that will be reclassified to profit/loss in the period		-3.1	-0.6	5.6	-0.5	0.3
Comprehensive income for the period		23.5	12.1	153.8	35.3	93.5
Attributable to:						
Parent Company's shareholders		22.5	10.5	108.0	32.0	87.4
Non-controlling interests		1.0	1.6	45.8	3.3	6.1
Total comprehensive income attributable to Parent Company's shareholders has arisen from						
-Remaining operations		22.5	8.2	74.8	32.2	91.6
-Discontinued operations		-	2.3	33.2	-0.2	-4.2

CONSOLIDATED BALANCE SHEET

(SEK million)	Note	2018 30 Sep	2017 30 Sep	2017 31 Dec
Non-current assets				
<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
Total non-current assets		1,577.5	1,012.1	1,151.0
Current assets				
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
Total current assets		764.5	691.9	679.3
Total assets		2,342.0	1,704.1	1,830.4
Shareholders' equity				
Shareholders' equity attributable to Parent Company's shareholders				
Share 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
Total equity attributable to Parent Company's shareholders		1,072.6	921.6	973.2
Non-controlling interests		30.7	30.1	33.2
Total shareholders' equity		1,103.3	951.6	1,006.4
Liabilities				
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
Total liabilities		1,238.7	752.4	824.0
Total equity and liabilities		2,342.0	1,704.1	1,830.4

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(SEK million)	Shareholders' equity attributable to Parent Company shareholders					Non- controlling interests	Total Shareholders' equity
	Share capital	Other contr. capital	Reserves	Retained earnings	Total		
Opening balance, 1 January 2017	0.6	240.4	0.5	186.2	427.6	33.1	460.7
Comprehensive income for the period	-	-	-	32.4	32.4	3.3	35.8
Other comprehensive income for the period	-	-	-0.5	-	-0.5	-	-0.5
Comprehensive income for the period	-	-	-0.5	32.4	32.0	3.3	35.3
Dividend paid to preference shareholders	-	-	-	-10.5	-10.5	-	-10.5
Dividend paid to non-controlling interests	-	-	-	-	-	-6.3	-6.3
Share issue ordinary shares Series B	0.2	499.8	-	-	500.0	-	500.0
Share issue expenses	-	-27.6	-	-	-27.6	-	-27.6
Closing balance, 30 September 2017	0.8	712.6	0.0	208.1	921.5	30.1	951.6
Opening balance, 1 October 2017	0.8	712.6	0.0	208.1	921.5	30.1	951.6
Comprehensive income for the period	-	-	-	54.6	54.6	2.8	57.4
Other comprehensive income for the period	-	-	0.8	-	0.8	-	0.8
Comprehensive income for the period	-	-	0.8	54.6	55.4	2.8	58.2
Change in non-controlling interests	-	-	-	-0.3	-0.3	0.3	-
Dividend paid to preference shareholders	-	-	-	-3.5	-3.5	-	-3.5
Dividend paid to non-controlling interests	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Closing balance, 31 December 2017	0.8	712.6	0.8	259.0	973.2	33.2	1,006.4
Opening balance, 1 January 2018	0.8	712.6	0.8	259.0	973.2	33.2	1,006.4
Comprehensive income for the period	-	-	-	102.4	102.4	45.8	148.2
Other comprehensive income for the period	-	-	5.6	-	5.6	0.0	5.6
Comprehensive income for the period	-	-	5.6	102.4	108.0	45.8	153.8
Change in non-controlling interests	-	-	-	-0.1	-0.1	-0.1	-0.3
Option premiums	-	2.0	-	-	2.0	-	2.0
Acquisitions of subsidiaries	-	-	-	-	-	1.1	1.1
Sales of subsidiaries	-	-	-	-	-	-49.2	-49.2
Dividend paid to preference shareholders	-	-	-	-10.5	-10.5	-	-10.5
Dividend paid to non-controlling interests	-	-	-	-	-	-0.1	-0.1
Closing balance, 30 September 2018	0.8	714.6	6.4	350.8	1,072.5	30.7	1,103.3

CONSOLIDATED CASH FLOW ANALYSIS

(SEK million)	Note	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Continued operations				
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
Cash flow from continuing operations before change in working capital		63.1	38.6	70.4
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
Cashflow from current operations		30.2	36.2	69.8
Investing activities				
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
Cash flow from investing activities		-283.5	-107.4	-190.9
Financing activities				
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
Cash flow from financing activities		163.1	339.2	325.3
Cash flow for the period from remaining operations		-90.2	268.0	204.2
Cash flow for the period from discontinued operations		-4.4	-	-
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
Cash and cash equivalents at end of period from remaining operations		237.1	393.7	330.0

PARENT COMPANY INCOME STATEMENT

(SEK million)	Note	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales		1.0	0.0	2.7	0.0	2.8
Other operating income		0.4	0.0	1.8	2.3	3.0
Total income		1.4	0.0	4.4	2.3	5.8
Operating expenses						
Other external expenses		-2.0	-2.4	-8.1	-9.2	-11.8
Employee expenses		-4.0	-2.0	-11.5	-6.3	-9.3
Depreciation of tangible and intangible non-current assets		0.0	0.0	-0.1	-0.1	-0.2
Operating profit		-4.7	-4.3	-15.3	-13.4	-15.6
Profit/loss from financial items						
Financial income		-2.3	8.4	99.6	22.0	18.2
Financial expenses		-0.5	-2.2	-17.5	-2.8	-0.9
Profit/loss after financial items		-7.6	1.8	66.8	5.7	1.8
Group contributions received		0.0	0.0	0.0	0.0	20.5
Tax on profit for the period		0.0	0.0	0.0	0.0	0.0
Profit/loss for the period		-7.6	1.8	66.8	5.7	22.2

Profit/loss for the period complies with total comprehensive income for the period.

PARENT COMPANY BALANCE SHEET

(SEK million)	2018 30 Sep	2017 30 Sep	2017 31 Dec
Non-current assets			
<i>Intangible non-current assets</i>			
Other intangible non-current assets	0.1	0.2	0.2
<i>Tangible non-current assets</i>			
Tangible non-current assets	0.0	0.0	0.0
<i>Financial non-current assets</i>			
Financial non-current assets	420.8	289.1	336.4
Receivables, Group companies	480.8	210.0	258.0
Total non-current assets	901.6	499.3	594.7
Current assets			
Receivables, Group companies	45.8	20.4	33.1
Accounts receivable	0.7	0.1	0.1
Other receivables	13.9	2.0	1.9
Current tax assets	0.0	0.2	0.0
Prepaid expenses and accrued income	7.0	6.9	14.2
Cash and cash equivalents	81.2	277.7	181.6
Total current assets	148.7	307.2	230.9
Total assets	1,050.3	806.5	825.6
Shareholders' equity			
Share capital	0.8	0.8	0.8
Share premium reserve	714.6	712.6	712.6
Retained earnings including profit/loss for the period	155.6	86.3	99.3
Total shareholder's equity	871.0	799.7	812.7
Liabilities			
Long-term liabilities to Group companies	69.7	0.0	0.0
Short-term liabilities to Group companies	16.0	0.1	7.8
Short-term liabilities	93.6	6.7	5.1
Total liabilities	179.3	6.7	12.9
Total equity and liabilities	1,050.3	806.5	825.6

NOTES

ACCOUNTS PRINCIPLES IN ACCORDANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (EU). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Annual Accounts Act.

The Parent Company's Interim Report has been prepared in accordance with the Annual Accounts Act, which is in accordance with the provisions of RFR2 Accounting for Legal Entities.

The same accounting principles and calculation base have been applied to Group and Parent Company, as in the preparation of the most recent Annual Report, except for the segment reporting, where discontinued operations have been added. For further information, see Note 2.

In addition, new IFRS standards and IFRIC interpretations, primarily IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) have been applied. IFRS 9 has not had a significant impact on the Group's earnings and financial position. As regards transitional rules to IFRS 15, the so-called cumulative method was used, without the transfer of revenue or expenses between the financial years and without adjustments of equity or other balance sheet items. These new standards have not had a significant impact on the Group's financial results or reports.

The Group is currently working on the analysis and implementation of the new IFRS 16 Leases standard, which will start from 1 January 2019.

NOTE 1 IMPORTANT ESTIMATES AND EVALUATIONS ON APPLICATION OF THE GROUP'S ACCOUNTING PRINCIPLES

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions.

Calculation of fair value

Estimates of fair value in operations primarily affect the Group's goodwill, liabilities related to deferred payments on

acquisitions and the Parent Company's shareholdings in subsidiaries. Financial assets and liabilities in the balance sheet are reported at acquisition value, unless otherwise stated, which is judged to be a good approximation to the fair value of the items.

In the case of acquisitions, components of the purchase consideration are usually linked to the acquired company's financial results for a period of time after the acquisition. The book value of liabilities to sellers in the form of conditional purchase considerations will be affected both positively and negatively as a result of assessments of each company's financial results for the remaining term period.

NOTE 2 SEGMENT REPORTING

Tailored Installations

The companies within Tailored installations provide tailor-made installations for extensively specialized needs in urban infrastructure. The principal geographical market is Northern Europe, and customers include, among others, property owners, construction companies, global elevator companies, major FMCG chains, energy distributors, data centres, airports, hotels and municipalities.

Niched Products & Services

The companies within Niched Products & Services are product and service companies. The principal geographic markets are the Nordic Region and the UK, as well as export markets. Customers comprise construction companies, property owners, hospitals, municipalities and energy distributors.

Central units – Group-wide functions and eliminations

Group-wide functions and eliminations consist of the Group's Parent Company, Sdipotech AB, the Group's holding company, as well as Group eliminations, which include revaluations of liabilities relating to additional purchase considerations.

Discontinued operations

Discontinued operations relate to the Support operations that provide administrative services to the Group as well as to external customers. Sdipotech's Board of Directors resolved on 14 February 2018 to divest the Support operations and this was approved by the Annual General Meeting of 14 May 2018.

Group Segment Information*

Group net sales (SEK million)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Tailored Installations	202.1	145.1	620.7	429.5	609.5
Niched Products & Services	159.1	99.5	456.4	284.5	435.7
Central units	0.0	0.0	-0.1	0.0	-0.1
Total	361.1	244.6	1,077.0	714.1	1,045.1
Discontinued operations	-	9.7	15.0	23.3	32.7
Total	361.1	254.3	1,092.0	737.4	1,077.8



Group operating profit (SEK million)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Tailored Installations	15.0	6.2	40.6	31.0	33.7
Niched Products & Services	31.9	27.1	92.0	62.0	103.5
Central units	-7.3	-6.4	-31.4	-20.2	18.3
Total	39.6	26.8	101.3	72.8	155.6
Discontinued operations**	-	3.2	77.7	1.2	0.8
Total	39.6	30.0	179.0	74.0	156.4

*Rounding differences of +/- 0.1 may occur

**SEK 70.7 million of the operating profit for the half-year relates to capital gains from the sale of InsiderLog. Sdipitech retains its financial interest in InsiderLog through an agreement, even after the divestment of the discontinued operations, both in regards of the purchase consideration received and future purchase consideration for remaining holdings in InsiderLog.

NOTE 3 GOODWILL

	(SEK million)
Carrying amount 2017-09-30	931.3
Acquisitions Oct 2017 – Sep 2018	577.6
Adjustment acquisition analyses	-12.4
Depreciations	-47.1
Discontinued operations	-0.6
Currency translation effects	11.3
Carrying amount 2018-09-30	1,460.1

In comparison with 30 September 2017, goodwill increased by a total of SEK 528.8 million and amount to SEK 1,460.1 million as per 30 September 2018. Between September 2017 and September 2018, nine business acquisitions were carried out, which together increased goodwill by SEK 577.6 million.

In the fourth quarter of 2017 and the third quarter in 2018, goodwill was tested for impairment and the preliminary acquisition analyses for the year's acquisitions were adjusted. Impairment requirements of SEK 47.1 million (of which SEK 14.7 million in the third quarter of 2018) were identified for previous acquisitions and preliminary acquisitions analyses were adjustment by SEK 12.4 million.

The discontinued operations contributed a negative of SEK 0.6 million, and the remaining change of SEK 11.3 million relates to currency effects.

NOTE 4 INTEREST-BEARING LIABILITIES

(SEK million)	2018 30 Sep	2017 30 Sep	2017 31 Dec
Liabilities to credit institutions	227.4	191.6	169.7
Accrued borrowing costs	-4.1	-2.7	-2.5
Financial leasing	18.8	16.7	20.3
Conditional purchase considerations	448.9	281.7	259.6
Other non-current liabilities	1.2	1.1	1.1
Total current interest-bearing liabilities	692.2	488.5	448.2
Liabilities to credit institutions	180.6	57.4	62.6
Financial leasing	13.1	11.7	10.6
Conditional purchase considerations	60.9	6.1	60.9
Other current liabilities	1.5	0.3	1.5
Total current interest-bearing liabilities	256.1	75.5	135.7

Conditional purchase considerations	(SEK million)
Carrying amount 2017-09-30	287.8
Additional for acquisitions Oct-Dec 2017	94.3
Paid purchase considerations	0.0
Interest expenses (discount effect due to changed discount rate)	13.2
Interest expenses (discount effect due to present value calculation)	2.6
Revaluation through operating profit	-78.0
Currency translation effects	0.6
Carrying amount 2017-12-31	320.5
Additional for acquisitions Jan-Sep 2018	204.3
Paid purchase considerations	-8.1
Interest expenses (discount effect due to present value calculation)	4.8
Revaluation through operating profit	-14.7
Currency translation effects	3.0
Carrying amount 2018-09-30	509.9

Conditional purchase considerations relate to different types of covenants to the seller that are linked to terms based on the acquired company's profit for a specified period after the acquisition. Liabilities are reported at present value of expected outflows.

NOTE 5 BUSINESS ACQUISITIONS

Preliminary acquisition analyses 2018

	Centralmontage i Nyköping AB	Aviolinx Communication and Services AB	Optyma Security Systems Limited	Multitech Site Services Limited	KSS Klimat- & Styrssystem AB	Rogaland Industri Automasjon AS
Acquired assets						
Tangible non-current assets	0.2	0.6	4.3	7.5	1.4	0.3
Other non-current assets	0.0	0.0	0.0	0.0	11.6	
Accounts receivable	4.4	2.3	12.9	31.8	10.0	7.9
Inventories and work in progress	1.6	-	1.1	2.3	0.0	3.4
Cash and cash equivalents	3.0	0.6	9.7	23.3	43.1	10.1
Other current assets	0.0	11.7	0.1	0.0	3.2	0.3
Deferred tax liability	-0.2	-0.6	-0.5	-1.1	-1.4	0.0
Other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Current tax liabilities	-0.4	0.0	0.0	-6.5	-3.2	-1.4
Other current liabilities	-6.1	-4.7	-6.6	-12.3	-20.4	-6.5
Minority interest	0.0	0.0	0.0	0.0	0.0	-1.1
Net identifiable assets and liabilities	2.3	9.8	21.1	45.1	44.3	13.0
Consolidated goodwill	25.4	29.8	43.2	105.9	154.1	48.3
Transferred remuneration	27.7	39.6	64.3	151.1	198.4	61.3
Transferred remuneration						
Cash and cash equivalents	12.3	27.6	54.8	101.2	109.2	32.9
Conditional purchase considerations	15.4	12.0	9.5	49.9	89.2	28.4
Total transferred remuneration	27.7	39.6	64.3	151.1	198.4	61.3
Liquidity impact on the Group						
Acquired cash and cash equivalents	3.0	0.6	9.7	23.3	43.1	10.1
Transferred remuneration	-12.3	-27.6	-54.8	-101.2	-109.2	-32.9
Total liquidity impact	-9.3	-27.1	-45.1	-77.8	-66.1	-22.8

In addition, SEK 2.4 million was transferred in 2018 as adjusted purchase price for acquisitions completed in 2017

Accounting of acquisitions

When a subsidiary is acquired, and the former owners remain as minority owners, the agreement contains, in some cases, an option that allows the minority owner to sell the remaining holdings, and Sdiptech's ability to purchase, at a later date. In these cases, no non-controlling interest is reported, but instead a financial liability is reported. The debt is reported at the present value of the estimated redemption amount of the shares.

Description of the year's acquisitions

On 3 January 2018, the acquisition of Centralmontage i Nyköping AB was completed. An agreement to acquire the company was originally entered into and announced on 7 December 2017. Centralmontage manufactures customized switching centres for large parts of society, including traffic networks, properties and industries. Net sales for the financial year 2016 amounted to approximately SEK 34.0 million and operating income to approximately SEK 3.9 million.

On 9 January 2018, the acquisition of Aviolinx Communication and Services AB was completed. An agreement to acquire the company was originally entered into and announced on 13 December 2017. Aviolinx is one of

three companies in the world providing complete infrastructure and operational control for high-frequency backup communications for air traffic. The company is unique in its category in Europe and adjacent geographical regions. Net sales for the financial year 2016 amounted to approximately SEK 18 million and operating income to approximately SEK 4 million.

On 11 January 2018, the acquisition of Optyma Security Systems Limited was completed. An agreement to acquire the company was originally entered into and announced on 21 December 2017. Optyma is a provider of integrated security systems for public and private environments, including security-classified national infrastructure. Customers operate in several sectors. During the financial year 2016, net sales amounted to approximately GBP 6.4 million and operating profit to approximately GBP 1.1 million.

On 31 January 2018, the acquisition of all shares in Multitech Site Services Limited was completed. An agreement to acquire the company was originally entered into and announced on 29 December 2017. Multitech provides temporary infrastructure, focusing primarily on the London metropolitan region. The company offers services to

construction sites including temporary electrical supply, data, plumbing, and fire safety. During the financial year ended 31 October 2017, net sales amounted to approximately GBP 10.4 million and operating profit to approximately GBP 1.9 million.

On 31 May 2018, the acquisition of KSS Klimat- & Styrsystem AB was completed. KSS Klimat- & Styrsystem (KSS) designs, programs, installs and operates control and monitoring systems for property automation, focusing on indoor and outdoor climate control and ventilation. In addition to these new installations, KSS also performs service and system adaptations to existing installations. Over the past broken financial year, net sales amounted to approximately SEK 88 million and operating income to approximately SEK 12 million.

On 2 July 2018, Sdiptech AB acquired all shares in Rogaland Industri Automasjon AS, including 51 percent of the shares in the subsidiary Adger Industri-Automasjon AS (together "RIA"). RIA was founded in 1990 and specializes in automation systems for water and wastewater treatment and extends the Sdiptech Group's offer within the water segment. RIA's operations consist of the development and installation of customized control and regulating systems for water and sewage plants, and customers are found primarily in municipalities and industry. The company generates annual net revenue of approximately NOK 40 million and an operating profit of approximately NOK 7 million.

DEFINITIONS KEY FIGURES

EBITDA	Operating profit before depreciation and impairment losses.
EBITA*	Operating profit before amortization and impairment of intangible non-current assets attributable to acquisitions. In order to clarify the underlying operating profit, acquisition-related transaction costs, which are incurred and booked regularly, are also excluded. Also, the result from revaluation of liabilities relating to conditional purchase considerations are excluded. Indicated with an asterisk.
EBITA* margin	EBITA* in relation to net sales.
Net debt/EBITDA	Calculated as average net debt for the last four quarters, in relation to EBITDA for the last four quarters. Net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents.
Net bank debt/EBITDA	Calculated as average net debt to credit institutions for the last four quarters, in relation to EBITDA for the last four quarters. Net debt to credit institutions include short-term and non-current liabilities to credit institutions less cash and cash equivalents.
Capital employed	Shareholders' equity and interest-bearing liabilities less cash and cash equivalents and short-term investments.
Return on capital employed	Calculated as EBITA for the most recent four quarters at the time of closing of the accounts, in relation to average capital employed for the most recent four quarters at the time of closing of accounts.
Cash flow generation	Calculated as operating cash flow in relation to EBITDA. Operating cash flow is calculated as EBITDA less the net of investments in, and sales of, tangible and intangible non-current assets and adjustments for cash flow changes in working capital.
Earnings per ordinary share	Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the average number of ordinary shares outstanding during the period.
Earnings per preference share	Calculated as operating income attributable to the Parent Company for the period, in relation to the average number of preference shares outstanding for the corresponding period.

RECONCILIATION OF ALTERNATIVE KEY FIGURES

For monitoring of the Group's operations, alternative key figures are presented in the interim report. The alternative key figures presented in this interim report relate to EBITDA, EBITA, EBITA*, net debt, net bank debt, and capital employed. Definitions of the alternative key figures are presented on page 20.

EBITDA compared with financial statements in accordance with IFRS (SEK million)	9 months 2018	9 months 2017	Full-year 2017
Operating profit	101.3	72.8	155.6
Depreciation and amortization of tangible non-current assets	17.7	10.5	14.7
Depreciation and amortization of intangible non-current assets	15.7	0.2	33.0
EBITDA	134.7	83.5	203.3

EBITA and EBITA* compared with financial statements in accordance with IFRS (SEK million)	9 months 2018	9 months 2017	Full-year 2017
Operating profit	101.3	72.8	155.6
Depreciation and amortization of intangible non-current assets	15.7	0.2	33.0
EBITA	117.0	73.0	188.6
Transaction costs	18.4	1.7	11.9
Adjustment of liability for additional purchase consideration	-14.7	0.0	-78.0
EBITA*	120.7	74.8	122.5

Average interest-bearing net debt compared with financial statements in accordance with IFRS (SEK million)	Average	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Interest-bearing liabilities	781.0	948.3	853.6	738.2	583.9
Cash and cash equivalents	-270.5	-237.1	-217.5	-297.5	-330.0
Interest-bearing net debt	510.5	711.3	636.1	440.8	253.9
Adjustment for discontinued operations	21.8	-	-	87.1	-
Interest-bearing net debt	532.3	711.3	636.1	527.8	253.9

Average interest-bearing net liabilities to credit institutions compared with financial statements in accordance with IFRS (SEK million)	Average	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Liabilities to credit institutions	309.7	404.0	316.2	288.9	229.8
Cash and cash equivalents	-270.5	-237.1	-217.5	-297.5	-330.0
Interest-bearing net liabilities to credit institutions	39.2	166.9	98.7	-8.6	-100.2
Adjustment for discontinued operations	21.8	-	-	87.1	-
Interest bearing net liabilities to credit institutions	60.9	166.9	98.7	78.5	-100.2

Average capital employed compared with financial statements in accordance with IFRS (SEK million)	Average	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Interest-bearing liabilities	781.0	948.3	853.6	738.2	583.9
Cash and cash equivalents	-270.5	-237.1	-217.5	-297.5	-330.0
Interest-bearing net debt	510.5	711.3	636.1	440.8	253.9
Adjustment for discontinued operations	21.8	-	-	87.1	-
Interest-bearing net debt	532.3	711.3	636.1	527.8	253.9
Shareholders' equity	1,073.9	1,103.3	1,082.2	1,103.9	1,006.4
Capital employed	1,606.2	1,814.5	1,718.3	1,631.7	1,260.3

STOCKHOLM, 6 NOVEMBER 2018

Jakob Holm
CEO

This interim report has not been audited by the company's auditors.

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Sdiptech AB (publ) is required to disclose this information pursuant to EU Market Use Regulation 596/2014. The information was provided by the above contact persons for publication 6 November 2018 at 08:30 CET.

Upcoming reports

12 February 2019: Year-End Report for the period January – December 2018

