



Rejlers is one of the largest engineering consultancy firms in the Nordic region. Our 2,000 experts work with projects in the areas of construction and property, energy, industry and infrastructure. At Rejlers, you will meet specialist engineers with the knowledge, cutting edge expertise and energy to achieve results. We are still experiencing rapid growth and can now be found in 80 locations in Sweden, Finland and Norway. Rejlers had sales of SEK 2.3 billion in 2016 and its class B share is listed on Nasdaq Stockholm.

9 February 2017

# Year-end Report Rejlers AB January – December 2016



# Rejlers strengthens its financial platform

## Fourth quarter

- » Sales increased by 15 per cent to SEK 673.7 million (586.7)
- » Organic growth was 7 per cent, adjusted for exchange rate effects
- » Operating profit was SEK 6.0 million (9.1), corresponding to an operating margin of 0.9 per cent (1.6)
- » Restructuring costs amounted to SEK 11.8 million (-)
- » Operating profit adjusted for restructuring costs amounted to SEK 17.8 million (9.1), providing an adjusted operating margin of 2.6 per cent (1.6)
- » Profit after tax was SEK 0.0 million (5.2)
- » Cash flow from operating activities totalled SEK 68.2 million (21.1)
- » Earnings per share before and after dilution were SEK -0.03 (0.40)
- » The Board of Directors proposes a rights issue of SEK 200 million. An Extraordinary General Meeting is scheduled for 13 March 2017



## January–December

- » Sales increased by 25 per cent to SEK 2,341.4 million (1,875.5)
- » Organic growth was 0 per cent, adjusted for exchange rate effects
- » Operating profit amounted to SEK 27.5 million (71.0), corresponding to an operating margin of 1.2 per cent (3.8)
- » Restructuring costs amounted to SEK 21.5 million (-)
- » Operating profit adjusted for restructuring costs amounted to SEK 49.0 million (71.0), providing an operating margin of 2.1 per cent (3.8)
- » Profit after tax was SEK 14.0 million (51.2)
- » Cash flow from operating activities totalled SEK 41.2 million (42.5)
- » Earnings per share before and after dilution were SEK 1.03 (4.15)
- » The Board of Directors proposes that no dividend be paid

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## Comments from the President and CEO, Peter Rejler

The growth rate during the quarter reached 15 per cent and is mainly attributable to acquisitions, which developed according to plan. Organic sales growth, adjusted for currency, amounted to 7 per cent.

Operating profit amounted to SEK 6.0 million with a margin of 0.9 per cent. The quarter's weak earnings trend is mainly related to continued losses in the ICT and railway area in Norway and cut-backs in the processing and nuclear power operations in Sweden as a result of lower demand.

The earnings trend is of course not satisfactory and we have been working for some time on several initiatives to again achieve our long-term margin target of 8 per cent over time. Operating profit adjusted for restructuring costs increased to SEK 17.8 million (9.1) during the quarter, corresponding to an operating margin of 2.6 per cent (1.6).

### Greater efficiency

Since the summer, the coverage rate has increased and several of the steps we have taken are gradually contributing to greater efficiency and profitability. It is also pleasing that we recently renegotiated an important ICT agreement in the Norwegian market, which will have a significant effect on earnings in this business.

### Successful acquisitions

Embriq and Orbion, which were both acquired at the end of 2015, have been integrated well and are delivering according to plan. Through Embriq, we can now supply services, solutions and systems for the smart electrical grids of the future and handle and analyse large amounts of data, which opens new business opportunities. As of year-end, we have gathered our range of IT services and energy services in the Rejlers Embriq segment.

With Orbion as a base, we are well positioned in the ICT area in every country in which we have a presence and with good profitability in Sweden and Finland.

### Strong demand in construction and energy

Our Construction and Property segment generally shows a good coverage rate and is experiencing a positive trend in all countries in terms of profitability. We see continued potential for growth in the energy business where the indus-

try is facing extensive investments in energy efficiency improvements, power supplies and sustainable electricity generation.

In the Industry segment, general price pressure is a contributing cause of our reduced profitability. During the year, we adapted the business to prevailing market conditions, and are continuously working to achieve the right efficiency.

In the Infrastructure segment, there has been a positive trend in Sweden and Finland. Rejlers Sweden has recruited for continued organic growth and, in Rejlers Finland, the acquisition of CMN Oy complemented the offering in the railway area.

Rejlers and the energy and environmental specialist Entro entered a strategic partnership for energy efficiency improvements in the construction, industrial and infrastructure area. The collaborative agreement strengthens both of the companies' positions as energy and environmental consultants in Norway, Sweden and Finland.

### New share issue for operational and financial flexibility

The on-going transformation of the Group's operations through efficiency enhancements, overhauls of unprofitable areas and greater focus on the digitisation of processes and IT solutions is continuously showing a higher order volume.

We follow an overall strategy and have the intention of further intensifying this transition to secure and strengthen our market position. We continue to expand in the Nordic region, as well as pursue selective strategic acquisitions.

As a result of this and with the aim of strengthening the company's financial position and increasing operating flexibility, the Board proposes a rights issue comprising approximately SEK 200 million for existing shareholders.

Rejlers' dividend-policy, that around 50 per cent of the company's profit after tax should be distributed as dividend, remains unchanged. However, in view of the fact that the company is conducting a rights issue, the Board is proposing to the Annual General Meeting that no dividend be paid for the financial year.

Our long-term goal to improve the operating margin to 8 per cent over time stands fast, as does achieving the growth target of 2020-3030-4040 by focusing on selected areas and on becoming more efficient and more profitable.

# Sales and financial results

	Sales, SEK million				Operating profit, SEK million				Operating margin, %			
	Oct–	Oct–	Jan–	Jan–	Oct–	Oct–	Jan–	Jan–	Oct–	Oct–	Jan–	Jan–
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rejlers Sweden	334.2	321.2	1,226.2	1,099.0	9.5	7.2	28.0	51.4	2.8	2.2	2.3	4.7
Rejlers Finland	114.9	96.3	389.4	336.4	6.2	7.6	15.0	18.9	5.4	7.9	3.9	5.6
Rejlers Norway	88.1	73.2	335.6	298.5	-6.1	-1.5	-13.3	3.5	-6.9	-2.0	-4.0	1.2
Rejlers Embriq	144.3	100.2	417.1	151.3	2.7	1.7	15.6	9.3	1.9	1.7	3.7	6.1
Group-wide	5.6	8.2	22.7	27.1	-6.3	-5.9	-17.8	-12.1	-	-	-	-
Eliminations	-13.4	-12.4	-49.6	-36.8	-	-	-	-	-	-	-	-
<b>Total Group</b>	<b>673.7</b>	<b>586.7</b>	<b>2,341.4</b>	<b>1,875.5</b>	<b>6.0</b>	<b>9.1</b>	<b>27.5</b>	<b>71.0</b>	<b>0.9</b>	<b>1.6</b>	<b>1.2</b>	<b>3.8</b>

## October – December 2016

Sales totalled SEK 673.7 million (586.7), which corresponds to an increase of 15 per cent compared to the same period last year. Organic sales growth, adjusted for exchange rate effects, amounted to 7 per cent, mainly due to a positive trend in the Energy and Construction and property segments.

Operating profit for the fourth quarter amounts to SEK 6.0 million (9.1), which corresponds to an operating margin of 0.9 per cent (1.6). The quarter's weak earnings are attributable to restructuring costs in Sweden of SEK 11.8 million (-) in the industrial business, which is part of the ongoing transformation of the Group's operations. Adjusted for restructuring costs, operating profit amounted to SEK 17.8 million (9.1), corresponding to an adjusted operating margin of 2.6 per cent (1.6). In addition, the coverage rate was lower in Sweden and Norway compared with the previous year, while the calendar effect was positive (one day). In Norway, we continued to have efficiency problems in some assignments due to delays in the start-up of projects in the ICT and railway area.

The billing ratio amounted to 74.6 per cent (75.2).

## January – December 2016

Sales totalled SEK 2,341.4 million (1,875.5), which corresponds to an increase of 25 per cent compared to the same period last year. Organic sales growth, adjusted for currency effects, amounted to 0 per cent, as an effect of the year's restructuring.

Operating profit for the year was SEK 27.5 million (71.0), equivalent to an operating margin of 1.2 per cent (3.8). The restructuring costs in Sweden amounted to SEK 21.5 million (-) during the year and can be attributed to cut-backs in unprofitable parts of the industrial business in Rejlers Sweden. Adjusted for restructuring costs, operating profit amounted to SEK 49.0 million (71.0), corresponding to an adjusted operating margin of 2.1 per cent (3.8). Large start-

up costs of projects in Norway negatively impacted operating profit on a scale of SEK 12.0 million. However, the calendar effect impacted operating profit positively (two days).

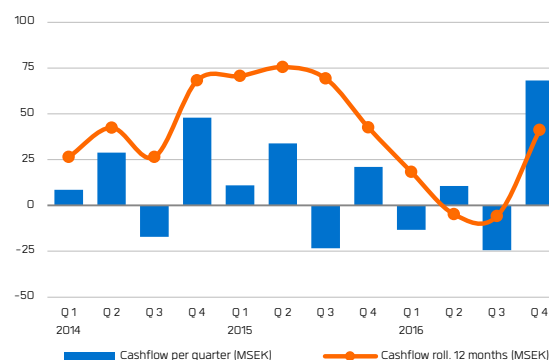
The billing ratio amounted to 73.0 per cent (75.0).

## Cash flow and financial position

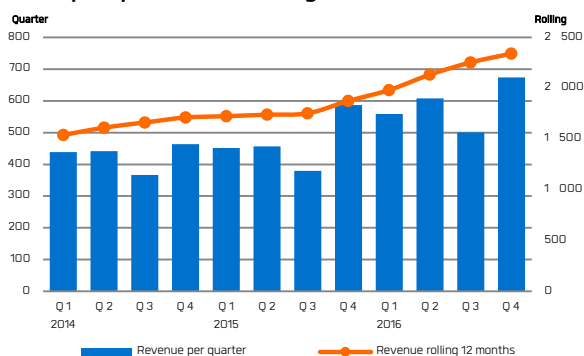
The cash flow from operating activities amounted to SEK 41.2 million (42.5) for the year and SEK 68.2 million (21.1) for the quarter driven mainly by increased accounts payable. Consolidated cash and cash equivalents at the end of the year amounted to SEK 64.9 million compared to SEK 108.8 million on 31 December 2015. The change in cash and cash equivalents during the year was affected, among other things, by a dividend of SEK 26.3 million (24.6), investments in fixed assets, subsidiaries and businesses of SEK 73.1 million (240.4) and new loans of SEK 55.5 million (249.5) and repayments of SEK 49.1 million (62.1).

Interest-bearing liabilities increased by SEK 7.7 million since 31 December 2015 to amount to SEK 288.4 million at the end of period. Net indebtedness amounted to SEK 244.2 million, compared with SEK 196.9 million as at 31 December 2015. The equity/assets ratio at the end of the period amounted to 40.6 per cent compared to 41.7 per cent as of 31 December 2015. Equity per share was SEK 41.50 at the end of the period compared to SEK 39.97 as of 31 December 2015. The Group's overdraft facilities of SEK 50 million (50) remained fully unutilised as in the previous year.

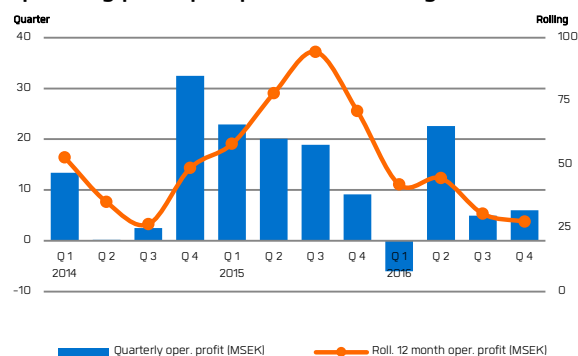
## Cash flow from operating activities



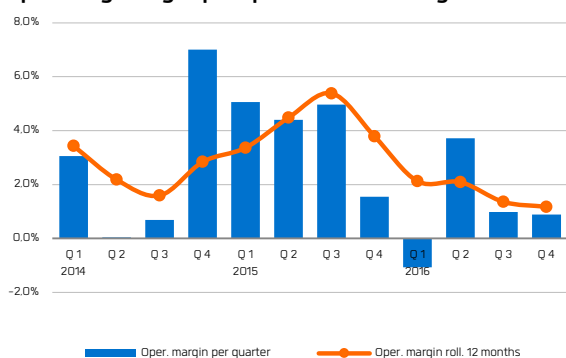
### Sales per quarter and rolling 12 months



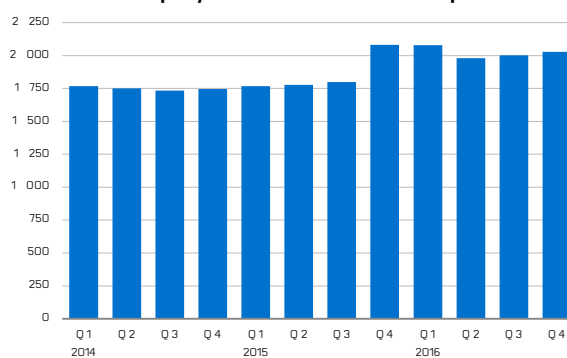
### Operating profit per quarter and rolling 12 months



### Operating margin per quarter and rolling 12 months



### Number of employees at the end of the quarter



## Investments

Investments in property, plant and equipment over the year totalled SEK 9.8 million (9.5) and investments in intangible non-current assets totalled SEK 33.8 million (4.0). Investments in subsidiaries and businesses amounted to SEK 29.5 million (226.5). More information on investments in subsidiaries and businesses is provided on page 12. Depreciation, amortisation and impairment losses amounted to SEK 44.2 million (32.2).

## Employees

At the end of the period, there were 2,027 employees (2,082). There were 1,939 full-year employees (1,793).

At the end of the period, 21 (13) employees in Finland and 5 (-) in Norway had been laid off as of the end of the period.

## Parent Company

Net sales in the Parent Company during the year amounted to SEK 22.7 million (25.1) and earnings after tax totalled SEK 3.1 million (22.8).

## Significant events during the fourth quarter and after the end of the period

Rejlers and the energy and environmental specialist Entro entered a strategic partnership for energy efficiency improvements in the construction, industrial and infrastructure area. The collaborative agreement strengthens both of the companies' positions as energy and environmental consultants in Norway, Sweden and Finland.

On 1 January, we carried out an operational consolidation of the companies that are a part of Rejlers IT Solutions, which in continuation will be gathered under Rejlers Embrig.

On 8 February 2017, the Board of Directors decided, on condition of the approval of the Extraordinary General Meeting, on a rights issue comprising approximately SEK 200 million with the aim of accelerating the company's transformation work and thereby strengthening Rejlers financial position and operating flexibility. The issue is expected to be approved through a resolution at the Extraordinary General Meeting on 13 March 2017. For more information on the rights issue, please refer to the press release published on 8 February 2017.

# Segment Rejlers Sweden

Rejlers Sweden has offices in some 40 locations. The range of services includes automation, electric power, installation, railways, mechanical engineering, processing and plant as well as telecommunications. The Sweden segment accounts for about 52 per cent of Rejlers' total sales.

**Rejlers Sweden increased sales in the fourth quarter by 4.0 per cent to SEK 334.2 million (321.2). Organic sales growth amounted to 0.3 per cent. Operating profit for the quarter was SEK 9.5 million (7.2), equivalent to an operating margin of 2.8 per cent (2.2). Earnings were affected by restructuring costs of SEK 11.8 million (-), adjusted for these costs, operating profit was SEK 21.3 million (7.2), corresponding to an adjusted operating margin of 6.4 per cent (2.2).**

To improve profitability, the industrial business in Västerås was restructured in October including the termination of 25 employees. This is a result of a substantial decline in demand for services in nuclear power production.

A transformation of the business in Rejlers Sweden is under way including a reduction of the industry segment and expansion in energy, construction, infrastructure and IT. The increase in order volume in the second half of the year, which is partly an effect of steps taken and intensified sales activities.

The market and demand for the company's services are generally good except in some parts of the industry segment.

The Energy Business Area is growing organically and contributing positively to earnings. Demand in energy efficiency enhancement, power supply and sustainable electricity generation is growing.

The ICT business is growing as a result of data traffic increasing at an increasingly faster pace and there is a great need for ICT engineers, especially in information and IT security. The market for technical consulting services for roads and railways is expected to grow strongly until 2024.

The Construction and property business has a strong order volume. Rejlers won several large construction assignments during the period.

## Assignments in the fourth quarter

- » Rejlers is involved in the largest port construction in Sweden in 100 years. Ports of Stockholm are building a new commercial port in Norvik outside Nynäshamn. Some 15 engineers at Rejlers are responsible for the detailed project planning for ducting, telecoms and security, as well as lighting and power supply.
- » Rejlers Energiprojekt has been engaged to carry out an Energy Service Project for Karlshamnshostäder AB. Rejlers is the turnkey contractor with the assignment to improve technical status and enhance energy consumption in the residential and commercial units covered by the project.
- » Rejlers has been engaged by Svenska Kraftnät for power grid project planning in the Stockholm area with the aim of strengthening the power supply in the region.

## Key performance indicators – Rejlers Sweden

	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Sales, SEK million	334.2	321.2	1,226.2	1,099.0
Operating profit, SEK million	9.5	7.2	28.0	51.4
Operating margin, %	2.8	2.2	2.3	4.7
Number of employees	1,090	1,173	1,090	1,173
Number of working days	64	63	251	249

# Segment Rejlers Finland



Rejlers operates at 18 locations in Finland. Rejlers in Finland offers consultancy services the fields of architecture, automation, energy, mechanical engineering, environmental technology, heating, ventilation and sanitation, as well as turnkey deliveries to customers in the construction and property, energy, industry and infrastructure sectors. The Finland segment accounts for 16 percent of Rejlers' total sales.

**Rejlers Finland increased sales in the fourth quarter by 19 per cent to SEK 114.9 million (96.3). Organic sales growth, adjusted for exchange rate effects, amounted to -3.7 per cent. The negative growth is mainly due to layoffs in the industry business area. Operating profit for the quarter was SEK 6.2 million (7.6), equivalent to an operating margin of 5.4 per cent (7.9).**

The market situation developed positively in Finland in the past few months and Rejlers has had strong earnings except in parts of the industry business area.

Through a change of the labour law legislation in Finland, which entered into effect on 1 January, working hours have been extended by 0.5 hour per employee and week. This is expected to have a positive effect on profitability in Rejlers Finland in the future.

The industry business adapted its services to the market conditions and now also offers services in production efficiency, process design and security and digitisation processes.

Rejlers notes an increased demand for services in energy production and energy management. Demand for Rejlers' energy metering services and IT solutions for power grids is good. The company is seeing a growth for assignments for co-generation plants.

The government is planning significant investments in the infrastructure market in Finland. CMN Service Oy was

acquired in October, with its 17 employees. The acquisition is adding new expertise in superstructures and bridge and tunnel constructions for railways. Through the acquisition, Rejlers' offering in the railway area is complete.

Rejlers assignments in network planning and network design for both fixed and mobile networks cover the entire Nordic region. Several of the ICT customers request the company's outsourcing services.

The construction and property area continues to experience organic growth and Rejlers has won several new assignments in Helsinki, Tampere and Turku.

## Assignments in the fourth quarter

- » Rejlers Finland won several assignments in the strongly growing Aviapolis commercial area in the Helsinki region. Rejlers has been engaged by Fina- via and Skanska for assignments concerning project engineering of electrical, telecom and security systems in office buildings and hotels.
- » Rejlers was commissioned by Bellmer Vaahto to supply machinery and equipment for the Papeleira Coreboard board mill in Portugal.
- » Rejlers was contracted by the electrical grid company Leppäkosken Sähkö to conduct security audits of their construction sites. The assignment also covers developing a mobile application and development proposals for the business' security.

## Key performance indicators – Rejlers Finland

	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Sales, SEK million	114.9	96.3	389.4	336.4
Operating profit, SEK million	6.2	7.6	15.0	18.9
Operating margin, %	5.4	7.9	3.9	5.6
Number of employees	526	482	526	482
Number of working days	63	64	253	252

# Segment Rejlers Norway

In Norway, Rejlers offers expertise in the areas of electrical power, electrical safety, energy certification, installation, railways and telecommunications. There are operations at 10 locations in the country. Rejlers Norway accounts for 14 per cent of Rejlers' total sales.

**In Rejlers Norway, fourth quarter sales increased by 20 per cent to SEK 88.1 million (73.2). Organic sales growth, adjusted for exchange rate effects, amounted to 4.3 per cent, mainly driven by strong demand in the construction and property area. Norway reported an operating loss for the quarter of SEK 6.1 million (loss: 1.5).**

Rejlers Norway reported distinctly lower earnings than expected, mainly due to a lower coverage rate and a worse development in the ICT and railway area. Delays in the start of projects for the Norwegian National Rail Administration and Statnett also negatively impacted the quarter's earnings.

To address profitability, efforts are being intensified in the form of further efficiency enhancements of the organisation and more cost savings. Rejlers recently renegotiated an important ICT agreement in the Norwegian market, which will have a significant effect on earnings in this business.

Geir Løvnes was appointed the new division head for ICT in Rejlers Norway in December. Geir has an extensive background in telecommunications with experience of senior positions in several large companies in the Norwegian market.

Demand in the energy field and in the construction and property area remains strong. Rejlers is in a development phase for services relating to digitisation of processes for the infrastructure, energy and construction markets. The business has a steady influx of assignments from one of

the major customers, Agder Energi. Rejlers is actively participating in the development of the existing communications network and we have digitised processes for electrical safety inspections. Rejlers is digitising electrical safety inspections in Oslo using a new IT tool.

Rejlers and the energy and environmental specialist Entro are entering a strategic partnership for energy efficiency improvements in the construction, industrial and infrastructure area. This collaborative agreement strengthens both of the companies' positions as energy and environmental consultants in Norway.

Rejlers is opening a new office in Trondheim where the Rejlers Operation Centre is located. The operation centre monitors operations and maintenance of communication networks for multiple customers simultaneously.

The demand for Rejlers' services is increasing in the construction and property segment, and for assignments that aim to achieve more efficient and more sustainable energy use in properties and municipalities.

## Assignments in the fourth quarter

- » Rejlers has signed a framework agreement with Statnett for project management, project engineering and follow-up in the establishment of an ICT platform for fibre and radio networks.
- » Rejlers was commissioned by the Norwegian National Rail Administration to improve and enhance the efficiency of future routing models in Norway. The Norwegian National Rail Administration initiated a project to improve its simulation models.

## Key performance indicators – Rejlers Norway

	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Sales, SEK million	88.1	73.2	335.6	298.5
Operating profit, SEK million	-6.1	-1.5	-13.3	3.5
Operating margin, %	-6.9	-2.0	-4.0	1.2
Number of employees	244	239	244	239
Number of working days	64	63	253	251



# Segment

## Rejlers Embriq

The Rejlers Embriq segment offers IT services and products in energy and infrastructure, as well as energy metering services. Rejlers Embriq also includes traditional IT services, cloud services and an advanced and modern centre for managing customers' IT environments. The segment has operations in 10 locations in Norway, Sweden and Finland. Rejlers Embriq accounts for 18 per cent of Rejlers' total sales.

**Rejlers Embriq increased sales for the quarter by 44 per cent to SEK 144.3 million (100.2). Organic sales growth, adjusted for exchange rate effects, amounted to 47 per cent, mainly driven by assignments for Nettalliansen. Operating profit was SEK 2.7 million (1.7), equivalent to an operating margin of 1.9 per cent (1.7).**

As of 1 January 2017, the IT Solutions segment changed names to Rejlers Embriq. The operations in Rejlers Energitjänster, Rejlers ComIT and Rejlers Embriq are gathered under the Rejlers Embriq segment with a common Nordic management. This provides a broader, more complete range of services in IT solutions and energy measurement that is offered in all of the Nordic countries. The company sees growth opportunities in such markets as energy, infrastructure and retailing.

The digitisation of physical infrastructure is an ongoing mega-trend. Smart electricity networks are being rolled out on a large scale. With smart power grids, the grid can be handled and managed digitally and at the same time save resources.

Rejlers is now conducting a strategic initiative in the digitisation of infrastructure and the smart handling of large amounts of data. Through Rejlers Embriq, we are developing the future's digital solutions for the energy sector.

With strong growth on top of a large existing market share in Norway, Rejlers Embriq has a good basis for further development in the Nordic countries. Already established service platforms that support future needs for digitisation, combined with area knowledge, are the basis of such an expansion. During the quarter, the segment was strengthened with a number of new recruits.

### Key performance indicators – Rejlers Embriq

	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Sales, SEK million	144.3	100.2	417.1	151.3
Operating profit, SEK million	2.7	1.7	15.6	9.3
Operating margin, %	1.9	1.7	3.7	6.1
Number of employees	156	179	156	179

The market for energy metering services is expected to grow over the coming years, as many of the remote reading meters in the Nordic countries are replaced. The planned development of a central Swedish Elhub over the next few years is very positive for Rejlers' initiatives in this sector.

Operationally, the business during the fourth quarter was characterised by a number of smart metering projects in the energy sector, and by the implementation of advanced digital solutions.

Rejlers Embriq also developed the concept of "Connected Stores" for retailing. The concept is based on a complete digitisation of the sector with minimal stock, optimal logistics and minimal emissions as a result.

Rejlers Embriq has also begun the implementation of IT services for Elkjøp's operations in Norway, Sweden, Finland and Denmark. The aim is to increase Elkjøp's data capacity and create a flexible and secure IT platform.

### Assignments in the fourth quarter

- » Rejlers Embriq has entered into an agreement with Nettalliansen for the delivery of IT operating services for more than 47 energy companies throughout Norway. Rejlers Embriq has responsibility for establishment and comprehensive operations, and responsibility for integration support for future business-specific programmes that will be a part of Nettalliansen's digitisation process.
- » Rejlers Embriq has signed agreements with four Norwegian grid companies with a total of around 50,000 measurement points for services in smart metering and supply of the software Quant.

# Group

## Condensed income statement

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Net sales	673.7	586.7	2,341.4	1,875.5
Personnel expenses	-392.2	-381.3	-1,453.7	-1,280.1
Other external expenses	-262.7	-184.6	-816.6	-493.1
Depreciation and impairment	-13.0	-12.0	-44.2	-32.2
Participations in associates	0.2	0.3	0.4	0.8
<b>Operating profit</b>	<b>6.0</b>	<b>9.1</b>	<b>27.5</b>	<b>71.0</b>
Net financial income/expense	-2.6	1.1	-5.3	0.8
<b>Profit after net financial income/expense</b>	<b>3.4</b>	<b>10.2</b>	<b>22.2</b>	<b>71.8</b>
Tax	-3.4	-5.0	-8.2	-20.6
<b>Profit for the period</b>	<b>0.0</b>	<b>5.2</b>	<b>14.0</b>	<b>51.2</b>
<i>Attributable to:</i>				
Parent Company's shareholders	-0.3	5.2	13.3	51.2
Shareholders without a controlling influence	0.3	-0.1	0.7	-0.1
Average number of shares	12,921,721	12,419,547	12,921,721	12,346,379
Earnings per share before and after dilution, SEK	-0.03	0.42	1.03	4.15

## Condensed statement of comprehensive income

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Profit for the period	0.0	5.2	14.0	51.2
<i>Items that may be reclassified to the income statement:</i>				
Translation differences of foreign operations, net after-tax	-2.9	-13.6	28.5	-22.4
<i>Items that will not be reclassified to the income statement:</i>				
Revaluation of net pension liability	4.3	12.1	4.3	12.1
Total other comprehensive income	1.4	-1.5	32.8	-10.3
<b>Comprehensive income for the period</b>	<b>1.4</b>	<b>3.7</b>	<b>46.8</b>	<b>40.9</b>

## Condensed balance sheet

SEK million	31 Dec 2016	31 Dec 2015
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	432.6	395.4
Other intangible assets	121.8	99.8
Tangible assets	37.5	36.2
Other non-current assets	47.6	48.7
<b>Total non-current assets</b>	<b>639.5</b>	<b>580.1</b>
<b>Current assets</b>		
Current receivables	656.0	569.0
Cash and cash equivalents	64.9	108.8
<b>Total current assets</b>	<b>720.9</b>	<b>677.8</b>
<b>Total assets</b>	<b>1,360.4</b>	<b>1,257.9</b>
<b>Equity and liabilities</b>		
Equity attributable to shareholders in the Parent Company	536.2	516.5
Non-controlling interests	16.0	8.3
<b>Total equity</b>	<b>552.2</b>	<b>524.8</b>
<b>Non-current liabilities</b>		
Provision for pensions	20.7	25.0
Interest-bearing non-current liabilities	155.0	177.5
Other non-current liabilities	50.9	55.4
<b>Total non-current liabilities</b>	<b>226.6</b>	<b>257.9</b>
Interest-bearing current liabilities	133.4	103.2
Other current liabilities	448.2	372.0
<b>Total current liabilities</b>	<b>581.6</b>	<b>475.2</b>
<b>Total liabilities and equity</b>	<b>1,360.4</b>	<b>1,257.9</b>

## Condensed changes in equity

SEK million	31 Dec 2016	31 Dec 2015
Equity at start of period	524.8	441.6
Comprehensive income for the period	46.8	40.9
The minority's share of acquired companies	6.9	8.3
<b>Changes attributable to transactions with the owners</b>		
Acquisition of non-controlling interests	-	-0.4
New share issue	-	59.0
Dividends	-26.3	-24.6
Total changes attributable to transactions with the owners	-26.3	34.0
<b>Equity at end of period</b>	<b>552.2</b>	<b>524.8</b>
<b>Attributable to:</b>		
Parent Company's shareholders	536.2	516.5
Non-controlling interests	16.0	8.3
<b>Total</b>	<b>552.2</b>	<b>524.8</b>

## Condensed cash flow statement

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Cash flow from operating activities before changes in operating capital and tax paid	12.2	14.6	70.5	83.0
Tax paid	15.7	8.3	-21.0	-9.6
Change in working capital	40.3	-1.8	-8.3	-30.9
<b>Cash flow from operating activities</b>	<b>68.2</b>	<b>21.1</b>	<b>41.2</b>	<b>42.5</b>
Cash flow from investing activities	-40.7	-218.4	-71.5	-240.2
Cash flow from financing activities	-7.2	278.9	-19.9	221.9
<b>Cash flow for the period</b>	<b>20.3</b>	<b>81.6</b>	<b>-50.2</b>	<b>24.2</b>
Cash and cash equivalents at start of period	45.2	29.5	108.8	89.8
Exchange rate differences in cash and cash equivalents	-0.6	-2.3	6.3	-5.2
<b>Cash and cash equivalents at end of period</b>	<b>64.9</b>	<b>108.8</b>	<b>64.9</b>	<b>108.8</b>

## Net debt

SEK million	31 Dec 2016	31 Dec 2015
Interest-bearing non-current liabilities	155.0	177.5
Interest-bearing current liabilities	133.4	103.2
Pension provisions	20.7	25.0
Cash and cash equivalents	-64.9	-108.8
<b>Total</b>	<b>244.2</b>	<b>196.9</b>

## Acquisition of subsidiaries and operations

On 1 January, Rejlers acquired the assets in Insplacon Oy. On 1 May, all shares in JS-Verkot Oy were acquired. On 3 October, CMN Services Oy was acquired.

So far this year, acquisitions have contributed SEK 17.2 million to sales and SEK 2.8 million to operating profit. If the companies and operations had been owned as of 1 January, they would have contributed sales of SEK 49.4 million and an operating profit of SEK 6.5 million.

### Net assets of companies acquired at the time of acquisition

SEK million	Jan - Dec
	Total
Non-current assets	0.4
Current assets	6.9
Cash and cash equivalents	15.3
Non-current liabilities	-
Other current liabilities	-4.7
<b>Net identifiable assets and liabilities</b>	<b>17.9</b>
Goodwill	20.3
Customer values	9.5
Deferred tax on intangible assets	-1.9
<b>Purchase price, cash and cash equivalents</b>	<b>45.8</b>
<i>Less:</i>	
Cash and cash equivalents in acquired companies	-15.3
Unadjusted purchase price previously paid	-1.0
<b>Net cash outflow during the period</b>	<b>29.5</b>

Acquisition analyses for the acquired operations are preliminary because the assets have not been fully analysed. The goodwill value, which is not tax-deductible, includes the technical skills of staff and synergies. Otherwise, the fair value of the assets and liabilities at the time of acquisition corresponds to the carrying amount in the acquired companies. There are no uncertain receivables among the acquired assets. Acquisition-related costs were expensed as other external expenses when they were incurred.

## Key performance indicators

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
IFRS key performance indicators				
Earnings per share, before and after dilution, SEK	-0.03	0.40	1.03	4.15
Average number of shares	12,921,721	12,419,547	12,921,721	12,346,379
Number of shares at end of period	12,921,721	12,921,721	12,921,721	12,921,721
Alternative performance measures				
Operating margin, %	0.9	1.6	1.2	3.8
Operating income per full-time employee, SEK thousand	3	5	14	40
Equity/assets ratio, %	40.6	41.7	40.6	41.7
Equity per share at the end of the period	41.50	39.97	41.50	40.00
Net indebtedness, SEK million	244.2	196.6	244.2	196.9
Net indebtedness/adjusted EBITDA rolling 12 month <sup>1)</sup>	3.3	1.9	3.3	1.9
Operational key performance indicators				
Billable hours ratio, %	74.6	75.2	73.0	75.0
Sales per full-time employee, SEK thousands	349	300	1,208	1,046
Number of working days	64	63	251	249
Number of full-time employees	1,929	1,958	1,939	1,793
Number of employees at end of period	2,027	2,082	2,027	2,082

Definitions of key performance indicators are in the company's latest annual report and on page 15 of this report.

<sup>1)</sup> During the fourth quarter, the company renegotiated financial terms for net debt in relation to EBITDA.

## Quarterly summary

SEK million	Q2 2014	Q3 2014	Q4 2014	Q1 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2016	Q3 2016	Q4 2016	
Sales													
Sweden	277.3	217.8	285.8	1,059.4	267.2	276.7	233.9	321.2	1,099.0	309.2	329.9	252.9	334.2
Finland	80.3	64.7	79.4	293.2	83.5	86.1	70.5	96.3	336.4	91.6	97.5	85.4	114.9
Norway	73.0	69.7	87.4	305.5	81.0	80.1	64.2	73.2	298.5	73.6	99.1	74.8	88.1
Embriq	17.0	17.4	18.4	70.8	19.9	16.4	14.8	100.2	151.3	87.8	85.9	99.1	144.3
Group-wide, etc.	-5.6	-3.1	-6.9	-17.4	0.6	-2.8	-3.3	-4.2	-9.7	-3.0	-4.2	-11.9	-7.8
<b>Total</b>	<b>442.0</b>	<b>366.5</b>	<b>464.1</b>	<b>1,711.5</b>	<b>452.2</b>	<b>456.5</b>	<b>380.1</b>	<b>586.7</b>	<b>1,875.5</b>	<b>559.2</b>	<b>608.2</b>	<b>500.3</b>	<b>673.7</b>
Operating profit													
Sweden	7.6	5.8	21.7	59.9	14.5	15.6	14.1	7.2	51.4	-1.4	17.8	2.1	9.5
Finland	3.1	4.6	6.2	14.2	4.6	4.7	2.0	7.6	18.9	0.3	3.1	5.4	6.2
Norway	-11.9	-12.6	2.7	-25.6	0.3	0.2	4.5	-1.5	3.5	-7.8	2.1	-1.5	-6.1
Embriq	2.6	5.8	3.3	15.3	4.2	2.2	1.2	1.7	9.3	5.8	5.0	2.1	2.7
Group-wide, etc.	-1.2	-1.1	-0.6	-15.2	-0.7	-2.5	-2.7	-3.7	-12.1	-2.9	-5.4	-3.2	-6.3
<b>Total</b>	<b>0.2</b>	<b>2.5</b>	<b>32.5</b>	<b>48.6</b>	<b>22.9</b>	<b>20.1</b>	<b>18.9</b>	<b>9.1</b>	<b>71.0</b>	<b>-6.0</b>	<b>22.6</b>	<b>4.9</b>	<b>6.0</b>
Operating margin													
Sweden	2.7	2.7	7.6	5.7	5.4	5.6	6.0	2.2	4.7	-0.5	5.4	0.8	2.8
Finland	3.9	7.1	7.8	4.8	5.5	5.5	2.8	7.9	5.6	0.3	3.2	6.3	5.4
Norway	-16.3	-18.1	3.1	-8.4	0.4	0.2	7.0	-2.0	1.2	-10.6	2.1	-2.0	-6.9
Embriq	15.3	33.3	17.9	21.6	21.1	13.4	8.1	1.7	6.1	6.6	5.8	2.1	1.9
Group-wide, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0.0</b>	<b>0.7</b>	<b>7.0</b>	<b>2.8</b>	<b>5.1</b>	<b>4.4</b>	<b>5.0</b>	<b>1.6</b>	<b>3.8</b>	<b>-1.1</b>	<b>3.7</b>	<b>1.0</b>	<b>0.9</b>
Number of employees													
Sweden	1,011	997	998	998	1,016	1,018	1,022	1,173	1,173	1,163	1,082	1,089	1,090
Finland	447	431	434	434	447	464	482	482	482	500	501	497	526
Norway	236	241	247	247	236	230	231	239	239	249	240	249	244
Embriq	55	53	55	55	57	57	56	179	179	155	147	155	156
Group-wide, etc.	11	11	8	8	8	9	9	9	9	10	10	11	11
<b>Total</b>	<b>1,760</b>	<b>1,733</b>	<b>1,742</b>	<b>1,742</b>	<b>1,764</b>	<b>1,778</b>	<b>1,800</b>	<b>2,082</b>	<b>2,082</b>	<b>2,077</b>	<b>1,980</b>	<b>2,001</b>	<b>2,027</b>

# Parent Company

## Condensed income statement

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Sales	5.6	6.2	22.7	25.1
Personnel expenses	-4.0	-3.6	-15.0	-15.5
Other external expenses	-7.7	-5.9	-23.6	-19.9
Depreciation	-0.1	-0.3	-0.7	-1.1
<b>Operating profit</b>	<b>-6.2</b>	<b>-3.6</b>	<b>-16.6</b>	<b>-11.4</b>
Net financial income/expense	8.5	38.6	10.7	39.7
<b>Profit after net financial income/expense</b>	<b>2.3</b>	<b>35.0</b>	<b>-5.9</b>	<b>28.3</b>
Appropriations	9.0	-6.1	8.8	0.1
Tax	0.0	-4.2	0.2	-5.6
<b>Profit after tax</b>	<b>11.3</b>	<b>24.7</b>	<b>3.1</b>	<b>22.8</b>

The Parent Company has no items to report in other comprehensive income, which is why this financial statement has been omitted.

## Condensed balance sheet

SEK million	31 Dec 2016	31 Dec 2015
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	-	0.4
Tangible assets	0.4	0.6
Financial assets	402.4	396.0
<b>Total non-current assets</b>	<b>402.8</b>	<b>397.0</b>
<b>Current assets</b>		
Current receivables	142.7	197.3
Cash and cash equivalents	50.2	36.5
<b>Total current assets</b>	<b>192.9</b>	<b>233.8</b>
<b>Total assets</b>	<b>595.7</b>	<b>630.8</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>226.4</b>	<b>249.1</b>
Untaxed reserves	22.0	30.8
<b>Non-current liabilities</b>	<b>152.1</b>	<b>172.8</b>
<b>Current liabilities</b>	<b>195.2</b>	<b>178.1</b>
<b>Total liabilities and equity</b>	<b>595.7</b>	<b>630.8</b>

## Rejlers' shares

The closing price for Rejlers Class B on 30 December 2016 was SEK 81.75 per share, a decrease of 34 per cent compared with 30 December 2015. The closing price for the Rejlers Class B share on 8 February 2017 was SEK 80 per share. The Rejlers share is listed on Nasdaq Stockholm.

## Proposed dividend

Rejlers' long-term policy is that around 50 per cent of the company's profit after tax should be distributed as dividend. The dividend policy remains unchanged, however in view of the fact that the company is conducting a rights issue, the Board is proposing to the Annual General Meeting that no dividend be paid for the financial year. Last year, a dividend of SEK 2.00 per share was paid with a total dividend amount of SEK 25.8 million.

## Annual General Meeting 2017

The Annual General meeting will be held at Rejlers' office in Stockholm, Lindhagensgatan 126, on 24 April 2017.

Information on the Nomination Committee and the AGM is available on the company's website, [www.rejlers.com/se](http://www.rejlers.com/se).

## Accounting policies

This interim report has been prepared for the Group in accordance with IAS 34 Interim Reporting and RFR 1, Supplementary Accounting Rules for Groups. The same accounting policies were applied as in the most recent annual report for both the Group and the Parent Company. A number of changes in the standards entered into effect in 2016. None of these has materially affected the Group's accounts and reporting.

The Parent Company's reports are prepared in accordance with the Annual Accounts Act and RFR 2, Accounting for Legal Entities.

For detailed information on the company's significant risks, uncertainty factors and accounting policies, please refer to the Annual Report for 2015.

As of the interim report for the second quarter of 2016, the ESMA Guidelines on Alternative Performance Measurements are applied.

## Correction of errors

The year-end report for 2015 incorrectly stated a figure for earnings per share after dilution that deviated from earnings per share before dilution. Rejlers had no dilution effects during these periods, which means that there should be no difference between earnings per share before and after dilution. Corrections made are presented below.

Fourth quarter 2015	Previously reported	Recalculation	Recalculated
Earnings per share after dilution	0.40	0.02	0.42

January-December 2015	Previously reported	Recalculation	Recalculated
Earnings per share after dilution	3.96	0.19	4.15

## Financial calendar

Annual General Meeting	24 April 2017
Interim report, January-March 2017	9 May 2017
Interim report, January-June 2017	19 July 2017
Interim report, January-September 2017	25 October 2017

## Reconciliation

The KPI Net indebtedness/adjusted EBITDA rolling 12 months is calculated as follows:

Operating profit	27.5
Depreciation and impairment	44.2
Acquired operations	3.2
Total adjusted EBITDA rolling 12 month	74.9
Net indebtedness/adjusted EBITDA rolling 12 month	224.2/74.9=3.3

## Definitions

The company presents certain financial measurements in the interim reports that are not defined according to IFRS. The company considers that these measurements provide valuable supplementary information for investors and company management, since they permit an assessment of the company's performance. Since not all companies calculate financial measurements in the same way, these are not always comparable with measurements that are used by other companies. These financial measurements must not therefore be seen as a replacement for measurements that are defined according to IFRS. Rejlers presents the following alternative performance measures:



KPI	Definition	Motivation
Operating margin	Operating profit divided by net sales.	Relevant to assess Rejlers efficiency and value creation.
Operating profit per full-time employee	Operating profit divided by full-time employees.	A measure to show efficiency per full-time employee.
Equity/assets ratio	Total equity divided by total assets.	Relevant for assessing Rejlers possibilities of meeting its financial commitments.
Equity per share	Total equity divided by the number of shares at the end of the period.	A measure for describing the size of the equity that belongs to the shareholders in the Parent Company.
Net indebtedness	Current and non-current interest-bearing liabilities (i.e. bank loans and finance leases) and pension provisions less cash and cash equivalents.	A measure to show Rejlers' total indebtedness.
Net indebtedness/adjusted EBITDA rolling 12 month	Net indebtedness divided by operating profit before depreciation and impairment losses including acquired operations for the past 12-month period.	Relevant for showing financial risk and for the follow-up of the level of Rejlers' indebtedness.
Organic and acquired growth	The change in net sales for the current quarter or financial period compared with the year-earlier period considering what was generated internally (organically) and what was added through acquisitions (acquired).	Relevant for showing how Rejlers' growth is taking place.
Growth adjusted for exchange rate effects	Change in net sales for the current quarter or financial period compared with the year-earlier period in the respective country's currency.	A measure that shows underlying growth in local currency.

## Other information

The carrying amount for financial instruments recognised at the amortised cost corresponds to the fair value.

Transactions with related parties took place on market terms and have not significantly affected the Group's results.

Stockholm, 9 February 2017

Rejlers AB (publ)

Peter Rejler

Director, President and CEO

The information in this interim report is such that Rejlers AB (publ) is obliged to publish under the EU Market Abuse Directive and the Swedish Securities Market Act. The information was submitted through the care of the contact person above for publication on 9 February 2017 at 8:00 a.m. CET. This report is also available in Swedish. The English version is a translation of the Swedish original. If there are any differences, the Swedish version takes precedence.