

# INTERIM REPORT JANUARY-SEPTEMBER 2019

## Significantly improved earnings

### Third quarter

- The operating income amounted to SEK 410 million [405] and the organic growth was 1.6%.
- The operating profit amounted to SEK 32 million [18], yielding an operating margin of 7.8% [4.4]
- The profit after tax amounted to SEK 24 million [14]
- Earnings per share [EPS] after dilution amounted to SEK 1.34 [0.75]

### January-September

- The operating income amounted to SEK 1,369 million [1,353] and the organic growth was 0.6%.
- The operating profit amounted to SEK 93 million [79], yielding an operating margin of 6.8% [5.8]
- The profit after tax amounted to SEK 68 million [60]
- Earnings per share [EPS] after dilution amounted to SEK 3.86 [3.33]

### Comment from CEO Markus Granlund:

Our constant focus on strengthening profitability is having the desired effect. The third quarter's profits and operating margins are considerably higher than the corresponding quarter in 2018. The main reasons for the earnings improvement are strong growth in new fields of technology, continuing industry diversification with the resulting higher remuneration, the positive impact of efficiency enhancements and that the quarter contained one more working day than the year-earlier period. Rolling 12 months, operating profit now amounts to SEK 134 million, with an operating margin of 7.2 per cent.

The Product Information business area is one of the largest and leading suppliers worldwide for digital product information solutions. Our deliveries enable customers to obtain greater impact from their service and aftermarket business using own-developed software and information solutions that create increased customer satisfaction, customer loyalty, higher repurchase rates and also lower our customers' costs.

Product Information reported organic growth of 12 per cent and doubled its year-on-year operating profit for the first three quarters of the year. One contributing factor to the fine earnings trend is the business area's large share of long-term Managed Service contracts, where we create significant value for our customers. This enables us to deliver effective solutions with a stable business model over time.

The Engineering & Digital Services business area, with its cutting-edge expertise in AI, automated production, servitisation and connected products and systems, more than doubled its operating profit for the quarter. We can now clearly see the positive effects on profitability from the measures implemented in the first half of the year. The strong improvement in earnings was also achieved despite a skills transition recently, which has had an adverse impact on growth. However, the demand for new technologies is steadily increasing, and the latest example of this is the electrification consortium in Brazil.

Interest is growing for our offering to the railway industry and to parts of the public sector. We look forward to growing our business in these segments where we can provide new perspectives and efficient future-proof solutions. Our increasing differentiation between industries and our international breadth has enabled us to create a stable foundation for profitable growth.

There is no doubt that the investment needs of our customers remain high. Making the right investment priorities is more important than ever with the increasing speed of technology change. I am proud of Semcon's unique offering and ability to help our customers with the transformation, which is crucial for many. We create sustainable solutions that are good for the planet, end users and our customers.

Despite somewhat more uncertain market conditions, we expect to see sustained earnings improvements at the end of the year due to the efficiency enhancements carried out together with strong demand for Semcon's value-creating offering.

## Income and result

### Third quarter

Operating income amounted to SEK 410 million [405] and organic growth was 1.6 per cent. The quarter included one extra working day compared with last year. Operating profit amounted to SEK 32 million [18], yielding an operating margin of 7.8 per cent [4.4]. The Engineering & Digital Services business area reported improved earnings, due in part to lower costs as a result of action taken in the first half of the year. Net financial items amounted to SEK -1 million [-], yielding profit before tax of SEK 31 million [18]. Tax expense for the quarter amounted to SEK -7 million [-4]. Profit after tax amounted to SEK 24 million [14] and earnings per share after dilution amounted to SEK 1.34 [0.76].

### January-September

Operating income amounted to SEK 1,369 million [1,353] and organic growth was 0.6 per cent. The period included the same number of working days compared with last year. Operating profit amounted to SEK 93 million [79], yielding an operating margin of 6.8 per cent [5.8]. Restructuring costs of approximately SEK 8 million [-] were charged to operating profit in the first half of the year, of which about SEK 7 million [-] burdened the Engineering & Digital Services business area's earnings. The restructuring is expected to have a marginal positive impact on earnings for the full-year

2019. Total annual savings are expected to amount to some SEK 15 million with full effect in 2020. The Product Information business area reported a very positive improvement in earnings due to stronger demand and higher productivity. Net financial items amounted to SEK -5 million [-], yielding profit before tax of SEK 88 million [79]. The tax expense for the period amounted to SEK -20 million [-19]. Profit after tax amounted to SEK 68 million [60] and earnings per share after dilution totalled SEK 3.86 [3.33].

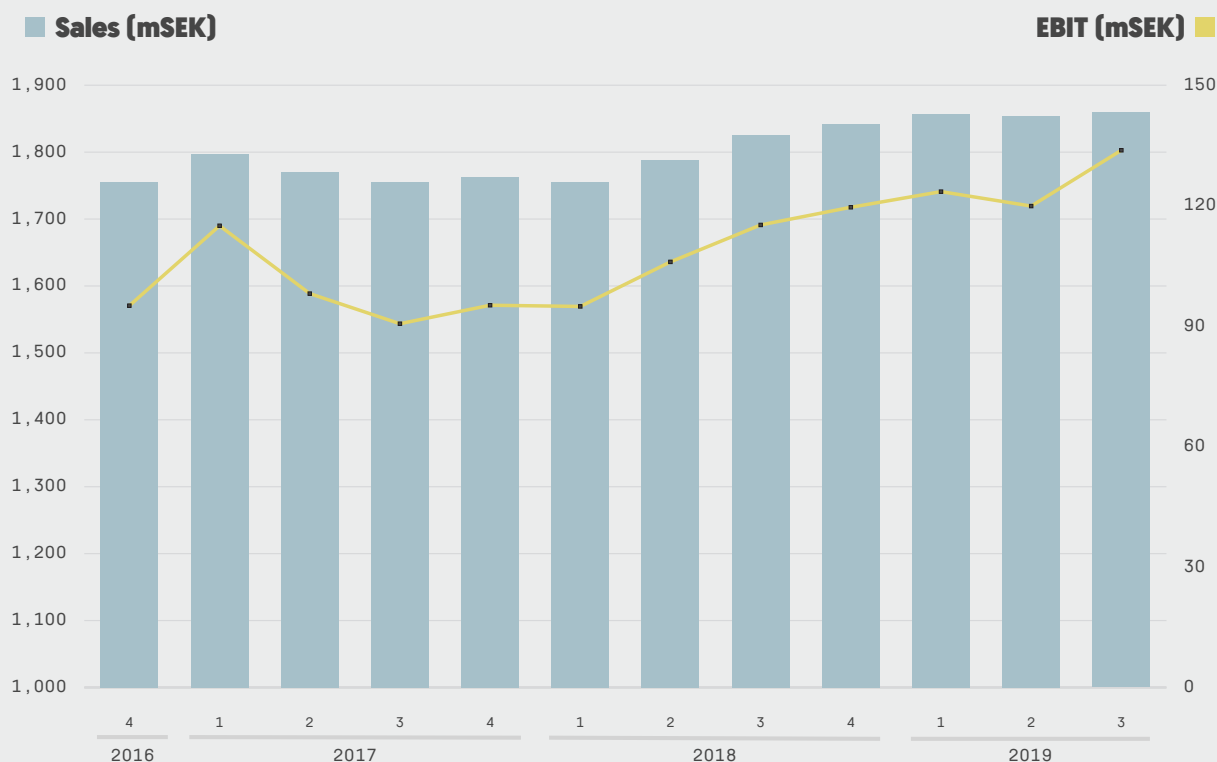
### Financial position

Operating cash flow from current activities was SEK 126 million [94]. Investments in hardware, licenses, office supplies and equipment amounted to SEK 6 million [6]. The Group's cash and cash equivalents amounted to SEK 72 million [33]. In addition, the Group had non-utilised credit of SEK 251 million [251] as of 30 September. Shareholders' equity amounted to SEK 583 million [538] and the equity/assets ratio was 55 per cent [60]. During the second quarter, a dividend of SEK 52 Million [62] was paid to shareholders. The Group's net cash amounted to SEK 72 million [30].

### Parent company

Operating income for the parent company amounted to SEK 32 million [15] and pertains to compensation for intra-Group services. The profit before tax totalled SEK 27 million [-9].

## Rolling 12 months, per quarter



## Employees

The number of employees on September 30 was 2,235 [2,122] and the number of employees in active service was 2,166 [2,061]. In the respective business areas the head count is as follows: Engineering & Digital Services 1,498 [1,427] and Product Information 737 [695].

## Important events during 2019

- Semcon's Engineering Services business area was restructured and changed name to Engineering & Digital Services on 1 April. In conjunction with this, the digital offering was enhanced, which created a good foundation for increased growth.
- During the first quarter, several new framework agreements were signed, including agreements with Vattenfall Eldistribution and the new Agency for Digital Government (DIGG), which is responsible for coordinating digitisation in public administrations.
- Semcon co-founded AI Innovation of Sweden – a national initiative to accelerate research and innovation in artificial intelligence [AI].
- The Product Information business area extended its collaboration with Consilium to develop user experience and availability of their digital product information.
- During the second quarter, the Engineering & Digital Services business area extended its collaboration with the Swedish Transport Administration and as part of a new agreement Semcon is to future-proof the power installations that supply electricity to train services in Sweden.

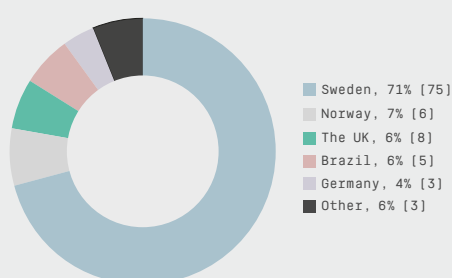
- The Product Information business area stepped up its collaboration with AGCO, a global agricultural equipment manufacturer. A multi-year partnership agreement was signed whereby Semcon will assume overall responsibility for the development and production of AGCO's aftermarket information.
- The Engineering & Digital Services business area signed a new agreement for functional safety with a global vehicle manufacturer to use quality-assured system solutions to ensure that autonomous vehicles of the future are reliable.
- As part of a collaboration project, the Engineering & Digital Services business area has helped to develop an autonomous tractor to keep runway edge lights at airports clear of snow. The research project demonstrates how autonomous solutions can help to reduce costs and make airport operation more efficient.
- The Digital Services division in the Engineering & Digital Services business area entered into a new partnership with EDRMedeso concerning digital twin development. Creating virtual copies of physical products offers great opportunities for future product development.
- Husqvarna Group joined Semcon and Øveraasen as a new partner of Yeti Snow Technology. The company develops autonomous snow clearance solutions for airports. The three companies will share ownership equally in Yeti Snow Technology and the aim of the partnership is to further develop autonomous solutions for airports, and ultimately in other areas as well.

Change in operating income		
	Jan-Sept 2019	Jan-Dec 2018
Acquisition and divestment	0.1%	1.9%
Currency effects	0.5%	0.4%
Organic growth	0.6%	2.2%
<b>Total</b>	<b>1.2%</b>	<b>4.5%</b>

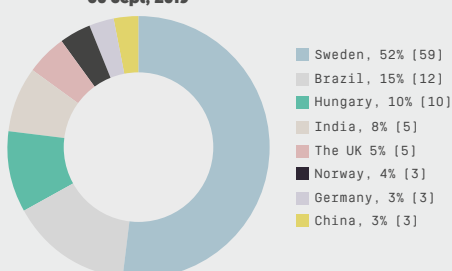
No. of working days in Sweden				
	2017	2018	2019	2020
Q1	64	63	63	63
Q2	58	59	58	58
Q3	65	65	66	66
Q4	63	62	62	63
<b>Total</b>	<b>250</b>	<b>249</b>	<b>249</b>	<b>250</b>

*The change in one working day represents around SEK 7 million in income and impacts operating profit by about SEK 6 million.*

**Group income per market**  
Jan–Sept, 2019



**Employees per country**  
30 Sept, 2019



## Ownership structure

As of September 30, JCE Group owned 25.8% [25.8] of Semcon's shares, Nordea Investment Funds 9.8% [9.7], BNY Mellon 4.8% [4.2], Avanza Pension 3.8% [4.4] and Northern Trust Company 3.4% [2.8]. Foreign ownership was 37.7% [33.9] and the number of shareholders was 5,249 [4,921]. The number of ordinary shares at the end of the period was 18,112,534 [18,112,534], all with the quotient value of SEK 1 and equal voting rights. Semcon owned 754,416 [581,673] of the company's share on September 30. Semcon is listed on Nasdaq Stockholm, small cap under the SEMC ticker. For more information about Semcon's ownership structure and share price movements visit [www.semcon.com](http://www.semcon.com).

## Buy-back of own shares

The Board resolved on 15 July 2019 to buyback no more than 200,000 ordinary shares pursuant to the authorisation of the 2019 AGM. The Board's decision aims to improve the company's capital structure. Up until 30 September, 73,345 shares had been repurchased within the authorisation.

## Risk and instability factors

The Group and parent company's significant risks and instability factors include business risks in the form of high exposure towards a single industry or customer. An economic downturn or disruptions to financial markets can have a negative effect on the Group's services. In general terms acquisitions and divestments incur increased risks. This also includes financial risks mainly concerning currency risks. Semcon's Annual Report 2018, pages 42-43 and 61-62, include a detailed description of the Group and parent company's risk exposure and risk management.

## Accounting principles

Semcon follows the IFRS standards adopted by the EU and its interpretations of these [IFRIC]. This interim report has been drawn up in accordance with IAS 34. IFRS 16 Leases came into effect on 1 January 2019 and replaces IAS 17 Leases. Note 3 of the 2018 Annual Report includes a description of the new accounting policies. Refer also to Note 2 in this interim report for information on the financial impact of the transition to IFRS 16. The other new standards that came into force as of 1 January 2019 have had no material effect on the Group's accounts during the year. In general, the same accounting policies and methods of calculation have been used in this interim report as in the latest Annual Report.

## Events after the end of the period

No significant events occurred after the end of the period.

# BUSINESS AREAS

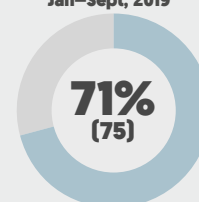
## Engineering & Digital Services

The business area's income amounted to SEK 976 million [1,015] and organic growth was -3 per cent. Growth in Sweden was adversely impacted by the ongoing skills shift towards a greater focus on digital competencies and a decrease in demand from automotive customers. Business operations in Norway and Brazil reported continued very healthy growth while the business in the UK noted weaker demand. Operating profit amounted to SEK 69 million [72], yielding an operating margin of 7.1 per cent [7.1]. Restructuring costs of approximately SEK 7 million [-] were charged to the business area's

earnings in the first half of the year. Already in 2019, savings are expected to exceed costs for the restructuring, which will result in a marginal positive impact on earnings for the full-year 2019. Total annual savings are expected to amount to some SEK 15 million with full effect in 2020. The new organisation was launched on 1 April and, in conjunction with this, the digital offering was enhanced, which creates a good foundation for increased growth moving forward.

	July-Sept		Jan-Sept		Jan-Dec
	2019	2018	2019	2018	2018
Operating income, mSEK	287.4	293.1	976.3	1,015.4	1,371.0
Operating profit, mSEK	22.6	10.0	69.2	72.3	103.9
Operating margin, %	7.9	3.4	7.1	7.1	7.6
No. of employees	1,498	1,427	1,498	1,427	1,414

Share of Semcon's total income  
Jan-Sept, 2019



### About Engineering & Digital Services

The business area's almost 1,500 employees provide services in areas such as digitization, product development, plant engineering and production development services. The offer is aimed at requirement and concept studies, design, calculations, construction, embedded systems, testing, simulation, quality control, project management, production and process development and expertise in lean production and service development. Engineering & Digital Services has offices in Sweden, Norway, the UK, India and Brazil. Business activities mainly focus on the automotive, industry, energy and life science sectors. Customers include ABB, AB Volvo, Alstom, Aston Martin, AstraZeneca, Autoliv, Bombardier, CEVT, Geely, Fortum, Getinge, Husqvarna, Jaguar Land Rover, MAN, McLaren, Metso, Rolls-Royce Marine, Saab, Scania, Siemens, Vattenfall and Volvo Cars.

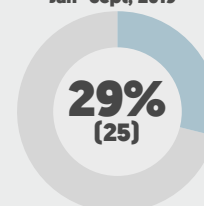
## Product Information

The business area's income amounted to SEK 395 million [338] and organic growth was 12 per cent. The partnership with AGCO [one of the world's largest manufacturers of agricultural equipment] has among other factors contributed to the improved income. Operating profit amounted to SEK 36 million [18], yielding an operating margin of 9.0 per cent [5.2].

Operating profit improved due to stronger demand and higher productivity. Part of the business area's strategy is focused on a high proportion of Managed Service contracts and a high level of resource efficiency through deliveries involving networking teams from several countries.

	July-Sept		Jan-Sept		Jan-Dec
	2019	2018	2019	2018	2018
Operating income, mSEK	124.1	112.5	394.6	338.2	474.1
Operating profit, mSEK	13.4	9.7	35.5	17.5	33.0
Operating margin, %	10.8	8.6	9.0	5.2	7.0
No. of employees	737	695	737	695	705

Share of Semcon's total income  
Jan-Sept, 2019



### About Product Information

The business area's more than 700 employees provide complete product information solutions with the primary focus on customers' after-market business. The business area's offering supports products and systems throughout the product life cycle: from sales and marketing to installation, maintenance, diagnostics, repairs, as well as training service staff. The business area has offices in Sweden, the UK, Hungary, Germany and China. Customers are mainly in the engineering, automotive, telecom and IT, energy sectors and med-tech. These include ABB, AB Volvo, AGCO, Baxter, Bombardier, CEVT/Lynk & Co, ESAB, Jaguar Land Rover, Saab, Siemens, London Electric Vehicle Company, UniCarriers and Volvo Cars.

# Consolidated FINANCIAL, SUMMARY

## Income statements

mSEK	Note	July-Sept		Jan-Sept		Jan-Dec
		2019	2018	2019	2018	2018
Operating income	1	410.2	404.9	1,369.4	1,352.5	1,842.2
Purchase of goods and services		-70.9	-77.2	-245.3	-251.9	-344.1
Other external operating expenses		-26.0	-34.6	-74.1	-108.5	-144.4
Staff costs		-268.1	-272.1	-917.0	-904.6	-1,222.2
<b>Operating profit before depreciation</b>		<b>45.2</b>	<b>21.0</b>	<b>133.0</b>	<b>87.5</b>	<b>131.5</b>
Depreciation of tangible fixed assets		-2.2	-2.2	-6.8	-6.4	-8.7
Depreciation of right-of-use assets		-10.4	-	-31.1	-	-
Depreciation of other intangible assets		-0.8	-0.9	-2.3	-2.5	-3.2
<b>Operating profit</b>		<b>31.8</b>	<b>17.9</b>	<b>92.8</b>	<b>78.6</b>	<b>119.6</b>
Net financial items		-1.3	-0.1	-4.5	-0.1	0.1
<b>Profit before tax</b>		<b>30.5</b>	<b>17.8</b>	<b>88.3</b>	<b>78.5</b>	<b>119.7</b>
Tax		-7.0	-4.3	-20.3	-18.8	-25.7
<b>Profit after tax</b>		<b>23.5</b>	<b>13.5</b>	<b>68.0</b>	<b>59.7</b>	<b>94.0</b>
<b>Profit attributable to:</b>						
Parent company's shareholders		23.5	13.5	68.0	59.7	94.0
Non-controlling interests		-	-	-	-	-
<b>Total profit after tax</b>		<b>23.5</b>	<b>13.5</b>	<b>68.0</b>	<b>59.7</b>	<b>94.0</b>
Earnings per share before dilution [SEK]		1.35	0.77	3.91	3.38	5.34
Earnings per share after dilution [SEK]		1.34	0.76	3.86	3.33	5.25
No. of working days in period		66	65	187	187	249

## Statement of comprehensive income

mSEK	July-Sept		Jan-Sept		Jan-Dec
	2019	2018	2019	2018	2018
Profit after tax	23.5	13.5	68.0	59.7	94.0
<b>Items that can be reclassified as profit or loss</b>					
Translation differences for the period	0.1	-3.0	4.5	-1.5	-1.2
<b>Total</b>	<b>0.1</b>	<b>-3.0</b>	<b>4.5</b>	<b>-1.5</b>	<b>-1.2</b>
<b>Total other comprehensive income</b>	<b>23.6</b>	<b>10.5</b>	<b>72.5</b>	<b>58.2</b>	<b>92.8</b>
<b>Total comprehensive income for the period</b>	<b>23.6</b>	<b>10.5</b>	<b>72.5</b>	<b>58.2</b>	<b>92.8</b>
<b>Comprehensive income attributable to:</b>					
Parent company's shareholders	23.6	10.5	72.5	58.2	92.8
Non-controlling interests	-	-	-	-	-
<b>Total</b>	<b>23.6</b>	<b>10.5</b>	<b>72.5</b>	<b>58.2</b>	<b>92.8</b>

## Balance sheets

mSEK	Sept 30		Dec 31
	2019	2018	2018
<b>Assets</b>			
Intangible assets, goodwill	318.3	316.5	316.5
Right-of-use assets	130.8	-	-
Other intangible assets	10.2	11.5	10.6
Tangible fixed assets	29.9	31.0	31.5
Financial assets	6.3	3.4	3.2
Accounts receivable	257.0	260.9	347.4
Accrued non-invoiced income	212.5	195.4	144.9
Other current assets	31.5	38.5	37.9
Cash and cash equivalents	71.6	32.8	43.5
<b>Total assets</b>	<b>1,068.1</b>	<b>890.0</b>	<b>935.5</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	583.5	537.5	566.9
Pensions obligations	-	3.1	-
Non-current lease liabilities	93.5	-	-
Deferred tax liabilities	55.6	55.9	40.1
Accounts payable	47.3	44.4	51.9
Current lease liabilities	34.1	-	-
Non-accrued invoiced income	11.2	16.9	24.0
Other non interest-bearing current liabilities	242.9	232.2	252.6
<b>Total shareholders' equity and liabilities</b>	<b>1,068.1</b>	<b>890.0</b>	<b>935.5</b>

## Change in shareholders' equity

mSEK	Sept 30		Dec 31
	2019	2018	2018
Shareholders' equity at the start of the period	566.9	556.6	556.6
Total comprehensive income	72.5	58.2	92.8
Acquisition of own shares	-4.7	-15.9	-21.3
Share-based remuneration	1.1	0.5	0.7
Shareholder dividend	-52.3	-61.9	-61.9
<b>Shareholders' equity at the end of the period</b>	<b>583.5</b>	<b>537.5</b>	<b>566.9</b>

## Capital employed

mSEK	Sept 30		Dec 31
	2019	2018	2018
Total assets	1,068.1	890.0	935.5
Deferred tax liabilities	-55.6	-55.9	-40.1
Accounts payable	-47.3	-44.4	-51.9
Other non interest-bearing liabilities	-254.1	-249.1	-276.6
<b>Total capital employed</b>	<b>711.1</b>	<b>540.6</b>	<b>566.9</b>
<b>Average capital employed</b>	<b>654.1</b>	<b>536.3</b>	<b>563.3</b>

## Cash flow statements

mSEK	July-Sept		Jan-Sept		Jan-Dec
	2019	2018	2019	2018	2018
Cash flow from current activities					
before change in working capital	32.3	18.5	97.7	77.8	105.4
Change in working capital	26.1	-12.3	28.4	16.2	5.1
<b>Cash flow from current activities</b>	<b>58.4</b>	<b>6.2</b>	<b>126.1</b>	<b>94.0</b>	<b>110.5</b>
Investments	-1.7	-2.6	-5.9	-5.8	-8.7
Acquisition of subsidiaries	-	-	-	-57.2	-57.2
Divestment of subsidiaries	-	-	-	-	1.9
Sales of fixed assets	-	-	-	0.1	0.1
<b>Cash flow from investment activities</b>	<b>-1.7</b>	<b>-2.6</b>	<b>-5.9</b>	<b>-62.9</b>	<b>-63.9</b>
Change in interest-bearing liabilities	-	-3.5	-	-	-
Repayment of lease liabilities	-11.1	-	-33.5	-	-
Acquisition of own shares	-3.6	-7.8	-4.7	-15.9	-21.3
Shareholder dividend	-	-	-52.3	-61.9	-61.9
<b>Cash flow from financing activities</b>	<b>-14.7</b>	<b>-11.3</b>	<b>-90.5</b>	<b>-77.8</b>	<b>-83.2</b>
<b>Cash flow for the period</b>	<b>42.0</b>	<b>-7.7</b>	<b>29.7</b>	<b>-46.7</b>	<b>-36.6</b>
Cash and cash equivalents at the start of the period	31.3	40.5	43.5	80.9	80.9
Translation differences	-1.7	-	-1.6	-1.4	-0.8
<b>Cash and cash equivalents at the end of the period</b>	<b>71.6</b>	<b>32.8</b>	<b>71.6</b>	<b>32.8</b>	<b>43.5</b>

## Change in net cash

mSEK	July-Sept		Jan-Sept		Jan-Dec
	2019	2018	2019	2018	2018
Opening balance	31.3	33.9	43.5	77.9	77.9
Cash flow from current activities	58.4	6.2	126.1	94.0	110.5
Net investments	-1.7	-2.6	-5.9	-5.7	-8.6
Acquisitions of subsidiaries	-	-	-	-57.2	-57.2
Divestments of subsidiaries	-	-	-	-	1.9
Shareholder dividend	-	-	-52.3	-61.9	-61.9
Repayment of lease liabilities	-11.1	-	-33.5	-	-
Acquisition of own shares	-3.6	-7.8	-4.7	-15.9	-21.3
Other	-1.7	-	-1.6	-1.5	2.2
<b>Closing balance</b>	<b>71.6</b>	<b>29.7</b>	<b>71.6</b>	<b>29.7</b>	<b>43.5</b>

## Net cash

mSEK	Sept 30		Dec 31
	2019	2018	2018
Cash and cash equivalents	71.6	32.8	43.5
Pensions obligations	-	-3.1	-
<b>Total net cash</b>	<b>71.6</b>	<b>29.7</b>	<b>43.5</b>



## Key figures

	Jan-Sept		Jan-Dec
	2019	2018	2018
Growth in sales [%]	1.2	4.9	4.5
Organic growth in sales [%]	0.6	2.9	2.2
Operating margin before depreciation [%]	9.7	6.5	7.1
Operating margin [%]	6.8	5.8	6.5
Profit margin [%]	6.4	5.8	6.5
Return on shareholders' equity [%]*	17.9	16.0	16.9
Return on capital employed [%]*	20.0	21.6	21.4
Equity/assets ratio [%]	54.6	60.4	60.6
Number of employees at the end of the period	2,235	2,122	2,119

\* Rolling 12 months.

## Key figures for the Semcon share

	Jan-Sept		Jan-Dec
	2019	2018	2018
Earnings per share before dilution [SEK]	3.91	3.38	5.34
Earnings per share after dilution [SEK]	3.86	3.33	5.25
Shareholders' equity before dilution [SEK]	33.62	30.66	32.52
Shareholders' equity after dilution [SEK]	32.22	29.68	31.30
Share price/Shareholders' equity [times]	1.72	1.81	1.51
Cash flow from current activities [SEK]	6.96	5.19	6.10
Share price at the end of the period [SEK]	55.50	53.70	47.30
Market cap at the end of the period [mSEK]	1,005	973	857
Number of shares at the end of the period with the quotient value of SEK 1 [000]	18,113	18,113	18,113
Number of own shares at the end of the period [000]	754	582	683
Average number of shares [000]	18,113	18,113	18,113

## Definitions

### Capital employed

The balance sheet total minus non interest-bearing provisions and liabilities.

### Cash flow per share

Cash flow from current activities divided by the weighted average number of outstanding shares adjusted for the dilution effect on potential shares.

### Earnings per share [EPS] before dilution

Profit/loss after tax attributable to the parent company's owners divided by the average number of outstanding ordinary shares excluding shares held as own shares by the parent company.

### Earnings per share [EPS] after dilution

Profit/loss after tax attributable to the parent company's owners divided by the average number of outstanding shares adjusted for the dilution effect of potential shares.

### Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

### Net cash/net debt

Cash and cash equivalents and interest-bearing receivables with deductions for interest-bearing provisions and liabilities, excluding lease liabilities.

### Organic growth

Year-on-year increase in income adjusted for currency effects, acquisitions and divestments.

### Operating margin

Operating profit as a percentage of operating income.

### Operating margin before depreciation

Operating profit before depreciation as a percentage of operating income.

### Profit margin

Profit before tax as a percentage of operating income.

### Return on shareholders' equity

Profit for the period after tax divided by the average shareholders' equity.

### Return on capital employed

Profit before tax plus financial costs divided by the average capital employed.

### Shareholders' equity per share before dilution

Shareholders' equity divided by the number of shares at end of the period excluding shares held as own shares by the parent company.

### Shareholders' equity per share after dilution

Shareholders' equity divided by the number of shares at end of the period adjusted for the dilution effect on potential shares.

Quarterly information by Business Area

	2017				2017	2018				2018	2019		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3
<b>Operating income (mSEK)</b>													
Engineering & Digital Services	359.3	328.3	268.4	357.6	1,313.6	359.6	362.7	293.1	355.6	1,371.0	348.8	340.1	287.4
Product Information	124.3	114.8	98.4	115.9	453.4	109.0	116.7	112.5	135.9	474.1	134.5	136.0	124.1
Group items/eliminations	-8.7	3.6	0.7	-0.2	-4.6	-0.2	-0.2	-0.7	-1.8	-2.9	-0.1	-0.1	-1.3
<b>Total</b>	<b>474.9</b>	<b>446.7</b>	<b>367.5</b>	<b>473.3</b>	<b>1,762.4</b>	<b>468.4</b>	<b>479.2</b>	<b>404.9</b>	<b>489.7</b>	<b>1,842.2</b>	<b>483.2</b>	<b>476.0</b>	<b>410.2</b>
<b>Operating profit (mSEK)</b>													
Engineering & Digital Services	27.3	7.1	3.9	32.1	70.4	36.8	25.5	10.0	31.6	103.9	34.1	12.5	22.6
Product Information	17.6	8.1	6.4	8.7	40.8	6.7	1.1	9.7	15.5	33.0	13.0	9.1	13.4
Group items/eliminations	-4.6	-5.6	-1.6	-4.2	-16.0	-3.5	-5.9	-1.8	-6.1	-17.3	-3.2	-4.5	-4.2
<b>Total</b>	<b>40.3</b>	<b>9.6</b>	<b>8.7</b>	<b>36.6</b>	<b>95.2</b>	<b>40.0</b>	<b>20.7</b>	<b>17.9</b>	<b>41.0</b>	<b>119.6</b>	<b>43.9</b>	<b>17.1</b>	<b>31.8</b>
<b>Operating margin (%)</b>													
Engineering & Digital Services	7.6	2.2	1.5	9.0	5.4	10.2	7.0	3.4	8.9	7.6	9.8	3.7	7.9
Product Information	14.2	7.1	6.5	7.5	9.0	6.1	0.9	8.6	11.4	7.0	9.7	6.7	10.8
<b>Total</b>	<b>8.5</b>	<b>2.1</b>	<b>2.4</b>	<b>7.7</b>	<b>5.4</b>	<b>8.5</b>	<b>4.3</b>	<b>4.4</b>	<b>8.4</b>	<b>6.5</b>	<b>9.1</b>	<b>3.6</b>	<b>7.8</b>
<b>Number of employees</b>													
Engineering & Digital Services	1,465	1,458	1,451	1,447	1,447	1,405	1,458	1,427	1,414	1,414	1,421	1,440	1,498
Product Information	612	619	631	629	629	637	668	695	705	705	722	728	737
<b>Total</b>	<b>2,077</b>	<b>2,077</b>	<b>2,082</b>	<b>2,076</b>	<b>2,076</b>	<b>2,042</b>	<b>2,126</b>	<b>2,122</b>	<b>2,119</b>	<b>2,119</b>	<b>2,143</b>	<b>2,168</b>	<b>2,235</b>
<b>Number of working days</b>	64	58	65	63	250	63	59	65	62	249	63	58	66

# Parent company

## FINANCIAL, SUMMARY

### Income statements

mSEK	July-Sept		Jan-Sept		Jan-Dec
	2019	2018	2019	2018	2018
Operating income	10.3	4.7	32.0	14.6	19.3
Other external operating expenses	-2.5	-2.7	-8.8	-13.0	-15.6
Staff costs	-9.6	-8.3	-27.8	-25.7	-39.6
<b>Operating profit/loss</b>	<b>-1.8</b>	<b>-6.3</b>	<b>-4.6</b>	<b>-24.1</b>	<b>-35.9</b>
Net financial items*	0.5	0.8	31.9	14.6	15.9
<b>Profit/loss after net financial items</b>	<b>-1.3</b>	<b>-5.5</b>	<b>27.3</b>	<b>-9.5</b>	<b>-20.0</b>
Appropriations**	-	-	-	-	107.6
<b>Profit/loss before tax</b>	<b>-1.3</b>	<b>-5.5</b>	<b>27.3</b>	<b>-9.5</b>	<b>87.6</b>
Tax	0.3	1.2	0.4	2.1	-15.6
<b>Profit/loss for the period</b>	<b>-1.0</b>	<b>-4.3</b>	<b>27.7</b>	<b>-7.4</b>	<b>72.0</b>
* of which translation differences	0.1	-0.5	1.7	1.2	1.2
of which dividend	-	-	29.0	10.0	10.0
** of which group contribution paid	-	-	-	-	-1.0
of which group contribution received	-	-	-	-	134.8

### Statements of comprehensive income

mSEK	July-Sept		Jan-Sept		Jan-Dec
	2019	2018	2019	2018	2018
Profit/loss for the period	-1.0	-4.3	27.7	-7.4	72.0
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-1.0</b>	<b>-4.3</b>	<b>27.7</b>	<b>-7.4</b>	<b>72.0</b>

### Balance sheets

mSEK	Sept 30		Dec 31
	2019	2018	2018
<b>Assets</b>			
Financial fixed assets	234.7	351.2	234.3
Current assets	140.6	120.9	193.2
Cash and cash equivalents	29.7	-	-
<b>Total assets</b>	<b>405.0</b>	<b>472.1</b>	<b>427.5</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	311.3	266.6	340.6
Untaxed reserves	38.5	12.3	38.5
Interest-bearing current liabilities	-	7.4	0.7
Non interest-bearing current liabilities	55.2	185.8	47.7
<b>Total shareholders' equity and liabilities</b>	<b>405.0</b>	<b>472.1</b>	<b>427.5</b>

## Note 1

# DISTRIBUTION OF REVENUE

mSEK	Engineering & Digital Services		Product Information		Group	
July-Sept	2019	2018	2019	2018	2019	2018
<b>Distribution per country</b>						
Sweden	202.2	224.8	71.7	61.9	273.9	286.7
Norway	31.0	21.1	-	1.0	31.0	22.1
UK	9.5	16.2	16.8	19.5	26.3	35.7
Brazil	32.6	24.6	-	-	32.6	24.6
Germany	0.3	0.2	15.9	17.8	16.2	18.0
Other	11.8	6.2	19.7	12.3	31.5	18.5
Eliminations	-	-	-	-	-1.3	-0.7
<b>Total</b>	<b>287.4</b>	<b>293.1</b>	<b>124.1</b>	<b>112.5</b>	<b>410.2</b>	<b>404.9</b>
<b>Distribution per industry</b>						
Automotive	129.1	138.3	40.2	39.1	169.3	177.4
Industry	87.8	83.5	45.3	35.1	133.1	118.6
Energy	24.4	25.9	3.7	3.2	28.1	29.1
Life Science	29.6	25.8	2.8	1.9	32.4	27.7
Telecom	1.1	4.7	30.3	30.7	31.4	35.4
Other	15.4	14.9	1.8	2.5	17.2	17.4
Eliminations	-	-	-	-	-1.3	-0.7
<b>Total</b>	<b>287.4</b>	<b>293.1</b>	<b>124.1</b>	<b>112.5</b>	<b>410.2</b>	<b>404.9</b>

mSEK	Engineering & Digital Services		Product Information		Group	
Jan-Sept	2019	2018	2019	2018	2019	2018
<b>Distribution per country</b>						
Sweden	780.0	805.3	235.5	203.2	973.5	1,008.5
Norway	93.4	72.7	0.2	2.0	93.6	74.7
UK	31.6	52.1	54.7	58.2	86.3	110.3
Brazil	86.9	65.5	-	-	86.9	65.5
Germany	1.4	4.0	47.5	41.1	48.9	45.1
Other	25.0	15.8	56.7	33.7	81.7	49.5
Eliminations	-	-	-	-	-1.5	-1.1
<b>Total</b>	<b>976.3</b>	<b>1,015.4</b>	<b>394.6</b>	<b>338.2</b>	<b>1,369.4</b>	<b>1,352.5</b>
<b>Distribution per industry</b>						
Automotive	427.9	460.4	129.4	125.6	557.3	586.0
Industry	302.2	306.2	146.0	94.3	448.2	400.5
Life Science	99.3	84.5	9.6	8.0	108.9	92.5
Energy	91.8	96.6	12.3	10.2	104.1	106.8
Telecom	9.2	11.9	93.4	93.3	102.6	105.2
Other	45.9	55.8	3.9	6.8	49.8	62.6
Eliminations	-	-	-	-	-1.5	-1.1
<b>Total</b>	<b>976.3</b>	<b>1,015.4</b>	<b>394.6</b>	<b>338.2</b>	<b>1,369.4</b>	<b>1,352.5</b>

## Note 2

# DISCLOSURES IFRS 16 LEASES

IFRS 16 Leases, which came into effect on 1 January 2019, replaced IAS 17 Leases. IFRS 16 entails that essentially all leases, which predominantly consist of rental agreements for office properties, are to be recognised in the balance sheet. The income statement is impacted since the cost is recognised as depreciation and interest expense instead of under other operating expenses. The cash flow statement has also been affected as payments of lease liabilities are classified among financing activities instead of as part of operating activities. Semcon applies the modified retrospective approach, meaning comparative amounts are not restated. The effects of the new standard on the financial statements are shown below.

### Income statements

mSEK	July-Sept 2019	Jan-Sept 2019
Decrease in other operating expenses	11.1	33.5
Increase in depreciation of right-of-use assets	-10.3	-31.1
<b>Effect on operating profit</b>	<b>0.8</b>	<b>2.4</b>
Increase in financial expenses	-1.3	-4.3
<b>Effect on profit before tax</b>	<b>-0.5</b>	<b>-1.9</b>
Decrease in tax expense	0.1	0.4
<b>Effect on earnings for the period</b>	<b>-0.4</b>	<b>-1.5</b>
Effect on earnings per share, SEK	-0.02	-0.08
Effect on earnings per share after dilution, SEK	-0.02	-0.08

### Cash flow statements

mSEK	July-Sept 2019	Jan-Sept 2019
Increase in cash flow from current activities	11.1	33.5
Decrease in cash flow from financing activities	-11.1	-33.5
<b>Effect on cash flow for the period</b>	<b>-</b>	<b>-</b>

### Balance sheets

mSEK	Recognised balance-sheet items, 31 December 2018	Restating to IFRS 16	Restated balance- sheet items, 1 January 2019
<b>Assets</b>			
Right-of-use assets	-	160.3	160.3
Other current assets	37.9	-5.8	32.1
<b>Total assets</b>	<b>935.5</b>	<b>154.5</b>	<b>1,090.0</b>
<b>Shareholders' equity and liabilities</b>			
Non-current lease liabilities	-	117.5	117.5
Current lease liabilities	-	37.0	37.0
<b>Total shareholders' equity and liabilities</b>	<b>935.5</b>	<b>154.5</b>	<b>1,090.0</b>

mSEK

### Group

Operating lease obligations, 31 December 2018	191.9
Less: short-term leases/low value	-14.6
<b>Total</b>	<b>177.3</b>
Prepaid leasing fees	-5.8
Discounting	-17.0
<b>Lease liability, 1 January 2019</b>	<b>154.5</b>

Göteborg 24 October, 2019

SEMCON AB [PUBL]  
Co.reg.no 556539-9549

Markus Granlund  
President and CEO

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## REVIEW REPORT

Semcon AB [publ] corporate identity number 556539-9549

### Introduction

We have reviewed the condensed interim report for Semcon AB [publ] as at September 30, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Gothenburg, October 24 2019

Ernst & Young AB

Nina Bergman  
Authorised Public  
Accountant

# FINANCIAL CALENDAR

Year-end report 2019	February 6, 2020 at 08.00
Interim report January-March 2020	April 28, 2020, at 08.00
Annual General Meeting 2020	April 28, 2020
Interim report January-June 2020	July 15, 2020, at 08.00
Interim report January-September 2020	October 22, 2020, at 08.00
Year-end report 2020	February 10, 2021, at 08.00

# CONTACT INFORMATION

## Contact persons

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Göteborg 24 October, 2019  
Semcon AB [publ]  
Markus Granlund, President and CEO

This information is such information as Semcon AB [publ] is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 a.m. CET on 24 October, 2019.

Semcon is an international technology company that develops products based on human needs and behaviours. We strengthen our customers' competitiveness by always starting from the end user, because the person who knows most about the user's needs creates the best products and the clearest benefits to humans. Semcon collaborates mainly with companies in the automotive, industry, energy, life science and telecom sectors. With more than 2,200 specialised employees, Semcon has the ability to take care of the entire product development cycle, from strategy and technology development to design and product information. Semcon was founded in Sweden in 1980 and has offices in over 30 locations in eight different countries. In 2018, the Group reported annual sales of SEK 1.8 billion. Read more on [semcon.com](http://semcon.com).