

“We are increasing shareholder value through a more efficient, growing and more learning Rejlers.”



IN BRIEF

JULY–SEPTEMBER

- **Net sales increased by 7.4 % to SEK 553.4 million (515.5)**
- **Organic sales growth excluding exchange rate fluctuations amounted to 6.5 % (-1.3)**
- **EBITA increased to SEK 26.5 million (17.5) including impact from IFRS 16 Leases of SEK -0.3 million and the EBITA margin increased to 4.8 % (3.4)**
- **Operating profit (EBIT) increased to SEK 20.0 million (14.6) and the operating margin was 3.6% (2.8)**
- **EBIT was impacted by expenses regarding the acquisition from Neste by SEK 3.3 million**
- **Profit after tax amounted to SEK 12.9 million (13.4), including an impact from IFRS 16 Leases of SEK -0.6 million**
- **Earnings per share before dilution amounted to SEK 0.71 (0.73) and after dilution to SEK 0.71 (0.73)**
- **Cash flow from operating activities totalled SEK -25.5 million (-34.6)**

SIGNIFICANT EVENTS DURING THE QUARTER

Tekniska verken chooses Rejlers Embriq's service platform. Tekniska verken Linköping Nät AB chose Rejlers Embriq's Quant Insight service to analyse data collected from smart meters in order to optimise operation of the electricity grid.

Rejlers Embriq is a part of an alliance that signed an agreement worth billions with Statnett. Statnett has entered an agreement with a delivery group that Rejlers Embriq is a part of. The agreement comprises the development and administration of system solutions.

Rejlers is growing in defence and security through the acquisition of Pondra.

The acquisition is a part of Rejlers' growth strategy and means that the company is strengthening its offering in the Defence and Security business area.

Jönköping Energi Nät chooses Quant. Rejlers Embriq AB has signed an agreement with Jönköping Energi Nät AB for a new central system – Quant. Jönköping Energi Nät AB fully prepares for the replacement of electric meters for its 57,000 customers.

Rejlers' acquisition from Neste Engineering Solutions is completed. During the period, Rejlers completed the acquisition of strategically significant operations from Neste Engineering Solutions, which was announced on 19 June this year.

JANUARY–SEPTEMBER

- **Net sales increased by 4.6% to SEK 1,800.3 million (1,721.0)**
- **Organic sales growth excluding exchange rate fluctuations amounted to 3.5 % (-3.0)**
- **EBITA increased to SEK 97.5 million (8.7) including impact from IFRS 16 Leases of SEK 1.1 million and the EBITA margin increased to 5.4 % (0.5)**
- **Operating profit (EBIT) increased to SEK 80.2 million (4.3) and the operating margin was 4.5 % (0.2)**
- **EBIT was impacted by expenses regarding the acquisition from Neste by SEK 5.5 million**
- **Profit after tax increased to SEK 57.1 million (-1.3), including an impact from IFRS 16 Leases of SEK -1.8 million**
- **Earnings per share before dilution amounted to SEK 3.16 (-0.13) and after dilution to SEK 3.16 (-0.13)**
- **Cash flow from operating activities totalled SEK 105.8 million (35.0)**
- **Total cost of restructuring measures was SEK 0.0 million (53.4)**

JULY–SEPTEMBER:

553.4

NET SALES, SEK MILLION

26.5

EBITA, SEK MILLION

0.71

EARNINGS PER SHARE BEFORE DILUTION, SEK



Energy in focus for growth

We are continuing to deliver growth and improved results, quarter on quarter. On a rolling 12-month basis, Rejlers achieves an EBITA of SEK 133 million (21), which shows that our collective measures and our new strategic focus are taking us in the right direction. The new strategy points out the energy sector as the primary growth area towards 2025. During the third quarter, this part of our operations was strengthened both through extensive recruitment and with 330 new employees in operations acquired from Neste.

Continued high pace of development

Rejlers' operations in Finland continued to be developed positively in the third quarter, through a good utilisation and newly gained market shares. Norway also continued to develop well, with improved earnings compared with the same period in 2018 and a good business situation. In Sweden, a weakened market was noted in the Telecom area and also partly in Construction & Property. To improve the future prospects, we adapted the Telecom division to the market situation in the third quarter both through cut-backs, as well as intensifying the stake on Swedish total defence. Here, the acquisition of the defence consultancy Pondra in September will be of major use, benefit.

Recruitment record

Our initiative to make Rejlers more attractive as an employer is beginning to gain notice. September was a record month in the number of new hires and in line with our strategy for the next few years, it is mainly the energy area that has been reinforced through recruitment.

Largest acquisition completed

As at 30 September, the acquisition was completed of operations from Neste Engineering Solutions, another step towards our goal of doubling sales by 2025 and achieving an EBITA margin of 10 per cent over time. This is our largest acquisition to-date and it adds 330 highly qualified employees in Finland, Sweden and Abu Dhabi in the United Arab Emirates. Strategically, our project-based consulting operations in energy are being strengthened in existing markets where we want to continue to grow. At the same time, with more than 60 employees in Abu Dhabi we are gaining a foothold in a global hub for development and investments in alternative electricity production.

Renewal continues

At the end of September, all managers in Rejlers were gathered to jointly establish our future direction. The work of developing leadership, professionalism and culture is continuing with undiminished strength to build a more profitable, growing and learning Rejlers by 2025. Our strategy and vision of 'Rejlers – Home of the Learning Minds' also includes an effort to strengthen our brand. In this area, I am personally looking forward to launching our new logotype and visual identity before year-end. The renewal continues!

Stockholm, 23 October 2019

Viktor Svensson

"Through the largest acquisition in Rejlers' history, we are taking an important step towards our long-term goals for 2025."



Strategy and vision

STRATEGY AND VISION

STRATEGY

- **Growth:** Doubling Rejlers' size by 2025, average growth of 10% per year
- **Market:** Extra focus on Energy, a catalyst for future growth
- **Offering:** Increasing the share of projects and complete solutions, selling "the Rejlers solution"
- **Geography:** Continuously growing in Sweden, Finland and Norway plus one new market by 2025

VISION

- **Home of the learning minds**

Rejlers is a platform for continuous learning, development and growth. This way, we will be on the leading edge of development, be able to attract the best talents, maintain a competitive network and secure profitability.

FINANCIAL GOALS

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- **10% EBITA margin**
- **10% average annual growth**

CORE VALUES

Open source culture

Love the challenge

Brilliant networks

Home of the learning minds

Financial summary

JULY-SEPTEMBER 2019

INCOME AND PROFIT

Net sales increased to SEK 553.4 million (515.5), an increase of 7.4 per cent compared to the year-before period. Organic growth excluding exchange rate fluctuations was 6.5 per cent.

EBITA for the quarter increased to SEK 26.5 million (17.5), including an impact from IFRS 16 Leases of SEK -0.3 million. EBITA margin amounted to 4.8 per cent (3.4). The increase is attributed to one workday more compared with the previous year, lower costs, higher prices to customers and more employees. Operating profit (EBIT) amounted to SEK 20.0 million (14.6) and the operating margin was 3.6 per cent (2.8). EBIT is impacted by acquisition-related expenses regarding the acquisition from Neste by SEK 3.3 million.

The quarter's financial income amounted to SEK 1.5 million (1.0) and pertains mainly to currency translations. Financial expenses amounted to SEK 2.5 million (1.4) and are mainly attributable to interest expenses and currency translations. Interest expenses were impacted by IFRS 16 Leases by SEK -0.3 million. The quarter's tax expense amounted to SEK 6.1 million (0.8). The higher tax expense is mainly attributable to improved earnings.

Profit after tax for the quarter amounted to SEK 12.9 million (13.4), including an impact from IFRS 16 Leases of SEK -0.6 million. Earnings per share before dilution amounted to SEK 0.71 (0.73) and after dilution to SEK 0.71 (0.73).

JANUARY-SEPTEMBER 2019

INCOME AND PROFIT

Net sales increased to SEK 1,800.3 million (1,721.0), an increase of 4.6 per cent compared to the year-before period. Organic growth excluding exchange rate fluctuations was 3.5 per cent.

EBITA for the period increased to SEK 97.5 million (8.7), including an impact from IFRS 16 Leases of SEK 1.1 million. EBITA margin amounted to 5.4 per cent (0.5). The increase is attributed to one workday more in the period compared with the previous year, lower costs, higher prices to customers and more employees. EBITA 2018 includes restructuring costs of SEK 53.4 million. Operating profit (EBIT) amounted to SEK 80.2 million (4.3) and the operating margin was 4.5 per cent (0.2). EBIT is impacted by acquisition-related expenses regarding the acquisition from Neste by SEK 5.5 million.

Financial income during the period amounted to SEK 5.8 million (3.2) and relates mainly to currency translations. Financial expenses amounted to SEK 8.9 million (4.7) and are mainly attributable to interest expenses and currency translations. Interest expenses were impacted by IFRS 16 Leases by SEK -2.8 million. The tax expense for the period amounted to SEK 19.9 million (4.1). The higher tax expense is mainly attributable to improved earnings.

Profit after tax for the period amounted to SEK 57.1 million (loss: 1.3), including an impact from IFRS 16 Leases of SEK -1.8 million. Earnings per share before dilution amounted to SEK 3.16 (-0.13) and after dilution to SEK 3.16 (-0.13).

SALES BY COUNTRY Q3, %



NET SALES, SEK MILLION



■ Quarter, left ■ 12-month rolling, right

EBITA, SEK MILLION



■ Quarter, left ■ 12-month rolling, right

KPI	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Net sales, SEK million	553.4	515.5	1,800.3	1,721.0	2,365.2
Organic growth excluding exchange rate effects, %	6.5	-1.3	3.5	-3.0	-4.3
EBITDA, SEK million	26.5	17.5	97.5	8.7	44.1
EBITA margin, %	4.8	3.4	5.4	0.5	1.8
Operating profit/loss (EBIT), SEK million	20.0	14.6	80.2	4.3	36.1
Profit/loss after tax, SEK million	12.9	13.4	57.1	-1.3	16.2
Earnings per share before dilution, SEK	0.71	0.73	3.16	-0.13	0.85
Earnings per share after dilution, SEK	0.71	0.73	3.16	-0.13	0.85
Cash flow from operating activities, SEK million	-25.5	-34.6	105.8	35.0	123.1
Net debt/EBITDA rolling 12 mo. ¹⁾ , multiple	2.3	3.0	2.3	3.0	1.4

¹⁾ Beginning in the first quarter of 2019, IFRS 16 Leases entered into effect. Consequently, EBITDA accumulated to September increased by SEK 65.8 million and EBITA increased by SEK 1.1 million, and profit after tax decreased by SEK 1.8 million. Net debt/EBITDA rolling 12 mos. excl. IFRS 16 Leases is 1.9.

JANUARY-SEPTEMBER 2019

CASH FLOW AND FINANCIAL POSITION

During the period, the Group generated a strong cash flow from operating activities in an amount of SEK 105.8 million (35.0). Consolidated cash and cash equivalents at the end of the period amounted to SEK 78.5 million, compared with SEK 38.2 million as of 31 December 2018. The strong cash flow is attributable to a higher profit, lower trade receivables and reduced other current receivables.

Interest-bearing liabilities increased by SEK 439.4 million since 31 December 2018 to SEK 568.3 million at the end of period; see page 14. The increase is attributable to new accounting policies IFRS 16 Leases, convertible programmes and acquisitions from Neste. The increase of the leasing component with regard to IFRS 16 Leases of interest-bearing liabilities amounts to SEK 217.9 million, a convertible programme of SEK 23.3 million and loans in the acquisition of Neste of SEK 229 million. A new share issue may be an alternative for financing of the acquisition, which was previously announced in a press release. Current interest-bearing liabilities amount to SEK 307.9 million and non-current liabilities amount to SEK 260.4 million. The distribution is adapted to achieve an effective interest level.

Net debt amounted to SEK 523.5 million, compared with SEK 119.8 million as of 31 December 2018. Net debt is also affected by the leasing effect; see page 14. The ratio of net debt to EBITDA rolling 12 months amounted to 2.3 at the end of the period compared with 1.4 at 31 December 2018. The ratio of net debt to EBITDA rolling 12 months excluding IFRS 16 Leases is 1.9. Covenant reporting to Danske Bank includes pro forma EBITDA for the acquisition of 12 months, which entails a positive effect on the covenant. The equity/assets ratio amounted to 39.10 per cent compared with 50.4 on 31 December 2018. The equity/assets ratio excluding IFRS 16 Leases amounts to 44.0 per cent. The equity/assets ratio is negatively affected by only the balance sheet being consolidated in the account closing with regard to the Neste acquisition, as the acquisition occurred on 30 September.

Equity per share was SEK 42.30 at the end of the period compared to SEK 39.10 as of 31 December 2018. The Group's overdraft facilities of SEK 150.0 million (150.0) are unutilised.

INVESTMENTS

Investments in property, plant and equipment amounted to SEK 3.5 million (4.2) and mainly pertain to servers and other IT equipment, while investments in intangible assets, mainly attributable to the development of IT platforms at Rejlers Embriq, amounted to SEK 24.1 million (20.5). Investments in subsidiaries and businesses amounted to SEK 251.4 million (12.0). Depreciation and amortisation amounted to SEK 87.7 million (26.6) of which SEK 64.5 million pertains to leasing according to IFRS 16.

UTILISATION

Utilisation amounted to 76.3 per cent (76.6), mainly as a result of lower order volumes in Sweden.

EMPLOYEES

At the end of the period, there were 2,021 employees (1,892), in addition to 330 regarding the acquisition from Neste. There were 1,940 full-year employees (1,839).

PARENT COMPANY

Net sales for the Parent Company during the interim period amounted to SEK 27.8 million (27.1) and loss before tax amounted to SEK -10.2 million (-18.5).

EBITA MARGIN, %**CASH FLOW FROM OPERATING ACTIVITIES, SEK MILLION****NUMBER OF EMPLOYEES AT END OF PERIOD**



SEASONAL VARIATIONS

Rejlers is affected by seasonal variations and calendar effects. The respective quarters are relatively comparable over the years, but are affected by minor calendar effects, such as when in time Easter occurs. Sales are normally higher in the first and fourth quarters and lower in the second and third quarter. Similar seasonal variations occur in all geographic markets.

THE SHARE

The Group issued designated convertibles to employees in senior positions according to a resolution at the Annual General Meeting on 3 May 2019. The convertibles are divided up into a debt amount and a conversion right whereby the latter is recognised as equity. The programme does not entail any personnel expenses. The entire convertible programme comprises SEK 41,200,000. As an acquisition occurred during the subscription period, only SEK 24,400,000 has been able to be subscribed for to-date, as several employees in senior positions were logged as insiders and thereby stopped from being able to subscribe for convertibles. Rejlers AB convened an Extraordinary General Meeting on 18 November for a new convertible programme.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Rejlers and Specialfastigheter sign a framework agreement. Rejlers has signed a framework agreement with Specialfastigheter Sverige AB, which owns and manages properties with high standards of security. The agreement runs for two years with an option for extension and includes technical consulting services in a number of different areas of expertise.

Business overview

REJLERS SWEDEN

The market development was generally good in Sweden in the third quarter and Rejlars Sweden provided an EBITA of SEK 8.0 million (8.9).

The Energy division provided another strong quarterly profit and continues to have a strong order intake. A very interesting project is the Eastern Link high-speed rail where Rejlars together with the Swedish Transport Administration and the Swedish Energy Markets Inspectorate is investigating new technical solutions for the supply of power. The division is also working on the new Southwest Link, a project with the purpose to improve the transmission of electricity from central Sweden to southern Sweden. Here, Rejlars is assisting Svenska Kraftnät with cable expertise in the commissioning of the link.

During the quarter, the Industry & Infra division began the integration work of Neste Engineering Solutions AB's (Neste AB) personnel into Rejlars. Through the acquisition, Rejlars is further strengthening its offering and its presence in the Gothenburg region in process knowledge, among other areas. The take-over is also accompanied by a large project, Stenungsund Revamp Furnace Project, for Borealis. The assumed agreement with Borealis means that Rejlars will complete the delivery of the complete EPCM services for upgrade and renovation of four petroleum cracking furnaces in Stenungsund, Sweden to the highest available standard.

The Telecom division is negatively affected by the restraint in the telecom sector. During the quarter, we adapted the division to the market situation, both through cut-backs, as well as by intensifying the stake on Swedish total defence. Pondra AB with 14 full-time employee consultants in the defence sector was acquired, which gives Rejlars access to valuable agreements and experience for growth within the areas of defence and security.

The Buildings division had a weaker development during the quarter. The utilisation was negatively impacted by several major projects not beginning according to plan. However, during the period, several new agreements were signed, including technical consulting services with the Västra Götaland Region and Wihlborgs Fastigheter AB, as well as a staffing and project management agreement with Specialfastigheter Sverige AB and the Swedish Prison and Probation Service.

EBITDA, SEK MILLION



KPI	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Net sales, SEK million	250.1	252.9	848.0	845.9	1,183.5
EBITA, SEK million	8.0	8.9	45.7	13.3	39.0
EBITA margin, %	3.2	3.5	5.4	1.6	3.3
Operating profit/loss, SEK million	6.5	7.4	41.1	9.0	33.1

REJLERS FINLAND

The market in Finland remained strong in the third quarter and all divisions in Rejlers

Finland continued to perform well. The slowdown in the Finnish construction market, which we reported about in earlier quarters, had some impact during the quarter, but the market remains good. Rejlers' divisions Buildings and Electrification, Instrumentation & Automation (EIA) continue to deliver strong earnings. In total, the business in Finland grew by 28.8 per cent, and provided an EBITA of SEK 15.5 million (9.2) in the third quarter.

During the quarter, preparations began for the integration of the recently announced

acquisition from Neste Engineering Solutions. The acquisition provides Rejlers Finland 220 new qualified employees, which strengthen Rejlers' offering and position in Finland.

Helsinki's new flagship library Oodi was voted the winner of the prize for the Public Library of the Year for 2019, which is awarded by the International Federation of Library Associations (IFLA). Rejlers' support for the project planning of electrical, telecommunication and security solutions, as well as for light design.

Several interesting projects were begun during the quarter. The power grid company Kajave Oy is project planning and building a regional network that extends more than 100 kilometres in the Kainuu region. Rejlers stands for the project planning of the new power line and the transformer stations. Rejlers has also entered a partnership with Kuopion Energia. Rejlers has been chosen as the leading service provider for meter data processing, a solution that makes Kuopion Energia better equipped for future requirements.

EBITDA, SEK MILLION



KPI

July-Sept 2019

July-Sept 2018

Jan-Sept 2019

Jan-Sept 2018

Jan-Dec 2018

KPI	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Net sales, SEK million	166.4	129.2	523.8	410.3	576.9
EBITA, SEK million	15.5	9.2	48.6	30.0	41.5
EBITA margin, %	9.3	7.1	9.3	7.3	7.2
Operating profit/loss, SEK million	14.7	8.7	46.3	28.4	38.7

REJLERS NORWAY

In Norway, the market continued to develop positively in the third quarter, with strong demand for all of Rejlers Norway's range of services, from traditional consulting in Energy and Buildings to IT services. Rejlers Norway presented an EBITA of SEK 6.4 million (2.5) and continued its positive earnings trend.

Rejlers Embriq, our Norwegian operations in IT and digitalisation services, continued to grow with existing customers in Norway. Rejlers Embriq's Swedish operations signed several new agreements in the energy sector in Sweden. Among them are Tekniska verken i Linköping Nät AB, which will use Quant Insight to analyse collected data from smart electrical meters and optimise the electrical grid operations. Agreements have also been reached with Jönköping Energi Nät AB, which will use Quant as its new central IT solution in line with new functional requirements that are to be met by 2025.

In Norway, the IT department within Rejlers Embriq is in a group of suppliers that reached agreements with Statnett, one of the largest IT contracts in the Norwegian market in many years.

The technology consultancy Rejlers Engineering has shown good growth among existing customers in the Norwegian market during the quarter. The building segments in particular reports significant growth. Within Rejlers Engineering, there are several interesting possibilities that are being discussed with potential new customers.

EBITA, SEK MILLION



KPI

July-Sept 2019

July-Sept 2018

Jan-Sept 2019

Jan-Sept 2018

Jan-Dec 2018

KPI	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Net sales, SEK million	144.1	151.4	459.1	488.3	643.5
EBITA, SEK million	6.4	2.5	24.3	-11.1	-5.2
EBITA margin, %	4.4	1.7	5.4	-2.3	-0.8
Operating profit/loss, SEK million	5.4	1.8	19.3	-8.8	-3.7



Rejlers offering

Rejlers AB is one of the largest technical consulting firms in the Nordic region. We have nearly 2,400 qualified engineers who work with projects and IT solutions in construction and property, energy, industry and infrastructure.

Rejlers goal is to always deliver the maximal business benefit to our customers. Rejlers offers both expert knowledge and breadth in everything from preliminary studies and planning to design, construction, project planning, programming and digitalisation. Our most valuable asset is the employees' learning mindset. We welcome the most complex questions and handle them in a way that adds new perspectives to our customers.

For our customers, we want to be an alternative that stands out, the little big consulting company that combines the best of two worlds. Like larger actors, Rejlers has extensive depth and breadth in the expertise we provide, at the same time that we offer fast decision-making pathways and extensive adaptive ability.

We have a strong platform in place to play a very active role in the digital development of business and society. In our industry and the labour market in general, network constellations based on digital collaboration are becoming increasingly important. Through Rejlers Network, we have a large network of partners that supplement our expertise and broaden our offering.



ENERGY

We offer services at every level of the energy supply chain from production through distribution to consumption.



BUILDINGS

Our offering to you in the property industry. Regardless of whether you own, rent, build or manage properties, premises or their systems.



INDUSTRY

At Rejlers, we have a long history of completing industrial projects throughout the Nordic region. We also have experience in following our customers in their projects worldwide.



INFRASTRUCTURE

We work on a broad front within the infrastructure sector with the modernisation and planning of e.g. roads, tunnels, railways, bridges, airports and harbours.



TELECOM

Rejlers Telecom is a technology- and partner-independent supplier that offers technical and legal consulting services in network infrastructure, communication and information security.



REJLERS EMBRIQ

We deliver a broad range of IT services to both large and small companies where we focus on business critical IT installations. We contribute smart options and strategic use of IT.



Other information

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 Parent Company's reports are prepared in accordance with the Annual Accounts Act and RFR 2, Accounting for Legal Entities. The same accounting policies (except IFRS 16 and convertible programmes) were applied as in the most recent annual report for both the Group and the Parent Company (for convertible programmes, see under the Share on page 6).

EFFECTS OF THE TRANSITION TO IFRS 16 LEASES

From 1 January 2019, Rejlers applies IFRS 16 Leases. Rejlers' initial estimate is that IFRS 16 will have a small positive effect on operating profit and a small effect on profit after financial items. The effects on the balance sheet as of 1 January 2019 amounted to SEK 289.3 million in Rights of Use with a lease liability in the same amount. The leasing portfolio contains nearly 250 leases and mainly comprises operating leases for offices, office equipment and vehicles. Existing finance leases previously recognised according to IAS 17 Leases are reclassified according to IFRS 16 to the amounts that were recognised the date immediately before the application of the new standard. Rejlers has identified leases with options to extend the lease in addition to the ordinary contract period. This means that Rejlers must itself determine the contract period that can be considered reasonable instead of considering the contract period in the leases. As a result of these considerations, the contract period of many leases has been deemed to be longer. For other information, please refer to the 2018 Annual Report.

Rejlers has chosen to report the transition to the new standard with the simplified method. The relief rule to not prepare a comparison year was applied, which means that the comparison year was not restated. The size of the right of use has been measured to correspond to the size of the lease liability at the transition date. A marginal interest rate on loans has been set. The usufruct period has been set with knowledge of how termination and extension clauses have been applied. Right of use agreements shorter than 12 months or that expire within 12 months from the transition date are classified as short-term agreements and are thereby not included in the recognised liabilities and rights of use. In addition, right of use agreements (with a new purchase price of less than USD 5,000) have been classified as low-value agreements and are not included in the recognised liabilities or rights of use.

After the transition to IFRS 16, Rejlers measures all leases in accordance with the cost method, which means that the rights of use are measured at cost less accumulated amortisation and impairment and adjustments as a result of potential restatement of the lease liability that reflects a reassessment or change of the lease. The remeasurement amount is recognised as an adjustment of the right of use, if the carrying amount for the right of use is impaired to zero and there is a further reduction in the valuation of the lease liability, any remaining amount for the remeasurement is recognised in profit or loss.

RISKS AND UNCERTAINTY FACTORS

Through its operations, the Group is subject to various financial risks, such as market risk (comprehensive foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management involves striving for minimal unfavourable effects on financial position and performance. The Group's business risks and risk management as well as financial risks are described in detail in the annual report for 2018. No events of material significance occurred during the interim period that affects or changes these descriptions of the Group's risks and the management of them.



FINANCIAL INSTRUMENTS

The carrying amount of financial instruments recognised in amortised cost matches the fair value as the duration for financial assets and liabilities is short.

BUSINESS COMBINATIONS

DURING THE PERIOD, THE FOLLOWING ACQUISITIONS WERE CARRIED OUT				
Period	Company	Segment	Annual net sales	FTE
July-Sept	Neste	FI, SE	SEK 370 million	330
July-Sept	Pondra	SE	SEK 35 million	14
ACQUIRED COMPANY'S NET ASSETS AT THE TIME OF THE ACQUISITION				
SEK million	Total	Pondra	Neste Finland (Assets and liabilities)	Neste AB
Non-current assets	1.1	0.6	0.5	
Financial assets	171	1.4	15.7	
Accounts receivable, other receivables	38.3	7.9	30.4	
Cash and cash equivalents	17.6	1.1	16.5	
Accounts payable, loans and other liabilities	-74.5	-6.3	-32.2	-36.0
Net identifiable assets and liabilities	-0.4	4.7	-32.2	27.1
Goodwill	87.0	0.0	72.0	15.0
Customer value	131.7	4.4	99.6	277
Deferred tax	-6.6	-0.9	0.0	-5.7
Purchase sum	211.8	8.2	139.5	64.1
Deduction of transaction costs	5.5	0.0	5.5	
Cash and cash equivalents (acquired)	-17.6	-1.1	-16.5	
Net outflow, Group	199.7	7.1	139.5	53.1

The acquisition analysis is preliminary as fair value has not been established for customer values.

Neste

In June 2019, Rejlers entered an agreement to acquire strategically significant operations from Neste Engineering Solutions. The operations acquired have a total of 330 employees, of which 220 are in Finland, 50 in Sweden and 60 in the United Arab Emirates (Abu Dhabi) and strengthens Rejlers in the energy sector. The acquisition is comprised of a purchase of assets and liabilities in Finland and the purchase of all shares in Neste AB where Abu Dhabi is a branch of Neste AB. Rejlers assumes expertise within the process industry, especially in the hydrocarbon and bioindustry where the acquired units have decades of experience of assignments in every part of the life cycle. The transaction was completed on 30 September 2019. In the account closing on 30 September 2019, only the balance sheet is consolidated as the earnings were attributed to the selling company on 30 September. If the acquisition had been implemented on 1 January 2019, it would have contributed approximately SEK 278 million to sales with an operating margin of 10%.

Pondra

On 1 September 2019, Rejlers entered an agreement to acquire the technical consultancy Pondra AB, which is a part of the IT group, Empir Group AB. The acquisition is a part of Rejlers' growth strategy and means that the company is strengthening its offering in the Defence and Security business area. Pondra AB has 14 employees with extensive

experience in defence and public security, both towards the public and private sector. So far in September, the acquisition has contributed SEK 3.2 million to sales and SEK 0.1 million to operating profit. If the acquisition had been implemented on 1 January 2019, it would have contributed approximately SEK 26 million to sales with an operating margin of 5%.

RELATED PARTY TRANSACTIONS

Related party transactions take place on market-based terms.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities are essentially unchanged compared with the previous year.

NOMINATION COMMITTEE

In accordance with the resolution by the Annual General Meeting on 3 May 2019, the Nomination Committee shall consist of representatives for the three largest shareholders with voting rights on the last banking day in August of each year. The Annual General Meeting resolved to provide a mandate to the Chairman of the Board to annually contact the three largest shareholders by votes, which each appoint a representative to the Nomination Committee for the period until the next Annual General Meeting has been held or when necessary until a new Nomination Committee has been appointed.

The Nomination Committee for Rejlers 2020 Annual General Meeting is comprised of:

Kent Hägglund, Chairman, represents Peter Rejler

Martina Rejler, represents Jan Rejler

Mats Andersson, represents Nordea Fonder

EXTRAORDINARY GENERAL MEETING

The Board of Directors of Rejlers AB convened an Extraordinary General Meeting regarding the convertible programme for employees in Rejlers. The company resolved at the Annual General Meeting on 3 May 2019 to issue convertibles to senior executives and key personnel in the scope of a long-term incentive programme. During the subscription period for the Convertible Programme 2019/2022, negotiations were conducted regarding an acquisition, which meant that Group management and other senior executives during the subscription period were prevented from participating in the Convertible Programme due to insider trading rules.

In order to be a competitive employer, create incentive for the company's key individuals to increase the share value of the company, increase and spread shareholding among key individuals, reward performance and motivate key individuals to stay in the company, the Board believes it to be appropriate to implement another long-term incentive programme to make it possible for Group management and other senior executives who were previously prevented from subscribing for convertibles in the company within the scope of an incentive programme.

The General Meeting will be held at the Lindhagen Conference Centre, Lindhagensgatan 126 in Stockholm, Sweden on 18 November 2019 at 10:00 a.m. Information on the Extraordinary General Meeting is available on the company's website, www.rejlers.com/se.

The undersigned provides assurance that this interim report provides an accurate overview of the operations, position and earnings of the Group and the Parent Company, and that it also describes the principal risks and sources of uncertainty faced by the Parent Company and the companies within the Group.

Stockholm, 23 October 2019 Rejlers AB (publ).

Viktor Svensson
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 23 October 2019 at 2:00 p.m. CEST. 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.

Auditor's review report

INTRODUCTION

We have conducted a general review of the interim report for Rejlers AB (publ) for the period 1 January 2019 to 30 September 2019. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express our conclusion about this interim report, based on our general review.

FOCUS AND SCOPE OF THE GENERAL REVIEW

We have conducted our general review in accordance with the International Standard on Review Engagements ISRE 2410 Review of interim financial information performed by the independent auditor of the entity. A general review consists of making enquiries, in the first instance with individuals who are responsible for financial and accounting issues, for carrying out analytical reviews and for implementing other general review procedures. A general review has a different approach and is substantially less in scope than an audit conducted in accordance with ISA and good auditing practice in general. The review procedures that are implemented in conjunction with a general review do not enable us to acquire such assurance that we are aware of all important circumstances that might have been identified had an audit been carried out. The expressed conclusion based on a general review does not therefore have the same level of assurance as an expressed conclusion based on an audit.

CONCLUDING STATEMENT

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 Annual Accounts Act for the Group, and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, 23 October 2019
Deloitte AB

Johan Telander
Authorised Public Accountant

Group

CONDENSED INCOME STATEMENT

Amounts in SEK million	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Net sales	553.4	515.5	1,800.3	1,721.0	2,365.2
Other income	0.2	-3.6	2.9	1.6	1.8
Personnel expenses	-325.9	-305.1	-1,105.1	-1,073.7	-1,460.8
Other external expenses	-179.5	-180.6	-513.8	-614.2	-828.1
Participations in associated company earnings	0.3	0.4	1.0	0.6	0.8
EBITDA	48.5	26.6	185.3	35.3	78.9
Depreciation/amortisation and impairment of non-current assets ¹⁾	-22.0	-9.1	-87.8	-26.6	-34.8
EBITA	26.5	17.5	97.5	8.7	44.1
Acquisition-related items ²⁾	-6.5	-2.9	-17.3	-4.4	-8.0
Operating profit/loss (EBIT)	20.0	14.6	80.2	4.3	36.1
Net financial income/expense	-1.0	-0.4	-3.2	-1.5	-6.0
Profit/loss after net financial income/expense	19.0	14.2	77.0	2.8	30.1
Tax	-6.1	-0.8	-19.9	-4.1	-13.9
PROFIT FOR THE PERIOD	12.9	13.4	57.1	-1.3	16.2
Attributable to the Parent Company's shareholders	12.9	13.2	57.1	-2.3	15.4
Attributable to shareholders without a controlling influence	0.0	0.2	0.0	1.0	0.8
Average number of shares	18,087,909	18,087,909	18,087,909	18,087,909	18,087,909
Number of shares at end of period	18,087,909	18,087,909	18,087,909	18,087,909	18,087,909
Number of shares after dilution	18,087,909	18,087,909	18,087,909	18,087,909	18,087,909
Earnings per share before dilution, SEK	0.71	0.73	3.16	-0.13	0.85
Earnings per share after dilution, SEK	0.71	0.73	3.16	-0.13	0.85

¹⁾ Impairment and depreciation of property, plant and equipment and amortisation of intangible assets excluding goodwill and those related to acquisitions.

²⁾ Impairment and amortisation of goodwill and intangible assets related to acquisitions, revaluation of supplemental purchase amounts and gains/losses in the divestment of subsidiaries and operations, as well as acquisition costs.

Due to the new accounting standard IFRS 16 Leases, EBITDA increased by SEK 65.8 million in the first three quarters and EBITA increased by SEK 1.1 million and profit after tax decreased by SEK -1.8 million. In the quarter, EBITDA increased by SEK 13.6 million and EBITA decreased by SEK -0.3 million, and profit after tax decreased by SEK -0.6 million.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Profit/loss for the period	12.9	13.4	57.1	-1.3	16.2
Items that may be reclassified to the income statement					
Translation differences of foreign operations, net after-tax	1.3	-4.7	18.2	23.6	12.9
Items that will not be reclassified to the income statement					
Revaluation of net pension provisions	-	-	-	-	1.4
TOTAL OTHER COMPREHENSIVE INCOME	1.3	-4.7	18.2	23.6	14.3
COMPREHENSIVE INCOME FOR THE PERIOD	14.2	8.7	75.3	22.3	30.5

CONDENSED BALANCE SHEET

Amounts in SEK million	30 Sept 2019	30 Sept 2018	31 Dec 2018
Assets			
Non-current assets			
Goodwill ²⁾	568.8	461.2	468.3
Other intangible assets ²⁾	271.2	135.9	138.0
Property, plant and equipment	15.6	28.2	24.8
Rights of use	215.9	-	-
Other non-current assets	75.6	52.6	50.2
Total non-current assets	1,147.1	677.9	681.3
Current assets			
Current receivables	730.1	750.7	679.2
Cash and cash equivalents	78.5	22.6	38.2
Total current assets	808.6	773.3	717.4
TOTAL ASSETS	1,955.7	1,451.2	1,398.7
Equity and liabilities			
Equity attributable to shareholders in the Parent Company	765.2	749.6	707.3
Non-controlling interests	-	9.4	-
Total equity	765.2	759.0	707.3
Non-current liabilities			
Provision for pensions	33.7	32.4	29.1
Interest-bearing non-current liabilities ¹⁾	260.4	5.7	95.5
Other non-current liabilities	116.0	47.6	113.5
Total non-current liabilities	410.1	85.7	238.1
Current liabilities			
Interest-bearing current liabilities ¹⁾	307.9	163.7	33.4
Other current liabilities	472.5	422.8	419.9
Total current liabilities	780.4	606.5	453.3
TOTAL LIABILITIES AND EQUITY	1,955.7	1,451.2	1,398.7

¹ Impact from IFRS 16 Leases: Interest bearing non-current liabilities SEK 108.4 million, interest-bearing current liabilities SEK 109.6 million, and the acquisition; see page 11.

² Has been affected by the business acquisition; see page 16.

CONDENSED CHANGES IN EQUITY

Amounts in SEK million	30 Sept 2019	30 Sept 2018	31 Dec 2018
Equity at start of period	707.3	746.3	746.3
Comprehensive income for the period	75.3	22.3	30.5
Acquisition of non-controlling interests	-	-	-60.0
Conversion rights for convertible debt instruments	0.7	-	-
Changes attributable to transactions with the owners			
Dividends	-18.1	-9.6	-9.5
Total changes attributable to transactions with the owners	-18.1	-9.6	-9.5
Equity at end of period	765.2	759.0	707.3
Attributable to the Parent Company's shareholders	765.2	749.6	707.3
Attributable to non-controlling interests	-	9.4	-
Total	765.2	759.0	707.3

CONDENSED CASH FLOW STATEMENT

Amounts in SEK million	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Cash flow from operating activities before changes in operating capital and tax paid	19.8	9.8	101.5	71.1	117.0
Tax paid	-11.4	-12.7	-24.3	-37.6	-30.7
Change in working capital	-33.9	-31.7	28.6	1.5	36.8
Cash flow from operating activities	-25.5	-34.6	105.8	35.0	123.1
Cash flow from investing activities ¹⁾	-258.9	-8.8	-279.0	-34.6	-67.9
Cash flow from financing activities	221.7	17.7	212.5	1.2	-38.1
Cash flow for the period	-62.7	-25.6	39.3	1.5	17.1
Cash and cash equivalents at start of period	140.6	48.5	38.2	20.3	20.3
Exchange rate differences in cash and cash equivalents	0.6	-0.3	1.0	0.8	0.8
Cash and cash equivalents at end of period	78.5	22.6	78.5	22.6	38.2

¹⁾ Investment activities include the receivable for final settlement of the Neste transaction of approximately SEK 56.0 million, which is expected to be repaid during Q4.

NET INDEBTEDNESS

Amounts in SEK million	30 Sept 2019	30 Sept 2018	31 Dec 2018
Interest-bearing non-current liabilities ¹⁾	128.7	5.7	95.5
Convertibles programme	23.3	-	-
Non-current lease liability	108.4	-	-
Interest-bearing current liabilities ¹⁾	198.3	163.7	33.4
Current lease liability	109.6	-	-
Pension provisions	33.7	32.4	29.1
Cash and cash equivalents	-78.5	-22.6	-38.2
Total	523.5	179.2	119.8

¹⁾ The acquisition of Neste was financed by loans, totalling SEK 229 million.

ITEMS AFFECTING COMPARABILITY

Amounts in SEK million	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Restructuring costs	-	-	-	53.4	53.4

ACQUISITION-RELATED ITEMS

Amounts in SEK million	July-Sept 2019	July-Sept 2018	Jan-Sept 2019	Jan-Sept 2018	Jan-Dec 2018
Impairment and amortisation of goodwill and intangible assets related to acquisitions	-3.2	-2.9	-9.8	-9.0	-12.1
Profit/loss from divestment of subsidiaries and operations	-	-	-2.0	4.6	4.1
Acquisition expenses	-3.3	-	-5.5	-	-
Total	-6.5	-2.9	17.3	-4.4	-8.0

Parent Company

CONDENSED INCOME STATEMENT

Amounts in SEK million	July–Sept 2019	July–Sept 2018	Jan–Sept 2019	Jan–Sept 2018	Jan–Dec 2018
Sales	9.9	8.8	27.8	27.1	35.8
Personnel expenses	-6.3	-8.0	-24.3	-27.5	-34.5
Other external expenses	-7.3	-6.2	-20.1	-23.5	-32.0
Depreciation	-	-0.1	-0.1	-0.2	-0.2
Participations in associated company earnings	-	0.3	0.4	0.3	0.3
Operating profit/loss	-3.7	-5.2	-16.3	-23.9	-30.9
Net financial income/expense	-0.4	0.4	6.1	5.4	25.7
Profit/loss after net financial income/expense	-4.1	-4.8	-10.2	-18.5	-5.2
Appropriations	-	-	-	-	8.3
Tax	-	-	-	-	-
Profit/loss after tax	-4.1	-4.8	-10.2	-18.5	3.1

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

CONDENSED BALANCE SHEET

Amounts in SEK million	30 Sept 2019	30 Sept 2018	31 Dec 2018
Assets			
Non-current assets			
Property, plant and equipment	2.5	0.4	0.4
Financial assets ¹	515.7	389.9	449.9
Total non-current assets	518.2	390.3	450.3
Current assets			
Current receivables	344.2	254.7	211.3
Cash and cash equivalents	41.0	1.2	8.6
Total current assets	385.2	255.9	219.9
TOTAL ASSETS	903.4	646.2	670.2
Equity and liabilities			
Equity	399.2	405.3	426.9
Untaxed reserves	-	8.3	-
Non-current liabilities ¹	213.8	1.6	152.9
Current liabilities ¹	290.4	231.0	90.4
TOTAL LIABILITIES AND EQUITY	903.4	646.2	670.2

¹ Has been affected by the acquisition of Neste; see page 11.

Segment overview

Amounts in SEK million	July–Sept 2019	July–Sept 2018	Jan–Sept 2019	Jan–Sept 2018	Jan–Dec 2018
Net sales					
Sweden	250.1	252.9	848.0	845.9	1,183.5
Finland	166.4	129.2	523.8	410.3	576.9
Norway	144.1	151.4	459.1	488.3	643.5
Group wide	9.9	8.6	27.8	26.9	35.6
Eliminations	-17.1	-26.6	-58.4	-50.4	-74.3
Consolidated total	553.4	515.5	1,800.3	1,721.0	2,365.2
EBIT					
Sweden	6.5	7.4	41.1	9.0	33.1
Finland	14.7	8.7	46.3	28.4	38.7
Norway	5.4	1.8	19.3	-8.8	-3.7
Group wide	-6.6	-3.3	-26.5	-24.3	-32.0
Eliminations	-	-	-	-	-
Consolidated total	20.0	14.6	80.2	4.3	36.1
Net financial income/expense	-1.0	-0.4	-3.2	-1.5	-6.0
Profit/loss before tax	19.0	14.2	77.0	2.8	30.1
Operating margin					
Sweden	2.6	2.9	4.8	1.1	2.8
Finland	8.8	6.7	8.8	6.9	6.7
Norway	3.8	1.1	4.2	-1.8	-0.6
Group-wide	-	-	-	-	-
Eliminations	-	-	-	-	-
Consolidated total	3.6	2.8	4.5	0.2	1.5
Number of employees					
Sweden	1,025	1,010	1,025	1,010	1,006
Finland	715	606	715	606	675
Norway	270	267	270	267	263
Group wide	11	9	11	9	9
Consolidated total	2,021	1,892	2,021	1,892	1,953

Key performance indicators

Definitions of key figures are in the company's latest annual report.

Amounts in SEK million	July–Sept 2019	July–Sept 2018	Jan–Sept 2019	Jan–Sept 2018	Jan–Dec 2018
IFRS key performance indicators					
Earnings per share before dilution, SEK	0.71	0.73	3.16	-0.13	0.85
Earnings per share after dilution, SEK	0.71	0.73	3.16	-0.13	0.85
Average number of shares	18,087,909	18,087,909	18,087,909	18,087,909	18,087,909
Number of shares at end of period	18,087,909	18,087,909	18,087,909	18,087,909	18,087,909
Operational key performance indicators					
Billable hours ratio, %	74.6	76.9	76.3	76.6	77.1
Sales per full-time employee, SEK thousand	289	280	928	910	1,270
Number of full-time employees	1,917	1,830	1,940	1,892	1,863
Number of employees at end of period	2,021	1,839	2,012	1,839	1,953
Alternative key figures					
Acquired growth, %	1.0	1.9	1.5	1.4	1.7
Currency effect, %	0.2	2.9	0.4	2.2	2.2
Organic growth, %	6.5	-1.3	3.5	-3.0	-3.8
EBITDA, SEK million	26.5	17.5	97.5	8.7	44.1
Depreciation/amortisation of acquisition-related items, SEK million	-3.2	-2.9	-9.8	-4.4	-12.1
Items affecting comparability, SEK million	-	-	-	53.4	-53.4
Operating profit/loss (EBIT), SEK million	20.0	14.6	80.2	4.3	36.1
EBITA margin, %	4.8	3.4	5.4	0.5	1.8
Net indebtedness, SEK million	523.5	179.2	523.5	179.2	119.8
Net debt/EBITDA, R12, times	2.3	3.0	2.3	3.0	1.4
Equity/assets ratio, %	39.1	52.3	39.1	52.3	50.6
Operating profit/loss per full-time employee, SEK thousand	10	8	41	2	19
Equity per share at the end of the period, SEK	42.30	41.44	42.30	41.44	39.10

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CALENDAR

EXTRAORDINARY GENERAL MEETING (CONVERTIBLE PROGRAMME)	18 NOV 2019
YEAR-END REPORT JANUARY-DECEMBER 2019	7 FEBRUARY 2020
INTERIM REPORT JANUARY-MARCH	23 APRIL 2020
ANNUAL GENERAL MEETING	23 APRIL 2020
INTERIM REPORT APRIL-JUNE	16 JULY 2020
INTERIM REPORT JULY-SEPTEMBER	23 OCT 2020
YEAR-END REPORT JANUARY-DECEMBER 2020	5 FEBRUARY 2021

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