

# YEAR-END REPORT 2016

## Agreement signed in February 2017 for the divestment of Business Area Engineering Services Germany

*The figures in this report refer to continuing operations unless otherwise stated.*

### Fourth quarter

- The operating income amounted to SEK 467 million [430] and the organic growth was 8%
- The operating profit amounted to SEK 32 million [9], yielding an operating margin of 6.9% [2.2]
- The profit after tax amounted to SEK 19 million [6]
- Earnings per share [EPS] after dilution amounted to SEK 1.04 [0.33]

### January–December

- The operating income amounted to SEK 1,756 million [1,657] and the organic growth was 5%
- The operating profit amounted to SEK 95 million [58], yielding an operating margin of 5.4% [3.5]
- The profit after tax amounted to SEK 68 million [43]
- Earnings per share [EPS] after dilution amounted to SEK 3.75 [2.36]
- The equity/assets ratio amounted to 45% [45]
- Return on capital employed was 22% [13]
- The Board of Directors proposes a share dividend of SEK 2.25 per share [1.25]

### Comment from CEO Markus Granlund:

We reported healthy growth and better results than last year for the fourth quarter in all business areas. Business Area Engineering Services Nordic noted favourable demand and efforts are continuing, in line with the strategy, to develop its offering to become more value-based. This shift is expected to lead to further improved growth and profitability moving forward.

Business Area Engineering Services International noted favourable growth during the year, including improved results in Brazil, despite a weak market. The large number of project commitments means that we can use the expertise available in Semcon's international organisation, which generates distinct added value for our customers.

During the year, Business Area Product Information signed new partnership agreements with global automotive customers and won new business within the telecom sector. There is continuing strong interest from companies that see the benefits of employing us to create and distribute product information digitally.

Our new communication strategy was launched in the autumn, to strengthen our brand by becoming more distinct in our communication in relation to our position and our customer offering. The reception has been positive and we have received considerable attention both from media and among customers and potential employees.

After the end of the year, we signed an agreement to divest Business Area Engineering Services Germany. The operations have reported weak profitability for some time and still face major challenges in the future. Moreover, a substantial part of operations consists of prototype and testing activities that are suited to the buyer's offering. As a result of the transaction, we achieved a better balance between the industries in which we operate, which is one of the Group's long-term objectives. The divestment will enable us to focus on growth in product development services on other markets and on strengthening the Group's profitability and improving the prerequisites to achieve our financial objectives.

## Income and result

### Fourth quarter

Operating income amounted to SEK 467 million [430]. Adjusted for currency effects, acquisitions and divestments, income increased by 8%. All business areas reported increased revenues. Operating profit amounted to SEK 32 million [9], yielding an operating margin of 6.9% [2.2]. Business Area Engineering Services Nordic and Business Area Product Information reported good improvements in earnings due to stronger demand.

Net financial items amounted to SEK 1 million [-], yielding profit before tax of SEK 33 million [10]. The tax expense for the quarter amounted to SEK -14 million [-4]. Profit after tax amounted to SEK 19 million [6] and EPS after dilution was SEK 1.04 [0.33].

### January–December

Operating income amounted to SEK 1,756 million [1,657]. Adjusted for currency effects, acquisitions and divestments, income increased by 5%. Favourable growth was reported by, for example, Business Area Engineering Services Nordic with organic growth amounting to 7%. The Group's operating profit amounted to SEK 95 million [58], yielding an operating margin of 5.4% [3.5]. Business area Product Information's operating profit was positively affected this year by recovered write-downs of accounts receivable of SEK 7 million.

Net financial items amounted to SEK - million [-1], yielding profit before tax of SEK 95 million [57]. The tax expense for the year amounted to SEK -27 million [-14]. Profit after tax amounted to SEK 68 million [43] and EPS after dilution was SEK 3.75 [2.36].

### Financial position including discontinuing operations

Operating cash flow from current activities was SEK 33 million [27]. Cash flow during the fourth quarter was lower than in the year-earlier period due to a reduction in advanced payments from customers, primarily from operations being divested. Investments in hardware, licences, office supplies and equipment amounted to SEK 34 million [33]. The Group's cash and cash equivalents amounted to SEK 88 million [126], with additional non-utilised credit of SEK 240 million [226] as per December 31.

Shareholders' equity amounted to SEK 529 million [604] and the equity/assets ratio was 45% [45]. During the second quarter, a dividend of SEK 22 million [45] was paid to shareholders. The Group's net debt amounted to SEK 127 million [78]. Excluding pension commitments, net debt amounted to SEK 43 million [10]. The debt/equity ratio was 0.2 times [0.2].

## Other important events during the year

- In March Semcon was selected as the "Rocket of the Year" (most places climbed by a company) in Universum's annual survey of attractive employers in a poll of 24,000 engineering students.
- In April Semcon signed a partnership agreement with China Euro Vehicle Technology AB (CEVT) concerning product information for a new model program. The project will at most involve around 40 employees and is expected to run until the end of 2017.
- In April Semcon signed a partnership agreement with the London Taxi Company concerning after-market information with a clear focus on digital technology. The agreement will run for five years and initially involve around 25 employees.
- In April Semcon's Innovation Lab launched its first product concept, a compact and cost-effective motor prototype that can be installed on any bicycle.
- In May Semcon received a prestigious prize in Brazil for its focus on innovation and global collaboration for autonomous vehicles. The prize was linked to a project in which Semcon is developing software systems for autonomous vehicles for a European automotive manufacturer.
- At the end of May Semcon was awarded an assignment to secure production of climate-neutral electricity in a project run by Fortum. The project will last for three years and is the result of Semcon's long-term focus in the energy sector.
- Semcon's new communication strategy was launched in the autumn, which seeks to more clearly communicate the company's new positioning. This was highlighted internally and externally through two communication campaigns, new graphic profile and new website.
- Semcon is developing an autonomous snow removal vehicle as part of the Yeti Snow Technology joint venture together with Øveraasen. The project is the first of its kind in the world and a first demonstration of the vehicle is expected in March 2018.

### Change in Operating income\*

	Oct-Dec	Jan-Dec
Acquisition	-	3%
Currency effects	1%	-2%
Organic growth	8%	5%
<b>Total</b>	<b>9%</b>	<b>6%</b>

\* Compared to last year.

## **Employees**

The head count on December 31 was 2,044 [1,979] and the number of employees in active service was 1,956 [1,894]. In the respective business areas the head count is as follows: Engineering Services Nordic 1,098 [1,098], Engineering Services International 355 [352] and Product Information 591 [529].

## **Ownership structure**

As of December 31 JCE Group owned 25.8 % [22.2] of Semcon's shares, Nordea Investment Funds 7.2 % [6.3], Ålandsbanken 5.1 % [5.2], Swedbank Robur Fonder 4.9 % [8.4] och DnB Carlson Fonder 3.3 % [1.7]. Foreign ownership was 29.9 % [27.5] and the number of shareholders was 4,478 [4,671]. 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 242,718 [242,718] of the company's share on December 31. 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).

## **Acquisitions and divestments**

No acquisitions and divestments have taken place during the year.

## **Parent company**

Operating income for the parent company amounted to SEK 26 million [24] and pertains to compensation for intra-Group services. The profit before tax totalled SEK 14 million [18].

## **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 interest rate and currency risks. Semcon's Annual Report 2015, pages 47-48 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]. In Addition, ESMAS's guidelines regarding alternative performance measures are applied from July 2016. This Year-end report has been drawn up in accordance with IAS 34. A number of new standards and IFRIC statements were introduced on January 1, 2016. None of these have had any effect on the Group's accounts over the period. In general, the same accounting policies and methods of calculation have been used in this Year-end report as in the latest Annual Report.

## **Other information**

JCE Group is the largest owner of Semcon AB. During the year, rental income of TSEK 182 [-] was received from JCE Group.

## **Events after the end of the year**

An agreement was signed in February to divest engineering operations in Germany, that form the Business Area Engineering Services Germany, to Valmet Automotive. The business has 775 employees and income in 2016 amounted to SEK 863 million [901] with EBIT, before write-down, of SEK 15 million [-49]. The purchase price will be paid in cash and amounts to EUR 14.1 million [SEK 135 million] plus the booked value of net assets at the date of transfer. The divestment entails an expected positive cash flow effect of approximately SEK 160 million. The divestment is expected to be finalised in February 2017 and resulted in a write-down of goodwill during the fourth quarter amounting to SEK 66 million and deferred tax assets of SEK 57 million. Operations are presented in this report as discontinuing operations. For further information, see Note 1.

No other significant events occurred after the end of the year.

## Nomination committee

It was decided at the Annual General Meeting [AGM] that the Chairman of the Board should convene a Nomination committee, consisting of one representative from each of the three largest shareholders in the company in terms of voting rights according to the shareholder's register on August 31, 2016. The Nomination committee will, until next AGM consist of: Ulf Gillberg, Nomination committee chairman, JCE Group, Evert Carlsson, Swedbank Robur Fonder, Mats Andersson, Nordea Investment Funds and Tore Bertilsson, Chairman of Semcon AB [co-opted member].

## Annual General Meeting 2017

Semcon's Annual General Meeting will be held at 3 p.m. [CET] on Wednesday April 26 at Semcon's head office in Göteborg. The record day is Thursday, April 20. The interim report January-March will be published on Wednesday, April 26.

## Share dividend

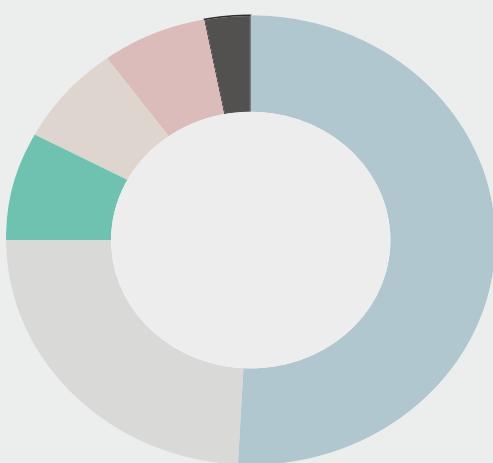
According to Semcon's financial objectives a dividend long-term should be paid to shareholders and be at least one third of the profit after tax. The Board of Directors proposes a share dividend of SEK 2.25 per share [1.25], which makes up for 60% of EPS after dilution for continuing operations. Dividend amounts to SEK 40.8 million [22.6]. The record day for the right to a share dividend is proposed as Friday, April 28.

## Annual Report

The 2016 Annual Report is expected to be available on Semcon's website from mid-March with a printed version sent to shareholders who have requested printed information by the end of March. The Annual Report will also be available on [semcon.com](http://semcon.com) and from Semcon's head office, Lindholmsallén 2, Göteborg. It can also be ordered by phone on: +46 [0]31-721 00 00 or by email: [info@semcon.com](mailto:info@semcon.com).

### Group sales per industry

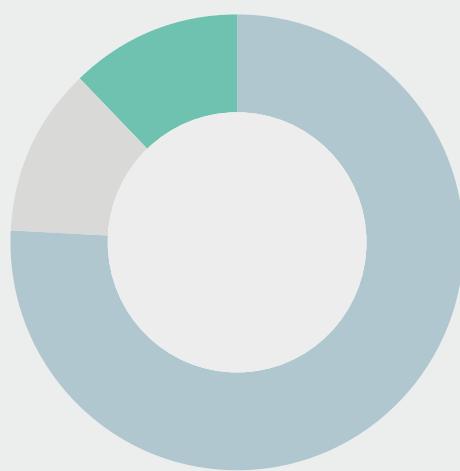
Jan–Dec, 2016



■ Automotive, 51% [51]  
■ Industry, 24% [24]  
■ Energy, 8% [9]  
■ Life Science, 7% [7]  
■ Telecom, 7% [6]  
■ Other, 3% [3]

### Group sales per market

Jan–Dec, 2016



■ Sweden, 76% [74]  
■ UK, 12% [16]  
■ Other, 12% [10]

# BUSINESS AREAS

## Engineering Services Nordic

### Income and result

The business area's income amounted to SEK 1,141 million [1,009]. Adjusted for acquisitions this represented an increase of 7%. Sales to the automotive industry remained good, while demand from energy customers was at a lower level. Operating profit amounted to SEK 56 million [31], yielding an operating margin of 4.9% [3.0]. Activities in Norway, which

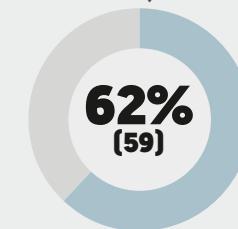
were acquired at the end of 2015, negatively affected operating profit during the year by SEK 10 million [-].

Measures were taken and the Norwegian business is expected to report improved income in future. The business area is continuing its efforts to develop its range to become more value-based. This change and associated measures are expected to lead to improved growth and profitability.

	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Operating income, mSEK	316.3	270.4	1,141.3	1,008.7
Operating profit, mSEK	26.8	9.1	56.1	30.5
Operating margin, %	8.5	3.4	4.9	3.0
No. of employees	1,098	1,098	1,098	1,098

### Share of Semcon's total sale

Jan-Dec, 2016



### About Engineering Services Nordic

The business area's around 1,100 employees provide services in areas such as product development, plant engineering and production development. 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. Business activities mainly focus on automotive, industry, energy and life science sectors in the Nordic region. Customers include ABB, AB Volvo, Alstom, AstraZeneca, Bombardier, CEVT, Geely, Fortum, General Electric, Getinge, Husqvarna, Metso, Rolls-Royce Marine, Saab, Scania, Siemens, Vattenfall and Volvo Cars.

## Engineering Services International

### Income and result

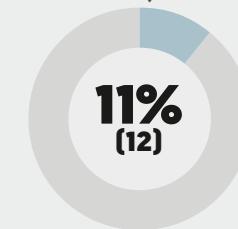
The business area's income amounted to SEK 203 million [201], which adjusted for currency effects represented an increase of 8%. Operating profit amounted to SEK 10 million [7], yielding an operating margin of 4.7% [3.2]. The operation in Brazil reported improved results despite a weak market.

In December 2015, a new agreement was signed with a global automotive partner for autonomous vehicle systems. The assignment has mainly been based in Brazil as part of Semcon's global strategy to involve cutting-edge expertise from different countries in high-tech development projects.

	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Operating income, mSEK	50.5	46.4	202.9	200.8
Operating profit, mSEK	3.0	1.8	9.5	6.5
Operating margin, %	5.9	3.9	4.7	3.2
No. of employees	355	352	355	352

### Share of Semcon's total sale

Jan-Dec, 2016



### About Engineering Services International

The business area's around 350 employees in the UK, Brazil and India provide product- and production development services on respective markets. The offer is aimed at concept, design, calculations, construction, testing and simulation. Customers include a number of leading industrial companies such as AB Volvo, Aston Martin, Autoliv, Bentley, BMW, Jaguar Land Rover, McLaren, MAN, Mercedes Benz, Scania, Siemens, Volvo Cars and VW.

## BUSINESS AREAS CONTINUED

### Product Information

#### Income and result

The business area's income amounted to SEK 490 million [504], which adjusted for currency effects represented an increase of 1%. New business with sectors such as telecommunications compensated for the fall-off in deliveries in the UK since the fourth quarter of 2015 from the partnership with Jaguar Land Rover.

Operating profit amounted to SEK 49 million [28], yielding an operating margin of 10.0% [5.6]. The operating profit includes positive one-off effects from recovered write-downs of accounts receivable of SEK 7 million, of which SEK 5 million was in the first quarter and

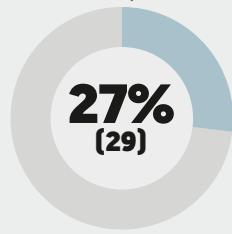
SEK 2 million in the second quarter.

Part of the business area's strategy is focused on increasing the proportion of partnership agreements, with two such larger agreements being signed in the second quarter with China Euro Vehicle Technology [CEVT] and The London Taxi Company [LTC]. The development and production of product information to both of these customers is carried out in networking teams that include employees from four of the six countries where the business area is currently represented. Almost 80 employees are currently involved in our cooperation with CEVT and LTC.

	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Operating income, mSEK	121.1	116.4	489.8	503.7
Operating profit, mSEK	12.5	6.1	49.2	28.4
Operating margin, %	10.3	5.2	10.0	5.6
No. of employees	591	529	591	529

#### Share of Semcon's total sale

Jan-Dec, 2016



#### About Product Information

The business area's around 600 employees provide complete information solutions with the primary focus on customers' aftermarket business. The business area's offer supports products throughout the product life cycle: from sales and marketing to installation, diagnostics, maintenance, repairs, training material, as well as training service staff. Product Information has offices in Sweden, the UK, Germany, Hungary, China and Norway. Customers are mainly in the automotive, engineering, telecom and IT, energy and med-tech sectors. These include: ABB, AB Volvo, Baxter, Bombardier, CEVT, ESAB, Jaguar Land Rover, Saab, Siemens, The London Taxi Company, UniCarrier and Volvo Cars.

Göteborg February 9, 2017

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

**Markus Granlund**  
CEO and President

This report has not been subject to review by the company's auditors. This information is information that Semcon AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication at 12.50 CET on February 9, 2017.

# Consolidated FINANCIAL, SUMMARY

## Income statements

mSEK	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
<b>Continuing operations</b>				
Operating income	466.5	429.5	1,755.9	1,656.6
Purchase of goods and services	-95.9	-112.4	-365.4	-379.9
Other external operating expenses	-34.0	-31.3	-137.7	-136.6
Staff costs	-301.6	-274.0	-1,146.0	-1,071.8
<b>Operating profit before depreciation</b>	<b>35.0</b>	<b>11.8</b>	<b>106.8</b>	<b>68.3</b>
Depreciation of tangible fixed assets	-2.1	-1.8	-8.4	-7.0
Depreciation of intangible assets	-0.9	-0.7	-3.3	-3.1
<b>Operating profit</b>	<b>32.0</b>	<b>9.3</b>	<b>95.1</b>	<b>58.2</b>
Net financial items	1.2	0.3	-0.2	-1.3
<b>Profit before tax</b>	<b>33.2</b>	<b>9.6</b>	<b>94.9</b>	<b>56.9</b>
Tax	-14.3	-3.6	-26.9	-14.2
<b>Profit after tax from continuing operations</b>	<b>18.9</b>	<b>6.0</b>	<b>68.0</b>	<b>42.7</b>
<b>Result from discontinuing operations [note 1]</b>	<b>-122.4</b>	<b>-14.4</b>	<b>-116.3</b>	<b>-39.2</b>
<b>Total profit after tax</b>	<b>-103.5</b>	<b>-8.4</b>	<b>-48.3</b>	<b>3.5</b>
<b>Profit attributable to:</b>				
Parent company's shareholders	-103.5	-8.3	-48.3	3.6
Non-controlling interests	-	-0.1	-	-0.1
<b>Total profit after tax</b>	<b>-103.5</b>	<b>-8.4</b>	<b>-48.3</b>	<b>3.5</b>
Earnings per share before dilution [SEK]	-5.79	-0.47	-2.70	0.20
- of which continuing operations	1.06	0.34	3.81	2.38
Earnings per share after dilution [SEK]	-5.71	-0.46	-2.67	0.19
- of which continuing operations	1.04	0.33	3.75	2.36
No. of working days in period	64	63	252	250

**Statement of comprehensive income**

mSEK	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Profit after tax	-103.5	-8.4	-48.3	3.5
<b>Items that cannot be reclassified as profit or loss</b>				
Actuarial profits or losses	-10.0	-3.4	-10.0	-3.4
Tax	2.9	1.0	2.9	1.0
<b>Total</b>	<b>-7.1</b>	<b>-2.4</b>	<b>-7.1</b>	<b>-2.4</b>
<b>Items that can be reclassified as profit or loss</b>				
Translation differences for the period	-0.1	-9.5	14.8	-17.9
Hedging of net investments	2.4	9.8	-15.9	11.5
Cash flow hedging	-0.1	0.3	-	0.3
Tax attributable to hedging effects of net investments	-0.5	-2.2	3.5	-2.6
<b>Total</b>	<b>1.7</b>	<b>-1.6</b>	<b>2.4</b>	<b>-8.7</b>
<b>Other comprehensive income</b>	<b>-5.4</b>	<b>-4.0</b>	<b>-4.7</b>	<b>-11.1</b>
<b>Other comprehensive income for the period</b>	<b>-108.9</b>	<b>-12.4</b>	<b>-53.0</b>	<b>-7.6</b>
<b>Comprehensive income attributable to:</b>				
Parent company's shareholders	-108.9	-12.3	-53.0	-7.5
Non-controlling interests	-	-0.1	-	-0.1
<b>Total</b>	<b>-108.9</b>	<b>-12.4</b>	<b>-53.0</b>	<b>-7.6</b>

**Total comprehensive income for the year attributable to parent company shareholders has occurred from:**

mSEK	Jan-Dec	
	2016	2015
Continuing operations	68.4	39.5
Discontinuing operations	-121.4	-47.1
<b>Total</b>	<b>-53.0</b>	<b>-7.6</b>

## Balance sheets

mSEK	Dec 31	
	2016	2015
<b>Assets</b>		
Intangible assets, goodwill	274.7	274.1
Other intangible assets	14.7	17.1
Tangible fixed assets	33.0	18.1
Deferred tax recoverable	4.2	5.3
Accounts receivable	278.9	259.6
Accrued non-invoiced income	133.7	108.2
Other current assets	30.4	45.9
Cash and cash equivalents	39.9	35.9
Assets held for sale (note 1)	379.9	572.0
<b>Total assets</b>	<b>1,189.4</b>	<b>1,336.2</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	529.4	604.5
Pensions obligations	3.5	-
Deferred tax liabilities	36.8	28.9
Interest-bearing short-term liabilities	131.3	136.1
Accounts payable	45.8	60.0
Non-accrued invoiced income	11.9	24.4
Other non interest-bearing current liabilities	250.7	227.4
Liabilities held for sale (note 1)	180.0	254.9
<b>Total shareholders' equity and liabilities</b>	<b>1,189.4</b>	<b>1,336.2</b>

## Change in shareholders' equity

mSEK	Dec 31	
	2016	2015
Shareholders' equity at the start of the year	604.5	662.5
Total comprehensive income	-53.0	-7.6
Acquisition of own shares	-	-5.6
Share-based renumeration	0.2	0.1
Shareholder dividend	-22.3	-44.9
<b>Shareholders' equity at the end of the year</b>	<b>529.4</b>	<b>604.5</b>

## Capital employed

mSEK	Dec 31	
	2016	2015
Total assets	809.5	764.2
Deferred tax liabilities	-36.8	-28.9
Accounts payable	-45.8	-60.0
Other non interest-bearing liabilities	-262.6	-251.8
<b>Total capital employed</b>	<b>464.3</b>	<b>423.5</b>
<b>Average capital employed</b>	<b>443.9</b>	<b>439.4</b>

### Cash flow statements including discontinuing operations

mSEK	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Cash flow from current activities				
before change in working capital	32.5	-15.3	116.3	-0.7
Change in working capital	-7.0	150.1	-82.9	28.0
<b>Cash flow from current activities</b>	<b>25.5</b>	<b>134.8</b>	<b>33.4</b>	<b>27.3</b>
Investments	-3.8	-3.8	-34.0	-32.8
Acquisition and divestments of subsidiaries	-	2.6	-	2.6
Sales of fixed assets	0.1	-	0.4	0.4
<b>Cash flow from investment activities</b>	<b>-3.7</b>	<b>-1.2</b>	<b>-33.6</b>	<b>-29.8</b>
Change in interest-bearing liabilities	8.3	-47.3	-18.5	30.6
Acquisition of own shares	-	-	-	-5.6
Shareholder dividend	-	-	-22.3	-44.9
<b>Cash flow from financing activities</b>	<b>8.3</b>	<b>-47.3</b>	<b>-40.8</b>	<b>-19.9</b>
<b>Cash flow for the period</b>	<b>30.1</b>	<b>86.3</b>	<b>-41.0</b>	<b>-22.4</b>
Cash and bank at the start of the period	55.7	43.1	126.1	152.3
Translation difference	2.0	-3.3	2.7	-3.8
<b>Cash and bank at the end of the period</b>	<b>87.8</b>	<b>126.1</b>	<b>87.8</b>	<b>126.1</b>

Cash flow from discontinuing operations, note 1.

### Change in net debt including discontinuing operations

mSEK	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Opening balance	133.4	77.9	78.4	14.0
Cash flow from operating activities	-25.5	-	-33.4	-27.3
Investments	3.7	3.8	33.6	32.4
Acquisitions and divestments of subsidiaries	-	-2.6	-	-2.6
Shareholder dividend	-	-	22.3	44.9
Acquisition of own shares	-	-	-	5.6
Other	15.1	-2.1	25.8	11.4
<b>Closing balance</b>	<b>126.7</b>	<b>78.4</b>	<b>126.7</b>	<b>78.4</b>

### Net debt including discontinuing operations

mSEK	Dec 31	
	2016	2015
Interest-bearing short-term liabilities	131.3	136.1
Pensions obligations	83.2	68.4
Cash and bank assets	-87.8	-126.1
<b>Total net debt</b>	<b>126.7</b>	<b>78.4</b>

## Key figures

	Jan-Dec	
	2016	2015
Growth in sales [%]	6.0	-1.5
Organic growth in sales [%]	4.8	-2.8
Operating margin before depreciation [%]	6.1	4.1
Operating margin [%]	5.4	3.5
Profit margin [%]	5.4	3.4
Return on shareholders' equity [%]	12.0	6.7
Return on capital employed [%]	21.9	13.4
Equity/assets ratio [%]	44.5	45.2
Debt/equity ratio [multiple]	0.2	0.2
Number of employees at the end of the year	2,044	1,979

## Key figures for the Semcon share

	Jan-Dec	
	2016	2015
Earnings per share before dilution [SEK]	3.81	2.38
Earnings per share after dilution [SEK]	3.75	2.36
Shareholders' equity before dilution [SEK]	29.63	33.83
Shareholders' equity after dilution [SEK]	29.23	33.37
Share price/Shareholders' equity per share [SEK]	1.57	1.27
Cash flow from current activities [SEK]	1.84	1.51
Dividend [SEK]	2.25*	1.25
P/E-ratio	12	18
P/S-ratio	0.50	0.50
Share price at the end of the year [SEK]	46.00	42.40
Market value at the end of the year [SEK]	833	768
Number of shares at the end of the year with the quotient value of SEK 1 [000]	18,113	18,113
Number of shares at the end of the year [000]	243	243
Average number of shares [000]	18,113	18,113

\* Board of Director's proposal

## Definitions

<b>Capital employed</b> The balance sheet total minus non interest-bearing provisions and liabilities.	<b>Equity/assets ratio</b> Shareholders' equity as a percentage of the balance sheet total.	<b>Profit margin</b> Profit before tax as a percentage of operating income.
<b>Cash flow per share</b> Cash flow from current activities divided by the weighted average number of outstanding shares over the year adjusted for the dilution effect on potential shares.	<b>Net debt</b> Interest-bearing provisions and liabilities with deductions for cash and cash equivalents and interest-bearing receivables.	<b>Return on shareholders' equity</b> Profit for the year after tax divided by the average shareholders' equity.
<b>Debt/equity ratio</b> Net debt divided by shareholders' equity.	<b>Organic growth</b> Year-on-year increase in income adjusted for currency effects, acquisitions and divestments.	<b>Return on capital employed</b> Profit before tax plus financial costs divided by the average capital employed.
<b>Earnings per share (EPS) after dilution</b> 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.	<b>Operating margin</b> Operating profit as a percentage of operating income.	<b>Shareholders' equity per share after dilution</b> Shareholders' equity divided by the number of shares at end of the year adjusted for the dilution effect on potential shares.
<b>Earnings per share (EPS) before dilution</b> 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.	<b>Operating margin before depreciation</b> Operating profit before depreciation as a percentage of operating income.	<b>Shareholders' equity per share before dilution</b> Shareholders' equity divided by the number of shares at end of the year excluding shares held as own shares by the parent company.

**Quarterly information by Business Area**

	2014				2015				2016				2016		
	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015	Q1	Q2	Q3	Q4	
<b>Operating income</b>															
[mSEK]															
Engineering Services Nordic	275.3	259.2	209.7	269.5	1,013.7	266.6	265.5	206.1	270.4	1,008.7	278.8	309.2	237.0	316.3	1,141.3
Engineering Services International	50.5	51.9	53.7	56.5	212.6	53.8	51.4	49.2	46.4	200.8	49.6	52.4	50.4	50.5	202.9
Product Information	126.5	127.9	124.2	163.8	542.4	134.7	124.1	128.5	116.4	503.7	126.4	132.4	109.9	121.1	489.8
Group items/eliminations	-12.8	-10.9	-18.3	-6.7	-48.7	-22.5	-24.1	-6.3	-3.7*	-56.6	-21.2	-20.9	-14.6	-21.4	-78.1
<b>Total</b>	<b>439.5</b>	<b>428.1</b>	<b>369.3</b>	<b>483.1</b>	<b>1,720.0</b>	<b>432.6</b>	<b>416.9</b>	<b>377.5</b>	<b>429.5</b>	<b>1,656.6</b>	<b>433.6</b>	<b>473.1</b>	<b>382.7</b>	<b>466.5</b>	<b>1,755.9</b>
<b>Operating profit</b>															
[mSEK]															
Engineering Services Nordic	16.2	2.3	5.2	-4.3	19.4	15.2	3.9	2.3	9.1	30.5	6.6	15.2	7.5	26.8	56.1
Engineering Services International	1.1	-1.0	2.4	2.4	4.9	0.6	1.3	2.8	1.8	6.5	0.6	3.2	2.7	3.0	9.5
Product Information	13.3	5.4	12.9	20.7	52.3	12.6	6.7	3.0	6.1	28.4	12.9	15.1	8.7	12.5	49.2
Group items/eliminations	0.1	0.9	0.4	4.3	5.7	1.1	-0.2	-0.4	-7.7*	-7.2	0.3	-7.0	-2.7	-10.3	-19.7
<b>Total</b>	<b>30.7</b>	<b>7.6</b>	<b>20.9</b>	<b>23.1</b>	<b>82.3</b>	<b>29.5</b>	<b>11.7</b>	<b>7.7</b>	<b>9.3</b>	<b>58.2</b>	<b>20.4</b>	<b>26.5</b>	<b>16.2</b>	<b>32.0</b>	<b>95.1</b>
<b>Operating margin</b>															
[%]															
Engineering Services Nordic	5.9	0.9	2.5	-1.6	1.9	5.7	1.5	1.1	3.4	3.0	2.4	4.9	3.2	8.5	4.9
Engineering Services International	2.2	-1.9	4.5	4.3	2.3	1.1	2.5	5.7	3.9	3.2	1.2	6.1	5.4	5.9	4.7
Product Information	10.5	4.2	10.4	12.6	9.6	9.4	5.4	2.3	5.2	5.6	10.2	11.4	7.9	10.3	10.0
<b>Total</b>	<b>7.0</b>	<b>1.8</b>	<b>5.7</b>	<b>4.8</b>	<b>4.8</b>	<b>6.8</b>	<b>2.8</b>	<b>2.0</b>	<b>2.2</b>	<b>3.5</b>	<b>4.7</b>	<b>5.6</b>	<b>4.2</b>	<b>6.9</b>	<b>5.4</b>
<b>Number of employees</b>															
Engineering Services Nordic	1,085	1,058	1,071	1,038	1,038	1,017	996	1,011	1,098	1,098	1,079	1,083	1,092	1,098	1,098
Engineering Services International	343	357	359	359	359	344	338	345	352	352	354	351	363	355	355
Product Information	526	535	551	549	549	562	555	528	529	529	554	589	581	591	591
<b>Total</b>	<b>1,954</b>	<b>1,950</b>	<b>1,981</b>	<b>1,946</b>	<b>1,946</b>	<b>1,923</b>	<b>1,889</b>	<b>1,884</b>	<b>1,979</b>	<b>1,979</b>	<b>1,987</b>	<b>2,023</b>	<b>2,036</b>	<b>2,044</b>	<b>2,044</b>
<b>No. of working days</b>	62	58	66	62	248	62	59	66	63	250	61	61	66	64	252

\*Includes Semcon Devotek AS [formerly Devotek AS] which was consolidated as of November 2, 2015. Income for the period November to December 2015 amounted to SEK 15.9 million and the operating loss was SEK 5.7 million. From January 1, 2016, Semcon Devotek's income and operating profit is reported as part of business area, Engineering Services Nordic.

## Parent company

# FINANCIAL, SUMMARY

### Income statements

mSEK	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Operating income	7.5	8.8	26.3	23.7
Other external operating expenses	-9.8	-8.9	-32.0	-25.6
Staff costs	-10.0	-7.3	-30.2	-28.3
<b>Operating profit/loss</b>	<b>-12.3</b>	<b>-7.4</b>	<b>-35.9</b>	<b>-30.2</b>
Net financial items*	70.7	49.7	56.5	59.3
<b>Profit after net financial items</b>	<b>58.4</b>	<b>42.3</b>	<b>20.6</b>	<b>29.1</b>
Appropriations**	-6.6	-10.7	-6.6	-10.7
<b>Profit before tax</b>	<b>51.8</b>	<b>31.6</b>	<b>14.0</b>	<b>18.4</b>
Tax	-12.5	-7.7	-3.6	-4.8
<b>Profit for the period</b>	<b>39.3</b>	<b>23.9</b>	<b>10.4</b>	<b>13.6</b>
* of which translation differences	0.6	6.5	-14.9	14.3
of which group contribution received	69.7	42.6	69.7	42.6
** of which group contribution paid	-1.4	-3.6	-1.4	-3.6

### Statements of comprehensive income

mSEK	Oct-Dec		Jan-Dec	
	2016	2015	2016	2015
Profit for the period	39.3	23.9	10.4	13.6
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>39.3</b>	<b>23.9</b>	<b>10.4</b>	<b>13.6</b>

### Balance sheets

mSEK	Dec 31	
	2016	2015
<b>Assets</b>		
Financial fixed items	469.7	453.9
Current assets	130.7	154.8
<b>Total assets</b>	<b>600.4</b>	<b>608.7</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	303.5	315.5
Untaxed reserves	12.3	7.1
Interest-bearing current liabilities	130.5	137.5
Non interest-bearing current liabilities	154.1	148.6
<b>Total shareholders' equity and liabilities</b>	<b>600.4</b>	<b>608.7</b>

## Note 1

# DISCONTINUING OPERATIONS

An agreement was signed in February 2017 to divest engineering operations in Germany, that form the Business Area Engineering Services Germany, to Valmet Automotive. The purchase price will be paid in cash and amounts to EUR 14.1 million [SEK 135 million] plus the booked value of net assets at the date of transfer. The divestment is expected to be finalised in February 2017 and entails an expected positive cash flow effect of approximately SEK 160 million. The divestment resulted in a write-down of goodwill during the fourth quarter amounting to SEK 66 million and deferred tax assets of SEK 57 million. The operation's assets and liabilities are reported as holdings for sale in this Year-end report. The business area's income amounted to SEK 863 million [901], which adjusted for currency effects represented a decrease of 5%. Operating profit before write-downs amounted to SEK 15 million [-49]. Last year was negatively affected by restructuring costs totalling SEK 46 million. Financial information about discontinuing operations is provided below.

### Analysis of earnings

mSEK	Jan-Dec	
	2016	2015
Income	863.2	900.8
Costs	-837.2	-938.2
<b>Operating profit before depreciation</b>	<b>26.0</b>	<b>-37.4</b>
Depreciation	-11.0	-11.2
Write-downs	-66.0	-
<b>Operating profit</b>	<b>-51.0</b>	<b>-48.6</b>
Net financial items	-3.5	-3.0
<b>Profit before tax</b>	<b>-54.5</b>	<b>-51.6</b>
Tax	-61.8	12.4
<b>Earnings from discontinuing operations</b>	<b>-116.3</b>	<b>-39.2</b>

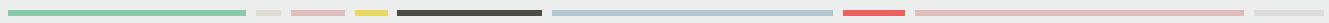
### Analysis of cash flows

mSEK	Jan-Dec	
	2016	2015
Net cash flow from current activities	-15.2	-16.0
Net cash flow from investment activities	-9.9	-10.7
Net cash flow from financing activities	-20.9	26.1
<b>Net decrease in cash and cash equivalents from discontinuing operations</b>	<b>-46.0</b>	<b>-0.6</b>

### Assets and liabilities held for sale

mSEK	Dec 31	
	2016	2015
<b>Assets held for sale</b>		
Intangible assets, goodwill	134.9	191.8
Other intangible assets	0.5	1.8
Tangible fixed assets	34.6	32.9
Deferred tax recoverable	-	56.0
Accounts receivable	135.2	173.5
Other current assets	26.8	25.8
Cash and cash equivalents	47.9	90.2
<b>Total assets held for sale</b>	<b>379.9</b>	<b>572.0</b>
<b>Liabilities held for sale</b>		
Pension obligations	79.7	68.4
Accounts payable	16.7	21.0
Non-accrued invoice income	8.0	61.7
Non interest-bearing current liabilities	75.6	103.8
<b>Total liabilities held for sale</b>	<b>180.0</b>	<b>254.9</b>

## FINANCIAL CALENDAR



Interim report January-March 2017	April 26, 2017
Annual General Meeting 2017	April 26, 2017
Interim report January-June 2017	July 19, 2017
Interim report January-September 2017	October 27, 2017
Year-end report 2017	February 8, 2018

## CONTACT INFORMATION

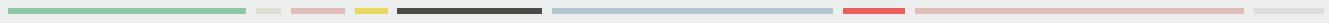


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