

# INTERIM REPORT

## JANUARY-JUNE 2017

### Second quarter

- The **operating income** amounted to SEK 447 Million [473] and the organic growth was -6%
- The **operating profit** amounted to SEK 10 Million [26], yielding an operating margin of 2.1% [5.6]
- The **profit after tax** amounted to SEK 8 Million [20]
- **Earnings per share [EPS] after dilution** amounted to SEK 0.42 [1.09]

### January-June

- The **operating income** amounted to SEK 922 Million [907] and the organic growth was 1%
- The **operating profit** amounted to SEK 50 Million [47], yielding an operating margin of 5.4% [5.2]
- The **profit after tax** amounted to SEK 38 Million [35]
- **Earnings per share [EPS] after dilution** amounted to SEK 2.09 [1.92]
- The **equity/assets ratio** amounted to 55% [46]

### Comment from CEO Markus Granlund:

As previously communicated, the second quarter is weak in terms of earnings due to the relatively few number of working days in the quarter. Moreover, there were three fewer working days this year compared with last year, thereby negatively impacting both growth and profitability. We noted an improved operating profit for the first six months of this year compared with the corresponding period in 2016, although the shortage of product development competence mainly in the Swedish market impeded growth during the period. However, our international operations enable us to deliver cost-efficient product development to our customers from more than 30 offices around the world. We are therefore well positioned for growth and improved profitability.

Recruiting, developing and retaining employees will remain a high priority moving forward. The appointment of a new HR Director, responsible for leading the Group's strategic HR and sustainability, is thus an important step. We are also continuing our efforts to further strengthen the brand through a range of activities. In mid-June, we launched a new global communication campaign centred on smart and connected products. The campaign has gained significant traction in social media and several sales and recruitment-related activities based on the campaign will be launched in the third quarter.

Technology shifts are occurring more rapidly in the industries in which we operate and demand is considered favourable moving forward. However, the third quarter will be impacted by the vacation period and fewer working days compared with the corresponding period in 2016. The calendar effect in the third quarter is estimated to negatively impact earnings by about SEK 6 million.

Our financial position is favourable and we had net cash of SEK 118 million at the end of the quarter. We continue to see good prospects for organic growth, but are also evaluating potential acquisition candidates that can complement our offering.

## Income and result

### Second quarter

Operating income amounted to SEK 447 million [473]. Adjusted for currency effects, acquisitions and divestments, income fell by 6%. The quarter had three fewer working days compared with last year, accounting for around 5% of the fall in income. Operating profit amounted to SEK 10 million [26], yielding an operating margin of 2.1% [5.6]. Both Engineering Services and Product Information reported weaker earnings due to fewer working days in the quarter.

Net financial items amounted to SEK - million [-], yielding profit before tax of SEK 10 million [26]. The tax expense for the quarter amounted to SEK -2 million [-6]. Profit after tax amounted to SEK 8 million [20] and earnings per share after dilution was SEK 0.42 [1.09].

### January-June

Operating income amounted to SEK 922 million [907]. Adjusted for currency effects, acquisitions and divestments, income increased by 1%. Operating profit amounted to SEK 50 million [47], yielding an operating margin of 5.4% [5.2]. Engineering Services reported improved earnings while Product Information noted a deterioration. The preceding year included positive non-recurring items of SEK 7 million in Product Information's earnings.

Net financial items amounted to SEK -1 million [-1], yielding profit before tax of SEK 49 million [46]. The tax expense for the period amounted to SEK -11 million [-11]. Profit after tax amounted to SEK 38 million [35] and earnings per share after dilution totalled SEK 2.09 [1.92].

### Financial position

Operating cash flow from current activities was SEK 73 million [-40]. Investments in hardware, licenses, office supplies and equipment amounted to SEK 6 million [26]. The Group's cash and cash equivalents amounted to SEK 149 million [47]. In addition, the Group had non-utilised credit of SEK 372 million [223] as of June 30. Shareholders' equity amounted to SEK 524 million [622] and the equity/assets ratio was 55% [46]. During the second quarter, a dividend of SEK 40 million [22] was paid to shareholders. The Group's net cash [net debt] amounted to SEK 118 million [-170].

#### Change in operating income

	Jan-June 2017	Jan-Dec 2016
Acquisition	-	3%
Currency effects	1%	-2%
Organic growth	1%	5%
<b>Total</b>	<b>2%</b>	<b>6%</b>

## Important events during the period

- Semcon divested its German engineering business, which formed the Business Area Engineering Services Germany, to Valmet Automotive on February 28. The business had 775 employees and income in 2016 amounted to SEK 863 million [901] with an operating loss of SEK -51 million [-49]. Operations are recognised in this report as discontinued operations. For further information, see Note 1.
- From April 1, the engineering services business areas, Engineering Services Nordic and Engineering Services International, were merged into one business area, Engineering Services.
- Semcon's proprietary innovation, PAW [Proactive Wipers] a software that identifies at an early stage when windscreen wipers need to be activated, was launched in February. PAW is patent pending and there is also a significant potential in solutions for use in autonomous vehicles.
- Semcon communicated in February the participation in the ESPLANADE research project together with players in the Swedish automotive industry to jointly collaborate and create common safety methods for autonomous vehicles.
- In April, Semcon had two winning contributions to the Red Dot Award, one of the world's largest design competitions. The two winning entries in the Product Design 2017 category were an innovative marine searchlight from Colorlight and an advanced measurement instrument developed in collaboration with Orexplore.
- In April, Semcon launched a mentoring programme in some 30 upper secondary schools across Sweden to encourage girls to choose technology programmes at university. The programme includes seminars and mentoring between female engineers at Semcon and students in the classes.
- Olof Christensson, Business Area President of Engineering Services, chose to leave Semcon in April to take up a position outside the industry. Semcon's President Markus Granlund will be acting business area president until further notice.
- In May, Karin Russberg was appointed Director HR and Sustainability of Semcon Group tasked with leading the company's strategic HR and sustainability work. Karin will assume her new position on August 14 and will report to the President and become a member of Semcon's Group management team.

### Parent company

Operating income for the parent company amounted to SEK 11 million [12] and pertains to compensation for intra-Group services. The profit before tax totalled SEK 108 million [-25].

## Employees

The head count on June 30 was 2,077 [2,023] and the number of employees in active service was 1,984 [1,951]. In the respective business areas the head count is as follows: Engineering Services 1,458 [1,434] and Product Information 619 [589].

## Ownership structure

As of June 30, JCE Group owned 25.8% [25.8] of Semcon's shares, Nordea Investment Funds 7.8% [5.0], Ålandsbanken 3.5% [5.1], BNYM RE Regents 3.4% [-] and DnB Carlson Fonder 3.4% [3.1]. Foreign ownership was 35.8% [26.2] and the number of shareholders was 4,599 [4,491]. 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 June 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).

## Incentive scheme

The Annual General Meeting, held on April 26 2017, decided to establish a long-term performance-based share savings scheme for around 40 senior executives and key personnel in the Semcon Group. This scheme runs for four years starting in July 2017 and covering a maximum of 200,00 shares. The current holding of own ordinary shares held by Semcon is considered to fulfil obligations under the Performance-based Share Savings Schemes 2015 and 2017.

## Acquisitions and divestments

Semcon divested its German engineering business, which formed the Business Area Engineering Services Germany, on February 28. For further information, see Note 1.

## Risk and instability factors

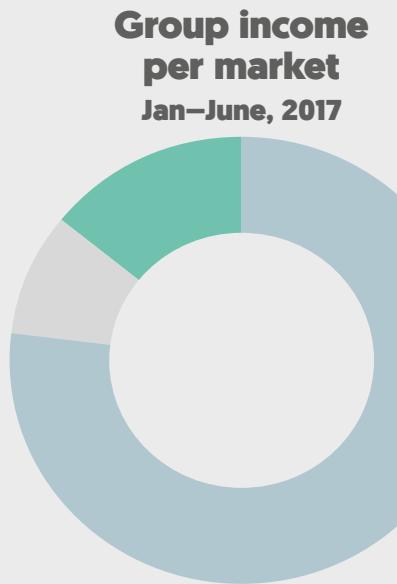
The Group and parent company's significant risks and instability factors include business risks in the form of high exposure towards a single industry or customer. An economic downturn or disruptions to financial markets can have a negative effect on the Group's services. In general terms acquisitions and divestments incur increased risks. This also includes financial risks mainly concerning currency risks. Semcon's Annual Report 2016, pages 38-40 and 57-58, include a detailed description of the Group and parent company's risk exposure and risk management.

## Accounting principles

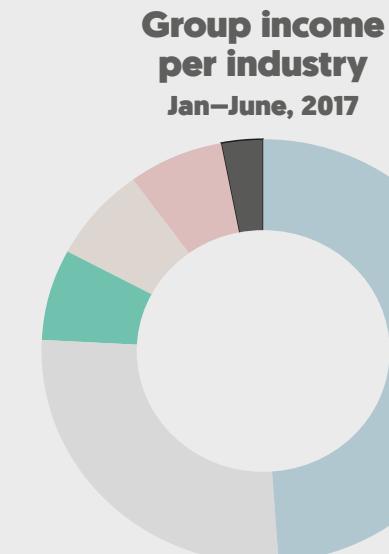
Semcon follows the IFRS standards adopted by the EU and its interpretations of these [IFRIC]. This Interim report has been drawn up in accordance with IAS 34. From 2017, a number of new standards and IFRIC statements were introduced on January 1, 2017. None of these have had any effect on the Group's accounts over the period. In general, the same accounting policies and methods of calculation have been used in this Interim report as in the latest Annual Report.

## Events after the end of the period

No significant events has occurred after the end of the period.



Sweden, 77% [76]  
The UK, 9% [12]  
Other, 14% [12]



Automotive, 49% [51]  
Industry, 27% [26]  
Energy, 7% [7]  
Life Science, 7% [7]  
Telecom, 7% [7]  
Other, 3% [2]

# BUSINESS AREAS

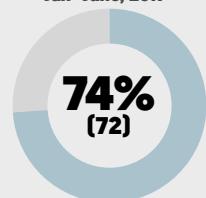
## Engineering Services

The business area's income amounted to SEK 688 million [670] and organic growth was 2 per cent. Sales to the automotive industry, among others, remained favourable. Operating profit amounted to SEK 34 million [26], yielding an operating margin of 5.0 per cent [3.8]. Operations in primarily Sweden, Norway and Brazil reported earnings improvements.

The business area is continuing its efforts to develop a more value-based offering and international deliveries. This shift and associated measures are expected to lead to improved growth and profitability moving forward.

	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
Operating income, mSEK	<b>328.3</b>	350.6	<b>687.6</b>	670.1	1,306.7
Operating profit, mSEK	<b>7.1</b>	18.4	<b>34.4</b>	25.6	65.6
Operating margin, %	<b>2.2</b>	5.2	<b>5.0</b>	3.8	5.0
No. of employees	<b>1,458</b>	1,434	<b>1,458</b>	1,434	1,453

Share of Semcon's total income  
Jan-June, 2017



### About Engineering Services

The business area's around 1,500 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. Engineering Services has offices in Sweden, Norway, the UK, India and Brazil. Business activities mainly focus on automotive, industry, energy and life science sectors. Customers includes ABB, AB Volvo, Alstom, Aston Martin, AstraZeneca, Autoliv, Bombardier, CEVT, Geely, Fortum, General Electric, 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 239 million [259] and organic growth was -7 per cent. New business with sectors such as telecom has not been able to fully offset the reduced scope [since the fourth quarter of 2016] of the partnership with Jaguar Land Rover. Operating profit amounted to SEK 26 million [28], yielding an operating margin of 10.7 per cent [10.8].

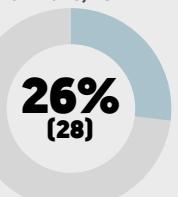
The preceding year included positive non-recurring items of SEK 7 million in the busi-

ness area's earnings, of which SEK 2 million in the second quarter.

Part of the business area's strategy is focused on a high proportion of Managed Service business and a high level of resource efficiency through deliveries involving networking teams from several countries.

	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
Operating income, mSEK	<b>114.8</b>	132.4	<b>239.1</b>	258.8	489.8
Operating profit, mSEK	<b>8.1</b>	15.1	<b>25.7</b>	28.0	49.2
Operating margin, %	<b>7.1</b>	11.4	<b>10.7</b>	10.8	10.0
No. of employees	<b>619</b>	589	<b>619</b>	589	591

Share of Semcon's total income  
Jan-June, 2017



### 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, maintenance, diagnostics, repairs as well as training service staff. Product Information has offices in Sweden, the UK, Hungary, Germany, China and Norway. Customers are mainly in the automotive, telecom and IT, engineering, medtech and the energy sectors. These include: ABB, AB Volvo, Baxter, Bombardier, CEVT/Lynk & Co, ESAB, Jaguar Land Rover, Saab, Siemens, The London Taxi Company, UniCarriers and Volvo Cars.

The Board and the president certify that the Interim report provides an accurate picture of the parent company's and Group's activities, position and earnings and describes the significant risks and uncertainties facing the parent company and Group companies.

Göteborg July 19, 2017

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

**Markus Granlund**  
President and CEO

**Jan Erik Karlsson**  
Board member

**Christer Eriksson**  
Employee representative

**Tore Bertilsson**  
Chairman of the Board

**Jeanette Saveros**  
Board member

**Monique Pehrsson**  
Employee representative

**Marianne Brismar**  
Board member

**Karl Thedéen**  
Board member

**Mats Sällberg**  
Employee representative

This Interim 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 11.30 CET on July 19, 2017.

# Consolidated FINANCIAL, SUMMARY

## Income statements

mSEK	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
<b>Continuing operations</b>					
Operating income	446.7	473.1	921.6	906.7	1,755.9
Purchase of goods and services	-85.3	-97.9	-174.6	-189.0	-365.4
Other external operating expenses	-39.5	-40.8	-76.1	-74.4	-137.7
Staff costs	-309.4	-304.9	-615.4	-590.6	-1,146.0
<b>Operating profit before depreciation</b>	<b>12.5</b>	<b>29.5</b>	<b>55.5</b>	<b>52.7</b>	<b>106.8</b>
Depreciation of tangible fixed assets	-2.1	-2.2	-4.1	-4.2	-8.4
Depreciation of intangible assets	-0.8	-0.8	-1.5	-1.6	-3.3
<b>Operating profit</b>	<b>9.6</b>	<b>26.5</b>	<b>49.9</b>	<b>46.9</b>	<b>95.1</b>
Net financial items	-0.2	-0.5	-0.5	-1.0	-0.2
<b>Profit before tax</b>	<b>9.4</b>	<b>26.0</b>	<b>49.4</b>	<b>45.9</b>	<b>94.9</b>
Tax	-1.8	-6.4	-11.5	-11.2	-26.9
<b>Profit after tax from continuing operations</b>	<b>7.6</b>	<b>19.6</b>	<b>37.9</b>	<b>34.7</b>	<b>68.0</b>
<b>Result from discontinued operations [Note 1]</b>	-	2.9	0.1	4.4	-116.3
<b>Total profit after tax</b>	<b>7.6</b>	<b>22.5</b>	<b>38.0</b>	<b>39.1</b>	<b>-48.3</b>
<b>Profit attributable to:</b>					
Parent company's shareholders	7.6	22.5	38.0	39.1	-48.3
Non-controlling interests	-	-	-	-	-
<b>Total profit after tax</b>	<b>7.6</b>	<b>22.5</b>	<b>38.0</b>	<b>39.1</b>	<b>-48.3</b>
Earnings per share before dilution [SEK]	0.43	1.26	2.13	2.19	-2.70
- of which continuing operations	0.43	1.09	2.12	1.94	3.81
Earnings per share after dilution [SEK]	0.42	1.24	2.10	2.16	-2.67
- of which continuing operations	0.42	1.09	2.09	1.92	3.75
No. of working days in period	58	61	122	122	252

**Statement of comprehensive income**

mSEK	April-June		Jan-June		Jan-Dec 2016
	2017	2016	2017	2016	
Profit after tax	7.6	22.5	38.0	39.1	-48.3
<b>Items that cannot be reclassified as profit or loss</b>					
Actuarial profits or losses	-	-	-	-	-10.0
Tax	-	-	-	-	2.9
<b>Total</b>	-	-	-	-	<b>-7.1</b>
<b>Items that can be reclassified as profit or loss</b>					
Translation differences for the period	-3.5	7.6	-2.9	8.2	14.8
Hedging of net investments	-	-6.7	-	-10.0	-15.9
Cash flow hedging	-	-	-	0.1	-
Tax attributable to hedging effects of net investments	-	1.5	-	2.2	3.5
<b>Total</b>	<b>-3.5</b>	<b>2.4</b>	<b>-2.9</b>	<b>0.5</b>	<b>2.4</b>
<b>Other comprehensive income</b>	<b>-3.5</b>	<b>2.4</b>	<b>-2.9</b>	<b>0.5</b>	<b>-4.7</b>
<b>Other comprehensive income for the period</b>	<b>4.1</b>	<b>24.9</b>	<b>35.1</b>	<b>39.6</b>	<b>-53.0</b>
<b>Comprehensive income attributable to:</b>					
Parent company's shareholders	4.1	24.9	35.1	39.6	-53.0
Non-controlling interests	-	-	-	-	-
<b>Total</b>	<b>4.1</b>	<b>24.9</b>	<b>35.1</b>	<b>39.6</b>	<b>-53.0</b>

**Total comprehensive income for the period attributable to parent company's shareholders has occurred from:**

mSEK	April-June		Jan-June		Jan-Dec 2016
	2017	2016	2017	2016	
Continuing operations	4.1	21.5	35.1	35.0	68.4
Discontinued operations	-	3.4	-	4.6	-121.4
<b>Total</b>	<b>4.1</b>	<b>24.9</b>	<b>35.1</b>	<b>39.6</b>	<b>-53.0</b>

## Balance sheets\*

mSEK	June 30		Dec 31
	2017	2016	2016
<b>Assets</b>			
Intangible assets, goodwill	274.6	472.2	274.7
Other intangible assets	13.9	17.4	14.7
Tangible fixed assets	31.8	68.3	33.0
Financial fixed assets	1.3	-	-
Deferred tax recoverable	3.5	60.2	4.2
Accounts receivable	266.1	390.2	278.9
Accrued non-invoiced income	169.3	229.5	133.7
Other current assets	35.4	70.4	30.4
Cash and cash equivalents	149.2	46.8	39.9
Assets held for sale (note 1)	-	-	379.9
<b>Total assets</b>	<b>944.9</b>	<b>1,355.0</b>	<b>1,189.4</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	524.4	621.9	529.4
Pensions obligations	3.3	71.4	3.5
Deferred tax liabilities	46.2	34.5	36.8
Interest-bearing short-term liabilities	27.4	145.1	131.3
Accounts payable	43.8	67.3	45.8
Non-accrued invoiced income	12.0	23.0	11.9
Other non interest-bearing current liabilities	287.8	391.8	250.7
Liabilities held for sale (note 1)	-	-	180.0
<b>Total shareholders' equity and liabilities</b>	<b>944.9</b>	<b>1,355.0</b>	<b>1,189.4</b>

\* The balance sheet items of June 30, 2016 includes discontinued operations.

## Change in shareholders' equity

mSEK	June 30		Dec 31
	2017	2016	2016
<b>Shareholders' equity at the start of the period</b>			
Shareholders' equity at the start of the period	529.4	604.5	604.5
Total comprehensive income	35.1	39.6	-53.0
Share-based remuneration	0.1	0.1	0.2
Shareholder dividend	-40.2	-22.3	-22.3
<b>Shareholders' equity at the end of the period</b>	<b>524.4</b>	<b>621.9</b>	<b>529.4</b>

## Capital employed

mSEK	June 30		Dec 31
	2017	2016	2016
<b>Total assets</b>			
Total assets	944.9	1,355.0	1,189.4
Deferred tax liabilities	-46.2	-34.5	-36.8
Accounts payable	-43.8	-67.3	-45.8
Other non interest-bearing liabilities	-299.8	-414.8	-442.6
<b>Total capital employed</b>	<b>555.1</b>	<b>838.4</b>	<b>664.2</b>
<b>Average capital employed</b>	<b>696.8</b>	<b>852.2</b>	<b>736.6</b>

### Cash flow statements\*

mSEK	April-June		Jan-June		Jan-Dec 2016
	2017	2016	2017	2016	
Cash flow from current activities					
before change in working capital	13.1	33.1	54.0	58.2	116.3
Change in working capital	10.0	-56.7	18.6	-97.9	-82.9
<b>Cash flow from current activities</b>	<b>23.1</b>	<b>-23.6</b>	<b>72.6</b>	<b>-39.7</b>	<b>33.4</b>
Investments	-1.6	-3.8	-5.5	-26.3	-34.0
Acquisition and divestments of subsidiaries	-2.6	-	161.7	-	-
Sales of fixed assets	-	0.2	-	0.2	0.4
<b>Cash flow from investment activities</b>	<b>-4.2</b>	<b>-3.6</b>	<b>156.2</b>	<b>-26.1</b>	<b>-33.6</b>
Change in interest-bearing liabilities	-	52.0	-125.7	7.0	-18.5
Shareholder dividend	-40.2	-22.3	-40.2	-22.3	-22.3
<b>Cash flow from financing activities</b>	<b>-40.2</b>	<b>29.7</b>	<b>-165.9</b>	<b>-15.3</b>	<b>-40.8</b>
<b>Cash flow from the period</b>	<b>-21.3</b>	<b>2.5</b>	<b>62.9</b>	<b>-81.1</b>	<b>-41.0</b>
Cash and cash equivalents at the start of the period	173.2	43.6	87.8	126.1	126.1
Translation differences	-2.7	0.7	-1.5	1.8	2.7
<b>Cash and cash equivalents at the end of the period</b>	<b>149.2</b>	<b>46.8</b>	<b>149.2</b>	<b>46.8</b>	<b>87.8</b>

\* Including discontinued operations. Cash flow from discontinued operations, note 1.

### Change in net cash/net debt [-]

mSEK	April-June		Jan-June		Jan-Dec 2016
	2017	2016	2017	2016	
Opening balance	142.4	-118.6	-126.7	-78.4	-78.4
Cash flow from current activities	23.1	-23.6	72.6	-39.7	33.4
Investments	-1.6	-3.6	-5.5	-26.1	-33.6
Acquisitions and divestments of subsidiaries	-	-	216.6	-	-
Shareholder dividend	-40.2	-22.3	-40.2	-22.3	-22.3
Other	-5.2	-1.6	1.7	-3.2	-25.8
<b>Closing balance</b>	<b>118.5</b>	<b>-169.7</b>	<b>118.5</b>	<b>-169.7</b>	<b>-126.7</b>

### Net cash/net debt [-]

mSEK	June 30		Dec 31 2016
	2017	2016	
Cash and cash equivalents	149.2	46.8	87.8
Pensions obligations	-3.3	-71.4	-83.2
Interest-bearing short-term liabilities	-27.4	-145.1	-131.3
<b>Total net cash/net debt</b>	<b>118.5</b>	<b>-169.7</b>	<b>-126.7</b>

## Key figures

	Jan-June	Jan-Dec
	2017	2016
Growth in sales [%]	1.6	6.7
Organic growth in sales [%]	1.1	5.1
Operating margin before depreciation [%]	6.0	5.8
Operating margin [%]	5.4	5.2
Profit margin [%]	5.4	5.1
Return on shareholders' equity [%]*	12.4	9.2
Return on capital employed [%]*	14.3	8.5
Equity/assets ratio [%]	55.5	45.9
Debt/equity ratio [multiple]	-	0.3
Number of employees at the end of the period	2,077	2,023
		2,044

## Key figures for the Semcon share

	Jan-June	Jan-Dec
	2017	2016
Earnings per share before dilution [SEK]	2.12	1.94
Earnings per share after dilution [SEK]	2.09	1.92
Shareholders' equity before dilution [SEK]	29.35	34.80
Shareholders' equity after dilution [SEK]	28.95	34.34
Share price/Shareholders' equity [times]	2.19	1.02
Cash flow from current activities [SEK]	4.01	-2.19
Share price at the end of the period [SEK]	63.50	35.10
Market cap at the end of the period [mSEK]	1,150	636
Number of shares at the end of the period with the quotient value of SEK 1 [000]	18,113	18,113
Average number of shares at the end of the period [000]	243	243
Average number of shares [000]	18,113	18,113

\* Rolling 12 months.

## 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 over the period adjusted for the dilution effect on potential shares.

### Debt/equity ratio

Net debt divided by shareholders' equity.

### 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.

### 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**

	2015				2016				2017			
	Q1	Q2	Q3	Q4	2015	Q1	Q2	Q3	Q4	2016	Q1	Q2
<b>Operating income [mSEK]</b>												
Engineering Services	311.1	307.5	247.5	307.5	1,173.6	319.5	350.6	279.1	357.5	1,306.7	359.3	328.3
Product Information	134.7	124.1	128.5	116.4	503.7	126.4	132.4	109.9	121.1	489.8	124.3	114.8
Group items/ eliminations	-13.2	-14.6	1.5	5.6	-20.7	-12.3	-9.9	-6.3	-12.1	-40.6	-8.7	3.7
<b>Total</b>	<b>432.6</b>	<b>417.0</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>474.9</b>	<b>446.8</b>
<b>Operating profit [mSEK]</b>												
Engineering Services	15.8	5.2	5.1	10.9	37.0	7.2	18.4	10.2	29.8	65.6	27.3	7.1
Product Information	12.6	6.7	3.0	6.1	28.4	12.9	15.1	8.7	12.5	49.2	17.6	8.1
Group items/ eliminations	1.1	-0.2	-0.4	-7.7	-7.2	0.3	-7.0	-2.7	-10.3	-19.7	-4.6	-5.6
<b>Total</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>40.3</b>	<b>9.6</b>
<b>Operating margin [%]</b>												
Engineering Services	5.1	1.7	2.1	3.5	3.2	2.3	5.2	3.7	8.3	5.0	7.6	2.2
Product Information	9.4	5.4	2.3	5.2	5.6	10.2	11.4	7.9	10.3	10.0	14.2	7.1
<b>Total</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>8.5</b>	<b>2.1</b>
<b>Number of employees</b>												
Engineering Services	1,361	1,334	1,356	1,450	1,450	1,433	1,434	1,455	1,453	1,453	1,465	1,458
Product Information	562	555	528	529	529	554	589	581	591	591	612	619
<b>Total</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>2,077</b>	<b>2,077</b>
<b>Number of working days</b>												
	62	59	66	63	250	61	61	66	64	252	64	58

## Parent company

# FINANCIAL, SUMMARY

### Income statements

mSEK	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
Operating income	5.2	6.2	11.3	12.5	26.3
Other external operating expenses	-8.0	-9.2	-15.4	-15.7	-32.0
Staff costs	-7.5	-7.4	-15.2	-14.5	-30.2
<b>Operating profit/loss</b>	<b>-10.3</b>	<b>-10.4</b>	<b>-19.3</b>	<b>-17.7</b>	<b>-35.9</b>
Net financial items*	123.7	-4.8	127.7	-7.0	56.5
<b>Profit/loss after net financial items</b>	<b>113.4</b>	<b>-15.2</b>	<b>108.4</b>	<b>-24.7</b>	<b>20.6</b>
Appropriations**	-	-	-	-	-6.6
<b>Profit/loss before tax</b>	<b>113.4</b>	<b>-15.2</b>	<b>108.4</b>	<b>-24.7</b>	<b>14.0</b>
Tax	1.9	3.4	3.0	6.1	-3.6
<b>Profit/loss for the period</b>	<b>115.3</b>	<b>-11.8</b>	<b>111.4</b>	<b>-18.6</b>	<b>10.4</b>
* of which translation differences	0.4	-5.4	3.3	-7.8	-14.9
of which group contribution received	-	-	-	-	69.7
of which dividend	122.0	-	122.0	-	-
** of which group contribution paid	-	-	-	-	-1.4

### Statements of comprehensive income

mSEK	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
Profit/loss for the period	115.3	-11.8	111.4	-18.6	10.4
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>115.3</b>	<b>-11.8</b>	<b>111.4</b>	<b>-18.6</b>	<b>10.4</b>

### Balance sheet

mSEK	June 30		Dec 31
	2017	2016	2016
<b>Assets</b>			
Financial fixed assets	472.7	460.0	469.7
Current assets	66.1	128.4	130.7
Cash and cash equivalents	108.3	-	-
<b>Total assets</b>	<b>647.1</b>	<b>588.4</b>	<b>600.4</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	374.7	274.6	303.5
Untaxed reserves	12.3	7.1	12.3
Interest-bearing current liabilities	-	144.2	130.5
Non interest-bearing current liabilities	260.1	162.5	154.1
<b>Total shareholders' equity and liabilities</b>	<b>647.1</b>	<b>588.4</b>	<b>600.4</b>

## Note 1

# DISCONTINUED OPERATIONS

The engineering operations in Germany were divested to Valmet Automotive on February 28, 2017. Operations are recognised in this report as discontinued operations. Financial information regarding the divested business for the period up until the date of divestment is presented below.

### Analysis of earnings

mSEK	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
Income	-	226.6	111.1	459.1	863.2
Costs	-	-219.4	-125.8	-446.5	-837.2
<b>Operating profit/loss before depreciation</b>	-	<b>7.2</b>	<b>-14.7</b>	<b>12.6</b>	<b>26.0</b>
Depreciation	-	-2.7	-1.6	-5.5	-11.0
Write-downs	-	-	-	-	-66.0
<b>Operating profit/loss</b>	-	<b>4.5</b>	<b>-16.3</b>	<b>7.1</b>	<b>-51.0</b>
Net financial items	-	-0.5	-0.2	-0.9	-3.5
<b>Profit/loss before tax</b>	-	<b>4.0</b>	<b>-16.5</b>	<b>6.2</b>	<b>-54.5</b>
Tax	-	-1.1	-0.4	-1.8	-61.8
<b>Earnings from discontinued operations</b>	-	<b>2.9</b>	<b>-16.9</b>	<b>4.4</b>	<b>-116.3</b>
Profit/loss from divestment after tax [see below]	-	-	17.0	-	-
<b>Profit/loss from discontinued operations</b>	-	<b>2.9</b>	<b>0.1</b>	<b>4.4</b>	<b>-116.3</b>

### Details about divestment of operations

mSEK	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
Purchase price received after deduction of divestment costs	-	-	161.2	-	-
Carrying amount of divested net assets	-	-	-146.4	-	-
<b>Profit before tax and currency translation differences</b>	-	-	<b>14.7</b>	-	-
Currency translation differences	-	-	2.3	-	-
Tax	-	-	-	-	-
<b>Profit from divestment after tax</b>	-	-	<b>17.0</b>	-	-

### Analysis of cash flows

mSEK	April-June		Jan-June		Jan-Dec
	2017	2016	2017	2016	2016
Cash flow from current activities	-	-60.1	9.0	-66.5	-15.2
Investments	-	-2.4	-1.2	-4.1	-9.9

### Assets and liabilities held for sale

mSEK	June 30		Dec 31
	2017	2016	2016
<b>Assets held for sale</b>			
Intangible assets, goodwill	-	134.9	
Other intangible assets	-	0.5	
Tangible fixed assets	-	34.6	
Accounts receivable	-	135.2	
Other current assets	-	26.8	
Cash and cash equivalents	-	47.9	
<b>Total assets held for sale</b>	-	<b>379.9</b>	
<b>Liabilities held for sale</b>			
Pension obligations	-	79.7	
Accounts payable	-	16.7	
Non-accrued invoiced income	-	8.0	
Non-interested bearing current liabilities	-	75.6	
<b>Total liabilities held for sale</b>	-	<b>180.0</b>	

## FINANCIAL CALENDAR



Interim report January-September 2017  
Year-end report 2017

October 27, 2017  
February 8, 2018

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