

# YEAR-END REPORT 2017

## Fourth quarter

- The operating income amounted to SEK 473 Million [467] and the organic growth was 1%
- The operating profit amounted to SEK 37 Million [32], yielding an operating margin of 7.7% [6.9]
- The profit after tax amounted to SEK 28 Million [21]
- Earnings per share [EPS] after dilution amounted to SEK 1.55 [1.16]

## January-December

- The operating income amounted to SEK 1,762 Million [1,756] and the organic growth was 0%
- The operating profit amounted to SEK 95 Million [95], yielding an operating margin of 5.4% [5.4]
- The profit after tax amounted to SEK 72 Million [68]
- Earnings per share [EPS] after dilution amounted to SEK 4.00 [3.75]
- The equity/assets ratio amounted to 61% [45]
- Return on capital employed was 14% [13]
- The Board of Directors proposes a share dividend of SEK 2.50 [2.25] per share and an extra dividend of SEK 1.00 [-] per share, a total of SEK 3.50 [2.25] per share.

## Comment from CEO Markus Granlund:

We ended 2017 with a positive quarter in terms of earnings. Profitability improved despite a negative calendar effect, with one fewer working day compared with the year-earlier period. The improvement in the results is due to our efforts to increase productivity of the business and a positive development regarding sales of Semcon's concept offers.

Several new projects were started in the fourth quarter in the field of connected products and factories. Semcon's broad and profound knowledge, gained from projects in a number of industries and through collaborations with research institutes, offers us both strategic depth and knowledge excellence moving forwards. During the fourth quarter, project start-ups included a collaboration with Volvo Bil to develop a concept for an automated logistics chain using autonomous vehicles.

We have an attractive position in the industry through a combination of Semcon's extensive experience of product development and its cutting-edge digital offering. This also has positive knock-on effects for Semcon as an employer, together with a number of brand-building measures to increase our attractiveness. At the end of January this year, Semcon received the Brand Journey of the Year award in Sweden. Work will continue with the aim of attracting the best employees in our industry.

It is positive that the measures to increase margins in the Engineering Services business areas has started to yield results, as it reaches a 9 percent operating margin in the fourth quarter. Business Area Product Information ended the year with lower earnings compared with the fourth quarter previous year. Despite initiating several new partnerships, not least in digital information solutions, these could not fully compensate for lower volumes in ongoing customer assignments. The first quarter of 2018 contains one fewer working day compared with the corresponding period last year, when production volumes in the business area were also at a high level.

Our ability to create excellent customer experience through the use of smart technology provides a good foundation for both sought-after offerings and as an attractive workplace. The stronger margin at the end of last year means we head into the new year with a positive momentum. A number of measures have been made to achieve positive earnings in 2018, which in the first quarter has one less working day compared to 2017. Demand for Semcon's services is healthy and our work with constant improvements is continuing in respect of business development, productivity and cost efficiency to enhance our profitability.

Against the background of the Group's strong financial position, the Board of Directors has proposed an increased dividend of SEK 2.50 per share and an extra dividend of SEK 1.00 per share. The proposal means the stable financial position will be retained at the same time as there is scope for growth through acquisitions.

## Income and result

### Fourth quarter

Operating income amounted to SEK 473 million [467] and organic growth was 1 per cent. The quarter included one fewer working day compared with last year. Operating profit improved to SEK 37 million [32], yielding an operating margin of 7.7 per cent [6.9]. The calendar effect had a negative impact on earnings of about SEK 6 million compared with last year.

Net financial items amounted to SEK - million [1], yielding profit before tax of SEK 37 million [33]. Tax expense for the quarter amounted to SEK -9 million [-12]. Profit after tax amounted to SEK 28 million [21] and earnings per share after dilution totalled SEK 1.55 [1.16].

### January-December

Operating income amounted to SEK 1,762 million [1,756] and organic growth was 0 per cent. The year included two fewer working days compared with last year, which had a negative impact on income of 1 per cent. New business in Product Information, to sectors such as telecommunications, was not able to fully offset the reduced scope of the partnership with Jaguar Land Rover in the UK.

Operating profit amounted to SEK 95 million [95], yielding an operating margin of 5.4 per cent [5.4]. The calendar effect during the year had a negative impact on earnings of about SEK 12 million compared with last year. 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 [-], yielding profit before tax of SEK 95 million [95]. The tax expense for the year amounted to SEK -22 million [-27]. Profit after tax amounted to SEK 72 million [68] and earnings per share after dilution totalled SEK 4.00 [3.75].

### Financial position

Operating cash flow from current activities was SEK 38 million [33]. During the fourth quarter, cash flow was negatively affected by changes implemented by a major customer to its invoicing procedures, which entailed a temporary increase in working capital tied-up. Investments in hardware, licenses, office supplies and equipment amounted to SEK 9 million [34]. The Group's cash and cash equivalents amounted to SEK 81 million [40]. In addition, the Group had non-utilised credit of SEK 376 million [240] as of 31 December. Shareholders' equity amounted to SEK 557 million [529] and the equity/assets ratio was 61 per cent [45].

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 78 million [-127].

### Important events during the year

- Semcon divested its German engineering business, which formed the Business Area Engineering Services Germany, to Valmet Automotive on 28 February. 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 divested operations. For further information, see Note 1.
- From 1 April, the engineering services business areas, Engineering Services Nordic and Engineering Services International, were merged into one business area, Engineering Services.
- In April, Semcon launched a mentoring programme in some 30 upper secondary schools across Sweden to encourage women to choose technology programmes at university. The programme includes seminars and mentoring between women 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 in another industry. Semcon's President Markus Granlund will be acting Business Area President until Daniel Rundgren assumes his position.
- In May, Karin Russberg was appointed new Director HR and Sustainability of Semcon Group tasked with leading the company's strategic HR and sustainability work. Karin assumed her new position on 14 August and reports to the President and is also a member of Semcon's Group management team.
- Business Area Product Information initiated a number of collaborations in digital information solutions, and a three-year contract was extended in the third quarter with one of the largest customers in the business area.
- Several new contracts in the field of connected products were awarded to Business Area Engineering Services during the year. In the fourth quarter, a collaboration started with Volvo Bil concerning an automated logistics chain.
- In December, Business Area Engineering Services began a new partnership with the energy Group Fortum concerning the rebuilding of the hydropower plants at Kallsjön. Work is expected to take two years and generate revenues of about SEK 20 million.
- In December, Semcon initiated a new partnership with Kuka Nordic in the field of smart factories. In its role as system supplier, it will work together with Kuka to develop an offering within Industry 4.0 in the Nordic market.

<b>Change in operating income</b>			
	Oct-Dec 2017	Jan-Dec 2017	
Acquisition	-%	-%	
Currency effects	-%	-%	
Organic growth	1.5%	0.4%	
<b>Total</b>	<b>1.5%</b>	<b>0.4%</b>	

## Parent company

Operating income for the parent company amounted to SEK 22 million [26] and pertains to compensation for intra-Group services. The profit before tax totalled SEK 91 million [14].

## Employees

The head count on December 31 was 2,076 [2,044] and the number of employees in active service was 1,980 [1,956]. In the respective business areas the head count is as follows: Engineering Services 1,447 [1,453] and Product Information 629 [591].

## Ownership structure

As of December 31, JCE Group owned 25.9% [25.9] of Semcon's shares, Nordea Investment Funds 7.9% [7.2], Ålandsbanken 5.0% [5.1], DnB Carlson Fonder 3.6% [3.3] and BNYM RE Regents 3.5% [3.4]. Foreign ownership was 33.1% [29.9] and the number of shareholders was 4,440 [4,478]. The number of ordinary shares at the end of the year was 18,112,534 [18,112,534], all with the quotient value of SEK 1 and equal voting rights. Semcon owned 281,719 [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).

## Buy-back of own shares

The Board resolved on 6 December 2017 to buy-back no more than 200,000 ordinary shares pursuant to the authorization of the 2017 AGM. The Board's decision aims to improve the company's capital structure. Acquisitions may be made on one or more occasions during the period between 11 December 2017 and the 2018 AGM. Up until 31 December, 40,044 shares had been repurchased.

## 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]. Starting in the third quarter 2016, Semcon also complies with guidelines published by the European Securities and Markets Authority [ESMA] regarding Alternative Performance Measures. This year-end report has been drawn up in accordance with IAS 34. A number of new standards and IFRIC statements were introduced on 1 January 2017. None of these have had any effect on the Group's accounts during the year. In general, the same accounting policies and methods of calculation have been used in this year-end report as in the latest Annual Report. The new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which come into effect on 1 January 2018, will not have any significant effects on the financial statements.

## Events after the end of the year

Daniel Rundgren was appointed as the new Business Area President of Engineering Services. Daniel is joining Semcon from the IT company EVRY and will start as Business Area President not later than August. 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 2017. The nomination committee will, until next AGM, consist of: Ulf Gillberg, Nomination committee chairman, JCE Group Aktiebolag, Mats Andersson, Nordea Investment Funds, Claes Murander, Lannebo Fonder and Tore Bertilsson, Chairman of Semcon AB [co-opted member].

## Annual General Meeting 2018

Semcon's Annual General Meeting will be held at 3 p.m. [CET] on Wednesday April 25 at Semcon's head office in Göteborg. The record day is Wednesday April 19. The interim report January–March will be published on Wednesday April 25.

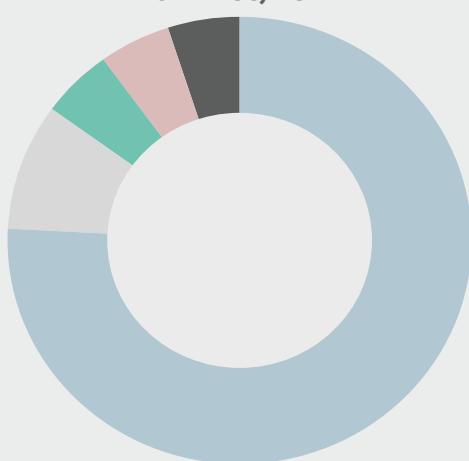
## Share dividend

According to Semcon's financial objectives, a share dividend shall be paid to shareholders and, from a long-term perspective, is to be at least one-third of profit after tax. The Board of Directors proposes a regular dividend of SEK 2.50 [2.25] per share, which represents 62.5 per cent [60] of earnings per share for continuing operations. In addition, the Board proposes an extra dividend of SEK 1.00 [-] per share in view of the company's strong financial position. The total dividend proposed of SEK 3.50 [2.25] per share corresponds to SEK 62.5 million [40.8]. The record date is proposed as Friday, 27 April.

## Annual Report

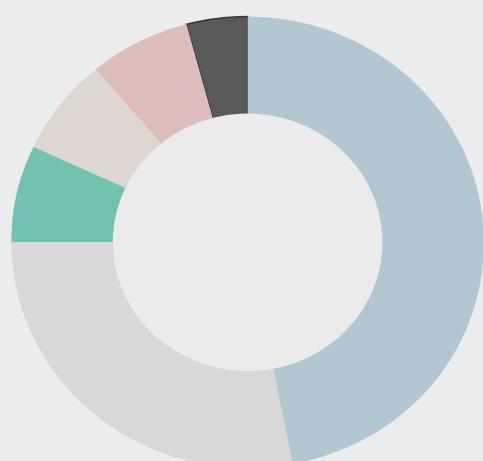
The 2017 Annual Report is expected to be available on Semcon's website from mid-March with a printed version sent to shareholders who have requested printed information by the end of March. The Annual Report will also be available on [semcon.com](http://semcon.com) and from Semcon's head office, Lindholmsallén 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 income per market**  
Jan–Dec, 2017



■ Sweden, 76% [76]  
■ The UK, 9% [12]  
■ Norway, 5% [4]  
■ Brazil, 5% [4]  
■ Other, 5% [4]

**Group income per industry**  
Jan–Dec, 2017



■ Automotive, 47% [51]  
■ Industry, 28% [24]  
■ Energy, 7% [8]  
■ Life Science, 7% [7]  
■ Telecom, 7% [7]  
■ Other, 4% [3]

# BUSINESS AREAS

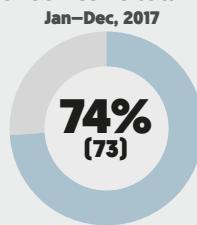
## Engineering Services

The business area's income amounted to SEK 1,314 million [1,307] and organic growth was 0 per cent. A skills shortage in product development, mainly in the Swedish market, impeded growth. Sales to the automotive industry remained good, while demand from energy customers in particular was at a lower level. Several new contracts in the field of connected products and smart factories were secured during the year. Operating profit improved to

SEK 70 million [66], yielding an operating margin of 5.4 per cent [5.0]. Operations in primarily Norway and Brazil reported earnings improvements. The business area is continuing its efforts to develop a more value-based offering and international deliveries. The strategic shift, together with improved productivity, means growth and profitability are expected to increase moving forward.

	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Operating income, mSEK	<b>357.6</b>	357.5	<b>1,313.6</b>	1,306.7
Operating profit, mSEK	<b>32.1</b>	29.8	<b>70.4</b>	65.6
Operating margin, %	<b>9.0</b>	8.3	<b>5.4</b>	5.0
No. of employees	<b>1,447</b>	1,453	<b>1,447</b>	1,453

Share of Semcon's total income



### About Engineering Services

The business area's approximately 1,450 employees provide services in areas such as product development, plant engineering and production development services. The offer is aimed at requirement and concept studies, design, calculations, construction, embedded systems, testing, simulation, quality control, project management, production and process development and expertise in lean production. Engineering Services has offices in Sweden, Norway, the UK, India and Brazil. Business activities mainly focus on the automotive, industry, energy and life science sectors. Customers include ABB, AB Volvo, Alstom, Aston Martin, AstraZeneca, Autoliv, Bombardier, CEVT, Geely, Fortum, General Electric, Getinge, Husqvarna, Jaguar Land Rover, MAN, McLaren, Metso, Rolls-Royce Marine, Saab, Scania, Siemens, Vattenfall and Volvo Cars.

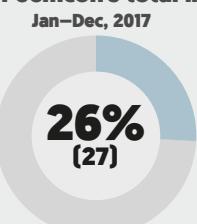
## Product Information

The business area's income amounted to SEK 453 million [490] and organic growth was -7 per cent. New business, to sectors such as telecommunications, was not able to fully offset the reduced scope of the partnership with Jaguar Land Rover in the UK. Several contracts were extended during the year, including a three-year contract with one of the largest customers in the business area. Operating profit amounted to SEK 41 million [49], yielding an operating margin of 9.0 per cent [10.0]. The preceding year included positive non-recurring

items of SEK 7 million in the business area's earnings, of which SEK 5 million in the first quarter and SEK 2 million in the second quarter. Part of the business area's strategy is focused on a high proportion of Managed Service contracts and a high level of resource efficiency through deliveries involving networking teams from several countries. The first quarter of 2018 is expected to be weaker than the first quarter of 2017, when production volumes were at relatively high levels.

	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Operating income, mSEK	<b>115.9</b>	121.1	<b>453.4</b>	489.8
Operating profit, mSEK	<b>8.7</b>	12.5	<b>40.8</b>	49.2
Operating margin, %	<b>7.5</b>	10.3	<b>9.0</b>	10.0
No. of employees	<b>629</b>	591	<b>629</b>	591

Share of Semcon's total income



### About Product Information

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

Göteborg February 8, 2018

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

**Markus Granlund**  
President and CEO

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 12.30 CET on February 8, 2018.

# Consolidated FINANCIAL, SUMMARY

## Income statements

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
<b>Continuing operations</b>				
Operating income	473.3	466.5	1,762.4	1,755.9
Purchase of goods and services	-89.0	-77.1	-335.7	-349.8
Other external operating expenses	-39.6	-44.7	-149.6	-153.3
Staff costs	-305.4	-309.7	-1,170.9	-1,146.0
<b>Operating profit before depreciation</b>	<b>39.3</b>	<b>35.0</b>	<b>106.2</b>	<b>106.8</b>
Depreciation of tangible fixed assets	-1.9	-2.1	-7.9	-8.4
Depreciation of intangible assets	-0.8	-0.9	-3.1	-3.3
<b>Operating profit</b>	<b>36.6</b>	<b>32.0</b>	<b>95.2</b>	<b>95.1</b>
Net financial items	0.1	1.2	-0.6	-0.2
<b>Profit before tax</b>	<b>36.7</b>	<b>33.2</b>	<b>94.6</b>	<b>94.9</b>
Tax	-8.6	-12.1	-22.2	-26.9
<b>Profit after tax from continuing operations</b>	<b>28.1</b>	<b>21.1</b>	<b>72.4</b>	<b>68.0</b>
Result from discontinued operations [Note 1]	-	-124.6	0.1	-116.3
<b>Total profit after tax</b>	<b>28.1</b>	<b>-103.5</b>	<b>72.5</b>	<b>-48.3</b>
<b>Profit attributable to:</b>				
Parent company's shareholders	28.1	-103.5	72.5	-48.3
Non-controlling interests	-	-	-	-
<b>Total profit after tax</b>	<b>28.1</b>	<b>-103.5</b>	<b>72.5</b>	<b>-48.3</b>
Earnings per share before dilution [SEK]	1.57	-5.79	4.06	-2.70
- of which continuing operations	1.57	1.18	4.05	3.81
Earnings per share after dilution [SEK]	1.55	-5.71	4.00	-2.67
- of which continuing operations	1.55	1.16	4.00	3.75
No. of working days in period	63	64	250	252

**Statement of comprehensive income**

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Profit after tax	28.1	-103.5	72.5	-48.3
<b>Items that cannot be reclassified as profit or loss</b>				
Actuarial profits or losses	-	-10.0	-	-10.0
Tax	-	2.9	-	2.9
<b>Total</b>	<b>-</b>	<b>-7.1</b>	<b>-</b>	<b>-7.1</b>
<b>Items that can be reclassified as profit or loss</b>				
Translation differences for the period	1.9	-0.1	-3.5	14.8
Hedging of net investments	-	2.4	-	-15.9
Cash flow hedging	-	-0.1	-	-
Tax attributable to hedging effects of net investments	-	-0.5	-	3.5
<b>Total</b>	<b>1.9</b>	<b>1.7</b>	<b>-3.5</b>	<b>2.4</b>
<b>Other comprehensive income</b>	<b>1.9</b>	<b>-5.4</b>	<b>-3.5</b>	<b>-4.7</b>
<b>Other comprehensive income for the period</b>	<b>30.0</b>	<b>-108.9</b>	<b>69.0</b>	<b>-53.0</b>
<b>Comprehensive income attributable to:</b>				
Parent company's shareholders	30.0	-108.9	69.0	-53.0
Non-controlling interests	-	-	-	-
<b>Total</b>	<b>30.0</b>	<b>-108.9</b>	<b>69.0</b>	<b>-53.0</b>

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

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Continuing operations	30.0	21.4	68.9	68.4
Discontinued operations	-	-130.3	0.1	-121.4
<b>Total</b>	<b>30.0</b>	<b>-108.9</b>	<b>69.0</b>	<b>-53.0</b>

## Balance sheets

mSEK	Dec 31	
	2017	2016
<b>Assets</b>		
Intangible assets, goodwill	274.7	274.7
Other intangible assets	13.1	14.7
Tangible fixed assets	31.1	33.0
Deferred tax recoverable	3.2	4.2
Accounts receivable	337.0	278.9
Accrued non-invoiced income	140.3	133.7
Other current assets	29.8	30.4
Cash and cash equivalents	80.9	39.9
Assets held for sale (note 1)	-	379.9
<b>Total assets</b>	<b>910.1</b>	<b>1,189.4</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	556.6	529.4
Pensions obligations	3.0	3.5
Deferred tax liabilities	44.9	36.8
Interest-bearing short-term liabilities	-	131.3
Accounts payable	51.6	45.8
Non-accrued invoiced income	20.5	11.9
Other non interest-bearing current liabilities	233.5	250.7
Liabilities held for sale (note 1)	-	180.0
<b>Total shareholders' equity and liabilities</b>	<b>910.1</b>	<b>1,189.4</b>

## Change in shareholders' equity

mSEK	Dec 31	
	2017	2016
Shareholders' equity at the start of the year	529.4	604.5
Total comprehensive income	69.0	-53.0
Acquisition of own shares	-1.9	-
Share-based remuneration	0.3	0.2
Shareholder dividend	-40.2	-22.3
<b>Shareholders' equity at the end of the year</b>	<b>556.6</b>	<b>529.4</b>

## Capital employed

mSEK	Dec 31	
	2017	2016
Total assets	910.1	1,189.4
Deferred tax liabilities	-44.9	-36.8
Accounts payable	-51.6	-45.8
Other non interest-bearing liabilities	-254.0	-442.6
<b>Total capital employed</b>	<b>559.6</b>	<b>664.2</b>
<b>Average capital employed</b>	<b>611.9</b>	<b>736.6</b>

### Cash flow statements\*

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Cash flow from current activities				
before change in working capital	36.4	32.5	99.4	116.3
Change in working capital	-40.5	-7.0	-61.9	-82.9
<b>Cash flow from current activities</b>	<b>-4.1</b>	<b>25.5</b>	<b>37.5</b>	<b>33.4</b>
Investments	-2.3	-3.8	-9.4	-34.0
Acquisition and divestments of subsidiaries/associated companies	-	-	161.7	-
Sales of fixed assets	-	0.1	-	0.4
<b>Cash flow from investment activities</b>	<b>-2.3</b>	<b>-3.7</b>	<b>152.3</b>	<b>-33.6</b>
Change in interest-bearing liabilities	0.2	8.3	-153.7	-18.5
Acquisition of own shares	-1.9	-	-1.9	-
Shareholder dividend	-	-	-40.2	-22.3
<b>Cash flow from financing activities</b>	<b>-1.7</b>	<b>8.3</b>	<b>-195.8</b>	<b>-40.8</b>
<b>Cash flow for the period</b>	<b>-8.1</b>	<b>30.1</b>	<b>-6.0</b>	<b>-41.0</b>
Cash and cash equivalents at the start of the period	87.8	55.7	87.8	126.1
Translation differences	1.2	2.0	-0.9	2.7
<b>Cash and cash equivalents at the end of the period</b>	<b>80.9</b>	<b>87.8</b>	<b>80.9</b>	<b>87.8</b>

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

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

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Opening balance	84.4	-133.4	-126.7	-78.4
Cash flow from current activities	-4.1	25.5	37.5	33.4
Investments	-2.3	-3.7	-9.4	-33.6
Acquisitions and divestments of subsidiaries	-	-	216.6	-
Shareholder dividend	-	-	-40.2	-22.3
Acquisition of own shares	-1.9	-	-1.9	-
Other	1.8	-15.1	2.0	-25.8
<b>Closing balance</b>	<b>77.9</b>	<b>-126.7</b>	<b>77.9</b>	<b>-126.7</b>

### Net cash/net debt [-]

mSEK	Dec 31	
	2017	2016
Cash and cash equivalents	80.9	87.8
Pensions obligations	-3.0	-83.2
Interest-bearing short-term liabilities	-	-131.3
<b>Total net cash/net debt</b>	<b>77.9</b>	<b>-126.7</b>

## Key figures

	Jan-Dec	
	2017	2016
Growth in sales [%]	0.4	6.0
Organic growth in sales [%]	0.4	4.8
Operating margin before depreciation [%]	6.0	6.1
Operating margin [%]	5.4	5.4
Profit margin [%]	5.4	5.4
Return on shareholders' equity [%]	13.4	12.0
Return on capital employed [%]	14.1	13.2
Equity/assets ratio [%]	61.2	44.5
Debt/equity ratio [multiple]	-	0.2
Number of employees at the end of the year	2,076	2,044

## Key figures for the Semcon share

	Jan-Dec	
	2017	2016
Earnings per share before dilution [SEK]	4.05	3.81
Earnings per share after dilution [SEK]	4.00	3.75
Shareholders' equity before dilution [SEK]	31.22	29.63
Shareholders' equity after dilution [SEK]	30.73	29.23
Share price/Shareholders' equity [times]	1.55	1.57
Cash flow from current activities [SEK]	2.07	1.84
Dividend [SEK]	3.50*	2.25
P/E ratio	12	12
P/S ratio	0.50	0.50
Share price at the end of the year [SEK]	47.70	46.00
Market cap at the end of the year [mSEK]	864	833
Number of shares at the end of the year with the quotient value of SEK 1 [000]	18,113	18,113
Average number of own shares at the end of the year [000]	282	243
Average number of shares [000]	18,113	18,113

\* Board of Director's proposal.

## 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	Q3	Q4	2017	
<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	268.4	357.6	1,313.6	
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	98.4	115.9	453.4	
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	0.6	-0.2	-4.6	
<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>367.4</b>	<b>473.3</b>	<b>1,762.4</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	3.9	32.1	70.4	
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	6.4	8.7	40.8	
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	-1.6	-4.2	-16.0	
<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>8.7</b>	<b>36.6</b>	<b>95.2</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	1.5	9.0	5.4	
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	6.5	7.5	9.0	
<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>2.4</b>	<b>7.7</b>	<b>5.4</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	1,451	1,447	1,447	
Product Information	562	555	528	529	529	554	589	581	591	591	612	619	631	629	629	
<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>2,082</b>	<b>2,076</b>	<b>2,076</b>	
<b>Number of working days</b>	62	59	66	63	250	61	61	66	64	252	64	58	65	63	250	

## Parent company

# FINANCIAL, SUMMARY

### Income statements

mSEK	Oct-Dec		Jan-Sept	
	2017	2016	2017	2016
Operating income	5.6	7.5	21.9	26.3
Other external operating expenses	-6.0	-9.8	-26.1	-32.0
Staff costs	-8.3	-10.0	-29.5	-30.2
<b>Operating profit/loss</b>	<b>-8.7</b>	<b>-12.3</b>	<b>-33.7</b>	<b>-35.9</b>
Net financial items*	-24.1	1.0	104.2	-13.2
<b>Profit/loss after net financial items</b>	<b>-32.8</b>	<b>-11.3</b>	<b>70.5</b>	<b>-49.1</b>
Appropriations**	20.1	63.1	20.1	63.1
<b>Profit/loss before tax</b>	<b>-12.7</b>	<b>51.8</b>	<b>90.6</b>	<b>14.0</b>
Tax	-4.3	-12.5	-0.2	-3.6
<b>Profit/loss for the period</b>	<b>-17.0</b>	<b>39.3</b>	<b>90.4</b>	<b>10.4</b>
* of which translation differences	4.6	0.6	7.3	-14.9
of which dividend	-	-	122.0	-
** of which group contribution paid	-8.3	-1.4	-8.3	-1.4
of which group contribution received	28.4	69.7	28.4	69.7

### Statements of comprehensive income

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Profit/loss for the period	-17.0	39.3	90.4	10.4
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-17.0</b>	<b>39.3</b>	<b>90.4</b>	<b>10.4</b>

### Balance sheet

mSEK	Dec 31	
	2017	2016
<b>Assets</b>		
Financial fixed assets	461.4	469.7
Current assets	88.0	130.7
Cash and cash equivalents	42.3	-
<b>Total assets</b>	<b>591.7</b>	<b>600.4</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	351.8	303.5
Untaxed reserves	12.3	12.3
Interest-bearing current liabilities	-	130.5
Non interest-bearing current liabilities	227.6	154.1
<b>Total shareholders' equity and liabilities</b>	<b>591.7</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	Oct-dec		Jan-Dec	
	2017	2016	2017	2016
Income	-	195.4	111.1	863.2
Costs	-	-191.1	-125.8	-837.2
<b>Operating profit/loss before depreciation</b>	-	<b>4.3</b>	<b>-14.7</b>	<b>26.0</b>
Depreciation	-	-2.8	-1.6	-11.0
Write-downs	-	-66.0	-	-66.0
<b>Operating profit/loss</b>	-	<b>-64.5</b>	<b>-16.3</b>	<b>-51.0</b>
Net financial items	-	-1.9	-0.2	-3.5
<b>Profit/loss before tax</b>	-	<b>-66.4</b>	<b>-16.5</b>	<b>-54.5</b>
Tax	-	-58.2	-0.4	-61.8
<b>Earnings from discontinued operations</b>	-	<b>-124.6</b>	<b>-16.9</b>	<b>-116.3</b>
Profit/loss from divestment after tax [see below]	-	-	17.0	-
<b>Profit/loss from discontinued operations</b>	-	<b>-124.6</b>	<b>0.1</b>	<b>-116.3</b>

### Details about divestment of operations

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	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>	-

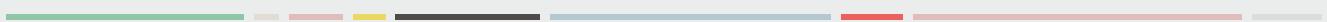
### Analysis of cash flows

mSEK	Oct-Dec		Jan-Dec	
	2017	2016	2017	2016
Cash flow from current activities	-3.6	28.9	0.3	-15.2
Investments	-	-2.6	-1.2	-9.9

### Assets and liabilities held for sale

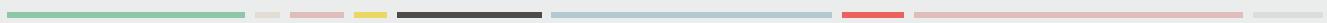
mSEK	Dec 31	
	2017	2016
<b>Assets held for sale</b>		
Intangible assets, goodwill	-	134.9
Other intangible assets	-	0.5
Tangible fixed assets	-	34.6
Accounts receivable	-	135.2
Other current assets	-	26.8
Cash and cash equivalents	-	47.9
<b>Total assets held for sale</b>	-	<b>379.9</b>
<b>Liabilities 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-March 2018	April 25, 2018
Annual General Meeting 2018	April 25, 2018
Interim report January-June 2018	July 17, 2018
Interim report January-September 2018	October 25, 2018
Year-end report 2018	February 7, 2019

## CONTACT INFORMATION



### Contact persons

Markus Granlund, CEO Semcon AB, +46 31-721 03 06  
Björn Strömberg, CFO Semcon AB, +46 31-721 03 06

### Contact information

Semcon AB [publ]  
417 80 Göteborg, Sweden  
Visiting address:  
Lindholmsallén 2  
417 80 Göteborg, Sweden  
Phone: +46 31-721 00 00  
[www.semcon.com](http://www.semcon.com)



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