

INTERIM REPORT JANUARY-SEPTEMBER 2018

Earnings double for second consecutive quarter

Third quarter

- The operating income amounted to SEK 405 Million [367] and the organic growth was 7%
- The operating profit amounted to SEK 18 Million [9], yielding an operating margin of 4.4% [2.4]
- The profit after tax amounted to SEK 14 Million [6]
- Earnings per share [EPS] after dilution amounted to SEK 0.75 [0.35]

January-September

- The operating income amounted to SEK 1,353 Million [1,289] and the organic growth was 3%
- The operating profit amounted to SEK 79 Million [59], yielding an operating margin of 5.8% [4.5]
- The profit after tax amounted to SEK 60 Million [44]
- Earnings per share [EPS] after dilution amounted to SEK 3.33 [2.45]
- The equity/assets ratio amounted to 60% [61]

Comment from CEO Markus Granlund:

The impressive commitment and positive energy from my colleagues is continuing to yield results. Every day we make a difference by developing smart technology that creates benefits for end users and enhances the competitiveness of our customers. Both customer satisfaction and internal commitment are at very high levels, which were confirmed in the financial performance. For the second consecutive quarter, we have doubled our operating profit year-on-year. Our profound expertise in product development, production optimisation and aftermarket are sought after in the market. At the same time, the shift towards more attractive business and delivery models, together with increased internal efficiency and productivity is producing clear results.

Demand for our offering is favourable in all industries, and this has helped to balance the distribution of our operations between industries. Our new office in Södertälje and the deeper collaboration with AstraZeneca are examples of our focus on Life Science. Our inter-disciplinary expertise can be transferred between departments, markets and business areas. Demand is strong for smart, digital solutions, such as AI, automation and electrification, which offers us a good position and we can leverage the breadth of our offering. Everything from maximising operating time through smart product information to automated solutions, such as the new collaboration with Powercell to manufacture green fuel cells.

Rising demand for digital solutions in combination with our in-depth expertise in R&D has played a part in the improved results. Engineering Services reported a strong earnings trend compared with the year-earlier period, with earnings improving primarily in Sweden and Norway. The Product Information business area, which had a challenging start to the year, improved its results in the third quarter and the positive trend is expected to continue back to previous profitability levels. The acquisition of Haas-Publikationen GmbH, completed in April, is boosting earnings.

With additional measures to strengthen margins and favourable market conditions, we are confident of a positive earnings trend for the Group at the end of the year. We have fantastic employees, a good position and an attractive offering that together provide the right conditions for continued profitable growth.

Income and result

Third quarter

Operating income amounted to SEK 405 million [367] and organic growth was 7 per cent. The quarter included the same number of working days compared with last year. Operating profit was SEK 18 million [9], yielding an operating margin of 4.4 per cent [2.4]. Both business areas reported improved earnings due to stronger demand and higher productivity. Net financial items amounted to SEK - million [-], yielding profit before tax of SEK 18 million [9]. Tax expense for the quarter amounted to SEK -4 million [-2]. Profit after tax was SEK 14 million [6] and earnings per share after dilution totalled SEK 0.75 [0.35].

January-September

Operating income amounted to SEK 1,353 million [1,289] and organic growth was 3 per cent. The period included the same number of working days as in the corresponding year-earlier period. Operating profit amounted to SEK 79 million [59], yielding an operating margin of 5.8 per cent [4.5]. Engineering Services reported a highly favourable earnings improvement due to stronger demand and higher productivity. Product Information noted a deterioration in earnings due to lower volumes in ongoing customer assignments. Two major customers chose to relocate their operations from Europe to Asia, the effects of which could not entirely be filled by new assignments,

primarily during the first six months of the year.

Net financial items amounted to SEK - million [-1], yielding profit before tax of SEK 79 million [58]. The tax expense for the period amounted to SEK -19 million [-14]. Profit after tax amounted to SEK 60 million [44] and earnings per share after dilution totalled SEK 3.33 [2.45].

Financial position

Operating cash flow from current activities was SEK 94 million [42]. Investments in hardware, licenses, office supplies and equipment amounted to SEK 6 million [7]. The Group's cash and cash equivalents amounted to SEK 33 million [88]. In addition, the Group had non-utilised credit of SEK 251 million [369] as of September 30. A new credit agreement with a loan frame of SEK 100 million has been signed and will run until October 2021. Shareholders' equity amounted to SEK 538 million [528] and the equity/assets ratio was 60 per cent [61]. The Group's net cash amounted to SEK 30 million [84].

Employees

The head count on September 30 was 2,122 [2,082] and the number of employees in active service was 2,061 [1,984]. In the respective business areas the head count is as follows: Engineering Services 1,427 [1,451] and Product Information 695 [631].

Rolling 12 months, per quarter



Important events during the period

- Daniel Rundgren was appointed as the new Business Area President of Engineering Services. Daniel is joining Semcon from the IT company EVRY and assumed his position as Business Area President in mid-May.
- In January, Semcon received the Årets Varumärkesresa [Brand Journey of the Year] award in Sweden.
- Within the Product Information business area, an agreement concerning owner information was renewed during the first quarter with one of the largest customers in the business area, for the 19th consecutive year.
- Semcon selected as "Rocket of the Year" among Sweden's most attractive employers. The survey is conducted by Universum among engineering students.
- Several new framework agreements were signed during the second quarter, including SKF, the Swedish Transport Administration, Siemens Industrial Turbomachinery, Essity, Stockholm County Council and Getinge.
- In April, Semcon acquired the German product information company Haas-Publikationen GmbH. The company has almost 50 employees and sales amounted to approximately SEK 50 million in 2017.
- During the third quarter, Semcon initiated a new collaboration with XMReality to use augmented reality [AR] to develop the user experience of product information.
- In September, Semcon extended its Life Science focus and a new framework agreement was signed with AstraZeneca. An additional office was opened in Södertälje in conjunction with the new framework agreement.
- During the third quarter, Semcon deepened its collaboration with Powercell to automate the manufacture of green fuel cells.

Ownership structure

As of September 30, JCE Group owned 25.8% [25.8] of Semcon's shares, Nordea Investment Funds 9.7% [7.9], Avanza Pension 4.4 % [2.6], BNY Mellon 4.2% [-] and Öhman Fonder 4.0% [3.6]. Foreign

ownership was 33.9% [35.3] and the number of shareholders was 4,921 [4,513]. 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 581,673 [241,675] of the company's share on September 30. Semcon is listed on Nasdaq Stockholm, small cap under the SEMC ticker. For more information about Semcon's ownership structure and share price movements visit www.semcon.com.

Parent company

Operating income for the parent company amounted to SEK 15 million [16] and pertains to compensation for intra-Group services. The profit before tax totalled SEK -9 million [103].

Buy-back of own shares

The Board resolved on 6 December 2017 to buy back not more than 200,000 ordinary shares pursuant to the authorisation of the 2017 AGM and on 25 April the buyback of a further 200,000 ordinary shares was approved pursuant to the authorisation of the 2018 AGM. The Board's decision aims to improve the company's capital structure. Up until 30 September, 341,308 shares had been repurchased within the two authorisations.

Acquisitions and divestments

In April, Semcon acquired the German product information company Haas-Publikationen GmbH. The company has almost 50 employees and sales amounted to approximately SEK 50 million in 2017. For further information about the acquisition, see Note 2. No other acquisitions or divestments took place during the period.

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

Change in operating income

	Jan-Sept	Jan-Dec
	2018	2017
Acquisition	1.6%	-%
Currency effects	0.4%	-%
Organic growth	2.9%	0.4%
Total	4.9%	0.4%

No. working days in Sweden

	2016	2017	2018	2019
Q1	61	64	63	63
Q2	61	58	59	58
Q3	66	65	65	66
Q4	64	63	62	62
Total	252	250	249	249

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

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 2017, pages 38-39 and 57-58, include a detailed description of the Group and parent company's risk exposure and risk management.

Incentive scheme

The AGM, held on April 25 2018, decided to establish a long-term performance-based share savings scheme for around 20 senior executives and key personnel in the Semcon Group. This scheme runs for four years starting in July 2018 and covering a maximum of 180,000 shares. The current holding of own ordinary shares held by Semcon is considered to fulfill obligations under the Performance-based Share Savings Scheme 2015, 2017 and 2018.

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. The new standards that came into force as of 1 January 2018, which include IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, have had no material effect on the Group's accounts during the year.

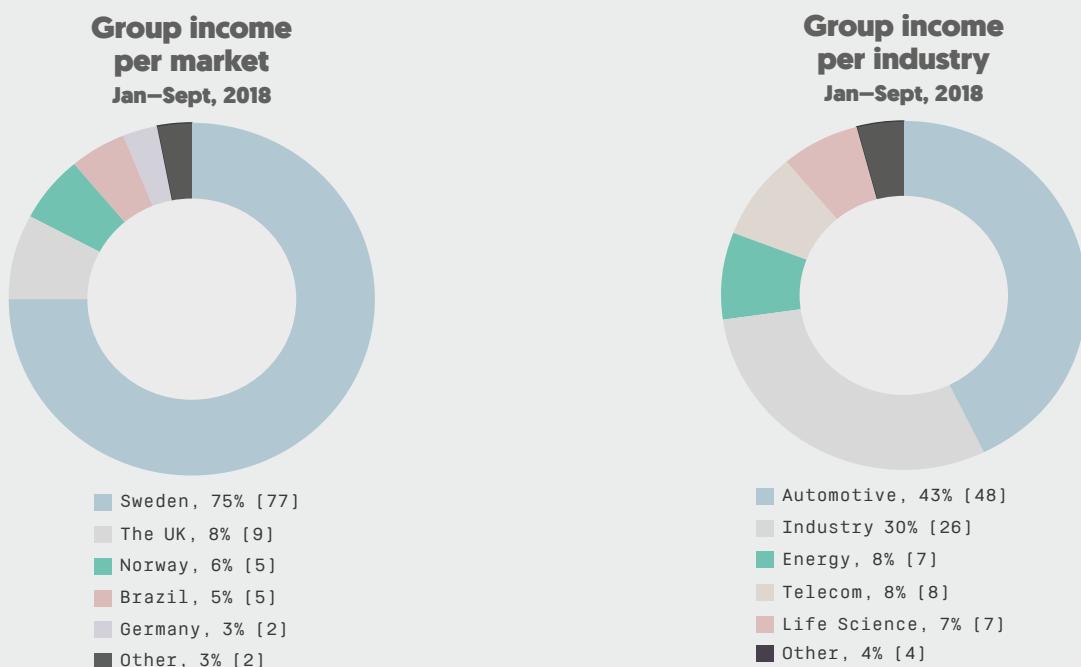
Semcon is currently assessing the effects of IFRS 16 Leases which comes into effect on 1 January 2019 and is expected to have a significant impact on the financial statements. The new standard will mainly

impact reporting of the Group's operational leases, such as rental agreements for office properties, where these are recognised in the balance sheet. The income statement is also impacted since rental cost that is currently included in other external expenses will instead be recognised as depreciation and interest expense.

In general, the same accounting policies and methods of calculation have been used in this interim report as in the latest Annual Report.

Events after the end of the period

No significant events occurred after the end of the period.



BUSINESS AREAS

Engineering Services

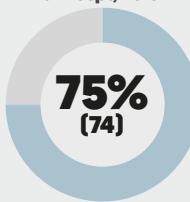
The business area's income amounted to SEK 1,015 million [956] and organic growth was 6 per cent. Demand is healthy for the business area's offering within product development and production optimisation, and sales increased to industrial customers, among other sectors. Several new customers signed framework agreements with Semcon during the year, which creates favourable conditions for continued growth. Operating profit improved to SEK 72 million [38], yielding an operating margin of

7.1 per cent [4.0]. Earnings improvements were mainly reported for operations in Sweden and Norway due to stronger demand and higher productivity. Performance in the UK was weaker due to a drop in demand from two of the largest customers. Favourable market conditions together with improved productivity means growth and profitability are expected to remain healthy moving forward.

	July-Sept		Jan-Sept		Jan-Dec
	2018	2017	2018	2017	2017
Operating income, mSEK	293.1	268.4	1,015.4	956.0	1,313.6
Operating profit, mSEK	10.0	3.9	72.3	38.3	70.4
Operating margin, %	3.4	1.5	7.1	4.0	5.4
No. of employees	1,427	1,451	1,427	1,451	1,447

Share of Semcon's total income

Jan-Sept, 2018



75%
(74)

About Engineering Services

The business area's slightly more than 1,400 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

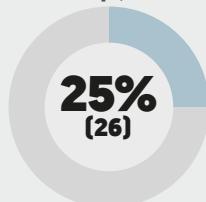
The business area's income amounted to SEK 338 million [337] and organic growth was -8 per cent. Two major customers chose to relocate their operations from Europe to Asia, the effects of which could not entirely be filled by new assignments, primarily during the first six months of the year. Operating profit amounted to SEK 18 million [32], yielding an operating margin of 5.2 per cent [9.5]. Operating profit improved during the third quarter and a sustained earnings improvement is expected moving forward as income

increases. Among other activities, a new partnership agreement was signed with a global machinery manufacturer and the initial planning stage commenced in the third quarter. The acquisition of Haas-Publikationen GmbH, completed in April, is also expected to boost earnings. Part of the business area's strategy is focused on a high proportion of Managed Service contracts and a high level of resource efficiency through deliveries involving networking teams from several countries.

	July-Sept		Jan-Sept		Jan-Dec
	2018	2017	2018	2017	2017
Operating income, mSEK	112.5	98.4	338.2	337.5	453.4
Operating profit, mSEK	9.7	6.4	17.5	32.1	40.8
Operating margin, %	8.6	6.5	5.2	9.5	9.0
No. of employees	695	631	695	631	629

Share of Semcon's total income

Jan-Sept, 2018



25%
(26)

About Product Information

The business area's almost 700 employees provide complete product 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 25 October, 2018

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

Markus Granlund
President and CEO

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 08.00 CET on 25 October, 2018.

Consolidated FINANCIAL, SUMMARY

Income statements

mSEK	Note	July-Sept		Jan-Sept		Jan-Dec	
		2018	2017	2018	2017	2017	2017
Operating income	1	404.9	367.5	1,352.5	1,289.1	1,762.4	
Purchase of goods and services		-77.2	-72.1	-251.9	-246.7	-335.7	
Other external operating expenses		-34.6	-33.9	-108.5	-110.0	-149.6	
Staff costs		-272.1	-250.1	-904.6	-865.5	-1,170.9	
Operating profit before depreciation		21.0	11.4	87.5	66.9	106.2	
Depreciation of tangible fixed assets		-2.2	-1.9	-6.4	-6.0	-7.9	
Depreciation of intangible assets		-0.9	-0.8	-2.5	-2.3	-3.1	
Operating profit		17.9	8.7	78.6	58.6	95.2	
Net financial items		-0.1	-0.2	-0.1	-0.7	-0.6	
Profit before tax		17.8	8.5	78.5	57.9	94.6	
Tax		-4.3	-2.1	-18.8	-13.6	-22.2	
Profit after tax from continuing operations		13.5	6.4	59.7	44.3	72.4	
Result from discontinued operations		-	-	-	0.1	0.1	
Total profit after tax		13.5	6.4	59.7	44.4	72.5	
Profit attributable to:							
Parent company's shareholders		13.5	6.4	59.7	44.4	72.5	
Non-controlling interests		-	-	-	-	-	
Total profit after tax		13.5	6.4	59.7	44.4	72.5	
Earnings per share before dilution [SEK]		0.77	0.36	3.38	2.48	4.06	
- of which continuing operations		0.77	0.36	3.38	2.48	4.05	
Earnings per share after dilution [SEK]		0.76	0.35	3.33	2.45	4.00	
- of which continuing operations		0.76	0.35	3.33	2.45	4.00	
No. of working days in period		65	65	187	187	250	

Statement of comprehensive income

mSEK	2018	2017	July-Sept		Jan-Sept		Jan-Dec
			2018	2017	2017	2017	2017
Profit after tax	13.5	6.4	59.7	44.4	72.5		
Items that can be reclassified as profit or loss							
Translation differences for the period	-3.0	-2.5	-1.5	-5.4	-3.5		
Total	-3.0	-2.5	-1.5	-5.4	-3.5		
Total other comprehensive income	10.5	3.9	58.2	39.0	-3.5		
Total comprehensive income for the period	10.5	3.9	58.2	39.0	69.0		
Comprehensive income attributable to:							
Parent company's shareholders	10.5	3.9	58.2	39.0	69.0		
Non-controlling interests	-	-	-	-	-		
Total	10.5	3.9	58.2	39.0	69.0		

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

mSEK	2018	2017	July-Sept		Jan-Sept		Jan-Dec
			2018	2017	2018	2017	2017
Continuing operations	10.5	3.9	58.2	38.9	68.9		
Discontinued operations	-	-	-	0.1	0.1		
Total	10.5	3.9	58.2	39.0	69.0		

Balance sheets

mSEK	Sept 30		Dec 31
	2018	2017	2017
Assets			
Intangible assets, goodwill	316.5	274.6	274.7
Other intangible assets	11.5	13.8	13.1
Tangible fixed assets	31.0	30.9	31.1
Financial fixed assets	-	0.6	-
Deferred tax recoverable	3.4	3.8	3.2
Accounts receivable	260.9	241.5	337.0
Accrued non-invoiced income	195.4	178.9	140.3
Other current assets	38.5	40.8	29.8
Cash and cash equivalents	32.8	87.8	80.9
Total assets	890.0	872.7	910.1
Shareholders' equity and liabilities			
Shareholders' equity	537.5	528.5	556.6
Pensions obligations	3.1	3.4	3.0
Deferred tax liabilities	55.9	46.2	44.9
Accounts payable	44.4	40.8	51.6
Non-accrued invoiced income	16.9	15.1	20.5
Other non interest-bearing current liabilities	232.2	238.7	233.5
Total shareholders' equity and liabilities	890.0	872.7	910.1

Change in shareholders' equity

mSEK	Sept 30		Dec 31
	2018	2017	2017
Shareholders' equity at the start of the period			
Shareholders' equity at the start of the period	556.6	529.4	529.4
Total comprehensive income	58.2	39.0	69.0
Acquisition of own shares	-15.9	-	-1.9
Share-based remuneration	0.5	0.3	0.3
Shareholder dividend	-61.9	-40.2	-40.2
Shareholders' equity at the end of the period	537.5	528.5	556.6

Capital employed

mSEK	Sept 30		Dec 31
	2018	2017	2017
Total assets			
Total assets	890.0	872.7	910.1
Deferred tax liabilities	-55.9	-46.2	-44.9
Accounts payable	-44.4	-40.8	-51.6
Other non interest-bearing liabilities	-249.1	-253.8	-254.0
Total capital employed	540.6	531.9	559.6
Average capital employed	536.3	679.7	611.9

Cash flow statements

mSEK	Note	July-Sept		Jan-Sept		Jan-Dec
		2018	2017	2018	2017	2017
Cash flow from current activities						
before change in working capital		18.5	9.0	77.8	63.0	99.4
Change in working capital		-12.3	-40.0	16.2	-21.4	-61.9
Cash flow from current activities		6.2	-31.0	94.0	41.6	37.5
Investments		-2.6	-1.6	-5.8	-7.1	-9.4
Acquisition and divestments of subsidiaries/associated companies	2	-	-	-57.2	161.7	161.7
Sales of fixed assets		-	-	0.1	-	-
Cash flow from investment activities		-2.6	-1.6	-62.9	154.6	152.3
Change in interest-bearing liabilities		-3.5	-28.2	-	-153.9	-153.7
Acquisition of own shares		-7.8	-	-15.9	-	-1.9
Shareholder dividend		-	-	-61.9	-40.2	-40.2
Cash flow from financing activities		-11.3	-28.2	-77.8	-194.1	-195.8
Cash flow for the period		-7.7	-60.8	-46.7	2.1	-6.0
Cash and cash equivalents at the start of the period		40.5	149.2	80.9	87.8	87.8
Translation differences		-	-0.6	-1.4	-2.1	-0.9
Cash and cash equivalents at the end of the period		32.8	87.8	32.8	87.8	80.9

Change in net cash

mSEK		July-Sept		Jan-Sept		Jan-Dec
		2018	2017	2018	2017	2017
Opening balance		33.9	118.5	77.9	-126.7	-126.7
Cash flow from current activities		6.2	-31.0	94.0	41.6	37.5
Net investments		-2.6	-1.6	-5.7	-7.1	-9.4
Acquisitions of subsidiaries		-	-	-57.2	-	-
Divestments of subsidiaries		-	-	-	216.6	216.6
Shareholder dividend		-	-	-61.9	-40.2	-40.2
Acquisition of own shares		-7.8	-	-15.9	-	-1.9
Other		-	-1.5	-1.5	0.2	2.0
Closing balance		29.7	84.4	29.7	84.4	77.9

Net cash

mSEK		Sept 30		Dec 31
		2018	2017	2017
Cash and cash equivalents		32.8	87.8	80.9
Pensions obligations		-3.1	-3.4	-3.0
Total net cash		29.7	84.4	77.9

Key figures

	Jan-Sept 2018	Jan-Dec 2017	Jan-Dec 2017
Growth in sales [%]	4.9	-	0.4
Organic growth in sales [%]	2.9	-0.2	0.4
Operating margin before depreciation [%]	6.5	5.2	6.0
Operating margin [%]	5.8	4.5	5.4
Profit margin [%]	5.8	4.5	5.4
Return on shareholders' equity [%]	16.0	11.8	13.4
Return on capital employed [%]	21.6	13.7	14.1
Equity/assets ratio [%]	60.4	60.6	61.2
Number of employees at the end of the period	2,122	2,082	2,076

Key figures for the Semcon share

	Jan-Sept 2018	Jan-Dec 2017	Jan-Dec 2017
Earnings per share before dilution [SEK]	3.38	2.48	4.05
Earnings per share after dilution [SEK]	3.33	2.45	4.00
Shareholders' equity before dilution [SEK]	30.66	29.57	31.22
Shareholders' equity after dilution [SEK]	29.68	29.18	30.73
Share price/Shareholders' equity [times]	1.81	1.79	1.55
Cash flow from current activities [SEK]	5.19	2.30	2.07
Share price at the end of the period [SEK]	53.70	52.25	47.70
Market cap at the end of the period [mSEK]	973	946	864
Number of shares at the end of the period with the quotient value of SEK 1 [000]	18,113	18,113	18,113
Average number of own shares at the end of the period [000]	582	242	282
Average number of shares [000]	18,113	18,113	18,113

Definitions

Capital employed

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

Cash flow per share

Cash flow from current activities divided by the weighted average number of outstanding shares 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

	2016				2017				2018				
	Q1	Q2	Q3	Q4	2016	Q1	Q2	Q3	Q4	2017	Q1	Q2	Q3
Operating income [mSEK]													
Engineering Services	319.5	350.6	279.1	357.5	1,306.7	359.3	328.3	268.4	357.6	1,313.6	359.6	362.7	293.1
Product Information	126.4	132.4	109.9	121.1	489.8	124.3	114.8	98.4	115.9	453.4	109.0	116.7	112.5
Group items/ eliminations	-12.3	-9.9	-6.3	-12.1	-40.6	-8.7	3.6	0.7	-0.2	-4.6	-0.2	-0.2	-0.7
Total	433.6	473.1	382.7	466.5	1,755.9	474.9	446.7	367.5	473.3	1,762.4	468.4	479.2	404.9
Operating profit [mSEK]													
Engineering Services	7.2	18.4	10.2	29.8	65.6	27.3	7.1	3.9	32.1	70.4	36.8	25.5	10.0
Product Information	12.9	15.1	8.7	12.5	49.2	17.6	8.1	6.4	8.7	40.8	6.7	1.1	9.7
Group items/ eliminations	0.3	-7.0	-2.7	-10.3	-19.7	-4.6	-5.6	-1.6	-4.2	-16.0	-3.5	-5.9	-1.8
Total	20.4	26.5	16.2	32.0	95.1	40.3	9.6	8.7	36.6	95.2	40.0	20.7	17.9
Operating margin [%]													
Engineering Services	2.3	5.2	3.7	8.3	5.0	7.6	2.2	1.5	9.0	5.4	10.2	7.0	3.4
Product Information	10.2	11.4	7.9	10.3	10.0	14.2	7.1	6.5	7.5	9.0	6.1	0.9	8.6
Total	4.7	5.6	4.2	6.9	5.4	8.5	2.1	2.4	7.7	5.4	8.5	4.3	4.4
Number of employees													
Engineering Services	1,433	1,434	1,455	1,453	1,453	1,465	1,458	1,451	1,447	1,447	1,405	1,458	1,427
Product Information	554	589	581	591	591	612	619	631	629	629	637	668	695
Total	1,987	2,023	2,036	2,044	2,044	2,077	2,077	2,082	2,076	2,076	2,042	2,126	2,122
Number of working days	61	61	66	64	252	64	58	65	63	250	63	59	65

Parent company

FINANCIAL, SUMMARY

Income statements

mSEK	July-Sept		Jan-Sept		Jan-Dec
	2018	2017	2018	2017	2017
Operating income	4.7	5.0	14.6	16.3	21.9
Other external operating expenses	-2.7	-4.7	-13.0	-20.1	-26.1
Staff costs	-8.3	-6.0	-25.7	-21.2	-29.5
Operating profit/loss	-6.3	-5.7	-24.1	-25.0	-33.7
Net financial items*	0.8	0.6	14.6	128.3	104.2
Profit/loss after net financial items	-5.5	-5.1	-9.5	103.3	70.5
Appropriations**	-	-	-	-	20.1
Profit/loss before tax	-5.5	-5.1	-9.5	103.3	90.6
Tax	1.2	1.1	2.1	4.1	-0.2
Profit/loss for the period	-4.3	-4.0	-7.4	107.4	90.4
* of which translation differences	-0.5	-0.6	1.2	2.7	7.3
of which dividend	-	-	10.0	122.0	122.0
** of which group contribution paid	-	-	-	-	-8.3
of which group contribution received	-	-	-	-	28.4

Statements of comprehensive income

mSEK	July-Sept		Jan-Sept		Jan-Dec
	2018	2017	2018	2017	2017
Profit/loss for the period	-4.3	-4.0	-7.4	107.4	90.4
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-4.3	-4.0	-7.4	107.4	90.4

Balance sheet

mSEK	Sept 30		Dec 31
	2018	2017	2017
Assets			
Financial fixed assets	351.2	473.8	461.4
Current assets	120.9	75.8	88.0
Cash and cash equivalents	-	46.4	42.3
Total assets	472.1	596.0	591.7
Shareholders' equity and liabilities			
Shareholders' equity	266.6	370.7	351.8
Untaxed reserves	12.3	12.3	12.3
Interest-bearing current liabilities	7.4	-	-
Non interest-bearing current liabilities	185.8	213.0	227.6
Total shareholders' equity and liabilities	472.1	596.0	591.7

Note 1

DISTRIBUTION OF REVENUE

The Group applies IFRS 15 Revenue which came into effect on 1 January 2018. The new standard did not impact the financial statements except for additional disclosure requirements. Semcon primarily provides services over a certain period of time, and revenue is recognised in accordance with the percentage of completion method for each assignment.

mSEK	Engineering Services		Product Information		Group	
July-Sept	2018	2017	2018	2017	2018	2017

Distribution per country

Sweden	224,8	205,0	61,9	65,0	286,7	270,0
UK	16,2	14,6	19,5	19,9	35,7	34,5
Norway	21,1	19,1	1,0	0,3	22,1	19,4
Brazil	24,6	21,0	-	-	24,6	21,0
Germany	0,2	4,4	17,8	5,1	18,0	9,5
Other	6,2	4,3	12,3	8,1	18,5	12,4
Eliminations	-	-	-	-	-0,7	0,7
Total	293,1	268,4	112,5	98,4	404,9	367,5

Distribution per industry

Automotive	138,3	130,0	39,1	41,3	177,4	171,3
Industry	83,5	76,6	35,1	16,9	118,6	93,5
Energy	25,9	23,3	3,2	2,5	29,1	25,8
Life Science	25,8	19,7	1,9	4,1	27,7	23,8
Telecom	4,7	2,1	30,7	29,0	35,4	31,1
Other	14,9	16,7	2,5	4,6	17,4	21,3
Eliminations	-	-	-	-	-0,7	0,7
Total	293,1	268,4	112,5	98,4	404,9	367,5

mSEK	Engineering Services		Product Information		Group	
Jan-Sept	2018	2017	2018	2017	2018	2017

Distribution per country

Sweden	805,3	756,2	203,2	223,1	1 008,5	979,3
UK	52,1	45,7	58,2	75,2	110,3	120,9
Norway	72,7	60,8	2,0	1,5	74,7	62,3
Brazil	65,5	65,0	-	-	65,5	65,0
Germany	4,0	9,1	41,1	12,9	45,1	22,0
Other	15,8	19,2	33,7	24,8	49,5	44,0
Eliminations	-	-	-	-	-1,1	-4,4
Total	1 015,4	956,0	338,2	337,5	1 352,5	1 289,1

Distribution per industry

Automotive	460,4	463,2	125,6	156,8	586,0	620,0
Industry	306,2	272,7	94,3	57,2	400,5	329,9
Energy	96,6	82,8	10,2	10,4	106,8	93,2
Life Science	84,5	74,2	8,0	11,7	92,5	85,9
Telecom	11,9	7,3	93,3	92,0	105,2	99,3
Other	55,8	55,8	6,8	9,4	62,6	65,2
Eliminations	-	-	-	-	-1,1	-4,4
Total	1 015,4	956,0	338,2	337,5	1 352,5	1 289,1

Note 2

ACQUISITION

In April, Semcon acquired 100 per cent of the shares in Haas-Publikationen GmbH, whose registered office is in Troisdorf, Germany. The company has more than 25 years of experience in the field of technical documentation and product information, primarily for the railway industry. The company has nearly 50 employees and operating income for the January-September 2018 period amounted to SEK 31.7 million and operating profit to SEK 5.5 million. Operating income for the April-September 2018 period (the holding period) amounted to SEK 21.0 million and operating profit to SEK 3.3 million. The total purchase price was SEK 65.4 million and was paid in cash on transfer of ownership. External acquisition-related costs are recognised in operating profit and total SEK 0.9 million. Based on preliminary acquisition analyses, acquisitions have impacted the consolidated balance sheet and cash and cash equivalents according to the table below.

mSEK

Tangible assets	1.1
Current assets	30.3
Current liabilities	-8.4
Net assets and liabilities	23.0
Intangible assets, goodwill	42.4
Total purchase price	65.4
Less: liquid assets in acquired companies	-8.2
Impact on consolidated cash and cash equivalents	57.2

Analysis of the acquisition of Haas-Publikationen GmbH found that the purchase consideration was larger than the carrying amount of net assets, and therefore gave rise to goodwill. In the acquisition of a consultancy firm, the main item acquired consists of human capital in the form of employee expertise, which is why the acquired companies' intangible assets have been assigned to goodwill.

AUDITORS' REPORT PERTAINING TO THE REVIEW

Introduction

We have conducted a review of the financial information in summary (interim report) for Semcon AB (publ) as of 30 September 2018 and the nine-month period that ended on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

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

Opinion

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

Gothenburg, 25 October 2018

Ernst & Young AB

Staffan Landén	Nina Bergman
Authorised Public Accountant	Authorised Public Accountant

FINANCIAL CALENDAR



Year-end report 2018	February 7, 2019 at 08.00
Interim report January-March 2019	April 24, 2019 at 08.00
Annual General Meeting 2019	April 24, 2019
Interim report January-June 2019	July 16, 2019 at 08.00
Interim report January-September 2019	October 24, 2019 at 08.00
Year-end report 2019	February 6, 2020 at 08.00

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



Semcon is an international technology company that develops products based on human needs and behaviours. We strengthen our customers' competitiveness by always starting from the end user, because the person who knows most about the user's needs creates the best products and the clearest benefits to humans. Semcon collaborates mainly with companies in the automotive, industry, energy, life science and telecom sectors. With more than 2,000 specialised employees, Semcon has the ability to take care of the entire product development cycle, from strategy and technology development to design and product information. Semcon was founded in Sweden in 1980 and has offices in over 30 locations in eight different countries. In 2017, the Group reported annual sales of SEK 1.8 billion. Read more on semcon.com.

