

YEAR-END REPORT 2018

Strong improvement in operating profit for the year

Fourth quarter

- The operating income amounted to SEK 490 Million [473] and the organic growth was 1%
- The operating profit amounted to SEK 41 Million [37], yielding an operating margin of 8.4% [7.7]
- The profit after tax amounted to SEK 34 Million [28]
- Earnings per share (EPS) after dilution amounted to SEK 1.92 [1.55]

January-December

- The operating income amounted to SEK 1,842 Million [1,762] and the organic growth was 2%
- The operating profit amounted to SEK 120 Million [95], yielding an operating margin of 6.5% [5.4]
- The profit after tax amounted to SEK 94 Million [72]
- Earnings per share (EPS) after dilution amounted to SEK 5.25 [4.00]
- Return on capital employed was 21% [14]
- The Board of Directors proposes a regular share dividend of SEK 3.00 [2.50] per share.

Comment from CEO Markus Granlund:

Thanks to outstanding contributions from my dedicated colleagues, we have accomplished a good year with a strong finish in the fourth quarter. In 2018, our focus on continual improvement in all dimensions has resulted in a 26 per cent rise in operating profit and increased earnings per share of 31 per cent compared with 2017. In the fourth quarter, we increased operating profit and improved operating margin to 8.4 per cent compared with 7.7 per cent for the corresponding year-earlier period. At year-end, the Group's financial position is healthy and net cash amounted to SEK 44 million. Cash flow, before acquisitions and financial items, was SEK 102 million. In light of this and the positive earnings trend, the Board of Directors is proposing an increase in the regular dividend to SEK 3.00 per share, which is in line with our dividend policy.

Our digital offering, in combination with our profound expertise in product development, production optimisation and product information, has experienced favourable demand. The development of Semcon's digital offering has continued in 2018 in areas such as AI, autonomous solutions and electrification – innovative product development that is less cyclical. The distribution between the different industries is now more balanced and over the past three years we have substantially increased the proportion of our sales to, for example, the manufacturing industry, energy, life science and telecom. At the same time as we have developed our offering to the automotive industry in strategically important areas that require sustained investment regardless of the economic climate.

The development of our digital offering and continued high productivity has been a strong contributing factor to the positive performance of the Engineering Services business area, which improved its operating profit by almost 50 per cent compared with last year. The Product Information business area is continuing to recover to its former profit levels with an operating margin of 11.4 per cent and organic growth of 5 per cent in the fourth quarter. Digitisation was also a contributing factor here, with its strong offering to our customers' aftermarket business. This positive trend is expected to continue in 2019.

The Group has undertaken a series of structural efficiency enhancements during the year to move even closer to the customer – work that will continue in 2019. These have already produced results with greater collaboration between business areas, markets and industry specialists. We finished 2018 on a positive note and move into 2019 with a strong commitment to make a difference, for both customers and end users.

Income and result

Fourth quarter

Operating income amounted to SEK 490 million [473] and organic growth was 1 per cent. The quarter included one fewer working day compared with last year. Operating profit improved to SEK 41 million [37], yielding an operating margin of 8.4 per cent [7.7]. The Engineering Services business area reported profit in line with the year-earlier period while the Product Information business area reported improved earnings due to stronger demand and higher productivity. Net financial items amounted to SEK - million [-], yielding profit before tax of SEK 41 million [37]. Tax expense for the quarter amounted to SEK -7 million [-9]. Profit after tax was SEK 34 million [28] and earnings per share after dilution totalled SEK 1.92 [1.55].

January-December

Operating income amounted to SEK 1,842 million [1,762] and organic growth was 2 per cent. The year included one fewer working day compared with last year. Operating profit amounted to SEK 120 million [95], yielding an operating margin of 6.5 per cent [5.4]. 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 during the first half of the year. Nevertheless, opera-

ting profit improved during the second half of the year. Net financial items amounted to SEK - million [-1], yielding profit before tax of SEK 120 million [95]. Tax expense for the year amounted to SEK -26 million [-22]. Profit after tax amounted to SEK 94 million [72] and earnings per share after dilution totalled SEK 5.25 [4.00].

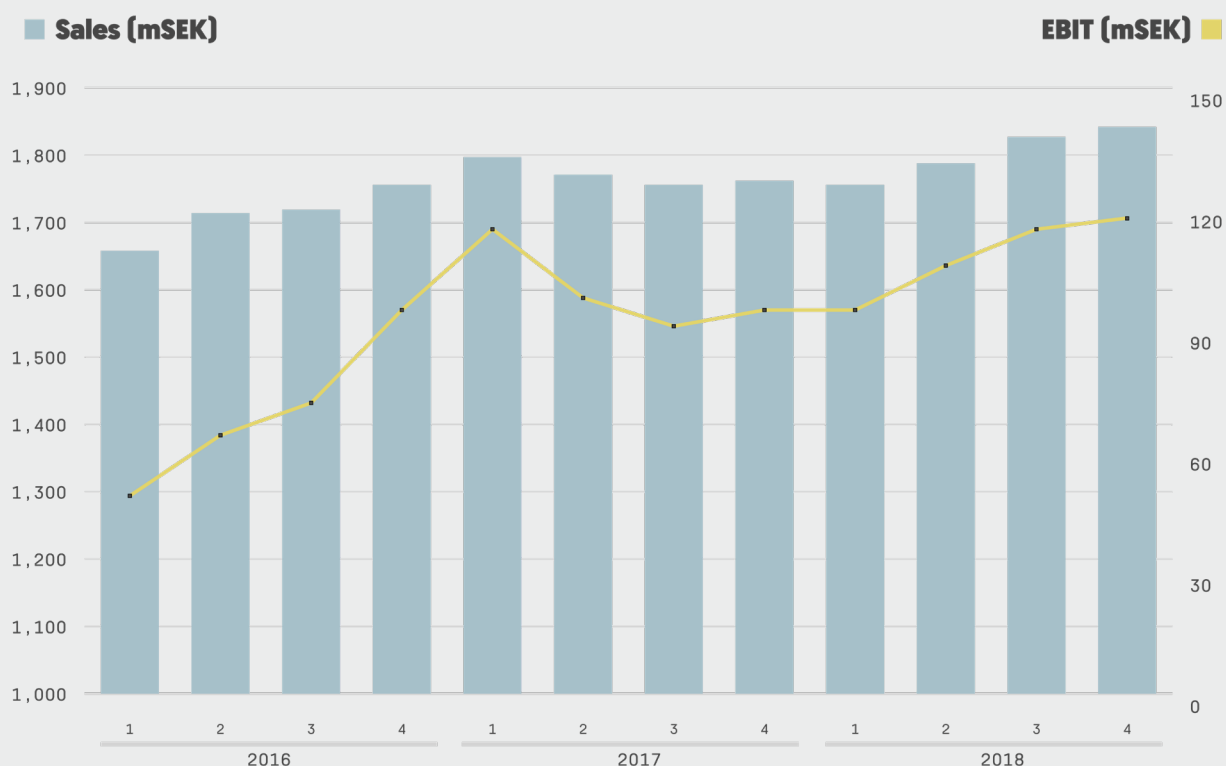
Financial position

Operating cash flow from current activities was SEK 111 million [38]. Investments in hardware, licenses, office supplies and equipment amounted to SEK 9 million [9]. The Group's cash and cash equivalents amounted to SEK 44 million [81]. In addition, the Group had non-utilised credit of SEK 251 million [376] as of 31 December. The previous revolving credit facility of EUR 22.8 million was replaced with a revolving credit facility of SEK 100 million, which extends until October 2021. Shareholders' equity amounted to SEK 567 million [557] and the equity/assets ratio was 61 per cent [61]. The Group's net cash amounted to SEK 44 million [78].

Employees

The head count on December 31 was 2,119 [2,076] and the number of employees in active service was 2,045 [1,980]. In the respective business areas the head count is as follows: Engineering Services 1,414 [1,447] and Product Information 705 [629].

Rolling 12 months, per quarter



Important events during 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 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 SEK 44 million in 2018.
- 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.
- Semcon has, in collaboration with among others Norwegian Tine, which is responsible for most milk transportation in Norway, developed an electrical system for the milk pump that reduces each tanker's diesel consumption by up to 5,000 litres per year.

- Semcon has cooperated with Veoneer in software development for designing their new control units for autonomous driving.
- Semcon has been entrusted with preparing user information, with an innovative approach to both content and digital distribution, for the newly established electrical car brand Polestar.

Ownership structure

As of December 31, JCE Group owned 25.8% [25.8] of Semcon's shares, Nordea Investment Funds 9.8% [7.9], Avanza Pension 5.0% [3.3], BNY Mellon 4.4% [-] and Öhman Fonder 3.2% [3.6]. Foreign ownership was 32.6% [33.1] and the number of shareholders was 5,239 [4,440]. 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 682,669 [281,719] 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.

Parent company

Operating income for the parent company amounted to SEK 19 million [22] and pertains to compensation for intra-Group services. The profit before tax totalled SEK 88 million [91].

Buy-back of own shares

The Board resolved on 6 December 2017 to buy back 200,000 ordinary shares pursuant to the authorisation of the 2017 AGM. The Board resolved on 25 April and 6 December 2018 on another buy back of not more than 400,000 ordinary shares pursuant to the authorisation of the 2018 AGM. The Board's decision aims to improve the company's capital structure. Up until 31 December, 457,716 shares had been repurchased within the three authorisations.

Change in operating income

	Jan-Dec	
	2018	2017
Acquisition	1.9%	-%
Currency effects	0.4%	-%
Organic growth	2.2%	0.4%
Total	4.5%	0.4%

No. working days in Sweden

	2017	2018	2019	2020
Q1	64	63	63	63
Q2	58	59	58	58
Q3	65	65	66	66
Q4	63	62	62	63
Total	250	249	249	250

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

Acquisitions

In April, Semcon acquired the German product information company Haas-Publikationen GmbH. The company has almost 50 employees and sales amounted to SEK 44 million in 2018. For further information about the acquisition, see Note 2.

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

IFRS 16 Leases, which came into effect on 1 January 2019, replaces IAS 17 Leases. Refer to Note 3 for information on the financial impact of the transition to IFRS 16.

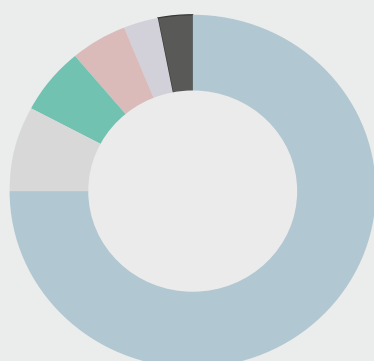
Events after the end of the year

No significant events occurred after the end of the year.

Nomination committee

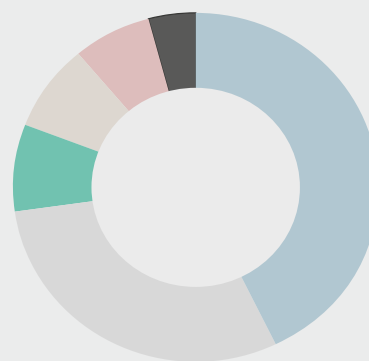
It was decided at Semcon's 2018 AGM that the Chairman of the Board should convene a Nomination committee, consisting of one representative from each of the three largest shareholders in the company in terms of voting rights according to the shareholder's register on 31 August 2018. The Nomination committee will, until the next AGM, consist of: Ulf Gillberg, Nomination committee chairman, JCE Group Aktiebolag, Mats Andersson, Nordea Investment Funds, Faruk Tairi, Europea in Malmö and Tore Bertilsson, Chairman of Semcon AB [co-opted member].

Group income per market
Jan-Dec, 2018



Sweden, 75% [76]
The UK, 8% [9]
Norway, 6% [5]
Brazil, 5% [5]
Germany, 3% [2]
Other, 3% [3]

Group income per industry
Jan-Dec, 2018



Automotive, 43% [47]
Industry, 30% [28]
Energy, 8% [7]
Telecom, 8% [7]
Life Science, 7% [7]
Other, 4% [4]

Annual General Meeting

Semcon's Annual General Meeting for 2019 will be held at 3:00 p.m. [CET] on Wednesday, 24 April at Semcon's head office in Göteborg. The record day is Tuesday, 16 April. The interim report for January–March 2019 will be published on Wednesday, 24 April.

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 3.00 [2.50] per share, which represents 57 per cent [62] of earnings per share after dilution. Last year, an extra dividend of SEK 1.00 per share was also paid. The dividend proposed of SEK 3.00 [3.50] per share corresponds to SEK 54.3 million [61.9]. The record date is proposed as Friday, 26 April.

Annual Report

Semcon's 2018 Annual Report is expected to be available on Semcon's website in March and a copy will then be sent to shareholders who have requested printed information. The Annual Report will also be available on Semcon's website: semcon.com, from where a printed copy can also be ordered. The Annual Report will be available from Semcon's head office, Lindholmsallén 2, Göteborg and can be ordered by phone, on +46 [0]31 721 00 00 or by e-mail from info@semcon.se.

BUSINESS AREAS

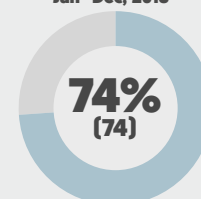
Engineering Services

The business area's income amounted to SEK 1,371 million [1,314] and organic growth was 5 per cent. Demand is healthy for the business area's offering within product development and production optimisation, and sales increased to Life Science and industrial customers, among other sectors. Several new customers signed framework agreements with Semcon during the year, which creates favourable conditions for continued healthy demand. Operating profit improved to SEK 104 million [70], yielding an operating margin of 7.6 per cent [5.4]. 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. The development of Semcon's digital offering in areas including AI, autonomous solutions and electrification together with improved productivity means profitability for the business area is expected to remain healthy moving forward.

	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Operating income, mSEK	355.6	357.6	1,371.0	1,313.6
Operating profit, mSEK	31.6	32.1	103.9	70.4
Operating margin, %	8.9	9.0	7.6	5.4
No. of employees	1,414	1,447	1,414	1,447

Share of Semcon's total income
Jan-Dec, 2018



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.

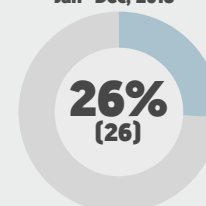
Product Information

The business area's income amounted to SEK 474 million [453] and organic growth was -5 per cent. Two major customers relocated their operations from Europe to Asia, the effects of which could not entirely be filled by new assignments during the first six months of the year. Operating profit amounted to SEK 33 million [41], yielding an operating margin of 7.0 per cent [9.0]. Operating profit improved during the second half of the year 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. 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.

	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Operating income, mSEK	135.9	115.9	474.1	453.4
Operating profit, mSEK	15.5	8.7	33.0	40.8
Operating margin, %	11.4	7.5	7.0	9.0
No. of employees	705	629	705	629

Share of Semcon's total income
Jan-Dec, 2018



About Product Information

The business area's lightly more than 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 7 February, 2019

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 7 February, 2019.

Consolidated FINANCIAL, SUMMARY

Income statements

mSEK	Note	Oct-Dec		Jan-Dec	
		2018	2017	2018	2017
Operating income	1	489.7	473.3	1,842.2	1,762.4
Purchase of goods and services		-92.2	-89.0	-344.1	-335.7
Other external operating expenses		-35.9	-39.6	-144.4	-149.6
Staff costs		-317.6	-305.4	-1,222.2	-1,170.9
Operating profit before depreciation		44.0	39.3	131.5	106.2
Depreciation of tangible fixed assets		-2.3	-1.9	-8.7	-7.9
Depreciation of intangible assets		-0.7	-0.8	-3.2	-3.1
Operating profit		41.0	36.6	119.6	95.2
Net financial items		0.2	0.1	0.1	-0.6
Profit before tax		41.2	36.7	119.7	94.6
Tax		-6.9	-8.6	-25.7	-22.2
Profit after tax from continuing operations		34.3	28.1	94.0	72.4
Result from discontinued operations		-	-	-	0.1
Total profit after tax		34.3	28.1	94.0	72.5
Profit attributable to:					
Parent company's shareholders		34.3	28.1	94.0	72.5
Non-controlling interests		-	-	-	-
Total profit after tax		34.3	28.1	94.0	72.5
Earnings per share before dilution [SEK]		1.96	1.57	5.34	4.06
- of which continuing operations		1.96	1.57	5.34	4.05
Earnings per share after dilution [SEK]		1.92	1.55	5.25	4.00
- of which continuing operations		1.92	1.55	5.25	4.00
No. of working days in period		62	63	249	250

Statement of comprehensive income

mSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Profit after tax	34.3	28.1	94.0	72.5
Items that can be reclassified as profit or loss				
Translation differences for the period	0.3	1.9	-1.2	-3.5
Total	0.3	1.9	-1.2	-3.5
Total other comprehensive income	34.6	1.9	92.8	-3.5
Total comprehensive income for the period	34.6	30.0	92.8	69.0
Comprehensive income attributable to:				
Parent company's shareholders	34.6	30.0	92.8	69.0
Non-controlling interests	-	-	-	-
Total	34.6	30.0	92.8	69.0

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

mSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Continuing operations	34.6	30.0	92.8	68.9
Discontinued operations	-	-	-	0.1
Total	34.6	30.0	92.8	69.0

Balance sheets

mSEK	Dec 31	
	2018	2017
Assets		
Intangible assets, goodwill	316.5	274.7
Other intangible assets	10.6	13.1
Tangible fixed assets	31.5	31.1
Deferred tax recoverable	3.2	3.2
Accounts receivable	347.4	337.0
Accrued non-invoiced income	144.9	140.3
Other current assets	37.9	29.8
Cash and cash equivalents	43.5	80.9
Total assets	935.5	910.1
Shareholders' equity and liabilities		
Shareholders' equity	566.9	556.6
Pensions obligations	-	3.0
Deferred tax liabilities	40.1	44.9
Accounts payable	51.9	51.6
Non-accrued invoiced income	24.0	20.5
Other non interest-bearing current liabilities	252.6	233.5
Total shareholders' equity and liabilities	935.5	910.1

Change in shareholders' equity

mSEK	Dec 31	
	2018	2017
Shareholders' equity at the start of the period	556.6	529.4
Total comprehensive income	92.8	69.0
Acquisition of own shares	-21.3	-1.9
Share-based remuneration	0.7	0.3
Shareholder dividend	-61.9	-40.2
Shareholders' equity at the end of the period	566.9	556.6

Capital employed

mSEK	Dec 31	
	2018	2017
Total assets	935.5	910.1
Deferred tax liabilities	-40.1	-44.9
Accounts payable	-51.9	-51.6
Other non interest-bearing liabilities	-276.6	-254.0
Total capital employed	566.9	559.6
Average capital employed	563.3	611.9

Cash flow statements

mSEK	Note	Oct-Dec		Jan-Dec	
		2018	2017	2018	2017
Cash flow from current activities					
before change in working capital		27.6	36.4	105.4	99.4
Change in working capital		-11.1	-40.5	5.1	-61.9
Cash flow from current activities		16.5	-4.1	110.5	37.5
Investments		-2.9	-2.3	-8.7	-9.4
Acquisition of subsidiaries	2	-	-	-57.2	-
Divestment of subsidiaries		1.9	-	1.9	161.7
Sales of fixed assets		-	-	0.1	-
Cash flow from investment activities		-1.0	-2.3	-63.9	152.3
Change in interest-bearing liabilities		-	0.2	-	-153.7
Acquisition of own shares		-5.4	-1.9	-21.3	-1.9
Shareholder dividend		-	-	-61.9	-40.2
Cash flow from financing activities		-5.4	-1.7	-83.2	-195.8
Cash flow for the period		10.1	-8.1	-36.6	-6.0
Cash and cash equivalents at the start of the period		32.8	87.8	80.9	87.8
Translation differences		0.6	1.2	-0.8	-0.9
Cash and cash equivalents at the end of the period		43.5	80.9	43.5	80.9

Change in net cash

mSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Opening balance	29.7	84.4	77.9	-126.7
Cash flow from current activities	16.5	-4.1	110.5	37.5
Net investments	-2.9	-2.3	-8.6	-9.4
Acquisitions of subsidiaries	-	-	-57.2	-
Divestments of subsidiaries	1.9	-	1.9	216.6
Shareholder dividend	-	-	-61.9	-40.2
Acquisition of own shares	-5.4	-1.9	-21.3	-1.9
Other	3.7	1.8	2.2	2.0
Closing balance	43.5	77.9	43.5	77.9

Net cash

mSEK	Dec 31	
	2018	2017
Cash and cash equivalents	43.5	80.9
Pensions obligations	-	-3.0
Total net cash	43.5	77.9

Key figures

	Jan-Dec	
	2018	2017
Growth in sales [%]	4.5	0.4
Organic growth in sales [%]	2.2	0.4
Operating margin before depreciation [%]	7.1	6.0
Operating margin [%]	6.5	5.4
Profit margin [%]	6.5	5.4
Return on shareholders' equity [%]	16.9	13.4
Return on capital employed [%]	21.4	14.1
Equity/assets ratio [%]	60.6	61.2
Number of employees at the end of the period	2,119	2,076

Key figures for the Semcon share

	Jan-Dec	
	2018	2017
Earnings per share before dilution [SEK]	5.34	4.05
Earnings per share after dilution [SEK]	5.25	4.00
Shareholders' equity before dilution [SEK]	32.52	31.22
Shareholders' equity after dilution [SEK]	31.30	30.73
Share price/Shareholders' equity [times]	1.51	1.55
Cash flow from current activities [SEK]	6.10	2.07
Dividend [SEK]	3.00*	3.50
P/E ratio	9	12
P/S ratio	0.47	0.49
Share price at the end of the period [SEK]	47.30	47.70
Market cap at the end of the period [mSEK]	857	864
Number of shares at the end of the period with the quotient value of SEK 1 [000]	18,113	18,113
Number of own shares at the end of the period [000]	683	282
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 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	Q4	2018
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	355.6	1,371.0
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	135.9	474.1
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	-1.8	-2.9
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	489.7	1,842.2
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	31.6	103.9
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	15.5	33.0
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	-6.1	-17.3
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	41.0	119.6
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	8.9	7.6
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	11.4	7.0
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	8.4	6.5
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	1,414	1,414
Product Information	554	589	581	591	591	612	619	631	629	629	637	668	695	705	705
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	2,119	2,119
Number of working days	61	61	66	64	252	64	58	65	63	250	63	59	65	62	249

Parent company

FINANCIAL, SUMMARY

Income statements

mSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Operating income	4.7	5.6	19.3	21.9
Other external operating expenses	-2.6	-6.0	-15.6	-26.1
Staff costs	-13.9	-8.3	-39.6	-29.5
Operating profit/loss	-11.8	-8.7	-35.9	-33.7
Net financial items*	1.3	-24.1	15.9	104.2
Profit/loss after net financial items	-10.5	-32.8	-20.0	70.5
Appropriations**	107.6	20.1	107.6	20.1
Profit/loss before tax	97.1	-12.7	87.6	90.6
Tax	-17.7	-4.3	-15.6	-0.2
Profit/loss for the period	79.4	-17.0	72.0	90.4
* of which translation differences	-	4.6	1.2	7.3
of which dividend	-	-	10.0	122.0
** of which group contribution paid	-1.0	-8.3	-1.0	-8.3
of which group contribution received	134.8	28.4	134.8	28.4

Statements of comprehensive income

mSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Profit/loss for the period	79.4	-17.0	72.0	90.4
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	79.4	-17.0	72.0	90.4

Balance sheet

mSEK	Dec 31	
	2018	2017
Assets		
Financial fixed assets	234.3	461.4
Current assets	193.2	88.0
Cash and cash equivalents	-	42.3
Total assets	427.5	591.7
Shareholders' equity and liabilities		
Shareholders' equity	340.6	351.8
Untaxed reserves	38.5	12.3
Interest-bearing current liabilities	0.7	-
Non interest-bearing current liabilities	47.7	227.6
Total shareholders' equity and liabilities	427.5	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	
Oct-Dec	2018	2017	2018	2017	2018	2017
Distribution per country						
Sweden	283.6	286.6	80.6	79.6	364.2	366.2
UK	12.9	13.4	20.3	21.1	33.2	34.5
Norway	29.9	25.6	1.3	0.2	31.2	25.8
Brazil	22.9	19.2	-	-	22.9	19.2
Germany	0.5	3.7	12.3	6.8	12.8	10.5
Other	5.8	9.1	21.4	8.2	27.2	17.3
Eliminations	-	-	-	-	-1.8	-0.2
Total	355.6	357.6	135.9	115.9	489.7	473.3

Distribution per industry						
Automotive	157.5	160.3	47.2	52.9	204.7	213.2
Industry	102.6	111.8	45.3	22.7	147.9	134.5
Energy	29.0	32.2	4.9	3.4	33.9	35.6
Life Science	33.3	27.9	3.7	5.4	37.0	33.3
Telecom	4.9	3.0	30.9	30.4	35.8	33.4
Other	28.3	22.4	3.9	1.1	32.2	23.5
Eliminations	-	-	-	-	-1.8	-0.2
Total	355.6	357.6	135.9	115.9	489.7	473.3

mSEK	Engineering Services		Product Information		Group	
Jan-Dec	2018	2017	2018	2017	2018	2017
Distribution per country						
Sweden	1,088.9	1,042.8	283.8	302.7	1,372.7	1,345.5
UK	65.0	59.1	78.5	96.3	143.5	155.4
Norway	102.6	86.4	3.3	1.7	105.9	88.1
Brazil	88.4	84.2	-	-	88.4	84.2
Germany	4.5	12.8	44.8	19.7	49.3	32.5
Other	21.6	28.3	63.7	33.0	85.3	61.3
Eliminations	-	-	-	-	-2.9	-4.6
Total	1,371.0	1,313.6	474.1	453.4	1,842.2	1,762.4

Distribution per industry						
Automotive	617.9	623.5	172.8	211.8	790.7	853.3
Industry	408.8	384.5	139.6	79.9	548.4	464.4
Energy	125.6	115.0	15.1	13.8	140.7	128.8
Life Science	117.8	102.1	11.7	17.1	129.5	119.2
Telecom	16.8	10.3	124.2	122.4	141.0	132.7
Other	84.1	78.2	10.7	8.4	94.8	86.6
Eliminations	-	-	-	-	-2.9	-4.6
Total	1,371.0	1,313.6	474.1	453.4	1,842.2	1,762.4

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-December 2018 period amounted to SEK 43.7 million and operating profit to SEK 8.3 million. Operating income for the April-December 2018 period [the holding period] amounted to SEK 33.1 million and operating profit to SEK 6.0 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 company	-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.

Note 3

DISCLOSURES IFRS 16 LEASES

IFRS 16 Leases, which came into effect on 1 January 2019, replaces IAS 17 Leases. IFRS 16 introduces a right-of-use model, meaning that the lessee must recognise essentially all leases in the balance sheet. Classification in operating and financial leases is therefore not necessary. Exceptions are leases with lease terms of 12 months or less or leases of low-value assets. The Group will apply the standard from 1 January 2019. The Group intends to apply the simplified transition method and will not restate comparative amounts. The simplification rule, that the right-of-use asset [before adjustments for any advance payments] is to correspond to the lease liability, was applied to the transition.

Over the past year, the Group has examined all of the Group's leases pursuant to the new rules in IFRS 16. The standard will mainly impact reporting of the Group's operating leases, the majority of which consist of rental agreements for office properties. On the balance-sheet date, the Group's operating lease obligations amounted to SEK 192 million. Of these obligations, approx-

imately SEK 15 million is attributable to short-term leases and leases for which the underlying asset is of low value. These will be recognised as an expense on a straight-line basis over the lease term.

For the remaining lease obligations, the Group expects to recognise right-of-use assets amounting to approximately SEK 160 million on 1 January 2019 and lease liabilities of SEK 154 million [following adjustments for prepaid and accrued leasing fees recognised on 31 December 2018].

The Group expects profit after tax to be reduced by about SEK 2 million in 2019 taking into account the new rules. Operating profit, which is used to measure the segment's earnings, is expected to increase by approximately SEK 3 million. The change is due to the fact that interest on the lease liability is not included in this performance measure.

FINANCIAL CALENDAR

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

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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 2018, the Group reported annual sales of SEK 1.8 billion. Read more at semcon.com.