

Year-end report 2019

# STRONG FINISH TO THE YEAR.

## Fourth quarter

- The operating income amounted to SEK 489 million [490] and the organic growth was 0.3%
- The operating profit amounted to SEK 49 million [41], yielding an operating margin of 10.0% [8.4]
- The profit after tax amounted to SEK 38 million [34]
- Earnings per share [EPS] after dilution amounted to SEK 2.18 [1.92]

## January-December

- The operating income amounted to SEK 1,858 million [1,842] and the organic growth was 0.5%
- The operating profit amounted to SEK 142 million [120], yielding an operating margin of 7.6% [6.5]
- The profit after tax amounted to SEK 106 million [94]
- Earnings per share [EPS] after dilution amounted to SEK 6.04 [5.25]
- The Board of Directors proposes a share dividend of SEK 3.40 [3.00] per share



### **Comment from CEO Markus Granlund:**

We ended 2019 with an intensive and successful final quarter in which operating profit rose 20 per cent year on year and we reported an operating margin of 10 per cent. Looking back on the year, we improved operating profit by 19 per cent and profit per share by 15 per cent, and are now nearing the target of an operating margin of 8 per cent.

The successful strategic shift in recent years towards new fields of technology, a focus on offerings within digitisation, increased industry diversification, positive developments in productivity and other measures to strengthen margins have resulted in steady improvements to our operating margin and a strong financial position.

The Product Information business area has continued to expand its leading offering in digital aftermarket solutions. Through the use of AI, we can now help our customers streamline their service businesses and thereby ensure maximum operating lifetime, but also optimize performance through predictive maintenance. Our aftermarket solutions are becoming more relevant than ever as technology becomes increasingly complex, and we can see this in rising demand. In 2019, interest in Semcon's offering in product information resulted in organic growth of 9 per cent and a more than 50 per cent improvement in operating profit for the business area compared with 2018. More than 70 per cent of contracts are managed service contracts, which create long-term and stable partnerships.

Through the Engineering & Digital Services business area, Semcon has taken a clear market position with genuine engineering expertise in the development of products and production. Combined with our specialist knowledge in, for example, electrification, digitisation and autonomous applications, this creates an attractive offering that is in line with the challenges facing our customers across all industries. Engineering & Digital Services strengthened its operating margin in 2019, though weaker demand from the automotive industry had an adverse impact on the business area's growth during the year. Our focus on the Life Science area, where we have specialist knowledge of both production development and medtech, produced excellent results in the form of organic growth of 23 per cent.

The investment needed to develop tomorrow's technology remains substantial among our customers. In response to growing market demand and to improve the platform for growth, we invested in activities aimed at supporting sales, primarily in the Engineering & Digital Services business area. These investments are expected to initially have a slight negative impact on operating profit in the first quarter of 2020. However, they are expected to have a positive impact on the year as a whole. Overall, we noted a strong end to 2019 and are beginning a new year with the ambition of growth and of further improvements to our operating margin.

Göteborg, 6 February 2020

Markus Granlund, President and CEO

## Income and result

### Fourth quarter

Operating income amounted to SEK 489 million [490] and organic growth was 0.3 per cent. The quarter included the same number of working days compared with last year. Operating profit amounted to SEK 49 million [41], yielding an operating margin of 10.0 per cent [8.4]. The Engineering & Digital Services business area's earnings include non-recurring items of SEK +3 million, net. Net financial items amounted to SEK -2 million [-], yielding profit before tax of SEK 47 million [41]. Tax expense for the quarter amounted to SEK -8 million [-7]. Profit after tax amounted to SEK 38 million [34] and earnings per share after dilution totalled SEK 2.18 [1.92].

### January-December

Operating income amounted to SEK 1,858 million [1,842] and organic growth was 0.5 per cent. The year included the same number of working days compared with last year. Operating profit amounted to SEK 142 million [120], yielding an operating margin of 7.6 per cent [6.5]. Restructuring costs of approximately SEK 8 million [-] were charged to operating profit in the first half of the year, of which about SEK 7 million [-] burdened the Engineering & Digital Services business area's earnings. The restructuring had a marginal positive impact on earnings for the full-year 2019. Total annual savings are expected to amount to some SEK 15 million

with full effect in 2020. Earnings for the fourth quarter include non-recurring items of SEK +3 million, net. The Product Information business area reported a very positive improvement in earnings due to stronger demand and higher productivity. Net financial items amounted to SEK -7 million [-], yielding profit before tax of SEK 135 million [120]. Tax expense for the year amounted to SEK -29 million [-26]. Profit after tax amounted to SEK 106 million [94] and earnings per share after dilution totalled SEK 6.04 [5.25].

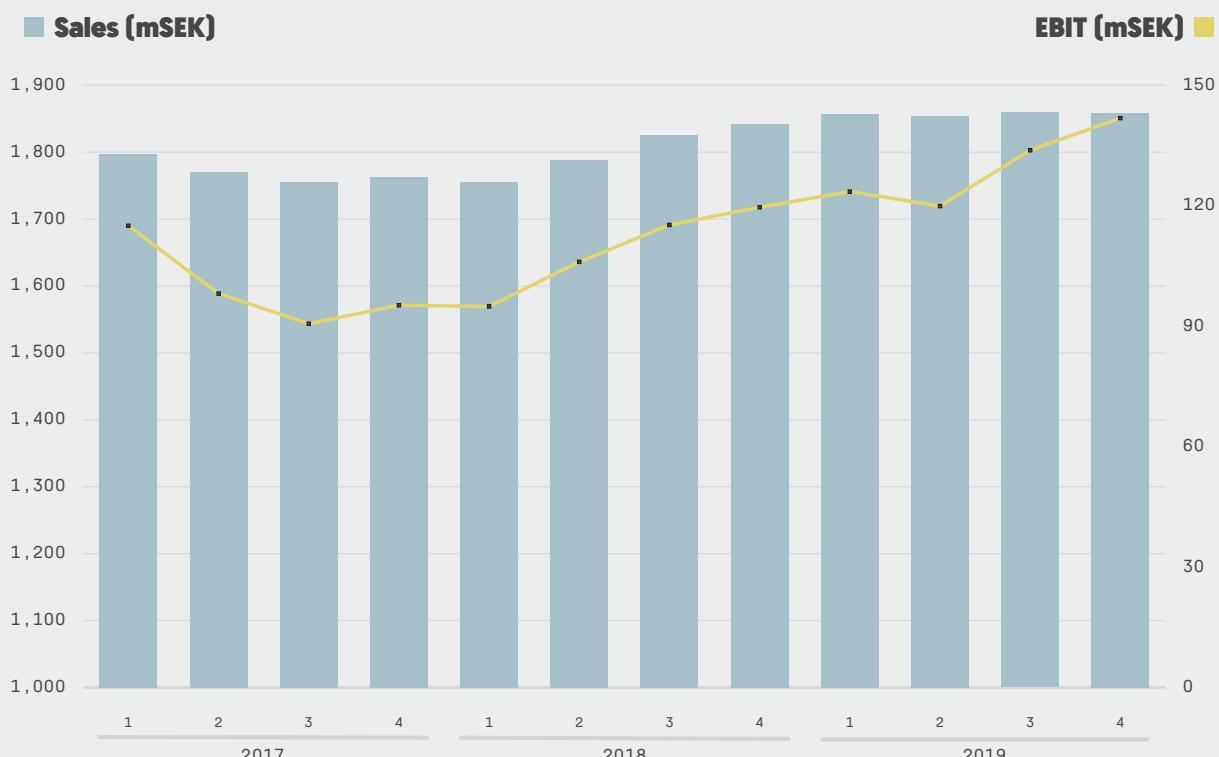
### Financial position

Operating cash flow from current activities was SEK 131 million [111]. Investments in hardware, licenses, office supplies and equipment amounted to SEK 10 million [9]. The Group's cash and cash equivalents amounted to SEK 63 million [44]. In addition, the Group had non-utilised credit of SEK 251 million [251] as of 31 December. Shareholders' equity amounted to SEK 620 million [567] and the equity/assets ratio was 55 per cent [61]. The Group's net cash amounted to SEK 63 million [44].

### Parent company

Operating income for the parent company amounted to SEK 43 million [19] and pertains to compensation for intra-Group services. The profit before tax totalled SEK 79 million [88].

## Rolling 12 months, per quarter



## Important events during 2019

- Semcon's Engineering Services business area was restructured and renamed Engineering & Digital Services on 1 April. In conjunction with this, the digital offering was enhanced, thereby creating a good foundation for growth.
- Several new framework agreements were signed, including agreements with Vattenfall Eldistribution and the new Agency for Digital Government [DIGG], which is responsible for coordinating digitisation in public administrations.
- Semcon co-founded AI Innovation of Sweden – a national initiative to accelerate research and innovation in artificial intelligence [AI].
- The Product Information business area extended its collaboration with Consilium to develop user experience and availability of their digital product information.
- The Engineering & Digital Services business area extended its collaboration with the Swedish Transport Administration and, as part of a new agreement, Semcon is to future-proof the power installations that supply electricity to train services in Sweden.
- The Engineering & Digital Services business area signed a new agreement for functional safety with a global vehicle manufacturer to use quality-assured system solutions to ensure that autonomous vehicles of the future are reliable.
- The Product Information business area stepped up its collaboration with AGCO, a global agricultural equipment manufacturer. A multi-

year partnership agreement was signed whereby Semcon will assume overall responsibility for the development and production of AGCO's aftermarket information.

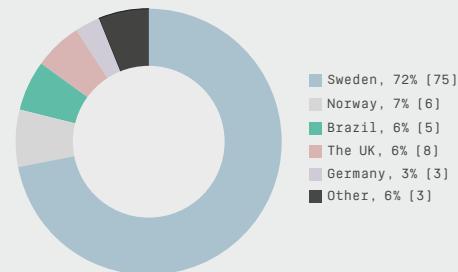
- Husqvarna Group joined Semcon and Øveraasen as a new partner of Yeti Snow Technology. The company develops autonomous snow clearance solutions for airports. The three companies will share ownership equally in Yeti Snow Technology and the aim of the partnership is to further develop autonomous solutions for airports, and ultimately in other areas as well.
- Combining the latest in AI, data mining and information architecture, Semcon will now assist the Stena Line shipping company with a new pilot project for development of a unique data management solution. This solution is paving the way for new digital, sustainable and profitable services at Stena Line.
- By means of a collaborative robot, the Engineering & Digital Services business area is automating the analysis of samples for an international laboratory company. The objective is to create a faster, safer process and free up time for laboratory personnel so that they can focus on more advanced tasks.
- As part of a Norwegian innovation project relating to future road construction, the Engineering & Digital Services business area has developed and validated a solution to make a compactor autonomous. The objective is to eliminate difficult work for staff, reduce the time needed to build new roads and enhance quality, resulting in a longer service life for roads.

Change in operating income			
	Jan-Dec		
	2019	2018	
Acquisition and divestment	-0.2%	1.9%	
Currency effects	0.6%	0.4%	
Organic growth	0.5%	2.2%	
<b>Total</b>	<b>0.9%</b>	<b>4.5%</b>	

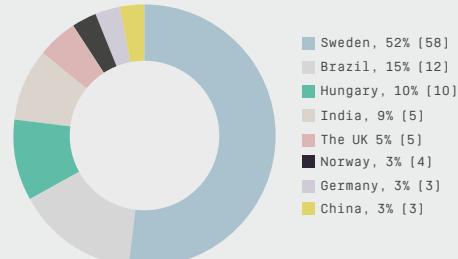
No. of working days in Sweden				
	2018	2019	2020	2021
Q1	63	63	63	62
Q2	59	58	58	59
Q3	65	66	66	66
Q4	62	62	63	64
<b>Total</b>	<b>249</b>	<b>249</b>	<b>250</b>	<b>251</b>

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

**Group income per market**  
Jan-Dec, 2019



**Employees per country**  
31 Dec, 2019



## Employees

The number of employees on December 31 was 2,262 [2,119] and the number of employees in active service was 2,182 [2,045]. In the respective business areas the head count is as follows: Engineering & Digital Services 1,528 [1,414] and Product Information 734 [705].

## Ownership structure

As of December 31, JCE Group owned 25.8% [25.8] of Semcon's shares, Nordea Investment Funds 10.2% [9.8], BNY Mellon 4.7% [4.4], Avanza Pension 3.8% [5.0] and Northern Trust Company 3.2% [2.8]. Foreign ownership was 39.4% [32.6] and the number of shareholders was 5,310 [5,239]. 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 754,416 [682 669] 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 15 July 2019 to buyback no more than 200,000 ordinary shares pursuant to the authorisation of the 2019 AGM. The Board's decision aims to improve the company's capital structure. Up until 31 December, 73,345 shares had been repurchased within the authorisation.

## 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 2018, pages 42-43 and 61-62, include a detailed description of the Group and parent company's risk exposure and risk management.

## Accounting principles

Semcon follows the IFRS standards adopted by the EU and its interpretations of these [IFRIC]. This interim report has been drawn up in accordance with IAS 34. IFRS 16 Leases came into effect on 1 January 2019 and replaces IAS 17 Leases. Note 3 of the 2018 Annual Report includes a description of the new accounting policies. Refer also to Note 2 in this interim report for information on the financial impact of the transition to IFRS 16. The other new standards that came into force as of 1 January 2019 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.

## 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 2019 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 2019. The Nomination Committee will, until the next AGM, consist of: Ulf Gillberg, JCE Group Aktiebolag, Mats Andersson, Nordea Investment Funds, Johan Hagberg and Tore Bertilsson, Chairman of Semcon AB [co-opted member].

## Annual General Meeting

Semcon's AGM for 2020 will be held at 2:00 p.m. [CET] on Tuesday, 28 April 2020 at Semcon's head office in Göteborg. The record day is Wednesday, 22 April. The interim report for January-March 2020 will be published on Tuesday, 28 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 dividend of SEK 3.40 [3.00] per share, which represents 56 per cent [57] of earnings per share after dilution. The dividend proposed of SEK 3.40 [3.00] per share corresponds to SEK 59.0 million [52.3]. The record day is proposed as Thursday, 30 April.

## Annual Report

Semcon's 2019 Annual Report in English is expected to be available on Semcon's website in April 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](http://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](mailto:info@semcon.se).

# BUSINESS AREAS

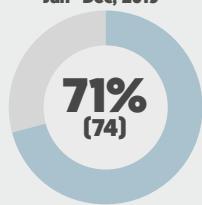
## Engineering & Digital Services

The business area's income amounted to SEK 1,326 million [1,371] and organic growth was -2.5 per cent. Growth in Sweden was adversely impacted by the ongoing skills shift towards a greater focus on digital competencies and weaker demand from automotive customers. Business operations in Norway and Brazil reported continued very healthy growth while the business in the UK noted weaker demand. Operating profit amounted to SEK 107 million [104], yielding an operating margin of 8.1 per cent [7.6]. Restructuring costs of approximately SEK 7 million [-] were charged to the business area's

earnings in the first half of the year. In 2019, savings exceeded costs for the restructuring, which overall entailed a marginal positive impact on earnings for the full-year 2019. Total annual savings are expected to amount to some SEK 15 million with full effect in 2020. Earnings for the fourth quarter include non-recurring items of SEK +3 million, net. The new organisation, which was launched on 1 April, strengthened the digital offering, which creates a good foundation for growth moving forward.

	Oct-Dec	Jan-Dec	
	2019	2018	2019
Operating income, mSEK	350.2	355.6	1,326.5
Operating profit, mSEK	38.1	31.6	107.3
Operating margin, %	10.9	8.9	8.1
No. of employees	1,528	1,414	1,528

Share of Semcon's total income  
Jan-Dec, 2019



### About Engineering & Digital Services

The business area's over 1,500 employees provide services in areas such as digitization, 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 and service development. Engineering & Digital 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, Getinge, Husqvarna, Jaguar Land Rover, MAN, McLaren, Metso, Rolls-Royce Marine, Saab, Scania, Siemens, Vattenfall and Volvo Cars.

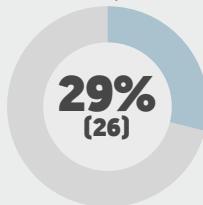
## Product Information

The business area's income amounted to SEK 536 million [474] and organic growth was 9.4 per cent. The partnership with AGCO [one of the world's largest manufacturers of agricultural equipment] has, among other factors, contributed to the improved income. Operating profit amounted to SEK 50 million [33], yielding an operating margin of 9.4 per cent [7.0]. Opera-

ting profit improved due to stronger demand and higher productivity. 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	
	2019	2018	2019
Operating income, mSEK	141.2	135.9	535.8
Operating profit, mSEK	14.9	15.5	50.4
Operating margin, %	10.6	11.4	9.4
No. of employees	734	705	734

Share of Semcon's total income  
Jan-Dec, 2019



### About Product Information

The business area's almost 750 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 and China. Customers are mainly in the engineering, automotive, telecom and IT, energy sectors and med-tech. These include ABB, AB Volvo, AGCO, Baxter, Bombardier, CEVT/Lynk & Co, ESAB, Jaguar Land Rover, Saab, Siemens, London Electric Vehicle Company, UniCarriers and Volvo Cars.

# Consolidated FINANCIAL, SUMMARY

## Income statements

mSEK	Note	Oct-Dec		Jan-Dec	
		2019	2018	2019	2018
Operating income	1	488.8	489.7	1,858.2	1,842.2
Purchase of goods and services		-91.3	-92.2	-336.6	-344.1
Other external operating expenses		-25.6	-35.9	-99.7	-144.4
Staff costs		-310.3	-317.6	-1,227.3	-1,222.2
<b>Operating profit before depreciation</b>		<b>61.6</b>	<b>44.0</b>	<b>194.6</b>	<b>131.5</b>
Depreciation of tangible fixed assets		-2.4	-2.3	-9.2	-8.7
Depreciation of right-of-use assets		-9.4	-	-40.5	-
Depreciation of other intangible assets		-0.8	-0.7	-3.1	-3.2
<b>Operating profit</b>		<b>49.0</b>	<b>41.0</b>	<b>141.8</b>	<b>119.6</b>
Net financial items		-2.3	0.2	-6.8	0.1
<b>Profit before tax</b>		<b>46.7</b>	<b>41.2</b>	<b>135.0</b>	<b>119.7</b>
Tax		-8.4	-6.9	-28.7	-25.7
<b>Profit after tax</b>		<b>38.3</b>	<b>34.3</b>	<b>106.3</b>	<b>94.0</b>
 <b>Profit attributable to:</b>					
Parent company's shareholders		38.3	34.3	106.3	94.0
Non-controlling interests		-	-	-	-
<b>Total profit after tax</b>		<b>38.3</b>	<b>34.3</b>	<b>106.3</b>	<b>94.0</b>
 Earnings per share before dilution [SEK]		2.20	1.96	6.11	5.34
Earnings per share after dilution [SEK]		2.18	1.92	6.04	5.25
 No. of working days in period		62	62	249	249

## Statement of comprehensive income

mSEK		Oct-Dec		Jan-Dec	
		2019	2018	2019	2018
Profit after tax		38.3	34.3	106.3	94.0
 <b>Items that can be reclassified as profit or loss</b>					
Translation differences for the period		-2.1	0.3	2.4	-1.2
<b>Total</b>		<b>-2.1</b>	<b>0.3</b>	<b>2.4</b>	<b>-1.2</b>
 <b>Total other comprehensive income</b>		<b>36.2</b>	<b>34.6</b>	<b>108.7</b>	<b>92.8</b>
 <b>Total comprehensive income for the period</b>		<b>36.2</b>	<b>34.6</b>	<b>108.7</b>	<b>92.8</b>
 <b>Comprehensive income attributable to:</b>					
Parent company's shareholders		36.2	34.6	108.7	92.8
Non-controlling interests		-	-	-	-
<b>Total</b>		<b>36.2</b>	<b>34.6</b>	<b>108.7</b>	<b>92.8</b>

## Balance sheets

mSEK	Dec 31	
	2019	2018
<b>Assets</b>		
Intangible assets, goodwill	317.1	316.5
Right-of-use assets	148.6	-
Other intangible assets	10.2	10.6
Tangible fixed assets	30.1	31.5
Financial assets	5.6	3.2
Accounts receivable	372.7	347.4
Accrued non-invoiced income	145.5	144.9
Other current assets	30.3	37.9
Cash and cash equivalents	63.0	43.5
<b>Total assets</b>	<b>1,123.1</b>	<b>935.5</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	620.1	566.9
Non-current lease liabilities	109.1	-
Deferred tax liabilities	48.2	40.1
Accounts payable	55.7	51.9
Current lease liabilities	36.8	-
Non-accrued invoiced income	16.5	24.0
Other non interest-bearing current liabilities	236.7	252.6
<b>Total shareholders' equity and liabilities</b>	<b>1,123.1</b>	<b>935.5</b>

## Change in shareholders' equity

mSEK	Dec 31	
	2019	2018
Shareholders' equity at the start of the year	566.9	556.6
Total comprehensive income	108.7	92.8
Acquisition of own shares	-4.7	-21.3
Share-based remuneration	1.5	0.7
Shareholder dividend	-52.3	-61.9
<b>Shareholders' equity at the end of the year</b>	<b>620.1</b>	<b>566.9</b>

## Capital employed

mSEK	Dec 31	
	2019	2018
Total assets	1,123.1	935.5
Deferred tax liabilities	-48.2	-40.1
Accounts payable	-55.7	-51.9
Other non interest-bearing liabilities	-253.2	-276.6
<b>Total capital employed</b>	<b>766.0</b>	<b>566.9</b>
<b>Average capital employed</b>	<b>699.1</b>	<b>563.3</b>

## Cash flow statements

mSEK	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Cash flow from current activities				
before change in working capital	49.0	27.6	162.9	105.4
Change in working capital	-44.3	-11.1	-32.1	5.1
<b>Cash flow from current activities</b>	<b>4.7</b>	<b>16.5</b>	<b>130.8</b>	<b>110.5</b>
Investments	-3.7	-2.9	-9.6	-8.7
Acquisition of subsidiaries	-	-	-	-57.2
Divestment of subsidiaries	-	1.9	-	1.9
Sales of fixed assets	0.1	-	0.1	0.1
<b>Cash flow from investment activities</b>	<b>-3.6</b>	<b>-1.0</b>	<b>-9.5</b>	<b>-63.9</b>
Repayment of lease liabilities	-10.5	-	-44.0	-
Acquisition of own shares	-	-5.4	-4.7	-21.3
Shareholder dividend	-	-	-52.3	-61.9
<b>Cash flow from financing activities</b>	<b>-10.5</b>	<b>-5.4</b>	<b>-101.0</b>	<b>-83.2</b>
<b>Cash flow for the period</b>	<b>-9.4</b>	<b>10.1</b>	<b>20.3</b>	<b>-36.6</b>
Cash and cash equivalents at the start of the period	71.6	32.8	43.5	80.9
Translation differences	0.8	0.6	-0.8	-0.8
<b>Cash and cash equivalents at the end of the period</b>	<b>63.0</b>	<b>43.5</b>	<b>63.0</b>	<b>43.5</b>

## Change in net cash

mSEK	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Opening balance	71.6	29.7	43.5	77.9
Cash flow from current activities	4.7	16.5	130.8	110.5
Net investments	-3.6	-2.9	-9.5	-8.6
Acquisitions of subsidiaries	-	-	-	-57.2
Divestments of subsidiaries	-	1.9	-	1.9
Shareholder dividend	-	-	-52.3	-61.9
Repayment of lease liabilities	-10.5	-	-44.0	-
Acquisition of own shares	-	-5.4	-4.7	-21.3
Other	0.8	3.7	-0.8	2.2
<b>Closing balance</b>	<b>63.0</b>	<b>43.5</b>	<b>63.0</b>	<b>43.5</b>

## Key figures

	Jan-Dec	
	2019	2018
Growth in sales [%]	0.9	4.5
Organic growth in sales [%]	0.5	2.2
Operating margin before depreciation [%]	10.5	7.1
Operating margin [%]	7.6	6.5
Profit margin [%]	7.3	6.5
Return on shareholders' equity [%]	18.1	16.9
Return on capital employed [%]	19.4	21.4
Equity/assets ratio [%]	55.2	60.6
Number of employees at the end of the year	2,262	2,119

## Key figures for the Semcon share

	Jan-Dec	
	2019	2018
Earnings per share before dilution [SEK]	6.11	5.34
Earnings per share after dilution [SEK]	6.04	5.25
Shareholders' equity before dilution [SEK]	35.72	32.52
Shareholders' equity after dilution [SEK]	34.24	31.30
Share price/Shareholders' equity [times]	2.02	1.51
Cash flow from current activities [SEK]	7.22	6.10
Dividend [SEK]	3.40*	3.00
P/E ratio	11	9
P/S ratio	0.67	0.47
Share price at the end of the year [SEK]	69.20	47.30
Market cap at the end of the year [mSEK]	1,253	857
Number of shares at the end of the year with the quotient value of SEK 1 [000]	18,113	18,113
Number of own shares at the end of the year [000]	754	683
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.

### 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, excluding lease 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**

	2017				2018				2019							
	Q1	Q2	Q3	Q4	2017	Q1	Q2	Q3	Q4	2018	Q1	Q2	Q3	Q4	2019	
<b>Operating income [mSEK]</b>																
Engineering & Digital Services	359.3	328.3	268.4	357.6	1,313.6	359.6	362.7	293.1	355.6	1,371.0	348.8	340.1	287.4	350.2	1,326.5	
Product Information	124.3	114.8	98.4	115.9	453.4	109.0	116.7	112.5	135.9	474.1	134.5	136.0	124.1	141.2	535.8	
Group items/eliminations	-8.7	3.6	0.7	-0.2	-4.6	-0.2	-0.2	-0.7	-1.8	-2.9	-0.1	-0.1	-1.3	-2.6	-4.1	
<b>Total</b>	<b>474.9</b>	<b>446.7</b>	<b>367.5</b>	<b>473.3</b>	<b>1,762.4</b>	<b>468.4</b>	<b>479.2</b>	<b>404.9</b>	<b>489.7</b>	<b>1,842.2</b>	<b>483.2</b>	<b>476.0</b>	<b>410.2</b>	<b>488.8</b>	<b>1,858.2</b>	
<b>Operating profit [mSEK]</b>																
Engineering & Digital Services	27.3	7.1	3.9	32.1	70.4	36.8	25.5	10.0	31.6	103.9	34.1	12.5	22.6	38.1	107.3	
Product Information	17.6	8.1	6.4	8.7	40.8	6.7	1.1	9.7	15.5	33.0	13.0	9.1	13.4	14.9	50.4	
Group items/eliminations	-4.6	-5.6	-1.6	-4.2	-16.0	-3.5	-5.9	-1.8	-6.1	-17.3	-3.2	-4.5	-4.2	-4.0	-15.9	
<b>Total</b>	<b>40.3</b>	<b>9.6</b>	<b>8.7</b>	<b>36.6</b>	<b>95.2</b>	<b>40.0</b>	<b>20.7</b>	<b>17.9</b>	<b>41.0</b>	<b>119.6</b>	<b>43.9</b>	<b>17.1</b>	<b>31.8</b>	<b>49.0</b>	<b>141.8</b>	
<b>Operating margin [%]</b>																
Engineering & Digital Services	7.6	2.2	1.5	9.0	5.4	10.2	7.0	3.4	8.9	7.6	9.8	3.7	7.9	10.9	8.1	
Product Information	14.2	7.1	6.5	7.5	9.0	6.1	0.9	8.6	11.4	7.0	9.7	6.7	10.8	10.6	9.4	
<b>Total</b>	<b>8.5</b>	<b>2.1</b>	<b>2.4</b>	<b>7.7</b>	<b>5.4</b>	<b>8.5</b>	<b>4.3</b>	<b>4.4</b>	<b>8.4</b>	<b>6.5</b>	<b>9.1</b>	<b>3.6</b>	<b>7.8</b>	<b>10.0</b>	<b>7.6</b>	
<b>Number of employees</b>																
Engineering & Digital Services	1,465	1,458	1,451	1,447	1,447	1,405	1,458	1,427	1,414	1,414	1,421	1,440	1,498	1,528	1,528	
Product Information	612	619	631	629	629	637	668	695	705	705	722	728	737	734	734	
<b>Total</b>	<b>2,077</b>	<b>2,077</b>	<b>2,082</b>	<b>2,076</b>	<b>2,076</b>	<b>2,042</b>	<b>2,126</b>	<b>2,122</b>	<b>2,119</b>	<b>2,119</b>	<b>2,143</b>	<b>2,168</b>	<b>2,235</b>	<b>2,262</b>	<b>2,262</b>	
<b>Number of working days</b>	64	58	65	63	250	63	59	65	62	249	63	58	66	62	249	

## Parent company

# FINANCIAL, SUMMARY

### Income statements

mSEK	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Operating income	11.1	4.7	43.1	19.3
Other external operating expenses	-2.9	-2.6	-11.7	-15.6
Staff costs	-8.5	-13.9	-36.3	-39.6
<b>Operating profit/loss</b>	<b>-0.3</b>	<b>-11.8</b>	<b>-4.9</b>	<b>-35.9</b>
Net financial items*	-0.5	1.3	31.4	15.9
<b>Profit/loss after net financial items</b>	<b>-0.8</b>	<b>-10.5</b>	<b>26.5</b>	<b>-20.0</b>
Appropriations**	52.3	107.6	52.3	107.6
<b>Profit/loss before tax</b>	<b>51.5</b>	<b>97.1</b>	<b>78.8</b>	<b>87.6</b>
Tax	-12.2	-17.7	-11.8	-15.6
<b>Profit/loss for the period</b>	<b>39.3</b>	<b>79.4</b>	<b>67.0</b>	<b>72.0</b>
* of which translation differences	-0.7	-	1.0	1.2
of which dividend	-	-	29.0	10.0
** of which group contribution paid	-	-1.0	-	-1.0
of which group contribution received	70.4	134.8	70.4	134.8

### Statements of comprehensive income

mSEK	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Profit/loss for the period	39.3	79.4	67.0	72.0
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>39.3</b>	<b>79.4</b>	<b>67.0</b>	<b>72.0</b>

### Balance sheets

mSEK	Dec 31	
	2019	2018
<b>Assets</b>		
Financial fixed assets	234.1	234.3
Current assets	222.5	193.2
Cash and cash equivalents	24.6	-
<b>Total assets</b>	<b>481.2</b>	<b>427.5</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	350.6	340.6
Untaxed reserves	56.6	38.5
Interest-bearing current liabilities	-	0.7
Non interest-bearing current liabilities	74.0	47.7
<b>Total shareholders' equity and liabilities</b>	<b>481.2</b>	<b>427.5</b>

## Note 1

# DISTRIBUTION OF REVENUE

mSEK	Engineering & Digital Services		Product Information		Group	
	Oct-Dec	2019	2018	2019	2018	2019
<b>Distribution per country</b>						
Sweden	272.2	283.6	86.7	80.6	358.9	364.2
Norway	32.7	29.9	-	1.3	32.7	31.2
Brazil	30.6	22.9	-	-	30.6	22.9
UK	10.5	12.9	18.7	20.3	29.2	33.2
Germany	0.8	0.5	12.8	12.3	13.6	12.8
Other	3.4	5.8	23.0	21.4	26.4	27.2
Eliminations	-	-	-	-	-2.6	-1.8
<b>Total</b>	<b>350.2</b>	<b>355.6</b>	<b>141.2</b>	<b>135.9</b>	<b>488.8</b>	<b>489.7</b>

mSEK	Engineering & Digital Services		Product Information		Group	
	Oct-Dec	2019	2018	2019	2018	2019
<b>Distribution per industry</b>						
Automotive	147.8	157.5	42.3	47.2	190.1	204.7
Industry	109.2	102.6	55.1	45.3	164.3	147.9
Life Science	43.1	33.3	4.0	3.7	47.1	37.0
Telecom	6.3	4.9	33.3	30.9	39.6	35.8
Energy	30.6	29.0	5.5	4.9	36.1	33.9
Other	13.2	28.3	1.0	3.9	14.2	32.2
Eliminations	-	-	-	-	-2.6	-1.8
<b>Total</b>	<b>350.2</b>	<b>355.6</b>	<b>141.2</b>	<b>135.9</b>	<b>488.8</b>	<b>489.7</b>

mSEK	Engineering & Digital Services		Product Information		Group	
	Jan-Dec	2019	2018	2019	2018	2019
<b>Distribution per country</b>						
Sweden	1 010.2	1 088.9	322.2	283.8	1 332.4	1 372.7
Norway	126.1	102.6	0.2	3.3	126.3	105.9
Brazil	117.5	88.4	-	-	117.5	88.4
UK	42.1	65.0	73.4	78.5	115.5	143.5
Germany	2.2	4.5	60.3	44.8	62.5	49.3
Other	28.4	21.6	79.7	63.7	108.1	85.3
Eliminations	-	-	-	-	-4.1	-2.9
<b>Total</b>	<b>1,326.5</b>	<b>1,371.0</b>	<b>535.8</b>	<b>474.1</b>	<b>1,858.2</b>	<b>1,842.2</b>
<b>Distribution per industry</b>						
Automotive	575.7	617.9	171.7	172.8	747.4	790.7
Industry	409.9	408.8	201.1	139.6	611.0	548.4
Life Science	145.2	117.8	13.6	11.7	158.8	129.5
Energy	122.4	125.6	17.8	15.1	140.2	140.7
Telecom	15.5	16.8	126.7	124.2	142.2	141.0
Other	57.8	84.1	4.9	10.7	62.7	94.8
Eliminations	-	-	-	-	-4.1	-2.9
<b>Total</b>	<b>1,326.5</b>	<b>1,371.0</b>	<b>535.8</b>	<b>474.1</b>	<b>1,858.2</b>	<b>1,842.2</b>

## Note 2

# DISCLOSURES IFRS 16 LEASES

IFRS 16 Leases, which came into effect on 1 January 2019, replaced IAS 17 Leases. IFRS 16 entails that essentially all leases, which predominantly consist of rental agreements for office properties, are to be recognised in the balance sheet. The income statement is impacted since the cost is recognised as depreciation and interest expense instead of under other operating expenses. The cash flow statement has also been affected as payments of lease liabilities are classified among financing activities instead of as part of operating activities. Semcon applies the modified retrospective approach, meaning comparative amounts are not restated. The effects of the new standard on the financial statements are shown below.

### Income statements

mSEK	Oct-Dec 2019	Jan-Dec 2019
Decrease in other operating expenses	10.5	44.0
Increase in depreciation of right-of-use assets	-9.4	-40.5
<b>Effect on operating profit</b>	<b>1.1</b>	<b>3.5</b>
Increase in financial expenses	-1.8	-6.1
<b>Effect on profit before tax</b>	<b>-0.7</b>	<b>-2.6</b>
Decrease in tax expense	0.2	0.6
<b>Effect on earnings for the period</b>	<b>-0.5</b>	<b>-2.0</b>
Effect on earnings per share, SEK	-0.03	-0.11
Effect on earnings per share after dilution, SEK	-0.04	-0.12

### Cash flow statements

mSEK	Oct-Dec 2019	Jan-Dec 2019
Increase in cash flow from current activities	10.5	44.0
Decrease in cash flow from financing activities	-10.5	-44.0
<b>Effect on cash flow for the period</b>	<b>-</b>	<b>-</b>

### Balance sheets

mSEK	Recognised balance-sheet items, 31 December 2018	Restating to IFRS 16	Restated balance- sheet items, 1 January 2019
<b>Assets</b>			
Right-of-use assets	-	160.3	160.3
Other current assets	37.9	-5.8	32.1
<b>Total assets</b>	<b>935.5</b>	<b>154.5</b>	<b>1,090.0</b>
<b>Shareholders' equity and liabilities</b>			
Non-current lease liabilities	-	117.5	117.5
Current lease liabilities	-	37.0	37.0
<b>Total shareholders' equity and liabilities</b>	<b>935.5</b>	<b>154.5</b>	<b>1,090.0</b>

mSEK

Group
Operating lease obligations, 31 December 2018
Less: short-term leases/low value
<b>Total</b>
Prepaid leasing fees
Discounting
<b>Lease liability, 1 January 2019</b>

# FINANCIAL CALENDAR

---

Interim report January-March 2020	April 28, 2020, at 08.00
Annual General Meeting 2020	April 28, 2020
Interim report January-June 2020	July 15, 2020, at 08.00
Interim report January-September 2020	October 22, 2020, at 08.00
Year-end report 2020	February 10, 2021, 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](http://www.semcon.com)

---

Göteborg 6 February, 2020  
Semcon AB [publ] Co.reg.no 556539-9549  
Markus Granlund, President and CEO

This information is such information as Semcon AB [publ] is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 a.m. CET on 6 February 2020.

---

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 2,200 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 2019, the Group reported annual sales of SEK 1.9 billion. Read more on [semcon.com](http://semcon.com).

---