

# Studsvik

Interim Report  
Second Quarter 2017



- Sales in the quarter were SEK 176.6 (176.3) million. In local currencies sales decreased by 2 per cent.
- The operating profit for the quarter amounted to SEK –19.4 (–1.2) million. Items affecting comparability reduced earnings by SEK –1.9 (–5.0) million. The deterioration is mainly due to weak capacity utilization in the German consulting operations and to no new sales of the THOR technology being made.
- Free cash flow for the quarter was SEK –38.9 (–29.2) million.

	April-June 2017	April-June 2016	January- June 2017	January- June 2016	Full year 2016
Sales, SEK million	176.6	176.3	356.2	347.9	758.8
Operating profit, SEK million	–19.4	–1.2	–21.4	9.5	24.7
Profit after tax, SEK million	–24.0	1.7	–32.5	7.6	17.0
Free cash flow, SEK million*	–38.9	–29.2	–43.1	–31.3	129.6
Net debt, SEK million	58.3	174.3	58.3	174.3	2.9
Net debt/equity ratio, %	18.9	65.0	18.9	65.0	0.8
Profit per share after tax, SEK	–2.91	0.20	–3.95	0.92	2.07
Equity per share, SEK*	37.52	32.62	37.52	32.62	42.41

\*Refers to total operations

Unless otherwise stated, the information for 2016 in text and figures refers to operations excluding Waste Treatment, which was sold in 2016.



## Sales

Sales in the quarter were unchanged at SEK 176.6 (176.3) million. Sales for the half year increased to SEK 356.2 (347.9) million. In local currencies the decrease was 2 per cent for the quarter, while for the half year there was a 1 per cent increase. Sales in the Consultancy Services business area decreased, while sales in Fuel and Materials Technology and Studsvik Scandpower were on a level with the previous year.

## Profit

Operating profit for the quarter decreased to SEK -19.4 (-1.2) million and during the half year to SEK -21.4 (9.5) million. Items affecting comparability referring to staff cutbacks in the consulting operations and in administration reduced earnings in the second quarter by SEK -1.9 (-5.0) million and in the half year by SEK -6.1 (-5.0) million. Adjusted for items affecting comparability, the operating margin for the second quarter deteriorated to -9.9 (2.1) per cent and for the half year to -4.3 (4.2) per cent. The deterioration is mainly due to weak capacity utilization in the German consulting operations and to the fact that no new sales of the THOR technology were made in the first half year. Net financial income for the quarter was SEK -7.8 (-1.7) million and SEK -15.2 (-10.4) million for the half year. Profit after tax was SEK -24.0 (1.7) million for the quarter and SEK -32.5 (7.6) million for the half year.

## Fuel and Materials Technology

Sales decreased somewhat in the second quarter to SEK 52.2 (54.1) million. During the year sales increased to SEK 104.7 (97.6) million. In local currencies the decrease was 4 per cent for the quarter, while for the half year there was a 7 per cent increase.

The operating profit for the second quarter amounted to SEK 4.9 (10.9) million and SEK 10.7 (18.9) million for the half year. The operating margin for the quarter was 9.4 (20.1) per cent and for the half year 10.2 (19.4) per cent. The operating margin for the quarter is negatively impacted by higher selling expenses, deferment of a major contract and operational disruptions when aligning new equipment. The order book for the second half year is good and production is again running normally.

## Consultancy Services

Sales in the second quarter decreased to SEK 98.8 (105.6) million and in the half year to SEK 202.2 (215.2) million. In local currencies the decrease was 9 per cent for the quarter and 8 per cent for the half year.

The operating profit for the second quarter amounted to SEK -11.6 (-0.5) million and SEK -10.0 (11.7) million for the half year. Items affecting comparability referring to staff cutbacks in Germany reduced the second quarter profit by SEK 1.1 (3.7) million and the half year profit by SEK 2.5 (3.7) million. Adjusted for these, the operating margin for the second quarter was -10.6 (3.0) per cent and -3.7 (7.2) per cent for the half year. Low capacity utilization in Industrial Services (Germany) and weak profitability in Waste Management (Sweden) led to a deterioration in earnings for the second quarter. The first quarter of 2016 includes royalties of SEK 18.6 million related to THOR. Adjusted for this, earnings for the first half year in the underlying operations decreased by SEK 3 million, mainly driven by a weak second quarter for operations in Germany.

Measures to improve profitability in Waste Management are being taken, while alternative strategies for operations in Germany are being evaluated. There continues to be great interest in Studsvik's waste treatment technologies and associated engineering services. A number of interesting projects are currently being discussed.

## Studsvik Scandpower

Sales in the second quarter were unchanged at SEK 17.1 (17.1) million and in the half year SEK 36.8 (35.1) million. In local currencies there was a decrease of 3 per cent for the quarter. For the half year sales in local currencies increased by 1 per cent.

The operating profit for the quarter improved to SEK -3.5 (-5.2) million and SEK -7.1 (-7.9) million for the half year.

The process of obtaining export licenses from the American authorities for software ordered for China is continuing, but it is still not clear when the American authorities may grant them.

Demand for software is good but the sales process generally takes longer than before.

## Investments

Investments for the continuing operations in the second quarter were SEK 7.3 (2.8) million and in the first half year SEK 12.4 (7.0) million. The investments mainly refer to equipment for testing and infrastructure for the Studsvik facility.

## Cash flow

Cash flow from operating activities in the second quarter was SEK -36.4 (-31.2) million and SEK -38.0 (-29.5) million for the half year. The free cash flow amounted to SEK -38.9 (-29.2) million for the second quarter and for the half year to SEK -43.1 (-31.3) million.

## Financial position and liquidity

Cash and cash equivalents for the total operations at the close of the quarter were SEK 140.8 (123.2) million. Net interest-bearing debt was SEK 58.3 (174.3) million, which means that the net debt/equity ratio was 18.9 (65.0) per cent. At the close of 2016 the net debt/equity ratio was 0.8 per cent.

## Personnel

The average number of employees as at 30 June was 654 (707). The decrease refers to fewer employees in the consulting operations in Germany and England. At the start of the year the number of employees was 687.

## Transactions with related parties

During the quarter a dividend of SEK 4.8 (4.0) million was received from UK Nuclear Waste Management Ltd.

## Parent company

Operations in the parent company consist of coordination of the Group. Parent company sales in the quarter amounted to SEK 4.9 (4.2) million and to SEK 10.1 (8.9) million in the half year. The operating profit for the quarter amounted to SEK -5.6 (-4.7) million and SEK -10.1 (-11.0) million for the half year. Loss after financial items in the quarter was SEK -11.2 (-3.2) million and for the half year SEK -19.6 (-15.2) million.

Cash and cash equivalents including current investments amounted to SEK 32.1 (24.7) million and interest-bearing liabilities to SEK 200 (300) million. The final settlement with EDF for the sale of the Waste Treatment business area is expected to be completed by the end of the year.

## Risks and uncertainties

An overall analysis of the Group's risks and how they are dealt with is given in the Annual Report, which is available on the company's website. Apart from these risks, no further significant risks are deemed to have arisen.

## Accounting policies

The half-yearly report has been prepared in accordance with IAS 34 and the Annual Accounts Act. The consolidated accounts for the Studsvik Group have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board recommendation RFR 1, Supplementary accounting rules for groups, International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as adopted by the EU. There is a description of these accounting policies in the annual report. The consolidated accounts have been prepared in accordance with the historical cost method, except as regards financial assets and liabilities carried at fair value through profit or loss.

The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for legal entities.

The interim financial information on pages 5-14 forms an integral part of this financial report.

The interim report provides a fair review of the Group's and the Parent Company's operations, financial position and performance and describes significant risks and uncertainties faced by the Parent Company and the companies that are part of the Group. No significant events have occurred after the balance sheet date.

Stockholm, July 21, 2017

Anders Ullberg  
Chairman

Anna Karinen  
Vice Chairman

Jan Barchan  
Board Member

Peter Gossas  
Board Member

Alf Lindfors  
Board Member

Agneta Nestenborg  
Board Member

Lena Sivars Becker  
Board Member  
Employee Representative

Roger Lundström  
Board Member  
Employee Representative

Michael Mononen  
President

## **Report of the auditors concerning review of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act**

### **Introduction**

We have reviewed the condensed interim financial information (interim report) for Studsvik AB as at June 30 2017 and the six-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Focus and scope of the review**

We conducted our review in accordance with the International 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 has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards. 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. Therefore, the conclusion that is expressed on the basis of a review does not give the same level of assurance as a conclusion based on an audit.

### **Conclusion**

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

Stockholm, July 21, 2017

PricewaterhouseCoopers

Martin Johansson  
Authorized public accountant

### **Time Schedule for Financial Information**

Interim report January–September 2017      October 20, 2017  
Year-end Report January–December 2017      February 2018

### **For further information, please contact**

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+46 155 22 10 86 or  
Pål Jarness, Chief Financial Officer, +46 155 22 10 09.

The interim report will be presented at a telephone conference to be held in English, on July 21 at 1.30 pm. Further information for those interested in participating is available at [www.studsvik.com](http://www.studsvik.com).

## Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK million

	April-June 2017	April-June 2016	January- June 2016	January- June 2016	Full year 2016
Net sales	176.6	176.3	356.2	347.9	758.8
Cost of services sold*	-148.8	-130.9	-277.3	-252.6	-535.3
<b>Gross profit</b>	<b>27.8</b>	<b>45.4</b>	<b>78.9</b>	<b>95.3</b>	<b>223.5</b>
Selling and marketing expenses	-12.5	-11.8	-23.3	-21.6	-44.4
Administrative expenses*	-28.7	-27.2	-59.5	-52.1	-112.8
Research and development costs	-6.6	-7.3	-13.9	-13.3	-27.5
Share in earnings from associated companies	3.1	2.0	4.7	5.3	4.1
Other operating income	0.6	4.5	0.9	5.8	8.2
Other operating expenses	-3.1	-6.8	-9.2	-9.9	-26.4
<b>Operating profit</b>	<b>-19.4</b>	<b>-1.2</b>	<b>-21.4</b>	<b>9.5</b>	<b>24.7</b>
Financial income	0.8	0.0	0.8	0.0	0.1
Financial expenses	-3.9	-6.2	-8.0	-10.4	-25.0
Fair value gain/loss (realized and unrealized)	-4.7	4.5	-8.0	0.0	8.5
<b>Profit/loss before tax</b>	<b>-27.2</b>	<b>-2.9</b>	<b>-36.6</b>	<b>-0.9</b>	<b>8.3</b>
Income tax	3.2	4.6	4.1	8.5	8.7
<b>Profit/loss for the period from continuing operations</b>	<b>-24.0</b>	<b>1.7</b>	<b>-32.5</b>	<b>7.6</b>	<b>17.0</b>
<b>Operations held for sale</b>	<b>Note 1</b>				
Profit/loss for the period from operations held for sale	-0.0	-18.6	0.0	-31.1	46.0
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-24.0</b>	<b>-16.9</b>	<b>-32.5</b>	<b>-23.5</b>	<b>63.0</b>
<b>Other comprehensive income</b>					
<b>Items that may later be reversed in the income statement</b>					
Translation differences on foreign subsidiaries	-2.0	0.1	-1.8	-8.5	-13.5
Cash flow hedging	2.4	-0.5	3.0	2.3	0.8
Income tax on items recognized in other comprehensive income	-0.5	0.1	-0.6	-0.5	-0.2
<b>Other comprehensive income for the period, net after tax</b>	<b>-0.1</b>	<b>-0.3</b>	<b>0.6</b>	<b>-6.7</b>	<b>-12.9</b>
<b>Total profit/loss and other comprehensive income for the period</b>	<b>-24.1</b>	<b>-17.2</b>	<b>-31.8</b>	<b>-30.2</b>	<b>50.1</b>
<b>Income for the period attributable to</b>					
Parent company's shareholders	-24.0	-16.9	-32.5	-23.5	63.0
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
<b>Total comprehensive income attributable to</b>					
Parent company's shareholders	-24.0	-17.2	-31.7	-30.2	50.0
Non-controlling interests	-0.1	0.0	-0.1	0.0	0.1
<b>Earnings per share calculated on income attributable to the parent company's shareholders during the period, SEK</b>					
<b>Earnings per share</b> (There is no dilution effect)					
Profit/loss from continuing operations	-2.91	0.20	-3.95	0.92	2.07
Profit/loss from operations for sale	0.00	-2.26	0.00	-3.78	5.60
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-2.91</b>	<b>-2.06</b>	<b>-3.95</b>	<b>-2.86</b>	<b>7.67</b>

\*A reclassification has been made between types of expense in 2016 to achieve comparability for 2017. Administrative expenses for the quarter has been decreased by SEK 4.9 million, while costs of services sold has been increased by SEK 4.9 million. Accumulated administrative expenses has been decreased by SEK 9.8 million, while costs of services sold has been increased by SEK 9.8 million.

## Group statement of financial position

Amounts in SEK million

		June 2017	March 2016	December 2016
<b>ASSETS</b>				
Intangible assets		175.7	174.9	178.0
Property, plant and equipment		116.8	113.0	113.3
Other non-current assets		150.5	110.8	155.8
<b>Total non-current assets</b>		<b>443.0</b>	<b>398.7</b>	<b>447.1</b>
Inventories		2.2	2.5	2.0
Trade receivables		147.1	129.0	150.8
Other current receivables		128.7	76.4	105.7
Cash and cash equivalents		140.8	123.2	195.4
<b>Total current assets</b>		<b>418.8</b>	<b>331.1</b>	<b>453.9</b>
Assets in disposal group held for sale	Note 1	0.0	291.3	0.0
<b>TOTAL ASSETS</b>		<b>861.8</b>	<b>1,021.1</b>	<b>901.0</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to parent company's shareholders		308.1	267.7	348.1
Non-controlling interests		0.3	0.3	0.4
<b>Total equity</b>		<b>308.4</b>	<b>268.0</b>	<b>348.5</b>
Borrowing		199.1	297.5	198.2
Provisions and other non-current liabilities		158.4	129.9	161.7
<b>Total non-current liabilities</b>		<b>357.5</b>	<b>427.4</b>	<b>359.9</b>
Trade and other payables		195.9	127.9	192.6
Borrowing		0.0	0.0	0.0
<b>Total current liabilities</b>		<b>195.9</b>	<b>127.9</b>	<b>192.6</b>
Liabilities in disposal group held for sale	Note 1	0.0	197.8	0.0
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>861.8</b>	<b>1,021.1</b>	<b>901.0</b>
Pledged assets		238.4	148.9	238.4
Contingent liabilities		69.7	84.3	71.7

## Changes in equity

Amounts in SEK million

	Share capital	Other contributed capital	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non- controlling interest	Total equity
<b>Equity at December 31, 2015</b>	<b>8.2</b>	<b>225.3</b>	<b>15.5</b>	<b>49.0</b>	<b>297.9</b>	<b>0.3</b>	<b>298.3</b>
<b>Changes January 1 – June 30, 2016</b>							
Comprehensive income for the period	–	–	–6.7	–23.5	–30.2	–	–30.2
<b>Equity at June 30, 2016</b>	<b>8.2</b>	<b>225.3</b>	<b>8.8</b>	<b>25.5</b>	<b>267.7</b>	<b>0.3</b>	<b>268.1</b>
<b>Changes July 1 – December 31, 2016</b>							
Comprehensive income for the period	–	–	–6.2	86.5	80.4	0.1	80.4
<b>Equity at December 31, 2016</b>	<b>8.2</b>	<b>225.3</b>	<b>2.6</b>	<b>112.0</b>	<b>348.1</b>	<b>0.4</b>	<b>348.5</b>
<b>Changes January 1 – June 30, 2017</b>							
Dividend	–	–	–	–8.2	–8.2	–	–8.2
Comprehensive income for the period	–	–	0.6	–32.5	–31.8	–0.1	–31.9
<b>Equity at June 30, 2017</b>	<b>8.2</b>	<b>225.3</b>	<b>3.2</b>	<b>71.3</b>	<b>308.1</b>	<b>0.3</b>	<b>308.4</b>

## Group statement of cash flow

Amounts in SEK million

Total operations	April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
<b>Cash flow from operating activities</b>					
Operating profit	-19.4	-19.9	-21.4	-21.6	70.0
Adjustment for non-cash items	-0.9	9.0	1.8	15.1	-43.7
Financial items, net	-2.6	-6.1	-6.7	-10.4	-25.4
Income tax paid	-6.1	-0.9	-6.6	-6.0	-8.3
<b>Cash flow from operating activities before change in working capital</b>	<b>-29.0</b>	<b>-17.9</b>	<b>-32.9</b>	<b>-22.9</b>	<b>-7.4</b>
Change in working capital	-7.4	-13.3	-5.1	-6.6	-48.8
<b>Cash flow from operating activities</b>	<b>-36.4</b>	<b>-31.2</b>	<b>-38.0</b>	<b>-29.5</b>	<b>-56.1</b>
<b>Investing activities</b>					
Acquisition of property, plant and equipment	-7.3	-2.2	-12.4	-10.0	-18.5
Acquisition in associated companies	-	-	-	0.0	-12.1
Divestment of subsidiaries	-	-	-	-	206.1
Dividend from associated companies	4.8	4.0	7.3	7.0	9.7
Other cash flow from investing activities	0.0	0.2	0.0	1.2	0.5
<b>Cash flow from investment activities</b>	<b>-2.5</b>	<b>2.0</b>	<b>-5.1</b>	<b>-1.8</b>	<b>185.7</b>
<b>Free cash flow</b>	<b>-38.9</b>	<b>-29.2</b>	<b>-43.1</b>	<b>-31.3</b>	<b>129.6</b>
<b>Financing activities</b>					
Change in borrowing	-	-	-	89.3	-10.7
Dividend to shareholders	-8.2	-	-8.2	-	-
<b>Cash flow from financing activities</b>	<b>-8.2</b>	<b>-</b>	<b>-8.2</b>	<b>89.3</b>	<b>-10.7</b>
Changes in cash and cash equivalents	-47.1	-29.2	-51.3	58.0	118.9
Cash and cash equivalents at the beginning of the period	190.3	161.7	195.4	74.9	74.9
Translation difference	-2.4	0.9	-3.3	0.5	1.6
<b>Cash and cash equivalents at the end of the period</b>	<b>140.8</b>	<b>133.4</b>	<b>140.8</b>	<b>133.4</b>	<b>195.4</b>

## Financial ratios for the Group

Amounts in SEK million

	January- June 2017	January- June 2016	Full year 2016
<b>Margins</b>			
Operating margin, %	-6.0	2.7	3.2
Profit margin, %	-10.3	-0.3	1.1
<b>Return on investment</b>			
Return on capital employed, %	-3.8	2.2	7.3
Return on equity, %	-9.9	2.7	5.3
<b>Capital structure</b>			
Capital employed	507.5	472.0	546.7
Equity	308.4	268.0	348.5
Net debt	58.3	174.3	2.9
Net debt/equity ratio, %	18.9	65.0	0.8
Equity/assets ratio, %	35.8	26.2	38.7
<b>Employees</b>			
Average number of employees	654	707	687
Net sales per employee	1.1	1.0	1.1

## Data per share

	April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
Number of shares at the end of the period	8,218,611	8,218,611	8,218,611	8,218,611	8,218,611
Average number of shares	8,218,611	8,218,611	8,218,611	8,218,611	8,218,611
<b>Earnings per share before and after dilution</b>					
Profit/loss from continuing operations	-2.91	0.20	-3.95	0.92	2.07
Profit/loss from operations held for sale	0.00	-2.26	0.00	-3.78	5.60
<b>Profit/loss for the period</b>	<b>-2.91</b>	<b>-2.06</b>	<b>-3.95</b>	<b>-2.86</b>	<b>7.67</b>
Equity per share, SEK	37.52	32.62	37.52	32.62	42.41

## Net sales per geographical area

Amounts in SEK million

	April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
Sweden - from continuing operations	54.3	45.9	91.9	76.0	180.4
Europe, excluding Sweden - from continuing operations	101.1	107.8	215.2	207.1	424.9
North America	17.4	18.9	35.6	56.7	101.5
Asia	3.6	3.7	13.3	8.1	30.6
Other	0.2	-	0.2	-	21.4
<b>Total</b>	<b>176.6</b>	<b>176.3</b>	<b>356.2</b>	<b>347.9</b>	<b>758.8</b>
Sweden - operations held for sale	0.0	6.6	0.0	17.3	18.3
Europe - excluding Sweden - from operations to sale	0.0	22.6	0.0	49.0	53.1
<b>Total operations</b>	<b>176.6</b>	<b>205.5</b>	<b>356.2</b>	<b>414.2</b>	<b>830.2</b>

## Quarterly review

Amounts in SEK million

	2015				2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Continuing operations										
Net sales	156.8	177.7	189.8	197.0	171.6	176.3	164.6	246.3	179.6	176.6
Operating expenses	-158.5	-176.9	-163.7	-185.7	-160.9	-177.5	-176.5	-219.3	-181.6	-196.0
<b>Operating profit</b>	<b>-1.7</b>	<b>0.8</b>	<b>26.1</b>	<b>11.3</b>	<b>10.7</b>	<b>-1.2</b>	<b>-11.9</b>	<b>27.0</b>	<b>-2.0</b>	<b>-19.4</b>
Financial items, net	-1.9	-4.4	-5.4	-5.9	-8.7	-1.7	-2.5	-3.4	-7.4	-7.8
<b>Profit/loss after financial items</b>	<b>-3.6</b>	<b>-3.6</b>	<b>20.7</b>	<b>5.4</b>	<b>2.1</b>	<b>-2.9</b>	<b>-14.4</b>	<b>23.6</b>	<b>-9.4</b>	<b>-27.2</b>

## Financial data per segment

Amounts in SEK million  
Total operations

<b>January-June 2017</b>	<b>Waste Treatment*</b>	<b>Consultancy Services</b>	<b>Fuel and Materials Technology</b>	<b>Studsvik Scandpower</b>	<b>Other</b>	<b>Elimination</b>	<b>Group</b>
External sales revenue	–	98.6	50.6	15.0	12.4	–	176.6
Revenue from segment	–	0.2	1.6	2.1	6.5	–10.4	0.0
Operating profit	–	–11.6	4.9	–3.5	–9.2	–	–19.4
Items affecting comparability	–	1.1	0.0	0.0	0.8	–	1.9
Adjusted operating profit	–	–10.5	4.9	–3.5	–8.4	–	–17.5
Assets	–	391.4	177.5	110.4	457.0	–274.5	861.8
Liabilities	–	339.2	144.6	34.3	309.8	–274.5	553.4
Investments	–	0.6	4.9	0.1	1.7	–	7.3
Depreciation/amortization	–	0.6	2.3	0.2	1.1	–	4.2
Average number of employees	–	492	99	34	39	–	664
<b>January-June 2016</b>	<b>Waste Treatment*</b>	<b>Consultancy Services</b>	<b>Fuel and Materials Technology</b>	<b>Studsvik Scandpower</b>	<b>Other</b>	<b>Elimination</b>	<b>Group</b>
External sales revenue	–	101.0	52.0	17.4	5.9	–	176.3
Revenue from segment	–	4.6	2.1	–0.3	10.2	–16.6	0.0
Operating profit	–	–0.5	10.9	–5.2	–6.4	–	–1.2
Items affecting comparability	–	3.7	–	–	1.3	–	5.0
Adjusted operating profit	–	3.2	10.9	–5.2	–5.1	–	3.8
Assets	267.5	411.1	150.0	111.9	382.5	–301.9	1,021.1
Liabilities	182.6	336.7	85.4	30.9	419.4	–301.9	753.0
Investments	–	0.3	2.5	–0.1	0.1	0,0	2.8
Depreciation/amortization	–	0.7	1.7	0.2	1.5	–	4.1
Average number of employees	–	525	93	32	52	–	702
<b>April-June 2017</b>	<b>Waste Treatment*</b>	<b>Consultancy Services</b>	<b>Fuel and Materials Technology</b>	<b>Studsvik Scandpower</b>	<b>Other</b>	<b>Elimination</b>	<b>Group</b>
External sales revenue	–	198.9	101.8	32.9	22.6	–	356.2
Revenue from segment	–	3.3	2.9	3.9	13.2	–23.3	–
Operating profit	–	–10.0	10.7	–7.1	–15.0	–	–21.4
Items affecting comparability	–	2.5	0.3	–	3.3	–	6.1
Adjusted operating profit	–	–7.5	11.0	–7.1	–11.7	–	–15.3
Assets	–	391.4	177.5	110.4	457.0	–274.5	861.8
Liabilities	–	339.2	144.6	34.3	309.8	–274.5	553.4
Investments	–	1.6	9.0	0.1	1.7	–	12.4
Depreciation/amortization	–	1.1	4.7	0.4	2.0	–	8.2
Average number of employees	–	480	100	34	40	–	654
<b>April-June 2016</b>	<b>Waste Treatment*</b>	<b>Consultancy Services</b>	<b>Fuel and Materials Technology</b>	<b>Studsvik Scandpower</b>	<b>Other</b>	<b>Elimination</b>	<b>Group</b>
External sales revenue	–	207.6	94.9	32.0	13.4	–	347.9
Revenue from segment	–	7.6	2.7	3.1	14.9	–28.3	0.0
Operating profit	–	11.7	18.9	–7.9	–13.2	–	9.5
Items affecting comparability	–	3.7	–	–	1.3	–	5.0
Adjusted operating profit	–	15.4	18.9	–7.9	–11.9	–	14.5
Assets	267.5	411.1	150.0	111.9	382.5	–301.9	1,021.1
Liabilities	182.6	336.7	85.4	30.9	419.4	–301.9	753.0
Investments	–	1.3	5.0	0.0	0.7	–	7.0
Depreciation/amortization	–	1.3	3.5	0.4	3.5	–	8.7
Average number of employees	–	526	92	34	55	–	707
<b>Full Year 2016</b>	<b>Waste Treatment*</b>	<b>Consultancy Services</b>	<b>Fuel and Materials Technology</b>	<b>Studsvik Scandpower</b>	<b>Other</b>	<b>Elimination</b>	<b>Group</b>
External sales revenue	–	435.1	193.7	86.2	43.8	–	758.8
Revenue from segment	–	13.3	2.6	10.1	28.1	–54.1	0.0
Operating profit	–	14.0	29.7	2.8	–21.9	0.0	24.7
Items affecting comparability	–	–13.4	–0.8	–	–2.9	–	17.0
Adjusted operating profit	–	27.4	30.5	2.8	–19.0	–	41.7
Assets	–	425.1	167.8	110.1	487.4	–289.4	901.0
Liabilities	–	353.1	142.8	28.3	317.7	–289.4	552.6
Investments	–	2.4	11.7	0.1	1.1	–	15.3
Depreciation/amortization	–	2.9	7.5	0.8	6.4	–	17.6
Average number of employees	–	523	93	34	37	–	687

\*Operations held for sale. For more information, please see Note 1.

## Parent company income statement

Amounts in SEK million	April-June 2017	April-June 2016	January-June 2017	January-June 20156	Full year 2016
Net sales	4.9	4.2	10.1	8.9	22.5
Cost of services sold	-0.2	-0.7	-0.9	-1.4	-2.8
<b>Gross profit</b>	<b>4.7</b>	<b>3.5</b>	<b>9.2</b>	<b>7.5</b>	<b>19.7</b>
Other operating income and costs	-10.3	-8.2	-19.3	-18.5	-36.0
<b>Operating profit</b>	<b>-5.6</b>	<b>-4.7</b>	<b>-10.1</b>	<b>-11.0</b>	<b>-16.3</b>
Result from participations in Group companies	-	-	-	-	14.3
Net financial items	-5.6	1.5	-9.5	-4.2	-6.2
<b>Profit/loss before tax</b>	<b>-11.2</b>	<b>-3.2</b>	<b>-19.6</b>	<b>-15.2</b>	<b>-8.2</b>
Income tax	2.5	0.7	4.3	3.4	4.1
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-8.7</b>	<b>-2.5</b>	<b>-15.3</b>	<b>-11.8</b>	<b>-4.1</b>

## Parent company balance sheet

Amounts in SEK million

	June 2017	June 2016	Decemberr 2016
<b>ASSETS</b>			
Intangible assets	2.2	2.9	2.6
Property, plant and equipment	-	-	0.0
Financial non-current assets	640.3	626.3	652.9
<b>Total non-current assets</b>	<b>642.5</b>	<b>629.2</b>	<b>655.5</b>
Current assets	26.5	61.5	24.1
Cash and cash equivalents	32.1	24.7	43.9
<b>Total current assets</b>	<b>58.6</b>	<b>86.2</b>	<b>68.0</b>
<b>TOTAL ASSETS</b>	<b>701.1</b>	<b>715.4</b>	<b>723.5</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	263.3	279.1	286.8
Provisions	-	-	-
Non-current liabilities	266.5	382.1	267.0
Current liabilities	171.3	54.2	169.7
<b>Total liabilities</b>	<b>437.8</b>	<b>436.3</b>	<b>436.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>701.1</b>	<b>715.4</b>	<b>723.5</b>
Pledged assets	223.4	133.9	223.4
Contingent liabilities	3.5	5.3	5.3

**Note 1 Operations held for sale**

Assets and liabilities referring to the Waste Treatment business area have been accounted for as held for sale.

Amounts in SEK million

	April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
Cash flow from operating activities	–	–12.8	–	–9.9	–47.3
Cash flow from investing activities	–	0.6	–	–3.0	–3.0
Cash flow from financing activities	–	–0.5	–	–1.1	–1.6
<b>Total cash flow</b>	<b>–</b>	<b>–12.7</b>	<b>–</b>	<b>–14.0</b>	<b>–51.9</b>
<b>Assets in operations held for sale</b>					
Property, plant and equipment	–	–	–	220.3	–
Intangible assets	–	–	–	7.2	–
Financial assets	–	–	–	17.9	–
Current assets	–	–	–	45.9	–
<b>Total assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>291.3</b>	<b>–</b>
<b>Liabilities in operations held for sale</b>					
Trade and other payables	–	–	–	84.2	–
Non-current liabilities	–	–	–	23.1	–
Provisions	–	–	–	90.5	–
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>197.8</b>	<b>–</b>
<b>Analysis of profit/loss from operations held for sale</b>					
Income	–	29.2	–	66.3	71.6
Costs	–	–47.9	–	–97.4	–134.0
<b>Profit/loss from operations held for sale – before tax</b>	<b>–</b>	<b>–18.7</b>	<b>–</b>	<b>–31.1</b>	<b>–62.4</b>
Profit from operations held for sale	–	–	–	–	107.1
Income tax	–	–	–	–	1.3
<b>Profit/loss from operations held for sale – after tax</b>	<b>–</b>	<b>–18.7</b>	<b>–</b>	<b>–31.1</b>	<b>46.0</b>

**Note 2 Fair value estimation**

The tables below show financial instruments at fair value on the basis of their classification in the fair value hierarchy. The definition of the various levels can be found in the Annual Report, Note 2.3. The tables below refer to total operations.

<b>The Group's assets and liabilities measured at fair value as at June 30, 2017 (MSEK)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>			
Financial assets at fair value through profit or loss		17.1	12.8
Derivatives used for hedging		3.4	
<b>Liabilities</b>			
Derivatives used for hedging		3.9	
<b>The Group's assets and liabilities measured at fair value as at December 31, 2016 (MSEK)</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss		17.7	12.3
Derivatives used for hedging		2.2	
<b>Liabilities</b>			
Derivatives used for hedging		5.9	
<b>Fair value of the Group's borrowings (MSEK)</b>			
	<b>June 30, 2017</b>	<b>December 31, 2016</b>	
Non-current loans	199.1	198.2	
Current loans	0.0	0.0	
<b>Total loans</b>	<b>199.1</b>	<b>198.2</b>	

## Reconciliations of key ratio

## Return on capital employed

Amounts in SEK million	June 2017	June 2016	Full year 2016
Profit/loss after financial items	-36.6	-0.9	8.3
Financial costs according to the income statement	8.0	10.4	25.0
Fair value - foreign exchange losses	8.5	0.0	0.5
<b>Total</b>	<b>-20.1</b>	<b>9.5</b>	<b>33.8</b>
Balance sheet total	901.0	711.6	686.6
Provisions and other long-term liabilities	-161.7	-84.0	-80.6
Trade and other payables	-192.6	-221.9	-224.3
<b>Opening capital employed</b>	<b>546.7</b>	<b>405.7</b>	<b>381.7</b>
Balance sheet total	861.8	729.8	901.0
Provisions and other long-term liabilities	-158.4	-129.9	-161.7
Trade and other payables	-195.9	-127.9	-192.6
<b>Closing capital employed</b>	<b>507.5</b>	<b>472.0</b>	<b>546.7</b>
<b>Average capital employed</b>	<b>527.1</b>	<b>438.9</b>	<b>464.2</b>
<b>Return on capital employed</b>	<b>-3.8</b>	<b>2.2</b>	<b>7.3</b>

## Return on equity

Amounts in SEK million	June 2017	June 2016	Fyll year 2016
Net profit/loss for the year	-32.5	7.6	17.0
<b>Total</b>	<b>-32.5</b>	<b>7.6</b>	<b>17.0</b>
Opening equity	348.5	298.3	298.3
Closing equity	308.4	268.0	348.5
<b>Return on equity</b>	<b>-9.9</b>	<b>2.7</b>	<b>5.3</b>

## Net debt

Amounts in SEK million	June 2017	June 2016	Full year 2016
Current borrowing	0.0	0.0	0.0
Non-current borrowing	199.1	297.5	198.2
<b>Total liabilities</b>	<b>199.1</b>	<b>297.5</b>	<b>198.2</b>
Cash and cash equivalents	140.8	123.2	195.4
<b>Net debt</b>	<b>58.3</b>	<b>174.3</b>	<b>2.9</b>

## Definitions of key figures and ratios

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Some key figures and ratios used by company management and analysts to assess the Group's development have not been prepared in accordance with IFRS (International Financial Reporting Standards). The company management considers that these key figures and ratios make it easier for investors to analyze the Group's development.

### Equity

The total of non-restricted and restricted equity at the end of the year. Average equity capital has been calculated as opening balance plus closing balance of equity capital, divided by two.

### Equity per share

Equity divided by the number of shares at the end of the period.

### Free cash flow

Cash flow from operating activities (after change in operating profit) minus cash flow from investing activities.

### Sales revenue per employee

Sales revenue divided by average number of employees. For quarterly reports net sales are estimated on a full year basis.

### Investments

Total of the acquisition of business/subsidiaries and acquisition of intangible asset and property, plant and equipment.

### Average number of employees

Average number of employees at the end of each month.

### Net debt

Total long-term and short-term borrowing less cash and cash equivalents.

### Net debt-equity ratio

Interest-bearing net debt divided by equity including non-controlling interests.

### Earnings per share

Profit for the year divided by the average number of shares. The average number of shares has been calculated as a weighted average of all shares in issue for the year.

### Return on equity

Profit for the year as a percentage of average equity.

### Return on capital employed

Profit/loss after financial items with financial expenses, fair value losses and foreign exchange losses added back, as a percentage of average capital employed. For the comparison year, capital employed has been adjusted by estimated values for operations held for sale, and only calculated on the closing balance.

### Interest coverage ratio

Profit after financial income divided by the financial expenses.

### Operating margin

Operating result after amortization as a percentage of net sales.

### Equity/assets ratio

Equity including non-controlling interests as a percentage of the balance sheet total.

### Capital employed

Balance sheet total less non-interest-bearing liabilities. Average capital employed has been calculated as opening balance plus closing balance of capital employed, divided by two.

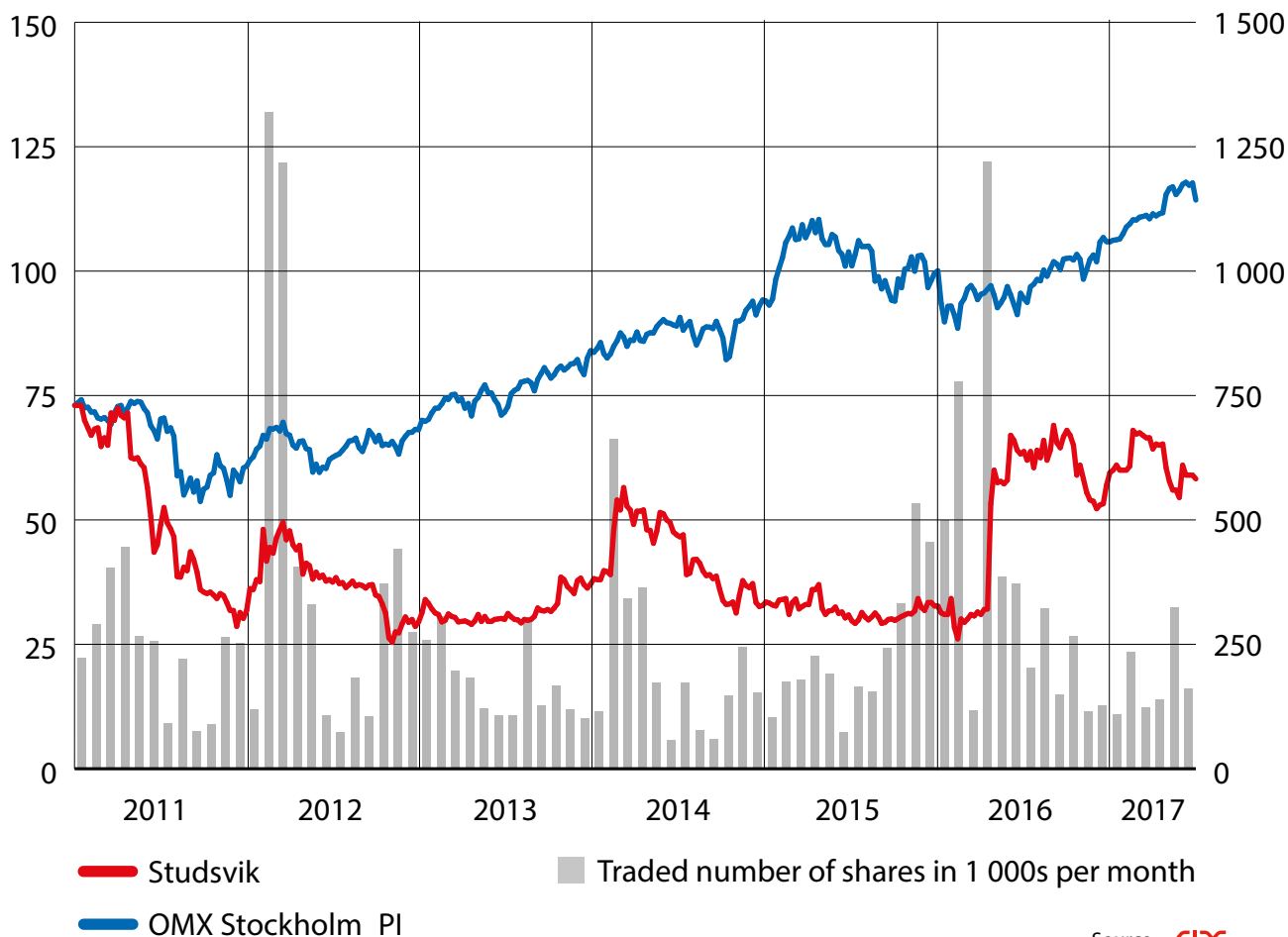
### Profit margin

Profit before tax as a percentage of net sales.

## Major shareholders, June 30, 2017

	Number of shares	Share, %
Familjen Karinen	1,769,552	21.5
Briban Invest AB	1,285,492	15.6
Peter Gyllenhammar AB	794,543	9.7
Avanza Pensionsförsäkring AB	364,911	4.4
Credit Agricole Suisse SA	363,879	4.4
Malte Edenius	250,000	3.0
Invus Investment AB	191,594	2.3
Leif Lundin	190,190	2.3
Nordnet Pensionsförsäkring AB	176,792	2.2
Unionen	152,709	1.9
<b>Total ten largest shareholders - holdings</b>	<b>5,539,662</b>	<b>67.3</b>
Other shareholders	2,678,949	32.7
<b>Total</b>	<b>8,218,611</b>	<b>100.0</b>

## The Studsvik share



### Facts about Studsvik

Studsvik offers a range of advanced technical services to the global nuclear power industry. Studsvik's business focus areas are fuel and materials technology, reactor analysis software and consultancy services within waste treatment technology, decommissioning, NORM and solutions for final disposal. The company has 70 years nuclear technology and radiological service experience. Studsvik has 700 employees in 7 countries and the company's shares are listed on the Nasdaq Stockholm

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