

# INTERIM REPORT JANUARY-SEPTEMBER 2016

## Third quarter

- **The operating income** amounted to SEK 591 million [611] and organic growth was -3%
- **The operating profit** amounted to SEK 23 million [13], yielding an operating margin of 3.8% [2.2]
- **The profit after tax** amounted to SEK 16 million [9]
- **Earnings per share (EPS) after dilution** amounted to SEK 0.89 [0.51]

## January–September

- **The operating income** amounted to SEK 1,957 million [1,920] and organic growth was 2%
- **The operating profit** amounted to SEK 77 million [19], yielding an operating margin of 3.9% [1.0]
- **The profit after tax** amounted to SEK 55 million [12]
- **Earnings per share (EPS) after dilution** amounted to SEK 3.05 [0.66]
- **The equity/assets ratio** amounted to 51% [47]

## Comment from CEO Markus Granlund:

In the third quarter, we continued to report better results compared with last year, and all business areas reported improved results in 2016. Business area Engineering Services Nordic noted continued strong demand from the automotive industry, while the energy sector was relatively weak.

In business area Engineering Services Germany, a reorganisation was initiated at the end of last year and a new organisation is now in place to achieve improved productivity with an even greater customer focus. During the autumn, construction will also commence of a new facility for engineering services and advanced testing in Ingolstadt with the aim of strengthening Semcon's role as premium partner to the German automotive industry.

In business area Engineering Services International, we are increasing our deliveries in projects for Europe, such as in autonomous vehicles. The Group's higher number of project commitments also means that we have greater possibilities to use the expertise available in Semcon's international organisation, which generates distinct added value for our customers.

The interest in Business Area Product Information's customers' aftermarket business offering remains strong. More companies are seeing the benefits of employing a partner whose core business is to create, digitalize and distribute product information. The new partnership agreements signed earlier this year are clear evidence of this.

During the third quarter, we launched our new communication strategy and it is positive to see the attention and spread that the launch of the "Smiling Car" concept has had globally. In addition, a new graphic profile and new website were launched. With our new communication strategy, we are increasing our visibility and becoming even more distinct in our communication in relation to our position and our customer offering. We have a clear ambition to increase Semcon's market share and further strengthen the brand.

Our international expertise in product development in several industries is a key element in contributing to our customers' success. Our mission, to develop products that make life simpler for the end-user, is becoming increasingly important now that the next generation of smart products is being launched.

## Income and result

### Third quarter

Operating income amounted to SEK 591 million [611]. Adjusted for currency effects and acquisitions, income decreased by 3%. The business areas Engineering Services Nordic and Engineering Services International showed growth, while the business areas Engineering Services Germany and Product Information had reduced sales. Operating profit amounted to SEK 23 million [13], yielding an operating margin of 3.8% [2.2]. In particular, it was the business areas Engineering Services Nordic and Product Information that reported improved operating profit compared with the preceding year.

Net financial items amounted to SEK -1 million [-1], yielding profit before tax of SEK 22 million [12]. The tax expense amounted to SEK 5 million [3]. Profit after tax was SEK 16 million [9] and EPS after dilution was SEK 0.89 [0.51].

### January–September

Operating income amounted to SEK 1,957 million [1,920]. Adjusted for currency effects and acquisitions, income increased by 2%. Operating profit was SEK 77 million [19], yielding an operating margin of 3.9% [1.0]. All business areas reported improved operating profit compared with the preceding year. Last year, the business area Engineering Services Germany's operating profit was affected by SEK 20 million in restructuring costs. Business area Product Information's operating profit was positively affected this year by recovered write-downs of accounts receivable of SEK 7 million.

Net financial items amounted to SEK -3 million [-3], yielding profit before tax of SEK 74 million [16]. The tax expense amounted to SEK 18 million [4]. Profit after tax was SEK 55 million [12] and EPS after dilution was SEK 3.05 [0.66].

## Financial position

Operating cash flow from current activities was SEK 8 million [-107]. Cash flow is seasonally weak in the first three quarters. Investments in hardware, licenses, office supplies and equipment amounted to SEK 30 million [29]. The Group's cash and cash equivalents amounted to

SEK 56 million [43], with additional non-utilised credit of SEK 257 million [179] as per September 30.

Shareholders' equity amounted to SEK 638 million [617] and the equity/assets ratio was 51% [47]. During the second quarter, a dividend of SEK 22 million [45] was paid to shareholders. The Group's net debt amounted to SEK 133 million [214]. Excluding pension commitments, net debt amounted to SEK 60 million [146]. The debt/equity ratio was 0.2 times [0.3].

## Important events during the year

- In March Semcon was selected as the "Rocket of the Year" (most places climbed by a company) in Universum's annual survey of attractive employers in a poll of 24,000 engineering students.
- In April Semcon signed a partnership agreement with China Euro Vehicle Technology AB (CEVT) concerning product information for a new model program. The project will at most involve around 40 employees and is expected to run until the end of 2017.
- In April Semcon signed a partnership agreement with the London Taxi Company concerning after-market information with a clear focus on digital technology. The agreement will run for five years and initially involve around 25 employees.
- In April Semcon's Innovation Lab launched its first product concept, a compact and cost-effective motor prototype that can be installed on any bicycle.
- In May Semcon received a prestigious prize in Brazil for its focus on innovation and global collaboration for autonomous vehicles. The prize was linked to a project in which Semcon is developing software systems for autonomous vehicles for a European automotive manufacturer.
- At the end of May Semcon was awarded an assignment to secure production of climate-neutral electricity in a project run by Fortum. The project will last for three years and is the result of Semcon's long-term focus in the energy sector.
- In September, Semcon's new communication strategy was launched, which seeks to more clearly communicate the company's new positioning. This was highlighted internally and externally through the "Smiling Car" concept, new graphic profile and new website.

### Change in Operating income\*

	July-Sept	Jan-Sept
Acquisition	3%	3%
Currency effects	-3%	-3%
Organic growth	-3%	2%
<b>Total</b>	<b>-3%</b>	<b>2%</b>

\* Compared to last year.

## Employees

The head count on September 30 was 2,858 [2,864] and the number of employees in active service was 2,699 [2,783]. In the respective business areas the head count is as follows: Engineering Services Nordic 1,092 [1,011], Engineering Services Germany 822 [980], Engineering Services International 363 [345] and Product Information 581 [528]. A restructuring has taken place over the past year in business area Engineering Services Germany resulting in a fall of number of employees.

## Ownership structure

As of September 30, JCE Group owned 25.9% [22.2] of Semcon's shares, Swedbank Robur Fonder 8.2% [8.4], Nordea Investment Funds 5.2% [6.3], Ålandsbanken 5.0% [3.3] och Länsförsäkringar Skåne 4.4% [-]. Foreign ownership was 26.9% [27.2] and the number of shareholders was 4,211 [4,368]. The number of ordinary shares at the end of the period was 18,112,534 [18,112,534], all with the quotient value of SEK 1 and equal voting rights. Semcon owned 242,718 [242,718] of the company's share on September 30. Semcon is listed on Nasdaq Stockholm, small cap under the SEMC ticker. For more information about Semcon's ownership structure and share price movements visit [www.semcon.com](http://www.semcon.com).

## Acquisitions and divestments

No acquisitions and divestments have taken place during the period.

## Parent company

Operating income for the parent company amounted to SEK 19 million [15] and pertains to compensation for intra-Group services. The loss before tax totalled SEK -38 million [-10].

## 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 interest rate and currency risks. Semcon's Annual Report 2015, pages 47-48 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]. In Addition, ESMAS's guidelines regarding alternative performance measures are applied from July 2016. This Interim report has been drawn up in accordance with IAS 34. A number of new standards and IFRIC statements were introduced on January 1, 2016. None of these have had any effect on the Group's accounts over the period. In general, the same accounting policies and methods of calculation have been used in this report as in the latest Annual Report.

## Other information

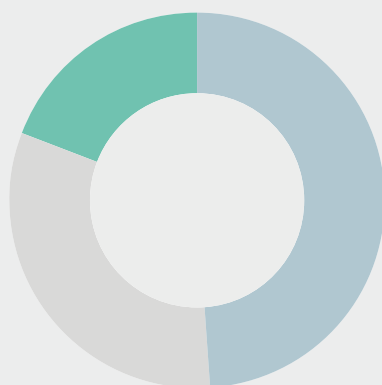
JCE Group is the largest owner of Semcon AB. During the year, rental income of TSEK 91 [-] was received from JCE Group.

## Events after the end of the period

No significant events occurred after the end of the period.

### Group sales per market

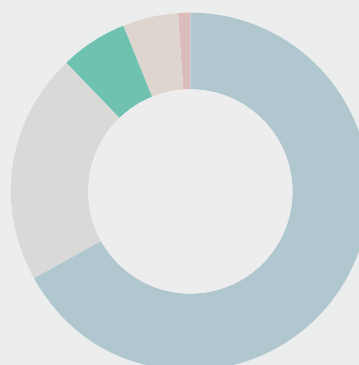
Jan–Sept, 2016



■ Sweden, 49% [46]  
■ Germany, 32% [34]  
■ Other, 19% [20]

### Group sales per industry

Jan–Sept, 2016



■ Automotive, 67% [67]  
■ Industry, 21% [20]  
■ Energy, 6% [6]  
■ Life Science, 5% [5]  
■ Other, 1% [2]

# BUSINESS AREAS

## Engineering Services Nordic

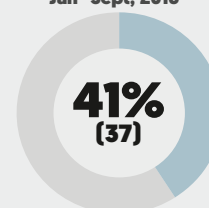
### Income and result

The business area's income amounted to SEK 825 million [738]. Adjusted for acquisitions this represented an increase of 5%. Sales to the automotive industry remained good, while demand from energy customers was at a lower level. Operating profit amounted to SEK 29 million [21], yielding an operating margin of 3.6% [2.9]. Activities in Norway negatively affected operating profit during the year

by SEK 7 million [-]. Measures were taken and the Norwegian business is expected to report improved income in future. The business area is continuing its efforts to develop its range to become more value-based. This change and associated measures are expected to lead to improved growth and profitability.

	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Operating income, MSEK	237.0	206.1	825.0	738.3	1,008.7
Operating profit, MSEK	7.5	2.3	29.3	21.4	30.5
Operating margin, %	3.2	1.1	3.6	2.9	3.0
No. of employees	1,092	1,011	1,092	1,011	1,098

Share of Semcon's total sale  
Jan-Sept, 2016



### About Engineering Services Nordic

The business area's around 1,100 employees provide services in areas such as product development, plant engineering and production development. 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. Business activities mainly focus on automotive, industry, energy and life science sectors in the Nordic region. Customers include ABB, AB Volvo, Alstom, AstraZeneca, Bombardier, CEVT, Geely, Fortum, General Electric, Getinge, Husqvarna, Metso, Rolls-Royce Marine, Saab, Scania, Siemens, Vattenfall and Volvo Cars.

## Engineering Services Germany

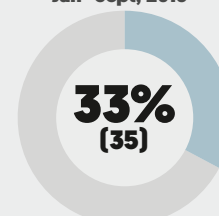
### Income and result

The business area's income amounted to SEK 668 million [693], which adjusted for currency effects represented a decrease of 4%. Operating profit amounted to SEK 14 million [-30], yielding an operating margin of 2.0% [-4.3]. The second quarter of 2015 was negatively affected by restructuring costs totalling SEK 20 million. Measures were initiated at the end of last year to strengthen the customer

offer and the new business structure and organisation now in place will ensure the prerequisites for gradually improving results. Demand during the year from a major automotive customer was at a lower level. However, long-term demand for development services in the German automotive industry is deemed to remain high due to the technology shift toward electrification and connected vehicles.

	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Operating income, MSEK	208.7	233.3	667.8	693.1	900.8
Operating profit/loss, MSEK	6.4	5.6	13.5	-29.9	-48.6
Operating margin, %	3.1	2.4	2.0	-4.3	-5.4
No. of employees	822	980	822	980	957

Share of Semcon's total sale  
Jan-Sept, 2016



### About Engineering Services Germany

The business area's around 800 employees provide services to customers primarily in the German automotive industry. The offer includes focusing on concepts, styling, design, calculations, project management, prototyping, testing, simulations and small serial production. Customers include many of the world's leading automotive manufacturers, such as Audi, BMW, Daimler, Opel/GM, Porsche, VW and also customers in other industries such as Sell and Vattenfall.

## BUSINESS AREAS CONTINUED

### Engineering Services International

#### Income and result

The business area's income amounted to SEK 152 million [154], which adjusted for currency effects represented an increase of 8%. The operating profit was SEK 7 million [5], yielding an operating margin of 4.3% [3.0]. The operation in Brazil reported improved results despite a weak market.

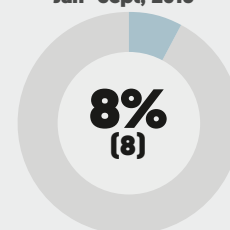
In December 2015, a new agreement was signed with a global automotive partner for autonomous vehicle systems.

	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Operating income, MSEK	<b>50.4</b>	49.2	<b>152.4</b>	154.4	200.8
Operating profit, MSEK	<b>2.7</b>	2.8	<b>6.5</b>	4.7	6.5
Operating margin, %	<b>5.4</b>	5.7	<b>4.3</b>	3.0	3.2
No. of employees	<b>363</b>	345	<b>363</b>	345	352

This assignment will be mainly based in Brazil as part of Semcon's global strategy to involve cutting-edge expertise from different countries in high-tech development projects. Around ten specialists from Semcon in Brazil are participating in the joint development project in close collaboration with the customer.

#### Share of Semcon's total sale

Jan-Sept, 2016



#### About Engineering Services international

The business area's around 350 employees in the UK, Brazil and India provide product- and production development services on respective markets. The offer is aimed at concept, design, calculations, construction, testing and simulation. Customers include a number of leading industrial companies such as AB Volvo, Aston Martin, Autoliv, Bentley, BMW, Jaguar Land Rover, McLaren, MAN, Mercedes Benz, Scania, Siemens, Volvo Cars and VW.

### Product Information

#### Income and result

The business area's income amounted to SEK 369 million [387], which adjusted for currency effects represented a decrease of 1%. New business with sectors such as telecommunications partially compensated for the fall-off in deliveries since the fourth quarter of 2015 from the partnership with Jaguar Land Rover. Operating profit amounted to SEK 37 million [22], yielding an operating margin of 10.0% [5.8].

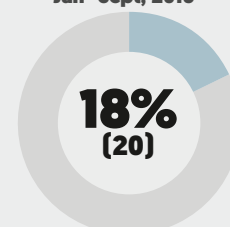
The operating profit includes a positive

	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Operating income, MSEK	<b>109.9</b>	128.5	<b>368.7</b>	387.3	503.7
Operating profit, MSEK	<b>8.7</b>	3.0	<b>36.7</b>	22.3	28.4
Operating margin, %	<b>7.9</b>	2.3	<b>10.0</b>	5.8	5.6
No. of employees	<b>581</b>	528	<b>581</b>	528	529

effect from recovered write-downs of accounts receivable of SEK 7 million, of which SEK 5 million was in the first quarter and SEK 2 million in the second quarter. The business area's strategy is focused on more, bigger partnership agreements, with two such agreements being signed in the second quarter with CEVT and The London Taxi Company. The projects are being delivered by Semcon's global teams and currently involve around 55 employees.

#### Share of Semcon's total sale

Jan-Sept, 2016



#### About Product Information

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

Göteborg October 27, 2016

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 11:30 a.m. CET on October 27, 2016.

## FINANCIAL CALENDAR

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Year-end report 2016	February 9, 2017
Interim report January-March 2017	April 26, 2017
Annual General Meeting 2017	April 26, 2017
Interim report January-June 2017	July 19, 2017
Interim report January-September 2017	October 27, 2017
Year-end report 2017	February 8, 2018

# Consolidated FINANCIAL, SUMMARY

## Income statements

MSEK	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Operating income	591.4	610.8	1,957.2	1,920.2	2,557.4
Purchase of goods and services	-144.7	-155.1	-452.8	-418.1	-560.6
Other external operating expenses	-56.0	-60.8	-181.1	-183.4	-235.9
Staff costs	-362.4	-376.5	-1,229.8	-1,283.9	-1,730.0
<b>Operating profit before depreciation</b>	<b>28.3</b>	<b>18.4</b>	<b>93.5</b>	<b>34.8</b>	<b>30.9</b>
Depreciation of tangible fixed assets	-4.5	-3.4	-13.4	-12.0	-16.3
Depreciation of intangible assets	-1.2	-1.7	-3.5	-3.8	-5.0
<b>Operating profit</b>	<b>22.6</b>	<b>13.3</b>	<b>76.6</b>	<b>19.0</b>	<b>9.6</b>
Net financial items	-1.1	-0.8	-3.0	-2.9	-4.3
<b>Profit before tax</b>	<b>21.5</b>	<b>12.5</b>	<b>73.6</b>	<b>16.1</b>	<b>5.3</b>
Tax	-5.4	-3.3	-18.4	-4.2	-1.8
<b>Profit after tax</b>	<b>16.1</b>	<b>9.2</b>	<b>55.2</b>	<b>11.9</b>	<b>3.5</b>
<b>Profit attributable to:</b>					
Parent company's shareholders	16.1	9.2	55.2	11.9	3.6
Non-controlling interests	-	-	-	-	-0.1
<b>Total profit after tax</b>	<b>16.1</b>	<b>9.2</b>	<b>55.2</b>	<b>11.9</b>	<b>3.5</b>
Earnings per share before dilution [SEK]	0.90	0.51	3.09	0.66	0.20
Earnings per share after dilution [SEK]	0.89	0.51	3.05	0.66	0.20
Number of working days in period	66	66	188	187	250

## Statement of comprehensive income

MSEK	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Profit after tax	16.1	9.2	55.2	11.9	3.5
<i>Items that cannot be reclassified as profit or loss</i>					
Actuarial profits or losses	-	-	-	-	-3.4
Tax	-	-	-	-	1.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.4</b>
<i>Items that can be reclassified as profit or loss</i>					
Translation differences for the period	6.7	0.6	14.9	-8.4	-17.9
Hedging of net investments	-8.3	-7.4	-18.3	1.7	11.5
Cash flow hedging	-	-	0.1	-	0.3
Tax attributable to hedging effects of net investments	1.8	1.6	4.0	-0.4	-2.6
<b>Total</b>	<b>0.2</b>	<b>-5.2</b>	<b>0.7</b>	<b>-7.1</b>	<b>-8.7</b>
<b>Other comprehensive income</b>	<b>0.2</b>	<b>-5.2</b>	<b>0.7</b>	<b>-7.1</b>	<b>-11.1</b>
<b>Other comprehensive income for the period</b>	<b>16.3</b>	<b>4.0</b>	<b>55.9</b>	<b>4.8</b>	<b>-7.6</b>
<b>Comprehensive income attributable to:</b>					
Parent company's shareholders	16.3	4.0	55.9	4.8	-7.5
Non-controlling interests	-	-	-	-	-0.1
<b>Total</b>	<b>16.3</b>	<b>4.0</b>	<b>55.9</b>	<b>4.8</b>	<b>-7.6</b>

## Quarterly information by business area

	2014				2014	2015				2015	2016		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3
<b>Operating income (MSEK)</b>													
Engineering Services Nordic	275.3	259.2	209.7	269.5	1,013.7	266.6	265.5	206.1	270.4	1,008.7	278.8	309.2	237.0
Engineering Services Germany	264.6	250.4	242.9	247.8	1,005.7	244.6	215.2	233.3	207.7	900.8	232.5	226.6	208.7
Engineering Services International	50.5	51.9	53.7	56.5	212.6	53.8	51.4	49.2	46.4	200.8	49.6	52.4	50.4
Product Information	126.5	127.9	124.2	163.8	542.4	134.7	124.1	128.5	116.4	503.7	126.4	132.4	109.9
Group items/eliminations	-12.8	-10.9	-18.3	-6.7	-48.7	-22.5	-24.1	-6.3	-3.7*	-56.6	-21.2	-20.9	-14.6
<b>Total</b>	<b>704.1</b>	<b>678.5</b>	<b>612.2</b>	<b>730.9</b>	<b>2,725.7</b>	<b>677.2</b>	<b>632.2</b>	<b>610.8</b>	<b>637.2</b>	<b>2,557.4</b>	<b>666.1</b>	<b>699.7</b>	<b>591.4</b>
<b>Operating profit/loss (MSEK)</b>													
Engineering Services Nordic	16.2	2.3	5.2	-4.3	19.4	15.2	3.9	2.3	9.1	30.5	6.6	15.2	7.5
Engineering Services Germany	10.7	-4.8	10.7	3.5	20.1	4.7	-40.2	5.6	-18.7	-48.6	2.6	4.5	6.4
Engineering Services International	1.1	-1.0	2.4	2.4	4.9	0.6	1.3	2.8	1.8	6.5	0.6	3.2	2.7
Product Information	13.3	5.4	12.9	20.7	52.3	12.6	6.7	3.0	6.1	28.4	12.9	15.1	8.7
Group items/eliminations	0.1	0.9	0.4	4.3	5.7	1.1	-0.2	-0.4	-7.7*	-7.2	0.3	-7.0	-2.7
<b>Total</b>	<b>41.4</b>	<b>2.8</b>	<b>31.6</b>	<b>26.6</b>	<b>102.4</b>	<b>34.2</b>	<b>-28.5</b>	<b>13.3</b>	<b>-9.4</b>	<b>9.6</b>	<b>23.0</b>	<b>31.0</b>	<b>22.6</b>
<b>Operating margin (%)</b>													
Engineering Services Nordic	5.9	0.9	2.5	-1.6	1.9	5.7	1.5	1.1	3.4	3.0	2.4	4.9	3.2
Engineering Services Germany	4.0	-1.9	4.4	1.4	2.0	1.9	-18.7	2.4	-9.0	-5.4	1.1	2.0	3.1
Engineering Services International	2.2	-1.9	4.5	4.3	2.3	1.1	2.5	5.7	3.9	3.2	1.2	6.1	5.4
Product Information	10.5	4.2	10.4	12.6	9.6	9.4	5.4	2.3	5.2	5.6	10.2	11.4	7.9
<b>Total</b>	<b>5.9</b>	<b>0.4</b>	<b>5.2</b>	<b>3.6</b>	<b>3.8</b>	<b>5.1</b>	<b>-4.5</b>	<b>2.2</b>	<b>-1.5</b>	<b>0.4</b>	<b>3.5</b>	<b>4.4</b>	<b>3.8</b>
<b>Number of employees</b>													
Engineering Services Nordic	1,085	1,058	1,071	1,038	1,038	1,017	996	1,011	1,098	1,098	1,079	1,083	1,092
Engineering Services Germany	1,088	1,082	1,069	1,044	1,044	1,012	997	980	957	957	914	874	822
Engineering Services International	343	357	359	359	359	344	338	345	352	352	354	351	363
Product Information	526	535	551	549	549	562	555	528	529	529	554	589	581
<b>Total</b>	<b>3,042</b>	<b>3,032</b>	<b>3,050</b>	<b>2,990</b>	<b>2,990</b>	<b>2,935</b>	<b>2,886</b>	<b>2,864</b>	<b>2,936</b>	<b>2,936</b>	<b>2,901</b>	<b>2,897</b>	<b>2,858</b>
<b>Number of working days</b>	<b>62</b>	<b>58</b>	<b>66</b>	<b>62</b>	<b>248</b>	<b>62</b>	<b>59</b>	<b>66</b>	<b>63</b>	<b>250</b>	<b>61</b>	<b>61</b>	<b>66</b>

\*Includes Semcon Devotek AS (formerly Devotek AS) which was consolidated as of November 2, 2015. Income for the period November to December 2015 amounted to SEK 15.9 million and the operating loss was SEK 5.7 million. From January 1, 2016, Semcon Devotek's income and operating profit is reported as part of business area, Engineering Services Nordic.



## Balance sheets

MSEK	Sept 30		Dec 31
	2016	2015	2015
<b>Assets</b>			
Intangible assets, goodwill	477.1	453.8	465.9
Other intangible assets	16.3	19.0	18.9
Tangible fixed assets	68.5	52.3	51.0
Financial fixed assets	-	14.9	-
Deferred tax recoverable	61.4	54.3	61.3
Accounts receivable	272.3	361.9	433.1
Accrued non-invoiced income	237.8	248.2	108.2
Other current assets	68.6	73.8	71.7
Cash and cash equivalents	55.7	43.1	126.1
<b>Total assets</b>	<b>1,257.7</b>	<b>1,321.3</b>	<b>1,336.2</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	638.3	616.9	604.5
Pensions obligations	73.1	68.0	68.4
Deferred tax liabilities	35.2	34.5	28.9
Interest-bearing short-term liabilities	116.0	189.2	136.1
Accounts payable	54.5	60.3	81.0
Other non interest-bearing current liabilities	340.6	352.4	417.3
<b>Total shareholders' equity and liabilities</b>	<b>1,257.7</b>	<b>1,321.3</b>	<b>1,336.2</b>

## Change in shareholders' equity

MSEK	Sept 30		Dec 31
	2016	2015	2015
Shareholders' equity at the start of the period	604.5	662.5	662.5
Total comprehensive income	55.9	4.8	-7.6
Acquisition of own shares	-	-5.6	-5.6
Share-based remuneration	0.2	0.1	0.1
Shareholder dividend	-22.3	-44.9	-44.9
<b>Shareholders' equity at the end of the period</b>	<b>638.3</b>	<b>616.9</b>	<b>604.5</b>

## Capital employed

MSEK	Sept 30		Dec 31
	2016	2015	2015
Total assets	1,257.7	1,321.3	1,336.2
Deferred tax liabilities	-35.2	-34.5	-28.9
Accounts payable	-54.5	-60.3	-81.0
Other non interest-bearing current liabilities	-340.6	-352.4	-417.3
<b>Total capital employed</b>	<b>827.4</b>	<b>874.1</b>	<b>809.0</b>
<b>Average capital employed</b>	<b>826.1</b>	<b>851.9</b>	<b>846.8</b>

## Cash flow statements

MSEK	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Cash flow from current activities					
before change in working capital	25.6	16.0	83.8	14.6	-0.7
Change in working capital	22.0	-13.7	-75.9	-122.1	28.0
<b>Cash flow from current activities</b>	<b>47.6</b>	<b>2.3</b>	<b>7.9</b>	<b>-107.5</b>	<b>27.3</b>
Investments	-3.9	-6.2	-30.2	-29.0	-32.8
Acquisitions and divestments of subsidiaries	-	-	-	-	2.6
Sales of fixed assets	0.1	0.1	0.3	0.4	0.4
<b>Cash flow from investment activities</b>	<b>-3.8</b>	<b>-6.1</b>	<b>-29.9</b>	<b>-28.6</b>	<b>-29.8</b>
Change in interest-bearing liabilities	-33.8	-5.8	-26.8	77.9	30.6
Acquisition of own shares	-	-	-	-5.6	-5.6
Shareholder dividend	-	-	-22.3	-44.9	-44.9
<b>Cash flow from financing activities</b>	<b>-33.8</b>	<b>-5.8</b>	<b>-49.1</b>	<b>27.4</b>	<b>-19.9</b>
<b>Cash flow for the period</b>	<b>10.0</b>	<b>-9.6</b>	<b>-71.1</b>	<b>-108.7</b>	<b>-22.4</b>
Cash and bank at the start of the period	46.8	54.9	126.1	152.3	152.3
Translation difference	-1.1	-2.2	0.7	-0.5	-3.8
<b>Cash and bank at the end of the period</b>	<b>55.7</b>	<b>43.1</b>	<b>55.7</b>	<b>43.1</b>	<b>126.1</b>

## Change in net debt

MSEK	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Opening balance	169.7	198.2	78.4	14.0	14.0
Cash flow from operating activities	-47.6	-2.3	-7.9	107.5	-27.3
Investments	3.8	6.1	29.9	28.6	32.4
Acquisitions and divestments of subsidiaries	-	-	-	-	-2.6
Shareholder dividend	-	-	22.3	44.9	44.9
Acquisition of own shares	-	-	-	5.6	5.6
Other	7.5	12.1	10.7	13.5	11.4
<b>Closing balance</b>	<b>133.4</b>	<b>214.1</b>	<b>133.4</b>	<b>214.1</b>	<b>78.4</b>

## Net debt

MSEK	Sept 30		Dec 31
	2016	2015	2015
Interest-bearing short-term liabilities	116.0	189.2	136.1
Pensions obligations	73.1	68.0	68.4
Cash and bank assets	-55.7	-43.1	-126.1
<b>Total net debt</b>	<b>133.4</b>	<b>214.1</b>	<b>78.4</b>

## Key figures

	Jan-Sept		Jan-Dec
	2016	2015	2015
Growth in sales [%]	1.9	-3.7	-6.2
Organic growth in sales [%]	1.8	-5.3	-6.6
Operating margin before depreciation [%]	4.8	1.8	1.2
Operating margin [%]	3.9	1.0	0.4
Profit margin [%]	3.8	0.8	0.2
Return on shareholders' equity [%]*	7.5	5.3	0.5
Return on capital employed [%]*	8.1	5.4	1.1
Equity/assets ratio [%]	50.8	46.7	45.2
Debt/equity ratio [multiple]	0.2	0.3	0.1
Number of employees at the end of the period	2,858	2,864	2,936

\* Rolling 12 months.

## Key figures for the Semcon share

	Jan-Sept		Jan-Dec
	2016	2015	2015
Earnings per share before dilution [SEK]	3.09	0.66	0.20
Earnings per share after dilution [SEK]	3.05	0.66	0.20
Shareholders' equity before dilution [SEK]	35.72	34.52	33.83
Shareholders' equity after dilution [SEK]	35.24	34.06	33.37
Share price/Shareholders' equity per share [times]	1.33	1.05	1.27
Cash flow from current activities [SEK]	0.44	-5.94	1.51
Share price at the end of the period [SEK]	47.00	35.80	42.40
Market value at the end of the period [MSEK]	851	648	768
Number of shares at the end of the period with the quotient value of SEK 1 [000]	18,113	18,113	18,113
Number of shares at the end of the period [000]	243	243	243
Average number of shares [000]	18,113	18,113	18,113

## Definitions

### Capital employed

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

### Cash flow per share

Cash flow from current activities divided by the weighted average number of outstanding shares over the period adjusted for the dilution effect on potential shares.

### Debt/equity ratio

Net debt divided by shareholders' equity.

### Earnings per share (EPS) 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.

### 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.

### Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

### Net debt

Interest-bearing provisions and liabilities with deductions for liquid assets and interest-bearing receivables.

### 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 after dilution

Shareholders' equity divided by the number of shares at end of the period adjusted for the dilution effect on potential shares.

### 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.

# Parent company

## FINANCIAL, SUMMARY

### Income statements

MSEK	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Operating income	6.3	3.2	18.8	14.9	23.7
Other external operating expenses	-6.5	-5.3	-22.2	-16.7	-25.6
Staff costs	-5.7	-6.2	-20.2	-21.0	-28.3
<b>Operating profit/loss</b>	<b>-5.9</b>	<b>-8.3</b>	<b>-23.6</b>	<b>-22.8</b>	<b>-30.2</b>
Net financial items*	-7.2	-3.5	-14.2	9.6	59.3
<b>Profit/loss after net financial items</b>	<b>-13.1</b>	<b>-11.8</b>	<b>-37.8</b>	<b>-13.2</b>	<b>29.1</b>
Appropriations**	-	-	-	-	-10.7
<b>Profit/loss before tax</b>	<b>-13.1</b>	<b>-11.8</b>	<b>-37.8</b>	<b>-13.2</b>	<b>18.4</b>
Tax	2.8	2.6	8.9	2.9	-4.8
<b>Profit/loss after tax</b>	<b>-10.3</b>	<b>-9.2</b>	<b>-28.9</b>	<b>-10.3</b>	<b>13.6</b>
* of which translation differences	-7.7	-4.2	-15.5	7.8	14.3
of which group contribution received	-	-	-	-	42.6
** of which group contribution paid	-	-	-	-	-3.6

### Statements of comprehensive income

MSEK	July-Sept		Jan-Sept		Jan-Dec
	2016	2015	2016	2015	2015
Profit/loss for the period	-10.3	-9.2	-28.9	-10.3	13.6
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-10.3</b>	<b>-9.2</b>	<b>-28.9</b>	<b>-10.3</b>	<b>13.6</b>

### Balance sheets

MSEK	Sept 30		Dec 31
	2016	2015	2015
<b>Assets</b>			
Financial fixed assets	462.9	456.9	453.9
Current assets	110.8	176.3	154.8
<b>Total assets</b>	<b>573.7</b>	<b>633.2</b>	<b>608.7</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	264.3	291.5	315.5
Untaxed reserves	7.1	-	7.1
Interest-bearing current liabilities	114.9	188.4	137.5
Non interest-bearing current liabilities	187.4	153.3	148.6
<b>Total shareholders' equity and liabilities</b>	<b>573.7</b>	<b>633.2</b>	<b>608.7</b>

# AUDITOR'S REVIEW REPORT

## Introduction

We have reviewed this Interim report for Semcon AB [556539-9549] for the period January 1, 2016 to September 30, 2016. The board of directors and the CEO are responsible for the preparation and presentation of this Interim 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.

## Review report's emphasis and scope

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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing practices.

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 expressed based on a review does not give the same level of assurance as a conclusion expressed 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 Swedish Annual Accounts Act regarding the Group and with the Swedish Annual Accounts Act regarding the Parent Company.

Göteborg, October 27, 2016

DELOITTE AB

Jan Nilsson

Authorized Public Accountant

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