

# SinterCast Results: Fourth Quarter 2018



## Record results – positive outlook

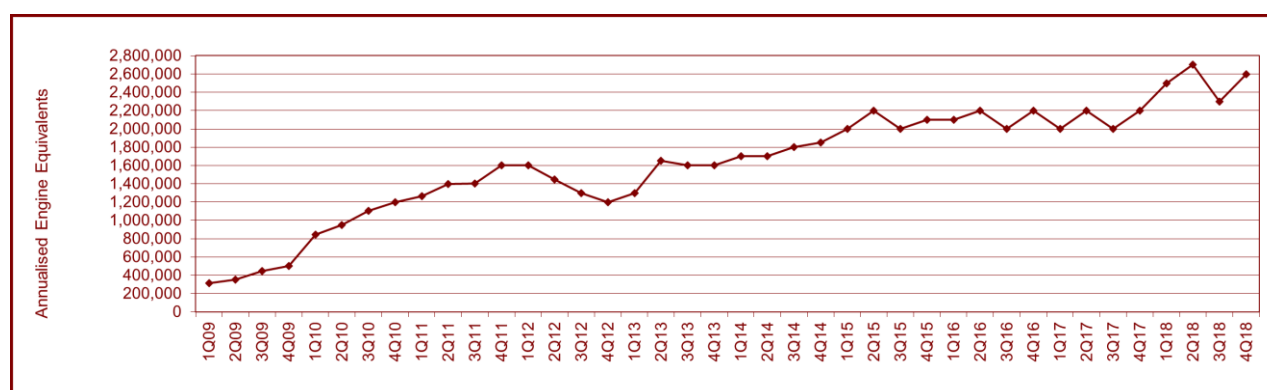
### Fourth Quarter 2018

- **Revenue for Period:** SEK 24.6 million (SEK 17.8 million)
- **Operating Result:** SEK 7.5 million (SEK 5.4 million)
- **Earnings per Share:** SEK 1.4 per share (SEK 0.8 per share)
- **Cashflow from Operations:** SEK 4.0 million (SEK 8.5 million); due to increased operating receivables
- Start of series production for Cummins 6.7L in-line diesel engine for RAM Super Duty pick ups
- High volume installation commitment for CGI commercial vehicle production at new Scania foundry
- Intensified CGI and Tracking Technologies installation activity in Europe, Asia and the Americas

### Full Year 2018

- **Revenue for Period:** SEK 87.7 million (SEK 65.6 million)
- **Operating Result:** SEK 29.4 million (SEK 17.7 million)
- **Earnings per Share:** SEK 4.6 per share (SEK 2.6 per share)
- **Cashflow from Operations:** SEK 24.8 million (SEK 16.9 million)
- **Dividend:** Proposed ordinary dividend of SEK 3.50 per share (SEK 2.75 per share) and extraordinary dividend of SEK 1.50 per share (SEK 0.0 per share), equivalent to SEK 35.5 million, paid in two instalments
- **Installed Base:** 25 (24) fully automated systems, 23 (20) mini-systems and four (one) tracking systems in 14 (13) countries

### Series Production\*



Annualised production of 2.6 million Engine Equivalents in the fourth quarter resulted in full-year production of 2.5 million Engine Equivalents, providing a 19% increase compared to the previous full-year record.

\* Annualised average production of Engine Equivalents during the quarter (1 Engine Equivalent = 50 kg)

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## CEO Comments

### **Record results across the board; positive outlook for series production**

In all of our key metrics, SinterCast posted record performance in 2018. Compared to our previous full-year records, revenue increased by 16%; operating result increased by 11%; earnings per share increased by 21%; Sampling Cup shipments increased by 17%; and, series production increased by 19%, providing double-digit growth across the board. Within series production, each of our four main sectors contributed to the growth, with year-on-year volumes up by 4% for passenger vehicles; 41% for commercial vehicles; 113% for automotive components other than cylinder blocks and heads; and, 45% for industrial power components. The full-year production split provided a healthy balance of approximately 50% passenger vehicle, 40% commercial vehicle, and 10% 'other' components, with growth opportunities in each sector.

The near-term outlook for series production remains positive, particularly with the start of production of the high volume Cummins 6.7 litre in-line diesel engine for Ram Super Duty pick-up applications. Launched at the North American International Auto Show on 14 January, foundry shipments of the 6.7 litre SinterCast-CGI cylinder block began during the fourth quarter of 2018. As a replacement programme for an existing engine, a rapid ramp-up is expected, potentially providing incremental production of approximately 300,000 Engine Equivalents per year

### **Installation activity continues to intensify**

Despite a modest installation result of SEK 4.6 million in 2018, the installation activity increased significantly during the second-half of the year and the current outlook is strong. The positive outlook includes the planned Ladle Tracker installations at the Tupy foundry in Brazil and at the Poitras foundry in Canada that were announced during 2018, together with the China Shipbuilding Industry Corporation Mini-System 3000 and the Scania System 4000 *Plus* installations announced during the first quarter of 2019. With an initial order value of approximately SEK 5 million, and with the start of series production beginning in 2021 and potentially ramping to provide approximately SEK 20 million of incremental running revenue per year before 2025, the Scania order represents a significant step in our long term growth plans and provides the opportunity for SinterCast to continue to deliver double-digit growth. The Scania announcement, published on 29 January 2019, also provided the opportunity for SinterCast to introduce the System 4000 technology – our fourth generation CGI process control technology. Due to be launched at the GIFA world foundry trade fair in June 2019, the System 4000 will be our base CGI platform at the time of the Scania installation.

Several other installation discussions are ongoing for CGI process control systems, capacity upgrades, and Tracking Technologies installations in grey iron, CGI and ductile iron foundries. In addition to the current installation opportunities, SinterCast is also investigating the development of other unique technologies – within and beyond the scope of thermal analysis – to improve quality and production efficiency in the metals industry, and to broaden our product portfolio and our production base.

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## Financial Summary

### Revenue

The revenue for the SinterCast Group relates primarily to income from equipment, series production and engineering service.

Revenue Breakdown (Amounts in SEK million if not otherwise stated)	October-December		January-December	
	2018	2017	2018	2017
<b>Number of Sampling Cups shipped</b>	<b>53,800</b>	42,400	<b>197,900</b>	144,600
<b>Equipment</b> <sup>1,4</sup>	<b>1.7</b>	0.8	<b>4.6</b>	3.7
<b>Series Production</b> <sup>2,5</sup>	<b>22.3</b>	16.6	<b>81.3</b>	60.7
<b>Engineering Service</b> <sup>3</sup>	<b>0.6</b>	0.4	<b>1.8</b>	1.2
<b>Other</b>	<b>0.0</b>	0.0	<b>0.0</b>	0.0
<b>Total</b>	<b>24.6</b>	17.8	<b>87.7</b>	65.6

- Notes:**
1. Includes revenue from system sales and leases and sales of spare parts
  2. Includes revenue from production fees, consumables and software licence fees
  3. Includes revenue from technical support, on-site trials and sales of test pieces
  4. Changes in revenue recognition principles (IFRS 15), did not affect the revenue recognition related to the sale of new systems during the quarter or the January-December 2018 period.
  5. Changes in revenue recognition principles (IFRS 15), resulted in higher Annual Software License Fee revenue of approximately SEK 0.1 million during the quarter and SEK 0.3 million for January-December 2018. This change will result in proportionately lower revenue over the balance of the lease period of the individual lease contracts.

The **October - December 2018** revenue amounted to SEK 24.6 million (SEK 17.8 million). Series production revenue increased by 34% to SEK 22.3 million (SEK 16.6 million) due to an 18% increase in annualised series production to 2.6 million (2.2 million) Engine Equivalents and a 27% increase in Sampling Cup shipments to 53,800 (42,400). Equipment revenue amounted to SEK 1.7 million (SEK 0.8 million), primarily due to the installation of SinterCast Mini-System 3000 at the Kimura foundry in Japan. Engineering Service amounted to SEK 0.6 million (SEK 0.4 million).

The **January - December 2018** revenue amounted to SEK 87.7 million (SEK 65.6 million). Revenue from series production increased to SEK 81.3 million (SEK 60.7 million), due to a 19% increase in series production and a 37% increase in Sampling Cup shipments to 197,900 (144,600) Equipment revenue amounted to SEK 4.6 million (SEK 3.7 million) primarily due to the installation of a SinterCast Mini-System 3000 and a wirefeeder at the Shanxi Sanlian Casting Co., Ltd foundry in China, the rental of a SinterCast Mini-System 3000 to the Tupy foundry in Ramos Arizpe, Mexico, the sale of wirefeeding equipment at the Scania and Tupy foundries, and the installation of a Cast Tracker system at the Scania foundry in Sweden. Engineering Service amounted to SEK 1.8 million (SEK 1.2 million) following support provided to various customers globally and the sale of test pieces.

### Results

The business activities of SinterCast are best reflected by the Operating Result. This is because the "Result for the period after tax" and the "Earnings per Share" are influenced by the financial income and costs and by the revaluation of tax assets.

# SinterCast Results: Fourth Quarter 2018



Results Summary (Amounts in SEK million if not otherwise stated)	October-December		January-December	
	2018	2017	2018	2017
<b>Operating Result</b>	7.5	5.4	29.4	17.7
<b>Result for the period after tax</b>	10.2	5.4	32.7	18.6
<b>Earnings per Share (SEK)</b>	1.4	0.8	4.6	2.6

The **October - December 2018** Operating Result amounted to SEK 7.5 million (SEK 5.4 million), as a result of higher gross results of SEK 5.3 million primarily derived from higher revenue, combined with higher operating costs of SEK 3.2 million, primarily due to increased sales-related expenses, and a prudent provision for a nonconformity claim. The Result for the period after tax amounted to SEK 10.2 million (SEK 5.4 million), primarily related to the SEK 2.1 million increase in the operating result, and an increase of SEK 0.4 million in the financial net (primarily decreased unrealised revaluation losses derived from outstanding hedge contracts) and increased tax income of SEK 2.3 million.

The **January - December 2018** Operating Result of SEK 29.4 million (SEK 17.7 million), increased by SEK 11.7 million as a result of higher gross results of SEK 18.3 million primarily derived from higher revenue, combined with higher operating costs of SEK 6.6 million, primarily due to increased sales-related expenses, increased R&D costs and the fourth quarter nonconformity provision. The Result for the period after tax amounted to SEK 32.7 million (SEK 18.6 million), increased by SEK 14.1 million, primarily related to the increased operating result of SEK 11.7 million and increased tax income of SEK 2.4 million.

## Deferred Tax Asset

Tax income for the **January - December 2018** period amounted to SEK 3.3 million (SEK 0.9 million), of which SEK +5.5 million was due the reassessed deferred tax calculation and SEK -2.2 million was due to the change in the Swedish corporate tax rate from 22% to 21.4% in 2019 and 2020 and to 20.6% after 2021 and onwards. The estimated future taxable profit and deferred tax asset calculation is reassessed every quarter. As of 31 December 2018, SEK 171.6 million (SEK 147.0 million) of the SinterCast total carried-forward tax losses are the basis of the updated calculation, resulting in SEK 35.6 million (SEK 32.3 million) being capitalised as a deferred tax asset.

## Cashflow, Liquidity and Investments

Cashflow Summary 2018 (Amounts in SEK million if not otherwise stated)	January - December		Cashflow Changes
	2018	2017	2018 vs. 2017
Cashflow from operations, before change in working capital	31.6	18.9	12.7
Change in working capital	-6.8	-2.0	-4.8
<b>Cashflow from operations</b>	<b>24.8</b>	16.9	<b>7.9</b>
Cashflow from investing activities	-2.6	-3.7	1.1
Cashflow from financing activities, including dividend	-19.5	-28.4	8.9
Exchange rate differences in cash and cash equivalents	0.0	0.0	0.0
<b>Cashflow total</b>	<b>2.7</b>	-15.2	<b>17.9</b>
<b>Liquidity</b>	<b>32.8</b>	30.1	

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The **January - December 2018** cashflow from operations increased by SEK 7.9 million due to the cashflow increase before change in working capital of SEK 12.7 million and the SEK 4.8 million increase in working capital, primarily related to increases in short-term receivables. Total investments amounted to SEK 2.6 million, primarily related to the activation of products under development (SEK 1.6 million), facilities and computer hardware upgrades (SEK 0.1 million), production equipment (SEK 0.8 million) and patents (SEK 0.1 million). The total cashflow amounted to SEK 2.7 million (SEK -15.2 million), primarily due to the dividend of SEK 19.5 million (SEK 24.8 million). Liquidity on 31 December 2018 was SEK 32.8 million (SEK 30.1 million). SinterCast has no loans.

## Risks and Uncertainty Factors

Uncertainty factors for SinterCast include the timing of OEM decisions for new CGI engines and other components, adherence to start-of-production dates and ramp projections, the global economy for new vehicle sales, technology trends and emissions legislation, and the individual sales success of vehicles equipped with SinterCast-CGI components.

In Europe, passenger vehicle sales have increased for the last four years and most forecasters indicate a stable near-term outlook for both passenger vehicles and commercial vehicles. However, political uncertainty remains, and this could affect infrastructure, investment, trade and, ultimately, vehicle sales. In Asia, the dominant Chinese market has shown recovery in the commercial vehicle sector, which represents the primary opportunity for CGI. Growth for SinterCast in China depends on the continued modernisation of road infrastructure, enforcement of emissions legislation, and acceptance of the SinterCast business model. In North America, passenger vehicle sales remain strong and SinterCast has benefitted from the recent market growth and the trend toward larger crossovers, SUVs and pick-ups. Although the top-three best-selling vehicles in America have recently committed to diesel engine options, the long-term outlook for diesel passenger vehicles remains uncertain. The renegotiation of trade agreements and tariffs could also have an impact on passenger vehicle and commercial vehicle markets.

*For full risk and uncertainty factor information, see Note 26 on pages 49 and 50 in SinterCast Annual Report 2017*

## Organisation

With successful high volume CGI production in customer foundries located in Europe, Asia and the Americas, SinterCast has established a global organisation with employees and offices in Sweden, the United Kingdom, the United States, China and Korea. As of 31 December 2018, the Group had 21 (21) employees, four (four) of whom are female. SinterCast is well positioned to support global market activities and to drive the future growth of the company.

## Parent Company

SinterCast AB (publ) is the Parent Company of the SinterCast Group, with its registered office located in Stockholm, Sweden. On 31 December 2018, the Parent Company had 16 (16) employees. The majority of the operations are managed by the Parent Company while local operations in the United Kingdom, United States, Korea and China are managed by the local companies. The information given for the Group in this report corresponds in all material respects to the Parent Company. However, the result for the period may differ between the Group and the Parent Company due to intercompany transactions between the Parent Company and its subsidiaries.

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## Patents

SinterCast currently holds 8 (8) patents, granted or pending, and maintains 42 (58) individual national phase patents worldwide. These patents address the SinterCast metallurgical technology, thermal analysis, the Sampling Cup for CGI and ductile iron, product applications and machining.

## Accounting Principles

The information provided on behalf of the Group in this interim report has been prepared in accordance with Sweden's Annual Accounts Act and IAS 34 Interim Financial Reporting. The reporting for the Parent Company has been prepared in accordance with Sweden's Annual Accounts Act, chapter 9 interim report, and RFR 2. The accounting policies that have been applied for the Group and the Parent Company agree with the accounting policies used in the preparation of the company's latest Annual Report.

New IFRS accounting principles were applied from the financial year beginning 1 January 2018: IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 presents a model for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

IFRS 9 has not had any impact on how SinterCast classifies and measures financial assets and financial liabilities. The changes regarding hedge accounting will also not impact the Group or the Parent Company. However, the transition to IFRS 9 does have an impact on how SinterCast makes provisions for trade receivables. IFRS 9 requires a loss allowance to be recognised for expected credit losses, while IAS 39 requires an impairment loss to be recognised only when there is objective evidence of impairment. As described in the Annual Report 2017, the loss allowance for trade receivables is estimated to increase by less than SEK 0.1 million after tax as of 1 January 2018, due to the new impairment requirements in IFRS 9. The effect is reported as an adjustment to the opening balance of retained earnings as of 1 January 2018. SinterCast has opted to not restate comparative figures.

IFRS 15 Revenue from Contracts with Customers is a new standard for revenue replacing all existing standards and interpretations regarding revenue. Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Areas most impacted are the timing of when revenue for systems, sold together with installation service and Annual Software Licence Fees, are recognised. In previous accounting principles, system sales were recognised upon shipment. With the new implementation of IFRS 15, sales of systems including installation service are recognised when the installation or final inspection is accepted by the customer. Likewise, the revenue recognition for the Annual Software Licence Fee has changed. Annual Software Licence Fees are recognised in the profit and loss statement at a point when the lease period starts and not over the lease period. SinterCast recognised approximately SEK 0.3 million for the Annual Software Licence Fee as an adjustment to the opening balance of retained earnings as of 1 January 2018.

IFRS 16 Leases: SinterCast has assessed the impact of the transition to the new standard, effective 1 January 2019. The initial estimate is that IFRS 16 will have a small positive impact on operating profit and a smaller negative impact on profit after financial items. The estimated effects on the balance sheet are presented in the table below. The lease portfolio includes a limited number of contracts, primarily related to operational

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leases for offices, warehouses, company cars and office equipment. SinterCast has chosen to perform the transition in line with the cumulative catch-up approach and has opted to not restate comparative figures. Right-of-use assets have been determined as an amount equal to the lease liabilities as identified at initial application. A single discount rate has been applied. Lease contracts shorter than 12 months or ending within 12 months at the date of application are considered short-term and hence not recognised as lease liability or right-of-use asset. Low value contracts (with a value below EUR 5,000) are also excluded from being recognised as lease liability or right-of-use asset.

	Closing balance 31 Dec 2018 before transition to IFRS 16 Leases	Estimated reclassifications due to transition to IFRS 16 Leases	Estimated adjustments due to transition to IFRS 16 Leases	Estimated adjusted opening balance 1 Jan 2018
(SEK million)				
Right-of-use assets	-	-	3.3	3.3
Lease liabilities, interest bearing	-	-	3.3	3.3

Alternative Performance Measures are defined and included in this report in the Key Ratio and Share Data tables. More information of Accounting Policies are included in the Annual Report 2017, pages 35-40.

No material transactions have taken place between SinterCast and the Board or the Management during the period.

## Events after the Balance Sheet Date

There have been no significant events since the balance sheet date of 31 December 2018 that could materially change these financial statements. The following press release has been issued:

- 19 Jan. 2019 – Ram launches new SinterCast-CGI diesel engine at North American International Auto Show
- 28 Jan. 2019 – China Shipbuilding Industry Corporation adopts SinterCast process control technology
- 29 Jan. 2019 – Scania orders SinterCast process control technology for new Compacted Graphite Iron foundry

## Nomination Committee

The Nomination Committee, elected by the Annual General Meeting 2018, consists of Ulla-Britt Fräjdin-Hellqvist, Chairman, Andrea Fessler, Hans-Erik Andersson, Chairman of the Board of Directors and Aage Figenschou. Shareholders wishing to provide input or proposals should provide written submissions to the Nomination Committee (e-mail: [nomination.committee@sintercast.com](mailto:nomination.committee@sintercast.com)) at least seven weeks prior to the Annual General Meeting for the proposal to be included in the notice of the meeting.

## Annual General Meeting 2019

The Annual General Meeting 2019 of SinterCast AB (publ) will be held on Thursday 23 May 2019.

Shareholders wishing to have a matter considered at the Annual General Meeting should provide written submissions to [agm.registration@sintercast.com](mailto:agm.registration@sintercast.com) or to the company: SinterCast AB (publ), Kungsgatan 2, 641 30 Katrineholm, Sweden, at least seven weeks prior to the Annual General Meeting for the proposal to be



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included in the notice of the meeting. Further details on how and when to register will be published in advance of the Annual General Meeting.

## **Dividend Distributed in 2018**

The Annual General Meeting of SinterCast AB (publ) held on 24 May 2018 approved an ordinary dividend for the financial year 2017 amounting to SEK 2.75 (2.5) per share and no extraordinary dividend (SEK 1.5). A total amount of SEK 19.5 (28.4) million was distributed to the shareholders.

## **Proposed Dividend 2019**

The Board's intention is to continue to provide an ordinary dividend to the shareholders, based primarily on the cashflow from operations. In the event that the Board considers that the liquidity exceeds the amount needed to support the operational requirements and strategic objectives, the Board has the option to propose an extraordinary dividend or a share buy-back to further adjust the liquidity.

The Board of Directors propose an ordinary dividend of SEK 3.50 per share (SEK 2.75 per share) with an extraordinary dividend amounting to SEK 1.50 (SEK 0.0 per share), representing a distribution of SEK 35.5 million (SEK 19.5 million) to the shareholders of SinterCast AB (publ) for the financial year 2018, distributed to the shareholders in two equal payments of SEK 2.50 SEK. The Board proposes 27 May 2019 as the record date for the first payment and 27 November 2019 as the record date for the second payment. In deciding the amount of the ordinary dividend to be proposed to the AGM 2019, the Board considered cashflow from operations, the financial position, investment requirements and other factors, such as market outlook, growth strategy and the internal financial forecast for the Group.

## **Information**

### **Interim Reports**

January-March 2019

April-June 2019

July-September 2019

October-December 2019 and Full Year Results 2019

### **Publication Date**

24 April 2019

22 August 2019

13 November 2019

19 February 2020

### **Annual Report 2018**

The Annual Report of SinterCast AB (publ)

### **Publication Date**

4 April 2019

### **Annual General Meeting 2019**

The Annual General Meeting of SinterCast AB (publ)

### **Date**

23 May 2019



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This report has not been reviewed by the company's Auditors.

*Stockholm 20 February 2019*

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This press release contains information SinterCast AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the President & CEO Dr. Steve Dawson, at 08:00 CET on 20 February 2019.

**SinterCast** is the world's leading supplier of process control technology for the reliable high volume production of Compacted Graphite Iron (CGI). With at least 75% higher tensile strength, 45% higher stiffness and approximately double the fatigue strength of conventional grey cast iron and aluminium, CGI allows engine designers to improve performance, fuel economy and durability while reducing engine size, weight, noise and emissions. The SinterCast technology is used for the production of petrol and diesel engine cylinder blocks and exhaust components for passenger vehicles, medium-duty and heavy-duty cylinder blocks and heads for commercial vehicles, and industrial power engine components for agriculture, marine, rail, off-road and stationary engine applications. SinterCast supports the series production of components ranging from 2.7 kg to 9 tonnes, all using the same proven process control technology. As a specialist supplier of precision measurement and process control solutions to the metals industry, SinterCast also supplies a suite of tracking technologies, including the SinterCast Ladle Tracker<sup>®</sup>, Cast Tracker<sup>™</sup> and Operator Tracker<sup>™</sup>, to improve process control, productivity and traceability in a variety of applications. With 52 installations in 14 countries, SinterCast is a publicly traded company, quoted on the Small Cap segment of the Nasdaq Stockholm stock exchange (SINT). For more information: [www.sintercast.com](http://www.sintercast.com)

**END**

## Income Statement - SinterCast Group

AMOUNTS IN SEK MILLION	October-December		January-December	
	2018	2017	2018	2017
Revenue	24.6	17.8	87.7	65.6
Cost of goods sold	-5.6	-4.1	-18.8	-15.0
<b>Gross result</b>	<b>19.0</b>	<b>13.7</b>	<b>68.9</b>	<b>50.6</b>
Gross result %	77%	77%	79%	77%
Cost of sales and marketing	-6.3	-4.3	-21.4	-18.7
Cost of administration	-2.0	-1.7	-7.4	-6.3
Cost of research & development	-2.9	-2.3	-10.3	-7.3
Other operating income	0.0	0.0	0.0	0.0
Other operating costs	-0.3	0.0	-0.4	-0.6
<b>Operating result</b>	<b>7.5</b>	<b>5.4</b>	<b>29.4</b>	<b>17.7</b>
Financial income	0.1	0.0	0.1	0.1
Financial costs	0.3	0.0	-0.1	-0.1
Income Tax	2.3	0.0	3.3	0.9
<b>Result for the period</b>	<b>10.2</b>	<b>5.4</b>	<b>32.7</b>	<b>18.6</b>
<b>Result attributable to:</b>				
Equity holder of the parent company	10.2	5.4	32.7	18.6
Non-controlling interests	-	-	-	-
Earnings per share, SEK	1.4	0.8	4.6	2.6
Earning per share, diluted, SEK	1.4	0.8	4.6	2.6
Number of shares at the close of the period, thousands	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares, thousands	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares, diluted	7,090.1	7,090.1	7,090.1	7,090.1

## Statement of Other Comprehensive Income - SinterCast Group

AMOUNTS IN SEK MILLION	October-December		January-December	
	2018	2017	2018	2017
<b>Result for the period</b>	<b>10.2</b>	<b>5.4</b>	<b>32.7</b>	<b>18.6</b>
<b>Other comprehensive income</b>				
<i>Items may be reclassified to the income statement:</i>				
Translation differences, foreign subsidiaries	-0.1	0.0	-0.1	-0.2
<b>Other comprehensive income, net of tax</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.2</b>
<b>Total comprehensive income for the period</b>	<b>10.1</b>	<b>5.4</b>	<b>32.6</b>	<b>18.4</b>
<b>Total comprehensive income attributable to:</b>				
Shareholder of the parent company	10.1	5.4	32.6	18.4
Non-controlling interests	-	-	-	-

## Cashflow Statement - SinterCast Group

AMOUNTS IN SEK MILLION	October-December		January-December	
	2018	2017	2018	2017
<b>Operating activities</b>				
Operating result	7.5	5.4	29.4	17.7
Adjustments for items not included in the cash flow				
Depreciation	0.5	0.4	2.2	1.5
Other	0.0	0.0	0.0	0.0
Unrealised exchange rate differences	0.0	0.0	0.0	-0.1
Received interest	0.1	0.0	0.1	0.0
Paid interest	0.0	0.0	-0.1	-0.1
Paid income tax	0.0	0.0	0.0	-0.1
<b>Total cashflow from operating activities before change in working capital</b>	<b>8.1</b>	<b>5.8</b>	<b>31.6</b>	<b>18.9</b>
<b>Change in working capital</b>				
Inventory	-1.1	-0.1	-2.3	0.1
Operating receivables	-5.1	2.5	-6.9	0.8
Operating liabilities	2.1	0.3	2.4	-2.9
<b>Total change in working capital</b>	<b>-4.1</b>	<b>2.7</b>	<b>-6.8</b>	<b>-2.0</b>
<b>Cashflow from operations</b>	<b>4.0</b>	<b>8.5</b>	<b>24.8</b>	<b>16.9</b>
<b>Investing activities</b>				
Acquisition of intangible assets	-0.6	-0.5	-1.7	-3.3
Acquisition of tangible assets	0.0	-0.2	-0.9	-0.4
<b>Cashflow from investing activities</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-2.6</b>	<b>-3.7</b>
<b>Financing activities</b>				
Dividend	-	-	-19.5	-28.4
<b>Cashflow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>-19.5</b>	<b>-28.4</b>
Exchange rate differences in cash and cash equivalents	0.0	0.0	0.0	0.0
Change in cash and cash equivalents*	3.4	7.8	2.7	-15.2
Cash - opening balance	29.4	22.3	30.1	45.3
Cash - closing balance	32.8	30.1	32.8	30.1

\* The cash and cash equivalents comprises short-term deposits and cash at bank and in hand

## Balance Sheet - SinterCast Group

AMOUNTS IN SEK MILLION	31 Dec 2018	31 Dec 2017	30 Sep 2018	30 Sep 2017
<b>ASSETS</b>				
Intangible assets	7.6	7.7	7.4	7.2
Tangible assets	2.1	1.7	2.2	1.8
Financial assets	0.4	0.4	0.4	0.4
Deferred tax asset	35.6	32.3	33.3	32.3
<b>Total fixed assets</b>	<b>45.7</b>	<b>42.1</b>	<b>43.3</b>	<b>41.7</b>
Inventory	6.5	4.2	5.4	4.1
Short term receivables	25.2	18.3	20.1	20.8
Short term deposits and cash at bank and in hand	32.8	30.1	29.4	22.3
<b>Total current assets</b>	<b>64.5</b>	<b>52.6</b>	<b>54.9</b>	<b>47.2</b>
<b>Total assets</b>	<b>110.2</b>	<b>94.7</b>	<b>98.2</b>	<b>88.9</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>	<b>99.2</b>	<b>85.8</b>	<b>89.0</b>	<b>80.4</b>
Long term liabilities	0.0	0.0	0.0	0.0
Current liabilities	11.0	8.9	9.2	8.5
<b>Total shareholders' equity and liabilities</b>	<b>110.2</b>	<b>94.7</b>	<b>98.2</b>	<b>88.9</b>
Equity per share, SEK	14.0	12.1	12.6	11.3

* STATEMENT OF CHANGES IN EQUITY	Share	Additional	Exchange	Accumulated	Total
Attributable to the equity holder of the parent company	Capital	Paid in Capital	Differences	Result	Equity
<b>Opening balance 1 January 2017</b>	<b>7.09</b>	<b>44.87</b>	<b>2.10</b>	<b>41.71</b>	<b>95.77</b>
Total comprehensive income	-	-	-0.19	18.57	18.38
Dividend	-	-	-	-28.36	-28.36
<b>Closing balance 31 December 2017</b>	<b>7.09</b>	<b>44.87</b>	<b>1.91</b>	<b>31.92</b>	<b>85.79</b>
<b>Opening balance 1 January 2018</b>	<b>7.09</b>	<b>44.87</b>	<b>1.91</b>	<b>31.92</b>	<b>85.79</b>
Change in accounting principles	-	-	-	0.28	0.28
<b>Revised opening balance 1 January 2018</b>	<b>7.09</b>	<b>44.87</b>	<b>1.91</b>	<b>32.20</b>	<b>86.07</b>
Total comprehensive income	-	-	-0.06	32.65	32.59
Dividend	-	-	-	-19.50	-19.50
<b>Closing balance 31 December 2018</b>	<b>7.09</b>	<b>44.87</b>	<b>1.85</b>	<b>45.35</b>	<b>99.16</b>

### Fair value measurement of financial assets and liabilities

The group have Financial assets consisting of derivative instruments, included in other debtors or other creditors, and commercial papers and fixed income instruments. The fair value of derivative instruments, not traded on an active market, is based on observable market currency rates. Cash flows are discounted using market interest rates. Commercial papers and fixed income instruments are traded on an active market and the fair value is determined by available market prices. These effects are recognized over profit & loss.

### Other financial assets and liabilities

The fair value of financial instruments such as accounts receivable, accounts payable, and other noninterest bearing financial assets and liabilities which are reported at the accrued acquisition value less any depreciation, is adjusted to correspond to the reported value due to their short anticipated terms.

## Key Ratio and Share Data - SinterCast Group

AMOUNTS IN SEK MILLION	October-December		January-December	
	2018	2017	2018	2017
<b>Key Ratio</b>				
Revenue*	24.6	17.8	87.7	65.6
Result for the period*	10.2	5.4	32.7	18.6
Operating margin %	30.6	30.3	33.5	27.0
Solidity, %	90.0	90.6	90.0	90.6
Shareholders' equity	99.2	85.8	99.2	85.8
Capital employed	99.2	85.8	99.2	85.8
Total assets	110.2	94.7	110.2	94.7
Return on shareholders' equity, %	10.9	6.5	35.4	20.5
Return on capital employed, %	10.9	6.5	35.4	20.5
Return on total assets, %	9.8	5.9	31.9	18.4
<b>Employees</b>				
Number of employees at the end of the period	21	21	21	21
<b>Data per Share</b>				
Earnings per share, SEK*	1.4	0.8	4.6	2.6
Dividends per share, SEK	-	-	2.8	4.0
Cashflow from operations per share, SEK	0.6	1.2	3.5	2.4
Share price at the end of the period, SEK	80.8	65.0	80.8	65.0

13.98891

\* According to IFRS. All other key ratios and share data are defined as Alternative Performance Measures (APMs).  
Definition of key ratios can be found in the Annual Report 2017, note 29.

### Operating margin %

Operating results as percentage of revenue

### Solidity %

Adjusted shareholders' equity expressed as percentage of total assets end of period

### Equity per share

Shareholders' equity divided by the average number of shares

### Capital employed

Total assets less non-interest bearing liabilities

### Return on shareholders' equity %

Result for the period as a percentage of average shareholders' equity. Quarterly values are not annualised

### Return on capital employed %

Result for the period as a percentage of average capital employed. Quarterly values are not annualised

### Return on total assets %

Result for the period as a percentage of total average assets. Quarterly values are not annualised

### Average number of shares

Weighted average of the number of shares outstanding for the period

### Average number of shares adjusted for dilution

Weighted average of the number of shares for the period adjusted for dilution

### Earnings per share

Result for the period divided by the average number of shares

### Earnings per share, diluted

Result for the period divided by the average number of shares adjusted for dilution

### Dividend per share

Dividend divided by the number of shares

### Cashflow from operations per share

Cashflow from operations divided by the number of shares

### Share price at the end of the period

Latest paid price for the SinterCast share at NASDAQ Stockholm stock exchange

### Value presented as "0.0"

Amount below SEK 50,000

### Value presented as "-"

No amount applicable

## Income Statement - SinterCast AB

AMOUNTS IN SEK MILLION	October-December		January-December	
	2018	2017	2018	2017
Revenue	24.5	17.6	87.1	64.8
Cost of goods sold	-5.3	-4.2	-18.8	-15.0
<b>Gross result</b>	<b>19.2</b>	<b>13.4</b>	<b>68.3</b>	<b>49.8</b>
Gross result %	78%	76%	78%	77%
Cost of sales and marketing	-6.3	-4.3	-21.4	-18.7
Cost of administration	-2.0	-1.7	-7.4	-6.3
Cost of research & development	-2.9	-2.3	-10.3	-7.3
Other operating income	0.0	0.0	0.0	0.0
Other operating costs	-1.0	-0.1	-1.1	-0.3
<b>Operating result</b>	<b>7.0</b>	<b>5.0</b>	<b>28.1</b>	<b>17.2</b>
Financial income	0.1	0.0	0.1	0.2
Financial costs	0.3	0.0	-0.1	-0.1
Income Tax	2.3	0.0	3.3	1.0
<b>Result for the period</b>	<b>9.7</b>	<b>5.0</b>	<b>31.4</b>	<b>18.3</b>
<b>Result attributable to:</b>				
Equity holder of the parent company	9.7	5.0	31.4	18.3
Non-controlling interests	-	-	-	-
Earnings per share, SEK	1.4	0.7	4.4	2.6
Earning per share, diluted, SEK	1.4	0.7	4.4	2.6
Number of shares at the close of the period, thousands	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares, thousands	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares adjusted for dilution	7,090.1	7,090.1	7,090.1	7,090.1

## Statement of Other Comprehensive Income - SinterCast AB

AMOUNTS IN SEK MILLION	October-December		January-December	
	2018	2017	2018	2017
<b>Result for the period</b>	<b>9.7</b>	<b>5.0</b>	<b>31.4</b>	<b>18.3</b>
<b>Total comprehensive income for the period</b>	<b>9.7</b>	<b>5.0</b>	<b>31.4</b>	<b>18.3</b>
<b>Total comprehensive income attributable to:</b>				
Shareholder of the parent company	9.7	5.0	31.4	18.3
Non-controlling interests	-	-	-	-

## Balance Sheet - SinterCast AB

AMOUNTS IN SEK MILLION	31 Dec 2018	31 Dec 2017	30 Sep 2018	30 Sep 2017
<b>ASSETS</b>				
Intangible assets	7.6	7.7	7.4	7.3
Tangible assets	2.0	1.7	2.2	1.7
Financial assets	2.3	2.1	2.2	2.2
Deferred tax asset	35.6	32.3	33.3	32.3
<b>Total fixed assets</b>	<b>47.5</b>	<b>43.8</b>	<b>45.1</b>	<b>43.5</b>
Inventory	6.5	4.1	5.3	4.1
Short-term receivables	24.9	18.2	23.1	26.7
Short term deposits and cash at bank and in hand	31.2	28.7	27.7	21.0
<b>Total current assets</b>	<b>62.6</b>	<b>51.0</b>	<b>56.1</b>	<b>51.8</b>
<b>Total assets</b>	<b>110.1</b>	<b>94.8</b>	<b>101.2</b>	<b>95.3</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity*</b>	<b>92.5</b>	<b>80.6</b>	<b>82.9</b>	<b>75.6</b>
Long term liabilities	0.0	0.0	0.0	0.0
Current liabilities	17.6	14.2	18.3	19.7
<b>Total shareholders' equity and liabilities</b>	<b>110.1</b>	<b>94.8</b>	<b>101.2</b>	<b>95.3</b>
Adjusted equity per share, SEK	13.0	11.4	11.7	10.7

* CHANGES IN EQUITY to the equity holder of the parent company	Share Capital	Statutory Reserve	Other Reserve	Share Premium Reserve	Results Brought Forward	Results for the Year	Total Equity
<b>Opening balance 1 January 2017</b>	<b>7.09</b>	<b>9.53</b>	<b>1.95</b>	<b>35.34</b>	<b>10.57</b>	<b>26.14</b>	<b>90.62</b>
Appropriation of last year's result	-	-	-	-	26.14	-26.14	-
Change other reserve	-	-	3.13	-	-3.13	-	-
Total comprehensive income	-	-	-	-	-	18.30	18.30
Dividend	-	-	-	-	-28.36	-	-28.36
<b>Closing balance 31 December 2017</b>	<b>7.09</b>	<b>9.53</b>	<b>5.08</b>	<b>35.34</b>	<b>5.22</b>	<b>18.30</b>	<b>80.56</b>
<b>Opening balance 1 January 2018</b>	<b>7.09</b>	<b>9.53</b>	<b>5.08</b>	<b>35.34</b>	<b>5.22</b>	<b>18.30</b>	<b>80.56</b>
Change in accounting principles	-	-	-	-	0.07	-	0.07
<b>Revised opening balance 1 January 2018</b>	<b>7.09</b>	<b>9.53</b>	<b>5.08</b>	<b>35.34</b>	<b>5.29</b>	<b>18.30</b>	<b>80.63</b>
Appropriation of last year's result	-	-	-	-	18.30	-18.30	-
Change other reserve	-	-	1.70	-	-1.70	-	-
Reversal, change other reserve	-	-	-0.79	-	0.79	-	-
Total comprehensive income	-	-	-	-	-	31.39	31.39
Dividend	-	-	-	-	-19.50	-	-19.50
<b>Closing balance 31 December 2018</b>	<b>7.09</b>	<b>9.53</b>	<b>5.99</b>	<b>35.34</b>	<b>3.18</b>	<b>31.39</b>	<b>92.52</b>