Annual Report and Sustainability Report 2018

Assemblin

Because it's what's inside that counts.

In every building, there are people living and working who depend on functioning air, water and energy every day, year-round. Our 5,700 skilled and committed employees make this a reality. With full focus on the inside, we'll take your construction project all the way from start to finish. Sounds good, doesn't it?

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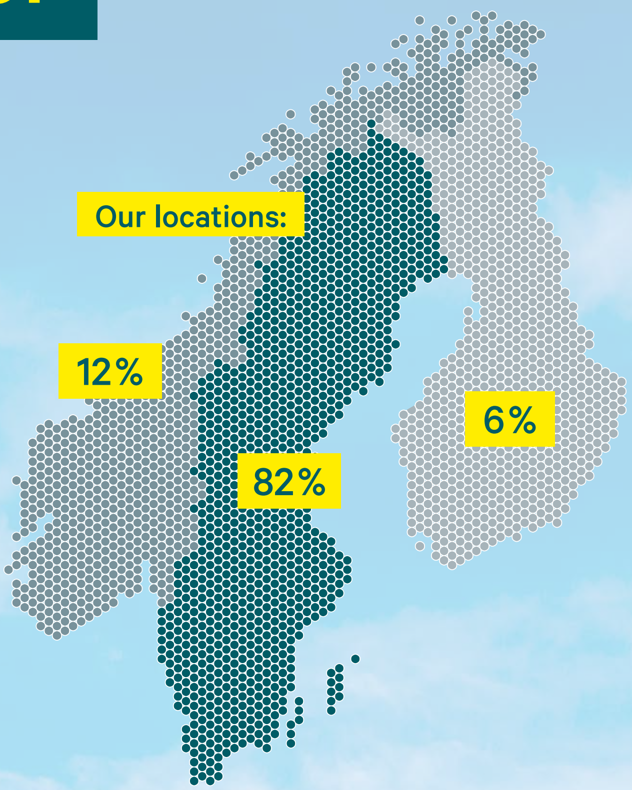
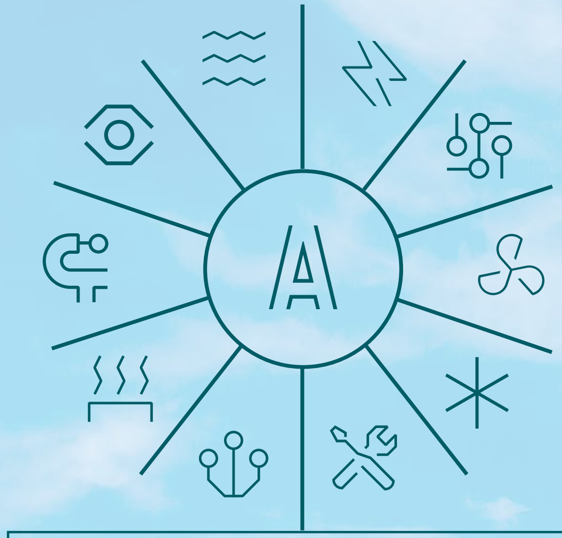
The year in brief





Market leader in multi-tech competence
Electricity, heating and sanitation (VS in Swedish), ventilation and automation are our biggest technology areas. In addition, we have a high degree of competence in electrical power stations and field service, sprinklers, data and telecoms, security, district heating, cooling and industrial piping.

8,885
SEK M SALES

5,630
EMPLOYEES

SIGNIFICANT EVENTS DURING THE YEAR

Continued growth
Sales increased to SEK 8,885 million (8,169), corresponding to growth of 8.8 per cent, of which 7.8 per cent was organic.

Stronger margin
Adjusted EBITA increased 59 per cent, totalling SEK 401 million (252). The adjusted EBITA margin increased from 3.1 per cent to 4.5 per cent.

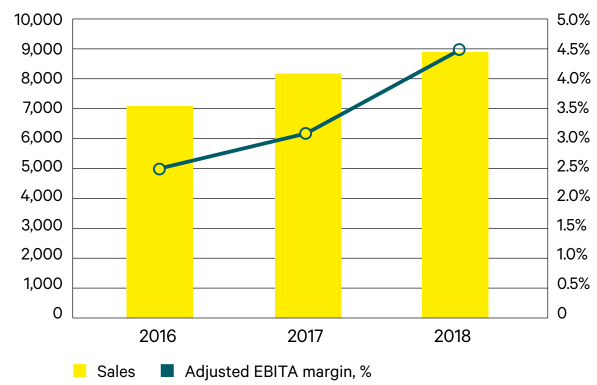
Increase of order intake
Order intake remained strong. Order backlog increased 12 per cent to SEK 6,971 million (6,223).

Additional acquisitions
Five installation companies in Sweden, Norway and Finland were acquired during the year, together corresponding to annual sales of approximately SEK 300 million.

New CEO
In May, Mats Johansson started as the new CEO.

Increased clarity
In the autumn, a new framework and a new business plan for all of Assemblin were developed.

SALES AND PROFITABILITY



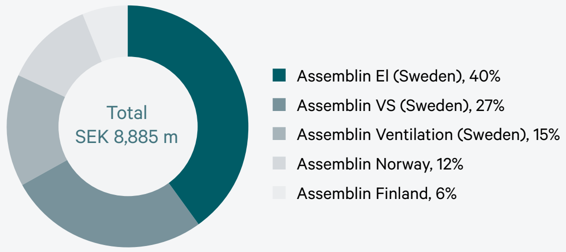
This annual report and sustainability report relates to operations in the Assemblin Holding AB Group, corporate ID number 559025-2952.

All amounts are in SEK million unless otherwise indicated. Differences in the totals may occur due to rounding.

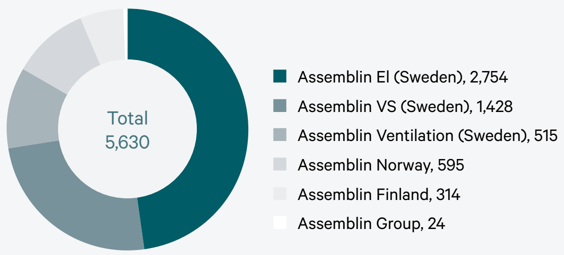
KEY FIGURES	2018	2017
Net sales, SEK m	8,885	8,169
Adjusted EBITA, SEK m	401	252
Adjusted EBITA margin*, %	4.5	3.1
EBITA, SEK m	417	210
EBITA margin, %	4.7	2.6
Order backlog, SEK m	6,971	6,223
Order intake, SEK m	9,459	9,899
Average number of employees, FTE	5,630	5,693

*Adjusted for costs affecting comparability. For definitions, refer to page 91.

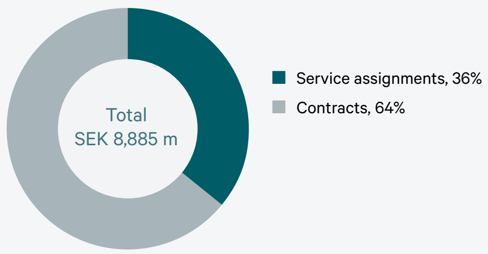
SALES PER BUSINESS AREA



EMPLOYEES PER BUSINESS AREA



SALES PER ASSIGNMENT TYPE



"Being part of driving development requires resources and competence, of course, but also curiosity, courage and a willingness to change — characteristics that reflect the culture and entrepreneurial spirit in Assemblin."

COMMENTS FROM THE CEO:

People, technology and possibilities

I have spent my entire life in the construction and property industries; the last fourteen outside Sweden. In May 2018, I moved back to Stockholm to take up my role as the CEO of Assemblin. It was a decision I do not regret.

An exciting company in an exciting industry

Technical facilities are the link between a building and the people who live and work in it. Cables, ductwork and pipes make the building work, making people comfortable. And in today's connected society, in which properties are increasingly automated and filled with technology, the role of the installation contractor is becoming more and more key. That is why taking the step to Assemblin after my years in the construction industry feels right.

The installation industry really is an exciting one, in the midst of major changes, driven in particular by digital transformation and climate challenges. Being part of driving this development requires resources and competence, of course, but also curiosity, courage and a willingness to change – characteristics that reflect the culture and entrepreneurial spirit of Assemblin.

Best at what we do

As a newcomer to the company, I could directly see the positive momentum throughout our business. The figures are trending in the right direction, and our faith in the future is strong. Decentralised yet disciplined operations with a focus on employees, quality, customers and efficiency have proven to be a successful concept, my assignment is more to reinforce and to clarify this positive direction rather than changing things.

Our projects, and the local branches are, and will remain our natural base; all support functions are tasked with supporting them in manner that is both cost-efficient and adds value. With this as our starting point, this summer we began work on clarifying our shared platform and orientation. In the autumn, we carved out new strategic focus areas, an updated business plan, a digital agenda and a new shared framework. In parallel with this, we also reviewed our vision, mission, business concept and values. The purpose was to clarify what we have in common, who we are, and what we want to achieve. And there is no doubt: Assemblin intends to be best at what it does, and take the position as the market's most exciting and innovative installation company.

The people make the difference

Our overall task is to ensure a profitable development that generates a stable return, with controlled risks, for the company's owners. Accomplishing this requires a competitive offering, which in turn can only be achieved by committed, skilled employees.

Nearly 5,700 specialists, who are proud of their trade and are passionate about creating smart and sustainable installations for our customers, work at Assemblin. I view attracting and retaining skilled, committed employees as one of our most important tasks, and we are working actively to increased employee satisfaction and commitment in several ways. Going forward, two issues in particular we will be focusing on are employee and manager development, and safety at the workplace. Most of our employees work in high-risk environments, and as an employer we want to do everything we can to ensure they come home safe and sound after work every day. We want the best employees in the industry – and we will take care of them.

Growth and improved profitability

It is with great satisfaction that we conclude the past year in figures. Our growth of 8.8 per cent is well over the industry average. Order intake in 2018 remained high, and our year-end order backlog increased 12 per cent to SEK 6,971 million (6,223).

At the same time, our earnings increased of a full 59 per cent, growing margins from 3.1 per cent to 4.5 per cent. This is a strong performance, and I would like to extend a heartfelt thank you to my fantastic colleagues at Assemblin who made it possible. We have now attained a level of profitability that feels reasonable. We have a way to go to reach our long-term objectives.

Our continued journey

We enter 2019 with stable operations, increased profitability and clearer objectives. Overall our customers are satisfied with our deliveries and our brand is growing stronger. We feel that the market remains strong, but we are following the trend carefully to meet changes in the construction business cycle. Our healthy cash position gives us room for more acquisitions, and we are constantly on the lookout for companies that suit our structure and culture.

In summary, a great deal has fallen into place, but we have still more to give. Our ambition is clear: Assemblin is to be the best installation company in the market – for our customers, our employees and our owners.

For me, being part of this journey is a great honour.

Stockholm, April 2019

Mats Johansson
CEO Assemblin

A changing growth market

Assemblin holds a strong position in a growing market. In total, the installation market in Sweden, Norway and Finland is estimated at approximately SEK 225 billion.

Market trends

The trends in the installation market correlate strongly with the trends in the construction market, with a certain amount of lag. Both the construction and the installation market have had strong growth in the economic cycle of the past few years. For the period from 2012 to 2017, growth in the installation market averaged approximately four per cent per year*.

The installation market was also strong in 2018. Reduced housing construction in certain large cities was largely compensated for by increased public investments, primarily in major infrastructure projects, hospitals and schools across the Nordic region. Industrial investments also increased. In addition, increasing interest in enhancements to energy efficiency have proven favourable to the installation industry. According to the Installatörsföretagen trade organisation, this positive trend is expected to hold in 2019, with growth weakening slightly toward year end.

Order intake for Assemblin remained strong in 2018, totalling SEK 9,459 million (9,899). Order backlog at year end increased 12 per cent to SEK 6,971 million (6,223). There are several assignments in the order backlog that extend into 2020 and 2021.

Market participants

The Nordic installation and service market is local and fragmented. There are approximately 25,000 installation companies in the Nordic region, primarily small and privately owned. There is a consolidation under way in the industry, in which Assemblin actively participates through continually evaluating acquisition opportunities.

Assemblin's main competitors are primarily small and medium-sized local installation companies that often specialise in an individual technology segment in a geographically limited area. At the Nordic level, there are only a few other installation companies besides Assemblin with the capacity to manage major multi-tech assignments.

Assemblin strives for a strong local market presence in the locations where the company operates. In Sweden and Norway, Assemblin's market position is very strong, and we are the largest or second largest in several cities, whereas in Finland we have a somewhat lower market presence.

Customers and assignments

Assemblin performs installation and service assignments in various types of properties, industrial facilities and infrastructure projects. Compared to other installation companies, Assemblin's exposure to the housing market is relatively low. In addition to contractor assignments, Assemblin also delivers service for installations in existing buildings and facilities.

Assemblin's customer base is diverse, consisting of over 20,000 large and small customers. Among the larger clients are construction companies, the public sector, property owners and industrial companies.

Assemblin takes on primarily two types of assignments: contractor assignments (including a certain amount of manufacturing) and service assignments. The proportion of service assignments increased during the year from 35 per cent of sales to 36 per cent. Assemblin's objective is to increase its service proportion further over time.

Contractor assignments can run anywhere from a few months up to several years depending on scope, and are often set up as fixed agreements with the possibility of price adjustments if conditions change. Somewhat larger projects are carried out sometimes as partner contracts, in which several parties collaborate throughout the entire construction process.

Service contracts often run for several years, either as framework agreements (in which assignments are bid on and invoiced on an open account basis) or as an operation and maintenance agreement in which the volumes agreed on are invoiced in advance. Assemblin's service contracts also include smaller, maintenance-related conversions.

* External sources Prognoscentret, Installatörsföretagen, Byggfakta

TRENDS AND DRIVERS

DIGITAL TRANSFORMATION AND INCREASED TECHNOLOGICAL SATURATION

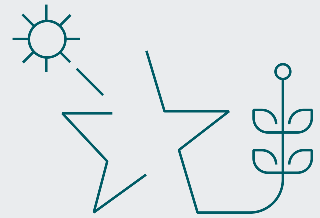
Rapid technological development enables development of both ways and methods of working as well as solutions and products. Modern properties and industrial facilities are becoming increasingly tech-heavy and connected, which requires more advanced property technology systems. This development is accelerating in pace with more connectible and intelligent products forming part of an integrated control and regulation system with open protocols.

A few of the larger areas of development that have been in focus in the industry are: the further development of the Building Information Modelling (BIM) system, connected products using the Internet of Things (IoT), increased mobility and new visualisation technology using augmented reality (AR). Another example is artificial intelligence (AI), which produces new conditions as regards both the design of new installation solutions and the functions for users of installations in operation. Developments in robotics are oriented toward enhancing the efficiency of hazardous or repetitive work elements.

INCREASED FOCUS ON THE ENVIRONMENT AND ENERGY

Climate challenges and tightened legislation mean a larger life cycle perspective and increased demands for solutions with reduced environmental and climate impact. This concerns making construction production more efficient and environmentally adapted, and creating energy-efficient buildings.

Installation companies and their solutions play a very central role here. The solutions must be customised to each building to achieve low annual energy use, or even a zero- or plus-energy house. The solution could be, for example, combinations of solar energy and heat recovery with smart control and regulation systems, in which the various installation types collaborate.



PARTNERING PROJECTS AND MULTI-TECH PROCUREMENTS

New forms of close collaboration between various actors in the construction process remains a clear trend, and imposes new demands on all companies and employees taking part. Trade-specific thinking needs to be replaced with a project mindset, and suboptimisation must give way to the shared final goal. Various forms of partnering have been developed here and have become a way to create conditions and methods for this purpose.

In looking at the role of installation contractors in modern construction projects, coordination of the various installations is becoming increasingly important. Multi-tech procurements are thus also becoming more common, which means that an installation contractor – or group of installation contractors – is responsible for planning and assembly of all installations: electricity, heating and sanitation, ventilation and automation. Multi-tech projects often mean that production becomes more efficient, but above all that the technical systems in operation together create the right environment for users while energy use and climate impact are minimised.

DEMOGRAPHIC FACTORS – POPULATION INCREASE

There are more of us in the Nordic region — but we are getting older. This impacts the construction sector in many ways. Despite the housing market slowing down in several metropolitan regions, the need remains for inexpensive, smaller residences — for example for young people or financially weaker groups. Industrially manufactured housing could become a more common solution here, which also imposes requirements for industrial and modular thinking from installation contractors.

Another solution is renovating and converting existing stock to better customise them in accordance with demand in the housing market, which in turn often requires adapting the installations.

The increased number of inhabitants also places requirements on more efficient and modernised hospitals, schools and transport systems. Installations also play a much larger role here for creating safe, functional and sustainable environments.

A qualified and innovative installation contractor with a complete offering

Assemblin is one of the Nordic region's leading providers of complete service and installation solutions. With the market's best and most knowledgeable employees, we create smart and sustainable solutions customised for various constructions and needs.

Commitment and value creation

Assemblin is a committed installation and service partner that customises each assignment to its customers' specific conditions and needs. We endeavour to identify the best solution for each client – and their end users.

In all our assignments, we take far-reaching responsibility for function, quality and efficiency, and work safely in accordance with proven methods. Our objective is, in collaboration with our clients, to design and maintain energy-efficient, stable and environmentally friendly property technology solutions optimised from a life-cycle perspective. This creates value for our customers through reduced energy and operating costs, increased operating stability, a better indoor climate and well-managed buildings.

Market-leading competence in several areas of technology

Assemblin has the experience and competence required to take complete responsibility for planning, installation, and operation and service of all technical systems in a building or installation. We will gladly collaborate in multi-tech assignments, but can also offer individual expertise in both large and small assignments.

All types of buildings

We have experience with various technical systems in large and small buildings, for example residential properties, office properties, shopping centres, hotels and restaurants, logistics facilities, parking areas, and travel centres and stations as well as exhibition and conference halls. We also have a good understanding of the particular requirements placed on properties with sensitive operations and complicated infrastructure projects. Assemblin also has extensive experience in working with partnering, in which we can contribute our expertise and broad experience in construction, installation and service.

Focus on innovation and development

Curiosity and ambition drive us forward, and through innovation and development we create the best solutions in the industry. We continually monitor market trends, and we have good knowledge of the requirements that new laws, various industry standards and certificates impose.

One of the largest driving forces for development just now is rapid technological development. New technology helps us improve our solutions for our customers, but also to improve and enhance the efficiency of our internal processes. In 2018, Assemblin's deliveries were reviewed from a digitalisation perspective. All ongoing initiatives were evaluated, and those deemed to add the most customer benefit will be offered to more customers going forward. At the same time, a number of new development projects have been initiated, aimed at honing Assemblin's offerings and deliveries. One example is a web shop, which was tested on a small scale in 2018 but will be expanded over time.

Electricity
Our electricity offering covers all types of installations, from low to high voltage.

Heating & Sanitation
In heating and sanitation, we implement complex installations in conjunction with new construction or renovation.

Ventilation
We have extensive experience of ventilation projects with cutting-edge competence in construction, and our own workshop for manufacturing air ducts.

Automation
We are a system-independent supplier of systems and services in property automation and in automating industrial processes.

Other technology areas: We are also a leader in terms of expertise in sprinklers, data & telcom, security, district heating, cooling, and industrial piping as well as electrical power stations and field service.

A COMPLETE INSTALLATION AND SERVICE PARTNER

Large and small contractor assignments

We make properties, facilities and industries work through smart, customised technical installation solutions. We carry out both simple and complex installations in conjunction with renovation or new construction. No assignment is too large or too small for us — with the right competence and the right resources, we customise our solutions to the conditions in each assignment. We take our customers' installation projects all the way from idea to complete solution.

Local and national service assignments

Through regular service and inspections by professional service technicians, we can extend a building's useful life and reduce our customers' energy and operating costs. In addition, we ensure that our customers comply with laws and ordinances. Our service assignments often include routine maintenance, emergency measures and minor conversions. Our service operations are marked by a high degree of availability and ease of contact. Our broad geographic distribution gives us the opportunity to sign service agreements locally, regionally, nationally, or for the entire Nordic region.

"WITH SMART AND SUSTAINABLE TECHNICAL INSTALLATION SOLUTIONS WE MAKE BUILDINGS WORK AND PEOPLE COMFORTABLE."

The foundation of our operations

In 2018, Assemblin developed a new strategic platform that defines the foundation of our operations — the things that distinguish our operations and what differentiates us from other companies.

VISION
Smart and sustainable installations.
By people, for people.

MISSION
We use air, energy, and water to make buildings work and make people feel comfortable.

BUSINESS CONCEPT
We design, install and maintain technical systems for buildings.

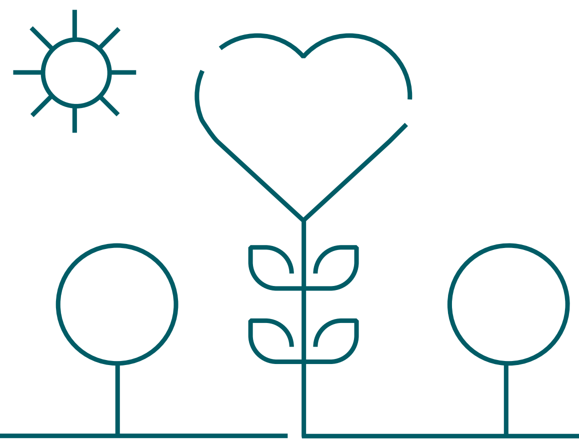
Everyone has a right to access to water, electricity and a good indoor climate – at work, at home and in public spaces. Efficient, energy-optimised and customised installation solutions designed from a life-cycle perspective, with a minimal environmental impact. Smart and sustainable installations – by people, for people. That is our vision, and that is what we want to achieve in all our assignments.

Our mission describes the purpose of our operations and what drives us forward. Our mission is as strong as it is simple: using air, energy and water, to make buildings work and people feel comfortable. Our work can improve daily life for millions, and that is the answer to the question of what motivates us.

Our business idea describes what we do and what we know how to do: design, install and maintain technical systems for various types of buildings. Through our aggregate competence in various areas of technology, we can take responsibility for all technical installations throughout a building's useful life – from design, planning and installation to routine operation and maintenance.

SHARED VALUES

Our values form the foundation of Assemblin's culture and identity, and describe our shared approach. After extensive work in 2018, our shared values were updated. The new values are designed to guide individual employees in their daily work while supporting our mission and vision.



WE CAN
With the right skills, experience and equipment, we do our job with pride. In this way, we all help to make our customers happy.

WE WANT
Our dedication and curiosity drive us forward. The constant evolution of ourselves as people and our business enables us to create smart and sustainable solutions for our customers.

WE CARE
Together, we do our work with the utmost respect for one another and our customers. We take responsibility for the environment and society around us.

GUIDING PRINCIPLES

At Assemblin, there are five principles that guide us in our daily work, and that together with our values and code of conduct form the foundation for a strong, healthy corporate culture.

Business in focus
All our work starts with our customers and assignments, and we proudly solve their problems with a solution-oriented approach – on time, with the promised quality.

Personal responsibility
We are responsible for our work tasks, our safety and our personal development.

Stronger together
We help and support each other. Together, we are the best we can be.

An example in the industry
We will be an example as regards work environment, sustainability and profitability. We will be a company that others are impressed by, want to work with and work for.

Long-term growth
With proximity to the markets and sensitivity to the business environment, we create conditions for organic growth that we supplement with acquisitions.

Examples of concluded assignments

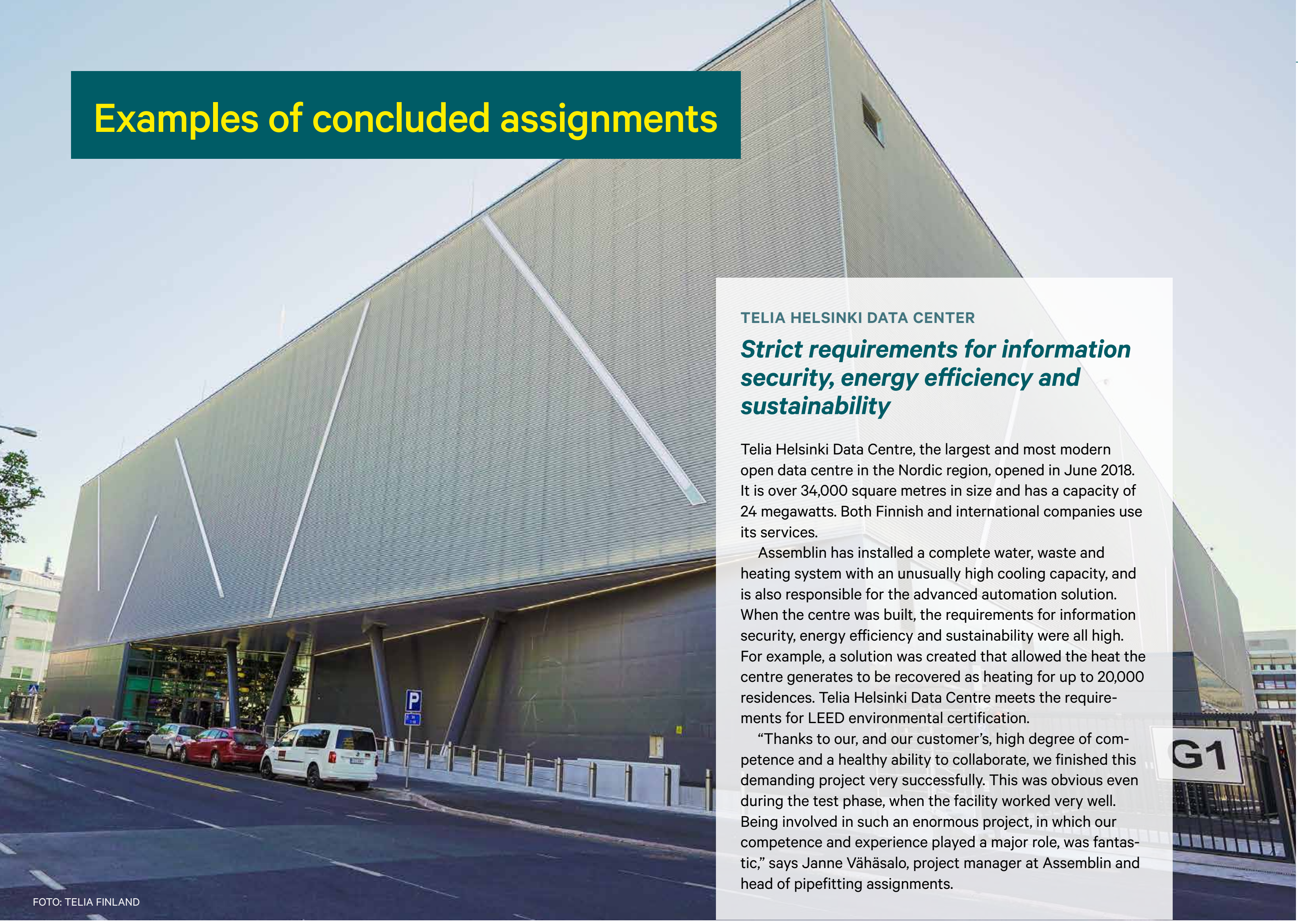


FOTO: TELIA FINLAND

TELIA HELSINKI DATA CENTER

Strict requirements for information security, energy efficiency and sustainability

Telia Helsinki Data Centre, the largest and most modern open data centre in the Nordic region, opened in June 2018. It is over 34,000 square metres in size and has a capacity of 24 megawatts. Both Finnish and international companies use its services.

Assemblin has installed a complete water, waste and heating system with an unusually high cooling capacity, and is also responsible for the advanced automation solution. When the centre was built, the requirements for information security, energy efficiency and sustainability were all high. For example, a solution was created that allowed the heat the centre generates to be recovered as heating for up to 20,000 residences. Telia Helsinki Data Centre meets the requirements for LEED environmental certification.

"Thanks to our, and our customer's, high degree of competence and a healthy ability to collaborate, we finished this demanding project very successfully. This was obvious even during the test phase, when the facility worked very well. Being involved in such an enormous project, in which our competence and experience played a major role, was fantastic," says Janne Vähäsalo, project manager at Assemblin and head of pipefitting assignments.

EKO-LOGI

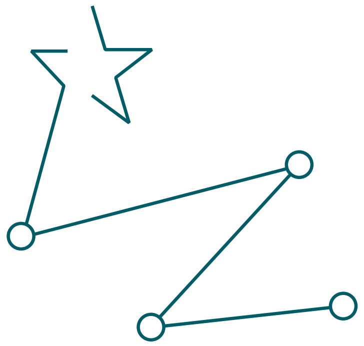
Innovative installation solutions in Sweden's most environmentally certified residential district

The Eko-logi residential district in Skövde has a strong environmental profile, to say the least. It is Sweden's only residential district that is certified under all three environmental certifications: the Nordic Ecolabel, Miljöbyggnad level Gold and the FEBY12 passive housing standard. It received the 2017 Sustainability Prize from SABO, the Swedish Association of Municipal Housing Companies, and is counted among the country's most sustainable residential districts. The last residents moved into Skövdebostäder's new, green residential district in early 2018.

Assemblin was involved early on by Peab, the main contractor, and was given responsibility for heating and sanitation installations. Ground heating and geothermal heating were not possible, since the area had water protection. Instead, the solution was a combination of solar cells, air/water heat pumps, heat recovery from waste water and a certain amount of district heating. The requirements for sustainable materials choices were also stringent; for example, Assemblin chose to use alupex pipes instead of copper, and completely lead-free couplings.

"We are extremely satisfied with Assemblin's efforts. Their team really stood for quality, creativity and responsibility all the way — from planning to installation. I think Assemblin should be particularly proud of having had the same team throughout the entire project; it's a good sign in the booming economy with high labour market mobility that prevailed over the course of the project," says Sebastian Karlström, construction project manager for Eko-logi at Skövdebostäder.

A clear direction



Three shared areas of focus and a new business plan ensure that the entire Group is on the same course.

Overall ambition

Assemblin intends to be the best installation company in the Nordic region. We start from being a responsible player that adds value with respect to not only the company's most important stakeholders, but also to society as a whole. Our overall ambitions are:

- To deliver stable, profitable growth with controlled risk
- To be our customers' first choice when selecting an installation partner
- To be perceived as the most attractive employer in the industry
- To pursue sustainable operations with minimal negative impact on the environment and society

Our ability to create value for our stakeholders is illustrated in the Assemblin value creation model on the following page, and is elaborated further *in our Sustainability Report*.

Shared strategic focus areas are the starting point for our business plan

Assemblin's vision and overall ambitions form the basis of the new strategy and business plan developed in 2018. The strategy is a long-term one, and describes what Assemblin is to focus on in three areas: employees, the market and efficiency.

Based on this long-term strategy, a three-year business plan running from 2019 through 2021 was also developed. The business plan contains more concrete goals for the Group as a whole, and for our five business areas.

With this plan as the starting point, action plans and budgets for the entire operation — from the regional level to the division and branch level — are prepared yearly. The plans and the budget are routinely monitored in a structured manner at both the business area and the Group level.

EMPLOYEES

We will be the industry's best and most responsible employer for the industry's most competent and committed employees. We will achieve this through a clear focus on development opportunities, health and safety, and increased diversity.

MARKET

We will be the market's most value-adding and responsible installation company with a complete and innovative offering both in contract work and service assignments. Our objective is to be a market leader in strategic locations in Sweden, Norway and Finland.

EFFICIENCY

We have a strong focus on operational efficiency and good cost control with the help of modern and suitable digital tools. We work in a structured manner in accordance with clear processes, and are also good at utilising economies of scale in sourcing.

ASSEMBLIN'S VALUE CREATION MODEL

The objective of Assemblin's value creation model is to create significant value for all our most important stakeholders, as well as for society as a whole.

1. RESOURCE NEEDS

What we need to pursue our operations.

CUSTOMERS
A large number of customers of every size: construction companies, property companies, public sector, medium-sized private companies and – to a limited extent — private individuals.

EMPLOYEES
5,630
Assemblin has 5,630 committed, knowledgeable employees in various occupational groups: structural engineers, heating and sanitation/ventilation installers, electricians, engineers, service technicians, fibre technicians, project managers, estimators, purchasers, administrators and more.

FINANCIAL CAPITAL
Assemblin has total assets of SEK 5,429 million, of which SEK 238 million in equity. Assemblin's operations have a low capital requirement; capital is needed primarily to finance vehicles and acquisitions.

MATERIAL AND OTHER PURCHASES
– Installation materials
– Service vehicles
– Tools
– Work uniforms
– Premises

SERVICE PROVIDERS
– Subcontractors
– Technical consultants
– Other suppliers

2. PROCESSING
Strategy and business model

How we use and process our resources.

BUSINESS CONCEPT
We design, install and maintain technical systems for buildings.

VISION
Smart and sustainable installations. By people, for people.

MISSION
We use air, energy, and water to make buildings work and make people feel comfortable.

125 LOCAL OFFICES IN THE NORDIC REGION
Assemblin's operations are local. Our 125 offices in Sweden, Norway and Finland are the starting point for the operations we conduct.

OUR BUSINESS MODEL

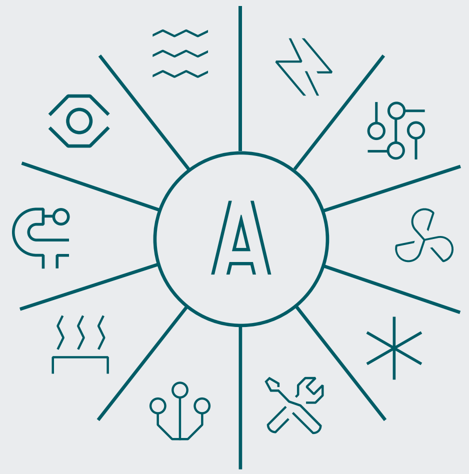
Market, sales and tenders → Planning/ Preparation/ Project planning → Installation/ Service → Monitoring/ Control

Our starting point is managing the resources required in order to carry out the assignment intelligently and responsibly (1). We must also have a sustainable business model that ensures we are performing our installation and service assignments safely and efficiently, with respect for people and the environment (2). Through properly completed assignments, we can deliver smart, sustainable service and installation solutions to our customers (3). By taking responsibility throughout the entire production chain (1–3), we can create value for our stakeholders (4).

3. OUTCOME

What we offer, and what other effects and by-products our operations give rise to.

OFFERING
Smart and sustainable service and installation solutions in different areas of technology – primarily electricity, heating and sanitation, ventilation, and automation.



LIMITED ENVIRONMENTAL IMPACT
• Small volumes of by-products and waste
• Little direct CO_2 impact, primarily from transportation and business travel

4. VALUE CREATION

What value our operations generate for different stakeholder groups, and for society.

CUSTOMERS
Innovative, sustainable installations that make buildings work and people feel comfortable.

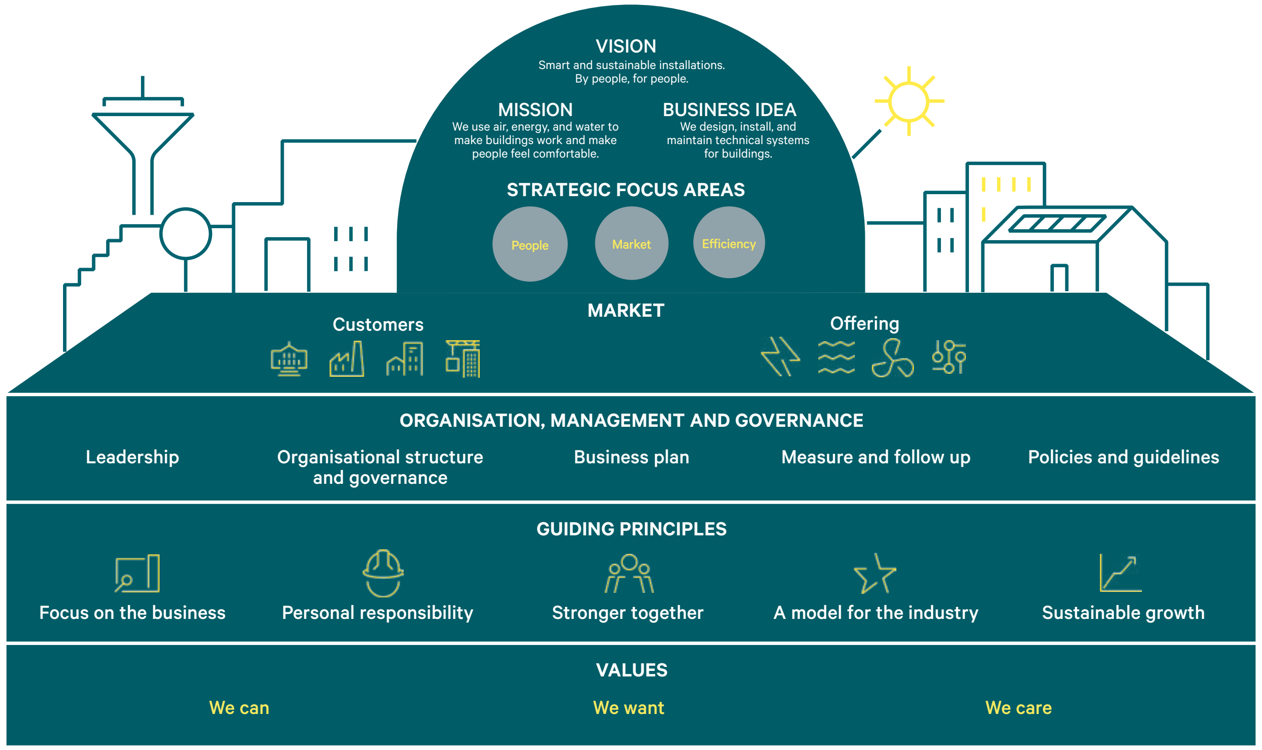
EMPLOYEES
A responsible, stimulating employer that offers exciting assignments in a positive, safe and non-discriminating work environment.

OWNERS
Strong yield through stable financial development, with controlled risks and a sound approach grounded in business ethics.

SOCIETY
Healthy citizens in buildings with good indoor climates. Job opportunities and tax revenue. Local community involvement. Limited environmental impact.

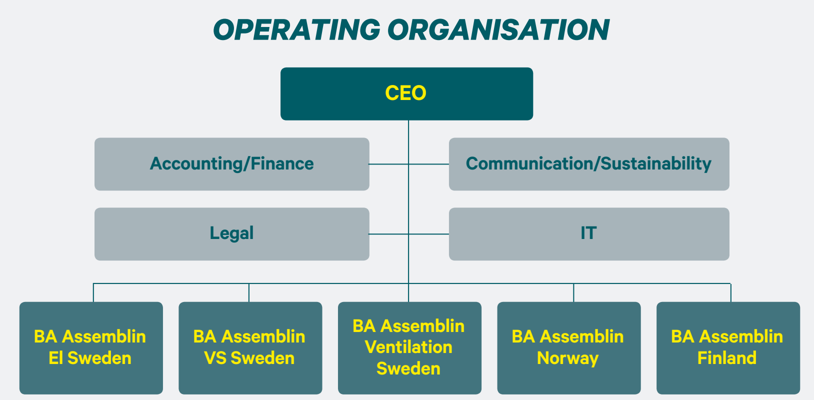
Decentralised operations with a shared framework

Assemblin's decentralised operations are governed based on a shared framework, clear allocation of roles and responsibilities and systematic monitoring.



Operating organisation

Assemblin's operations are divided into five business areas: three in Sweden (El, VS and Ventilation), one in Norway and one in Finland. The business area presidents are responsible, together with their management groups, for the operations and earnings in their respective business areas. Each business area is divided into a number of regions, which in turn consist of divisions and branches. Assemblin's operations are decentralised; responsibility for earnings, personnel, sales and customer relations lies with the local divisions and branches. As support, there are specialist functions at the regional or business area level, and to some extent at the Group level as well.



Assemblin's operations are decentralised; responsibility for earnings, personnel, sales and customer relations lies with the local divisions and branches.

Operational governance and monitoring

At Assemblin, there are well-defined structures of responsibility with regular reporting and monitoring of key financial and non-financial figures, from divisions and branches via regions and business areas to Group level.

The most important internal governing instruments are the Articles of Association, the rules of procedure for the Board of Directors and the Board's instructions to the CEO. Other important governing tools include other instructions and policies as well as management systems and processes that have been prepared in each business area. These governing tools provide the framework for the operations. The processes and the appurtenant tools are available on the company's intranet.

To ensure efficiency and quality, there are several Group-wide forms of coordination; for particularly important issues there are Group-wide policies. The company annually reviews all governing documents at both the Group and business area levels. Several of the Group's shared policies, including the Code of Conduct, were updated in 2018.

To clarify the Group's shared platform, the Assemblin Framework was launched in late 2018. It expresses, clearly and in easily understandable language, what Assemblin's business areas have in common. The purpose is to ensure a corporate culture that does not compromise on ethical principles and forms the basis for sound, responsible ownership.

Another important governing tool is the company's three-year business plan and annual work on goals and budget. Based on a jointly established objective, the business areas work further on goals and action plans in each region, division and branch. The annual goals, and the budget, are ultimately established by the Board and then monitored against actual outcomes. Two forecasts are made on a routine basis during the year to ensure the Group's development in relation to the budget and established goals. More about Assemblin's corporate governance and financial reporting can be found in *the Corporate Governance section.*

Risks and risk management

The Board of Directors and Group management are ultimately responsible for Assemblin's risk management, but in the company's decentralised organisation there are different risk management processes for each business area. The responsibility for performing annual risk surveys and risk assessments also lies with them.

Assemblin's primary risks can be divided into four categories: market risks, operational risks, financial risks and other risks (primarily legal risks, risks of damage to confidence, and IT-related risks). More on Assemblin's risks can be found in the *Board of Directors' Report*.

In order to understand the needs of the business environment and to routinely analyse risks and opportunities, the company strives for close collaboration and dialogue with its most important stakeholders; this is described in more detail under *Stakeholder dialogue* in the Sustainability Report.

WELL-DEVELOPED IT SUPPORT

One condition for efficient operations and excellent deliveries is that operations are supported by a safe, stable IT platform and systems customised for operations. Over the last few years, Assemblin has modernised its IT environment to support its mobile organisation. At the Group level, there is a central IT function that, in close collaboration with the business area IT functions, is responsible for the necessary coordination as well as developing and administering the shared systems. The development projects completed in 2018 included implementation of new data storage, development of a new contract database and roll-out of Office 365.

ACCELERATED DIGITAL TRANSFORMATION

To ensure internal efficiency and installation solutions that are relevant to today's society, our digital transformation was accelerated in 2018. After an initial inventory in which ongoing digitalisation initiatives were surveyed, a shared digitalisation agenda was created. The agenda contains clear goals for our digital transformation, as well as a shared work methodology and governing model. The work is primarily being conducted locally but is coordinated by dedicated digitalisation coordinators in each business area and monitored by both Group management and the Board of Directors.

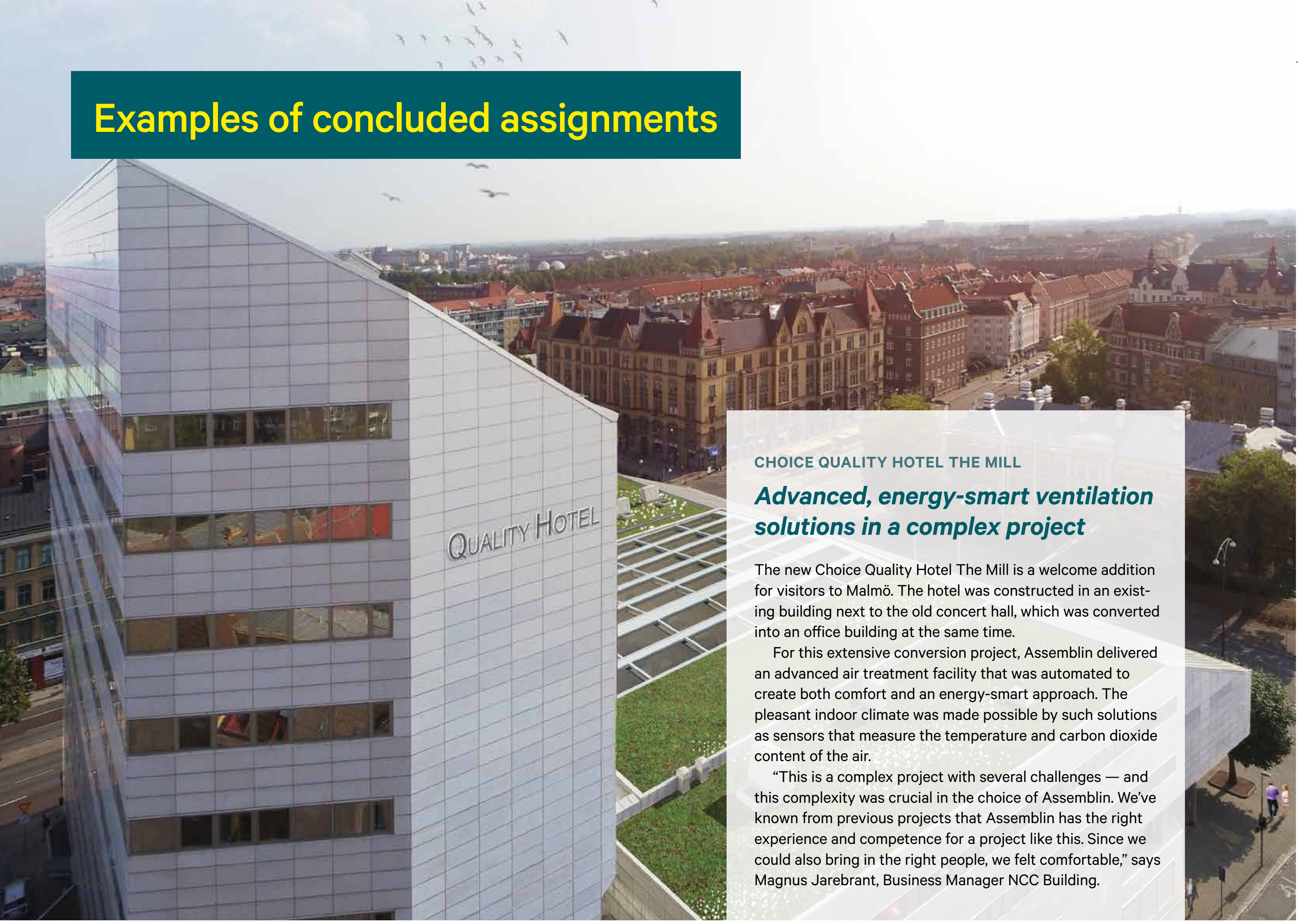
THE HR PROCESS

Assemblin's HR work is conducted in a structured manner in every business area, but with a certain amount of coordination. The shared objective is to build efficient HR processes that provide optimal support for the local branches and divisions. Succession planning was a shared focus area in 2018, as was producing a new set of shared values and a Code of Conduct. Recruitment was also a priority area, and several recruitment activities were conducted in every country.

COMMUNICATION AND BRAND

The central communication function is responsible for governing and coordinating branding and communication work, which is performed locally to a great extent. A clear ambition is to use modern, digital communication tools. A mobile version of the Assemblin intranet, Assemblin Online, was launched in 2018; installers can download an app on their mobile phones and tablets.

Examples of concluded assignments



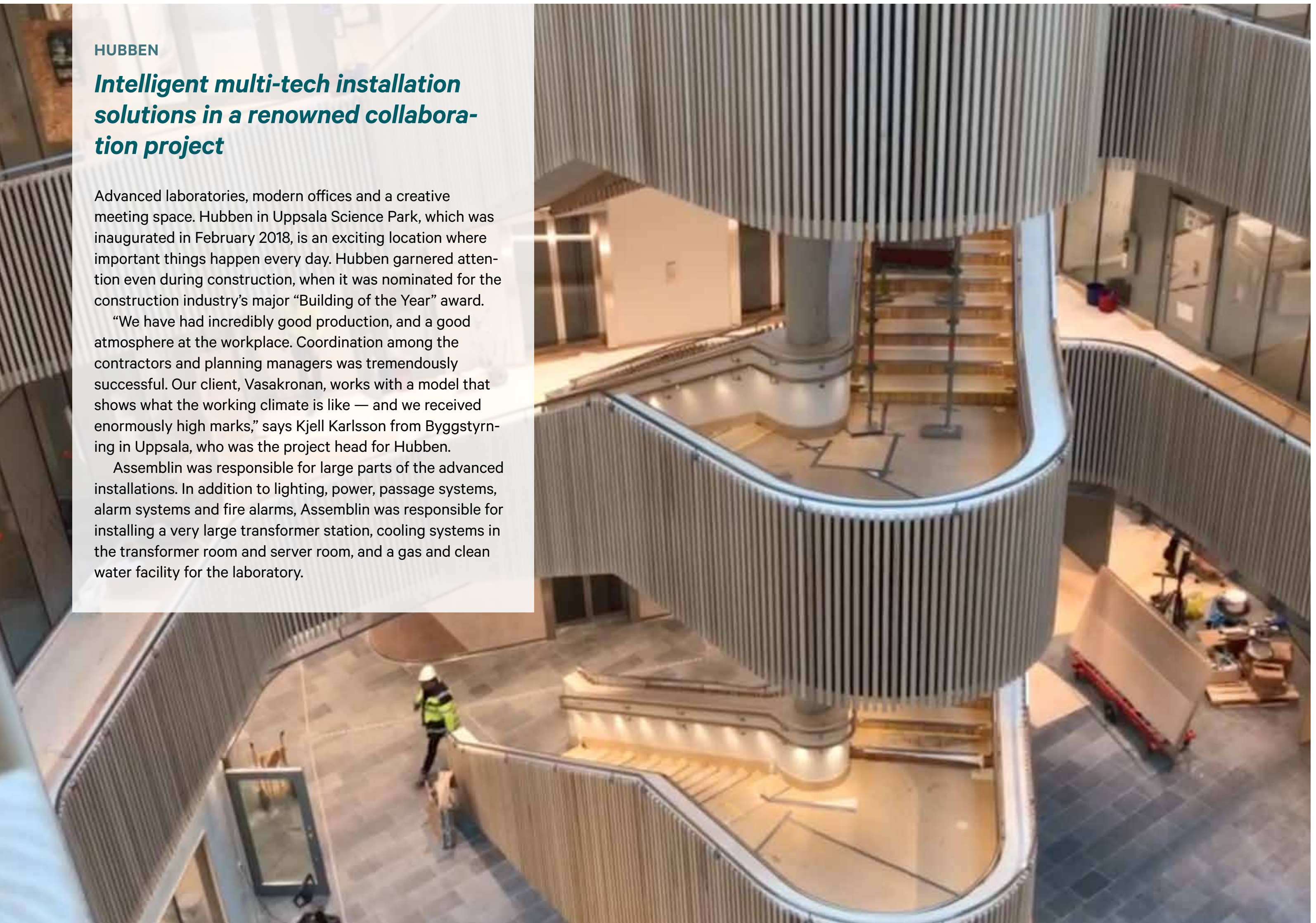
CHOICE QUALITY HOTEL THE MILL

Advanced, energy-smart ventilation solutions in a complex project

The new Choice Quality Hotel The Mill is a welcome addition for visitors to Malmö. The hotel was constructed in an existing building next to the old concert hall, which was converted into an office building at the same time.

For this extensive conversion project, Assemblin delivered an advanced air treatment facility that was automated to create both comfort and an energy-smart approach. The pleasant indoor climate was made possible by such solutions as sensors that measure the temperature and carbon dioxide content of the air.

"This is a complex project with several challenges — and this complexity was crucial in the choice of Assemblin. We've known from previous projects that Assemblin has the right experience and competence for a project like this. Since we could also bring in the right people, we felt comfortable," says Magnus Jarebrant, Business Manager NCC Building.



HUBBEN

Intelligent multi-tech installation solutions in a renowned collaboration project

Advanced laboratories, modern offices and a creative meeting space. Hubben in Uppsala Science Park, which was inaugurated in February 2018, is an exciting location where important things happen every day. Hubben garnered attention even during construction, when it was nominated for the construction industry's major "Building of the Year" award.

"We have had incredibly good production, and a good atmosphere at the workplace. Coordination among the contractors and planning managers was tremendously successful. Our client, Vasakronan, works with a model that shows what the working climate is like — and we received enormously high marks," says Kjell Karlsson from Byggstyrning in Uppsala, who was the project head for Hubben.

Assemblin was responsible for large parts of the advanced installations. In addition to lighting, power, passage systems, alarm systems and fire alarms, Assemblin was responsible for installing a very large transformer station, cooling systems in the transformer room and server room, and a gas and clean water facility for the laboratory.

Assemblin El

Operations

Assemblin El is the largest business area, representing 40 per cent of Assemblin's sales. In the operations there is extensive experience in planning, installation and service, primarily in electricity but also in property and industrial automation. In addition, qualified services are offered in safety and industrial service, as well as a certain amount of production in the company's proprietary electrical power stations.

Assemblin El is located in approximately 70 towns, organised into 60 branches across Sweden (excluding Jämtland and inner Norrland). The head office is located in Stockholm. The operations have 2,754 employees and are ISO 9001 and 14001 certified.

Projects and customers

Assemblin El has a diverse customer base. The largest customer groups are construction companies, property owners, energy companies, municipalities and county councils. Over the last few years, the operation has built up cutting-edge competence in industry, hospitals and public baths. Major customers in 2018 included Peab, Skanska, NCC, Serneke and Region Östergötland. Examples of major ongoing projects are the ESS research facility in Lund, the Patienten hospital construction in Stockholm, terminal expansion of Landvetter Airport in Gothenburg, the C4 shopping centre in Kristianstad and Hubben in Uppsala Science Park.

Forty-five per cent of the operations' sales come from service assignments. Major service assignments included Karolinska, Astra, Forsmark and Ringhals, FMV, Sandvik, SCA and Volvo.

Trends in 2018

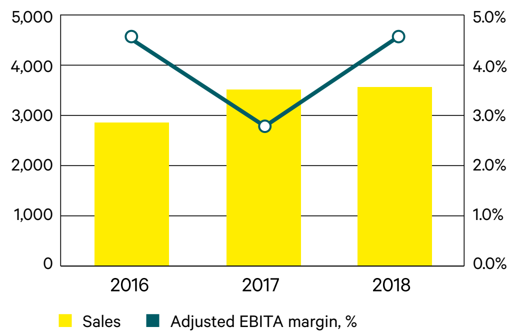
After a few years of robust growth, sales in 2018 were in line with those of the preceding year, totalling SEK 3,588 million (3,559). The adjusted EBITA margin increased drastically, climbing from 2.9 per cent to 4.6 per cent. The order backlog continued to grow, noting a top level of SEK 2,590 million at year end.

A number of improvement projects, especially in HR and IT, were carried out during the year. Examples of development projects included the roll-out of a new digital competency portal, the launch of a new project manager training programme, the introduction of an improved digital tool for monitoring operations, a joint safety week and new visual project boards. An extensive employee survey shows that both employee comfort and employee well-being have increased. Co-location of offices took place in Stockholm and Umeå, and a new branch for automation was started in Borlänge.

"We have an excellent starting position with organisational stability and a high energy level in Assemblin El. In 2019, our focus will be primarily in four areas: digital transformation, sourcing governance, increased share of service and recruitment/employee development."

Fredrik Allthin, President and Business Area Manager for Assemblin El

SALES AND PROFITABILITY



KEY FIGURES	2018	2017
Net sales, SEK m	3,588	3,559
Adjusted EBITA, SEK m	165	103
Adjusted EBITA margin*, %	4.6	2.9
Order backlog, SEK m	2,590	2,026
Order intake, SEK m	4,214	4,128
Average number of employees, FTE	2,754	2,936
Share of service assignments, %	45	42

*Adjusted for costs affecting comparability. For definitions, refer to page 91.

Region Skåne is putting great effort into health and medical care, and one of the largest projects is upgrading Malmö hospital. Several installation contractors came together to jointly take on this multi-tech installation project. Assemblin El (and another electricity company) is responsible for electricity, alarms and video, while Assemblin VS (and another heating and sanitation company) is responsible for heating and sanitation and Assemblin Ventilation for ventilation solutions. In 2018, Assemblin was also given responsibility for the automation assignment.

Assemblin VS

Operations

Assemblin VS has specialists in heating and sanitation, as well as cooling, sprinklers and industrial piping. In 2018, sales totalled SEK 2,379 million, and the average number of employees was 1,428. The share of service assignments totalled 33 per cent.

The operations are concentrated in some 50 towns across Sweden, with the main office in Stockholm. The operations are fully authorised to perform qualified work in their areas of technology and are ISO 9001, ISO 14001, OHSAS 18001/ISO 45001 and ISO 3834-2:2005 certified. Its share of Group sales is approximately 27 per cent.

Projects and customers

Assemblin VS performs installation and service assignments in all types of environments from nuclear power plants, biogas facilities and other industrial facilities to hospitals, schools, shopping centres, arenas, offices and residences. The largest customer groups are construction companies and county councils/municipalities, but there are also commercial and private property owners, industrial companies and tenant housing associations as well as private individuals.

There are numerous small and medium-sized service and project assignments in Assemblin VS. Ongoing larger projects include student housing at Campus Albano in Stockholm, residences at Parken 2 in Lund, the new Geely main office in Gothenburg, the conversion of the Patienten hospital building in Stockholm and the terminal expansion at Landvetter Airport in Gothenburg.

Trends in 2018

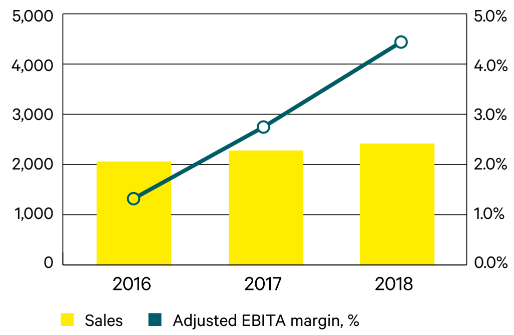
Sales increased 5.4 per cent to SEK 2,379 million (2,256). Growth was greatest in service operations, which grew 13.6 per cent year-on-year. After major focus on reversing the earnings trends in a few branches with weak profitability, the adjusted EBITA margin rose from 2.8 per cent to 4.5 per cent. In May, Svenssons Rörinstallation AB, operating in western Sweden, was acquired. The order backlog increased SEK 221 million to SEK 1,602 million (1,381).

Major training and health and wellness initiatives were conducted throughout the business area, in particular management training for the business area's directors. To reduce the number of cutting injuries, an investment was made in new knives without tips and anti-cut gloves. A webshop for private individuals, initially open in certain locations, was also launched in 2018. Through this shop, private individuals can order simpler installation assignments at a set price.

"Right now, operations are moving along nicely. In 2019, we will focus above all on improved productivity and efficiency in our tender work and project flows, particularly through an increased degree of utilisation of the systems we have invested in."

Andreas Aristiadis, President and Business Area Manager for Assemblin VS

SALES AND PROFITABILITY



KEY FIGURES	2018	2017
Net sales, SEK m	2,379	2,256
Adjusted EBITA, SEK m	106	64
Adjusted EBITA margin*, %	4.5	2.8
Order backlog, SEK m	1,602	1,381
Order intake, SEK m	2,606	2,374
Average number of employees, FTE	1,428	1,385
Share of service assignments, %	33	30

*Adjusted for costs affecting comparability. For definitions, refer to page 91.

Göteborg Energi owns, operates and maintains some 6 – 7,000 operating centres for district heating and cooling, and nearly 15,000 single-residence installations. In 2018, the energy company signed a framework agreement with Assemblin and SWEP International AB regarding these installations. The assignment covers planning, installation and service, as well as the development of new energy- and cost-saving solutions.

Assemblin Ventilation

Operations

Assemblin Ventilation has extensive experience in the installation and service of ventilation and cooling in medium-size to large assignments. Sales for 2018 totalled SEK 1,317 million, and the average number of employees was 515.

Operations are conducted in 18 locations, reaching from southern Sweden up to Luleå. In Malmö and Linköping, there are also proprietary production units for manufacturing rectangular channel systems, which means increased control and better efficiency in the assignments. Seventeen per cent of the operations' sales come from service assignments.

Projects and customers

Assemblin Ventilation performs assignments primarily in commercial premises, hospitals, and universities and colleges. The largest customer groups in the contractor projects are construction companies and public operations. The recent increased public investments have impacted the project profile of the operations through an increased share of hospital projects — for example, the assignment at the new health care building in the Malmö hospital district. Larger ongoing projects include the Högland hospital in Eksjö, the Gäddorna office and residential properties in Malmö and the Chopin and Sollentuna Sjukhus hospital projects in Stockholm. Major service customers are primarily property companies and county councils, and major service projects include the multi-tech assignment with Akademiska Hus and the new assignment with Skandiafastigheter, signed in 2018.

In January 2019, Assemblin Ventilation won a major new tunnel ventilation assignment in the Stockholm Bypass project from the Swedish Transportation Administration.

Trends in 2018

In 2018, sales increased 22.8 per cent to SEK 1,317 million (1,072) while adjusted EBITA rose 42 per cent. Assemblin Ventilation made a major investment in developing its service operations, and at the end of the year there were dedicated service units in all its offices. The initiative is a long-term one, but sales in the service operations were already increasing in 2018.

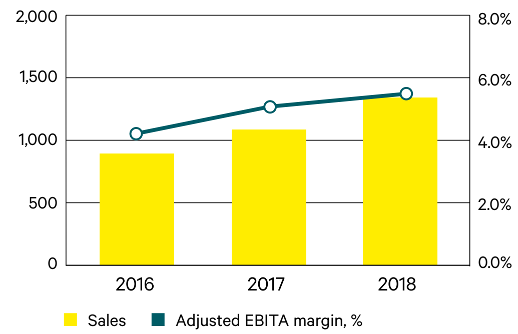
In June, the ventilation company JVT Vent, with annual sales of approximately SEK 68 million and 30 employees in the Gothenburg region, was acquired. During the financial year, efforts also went into developing the new manufacturing unit in Linköping, which was started in the summer of 2017.

In general, employee satisfaction in Assemblin Ventilation is strong. In 2018, several activities for promoting well-being, in particular a major kick-off for all employees, were carried out. One of the areas of focus for the operations was increased safety awareness; several activities have been planned for 2019.

"We have enjoyed healthy growth, and in 2019 we will focus on ensuring that we take proper care of our new assignments while continuing to develop our service operations."

Håkan Ekvall, President and Business Area Manager for Assemblin Ventilation

SALES AND PROFITABILITY



KEY FIGURES	2018	2017
Net sales, SEK m	1,317	1,072
Adjusted EBITA, SEK m	73	50
Adjusted EBITA margin*, %	5.6	4.7
Order backlog, SEK m	1,338	1,527
Order intake, SEK m	1,204	1,836
Average number of employees, FTE	515	475
Share of service assignments, %	17	11

*Adjusted for costs affecting comparability. For definitions, refer to page 91.

In 2018, Assemblin received an assignment to install the ventilation facility in a new psychiatric hospital in Linköping. The building, known as Tinnerbäckshuset, will meet the requirements for both passive buildings and Miljöbyggnad level Silver. It will be one of the country's most energy-efficient buildings, and in addition Sweden's largest passive construction.

Assemblin Norway

Operations

Assemblin Norway represents 12 per cent of Assemblin's sales. It has a high degree of competence primarily in electricity and heating and sanitation, but in 2018 it also began efforts in ventilation. Operations are divided into project and service operations, with 595 employees.

The business area conducts operations primarily in Drammen, Oslo and Sarpsborg/Østfoldsområdet, but there is also a division in Spetsbergen/Svalbard. The operations have competence in planning, installation and service.

The operations are ISO 9001, ISO 14001, OHSAS 18001/ISO 45001 and ISO 3834 certified.

Projects and customers

Assemblin Norway addresses itself to both larger and smaller customers. The largest customer groups are construction companies and property owners. The largest customers include Skanska, AF-Gruppen, Bermingrud Entreprenør, Strøm Gundersen and Veidekke. The largest ongoing projects are the new office at Orkla in Oslo, the Tønsberg hospital project in Vestfold, the Tomtebrygga B1 hotel and residential property, the HSM Doyén residential district in Drammen and the Jotun main office in Sandefjord.

Thirty-seven per cent of sales come from service assignments. Customers include Avinor, Skedsmo Municipality, Försvarsbygg and Undervisngningbygg Oslo KF.

Trends in 2018

Assemblin Norway has had a stable organisation, delivering healthy profitability for many years. 2018 was no exception; the adjusted EBITA margin increased from 6.4 per cent to 6.6 per cent. Net sales increased over 25 per cent, totalling SEK 1,073 million (856), driven primarily by organic growth. Wennevolds Elektro, with annual sales of approximately SEK 150 million and 36 employees, was acquired in the autumn of 2018, giving Assemblin Norway a larger force in electrical technology. Structured, conscious sales work yielded results, and at the end of the year the order backlog was nearly SEK 1,100 million with assignments running into 2020.

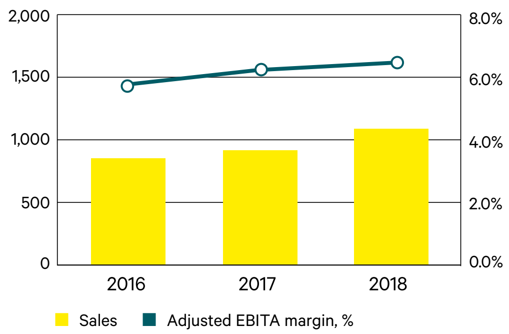
Strong recruitments in the field of ventilation were made in 2018 as well. The objectives is for Assemblin Norway to be as strong in ventilation technology as it is in electricity and heating and sanitation.

A number of internal improvement projects were carried out during the year, including improvements to the service module, a new system for time reporting, approvals and monitoring as well as improved risk management in projects.

"In 2019 we will focus on strengthening our competence in electricity and ventilation. We will also work a great deal on our culture and management for the purpose of becoming the best installation company in Norway."

Torkil Skancke-Hansen, President and Business Area Manager for Assemblin Norway

SALES AND PROFITABILITY



KEY FIGURES	2018	2017
Net sales, SEK m	1,073	856
Adjusted EBITA, SEK m	71	55
Adjusted EBITA margin*, %	6.6	6.4
Order backlog, SEK m	1,097	965
Order intake, SEK m	963	1,102
Average number of employees, FTE	595	551
Share of service assignments, %	37	37

*Adjusted for costs affecting comparability. For definitions, refer to page 91.

Assemblin is responsible for installing heating, sanitation, sprinklers and cooling in conjunction with the construction of IT provider Atea's new main office in Oslo. The goal of this smart, high-tech building is to become Norway's foremost tech hub and a place that promotes innovation and learning.

Assemblin Finland

Operations

With sales of SEK 539 million, Assemblin's Finnish operations represent six per cent of the Group's sales. It has competence in all areas of technology. In addition to electricity, ventilation, heating and sanitation, Assemblin Finland is particularly strong in automation and energy efficiency. For several years, it has also had a particularly high degree of confidence in renovation and service of civil defence shelters. Forty-six per cent of the business area's sales in 2018 came from service assignments.

The operations are concentrated in eight major locations: Helsinki, Hyvinkää, Turku, Oulu, Rovaniemi, Tornio, Tampere and Pori. The Finnish main office is located in Helsinki. The number of employees totalled 314. The largest occupational groups are automation technicians, ventilation/heating and sanitation installers, and electricians.

Projects and customers

Assemblin Finland has highly developed operations in both project and service assignments. The largest customers are construction companies, pension companies and major property owners. The operation's largest customers are NCC, YIT, Agnico Eagle Finland, the City of Helsinki and the Seafarers' Pension Fund. The largest ongoing projects in 2018 included Rovaniemi Airport, the Allianssprojekt in Turku (together with the Seafarers' Pension Fun) and the new Flamingo shopping centre.

Trends in 2018

For the first time in several years, Assemblin Finland reported positive earnings. The adjusted EBITA margin rose from -4.2 per cent to 2.0 per cent, which is the result of an extensive efficiency enhancement programme. Sales also increased 9.6 per cent, to SEK 539 million (492).

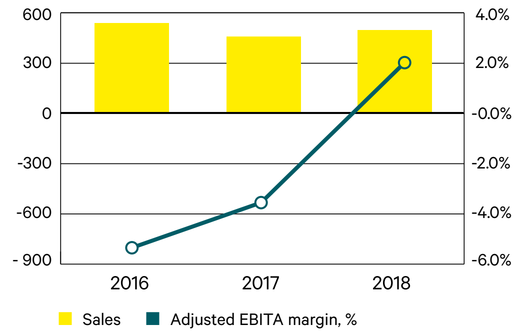
A new management training programme was started during the year, and several employee activities designed to increase well-being were conducted throughout the operation. These measures resulted in employee satisfaction increasing markedly.

Special efforts were made in the sprinkler division, which subsequently gained increased capacity and can be offered in Assemblin Finland's other assignments. In December, the automation company Trentect Team Oy, with annual sales of SEK 20 million and 14 employees in Turku, Pori and Tampere and vicinities, was acquired. The acquisition means that Assemblin Finland now has competence that leads the market in automation.

"It is extraordinarily gratifying to have succeeded in reversing the trend in Finland as regards both profitability and employee satisfaction and involvement. We are going into 2019 with a great deal of confidence and a good organisation with capacity for growth."

Magnus Eriksson, President and Business Area Manager for Assemblin Finland

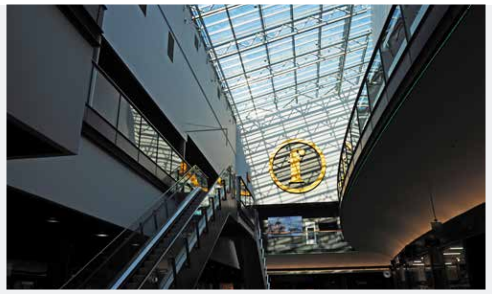
SALES AND PROFITABILITY



KEY FIGURES	2018	2017
Net sales, SEK m	539	492
Adjusted EBITA, SEK m	11.0	-21
Adjusted EBITA margin*, %	2.0	-4.2
Order backlog, SEK m	344	324
Order intake, SEK m	472	459
Average number of employees, FTE	314	319
Share of service assignments, %	46	55

*Adjusted for costs affecting comparability. For definitions, refer to page 91.

When it was decided that the round-the-clock Flamingo entertainment centre in Vanda, Finland – which offers a hotel, a water park, restaurants and shops – would be renovated to enhance energy efficiency, the assignment went to Assemblin. The goal is reduced energy consumption, a reduced carbon footprint and an improved indoor climate; the project contains nearly 60 different efficiency-enhancement measures.



SUSTAINABILITY REPORT

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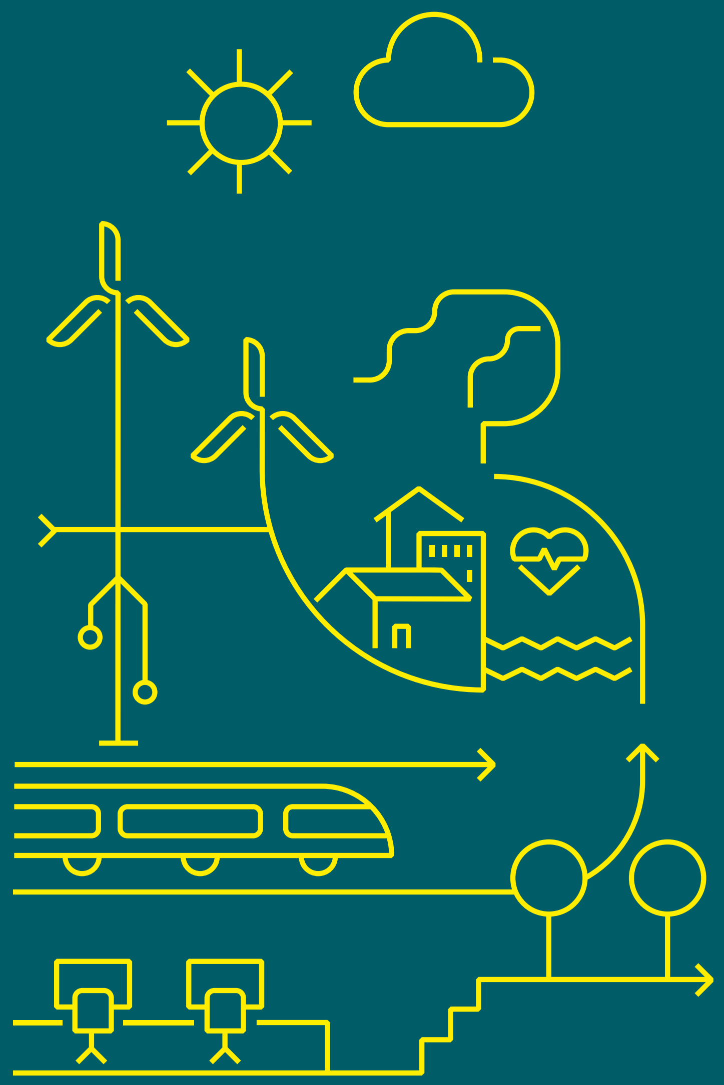


About Assemblin's Sustainability Report
The Board of Directors of Assemblin Holding AB, corporate ID number 559025-2952, hereby submits its sustainability report for the Assemblin Group for the period from 1 January to 31 December 2018. The sustainability report describes Assemblin's operations from a sustainability perspective, based on the issues deemed most significant for the company and its stakeholders.

This report is inspired by the international sustainability reporting standardad Global Reporting Initiative (GRI) G4, which also forms the basis for the definitions and calculations of the sustainability data presented here. In all other respects, the report complies with relevant reporting and consolidation principles in accordance with the financial accounting.

This Sustainability Report is a part of Assemblin's 2018 Annual Report, which is available in its entirety on the company's website. This explains why the pagination begins on page 26. This report can be read separately, but occasionally it contains references to other parts of the 2018 Annual Report.

"Assemblin's vision is to create smart and sustainable solutions, by people, for people. Our starting point is conducting sound, profitable operations with respect for the surrounding community, as well as being economical with our own and others' resources."

Mats Johansson, President and CEO

Sustainability at Assemblin – responsibility, respect and a holistic perspective

Assemblin's objective is to be a responsible installation company that creates value, with respect to employees, customers and owners as well as to society as a whole.

Our view of sustainability

All companies are an integral part of society, and are responsible for the impact on people and the environment that their operations give rise to. A sustainable approach involves understanding, and taking responsibility for, decisions taken — both short- and long-term.

Assemblin is convinced that a responsible long-term approach is a precondition for stable, profitable growth over time. The sustainability dimension in our value-creation business model, described on pages 16–17, means that we must be prudent with the resources we use in our operations, and that we must take into account the impact our service and installation activities give rise to. We can thus generate value for our customers, our employees and our owners, as well as for society as a whole.

Regulations governing sustainability initiatives

Assemblin's sustainability initiatives are based on the legislation and regulations in force in the countries where we operate, and also on international agreements, external certification requirements as well as internal values and policy documents.

External regulations

Laws and regulations in the Nordic region , including issues such as work environment, the environment, the handling of chemicals, bribery and corruption, are highly developed. Human rights and freedoms are provided for in many aspects. Assemblin also fully supports the ten principles of the UN Global Compact, even though we have not formally signed on. Other important international agreements that impact Assemblin are the Paris Agreement and the 2030 Agenda for Sustainable Development from the UN ("2030 Agenda").

Internal regulations

At Assemblin, there are also shared values and internal regulations concerning such important issues as ethics, bribery and corruption, work environment, the environment and equality.

Responsibility and governance

In Assemblin's decentralised organisation, initiatives around quality, the environment, and health and safety are pursued in every business area. To ensure a holistic perspective and coordination, there is also a central sustainability committee. This committee consists of the Group's Head of Communications and Sustainability (the convenor), the chief legal officer, and eight representatives from the five business areas. The committee reports directly to Group management and is tasked with monitoring legislation, following up on shared sustainability initiatives, channelling and disseminating good ideas and preparing documentation for decisions by Group management.

Assemblin follows up on its sustainability issues in a structured manner, on a semi-annual basis. This follow-up takes place through the business areas reporting data in a specific reporting tool that then calculates the relevant key sustainability figures at Group and business area level. The results are analysed by the sustainability committee and form the basis of proposals for measures that are then prioritised in Group management.

RISKS FROM A SUSTAINABILITY PERSPECTIVE

From a sustainability perspective, the Nordic installation industry is regarded as an industry with a low to moderate risk profile. One of the more prominent risks is workplace safety, since many of our assignments are carried out at construction sites that are hazardous from a health and safety perspective. Assemblin conducts no operations that require permits, and the environmental effects of the small amount of manufacturing that occurs are limited. From an environmental perspective, the greatest risk is that poorly completed technical installations could negatively impact people and the environment. One of Assemblin's largest contributions to the environment is helping its customers design energy-efficient installations that are optimised from a life-cycle perspective.

Legislation and regulations in the Nordic countries, however, are far-reaching and comprehensive, which means that active work to limit these risks cannot be neglected.

ASSEMBLIN'S MOST IMPORTANT STAKEHOLDERS AND CURRENT ISSUES, 2018

Stakeholder group	Issues in focus for 2018	Primary form of dialogue
Priority stakeholders		
Customers	• Specific customer requirements • Collaboration/partnering • Multi-tech projects • Energy efficiency and environment • Safety and work environment • Local community involvement	• Continual customer dialogue in every assignment • Delivery monitoring • Customer and market surveys • Activities promoting customer relations
Employees	• Remuneration and benefits • Safety and work environment • Opportunities for development • Exciting projects	• Continual employee dialogues • Internal channels (intranet, newsletters, text messages, e-mail, etc.) • Employee surveys • Activities that encourage well-being
Owners	• Business community trends • Earnings trends • Corporate governance • Sustainability • Cyber risks • Digitalisation	• Board meetings • Continual dialogue with owner representatives
Society	• Fossil-free energy • Chemicals • Equality/diversity • Local community involvement	• Sustainability reporting • Information and contact paths on website and in social media
Other stakeholders		
Suppliers	• Prices and terms • Safety and work environment • Ethics and values (Code of Conduct) • Chemicals	• Continual supplier dialogues • Local supplier meetings • Delivery monitoring
Trade unions	• Labour law issues • Remuneration • Work environment, health and safety	• Meetings • Negotiations
Government authorities	• Personal data (new GDPR) • Sustainability (reporting requirements) • General compliance with laws, ordinances and regulations	• Structured monitoring • Specialist network
Industry organisations, stakeholder organisations and specialist networks	• Digitalisation • Safety in the work environment • Other relevant special issues	• Active membership/participation on the Board* • Participation in conferences, courses, etc. • Network meetings

* To more clearly pursue priority issues and to actively promote a more sustainable society and a healthier industry, Assemblin is a member and active partner in several industry organisations and other stakeholder organisations. In Sweden, Assemblin is a member of Installatörsföretagen, the "Håll Nollan" and "Jämnt på jobbet" industry initiatives, and the ethical council of Byggbranschen. In Norway, Assemblin is a member of the Confederation of Norwegian Enterprise (NHO in Norwegian), the Norwegian Association of Plumbing, Heating and Ventilating Contractors, and the Nelfo trade association. In Finland, Assemblin is a member of the Technology Industries of Finland, the Finnish Association of HPAC Technical Contractors, and STTA.

Stakeholder dialogue and business intelligence

Surveying and analysing the changing needs of our stakeholders ensures that we develop in pace with society. This is why Assemblin works actively on a structured stakeholder dialogue that provides us with valuable information on what we're doing well, what we need to improve and which issues our stakeholders perceive as important just now. The results of the stakeholder dialogue are an important starting point for Assemblin's development efforts.

One of the most important tools in the dialogue is the personal meeting, which is supplemented by other communication channels and surveys. The forms of the stakeholder dialogue, and which issues were in focus in 2018, are reported in the table at left.

Key sustainability topics in our Sustainability Report

The field of sustainability is a broad one, and sustainability issues are legion. Based on the operations we carry out, there are certain issues that are more relevant for us to report than others: our key sustainability topics. These sustainability topics are analysed on a yearly basis, based on business intelligence and stakeholder dialogues. The sustainability topics worked out in 2017 remain in our sustainability report for 2018.

In Assemblin's sustainability report, our sustainability topics are structured from a stakeholder perspective, which corresponds to our value creation model and our overall objectives (refer to *Strategy and value creation*). This means that our priority stakeholder groups (employees, customers, owners and society) are our primary segmentation for reporting on our sustainability initiatives.

Priority issues for 2018

Based on an aggregate valuation of the company's development, the recommendations of the sustainability committee and the results of the stakeholder dialogues, Group management forms an annual prioritisation of the issues that Assemblin is to focus on for the coming year. The sustainability topics that were in particular focus in 2018 include information security, corporate governance, workplace safety and opportunities for efficiency enhancement and development using new technology.

KEY SUSTAINABILITY TOPICS

Assemblin has defined thirteen sustainability topics that, based on our operations and geographical locations, are deemed as the most significant to work with. In the table at the bottom of the page, they are also mapped based on the "triple bottom line" (3BL) international framework, the GRI and the UN Sustainable Development Goals.

EMPLOYEES – Assemblin as a responsible employer that adds value	CUSTOMER – Assemblin as a responsible business partner that adds value	OWNER – Assemblin as a responsible investment that adds value	SOCIETY – Assemblin as a responsible member of the community that adds value
Important Sustainability Topics 1 Development and training 2 Health and safety (work environment) 3 Human rights, diversity and equality	**Important Sustainability Topics** 4 Safe, efficient methods (quality) 5 Innovative, energy-efficient solutions 6 Sourcing and supplier management	**Important Sustainability Topics** 7 Growth and profitability 8 Corporate governance and risk management 9 Business Ethics	**Important Sustainability Topics** 10 Production control and chemicals 11 Climate and energy (carbon emissions) 12 Resource use and waste management 13 Public welfare and community involvement

KEY SUSTAINABILITY TOPICS SORTED BY PRIORITY STAKEHOLDER GROUPS, TRIPLE BOTTOM LINE (3BL), GRI TOPIC AND UN SUSTAINABLE DEVELOPMENT GOALS

Key sustainability topic	Mapped to stakeholder group	Mapped to 3BL	Mapped to GRI topic	Mapped to SDG
1 Development and training	Employees	Social	Training and education, GRI 404	4. Quality education
2 Health and safety (work environment)	Employees, (customer)	Social	Occupational health and safety, GRI 403	3. Good health and well-being
3 Human rights, diversity and equality	Employees	Social	Diversity and equal opportunity, GRI 405 + Non-discrimination, GRI 406	5. Gender equality 10. Reduced inequalities
4 Safe, efficient methods (working method)	Customer	Business	Management approach, GRI 103	12. Responsible consumption and production
5 Innovative, energy-efficient solutions	Customer	Business, environment	Carbon dioxide + Energy use, Scope 3 use of products sold, GRI 305-3	11. Sustainable cities and communities
6 Sourcing and supplier management	Customer	Business, social, environment	Supplier environmental assessment, GRI 308 + Supplier social assessment, GRI 414	12. Responsible consumption and production
7 Growth and profitability	Owners	Business	Economic performance, GRI 201	8. Decent work and economic growth
8 Corporate governance and risk management	Owners	Business	Management approach, GRI 103	12. Responsible consumption and production
9 Business ethics	Owners, (customer)	Business, social	Management approach, GRI 103 + Anti-corruption, GRI 205	8. Decent work and economic growth
10 Production control and chemicals	Society & environment	Environment	Materials, GRI 301/GRI 306	12. Responsible consumption and production
11 Carbon emissions (climate and energy)	Society & environment	Environment	Emissions, GRI 305	12. Responsible consumption and production + 13. Climate action
12 Resource use and waste management	Society & environment	Environment	Effluents and waste, GRI 306	12. Responsible consumption and production
13 Public welfare and community development	Society & environment	Social	–	11. Sustainable cities and communities

Responsibility as employer

Assemblin intends to be perceived as the most attractive employer in the industry. We are attempting to achieve this by being a stimulating, responsible employer that offers exciting work assignments and a sound, inclusive corporate culture.

WHAT DO OUR EMPLOYEES THINK?

We are firmly convinced that committed, satisfied employees produce better results. That is why, alongside personal performance reviews, employee surveys and smaller "pulse measurements" are carried out on a regular basis. The measurements conducted in 2018 confirmed that general well-being has increased, even if the results differ among various divisions. Particularly gratifying is that the Net Promotion Score loyalty index is at a very high level.

An internal brand survey was also conducted in 2018, in which over 1,000 employees responded to questions about why they chose to work at Assemblin. The factors that topped the list were: pleasant, knowledgeable colleagues; great opportunities for developments and Assemblin being a major employer with a broad range of competence.

Assemblin as a responsible employer that adds value

How we create value for our employees	Important sustainability topics from an employee perspective
A responsible, stimulating employer that offers exciting assignments in a positive, safe and non-discriminating work environment.	1 Development and training 2 Health and safety (work environment) 3 Human rights, diversity and equality

Development and training

Employee training is a priority issue in all business areas; they offer introductory and training programmes for their employees. The most common programmes are occupational training, project management programmes and leadership programmes. To promote a shared culture, there is also a Group-wide qualified leadership programme for managers and specialists. The first programme, developed in partnership with the Stockholm School of Business, was carried out in 2018 with excellent results; and a new programme will be carried out in 2019.

During the year, Assemblin El tested a new technical platform for web training in conjunction with a boom lift training programme. From here on, the platform will also be used for Group-wide web training programmes. First out is a Group-wide training programme in Assemblin's Code of Conduct, which will be launched in early 2019. In addition to web training, practical web guides are also used in the operations.

Strengthening (and promoting) and promoting skilled employees is also an important area of focus. There is a clear career ladder at Assemblin, and the proportion of internal recruitment in appointing project managers, specialists and managers is high. During the financial year, Assemblin brought in 441 people (347) into work life through a well-structured apprenticeship system and as interns. Average personnel turnover (including retirements) decreased in 2018, totalling 12 per cent, which reflects the high degree of mobility in the industry.

Health and safety

Many of Assemblin's employees work at construction sites that are often hazardous work environments, and certain work elements are particularly risky. Safety is thus a priority, and we work actively to prevent and reduce the number of workplace injuries in our operations as a whole. Risk analyses, the right equipment, the right training and the right information are a precondition in all assignments. Other measures include internal campaigns, theme days and theme weeks. In Sweden, Assemblin is also a member of the "Håll Nollan" safety initiative in the construction industry. Reporting and follow-up of risk observations, incidents and accidents take place in accordance with specific routines in each business area. The frequency of accidents that caused personal injuries with more than one day of sick leave (the IF rate) in 2018 was 9.6.

Assemblin also pursues active health and wellness initiatives, and all business areas offer some form of medical examinations as well as health and accident insurance. Other examples of health and wellness activities include subsidised physical training on leisure time, step counter challenges and campaigns. Follow-up dialogues with employees who are ill, and rehabilitation support for employees on long-term sick leave are also important measures for reduced absence due to illness. In 2018, absence due to illness decreased in all business areas, totalling 4.6 per cent (5.1), in line with comparable companies.

Health and safety work is systematically carried out in the respective business areas, but is also monitored at the Group level. Operations in the Assemblin Norway and Assemblin VS business areas are certified under the ISO 45001 international work environment standard.

THE HR PROCESS AT ASSEMBLIN

Attracting → Recruiting → Introducing → Leading & developing → Concluding

Assemblin's HR work is conducted in a structured manner in every business area, but with a certain amount of coordination. The shared objective is to build efficient processes as support for the local branches.

"We are firmly convinced that committed, satisfied employees produce better results."

Human rights, diversity and equality

Assemblin fully supports the principles of human rights in the UN Global Compact. Many of these rights are governed by law in the Nordic region, but issues such as respect for individual freedoms and dignity are nonetheless written into Assemblin's Code of Conduct.

Assemblin has a clear zero-tolerance vision regarding all forms of discrimination and bullying. One issue of particular importance in the construction and installation industry is gender equality, since the proportion of men has historically been extremely high. Assemblin tries in various ways to call attention to and to encourage women employees; since 2017, the company has been part of the "Jämnt på jobbet" initiative in the Swedish industry. In 2018, the total proportion of women in Assemblin was 5.9 per cent (5.9). The proportion of women managers is higher; among the highest-ranking managers the proportion of women was 13 per cent (15).

KNIFE AMNESTY IN DECEMBER

Cutting injuries are one of the most common workplace injuries in our operations. That is why Assemblin VS began a "knife amnesty" in December, in which knives with sharp tips were replaced with safer knives that had a blunt tip. At the same time as the safer knives were brought into use, new gloves were offered to all installers. The initiative is intended to reduce cutting accidents.

Responsibility as supplier

Assemblin intends to be our customers' first choice when selecting an installation partner. This is achieved through being close to our customers and continually developing our deliveries and our offering.

WHAT DO OUR CUSTOMERS THINK?

Assemblin brand awareness has increased steadily since the company was formed. In 2018, Assemblin conducted a market survey, which showed that in relation to its major competitors, Assemblin ranked high in the following areas:

- High level of technical competence
- Ability to conclude projects according to plan
- Local strength – strong local presence and strong local relations
- Documented experience with specific buildings

The areas in which customers perceived no major difference among the installation companies were price and ability to use the BIM information system and other digital tools.

Assemblin as a responsible partner that adds value

How we create value for our customers	Important sustainability topics from a customer perspective
Innovative, sustainable installations that make buildings work and people feel comfortable.	4 Safe, efficient methods (quality) 5 Innovative, energy-efficient solutions 6 Sourcing and supplier governance

Safe, efficient methods (quality)

Assemblin's deliveries are to be carried out efficiently, with the right quality, at the right time and at the right price. An important starting point is meeting our customers' wishes while never compromising on the requirements that laws, various industry standards and certificates impose. That is why there are tools, instructions, checklists and guidelines for the ongoing work are gathered into the business areas' management systems as support for this continual work.

Assemblin's operations are carried out in line with the requirements imposed in the ISO 9001 international quality standard, and 79 per cent of the operations (Assemblin El, Assemblin VS and Assemblin Norway) have also chosen to formally sign on to this certification.

Innovative, customised and energy-efficient solutions

We continously monitor market trends, and keep ourselves continually updated on the latest technology and methods.

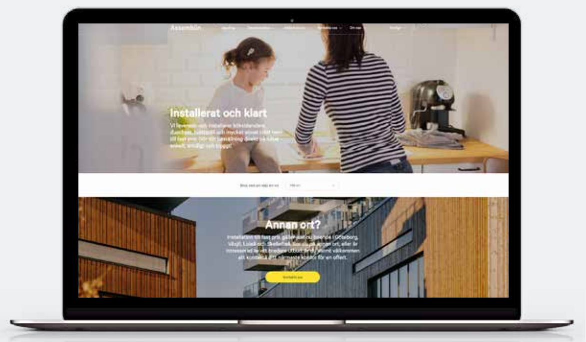
Currently, a large number of development projects are in progress based on new technology, linked in particular with Building Information Modelling (BIM) – which is becoming more and more common both in the construction process and in the operation and maintenance phase. There is a great deal of experience in Assemblin with using BIM in own operations and in those linked to customers.

Our goal is, in close partnership with our clients, to create efficient, long-term, sustainable installation solutions that add value and enable the project costs and risks in construction projects to be minimised. At the same time, we always have the life cycle perspective in focus. Assemblin is a committed, responsible partner with the objective of always finding the best solution for our clients and their end users.

Assemblin can promote optimising its customers' facilities and properties from an environmental and energy perspective by actively proposing climate-smart and energy-efficient installation and service solutions.

Assemblin also has extensive experience in what is expected of an installation company to meet the requirements of various certification systems for buildings – for example Leed, BREEAM, Nordic Ecolabel, Miljöbyggnad and EU Green Building. We can work on energy optimisation in our service assignments as well, for example through energy mapping, energy-efficient pumps and ventilation, and modern lighting solutions. Our customers can also count on our systematic internal health and safety work, which is described in more detail on pages 36–37.

NEW HABITS REQUIRE NEW SOLUTIONS



New technology creates new opportunities, and Assemblin is making use of them. In 2018, Assemblin launched two new digital solutions in response to customers' changing habits. One of them is the online shop, assemblin.se, where private individuals can quickly and easily order installations of shower sets, kitchen taps, toilets and much more at fixed prices. As a start, the online shop targets residents of Gothenburg, Växjö, Skellefteå and Luleå.

In Finland, Assemblin launched eManageri — a smart service platform that helps property managers and property owners monitor and manage energy efficiency in a property. The tool, developed by Assemblin, gathers and links data from a number of systems, including from energy companies and systems for property automation.

Sourcing and supplier management

Sourcing and supplier management are important issues for Assemblin. A new data warehouse for purchasing was inaugurated in 2018, which facilitates opportunities for measuring and monitoring sourcing work.

The largest part of Assemblin's purchases is direct material purchased from selected framework agreement suppliers. The largest indirect purchases are vehicles, fuel and work uniforms. A Group-wide review was begun in 2018 of inventory such as service vehicles – especially from an environmental perspective – and electrical hand tools. In addition to this material, Assemblin also purchases certain services such as insulation work and consultant services. These assignments are often procured locally.

There are procurement functions in our business areas that are responsible for signing agreements, and reviewing and monitoring larger framework agreement suppliers based on product categories. Before agreements are signed with larger framework agreement suppliers, a supplier assessment is conducted in which delivery capacity, accessibility, warranties, product responsibility, health and safety work, environmental work, finances, prices etc. are evaluated. The supplier must also certify that its operations meet the requirements in Assemblin's Code of Conduct for suppliers. A violation of these guidelines could lead to the partnership being terminated. The suppliers are routinely evaluated during the contract period. In following up on deliveries, the objective is to jointly develop the partnership.

Another important task for the procurement functions is, together with suppliers and the operation, to develop and evaluate new materials and products with the objective of having the right quality at the lowest total cost, with good availability. The approved product range is called Assemblin Bästa Val (Assemblin Best Choice). The Assemblin product range contains only products that comply with the relevant laws and requirements. Compliance includes such standards as REACH, CLP, RoHS, WEEE, EPD and other relevant CE directives. In addition, suppliers must comply with the specific requirements that Assemblin imposes in its Code of Conduct for suppliers.

Three of Assemblin's business areas (Norway, El and VS) provide selected products via purchasing systems through which all tenders are to be submitted. Purchases via the digital portals (Electronic Data Interchange, or EDI) are carefully measured and followed up on. The entire Group works actively on increasing contract loyalty, increasing EDI and reducing the number of cash and carry orders. In 2018, EDI experienced a robust increase in several of Assemblin's business areas. A high degree of EDI use leads to more efficient purchasing and better governance of Assemblin Bästa Val. Also, a decreased share of cash and carry orders leads to increased productivity and lower environmental impact in the form of reduced vehicle operation. In general, EDI is lower in service assignments than in contract assignments.

Responsibility as investment

Assemblin intends to be an attractive investment object that delivers stable and profitable growth with controlled risk. This means we must have a strong focus on earnings, and also a clear framework and a sound business culture.

Assemblin as a responsible investment that adds value

How we create value for our owners	Important sustainability topics from an owner perspective
Strong yield through stable financial development, with controlled risks and a sound approach grounded in business ethics.	7 Growth and profitability 8 Corporate governance and risk management 9 Business ethics

Stable growth and healthy profitability

In 2018, Assemblin reported strong growth and very strong earnings. For the full year, sales increased 8.8 per cent to SEK 8,885 million (8,169). Adjusted operating profit increased 59 per cent, totalling SEK 401 million (252), which improved the margin from 3.1 per cent to 4.5 per cent. Assemblin routinely reports economic trends to the company's Board of Directors. More on the company's financial trends can be read in the *Board of Directors' Report*.

As regards tax-related issues, the tax laws in effect and the prevailing practice in the countries where Assemblin conducts operations are applied. Swedish accounting policies are applied in financial reporting, and the consolidated financial statement is issued in accordance with the International Financial Reporting Standards (IFRS). The accounts are reviewed by external auditors.

Corporate governance and risk management

Assemblin's owners, and to a certain extent Assemblin's customers as well, place demands on Assemblin's corporate governance and risk management efforts. The routine reporting to the company's owners is supplemented twice a year with comprehensive sustainability reporting, in which corporate governance and risk management are also included. Issues that the owners focused on in particular in 2018 were Assemblin's digitalisation agenda, cyber risk management and implementing the Code of Conduct.

An extensive review of the Group's shared policies, framework and shared principles was conducted in 2018. Basic information about corporate governance at Assemblin can be found in the *Corporate Governance* section.

Sound business ethics.

Assemblin's shared values and its Code of Conduct were updated during the financial year. The new Code of Conduct has been translated into all local languages, and is published on the company's intranet and external website. At the end of the year, work was also begun on producing a Group-wide web training programme in our Code of Conduct, which in 2019 will be mandatory for all employees at Assemblin.

Assemblin's employees are also encouraged to report their suspicions of violations, either via their immediate superior or anonymously via a special whistleblower service in the intranet. All reported incidents are investigated. If a crime is verified, it could form the basis for termination and/or a police report. In 2018, two cases of a more serious nature were investigated. One case resulted in a supplier's contract being terminated, and the other in an employee being issued a warning.

There is a special Code of Conduct for Assemblin's suppliers, which is an important tool in the company's supplier governance *(refer to page 33)*.

SHARED VALUES AND SOUND CULTURE

Assemblin developed a new Code of Conduct in 2018. This Code of Conduct describes the fundamental ethical principles that are a guide to all decisions and actions in the Group. The Assemblin Code of Conduct is divided into four areas: work environment and safety, business ethics, communication and the environment. The section on business ethics deals with issues such as measures to limit competition or collaboration, bribes and money laundering. For further guidance on the company's positions against corruption, there is also an in-depth Policy against bribes and corruption.

The Group's shared values were also updated during the year. The starting point for the new values was finding concepts that were easy to understand and could be used by individual employees in their daily work lives. These shared values are also an important part of Assemblin's acquisition strategy. Consensus around culture and values facilitates the integration of new employees and operations. These values are presented on page 12.

Responsibility as member of the community

Assemblin intends to be a positive member of the community that conducts sustainable long-term operations with minimal negative impact on the environment and society.

ASSEMBLIN'S ENVIRONMENTAL IMPACT IN OWN OPERATIONS

In general, Assemblin's environmental impact is limited. Operations are not covered by an obligation to report, or licensing requirements for environmentally hazardous operations. In parts of its operations, Assemblin manages a certain amount of hazardous waste in accordance with applicable ordinances.

Assemblin's most significant internal environmental topics are resource use/waste management, production control/chemical management and carbon emissions arising from transportation, business travel and heating of own premises.

In the Swedish operations there are four smaller production facilities with limited environmental impact: Two electrical power stations in Gävle and Örebro, and two workshops for channel manufacture in Malmö and Linköping.

In addition to its internal environmental work, Assemblin can also reduce its environmental burden by actively proposing energy-saving solutions to the company's customers.

Assemblin as a responsible member of the community that adds value

How we create value for society as a whole	Important sustainability topics from a societal perspective
Healthy citizens in buildings with good indoor climates. Job opportunities and tax revenue. Local community involvement. Operations with limited environmental impact.	10 Production control and chemicals 11 Climate and energy (carbon emissions) 12 Resource use and waste management 13 Public welfare and community involvement

Efficient use of resources and waste management

Good planning is the most effective method for optimising purchased materials and minimising waste. In a circular economy it is also important to recycle the waste, that despite everything does occur, to the greatest extent possible. Waste is managed locally in every individual assignment. In the larger contractor assignments, the contractor often provides sections for sorting waste at the construction site. In the service assignments, waste is usually managed via external environmental control companies. Even at most of its local offices, Assemblin has its own sections for waste management.

Production control and chemicals management

In our assignments, we install ventilation equipment, heating and water pipes, electric cables and other equipment. Purchasing at Assemblin is done locally, but is governed via a controlled product range that is found in all the business areas. The product range is determined by the purchasing divisions of the business areas in close collaboration with the head of environment and quality, who is knowledgeable about product requirements imposed in various systems such as BASTA, Sunda Hus and Byggvarubedömningar. The approved product range is provided in purchasing systems specific to the business area, and increasing the share of electronic purchases is an express objective. In 2018, the proportion of electronic purchases (EDI) experienced a robust increase in several business areas.

Under REACH, the European chemicals legislation, Assemblin is classified as a downstream consumer. Using various chemicals management systems, all chemicals are managed in accordance with REACH guidelines.

Climate and energy (carbon emissions)

Assemblin conducted energy mapping of third-party players in the Swedish companies for 2017/2018. The mapping confirmed that the immediate carbon dioxide emissions that Assemblin generates and can itself control primarily comprises emissions from transportation (Scope 1), heating of own offices (Scope 2) and emissions from business travel (as a part of Scope 3). The carbon emissions Assemblin generates from these areas totalled approximately 1,443 kg per FTE employee (*refer further to the table of key figures on page 38*). These areas are commented on separately, below.

Assemblin also follows up annually on the indirect climate impact via purchases of goods and services (Scope 3) per business area. As a basis for these calculations, templates are used based on the sector or industry the supplier is part of (under the GHG global standard), which does not always correspond to Assemblin's actual purchases and must therefore be interpreted with care. It can be stated, however, that this climate impact is significantly greater than the direct impact from Assemblin's operations. The area of technology that represents the relatively largest climate impact under Scope 3 is ventilation, which is a more material-intensive operation than heating and sanitation and electricity, for example.

Carbon emissions from transportation

In Assemblin, there is a large number of service trucks and other service vehicles, and carbon emissions from own service trucks (Scope 1, Transportation) is Assemblin's largest direct source of emissions. Assemblin primarily purchases service trucks that run on diesel (HVD), petrol or electricity. To reduce its environmental impact, a phase-out of older trucks and, where possible, a transition to smaller vehicle models are currently in progress. Assemblin's objective over the long term is to switch to electric and gas-driven vehicles. The general perception is that at present, the range of transportation vehicles than run on electricity is too short. Developments in the automotive industry are moving rapidly, however, and Assemblin's understanding is that within a few years a large-scale switch to electric vehicles will be possible.

Total fuel consumption for the Group's service vehicles was reported as 34,534 MWh, corresponding to a carbon impact per employee (FTE) of 1,363 kilogrammes and average emissions per vehicle of 163 g CO_2 (181) per kilometre (*refer further to the table of key figures on page 38*). This is a tremendous reduction year-on-year, which is primarily attributable to a large portion of the vehicle fleet in Norway, Sweden and Finland being replaced. Assemblin in Norway is taking the lead on electric vehicles; a large number of them were put into use, primarily in service assignments, in 2018.

Carbon emissions from business travel

Assemblin has invested in modern technology for remote meetings, which can replace business travel to a certain extent, for the purpose of saving time, money and the environment. The use of both existing conference equipment in all of the larger Assemblin offices and of Skype meetings increased in 2018.

Based on the information in our travel portal, total carbon emissions from business travel during the financial year totalled 56 kilogrammes per employee (FTE). Travel was allocated quite evenly across operations, but the operations in Norway stand out since they included travel to Europe in connection with the awarding of a prize.

Carbon emissions from own premises

Assemblin is working actively to gradually co-locate operations located close to each other, thereby optimising local usage and reducing carbon impact from heating of own premises (Scope 2). In many offices, fossil-free electricity is used for heating. In Sweden, carbon emissions from own premises is negligible; Norway is the same except for one Norwegian office that at present generates a large amount of emissions. Total carbon emissions from own premises in 2018 was reported as 24 kilogrammes per employee (FTE), of which the operations in Finland represented the largest portion (*refer further to the table of key figures on page 38*).

Public welfare and community development

Assemblin contributes to society through local sponsored activities and community involvement in the locations where we operate. Examples include local partnerships with sporting clubs, local environmental projects and local mentoring programmes.

Swedish involvement in the preceding year's Movember campaign was followed up in 2018 through a fund drive in the Nordic region to benefit the fight against prostate cancer. In November, upwards of a thousand Assemblin vehicles were decorated with blue moustaches on their grilles to call attention to the Movember campaign while fund drives were carried out. In total, Assemblin – together with its employees and customers – collected SEK 127,000, the full amount of which was donated to prostate cancer research.

One of Assemblin's largest contributions to society is bringing young people into working life through a well-developed apprenticeship system (*read more on page 30*).

Access to fresh water should be self-evident

As a Christmas gift to its employees, Assemblin in Norway wanted to give something that would be of lasting benefit to people who really needed it, and at the same time was linked to Assemblin's operations. Contact with the Chivi Foundation, a relief organisation, resulted in collaboration around drilling a well and providing a school in rural Zimbabwe with water. The project was carried out in 2018, with excellent results. The school now has a well that produces fresh, clean drinking water for students and teachers.

Reporting of key figures

The energy data presented here has been defined and calculated under the policies of the GRI international sustainability standards and the Greenhouse Gas Protocol. In all other respects, the report complies with relevant reporting and consolidation principles in accordance with the policies in financial accounting.

KEY FIGURES	Group 2018[1]	Electricity	Heating & sanitation	Ventilation	Norway	Finland
EMPLOYEE FIGURES						
Average number of employees, FTE	5,630	2,754	1,428	515	595	215
– of which women, %	5.9	5.3	5.9	6.8	5.5	9.6
Number of senior executives, FTE	52	14	9	5	8	7
– of which women, %	13.5	7.1	22.2	40.0	12.5	0.0
Average age, total	40	40	41	43	37	43
Sick leave, %	4.6	4.5	4.4	4.9	5.3	4.1
– of which long-term	2.3	1.9	3.1	2.3	2.7	1.2
Injury frequency (IF)	9.9	7.6	12.9	3.1	11.4	31
Near misses, number	96	11	39	23	23	N/A
Fatal accidents, number	0	0	0	0	0	0
KEY FINANCIAL FIGURES						
Sales, SEK m	8,885	3,588	2,379	1,317	1,073	539
Adjusted operating profit (EBITA), SEK m	401	165	107	73	71	11
Adjusted operating margin (EBITA), %	4.5	4.6	4.5	5.6	6.6	2.0
KEY ENVIRONMENTAL FIGURES						
Fuel consumption of vehicles in operations, MWh	34,534	13,717	13,922	4,598	1,816	514[2]
Carbon impact from vehicles, kg/FTE	1,363	1,062	2,032	2,397	818	403[2]
Carbon impact from electricity in operations, kg/FTE	24	1.5	0	0	55	319[3]
Carbon impact from business travel, kg/FTE	56[4]	41[4]	56[4]	49[4]	127[4]	29[4]
OTHER KEY FIGURES						
Share of ISO 14001 certified operations, %	79	100	100	0	100	0
Share of ISO 9001 certified operations, %	79	100	100	0	100	0
Share of OHSAS 18001/ISO 49001 certified operations, %	36	0	100	0	100	0
Number of apprentices	441	115	199	10	98	19

FOOTNOTES
1) The Group also includes Group staff, who are however not reported separately in this list.
2) In 2018, Finland switched fuel suppliers, who could only report 11 months; fuel consumption for 1 month has therefore been calculated on a standard rate.
3) As of 2018, Finland includes an office that previously could not report energy use separately.
4) The information for 2017 also included accomodation and hotels, which are not included as of 2018.

Definitions of selected key sustainability figures

Average number of employees, FTE
Refers to the number of employees, recalculated into full-time equivalents.

Senior executives
Members of the Group and business area management groups at year end.

Sick leave
Total sick leave (short- and long-term). Sick leave is commented on under Health and safety on pages 30–31.

Injury frequency (IF)
A sudden, serious incident during working hours or on the way to/from work that caused personal injury with more than one day of sick leave, divided by the number of hours worked × 1,000,000. For the number of hours work, a standard rate of 1,800 hours per average number FTE is used. Injury frequency is commented on under Health and safety on pages 30–31.

Near misses
The total number of risk observations and incidents during working hours or on the way to/from work.

Fatal accidents
The total number of risk observations and incidents during working hours or on the way to/from work.

Fuel consumption of vehicles in operations
The key figure corresponding to GRI 302-1A. Information on the purchase of fuel from Assemblin's leasing company, or alternately the reported number of kilometres driven, recalculated to energy based on vehicle type, was used as the basis for the calculation. This information is commented on under Climate and energy on pages 36–37.

Carbon impact from vehicles (Scope 1)
Information corresponding to GRI 305-4. Fuel purchased via Assemblin fuel cards, or alternately the reported number of kilometres driven, recalculated to carbon impact based on vehicle type, was used as the basis for the calculation. This information is commented on under Climate and energy on pages 36–37.

Carbon impact from electricity in operations (Scope 2)
The key figure corresponding to GRI 301-1C. Invoicing and/or consumption information on fuel purchased, and carbon calculations based on the reported sales mixes from energy companies, was used as the basis for this calculation. This information is commented on under Climate and energy on pages 36–37.

Carbon impact from business travel (part of Scope 3)
The key figure corresponding to GRI 305-4. Information on business travel booked via the travel agencies Assemblin has a framework agreement with was used as the basis for this calculation. Travel may also have been booked outside the travel portal. This information is commented on under Climate and energy on pages 36–37.

Share of ISO 9001, ISO 14001 and OHSAS 18001/ISO 45001 certified operations
This information reflects the share of certified operations in Assemblin's total sales.

Auditor's statement regarding the statutory sustainability report

To the Annual General Meeting of shareholders of Assemblin Holding AB, corporate identity number 559025-2952

Engagement and responsibility
It is the Board of Directors who is responsible for the sustainability report for the year 2018 on pages 26–39 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination
Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm, 15 April 2019
KPMG AB

Helena Arvidsson Älgne
Authorised public accountant

An introduction to the company's governance

The owners and Board of Directors manage and administer Assemblin through well-defined regulations and control systems, structured reporting and close collaboration with Group management.

Owners and Board of Directors

Since 2015, Assemblin has been owned primarily by the investment company Triton. The owners nominate the Board's representatives, who are responsible for Assemblin's organisation and for administration of the company's affairs. Some of the Board's most important tasks are routinely assessing the Group's financial situation, ensuring Assemblin's long-term strategy, and governing, monitoring and controlling daily operations. The Board of Directors also elects the company's CEO.

The composition of the Board changed in 2018 as a result of one of its members resigning. At the end of the year, the Board was composed of five permanent members. The Board will be presented in the next section.

Board activities are governed by the Swedish Companies Act, the Articles of Association and rules of procedure established by the Board. Board activities are managed by the Chairman of the Board. In addition to the Board members, the company's CEO and CFO take part in the meetings; other persons from the company take part as needed. Assemblin's chief legal officer is the Board's secretary. The Board of Directors had five scheduled meetings in 2018.

ORGANISATION

Assemblin's operating organisation is divided into five business areas, of which three are in Sweden (El, VS and Ventilation), one is in Norway and one in Finland. For more information, refer to *pages 18–19*.

Assemblin's legal organisation largely corresponds with its operating organisation. The Group's Parent Company is Assemblin Holding AB, which is where the earnings of the five subgroups (corresponding to the business areas) are consolidated.

Audit Committee

Under the Board's rules of procedure, there must be an Audit Committee within the Board whose task, without affecting the Board's areas of responsibility and tasks in general, is to:

- monitor the company's financial reporting, as well as internal control and risk management;
- monitor the impartiality of the auditor and stay informed about the audit of the Annual Report; and
- monitor the Group's short- and long-term cash flow trends and financing opportunities.

The Audit Committee has two permanent members. The rapporteurs are Assemblin's CFO and, where appropriate, the Group's external auditors. The Audit Committee held four meetings in 2018.

CEO and Group management

Assemblin's CEO has a mandate from the Board of Directors to manage operating activities together with Group management in accordance with the guidelines and instructions from the Board. The CEO is also responsible for providing the Board with the information needed to take well-founded decisions.

Assemblin has Group management that includes the CEO, deputy CEO, five business area presidents, the CFO and the Head of Communications and Sustainability. Group management will be presented in the next section. Group management works in accordance with an established plan; in 2018 they met on 12 occasions. The operational governance of Assemblin is described on *pages 18–19*.

EXTERNAL REGULATIONS

- The Companies Act
- The Annual Accounts Act
- Other relevant laws

INTERNAL REGULATIONS

- The Articles of Association
- The Board's rules of procedure
- The Board's instructions to the CEO
- Policies and other policy documents

Audit and auditors

Independent external auditors review Assemblin's annual report and accounts, as well as administration by the CEO. The auditor reports to the Audit Committee and the CEO, as well as to management at the local companies. In conjunction with the annual financial statements, the auditor also presents her conclusions of the review to the Board in its entirety.

INTERNAL CONTROL REGARDING FINANCIAL REPORTING

The Board of Directors of Assemblin has overall responsibility for the company having an efficient system for internal control. The Group's financial situation, as well as its financial strategies and objectives, are discussed at every Board meeting. Between meetings, the Board also receives monthly reports regarding financial trends.

The Board annually evaluates the need for a special internal audit function, but at present does not find any need for such at the Group level. Within the company there are a number of controls for approving and authorising business transactions. The controls are applied on a daily basis in routine work, and improvement efforts are ongoing to minimise the risks in important financial processes such as the annual financial statements, tax, sales, purchasing, salaries and investments. Continual monitoring, evaluation and updating of control activities creates an efficient system for internal control throughout the operations. Accounting policies established within the Group are applied in preparing the annual financial statements and financial reports.

Together with Group Management, the CEO is responsible for the work of producing reliable financial reporting that correctly reflects the company's operations at a suitable level of detail. Reports are prepared in accordance with the Swedish Annual Accounts Act; the International Financial Reporting Standards (IFRS) are applied for the Group.

The Group's treasury function is responsible for developing and improving internal control as regards financial reporting. This occurs on a routine basis through analysis of and updates to the Group's framework for internal control, and also through reviews of how the internal controls are working.

The Board of Directors has tasked the Audit Committee with ensuring that the company's internal control as regards financial reporting is monitored and evaluated. The Group's external auditors also annually review the internal control and present their observations in a report to management and the Audit Committee. The Audit Committee also presents a report to the Board of Directors at the subsequent Board meeting.

Control activities

At Assemblin, projects and agreements are approved in accordance with the decision-making matrix established by the Group's Board of Directors. Financial reporting is analysed and validated by the Group's finance function through both automatic controls and analysis. Improvements are routinely implemented for the purpose of increasing compliance and adapting the Group's control environment to an ever-changing reality.

Monitoring

The Group's Board of Directors and management routinely follow up on the internal controls for the purpose of ensuring the quality of the processes. The Group's financial position is discussed at every Board and Group management meeting.

Assemblin does not have its own review function, though a self-estimation and spot checks are performed annually by the Group's finance function and presented to the Audit Committee.

Communication and information security

Communication work in Assemblin is governed by the Group's communication policy, which ensures that the external and internal information is correctly and professionally managed. A number of more practically oriented guidelines are linked to the communication policy. Internally, there are also clear guidelines to how information security is to be managed. All Group-wide policy documents (including guidelines concerning financial reporting) are available to Assemblin employees on the Group's intranet. Internal information and training as regards the policy documents are provided at seminars and meetings.

OWNERS

Triton is an international investment company founded in 1997. The company's objective is to enable the creation of better companies through long-term partnerships.

Triton invests in medium-sized companies domiciled in Europe that are active in the industry, business services, and consumer and health sectors.

Triton's funds have around 100 investors, which include organisations such as pension funds, state-owned capital funds, insurance companies and foundations. In assessing investments and taking decisions, Triton takes into account the environment, social responsibility and ownership governance, which is favourable to long-term value creation.

Since its founding, Triton has completed more than 60 investments and supported more than 260 acquisitions.

For more information, please visit www.triton-partners.com

Board of Directors



Mats Wäppling (Matts Väppling)*

BORN: 1956

ROLE: Chairman of the Board since 2017

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology.

PROFESSIONAL EXPERIENCE: From 2007 to 2012, Mats was President and CEO of Sweco. Prior to that, he worked as Vice President at NCC after many years at Skanska, where he finished his career as Vice President.

OTHER CURRENT APPOINTMENTS: Chairman of the Board of PKM Invest and Campus X. Board member of Pandox, Vesper and Ramudden.

*Mats Wäppling is registered in Sweden as Matts Väppling.

Leif Gustafsson

BORN: 1967

ROLE: Board member since 2017

EDUCATION: Construction engineer, marketing economist, IHM Business School.

PROFESSIONAL EXPERIENCE: CEO of Cramo Group since 2016. CEO of Stena Recycling International, 2012–2016; President of Stena Recycling AB, 2008–2012. President of YIT Sverige, 2003–2008. Division Manager at ABB, 1999–2003.

OTHER CURRENT APPOINTMENTS: CEO of Cramo Group. Board member of European Rental Association (ERA).

Mats Jönsson

BORN: 1957

ROLE: Board member since 2017

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology.

PROFESSIONAL EXPERIENCE: President and CEO of Coor Service Management. Various positions at Skanska, including President of Skanska Services.

OTHER CURRENT APPOINTMENTS: Chairman of the Board of Logent and Lekolar. Board member of Coor Service Management and NCC.


Young Kim

BORN: 1985

ROLE: Board member since 2015

EDUCATION: M.Sc. in Engineering Physics, KTH Royal Institute of Technology.

PROFESSIONAL EXPERIENCE: Young Kim is currently an Investment Professional at Triton. Prior experience includes positions at Credit Suisse and Stella Capital Advisors.

OTHER CURRENT APPOINTMENTS: –

Anders Thulin

BORN: 1963

ROLE: Board member since 2017

EDUCATION: Master in Economics and Business Administration from Stockholm School of Economics, including MBA studies at the Western University, Ivey Business School, Canada.

PROFESSIONAL EXPERIENCE: Anders is currently Head of Triton Digital Practice. His previous experience includes the role of Senior Vice President and CIO at Ericsson, and Senior Partner at McKinsey.

OTHER CURRENT APPOINTMENTS: Board member of Ramudden AB, Chevron Traffic Management, Proact AB and Sunweb Group.

Group Management





Mats Johansson

BORN: 1967

ROLE: CEO of Assemblin AB sedan 2018

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology; SEP Stanford (US).

PROFESSIONAL EXPERIENCE: Various senior positions at Skanska, 1994–2018; latest as COO, Skanska USA Building.

OTHER CURRENT APPOINTMENTS: –

Fredrik Allthin

BORN: 1970

ROLE: President of Assemblin El since 2016

EDUCATION: B.Sc. in Engineering and Economics, with graduate education in management and contract law.

PROFESSIONAL EXPERIENCE: Regional Manager, deputy CEO and CEO of Imtech Elteknik AB, 2013–2015. NEA, 1998–2013.

OTHER CURRENT APPOINTMENTS: Deputy member of Installatörsföretagen.

Andreas Aristiadis

BORN: 1978

ROLE: President of Assemblin VS since 2017

EDUCATION: HVAC engineer

PROFESSIONAL EXPERIENCE: Regional Manager, deputy President of Assemblin VS AB, 2015–2017. Various executive roles at NVS, 2001–2013, and at Imtech VS-teknik AB, 2013–2015.

OTHER CURRENT APPOINTMENTS: Board member of Säker Vatten.

Åsvor Brynnel

BORN: 1966

ROLE: Head of Communications and Sustainability since 2017

EDUCATION: Business Administration and Economics, Mid Sweden University

PROFESSIONAL EXPERIENCE: Communications and Sustainability Director at Coor Service Management, 2005–2017. Head of Communications at Drott/Fabege, 2001–2005. Senior Consultant Strategic Communications at Askus, 1997–2001.

OTHER CURRENT APPOINTMENTS: –

Philip Carlsson

BORN: 1978

ROLE: CFO since 2017

EDUCATION: M.Sc. in Business Administration and Economics, Uppsala University; Finance, Emlyon Business School.

PROFESSIONAL EXPERIENCE: CFO at Coromatic, Director of EY Transaction Service (Stockholm and London). Auditor at Previsor Revisionsbyrå.

OTHER CURRENT APPOINTMENTS: –




Håkan Ekvall

BORN: 1966

ROLE: President of Assemblin Ventilation since 2013

EDUCATION: HVAC engineer with training in control and regulator technology, fire prevention and contract law.

PROFESSIONAL EXPERIENCE: President of Imtech Ventilation AB, 2013–2015. Co-founder of Sydtotal AB, 2000; Head of Business Development, 2011–2013.

OTHER CURRENT APPOINTMENTS: –

Magnus Eriksson

BORN: 1971

ROLE: President of Assemblin Finland since 2017

EDUCATION: B.A. in Economics

PROFESSIONAL EXPERIENCE: Financial Manager at Consti Talotekniikka Oy, 2011–2017. CFO at Datacenter Finland Oy, 2010–2011. Accounting Manager at ELFA Elektroniikka Oy, 2005–2010.

OTHER CURRENT APPOINTMENTS: Deputy Chairman of the Board for Svenska Handelshögskolans Studentkårs Understödsförening r.f. Chairman of RC Fennica Chapter r.f.

Lennart Petersson

BORN: 1956

ROLE: Deputy CEO since 2018, former acting CEO and previously President of Assemblin VS

EDUCATION: Heating & sanitation technician; various graduate courses in finance, project management and management.

PROFESSIONAL EXPERIENCE:President of Assemblin VS AB, 2015–2017. Regional Manager, deputy CEO and CEO of Imtech VS-teknik AB, 2013–2015. Regional Manager at Imtech VS-teknik AB, 2007–2013.

OTHER CURRENT APPOINTMENTS: Board member of Installatörsföretagen.

Torkil Skancke-Hansen

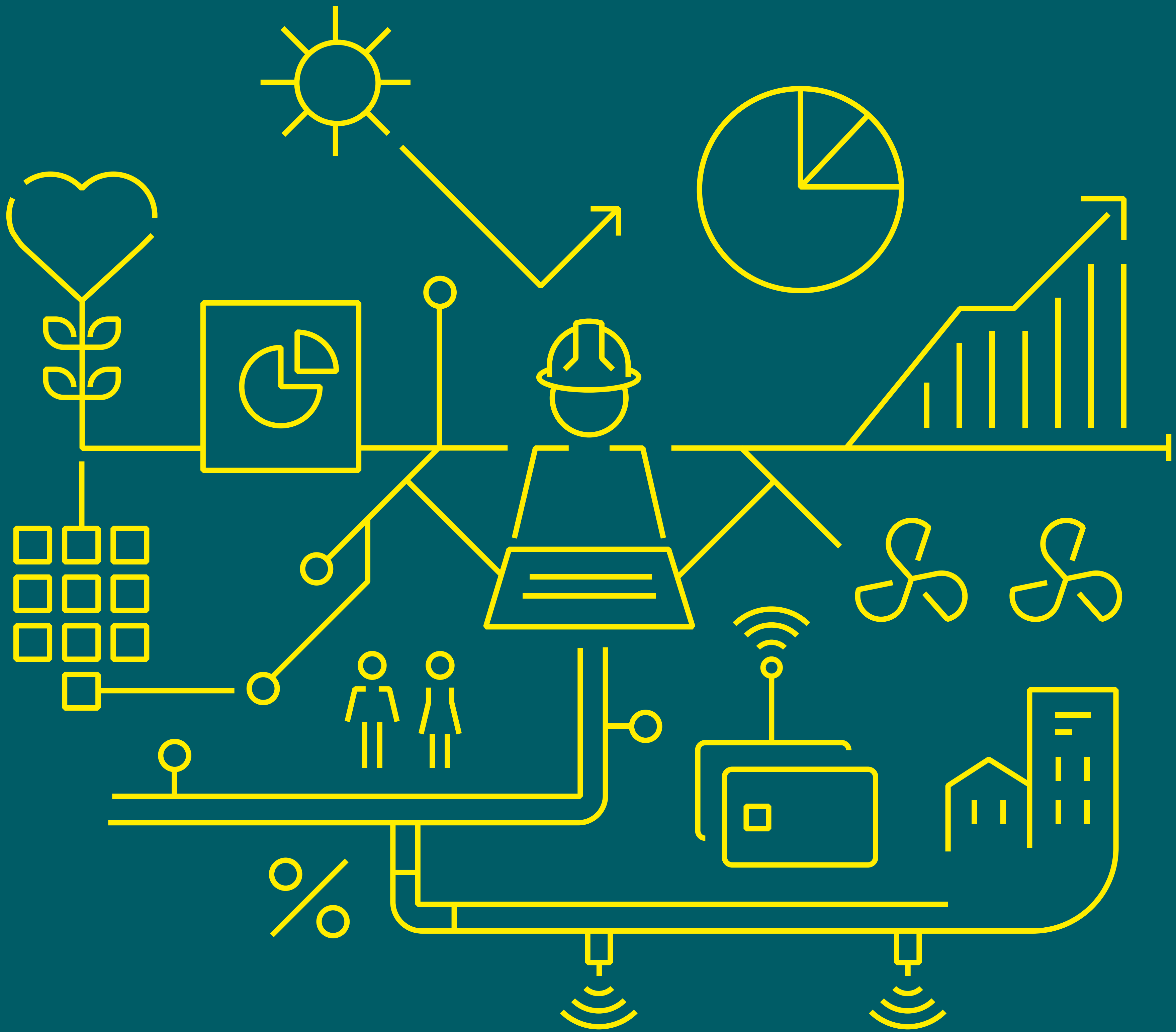
BORN: 1969

ROLE: President of Assemblin Norway since 2009

EDUCATION: Ingenjörshögskola, Machinery/HVAC. Ekonomisk Högskola, bachelor's degree. Trained plumber (trade certificate).

PROFESSIONAL EXPERIENCE: Various positions at Assemblin since 1996 (formerly Drammens rør, NVS and Imtech).

OTHER CURRENT APPOINTMENTS: –



FINANCIAL STATEMENTS

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Financial reporting is a part of Assemblin's 2018 Annual Report, which is available in its entirety on the company's website. This explains why the pagination begins on page 45. This report can be read separately, but occasionally contains references to other parts of the report on operations.

The Board of Directors of Assemblin Holding AB, corporate ID number 559025-2952, hereby submits its annual accounts for the period from 1 January to 31 December 2018 and the consolidated financial statements for the period from 1 January to 31 December 2018. All amounts are in SEK million unless otherwise indicated. Differences in the totals may occur due to rounding.

Board of Directors' Report

In 2018, Assemblin produced strong growth and a considerable increase in earnings. The market remained strong. Mats Johansson took office as the new CEO, and the Group developed a new shared framework and a new business plan.

Assemblin in brief

Assemblin is a complete installation and service partner with operations in Sweden, Norway and Finland. The company designs, installs and maintains technical systems for electricity, heating and sanitation, and ventilation in offices, arenas, shopping centres, private homes and industries. Assemblin has a strong local presence in approximately 100 locations across the Nordic region, with its head office in Stockholm. The Group was formed in November 2015. Its operations are divided into five business areas, which also form the Group's primary segments: Assemblin El (Sweden), Assemblin VS (Sweden), Assemblin Ventilation (Sweden), Assemblin Norway and Assemblin Finland.

Market and operations

Activity levels in the installation market remained high in 2018. Housing construction slowed down in the metropolitan regions, which was however offset by increased public investments in primarily major infrastructure projects, hospitals and schools.

Order intake remained healthy, totalling SEK 9,459 million (9,899). At year end, the order backlog totalled SEK 6,971 million (6,223), with assignments in some cases running beyond 2020. Among the large new contract assignments announced during the year were a large proportion of multi-tech assignments, including the New Hospital District (NSM) in Malmö, the renovation of Sollentuna Hospital and a housing project in the Västra Hamnen district of Malmö.

Service assignments also increased during the year, primarily in Finland and Assemblin Ventilation (Sweden). At year end, the proportion of service assignments was 36 per cent of the Group's sales. The larger new service assignments in 2018 included a national agreement with EcoGuard and a framework agreement with Göteborg Energi.

A number of acquisitions were also completed across the Nordic region in 2018. The Swedish acquisitions were primarily supplementary acquisitions with a high proportion of service operations: NIAB, JVT Vent and Svenssons Rörinstallation. In Norway, there was an investment in electricity operations as a result of the acquisition of Wennevolds Elektro AS; and in Finland Assemblin strengthened its competence in automation as a result of the acquisition of Trentec Team Oy. All together, the companies acquired correspond to an annual increase in sales of around SEK 300 million.

A new strategic platform and shared framework for the Group, including a new vision, mission, business concept and shared values were developed during the year, as was a new three-year business plan. Assemblin also accelerated its digital transformation through surveying ongoing digitalisation initiatives and developing a shared digitalisation agenda.

Changes to the Board and management

In May 2018, Mats Johansson took office as the new CEO. Lennart Petersson, who had been acting CEO, was given a new role in the Group as Deputy CEO. In December 2018, Carl Johan Falkenberg left the Board of Directors, which at year end consisted of five members: Mats Wäppling (chairman), Leif Gustafsson, Mats Jönson, Young Kim and Anders Thulin.

Net Sales

During the full year, sales increased 8.8 per cent to SEK 8,885 million (8,169). Of the total growth, 7.8 per cent consisted of organic growth and 1.0 per cent of acquisitions. Organic growth was driven in part by a stable inflow of smaller and medium-sized local businesses and in part by larger assignments. Interest in multi-tech assignments and partnering projects grew in major procurements, which is favourable for major providers of complete service and installation solutions like Assemblin. Sales rose in all business areas, primarily in Assemblin Norway and Assemblin Ventilation.

Earnings and margins

Adjusted EBITA for the full year enjoyed a robust increase, rising 58 per cent to SEK 401 million (252). The adjusted EBITA margin improved from 3.1 per cent to 4.5 per cent. The improvement in earnings is generally an effect of conscious work on reversing the trend in less profitable divisions, more structured monitoring and better project control.

Profitability increased in all business areas but mostly in Finland, which for the first time in several years reported positive earnings and profitability of 2.0 per cent. Norway produced the greatest profitability, with a margin of 6.6 per cent, followed by Assemblin Ventilation with 5.6 per cent. The margin in Assemblin El increased to 4.6 per cent, and in Assemblin VS to 4.5 per cent.

Cash flow and financial position

The underlying business activities remained strong cash generators, and tied up working capital decreased during the period. Refinancing was completed in 2018 that safeguarded the Group's long-term financing needs and scope for acquisitions. The Group has strong liquidity, with SEK 411 million (420) in cash. The debt/equity ratio improved, and equity increased to SEK 238 million (106).

KEY FIGURES		2018	2017
Net sales	MSEK	8,885	8,169
Adjusted EBITA,	SEK m	401	252
Adjusted EBITA margin*	%	4.5	3.1
EBITA	SEK M	417	210
EBITA margin	%	4.7	2.6
Order backlog,	SEK m	6,971	6,223
Order intake,	SEK m	9,459	9,899
Average number of employees, FTE	Number	5,630	5,693

* Adjusted for costs affecting comparability. Costs affecting comparability refer to costs for acquisitions and integration, as well as more comprehensive restructuring programmes. For definitions of key figures, refer to page 91.

	Net sales, SEK m		Adjusted EBITA, SEK m		Adjusted EBITA margin*, %		Average number of employees, FTE	
	2018	2017	2018	2017	2018	2017	2018	2017
Assemblin El	3,588	3,559	165	103	4.6	2.9	2,754	2,936
Assemblin VS	2,379	2,256	107	64	4.5	2.8	1,428	1,385
Assemblin Ventilation	1,317	1,072	73	50	5.6	4.7	515	475
Assemblin Norway	1,073	856	71	55	6.6	6.4	595	551
Assemblin Finland	539	492	11	-21	2.0	-4.2	314	319
Other, incl. Parent Company	-10	-66	-27	-1	–	–	24	27
Total	8,885	8,169	401	252	4.5	3.1	5,630	5,693

* Adjusted for costs affecting comparability.
For definitions of key figures, refer to page 91.

Employees

The average number of employees (FTE) in 2018 totalled 5,630 (5,693). In October, Peter Weberberger took office as the new CIO for the Group.

Significant risks and uncertainties in the Group

The objective of Assemblin's risk management efforts is to safeguard long-term earnings trends and the values found in the company. The Board of Directors and Group management are ultimately responsible for Assemblin's risk management, but in line with the company's decentralised organisation there are different risk management processes in each business area. Assemblin's primary risks can be divided into four categories:

1. Market and business risks, including: *the construction business cycle* (construction and infrastructure projects impact demand for and the price of Assemblin's services); *cost accounting risks* (errors in cost accounting could lead to revaluation or impairment of projects); *customer risk* (credit risk in trade receivables as described in Note 17).

2. Operating risks, including: *work environment and safety* (risk of employees being injured at worksites); skill supply (risk of being unable to meet commitments owing to shortages of competencies or personnel); insufficient quality (the risk of being unable to meet commitments owing to deficient quality, which can lead to loss of income, increased costs and/or dissatisfied customers).

3. Financial risks, as described in Note 17.

4. Other risks, including: *legal risks* (risks covering responsibility for faults and damage linked to projects and assignments with customers); *risks of damage to confidence* (unfair marketing practices, improper information management or deficient crisis management that leads to insufficient confidence in the company); *IT risks and cyber risks* (risks of hacking or unplanned interruptions to system operation and IT infrastructure that lead to loss of income or cause other indirect damage). None of the company's risks increased during the year. The construction business cycle remains healthy. Skills supply will constantly be a problem over the coming 12 months, but since personnel turnover has decreased the situation is somewhat better.

Assemblin conducts no operations requiring a permit under the Swedish Environmental Code.

Statutory sustainability report

Assemblin has prepared a separate sustainability report for the 2018 financial year that includes areas such as the environment, social relations, personnel, respect for human rights and counteracting corruption. It describes such aspects as the Group's key sustainability topics and sustainability risks, how the company is working on these and how its sustainability efforts are governed. The report also presents central earnings indicators that are relevant to the operations. The report covers the Group as a whole, and is presented as a separate section in Assemblin's 2018 Annual Report and Sustainability Report.

Ownership

Assemblin Holding AB is a wholly owned subsidiary of Ignition MidCo S.a.r.l, and the final main owner is Triton Fund IV.

Parent Company

The Parent Company's operations consist of administering shares in the subsidiaries, and to some extent coordination of the operations being conducted in the subsidiaries. The company employs no personnel. The Parent Company has no risks apart from those in the subsidiaries. The balance sheet consists of participations in Group companies, equity and internal Group loans. Total earnings for 2018 were SEK 10,189 thousand (loss: 279,593).

Significant events after the end of the financial year

In January 2019, Assemblin El acquired Norrlands Industrimontage AB (NIAB), corporate ID number 556896-6906. NIAB has a high degree of competence in industrial electricity, and operates in the Sundsvall region. NIAB reinforces Assemblin's service operations and offerings to industrial companies in northern Sweden. NIAB has approximately 40 employees, and annual sales of just over SEK 50 million.

In January 2019, the Swedish Transport Administration announced that Assemblin had been awarded the ventilation assignment in the Stockholm Bypass infrastructure project, with a total order value of SEK 520 million.

In March 2019, Assemblin VS acquired Värmesvets Entreprenad i Eslöv AB, corporate ID number 556485-5806. The company is domiciled in Eslöv, with branches in Malmö and Jönköping, and specialises in heating and sanitation technology in southern and central Sweden; it has cutting-edge competence in district heating and industry. Värmesvets Entreprenad i Eslöv has 44 employees, and annual sales of approximately SEK 90 million.

Outlook

Assemblin is one of the leading installation and service companies in the Nordic region. The construction business cycle in the Nordic region remains healthy. Assemblin's local presence and complete offerings provide good conditions for meeting the substantial level of demand. The earnings trends in all business area for 2018 were positive. In the coming year, we expect stable sales and a continued strengthening of the margin.

Proposal for appropriation of profits

The following amount, in SEK, is at the disposal of the Annual General Meeting:

Retained earnings	74,342,688
Profit for the year	10,189,138
Total	84,531,826

The Board of Directors proposes that the retained earnings and unrestricted equity be appropriated as follows:

To be carried forward	84,531,826
Total	84,531,826

As otherwise regards the company's earnings and financial position, please refer to the following financial reports with appurtenant notes.

Consolidated statement of earnings and other comprehensive income (SEK 000)

	Note	01 Jan 2018 – 31 Dec 2018	01 Jan 2017 – 31 Dec 2017
Net sales	2, 3	8,885,226	8,169,327
Cost of goods sold		-7,186,117	-6,665,846
Gross profit		1,699,109	1,503,481
Sales and administrative expenses		-1,173,411	-1,187,489
Other operating costs		-112,014	-200,915
Operating profit	3, 4, 5, 6, 7, 8	413,684	115,077
Financial income		7,209	3,520
Financial expenses		-200,610	-145,988
Net financial items	9	-193,401	-142,468
Profit/loss before tax		220,283	-27,391
Tax	10	-47,887	52,772
Profit for the year		172,396	25,381
Other comprehensive income			
Items that have been, or can be, transferred to profit/loss for the year			
Translation differences for the year in translation of foreign operations	11	10,639	-10,621
Other comprehensive income for the year		10,639	-10,621
Items that cannot be transferred to profit/loss for the year			
Revaluation of defined-benefit pension plans	8, 11	-49,444	-2,344
Tax attributable to items that cannot be transferred to profit/loss for the year		10,184	516
		-39,260	-1,828
Other comprehensive income for the year		-28,621	-12,449
Comprehensive income for the year		143,775	12,932
Attributable to:			
Parent Company owners		143,775	12,932
Non-controlling interests		–	–
		143,775	12,932

In 2018, the company changed the classification of indirect costs in profit or loss. Indirect costs were previously reported in overhead operating costs, but have now been categorised as cost of goods sold; refer to Note 1, Significant accounting policies. The comparison year has been restated in a corresponding manner.

Consolidated statement of financial position (SEK 000)

	Note	31 Dec 2018	31 Dec 2017
Assets	12, 13		
Goodwill	14	2,411,175	2,339,614
Other intangible fixed assets	14	8,767	4,784
Property, plant and equipment	15	401,865	322,283
Financial investments	16, 17	32,730	32,416
Long-term receivables	18, 19	15,693	15,043
Deferred tax assets	10	111,708	130,137
Total fixed assets		2,981,938	2,844,276
Inventory		40,934	50,166
Contract assets	20	407,624	388,681
Tax assets	10	12,304	2,285
Trade receivables	21	1,314,510	1,214,494
Prepaid expenses and accrued income	22	170,182	130,322
Other receivables	18	89,962	99,642
Cash and cash equivalents		411,153	420,448
Total current assets		2,446,669	2,306,038
Total assets		5,428,607	5,150,314
Equity	11		
Share capital		50	50
Other capital contributions		365,627	365,627
Reserves		4,691	-5,947
Profit brought forward, incl. profit/loss for the year		-132,274	-253,721
Total equity		238,094	106,009
Liabilities	12, 13		
Long-term interest-bearing liabilities	23, 17	1,911,394	2,027,998
Provisions for pensions	8	576,290	498,542
Other provisions	24	134,958	158,074
Deferred tax liabilities	10	3,790	11,788
Total long-term liabilities		2,626,432	2,696,402
Short-term interest-bearing liabilities	23, 17	81,323	127,885
Trade payables	17	834,764	665,226
Tax liabilities	10	35,774	46,537
Contract liabilities	25	637,598	528,544
Other liabilities	26	80,522	82,448
Accrued expenses and prepaid income	27	845,243	798,416
Current receivables	24	48,857	98,848
Total current liabilities		2,564,081	2,347,903
Total liabilities		5,190,513	5,044,305
Total equity and liabilities		5,428,607	5,150,314

Information on the Group's assets pledged and contingent liabilities, refer to Note 13.

Consolidated statement of changes in equity (SEK 000)

	Share capital	Other capital contributions	Translation reserve	Retained earnings, incl. profit/loss for the year	Total equity
Opening equity, 1 Jan 2017	50	365,627	4,674	-277,273	93,078
Profit for the year				25,381	25,381
Other comprehensive income for the year			-10,621	-1,828	-12,449
Total comprehensive income for the year			-10,621	23,553	12,932
Closing equity, 31 Dec 2017	50	365,627	-5,947	-253,721	106,009
Opening equity, 1 Jan 2018	50	365,627	-5,947	-253,721	106,009
Dividend				-11,689	-11,689
Profit for the year				172,396	172,396
Other comprehensive income for the year			10,638	-39,260	-28,622
Total comprehensive income for the year			10,638	121,447	132,085
Closing equity, 31 Dec 2018	50	365,627	4,691	-132,274	238,094

Note 11 provides further information on equity.

Consolidated statement of cash flow (SEK 000)

	Note	01 Jan 2018 – 31 Dec 2018	01 Jan 2017 – 31 Dec 2017
Operating activities			
Profit/loss before tax		220,283	-27,391
Adjustments for items not included in the cash flow	28	180,595	199,949
Tax paid		-48,219	-3,884
Cash flow from operating activities before changes in working capital		352,659	168,674
Cash flow from changes in working capital			
Increase/decrease in inventory		10,812	-7,895
Increase/decrease in operating receivables		-90,485	268,502
Increase/decrease in operating liabilities		195,083	-403,271
Cash flow from operating activities		468,069	26,010
Investment activities			
Acquisitions of subsidiaries	12	-62,576	-8,987
Disposal of subsidiaries		0	35
Acquisitions of intangible fixed assets	14	-445	-8,244
Acquisitions of property, plant and equipment	15	-41,196	-14,167
Disposal of property, plant and equipment		26,454	26,795
Changes in financial fixed assets		1,295	5,089
Cash flow from investment activities		-76,468	521
Financing activities			
Loans raised	23	1,700,400	–
Repayment of loans and arrangement fees	23	-2,033,047	-28,098
Loan repayments, finance leases		-61,338	–
Dividend paid		-11,689	–
Cash flow from financing activities		-405,674	-28,098
Cash flow for the period		-14,073	-1,567
Cash and cash equivalents at start of year		420,448	423,883
Exchange rate difference in cash and cash equivalents		4,778	-1,868
Cash and cash equivalents at end of year		411,153	420,448

Parent Company income statement (SEK 000)

	Note	01 Jan 2018 – 31 Dec 2018	1 Jan 2017 – 31 Dec 2017
Net sales		–	–
Operating profit		–	–
Earnings from participations in Group companies		10,189	-279,593
Financial expenses		-14,697	–
Net financial items	9	-4,508	-279,593
Earnings after financial items		-4,508	-279,593
Appropriations	29	14,697	–
Profit/loss before tax		10,189	-279,593
Tax		–	–
Profit/loss for the year	30	10,189	-279,593

Net profit for the year corresponds to comprehensive income for the year.

Parent Company balance sheet (SEK 000)

	Note	31 Dec 2018	31 Dec 2017
Assets	13		
Participations in Group companies	31	376,000	376,000
Total fixed assets		376,000	376,000
Receivables in Group companies		14,697	–
Total current assets		14,697	–
Total assets		390,697	376,000
Equity	11		
Restricted equity			
Share capital		50	50
Non-restricted equity			
Retained earnings		74,343	365,626
Profit/loss for the year		10,189	-279,593
Total equity		84,582	86,083
Liabilities			
Liabilities to Group companies	17	306,115	289,917
Total long-term liabilities		306,115	289,917
Total equity and liabilities		390,697	376,000

For information on the Parent Company's assets pledged and contingent liabilities, refer to Note 13.

Parent Company statement of changes in equity (SEK 000)

	Share capital	Retained earnings, incl. profit/loss for the year	Total equity
Opening equity, 1 Jan 2017	50	365,626	365,676
Profit/loss for the year		-279,593	-279,593
Closing equity, 31 Dec 2017	50	86,033	86,083
Opening equity, 1 Jan 2018	50	86,032	86,082
Dividend paid		-11,689	-11,689
Profit for the year		10,189	10,189
Closing equity, 31 Dec 2018	50	84,532	84,582

Note 11 provides further information on equity.

Parent Company statement of cash flow (SEK 000)

	Note	01 Jan 2018 – 31 Dec 2018	01 Jan 2017 – 31 Dec 2017
Operating activities			
Profit/loss before tax		10,189	-279,593
Adjustments for items not included in investment activities		-11,689	–
Adjustment of items not included in the cash flow	28	1,500	279,593
Cash flow from operating activities before changes in working capital		–	–
Cash flow from changes in working capital			
Increase/decrease in operating liabilities		–	–
Cash flow from operating activities		–	–
Investment activities			
Acquisitions of Group companies		–	-289,915
Dividends received		11,689	–
Cash flow from investment activities		11,689	-289,915
Financing activities			
Borrowings, Group companies		–	289,915
Dividend paid		-11,689	–
Cash flow from financing activities		-11,689	289,915
Cash flow for the year		–	–
Cash and cash equivalents at start of year		–	–
Cash and cash equivalents at end of year		–	–

Notes

Note 1 Significant accounting policies

Statement of compliance
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the EU. Further, the Swedish Financial Reporting Board's recommendation, RFR 1 Supplementary Accounting Rules for Corporate Groups, has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases indicated below under Parent Company accounting policies.

The Annual Report and consolidated financial statements were approved for issue by the Board of Directors on 15 April 2019. The consolidated statement of earnings and other comprehensive income, and the statement of financial position, and the Parent Company income statement and balance sheet were adopted at the Annual General Meeting of 15 April 2019.

Measurement policies used when preparing the financial statements
Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of unlisted shares and participations, as well as derivatives. A defined-benefit pension liability or asset is recognised at the net of fair value of plan assets and the present value of the defined-benefit liability, adjusted for any asset ceilings.

Functional currency and reporting currency
The Parent Company's functional currency is the Swedish krona, which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor. All amounts are rounded to the nearest thousand, unless otherwise indicated.

Assessments and estimates in the financial statements
Preparing the financial statements in accordance with IFRS requires company management to make assessments and estimates, and make assumptions that affect the application of the accounting policies and the recognised amounts for assets, liabilities, revenue and costs. Actual outcomes may deviate from these estimates and assessments.

The estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period the change is made, if the change only affected that period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Assessments made by company management when applying IFRS that have significant impact on the financial statements, and estimates made that could entail significant adjustments in the financial statements for the following year, are described in more detail in Note 32.

Information on such IFRS, or interpretations that have not yet entered force
IFRS 16 is a new standard regarding the reporting of leases, and replaces IAS 17. This standard is to be applied from 1 January 2019. Implementation of the standard will mean that nearly all leases will be recognised in the balance sheet, since no distinctions are made any longer between operating and financial leases. Under the new standard, an asset (the right to use a leased asset) and a financial obligation to pay lease expenses are to be recognised in the balance sheet. Short-term leases (maximum twelve months) and low-value leases are excepted. Depreciation of the asset and interest expenses attributable to the lease liability are recognised in profit or loss.

Assemblin's opinion is that the transition to IFRS 16 Leases, the new accounting standard, to be applied from 1 January 2019, will have a small positive effect on operating profit and a lesser effect on earnings after financial items. The leases concerned are primarily operating leases for offices, service vehicles and warehouse premises. The costs of these leases will be recognised as depreciation and interest expenses, respectively. Assemblin has chosen to implement the standard using the modified retrospective method, and will not prepare a comparison year. The estimated preliminary effects on the balance sheet are shown in the table at the bottom of the page.

Amended accounting policies attributable to new or amended IFRS
The Group applies IFRS 15 and IFRS 9 from 1 January 2018. Other amendments of IFRS, applied from 1 January 2018, have had no material effect on the Group's accounting.

IFRS 15
IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 contains a model for revenue recognition based on when control over a good or service is transferred to the customer. The basic principle is that a company recognises revenue to account for the transfer of goods and services offered to customers with an amount that reflects the compensation the company expects to have a right to in exchange for these goods and services. Based on the analysis conducted of effects in the transition to IFRS 15, it can be stated that the transition has not had any material effects on earnings or the financial position.

IFRS 9
IFRS 9 *Financial instruments* entered force as of 1 January 2018 and replaced the previous standard, IAS 39 F*inancial instruments: Recognition and Measurement.* Compared with IAS 39, the introduction of IFRS 9 has above all meant changes regarding the classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. Changes concerning hedge accounting have not, however, affected Assemblin since the Group does not apply hedge accounting for any financial instruments. The consequences of other changes for the Group are described below in:

Classification and measurement of financial assets
The majority of the Group's financial assets were classified under IAS 39 as loans and trade receivables, and were thus measured at amortised cost. These classes of financial assets are also measured under IFRS 9 at amortised cost, since they are held as part of a business model whose goal is to collect the contractual cash flows, while the cash flows from assets consist only of payments of principal and interest.

The Group also holds unlisted shares and participations that, under IAS 39, are classified as available-for-sale financial assets. Shares and participations have been measured at cost. Under IFRS 9, holdings of equity instruments are to be measured at fair value. Assemblin's assessment, however, is that the cost constituted a reasonable approximation of fair value, which resulted in no adjustment to the value in the transition to IFRS 9 as of 1 January 2018. Assemblin has chosen to recognise the changes in value of its holdings under IFRS 9 through other comprehensive income.

(SEK 000)	Closing balance 31 Dec 2018 before the transition to IFRS 16	Estimated reclassifications as a result of the transition to IFRS 16	Estimated adjustments as a result of the transition to IFRS 16	Estimated adjusted opening balance 1 Jan 2019
Right-of-use assets	290,471	-21,910	451,373	719,934
Prepaid rents	21,951	-21,951		
Equity	-238,094	21,951	31,590	-184,553
Provisions	-21,910	21,910		
Current lease liabilities, interest-bearing	-81,323		-99,560	-180,883
Non-current lease liabilities, interest-bearing	-210,174		-383,403	-593,576

Deferred tax assets will amount to the effect in equity.

Derivatives with positive fair values for Assemblin are recognised as derivative assets and are measured at fair value through profit or loss (FVPL), since the Group does not apply hedge accounting. The transition to IFRS 9 has not resulted in any change concerning how the Group recognises derivatives.

Classification and measurement of financial liabilities
The transition to IFRS 9 has not resulted in any change concerning how the Group classifies and measures financial liabilities. All financial liabilities are recognised at amortised cost except derivative liabilities, which are recognised at FVPL.

Impairment of financial assets
IFRS 9 has introduced new policies for the impairment of financial assets. Under IAS 39, an impairment loss was recognised only when there was objective evidence of a need for impairment of an asset. However, IFRS 9 requires that a reserve be recognised for expected credit losses for all receivables, even if there is no objective evidence for impairment. Assemblin has historically had small recognised credit losses, and the transition to the new impairment model in IFRS 9 has thus had no material impact on how the Group makes provisions for impairment losses.

Transition method
Assemblin has chosen to use the opportunity provided in IFRS 9 to not restate the comparison year.

Amended accounting policies
In 2018, the company changed the classification of indirect costs in profit or loss. These types of costs were previously reported under operating costs, but have now been categorised as cost of goods sold. The reason for this reclassification is that these types of costs are directly linked to the delivery of the company's services, which is also reflected in the internal accounts. The costs encompassed by the reclassification totalled SEK 313.3 million in 2017 and SEK 339.0 million in 2018.

Classification, etc.
Fixed assets and long-term liabilities essentially consist of amounts that are expected to be recovered or settled more than twelve months after the balance-sheet date. Current assets and short-term liabilities essentially consist of amounts that are expected to be recovered or settled within twelve months of the balance-sheet date.

Operating segment reporting
An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur costs, and for which independent financial information is available. Earnings from an operating segment are further monitored by the company's chief operating decision maker in order to evaluate results and to allocate resources to the operating segment. Refer to Note 3 for additional descriptions of the divisions, and the presentation of the operating segments.

Consolidation principles and business combinations
Subsidiaries are companies that are subject to a controlling interest from the Parent Company. A controlling interest exists if the Parent Company has influence over the investment object, is exposed to or has the right to a variable yield from its involvement and can use its influence over the investment to affect the yield. In determining whether controlling influence exists, shares that are potentially entitled to vote — and whether de facto control exists — are taken into account.

Subsidiaries are recognised using the acquisition method, which involves the acquisition of a subsidiary being regarded as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis establishes the fair value, on the acquisition date, of identifiable assets acquired and liabilities assumed, as well as any holdings with a non-controlling interest. Transaction expenditures that arise, except transaction expenditures attributable to the issue of equity instruments or debt instruments, are recognised directly in profit or loss for the year.

In the event of business combinations in which transferred remuneration, any holdings with a non-controlling interest and the fair value of previously owned participations (in conjunction with step acquisitions) exceed the value of assets acquired and liabilities assumed that are recognised separately, the difference is recognised as goodwill. When the difference is negative (bargain purchase), this is recognised directly in profit or loss for the year. Transferred remuneration in connection with the acquisition does not include payments relating to settlement of previous business relationships. These types of settlement are usually recognised in earnings.

Contingent considerations are recognised at fair value at the acquisition date. In cases where the contingent consideration is classified as an equity instrument, no restatement is performed and settlement is made within equity. Other contingent considerations are restated at every reporting date, and the change is recognised in profit or loss for the year.

Transactions eliminated in consolidation
Intra-Group receivables and liabilities, revenue or costs and unrealised profit or loss that arise from intra-Group transactions among Group companies are eliminated entirely in preparing the consolidated financial statements. Unrealised profits arising from transactions with associates and joint ventures are eliminated to the extent corresponding to the Group's ownership share in the company. Unrealised losses are eliminated in the same manner as unrealised profits, but only to the extent there is no need for impairment.

Joint ventures
In the accounts, joint ventures are those companies for which the Group, through partnership agreements with one or more parties, has a joint controlling interest in which the Group has the right to net assets instead of a direct right to assets and commitments in liabilities. Holdings in joint ventures are consolidated in the consolidated financial statements in accordance with the equity method; refer to the above regarding associates. The equity method is applied from the date that joint controlling interest was obtained, up until the point when the joint controlling interest is dissolved.

Foreign currency
Transactions in foreign currency
Transactions in foreign currency are restated in the functional currency at the exchange rate in effect on the transaction date. Functional currency is the currency in which the primary financial environments where the companies conduct their operations. Monetary assets and liabilities in foreign currency are restated in the functional currency at the exchange rate in effect on the balance-sheet date. Exchange rate differences arising in the restatements are recognised in profit or loss for the year. Non-monetary assets and liabilities recognised at historical cost are restated at the exchange rate on the transaction date. Non-monetary assets and liabilities recognised at fair value are restated in the functional currency at the exchange rate in effect on the date of measurement at fair value.

Financial reports from operations abroad
Assets and liabilities in operations abroad, including goodwill and other Group-related surpluses and deficits, are restated from the functional currency of the operations abroad in the Group's reporting currency at the exchange rate in effect on the balance-sheet date. Revenue and expenses in operations abroad are restated in Swedish kronor at an average rate that constituted an approximation of the exchange rates that were in effect on the respective transaction dates. Translation differences arising in connection with currency restatements are recognised in Other comprehensive income, and are accumulated in a separate component in equity, designated as translation reserves. In the event the operations abroad are not wholly owned, the translation difference is allocated to holdings with a non-controlling interest based on its proportional ownership share. When controlling interest, significant interest or joint controlling interest for operations abroad are dissolved, the accumulated translation differences attributable to the operations are realised, at which point they are reclassified from the translation reserves in equity to profit or loss for the year. In the event a sale occurs but controlling interest remains, a proportional share of accumulated translation differences from the translation reserve is transferred to holdings with a non-controlling interest. In the event of a sale of portions of associates and joint ventures where significant interest or joint controlling interest remains, a proportional share of the translation differences are reclassified to profit or loss for the year.

Revenue
Revenue is recognised in earnings when control over goods and services is transferred to the customer. The company's revenue consists primarily of revenue from construction contracts. This revenue is recognised over time; it is described below under Contract assignments. Interest income is recognised in revenue over the duration, with application of the effective rate method. Dividend revenue is recognised when the right to receive payment has been established.

The operations are divided into three areas of operation: electricity, ventilation, and heating and sanitation. In all the areas of operation, the revenue streams consist of revenue from contract assignments and service assignments, respectively.

Contract assignments
As regards the contract assignments, they are fixed price and revenue from ongoing contracts is recognised over time on the basis of assignment expenditures incurred in relation to the total estimated assignment fees of the assignment. Costs associated with this are recognised in earnings as they arise. Revenue is based on a contractual fixed price; the remuneration amount is variable only in exceptional cases.

Payment is usually received in stages while the contract assignment is being completed; payment is normally received before the stage is begun. In a number of contract assignments, however, payment is received after the stage is completed.

Expenditures that arose during the year relating to future work are not included in assignment fees incurred and thus do not impact the revenue calculations for the year. These expenditures are recognised as materials and inventory, contract assets or other assets depending on their character. Changes in the scope of the assignment, claims and incentive remuneration are included in project revenue to the extent that they are agreed upon with the customer and can be reliably measured.

A fundamental condition for reporting revenue over time is that the course of events can reasonably be measured against completion of the performance obligation. For projects in which the outcome of a performance obligation cannot reasonably be measured, but coverage is expected for the expenditures that arise from completing the performance obligation, only revenue for expenditures incurred up until the result of the performance obligation can reasonably be measured is reported.

Reservations are made for estimated losses; that is, when the project costs are estimated to exceed the total project revenue, and these amounts are expensed to profit or loss for the year.

The Group reports as assets receivables (balance-sheet item Contract assets) from clients in contract assignments for which project costs and recognised profits (less recognised losses) exceed the invoiced amounts. Partially invoiced amounts that have not yet been settled by the customer, and amounts held by the client are included in Trade receivables. The Group reports as liabilities (balance-sheet item Contract liabilities) all liabilities to clients in ongoing contract assignments for which invoiced amounts exceed project costs and recognised profits (less recognised losses).

Service assignments
As regards service assignments, revenue and the appurtenant costs are recognised over time (i.e. in pace with the service being provided to the customer). Measurement of the course of events is established on the basis of assignment expenditures incurred in relation to the total estimated assignment expenditures. A number of service assignments are charged by the hour on open account; in such cases, the customer normally receives the services provided on an hour-by-hour basis. In other service assignments, payment is normally received after the assignment is completed.

Financial income and expenses
Financial income consists of interest income on invested funds, dividend income, and gains on changes in value of financial assets measured at fair value through profit or loss.

Dividend income is recognised when the right to receive dividends has been established.

Financial expenses consist of interest charged on loans, and the effect of unwinding the present value of provisions.

Foreign exchange gains and foreign exchange losses are recognised net.

Tax
Income tax consists of current tax and deferred tax. Income tax is recognised in profit or loss for the year, except when underlying transactions were recognised in other comprehensive income or in equity, whereupon the appurtenant tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received as regards the current year, with application of the tax rates determined in fact or in practice on the balance-sheet date. Adjustment of current tax attributable to earlier periods also belongs to current tax.

Deferred tax is calculated using the balance-sheet method, starting from temporary differences between the recognised and taxable values of assets and liabilities. Temporary differences are not taken into account in Group goodwill, or for differences that arose during the initial recognition of assets and liabilities that are not business combinations, and that at the transaction date do not impact either recognised or taxable earnings. Moreover, temporary differences attributable to participation in subsidiaries and associates that are not expected to cancelled within the foreseeable future are not taken into account. Measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using application of the tax rates and tax regulations determined in fact or in practice on the balance-sheet date.

Deferred tax assets regarding deductible temporary differences and tax loss carryforwards are only recognised to the extent it is likely they will be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

Any future income tax that arises in connection with a dividend is reported on the same date as when the dividend is recognised as a liability.

Financial assets and financial liabilities

Financial instruments
Measurement at initial recognition
Financial instruments are initially recognised at fair value with the addition of or less transaction expenditures except those regarding instruments that are measured on an ongoing basis at fair value through profit or loss, for which transaction expenditures are instead expensed as they arise. Trade receivables (without a significant finance component) are initially measured at the transaction price established under IFRS 15.

Classification and subsequent measurement of financial assets
All of the Group's financial assets, except for holdings of unlisted shares and participations and derivatives, are measured at amortised cost. This is because they are held as part of a business model whose goal is to obtain the contractual cash flows, while the cash flows from assets consist only of payments of principal and interest.

The Group's holding of unlisted shares and participations is measured at fair value via other comprehensive income.

Derivatives with a positive fair value for Assemblin are recognised as derivative assets and measured at fair value through profit or loss, since hedge accounting is not applied.

Classification and subsequent measurement of financial liabilities
All financial liabilities except derivatives are recognised at amortised cost. Any difference between the amount received (net after transaction costs) and the repayment amount recognised in profit or loss, is allocated over the period of the loan using the effective interest-rate method. Financial liabilities are classified as current liabilities if the Group does not have an unconditional right to defer payment of the liability for at least twelve months after the balance-sheet date.

Derivatives with a negative fair value for Assemblin are recognised as derivative liabilities and measured at fair value through profit or loss, since hedge accounting is not applied.

Classification of financial instruments prior to 1 January 2018
Prior to the introduction of IFRS 9 on 1 January 2018, the Group's holdings of financial assets such as Loans and receivables or Financial assets/liabilities were measured at fair value through profit or loss and Available-for-sale financial assets under IAS 39. All financial liabilities were classified as Other liabilities and measured at amortised cost. For more information, refer to Note 19.

Derecognition of financial assets and financial liabilities
A financial asset is derecognised from the statement of financial position when the contractual rights to the cash flow from the financial asset expire, or if Assemblin transfers the right to receive the contractual cash flows through a transaction in which essentially all risks and benefits are transferred to the counterparty.

The Group derecognises a financial liability from the statement of financial position when the commitments indicated in the agreement have been extinguished or annulled, or expire. The Group also derecognises a financial liability when the terms of the contract are modified and the cash flows from the modified liability are materially different. In this case, a new financial liability is recognised at fair value based on the modified conditions.

Offsetting
A financial asset and a financial liability are offset and recognised with a net amount in the statement of financial position only when there exists a legal right to offset the amount, and there is an intent to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

Property, plant and equipment
Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price and expenditures directly attributable to the asset for bringing it on site and in usable condition in accordance with the purpose for which it was procured. Borrowing costs directly attributable to purchase, construction or production of assets that takes a significant amount of time to complete for their intended use or for sale are included in the cost. Accounting policies for impairment are shown below.

Leased assets
Leases are classified either as finance leases or operating leases. Finance leases exist where the financial risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, it is an operating lease.

Assets leased under finance leases are recognised as non-current assets in the statement of financial position, and are initially measured at the lower of the lease object's fair value and the present value of the minimal lease expenditures when the contract was signed.The obligation to pay future lease expenses is recognised as long-term and current liabilities. The leased assets are depreciated over the useful lives of the respective assets, whereas lease payments are recognised as interest and repayment of the liabilities.

As a rule, assets leased under operating leases are not recognised as assets in the statement of financial position. Nor do operating leases give rise to a liability.

Subsequent expenditures
Subsequent expenditures are added to the cost only if it is likely that the future financial advantages associated with the asset will accrue to the company and if the cost can be reliably calculated. All other subsequent expenditures are recognised as costs in the period they arise. A subsequent expenditure is added to the cost if the expenditure relates to the replacement of identified components or parts thereof. Even in cases where new components are created, the expenditure is added to the cost. Any unimpaired carrying amounts on replaced components or parts of components are disposed of and expensed in conjunction with replacement. Repairs are expensed on a running basis.

Depreciation policies
Depreciation occurs on a straight-line basis over the estimated useful life of the asset; land is not impaired. Leased assets are also impaired over the estimated useful life, or the contracted lease period if it shorter.

Estimated useful life:
- machinery and other technical assets, 5–12 years
- furniture, tools and fittings 5–10 years

The depreciation methods used, residual values and useful lives are reviewed at the end of every year.

Intangible assets

Goodwill
Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units and is tested on at least a yearly basis for impairment.

Other intangible assets
Other intangible assets acquired by the Group consist of order backlog, and are recognised at cost less accumulated amortisation (see below) and any impairments.

Costs incurred for internally generated goodwill and internally generated brands are recognised in profit or loss for the year when the cost arises.

Subsequent expenditures
Subsequent expenditures for capitalised intangible assets are recognised as an asset in the statement of financial position only when they increase the future financial advantages for the specific asset they are attributable to. All other expenditures are expensed when they arise.

Amortisation policies
Amortisation is recognised on a straight-line basis over the estimated useful lives of the intangible assets, provided that such useful lives are not indeterminate. The useful lives are reviewed at least yearly. Goodwill and other intangible assets with indeterminate useful lives, or that are not yet ready for use, are reviewed for impairment on a yearly basis and additionally as soon as indications arise showing that the asset in question has decreased in value. Intangible assets with determinate useful lives are amortised from the date they are available for use.

The estimated useful lives are:
- order backlog 1–2 years
- capitalised development expenditure 3–5 years

Impairment

The Group's recognised assets are assessed on every balance-sheet date to determine if there are indicators of impairment.

If there is an indicator of impairment, the recoverable amount of the asset is calculated (see below). For goodwill, other intangible assets with indeterminate useful lives and intangible assets that are not yet ready for use, the recoverable amount is calculated yearly. If materially independent cash flows cannot be determined for an individual asset, and its fair value less the cost to sell cannot be used, the assets are grouped when testing the need for impairment at the lowest level where it is possible to identify materially independent cash flows; this is known as a cash-generating unit.

An impairment is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. An impairment is recognised as a cost in profit or loss for the year. When impairment is identified for a cash-generating unit (group of units), the impairment amount is allocated first of all to goodwill. Subsequently, a proportional impairment is made of other assets included in the unit (group of units).

The recoverable amount is the higher of fair value less the cost to sell and value-in-use. In calculating value-in-use, future cash flows are discounted by a discount factor that takes into account the risk-free interest rate and the risk associated with the specific asset.

Reversal of impairment losses
An impairment of assets included in the field of application for IAS 36 is reversed if there is both an indication that impairment no longer exists and a change has occurred in the assumptions that formed the basis for calculating the recoverable amount. Goodwill impairment, however, is never reversed. A reversal only occurs to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where appropriate, if no impairment had occurred.

Impairment of financial assets
Reserves for expected credit losses are calculated and reported for the financial assets measured at amortised cost, and for the financial assets measured at fair value via other comprehensive income. Reserves for credit losses are initially calculated and reported based on twelve months of expected credit losses. If the credit risk has significantly increased since the financial asset was first recognised, reserves for credit losses are calculated and reported based on expected credit losses for the entire remaining life of the asset. For trade receivables that do not contain a significant finance component, a simplified method is applied and reserves for credit losses are calculated and reported based on expected credit losses for the entire remaining life, regardless of whether or not the credit risk has substantially increased. Calculation of expected credit losses is primarily based on information about historical losses for similar receivables and counterparties. The historical information is continually evaluated and adjusted based on the current situation, and the Group's expectations regarding future events.

Impairment of financial instruments prior to 1 January 2018
For the 2017 comparison period, the Group assessed at the end of every reporting period whether there was objective evidence that impairment existed for a financial asset or group of financial assets. A financial asset or a group of financial assets was impaired only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that this event was deemed to have an impact on the estimated future cash flows of the financial asset that could be reliably estimated.

Payment of capital to the owners

Dividends
Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Employee benefits

Short-term benefits
Short-term benefits for employees are calculated without discount and recognised as an expense when the related services are received.

A provision is recognised for the anticipated cost of bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services being received from employees and the obligation can be reliably calculated.

Post-employment benefits
In defined-contribution plans, the company pays fixed fees to a separate legal entity, and has no obligation to pay additional fees. The Group's earnings are expensed for costs in pace with the benefits being vested.

Defined-benefit plans are other plans for post-employment benefits than defined-contribution plans. The Group's net obligation regarding defined-benefit plans is calculated separated for each plan through an estimate of the future benefits the employee has earned through their employment in both current and previous periods. The Group bears the risk for the plan providing the benefits offered.

The net of the estimated present value of the obligations and the fair value of the plan assets is recognised in the balance sheet as either a provision or a long-term financial receivable.

The pension cost and pension obligation for defined-benefit pension plans are calculated annually by independent actuaries. The discount rate is the interest rate, on the balance-sheet date, of a first-class corporate bond, including mortgage bonds, with a tenor that corresponds to the Group's pension obligations. When there is no functioning market for such corporate bonds, the market rate on government bonds with an equivalent tenor is used instead. The calculation is performed by a qualified actuary using the projected unit credit method. Moreover, the fair value of any plan assets is estimated as of the reporting date. Net interest expenses/income on the defined-benefit obligation/asset are recognised in profit or loss for the year under Net financial items. Net interest items are based on the interest rate that arises when discounting the net obligation (i.e. interest rate on the obligation, plan assets, and interest rate on the effect of any asset ceilings.

Other components are recognised in operating profit. Translation effects consist of actuarial gains and losses, the difference between the actual return on plan assets and the sum included in net interest items, and any changes in the effects of asset ceilings (excluding interest included in net interest items). The translation effects are recognised in Other comprehensive income. When the calculation results in an asset for the Group, the net carrying amount for the asset is restricted to the lower of the surplus in the plan and the asset ceiling calculated using the discount rate.

The asset ceiling consists of the present value of the future financial benefits in the form of reduced future fees or cash repayment. Any requirements for minimum funding are taken into account in calculating the present value of future repayments or receipts.

Changes to or reductions in a defined-benefit plan are recognised at the earliest of the following: a) when the change or reduction in the plan occurs; or b) when the company recognises related restructuring costs and termination benefits. The changes and reductions are recognised directly in profit or loss for the year.

The special employer's contributions constitute a part of the actuarial assumptions and are therefore recognised as part of the net obligation or asset. For reasons of simplification, that part of the special employer's contribution in a legal entity that is calculated based on the Pension Obligations Vesting Act is recognised as an accrued cost instead of as a part of the net obligation or asset.

Tax on returns is recognised on an ongoing basis in profit or loss for the year for the period the tax relates to, and is therefore not included in the liability calculation. With funded plans, the tax is charged to the return on plan assets and is recognised in Other comprehensive income. With unfunded or partially funded plans, the tax is charged to profit or loss for the year.

Termination benefits
A cost for benefits in connection with termination of personnel is recognised when the company can no longer withdraw the offer to the employee or when the company recognises costs for restructuring, whichever is earlier. The benefits that are expected to be settled after twelve months are recognised at their present value. Benefits that are not expected to be fully settled within twelve months are recognised under long-term benefits.

Provisions
A provision is distinguished from other liabilities in that there is uncertainty around the payment date or the amount to settle the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, it is probable that an outflow of financial resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are made with the amount that is the best estimation of what will be required to settle the existing obligation on the balance-sheet date. Where the effect of the timing of the payment is substantial, provisions are calculated through discounting the anticipated future cash flow at an interest rate before tax that reflects the current market assessments of the time value of the money and, if appropriate, the risks associated with the liability.

Warranties
A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a comparison of potential outcomes in relation to the likelihoods associated with each outcome.

Fulfilment warranties are included in monetary terms until the contract is surrendered to the client, which normally occurs in connection with an approved final inspection. If the warranty covers all or most of the contract sum, the amount of the contingency is calculated as the contract sum less the value of the completed portion. In cases where the warranty covers only a smaller part of the contract sum, the amount of the guarantee contract is carried as an unchanged amount up until the contract is surrendered to the client.

In connection with the surrender of the contract, a security in the form of warranties from the bank or insurance institution is pledged for completion. In turn, the issuer of the warranty normally receives a counter obligation from the contracting company or other Group company. Such counter obligations relating to own contracts are not recognised as contingencies, since they contain no increased responsibility compared with the contract commitment.

Restructuring
A provision for restructuring is recognised when there is an established, detailed and formal restructuring plan and the restructuring has either begun or been publicly announced. No provision is made for future operating costs.

Onerous leases
A provision for onerous leases is recognised when the anticipated benefits that the Group expects to receive from a contract are lower than the inevitable costs for fulfilling the obligations under the contract.

Contingent liabilities
Information on a contingent liability is submitted when there is a possible obligation, attributable to past events, whose existence is confirmed only by one or more uncertain future events outside the Group's control or when there is a obligation that is not recognised as a liability or provision owing to the fact that it is not likely an outflow of resources will be required or cannot be calculated with sufficient reliability.

Parent Company's accounting policies
The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (SFS 1995:1554) and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for legal entities. The statements issued by the Swedish Financial Reporting Board relating to listed companies have also been applied. RFR 2 means that the Parent Company, in its Annual Report for the legal entity, is to apply all IFRS and statements as adopted by the EU as much as possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation. The recommendation indicates which exceptions and additions to the IFRS are to be made.

Differences between the Group's and the Parent Company's accounting policies
The differences between the Group's and the Parent Company's accounting policies are shown below. The Parent Company's accounting policies indicated below have been consistently applied to all periods presented in the Parent Company's financial reports.

Financial instruments
The Parent Company has chosen not to apply IFRS 9 for financial instruments. Portions of the policies in IFRS 9 — such as those regarding impairment, recognition and derecognition, and the effective rate method for interest revenue and interest expenses — are, however, still applicable.

Financial fixed assets in the Parent Company are measured at cost less any impairment, and current financial assets are measured under the principle of lowest value. The impairment rules in IFRS 9 are applied to financial assets recognised at amortised cost.

Amended accounting policies
If not otherwise indicated, the Parent Company's accounting policies for 2018 have been amended in accordance with the indications for the Group above.

Classification and presentation
For the Parent Company, an income statement and a statement of earnings and other comprehensive income are reported; for the Group, these two statements together constitute a statement of earnings and other comprehensive income. Moreover, for the Parent Company the designations "Balance sheet" and "Cash flow analysis" are used for the Group reports titled "Statement of financial position" and "Cash flow statement," respectively. The income statement and balance sheet for the Parent Company have been prepared in accordance with the diagrams in the Annual Accounts Act, while the statement of earnings and other comprehensive income, the statement of changes in equity and the cash flow analysis are based on IAS 1, Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company at cost. This means that transaction expenditures are included in the net carrying amount for holdings in subsidiaries. Transaction expenditures attributable to subsidiaries are recognised, when these arise, in the consolidated financial statement directly in profit or loss.

Earnouts are measured based on the likelihood that the purchase price will be paid. Any changes to the provision or receivable is added to or reduces the cost. Earnouts are recognised in the consolidated financial statement at fair value, with changes in value over the earnings.

Tax
In contrast to the Group, untaxed reserves in the Parent Company are recognised in the balance sheet without being divided into equity and deferred tax liability. Similarly, no portions of the appropriations are allocated to deferred tax expenses in the Parent Company's income statement.

Group contributions
Group contributions are recognised as appropriations.

Note 2 Revenue allocation

Revenue per principal income type (SEK 000)

	2018	2017
Group		
Net sales		
Contract assignments with appurtenant services	5,661,270	5,272,771
Service assignments	3,223,956	2,896,556
	8,885,226	8,169,327

Note 3 Operating segments

The Group's operating segments are based primarily on the main operational orientation the segments have. The following five operating segments have been identified:

- Electricity — offers comprehensive solutions for planning, installation, service and maintenance in electricity and automation. The operations also cover services in security and industrial servicing. A portion of production takes place in the company's proprietary electrical power stations.
- Heating & sanitation — designs, installs and maintains technical systems for heating, sanitation, sprinklers, industry, energy and cooling in all types of buildings.
- Ventilation — specialists in construction, installation, service and maintenance of energy-smart ventilation facilities.
- Norway — possesses a high degree of competency in primarily electricity, heating and sanitation, and automation.
- Finland — operations offer services in electricity, ventilation, heating and sanitation, and in automation and energy efficiency as well.

This division into segments is the primary division that the company's primary operational decision maker (Group management) observes as regards earnings, capital requirements and cash flows.

Each operating segment has a director who drives operating activities and reports the outcome from the segment to Group management, which they are also a part of.

The earnings, assets and liabilities of the operating segments have included directly attributable items, as well as items that can reasonably and reliably be allocated to the segments. The internal price among the Group's various segments is set under the "arm's length" principle (i.e. between parties that are independent of each other, well-informed and with a shared interest in performing the transactions).

Note 3 Operating segments

Group operating segments (SEK 000)

1 Jan 2018 – 31 Dec 2018	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Group -wide	Eliminations and other	Total
Revenue								
External net sales*	3,556,108	2,318,094	1,399,212	1,072,556	539,256	–	–	8,885,226
Internal net sales	32,159	60,612	-82,466		82		-10,387	–
Net sales	3,588,267	2,378,706	1,316,746	1,072,556	539,338	–	-10,387	8,885,226
Of which servicing	45%	33%	17%	37%	46%			36%
Operating costs	-3,356,252	-2,245,251	-1,228,340	-998,781	-527,377	-34,314	10,387	-8,379,929
Depreciation, amortisation and impairment of property, plant and equipment and intangible fixed assets	-41,848	-26,943	-15,606	-4,893	–	-2,324		-91,614
Operating profit/loss	190,168	106,513	72,800	68,882	11,961	-36,639	0	413,684
Financial income								7,004
Financial expenses								-200,405
Net financial items								-193,401
Profit before tax								220,283
Tax								-47,887
Profit after tax								172,396

* Sales in the Electricity, H&S and Ventilation segments add up to net sales in Sweden. One customer represents 10 per cent of net sales.

Other information								
Goodwill	959,720	429,698	490,399	491,590	39,768	–		2,411,175
Other intangible assets	–	–	379	6,394	–	1,994		8,767
Property, plant and equipment	214,909	111,928	54,912	16,158	975	2,984		401,865
Trade receivables	583,529	310,136	187,849	185,353	47,642	–	–	1,314,510
Contract assets	153,041	110,599	62,083	54,671	27,230	–	–	407,624
Contract liabilities	272,993	185,708	97,873	67,718	13,307	–	–	637,598
Net contract assets	(119,952)	(75,109)	(35,790)	(13,047)	13,923	–	–	(229,975)

* The assets in Electricity, H&S and Ventilation relate to operations in Sweden.

Note 3 Operating segments

Group operating segments (SEK 000)

1 Jan 2017 – 31 Dec 2017	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Group -wide	Eliminations and other	Total
Revenue								
External net sales*	3,515,486	2,256,224	1,049,065	856,432	492,120	–	–	8,169,327
Internal net sales	43,323		22,781				-66,104	–
Net sales	3,558,809	2,256,224	1,071,846	856,432	492,120	–	-66,104	8,169,327
Of which servicing	42%	30%	11%	37%	55%			35%
Operating costs	-3,431,493	-2,166,202	-1,008,838	-798,786	-515,136	-27,140	66,104	-7,881,491
Depreciation, amortisation and impairment of property, plant and equipment and intangible fixed assets	-55,325	-29,368	-17,627	-2,420	–	-25,960	-42,059	-172,759
Operating profit/loss	71,991	60,654	45,381	55,226	-23,016	-53,100	-42,059	115,077
Financial income								3,520
Financial expenses								-145,988
Net financial items								-142,468
Profit before tax								-27,391
Tax								52,772
Profit after tax								25,381

An impairment of SEK 18,707 thousand is reported in the Group-wide segment and relates to expenditures carried forward. Group-wide relates to costs for management and administration that are not allocated to the other operating segments.

*Sales in the Electricity, H&S and Ventilation segments add up to net sales in Sweden. One customer represents 13 per cent of net sales.

Other information								
Goodwill	959,720	419,851	478,688	443,804	37,551	–		2,339,614
Other intangible assets	–	–	–	–	–	4,784		4,784
Property, plant and equipment	173,581	89,220	46,404	10,076	2,096	906	0	322,283
Trade receivables	544,332	352,536	128,384	138,030	51,211	–	–	1,214,494
Contract assets	168,784	86,932	49,327	57,379	26,259	–	–	388,681
Contract liabilities	212,227	178,214	84,840	31,121	22,142	–	–	528,544
Net contract assets	(43,443)	(91,282)	(35,513)	26,259	4,117	–	–	(139,862)

* The assets in Electricity, H&S and Ventilation relate to operations in Sweden.

Note 4 Operating expenses by nature

Group (SEK 000)	2018	2017
Raw materials and consumables	-3,271,425	-3,172,009
Subcontractors and services purchased in production	-1,083,185	-794,215
Consultant fees	-140,869	-135,282
IT costs and telephony	-124,092	-91,819
Personnel costs	-3,648,343	-3,487,251
Depreciation/amortisation	-91,614	-153,889
Impairment	–	-18,871
Other operating costs	-112,014	-200,915
	-8,471,542	-8,054,250

Note 5 Operating leases

Leases where the company is lessee
Non-terminable lease payments total:

Group (SEK 000)	2018	2017
Future commitments, leases		
Within one year	15,647	21,741
Between one and five years	27,758	32,414
Longer than five years	4	350
	43,409	54,505
Future commitments, premises rentals		
Within one year	110,028	91,104
Between one and five years	278,063	268,455
Longer than five years	194,090	196,662
	582,181	556,221

Office equipment and IT equipment are classified as operating leases. The duration of the leases normally varies between three and five years. Acquisitions of objects or extensions of leases require a separate agreement.

Expensed fees for operating leases total

Group (SEK 000)	2018	2017
Assets held via operating leases		
Minimum lease expenses	134,935	139,821
Variable expenses	–	–
Total lease expenses	134,935	139,821
Costs are allocated among the following contracts		
Lease expenses, cars	15,314	10,695
Lease expenses, IT	4,285	5,265
Premises rentals	113,184	121,463
Lease expenses, other	2,151	2,398
Total lease expenses	134,934	139,821

Note 6 Fees and reimbursements to auditors

(SEK 000)	2018	2017
Group		
KPMG		
Audit assignments	4,606	6,560
Audit activities in addition to audit assignments	78	71
Tax advice	232	281
Other assignments	50	634
	4,966	7,547

Audit assignments refer to the statutory audit of the annual report, consolidated financial statements and accounting, as well as of the administration by the Board of Directors and the CEO, and audits and other reviews performed under agreement or other contract. This includes other work tasks incumbent upon the company's auditor to perform, and advice or other assistance brought about by observations in conjunction with such review or performance of such other work tasks.

The Parent Company's audit costs are charged primarily to Assemblin Sweden AB.

Note 7 Employees, personnel costs and remuneration to senior executives

Average number of employees	2018	of which men	2017	of which men
Parent Company				
Sweden	–		–	
Total Parent Company	–	0%	–	0%
Subsidiaries				
Sweden	4,721	94%	4,823	94%
Norway	595	95%	551	94%
Finland	314	91%	319	89%
Total in subsidiaries	5,630	94%	5,693	94%
Group total	5,630	94%	5,693	94%

Gender distribution in Group management	Proportion of women, 2018	Proportion of women, 2017
Parent Company		
Board of Directors	17%	17%
Group		
Boards of Directors	13%	15%
Group Management	11%	15%

Salaries, other remuneration and social security expenses (SEK 000)	2018 Salaries and remuneration	Social security expenses	2017 Salaries and r emuneration	Social security expenses
Subsidiaries	2,734,761	757,510	2,628,074	762,245
(of which pension costs)	220,173	46,217	217,821	43,266
Group total	2,734,761	757,510	2,628,074	762,245
(of which pension costs)	220,173	46,217	217,821	43,266

Note 7 Employees, personnel costs and remuneration to senior executives *cont.*

Salaries and other remuneration allocated by country and among senior executives and other employees, and Parent Company social security expenses (SEK 000)

	2018 Senior executives	Other employees	2017 Senior executives	Other employees
Parent Company				
(of which pension costs)	–	–	–	–
Subsidiaries				
Sweden	26,249	2,117,353	17,176	2,126,278
(of which bonuses and similar payments)	(5,745)	(43,755)	(3,622)	(34,678)
(of which pension costs)	(5,782)	(164,894)	(3,230)	(169,905)
Norway	2,915	428,700	2,262	322,399
(of which bonuses and similar payments)	(616)	(7,581)	(503)	(5,370)
(of which pension costs)	(77)	(22,298)	(72)	(17,421)
Finland	1,540	158,004	2,129	157,830
(of which bonuses and similar payments)	(205)	(1,207)	(–)	(2,187)
(of which pension costs)	(262)	(26,860)	(385)	(26,808)
Subsidiaries total	30,704	2,704,057	21,567	2,606,507
(of which bonuses and similar payments)	(6,566)	(52,543)	(4,125)	(42,235)
(of which pension costs)	(6,121)	(214,052)	(3,688)	(214,133)
Group total	30,704	2,704,057	21,567	2,606,507
(of which bonuses and similar payments)	(6,566)	(52,543)	(4,125)	(42,235)
(of which pension costs)	(6,121)	(214,052)	(3,688)	(214,133)

Remuneration, Group Management – Remuneration and conditions of employment to senior executives are to be at market rates to attract capable leadership. Remuneration consists of fixed salaries, variable remuneration and other benefits. Variable remuneration totals a maximum of 75 per cent of the fixed annual salary and is pensionable. The notice period for termination by the company is six months, with benefits retained. Pension benefits relate to both defined-benefit and defined-contribution plans. Other benefits relate to service vehicles, extra health care insurance, or alternately company health insurance, and has a limited value as regards fixed salary.

CEO – In May 2018, Mats Johansson took office as the new President and CEO. Remuneration to the CEO consists of fixed salary, variable remuneration and other benefits. Variable remuneration totals a maximum of 75 per cent of the fixed annual salary and is pensionable. The notice period for termination by the company is twelve months, with benefits retained. Pension benefits relate to both defined-benefit and defined-contribution plans. Other benefits relate to service vehicles, extra health care insurance, or alternately company health insurance, and has a limited value as regards fixed salary.

Parent Company – No salary or remuneration has been paid in the Parent Company. SEK 3,220 thousand (2,544), including social security expenses and other taxes from Assemblin AB, were paid in fees to the Board of Directors. The senior executive group relates to 9 (8) persons in Group Management.

Note 8 Pensions

Group

Of the total number of employees in the Assemblin Group, approximately 24 per cent (23) have pensions recognised as defined-benefit. Other employees have pensions that are recognised as defined-contribution. The Swedish plan is unfunded and based on final salary, which provides employees with benefits in the form of a guaranteed level of pension disbursements over their lifetimes.

Group (SEK 000)	2018	2017
Balance sheet obligations for:		
Pension benefits, defined-benefit	559,937	483,432
Other pension obligations, insured	16,353	15,110
Total pension obligations	576,290	498,542
Recognition in the income statement regarding:		
Costs for defined-benefit pension plans	19,717	22,879
Costs for defined-contribution pension plans	200,456	194,942
Total pension costs	220,173	217,821
Costs are allocated among the following income statement items:		
Cost of goods sold	125,258	116,853
Other operating costs	86,163	91,432
Sales and administrative expenses	8,752	9,518
Total profit	220,173	217,821

Note 8 Pensions *cont.*

Number of persons covered by IAS 19 calculations		Parent Company	Rest of Sweden	Norway	Finland	Total
2018	Active		392			392
	Paid-up policy holders		615			615
	Pensioners		365			365
	Total	–	1,372	–	–	1,372
2017	Active		394			394
	Paid-up policy holders		588			588
	Pensioners		347			347
	Total	–	1,329	–	–	1,329

Defined-benefit pensions (SEK 000)	2018	2017
Present value of fully or partially funded obligations	–	–
Present value of unfunded obligations	523,905	456,289
Total present value of defined-benefit obligations	523,905	456,289
Fair value of plan assets	–	–
Payroll tax/Employer contributions	52,385	42,253
Net of present value of obligations and fair value of plan assets	576,290	498,542
Net carrying amounts for defined-benefit plans	576,290	498,542

Change in present value of obligations for defined-benefit plans (SEK 000)	2018	2017
Obligations for defined-benefit plans as at 1 January	456,289	428,781
Cost of vested benefits during the period	26,807	26,661
Interest expense	11,906	9,573
Pension disbursements	-10,866	-10,612
Actuarial (gain)/loss, financial commitments	39,769	1,886
Obligations for defined-benefit plans as at 31 December	523,905	456,289

Overview of defined-benefit plans

The Group has a defined-benefit plan that provides remuneration to employees when they retire. The plan relates only to Sweden. The defined-benefit plan is exposed to actuarial risks such as life expectancy, currency, interest rate and investment risks. Payments to the plan are expected to total SEK 12.9 million (10.9) over the next few years.

Assumptions for defined-benefit obligations	2018	2017
Discount rate as at 31 December	2.40%	2.57%
Future salary growth	2.50%	2.50%
Inflation	2.00%	1.75%

The life expectancy assumption is based on published statistics and mortality rates. The current life expectancy on which the obligation is calculated is 19 years (18).

Sensitivity analysis

The table below presents possible changes to actuarial assumptions as at the period end, other assumptions unchanged, and how these would affect the defined-benefit obligation.

Change in the assumptions regarding 2018	Increase	Decrease
Discount rate (0.5% change)	-8.6%	9.8%
Expected mortality (1 year change)	4.0%	-4.0%
Future salary growth (0.5% change)	5.8%	-5.1%
Increase/decrease in inflation (0.5% change)	6.9%	-6.3%

Change in the assumptions regarding 2017	Increase	Decrease
Discount rate (0.5% change)	-8.4%	9.6%
Expected mortality (1 year change)	5.8%	-5.1%
Future salary growth (0.5% change)	6.8%	-6.1%
Increase/decrease in inflation (0.5% change)	3.9%	-3.9%

Alecta

For salaried employees in Sweden, the defined-benefit pension obligations in the ITP-2 plan for retirement and family pensions are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, this is a defined-benefit plan that covers several employees. For the financial year, the company did not have access to such information as would make it possible to recognise this plan as a defined-benefit plan. The pension plan under ITP secured through insurance with Alecta is thus recognised as a defined-contribution plan.

Annual fees for pension insurance contracted with Alecta totals SEK 51.5 million (49.6). Alecta's surplus can be allocated to policy holders and/or the insured. At year end, Alecta's surplus in the form of the collective consolidation level totalled 142 per cent (154). The collective consolidation level consists of the market value of Alecta's actuarial calculations, which do not correspond with IAS 19. In the event of low consolidation levels, one measure could be raising the contracted price for new policies and expanding existing benefits. In the event of high consolidation levels, one measure could be introducing premium reductions.

Note 9 Net financial items

Group (SEK 000)	2018	2017
Interest income	535	850
Dividend	2,091	1,491
Exchange differences	–	1,179
Other financial income	4,583	–
Financial income	7,209	3,520
Interest expenses, other	-120,787	-131,338
Financial assets at fair value through profit or loss	-3	-239
Exchange differences	-9,183	–
Arrangement fees, loans	-53,326	-12,147
Impairment	-204	–
Other financial expenses	-17,107	-2,264
Financial expenses	-200,610	-145,988
Net financial items	-193,401	-142,468

Parent Company (SEK 000)	2018	2017
Dividend from participations in Group companies	11,689	–
Impairment of participations in Group companies	-1,500	-279,593
Earnings from participations in Group companies	10,189	-279,593
Interest expenses to Group companies	-14,697	–
Financial expenses	-14,697	–
Net financial items	-4,508	-279,593

Not 10 Tax

Recognised in the statement of earnings and other comprehensive income/statement of earnings

Group (SEK 000)	2018	2017
Current tax expense		
Tax expense for the year	-25,228	-12,883
Adjustment of tax attributable to previous years	65	1,930
	-25,163	-10,953
Deferred tax		
Deferred tax relating to temporary differences	12,712	4,240
Deferred tax relating to tax loss carryforwards	-35,366	59,686
Adjustment of deferred tax attributable to previous years	-70	-201
	-22,724	63,725
Total reported tax expense (-) tax revenue (+) tax expense	-47,887	52,772

Reconciliation of effective tax

Group (SEK 000)	2018	2017
Profit/loss before tax	220,283	-27,391
Tax under applicable tax rate for Parent Company	-48,158	6,045
Effect of foreign operations with tax rates other than 22%	-26	209
Expenses not deductible for tax purposes	-13,744	-27,501
Income not subject to tax	1,670	704
Capitalisation of previously uncapitalised tax loss carryforwards	13,539	78,132
Increase in tax loss carryforwards without corresponding capitalisation of deferred tax	-1,083	-6,193
Restatement, new tax rate	-486	–
Other	401	1,376
	-47,887	52,772

Reconciliation of effective tax rate

Parent Company (SEK 000)	2018	2017
Profit/loss before tax	10,189	-279,593
Tax under applicable tax rate for Parent Company	-2,242	61,510
Expenses not deductible for tax purposes	-330	-61,510
Income not subject to tax	2,572	–
Total effective tax	0	0

Note 10 Tax *cont.*

Deferred tax on temporary differences and tax loss carryforwards

	31 Dec 2018			31 Dec 2017		
Group (SEK 000)	Deferred tax asset	Deferred tax liability	Net deferred tax	Deferred tax asset	Deferred tax liability	Net deferred tax
Intangible fixed assets	1,787	-1,406	381	2,601	–	2,601
Property, plant and equipment	149	-2,121	-1,972	149	-2,825	-2,676
Inventory	5,602	-45	5,557	690	-3,418	-2,728
Trade receivables	2,048	–	2,048	1,492	–	1,492
Ongoing projects	2,673	–	2,673	–	-6,039	-6,039
Current liabilities	1,323	–	1,323	4,645	–	4,645
Pension provisions	58,825	–	58,825	50,485	–	50,485
Warranty provisions	8,072	–	8,072	9,174	–	9,174
Untaxed reserves	–	–	–	–	-2,752	-2,752
Other	6,521	-232	6,289	5,023	-1,251	3,771
Capitalised tax loss carryforwards	24,722		24,722	60,376	–	60,376
Netting	-14	14	–	-4,498	4,498	–
Net deferred tax assets (+)/liabilities (-)	111,708	-3,790	107,918	130,137	-11,787	118,349

The corporation tax rate for 2018 in Sweden was 22 per cent (22); in Norway 23 per cent (24) and in Finland 20 per cent (20). In Sweden, corporation tax was lowered to 21.4 per cent as of 1 January 2019, and will be lowered further to 20.6 per cent as of 1 January 2021. In Norway, the corporation tax rate was lowered to 22 per cent as of 1 January 2019.

Unrecognised deferred tax assets
At year end, the total tax loss in the Group was SEK 297.0 million (475.0), of which SEK 119.9 million (274.4) was capitalised. Deferred tax on uncapitalised tax losses totalled SEK 35.9 million (40.5); this is attributable to Sweden, Norway and Finland and matures according to the table at right.

The Assemblin Group has capitalised tax loss carryforwards totalling SEK 119.9 million (274), containing deferred tax assets of SEK 24.7 million (60). Capitalised tax losses are attributable to Swedish and Finnish wholly owned subsidiaries. Based on prepared forecasts and a very strong order book, it is the opinion of the Board of Directors that the remaining tax loss will likely be settled against future taxable gains.

(SEK 000)	2018
2018	–
2019	–
2020	–
2021	–
2022	–
After 2022	214,878
No due date	82,127
Total tax loss	297,005
Of which capitalised	119,958

Net changes in deferred tax in temporary differences and tax loss carryforwards, 2018

Group (SEK 000)	Opening balance	Recognised in profit for the year	Recognised in other comprehensive income	Translation differences and other items	Acquisition/ Sale of business	Balance as of 31 Dec 2018
Intangible assets	2,517	-2,415		195		297
Property, plant and equipment	-2,504	804		-99		-1,799
Inventory	-2,728	8,285				5,557
Trade receivables	1,626	561		-6		2,181
Ongoing projects	-5,846	9,236		-524	2,039	4,905
Current liabilities	4,645	-3,283		-39		1,323
Pension provisions	51,001	-1,844	10,184			59,341
Warranty provisions	9,120	-1,146		45		8,019
Untaxed reserves	-2,752	2,752				–
Other	2,894	-20		-75	573	3,372
Capitalisation of tax loss carryforwards	60,376	-35,654				24,722
Total	118,349	-22,724	10,184	-503	2,612	107,918

Note 10 Tax *cont.*

Net changes in deferred tax in temporary differences and tax loss carryforwards, 2017

Group (SEK 000)	Opening balance	Recognised in profit for the year	Recognised in other comprehensive income	Translation differences and other items	Acquisition/ Sale of business	Balance as of 31 Dec 2017
Intangible assets	-12,260	14,861		-84		2,517
Property, plant and equipment	-3,609	933		172		-2,504
Inventory	-3,929	1,201				-2,728
Trade receivables	-3,552	5,044		134		1,626
Ongoing projects	–	-6,039		193		-5,846
Current liabilities	27,779	-23,134				4,645
Pension provisions	48,958	1,527	516			51,001
Warranty provisions	1,026	3,912		-54	4,236	9,120
Untaxed reserves	-17,982	15,230				-2,752
Other	6,815	-9,496		32	5,543	2,894
Capitalisation of tax loss carryforwards	690	59,686				60,376
Total	43,936	63,725	516	393	9 779	118 349

Note 11 Equity

Parent Company	**2018**	**2017**
Number of shares	50,000	50,000

Share capital in Assemblin Holding AB totals SEK 50,000 (50,000) with a quotient value per share of SEK 1.00 (1.00). All shares outstanding own an equal participation in the P rent Company's assets and gains, and are paid in full. Each share carries the right to one vote.

Dividends paid in 2018 totalled SEK 11,689 thousand (0), corresponding to SEK 233.79 per share.

Group ***Reserves for accumulated other comprehensive income (SEK 000)***	Translation reserve	Retained earnings and profit/loss for the year	Total other comprehensive income
Opening carrying amount, 1 Jan 2017	4,674	-51,381	-46,707
Translation differences in translation of foreign subsidiaries	-10,621	–	-10,621
Revaluation of defined-benefit pension plans	–	-1,886	-1,886
Employer's contribution, defined-benefit pension plans	–	-458	-458
Tax attributable to items that cannot be transferred to profit/loss for the year	–	516	516
Closing carrying amount, 31 Dec 2017	-5,947	-53,209	-59,156
Opening carrying amount, 1 Jan 2018	-5,947	-53,209	-59,156
Translation differences in translation of foreign subsidiaries	10,638	–	10,638
Revaluation of defined-benefit pension plans	–	-39,769	-39,769
Employer's contribution, defined-benefit pension plans	–	-9,675	-9,675
Tax attributable to items that cannot be transferred to profit/loss for the year	–	10,184	10,184
Closing carrying amount, 31 Dec 2018	4,691	-92,469	-87,778

Translation reserve
The translation reserve includes all exchange differences that arise in restating the financial reports from operations abroad that have prepared their own financial statements in a currency other than the one that the Group's financial reports are presented in. The Parent Company and the Group present their financial reports in Swedish kronor.

Note 12 Acquisition of business

The following acquisitions were completed in 2018:

Unit acquired	Division	Type	Participation	Date of acquisition	Number of employees	Sales for the year, 2018
Söderby Rör i Uppsala AB	Heating & sanitation	Assets and liabilities		1 January	14	22,100
Svenssons Rörinstallation i Kinna AB	Heating & sanitation	Company	100%	2 May	15	24,700
JVT Vent AB	Ventilation	Company	100%	3 September	30	68,400
Wennevolds Elektro AS	Norway	Company	100%	15 October	36	151,400
Trentec Team Oy	Finland	Company	100%	14 December	14	21,200
					109	287,800

The acquisitions are deemed immaterial on an individual basis, which is why the information is presented at an aggregate level.

The following acquisitions were completed in 2017:

Unit acquired	Division	Type	Participation	Date of acquisition	Number of employees	Sales for the year, 2018
Ivarssons Rörläggeri AB	Heating & sanitation	Company	100%	1 December	25	36,467
Kylkompanjon i Östergötland AB	Ventilation	Assets and liabilities	–	2 May	10	13,000
Sevede Rör AB	Heating & sanitation	Assets and liabilities	–	1 February	3	5,000
					38	54,467

* The acquisition relates to the company and appurtenant subsidiaries.
The acquisitions are deemed immaterial on an individual basis, which is why the information is presented at an aggregate level.

If the acquisition had occurred on 1 January 2018, the Group's sales would have increased by SEK 200 million and brought in an operating profit of SEK 3.7 million.

In January, Assemblin VS AB acquired Söderby Rör i Uppsala AB through an assets and liabilities transaction. The transaction entails a strong market presence in the Uppsala region. Söderby Rör's skills and experience in the industry will also be utilised in assignments at Arlanda Airport and in northern Stockholm.

In May, Assemblin VS AB acquired Svenssons Rörinstallation i Kinna AB. The company operates primarily in the Gothenburg region. Svenssons Rörinstallationer currently partners with several local builders, and collaborates closely with major industries.

In September, Assemblin Ventilation AB acquired JVT Vent AB. The company is a full-service supplier in ventilation, as regards both contracts and service. JVT has offices in Kungälv, and its customer base is primarily in the Gothenburg region. With this acquisition, Assemblin Ventilation strengthens its market presence in Västra Götaland, primarily in service.

In October, Assemblin AS in Norway acquired Wennevolds Elektro AS. The company is a respected player in electricity contracts in the Oslo region, and entails a significant strengthening of Assemblin's position in this field.

In December 2018, Assemblin Oy acquired Trentec Team Oy. The company has operations in building automation; its offices are located in Reso, near Turku, Pori and Tampere. The acquisitions strengthens the company's market presence in Turku and Tampere, as well as opening up new opportunities in Pori.

Effects of acquisitions (SEK 000)	2018	2017
The acquisitions have the following effects on the Group's assets and liabilities:		
Property, plant and equipment	3,541	329
Other fixed assets	493	–
Revenue generated, uninvoiced	7,315	–
Trade receivables	41,481	5,641
Other current assets	28,418	2,670
Provisions*	-15,468	-42,143
Non-current liabilities	-2,272	–
Contract liabilities	-3,077	–
Trade payables	-17,731	-1,660
Current liabilities	-21,835	-3,185
Order backlog	8,188	–
Deferred tax on surplus	-1,801	–
Net identifiable assets and liabilities	27,252	-38,348
Group goodwill*	61,342	49,010
Consideration transferred	88,593	10,662

** Of Group goodwill for 2017, SEK 39.1 million relates to the completion of the 2016 acquisition analysis linked to Assemblin Installation AB, whereupon Assemblin El AB provisions were adjusted by SEK 22.1 million, Assemblin VS AB by SEK 15.5 million, and Assemblin Ventilation by SEK 1.5 million.*

Note 12 Acquisition of business *cont.*

Receivables
The gross value of the receivables corresponds with their fair value.

Goodwill
The value of goodwill includes the value of synergy effects in the form of more efficient production processes, as well as the technical knowledge of personnel. No part of the goodwill is tax-deductible.

Order backlog
Order backlog includes the value of existing orders on the acquisition date. The majority of the Group's order backlog has a short duration.

Expenditures related to acquistions
Expenditures related to acquistions totalled SEK 1.6 million (0) and relate to fees to consultants in conjunction with due diligence. These expenditures were recognised in other operating costs in the statement of earnings and other comprehensive income.

Consideration transferred (SEK 000)	2018	2017
Consideration	88,593	10,662
Consideration as yet unsettled	-6,990	–
Cash and cash equivalents in companies acquired	19,850	1,675
Net effect on cash and cash equivalents, consideration transferred	61,753	8,987

Note 13 Assets pledged, contingent liabilities and contingent assets

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Assets pledged		
In the form of assets pledged for own liabilities and provisions		
Endowment insurance as security for direct pensions	13,160	11,563
Fixed assets as security for finance lease liability	290,560	252,443
Shares in subsidiaries	238,043	105,959
Total assets pledged	541,763	369,965
Contingent liabilities		
Warranty commitments, PRI	5,832	5,340
Total contingent liabilities	5,832	5,340

Parent Company (SEK 000)	31 Dec 2018	31 Dec 2017
Assets pledged		
In the form of assets pledged for own liabilities and provisions		
Shares in subsidiaries	376,000	376,000
Parent Company warranties	194,534	136,660
Total assets pledged	570,534	512,660

Note 14 Intangible fixed assets

Group (SEK 000)	Goodwill 2018	Goodwill 2017	Order backlog 2018	Order backlog 2017	Capitalised development costs 2018	Capitalised development costs 2017	Total 2018	Total 2017
Accumulated cost								
At start of year	2,339,614	2,312,256	141,988	143,567	116,166	108,669	2,597,768	2,564,492
Business combinations	61,342	9,926	8,188	–	–	–	69,530	9,926
Adjustment upon completion of final acquisition analysis	–	39,084	–	–	–	–	–	39,084
Investments	–	–	–	–	445	8,244	445	8,244
Disposals	–	–	–	–	-907	–	-907	–
Exchange differences	10,219	-21,653	208	-1,579	–	-747	10,427	-23,979
At year end	2,411,175	2,339,614	150,384	141,988	115,704	116,166	2,677,263	2,597,768
Accumulated amortisation								
At start of year	–	–	-141,314	-73,882	-20,075	-12,949	-161,390	-86,831
Amortisation for the year	–	–	-1,360	-68,751	-1,949	-7,126	-3,309	-75,877
Exchange differences	–	–	-642	1,319		–	-642	1,319
At year end	–	–	-143,316	-141,314	-22,024	-20,075	-165,341	-161,390
Accumulated impairment								
At start of year	–	–	-673	-673	-91,307	-72,600	-91,980	-73,273
Impairment for the year	–	–	–	–		-18,707	–	-18,707
At year end	–	–	-673	-673	-91,307	-91,307	-91,980	-91,980
Carrying amount, 31 December	2,411,175	2,339,614	6,394	–	2,373	4,784	2,419,942	2,344,398

Impairment testing of intangible fixed assets
Assessing the value of the Group's goodwill items and other intangible fixed assets occurs annually based on the value-in-use of the cash-generating units. The value-in-use for the respective units is based on a forecast of future cash flows. These are based on the 2019 budget and the business plans for 2020 and 2021, and subsequently on the business area-specific assumptions of yearly sales growth, adjusted EBITDA margin and working capital requirements for the period from 2022 to 2023. These assumptions are set based on the history of the operations, the objectives in the business plan, the competitiveness of the operations and an assessment of future trends in the business cycle.

The most important assumptions in the analysis are future growth rate, adjusted EBITDA margin and discount rate. These assumptions are based on the budget and on forecasts built on previous experiences as well as internal and external sources of information. The assumptions used to extrapolate beyond the latest forecast period are established through the company's ability to retain its margins and grow in line with long-term market growth/inflation, based on forecasts from central banks and similar institutions.Discount rates are established using the capital asset pricing model (CAPM, starting from external assessments of risk-free fate, volatility, yield requirements on equity and our finance costs for external credit facilities). Annual growth for the period after 2023 is assumed to be 2.0 per cent (2.0). The present value of the forecast cash flows has been calculated with a discount rate of 9.0 per cent (9.0) before tax, based on a weighted average of the company's cost for externally borrowed capital and a theoretical yield requirement on equity. It is the company's opinion that growth after 2023 and the discount rate will be the same for all cash-generating units. As of 31 December 2018, the value-in-use exceeds the carrying amount for all units tested. There is thus no impairment, and no reasonable changes in the material assumptions would give rise to impairment.

Goodwill per cash-generating unit, 2018	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Group -wide	Total
Goodwill	959,720	429,698	490,398	491,590	39,768	–	2,411,175

Goodwill per cash-generating unit, 2017	Electricity	Heating & sanitation	Ventilation	Norway	Finland	Group -wide	Total
Goodwill	959,720	419,851	478,688	443,804	37,551	–	2,339,614

Note 15 Property, plant and equipment

Group (SEK 000)	Land and buildings 2018	Land and buildings 2017	Leasehold improvements 2018	Leasehold improvements 2017	Machinery, furniture and other technical assets 2018	Machinery, furniture and other technical assets 2017	Total 2018	Total 2017
Accumulated cost								
At start of year	6,717	17,696	58,734	56,436	603,766	589,687	669,217	663,819
Business combinations	–	–	–	–	6,302	355	6,302	355
Investments	97	431	12,281	1,110	187,923	124,943	200,301	126,484
Disposals	–	-10,042	-3,827	-74	-73,683	-62,572	-77,510	-72,688
Transfers	703	-1,262	–	1,262	-59,512	-47,266	-58,809	-47,266
Exchange differences	18	-106	–	–	356	-1,381	374	-1,487
At year end	7,535	6,716	67,188	58,734	665,152	603,766	739,875	669,217
Depreciation/amortisation								
At start of year	-3,260	-5,806	-22,057	-18,393	-321,429	-341,612	-346,746	-365,811
Business combinations	–	–	–	–	-2,828	-27	-2,828	-27
Amortisation for the year	-1,108	-973	-3,380	-3,149	-83,802	-73,890	-88,290	-78,012
Disposals	–	2,916	3,508	74	52,780	47,761	56,288	50,751
Transfers	–	589	–	-589	44,056	45,288	44,056	45,288
Exchange differences	8	13	–	–	-309	1,052	-301	1,065
At year end	-4,360	-3,260	-21,929	-22,057	-311,532	-321,429	-337,821	-346,746
Impairment								
At start of year	–	–	-87	-87	-101	-101	-188	-188
Impairment for the year	–	–	–	–	–	-164	–	-164
Disposals	–	–	–	–	–	164	–	164
At year end	–	–	-87	-87	-101	-101	-188	-188
Carrying amount, 31 December	3,174	3,456	45,172	36,590	353,519	282,236	401,865	322,283

***Group* – Finance leases**
The Group leases vehicles that are included above in the category of machinery, furniture and other technical assets. When the leases expire, the Group has the option of purchasing the equipment. There are options to extend the leases when they expire. As at 31 December 2018, the value of the leased assets totalled SEK 291 million (252). The leased assets are security for the lease liabilities.

Note 16 Financial investments

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Accumulated cost		
At start of year	32,416	32,389
Changes/impairment	-236	-17
Share of profits*	518	22
Exchange differences	32	22
Carrying amount	32,730	32,416
Breakdown of securities		
Elajo	30,364	30,364
Other	2,366	2,052
	32,730	32,416

The securities above largely relate to shares in Elajo. These are measured at cost, which is considered a good approximation of fair value.
* Shares in profits in NSM EL HB and NSM VS HB.

Not 17 Financial risks and risk management

Through its operations, the Group is exposed to various types of financial risks.
- Liquidity risk
- Refinancing risk
- Currency risk
- Interest rate risk
- Credit risk

Framework for financial risk management
Responsibility for the Group's financial transactions and risks is managed centrally by the Group's treasury function, which is part of the Parent Company. The overall objective for the treasury function is to provide cost-effective financing and to minimise negative effects on the Group's earnings arising from financial risks.

Liquidity risk
Liquidity risk is defined as the risk that the Group cannot meet its immediate payment obligations. To ensure this, the Group has measures including three-month liquidity planning covering all of the Group's units. There is also a routine for continually ensuring the holding of suitable credit facilities.

Maturity structure, financial liabilities – undiscounted cash flows
Maturity structure
Maturity structure relating to future contractual interest payments, based on current interest rate levels and amortisation.

Group (SEK 000) **2018**	Currency	Nominal amt. original currency	Total	<1 year	1–5 yrs	>5 yrs
Bank borrowings	SEK	1,725,000	1,725,000	–	1,725,000	–
Trade payables	SEK	834,764	834,764	834,764	–	–
Finance lease liabilities	SEK	291,497	291,497	81,323	210,174	–
Total			2,851,261	916,087	1,935,174	–
Interest payment	SEK		342,173	72,498	269,675	–
Total			3,193,434	988,585	2,204,849	–

* The interest rate calculation is based on the highest interest rate level on the interest rate tier, which is impacted by various conditions in the loan agreement (covenants).

Credit facilities	Nominal	Used	Available
Bank borrowings	1,725,000	1,725,000	–
Other bank credits, incl. bank overdrafts	435,000	–	435,000
Warranty facility	885,000	713,326	171,674
Total	3,045,000	2,438,326	606,674
Cash and cash equivalents available	411,153	–	411,153
Liquidity reserve	3,456,153	2,438,326	1,017,827

Note 17 Financial risks and risk management *cont.*

Group (SEK 000) **2017**	Currency	Nominal amt. original currency	Total	<1 year	1–5 yrs	>5 yrs
Bank borrowings	SEK	1,142,231	1,142,231	46,830	1,095,401	–
Bank borrowings	NOK	138,038	138,183		138,183	–
Loans from related parties	SEK	91,000	91,000		91,000	–
Shareholder loans*	SEK	435,136	435,136			435,136
Shareholder loans*	NOK	147,707	147,862			147,862
Derivatives	SEK	–	–		–	–
Trade payables	SEK	665,226	665,226	665,226	–	–
Finance lease liabilities	SEK	253,113	253,113	81,055	172,058	–
Total			2,872,751	793,110	1,496,643	582,998
Interest payment	SEK		225,093	55,858	169,235	–
Total			3,097,844	848,968	1,665,878	582,998

* The shareholder loan runs for 45 years, with an interest rate of 10 per cent capitalised annually, which is why these were not included in the table above.

Credit facilities	Nominal	Used	Available
Bank borrowings	1,280,415	1,280,415	–
Shareholder loans	582,998	582,998	–
Bank overdrafts	374,500	–	374,500
Warranty facility	925,000	698,027	226,973
Total	3,162,913	2,561,440	601,473
Cash and cash equivalents available	420,449	–	420,449
Liquidity reserve	3,583,362	2,561,440	1,021,922

Parent Company
The Parent Company has a long-term internal Group liability to subsidiaries totalling SEK 306,115 thousand (289,917). The liability runs under market conditions and was raised at nominal value. The capital amount and interest are repayable at the earliest 12 months from the balance-sheet date.

Refinancing risk
Refinancing risk related to the risk that the Group does not have sufficient funds available when these are needed to refinance loans that fall due, or that the Group encounters difficulties in obtaining new facilities at a given point in time. Ensuring these needs requires both a strong financial position and active measures to ensure access to credits. The refinancing risk is managed through such measures as long-term borrowing.

Currency risk
Currency risk means the risk that fluctuations in exchange rates will have a negative impact on profit or loss, the balance sheet and cash flows. Currency risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of the net of operating and finance in- and outflows in currencies. Translation exposure consists of the net assets of the Norwegian and Finnish subsidiaries, and their earnings in foreign currencies.

Sensitivity analysis — currency risk
An increase in the EUR/SEK exchange rate of five per cent would positively impact the Group's equity by SEK 4.6 million, whereas a similar increase in the NOK/SEK exchange rate would positively impact equity by SEK 8.0 million.

Interest rate risk
Interest rate risk means the risk that changes in interest rate levels negatively impact the Group's net interest items and cash flows. Interest rate exposure arises primarily as a consequence of the Group's external interest-bearing borrowings. Derivative financial instruments such as interest rate caps are used to manage interest rate risk.

Sensitivity analysis — interest rate risk
The impact of an interest rate hike of 1 percentage point at the balance sheet date on interest revenue and interest expenses during the coming twelve-month period would total SEK 12.7 million, given the interest-bearing assets and liabilities existing on the balance-sheet date.

Credit risk
Credit risks in finance operations
Financial credit risk arises when cash and cash equivalents are invested, and in conjunction with trading in financial instruments. These are primarily counterparty risks in connection with receivables in banks and other counterparties that arise when purchasing derivative financial instruments. For other financial assets, the credit risk is assumed to correspond to the carrying amounts.

Credit risks in trade receivables
The risk that the Group's or company's customers cannot fulfil their commitments (i.e. payment is not received from customers) constitutes a customer credit risk. The Group's customers are subject to credit checks, in which information about the customers' financial position is obtained from various credit bureaus. The Group has prepared a credit policy for how customer credits are to be managed. It indicates, for example, where decisions are made on credit limits of various sizes, and how credits and doubtful receivables are to be managed. One individual customer represents 10 per cent of net sales.

Note 17 Financial risks and risk management *cont.*

Age analysis, past due and unamortised trade receivables (SEK 000)	2018	2017
Current trade receivables	1,093,121	1,021,475
Past due trade receivables, 0–30 days	200,534	167,619
Past due trade receivables, >30–90 days	15,178	11,844
Past due trade receivables, >90–180 days	14,028	8,152
Past due trade receivables, >180–360 days	1,037	25,291
Past due trade receivables >360 days	7,381	4,897
Total	1,331,279	1,239,278

Reserve for expected credit losses (SEK 000)	2018	2017
Opening balance	24,788	30,062
Reversal of previous impairment	-19,969	-11,930
Provisions in companies acquired	534	360
Verified credit losses for the year	-1,802	-5,733
Provisions for the year	13,286	12,035
Translation difference	-70	-6
Closing balance	16,767	24,788

Under IFRS 9, the Group must recognise credit losses earlier than under the rules in IAS 39. Assemblin and its subsidiaries have historically had low levels of verified customer losses, and it is believed this will remain unchanged in 2019 and beyond. In assessing expected credit losses, the receivables are divided into risk according to the number of days past due. The Group's major customers are subjected to credit checks through credit rating agencies, and the subsidiaries carefully monitor cancelled and delayed payments. The Group invoices customers on a rolling basis during the production period, which means that any credit losses are detected at an early stage. Advance invoicing is also applied in cases where it is considered necessary or called for. Trade receivables assume a large number of customers and projects in various industries and geographical areas. Contract assets total SEK 408 million and relate to revenue that has been worked up but not invoiced. In light of the Group's historically low levels of credit losses, the impact from the impairment model under IFRS 9 is deemed to be insignificant.

Age analysis, trade payables (SEK 000)	2018	2017
Current trade payables	702,427	596,948
Past due trade payables, 0–30 days	125,994	67,533
Past due trade payables, >30–90 days	6,999	2,234
Past due trade payables, >90–180 days	1,028	2,098
Past due trade payables, >180–360 days	1,601	-4,005
Past due payables >360 days	-3,285	418
Total	834,764	665,226

Note 18 Non-current receivables and other receivables

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Non-current receivables that are non-current assets		
Deposit, premises rentals	915	857
Receivables, pension funds	13,560	12,986
Other	1,218	1,200
	15,693	15,043
Other receivables that are non-current assets		
VAT receivables	10,269	8,814
Tax assets	45,161	35,473
Other	34,532	55,355
	89,962	99,642

No individual item under Other exceeds 10 per cent of the total amount.

Note 19 Measuring financial assets and liabilities at fair value

Measurement at fair value contains a measurement hierarchy regarding input data for the valuations. This measurement hierarchy is divided into three levels corresponding with the levels introduced in IFRS 13 Fair Value Measurement.

The three levels consist of:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company has access to on the measurement date.

Level 2: inputs other than the quoted prices included in Level 1, which are directly or indirectly observable for the asset or liability. This can also relate to inputs other than quoted prices that are observable for the asset or liability, such as interest rate levels, yield curves, volatility and multiples.

Level 3: Unobservable inputs for the asset or liability. At this level, the assumptions that market players would make use of in pricing the asset or liability, including risk assumptions, must be taken into consideration.

Derivatives are measured under Level 2 and recognised as financial assets at fair value through profit or loss. There were no derivatives at the balance-sheet date.

Financial assets measured at fair value via other comprehensive income relate primarily to Elajo and are measured at cost, which is considered a good approximation of fair value. For all other items, excluding bank borrowings, the recorded value is an approximation of the fair value, which is why these items are not divided into levels under the measurement hierarchy. Bank borrowings belong to Level 2. Since loans to credit institutions run with variable interest rates, their recorded value is also deemed to essentially correspond to the fair values. Shareholder loans run with fixed interest rates that are deemed to correspond to a market-based interest rate on the balance-sheet date, which is why the carrying amount is a reasonable approximation of fair value.

Classification and fair value

Group (SEK 000) **31 Dec 2018**	Note	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Other liabilities	Total
Financial investments	16, 17		32,730		32,730
Long-term receivables	18, 19	15,693			15,693
Revenue generated, uninvoiced	20	407,624			407,624
Trade receivables	21	1,314,510			1,314,510
Other receivables	18	89,962			89,962
Accrued revenue	22	178			178
Total		1,827,967	32,730	–	1,860,697
Bank borrowings	23, 17			1,725,000	1,725,000
Other interest-bearing liabilities (leases)				291,497	291,497
Trade payables				834,764	834,764
Other liabilities	26			23,303	23,303
Accrued costs	27			52,733	52,733
Total		–	–	2,927,297	2,927,297

Group (SEK 000) **31 Dec 2017**	Note	Loans and trade receivables	Available-for-sale financial assets	Other liabilities	Total
Financial investments	16, 17		32,416		32,416
Long-term receivables	18, 19	15,043			15,043
Revenue generated, uninvoiced	20	388,681			388,681
Trade receivables	21	1,214,494			1,214,494
Other receivables	18	99,642			99,642
Accrued revenue	22	19,039			19,039
Total		1,736,899	32,416	–	1,769,315
Bank borrowings	23, 17			1,280,414	1,280,414
Shareholder loans	23, 17			582,999	582,999
Loans from related parties	23, 17			91,000	91,000
Other interest-bearing liabilities (leases)				253,113	253,113
Trade payables				665,226	665,226
Other liabilities	26			34,148	34,148
Accrued costs	27			68,302	68,302
Total		–	–	2,975,202	2,975,202

Note 20 Contract assets (designated in 2017 as revenue generated but uninvoiced)

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Revenue generated on work not concluded	4,392,848	4,246,429
Invoicing on work not concluded	-3,985,224	-3,857,748
Contract assets	407,624	388,681

2018
Revenue generated from ongoing contracts is recognised over time on the basis of assignment expenditures incurred in relation to the total estimated assignment fees of the assignment. Costs associated with this are recognised in earnings as they arise. In the statement of financial position, contract assignments are recognised gross project by project, either as a contract asset among current assets or as a contract liability among current liabilities. The projects with higher levels of generated revenue than has been invoiced are recognised as assets, whereas the projects that have been invoiced for more than revenue generated are recognised as liabilities.

2017
Revenue generated from ongoing contracts are recognised using the percentage of completion method. The degree of generation is calculated based on project costs incurred at the end of the period in relation to the project costs corresponding to the project revenue for the entire contract. Contract assignments are recognised gross, project by project, on the balance sheet either as generated but uninvoiced revenue among current assets or as invoiced but not generated revenue among current liabilities. The projects with higher levels of generated revenue than has been invoiced are recognised as assets, whereas the projects that have been invoiced for more than revenue generated are recognised as liabilities.

Note 21 Trade receivables

Trade receivables are recognised after taking customer losses totalling SEK 1,802 thousand (5,733) in the Group into account.

Note 22 Prepaid expenses and accrued income

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Accrued supplier bonuses	112,045	64,959
Accrued revenue	178	19,039
Prepaid rent	24,187	33,111
Prepaid licenses	10,744	386
Prepaid insurance premiums	11,254	3,840
Other items	11,774	8,987
Total	170,182	130,322

Note 23 Interest-bearing liabilities

The following section provides information on the company's contractual terms regarding interest-bearing liabilities. Major refinancing took place during the year, including amortisation of the shareholder loans in their entirety. For more information on the company's exposure to interest rate risk and for changes in exchange rates, refer to Note 25.

Group (SEK 000)	2018	2017
Non-current liabilities		
Bank borrowings	1,725,000	1,233,584
Capitalised funding costs	-23,780	-51,644
Shareholder loans	–	582,999
Loans from related parties	–	91,000
Finance lease liabilities	210,174	172,058
Total	1,911,394	2,027,998
Current liabilities		
Bank borrowings	–	46,830
Finance lease liabilities	81,323	81,055
Total	81,323	127,885

Terms and repayment periods				2018	
(SEK 000)	Currency	Nominal interest rate	Maturity	Nominal value	Carrying amount
Bank borrowings	SEK	4.25%	7 Nov 2023	1,725,000	1,725,000
Capitalised funding costs	SEK	*		-23,780	-23,780
Finance lease liabilities **	SEK	**	31 Dec 2019	81,323	81,323
Finance lease liabilities **	SEK	**	**	210,174	210,174
Total interest-bearing liabilities				1,992,717	1,992,717

Note 23 Interest-bearing liabilities *cont.*

Terms and repayment periods				2017	
(SEK 000)	Currency	Nominal interest rate	Maturity	Nominal value	Carrying amount
Bank borrowings	SEK	3.75%	30 Oct 2021	206,052	206,052
Bank borrowings	SEK	4.25%	30 Apr 2022	158,340	158,340
Bank borrowings	SEK	4.75%	30 Oct 2022	230,000	230,000
Bank borrowings	SEK	4.25%	30 Apr 2022	547,839	547,839
Bank borrowings, NOK	NOK	5.00%	30 Apr 2022	138,183	138,183
Capitalised funding costs *	SEK	*		-51,644	-51,644
Loans from related parties	SEK	2.00%	30 Oct 2021	91,000	91,000
Shareholder loans	SEK	10.00%	28 Oct 2045	242,661	242,661
Shareholder loans	SEK	10.00%	28 Oct 2045	192,476	192,476
Shareholder loans	SEK	10.00%	28 Oct 2045	147,862	147,862
Finance lease liabilities **	SEK	**	31 Dec 2018	81,055	81,055
Finance lease liabilities **	SEK	**	**	172,058	172,058
Total interest-bearing liabilities				2,155,883	2,155,883

The liabilities are linked with certain conditions associated with earnings and financial position (known as covenants).

* Capitalised funding costs (SEK 24,600 thousand) paid on 7 November 2018.
** The finance leases are amortised over three to five years with interest rates of 1–1.3 per cent.

Finance lease liabilities
Finance lease liabilities due for payment as below:

	2018			2017		
Group (SEK 000)	Capital amount	Interest rate	Minimum lease expenses	Capital amount	Interest rate	Minimum lease expenses
Within one year	78,967	2,356	81,323	79,315	1,743	81,058
Between one and five years	206,617	3,413	210,030	169,548	2,310	171,858
Later than five years	141	3	144	194	3	197
Total	285,725	5,772	291,497	249,057	4,056	253,113

Credit limits (SEK 000)	**2018**	**2017**
Group		
Credit limit granted	435,000	374,500
Unused portion	435,000	374,500
Credit amount used	–	–
Credit limit granted, by country		
Sweden	435,000	374,500
Total credit limit granted	435,000	374,500

Note 24 Provisions

Group (SEK 000)	**31 Dec 2018**	**31 Dec 2017**
Provisions that are non-current liabilities		
Warranty commitments	104,540	98,011
Onerous leases	26,233	54,007
Other	4,185	6,056
Total	134,958	158,074
Provisions that are current liabilities		
Warranty commitments	14,699	27,369
Onerous leases	29,581	51,920
Other	4,577	19,559
Total	48,857	98,848

Note 24 Provisions *cont.*

Provisions for warranty commitments (SEK 000)	31 Dec 2018	31 Dec 2017
Carrying amount at start of period	125,380	97,315
Amount acquired	1,384	–
Provisions made during the period	18,023	12,044
Amount claimed during the period	-8,670	-819
Unused amount reversed during the period	-20,765	-29,297
Transfers	3,237	46,218
Translation difference/other	649	-81
Carrying amount at end of period	119,238	125,380

Provisions for onerous leases (SEK 000)	31 Dec 2018	31 Dec 2017
Carrying amount at start of period	105,927	169,516
Amount acquired	17,544	–
Provisions made during the period	11,746	13,001
Amount claimed during the period	-50,740	-95,021
Unused amount reversed during the period	-25,055	-20,079
Transfers	-3,897	38,343
Translation difference/other	289	167
Carrying amount at end of period	55,814	105,927

Other provisions (SEK 000)	31 Dec 2018	31 Dec 2017
Carrying amount at start of period	25,615	24,841
Amount acquired	–	–
Provisions made during the period	11,693	42,363
Amount claimed during the period	-28,175	-54,273
Unused amount reversed during the period	-578	–
Transfers	-33	12,558
Translation difference/other	240	126
Carrying amount at end of period	8,762	25,615

Total Group provisions (SEK 000)	31 Dec 2018	31 Dec 2017
Total carrying amount at start of period	256,922	291,672
Amount acquired	18,928	–
Provisions made during the period	41,462	67,408
Amount claimed during the period	-87,585	-150,113
Unused amount reversed during the period	-46,398	-49,376
Transfers	-693	97,119
Translation difference/other	1,178	212
Total carrying amount at end of period	183,814	256,922
Of which total non-current portion of provisions	134,957	158,074
Of which total current portion of provisions	48,857	98,848

Warranty commitments
Provisions for warranties relate to assumed expenditures in the future for rectifying errors and shortcomings regarding concluded projects that arise during the warranty period for the projects. Provisions for warranties are primarily attributable to projects concluded in 2017 and 2018. The provision is based on calculations of historical warranty costs and known complaints. The present values of the provisions are not calculated. Further information concerning important assessments and estimates is provided in Note 32.

Onerous leases
Contract assignments are recognised over time on the basis of assignment expenditures incurred in relation to the total estimated assignment fees of the assignment. In addition, the Group also has several rental agreements for premises with long notice periods that remain unused as a result of reorganisations. Provisions have been made for the commitment to pay rental costs over the remainder of the contract period.

Other provisions
These provisions are based on individual risk evaluation and are primarily related to acquisitions and adjustments of acquisition balances.

Note 25 Contract liabilities (designated in 2017 as revenue generated but uninvoiced)

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Invoicing on work not concluded	6,100,844	7,806,372
Revenue generated on work not concluded	-5,463,246	-7,277,828
Contract liabilities	637,598	528,544

2018
Revenue generated from ongoing contracts is recognised over time on the basis of assignment expenditures incurred in relation to the total estimated assignment fees of the assignment. Costs associated with this are recognised in earnings as they arise. In the statement of financial position, contract assignments are recognised gross project by project, either as a contract asset among current assets or as a contract liability among current liabilities. The projects with higher levels of generated revenue than has been invoiced are recognised as assets, whereas the projects that have been invoiced for more than revenue generated are recognised as liabilities.

2017
Revenue generated from ongoing contracts are recognised using the percentage of completion method. The degree of generation is calculated based on project costs incurred at the end of the period in relation to the project costs corresponding to the project revenue for the entire contract. Contract assignments are recognised gross, project by project, on the balance sheet either as generated but uninvoiced revenue among current assets or as invoiced but not generated revenue among current liabilities. The projects with higher levels of generated revenue than has been invoiced are recognised as assets, whereas the projects that have been invoiced for more than revenue generated are recognised as liabilities.

Note 26 Other liabilities

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Other current liabilities		
VAT liability	57,219	48,299
Other	23,303	34,148
	80,522	82,448

Note 27 Accrued expenses and prepaid income

Group (SEK 000)	31 Dec 2018	31 Dec 2017
Accrued social security costs		–
Personnel-related items	792,510	730,113
Accrued interest expenses	11,558	18,111
Other items	41,175	50,192
	845,243	798,416

Note 28 Specification of cash flow statement

Cash and cash equivalents — Group (SEK 000)	31 Dec 2018	31 Dec 2017
The following subcomponents are included in cash and cash equivalents:		
Cash in hand and bank deposits	-173,144	106,992
Deposits in cash pooling	584,297	313,456
Total per the balance sheet	411,153	420,448

Interest paid and dividends received (SEK 000)	1 Jan 2018 – 31 Dec 2018	1 Jan 2017 – 31 Dec 2017
Group		
Dividends received	2,091	1,491
Interest received	535	850
Interest paid	-68,779	-77,176
Total	-66,153	-74,835

Adjustments for items not included in the cash flow — Group (SEK 000)	1 Jan 2018 – 31 Dec 2018	1 Jan 2017 – 31 Dec 2017
Group		
Depreciation and amortisation of tangible and intangible assets	91,614	172,759
Finance lease costs	-62,479	-63,527
Unrealised exchange differences	–	2,631
Interest capitalised	59,300	53,429
Expensed arrangement fees, loans	53,076	12,147
Share of profits from partnerships	-551	–
Changes in value of financial instruments	–	239
Provisions, newly raised and reversed	-14,287	18,021
Pension provisions	37,979	26,052
Changes in doubtful trade receivables	2,498	-12,704
Other	13,445	-9,098
	180,595	199,949

Adjustments for items not included in the cash flow — Parent Company (SEK 000)	31 Dec 2018	31 Dec 2017
Accrued interest expenses	14,697	–
Group contributions	-14,697	–
Impairment, shares in subsidiaries	1,500	279,593
	1,500	279,593

Opening/closing balance analysis for liabilities whose cash flows are recognised in financing activities

			Non-cash changes		
Group	31 Dec 2017	Cash flows	Currency effect	Interest capitalisation	31 Dec 2018
Bank borrowings	1,280,414	432,346	12,240		1,725,000
Shareholder loans	582,999	-657,162	14,406	59,757	–
Loans from related parties	91,000	-91,000	–	–	–
Total liabilities attributable to financing activities	1,954,413	-315,816	26,646	59,757	1,725,000

Note 29 Appropriations

Parent Company (SEK 000)	2018	2017
Group contributions received	14,697	–
Appropriations	14,697	–

Note 30 Proposal for appropriation of profits

The following amount, in SEK, is at the disposal of the Annual General Meeting:

Retained earnings	SEK 74,342,688
Profit for the year	SEK 10,189,138
Total	SEK 84,531,826

Styrelsen föreslår att stående vinstmedel och fria fonder behandlas enligt följande:

Balanseras i ny räkning	84 531 826 kr
Summa	84 531 826 kr

As otherwise regards the company's earnings and financial position, please refer to the financial reports with appurtenant notes.

Note 31 Group companies

Parent Company (SEK 000)	2018	2017
Accumulated cost		
At start of year	376,000	365,678
Shareholders' contribution	1,500	289,915
Impairment	-1,500	-279,593
At year end	376,000	376,000
Carrying amount, 31 December	376,000	376,000

Impairment for the year are recognised in profit or loss under Earnings from participations in Group companies.

Note 31 Group companies *cont.*

Breakdown of Parent Company's direct holding of participations in subsidiaries

					Carrying amount	
Subsidiaries	Corp. ID no.	Domicile	Participation, %	Number of shares	31 Dec 2018	31 Dec 2017
Assemblin AB	559020-2551	Stockholm	100	50 000	365 627	365 627
Assemblin Sweden AB	556768-1530	Stockholm	100			
Assemblin VS AB	556053-6194	Stockholm	100			
– Bankeryds Rör AB	556276-5270	Bankeryd	100			
– TKI Invest AB	556724-2234	Stockholm	100			
– TKI Teknikinstallationer AB	556518-2176	Stockholm	100			
– Ivarssons Rörläggeri AB	556541-8679	Göteborg	100			
– Lindahls Rör i Göteborg AB	556332-3186	Göteborg	100			
– Svenssons Rörinstallation i Kinna AB	556440-2377	Mark	100			
– NSM VS HB	969781-5158	Malmö	50			
Assemblin El AB	556013-4628	Stockholm	100			
– NSM EL HB	969780-9847	Malmö	50			
Assemblin Ventilation AB	556728-9177	Malmö	100			
– HVAC AB	556778-9010	Malmö	100			
– Ventilation Totalplåt AB	556597-9092	Malmö	100			
– Ventilation Östergötland AB	556510-3933	Linköping	100			
– Sydtotal AB	556131-6745	Jönköping	100			
– Polarluft AB	556944-6072	Malmö	100			
Assemblin Installation Vent AB	559077-5747	Solna	100			
– JVT Vent AB 100	556680-2541	Stenungsund	100			
Assemblin Holding AS	943623341	Oslo	100			
Assemblin AS	965808752	Oslo	100			
– Wennevolds Elektro AS	920860583	Oslo	100			
Assemblin Oy	2064618-3	Helsingfors	100			
– Trentec Team Oy	0850712-1	Helsingfors	100			
Assemblin Installation AB	556224-0944	Stockholm	100	20,000	5,519	5,519
Assemblin Umeå Ventilation AB	556627-6753	Umeå	100	1,440	4,740	4,740
Assemblin Umeå Holding AB	556595-6090	Umeå	100	1,000	64	64
Trignition 1 AB	559025-3026	Stockholm	100	50,000	50	50
Trignition 2 AB	559028-2900	Stockholm	100			
Total					376,000	376,000

Note 32 Critical accounting estimates and judgements

Company management has discussed the development and choice of the Group's critical accounting policies and estimates, the information concerning them, and the application of these policies and estimates with the Audit Committee.

Critical judgements in applying the Group's accounting policies
Certain critical accounting judgements made when applying the Group's accounting policies are described below.

Recognition of revenue over time
The reported earnings in ongoing contract projects are recognised over time on the basis of assignment expenditures incurred in relation to the total estimated assignment fees of the assignment. Costs associated with this are recognised in earnings as they arise. This requires reliable calculation of project revenue and project costs. The precondition is a properly functioning system for cost accounting, forecasting processes and project monitoring. The forecast regarding the project's final outcome is a critical judgement that is material to the operating report over the course of the project. There may be a risk that the final result as regards the project could deviate from what is gradually reported.

Pensions
Assemblin has partial defined-benefit pension plans. The pension obligations are calculated used actuarial assumptions, and plan assets are marked to market on the balance-sheet date. A change in any of these assumptions and measurements could have a significant impact on calculated pension commitments and pension costs.

Intangible assets
Impairment testing of goodwill
The recoverable amounts of cash-generating units is based on the assumption of future conditions and estimates of various parameters. Changes in these assumptions and estimates could have an effect on the carrying amount of goodwill. A recession in the rate of growth and operating margin would yield a lower recoverable amount. The reverse applies if the recoverable amount were calculated based on a higher rate of growth or margin. If future cash flows are discounted at a higher interest rate, the recoverable amount would be lower. The reverse would apply if the recoverable amount were to rise in conjunction with discounting at a lower discount rate.

Warranty provisions
In the Assemblin Group, warranty provisions are made for the warranty obligations found in the contract assignments being performed. A warranty expenditure arises in a project when a Group company performs extra work as a result of shortcomings that emerged in the original contract, in work performed or in materials. A warranty reserve is calculated based on the probable costs of correcting the faults that arose in the contract. The scope of the warranty provision is established based on:

a) previous experiences in similar projects;
b) the anticipated scope of the extra work; and
c) the estimated cost.

Onerous leases
When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense in its entirety. An onerous lease is a contract in which the unavoidable costs for meeting the obligations under the contract exceed the anticipated financial benefits. The expected loss is immediately recognised as a cost in its entirety.

Note 33 Related parties

Relationship with related parties
The Parent Company has a related party relationship with its subsidiaries; refer to Note 31. For other long-term liabilities and interest rates, refer to Notes 9 and 17, respectively.

Summary of related party transactions

Purchase of goods/services (SEK 000)	**2018**	**2017**
Triton Advisers Ltd.	2,590	206
West Park Mgmnt Services Ltd.	6,445	7,616
Total	9,035	7,615

Other (e.g. interest rate, dividend)	**2018**	**2017**
Shareholder loans	50,114	54,121
Loan Assemblin Financing AB	1,567	1,850
Total	51,681	55,971

Amounts due to related parties	**2018**	**2017**
Shareholder loans	0	582,998
Loan Assemblin Financing AB	0	91,000
Total	0	673,998

Transactions with related parties are priced at market conditions.

Transactions with key persons in executive positions
Information on remunerations to key persons in executive positions, refer to Note 7.

Note 34 Events after the balance-sheet date

In January 2019, Assemblin El acquired Norrlands Industrimontage AB (NIAB), corporate ID number 556896-6906. NIAB has a high degree of competence in industrial electricity, and operates in the Sundsvall region. NIAB reinforces Assemblin's service operations and offerings to industrial companies in northern Sweden. NIAB has approximately 40 employees, and sales of just over SEK 50 million in 2018.

In January 2019, the Swedish Transport Administration announced that Assemblin had been awarded the Stockholm Bypass infrastructure project, with a total order value of SEK 520 million.

In March 2019, Assemblin VS acquired Värmesvets Entreprenad i Eslöv AB, corporate ID number 556485-5806. The company is domiciled in Eslöv, with branches in Malmö and Jönköping, and specialises in qualified piping and process installations for projects in district heating and industry in southern and central Sweden. Värmesvets Entreprenad i Eslöv has 44 employees, and annual sales of approximately SEK 90 million.

Note 35 Parent Company information

Assemblin Holding AB is a Swedish limited company incorporated and domiciled in Stockholm. Its registered office is located at Västberga Allé 1, SE-126 30 Hägersten, Sweden.

The consolidated financial statement for 2018 consists of the Parent Company and its subsidiaries, together designated the Group. Assembling Holding AB is owned primarily by Ignition MidCo S.à.r.l. Its final owner is Triton Fund IV.

Assurance by the Board of Directors

The Board of Directors hereby affirms that the Annual Report has been prepared in accordance with accepted business practices in Sweden, and the consolidated financial statement has been prepared in accordance with the international accounting standards indicated in Regulation (EC) 1606/2002 of 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated financial statement, respectively, provide a true and fair view of the financial position and earnings of the Parent Company and the Group. The respective Board of Directors' Reports for the Parent Company and the Groups provide a true and fair overview of the trends in the Parent Company's and Group's operations, financial position and earnings, and describe the material risks and uncertainties facing the Parent Company and the companies forming the Group.

As indicated above, the Annual Report and consolidated financial statements were approved for issue by the Board of Directors on 15 April 2019. The consolidated statement of earnings and other comprehensive income, the consolidated statement of financial position, and the Parent Company income statement and balance sheet were adopted at the Annual General Meeting of 15 April 2019.

Stockholm, 15 April 2019

Matts Väppling
Chairman of the Board

Anders Thulin

Leif Gustafsson

Young Kim

Mats Jönsson

Our Auditor's Report was submitted on 15 April 2019
KPMG AB

Helena Arvidsson Älgne
Authorised public accountant

KPMG

Auditor's Report

To the Annual General Meeting of shareholders of Assemblin Holding AB, corporate identity number 559025-2952

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Assemblin Holding AB for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 46–85 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the statement of comprehensive income and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-43 and 88-91. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Assemblin Holding AB for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

— has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

— in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm, 15 April 2019
KPMG AB

Helena Arvidsson Älgne
Authorised public accountant

Multi-year overview

Income statement (SEK m)	2018	2017	2016
Net sales	8,885	8,169	7,076
Cost of goods sold	-7,186	-6,666	-5,736
Gross profit	1,699	1,503	1,340
Sales and administrative expenses, incl. other operating costs	-1,285	-1,388	-1,388
Operating profit/loss (EBIT)	414	115	-48
Adjustment concerning costs affecting comparability	-16	42	158
Amortisation and impairment, intangible fixed assets	3	95	71
Adjusted operating profit (EBITA)	401	252	181
Net financial items	-193	-142	-135
Profit/loss before tax	220	-27	-183
Tax	-48	53	41
Profit/loss for the period	172	25	-142

Balance sheet (SEK m)	2018	2017	2016
Goodwill	2,411	2,340	2,312
Other fixed assets	571	505	536
Current assets	2,036	1,886	2,133
Cash and cash equivalents	411	420	424
Total assets	5,429	5,150	5,405
Equity	238	106	93
Long-term interest-bearing liabilities	1,911	2,028	2,002
Other long-term liabilities	715	668	620
Current liabilities	2,564	2,348	2,690
Total equity and liabilities	5,429	5,150	5,405

Cash flow (SEK m)	2018	2017	2016
Cash flow from operating activities	468	26	-136
Cash flow from investment activities	-76	1	-119
Cash flow from financing activities	-406	-28	312
Cash flow for the period	-14	-2	58

Assemblin presents certain financial measurements in its Annual Report that are not fully defined under IFRS. These financial measurements should be seen as supplementary information for external stakeholders and the company's management, which in this connection facilitates evaluation of relevant trends. Assemblin's definitions of these measurements may differ from other companies' definitions of the same terms.

Definitions of the measurements not defined under IFRS and not mentioned elsewhere in the Annual report are presented at right. These measurements are reconciled in the table on page 89. Since the amounts in the table below have been rounded to the nearest SEK million, the calculations do not always sum up. For definitions of key figures, refer to page 91.

In 2018, the company changed the classification of indirect costs in profit or loss. Indirect costs were previously reported in overhead operating costs, but have now been categorised as cost of goods sold; refer to Note 1, Significant accounting policies. The comparison year has been restated in a corresponding manner.

Key figures	2018	2017	2016
Operating profit (EBITA)	417	210	23
Operating margin (EBITA), %	4.7	2.6	0.3
Adjusted operating profit (EBITA)	401	252	181
Adjusted operating margin (EBITA), %	4.5	3.1	2.6
Adjusted operating profit before amortisations (EBITDA)	489	330	253
Adjusted operating margin before amortisations (EBITDA), %	5.5	4.0	3.6
Profit margin, %	1.9	0.3	-2.0
Net debt	1,582	1,735	1,676
Loan-to-value ratio	3.2	5.3	6.6
Debt/equity ratio, %	4.4	2.1	1.7
Working capital	-398	-236	-268
Working capital as % of sales	-4.5	-2.9	-3.8
Order intake	9,459	9,899	7,180
Order backlog	6,971	6,223	4,555
Average number of employees, FTE	5,630	5,693	4,806
Growth, %	*8.8*	*15.5*	*N/A*

Reconciliation of key metrics

Reconciliation of key metrics	2018	2017	2016
Net debt			
Long-term interest-bearing liabilities	1,911	2,028	2,002
Short-term interest-bearing liabilities	81	128	98
Cash and cash equivalents	-411	-420	-424
Net debt	1,582	1,735	1,676
Operating profit (EBITA)			
Operating profit/loss (EBIT)	414	115	-48
Amortisation and impairment, intangible fixed assets	3	95	71
Operating profit (EBITA)	417	210	23
Adjusted operating profit (EBITA)			
Operating profit (EBITA)	417	210	23
Adjustments concerning costs affecting comparability	-16	42	158
Adjusted operating profit (EBITA)	401	252	181
Adjusted operating profit before depreciation and amortisation (EBITDA)			
Operating profit (EBITA)	417	210	23
Depreciation and impairment, property, plant and equipment	88	78	72
Costs affecting comparability	-16	42	158
Adjusted operating profit before depreciation and amortisation (EBITDA)	489	330	253
Working capital			
Current assets	2,447	2,306	2,557
Cash and cash equivalents	-411	-420	-424
Current liabilities	-2,564	-2,348	-2,690
Short-term interest-bearing liabilities	81	128	98
Current receivables	49	99	191
Working capital	-398	-236	-268

Definitions

FINANCIAL DEFINITIONS

Loan-to-value ratio
Net debt at the end of the period in relation to adjusted EBITDA for the last twelve months.

Acquired growth
Net sales from units acquired during the period and the preceding period, less net sales from units acquired in the preceding period, divided by net sales for the equivalent period of the preceding year.

Adjusted operating profit (EBITA)
Earnings before tax, net financial items, and amortisation and impairment of intangible assets, adjusted for items affecting comparability.

Adjusted operating margin (EBITA), %
Earnings before tax, net financial items, and amortisation and impairment of intangible assets, adjusted for items affecting comparability and divided by net sales.

Adjusted operating profit before depreciation and amortisation (EBITDA)
Operating profit/loss (EBITA) before planned depreciation, amortisation and impairment, adjusted for items affecting comparability.

Adjusted operating margin before amortisations (EBITDA), %
Operating profit/loss (EBITA) before planned depreciation, amortisation and impairment, adjusted for items affecting comparability and divided by net sales.

Average number of employees, FTE
Average number of employees during the period, taking full or part-time employment into account.

Net sales
Sales recorded in accordance with the Group's accounting policies as described in Note 1.

Net debt
Long- and short-term interest-bearing liabilities, excluding pension liabilities, less cash and cash equivalents at the end of the period.

Organic growth
Growth including currency effect less acquired growth.

Order intake
The value of projects received and changes to existing projects in the current period.

Order backlog
The value of the remaining production value in all projects not generated at the end of the period.

Working capital
The sum of current assets, reduced by cash and cash equivalents minus the sum of current liabilities, reduced by current provisions and short-term interest-bearing liabilities.

Working capital as % of sales
Working capital divided by net sales for the current period.

Operating profit (EBITA)
Earnings before tax, net financial items, and amortisation and impairment of intangible assets. EBITA is used as the primary key earnings figure in the operational monitoring of the Group.

Operating margin (EBITA), %
Earnings before tax, net financial items, and amortisation and impairment of intangible assets, divided by net sales.

Operating profit/loss (EBIT)
Earnings before tax and net financial items.

Operating profit/loss before depreciation and amortisation (EBITDA)
Operating profit/loss (EBITA) before planned depreciation, amortisation and impairment.

Debt/equity ratio
Total equity divided by total assets, expressed as per cent.

Growth
Changes to net sales for the period, divided by net sales from the year-earlier period (including currency effects).

Costs affecting comparability
Primarily costs for acquisitions and integration of acquisitions, as well as more comprehensive restructuring programmes.

Profit margin
Earnings for the period, divided by net sales for the period.

DEFINITIONS OF SUSTAINABILITY TERMS

Refer to page 39.

OTHER DEFINITIONS

Contract assignments/Project assignments
New construction and reconstruction of technical systems in buildings, facilities and infrastructure.

Service assignments
Operation and maintenance assignments, including maintenance-related reconstruction of technical systems in buildings, facilities and infrastructure.

Assemblin designs, installs and maintains technical systems for air, water and energy — systems you often don't see, but that make buildings work and people comfortable. Installed by skilled, committed employees.

With sales of SEK 8.9 billion and nearly 5,700 employees at over 125 locations in Sweden, Norway and Finland, we are one of the leading installation companies in the Nordic region. Our vision is to create smart and sustainable installations in assignments both large and small. Through close collaboration at the local level and with a strong organisation at our back, we will make this possible.

Assemblin