

# SinterCast Results: Third Quarter 2018



**Year-on-year series production increases by 15%  
as earnings per share grows by 43%**

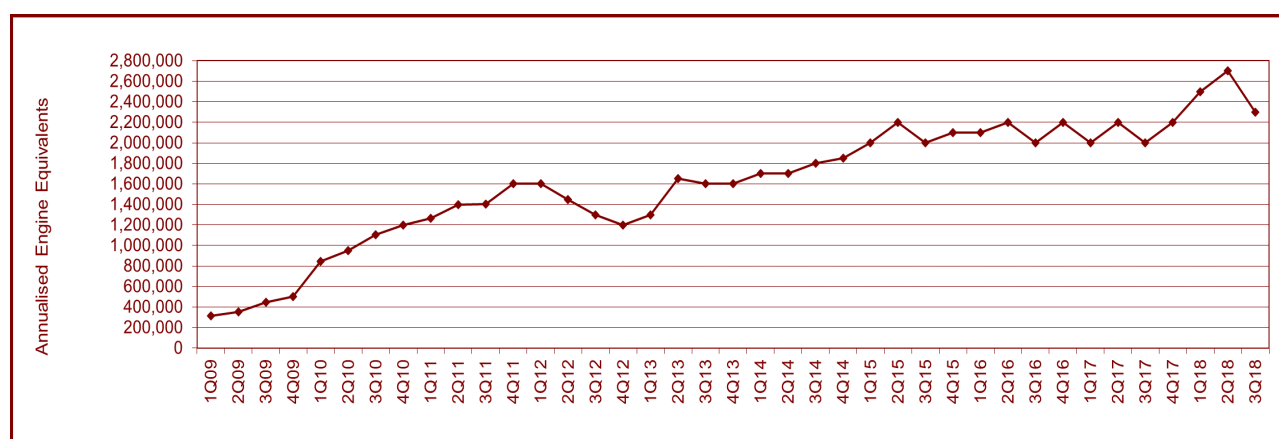
## Third Quarter 2018

- **Revenue for Period:** SEK 19.7 million (SEK 16.7 million)
- **Operating Result:** SEK 6.0 million (SEK 4.7 million)
- **Earnings per Share:** SEK 1.0 per share (SEK 0.7 per share)
- **Cashflow from Operations:** SEK 9.9 million (SEK 1.0 million)
- Start of production of passenger vehicle in-line diesel engine; shipments to begin in fourth quarter
- Poitras Foundry in Canada orders SinterCast Ladle Tracker® installation for ductile iron production
- Kimura Foundry in Japan orders Mini-System 3000 for CGI product development and prototyping

## 2018 Year-to-Date

- **Revenue for Period:** SEK 63.1 million (SEK 47.8 million)
- **Operating Result:** SEK 21.9 million (SEK 12.3 million)
- **Earnings per Share:** SEK 3.2 per share (SEK 1.9 per share)
- **Cashflow from Operations:** SEK 20.8 million (SEK 8.4 million)
- **Installed Base:** 24 fully automated systems, 22 mini-systems and four tracking systems in 14 countries

## Series Production\*



*Year-on-year production for the third quarter increased by 15%, to 2.3 million Engine Equivalents. The third quarter production was 11.5% behind the pace of the first half of the year, due to the traditional summer shutdowns in July and August.*

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

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## CEO Comments

### **Series production at all-time high for the summer quarter; underlying base remains strong**

The third quarter results reinforced the strength of the series production base, with year-on-year volume increasing by 15%, setting an all-time high for the summer quarter. The quarterly volume of 2.3 million Engine Equivalents marked the third highest quarter in our history, despite being 11.5% below the first half of the year due to the traditional summer shutdowns in July and August. In parallel with the increase in production, year-on-year Sampling Cup shipments were up 5%, revenue was up 18% and earnings per share increased by 43%. On a year-to-date basis, Sampling Cup shipments have increased by 41%, revenue has increased by 32%, and earnings per share have increased by 68%. Overall, the production base continues to be strong, providing the potential to reach 3.0 million Engine Equivalents in the near-term.

Series production of the previously announced high volume in-line diesel engine cylinder block for passenger vehicles commenced at the Tupy foundry in Saltillo, Mexico during the third quarter. However, shipment from the foundry has been deferred until the fourth quarter to coincide with the engine production planning of the OEM. The contribution from this new programme has therefore not been included in the third quarter results. Shipment of full volumes, potentially corresponding to approximately 300,000 Engine equivalents per year, is expected to begin before year-end.

### **Installation activity intensifies**

Following orders for the SinterCast Ladle Tracker® system from the Tupy foundry in Brazil and for the SinterCast Cast Tracker™ system from the Scania foundry in Sweden during the second quarter, the momentum for our Tracking Technologies continued during the third quarter, with a Ladle Tracker order from the Poitras foundry in Canada. With the order, Poitras has become the first foundry in the world to adopt the ladle tracking technology for ductile iron production. The Poitras installation will also be the first Ladle Tracker system that operates as an independent stand-alone system, not running under the System 3000 CGI operating platform. Beyond the tracking installations, a CGI Mini-System 3000 was sold to the Kimura foundry in Japan and announced on 1 October. The order will enable Kimura to offer complete CGI casting solutions for automotive, commercial vehicle, and industrial power OEMs for prototyping and niche volume production.

The Kimura installation will be commissioned during the fourth quarter, contributing to the 2018 installation revenue. The timing of the Tupy and Poitras tracking installations may be postponed until the first quarter of 2019 due to higher than normal year-end production demands, deferring the revenue recognition until 2019. Several other Installation discussions are ongoing for CGI process control systems, capacity upgrades, and tracking installations in grey iron, CGI and ductile iron foundries. In addition to the current installation opportunities, SinterCast is also investigating the development of other unique technologies – within and beyond the scope of thermal analysis – to improve quality and production efficiency in the metals industry.

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## Financial Summary

### Revenue

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

Revenue Breakdown (Amounts in SEK million if not otherwise stated)	July-September		January-September	
	2018	2017	2018	2017
<b>Number of Sampling Cups shipped</b>	<b>42,800</b>	40,600	<b>144,100</b>	102,200
<b>Equipment</b> <sup>1,4</sup>	<b>0.5</b>	1.5	<b>2.9</b>	2.9
<b>Series Production</b> <sup>2,5</sup>	<b>18.7</b>	14.7	<b>59.0</b>	44.1
<b>Engineering Service</b> <sup>3</sup>	<b>0.5</b>	0.5	<b>1.2</b>	0.8
<b>Other</b>	<b>0.0</b>	0.0	<b>0.0</b>	0.0
<b>Total</b>	<b>19.7</b>	16.7	<b>63.1</b>	47.8

- Notes:**
1. Includes revenue from system sales and leases and sales of spare parts
  2. Includes revenue from production fees, consumables and software licence fees
  3. Includes revenue from technical support, on-site trials and sales of test pieces
  4. Changes in revenue recognition principles (IFRS 15), resulted in higher revenue related to the sale of new systems of approximately SEK 0.1 million during the quarter. However, no effects from changes in revenue recognition principles (IFRS 15) during the January-September 2018 period.
  5. Changes in revenue recognition principles (IFRS 15), resulted in higher Annual Software License Fee revenue of approximately SEK 0.1 million during the quarter and SEK 0.5 million for January-September 2018. This change will result in proportionately lower revenue over the balance of the lease period of the individual lease contracts.

The **July - September 2018** revenue amounted to SEK 19.7 million (SEK 16.7 million). Series production revenue increased by 27% to SEK 18.7 million (SEK 14.7 million) due to a 15% increase in annualised *quarterly series* production to 2.3 million (2.0 million) Engine Equivalents and a 5% increase in Sampling Cup shipments to 42,800 (40,600). Equipment revenue amounted to SEK 0.5 million (SEK 1.5 million), primarily due to the rental of a SinterCast Mini-System 3000 to the Tupy foundry in Ramos Arizpe, Mexico and due to the installation of a Cast Tracker system at the Scania foundry in Södertälje, Sweden. Engineering Service amounted to SEK 0.5 million (SEK 0.5 million).

The **January - September 2018** revenue amounted to SEK 63.1 million (SEK 47.8 million). Revenue from series production increased by 34% to SEK 59.0 million (SEK 44.1 million), due to a 22% increase in series production and a 41% increase in Sampling Cup shipments to 144,100 (102,200). Equipment revenue amounted to SEK 2.9 million (SEK 2.9 million) primarily due to the installation of a SinterCast Mini-System 3000 and a wirefeeder at Shanxi Sanlian Casting Co., Ltd, China. Engineering Service amounted to SEK 1.2 million (SEK 0.8 million) following support provided to various customers globally and the sale of test pieces.

### Results

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

# SinterCast Results: Third Quarter 2018



Results Summary (Amounts in SEK million if not otherwise stated)	July-September		January-September	
	2018	2017	2018	2017
<b>Operating Result</b>	<b>6.0</b>	4.7	<b>21.9</b>	12.3
<b>Result for the period after tax</b>	<b>7.0</b>	4.7	<b>22.5</b>	13.2
<b>Earnings per Share (SEK)</b>	<b>1.0</b>	0.7	<b>3.2</b>	1.9

The **July - September 2018** Operating Result amounted to SEK 6.0 million (SEK 4.7 million), as a result of higher gross results of SEK 3.1 million primarily derived from higher revenue, combined with higher operating costs of SEK 1.8 million, primarily due to increased sales-related expenses and consolidation effects related to the decreased value of the Swedish Krona. The Result for the period after tax amounted to SEK 7.0 million (SEK 4.7 million), primarily related to the SEK 1.3 million increase in the operating result, and an increase of SEK 1.0 million in the financial net (primarily increased unrealised revaluation losses derived from outstanding hedge contracts).

The **January - September 2018** Operating Result of SEK 21.9 million (SEK 12.3 million), increased by SEK 9.6 million as a result of higher gross results of SEK 13.0 million primarily derived from higher revenue, combined with higher operating costs of SEK 3.4 million, primarily due to increased sales-related expenses and consolidation effects related to the decreased value of the Swedish Krona and increased R&D costs. The Result for the period after tax amounted to SEK 22.5 million (SEK 13.2 million), increased by SEK 9.3 million, primarily related to the increased operating result of SEK 9.6 million and a SEK 0.4 million decrease in the financial net (primarily decreased unrealised revaluation losses derived from outstanding hedge contracts) and increased tax income of SEK 0.1 million.

## Cashflow, Liquidity and Investments

Cashflow Summary 2018 Year-to-Date (Amounts in SEK million if not otherwise stated)	January - September		Cashflow Changes
	2018	2017	2018 vs. 2017
Cashflow from operations, before change in working capital	<b>23.5</b>	13.1	<b>10.4</b>
Change in working capital	<b>-2.7</b>	-4.7	<b>2.0</b>
<b>Cashflow from operations</b>	<b>20.8</b>	8.4	<b>12.4</b>
Cashflow from investing activities	<b>-2.0</b>	-3.0	<b>1.0</b>
Cashflow from financing activities, including dividend	<b>-19.5</b>	<b>-28.4</b>	<b>8.9</b>
Exchange rate differences in cash and cash equivalents	<b>0.0</b>	0.0	<b>0.0</b>
<b>Cashflow total</b>	<b>-0.7</b>	<b>-23.0</b>	<b>22.3</b>
<b>Liquidity</b>	<b>29.4</b>	<b>22.3</b>	

The **January - September 2018** cashflow from operations increased by SEK 12.4 million due to the cashflow increase before change in working capital of SEK 10.4 million and the decrease in working capital of SEK 2.0 million, primarily related to decreases in short-term receivables. Total investments amounted to SEK 2.0 million, primarily related to the activation of products under development (SEK 1.1 million), facilities and computer hardware upgrades (SEK 0.1 million) and production equipment (SEK 0.8 million). The total cashflow amounted to SEK -0.7 million (SEK -23.0 million), primarily due to the dividend amounting to SEK 19.5 million (SEK 28.4 million). Liquidity on 30 September 2018 was SEK 29.4 million (SEK 22.3 million). SinterCast has no loans.

# SinterCast Results: Third Quarter 2018



## Deferred Tax Asset

Tax income for the **January - September 2018** period amounted to SEK 1.0 million (SEK 0.9 million), of which SEK +3.2 million was due the reassessed deferred tax calculation and SEK -2.2 million was due to the change in the Swedish corporate tax rate from 22% to 21.4% in 2019 and 2020 and to 20.6% after 2021. The estimated future taxable profit and deferred tax asset calculation is reassessed every quarter. As of 30 September 2018, SEK 161.1 million (SEK 147.0 million) of the SinterCast total carried-forward tax losses are the basis of the updated calculation, resulting in SEK 33.3 million (SEK 32.3 million) being capitalised as a deferred tax asset.

## Risks and Uncertainty Factors

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

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

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

## Organisation

With successful high volume CGI production in customer foundries located in Europe, Asia and the Americas, SinterCast has established a global organisation with employees and offices in Sweden, the United Kingdom, the United States, China and Korea. As of 30 September 2018, the Group had 21 (21) employees, four (four) of whom are female. SinterCast is well positioned to support global market activities and to drive the future growth of the company.

## Parent Company

SinterCast AB (publ) is the Parent Company of the SinterCast Group, with its registered office located in Stockholm, Sweden. On 30 September 2018, the Parent Company had 16 (16) employees. The majority of the operations are managed by the Parent Company while local operations in the United Kingdom, United States, Korea and China are managed by the local companies. The information given for the Group in this report corresponds in all material respects to the Parent Company. However, the result for the period may differ between the Group and the Parent Company due to intercompany transactions between the Parent Company and its subsidiaries.

# SinterCast Results: Third Quarter 2018



## Accounting Principles

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

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

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

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

IFRS 16 Leases is effective as of 1 January 2019. Earlier application is permitted for all standards. SinterCast has opted to not apply early adoption. SinterCast is analysing the effects of the new standard and will comment upon expected changes in the 4Q 2018 Interim Report.

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

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

# SinterCast Results: Third Quarter 2018



## Events after the Balance Sheet Date

There have been no significant events since the balance sheet date of 30 September 2018 that could materially change these financial statements. The following press release has been issued:

1 October 2018 – Kimura Foundry adopts SinterCast process control technology

## Nomination Committee

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

## Annual General Meeting

The Annual General Meeting 2019 of SinterCast AB (publ) will be held on Thursday 23 May 2019. Shareholders wishing to have a matter considered at the Annual General Meeting should provide written submissions to [agm.registration@sintercast.com](mailto:agm.registration@sintercast.com) or to the company: SinterCast AB (publ), Kungsgatan 2, 641 30 Katrineholm, Sweden, at least seven weeks prior to the Annual General Meeting for the proposal to be included in the notice of the meeting. Further details on how and when to register will be published in advance of the Annual General Meeting.

## Information

### Interim Reports

October-December 2018 and Full Year Results 2018  
January-March 2019  
April-June 2019  
July-September 2019

### Publication Date

20 February 2019  
24 April 2019  
22 August 2019  
13 November 2019

This report has been reviewed by the company's Auditors.

*Stockholm 14 November 2018*

For further information please contact:

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This press release contains information SinterCast AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the President & CEO Dr. Steve Dawson, at 08:00 CET on 14 November 2018.

# SinterCast Results: Third Quarter 2018



## Auditor's report

SinterCast AB (publ), corp. reg. no. 556233-6494

### Introduction

We have reviewed the condensed interim financial information (interim report) of SinterCast AB (publ) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

Stockholm, 14 November 2018

Öhrlings PricewaterhouseCoopers AB

Tobias Strähle

Authorized Public Accountant



## SinterCast Results: Third Quarter 2018



**SinterCast** is the world's leading supplier of process control technology for the reliable high volume production of Compacted Graphite Iron (CGI). With at least 75% higher tensile strength, 45% higher stiffness and approximately double the fatigue strength of conventional grey cast iron and aluminum, CGI allows engine designers to improve performance, fuel economy and durability while reducing engine size, weight, noise and emissions. The SinterCast technology is primarily used for the production of petrol and diesel engine cylinder blocks and exhaust components for passenger vehicles; medium-duty and heavy-duty cylinder blocks and heads for commercial vehicles; and, industrial power engine components for marine, rail, off-road and stationary engine applications. SinterCast supports the series production of components ranging from 2.7 kg to 9 tonnes, all using the same proven process control technology. As a specialist supplier of precision measurement and process control solutions to the metals industry, SinterCast also supplies a suite of tracking technologies, including the SinterCast Ladle Tracker<sup>®</sup>, Cast Tracker<sup>™</sup> and Operator Tracker<sup>™</sup> to improve process control, productivity and traceability in a variety of applications. With 50 installations in 14 countries, SinterCast is a publicly traded company, quoted on the Nasdaq Stockholm stock exchange (SINT). For more information: [www.sintercast.com](http://www.sintercast.com)

**END**

## Income Statement - SinterCast Group

AMOUNTS IN SEK MILLION	July-September		January-September		January-December	
	2018	2017	2018	2017	2017	2016
Revenue	19.7	16.7	63.1	47.8	65.6	75.4
Cost of goods sold	-3.9	-4.0	-13.2	-10.9	-15.0	-16.6
<b>Gross result</b>	<b>15.8</b>	<b>12.7</b>	<b>49.9</b>	<b>36.9</b>	<b>50.6</b>	<b>58.8</b>
Gross result %	80%	76%	79%	77%	77%	78%
Cost of sales and marketing	-5.1	-4.4	-15.1	-14.4	-18.7	-19.0
Cost of administration	-1.7	-1.4	-5.4	-4.6	-6.3	-6.0
Cost of research & development	-2.1	-2.1	-7.4	-5.0	-7.3	-7.9
Other operating income	-0.8	0.0	0.0	0.0	0.0	0.5
Other operating costs	-0.1	-0.1	-0.1	-0.6	-0.6	0.0
<b>Operating result</b>	<b>6.0</b>	<b>4.7</b>	<b>21.9</b>	<b>12.3</b>	<b>17.7</b>	<b>26.4</b>
Financial income	0.0	0.1	0.0	0.1	0.1	0.0
Financial costs	1.0	-0.1	-0.4	-0.1	-0.1	-0.6
Income Tax	0.0	0.0	1.0	0.9	0.9	1.0
<b>Result for the period</b>	<b>7.0</b>	<b>4.7</b>	<b>22.5</b>	<b>13.2</b>	<b>18.6</b>	<b>26.8</b>
<b>Result attributable to:</b>						
Equity holder of the parent company	7.0	4.7	22.5	13.2	18.6	26.8
Non-controlling interests	-	-	-	-	-	-
Earnings per share, SEK	1.0	0.7	3.2	1.9	2.6	3.8
Earning per share, diluted, SEK	1.0	0.7	3.2	1.9	2.6	3.8
Number of shares at the close of the period, thousands	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares, thousands	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares, diluted	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1

## Statement of Other Comprehensive Income - SinterCast Group

AMOUNTS IN SEK MILLION	July-September		January-September		January-December	
	2018	2017	2018	2017	2017	2016
<b>Result for the period</b>	<b>7.0</b>	<b>4.7</b>	<b>22.5</b>	<b>13.2</b>	<b>18.6</b>	<b>26.8</b>
<b>Other comprehensive income</b>						
<i>Items may be reclassified to the income statement:</i>						
Translation differences, foreign subsidiaries	-0.1	0.0	0.0	-0.2	-0.2	0.6
<b>Other comprehensive income, net of tax</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.6</b>
<b>Total comprehensive income for the period</b>	<b>6.9</b>	<b>4.7</b>	<b>22.5</b>	<b>13.0</b>	<b>18.4</b>	<b>27.4</b>
<b>Total comprehensive income attributable to:</b>						
Shareholder of the parent company	6.9	4.7	22.5	13.0	18.4	27.4
Non-controlling interests	-	-	-	-	-	-

## Cashflow Statement - SinterCast Group

AMOUNTS IN SEK MILLION	July-September		January-September		January-December	
	2018	2017	2018	2017	2017	2016
<b>Operating activities</b>						
Operating result	6.0	4.7	21.9	12.3	17.7	26.4
Adjustments for items not included in the cash flow						
Depreciation	0.4	0.5	1.7	1.1	1.5	1.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Unrealised exchange rate differences	-1.4	-0.1	0.0	-0.1	-0.1	-0.5
Received interest	0.0	0.0	0.0	0.0	0.0	0.0
Paid interest	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
Paid income tax	0.0	0.0	0.0	-0.1	-0.1	0.0
<b>Total cashflow from operating activities before change in working capital</b>	<b>4.9</b>	<b>5.0</b>	<b>23.5</b>	<b>13.1</b>	<b>18.9</b>	<b>26.9</b>
<b>Change in working capital</b>						
Inventory	-1.3	0.7	-1.2	0.2	0.1	0.1
Operating receivables	5.3	-3.3	-1.8	-1.7	0.8	-0.1
Operating liabilities	1.0	-1.4	0.3	-3.2	-2.9	-1.5
<b>Total change in working capital</b>	<b>5.0</b>	<b>-4.0</b>	<b>-2.7</b>	<b>-4.7</b>	<b>-2.0</b>	<b>-1.5</b>
<b>Cashflow from operations</b>	<b>9.9</b>	<b>1.0</b>	<b>20.8</b>	<b>8.4</b>	<b>16.9</b>	<b>25.4</b>
<b>Investing activities</b>						
Acquisition of intangible assets	-0.5	-0.9	-1.1	-2.8	-3.3	-2.3
Acquisition of tangible assets	-0.1	0.0	-0.9	-0.2	-0.4	-1.0
<b>Cashflow from investing activities</b>	<b>-0.6</b>	<b>-0.9</b>	<b>-2.0</b>	<b>-3.0</b>	<b>-3.7</b>	<b>-3.3</b>
<b>Financing activities</b>						
Dividend	-	-	-19.5	-28.4	-28.4	-24.8
<b>Cashflow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>-19.5</b>	<b>-28.4</b>	<b>-28.4</b>	<b>-24.8</b>
Exchange rate differences in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash and cash equivalents*	9.3	0.1	-0.7	-23.0	-15.2	-2.7
Cash - opening balance	20.1	22.2	30.1	45.3	45.3	48.0
Cash - closing balance	29.4	22.3	29.4	22.3	30.1	45.3

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

## Balance Sheet - SinterCast Group

AMOUNTS IN SEK MILLION	30 Sep 2018	30 Sep 2017	30 Jun 2018	30 Jun 2017	31 Dec 2017	31 Dec 2016
<b>ASSETS</b>						
Intangible assets	7.4	7.2	7.3	6.8	7.7	5.2
Tangible assets	2.2	1.8	2.3	1.9	1.7	1.9
Financial assets	0.4	0.4	0.4	0.4	0.4	0.4
Deferred tax asset	33.3	32.3	33.3	32.3	32.3	31.3
<b>Total fixed assets</b>	<b>43.3</b>	<b>41.7</b>	<b>43.3</b>	<b>41.4</b>	<b>42.1</b>	<b>38.8</b>
Inventory	5.4	4.1	5.4	4.8	4.2	4.3
Short term receivables	20.1	20.8	24.2	17.5	18.3	19.1
Short term deposits and cash at bank and in hand	29.4	22.3	20.1	22.2	30.1	45.3
<b>Total current assets</b>	<b>54.9</b>	<b>47.2</b>	<b>49.7</b>	<b>44.5</b>	<b>52.6</b>	<b>68.7</b>
<b>Total assets</b>	<b>98.2</b>	<b>88.9</b>	<b>93.0</b>	<b>85.9</b>	<b>94.7</b>	<b>107.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>						
<b>Shareholders' equity</b>	<b>89.0</b>	<b>80.4</b>	<b>82.1</b>	<b>75.7</b>	<b>85.8</b>	<b>95.8</b>
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	9.2	8.5	10.9	10.2	8.9	11.7
<b>Total shareholders' equity and liabilities</b>	<b>98.2</b>	<b>88.9</b>	<b>93.0</b>	<b>85.9</b>	<b>94.7</b>	<b>107.5</b>
Equity per share, SEK	12.6	11.3	11.6	10.7	12.1	13.5

* STATEMENT OF CHANGES IN EQUITY	Share	Additional	Exchange	Accumulated	Total
Attributable to the equity holder of the parent company	Capital	Paid in Capital	Differences	Result	Equity
<b>Opening balance 1 January 2017</b>	<b>7.09</b>	<b>44.87</b>	<b>2.10</b>	<b>41.71</b>	<b>95.77</b>
Total comprehensive income	-	-	-0.22	13.17	12.95
Dividend	-	-	-	-28.36	-28.36
<b>Closing balance 30 September 2017</b>	<b>7.09</b>	<b>44.87</b>	<b>1.88</b>	<b>26.52</b>	<b>80.36</b>
<b>Opening balance 1 January 2018</b>	<b>7.09</b>	<b>44.87</b>	<b>1.91</b>	<b>31.92</b>	<b>85.79</b>
Change in accounting principles	-	-	-	0.28	0.28
<b>Revised opening balance 1 January 2018</b>	<b>7.09</b>	<b>44.87</b>	<b>1.91</b>	<b>32.20</b>	<b>86.07</b>
Total comprehensive income	-	-	-0.03	22.50	22.47
Dividend	-	-	-	-19.50	-19.50
<b>Closing balance 30 September 2018</b>	<b>7.09</b>	<b>44.87</b>	<b>1.88</b>	<b>35.20</b>	<b>89.04</b>

### Fair value measurement of financial assets and liabilities

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

### Other financial assets and liabilities

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

## Key Ratio and Share Data - SinterCast Group

AMOUNTS IN SEK MILLION	July-September		January-September		January-December	
	2018	2017	2018	2017	2017	2016
<b>Key Ratio</b>						
Revenue*	19.7	16.7	63.1	47.8	65.6	75.4
Result for the period*	7.0	4.7	22.5	13.2	18.6	26.8
Operating margin %	30.5	28.1	34.7	25.7	27.0	35.0
Solidity, %	90.6	90.4	90.6	90.4	90.6	89.1
Shareholders' equity	89.0	80.4	89.0	80.4	85.8	95.8
Capital employed	89.0	80.4	89.0	80.4	85.8	95.8
Total assets	98.2	88.9	98.2	88.9	94.7	107.5
Return on shareholders' equity, %	8.2	6.0	25.7	15.0	20.5	28.4
Return on capital employed, %	8.2	6.0	25.7	15.0	20.5	28.4
Return on total assets, %	7.3	5.4	23.3	13.4	18.4	25.1
<b>Employees</b>						
Number of employees at the end of the period	21	21	21	21	21	21
<b>Data per Share</b>						
Earnings per share, SEK*	1.0	0.7	3.2	1.9	2.6	3.8
Dividends per share, SEK	-	-	2.8	4.0	4.0	3.5
Cashflow from operations per share, SEK	1.4	0.1	2.9	1.0	2.4	3.6
Share price at the end of the period, SEK	90.6	74.0	90.6	74.0	65.0	81.8

\* According to IFRS. All other key ratios and share data are defined as Alternative Performance Measures (APMs).

Definition of key ratios can be found in the Annual Report 2017, note 29.

### Operating margin %

Operating results as percentage of revenue

### Solidity %

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

### Equity per share

Shareholders' equity divided by the average number of shares

### Capital employed

Total assets less non-interest bearing liabilities

### Return on shareholders' equity %

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

### Return on capital employed %

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

### Return on total assets %

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

### Average number of shares

Weighted average of the number of shares outstanding for the period

### Average number of shares adjusted for dilution

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

### Earnings per share

Result for the period divided by the average number of shares

### Earnings per share, diluted

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

### Dividend per share

Dividend divided by the number of shares

### Cashflow from operations per share

Cashflow from operations divided by the number of shares

### Share price at the end of the period

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

### Value presented as "0.0"

Amount below SEK 50,000

### Value presented as "-"

No amount applicable

## Income Statement - SinterCast AB

AMOUNTS IN SEK MILLION	July-September		January-September		January-December	
	2018	2017	2018	2017	2017	2016
Revenue	19.5	16.5	62.6	47.2	64.8	74.7
Cost of goods sold	-4.2	-4.0	-13.5	-10.8	-15.0	-16.9
<b>Gross result</b>	<b>15.3</b>	<b>12.5</b>	<b>49.1</b>	<b>36.4</b>	<b>49.8</b>	<b>57.8</b>
Gross result %	78%	76%	78%	77%	77%	77%
Cost of sales and marketing	-5.1	-4.4	-15.1	-14.4	-18.7	-19.0
Cost of administration	-1.7	-1.4	-5.4	-4.6	-6.3	-6.0
Cost of research & development	-2.1	-2.1	-7.4	-5.0	-7.3	-7.9
Other operating income	-0.4	0.0	0.0	0.0	0.0	0.7
Other operating costs	-0.1	0.1	-0.1	-0.2	-0.3	0.0
<b>Operating result</b>	<b>5.9</b>	<b>4.7</b>	<b>21.1</b>	<b>12.2</b>	<b>17.2</b>	<b>25.6</b>
Financial income	-0.1	0.2	0.0	0.2	0.2	0.0
Financial costs	1.1	-0.1	-0.4	-0.1	-0.1	-0.5
Income Tax	0.0	0.0	1.0	1.0	1.0	1.0
<b>Result for the period</b>	<b>6.9</b>	<b>4.8</b>	<b>21.7</b>	<b>13.3</b>	<b>18.3</b>	<b>26.1</b>
<b>Result attributable to:</b>						
Equity holder of the parent company	6.9	4.8	21.7	13.3	18.3	26.1
Non-controlling interests	-	-	-	-	-	-
Earnings per share, SEK	1.0	0.7	3.1	1.9	2.6	3.7
Earning per share, diluted, SEK	1.0	0.7	3.1	1.9	2.6	3.7
Number of shares at the close of the period, thousands	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares, thousands	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1
Average number of shares adjusted for dilution	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1	7,090.1

## Statement of Other Comprehensive Income - SinterCast AB

AMOUNTS IN SEK MILLION	July-September		January-September		January-December	
	2018	2017	2018	2017	2017	2016
<b>Result for the period</b>	<b>6.9</b>	<b>4.8</b>	<b>21.7</b>	<b>13.3</b>	<b>18.3</b>	<b>26.1</b>
<b>Total comprehensive income for the period</b>	<b>6.9</b>	<b>4.8</b>	<b>21.7</b>	<b>13.3</b>	<b>18.3</b>	<b>26.1</b>
<b>Total comprehensive income attributable to:</b>						
Shareholder of the parent company	6.9	4.8	21.7	13.3	18.3	26.1
Non-controlling interests	-	-	-	-	-	-

## Balance Sheet - SinterCast AB

AMOUNTS IN SEK MILLION	30 Sep 2018	30 Sep 2017	30 Jun 2018	30 Jun 2017	31 Dec 2017	31 Dec 2016
<b>ASSETS</b>						
Intangible assets	7.4	7.3	7.3	6.8	7.7	5.2
Tangible assets	2.2	1.7	2.3	1.8	1.7	1.9
Financial assets	2.2	2.2	2.0	2.2	2.1	2.1
Deferred tax asset	33.3	32.3	33.3	32.3	32.3	31.3
<b>Total fixed assets</b>	<b>45.1</b>	<b>43.5</b>	<b>44.9</b>	<b>43.1</b>	<b>43.8</b>	<b>40.5</b>
Inventory	5.3	4.1	5.4	4.7	4.1	4.2
Short-term receivables	23.1	26.7	26.5	21.2	18.2	18.6
Short term deposits and cash at bank and in hand	27.7	21.0	17.9	21.1	28.7	43.3
<b>Total current assets</b>	<b>56.1</b>	<b>51.8</b>	<b>49.8</b>	<b>47.0</b>	<b>51.0</b>	<b>66.1</b>
<b>Total assets</b>	<b>101.2</b>	<b>95.3</b>	<b>94.7</b>	<b>90.1</b>	<b>94.8</b>	<b>106.6</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>						
<b>Shareholders' equity*</b>	<b>82.9</b>	<b>75.6</b>	<b>75.9</b>	<b>70.8</b>	<b>80.6</b>	<b>90.6</b>
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	18.3	19.7	18.8	19.3	14.2	16.0
<b>Total shareholders' equity and liabilities</b>	<b>101.2</b>	<b>95.3</b>	<b>94.7</b>	<b>90.1</b>	<b>94.8</b>	<b>106.6</b>
Adjusted equity per share, SEK	11.7	10.7	10.7	10.0	11.4	12.8

* CHANGES IN EQUITY to the equity holder of the parent company	Share Capital	Statutory Reserve	Other Reserve	Share Premium Reserve	Results Brought Forward	Results for the Year	Total Equity
<b>Opening balance 1 January 2017</b>	<b>7.09</b>	<b>9.53</b>	<b>1.95</b>	<b>35.34</b>	<b>10.57</b>	<b>26.14</b>	<b>90.62</b>
Appropriation of last year's result	-	-	-	-	26.14	-26.14	-
Change other reserve	-	-	2.50	-	-2.50	-	-
Total comprehensive income	-	-	-	-	-	13.30	13.30
Dividend	-	-	-	-	-28.36	-	-28.36
<b>Closing balance 30 September 2017</b>	<b>7.09</b>	<b>9.53</b>	<b>4.45</b>	<b>35.34</b>	<b>5.85</b>	<b>13.30</b>	<b>75.56</b>
<b>Opening balance 1 January 2018</b>	<b>7.09</b>	<b>9.53</b>	<b>5.08</b>	<b>35.34</b>	<b>5.22</b>	<b>18.30</b>	<b>80.56</b>
Change in accounting principles	-	-	-	-	0.07	-	0.07
<b>Revised opening balance 1 January 2018</b>	<b>7.09</b>	<b>9.53</b>	<b>5.08</b>	<b>35.34</b>	<b>5.29</b>	<b>18.30</b>	<b>80.63</b>
Appropriation of last year's result	-	-	-	-	18.30	-18.30	-
Change other reserve	-	-	0.70	-	-0.70	-	-
Total comprehensive income	-	-	-	-	-	21.75	21.75
Dividend	-	-	-	-	-19.50	-	-19.50
<b>Closing balance 30 September 2018</b>	<b>7.09</b>	<b>9.53</b>	<b>5.78</b>	<b>35.34</b>	<b>3.39</b>	<b>21.75</b>	<b>82.88</b>