



Annual Review & Sustainability Report

Midroc Europe 2018



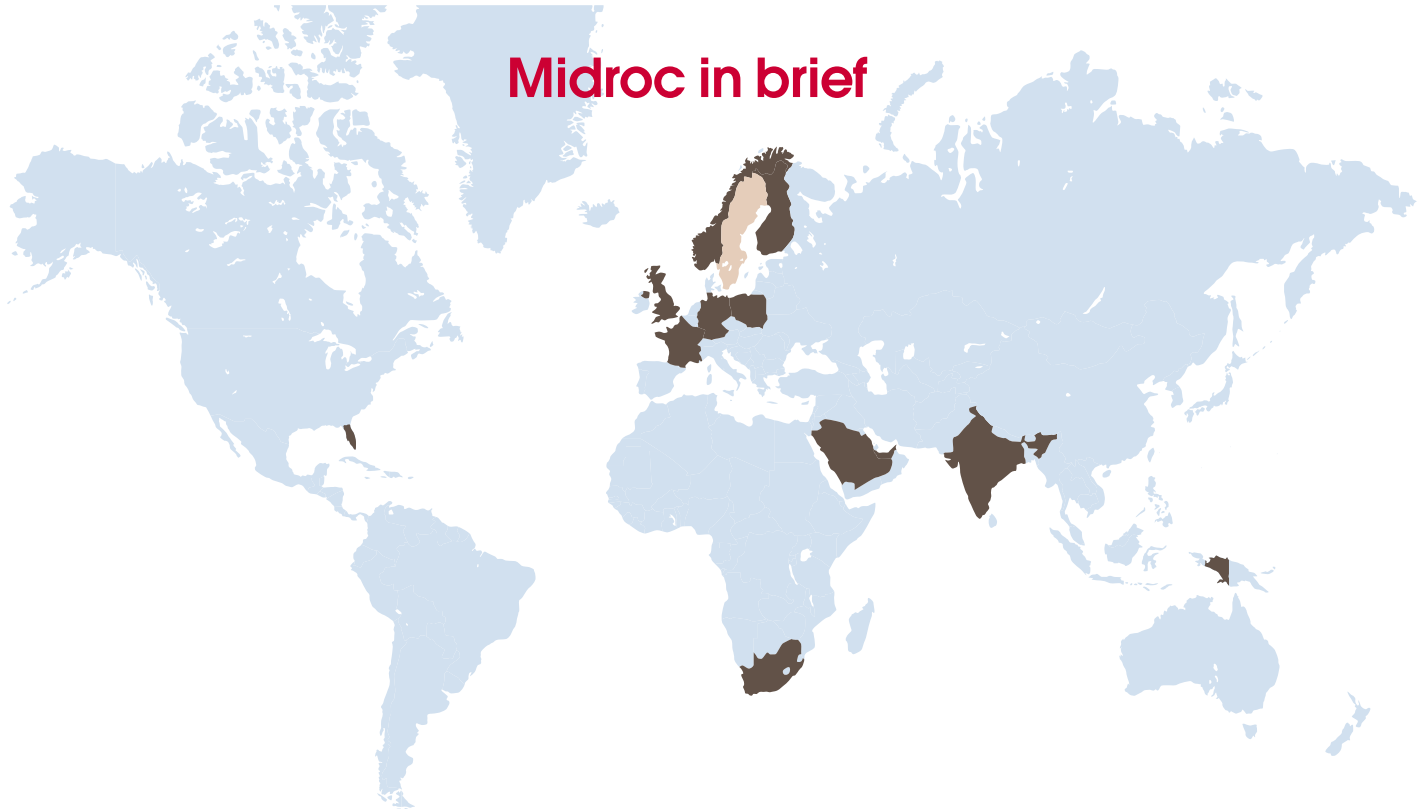


Photo: Emilie Ahlgren, Stefan Estassy, Peter Høeistånd, Adam Jernberg, Colin Keldie, Jonas Lundgren, Perry Nordeng, Johan Sælin, Wingdrifts



Content

Midroc – the company	4	Midroc in brief
	5	2018 in brief
	6	A year of steadfast progress
<hr/>		
Contributing to a better future	10	Our management approach
	11	Sustainability management
	12	Defining what matters
	13	Engaging with our stakeholders
	14	Managing risk
	16	Best profitability to all stakeholders
	18	A beacon of hope for the future of farming
	20	Sustainable use of earth’s resources
	23	Water matters
	24	Nurturing culture and people
26	Culture as a conveyor for safe workplaces	
28	GRI Index	
<hr/>		
Business areas	32	Investments
	34	Properties
	37	Contracting
	38	Midroc Electro Gruppen AB
	38	Midroc Electro AB
	38	Midroc Automation AB
	40	Midroc Rodoverken Group
	40	Metalock Engineering Group
	40	Alucrom Group
	42	Midroc Project Management AB
	43	Midroc Ställningar AB
	43	BAC Corrosion Control Ltd
	43	Midroc Environment Group AB
	45	Hackholmssund Konferens AB
<hr/>		
Financial statements	48	Midroc Europe
	50	Midroc Europe AB
	51	Granitor Invest AB
<hr/>		
Management and ownership	54	Group management
	54	Ownership
	55	Board of directors



Midroc Europe is a privately owned Swedish company with operations all over the world and group head quarter in Stockholm. In 2018, we had sales of more than SEK 8.1 billion and employed 4,000 people.

The Midroc Europe group includes a variety of companies operating in several different industries. The group is organized in three business areas: Contracting, Properties, and Investments.

Our mission:

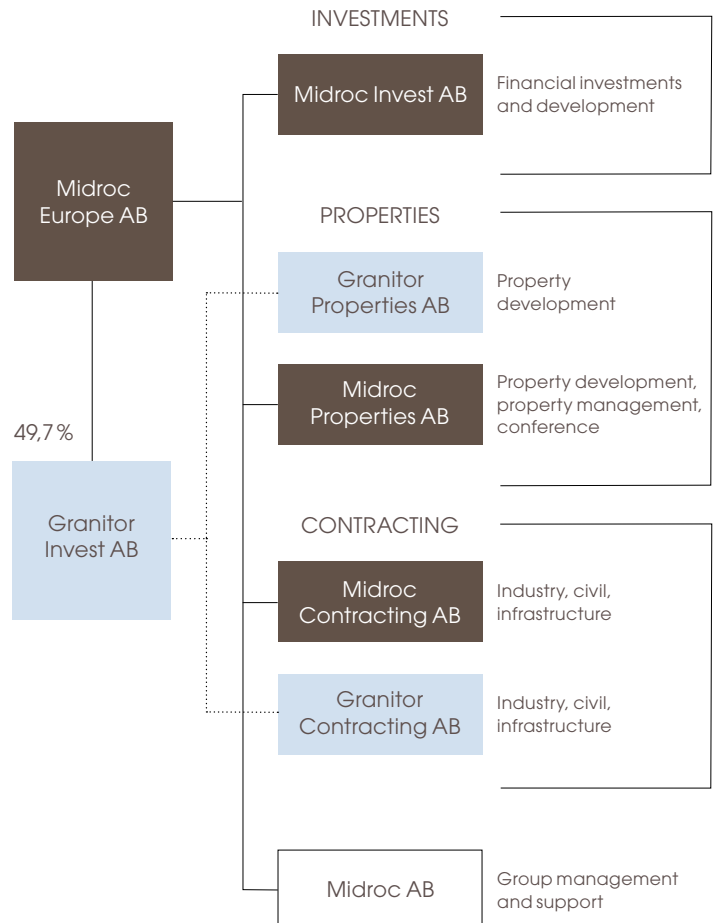
We make a positive difference every day.

Our vision:

Our vision is a better future, in which we help create a community where people can live, grow and prosper.

Legal structure:

Our business activities are conducted through a number of companies, each offering their specific services. The Midroc Europe brand consists primarily of two groups of companies headed by Midroc Europe AB and Granitor Invest AB respectively.



2018 in brief

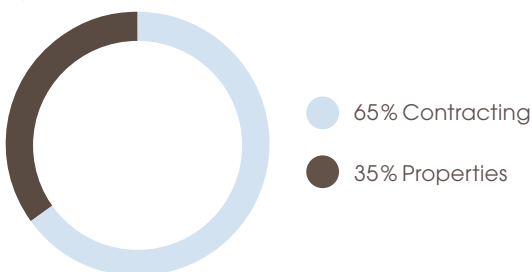
Key figures* (Including Granitor Invest AB, SEK)

Net sales	8.1 billion
Income before taxes	646 million
Total equity	4.4 billion
Total assets	10.6 billion
Owner's financing	4.5 billion
Employees.....	4,000

*Key figures constitute the sum of Midroc Europe AB and 100% of the Granitor Invest AB operations as well as value of property and market value of listed shares.

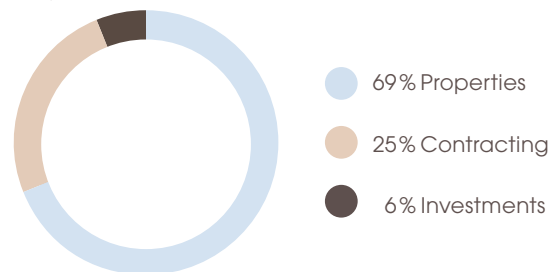
Sales

MSEK 8,100



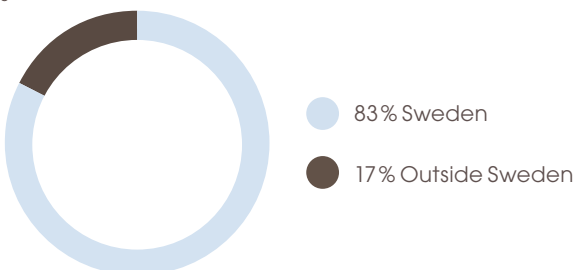
Assets

MSEK 10,600



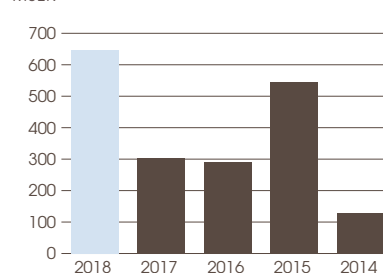
Employees

4,000



Income before taxes

MSEK



A year of steadfast progress

A solid financial performance, several exciting sustainability projects and a very encouraging second place in the ranking of Sweden's Most Attractive Employer. In 2018, we took several important steps towards our vision – a better future where people can live, grow and prosper.

In many ways growth became the major theme for Midroc Europe in 2018. First of all, we grew financially. We delivered another record year with an increase in sales by 21 percent to a total of SEK 8,1 billion.

Furthermore, we also saw important growth in another, equally important, sense – we continued to evolve as a sustainable business. A sustainable approach has always been at the core of the Midroc culture and fundamental to our vision of a better future. In every project we take on, we strive to apply the best way to reduce environmental impact, create safe and healthy workplaces and offer innovative services valued by our business partners.

Keeping this important balance between environmental, social and economic aspects is nowadays so natural for us that it has become “business as usual”. Nevertheless, it is something that we need to continuously work on. Our philosophy is to be best in class, meaning that we want to be our clients' and partners' first choice, as well as current and future employees' first choice. In order to succeed, we can't be just followers of the sustainability trends in society – we need to take the lead, inspire others, and constantly be at the forefront of change.

Proof of a sustainable culture

During the year, we got several confirmations that we are growing our business in a sustainable way. One of the most thrilling examples was that we reached second place in the prestigious annual ranking by employees of Sweden's Most Attractive Employers. Our co-workers are the most important asset we have, and it makes us very humble and proud to receive this kind of encouraging appraisal. We believe that good leadership and our identity as a family business, with strong focus on decentralization and long-term relationships, is an essential part of why people like to work at Midroc. Here, you get a real chance to make a difference. “Together to get there” is not just something we say – we live it, and it is reflected in how we work internally as well as with our business partners.

It is also worth mentioning that when building and maintaining this culture, it's important to highlight one of our tools; Midroc Business School. Its services have been in high demand during the year, both internally and in projects we undertake with clients. It will continue to be of strategic importance to us.

“A sustainable approach has always been at the core of the Midroc culture”

An active year for Midroc Properties

The Swedish housing markets cooled off in 2018. Yet, business area Properties managed to perform its most profitable year to date. One of the reasons for this is that the market slow-down has primarily hit the Stockholm area, where Midroc Properties is less exposed. The regions in which we are more active, mainly Skåne in the south of Sweden, withstood the slow-down significantly better. Adding to this, we successfully sold one of our flagship properties in Stockholm's central business district, “Tändstickspalatset”.

To conclude, Properties is currently in a good position. We have strategic presence in the local markets we believe in the most, and several ongoing development projects that reflect our sustainable approach. One project particularly worth mentioning is the Embassy of Sharing in Hyllie, Malmö, where Midroc together with the municipality are working to develop an entirely new property concept, which integrates sustainability functions and encourages people to interact and come together.

Moreover, our portfolio also holds several building permissions on attractive property sites that we will be able to develop in the next 5 to 10 years. That means that even if the market slows down further, we will still have a lot to do.

Returns in Midroc Invest

Business area Midroc Invests' idea is to invest in companies with ground-breaking technologies, with the potential to make a positive global contribution. This year, several of the portfolio companies truly proved why we originally were attracted to them. One example is the listed company PowerCell. The company develops and produces fuel cell stacks and systems powered by hydrogen, to produce electricity and heat with no other emissions other than water. With newly started co-operations with for example a global truck manufacturer and a truck super structure company a big leap was taken towards the European automotive industry, with huge potential to reduce carbon emissions.

Moreover, Minesto, the company that develops a revolutionary concept for generating electricity from ocean currents, reached several important milestones. The pilot plant outside the coast of Wales became operational and is now delivering electricity. Minesto has also signed two promising preliminary orders.

In all, Midroc Invest made a number of profitable exits in 2018, for example the sale of our stake in Care DX. This had a very positive affect on the business areas result and we are consequently not expecting the same leverage for the next year. Nevertheless, the outlook for the future is still good, and we maintain being a long-term investor, from early investments to public listings. To follow the future development of our investments is something we are very much looking forward to, while we always have an eye open for new, ground-breaking ideas that might be of interest to invest in.

Contracting in a re-structuring phase

Business area Contracting performed slightly below expectations, mainly due to restructuring within mechanical services and substantial expansion of our electrical and automation services. Our electrical installation and service business expanded into Norway by acquisition of the PowerTech Group as well as by organic growth. Our Automation service acquired a tier one supplier of automated production lines for the automotive industry, bringing us even closer to customers in that segment. With this in mind, the result from our electrical and automation services is good and the result from our mechanical services is acceptable.

Positioned for the future

Despite the expectations of a general slowdown of the market, we are already well prepared for 2020 and see a lot of opportunities. Digitalization, for example, is one of our core strategies and will continue to be an interesting field. We have initiated discussions with clients to figure out how we can make a difference by putting humans at the centre of their digitalization processes. A good example is a project we undertook within electrical services and maintenance at a steel mill in Hofors. With digital support, we were able to find new ways of working that saved both time and improved quality in general.

In this work, it is however important to bring the right tools. In our case, we have for some time now been using CheckProof, a system with handheld site tools that improves control over operations, creates structure and enhances safety. For us it has turned out very well, and in March, we invested in the company, marking the start of a long-term cooperation. We believe in the product and that it will truly fill a void and demand in the industry, as well as becoming an integrated digitalization tool, primarily in



our service and maintenance value proposition.

The energy sector will also bring opportunities. As populations increase in urban areas, society's infrastructure must be renewed and increased: Central heating systems will need to expand and demand for renewables and clean energy will lead to modernization and expansion of electrical grids. We wish to be well-positioned as suppliers of this new infrastructure early on and have structured our business accordingly.

Diversity will be another key theme in 2019. Since we strive to inspire, we have decided to not only address our own needs, but to also contribute by attracting more young people and women to our industry as a whole. How can we, for instance, influence the attractiveness of our traditional mechanical and electrical services to make more young people and women choose a career in these sectors? This is something that will keep us busy during 2019, and we will work actively with both ambassadorships and social media presence.

Lastly, we would like to take this opportunity to thank all our Midroc colleagues and our business partners. Going forward, our vision remains unaltered – a better future for everyone.

A handwritten signature in black ink, appearing to read 'T. Mårtensson'.

Thomas Mårtensson

A handwritten signature in black ink, appearing to read 'Christer Wikström'.

Christer Wikström

A handwritten signature in black ink, appearing to read 'Roger Wikström'.

Roger Wikström



**Contributing to
a better future**

Our management approach: Together to get there

What is Midroc all about? We are about supporting society to develop communities where people can live, grow and prosper. This way, we contribute both economically, environmentally and socially – today and tomorrow.

A sustainable mindset has always been a natural part of our business. In everything we do, we look for the most sustainable approach. We contribute to the future by building properties where people can live a productive and healthy life; by supporting industries in their efforts to grow sustainably; and by investing in new, clean technologies to society's benefit.

But how do we get there? With today's rapid transformation of global economies and new technologies, handling change is essential to succeed. Our credo is "Together to get there", because we know that good things happen when people work together. It is from this insight that we have developed our Management Platform, which helps us to align our responsible approach at all management levels. It defines and outlines our way of doing things, from market approach to value propositions and team spirit.

A key component is our so-called "Management arrow". It is an illustration of our management philosophy; a horizontal arrow that shows how we avoid hierarchies and instead work like partners. On one end of the arrow, we have the people meeting our clients. On the other end, we have the people that support them. All units have the flexibility to work in a way that optimizes their particular tasks. On group level, we coordinate and make sure to catch synergies.

Another key component is our unique way of regularly analyzing the world around us. Three times a year, we do market and business analyses, followed by new scenario forecasts and prioritized actions. The outcome helps us to predict development on different organizational levels and extract the topics we want to monitor more closely. Also, the process itself sparks energy and commitment within the group, because the scenario analysis is performed as close to the business units and clients as possible.

Together with our Code of Conduct and Sustainability Policy, the platform offers guidelines in our day-to-day business operations, clarifying the demands on ourselves as well as on our partners and

suppliers across the value chain. Business ethics, anti-corruption, working environment, human rights, environmental impact as well as compliance and monitoring are covered.

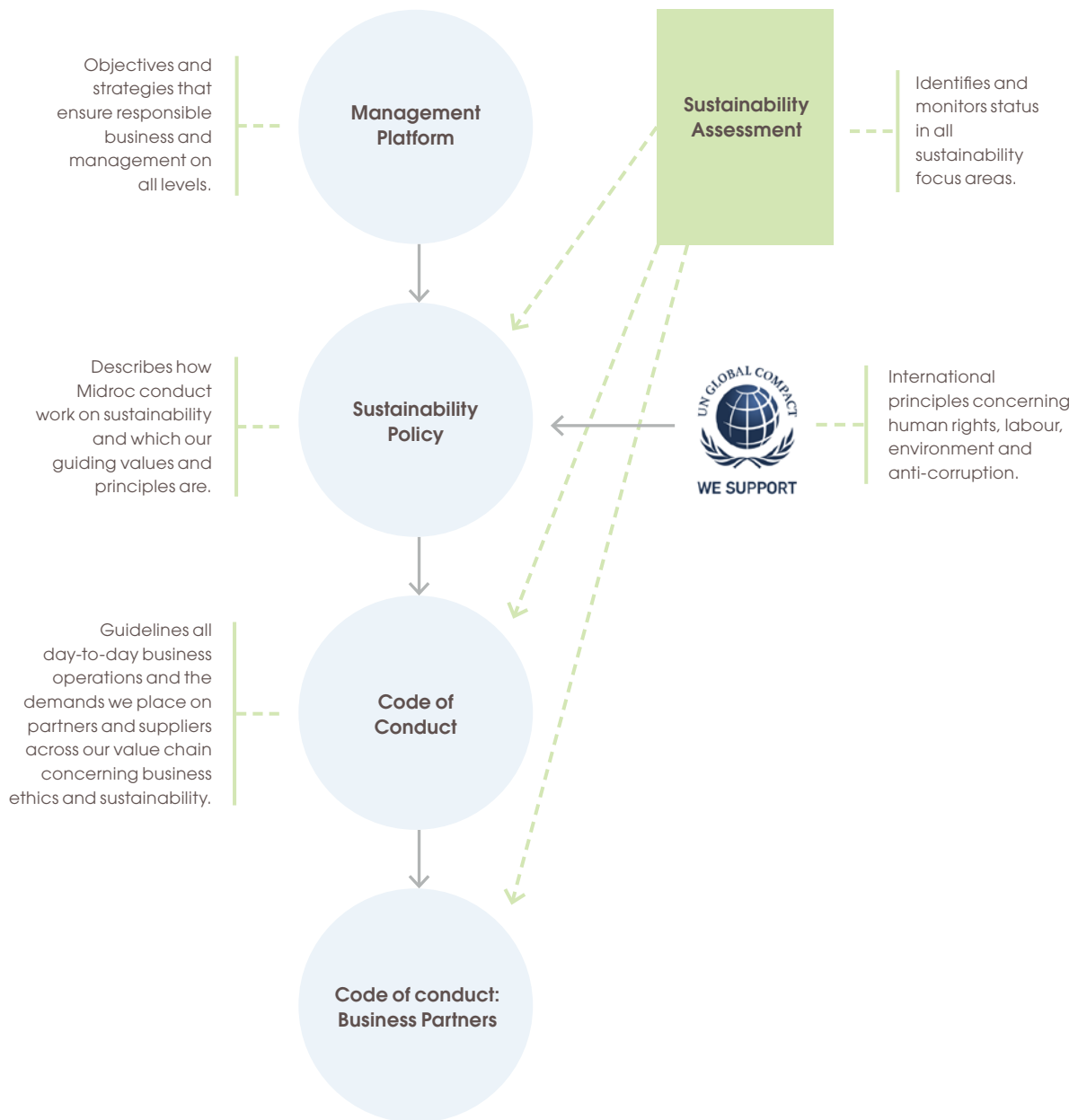
We work in compliance to GRI, Global Reporting Initiative, since 2017. It helps us to keep sustainability as an integrated part of all decisions made across the group, and creates an organization where responsibility is a natural part of everyday business decisions.

During 2018, we submitted our first UN Global Compact report, where we stated our progress within the ten principles of UN Global Compact. Since 2017, the principles are fully incorporated in all our company policies, including our Management Platform, Sustainability Policy and Code of Conduct.

2018 became a base year for measuring our sustainability progress across the whole group. Some of our companies and subsidiaries have been measuring sustainability targets for some time, while others are new at this. Now, everyone measures the same seven overarching sustainability goals, across three overall focus areas. The companies, in turn, will break down the goals to a more detailed and adapted level, reflecting their particular field of business (further details on pages 16, 20 and 24):

- Best profitability to all stakeholders: We will grow sustainably and profitably
- Sustainable use of earth's resources: We reduce our energy consumption and greenhouse gas emissions
- Nurturing culture and people: We strive for gender balance and diversity in management positions; we strive for zero accidents and to reduce lost time injuries; we have no cases of harassment or discrimination; and we want to be the most attractive employer for both existing employees and new generations

Sustainability management



Defining what matters: A close eye on the world around us

Understanding what the world expects from us is crucial. With our materiality assessment, we make sure to cover the most important topics and views expressed by our stakeholders.

The foundation for any sustainability report is a so-called materiality assessment. It identifies priority issues, and lays the foundation for our GRI report. We define issues to be material to our business in terms of:

- The importance of an issue to our key stakeholders
- The potential impact on our operations and key stakeholders
- The extent of Midroc's influence on the issue
- The degree to which an issue is aligned with our vision, long term objectives and the business area targets

In the matrix on the opposite page, you can see the 11 most relevant sustainability issues currently expressed by our stakeholders, across our business areas' value chains. The issues are, in turn, grouped into three focus areas: Best profitability to all stakeholders, Sustainable use of earth's resources, and Nurturing people and culture.

11 material topics

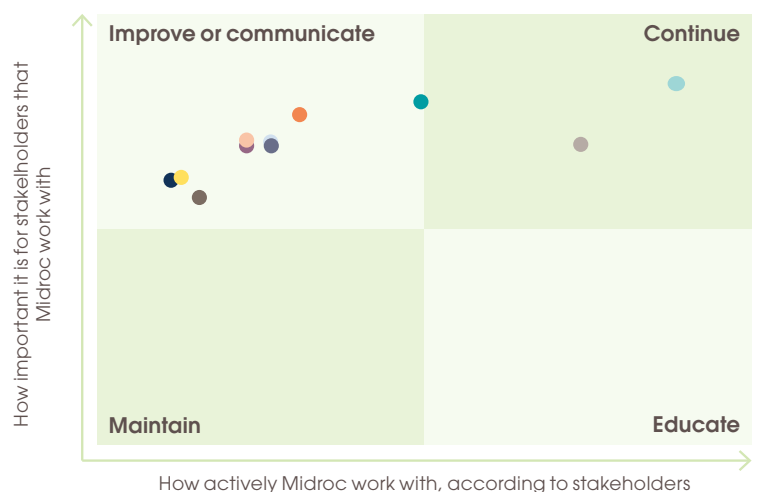
- Counteracting corruption
- Counteracting discrimination
- Ensuring a safe work environment
- Following international rules and regulations
- Following local rules and regulations
- Promoting diversity and equality
- Promoting fair competition
- Promoting health and well-being among employees
- Providing skills development for employees
- Reducing greenhouse gas emissions
- Waste disposal management

In 2018, we started to report and disclose 12 adhering material GRI topics as outlined in the index on page 28-29.

Our materiality assessments have impacted the group's performance targets and corresponding indicators that we include in our regular Scenario Reporting. During 2018, we set new targets for every focus area, as mentioned on pages 16, 20 and 25.

Looking ahead to 2019, we will be taking the next step regarding the 17 sustainable development goals of the UN initiative Agenda 2030. We will start by mapping what targets we are already in compliance with, and the issues we need to address in order to adapt fully.

The first assessment was performed in 2017, and will onwards regularly be reviewed and updated to make sure it picks up any change in our business as well as any socio-economic and environmental impact. The next materiality assessment will be conducted in 2020. This is because we want to have time to gather enough data to see the effect of our work. After that, our ambition is to review our assessment every second year.



Engaging with our stakeholders

The dialogue with our key stakeholders is an ongoing process. Finding out what they expect from us, both as a business and as part of society, helps us grow. The table below outlines our key stakeholders, how we engage them in conversation and which three sustainability topics that are most important to them.

Group	Definition	Dialogue via	Most prioritized topics
Customers/clients	Long term, existing and potential clients that request our product and services	Ongoing dialogue, meetings, customer support, website, social media, customer events, surveys	Health and safety, anti-corruption, anti-competitive behaviour
Co-workers	Current co-workers and leaders, and potential co-workers	Daily meetings, union meetings, staff events, intranet, annual progress meetings, surveys, social media	Health and safety, economic performance, non-discrimination
Partners	Actors with which we have short-term or long-term business collaborations	Ongoing dialogue, project meetings, website, social media, partner events, training and education, surveys	Economic performance, health and safety, effluents and waste
Suppliers	Current and potential actors, who's products and services are strategically important to our business	Ongoing dialogue, meetings, training and education, website, social media, surveys	Anti-corruption, anti-competitive behavior, economic performance
Community	Government agencies, authorities, municipalities and county councils, interest organizations and associations	Open house events, site visits, meetings, collaboration projects, social media, website, surveys	Energy, emissions, effluents and waste
Owners/financiers	Owner, owner representatives, banks, investors and financiers	Meetings, board meetings, conferences, website, social media, surveys	Economic performance, emissions, diversity and equal opportunity

Managing risk: Finding the hotspots

Midroc is a diverse group with operations in many parts of the world, with numerous subcontractors engaged in our projects. This brings both business and sustainability risks, but also opportunities to improve.

For any business, risk is a natural part of life. By mapping and identifying risks at an early stage, we can prevent or reduce negative impact on our business as well as on other stakeholders. It also helps us to find areas of improvement.

We systematically make risk assessments and scenario exercises to identify and understand the impact various issues could have on us. This work is integrated in our regular scenario reporting process, as described before. In addition, we regularly ask both clients and co-workers how well we live up to our sustainability ambitions and goals. Our whistle-blowing system ensures anonymity and integrity to anyone who wants to report a violation or deviation from our sustainability principles.

Looking at our operations from a reputation perspective is one of our approaches. Reputation risks are created when our performance does not match our stakeholders' expectations. An

unfavorable public perception of our products, services or employees belonging to the Midroc group could be a threat to our brand and sustainable approach, and hence a threat also to our profitability.

During 2018, we decided to sharpen our Code of Conduct regarding business partners. We integrated the OECD Due Diligence Guidance for Responsible Business Conduct in our Code of Conduct, meaning that all our business partners now need to adhere to a set of even stricter demands. Demanding this from our business partners not only reduces reputational risk; it is a statement from us on what kind of partnerships we believe in.

On the opposite page are the identified strategic risks that would have the most severe negative impact on our group business strategic targets. These risks would affect our ability to reach our long-term objectives and to uphold our high level of sustainability.

“We regularly ask both clients and co-workers how well we live up to our sustainability ambitions and goals.”

Midroc Europe Strategic Targets	Identified risks	Actions
Yearly sustainable organic and profitable growth of more than 10%.	Economic down-turns and deteriorating market conditions. Insufficient competence provision. Inability to meet demands driven by new technology and digitalization.	Structured business intelligence monitoring and strategic competence provisions.
Yearly reduction of energy consumption, in relation to scope of operations.	Energy leakage at production sites where energy saving investments are difficult to evaluate.	Continuous improvements to decrease energy use as defined in our reviews and analyses of business activities and facilities. Focus on behavioral changes to save energy in our offices and facilities.
Yearly reduction of greenhouse gas emissions, in relation to scope of operations.	Insufficient supply of non-fossil fuels. Slow-down of transition to a sustainable society.	Further actions to decrease emissions from leased vehicles. Focus on behavioral changes to decrease emissions, such as increasing online meetings.
Gender balanced and diversity sensitive recruitments to management positions. All employments and promotions are based on competence according to our "competence puzzle".	A small number of women working within the contracting businesses as a whole. Balance between requested competence and gender does not always benefit diversity.	Actively contribute to attract women to the contracting sector. Actively contribute to increase number of female students enrolled in engineering educational programs.
A Vision Zero for serious accidents and a 50% decrease of LTI (Lost Time Injury) by 2020, (base year: 2017).	Not being able to establish a strong safety culture fast enough.	Strong focus on safe workplaces. Actively increase our employees' awareness of safety procedures and promote a "safety mindset".
No incidents of harassment or discrimination.	Not being able to create an inclusive culture where co-workers feel safe.	Promote awareness and educational training across all operations in the Midroc group.
Being the most attractive employer for both existing employees and new generations of talents.	Failing to live according to our own values.	Increasing attractiveness of skilled worker's opportunities.

Best profitability to all stakeholders

Without sustainable profit, no business will survive. By developing and maintaining a responsible approach within our value chains, we create long-term value for ourselves as well as our stakeholders.

Being part of society, and being trusted by stakeholders, is the foundation for any sustainable business. At Midroc, we always aim to deliver outstanding sustainable services. We know that good profitability will attract both existing and new clients, as well as the best talent, to our future benefit. Society also benefits when we invest in companies that help make the world better, for example by improving the environment.

Our Code of Conduct ensures that we create value with a set of high ethical standards. We respect human rights, have zero tolerance for corruption and put responsibility at the core of every part of our operations. We strive to prevent anti-competitive behavior, anti-trust and monopoly practices. All employees are introduced to our Code of Conduct during Employee Training days, arranged by our own Midroc Business School.

Our organization is very decentralized. In order to empower our co-workers to make the right decisions at every level in the group, we have incorporated our mindset “Always responsible” in our culture. By encouraging everyone to find the most responsible and sustainable solution, we create not only engagement – we get a constant flow of improvement ideas.

Our ability to work with our clients and suppliers over longer time periods is also of great significance in our way to conduct business responsibly. We expect them to act responsibly as well. We

encourage long-term relations, to support improvement and learn from each other.

We specify, measure and follow up on everything we do. Since 2017, responsibility issues are integrated in our regular scenario reports, making it a natural part of our long-term forecasts and short-term action plans. Reflection and analysis are important parts of the process, as we use the reports to mitigate risks and investigate new business opportunities.

Targets

We have an overall group target of sustainable, organic and profitable growth of 10% on a yearly basis. We will break down the targets on more detailed levels in every business area during 2019.

Return on owner's finance 2018	Target	Outcome
Investments	15 %	26,5 %
Properties	10 %	9,1 %
Contracting	15 %	23,8 %



A beacon of hope for the future of farming

Is it possible to sustainably end world hunger? With emerging technological solutions for urban farming, the future certainly looks promising. Heliospectra's intelligent LED-light system, part of Midroc's investment portfolio, is paving the way.

Deep down in a basement in the suburb Högdalen, just outside Stockholm, something unexpected is sprouting and growing: Tomatoes. And it's not just any bleak greenhouse tomatoes. They taste and look just as if they had grown by the Mediterranean – and they grow even faster!

How can this be? According to Andreas Gunnarsson, Portfolio Director at Midroc New Technology, the secret is in the light. He is the chairman of listed tech company Heliospectra, one of Midroc's investments that specializes in intelligent and energy efficient lighting systems for urban farming.

"If tomatoes growing indoors receive the same amount and frequencies of light as Italian outdoor tomatoes, they will end up tasting the same. But when plants are cultivated in optimal light

conditions that can be controlled in an indoor environment, they will also grow faster. Scientists have tested this on wheat, for example, and have achieved increased growth speed with as much as 56 percent", explains Andreas Gunnarsson.

Intelligent biofeedback

Heliospectra was founded in 2006 by a team of plant scientists and biologists with a vision of creating resource efficient urban farming. Today, the company has about 25 employees. The company initially focused on developing systems for growing basil, which today is the most commonly cultivated greenhouse crop. But the tomato farm in Högdalen is another example of how Heliospectra's solutions can be used. The system is based on LED-lighting, which in itself is not





Andreas Gunnarsson is a strong believer in the future for sustainable urban farming using new technology.

a new technique. What is unique about this particular solution is the possibility to adjust the lamps to the plant's ability to absorb light, thus creating optimal conditions for growth. In a nutshell, this biofeedback system reacts via a sensor that measures the fluorescence in leafs and stems of the plants.

"This provides a much better quality control. If the fluorescence indicates that the plant is a little stressed, the light will automatically fade, allowing the plant to take a nap", Gunnarsson explains.

Enabling indoor farming in challenging areas, such as cities or deserts, is regarded as an important part of solving world hunger and food supply issues.

"Food supply is a fundamental need and finding sustainable ways of producing food is at the top of the global agenda. There is a lot of interest in Heliospectra and we welcome visitors every week – not only prospective clients, but government representatives from many parts of the world where farming is a challenge and food is a matter of national security, says Gunnarsson.

Faster food within reach

Farming in urban areas provides several advantages. Farmers are closer to end-customers, which minimizes transportation and reduces carbon footprint. The food also reaches people's plates quicker. Furthermore, there are constant streams of waste in a city, such as excess heat, used water and organic waste, that are useful

resources for heating of greenhouses and fertilization. It is even possible to cultivate without using soil, as crops can grow vertically, stacked on trays, or adapted in other ways to suit otherwise impossible spaces.

"Aquaponic farming, for example, entails cultivating plants in water. It reduces water consumption with as much as 98 percent. Adding the highly energy efficient LED-light system – which consume 50 percent less energy compared to other existing lighting systems - makes it commercially viable to farm also in the most challenging climates around the world", says Andreas Gunnarsson.

Considering the fast pace of climate change and urbanization, time is of essence. Gunnarsson believes that large-scale indoor farming in self-sustaining cities will be a reality within the next 20 years.

"Moreover, we will definitely see functional solutions also for farming in desert areas within the next three years. The only question is how long it will take to actually implement the solutions."

Sustainable use of earth's resources

When working with environmental issues, we look at things from the end-users' perspective. Focusing on humans needs allows for a coherent approach across the whole diverse Midroc group, and also encourages innovation.

Using earth's resources in a sustainable way is one of the greatest challenges of our time. At Midroc, we use the human perspective when making environmental decisions. When we focus on the human needs and preferences, it becomes easier to envision what would really make a positive difference. For example, in our business area Properties, how would a family be affected by different construction material? In business area Contracting, could we help clients choose a more suitable material from an end-user perspective? Or, as in Investments, when investing in a new technology – how will this particular innovation change people's life for the better?

We always look for ways to contribute through our own operations. Equally important is to look for co-operations – where can we join forces with others? One example of this is the work we do in the electrical power sector, where we in different ways are working together with organizations and authorities to phase out hazardous substances and materials.

During 2018, we have set targets in three prioritized environmental areas. The group's companies are still on different maturity levels regarding measuring and we expect 2019 to be the first year when we can actually measure across the group. Once we have established a baseline for the group reporting, we will adjust and fine tune targets on an operational level in 2020.

Targets

1. *To reduce energy consumption yearly, in relations to total operations, and to reduce our greenhouse gas emissions yearly, in relations to total operations.*

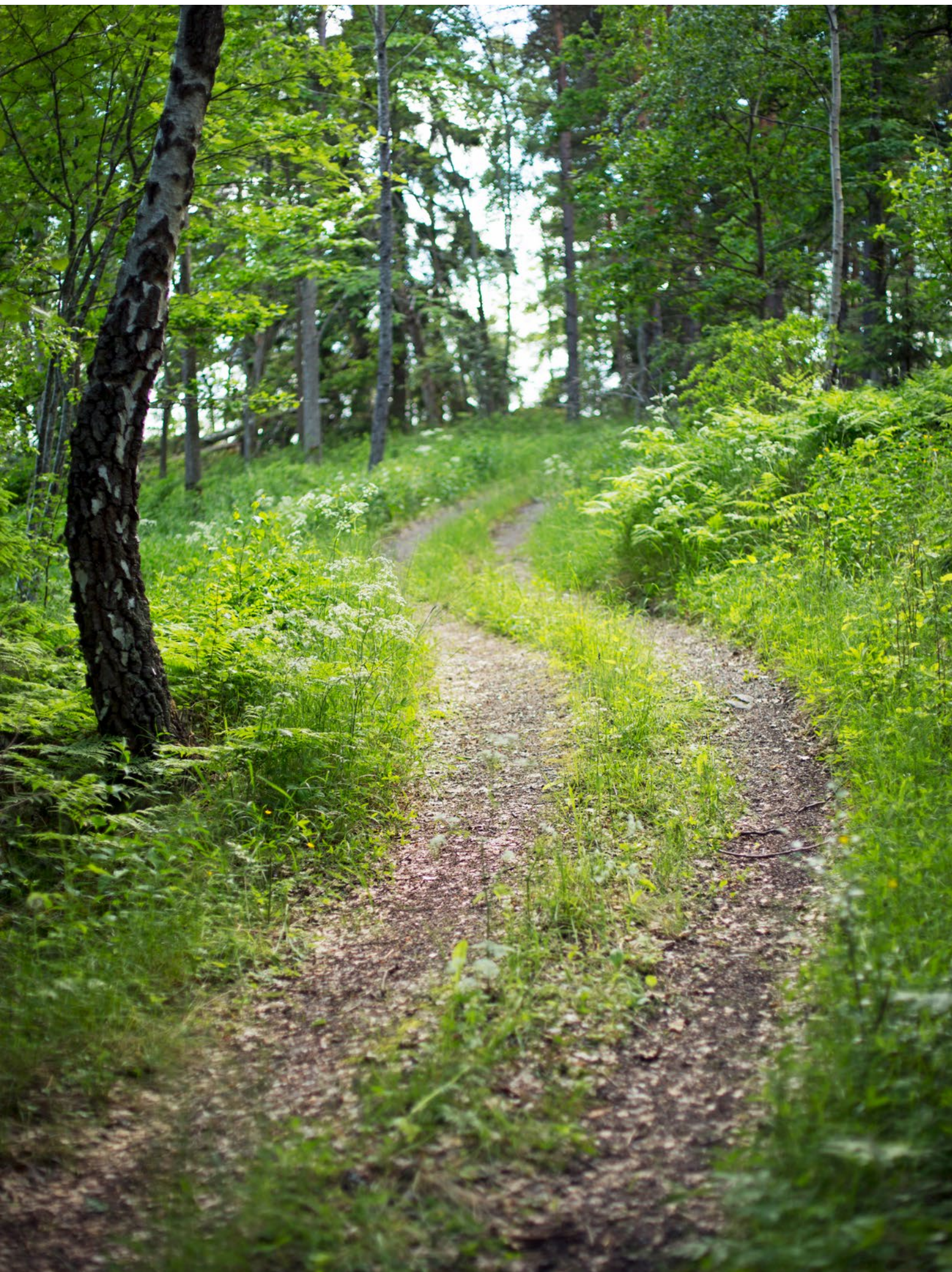
During 2018 we have worked to set overarching targets. In 2019, we will start creating a baseline regarding measuring for example energy consumption and waste across the group.

2. *To phase out hazardous substances*

We worked intensely during 2018 within our business area Properties to identify and reduce hazardous chemicals and remove substances connected to risk, such as copper and PVC. We also cooperate with authorities and other stakeholders in society in this matter.

3. *To contribute to sustainable innovations*

With a focus on Clean Tech and Life Science, we make investments in companies with the potential to develop new and groundbreaking technologies. One example is Powercell, a company that develops a modular system of fuel cell platforms producing electricity from hydrogen, with only heat and water as emissions. However, we also contribute to sustainable innovations in other business areas. For example, in Malmö, Midroc Properties is developing Embassy of Sharing, where energy sharing between individual buildings and landlords will be possible.





Rikard Sjöqvist sharing insights from the project H+ and the use of a pioneering three-pipe sewage system that will drastically reduce fresh water consumption.

Water matters – a pioneering approach to sustainable buildings

In Helsingborg's old industrial harbor, Midroc Properties is part of developing the modern and spectacular Oceanhamnen – the first step of the city's largest development project to date. Yet, one of the most spectacular aspects of Oceanhamnen is something people might not even think of. The sewage system.

Those who defied the cold weather in Helsingborg on March 24 in 2018 and headed towards the former industrial docks in the harbor were rewarded with something unique: A sneak peak of the city's future. This day marked the construction start for Oceanhamnen, the first stage of project H+, which is the biggest development project the city has undertaken in modern times. With a number of man-made peninsulas the old industrial area will be transformed into a modern city archipelago, with a lively and diverse mix of housing and offices.

Pioneering piping

There are many spectacular aspects of the project, from the breathtaking views to the thoughtful mix of houses and offices. And yet, one of the most spectacular aspects of the buildings will not even be visible from the outside: The three-pipe sewage system.

Traditional sewage systems in buildings basically consists of just one big pipe. Through it, all waste is transported, regardless if it comes from the toilet, the shower, the washing machine or the kitchen sink. With three pipes, however, the sewage can be separated. One pipe will take care of black water from toilets, the second pipe handles gray water from shower and laundry, and finally, the third pipe takes care of macerated food waste. This brings several advantages, explains Rikard Sjöqvist, manager of Energy and Environment at Midroc Properties.

“The idea is that we can obtain environmental advantages by controlling the water going in and out of the buildings in a better way. For example, if you take out black water and grey water, you get more concentrated food waste. That, in turn, is easier to transform into biogas, and it also becomes a better fertilizer in farming as the medical residue that might come with the black water has been removed”.

Water toilets, however, will not even be found in the buildings in Oceanhamnen. Instead, modern vacuum toilets – consuming less flushing water – will be installed.

“In this way, the overall fresh water consumption can be drastically reduced. Also, by separating black water from grey water, the possibility to recycle more water domestically in the building increases. Studies have shown that systems like these can reduce carbon emissions with as much as 50 percent”, says Rikard Sjöqvist.

Addressing growing water concerns

Midroc has strongly advocated the use of three-pipe sewage system as the standard system in all buildings of the entire H+ project. There are a few other examples of property development projects in Sweden where food waste is handled separately from the sewage system, using kitchen macerators, but H+ is the first Swedish example of the three-pipe technique being implemented on a large scale.

“We truly consider this a pioneering project. It all started with us asking ourselves if there was some way to counteract the negative environmental effects from traditional water toilets. Water use is not often discussed in our part of the world, but should be of great concern. Water toilets is one of our largest environmental problems – they are just not sustainable, and more and more people are realizing this. My belief is that in the future, the water toilets as we know them today, will simply not be allowed in new buildings”, says Rikard Sjöqvist.

Sjöqvist is enthusiastic about the cooperation between all parties, from Helsingborg city to the other developers involved in the project.

“It is a very complex project, but the dialogue and courage we have seen from everyone involved has been simply amazing. Everyone is hugely committed to solving the sewage issue”, he concludes.

Nurturing culture and people

The strong Midroc culture has a very straight-forward basic formula: People who feel trusted, acknowledged and are assigned clear roles will thrive both personally and professionally.

Midroc's future success rests on our ability to preserve and develop a strong company culture. Our trusting culture and strong urge to contribute to society, has become a solid foundation that underlines everything we do and help us steer towards a better future.

Trust, diversity and communication

In this foundation, there are a number of cornerstones. Firstly, there is a trusting work environment. By supporting our co-workers to reach their full potential of innovation, creativity and expertise, they will in turn contribute by doing their best. As described before, we use our Midroc management approach to decentralize and empower our people to make decisions. We keep a close relationship with our employees and regularly perform for example employee surveys to track progress.

We coordinate, structure and look for synergies on group level, to make sure we are on track with our targets regarding health, safety, environment and quality.

Secondly, diversity and communication are important cornerstones. We welcome individual differences as it makes us unique, adds multiple perspectives and experiences which in turn makes us stronger as an organization. To do this, we need communication, as it is the tool to bring out the potential. We have zero tolerance for discrimination and harassment, and work to report and handle any incident of that kind.

There is also a whistle-blowing system to report with anonymity intact.

During 2018, we had one reported incident of discrimination or harassment. Going forward, we will continue to have a strong focus on preventing negative discrimination.

Midroc's competence puzzle

Thirdly, another important cornerstone is competence. To make sure that our teams can benefit from different skills and areas of expertise, we work with our structured "competence puzzle". The model is based on the idea that a group of people perform better together, compared to what they would achieve as individuals. The "competence puzzle" helps us to make sure that the group always has the right competence at hand in order to solve a task. It is also a very efficient tool for the individual leaders. It helps them to assess their own skill set, in order to find people with complementing knowledge and talent.

Connected to the issue of competence is also the Midroc Business School. The school offers training in leadership and management, as well as tailor-made training in for example business negotiations. It is important for Midroc to offer our employees opportunities to improve skills that will support them in their everyday business, and we also give every employee access to transitional training through the collective labor agreement.

Being the first choice for employees is a top priority for Midroc. In 2018, we reached the second place in Universums' annual survey of Swedens best employers, in the large companies' category. We are immensely proud to note that we have improved our position in the ranking – the year before, we were ranked in third position.

Safety is a priority

A fourth cornerstone is safety, which is a key priority. Many of our co-workers work in potentially hazardous environments, requiring a systematic approach to safety. Midroc has a common management system for Health, Safety, Environment and Quality issues across the group. In 2018, we had no fatal accidents, and the indicator for Lost Time Injury Frequency was 6,1 for our Swedish companies. That is an improvement compared to 2017, with a decrease of approximately 15 percent. That said, the level of safety awareness maturity and focus on reporting statistics still varies a lot between the Midroc companies and sectors. For example, those with activities within the industrial sector have worked with a particular focus on safety for a long time, resulting in significantly better statistics than presented in our overall statistics.

Supporting our communities

Lastly, having a positive impact on society is also a fundamental cornerstone. We have a long history of supporting the communities

Executive management

Age average

55

Gender balance



in which we operate, from sponsorships to offering summer jobs for students, as well as participation in projects where our expertise and solutions contribute to sustainable development in society.

Targets

We have four overarching targets for people and culture on group level, as outlined below:

- Gender balanced and diversity sensitive recruitments to management positions. All employments and promotions are based on competence according to our "competence puzzle".
- A Vision Zero for serious accidents and a 50% decrease of LTI (Lost Time Injury) by 2020 (base year: 2017).
- No incidents of harassment or discrimination.
- Being the most attractive employer for both existing employees and new generations.

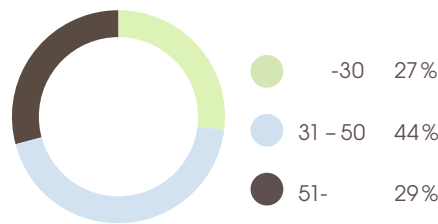
The portfolio companies break these down to manageable targets, adapted to their circumstances.

During 2018, gender diversity has been a prioritized theme for us. We have started to measure gender balance in our management groups.

Another theme was improved safety. For example, business area Contracting introduced a new concept, Safety Days, where employees on different levels got to engage in discussions on how to work in a safer way (pages 26-27).

Employees

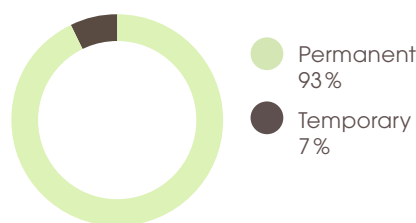
Age distribution



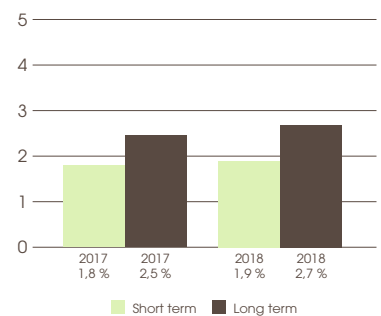
Gender balance



Type of employment



Sick leave



New hires

689

Employee turnover

14,4%*

Lost Time Injury Frequency

6,1**

* Including retirements, acquisitions and reorganizations.

** LTI is expressed as the number of lost time injuries (per 1 million hours worked), i.e. work-related accidents

Culture as a conveyor for safe workplaces

Creating a safe and healthy work environment is not just about policies or using the right equipment – it is about engaging in company values. This insight was the foundation for Midroc Contracting’s new initiative Safety Days in 2018.

In a company like Midroc, with operations in potentially hazardous industrial environments, everyday life is full of safety decisions. Making sure people are safe and healthy is a top priority, and subsequently, one of Midroc’s sustainability goals is to reduce the number of work related accidents. As a consequence, the company decided in 2017 to step up its efforts. Ida Hegge was recruited from Midroc’s consulting business to become manager for health, safety, environment and quality (HSEQ). Her mission was clear: To increase safety awareness in general, and to strengthen Midroc’s brand as a safe company to work for. To Hegge, it was clear from the start that she wanted to use the company’s values as a platform.

“Midroc is a value based company, and I truly believe that a successful safety culture goes hand in hand with our corporate culture. If we can find more ways to convey our values to people on a daily basis, we will also come a long way with regard to safety, explains Ida Hegge.

“We are in this together”

Many important aspects were already in place in many of the companies, for example relevant policies, guidelines, educational efforts and of course proper safety equipment. Yet, Hegge and her team saw that they could do more.

“Working with people’s behavior and priorities is equally important. We needed to make our co-workers understand what an important part they, as individuals, play in creating a safe working environment for everyone– that we are in this together”, she says.

Hegge exemplifies with the important “do’s” before starting a task: Look around, assess the environment and ask: “What risks might I encounter here?”

“This is important on so many levels. If everyone does this, we will not only be able to keep people safe – we will also be able to discover and report risks that we need to work systematically with”.

The Midroc Safety Days

But how do you reach out on an individual level to a large group of co-workers, who are all working in very different kinds of environments? One idea that came along early in the process was to arrange company-wide theme days – the Midroc Safety Days. And with the launch of a new safety reporting system in January 2018, an opportunity arose.

“A system is of course just a system, but it is still an important tool in order to prevent accidents by becoming better at handling risks. So, we felt that this was something that was relevant to everyone, and while implementing the system, we would also get a good opportunity to really highlight our work environment”, says Ida Hegge.

The approach resulted in two theme days arranged in October 2018 for companies in the Midroc Contracting business area. However, they did not look exactly the same everywhere. An important aspect was to allow for variations, reflecting the different



Ida Hegge is on a mission to increase safety awareness and strengthen Midroc's brand as a safe company to work for.

fields of operation among the Midroc companies.

“We know that safety starts with local management making it a priority – without engaging them to motivate everyone, we will not succeed. Moreover, a lot of our co-workers are often working on our customers’ sites, and it can be a logistic challenge to gather everyone. That’s why we decided to offer local managers freedom to shape the event according to their particular circumstances and needs, while we supported them with different ideas and material.

For example, a film on safety was produced with Midroc employees giving their own personal views on what a safe work environment means to them.

“Ahead of the film production, we had identified a couple of areas where there had been too many accidents historically, for example working at heights and accidents when using handheld power tools, and used these findings as a framework for the film”, Ida Hegge explains.

To be continued

When evaluating the results of the first Midroc Safety Days, it was obvious that the initiative was well-received and regarded as a constructive forum for discussion and learning. Also, the total number of reported risk observations increased significantly after the Safety Days.

“I was really happy to see how managers appreciated the opportunity to address safety, and how creative they were filling these days with content. We had everything from co-workers just sitting down to discuss over a cup of coffee, to external speakers giving an outside perspective”, says Ida Hegge.

She points out that improving safety is an ongoing journey, where both culture and new digital tools play important parts. And the trend is positive – Midroc is constantly improving the reporting frequency and handling of near misses and accidents, and over time getting better and better data on the matter.

“That said, we need to become even

better across the group at identifying and handling risk. If we can learn from near misses and take preventive actions, we will most likely have fewer accidents. We are on our way to move our focus from investigating accidents to instead learning from near misses and preventive actions”, says Ida Hegge.

The Midroc Safety Days were actually so successful that they will not just be repeated in 2019 - they will likely expand into a full week. Regardless, the approach to safety work is always long term.

“We will not be able to solve all problems or reach our goals immediately – we will have to take things step by step. But the Midroc Safety Days is a good start. I think many of our co-workers felt it was refreshing to start talking about safety in terms of caring for each other”, Ida Hegge concludes.

This index indicates where information about Midroc's reporting in accordance with the Global Reporting Initiative can be found in the Annual Review and Sustainability Report. 2017 was the starting point for the Midroc group to align its reporting with the guidelines for GRI Standards and 2018 saw the continuation of further adaptations. This means that targets for our material topics have been set for some but not yet all topics. Targets and data that cannot be reported for 2018 all pertain to environmental disclosures. This report covers all of Midroc group's operations, unless indicated otherwise, and the figures provided pertain to the 2018 fiscal year. The report has not been externally assured. Midroc reports on an annual basis.

GRI INDEX

GRI Standard	Disclosure	Page	Comments and Omissions
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	4	
102-2	Activities, brands, products, and services	4	
102-3	Location of headquarters	4	
102-4	Location of operations	4	
102-5	Ownership and legal form	4, 54	
102-6	Markets served	4	
102-7	Scale of the organization	5	
102-8	Information on employees and other workers	5	
102-9	Supply chain	33, 35, 37	Reported for each business area
102-10	Significant changes to the organization and its supply chain		No changes
102-11	Precautionary Principle or approach	10	
102-12	External initiatives	10	
102-13	Membership of associations		No data on group level for 2018
STRATEGY			
102-14	Statement from senior decision-maker	6-7	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	10-11	
GOVERNANCE			
102-18	Governance structure	10-12	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	13	
102-41	Collective bargaining agreements		No data on group level for 2018
102-42	Identifying and selecting stakeholders	12, 13	
102-43	Approach to stakeholder engagement	12, 13	
102-44	Key topics and concerns raised	12, 13	
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	48	
102-46	Defining report content and topic boundaries	12, 28	
102-47	List of material topics	12	
102-48	Restatements of information	5, 25	
102-49	Changes in reporting		No changes
102-50	Reporting period	28	
102-51	Date of most recent report		May 2017
102-52	Reporting cycle	28	
102-53	Contact point for questions regarding the report	29	
102-54	Claims of reporting in accordance with the GRI Standards	10	
102-55	GRI content index	28	
102-56	External assurance	28	

Contact person for the report:
Roger Wikström, CEO, roger.wikstrom@midroc.se

GRI INDEX		Page	Comments and Omissions
GRI Standard	Disclosure		
ECONOMIC DISCLOSURES			
201: INDIRECT ECONOMIC IMPACTS 2018			
103-1 - 103-3	Management Approach	16	
201-1	Direct economic value generated and distributed	5	
205: ANTI-CORRUPTION 2018			
103-1 - 103-3	Management Approach	14, 16	
205-1	Operations assessed for risks related to corruption	14	
206: ANTI-COMPETITIVE BEHAVIOUR 2018			
103-1 - 103-3	Management Approach	14, 16	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		None during 2018
ENVIRONMENTAL DISCLOSURES			
301: ENERGY 2018			
103-1 - 103-3	Management Approach	20	
302-1	Energy consumption within the organization		No data available for 2018
305: EMISSIONS 2018			
103-1 - 103-3	Management Approach	20	
305-1	Direct (Scope 1) GHG emissions		No data available for 2018
305-2	Energy indirect (Scope 2) GHG emissions		No data available for 2018
306: EFFLUENTS AND WASTE 2018			
103-1 - 103-3	Management Approach	20	
306-1	Waste by type and disposal method		No data available for 2018
SOCIAL DISCLOSURES			
401: EMPLOYMENT 2018			
103-1 - 103-3	Management Approach	24	
401-1	New employee hires and employee turnover	25	
403: OCCUPATIONAL HEALTH AND SAFETY 2018			
103-1 - 103-3	Management Approach	24	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	25	
404: TRAINING AND EDUCATION 2018			
103-1 - 103-3	Management Approach	24	
404-2	Programs for upgrading employee skills and transition assistance programs	24	
405: DIVERSITY AND EQUAL OPPORTUNITY 2018			
103-1 - 103-3	Management Approach	24, 25	
405-1	Diversity of governance bodies and employees	25	
406: NON-DISCRIMINATION 2018			
103-1 - 103-3	Management Approach	24	
406-1	Incidents of discrimination and corrective actions taken	24	



Business Areas



Business Area

Investments: Significant exits during the year

Growing companies with pioneering techniques, primarily clean technology and life science. That is the priority for Midroc Investments.

2018 was a good year for Midroc Investments, with two major divestments: Powercell and CareDx.

“I would say that we have never before entered a new year as financially strong as we are now”, says Göran Linder, CEO of Midroc Investments.

Midroc Investments comprises three investment categories:

1. Early investments in companies that have not yet begun to generate cash flow, through the subsidiary Midroc New Technology AB.
2. Investments in more mature businesses with the potential for rapidly increasing cash flows, through Midroc Invest AB.
3. Financial allocation of capital in bonds and other assets with low risk through Midroc Finans AB.

The common denominator for every company in the portfolio is that they all have promising technological solutions that could significantly contribute to society. Also, they need growth capital.

“We can contribute in a very direct way to a better tomorrow, just by helping new companies with groundbreaking ideas to find their way to the market”, explains Göran Linder.

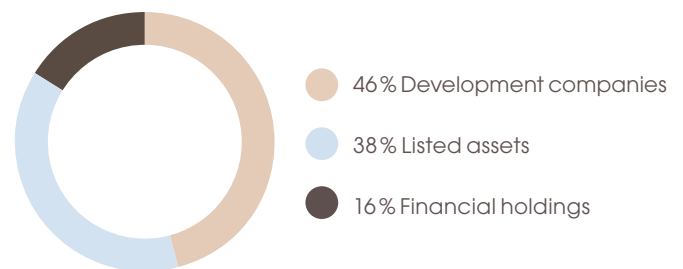
Looking at the portfolio mix, about half of the companies are classified as cleantech companies. Life science companies represent about a quarter, and the rest are primarily IT-related.

The Midroc Investment philosophy is to find companies with both interesting technologies and commercial potential, and also to take a very active role as a long-term owner. Over the years, it has proven to be very beneficial for growing companies to get access to Midroc’s governance and business insights.

That said, even though Midroc aims to be a long-term owner, at some point the companies will have to take their next growth step

Assets

MSEK 648



and leave the Midroc realm. In 2018, there were two interesting cases of this. Firstly, there was the exit in Powercell, a company that makes fuel cells with hydrogen as base.

“We had seen already during 2017 that a couple of the listed companies were reaching more mature phases. We could tell that people really believed in them just by looking at their market value. So, we decided to sell about one sixth of our shares in Powercell, just to see what happened”, says Göran Linder.

“As it turned out, we made a substantial profit. However, we also learned that the market pays considerable attention to exits, because the share lost some momentum for a couple of months. The market thought we had lost confidence in the company when we sold shares. But actually, it was not the case at all – we still remain as owners and truly believe in the company”.

The second exit during 2018 was CareDx, a life science company that Midroc had restructured. The shares were sold in smaller chunks during the year and ultimately, it became the most profitable exit so far for Midroc Investments.

Going forward, Göran Linder expects 2019 to be another good year. That said, it might not be as profitable as 2018.

“I think we will face an increasingly difficult transaction environment. However, I believe that we will see some exits and we will be profitable – but maybe not to the same extent as this year. It all depends on what we decide to sell”, says Göran Linder and adds:

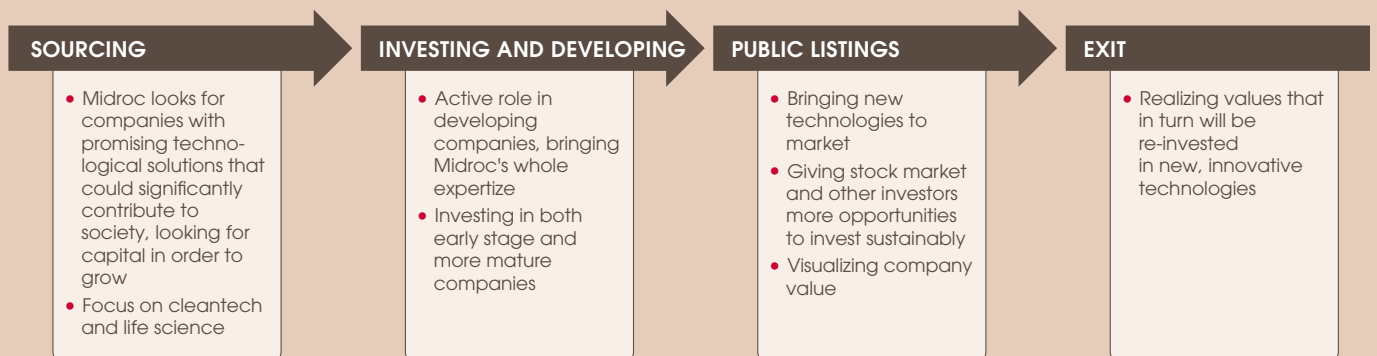
“And if we decide to sell, it will be because we see that we can make better use of the money by helping more companies to the spotlight”.

At the end of 2018, there were 15 actively managed companies in the portfolio, five of them listed.



Company	Sector	Listed	Company	Sector	Listed
Air to Air Sweden AB	Cleantech		Minesto AB	Cleantech	X
Arenabolaget i Ängelholm AB	Property		Nilsson Special Vehicles AB	Automotive	X
CorPower	Cleantech		Powercell Sweden AB	Cleantech	X
Crossborder Technologies AB	Cleantech		Promore Pharma AB	Life science	X
Crunchfish AB	IT	X	Q-Group	IT	
EffRx Pharmaceuticals S.A.	Life science		SolarWave AB	Cleantech	
Heliospectra AB	Cleantech	X	Xenella AB	Life science	
Jensen Devices AB	Cleantech		Västra Hamnen CF	Investment	
Lamera AB	Cleantech				

Value chain Midroc Investments:





Figures include Midroc Construction AB.

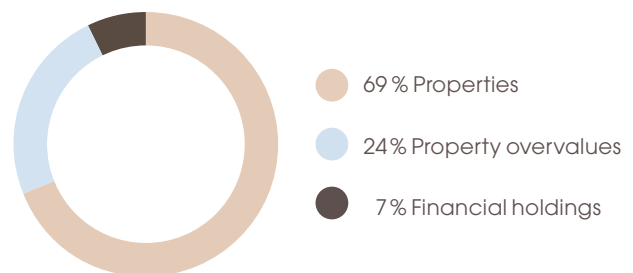
Business Area

Properties: Active market with a historic transaction

Midroc Properties develops, constructs and manages properties at all stages. The focus is to satisfy long-term community needs.

Assets

MSEK 7,354



In retrospect, 2018 became one of the most active years to date for Midroc Properties.

“It’s been a historic high pressure when it comes to developing property. We have never had so many projects in production before, from commercial property such as hotels and offices, to housing”, says Peter Syrén, CEO of Midroc Properties.

The active market led to an opportunity to make a historic transaction: The divestment of Tändstickspalatset, a large, old building in the middle of central Stockholm.

“It was a strategic decision to sell this fantastic landmark. We have owned the property since 2000 and made extensive improvements. If we divested now, we could gain financial resources that in turn could be put to work in other properties we have”, explains Peter Syrén.

A promising new concept

During the year, Midroc Properties has continued to develop the three business segments Property Management, Property Development, and Construction. Peter Syrén is fairly optimistic about the upcoming year:

“With respect for the current market situation, I think our projects have good prerequisites to keep prospering”.

He particularly points out a couple of projects and concepts that he strongly believes in. First, there is Lyckos, a new housing concept aimed at people looking for cost efficient living.

“This is a concept that we believe will fill a void in the market. There are a lot of people who might not have the biggest budget but are prepared to live on less square meters, if they still can get quality,

good architecture and design. We started to sell along that concept during 2018, and we have several construction starts planned for 2019, for example in Kävlinge, Kristianstad and Ystad”, says Peter Syrén.

He also points out Embassy of Sharing in Malmö as an interesting project.

“In that project, we are developing the social sustainability aspects. How can we build to share resources and to make people interact locally in a better way? The positive findings we will get from Embassy of Sharing are something that we think we can implement also in other projects going forward”.

Optimistic outlook despite challenging market

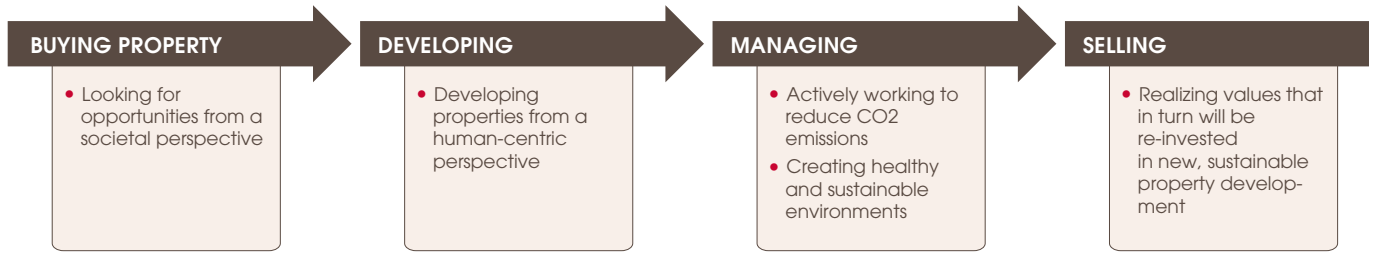
The Midroc office value proposition marketed under the concept World Trade Center is also doing well.

“We have a development project in Helsingborg, at Oceanhamnen in the harbor, where we are now are looking to develop offices and hotels alongside each other. This way, it will be possible to share functions, such as restaurants and gyms. If people have natural meeting points, we will increase the level of inclusion, thus strengthening social sustainability”, Syrén says.

Predicting 2019, Peter Syrén believes in a stable situation for Midroc Properties.

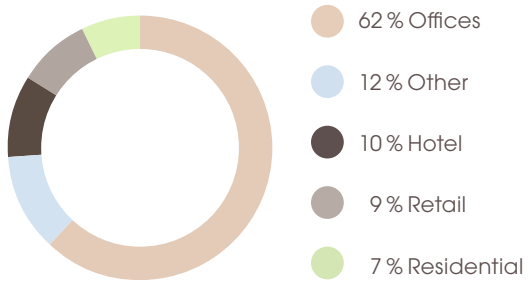
“We are not unaffected by the turbulence in the Swedish housing markets in the larger city areas, but we have not suffered either. One explanation for this is that our main focus is on other areas, primarily in southern Sweden and there will still be demand for both housing and office spaces in the areas where we are expanding”.

Value chain Midroc Properties:



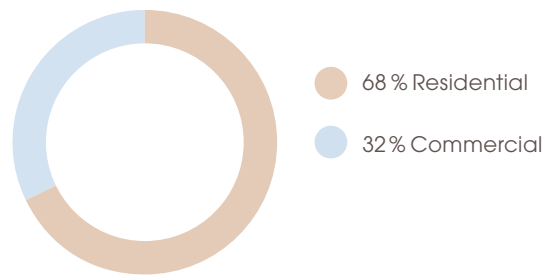
Property management

TOTAL AREA 99,205 m²



Development portfolio

TOTAL AREA 1,104,510 m²







Business Area

Contracting

Business area Contracting is a portfolio of companies offering a wide range of services and solutions to the energy, industry, infrastructure and construction sectors.

2018 was a good year with overall strong growth and profitability for the companies in business area Contracting.

“We took several steps forward, particularly within the industrial sector. We did see a cooling-off effect in the residential construction sector, but it did not hit us very hard”, says Björn Wigström, CEO Midroc Contracting.

The business area consists of nine companies offering contracting and services in a wide range of expertise, from mining, steel mills, petrochemicals, district heating and nuclear power utilities, to commercial and public buildings and transportation.

Aquisitions and business restructuring

The progress during 2018 includes an expansion into the Norwegian electrical installation market, with an add-on acquisition by Midroc Electro. Moreover, Midroc Automation acquired LKN Industri-automation, a company that focuses on automated production lines.

Contracting has also been working to restructure the mechanical services businesses with the purpose to streamline each business. As part of this process, a new company called Midroc Mechanical became operational from January 1, 2019. The company will focus on the Nordic market for mechanical services as well as mechanical and piping contracting projects.

A focus on safety, digitalization and sustainability creates possibilities. Contracting performed its first Safety Days event, which is expected to recur on an annual basis.

“Safety is of outmost importance to us, and with the Safety Days

we can strengthen our safety culture and ensure that all our employees put safety first.”, says Björn Wigström.

Increased digitalization has been another key focus area, with several projects focusing on developing our way of working and value propositions.

“One example is the work we have done with our sister company CheckProof. By integrating CheckProof with our industrial services we have greatly improved the value of our services to several of our clients”, Wigström explains.

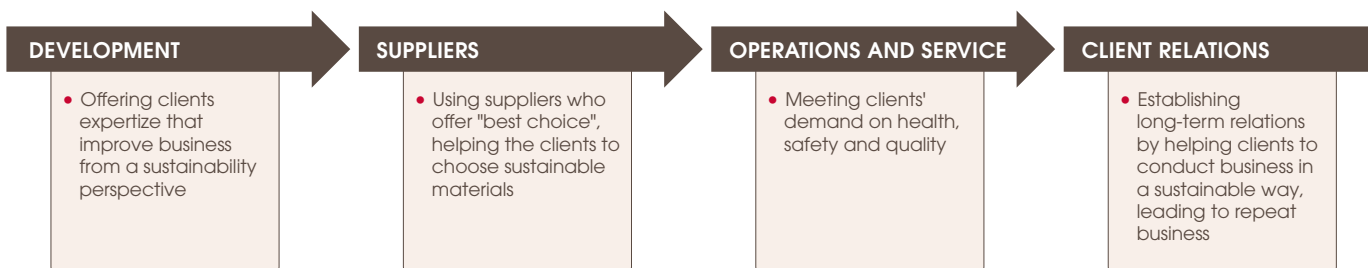
Several efforts have also been made to reduce our environmental impact, for example by changing to renewable electricity. Travelling arrangements and transportations are also scrutinized.

“We are trying to reduce the impact from transporting material and equipment. Reducing the number of journeys we have to make to pick up missing material and tools can make quite a difference in a year – and as a consequence, we increase efficiency and get happier clients”, says Björn Wigström.

Looking ahead at the upcoming market situation, Björn Wigström is cautious, but still mainly optimistic.

“Bottom line is that we believe in growth in 2019. We have a very strong order backlog and activity level in the beginning of the year and there are several major projects and industrial shut down maintenance jobs in the pipeline. That said, I think we might see a slow-down towards the end of the year. It is difficult to predict the state of the market, and our progress always depend on how well the industry and construction sectors are doing.”

Value chain Midroc Contracting:



Midroc Electro Gruppen AB

Midroc Electro Gruppen AB is one of Sweden's leading electrical installation and automation companies, with services in areas such as electrical installation, industrial automation, building automation, crane systems, elevators, security systems, and mechanical maintenance. Midroc Electro Gruppen AB comprises the companies Midroc Automation AB and Midroc Electro AB (for the Swedish operations) and Midroc Electro Gruppen A/S (for the Norwegian operations). The task of the parent company is to ensure continuity and competitiveness in joint projects.



MIKAEL VESTLUND

Sales: 2,477 MSEK
Employees: 1,957
Offices: 57

Midroc Electro AB

Midroc Electro is the third largest electrical installation company in Sweden – and it is one of the fastest growing. The company offers services in electrical installation, instrumentation, security, elevators, building automation and mechanical maintenance. The strategy is to operate profitable

branch offices all over Sweden and Norway, with a strong local affiliation. Among its expertise areas are projects in businesses such as the automotive, food and pharmaceuticals, iron and steel, forest, petrochemical, construction, energy and mining.



JONAS BERGMARK

Sales: 578 MSEK
Employees: 183
Offices: 10

Midroc Automation AB

Midroc Automation is one of Sweden's leading industrial automation companies. Customers are found in most industrial sectors and infrastructure, in Sweden and elsewhere. The mining business is one of its major areas of operations. Global

opportunities are explored in partnership with well renowned international companies, and the company is the first in the world to be certified as a Siemens Solution Partner in the mining industry.





KARL-ERIK
AUGUSTSSON

Sales: 660 MSEK
Employees: 308
Offices: 5

Midroc Rodoverken Group

Midroc Rodoverken offers comprehensive services in prefabrication and erection of complete industrial piping and tanks. The company offers extensive experience in maintenance of piping and mechanical installations inside its customers' facilities. The company is a market leader in site-built structures of atmospheric tanks and pressure vessels using its

unique and superior spiral construction method. The customers often operate within the energy, pulp and petrochemical industries. Operations are headquartered in Sweden, with subsidiaries in Norway and Poland. Beyond these markets, Rodoverken is also active with large tank projects across mainland Europe.



MARTYN GREEN

Sales: 607 MSEK
Employees: 500
Offices: 10

Metalock Engineering Group

The Midroc Metallock group comprises several Metallock units that market themselves jointly as Metallock Engineering. The group provides on-site maintenance and engineering service solutions to clients in the steel, power, paper, petrochemical, manufacturing, mining, and marine industries all

over the world. Subsidiaries are based in Sweden, Germany, the United Kingdom, South Africa, France, the United Arab Emirates, Saudi Arabia and Russia. Metallock also has offices with local partners in India and the United States.



TOMASZ GAJEK

Sales: 371 MSEK
Employees: 507
Offices: 15

Alucrom Group

Alucrom AB is Sweden's leading contractor when it comes to surface treatment, corrosion protection and industrial coatings. Operations are conducted at permanent paint shops in Sweden, Poland and Finland, as well as on-site, mainly at project locations in Sweden and Finland. Customers are found

in a wide array of sectors, including the manufacturing steel industry, oil and gas, petrochemical, paper and pulp, bridges and other infrastructure as well as heavy vehicles and automotive.





STEFAN KRONMAN

Sales: 145 MSEK
 Employees: 106
 Offices: 4

Midroc Project Management AB

Midroc Project Management takes on complex consulting assignments within the fields of energy, petrochemical, construction and infrastructure, using new technical solutions and with the environment in focus. The company is specialized

in delivering services within project management, maintenance development, engineering, maintenance shutdowns, HSE-Q and concepts for underground storage facilities.



LEMBIT LAKS

Sales: 154 MSEK
Employees: 111
Offices: 3

Midroc Ställningar AB

Midroc Ställningar is a fullservice partner in the area of scaffolding. The company offers services in drawing, calculating, assembling and letting of scaffolding constructions. Customers are located mainly in the west coast of Sweden and the focus is on the industrial sectors.



STEVE GORING

Sales: 75 MSEK
Employees: 40
Offices: 2

BAC Corrosion Control Ltd

BAC Corrosion Control Ltd is a UK based market leader in cathodic protection (CP), internal corrosion monitoring, pin brazing and transformer rectifiers for the corrosion control industry. The company operates worldwide providing specialized

CP products and engineering services to projects in the oil, gas, utilities, steel in concrete, marine and other sectors where critical metallic structures require corrosion monitoring and protection.



ERIK BÄCKLUND

Sales: 23 MSEK
Employees: 8
Offices: 2

Midroc Environment Group AB

Midroc Environment Group operates in the field of environmental remediation. The subsidiary Miljöteknik AB provides contracting and services for treatment of contaminated soil and water.

The company works with customers' projects from preparations and implementation, to soil treatment and land rehabilitation.





LISE-LOTTE SVENSSON

Sales: 60 MSEK
Employees: 24

Hackholmssund Konferens AB

A first-class, sustainable alternative for high-level meetings – that is what Hackholmssunds Konferens AB offers its clients.

Close to the city of Stockholm, secluded in wonderful rural surroundings, lies Hackholmssunds Konferens AB. Combining a sustainable approach with privacy and luxury, the venue attracts guests of primarily two categories: Companies looking for undisturbed and exclusive conference opportunities, and individuals with high demands for security and confidentiality.

Historically mostly used by the companies in the Midroc group, the venue has the last couple of years clarified its concept and increased marketing efforts, with a rising figure of external clients as a result.

“We increased our marketing efforts during 2018, and also initiated cooperation with a couple of marketing partners, who acts as go-betweens and complement our own active outreach. This has really had a positive effect on the number of external visitors”, says Lise-Lotte Svensson, CEO of Hackholmssunds Konferens.

The vision is to be the preferred venue for high-level meetings among the worlds leading companies. By acting as a strategic partner, rather than just offering a place to meet, Hackholmssunds Konferens differentiates from its competitors.

“As a first-class alternative, we really go to great lengths to understand the needs of our guests. By doing this, we enable our guests to make the most out of their meetings and focus fully on their own agenda”, explains Lise-Lotte Svensson.

During 2019, the goal is set on further expansion.

“We are aware that an economic down-turn may be waiting further ahead. That said, we clearly see that we are on the right path and plan to meet the future with a push, rather than holding back. For example, we are right now investigating our opportunities to add another 30 rooms to the venue. This would really improve our opportunities to attract high-level, international guests”, says Lise-Lotte Svensson.



M
MIDROC

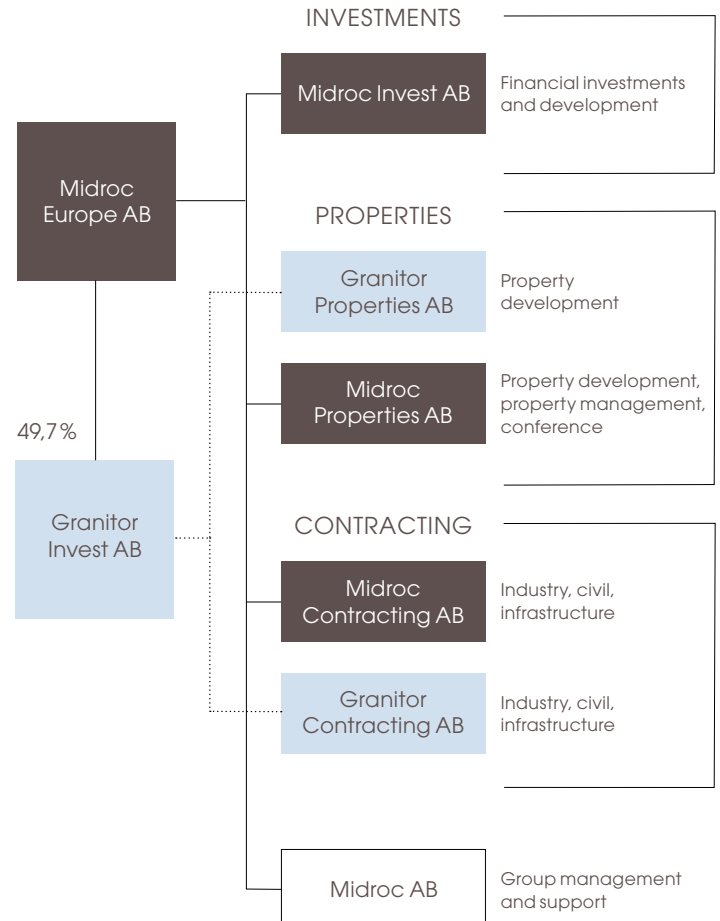
M
MIDROC

Financial Statements

Midroc Europe

The marketing concept “Midroc Europe” comprises the two sister groups Midroc Europe AB and Granitor Invest AB. As a society and industry developer, the Midroc Europe business operations are mainly found in the areas of contracting and consulting services for the industrial and civil sector, in property development with related management and in investments in business ideas that contribute to a positive development of our society. With operations principally in Sweden, Midroc Europe is also locally established in several other European countries, Russia, the Middle East, South Africa, the US, India and Indonesia.

Midroc Europe AB holds a 49,7% stake in Granitor Invest AB and therefore reports the operations of that company as an associated company in line with the adopted equity method in its Annual Report. To provide the reader a better understanding of the sales, result, assets and equity structure derived from the joint efforts of the business operations carried out under the brand “Midroc Europe”, the adjoining tables have been prepared. They show the consolidated but fictitious statements assuming that Granitor Invest AB would have been consolidated as a subsidiary of Midroc Europe AB.



Year-end statement 2018

CONSOLIDATED BALANCE SHEET

Assets

MSEK	2018-12-31	2017-12-31
FIXED ASSETS		
Intangible assets	202	76
Tangible assets	2,516	2,823
Financial assets	1,304	1,266
Total fixed assets	4,022	4,165
CURRENT ASSETS		
Inventories	90	70
Property for resale	1,003	747
Accounts receivable, etc	2,470	2,039
Liquid assets	1,048	735
Total current assets	4,611	3,591
TOTAL ASSETS	8,633	7,756

CONSOLIDATED INCOME STATEMENT

MSEK	2018	2017
Net sales	8,100	6,700
Operating expenses	-7,666	-6,406
Operating income	434	294
Financial items	212	11
Income before appropriations and taxes	646	305
Taxes	-109	-42
Net income	537	263

CONSOLIDATED BALANCE SHEET

Equity and liabilities

MSEK	2018-12-31	2017-12-31
EQUITY		
Restricted equity	0	0
Unrestricted equity	2,786	2,345
Non-controlling interest	41	10
Total equity	2,827	2,355
LIABILITIES		
Shareholder's loan	120	617
Interest bearing liabilities	3,083	2,828
Non-interest bearing liabilities	2,603	1,956
Total liabilities	5,806	5,401
TOTAL EQUITY AND LIABILITIES	8,633	7,756

Year-end statement 2018 — consolidated group figures

Midroc Europe AB

Midroc Europe AB (registration number 556622-8838) holds a 49,7% stake in Granitor Invest AB and therefore reports the operations of that company as an associated company in line with the adopted equity method.

CONSOLIDATED INCOME STATEMENT

MSEK	2018	2017
Net sales	4,837	3,965
Operating expenses	-4,568	-3,794
Income from associated companies	48	44
Operating income	317	215
Financial items	235	17
Income before appropriations and taxes	552	232
Taxes	-65	-9
Net income	487	223

CONSOLIDATED BALANCE SHEET

Assets

MSEK	2018-12-31	2017-12-31
FIXED ASSETS		
Intangible assets	4	3
Tangible assets	1,968	2,411
Financial assets	1,466	1,312
Total fixed assets	3,438	3,726
CURRENT ASSETS		
Inventories	78	61
Property for resale	1,003	747
Accounts receivable, etc	1,537	1,405
Liquid assets	890	518
Total current assets	3,508	2,731
TOTAL ASSETS	6,946	6,457

CONSOLIDATED BALANCE SHEET

Equity and liabilities

MSEK	2018-12-31	2017-12-31
EQUITY		
Restricted equity	0	0
Unrestricted equity	2,566	2,118
Non-controlling interest	14	13
Total equity	2,580	2,131
LIABILITIES		
Shareholder's loan	16	504
Interest bearing liabilities	2,652	2,566
Non-interest bearing liabilities	1,698	1,256
Total liabilities	4,366	4,326
TOTAL EQUITY AND LIABILITIES	6,946	6,457

Year-end statement 2018 — consolidated group figures

Granitor Invest AB

Midroc Europe AB holds a 49,7% stake in Granitor Invest AB (registration number 556615-2491). Although the financial reporting of Granitor Invest is separated from Midroc Europe AB, the daily business of the group is seamlessly integrated with Midroc Europe AB and operations are carried out under the Midroc brand. As Granitor Invest contributes significantly to the overall Midroc Europe concept but is not reported in the Midroc Europe AB financial statement, the reporting of Granitor Invest AB is presented separately.

The sub-group Granitor Contracting AB (registration number 555620-6768) and its subsidiaries (Midroc Electro Gruppen AB and Midroc Environment AB) are primarily active in contracting work in business areas such as electrical installations and related services, industrial automation and environmental services. The sub-group WP International AB (registration number 556355-2628) and its subsidiaries are mainly active in consulting services and property management.

CONSOLIDATED INCOME STATEMENT

MSEK	2018	2017
Net sales	3,347	2,819
Operating expenses	-3,185	-2,699
Income from associated companies	-1	—
Operating income	161	120
Financial items	-23	-6
Income before appropriations and taxes	138	114
Taxes	-44	-33
Net income	94	81

CONSOLIDATED BALANCE SHEET

Assets

MSEK	2018-12-31	2017-12-31
FIXED ASSETS		
Intangible assets	198	73
Tangible assets	548	412
Financial assets	55	177
Total fixed assets	801	662
CURRENT ASSETS		
Inventories	12	9
Accounts receivable, etc	933	634
Liquid assets	158	217
Total current assets	1,103	860
TOTAL ASSETS	1,904	1,522

CONSOLIDATED BALANCE SHEET

Equity and liabilities

MSEK	2018-12-31	2017-12-31
EQUITY		
Restricted equity	0	0
Unrestricted equity	437	450
Non-controlling interest	27	-3
Total equity	464	447
LIABILITIES		
Shareholder's loan	104	113
Interest bearing liabilities	431	262
Non-interest bearing liabilities	905	700
Total liabilities	1,440	1,075
TOTAL EQUITY AND LIABILITIES	1,904	1,522



Management and Ownership

Group Management



LiseLotte Jernberg Bate (culture), David Sundin (legal), Roger Wikström (CEO), Pernilla Börjesson (group support) and Olle Kylinger (finance).

Ownership

Mohammed H. Al-Amoudi controls Midroc Europe AB, which in turn holds a 49.7 % share in Granitor Invest AB, where the remainder is held by the Swedish Wikström family.

Al-Amoudi is an international business investor. As one of the largest foreign investors in Sweden, he has been honored twice with the Swedish Royal Order of the Polar Star in recognition of his investments in Swedish trade and industry.

Midroc Europe is part of Mohammed H. Al-Amoudi's global business operations, which employ more than 70,000 people of various nationalities in the Middle East, Europe and Africa, and cover a wide spectrum of activities, including engineering and construction, petroleum, mining, manufacturing, tourism, real estate, industrial services and trade.





Board of Directors

Christer Wikström

Active director of the boards related to the Contracting and Investments portfolios. Responsible for short-and long-term group development, financing and strategy.

Abdullah Al-Amoudi

Based in Jeddah, Saudi Arabia, and Director General of the Midroc Holding company since 1998, Al-Amoudi is responsible for the global strategies of Midroc.

Roger Wikström

Active director of the boards related to the Properties and Investments portfolios. Responsible for short-and long-term group development, financing and strategy.

Hassan H. Al-Amoudi

Board director since 2018. Responsible for global business development and strategies.

Thomas Mårtensson

Active director of the boards related to the Contracting and Investments portfolios. Responsible for short-and long-term group development, financing and strategy.

Waddah Al-Alem

Dr. Al-Alem, based in Jeddah, Saudi Arabia, has held the position of Deputy Director General at the Midroc Holding company since 1998.



Midroc Europe
Telegrafgatan 6A
S-169 72 Solna
Sweden
midroc.se
info@midroc.se
+46(0)10-470 70 00

Together
to get there



MIDROC