



INTERIM REPORT

January - March 2019



Cover Image: Launch of REXUS 25 from Esrange Space Center. REXUS Student Rocket Program is a European cooperation. Photo: Michael Becker, DLR

INTERIM REPORT JANUARY – MARCH 2019

FINANCIAL DEVELOPMENT IN BRIEF

Amount in MSEK	201903	201803
NET SALES	237	206
OPERATING PROFIT	5	-2
PROFIT BEFORE TAX	5	-13
PROFIT AFTER TAX	3	-22
CASH FLOW AFTER INVESTMENTS	17	56

SIGNIFICANT EVENTS DURING THE FIRST QUARTER 2019

Two rockets, REXUS 23 and 25 were launched from Esrange Space Center. The rockets are part of a student program financed by the Swedish National Space Agency and German space agency DLR.

During the first quarter SSC signed an important agreement with Airbus regarding support services to the new Pléiades Neo constellation of very high resolution Earth observation satellites. The contract marks an important step in the long-term partnership between SSC and Airbus and extends the capabilities of both companies.

DEVELOPMENT OF THE GROUP'S FINANCIAL POSITION DURING THE PERIOD

Consolidated operating profit amounted to 5 MSEK (-2 MSEK).

The operating profit improved in the divisions Science Services and Engineering Services, where-as the operating profit in the division Satellite Management Services was on par with previous year.

Group financial net was 0 MSEK (-10 MSEK). Included in the financial net was a positive impact of currency effects of 2 MSEK (-9 MSEK).

Profit before tax was 5 MSEK (-13 MSEK).



Group profit after tax amounted to 3 MSEK (-22 MSEK). Since SSC runs operations in several countries, and profits in one country may not be deducted against losses in another country, SSC's tax paid is high in relation to the Group's profit level.

Total assets 31 March 2019 amounted to 1 307 MSEK (1 168 MSEK as at December 31, 2018), an increase with 139 MSEK, due to the implementation of new IFRS16 (leasing) accounting principles. Interest-bearing liabilities has been increased with 124 MSEK as a result of the transition to IFRS 16, where-of 119 MSEK after adjustments for currency effects.

Cash flow from operating activities amounted to 17 MSEK (56 MSEK). Net investments amounted to -15 MSEK (19 MSEK), where-of 1 MSEK (3 MSEK) related to investments at the Esrange Space Center.

DEVELOPMENT OF THE PARENT COMPANY'S FINANCIAL POSITION DURING THE PERIOD

Operating profit for the Parent Company was 7 MSEK (-13 MSEK).

Profit after tax for the Parent Company amounted to -3 MSEK (-26 MSEK).

Total assets 31 March 2019 amounted to 911 MSEK (918 MSEK as at December 31, 2018), a decrease with 7 MSEK. Interest-bearing liabilities has increased with 4 MSEK which entirely is explained by the currency effects.

Cash flow from operating activities amounted to -8 MSEK (30 MSEK). Net investments amounted to -8 MSEK (-18 MSEK).

SIGNIFICANT RISK FACTORS FOR THE SSC GROUP

Large parts of the SSC operations involve high technical risks. These are both technical development risks, and the risks of failure at for instance launches of rockets, satellites and balloons as well as risks that satellites in orbit for some reason fail. Malfunctions can often not be corrected after the errors have occurred. The technical risks in many cases also result in financial / commercial risks, for instance cancelled assignments due to breakdowns. These risks can only to a limited extent be insured at a reasonable cost.

SSC is exposed to currency exchange rate changes, mainly in euros and US dollars. To which extent varies, but the part of turnover in euro in the parent company typically reaches 40-60% For the first quarter 2019 it was 52%. The legal entity in Chile mainly has its revenues in US dollars but a large part of the costs in local currency. The entity is therefore exposed to changes in currency exchange rates between these two currencies. The subsidiaries in Chile and in the US are both financed by loans in US dollars from the parent company and from equity. The external financing in the parent company is made in euro and USD.



MARKET AND FUTURE PROSPECTS

The space industry and its markets are characterized by rapid change with an increasing element of private actors and investments. The space industry is still heavily depending on public sector financing and SSC is striving toward increased sales to the private sector.

SSC is continuously working with the upgrade and enhancement of Esrange Space Center, where one of the goals is to launch smaller satellites into orbit. The project, SatLaunch, is currently being reviewed by the Swedish government for financial support. During 2018 the Swedish government decided to, together with SSC, co-finance a test bed at Esrange. This is seen as a first step towards building the infrastructure and capabilities needed for satellite launching from Esrange Space Center. Esrange has played an important role in the European space operations for more than 50 years, and a decision to finance the development would add new and demanded capabilities, which would further strengthen Europe's and Sweden's role in developing the space based infrastructure of the future. If the government decides to finance the infrastructure the work will continue for several years ahead.

SSC continues its expansion within Satellite Management Services. Already made and planned investments in enlarged capacity, strategically placed earth stations and investments in new technology are positioning the company well for new businesses and a gradual development of a broader and even more attractive global offering for both present and new customers.

SSC also has the ambition to extend the operations within Engineering Services, through acquisitions combined with organic growth.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

No essential events after the balance sheet date.

CONSOLIDATED INCOME STATEMENT

Amount in MSEK	2019	2018	2018
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales	237	206	945
Other revenues	7	5	18
External expenses ¹⁾	-80	-75	-342
Personnel costs ¹⁾	-130	-117	-481
Amortizations and depreciations	-29	-23	-93
OPERATING PROFIT	5	-2	47
Financial income and expenses	0	-10	-10
PROFIT BEFORE TAX	5	-13	38
Income taxes ²⁾	-2	-10	-21
PROFIT AFTER TAX	3	-22	17
TOTAL OTHER INCOME			
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET			
Translation differences in foreign operations	7	6	14
Cash flow hedges	-1	-2	2
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS			
Change in fair value of financial assets available for sale	1	-20	-35
Income tax relating to items above	0	5	7
TOTAL OTHER INCOME FOR PERIOD	7	-12	-11
TOTAL PROFIT/LOSS FOR PERIOD	10	-34	6
Of which attributable to the parent company's shareholders	10	-34	6
Earnings per share, SEK	-1 380	623	-2 890
¹⁾ Change in provisions external costs and personnel costs	0,0 0,1	0,3 0,0	1,8 -0,5
²⁾ Estimated tax during the year. Final tax at year end.			

CONSOLIDATED BALANCE SHEET

Amount in MSEK	2019-03-31	2018-03-31	2018-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	76	63	70
Tangible assets	710	609	598
Other securities held as non-current assets	0	32	3
Deferred tax assets	4	2	2
TOTAL NON-CURRENT ASSETS	790	706	674
CURRENT ASSETS			
Inventories	15	10	13
Current receivables	276	219	270
Cash and cash equivalents	226	234	212
TOTAL CURRENT ASSETS	517	462	495
TOTAL ASSETS	1 307	1 168	1 168
Amount in MSEK	2019-03-31	2018-03-31	2018-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share equity	33	33	33
Other reserves	35	26	26
Retained earnings including profit for the period	402	365	405
TOTAL EQUITY ATTRIBUTABLE TO HOLDERS OF THE PARENT COMPANY	469	424	464
TOTAL EQUITY	469	424	464
NON-CURRENT LIABILITIES			
Interest bearing liabilities	386	233	293
Other liabilities	125	121	134
Provisions	3	4	3
Deferred tax liability	7	8	8
TOTAL NON-CURRENT LIABILITIES	521	366	438
CURRENT LIABILITIES			
Interest bearing liabilities	31	100	0
Short-term non-interest bearing liabilities	284	275	265
Provisions	2	3	2
TOTAL CURRENT LIABILITIES	317	378	267
TOTAL EQUITY AND LIABILITIES	1 307	1 168	1 168

CONSOLIDATED STATEMENT OF CASH FLOW

Amount in MSEK	2019	2018	2018
	JAN-MAR	JAN-MAR	JAN-DEC
OPERATING ACTIVITIES			
Cash flow from operations	19	6	100
Change in working capital	14	69	34
CASH FLOW FROM OPERATING ACTIVITIES	33	75	134
INVESTING ACTIVITIES			
Investments in intangible assets	-6	-1	-10
Investments in tangible assets	-13	-19	-58
Disposal in financial fixed assets	4	0	14
CASH FLOW FROM INVESTING ACTIVITIES	-15	-19	-54
CASH FLOW AFTER INVESTMENTS	17	56	80
CASH FLOW FROM FINANCING ACTIVITIES	-5	8	-40
CASH FLOW FOR THE YEAR	13	64	40
Cash and cash equivalents at the beginning of the year	212	166	166
Currency gains/losses in liquid assets	0	4	6
CASH AND CASH EQUIVALENTS, END OF THE YEAR	226	234	212

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in MSEK	Equity attributable to holders of the parent company			
	Share capital	Reserves	Retained earnings	Total equity
OPENING BALANCE 1 JANUARY 2018	33	38	388	458
Dividend for 2017			-	-
Income for the period		-11	17	6
CLOSING BALANCE 31 DECEMBER 2018	33	26	405	464
OPENING BALANCE 1 JANUARY 2019	33	26	405	464
Dividend for 2018			-	0
Adjustment for change of accounting principle - IFRS 16			-5	-5
Transfer from reserves to retained earnings		2	-2	0
Income for the period		7	3	10
CLOSING BALANCE 31 MARCH 2019	33	35	402	469

PARENT COMPANY INCOME STATEMENT

Amount in MSEK	2018	2017	2017
	JAN-MAR	JAN-MAR	JAN-DEC
Net sales	110	91	468
Other revenues	6	5	17
External expenses ¹⁾	-57	-47	-230
Personnel costs ¹⁾	-55	-51	-204
Amortizations and depreciations	-12	-11	-45
OPERATING PROFIT	-7	-13	7
Financial income and expenses	4	-8	40
PROFIT BEFORE TAX	-3	-21	47
Dispositions	0	0	-14
Income taxes ²⁾	0	-5	-7
PROFIT AFTER TAX	-3	-26	26
TOTAL OTHER INCOME			
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET			
Cash flow hedges	-1	-2	2
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS			
Change in fair value of financial assets available for sale	1	-20	-35
Income tax relating to items above	0	5	7
TOTAL OTHER INCOME FOR PERIOD	0	-17	-26
TOTAL PROFIT/LOSS FOR PERIOD	-3	-44	0
¹⁾ Change in provisions external costs and personnel costs	0,1 0,1	0,1 0,0	1,2 -0,5

²⁾ Estimated tax during the year. Final tax at year end.

PARENT COMPANY BALANCE SHEET

Amount in MSEK	2019-03-31	2018-03-31	2018-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	27	13	22
Tangible assets	318	329	323
Other securities held as non-current assets	279	325	276
Deferred tax assets	38	37	38
TOTAL NON-CURRENT ASSETS	662	705	658
CURRENT ASSETS			
Inventories	12	7	11
Current receivables	152	94	157
Cash and cash equivalents	85	71	93
TOTAL CURRENT ASSETS	249	172	260
TOTAL ASSETS	911	877	918
Amount in MSEK	2019-03-31	2018-03-31	2018-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share equity	33	33	33
Other reserves	7	7	7
Fund for intrinsic value	0	7	-1
Retained earnings including profit for the period	97	49	101
TOTAL EQUITY	136	95	139
UNTAXED RESERVES	182	168	182
NON-CURRENT LIABILITIES			
Interest bearing liabilities	297	233	293
Other liabilities	125	121	134
Provisions	3	3	3
TOTAL NON-CURRENT LIABILITIES	424	357	429
CURRENT LIABILITIES			
Interest bearing liabilities	0	100	0
Short-term non-interest bearing liabilities	167	154	166
Provisions	2	2	2
TOTAL CURRENT LIABILITIES	169	257	168
TOTAL EQUITY AND LIABILITIES	911	877	918

PARENT COMPANY STATEMENT OF CASH FLOW

Amount in MSEK	2019 JAN-MAR	2018 JAN-MAR	2018 JAN-DEC
OPERATING ACTIVITIES			
Cash flow from operations	-4	-6	79
Change in working capital	4	54	26
CASH FLOW FROM OPERATING ACTIVITIES	0	48	105
INVESTING ACTIVITIES			
Investments in intangible assets	-6	-1	-10
Investments in tangible assets	-6	-17	-43
Sale of subsidiary, net liquidity impact	0	0	0
Investments in financial assets	4	0	48
CASH FLOW FROM INVESTING ACTIVITIES	-8	-18	-5
CASH FLOW AFTER INVESTMENTS	-8	30	100
CASH FLOW FROM FINANCING ACTIVITIES	0	8	-40
CASH FLOW FOR THE YEAR	-8	38	60
Cash and cash equivalents at the beginning of the year	93	34	34
Currency gains/losses in liquid assets	0	0	-1
CASH AND CASH EQUIVALENTS, END OF THE YEAR	85	71	93

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amount in MSEK	Share capital	Other reserves	Hedge reserves	Retained earnings	Total equity
OPENING BALANCE 1 JANUARY 2018	33	7	25	75	139
Dividend for 2017				-	-
Income for the period			-26	26	0
CLOSING BALANCE 31 DECEMBER 2018	33	7	-1	101	139
OPENING BALANCE 1 JANUARY 2019	33	7	-1	101	139
Dividend for 2018				-	-
Transfer from reserves to retained earnings			2	-2	0
Income for the period				-3	-3
CLOSING BALANCE 31 MARCH 2019	33	7	0	97	136

NOTE 1 ACCOUNTING PRINCIPLES

This interim report for the Group has been prepared in accordance with IAS34 Interim Financial Reporting Standards. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9, Interim Report. For the Group and the Parent Company, the same accounting principles and calculation bases have been applied as in the latest annual report, with the exception that the Group applies IFRS 16 Leases from 1 January 2019 and the parent company does not apply IFRS 16 based on the exception contained in RFR2. A description of the Group's application of IFRS 16 is presented in Note 2 of the Group's annual report for 2018 and Note 6 in this report. There is also a detailed description of the practical expedients applied and the effects of the transition in note 2 i the annual report for 2018.

For more information on accounting and valuation principles, see Note 2 in the Annual Report 2018.

Amounts are in MSEK (millions of SEK) unless otherwise stated.

NOTE 3 NET SALES

GROUP NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2019 JAN-MAR	2018 JAN-MAR	2018 JAN-DEC
Sweden	24	20	105
Europe excl. Sweden	145	132	592
Asia	31	21	107
America	36	32	137
Other Markets	1	1	4
NET SALES	237	206	945

GROUP NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2019 JAN-MAR	2018 JAN-MAR	2018 JAN-DEC
SEK	39	22	135
EUR	146	139	615
USD	47	42	180
Other Currencies	4	3	15
NET SALES	237	206	945

PARENT COMPANY NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2019 JAN-MAR	2018 JAN-MAR	2018 JAN-DEC
Sweden	24	20	105
Europe excl. Sweden	54	50	240
Asia	26	18	89
America	7	4	33
Other Markets	0	0	1
NET SALES	110	91	468

PARENT COMPANY NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2019 JAN-MAR	2018 JAN-MAR	2018 JAN-DEC
SEK	39	22	135
EUR	58	59	276
USD	10	8	48
Other Currencies	3	2	10
NET SALES	110	91	468

NOTE 5 GROUP KPI

KPI:s SSC GROUP

	2019 JAN-MAR	2018 JAN-MAR	2018 JAN-DEC
Return on equity	9%	-18%	4%
Equity ratio	36%	36%	40%
Return on Invested Capital	7%	-5%	8,0%
Net Debt Equity ratio	0,41	0,23	0,17

Return on Equity is calculated as Profit after tax divided by average Equity.

Equity ratio is calculated as Equity as a percentage of total assets.

Return on invested capital is calculated as operating profit divided by average invested capital.

Bet Debt equity ratio is calculated as liquid assets minus interest bearing liabilities divided by equity.

NOTE 6 TRANSITION IFRS 16

IFRS 16 Leaseagreement

Effect on the financial reports

At the time of transition to IFRS 16, January 1, 2019, the Group reported Right of use-assets of TSEK 116,150 and lease liabilities of TSEK 122,490, and deferred tax assets of approx. TSEK 1,493, which reduces net equity by approximately TSEK 4,846 by January 1, 2019. In the valuation of the leasing liability, the Group discounted the leasing fees to the marginal borrowing rate as of January 1, 2019. The weighted average interest rate used is 4.66%.

Table 1

MSEK	2019 1 January
Operational leasing commitments as of December 31, 2018 as disclosed in the annual report	127
Discounted with marginal loan rate as of January 1, 2019	106
Less:	
Short Term Lease	-19
Leasing of low value assets	0
Add:	
Reasonably safe extension periods	16
Variable leasing payments linked to index or price	19
Leasing liability as of January 1, 2019	122

The reported Right of use-assets are attributable to the following types of assets:

MSEK	2019 31 March	2019 1 January
Office space	71	74
Machines and fixed assets	38	39
Vehicles	3	3
Total use rights assets	112	116

Comparative figures as if IAS 17 have been applied in 2019 are shown below: □

For information purposes, the information below is provided as if IAS 17 had been applied in 2019 as well

	IFRS 16 2019 JAN-MAR	IAS 17 2019 JAN-MAR
Excerpt from report of results		
EBITDA	34	29
Operating profit	5	3
Financial costs	-2	-3
Profit before tax	5	5
The result of the period	3	3

Excerpt from report on financial position

	IFRS 16 2019 31 March	IAS 17 2019 31 March
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Assets		
Right of Use-assets	112	-
Total fixed assets	710	598
Total assets	1 307	1 195
Equity		
Retained earnings including profit for the period	469	474
Total equity	469	474
Liabilities		
Long-term leasing liabilities	88	-
Short-term lease liabilities	30	-
Total debts	838	720
Total equity and liabilities	1 307	1 195

UPCOMING FINANCIAL REPORTS

The interim report for the second quarter 2019 will be published August 15, 2019.
The interim report for the third quarter 2019 will be published October 31, 2019.

The interim report has not been reviewed by the auditors. The interim report is issued by the Board of Directors.

Questions about the interim report can be addressed to Head of Group accounting Kerstin Bergqvist, +46 8 627 62 00