WE BRING BUILDINGS TO LIFE

BRAVIDA ANNUAL REPORT 2018
INCLUDING SUSTAINABILITY REPORT

bravida
WE BRING BUILDINGS TO LIFE

Technology solutions for a thriving society

Bravida provides all the functions that bring buildings to life. Most of us use them every day without even thinking about it – at home, at work and in our communities.

1. SHOPPING CENTRES
Large shopping centres accommodate lots of people. We create sustainable installation solutions and carry out service work in all our areas of technology.

2. SOLAR PANELS
Interest in renewable energy has grown significantly in recent years. Bravida helps customers with both the installation and service of solar energy facilities.

3. RAILWAY POWER SUPPLY
These systems include overhead contact lines and substations where AC is converted to 15,000 V DC for train services.

4. INDUSTRY
We have extensive experience of installation assignments in industrial environments with ongoing production. Bravida offers comprehensive installation solutions, operation and energy efficiency services.

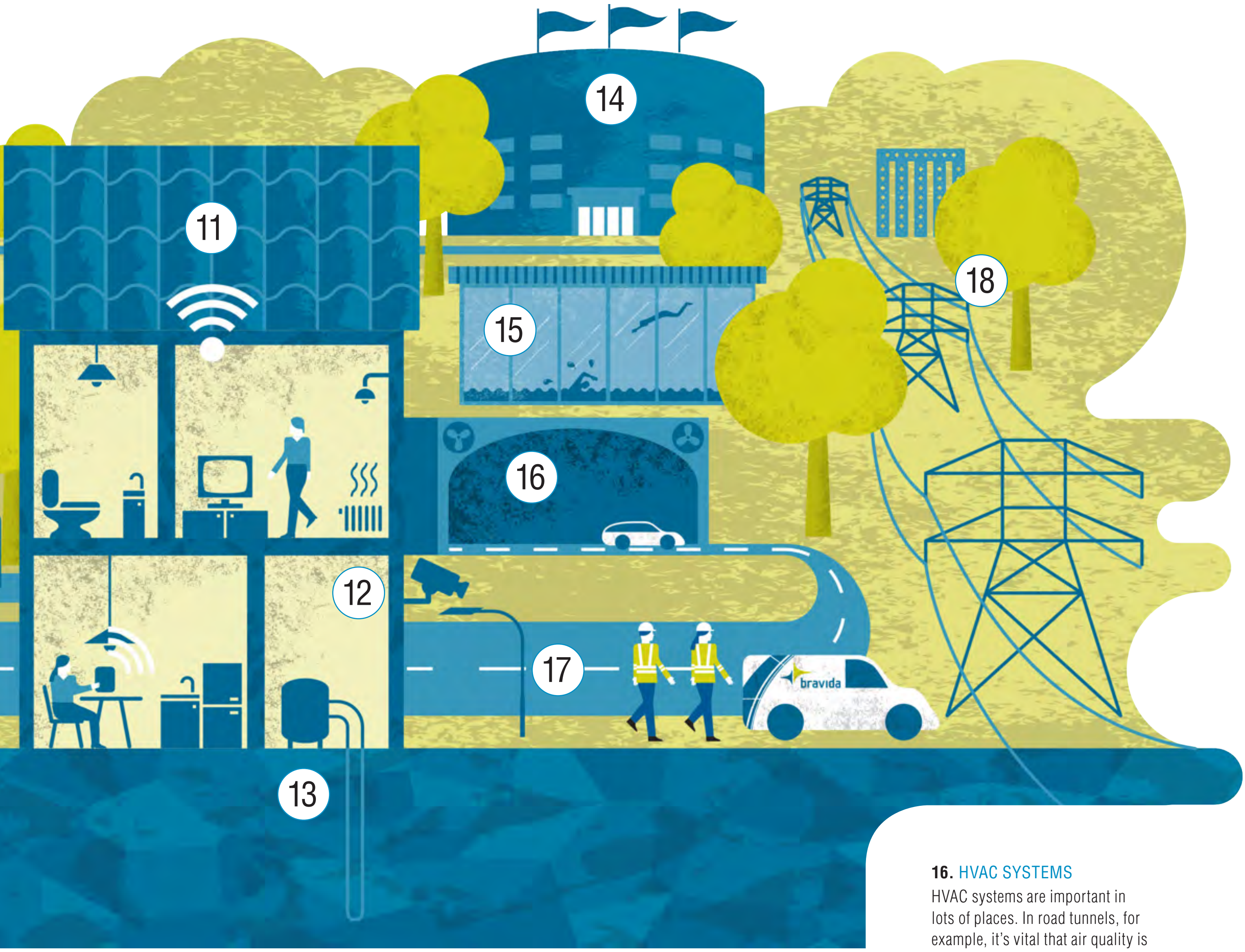
5. HOSPITALS
Hospitals are examples of buildings with some of the highest concentrations of installations. They also have extremely strict requirements on safety and functionality.

6. INFRASTRUCTURE
We work on a wide range of large infrastructure projects, including road tunnels, railway technology and underground rail systems.

7. DATA CENTRES
The equipment in data centres and server rooms radiates heat. Creating a stable indoor climate and minimising energy consumption requires cooling and efficient installation solutions.

8. PROCESS COOLING
Our cooling solutions can be used for industrial processes, food storage and ice rinks, among other things.

9. AUTOMATION
Automated control of industrial processes, and the management and regulation of a property's technical systems. The aim is to achieve optimal operational reliability and energy efficiency.



16. HVAC SYSTEMS
HVAC systems are important in lots of places. In road tunnels, for example, it's vital that air quality is maintained at a stable level.

10. CHARGING POINTS
The electric car market offers significant potential, but it needs charging stations. We are helping both install and maintain charging points.

11. COMPREHENSIVE RESIDENTIAL SOLUTIONS
Our installation solutions for homes include electrical, heating and plumbing, and HVAC functions, but also energy recovery, lifts, fire prevention and security systems, as well as telecom and data networks.

12. SECURITY SYSTEMS
We supply security functions such as entry control, video surveillance, intrusion alarms and fire alarms, as well as integrated end-to-end solutions.

13. GEOTHERMAL HEATING
This utilises the stable temperature of groundwater (6–8°C) to produce space heating and hot water using a heat pump.

14. ARENAS AND STADIUMS
We provide installations and maintenance at a number of arenas and stadiums. They have significant installation demands, in terms of adapting to requirements and accommodating events with large audiences.

15. INDOOR SWIMMING POOLS
Technical solutions for indoor swimming pools have to meet stringent requirements. Bravida has extensive experience of installations and maintenance of swimming pools.

17. LIGHTING
We install lighting solutions in places such as arenas and stadiums, car parks and road tunnels, from electricity supply to installing fittings.

18. ELECTRICAL SUBSTATIONS
Electrical substations direct electrical power safely to various regions and consumers in society. Where necessary, the voltage is transformed from higher to lower levels.


bravida
bravida

Bravida brings buildings to life – 24 hours a day, 365 days a year.

We are experts in all the functions of properties: electricity, heating and plumbing, ventilation, cooling, security, fire alarms, sprinklers, power supply and lifts. The things that need to work.

Contents

Bravida Annual Report 2018 including Sustainability Report

The Annual Report is prepared in Swedish and translated into English. Should differences occur between the Swedish Annual Report and the English translation, the Swedish version shall prevail.

THIS IS BRAVIDA

Bravida helps customers with the service and installation of technical functions in properties and industrial facilities. Our aim is for each service and installation project to make a property better and more energy efficient.

A broad-based business

Sustainable service and installation of the functions that bring buildings to life

SERVICE		INSTALLATION
Operation & maintenance	Refurbishment & extension work	New-builds

Solid customer base

Two main customer groups

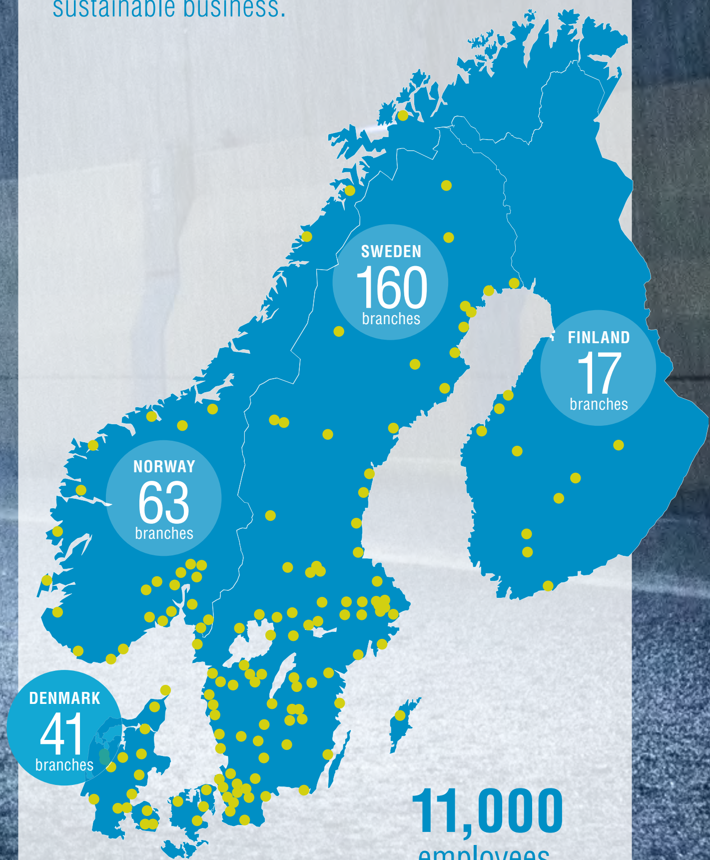
Property owners and professional tenants

Building contractors

Local presence

We're close to our customers, throughout the Nordics

Local branches are at the heart of Bravida. Based on shared values and methods, together we're creating a profitable and sustainable business.



11,000 employees

THE YEAR IN BRIEF

12%

14.6%
TOTAL SHAREHOLDER RETURN

SALES GROWTH IN 2018

Net sales increased by 12 percent, of which 4 percent was organic growth and 6 percent acquisition-based growth, with a currency effect of 2 percent. Growth is above our financial target of 10 percent.

HIGHER TOTAL SHAREHOLDER RETURN

2018 was the best year to own Bravida shares since the 2015 IPO. Total shareholder return, i.e. share price growth plus dividend, was 14.6 percent.

THE YEAR IN FIGURES

KEY FIGURES

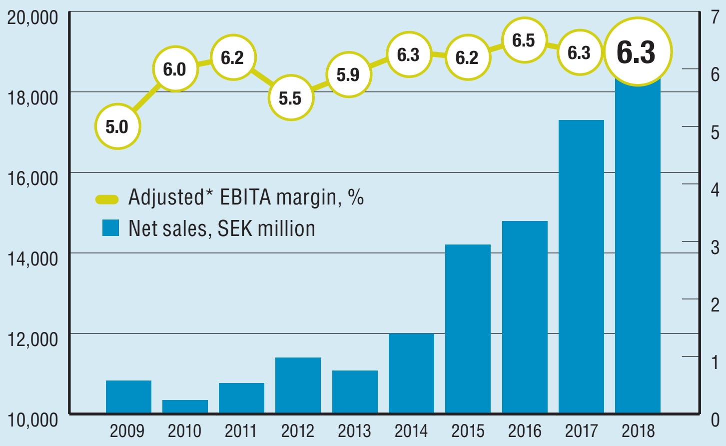
SEK MILLION	2014	2015	2016	2017	2018
Net sales	12,000	14,206	14,792	17,293	19,305
Operating profit (EBIT)	705	782	944	1,072	1,207
Operating margin, %	5.9	5.5	6.4	6.2	6.3
Adjusted* EBITA	760	880	958	1,086	1,211
Adjusted* EBITA margin, %	6.3	6.2	6.5	6.3	6.3
Profit/loss after tax	320	287	674	820	956
Cash flow from operating activities	659	841	428	1,038	1,052
Order backlog	6,580	7,092	8,644	10,271	11,992

*Adjusted for specific costs.

INCREASE IN EBITA
12%

NET SALES GROWTH
12%

GROWTH AND EARNINGS PERFORMANCE
2009–2018



SOLID AND INCREASING EBITA MARGIN

Over the past 10 years, Bravida has delivered a stable and increasing EBITA margin.** Over the past five years, our average sales growth has been 12 percent a year, 4.2 percent of which was organic growth.

*Adjusted for specific costs.

**The chart shows the adjusted EBITA margin. In previous years it has shown the adjusted operating margin (EBIT).

12
ACQUISITIONS

1,052
SEK MILLION CASH FLOW

#9

12 ACQUISITIONS
Over the year 12 acquisitions were made. These increase sales by approximately SEK 806 million annually.

STRONG CASH FLOW
Cash flow for 2018 was SEK 1,052 million. Cash conversion was 102 percent, which is above our financial target.

STOCKHOLM BYPASS PROJECT
During the year Bravida won its largest ever assignment. The two Stockholm Bypass Project contracts cover both installation and service, and together are worth SEK 2,741 million.

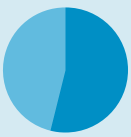
POPULAR EMPLOYER
Bravida remains in the top 10 best employers in Sweden.

BRAVIDA IN FIGURES

BUSINESS AREAS	SWEDEN		NORWAY		DENMARK		FINLAND	
SEK MILLION	2017	2018	2017	2018	2017	2018	2017	2018
NET SALES	9,847	10,279	4,185	4,777	2,547	3,171	745	1,114
EBITA	661	692	254	285	131	185	15	22
EBITA MARGIN, %	6.7	6.7	6.1	6.0	5.1	5.8	2.0	2.0
SHARE OF BRAVIDA'S NET SALES 2018	53%		25%		16%		6%	
SHARE OF BRAVIDA'S OPERATING PROFIT 2018	57%		24%		15 %		2%	

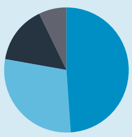
BREAKDOWN OF INCOME
PERCENTAGE OF BRAVIDA'S 2018 SALES

INSTALLATION/SERVICE



- **54 %** Installation
- **46 %** Service

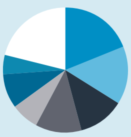
TECHNICAL AREAS



- **49 %** Electrical
- **29%** Heating & Plumbing
- **15 %** HVAC
- **7 %** Other

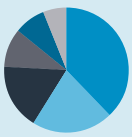
TYPES OF FACILITIES/ CUSTOMER GROUPS
PERCENTAGE OF BRAVIDA'S SALES 2018

TYPES OF FACILITIES



- **19 %** Apartment buildings
- **15 %** Offices
- **12 %** Industry
- **12 %** Health and social care
- **7 %** Infrastructure
- **9 %** Education
- **5 %** Retail
- **21 %** Other

CUSTOMER GROUPS



- **38 %** Construction companies
- **21 %** Other commercial
- **17 %** Public sector
- **10 %** Property companies
- **8 %** Industry
- **6 %** Other

ABOUT

MATTIAS JOHANSSON

CEO and Group President

CEO since: 2015
Comes from: Osby in Skåne, Sweden
Family: Wife and three children
Passionate about: Sport for young people and my children's sporting activities.
Best thing about 2018: Good performance. Also, we see clear potential for improvement and know where that potential exists.
Goals for 2019: Take Bravida to the next level, supported by the Bravida Way.

RECORD EARNINGS, BUT SCOPE FOR IMPROVEMENT

2018 was another record year for Bravida, with great earnings and plenty of good acquisitions. We are pleased with the results, but view this more as confirmation that our business model is working. The next step is to take profitability to the next level while continuing to grow.

Bravida is doing well. Over the past five years we have grown by an average of 12 percent a year, while retaining profitability. We can look back on another record year in 2018, with sales growth of 12 percent, an operating margin of 6.3 percent and a cash conversion of more than 100 percent. The trend is clear. There's a lot to be proud of.

EARNINGS FOR THE YEAR PROVE BRAVIDA WAY IS RECIPE FOR SUCCESS

The engine in Bravida's business operations are our 281 branches across the Nordic region. They are in touch with customers, that's where our fitters, technicians and office-based employees are, and that's where our earnings are generated. Each branch manager is responsible for leading their business forward, more or less as an independent company. They are supported by the Bravida Group's economies of scale and proven methods. With each branch contributing, together we are creating a business focused on steady growth and profitability. We call this business model the Bravida Way and the results for 2018 are further proof that it is working.

WE'VE GOT A LOT RIGHT, BUT THERE'S STILL SIGNIFICANT POTENTIAL

But that doesn't mean we can now rest on our laurels. Under our current business plan the branches have different improvement initiatives depending on their level of profitability.

Those that are already well organised and profitable are working to take their growth to the next level and achieve their full potential. They always perform well, irrespective of the market and local conditions. But they're not superheroes or lucky. They're just good at what they do. It's possible to learn to be successful.

This can be seen clearly in the progress we have achieved over the past year: Branches that have continued ploughing the same furrow using the same methods have seen profitability decrease. But those branches that have instead focused on establishing the Bravida Way and really changing their methods have increased profitability significantly.

So the next step is clear. Going forward, we will be focusing even more on the Bravida Way, both to further increase its use and to constantly refine our methods. We are also being proactive in taking the business and profitability to the next level in a number of different areas.

SERVICE INCREASINGLY IMPORTANT

An important element is our service business. Service assignments already account for almost half of our sales. These include such tasks as inspecting electrical installations, changing ventilation filters and repairing heat pumps. Service assignments are usually recurring. Also, they generally have a higher margin than installation projects, making them very attractive to us.

So we have started stepping up our efforts within service. The potential is huge. For instance, we have numerous installation projects that could be converted into service assignments in the longer term.

DIGITALISATION VITAL FOR THE FUTURE

Another crucial area is ongoing digitalisation, which is starting in earnest in our industry. It's creating significant opportunities for the future.

Bravida has been working on improving its digitalisation within the company for some time in order to boost productivity. The Handyman work order system has been simplifying the coordination of our service assignments since 2011, and service customers can now track their orders via the customer portal. In summer 2018 we added Dalux, a digital tool that considerably simplifies the coordination of our installation projects. Over 100 of our projects are already using the application and users have so far been very pleased with it.

Many more projects are underway. For instance, in the future we see major opportunities for remote service. But we also need to realise that we face challenges. We have lots of branches and employees that have to get used to new methods and our 55,000 customer have different needs. However, most of them take a very positive view of digitalisation and we are continuing to develop our digital customer offering. You can find out more about our digitalisation journey on page 23.

BUSINESS OPPORTUNITIES IN INCREASED SUSTAINABILITY REQUIREMENTS

Alongside digitalisation, energy and environmental issues are becoming increasingly important within society and for our customers. Bravida has the ability to make a difference with regard to sustainability. As sustainability requirements for our customers' properties grow, so do our business opportunities. This is an area that also offers real potential for the future.

But our own business also faces increasing requirements. It is fundamental to Bravida that we always do the right thing, whether it relates to the environment, health and safety or managing the company's finances. These are values that chime with my upbringing, my background and my experience and I'm very proud to work at Bravida. I believe these issues will be vital going forward, in terms of customers choosing us, retaining personnel and attracting new employees.

WE'RE GROWING AND DEVELOPING OUR ORGANISATION WITH CONTINUED FOCUS ON RECRUITMENT

Over the year we have continued growing while retaining profitability. In addition to our organic growth, we made 12 acquisitions across the Nordic region.

Our major 2017 acquisition, Norwegian Oras, has made considerable progress over the year and is developing in the right direction. Our operations in Finland are also showing positive development. Following two large acquisitions in the year we are now starting to achieve critical mass, which we have combined with new management and a focus on the Bravida Way. Profitability in Finland is now moving in the right direction, which is pleasing.

> "Over the year we have continued growing while retaining profitability. In addition to our organic growth, we made 12 acquisitions across the Nordic region.

We also see positive opportunities for good acquisitions ahead. We have therefore strengthened our acquisition organisation and are currently working on further improving the integration of purchased companies.

The lack of qualified personnel will be a challenge for some time to come, particularly in Sweden, Norway and Denmark. You can find out more about how we endeavour to recruit, retain and develop the best employees and leaders on page 31.

CONTINUED GOOD DEMAND

Through Bravida's 36 regional managers, I regularly evaluate conditions on the Nordic markets. We see continued good demand for our services in all the countries in which we operate.

Construction and infrastructure activity is stable throughout the Nordics, which is good for our business. Newbuild housing, which is highlighted as an uncertainty, accounts for only 10 percent of our sales. Reduced housing construction usually means more service assignments and refurbishments of older properties, which suits us well.

SIGNIFICANT POTENTIAL AHEAD – GRADUALLY IMPROVING ALL THE TIME

Looking back on 2018, it was an exciting year that largely went according to plan. We achieved a lot, but above all we once again received confirmation that our business model is working and we are doing the right things.

Over the next few years we will endeavour to take our profitability to the next level while continuing to grow, particularly in the area of service. We have ambitious targets but that's hardly surprising. We're already doing the right things, we just need to do them even better.

Mattias Johansson,
CEO and Group President
Stockholm 2019

TARGETS AND OUTCOMES

Bravida is the leading service and installation company in the Nordics. Our vision is to be the best in the Nordic region at providing sustainable service and installation of the functions that bring buildings to life. To ensure we are moving in the right direction, we guide our business towards a number of long-term targets.

Profitable growth

TARGETS	OUTCOME FOR 2018

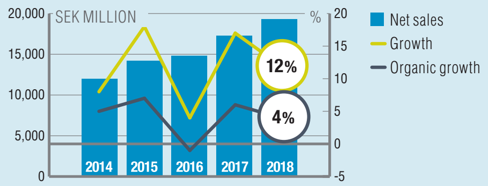
PROFITABLE GROWTH

> 10%

Bravida aims to increase its sales by more than 10 percent per year, of which 5 percent organically and 5–7 percent through acquisitions. But margin should always take precedence over volume.

12%

(growth, 4 percent of which is organic)



Financial stability

TARGETS	OUTCOME FOR 2018

GOOD PROFITABILITY

● Adjusted* EBITA margin

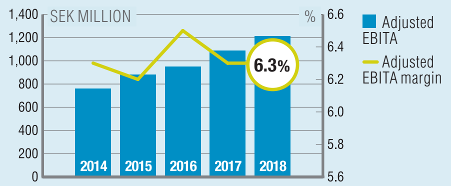
7%

Bravida aims to achieve an adjusted* EBITA margin exceeding 7 percent, including the dilutive effect of acquisitions.

*Adjusted for specific costs.

6.3%

Over the past five years Bravida has delivered a stable EBITA margin. If the 2018 EBITA margin is adjusted for the acquisition of Oras and our Finnish business, it was 6.9 percent.



STABLE CASH FLOW

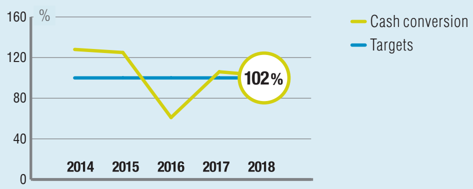
● Cash conversion

> 100%

12-month EBITDA +/- change in working capital and investment in machinery and equipment in relation to 12-month EBIT.

102%

Average cash conversion for the past five years totalled 104 percent.



● Net debt/adjusted* EBITDA

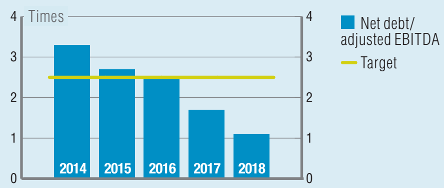
2.5

Bravida's capital structure should enable a high degree of financial flexibility and provide scope for acquisitions. The company's target is a net debt/equity ratio of approximately 2.5x net debt/adjusted EBITDA.

*Adjusted for specific costs.

1.1

Bravida has reduced its debt/equity ratio in recent years.



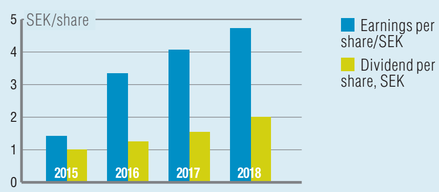
● Dividend policy

> 50%

Bravida's target is to pay out a minimum of 50 percent of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities.

42%

Proposed dividend of SEK 2.00 per share corresponds to a total of SEK 404 million.



Our vision

Bravida is the best in the Nordics at providing sustainable service and installation of the functions that bring buildings to life. We are the first choice for customers and the most attractive employer in the industry.

Our mission

We offer technical end-to-end solutions over the life of a property, from consulting and design to installation and service. We are a large company with a local presence across the Nordics. We meet customers locally and take long-term responsibility for our work. Our employees are our most important resource. With shared values, working methods and tools, together we create a sustainable and profitable business for us and our customers.

A sustainable company

TARGETS	OUTCOME FOR 2018

GOOD HEALTH AND SAFETY

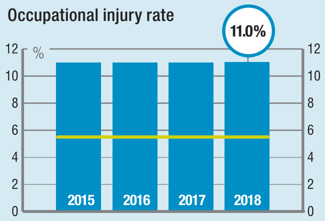
● Occupational injury rate* Sickness absence**

< 5.5 **< 4.5%**

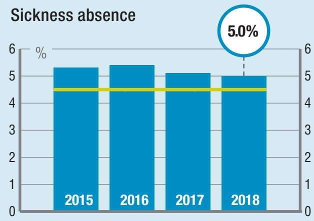
No Bravida employee should suffer from work-related physical or mental ill health – our long-term aim is to eliminate this.

*LTIR, lost time injury rate – the number of injuries that lead to at least one day of sickness absence per million working hours.
**Total hours of sickness absence in relation to planned working hours.

Occupational injury rate



Sickness absence



SUSTAINABLE USE OF RESOURCES

● Change in fuel-based CO_2 emissions per km

-3%
compared with the previous year

*Refers to Sweden, Norway, Denmark and Finland.
**Refers to Sweden, Norway and Denmark.

+0.4%
2018*

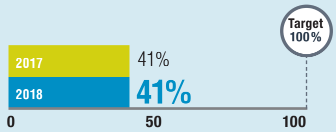
+3.9%
2017**

GOOD BUSINESS ETHICS

● Percentage of our significant suppliers in Sweden that accept our supplier code of conduct

100%

41%
Follow-up is carried out every other year, most recently in 2017.



The industry's most attractive employer

TARGETS	OUTCOME FOR 2018

THE MOST ATTRACTIVE EMPLOYER

● Employee motivation index* (EMI)

70

71
Office-based employees

66
Employees under collective agreements

*In future surveys EMI will be replaced by employee net promoter score (eNPS). Bravida's eNPS for 2018 was 8 on a scale of -100 to 100. The industry average is 9.

Market leader with satisfied customers

TARGETS	OUTCOME FOR 2018

MARKET LEADER

● Brand position in the industry

#1

In late 2017, Bravida conducted its sixth brand survey of the Nordic countries. Finland was included for the first time. The survey shows that Bravida is the best known brand in the industry in Scandinavia. In Finland, Bravida is still a new name in the market and is consequently not as well known.

BRAVIDA'S STRATEGIES

How we generate profitable growth

Organic and profitable growth provides a stable platform

Bravida's objective is to be the largest or second-largest operator in all the locations where we choose to operate. We aim to grow both organically and via acquisitions in our various key geographical markets. To ensure long-term stable growth, we are increasing our focus on service and proactive sales.

Bravida has a number of groupwide initiatives to promote organic growth. Key areas are more proactive sales and service growth. We also want to increase the number of end-to-end solutions covering several technical areas, which requires greater cooperation between our branches.

GROWTH IN SERVICE AND PROACTIVE SALES

Service, operation and maintenance represent recurring business that boosts the stability of our business and makes it less sensitive to fluctuations in the economy. Combining installation and service provides more long-term business. A key strategy for promoting organic growth is to convert more completed installation projects into long-term service assignments.

We aim to encourage closer dialogue with our customers to better understand their needs, provide better service and strengthen customer relations. We contact existing and new customers to present Bravida's offering and suggest improvements. We train our employees to strengthen their ability to identify and meet customer needs.

END-TO-END SOLUTIONS BOOST COMPETITIVENESS

Bravida differs from most of our local competitors through our ability to carry out end-to-end projects comprising multiple technical fields. Together our branches have the capacity to perform major service and installation assignments throughout the Nordics. We conduct groupwide marketing initiatives and deliver packaged services comprising more than one technical area. Together, we endeavour to gain more national agreements with major customers that have operations across several regions.

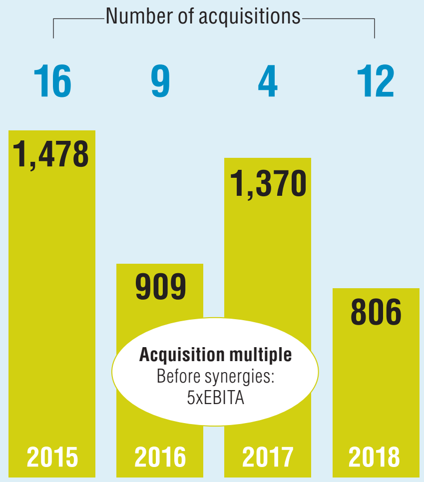
COOPERATION BETWEEN BRANCHES IS VITAL

Our objective is to gain more groupwide projects involving multiple technical areas and branches. We use shared systems and methods to make it easier for our branches to work together. This also enables Bravida to grow and train new employees quickly, as well as integrate new businesses.

Strong history of acquisitions

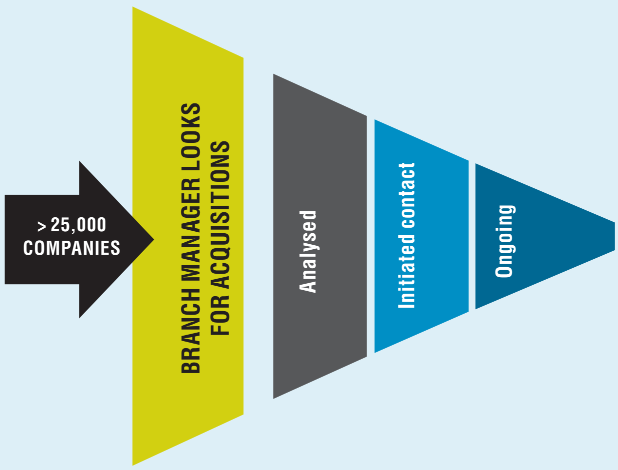
Over the past four years Bravida has made 41 acquisitions, which have increased annual sales by SEK 4,563 million.

ANNUAL SALES, ACQUIRED COMPANIES, SEK million



Large number of potential acquisitions

In order to identify and assess small, local acquisitions as well as acquisitions of major companies, Bravida conducts a continuous acquisition process, with potential acquisitions being identified within the organisation and then analysed and possibly carried out by the Group.



Acquisitions, an important element of growth

The Nordic service and installation market is fragmented, with more than 25,000 companies. A large percentage of these are small with only a few employees. The industry's structure provides good opportunities for acquisitions.

ACQUISITIONS TO CONTRIBUTE 5–7 PERCENT GROWTH
Acquisitions are one of the fundamental elements of Bravida's growth strategy. Our aim is to grow by 5–7 percent a year through acquisitions.

THE ACQUISITION PROCESS
Acquisition candidates must have a long, stable history and strong management who, through incentives, are encouraged to remain in businesses after acquisitions. Acquisitions are quickly integrated into Bravida's organisation, business systems and our Group brand.

Bravida makes various types of acquisitions

Bravida's strategy is to be a market leader in the places in which we operate. We also want to grow, both organically and through acquisitions, in those places. We make various types of acquisitions:

Strengthening our local offering
Bravida makes bolt-on acquisitions on the local market to become a market leader in a particular technical area.

Complementing our technical offering
Bravida makes acquisitions on the local market so we can offer our customers a comprehensive technical offering.

Providing geographical expansion
Bravida makes acquisitions to grow geographically into strategically important areas where we don't currently have a presence.

How we generate profitable growth

ORGANIC GROWTH
Focus on:
- Growth within service
- Proactive sales
- Comprehensive solutions
- More cooperation involving multiple technical areas

GROWTH THROUGH ACQUISITIONS

- **Continual acquisition process**
We acquire companies that help us become the local market leader in selected regions.
- **Acquisitions should contribute at least one of the following:**
  - Strengthening our local offering
  - Complementing our technical offering
  - Providing geographical expansion.

How we create financial stability

Maintaining good financial stability is essential to Bravida. Margin always takes precedence over volume in our operations, cost-effectiveness is a cornerstone of our business and we continually endeavour to maintain stable cash flow.

LOTS OF SMALL PROJECTS

Bravida has a diversified customer structure, with a large percentage of relatively small projects. So we are not dependent on individual customers or assignments. Bravida has lots of smaller projects and a few large projects. The majority of assignments have an order value of up to SEK 10 million. Only 10 percent of sales come from projects with an order value of over SEK 50 million.

SERVICE IS LESS SENSITIVE TO ECONOMIC CONDITIONS

Our service business, which accounts for nearly half our sales, is stable because of its recurring nature. In addition, refurbishment and extension work, which are less cyclical than new-builds, accounts for 16 percent of our sales. All in all, just over 60 percent of our business is less cyclical than the overall construction industry.

MARGIN OVER VOLUME – FOCUS ON PROFITABLE GROWTH

Bravida always prioritises profitability over volumes in projects, which is a fundamental consideration when we undertake a project. We do not take on projects in which the margin is low or risk too high. Ongoing projects are reviewed on an ongoing basis with regard to costs incurred, current cost estimates and cash flow. A steering group is established for large projects to reduce the risk of incorrect estimates.

COST-EFFECTIVENESS IS FUNDAMENTAL

A high level of cost awareness is a success factor for Bravida. We focus on limiting the increase in administrative expenses as we grow. With good financial monitoring at all levels of our organisation, Bravida conducts stable operations with controlled risk assumption.

Our cost structure, with a low proportion of fixed costs, gives us flexibility if the market for new build-related projects were to weaken. In addition, Bravida continually endeavours to leverage the economies of scale offered by a large organisation, including administrative functions and systems support. Group-wide purchases are one of our most important synergies and create significant competitiveness.

STRONG CASH FLOWS AND SOUND CAPITAL STRUCTURE

Bravida's ability to generate stable cash flows is fundamental to our ability to grow both organically and via acquisitions. Stable cash flow is also necessary for us to fulfil our dividend policy. To achieve this, our local branches continually take measures to maintain control of invoicing, payment plans and processes, and we also endeavour to limit our tied-up capital. For example, we lease our offices and our vehicles, making it easier to adjust production capacity and administrative costs to demand.

How we create financial stability

GOOD PROFITABILITY

▶ Margin over volume

Growth, but not at any price. We only take on assignments with a healthy margin and calculable risks.

▶ Focus on cost-effectiveness

• Minimise fixed costs. We adapt production capacity and administrative expenses according to sales.

• Coordination of purchasing generates economies of scale and cost-effectiveness.

▶ Continual financial monitoring

Continual financial monitoring at all levels of the company.

STABLE CASH FLOW

▶ Focus on cash flow

Long-term efforts to maintain strong cash flow and a healthy capital structure.

How we create a sustainable company

Bravida's sustainability work is an integral part of our business. Our priority sustainability issues are good health and safety, sustainable use of resources and good business ethics. These are supported by our working methods and values.

GOOD WORK ENVIRONMENT – EMPLOYEE SAFETY, AND PHYSICAL AND MENTAL HEALTH

We want every employee to be healthy at the end of each working day. So we take a systematic approach to the physical and mental work environment, and health and safety.

Initiatives are undertaken throughout the Group to improve the work environment and employee health. Everyone at Bravida has a collective responsibility to contribute to a pleasant and safe work environment. The Bravida School offers training on health and safety for all employees, and managers are continually trained on work environment issues.

SUSTAINABLE USE OF RESOURCES – EFFICIENT PRODUCTION AND ENERGY-EFFICIENT OFFERINGS

Our customer offering is an important aspect of our work on sustainable use of energy and resources. Every day our service and installation work contributes to saving energy and resources in properties and industrial facilities.

We are also endeavouring to cut the environmental footprint of our own business operations. Bravida's most significant internal environmentally related aspects consist of transportation and waste. Our focus is on improving the environmental performance of our vehicle fleet and enhancing planning to reduce the number of collection orders and the amount of waste material.

GOOD BUSINESS ETHICS – IN RELATION TO CUSTOMERS, EMPLOYEES AND SUPPLIERS

Bravida endeavours to maintain good business ethics in relation to all our stakeholders. This means we always aim to act with good conduct, whether this relates to employees, customers or suppliers.

Bravida should be a workplace that welcomes and respects all employees. Our approach is based on national legislation, collective agreements and a code of conduct on human rights, health and safety and labour law. By promoting gender equality and diversity, we make the most of employees' differences, skills and experience.

All our business relationships should be managed in a responsible and proper manner. We believe in competition and that all decisions should be commercially based without any personal benefit for those involved. We place the same requirements on our business partners as we place on ourselves with regard to safety, environmental impact, human rights, quality and business ethics. Our suppliers and subcontractors must comply with our code of conduct.

How we create a sustainable company

GOOD HEALTH AND SAFETY

▶ Active health and safety work
Focus on employee safety, and physical and mental health.

▶ A culture promoting good health and safety
Collective responsibility to contribute to a pleasant and safe work environment.

SUSTAINABLE USE OF RESOURCES

▶ Efficient operations
Greater efficiency in our own operations and resource usage.

▶ Energy efficiency in customer properties
Cooperation with customers to reduce the consumption of energy and resources in their properties and industrial facilities.

▶ Sustainable products
Environmental assessment of materials and products.

GOOD BUSINESS ETHICS

▶ Internal culture
Active measures to maintain a healthy corporate culture with good values.

▶ Suppliers
Continual sustainability assessment of suppliers.

How we aim to be the industry's most attractive employer

Access to capable employees is vital to Bravida's success and growth, but competition for labour is tough. That's why we're focusing more on recruiting, retaining and developing the best leaders and employees.

To succeed as a services company we need to have the best leaders and employees in the industry. But according to the trade association Installatörsföretagen, 10,000 more trained fitters are needed in Sweden. Denmark faces a similar situation.

At the same time, Bravida's need for skilled fitters, technicians and engineers is increasing. We want to be a leader in sustainable service and installation in the future, and also achieve profitable growth. So we have to be the best in the industry at attracting, retaining and developing the best employees and leaders.

FOCUS ON DEVELOPING EMPLOYEES AND MANAGERS

We want our employees to grow and develop professionally. The best way to learn is through work, but we also offer further training through our in-house Bravida School, and career paths within the Group. Leadership also plays an important part in Bravida's success. So we have established clear expectations of how leaders at Bravida need to be. We also place strong emphasis on developing and supporting our leaders.

RECRUITMENT TAKES PLACE LOCALLY USING GROUPWIDE JOB PROFILING

Bravida works at various levels to find and recruit the right skills. Recruitment takes place locally, while the Group provides support through job profiling and groupwide recruitment tools. We are also working to increase our presence at institutions such as vocational colleges to boost interest in Bravida and our industry.

A WORKPLACE THAT WELCOMES DIFFERENCE

Bravida welcomes and respects all employees. An inclusive culture is key to a pleasant and safe work environment, and we take a zero-tolerance approach to harassment and discriminatory treatment. To ensure we are the company we want to be, we use policies and focused measures, along with training on our code of conduct and values. If anyone feels we are not complying with our values, we have a whistleblower function that can be used to make an anonymous report.

How we aim to be an attractive employer

DEVELOPING EMPLOYEES AND LEADERS

▶ Employees
Professional development through work. Further training through the Bravida School. Career paths in the Group.

▶ Leaders and leadership
Bravida's activities to recruit, assess, develop and support its leaders.

RECRUITMENT AND INTEREST IN THE INDUSTRY

▶ Coordinated activities
Workforce management, coordinated recruitment activities, development of Bravida's employer brand.

▶ Boosting interest in the industry
- Presence at institutes of technology
- Apprentice programmes

DIVERSITY AND INCLUSIVE CULTURE

▶ Policies, targets and measures
for gender equality & diversity.

▶ Zero tolerance
of harassment and discriminatory treatment.

▶ Code of conduct
Whistleblower function.

How we aim to be the market leader with satisfied customers

Bravida's objective is to be the largest or second-largest operator in all the locations where we choose to operate. To achieve this we need a well-organised and profitable business at each of our branches. Our recipe for success is called the Bravida Way.

BRAVIDA WAY GENERATES SATISFIED CUSTOMERS

What distinguishes Bravida from similar companies is the Bravida Way – our corporate culture and shared working practices. Each branch is responsible for its earnings, and the Bravida Way gives them a structured approach for continually monitoring and improving their business.

Our groupwide methods ensure our assignments are well organised, ensuring high-quality deliveries. This generates both satisfied customers and good local market relations.

STRONG BRANCHES MAKE FOR A STRONG BRAND

The strength of Bravida's brand is that our customers can expect the same high quality in our services, whichever branch they use.

It's the combined dynamism of all Bravida's branches that drives the company forward. Each branch constantly endeavours to be the best local – and Nordic – provider of sustainable service and installation in properties and industrial facilities.

PROACTIVE STEPS TOWARDS THE FUTURE

To retain our future position in the industry, we are implementing proactive initiatives in installation, service and digitalisation.

Continued growth in installation. Our installation business lays the foundations for future growth of our service business. That's why we are continuing to focus on profitable growth in installation. This includes systematic sales-related measures, greater cooperation between technical areas and new technical solutions.

Focus on service. Service, refurbishment and maintenance provide recurring business, making Bravida less sensitive to economic conditions. And service business generally carries a higher margin and lasts longer than installation assignments. So we will be focusing significantly on our service business over the next few years to strengthen our position as the leading service partner in the Nordics.

Digitalisation. The Nordic service and installation industry is at the start of the digitalisation process. Bravida wants to lead the way in the sector, and will therefore be focusing more on digitalisation over the next few years. This applies to interaction with customers, our customer offering and internal processes.

How we aim to be the market leader

BRAVIDA WAY GENERATES SATISFIED CUSTOMERS

▶ Groupwide methods
provide a systematic way of monitoring and improving each aspect of our business.

▶ Good organisation in our projects and assignments leads to satisfied customers.

A STRONG BRAND

▶ Strong branches make for a strong brand
The same high quality in all locations. We want each branch to be considered the best local provider.

PROACTIVE STEPS TOWARDS THE FUTURE

▶ Continued growth in installation
Systematic sales-related measures, cooperation between technical areas

▶ Focus on service.
Strengthen our position as the Nordic leader in service

▶ Digitalisation
Increased digitalisation of customer relationships, offerings and internal processes will make us the industry leader.

BRAVIDA'S MARKET

The market in 2018

The Nordic service and installation market remained stable in 2018. Bravida has a broad customer base, increasing growth in its service business and continued opportunities for good acquisitions. This provides us with good opportunities for growth going forward, even if the construction sector were to weaken.

Size of the service and installation market*

SEK 273 BILLION

Sweden

Market sales
SEK 90 BILLION

Bravida's market share
11%

Bravida's market position
1

MATTIAS JOHANSSON:

The market in 2018
"The Swedish market was good in 2018, with positive development in most markets – industry, public-sector properties and housing."

Outlook for 2019
"I think we'll see continued good growth on the Swedish market for service and installation, but at a slightly lower rate. If new construction decreases it will probably be offset by increased maintenance and refurbishments. We're coming from a very high level. What's taking place is a normalisation of the housing market."

Norway

Market sales
SEK 75 BILLION

Bravida's market share
6%

Bravida's market position
1

TORE BAKKE:

The market in 2018
"The Norwegian market performed well in 2018 across both service and installation. Those areas that were affected by the oil crisis have started to recover. Our sales increased significantly in 2018, owing mainly to small projects."

Outlook for 2019
"The outlook for 2019 is relatively good, with a satisfactory backlog and good demand for service assignments. We believe the number of housing projects will decrease slightly, but this is being offset by higher activity in commercial properties. Within service, we're seeing significant demand for solutions that can reduce energy consumption in properties. I think the greatest challenge will be recruiting the best employees and leaders."

Denmark

Market sales
SEK 53 BILLION

Bravida's market share
6%

Bravida's market position
2

JOHNNY HEY:

The market in 2018
"In Denmark we've had a high level of activity with lots of tenders in both our service and installation businesses. We're seeing a tendency for larger projects and more framework agreements in both the corporate and public sectors. Our focus is on creating more packaged service solutions."

Outlook for 2019
"We expect a continued high level of activity for 2019–2020. International competition is increasing and we'll need to get used to working with overseas turnkey contractors. Projects are becoming increasingly complex and require greater coordination. Also, digitalisation is offering new opportunities. One particular challenge is finding new employees in both installation and service."

Finland

Market sales
SEK 56 BILLION

Bravida's market share
2%

Bravida's market position
5

MARKO HOLOPAINEN:

The market in 2018
"The Finnish market for both service and installation is relatively good and we're pleased that it grew slightly in 2018. Market activity is highest in the 10 largest cities."

Outlook for 2019
"We're expecting the Finnish construction market to be stable in 2019. The number of housing projects will probably be lower as new planning permissions for housing are decreasing, while the number of industrial and commercial property projects are estimated to remain at the same level. In addition, both refurbishment and service business is increasing."

*Source: Prognoscentret, December 2018

BRAVIDA'S MARKET
BROAD-BASED BUSINESS CREATES STABILITY

Bravida has more than 55,000 customers. No customer accounts for more than 4 percent of Bravida's total sales. This means we are not dependent on any one customer, project or sector.

Bravida's competitors

25,000 local companies and a few large operators

The Nordic service and installation market is fragmented and consists of around 25,000 small companies specialising in a single technical area and a few larger operators with wider offerings.

LOCAL COMPANIES

On local markets we mainly compete with local companies

- Few employees
- Privately owned
- Geographically limited areas
- Often only one technical area

LARGE OPERATORS

Large companies compete for major contracts

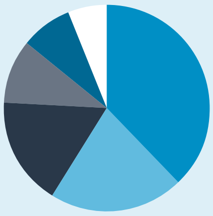
- National or international
- Multiple technical areas
- Financial capacity
- Economies of scale

Two main customer groups

Property owners and professional tenants. End-customers – professional tenants and property owners – are key to our service activities. Income from customers in the public sector still accounts for a sizeable proportion of Bravida's sales. Private property owners and industry are other major customer groups.

Building contractors. A key customer group comprises building contractors, who purchase installation services as part of a construction contract.

CUSTOMER GROUPS



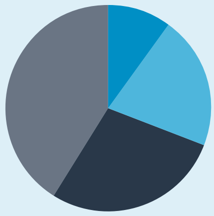
- **38%** Construction companies
- **21%** Other commercial
- **17%** Public sector
- **10%** Property companies
- **8%** Industry
- **6%** Other

38% construction companies

Wide-ranging and diverse customer base

Bravida's sales mainly consist of a large number of small and medium-sized projects and assignments. Of Bravida's more than 55,000 customers, no individual customer accounts for more than 4 percent of Bravida's sales, which provides for significant risk diversification. In 2018, the five largest customers accounted for 13 percent of net sales, of which four are large construction companies with a wide range of different projects and contacts. Of those customers that accounted for sales over SEK 5 million, over 95 percent were also customers in 2017.

SALES BY PROJECT SIZE



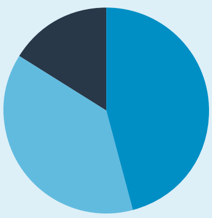
- **10%** **> SEK 50** million
- **21%** **SEK 10–50** million
- **28%** **1–SEK 10** million
- **41%** **SEK 0–1** million

> 55,000 customers

Lots of different projects and assignments

Bravida is selected for installation and service solutions at all types of facilities and buildings. This includes housing, commercial premises, infrastructure projects, sports arenas and stadiums, hospitals, schools and industrial properties. A typical installation project takes six months from start to final delivery, but projects may also span several years. Service assignments comprise everything from 1–2 hour emergency call-outs to multi-year maintenance contracts.

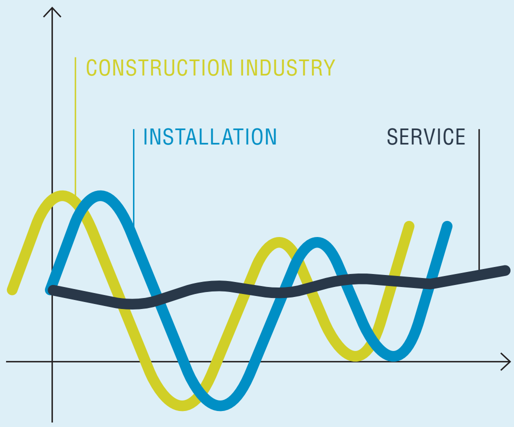
TYPES OF ASSIGNMENT



- **46%** Service
- **38%** New-builds
- **16%** Refurbishment and upgrade work

Service is needed regardless of economic conditions

The installation market follows the fluctuations of the local construction industry in each location and country, with some time lag. Service and maintenance of properties and industrial facilities is in demand whatever the economic conditions, which creates stability in the market.



BRAVIDA'S MARKET
SERVICE INCREASINGLY IMPORTANT IN THE FUTURE

Installations' share of construction cost*

~23%

Housing

- Lots of 'basic' installation projects
- Recurring customers

SCHOOL

~35%

Commercial and public-sector properties

- Extensive installations provide significant potential for long-term service assignments

~39%

Hospitals

- Complex installations provide significant service volumes
- Long service agreements

*Source: Industrifakta

Trends affecting our market

Trend: Increasing demand for sustainable and energy-efficient buildings is an important growth driver in our industry. Properties have a significant environmental impact, both when constructed (materials and transportation) and when in use (energy consumption and emissions). A large percentage of properties in the Nordic region require refurbishment to achieve the requirements set in EU directives.

How this affects Bravida's future opportunities: Installations such as electrical systems, heating and plumbing, and HVAC account for a large share of a property's energy consumption. This creates significant opportunities for Bravida. In new-build projects we create sustainable, energy-efficient and long-lasting installation solutions. In existing properties we can both increase sustainability and reduce energy consumption through regular service.

Trend: Cities in the Nordic region are growing, both through immigration and population growth. As the population rises, so too does the need for new buildings and installations for uses such as housing, offices, retail, schools and care. This is leading to greater pressure on infrastructure such as power supply, railways, roads, tunnels and rail-based public transport.

How this affects Bravida's future opportunities: As towns and cities grow they need both new construction and public investment. For Bravida this offers opportunities for more service and installation assignments across all our technical areas.

Trend: Today's information society is placing entirely new requirements on our IT environments. Security and capacity requirements are growing – at home, at work and in society. Meanwhile, there are increasing opportunities to connect technical installations online, allowing properties' functions to be monitored and energy use optimised remotely.

How this affects Bravida's future opportunities: For Bravida this technical progress offers significant business opportunities. We are seeing growth in assignments in areas such as cooled server rooms and automated control of technical systems. Demand for service is increasing amid growing technical complexity. Digital operational monitoring will enable us in the future to carry out a greater proportion of service remotely.

A lot of construction is taking place in the Nordics, both in property and infrastructure, which is driving demand for installation projects. Also, there are trends that are making service an increasingly important part of our market.

THE INSTALLATION MARKET TRACKS LOCAL CONSTRUCTION INDUSTRY

Overall construction output is important for Bravida's growth, because all properties and industrial facilities require technical functions such as electricity, heating and plumbing and ventilation. Construction volumes in the Nordic region have grown in recent years. This has had an effect on the installation market for housing and commercial properties, which tracks the local construction industry. Public investment is less sensitive to economic conditions as it is governed by political decisions.

THE TECHNICAL SERVICE MARKET IS GROWING

Service, maintenance and the refurbishment of installations is becoming an increasingly important part of Bravida's business. The market has grown in recent years and offers significant potential for the future. There are several reasons for this:

- Properties are gaining more functions that require maintenance.
- Greater requirements for energy-efficient properties are boosting demand for service assignments. Regular service both makes installations more energy efficient and ensures they last longer.
- Installations are becoming more complex. Digitalisation is allowing property functions to be automated and controlled remotely, and to operate as a cohesive unit. This is leading to the installation market growing more than the overall construction market.
- Service contracts usually run over several years, unlike installation projects, which are carried out over a more limited period.

GROWING SHARE OF SERVICE BUSINESS CREATES STABILITY

Properties' functions are becoming increasingly important parts of construction projects. The concentration of installations varies between different types of project, but the thing they have in common is that all technical installations require service and maintenance. This ensures a recurring flow of assignments and customers, contributing to stability and growth for the industry.

BRAVIDA'S MARKET THE DIGITAL FUTURE HAS ALREADY ARRIVED

The service and installation industry is becoming increasingly digitalised and the future potential is significant. Johan Olsson, Head of Business Development at Bravida, explains Bravida's work on a new type of customer offering and approach.

In recent years lots of sectors have moved ahead rapidly with digitalisation, while others are yet to embark on the digital journey. The building services sector is at the beginning of a significant move towards digitalisation in a number of areas. Johan Olsson, Head of Business Development at Bravida, explains:

"The vast majority of our customers still prefer traditional forms of contact. For smaller assignments, customers call us to report a fault or to make an order, and we visit the customer to troubleshoot, remove and install fittings. Other, usually larger customers, are further ahead. They have a clearer interest in smart maintenance of properties using modern technology.

"We're seeing more and more organisations starting to realise the opportunities that digitalisation offers, in addition to a greater willingness to pay for digital solutions. So we're now making coordinated efforts to become even more digital, both in our working methods and in our customer offering," says Johan Olsson.

BRAVIDA READY FOR THE NEXT STEP

Digitalisation is taking place at a number of levels. Bravida has established digital operating methods in recent years. Handyman, Bravida's service and order management system, was introduced eight years ago. It is forming the basis for the digitalisation of internal methods, and provides a central platform for the ongoing improvement of the customer experience in Bravida's service operations. On the installation side of the business, we are increasing the use of groupwide digital tools with the aim of digitalising construction sites.

Digitalisation is also helping enhance the customer experience:

"In recent years we've noticed clearer demand for digital interaction and cooperation interfaces. A growing number of service customers are starting to use tools such as Bravida's customer portal to make orders and view the status of their assignments," says Johan Olsson.

REMOTE MANAGEMENT AND SENSOR TECHNOLOGY ON THE RISE

The next step will involve remote management and sensor technology. Johan Olsson believes we'll see a much higher level of automation in the industry within just a few years.

"The new technology allows both fault reporting and trouble-shooting to be automated. Sensors on fans, pumps and electrical fittings can enable our technicians to immediately see what needs to be done before the customer even notices an operating issue. This will allow Bravida to take greater responsibility, be more proactive and provide consulting."

A MORE DIGITAL BUSINESS MODEL FOR THE FUTURE

In the future Bravida will have another type of customer offering; a digital way of bringing buildings to life, says Johan Olsson.

"The smarter properties become, the greater Bravida's role will be in ensuring energy efficiency and indoor climate comfort. So we're now seeing a servicification of the industry. Customers increasingly want contracts that help them with everything from installation to operation, with digital management of communication.

"As a market leader with over 55,000 customers, we're well positioned. Together with our customers, we've been leading developments for a number of years. Now that digitalisation of the industry is beginning in earnest, we are benefitting significantly from being at the forefront," concludes Johan Olsson.

Dalux – Bravida's springboard for digital construction sites

Over the past year Bravida has taken significant steps towards introducing digital methods in its installation work. The mobile app Dalux is now being used in more than 100 of our projects, making life easier for our project managers and fitters.

Dalux is a mobile-based tool that links work on installation projects. The Dalux app gives fitters easy access to digital 2D or 3D plans to view where or how the installations are to be carried out.

Once the installation is complete, fitters can easily conduct a self-inspection straight on their mobile phone, with positioning shown on the plans and using photographic records. It's also easy to report problems and discrepancies using the app. All documentation is saved and is available in real time, wherever users are.

The online application gives project managers an overview of work and the ability to follow up deviations and self-inspections. This results in better cooperation between Bravida, building contractors and other project participants. Stian Sletner, lead fitter with Bravida Oslo Electrical in Norway, explains:

"There are numerous advantages to using digital checklists. For instance, having everything in digital form is reducing the amount of paperwork. And communication within the company and with other contractors is improving.

Björn Kinge, a project manager at the same branch, agrees:

"We all have smartphones and it's becoming second nature for more and more of us to use digital tools. Adopting new methods and tools like Dalux is a natural progression for the building services sector. The future is digital."

Bravida's first project using Dalux began in summer 2018. Dalux is now being used by Bravida for more than 100 installation projects across the Nordic region. The aim in the long term is to digitalise methods throughout Bravida's installation business.

BRAVIDA'S CUSTOMER OFFERING

End-to-end service and installation provider

Bravida brings buildings to life – 24 hours a day, 365 days a year. Our aim is for each service and installation project to make a property better and more energy efficient. This places stringent requirements on our offering.

Bravida specialises in all the technical functions of properties. We work primarily with electrical, heating and plumbing, and HVAC, but we're also big in security, sprinklers, cooling, power supply, lifts, project management and technical service management.

SERVICE EXTENDS THE LIFE OF INSTALLATIONS AND CUTS COSTS

Every year huge amounts of energy are consumed unnecessarily because of old or poorly maintained fittings. Bravida wants to change this. We're focusing on expanding service activities with our customers. Regular service allows us to optimise a property's energy consumption. And service ensures installations both work better and last longer.

SMART INSTALLATIONS SAVE ENERGY

Every day we install new energy-efficient technology in properties and industrial facilities. The majority of our assignments cover just one technical area, but the fittings installed in a property are part of a cohesive unit. In large projects we can manage all installation work. This enables us to help create energy-efficient properties and industrial facilities that last a long time.

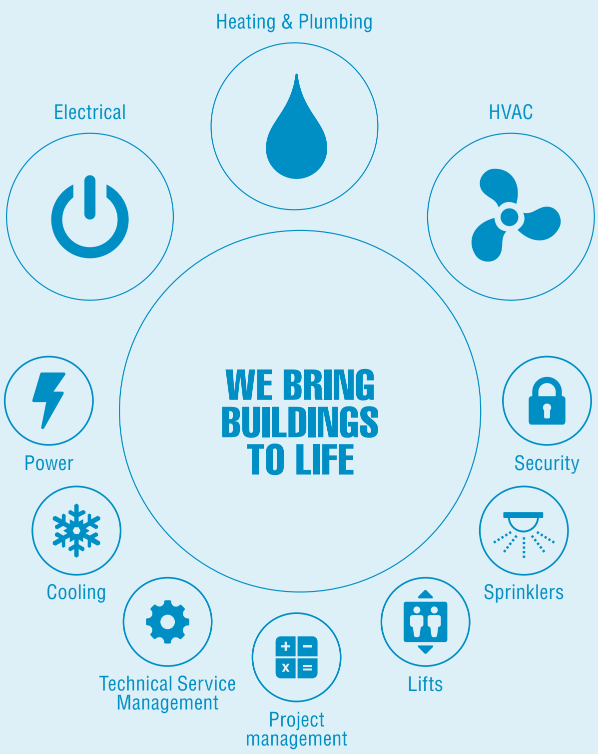
We are specialists in the vital functions of properties

Operation & maintenance | Refurbishment & extension work | New-builds

Heating & Plumbing. Installation and service of all types of heating and plumbing solutions, both basic fittings in homes or offices, and more complex systems for industry, hospitals or leisure centres.

Electrical. All types of electrical installations and electrical service, both in existing properties and new-builds, whether they are offices, housing, hospitals, industrial facilities or large infrastructure projects.

HVAC. Installation and service of all types of HVAC (heating, ventilation and air conditioning) solutions, such as air treatment, process ventilation and control and monitoring. We also help with calibration and mandatory ventilation checks.



Power. High-voltage services across the electrical network, including for electrical installations, power stations, the power grid and substations.

Fire safety and security. Fire alarms, intrusion alarms, access control systems, CCTV and overarching platforms. Consulting, project services and security service solutions.

Cooling. Design, installation and service for all types of cooling systems, including systems based on HFCs, CO_2, propane and ammonia, as well as energy optimisation.

Sprinklers. Everything relating to sprinkler systems: project planning, design and documentation, remodelling and expansion, and regular maintenance.

Technical Facilities Management.
Ongoing technical management of all types of properties and facilities. We prevent breakdowns and step in if problems arise.

Lifts. Installation, service and maintenance of passenger and goods lifts. Project planning and coordination.

Project management. Project, build and design management for the construction and property, installation and energy, infrastructure and public-buildings sectors.

BRAVIDA'S BUSINESS

Our values:

PROFESSIONALISM
CLEAR RESPONSIBILITY FOR ECONOMY AND PROFITABILITY

SIMPLICITY
A UNIFORM AND UNCOMPLICATED APPROACH

COMPETENCE
KNOWLEDGE, WILL AND ABILITY

GOOD CONDUCT
RELIABILITY AND CORRECT BEHAVIOUR

- In all parts of the organisation, there are opportunities and paths that lead the company forward. All our employees take responsibility for the company's finances through all stages of our projects and assignments.
- Simple and uncomplicated routines and work processes make day-to-day operations run smoothly and efficiently. With the aid of a uniform approach, all of our local branches solve similar issues in the same way. 'Same needs – same solution'.
- The right competence is in the right place for every assignment. The competence is organised in the best interests of both the company and the customer. Bravida is a step ahead an thinks in new ways. Employees collaborate between branches and technical areas, and between divisions and countries.
- Bravida has a clear style of business conduct that is based on reliability and correct behaviour. Employees take personal responsibility and deliver what they promise. A friendly and accommodating approach is self-evident in all customer contact.

The Bravida Way – Three important principles govern how we conduct business at Bravida

ENTREPRENEURSHIP

Our approach is based on an important principle: each local branch is responsible for its own earnings. Branch managers are responsible for creating, together with their employees, a successful business with stable profitability, growth and good local market relations. It's the combined commitment of the branches and employees that drive Bravida forward.

FOLLOW-UP AND SUPPORT

Together, the branches create economies of scale, supported by Bravida's shared tools and working methods. Employees are responsible for continually making use of these. Regular follow-ups together help us create the stable profitability that is distinctive for our organisation. The business is supported by central Group departments.

CONTINUOUS IMPROVEMENT

We have established shared best-practice working methods. We aim to constantly improve and simplify the way we operate. Our working model, which is designed to create constant improvement, helps local branches continually share experiences and learn from each other.

We are using the Bravida Way to create a profitable business with a long-term approach.

Let's be honest: several of our competitors have an offering that is similar to ours. What sets us apart from the rest is the Bravida Way, our corporate culture and way of working. The Bravida Way is helping us create a profitable business with a long-term approach.

BRAVIDA IS THE LEADING SERVICE AND INSTALLATION COMPANY IN THE NORDICS
We have been operating on the Nordic market for almost a century. Together we have created a successful business that's different from other companies in our industry.

THE FOUNDATION FOR OUR SUCCESS
Our success is based on the Bravida Way, our approach to doing business and working. The Bravida Way is about taking responsibility and using common sense; we do what we promise, we follow up and we constantly improve. It's our recipe for success and we know it works.

EMPHASIS ON CREATING SUCCESSFUL BRANCHES
Bravida has over 280 branches in the Nordics, and the Group's profitability depends on the performance of its branches. Branches that apply the Bravida Way always focus on business with a good margin, and control costs well. That's how we lay the foundations for a profitable assignment.

EFFICIENCY AND SUSTAINABILITY GO HAND IN HAND
Bravida's sustainability work has long been integral to our approach. We believe efficiency and sustainability go hand in hand. Our priority sustainability issues are the sustainable use of resources, good health and safety and good business ethics. These are supported by our working methods and values.

Groupwide systems support

The Group has shared systems for finance, HR, purchasing and administration. These systems support the operations of our branches and increase cooperation.

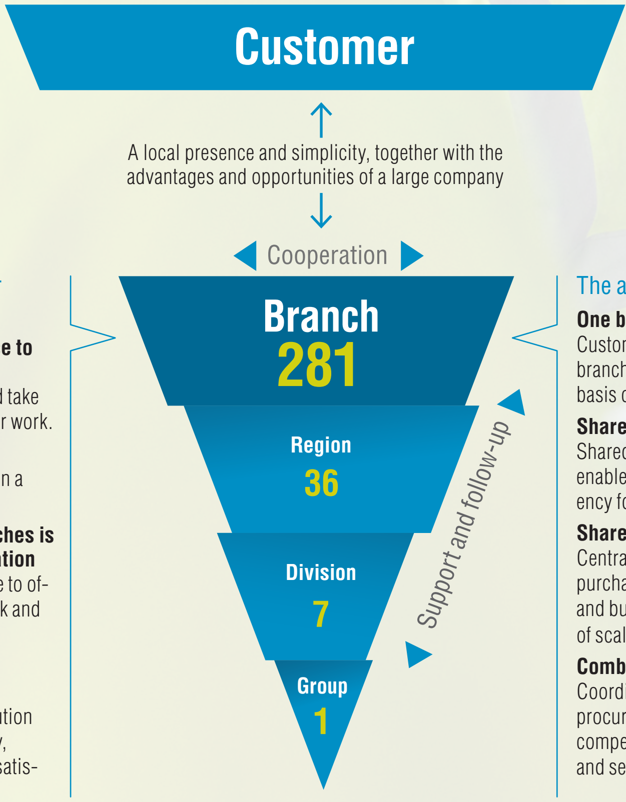
BravidaBAS

BravidaBAS is our business management system, which supports all service and project business. The system ensures that issues such as quality, environment and health and safety are incorporated in the business, both in customer projects and the management of the company at all levels. The system is ISO 9001/14001 certified.

BRAVIDA'S BUSINESS
LOCAL BRANCHES AT THE HEART OF BRAVIDA

Business model

We are based where our customers are –but with the advantages of a large company



The local presence of our branches

We are always located close to customers
We meet customers locally and take long-term responsibility for our work.

Specialised local branches
Each local branch specialises in a particular technical area.

Cooperation between branches is vital to the overall organisation
Together, the branches are able to offer end-to-end installation work and larger service undertakings.

We combine service and installation
We provide an end-to-end solution over the entire life of a property, ensuring long-term customer satisfaction and a stable business.

The advantages of a large company

One brand, shared values
Customers encounter a single brand, whatever branch they visit. Our shared values form the basis of our organisation.

Shared working methods
Shared working methods, tools and systems enable us to deliver high quality and consistency for our customers, wherever they are.

Shared support functions
Central Group functions such as finance, HR, purchasing, IT, legal services, communication and business development create economies of scale and support local branches.

Combined purchasing
Coordination of purchasing and large procurement volumes allow Bravida to offer a competitive range of materials, components and services.

Our local branches are key

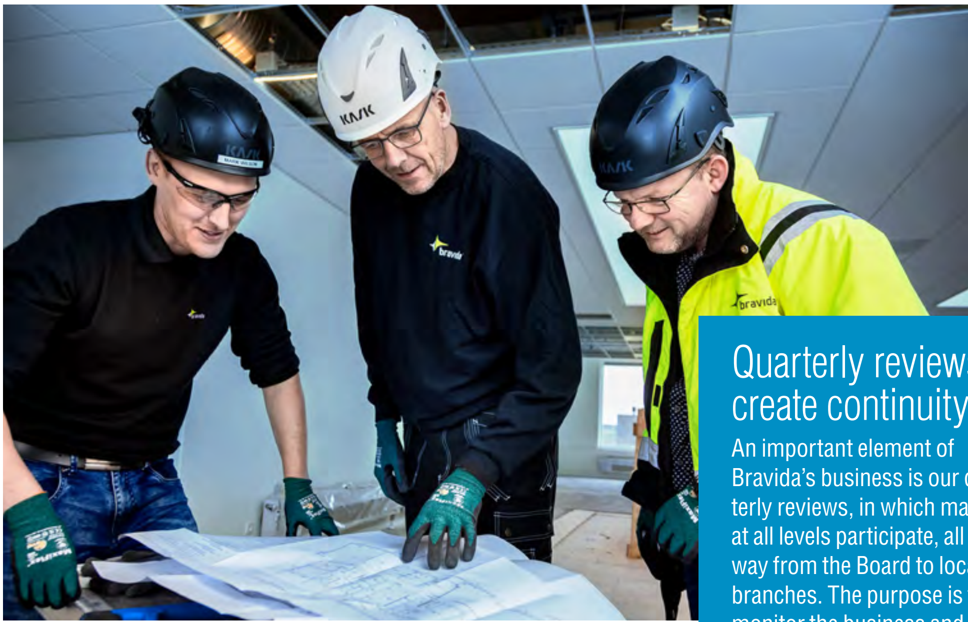
Most of our customers find out about us through our local branches. That's where our fitters and technicians are,and that's where we generate earnings. So our branches take the lead at Bravida. To support them, they have at their disposal the entire Bravida Group's resources.

Bravida's many local branches are the basis of our business. Each branch operates as a small business on a local market, with local customers. Branch managers have a vital role and are responsible for creating a profitable business with a long-term approach.

But our branches aren't alone. They have the support of the entire Bravida Group, with dedicated leaders, shared resources and a large network of contacts. Also, we have the Bravida Way, with clear processes and systems support to establish targets, lead, follow up and constantly improve our business.

INTERVIEW WITH

LARS KRISTENSEN
Branch Manager
of Odense Electrical



"Bravida branches operate as a local company, but with the support of a large organisation.

How do we create financial stability and profitable development of the company? It's all about having a well-organised business at every branch. Lars Kristensen, Branch Manager, explains how Bravida's business model works in practice.

Over 130 people work at Bravida's electrical branch in Odense. Most of them are electricians, but the branch also has coordinators, service managers, project managers and cost accountants.

"**Bravida branches** operate as a local company, but with the support of a large organisation. As branch manager I'm responsible for ensuring the local business runs well, from recruitment and professional development to sales, deliveries and earnings. And I have the support of a large company, which provides me with the tools needed to create a strong branch."

These shared working methods unite all Bravida branches. This means the branches use groupwide resources, systems and tools.

"**Bravida has effective tools for us to use.** We try to adhere closely to the groupwide processes in order to work in the same way on all projects. This makes it easier to both lead and follow up on projects. These groupwide processes create a link throughout the entire organisation and that's what drives Bravida forward.

"**We also receive good** support from the central monitoring systems. Scorecards give me an overview of how the branch is performing, month by month. Follow-up and repetition are key."

With branches throughout the Nordics, Bravida is always close to customers. Each branch has expert knowledge about its local market, and that is the strength in a decentralised organisation.

"**No one at Bravida** knows the Odense market better than us here in Odense. We have good relationships with our local customers. And we can also benefit from Bravida's strong brand. I think this combination means many view us as a local business but also a large and reliable company," adds Lars Kristensen.

Quarterly reviews create continuity

An important element of Bravida's business is our quarterly reviews, in which managers at all levels participate, all the way from the Board to local branches. The purpose is to monitor the business and see what can be done to become even better. These meetings also strengthen Bravida's corporate culture and encourage pride in our performance.

Approval process before important decisions

Another cornerstone at Bravida is the 'grandfather principle'. This means that a manager must consult with their immediate superior before taking important decisions. This relates, for example, to key recruitment decisions and bids for major tenders, as well as significant matters of principle such as entertainment expenses.

BRAVIDA'S BUSINESS EMPLOYEES

EMPLOYEE MOTIVATION INDEX

67.1

AGE STRUCTURE, %	2017	2018
Over 60 years	7.2	7.9
51–60 years	19.7	19.3
41–50 years	20.8	19.8
31–40 years	21.7	22.6
21–30 years	25.6	26.3
Under 20 years	4.8	4.1

NUMBER OF EMPLOYEES, AVERAGE	2017	2018
Total in Group	10,643	11,475
Of whom women	710	759
Sweden	5,626	6,052
Norway	2,718	2,994
Denmark	1,803	1,830
Finland	496	599

Development and recruitment key to growth

Bravida is a large employer – the largest in our industry in the Nordics. But to achieve our growth targets and develop, we need even more skilled employees. So we want to be the most attractive employer in the sector.

Bravida has over 11,000 employees working together. We are fitters, service technicians, project managers, service managers, cost accountants, business managers and economists who are all experts in their own areas. Together we can take on exciting and technically demanding assignments that few other companies can.

But for Bravida to grow and develop over the next few years, taking on more assignments isn't enough. We need to increase our number of employees. The greatest need is in trade professionals, but there is tough competition in the market for skilled fitters and service technicians.

So it's important that we endeavour to retain and develop those employees and leaders we already have. We also need to place a strong emphasis on recruiting new employees and generally boosting interest in the industry.

LOTS OF OPPORTUNITIES FOR EMPLOYEES

To ensure employees want to stay with us for the long term we need to offer professional development opportunities, training and career paths. We believe we learn best through work. But we also have the Bravida School, our own training organisation that offers lots of in-house courses that can open new doors for our employees.

Most of our long-standing employees have had several different roles over the years. There are a number of possible career paths; as a specialist, a project manager, lead fitter, service manager or business manager. We try to fill management positions internally, which creates opportunities, stability and continuity in the organisation.

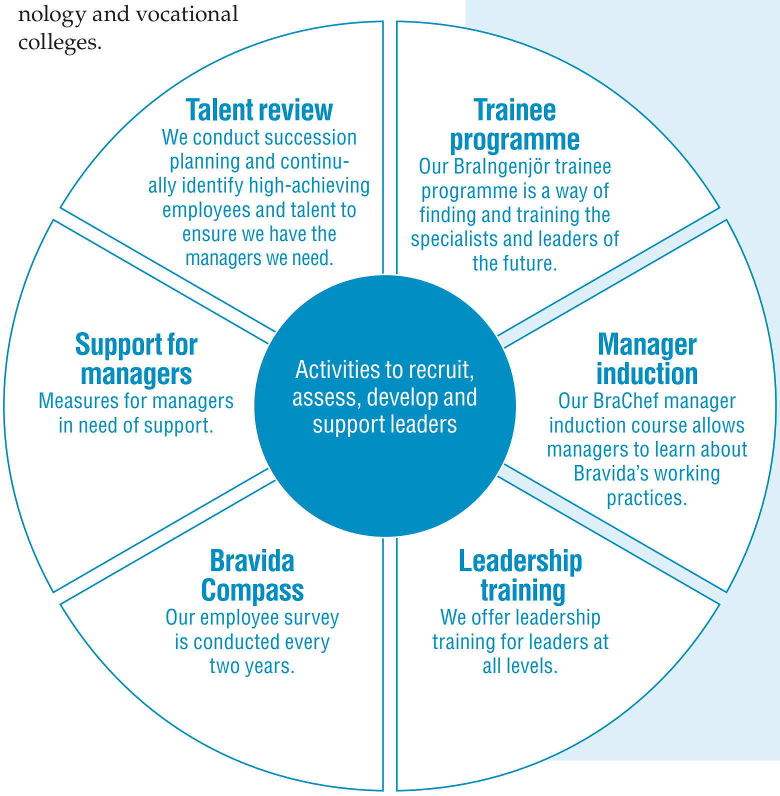
STRUCTURED LEADERSHIP TRAINING

Our leaders play an important role in developing both employees and the business. That's why we have both clear expectations of our leaders and a structured process to recruit, assess, develop and support leaders within the organisation. Activities include Bravida's BraIngenjör trainee programme and Bravida's Talent Review, which identifies Bravida's future leaders.

RECRUITMENT TAKES PLACE LOCALLY USING GROUPWIDE JOB PROFILING

Each Bravida branch is responsible for manning its own business. Skills planning and recruitment takes place locally under Bravida's motto 'We create great results, together'. Support for recruitment is available in the form of professional recruitment assistance, recruitment material and a groupwide recruitment and HR system.

Bravida's local branches regularly recruit apprentices across all areas of technology. Our apprentice programmes are strengthened by cooperation initiatives with colleges. We are raising the profile of and interest in the sector and of Bravida as an employer through a presence at institutes of technology and vocational colleges.



Improvements 2018

▶ **Focus on manager and leadership development**
- New BraChef leadership training
- Work on leadership criteria

▶ **Focus on e-learning**
As part of Bravida's digitalisation, an increasing number of training courses are being converted to digital format.

▶ **New groupwide HR system, BraPeople**
In progress. Makes administration easier and provides a clearer overview.

Follow-up for 2018

67.1 (67)
▶ Employee motivation index (EMI). Target > 70, sale of 0–100.

8
▶ Employee net promoter score (eNPS), scale –100 to 100. Replaces EMI in future surveys. The industry average is 9.

32
▶ 'BraIngenjör' graduates received diplomas from our trainee programme.

1,170
▶ Apprentices worked at Bravida during the year.

BRAVIDA'S BUSINESS PURCHASING AND SUPPLIERS

Groupwide purchasing provides strength

Every year Bravida purchases large quantities of materials, components and services for projects and assignments. This makes us a significant operator with considerable opportunities to make a difference and develop the market.

Purchasing is an important part of our customer offering. Each year Bravida purchases approximately SEK 10 billion of materials, components and supplier services, which corresponds to around half our sales. As a major operator we achieve large purchasing volumes by grouping together our branches' purchases. This allows us to offer a competitive range of materials, components and services.

The purchasing expertise and skills of local branches are crucial to ensure customers receive good end-products and to support the profitability of our projects and assignments. To support our branches we have a groupwide purchasing organisation that develops our range of products and services and strengthens cooperation with suppliers, distributors and subcontractors.

Bravida's purchasing power is also a significant success factor in relation to acquisitions. When acquired companies are integrated into Bravida they gain access to our purchasing platform, including contracts, systems and product assortment. This allows the company to rapidly streamline its purchasing and increase quality in the execution of projects and service assignments.

STRONG INFRASTRUCTURE LAYS THE FOUNDATIONS

Our groupwide purchasing system allows us to work together and organise local branches' purchasing. We also have tools and portals for the purchase of tender-based and specialist materials to make branches' purchasing easier. These tools increase our transparency and coordinate our purchasing within the company.

THE BRAVIDA ASSORTMENT

Bravida has developed a standardised range of suppliers and products, known as the Bravida Assortment, used by all our branches. The range is based on function, quality, environment, price and ease of installation. The range is an important part of our purchasing and our customer offering. Our own BraVal brand in the purchasing system helps the branches make sustainable choices of suppliers, services and products.

Improvements 2018

▶ BraVal

During the year we introduced BraVal, a new brand in our purchasing system. It helps our branches make sustainable choices of suppliers, services and products.

▶ Supplier evaluation

Bravida has designed and developed a system for evaluating our suppliers. This procedure was integrated into Bravida's procurement process in 2018. A number of key customers have reviewed Bravida's process and appreciate our way of providing quality assurance of suppliers.

▶ Purchasing metrics provide local support

Bravida conducts ongoing analysis of purchasing across all our projects and service assignments. This is used to improve purchasing locally, supported by purchasers within the relevant division.

Follow-up for 2018

58% (59%)

▶ of purchases are included in the Bravida Assortment, our own recommended range.*

*Only applies to groups of products relevant to the assortment.

Value chain becoming increasingly integrated

INTERVIEW WITH

LARS KORDUNER
Chief Purchasing Officer at Bravida

Purchasing is an important part of Bravida's business. Lars Korduner, Chief Purchasing Officer at Bravida, explains what's happening at the moment and how purchasing is developing.

What's happening in purchasing at the moment?
"There's a lot going on in the industry at present. On purchasing, we are working increasingly with a few large suppliers. The value chain is in the process of being integrated and digitalised, which is making things more efficient and leading to more cost-effective processes and purchasing."

How good is Bravida at coordinating purchasing?
"Our branches have a strong emphasis on purchasing. A considerable percentage of installed materials are from the Bravida Assortment, and we're working on increasing that percentage further. But we also need to be flexible and be able to work with different brands, depending on what the customer wants, particularly in systems-based solutions, for example in security and automation."

How are sustainability issues affecting the industry and Bravida in terms of purchasing?
"Sustainability is an important issue, and we're endeavouring to making the flow of materials more efficient. We're cutting transportation of materials and waste by improving our planning and long-term organisation of projects and combining purchases.

"We've also made significant progress on our product selection. We're working to ensure products meet our environmental standards and that all suppliers fulfil our code of conduct requirements, including on the environment, health and safety and human rights. BraVal is giving us even better control over the type of products we use in our projects and assignments."

How will digitalisation affect future purchasing?
"We're already seeing the purchasing of the future in the form of the BIM method, with projects being planned down to the smallest detail using virtual technical plans shared by the project partners. Choices of materials are made early on in the design phase and the flow of materials will be more efficient because materials can be ordered in advance. The technology is already available and has started being used in large projects such as hospitals and infrastructure."

> On purchasing, we are working increasingly with a few large suppliers.

A RESPONSIBLE BUSINESS

Sustainability – an integral part of our business

Sustainability is important to Bravida. We have more than 55,000 customers and every day we help them contribute to a more sustainable society. But the issue of sustainability is bigger than that; it's about everything we do in our day-to-day business.

Bravida wants to be a responsible business; a profitable organisation that is sustainable in the long term and doesn't compromise on the future. Sustainability work is part of Bravida's business and its day-to-day activities.

Every day we maintain and install energy-efficient technical solutions at our customers' properties and industrial facilities. Our corporate culture and working methods make for an effective, well-organised business.

OUR PRIORITY SUSTAINABILITY ISSUES

The field of sustainability encompasses many types of issues that are important to different groups of stakeholders. Some of these issues are particularly relevant to Bravida and the service and installation business we conduct.

In order to focus our work, we have prioritised our key sustainability issues. In so doing we have weighed up the expectations of various stakeholders with Bravida's own objectives, priorities and opportunities to make a difference.

We have arrived at three priority sustainability areas in which we need to make the biggest improvements in our business over the next few years: good health and safety, sustainable use of resources and good business ethics.

ORGANISATION AND MONITORING OF SUSTAINABILITY WORK

Sustainability work is an integral part of Bravida's operating activities. Bravida's Board and management provide the overall focus, while the business operations carry out the practical measures. This work is supported by Group departments in the areas of environment, work environment/health and safety, legal services and HR.

In 2017 Bravida's Group management established a new business plan for 2018–2020, and also adjusted the follow-up of the Group's sustainability targets. The new plan was launched in the first quarter of 2018. The sustainability issues that Bravida has identified as most significant relate to the company's business plan and strategies.

An important aspect of Bravida's approach is our regular, detailed follow-up of the business, from individual cost centres up to Group level.

Our priority sustainability issues

GOOD HEALTH AND SAFETY

▶ Employee safety, and physical and mental health

No employee should suffer from work-related physical or mental ill health – our long-term aim is to eliminate this.

Intermediate goals

- Occupational injury rate* < 5.5
- Sickness absence** < 4.5%

*Number of occupational injuries that lead to at least one day of sickness absence per million working hours.
**Total hours of sickness absence in relation to planned working hours.

SUSTAINABLE USE OF RESOURCES

▶ Efficient production and energy-efficient offerings

We aim to offer our customers energy-efficient and environmentally sustainable solutions, and to reduce our own environmental impact.

Intermediate goals

Reduce internal resource consumption and carbon footprint:

- Reduce emissions from service vehicles and company cars
- Increase the percentage of BraVal* products in the Bravida Assortment
- Reduce the percentage of collection orders**

*Bravida's own branding, which helps branches make sustainable product choices. Launched in autumn 2018.
**Unplanned purchases made direct from wholesalers.

GOOD BUSINESS ETHICS

▶ In relation to customers, employees and suppliers

All our business relationships should be managed in a responsible and proper manner.

Intermediate goals

- All our employees and suppliers must comply with our code of conduct, which is based on the UN Global Compact.

Follow-up takes place every quarter and also includes some of our most important sustainability targets. The results are published in Bravida's annual report.

STAKEHOLDER ENGAGEMENT

Bravida's business affects and is affected by a wide range of stakeholders. We interact closely with customers, employees suppliers and shareholders. Much of this engagement takes place through meetings in person in our day-to-day work.

In addition, Bravida holds regular surveys and forums to understand the needs and expectations of stakeholders. Stakeholder engagement allows us to find out what we're doing well in our business, but also what we can improve.

WE COMPLY WITH INTERNATIONAL PRINCIPLES AND AGREEMENTS

The Group's code of conduct, policies and values provide the basis for Bravida's business and strategies. Our work is also based on the laws, requirements and regulations that apply in the countries in which we operate. The code of conduct and our policies are consistent with the UN Global Compact on issues concerning human rights, labour conditions, the environment and corruption. Bravida also endeavours to comply with:

- The UN Declaration of Human Rights;
- The ILO's Declaration on Fundamental Principles and Rights at Work;
- The OECD's principles and standards for multinational enterprises
- The Rio Declaration on the Precautionary Approach, which means that Bravida commits to take a preventive approach and minimise risks in environmental issues.

Additional references to laws, codes and regulations that are material to the company's governance can be found in the Corporate Governance Report.

Groupwide policies

- Bravida's code of conduct
- Code of conduct for suppliers
- Environmental policy
- Quality assurance policy
- Health and safety policy
- Personnel policy
- Equal rights and opportunities policy
- Policy against harassment and discriminatory treatment

Instructions and guidelines provide further guidance on how Bravida personnel should act within the company and in relation to our stakeholders.

Overview of stakeholders

Stakeholder	Engagement channels	Important issues
Customers	• Customer interaction through day-to-day work • Customer and market surveys • Review by customers	• Safety, work environment and health • Energy and resource efficiency • Suppliers and purchasing • Gender equality and diversity • Employee skills and development
Employees	• Daily checks • Annual employee discussions • Training and conferences • Employee survey • Engagement with trade unions	• Long-term stability and development • Safety, work environment and health • Remuneration and benefits • Opportunities for development • Values, diversity and other ethical issues
Suppliers and cooperation partners	• Supplier meetings • Supplier evaluation	• Anti-corruption and bribery • Work environment, labour conditions, health and human rights
Shareholders and investors	• Financial reporting • Webcasts/conference calls • Performances • Annual general meeting • Investor meetings	• Good sustainable development and growth • A sustainable business • Health and safety • Anti-corruption and bribery • Attract and professionally develop employees
External environment –Our industry –Society –Potential customers –Potential employees	• Trade associations • Traditional and social media • Vocational colleges and universities • Trade fairs • Meetings in person – sales and recruitment • Brand surveys	• Installations in social functions • Energy and resource efficiency • Health and safety • Job opportunities, training, apprentices • Laws and taxes


bravida

PRIORITY SUSTAINABILITY ISSUES

Work environment, health and safety

At Bravida our vision is to eliminate occupational injuries entirely. Every employee should be healthy at the end of each working day. So we take a systematic approach to the physical and mental work environment, and health and safety.

Bravida operates in an industry with significant health and safety challenges. Some of the largest are the large number of operators involved in construction projects, high-risk environments and tasks, a fast pace and a culture that doesn't always encourage a safety mindset. At the same time, we know that a good work environment is positive for both employees and the company.

STRUCTURED PROCESS TO PREVENT OCCUPATIONAL INJURIES

Bravida's vision is to eliminate occupational injuries entirely. Initially our target is for the occupational injury rate, LTIR*, i.e. the number of occupational injuries that lead to at least one day's absence per million hours worked, to be under 5.5.

Over the years we have developed resources and systems to promote health and prevent injury at work. This is based on the Bravida Way; we plan work in a way that creates a sense of security and orderliness. And we work constantly on improving our efforts to prevent injuries.

CULTURE IS KEY TO HEALTH AND SAFETY

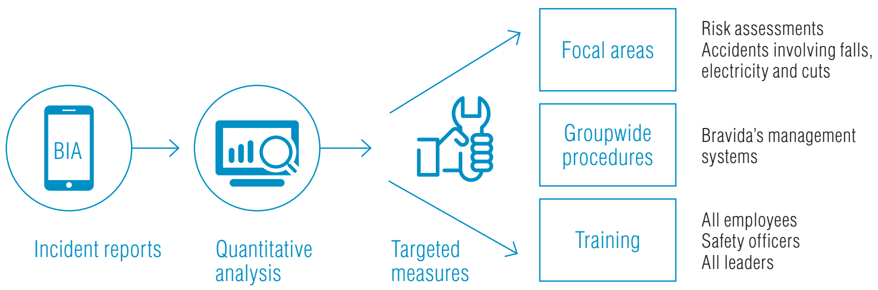
But change takes time. Rules, procedures and requirements aren't enough to achieve our health and safety goals. This is shown by the figures for the year. The next step is to create a culture in which we show even more consideration for each other. Everyone at Bravida has a collective responsibility to contribute to a pleasant and safe work environment, both for themselves and for their colleagues.

A HEALTHIER WORKPLACE

Another important strategic target for Bravida is to reduce absence due to sickness to below 4.5 percent. In recent years we have got closer to this target but we still have important work to do. Key measures to take include making contact at an early stage, following up and supporting colleagues on sick leave, as well as a structured rehabilitation process.

*Lost time incident rate.

Bravida risk management system



Bravida's risk management system, BIA, allows Bravida employees to easily report incidents, accidents, risk observations, occupational injuries and preventive activities using an app. We regularly analyse data from the system to establish focal areas and effective targeted measures.

Improvements in 2018

- Updated health and safety training courses
- New requirements on gloves and safer step-ladders
- Focus on risk assessments

Follow-up for 2018

OCCUPATIONAL INJURY RATE*	2017	2018
Sweden	9.5	9.9
Norway	3.0	5.1
Denmark	19.0	16.2
Finland	33.8	31.6
Group	11.0	11.0

*Occupational injuries that lead to at least one day of sickness absence per million working hours.

SICKNESS ABSENCE* %	2017	2018
Sweden	4.7	4.9
Norway	5.8	5.9
Denmark	4.8	4.2
Finland	4.5	4.8
Group	5.1	5.0

*Total hours of sickness absence in relation to planned working hours.

Initiative to eliminate accidents

Bravida is a founding member of the organisation 'Samverkan för noll olyckor i byggbranschen' (joint action for zero accidents in the construction industry) and the 'Håll Nollan' initiative. The organisation covers the entire construction, building services and energy sector and promotes cooperation between all parties involved in the different phases of construction projects, both contractors and developers. The aim is for no one to be injured on construction sites.

Case study

INTERVIEW WITH
MATTIAS JOHANSSON
Bravida President and CEO

Entire sector needs to get better at risk assessments

Bravida's annual Health and Safety Week was held in September 2018. This year's theme was risk assessment, which is something the entire industry needs to improve at.

Bravida wants to ultimately eliminate occupational injuries and is constantly endeavouring to improve safety and the work environment. Still, many employees are injured every year. The most common types of accident involve employees suffering cuts, falls or electric shocks. But many injuries could be avoided. Mattias Johansson, Bravida CEO and Group President, explains:

"One of the most common causes of accidents is when we rush things. Or an employee thinks 'I'll just...' But this isn't acceptable. We can never skimp on safety to get work done more quickly or because that's how it's always been done."

"The industry needs to get better at risk assessments. All leaders have a real responsibility in this regard. If every fitter and service technician is given the opportunity to apply the procedures and self-inspection programme that exist a lot of injuries could be avoided," says Mattias Johansson.

> If every employee is given the opportunity to conduct risk assessments lots of injuries could be avoided.

Mattias Johansson
Bravida CEO and Group President

PRIORITY SUSTAINABILITY ISSUES

Sustainable use of resources

Every day, Bravida's employees service and install energy-efficient technology in properties and industrial facilities. We are also endeavouring to cut the environmental footprint of our own business operations.

WE CAN MAKE A DIFFERENCE IN OUR CUSTOMERS' PROPERTIES

Our customer offering is a key aspect of Bravida's sustainability efforts. Regular service improves the energy efficiency and useful life of fittings in properties and industrial facilities. Our service technicians are getting better at identifying, suggesting and implementing improvements for our customers, including energy audits, energy-efficient pumps and ventilation, a continued switch to LED bulbs and greater control of lighting.

During installation projects we are keen to recommend fittings that are cost effective, reliable and good for the environment. Bravida works with suppliers to make it easier to access information about environmentally evaluated products. One such specific initiative in Sweden is BraVal, whereby we highlight in our purchasing system those materials and components that are rated by indices such as BASTA-listan, BvB and SundaHus Miljödata. This makes it easier for our employees to evaluate products' energy and environmental performance.

WE'RE WORKING TO REDUCE OUR OWN ENVIRONMENTAL IMPACT

Bravida is a services company, and our main business takes place at customer premises. We have a large number of small offices across the Nordic region, which in most cases are rented. Our operations are not subject to notification or licence requirements for environmentally hazardous activities. The direct negative environmental impact relating to such things as water consumption, air pollution and use of land is therefore limited. Our most significant internal environmentally related aspects are instead travel, transportation and waste.

Bravida's goal is to reduce fuel-related carbon dioxide emissions. The Group leases over 6,000 vehicles, both service vehicles and company cars. We regularly review our vehicle fleet and monitor emissions centrally. Using a vehicle policy, a range of vehicles and fuel options, we aim to offer the business cost-effective vehicles that contribute to gradually reducing our environmental footprint. At local level, we are working with the planning of assignments and purchasing to reduce distances travelled and to make our work more efficient.

Planning is also a key aspect in cutting the amount of surplus materials and the occurrence of waste. The waste that does occur needs to be managed correctly. In the first instance, we handle waste on site using the customer's waste management system. Our management system and our groupwide working methods contribute to reducing the risk of pollution or other detriment to human health or the environment.

Improvements in 2018

▶ Launch of BraVal
Autumn saw the launch of BraVal, Bravida's own brand in the purchasing system that helps branches make sustainable choices of suppliers, services and products.

▶ Continued cooperation on research with KTH Royal Institute of Technology on heat recovery and improved efficiency of radiator systems.

Follow-up for 2018

0.4% (3.9%)
▶ Change in fuel-related CO_2 emissions/km* vs previous year.

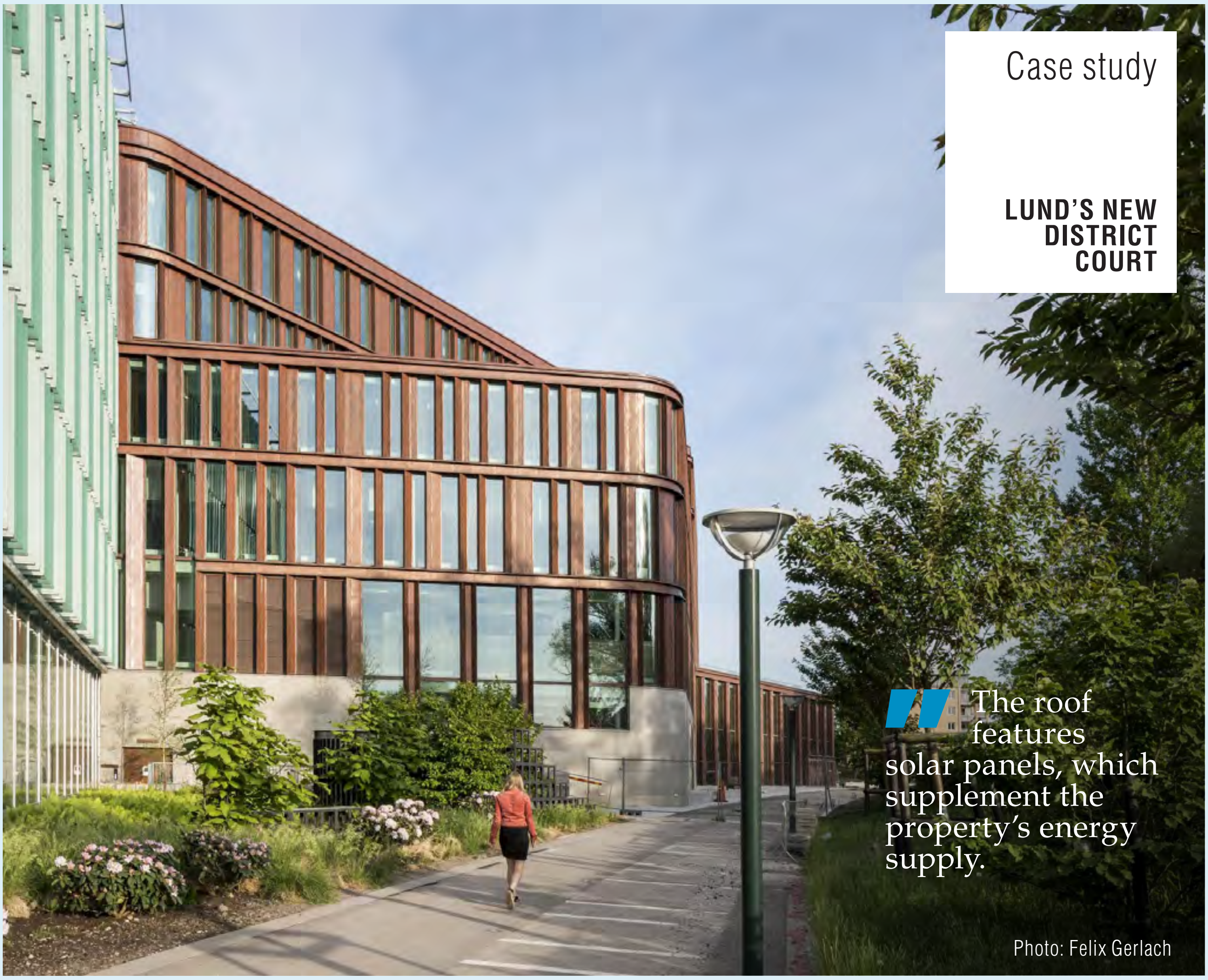
23,376 (20,989)
▶ Total CO_2 emissions from service vehicles and company cars, tonnes*
Increase in total CO_2 emissions reflects growth in the business.

23% (24%)
▶ Percentage of installation collection orders– unplanned purchases made directly from wholesaler.

Systems to evaluate energy and environmental impact

There are currently a number of certification systems for assessing a building's performance: 'Miljöbyggnad', BREEAM, LEED, EU Green Building and Nordic Ecolabel. This increases requirements on traceability and control of building materials and products that are installed. There are a number of environmental evaluation systems for assessing products' environmental performance, including BASTA, Sunda Hus and BvB.

*To make it easier to analyse Bravida's action on CO_2 emissions over time, reported figures are calculated according to the European standard excluding biofuel. In practice a number of fuels include bioethanol/biodiesel, which makes actual emissions lower than those reported.



Case study

LUND'S NEW DISTRICT COURT

" The roof features solar panels, which supplement the property's energy supply.

Photo: Felix Gerlach

Energy-efficient installations in Lund's new district court

Lund's new district court was completed during the year. The new building meets the 'Miljöbyggnad' Gold standard and Bravida provided the installation work. Lund's new district court has been nominated for Swedish Building of the Year 2019.

Lund district court moved into its new premises in central Lund in summer 2018. The building was constructed by Specialfastigheter in cooperation with NCC, with Bravida providing installation of electrical systems, fire safety fittings, solar panels, heating and plumbing, sprinkler systems, and control and monitoring systems, as well as coordinating all installation work. The building fulfils the 'Miljöbyggnad' Gold standard. Gustaf Mellerup, project head at Specialfastigheter, describes the project:

"This has really been a special construction project that's received a lot of praise. The project has focused on design, safety and energy efficiency and that's generated results. Theoretical energy consumption is 38 percent lower than required by the building regulations for southern Sweden.

Construction has made use of natural materials – ash, limestone, copper and glass – and has a minimalist design with large windows. The roof features solar panels covering an area of around 700 square metres, which supplement the property's energy supply. And other fittings have a significant impact on the building's energy efficiency.

"The areas that have the biggest impact on energy consumption are electricity, heat and cooling. The major challenge was to make the cooling energy efficient. Large windows mean considerable energy is required to cool the building, which is offset to some extent by the solar panels. But when the building is heated, the energy comes from the district heating network, which is the most efficient heating method. We've also installed lots of energy-efficient fittings, including energy-efficient lighting and control systems so lights aren't left on unnecessarily," explains Andreas Nilsson, head of project at Bravida.

The project has been nominated for Swedish Building of the Year 2019. In addition to sustainability and high quality, these criteria cover factors such as cooperation, schedule, budget, technology, innovation and safety.

PRIORITY SUSTAINABILITY ISSUES

Good business ethics

Bravida endeavours to maintain good business ethics in relation to all our stakeholders. This means we always aim to act with good conduct, whether this relates to customers, employees or suppliers.

Improvements in 2018

▶ Training on our code of conduct is now part of manager training and induction activities for new employees.

Follow-up for 2018

41% (41%)

▶ Percentage of key suppliers in Sweden* who have so far carried out a self-assessment on sustainability using our supplier assessment tool**.

68% (68%)

▶ Percentage of materials purchased from contract suppliers, all of which have signed Bravida's code of conduct.

*Self-assessment for suppliers began in Sweden in 2016. Work is continuing to introduce the process in other countries as well.

**Follow-up is carried out every other year. The most recent took place in 2017.

A fundamental aspect of Bravida's corporate culture is that we grow and learn from each other – we keep to our commitments, we follow up and we constantly improve. We call it the Bravida Way. Together with Bravida's code of conduct and values, the Bravida Way provides guidance on how we should behave towards each other and towards others.

EMPLOYEES: A WORKPLACE THAT WELCOMES AND RESPECTS DIFFERENCE

Bravida should be a workplace that welcomes and respects all employees. The relationship with our employees is based on HR processes that ensure we comply with laws, collective agreements and the code of conduct on human rights, health and safety and labour legislation. By promoting gender equality and diversity, we make the most of employees' differences, skills and experience. To ensure we are the company we want to be, we also have:

- Policies and plans on equal rights and opportunities;
- Measures and targets to increase gender equality and diversity;
- Cooperation with employer organisations and training boards to increase the proportion of women in the industry;
- Internal audits, independent inspections and our employee survey that help us to further follow up our compliance.

Bravida has zero tolerance of all harassment and discrimination. Leaders and managers have particular responsibility, both in terms of setting an example and in terms of taking action if anyone feels discriminated against. If harassment is suspected or identified, measures are taken based on our action plan.

CUSTOMERS: OUR WORK SHOULD REFLECT A HIGH LEVEL OF PROFESSIONALISM AND ETHICS

At Bravida we always safeguard our relationships with business partners, principally by always delivering what we promise. We believe in competition and that all decisions should be commercially based without any personal benefit for those involved. The following guidelines are therefore included in our code of conduct:

- We should always avoid acting in a way that results in us and business partners becoming dependent on one another;
- We should take a very restrictive approach to gifts to and from business partners, including travel and hospitality;
- We should never use Bravida's resources for private use.

Ethical issues can be difficult to assess. That's why we have a structured approval process at Bravida: a manager must always consult their line manager before decisions are taken on issues of business ethics, such as expensive meals, events or travel. We have also established a business ethics committee that is responsible for providing guidance and training in this area.

SUPPLIERS: SAME REQUIREMENTS AS BRAVIDA

As a leading operator in our industry, we set high standards for ourselves and our suppliers. Together we can and want to make a difference throughout the supply chain and take responsibility for people, the environment and society. We therefore place the same requirements on our business partners as we place on ourselves.

Bravida has a large number of suppliers, and we endeavour to ensure that each supplier meets Bravida's requirements. We are establishing a dynamic supplier register in which key suppliers and subcontractors are regularly assessed.

Suppliers and subcontractors undergo a supplier assessment before being entered into the purchasing system. The assessment, which is partly a self-assessment, indicates how well they meet the requirements of our code of conduct. To further reduce risk and increase efficiency, we largely focus purchasing on established operators on the Nordic market. In cases where Bravida imports items, the supplier assessment is conducted centrally.

The area that is most difficult to monitor is local subcontractors that carry out work. In this regard, regular training, follow-up and support are important in ensuring that our subcontractors work correctly.

About Bravida's code of conduct for employees

The basis for Bravida's ethical values is provided by our code of conduct. It lays the foundations for how we behave and act day to day and also contains practical examples. The code of conduct covers important issues such as gender equality and diversity, human rights, working conditions, the environment, sustainability, leadership and business ethics.

It's important we have a group-wide approach to this issues, and our aim is for everyone at Bravida to comply with the code of conduct. All new employees are required to read the code when they join the company. It is also regularly discussed in internal information, training courses and meetings. We are also reactive, through follow-up measures and internal controls to ensure that no one disregards the code of conduct.

Anyone not complying with the code of conduct and current legislation not only puts themselves but also the whole of Bravida at significant risk. Breaches of current legislation could result in high penalties, fines and prison, as well as damage to Bravida's reputation.

Whistleblower function

If anyone feels that we are not adhering to our values, suspects that something isn't right or if someone feels they have been wrongly treated, Bravida has a whistleblower function to report such issues anonymously.

About Bravida's code of conduct for suppliers

Our code of conduct for suppliers focuses on the values and approaches that we believe should apply to issues such as human rights, employment conditions, product responsibility, environmental impact, health and safety and business ethics. Bravida's code of conduct is binding and extends to all Bravida's suppliers.

HOW WE CREATE VALUE

Using our resources...

REVENUE

SEK 19,000 million

EMPLOYEES

> 11,000

CUSTOMERS

> 55,000

> 95% recurring*

SUPPLIERS

> 500**

*Customers invoiced > SEK 5 million.
**Suppliers invoiced > SEK 1 million.

...we conduct business...

SERVICE 46%		INSTALLATION 54%
Operation & maintenance	Refurbishment & extension work	New-builds

...that creates both financial value...

...and added value for our stakeholders

EMPLOYEES
We offer plenty of opportunities for our employees, including daily development, training and career opportunities. At the same time we make significant investments to improve the work environment, and health and safety.

CUSTOMERS
Bravida creates energy-efficient installation solutions in customers' properties. By providing regular service we contribute to better operation and reduced energy consumption.

SUPPLIERS
Our purchases create long-term business opportunities and jobs for both small and large suppliers.

SOCIETY
Bravida employs just over 11,000 people in four countries. Every year we train a large number of apprentices within the professional trades. Furthermore, we help cut emissions both in our own business and in customers' properties.

SHAREHOLDERS
We endeavour to increase shareholder value by operating a business that is both profitable and sustainable in the long term.

Bravida's sustainability work – summary

The table provides details of how Bravida satisfies the requirements imposed by the Annual Accounts Act as regards sustainability reporting.

Legal requirement	Environment	Personnel & social conditions	Human rights	Anti-corruption
Business model	Find out more in the Bravida's Business section, pages 26–29			
Policies	● Environmental policy	● Personnel policy ● Equal rights and opportunities policy ● Policy against harassment and discriminatory treatment ● Health and safety policy	● Bravida's code of conduct ● Code of conduct for suppliers ● Policy against harassment and discriminatory treatment	● Bravida's code of conduct ● Code of conduct for suppliers ● Sponsorship policy ● Foreign travel policy
Audit procedures	● Internal audits ● Regular follow-up of key figures (use of purchasing system, collection orders, etc.) ● CO_2 reports from leasing suppliers	● Employee survey ● Employee discussions & engagement with trade unions ● Regular follow-up of key figures (occupational injuries, sickness absence, etc.)	● Employee survey ● Employee discussions & engagement with trade unions ● Supplier assessment	● Follow-up and internal control ● The purchases ledger is centralised and fulfils an investigative function ● Supplier assessment
Result of policy	Sustainable Use of Resources, page 40.	Employees, pages 30–31. Work Environment, Health and Safety, pages 38–39. Good Business Ethics, pages 42–43.	Good Business Ethics, pages 42–43.	Good Business Ethics, pages 42–43.
Risks	Deficiencies in environmental efforts can have an effect on Bravida's credibility as a responsible company and attractive workplace, and may in the longer term lead to higher costs, reputational damage and loss of business.	Accidents in the work environment at Bravida's worksites can lead to people being injured or suffering ill health, and to fines, legal sanctions and damage to our brand. Find out more under Risk and Risk Management on page 60–61.	Risk and Risk Management, page 60–61.	Risk and Risk Management, page 60–61.
Risk management	Sustainable Use of Resources, page 40.	Risk and Risk Management, page 60–61. Find out more on pages 30–31, 38–39 and 42–43.	Risk and Risk Management, page 60–61. Find out more on pages 42–43.	Risk and Risk Management, page 60–61. Find out more on pages 42–43.
Performance indicators	● Reduce theoretical CO_2 emissions from service vehicles and company cars ● Total CO_2 emissions in tonnes from vehicles ● Reduce the percentage of collection orders ● Increase the percentage of BraVal products in the Bravida Assortment.	● Employee survey results ● Reduction of occupational injuries ● Reduction of sickness absence ● Percentage of women in the Group	● Employee survey results ● Number of suppliers that have signed up to Bravida's code of conduct	● Percentage of suppliers that have signed up to the code of conduct and responded to assessments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SHAREHOLDER INFORMATION

Bravida Holding was listed on the Stockholm Stock Exchange in October 2015 at a price of SEK 40 per share; the latest price paid was SEK 60.30 on 28 December 2018. The shares are listed on Nasdaq Stockholm's Large Cap list and included under the Industrial Goods & Services index under the ticker symbol BRAV.

SHARE PRICE PERFORMANCE AND SHARE TURNOVER

The Nasdaq Stockholm (OMXPI) declined by 7.7 percent in 2018. Bravida's share price rose by 9.9 percent over the year from a price at the start of the year of SEK 54.85 to SEK 60.30 at year-end. The market capitalisation was SEK 12,393 million (11,056). Total shareholder return, including the dividend, was 14.60 percent (1.50). The highest price paid during the year was SEK 74.60 and the lowest was SEK 50.60. During 2018, a total of 90,720,016 shares were traded, corresponding to a turnover ratio of 45 percent based on the total number of shares traded. The number of share trades during the period was 207,787, with an average daily volume of 362,880 shares.

SHARE CAPITAL

Bravida's share capital is distributed over 202,166,598 ordinary shares and 1,150,000 class C shares, with a quotient value of SEK 0.02 per share. In May 2018 the Board took the decision to convert 600,000 class C shares into ordinary shares for allocation to participants in the 2015 long-term incentive programme. Of these, 566,768 shares have been transferred to incentive programme participants. Ordinary shares carry one voting right and entitlement to dividend payment, while class C shares carry one-tenth of a voting right and no dividend entitlement. Class C shares may be converted to ordinary shares, ensuring the supply of ordinary shares to employees participating in the performance-based incentive programmes in place since 2016. The class C shares are not publicly listed.

SHAREHOLDERS

The number of shareholders at year-end totalled 9,587 (11,890). At 31 December 2018 the five largest shareholders were Capital Group funds, Mawer Investment Management funds, Swedbank Robur funds, Lannebo funds and Fourth National Pension Insurance Fund (AP4). Bravida has no shareholders that hold shares exceeding 10 percent of voting rights.

The number of Swedish natural persons owning Bravida shares decreased in the year from 10,485 to 8,668.

The percentage of foreign owners increased during the year to 56 percent (49) of capital. The largest foreign ownership is in the US and the UK.

DIVIDEND POLICY AND DIVIDEND

Bravida's target is to pay out a minimum of 50 percent of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities. The Board of Directors has proposed a dividend of SEK 2.00 (1.55) per share for the 2018 financial year. If calculated using the closing price on 28 December 2018 (SEK 60.30), the dividend proposal constitutes a yield of 3.3 percent. Group net profit was SEK 4.73 (4.07) per share, so the proposed dividend corresponds to 42 percent (38) of consolidated net profit for 2018.

2019 ANNUAL GENERAL MEETING

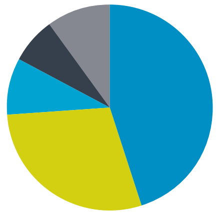
The AGM of Bravida Holding AB will take place on Friday 26 April at at 1 p.m. CET at the company's headquarters at Mikrofonvägen 28 in Stockholm.

DISTRIBUTION OF BRAVIDA'S SHARES*

Categories, number of shares per shareholder	Number of shareholders	Shareholders, %	Percentage of votes, %
1–500	6,772	0.58	0.58
501–1,000	1,249	0.50	0.50
1,001–5,000	1,006	1.19	1.20
5,001–10,000	205	0.75	0.76
10,001–15,000	69	0.43	0.43
15,001–20,000	44	0.39	0.39
20,001 –	242	96.16	96.14
Total	**9,587**		**100.0%**

*At 31 December 2018

OWNERSHIP PER COUNTRY, %



BRAVIDA'S 10 LARGEST SHAREHOLDERS

31/12/2018	Percentage of capital, %
Capital Group funds	9.5
Mawer Investment Management funds	8.7
Swedbank Robur funds	7.9
Lannebo funds	7.8
Fourth Swedish National Pension Fund (AP4)	6.8
SEB funds	3.2
Crux Asset Management Limited funds	3.1
Vanguard	2.6
AFA Försäkring	2.6
JP Morgan Asset Management	2.3
Total	**36.3**

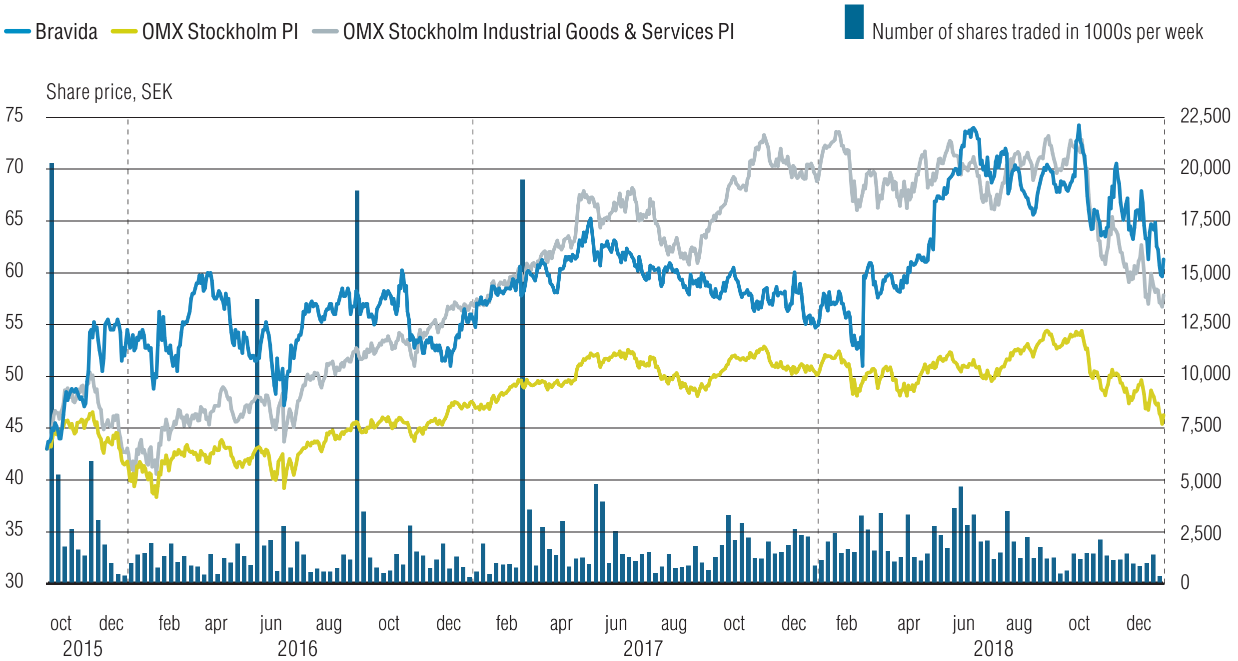
ANALYSTS COVERING BRAVIDA

Company	Analyst
Carnegie	Robin Nyberg
Deutsche Bank	Lucas Ferhani
DNB	Karl-Johan Bonnevier
Handelsbanken	Mika Karpinen
Nordea	Predrag Savinovic
SEB	Stefan Andersson

SHARE DATA

Price-related share data	2017	2018
Share price at year-end, SEK	54.85	60.30
Highest share price in the year, SEK	65.55	74.60
Lowest share price in the year, SEK	54.15	50.60
Market capitalisation at year-end, SEK million	11,056	12,393
Number of ordinary shares outstanding	201,566,598	202,166,598
Number of shares traded	100,335,120	90,720,016
Turnover ratio, %	50	45
P/E ratio	13.5	13.0
Yield, %	2.8	3.3
Data per share		
Net profit, SEK	4.07	4.73
Equity, SEK	23.13	25.91
Cash flow from operating activities, SEK	5.15	5.21
Proposed dividend, SEK	1.55	2.00

BRAVIDA SHARE PERFORMANCE SINCE IPO



Source: SIX Financial information.

BEST EARNINGS EVER, BUT PLENTY MORE TO DO

ABOUT

NILS-JOHAN ANDERSSON
CFO

CFO since: 2014
Comes from: Jönköping, Sweden
Family: Wife and two children
Passionate about: Sport in general, particularly Formula 1 and Rögle ice hockey club.
Best thing about 2018: Our strong cash flow. This demonstrates that we are a high-quality business.

Bravida achieved its best ever earnings in 2018. But we also have significant potential ahead. With strong growth in service and a high pace of acquisitions, we are investing in the future. We are also working intensively on raising productivity further.

Bravida has long been financially very strong as a company. And we can now add another good year to the records. For 2018, Bravida reported EBITA of SEK 1,211 million, with good growth and a very strong order backlog.

WE CONTINUE TO GROW PROFITABLY

One of our long-term targets is to increase net sales by at least 10 percent each year. In 2018 we exceeded our growth target, with net sales rising by 12 percent, 4 percent of which was organic. Bravida also has a sustained focus on cash flow. In 2018 we delivered strong cash flow, with cash conversion of 102 percent.

In addition, we improved our EBITA margin from 6.2 to 6.3 percent. It's worth pointing out that acquiring Oras in Norway and establishing the business in Finland diluted the margin. The integration of Oras is now essentially complete and we are approaching critical mass in Finland. We believe these two units will contribute positively to profitability in 2019. Adjusted for Oras in Norway and our Finnish business, the EBITA margin was 6.9 percent.

POTENTIAL TO BE EVEN BETTER

We are proud of our earnings for 2018, but we also see the potential to be even better. Over the year we worked intensively on a number of improvement initiatives. An area of particular importance has been further increasing profitability to achieve our long-term profitability target of a 7 percent EBITA margin.

We have long understood that branches that adopt the Bravida Way, our approach to leading and monitoring the business, quickly increase their profitability. They always put margin ahead of volume and have good cost control. Centralised purchasing is another key aspect of our business model. As a result of our focus on the Bravida Way, the number of very profitable branches increased over the year. This work will persist over 2019.

In addition, we are continuing our work to increase growth in our service business, both organically and through acquisitions. Service assignments build stability in our organisation, as they both create a long-term approach and generate a higher margin than installation projects. We are endeavouring to boost new sales within service, but in particular we see significant potential in converting our installation projects into long-term service assignments. Service business grew by 9 percent over the year.

WE CONTINUE TO GROW THROUGH ACQUISITIONS

Growth potential through acquisitions remains significant throughout the Nordics. Our main focus is strengthening our local position in order to be a leader in those locations where we choose to operate. Service businesses are of particular interest. We are maintaining our high pace of acquisitions, acquiring 12 companies in 2018.

HIGH PERCENTAGE OF SERVICE AND SMALLER PROJECTS PROVIDE STABILITY

The prospects for the Nordic service and installation market remain good for the coming year. The slowdown in new construction of housing in large cities is having a limited impact on our sales. Also, it is being offset by some increase in housing refurbishment, as well as a good market in commercial properties, industrial facilities and infrastructure.

Bravida's business has long-term stability, with a high share of service assignments, lots of small and medium-sized projects and a long-term approach in our assignments. Our order book is brimming and we see significant opportunities for good, profitable growth going forward.

HANDING OVER THE BATON

After almost five years at Bravida it's now time for me to move on to new challenges. I'm proud of the amazing performance we have achieved together over the past years. In May 2019 Åsa Neving will take over from me. I would like to thank all my colleagues and wish Åsa well.

Nils-Johan Andersson,
CFO

Stockholm 2019

Five-year overview

INCOME STATEMENT, SEK MILLION	2014	2015	2016	2017	2018
Net sales	12,000	14,206	14,792	17,293	19,305
Production costs	-10,173	-12,081	-12,562	-14,718	-16,502
Gross profit/loss	**1,827**	**2,124**	**2,230**	**2,575**	**2,803**
Selling and administrative expenses	-1,123	-1,342	-1,286	-1,502	-1,596
Operating profit/loss	**705**	**782**	**944**	**1,072**	**1,207**
Adjustments relating to specific costs	54	96	10	8	0
Adjusted operating income	**759**	**878**	**954**	**1,080**	**1,207**
Net financial items	-265	-360	-67	-54	-16
Profit/Loss after financial items	**440**	**422**	**877**	**1,019**	**1,191**
Tax	-120	-135	-203	-199	-235
Profit/loss for the period	**320**	**287**	**674**	**820**	**956**

BALANCE SHEET, SEK MILLION					
Goodwill	6,940	7,211	7,599	7,844	8,210
Other non-current assets	386	218	144	154	168
Current assets	2,911	3,394	3,933	4,523	5,211
Cash and cash equivalents	828	573	286	839	735
Total assets	**11,064**	**11,396**	**11,962**	**13,360**	**14,324**
Equity	3,306	3,555	4,079	4,662	5,238
Long-term loans	3,441	2,700	2,700	1,700	1,300
Other non-current liabilities	420	177	245	356	667
Commercial paper	–	–	–	1,000	800
Current liabilities	3,897	4,964	4,938	5,642	6,319
Total equity and liabilities	**11,064**	**11,396**	**11,962**	**13,360**	**14,324**

CASH FLOW, SEK MILLION					
Cash flow from operating activities	659	841	428	1,038	1,052
Cash flow from investing activities	-136	-262	-280	-231	-249
Cash flow from financing activities	-545	-767	-504	-254	-914
Cash flow for the period	**-22**	**-189**	**-356**	**553**	**-111**

KEY FIGURES					
Operating margin, %	5.9	5.5	6.4	6.2	6.3
Adjusted operating margin, %	6.3	6.2	6.5	6.2	6.3
EBITA margin, %	5.9	5.5	6.4	6.2	6.3
Adjusted EBITA margin, %	6.3	6.2	6.5	6.3	6.3
Profit margin, %	3.7	3.0	5.9	5.9	6.2
Return on equity, %	9.1	8.4	17.5	18.3	18.7
Net debt	2,595	2,433	2,417	1,862	1,365
Capital structure (net borrowings/adj. EBITDA)	3.3	2.7	2.5	1.7	1.1
Cash conversion, %	128	125	61	106	102
Interest coverage, multiple	2.2	2.5	15.5	22.9	38.6
Equity/assets ratio, %	29.9	31.2	34.1	34.9	36.6
Order intake	12,149	14,249	15,990	17,972	20,652
Order backlog	6,580	7,092	8,644	10,271	11,992
Average number of employees	8,188	9,359	9,730	10,643	11,475
Administration costs as % of sales	9.4	9.4	8.7	8.6	9.2
Working capital as % of sales	-7.1	-7.9	-5.8	-5.5	-4.9
Basic earnings per share, SEK	1.59	1.42	3.34	4.07	4.73
Diluted earnings per share, SEK	1.59	1.42	3.34	4.06	4.72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The Annual Report is prepared in Swedish and translated into English. Should differences occur between the Swedish Annual Report and the English translation, the Swedish version shall prevail.

DIRECTORS' REPORT

Group in brief

SEK million, unless stated otherwise	2018	2017	2016	2015	2014
Net sales	19,305	17,293	14,792	14,206	12,000
Operating profit/loss	1,207	1,072	944	782	705
Operating margin, %	6.3	6.2	6.4	5.5	5.9
EBITA	1,211	1,078	948	784	706
EBITA margin, %	6.3	6.2	6.4	5.5	5.9
Adjusted EBITDA	1,211	1,086	958	880	760
Adjusted EBITA margin, %	6.3	6.3	6.5	6.2	6.3
Profit/loss after tax	956	820	674	287	320
Cash flow from operating activities	1,052	1,038	428	841	659
Operating cash flow	1,273	1,171	594	988	915
Interest coverage, multiple	38.6	22.9	15.5	2.5	2.2
Cash conversion, %	102	106	61	125	128
Net debt/adjust. EBITDA, 12 m	1.1	1.7	2.5	2.7	3.3
Order intake	20,652	17,972	15,990	14,249	12,149
Order backlog	11,992	10,271	8,644	7,092	6,580
Average number of employees	11,475	10,643	9,730	9,359	8,188

The Board of Directors and Chief Executive Officer of Bravida Holding AB (publ), company no. 556891-5390, with its registered office in Stockholm, hereby present the annual accounts and consolidated financial statements for the 2018 financial year.

THE BUSINESS

Bravida is one of the Nordic region's leading end-to-end providers of technical service and installations for buildings and industrial facilities. Bravida brings buildings to life – 24 hours a day, 365 days a year. Bravida's main business is technical service and installation of electrical, heating and plumbing, and HVAC systems. Bravida also offers service and installation of security and sprinkler systems, cooling, power, lifts and services within project management and technical service management. Bravida provides end-to-end services within our different areas as we operate across the entire process, from consulting and project management, to installation and service. Operations are organised according to four countries – Sweden, Norway, Denmark and Finland – with a presence across 160 regions. The Group's head office is located in Stockholm and provides common support functions within finance, HR, purchasing, IT, legal affairs, communication and business development.

Installation involves new construction and remodelling of technical systems in buildings, plant and infrastructure. Bravida coordinates technicians and fitters from our areas of technology and provides customers with access to a partner that can successfully coordinate and take responsibility for the entire installation.

Service consists of operation and maintenance assignments, as well as minor upgrade work.

SIGNIFICANT EVENTS DURING THE YEAR

Marko Holopainen started as the new Head of Division Finland in March.

The AGM of 20 April elected Fredrik Arp and Marie Nygren as new Board members. Fredrik Arp was elected Chairman.

In August, Bravida won two assignments from the Swedish Transport Administration, both as part of the Stockholm Bypass Project. The assignments include all installation work relating to electrical power supply, lighting, water and wastewater, and fixed sprinkler systems. The combined order value of the contracts is just over SEK 2.7 billion.

Nils-Johan Andersson announced in October that he is leaving Bravida and his position as CFO. Åsa Neving was appointed as new CFO in December and she will take up the role on 13 May 2019.

Lars Täuber was appointed in November as the new Head of Division Stockholm starting on 7 January 2019.

ACTIVITIES IN 2018

Bravida achieved good growth with a solid EBITA margin over the year. Increased sales and improved financial items also resulted in higher net profit for the year.

The market is good in Sweden, Norway and Denmark and stable in Finland. Demand is being driven by major public investment in hospitals and infrastructure, as well as investment in commercial property. Energy efficiency improvements, service and maintenance of properties are also driving demand.

Order intake was good and the order backlog, which only includes installation projects, has never been higher.

Net sales increased by 12 percent, 4 percent of which was organic growth. Acquisitions increased sales by 6 percent and currency effects contributed 2 percent.

Over the year 12 acquisitions were made, adding sales of approximately SEK 800 million.

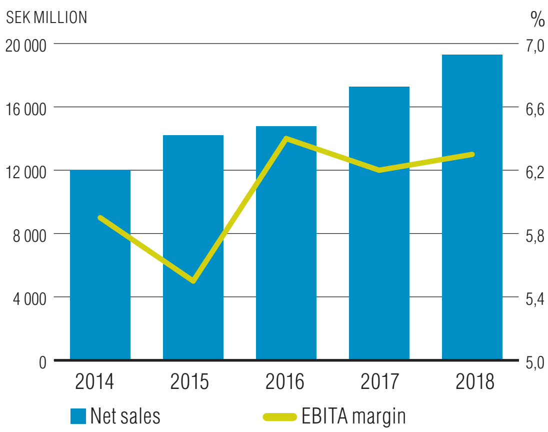
NET SALES

Net sales increased by 12 percent to SEK 19,305 million (17,293). Adjusted for currency fluctuations and acquisitions, the increase was 4 percent. Currency fluctuations had a positive 2 percent impact, while acquisitions increased net sales by 6 percent. Sales increased in all countries; in Sweden by 4 percent, in Norway by 14 percent, in Denmark by 24 percent and in Finland by 50 percent. In Norway the high growth was due to the acquisition of Oras and organic growth. The high growth in Denmark was due to organic growth, while in Finland it was due to the acquisition of Adison Oy in January 2018 and Hangö Elektriska Oy in October 2018.

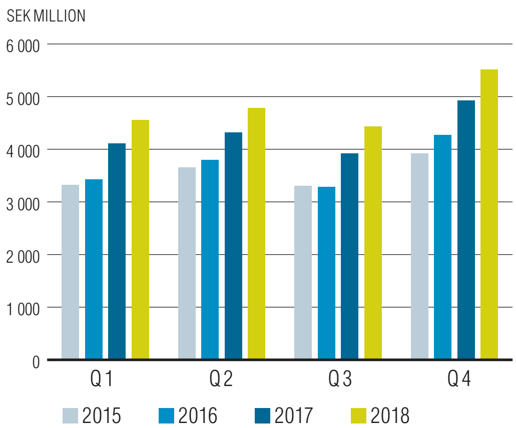
Compared with 2017, net service sales increased by 9 percent and net installation sales by 14 percent. The service business accounted for 46 percent (47) of total net sales.

The increase in net sales in the installation business was mainly due to good growth in the order backlog reported since 2016. The growth in service business is the result of the Group's initiatives to increase service sales.

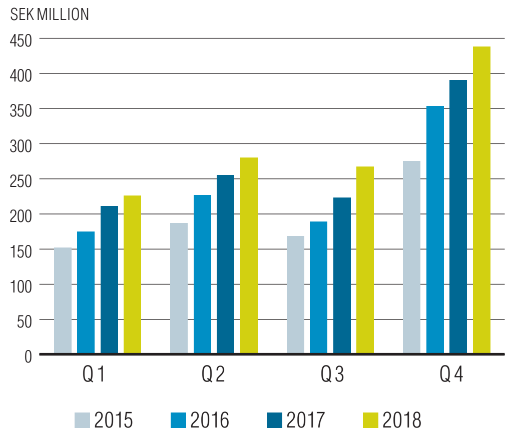
Net sales and EBITA margin



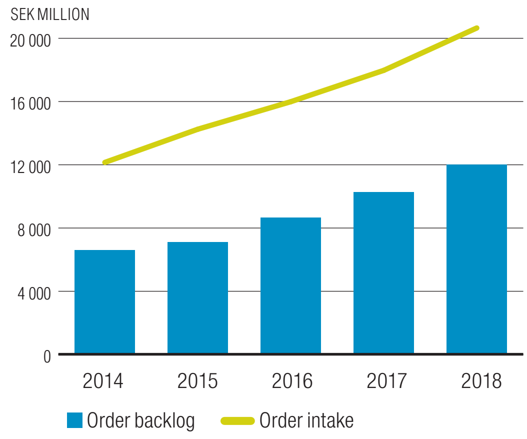
Net sales by quarter



EBITA per quarter



Order intake and order backlog



EARNINGS

Operating profit was SEK 1,207 million (1,072). EBITA increased by 12 percent to SEK 1,211 million (1,078), resulting in an EBITA margin of 6.3 percent (6.2). EBITA increased in all countries. The EBITA margin improved in Denmark and Finland, while it was unchanged in Sweden and slightly lower in Norway. Group-wide profit was SEK 27 million (18).

Specific costs were SEK – (SEK 8 million). Adjusted EBITA was SEK 1,211 million (1,086) and the adjusted EBITA margin was 6.3 percent (6.3).

NET FINANCIAL ITEMS

Net financial items totalled SEK -16 million (-54), with the improvement due to lower debt, lower financing expenses and positive exchange rate effects. Profit after financial items was SEK 1,191 million (1,019).

PROFIT/LOSS AFTER TAX

The tax expense for the year was SEK 235 million (199), which equates to an effective tax rate of 20 percent (20) including the use of loss carry-forwards. Tax paid amounted to SEK 219 million (95). The Swedish and Norwegian deferred tax positions have been revalued as a result of a reduced tax rate.

Profit for the year after tax was SEK 956 million (820).

EARNINGS PER SHARE

Profit for the year, attributable to owners of shares in the parent company, increased by 17 percent to SEK 956 million (820), which corresponds to basic earnings per share of SEK 4.73 (4.07). Diluted earnings per share were SEK 4.72 (4.06).

ORDER INTAKE AND ORDER BACKLOG

Order intake for the year increased by 15 percent to SEK 20,652 million (17,972). The order backlog, which only includes installation projects, amounted to SEK 11,992 million (10,271), an increase of 17 percent.

ACQUISITIONS

During the year, Bravida made 12 acquisitions, all in line with Bravida's strategy to expand within its priority markets. Seven acquisitions were made in Sweden, two in Denmark, two in Finland and one in Norway.

The combined annual sales of the acquisitions made is estimated at around SEK 800 million. See Note 4 for further information about acquisitions.

CASH FLOW AND INVESTMENT

Cash flow from operating activities was SEK 1,052 million (1,038). The higher cash flow was due to improved operating profit, which was impacted by increased working capital, SEK -25 million (63), and higher tax payments. The payment of tax increased to SEK -219 million (-95), owing to the settlement of tax liabilities from previous financial years and higher withholding tax. Cash flow from investing activities was SEK -249 million (-231), while acquisitions of subsidiaries and businesses totalled SEK -237 million (-215). Cash flow from financing activities, relating to the repayment of loans, a dividend and the net reduction of utilised overdraft facilities, amounted to SEK -914 million (-254). Operating cash flow amounted to SEK 1,273 million (1,171).

Cash flow	2018	2017
Cash flow from operating activities	1,052	1,038
Cash flow from investing activities	-249	-231
Cash flow from financing activities	-914	-254
Cash flow for the year	-111	553

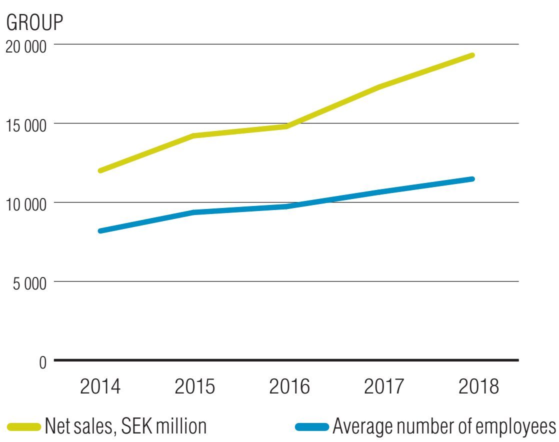
FINANCIAL POSITION

Bravida's net debt at 31 December was SEK 1,365 million (1,862), which corresponds to a capital structure (net debt/adjusted EBITDA) ratio of 1.1 (1.7). Consolidated cash and cash equivalents were SEK 735 million (839) at 31 December. Interest-bearing liabilities amounted to SEK 2,100 million (2,701), SEK 800 million (1,000) of which was commercial paper. Bravida's total credit facilities amounted to SEK 2,900 million (3,703), of which SEK 1,568 million (1,800) was unused at 31 December. At year-end, equity amounted to SEK 5,238 million (4,662). The equity/assets ratio was 36.6 percent (34.9).

EMPLOYEES

The average number of employees at 31 December was 11,475 (10,643), an increase of 8 percent. See Note 5 for further information about employees.

Average number of employees in relation to net sales



GEOGRAPHIC MARKETS

Operations in Sweden

Demand for service and installation is good. Important drivers include new-builds and the renovation of public-sector buildings and offices, as well as investment in infrastructure and energy efficiency measures. Housing construction is gradually decreasing, but is likely to be replaced by refurbishment of housing and other types of installation projects.

Net sales increased by 4 percent to SEK 10,279 million (9,847). Net sales growth was due to good growth in service business. EBITA increased by 5 percent to SEK 692 million (661), resulting in an EBITA margin of 6.7 percent (6.7).

Order intake was 17 percent higher than for the same period of the previous year, and amounted to SEK 11,978 million (10,275). Excluding the large order for the Stockholm Bypass Project, order intake rose by 1 percent. The order backlog was SEK 7,094 million (5,372), which was 32 percent higher than the previous year.

Sweden	2018	2017
Net sales	10,279	9,847
EBITA	692	661
EBITA margin, %	6.7	6.7
Order intake	11,978	10,275
Order backlog	7,094	5,372
Average number of employees	5,971	5,553

Operations in Norway

The service and installation market is good. New public investment in and maintenance of road and transport infrastructure and health care facilities are important drivers. There is also good demand for investments relating to the shift towards greener sources of energy such as wind power, solar energy, as well as electric car charging.

Net sales increased by 14 percent to SEK 4,777 million (4,185). This growth was due to the acquisition of Oras in May 2017, organic growth and a positive currency translation effect of 3 percent.

Growth is attributable to both service and installation business. EBITA increased by 13 percent to SEK 285 million (254), resulting in an EBITA margin of 6.0 percent (6.1).

Order intake increased by 3 percent to SEK 4,525 million (4,406). The order backlog was SEK 2,552 million (2,804), which was 9 percent lower than the previous year.

Norway	2018	2017
Net sales	4,777	4,185
EBITA	285	254
EBITA margin, %	6.0	6.1
Order intake	4,525	4,406
Order backlog	2,552	2,804
Average number of employees	2,994	2,718

Operations in Denmark

The service and installation market is good. The housing market is growing, which is contributing to increased demand for technical installations in housing new-builds and upgrades. New-builds and the upgrade of public-sector buildings are contributing to a stable market. Demand from the business sector has grown for premises and the installation of new technical solutions for automation and energy optimisation.

Net sales increased by 24 percent to SEK 3,171 million (2,547). The growth in sales was mainly due to increased operations in the installation business. Currency translation had a positive 6 percent impact on net sales.

EBITA increased by 41 percent to SEK 185 million (131), resulting in an EBITA margin of 5.8 percent (5.1).

Order intake increased by 23 percent to SEK 3,164 million (2,567). The order backlog at year-end was SEK 1,787 million (1,752), which was 2 percent higher than the previous year.

Denmark	2018	2017
Net sales	3,171	2,547
EBITA	185	131
EBITA margin, %	5.8	5.1
Order intake	3,164	2,567
Order backlog	1,787	1,752
Average number of employees	1,830	1,803

Operations in Finland

Bravida believes demand for service and technical installations is stable. The construction industry has improved over the past few years and building firms are reporting increased sales, which is contributing to stable demand for technical installations.

Net sales increased by 50 percent to SEK 1,114 million (745). Growth is attributable to both service and installation business. The significant growth was mainly due to acquisitions made. Currency translation had a positive 6 percent impact on net sales. EBITA was SEK 22 million (15), resulting in an EBITA margin of 2.0 percent (2.0).

Order intake increased by 35 percent to SEK 1,022 million (755). The order backlog was SEK 559 million (344), which was 62 percent higher than the previous year.

Finland	2018	2017
Net sales	1,114	745
EBITA	22	15
EBITA margin, %	2.0	2.0
Order intake	1,022	755
Order backlog	559	344
Average number of employees	599	496

SIGNIFICANT DISPUTES

There were no significant disputes at year-end. It is difficult to predict the outcome of legal proceedings and disputes. Actual outcomes may differ from the assessments made.

OUTLOOK

Over the past five years Bravida has made 57 acquisitions, which has increased net sales by approximately SEK 5.6 billion. The market remains good and the Group will continue to grow through acquisition.

In recent years, Bravida has restructured and streamlined its activities in sales, purchasing, production and administration. Bravida is implementing far-reaching training programmes across all branches, which are designed to improve profitability through more efficient operations, better pricing and more efficient purchasing and increased service sales.

The company's management believes that both demand for Bravida's services and the potential for continued growth are good. Our focus on 'margin before volume' aims to balance resource shortages and pricing pressure against demand. A meticulous approach and correct pricing are key to continued profitable growth.

We remain well positioned for the coming year thanks to our strong order backlog and good demand.

REMUNERATION GUIDELINES AND OTHER EMPLOYMENT TERMS FOR SENIOR EXECUTIVES

Senior executives refers to those people who, together with the Chief Executive Officer, make up Group management. The current guidelines for remuneration of senior executives were adopted at the AGM of 20 April 2018. The company applies market rates for salaries and remuneration based on a fixed and a variable element. Distribution between the basic salary and variable remuneration is in proportion to an executive's responsibility and authority. Variable remuneration is based on a combination of the business' earnings and the Group's acquisition activity.

The Chief Executive Officer's total remuneration is determined by the Board. Guidelines on remuneration for other senior executives are proposed by the Remuneration Committee and determined by the Board. Senior executives' total remuneration consists of; fixed cash salary, variable cash salary, long-term incentive programmes, pension and other remuneration and benefits.

Fixed cash salary

Fixed cash salaries are reviewed annually and provide the basis for calculating the variable salary component.

Variable cash salary component

The variable cash salary component is dependent on individuals fulfilling annually predetermined financial targets. The actual short-term variable cash salary paid is followed up annually. For members of Group management, the maximum possible variable cash salary component may vary depending on the position held by the individual concerned. As a rule, heads of Group staff units in Group management may receive variable salary corresponding to a maximum of 8 months of their fixed cash salary while the CFO and Heads of Division may receive variable salary corresponding to 15 months' salary. For the Chief Executive Officer, short-term variable salary is a maximum of 10 months' salary. Actual variable cash salary paid is linked both to the individual and overall target achievement at Group level. This ensures that remuneration is clearly linked to both the performance of individuals and the performance of Bravida as a whole.

Long-term incentive programme

Key personnel at Bravida, principally line managers, have been offered long-term share-based incentive programmes. The purpose of a share-based incentive programme is to reward performance, increase and broaden share ownership among managers and other key personnel, and to encourage them to stay at the company. Decisions regarding the structure of long-term incentive programmes are taken by the Board and approved by the AGM. The approved long-term incentive programmes are described in more detail in Note 5 and on www.bravida.se/en.

Pension

Senior executives resident in Sweden are entitled to pension benefits corresponding to between 28 and 35 percent of their respective salary, or in accordance with an occupational pension plan. For senior executives resident outside Sweden, the company aims to apply comparable pension benefits to those applied for senior executives resident in Sweden, although variations due to local circumstances may occur.

Other remuneration and benefits

Other remuneration and benefits should be competitive and contribute to making it easier for senior executives to perform their work duties.

Notice and severance pay

Senior executives are entitled to six to twelve months' notice if employment is terminated by the employer and four to six months if the employee resigns. In the event of the company terminating employment, a senior executive is entitled, in addition to their fixed monthly salaries, to severance pay of between six and twelve months' salary during the notice period. All employees are subject to a non-competition clause if they resign. The Board is entitled to deviate from these guidelines if special reasons exist. Detailed information regarding salaries and other remuneration of the Board, Chief Executive Officer and senior executives is provided in Note 5. Bravida's website, www.bravida.se/en, also contains the assessments and reports that are required to be reported under the Swedish Corporate Governance Code.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is a separate document from the annual accounts that is published in association with publication of the annual accounts.

THE WORK OF THE BOARD

According to the Articles of Association, the Board of Bravida Holding AB should consist of a minimum of three and a maximum of 10 ordinary members. In addition to this, there are two ordinary employee representatives and two deputy Board members. Bravida's chief legal officer or general counsel acts as secretary to the Board. The Chief Executive Officer is not a Board member but reports to the Board at its meetings. The Board is responsible for the organisation of the company and the Group and the administration of the company's affairs. No Board members are members of the company's management. During the 2018 financial year, the Board held 12 Board meetings, one of which was an extraordinary Board meeting and one was a constitutive Board meeting. The meetings addressed matters such as strategic issues, business operations including the business plan, acquisitions, financial statements, the annual accounts and sustainability report and related reports.

The Board has an Audit Committee and a Remuneration Committee. The Audit Committee is tasked, among other things, with responsibility for preparing the Board's work to ensure the quality of the company's financial statements and to maintain ongoing dialogue with the company's auditors. The Remuneration Committee is tasked with preparing issues regarding remuneration and other terms of employment for senior executives. Further information about the company's governance, the composition of the Board and internal control is provided by the Corporate Governance Report.

NOMINATION ACTIVITIES

The Nomination Committee for the 2019 AGM is made up of the following members: Marianne Flink, Swedbank Robur funds (Chairwoman), John Wilson, Mawer Investment Management funds, Peter Lagerlöf, Lannebo funds and Fredrik Arp, Chairman of Bravida Holding. No remuneration has been paid for Nomination Committee work. The Nomination Committee's proposals, report on the Nomination Committee's work for the 2019 AGM and additional information about proposed Board members are published in conjunction with the convening notice and are to be presented at the 2019 AGM. All documentation relating to the AGM will be available at www.bravida.se/en.

SUSTAINABILITY REPORT

Bravida aims to operate a responsible business and ensure efficient management of its own and others' resources. Sustainability work encompasses the entire organisation and we constantly endeavour to conduct responsible business practices; a profitable, long-term business that does not compromise on the future. Bravida has published sustainability and follow-up reporting since 2015. Bravida's priority sustainability goals relate to the sustainable use of resources, good health and safety and good business ethics. Bravida has clear intermediate goals on occupational injuries, absence due to sickness, carbon dioxide emissions, environmentally good choices of materials, collection orders and compliance with Bravida's code of conduct.

The sustainability report is separate from the annual accounts and is published separately. The sustainability report is available on pages 34–47 and at www.bravida.se/en.

PARENT COMPANY
Bravida Holding AB's net sales for the year were SEK 173 million (151). All sales were internal. Operating profit was SEK 63 million (25). Profit after financial items was SEK 57 million (-9). Cash and cash equivalents were SEK 624 million (644). At year-end, equity amounted to SEK 4,809 million (4,905).

BRAVIDA SHARES
Bravida Holding AB's ordinary shares are listed on the Nasdaq Stockholm Large Cap list. At 31 December Bravida had 9,587 shareholders, according to Euroclear. At 31 December the largest shareholders were Capital Group funds, Mawer Investment Management funds, Swedbank Robur funds, Lannebo funds and Fourth National Pension Insurance Fund (AP4). Bravida has no shareholders that hold shares exceeding 10 percent of voting rights. Just over 55 percent of the shares are held by foreign shareholders. The listed price for the ordinary shares at 28 December 2018 was SEK 61.30 (54.85), which equates to a market capitalisation of SEK 12,393 million. Total shareholder return, including dividends, over the past 12 months was 14.6 percent.

Share capital amounts to SEK 4 million divided among 203,316,598 shares, of which 202,166,598 are ordinary shares and 1,150,000 are class C shares. Ordinary shares entitle holders to one vote and a dividend payment, while C shares entitle holders to one-tenth of a vote and no dividend.

Apart from the credit agreements, the company has no knowledge of any agreements of material significance that are due to come into force or be amended or invalidated if the majority ownership in the company changes as a result of a takeover offer. Neither are there any agreements between the company and the Board members that result in compensation if such persons leave, are dismissed without reasonable grounds or are dismissed as a result of an offer to acquire their shares in the company.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE
On 1 January 2019 Bravida acquired three companies. Insight Building Automation in Denmark with sales of SEK 35 million; Carrier Refrigeration Sweden in Sweden with sales of SEK 50 million; and Elbolaget Glödlampan in Sweden with sales of SEK 20 million.

On 7 January 2019 Lars Täuber became Head of Division Stockholm and becomes a member of Bravida's Group management.

In February Bravida signed an agreement to acquire A Bylunds Elektriska AB in Sweden, with sales of around SEK 40 million, with completion of the purchase expected on 1 April 2019.

On 1 March Bravida acquired Cura VVS A/S in Denmark, with sales of around SEK130 million.

PROPOSED ALLOCATION OF PROFIT
The Board proposes that the parent company's non-restricted equity of SEK 4,804,469,711 be allocated as follows:

Shareholders receive a dividend of SEK 2.00 per ordinary share	404,254,968
Share premium reserve	3,517,757,028
Carried forward	882,457,715
Total	**4,804,469,711**

For further information about the company's earnings and financial position, see the following income statements and balance sheets and the notes to the accounts.

ANNUAL GENERAL MEETING
The AGM of Bravida Holding AB (publ) will take place on 26 April 2019 at Bravida's headquarters at Mikrofonvägen 28 in Stockholm, Sweden. The notice convening the 2019 AGM is available on the Group's website, www.bravida.se/en, from 26 March 2019.

SIGNIFICANT RISKS AND UNCERTAINTIES
All business operations are associated with and entail risk. If correctly managed, risks can be turned into opportunities and add value to the business, while risks that are not correctly managed can lead to incidents and losses.

Bravida has a model and process for identifying and evaluating the Group's risks. In its operations Bravida is exposed to various types of risk – operational, financial and market risk.

Risk management
The Chief Executive Officer is ultimately responsible for ensuring good risk management throughout the Group in accordance with the Board's guidelines and instructions. Heads of Division and Heads of Group services are responsible for implementing risk management in their respective divisions and areas of responsibility. Ownership of the management of risks identified by a risk audit lies with the respective division. The results of the risk audit are reported continually to Group management and the Board.

A number of areas of risk have been identified in Bravida's risk management process. A selection of these and an overall description of each area of risk are set out overleaf. Financial risk management is described in further detail in Note 25.

Risk management is also defined to some extent in Bravida's management system. The Group's systematic work on quality and environmental issues as well as occupational health and safety issues are key elements of the management system.

Market risk

Bravida continually assesses and evaluates the risks to which the Group is and may be exposed. Critical external risks are mainly managed through strategic business plan measures, but are also managed operationally in the organisation. Fluctuations in general market conditions, financial turmoil and political decisions are the main external factors that can have an impact on demand for residential and commercial new production and industrial and public-sector investment. Demand for service and maintenance is less sensitive to economic fluctuations.

AREA OF RISK	DESCRIPTION	MANAGEMENT
Changes in operating environment	Two key trends that affect demand for construction activity in the Nordics are urbanisation and energy efficiency. This is currently leading to significant public investment and housing refurbishment and new-builds. Such investment requires strong public finances, a stable labour market and low interest rates.	Bravida needs to continue monitoring developments in the market in order to adapt. Bravida has wide-ranging expertise which, together with a flexible cost structure, enabling Bravida to adapt its organisation to changes in circumstances.
Economic conditions	Changes in economic conditions affect the installation industry, which is sensitive to changes in the market and political decisions. These can impact demand for new-build housing and business premises, as well as investment by industry and the public sector. Demand for service and maintenance work is not as sensitive to fluctuations in the economic cycle.	Almost half of Bravida's sales come from its service business, which has historically been relatively little affected by fluctuations in the economy. In addition, refurbishment and maintenance account for around 16 percent of sales. Bravida is not dependent on any individual customers, as the Group has more than 55,000 customers across a range of segments. Bravida has a diversified customer structure with a large percentage of relatively small projects, and is consequently not dependent on individual customers or assignments.
Changes in the value chain	Changes in the supply chain can result in a customer purchasing direct from a supplier instead of through Bravida.	Bravida aims to offer customers competitive solutions. Bravida's delivery and services now include logistics solutions that increase the level of service.
Digitalisation – impact on service	Buildings are becoming increasingly connected, which means regular service can be switched from time-based service to needs-driven service. This could offer opportunities for new operators on the market.	Bravida is developing its organisation and systems to take advantage of these new business opportunities. A few pilot projects are being conducted to gain knowledge and experience in this field.

Financial risk

Through its operations Bravida is exposed to various types of financial risk. Financial risk mainly includes interest rate, currency, financing and credit risk. The Group's financial operations and management of financial risk are centralised within Group Finance. Business is conducted based on a financial policy set by the Board and reviewed annually. Its purpose is to minimise the Group's cost of capital through effective financial solutions and effective management and control of the Group's financial risks. Credit risk in business operations is managed locally, however, supported by a groupwide credit monitoring and analysis system. For further information about the management of financial risk, see Note 25.

AREA OF RISK	DESCRIPTION	MANAGEMENT
Interest rate risk	Changes in the market interest rate affect the Group's net interest income and cash flow.	Bravida has established principles for managing interest rate risk in its financial policy, which stipulates short fixed-interest periods.
Currency risk	Exchange rate fluctuations may adversely affect the Group's income statement, balance sheet and cash flow. Currency risk can be divided into transaction exposure and translation exposure.	Bravida's transaction exposure is relatively limited because the majority of sales and expenditure are in local currency, with a minor exposure to imported components. Bravida's translation exposure policy is not hedged for currency risk, and a strengthening of the Swedish krona against the NOK, EUR and DKK has a negative effect on sales and operating profit. All financing takes place in SEK.
Financing and liquidity risk	This is the risk of not being able to raise new, or refinance existing, loans on acceptable terms. The Group is also exposed to liquidity risk, which is defined as the risk of being unable to meet immediate payment obligations.	Responsibility for Bravida's financial transactions and risk lies centrally with the Group treasury unit, which works based on a policy set by the Board. Financing consists of long-term credit agreements in place until 2020 and the issuing of short-term commercial paper.
Credit risk	There is always a risk that a counterparty will be unable to meet its commitments. Deficient control of customer creditworthiness poses a risk of Bravida carrying out work for customers that cannot meet their commitments, possibly resulting in bad debts.	The credit rating of all customers is checked before a project begins. In those countries in which it operates, Bravida has a customer credit department that operates according to established risk assumption guidelines. Bravida has historically had a low level of bad debts.

Operational risk

Operational risk relates to day-to-day operations and is often possible to influence, so this is usually regulated through policies, guidelines and instructions. Management of this risk is part of Bravida's ongoing business process.

AREA OF RISK	DESCRIPTION	MANAGEMENT
Employees	The current labour market situation may pose challenges in attracting and retaining the right personnel. Retaining and recruiting the right personnel is key to Bravida's growth in the future as competition and the need for talented engineers, technicians and fitters increases.	Over the past year, Bravida has continued working on its employment offering and has developed a competitive offering to attract employees. The Group invests in continual training, skills enhancement and leadership development through initiatives such as the Bravida School with the aim of retaining employees and providing professional development.
Corporate culture	There is a risk of Bravida's corporate culture not being upheld. Our corporate culture and way of working make us unique in the market. There is a risk of this not being maintained by the company in the face of new competitors, as well as a changing operating environment combined with many new employees and a number of corporate acquisitions.	All leadership training on all levels are based on our corporate culture, Bravida Way. The Bravida School, which is aimed at all employees at all levels, is constantly being developed to ensure our corporate culture is maintained and developed.
Business ethics	Bravida's code of conduct provides the basis for our behaviour. The code of conduct sets out our values and our approach to business ethics. There is a risk of individual employees not adhering to our values and damaging Bravida's reputation and brand.	All Bravida employees must read and be familiar with the code of conduct. A wide-ranging training initiative was undertaken throughout the Group in 2018. In addition, Bravida also takes a reactive approach in the form of monitoring and internal controls.
Projects	As the majority of Bravida's installation projects are based on fixed-price contracts, any errors in the calculation of costs could have an adverse effect on margins. Extended framework agreements that specify hourly rates and the price of materials.	Bravida has a an established procedure for managing tenders, and for some years now has adopted a 'grandfather' principle, whereby large projects must be presented to and large service assignments are regulated through approved by a superior.
Quality management		
Delivery quality risk	Bravida is responsible for the quality delivered in its own work, that of its subcontractors and the products it installs. Inadequate quality could result in both increased costs and an adverse impact on Bravida's reputation.	Trained, skilled staff and consistent use of our group-wide business systems and methods ensure a high standard in the work that we deliver.
Subcontractor risk	The conduct of subcontractors could have an adverse impact on Bravida's reputation and brand if a subcontractor does not comply with Bravida's code of conduct.	Quality assurance of Bravida's subcontractors has been in place since 2016.
Product quality risk	Deficiencies in the quality of the products that Bravida installs could have an adverse impact on reputation among customers and lead to increased costs.	Bravida has warranties from the suppliers of products it uses.
IT Security and accessibility	Bravida uses information systems and other technology to manage and administer the business. Unplanned disruptions may lead to loss of income and have an adverse impact on reputation and brand.	Bravida continually maintains and reviews IT security to ensure a stable IT environment. Bravida has secured its IT operations by having resources available both internally and externally so any unplanned disruptions to IT operations can be quickly rectified.

Consolidated income statement

SEK MILLION	NOTE	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
Net sales	2, 3	19,305	17,293
Production costs		-16,502	-14,718
Gross profit/loss		**2,803**	**2,575**
Administrative and selling expenses		-1,596	-1,502
Operating profit/loss	3, 5, 6, 7, 28	**1,207**	**1,072**
Finance income		32	9
Finance costs		-48	-63
Net financial items	8	**-16**	**-54**
Profit/loss before tax		**1,191**	**1,019**
Tax on profit/loss for the year	9	-235	-199
Profit/loss for the year		**956**	**820**
Profit/loss for the year attributable to:			
Owners of the parent company		951	818
Non-controlling interests		5	2
Profit/loss for the year		**956**	**820**
Basic earnings per share, SEK	10	4.73	4.07
Diluted earnings per share, SEK	10	4.72	4.06

Consolidated statement of comprehensive income

SEK MILLION	NOTE	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
Profit/loss for the year		**956**	**820**
Other comprehensive income			
Items that have been or can be transferred to profit/loss for the year			
Translation differences for the year from the translation of foreign operations	19	44	-26
Items that cannot be transferred to profit/loss for the year			
Revaluation of defined-benefit pensions		-172	23
Tax attributable to the revaluation of pensions		37	-5
Other comprehensive income for the year		**-91**	**-8**
Comprehensive income for the year		**865**	**812**
Comprehensive income for the year attributable to:			
Owners of the parent company		860	811
Non-controlling interests		5	2
Comprehensive income for the year		**865**	**812**

Consolidated balance sheet

SEK MILLION	NOTE	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current intangible assets	11	8,216	7,854
Property, plant and equipment	12	87	71
Investments in associates	13	0	2
Pension assets	14	6	7
Securities held as non-current assets	15	12	12
Non-current receivables	16	18	14
Deferred tax asset	9	38	38
Total non-current assets		**8,378**	**7,998**
Inventories		108	95
Current tax assets		93	36
Trade receivables	25	3,378	3,030
Contract assets	17	1,235	1,004
Prepayments and accrued income	18	337	311
Other receivables	16	60	46
Cash and cash equivalents		735	839
Total current assets		**5,946**	**5,362**
TOTAL ASSETS	24	**14,324**	**13,360**
EQUITY	19		
Share capital		4	4
Other contributed capital		3,518	3,518
Reserves		50	6
Retained earnings including profit/loss for the year		1,651	1,124
Equity attributable to owners of the parent company		**5,223**	**4,652**
Non-controlling interests		15	10
Total equity		**5,238**	**4,662**
LIABILITIES			
Non-current interest-bearing liabilities	20	1,300	1,700
Non-current non-interest-bearing liabilities		48	36
Pension provisions	14	292	48
Other provisions	21	77	79
Deferred tax liabilities	9	249	192
Total non-current liabilities		**1,967**	**2,056**
Current interest-bearing liabilities	20	800	1,000
Overdraft facilities	20	–	1
Trade payables		2,058	1,866
Tax liabilities		65	89
Contract liabilities	17	1,803	1,519
Other liabilities	22	654	529
Accrued expenses and deferred income	23	1,571	1,466
Provisions	21	169	172
Total current liabilities		**7,120**	**6,642**
Total liabilities	24	**9,086**	**8,698**
TOTAL EQUITY AND LIABILITIES		**14,324**	**13,360**

For information on Group pledged assets and contingent liabilities, see Note 27.

Consolidated statement of changes in equity

SEK MILLION	Share capital	Other contributed capital	Translation reserve	Retained earnings, incl. profit/loss for the year	Non-con-trolling interests	Total equity
2017						
Opening balance of equity at 1 Jan 2017	4	3,518	31	514	11	4,079
Profit/loss for the year	–	–	–	818	2	820
Other comprehensive income for the year	–	–	-26	18	–	-8
Total comprehensive income for the year	–	–	**-26**	**836**	**2**	**812**
Dividend	–	–	–	-252	–	-252
Change in non-controlling interests	–	–	–	3	-3	0
Shareholder programme	–	–	–	23	–	23
Closing balance of equity at 31 Dec 2017	**4**	**3,518**	**6**	**1,124**	**10**	**4,662**
2018						
Opening balance of equity at 1 Jan 2018	4	3,518	6	1,124	10	4,662
Profit/loss for the year	–	–	–	951	5	956
Other comprehensive income for the year	–	–	44	-136	–	-91
Total comprehensive income for the year	–	–	**44**	**815**	**5**	**865**
Dividend	–	–	–	-312	–	-312
Change in non-controlling interests	–	–	–	1	-1	0
Shareholder programme	–	–	–	23	–	23
Closing balance of equity at 31 Dec 2018	**4**	**3,518**	**50**	**1,651**	**15**	**5,238**

Further information on equity is provided in Note 19.

Consolidated cash flow statement

SEK MILLION	NOTE	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
OPERATING ACTIVITIES			
Profit/loss before tax		1,191	1,019
Adjustments for non-cash items	30	105	51
Income taxes paid		-219	-95
Cash flow from operating activities before changes in working capital		**1,077**	**974**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in inventories		7	10
Increase (-)/Decrease (+) in operating receivables		-476	-295
Increase (+)/Decrease (-) in operating liabilities		444	348
Cash flow from operating activities		**1,052**	**1,038**
INVESTING ACTIVITIES			
Acquisition of subsidiaries	4, 29	-237	-214
Acquisition of assets and liabilities	4	0	-2
Disposal of assets and liabilities		–	5
Acquisition of non-current intangible assets	11	0	0
Acquisition of property, plant and equipment	12	-12	-21
Cash flow from investing activities		**-249**	**-231**
FINANCING ACTIVITIES			
Loans raised	20, 30	–	1,700
Repayment of loans	30	-600	-1,700
Change in utilisation of overdraft facility	20, 30	-1	-2
Dividend paid		-312	-252
Cash flow from financing activities		**-914**	**-254**
Cash flow for the year		**-111**	**553**
Cash and cash equivalents at start of year		839	286
Exchange gains/losses on cash and cash equivalents		7	0
Cash and cash equivalents at year-end		**735**	**839**

Parent company income statement

SEK MILLION	NOTE	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
Net sales		173	151
Administrative and selling expenses	5, 6, 7	-111	-126
Operating profit/loss		**63**	**25**
Income from financial items			
Interest and similar income		35	23
Interest and similar expenses		-41	-57
Net financial items	8	**-5**	**-34**
Profit/loss after financial items		**57**	**-9**
Appropriations			
Provision for tax allocation reserve		-84	-160
Group contributions		275	644
Profit/loss before tax		**248**	**475**
Tax	9	-55	-105
Profit/loss for the year[1)]		**193**	**370**

[1)]Profit/loss for the year corresponds to comprehensive income for the year.

Parent company balance sheet

SEK MILLION	NOTE	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Investments in Group companies	29	7,341	7,341
Non-current receivables		0	–
Deferred tax asset		0	–
Total non-current assets		**7,341**	**7,341**
Current assets			
Current receivables			
Receivables from Group companies	28	1,608	1,562
Current tax assets		51	–
Other receivables	16	2	0
Prepayments and accrued income	18	7	33
Cash and bank balances		624	644
Total current assets		**2,292**	**2,240**
TOTAL ASSETS	24	**9,634**	**9,581**
EQUITY AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		4	4
Total restricted equity		**4**	**4**
Non-restricted equity			
Share premium reserve		3,518	3,518
Retained earnings		1,094	1,013
Profit/loss for the year		193	370
Total non-restricted equity		**4,804**	**4,901**
Total equity		**4,809**	**4,905**
Untaxed reserves			
Tax allocation reserves		474	390
Provisions			
Pension provisions	14	1	0
Non-current liabilities			
Interest-bearing liabilities	20	1,300	1,700
Current liabilities			
Liabilities to credit institutions	20	800	1,000
Trade payables		3	20
Liabilities to Group companies	28	2,212	1,429
Tax liabilities		–	90
Other liabilities	22	1	1
Accrued expenses and deferred income	23	35	46
Total current liabilities		**3,051**	**2,585**
TOTAL EQUITY AND LIABILITIES	24	**9,634**	**9,581**

For information on parent company pledged assets and contingent liabilities, see Note 27.

Parent company statement of changes in equity

SEK MILLION	Share capital	Non-restricted equity: Share premium reserve	Non-restricted equity: Retained earnings	Non-restricted equity: Profit/loss for the year	Total equity
2017					
Opening balance of equity at 1 Jan 2017	4	3,518	886	357	4,764
Profit/loss for the year	–	–	–	370	370
Appropriation of profits	–	–	357	-357	–
Dividend	–	–	-252	–	-252
Shareholder programme	–	–	23	–	23
Closing balance of equity at 31 Dec 2017	**4**	**3,518**	**1,013**	**370**	**4,905**
2018					
Opening balance of equity at 1 Jan 2018	4	3,518	1,013	370	4,905
Profit/loss for the year	–	–	–	193	193
Appropriation of profits	–	–	370	-370	–
Dividend	–	–	-312	–	-312
Shareholder programme	–	–	23	–	23
Closing balance of equity at 31 Dec 2018	**4**	**3,518**	**1,094**	**193**	**4,809**

Further information on equity is provided in Note 19.
Profit/loss for the year corresponds to comprehensive income for the year.

Parent company cash flow statement

SEK MILLION	NOTE	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
OPERATING ACTIVITIES			
Profit/loss after financial items		57	-9
Adjustments for non-cash items	30	24	23
Income taxes paid		-198	-87
Cash flow from operating activities before changes in working capital		**-118**	**-74**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in operating receivables		710	144
Increase (+)/Decrease (-) in operating liabilities		25	-1
Cash flow from operating activities		**617**	**69**
FINANCING ACTIVITIES			
Loans raised	20, 30	–	1,700
Repayment of loans	20	-600	-1,700
Dividend paid		-312	-252
Group contributions paid		-15	-27
Group contributions received		290	670
Cash flow from financing activities		**-638**	**392**
Cash flow for the year		-20	461
Cash and cash equivalents at start of year		644	184
Cash and cash equivalents at year-end		**624**	**644**

NOTES

TO THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

ACTIVITIES

Bravida Holding AB, company reg. 556891-5390, is a Swedish public limited company with its registered office in Stockholm, Sweden. The address of the head office is Mikrofonvägen 28, 126 81 Stockholm, Sweden. The company's shares are listed on Nasdaq Stockholm's Large Cap list. This report refers to the Bravida Group as Bravida or the Group, and the parent company Bravida Holding AB in full or as the parent company. The consolidated accounts for 2018 consist of the parent company and its Group companies; the Group also incudes the portion of holdings in associate companies. The Group also conducts development operations at a branch office in Slovakia.

CONDITIONS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board has also been applied.

The parent company applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities. In cases where the parent company applies other accounting policies than the Group this is stated at the end of this Note.

The Group and parent company's reporting is in millions of Swedish kronor (SEK million) without decimals unless otherwise specified. Swedish kronor are referred to as SEK and thousands of Swedish kronor are referred to as SEK thousand. In certain cases, the amounts reported have been rounded off. Where amounts are less than SEK 1 million and are rounded down, this is shown with a zero (0). Where there is no value, a dash (–) is used. This means that tables, charts and calculations do not always tally. Figures in brackets refer to actual figures for the previous year.

VALUATION PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

Assets and liabilities are stated at historical cost.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparing financial statements in accordance with IFRS requires that management make estimates and judgements as well as assumptions which affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that, under prevailing circumstances, are considered reasonable. Actual outcomes may differ from these estimates. Judgements and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period when the change is made if the change only affects this period, or in the period when the change is made and future periods if the change affects both the current period and future periods.

Company management's best assessment is also taken into account for the reporting of disputed amounts as legal proceedings and disputes are inherently unpredictable.

Below are the estimates and judgements which, according to company management's understanding, are significant for reported amounts in the financial statements and for which there is a material risk of future events or new information resulting in a change in them.

Reporting over time (previously percentage-of-completion accounting)

Earnings from ongoing installation projects are recognised over time based on accrued project expenses. This requires project revenues and project expenses to be able to be calculated reliably. This is dependent on effective costing systems, forecast procedures and project monitoring. Forecasts relating to the final outcome for the project are a critical assessment that is material to the reporting of earnings during the course of the project. There is a risk that the final earnings for the project may differ from earnings as reported in accordance with the percentage-of-completion method.

Impairment tests of goodwill
In estimating recoverable amounts for cash-generating units for the purpose of testing for impairment of goodwill, several assumptions about future circumstances and estimates of parameters have been made. These are described in Note 11.

Pension assumptions
Bravida has some defined-benefit pension plans. The pension obligation is calculated using actuarial assumptions and the plan assets are valued at the market value at the balance sheet date. A change in any of these assumptions and valuations may have a significant impact on the estimated pension obligations and pension costs. See also Note14 for further information about utilised pension commitments.

NEW OR AMENDED RELEVANT IFRS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED
In its 2018 annual accounts, and since 1 January 2018, Bravida has applied IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The Group has chosen not to apply any new standards or interpretations in advance in preparing these financial statements and is currently not planning to apply standards or interpretations in advance in coming years.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments is replacing IAS 39 Financial Instruments: Recognition and measurement. IFRS 9 changes the accounting of financial instruments in three main respects: classification and measurement, impairment and hedge accounting. For Bravida, this new accounting standard has a limited impact on the accounting of financial instruments. No impact has been indicated with regard to classification and measurement. For the Group, the resulting change from this standard will mean that credit losses will be recognised earlier than under IAS 39. Because the Group has historically had very low recorded bad debts and this is not expected to change going forward the impact of the impairment model for expected credit losses is considered to be immaterial. As the effects are immaterial, the transfer to the opening balance for 2019 is not affected.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers is replacing the existing standards for revenue recognition. Under IFRS 15, revenue is recognised when the customer gains control over the service or goods. Determining the point in time of the transfer of control, i.e. a specific date or time, requires assessments. Bravida's revenue consists of service and installation services and sales of services and materials take place on a combined basis. Sales of materials only take place to a very minor extent, and in such cases revenue is recognised when the goods have been delivered to the customer, which is deemed to be the point in time when control over the goods is transferred to the customer.

Service and installation services, including related materials, are recognised over time (previously called the percentage-of-completion method) as project expenses are incurred in relation to forecast project expenses. Service and installation services are performed at the customer's property.

Initial assessment of the IFRS 15 criteria for recognition over time or at a particular date indicate that in most of these cases the goods are deemed to be controlled by the customer as they are installed, whereupon they will also be recognised over time rather than at the date when installation is completed. This implies no difference in revenue recognition compared with how it took place under the previous regulations. The accrual of revenue is therefore not affected and the impact of the new accounting standard is negligible for the Group. As no impact has occurred from the transition, the opening balance for 2018 is not affected. IFRS 15 contains expanded disclosure requirements for revenue, which has increased the content of disclosures in the notes.

NEW ACCOUNTING POLICIES FROM 2019
The IASB has issued new standards that come into effect from 1 January 2019. The Group is starting to apply IFRS 16 Leases from 1 January 2019.

IFRS 16 Leases
IFRS 16 Leases is replacing the existing rules for the accounting of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The new standard will be applied by Bravida from 1 January 2019. The Group has opted for a transition method that involves the comparative year, 2018, not being recalculated as though IFRS 16 had been applied.

IFRS 16 mainly affects lessees, with the main effect being that all leases currently recognised as operating leases must be recognised in a similar way currently applied to financial leases. This means that assets and liabilities must also be recognised for operating leases, with related recognition of costs for depreciation/amortisation and interest, in contrast to the present situation in which leased assets and related liabilities are not recognised and lease payments are accrued on a straight-line basis as a lease expense.

The Group has chosen to apply the options in IFRS 16 not to recognise right-of-use assets and lease liabilities for leases with an assessed lease term of 12 months or less (short-term leases) and for low-value assets (SEK 50,000). Upon transition to IFRS 16, leases ending in 2019 that were not short-term leases when they were entered into are included.

The Group's leases that will be capitalised mainly relate to leased premises and vehicles. Lease liabilities have been calculated as the net present value of remaining lease payments, discounted by marginal loan interest at 1 January 2019. Marginal loan interest has been established for each country. Right-of-use assets have been calculated as the value of liabilities at 1 January 2019 plus lease payments paid in advance that were recognised in the balance sheet at 31 December 2018.

Based on available information, the initial estimate is that an additional SEK 1,038 million in right-of-use assets and lease liabilities will be recognised in the balance sheet at transition, in addition to which prepaid rent of SEK 27 million will be reclassified from prepaid to right-of-use assets. Total assets and net debt will increase at transition. It is assessed that net debt will rise by SEK 1,038 million and the equity/assets ratio will decrease to 34 percent at the transition date. According to current calculations, the transition will have a marginal positive effect on EBITA compared with previous accounting policies.

The mentioned increase in recognised lease liabilities exceeds the net present value of the minimum lease payments for operating leases, about which information is provided in Note 26 of these annual accounts. The main reason is that the assessment of the length of the lease terms in accordance with IFRS 16 in some cases included extension periods, whereas the information in Note 26 only includes the non-cancellable term.

SEGMENT REPORTING
An operating segment is a component of the Group which engages in business from which it may earn revenues and incur expenses, for which separate financial information is available. Earnings of each operating segment are analysed further by the company's chief operating decision-maker in order to evaluate the earnings and to allocate resources to the operating segment. Geographic markets constitute Bravida's operating segments, i.e. the countries of Sweden, Norway, Denmark and Finland. See Note 3 for additional information on the itemisation and presentation of operating segments.

CONSOLIDATION PRINCIPLES
Group companies
Group companies are companies in which the parent company has a controlling influence. A controlling influence is assumed to exist where the parent company directly or indirectly has an ownership interest amounting to more than 50 percent of the votes, but may also be achieved if a controlling influence is able to be exerted over operational and financial management.

The purchase method is used in accounting for the Group's acquisition of subsidiaries. The cost of an acquisition is the fair value of all assets provided as compensation, issued equity instruments and liabilities incurred or assumed at the transfer date. Transaction costs are expensed directly. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially stated at fair value at the acquisition date regardless of the size of any non-controlling interests. In a business combination where the transferred compensation, any non-controlling interests and the fair value of the previously owned interest (in incremental acquisitions) exceed the fair value of the acquired assets and assumed liabilities which are recognised separately, the difference is recognised as goodwill. Where the difference is negative, in a 'bargain purchase,' the difference is recognised in profit/loss for the year.

Group companies are included in the consolidated accounts from the date that controlling influence is obtained and are excluded from the consolidated accounts from the date that controlling influence ceases. Where necessary, Group companies' accounting is adjusted to adapt their accounting policies to those of the Group.

Intra-Group transactions and balance sheet items and unrealised gains on transactions between Group companies are eliminated.

Unrealised losses are also eliminated but any losses are viewed as an indication of a possible impairment requirement.

Associates

Associates are those companies in which the Group exercises a significant, but not a controlling, influence.

Associates are recognised in accordance with the equity method. This means that the carrying amount in the Group of investments in the company corresponds to the Group's share of equity and any carrying amounts of Group surplus values following the change to Group accounting policies. The share in the companies' profits after tax is recognised in operating profit/loss together with amortisation of the acquired surplus values.

Elimination of transactions

Gains and losses arising from transactions between Group companies are eliminated in full in the preparation of the consolidated accounts.

Gains arising from transactions with associates are eliminated to an extent corresponding to the Group's ownership of the company. Losses are eliminated in the same way as gains, but only insofar as there is no impairment requirement.

FOREIGN CURRENCY

Functional currency and reporting currency

Items included in the financial statements for the various units of the Group are valued in the currency used in the economic environment in which each company primarily operates (functional currency). The Swedish krona (SEK), the functional and reporting currency of the parent company, is used in the consolidated financial statements.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency at the exchange rates applying at the transaction date. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currencies at the balance sheet date rate are recognised in the income statement. Foreign exchange differences on borrowing are recognised under financial items while other foreign exchange differences are included in operating profit/loss.

Financial statements of foreign operations

The earnings and financial position of all foreign operations included in the consolidated financial statements that have a different functional currency than the reporting currency are translated into the Group's reporting currency as follows:

– assets and liabilities for each of the balance sheets are translated at the balance sheet date rate
– income and expenses for each of the income statements are translated at the average rate
– all resulting foreign exchange differences are recognised through other comprehensive income as a separate part of equity (translation reserve)

Upon consolidation, foreign exchange differences arising from the translation of net investments in foreign operations are transferred to equity through other comprehensive income. Upon divestment, wholly or partially, of a foreign operation, the foreign exchange differences recognised in equity through other comprehensive income are transferred to profit/loss for the year. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in such operation and translated at the balance sheet date rate.

CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with the indirect method, which means that adjustments are made for transactions that do not result in incoming or outgoing payments.

REVENUE

Revenue is recognised in the income statement when it is possible to reliably estimate the revenue and it is probable that the financial benefits will accrue to the Group. The company's revenue primarily consists of revenues from service and installation contracts, which are recognised over time. The principle is described in the section below. Interest income is recognised over the term of the loan by applying the effective interest method. Dividend income is recognised when the right to receive payment has been established.

Recognition over time (previously percentage-of-completion accounting)

Recognition over time involves earnings being recognised according to the degree of a project's completion. Determining the earnings accrued at any given time requires information about the following components:

– Project revenue – the value of all revenues attributable to the contract.
– Project expenses – all expenses corresponding to project revenues that are attributable to the project.
– Degree of completion (work-up rate) – expenses accrued in relation to estimated total project costs.

Expenses that have been incurred during the year but that relate to future work are not included in project expenses when determining the degree of completion. These are reported as materials and inventories, advances or other assets depending on their nature. Changes to the scope of the project, claims and incentive pay are included in project revenue to the extent that they have been agreed with the customer and can be reliably measured. A fundamental condition for application of recognition over time is that project revenues and project expenses can be reliably measured and that the degree of completion is determined in a way that is relevant with respect to the reliability requirement.

For projects where revenues and expenses cannot be reliably measured at the closing date, the zero recognition method is applied. This means that revenue equal to the incurred costs is recognised for the project, i.e. the profit is zero until such time as it is possible to determine the earnings. As soon as this is possible, transition to recognition over time takes place.

Trade receivables generally fall due for payment within 30 days and all trade receivables have therefore been classified as current assets.

The Bravida Group recognises as contract assets receivables (balance sheet item 'Contract assets') from buyers of installation projects for which the project costs and recognised profits (after deducting recognised losses) exceed the invoiced amount. Partially invoiced amounts that have not yet been paid by the customer and amounts withheld by the buyer are included in the item 'Trade receivables'. Bravida recognises as contract liabilities (balance sheet item 'Contract liabilities') any liabilities to buyers of installation contracts for projects in progress for which the invoiced amount exceeds the project costs and recognised profits (after deducting recognised losses).

INTANGIBLE ASSETS

The Group's non-current intangible assets principally consist of goodwill, as well as other intangible assets. Goodwill represents the difference between the cost of a business combination and the fair value of the Group's share of the acquired operation's identifiable net assets at the time of acquisition. Goodwill is recognised at cost, less any impairment. Goodwill has an indefinite useful life and is tested for impairment at least annually. Goodwill impairment losses are not reversed. Any gain or loss from the sale of a unit includes the divested portion of the recognised value of goodwill. In testing for any impairment, goodwill is allocated to cash-generating units.

Other non-current intangible assets mainly consist of licenses. Additional expenditure on an intangible asset is added to the asset's cost only if it increases the future financial benefits and the expenditure can be reliably estimated. All other expenditure is recognised as it is incurred. Depreciation/amortisation is based on the asset's original cost less any residual value. Amortisation is recognised in the income statement on a straight-line basis over the useful life of the intangible asset, unless such useful life is indefinite. Amortisation takes place from the date that the assets are available for use. Other intangible assets are amortised according to plan over five years. Useful lives are reassessed annually or more frequently.

INVESTMENTS IN ASSOCIATES

Land and buildings mainly comprise warehouses and offices. Property, plant and equipment is recognised at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset only when it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be reliably measured. The carrying amount of the replaced portion is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement for the periods in which they are incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost down to the estimated residual value over the assets' estimated useful lives, as follows:

Depreciation policies for property, plant and equipment

	Useful life
Buildings	20 years
Expenditure on property not owned by the company	During remaining term of lease
Machinery and other technical facilities	3–5 years
Equipment, tools and installations	3–10 years

Residual values and useful lives of assets are tested at each closing date and adjusted where required. Any gain or loss from the sale of an asset is determined by comparing the sale proceeds and the carrying amount, and is recognised in other operating income or other operating expenses in the income statement.

IMPAIRMENT LOSSES

The values of property, plant and equipment and non-current intangible assets are analysed at each balance sheet date to establish whether there is an indication that such assets have decreased in value. In the event of such indication, the replacement value of the asset is estimated in order to establish the value of any impairment.

An impairment loss is recognised in the income statement. If an impairment loss is reversed, this is only done insofar as the asset's carrying amount does not exceed the value that would have been recognised, less depreciation/ amortisation, if no impairment had been made. A reversal of an impairment loss is recognised in the income statement. Goodwill impairment losses are never reversed.

LEASES

Leases are classified in the consolidated accounts either as financial leases or as operating leases.

Bravida classifies all leases as operating leases. Payments made during the lease term are charged to the income statement on a straight-line basis over the term of the lease.

FINANCIAL INSTRUMENTS

Recognition and initial measurement

Trade receivables and issued debt instruments are recognised when they are issued. Other financial assets and financial liabilities are recognised when the Group becomes party to the contractual terms of instrument.

A financial asset or financial liability is initially measured at fair value, which usually amounts to the transaction amount less directly attributable transaction expenses for admission of the Group's financial instruments that are not recognised at fair value through profit/loss (see below).

Classification and subsequent measurement

Financial assets – policy applicable from 1 January 2018

Upon initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income – debt instrument investment; fair value through other comprehensive income – equity investment; or fair value through profit/loss. The categories that are applicable for the financial assets held by Bravida are amortised cost and fair value through other comprehensive income.

A financial asset is measured at amortised cost if it is held in order to receive contractual cash flows and, at set dates, it gives rise to cash flows that are solely payment of capital amounts and interest on such outstanding capital amount. Bravida's financial assets in the form of cash and cash equivalents, other receivables, accrued revenues, trade receivables and non-current receivables belong to this category. Non-current receivables are recognised at amortised cost using the effective interest rate method. The other assets are recognised at nominal amount because the duration is short.

Financial assets recognised by Bravida at fair value through other comprehensive income consist of relatively small investments in securities held as non-current assets (Note 24). In the event of changes in the value of such holdings, the effect is recognised in other comprehensive income. No earnings effect is recognised in profit/loss or upon realisation.

Those financial assets that are measured at amortised cost are recognised after a provision is made for expected credit losses. The Group applies the simplified method for calculating expected credit losses on trade receivables. This method involves expected losses over the duration of a claim being used as the basis for trade receivables. See Note 25 for further information on the impairment model.

The loss provision for trade receivables and contract assets is always measured at an amount corresponding to expected credit losses over the remaining duration of the claim. Credit losses are measured as the net present value of all cash flow deficits (i.e., the difference between the company's cash flow in accordance with the agreement and the cash flow that the Group expects to receive). An impairment loss or reversal of an impairment loss on trade receivables is recognised in the income statement under 'Other operating expenses' while on loans it is recognised in financial items.

Financial assets – policy applicable before 1 January 2018

Up to and including 2017 the Group classified financial assets held, as mentioned above, in the categories loans and trade receivables and financial assets available for sale.

Those items included correspond to those that, as per the above (policy from 2018), are recognised at amortised cost and fair value through other comprehensive income. Two aspects of subsequent accounting differed compared with the policies described above. The first is that bad debt provisions were based on the occurrence of objective evidence that default had occurred. The other difference in policy was that upon realisation of financial assets available for sale the accumulated earnings would have been reclassified through other comprehensive income to the income statement.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit/loss. Those financial liabilities that Bravida has belong to the category of measured at amortised cost. Measurement is carried out using the effective interest rate method. Interest costs and gains or losses upon removal from the balance sheet are recognised in profit or loss. This category mainly includes the Group's interest-bearing liabilities. Trade payables and other short-term operating liabilities constituting financial liabilities are recognised at nominal amount because of the short duration.

Borrowing and other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

Removal from the statement of financial position (derecognition)

Financial assets

The Group removes a financial asset from the statement of financial position when the contractual rights to cash flows from the financial asset cease or if it transfers the right to receive contractual cash flows through a transaction in which essentially all risks and benefits of ownership have been transferred or in which the Group does not transfer or retain essentially all the risks and benefits of ownership and it does not retain control over the financial asset.

Financial liabilities

The Group derecognises a financial liability from the statement of financial position when the obligations specified in the agreement are fulfilled, cancelled or cease. The Group also derecognises a financial liability when the contractual terms and conditions are modified and cash flows from the modified liability are materially different. In such a case, a new financial liability is recognised at fair value based on the modified terms and conditions.

Where a financial liability is derecognised, the difference between the carrying value that has been derecognised and the compensation paid (including transferred non-monetary assets or liabilities assumed) is recognised in profit/loss.

Offsetting

A financial asset and a financial liability are offset and recognised as a net amount in the statement of financial position only when there is a legal right to offset amounts and there is the intention to settle the items at a net amount or simultaneously realise the asset and settle the liability. The Group currently has no financial assets and liabilities that are offset.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. This also takes into account the risk of obsolescence. Cost is determined using the first-in/first-out method (FIFO). Net realisable value is the estimated selling price in the company's operating activities less any applicable variable selling expenses. The cost of company-produced semi-finished and finished goods consists of direct costs of production plus a reasonable portion of indirect costs of production. Normal capacity utilisation is also taken into account in the valuation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, and other short-term investments maturing within three months of the acquisition date.

DIVIDEND PAID

Dividends paid are recognised as a liability upon approval of the dividend by the Annual General Meeting.

FINANCE INCOME AND COSTS

Finance income and costs comprise interest income on bank deposits, receivables and interest-bearing assets, interest expenses on loans, dividend income, foreign exchange gains/losses on assets and liabilities of a financial nature.

INCOME TAX

Recognised income taxes include tax that is payable or receivable in respect of the current year, adjustments relating to current tax for previous years and changes in deferred tax. All tax liabilities and assets are valued at their nominal amounts and based on the tax rules and tax rates that have been adopted or that have been announced and are highly likely to be confirmed. Income taxes are recognised in profit/loss for the year except where the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effects are recognised in other comprehensive income or in equity. Deferred tax is calculated in accordance with the balance sheet method for all temporary differences between the carrying amounts and taxable values of assets and liabilities. Temporary differences are not taken into account for differences arising from the recognition of consolidated goodwill. Deferred tax assets relating to unused loss carry-forwards or other future tax deductions are recognised to the extent that it is probable that such deductions can be used to offset future taxable profits.

EARNINGS PER SHARE

The calculation of earnings per share is based on consolidated profit for the year attributable to owners of the parent company and on the weighted average number of shares outstanding during the year.

In calculating diluted earnings per share, the average number of shares is adjusted to take account of the effects of diluting potential ordinary shares. Over the reported periods, potential ordinary shares consist of rights to receive shares in Bravida as part of the long-term incentive programmes. Rights to matching shares held by employees at the reporting date are deemed to be dilutive. Entitlement to receive shares with performance conditions is dilutive only insofar as profit targets (EBITA) have been met at the reporting date. Adjustment of the number of dilutive shares is made for the hypothetical number of shares that could have been purchased with the value of remaining services as part of each incentive programme.

EMPLOYEE BENEFITS

Post-employment benefits

In Sweden most employees are covered by a defined-contribution plan, but defined-benefit plans also exist. In Norway virtually all employees are covered by a defined-contribution pension plan. In Denmark and Finland all employees are covered by defined-contribution plans.

In a defined-contribution plan the company makes fixed contributions to a separate legal entity and has no obligation to make any further contributions. Costs are charged to the consolidated income statement as the benefits are earned.

Defined-benefit plans are plans for post-employment benefits other than defined-contribution plans. The Group's net liability relating to defined-benefit plans is calculated separately for each plan by estimating the future compensation earned by the employees through their employment in the current and previous periods. The Group bears the risk for ensuring that the plan provides the promised compensation.

The defined-benefit pension plans are both funded and unfunded. In a funded plan the assets have been segregated, mainly in pension funds. These plan assets can only be used to make payments in accordance with the terms of the pension agreements.

The estimated present value of the obligations less fair value of the plan assets is recognised in the balance sheet as a provision or a non-current financial asset, as appropriate.

The pension cost and the pension obligation for defined-benefit pension plans is calculated annually by independent actuaries. The discount rate is the interest rate on mortgage bonds, with a term corresponding to the average term of the Group's pension obligations. If there is no functioning market for such corporate bonds, the market interest rate on government bonds with a corresponding term is used instead. The calculation is made by a qualified actuary using the projected unit credit method. The fair value of any investment assets at the reporting date is also calculated. Net interest expense/income on the defined-benefit obligation/asset is recognised in profit/loss for the year under net financial items. Net interest income is based on the interest arising from the discounting of the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset restrictions. Other components are recognised in operating profit.

Revaluation effects comprise actuarial gains and losses, the difference between the actual return on plan assets and the sum included in the net interest income and any changes to the effects of asset restrictions (excluding interest included in net interest income). The revaluation effects are recognised in other comprehensive income. If the calculation results in an asset for the Group, the carrying amount of the asset is limited to the lower of the plan surplus and the asset restriction calculated using the discount rate. The asset restriction consists of the present value of the future financial benefits in the form of reduced future contributions or cash repayments. Any requirements for minimum funding are taken into account in the calculation of the present value of future repayments or contributions.

Changes to or reductions in a defined-benefit plan are recognised at the earlier of the following times: a) when the change to the plan or the reduction takes place, or b) when the company recognises related restructuring costs and termination benefits. Changes/reductions are recognised directly in profit and loss for the year.

Special payroll tax forms part of the actuarial assumptions and is therefore recognised as part of the net obligation/asset. For reasons of simplicity, the element of special payroll tax that is calculated on the basis of the Swedish Act on Safeguarding Pension Obligations at legal entities is recognised as accrued cost instead of as part of the net obligation/asset.

Pension yield tax is recognised on an ongoing basis in the profit and loss for the period to which the tax relates and therefore is not included in the calculation of the liability. For funded plans, the tax is payable on the return on plan assets and is recognised in other comprehensive income. For unfunded or partially unfunded plans, the tax is charged to profit/loss for the year.

Termination benefits

A cost for payments in connection with termination of staff employment is recognised when the company is no longer able to withdraw the offer to the employees or when the company recognises costs for restructuring, whichever is the earlier. Benefits that are expected to be settled after twelve months are recognised at their present value. Benefits that are not expected to be fully settled within twelve months are recognised as long-term remuneration.

Short-term benefits

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are received.

Share-based payments

Share-based payments relate to employee benefits in accordance with the long-term incentive programmes approved by the AGM. Personnel costs are recognised at the value of services received, accrued over the vesting periods of the programmes, calculated as the fair value of the assigned equity instruments. The fair value is established at the date of assignment, i.e. when Bravida and the employees entered an agreement on the terms and conditions of the programmes. As the programmes are paid using equity instruments, they are classified as 'paid with equity' and an amount corresponding to the recognised personnel cost is recognised directly in equity.

The programmes mean that the participants need to purchase and retain shares in Bravida during the vesting period. At the end of the vesting period, participants receive additional shares in Bravida provided that the shares they purchased were retained, that their employment continued throughout the period and, with regard to performance target-related shares, that Group EBITA reached specified target levels. The recognised cost is initially based on and continually adjusted according to the number of additional shares expected to be earned, taking account of how many participants are expected to remain employed during the vesting period and taking account of the expected achievement of the EBITA conditions. No adjustment is made with regard to whether participants lose the entitlement to shares owing to their sale of the shares they needed to purchase and need to retain; in such case, the entire remaining cost is recognised immediately.

When rights to shares are earned and shares assigned, social security costs must be paid in certain countries for the value of the benefit to the employee. A cost and provision are recognised, accrued over the vesting period, for such social security costs. The provision for social security costs is based on the number of rights to shares expected to be earned and on the fair value of the rights to shares at the reporting date and eventually upon allocation of the shares.

PROVISIONS

A provision is recognised on the balance sheet when the company has a legal or constructive undertaking as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are divided into a long-term and short-term portion.

Warranty provision

A provision is recognised when the underlying product or service has been sold. Upon completion of the installation work a warranty period of 24 months normally applies. The warranty provision is calculated on the basis of previous years' warranty expenditure and an assessment of future warranty risks.

Restructuring provision

A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has been initiated or publicly announced. No provision is made for future operating expenses.

Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by one or more uncertain future events, not entirely outside the company's control, occurring or not occurring, or an obligation arising from past events but that is not recognised as a liability or a provision because it is unlikely that an outflow of resources will be required to settle the obligation, or the size of the obligation cannot be estimated with sufficient accuracy. No recognition is required where an outflow of resources is highly unlikely.

PARENT COMPANY ACCOUNTING POLICIES

The parent company prepares its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. Differences between the Group and parent company accounting policies are described below. The stated accounting policies of the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Subsidiaries

Interests in subsidiaries are recognised in the parent company using the cost method. This means that transaction costs are included in the reported value of interests in subsidiaries. In the consolidated financial statements, transaction costs attributable to subsidiaries are recognised directly in the consolidated income statement when they are incurred.

Contingent considerations are valued based on the probability that the consideration will be paid. Any changes to the provision or receivable are added to or reduce the cost. In the consolidated financial statements, contingent considerations are stated at fair value while changes in value are recognised in profit/loss.

Bargain purchases which relate to future expected losses and expenses are eliminated in the periods when the expected losses and expenses are incurred. Bargain purchases that arise for other reasons are recognised as a provision to the extent that they do not exceed the fair value of the acquired identifiable non-monetary assets. Any portion exceeding this value is recognised as income immediately. The portion which does not exceed the fair value of the acquired identifiable non-monetary assets is recognised as income systematically over a period which is calculated based on the remaining weighted average useful life of those acquired identifiable assets that can be depreciated/amortised. In the consolidated financial statements, bargain purchases are recognised directly in profit/loss.

Group contributions and shareholder contributions

In the parent company, shareholder contributions are recognised in shares and interests, insofar as no write-down is required, and directly in equity in the receiving entity. Group contributions received/paid are recognised as appropriations.

Presentation of the income statement and balance sheet

The parent company applies the form of presentation for income statements and balance sheets prescribed in the Swedish Annual Accounts Act, which means, among other things, a separate form of presentation for equity and that provisions are recognised under a separate main heading on the balance sheet.

NOTE 2. DISTRIBUTION OF REVENUES

Distribution of revenues by category	1 Jan 2018 –31 Dec 2018			1 Jan 2017 – 31 Dec 2017		
	Service	**Installation**	**Total**	**Service**	**Installation**	**Total**
Sweden	5,032	5,247	10,279	4,642	5,205	9,847
Norway	2,330	2,447	4,777	2,199	1,986	4,185
Denmark	1,241	1,931	3,171	1,110	1,438	2,547
Finland	207	907	1,114	157	588	745
Eliminations	**6**	**-43**	**-36**	**8**	**-39**	**-31**
Group	**8,816**	**10,490**	**19,305**	**8,114**	**9,179**	**17,293**

Contract balances	Group	
	31 Dec 2018	1 Jan 2018
Receivables included in trade receivables and other receivables	3,390	3,039
Contract assets – accrued but not invoiced	1,235	1,004
Contract liabilities – invoiced but not accrued	-1,803	-1,519

Contract assets relate in the first instance to the Group's right to remuneration for work carried out but not invoiced at the balance sheet regarding service and installation agreements. Total contract assets at year-end are affected by an impairment loss of SEK 0 million. Contract assets are transferred to receivables when rights are unconditional. This usually happens when the Group issues an invoice to the customer.

Contract liabilities mainly refer to those advances received from customers for future service and installation work, for which revenue is recognised over time. All contract liabilities recognised as a contract liability at the start of the period have been recognised as revenue in 2018.

Revenue recognised during the period ended 31 December 2018 from performance commitments fulfilled (or partially fulfilled) in previous periods amount to SEK 96 million. This is mainly due to changes in the calculation of the degree of completion for ongoing projects and the difference in estimated contribution margin at the end of the previous year and the final contribution margin upon completion of the project.

Performance commitments not fulfilled at year-end regarding projects lasting more than 1 year amount to SEK 2,189 million, 13 percent of revenues are expected to be recognised within 1 year and 9 percent within 2 years, with the remainder thereafter.

NOTE 3. SEGMENT REPORTING

The Group's operations are monitored and reviewed on a geographic market basis by the chief operating decision-maker. Bravida's segments consist of geographic markets. Bravida has a transfer pricing policy that sets out the rules for financial transfers between the Group's companies. Internal pricing charged between the various segments of the Group are set on an arm's length basis, between parties that are independent of one another, are well informed and have an interest in ensuring that the transaction is completed. None of the companies' customers generate more than 5 percent of total consolidated income.

GEOGRAPHIC MARKETS

Geographic markets constitute the Group's operating segments, i.e. the countries of Sweden, Norway, Denmark and Finland. In each geographic market, activities are conducted in the areas of electrical, heating & plumbing and HVAC. Bravida also offers service and installation of security and sprinkler systems, cooling, power, lifts and services within project management and technical service management.

2018	Sweden	Norway	Denmark	Finland	Group-wide	Eliminations and other	Total
External net sales	10,232	4,777	3,170	1,113	14	–	19,305
Internal net sales	47	0	2	1	368	-418	–
Net sales	**10,279**	**4,777**	**3,171**	**1,114**	**382**	**-418**	**19,305**
Operating expenses	-9,588	-4,492	-2,986	-1,092	-355	418	-18,094
Amortisation of non-current intangible assets	-3	–	-1	–	–	–	-4
Operating profit/loss	**689**	**285**	**184**	**22**	**27**	**–**	**1,207**
Net financial items	-3	11	0	-4	-19	–	-16
Profit/loss before tax	**686**	**296**	**184**	**18**	**8**	**–**	**1,191**
Other information							
Goodwill	5,108	1,788	973	341	–	–	8,210
Other non-current assets*	45	20	43	10	12	–	130
Total non-current assets	**5,153**	**1,807**	**1,016**	**352**	**12**	**–**	**8,340**

2017	Sweden	Norway	Denmark	Finland	Group-wide	Eliminations and other	Total
External net sales	9,807	4,185	2,546	743	11	–	17,293
Internal net sales	40	0	1	1	336	-378	–
Net sales	**9,847**	**4,185**	**2,547**	**745**	**347**	**-378**	**17,293**
Operating expenses	-9,186	-3,931	-2,416	-730	-329	378	-16,215
Amortisation of non-current intangible assets	-3	-2	-1	–	–	–	-6
Operating profit/loss	**658**	**251**	**130**	**15**	**18**	**–**	**1,072**
Net financial items	-3	5	0	-3	-53	–	-54
Profit/loss before tax	**655**	**256**	**130**	**12**	**-35**	**–**	**1,019**
Other information							
Goodwill	4,989	1,709	918	228	–	–	7,844
Other non-current assets*	23	22	49	7	15	–	116
Total non-current assets	**5,012**	**1,731**	**967**	**235**	**15**	**–**	**7,959**

*Excluding deferred tax asset.

NOTE 4. ACQUISITION OF OPERATIONS

The acquisitions made in 2018 and 2017 are reported in aggregate form in the tables below as individually they are not of sufficient size to justify separate recognition of each acquisition. The acquisition of Oras AS in Norway in 2017 is reported separately; the final acquisition analysis did not differ materially from the preliminary analysis reported in 2017.

Bravida normally uses an acquisition structure with a fixed purchase price and contingent consideration, which is based on future performance. The contingent consideration is initially valued at the likely final amount, which for the year's acquisitions is SEK 55 million (18). The contingent considerations are due for payment within three years.

Acquired values correspond to fair value in accordance with IFRS 3. Acquired goodwill is attributable to synergy effects that are estimated to be possible to achieve through further coordination of purchasing and central costs.

2018

Bravida made the following acquisitions in 2018 :

Acquired unit	Country	Type	Date	Percentage of votes	No. of employees	Estimated annual sales, SEK million
Electrical business, Viborg	Denmark	Company	January	100%	30	26
Electrical business, Enköping	Sweden	Company	January	100%	10	16
Electrical, heating and plumbing, HVAC business, Helsinki region	Finland	Company	January	100%	70	190
Cooling business, Stockholm	Sweden	Company	April	100%	12	30
Electrical business, Sala	Sweden	Company	May	100%	18	20
Fire and security business, Västerås	Sweden	Company	May	100%	14	18
Electrical business, Orkdal	Norway	Assets and liabilities	July	–	10	11
Heating and plumbing, HVAC business, Skandenborg	Denmark	Company	July	100%	28	75
Electrical business, Skåne region	Sweden	Company	October	100%	137	200
Electrical, heating and plumbing business, Hangö	Finland	Company	October	100%	90	160
Electrical business, Skellefteå	Sweden	Company	November	100%	27	40
Heating and plumbing business, Blekinge region	Sweden	Company	November	100%	12	20

If the acquisitions had taken place at 1 January 2018, consolidated net sales for 2018 would have increased by around 2 percent.

Effects of acquisitions in 2018

Acquisitions have the following effects on consolidated assets and liabilities.

Assets and liabilities included in acquisition	Fair value recognised in the Group, SEK mil.
Intangible assets	0
Property, plant and equipment	30
Trade receivables [1]	100
Contract assets – revenue accrued but not invoiced	8
Other current assets	46
Cash and cash equivalents	89
Non-current liabilities	-22
Trade payables	-46
Contract liabilities – revenue invoiced but not accrued	-5
Other current liabilities	-74
Net identifiable assets and liabilities	**126**
Consolidated goodwill	**254**
Consideration	-380
Cash and cash equivalents, acquired	89
Net effect on cash and cash equivalents	**-292**
Cash consideration paid	-292
Consideration recognised as a liability [2]	-88
Consideration	**-380**

[1] There are no material write-downs of trade receivables.
[2] Of the total consideration recognised as a liability, SEK 55 million (18) consists of contingent consideration.

2017
Bravida made the following acquisitions in 2017:

Acquired unit	Country	Type	Date	Percentage of votes	No. of employees	Estimated annual sales, SEK million
Electrical business, Oslo[3]	Norway	Company	February	9%	–	–
Heating & plumbing business, Köge	Denmark	Company	April	100%	100	130
Heating and plumbing, HVAC business	Norway	Company	May	100%	700	1,200
Heating & plumbing business, Kiruna	Sweden	Company	September	100%	18	30
Electrical business, Brøndby	Denmark	Assets and liabilities	November	–	8	10

[3] Acquisition of remaining minority

If the acquisitions had taken place at 1 January 2017, consolidated sales for 2017 would have increased by around 3 percent.

Effects of acquisitions in 2017

Acquisitions have the following effects on consolidated assets and liabilities.

Assets and liabilities included in acquisition	Fair value recognised in the Group, SEK mil. Oras	Other	Total
Intangible assets	0	1	1
Property, plant and equipment	8	7	14
Trade receivables[1]	209	35	244
Income accrued but not invoiced	75	2	76
Other current assets	44	6	50
Cash and cash equivalents	0	5	5
Non-current liabilities	-83	-16	-100
Trade payables	-102	-13	-115
Income invoiced but not accrued	-49	0	-49
Other current liabilities	-158	-18	-175
Net identifiable assets and liabilities	**-55**	**5**	**-50**
Consolidated goodwill	**176**	**57**	**233**
Consideration	-121	-66	-187
Cash and cash equivalents, acquired	0	5	5
Net effect on cash and cash equivalents	**-121**	**-61**	**-182**
Cash consideration paid	-121	-38	-159
Consideration recognised as a liability[2]	0	-29	-29
Consideration	**-121**	**-66**	**-187**

[1] There are no material write-downs of trade receivables.
[2] Of the total consideration recognised as a liability, SEK 18 million consists of contingent consideration.

Acquisition of Oras AS

On 8 May 2017 Bravida, via Bravida Norge AS, acquired 100 percent of the shares in Norwegian installation and service company Oras AS. The acquisition of Oras, Norway's leading heating & plumbing and HVAC provider, makes Bravida the market-leading end-to-end provider of installation and service on the Norwegian market. Oras has annual sales of approximately SEK 1,200 million, around 700 employees, with headquarters in Oslo, and has a presence throughout Norway in many areas where Bravida already operates. The acquisition provides for synergies, primarily in purchasing and central costs. The purchase price for the shares was SEK 121 million, with the purchase price being paid in the second quarter of 2017. Oras had net debt of SEK 55 million at the acquisition date. Oras was consolidated into the Group from 8 May 2017. Earnings for the second quarter of 2017 were impacted by acquisition costs of SEK 8 million as a specific cost.

The acquisition analysis for Oras AS is preliminary.

Acquired net debt and goodwill	SEK MILLION
Consideration	121
Fair value of acquired net debt	55
Goodwill	**176**

NOTE 5. EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2018 Total	2018 Percentage women	2018 Percentage men	2017 Total	2017 Percentage women	2017 Percentage men
PARENT COMPANY						
Sweden	14	50%	50%	13	39%	61%
Total at parent company	**14**	**50%**	**50%**	**13**	**39%**	**61%**
GROUP COMPANIES						
Sweden[1]	6,038	6%	94%	5,613	6%	94%
Norway	2,994	6%	94%	2,718	7%	93%
Denmark	1,830	9%	91%	1,803	8%	92%
Finland	599	7%	93%	496	5%	95%
Total in Group companies	**11,461**	**7%**	**93%**	**10,630**	**7%**	**93%**
Total, Group	**11,475**	**7%**	**93%**	**10,643**	**7%**	**93%**

[1] Bravida Sweden conducts development operations at a branch office in Slovakia. These employees are reported in Sweden and amount to 13 (13) persons, of whom 2 (2) are women.

Distribution in company management[2]	31 Dec 2018 Female representation	31 Dec 2018 Male representation	31 Dec 2017 Female representation	31 Dec 2017 Male representation
PARENT COMPANY				
Board of Directors	20%	80%	22%	78%
Other senior executives	8%	92%	8%	92%
TOTAL, GROUP				
Board of Directors	20%	80%	22%	78%
Other senior executives	8%	92%	8%	92%

[2] Calculated in accordance with the EU calculation model in which trade union representatives are included on the Board and the CEO is included in other senior executives.

Salaries, other remuneration and social security contributions	2018 Salaries and remuneration	2018 Szocial security contributions	2017 Salaries and remuneration	2017 Social security contributions
PARENT COMPANY	47	11	59	22
(of which pension)	(6)	(1)	(6)	(2)
GROUP COMPANIES	6,715	1,260	6,102	1,148
(of which pension)	(489)	(57)	(464)	(53)
Total, Group	**6,762**	**1,271**	**6,161**	**1,169**
(of which pension)	(494)	(58)	(470)	(54)

Salaries and other remuneration	2018 CEO and other senior executives[3]	2018 Other employees	2017 CEO and other senior executives[3]	2017 Other employees
PARENT COMPANY				
Sweden	35	12	30	29
(of which bonuses, etc.)	(11)	(0)	(12)	(0)
GROUP COMPANIES				
Sweden	23	3,174	20	3,006
(of which bonuses, etc.)	(7)	(62)	(8)	(49)
Norway	4	1,860	6	1,666
(of which bonuses, etc.)	(0)	(42)	(4)	(34)
Denmark	4	1,337	4	1,149
(of which bonuses, etc.)	(1)	(17)	(1)	(14)
Finland	2	312	3	247
(of which bonuses, etc.)	(–)	(1)	(0)	(0)
Total for Group companies	**33**	**6,683**	**33**	**6,069**
(of which bonuses, etc.)	(8)	(122)	(13)	(97)
Total, Group	**68**	**6,694**	**63**	**6,098**
(of which bonuses, etc.)	(20)	(122)	(26)	(97)

[3] At year-end the group of senior executives, including the CEO, numbered 13 (12) persons.

Remuneration and other benefits for the Board

SEK thousand	Board remuneration	Committee fee[4]	Other fees	Total recognised cost for 2018	Total recognised cost for 2017
CHAIRPERSON					
Fredrik Arp[5]	733	53	–	787	–
Monica Caneman[5]	500	60	–	560	1,680
OTHER BOARD MEMBERS					
Jan Johansson	450	100	–	550	550
Mikael Norman	450	180	–	630	603
Marie Nygren[5]	300	67	–	367	–
Staffan Påhlsson	450	80	–	530	530
Cecilia Daun Wennborg	450	110	–	560	550
	3,333	**650**	**–**	**3,983**	**3,913**

[4] Relates to remuneration for work on Board committees.
[5] The 2018 AGM elected Fredrik Arp and Marie Nygren as new Board members. Fredrik Arp was elected Chairman. Monica Caneman stepped down from the Board at the 2018 AGM.

Board remuneration

The Chairperson and members of the Board are paid a fee as per the resolution by the AGM of 20 April 2018. No pension is paid to the Board. Employee representative and deputy members of the Board do not receive a Board fee. Board fees are paid as a salary or to a Board member's company. Board and committee fees have been invoiced, with the invoiced fee including compensation for social security contributions. Board fees were invoiced until the 2018 AGM, after which Board fees were paid as salary.

Payment of the Audit Committee is made as per the AGM resolution of 20 April 2018. Since the constitutive Board meeting in 2018, the Audit Committee has consisted of Mikael Norman as Chairman and Jan Johansson and Marie Nygren as members.

Payment of the Remuneration Committee is made as per the AGM resolution of 20 April 2018. Since the constitutive Board meeting in 2018, the Remuneration Committee has consisted of Fredrik Arp as Chairman and Cecilia Daun Wennborg and Staffan Påhlsson as members.

CEO and senior executives' benefits

See page 58 of the directors' report for further information.

CEO and Group President Mattias Johansson

2018 SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expense	Total
CEO and Group President Mattias Johansson	5,788	5,558	2,389	1,870	15,605
Other senior executives [6]	24,307	14,370	7,543	6,137	52,357
	30,095	**19,929**	**9,931**	**8,007**	**67,962**

2017 SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expense	Total
CEO and Group President Mattias Johansson	5,592	5,670	122	1,758	13,141
Other senior executives [6]	22,396	19,870	1,277	6,421	49,965
	27,988	**25,540**	**1,398**	**8,179**	**63,106**

[6] The group 'Other senior executives' refers to Group management, excluding the CEO. At year-end the group of senior executives, including the CEO, numbered 13 (12) persons.

Long-term incentive programmes

For a number of years, Bravida Holding AB's AGM has approved long-term incentive programmes for selected employees. The background to and purpose of these programmes is to encourage personnel's loyalty to the company and, consequently, the long-term growth in the company's value.

LTIP 2018

The 2018 AGM approved a new long-term incentive programme to run from 2018 until the 2021 AGM.

Participation in LTIP 2018 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000.

In addition, a number of regional managers, branch managers, other Group staff personnel and other identified key personnel have been invited to invest in the programme.

The number of shares allocated depends on the extent to which the set performance target is met. The set performance target is Group EBITA for 2020. All participants therefore have the same performance targets. Any allocation takes place after the first-quarter report for 2021 has been published.

LTIP 2017

The 2017 AGM approved another incentive programme (LTIP 2017), to run from 2017 until the 2020 AGM.

Participation in LTIP 2017 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period and at the point of allocation. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000.

In addition, a number of regional managers, branch managers, other Group staff personnel and other identified key personnel have been invited to invest in the programme.

For each share held under the LTIP 2017, participants may be assigned, at no cost, a minimum of one and a maximum of five new shares in Bravida. The number of shares allocated depends on the extent to which the set performance target is met. The set performance target is Group EBITA for 2019. All participants therefore have the same performance targets. Any allocation takes place after the first-quarter report for 2020 has been published.

LTIP 2016

The 2016 AGM approved an additional incentive programme (LTIP 2016) to run from 2016 through 31 December 2018.

Participation in LTIP 2016 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period and at the point of allocation. For each share held under the programme, participants may be assigned a minimum of one and a maximum of five new shares in Bravida Holding AB. The Chief Executive Officer may participate with shares ('Bravida shares') corresponding to a value of up to SEK 300,000 at the start date, the Chief Financial Officer may participate with shares corresponding to a value of up to SEK 240,000, other members of Group management may participate with shares corresponding to a value of up to SEK 200,000.

In addition, a number of regional managers, branch managers, other Group staff personnel and other identified key personnel have been invited to invest in the programme.

For each share held under the LTIP 2016, participants may be assigned, at no cost, a minimum of one and a maximum of five new shares in Bravida. The number of shares allocated depends on the extent to which the set performance target is met. The set performance target for all participants is Group EBITA for 2018. Any allocation takes place after the first-quarter report for 2019 has been published.

LTIP 2015

In conjunction with the IPO in 2015, 248 employees, principally line managers, accepted an offer from the company to participate in a long-term incentive programme (LTIP 2015). The programme runs until year-end 2017.

Participation in LTIP 2015 requires participants to own a certain number of shares in Bravida throughout the term of the programme and for participants to be employed by Bravida for the entire period and at the point of allocation. The Chief Executive Officer may participate with up to 7,500 shares, the CFO with up to 6,000 shares, other members of Group management with 5,000 shares, regional managers with 1,250 shares and branch managers with 750 shares.

For every Bravida share that participants hold under LTIP 2015, the company will allocate participants up to three new Bravida Holding AB shares at no cost. The Chief Executive Officer, however, may receive up to five shares and the Chief Financial Officer may receive up to four shares. The number of shares allocated depends on the extent to which the set performance target is met. The set performance target for all participants is Group EBITA for 2017. The highest possible value for each share that a participant can receive is limited to SEK 120. Final allocation took place in May 2018, which as a result of achieved EBITA under the programme amounted to 84.8 percent of maximum allocation. Of the 248 initial participants, 190 participants received an allocation. The applicable share price at the date of the final allocation of shares at the end of the programme was SEK 66.85.

Number of rights to shares at start of programme	Number of shares	Number of participants	Maximum number Matching shares	Maximum number Performance shares
LTIP 2018	606,000	155	131,100	474,900
LTIP 2017	591,078	147	128,924	462,154
LTIP 2016	573,500	123	123,300	450,200
LTIP 2015	803,805	248	–	803,805

Share savings programme, LTIP	2015	2016	2017	2018
Number of rights to shares at 1 January 2016	803,805	–	–	–
Allocated during the year	–	573,500	–	–
Forfeited during the year	-66,000	-24,000	–	–
Number of rights to shares at 31 December 2016	**737,805**	**549,500**	**–**	**–**
Number of rights to shares at 1 January 2017	737,805	549,500	–	–
Allocated during the year	–	–	591,078	–
Forfeited during the year	-86,625	-22,750	-15,384	–
Number of rights to shares at 31 December 2017	**651,180**	**526,750**	**575,694**	**–**
Number of rights to shares at 1 January 2018	651,180	526,750	575,694	–
Allocated during the year	–	–	–	606,000
Forfeited during the year	-23,625	-31,500	-38,308	-31,950
Performance shortfall	-60,798	–	–	–
Final allocation at end of programme	-566,757	–	–	–
Number of rights to shares at 31 December 2018	**–**	**495,250**	**537,386**	**574,050**

Share savings programme, LTIP	2016	2017	2018
No. of participants still employed, at 31 December 2018	109	136	149
Vesting period	Jan 2016 –Dec 2018	Jan 2017 –Dec 2019	Jan 2018 –Dec 2020
Performance target	EBITA 2018	EBITA 2019	EBITA 2020
Fair value per right to share	47.90	58.25	62.72

The fair value of the rights to shares is calculated as the share price at the start of the programme, less the present value of expected dividends over the vesting period.

Recognised cost of the above programmes.

SEK MILLION	2018	2017
Share savings programme, LTIP 2015	5	14
Share programme, LTIP 2016	11	10
Share savings programme, LTIP 2017	10	5
Share savings programme, LTIP 2018	5	–
	31	**29**

Costs for the share programmes are included in operating profit and recognised in the balance sheet as equity and accrued costs (social security charges).

Costs are based on the fair value of the matching shares that are expected to be allocated. Fair value is established at the point of participants' investment as the share price adjusted for the dividend not payable to the employee over the vesting period. The fair value of cost of social security charges is calculated at the respective period-end.

NOTE 6. AUDITORS' FEES AND EXPENSES

	Group		Parent company	
	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
KPMG				
Audit assignment	6	6	2	1
Audit work in addition to audit engagement	0	0	–	–
Tax advice	0	0	–	–
Other services	0	0	0	0
Other accounting firms				
Audit assignment	0	1	–	–
Other services	0	–	–	–
	7	**7**	**2**	**1**

Audit assignments refer to fees for the statutory audit, i.e. the work necessary to publish the audit report, and 'audit consulting' provided in connection with the audit assignment.

Audit work in addition to the audit assignment refers to fees for the reports and other assignments that are relatively closely associated with the audit and that are usually conducted by the external auditor, including consulting regarding advisory and reporting requirements, internal control and audit of interim reports.

Other services refers to such costs not classified as audit assignments, audit work in addition to the audit assignment or tax consulting.

NOTE 7. OPERATING EXPENSES BY COST TYPE

	Group		Parent company	
	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
Costs of materials	5,491	5,049	–	–
Subcontractors and purchased services in production	2,875	2,287	–	–
Employee costs	8,033	7,330	45	81
Depreciation and amortisation	33	34	–	–
Vehicle expenses	488	425	1	1
Premises expenses	285	267	0	0
Consulting fees	78	70	7	4
IT expenses and telecoms	112	116	0	0
Travel expenses	37	28	1	1
Other operating expenses	666	614	56	39
	18,098	**16,220**	**111**	**126**

NOTE 8. NET FINANCIAL ITEMS

	Group		Parent company	
	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
FINANCE INCOME				
Interest income, Group companies	–	–	17	20
Interest income, other	3	2	3	3
Foreign exchange gains	17	0	15	1
Other	13	7	–	–
	32	**9**	**35**	**23**
FINANCE COSTS				
Interest expense, Group companies	–	–	-3	-2
Interest expense, other	-32	-46	-28	-45
Foreign exchange losses	0	-1	–	–
Other	-16	-16	-9	-10
	-48	**-63**	**-41**	**-57**
Net financial items	**-16**	**-54**	**-5**	**-34**

NOTE 9. TAX

	Group		Parent company	
	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
CURRENT TAX				
Tax expense for the period	-147	-130	-55	-105
Adjustment of tax in respect of prior years	-1	0	–	0
	-148	**-130**	**-55**	**-105**
DEFERRED TAX				
Deferred tax expense	-88	-69	0	–
Total recognised tax expense	**-235**	**-199**	**-55**	**-105**

	Group		Parent company	
	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
RECONCILIATION OF EFFECTIVE TAX				
Profit/loss before tax	1,191	1,019	248	475
Tax at tax rate applying to parent company	-262	-224	-54	-105
Effect of different tax rates for foreign subsidiaries	-3	-5	–	–
Non-deductible expenses	-8	-12	0	-1
Deductible items not affecting earnings	8	7	–	–
Non-taxable income	16	29	–	0
Tax in respect of prior years	-1	0	–	0
Effect of changed tax rates	1	4	–	–
Effects of utilised loss carry-forwards	14	–	–	–
Deferred tax asset attributable to previous years	1	2	–	–
Other	0	0	0	0
Recognised effective tax	**-235**	**-199**	**-55**	**-105**
Effective tax	19.8%	19.5%	22.2%	22.2%

Corporate tax rate in the respective country: Sweden 22.0% (22.0%), Norway 23.0% (24.0%), Denmark 22% (22%), Finland 20.0% (20.0%).

From 1 January 2019 the tax rate in Sweden is 21.4% and Norway it is 22% for companies with financial years starting 1 January 2019 or later. In Sweden the tax rate is also being reduced to 20.6% for financial years starting 1 January 2021 or later.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable as follows:

Group	31 Dec 2018 Deferred tax asset	31 Dec 2018 Deferred tax liability	31 Dec 2017 Deferred tax asset	31 Dec 2017 Deferred tax liability
Non-current intangible assets	42	–	54	–
Property, plant and equipment	3	–	5	–
Trade receivables	10	–	9	–
Pension provisions	53	–	4	–
Provisions for projects	–	-240	–	-209
Warranty provisions	31	–	26	–
Untaxed reserves	–	-132	–	-93
Loss carry-forwards	11	–	39	–
Other	11	–	11	–
Tax assets/liabilities	**161**	**-372**	**148**	**-302**
Net tax assets/liabilities	**-211**		**-154**	

Deferred tax assets amounted to SEK 161 million, SEK 11 million of which is expected to be used within 12 months. Deferred tax liabilities amounted to SEK 372 million, SEK 0.4 million of which is due within 12 months.

Change in deferred tax in temporary differences and loss carry-forwards

Group 2018	Amount at 1 Jan 2018	Recognised in profit/loss for the year	Recognised in other comprehensive income	Translation differences and other	Acquisitions/ disposals of companies	Amount at 31 Dec 2018
Non-current intangible assets	54	-16	–	4	–	42
Property, plant and equipment	5	0	–	0	-3	3
Trade receivables	9	2	–	-1	–	10
Pension provisions	4	11	37	2	–	53
Provisions for projects	-209	-26	–	-7	2	-240
Warranty provisions	26	4	–	3	-2	31
Untaxed reserves	-93	-36	–	–	-2	-132
Loss carry-forwards	39	-31	–	3	–	11
Other	11	5	–	-6	–	11
Total	**-154**	**-88**	**37**	**-2**	**-4**	**-211**

Group 2017	Amount at 1 Jan 2017	Recognised in profit/loss for the year	Recognised in other comprehensive income	Translation differences and other	Acquisitions/ disposals of companies	Amount at 31 Dec 2017
Non-current intangible assets	66	-13	–	0	–	54
Property, plant and equipment	3	1	–	1	0	5
Trade receivables	8	1	–	0	0	9
Pension provisions	1	9	-5	0	-1	4
Provisions for projects	-216	45	–	11	-49	-209
Warranty provisions	28	-4	–	-1	3	26
Untaxed reserves	-66	-28	–	–	–	-93
Loss carry-forwards	38	-67	–	-3	71	39
Other	31	-15	–	-6	1	11
Total	**-107**	**-69**	**-5**	**2**	**25**	**-154**

NOTE 10. EARNINGS PER SHARE

	2018	2017
Profit/loss for the year attributable to owners of the parent company, SEK thousand	956,028	819,917
Weighted average number of ordinary shares outstanding;		
basic	201,966,598	201,566,598
Effect of long-term incentive programme	602,253	493,183
diluted	202,568,851	202,059,781
Basic earnings per share, SEK	4.73	4.07
Diluted earnings per share, SEK	4.72	4.06

Basic earnings per share

Basic earnings per share are calculated by dividing income attributable to owners of the parent company by a weighted average number of outstanding ordinary shares in the period.

Diluted earnings per share

To calculate diluted earnings per share, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all dilutive potential ordinary shares. These potential ordinary shares are attributable to the long-term incentive programme introduced in 2016 (LTIP 2016). Rights to shares in LTIP 2017 and 2018 are not yet dilutive but could be if the performance terms are met. With regard to LTIP 2015, these rights to shares were dilutive until allocation in May 2017. See also Note 5 'Employees and personnel costs' for a description of approved long-term incentive programmes.

NOTE 11. NON-CURRENT INTANGIBLE ASSETS

Group 31 Dec 2018	Goodwill	Other intangible assets	Total
ACCUMULATED COST			
At start of year	7,851	29	7,880
Purchases	–	0	0
Acquisitions in subsidiaries	328	0	328
Foreign exchange differences for the year	39	1	40
At year-end	**8,218**	**31**	**8,248**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	–	-19	-19
Scheduled amortisation for the year	–	-4	-4
Foreign exchange differences for the year	–	-1	-1
At year-end	**–**	**-25**	**-25**
ACCUMULATED IMPAIRMENT			
At start of year	-8	–	-8
At year-end	**-8**	**–**	**-8**
Carrying amount at start of period	**7,844**	**10**	**7,854**
Carrying amount at end of period	**8,210**	**6**	**8,216**

Group 31 Dec 2017	Goodwill	Other intangible assets	Total
ACCUMULATED COST			
At start of year	7,607	25	7,632
Purchases	–	3	3
Acquisitions in subsidiaries	254	1	256
Foreign exchange differences for the year	-10	0	-10
At year-end	**7,851**	**29**	**7,880**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	–	-13	-13
Scheduled amortisation for the year	–	-6	-6
Foreign exchange differences for the year	–	0	0
At year-end	**–**	**-19**	**-19**
ACCUMULATED IMPAIRMENT			
At start of year	-8	–	-8
At year-end	**-8**	**–**	**-8**
Carrying amount at start of period	**7,599**	**12**	**7,611**
Carrying amount at end of period	**7,844**	**10**	**7,854**

Impairment tests for cash-generating units containing goodwill

The following cash-generating units have significant recognised goodwill values in relation to total recognised consolidated goodwill:

Group	31 Dec 2018	31 Dec 2017
Sweden	5,108	4,989
Norway	1,788	1,709
Denmark	973	918
Finland	341	228
	8,210	**7,844**

Impairment of goodwill

For those cash-generating units where the recoverable amount has been calculated and no impairment has been identified, management deems that no reasonably possible changes in key assumptions would cause the recoverable amount to fall below the carrying amount.

Method for calculating the recoverable amount

For all goodwill values, the recoverable amount has been determined by calculating value in use for the cash-generating unit. The model of calculation is based on the discounting of future expected cash flows in relation to carrying amounts for the unit. Future cash flows are based on five-year forecasts produced by the management for each cash-generating unit. Impairment tests of goodwill are based on the assumption of a perpetual horizon and the extrapolation of cash flows for the years after the forecasting period has been based on a growth rate of 2 percent (2) from year six.

Key variables for calculating value in use:

The following variables are material and common for all cash-generating units in calculating value in use.

Sales: The competitiveness of the business, expected trends in the construction sector, general economic trends, central and local government investment plans, interest rates, and local market conditions.

Operating margin: Historical profitability levels and efficiency in the business, access to key individuals and qualified labour, skills in dealing with customers/customer relationships, access to internal resources, trends in expenses for salaries, materials and subcontractors.

Working capital requirements: An assessment in each individual case of whether the working capital reflects the operational requirements or needs to be adjusted for the forecasting periods. For the trend going forward, a reasonable or cautious assumption is that working capital will track sales growth.

Investment needs: Investment needs in the businesses are assessed based on the investments required to achieve the forecast cash flows from the baseline, i.e. without investments for expansion. Normally, the level of investment has corresponded to the rate of depreciation of property, plant and equipment.

Tax burden: The tax rate in the forecasts is based on Bravida's expected tax situation in each country.

Discount rate: Forecast cash flows and residual values are discounted to present value using the weighted average cost of capital (WACC). The interest rate paid on borrowed capital is defined as the average interest rate on consolidated net debt. The required rate of return on equity is defined using the capital asset pricing model (CAPM). Calculations of value in use are based on a weighted discount rate before tax of 6.5–7.2 percent (6.3–6.8), with the range being due to the variation in the nominal interest rate in the different segments.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Group 31 Dec 2018	Buildings and land	Machinery and equipment	Total
ACCUMULATED COST			
At start of year	10	259	268
Purchases	1	27	27
Acquisition of subsidiaries	18	12	30
Divestments and disposals	-7	-58	-65
Foreign exchange differences for the year	0	7	7
	21	**246**	**267**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	-1	-196	-197
Divestments and disposals	1	50	51
Scheduled amortisation for the year of acquisition costs.	-1	-28	-29
Foreign exchange differences for the year	0	-5	-5
	-2	**-179**	**-180**
Carrying amount at end of period	**19**	**68**	**87**

Group 31 Dec 2017	Buildings and land	Machinery and equipment	Total
ACCUMULATED COST			
At start of year	3	241	244
Purchases	6	15	21
Acquisition of subsidiaries	–	14	14
Divestments and disposals	–	-10	-10
Foreign exchange differences for the year	0	-1	-1
	10	**259**	**268**
ACCUMULATED SCHEDULED AMORTISATION			
At start of year	-1	-177	-178
Divestments and disposals	–	9	9
Scheduled amortisation for the year of acquisition costs.	0	-28	-28
Foreign exchange differences for the year	0	1	1
	-1	**-196**	**-197**
Carrying amount at end of period	**8**	**63**	**71**

NOTE 13. INVESTMENTS IN ASSOCIATES

Group	31 Dec 2018	31 Dec 2017
ACCUMULATED COST		
At start of year	2	2
Liquidation	–	0
Share in profit of associates	0	9
Withdrawals for the year	-2	-9
Foreign exchange differences for the year	0	0
Carrying amount at end of period	**0**	**2**

Specification of investments in associates

31 Dec 2018 Associate, Company reg. no., Reg. office	Profit/loss for the year	Owned share	Value of investment	Carrying amount
Kraftkompaniet Sweden HB, 969740-4755, Stockholm, Sweden	0	50%	0	0
MT Højgaard ApS, CVR 36905026, DK-2605 Brøndby, Denmark	–	50%	0	0
			0	**0**

31 Dec 2017 Associate, Company reg. no., Reg. office	Profit/loss for the year	Owned share	Value of investment	Carrying amount
Kraftkompaniet Sweden HB, 969740-4755, Stockholm, Sweden	9	50%	2	2
MT Højgaard ApS, CVR 36905026, DK-2605 Brøndby, Denmark	–	50%	0	0
			2	**2**

NOTE 14. PENSION ASSETS AND PROVISIONS AND SIMILAR OBLIGATIONS

Bravida employees are covered by pension plans. The Group has both defined-contribution and defined-benefit pension commitments. The majority of the Group's pension commitments are defined-contribution plans.

Sweden

The Group's most extensive defined-benefit plans are in Sweden.

KTP

The largest pension plan is the Swedish KTP plan, which accounts for approximately 92 percent of the total obligation and assets. In 2014, the KTP plan was closed to new employees, but those people who belonged to the KTP plan continue to have vesting and remain in this plan. Salaried employees covered by the KTP plan have a defined-benefit pension plan, which is accounted for in the Group in accordance with IAS 19.

The KTP plan is structured in a similar way to the ITP plan and the pension benefit is based on a theoretical final salary. The pension plan has a share of the KP Foundation, which overall is one of the largest pension foundations in Sweden. The foundation, like all foundations, is subject to the supervision of the County Administrative Board. For further information, see http://arbetsgivare.folksam.se/pensionsstiftelsen. Bravida has chosen a medium risk portfolio, in which the assets are approximately 30 percent equities, 60 percent interest-bearing securities and 10 percent property. The pension plan requires 107 percent funding and is reinsured with PRI. No payments are expected to be made to the KP fund next year.

ITP

Since 1 July 2014 all new employees in Sweden are covered by the ITP plan, as the KTP plan was closed to new employees. The defined-contribution ITP 1 plan covers employees born in 1979 or later. Employees born in 1978 or earlier are covered by ITP 2. The old-age pension under ITP 2 can be funded in two ways; either the employer provides the pension under its own management or premiums are paid to Alecta.

From August 2017, Bravida has changed the funding method to choosing ITP 2 under its own management, which means the company will itself manage the old-age pension through liability accounting on the balance sheet. This portion is recognised as a liability in the Group in accordance with IAS 19.

Until August 2017, for salaried employees in Sweden covered by the ITP 2 plan's defined-benefit pension obligations for old-age and family pension, this was secured through an insurance policy with Alecta. According to a statement by the Swedish Financial Reporting Board (UFR 10 Classification of ITP plans financed by insurance with Alecta), this is a multi-employer defined-benefit pension plan. Bravida does not have sufficient access to the information required in order to report its proportional share of the plan obligation and of the plan assets and costs and has therefore been unable to report the plan as a defined-benefit plan. The ITP 2 pension plan, which is secured by insurance with Alecta, is therefore recognised as a defined-contribution plan. The premium for old-age and family pensions is individually calculated and is dependent, among other things, on salary, pension previously earned and expected remaining period of service. The fees for the year for ITP 2 insurance policies taken out with Alecta amount to SEK 0 million (19). The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's calculation methods and assumptions for insurance purposes, which do not comply with IAS 19. The collective funding level is normally permitted to vary between 125 and 155 percent. If Alecta's collective funding level falls below 125 percent or exceeds 155 percent, measures must be taken in order to create the conditions for the funding level to return to within the normal range. If funding is too low, measures include increasing the agreed price for new subscriptions and extending existing benefits. If funding is too high, measures include applying premium reductions. At year-end 2018, Alecta's surplus in the form of the collective funding level was 142 percent (154).

Other countries

In Norway, the majority of pension plans are defined-contribution, although a few employees have a defined-benefit plan.

Denmark and Finland have defined-contribution pension plans.

Defined-benefit obligations and the value of plan assets

Group	31 Dec 2018	31 Dec 2017
Present value of fully or partly funded obligations	-1,502	-1,334
Fair value of plan assets	1,305	1,324
Total fully or partly funded obligations	**-197**	**-10**
Present value of unfunded defined-benefit obligations	-88	-32
Net obligations	**-286**	**-42**
The net amount is recognised in the following items on the balance sheet:		
Pension assets	6	7
Provisions for pensions and similar obligations	-292	-48
Total	**-286**	**-42**
Distribution of net amount by country:		
Sweden	-291	-48
Norway	5	6
Total	**-286**	**-42**

Changes in the present value of the obligation for defined-benefit plans

Group	31 Dec 2018	31 Dec 2017
Obligation for defined-benefit plans at 1 Jan	1,366	1,374
Cost of vested benefits during period	69	50
Interest expense	38	38
Pension payments	-61	-60
Actuarial gains (-) and losses (+)		
- Changes in financial assumptions	168	-49
- Experience-based adjustments	10	16
Foreign exchange differences	1	-3
Obligation for defined-benefit plans at 31 Dec	**1,590**	**1,366**
- of which funded obligations	-1,502	-1,334

The average maturity period for obligations is 13.9 years (15.6).

Changes in fair value of plan assets

Group	31 Dec 2018	31 Dec 2017
Fair value of plan assets at 1 Jan	1,324	1,357
Interest income recognised in the income statement	37	37
Withdrawn	-60	-59
Insurance premium (-) paid from plan assets	-1	-1
Paid in	1	1
Return on plan assets excluding interest income	4	-10
Foreign exchange differences	1	-1
Fair value of plan assets at 31 Dec	**1,305**	**1,324**

Defined-benefit pension plans

The cost for benefit-based pensions is recognised as an administrative expense in the income statement.

The number of individuals covered by the IAS 19 calculation regarding defined-benefit pension plans, Denmark and Finland are not covered.

31 Dec 2018	Parent company	Other Sweden	Norway	Total
Active	10	1,156	27	1,193
Former employees, not retired	–	3,084	67	3,151
Retired	–	2,298	–	2,298
Total	**10**	**6,538**	**94**	**6,642**

31 Dec 2017	Parent company	Other Sweden	Norway	Total
Active	8	1,189	31	1,228
Former employees, not retired	–	2,251	–	2,251
Retired	–	3,038	66	3,104
Total	**8**	**6,478**	**97**	**6,583**

Sensitivity analysis

Effects of possible changes in the Group's defined-benefit pension plans, according to IAS 19 calculation.

Group	Increase	Decrease
Change in discount rate	0.5 percentage point	0.5 percentage point
Effect on obligation	-97	112
Change in inflation assumption	0.5 percentage point	0.5 percentage point
Effect on obligation	129	-115
Change in lifespan	+1 year	
Effect on obligation	68	

Actuarial assumptions

The following significant actuarial assumptions have been applied in calculating the obligations.

	Sweden		Norway	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Discount rate	2.30%	2.80%	2.60%	2.60%
Assumed long-term salary increases	2.30%	2.80%	2.75%	2.50%
Long-term increase in income base amount	2.30%	2.80%	–	–
Assumed long-term inflation	1.90%	1.80%	–	–
Expected increase in base amount (price base amount)	–	–	2.50%	2.25%
Future increases in pensions	–	–	0.80%	0.00%

The actuarial assumptions are based on commonly used assumptions relating to demographic factors and termination of employment. Lifespan assumptions are determined based on actuarial advice and in accordance with published data, DUS 2007.

NOTE 15. OTHER SECURITIES HELD AS NON-CURRENT ASSETS

	Group	
	31 Dec 2018	31 Dec 2017
ACCUMULATED COST		
At start of year	12	11
Acquisition of subsidiaries	0	0
Changes in value	0	0
Foreign exchange differences for the year	0	0
Carrying amount at end of period	**12**	**12**
BREAKDOWN OF SECURITIES		
Tenant-owner property	7	7
Other	6	5
	12	**12**

NOTE 16. NON-CURRENT RECEIVABLES AND OTHER RECEIVABLES

LONG-TERM RECEIVABLES THAT ARE NON-CURRENT ASSETS

	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Deposit for rental of premises	17	13	–	–
Other	1	1	0	–
	18	**14**	**0**	**–**

OTHER RECEIVABLES THAT ARE NON-CURRENT ASSETS

	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Receivable, pension funds	0	1	–	–
Value-added tax receivable	4	0	2	–
Other	56	45	–	0
	60	**46**	**2**	**0**

NOTE 17. CONTRACT ASSETS AND CONTRACT LIABILITIES

CONTRACT ASSETS

Group	31 Dec 2018	31 Dec 2017
Accrued income from work not yet completed	9,399	8,769
Invoicing of work not yet completed	-8,164	-7,765
	1,235	**1,004**

CONTRACT LIABILITIES

Group	31 Dec 2018	31 Dec 2017
Invoicing of work not yet completed	11,381	11,926
Accrued income from work not yet completed	-9,578	-10,407
	1,803	**1,519**

Accrued income for incomplete work and from ongoing installation projects is recognised over time (previously percentage-of-completion method). Calculation of the work-up rate is made on the basis of accrued project expenses at the end of the period in relation to project revenue corresponding to project expenses for the entire installation.

On the balance sheet, installation projects are recognised gross on a project by project basis, either as 'Contract assets' in current assets or as 'Contract liabilities' in current liabilities. Projects for which accrued revenue exceeds the amount invoiced are recognised as an asset, while projects for which the amount invoiced exceeds accrued revenue are recognised as a liability.

NOTE 18. PREPAYMENTS AND ACCRUED INCOME

	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Prepaid rents	27	26	–	–
Prepaid insurance premiums	5	21	0	18
Prepaid credit facility charge	7	15	7	15
Accrued income	241	211	–	–
Other items	56	38	0	0
	337	**311**	**7**	**33**

NOTE 19. EQUITY

Parent company	31 Dec 2018 Ordinary shares	31 Dec 2018 C shares	31 Dec 2018 Total	31 Dec 2017 Ordinary shares	31 Dec 2017 C shares	31 Dec 2017 Total
SHARES OUTSTANDING						
Opening number of shares	201,566,598	1,750,000	203,316,598	201,566,598	1,200,000	202,766,598
Consolidation	600,000	-600,000	–			
New issue of C shares*			–		550,000	550,000
Number of shares at year-end	**202,166,598**	**1,150,000**	**203,316,598**	**201,566,598**	**1,750,000**	**203,316,598**
- of which held by Bravida Holding AB	-39,114	-1,150,000	-1,189,114		-1,750,000	-1,750,000
Total shares outstanding at year-end	**202,127,484**	**–**	**202,127,484**	**201,566,598**	**–**	**201,566,598**

*Custodial, intended for long-term incentive programme.

Share capital amounts to SEK 4,066,332. The quotient value of one share is SEK 0.02. Share capital is distributed over 202,166,598 ordinary shares and 1,150,000 class C shares. Ordinary shares entitle holders to one vote and a dividend payment, while C shares entitle holders to one-tenth of a vote and no dividend.

Specification of equity item reserves:

Group	31 Dec 2018	31 Dec 2017
TRANSLATION RESERVE		
Opening translation difference	6	31
Translation differences for the year, foreign subsidiaries	44	-26
Closing translation difference	**50**	**6**

Translation reserve
The translation reserve includes all foreign exchange differences arising from the translation of financial statements of foreign operations for which the financial statements have been prepared in a different currency than the currency in which the consolidated financial statements are presented. The parent company and Group present their financial statements in Swedish kronor. The translation reserve also includes foreign exchange differences arising from expanded investments in foreign operations.

Retained earnings including profit/loss for the year
Retained earnings including profit/loss for the year include earnings generated in the parent company and its subsidiaries and associates. Previous provisions for statutory reserve, excluding transferred share premium reserves, as well as previous equity method reserves, are included in this equity item.

Dividend
After the balance sheet date, the Board proposed the following dividend. The dividend will be put forward for adoption at the Annual General Meeting on 26 April 2019.

A cash dividend of SEK 2.00 (1.55) per ordinary share, totalling SEK 404,254,968 (312,428,227) calculated on the number of registered shares less the company's holding of own shares. The total dividend payment is calculated on the basis of the number of outstanding shares at the dividend date.

Capital management
Bravida aims to maintain a good capital structure and financial stability. This creates a stable foundation for the company's continued business activities, which creates opportunities to retain existing owners and attract new shareholders. A good capital structure should also help to ensure that relationships with the Group's creditors evolve in a way that is beneficial for all parties. Capital is defined as equity and refers to equity attributable to holders of interests in the parent company.

Bravida's capital structure should enable a high degree of financial flexibility and provides scope for acquisitions. The company's target is to have a debt ratio of around 2.5 times net debt/adjusted EBITDA. At 31 Dec 2018 it was 1.1.

Bravida's target is to pay out a minimum of 50 percent of the Group's consolidated net earnings while also taking account of other factors such as financial position, cash flow and growth opportunities.

Bravida's loan agreements specify key financial performance indicators (covenants) that the Group is required to meet, which is customary for this type of loan. At year-end, Bravida met these covenants by a wide margin.

PARENT COMPANY
Restricted funds
Restricted funds may not be reduced through the payment of dividends.

Non-restricted equity
Share premium reserve
Comprises the value of shares issued to the share premium reserve, i.e. more than the shares' quotient value has been paid for the shares.

The amount received in excess of the quotient value has been transferred to the share premium reserve.

Retained earnings
Comprises the previous year's unrestricted equity after any payment of a dividend.

Retained earnings and profit/loss for the year make up non-restricted equity, i.e. the amount that is available for dividend payments to the shareholders.

Proposed allocation of profit
The Board proposes that the parent company's non-restricted equity of SEK 4,804,469,711 be allocated as follows:

Shareholders receive a dividend of SEK 2.00 per ordinary share	404,254,968
Share premium reserve	3,517,757,028
Carried forward	882,457,715
Total	**4,804,469,711**

NOTE 20. INTEREST-BEARING LIABILITIES

The following is a presentation of the contractual terms applying to the company's interest-bearing liabilities. For further information about the company's exposure to interest rate risk and the risk of changes in exchange rates, see Note 25.

	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
NON-CURRENT LIABILITIES				
Bank borrowings	1,300	1,700	1,300	1,700
	1,300	**1,700**	**1,300**	**1,700**
CURRENT LIABILITIES				
Commercial paper	800	1,000	800	1,000
Overdraft facilities	–	1	–	–
	800	**1,001**	**800**	**1,000**
Amount out of liability item that is expected to be paid within 12 months of balance sheet date	800	1,001	800	1,000
Amount out of liability item that is expected to be paid later than 5 years from balance sheet date	–	–	–	–

Bravida has a Swedish commercial paper programme. The size of this programme is SEK 2,000 million (2,000) and total borrowing under this programme amounts to SEK 800 million (1,000). See table below for covenants and repayment periods.

	2018				2017	
	Maturity	Nom. interest	Nom. value	Carry. amount	Nom. value	Carry. amount
Bank loans, SEK	2020	1.11%	1,300	1,300	1,700	1,700
Commercial paper	2019	0.12%	800	800	1,000	1,000
Overdraft facilities	–	–	–	–	1	1
Total interest-bearing liabilities			**2,100**	**2,100**	**2,701**	**2,701**

The liabilities are subject to certain covenants relating to the company's earnings and financial position. For further information about loans, see also Note 25.

Credit facilities/limits	Group		Parent company	
SEK MILLION	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Credit facilities/limits granted	2,900	3,703	2,900	3,700
Undrawn portion	-1,568	-1,997	-1,568	-1,995
Drawn credit facilities	**1,332**	**1,706**	**1,332**	**1,705**
CREDIT LIMIT GRANTED, BY COUNTRY				
Sweden	2,900	3,700	2,900	3,700
Norway	–	3	–	
Total credit limit granted, SEK million	**2,900**	**3,703**	**2,900**	**4,000**

Drawn credit facility includes SEK 31.6 million (5) allocated for a warranty facility. For further information about credit facilities, see also Note 25.

Assets pledged as collateral for liabilities to credit institutions	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Floating charges	43	36	–	–
	43	**36**	**–**	**–**

For information regarding assets pledged as collateral, see also Note 27.

NOTE 21. PROVISIONS

	Group	
	31 Dec 2018	31 Dec 2017
PROVISIONS THAT ARE NON-CURRENT LIABILITIES		
Warranties	70	71
Other	7	7
	77	**79**
PROVISIONS THAT ARE CURRENT LIABILITIES		
Warranties	70	71
Disputes	26	31
Provision for vacant premises	3	1
Restructuring costs	3	4
Provision for project losses	23	13
Other	44	50
	169	**172**
Total provisions	**246**	**250**

Warranties
Refers to the expected cost of correcting errors and defects in respect of completed projects that occur during the warranty periods for the projects. The outflow of resources takes place during the warranty periods for the projects, which normally range from two to five years. As the effect of when payment is made is not material, expected future outgoing payments are not discounted to present value.

Disputes
The provision is based on an individual risk assessment for unresolved disputes at the balance sheet date.

Empty premises
Linked to the restructuring and coordination of operations, a provision has been made for empty premises. Account has been taken of the possibility of subletting the premises or terminating the contracts prematurely.

Restructuring measures
Restructuring measures include items such as costs for staff reductions.

A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has been initiated or publicly announced. No provision is made for future operating expenses.

Loss provision, contracts
Installation projects are recognised over time (previously percentage-of-completion method). Individual provisions are made for expected losses, i.e. when the project costs are expected to exceed the total project income.

Change in provisions in 2018	Warranty commitments	Disputes	Empty premises	Restructuring measures	Provision for project losses and other	Total
Carrying amount at end of period	143	31	1	4	71	250
Provisions made during the period	73	0	2	0	43	118
Amount used during the period	-81	-6	-1	-2	-50	-140
Provisions in acquired companies	3	–	–	–	11	14
Foreign exchange differences	2	1	0	0	1	4
Carrying amount at year-end	**140**	**26**	**3**	**3**	**75**	**246**

Change in provisions in 2017	Warranty commitments	Disputes	Empty premises	Restructuring measures	Provision for project losses and other	Total
Carrying amount at end of period	145	27	1	6	43	223
Provisions made during the period	71	31	–	0	-4	98
Amount used during the period	-109	-25	0	-2	-19	-155
Provisions in acquired companies	37	–	–	–	50	87
Foreign exchange differences	-1	-1	0	0	0	-2
Carrying amount at year-end	**143**	**31**	**1**	**4**	**71**	**250**

NOTE 22. OTHER LIABILITIES

	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Value added tax	208	161	–	0
Employee withholding taxes	159	148	1	1
Other	288	220	0	1
	654	**529**	**1**	**1**

NOTE 23. ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Accrued holiday pay and salaries	1,094	1,026	18	20
Accrued social security contributions	409	378	11	16
Accrued interest expenses	4	7	4	7
Other items	64	55	2	3
	1,571	**1,466**	**35**	**46**

NOTE 24. VALUATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The following table shows carrying amounts and fair values for financial instruments. For interest-bearing assets and liabilities, fair value has been determined by discounting future payment flows at the market interest rate applying at the balance sheet date. The carrying amounts of trade receivables and trade payables are assessed to be the same as the fair values. The discount rate is the market interest rate for similar instruments at the balance sheet date.

Fair value hierarchy

- Level 1 refers to fully observable data, unadjusted listed prices on an active market for identical assets and liabilities to which the company has access at the time of valuation.
- Level 2 refers to observable data, other than the listed prices of level 1, which is directly or indirectly observable.
- Level 3 refers to non-observable data for assets or liabilities.

An asset or liability is included in its entirety in one of the three levels, based on the lowest level of input data that is material to the valuation.

Bank loans of the Group and the parent company are in level 2.

Group 31 Dec 2018	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Securities held as non-current assets	12	–	–	12	12
Non-current receivables	–	13	–	13	13
Trade receivables	–	3,378	–	3,378	3,378
Accrued income	–	241	–	241	241
Other receivables	–	0	–	0	0
Cash and cash equivalents	–	735	–	735	735
Total assets	**12**	**4,368**	**–**	**4,380**	**4,380**
Non-current liabilities to credit institutions	–	–	1,300	1,300	1,300
Commercial paper	–	–	800	800	800
Overdraft facilities	–	–	–	–	–
Trade payables	–	–	2,058	2,058	2,058
Other liabilities	–	–	336	336	336
Accrued expenses	–	–	68	68	68
Total liabilities	**–**	**–**	**4,562**	**4,562**	**4,562**

No transfers between categories of financial instrument or changes in carrying amount arose as a result of the application of IFRS 9 from 1 January 2018. Items that under IAS 39 constituted financial assets available for sale constitute under IFRS 9 financial assets measured at fair value through other comprehensive income. Items that constituted loans and trade receivables, under IFRS 9 constitute financial assets measured at amortised cost. All financial liabilities are measured at amortised cost, as previously.

Group 31 Dec 2017	Financial assets available for sale	Loans and trade receivables	Other financial liabilities	Total carrying amount	Fair value
Securities held as non-current assets	12	–	–	12	12
Non-current receivables	–	13	–	13	13
Trade receivables	–	3,030	–	3,030	3,030
Accrued income	–	211	–	211	211
Other receivables	–	1	–	1	1
Cash and cash equivalents	–	839	–	839	839
Total assets	**12**	**4,094**	**–**	**4,106**	**4,106**
Provisions for pensions and					
Non-current liabilities to credit institutions	–	–	1,700	1,700	1,700
Commercial paper	–	–	1,000	1,000	1,000
Overdraft facilities	–	–	1	1	1
Trade payables	–	–	1,866	1,866	1,866
Other liabilities	–	–	257	257	257
Accrued expenses	–	–	62	62	62
Total liabilities	**–**	**–**	**4,886**	**4,886**	**4,886**

Parent company 31 Dec 2018	Loans and trade receivables measured at amortised cost	Other financial liabilities measured at amortised cost	Total carrying amount	Fair value
Current receivables from Group companies	1,608	–	1,608	1,608
Cash and cash equivalents	–	624	624	624
Total assets	**1,608**	**624**	**2,232**	**2,232**
Non-current liabilities to credit institutions	–	1,300	1,300	1,300
Commercial paper	–	800	800	800
Current liabilities to Group companies	–	2,212	2,212	2,212
Trade payables	–	3	3	3
Other liabilities	–	1	1	1
Accrued expenses	–	6	6	6
Total liabilities	**–**	**4,322**	**4,322**	**4,322**

Parent company 31 Dec 2017	Loans and trade receivables	Other financial liabilities	Total carrying amount	Fair value
Current receivables from Group companies	1,562	–	1,562	1,562
Cash and cash equivalents	–	644	644	644
Total assets	**1,562**	**644**	**2,206**	**2,206**
Non-current liabilities to credit institutions	–	1,700	1,700	1,700
Commercial paper	–	1,000	1,000	1,000
Current liabilities to Group companies	–	1,429	1,429	1,429
Trade payables	–	20	20	20
Other liabilities	–	1	1	1
Accrued expenses	–	10	10	10
Total liabilities	**–**	**4,160**	**4,160**	**4,160**

NOTE 25. FINANCIAL RISK AND FINANCIAL POLICIES

Financial risk and financial policies

Through its operations the Group is exposed to various types of financial risk. Financial risk refers to fluctuations in the company's earnings and cash flow as a result of changes in exchange rates, interest rates, and refinancing and credit risk. The Group's financial management is governed by the applicable financial policy, which is adopted by Bravida's Board of Directors and constitutes a framework of guidelines and rules in the form of risk mandates and limits for the company's financial activities. The treasury unit is responsible for coordinating the Group's financial activities. The general goal for the Treasury unit is to provide cost-effective financing and to minimise negative effects on the Group's earnings that derive from financial risk.

Market risk

Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate as a result of changes in market prices. The Group's main market risks are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk of interest rate changes having an adverse effect on the Group's future earnings and cash flow. The Group is primarily exposed to interest rate risk through cash and cash equivalents and through interest-bearing liabilities. The average fixed-rate period for all interest-bearing assets was 0 years (0). The interest rate for interest-bearing assets at year-end was 0 percent in SEK, DKK and EUR, and in NOK the interest rate was 0.91 percent (0.80). Of the Group's total interest-bearing financial assets, 0 percent 0 (0) have fixed interest rates and 100 percent (100) have variable interest rates. The average fixed-rate period for all interest-bearing liabilities, excluding pension liabilities, was 0 years (0). The interest rate for interest-bearing liabilities at year-end was 0.84 percent (0.95). Of total interest-bearing financial liabilities, 0 percent (0) have fixed interest rates and 100 percent (100) have variable interest rates.

Currency risk

Currency risk is defined as the risk that changes in exchange rates will have a negative impact on the consolidated income statement and cash flow. This risk can be divided into transaction exposure, the net operating flows and financial flows (interest/repayments), and translation exposure regarding net investments in foreign Group companies.

Bravida's transaction exposure is low, as both sales and purchases are largely made in local currency. Translation exposure arises when assets and liabilities are denominated in different currencies, and when the earnings and net assets of foreign subsidiaries are translated to Swedish kronor. For the Group, translation risk arises for subsidiaries in Norway, Denmark and Finland. Assets and liabilities in foreign currency are translated at the rate at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Group will face problems meeting its obligations associated with financial liabilities. The Group has a rolling three-month liquidity planning system that covers all units in the Group. The plans are updated continually. The Group's forecasts also comprise medium-term liquidity planning. Liquidity planning is used to manage liquidity risk and the costs of funding the Group. The goal is to ensure that the Group is able to meet its financial obligations regardless of economic climate without incurring significant unforeseen expenses. Liquidity risk throughout the Group is managed by the central treasury unit.

Credit facilities

The Group has bank loans of SEK 1,300 million (1,700) and revolving facility of SEK 1,500 million (1,700). SEK 100 million (300) of the revolving facility has been allocated to an overdraft facility and linked to the Group's cash pool, and SEK 32 million is allocated to a warranty facility. The loan and revolving facility agreements specify key financial performance indicators (covenants) that the Group is required to meet. At year-end, Bravida met these covenants by a good margin. At year-end, the Group's cash and cash equivalents totalled SEK 735 million (839). The nominal liquidity reserve was SEK 3,635 million (4,542), of which SEK 1,332 million (1,706) was drawn. The available liquidity reserve was SEK 2,303 million (2,836). The remaining term for the overdraft facility was 22 months (34), and for the revolving credit facility it was 22 months (34).

Maturity structure of financial liabilities

Group 31 Dec 2018	2019	2020	2021	2022
Borrowings	17	1,314	–	–
Overdraft facilities	–	–	–	–
Trade payables	2,058	–	–	–
Commercial paper	800	–	–	–
Accrued expenses	4	–	–	–
Total	**2,880**	**1,314**	**–**	**–**

Group 31 Dec 2017	2018	2019	2020	2021
Borrowings	21	21	1,718	–
Overdraft facilities	1	–	–	–
Trade payables	1,866	–	–	–
Commercial paper	1,000	–	–	–
Accrued expenses	7	–	–	–
Total	**2,896**	**21**	**1,718**	**–**

Parent company 31 Dec 2018	2019	2020	2021	2022
Borrowings	17	1,314	–	–
Overdraft facilities	–	–	–	–
Trade payables	3	–	–	–
Commercial paper	800	–	–	–
Accrued expenses	4	–	–	–
Total	**824**	**1,314**	**–**	**–**

Parent company 31 Dec 2017	2018	2019	2020	2021
Borrowings	21	21	1,718	–
Overdraft facilities	–	–	–	–
Trade payables	20	–	–	–
Commercial paper	1,000	–	–	–
Accrued expenses	7	–	–	–
Total	**1,049**	**21**	**1,718**	**–**

Credit facilities

Group 31 Dec 2018	Nominal	Drawn	Available
Bank borrowings	1,300	1,300	–
Revolving facilities	1,500	32	1,468
Overdraft facilities	100	–	100
Cash and cash equivalents	735	–	735
Liquidity reserve	**3,635**	**1,332**	**2,303**

Group 31 Dec 2017	Nominal	Drawn	Available
Bank borrowings	1,700	1,700	–
Revolving facilities	1,700	5	1,695
Overdraft facilities	303	1	302
Cash and cash equivalents	839	–	839
Liquidity reserve	**4,542**	**1,706**	**2,836**

Fixed-rate period for drawn credit	31 Dec 2018	31 Dec 2017
Amount	2,100	2,701
Average effective interest rate, %	0.84%	0.95%
Share, %	100	100
Fixed-rate period	Variable	Variable

Exposure of net assets in foreign currency

The translation exposure that arises through investments in foreign net assets is not hedged.

Foreign net assets

	Group	
Local currency	31 Dec 2018	31 Dec 2017
NOK	1,323	908
DKK	267	197
EUR	12	7

A 10 percent strengthening of the Norwegian krone at 31 December 2018 would have a positive translation effect on equity of SEK 136 million. The same increase in the value of the Danish krone would have a positive translation effect on equity of SEK 37 million. The same increase in the value of the euro would have a positive translation effect on equity of SEK 13 million.

The foreign exchange difference for the year in comprehensive income was SEK 44 million (-26).

Commercial exposure

International purchases and sales of goods and services in foreign currencies are limited in scope but can be expected to increase as the Group expands and in response to mounting competition in respect of purchasing of goods and services.

Credit risk

Credit risk refers to the risk of losing money due to the inability of a counterparty to meet its obligations.

Credit risk in financing activities

The credit risk in the Group's financing activities is very small, as Bravida only concludes agreements with counterparties with the highest creditworthiness. Credit risk refers mainly to counterparty risks in connection with receivables from banks and other counterparties. The Group's financial policy contains a set of counterparty regulations specifying maximum credit exposures for different counterparties. The estimated gross exposure to counterparty risk in respect of cash and cash equivalents and short-term investments was SEK 735 million (839).

Credit risk in trade receivables and contract assets

The risk that the company's customers will not fulfil their commitments, i.e that it will not receive payment from its customers, constitutes a customer credit risk. Credit losses are normally small thanks to the very large number of projects and customers, which are invoiced regularly during the period of production. The credit risk of customers is assessed, whereby information about the customer's financial position is obtained from various credit information companies. The Group has a credit policy for the management of customer credits. The policy states, among other things, where decisions should be made on credit limits of various sizes and how doubtful receivables should be handled. A bank guarantee or other security is required for customers with low creditworthiness or an insufficient credit history. The maximum credit exposure is stated in the consolidated balance sheet. Total credit losses for the year were SEK 17 million (18). There was no significant concentration of credit risk at the balance sheet date.

The Group applies the simplified method for calculating expected credit losses. This method involves expected losses over the duration of a receivable being used as the basis for trade receivables and contract assets. Expected credit loss levels are based on customers' payment history. Historical losses are then adjusted to take account of current and forward-looking information that could affect customers' ability to pay a receivable. Based on historical data, the Group makes the assessment that no significant impairment of trade receivables that are not yet past due has been made at the balance sheet date.

Contract assets refer to revenue accrued but not invoiced and are assessed to have the same properties as revenue already invoiced. The loss percentage used for contract assets is therefore the same as that for trade receivables.

2018

	Group			
Loss matrix – trade receivables and contract assets	**Trade receivables, gross**	**Contract assets**	**Weighted loss percentage**	**Loss provision**
Not past due	2,539	1,235	0.03	-1
Past due 1–15 days	427	–	0.21	-1
Past due 16–30 days	95	–	0.94	-1
Past due 31–60 days	53	–	9.59	-5
Past due > 60 days	345	–	21.23	-73
Total	**3,459**	**1,235**		**-81**

	Group	
Loss provision/impaired trade receivables	31 Dec 2018	31 Dec 2017
Opening balance	-84	-69
Change for the year	3	-15
Closing balance	**-81**	**-84**

2017

Maturity analysis, trade receivables past due but not impaired	**Group**
Carrying amount, unimpaired receivables	31 Dec 2017
Trade receivables not yet due	2,503
Trade receivables past due 1–15 days	257
Trade receivables past due 16–30 days	38
Trade receivables past due 31–60 days	43
Receivables past due > 60 days	274
Total	**3,115**

There are no past-due receivables in other financial receivables.

	Group	
Sensitivity analysis	**Change +/-**	**Effect on profit before tax +/-**
Sales	1%	12
EBITA margin	1 percentage point	193
Payroll costs	1%	67
Materials and subcontractors	1%	83
Share of productive installer time	1 percentage point	94
Interest rate on loans	1 percentage point	21
Exchange rate DKK	10%	18
Exchange rate NOK	10%	27
Exchange rate EUR	10%	2

NOTE 26. LEASE PAYMENTS UNDER OPERATING LEASES

	Group		Parent company	
	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017	1 Jan 2018 –31 Dec 2018	1 Jan 2017 –31 Dec 2017
ASSETS HELD UNDER OPERATING LEASES				
Minimum lease payments	370	319	0	0
Total lease costs	**370**	**319**	**0**	**0**
BREAKDOWN OF LEASE PAYMENTS BY AGREEMENT				
Lease payments, rent for premises	160	148	–	–
Lease payments, vehicles	208	168	0	0
Lease payments, IT	0	1	–	–
Lease payments, other	2	2	–	–
Total lease costs	**370**	**319**	**0**	**0**
FUTURE LEASE COMMITMENTS				
Nominal value of future minimum lease payments regarding non-cancellable contracts due for payment:				
- Within 1 year	166	163	0	0
- Between 1 and 5 years	235	247	0	0
- After 5 years	0	2	–	–
	402	**412**	**1**	**1**
FUTURE COMMITMENTS, RENT FOR PREMISES				
Nominal value of future commitments regarding rent for premises due for payment:				
- Within 1 year	162	138	–	–
- Between 1 and 5 years	335	221	–	–
- After 5 years	27	40	–	–
	525	**398**	**–**	**–**

Rents for premises, vehicles, office equipment and IT equipment are classified as operating leases. In Sweden, Norway, Denmark and Finland Bravida has framework agreements covering operating leases for vehicles and related administrative services. The terms of the leases normally range from three to five years. The purchase of leased assets and the extension of leases require a separate agreement.

NOTE 27. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
PLEDGED ASSETS				
For own liabilities and provisions				
Floating charges	43	36	–	–
Funds, endowment policies	29	30	–	–
	72	**66**	**–**	**–**
CONTINGENT LIABILITIES				
For own liabilities and provisions				
Guarantee commitments, FPG/PRI	23	22	–	–
Guarantee commitments, for Group companies	–	–	1,138	1,131
	23	**22**	**1,138**	**1,131**

Bravida Holding AB has acted as guarantor for Bravida Sverige AB's pension liabilities, which in turn are guaranteed by PRI. Bravida Sverige AB also has a pension fund containing assets that more than covers the liability.

NOTE 28. TRANSACTIONS WITH RELATED PARTIES

Relationships

The parent company's subsidiaries are reported in Note 29, 'Investments in Group companies'. Investments in associates are reported in Note 13, 'Investments in associates'. Information about Board members and Group management, along with their remuneration, is reported in Note 5, 'Employees and personnel costs and remuneration of senior executives,' and in the Corporate Governance Report.

Transactions

Transactions with related parties are priced on market terms. The parent company Bravida Holding AB is the primary account holder of the Group's cash pool.

The table below lists the parent company's transactions with subsidiaries:

	Parent company	
	31 Dec 2018	31 Dec 2017
Revenue		
Sales	173	151
Dividend	231	182
Group contributions	290	661
Interest income	17	20
Costs		
Operating expenses	-7	-43
Group contributions	-15	-17
Interest expense	-3	-2
Receivables	**1,608**	**1,562**
Liabilities	**2,212**	**1,429**

NOTE 29. INVESTMENTS IN GROUP COMPANIES

The parent company's investments in Group companies	Parent company 31 Dec 2018	Parent company 31 Dec 2017
ACCUMULATED COST		
At start of year	7,341	7,341
Carrying amount at end of period	**7,341**	**7,341**

Bravida Holding AB owns shares directly in Bravida AB. The other Group companies listed below are indirectly owned. Carrying amounts are stated in SEK thousand.

Itemisation of investments in Group companies

Group company / Company reg. no. / Reg. office		31 Dec 2018 No. of shares	Share, % [1]	Carrying amount
Bravida AB, 556713-6519, Stockholm, Sweden		1,012,429,900	100.0	7,341,332
Bravida Sverige AB, 556197-4188, Stockholm, Sweden		20,000	100.0	2,543,983
Bravida Prenad AB, 556454-1315, Malmö, Sweden		50,000	100.0	103,044
Bravida Säkerhet AB, 556193-1832, Stockholm, Sweden		5,100	100.0	24,961
Byggnadsaktiebolaget Konstruktör, 556012-3670, Stockholm, Sweden		1,485,417,130	100.0	502
C2M Sprinkler AB, 556684-9021, Mark [2]		2,100	100.0	37,575
Erfator Projektledning AB, 556401-7795, Kista, Sweden		1,000	100.0	14,022
E/S Intressenter AB, 556564-6741, Skellefteå, Sweden		1,000	100.0	15,238
E/S Elconsult AB, 556311-0633, Skellefteå, Sweden		1,000	100.0	432
E/S Installation AB, 556306-0838, Skellefteå, Sweden		1,000	100.0	415
E/S Styromatic AB, 556111-9248, Skellefteå, Sweden		1,000	100.0	1,028
Juhl Air Control AB, 556308-0356, Kävlinge, Sweden		2,000	100.0	229
Bravida Service Mellersta AB, 556181-4020, Norrköping, Sweden [2]		1,000	100.0	160
Friginor Kylmontage och Service AB, 556309-1940, Haparanda, Sweden [2]		4,000	100.0	5,856
Pounus Rör AB, 556901-5372, Kiruna, Sweden [2]		500	100.0	10,237
Vega Energi AB, 556484-7506, Stockholm, Sweden [2]		2,040	100.0	3,160
VVS Teknik Rör i Väst AB, 556442-4694, Mölndal, Sweden [2]		2,500	100.0	10,348
R. Nilssons Elektriska Aktiebolag, 556074-1745, Kristianstad, Sweden		10,000	100.0	20,500
OCM Vent AB, 556861-6303, Gothenburg, Sweden		715	100.0	7,613
Vavtrudner AB, 556929-0710, Stockholm, Sweden [2]		8,320,240	100.0	27,642
Aktiebolaget CJ Björnberg, 556232-6008, Stockholm, Sweden [2]		1,000	100.0	26,465
ABEKA El & Kraftanläggningar AB, 556515-7012, Nyköping, Sweden		6,000	75.0	61,677
El & Tele Installation AB, 556753-4507, Enköping, Sweden		1,000	100.0	3,744
Inomhusklimat i Stockholm AB, 556341-9851, Stockholm, Sweden		25,000	100.0	6,023
Sala Elektriska AB, 556676-8965, Sala, Sweden		1,000	100.0	3,025
Telesupport i Hökåsen AB, 556582-4140, Västerås, Sweden		2,500	100.0	972
Lindstens Elektriska AB, 556097-8255, Tomelilla, Sweden		100	100.0	42,046
Nyheden Fällfors El AB, 556837-0448, Ersmark, Sweden		6,000	100.0	6,859
Karlshamn Rörmontage AB, 556703-2627, Karlshamn, Sweden		1,000	100.0	1,300
Bravida Danmark A/S, 14769005, Brøndby, Denmark		4	100.0	260,859
Bravida Norge Holding AS, 998 121 221, Oslo, Norway		30	100.0	909,021
Bravida Norge AS, 987 582 561, Oslo, Norway	NOK thousand	10,796,137	100.0	788,678
Oras AS, 915 068 553, Oslo, Norway	NOK thousand	12,000	100.0	166,866
Oras Industrirör AS, 934541588, Oslo, Norway	NOK thousand	200	100.0	200
Oslo Rørleggerbedrift AS, 947880675, Oslo, Norway	NOK thousand	100	100.0	100
VVS Engineering AS, 991 952 799, Oslo, Norway	NOK thousand	600	100.0	12,220
Bravida Finland Oy, 2528874-1, Helsinki, Finland		2,500	100.0	155,041
Ab Hangö Elektriska - Hangon Sähkö Oy, 1998764-2, Hanko Finland	EUR thousand	1,000	100.0	6,469

[1] Refers to the proportion of ownership of equity, which is also consistent with the share of voting rights for the total number of shares.
[2] Merger initiated in 2018 and completed in the first quarter of 2019.

NOTE 30. STATEMENT OF CASH FLOWS

	Note	Group 1 Jan 2018 –31 Dec 2018	Group 1 Jan 2017 –31 Dec 2017	Parent company 1 Jan 2018 –31 Dec 2018	Parent company 1 Jan 2017 –31 Dec 2017
ADJUSTMENTS FOR NON-CASH ITEMS, ETC.					
Depreciation/amortisation and impairment of assets	7, 11, 12	33	34	–	–
Capital gain/loss on disposals of businesses/subsidiaries		–	-1	–	–
Pension provisions		22	8	0	0
Change in provisions		24	-14	–	–
Shareholder programme costs		23	23	23	23
Other		2	0	–	–
Total		**105**	**51**	**24**	**23**
INTEREST RECEIVED AND PAID					
Interest received		3	2	20	22
Interest paid		-32	-46	-31	-48
UNDRAWN CREDITS					
Undrawn credit facilities were	20	-1,568	-1,997	- 1,568	-1,995

Reconciliation of liabilities attributable to financing activities and reconciliation of net debt.
Below is an analysis of liabilities attributable to financing activities and a reconciliation of net debt for the periods shown.

	Liabilities attributable to financing activities					
Group	**Non-current liabilities**	**Current liabilities**	**Overdraft facility**	**Total**	**Cash and cash equivalents**	**Net debt**
Balance at 1 Jan 2017	-2,700	–	-3	-2,703	286	-2,417
Cash flow	–	–	2	2	553	555
Refinancing	1,000	-1,000	–	–	–	–
Foreign exchange differences	–	–	–	–	0	0
Balance at 31 Dec 2017	**-1,700**	**-1,000**	**-1**	**-2,701**	**839**	**-1,862**
Cash flow	400	200	1	601	-111	490
Refinancing	–	–	–	–	–	–
Foreign exchange differences	–	–	–	–	7	7
Balance at 31 Dec 2018	**-1,300**	**-800**	**–**	**-2,100**	**735**	**-1,365**

Reconciliation of net debt

Group	31 Dec 2018	31 Dec 2017
Long-term loan liabilities	-1,300	-1,700
Short-term loan liabilities	-800	-1,000
Overdraft facilities	–	-1
Total	**-2,100**	**-2,701**
Cash and cash equivalents	735	839
Net debt	**-1,365**	**-1,862**

NOTE 31. EVENTS AFTER THE BALANCE SHEET DATE

On 1 January 2019 Bravida acquired three companies. Insight Building Automation in Denmark with annual sales of SEK 35 million, Carrier Refrigeration Sweden in Sweden with annual sales of SEK 50 million, and Elbolaget Glödlampan in Sweden with sales of SEK 20 million.

On 7 January 2019 Lars Täuber became Head of Division Stockholm and becomes a member of Bravida's Group management.

In February Bravida signed an agreement to acquire A Bylunds Elektriska AB in Sweden, with sales of around SEK 40 million, with completion of the purchase expected on 1 April 2019.

On 1 March Bravida acquired Cura VVS A/S, with annual sales of around SEK 130 million.

The Board of Directors and Chief Executive Officer certify that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements give a true and fair view of the parent company's and Group's financial positions and results. The Directors' Report for the parent company and Group gives a true and fair overview of the development of the parent company's and Group's activities, their financial position and earnings, and describes significant risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 25 March 2019

Fredrik Arp
Chairman of the Board

Jan Johansson
Board member

Mikael Norman
Board member

Marie Nygren
Board member

Staffan Påhlsson
Board member

Cecilia Daun Wennborg
Board member

Mattias Johansson
Chief Executive Officer

Jan Ericson
Employee representative

Geir Gjestad
Employee representative

Anders Mårtensson
Employee representative

Örnulf Thorsen
Employee representative

Our audit report was submitted on 27 March 2019.
KPMG AB

Anders Malmeby
Authorised Public Accountant

As stated above, the annual accounts and consolidated financial statements were approved for release by the Board of Directors on 25 March 2019. The consolidated statement of comprehensive income and balance sheet and the parent company income statement and balance sheet will be submitted for adoption at the Annual General Meeting on 26 April 2019.

AUDIT REPORT

To the general meeting of the shareholders of Bravida Holding AB (publ) , corp. id 556891-5390

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Bravida Holding AB (publ) for the year 2018, except for the corporate governance statement on pages 106-111 and the sustainability report on pages 34-47. The annual accounts and consolidated accounts of the company are included on pages 54-102 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 106-111 and sustainability report on pages 34-47. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenues from installation contracting and earnings thereto

See disclosure 17 and accounting principles on page 72 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

From 2018, the Company has applied IFRS 15 Revenues from Contracts with Customers. Performance obligations relevant to installation contraction are normally being achieved over time. This means that revenues are being recognized over time when the course are being measured against a complete achievement of such performance obligation.

The percentage of completion depends on actual costs in relation to the total projected costs for each project. The latter may change during the life cycle of the projects which in turn may have a significant impact on reported revenue and earnings. Unforeseeable costs may also have to be included in the assessments to take project risks or disputed claims into account. These items are regularly assessed by the Group and are adjusted if necessary. Alterations, and additional work are taken into account when the Group considers the amounts which will be obtained.

Based on the above, there is a significant measure of judgement involved which impacts the accounting of revenue and earnings.

Response in the audit

We have evaluated the Group´s processes for review and assessment of installation contracts, including the identification of loss-making projects and / or high-risk projects and the process of assessing income and project costs for these.

We have, among other things:
- evaluated the financial performance against budget and historical outcomes to assess the Group's ability to deliver the forecasted margins
- challenged management's forecasts take into account unforeseen expenses and identified claims from customers
- assessed whether the risks and opportunities in projects seems to have been reflected in a balanced way.

Valuation of goodwill (Group) and Participations in group companies (parent company)

See disclosure 11 (Group) and 29 (parent company) and accounting principles on page 72 (Group) and page 75 (parent company) in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group's balance sheet includes goodwill amounting to SEK 8,2 billion, principally arising from historical acquisitions. The risk is that the goodwill allocated to cash generating units ('CGU') is not recoverable and should be impaired. Due to the inherent uncertainty involved in forecasting and discoun¬ting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgemental areas for our audit.

The Group annually carries out an impairment assessment of goodwill using a value-in-use model which is based on the net present value of the forecast earnings of the cash-generating unit ('value-in-use'). This is calculated using certain assumptions around discount rates, growth rates and cash flow forecasts.

A similar impairment assessment is performed by the parent company for the ownership in subsidiaries ("Shares in subsidiaries") where the conditions are similar to the ones described above for goodwill.

Response in the audit

Our procedures included assessing the key assumptions applied by the Group in determining the recoverable amounts of each CGU. In particular, we:

- considered the consistency and appropriateness of the allocation of businesses and related goodwill balances into CGUs;
- considered the underlying assumptions in determining the cash flows and growth assumptions applied with reference to historical forecasting accuracy and wider macro environment conditions;
- challenged the assumptions used in the calculation of the discount rates used by the Group, including comparisons with external data sources and consideration of the potential risk of management bias;
- assessed the Group'ssensitivity analysis, including a reasonably possible reduction in assumed growth rates and cash flows to identify areas to focus our procedures on.

We also assessed whether the Group's disclosures appropriately describes the assumptions made in the impairment test.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-53 and 106-116. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

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

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

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT
The Board of Directors is responsible for that the corporate governance statement on pages 106-111 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT
The Board of Directors is responsible for the sustainability report on pages 34-47, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Bravida Holding AB (publ) by the general meeting of the shareholders on 20 April 2018. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2012.

Stockholm 27 March 2019
KPMG AB

Anders Malmeby
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

For Bravida, which has a decentralised organisational structure, good corporate governance is essential and a very important part of its core business operations. Governance, management and control are distributed between the shareholders, the Board of Directors, the Chief Executive Officer and company management in accordance with applicable laws, rules and recommendations and Bravida's Articles of Association, the Board's procedural rules, the instruction for the Chief Executive Officer and other internal instructions.

Bravida Holding AB (publ) is a Swedish public limited company, with its registered office in Stockholm and its ordinary shares listed on Nasdaq Stockholm. The Corporate Governance Report is not part of the formal annual accounts documentation.

Corporate governance

The general meeting of the company is the company's highest decision-making body at which shareholders exercise their right to vote. The Board of Directors and the Chairperson are elected by the Annual General Meeting (AGM). The Board appoints the Chief Executive Officer (CEO). The Board and CEO's management and the company's financial reporting is audited by the external auditor appointed by the AGM. In order to streamline and strengthen work on certain issues, the Board has established an Audit Committee and a Remuneration Committee.

Bravida applies the Swedish Corporate Governance Code (the Code) and has not deviated from this in any respect in 2018. Bravida Holding AB complies with Nasdaq Stockholm's Regulations for Issuers and good equity market practice. The most important internal governance instrument is the Articles of Association established by the general meeting of the company. In addition to this are the Board's procedural rules and the Board's instruction for the CEO. Internal policies and instructions that clarify responsibilities and powers within specific areas such as data security, compliance and risk management are key guideline documents for the entire company.

Ownership structure

At year-end 2018 Bravida had 9,587 owners of ordinary shares according to the shareholder register maintained by Euroclear Sweden. The five largest owners at 28 December 2018 were Capital Group with 9.6 percent of the votes, Mawer Investment Management funds with 8.8 percent of votes, Swedbank Robur with 7.9 percent of votes, Lannebo funds with 7.8 percent of votes and the Fourth National Pension Insurance Fund (AP4) with 6.8 percent of votes.

CORPORATE BODIES

General meeting of shareholders

The shareholders' right to make decisions on matters relating to the company is exercised at general meetings of the company. This is the highest decision-making body, which all shareholders are entitled to attend. The term 'Annual General Meeting' (AGM) refers to the general meeting of the company that is held within six months of the end of the financial year, at which the consolidated financial statements and the group auditors' report are submitted and decisions are taken regarding the adoption of the income statements and balance sheets of the company and the Group, the appropriation of profits, and the discharge from liability of the Board and the Chief Executive Officer.

Bravida's 2019 AGM will take place on 26 April at Bravida's headquarters at Mikrofonvägen 28 in Stockholm, Sweden. Shareholders who wish to submit a proposal to the Nomination Committee or have a matter addressed by the AGM may submit such proposal to the Nomination Committee and such matter to be addressed to the company by 31 January. Contact information can be found at www.Bravida.se/en.

Each ordinary share (class A share) entitles the holder to one vote at general meetings and each class C share entitles the holder to one tenth of a vote. Shareholders are entitled to vote in proportion to the shares that they own in the company.

Notice convening general meetings should be given no earlier than six weeks and no later than four weeks before the meeting. In accordance with Bravida's Articles of Association, shareholders wishing to attend a general meeting must give notification of their attendance within the time period stated in the convening notice. Such date must be a working day and not occur any earlier than five working days before the stated date of the meeting.

All documentation relating to the AGM can be found at www.Bravida.se/en.

Nomination Committee

Nomination of Board members prior to the election at the AGM takes place by means of a Nomination Committee. In addition, the Nomination Committee proposes fees for Board members, as well as proposing the election of and fees for the auditor. The current Nomination Committee instruction stipulates that Bravida should have a Nomination Committee consisting of Bravida's Chairperson and a representative for each of the three largest shareholders or shareholder groups, by number of votes, that wish to appoint a representative. For the forthcoming year the Nomination Committee should be based on the list provided by Euroclear Sweden of registered shareholders and shareholder groups and other reliable information as of the last business day of September. All documentation relating to the AGM can be found at www.Bravida.se/en. See the company website for further information about the Nomination Committee.

The Nomination Committee for the 2019 AGM consists of the following members: Marianne Flink, Swedbank Robur funds (Chairwoman), John Wilson, Mawer Investment Management funds, Peter Lagerlöf, Lannebo funds and Fredrik Arp, Chairman of Bravida Holding AB. Capital Group with 9.6 percent of votes has declined to participate in the Nomination Committee and Lannebo funds has instead been offered the place. No remuneration has been paid for Nomination Committee work. The Nomination Committee's proposals, report on the Nomination Committee's work for the 2019 AGM and additional information about proposed Board members are published in conjunction with the convening notice and are to be presented at the 2019 AGM.

Composition of the Board

According to the Articles of Association, Bravida's Board of Directors should consist of no less than three and no more than 10 Board members and a maximum of five deputy members, who are appointed by the AGM. Board members are elected for a period of one year. In 2018, six Board members were elected by the AGM. Employees are represented on the Board through representatives appointed by employees. The number of employee representative members was four, with two deputies, throughout the year.

All Board memberships in Bravida are based on merit, with the main aim being to maintain and improve the overall effectiveness of the Board. To fulfil this, the Board aims to achieve a broad range of characteristics and capabilities and it is explicitly stated that diversity regarding aspects such as age, gender, geographic origin, education and professional background are important to take into account.

The AGM of 20 April 2018 elected Fredrik Arp and Marie Nygren as new Board members, and re-elected Board members Jan Johansson, Cecilia Daun Wennborg, Mikael Norman and Staffan Påhlsson. The AGM elected Fredrik Arp as Chairman for the period until the next AGM. For further information about the Board of Directors, please refer to page 112 and www.Bravida.se/en.

The composition of Bravida's Board meets the requirements regarding independent Board members.

The Board's work

The Board held 12 meetings during the year, including one extraordinary Board meeting and one constitutive meeting. Board member attendance is shown in the table on page 109. The company's Chief Legal Officer or general counsel acted as secretary at the Board meetings. Board members received written material about the issues being addressed before each Board meeting.

The work of the Board mainly comprises strategic issues, accounts, the establishment and monitoring of business goals, business plans, internal control, risk management, acquisitions and other decisions which, according to the procedural rules, should be addressed by the Board. Internal and external presentations were made to the Board about the markets in which Bravida operates and Bravida's local operations. The Board discussed Bravida's performance and opportunities at these meetings. The Board worked actively with company management on various strategic issues, including at a Group strategy meeting in June 2018.

A key aspect of the Board's work is its review of the financial statements that are presented at each ordinary Board meeting and this also encompasses in-depth analysis of ongoing work by the company. The Board also receives monthly reporting on the Group's financial position.

During the year, the Board followed up business plans submitted by management and the development potential across Bravida's business areas.

Board committees

The Board has established two Board committees as part of streamlining and strengthening the Board's work with regard to certain issues: the Audit Committee and the Remuneration Committee. The committees' members are appointed at the constitutive Board meeting immediately after the AGM. They are appointed for one year at a time and the work and authority of the committees are regulated by the committee instructions, which are established annually.

The committees have a preparatory and administrative role. The issues addressed at the committees' meetings are minuted and a report is submitted at the subsequent Board meeting.

The Audit Committee consists of Mikael Norman (Chairman), Jan Johansson and Marie Nygren. This committee is also attended by the company's CFO. The Audit Committee's main tasks are to:

- monitor the company's financial reporting;
- monitor the effectiveness of the company's internal control and risk management with regard to financial reporting;
- stay informed about the audit of the annual accounts and the consolidated financial statements;
- review and monitor the auditor's impartiality and independence and, in so doing, pay particular attention to whether the auditor is providing the company with services other than auditing services;
- assist in the preparation of proposals for the AGM's election of auditor;
- assist in monitoring the compliance with legal and regulatory requirements that have a material impact on financial statements;
- assist in monitoring transactions with related parties; and
- assist in monitoring and evaluating selected projects.

The Remuneration Committee comprises Fredrik Arp (Chairman), Cecilia Daun Wennborg and Staffan Påhlsson. This committee is also attended by the company's Chief Executive Officer and Chief Legal Officer. The Remuneration Committee's main tasks are to:

- prepare Board decisions on issues regarding remuneration policies, remuneration and other terms of employment for senior executives;
- monitor and evaluate ongoing variable remuneration programmes for senior executives and such programmes that conclude during the year; and
- monitor and evaluate application of the guidelines for the remuneration of senior executives that are determined by the AGM and the applicable remuneration structure and remuneration levels in the Group.

Assessment of the Board and the CEO

In accordance with the Board's procedural rules, the Chairperson of the Board should initiate an evaluation of the Board's work once a year.

An assessment of the Board's work was conducted in 2018. A questionnaire was sent to all Board members. Their responses were compiled and analysed. In addition, the Chairperson conducted individual evaluation discussions with all Board members.

The purpose of the evaluation was to gain an understanding of Board members' views of the work conducted by the Board and what measures could be taken to streamline the Board's activities. It also aims to gain an understanding of what type of issues the Board believes should be accorded more scope and what areas may require additional capabilities within the Board. The results of the evaluation have been reported to the Board.

The Board also assesses the work of the Chief Executive Officer on an ongoing basis by monitoring the performance of the business against the targets that are set. A formal assessment is carried out once a year.

The Chief Executive Officer, company management and organisation

The CEO and Group President is Mattias Johansson. The Chief Executive Officer's responsibilities include personnel, financial and business management issues, as well as ongoing contact with the company's stakeholders such as authorities and the financial markets. The Chief Executive Officer ensures that the Board receives the information it needs to take well-informed decisions.

Bravida's business operations are divided into four segments, based on geographic markets; Sweden, Norway, Denmark and Finland. These segments are divided into divisions; four for Sweden and one for each of the other countries. Each division has a Head of Division, who reports directly to the CEO. The Heads of Division are responsible for each division's operations and earnings and are also responsible for ensuring that the division's operations are conducted in accordance with decisions that have been taken. The Heads of Division are supported by their own staffs as well as group-wide staff functions. Bravida's Group management consists of the CEO, the Heads of Divisions and the Group staff Heads. For further information about the Chief Executive Officer and Group management, see page 113.

Group management holds meetings once a month, with at least one meeting a year dedicated to addressing forward-looking strategies. Group management meetings discuss and address ongoing Group-wide initiatives, changes in the market, current issues in divisions and staffs, acquisitions and the follow-up of operating target achievement. Group management is working actively to clarify Bravida's values and to engage employees in this work to further develop Bravida's corporate culture.

Throughout 2018 there was continued emphasis on implementing the business plan and its various initiatives; these included the creation of a special acquisition organisation and a strengthening of the focus on service business. In addition, work continued on making Bravida the most attractive employer. Work environment and employee health remained a priority.

GOVERNANCE AT BRAVIDA

Bravida's business operations are divided into four segments, based on geographic markets; Sweden, Norway, Denmark and Finland. These segments are divided into divisions; four for Sweden (North, Stockholm, South and National) and one for each of the other countries. These divisions are in turn divided into regions, which are themselves divided into branches. The business is decentralised, which means that the main business operations and customer contact take place at branch level. Each branch manager (BM) is responsible for the earnings of the branch and is consequently responsible for the organisational structure, staffing, and the signing and performance of contracts. The branches are supported by group-wide business and purchasing systems and other tools for risk assessment, cost estimates and effective performance of signed contracts within their branch. Branches' independence is restricted by instructions and an authorisation procedure. Bravida has clear rules on project approval, with threshold levels governed principally by contract value. This means that a branch manager cannot enter into an agreement above a certain value without approval from the regional manager (RM) and neither can a regional manager enter into an agreement above a certain value with the approval of the Head of Division (HD). Contracts over SEK 50 million must always be approved by the CEO.

As a significant part of the President's (also CEO's) management and control of the business, the President and Group CFO meet each Head of Division once a quarter to review the division's financial position, major projects, billing, cash flow, etc. according to the specific points of a scorecard. These meetings are also attended by the division's head of finance and the respective regional manager and financial controller. These quarterly reviews are held in a corresponding manner down throughout the organisation according to a schedule.

Type of meeting	Coordinator	Frequency
Group (CEO, HD, RM)	President	every 3 months
Division (HD, RM, BM)	Head of Division	every 3 months
Region (RM, BM, proj./serv. manager)	Regional Manager	every 3 months
Branch (BM, project/serv. managing fitter)	Branch Manager	every 3 months

These regular meetings enable the relevant responsible person to meet their manager's manager and have the opportunity to report on their business in detail and to point out improvements, but they also have to be accountable, for example, for less successful projects or poor adherence to change management initiatives. This ensures high visibility and clarity of leadership within the company. It is also a highly effective way of managing the business and ensuring and monitoring that decisions that are taken are implemented. In addition, the 'grandfather principle' is also applied to a range of decisions taken within Bravida. This principle means that certain decisions must be taken/approved by a manager's manager. This includes decisions regarding investments, major tenders and projects, new hirings and certain costs.

Over the longer term, Bravida is managed based on a business plan for the coming three years. This is then applied down from Group to branch level. Each year target figures are set for all departments and at aggregate level for the Group, along with an action plan for how these targets are to be achieved. Evaluation and any adjustments take place on an ongoing basis according to the 'annual cycle' (see figure below). This work is ongoing throughout the year and at different levels. In addition, twice a year a regional manager conference is held at which Group management meets the regional managers to address important strategic issues.

Under the management of the new group-wide acquisition team, the divisions and regions draw up summaries on an ongoing basis of potential and ongoing acquisitions for review by a Decision Group, consisting of the CEO, CFO and CLO. This enables ongoing control of current activities and prioritisations to be made. No acquisitions are made without first having been dealt with and approved by the Decision Group following a formalised process and decision-making procedure. Large acquisitions must also be approved by the Board.

Bravida's annual cycle

The Annual Cycle describes how Bravida works with goals, strategies and action plans during the year.

OCTOBER–DECEMBER
9. Target process

OCTOBER
8. Divisional management Compiles these into a common strategy

SEPTEMBER
7. Regions and branches' targets, strategy and action plans are established for the coming years and sent to Divisional Management by the end of September

AUGUST – SEPTEMBER
6. Strategy work in the regions

FEBRUARY–MARCH
1. Regional management meetings
– Assessment/adjustment of targets, strategy and action plan (management review)

APRIL
2. Divisional management meeting
– assessment/adjustment of targets, strategy and action plan (management review)

3. Group management meeting
– Assessment/adjustment of targets, strategy and action plan

MAY
4. Divisional management conference– Adjustment of targets, strategy and action plan

JUNE
5. Group management(strategy days)
– Establishment of targets, strategy and action plan for coming years

BOARD OF DIRECTORS

Board and committee meetings and attendance in 2018.

Board members elected by the AGM	Year elected	Independent [1]	Attendance of Board meetings	Attendance of audit committee	Attendance of remuneration committee	Board remuneration SEK thousand [2]	Committee fee SEK thousand[2]	Number of Bravida shares
Fredrik Arp[3]	2018	Yes	8/8	-	2/2	1,100	80	20,000
Monica Caneman[4]	2015	Yes	4/4	1/1	2/2	-	-	-
Jan Johansson	2014	Yes	11/12	3/4	-	450	100	37,895
Staffan Påhlsson	2016	Yes	12/12	-	4/4	450	80	1,962,745
Cecilia Daun Wennborg	2016	Yes	12/12	-	3/4	450	110	7,000
Mikael Norman	2016	Yes	12/12	4/4	-	450	180	8,000
Marie Nygren[3]	2018	Yes	6/8	3/3	-	450	100	0
Ordinary employee representatives								
Anders Mårtensson			12/12					
Jan Ericson			12/12					
Örnulf Thorsen			11/12					
Geir Gjestad			12/12					

[1] Independent of the company, company management and owners.
[2] Fees set by the 2018 AGM.
[3] The 2018 AGM elected Fredrik Arp and Marie Nygren as new Board members. Fredrik Arp was elected Chairman by the AGM.
[4] Declined to stand for re-election at the 2018 AGM.

Code of Conduct

Correct behaviour is important to Bravida, not only in respect of our customers and suppliers but also between everyone who works at Bravida. Bravida has adopted a code of conduct which includes guidelines and rules on how we should behave. Bravida employees receive regular training on business ethics issues. There is also a training programme that includes work relating to different 'typical cases' regarding the code of conduct and related issues, aimed at all managers and administrative personnel at Bravida. Bravida also has a whistle-blower function which allows suspected irregularities to be reported anonymously.

REMUNERATION

Board remuneration

The Board fee for 2018 was set by the 2018 AGM. The fees were allocated as per the table above.

The Chief Executive Officer's total remuneration is determined by the Board. Guidelines on remuneration for other members of Group management are proposed by the Remuneration Committee and determined by the Board.

The Board's proposed guidelines for salaries and other remuneration for the Chief Executive Officer and other members of Group management

Bravida aims to offer a market-based remuneration package that allows it to recruit and retain the right senior executives. In order to determine what is competitive overall remuneration and to evaluate prevailing levels, each year comparative studies are conducted of relevant sectors and markets. Total remuneration is based on factors such as position, performance and individual profile.
Total remuneration for the Group management consists of:

- a fixed cash salary;
- a variable cash salary component;
- a long-term incentive programme;
- a pension; and
- other remuneration and benefits.

Fixed cash salary

Fixed cash salaries are reviewed annually and provide the basis for calculating the variable salary component.

Variable cash salary component

The variable cash salary component is dependent on individuals fulfilling annually predetermined financial targets. The actual short-term variable cash salary paid is followed up annually. For members of Group management, the maximum possible variable cash salary component may vary depending on the position held by the individual concerned. As a rule, heads of Group staff units in Group management may receive variable salary corresponding to a maximum of 8 months of their fixed cash salary while the CFO and Heads of Division may receive variable salary corresponding to 15 months' salary.

For the Chief Executive Officer, short-term variable salary is a maximum of 10 months' salary. Actual variable cash salary paid is linked both to the individual and overall target achievement at Group level. This ensures that remuneration is clearly linked to both the performance of individuals and the performance of Bravida as a whole.

Long-term incentive programme

Key personnel at Bravida, principally line managers, have been offered long-term share-based incentive programmes. The purpose of a share-based incentive programme is to reward performance, increase and broaden share ownership among managers and key executives, and to encourage them to stay at the company. Decisions regarding the structure of long-term incentive programmes are taken by the Board and approved by the AGM. Further details of the long-term incentive programme can be found at www.Bravida.se/en.

Pension

Senior executives who are resident in Sweden are entitled to pension benefits corresponding to between 28 and 35 percent of their respective fixed salaries, or otherwise in accordance with their occupational pension plans. Comparable terms and conditions are offered to senior executives resident outside Sweden, in so far as is possible with regard to local conditions.

Other remuneration and benefits

Other remuneration and benefits should be competitive and contribute to making it easier for senior executives to perform their work duties.

Notice and severance pay

Senior executives are entitled to six to twelve months' notice if employment is terminated by the employer and four to six months if the employee resigns. If notice is given by the employer, severance pay corresponding to six to twelve months' fixed salary may be paid in addition. All employees are subject to a non-competition clause if they resign.

If there are specific grounds in an individual case, the Board is entitled to deviate from the above guidelines. A breakdown of salaries and other remuneration of the Board, CEO and senior executives is provided in Note 5 of the company's annual accounts. The assessments and reports required to be reported under the Code are available on the company's website.

AUDIT

The auditor is tasked with auditing the annual report and the accounts, as well as the administration by the Board of Directors and the Chief Executive Officer. After each financial year, the auditor submits an auditor's report and a Group auditor's report to the AGM.

Auditor

Pursuant to the Articles of Association, Bravida should have one or two auditors with up to two deputy auditors. Registered auditing firms may also be appointed as auditor. The auditor is appointed by the AGM for a term of one year, unless otherwise stated in Bravida's Articles of Association.

The 2017 AGM re-elected registered auditing firm KPMG AB as auditor for the period until the end of the 2018 AGM. Authorised Public Accountant Anders Malmeby is the principal auditor for the company and the Group.

Bravida's auditors: KPMG AB
Principal auditor: Anders Malmeby, Authorised Public Accountant
Born 1955
Principal auditor of Bravida since: 2014
2014 Shareholdings in Bravida Holding AB: 0 shares
Other audit assignments: The publicly listed company Concentric, as well as Bankgirocentralen, Teracom, Bauer Media and UC

The auditor's independence in relation to the company is ensured by the elected auditor being only allowed to a limited extent to carry out services other than the audit.

THE BOARD'S REPORT ON INTERNAL CONTROL OF FINANCIAL REPORTING

Control environment

The Board of Directors has responsibility for internal control in relation to financial reporting. Internal control regarding financial reporting aims both to provide reasonable certainty in terms of the reliability of external financial reporting, and to ensure that external financial reporting has been prepared in accordance with the law, applicable reporting standards and other requirements.

The control environment includes how targets are set, how earnings are monitored and how risks are managed. A good control environment is based on an organisational structure with clear decision-making paths and a corporate culture with shared values and an awareness among individuals of their role in maintaining good internal control.

The control environment for financial reporting is based on the allocation of roles and responsibilities within the organisation, established and communicated decision-making pathways, instructions relating to powers and responsibilities, and accounting and reporting instructions. The Board of Directors has adopted procedural rules, a CEO instruction and an instruction for financial reporting. In addition to the Board's procedural rules, the CEO instruction and the reporting instruction, there is an overarching authorisation instruction for the entire Group and policies and guidelines in a number of areas for operational activities.

Bravida has established policies, instructions and detailed process descriptions covering all significant aspects of its operations. These policy documents are available on Bravida's intranet for staff. These documents are updated annually or as necessary to reflect applicable laws and regulations and the changes to processes that have been implemented. There is internal auditing and monitoring of compliance with key processes.

Risk assessment

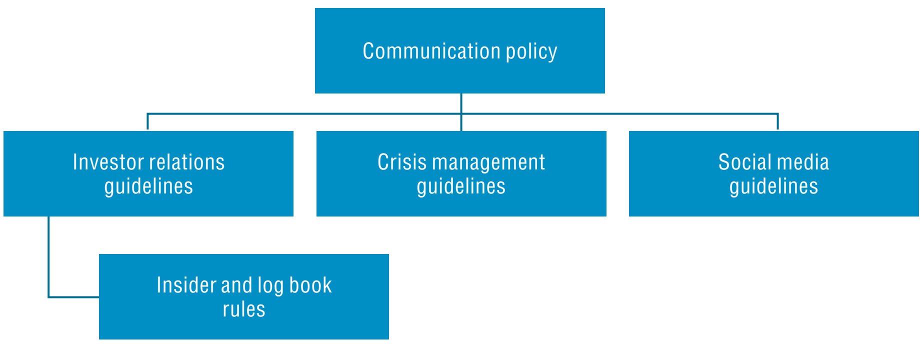
An integral part of the management work of the Board of Directors and the Group management is a broad-based risk assessment. Risks are reported to the Board of Directors on an ongoing basis. During the year, the Board held discussions about various kinds of risk, as well as the risk management process. Risk within Bravida can be divided into operational risk, financial risk and market risk. The single most significant operational risks are the management, costing and valuation of current projects. Bravida has developed a model for managing these risks and works continually to make improvements.

Identification and assessment of risks of not achieving business objectives and reliable financial reporting take place continually as part of day-to-day processes within Bravida. The Board is responsible for ensuring that material financial risk and risks of errors occurring in financial reporting are identified and addressed. The Board continually monitors risk exposure.

The Chief Executive Officer is responsible for ensuring that the business applies and monitors established procedures and for ongoing monitoring and management of risks within the organisation.

Information security and communication

Bravida's Board has established a communication policy (see figure below) aimed at ensuring that external information is managed correctly. Instructions exist within the company regarding data security and how financial information should be communicated between management and other employees.



Information about internal policy documents, including for financial reporting, is available to the relevant staff via Bravida's intranet. Information and training on the internal policy documents is provided through internal seminars and meetings, etc.

Control activities

To ensure that the business is conducted effectively and efficiently and that financial reporting at each reporting date provides an accurate picture, control activities are in place, involving all levels of the organisation, from the Board and Group management to other employees.

Within Bravida, these control activities include approval of projects and agreements, checking with external counterparties, daily monitoring of earnings performance in projects, daily account reconciliations and monitoring of earnings, as well as analytical follow-up of decisions.

Bravida's financial statements are analysed and ultimately validated by the control function within Group finance. Such validation includes both automatic controls, such as deviation reporting, and manual controls such as analyses and plausibility assessment of values. The effectiveness of the automatic controls in IT systems is followed up based on information from system managers in the business process. Proposals for improvements are identified and implemented on an ongoing basis.

The Group's control activities, such as authorisation, project approval and implementation, originate at Group level, but are then handled primarily at regional level. On behalf of the Board of Directors, Group management has implemented partially modified working practices for the control and monitoring of Bravida's project activities, with the primary aim of further improving production, cost estimates and system compliance. All branches receive training, with certification upon successful completion.

Follow-up

Bravida's Board and management continually monitor compliance with and the effectiveness of internal controls for quality assurance of processes. The Group's financial position and strategy regarding financial position is addressed at each Board meeting, with the Board receiving detailed monthly reports on the financial position and the performance of the business. The Audit Committee fulfils an important function in ensuring and monitoring control activities for key risk areas in financial reporting processes. The Audit Committee, management and the financial controller functions at divisional and regional level follow up reported deficiencies on a regular basis.

Bravida does not have a separate internal audit function. The Board evaluates the need for this annually. Within Bravida, quarterly reviews fulfil an important function by ensuring that the entire organisation is analysed four times a year. These quarterly reviews use standardised scorecards to measure and monitor important key performance indicators (KPIs). Branches' operations are reviewed by the financial controllers of the relevant region. The regions are reviewed in turn by the divisions' finance departments, and finally there is a financial controller function at Group level. The accounts payable and accounts receivable ledger is centralised and is intended to provide some supervision. Payments may only be made by using special work order numbers and each payment must be authorised and approved by a superior.

The Business Development department undertakes an audit of a number of randomly selected projects each year. This audit verifies that the organisation is conducting projects in accordance with the established processes and procedures. If deficiencies are identified, feedback is provided and an action plan is activated.

Board of Directors of Bravida Holding AB

From left to right: Cecilia Daun Wennborg, Jan Johansson, Anders Mårtensson, Fredrik Arp, Örnulf Thorsen, Staffan Påhlsson, Geir Gjestad, Jan Ericson, Mikael Norman, Marie Nygren.

FREDRIK ARP
Chairman of the Board since 2018
Born: 1953
Other current assignments: Chairman of Nolato AB. Board member of Vattenfall AB and Swedfund International AB
Previous assignments: CEO of companies including Volvo Car Corporation and Trelleborg AB.
Education: MSc in Economics and Ec. Doctor h.c., Lund University
Number of shares: 20,000

JAN JOHANSSON
Board member since 2014
Born: 1959
Other current assignments: CEO of Centuria AB. Board member of Götenehus Group AB, Starka AB, Eolus Vind AB and Malmö Cityfastigheter AB
Previous assignments: CEO of Peab AB, Malmö Cityfastigheter AB. Board member of Catena AB, Fastighets AB ML 4, Centur AB and Centuria AB
Education: MSc in Civil Engineering from Lund University.
Number of shares: 37,895

MIKAEL NORMAN
Board member since 2016
Born: 1958
Other current assignments: Board member of Cloetta AB, Byggmax Group AB, Bonava AB and Swedavia AB.
Previous assignments:
CFO of the Nobia Group.
Education: Bachelor's Degree in Law, Stockholm University.
Number of shares: 8,000

MARIE NYGREN
Board member since 2018
Born: 1965
Other current assignments: Vice President of Systembolaget AB. Board member of Lyko Group AB
Previous assignments:
CEO of companies including Adara AB, Stor & Liten AB. Category Area Director at Coop Sverige AB. Board assignments:
Education: MSc in Economics and Business, Stockholm University.
Number of shares: 0

STAFFAN PÅHLSSON
Board member since 2016
Born: 1952
Other current assignments: Board member of the employer organisation EFA, the employer organisation Installatörerna, One Nordic AB, Båstad Tennis och Hotell AB and the Swedish National Savings Banks Association. Deputy Chairman of Laholms sparbank. Chairman of Båstad Fritidshamn Ekonomisk Förening. CEO and owner of MOS Advisors AB and S Påhlsson Fastigheter AB and subsidiaries.
Previous assignments:
Several positions within Bravida, including President and CEO and Head of Division.
Education: Upper-secondary electrical engineering qualification, Tycho Braheskolan.
Number of Shares: 1,962,745, held directly and through companies.

CECILIA DAUN WENNBORG
Board member since 2016
Born: 1963
Other current assignments: Board member of ICA Gruppen AB, Getinge AB, Loomis AB, Hoist Finance AB, Oncopeptides AB, Atvexa AB, Sophiahemmet, Hotell Diplomat AB and the Oxfam Sweden Foundation. Member of the Swedish Securities Council
Previous assignments: Deputy CEO and CFO of Ambea, CEO and CFO of Carema, Head of Sweden for Skandia and CEO of SkandiaLink.
Education MSc in Economics and Business, Stockholm University.
Number of Shares: 7,000

EMPLOYEE REPRESENTATIVES

JAN ERICSON
Born: 1965 Jan Ericson is a Board member as an employee representative for Bravida and has been employed as an electrician with Bravida since 1985. Jan Ericson is a representative of the Swedish Electricians Union ('Svenska Elektrikerförbundet').
Number of shares: 500

GEIR GJESTAD
Born: 1964
Geir Gjestad is a Board member as an employee representative for Bravida and has been employed as an electrician with Bravida since 1997. Board member of Bravida Norway. Geir Gjestad is a representative of the Electrician and IT Workers Union in Norway ('EL og IT Forbundet i Norge').
Number of shares: 0

ANDERS MÅRTENSSON
Born: 1965 Anders Mårtensson is a Board member as an employee representative for Bravida and has been employed as a plumber with Bravida since 1988. Anders Mårtensson is a representative of the Swedish Building Workers' Union ('Byggnads').
Number of shares: 250

ÖRNULF THORSEN
Born: 1966
Örnulf Thorsen is a Board member as an employee representative for Bravida and has been employed as an electrician since 1984. Örnulf Thorsen has been a Service Manager at Bravida since 2018. Örnulf Thorsen represents 'Ledarna' (Swedish Organisation for Managers).
Number of Shares: 0

Bravida Group Management

From left to right: Anders Ahlquist, Tore Bakke, Magnus Hamerslag, Magnus Liljefors, Nils-Johan Andersson, Mattias Johansson, Johnny Hey, Filip Bjurström, Ingegerd Engquist, Lars Korduner, Sven Klockare, Thommy Lundmark.

MATTIAS JOHANSSON
CEO and Group President since 2015
Born: 1973
Employed by Bravida since: 1998
Previous assignments: Many years' experience within Bravida, including as Branch Manager, Regional Manager, and Head of Division South (Sweden) and Division Norway.
Board assignments:-
Education: MSc in Engineering
Number of shares: 867,565

NILS-JOHAN ANDERSSON*
CFO since 2014
Born: 1962
Employed by Bravida since: 2014
Previous assignments: Business Area Manager for HVAC and CFO of the Lindab Group, among others.
Board assignments:-
Education: MSc in Economics and Business
Number of shares: 122,299

INGEGERD ENGQUIST
Head of Group HR since 2016
Born: 1968
Employed by Bravida since: 2016
Previous assignments: Director of HR, Holmen Head of HR, Electrolux Motala and IFS
Board assignments: -
Education: BA in Human Resources and Labour Relations
Number of shares: 11,000

MAGNUS HAMERSLAG
Head of Operations Development since 2011
Born: 1973
Employed by Bravida since: 2008
Previous assignments: Group Manager at ÅF & SWECO. CEO of Erfator Projektledning
Board assignments: -
Education: Upper-secondary engineering qualification
Number of shares: 10,000

LARS KORDUNER
Chief Purchasing Officer since 2005
Born: 1966
Employed by Bravida since: 2005
Previous assignments: Purchasing Group Manager, Cramo AB
Sales. Business Development Manager, Cramo Sverige AB
Board assignments: Chairman of Resultatfabriken AB
Education: Business Administration and Accounting and Finance
Number of shares: 95,762

MAGNUS LILJEFORS
Chief Legal Officer since 2010
Head of Acquisitions since 2017
Year of birth: 1963
Employed by Bravida since: 2005
Previous assignments: Lawyer with legal firm Glimstedt. Chief Legal Officer, Nordisk Renting AB
Board assignments: -
Education: Bachelor of Laws, Master of Laws
Number of shares: 103,547

THOMMY LUNDMARK
Head of Division North (Sweden) since 2016
Born: 1964
Employed by Bravida since: 1983
Previous assignments: Many years' experience within Bravida, including as Project Manager, Branch Manager and Regional Manager.
Board assignments: -
Education: Upper-secondary engineering qualification
Number of Shares: 9,427

FILIP BJURSTRÖM**
Head of Division Stockholm (Sweden) since 2009
Born: 1969
Employed by Bravida since: 2009
Previous assignments: Regional Manager at NCC Boende.
Board assignments: Board member of AB Svensk Byggtjänst.
Education: MSc in Engineering
Number of shares: 205,300

ANDERS AHLQUIST
Head of Division South (Sweden) since 2013
Born: 1966
Employed by Bravida since: 2008
Previous assignments: Branch Manager, Wikströms VVS-kontroll. Head of Marketing, Bravida Division South
Board assignments: -
Education: Upper-secondary engineering qualification
Number of shares: 188,057

SVEN KLOCKARE
Head of National Division (Sweden) since 2017
Born: 1959
Employed by Bravida since: 2002
Previous assignments: Regional Manager of Specialist Stockholm Region. Planning Manager, Skanska. Project Manager, Byggnads AB Häggmark & Johansson. Branch Manager at consulting group HSB Stockholm. Managing Director of Erfator project management and Bravida Security
Board assignments: -
Education: Upper-secondary engineering qualification
Number of shares: 9,387

TORE BAKKE
Head of Division Norway since 2015
Born: 1970
Employed by Bravida since: 2009
Previous assignments: Branch Manager, Siemens AS. Manager of Region EAST, Bravida Norway
Board assignments: Board member of the trade organisation NELFO and Chairman of HeLa Bakke AS.
Education: BSc in Engineering
Number of shares: 101,469

JOHNNY HEY
Head of Division Denmark since 2017
Born: 1967
Employed by Bravida since: 2007
Previous assignments: Regional Manager of Bravida Denmark, Region North. Operational Controller, Falck Securitas AS. Head of emergency centre and several other services within G4S Denmark
Board assignments: Board member of TEKNIQ
Education: BA in Business Administration, MBA in Change Management
Number of shares: 10,559

MARKO HOLOPAINEN
Head of Division Finland since 2018
Born: 1967
Employed by Bravida since: 2018
Previous assignments: CEO of Consti Group Oyj, Consti Talotekniikka Oy and Koja Tekniikkaa Oy.
Board assignments: -
Education: MSc in Engineering
Number of shares: 3,000

**Nils-Johan Andersson left his role on 19 February 2019.*
Replaced: 13 May 2019
Successor: Åsa Neving, who holds an MSc in Economics and Business and joins from her role as CFO at Svevia AB.

***FIlip Bjurström left his role on 7 January 2019.*
Replaced: 7 January 2019
Successor: Lars Täuber, who holds a BSc in Operations Engineering and joins from his role as Head of Business Area at Eltel AB.

Alternative performance measures

The company presents certain financial measures that are not defined under IFRS. The company considers that these measures provide valuable additional information for investors and the company's management as they allow relevant trends to be assessed. Bravida's definitions of these measures may differ from other companies' definitions of the same terms. These financial measures should therefore be regarded as complementary rather than replacing the measures defined under IFRS. These measures are defined and reconciled below. Calculations do not always tally because amounts in the table have been rounded to the nearest million Swedish kronor.

RECONCILIATION OF PERFORMANCE MEASURES, NOT DEFINED UNDER IFRS.	**2018**	**2017**	**2016**	**2015**	**2014**
Net debt					
Interest-bearing liabilities	-2,100	-2,701	-2,703	-3,006	-3,423
Cash and cash equivalents	735	839	286	573	828
Total net debt	**-1,365**	**-1,862**	**-2,417**	**-2,433**	**-2,595**
EBITA/adjusted EBITDA					
Operating profit, EBIT	1,207	1,072	944	782	705
Amortisation and impairment of non-current intangible assets	4	6	4	2	1
EBITA	**1,211**	**1,078**	**948**	**784**	**706**
Adjustments relating to specific costs*	0	8	10	96	54
Adjusted EBITDA	1,211	1,086	958	880	760
EBITDA/adjusted EBITDA					
Operating profit, EBIT	1,207	1,072	944	782	705
Depreciation, amortisation and impairment losses	33	34	26	21	15
EBITDA	**1,240**	**1,107**	**970**	**804**	**720**
Adjustments relating to specific costs	0	8	10	96	54
Adjusted EBITDA	1,240	1,115	980	900	774
Working capital					
Current assets	5,946	5,362	4,219	3 965	3 741
Cash and cash equivalents	-735	-839	-286	-573	-828
Current liabilities	-7,120	-6,642	-4,938	-4,964	-3,897
Short-term loans	800	1,001	3	305	6
Provisions	169	172	143	141	129
Total working capital	**-940**	**-946**	**-859**	**-1,126**	**-849**
Interest coverage ratio					
Profit/loss before tax	1,191	1,019	877	422	440
Interest expense	32	46	61	289	368
Total	**1,223**	**1,065**	**938**	**711**	**809**
Interest expense	32	46	61	289	368
Interest coverage, multiple	**38.5**	**22.9**	**15.5**	**2.5**	**2.2**
Cash conversion					
12-month EBITDA	1,241	1,107	970	803	720
Non-cash provisions in working capital, last 12 months	24	-14	16	60	17
Change in working capital, last 12 months	-25	63	-387	150	179
Investments in machinery and equipment, last 12 months	-12	-21	-21	-34	-15
Total	**1,228**	**1,135**	**578**	**979**	**901**
Operating profit/loss, last 12 months	1,207	1,072	944	782	705
Cash conversion, last 12 months, %	102	106	61	125	128

Definitions

FINANCIAL DEFINITIONS

NUMBER OF EMPLOYEES
Calculated as the average number of employees during the year, taking account of the percentage of full-time employment.

RETURN ON EQUITY
12-month rolling net profit/loss as a percentage of average equity.

EBITA*
Operating profit excluding amortisation and impairment of non-current intangible assets. EBITA is the key figure and performance indicator that is used for internal operational monitoring. EBITA provides an overall view of profit generated by operating activities.

EBITA MARGIN*
EBITA as a percentage of net sales.

EBITDA*
Earnings before interest, taxes, depreciation, and amortisation. EBITDA is a measure that the Group regards as relevant for investors who want to understand earnings generation before investments in non-current assets.

EFFECTIVE TAX RATES
Recognised tax expense as a percentage of profit/loss before tax.

EQUITY PER SHARE, SEK
Equity attributable to equity holders of the parent company divided by the number of ordinary shares outstanding at period end.

NET FINANCIAL ITEMS
Total exchange differences on borrowing and cash and cash equivalents in foreign currency, other financial revenue and other finance costs.

ADJUSTED EBITDA*
EBITA adjusted for specific costs. Adjusted EBITA item improves the ability to make comparisons over time by excluding items that are irregular in frequency or size.

ADJUSTED EBITDA MARGIN*
EBITA excluding specific costs as a percentage of net sales. The adjusted EBITA margin excludes the effect of specific costs, which improves the ability to make comparisons over time by excluding items that are irregular in frequency or size.

ADJUSTED EBITDA
Earnings before interest, taxes, depreciation, and amortisation, adjusted for specific costs. Improves the ability to make comparisons over time by excluding items that are irregular in frequency or size.

CAPITAL STRUCTURE
Average net debt divided by EBITDA excluding specific costs, based on a rolling 12-month calculation.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE
Cash flow from operating activities for the period, divided by the number of shares at period end.

CASH CONVERSION*
12-month EBITDA +/- change in working capital and investment in machinery and equipment in relation to 12-month EBIT (operating profit).
This key figure measures the percentage of profit that is converted into cash flow. The purpose is to analyse what percentage of earnings can be converted into cash and cash equivalents and, in the longer term, the opportunity for investments, acquisitions and dividends, with the exception of interest-related cash flows.

NET SALES
Net sales are recognised in accordance with the principle of percentage-of-completion method. These revenues are recognised in proportion to the degree of completion of projects.

NET DEBT/EBITDA ADJUSTED FOR SPECIFIC COSTS
Average net debt divided by EBITDA excluding specific costs, based on a rolling 12-month calculation.

NET DEBT*
Interest-bearing liabilities, excluding pension liabilities, less cash and cash equivalents. This key figure is a measure to show the Group's total interest-bearing debt.

ORGANIC GROWTH
The change in sales adjusted for currency effects, as well as acquisitions and disposals compared with the same period of the previous year.

OPERATING CASH FLOW
Operating profit/loss adjusted for non-cash items, investments in machinery and equipment and changes in working capital.

ORDER INTAKE
The value of new projects and contracts received, and changes in existing projects and contracts over the period in question. Includes both installation and service business.

ORDER BACKLOG
The value of remaining, not yet accrued project revenues from orders on hand at the end of the period. Order backlog does not include service operations, only installation projects.

DILUTED EARNINGS PER SHARE
Profit/loss for the period attributable to owners of the parent company divided by the average number of outstanding ordinary shares after dilution.

BASIC EARNINGS PER SHARE
Profit/loss for the period attributable to owners of the parent company divided by the average number of outstanding ordinary shares.

INTEREST COVERAGE RATIO
Profit/loss after financial items plus interest expense, divided by interest expense. This key figure is a measure of how much earnings may fall by without interest payments being jeopardised or how much interest on borrowing may increase without operating profit turning negative.

WORKING CAPITAL
Total current assets, excluding cash and cash equivalents, minus current liabilities excluding current provisions and borrowing. This measure shows how much working capital is tied up in the business and may be set in relation to sales to understand how efficiently tied-up working capital is being used.

OPERATING MARGIN
Operating profit/loss as a percentage of net sales.

OPERATING PROFIT/EBIT
Earnings before financial items and taxes.

EQUITY/ASSETS RATIO
Equity including non-controlling interests as a percentage of total assets.

SPECIFIC COSTS
Transactions and items that are irregular in occurrence and size and consequently have an impact on earnings and key figures.

*'Alternative performance measures' used by Bravida; see page 114 for reconciliation. From 1 January 2018 Bravida has chosen to report and monitor EBITA and EBITA margin, as well as adjusted EBITA and the adjusted EBITA margin in order to reflect internal monitoring. These key figures replace operating margin, adjusted operating profit and adjusted operating margin.

OPERATIONAL DEFINITIONS

INSTALLATION/CONTRACTING
The installation and refurbishment of technical systems in properties, facilities and infrastructure.

SERVICE
Operation and maintenance, as well as minor refurbishment of installations in buildings and facilities.

ELECTRICAL
Power supply, lighting, heating, control and surveillance systems. Telecom and other low-voltage installations. Fire and intruder alarm products and systems, access control systems, CCTV and integrated security systems.

HVAC (HEATING, VENTILATION AND AIR CONDITIONING)
Comfort ventilation and comfort cooling through air treatment, air conditioning and climate control. Commercial cooling in freezer and cold rooms. Process ventilation control systems. Energy audits and energy efficiency through heat recovery ventilation, heat pumps, etc.

HEATING & PLUMBING
Water, waste water, heating, sanitation, cooling and sprinkler systems. District heating and cooling. Industrial piping with expertise in all types of pipe welding. Energy saving through integrated energy systems.

OTHER
Relates to other technical areas such as security, sprinklers, cooling, power, and lifts, as well as project management and service management.

BRAVIDA'S HISTORY

Bravida emerged out of BPA, a Swedish building and installation company dating back to the 1920s.

Bravida was formed in 2000 through a merger of BPA and the installation division of Norway's Telenor. In 2003, Bravida acquired the Danish company Semco A/S, which formed what is now Bravida's Danish division. In 2005, Bravida's head office relocated to Stockholm. In 2006, private equity firm Triton became Bravida's new principal owner. In 2009, Bravida acquired Siemens Installation AS in Norway. Private equity company Bain Capital took over as principal owner in 2012. In 2015, Bravida acquired Finnish Peko Group and established operations in Finland. The company was also listed on Nasdaq Stockholm. April 2017 saw the creation of a new nationwide division in Sweden, National Division, encompassing Bravida's different specialist areas. In May the same year Bravida acquired the leading heating & plumbing and HVAC operator in Norway, Oras AS.

1922 Twelve building guilds form the foundation of Swedish BPA

1967 Aktiebolaget BPA Byggproduktion AB is formed

1986 BPA's shares are listed on the Stockholm Stock Exchange

1993 Installation services become the company's main business area

1999 BPA's shares are delisted

2000 BPA and Norway-based Telenor's installation services are merged to form Bravida

2003 Bravida establishes operations in Denmark

2004 The business is focused on the core areas of electrical, heating and plumbing, and HVAC

2006 The private equity firm Triton becomes the new principal owner

2012 Private equity firm Bain Capital becomes the new principal owner

2015 Bravida establishes operations in Finland

2015 Bravida is listed on Nasdaq Stockholm

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Six reasons to invest in Bravida

GOOD OUTLOOK FOR SERVICE AND INSTALLATION THROUGHOUT THE NORDICS

Several trends indicate a greater need for service and installation over the coming years: Demand for energy efficiency is increasing and installations are growing in complexity. At the same time, significant public investment is being made in the Nordic region, including in infrastructure, health care and education.

A STABLE COMPANY WITH LOW RISK

Bravida has significant risk diversification. Around half of the business consists of recurring service and maintenance work. With more than 55,000 customers, we aren't dependent on any one assignment or project. Together, this provides a high degree of predictability and stability for sales.

BRAVIDA IS GROWING – BUT ONLY IF IT'S PROFITABLE

We have excellent growth prospects, but we don't want to grow at any price. We only take on assignments with calculable risks and we always prioritise margins over growth. This generates results. We have grown organically in recent years, while also retaining profitability.

BRAVIDA WAY PROVIDES CONTINUAL IMPROVEMENT AND PROFITABILITY

Bravida's approach, the Bravida Way, is based on the important principle that each local branch is responsible for its own earnings. They are supported by Bravida's groupwide tools and methods. Continual follow-up ensures that together we create a profitable business with good cash flow.

ACQUISITIONS MAKE US STRONGER

Our market in the Nordic region largely consists of lots of small companies, giving us a basis for long-term growth through acquisitions. We mainly acquire companies that complement our offering locally. Acquisitions also provide us with greater opportunities to achieve synergies in the business.

STRONG CASH FLOWS PROVIDE BASIS FOR DIVIDENDS

Bravida's cash conversion has remained stable for many years. One of Bravida's financial targets is to distribute at least 50 percent of net profit as dividends to shareholders. The dividend has increased by an average of 26 percent a year since the IPO in 2015.

bravida
WE BRING BUILDINGS TO LIFE