



# YEAR-END REPORT 2018



**Cover image:** Maintenance work on antenna at Esrange Space Center.  
Photo: SSC

# YEAR-END REPORT 2018

## FINANCIAL DEVELOPMENT IN BRIEF

Amount in MSEK	2018	2017
NET SALES	945	935
<b>OPERATING PROFIT</b>	<b>47</b>	<b>-14</b>
OPERATING PROFIT EXCLUDING EFFECTS FROM DIVESTMENTS	47	49
PROFIT BEFORE TAX	38	-38
PROFIT AFTER TAX	17	-47
CASH FLOW AFTER INVESTMENTS	80	60

## 2018 IN BRIEF

Operating profit for 2018 amounted to 47 MSEK. The operating margin was 5% which, for comparable entities, was in line with previous year.

- The operating profit in Science Services improved during the year when the level of ongoing projects at Estrange returned to more normal levels.
- In Engineering Services the operating profit continued on the stable, positive path, where-as the profit level in Satellite Management Services decreased slightly after reaching top levels in 2017.
- Previous year's profit includes losses from the divestment of a subsidiary. Operating profit for comparable entities previous year was 49 MSEK.

## SIGNIFICANT EVENTS DURING 2018

During the summer period Science Services, together with Italian ASP, launched a balloon from Svalbard. It was the first time that SSC launched a large balloon outside Esrange Space Center, which put high demands on the organization.

In addition to this more pioneering project several rockets and balloons were launched from Esrange Space Center.

In 2018 an important step was taken in the development of Esrange Space Center when the Swedish government decided to financially support the construction of a test bed. The test bed will add new capabilities and new services at Esrange.

Satellite Management Services (SaMS) has during the year contributed to a number of satellite launches by assisting our customers with tracking and controlling the satellites and to place them in the right position after separation from the launching vehicle. This contributes to the creation of a space based infrastructure which is vital for the development of the society, both today and in the future.

Our global network of ground stations has been further developed and new customers have been added during the year. In November a new antenna sight was inaugurated in Sri Racha, Thailand, which is in line with SSCs strategy to expand the global network.

In Europe our space engineers within the division Engineering Services have supported a number of European space missions, often as an integrated part of our customers' organizations.

SSC established late 2018 a subsidiary in the UK. The aim is to use the subsidiary as a bridge into the British market, primarily for the Engineering Services division.

## DEVELOPMENT OF THE GROUP'S FINANCIAL POSITION 2018

Consolidated operating profit amounted to 47 MSEK (-14 MSEK). Last year's operating profit includes a one-off loss of -63 MSEK relating to the divestment of the subsidiary ECAPS.

The operating profit improved in Science Services and went from loss to profit. The division's financial result is strongly connected to the project activity level at Esrange. During 2018 the project activity level was on a more normal level compared to previous year. In Engineering Services the profit was on par with previous year, while the profit in Satellite Management Services decreased, following an all-time high year 2017 which, amongst others, included a high number of supported launches.

Group financial net was -10 MSEK (-24 MSEK). Included in the financial net was a negative impact of currency effects of -1 MSEK (-18 MSEK).

Profit before tax was 38 MSEK (-38 MSEK).

Group profit after tax amounted to 17 MSEK (-47 MSEK). Since SSC runs operations in several countries, and profits in one country may not be deducted against losses in another country, SSC's tax is high in relation to the Group's profit level.





Total assets 31 December 2018 amounted to 1 168 MSEK (1 120 MSEK), an increase with 48 MSEK, mainly due to a slightly higher investment level. Interest-bearing liabilities have been reduced with 21 MSEK, where-of 40 MSEK adjusted for currency effects. Net debt amounted to 80 MSEK (148 MSEK).

In 2016 SSC divested the subsidiary NanoSpace. As part of the compensation SSC received shares in GomSpace. By 31 December

Cash flow after investments amounted to 80 MSEK (60 MSEK). Net investments amounted to -54 MSEK (-37 MSEK), where-of 12 MSEK (9 MSEK) consists of investments for the development of Esrange Space Center.

## DEVELOPMENT OF THE PARENT COMPANY'S FINANCIAL POSITION 2018

Operating profit for the Parent Company was 7 MSEK (-122 MSEK).

Profit after tax for the Parent Company amounted to 26 MSEK (-135 MSEK).

Total assets 31 December 2018 amounted to 918 MSEK (911 MSEK), an increase with 7 MSEK. Interest-bearing liabilities have decreased with 21 MSEK, where-of 40 MSEK adjusted for currency effects.

Cash flow after investments amounted to 100 MSEK (5 MSEK). Net investments amounted to -5 MSEK (32 MSEK).

## SIGNIFICANT RISK FACTORS FOR THE SSC GROUP

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

SSC is exposed to currency exchange rate changes, mainly in euros and US dollars. To which extent varies, but the part of turnover in euro in the parent company typically reaches 40-60%. For 2018 it was 59%. The legal entity in Chile mainly has its revenues in US dollars but a large part of the costs in local currency. The entity is therefore exposed to changes in currency exchange rates between these two currencies. The subsidiaries in Chile and in the US are both financed by loans in US dollars from the parent company and from equity. The external financing in the parent company is made in euro and USD.



## MARKET AND FUTURE PROSPECTS

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

SSC is continuously developing the Eorange Space Center, and has the ambition for the future to launch smaller satellites into orbit. The project name is SmallSat Express. Financing is under review in the Swedish government. Eorange Space Center has been a key player in Swedish and European space operations for more than 50 years. A positive decision would add new capabilities and new services, and strengthen Eorange's as well as Sweden's role in the development of space based infrastructure for years going forward.

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

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

## IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

No essential events after the balance sheet date.

## PROPOSED DIVIDEND

The Board of Directors proposes that no dividend is paid to the owner for 2018.

## CONSOLIDATED INCOME STATEMENT

Amount in MSEK	2018	2017	2018	2017
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
Net sales	252	237	945	935
Other revenues	7	5	18	12
External expenses <sup>1)</sup>	-93	-97	-342	-396
Personnel costs <sup>1)</sup>	-131	-118	-481	-471
Amortizations and depreciations	-24	-23	-93	-94
<b>OPERATING PROFIT</b>	<b>11</b>	<b>4</b>	<b>47</b>	<b>-14</b>
Financial income and expenses	0	-6	-10	-24
<b>PROFIT BEFORE TAX</b>	<b>12</b>	<b>-1</b>	<b>38</b>	<b>-38</b>
Income taxes <sup>2)</sup>	-2	-4	-21	-9
<b>PROFIT AFTER TAX</b>	<b>9</b>	<b>-6</b>	<b>17</b>	<b>-47</b>
<b>TOTAL OTHER INCOME</b>				
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET				
Translation differences in foreign operations	1	5	14	-9
Cash flow hedges	2	-1	2	-1
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS				
Change in fair value of financial assets available for sale	-6	-25	-35	32
Income tax relating to items above	1	6	7	-7
<b>TOTAL OTHER INCOME FOR PERIOD</b>	<b>-3</b>	<b>-16</b>	<b>-11</b>	<b>15</b>
<b>TOTAL PROFIT/LOSS FOR PERIOD</b>	<b>7</b>	<b>-21</b>	<b>6</b>	<b>-32</b>
Of which attributable to the parent company's shareholders	7	-21	6	-32
Earnings per share, SEK	<b>584</b>	<b>-355</b>	<b>1 038</b>	<b>-2 890</b>
<sup>1)</sup> Change in provisions external costs and personnel costs	1,1	-2,2	1,8	0,1
	-0,9	1,0	-0,5	1,9

<sup>2)</sup> Estimated tax during the year. Final tax at year end.

## CONSOLIDATED BALANCE SHEET

Amount in MSEK	2018-12-31	2017-12-31
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Intangible assets	70	63
Tangible assets	598	609
Other securities held as non-current assets	3	52
Deferred tax assets	2	2
<b>TOTAL NON-CURRENT ASSETS</b>	<b>674</b>	<b>725</b>
CURRENT ASSETS		
Inventories	13	5
Current receivables	270	224
Cash and cash equivalents	212	166
<b>TOTAL CURRENT ASSETS</b>	<b>495</b>	<b>395</b>
<b>TOTAL ASSETS</b>	<b>1 168</b>	<b>1 120</b>
Amount in MSEK	2018-12-31	2017-12-31
<b>EQUITY AND LIABILITIES</b>		
EQUITY		
Share equity	33	33
Other reserves	26	38
Retained earnings including profit for the period	405	388
<b>TOTAL EQUITY ATTRIBUTABLE TO HOLDERS OF THE PARENT COMPANY</b>	<b>464</b>	<b>458</b>
<b>TOTAL EQUITY</b>	<b>464</b>	<b>458</b>
NON-CURRENT LIABILITIES		
Interest bearing liabilities	293	223
Other liabilities	134	124
Provisions	3	4
Deferred tax liability	8	7
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>438</b>	<b>359</b>
CURRENT LIABILITIES		
Interest bearing liabilities	0	90
Short-term non-interest bearing liabilities	265	209
Provisions	2	3
<b>TOTAL CURRENT LIABILITIES</b>	<b>267</b>	<b>303</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 168</b>	<b>1 120</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

Amount in MSEK	2018	2017
<b>OPERATING ACTIVITIES</b>		
Cash flow from operations	100	105
Change in working capital	34	-9
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>134</b>	<b>97</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	-10	-2
Investments in tangible assets	-58	-42
Sale of subsidiary, net liquidity impact	0	6
Disposal in financial assets	14	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-54</b>	<b>-37</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>80</b>	<b>60</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-40</b>	<b>-59</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>40</b>	<b>0</b>
Cash and cash equivalents at the beginning of the year	166	169
Currency gains/losses in liquid assets	6	-4
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>212</b>	<b>166</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount in MSEK	Equity attributable to holders of the parent company			
	Share capital	Reserves	Retained earnings	Total equity
<b>OPENING BALANCE 1 JANUARY 2017</b>	<b>33</b>	<b>23</b>	<b>435</b>	<b>490</b>
Dividend for 2016			-	-
Income for the period		15	-47	-32
<b>CLOSING BALANCE 31 DECEMBER 2017</b>	<b>33</b>	<b>38</b>	<b>388</b>	<b>458</b>
<b>OPENING BALANCE 1 JANUARY 2018</b>	<b>33</b>	<b>38</b>	<b>388</b>	<b>458</b>
Dividend for 2017			-	-
Income for the period		-11	17	6
<b>CLOSING BALANCE 31 DECEMBER 2018</b>	<b>33</b>	<b>26</b>	<b>405</b>	<b>464</b>

## PARENT COMPANY INCOME STATEMENT

Amount in MSEK	2018	2017	2018	2017
	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
Net sales	125	124	468	426
Other revenues	7	4	17	10
External expenses <sup>1)</sup>	-58	-66	-230	-315
Personnel costs <sup>1)</sup>	-56	-51	-204	-201
Amortizations and depreciations	-11	-11	-45	-42
<b>OPERATING PROFIT</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>-122</b>
Financial income and expenses	14	-3	40	3
<b>PROFIT BEFORE TAX</b>	<b>21</b>	<b>-3</b>	<b>47</b>	<b>-119</b>
Dispositions	-14	-29	-14	-29
Income taxes <sup>2)</sup>	2	0	-7	13
<b>PROFIT AFTER TAX</b>	<b>9</b>	<b>-31</b>	<b>26</b>	<b>-135</b>
<b>TOTAL OTHER INCOME</b>				
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT AND LOSS WHEN SPECIFIC CONDITIONS ARE MET				
Cash flow hedges	3	-1	2	-1
ITEMS THAT WILL NOT BE INCLUDED IN PROFIT AND LOSS				
Change in fair value of financial assets available for sale	-6	-25	-35	32
Income tax relating to items above	1	6	7	-7
<b>TOTAL OTHER INCOME FOR PERIOD</b>	<b>-3</b>	<b>-20</b>	<b>-26</b>	<b>24</b>
<b>TOTAL PROFIT/LOSS FOR PERIOD</b>	<b>6</b>	<b>-52</b>	<b>0</b>	<b>-111</b>

<sup>1)</sup> Change in provisions external costs and personnel costs

	1,0	-2,3	1,2	-0,8
	-0,1	1,0	-0,5	1,9

<sup>2)</sup> Estimated tax during the year. Final tax at year end.

## PARENT COMPANY BALANCE SHEET

Amount in MSEK	2018-12-31	2017-12-31
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Intangible assets	22	13
Tangible assets	323	322
Other securities held as non-current assets	276	342
Deferred tax assets	38	37
<b>TOTAL NON-CURRENT ASSETS</b>	<b>658</b>	<b>715</b>
CURRENT ASSETS		
Inventories	11	3
Current receivables	157	159
Cash and cash equivalents	93	34
<b>TOTAL CURRENT ASSETS</b>	<b>260</b>	<b>196</b>
<b>TOTAL ASSETS</b>	<b>918</b>	<b>911</b>
<b>EQUITY AND LIABILITIES</b>		
Amount in MSEK	2018-12-31	2017-12-31
<b>EQUITY</b>		
Share equity	33	33
Other reserves	7	7
Fund for intrinsic value	-1	25
Retained earnings including profit for the period	101	75
<b>TOTAL EQUITY</b>	<b>139</b>	<b>139</b>
UNTAXED RESERVES	182	168
NON-CURRENT LIABILITIES		
Interest bearing liabilities	293	223
Other liabilities	134	124
Provisions	3	3
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>429</b>	<b>350</b>
CURRENT LIABILITIES		
Interest bearing liabilities	0	90
Short-term non-interest bearing liabilities	166	161
Provisions	2	2
<b>TOTAL CURRENT LIABILITIES</b>	<b>168</b>	<b>254</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>918</b>	<b>911</b>

## PARENT COMPANY STATEMENT OF CASH FLOW

Amount in MSEK	2018	2017
<b>OPERATING ACTIVITIES</b>		
Cash flow from operations	79	18
Change in working capital	26	-46
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>105</b>	<b>-28</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	-10	-1
Investments in tangible assets	-43	-28
Sale of subsidiary, net liquidity impact	0	7
Disposal in financial assets	48	53
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-5</b>	<b>32</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>100</b>	<b>4</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-40</b>	<b>-59</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>60</b>	<b>-55</b>
Cash and cash equivalents at the beginning of the year	34	90
Currency gains/losses in liquid assets	-1	-2
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>93</b>	<b>34</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amount in MSEK	Share capital	Other reserves	Hedge reserves	Retained earnings	Total equity
<b>OPENING BALANCE 1 JANUARY 2017</b>	<b>33</b>	<b>7</b>	<b>1</b>	<b>210</b>	<b>250</b>
Dividend for 2016				-	-
Income for the period			24	-135	-111
<b>CLOSING BALANCE 31 DECEMBER 2017</b>	<b>33</b>	<b>7</b>	<b>25</b>	<b>75</b>	<b>139</b>
<b>OPENING BALANCE 1 JANUARY 2018</b>	<b>33</b>	<b>7</b>	<b>25</b>	<b>75</b>	<b>139</b>
Dividend for 2017				-	-
Income for the period			-26	26	0
<b>CLOSING BALANCE 31 DECEMBER 2018</b>	<b>33</b>	<b>7</b>	<b>-1</b>	<b>101</b>	<b>139</b>

## NOTE 1 ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and Swedish Annual Accounts Act.

The Group accounts have been prepared in accordance with the International Financial Reporting Standards, IFRS, as adopted by the European Union. The interim report for the Parent company has been prepared in accordance with the Swedish Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities.

In 2018, the Group has begun to apply IFRS 16.

The effects of the transition to IFRS 16 are stated in the Annual Report for 2018.

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

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

## NOTE 2 NET SALES

### GROUP NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2018	2017
Sweden	105	105
Europe excl. Sweden	592	575
Asia	107	89
America	137	162
Other Markets	4	4
<b>NET SALES</b>	<b>945</b>	<b>935</b>

### GROUP NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2018	2017
SEK	135	199
EUR	615	488
USD	180	234
Other Currencies	15	14
<b>NET SALES</b>	<b>945</b>	<b>935</b>

### PARENT COMPANY NET SALES, MARKET DISTRIBUTION

Amount in MSEK	2018	2017
Sweden	105	106
Europe excl. Sweden	240	224
Asia	89	73
America	33	23
Other Markets	1	2
<b>NET SALES</b>	<b>468</b>	<b>426</b>

## CONT. NOTE 2      NET SALES

### PARENT COMPANY NET SALES HAVE BEEN INVOICED IN THE FOLLOWING CURRENCIES

Amount in MSEK	2018	2017
SEK	135	186
EUR	276	184
USD	48	48
Other Currencies	10	9
<b>NET SALES</b>	<b>468</b>	<b>426</b>

## NOTE 3      GROUP KPI

### KPI:s SSC GROUP

	2018	2017
Return on equity	4%	-10%
Equity ratio	40%	41%
Return on Invested Capital	8%	-2%
Net Debt Equity ratio	0,17	0,32

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

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

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

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

### UPCOMING FINANCIAL REPORTS

The Annual report for 2018 will be published March 29, 2019.

The date of the AGM is determined to April 25, 2019.

The interim report for the first quarter 2019 will be published April 30, 2019.

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

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