



Opus Group AB (publ)

Year-end report 2019

January 1 - December 31 2019

Report period October – December 2019

- Net sales in the quarter amounted to SEK 651 million (657), a 0.8% lower turnover compared with Q4 2018. In constant currencies and adjusted for acquisitions, the organic growth was -3.3%.
- EBITDA amounted to SEK 103 million (132), corresponding to an EBITDA margin of 15.8% (20.1).
- EBITA amounted to SEK 40 million (90), corresponding to an EBITA margin of 6.1% (13.6).
- Profit/loss for the quarter amounted to SEK -14 million (34) and includes unrealized net foreign exchange differences of SEK -9 million (13).
- Cash flow from operating activities amounted to SEK 84 million (117) and Free cash flow amounted to SEK 33 million (58).

Report period January – December 2019

- Net sales for the year amounted to SEK 2,691 million (2,497), a growth of 7.8%. In constant currencies and adjusted for acquisitions, the organic growth was 2.5%.
- EBITDA amounted to SEK 608 million (504), corresponding to an EBITDA margin of 22.6% (20.2).
- EBITA amounted to SEK 342 million (358), corresponding to an EBITA margin of 12.7% (14.3). EBITA includes impairment of tangible assets and other costs of a total of SEK -27 million attributable to the canceled concession in Buenos Aires, Argentina.
- Profit/loss for the year amounted to SEK -38 million (-6) and includes refinancing costs of SEK -16 million and unrealized net foreign exchange differences of SEK -63 million (-66).
- Cash flow from operating activities amounted to SEK 446 million (323) and Free cash flow amounted to SEK 219 million (84).

Financial overview ^{1) 2)}

SEK millions	Oct 1 - Dec 31		Jan 1 - Dec 31	
	2019	2018	2019 ¹⁾	2018
Net sales	651	657	2,691	2,497
EBITDA	103	132	608	504
EBITDA margin	15.8%	20.1%	22.6%	20.2%
EBITA	40	90	342	358
EBITA margin	6.1%	13.6%	12.7%	14.3%
Profit/loss for the period	-14	34	-38	-6
Cash flow from operating activities	84	117	446	323
Free cash flow	33	58	219	84
Net debt	1,838	1,596	1,838	1,596
Net debt/EBITDA	3.1x	3.1x	3.1x	3.1x
Interest coverage ratio	5.0x	5.7x	5.0x	5.7x
Equity	972	987	972	987
Equity/Total assets ratio	23.2%	25.5%	23.2%	25.5%

¹⁾ For definitions of key ratios, see Opus' Annual Report 2018 and Key ratios on page 14 in this report.

²⁾ IFRS 16 is effective from January 1, 2019 and has affected the Group's key ratios. Comparative figures have not been recalculated. See note 2 for more information.

CEO letter

The overall performance of Opus during 2019 saw revenues reaching SEK 2.7 billion, with a total growth of 8%. However, Opus generated weaker than expected revenue and EBITA in Q4 2019. Our operating earnings in 2019 were down by SEK 16 million to SEK 342 million, in part as a result of a one-off negative effect of SEK 27 million resulting from the canceled concession in Argentina.

Our U.S. and Asia vehicle inspection segment saw significant revenue growth of 10% in 2019. The continued roll-out of EaaS in the U.S. contributed to both sales and earnings growth. We expect to see further growth in EaaS in 2020 driven by the continuing roll-out in Texas. In Punjab, Pakistan, a total of 26 stations are now operational, however, compliance rates remain at too low levels.

In the European vehicle inspection segment, Sweden saw flat sales year over year reaching SEK 629 million with an increase in profitability mainly due to higher inspection fees and improved cost control. Our cost reduction plan is showing lasting positive effects on the overall cost structure and we will continue to monitor that our inspection capacity is in line with market conditions.

The Latin American vehicle inspection segment continues to grow. Revenues in 2019 increased 24% compared to 2018, to SEK 135 million, primarily due to the acquisition of VTV and new station openings in Chile. Despite negative inflation effects in Argentina, the operational business delivered revenue and profit margins according to plan in local currency. Adjusted for the one-off effect from the canceled concession in Buenos Aires, the underlying EBITA improved significantly year over year.

The low revenue growth and earnings in 2019 of our Intelligent Vehicle Support (IVS) division were not in line with our expectations. Significant effort has been put into product design and marketing of the new Drive Pro platform. RAP service sales continued to increase. Drive Crash was introduced in the collision market and the initial sales came in at low volume, while we foresee Drive Crash service sales to pick up in 2020. The acquisition of AutoEnginuity in early January 2020 secures important IP in vehicle diagnostics and will solidify our offering under IVS. AutoEnginuity is expected to add to revenue and profitability growth going forward.

The 3-year CAGR revenue growth rate reached 17%, well above our revenue growth target of 5-10%. Our EBITA margin of 13% for 2019 was below the target of 15%, in part due to the one-off effects in Argentina. Our Net debt/EBITDA ratio of 3.1 at the end of the year was slightly above our leverage target of not exceeding Net debt/EBITDA of 3.0.

Going forward, Opus will continue to focus on profitable growth while considering our debt position and less capital-intensive business models. Our focus will be on revenue growth and sustainable profit margins in IVS' product and service offerings; continued customer-focused operation of U.S. inspection programs and further expansion of EaaS.

Gothenburg in February 2020
Lothar Geilen
CEO



Fourth quarter 2019

- Net sales: SEK **651** million
- Net sales growth: **-1%** (-3% organic)
- EBITA: SEK **40** million
- EBITA margin: **6%**



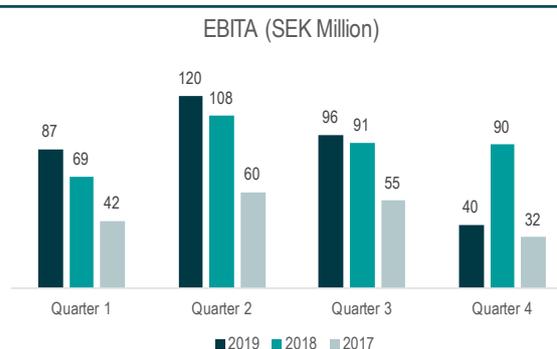
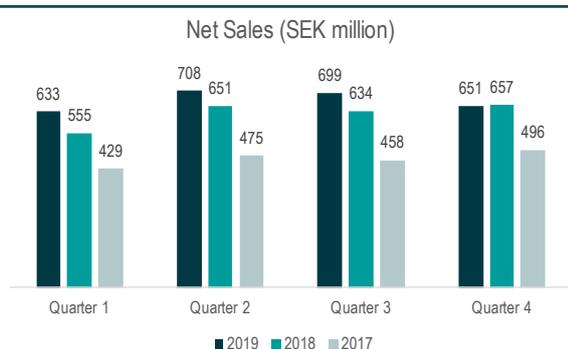
Financial result

The Group's sales and result October – December 2019

- Net sales for the quarter amounted to SEK 651 million (657). Reported net sales was 0.8% lower for the Group compared to previous year. The organic growth (i.e. in constant currencies and adjusted for acquisitions) was -3.3%, primarily due to lower equipment sales in IVS and Vehicle Inspection U.S. & Asia.
- EBITDA amounted to SEK 103 million (132), corresponding to an EBITDA margin of 15.8% (20.1). The lower equipment sales, business ramp-up expenses as well as expenses related to shutting down the operations in the canceled concession in Buenos Aires had a negative impact on EBITDA while the implementation of IFRS 16 has had a positive impact on EBITDA. See Note 2 for more information on the effects of IFRS 16.
- EBITA amounted to SEK 40 million (90), corresponding to an EBITA margin of 6.1% (13.6). Changed assessment of the useful life of equipment within the EaaS business (which has been changed from five to seven years) has contributed positively to EBITA.
- Amortization and impairment of intangible assets was SEK -30 million (-42). Amortization has been positively affected by the fact that the value of acquired customer contracts from the acquisitions of Envirotec and Gordon-Darby has been fully amortized (according to plan) and negatively affected by the new assessment of the useful life of the Drew Technologies brand.
- The Group's net financial items amounted to SEK -31 million (-6), whereof interest and financing expenses stood for SEK -25 million (-23) and includes interest expenses for leasing liabilities in accordance with IFRS 16 of SEK -4 million (-). Unrealized net foreign exchange differences amounted to SEK -9 million (13).
- The reported income tax includes a tax effect of SEK 7 million relating to non-expensed exchange-rate losses reported directly over equity.
- Profit/loss for the period was SEK -14 million (34).

January – December 2019

- Net sales for the year amounted to SEK 2,691 million (2,497). Reported net sales was 7.8% higher for the Group compared to previous year. Net sales has been positively affected by the acquisition of VTV, which was finalized in May 2018. The organic growth (i.e. in constant currencies and adjusted for acquisitions) was 2.5%, mainly driven by increasing revenue from EaaS in the U.S., increased recurring revenues within IVS, and increased revenues from the inspection business in Latin America.
- EBITDA amounted to SEK 608 million (504), corresponding to an EBITDA margin of 22.6% (20.2). The implementation of IFRS 16 has had a positive impact on EBITDA. See Note 2 for more information on the effects of IFRS 16.
- EBITA amounted to SEK 342 million (358), corresponding to an EBITA margin of 12.7% (14.3). EBITA was negatively affected by expenses of SEK -27 million attributable to the canceled concession in Buenos Aires, Argentina. Changed assessment of the useful life of equipment within the EaaS business (which has been changed from five to seven years) has contributed positively to the improved EBITA.
- Amortization and impairment of intangible assets was SEK -142 million (-152). The acquisition of VTV and amortization on the Drew Technologies brand, previously deemed to have an indefinite useful life but now assumed to have a set useful life of 15 years, effective from January 2019, has affected amortization negatively. Amortization has been positively affected by the fact that the value of acquired customer contracts from the acquisitions of Envirotec and Gordon-Darby has been fully amortized (according to plan).
- The Group's net financial items amounted to SEK -186 million (-155), whereof interest and financing expenses stood for SEK -129 million (-97) and includes interest expenses for leasing liabilities in accordance with IFRS 16 of SEK -20 million (-) as well as refinancing costs of SEK -16 million in connection with the early redemption of the "SEK 500 million 2016/2021-bonds" in January 2019. Unrealized net foreign exchange differences amounted to SEK -63 million (-66).
- The reported income tax includes a tax effect of SEK -6 million relating to exchange rate gains not recognized as income but reported directly against equity.
- Profit/loss for the year was SEK -38 million (-6).



Financial position

Cash and cash equivalents

Cash and cash equivalents at the end of the year amounted to SEK 506 million (compared with SEK 384 million at the beginning of the year), whereof SEK 45 million is only available to the Group for special purposes attributable to a contractual investment fund for one of the states in the U.S. Consequently, available cash and cash equivalents at the end of the year amounted to SEK 460 million.

Interest bearing debt and net debt

The Group's interest bearing debt at the end of the year amounted to SEK 2,344 million compared with SEK 1,981 at December 31, 2018. The increase is primarily due to the implementation of IFRS 16, which entailed reporting of leasing liabilities of SEK 247 million. Consequently, interest bearing debt excluding IFRS 16 effects was SEK 2,096 million.

In January 2019, Opus issued a new corporate bond of USD 60 million in the U.S. In conjunction with this, Opus prematurely redeemed all outstanding bonds on the SEK 500 million bond loan due to expire in May 2021 (the "SEK 500 million 2016/2021-bonds").

The Group's net debt at the end of the year amounted to SEK 1,838 million including leasing liabilities of SEK 247 million. Consequently, the Group's net debt excluding IFRS 16 effects was SEK 1,591 million (SEK 1,596 million at the beginning of the year), corresponding to 3.1 times the Group's EBITDA on a last 12-month basis, excluding effects from accounting in accordance with IFRS 16 and adjusted for pro forma accounts for acquired businesses.

Opus' bond and loan agreements include customary terms and conditions and undertakings. The bond and loan agreements contain three financial covenants, which consist of interest coverage ratio, Net debt/EBITDA and minimum cash requirements. The new accounting standard for leasing agreements, IFRS 16, does not affect the calculation of the covenants, which are still calculated in accordance with IAS 17 as set out in the definition in the Group's bond and loan agreements.

As is customary, Opus credit agreements contain change of control clauses that have been actualized with Ograi BidCo's acquisition of 79.4% of the shares in Opus on January 16, 2020. This means that the creditors have the right to terminate existing agreements. Opus has requested and obtained waivers from the relevant creditors. Opus has thus received respite with repayment until September 30, 2020, with the exception of the "SEK 500 million 2018/2022 bonds" for which the bondholders have a put option (see "Significant events after the end of year-end" in this report for more information). Financing from other creditors has been arranged and will replace existing loans before September 30, 2020, as well as secure future financing needs for the Group. The new credit line also provides full refinancing of the "SEK 500 million 2018/2022 bonds" if necessary.

Equity

The Group's total equity amounted to SEK 972 million at the end of the year compared with SEK 987 million at the beginning of the year.

Equity attributable to equity holders of the parent company at the end of the year amounted to SEK 1,010 million (1,001 at the beginning of the year), equivalent to SEK 3.48 per share outstanding at the end of the year before dilution. In 2019, exchange rate gains not recognized as income but reported directly over equity have positively impacted equity attributable to equity holders of the parent company by SEK 33 million of which SEK 28 million consists of exchange rate gains from intra-group loans reported directly over equity and SEK 5 million consists of translation differences on foreign operations.

Equity attributable to non-controlling interests at the end of the year amounted to SEK -38 million (-14 at the beginning of the period) and is mainly attributable to, not wholly-owned, subsidiaries in Pakistan, which are operating in a start-up phase and where the result and equity was negatively affected by unrealized exchange rate losses, as well as Argentina which were previously in a start-up phase but where the cancellation of the concession in Buenos Aires has resulted in impairment of buildings in addition to the start-up costs and unrealized exchange rate losses that affected the company's earnings and equity.

Equity/Total assets ratio at the end of the year was 23.2% compared with 25.5% at the beginning of the year.

Cash flow

The year's cash flow from operating activities amounted to SEK 446 million (323), including a change in working capital of SEK 13 million (-10).

Cash flow from investing activities in 2019 amounted to SEK -267 million (-836). Investments in tangible fixed assets amounted to SEK -218 million (-224) and primarily consisted of machinery and equipment related to the company's EaaS business and investments in new vehicle inspection stations in Sweden and Chile. Investments in intangible fixed assets amounted to SEK -8 million (-15). The Group's Free cash flow was SEK 219 million (84). Other investing activities include earnout paid of SEK -33 million (-21).

The year's cash flow from financing activities amounted to SEK -56 million (254) and primarily comprised SEK 36 million net in connection with the refinancing of the "SEK 500 million 2016/2021 bonds", amortization of leasing liabilities of SEK -77 million (-) and dividends paid to the parent company shareholders of SEK -15 million.

Other information

Significant events during the year

For more detailed information on events during the year see the Group's website www.opus.global.

Opus refinanced the "SEK 500 million 2016/2021 bonds"

In January 2019, Opus issued a new corporate bond (Taxable Corporate Notes commonly known as Letter of Credit (L/C) backed bonds) of USD 60 million in the U.S. The proceeds from the transaction were mainly used for the early redemption of the "SEK 500 million 2016/2021 bonds". The L/C backed bonds of USD 60 million carry a variable short-term taxable interest rate, in line with LIBOR 7 days. The L/C backed bonds are guaranteed through a letter of credit issued by Swedbank AB (publ), New York Branch. The letter of credit has a maturity of three years and is extendable upon agreement. The maturity under the framework of the L/C backed bonds is 15 years. The bonds may be prepaid by Opus, in whole or in part, at no additional cost.

Opus signs New Hampshire emission and safety contract

In March 2019, Opus was awarded a new five-year contract by the U.S. state of New Hampshire to develop, implement, and operate the state's emissions and safety testing program. The new contract will be effective January 1, 2020. The five-year contract allows for one additional two-year extension. In addition to the new contract, the state extended the current contract for six months, now ending December 31, 2019.

Opus revised its financial targets

In April 2019, Opus revised its financial targets. The revised financial targets, which are presented under "Financial targets" in this report, focus on growth, operating profit margin and the efficient use of capital. The revised financial targets include organic growth from existing business, as well as from program wins as they may occur, complemented by attractive bolt-on acquisitions. While continuing the growth of Opus, our operating profit target ensures focus on solid profit margins and capital returns of our combined businesses.

Cancellation of a concession in Buenos Aires

In August 2019, a court in Argentina canceled a vehicle inspection concession awarded to Inspecentro S.A. in Buenos Aires (Inspecentro Buenos Aires), a business in which Opus had assumed control via an agreement. Since Inspecentro Buenos Aires had not yet started operating, there is no impact on Opus revenues in Argentina. The new inspection facility that Opus built for the now canceled concession has been written down, which has resulted in an impairment of SEK -21 million for the Group. Opus' other vehicle inspection activities at the Group's other 10 stations in Buenos Aires and Cordoba are unaffected.

Public offer to the shareholder of Opus Group AB

On December 2, 2019, Ograi BidCo AB ("Ograi"), a newly established company indirectly owned by SCP III EPC UK Limited, an entity managed and advised by Searchlight Capital Partners, L.P. ("Searchlight"), announced a public offer to the

shareholders of Opus to sell all shares in Opus to Ograi at a price of SEK 7.75 in cash per Opus share. Lothar Geilen, CEO and a shareholder in Opus, participated with Searchlight in the Offer. On December 20, 2019, Ograi announced an increase of the Offer to SEK 8.50 in cash per Opus share (the "Offer"), and extended the acceptance period to January 13, 2020. On December 20, 2019, the Board of Directors at Opus unanimously concluded that although the increased offer from Ograi at SEK 8.50 per share does not reflect the full long-term fundamental value of Opus, the offer is fair from a short-term financial perspective and decided to recommend the shareholders of Opus to accept it.

Significant events after year-end

For more detailed information on events after the end of the period see the Group's website www.opus.global.

Opus acquired AutoEnginuity

On January 2, 2020, Drew Technologies, Inc., an Opus IVS division company, acquired US-based AutoEnginuity, LLC for a purchase price of approximately USD 20 million (approximately SEK 187 million) on a cash-free and debt-free basis. AutoEnginuity, founded in 2003 and headquartered in Mesa, Arizona, has developed into a leader in advanced aftermarket automotive diagnostics software and associated vehicle make/model coverage. The combined Opus IVS companies serve an existing customer base of 50,000 automotive repair shops globally, by providing market leading vehicle diagnostics and vehicle communication offerings to address the trend of increased vehicle digitalization and automation.

Ograi's offer to the shareholders of Opus was declared unconditional and Opus convened an extraordinary general meeting

On January 16, 2020, Ograi announced that it now controls shares in Opus corresponding to approximately 79.4 per cent of the shares and votes in Opus and declared the Offer unconditional. The Board of Directors of Opus has received a request from Ograi that the Board convene an extraordinary general meeting, to be held on February 20, 2020, in order to consider an election of members of the Board.

Put option regarding the "SEK 500 million 2018/2022 bonds" triggers the change of control in Opus

The acquisition of the shares in Opus by Ograi constitutes a change of control event. As a result of the change of control event, each bondholder in the "SEK 500 million 2018/2022 bonds" has a right of prepayment (a so called put option) of the Bonds at a price equal to 101 per cent of the outstanding nominal amount (SEK 100,000 per Bond) together with accrued and unpaid interest, during a period of 60 calendar days following notice of change of control. A Bondholder who wants to exercise its right of prepayment of its Bonds, shall complete a repurchase application form no later than March 28, 2020. The repurchase date applicable to those bondholders who have sent a repurchase application form in respect of their Bonds due to the change of control event, in due time, will be April 28, 2020 (the "Repurchase Date").

Transactions with related parties

When Ograi acquired a majority in Opus, a clause was triggered in the earnout agreement for the acquisition of Systech in 2008, which Opus has with the President and CEO Lothar Geilen in his role as former owner. The clause means that Lothar Geilen is entitled to immediate payment of the entire additional consideration remaining under the agreement. As per December 31, 2019, Opus has reported a liability to Lothar Geilen of SEK 36 million, which replaces the previous provision and contingent liability, which are described in Notes 17 and 19 for the Group in the Opus Annual Report 2018.

In April 2019, Opus fulfilled the remaining obligations that the company had in accordance with the Settlement Agreement with Hickok, Inc. from 2016 (see "Legal proceedings" under the Directors' Report in Opus Annual Report 2017 for more information). The 1.4 million shares in Opus Group AB, that Lothar Geilen had pledged for the risks related to the settlement agreement, have thus been released.

Brian Herron, president of Intelligent Vehicle Support, is entitled to additional consideration paid in accordance with the acquisition agreement for Drew Technologies. For more information see note 17 for the Group in the Opus Annual report 2018

Legal proceedings

A U.S. subsidiary in the Intelligent Vehicle Support Division ("Subsidiary") was named as a defendant in a lawsuit filed in the State of California, United States in 2018. The complaint alleged that plaintiffs' former employees illegally shared plaintiffs' business plans and market research with the Subsidiary and that the Subsidiary misappropriated plaintiffs' trade secrets. Opus engaged legal counsel to defend the allegations. The lawsuit has been dismissed based upon an agreement between the parties whereby no party admitted liability. The parties are negotiating a final settlement agreement, the terms of which are confidential. The parties may re-open the matter on a showing of good cause if they have not consummated the final settlement within a time allowed by the Court.

Risks and uncertainty factors

Opus applies a risk management model in which potential risks are identified and evaluated using a five-point scale based on likelihood and impact. Identified risks are assigned to one of three categories – Environment risks, Operational risks and Financial risks. A detailed description of the parent company and subsidiaries' risks and risk management is provided in Opus Group's Annual Report 2018.

Events that have occurred in the environment or within Opus since the publication of the annual report are deemed not to have resulted in any significant risks or any change in how the Group works with the identified risks compared with the description in the Annual Report for 2018

Employees

The average number of employees during the period amounted to 2,600 (2,464). At the end of the period the number of employees amounted to 2,636 (2,569).

Parent company

Opus Group AB (publ) is the parent company in Opus Group. The parent company's operations include group management and group-wide functions within group reporting, financing, legal services, business development, HR and communication. During the period the parent company's net sales amounted to SEK 19 million (16) and profit/loss before tax to SEK -88 million (137). The parent company has written down receivables from Group companies by SEK -104 million and shares in subsidiaries by SEK -63 million. Profit/loss includes unrealized foreign exchange differences of SEK 35 million (102).

Dividend policy

Opus' Board has adopted the following dividend policy: Opus has a policy to distribute dividends in relation to the development of earnings and cash flow, taking the company's financial position, future outlook and growth opportunities into consideration.

In light of the upcoming EGM the Board has decided to defer its recommendation for the dividend for the 2019 financial year.

Financial targets

The Board of Opus has adopted the following financial targets:

- **5-10% annual revenue growth**
Organic and acquisitive growth based on 3-year CAGR
- **15% EBITA margin**
- **Net debt/EBITDA not to exceed 3.0x**
Net Debt/EBITDA excluding IFRS16 effects
Net Debt/EBITDA may exceed 3.0 times if an attractive business opportunity arises

Financial calendar

- February 20, 2020 - Extraordinary General Meeting.
- April 23, 2020 - Annual report 2019.
- May 12, 2020 - Interim report Q1 2020.
- May 13, 2020 - Annual General Meeting 2020.
- August 18, 2020 - Interim report Q2 2020.
- November 17, 2020 - Interim report Q3 2020.

The share

The share capital in Opus Group AB totals SEK 5,806,365 distributed over 290,318,246 shares, each with a quota value of SEK 0.02 per share. All shares have one (1) vote each and hold equal rights to the company's assets and profits. Opus Group's market capitalization totaled SEK 2,439 million as of December 31, 2019.



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This information is information that Opus Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on February 18, 2020.

Shareholding

The number of shareholders in Opus was 3,474 at January 31, 2020, according to Euroclear.

The table below lists the ten largest shareholders of Opus Group AB as of January 31, 2020.

Shareholder	Number of shares	Share of capital and votes
Ograi BidCo AB	231,446,376,	79.7%
Andra AP-Fonden	20,053,189,	6.9%
BNY Mellon SA/NV	3,328,567,	1.1%
Ranvik Industrier AB ¹⁾	3,000,000,	1.0%
Carl Erik Norman	2,500,000,	0.9%
Avanza Pension	2,268,875,	0.8%
Anders Gunnarsson Björkman	1,688,726,	0.6%
BNY Mellon NA	1,455,565,	0.5%
Handelsbanken Sverige Index, Criteria	1,384,309,	0.5%
CBNY-National Financial Services	981,069,	0.3%
Subtotal	268,106,676,	92.3%
Other shareholders	22,211,570,	7.7%
Total	290.318.246	100.0%

¹⁾ Through endowment insurance at Avanza Pension.

The Board of Directors has ensured that the interim report provides an accurate overview of the Parent company's and the Group's operations, financial position and results, and that it describes the significant risks and uncertainties faced by the Parent company and the companies in the Group

Gothenburg, February 18, 2020

The Board of Directors

Divisions and segments

Division - Vehicle Inspection

In the Vehicle Inspection division Opus operates vehicle inspection programs for safety and emission testing and provides associated products and services. The division provides turnkey systems, services and equipment (including EaaS and remote sensing) for government agencies, with advanced technology that increases the quality and efficiency of inspections and helps drive compliance with safety and emission standards.

Share of Opus' net sales
(last 12-months)



Share of Opus' EBITA
excl. Group-wide expenses
(last 12-months)



SEK millions	Oct 1 - Dec 31		12 months	
	2019	2018	2019	2018
Net sales	577	559	2,387	2,208
EBITDA	113	108	618	472
EBITDA margin	19.5%	19.3%	25.9%	21.4%
EBITA	54	68	370	334
EBITA margin	9.3%	12.1%	15.5%	15.1%

Net sales in Q4 2019 increased to SEK 577 million (559), corresponding to a growth of 3%. Adjusted for currency effects, the organic growth was 1%. Following continued

growth activities, which temporarily affect earnings, EBITA decreased to SEK 54 million (68). The EBITA margin was 9.3% (12.1).

Segment - Vehicle Inspection U.S. & Asia

SEK millions	Oct 1 - Dec 31		12 months	
	2019	2018	2019	2018
Net sales	404	381	1,645	1,496
EBITDA	97	101	460	401
EBITDA margin	24.0%	26.5%	28.0%	26.8%
EBITA	59	68	317	286
EBITA margin	14.6%	17.9%	19.3%	19.1%

Net sales in Q4 2019 increased by 6% to SEK 404 million (381). Adjusted for currency effects, net sales was in line with last year.

EBITA decreased to SEK 59 million (68). The lower EBITA in Q4 2019 compared to Q4 2018 is mainly due to a one-off income of SEK 11 million in Q4 2018. The EBITA margin was 14.6% (17.9).

The US vehicle inspection programs account for more than

60% of the segment revenues. The underlying demand for this business is predictable and prices are fixed, providing stable revenues with only minor quarterly fluctuations. The EaaS business continues to grow, partly at the expense of lower equipment sales. The EaaS run rate amounted to USD 36 million (28) on an annualized basis based on the revenue in December 2019.

Segment - Vehicle Inspection Europe

SEK millions	Oct 1 - Dec 31		12 months	
	2019	2018	2019	2018
Net sales	144	148	629	626
EBITDA	19	8	143	81
EBITDA margin	13.2%	5.4%	22.8%	12.9%
EBITA	3	4	82	64
EBITA margin	2.4%	2.4%	13.0%	10.1%

Net sales in Q4 2019 decreased by 3% to SEK 144 million (148). Lower inspection volumes compared to the same period last year was partly offset by higher average revenue per inspection.

The total annual market volume in Sweden has now stabilized at a new level. However, comparability between quarters will be affected by the new inspection interval pattern going forward.

The total market volume in Q4 2019 was down 6% compared to the same period last year. Opus' market share was 24% in the quarter.

EBITA amounted to SEK 3 million (4). The EBITA margin was 2.4% (2.4). Good cost control offset the negative impact from lower net sales.

Segment - Vehicle Inspection Latin America

SEK millions	Oct 1 - Dec 31		12 months	
	2019	2018	2019	2018
Net sales	34	35	135	109
EBITDA	-3	-2	14	-9
EBITDA margin	-9.8%	-4.4%	10.6%	-8.3%
EBITA	-9	-4	-30	-16
EBITA margin	-25.2%	-12.1%	-21.8%	-14.7%

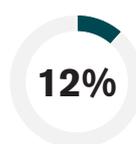
Net sales in Q4 2019 decreased by 2% to SEK 34 million (35). Net sales was negatively impacted by weaker currency in Argentina. Adjusted for currency effects, the organic growth was 39%. The organic growth was mainly driven by higher inspection fees in Argentina and increasing inspection volumes in Chile.

EBITA decreased to SEK -9 million (-4). The EBITA margin was -25.2% (-12.1). The EBITA result was negatively impacted by costs of SEK 6 million related to shutting down operations in the canceled vehicle inspection concession in Buenos Aires, Argentina. EBITA was also negatively affected by expansion costs in Chile.

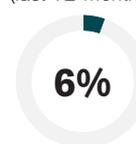
Division - Intelligent Vehicle Support

The Intelligent Vehicle Support division helps automotive service technicians meet the challenges of ever-increasing vehicle complexity through a range of advanced diagnostic, programming and remote assistance services (such as RAP service). The division provides advanced diagnostic and programming tools that help technicians in the secondary aftermarket compete on a level footing with manufacturer-owned dealerships.

Share of Opus' net sales
(last 12-months)



Share of Opus' EBITA
excl. Group-wide expenses
(last 12-months)



SEK millions	Oct 1 - Dec 31		12 months	
	2019	2018	2019	2018
Net sales	77	103	317	308
EBITDA	-4	30	3	47
EBITDA margin	-5.2%	28.9%	0.9%	15.4%
EBITA	-9	27	-14	40
EBITA margin	-11.3%	26.5%	-4.3%	13.0%

Net sales in Q4 2019 decreased by 25% to SEK 77 million (103). Recurring revenue continued to increase in the quarter while equipment sales was lower compared to the same period last year. Equipment sales fluctuates between quarters depending on timing of larger orders. Adjusted for currency effects, the organic growth was -31%.

EBITA was SEK -9 million (27). The EBITA margin was

-11.3% (26.5). The EBITA result was negatively impacted by business ramp-up and costs relating to an ongoing legal proceeding in one of the division's subsidiaries amounting to SEK 4 million. The result in Q4 2018 was positively impacted by a large order of high-margin equipment as well as a one-off income of SEK 5 million from a provision release.

Strategy and goals

Opus intends to defend and strengthen its position in its core vehicle inspection markets - the U.S. and Sweden, to continue to grow in Latin America and Asia; to expand vehicle diagnostics in our IVS division, including RAP reprogramming services and Drive Crash for the collision market, and to develop new services aimed at repair shops that focus on vehicle communication, reprogramming and diagnostics.

Increased mobility and growing vehicle fleets in low and middle-income countries create a higher demand for vehicle inspection programs to improve road safety and help reduce air pollution. In 2019, Opus expanded its foundation for growth in Latin America, focusing on Argentina, Chile, Mexico and Peru. In Asia, Opus is reviewing growth opportunities in the Philippines.

Opus continues to expand Equipment as a Service (EaaS) for emission test equipment in the U.S., as a part of its strategy to defend its position in the U.S. and Swedish vehicle inspection markets. Cash flows from these markets will allow the company to finance its growth in Latin America and Asia.

The rapidly increasing vehicle complexity, not least in the vast expansion of advanced driver assistance systems (ADAS) in modern vehicles brings with it serious technical support challenges. Independent repair shops need to rapidly expand their technical capacity to keep up with the pace of change in vehicle technology. Opus' Intelligent Vehicle Support (IVS) division focuses on technology-based offerings that assist repair shops in the scanning, re-programming, diagnostics, and repair of advanced vehicles. Opus sees potential in remote technical support, such as Autologic Support and Remote Assist Program (RAP) service. Further, the new Drive platform offers significant technological advances, broader fleet coverage and entrance into new market segments, including the collision scanning market, which will allow Opus to extend its reach.

Opus' financial targets are to reach a long-term annual revenue growth of 5-10 percent, through organic and acquisitive growth based on 3-year CAGR, and an EBITA margin of 15 percent, while not exceeding Net debt/EBITDA of 3.0.

Opus does not provide any forecasts.

ABOUT OPUS

Opus is a technology-driven growth company in the vehicle inspection and intelligent vehicle support markets. The company has a strong focus on customer service and innovative technology within emission and safety testing and intelligent vehicle support. Opus had approximately SEK 2.7 billion in revenues in 2019 with solid operating profit and cash flow. Opus' goal is to reach an annual revenue growth of 5-10 percent, through organic and acquisitive growth based on 3-year CAGR, and an EBITA margin of 15 percent. The majority of the growth is estimated to come from the international expansion of the vehicle inspection

business, with a primary focus on the Latin American and Asian markets, and the expansion of the intelligent vehicle support business. With approximately 2,600 employees, Opus is headquartered in Gothenburg, Sweden. Opus has 36 regional offices, 26 of which are in the United States and the others in Sweden, Argentina, Chile, Mexico, Peru, Pakistan, United Kingdom, Spain and Australia. Opus has production facilities in the U.S. in Hartford, Ann Arbor and Tucson. The shares of Opus Group are listed on Nasdaq Stockholm.

Financial reports - Group

Income statement in summary

SEK thousands	Oct 1 - Dec 31 2019	Oct 1 - Dec 31 2018	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
Net sales	651,364	656,548	2,691,173	2,497,327
Other operating income	4,975	14,665	6,630	15,397
Total operating income	656,339	671,213	2,697,803	2,512,724
Operating expenses	-553,111	-539,298	-2,089,937	-2,009,107
EBITDA	103,228	131,915	607,866	503,617
Depreciation of Right-of-Use assets	-22,034	-	-85,545	-
Depreciation and impairment of other tangible assets	-41,627	-42,351	-179,883	-145,951
EBITA	39,567	89,564	342,438	357,666
Amortization and impairment of intangible assets	-29,729	-41,544	-141,821	-151,999
Earnings before interest and tax (EBIT)	9,838	48,020	200,617	205,667
Net financial income/expense	-30,713	-5,740	-186,368	-155,170
Profit/loss after financial items (EBT)	-20,875	42,280	14,249	50,497
Income taxes	7,001	-8,217	-52,042	-56,708
Profit/loss for the period	-13,874	34,063	-37,793	-6,211
Attributable to:				
Parent company shareholders	-11,962	34,126	2,184	25,806
Non-controlling interests	-1,912	-63	-39,977	-32,017
Earnings per share				
Earnings per share before dilution, SEK	-0.04	0.12	0.01	0.09
Earnings per share after dilution, SEK	-0.04	0.12	0.01	0.09

Statement of comprehensive income in summary

SEK thousands	Oct 1 - Dec 31 2019	Oct 1 - Dec 31 2018	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
Profit/loss for the period	-13,874	34,063	-37,793	-6,211
Items that might be reclassified to profit/loss for the period				
Translation differences	-34,553	22,302	49,688	100,758
Exchange rate differences reversed to income	-	-38,029	-1,010	-38,029
Cash flow hedge, net after tax	2,099	-2,129	-11,600	-2,129
Other comprehensive income for the period	-32,454	-17,856	37,078	60,600
Comprehensive income for the period	-46,328	16,207	-715	54,389
Attributable to:				
Parent company shareholders	-46,965	17,077	23,129	75,592
Non-controlling interests	637	-870	-23,844	-21,203

Financial reports - Group

Statement of financial position in summary

SEK thousands	Dec 31, 2019	Dec 31, 2018
Assets		
Intangible assets	1,956,362	2,019,876
Right-of-Use assets	239,640	-
Other tangible assets	1,035,698	990,000
Financial assets	67,703	59,307
Deferred tax assets	27,538	27,031
Total fixed assets	3,326,941	3,096,214
Inventory	105,945	133,331
Current receivables	245,082	253,805
Cash and cash equivalents	505,523	384,155
Total current assets	856,550	771,291
Total assets	4,183,491	3,867,505
Equity and liabilities		
Equity attributable to parent company's shareholders	1,009,857	1,001,237
Equity attributable to non-controlling interests	-38,015	-14,164
Total equity	971,842	987,073
Non-current leasing liabilities	175,459	-
Other non-current interest bearing liabilities	2,096,360	1,980,501
Non-current non-interest bearing liabilities and provisions	222,685	336,950
Total non-current liabilities	2,494,504	2,317,451
Current leasing liabilities	71,822	-
Current non-interest bearing liabilities and provisions	645,323	562,981
Total current liabilities	717,145	562,981
Total equity and liabilities	4,183,491	3,867,505

Financial reports - Group

Statement of changes in equity in summary

SEK thousands	Equity attributable to parent company's shareholders	Equity attributable to non-controlling interests	Total equity
Equity 2018-01-01	939,650	7,039	946,689
Comprehensive income for the period	75,593	-21,203	54,390
Subscription options	510	-	510
Dividend	-14,516	-	-14,516
Equity 2018-12-31	1,001,237	-14,164	987,073
Comprehensive income for the period	23,129	-23,844	-715
Dividend	-14,516	-	-14,516
Transactions with owners with non-controlling interests	7	-7	-
Equity 2019-12-31	1,009,857	-38,015	971,842

Statement of cash flows in summary

SEK thousands	Oct 1 - Dec 31 2019	Oct 1 - Dec 31 2018	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
Earnings before interest and tax (EBIT)	9,838	48,020	200,617	205 667
Depreciation/amortization/impairment	93,391	83,895	407,249	297 950
Other non-cash items	-1,424	-9,972	-2,915	-20 970
Interest and similar items	-22,954	-23,155	-118,242	-91 011
Income tax paid	-4,974	-791	-53,572	-58 855
Change in working capital	10,360	19,148	12,586	-9 734
Cash flow from operating activities	84,237	117,145	445,723	323 047
Acquisition of subsidiary/business net after acquired cash	-	-	-2,817	-543 581
Investments in tangible assets	-49,104	-51,268	-218,004	-223 644
Investments in intangible assets	-2,478	-8,315	-8,234	-15 221
Other	-7,191	-4,491	-38,399	-53 502
Cash flow from investing activities	-58,773	-64,074	-267,454	-835 948
Dividend	-	-	-14,516	-14 516
New debt	-133	-	535,760	768 331
Amortization of leasing liabilities	-20,463	-	-77,229	-
Amortization of other debt	-	-	-500,000	-500 000
Other	-	-	-	510
Cash flow from financing activities	-20,596	0	-55,985	254 325
Liquid assets at the beginning of the period	516,436	328,087	384,155	642 801
Translation difference	-15,781	2,997	-916	-70
Cash flow for the period	4,868	53,071	122,284	-258 576
Liquid assets at the end of the period	505,523	384,155	505,523	384 155

Key ratios - Group ¹⁾

	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
Profitability		
Return on equity, percent ^{2) 3)}	0.2	2.6
Return on capital employed (ROCE), percent ³⁾	11.0	13.1
Margins		
EBITDA margin, percent ⁴⁾	22.6	20.2
EBITA margin, percent ⁴⁾	12.7	14.3
EBIT margin, percent ⁴⁾	7.5	8.2
Profit margin (Profit/loss after financial items), percent ⁴⁾	0.5	2.0
Growth		
Revenue growth, percent	7.8	34.4
EBITDA growth, percent	20.7	63.5
EBITA growth, percent	-4.3	90.3
Financial position		
Cash and cash equivalents, SEK thousands	505,523	384,155
Interest bearing debt, SEK thousands	2,343,641	1,980,501
Net debt, SEK thousands	1,838,118	1,596,346
Net debt/EBITDA, times ⁵⁾	3.1	3.1
Equity, SEK thousands	971,842	987,073
Equity/Total assets ratio, percent	23.2	25.5
Interest coverage ratio, times ⁶⁾	5.0	5.7
Other		
Average number of employees	2,600	2,464
Number of employees at end of the period	2,636	2,569
Number of shares at end of the period before dilution	290,318,246	290,318,246
Number of shares at end of the period after dilution ⁷⁾	295,818,246	295,818,246
Average number of outstanding shares, before dilution	290,318,246	290,318,246
Average number of outstanding shares, after dilution ⁷⁾	295,818,246	295,818,246
Data per share		
Equity per share, before dilution, SEK ²⁾	3.48	3.45
Equity per share, after dilution, SEK ²⁾	3.41	3.38
Profit per share, before dilution, SEK ²⁾	0.01	0.09
Profit per share, after dilution, SEK ²⁾	0.01	0.09
Cash flow from operating activities per share, before dilution, SEK	1.54	1.11
Cash flow from operating activities per share, after dilution, SEK	1.51	1.09

¹⁾ IFRS 16 is effective from January 1, 2019 and has affected the Group's key ratios. Comparative figures have not been recalculated. See note 2 for more information.

²⁾ Excluding minority interests.

³⁾ Calculated on a last 12-month basis.

⁴⁾ The key ratio definition has been changed compared to Opus' Annual Report 2018. According to the new definition, the margin is calculated as the earnings measure divided by net sales.

⁵⁾ Net debt as per end of period divided by LTM EBITDA excluding effects from accounting in accordance with IFRS 16 and adjusted for pro forma accounts for acquired businesses.

⁶⁾ LTM EBITDA adjusted for pro forma accounts for acquired businesses divided by LTM net financial items excluding Fx gains and losses, excluding effects from accounting in accordance with IFRS 16.

⁷⁾ If the discounted exercise price for outstanding subscription options is less than the average price for the Opus share, the options give rise to a dilution effect. The dilution effect with reference made to the option program is calculated according to the dilution that applied at the end of each period.

Quarterly development - Group

Income statement

SEK thousands	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	651,364	699,139	707,517	633,152	656,548	634,363	651,234	555,182
Total operating income	656,339	700,064	708,082	633,319	671,213	634,356	651,547	555,608
Operating expenses	-553,111	-518,703	-528,514	-489,611	-539,298	-505,336	-509,058	-455,415
Depreciation and impairment of tangible assets	-63,661	-85,472	-59,565	-56,727	-42,351	-38,318	-34,557	-30,725
EBITA	39,567	95,889	120,003	86,981	89,564	90,702	107,932	69,468
EBITA margin	6,1%	13,7%	17,0%	13,7%	13,3%	14,3%	16,6%	12,5%
Amortization and impairment of intangible assets	-29,729	-33,968	-35,891	-42,235	-41,544	-42,824	-47,907	-19,724
Earnings before interest and tax (EBIT)	9,838	61,921	84,112	44,746	48,020	47,878	60,025	49,744
Net financial income/expense	-30,713	-57,831	-46,903	-50,920	-5,740	-45,250	-78,653	-25,527
Profit/loss after financial items (EBT)	-20,875	4,090	37,209	-6,174	42,280	2,628	-18,628	24,217
Income taxes	7,001	-30,163	-17,977	-10,904	-8,217	-26,231	-8,345	-13,915
Profit/loss for the period	-13,874	-26,073	19,232	-17,078	34,063	-23,603	-26,973	10,302

Cash flow

SEK thousands	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities	84,237	152,736	132,420	76,330	117,145	55,361	111,294	39,247
Cash flow from investing activities	-58,773	-68,721	-81,121	-58,839	-64,074	-64,864	-196,214	-510,796
Cash flow from financing activities	-20,596	-19,890	-34,267	18,768	-	-160	-19,426	273,911
Cash flow for the period	4,868	64,125	17,032	36,259	53,071	-9,663	-104,346	-197,638
Liquid assets at the beginning of the period	516,436	442,642	426,890	384,155	328,087	342,020	443,789	642,801
Translation difference	-15,781	9,669	-1,280	6,476	2,997	-4,270	2,577	-1,374
Liquid assets at the end of the period	505,523	516,436	442,642	426,890	384,155	328,087	342,020	443,789

Quarterly development - Group

Segment information

SEK thousands	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales								
Vehicle Inspection U.S. & Asia	403,968	432,966	422,206	385,376	381,123	391,261	388,881	335,060
Vehicle Inspection Europe	144,378	158,024	185,682	141,381	148,440	141,848	187,995	147,830
Vehicle Inspection Latin America	33,845	36,485	30,162	34,752	34,542	37,097	17,130	20,306
Division eliminations	-4,779	-5,342	-6,939	-5,272	-5,344	-5,111	-7,068	-5,506
Division Vehicle Inspection	577,412	622,133	631,111	556,237	558,761	565,095	586,938	497,690
Division Intelligent Vehicle Support	77,164	80,008	81,361	78,119	103,276	74,618	71,169	58,959
Group eliminations	-3,212	-3,002	-4,955	-1,204	-5,489	-5,350	-6,873	-1,466
Group	651,364	699,139	707,517	633,152	656,548	634,363	651,234	555,183
EBITA								
Vehicle Inspection U.S. & Asia	58,864	86,258	90,632	81,696	68,212	74,317	74,216	69,627
Vehicle Inspection Europe	3,440	39,102	38,703	478	3,635	15,443	39,216	5,221
Vehicle Inspection Latin America	-8,534	-20,993	-3,488	3,485	-4,183	2,573	-8,761	-5,637
Division Vehicle Inspection	53,770	104,367	125,847	85,659	67,664	92,333	104,671	69,211
Division Intelligent Vehicle Support	-8,684	-5,717	-2,593	3,348	27,414	87	9,151	3,247
Group-wide expenses	-5,519	-2,761	-3,251	-2,026	-5,515	-1,718	-5,890	-2,990
Group	39,567	95,889	120,003	86,981	89,563	90,702	107,932	69,468
EBITA margin								
Vehicle Inspection U.S. & Asia	14.6%	19.9%	21.5%	21.2%	17.9%	19.0%	19.1%	20.8%
Vehicle Inspection Europe	2.4%	24.7%	20.8%	0.3%	2.4%	10.9%	20.9%	3.5%
Vehicle Inspection Latin America	-25.2%	-57.5%	-11.6%	10.0%	-12.1%	6.9%	-51.1%	-27.8%
Division Vehicle Inspection	9.3%	16.8%	19.9%	15.4%	12.1%	16.3%	17.8%	13.9%
Division Intelligent Vehicle Support	-11.3%	-7.1%	-3.2%	4.3%	26.5%	0.1%	12.9%	5.5%
Group	6.1%	13.7%	17.0%	13.7%	13.6%	14.3%	16.6%	12.5%

Financial reports - Parent company

Income statement in summary

SEK thousands	Oct 1 - Dec 31 2019	Oct 1 - Dec 31 2018	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
Net sales	4,416	2,446	19,058	16,119
Other operating income	-84	165	209	405
Total operating income	4,332	2,611	19,267	16,524
Operating expenses	-15,446	-15,477	-137,755	-39,643
EBITDA	-11,114	-12,866	-118,488	-23,119
Depreciation and amortization	-263	-252	-1,005	-938
Earnings before interest and tax (EBIT)	-11,377	-13,118	-119,493	-24,057
Net financial income/expense	-19,154	68,777	48,844	199,063
Profit/loss after financial items	-30,531	55,659	-70,649	175,006
Appropriations	-17,758	-38,172	-17,758	-38,172
Profit/loss before tax (EBT)	-48,289	17,487	-88,407	136,834
Income taxes	9,354	295	-10,606	-25,780
Profit/loss for the period	-38,935	17,782	-99,013	111,054

Statement of comprehensive income in summary

SEK thousands	Oct 1 - Dec 31 2019	Oct 1 - Dec 31 2018	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
Profit/loss for the period	-38,935	17,782	-99,013	111,054
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-38,935	17,782	-99,013	111,054

Balance sheet in summary

SEK thousands	Dec 31, 2019	Dec 31, 2018
Assets		
Intangible assets	2,364	2,060
Tangible assets	741	949
Financial assets	1,748,359	1,806,664
Total non-current assets	1,751,464	1,809,673
Current receivables	161,528	772,538
Cash and cash equivalents	280,009	144,552
Total current assets	441,537	917,090
Total assets	2,193,001	2,726,763
Equity and liabilities		
Equity	818,527	932,057
Untaxed reserves	75,265	57,736
Non-current interest bearing liabilities	961,863	1,438,970
Non-current non-interest bearing liabilities and provisions	-	101,289
Current non-interest bearing liabilities and provisions	337,346	196,711
Total equity and liabilities	2,193,001	2,726,763

Notes

Note 1 - Accounting principles

This report has been prepared in accordance with IAS 34 Interim Financial Reporting. The group accounting has been prepared in accordance with International Financial Reporting Standards, IFRS, as approved by the EU, and in accordance with the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary Accounting Rules for Groups". The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and with the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". Some figures in this report have been rounded, which may mean that some tables do not seem to sum up correctly due to rounding differences. Except for the following changes, in regards to IFRS 16, the same accounting and calculation principles apply in the interim report as in the annual report for 2018.

On July 1, 2018, hyperinflation in Argentina's economy was determined according to the criteria in IAS 29. Opus has evaluated the effect of applying IAS 29 and the conclusion is that the effect on the consolidated financial statements is not considered material to the Group. The financial reports in this interim report have therefore not been adjusted for hyperinflation in Argentina in accordance with IAS 29.

New standards applicable from January 1, 2019

IFRS 16 "Leases" replaces IAS 17 "Leases" and is applicable as of January 1, 2019. See Note 2 for a summary of the effects.

The Parent company has chosen to apply the exemption rules in RFR 2, which means that all lease agreements will continue to be recorded as operational leases.

IFRIC 23 is a new interpretation of uncertain income tax treatments within the scope of IAS 12 "Income taxes" and is applicable as of January 1, 2019. IFRIC 23 clarifies how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The interpretation has not affected the Group's financial reports.

Translation of foreign operations

Currency	Average rate				Closing rate	
	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018	Dec 31, 2019	Dec 31, 2018
ARS	0.16	0.24	0.20	0.33	0.16	0.24
GBP	12.38	11.65	12.07	11.59	12.21	11.35
PKR	0.06	0.07	0.06	0.07	0.06	0.06
USD	9.63	9.04	9.46	8.69	9.32	8.97

Assets and liabilities in foreign entities, including goodwill and other corporate fair value adjustments, are translated to Swedish kronor (SEK) at the rate prevailing on the balance sheet date, meanwhile all items in the income statement are

translated using an average rate for the period. On translation of foreign operations, the exchange rates in the table above have been used for currencies that are material for the Group.

Note 2 - Transition to IFRS 16 "Leases"

Opus applies IFRS 16 as of January 1, 2019. Implementation of the new standard has resulted in an increased balance sheet total as the present value of future lease payments is reported in the balance sheet as Right-of-Use assets and interest bearing liabilities (on separate lines as current and non-current leasing liabilities). The implementation also means that EBITDA is positively affected as expenses for leasing are reported as depreciation and interest expense instead of as operating expenses but only with a limited effect on EBITA and net result. In the cash flow statement, leasing payments will be divided between interest paid in the cash flow from operating activities and amortization of leasing liabilities in the financing activities. This therefore has a positive effect on operating cash flow.

Opus has applied the modified retroactive method in the transition to IFRS 16 which means that comparative figures are not restated. Leasing liabilities are valued at the present value of the remaining lease payments. The discount rate on calculation of the present value is based on the Group's borrowing rate, adjusted for differences in market interest rates between the country in which the loans are taken out and the country where the Right-of-Use asset exists. The terms of the leases are taken into account when setting market interest rates. The practical expedient that the Right-of-Use asset should correspond to the leasing liability, has been applied at the transition, and hence no transition effect is presented in equity. Operating leases with a remaining term of less than 12 months as at January 1, 2019 are reported as current leases, which means that they are not included in the

Notes

balance sheet at the time of the transition. Low-value leases, primarily office equipment for Opus, will not be included in leasing liabilities but will continue to be expensed on a straight-line basis over the term of the lease. The practical expedient for definition of a lease, when making a transition to IFRS 16, has been applied, which means that all components of a lease, in accordance with IAS 17, have been considered to be lease components.

As at January 1, 2019, the Group's opening leasing liabilities and Right-of-Use assets balance amounted to SEK 303 million. The Group's average discount rate used when discounting future lease payments amounts to 8.6%. The table below shows the reconciliation between the operational leasing commitments as of December 31, 2018 and the leasing liabilities as of January 1, 2019:

Reconciliation opening balance of leasing liability (SEK thousands)	
Obligations for operational leases as at December 31, 2018	442,269
Discount effect	-80,721
Short-term and low-value leases	-21,380
Reasonable certain to use extension options	8,587
Price and index adjustments	1,041
Agreements not covered by IFRS 16 ¹⁾	-47,226
Leasing liabilities as at January 1, 2019	302,569

¹⁾ Refers to agreements that are reported in accordance with IFRIC 12 "Agreement for economic and social services".

Since Opus has applied the modified retroactive method at the transition and has thus not restated comparative figures, the effects on the financial reports for the period from IFRS

16 are presented below to obtain comparability between the years.

Key ratios adjusted for IFRS 16 effects	Oct 1 - Dec 31			Jan 1 - Dec 31		
	2019	Adjustment for IFRS 16 effects	2019 excl IFRS 16	2019	Adjustment for IFRS 16 effects	2019 excl IFRS 16
SEK thousands						
Earnings and margins						
EBITDA	103,228	-24,433	78,795	607,866	-97,096	510,770
EBITDA margin	15.8%	-3.7%	12.1%	22.6%	-3.6%	19.0%
EBITA	39,567	-2,399	37,168	342,438	-11,551	330,887
EBITA margin	6.1%	-0.4%	5.7%	12.7%	-0.4%	12.3%
Earnings before interest and tax (EBIT)	9,838	-2,399	7,439	200,617	-11,551	189,066
EBIT margin	1.5%	-0.4%	1.1%	7.5%	-0.5%	7.0%
Profit/loss after financial items	-20,875	1,571	-19,304	14,249	8,316	22,565
Profit margin	-3.2%	0.2%	-3.0%	0.5%	0.3%	0.8%
Profit/loss for the period	-13,874	1,178	-12,696	-37,793	6,147	-31,646
Cash flow						
Cash flow from operating activities	84,237	-20,463	63,774	445,723	-77,229	368,494
Cash flow from financing activities	-20,596	20,463	-133	-55,985	77,229	21,244
Free cash flow	32,655	-20,463	12,192	219,485	-77,229	142,256
Other						
Return on capital employed (ROCE)	11.0%	0.3%	11.3%	11.0%	0.3%	11.3%
EBITDA growth	-21.7%	-18.6%	-40.3%	20.7%	-19.3%	1.4%
EBITA growth	-55.8%	-2.7%	-58.5%	-4.3%	-3.2%	-7.5%
Interest bearing debt	2,343,641	-247,281	2,096,360	2,343,641	-247,281	2,096,360
Net debt	1,838,118	-247,281	1,590,837	1,838,118	-247,281	1,590,837
Equity/Total assets ratio	23.2%	1.6%	24.8%	23.2%	1.6%	24.8%

Notes

Note 3 - Revenue

Distribution of revenues has been made in the main income categories and segments, which also corresponds to Opus geographical markets. Vehicle inspection includes all types of inspections from decentralized and centralized programs and inspections carried out on the Swedish market (open market, not regulated by contract).

Equipment sales includes the sale of inspection equipment to inspection stations and automotive repair shops. Service and support refers to service of sold equipment, support

of sold software systems, and service to automotive repair shops within our decentralized programs. Equipment as a Service (EaaS) constitutes leasing income from Opus' rental of inspection equipment, which includes maintenance, spare parts and software updates. The income category Other includes Remote Assist Program (RAP), software sales, vehicle registration services, voluntary (non-statutory) inspection services, revenue from construction services in accordance with IFRIC 12 and fish and game licensing.

Distribution of revenues per income category Q4, 2019 (SEK thousands)	Vehicle Inspection U.S. & Asia	Vehicle Inspection Europe	Vehicle Inspection Latin America	Intelligent Vehicle Support	Group
Vehicle inspection	245,868	132,635	27,688	-	406,191
Equipment sales	12,255	-	4,199	19,075	35,529
Service and support	21,363	-	1,345	30,107	52,815
Equipment as a Service (EaaS)	85,905	-	-	385	86,290
Other	33,798	11,742	614	24,385	70,539
Total	399,189	144,377	33,846	73,952	651,364

Distribution of revenues per income category Q4, 2018 (SEK thousands)	Vehicle Inspection U.S. & Asia	Vehicle Inspection Europe	Vehicle Inspection Latin America	Intelligent Vehicle Support	Group
Vehicle inspection	233,856	140,091	28,646	-	402,592
Equipment sales	20,428	-	3,225	48,479	72,132
Service and support	20,780	-	1,144	27,098	49,022
Equipment as a Service (EaaS)	63,969	-	-	562	64,530
Other	36,725	8,349	1,528	21,670	68,271
Total	375,757	148,440	34,542	97,809	656,548

Distribution of revenues per income category 12 months, 2019 (SEK thousands)	Vehicle Inspection U.S. & Asia	Vehicle Inspection Europe	Vehicle Inspection Latin America	Intelligent Vehicle Support	Group
Vehicle inspection	1,035,904	580,452	117,892	-	1,734,248
Equipment sales	52,725	-	9,660	89,674	152,059
Service and support	89,715	-	4,785	113,955	208,455
Equipment as a Service (EaaS)	309,580	-	-	1,358	310,938
Other	134,260	49,012	2,907	99,293	285,472
Total	1,622,184	629,464	135,244	304,280	2,691,172

Distribution of revenues per income category 12 months, 2018 (SEK thousands)	Vehicle Inspection U.S. & Asia	Vehicle Inspection Europe	Vehicle Inspection Latin America	Intelligent Vehicle Support	Group
Vehicle inspection	944,040	594,720	82,649	-	1,621,408
Equipment sales	78,692	-	19,408	119,574	217,674
Service and support	92,165	-	3,182	100,040	195,387
Equipment as a Service (EaaS)	214,597	-	-	2,146	216,743
Other	143,828	31,393	3,836	67,057	246,114
Total	1,473,322	626,113	109,074	288,818	2,497,327

Notes

Note 4 - Financial instruments valued at fair value

Financial instruments valued at fair value		
SEK thousands	Dec 31, 2019	Dec 31, 2018
<i>Liabilities</i>		
Additional consideration	134,915	147,492
Derivatives - Interest rate swap	18,215	2,915
Carrying amount	153,130	150,407
<i>Assets</i>		
Derivatives - Foreign currency forward contract	-	4,891
Carrying amount	-	4,891

In conjunction with the Systech acquisition in 2008, an agreement was signed for additional consideration on gaining certain new contracts for major vehicle inspection programs.

When Ograi acquired a majority in Opus, clauses were triggered in the earnout agreements for the acquisition that Opus has with Lothar Geilen, the President and CEO of the Group, and with Pradeep Tripathi in their roles as former owners of Systech. In accordance with these clauses, Geilen is entitled to immediate payment of the entire additional consideration remaining under the agreement and scheduled payments to Tripathi are accelerated to immediate payment of the remaining amount in accordance with the settlement agreement concluded by Opus and Tripathi in February 2018.

An agreement on additional consideration was also signed upon acquisition of Drew Technologies in 2015.

Valuation of additional consideration at fair value is

attributable to Level 3 of the fair value hierarchy. Apart from the above, no changes have been made to valuation techniques or assumptions in comparison with the Annual Report 2018. More information about the terms of the additional consideration agreements and their reporting is described in the Opus Annual Report for 2018.

Derivatives are attributable to level 2 of the fair value hierarchy. The fair value of the interest rate swap is calculated as the present value of estimated future cash flows according to the terms and conditions of the contract and due dates and based on the market interest rate for similar instruments on the balance sheet date.

The fair value of other financial assets and liabilities that are valued at amortized cost is estimated to be equivalent to their book value.

Note 5 - Pledged assets and contingent liabilities

Pledged assets and contingent liabilities	Group		Parent company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<i>Assets pledged for liabilities to credit institutions</i>				
Pledged shares in subsidiaries	528,489	512,549	528,489	512,549
Total	528,489	512,549	528,489	512,549
<i>Contingent liabilities</i>				
Guarantees on behalf of Group companies	-	-	1,132,143	540,108
Warranty obligations	5,942	5,942	5,942	5,942
Additional consideration	-	8,777	-	8,777
Total	5,942	14,719	1,138,085	554,827

Note 6 - Acquisitions

Acquisition of AutoEnginuity

On January 2, 2020, Drew Technologies, Inc., an Opus IVS division company, acquired US-based AutoEnginuity, LLC for a purchase price of approximately USD 20 million (approximately SEK 187 million) on a cash-free and debt-free basis. Drew Tech paid USD 10 million at closing and will make additional payments of USD 5 million in 2021 and USD 5 million in 2022. Additional amounts may be paid over the next 5 years depending on performance of the AutoEnginuity business.

AutoEnginuity, founded in 2003 and headquartered in Mesa, Arizona, has developed into a leader in advanced aftermarket automotive diagnostics software and associated vehicle make/model coverage. With the acquisition, AutoEnginuity becomes a subsidiary of Drew Tech, managed under the Opus IVS division.

In 2019, AutoEnginuity had revenues of approximately USD 4 million (approximately SEK 37 million) with EBITDA (adjusted for non-recurring items) of approximately USD 2.3 million (approximately SEK 22 million). In 2020, the AutoEnginuity acquisition is estimated to increase Opus' EBITA by >5%. Cash Flow in 2020 will be negatively affected by approximately SEK 70 million.

The purchase price allocation is still preliminary and is therefore not presented. Fixed assets have not yet been market valued and intangible assets remain to be identified and valued.

Reconciliation between IFRS and key ratios

Organic growth

SEK thousands	Oct 1 - Dec 31	Jan 1 - Dec 31
Net sales 2019	651,364	2,691,173
- Net exchange rate effects	-16,244	-109,173
- Effect of acquisitions/divestments	-	-23,091
Comparable net sales	635,120	2,558,909
Net sales 2018	656,548	2,497,327
Revenue growth	-0.8%	7.8%
Organic growth	-3.3%	2.5%

In this report, Opus presents certain financial measures that are not defined under IFRS, referred to as Alternative Performance Measures. The Group believes that these measures provide useful supplemental information to investors and the Company's management as they allow for the evaluation of the Company's results and financial position. As not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. Investors should consider these financial measures as a complement rather than a substitute for financial reporting under IFRS.

Return on capital employed and equity

SEK thousands	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
LTM EBITA	342,438	357,666
LTM average working capital	-156,942	-114,593
LTM average value tangible and intangible assets	3,256,041	2,837,270
Average capital employed	3,099,099	2,722,677
Return on capital employed	11.0%	13.1%
LTM profit/loss - attributable to parent company shareholders	2,184	25,806
LTM average equity - attributable to parent company shareholders	1,020,473	988,193
Return on equity - attributable to parent company shareholders	0.2%	2.6%

Interest coverage ratio and Net debt/EBITDA

SEK thousands	Jan 1 - Dec 31 2019	Jan 1 - Dec 31 2018
LTM EBITDA	607,866	503,617
LTM IFRS 16 effects on EBITDA	-97,096	-
LTM EBITDA for pro forma accounts from acquired businesses	-	7,440
LTM EBITDA excluding IFRS 16 effects and adjusted for pro forma accounts from acquired businesses	510,770	511,057
LTM Net financial income/expense	-186,368	-155,170
- LTM IFRS 16 effects on net financial income/expense	-19,867	-
- LTM Fx gains and losses	-63,451	-65,724
LTM Net financial items excluding IFRS 16 effects and Fx gains and losses	-103,050	-89,446
Interest coverage ratio	5.0	5.7
Net debt	1,838,118	1,596,346
- Leasing liabilities	247,281	-
Net debt excluding IFRS 16 effects	1,590,837	1,596,346
Net debt/EBITDA	3.1	3.1

