



Annual Review & Sustainability Report

# Midroc Europe 2017

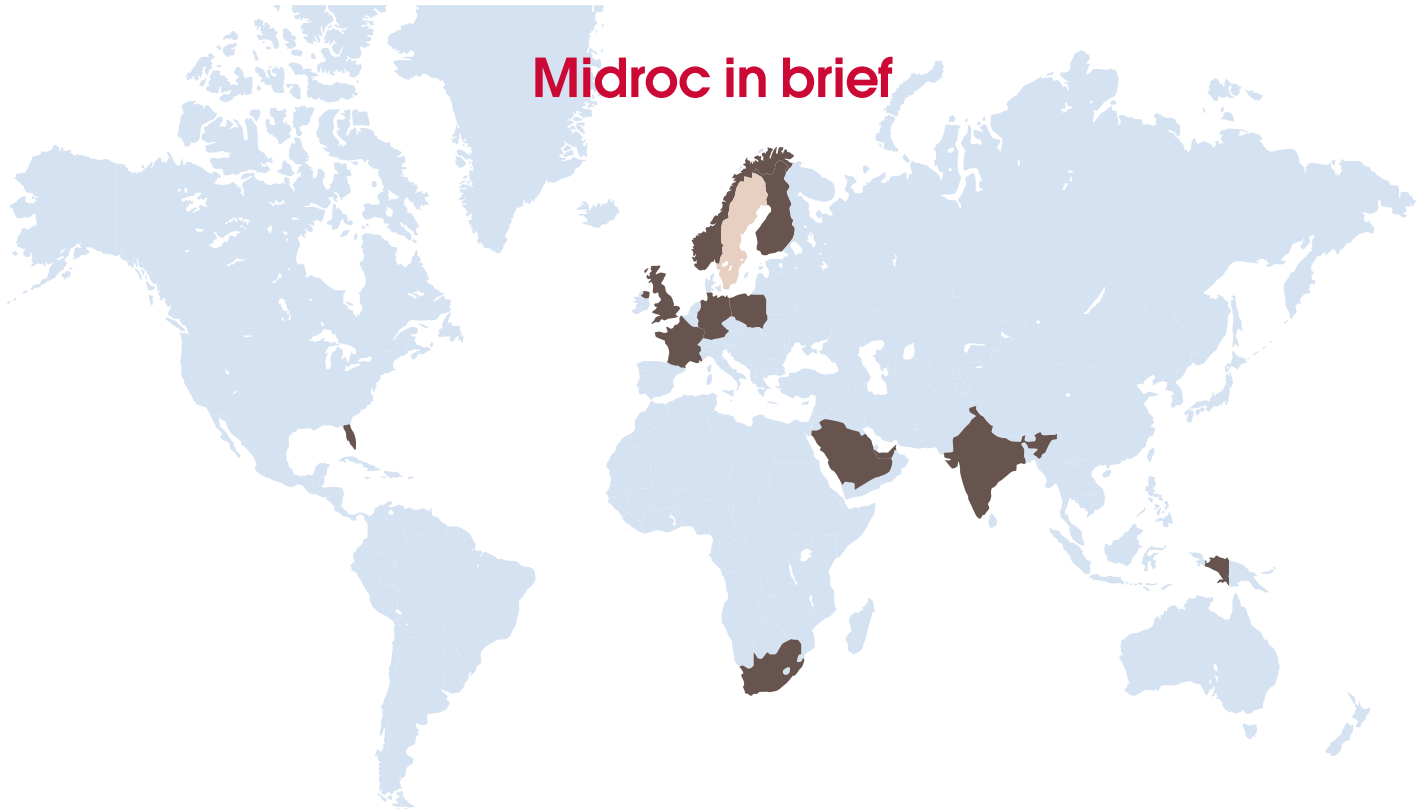




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Midroc Europe is a privately owned Swedish company with operations the world over and group head quarter in Stockholm. In 2017, we had sales of more than SEK 6.7 billion and employed 3,600 people.

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

**Our mission:**

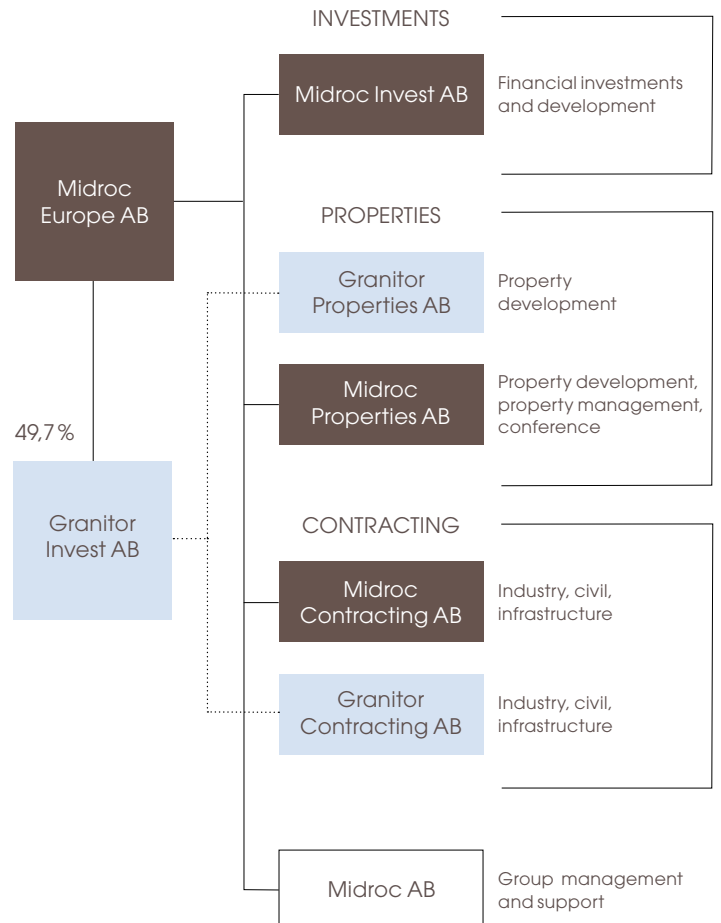
We make a positive difference every day.

**Our vision:**

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

**Legal structure:**

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



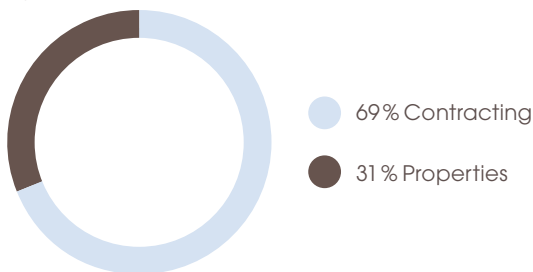
## 2017 in brief

### Key figures\* (Including Granitor Invest AB, SEK)

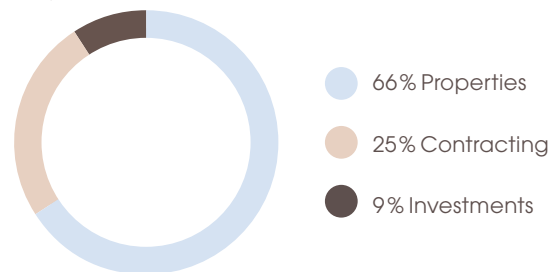
Net sales .....	6.7 billion
Income before taxes .....	305 million
Total equity .....	4.2 billion
Total assets .....	10.1 billion
Owner's financing .....	4.8 billion
Employees.....	3,600

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

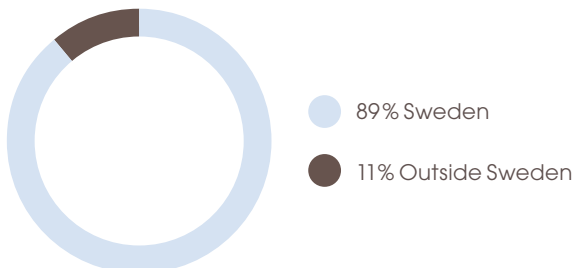
#### Sales MSEK 6,700



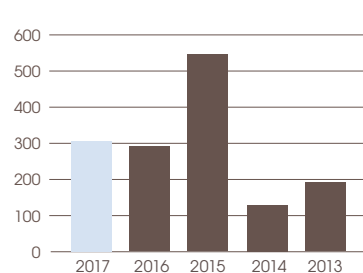
#### Assets MSEK 10,100



#### Employees 3,600



#### Income before taxes MSEK



## A sustainable road to the future

If one word could catch the essence of Midroc during 2017, “together” would be a good choice. We firmly believe that the foundation to our growth and profitability is our ability to work in partnership on many levels: As co-workers, as partners to our clients and as part of society as a whole.

When we entered 2017, we had good reasons to expect the best from Midroc. We were poised for growth: The reorganization into three major portfolios represented by our business areas – contracting, properties and investments – was finalized, and we had also started to systemize our work within sustainability, in order to strengthen our position as the developer of tomorrows’ community and industry.

In retrospect, we can conclude that we had another good year. Net sales increased by 20 percent to a total of 6,7 billion SEK, and we could clearly see that the reorganization into portfolios was increasing our efficiency and business pace. Midroc has evolved fast the last few years, and the speed of this development has been inspiring in itself. But the most inspiring part of 2017 was perhaps our people – their trust and ability to work together forms the culture that is the foundation to Midroc’s performance. Every day, 3,600 employees strive to enable us to step by step secure our long-term goals: Creating the best profitability for all stakeholders, using the earth’s resources responsibly and to make Midroc the first choice for our clients and future employees.

### Shifting market conditions

Our people are incredibly important, so we will get back to them later. But first, we would like to briefly comment on some further strategic issues.

Firstly, our markets. In general, they developed well during last year, in line with the Swedish industry’s performance. That said, the year was not without challenges for our business areas. For example, properties saw pressure on pricing and a downshift in demand in the housing market. To address this, we adjusted our products accordingly. Our belief is that by offering sustainable and attractive products, we can be profitable also when the residential market is cooling off. Moreover, the sharpest decline in housing prices has been in the largest urban areas, whereas Midroc Properties can balance this with its additional focus on smaller city areas, with less market volatility and better predictability.

Regarding the contracting business area, there was a very clear

trend during 2017. All suppliers need to keep up with clients’ increasing demand on efficiency. The key is to understand our clients’ needs as well as the challenges they face. We are confident that Midroc, with our decentralized organization, unique partnering model and flexible solutions, has a very competitive market position.

We have also focused on communication and developing the Midroc brand. A strong emphasis on environmental, cultural and societal matters has always been a natural part of our work, but we need to show our external stakeholders what our real contributions are. Among those are for example creating good working environments, developing new technologies, building local industries, creating local jobs and in other ways helping societies and people to prosper. Today, these contributions are essential aspects of the Midroc brand. We know that we are being awarded contracts because of our responsible approach. More and more clients, as well as employees, value our ambition to make a long-term difference.

### In search of innovations

We have increased our efforts to keep up with new technologies, not least in order to find new investment opportunities. Historically, we have a very good track record, and are proud to say that investments such as Minesto and Powercell, made about ten years ago, turned out to be really timely. Now, their innovative technology is truly coming into demand.

When it comes to digitalization, we are constantly on the lookout for smarter tools. For example, in 2017 we decided to implement CheckProof, a digital platform that will enable us to secure and simplify for example quality checks and self-assessments in our operations, with better overview and less administration as benefits.

### Increased focus on sustainability

A third strategic issue is operational development and follow-ups. Sustainability is at the center here too. If we say we act sustainably, we should also be able to prove it. Consequently, in 2017, we strengthened our routines and now assess our internal work three

“We will continue to improve our sustainability work”



times a year, with a forward-looking perspective. We are already seeing the advantages that these new routines bring.

In order to build trust towards society we should also be transparent about progress. We have therefore identified a number of Key Performance Indicators to be measured according to the Global Reporting Initiative going forward, with 2017 as our base year. We believe that this kind of transparency will help us to continue to act responsibly, identify what is important to us, and to our key stakeholders, and make us even more relevant to the outside world.

### A broader skill set

This brings us back to the importance of our people. In 2017, we decided to strengthen the Midroc executive management group with Pernilla Börjesson, Olle Kylinger, David Sundin and LiseLotte Jernberg Bate. Together, they add important specialist perspectives on finance, human resources, legal and other support functions. The understanding that better results are achieved when differing skills are combined is a core belief at Midroc, and the basis on which our model “the competence puzzle” is built. We think this will be crucial for us going forward. Midroc needs all these skills in order to maintain a strong and positive business culture. We are already attracting the right employees, and have particularly noted that people tend to like our culture and feel at home quite quickly. That is of great importance to us. No matter where you work within the Midroc group, you should always feel like you are part of the “Midroc family” and empowered to make the necessary everyday decisions that ultimately will help us reach our goals.

Similarly, we have increased our efforts to encourage our three portfolios of companies to become more self-sufficient when it comes to governance. A decentralized model will give them the

necessary flexibility to create the best possible conditions to keep performing well.

### Cultivating progress

And what about 2018? Going forward, we are optimistic. We see some market challenges, particularly in housing, but the Swedish industry is still performing well and we can identify really interesting opportunities in all our business strategies. We will continue to improve our sustainability work, asking ourselves and our stakeholders what we can do in our own operations and together with our clients, short term and long term. In every project we start, we will raise questions like: Can we reduce our negative environmental impact further? Are we doing everything we can to prevent corruption? Are we encouraging diversity and creating healthy workplaces?

Most of all, we will continue to build on our strong business culture. We have a proven and appreciated ability to achieve results working together with our customers, and we look forward to continue to cooperate and develop together with our co-workers, clients and society as a whole.

Christer Wikström

Roger Wikström

Thomas Mårtensson





**Contributing to  
a better future**

## Our management approach

Midroc's business is rooted in the vision of a better future. We create long-term value both economically, environmentally and socially by helping society to create communities where people can live, grow and prosper.

The Midroc group strives to be a good force in society. We develop properties where people can create a good life, we support industry clients in their efforts to grow in a sustainable way, and we invest in clean technology to society's benefit.

At Midroc, the connection between a sustainable approach and prosperous business has been a vital part of our business idea since inception. Openness and transparency towards society is deeply rooted in the company culture. Yet, 2017 marks an important milestone. It was the first year for the group to start reporting on its sustainability work in compliance with GRI, Global Reporting Initiative. This allows us to frame the sustainability work in a better, more systematic way. It increases transparency and identifies ac-

“To us, sustainability is not a separate strategy, or something that is being handled by a particular organizational department.”

countability across the group, thus making the business significance of sustainability even clearer to all stakeholders.

The Midroc culture is a central part of the sustainability approach, explains Niclas Lövfelt, co-ordinator for the group's sustainability reporting.

“To us, sustainability is not a separate strategy, or something that is being handled by a particular organizational department. Sustainability is integrated in every part of our decision-making, from management to co-worker. Everyone in the group has a responsibility in daily life and is an ambassador for our ambitions”, he says.

Identifying the sustainability issues that matters the most to the diverse group of Midroc companies and our stakeholders was

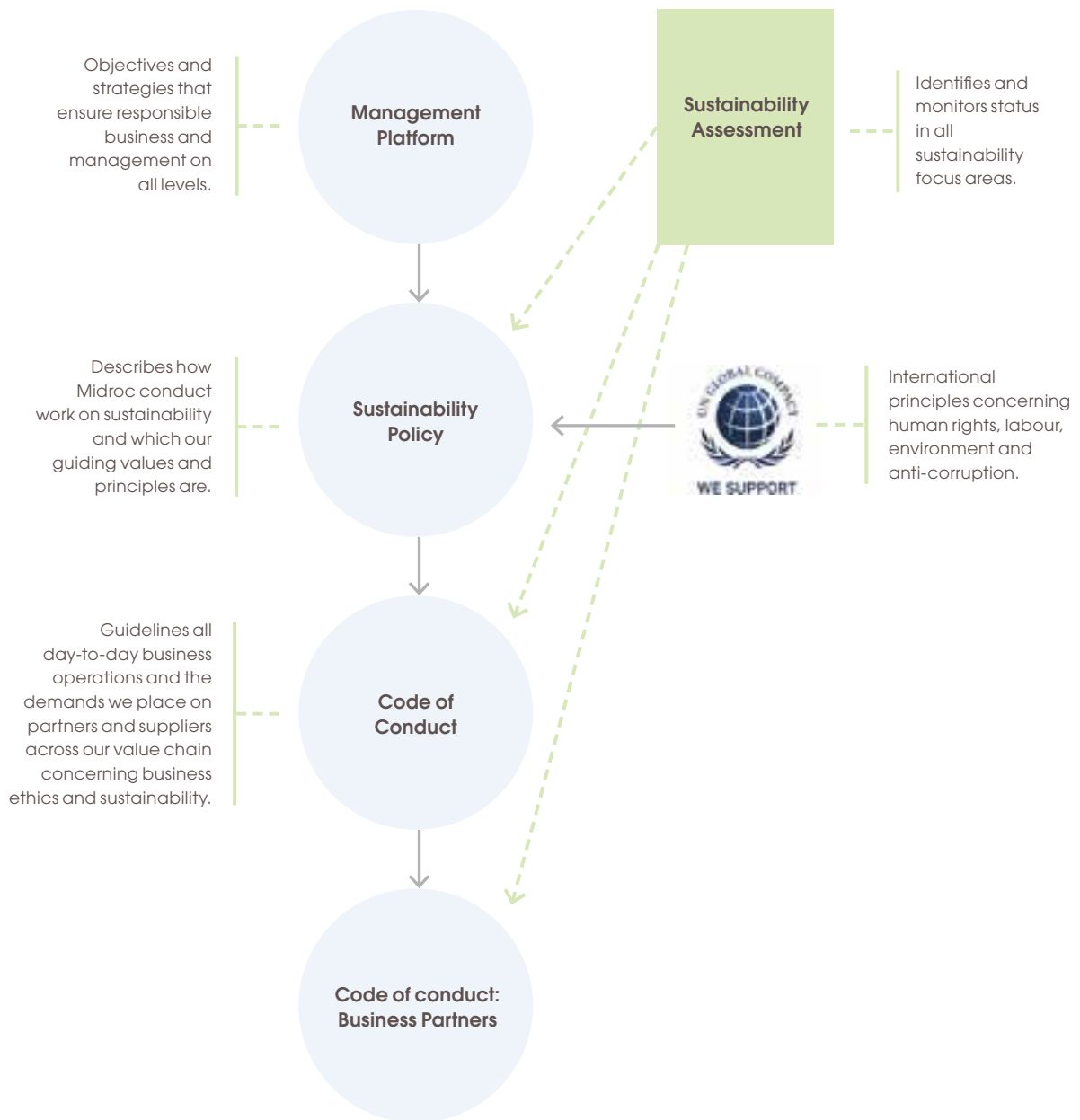
an extensive and complicated task. It was finalized in 2017 and the process involved all Midroc companies, who systematically assessed sustainability issues and engaged in dialogue with their key stakeholders. This has in turn triggered our co-workers to discuss, analyze and reflect on the company's sustainability approach, leading to an even higher level of engagement among our staff.

### Midroc Management Platform

To pave the way for GRI compliance, several strategic measures have been taken. Midroc joined the UN Global Compact in 2016. During 2017, the ten Global Compact principles were fully incorporated in all company policies, including our Management Platform, Sustainability Policy and Code of Conduct.

Our Management Platform outlines the objectives and strategies that ensure responsible business and management on all levels. It describes our market approach, our value propositions and how we create efficient teams and organizations. As an extension, our Code of Conduct guidelines all day-to-day business operations and the demands we place on partners and suppliers across our value chain. It covers the areas of business ethics, anti-corruption, working environment, human rights, environmental impact as well as compliance and monitoring.

# Sustainability management



## Defining what matters

During 2017, Midroc built the foundation for the group's sustainability reporting by identifying the sustainability issues that matters the most to our key stakeholders.

This kind of analysis – called a materiality assessment – was performed for the first time, in order to identify our priority issues and lay the foundation for our GRI report. The materiality assessment will be reviewed and updated every two years to make sure it reflects any change in our business as well as socio-economic and environmental impact. The next materiality assessment will be conducted in 2019.

In our current assessment, shown in the matrix on opposite page, we have identified the 11 most relevant sustainability issues to our stakeholders across our business areas' value chains. These are all in turn grouped into three focus areas, Responsible business, Sustainable use of earth's resources and Nurturing People and Culture, aligned with our management platform. Starting 2018, we will report and disclose 12 adhering material GRI topics as outlined in the index on pages 30–31.

### We define issues to be material to our business in terms of the following:

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

Our materiality assessments have adjusted the group's performance targets and corresponding indicators that we include in our Scenario Reporting, which we undertake three times per year. Whilst our reporting focuses on the issues that matter most to our business and our stakeholders, we have not yet set targets for every material issue. This will be accomplished during 2018.

### Mapping materiality

The process of defining our material sustainability issues started with internal workshops in the Midroc group. The result of these discussions identified our key stakeholders as well as what their expectations and assessments concerning Midroc's impact on sustainability might be. Based on these results, Midroc conducted a sustainability survey targeting a broad group of stakeholders. In total, 158 respondents based in Sweden took part of the survey. The results were then prioritized and validated by Midroc's management team. When the next materiality assessment is conducted in 2019, it will include stakeholders on all the geographical markets where Midroc conducts business.

# 11 material topics

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



## A sustainable way to paint

Better for the environment, better for business and better for clients. Alucrom had all the good reasons to build a brand new powder paint shop in Poland.

A green and lush area, close to a large number of recreational allotment gardens – that might not seem like the best choice of location for a big industrial paint shop, handling a substantial amount of automotive parts. Yet, this is exactly what it looks like where the new Alucrom powder painting facility is located in the small town of Olesnica in the southwest of Poland.

“You could safely say that the local authorities suffered a small shock when we told them where we wanted to build the plant. But once we explained what we were trying to do, and they got to see the details in the process, the feedback was very positive”, says Piotr Bylicki, site manager for the new plant.

“Our main idea is quality. We are not the only one doing powder painting, but if we offer a better way to think, organize and cooperate, we can become the first choice of supplier.”

### A safer and smarter solution

The new facility is not like an old-school paint shop full of solvents and chemicals. This is a modern powder painting plant, virtually free from smell and pollution. It is the result of a long relationship with the company’s largest client in Poland, GKN Driveline, who

produces drive shafts for the automotive industry, including brands such as Volvo, Maserati and Fiat. GKN was looking to increase its use of powder painting, but wanted to integrate the supplier in the process, for sustainability reasons. Since GKN already knew and trusted Alucrom, asking them to develop the service came naturally. To Alucrom, the decision was not difficult to make. Compared to wet paint, powder paint has several advantages in term of sustainability. Firstly, it’s safer. Powder paint emits negligible amounts of so called VOCs, volatile organic compounds, and is also free of HAPs, hazardous air pollutants, meaning that there is no need for expensive filtration and respiration systems to protect the people working with the paint. Secondly, it’s more economical. Overspray can be collected and reused, saving both money and reducing waste. Thirdly, it can add durability, providing a coating with better protection from mechanical stress, temperature shifts and corrosion.

In order to manage the clients’ needs, Alucrom needed a new facility, and the paint shop in Olesnica was completed at record speed.

“The contract was signed in 2017, and we were ready to start production after just eight months. It is such an amazing achievement by our team. We have been working as if we were a family – I am not sure where else I would meet such people”, says Piotr Bylicki.



Powder painting has several advantages, such as a safer work environment and reduced environmental impact.

### Sustainable means profitable

Alucrom has had operations in Poland since 2003 and is the biggest player on the market, with five paint shops in total. But if powder paint is better, shouldn't Alucrom give up entirely on wet paint? Not necessarily, says Agata Szwec, management system director at Alucrom.

"Some clients still prefer wet paint for various reasons. However, we do try to educate them as we go, helping them to choose alternatives less harmful to the environment, for example water based wet paint. We are often quite successful in our guidance, as our clients know that we have the expertise and therefore trust our advice", Agata Szwec explains.

Her main take-away from the construction of the paint shop is that sustainability and profitability will always be connected.

"I have spent more than ten years at Alucrom, and I know from experience that you cannot separate environmental issues from business aspects. To be profitable, you must consider the environmental costs from the start, otherwise it will just cost you money later. It will come back to bite you", Agata Szwec says.

"Our main idea is quality. We are not the only one doing powder painting, but if we offer a better way to think, organize and cooperate, we can become the first choice of supplier. When the clients think of painting, they should think of Alucrom. That's what will help us to continue to grow", Piotr Bylicki concludes.



The new paint shop was completed in just eight months.

## Engaging with our stakeholders

An ongoing dialogue with our key stakeholders is essential to our sustainability work. By including their perspectives, we gain insights into what they expect from us, both as a business and as part of society. Their views are an important foundation in our materiality assessment. The table below outlines who our key stakeholders are, how we engage them in conversation and which three sustainability topics that are most important to them:

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



## Finding the hotspots

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

We must take both uncertainties and risks, from both known and unforeseen events, into account when evaluating marketing opportunities and managing our business operations.

We have launched a systematic and structured process to assess, analyze, report, mitigate and follow-up on the risks that might have an impact on our ability to comply with our own sustainability principles and the ten principles of the UN Global Compact. Our objective is to continuously improve business performance and to protect our core values as well as the principles of the Global Compact.

Our sustainability risk assessment and reporting tools are integrated in our scenario reporting process conducted three times per year. This will provide us with early warnings of the potential risks that our business operations are exposed to.

Besides executing the scenario reporting process, we frequently ask both our clients and co-workers how well we live up to our sustainability ambitions and goals. We have in addition to this also implemented a whistle-blowing system ensuring anonymity and integrity of anyone that would like to report any violation or deviation from our sustainability principles.



## Responsible business

If we want to be in business tomorrow, we have to do the right things today. We believe the best prerequisites for future profitability is to develop and maintain a responsible business approach.

Conducting business in a responsible way is more than compliance to laws and regulations. At Midroc, we believe that long-term financial success is closely intertwined with being part of society and trusted by our stakeholders. By for example investing in companies that improve the environment, or deliver outstanding sustainable services, we know that we attract both new clients and the best talent, as well as benefit our future profitability.

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

An important tool is our mindset “Always sustainable”. It has been part of our culture for a long time. We have a decentralized organization and by encouraging every co-worker to constantly look for the most sustainable and responsible solution, at all levels of decision making, we create engagement and a constant flow of improvement ideas.

Equally important is our ability to work together with our clients and suppliers over longer time periods. We expect them to act responsibly as well, and as business partners we can support improvement and learn from each other.

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

### Financial target 2018 (Return on Equity)

Investments	15%
Properties	10%
Contracting	15%



## How culture can boost performance

If you know how to build a high-performance culture, why not share it with everyone? That's how LiseLotte Jernberg Bate, responsible for Midroc Business School, reasoned when she was asked to be the partnering manager in the Office One-project for Swedavia, owner and operator of Sweden's national basic infrastructure of airports.

Right in the middle between the cities of Stockholm and Uppsala, the development of Arlanda Airport is in full progress, with an increasing number of travellers and ongoing construction of terminals. In front of the terminals, there is also a new city block in progress. It is a project truly aimed at the future. Uppsala and Stockholm are expected to keep growing until they connect, and at that point, Stockholm Arlanda Airport will be ready as a natural focal point for business and gateway to the rest of the world.

### A complex operation

It is hard to imagine a project more large-scale and complex than forming a sustainable city. That makes the first building a prominent milestone. In this case, that building is Office One, a 15,000 square meters large building that will rise ten floors high, right next to the Clarion Hotel. The building is named Office One because it is, of course, first in line.

In building Arlanda City Stockholm, the developer Swedavia faces very complex responsibilities, environmentally as well as commercially and regulatory. Add to that a variety of stakeholders involved in a construction site – from main contractor to suppliers – and tight budgets and schedules to keep, and you have very challenging tasks at hand.

### Culture as a tool

To efficiently manage cases like this, Swedavia uses independent partnering managers, to facilitate processes between different stakeholders. In this particular project, a previous partnering manager recommended Swedavia and its representative Magnus Imland to bring in someone from Midroc: LiseLotte Jernberg Bate. Today, he has not regretted that decision.

“I have to say that every expectation has been exceeded. I have personally never before experienced a partnering process that has gone so deep and resulted in such trust and high performance between the stakeholders. We have been on budget, on time, we have targeted all the goals that was set initially, you name it”, says Magnus Imland.

What makes this case special is perhaps that LiseLotte Jernberg Bate was not really intending to work as partnering manager. She was fully busy developing the inhouse Midroc culture as responsible for Midroc Business School. But after a first meeting with Swedavia, she felt that there was a match.

“What I did was to describe how we create high-performing teams at Midroc. I told them about building trust, our emphasis on communication, our sustainable approach and how we use diverse competences to create innovation in a group. Basically, you could say that I just took the existing Midroc culture and put it in the Office One context”, she says.

### People powered projects

Midroc has since inception built its culture on the philosophy that successful projects focus on the people in the project, nurturing their relations and directing their behaviors. LiseLotte Jernberg Bate has seen numerous examples of how this approach is very profitable.

“High-performing teams create value at so many levels. They save time, money and material and keep people safe. I am quite convinced that this is the way every industry will work going forward.”

The Midroc culture was exactly what Magnus Imland was looking to import.



Office One in the new city block under construction at Arlanda Airport.

“Every Swedavia project is unique and has different goals and needs. Looking at the Office One challenges, with all the complexities and groups involved, this was exactly what we wanted to achieve”, he says.

The first step was to gather the different stakeholders, from developer to contractor NCC, in a series of structured workshops.

“Trust is a key concept for us, because we know that people perform better in trusting climates. In order to create that, it is essential to make the tasks clear and define the goals. Doing this together in a workshop will also kick-start group dynamic, as people get to know each other. And when you know each other, it is easier to communicate, focus on the right things and use the entire group’s different competences efficiently”, says LiseLotte Jernberg Bate.

### About wolves and giraffes

The workshops resulted in a mutual platform, a partnering declaration that everyone signed, stating the goals and rules everyone had agreed on. But during the process the group also got new tools to communicate efficiently.

“We know that good communication increase efficiency, simply because it reduces the risk of misinterpreting intentions or conflicts, which could cause setbacks in production”, says LiseLotte Jernberg Bate.

Among the tools was education in NVC, Non Violent Communication. NVC is a communication method using metaphors. For example, it teaches the differences between communicating like a wolf, who is focused on fight, and communicating like a giraffe, who has an ability to see beyond the obvious.

“It might seem odd to gather a group of highly skilled construc-

tion workers to talk about wolves and giraffes, but used correctly with other communication tools, it really works”, she assures.

“The key is to remember that we are all humans. One of the finest compliments given during the whole process came from one of the site leaders who said to me: “We should have you on site all the time, we would never have any conflicts here!”

To LiseLotte Jernberg Bate, this has also been a rewarding experience, bringing further proof that the Midroc way really works. She is definitely prepared to share it with others in the future.

“Ultimately, Midroc wants to contribute to a better future. If we have a model that we know really works when it comes to creating high-performing teams, I simply feel that we should share it”.



LiseLotte Jernberg Bate

## Sustainable use of earth's resources

To sustainably use earth's resources is critical for all economies and all global citizens. Midroc's focus is on decreasing energy use and carbon emissions, phasing out hazardous substances and contributing to sustainable innovations.

At Midroc, we approach environmental issues from two perspectives: How we can contribute in our own operations and what we can do together with others.

In our own operations, we focus on reducing energy use, waste as well as greenhouse gas emissions. We are now in the process of aligning our reporting on these indicators across the group. Some of our companies are already measuring energy consumption in great detail while others still have a way to go. The next step will be to measure our use of renewable and non-renewable energy on a group level.

Moreover, we strive to work closely with our suppliers. It is not just that we want to make sure they behave according to our values – we also want to take the opportunity to learn from their expertise and find new, more sustainable ways of collaborating.

We also contribute through the projects we manage with our clients, suppliers and partners. For example, our business area Contracting offers maintenance solutions that increase efficiency, helping clients to significantly increase the life span of equipment and systems.

### Building to last

In our property businesses, we make sure that the residential properties and office buildings we construct have the smallest environmental footprint possible, thus enabling residents to live more sustainably in a healthy environment. We also want our buildings to be resilient and last for a long period of time. To increase their life span even further, we strive to make them transformable – for example, an office should be possible to change

into a residential building in the future without using too much resources.

### Investing in innovation

In our business area Investments, we contribute by focusing on early investments in companies that have the potential to develop new and groundbreaking technologies, to the benefit of society as a whole. One example is Powercell, a company that develops a modular system of fuel cell platforms producing electricity from hydrogen with only heat and water as emissions. With hydrogen, produced through renewable energy, this clean technology has the potential to transform the mobility sector, which is still heavily dependent on fossil fuels.

### The human-centric approach

When working with environmental issues, we have found that a human-centric approach is usually most effective. By focusing on the end-user perspective and need, we can better address the complexity of the situation and identify new, innovative solutions. For example, what temperatures would residents in a building prefer, and which heating solution would do the job best? Or, if we invest in a new technology: How could this innovation potentially improve everyday life for end users?

This human-centric approach has several advantages. It enables long-term efficiency and it can be applied more or less across the whole diverse Midroc group. It allows us to combine the group's need for coordination with the business areas' particular preferences.



## Creating jobs for the future

Pioneering marine energy technology is not just about creating new sources of energy – it is also about creating new jobs. In the city of Holyhead in North Wales, Swedish marine energy company Minesto is quickly becoming an integral part of the future.

In late March 2018, two tugboats from Liverpool arrived to the port of Holyhead in Anglesey, North Wales. They were towing a long-awaited cargo: The gravity base structure for Minesto's planned underwater power plant Deep Green at Holyhead Deep, eight kilometers off the shore.

The arrival of the gravity base structure marked a significant milestone for both Minesto and the region of Anglesey. Anglesey is a so-called peripheral economy, situated far from the urban areas in the UK. During the last decades, particularly following the downturn of the UK steel industry, the region has increasingly struggled with recessions and high unemployment rates.

### Clean energy, green growth

However, the Welsh government has for several years actively been looking to create jobs and growth by becoming the globally leading region in sustainable energy – and when it comes to marine energy, it's hard to beat the oceanic qualities offered by the coast of North Wales.

The excellent natural conditions were also what attracted Minesto to the area. The company, who has been part of Mid-

roc's investment portfolio for almost ten years and is also listed on Nasdaq First North, had been looking for a suitable place to commercialize Deep Green, its pioneering new technology for tidal energy. The Deep Green, looking somewhat like an underwater kite flying 15 meters below the sea surface, is the first technique that can manage low-flow tidal energy, opening new opportunities to create efficient, clean energy. The coast of Anglesey offered just the right conditions, with the Holyhead port and close proximity to other resources in the area.

### A boost for the community

What also sparked Minesto's interest was the option to finance part of the project by joining forces with the Welsh government, and apply for a grant from the European Regional Development fund. In 2015, the Welsh European Funding Office granted Minesto 13 million Euros to commercialize a power plant at Holyhead Deep.

"I think the key thing was that Minesto was really able to demonstrate a commitment to Wales. These funds have a socio-economic intention, and when we showed how we could actually develop the local economy

and create qualified jobs, it sort of sealed the deal", says Osian Roberts, business developer and controller at Minesto in Holyhead. After receiving the grant, things started to move quickly.

"The tasks were pretty huge. We had to do everything from scratch: Find an office, find local supply chain providers, recruit people and so forth", says Osian Roberts.

Louise Marsden, a business administrator, was hired to get the Minesto office up and running in Holyhead. It was challenging, but fun.

"I was literally working out of a box for the first days – but in a week, we had an office and three people working in it", she says.

### Opportunities closer to home

The pace has not slowed down since. Moreover, the promise to contribute with qualified local jobs has been kept. Minesto now has 16 employees in Holyhead, working with everything from finance and IT to engineering. Currently, every employee save one is from the local area – including Louise Marsden and Osian Roberts.

Louise Marsden says that they first actually doubted whether they would be able to





Minesto's Deep Green technology harvests low-flow tidal energy 15 meters below the surface

find local applicants with all the necessary qualifications.

“But we were really blown away with what we found – we received applications from local people with just the right skill-sets. They were here all along, but because there had been so few jobs around, they had been forced to work abroad”, she says.

### Inspiring a new generation

Once the first power plant is installed at Holyhead Deep, the long-term plan is to gradually expand to a total installed capacity of up to 80 megawatts. This will generate enough clean energy to power 70,000 Welsh households. The growth will also continue to create jobs in the region. Osian Roberts points out that the contribution is not just Minesto jobs – the whole supply chain benefits from the activities, which really excites the people in the region.

“Being from Anglesey myself, I can say that people just love to see this happen. They have suffered in economic terms for about two generations, and most of them probably can't even remember the last time a foreign investor committed to the region”, says Osian Roberts.

To underline the commitment, Minesto

is putting in a lot of efforts to be as transparent as possible. For example, a visitor center has been established, with information on the Deep Green technique and studies on safety for marine wildlife. Minesto also hosts stakeholder events and regularly visits the local schools.

“It is really important for us to tell kids that they have this innovative technology at their doorstep, something that could become very beneficial for the whole world. We want them to feel that great things are happening and that there will be opportu-

nities waiting for them as they grow up”, says Osian Roberts.

And the children are really engaged in the project, Louise Marsden says.

“It's really fun meeting them. They love the concept with underwater kites and ask very clever questions. We also ask them to come up with names for the first Deep Green kite. By now, we have a whole wall at the visitor center with sticky notes full of suggestions.”



The coast of North Wales offers unique resources for renewable energy generation.

## Nurturing culture and people

There is one thing that unites everyone across the Midroc group: Our strong culture. It underlines everything we do and helps us steer towards a sustainable future.

People who feel trusted, acknowledged and are assigned clear roles will thrive both personally and professionally. That is, simply put, the straight-forward formula behind the Midroc culture. Since inception, we have been prioritizing our strong and unique company culture, encouraging the behaviors we believe is the key to business success, and ultimately a better future. Our culture defines how we do business, how we treat each other and how we interact with the rest of the world.

### Management - a support system

The foundation for this is a trusting work environment that helps our co-workers to reach their full potential of innovation, creativity and expertise, so they in turn can contribute by performing at their best. To do this, we avoid hierarchies. Instead, we work in horizontal structures, like partners in what we call the Midroc management arrow. At the front end of the arrow, we have the people meeting our clients. On the opposite end, we have the people supporting them and ensuring that they have all the tools they need in order to perform. All units have the flexibility to work in a way that optimizes their every-day business and allows them to make quick and efficient decisions. On group level we coordinate, structure and look for synergies, and make sure we keep on track with our targets regarding health, safety, environment and quality. We are in constant dialogue with our employees and regularly perform for example employee surveys to track progress.

### Core cultural components

Diversity and communication are important cornerstones in our culture, because individual differences make us unique. We believe that a group benefits from multiple perspectives and experiences, and strong communication is the tool to bring out the potential. For example, we put great emphasis on our ability to give and receive feedback. We have zero tolerance for discrimination and harassment and we work to report and handle any incident. We have also implemented a whistle-blowing system to ensure anonymity and integrity for anyone that

“Our culture defines how we do business”

would like to report an incident. During 2017, one instance of discrimination and one of harassment were reported, investigated and concluded.

Diversity is a broad term, and could also be applied to competence. A group benefits from different skills and areas of expertise. This is managed in our structured “competence puzzle”. The model is based on the idea that a group of people performs better together, compared to what they would achieve if the individuals worked alone. It allows Midroc to make sure that the right competence is always at hand. It is also a tool for the employee when discussing individual development plans—all employees can use the puzzle to think about what they would need in order

to take the next step in their personal development.

### Midroc Business School

Another important part of our culture is the Midroc Business School, which offers training in leadership and management, as well as specialized education programs for skills such as sales and negotiations. It is important for Midroc to offer our employees opportunities to increase skills and competencies that will support them in their current positions. All employees also have access to transitional training through the collective labor agreement.

From a company perspective, our goal is to be the first choice not only for customers – we also want to be the kind of company that people recommend when family and friends are looking for a new job. Because of this, we were very proud when we 2017 were voted number three in the organization Universum’s annual survey of Sweden’s best employers, in the large companies’ category.

### Safety: a priority

Creating a safe working environment for our staff and a secure delivery of projects for our clients is a key priority. Our operations cover a wide array of industries and many of our employees work in potentially hazardous environments, requiring a systematic approach to safety based on high risk awareness, expertise and experience. Since 2016, Midroc has been working on implementing a common management system for Health, Safety, Environment and Quality issues across the group. The project is still in progress, which

## Executive management

means there are no available data on group level for 2017. For our Swedish companies, the LTIF indicator for 2017 is 7,2. No fatal accidents occurred during the year.

Age average



Gender balance



### Our impact on society

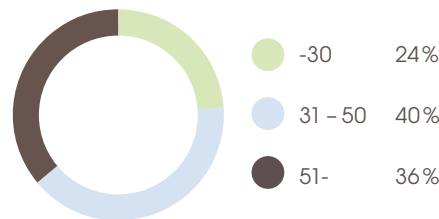
As contractors and community builders we have a significant impact on society as a whole as well as the local communities where we do business. Our approach to social responsibility is based on collaborative efforts and being a positive force for real change.

Using our technology and innovative entrepreneurship, Midroc has the capacity to make a positive and real difference. We have principles and programs for how we do responsible business in place, but in order to be successful, presence and commitment to the local community is also necessary. Midroc has a long tradition of supporting the communities in which we operate, from sponsorships to offering summer jobs for local high school kids as well as participation in projects where our expertise and solutions contribute to sustainable development.

As property developers, building sustainable cities and communities is a vital part of our role. The social impacts of our projects are carefully considered and we strive to develop properties that appeal to a wide array of households with differing needs. We work systematically to create communities and environments that are built to last.

## Employees

Age distribution



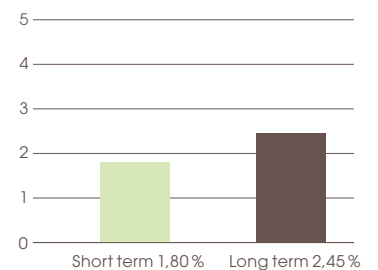
Gender balance



Type of employment



Sick leave



New hires



Employee turnover



Lost Time Injury Frequency



\* Including retirements, acquisitions and reorganizations.

\*\* LTIF is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e. work-related accidents resulting in absence longer than one day, and accidents resulting in fatality. The number pertains only to Midroc's staff employed in Sweden with the exclusion of Alucrom.

## Making room for everyone

Not every city uses property development as a tool to counter social segregation. However, in Helsingborg, a Midroc project is aiming to do exactly that. Thanks to an innovative lease idea, the new apartments in the SeaU Helsingborg project will be available to tenants with varying levels of income.

A hotel, a congress center and four state-of-the-art residential buildings, located in what is considered to be one of Sweden's most attractive properties, right between the city and the waterfront. Those are the basic features of SeaU Helsingborg, the much-awaited meeting point that Midroc is developing at a spectacular location in the Helsingborg harbor area.

SeaU Helsingborg will be completed in 2020, significantly strengthening Helsingborg's position as an attractive destination for meetings and events in the larger Skåne area. It is a prestigious and strategic project, involving some major industry names such as Clarion Hotels, that will operate the hotel, and Gert Wingårdh Architects, who have designed the residential buildings.

"It is an amazing property, which we are developing with all sustainability aspects in mind - the environment as well as economic and social dimensions", says Johan Svedström, Property Development Manager at Midroc Property Development.

### A natural meeting point

A sustainable approach is always at the heart of Midroc's projects, but in this

particular case, the social aspects carry extra weight. The city of Helsingborg wanted to build the congress center and hotel because of the commercial potential – but equally important was making SeaU Helsingborg a natural meeting point for the locals, encouraging meetings and bridging social gaps. This was entirely in line with Midroc's existing development philosophy.

"Ultimately, it is the mix of people that will make an area come to life and prosper. Hence, we knew from the start that we wanted to attract different categories of people, not least when it came to residents", says Johan Svedström.

### Creative ideas for diversity

Looking at a project from the end-user's perspective is a development technique that Midroc has been using successfully for years. This time, a substantial focus was put on socio-economic dimensions. A common challenge when developing residential properties is that the financing models usually favor private housing cooperatives over rented apartments. Moreover, even if you do develop a property with tenancy agreements, the rents tend to be high.

Consequently, it is difficult for people with lower income to afford living in the new areas.

But what if there was a way to create tenancy agreements within the private housing cooperatives? Together with the local Erik Banck Foundation, an innovative solution was created. The foundation's mission is to provide housing for people with low income, such as elderly or young people. Now, the foundation decided to buy about 50 of the 155 planned apartments. The idea is to then let people rent from the foundation in accordance with the statutes.

"It is really a unique solution. A lot of people, who otherwise would not have been able to afford the rents, will now have an opportunity to find an apartment in one of the city's best locations", says Johan Svedström.

### A decade of planning

In 2019, the first residents will move into the SeaU Helsingborg apartments, marking the end of a long journey. The plans have been developing ever since 2010, and along the way, the project has had its fair share of media attention, with political



The waterfront view of Helsingborg's new meeting point.

discussions as well as thoughts on the choice of the name SeaU Helsingborg. However, Johan Svedström has a positive view on the attention the project has attracted.

"It is not so surprising really – we are building in a very attractive spot, so of course people will be engaged. At the end of the day, we think engagement is a good thing, and we are really proud of what we are achieving", says Johan Svedström.

Midroc's plan for Helsingborg does not stop at SeaU Helsingborg. The next step is already underway – to develop another area in the harbor, called Oceanhamnen. Midroc is building an office at the end of the pier, with magnificent panorama views of the area. That project will have a pioneering environmental quality, using the latest technique.

"It will be a natural next step for us after SeaU Helsingborg. We are really looking forward to it – it's incredibly exciting to continue our collaboration with the city of Helsingborg and its citizens", says Johan Svedström.



From left: Peter Danielsson, Chairman of the municipal executive board of Helsingborg, Petter Stordalen, Chairman of the board of Nordic Choice Hotels, Magnus Skiöld, Chairman of the board of Midroc Properties.

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

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

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# Business Areas



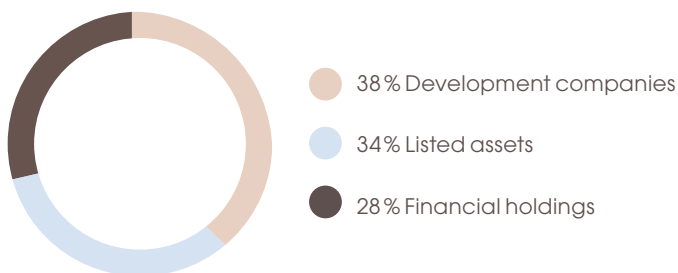
## Business area

# Investments

Business area Investments invests in growing companies with pioneering technologies, primarily clean technology and life science. The philosophy is to be an active, long-term owner, looking for sustainable solutions with a global relevance.

## Assets

MSEK 906



A good start, a slow-down during summer, and then a strong finish. That's how one could sum up the development during 2017 for the portfolio in business area Investments. The business area comprises three categories of investments:

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

What unites all the companies in the portfolio is that they have promising technological solutions that could significantly contribute to society, and that they are in need of capital in order to grow. That's where Midroc come into the picture.

"We definitely have an important role to play. Society has a constant demand for innovation and new technologies, particularly regarding cleantech and life science. By bringing companies with new and groundbreaking ideas to the market, we contribute in a very direct way to a better tomorrow", says CEO Göran Linder.

About half of the companies are classified as cleantech companies. Life science companies represent about a quarter, and the rest of the companies are primarily IT-related. Together, they possess a wide range of solutions with interesting potential both

from a commercial and a sustainability perspective, for example environmentally neutral energy, increased efficiency in food production, water purification using solar energy, and treatment of previously untreatable diseases.

## Active investor philosophy

When Midroc invests, it is with the intention to stay for a long time and contribute on many levels.

"Our philosophy is to take a very active role as long-term owners. We can bring our whole group expertise to the companies we invest in. Access to our unique governance and business perspectives has proven to be valuable for our growing companies", Göran Linder explains.

To better adapt to both sustainability ambitions and commercial potential, Midroc has during 2017 worked to further streamline the portfolio.

"We have during the last couple of years moved from focus on investing in early phases to focus on a number of companies that have reached a more mature phase. This means that the portfolio has become more balanced as several companies have completed the product development phase and are entering a commercial phase. That said, we will still be interested in start-ups, as a spice in the portfolio."



### A good transaction climate ahead

The portfolio value shifted quite heavily over the year, and a strong start was followed by a slow-down during the summer, to then shift up again. However, this is not surprising as it mirrors the stock markets view of young and growing companies.

At the end of 2017, there were 18 actively managed companies in the portfolio, seven of them listed. Over the last three years, five companies have been listed, and during 2017 another IPO was added – Promore Pharma. Taking companies public has several advantages for Midroc. It is a way to visualize the company value, and it also brings valuable attention from external stakeholders. Moreover, it mitigates financial risks, as a listing increases the company's capital base.

Göran Linder is over all satisfied with the portfolio development during the year and expects an active market ahead.

“Like everyone else, we are affected by the stock market and macro development in general, but going forward, we do see plenty of opportunities and a generally good transaction climate. We are definitely looking to take advantage of this with future transactions.”

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



MAGNUS SKIÖLD  
PETER SYRÉN

Sales: 2,053 MSEK  
Employees: 112  
Offices: 4

Figures include Midroc Construction AB.

## Business area

# Properties

With a clear focus on long-term community needs, business area Properties buys, develops, constructs and manages properties at all stages. The project portfolio covers both residential and commercial properties in several Swedish regions.

In spite of frequent reports on slow-downs in the real estate sector, Midroc Properties had quite a productive 2017, with a continued high transaction pace.

“We have increased revenues significantly, and we keep on growing. In 2016, we had a turnover of 1,2 million SEK, and by 2019, we expect to have at least tripled that figure. Of course, we noticed the downturn in Swedish housing prices during the year, but it mostly affected the Stockholm area. We were less exposed since we historically have been focusing on our expansion in Skåne and Småland”, says Magnus Skiöld, CEO during 2017 and now working chairman of the board at Midroc Properties.

Midroc Properties have a vast project portfolio, covering the whole real estate cycle: Buying, developing, selling and managing residential and commercial properties at all stages. During 2017, several important projects were added to the portfolio, for example a construction start of the extension at World Trade Center in Malmö, and of new office spaces in Malmö, The Edge in Hyllie.

## Planning for the citizens’ needs

A clear differentiator in all Midroc projects is the strong sustainability focus and understanding of community needs. A good example of this unique mindset is the new project Embassy of Sharing in Hyllie, Malmö, where Midroc Properties will develop 55,000 square meter of both commercial and residential spaces.

“I think we were awarded the project because we decided to see everything from the citizens’ perspective: What people need in order to thrive, how they would like to meet, what resources could be shared and so forth. It is a very modern way of developing properties that we are really proud of”, says Magnus Skiöld.

Previously, activities have primarily been focused to the Greater Stockholm and Öresund regions. Now, Småland, the rest of Skåne and Uppsala are also being explored. However, expansion also requires a lot of work, Magnus Skiöld points out.

“If we want to keep growing, we need to be more active and

visible in the market. For example, we have to adapt to digital marketing needs. Our market expects us to be present and very active on the web as well as in social media, which is something that differs from most other companies in the Midroc Group.”

## Continued demand for housing

To use resources in the best way, Midroc decided to re-organize the business area in 2017. Magnus Skiöld became working chairman and Peter Syrén took over as CEO. Going forward, Peter Syrén has an optimistic market view.

“We may have to face a surplus of certain types of residential projects, which might prompt us to consider shifting towards tenancies in some cases. That said, I am convinced that things will stabilize further on. There will still be demand for housing, particularly in the areas where we are expanding”, says Peter Syrén. There are also several interesting projects in the pipeline. For example, Midroc Properties will launch a brand new concept named Lyckos, aimed at a different residential segment.

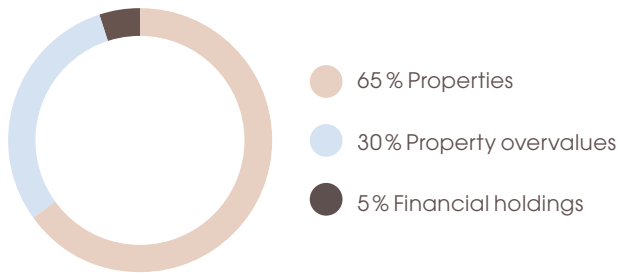
“We have developed a concept aimed at people looking for cost efficient living. They might not have the biggest budget, and are prepared to live in an apartment with less square meters, but they still want quality, good architecture and design. We think this has been missing on the market”, explains Peter Syrén.

The market outlook for Midroc’s office value propositions, marketed under the concept World Trade Center in Malmö, Lund and Helsingborg, is also looking bright. There is a clear trend towards increased demand for so called “serviced offices” with opportunities to share resources, which facilitates networking and social interactions.

“The work place has become a key representation of a company’s brand and is an important competitive edge to attract the best talent. Midroc is a partner that is committed to the development of our clients’ brands by offering inspirational work spaces with a high service level”, says Peter Syrén.

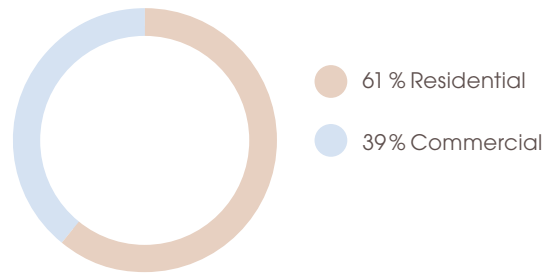
### Assets

MSEK 6,687



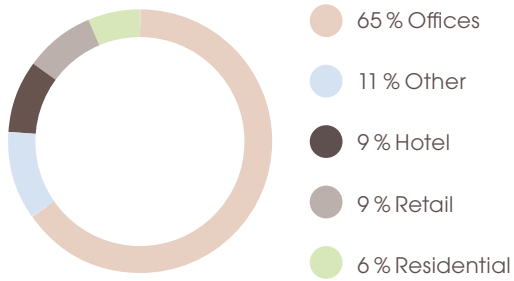
### Development portfolio

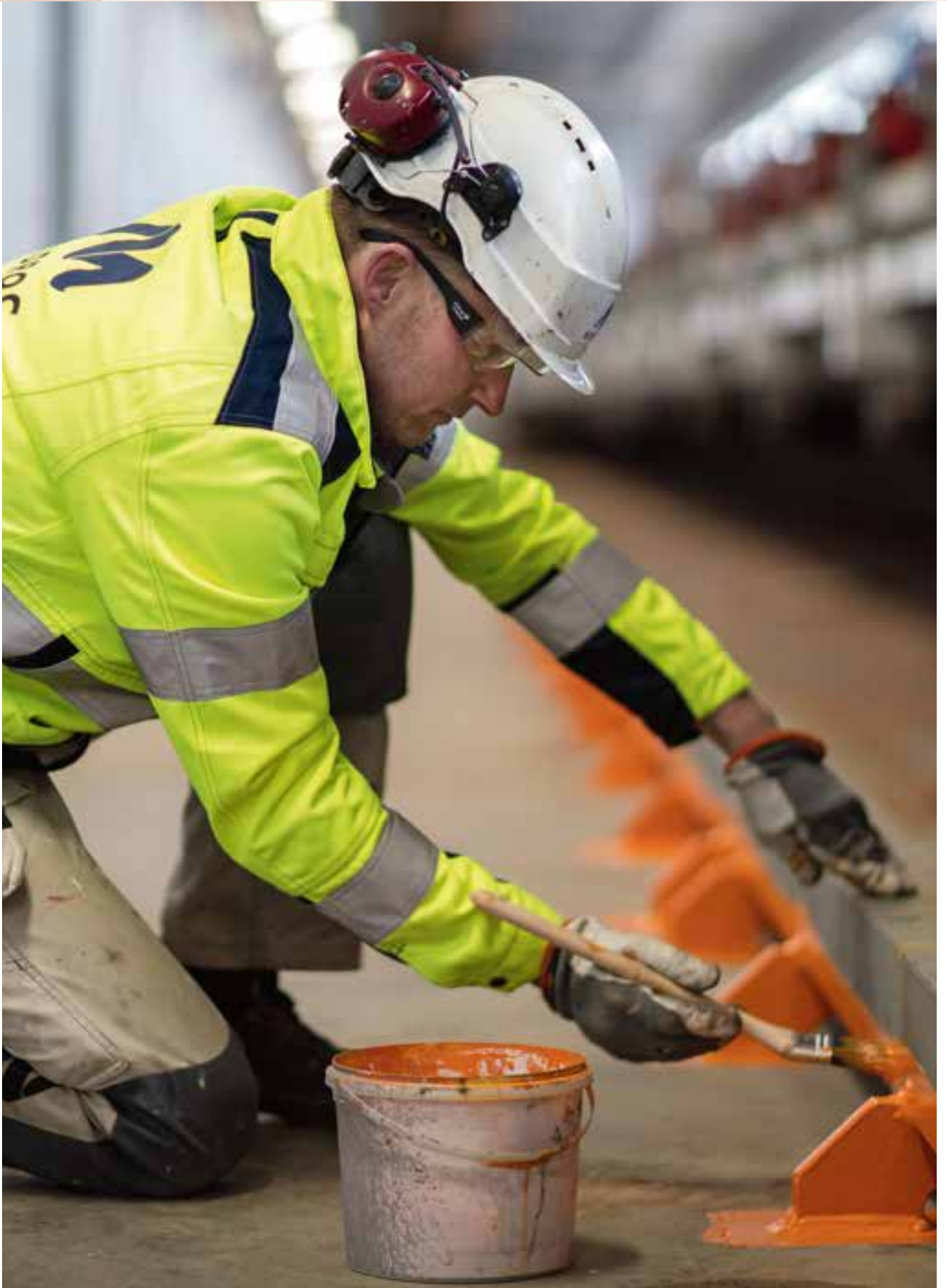
TOTAL AREA 894,708 m<sup>2</sup>



### Property management

TOTAL AREA 109,225 m<sup>2</sup>







BJÖRN WIGSTRÖM

## Business Area

## Contracting

The companies in business area Contracting offer unique and sustainable solutions to the energy, industry, infrastructure and construction sectors. The services range from contracting, services and maintenance to consulting.

With expanding markets, increasing sales and a strong rating among customers and employees, 2017 was a good year for Contracting.

“Looking back, we benefited in general from the very active industrial sector in Sweden. We also gained momentum due to the many large infrastructural projects in the expanding city areas. We are involved in the execution of several large infrastructure projects and there is a strong pipeline of new projects lining up in particular in the Stockholm and Gothenburg areas”, says business area CEO Björn Wigström.

The business area consists of nine companies offering contracting and services across four sectors: industry, infrastructure, energy, and construction and real estate. Together, the companies offer solutions covering a wide range of expertise areas – from mining, steel mills, petrochemicals, district heating and nuclear power utilities, to commercial and public buildings and transportation. There is also a consulting business that focuses on services within project management, engineering and design.

Historically, the companies have primarily been run as standalone businesses. During 2017, Midroc started to implement a stronger portfolio approach.

“We still aim to develop the companies individually, but we are also looking to increase intragroup trading and leverage joint value propositions. Aligning interests within the portfolio is entirely in line with our group ambitions to be One Midroc”, explains Björn Wigström.

A portfolio view brings several advantages, Björn Wigström says: “First of all, offering multidisciplinary services will lead to new business opportunities. Secondly, it encourages a client perspective

– how can we as a portfolio best serve our clients? Thirdly, there is the Midroc perspective, where we are always looking to increase efficiency across the group regarding sharing of best practice and better coordination.”

Contracting measures client satisfaction on a regular basis and has an ambition to achieve more than 85 percent satisfied clients.

Sustainability is a key business driver for Midroc as a group, and in Contracting, it is particularly tangible. There are a number of tools in place where Midroc helps clients to improve their operations from a sustainability perspective. One example is the guidance on “Best choice”, making it easier for the client to pick the most sustainable material. Midroc also contributes by trimming industrial plants to become as efficient as possible, both saving money and reducing environmental impact.

Many of the Contracting clients are also required to meet extra high standards regarding health, safety and quality. This in turn requires that Midroc can meet stringent client demand regarding co-workers’ safety and well-being in general. The outlook for 2018 is positive.

“There are definitely challenges. The growth pace in the energy sector has slowed down, the market for construction has been put under pressure, and as always, we are dependent on how the world economy develops. That said, we see a steady inflow of assignments from industry and infrastructure clients. By leveraging what we can do together to improve internally and share best practice as well as for our clients, I would say we are well positioned for the year to come”, Björn Wigström concludes.



KARL-IVAR JÖNSSON

Sales: 2,771 MSEK  
Employees: 1,990  
Offices: 62

## Midroc Electro Gruppen AB

Midroc Electro Gruppen AB is one of Sweden's leading electrical installation and automation companies, with services in areas such as electrical installation, industrial automation, building automation, crane systems, elevators, security systems,

and mechanical maintenance. Midroc Electro Gruppen AB comprises the companies Midroc Automation AB and Midroc Electro AB. The task of the parent company is to ensure continuity and competitiveness in joint projects.



MIKAEL VESTLUND

Sales: 2,305 MSEK  
Employees: 1,820  
Offices: 54

## Midroc Electro AB

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

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



JONAS BERGMARK

Sales: 466 MSEK  
Employees: 170  
Offices: 8

## Midroc Automation AB

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

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





KARL-ERIK  
AUGUSTSSON

Sales: 613 MSEK  
Employees: 330  
Offices: 5

## Midroc Rodoverken Group

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

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



MARTYN GREEN

Sales: 574 MSEK  
Employees: 580  
Offices: 11

## Metalock Engineering Group

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

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



TOMASZ GAJEK

Sales: 368 MSEK  
Employees: 320  
Paint plants: 15

## Alucrom Group

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

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



STEFAN KRONMAN

Sales: 148 MSEK  
 Employees: 100  
 Offices: 3

## Midroc Project Management AB

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

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



LEMBIT LAKS

Sales: 118 MSEK  
Employees: 100  
Offices: 3

## Midroc Ställningar AB

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



STEVE GORING

Sales: 90 MSEK  
Employees: 40  
Offices: 2

## BAC Corrosion Control Ltd

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

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



ERIK BÄCKLUND

Sales: 24 MSEK  
Employees: 10  
Offices: 3

## Midroc Environment Group AB

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

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





LISE-LOTTE SVENSSON

Sales: 55 MSEK  
Employees: 21

## Hackholmssund Konferens AB

To be the preferred place to meet. That's what Hackholmssund Konferens AB, an exclusive hotel and conference venue, is aiming for.

Hackholmssund Konferens is situated in beautiful rural surroundings just outside Stockholm. The venue has a unique profile that combines a sustainable approach with privacy and luxury. The guests are primarily of two categories: Companies looking for secluded and exclusive conference opportunities, and private guests who prefer security and confidentiality.

Up until a couple of years ago, the venue was primarily used by the Midroc companies. However, Hackholmssund has since clarified its concept and also increased marketing efforts, now also offering its services to external clients. Consequently, the share of external guests has started to rise.

"When we started to implement our new marketing plan, we saw immediate effect. Just during 2017 the number of external guests increased by 25 percent", says CEO Lise-Lotte Svensson.

The vision is to be the preferred venue for high-level meetings among the world's leading companies.

"What differentiates us from our competitors is our ability to be a strategic partner. We can help our guests make the most out of their meetings, by understanding what kind of support and services they need in order to focus fully on their own agenda", says Lise-Lotte Svensson.

During 2018, the focus will be on becoming more internationally visible, via for example social media and business press.

"I am very optimistic about the future. We know that we are a first class alternative, both regarding meetings and recreation. I am really looking forward to show this to new guests", Lise-Lotte Svensson concludes.

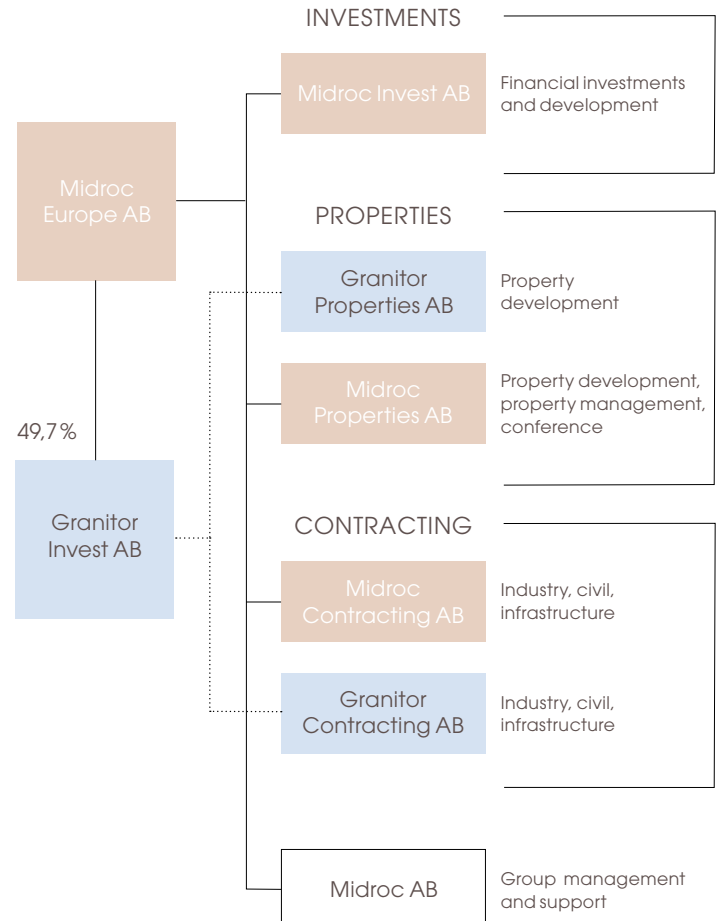


# Financial Statements

## Midroc Europe

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

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





## Year-end statement 2017

### CONSOLIDATED BALANCE SHEET Assets

MSEK	2017-12-31	2016-12-31
<b>FIXED ASSETS</b>		
Intangible assets	76	41
Tangible assets	2,823	2,710
Financial assets	1,266	1,236
<b>Total fixed assets</b>	<b>4,165</b>	<b>3,987</b>
<b>CURRENT ASSETS</b>		
Inventories	70	54
Property for resale	747	772
Accounts receivable, etc	2,039	1,515
Liquid assets	735	727
<b>Total current assets</b>	<b>3,591</b>	<b>3,068</b>
<b>TOTAL ASSETS</b>	<b>7,756</b>	<b>7,055</b>

### CONSOLIDATED INCOME STATEMENT

MSEK	2017	2016
Net sales	6,700	5,600
Operating expenses	-6,406	-5,309
<b>Operating income</b>	<b>294</b>	<b>291</b>
Financial items	11	-1
<b>Income before appropriations and taxes</b>	<b>305</b>	<b>290</b>
Taxes	-42	-50
<b>Net income</b>	<b>263</b>	<b>240</b>

### CONSOLIDATED BALANCE SHEET Equity and liabilities

MSEK	2017-12-31	2016-12-31
<b>EQUITY</b>		
Restricted equity	0	0
Unrestricted equity	2,345	2,631
Non-controlling interest	10	15
<b>Total equity</b>	<b>2,355</b>	<b>2,646</b>
<b>LIABILITIES</b>		
Shareholder's loan	617	456
Interest bearing liabilities	2,828	2,415
Non-interest bearing liabilities	1,956	1,538
<b>Total liabilities</b>	<b>5,401</b>	<b>4,409</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,756</b>	<b>7,055</b>

## Year-end statement 2017 — consolidated group figures

## Midroc Europe AB

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

### CONSOLIDATED INCOME STATEMENT

MSEK	2017	2016
Net sales	3,965	3,053
Operating expenses	-3,794	-2,936
Income from associated companies	44	88
<b>Operating income</b>	<b>215</b>	<b>205</b>
Financial items	17	2
<b>Income before appropriations and taxes</b>	<b>232</b>	<b>207</b>
Taxes	-9	-15
<b>Net income</b>	<b>223</b>	<b>192</b>

### CONSOLIDATED BALANCE SHEET

#### Assets

MSEK	2017-12-31	2016-12-31
<b>FIXED ASSETS</b>		
Intangible assets	3	2
Tangible assets	2,411	2,357
Financial assets	1,312	1,280
<b>Total fixed assets</b>	<b>3,726</b>	<b>3,639</b>
<b>CURRENT ASSETS</b>		
Inventories	61	46
Property for resale	747	772
Accounts receivable, etc	1,405	957
Liquid assets	518	526
<b>Total current assets</b>	<b>2,731</b>	<b>2,301</b>
<b>TOTAL ASSETS</b>	<b>6,457</b>	<b>5,940</b>

### CONSOLIDATED BALANCE SHEET

#### Equity and liabilities

MSEK	2017-12-31	2016-12-31
<b>EQUITY</b>		
Restricted equity	0	0
Unrestricted equity	2,118	2,396
Non-controlling interest	13	15
<b>Total equity</b>	<b>2,131</b>	<b>2,411</b>
<b>LIABILITIES</b>		
Shareholder's loan	504	343
Interest bearing liabilities	2,566	2,196
Non-interest bearing liabilities	1,256	990
<b>Total liabilities</b>	<b>4,326</b>	<b>3,529</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,457</b>	<b>5,940</b>

## Year-end statement 2017 — consolidated group figures

## Granitor Invest AB

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

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

### CONSOLIDATED INCOME STATEMENT

MSEK	2017	2016
Net sales	2,819	2,606
Operating expenses	-2,699	-2,471
<b>Operating income</b>	<b>120</b>	<b>135</b>
Financial items	-6	-3
<b>Income before appropriations and taxes</b>	<b>114</b>	<b>132</b>
Taxes	-33	-35
<b>Net income</b>	<b>81</b>	<b>97</b>

### CONSOLIDATED BALANCE SHEET

#### Assets

MSEK	2017-12-31	2016-12-31
<b>FIXED ASSETS</b>		
Intangible assets	73	39
Tangible assets	412	353
Financial assets	177	188
<b>Total fixed assets</b>	<b>662</b>	<b>580</b>
<b>CURRENT ASSETS</b>		
Inventories	9	8
Accounts receivable, etc	634	558
Liquid assets	217	201
<b>Total current assets</b>	<b>860</b>	<b>767</b>
<b>TOTAL ASSETS</b>	<b>1,522</b>	<b>1,347</b>

### CONSOLIDATED BALANCE SHEET

#### Equity and liabilities

MSEK	2017-12-31	2016-12-31
<b>EQUITY</b>		
Restricted equity	0	0
Unrestricted equity	450	467
Non-controlling interest	-3	0
<b>Total equity</b>	<b>447</b>	<b>467</b>
<b>LIABILITIES</b>		
Shareholder's loan	113	113
Interest bearing liabilities	262	219
Non-interest bearing liabilities	700	548
<b>Total liabilities</b>	<b>1,075</b>	<b>880</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,522</b>	<b>1,347</b>



# Management and Ownership

## Group Management



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

## Ownership

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

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

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





## Board of Directors

### Christer Wikström

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

### Waddah Al-Alem

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

### Thomas Mårtensson

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

### Abdullah Al-Amoudi

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

### Roger Wikström

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

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

**Together**  
to get there

