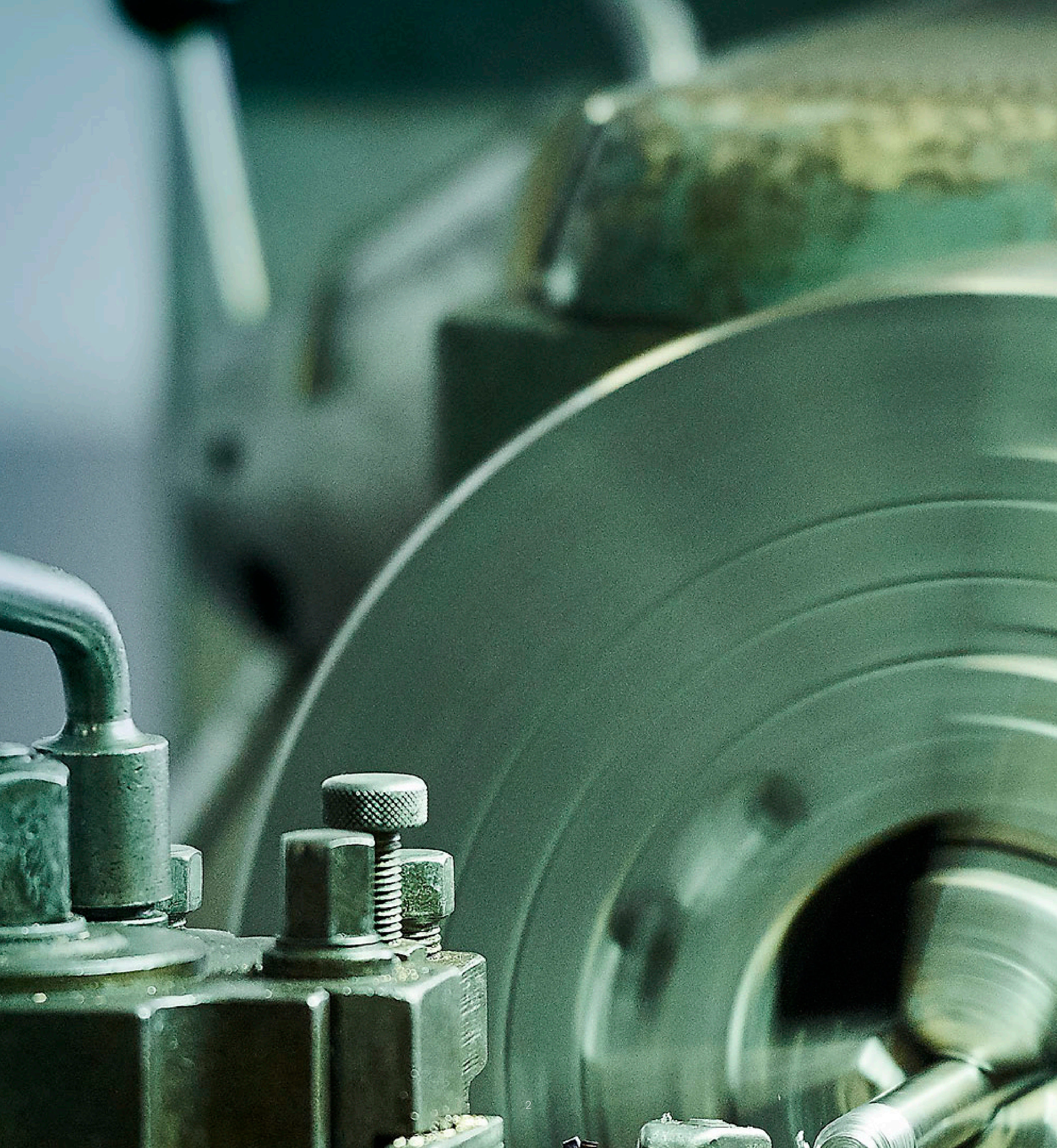
INTERIM REPORT
January – March 2019

QUANT

CONTENTS

Interim overview	3
CEO comments	4
First quarter of 2019	5
Consolidated accounts	8
Parent company	12
Alternative performance measures	14
Notes	16



INTERIM OVERVIEW

January – March

- Net sales for the period increased by 16% to EUR 52.6 (45.5) million due to the acquisition of Sataservice in August 2018, partly offset by unfavorable currency effects and loss of a few contracts during 2018. Organically, net sales declined by 3.1% compared to prior year
- During the quarter one contract was won, four contracts were lost, and no contracts were renewed, which on balance affected the contract portfolio negatively. Portfolio run rate annualized net sales at the end of the quarter was EUR 200.0 million, compared to EUR 205.5 million in Q4 2018
- Operating loss amounted to EUR -1.3 million down from a profit of EUR 0.4 million prior year
- Adjusted EBITDA decreased to EUR 2.8 million from EUR 3.6 million prior year, excluding the effect of implementation of IFRS 16 Leases. Adjusted EBITDA with IFRS 16 implementation was EUR 3.9 million. Currency effects had no impact on the Adjusted EBITDA in the quarter
- Cash flow from operating activities amounted to EUR -7.2 (1.3) million, of which change in working capital amounted to EUR -7.4 (0.8) million
- Net loss amounted to EUR -2.1 million compared to EUR -4.1 million prior year due to high costs related to refinancing during the first quarter of 2018
- On 11 January 2019 the Board of Directors appointed Johan Eriksson as Quant's CEO. Johan Eriksson joined Quant on 14 January 2019 and assumed responsibility as CEO from 1 February 2019
- On 7 February 2019 Quant's senior secured bonds and junior secured bonds were admitted for trading on the Luxembourg Stock Exchange
- On 6 March 2019 Quant announced that it had reached an agreement with Oji Fibre Solutions (NZ) Limited to settle a dispute arising from a contract expiry in 2017. Under the terms of the agreement Quant received NZD 1.2 million (EUR 0.7 million) and Oji Fibre Solutions (NZ) Limited revoked its NZD 8.4 million (EUR 5.1 million) claim on Quant
- On 20 May 2019, after the end of the quarter, Quant announced the launch of a strategic transformation plan with the aim to reduce organizational complexity, invest in people and safety, and improve Quant's sales capabilities. The transformation plan is expected to improve run-rate EBITDA in excess of EUR 4 million by December 2020

Group	Jan – Mar 2019	Jan – Mar 2018	LTM Mar 2019	Jan – Dec 2018
KEUR				
Net sales	52,638	45,514	204,841	197,717
Operating profit (loss)	-1,325	399	-8,921	-7,196
Adjusted EBITDA	2,756	3,597	9,547	10,389
Adjusted EBITDA, %	5.2%	7.9%	4.7%	5.3%
Adjusted EBITDA IFRS 16	3,946		10,738	
Adjusted EBITDA IFRS 16, %	7.5%		5.2%	
Cash flow from operating activities	-7,170	1,341	-9,130	-619
Net debt	123,003	77,462	123,003	114,305
Net debt / Adjusted EBITDA, times			12.9	11.0
Net debt / Acquisition adjusted EBITDA			11.3	9.0
Net debt / Adjusted EBITDA IFRS 16, times			12.5	

A detailed presentation of the alternative performance measures Adjusted EBITDA, Net Debt and Net Debt / Adjusted EBITDA, together with other measures, is found on page 13.

CEO Comments

JOHAN ERIKSSON
CEO & PRESIDENT
QUANT AB (PUBL)

The financial result of the first quarter of 2019 shows an increase in net sales but a declining Adjusted EBITDA. The acquisition of Sataservice improves our topline, but our profitability is affected by a number of underperforming contracts and contract losses. During the quarter Quant won one contract and lost four contracts, taking contract portfolio net sales run rate down to EUR 200.0 million. The effect on Quant's profitability going forward from the lost contracts will be small as Quant proactively terminated two loss-making contracts.

At the end of May Quant announced the launch of a strategic transformation plan that enables future revenue growth in our target markets as well as investments in our employees and customers. It is my intention to reinvigorate Quant by reducing organizational complexity, which enables a more effective sales approach and better operational development support to Quant's customer sites.

Quant will reduce the current seven regions to four regions. The four regions will be Scandinavia, Europe, Americas and Rest of World. Europe centers on Finland but includes all countries in Europe apart from the Scandinavian countries which are its own region. Americas combines North and South America into one region, and Rest of World is comprised of China and United Arab Emirates. A temporary region Other is created for countries of subcritical size where strategic alternatives will be evaluated.

The transformation plan refocuses the group support functions and leadership teams into four functions: People and Safety, Commercial, Finance and Operations. The new People and Safety function is an investment in Quant's most important asset, its people. Strengthened business-oriented talent management ensures improved career opportunities and leadership for our people, and that our customers meet well-equipped teams. Commercial is a new team-based approach to business development with additional pre-sales functions – a key to success in sales. A further priority will be the development of Quant's value proposition, including the rapidly developing digital toolbox. Over the last two years we have invested in developing a suite of digital tools to better support our customers and enhance Quant operations. A cross-functional digital team will ensure capitalization on this investment in future service offerings.

The new global organization will be in place by 1 June 2019. The transformation plan is expected to improve adjusted EBITDA in excess of EUR 4 million on a run-rate basis once completed in December 2020.

The changes we have announced are the first steps in transforming Quant. We have the employees, knowledge and offering to make a key contribution to the success of our customers. Ultimately, Quant is all about realizing the full potential of maintenance in our customer's operations.

Johan Eriksson
President and CEO

FOURTH QUARTER OF 2018

Net sales and profit

Net sales during the quarter increased to EUR 52.6 million from EUR 45.5 million prior year. Net sales for the quarter, excluding net sales from Sataservice, declined to EUR 43.1 million from EUR 45.5 million prior year due to negative currency effects and loss of contracts as reported in previous interim reports. Organic net sales (net sales adjusted for acquisitions and currency) declined by 3.1%.
Gross profit for the quarter increased to EUR 8.8 million from EUR 7.7 million prior year mainly due to a settlement agreement with Oji Fibre Solutions (NZ) Limited agreed on 6 March 2019, in which Quant received a NZD 1.2 million (EUR 0.7 million) settlement payment. Gross profit also improved due to the consolidation of Sataservice financial results, improved performance in South America and improvements in one of the underperforming contracts in Northern Europe that has been a key focus for management during the end of 2018 . The improvements were somewhat offset by the loss of some contracts and continued unsatisfactory performance in a small number of contracts, in particular a contract in Central Europe.
Operating loss for the quarter was EUR -1.3 million, down from EUR 0.4 million prior year due higher SG&A costs. This was due to one-off costs in connection with the change of CEO, Sataservice SG&A costs now included in the results, as well as one-off positive adjustments in Q1 2018.

Quarterly adjusted EBITDA decreased to EUR 2.8 million from EUR 3.6 million prior year due to higher selling, general and administration costs somewhat offset by higher gross profit. Adjusted EBITDA was not impacted by currency effects in the quarter.
Net financial items for the quarter amounted to EUR -1.2 million (-4.6) million and were positively affected by foreign exchange rate fluctuations. The financial net was unusually high during the first quarter of 2018 due to high costs in connection with refinancing of the group's debt.

Net loss in the quarter amounted to EUR -2.1 million compared to EUR -4.1 million prior year due to lower financial costs, partly offset by decreased operating profit.

IFRS 16

As of 1 January 2019, Quant has adopted the new accounting standard for leases, IFRS 16. Consequently, at 31 March 2019 right-of-use assets in the amount of EUR 10.8 million are recognized in the balance sheet, as well as corresponding long-term lease liabilities in the amount of EUR 6.4 million and EUR 4.5 million for short-term lease liabilities. As a result of the new accounting standard, first quarter operating income improved by EUR 0.1 million, since part of the leasing related expenses have been reclassified to interest expense. Adjusted EBITDA, reported as Adjusted EBITDA IFRS 16, also improved by EUR 1.2 million in the quarter, as leasing costs have been reclassified either as depreciation or as interest costs.
To enable consistent comparison with historical periods, Quant will report Adjusted EBITDA and net debt both with and without the effect of IFRS 16 implementation. The reported net income is reduced by EUR 0.1 million in the quarter as a result of IFRS 16, as the sum of the interest costs and depreciation expenses are higher in the period than the actual lease expenses. (See New accounting policies on page 17 for information about the new standard.)

Cash flow

Cash flow from operating activities for the quarter amounted to EUR -7.2 (1.3) million. Change in net working capital was EUR -7.4 (0.8) million for the quarter, affected negatively by large supplier payments in the quarter and year-end timing effects of customer payments. The cash flow from financing activities was impacted by EUR -1.1 million from changes in lease liabilities, due to the implementation of IFRS 16. In previous periods, lease expenses were part of Cash flow from operating activities.

Cash flow for the quarter was EUR -6.4 (3.0) million. At 31 March 2019 the amount drawn on the revolving working capital facility amounted to EUR 13.0 million.

Mergers and Acquisitions

Sataservice has contributed to Quant's results for 8 months, from 1 August 2018.

If the acquisition had taken place twelve months ago, LTM Adjusted EBITDA for the group would have increased by EUR 1.4 million to EUR 10.9 million. LTM Adjusted EBITDA IFRS 16 would have increased to EUR 12.1 million. The net debt to acquisition adjusted EBITDA would have been 11.3, or 11.1 including effects from IFRS 16 (Net debt / Acquisition adjusted EBITDA IFRS 16).

Contract portfolio

Quant currently has 85 operational sites worldwide. A standard contract has a duration of three to five years, usually with extension possibilities after the initial period. In the maintenance contracting business wins and losses of contracts in the contract portfolio is a natural part of the business. New contract wins and losses of existing contracts do not coincide in the short term, whereby it is necessary to consider the long-term trend. Contracts with annualized net sales of EUR 24.6 million are scheduled for renewal during the next twelve months.

During the first quarter one new customer contract was won with annualized net sales of EUR 2.2 million, none were renewed, and four contracts were lost with annualized net sales of EUR 9.1 million. Of the lost contracts, two were terminated by Quant due to insufficient profitability prospects. The combined effect of these changes, including contracted scope changes and exchange rate effects of EUR 1.4 million, amount to a decrease in the contract portfolio annualized net sales of EUR 5.5 million to end of quarter annualized run rate of EUR 200.0 (205.5) million. Due to the low profitability of the contracts that were proactively terminated, the impact on Quant's profitability going forward is limited.

Financial position

Interest-bearing liabilities after deduction of financing costs amounted to EUR 147.4 (93.4) million, an increase mainly attributable to the bond issuance in August 2018 in relation to the Sataservice acquisition. Net debt excluding the impact of IFRS 16 amounted to EUR 123.0 (77.5) million, whereas Net debt with IFRS 16 effects included (Net Debt IFRS 16) amounted to EUR 133.8 million (see separate table for calculation of Net debt and other Alternative Performance Measures).

Quant's senior secured bonds and junior secured bonds, issued in 2018 and totaling EUR 120.0 million, were successfully listed on the Luxembourg Stock Exchange on 7 February 2019.

Items affecting comparability

Items affecting comparability includes events and transactions with significant effects, which are relevant for understanding financial performance when comparing income for the current period with previous periods, including:

- Restructuring initiatives
- Costs related to M&A
- Significant impairment
- Other major non-recurring costs or income

No significant impairment has been carried out during the period.

Other items affecting comparability are recorded as non-recurring items, which amounted to EUR 1.1 (0.2) million for the quarter. These costs are primarily costs related to the change of CEO, partly offset by the positive impact from the Oji settlement that has been considered non-recurring income.

Parent company and ownership

Quant AB offers headquarter functions for the group and includes group management as well as group-wide functions. Cash and cash equivalents at the end of the period amounted to EUR 2.0 (0.6) million. Quant AB is owned by Cidron FS Holding AB.

The group's parent company is Cidron FS Top Holding AB, which owns 100% of the shares in Cidron FS Holding AB. The ultimate beneficial owner of Cidron FS Top Holding AB is Nordic Capital Fund VIII.

SEGMENTS

Quant's customer contracts consist of providing outsourcing services, and as such net sales is recognized over time as the services are performed. Quant has chosen to organize its operations in a geographical setup, which is reflected in the reporting of financials in three geographical segments, Europe, Americas and Rest of World. The reporting segment Other refers primarily to costs for headquarters functions that have not been operationally allocated to the geographical segments.

Europe

KEUR	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
Net sales	33,164	24,426	117,925
Operating profit (loss)	-34	1,047	1,461
Adjusted EBITDA	511	1,190	4,890
Adjusted EBITDA %	1.5%	4.9%	4.1%

Net sales in the quarter increased to EUR 33.2 million, from EUR 24.4 million due to the consolidation of Sataservice from August. Excluding Sataservice net sales decreased by 3.1%.

Adjusted EBITDA for the quarter was EUR 0.5 million, down from EUR 1.2 million despite the consolidation of Sataservice from August. This was mainly due to costs related to some of the terminated contracts in Southern Europe as well as temporary underperformance in one contract in Central Europe. Actions have been taken and the Central European contract is now profitable again.

Americas

KEUR	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
Net sales	13,748	15,159	57,621
Operating profit (loss)	1,281	1,010	5,943
Adjusted EBITDA	1,453	1,152	6,516
Adjusted EBITDA %	10.6%	7.6%	11.3%

Net sales in the quarter decreased to EUR 13.7 million, from EUR 15.2 million, due to negative currency effects and a few lost contracts, partly compensated by good performance in Chile.

Adjusted EBITDA in the quarter was EUR 1.5 million, up from EUR 1.2 million due to higher margins in existing contracts. Also, the lost contracts had low margins with limited effect on adjusted EBITDA.

Rest of World

KEUR	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
Net sales	5,726	5,929	22,171
Operating profit (loss)	915	327	-822
Adjusted EBITDA	416	504	120
Adjusted EBITDA %	7.3%	8.5%	0.5%

Net sales in the quarter decreased slightly to EUR 5.7 million, from EUR 5.9 million 2018, due to a lost contract in China, somewhat compensated with a new contract in the Middle East.

Adjusted EBITDA decreased to EUR 0.4 million, from EUR 0.5 million prior year due to low performance in South Africa and a lost contract in China.

SEGMENTS OVERVIEW

Net sales	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Europe	33,164	24,426	117,925
Americas	13,748	15,159	57,621
Rest of World	5,726	5,929	22,171
Other	-	-	-
Group	**52,638**	**45,514**	**197,717**

Operating profit (loss)	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Europe	-34	1,047	1,461
Americas	1,281	1,010	5,943
Rest of World	915	327	-822
Other	-3,487	-1,985	-13,778
Group	**-1,325**	**399**	**-7,196**

Adjusted EBITDA	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Europe	511	1,190	4,890
Americas	1,453	1,152	6,516
Rest of World	416	504	120
Other	375	-54	187
Group	**2,755**	**3,597**	**10,389**
Group,%	**5,2%**	**7,9%**	**5,3%**
Adjusted EBITDA IFRS 16	**3,946**		
Adjusted EBITDA IFRS 16,%	7,5%		

CONSOLIDATED ACCOUNTS

Condensed Income Statement

Group	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Net sales	52,638	45,514	197,717
Cost of sales	-43,822	-37,838	-172,297
Gross profit	**8,816**	**7,676**	**25,420**
Research and development costs	-124	-94	-298
Selling expenses	-922	-807	-3,500
General and administration expenses	-9,075	-6,375	-29,473
Other operating items	-13	-1	654
Operating profit (loss)	**-1,325**	**399**	**-7,196**
Net financial items	**-1,206**	**-4,631**	**-14,596**
Profit (loss) before tax	**-2,532**	**-4,231**	**-21,792**
Tax	190	138	241
Net profit (loss)	**-2,341**	**-4,094**	**-21,552**

Condensed Statement of Comprehensive Income

Group	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Net profit (loss)	**-2,341**	**-4,094**	**-9,395**
Other comprehensive income			
Translation differences pertaining to foreign operations	-347	257	396
Changes in the fair value of cashflow hedges	-		86
Tax pertaining to changes in the fair value of cashflow hedges	-		-19
Items that will be reclassified to profit or loss	**-347**	**257**	**463**
Revaluation of defined benefit plans	2	-	-166
Tax pertaining to items that will not be reallocated to profit/loss	-	-	32
Items that will not be reclassified to profit or loss	**2**	**-**	**-134**
Other comprehensive income	**-345**	**257**	**329**
Total comprehensive income	**-2,687**	**-3,837**	**-9,066**

Condensed Statement of Financial Position

Group	31 Mar 2019	31 Mar 2018	31 Dec 2018
KEUR			
Non-current assets			
Intangible fixed assets	135,604	118,046	137,433
Tangible fixed assets	3,289	2,742	3,816
Right of use assets	10,843	-	-
Financial fixed assets	6,598	7,869	6,618
Total non-current assets	**156,334**	**128,657**	**147,867**
Current assets			
Inventories	2,349	3,606	3,485
Current receivables	50,350	38,270	51,071
Cash and bank	13,585	15,986	19,735
Total current assets	**66,284**	**57,862**	**74,291**
Total assets	**222,619**	**186,519**	**222,158**
Equity	**7,993**	**29,313**	**10,680**
Non-current liabilities			
Long term borrowings	119,690	88,183	119,189
Provisions for pensions and similar obligations	3,484	2,665	3,575
Provisions for taxes	11,751	12,615	12,266
Leasing liabilities	6,355	8	265
Other non interest-bearing liabilities, external	-	100	-
Total non-current liabilities	**141,281**	**103,572**	**135,294**
Current liabilities			
Accounts payable, trade	14,505	13,724	22,043
Short term borrowings	16,898	5,265	14,851
Leasing liabilities	4,452	5	190
Other provisions	401	624	262
Other current liabilities	37,090	34,016	38,839
Total current liabilities	**73,346**	**53,634**	**76,184**
Total Liabilities	**214,626**	**157,206**	**211,478**
Total Liabilities and Equity	**222,619**	**186,519**	**222,158**

Condensed Statement of Changes in Equity

Group	31 Mar 2019	31 Mar 2018	31 Dec 2018
KEUR			
Opening Shareholder's equity	10,680	33,150	33,150
Net income/loss for the period	-2,341	-4,094	-21,552
Other comprehensive income	-345	257	-917
Total comprehensive income	-2,687	-3,837	-22,469
Shares issued	-	-	-
Closing Shareholder's equity	7,993	29,313	10,680

Condensed Cashflow Statement

Group	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Profit (loss) after financial items	**-2,532**	**-4,231**	**-21,792**
Adjustments for non-cash items			
Reversal of depreciation & amortization	3,099	3,046	13,261
Reversal of depreciation Right of Use Assets	1,045	-	-
Change in provisions	19	-276	215
Other	-1,311	3,050	8,422
Total items not affecting cash	**2,853**	**5,820**	**21,898**
Taxes paid	-108	-1,021	-3,163
Working Capital			
Change in inventories	1,149	-621	62
Change in receivables	1,157	4,081	-692
Change in liabilities	-9,690	-2,687	3,068
Cash flow from working capital	**-7,383**	**774**	**2,438**
CASH FLOW FROM OPERATING ACTIVITIES	**-7,170**	**1,341**	**-619**
Investing activities			
Change in subsidiaries	-	-	-13,830
Change in intangible assets	-	-32	-72
Change in tangible assets	-186	-95	-1,097
Change in financial fixed assets	45	-1,112	75
CASH FLOW FROM INVESTING ACTIVITIES	**-141**	**-1,239**	**-14,924**
Financing activities			
Shares issued	-	-	-
Change in loans	2,000	2,937	23,159
Change in financial leases	-1,052	-	-89
Other	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES	**947**	**2,937**	**23,070**
CASH FLOW FOR THE PERIOD	**-6,364**	**3,039**	**7,527**
Cash & cash equivalents			
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**19,735**	**12,954**	**12,954**
CASH FLOW FOR THE PERIOD	**-6,364**	**3,039**	**7,527**
Exchange rate effects	**214**	**-7**	**-747**
CASH & CASH EQUIVALENTS AT END OF PERIOD	**13,585**	**15,986**	**19,735**

PARENT COMPANY

Condensed Income Statement

Parent Company	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Net sales	4,151	-	15,946
Cost of sales	-911	-619	-3,163
Gross profit	**3,241**	**-619**	**12,783**
Research and development costs	-90	-58	-255
Selling expenses	-175	-	-17
General and administration expenses	-2,891	-2,089	-9,442
Other operating items	78	55	-229
Operating profit (loss)	**163**	**-2,711**	**2,840**
Net financial items	4	-3,945	-9,454
Profit (loss) before tax	**166**	**-6,656**	**-6,614**
Tax	-	-	-29
Net profit (loss)	**166**	**-6,656**	**-6,643**

Condensed Statement of Comprehensive Income

Parent Company	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Net profit (loss)	**166**	**-6,656**	**-6,643**
Total comprehensive Income	**166**	**-6,656**	**-6,643**

Condensed Balance Sheet

Parent Company	31 Mar 2019	31 Mar 2018	31 Dec 2018
KEUR			
Intangible fixed assets	49	2,023	2,638
Tangible fixed assets	825	50	54
Financial fixed assets	106,754	105,790	105,761
Total non-current assets	**107,629**	**107,862**	**108,453**
Inventories	-	-	-
Current receivables	129,105	86,694	93,597
Cash and bank	1,988	614	695
Total current assets	**131,094**	**87,308**	**94,292**
Total assets	**238,722**	**195,170**	**202,745**
Equity	**89,749**	**89,536**	**96,192**
Long term borrowings	119,690	88,183	67,497
Provisions for pensions and similar obligations	484	265	265
Deferred tax liability	-	-	-
Other non-current liabilities	607	-	-
Total non-current liabilitites	**120,781**	**88,448**	**67,762**
Accounts payable, trade	217	1,217	1,382
Short term borrowings	16,898	5,265	23,868
Other provisions	-	-	-
Other current liabilities	10,926	10,704	13,541
Total current liabilities	**28,193**	**17,186**	**38,791**
Total Liabilities	**148,973**	**105,634**	**106,553**
Total Liabilities and Equity	**238,722**	**195,170**	**202,745**

ALTERNATIVE PERFORMANCE MEASURES

Quant uses certain alternative performance measures (APMs) not defined in the rules for financial reporting adopted by Quant. APMs, i.e. performance measures not based on financial statements standards, provide meaningful supplemental information by excluding items that may not be indicative of the operating result or cash flows of Quant.

Alternative performance measures enhance comparability from period to period and are frequently used by analysts, investors and other parties. These APMs, as defined, cannot be fully compared with other companies' APMs and should not be considered as a substitute for measures of performance in accordance with IFRS.

Alternative Performance Measure	Definition	Reason for use
EBITDA	Earnings before interest, tax, depreciation and amortization	Shows the operational profitability that the business primarily can affect
Adjusted EBITDA	EBITDA excluding items affecting comparability and the effect of IFRS 16 Leases	Related to the underlying performance and cash generation ability of the business
Adjusted EBITDA Margin	Adjusted EBITDA as a percentage of Net Sales	Enables comparability of underlying profitability for different size segments
Adjusted EBITDA IFRS 16	EBITDA excluding items affecting comparability, but including the effect of IFRS 16 Leases, with expenses related to leases in Depreciation and Interest cost	Related to the underlying performance and cash generation ability of the business, aligned with updated IFRS standards
Acquisition adjusted EBITDA/Acquisition adjusted EBITDA IFRS	Adjusted EBITDA/Adjusted EBITDA IFRS if the Sataservice acquisition had taken place twelve months ago	Enables comparability for the ratio between Net debt and Acquisition Adjusted EBITDA, an important measure for bond holders
Net debt	Interest-bearing liabilities, excluding lease liabilities, less cash and cash equivalents	Indicates how much debt the group has net of cash and is an important measure for bond holders
Net debt IFRS 16	Interest-bearing liabilities, including lease liabilities, less cash and cash equivalents	Indicates how much debt the group has net of cash, with lease liabilities recorded as debt in accordance with IFRS 16, aligned with adjusted EBITDA IFRS 16
Net debt/adjusted EBITDA / Net Debt / Adjusted EBITDA IFRS 16	Net debt in relation to adjusted EBITDA / Net debt IFRS 16 in relation to adjusted EBITDA IFRS 16	Shows the ability to service debt, an important measure for bond holders, both without and with application of IFRS 16
Net debt/Acquisition adjusted EBITDA / Net Debt / Acquisition Adjusted EBITDA IFRS 16	Net debt in relation to acquisition adjusted EBITDA / Net Debt IFRS 16 in relation to acquisition adjusted EBITDA IFRS 16	Shows the ability to service debt, an important measure for bond holders, without applying IFRS 16 and with application of IFRS 16
Organic growth	Organic growth refers to growth in net sales excluding (i) growth related to acquisitions and divestments and (ii) growth related to fluctuations in currency exchange rates	Shows the actual growth of the business
Local currency/constant currencies	Excludes the impact of changes in exchange rates when translating net sales and profits of entities with reporting currencies other than Euro, to the group currency Euro.	Shows growth excluding currency effects
Contract Portfolio	The annualized net sales of current customer contracts, adjusted for (i) signed new contracts, included at date of contract signing, irrespective of start date; (ii) terminated contracts, excluded at date of formal notification, irrespective of end date; (iii) changes formally agreed with the customers of existing contracts, included at date of agreement. This includes changes due to renewals of contracts or other reasons	Shows current recurring annual net sales adjusted for short- and medium-term adjustments
Items affecting comparability	Items affecting comparability are of a one-off, non-recurring, non-operational, extraordinary, unusual or exceptional nature (including restructuring expenditures)	Shows the value of items which affect the comparability of Quant's result and profitability between periods

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Group	Jan – Mar 2019	Jan – Mar 2018	LTM Mar 2018	Jan – Dec 2018
KEUR				
Items affecting comparability				
Impairment loss other non-current assets	-	-	-	-
Costs related to restructuring, acquisitions and other items	1,127	153	5,299	4,324
Items affecting comparability	**1,127**	**153**	**5,299**	**4,324**
Adjusted EBITDA				
Operating profit (loss)	-1,325	399	-8,921	-7,196
Plus: Depreciation and Amortization	4,145	3,046	14,360	13,261
Plus: Reversal of Write-down intangible assets	-	-	-	-
EBITDA	**2,820**	**3,445**	**5,440**	**6,065**
Plus: Items affecting comparability	1,127	153	5,299	4,324
Adjusted EBITDA IFRS 16	**3,946**		**10,738**	
Minus: Effect from IFRS 16	-1,191		-1,191	
Adjusted EBITDA	**2,755**	**3,598**	**9,547**	**10,389**
Net Sales	52,638	45,514	204,841	197,717
Adjusted EBITDA Margin	**5.2%**	**7.9%**	**4.7%**	**5.3%**

Group	31 Mar 2019	31 Mar 2018	LTM Mar 2018	31 Dec 2018
KEUR				
Net Debt				
Cash and bank	13,585	15,986	13,585	19,735
Financial assets	**13,585**	**15,986**	**13,585**	**19,735**
Long term borrowings	126,045	88,183	126,045	119,189
Short term borrowings	21,350	5,265	21,350	14,851
Adjusted financial liabilities	**147,395**	**93,448**	**147,395**	**134,039**
Net Debt IFRS 16	**133,810**		**133,810**	
Minus: Lease liabilities	-10,807		-10,807	
Net Debt	**123,003**	**77,462**	**123,003**	**114,305**
Adjusted EBITDA			9,547	10,389
Sataservice Acquisition Adjustment			1,350	2,285
Acquisition Adjusted EBITDA			10,897	12,674
Net Debt / Adjusted EBITDA, times			**12.9**	**11.0**
Net Debt / Acquisition Adjusted EBITDA, times			**11.3**	**9.0**
Adjusted EBITDA IFRS 16			10,738	
Sataservice Acquisition Adjustment			1,350	
Acquisition Adjusted EBITDA IFRS 16			12,088	
Net Debt IFRS 16 / Adjusted EBITDA IFRS 16, times			**12.5**	
Net Debt IFRS 16/ Acquisition Adjusted EBITDA IFRS 16, times			**11.1**	

Group	Jan – Mar 2019	Jan – Mar 2018	Jan – Dec 2018
KEUR			
Changes in net sales			
Net sales	52,638	57,115	197,717
Net sales in comparative period of previous year	45,514	47,847	186,106
Net sales, change	**7,124**	**9,268**	**11,611**
Minus: Structural changes	-9,502	-10,973	-17,670
Plus: Changes in exchange rates	949	796	8,143
Organic Growth	**-1 429**	**-909**	**2 084**
Structural Changes, %	20.9%	22.9%	9.5%
Organic Growth, %	-3.1%	-1.9%	1.1%
Net sales	52,638	57,115	197,717
Plus: Changes in exchange rates	949	796	8,143
Net sales in constant currency	**53,587**	**57,911**	**205,860**
Adjusted EBITDA	2,755	1,948	10,389
Plus: Changes in exchange rates	28	-213	179
Adjusted EBTIDA in constant currency	**2,783**	**1,735**	**10,569**

NOTES

Accounting principles

This interim report has been prepared under International Financial Reporting Standards (IFRS), in accordance with IAS 34 Interim Financial Reporting. The accounting policies and methods of calculation used in the preparation of the latest annual report have been applied, with the exception of new and amended standards and interpretations effective on 1 January 2019.

The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which is in compliance with RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board.

New accounting principles

The Group applies IFRS 16 Leases as of January 1, 2019. For lessees, the standard eliminates the classification of leases as either operating or financial, as required by IAS 17, and instead introduces a single lease accounting model. Applying that model, the lessee is required to recognize

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
(b) depreciation of leased assets separately from interest on lease liability in the income statement

Quant has applied the modified retrospective method for the transition to IFRS 16 on January 1, 2019, meaning that Quant has not recalculated the financial statements for 2018. The lease liability is the sum of the present value of all future payments until lease end date. The practical expedient to set the Right of Use Asset (before adjustments for any prepayments) equal to the lease liability has been applied for the transition. The rate for discounting the lease payments is Quant's marginal borrowing rate for each country of operation. The practical expedient for definition of a lease has been applied, meaning that all components within a lease has been considered as a lease component. The short-term lease exception and the asset of low value exception has also been applied.

The opening balance at 1 January 2019 of the lease liability and the Right of Use Assets is EUR 11.7 million for current lease contracts which is comprised mostly of office space, vehicles and equipment.

The covenants for the Group have been defined excluding the impact of IFRS 16 on key ratios. Therefore, the introduction of IFRS 16 will not affect the Group's ability to meet its covenants.

Transactions with related parties

There have been no transactions between Quant and related parties that have significantly affected the Company's position and results during the period.

Employees

The number of FTEs for the period was 2,618 compared to 2,882 during the full year 2018. The number of employees at 31 March 2019 was 2,615 compared to 2,892 at 31 December 2018.

Risks and uncertainties

The Group's business is highly dependent on its customers' demand for its services and their ability and willingness to meet their payment obligations under existing contracts in a timely manner, and accordingly its net sales are to a large extent dependent on the strength of the markets its customers are engaged in. While the Group's customer base is spread across several different global markets and a diversified set of product markets, it is ultimately dependent on the macro-economic factors including the global economic situation which is outside the Group's control.

The operational risks in Quant's business is primarily attributable to contractual commitments in customer contracts for responsibility and service performance. Quant performs its services in an environment where customers place high demands on safety when performing the service to ensure minimal negative impact on employees, environment and business process. Since Quant's services are mainly performed by personnel, there is a risk that injuries and damages may occur due to negligence or other lack of performance of the service. Quant does its outmost to minimize the occurrence of these types of risk through, inter alia, risk analysis, training, certification, follow-up of performance of service, and through careful contract management with clear liability limits.

As a maintenance services business, Quant is highly dependent on retaining its customer portfolio as well as its ability to attract new customers on a regular basis to secure both short and long-term profitability. The Group currently faces competition from both global and local providers of maintenance services and is also facing the risk of its customers choosing to in-source the services provided. The loss of larger contracts or a loss of several less significant contracts would have a significant impact on the Group's profitability and cash flow. To manage the risk of loss of contract Quant is ensuring value-add for the customer by, for instance, maintaining motivated and well-trained personnel, a continuous development of services and processes and an active customer relationship dialogue.

Quant has several pricing models in its contracts, including fixed price contracts and cost-plus pricing models. While the Group has compiled an extensive qualitative and quantitative database of industry benchmarks over recent decades, resulting in a robust pricing process, if the total effective maintenance costs are above the agreed fixed price level, if cost increases occur despite price indexation in customer contracts, or if price pressures hinders Quant from applying a profit margin which it considers satisfactory in order to win a contract , it could have a negative impact on the Group's operations and financial position.
A more detailed description of Quant's risks and how they are managed can be found in the Annual Report of 2018.

Fair value of financial instruments

Financial instruments measured at fair value in the balance sheet relate to currency swaps. These are measured using valuation techniques that only use observable market inputs at level two according to the framework for fair value measurement.

For borrowing, there is no material difference between the carrying amount and fair value, as the Group's borrowings are at variable interest rates. Nor does the Group have any other off-balance sheet financial assets or liabilities.

Events after the reporting period

On 20 May 2019 Quant announced a strategic transformation plan to enable future revenue growth and investment in employees and customers. As of 1 June 2019 the group will be organized in four regions; Americas, Europe, Scandinavia and Rest of World, with group support functions focused on People and Safety, Commercial, Finance and Operations. Quant will also investigate strategic alternatives for countries of subcritical size. The execution of the transformation plan is expected to improve adjusted EBITDA in excess of EUR 4 million on a run-rate basis once completed in December 2020 and will require restructuring costs and other non-recurring costs of an estimated amount of EUR 7 – 9 million.

No other significant events have occurred after the reporting period.

Quant is a global leader in industrial maintenance. For over 30 years, we have been realizing the full potential of maintenance for our customers.

From embedding superior safety practices and building a true maintenance culture, to optimizing maintenance cost and improving plant performance, our people make the difference.

We are passionate about maintenance and proud of ensuring we achieve our customers' goals in the most professional way.