



Västerås April 23, 2015

AQ Group AB (publ)

Interim report January – March 2015

First quarter, January - March 2015, in brief

- Net sales SEK 715 million (632)
- Operating profit SEK 52 million (31)
- Profit after financial items SEK 56 million (30)
- Equity ratio 62% (58)
- Earnings per share after tax SEK 2.47 (1.43)

AQ in brief

AQ is a leading supplier to demanding industrial customers and is listed on AktieTorget.

The Group consists of operating companies each of which develop their special skills, and in cooperation with other companies, striving to provide cost effective solutions in close cooperation with the customer.

AQ has about 3,900 employees in Sweden, Bulgaria, China, Estonia, India, Italy, Lithuania, Mexico and Poland. In 2014 **AQ** had net sales of SEK 2.6 billion.

AQ has the highest credit rating, AAA.

www.aqq.se

First quarter

Operations have developed according to plan during the first quarter. Net sales totalled SEK 715 million (632), an increase of SEK 83 million compared to the same period in the previous year. Sales excluding acquisitions and currency rose by 5%. Profit after financial items was SEK 56 million (30) in the first quarter, an increase of SEK 26 million. Currency and non-recurring items have had a positive effect of SEK 6.5 million.

Equity in the group was SEK 1 119 million (910) at the end of the quarter.

Significant events during the period

AQ Enclosure Systems AB, with operations in Vaggeryd, Falköping and Kista, has given notice of redundancy of 55 of a total of 167 employees. The redundancy affects only the Vaggeryd unit. After the recent substantial investments in the Vaggeryd unit to develop the company's competitiveness we can see that the competition in the market forces us to make further changes to the business. The background to the redundancy is reduced volumes and changed competitive market situation. The purpose of the actions is to make the Vaggeryd unit more competitive with a new business model within automated sheet metal production and to use our factories in Eastern Europe for more labor intensive products. AQ Enclosure Systems AB in Vaggeryd will offer development, design and manufacturing of thin sheet metal products to customers with high requirements on quality and finish.

A three year contract has been signed between AQ Electric in China and Bombardier CPC propulsion for the deliveries of transformers, inductors for 13 Metro Lines in China. The total value of the contract is about SEK 130 million. This was possible thanks to the excellent designs made by the AQ design teams in Italy and Sweden, in combination with AQ's global manufacturing footprint for inductive components in China, Bulgaria and India. AQ is currently supplying transformers and inductors to a majority of the metro projects that are in progress in China.

For 15 years, AQ Holmbergs Suzhou, which is a wholly-owned subsidiary of AQ Group, has successfully produced mechanical components and assemblies for customers in the telecom sector at its plant in Suzhou, China. Several of AQ Group customers that have manufacturing units in Thailand have expressed a desire for AQ to expand the operations to the country in order to further strengthen our partnership. AQ Group has decided to start up a manufacturing in Thailand, with metal stamping and assembly processes as its first step. The new unit, which will be located in Bangkok, will initially focus on the telecom industry and deliver directly to the customers, who are world-leading players in the industry. AQ's operations in Thailand will be a wholly-owned subsidiary of AQ Holmbergs Suzhou. Operations is aimed to be up and running in the end of 2015 or beginning of 2016.

The listing of the company on OMX Nasdaq instead of AktieTorget is planned for end of 2016.

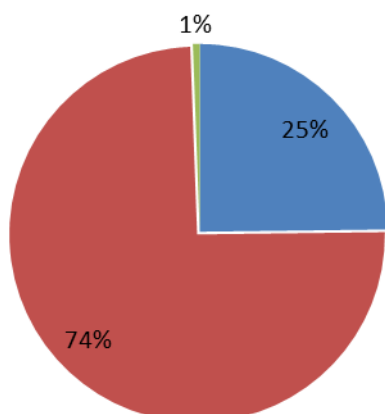
Significant events after the end of the period

There are no significant events to report.

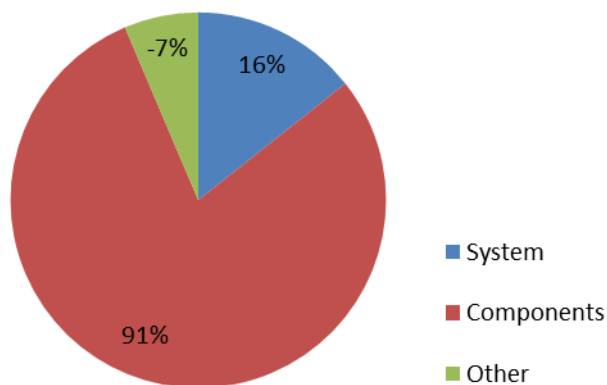
Segment reporting

The Group operates in two business segments: *Components*, which produces transformers, wiring systems, mechanical components, punched sheet metal and injection-moulded thermoplastics and *System*, which produces systems, power and automation solutions and assembles complete machines in close collaboration with the customers.

Net sales



Operating profit



| | 2015 | | | 2014 | | |
|------------------|---------|-----------|--------|---------|-----------|-------|
| | System | Component | Other | System | Component | Other |
| Net sales | 182 783 | 528 287 | 4 146 | 161 912 | 465 096 | 4 740 |
| Operating profit | 8 484 | 46 943 | -3 778 | 4 481 | 27 474 | -529 |

Information of parent company

The parent company, AQ Group AB, focuses primarily on leadership and development of the Group. Company sales are, as in previous years, almost exclusively of sale of management services to subsidiaries. Purchases from the subsidiaries do not exist to any appreciable extent.

The drawing up of the interim report

The interim report has been prepared in accordance with the Swedish Annual Accounts Act as well as IFRS, applying IAS 34, Interim Financial Reporting, which contains general requirements for the design, structure and minimum information requirements in the interim report. The accounting and valuation principles applied are the same as used in the latest annual report for 2014. The report has not been audited.

Significant estimates and evaluations for accounting purposes

The company has in preparing the interim report gone through and evaluated risks and uncertainties according to the description given in the annual report of 2014 and assessed that there have been no significant changes. Information about risks and uncertainties affecting the company can be found in the annual report of 2014.

Future prospects

The goal of the Groups is continued profitable growth, organically by 5% and through acquisitions by 10% over time. The goal for profit after financial items is 8%. Going forward, the Board of directors are not giving any forecast for turn-over or profit.

The Group's Income Statement and Statement of Comprehensive Income (SEK '000)

| | Q1 2015 | Q1 2014 | Y-t-d 2014 | Y-t-d 2013 | R12 | 2014 |
|--|---------------|---------------|---------------|---------------|----------------|----------------|
| Net sales | 715 216 | 631 748 | 715 216 | 631 748 | 2 699 565 | 2 616 097 |
| Other operating income | 8 261 | 5 589 | 8 261 | 5 589 | 25 902 | 23 229 |
| Operating expenses | -671 829 | -605 911 | -671 829 | -605 911 | -2 522 658 | -2 456 740 |
| Operating profit | 51 649 | 31 426 | 51 649 | 31 426 | 202 809 | 182 586 |
| Result from financial items | 4 487 | -1 233 | 4 487 | -1 233 | 9 786 | 4 066 |
| Profit after financial items | 56 136 | 30 193 | 56 136 | 30 193 | 212 595 | 186 652 |
| Tax on profit for the year | -11 549 | -4 462 | -11 549 | -4 462 | -43 261 | -36 175 |
| Net profit for the year | 44 588 | 25 731 | 44 588 | 25 731 | 169 333 | 150 477 |
| Other comprehensive income | | | | | | |
| Other translation differences | 19 416 | -1 423 | 19 416 | -1 423 | 68 429 | 47 591 |
| Comprehensive income for the year | 64 003 | 24 308 | 64 003 | 24 308 | 237 763 | 198 068 |
| Earnings per share after full tax | 2,47 | 1,43 | 2,47 | 1,43 | 9,39 | 8,34 |
| Net margin % | 7,8% | 4,8% | 7,8% | 4,8% | 7,9% | 7,1% |

The Parent Company's Income Statement (SEK '000)

| | Q1 2015 | Q1 2014 | Y-t-d 2014 | Y-t-d 2013 | R12 | 2014 |
|-------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Net sales | 7 511 | 11 217 | 7 511 | 11 217 | 47 530 | 51 236 |
| Other operating income | | 3 | | 3 | | 3 |
| Operating expenses | -5 833 | -6 985 | -5 833 | -6 985 | -25 105 | -26 258 |
| Operating profit | 1 678 | 4 235 | 1 678 | 4 235 | 22 425 | 24 983 |
| Result from financial items | 1 550 | 612 | 1 550 | 612 | 9 011 | 8 073 |
| Profit after financial items | 3 228 | 4 847 | 3 228 | 4 847 | 31 436 | 33 055 |
| Appropriations | | 380 | | 380 | -20 051 | -19 671 |
| Tax on profit for the year | -710 | -1 000 | -710 | -1 000 | -2 949 | -3 239 |
| Net profit for the year | 2 518 | 4 227 | 2 518 | 4 227 | 8 437 | 10 146 |

Balance Sheet (SEK '000)

| Assets | Group | | Parent company | |
|-------------------------------------|------------------|------------------|----------------|----------------|
| | Q1 2015 | Q1 2014 | Q1 2015 | Q1 2014 |
| Fixed assets | 393 332 | 357 496 | 359 301 | 337 954 |
| Inventories | 458 743 | 468 457 | | |
| Other current receivables | 796 987 | 678 279 | 165 253 | 293 685 |
| Cash and bank balances | 149 425 | 71 385 | 25 792 | 5 386 |
| Total assets | 1 798 487 | 1 575 617 | 550 346 | 637 025 |
| Equity and liabilities | | | | |
| Equity | 1 119 233 | 909 711 | 294 485 | 314 903 |
| Untaxed reserves | | | 36 000 | 37 210 |
| Interest-bearing liabilities | 137 654 | 182 534 | | 29 094 |
| Other liabilities | 541 599 | 483 373 | 219 862 | 255 818 |
| Total equity and liabilities | 1 798 487 | 1 575 617 | 550 346 | 637 025 |
| Equity ratio | 62% | 58% | 59% | 54% |

Equity (SEK '000)

| Group | Equity attributable to parent company shareholders | | | | Sub-total | Non-controlling interests | Total Equity | |
|--|--|-----------------------|---------------------|------------------------------|--------------------|---------------------------|------------------|----------------|
| | Share-capital | Other paid-in capital | Translation reserve | Profit/ Loss brought forward | | | | |
| Equity, 01/01/2013 | 36 068 | 34 014 | -5 868 | 719 194 | 783 408 | 142 | 783 551 | |
| Net profit | | | | 122 899 | 122 899 | 224 | 123 123 | |
| Transl.diff. in foreign comp. | | | 2 125 | | 2 125 | 48 | 2 173 | |
| Other comprehensive income | | | 2 125 | | 2 125 | 48 | 2 173 | |
| Paid dividends | | | | -23 444 | -23 444 | | -23 444 | |
| Transactions with shareholders | | | | -23 444 | -23 444 | | -23 444 | |
| Equity, 01/01/2014 | 36 068 | 34 014 | -3 743 | 818 649 | 884 988 | 414 | 885 403 | |
| Net profit | | | | 150 012 | 150 012 | 465 | 150 477 | |
| Transl.diff. in foreign comp. | | | 48 251 | | 48 251 | 140 | 48 391 | |
| Remeasure defined benefit pension plan | | | | -766 | -767 | -34 | -800 | |
| Other comprehensive income | | | 48 251 | -766 | 47 484 | 106 | 47 591 | |
| From acquisitions | | | | | | 614 | 614 | |
| Paid dividends | | | | -28 854 | -28 854 | | -28 854 | |
| Transactions with shareholders | | | | -28 854 | -28 854 | 614 | -28 240 | |
| Equity, 01/01/2015 | 36 068 | 34 014 | 44 508 | 939 040 | 1 053 630 | 1 599 | 1 055 230 | |
| Net profit | | | | 44 541 | 44 541 | 47 | 44 588 | |
| Transl.diff. in foreign comp. | | | 19 355 | | 19 355 | 61 | 19 416 | |
| Other comprehensive income | | | 19 355 | | 19 355 | 61 | 19 416 | |
| Paid dividends | | | | | | | | |
| Transactions with shareholders | | | | | | | | |
| Equity, 31/03/2015 | 36 068 | 34 014 | 63 862 | 983 581 | 1 117 526 | 1 707 | 1 119 233 | |
| Parent company | Restricted equity | | | Non-restricted equity | | | Sub-total | Total Equity |
| | Share-capital | Statutory reserve | Sub-total | Share premium reserve | Fair value reserve | Oth. Non-restr. EQ | | |
| Equity, 01/01/2014 | 36 068 | 1 156 | 37 225 | 34 014 | | 239 437 | 273 451 | 310 676 |
| Net profit | | | | | | 10 146 | 10 146 | 10 146 |
| Paid dividends | | | | | | -28 854 | -28 854 | -28 854 |
| Transactions with shareholders | | | | | | -28 854 | -28 854 | -28 854 |
| Equity, 01/01/2014 | 36 068 | 1 156 | 37 225 | 34 014 | | 220 728 | 254 742 | 291 967 |
| Net profit | | | | | | 2 518 | 2 518 | 2 518 |
| Equity, 31/03/2015 | 36 068 | 1 156 | 37 225 | 34 014 | | 223 246 | 257 260 | 294 485 |

All shares, 18,034,058 pcs, are A-shares with equal voting rights

Cash Flow Analysis (SEK '000)

| | Group | | Parent company | |
|---|----------------|---------------|----------------|---------------|
| | Y-t-d 2015 | Y-t-d 2014 | Y-t-d 2015 | Y-t-d 2014 |
| Net operating profit/loss | 51 649 | 31 426 | 1 678 | 4 235 |
| Result from financial items | 4 519 | -611 | 1 549 | 641 |
| Income tax paid | -16 272 | -27 651 | -4 087 | -12 030 |
| Non-cash transactions | 13 474 | 11 866 | 1 109 | 3 |
| Changes in working capital | -37 141 | 69 515 | 14 631 | 35 519 |
| Cash flow from investing | -9 982 | -18 392 | -3 678 | 5 896 |
| Cash flow from financing activities | -11 749 | -62 886 | -6 656 | -40 036 |
| Increase/reduction of liquid funds | -5 504 | 3 267 | 4 548 | -5 772 |
| Liquid funds at beginning of year | 145 744 | 67 566 | 22 352 | 11 151 |
| Exchange rate difference in liquid funds | 9 185 | 552 | -1 108 | 7 |
| Liquid funds at end of period | 149 425 | 71 385 | 25 792 | 5 386 |

Employees (avg FTE)

| Employees | Bulgaria | China | Estonia | India | Italy | Lithuania | Mexico | Poland | Sweden | Total |
|------------|----------|-------|---------|-------|-------|-----------|--------|--------|--------|-------|
| 31/03/2015 | 910 | 539 | 330 | 123 | 4 | 626 | 111 | 506 | 805 | 3 954 |

Future Reporting Dates

| | |
|-------------------------|-------------------|
| Annual general meeting | April 23, 2015 |
| Interim report Q2, 2015 | July 23, 2015 |
| Interim report Q3, 2015 | October 22, 2015 |
| Interim report Q4, 2015 | February 18, 2015 |

For further information contact:

CEO, Claes Mellgren telephone, +46 70-592 83 38 or the Chairman P-O Andersson, telephone +46 70-526 90 77

www.agg.se