



Västerås 07/22/2014

AQ Group AB (publ)

Interim report January – June 2014

Second quarter, April - June 2014, in brief

- Net sales SEK 676 million (637)
- Operating profit SEK 42 million (45)
- Profit after financial items SEK 43 million (42)
- Equity ratio 56 % (54)
- Earnings per share after tax SEK 1.88 (1.85)

Six months, January - June 2014, in brief

- Net sales SEK 1,308 million (1,216)
- Operating profit SEK 74 million (65)
- Profit after financial items SEK 74 million (62)
- Equity ratio 56 % (54)
- Earnings per share after tax SEK 3.31 (2.76)

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 3,700 employees in Sweden, Bulgaria, China, Estonia, India, Italy, Lithuania, Mexico and Poland. In 2013 AQ had net sales of SEK 2.5 billion.

AQ has the highest credit rating, AAA.

www.aqq.se

Second quarter and six months

Net sales in the second quarter totalled SEK 676 million (637), an increase of SEK 39 million compared to the same period in the previous year. Sales excluding acquisitions and currency declined by 3 %.

Net sales for January to June totalled SEK 1,308 million (1,216), an increase of SEK 91 million compared to the same period in the previous year. Sales excluding acquisitions and currency declined by 1 %.

Operating profit was SEK 42 million (45) in the first quarter. For January to June the operating profit was SEK 74 million (65), an increase with 12%.

Equity in the group was SEK 930 million (817) at the end of the quarter.

Significant events during the period

Acquisitions during the period

AQ Lasertool Oü has acquired the business assets of Foleshill Metal Finishing Oü. The transaction was made as a cash transaction and the operations was taken over on April 1, 2014. The business will continue in the current location in Viimsi, Estonia.

Foleshill Metal Finishing Oü is a leading provider of powder coating, E-coating, and metal finishing for automotive and commercial vehicles. The company employs about 30 people.

AQ Group AB has on June 11, 2014, signed an agreement with Zlaten Lev Holding AD to buy 94.6 % of the shares Carat Electronics AD in Veliko Tärnovo, Bulgaria. The purchase price is EUR 1.58 million and the transaction will be made as a cash transaction. The company has no interest-bearing credits. The takeover of the operations took place on July 1, 2014.

Carat Electronics is a manufacturer of electronic cash registers and electronic electricity meters. It also offers subcontracting services of design, production and testing in the areas of injection molding of thermoplastics and PCB assembly. It is certified in accordance with ISO 9001, ISO14001 and OHSAS 18001. The company has a turnover of approximately EUR 1.5 million, employs 80 people and owns real estate with 10,000 m² of production space.

AQ Lasertool Oü has on June 18, 2014 signed a Letter of Intent with Sertec Engineering Estonia Oü to acquire the business assets of the company. The business deal will be made as a cash transaction and is expected to be finalized in the near future.

Sertec Engineering Estonia Oü is a leading supplier of sheet metal component and assemblies for automotive and commercial vehicles. The company has net sales of about EUR 5 million and employs 75 people. The operations will continue in the current location in Juri, Estonia.

Other events

Our three Swedish injection molding companies AQ Plast AB, AQ Holmbergs AB and AQ Retor Production AB have merged into one company, AQ Plast AB, with May 27, 2014 as day of announcement. The purpose is to simplify cooperation between the entities thereby increasing our competitiveness.

AQ Enclosure Systems AB has on June 3, 2014 given notice of redundancy to 25 employees at the Vaggeryd site, the company has a total of 200 employees. The background to the redundancy is reduced volumes within a customer segment due to lower demand. The lower demand is expected to be sustained. In parallel with the redundancies, substantial investments are made in the Vaggeryd unit to further develop the company's competitiveness through more efficient production methods and a broader offering.

A write-down of inventory and accounts receivable has been done in a project for an automotive customer.

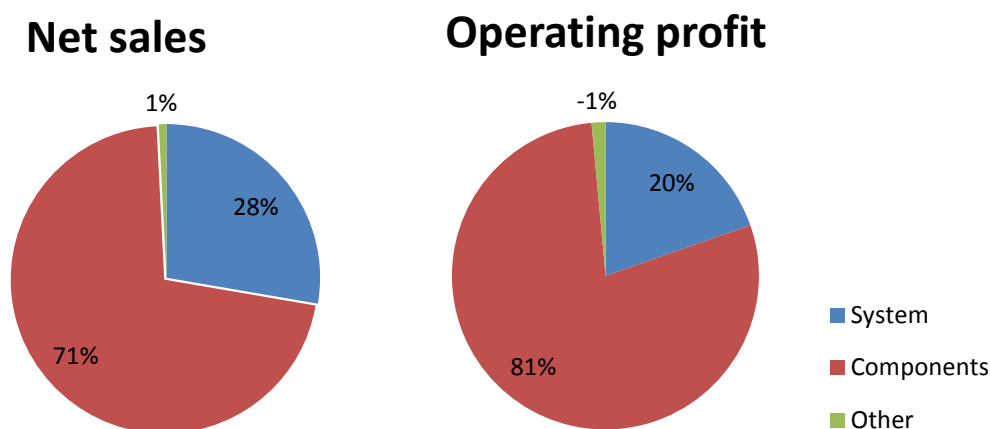
During the period the inventories have decreased by SEK 2 million.

Significant events after the end of the period

Our CFO, Cecilia Borg, will leave AQ. The search for a replacement CFO has been initiated and is expected to take about 6 months, an interim-CFO has been signed on.

Segment reporting

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



	Q2 2014			Q2 2013		
	System	Component	Other	System	Component	Other
Net sales	187 200	483 296	5 451	161 498	470 756	4 660
Operating profit	8 517	34 200	-631	19 136	23 959	1 478

The System segment is suffering from lower volumes excluding acquisitions and a weak result. We believe in the business and we are working actively to increase the customer base and reducing costs.

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 2013.

The report has not been audited.

Significant estimates and evaluations for accounting purposes

The Board has in preparing the interim report found no record that would be especially exposed from a risk point of view and thus induce significant adjustments to future periods.

Future prospects

The board of directors is currently assessing for the full year 2014, sales will increase, but profits roughly equivalent to 2013.

The Group strives for continued profitable growth within its business areas. The growth will be achieved both organically and through acquisitions.

The Group's Income Statement and statement of comprehensive income (KSEK)

	Q2 2014	Q2 2013	Acc 2014	Acc 2013	R12	2013
Net sales	675 948	636 915	1 307 696	1 216 330	2 618 738	2 527 372
Other operating income	7 089	6 499	12 677	12 818	31 446	31 587
Operating expenses	-640 950	-598 841	-1 246 861	-1 163 770	-2 482 255	-2 399 164
Operating profit	42 086	44 573	73 512	65 379	167 928	159 795
Result from financial items	1 405	-2 960	172	-3 670	539	-3 303
Profit after financial items	43 490	41 613	73 683	61 708	168 467	156 492
Tax on profit for the year	-9 505	-8 191	-13 967	-11 876	-35 459	-33 369
Net profit for the year	33 986	33 422	59 717	49 833	133 008	123 123
Other comprehensive income						
Other translation differences	14 923	10 591	13 500	6 630	6 505	2 173
Comprehensive income for the year	48 909	44 013	73 217	56 463	139 513	125 296
Earnings per share after full tax	1,88	1,85	3,31	2,76	7,38	6,83
Net margin %	6,4%	6,5%	5,6%	5,1%	6,4%	6,2%

The Parent Company's Income Statement (KSEK)

	Q2 2014	Q2 2013	Acc 2014	Acc 2013	R12	2013
Net sales	11 209	9 280	22 426	18 503	44 003	40 080
Other operating income	0	0	3	1	16	14
Operating expenses	-7 308	-6 326	-14 292	-12 245	-23 050	-21 003
Operating profit	3 901	2 954	8 136	6 260	20 968	19 092
Result from financial items	1 963	-9 686	2 575	-9 728	20 069	7 766
Profit after financial items	5 864	-6 732	10 711	-3 468	41 038	26 858
Appropriations	-635	-250	-255	-250	3 045	3 050
Tax on profit for the year	-1 320	-700	-2 320	-1 420	-6 340	-5 440
Net profit for the year	3 909	-7 682	8 136	-5 138	37 742	24 468

Balance Sheet (KSEK)

Assets	Group			Parent company		
	Q2 2014	Q4 2013	Q2 2013	Q2 2014	Q4 2013	Q2 2013
Fixed assets	362 532	350 811	345 173	335 222	336 453	311 476
Inventories	466 248	442 397	443 867	0	0	0
Other current receivables	753 893	717 308	668 323	270 582	302 723	150 489
Cash and bank balances	84 856	67 566	54 003	6 156	11 151	9 088
Total assets	1 667 529	1 578 082	1 511 366	611 960	650 328	471 052
Equity and liabilities						
Equity	929 765	885 403	816 570	288 957	310 676	281 069
Untaxed reserves	0	0	0	37 845	37 590	31 390
Interest-bearing liabilities	233 416	244 097	239 505	81 996	69 095	25 335
Other liabilities	504 348	448 582	455 292	203 161	232 966	133 258
Total equity and liabilities	1 667 529	1 578 082	1 511 366	611 960	650 328	471 052
Equity ratio	56%	56%	54%	52%	52%	65%

Equity (KSEK)

Group	Equity attributable to parent company shareholders							
	Share-capital	Other paid-in capital	Translation reserve	Profit/Loss brought forward	Sub-total	Minority share-holding	Total Equity	
KSEK								
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	818 648	884 988	414	885 403	
Net profit				59 514	59 514	203	59 717	
Transl.diff. in foreign comp.			13 543		13 543	-43	13 500	
Other comprehensive income			13 543		13 543	-43	13 500	
Paid dividends				-28 854	-28 854		-28 854	
Transactions with shareholders				-28 854	-28 854		-28 854	
Equity, 30/06/2014	36 068	34 014	9 800	849 308	929 191	573	929 765	
	Restricted equity			Non - restricted equity				
Parent company	Share-capital	Statutory reserve	Sub-total	Share premium reserve	Fair value reserve	Oth. Non-restr. EQ	Sub-total	Total Equity
Equity, 01/01/2013	36 068	1 156	37 225	34 014		238 413	272 427	309 652
Net profit						24 468	24 468	24 468
Paid dividends						-23 444	-23 444	-23 444
Transactions with shareholders						-23 444	-23 444	-23 444
Equity, 01/01/2014	36 068	1 156	37 225	34 014		239 437	273 451	310 676
Net profit						8 136	8 136	8 136
Result of merger						-1000	-1 000	-1 000
Other comprehensive income						-1000	-1 000	-1 000
Paid dividends						-28 854	-28 854	-28 854
Transactions with shareholders						-28 854	-28 854	-28 854
Equity, 30/06/2014	36 068	1 156	37 225	34 014		217 718	251 732	288 957

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

Cash Flow Statements (KSEK)

	Group		Parent company	
	Acc 2014	Acc 2013	Acc 2014	Acc 2013
Net operating profit/loss	31 426	20 805	4 235	3 306
Result from financial items	-611	116	641	-139
Income tax paid	-27 651	-19 385	-12 030	-1 926
Non-cash transactions	11 866	11 851	3	3
Changes in working capital	69 515	18 476	35 519	33 207
Cash flow from investing	-18 392	-9 058	5 896	-15 149
Cash flow from financing activities	-62 886	-27 031	-40 036	-16 592
Increase/reduction of liquid funds	3 267	-4 225	-5 772	2 711
Liquid funds at beginning of year	67 566	55 893	11 151	10 004
Exchange rate difference in liquid funds	552	469	7	-464
Liquid funds at end of period	71 385	52 136	5 386	12 250

Personnel

Employees	Bulgaria	China	Estonia	India	Italy	Lithuania	Mexico	Poland	Sweden	Total
30/06/2014	794	547	272	81	4	596	70	487	894	3 745

Future Reporting Dates

Interim Report Q3, 2014
Year-end 2014

October 22, 2014
February 20, 2015

For further information contact:

CEO, Claes Mellgren telephone +46 (0)70-592 83 38 or the Chairman, PO Andersson, phone +46 (0)70-526 90 77

www.aqq.se