



Västerås July 23, 2015

## **AQ Group AB (publ)**

### **Interim report January – June 2015**

#### **Second quarter, April - June 2015, in brief**

- Net sales SEK 759 million (676)
- Operating profit SEK 56 million (42)
- Profit after financial items SEK 57 million (43)
- Equity ratio 61% (56)
- Earnings per share after tax SEK 2.61 (1.88)

#### **Six months, January - June 2015, in brief**

- Net sales SEK 1 474 million (1 308)
- Operating profit SEK 108 million (74)
- Profit after financial items SEK 113 million (74)
- Equity ratio 61% (56)
- Earnings per share after tax SEK 5.08 (3.31)

#### **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 4,000 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](http://www.aqq.se)

## **Second quarter**

Operations have developed according to plan during the second quarter. Net sales totalled SEK 759 million (676), an increase of SEK 83 million compared to the same period in the previous year. Sales excluding acquisitions and currency rose by 2%. Profit after financial items was SEK 57 million (43) in the second quarter, an increase of SEK 14 million.

During the second quarter the profit has been affected by a restructuring cost of SEK 8.7 million. This cost is due to reduction of staff and unused facilities in conjunction with redundancies at AQ Enclosure Systems AB in Vaggeryd and the structural changes of AQ Mekatronik AB in Västerås and AQ Elautomatik AB in Surahammar.

During 2014 AQ Holmbergs in China has received the status as a "high tech company". This is giving AQ Holmbergs a 10% lower company tax starting 2014. During Q2 a repayment of company tax of SEK 3.3 million has affected the profit positively.

Equity in the group was SEK 1 111 million (930) at the end of the quarter.

## **First six months**

Operations have developed according to plan during the first six months. Net sales totalled SEK 1 474 million (1 308), an increase of SEK 166 million compared to the same period in the previous year. Sales excluding acquisitions and currency rose by 4%. Profit after financial items was SEK 113 million (74), an increase of SEK 39 million compared to same period previous year.

## **Significant events during the period**

At the end of May 2015 it was announced that AQ Mekatronik AB in Västerås and AQ Elautomatik AB in Surahammar will undergo structural changes. The business activities of AQ Mekatronik AB in Västerås and Bollnäs will be transferred to AQ Elautomatik AB. The background to the change is reduced volumes and changed competitive market situation. In conjunction with the transfer AQ Elautomatik's operations in Surahammar will be moved to Västerås to former AQ Mekatronik's premises. After negotiations with the unions 18 out of totally 59 employees will leave AQ.

On June 30, 2015, AQ Elteknik AB acquired 100 % of the shares of Anton Johanssons Rostfria Verkstads AB. The purchase price was SEK 5.8 million and the transaction was made as a cash transaction. The takeover took place on July 1, 2015. Anton Johanssons Rostfria Verkstads AB has a turnover of approximately SEK 30 million and employs 24 people. The company manufactures components in stainless steel to customers with special and unique requirements, e.g. to the laboratory and medical device industry.

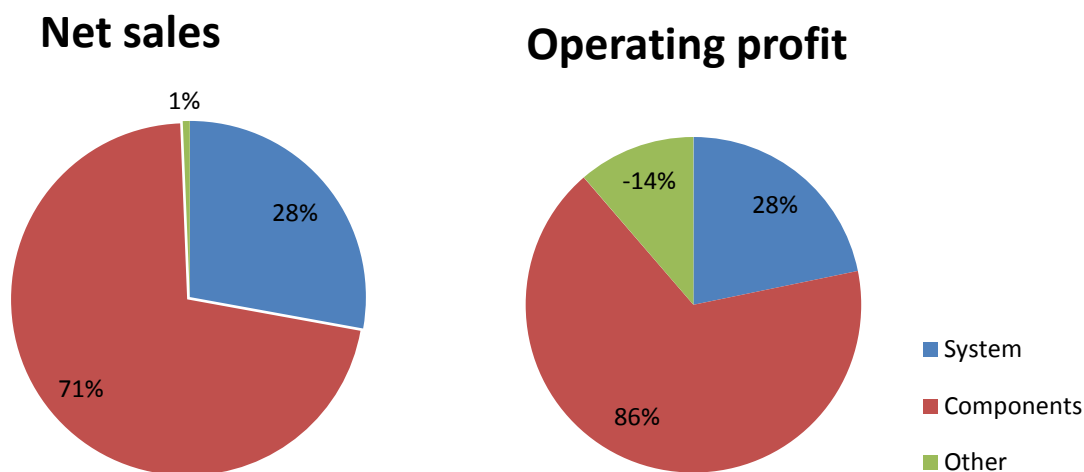
Group management has been extended with James Ahrgren who is responsible for Marketing and Sales in the group.

## **Significant events after the end of the period**

The establishment in Thailand continues according to plan. We have leased industrial facilities and the first employee has been hired. Start of production is estimated to December 2015.

## 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.



	2015			2014		
	System	Component	Other*	System	Component	Other*
Net sales	216 851	537 163	4 804	187 200	483 296	5 451
Operating profit	15 669	48 184	-7 583	8 517	34 200	-631

\* Unallocated and eliminations

## 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%. The Board of directors are not giving any forecast for turn-over or profit.

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

## The Group's Income Statement and statement of comprehensive income (SEK '000)

	Q2 2015	Q2 2014	Acc 2014	Acc 2013	R12	2014
Net sales	758 819	675 948	1 474 035	1 307 696	2 782 437	2 616 097
Other operating income	7 411	7 089	15 672	12 677	26 223	23 229
Operating expenses	-709 960	-640 950	-1 381 789	-1 246 861	-2 591 668	-2 456 740
<b>Operating profit</b>	<b>56 269</b>	<b>42 086</b>	<b>107 918</b>	<b>73 512</b>	<b>216 992</b>	<b>182 586</b>
Result from financial items	947	1 405	5 434	172	9 329	4 066
<b>Profit after financial items</b>	<b>57 216</b>	<b>43 490</b>	<b>113 353</b>	<b>73 683</b>	<b>226 321</b>	<b>186 652</b>
Tax on profit for the year	-10 102	-9 505	-21 650	-13 967	-43 859	-36 175
<b>Net profit for the year</b>	<b>47 115</b>	<b>33 986</b>	<b>91 702</b>	<b>59 717</b>	<b>182 462</b>	<b>150 477</b>
<b>Other comprehensive income</b>						
Other translation differences	-19 741	14 923	-326	13 500	12 926	47 591
<b>Comprehensive income for the year</b>	<b>27 373</b>	<b>48 909</b>	<b>91 376</b>	<b>73 217</b>	<b>195 389</b>	<b>198 068</b>
Earnings per share after full tax	2,61	1,88	5,08	3,31	10,12	8,34
Net margin %	7,5%	6,4%	7,7%	5,6%	8,1%	7,1%

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

	Q2 2015	Q2 2014	Acc 2014	Acc 2013	R12	2014
Net sales	14 155	11 209	21 667	22 426	50 477	51 236
Other operating income	4		4	3	4	3
Operating expenses	-11 802	-7 308	-17 635	-14 292	-29 599	-26 257
<b>Operating profit</b>	<b>2 358</b>	<b>3 901</b>	<b>4 036</b>	<b>8 136</b>	<b>20 882</b>	<b>24 982</b>
Result from financial items	111	1 963	1 661	2 575	7 159	8 073
<b>Profit after financial items</b>	<b>2 469</b>	<b>5 864</b>	<b>5 697</b>	<b>10 711</b>	<b>28 041</b>	<b>33 055</b>
Appropriations		-635		-255	-19 416	-19 671
Tax on profit for the year		-1 320	-710	-2 320	-1 629	-3 239
<b>Net profit for the year</b>	<b>2 469</b>	<b>3 909</b>	<b>4 987</b>	<b>8 136</b>	<b>6 996</b>	<b>10 146</b>

## Balance Sheet (SEK '000)

	Group		Parent company	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
<b>Assets</b>				
Fixed assets	391 751	362 532	392 564	335 222
Inventories	466 102	466 248		
Other current receivables	819 714	753 893	203 411	270 582
Cash and bank balances	150 897	84 856		6 156
<b>Total assets</b>	<b>1 828 465</b>	<b>1 667 529</b>	<b>595 974</b>	<b>611 960</b>
<b>Equity and liabilities</b>				
Equity	1 110 539	929 765	260 885	288 957
Untaxed reserves			36 000	37 845
Interest-bearing liabilities	138 242	233 416	66 585	81 996
Other liabilities	579 685	504 348	232 504	203 161
<b>Total equity and liabilities</b>	<b>1 828 465</b>	<b>1 667 529</b>	<b>595 974</b>	<b>611 960</b>
<b>Equity ratio</b>	<b>61%</b>	<b>56%</b>	<b>48%</b>	<b>52%</b>

## Equity (SEK '000)

Group	Equity attributable to parent company shareholders						Total Equity	
	Share-capital	Other paid-in capital	Trans-lation reserve	Profit/ Loss brought forward	Sub-total	Minority share-holding		
<b>Equity, 01/01/2014</b>	<b>36 068</b>	<b>34 014</b>	<b>-3 743</b>	<b>818 649</b>	<b>884 988</b>	<b>414</b>	<b>885 403</b>	
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				-767	-767	-34	-801	
<b>Other comprehensive income</b>			<b>48 251</b>		<b>47 484</b>	<b>106</b>	<b>47 590</b>	
Through acquisitions						614	614	
Paid dividends				-28 854	-28 854		-28 854	
<b>Transactions with shareholders</b>				<b>-28 854</b>	<b>-28 854</b>	<b>614</b>	<b>-28 240</b>	
<b>Equity, 01/01/2015</b>	<b>36 068</b>	<b>34 014</b>	<b>44 508</b>	<b>939 040</b>	<b>1 053 630</b>	<b>1 599</b>	<b>1 055 230</b>	
Net profit				91 543	91 543	160	91 702	
Transl.diff. in foreign comp.			-407		-407	81	-326	
<b>Other comprehensive income</b>			<b>-407</b>		<b>-407</b>	<b>81</b>	<b>-326</b>	
Paid dividends				-36 068	-36 068		-36 068	
<b>Transactions with shareholders</b>				<b>-36 068</b>	<b>-36 068</b>		<b>-36 068</b>	
<b>Equity, 30/06/2015</b>	<b>36 068</b>	<b>34 014</b>	<b>44 101</b>	<b>994 514</b>	<b>1 108 698</b>	<b>1 840</b>	<b>1 110 539</b>	
Parent company	Restricted equity			Non - restricted equity				Total Equity
	Share-capital	Statutory reserve	Sub-total	Share premium reserve	Fair value reserve	Oth. Non-restr. EQ	Sub-total	
<b>Equity, 01/01/2014</b>	<b>36 068</b>	<b>1 156</b>	<b>37 225</b>	<b>34 014</b>			<b>239 437</b>	<b>310 676</b>
Net profit							10 146	10 146
Paid dividends							-28 854	-28 854
<b>Transactions with shareholders</b>							<b>-28 854</b>	<b>-28 854</b>
<b>Equity, 01/01/2015</b>	<b>36 068</b>	<b>1 156</b>	<b>37 225</b>	<b>34 014</b>			<b>220 728</b>	<b>291 967</b>
Net profit							4 987	4 987
Paid dividends							-36 068	-36 068
<b>Transactions with shareholders</b>							<b>-36 068</b>	<b>-36 068</b>
<b>Equity, 30/06/2015</b>	<b>36 068</b>	<b>1 156</b>	<b>37 225</b>	<b>34 014</b>			<b>189 647</b>	<b>260 886</b>

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

## Cash Flow Statement (SEK '000)

	Group		Parent company	
	Y-t-d 2015	Y-t-d 2014	Y-t-d 2015	Y-t-d 2014
Operating profit	107 918	73 512	4 036	8 136
Proceeds from financial items	5 497	-723	1 661	2 959
Income tax paid	-27 151	-40 387	-8 174	-15 143
Non-cash transactions	37 240	31 209	1 684	6
Changes in working capital	-49 765	46 548	-47 641	33 996
Cash flow from investing activities	-28 847	-45 129	1 935	-18 611
Cash flow from financing activities	-43 090	-45 790	25 828	-15 764
<b>Increase in cash and cash equivalents</b>	<b>1 993</b>	<b>19 240</b>	<b>-20 671</b>	<b>-4 421</b>
Cash and cash equivalents at beginning of year	145 744	67 566	22 352	11 151
Exchange rate difference in cash	3 131	-1 951	-1 681	-574
<b>Cash and cash equivalents at end of period</b>	<b>150 897</b>	<b>84 856</b>	<b>0</b>	<b>6 156</b>

## Employees

Employees	Bulgaria	China	Estonia	India	Italy	Lithuania	Mexico	Poland	Sweden	Total
30/06/2015	935	538	350	130	4	633	98	501	858	4 047

## Future Reporting Dates

Interim report Q3, 2015  
Interim report Q4, 2015

October 22, 2015  
February 18, 2016

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