



Västerås 10/22/2013

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

### **Interim report January – September 2013**

#### **Third quarter, July - September 2013, in brief**

- Net sales SEK 614 million (518)
- Operating profit SEK 57 million (37)
- Profit after financial items SEK 56 million (34)
- Equity ratio 54 % (54)
- Earnings per share after tax SEK 2.27 (1.49)

#### **Nine months, January - September 2013, in brief**

- Net sales SEK 1,831 million (1,594)
- Operating profit SEK 123 million (95)
- Profit after financial items SEK 118 million (92)
- Equity ratio 54 % (54)
- Earnings per share after tax SEK 5.04 (4.04)

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

Net sales rose to 614 million SEK, an increase of 95 MSEK compared with the previous year's corresponding quarter. Sales excluding acquisitions and currency rose by 9 %.

Operating profit and profit after financial items have risen compared with the third quarter last year. Earnings per share after tax have risen by 52%.

The investment program in machines and automation equipment at AQ Holmberg Suzhou Co. Ltd in China, which was completed during the spring and summer have given the expected significant increase in volumes and earnings in the autumn.

AQ Enclosure Systems acquired the assets in Arkivator Machine Systems AB, which filed for bankruptcy. The transaction was completed as a cash transaction with take-over effective on September 4. Arkivator Machine Systems is a leading supplier of machines for the packaging industry and is involved in all stages from product development through prototype to serial production, field support and after sales services. The company has had an annual turnover of about 140 MSEK. The business has been incorporated into AQ Enclosure Systems AB with continued location in Falköping. The acquired business generated a small loss in September but is expected to produce a positive result in the fourth quarter.

AQ Segerström & Svensson AB has signed an agreement to acquire the assets of Industriell Plåt Produktion AB which has filed for bankruptcy. The transaction was completed as a cash transaction. The business was taken over on October 1, with continued location in Lyrestad. Industriell Plåt Produktion AB is a leading supplier of exhaust systems and tubes for small and medium series production, and is involved in all stages from product development through prototype to serial production and spare parts. The Company has had an annual turnover of approximately 50 MSEK. The expectation is that the business will contribute with a positive result already in the fourth quarter.

The project to reduce capital tied up in inventories with 100 MSEK continues. Since January, a decrease of 25 MSEK has been achieved, an unsatisfactory result, a revised action plan is being implemented.

In our operations in Mexico and India, we are still struggling with to low volumes but we believe in the operations in the long term and are actively working to increase business volume.

## **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 2012.

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 sales and profits for the full year 2013 to be clearly better compared to 2012.

The board of directors believes that results during the coming quarters will not be as strong as in Q3 2013, but a return is made to the normal positive results trend.

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

## AQ in brief

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

The Group operates in two business segments *Component* which produce transformers, cabling, mechanical parts, stamped sheet metal and plastic injection molding and *Systems* which produces systems, automation and power solutions and assemble complete machines in close cooperation with customers.

### The Group's Income Statement (KSEK)

	Q3 2013	Q3 2012	Acc 2012	Acc 2011
Net sales	614 499	518 444	1 830 829	1 594 211
Other operating income	8 735	15 799	21 553	20 473
Operating expenses	-566 086	-497 157	-1 729 856	-1 519 981
<b>Operating profit</b>	<b>57 147</b>	<b>37 085</b>	<b>122 526</b>	<b>94 702</b>
Result from financial items	-1 140	-2 684	-4 810	-2 790
<b>Profit after financial items</b>	<b>56 007</b>	<b>34 402</b>	<b>117 716</b>	<b>91 913</b>
Tax on profit for the year	-15 008	-7 634	-26 883	-19 257
<b>Net profit for the year</b>	<b>41 000</b>	<b>26 768</b>	<b>90 832</b>	<b>72 656</b>
Earnings per share after full tax	2,27	1,49	5,04	4,04
Net margin %	9,1%	6,6%	6,4%	5,8%

### The Parent Company's Income Statement (KSEK)

	Q3 2013	Q3 2012	Acc 2012	Acc 2011
Net sales	9 296	15 271	27 799	36 216
Other operating income	0	0	1	0
Operating expenses	-4 731	-4 553	-16 976	-12 824
<b>Operating profit</b>	<b>4 565</b>	<b>10 718</b>	<b>10 824</b>	<b>23 392</b>
Result from financial items	-315	214	-10 043	1 661
<b>Profit after financial items</b>	<b>4 250</b>	<b>10 931</b>	<b>781</b>	<b>25 052</b>
Appropriations	-1 000	0	-1 250	0
Tax on profit for the year	-758	-2 881	-2 178	-6 595
<b>Net profit for the year</b>	<b>2 491</b>	<b>8 050</b>	<b>-2 647</b>	<b>18 457</b>

## Balance Sheet (KSEK)

Assets	Group		Parent company	
	Q3 2013	Q4 2012	Q3 2013	Q4 2012
Fixed assets	348 245	337 858	321 644	301 919
Inventories	470 009	466 695	0	0
Other current receivables	700 328	583 828	190 194	227 493
Cash and bank balances	46 707	55 893	5 080	10 004
<b>Total assets</b>	<b>1 565 288</b>	<b>1 444 274</b>	<b>516 918</b>	<b>539 416</b>
	0	0	0	0
<b>Equity and liabilities</b>	0	0	0	0
Equity	844 174	783 551	283 561	309 652
Untaxed reserves	0	0	32 390	31 140
Interest-bearing liabilities	227 729	252 042	190 323	185 109
Other liabilities	493 386	408 680	10 644	13 515
<b>Total equity and liabilities</b>	<b>1 565 288</b>	<b>1 444 274</b>	<b>516 918</b>	<b>539 416</b>
<b>Equity ratio</b>	<b>54%</b>	<b>54%</b>	<b>56%</b>	<b>59%</b>

## Cash Flow Analysis (KSEK)

	Group		Parent company	
	Acc 2012	Acc 2011	Acc 2012	Acc 2011
Net operating profit/loss	122 526	94 702	10 824	23 392
Result from financial items	-3 331	-2 693	-339	2 280
Income tax paid	-35 476	-11 237	-5 779	4 996
Non-cash transactions	40 198	16 617	9	-589
Changes in working capital	-31 965	-40 220	42 944	17 511
Cash flow from investing	-61 310	-100 333	-17 170	-85 277
Cash flow from financing activities	-40 131	39 481	-34 688	23 212
<b>Increase/reduction of liquid funds</b>	<b>-9 490</b>	<b>-3 683</b>	<b>-4 199</b>	<b>-14 475</b>
Liquid funds at beginning of year	55 893	58 078	10 004	27 346
Exchange rate difference in liquid funds	304	1 965	-724	0
<b>Liquid funds at end of period</b>	<b>46 707</b>	<b>56 360</b>	<b>5 080</b>	<b>12 871</b>

## Equity (KSEK)

Group	Equity attributable to parent company shareholders						Minority share-holding	Total Equity
	Share-capital	Other paid-in capital	Trans-lation reserve	Profit/Loss brought forward	Sub-total			
<b>KSEK</b>								
<b>Equity, 01/01/2012</b>	<b>35 918</b>	<b>30 691</b>	<b>2 336</b>	<b>621 956</b>	<b>690 901</b>		<b>84</b>	<b>690 985</b>
<i>Net profit</i>				98 531	98 531		103	98 633
Transl.diff. in foreign comp.			-8 204		-8 204		-44	-8 247
<b>Other comprehensive income</b>								
New share issue	150	3 323			3 473			3 473
Through acquisitions				22 054	22 054			22 054
Paid dividends				-23 347	-23 347			-23 347
<b>Transactions with shareholders</b>								
<b>Equity, 01/01/2013</b>	<b>36 068</b>	<b>34 014</b>	<b>-5 868</b>	<b>719 194</b>	<b>783 408</b>		<b>142</b>	<b>783 551</b>
<i>Net profit</i>				90 553	90 553		279	90 832
Transl.diff. in foreign comp.			-6 775		-6 775		10	-6 765
<b>Other comprehensive income</b>								
Paid dividends				-23 444	-23 444			-23 444
<b>Transactions with shareholders</b>								
<b>Equity, 30/09/2013</b>	<b>36 068</b>	<b>34 014</b>	<b>-12 643</b>	<b>786 303</b>	<b>843 742</b>		<b>432</b>	<b>844 174</b>
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		
<b>Equity, 01/01/2012</b>	<b>35 918</b>	<b>1 156</b>	<b>37 075</b>	<b>30 691</b>		<b>221 020</b>	<b>251 711</b>	<b>288 786</b>
<i>Net profit</i>						40 740	40 740	40 740
New share issue	150		150	3 323			3 323	3 473
Paid dividends						-23 347	-23 347	-23 347
<b>Transactions with shareholders</b>								
<b>Equity, 01/01/2013</b>	<b>36 068</b>	<b>1 156</b>	<b>37 225</b>	<b>34 014</b>		<b>238 413</b>	<b>272 427</b>	<b>309 652</b>
<i>Net profit</i>						-2 647	-2 647	-2 647
Paid dividends						-23 444	-23 444	-23 444
<b>Equity, 30/09/2013</b>	<b>36 068</b>	<b>1 156</b>	<b>37 225</b>	<b>34 014</b>		<b>212 322</b>	<b>246 336</b>	<b>283 560</b>

All shares are A-shares with equal voting rights

## Personnel

Employees	Bulgaria	China	Estonia	India	Italy	Lithuania	Mexico	Poland	Sweden	Total
30/09/2013	827	496	224	69	4	544	93	349	855	3 461

## Future Reporting Dates

Year-end 2013	February 20, 2014
Annual Report	April 2014
Interim Report Q1, 2014	April 24, 2014

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