



Västerås 04/24/2014

AQ Group AB (publ)

Interim report January – March 2014

First quarter, January - March 2014, in brief

- Net sales SEK 632 million (579)
- Operating profit SEK 31 million (21)
- Profit after financial items SEK 30 million (20)
- Equity ratio 58 % (55)
- Earnings per share after tax SEK 1.43 (0.91)

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 3,500 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

First quarter

Net sales in the first quarter totalled SEK 632 million (579), an increase of SEK 52 million compared to the same period in the previous year. Sales excluding acquisitions and currency rose by 1 %.

Operating profit was SEK 31 million (21) in the first quarter, an increase with 51%.

Equity in the group was SEK 910 million (796) at the end of the quarter.

Significant events during the period

AQ Lasertool Oü signed an agreement with Foleshill Metal Finishing Oü on March 20, 2014 to acquire the business assets of the company. The transaction is made as a cash transaction. 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. The operations are taken over on April 1 and it will continue in the current location in Viimsi, Estonia.

A contract has been signed between AQ Electric Suzhou and Zhuzhuo CSR Times electric Group a subsidiary of China Southern Railway Corporation for the manufacturing of inductors. The first project has a total order value of CNY 4 million. Currently AQ is supplying transformers and inductors for many of the metro projects that are in progress in China including Shanghai Line 12, Beijing Line 14, Nanjing Line 3, Harbin Line 1 and Chongqing Line.

Our three Swedish injection molding companies AQ Plast AB, AQ Holmbergs AB and AQ Retor Production AB will merge into one company, AQ Plast AB. The purpose is to simplify cooperation between the entities thereby increasing our competitiveness.

During the quarter, investments of SEK 16 million in tangible assets have been made in the group.

Inventories have increased by SEK 26 million in the period. Part of the increase is due to procurement for new large projects in the System segment. We are not satisfied with the development and activities in our inventory project will be intensified.

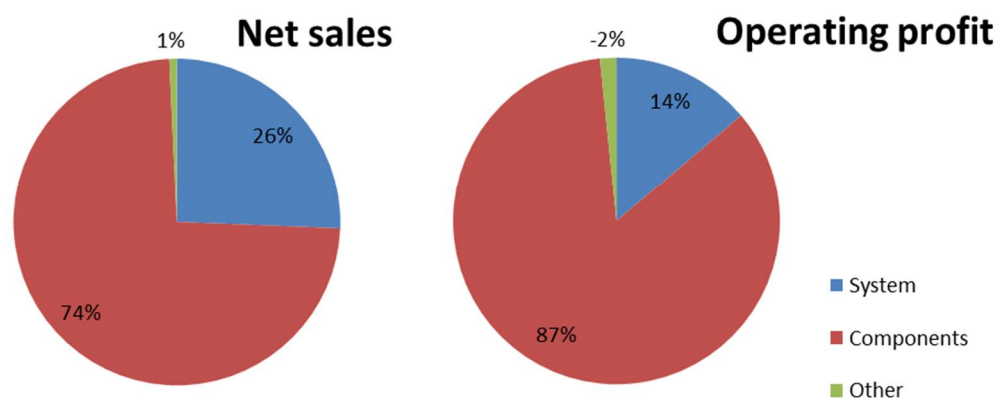
The board of directors has given management the task to apply for the company to be listed on Nasdaq OMX.

Significant events after the end of the period

There are no significant events to be reported after the end of the period.

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.



	Q1 2014			Q1 2013		
	System	Components	Other	System	Components	Other
Net sales	161 912	465 096	4 740	142 423	432 978	4 015
Operating profit	4 481	27 474	-529	10 402	9 750	654

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 sales and profits for the full year 2014 will be slightly better compared 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)

	Q1 2014	Q1 2013	Acc 2014	Acc 2013	R12	2013
Net sales	631 748	579 416	631 748	579 416	2 579 705	2 527 372
Other operating income	5 589	6 319	5 589	6 319	30 856	31 587
Operating expenses	-605 911	-564 929	-605 911	-564 929	-2 440 146	-2 399 164
Operating profit	31 426	20 805	31 426	20 805	170 415	159 795
Result from financial items	-1 233	-710	-1 233	-710	-3 825	-3 303
Profit after financial items	30 193	20 095	30 193	20 095	166 590	156 492
Tax on profit for the year	-4 462	-3 684	-4 462	-3 684	-34 146	-33 369
Net profit for the year	25 731	16 411	25 731	16 411	132 443	123 123
Other comprehensive income						
Other translation differences	-1 423	-3 961	-1 423	-3 961	4 711	2 173
Comprehensive income for the year	24 308	12 450	24 308	12 450	137 154	125 296
Earnings per share after full tax	1,43	0,91	1,43	0,91	7,34	6,83
Net margin %	4,8%	3,5%	4,8%	3,5%	6,5%	6,2%

The Parent Company's Income Statement (KSEK)

	Q1 2014	Q1 2013	Acc 2014	Acc 2013	R12	2013
Net sales	11 217	9 224	11 217	9 224	42 074	40 080
Other operating income	3	1	3	1	16	14
Operating expenses	-6 985	-5 919	-6 985	-5 919	-22 068	-21 003
Operating profit	4 235	3 306	4 235	3 306	20 021	19 092
Result from financial items	612	-42	612	-42	8 421	7 766
Profit after financial items	4 847	3 263	4 847	3 263	28 442	26 858
Appropriations	380	0	380	0	3 430	3 050
Tax on profit for the year	-1 000	-720	-1 000	-720	-5 720	-5 440
Net profit for the year	4 227	2 543	4 227	2 543	26 152	24 468

Balance Sheet (KSEK)

Assets	Group			Parent company		
	Q1 2014	Q4 2013	Q1 2013	Q1 2014	Q4 2013	Q1 2013
Fixed assets	357 496	350 811	329 003	337 954	336 453	311 878
Inventories	468 457	442 397	453 886	0	0	0
Other current receivables	678 279	717 308	615 034	293 685	302 723	180 968
Cash and bank balances	71 385	67 566	52 136	5 386	11 151	12 250
Total assets	1 575 617	1 578 082	1 450 059	637 025	650 328	505 097
Equity and liabilities						
Equity	909 711	885 403	796 001	314 903	310 676	312 195
Untaxed reserves	0	0	0	37 210	37 590	31 140
Interest-bearing liabilities	182 534	244 097	214 109	29 094	69 095	32 600
Other liabilities	483 373	448 582	439 949	255 818	232 966	129 161
Total equity and liabilities	1 575 617	1 578 082	1 450 059	637 025	650 328	505 097
Equity ratio	58%	56%	55%	54%	52%	67%

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				25 675	25 675	56	25 731	
Transl.diff. in foreign comp.			-1422		-1422	-1	-1423	
Other comprehensive income			-1 422		-1 422	-1	-1 423	
Equity, 31/03/2014	36 068	34 014	-5 165	844 324	909 241	469	909 711	
	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						4 227	4 227	4 227
Equity, 31/03/2014	36 068	1 156	37 225	34 014		243 664	277 678	314 903

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
31/03/2014	806	522	233	78	4	550	87	480	877	3 637

Future Reporting Dates

Interim Report Q1, 2014	April 24, 2014
Interim Report Q2, 2014	July 22, 2014
Interim Report Q3, 2014	October 22, 2014
Year-end 2014	February 20, 2015

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