Västerås, February 21, 2019

AQ Group AB (publ), Year-end report 2018

www.aqg.se

Fourth quarter, October-December 2018 in brief

- Continued good growth both organically and through acquisitions
- Net sales increased by 19.6% to SEK 1 216 million (1 017)
- Operating profit (EBIT) increased by 47.8 % to SEK 57 million (39)
- Profit after financial items (EBT) increased by 67.5 % to SEK 53 million (32)
- Profit margin before tax (EBT %) was 4.4 % (3.1)
- Profit margin before tax (EBT %) adjusted for items affecting comparability was 5 % (3.1)
- Cash flow from operating activities increased to SEK 41 million (-11)
- Earnings per share after tax increased by 166 % to SEK 2.58 SEK (0.97)
- Equity ratio 58 % (61)

Full year 2018 in brief

- Continued good growth both organically and through acquisitions.
- Net sales increased by 16.1% to SEK 4 667 million (4 020)
- Measures implemented to restructure three subsidiaries with performance problems
- Operating profit (EBIT) decreased by 20.9 % to SEK 208 million (263)
- Profit after financial items (EBT) decreased by 22.5 % to SEK 198 million (256)
- Profit margin before tax (EBT %) was 4.2 % (6.4)
- Profit margin before tax (EBT %) adjusted for items affecting comparability was 5.8 % (6.4)
- Cash flow from operating activities increased by 7.4 % to SEK 151 million (140)
- Equity ratio 58 % (61)
- Earnings per share after tax decreased by 25.9 % to SEK 8.26 SEK (11.14)
- The Board of Directors proposes a dividend of SEK 2.75 (2.75)

Group overview, key figures

	2018					2017				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Net turnover, SEK thousands	1 090 122	1 223 542	1 137 327	1 216 228	**4 667 220**	1 001 898	1 077 380	923 142	1 017 321	**4 019 740**
Operating profit (EBIT), SEK thousands	71 539	57 766	21 959	56 921	**208 184**	86 813	74 397	63 562	38 510	**263 282**
Profit after net financial items (EBT), SEK thousands	68 397	55 411	21 239	53 275	**198 322**	92 258	70 478	61 295	31 797	**255 828**
Operating margin (EBIT %)	6,6%	4,7%	1,9%	4,7%	**4,5%**	8,7%	6,9%	6,9%	3,8%	**6,5%**
Profit margin before tax (EBT %)	6,3%	4,5%	1,9%	4,4%	**4,2%**	9,2%	6,5%	6,6%	3,1%	**6,4%**
Liquid ratio	126%	108%	106%	111%	**111%**	142%	140%	139%	125%	**125%**
Debt/equity ratio	61%	54%	56%	58%	**58%**	60%	60%	62%	61%	**61%**
Return on total assets [2)]	8,8%	7,7%	6,7%	7,4%	**7,4%**	13,2%	12,3%	12,6%	10,3%	**10,3%**
Return on equity after tax [2)]	11,2%	10,5%	7,4%	8,9%	**8,9%**	18,0%	16,4%	16,1%	13,2%	**13,2%**
Number of employees in Sweden	1 073	1 060	888	900	**900**	1 021	1 065	1 066	1 043	**1 043**
Number of employees outside Sweden	4 615	4 877	5 072	5 169	**5 169**	4 198	4 319	4 414	4 505	**4 505**
Key indicators per share, SEK [1)]										
Profit for the period	3,13	2,54	0,01	2,58	**8,26**	4,19	3,20	2,77	0,97	**11,14**
Equity	96,18	95,88	94,95	97,45	**97,45**	84,38	84,85	86,37	89,82	**89,82**
Number of shares, thousands	18 294	18 294	18 294	18 294	**18 294**	18 294	18 294	18 294	18 294	**18 294**

[1)] There are no instruments that could lead to share dilution.

[2)] Calculated based on 12 months rolling amounts.

A word from the CEO

Fourth quarter
AQ Group grows 19.6 % and increases earnings before taxes (EBT) with 67 % in the quarter. The profit improvement comes mainly from higher invoicing in many of our companies. At the same time, the profit margin before tax of 4.4% is squeezed by few production days in December and some closing costs in our restructuring projects. We also have higher depreciation for obsolescence than usual. We are below our target level of 8% and we are not satisfied.

Market
AQ Group has a broad customer base with 3 000 OEM companies. Our growth comes from both existing and new customers. Segments that have contributed well to growth include electrification, public transport, infrastructure and marine environmental technology. Demand for components for commercial vehicles has been strong and AQ has increased deliveries to both trains, buses and construction equipment. Several customers who make equipment for material handling and logistics have had a good year.

AQ's combination of being a major supplier to both vehicles, electricity and automation means that we are a natural partner for many of the projects that are currently underway in electromobility.

Full year
AQ Group's growth for the year is 16.1% and profit margin before tax is 4.2%. The operating profit trend has been unsatisfactory in both 2018 and 2017. To rectify this, we have carried out three major restructuring projects during the year that have affected the profit margin.

Our manufacturing unit in Thailand is closed and production is moved to China. The business of the subsidiary that was put into bankruptcy is now being driven by a new owner. The relocation of production in AQ Welded structures to other subsidiaries has largely been completed, but some remain to be done during the first half of 2019.

The costs affecting comparability is reported in Note 5. In addition, we have had operational losses in AQ Segerström & Svensson of SEK 28.8 million and a further SEK 29.0 million for AQ Welded structures and AQ Thailand together. There has been a lot of work on our restructuring during the year and we are now entering 2019 with better opportunities to achieve our goals.

The Board's proposal for a dividend of SEK 2.75 per share is at the same level as last year.

Supply capability
In AQ Group, we work intensively in all our companies to become an even better supplier to demanding industrial customers. We are aware that during the past year of strong growth, we have not lived up to some of our customers' expectations on especially delivery reliability. The reasons for this are many, but we are working hard to improve routines, standards and processes to become even more robust and flexible in the future.

Cash flow
It is gratifying that the increase in inventories and accounts receivable has stopped during the fourth quarter despite continued strong growth. We see a good effect of the inventory reduction projects we have carried out on two units and are now continuing with this at two other factories. However, we are dissatisfied with the development of short overdue accounts receivable in the quarter and have initiated several measures to improve this.

Organization
AQ Group has a strong culture with core values that are real, in customer focus, entrepreneurship, simplicity, cost efficiency, courage and respect. We run our business in decentralized companies with talented leaders and employees who work close to their customers and have a mandate to run the business. In this way, we can be quick and utilize all the opportunities available in the market. This is a strategy we will continue with.

Acquisitions
The integration of our two acquisitions during the year, Mecanova and B3CG, continued during the quarter. For example, we have created a new joint manufacturing unit in Pärnu, Estonia with additional capacity. We have also made progress in expanding B3CG's customer base in North America.

Acquisitions continue to be a very important part of AQ's strategy. We continuously evaluate suitable acquisition opportunities to strengthen both our offering, profitability and geographical presence. A central part of our acquisition strategy is also to follow important major customers into new countries something that we, for example, did in connection with the acquisition of B3CG.

Outlook
Our guideline is to be a long-term, stable, growing and profitable group with a profit margin (EBT) of 8% and a strong financial position. We like to do business with the customer in focus. Our employees and managers are doing a good job and it will also be reflected in new business in the future.

With strong relationships with world-leading customers and committed employees, we will work hard with new acquisitions, continued organic growth, good cash flow and a stable profit level. A continued important part of this is our core values and our efforts to be a long-term and "Reliable" supplier to leading industrial customers.

Anders Carlsson
CEO

Group's financial position and results

Fourth quarter

Net sales for the fourth quarter was SEK 1 216 million (1 017), an increase of SEK 199 million compared to the same period in the previous year. The increase in turnover can be explained by a generally good state of the market, good growth both organically and through acquisitions. The total growth in the quarter was 19.6 %, of which organic growth 7.8 %, growth through acquisitions 9.0 % and currency effects of 2.8 %. The currency effect of 2.8 % corresponds to about SEK 28.6 million and is mainly with the currencies EUR, BGN and PLN. The currency INR has had a small negative currency effect during the quarter.

Non-recurring costs in connection with the bankruptcy of Segerström & Svensson AB affected the fourth quarter by SEK 7.8 million.

Operating margin (EBIT) in the fourth quarter was SEK 57 million (39), an increase of SEK 18 million.

Goodwill and other intangible assets have increased with SEK 210 million compared to the fourth quarter of 2017, an increase due to overvalues in acquisitions, currency translation effects and depreciation of technology and customer relations.

Investments in tangible assets in the quarter in the group were SEK 41 million (26), where the majority were replacement and capacity increasing investments to achieve a more efficient production.

Interest bearing liabilities of the group are SEK 434 million (266) and cash and cash equivalents amount to SEK 101 million (142), which means that the group has a net debt of SEK 333 million. In the same period last year, the group had net debt of SEK 124 million. The increase is mainly due to new loans in conjunction with acquisitions.

Cash flow from operating activities was SEK 41 million (-11). The positive cash flow from operating activities is higher than the same period in the previous year. Activities to reduce working capital, mainly to reduce inventories have continued during the quarter and has given some positive effects. The work to collect overdue accounts receivable has intensified during the end of the quarter.

Cash flow from investing activities was SEK -34 million (-25), which relates to investments in fixed assets.

Cash flow from financing activities was SEK -9 million (69) which relates to decreased usage of overdraft facility and amortizations of bank loans.

Equity at the end of the period was SEK 1 783 million (1 643) for the group.

Full year

Net sales for the full year was SEK 4 667 million (4 020), an increase of SEK 647 million compared to the previous year. Increase in net sales can be explained by acquisitions, good market conditions, gained market shares and organic growth. For the full year the total growth was 16.1 %, of which organic growth 6.4 %, growth through acquisitions 6.6 % and a currency effect of 3.1 %. The currency effect of 3.1 % corresponds to about SEK 124.1 million and is mainly with the currencies EUR, PLN and BGN. During the year, INR has had a small negative currency effect.

Operating margin (EBIT) for the full year was SEK 208 million (263), a decrease of SEK 55 million. The decrease can mainly be explained by non-recurring costs in conjunction with the bankruptcy of AQ Segerström & Svensson AB of SEK 73.4 million.

Goodwill and immaterial assets have increased during the year with SEK 210 million compared to the beginning of the year. The net change is due to overvalues in acquisitions, currency translation effects and depreciation of technology and customer relations.

The investments of the group in tangible fixed assets in the period were SEK 137 million (104), the major part being replacement and capacity increasing investments to gain a more efficient production.

Interest bearing debts of the group are SEK 434 million (266) and cash and cash equivalents amount to SEK 101 million (142), which means that the group has a net debt of SEK 333 million. In the same period last year, the group had a net debt of SEK 124 million. The increase is mainly due to new loans in conjunction with acquisitions.

Cash flow from operating activities were SEK 151 million (140). Cash flow is somewhat higher than the same period in the previous year. The increase in inventories has been lower than the same period last year, but the increase in customer invoices has been greater. Activities to release working capital have continued during the period but have not given the desired results yet.

Cash flow from investing activities was SEK -241 million (-100), which relates to acquisitions of subsidiaries and investments in fixed assets.

Cash flow from financing activities was SEK 44 million (-58) which relates to new bank loans, reduction of operating credit and payment of dividends.

Equity at the end of the period was SEK 1 783 million (1 643) for the group.

Significant events during the year

First quarter

In order to give the give the respective operations full customer focus and an enhanced P&L responsibility, a new company, AQ Special Sheet Metal AB, acquired the operations in Lyrestad and Pålsboda from AQ Segerström & Svensson AB.

On February 22, 2018, company management of AQ Welded Structures AB called for negotiations with the unions for a restructuring of the company, which has 51 employees. The background to this was losses for a long time and that our customers moved production out of Sweden

The Board of Directors of AQ Group has appointed Anders S Carlsson as new President and CEO. Anders will assume the position September 1, 2018, replacing one of AQ's founders, Claes Mellgren. Claes Mellgren will be a member of the board after the annual general meeting on April 24, 2018.

Second quarter

AQ Group AB signed on April 3, 2018 an agreement to acquire 100% of the shares of Mecanova Oy in Nivala, Finland with the subsidiary Mecanova Oü in Pärnu, Estonia. The purchase price for the shares was EUR 1.1 million. The takeover took place the same day. Mecanova is a supplier of sheet metal and copper components for demanding industrial customers. The company has net sales of about EUR 17 million and employs about 160 people. The purpose of the acquisition is to extend AQ’s customer base, get a presence in Finland and to broaden our offering in sheet metal processing and copper component manufacturing and to obtain synergies with our current factory in Pärnu.

AQ Manufacturing Co., Ltd started on May 2, 2018 a process to close down the manufacturing site in Samutprakarn, Thailand. The company had 43 employees in Thailand and its turnover was less than one percent of AQ Group's turnover. The background to the closure is that the company has generated losses since the inception in 2015 and that the main customers have had declining sales. The business volumes from customers mainly operating in extremely competitive telecom and consumer electronics market showed negative trends and the company didn't see a profitable future. The manufacturing is being transferred to AQ Components in China.

AQ Group AB signed on May 8, 2018 an agreement to acquire 100% of the shares of B3CG Interconnect Inc. (http://www.b3cg.com/en/home/) and its affiliate B3CG Interconnect USA Inc. The purchase price consists of CAD 13.8 million plus an earnout over two years with a maximum of CAD 6 million. The closing took place the same day.

B3CG is a leading supplier of complex electrical harnesses, high voltage cables, and electromechanical assemblies for various industries. The two companies have total net sales of about Can$ 35 million with a profit margin in line with AQ. They employ about 300 people in their operations in Saint Eustache, Quebec, Canada and in Plattsburgh, New York, U.S.A. B3CG has a long history with experienced management and the company fits well in AQ and our business area Wiring Systems.

Third quarter

On August 20, 2018, the subsidiary AQ Segerström & Svensson AB filed a bankruptcy application. Nonrecurring items affecting profit due to the bankruptcy was initially estimated at SEK 70 million. Non-recurring items due to the bankruptcy were charged in the third quarter of 2018 and amounted to SEK 66 million

Fourth quarter

The closure of AQ Thailand has been completed. The business is completely transferred both in practice and administratively.

Operations in AQ Welded Structures has been transferred to AQ's units in Pålsboda and Sollefteå. AQ has also established itself in a smaller facility in Smedjebacken where part of the business has been moved. Continued transfer of part of production to Bulgaria is ongoing.

Non-recurring items due to the bankruptcy were charged in the fourth quarter of 2018 and amounted to SEK 7.8 million, see Notes 5 and 6.

Significant events after the end of the period

There have been no significant events after the end of the period.

Goals

The goal of the group is continued profitable growth. The Board of Directors is not giving any forecast for turnover or profit. Statements in this report can be perceived as forward looking and the real outcome can be significantly different.

The Board of Directors of AQ Group has set goals for the group. The goals mean that the group is managed towards good profit, high quality and delivery precision with strong growth with a healthy financial risk level. The dividend policy is to have dividends corresponding to about 25 % of profit after tax over a business cycle. However, the Group’s financial consolidation must always be considered.

	Goal	**Jan-Dec 2018**	
Product quality	100 %	99.5 %	
Delivery precision	98 %	87.8 %	
Equity ratio	>40 %	58 %	
Profit margin before tax, (EBT %)	8 %	4.2 %	(Adjusted 5.8 %)

Transactions with related parties

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods between the operating group companies. The parent company is charging a management fee to the subsidiaries. All invoicing is according to market level prices and results in claims and debts between the companies which are settled regularly. There are some long-term loans between the parent company and a few subsidiaries. These loans are given with market level interest rates. Most companies in the group are part of cash pool in the parent company. The companies are charged/given interest rates at market level.

During 2018, AQ Group AB has paid SEK 50.3 million in dividends to its shareholders. There have been no other transactions between AQ and closely related parties which significantly affected the position or result of the company. There are no loans to members of the Board of Directors nor to anyone in leading positions.

At the annual general meeting on April 26, 2018 it was decided that a yearly fee of SEK 160 000 shall be paid to the members of the Board of Directors and a fee of SEK 400 000 to the chairman of the board. For the chairman of the Audit Committee, the remuneration shall be SEK 70,000 and to the other members of the Audit Committee, SEK 40,000. For the chairman of the Remuneration Committee, the remuneration shall be SEK 50,000 and to the other members of the Remuneration Committee, SEK 30,000. There are no other remunerations to the Board of Directors. There is no remuneration paid after a board assignment is completed.

People in management positions are paid a fixed salary and a variable element calculated in % of the group’s profit maximized to one-year salary. There are no other benefits in addition to pension benefits for work performed via the employment contract. In individual cases and where there is special justification, the Board shall have the option of deviating from the above guidelines.

Risks and uncertainties

AQ is a global company with operations in fourteen countries. Within the group there are a number of risks and uncertainties of both operational and financial characteristics, which were described in the annual report of 2017. No additional significant risks have been identified since the annual report of 2017 was published. In addition to the commented factors the real outcome can be affected by for example political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, delivery problems and large credit losses at our customers.

The risks that are most evident in a shorter perspective are risks related to currency and prices.

Transactions and assets and liabilities in foreign currency are managed centrally within AQ in order to create balance in the respective currency thereby achieving highest possible levelling effect within the group in order to minimize currency differences.

AQ is not buying any direct raw material, but only intermediate goods for further production such as sheet metal of steel and aluminium, cables, insulated wire etc. The risk is minimized through customer agreements with price clauses.

Raw material price risk refers to the change in the price of material and its impact on earnings. The company's purchase of materials to different processes is significant. There is a risk of sharp price increases for raw materials where the Company is not able to compensate price increases, which may affect the Company's earnings negatively.

The group’s credit risks are mainly connected to receivables from customers.

The parent company is indirectly affected by the same risks and uncertainties.

Nomination committee

The Nomination Committee for the Annual General Meeting 2019 consists of chairman Vegard Søraunet (ODIN Fonder), Björn Henriksson (Nordea Fonder), P-O Andersson and Claes Mellgren.

Future reporting dates

Interim report Q1, 2019	April 25, 2019, at 08:00
Annual General Meeting 2019	April 25, 2019, at 18:00
Interim report Q2, 2019	July 18, 2019, at 08:00
Interim report Q3, 2019	October 24, 2019, at 08:00

Annual report, annual general meeting and dividends

The annual report for 2018 will be available on the company's website no later than April 3, 2019.

The Annual General Meeting will be held on April 25, 2019, at 18:00 at Aros Congress Center, Munkgatan 7, in Västerås.

The Board of Directors proposes a dividend for the 2018 financial year of SEK 2.75 per share. A total of SEK 50,308,660.

Financial information

The information of this interim report shall be made public according to the Securities Market Act of Sweden. AQ Group AB (publ) is listed on Nasdaq Stockholm's main market.

The information was made public on February 21, 2019 at 08:00.

This report has not been reviewed by the company's financial auditors.

Further information can be given by AQ Group AB:
CEO and IR, Anders Carlsson, telephone +46 70-513 42 99, anders.carlsson@aqg.se,
CFO, Mia Tomczak, telephone +46 70-833 00 80, mia.tomczak@aqg.se

Financial reports and press releases are published in Swedish and English. If there are discrepancies between the two, the Swedish version shall prevail. They are available at www.aqg.se.

Certification

The Chief Executive Officer certifies that the interim report gives a true and fair overview of the Group's and the parent company's operations, financial position and results and describes material risks and uncertainties facing the parent company and the companies that form part of the Group.

Västerås, February 21, 2019

Anders Carlsson
CEO

Financial reports, summary

Summary income statement for the Group

SEK thousands	Note	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net sales		1 216 228	1 017 321	4 667 220	4 019 740
Other operating income		36 553	6 585	89 261	48 371
		1 252 781	**1 023 906**	**4 756 481**	**4 068 111**
Change in inventory and work in progress		-20 675	9 459	26 867	63 498
Raw material and consumables		-618 021	-491 650	-2 394 322	-2 038 247
Goods for resale		-19 051	-35 040	-94 917	-94 905
Other external expenses	**5**	-178 346	-147 439	-629 627	-529 066
Personnel costs		-325 295	-282 745	-1 242 966	-1 075 051
Depreciation and amortization		-29 184	-26 670	-112 231	-97 499
Other operating expenses	**5**	-5 289	-11 311	-101 101	-33 559
		-1 195 860	**-985 396**	**-4 548 297**	**-3 804 829**
Operating profit		**56 921**	**38 510**	**208 184**	**263 282**
Net financial income/expense	**5**	-3 646	-6 713	-9 862	-7 454
Profit before tax		**53 275**	**31 797**	**198 322**	**255 828**
Taxes	**6**	-5 788	-13 839	-45 778	-51 154
Profit for the period		**47 487**	**17 958**	**152 544**	**204 674**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Parent company shareholders		47 111	17 750	151 053	203 773
Non-controlling interests		376	208	1 491	901
		47 487	**17 958**	**152 544**	**204 674**
Earnings per share [1)]		2,58	0,97	8,26	11,14

[1)] *There were no transactions during the year that might result in dilution effects.*

Statement of comprehensive income for the Group

SEK thousands	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
PROFIT FOR THE PERIOD	**47 487**	**17 958**	**152 544**	**204 674**
OTHER COMPREHENSIVE INCOME				
Items that cannot be transferred to the profit for the period				
Revaluation of defined benefit pension plans	-351	-159	-351	-159
Revalutation of defined benefit pension plans, tax effect	13		13	
Items transferred or that can be transferred to the profit for the period				
Translation difference for foreign operations	1 129	45 290	37 621	25 793
Other comprehensive income for the period after tax	790	45 132	37 283	25 633
Comprehensive income for the period	48 277	63 090	189 827	230 307
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Parent company shareholders	47 923	62 779	188 182	229 306
Non-controlling interests	354	311	1 645	1 001
	48 277	**63 090**	**189 827**	**230 307**

Summary balance sheet for the group

SEK thousands	Note	31/12/2018	31/12/2017
ASSETS			
Goodwill		272 313	150 030
Other intangible assets		164 667	76 709
Tangible assets	5	567 918	519 512
Financial assets		2 174	1 977
Deferred tax assets	5	14 670	10 861
TOTAL NON-CURRENT ASSETS		**1 021 744**	**759 089**
Inventories	5	790 724	732 343
Trade and other receivables	5	1 081 833	900 387
Other current receivables	5	104 804	143 575
Cash and cash equivalents		100 683	142 049
TOTAL CURRENT ASSETS		**2 078 044**	**1 918 354**
TOTAL ASSETS		**3 099 788**	**2 677 444**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders		1 777 325	1 639 452
Non-controlling interests		5 386	3 742
TOTAL EQUITY		**1 782 711**	**1 643 193**
Non-current liabilities to credit institutions		16 667	12 757
Non-current non-interest-bearing liabilities		137 103	74 642
Total non-current liabilities		**153 769**	**87 399**
Interest-bearing current liabilities	5	417 480	253 264
Trade and other payables	5	449 868	418 050
Other current liabilities	5	295 960	275 537
Total current liabilities		**1 163 307**	**946 851**
TOTAL LIABILITIES		**1 317 076**	**1 034 250**
TOTAL EQUITY AND LIABILITIES		**3 099 788**	**2 677 444**

Statement of changes in Equity for the Group

SEK thousands	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit	Subtotal	Non-controlling interests	Total equity
	Equity attributable to parent company shareholders						
Equity, 01/01/2017	**36 588**	**84 194**	**72 236**	**1 267 437**	**1 460 455**	**2 739**	**1 463 195**
Profit for the period				**203 773**	**203 773**	**901**	**204 674**
Translation differences in foreign operations			25 691		25 691	101	25 793
Revalutation of defined benefit pension plans				-159	-159		-159
Other comprehensive income			**25 691**	**-159**	**25 532**	**101**	**25 633**
Comprehensive income for the year			**25 691**	**203 614**	**229 306**	**1 001**	**230 307**
Dividends paid				-50 309	-50 309		-50 309
Transactions with shareholders				**-50 309**	**-50 309**		**-50 309**
Equity, 31/12/2017	**36 588**	**84 194**	**97 927**	**1 420 742**	**1 639 452**	**3 742**	**1 643 193**
Equity, 01/01/2018	**36 588**	**84 194**	**97 927**	**1 420 742**	**1 639 452**	**3 742**	**1 643 193**
Profit for the year				**151 053**	**151 053**	**1 491**	**152 544**
Translation differences in foreign operations			37 457		37 457	164	37 621
Revalutation of defined benefit pension plans				-341	-341	-10	-351
Revalutation of defined benefit pension plans, tax effect				13	13		13
Other comprehensive income			**37 457**	**-328**	**37 129**	**154**	**37 283**
Comprehensive income for the year			**37 457**	**150 725**	**188 182**	**1 645**	**189 827**
Dividends paid				-50 309	-50 309		-50 309
Transactions with shareholders				**-50 309**	**-50 309**		**-50 309**
Equity, 31/12/2018	**36 588**	**84 194**	**135 384**	**1 521 160**	**1 777 325**	**5 386**	**1 782 711**

All shares, 18 294 058 pcs, are A-shares with equal voting rights and equal rights to the results.

Summary cash flow statement for the Group

SEK thousands	1 Oct - 31 Dec, 2018	1 Oct - 31 Dec, 2017	Full year 2018	Full year 2017
Profit before tax	53 275	31 797	198 322	255 828
Adjustment for non cash generating items	22 957	27 435	178 532	91 888
Income tax paid	-3 860	-7 604	-52 011	-39 476
Cash flow from operating activities before change in working capital	**72 372**	**51 629**	**324 843**	**308 239**
Increase (-)/decrease (+) in inventories	40 527	-45 045	-35 245	-140 311
Increase (-)/decrease (+) in trade receivables	-36 593	7 507	-135 136	-83 489
Increase (-)/decrease (+) in other receivables	7 864	-7 918	40 241	3 396
Increase (+)/decrease (-) in trade payables	-24 476	-14 988	-22 707	61 191
Increase (+)/decrease (-) in other liabilities	-18 574	-1 907	-21 407	-8 804
Change in working capital	**-31 251**	**-62 351**	**-174 253**	**-168 017**
Cashflow from operating activities	**41 121**	**-10 722**	**150 589**	**140 223**
Aquisitions of shares in subsidiaries	-378	0	-123 286	0
Divestment of shares in subsidiaries/associated comp	0	0	1 310	0
Acquisition of intangible non-current assets	-236	-265	-2 252	-1 685
Acquisition of tangible non-current assets	-40 797	-26 015	-136 771	-104 002
Sale of tangible non-current assets	7 386	1 520	19 777	5 282
Purchase/Sales of short-term investment in securities	-107	0	-107	204
Cashflow from investing activities	**-34 131**	**-24 760**	**-241 328**	**-100 200**
New borrowings, credit institutions	0	114 984	170 000	114 983
Amortisation of loans	-1 557	-98 090	-38 062	-161 433
Amortisation of loans (lease)	-732	-1 415	-7 143	-4 444
Change in bank overdraft facilities	-6 890	53 459	-30 614	43 058
Dividends to the parent company shareholders	0	0	-50 309	-50 309
Other changes in financial activities	125	-282	0	173
Casflow from financing activities	**-9 054**	**68 656**	**43 873**	**-57 972**
Change in cash and cash equivalents for the period	**-2 064**	**33 174**	**-46 866**	**-17 949**
Cash and cash equivalents at the beginning of the year	102 184	105 741	142 049	162 812
Exchange rate difference in cash and cash equivalents	563	3 135	5 499	-2 814
Cash and cash equivalents at the end of the period	**100 683**	**142 049**	**100 683**	**142 049**

Parent company development

Parent company

The parent company, AQ Group AB, focuses primarily on managing and developing the Group. As in previous years, the parent company's turnover consists almost exclusively of the sale of administrative services to subsidiaries. There are no purchases of any substance from subsidiaries.

Summary income statement for the Parent company

SEK thousands	Note	Oct - Dec 2018	Oct - Dec 2017	Full year 2018	Full year 2017
Net sales		13 415	12 793	51 637	50 240
Other operating income		134	956	2 763	2 607
		13 549	**13 748**	**54 400**	**52 846**
Other external expenses	5	-12 786	-4 924	-26 988	-16 898
Personnel costs		-5 291	-3 096	-18 801	-18 152
Depreciation and amortisation		-86	-66	-319	-293
Other operating expenses		-171	-118	-299	-314
		-18 334	**-8 204**	**-46 407**	**-35 656**
Operating profit		**-4 786**	**5 545**	**7 992**	**17 190**
Net financial items	5	-15 839	-13 527	202 699	81 756
Earnings after net financial items		**-20 624**	**-7 983**	**210 691**	**98 946**
Appropriations		24 752	34 193	24 752	34 193
Profit before tax		**4 128**	**26 211**	**235 443**	**133 140**
Taxes	6	-4 429	-16 143	-11 172	-19 894
Profit for the period		**-301**	**10 068**	**224 271**	**113 246**

Fourth quarter

Net sales for the fourth quarter was SEK 13.4 million (12.8), somewhat higher than the same period in the previous year, because of higher invoicing of management fees (group common costs). Other external expenses were SEK 12.8 million (4.9), the difference compared to the same period last year is, among other things, higher IT and legal costs.

Personnel costs were SEK 5.3 million (3.1). Operating profit (EBIT) was SEK -4.8 million (5.5).

Net financial items were negative of SEK 15.8 million (-13.5) and consists of write-downs of shares in a Mexican and an Indian subsidiary of SEK 13 million, costs of SEK 2.6 million in connection with AQ Segerström & Svensson AB's bankruptcy and exchange gains and bank interest rates.

Appropriations consist of group contributions from subsidiaries and provisions for untaxed reserves.

The tax costs of SEK 4.4 million is SEK 11.7 million lower than the same period in the previous year. The change is largely explained by the fact that during last year a cost of "withholding tax" arose in the fourth quarter of SEK 8.6 million in connection with dividends from China

Full year

Net sales for the full year was SEK 51.6 million (50.2), similar to the same period in the previous year. Other external expenses were SEK 27.0 million (16.9), the difference compared to last year is, among other things, higher IT and legal costs.

Personnel costs were SEK 18.8 million (18,2). Operating profit (EBIT) was SEK 8.0 million (17.2).
Net financial items were SEK 202.7 million (81.8) and consists partly of tax-free dividends from subsidiaries of SEK 280.2 million (125.3), capital loss SEK 21.2 million, write-down of shares in subsidiaries of SEK 13.0 million and SEK 42.7 million due to write-down of receivables, see note 5.

Tax costs of SEK 11.2 (19.9) million are lower than in the previous year. One reason is that this year's "withholding tax" amounted to SEK 4.0 million (8.6) and that the difference between the year's taxable earnings was SEK 17 million lower than last year.

The capital loss and write-down of receivables in connection with AQ Segerström & Svensson AB's bankruptcy are not tax-deductible expenses, see note 6.

Summary balance sheet for the Parent company

SEK thousands	31/12/2018	31/12/2017
ASSETS		
Tangible assets	1 366	922
Financial fixed assets	840 005	661 743
Deferred tax assets	41	-
TOTAL NON-CURRENT ASSETS	**841 412**	**662 666**
Other current receivables	420 157	316 805
Cash and cash equivalents	-	-
TOTAL CURRENT ASSETS	**420 157**	**316 805**
TOTAL ASSETS	**1 261 569**	**979 472**
EQUITY AND LIABILITIES		
Restricted equity	37 745	37 745
Non-restricted equity	507 695	333 732
Total equity	**545 439**	**371 476**
Untaxed reserves	**53 054**	**60 407**
Deferred tax liabilities	-	12
Other provisions	41 310	-
Provisions	**41 310**	**12**
Non-current interest-bearing liabilities	683	144
Total non-current liabilities	**683**	**144**
Interest-bearing current liabilities	563 411	515 998
Trade and other payables	3 568	2 994
Other current liabilities	54 103	28 441
Total current liabilities	**621 082**	**547 433**
TOTAL LIABILITIES	**663 076**	**547 589**
TOTAL EQUITY AND LIABILITIES	**1 261 569**	**979 472**

The change in financial fixed assets compared to the same period in the previous year is due to the acquisitions of Mecanova and B3CG. The write-down of shares in connection with the bankruptcy of AQ Segerström & Svensson AB also affects the financial fixed assets.

Other current receivables are mainly with group companies of SEK 414 million (311) and consists of group contributions and cash pool.

The change in non-restricted equity compared to December 31, 2017 is due to dividends of SEK 50 million and profit for the year of SEK 224 million. Other provisions of SEK 41.3 million consist of additional purchase price.

Interest-bearing current liabilities have increased compared to the same period in the previous year due to acquisitions and consists of short-term bank loans of SEK 285 million, usage of bank overdraft of SEK 110 million and debts to subsidiaries in the cash pool of SEK 168 million.

Notes

Note 1. Accounting principles

The summary interim report has been prepared in accordance IAS 34, Interim Financial Reporting, and applicable parts of the Swedish Annual Accounts Act. Information according to IAS 34.16A are presented in the financial reports and their notes as well as in other parts of the interim report. The interim report for the parent company has been prepared in accordance with Swedish Annual Accounts Act, chapter 9 Interim report. For the group and the parent company the accounting and valuation principles applied are the same as used in the latest annual report.

The total sum in tables and calculations do not always sum up of the parts due to rounding differences. The objective is that every interim row shall conform with the original source resulting in rounding differences.

As of July 3, 2016, ESMAs (European Securities And Markets Authority) "Guidelines – Alternative performance measures" are applied. In accordance with these guidelines information about financial numbers have been added that are not defined by IFRS.

During 2018 the group has started to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The transition to IFRS 9 and IFRS 15 has not had any major effect for the group or the parent company. IFRS 15 has added additional information which is shown together with business segments in note 2.

IFRS 9 includes rules for classification and valuation of financial assets and liabilities, impairment of financial instruments and hedge accounting. The standard introduces among other things an impairment model based on expected credit losses instead of actual credit losses.

IFRS 15 builds on the principle that revenue is recognized when the customer gets control of the sold goods or service and replaces the earlier principle when revenue is recognized when risks and benefits have transferred to the buyer. IFRS 15 is also clearer in identifying the performance obligations in customer contracts.

IFRS 16 Leases will replace IAS 17 Leases on January 1, 2019. With IFRS 16, all leases will be accounted for in the group's balance sheet except for leases of lesser value and contracts with a lease period of less than 12 months. AQ has thus chosen to use the relief rules for short leases or assets of low value.

The company has also chosen to use the simplified transition method, which means that no recalculation will be made of the comparative figures and that the entry value of equity is not affected. IFRS 16 is expected to affect the Group's balance sheet total by approximately 10%.

Note 2. Segment reporting and breakdown of revenue

The Group operates in two business segments: *Component*, 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.

Fourth quarter

For the segment Component, the total net sales for the fourth quarter was SEK 993 million (880), of which SEK 910 million (792) is external sales. The increase of the external sales of totally SEK 113 million is due to high demands from our customers and our acquisitions.

For the segment System, the total net sales for the fourth quarter was SEK 345 million (279), of which SEK 306 million (225) is external sales. The increase of the external sales of SEK 81 million is due to increased demands from our customers.

Operating profit (EBIT) in the fourth quarter was SEK 27 million (21) for Component, which was SEK 6 million better than the same period last year. Component has had non-recurring costs in the fourth quarter of SEK 7.8 million in connection with the bankruptcy of AQ Segerström & Svensson AB. Operating profit (EBIT) for System was SEK 35 million (8), which was SEK 27 million better than the same period last year.

In the column" Unallocated and eliminations" there are items which have not been allocated to the two segments, parent company and group eliminations.

The turnover divided among geographical markets in the fourth quarter: Sweden 41% (48), other European countries 46% (41) and other countries 13% (11).

Segment reporting

Q4 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Net sales, external	909 899	306 329		1 216 228
Net sales, internal	82 717	38 396	-121 113	
Total net turnover	**992 616**	**344 725**	**-121 113**	**1 216 228**
Material costs, excl. purchases own segment	-525 298	-241 827	109 378	-657 747
Depreciation	-27 639	-1 459	-86	-29 184
Other operating expenses/income	-412 296	-66 495	6 414	-472 377
Operating profit	**27 383**	**34 945**	**-5 407**	**56 921**
Net financial items			-3 646	-3 646
Profit before tax	**27 383**	**34 945**	**-9 053**	**53 275**
Other comprehensive income plus tax			-4 998	-4 998
Comprehensive income for the period	**27 383**	**34 945**	**-14 051**	**48 277**

Q4 2017, SEK thousands				
Net sales, external	792 050	225 271		1 017 321
Net sales, internal	88 177	54 081	-142 258	
Total net turnover	**880 227**	**279 352**	**-142 258**	**1 017 321**
Material costs, excl. purchases own segment	-437 154	-213 525	133 447	-517 231
Depreciation	-25 182	-1 421	-66	-26 670
Other operating expenses/income	-397 266	-56 551	18 907	-434 910
Operating profit	**20 625**	**7 855**	**10 031**	**38 510**
Net financial items			-6 713	-6 713
Profit before tax	**20 625**	**7 855**	**3 318**	**31 797**
Other comprehensive income plus tax			31 293	31 293
Comprehensive income for the period	**20 625**	**7 855**	**34 610**	**63 090**

Sales divided by segment and geographical markets

Q4 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	307 766	238 857	13 415	560 039
Other European countries	547 834	72 711		620 545
Other countries	137 015	33 157		170 172
Net sales	**992 616**	**344 725**	**13 415**	**1 350 756**
Internal sales, eliminations			-134 528	-134 528
Total net turnover	**992 616**	**344 725**	**-121 113**	**1 216 228**

Q4 2017, SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	373 995	176 584	12 793	563 372
Other European countries	429 468	47 384		476 852
Other countries	76 764	55 385		132 148
Net sales	**880 227**	**279 352**	**12 793**	**1 172 371**
Internal sales, eliminations			-155 051	-155 051
Total net turnover	**880 227**	**279 352**	**-142 258**	**1 017 321**

Geographical markets are based on where AQ Group's subsidiaries have their registered office.

Full year

For the segment Component, the total net sales for the full year was SEK 3 945 million (3 471), of which SEK 3 584 million (3 140) is external sales. The increase of the external sales of totally SEK 444 million is due to high demands from our customers and our acquisitions.

For the segment System, the total net sales for the full year was SEK 1 255 million (1 057), of which SEK 1 083 million (880) is external sales. The increase of the external sales of SEK 203 million is due to increased demands from our customers.

Operating profit (EBIT) for the full year was SEK 135 million (181) for Component, which was SEK 46 million lower than the same period last year. The reason for the lower profit in Component is mainly due to non-recurring costs in conjunction the bankruptcy of AQ Segerström & Svensson AB of SEK 73 million.

Operating profit (EBIT) for System was SEK 84 million (63), which was SEK 21 million better than the same period last year. The reason for the improvement in System is due to projects with higher profitability than last year.

In the column" Unallocated and eliminations" there are items which have not been allocated to the two segments, parent company and group eliminations.

The turnover divided among geographical markets for the full year: Sweden 43% (49), other European countries 45% (40) and other countries 12% (11).

Segment reporting

YTD 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Net sales, external	3 583 912	1 083 308		4 667 220
Net sales, internal	361 435	171 355	-532 790	
Total net turnover	**3 945 347**	**1 254 663**	**-532 790**	**4 667 220**
Material costs, excl. purchases own segment	-2 040 756	-911 413	489 798	-2 462 371
Depreciation	-107 038	-4 874	-319	-112 231
Other operating expenses/income	-1 662 330	-254 133	32 029	-1 884 434
Operating profit	**135 223**	**84 243**	**-11 282**	**208 184**
Net financial items			-9 862	-9 862
Profit before tax	**135 223**	**84 243**	**-21 144**	**198 322**
Other comprehensive income plus tax			-8 495	-8 495
Comprehensive income for the period	**135 223**	**84 243**	**-29 640**	**189 827**

YTD 2017, SEK thousands				
Net sales, external	3 139 527	880 213		4 019 740
Net sales, internal	331 228	177 243	-508 471	
Total net turnover	**3 470 755**	**1 057 456**	**-508 471**	**4 019 740**
Material costs, excl. purchases own segment	-1 760 814	-783 683	474 842	-2 069 654
Depreciation	-92 011	-5 195	-293	-97 499
Other operating expenses/income	-1 436 662	-205 241	52 599	-1 589 305
Operating profit	**181 268**	**63 337**	**18 678**	**263 282**
Net financial items			-7 454	-7 454
Profit before tax	**181 268**	**63 337**	**11 224**	**255 828**
Other comprehensive income plus tax			-25 521	-25 521
Comprehensive income for the period	**181 268**	**63 337**	**-14 297**	**230 307**

Sales divided by segment and geographical markets

YTD 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	1 375 623	821 766	51 637	2 249 027
Other European countries	2 092 857	274 957		2 367 814
Other countries	476 866	157 939		634 806
Net sales	**3 945 347**	**1 254 663**	**51 637**	**5 251 647**
Internal sales, eliminations			-584 427	-584 427
Total net turnover	**3 945 347**	**1 254 663**	**-532 790**	**4 667 220**

YTD 2017, SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	1 457 921	722 596	50 240	2 230 757
Other European countries	1 682 732	173 013		1 855 745
Other countries	330 101	161 848		491 949
Net sales	**3 470 755**	**1 057 456**	**50 240**	**4 578 451**
Internal sales, eliminations			-558 711	-558 711
Total net turnover	**3 470 755**	**1 057 456**	**-508 471**	**4 019 740**

Geographical markets are based on where AQ Group's subsidiaries have their registered office.

Note 3. Personnel

Number of employees (full time yearly equivalents) in the Group per country:

	Jan-dec 2018	Jan-dec 2017	Jan-dec 2016
Bulgaria	1 268	1 146	981
Poland	1 147	1 010	873
Sweden	900	1 043	1 005
Lithuania	721	688	688
China	440	472	498
Estonia	420	385	349
Hungary	379	430	447
Mexico	205	162	127
Canada	153	0	0
India	133	123	134
Finland	121	0	0
United States	105	0	0
Serbia	32	36	17
Thailand	25	34	20
Italy	20	19	24
	6 069	**5 548**	**5 163**

Note 4. Acquisitions

AQ's strategy is to grow in both segments. During the period January to December some minor and two larger acquisitions were made.

Acquisitions during 2018:

Date	Acquisition	Net sales, SEK million*	Number of employees*	
April 3, 2018	Mecanova OY	138.4	120	Finland
	Mecanova OÜ	34.6	45	Estonia
May 8, 2018	B3CG Interconnect Inc.	158,4	180	Canada
	B3CG Interconnect USA Inc.	81,6	120	USA

* Net sales and number of employees at the time of acquisition

Minor acquisitions	
March 1, 2018	Teknoprodukter Finmekanik Vännäs AB

Mecanova

On April 3, 2018 AQ Group acquired 100 % of the shares in the private company Mecanova Oy in Nivala, Finland with its subsidiary Mecanova Oü in Pärnu, Estonia. The purchase price was MEUR 1.1 million in cash. In conjunction with the purchase it was agreed that AQ Group shall pay additionally EUR 500 thousand and make a shareholder contribution of EUR 2.1 million.

The company has established an acquisition analysis, which shows consolidated overvalues of about EUR 6.9 million divided in customer relations EUR 0.9 million, technology EUR 2.3 million, goodwill EUR 4.3 million and a deferred tax debt of EUR 0.6 million. The depreciation rate is estimated to 10 years for the customer relations and 10 years for the technology. The estimated goodwill value of EUR 4.3 million includes synergy effects in the form of more efficient production processes and the technical competence of personnel. No part of the goodwill is expected to be tax deductible. There were SEK 1.2 million of acquisition related

expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The acquisition was financed with existing credits.
During the period April to December the acquired companies contributed with SEK 121 million to the group's turnover and SEK 0.3 million to the profit after tax. If the acquisition had been made on January 1, 2018, i.e. included the first quarter, management is estimating that the group's sales would have been SEK 55 million higher and the profit would have been SEK 3.2 million higher for 2018.

B3CG
AQ Group AB signed on May 8, 2018 an agreement to acquire 100% of the shares in B3CG Interconnect Inc. and its subsidiary B3CG Interconnect USA Inc. The purchase price was CAD 13.8 million plus an earnout over two years of maximum CAD 6 million.

The company has established an acquisition analysis, which shows consolidated overvalues of about CAD 17.3 million divided in customer relations CAD 4.7 million, technology CAD 5.7 million, goodwill CAD 9.6 million and a deferred tax debt of CAD 2.8 million. The depreciation rate is estimated to 10 years for the customer relations and 10 years for the technology. The estimated goodwill value of CAD 9.6 million includes synergy effects in the form of more efficient production processes and the technical competence of personnel. No part of the goodwill is expected to be tax deductible. There were SEK 0.9 million of acquisition related expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The acquisition was financed with a new bank loan.

During the period May to December the acquired companies contributed with SEK 135 million to the group's turnover and SEK 4.9 million to the profit after tax. If the acquisition had been made on January 1, 2018, i.e. included the first quarter and the month of April, management is estimating that the group's sales would have been SEK 70 million higher and the profit would have been SEK 5 million higher for 2018.

Net assets in acquired companies:
(SEK thousands)

	Mecanova OY and Mecanova OÜ	B3CG Interc. Inc and Inc.	Group
Intangible assets	2 418	9 140	11 558
Tangible assets	24 128	8 500	32 628
Financial assets	5 466	0	5 466
Inventories	18 429	19 507	37 935
Operating receivables	9 760	45 220	54 979
Tax liabilities	0	-659	-659
Operating liabilities	-44 921	-31 563	-76 484
Liquid funds	137	1 061	1 198
Provisions	0	-1 405	-1 405
Net loans	-48 189	-31 668	-79 857
Acquired net assets	**-32 772**	**18 132**	**-14 640**
Customer relations	9 211	32 223	41 433
Technologies	23 890	39 442	63 331
Deferred tax on surplus values	-6 620	-19 349	-25 969
Goodwill	44 418	65 958	110 376
Purchase price shares	**38 126**	**136 405**	**174 531**
Debt purchase price	-11 359		-11 359
Debt additional purchase price		-41 310	-41 310
Cash flow effect			
Cash paid	-26 767	-95 095	-121 862
Total consideration paid	**-26 767**	**-95 095**	**-121 862**
Liquid funds in acquired company	137	1 061	1 198
Total cash flow effect	**-26 630**	**-94 034**	**-120 664**
Cash flow effect from minor acquisitions:			-2 622
Total cash flow effect acquisition of shares in subsidiaries			**-123 286**

Note 5. Items affecting comparability

Items affecting comparability related to the bankruptcy of AQ Segerström Svensson AB.

Income Statement

	Group		Parent company	
SEK thousands	**Oct-Dec 2018**	**Jan-Dec 2018**	**Oct-Dec 2018**	**Jan-Dec 2018**
Other external expenses	-5 127	-11 042	-	-577
Other operating expenses	-	-59 670	-	-
Operating profit	**-5 127**	**-70 712**	**-**	**-577**
Net financial income/expenses	-2 648	-2 648	-2 648	-63 971
Profit before tax	**-7 775**	**-73 360**	**-2 648**	**-64 548**
Specification of items affecting comparability:				
Loss from divestment	-	-18 835	-	-21 226
Write-down of receivables	-2 648	-43 322	-2 648	-42 745
Bad debt loss	-5 127	-11 042	-	-577
Other accruals	-	-161	-	-
	-7 775	**-73 360**	**-2 648**	**-64 548**

Balance sheet

Balance sheet of AQ Segerström & Svensson AB at the time of the bankruptcy:

	Group
SEK thousands	**30/09/2018**
Tangible assets	-25 663
Deferred tax asset	-995
Inventories	-28 305
Trade receivables	-37 551
Other current receivables	-39 333
Interest-bearing current liabilities	40 674
Trade payables	59 908
Other current liabilities	12 430
Net assets	**-18 835**

Note 6. Effective tax rate

	Group		Parent company	
SEK thousands	**Oct-Dec 2018**	**Jan-Dec 2018**	**Oct-Dec 2018**	**Jan-Dec 2018**
Specification of recorded tax:				
Profit before tax	*53 275*	*198 322*	*-20 624*	*210 691*
Tax calculated according to tax rate in Sweden 22%	-11 721	-43 631	4 537	-46 352
Tax effect due to:				
Non-deductible expenses	-2 138	-16 991	-8 953	-22 493
Non-taxable income	433	1 577	-	61 647
Effect of tax rates in foreign operations	4 405	18 351	-	-
Change in non-recorded tax loss carryforwards	362	-3 777	-	-
Change in tax rate	3 041	3 041	-	-
Other	-170	-387	-13	-13
	-5 788	**-41 817**	**-4 429**	**-7 211**
Withholding tax on dividends	-	-3 961	-	-3 961
Tax recorded for the period	**-5 788**	**-45 778**	**-4 429**	**-11 172**
Recorded effective tax rate	*-10,86%*	*-23,08%*	*21,47%*	*-5,30%*

The deviating effective tax rate is primarily attributable to non-deductible expenses relating to the capital losses in connection with bankruptcy in the subsidiary Segerström & Svensson and losses of the financial receivables held by the parent company to the subsidiary. The tax effect amounts to SEK 12.9 million in the Group and in the parent company by SEK 13.5 million. In addition, the Group cannot utilize the losses in the subsidiary during the year from a tax perspective. The parent company's non-taxable income relates primarily to dividends from subsidiaries.

Note 7. Financial instruments

Financial instruments that are shown in the balance sheet include on the assets side mainly cash or cash equivalents, receivables from customers and other receivables. On the liabilities side they consist mainly of payables to suppliers, other payable and credit debts.

Fair value is not separately shown as it is our assessment that the values shown are an acceptable estimation of the real value because of the short terms. Fair value of assets is established from market prices. Fair value is based on the listing at brokers. Similar contracts are being traded on an active market and the prices are reflecting actual transactions of comparable instruments.

The Group is only in exceptional cases using derivatives to reduce currency risks. Per December 31, the market value of derivatives amounted to SEK -172 thousand (0) valued at level 2.

Additional purchase prices belong to valuation level 3 and have been valued at the amount they are estimated to turn out, based on terms in the acquisition agreements on future cash flows.

Note 8. Events after end of the reporting period

Information about events after the end of the reporting period are presented on page 7.

Note 9. Calculation of key figures and definitions

	2018					2017				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)										
Operating profit	71 539	57 766	21 959	56 921	208 184	86 813	74 397	63 562	38 510	263 282
Net revenue	1 090 122	1 223 542	1 137 327	1 216 228	4 667 220	1 001 898	1 077 380	923 142	1 017 321	4 019 740
Operating margin	**6,6%**	**4,7%**	**1,9%**	**4,7%**	**4,5%**	**8,7%**	**6,9%**	**6,9%**	**3,8%**	**6,5%**
Profit margin before tax, (EBT %)										
Profit before tax	68 397	55 411	21 239	53 275	198 322	92 258	70 478	61 295	31 797	255 828
Net revenue	1 090 122	1 223 542	1 137 327	1 216 228	4 667 220	1 001 898	1 077 380	923 142	1 017 321	4 019 740
Profit margin before tax	**6,3%**	**4,5%**	**1,9%**	**4,4%**	**4,2%**	**9,2%**	**6,5%**	**6,6%**	**3,1%**	**6,4%**
Liquid ratio, %										
Trade receivables	1 024 591	1 103 424	1 045 422	1 081 833	1 081 833	922 728	947 782	889 208	900 387	900 387
Other current receivables	161 071	149 262	115 188	104 804	104 804	184 722	161 748	155 202	143 575	143 575
Cash and cash equivalents	155 151	139 988	102 184	100 683	100 683	125 316	103 003	105 741	142 049	142 049
Current liabilities	1 059 940	1 288 721	1 194 084	1 163 307	1 163 307	865 301	864 583	828 792	946 851	946 851
Liquid ratio	**126%**	**108%**	**106%**	**111%**	**111%**	**142%**	**140%**	**139%**	**125%**	**125%**
Debt/equity ratio, %										
Total equity	1 759 434	1 754 072	1 736 971	1 782 711	1 782 711	1 543 686	1 552 257	1 580 103	1 643 193	1 643 193
Total assets	2 904 192	3 262 755	3 104 465	3 099 788	3 099 788	2 593 111	2 591 281	2 567 768	2 677 444	2 677 444
Debt/equity ratio	**61%**	**54%**	**56%**	**58%**	**58%**	**60%**	**60%**	**62%**	**61%**	**61%**
Return on total assets, %										
Profit before tax, rolling 12 months	231 967	216 900	176 845	198 322	198 322	295 648	275 368	283 613	255 828	255 828
Financial expenses, rolling 12 months	-11 222	-9 766	-14 153	-14 715	-14 715	-12 669	-15 652	-12 671	-10 741	-10 741
Total equity and liabilities, opening balance for 12 montl	2 593 111	2 591 281	2 567 768	2 677 444	2 677 444	2 066 851	2 149 012	2 130 582	2 449 796	2 449 796
Total equity and liabilities, closing balance	2 904 192	3 262 755	3 104 465	3 099 788	3 099 788	2 593 111	2 591 281	2 567 768	2 677 444	2 677 444
Total equity and liabilities, average	2 748 651	2 927 018	2 836 117	2 888 616	2 888 616	2 329 981	2 370 147	2 349 175	2 563 620	2 563 620
Return on total assets	**8,8%**	**7,7%**	**6,7%**	**7,4%**	**7,4%**	**13,2%**	**12,3%**	**12,6%**	**10,3%**	**10,3%**
Return on equity after tax, %										
Profit for the period after tax, rolling 12 months	185 336	173 510	123 016	152 544	152 544	250 191	233 463	237 884	204 674	204 674
Total equity, opening for 12 months	1 543 686	1 552 257	1 580 103	1 643 193	1 643 193	1 241 016	1 290 577	1 366 832	1 463 195	1 463 195
Total equity, closing	1 759 434	1 754 072	1 736 971	1 782 711	1 782 711	1 543 686	1 552 257	1 580 103	1 643 193	1 643 193
Total equity, average	1 651 560	1 653 165	1 658 537	1 712 952	1 712 952	1 392 351	1 421 417	1 473 468	1 553 194	1 553 194
Return on equity after tax	**11,2%**	**10,5%**	**7,4%**	**8,9%**	**8,9%**	**18,0%**	**16,4%**	**16,1%**	**13,2%**	**13,2%**
Net cash / Net debt										
Cash and cash equivalents	155 151	139 988	102 184	100 683	100 683	125 316	103 003	105 741	142 049	142 049
Non-current interest bearing liabilities	9 817	46 478	21 405	16 667	16 667	100 757	91 653	84 587	12 757	12 757
Current interest bearing liabilities	248 309	414 606	420 982	417 480	417 480	139 998	130 614	112 052	253 264	253 264
Total interest bearing liabilities	258 126	461 084	442 387	434 146	434 146	240 755	222 267	196 639	266 021	266 021
Net cash / Net debt	**-102 975**	**-321 096**	**-340 203**	**-333 464**	**-333 464**	**-115 439**	**-119 264**	**-90 898**	**-123 972**	**-123 972**
Growth, %										
Organic growth										
Net revenue	1 090 122	1 223 542	1 137 327	1 216 228	4 667 220	1 001 898	1 077 380	923 142	1 017 321	4 019 740
- Effect of changes in exchange rates	21 159	32 485	42 275	28 605	124 524	8 945	22 944	-1 319	-1 262	29 308
- Net revenue for last year	1 001 898	1 077 380	923 142	1 017 321	4 019 740	801 834	859 584	723 223	904 575	3 289 215
- Net revenue for acquired companies	92	87 276	87 176	91 217	265 762	121 766	108 181	95 109	0	325 055
= Organic growth	66 973	26 402	84 733	79 085	257 194	69 353	86 671	106 130	114 008	376 162
Organic growth divided by last year net revenue, %	**6,7%**	**2,5%**	**9,2%**	**7,8%**	**6,4%**	**8,6%**	**10,1%**	**14,7%**	**12,6%**	**11,4%**
Growth through acquisitions										
Net revenue for acquired companies divided by last year net revenue, %	**0,0%**	**8,1%**	**9,4%**	**9,0%**	**6,6%**	**15,2%**	**12,6%**	**13,1%**	**0,0%**	**9,9%**

Operating margin, EBIT %

Calculated as operating profit divided by net sales.
This key figure shows the achieved profitability in the operative business of the company. Operating margin is a useful measure to follow up profitability and efficiency of the business before deduction of tied up capital. The figure is used internally for controlling and managing the business as well as a benchmark towards other companies in the industry.

Profit margin before tax, EBT%

Calculated as profit before tax divided by net sales.
This key figure shows the profitability of the business before tax. Profit margin before tax is a useful measure to follow up profitability and efficiency including tied up capital. The figure is used internally for controlling and managing the business as well as a benchmark towards other companies in the industry.

Liquid ratio, %

Calculated as current assets (excl. inventory) divided by current liabilities.
This key figure reflects the company's short-term solvency as it sets the company's current assets (except inventory) in relation to the short-term liabilities. If the liquid ratio exceeds 100%, it means that the assets exceed the liabilities in question.

Debt/Equity ratio, %
Calculated as adjusted equity divided by balance sheet total.
This key figure reflects the company's financial position and its long-term solvency. To have a good equity ratio and thus a strong financial position is important for being able to manage business cycles with varying sales. To have a strong financial position is also important for managing growth.

Return on total assets, %
Calculated as profit/loss after financial items divided by the average balance sheet total.
This key figure also shows the achieved profitability in the operative business. This number complements the operating margin as it includes tied up capital. It means that the number gives information on the return the business is given in relation to the capital tied in it. (Financial investments and cash and cash equivalents are also considered and the profit they give in the form of financial income.)

Return on equity after tax, %
Calculated as profit/loss after tax divided by average equity including minority interest.
This is a key figure showing the return of the capital that the owners have invested in the company (including retained earnings) after other stakeholders have received their dividends. This key figure shows how profitable the company is for its owners. This return also has significance for the company's opportunities to grow in a financial balance.

Operating profit, SEK thousands
Calculated as the profit before tax and financial items.
Operating profit shows the result generated by the operative business and is used together with operating margin and return on total assets for evaluating and managing the operative business.

Profit before tax / Profit after financial items (EBT), SEK thousands
Calculated as the profit before tax.
The key figure shows the result generated by the operative business and financial income taking into account payments to creditors for the capital they are contributing to finance the business. The figure shows remaining profit to the owners taking into account that part of it will be deducted for tax payments.

Net cash/Net debt, SEK thousands
Calculated as the difference between interest bearing debts and cash and cash equivalents.
This key figure is reflecting how much interest-bearing debts the company has taking into account in cash and cash equivalents. The figure gives a good picture of the debt situation. Net cash means that cash and cash equivalents exceed interest bearing debts. Net debt means that interest bearing debts exceed cash and cash equivalents.

Growth, %
The company is using two key figures to describe growth; 1) organic growth and 2) growth through acquisitions.

Organic growth is calculated as the difference between the net sales of the current period and the net sales of the previous period, excluding currency effect and net sales of acquired units.
Organic growth in % is calculated as the organic growth divided by the net sales in the same period in the previous year.
Growth through acquisitions is calculated as net sales of acquired companies
divided by the net sales in the same period in the previous year.

Growth is an important component in the company's strategy as growth is required to be a leading actor in the markets where the company is operating. Growth is partly through acquisition and partly organic. It's important to follow up and to present the different ways of achieving growth as it is two different ways to grow. Acquisitions are done when opportunities are given to expand the business in a certain geographic market or in a certain product area (in line with the company's strategic plan). Organic growth often has the character of a continued expansion within the existing operations.

Dividend per share, SEK
Dividend per share is decided at the Annual General Meeting where the annual report is approved for the fiscal year. Number of shares are the thousands of shares issued at the set date for payment of dividends.

AQ in brief

AQ is a leading supplier to demanding industrial customers and is listed on Nasdaq Stockholm's main market.

The Group consists mainly 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.

The Group headquarter is in Västerås, Sweden. AQ has, on December 31, 2018, in total about 6,100 employees in Sweden, Bulgaria, China, Estonia, Hungary, India, Italy, Lithuania, Mexico, Poland, Serbia, Finland, Canada and USA.

In 2018 AQ had net sales of about SEK 4.7 billion, and the group has since its start in 1994 shown profit every quarter.

WE ARE RELIABLE

Customer focus	**Customer always comes first** By making our customers' life easy and by giving the "little extra" we will create a long term partnership.
Simplicity	We do our daily work without complexity and bureaucracy. Everything we do adds customer value.
Entrepre-neurial business	Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.
Courage and respect	We have the courage to go our own way, we stand up for our positions, are prepared to make tough decisions, give constructive feedback and admit own mistakes. We treat others as we like to be treated ourselves.
Cost efficiency	We use the most cost efficient way to fulfill our customers' demands and work with continuous improvements. Our business is production, we have a long term view and we fully commit ourselves to live up to customer expectations for quality, delivery performance, technological development and service.