



Västerås 10/22/2014

AQ Group AB (publ)

Interim report January – September 2014

Third quarter, July - September 2014, in brief

- Net sales SEK 605 million (614)
- Operating profit SEK 44 million (57)
- Profit after financial items SEK 45 million (56)
- Earnings per share after tax SEK 1.81 (2.27)

Nine months, January - September 2014, in brief

- Net sales SEK 1,913 million (1,831)
- Operating profit SEK 117 million (123)
- Profit after financial items SEK 118 million (118)
- Equity ratio 59 % (54)
- Earnings per share after tax SEK 5.12 (5.04)

AQ in brief

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

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 3,900 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.agg.se

Third quarter and nine months

Operations have developed according to plan during the third quarter. Net sales totaled SEK 605 million (614), a decrease of SEK 9 million compared to the same period in the previous year. Sales excluding acquisitions and currency declined by 7%.

Net sales in the period January to September totaled SEK 1,913 million (1,831), an increase of SEK 82 million compared to the same period in the previous year. Sales excluding acquisitions and currency declined by 3%.

Operating profit was SEK 44 million (57) in the third quarter. For the period January to September the operating profit was SEK 117 million (123), a decrease of 4 %.

Equity in the group was SEK 980 million (844) at the end of the quarter.

Significant events during the period

Acquisitions during the period

AQ Lasertool Oü acquired the business assets of Sertec Engineering Estonia Oü on September 1. The transaction was made as a cash transaction at a price of EUR 1.125 million, corresponding to the value of machines, equipment and inventory.

Sertec was a leading supplier of sheet metal component and assemblies for automotive and commercial vehicles. The company had net sales of about EUR 5 million and employed 60 people. The business will continue in the same location in Juri, Estonia and is now part of AQ Lasertool.

Other events

AQ Group is celebrating 20 years this year. During these 20 years, AQ has shown profit each quarter and increased sales each year. The anniversary has been celebrated during the third quarter together with customers and employees.

The program to develop all subsidiary management teams, which has been running for two years has been completed with good results. The purpose of the program has been to increase organic growth with focus on goals and a deeper understanding of working in a management team.

AQ has designed and manufactured prototypes for electric as well as hybrid buses. This is an example where AQ can combine its knowledge in both mechanical and electrical engineering.

In India we have received an order, from an international train manufacturer, of wiring systems, transformers and enclosures for propulsion control. In conjunction with this an investment will be made in FSW (Friction Stir Welding) equipment. According to the customer, there is no such equipment in the private industry in India.

We are proud to be a supplier of injection molded components to Volvo Cars new flag ship XC90.

AQ Encluse Systems in Vaggeryd has invested in an advanced panel bending machine (only one in Sweden) for efficient manufacturing of advanced sheet metal components. It has enabled us to become a new supplier to a customer in the medical technology sector. We have also won new business for the same customer for production in AQ Electric in Bulgaria.

The work to reduce our inventory is continuing and among other things a broad education program has been launched. To help our customers improving their service, we have built VMI stock, which has increased our inventory with SEK 10 million.

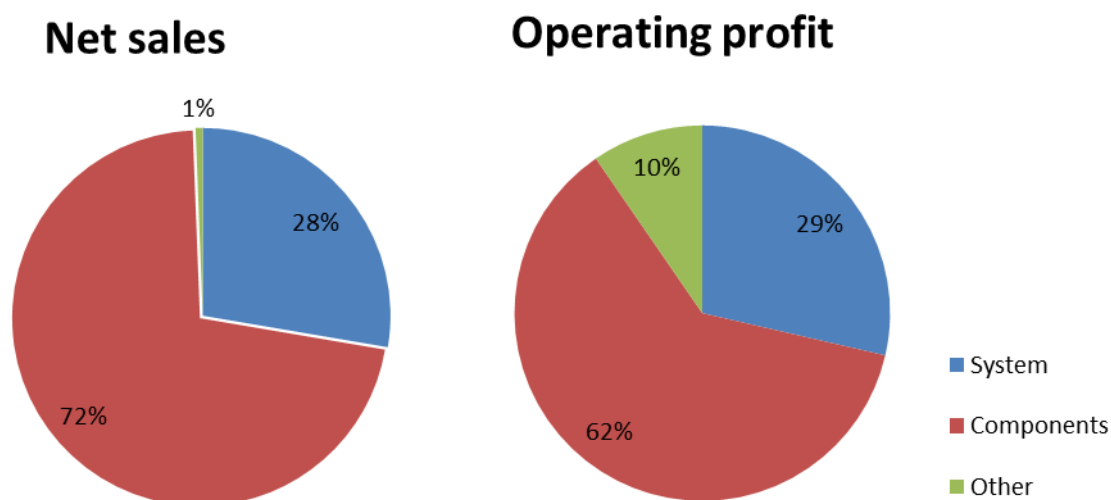
AQ has taken photovoltaic equipment of 20 kW in operation at our factory in Godech, Bulgaria.

Significant events after the end of the period

There are no significant events to report.

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.



	Q3 2014			Q3 2013		
	System	Component	Other	System	Component	Other
Net sales	167 464	433 786	3 703	142 347	469 189	2 963
Operating profit	12 497	26 994	4 191	11 443	51 074	-5 370

The Component segment showed a lower operating profit than in the same period in 2013. The reason is that we had a significant order with good margin which was delivered in Q3 2013.

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 company has in preparing the interim report gone through and evaluated risks and uncertainties according to the description given in the annual report of 2013 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 2013.

Future prospects

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

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

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

	Q3 2014	Q3 2013	Acc 2014	Acc 2013	R12	2013
Net sales	604 953	614 499	1 912 649	1 830 829	2 609 192	2 527 372
Other operating income	-482	8 735	12 195	21 553	22 229	31 587
Operating expenses	-560 789	-566 086	-1 807 651	-1 729 856	-2 476 959	-2 399 164
Operating profit	43 682	57 147	117 193	122 526	154 462	159 795
Result from financial items	898	-1 140	1 070	-4 810	2 577	-3 303
Profit after financial items	44 580	56 007	118 263	117 716	157 039	156 492
Tax on profit for the year	-11 945	-15 008	-25 912	-26 883	-32 397	-33 369
Net profit for the year	32 634	41 000	92 351	90 832	124 642	123 123
Other comprehensive income						
Other translation differences	16 652	-13 395	30 152	-6 765	32 220	2 173
Comprehensive income for the year	49 286	27 605	122 503	84 067	156 862	125 296
Earnings per share after full tax	1,81	2,27	5,12	5,04	6,91	6,83
Net margin %	7,4%	9,1%	6,2%	6,4%	6,0%	6,2%

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

	Q3 2014	Q3 2013	Acc 2014	Acc 2013	R12	2013
Net sales	11 061	9 296	33 487	27 799	45 768	40 080
Other operating income	0	0	3	1	16	14
Operating expenses	-6 338	-4 731	-20 630	-16 976	-24 657	-21 003
Operating profit	4 724	4 565	12 860	10 824	21 127	19 092
Result from financial items	1 139	-315	3 714	-10 043	21 523	7 766
Profit after financial items	5 863	4 250	16 573	781	42 651	26 858
Appropriations	0	-1 000	-255	-1 250	4 045	3 050
Tax on profit for the year	-1 919	-758	-4 239	-2 178	-7 501	-5 440
Net profit for the year	3 943	2 491	12 079	-2 647	39 194	24 468

Balance Sheet (SEK '000)

Assets	Group			Parent company		
	Q3 2014	Q4 2013	Q3 2013	Q3 2014	Q4 2013	Q3 2013
Fixed assets	393 710	350 811	348 245	356 240	336 453	321 644
Inventories	473 128	442 397	470 009	0	0	0
Other current receivables	690 333	717 308	700 328	184 347	302 723	190 194
Cash and bank balances	109 738	67 566	46 707	5 302	11 151	5 080
Total assets	1 666 909	1 578 082	1 565 288	545 889	650 328	516 918
Equity and liabilities						
Equity	979 666	885 403	844 174	292 901	310 676	283 561
Untaxed reserves	0	0	0	37 845	37 590	32 390
Interest-bearing liabilities	187 263	244 097	227 729	63 035	69 095	55 818
Other liabilities	499 981	448 582	493 386	152 108	232 966	145 149
Total equity and liabilities	1 666 909	1 578 082	1 565 288	545 889	650 328	516 918
Equity ratio	59%	56%	54%	59%	52%	60%

Equity (SEK '000)

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				
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				92 054	92 054			297	92 351
Transl.diff. in foreign comp.			30 101		30 101			51	30 152
Other comprehensive income			30 101		30 101			51	30 152
Paid dividends				-28 854	-28 854				-28 854
Transactions with shareholders				-28 854	-28 854			614	-28 240
Equity, 30/09/2014	36 068	34 014	26 358	881 848	978 288			1 376	979 666
	Restricted equity			Non - restricted equity				Sub-total	Total Equity
Parent company	Share-capital	Statutory reserve	Sub-total	Share premium reserve	Fair value reserve	Oth. Non-restr. EQ			
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						12 079	12 079	12 079	
Result of merger						-1 000	-1 000	-1 000	
Other comprehensive income						-1 000	-1 000	-1 000	
Paid dividends						-28 854	-28 854	-28 854	
Transactions with shareholders						-28 854	-28 854	-28 854	
Equity, 30/09/2014	36 068	1 156	37 225	34 014		221 662	255 676	292 901	

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

Cash Flow Analysis (SEK '000)

	Group		Parent company	
	Acc 2013	Acc 2012	Acc 2013	Acc 2012
Net operating profit/loss	117 193	122 526	12 860	10 824
Result from financial items	-1 444	-3 331	6 754	-339
Income tax paid	-41 960	-35 476	-18 771	-5 779
Non-cash transactions	56 503	40 198	9	9
Changes in working capital	90 404	-31 965	93 986	42 944
Cash flow from investing	-77 635	-61 310	-62 732	-17 170
Cash flow from financing activities	-93 696	-40 131	-36 435	-34 688
Increase/reduction of liquid funds	49 366	-9 490	-4 329	-4 199
Liquid funds at beginning of year	67 566	55 893	11 151	10 004
Exchange rate difference in liquid funds	-7 193	304	-1 520	-725
Liquid funds at end of period	109 738	46 707	5 302	5 080

Employees

Employees	Bulgaria	China	Estonia	India	Italy	Lithuania	Mexico	Poland	Sweden	Total
30/09/2014	886	558	300	85	4	604	93	483	879	3 892

Future Reporting Dates

Year-end 2014	February 20, 2015
Annual general meeting	April 23, 2015
Interim report Q1, 2015	April 23, 2015

For further information contact:

CEO, Claes Mellgren telephone, +46 70-592 83 38 or the Chairman P-O Andersson, telephone +46 70-526 90 77

www.aqq.se