

Interim report January 1 – June 30, 2014

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Åseda, August 12 2014

## Completed rights issue in July and a small but positive result for the second quarter

### Second quarter

- Turnover MSEK 219.7 (205.0), up 7 percent compared to previous year
- Operating profit MSEK 2.6 (0.9)
- Net income MSEK 0.7 (-0.4)
- Cash flow from operating activities MSEK 13.2 (-7.8)
- Earnings per share SEK 0.15 (-0.08)

### First sixth months

- Turnover MSEK 422.4 (384.8), up 10 percent compared to previous year
- Operating profit MSEK 0.3 (-3.6)
- Net income MSEK 1.2 (-4.9)
- Cash flow from operating activities MSEK 17.0 (-13.6)
- Earnings per share SEK 0.25 (-0.99)

### Kåre Wetterberg, acting CEO of ProfilGruppen, comments:

*”The reinforcement of the sales organisation is beginning to materialise into increased volumes. This in combination with a weaker SEK influences the result positively. The rights issue was oversubscribed which I consider as a sign of the owners confidence in the company. We still have a number of old agreements, which over time, has become disadvantageous for us and therefore influence the result negatively.”*

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ProfilGruppen is a supplier of customised aluminium extrusions and components. For income, financial position, key figures and other facts about the Group, see pages 4-12. Current information and photographs for free publication are available at [www.profilgruppen.se](http://www.profilgruppen.se).

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## Interim report from ProfilGruppen AB (publ), January 1 – June 30, 2014

### Market

In the latest forecast from the European Aluminium Association (EAA), the market for aluminium extrusions is assessed to have increased by approximately one percent during the second quarter 2014 compared to the corresponding period 2013.

The price of aluminium raw material on London Metal Exchange (LME) was at the end of the first quarter at 1774 USD per ton, which is 6 percent lower than at the corresponding date previous year. During the first quarter the premiums for extrusion ingots have increased to the highest levels ever which makes price adjustments necessary.

### Turnover

The turnover for the first two quarters 2014 amounted to MSEK 422.4 (384.8), an increase by 10 percent compared to the previous year. The delivered volume was 11,050 tonnes (9,600) of aluminium extrusions.

Deliveries to the Swedish market increased by 23 percent for the first quarter 2014 compared to the corresponding period previous year, which mainly relates to an increase within all segments except for the wholesale sector.

The share of exports amounted to 50 percent (53) of delivered volume, and 48 percent (49) of the turnover.

During the first quarter the Group manufactured 11,150 tonnes (9,550) of aluminium extrusions.

### Comments on profit

The operating loss for the first six months amounted to MSEK 0.3 (-3.6), which is equivalent to an operating margin of 0.1 percent (-0.9). The delivery volumes have increased but the share of low margin export volumes continues to be large even though there has been some improvement of these margins due to a weaker Swedish Krona in the second quarter.

The loss after financial items amounted to MSEK -3.1 (-6.4). The profit after tax amounted to MSEK 1.2 (-4.9). In February 2014 Skatteverket reviewed the taxation 2008 and ProfilGruppen accordingly has received a deduction of tax to the amount of MSEK 3.7. The amount has affected the tax positively in the first quarter 2014.

Earnings per share totalled SEK 0.25 (-0.99). The average number of shares in thousands was 4,933 (4,933).

The return on capital employed amounted to 0.3 percent (-2.3).

### The second quarter

Turnover amounted to MSEK 219.7 (205.0). The delivery volume in the quarter was 5,750 tonnes (5,200) of aluminium extrusions, and production was 5,650 tonnes (5,300). The share of exports amounted to 49 percent (53) of volume, and 47 percent (49) of turnover.

The operating profit for the second quarter amounted to MSEK 2.6 (0.9).

The profit after financial items amounted to MSEK 0.8 (-0.5). Earnings per share totalled SEK 0.15 (-0.08).

## **Investments**

Investments during the first quarter amounted to MSEK 5.7 (8.0).

## **Financing and liquidity**

Cash flow from current operations amounted to MSEK 17.0 (-13.6) and after investments MSEK 14.3 (-18.4).

The liquidity reserve as of 30 June 2014 amounted to 91.0 MSEK (83.9).

The balance sheet total as of 30 June 2014 was MSEK 477.3 (475.3). Net debt amounted to MSEK 119.7 (125.4) as of 30 June 2014 and the net debt ratio was 0.76 (0.72).

## **Personnel**

The average number of Group employees during the year was 334 (332). The number of Group employees as of 30 June 2014 totalled 323 (345).

## **Significant risks and uncertain factors**

The earnings trend has been, and is expected to be, weaker than previously estimated. Otherwise, the company's risks and risk management have not changed significantly since the publishing of the 2013 annual report.

## **Significant event after the balance sheet date**

The rights issue that the Board proposed in April has been completed during July. The rights issue was oversubscribed and was registered by Bolagsverket on the 29<sup>th</sup> of July 2014. The equity has increased by MSEK 40.5 after deduction of the cost for the rights issue. The share capital has increased by MSEK 12.3. The number of shares after the rights issue amounts to 7,398,755.

## **Outlook for 2014**

The outlook for 2014 is characterised by continued macroeconomic uncertainty.

## **Dates for financial information**

Financial information concerning 2014 will be provided quarterly.

Interim report, third quarter

October 28 2014, 08.00 CET

Åseda, August 12 2014

The Board of Directors, ProfilGruppen AB (publ)

Org no 556277-8943

*The interim report has not been audited.*

## Statement of comprehensive income

The Group, MSEK	Q 2 2014	Q 2 2013	Q 1-2 2014	Q 1-2 2013	12 months ongoing	Q 1-4 2013
Net turnover	219.7	205.0	422.4	384.8	767.6	730.0
Cost of goods sold	-198.3	-188.5	-384.9	-358.1	-713.6	-686.8
<b>Gross margin</b>	<b>21.4</b>	<b>16.5</b>	<b>37.5</b>	<b>26.7</b>	<b>54.0</b>	<b>43.2</b>
Other operating revenues	0.0	1.1	0.0	1.1	-0.2	0.9
Selling expenses	-12.0	-9.4	-23.5	-17.8	-45.0	-39.3
Administrative expenses	-6.8	-7.2	-13.7	-13.5	-25.0	-24.8
Other operating expenses	0.0	-0.1	0.0	-0.1	0.1	0.0
<b>Operating profit/loss</b>	<b>2.6</b>	<b>0.9</b>	<b>0.3</b>	<b>-3.6</b>	<b>-16.1</b>	<b>-20.0</b>
Financial income	0.0	0.1	0.2	0.2	0.3	0.3
Financial expenses	-1.8	-1.5	-3.6	-3.0	-6.9	-6.3
<b>Net financial income/expense</b>	<b>-1.8</b>	<b>-1.4</b>	<b>-3.4</b>	<b>-2.8</b>	<b>-6.6</b>	<b>-6.0</b>
<b>Income after financial items</b>	<b>0.8</b>	<b>-0.5</b>	<b>-3.1</b>	<b>-6.4</b>	<b>-22.7</b>	<b>-26.0</b>
Tax	-0.1	0.1	4.3	1.5	8.3	5.5
<b>Net income for the period</b>	<b>0.7</b>	<b>-0.4</b>	<b>1.2</b>	<b>-4.9</b>	<b>-14.4</b>	<b>-20.5</b>
<b>Other comprehensive income</b>						
Items that will subsequently be reclassified to net income:						
Changes in hedging reserve	-1.2	-0.4	-1.2	0.7	-3.2	-1.3
Translation differences	0.1	0.2	0.2	0.0	0.2	0.0
Other, reported directly against equity	0.0	0.0	0.0	-0.1	0.2	0.1
Items that will subsequently not be reclassified to net income:						
Revaluation of defined benefit obligation	0.0	0.0	0.0	0.0	1.0	1.0
<b>Comprehensive income for the period</b>	<b>-0.4</b>	<b>-0.6</b>	<b>0.2</b>	<b>-4.3</b>	<b>-16.2</b>	<b>-20.7</b>
Earnings per share (before and after dilution), SEK	0.15	-0.08	0.25	-0.99	-2.92	-4.16
Average number of shares, thousands	4 933	4 933	4 933	4 933	4 933	4 933
<b>Depreciation and write-down of fixed assets</b>						
Intangible fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Land and buildings	1.0	1.0	2.0	2.0	3.8	3.8
Machinery and equipment	4.6	5.9	9.3	11.9	19.1	21.7
<b>Total</b>	<b>5.6</b>	<b>6.9</b>	<b>11.3</b>	<b>13.9</b>	<b>22.9</b>	<b>25.5</b>
of which write-down	0.0	0.0	0.0	0.0	0.0	0.0

## Statement of financial position

The Group, MSEK	30 June 2014	30 June 2013	31 December 2013
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	10.0	10.0	10.0
Tangible fixed assets	200.8	212.1	207.3
Financial fixed assets	1.5	2.0	1.7
<b>Total fixed assets</b>	<b>212.3</b>	<b>224.1</b>	<b>219.0</b>
<b>Current assets</b>			
Inventories	107.1	104.1	107.7
Current receivables	155.5	145.1	122.2
Liquid assets	2.4	2.0	2.3
<b>Total current assets</b>	<b>265.0</b>	<b>251.2</b>	<b>232.2</b>
<b>Total assets</b>	<b>477.3</b>	<b>475.3</b>	<b>451.2</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>158.3</b>	<b>174.5</b>	<b>158.1</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	53.7	58.6	55.6
Interest-free liabilities	23.0	28.8	24.1
<b>Total long-term liabilities</b>	<b>76.7</b>	<b>87.4</b>	<b>79.7</b>
<b>Short-term liabilities</b>			
Interest-bearing liabilities	68.4	69.8	77.9
Interest-free liabilities	173.9	143.6	135.5
<b>Total short-term liabilities</b>	<b>242.3</b>	<b>213.4</b>	<b>213.4</b>
<b>Total shareholders' equity and liabilities</b>	<b>477.3</b>	<b>475.3</b>	<b>451.2</b>
<b>Pledged assets and contingent liabilities</b>			
Property mortgages	84.8	84.8	84.8
Floating charges	170.0	170.0	170.0
Shares in subsidiaries	102.4	193.9	110.7
Trade receivables pledged as collateral	123.5	118.4	83.7
Guarantees for other companies	0.7	1.0	0.7
Guarantee commitments FPG/PRI	0.2	0.2	0.2

## Statement of changes in equity

<b>The Group, MSEK</b>	<b>Q 2 2014</b>	<b>Q 2 2013</b>	<b>Q 1-2 2014</b>	<b>Q 1-2 2013</b>	<b>Q 1-4 2013</b>
Opening balance	158.7	175.1	158.1	178.8	178.8
Dividend	0.0	0.0	0.0	0.0	0.0
Comprehensive income for the period	-0.4	-0.6	0.2	-4.3	-20.7
<b>Closing balance</b>	<b>158.3</b>	<b>174.5</b>	<b>158.3</b>	<b>174.5</b>	<b>158.1</b>

## Financial instruments, valued at fair value

in statement of financial position

<b>The Group, MSEK</b>	<b>31 June 2014</b>	<b>31 December 2013</b>
Short-term receivables		
Currency derivatives	0.1	0.6
Short-term non interest-bearing liabilities		
Interest rate derivatives	3.1	2.1
Currency derivatives	2.5	2.5

Both interest rate- and currency derivatives are primarily used for hedge and are valued on level 2 according to IFRS 13.

## Statement of cash flows

<b>The Group, MSEK</b>	<b>Q 2 2014</b>	<b>Q 2 2013</b>	<b>Q 1-2 2014</b>	<b>Q 1-2 2013</b>	<b>12 months ongoing</b>	<b>Q 1-4 2013</b>
Operating cash flow <sup>1)</sup>	8.8	4.4	17.6	5.7	7.3	-4.6
Working capital changes	4.4	-12.2	-0.6	-19.3	13.3	-5.4
Cash flow from operating activities	13.2	-7.8	17.0	-13.6	20.6	-10.0
Cash flow from investing activities	-1.5	-3.3	-2.7	-4.8	-8.8	-10.9
Cash flow from financing activities	-11.5	10.1	-14.5	18.4	-11.5	21.4
<b>Cash flow for the period</b>	<b>0.2</b>	<b>-1.0</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.3</b>	<b>0.5</b>
Liquid assets, opening balance	2.0	1.7	2.3	1.7	2.0	1.7
Translation differences in liquid assets	0.2	1.3	0.3	0.3	0.1	0.1
<b>Liquid assets, closing balance</b>	<b>2.4</b>	<b>2.0</b>	<b>2.4</b>	<b>2.0</b>	<b>2.4</b>	<b>2.3</b>

<sup>1)</sup> Cash flow from operating activities after one-off items and before working capital changes.

## Accounting Principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Standards Council's RFR 2 Accounting for Legal Entities. The accounting principles applied are identical to the ones used for the latest annual report with exception for the new or revised standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) as approved by the European Commission for application within the EU and shall be applied from 1 January 2014. None of these have had an effect on the income statement, balance sheet or cash flow of the Group. The accounting principles are described in the annual report 2013.

## Key ratios

The Group	Q 2 2014	Q 2 2013	Q 1-2 2014	Q 1-2 2013	12 months ongoing	Q 1-4 2013
Net turnover, MSEK	219.7	205.0	422.4	384.8	767.6	730.0
Income before depreciation, MSEK	8.2	7.8	11.6	10.3	6.8	5.5
Operating income/loss, MSEK	2.6	0.9	0.3	-3.6	-16.1	-20.0
Operating margin, %	1.2	0.4	0.1	-0.9	-2.1	-2.7
Income after financial items, MSEK	0.8	-0.5	-3.1	-6.4	-22.7	-26.0
Profit margin, %	0.4	-0.2	-0.7	-1.7	-3.0	-3.6
Return on equity, %	1.9	-0.9	1.6	-5.5	-8.6	-12.2
Return on capital employed, %	3.7	1.6	0.3	-2.3	-5.4	-6.8
Cash flow from operating activities, MSEK	13.2	-7.8	17.0	-13.6	20.6	-10.0
Investments, MSEK	2.2	6.4	5.7	8.0	12.8	15.1
Liquidity reserve, MSEK	-	-	91.0	83.9	-	83.6
Net debt, MSEK	-	-	119.7	126.4	-	131.2
Interest-bearing liabilities and interest-bearing provisions, MSEK	-	-	122.2	128.4	-	133.5
Net debt/equity ratio	-	-	0.76	0.72	-	0.83
Total assets, MSEK	-	-	477.3	475.3	-	451.2
Equity ratio, %	-	-	33.2	36.7	-	35.0
Capital turnover	3.1	2.8	3.0	2.6	2.6	2.5
Proportion of risk-bearing capital, %	-	-	38.0	42.8	-	40.4
Interest coverage ratio	1.4	0.7	0.1	-1.1	-2.3	-3.1
Average number of employees	335	334	334	332	335	333
Net turnover per employee (average), TSEK	656	614	1 265	1 159	2 291	2 192
Income after fin, per employee (average), TSEK	2	-1	-9	-19	-68	-78
Average number of shares, thousands (No dilution,)	4 933	4 933	4 933	4 933	4 933	4 933
Number of shares, end of period, thousands	4 933	4 933	4 933	4 933	4 933	4 933
Earnings per share, SEK	0.15	-0.08	0.25	-0.99	-2.92	-4.16
Equity per share, SEK	-	-	32.09	36.16	-	32.05

Definitions are given in ProfilGruppen's Annual Report. Rounding differences may occur. When not specified the information regards the total Group.

## The parent company

The turnover of the parent company amounted to MSEK 13.2(12.0) and comprised by 98 percent of payments for rents and services from companies in the Group. Profit after financial items amounted to MSEK 5.6(6.9).

No investments were made in the parent company during the year.

The parent company's interest-bearing liabilities amounted to MSEK 21.9 (28.8) as of 30 June 2014. The change in the parent company's liquidity during the period has been MSEK 0 (0).

The parent company currently employs none.

The parent company's risks and uncertain factors does not significantly differ from the Group.

No significant related transactions apart from above mentioned transactions with subsidiaries have been implemented during the period.

## Income Statement– the parent company

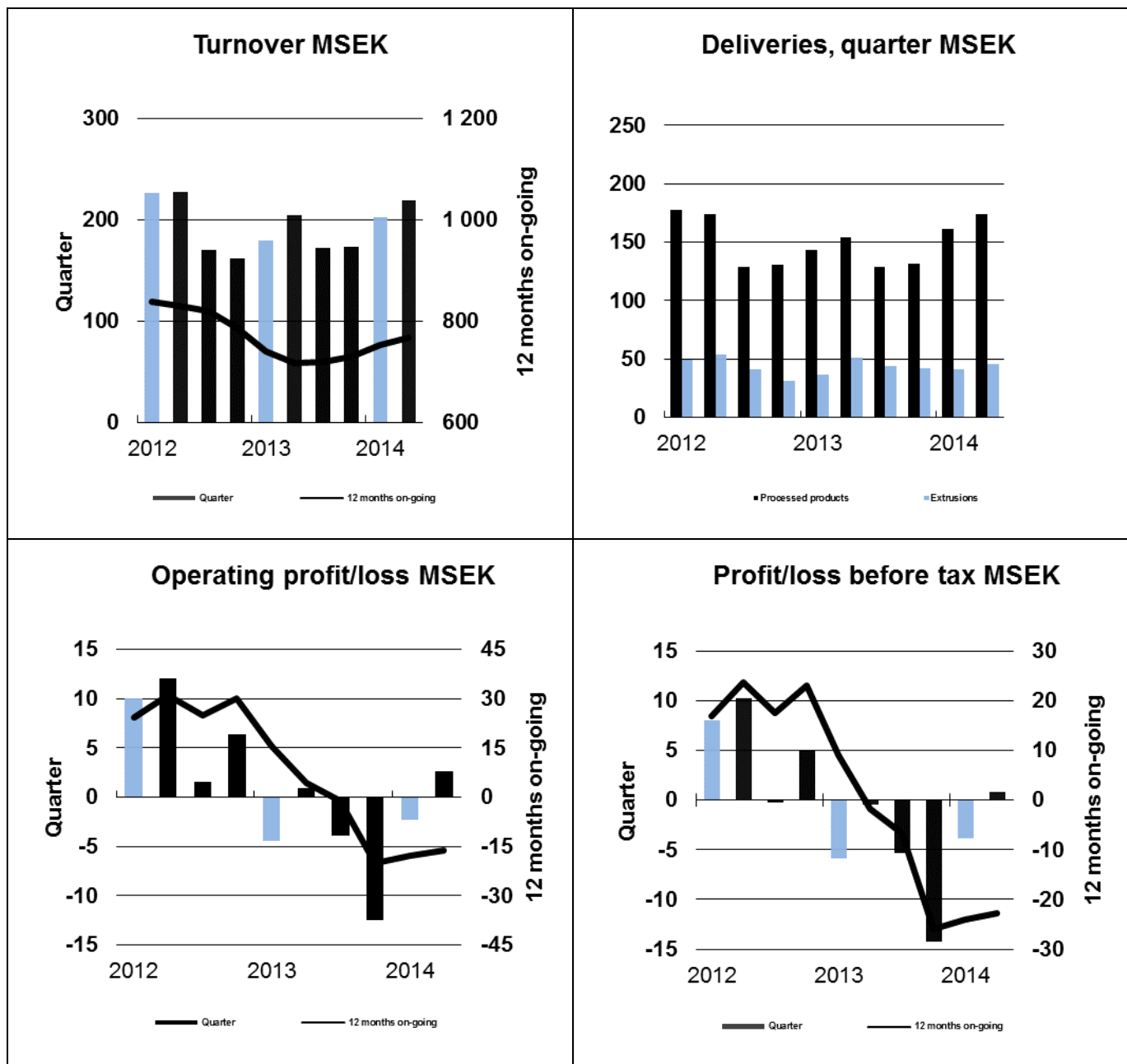
Parent Company, MSEK	Q 2 2014	Q 2 2013	Q 1-2 2014	Q 1-2 2013	Q 1-4 2013
Turnover	6.7	6.0	13.2	12.0	24.2
Cost of goods sold	-2.0	-0.9	-3.0	-1.9	-3.7
<b>Gross Margin</b>	<b>4.7</b>	<b>5.1</b>	<b>10.2</b>	<b>10.1</b>	<b>20.5</b>
Other operating revenues	0.0	0.9	0.0	0.9	0.9
Administrative expenses	-2.2	-1.6	-4.1	-2.3	-4.6
<b>Operating income</b>	<b>2.5</b>	<b>4.4</b>	<b>6.1</b>	<b>8.7</b>	<b>16.8</b>
Result from shares in group companies	0.0	0.0	0.0	0.0	80.0
Interest income	0.0	0.0	0.1	0.0	0.1
Impairment of shares in group companies	0.0	0.0	0.0	0.0	-49.4
Interest expenses	-0.3	-0.8	-0.6	-1.8	-2.9
<b>Income after financial items</b>	<b>2.2</b>	<b>3.6</b>	<b>5.6</b>	<b>6.9</b>	<b>44.6</b>
Appropriations	0.0	0.0	0.0	0.0	5.2
<b>Income before tax</b>	<b>2.2</b>	<b>3.6</b>	<b>5.6</b>	<b>6.9</b>	<b>49.8</b>
Tax	-0.5	-0.9	2.4	-1.6	-4.3
<b>Net income for the period</b>	<b>1.7</b>	<b>2.7</b>	<b>8.0</b>	<b>5.3</b>	<b>45.5</b>



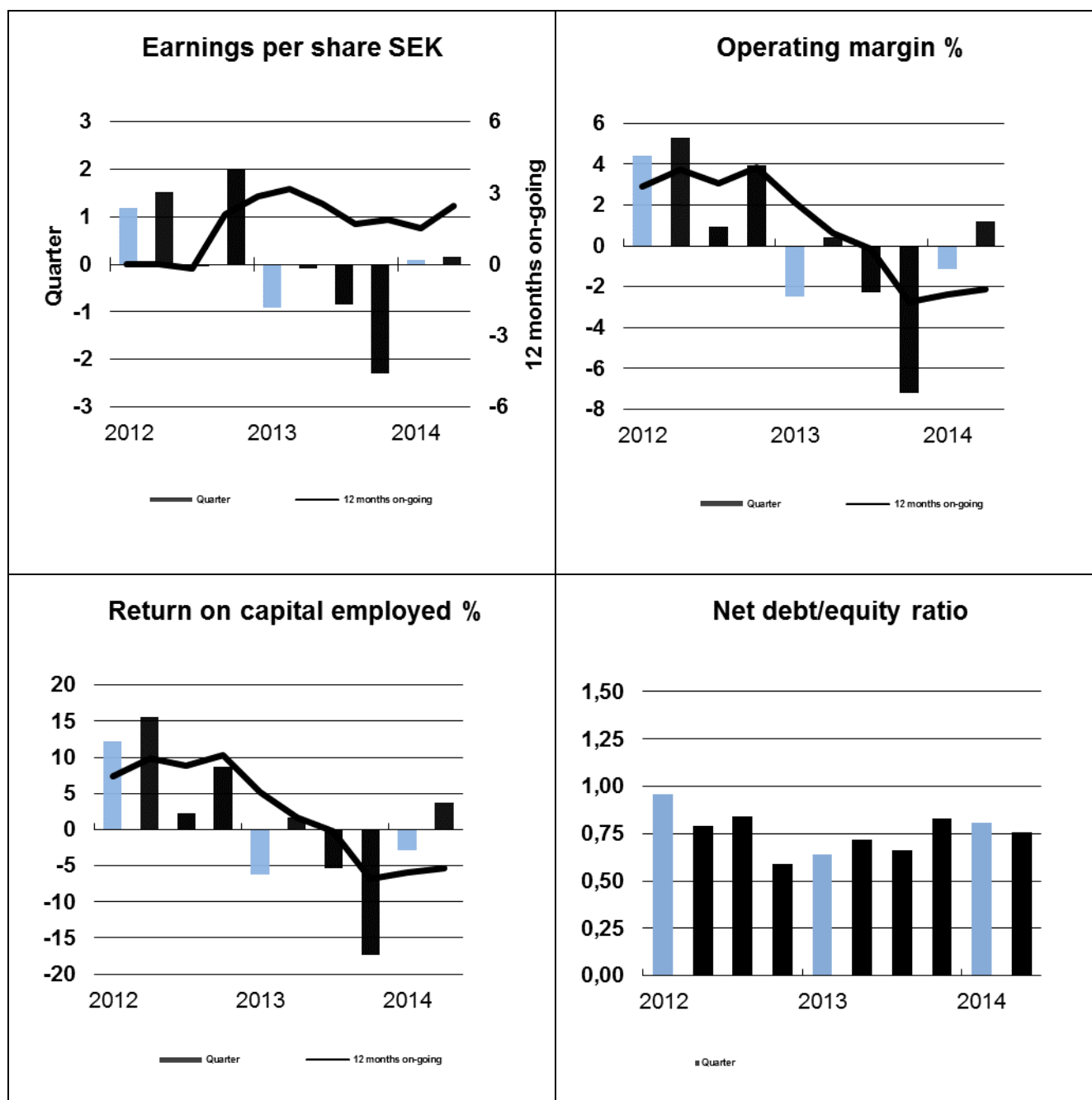
## Balance sheet – the parent company

Parent company, MSEK	30 June 2014	30 June 2013	31 December 2013
<b>Assets</b>			
<b>Tangible assets</b>			
Tangible fixed assets	86.9	90.0	88.7
Financial assets	73.9	108.9	73.9
<b>Total fixed assets</b>	<b>160.8</b>	<b>198.9</b>	<b>162.6</b>
<b>Current assets</b>			
Current receivables	1.5	2.4	4.0
Cash and bank balances	0.4	0.4	0.4
<b>Total current assets</b>	<b>1.9</b>	<b>2.8</b>	<b>4.4</b>
<b>Total assets</b>	<b>162.7</b>	<b>201.7</b>	<b>167.0</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>107.3</b>	<b>59.1</b>	<b>99.3</b>
<b>Untaxed reserves</b>	<b>19.0</b>	<b>24.1</b>	<b>19.0</b>
<b>Provisions for taxes</b>	<b>3.3</b>	<b>3.1</b>	<b>3.2</b>
<b>Long-term liabilities</b>	<b>4.2</b>	<b>11.5</b>	<b>6.7</b>
<b>Current liabilities</b>	<b>28.9</b>	<b>103.9</b>	<b>38.8</b>
<b>Total equity and liabilities</b>	<b>162.7</b>	<b>201.7</b>	<b>167.0</b>

The Group



## The Group



## Brief facts about the Group

- ProfilGruppen AB in Åseda. Småland in Sweden develops, manufactures and delivers customised extrusions and components in aluminium.
- The company has customers in several European countries and during 2013 the share of export was 49 percent.
- Aluminium extrusions are used within many industries, for example construction, automotive industry, telecommunications/electronics and furnishings.
- The manufacture of extrusions takes place on three modern press lines at the company's facilities at ProfilGruppen Extrusions AB. Processing like cutting processing, surface treatment, friction stir welding, bending and assembly also takes place at the company's own facilities.
- The company cooperates with around ten regional suppliers who process products on behalf of ProfilGruppen.
- The company is quality-certified in accordance with ISO/TS 16949. ISO 9001 and ISO 14001.
- ProfilGruppen AB was listed on the Stockholm Stock Exchange in June 1997 and is listed as Small Cap.