

Record sales in second quarter

Second quarter 2012 year-on-year

- Revenue increased 10 per cent to SEK 1,295 million (1,182)
- Other operating income totalled SEK 13 million (0) because the actual additional purchase price from previous acquisitions deviated from the expected outcome
- EBITA and operating profit rose 8 per cent to SEK 54 million (50)
- EBITA and operating margin totalled 4.2 per cent (4.2); excluding other operating income, the corresponding margin totalled 3.2 per cent (4.2)
- In Sweden, which accounts for 77 per cent of consolidated revenue, Proffice's revenue increased 9 per cent to SEK 992 million (914). Operating profit totalled SEK 67 million (71), representing an operating margin of 6.8 per cent (7.8). Excluding other operating income, the operating margin was 5.6 per cent (7.8)
- Cash flows from operating activities totalled SEK -73 million (-38)
- Basic earnings per share totalled SEK 0.55 (0.50)

YTD 2012 year-on-year

- Revenue increased 10 per cent to SEK 2,495 million (2,278)
- Other operating income totalled SEK 13 million (0) because the actual additional purchase price from previous acquisitions deviated from the expected outcome
- EBITA and operating profit declined 1 per cent to SEK 94 million (95)
- EBITA and operating margin totalled 3.8 per cent (4.2); excluding other operating income, the corresponding margin totalled 3.3 per cent (4.2)
- In Sweden, which accounts for 77 per cent of consolidated revenue, Proffice's revenue increased 9 per cent to SEK 1,992 million (1,763). Operating profit totalled SEK 118 million (127), representing an operating margin of 6.1 per cent (7.2). Excluding other operating income, the operating margin was 5.6 per cent (7.2)
- Cash flows from operating activities totalled SEK -124 million (-23)
- Basic earnings per share totalled SEK 0.90 (0.92)

Financial overview

Group	Second quarter		YTD		Full year	Change quarter
	2012	2011	2012	2011	2011	
Revenue, SEK million	1,295	1,182	2,495	2,278	4,770	10%
EBITA, SEK million	54	50	94	95	227	8%
EBITA margin, per cent	4.2	4.2	3.8	4.2	4.8	-
Operating profit, SEK million	54	50	94	95	218	8%
Operating margin, per cent	4.2	4.2	3.8	4.2	4.6	-
Profit after tax, SEK million	39	38	65	70	154	3%
Basic earnings per share, SEK	0.55	0.50	0.90	0.92	2.02	10%
Diluted earnings per share, SEK	0.55	0.50	0.90	0.92	2.02	10%
Cash flows from operating activities, SEK million	-73	-38	-124	-23	128	-
Basic equity per share, SEK	7.27	9.31	7.27	9.31	10.27	-22%
Return on equity, per cent	6.9	8.0	11.5	15.1	22.0	-

CEO comments

Record sales for Proffice Group

Sales for the second quarter of 2012 increased 10 per cent to SEK 1,295 million (1,182), which is the highest quarterly sales figure ever for the Group. Despite a period with fewer working days than the same period last year, which is hard on sales and operating profit in the industry, we managed to grow in both Sweden and Norway.

We continue to win the trust of customers, and it is becoming increasingly clear that more people want our services.

Sales are increasing significantly in the Industry/Logistics, Finance, and IT business areas in all markets. Industry/Logistics is growing by as much as 38 per cent compared with the same period in 2011.

Consolidated operating profit increased to SEK 54 million (50), representing an operating margin of 4.2 per cent (4.2). Other operating income affected operating profit by SEK 13 million (0).

Sweden: Growth continues in a difficult to assess macroeconomic climate

Despite a stagnant market, Proffice Sweden grew 9 per cent in the second quarter compared with the same period last year. During the period, our Swedish operation showed a profitability of 6.8 per cent (7.8). The uncertain economic situation is demonstrated by the fact that our Outplacement operating area increased 31 per cent during the quarter, while Recruitment decreased 4 per cent. With a balanced product portfolio that offers staffing, recruitment and outplacement, Proffice can hold its own in the face of economic changes. We can expand our business dealings while deepening customer relationships and become an even more essential partner.

The implementation of our new Group-wide enterprise resource planning (ERP) system has continued during the second quarter. Costs for this and a temporary invoicing delay, combined with fewer working days, continued to encumber liquidity and profitability in the second quarter.

We signed several important agreements during the second quarter, including a nationwide master agreement with Posten Logistik, under which we are one of five suppliers, and an expanded partnership with Logica. After the period, the Swedish Public Employment Service entrusted Proffice as its leading recruitment provider for two years.

Norway: Strong profitability a sign of strength

Norway's labour market continues to be favourable and the Norwegian business continues to evolve as planned. Operating profit increased 67 per cent to SEK 10 million (6) and sales increased 18 per cent compared to the same period last year. Last year's reorganisation to the same specialisation organisation as in Sweden continues

to reap success. The Industry/Logistics business area shows the most growth: 46 per cent compared with the same period last year. Several existing accounts performed well during the quarter, including Tine, Nortura, and AGA. We will strengthen our offering in Norway in the third quarter of 2012 by starting Dfind Engineering, a company that will specialise in staffing and recruiting engineers, a service that is in high demand in the Nordic market.

Focus on competence generates growth and profitability

We are affected by a general cautiousness in a market where many are holding their breath, waiting to see what will happen in certain euro zone countries. Challenges within the business sector give rise to an even greater need to find the right talent. At the same time, the labour market is marked by high youth unemployment and growing alienation, but also a shortage of competence in certain industries. Here is where Proffice will play an increasingly bigger role in the future. By actively focusing on competency, and thus creating a more inclusive labour market, we can make a difference and generate further growth.

Proffice continued to work on the important issue of diversity during the quarter and has taken a number of initiatives to move forward and show that diversity and profitability go hand in hand. At the Almedalen Week forum, a diversity network initiated by Proffice was presented, in which we and several business leaders want to show how to best take advantage of the untapped competence of all those who are outside the labour market.

In the second quarter, a partnership was also concluded with Uppstart Malmö, in which we work together with entrepreneurs to help highlight people's competence and help companies and entrepreneurs grow.

Through an entrepreneurial corporate culture we will be first with the best services and meet both existing and new customer needs with optimal staffing solutions.

Our vision remains unchanged: Proffice aims to be the most successful staffing company in the Nordic region. With good cost control, closer customer relationships and by focusing on competence, we ensure increased profitability and growth.

Lars Kry
President and CEO Proffice

