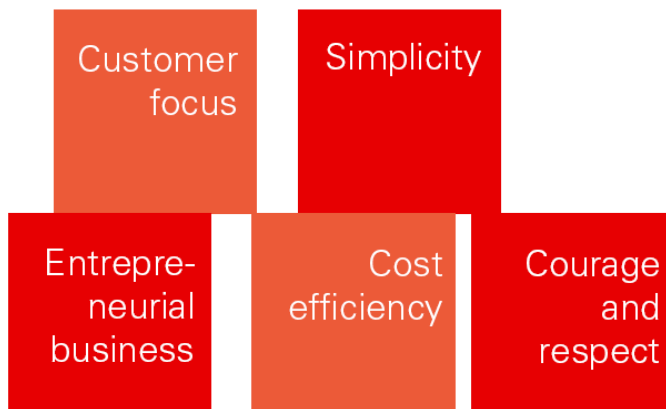




Västerås, February 23, 2017

AQ Group AB (publ), Year-end report 2016

**WE ARE
RELIABLE**



www.aqg.se

Full year 2016 in brief

- Net sales increased by 12% to SEK 3 289 million (2 931)
- Operating profit (EBIT) increased by 39 % to SEK 281 million (202)
- Profit after financial items (EBT) increased by 32 % to SEK 279 million (212)
- Profit margin before tax (EBT) 8.5% (7.2)
- Cash flow from operating activities increased by 77 % to SEK 290 million (166)
- Equity ratio 60 % (58)
- Earnings per share after tax increased by 38 % to SEK 13.01 (9.44)
- The Board of Directors proposes a dividend of SEK 2.75 (2.25)

Fourth quarter, October – December 2016 in brief

- Continued growth in sales and profit mainly driven by acquisitions
- Net sales increased by 13 % to SEK 905 million (803)
- Operating profit (EBIT) increased by 9 % to SEK 60 million (55)
- Profit after financial items (EBT) increased by 9 % to SEK 60 million (55)
- Profit margin before tax (EBT) 6.6 % (6.8)
- Cash flow from operating activities increased by 57% to SEK 55 million (35)
- Equity ratio 60 % (58)
- Earnings per share after tax increased by 16 % to SEK 2.79 (2.41)

Group overview, key figures

	2016					2015				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Net turnover, SEK thousands	801 834	859 584	723 223	904 575	3 289 215	715 216	758 819	654 561	803 281	2 931 878
Operating profit (EBIT), SEK thousands	76 712	92 326	52 646	59 669	281 353	51 649	56 269	39 162	54 905	201 985
Profit after net financial items (EBT), SEK thousands	75 954	90 758	53 050	59 583	279 344	56 136	57 216	43 655	54 728	211 736
Operating margin (EBIT %)	9,6%	10,7%	7,3%	6,6%	8,6%	7,2%	7,4%	6,0%	6,8%	6,9%
Profit margin before tax (EBT %)	9,5%	10,6%	7,3%	6,6%	8,5%	7,8%	7,5%	6,7%	6,8%	7,2%
Liquid ratio	157%	153%	164%	142%	142%	150%	146%	149%	143%	143%
Debt/equity ratio	60%	60%	64%	60%	60%	62%	61%	62%	58%	58%
Return on total assets ²⁾	12,6%	14,0%	14,5%	13,1%	13,1%	12,9%	13,3%	13,1%	12,0%	12,0%
Return on equity excl. Tax ²⁾	16,0%	18,1%	18,1%	17,9%	17,9%	16,7%	17,9%	17,3%	15,3%	15,3%
Number of employees in Sweden	815	803	791	1 005	1 005	805	858	903	812	812
Number of employees outside Sweden	3 817	3 865	3 888	4 158	4 158	3 149	3 189	3 224	3 706	3 706
Key indicators per share, SEK ¹⁾										
Profit for the period	3,46	4,18	2,58	2,79	13,01	2,47	2,61	1,95	2,41	9,44
Equity	68,82	71,56	75,79	79,98	79,98	62,06	61,58	64,08	64,86	64,86
Number of shares, thousands ³⁾	18 034	18 034	18 034	18 294	18 294	18 034	18 034	18 034	18 034	18 034

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

²⁾ Calculated based on 12 months rolling amounts.

³⁾ In connection with the acquisition of Gerdins Industrial System AB, October 3 2016, 260 000 shares of the same category was issued.



A word from the CEO

Market

The fourth quarter was our 89th consecutive quarter with profit.

We have increased our turnover every year since the start October 1, 1994 i.e. for 22 years. We have shown profit during all 89 quarters. 2016 shows yet again the highest turnover and profit in the history of the group.

Both turnover and profit is better than the same quarter in 2015, but we are not satisfied.

The fourth quarter is a quarter with substantially lower margins than the first and the second quarter. As I have previously communicated, we had an unusual number of projects with good operating margin during the first half of the year. Two of our production units in Sweden have profitability problems and action programs are ongoing, but it will take time to get them to satisfactory profitability. Including the acquisition of Gerdins Industrial System AB with subsidiaries the result of the fourth quarter should have been better.

Raw material prices, especially of steel, are increasing rapidly. Therefore, it is important that we can immediately adjust prices to our customers when prices of raw material are increasing.

The organic growth for the quarter was -4.6 % compared to the fourth quarter in 2015. This was mainly caused by decreasing sales to some of our customers in Sweden. Swedish industry is generally going well, but our customers in telecom and packaging machines have had lower sales and decreasing demands of mechanical parts caused by technical development.

As always, our focus is to adapt to our customers' requirements and real demand. It's a strategy we will continue to follow, to be fast movers and adaptable no matter of market conditions.

The Board has decided to let the goal for EBT margin before tax to remain at 8%.

Acquisitions

Gerdins was acquired on October 3, 2016. It is our biggest acquisition so far when it comes to turnover. The subsidiaries of Gerdins have been integrated into AQ's existing business areas. Two of Gerdins' operations have not delivered results according to forecast. Improvements to rationalize administration and to reduce operating expenses are ongoing.

The acquisition brought a number of new exciting customers in industries such as defence, forestry and agriculture in Sweden and Germany. In the areas of marketing, purchasing and IT there are ongoing action plans. We have already seen savings within purchasing with the support of AQ's global purchasing organisation. Gerdins has a well-functioning sales organisation, which will help us to increase organic growth overall.

Organisation

AQ Plast AB's transfer of production to Anderstorp from Vadstena is completed. The cost of the transfer has been higher than planned. There are still disturbances in the production in Anderstorp.

On January 16, the AQ share started trading on Nasdaq Stockholm Mid Cap. A movie from the bell ringing ceremony is available on our home page www.aqq.se.

Our organisation is built on entrepreneurship and it is a foundation of our core values.

Outlook

India is a market with high growth. AQ sees a clear trend that many of our customers want to use India as an alternative to China also for deliveries to Europe. Our company in India grew strongly during 2016 and we believe in growth also for 2017. Profitability is still unsatisfactory though, but we saw a break in the trend at the end of the year. Quality and delivery precision have also improved.

Our company in Mexico is developing positively and has turned the loss in 2015 to a profit in 2016. We believe in solid growth for 2017 and the company is also delivering better value to the customers than earlier.

AQ was awarded mechanical supplier of the year in 2016 by Sony Mobile. Sony is assembling an increasing share of their mobile phones in Thailand instead of China. Our company in Thailand has thereby good opportunities for growth and profit improvements in 2017.

My feeling is, despite the negative organic growth in the fourth quarter, that we are gaining market shares in several areas and are also entering new markets. However, one shall be aware of the fact that AQ is acting in a global competition with subsequent price pressure.

With strong relations to world leading customers and engaged employees I am looking positively at the future with continued growth with stable profit level. An important part of this is our core values and our efforts to be a *reliable* supplier to leading industrial customers.

AQ is well positioned for new acquisitions from a financial as well as from a management view.

I would like to especially thank our customers for a good cooperation and our employees for their good work during 2016.

Claes Mellgren
CEO

Group's financial position and results

Fourth quarter

Net sales for the fourth quarter was SEK 905 million (803), an increase of SEK 102 million compared to the same period in the previous year. The increase in turnover is due to acquisitions SEK 128 million, whereof Anton Kft. accounted for SEK 24 million, Magnetica Italy for SEK 4 million and Gerdins Industrial System AB with subsidiaries accounted for SEK 100 million. In addition, sales in India, Poland and Mexico have increased compared to the same period last year. The sales in Sweden have decreased though. The total growth in the quarter was 12.6 %, of which organic growth -4.6 %, growth through acquisitions 15.9 % and currency effects of 1.3 %. The currency effect of 1.3 % corresponds to about SEK 10.4 million and is mainly with the currencies EUR, BGN and HUF.

Operating margin (EBIT) in the fourth quarter was SEK 60 million (55), an increase of SEK 5 million. The increase can mainly be explained by the acquisition of Anton Kft. in Hungary and AQ Wiring Systems in Mexico having turned last year's losses to profit. The Swedish companies showed a total EBIT, which was lower than the same period in the previous year. The companies in China and Poland showed a higher EBIT than last year. The EBIT of Gerdins was lower than expected.

Goodwill and other intangible assets have increased during the fourth quarter with SEK 48.1 million compared to September 30, 2016, an increase due to the acquisition of Gerdins 45.7 and currency effects. If goodwill in the fourth quarter of 2016 is compared with the fourth quarter in 2015, it has increased by SEK 59.7 million. The increase is due to the acquisitions of Gerdins, Magnetica in Italy and Serbia and currency effects.

Investments in material assets in the quarter in the group was SEK 32 million (34). Investments were made in metal-cutting machines in AQ Anton Kft. in Hungary, in a fibre-laser machine in AQ Holmbergs in China and in two robots in AQ Segerström & Svensson AB.

Interest bearing debts of the group are SEK 272 million (281) and cash and cash equivalents amount to SEK 163 million (136), which means that the group has a net debt of SEK 109 million. In the same period last year, the group had net debt of SEK 145 million. The positive change is due to higher amortization of the loan in conjunction with the acquisition of Anton Kft. in the fourth quarter of 2015 than the credit taken in conjunction with the acquisition of Gerdins in the fourth quarter of 2016.

Cash flow from operating activities was SEK 55 million (35). The positive cash flow from operating activities has been used for investments in fixed assets and to acquire subsidiaries.

Equity at the end of the period was SEK 1 463 million (1 170) for the group.

Full year

Net sales for the full year was SEK 3 289 million (2 932), an increase of SEK 357 million compared to the same period previous year. The largest part of the increase in turnover is due to the acquisition of Anton Kft. in Hungary last year and the acquisition of Gerdins at the end of this year. The sales in Poland, Mexico and India have also increased compared to the last year.

For the full year, the total growth was 12.2 %, of which organic growth 1.7 %, growth through acquisitions 11.2 % and currency effects of -0.7 %. The currency effects of -0.7 % correspond to about SEK -20 million and is mainly with the currencies CNY, PLN and MXN, offset by a positive effect in EUR.

Operating margin (EBIT) in the period was SEK 281 million (202), an increase of SEK 79 million. The increase can mainly be explained by the acquisition of Anton Kft. in Hungary and AQ Enclosure Systems AB and AQ Wiring Systems in Mexico having turned last year's losses to profit. The Swedish companies have a somewhat better result than last year; however, a few Swedish companies are making losses.

In conjunction with the liquidation of our Norwegian subsidiary AQ Wiring Systems AS, accumulated translation differences have had a negative effect on the result. These costs amount to SEK 6.7 million

and are included in the item other operating costs.

Goodwill and other intangible assets have increased with SEK 60 million since the start of the year. The increase is due to the acquisition of Gerdins and Magnetica in Italy and Serbia, and some currency effects.

The investments in material assets of the group in the year were SEK 119 million (79). Investments during the year have been made in metal-cutting machines in Hungary and in injection moulding machines in Sweden and Bulgaria.

Interest bearing debts of the group are SEK 272 million (281 at the start of the year) and cash and cash equivalents amount to SEK 163 million (136 at the start of the year), which means that the group has a net debt of SEK 109 million (145 at the start of the year). This means that the interest-bearing debts have decreased with SEK 9 million since the start of the year and cash and cash equivalents have increased with SEK 27 million since the start of the year. Thus, net debt has decreased with SEK 36 million compared to end of 2015.

Cash flow from operating activities were SEK 290 million (166). The increase is due to AQ's good result.

Equity at the end of the period was SEK 1 463 million (1 170) for the group.

Result development for the respective segments, please see note 2.

Significant events during the year

First quarter

AQ Group AB (publ) submitted on March 15, 2016 a preliminary application for admission to trading of its shares on Nasdaq Stockholm's main market. The shares of the company have been traded on AktieTorget since 2001. In conjunction with the application, Glen Nilsson was employed responsible for IR.

AQ Plast AB decided to close the manufacturing site in Vadstena. The background to the change was to improve the competitiveness of AQ Plast AB by having fewer production sites. Production was moved successively from Vadstena to Anderstorp and Västerås. In conjunction with the change a notice of redundancy was given for all 32 employees in Vadstena. Operations in Vadstena was closed during 2016.

Our operations in Mexico continued to develop positively. In our factory in India we started deliveries of complex aluminium enclosures to a train manufacturer. The enclosures are welded in our new FSW (Friction Stir Welding) equipment.

We received permit for our investment in ED (Electro Discharge) painting equipment in AQ Electric in Radomir. AQ will have the first ED facility in Bulgaria. It's an investment of about EUR 1 million. ED is a surface treatment method used in the automotive industry.

Second quarter

AQ Italy S.r.l acquired Magnetica S.r.l. and its subsidiary Magnetica Technology D.o.o. The companies design and manufacture electromagnetic components and power supplies and have operations in Italy and Serbia. Our operations in Mexico continued to develop positively and showed a positive result.

Third quarter

On September 21, AQ signed an agreement with Gerdins Holding AB to acquire 100% of the shares of Gerdins Industrial System AB with subsidiaries.

AQ Plast AB's transfer of production to Anderstorp from Vadstena was completed.

Fourth quarter

On October 3, 2016 AQ Group AB acquired 100% of the shares in Gerdins Industrial System AB with subsidiaries, see note 4.

Significant events after the end of the period

On January 5, 2017 Nasdaq Stockholm's listing committee approved the trading of the shares of AQ Group AB (publ) on Nasdaq Stockholm's main market. The last trading day of the shares on AktieTorget was January 13, 2017. First trading day of the company's shares on Nasdaq was January 16, 2017.

The company's shareholders did not need to take any action because of the listing. The stock exchange listing was not combined with any issue, sale or other offering to the market.

AQ Group AB (publ) prepared a prospectus due to the listing, which has been approved and registered by Finansinspektionen (Swedish Financial Supervisory Authority). The prospectus is available at the company's homepage (www.aqq.se) and on the homepage of Finansinspektionen (www.fi.se/Register/Prospektregistret).

Goals

The goal of the group is continued profitable growth. The Board of directors are 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 and 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 2016
Product quality	100 %	99.6 %
Delivery precision	98 %	94.1 %
Equity ratio	>40 %	60 %
Profit margin before tax (EBT %)	8 %	8.5 %

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 2016 AQ Group AB has paid SEK 40.6 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 21, 2016 it was decided that a yearly fee of SEK 120 000 shall be paid to the members of the board of directors and a fee of SEK 300 000 to the chairman of the board. 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 twelve 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 2015. No additional significant risks have been identified since the annual report of 2015 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 interest rates and currency. The exposure to risks related to interest rates are low and relates to the group's financing with credit institutions and are currently with floating interest, connected to the base interest of the bank which is connected to the interest rate of Sweden's central bank.

Transactions and assets and debts 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 before the Annual General Meeting 2017 consists of P-O Andersson, Claes Mellgren and Björn Henriksson. Chairman of the nomination committee is Björn Henriksson who represents Nordea Asset Management.

Future reporting dates

Interim report Q1, 2017	April 27, 2017 at 8:00
Annual General Meeting 2017	April 27, 2017 at 18:00
Interim report Q2, 2017	August 17, 2017 at 8:00

The Annual Report for 2016 will be available at the company's homepage latest April 3, 2017.

The Annual General Meeting will be held on April 27, 2017 at 18:00 at Aros Congress Center, Munkgatan 7 in Västerås.

Financial information

The information of this year-end 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 23, 2017 at 8.30 AM.
This report has not been reviewed by the company's financial auditors.

Further information can be given by AQ Group AB:
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IR, Glen Nilsson, telephone +46 70-654 40 03, glen.nilsson@agg.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.agg.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 23, 2017

Claes Mellgren,
CEO

Financial reports, summary

Summary income statement for the Group

SEK thousands	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales	904 575	803 281	3 289 215	2 931 878
Other operating income	21 686	14 223	47 650	34 005
	926 261	817 505	3 336 866	2 965 883
Change in inventory and work in progress	4 958	10 118	-2 420	41 934
Raw material and consumables	-440 744	-409 903	-1 575 262	-1 513 009
Goods for resale	-15 392	-21 998	-43 247	-41 003
Other external expenses	-131 869	-115 816	-439 285	-389 620
Personnel costs	-248 632	-195 769	-873 114	-762 041
Depreciation and amortisation	-25 337	-17 843	-79 944	-60 980
Other operating expenses	-9 576	-11 387	-42 241	-39 177
	-866 592	-762 599	-3 055 513	-2 763 897
Operating profit	59 669	54 905	281 353	201 985
Net financial income/expense	-86	-177	-2 008	9 751
Profit before tax	59 583	54 728	279 344	211 736
Taxes	-8 415	-11 295	-43 666	-41 283
Profit for the period	51 168	43 434	235 678	170 453
PROFIT FOR THE PERIOD ATTRIBUTABLES TO:				
Parent company shareholders	51 070	43 495	235 265	170 283
Non-controlling interests	98	-61	413	170
	51 168	43 434	235 678	170 453
Earnings per share ¹⁾	2,79	2,41	13,01	9,44

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

In conjunction with the acquisition of Gerdins Industrial System AB on October 3, 2016, 260 000 shares of the same kind were issued.

Statement of comprehensive income for the Group

SEK thousands	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
PROFIT FOR THE PERIOD	51 168	43 434	235 678	170 453
OTHER COMPREHENSIVE INCOME				
Items that cannot be transferred to the profit for the period				
Revaluation of defined benefit pension plans	-303	-219	-303	-219
Items transferred or that can be transferred to the profit for the period				
Translation difference transferred to the profit			6 737	
Translation difference for foreign operations	-5 188	-29 824	41 304	-20 317
Other comprehensive income for the period after tax	-5 491	-30 043	47 739	-20 535
Comprehensive income for the period	45 677	13 391	283 417	149 918
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Parent company shareholders	45 607	13 981	282 902	149 763
Non-controlling interests	70	-591	515	155
	45 677	13 391	283 417	149 918

Summary balance sheet for the group

SEK thousands	31/12/2016	31/12/2015
ASSETS		
Goodwill	148 393	117 561
Other intangible assets	84 181	55 360
Tangible assets	495 915	402 749
Financial assets	2 147	2 053
Deferred tax assets	9 453	7 197
TOTAL NON-CURRENT ASSETS	740 089	584 920
Inventories	581 332	485 252
Trade and other receivables	805 186	670 438
Other current receivables	160 179	147 876
Short term investments	204	195
Cash and cash equivalents	162 812	135 602
TOTAL CURRENT ASSETS	1 709 712	1 439 362
TOTAL ASSETS	2 449 801	2 024 282
EQUITY AND LIABILITIES		
Equity attributable to parent company shareholders	1 460 455	1 167 429
Non-controlling interests	2 739	2 307
TOTAL EQUITY	1 463 195	1 169 736
Non-current liabilities to credit institutions	107 779	121 045
Non-current non-interest-bearing liabilities	84 246	65 338
Total non-current liabilities	192 025	186 382
Interest-bearing current liabilities	164 034	159 866
Trade and other payables	351 986	273 780
Other current liabilities	278 562	234 518
Total current liabilities	794 582	668 164
TOTAL LIABILITIES	986 607	854 546
TOTAL EQUITY AND LIABILITIES	2 449 801	2 024 282

Statement of changes in Equity for the Group

SEK thousands	Equity attributable to parent company shareholders				Subtotal	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. Profit			
Equity, 01/01/2015	36 068	34 014	44 508	939 041	1 053 631	1 599	1 055 230
Profit for the year				170 283	170 283	170	170 453
Translation differences in foreign operations			-20 205		-20 205	-112	-20 316
Remeasurements of defined benefit pension plans				-212	-212	-7	-219
Other comprehensive income			-20 205	-212	-20 416	-119	-20 535
Total comprehensive income			-20 205	170 071	149 867	-231	149 918
Changes in non-controlling interests						657	657
Dividends paid				-36 068	-36 068		-36 068
Transactions with shareholders				-36 068	-36 068	657	-35 412
Equity, 01/01/2016	36 068	34 014	24 303	1 073 044	1 167 431	2 307	1 169 738
Profit for the year				235 265	235 265	413	235 678
Translation differences in foreign operations			47 933		47 933	109	48 042
Remeasurements of defined benefit pension plans				-296	-296	-7	-303
Other comprehensive income			47 933	-296	47 637	102	47 739
Comprehensive income for the year			47 933	234 969	282 902	516	283 417
Changes in non-controlling interests						-83	-83
Issue	520	50 180			50 700		50 700
Dividends paid				-40 577	-40 577		-40 577
Transactions with shareholders	520	50 180		-40 577	10 123	-83	10 040
Equity, 31/12/2016	36 588	84 194	72 236	1 267 437	1 460 455	2 739	1 463 195

All shares, 18 294 058 pcs, are A-shares with equal voting rights and equal rights to the results. In conjunction with the acquisition of Gerdins Industrial System AB on October 3, 2016, 260 000 shares of the same kind were issued.

Summary cash flow statement for the Group

SEK thousands	1 Oct - 31 Dec, 2016	1 Oct - 31 Dec, 2015	Full year 2016	Full year 2015
Profit before tax	59 583	54 728	279 344	211 736
Adjustment for non cash generating items	106 959	21 516	162 081	74 163
Income tax paid	-6 995	-1 597	-45 182	-39 605
Cash flow from operating activities before change in working capital	159 547	74 647	396 243	246 294
Increase (-)/decrease (+) in inventories	-25 012	30 725	-19 927	-4 565
Increase (-)/decrease (+) in trade receivables	-34 944	-15 586	-42 936	-47 226
Increase (-)/decrease (+) in other receivables	-66 750	-1 936	-66 030	-58 204
Increase (+)/decrease (-) in trade payables	20 492	-39 274	15 448	15 855
Increase (+)/decrease (-) in other liabilities	1 760	-14 029	7 452	13 410
Change in working capital	-104 452	-40 100	-105 993	-80 730
Cashflow from operating activities	55 095	34 547	290 251	165 564
Aquisitions of shares in subsidiaries	-64 069	-183 377	-64 035	-189 177
Acquisition of intangible non-current assets	-1 054	-1 559	-1 922	-1 857
Acquisition of tangible non-current assets	-31 816	-34 247	-119 436	-78 613
Sale of tangible non-current assets	1 696	2 091	1 793	2 093
Purchase/Sales of short-term investment in securities	0	1	0	-199
Cashflow from investing activities	-95 243	-217 092	-183 600	-267 754
New borrowings	39 594	149 771	39 715	149 771
Amortisation of loans	-9 643	-974	-32 101	-11 758
Amortisation of loans (IAS 17 liability, leasing)	-1 304	-3 450	-2 786	-5 121
Change in bank overdraft facilities	58 151	8 213	-47 887	-3 409
Dividends to the parent company shareholders	0	0	-40 577	-36 068
Other changes in financial activities	-137	318	-58	318
Cashflow from financing activities	86 661	153 878	-83 693	93 733
Increase(Decrease in cash and cash equivalents)	46 513	-28 667	22 958	-8 457
Cash and cash equivalents at the beginning of the year	118 960	166 388	135 602	145 744
Exchange rate difference in cash and cash equivalents	-2 660	-2 119	4 252	-1 684
Cash and cash equivalents at the end of the year	162 812	135 602	162 812	135 602

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	Oct - Dec 2016	Oct - Dec 2015	Full year 2016	Full year 2015
Net sales	16 044	22 325	55 696	50 213
Other operating income	592		3 695	3
	16 636	22 325	59 391	50 216
Other external expenses	-3 957	-3 674	-21 169	-16 685
Personnel costs	-5 155	-6 263	-17 701	-18 386
Depreciation and amortisation	-390	-3	-390	-12
Other operating expenses	-54	-102	-415	-1 538
	-9 556	-10 043	-39 675	-36 621
Operating profit	7 080	12 282	19 716	13 596
Net financial items	-79	229	98 358	6 500
Earnings after net financial items	7 001	12 512	118 074	20 095
Appropriations	2 350	-6 100	2 350	-6 100
Profit before tax	9 351	6 412	120 424	13 995
Taxes	-1 530	-1 473	-4 738	-3 142
Profit for the period	7 821	4 938	115 686	10 854

Net sales for the fourth quarter was SEK 16.0 million (22.3), somewhat lower than the same period in the previous year, partly because of lower invoicing of management fees (group commons costs). Other external expenses were SEK 4.0 million (3.7). Personnel costs were SEK 5.2 million (6.3), the decrease of SEK 1.1 million is due to internal rationalization. Operating profit (EBIT) was SEK 7.1 MSEK (12.3). Net financial items were SEK -0.1 million (0.2).

Net sales for the full year were SEK 55.7 million (50.2), a consequence of higher invoicing of management fees than the same period previous year. Other external expenses of SEK 21.2 million (16.7), include costs related to the change of stock exchange from AktieTorget to Nasdaq Stockholm main market, which occurred on January 16, 2017. Personnel costs were SEK 17.7 million (18.4) and is in parity with the previous year. Net financial items for the full year 2016 were SEK 98.4 million (6.5), of which SEK 94.4 million are tax free dividends from subsidiaries and SEK 2.8 million is a liquidation profit of the Norwegian subsidiary AQ Wiring Systems AS. The parent company has received a repayment of purchase price of SEK 2 million for a previous acquisition. Appropriations consist of group contributions from subsidiaries and provisions to a tax allocation reserve.

Summary balance sheet for the Parent company

SEK thousands	31/12/2016	31/12/2015
ASSETS		
Tangible assets	1 354	-
Financial fixed assets	785 990	662 251
Deferred tax assets	518	690
TOTAL NON-CURRENT ASSETS	787 861	662 941
Other current receivables	251 503	168 389
Cash and cash equivalents	-	-
TOTAL CURRENT ASSETS	251 503	168 389
TOTAL ASSETS	1 039 365	831 330
EQUITY AND LIABILITIES		
Restricted equity	37 745	37 225
Non-restricted equity	357 931	229 528
Total equity	395 676	266 752
Untaxed reserves	44 100	41 300
Deferred tax liabilities	5	-
Other provisions	7 000	-
Interest-bearing non-current liabilities	90 439	119 681
Total non-current liabilities	97 444	119 681
Interest-bearing current liabilities	491 327	391 531
Trade and other payables	2 040	1 648
Other current liabilities	8 778	10 418
Total current liabilities	502 146	403 597
TOTAL LIABILITIES	599 589	523 278
TOTAL EQUITY AND LIABILITIES	1 039 365	831 330

The increase in financial fixed assets is related to the acquisition of Gerdins.

Other provisions of SEK 7 million consist of the calculated earnout payment of the acquisition of Gerdins.

The decrease of interest-bearing non-current liabilities is due to a yearly amortization of SEK 30 million. Interest-bearing current liabilities have increased partly because the parent company has used its overdraft to finance the acquisition of Gerdins. The parent company has in parallel used the tax-free dividends to decrease the overdraft.

Other current liabilities have decreased with SEK 1.6 million compared to the same period previous year.

Notes

Note 1. Accounting principles

The summary interim report has been prepared in accordance with the Swedish Annual Accounts Act as well as IFRS, applying IAS 34, Interim Financial Reporting. 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, ESMA's (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.

Note 2. Segment reporting

The Group operates in two business segments: *Component*, which produces transformers, wiring systems, mechanical components, punched sheet metal and injection-moulded thermoplastics and *System*, which produces systems, power and automation solutions and assembles complete machines in close collaboration with the customers.

Q4 2016	Component	System	Unallocated and eliminations	Group
Net sales, external	712 171	192 404		904 575
Net sales, internal	65 952	34 564	-100 516	
Total net turnover	778 123	226 968	-100 516	904 575
Material costs, excl. purchases own segmer	-393 770	-149 947	92 539	-451 178
Depreciation	-23 730	-773	-835	-25 337
Other operating expenses/income	-331 002	-60 307	22 918	-368 390
Operating profit	29 621	15 941	14 107	59 669
Net financial items			-86	-86
Profit before tax	29 621	15 941	14 020	59 583
Other comprehensive income plus tax			-13 906	-13 906
Comprehensive income for the period	29 621	15 941	115	45 677
Q4 2015				
Net sales, external	603 858	199 423		803 281
Net sales, internal	48 698	36 553	-85 251	
Total net turnover	652 556	235 977	-85 251	803 281
Material costs, excl. purchases own segmer	-315 619	-174 104	67 940	-421 783
Depreciation	-13 887	-1 131	-2 825	-17 843
Other operating expenses/income	-301 270	-62 017	54 538	-308 750
Operating profit	21 780	-1 399	34 524	54 905
Net financial items			-177	-177
Profit before tax	21 780	-1 399	34 347	54 728
Other comprehensive income plus tax			-41 338	-41 338
Comprehensive income for the period	21 780	-1 399	-6 990	13 390

For the segment Component, the total net sales for the fourth quarter was SEK 778 million (653), of which SEK 712 million (604) is external sales. The increase of the external sales of totally SEK 108 million is due to the acquisition of AQ Anton Kft. and Gerdins.

For the segment System, the total net sales for the fourth quarter was SEK 227 million (236), of which SEK 192 million (199) is external sales. The decrease of the external sales of SEK 7 million is due to reduced demand of assembly of packaging machines.

Operating profit (EBIT) was in the fourth quarter SEK 30 million (22) for Component, which was SEK 8 million better than the same period last year. The reason for the profit improvement of Component is mainly due to the acquisition of Anton Kft in Hungary and AQ Wiring Systems in Mexico having turned last year's losses to profit. Operating profit (EBIT) for System was SEK 16 million (-1) due to profitable projects within electrical assembly during the year.

Lower personnel costs in AQ Enclosure Systems AB due to reductions in force, have influenced EBIT positively both for System and Component.

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

YTD 2016	Component	System	Unallocated and eliminations	Group
Net sales, external	2 542 355	746 860		3 289 215
Net sales, internal	227 839	153 236	-381 074	
Total net turnover	2 770 194	900 096	-381 074	3 289 215
Material costs, excl. purchases own segmer	-1 360 904	-618 628	358 603	-1 620 929
Depreciation	-75 871	-3 770	-303	-79 944
Other operating expenses/income	-1 147 573	-197 532	38 116	-1 306 990
Operating profit	185 846	80 165	15 342	281 353
Net financial items			-2 008	-2 008
Profit before tax	185 846	80 165	13 333	279 344
Other comprehensive income plus tax			4 073	4 073
Comprehensive income for the period	185 846	80 165	17 406	283 417
YTD 2015				
Net sales, external	2 148 538	783 340		2 931 878
Net sales, internal	191 184	127 837	-319 021	
Total net turnover	2 339 722	911 177	-319 021	2 931 878
Material costs, excl. purchases own segmer	-1 160 049	-649 379	297 349	-1 512 079
Depreciation	-51 769	-4 628	-4 584	-60 980
Other operating expenses/income	-984 139	-222 959	50 265	-1 156 833
Operating profit	143 765	34 211	24 009	201 985
Net financial items			9 751	9 751
Profit before tax	143 765	34 211	33 760	211 736
Other comprehensive income plus tax			-61 819	-61 819
Comprehensive income for the period	143 765	34 211	-28 058	149 918

For the segment Component, the total net sales for the period January to December was SEK 2 770 million (2 340), of which SEK 2 542 million (2 149) is external sales. The increase of the external sales of SEK 393 million is mainly due to the acquisition of AQ Anton Kft. in Hungary and Gerdins and an unusual number of projects.

For the segment System, the total net sales for the accumulated period was SEK 900 million (911), of which SEK 747 million (783) is external sales. The decrease of external sales of SEK 36 million is mainly due to reduced demand of assembly of packaging machines.

Operating profit (EBIT) was accumulated SEK 186 million (144) for Component, which was SEK 42 million better than the same period last year. The reason for the results improvement of Component is mainly due to the acquisition of Anton Kft in Hungary and AQ Enclosure Systems AB and AQ Wiring Systems in Mexico having turned last year's losses to profit. Operating profit (EBIT) for System was SEK 80 million (34) due to profitable projects within electrical assembly.

Lower personnel costs in AQ Enclosure Systems AB due to reductions in force, have influenced EBIT positively both for System and Component.

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

Note 3. Personnel

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

	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2014
Bulgaria	981	966	903
Sweden	1 005	812	827
Lithuania	688	647	610
China	498	539	557
Poland	873	508	482
Hungary	447	411	0
Estonia	349	379	320
India	134	146	96
Mexico	127	94	101
Italy	24	4	4
Thailand	20	12	0
Serbia	17	0	0
	5 163	4 518	3 900

Note 4. Acquisitions

AQ's strategy is to grow in both segments.

Acquisitions during 2016:

Date	Acquisition	Annual turnover, million SEK*	Number of employees*
April 27, 2016	Magnetica S.r.l.	14	19 Italy
	Magnetica Technology D.o.o	5	17 Serbia
October 3, 2016	Gerdins Industrial System AB	430	209 Sweden 229 Poland

*Annual turnover and number of employees at time of acquisition.

On April 27, 2016 AQ Italy S.r.l. acquired 100 % of the shares in the private company Magnetica S.r.l with its subsidiary in Serbia, Magnetica Technology D.o.o. The price was EUR 100, and in conjunction with the acquisition AQ Italy S.r.l. capitalized Magnetica S.r.l with EUR 500 thousand. The companies design and manufacture electromagnetic components and power supplies.

During the period May to December the two acquired companies contributed with SEK 12.9 million to the group's sales and SEK 1.2 million to the group's profit after tax. If the acquisition had taken place on January 1, i.e. included January to April the management is estimating that the group's turnover would have been SEK 5.8 million higher and the result SEK 0.5 million lower for the full year 2016. The acquisition was made to

obtain excellent competence in design of power supplies and small inductive components and also to obtain their interesting customers. The acquisition is expected to be a good complement to AQ's business within inductive components.

Acquired immaterial assets refer to customer relations and patents. Operating receivables are taken at their gross value, which correspond to real value. In the goodwill value, there are synergy effects included in the form of more efficient production processes and the technical competence of the personnel. No part of the goodwill is expected to be tax deductible. No acquisition-related expenses have occurred.

On October 3, 2016 AQ Group AB acquired 100 % of the shares of the private company Gerdins Industrial System AB with its subsidiaries Gerdins Components Västerås AB, Elektroprim AB, Plåxan AB, Gerdins Components AB, Gerdins Cable Systems AB, Gerdins Cable Systems Sp. z.o.o and Gerdins Nordkomponent AB.

Gerdins Industrial System AB is a prominent supplier of components and systems for demanding industrial customers. The company has net sales of about SEK 430 million and employs about 450 people. It has operations in Mjällom, Västerås and Sollefteå in Sweden and in Starogard/Gdanski in Poland.

The purpose of the acquisition was to extend AQ's customer base, to broaden our offering in sheet metal processing and to obtain reinforcement in manufacturing of wiring systems. The acquisition brought a number of new exciting customers in industries such as defence, forestry and agriculture in Sweden and Germany.

The purchase price consisted of SEK 82.1 million in cash plus 260 000 shares of AQ Group and an earnout, based on 50% of profit after tax for 2016.

The total price is valued at SEK 139.8 million. The company has established an acquisition analysis which shows consolidated overvalues of about SEK 45.7 divided in customer relations SEK 29.9 million, goodwill SEK 22.4 million and a deferred tax debt of SEK 6.6 million. The depreciation rate is estimated to ten years for the customer relations. The estimated goodwill value of SEK 22.4 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 no acquisition related expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The shares emitted were valued at the share price on the day of control.

The acquisition was partly financed by a bank loan of SEK 30 million. Gerdins Industrial System AB had at the time of the acquisition a net debt of SEK 9 million and an equity of 49%. The Polish subsidiary Gerdins Cable Systems Sp. z.o.o owns real estate with about 2 300 square meter production space.

During the period October to December Gerdins Industrial System AB and its subsidiaries contributed with SEK 100 million to the group's sales and SEK 2.8 million to the profit after tax. If the acquisition had been made on January 1, 2016 management is estimating that the group's sales would have been SEK 301 million higher and the profit would have been SEK 11.4 million higher for the full year 2016.

During the end of the year AQ has acquired minority shares in the Bulgarian company AQ Magnit AD.

Effects of acquisition January to December 2016

The acquired company's net assets at time of acquisition:

(SEK thousands)

	Magnetica S.r.l.	Gerdins Industrial	Group
Intangible assets	2 456	76	2 532
Tangible assets	562	32 863	33 425
Financial assets	76	366	442
Inventories	3 790	63 652	67 442
Operating receivables	3 475	77 740	81 215
Operating liabilities	-13 885	-72 315	-86 200
Liquid funds	114	17 982	18 096
Provisions	0	-7 454	-7 454
Net loans	-296	-14 927	-15 223
Tax liability	0	-3 903	-3 903
Consideration paid	1	139 830	139 831
Customer relations		29 945	29 945
Deferred tax on customer relations		-6 588	-6 588
Goodwill	3 709	22 393	26 102
Cash flow effect			
Consideration paid			
Cash paid	-1	-82 130	-82 131
Shares issued		-50 700	-50 700
Earnout		-7 000	-7 000
Total consideration paid	-1	-139 830	-139 831
Liquid funds in the acquired company	114	17 982	18 096
	113	-64 148	-64 035

There have been no divestments of companies during the period.

During the last quarter of 2016, AQ M-Tech AB (Uppsala) was merged into AQ Elteknik AB. AQ 3-Elite AB was merged into AQ Staretor AB, which in turn was merged into AQ Group AB. In addition, AQ Wirings Systems AB (Västerås) was merged into AQ Group AB.

Note 5. 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.

Real 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. Real value of assets is established from market prices. Real 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. As per December 31 the market value of the derivatives was SEK -2.4 million (-3.1) valued according to level 2.

The earnout payment for the acquisition of Gerdins (SEK 7 million) has been valued at real value according to level 3. The earnout is based on 50% of the profit after tax 2016 of the acquired Gerdins group.

Note 6. Events after end of the reporting period

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

Note 7. Calculation of key figures and definitions

	2016					2015				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)										
Operating profit	76 712	92 326	52 646	59 669	281 353	51 649	56 269	39 162	54 905	201 985
Net revenue	801 834	859 584	723 223	904 575	3 289 215	715 216	758 819	654 561	803 281	2 931 878
Operating margin	9,6%	10,7%	7,3%	6,6%	8,6%	7,2%	7,4%	6,0%	6,8%	6,9%
Profit margin before tax, (EBT %)										
Profit before tax	75 954	90 758	53 050	59 583	279 344	56 136	57 216	43 655	54 728	211 736
Net revenue	801 834	859 584	723 223	904 575	3 289 215	715 216	758 819	654 561	803 281	2 931 878
Profit margin before tax	9,5%	10,6%	7,3%	6,6%	8,5%	7,8%	7,5%	6,7%	6,8%	7,2%
Liquid ratio, %										
Trade and other receivables	687 538	749 032	697 938	805 186	805 186	674 021	665 436	632 477	670 438	670 438
Other current receivables	159 750	170 376	166 477	160 179	160 179	122 967	154 278	172 072	147 876	147 876
Cash and cash equivalents	147 614	116 631	118 960	162 812	162 812	149 425	150 897	166 388	135 602	135 602
Current liabilities	633 744	676 277	598 307	794 582	794 582	632 184	662 892	651 359	668 164	668 164
Liquid ratio	157%	153%	164%	142%	142%	150%	146%	149%	143%	143%
Debt/equity ratio, %										
Total equity	1 241 016	1 290 577	1 366 832	1 463 195	1 463 195	1 119 233	1 110 539	1 155 688	1 169 736	1 169 736
Total assets	2 066 851	2 149 012	2 130 582	2 449 801	2 449 801	1 798 487	1 828 465	1 861 878	2 024 282	2 024 282
Debt/equity ratio	60%	60%	64%	60%	60%	62%	61%	62%	58%	58%
Return on total assets, %										
Profit before tax, rolling 12 months	231 604	265 145	274 539	279 344	279 344	212 595	226 321	225 396	211 736	211 736
Financial expenses, rolling 12 months	-12 570	-13 160	-14 962	-12 977	-12 977	-5 080	-5 379	-6 246	-10 565	-10 565
Total equity and liabilities, opening balance for 12 months	1 798 487	1 828 465	1 861 878	2 024 282	2 024 282	1 575 617	1 667 529	1 666 909	1 678 724	1 678 724
Total equity and liabilities, closing balance	2 066 851	2 149 012	2 130 582	2 449 801	2 449 801	1 798 487	1 828 465	1 861 878	2 024 282	2 024 282
Total equity and liabilities, average	1 932 669	1 988 738	1 996 230	2 237 042	2 237 042	1 687 052	1 747 997	1 764 394	1 851 503	1 851 503
Return on total assets	12,6%	14,0%	14,5%	13,1%	13,1%	12,9%	13,3%	13,1%	12,0%	12,0%
Return on equity after tax, %										
Profit for the period after tax, rolling 12 months	188 327	216 778	227 994	235 728	235 728	169 333	182 462	185 145	170 453	170 453
Total equity, opening for 12 months	1 119 233	1 110 539	1 155 688	1 169 736	1 169 736	909 711	929 765	979 666	1 055 230	1 055 230
Total equity, closing	1 241 016	1 290 577	1 366 832	1 463 195	1 463 195	1 119 233	1 110 539	1 155 688	1 169 736	1 169 736
Total equity, average	1 180 125	1 200 558	1 261 260	1 316 465	1 316 465	1 014 472	1 020 152	1 067 677	1 112 483	1 112 483
Return on equity after tax	16,0%	18,1%	18,1%	17,9%	17,9%	16,7%	17,9%	17,3%	15,3%	15,3%
Net cash / Net debt										
Cash and cash equivalents	147 614	116 631	118 960	162 812	162 812	149 425	150 897	166 388	135 602	135 602
Non-current interest bearing liabilities	113 449	105 842	98 341	107 779	107 779	2 602	2 130	3 450	121 045	121 045
Current interest bearing liabilities	106 402	89 178	53 088	164 034	164 034	135 053	136 112	123 235	159 866	159 866
Total interest bearing liabilities	219 851	195 020	151 430	271 812	271 812	137 654	138 242	126 685	280 911	280 911
Net cash / Net debt	-72 237	-78 389	-32 470	-109 000	-109 000	11 771	12 656	39 703	-145 309	-145 309
Growth, %										
Organic growth										
Net revenue last year	801 834	859 584	723 223	904 575	3 289 215	715 216	758 819	654 561	803 281	2 931 877
Effect of changes in exchange rates	-8 615	-15 435	-6 759	10 357	-20 452	33 532	32 879	22 421	50 653	139 485
Net revenue for acquired companies	715 216	758 819	654 561	803 281	2 931 878	631 748	675 948	604 953	703 448	2 616 097
Organic growth	69 287	68 926	61 495	128 095	327 803	18 349	34 473	4 285	46 165	103 272
Net revenue current period	25 946	47 274	13 925	-37 158	49 988	31 587	15 519	22 902	3 015	41 436
Organic growth divided by last year net revenue, %	3,6%	6,2%	2,1%	-4,6%	1,7%	5,0%	2,3%	3,8%	0,4%	1,6%
Growth through acquisitions										
Net revenue for acquired companies divided by last year net revenue, %	9,7%	9,1%	9,4%	15,9%	11,2%	2,9%	5,1%	0,7%	6,6%	3,9%

Operating margin, %

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, %

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.

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 exceeds 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, 2016, in total about 5,100 employees in Sweden, Bulgaria, China, Estonia, Hungary, India, Italy, Lithuania, Mexico, Poland, Serbia and Thailand.

In 2016 AQ had net sales of SEK 3.3 billion and the group has since its start in 1994 shown profit every quarter.

AQ has the highest credit rating AAA according to Bisnode.

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.