

Interim report January 1 – March 31, 2018

## Best quarterly profit so far

*This is a translation of the Swedish version of the report. In case of any discrepancies, the Swedish version shall prevail.*

### First quarter

- Turnover MSEK 408.2 (337.2), up 21 percent compared to previous year
- Operating profit MSEK 34.5 (26.5)
- Operating margin 8.5 percent (7.9)
- Net income MSEK 25.8 (19.8)
- Cash flow from operating activities MSEK 29.0 (-11.3)
- Earnings per share SEK 3.31 kr (2.43)

### Events after the end of the period

- Decision taken today about investment in increased capacity through a new extrusion line amounting to approximately MSEK 310

### Per Thorsell, CEO of ProfilGruppen, comments:

*"With pride we report the best quarterly profit so far in the history of the company, we continue to grow faster than the market and we increase our profitability.*

*The growth with better utilization of capacity and better efficiency throughout the organization creates a stable base from which we will build further. We will continue on the same path striving and targeting for our customers to perceive us as the most forward leaning company in our business.*

*Especially gratifying is the decision we communicated earlier today about an investment in new extrusion capacity and modern technology to further strengthen our competitiveness and possibility to grow in the market."*



## Market

The market for aluminium extrusions in Europe is expected to continue growing and according to the latest forecast of European Aluminium Association (EAA), the delivery volumes in Scandinavia are assessed to be increasing by approximately three percent and by two percent in Europe overall during 2018 compared to 2017.

## Turnover

The turnover for the Group in the first quarter of 2018 amounted to MSEK 408.2 (337.2), an increase of about 21 percent compared to the same period previous year. The increase is partly affected by a higher price for raw material.

The increase in turnover comes to the largest extent from the export market, meanwhile we continue to have a positive development in the domestic Swedish market.

The share of exports amounted to 45 percent (41) of delivered volume, and 48 percent (45) of the turnover.

The delivery volumes have increased about 15 percent to 8,400 tonnes (7,350) of aluminium extrusions.

During the first three months of 2018 the Group manufactured 9,000 tonnes (7,650) of aluminium extrusions.

## The result

The operating profit for the first quarter of the year amounted to MSEK 34.5 (26.5).

This is equivalent to an operating margin of 8.5 percent (7.9). ProfilGruppen's target is an operating margin of 8 percent.

The increased result has been achieved by higher volumes, higher capacity utilization and efficiency measures and margin improvements in the operations. Costs caused by the start up of the new production line in PG&WIP have affected the profit negatively with MSEK 2.7 (0.0).

About 70 percent of delivered aluminium profiles had added value.

The profit after financial items amounted to MSEK 33.1 (25.4). The profit after tax amounted to MSEK 25.8 (19.8).

Earnings per share totalled SEK 3.31 (2.43). The average number of shares in thousands was 7,399 (7,399).

The return on capital employed amounted to 30.8 percent (27.3).

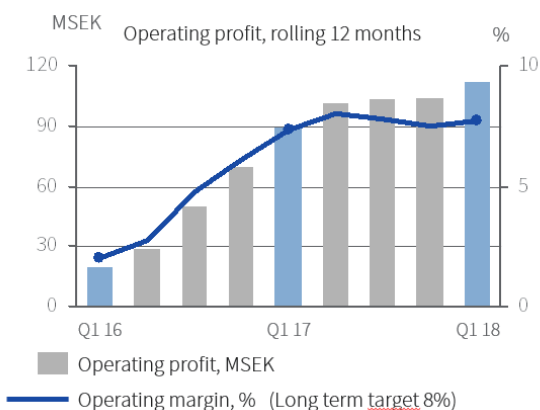
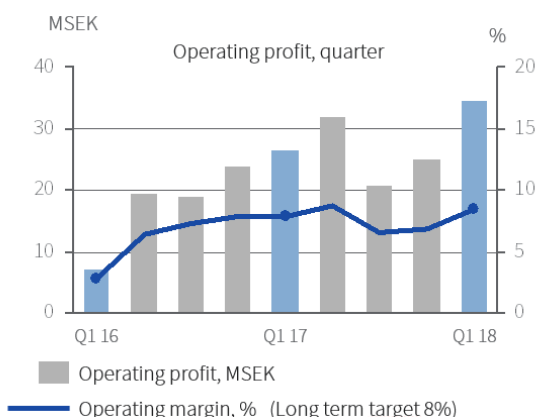
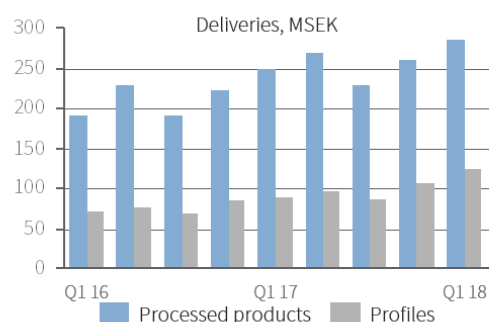
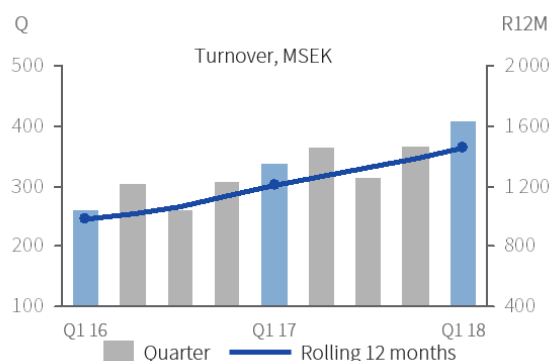
## Investments in the period

Investments during the first quarter of the year amounted to MSEK 19.4 (8.5).

Of these MSEK 6.5 (0.0) are related to the last part of the automated production line for interior details in the subsidiary PG&WIP where production is starting up during the first six months of 2018.

An ongoing project to develop the IT systems of the company has affected the investments in intangible assets by MSEK 6.9 (0.0) and is expected to be in progress during the next quarters.

The remaining part of the investments mainly refers to ongoing improvements.



## Decision about investment in new extrusion line taken on April 17

Earlier today the company communicated the decision to invest in a new production facility for extrusion of aluminium profiles, with the intention to increase capacity by approximately 12,500 tonnes annually at full capacity. In total the investment amounts to approximately MSEK 310 including internal project and start up costs and the required bank financing of the investment is secured. The project will be started immediately and the facility is assessed to be in operation around the year end 2019/2020.

## Financing and liquidity

Cash flow from current operations amounted to MSEK 29.0 (-11.3) and after investments to MSEK 6.6 (-25.9).

The liquidity reserve as of 31 March 2018 amounted to MSEK 142.4 (133.4).

The balance sheet total as of the end of the quarter was MSEK 790.4 (670.6). Net debt as of 31 March 2018 amounted to MSEK 83.5 (111.9) and net debt/EBITDA to 0,6 (0,9). ProfilGruppen's target for net debt/EBITDA is < 2,0.

## Personnel

The average number of employees in the Group during the period was 451 (402). The number employees as of 31 March 2018 totalled 453 (413).

## Significant risks and uncertain factors

It has been drawn to our attention that there is a risk for trading sanctions that could interrupt our supply of raw material. For the time being there is an uncertainty about the effects of the US' trading sanctions regarding Russian oligarchs and their business. This could cause problems with our raw material supply from some of our suppliers. Because of that we have intensified our activities to find alternative solutions and currently we do not estimate this to affect our ability to deliver.

The rest of the company's risks and risk management have not significantly changed since publishing of the 2017 Annual Report.

## Outlook for 2018

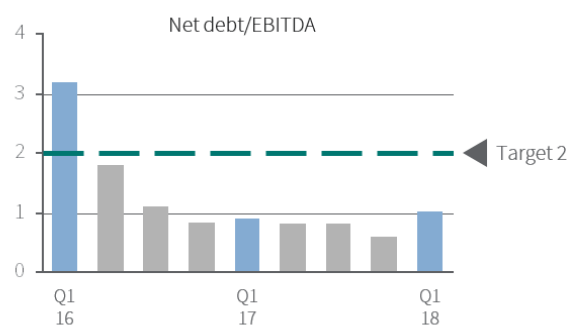
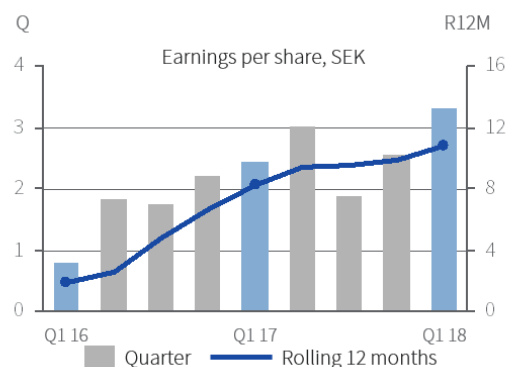
The market situation is assessed to be stable during the coming quarters.

## Calendar

Interim reports for 2018 will be provided as follows:

Interim report second quarter July 17, 2018, 14:00

Interim report third quarter October 23, 2018, 14:00



## Statement of comprehensive income in short

MSEK	Note	Q 1 2018	Q 1 2017	R 12 2018	2017
Net turnover		408.2	337.2	1 453.8	1 382.8
Cost of goods solds	2	-350.3	-287.9	-1 256.3	-1 193.9
<b>Gross Margin</b>		<b>57.9</b>	<b>49.3</b>	<b>197.5</b>	<b>188.9</b>
Other operating revenues		0.1	0.0	3.3	3.2
Selling expenses		-13.7	-12.5	-50.2	-49.0
Administrative expenses		-9.8	-10.2	-38.5	-38.9
Other operating expenses		0.0	-0.1	-0.2	-0.3
<b>Operating profit/loss</b>		<b>34.5</b>	<b>26.5</b>	<b>111.9</b>	<b>103.9</b>
Financial income		0.1	0.2	0.2	0.3
Financial expenses		-1.5	-1.3	-4.7	-4.5
<b>Net financial income/expense</b>		<b>-1.4</b>	<b>-1.1</b>	<b>-4.5</b>	<b>-4.2</b>
<b>Income after financial items</b>		<b>33.1</b>	<b>25.4</b>	<b>107.4</b>	<b>99.7</b>
Tax		-7.3	-5.6	-24.1	-22.4
<b>Net income for the period</b>		<b>25.8</b>	<b>19.8</b>	<b>83.3</b>	<b>77.3</b>
<b>Other comprehensive income (net after tax)</b>					
Items that will subsequently be reclassified to net income:					
Changes in hedging reserve		-5.1	1.0	-5.6	0.5
Translation differences		0.1	0.0	0.1	0.0
Items that will subsequently not be reclassified to net income:					
Revaluation of defined benefit obligation		-0.8	0.0	-2.4	-1.6
<b>Comprehensive income for the period</b>		<b>20.0</b>	<b>20.8</b>	<b>75.4</b>	<b>76.2</b>
Net income for the period attributable to:					
Owners of the parent		24.5	18.0	79.5	73.0
Non-controlling interests		1.3	1.8	3.8	4.3
Total comprehensive income for the period attributable to:					
Owners of the parent		18.7	19.0	71.6	71.9
Non-controlling interests		1.3	1.8	3.8	4.3
Earnings per share (before and after dilution), SEK		3.31	2.43	10.74	9.86
Average number of shares, thousands		7 399	7 399	7 399	7 399

## Statement of financial position in short

MSEK	Note	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Assets</b>				
Intangible fixed assets		21.8	10.8	14.8
Tangible fixed assets		292.5	266.9	291.5
Financial fixed assets		0.2	1.1	0.2
<b>Total fixed assets</b>		<b>314.5</b>	<b>278.8</b>	<b>306.5</b>
Inventories		194.0	160.4	181.2
Current receivables	4	250.9	224.3	226.5
Liquid assets		31.0	7.1	27.9
<b>Total current assets</b>		<b>475.9</b>	<b>391.8</b>	<b>435.6</b>
<b>Total assets</b>		<b>790.4</b>	<b>670.6</b>	<b>742.1</b>
<b>Shareholders' equity</b>				
Total equity attributable to the parent Company's shareholders		331.2	281.8	312.5
Non-controlling interests		13.4	9.6	12.1
<b>Total equity</b>		<b>344.6</b>	<b>291.4</b>	<b>324.6</b>
<b>Liabilities</b>				
Interest-bearing liabilities		70.7	56.3	68.0
Interest-free liabilities		30.6	28.1	32.2
<b>Total long-term liabilities</b>		<b>101.3</b>	<b>84.4</b>	<b>100.2</b>
Interest-bearing liabilities and provisions	4	43.8	62.7	49.7
Interest-free liabilities		300.7	232.1	267.6
<b>Total short-term liabilities</b>		<b>344.5</b>	<b>294.8</b>	<b>317.3</b>
<b>Total shareholders' equity and liabilities</b>		<b>790.4</b>	<b>670.6</b>	<b>742.1</b>

## Statement of changes in equity in short

MSEK	Q 1 2018	Q 1 2017	2017
Opening balance, total equity	324.6	270.6	270.6
Changes attributable to owners of the parent:			
Comprehensive income for the period	18.7	19.0	71.9
Changes attributable to non-controlling interests:			
Comprehensive income for the period	1.3	1.8	4.3
Dividend	0.0	0.0	-22.2
Closing balance, total equity	344.6	291.4	324.6

## Statement of cash flows in short

MSEK	Q 1 2018	Q 1 2017	R 12 2018	2017
<b>Operating activities</b>				
Operating profit/loss	34.5	26.5	111.9	103.9
Depreciation and write-down	11.4	9.3	39.3	37.2
Adjustment for other non-cash items	0.4	-2.5	-2.9	-5.8
Interest received/paid	-2.2	-1.0	-6.2	-5.0
Paid income tax	-9.1	-2.0	-13.9	-6.8
<b>Cash flow prior to change in working capital</b>	<b>35.0</b>	<b>30.3</b>	<b>128.2</b>	<b>123.5</b>
Inventories	-12.8	-14.2	-33.5	-34.9
Operating receivables	-24.8	-54.7	-27.1	-57.0
Operating liabilities	31.6	27.3	58.2	53.9
<b>Cash flow from operating activities</b>	<b>29.0</b>	<b>-11.3</b>	<b>125.8</b>	<b>85.5</b>
Acquisition of property, plant and equipment	-22.4	-14.6	-77.7	-69.9
Sale of property, plant and equipment	0.0	0.0	4.0	4.0
<b>Cash flow from investing activities</b>	<b>-22.4</b>	<b>-14.6</b>	<b>-73.7</b>	<b>-65.9</b>
Dividend	0.0	0.0	-22.2	-22.2
Loans raised	1.5	0.0	28.4	26.9
Change in bank overdraft facility utilized	0.4	28.4	-9.2	18.8
Repayment of loans	-5.8	-6.9	-26.1	-27.2
<b>Cash flow from financing activities</b>	<b>-3.9</b>	<b>21.5</b>	<b>-29.1</b>	<b>-3.7</b>
<b>Cash flow for the period</b>	<b>2.7</b>	<b>-4.4</b>	<b>23.0</b>	<b>15.9</b>
Liquid assets, opening balance	27.9	11.3	7.1	11.3
Translation differences in liquid assets	0.4	0.2	0.9	0.7
<b>Liquid assets, closing balance</b>	<b>31.0</b>	<b>7.1</b>	<b>31.0</b>	<b>27.9</b>
Liquidity reserve	142.4	133.4		140.1

## The parent company

The turnover of the parent company amounted to MSEK 5.5 (5.6) and comprises of payments for rents from companies in the Group. Profit after financial items amounted to MSEK 3.3 (3.4).

Investments in the parent company during the first quarter amounts to MSEK 0.4 (0.0) and are connected to the properties.

All the current receivables are receivables from Group companies.

The parent company's interest-bearing liabilities amounted to MSEK 19.2 (0.6) as of 31 March 2018.

The change in the parent company's liquidity during the period has been MSEK 0 (0).

The parent company employs none (none). The parent company's risks and uncertain factors do not significantly differ from the Group.

## Income statement in short – the parent company <sup>1)</sup>

MSEK	Not	Q 1 2018	Q 1 2017	2017
Turnover	5	5.5	5.6	22.0
Cost of goods sold		-1.1	-1.4	-4.6
<b>Gross Margin</b>		<b>4.4</b>	<b>4.2</b>	<b>17.4</b>
Other operating revenues		0.0	0.0	2.2
Administrative expenses		-1.2	-0.9	-3.5
<b>Operating income</b>		<b>3.2</b>	<b>3.3</b>	<b>16.1</b>
Interest income and similar income and expense items		0.2	0.1	0.5
Interest expenses and similar income and expense items		-0.1	0.0	-0.3
<b>Income after financial items</b>		<b>3.3</b>	<b>3.4</b>	<b>16.3</b>
Appropriations		0.0	0.0	25.6
<b>Income before tax</b>		<b>3.3</b>	<b>3.4</b>	<b>41.9</b>
Tax		-0.7	-0.8	-9.4
<b>Net income for the period</b>		<b>2.6</b>	<b>2.6</b>	<b>32.5</b>

<sup>1)</sup> The parent company's income statement also constitutes its comprehensive income statement

## Balance sheet in short – the parent company

MSEK	Not	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Assets</b>				
Tangible assets				
Tangible fixed assets		72.7	76.8	73.1
Financial assets (shares in subsidiaries)		88.0	88.0	88.0
<b>Total fixed assets</b>		<b>160.7</b>	<b>164.8</b>	<b>161.1</b>
Current assets				
Current receivables		95.7	51.4	97.3
Cash and bank balances		0.4	0.4	0.4
<b>Total current assets</b>		<b>96.1</b>	<b>51.8</b>	<b>97.7</b>
<b>Total assets</b>		<b>256.8</b>	<b>216.6</b>	<b>258.8</b>
<b>Equity and liabilities</b>				
Equity		191.2	180.9	188.6
Untaxed reserves		34.6	25.2	34.6
Provisions for taxes		3.9	3.6	3.9
Long-term liabilities		0.0	0.5	0.0
Current liabilities		27.1	6.4	31.7
<b>Total equity and liabilities</b>		<b>256.8</b>	<b>216.6</b>	<b>258.8</b>

## Notes

### Note 1 - Accounting Principles

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company accounting has been prepared in accordance with 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 2018. None of these have had an effect on the income statement, balance sheet or cash flow of the Group. The application of RFR 2 in the parent company, due to the new standards, does not affect the parent company's financial reports. The practice of IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments is described below. The accounting principles are described on page 16 in the Annual Report 2017.

#### IFRS 15 Revenue from Contracts with Customers

Following the analysis, the assessment is that there are no substantive differences between earlier applied accounting policies and the guidance in IFRS 15 regarding the identification of performance obligations in the contracts or allocation of consideration. Like previous policies, product sales will be reported when the transfer of risk according to the contract passes as it is aligned with the criteria of transferring control in IFRS 15.

The introduction of IFRS 15 had no impact on det Group's financial position.

As no changes has been identified, the Group has chosen to apply IFRS 15 in full to prior periods.

#### IFRS 9 Financial Instruments

IFRS 9 is applied by the Group from January 1, 2018. The Group has not restated comparative figures for 2017, in accordance with the transitional rules of the Standard.

The new rules for classification and valuation has not affected the Group's financial position at the time for implementation, as the new standard does not mean any change in valuation of the financial instruments accounted for in the financial statement at that time.

IFRS 9 introduces a new impairment model based on expected losses, which takes into account forward-looking information. The Group has historically had very small credit losses and the customer base is made up of stable companies. Also from a forward looking perspective, the assessment is that the likelihood of default is low. The conclusion is therefore that no further impairment of accounts receivable is required.

Therefore, IFRS 9 has not affected the Group's financial position as of 1 January 2018.

## Note 2 – Depreciation and write-down of fixed assets

MSEK	Q 1 2018	Q 1 2017	R 12 2018	2017
Intangible fixed assets	0.0	0.0	0.0	0.0
Land and buildings	1.0	1.0	3.8	3.8
Machinery and equipment	10.4	8.3	35.5	33.4
<b>Total</b>	<b>11.4</b>	<b>9.3</b>	<b>39.3</b>	<b>37.2</b>
of which write-down	0.0	0.0	0.0	0.0

## Note 3 – Pledged assets and contingent liabilities

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
Property mortgages	84.8	84.8	82.9
Floating charges	241.5	241.5	241.5
Shares in subsidiaries	178.4	148.0	153.6
Guarantees for other companies	0.0	0.7	0.0
Guarantee commitments FPG/PRI	0.2	0.2	0.2

## Note 4 – Financial instruments, valued at fair value in statement of financial position

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
Short-term receivables:			
Currency derivatives	0.0	0.4	0.4
Short-term non interest-bearing liabilities;			
Interest rate derivatives	2.0	2.9	2.2
Currency derivatives	8.9	1.3	2.6

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

## Note 5 – Related transactions

No significant related transactions that significantly affect the Groups results or financial statement have been made during the period. Apart from the intragroup rental income in the parent company no significant related transactions have been done regarding the parent company either.



## Key ratios

The Group	Q 1 2018	Q 1 2017	R 12 2018	2017
Net turnover, MSEK	408.2	337.2	1 453.8	1 382.8
Income before depreciation, MSEK	45.9	35.8	151.2	141.1
Operating income/loss, MSEK	34.5	26.5	111.9	103.9
Operating margin, %	8.5	7.9	7.7	7.5
Income after financial items, MSEK	33.1	25.4	107.4	99.7
Profit margin, %	8.1	7.5	7.4	7.2
Return on equity, %	30.9	28.2	26.2	26.0
Return on capital employed, %	30.8	27.3	25.8	25.6
Cash flow from operating activities, MSEK	29.0	-11.3	125.8	85.5
Investments, MSEK	19.4	8.5	76.2	65.3
Liquidity reserve, MSEK	142.4	133.4	-	140.1
Net debt, MSEK	83.5	111.9	-	89.8
Net debt/EBITDA	0.6	0.9	-	0.6
Interest-bearing liabilities and interest-bearing provisions, MSEK	114.5	119.0	-	117.7
Net debt/equity ratio	0.2	0.4	-	0.3
Total assets, MSEK	790.4	670.6	-	742.1
Equity ratio, %	43.6	43.4	-	43.7
Capital turnover	3.6	3.5	3.3	3.4
Proportion of risk-bearing capital, %	47.5	47.6	-	48.1
Interest coverage ratio	22.1	20.3	23.7	23.3
Average number of employees	451	402	447	442
Net turnover per employee (average), TSEK	905	839	3 252	3 129
Income after fin, per employee (average), TSEK	73	63	240	226
Average number of shares, thousands (no dilution)	7 399	7 399	7 399	7 399
Number of shares, end of period, thousands	7 399	7 399	7 399	7 399
Earnings per share, SEK	3.31	2.43	10.74	9.86
Equity per share, SEK	44.77	38.09	-	42.24

The key ratios above are a summary of the financial report in order to give an overview of ProfilGruppen's financial position. Definitions and reconciliation of the alternative performance measures are given at [www.profilgruppen.se](http://www.profilgruppen.se)

Rounding differences may occur. When calculating key ratios: return on equity, return on capital employed and capital turnover the result and turnover for the period have been adjusted upward to 12 months. The key ratios presented are for the total Group and based on the Group consolidated figures including non-controlling interest, except Earnings per share and Equity per share.

Åseda, April 17, 2018

The Board of Directors, ProfilGruppen AB (publ)  
Org. No. 556277-8943

*The Interim Report has not been audited.*

## Brief facts about ProfilGruppen

- The vision is to be the preferred provider of innovative solutions for aluminium extrusions in northern Europe
- A partnership with ProfilGruppen should be uncomplicated and involve personal commitment
- Aluminium extrusions are used within many industries, for example furnishings, construction, automotive and electronics
- The manufacturing of extrusions takes place in Åseda exclusively and includes:
  - Extrusion of aluminium profiles in three production lines
  - Anodizing facility for surface treatment
  - Further processing of aluminium extrusions in the form of cutting processing, bending and stamping
  - Fully automated facility for processing, coating and packaging of interior design details
- A dozen subcontractors broadens the range of processing possibilities
- The company is certified in accordance with ISO/TS 16949, ISO 14001 and ISO 50001
- Started in 1981 in Åseda, Sweden
- Listed on the Stockholm Stock Exchange in 1997 and is included in the Small Cap list

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*This information is of the type that ProfilGruppen AB (publ) is obligated to disclose in accordance with the Market Abuse Regulation and Nasdaq Stockholm's regulation for issuers. The information was issued through Per Thorsell for publication on April 17, 2018 at 14:00 CET.*

Current information and photographs for free publication are available at [www.profilgruppen.se](http://www.profilgruppen.se)