

Year end report January 1 – December 31, 2018

Improved result for the third year in row

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

Fourth quarter

- Turnover MSEK 414.3 (367.2), up 13 percent compared to previous year
- Operating profit MSEK 24.0 (24.8)
- Operating margin 5.8 percent (6.8)
- Net income MSEK 17.7 (18.5)
- Cash flow from operating activities MSEK 54.0 (24.6)
- Earnings per share SEK 2.13 kr (2.55)

Year 2018

- Turnover MSEK 1 618.3 (1 382.8), up 17 percent compared to previous year
- Operating profit MSEK 113.7 (103.9)
- Operating margin 7.0 percent (7.5)
- Net income MSEK 83.5 (77.3)
- Cash flow from operating activities MSEK 129.8 (85.5)
- Earnings per share SEK 10.88 kr (9.86)
- Started investment of MSEK 310 in new extrusion plant for increased capacity
- The Board is proposing a dividend of SEK 5.00 per share (4.50)

Per Thorsell, CEO of ProfilGruppen, comments:

"The last quarter of the year ends with a somewhat weaker result compared to the previous year, which to a large extent was caused by unused capacity. In the fourth quarter there is a seasonal effect of lower volumes, that in combination with a quick cut from a larger customer resulted in a temporary decrease in demand. During the year all extrusion lines have been working weekends and to ensure the achieved knowledge of new employees we decided to keep the capacity also during the last quarter. This constitutes an important build up of capability and a corner stone in our continued growth with the future venture of a new extrusion facility.

The profit of the year is the highest so far in the history of the company, even though we have been focusing a lot on our large future ventures as the start up of a new production line in PG&WIP, the construction of a new extrusion line and the work with a new IT system. At the same time we have been taking new business and delivering more profiles than ever, with maintained accuracy of delivery. Great praise to all the coworkers who have made this possible and who shown the knowledge and strength in ProfilGruppen. Now we are looking forward to a year when we will finish the projects and continue to give our customers the service we are famous for simultaneously."



Market

In the latest report by the European Aluminium Association (EAA) the markets for aluminium extrusions in Scandinavia and Europe overall are assessed to have grown by approximately two percent during the first nine months of 2018 while in the last three months of the year the market is assessed to be at the same level as in 2017. In the latest forecast for 2019 from EAA the market in Europe is expected to grow approximately two percent compared to 2018, while Scandinavia is expected to be at the same level.

Turnover and result in the fourth quarter

Turnover amounted to MSEK 414.3 (367.2), of which a significant part of the increase is related to a higher market price of raw material. During the quarter approximately 7,500 tonnes (7,850) of aluminium extrusions were delivered.

The production was about 8,200 tonnes (8,200). The share of exports amounted to 44 percent (42) of volume, and 49 percent (44) of turnover.

The operating profit amounted to MSEK 24.0 (24.8).

In the base business we had a somewhat lower order intake which affected the deliveries and caused unused production capacity in the period, with a negative effect on the result of about MSEK 5.0. Simultaneously we have had somewhat higher fixed costs as a consequence of future ventures.

The quality problems in our new production line in PG&WIP are solved and the deliveries have been resumed. The remaining business in PG&WIP has at the same time contributed very positively with increased deliveries.

The operating margin amounted to 5.8 percent (6.8)

The profit after financial items amounted to MSEK 22.5 (24.3). Earnings per share totalled SEK 2.13 (2.55).

Turnover and result of the year

The turnover for the Group in 2018 amounted to MSEK 1 618.3 (1 382.8), an increase of about 17 percent compared to previous year. The increase is partly affected by a higher price for raw material.

The share of exports amounted to 44 percent (42) of delivered volume, and 48 percent (45) of the turnover.

The delivery volumes have increased about 8 percent to 31,975 tonnes (29,700) of aluminium extrusions. Of delivered aluminium extrusions nearly 70 percent were added higher value.

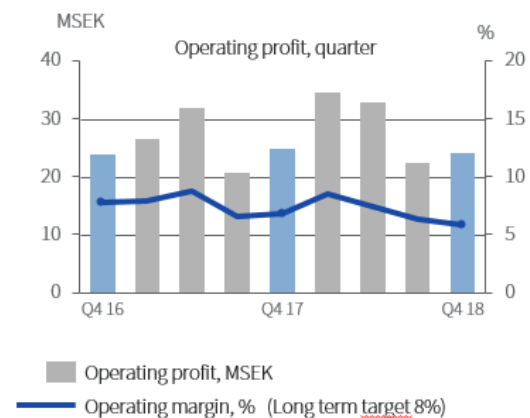
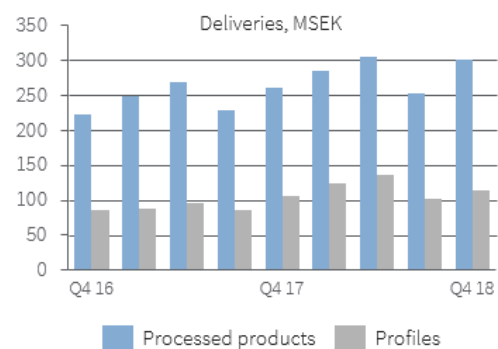
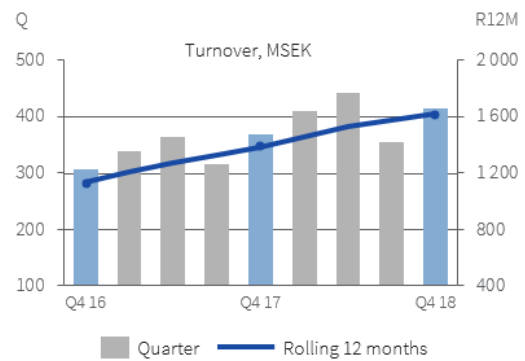
In 2018 the Group manufactured 32,550 tonnes (29,800) of aluminium extrusions.

The operating profit amounted to MSEK 113.7 (103.9), which is the highest profit in the history of the company. The profit of the previous year was effected positively by a capital gain of MSEK 2.9 from sale of a property.

Costs regarding start up, quality problems and disruptions of the new production line in the subsidiary PG&WIP have affected the result of the year negatively by MSEK 13.0 (2.0). Higher costs for sales and administration related to future growth investments have also affected the year. The result development in remaining parts has been achieved by higher volumes, higher capacity utilization and efficiency measures and margin improvements. Value increase in stock is on the same level as last year.

The operating margin amounts to 7.0 percent (7.5).

ProfilGruppen's target is an operating margin of 8 percent.



The profit before tax amounted to MSEK 107.6 (99.7). The profit after tax amounted to MSEK 83.5 (77.3).

Earnings per share totalled SEK 10.88 (9.86). The average number of shares in thousands was 7,399 (7,399).

The return on capital employed amounted to 23.9 percent (25.6).

Investments

Investments in 2018 amounted to MSEK 137.7 (65.3).

An ongoing project to develop the IT systems of the company has affected the investments in intangible assets by MSEK 16.7 (0.0).

Of the investments, MSEK 8.0 (29.0) are related to the subsidiary PG&WIP where a new automated production line for interior details has been started up during the first six months of 2018 and a packaging line has been reconstructed.

In April 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 and the facility is assessed to be in operation around the year-end 2019/2020. The project has been started and has affected the investments during the year by about MSEK 86.6 (0.0). The main part of the tangible assets related to the project has been ordered. The remaining part, MSEK 26.4 (36.3), of the investments mainly refers to ongoing improvements.

Financing and liquidity

Cash flow from current operations amounted to MSEK 129.8 (85.5) and after investments to MSEK 9.9 (19.6), where the ongoing investment in new extrusion facility has affected the cash flow which after normal investments amounted to MSEK 82.0 (19.6).

The liquidity reserve as of 31 December 2018 amounted to MSEK 366.4 (140.1). The increase is explained by loan commitments related to the above mentioned investment in a new production facility.

The balance sheet total as of the end of the year was MSEK 918.3 (742.1). Net debt as of 31 December 2018 amounted to MSEK 116.2 (89.8) and net debt/EBITDA to 0,7 (0,6).

ProfilGruppen's target for net debt/EBITDA is < 2,0. The net debt without the investment in extrusion capacity would be MSEK 44.1, which corresponds to a net debt/EBITDA of 0.3.

Personnel

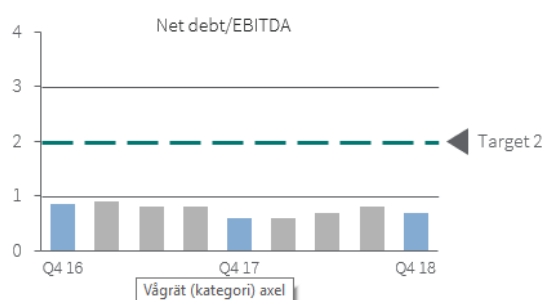
The average number of employees in the Group during the year was 459 (442). The number of employees as of 31 December 2018 totalled 468 (453).

Outlooks for 2019

The demand during the coming quarter is assessed to continuing to be good.

Outlooks for 2018/2018 published on October 23, 2018:

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



Significant risks and uncertain factors

It has been drawn to our attention that there is a risk for interruption of our raw material supply due to trading sanctions or essential changes in the supply chain (for example at the production of alumina or mining of bauxite). In 2018 there has been uncertainty about the effects of the US' trading sanctions regarding Russian oligarchs and their business. This has caused problems with raw material supply from some of our suppliers. We have managed to find alternative solutions and it has not affected our ability to deliver. The sanctions are withdrawn since January 2019.

To finance the machine investments for our new production facility a loan of about MEUR 13.5 will be taken successively. The loan in Euro means a currency risk that is not common in the company, and can amount to a result effect, but the effect at the closing date has been fractional.

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

Dividend

For the financial year 2018, the Board is proposing to the annual general meeting of shareholders a dividend of SEK 5.00 per share (4.50), which means that the total dividend will amount to MSEK 37.0 (33.3). The Board is also proposing that the cut-off date for the dividend be 18 April 2019.

Annual General Meeting.

The AGM 2019 will take place on Tuesday April 16, 2019 at 16:00 CET. All shareholders are then welcome to Folkets Hus in Åseda.

Annual report 2018 and interim reports 2019

The annual report for 2018 will be available in the company's reception and on the Company's website no later than March 26, 2019.

Financial information for 2019 will be provided as follows:

Interim report first quarter	April 16, 2019, 14:00
Interim report second quarter	July 15, 2019, 14:00
Interim report third quarter	October 22, 2019, 14:00

Statement of comprehensive income in short

MSEK	Note	Q 4 2018	Q 4 2017	Q 1-4 2018	Q 1-4 2017
Net turnover		414,3	367,2	1 618,3	1 382,8
Cost of goods sold	2	-363,9	-318,9	-1 410,1	-1 193,9
Gross Margin		50,4	48,3	208,2	188,9
Other operating revenues		0,0	0,3	0,1	3,2
Selling expenses		-14,1	-13,6	-53,1	-49,0
Administrative expenses		-12,1	-10,0	-41,2	-38,9
Other operating expenses		-0,2	-0,2	-0,3	-0,3
Operating profit/loss		24,0	24,8	113,7	103,9
Financial income		0,5	0,1	0,7	0,3
Financial expenses		-2,0	-0,6	-6,8	-4,5
Net financial income/expense		-1,5	-0,5	-6,1	-4,2
Income after financial items		22,5	24,3	107,6	99,7
Tax		-5,4	-5,8	-24,1	-22,4
Net income for the period		17,1	18,5	83,5	77,3
Other comprehensive income (net after tax)					
Items that will subsequently be reclassified to net income:					
Changes in hedging reserve		3,4	-1,2	1,2	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		1,2	-0,7	0,4	-1,6
Comprehensive income for the period		21,6	16,6	85,2	76,2
Net income for the period attributable to:					
Owners of the parent		15,7	18,9	80,5	73,0
Non-controlling interests		1,4	-0,4	3,0	4,3
Total comprehensive income for the period attributable to:					
Owners of the parent		20,2	17,0	82,2	71,9
Non-controlling interests		1,4	-0,4	3,0	4,3
Earnings per share (before and after dilution), SEK		2,13	2,55	10,88	9,86
Average number of shares, thousands		7 399	7 399	7 399	7 399

Statement of financial position in short

MSEK	Note	31 Dec 2018	31 Dec 2017
Assets			
Intangible fixed assets		31,5	14,8
Tangible fixed assets		362,9	291,5
Financial fixed assets		0,2	0,2
Total fixed assets		394,6	306,5
Inventories		247,5	181,2
Current receivables	4	250,1	226,5
Liquid assets		26,1	27,9
Total current assets		523,7	435,6
Total assets		918,3	742,1
Shareholders' equity			
Total equity attributable to the parent Company's shareholders		361,4	312,5
Non-controlling interests		13,0	12,1
Total equity		374,4	324,6
Liabilities			
Interest-bearing liabilities		94,9	68,0
Interest-free liabilities		37,7	32,2
Total long-term liabilities		132,6	100,2
Interest-bearing liabilities and provisions		47,4	49,7
Interest-free liabilities	4	363,9	267,6
Total short-term liabilities		411,3	317,3
Total shareholders' equity and liabilities		918,3	742,1

Statement of changes in equity in short

MSEK	Q 4 2018	Q 4 2017	Q 1-4 2018	Q 1-4 2017
Opening balance, total equity	352,8	308,0	324,6	270,6
Changes attributable to owners of the parent:				
Comprehensive income for the period	20,2	17,0	82,2	71,9
Changes attributable to non-controlling interests:				
Comprehensive income for the period	1,4	-0,4	3,0	4,3
Dividend	0,0	0,0	-35,4	-22,2
Closing balance, total equity	374,4	324,6	374,4	324,6

Statement of cash flows in short

MSEK	Not e	Q 4 2018	Q 4 2017	Q 1-4 2018	Q 1-4 2017
Operating activities					
Operating profit/loss		24,0	24,8	113,7	103,9
Depreciation and write-down		13,4	10,7	49,2	37,2
Adjustment for other non-cash items		1,2	0,1	1,3	-5,8
Interest received/paid		-1,2	-1,6	-6,7	-5,0
Paid income tax		-5,0	-1,4	-22,5	-6,8
Cash flow prior to change in working capital		32,4	32,6	135,0	123,5
Inventories		-62,2	-20,0	-66,3	-34,9
Operating receivables		22,3	10,2	-22,9	-57,0
Operating liabilities		61,5	1,8	84,0	53,9
Cash flow from operating activities		54,0	24,6	129,8	85,5
Acquisition of property, plant and equipment	6	-46,0	-6,4	-120,0	-69,9
Sale of property, plant and equipment		0,0	0,2	0,1	4,0
Cash flow from investing activities		-46,0	-6,2	-119,9	-65,9
Dividend		0,0	0,0	-35,4	-22,2
Loans raised		33,3	11,8	34,8	26,9
Change in bank overdraft facility utilized		-39,1	-13,7	8,4	18,8
Repayment of loans		-1,0	-7,1	-19,6	-27,2
Cash flow from financing activities		-6,8	-9,0	-11,8	-3,7
Cash flow for the period		1,2	9,4	-1,9	15,9
Liquid assets, opening balance		24,9	17,9	27,9	11,3
Translation differences in liquid assets		0,0	0,6	0,1	0,7
Liquid assets, closing balance		26,1	27,9	26,1	27,9
Liquidity reserve				366,4	140,1

The parent company

The turnover of the parent company amounted to MSEK 21.8 (22.0) and comprises of payments for rents from companies in the Group. Profit after financial items amounted to MSEK 19.4 (16.3).

Investments in the parent company during 2018 amounts to MSEK 43.4 (0.3) and are related to property.

Current receivables consist of receivables related to Group companies and VAT.

The parent company's interest-bearing liabilities amounted to MSEK 48.3 (19.1) as of 31 December 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 ¹⁾

MSEK	Not	Q 4 2018	Q 4 2017	Q 1-4 2018	Q 1-4 2017
Turnover	5	5,5	5,4	21,8	22,0
Cost of goods sold		-1,3	-1,6	-3,9	-4,6
Gross Margin		4,2	3,8	17,9	17,4
Other operating revenues		0,0	0,2	0,0	2,2
Administrative expenses		-1,1	-0,8	-3,9	-3,5
Operating income		3,1	3,2	14,0	16,1
Result from shares in group companies		0,0	0,0	4,9	0,0
Interest income and similar income and expense items		0,1	0,1	0,8	0,5
Interest expenses and similar income and expense items		-0,2	-0,1	-0,3	-0,3
Income after financial items		3,0	3,2	19,4	16,3
Appropriations		38,0	25,6	38,0	25,6
Income before tax		41,0	28,8	57,4	41,9
Tax		-9,1	-6,5	-11,6	-9,4
Net income for the period		31,9	22,3	45,8	32,5

¹⁾ The parent company's income statement also constitutes its comprehensive income statement

Balance sheet in short – the parent company

MSEK	Not	31 Dec 2018	31 Dec 2017
Assets			
Tangible assets			
Tangible fixed assets		113,4	73,1
Financial assets (shares in subsidiaries)		87,9	88,0
Total fixed assets		201,3	161,1
Current assets			
Current receivables		122,1	97,3
Cash and bank balances		0,4	0,4
Total current assets		122,5	97,7
Total assets		323,8	258,8
Equity and liabilities			
Equity		201,1	188,6
Untaxed reserves		46,6	34,6
Provisions for taxes		3,9	3,9
Long-term liabilities		0,0	0,0
Current liabilities		72,2	31,7
Total equity and liabilities		323,8	258,8

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.

IFRS 16 Leases

IFRS 16 will be applied by the Group from January 1, 2019. The new standard requires that assets and liabilities attributable to all leases, with the exception of short-term leases or leases of low value assets, be recognised in the balance sheet. The effect of implementing IFRS 16 will be increased Total assets with higher tangible assets and higher financial debts. It will also result in a positive effect in Operating profit and a negative effect in Financial items.

The implementation of the standard requires that both operational and financial leasecontracts, with the exception of short-term leases and of low value assets, will be recognised in the balance sheet. The lease debt will be calculated by discounting the remaining lease fees as of 1 January 2019. The identified lease contracts contains rental of production facilities, cars, trucks and IT-equipment.

The assessment is that the Group's balance sheet total will increase by approximately MSEK 10, mainly by higher fixed assets and a higher financial debts as per 1 January 2019. The affect of comprehensive income is not assessed to be of significant value.

The group will apply the standard from 1 January 2019 and use the alternate transition method where the comprehensive figures will not be recalculated. The rights of use is valued to an amount which represent the lease debt adjusted for prepaid and accrued lease fees for the agreement as of 31 December 2018.

The parent company applies the exception in RFR 2, which means that the accounting principles will not be changed regarding leases.

Note 2 – Depreciation and write-down of fixed assets

MSEK	Q 4 2018	Q 4 2017	Q 1-4 2018	Q 1-4 2017
Intangible fixed assets	0,0	0,0	0,0	0,0
Land and buildings	1,0	1,1	3,8	3,8
Machinery and equipment	12,4	9,6	45,4	33,4
Total	13,4	10,7	49,2	37,2
of which write-down	0,0	0,0	0,0	0,0

Note 3 – Pledged assets and contingent liabilities

MSEK	31 Dec 2018	31 Dec 2017
Property mortgages	82,9	82,9
Floating charges	241,5	241,5
Shares in subsidiaries	174,8	153,6
Guarantees for other companies	0,0	0,0
Guarantee commitments FPG/PRI	0,2	0,2

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

MSEK	31 Dec 2018	31 Dec 2017
Short-term receivables:		
Currency derivatives	1,2	0,4
Short-term non interest-bearing liabilities;		
Interest rate derivatives	1,3	2,2
Currency derivatives	2,7	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.

Note 6 - Statement of Cash flow, acquisition of property, plant and equipment

MSEK	Q 1-4 2018	Q 1-4 2017
Capitalised in balance sheet	137,7	65,3
<i>of which related to new extrusion line</i>	86,6	0,0
Acquired through financial leasing	0,0	-0,1
Unpaid	-22,9	-5,2
<i>of which related to new extrusion line</i>	-14,5	0,0
Paid during the period, capitalised in previous period	5,2	9,9
Investments in property, plant and equipment	120,0	69,9

Key ratios

The Group	Q 4 2018	Q 4 2017	Q 1-4 2018	Q 1-4 2017
Net turnover, MSEK	414,3	367,2	1 618,3	1 382,8
Income before depreciation, MSEK	37,4	35,5	162,9	141,1
Operating income/loss, MSEK	24,0	24,8	113,7	103,9
Operating margin, %	5,8	6,8	7,0	7,5
Income after financial items, MSEK	22,5	24,3	107,6	99,7
Profit margin, %	5,4	6,6	6,6	7,2
Return on equity, %	18,8	23,3	23,9	26,0
Return on capital employed, %	19,3	22,7	23,9	25,6
Cash flow from operating activities, MSEK	54,0	24,6	129,8	85,5
Investments, MSEK	65,1	8,0	137,7	65,3
Liquidity reserve, MSEK	-	-	366,4	140,1
Net debt, MSEK	-	-	116,2	89,8
Net debt/EBITDA	-	-	0,7	0,6
Interest-bearing liabilities and interest-bearing provisions, MSEK	-	-	142,3	117,7
Net debt/equity ratio	-	-	0,3	0,3
Total assets, MSEK	-	-	918,3	742,1
Equity ratio, %	-	-	40,8	43,7
Capital turnover	-	-	3,4	3,4
Proportion of risk-bearing capital, %	-	-	44,9	48,1
Interest coverage ratio	12,4	46,4	16,9	23,3
Average number of employees	466	452	459	442
Net turnover per employee (average), TSEK	889	812	3 526	3 129
Income after fin, per employee (average), TSEK	48	54	235	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	2,13	2,55	10,88	9,86
Equity per share, SEK	-	-	48,86	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

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, February 12, 2019

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

The 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 IATF 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

For more information, please contact

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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 February 12, 2019, at 14:00 CET.

Current information and photographs for free publication are available at www.profilgruppen.se