

Year-end report January 1 – December 31, 2020

High production but low profit in the quarter

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 371.6 (381.9), down 3 percent compared to previous year
- Operating profit MSEK 5.3 (22.7), after financial support of MSEK 2.4 (0.0) and non-recurring costs of MSEK 10,0 (0.0)
- Operating margin 1.4 percent (5.9)
- Net income MSEK 7.4 (18.9)
- Cash flow from operating activities MSEK 111.4 (33.2), of which MSEK 63.1 (0.0) from financial support
- Earnings per share SEK 0.86 kr (2.42)

Year 2020

- Turnover MSEK 1,414.4 (1,622.1), down 13 percent compared to previous year
- Operating profit MSEK 36.4 (113.2), after financial support of MSEK 19.2 (0.0)
- Operating margin 2.6 percent (7.0)
- Net income MSEK 23.9 (80.5)
- Cash flow from operating activities MSEK 179.4 (110.7), of which MSEK 101.9 (0.0) from financial support
- Earnings per share SEK 2.45 (9.98)
- The Board proposes that no dividend will be paid (none)

Fredrik Zöögling, CEO and President of ProfilGruppen, comments:

"In terms of volume the fourth quarter has meant a recovery to the previous year's levels, but with lower prices. Considering the second wave of the pandemic hit us in November it is a strong achievement by the organization to deliver at the requested level. Despite the effort we are not able to see the positive effect on the result, which is due to a continued unfavourable product mix.

We are working hard to secure additional volumes at higher margins, streamline our production and our internal processes."



Comments and actions related to covid-19

ProfilGruppen has been heavily affected by the covid-19-pandemic. The impact was most noticeable up to and during the summer holidays, especially in April-May the turnover decreased heavily to then begin to recover. ProfilGruppen has a large number of customers and their buying patterns has during the year changed sharply due to uncertainty and changed consumer behaviour, which has affected the planning and control of the operations.

ProfilGruppen was gratefully spared from infection until October, but in November several employees were affected and the short-term sick leave was on double-digit levels during a few weeks. Thankfully, all our employees have recovered so far.

In order to counteract the stress on liquidity and profit that occurs with a decreased demand several actions were taken at an early stage. Short-term layoffs were introduced already on the 23rd of March as the assessment was that demand was to decrease heavily during the second quarter. The short-term layoffs during the second quarter have been on an average level of approximately 20 percent and during the third quarter a few functions have been covered by short-term layoffs. In October the short-term layoffs in ProfilGruppen were finished.

Other actions taken are for instance that no dividend will be paid for the financial year 2019, instead the liquidity will be retained within the company.

There is still uncertainty regarding the future development of the situation, we follow the development carefully and adopt out measures accordingly.

Turnover and result in the fourth quarter

The turnover for the Group in the fourth quarter of 2020 amounted to MSEK 371.6 (381.9), a decrease of about 3 percent compared to the same period previous year.

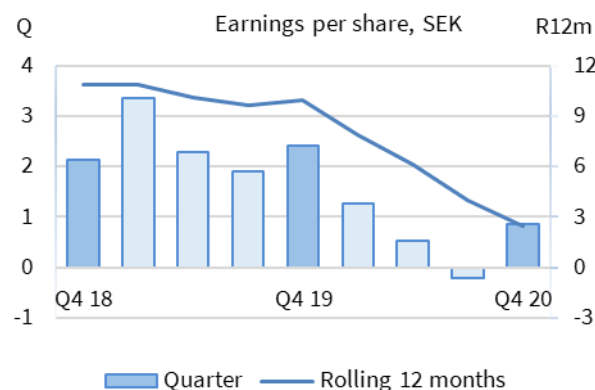
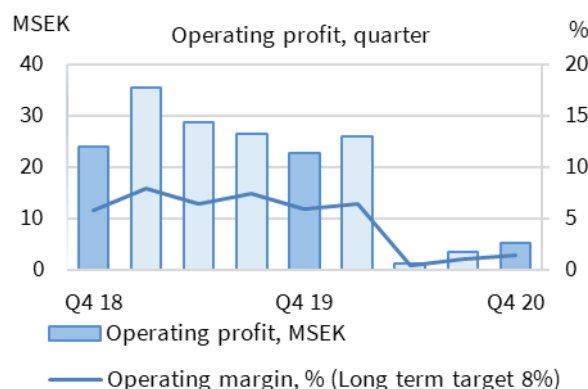
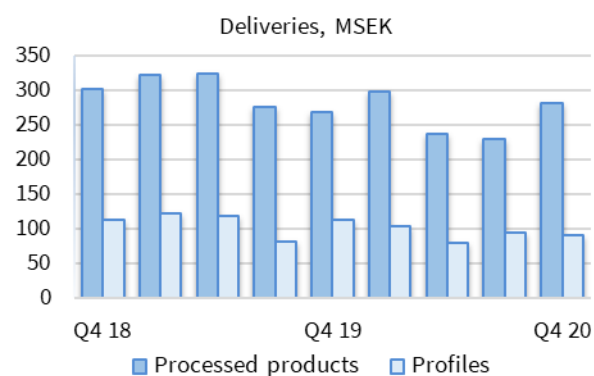
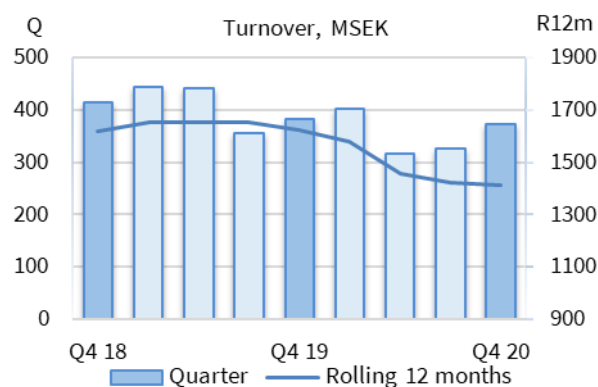
The delivery volumes have increased about 2 percent to 7,700 tonnes (7,550) of aluminium extrusions.

The share of exports amounted to 46 percent (45) of delivered volume, and 54 percent (52) of the turnover.

During the fourth quarter the Group manufactured 8,850 tonnes (7,700) of aluminium extrusions.

The operating profit for the fourth quarter of the year amounted to MSEK 5.3 (22.7). This is equivalent to an operating margin of 1.4 percent (5.9).

The profit was negatively affected by an unfavorable product mix. A number of non-recurring items amounting to approximately MSEK 10 have also affected the result negatively, they include write-downs of inventory, provisions for doubtful receivables and tuning in a new production facility. During the quarter our new production facility has run on to two shifts during two months and increased to three shifts in December. The fact that the facility have not been fully utilized and is still being run-in has meant higher costs. Reorientation support regarding heavily decreased turnover in the subsidiary PG&WIP of about MSEK 1.6 (0.0), has affected the result during the quarter. The support is reported as other operating revenue.



The result has also been affected by MSEK 0.8 (0.0) from support actions regarding sick pay.

The profit before tax amounted to MSEK 10.3 (23.5).

Earnings per share totalled SEK 0.86 (2.42) (no dilution).

Turnover and result of the year

The operating profit in 2020 amounted to MSEK 1,414.4 (1,622.1), a decrease of about 13 percent compared to previous year.

The delivery volumes have decreased about 9 percent to 28,900 (31,000) aluminium profiles.

The share of exports amounted to 44 percent (44) of volume, and 51 percent (50) of turnover.

During the year the Group produced approximately 29,900 tonnes (31,100) of aluminium extrusions.

The operating profit amounted to MSEK 36.4 (113.2) during the year. The ongoing pandemic has affected the result through a heavy decrease in turnover during the second and third quarter.

The costs have not been sufficiently adjusted to the decrease in turnover.

During the fourth quarter the product mix has been unfavourable and meant decreased margins.

Start-up costs and depreciation of MSEK 13 related to a new production facility have caused higher costs than previous year.

Government support for short-term layoffs of MSEK 11.6 (0.0) and reorientation support regarding heavily decreased turnover in the subsidiary PG&WIP of MSEK 4.1 (0.0), have been received. The support is reported as other operating revenue. The support requires a positive final decision from the Swedish Agency for Economic and Regional Growth. The Group has also received MSEK 3.4 (0.0) from support actions regarding sick pay and payroll taxes.

The operating margin amounted to 2.6 percent (7.0). The profit before tax amounted to MSEK 31.3 (101.9).

Earnings per share (no dilution) totalled SEK 2.45 (9.98).

The average number of shares in thousands was 7,399 (7,399).

The return on capital employed amounted to 5.0 percent (18.0), which has been affected by the investment in production capacity.

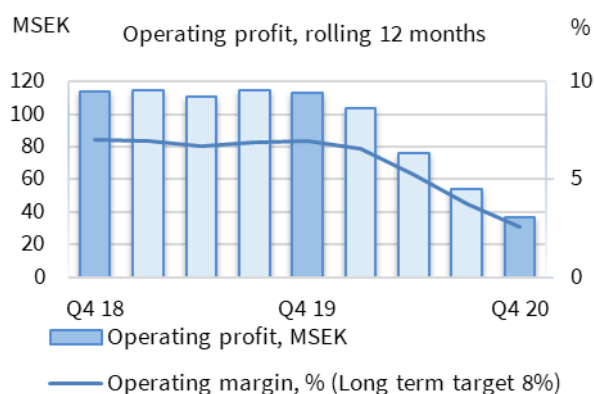
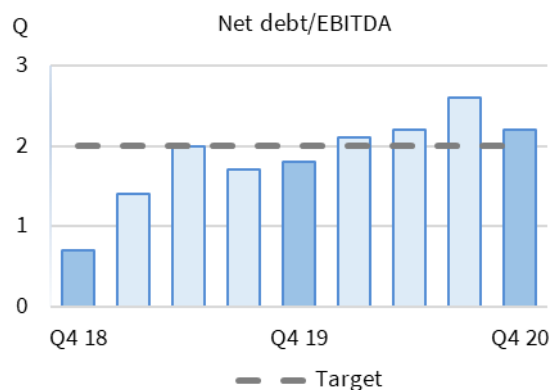
Investments

Investments in 2020 amounted to MSEK 94.9 (218.6), excluding changes in right of use assets.

A big investment in new production capacity for extrusion of aluminium profiles in Åseda is ongoing since last year and at the start of the year, the investment amounts to approximately MSEK 270.0. The project has affected the investments during the year by MSEK 56.0 (140.3). The investments in the project were finalised during the year.

Financing and liquidity

Cash flow from current operations amounted to MSEK 179.4 (110.7). The Group has received government liquidity support of MSEK 60.7 (0.0) and other support of MSEK 41.2 (0.0) that affected cash flow. The cash flow after investments amounted to MSEK 86.7 (-121.4). Excluding the ongoing investment in new production capacity was the cash flow after other investments MSEK 145.4 (68.8).



The liquidity reserve as of 31 December 2020 amounted to MSEK 189.1 (146.8).

The balance sheet total as of the end of the year was MSEK 1,150.4 (1,090.1).

Net debt as of 31 December 2020 amounted to MSEK 222.5 (300.2) and net debt/EBITDA to 2,2 (1,8). ProfilGruppen's target for net debt/EBITDA is < 2,0.

The net debt has been affected by the investment in new production capacity.

Personnel

The average number of employees in the Group during the period was 461 (466). The number of employees as of 31 December 2020 totalled 489 (455). During the period March to September ProfilGruppen have used short-term layoffs in some extent.

Significant risks and uncertain factors

A pandemic has affected the world in 2020 and is ongoing. Its spread and effects have not been able to predict.

ProfilGruppen is affected in several ways and there is great uncertainty about the future effects.

Otherwise, the company's risks and risk management have not significantly changed since publishing of the 2019 Annual Report.

Dividend

Based on the regulations regarding support actions related to Covid-19 the Board is proposing to the Annual General Meeting of shareholders that no dividend will be paid for the financial year 2020 (none previous year).

Outlooks for 2021

We expect heavily increased delivery volumes during the first half year of 2021 compared to 2020. The volumes are intended to give a volume contribution to our new production facility. The additional contracts have been taken in fierce competition in a tough market. Together with an unfavourable mix in other business we can see decreasing margins.

Outlooks for 2020/2021 published on October 20, 2020:

An increased market demand has been noticed since the end of the third quarter.

The result of 2020 for ProfilGruppen will be substantially lower than the result of 2019 and the financial targets will not be reached.

Based on our estimation of the market and new contracts, the outlooks are currently assessed to be good and we expect heavily increased volumes next year.

There is still great uncertainty of how and to what extent the ongoing pandemic will affect our customers, suppliers and us in the future.

Annual General Meeting

The AGM 2021 will take place 20 April, 2021 at 16:00 CET. The AGM is planned to be held digitally, details will be presented in the invitation.

Annual report 2020 and interim reports 2021

The annual report for 2020 will be available in the company's reception and on the company's website no later than March 30, 2020.

Interim reports for 2021 will be provided as follows:

Interim report first quarter, April 20, 14:00

Interim report second quarter, July 15, 14:00

Interim report third quarter, October 19, 14:00

Statement of comprehensive income in short

MSEK	Note	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Net turnover		371.6	381.9	1 414.4	1 622.1
Cost of goods solds	2	-334.9	-336.4	-1 283.7	-1 411.9
Gross Margin		36.7	45.5	130.7	210.2
Other operating revenues 1)		1.5	5.6	15.8	5.6
Selling expenses		-15.8	-16.7	-55.9	-59.4
Administrative expenses		-17.1	-11.7	-54.2	-43.2
Other operating expenses		0.0	0.0	0.0	0.0
Operating profit/loss		5.3	22.7	36.4	113.2
Financial income		0.2	-0.5	0.4	0.4
Financial expenses	3	4.8	1.3	-5.5	-11.7
Net financial income/expense		5.0	0.8	-5.1	-11.3
Income after financial items		10.3	23.5	31.3	101.9
Tax		-2.9	-4.6	-7.4	-21.4
Net income for the period		7.4	18.9	23.9	80.5
of which attributable to:					
Owners of the parent		6.3	18.0	18.1	73.9
Non-controlling interests		1.1	0.9	5.8	6.6
Earnings per share (before and after dilution), SEK		0.86	2.42	2.45	9.98
Other comprehensive income (net after tax)					
Net income for the period		7.4	18.9	23.9	80.5
Changes in hedging reserve		6.0	3.9	5.5	2.2
Translation differences		-0.3	-0.4	-0.4	-0.2
Total items that will subsequently be reclassified to net income:		5.7	3.5	5.1	2.0
Revaluation of defined benefit obligation		-0.8	-1.6	-0.3	-1.6
Total items that will subsequently not be reclassified to net income:		-0.8	-1.6	-0.3	-1.6
Comprehensive income for the period		12.3	20.8	28.7	80.9
of which total comprehensive income for the period attributable to:					
Owners of the parent		11.2	19.9	22.9	74.3
Non-controlling interests		1.1	0.9	5.8	6.6

¹⁾ The whole amount in 2020 is grant for short-term layoffs and reorientation support.

Statement of financial position in short

MSEK	Note	31 Dec 2020	31 Dec 2019
Assets			
Intangible fixed assets		33.6	39.0
Tangible fixed assets		564.3	523.2
<i>of which construction of new extrusion line in progress</i>		<i>316.5</i>	<i>268.7</i>
Right of use assets		17.5	13.8
Financial fixed assets		0.2	0.2
Total fixed assets		615.6	576.2
Inventories		242.4	232.0
Current receivables	4	227.3	252.0
Liquid assets		65.1	29.9
Total current assets		534.8	513.9
Total assets		1 150.4	1 090.1
Shareholders' equity			
Total equity attributable to the parent Company's shareholders		421.7	398.8
Non-controlling interests		23.9	18.1
Total equity		445.6	416.9
Liabilities			
Interest-bearing liabilities		169.2	173.7
Interest-free liabilities		64.4	55.1
Total long-term liabilities		233.6	228.8
Interest-bearing liabilities and provisions		118.4	156.5
Interest-free liabilities	4	352.8	287.9
Total short-term liabilities		471.2	444.4
Total shareholders' equity and liabilities		1 150.4	1 090.1

Statement of changes in equity in short

MSEK	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Opening balance, total equity	433.3	397.5	416.9	374.4
Changes attributable to owners of the parent:				
Comprehensive income for the period	11.2	19.9	22.9	74.3
Changes attributable to non-controlling interests:				
Comprehensive income for the period	1.1	0.9	5.8	6.6
Dividend	0.0	-1.4	0.0	-38.4
Closing balance, total equity	445.6	416.9	445.6	416.9

Statement of cash flows in short

MSEK	Note	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Operating activities					
Operating profit/loss		5.3	22.7	36.4	113.2
Depreciation and write-down		16.7	15.9	66.7	57.7
Adjustment for other non-cash items		1.7	-4.8	1.9	1.5
Interest received/paid		-1.5	0.9	-10.2	-11.7
Paid income tax		-0.9	-6.6	-5.5	-28.7
Cash flow prior to change in working capital		21.3	28.1	89.3	132.0
Inventories		-23.7	-17.0	-10.3	15.4
Operating receivables		44.4	62.1	36.2	7.3
Operating liabilities		69.4	-40.0	64.2	-44.0
Cash flow from operating activities		111.4	33.2	179.4	110.7
Acquisition of property, plant and equipment 1)	6	-21.0	-38.9	-92.7	-232.1
Sale of property, plant and equipment		0.0	0.0	0.0	0.0
Cash flow from investing activities		-21.0	-38.9	-92.7	-232.1
Dividend		0.0	-1.4	0.0	-38.4
Loans raised		-0.2	-3.5	15.5	94.4
Change in bank overdraft facility utilized		-76.0	-25.6	-41.0	94.0
Repayment of loans		-8.3	-6.8	-23.1	-25.1
Cash flow from financing activities		-84.5	-37.3	-48.6	124.9
Cash flow for the period		5.9	-43.0	38.1	3.5
Liquid assets, opening balance		61.5	72.9	29.9	26.1
Translation differences in liquid assets		-2.3	0.0	-2.9	0.3
Liquid assets, closing balance		65.1	29.9	65.1	29.9
Liquidity reserve				189.1	146.8

¹⁾ Whereof investments related to the ongoing build up of a new production facility for extrusion have affected cash flow with MSEK 58,7 (190,2).

The parent company

The turnover of the parent company amounted to MSEK 27.1 (21.8) and comprises payments for rents from companies in the Group. Profit after financial items amounted to MSEK 16.6 (15.8).

Investments in the parent company during 2020 amounts to MSEK 16.5 (66.5) and are connected to investments in properties.

The parent company's interest-bearing liabilities amounted to MSEK 57.5 (163.6) as of 31 December 2020, and refers to intra Group liabilities to subsidiaries.

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	Note	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Turnover		6.8	5.4	27.1	21.8
Cost of goods sold		-1.1	-0.7	-5.7	-3.4
Gross Margin		5.7	4.7	21.4	18.4
Other operating revenues		0.0	0.0	0.0	0.0
Administrative expenses		-1.0	-1.1	-4.2	-4.5
Operating income		4.7	3.6	17.2	13.9
Result from shares in group companies		0.0	3.5	0.0	3.5
Interest income and similar income and expense items		0.2	0.3	0.7	1.3
Interest expenses and similar income and expense items		0.0	-1.0	-1.3	-2.9
Income after financial items		4.9	6.4	16.6	15.8
Appropriations		-16.1	-8.1	-16.1	-8.1
Income before tax		-11.2	-1.7	0.5	7.7
Tax		2.6	1.4	0.1	-0.6
Net income for the period		-8.6	-0.3	0.6	7.1

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

Balance sheet in short – the parent company

MSEK	Note	31 Dec 2020	31 Dec 2019
Assets			
Tangible assets			
Tangible fixed assets		187.5	176.9
Financial assets (shares in subsidiaries)		87.9	87.9
Total fixed assets		275.4	264.8
Current assets			
Current receivables		0.1	135.1
Cash and bank balances		22.0	0.0
Total current assets		22.1	135.1
Total assets		297.5	399.9
Equity and liabilities			
Equity		171.7	171.2
Untaxed reserves		60.8	54.7
Provisions for taxes		3.3	3.4
Long-term liabilities		0.0	0.0
Current liabilities		61.7	170.6
Total equity and liabilities		297.5	399.9

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.

Note 2 – Depreciation and write-down of fixed assets

MSEK	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Intangible fixed assets	1.6	1.3	6.2	1.8
Land and buildings	1.5	1.0	5.9	3.8
Machinery and equipment	11.7	10.6	47.2	45.0
Right of use assets	1.9	2.7	7.4	6.8
Total	16.7	15.6	66.7	57.4
of which write-down	0.0	0.0	0.0	0.0

Note 3 – Financial expenses

MSEK	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Interest expenses	0.2	2.0	6.1	7.8
Unrealized exchange rate revaluation of financial items (gain neg, loss pos)	-6.8	-3.6	-5.4	1.3
Other financial expenses	1.8	0.3	4.8	2.6
Total	-4.8	-1.3	5.5	11.7

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

MSEK	31 Dec 2020	31 Dec 2019
Short-term receivables:		
Currency derivatives	7.1	1.6
Short-term non interest-bearing liabilities;		
Interest rate derivatives	0.0	0.3
Currency derivatives	0.0	1.2

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

Note 5 – Pledged assets and contingent liabilities

MSEK	31 Dec 2020	31 Dec 2019
Property mortgages	82.9	82.9
Floating charges	341.5	241.5
Shares in subsidiaries	226.4	226.5
Guarantees for other companies	0.0	0.0
Guarantee commitments FPG/PRI	0.2	0.2

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

MSEK	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Capitalised in balance sheet	48.7	130.7	94.9	218.6
<i>of which related to new extrusion line</i>	<i>21.7</i>	<i>115.6</i>	<i>56.3</i>	<i>183.4</i>
Unpaid	-11.5	-9.4	-11.5	-9.4
<i>of which related to new extrusion line</i>	<i>-5.8</i>	<i>-8.2</i>	<i>-5.8</i>	<i>-8.2</i>
Paid during the period, capitalised in previous period	5.7	5.0	9.3	22.8
<i>of which related to new extrusion line</i>	<i>4.6</i>	<i>5.0</i>	<i>8.2</i>	<i>15.0</i>
Investments in property, plant and equipment	42.9	126.3	92.7	232.0

Note 7 – Related transactions

No 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.

Key ratios

The Group	Q 4 2020	Q 4 2019	Q 1-4 2020	Q 1-4 2019
Net turnover, MSEK	371.6	381.9	1 414.4	1 622.1
Income before depreciation, MSEK	22.0	38.6	103.1	170.9
Operating income/loss, MSEK	5.3	22.7	36.4	113.2
Operating margin, %	1.4	5.9	2.6	7.0
Income after financial items, MSEK	10.3	23.5	31.3	101.9
Profit margin, %	2.8	6.2	2.2	6.3
Return on equity, %	6.8	18.6	5.5	20.3
Return on capital employed, %	2.8	11.8	5.0	18.0
Cash flow from operating activities, MSEK	111.4	33.2	179.4	110.7
Investments, MSEK	16.2	48.2	94.9	218.6
Liquidity reserve, MSEK	-	-	189.1	146.8
Net debt, MSEK	-	-	222.5	300.2
Net debt/EBITDA	-	-	2.2	1.8
Interest-bearing liabilities and interest-bearing provisions, MSEK	-	-	287.6	330.2
Net debt/equity ratio	-	-	0.5	0.7
Total assets, MSEK	-	-	1 150.4	1 090.1
Equity ratio, %	-	-	38.7	38.2
Capital turnover	-	-	1.9	2.6
Proportion of risk-bearing capital, %	-	-	44.3	43.3
Interest coverage ratio	-1.1	-17.4	6.8	9.7
Average number of employees	470	462	461	466
Net turnover per employee (average), TSEK	790	827	3 068	3 481
Income after fin, per employee (average), TSEK	22	51	68	219
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	0.86	2.42	2.45	9.98
Equity per share, SEK	-	-	56.99	53.90

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 to 12 months. The key ratios presented relate to the total Group and are based on the Group consolidated figures including non-controlling interest, except Earnings per share and Equity per share.

The undersigned affirm that this interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and with generally accepted accounting principles and provides a fair representation of the Group's and the company's position and result and describe significant risks and factors of uncertainty that the companies in the Group face.

Åseda, February 9, 2021

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 is our choice, it is more favourable in a life cycle perspective than many alternatives and enables us to create sustainable products
- 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 four production lines
 - Anodizing facility for surface treatment
 - Further processing of aluminium extrusions in the form of cutting processing, bending and stamping
 - Fully automated facilities 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 and ISO 14001
- 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 report contains inside information that ProfilGruppen AB (publ) is obligated to disclose in accordance with the Market Abuse Regulation. The information was issued through Fredrik Zöögling for publication on February 9, 2021 at 14:00 CET.

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