

Studsvik

Year-end Report
January–December 2015



- Sales in the quarter decreased to SEK 241.9 (247.8) million. In local currencies sales decreased by 5 per cent
- Operating profit for the quarter decreased to SEK 1.3 (12.2) million
- Cash flow after investments was SEK 8.0 (27.7) million.
- The Board of Directors proposes that no dividend be distributed.

	October-December 2015	October-December 2014	Full year 2015	Full year 2014
Sales, SEK million	241.9	247.8	895.4	909.6
Operating profit, SEK million	1.3	12.2	24.4	30.5
Profit after tax, SEK million	-7.2	5.5	2.4	5.2
Cash flow after investments, SEK million	8.0	27.7	-40.1	-54.8
Net debt, SEK million	134.3	105.7	134.3	105.7
Net debt/equity ratio, %	45.0	36.1	45.0	36.1
Profit per share after tax, SEK	-0.88	0.66	0.29	0.63
Equity per share, SEK	36.30	35.64	36.30	35.64



Sales

Sales decreased to SEK 241.9 (247.8) million for the quarter and to SEK 895.4 (909.6) million for the year. In local currencies this was a decrease of 5 and 6 per cent respectively. For the full year the Consultancy Services and Fuel and Materials Technology business areas reported continued growth, while sales in Waste Treatment continued to be low.

Profit

Operating profit decreased during the quarter to SEK 1.3 (12.2) million and during the year to SEK 24.4 (30.5) million. Items affecting comparability impacted earnings for the previous year by SEK –4.9 million and SEK –12.1 million respectively. Adjusted for these, the operating margin for the quarter was 0.6 (6.9) per cent and 2.7 (4.7) per cent for the year.

Net financial income was SEK –5.9 (–3.3) million and SEK –17.7 (–18.9) million for the year. For the fourth quarter earnings after tax were SEK –7.2 (5.5) million and for the year SEK 2.4 (5.2) million.

Fuel and Materials Technology

Sales in the quarter decreased to SEK 79.4 (87.1) million. During the year sales increased to SEK 262.3 (239.5) million. In local currencies the decrease was 12 per cent for the quarter, while sales for the full year increased by 6 per cent. Demand for the business area's services continues to be strong and operations are developing positively in Europe and China.

Operating profit for the quarter decreased to SEK 16.4 (26.2) million. During the year the operating profit increased to SEK 39.8 (31.4) million. Items affecting comparability impacted earnings for the previous year by SEK –1.4 million. Adjusted for items affecting comparability the operating margin for the year increased to 15.2 (13.7) per cent. The deterioration in earnings in the quarter compared with the previous year is due to the postponement of some major deliveries for Scandpower until the first half of 2016.

Consultancy Services

Sales in the quarter increased to SEK 110.3 (90.6) million. During the year sales increased to SEK 431.8 (399.7) million. In local currencies this was an increase of 20 and 3 per cent respectively.

Operating profit decreased during the quarter to SEK 2.7 (4.9) million and for the year to SEK 22.3 (36.8) million. The year's earnings were negatively impacted by weak sales of ventilation services in England. Items affecting comparability impacted earnings for the previous year by SEK 5.6 million. Adjusted for items affecting comparability the operating margin for the year decreased to 5.2 (7.8) per cent.

Waste Treatment

Sales decreased to SEK 45.1 (60.3) million for the quarter and to SEK 175.3 (241.1) million for the year. In local currencies this was a decrease of 30 and 31 per cent respectively. Demand in Europe continues to be weak, as the number of nuclear power plants in operation or being upgraded is falling, while decommissioning projects have not yet started. The work of establishing a lower cost base continues at the same time as alternative strategies for the business area are being evaluated.

Operating profit for the quarter amounted to SEK –10.1 (–10.2) million and SEK –11.7 (2.9) million for the year. Items affecting comparability impacted earnings for the previous year by SEK –5.1 million. Adjusted for items affecting comparability the operating margin for the year decreased to –6.6 (3.3) per cent.

Investments

Investments in the quarter amounted to SEK 8.8 (13.3) million and roughly unchanged during the year to SEK 33.5 (32.7) million.

Cash flow

The weaker operating profit for the quarter reduced the cash flow to 16,8 (41,0) Mkr. The cash flow for the year was –6,6 (–20,8) Mkr. .

Cash flow after investments in the fourth quarter amounted to SEK 8.0 (27.7) million and for the year to SEK –40.1 (–54.8) million.

Financial position and liquidity

Cash and cash equivalents including current investments, amounted to SEK 74.9 (120.1) million. Net interest-bearing debt was SEK 134.3 (105.7) million, which means that the net debt/equity ratio was 45.0 (36.1) per cent. The bond loan matures in March 2016 and has therefore been recorded as current in the balance sheet. This bond loan will be refinanced in February.

Personnel

The average number of employees as at December 31 was 829 (895). The decrease is attributable to the Waste Treatment business area and administrative functions.

Transactions with related parties

During the quarter a dividend of SEK 1.4 (3.2) million was received from UK Nuclear Waste Management Ltd and SEK 1.7 (–) million from THOR Treatment Technologies LLC.

Parent company

Operations in the parent company consist of coordination of the Group. Parent company sales in the quarter amounted to SEK 2.6 (2.8) million and during the year to SEK 10.6 (11.9) million. Operating profit for the quarter amounted to SEK –8.9 (–9.8) million and SEK –28.9 (–43.9) million for the year. Items affecting comparability impacted earnings for the previous year by SEK –0.3 million for the quarter and SEK –5.6 million for the year. Profit after financial items in the second quarter was SEK 31.6 (32.4) million and for the year SEK 8.0 (–8.5) million.

Cash and cash equivalents including current investments, amounted to SEK 14.5 (35.6) million.

Dividend

The Board of Directors proposes that no dividend be distributed in 2016.

Annual General Meeting and Annual Report

The Annual General Meeting will be held on Monday, April 25, 2016 at 16:00 at the World Trade Center, Klarabergsviadukten 70/Kungsbron 1. The annual report will be available on the company's website in week 11 (March 14–20), 2016.

Risks and uncertainties

An overall analysis of the Group's risks and how they are dealt with is given in the Annual Report for 2014, which is available on the company's website. Apart from these risks, no further significant risks are estimated to have arisen.

Accounting policies

The consolidated accounts for the Studsvik Group have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board recommendation RFR 1, Supplementary accounting rules for groups, IAS 34, International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as adopted by the EU. There is a description of these accounting policies in the annual report. The consolidated accounts have been prepared in accordance with the historical cost method except as regards financial assets and liabilities carried at fair value through profit or loss.

Year-end Report January–December 2015

The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 "Accounting for legal entities".

Stockholm, February 2, 2016
Michael Mononen
President

This report has not been reviewed by the company's auditors.

Time schedule for financial information

Interim Report January-March 2016	April 25, 2016
Interim Report January-June 2016	July 22, 2016
Interim Report January-September 2016	October 21, 2016

For further information please contact

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The Year-end Report will be presented at a telephone conference to be held in English, on February 2 at 9:30 am. Further information for those interested in participating is available at www.studsvik.com.

Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK million

	October- December 2015	October- December 2014	Full year 2015	Full year 2014
Net sales	241.9	247.8	895.4	909.6
Cost of services sold	-170.6	-183.6	-657.2	-660.5
Gross profit	71.3	64.2	238.2	249.1
Selling and marketing expenses	-14.8	-16.0	-56.4	-47.6
Administrative expenses	-37.6	-28.9	-133.3	-146.9
Research and development costs	-8.2	-7.4	-25.4	-25.8
Share in earnings from associated companies	3.5	3.1	11.6	11.5
Other operating income	-0.5	-3.1	10.9	5.4
Other operating expenses	-12.4	0.3	-21.2	-15.2
Operating profit	1.3	12.2	24.4	30.5
Financial income	-0.1	0.1	0.2	0.2
Financial expenses	-3.1	-2.6	-13.6	-17.1
Fair value gain/loss (realized and unrealized)	-2.7	-0.8	-4.3	-2.0
Profit/loss before tax	-4.6	8.9	6.7	11.6
Income tax	-2.6	-3.4	-4.3	-6.4
Profit/loss for the period from continuing operations	-7.2	5.5	2.4	5.2
Operations held for sale				
Profit/loss for the period from operations held for sale	0.0	-0.8	0.0	-17.2
NET PROFIT/LOSS FOR THE PERIOD	-7.2	4.7	2.4	-12.0
Other comprehensive income				
Items that may later be reversed in the income statement				
Translation differences on foreign subsidiaries	-6.0	1.9	2.6	19.1
Cash flow hedging	2.2	4.7	0.5	-0.6
Income tax on items recognized in other comprehensive income	-0.5	-1.1	-0.1	0.1
Other comprehensive income for the period, net after tax	-4.3	5.5	3.0	18.6
Total profit/loss and other comprehensive income for the period	-11.5	10.2	5.4	6.6
Income for the period attributable to				
Parent company's shareholders	-7.2	4.7	2.4	-12.0
Non-controlling interests	-	-	-	-
Total comprehensive income attributable to				
Parent company's shareholders	-11.6	10.2	5.3	6.6
Non-controlling interests	0.1	-	0.1	-
Earnings per share calculated on income attributable to the parent company's shareholders during the period, SEK				
Earnings per share (There is no dilution effect)				
Profit/loss from continuing operations	-0.88	0.66	0.29	0.63
Profit/loss from operations for sale	-	-0.09	-	-2.09
NET PROFIT/LOSS FOR THE PERIOD	-0.88	0.57	0.29	-1.46

Group statement of financial position

Amounts in SEK million

	December 2015	December 2014
ASSETS		
Intangible assets	181.4	177.2
Property, plant and equipment	344.8	350.0
Other non-current assets	127.7	128.4
Total non-current assets	653.9	655.6
Inventories	2.4	1.9
Trade receivables	196.6	183.3
Other current receivables	65.7	80.5
Cash and cash equivalents	74.9	120.1
Total current assets	339.6	385.8
TOTAL ASSETS	993.5	1,041.3
EQUITY AND LIABILITIES		
Equity attributable to parent company's shareholders	297.9	292.6
Non-controlling interests	0.3	0.3
Borrowing	1.0	203.0
Provisions and other non-current liabilities	238.0	241.0
Total non-current liabilities	239.0	444.0
Trade and other payables	248.1	281.6
Borrowing	208.2	22.8
Total current liabilities	456.3	304.4
TOTAL EQUITY AND LIABILITIES	993.5	1,041.3
Pledged assets	148.9	157.9
Contingent liabilities	52.1	60.7

Changes in equity

Amounts in SEK million

	Share capital	Other contributed capital	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non- controlling interest	Total equity
Equity at December 31, 2013	8.2	225.3	-6.0	58.5	286.0	0.3	286.3
Changes January 1 – September 30, 2014							
Comprehensive income for the period	–	–	13.1	-16.6	-3.5	0.0	-3.5
Equity at September 30, 2014	8.2	225.3	7.1	41.9	282.5	0.3	282.8
Changes October 1 – December 31, 2014							
Comprehensive income for the period	–	–	5.5	4.7	10.1	0.0	10.1
Equity at December 31, 2014	8.2	225.3	12.6	46.5	292.6	0.3	292.9
Changes January 1 – September 30, 2015							
Comprehensive income for the period	–	–	7.2	9.7	16.9	0.0	16.9
Equity at September 30, 2015	8.2	225.3	19.8	56.2	309.5	0.3	309.8
Changes October 1 – December 31, 2015							
Comprehensive income for the period	–	–	-4.3	-7.2	-11.5	0.0	-11.5
Equity at December 31, 2015	8.2	225.3	15.5	49.0	297.9	0.3	298.3

Group statement of cash flow

Amounts in SEK million

	October– December 2015	October– December 2014	Full year 2015	Full year 2014
Cash flow from operating activities				
Operating profit	1.4	11.2	24.4	17.9
Adjustment for non-cash items	7.9	5.7	28.7	17.3
Financial items, net	–1.5	–2.5	–11.5	–17.6
Income tax paid	6.4	9.9	–6.9	1.1
Cash flow from operating activities before change in working capital	14.2	24.3	34.7	18.7
Change in working capital	2.6	16.7	–41.3	–39.5
Cash flow from operating activities	16.8	41.0	–6.6	–20.8
Investing activities				
Acquisition of property, plant and equipment	–8.8	–13.3	–33.5	–34.0
Divestment of subsidiaries	–	–	–	93.9
Dividend from associated companies	3.0	2.1	12.7	10.4
Other cash flow from investing activities	–2.6	14.5	–2.4	0.4
Cash flow from investment activities	–8.3	3.3	–23.2	70.7
Financing activities				
Change in borrowing	–15.2	–4.0	–16.7	–92.6
Dividend to shareholders	–	–	–	–
Cash flow from financing activities	–15.2	–4.0	–16.7	–92.6
Changes in cash and cash equivalents	–6.6	40.3	–46.5	–42.6
Cash and cash equivalents at the beginning of the period	83.3	75.2	120.1	151.4
Translation difference	–1.7	4.6	1.3	11.3
Cash and cash equivalents at the end of the period	74.9	120.1	74.9	120.1

Financial ratios for the Group

Amounts in SEK million

	Full year 2015	Full year 2014
Margins		
Operating margin, %	2.7	3.3
Profit margin, %	0.7	1.3
Return on investment		
Return on capital employed, %	6.6	5.5
Return on equity, %	0.8	1.8
Capital structure		
Capital employed	507.5	518.7
Equity	298.3	292.9
Net debt	134.3	105.7
Net debt/equity ratio, %	45.0	36.1
Equity/assets ratio, %	30.0	28.1
Employees		
Average number of employees	829	895
Net sales per employee	1.1	1.0

Data per share

	October- December 2015	October- December 2014	Full year 2015	Full year 2014
Number of shares at the end of the period	8,218,611	8,218,611	8,218,611	8,218,611
Average number of shares	8,218,611	8,218,611	8,218,611	8,218,611
Earnings per share before and after dilution				
Profit/loss from continuing operations	-0.88	0.66	0.29	0.63
Profit/loss from operations held for sale	-	-0.09	-	-2.09
Profit/loss for the period	-0.88	0.57	0.29	-1.46
Equity per share, SEK	36.30	35.64	36.30	35.64

Net sales per geographical area

Amounts in SEK million

	October- December 2015	October- December 2014	Full year 2015	Full year 2014
Sweden	54.7	52.6	178.0	182.9
Europe, excluding Sweden	149.9	147.5	579.4	616.0
North America – from continuing operations	28.3	36.3	105.0	84.9
Asia	2.8	5.8	26.8	20.3
Other	6.1	5.6	6.1	5.6
Total	241.9	247.8	895.4	909.6

Quarterly review

Amounts in SEK million

	2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	250.9	266.5	216.9	266.9	219.7	217.0	225.1	247.8	201.1	234.8	217.6	241.9
Operating expenses	-243.6	-253.4	-211.2	-277.0	-214.4	-216.9	-212.2	-235.6	-206.1	-223.4	-201.0	-240.6
Operating profit	7.3	13.1	5.7	-10.1	5.3	0.1	12.9	12.2	-5.0	11.4	16.6	1.3
Financial items, net	-4.9	-9.5	-0.3	-4.1	-6.6	-4.1	-4.9	-3.3	-1.9	-4.4	-5.4	-5.9
Profit/loss after financial items	2.4	3.6	5.4	-14.2	-1.3	-4.0	8.0	8.9	-6.9	7.0	11.2	-4.6

Financial data per segment

Amounts in SEK million

October–December 2015	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	44.9	109.9	79.4	7.7	–	241.9
Revenue from segment	0.2	0.4	0.0	2.7	–3.2	0.0
Operating profit	–10.1	2.7	16.4	–7.6	–	1.3
Assets	320.9	394.8	234.1	344.2	–300.5	993.5
Liabilities	226.8	319.3	98.3	351.2	–300.5	695.2
Investments	4.8	0.5	1.0	2.5	–	8.8
Depreciation/amortization	3.7	0.5	2.3	2.1	–	8.6
Average number of employees	108	507	117	95		827

October–December 2014	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	60.0	91.8	87.2	8.8	–	247.8
Revenue from segment	0.3	–1.2	–0.1	3.5	–2.5	0.0
Operating profit	–10.2	4.9	26.2	–8.7	–	12.2
Assets	320.8	359.5	227.4	414.6	–281.0	1,041.3
Liabilities	255.3	305.3	108.5	360.5	–281.0	748.4
Investments	9.1	0.1	1.4	2.7	–	13.3
Depreciation/amortization	3.9	–1.9	2.3	1.8	–	6.1
Average number of employees *	145	519	118	95		877

Full year 2015	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	174.2	430.0	262.3	29.0	–	895.4
Revenue from segment	1.2	1.8	0.0	11.0	–14.0	0.0
Operating profit	–11.7	22.3	39.8	–26.1	–	24.4
Assets	320.9	394.8	234.1	344.2	–300.5	993.5
Liabilities	226.8	319.3	98.3	351.2	–300.5	695.2
Investments	18.9	1.2	5.9	7.5	–	33.5
Depreciation/amortization	14.7	1.8	9.0	8.0	–	33.6
Average number of employees	109	508	117	95		829

Full year 2014	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	240.3	397.7	239.5	32.1	–	909.6
Revenue from segment	0.8	2.0	0.0	14.7	–17.5	0.0
Operating profit	2.9	36.8	31.4	–40.6	–	30.5
Assets	320.8	359.5	227.4	414.6	–281.0	1,041.3
Liabilities	255.3	305.3	108.5	360.5	–281.0	748.4
Investments	21.7	0.3	5.3	5.4	–	32.7
Depreciation/amortization	16.0	2.2	8.5	7.2	–	33.9
Average number of employees*	148	527	120	100	–	895

*A reclassification of employees between segments has been made for 2014.

Parent company income statement

	October– December 2015	October– December 2014	Full year 2015	Full year 2014
Amounts in SEK million				
Net sales	2.6	2.8	10.6	11.9
Cost of services sold	–0.5	–0.4	–2.9	–2.2
Gross profit	2.1	2.4	7.7	9.7
Other operating income and costs	–11.0	–12.2	–36.6	–53.6
Operating profit	–8.9	–9.8	–28.9	–43.9
Result from participations in Group companies	45.1	42.8	45.1	42.8
Net financial items	–4.6	–0.6	–8.2	–7.4
Profit/loss before tax	31.6	32.4	8.0	–8.5
Income tax	–6.5	–4.6	–1.2	2.4
NET PROFIT/LOSS FOR THE PERIOD	25.1	27.8	6.8	–6.1

Parent company balance sheet

Amounts in SEK million

	December 2015	December 2014
ASSETS		
Intangible assets	3.3	–
Property, plant and equipment	0.0	0.0
Financial non-current assets	607.3	612.1
Total non-current assets	610.6	612.1
Current assets	51.8	53.3
Cash and cash equivalents	14.5	35.6
Total current assets	66.3	88.9
TOTAL ASSETS	676.9	701.0
EQUITY AND LIABILITIES		
Equity	290.9	284.1
Provisions	–	–
Non-current liabilities	106.7	282.6
Current liabilities	279.3	134.3
Total liabilities	386.0	416.9
TOTAL EQUITY AND LIABILITIES	676.9	701.0
Pledged assets	133.9	133.9
Contingent liabilities	5.3	5.4

Note 1 Fair value estimation

The tables below show financial instruments at fair value on the basis of their classification in the fair value hierarchy. The definition of the various levels can be found in the Annual Report, Note 2.3.

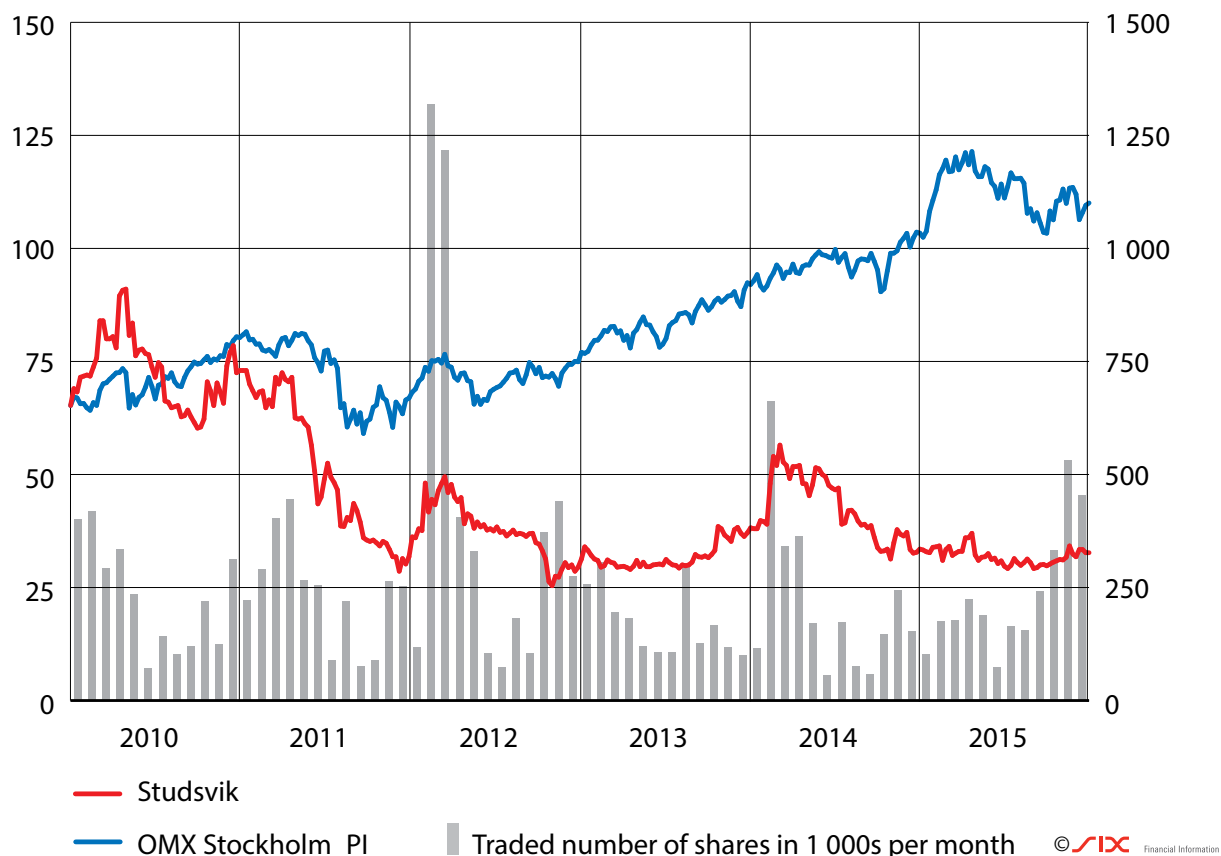
The Group's assets and liabilities measured at fair value as at December 31, 2015 (MSEK)	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss	–	22.5	11.3
Derivatives used for hedging	–	2.5	–
Liabilities			
Derivatives used for hedging	–	6.8	–
The Group's assets and liabilities measured at fair value as at December 31, 2014 (MSEK)			
Assets			
Financial assets at fair value through profit or loss	–	24.1	11.2
Derivatives used for hedging	–	2.1	–
Liabilities			
Derivatives used for hedging	–	16.5	–
Fair value of the Group's borrowings (MSEK)			
	December 31, 2015	December 31, 2014	
Non-current loans	1.0	203.0	
Current loans	208.2	22.8	
Total loans	209.2	225.8	

Major shareholders, December 31, 2015

	Number of shares	Share, %
The Karinen Family	1,769,552	21.5
Briban Invest AB	1,283,492	15.6
Credit Agricole Suisse SA	363,879	4.4
Avanza Pensionsförsäkring AB	347,163	4.2
Nordnet Pensionsförsäkring AB	327,551	4.0
Invus Investment AB	276,594	3.4
Malte Edenius	250,000	3.0
Eikos AB	201,950	2.5
Leif Lundin	186,000	2.3
Unionen	152,709	1.9
Total ten largest shareholders – holdings	5,158,890	62.8
Other shareholders	3,059,721	37.2
Total	8,218,611	100.0

The Studsvik share

In the fourth quarter the share price varied between a high of SEK 34.30 on November 20 and 23, and a low of SEK 28.50 on October 21, 2015. The opening price was SEK 32.80 at the beginning of the year and the closing price on December 31 was 32.70. In the fourth quarter 1.3 millions shares were traded.



Facts about Studsvik

Studsvik offers a range of advanced technical services to the international nuclear power industry in such areas as waste treatment, consultancy services and fuel and materials technology. The company has over 65 years' experience of nuclear technology and radiological services. Studsvik has 800 employees in 7 countries and the company's shares are listed on the Nasdaq Stockholm.

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