



# Q2

Interim Report January–June 2014



## Q2 Interim Report January-June

### FINANCIAL PERFORMANCE IN JANUARY-JUNE

- Sales were SEK 480.4 (450.9) million.
- Operating profit was SEK 13.3 (3.9) million.
- The operating margin was 2.8% (0.9%).
- Profit after financial items was SEK 10.9 (1.3) million.
- Profit after tax was SEK 8.8 (0.9) million, corresponding to SEK 0.31 (0.03) per share.
- Cash flow after investments was SEK 14.9 (-6.0) million, or SEK 0.52 (-0.21) per share.

### FINANCIAL PERFORMANCE IN APRIL-JUNE

- Sales were SEK 247.6 (236.1) million.
- Operating profit was SEK 7.5 (3.6) million.
- The operating margin was 3.0% (1.5%).
- Profit after financial items was SEK 7.1 (2.6) million.
- Profit after tax was SEK 5.7 (2.0) million, corresponding to SEK 0.20 (0.07) per share.
- Cash flow after investments was SEK -8.2 (2.0) million, or SEK -0.28 (0.07) per share.

# CEO's comment

## FOCUS ON SALES GROWTH

A highly prioritized area is to continue to increase customer numbers. Over the last few years, we've extended our already solid customer base with a relatively high number of new customers. Most of these are SMEs that we've provided industrialization services for (services sales, prototypes and pilot batches). We now have an even better understanding of which customer relations have the potential to grow and carry on into serial production and higher volumes.

We're also working hard to develop existing customer relations, and it's pleasing that we've extended and deepened our collaboration with many existing customers in the first six months of the year.

We're continuing to experience significant interest in our plant in China. In the second quarter, we decided to invest in a new cutting-edge surface-mount assembly line in order to significantly boost our production capacity in China.

Based on our strategic agenda, we continued working methodically to reinforce our customer offering as a manufacturing and logistics partner for electronics production, from design to after-sales. The goal is to increase our market share and ensure profitable growth for NOTE's business. We're focusing particularly on developing the process relating to new product introductions (NPI) and maintaining good quality and delivery precision. We recently improved our ability to assist our customers with advanced advice relating to components and materials selection—a promising initiative that that we and several of our customers are already benefitting from. All these areas are crucial to our customers' total cost and our competitiveness.

Our Nearsourcing business model is strong, and tailored for the high mix/low volume market segment. It's based on developing business at our Near sourcing Centres in Sweden, Norway, Finland and the UK in close collaboration with customers. Usually, we conduct labour-intensive volume production at our Industrial Plants in Estonia and China.

## PROGRESS JANUARY-JUNE

After a protracted period of fading volumes, we achieved sales growth in the final quarter of last year. Coupled with sales growth of 7% in the first half of this year, I consider this a sign of strength despite the relatively modest European business cycle.

At the end of the period, NOTE's order book, which consists of a combination of fixed orders and

customer forecasts, supported a continued volume growth compared to the previous year.

Last year, we reported that we'd secured a promising project with a Swedish customer in the communications segment. In this project we anticipate that larger-scale manufacture can commence in the second half-year.

We have a good track record in terms of the flexibility of our cost base during periods of contracting volumes. Despite higher sales and production volumes in the first half-year, and challenging conditions for utilisation at several of our units, we kept the cost increase to 3%. This meant that operating profit improved to SEK 13.3 (3.9) million, corresponding to an operating margin of 2.8% (0.9%). In the second quarter, operating profit improved to SEK 7.5 (3.6) million and operating margin to 3.0% (1.5%).

NOTE's business places high demands on efficient utilisation of working capital. This means that we're working actively to continuously develop logistics solutions, reduce lead times and deepen our collaborations with strategic suppliers. We continued to make advances in several of these areas, which enhances our competitiveness and contributes to continued financial stability. Despite the growth, cash flow after investments for the first six months of the year was SEK 14.9 (-6.0) million. We have a solid balance sheet—the equity to assets ratio was just over 42% at the end of the period.

For some time now, we've considered that we've achieved sector leadership in terms of delivery precision and quality. We work methodically to make continuous improvements, and overall, the services we offer our customers are strong and competitive.

## FUTURE

We've now achieved sales growth for three consecutive quarters and foresee good prospects for expanding our business. At the same time, we approach coming market trends and our customers' plans for the future with great humility.

We will work hard to maintain and develop the working methods and attitudes we've introduced in order to win new business, continue the streamlining process and ensure successful working capital utilisation.

Peter Laveson

# Sales and results of operations

## SALES, JANUARY-JUNE

Demand remained relatively weak on several European markets in the first half of the year. In Sweden, demand was lower, primarily from customers with project-oriented business. On several others of NOTE's domestic markets demand was stronger. Finland and the UK in particular experienced rising demand. Progress in Norway was more stable.

NOTE endeavours to secure long-term customer relations and partnerships. For some time, extensive work has been done in order to extend the customer base to increase sales and capacity utilisation in the group's units. As a result of these market initiatives, NOTE has recently entered into a relatively high number of new customer relations.

The start-up of new customer partnerships is usually relatively time- and resource-intensive. Following a period of fading sales, NOTE returned sales growth of just over 6% in the fourth quarter last year. Positive progress continued in the period. Sales in the first half-year were SEK 480.4 (450.9) million, up by 7%. Sales were according to plan. Growth was the result of new product sales to existing customers and increased volumes from relatively new customers feeding through.

Direct sales from Industrial Plants in Estonia and China continued to grow. These sales, mainly to customers in Europe, continued to perform positively, representing 27% (20%) of total sales. To some extent, the increase was an effect of transfer of customer responsibilities to Industrial Plants.

NOTE sells to a large customer base, essentially active in the engineering and communication industries in the Nordics and UK. Mainly as a result of the larger customer base, mostly SMEs, NOTE's 15 largest customers in sales terms represented 56% (58%) of the group's sales. As in the previous year, no single customer (group) represented more than some 8% of total sales.

At the end of the period, the group's order book, which consists of a combination of fixed orders and customer forecasts, supported sustained positive volume growth compared to the previous year.

As for last year, the situation on the global market for electronic components remained relatively stable. However, the trend towards longer lead times continued for some categories of electronics components.

## RESULTS OF OPERATIONS, JANUARY-JUNE

As part of NOTE's ambition to create the right conditions for further sales growth and increased capacity utilisation, NOTE is conducting methodical improvement work at all its units. This work is conducted locally at each unit and through a number of group-wide projects. The focus is on measures that improve delivery precision and quality, as well as rationalisations in terms of costs and working capital.

In the first half-year, manufacturing and sales volumes grew by 7%. The cost increase was limited to 3%, mainly as a result of continued rationalisations. As a result of the stable cost trend in combination with higher volumes, gross margin increased by 1.9 percentage points to 10.1% (8.2%).

Mainly as a result of increased measures intended to strengthen the sales organisation, sales and administration overheads increased by 5%, and were 7.3% (7.4%) of sales.

Other operating expenses/income, primarily consisting of revaluations of foreign currency assets and liabilities, were SEK 0.0 (0.2) million

Primarily due to increased volumes, operating profit improved by SEK 9.4 million to SEK 13.3 (3.9) million, corresponding to an operating margin of 2.8% (0.9%).

Net financial income/expense improved to SEK -2.4 (-2.6) million. Profit after financial items was SEK 10.9 (1.3) million, corresponding to a profit margin of 2.3% (0.3%).

Profit after tax was SEK 8.8 (0.9) million, corresponding to SEK 0.31 (0.03) per share. The tax expense for the period corresponded to 19% (31%) of profit before tax.

## SALES AND RESULTS OF OPERATIONS, APRIL-JUNE

Sales continued to grow in the second quarter, and increased by 5% to SEK 247.6 (236.1) million. Market conditions remained relatively weak in several industrial sectors in Europe. This meant that the continued growth was substantially due to sales of new product generations to established customers and increased volumes to relatively new customer relations. Compared to the first quarter of the year, normally somewhat weaker in seasonal terms, sales increased by 6% (10%). Sales from Industrial Plants in Estonia and China continued to make positive progress, and contributed 27% (22%) of sales in the second quarter.

Higher manufacturing and sales volumes, coupled with stable costs, contributed to an increase in gross margin of 1.6 percentage points to 10.5% (8.9%).

A sustained focus on sales and marketing meant that sales and administration overheads grew by 8% compared to the corresponding quarter in the previous year. Expenses were 7.3% (7.0%) of sales in the second quarter.

Other operating expenses/income, primarily consisting of revaluations of foreign currency assets and liabilities, were SEK -0.4 (-0.7) million.

The operating profit for the period was SEK 7.5 (3.6) million, corresponding to an operating margin of 3.0% (1.5%).

Profit after financial items was SEK 7.1 (2.6) million.

#### PROVISION FOR BAD DEBT 2012-2013

In the third quarter 2013, NOTE made a final provision for bad debt for one of its customers.

The provision corresponds to the total risk exposure that applied to the customer and totalled SEK 21.0 million, of which SEK 8.4 million was charged to operating profit in 2013. Limited sales and recovery of previously written-off inventories occurred in the first half-year of 2014.

#### ANNUAL GENERAL MEETING

The Annual General Meeting in April adopted the Nomination Committee's proposal to re-elect Kjell-Åke Andersson, Bruce Grant, Stefan Johansson and Henry Klotz, and to elect Daniel Nyhrén and Kristian Teär as Board members for the period until the following AGM. Kristian Teär was elected as Chairman of the Board. A resolution was also reached to authorise the Board of Directors to acquire and transfer treasury shares.



## Operating segments

NOTE is a specialist manufacturing and logistics partner for producing electronics-based products that require high technology competence and flexibility.

As part of NOTE's Nearsourcing business model, operations are conducted as an integrated process. NOTE's Nearsourcing Centres provide development and production engineering services in close partnership with customers, such as selecting components, production of prototypes, serial production and testing. Essentially, NOTE's Industrial Plants provide cost-efficient volume production in both Europe and Asia. Development, management and co-ordination of operations are conducted in the

parent company, and sourcing operations in NOTE Components.

Significant key ratios for NOTE's business segments are stated in the following table, in accordance with IFRS 8. Essentially, these consist of Nearsourcing Centres and Industrial Plants.

Nearsourcing Centres include selling units in Sweden, Norway, Finland and the UK, where there is a close partnership with customers to develop new and existing business. Essentially, Industrial Plants are the production units in Estonia and China. Other units are group-wide business support operations.

|                                     | 2014<br>Q2 | 2013<br>Q2 | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|-------------------------------------|------------|------------|---------------|---------------|--------------------|------------------|
| <b>NEARSOURCING CENTRES</b>         |            |            |               |               |                    |                  |
| EXTERNAL SALES                      | 180.4      | 183.6      | 352.2         | 362.2         | 682.9              | 692.9            |
| INTERNAL SALES                      | 3.9        | 1.2        | 5.6           | 2.0           | 9.5                | 5.9              |
| DEPRECIATION AND AMORTISATION       | -1.2       | -1.3       | -2.3          | -2.9          | -5.1               | -5.7             |
| OPERATING PROFIT                    | 3.9        | 5.1        | 6.6           | 8.0           | 14.7               | 16.1             |
| PROPERTY, PLANT AND EQUIPMENT       | 25.3       | 26.2       | 25.3          | 26.2          | 25.3               | 24.6             |
| STOCK                               | 90.8       | 78.7       | 90.8          | 78.7          | 90.8               | 78.9             |
| TOTAL ASSETS                        | 383.3      | 378.6      | 383.3         | 378.6         | 383.3              | 401.5            |
| AVERAGE NUMBER OF EMPLOYEES         | 378        | 367        | 378           | 369           | 372                | 368              |
| <b>INDUSTRIAL PLANTS</b>            |            |            |               |               |                    |                  |
| EXTERNAL SALES                      | 67.2       | 52.5       | 128.2         | 88.7          | 253.6              | 214.1            |
| INTERNAL SALES                      | 39.8       | 37.8       | 83.0          | 78.5          | 157.0              | 152.5            |
| DEPRECIATION AND AMORTISATION       | -0.8       | -1.3       | -1.6          | -2.8          | -4.3               | -5.5             |
| OPERATING PROFIT                    | 4.8        | -1.1       | 8.9           | -3.8          | 7.7                | -5.0             |
| PROPERTY, PLANT AND EQUIPMENT       | 20.2       | 19.2       | 20.2          | 19.2          | 20.2               | 19.7             |
| STOCK                               | 86.7       | 82.6       | 86.7          | 82.6          | 86.7               | 72.5             |
| TOTAL ASSETS                        | 203.5      | 190.4      | 203.5         | 190.4         | 203.5              | 175.6            |
| AVERAGE NUMBER OF EMPLOYEES         | 502        | 457        | 502           | 463           | 482                | 464              |
| <b>OTHER UNITS AND ELIMINATIONS</b> |            |            |               |               |                    |                  |
| EXTERNAL SALES                      | 0.0        | 0.0        | 0.0           | 0.0           | 0                  | 0.0              |
| INTERNAL SALES                      | -43.7      | -39.0      | -88.6         | -80.5         | -166.5             | -158.4           |
| DEPRECIATION AND AMORTISATION       | 0.0        | 0.0        | 0.0           | 0.0           | 0.0                | 0.0              |
| OPERATING PROFIT                    | -1.2       | -0.4       | -2.2          | -0.3          | -4.0               | -2.1             |
| PROPERTY, PLANT AND EQUIPMENT       | 0.0        | 0.0        | 0.0           | 0.0           | 0.0                | 0.0              |
| STOCK                               | -          | -          | -             | -             | -                  | -                |
| TOTAL ASSETS                        | 3.7        | -11.6      | 3.7           | -11.6         | 3.7                | -36.3            |
| AVERAGE NUMBER OF EMPLOYEES         | 14         | 15         | 14            | 15            | 14                 | 15               |

# Financial position, cash flow and investments

## CASH FLOW

Competing successfully in the high mix/low volume market segment sets high standards on flexible production, good supply of materials and effective logistics solutions. Accordingly, NOTE faces a major challenge in continuously improving its working methods and internal processes in these segments. This challenge is especially apparent in rapid cyclical demand upturns and downturns, and relates mainly to the complexity of materials supply and changing lead-times of electronic components.

Although some extension to lead-times for electronic components became apparent, as in the previous year, the global market for electronic components was fairly stable, and with good access to components. This benefitted NOTE's materials planning and logistics. Against this, the final market for several of NOTE's customers remained poor, translating into continued caution by several customers in terms of placing longer orders and forecasts. Overall, this meant fairly inconsistent utilisation of the group's production units with shorter batches and re-planning of materials sourcing and production as a result.

The sustained sales growth coupled with challenging market conditions for many customers meant that stocks increased by 7% in the quarter and by 10% compared to the end of the first half-year 2013.

Sales in the second quarter increased by 5%. However, at the end of the period accounts receivable—trade were approximately 1% down on the corresponding period of the previous year. Accordingly, the number of days of credit was significantly lower compared to the corresponding period last year.

Accounts payable—trade, which mainly relate to sourced electronic components and other production materials, were up 15% on the corresponding period last year. NOTE's initiative to concentrate sourcing on fewer, quality-assured suppliers contributed to a significant increase in efficiency in utilisation of working capital. The number of days of credit to suppliers was significantly higher compared to the end of the first six months last year.

Cash flow (after investments) was stronger than planned in the first quarter. For the first six months, cash flow was SEK 14.9 (-6.0) million, corresponding to SEK 0.52 (-0.21) per share.

## EQUITY TO ASSETS RATIO

According to NOTE's externally communicated financial target, the equity to assets ratio should not fall below 30%. The equity to assets ratio at the end of the period was 42.3% (43.2%).

## LIQUIDITY

NOTE is maintaining a sharp focus on measures to further improve the group's liquidity and cash flow.

The group's available cash and cash equivalents, including unutilised overdraft facilities, were SEK 115.8 (99.3) million at the end of the period.

Pledged accounts receivable—trade were some SEK 110 (132) million.

## INVESTMENTS

Capital expenditure on property, plant and equipment amounted to SEK 6.5 (7.5) million in the period, corresponding to 1.4% (1.7%) of sales. Depreciation and amortization according to plan were SEK 3.9 (5.7) million.

Investments were mainly in rationalisation and quality improvement projects. In order to significantly boost capacity in electronics manufacturing at NOTE's Industrial Plant in China, a decision was made to invest in a new cutting-edge surface-mount assembly line in the second half-year.

## Parent company

Parent company NOTE AB (publ) is primarily focused on the management, co-ordination and development of the group. In the period, revenue was SEK 18.7 (19.4) million, and mainly related to intra-group services. The profit after tax was SEK 1.9 (0.4) million. Net financial income/expense for the first quarter included dividend from a subsidiary of SEK 3.6 (0.0) million.

## Significant operational risks

NOTE is a northern European manufacturing and logistics leader in electronics production. NOTE has especially strong market positioning in the high mix/low volume market segment, i.e. for products in short to medium-sized batches that require high technology competence and flexibility. NOTE produces PCBAs, sub-assemblies and box build products. NOTE's offering covers the complete product life-cycle, from design to after-sales.

NOTE's focus on Nearsourcing, targeting increased sales growth in combination with reduced overheads and investment costs in high-cost countries, is a way of reducing the risks of operations.

### TRANSACTIONS WITH RELATED PARTIES

As in the previous year, transactions with related parties were at a negligible level.

For a more detailed review of the group's operational and financial risks, refer to the Risks section on page 14, the Report of the Directors on pages 34-35 and Note 23 Financial risks and finance policy on page 51, of NOTE's Annual Report for 2013.

NOTE's operations place fairly high demands on working capital funding. Accordingly, NOTE has a sharp focus on managing liquidity risk.



# Certification

This Interim Report gives a true and fair view of the parent company's and group's operations, financial position and results of operations, and reviews the significant risks and uncertainty factors facing the parent company and group companies.

Danderyd, Sweden, 13 July 2014

The Board of Directors of NOTE AB (publ)



Kristian Teär  
Chairman



Kjell-Åke Andersson  
Board member



Bruce Grant  
Board member



Stefan Johansson  
Board member



Henry Klotz  
Board member



Daniel Nyhrén  
Board member



Christoffer Skogh  
Member/Employee representative

## ACCOUNTING AND VALUATION PRINCIPLES

NOTE adopts International Financial Reporting Standards (IFRS) as endorsed by the European Union. Significant accounting and valuation principles are stated on pages 40-42 of the Annual Report for 2013. The group's Interim Report has been prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. IFRS 10 became effective from 1 January, the new standard has not had an impact on the financial reporting. The parent company observes RFR 2.

All amounts are in millions of Swedish kronor (SEK million) unless otherwise stated.

## DISCREPANCIES BETWEEN REPORTS

Swedish and English-language versions of this Report have been produced. In the event of any discrepancy between the two, the Swedish version shall apply.

## FOR MORE INFORMATION, PLEASE CONTACT

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## AUDIT REVIEW

As in previous years, this Interim Report has not been subject to review by the company's auditors.

## FORTHCOMING FINANCIAL REPORTS

20 October 2014 Interim Report January-September.

## Consolidated Income Statement

|                                     | 2014<br>Q2  | 2013<br>Q2  | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|-------------------------------------|-------------|-------------|---------------|---------------|--------------------|------------------|
| NET SALES                           | 247.6       | 236.1       | 480.4         | 450.9         | 936.5              | 907.0            |
| COST OF GOODS AND SERVICES SOLD     | -221.7      | -215.2      | -432.1        | -414.0        | -852.6             | -834.5           |
| <b>GROSS PROFIT</b>                 | <b>25.9</b> | <b>20.9</b> | <b>48.3</b>   | <b>36.9</b>   | <b>83.9</b>        | <b>72.5</b>      |
| SALES COSTS                         | -10.7       | -9.0        | -20.1         | -17.9         | -36.7              | -34.5            |
| ADMINISTRATIVE COSTS                | -7.3        | -7.6        | -14.9         | -15.3         | -29.0              | -29.4            |
| OTHER OPERATING INCOME/COSTS        | -0.4        | -0.7        | 0.0           | 0.2           | 0.2                | 0.4              |
| <b>OPERATING PROFIT</b>             | <b>7.5</b>  | <b>3.6</b>  | <b>13.3</b>   | <b>3.9</b>    | <b>18.4</b>        | <b>9.0</b>       |
| NET FINANCIAL INCOME/EXPENSE        | -0.4        | -1.0        | -2.4          | -2.6          | -7.6               | -7.8             |
| <b>PROFIT AFTER FINANCIAL ITEMS</b> | <b>7.1</b>  | <b>2.6</b>  | <b>10.9</b>   | <b>1.3</b>    | <b>10.8</b>        | <b>1.2</b>       |
| INCOME TAX                          | -1.4        | -0.6        | -2.1          | -0.4          | -2.2               | -0.5             |
| <b>PROFIT AFTER TAX</b>             | <b>5.7</b>  | <b>2.0</b>  | <b>8.8</b>    | <b>0.9</b>    | <b>8.6</b>         | <b>0.7</b>       |

## Earnings per share

|   | 2014<br>Q2 | 2013<br>Q2 | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|---|------------|------------|---------------|---------------|--------------------|------------------|
| NUMBER OF SHARES AT END OF PERIOD (000) | 28,873     | 28,873     | 28,873        | 28,873        | 28,873             | 28,873           |
| WEIGHTED AVERAGE NUMBER OF SHARES (000) | 28,873     | 28,873     | 28,873        | 28,873        | 28,873             | 28,873           |
| EARNINGS PER SHARE, SEK                 | 0.20       | 0.07       | 0.31          | 0.03          | 0.30               | 0.02             |

## Consolidated Statement of Other Comprehensive Income

|   | 2014<br>Q2 | 2013<br>Q2 | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|---|------------|------------|---------------|---------------|--------------------|------------------|
| <b>NET PROFIT</b>   | <b>5.7</b> | <b>2.0</b> | <b>8.8</b>    | <b>0.9</b>    | <b>8.6</b>         | <b>0.7</b>       |
| <b>OTHER COMPREHENSIVE INCOME</b>                                       |            |            |               |               |                    |                  |
| <b>ITEMS THAT CAN BE SUBSEQUENTLY REVERSED IN THE INCOME STATEMENT:</b> |            |            |               |               |                    |                  |
| EXCHANGE RATE DIFFERENCES   | 2.7        | 4.6        | 2.9           | 1.4           | 0.3                | -1.2             |
| CASH FLOW HEDGES  | 0.1        | 0.1        | 0.2           | 0.1           | 0.1                | 0.0              |
| TAX ON CASH FLOW HEDGES/CURRENCY DIFFERENCES                            | -0.2       | -0.7       | -0.2          | -0.3          | -0.1               | -0.2             |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>            | <b>2.6</b> | <b>4.0</b> | <b>2.9</b>    | <b>1.2</b>    | <b>0.3</b>         | <b>-1.4</b>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                        | <b>8.3</b> | <b>6.0</b> | <b>11.7</b>   | <b>2.1</b>    | <b>8.9</b>         | <b>-0.7</b>      |

## Consolidated Balance Sheet

|  | 2014<br>30 Jun | 2013<br>30 Jun | 2013<br>31 Dec |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                            |                |                |                |
| GOODWILL                                 | 70.6           | 70.3           | 70.3           |
| OTHER INTANGIBLE ASSETS                  | 8.0            | 4.0            | 6.0            |
| PROPERTY, PLANT AND EQUIPMENT            | 45.5           | 45.4           | 44.3           |
| DEFERRED TAX ASSETS                      | 13.6           | 15.7           | 13.6           |
| OTHER FINANCIAL ASSETS                   | 0.3            | 0.4            | 0.3            |
| <b>FIXED ASSETS</b>                      | <b>138.0</b>   | <b>135.8</b>   | <b>134.5</b>   |
| STOCK                                    | 177.5          | 161.3          | 151.4          |
| ACCOUNTS RECEIVABLE—TRADE                | 194.1          | 196.8          | 199.8          |
| OTHER CURRENT RECEIVABLES                | 23.0           | 21.6           | 14.3           |
| CASH AND CASH EQUIVALENTS                | 57.9           | 41.9           | 40.8           |
| <b>CURRENT ASSETS</b>                    | <b>452.5</b>   | <b>421.6</b>   | <b>406.3</b>   |
| <b>TOTAL ASSETS</b>                      | <b>590.5</b>   | <b>557.4</b>   | <b>540.8</b>   |
| <b>EQUITY AND LIABILITIES</b>            |                |                |                |
| <b>EQUITY</b>                            | <b>249.8</b>   | <b>240.9</b>   | <b>238.1</b>   |
| NON-CURRENT INTEREST-BEARING LIABILITIES | 3.5            | 4.7            | 4.3            |
| DEFERRED TAX LIABILITIES                 | 2.5            | 3.9            | 2.4            |
| <b>NON-CURRENT LIABILITIES</b>           | <b>6.0</b>     | <b>8.6</b>     | <b>6.7</b>     |
| CURRENT INTEREST-BEARING LIABILITIES     | 96.3           | 94.3           | 93.3           |
| ACCOUNTS PAYABLE—TRADE                   | 163.8          | 142.1          | 133.4          |
| OTHER CURRENT LIABILITIES                | 74.6           | 71.5           | 69.3           |
| <b>CURRENT LIABILITIES</b>               | <b>334.7</b>   | <b>307.9</b>   | <b>296.0</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>590.5</b>   | <b>557.4</b>   | <b>540.8</b>   |

## Consolidated change in equity

|   | 2014<br>Q2   | 2013<br>Q2   | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|---|--------------|--------------|---------------|---------------|--------------------|------------------|
| OPENING EQUITY                                      | 241.5        | 256.6        | 238.1         | 260.5         | 240.9              | 260.5            |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX | 8.3          | 6.0          | 11.7          | 2.1           | 8.9                | -0.7             |
| DIVIDEND  | -            | -21.7        | -             | -21.7         | -                  | -21.7            |
| <b>CLOSING EQUITY</b>                               | <b>249.8</b> | <b>240.9</b> | <b>249.8</b>  | <b>240.9</b>  | <b>249.8</b>       | <b>238.1</b>     |

## Consolidated Cash Flow Statement

|   | 2014<br>Q2   | 2013<br>Q2   | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|---|--------------|--------------|---------------|---------------|--------------------|------------------|
| PROFIT AFTER FINANCIAL ITEMS                          | 7.1          | 2.6          | 10.9          | 1.3           | 10.8               | 1.2              |
| REVERSED DEPRECIATION AND AMORTISATION                | 2.0          | 2.6          | 3.9           | 5.7           | 9.4                | 11.2             |
| OTHER NON-CASH ITEMS                                  | -1.4         | -1.1         | -1.3          | -1.9          | 3.3                | 2.7              |
| TAX PAID  | -1.5         | -0.6         | -5.6          | -2.7          | -6.3               | -3.4             |
| CHANGE IN WORKING CAPITAL                             | -11.9        | -2.4         | 13.5          | -6.6          | 12.6               | -7.5             |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>            | <b>-5.7</b>  | <b>1.1</b>   | <b>21.4</b>   | <b>-4.2</b>   | <b>29.8</b>        | <b>4.2</b>       |
| CASH FLOW FROM INVESTING ACTIVITIES                   | -2.5         | 0.9          | -6.5          | -1.8          | -10.9              | -6.2             |
| CASH FLOW FROM FINANCING ACTIVITIES                   | -1.0         | -21.5        | 1.2           | -23.4         | -3.6               | -28.2            |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>            | <b>-9.2</b>  | <b>-19.5</b> | <b>16.1</b>   | <b>-29.4</b>  | <b>15.3</b>        | <b>-30.2</b>     |
| <b>CASH AND CASH EQUIVALENTS</b>                      |              |              |               |               |                    |                  |
| AT BEGINNING OF PERIOD                                | 66.5         | 60.0         | 40.7          | 70.7          | 41.9               | 70.7             |
| CASH FLOW AFTER INVESTING ACTIVITIES                  | -8.2         | 2.0          | 14.9          | -6.0          | 18.9               | -2.0             |
| FINANCING ACTIVITIES                                  | -1.0         | -21.5        | 1.2           | -23.4         | -3.6               | -28.2            |
| EXCHANGE RATE DIFFERENCE IN CASH AND CASH EQUIVALENTS | 0.6          | 1.4          | 1.1           | 0.6           | 0.7                | 0.3              |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>     | <b>57.9</b>  | <b>41.9</b>  | <b>57.9</b>   | <b>41.9</b>   | <b>57.9</b>        | <b>40.8</b>      |
| UN-UTILISED CREDITS                                   | 57.9         | 57.4         | 57.9          | 57.4          | 57.9               | 57.5             |
| <b>AVAILABLE CASH AND CASH EQUIVALENTS</b>            | <b>115.8</b> | <b>99.3</b>  | <b>115.8</b>  | <b>99.3</b>   | <b>115.8</b>       | <b>98.3</b>      |

## Consolidated six-year summary

|                                      | Rolling<br>12 mth. | 2013  | 2012    | 2011    | 2010    | 2009    |
|--------------------------------------|--------------------|-------|---------|---------|---------|---------|
| NET SALES                            | 936.5              | 907.0 | 1,029.2 | 1,208.8 | 1,210.7 | 1,200.0 |
| GROSS MARGIN                         | 9.0%               | 8.0%  | 9.0%    | 11.0%   | 5.0%    | 2.2%    |
| OPERATING MARGIN                     | 2.0%               | 1.0%  | 2.5%    | 5.3%    | -4.0%   | -7.6%   |
| PROFIT MARGIN                        | 1.2%               | 0.1%  | 1.9%    | 4.7%    | -4.9%   | -8.2%   |
| CASH FLOW AFTER INVESTING ACTIVITIES | 18.9               | -2.0  | 97.0    | 56.5    | -13.6   | 23.9    |
| EQUITY PER SHARE, SEK                | 8.65               | 8.25  | 9.02    | 8.98    | 7.52    | 21.81   |
| CASH FLOW PER SHARE, SEK             | 0.65               | -0.07 | 3.36    | 1.96    | -0.56   | 1.52    |
| RETURN ON OPERATING CAPITAL          | 6.2%               | 3.1%  | 7.9%    | 17.7%   | -12.1%  | -18.8%  |
| RETURN ON EQUITY                     | 3.5%               | 0.3%  | 4.9%    | 16.5%   | -29.1%  | -32.1%  |
| EQUITY TO ASSETS RATIO               | 42.3%              | 44.0% | 45.2%   | 41.0%   | 31.3%   | 27.9%   |
| AVERAGE NUMBER OF EMPLOYEES          | 868                | 847   | 884     | 939     | 1,000   | 977     |
| NET SALES PER EMPLOYEE, SEK 000      | 1,079              | 1,071 | 1,164   | 1,287   | 1,211   | 1,228   |

## Consolidated quarterly summary

|                                      | 2014<br>Q2 | 2014<br>Q1 | 2013<br>Q4 | 2013<br>Q3 | 2013<br>Q2 | 2013<br>Q1 | 2012<br>Q4 | 2012<br>Q3 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| NET SALES                            | 247.6      | 232.8      | 255.3      | 200.8      | 236.1      | 214.8      | 240.4      | 234.0      |
| GROSS MARGIN                         | 10.5%      | 9.6%       | 10.3%      | 4.6%       | 8.9%       | 7.4%       | 4.7%       | 10.7%      |
| OPERATING MARGIN                     | 3.0%       | 2.5%       | 3.8%       | -2.3%      | 1.5%       | 0.1%       | -2.3%      | 4.5%       |
| PROFIT MARGIN                        | 2.9%       | 1.6%       | 2.5%       | -3.3%      | 1.1%       | -0.6%      | -2.8%      | 3.5%       |
| CASH FLOW AFTER INVESTING ACTIVITIES | -8.2       | 23.1       | -2.3       | 6.3        | 2.0        | -8.0       | 26.1       | 21.7       |
| EQUITY PER SHARE, SEK                | 8.65       | 8.36       | 8.25       | 7.99       | 8.34       | 8.89       | 9.02       | 9.24       |
| CASH FLOW PER SHARE, SEK             | -0.28      | 0.80       | -0.08      | 0.22       | 0.07       | -0.28      | 0.90       | 0.75       |
| EQUITY TO ASSETS RATIO               | 42.3%      | 42.3%      | 44.0%      | 45.1%      | 43.2%      | 44.9%      | 45.2%      | 46.1%      |
| AVERAGE NUMBER OF EMPLOYEES          | 894        | 883        | 862        | 834        | 839        | 854        | 861        | 901        |
| NET SALES PER EMPLOYEE, SEK 000      | 277        | 264        | 296        | 241        | 281        | 252        | 279        | 260        |

## Parent Company Income Statement

|                                     | 2014<br>Q2  | 2013<br>Q2  | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|-------------------------------------|-------------|-------------|---------------|---------------|--------------------|------------------|
| NET SALES                           | 9.4         | 9.7         | 18.7          | 19.4          | 35.5               | 36.2             |
| COST OF SERVICES SOLD               | -6.5        | -6.3        | -12.8         | -12.5         | -24.2              | -23.9            |
| <b>GROSS PROFIT</b>                 | <b>2.9</b>  | <b>3.4</b>  | <b>5.9</b>    | <b>6.9</b>    | <b>11.3</b>        | <b>12.3</b>      |
| SALES COSTS                         | -1.9        | -1.3        | -3.3          | -2.7          | -6.0               | -5.4             |
| ADMINISTRATIVE COSTS                | -2.2        | -2.6        | -4.7          | -4.8          | -9.1               | -9.2             |
| OTHER OPERATING INCOME/COSTS        | 0.0         | 0.0         | 0.0           | 0.0           | 0.1                | 0.1              |
| <b>OPERATING PROFIT</b>             | <b>-1.2</b> | <b>-0.5</b> | <b>-2.1</b>   | <b>-0.6</b>   | <b>-3.7</b>        | <b>-2.2</b>      |
| NET FINANCIAL INCOME/EXPENSE        | 0.2         | 0.8         | 4.0           | 1.1           | 6.6                | 3.7              |
| <b>PROFIT AFTER FINANCIAL ITEMS</b> | <b>-1.0</b> | <b>0.3</b>  | <b>1.9</b>    | <b>0.5</b>    | <b>2.9</b>         | <b>1.5</b>       |
| APPROPRIATIONS                      | -           | -           | -             | -             | 5.5                | 5.5              |
| <b>PROFIT BEFORE TAX</b>            | <b>-1.0</b> | <b>0.3</b>  | <b>1.9</b>    | <b>0.5</b>    | <b>8.4</b>         | <b>7.0</b>       |
| INCOME TAX                          | 0.0         | -0.1        | 0.0           | -0.1          | 2.4                | 2.3              |
| <b>PROFIT AFTER TAX</b>             | <b>-1.0</b> | <b>0.2</b>  | <b>1.9</b>    | <b>0.4</b>    | <b>10.8</b>        | <b>9.3</b>       |

## Parent Company Statement of Other Comprehensive Income

|  | 2014<br>Q2  | 2013<br>Q2 | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|--|-------------|------------|---------------|---------------|--------------------|------------------|
| <b>NET PROFIT</b>  | <b>-1.0</b> | <b>0.2</b> | <b>1.9</b>    | <b>0.4</b>    | <b>10.8</b>        | <b>9.3</b>       |
| <b>OTHER COMPREHENSIVE INCOME<br/>ITEMS THAT CAN BE SUBSEQUENTLY REVERSED IN<br/>THE INCOME STATEMENT:</b> |             |            |               |               |                    |                  |
| FAIR VALUE RESERVE   | 1.4         | 3.3        | 1.5           | 1.0           | 2.8                | 2.3              |
| TAX ON FAIR VALUE RESERVE  | -0.3        | -0.6       | -0.3          | -0.2          | -0.5               | -0.4             |
| <b>OTHER COMPREHENSIVE INCOME FOR THE<br/>PERIOD, NET OF TAX</b>   | <b>1.1</b>  | <b>2.7</b> | <b>1.2</b>    | <b>0.8</b>    | <b>2.3</b>         | <b>1.9</b>       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE<br/>PERIOD</b>   | <b>0.1</b>  | <b>2.9</b> | <b>3.1</b>    | <b>1.2</b>    | <b>13.1</b>        | <b>11.2</b>      |

## Parent Company Balance Sheet

|  | 2014<br>30 Jun | 2013<br>30 Jun | 2013<br>31 Dec |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                              |                |                |                |
| INTANGIBLE ASSETS                          | 6.1            | 2.0            | 4.2            |
| DEFERRED TAX ASSETS                        | 2.3            | -              | 2.3            |
| LONG-TERM RECEIVABLES FROM GROUP COMPANIES | 41.0           | 84.9           | 61.4           |
| FINANCIAL NON-CURRENT ASSETS               | 243.7          | 245.2          | 245.2          |
| <b>NON-CURRENT ASSETS</b>                  | <b>293.1</b>   | <b>332.1</b>   | <b>313.1</b>   |
| RECEIVABLES FROM GROUP COMPANIES           | 24.7           | 27.6           | 28.2           |
| OTHER CURRENT RECEIVABLES                  | 1.9            | 1.3            | 1.2            |
| CASH AND CASH EQUIVALENTS                  | 35.4           | 16.8           | 15.6           |
| <b>CURRENT ASSETS</b>                      | <b>62.0</b>    | <b>45.7</b>    | <b>45.0</b>    |
| <b>TOTAL ASSETS</b>                        | <b>355.1</b>   | <b>377.8</b>   | <b>358.1</b>   |
| <b>EQUITY AND LIABILITIES</b>              |                |                |                |
| <b>EQUITY</b>                              | <b>262.1</b>   | <b>249.0</b>   | <b>259.0</b>   |
| <b>UNTAXED RESERVES</b>                    | <b>-</b>       | <b>5.5</b>     | <b>-</b>       |
| <b>NON-CURRENT LIABILITIES</b>             | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| LIABILITIES TO GROUP COMPANIES             | 84.4           | 112.5          | 88.0           |
| OTHER CURRENT LIABILITIES & PROVISIONS     | 8.6            | 10.8           | 11.1           |
| <b>CURRENT LIABILITIES</b>                 | <b>93.0</b>    | <b>123.3</b>   | <b>99.1</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>        | <b>355.1</b>   | <b>377.8</b>   | <b>358.1</b>   |

## Parent Company change in equity

|   | 2014<br>Q2   | 2013<br>Q2   | 2014<br>Q1-Q2 | 2013<br>Q1-Q2 | Rolling<br>12 mth. | 2013<br>full yr. |
|---|--------------|--------------|---------------|---------------|--------------------|------------------|
| OPENING EQUITY                                      |              |              |               |               |                    |                  |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX | 262.0        | 267.8        | 259.0         | 269.5         | 249.0              | 269.5            |
| INCOME FOR THE PERIOD AFTER TAX                     | 0.1          | 2.9          | 3.1           | 1.2           | 13.1               | 11.2             |
| DIVIDEND  | -            | -21.7        | -             | -21.7         | -                  | -21.7            |
| <b>CLOSING EQUITY</b>                               | <b>262.1</b> | <b>249.0</b> | <b>262.1</b>  | <b>249.0</b>  | <b>262.1</b>       | <b>259.0</b>     |