



# Q4

Year-end Report January–December 2014



# Year-end Report 2014

## FINANCIAL PERFORMANCE IN JANUARY-DECEMBER

- Sales were SEK 964.0 (907.0) million.
- Operating profit was SEK 31.8 (9.0) million.
- The operating margin was 3.3% (1.0%).
- Profit after financial items was SEK 28.8 (1.2) million.
- Profit after tax was SEK 24.6 (0.7) million, corresponding to SEK 0.85 (0.02) per share.
- Cash flow after investments was SEK 2.5 (-2.0) million, or SEK 0.09 (-0.07) per share.
- **Dividend**  
The Board of Directors is proposing a dividend of SEK 0.50 (-) per share, or SEK 14.4 (-) million to shareholders. The AGM will be held on 22 April 2015.

## FINANCIAL PERFORMANCE IN OCTOBER-DECEMBER

- Sales were SEK 248.1 (255.3) million.
- Operating profit was SEK 8.1 (9.7) million. The underlying operating profit, adjusted for the provisioning related to the sale of the mechanical unit in Järfälla, amounted to SEK 12.1 (9.7) million.
- Operating margin was 3.3% (3.8%). The underlying operating margin, adjusted for the provisioning related to the sale of the mechanical unit in Järfälla, amounted to 4.8% (3.8%).
- Profit after financial items was SEK 8.1 (6.4) million.
- Profit after tax was SEK 7.1 (7.7) million, corresponding to SEK 0.25 (0.27) per share.
- Cash flow after investments was SEK 10.9 (-2.3) million, or SEK 0.38 (-0.08) per share.

## SIGNIFICANT EVENTS IN OCTOBER-DECEMBER

- Consistent with concentrating its customer offering in Sweden, NOTE has decided to sell its mechanical processing unit in Järfälla, near Stockholm, which had a SEK 4.0 million negative impact on fourth-quarter operating profit.

# CEO's comment

## FOCUS ON SALES GROWTH

In 2014, we advanced against the competition on a fairly stable European market. We increased sales by just over 6%, and achieved stability in terms of profitability and utilisation of working capital.

One important reason for the sales growth is that we've added several new accounts to an already strong customer base. Most of these new customers are European SMEs that we deliver industrialisation services to (services sales, prototyping and pilot series) and/or batch production. Several of our existing customers have also renewed and extended their commitments with us, including an after-sales assignment involving servicing and repair, which is pleasing.

Our goal is to keep increasing our market shares and accelerating our profitable growth. That's why we intensified our strategy work last summer. This process involves us conducting a dialogue with our customers to enable us to sharpen our offering as a manufacturing and logistics partner, from design to after-sales. We continued to increase our capacity to deliver value-added consulting services in components and materials selection. In the autumn, we expanded our services portfolio in the medical devices segment of the Swedish market. We also decided to concentrate our Swedish offering on electronics production, logistics and the final assembly of box build products.

Our Near sourcing business model is strong, and tailored for the high mix/low to medium volume market segment. It is based on offering our customers effective and flexible manufacturing solutions at the best possible total cost.

## PROGRESS IN THE YEAR

After a strong third quarter with 17% sales growth, we anticipated stable but weaker sales performance in the fourth quarter as a consequence of altered logistics setups and stock re-dimensioning by some major customers ahead of year-end. Accordingly, sales in the fourth quarter were down 3% year on year. For the full year, sales were up by over 6% to SEK 964.0 (907.0) million. I regard our sales performance in the fourth quarter as a temporary decrease. Our strong order backlog at year-end gives us good reason for continued confidence in positive volume performance in 2015.

During 2013, we reported on a high-potential project with a Swedish customer in the communications segment. Volumes on this project have not progressed as expected to date.

Mainly as a result of higher volumes and continued stable costs, our operating profit increased to SEK 31.8 (9.0) million, corresponding to an operating margin of 3.3% (1.0%).

With our decision to focus our Swedish operation on electronics production, logistics and final assembly, and thus sell our proprietary mechanical processing unit in Järfälla, we are continuing on the course set to establish and deepen partnerships with selected suppliers in the mechanical production segment. In recent years, we have encountered insufficient profitability in our in-house mechanics operation. Short term, the divestment included restructuring costs but we expect that it will contribute to our operating profit already in 2015. As a consequence of the sale, our operating profit fell by SEK 4.0 million in the fourth quarter. Adjusted for provisioning related to this sale, fourth-quarter operating profit increased to SEK 12.1 (9.7) million and our operating margin expanded by 1.0 percentage point to 4.8% (3.8%).

Despite increased sales and production volumes in the year, at times, capacity utilisation at several of our units has been challenging, and we have adjusted our capacity for this as required. However, demand at our Industrial Plant in China is increasing briskly. For this reason, we brought a new advanced surface mounting line on stream in the fourth quarter, to increase capacity.

We have focus on rationalising our utilisation of working capital, and accordingly, are working actively to develop our logistics solutions, cut lead-times and deepen partnerships with strategic suppliers continuously. We made continued advances in several of these segments, which is positive for our competitiveness and contributes to continued financial stability. Implementation of our group-wide ERP system is an important component for our onward progress. After a lengthy and fairly demanding process, the new ERP system went live at one of our Swedish units in the fourth quarter. Over time, the plan is to sharpen our competitiveness further by harmonising our industrial processes and systems support group wide.



The combination of high order intake in the fourth quarter and altered logistics setups and stock re-dimensioning by several customers set challenging demands on the flexibility of our materials and production planning. That's why it is pleasing that in the final quarter of the year, we achieved a cash flow after investments of SEK 10.9 (-2.3) million. For the full year, cash flow was SEK 2.5 (-2.0) million.

Our Balance Sheet remains strong—our equity to assets ratio at year-end was 44.1% (44.0%).

## FUTURE

Order backlog at year-end was strong, and we see good potential to grow our business.

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

Peter Laveson

# Sales and results of operations

## SALES, JANUARY-DECEMBER

During the year, demand remained relatively stable on several of NOTE's European markets. Demand in Sweden decreased somewhat. Increased demand was apparent on several of NOTE's other domestic markets, which contributed to solid sales growth in Finland, Norway and the UK.

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 secured a fairly high number of new business customers in recent years. Starting up new business customer relationships remained at a healthy level in 2014.

Sales in the year were SEK 964.0 (907.0) million, corresponding to sales growth of just over 6%. Adjusted for currency effects, the sales increase was some 4%. Accordingly, the sales increase consisted of new product sales to existing customers and increased volumes from new business customers progressively feeding through. Starting up new customer relationships is usually fairly time and resource consuming.

Direct sales from Industrial Plants in Estonia and China continued to grow. These sales, mainly to customers in Europe, continued to perform positively, representing 29% (24%) of total sales. To some extent, the increase was an effect of the transfer of customer responsibilities from NOTE's Near sourcing centres to Industrial Plants, which is a natural component of NOTE's business model.

NOTE sells to a large customer base, essentially active in the engineering and communication industries in the Nordics and UK. NOTE's 15 largest customers in sales terms represented 57% (57%) 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 by positive volume growth during 2015.

## RESULTS OF OPERATIONS, JANUARY-DECEMBER

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.

Manufacturing and sales volumes grew by just over 6% in the year. The cost increase was limited to 5%, mainly as a result of continued rationalisations, of which some two percentage points were the effect of a weaker Swedish currency. As a result of the stable cost trend in combination with higher volumes, gross margin increased to 10.6% (8.0%). Adjusted for the final provision for bad debt for one of NOTE's foreign customers in the third quarter 2013, gross margin increased by 1.7 percentage points.

Mainly as a result of increased measures intended to strengthen the sales organisation, sales and administration overheads increased by 8%, and were an unchanged 7.1% (7.1%) of sales.

Other operating expenses/income, primarily consisting of revaluations of foreign currency assets and liabilities, were SEK -1.7 (0.4) million. Other operating expenses for the year include a provision of SEK -4.0 (-) million relating to the sale of the group's mechanical production unit in Sweden.

Operating profit for the year was SEK 31.8 (9.0) million, corresponding to an operating margin of 3.3% (1.0%). Adjusted for last year's provision for bad debt, operating profit grew by SEK 14.4 million and operating margin improved by 1.4 percentage points.

Net financial income/expense improved to SEK -3.0 (-7.8) million. Depreciation of the Swedish krona had a positive impact on net financial income/expense due to the revaluation of holdings in foreign currencies, primarily USD and EUR.

Profit after financial items was SEK 28.8 (1.2) million, corresponding to a profit margin of 3.0% (0.1%).

Profit after tax was SEK 24.6 (0.7) million, corresponding to SEK 0.85 (0.02) per share. The tax expense for the year corresponded to 15% (42%) of profit before tax.

#### SALES AND RESULTS OF OPERATIONS, OCTOBER-DECEMBER

Before the fourth quarter, NOTE reported organic sales growth for four consecutive quarters. In its Third-quarter Interim Report, NOTE stated that altered logistics setups and stock re-dimensioning by some major customers ahead of year-end would limit sales in the fourth quarter for the short term. Largely as a consequence of this, and fairly limited project deliveries, sales decreased by 3% and was SEK 248.1 (255.3) million. Market conditions in Europe remained stable, and sales to other customers progressed basically as planned. The order backlog at year-end was strong, and suggested positive volume performance during 2015.

Direct sales from Industrial Plants in Estonia and China kept performing strongly, comprising 33% (28%) of fourth-quarter sales.

To address the high demand for electronics production in NOTE's Industrial Plant in China, the company brought a new, advanced surface mounting line on stream in the quarter. Additionally, as part of the harmonisation of industrial processes and systems support in the group, a new ERP system went live at one of the group's Swedish Near-sourcing Centres.

The combination of the continued stable progress of costs and a favourable mix of customer assignments contributed to gross margin expanding to 11.0% (10.3%).

A sustained focus on sales and marketing meant that sales and administration overheads grew by 8% compared to the corresponding quarter of the previous year. Overheads were 7.2% (6.5%) of sales in the fourth quarter.

Other operating expenses/income, primarily consisting of revaluations of foreign currency assets and liabilities, were SEK -1.2 (0.0) million. The other operating expenses for the period included a provision of SEK -4.0 (-) million relating to the sale of the group's mechanical production unit in Sweden.

The operating profit for the period was SEK 8.1 (9.7) million, corresponding to an operating margin of 3.3% (3.8%). Underlying operating profit adjusted for provisioning for the sale of the mechanics unit in Järfälla, increased by SEK 2.4 million to SEK 12.1 (9.7) million and operating margin improved by 1.0 percentage points to 4.8% (3.8%).

Net interest income/expense for the period received a positive contribution from currency translation, mainly USD and EUR, amounting to SEK 0.0 (-3.3) million.

Profit after financial items was SEK 8.1 (6.4) million, corresponding to an operating margin of 3.3% (2.5%).

#### 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 the third quarter of 2013. Only marginal sales and recovery of previously written-off inventories occurred in 2014.

## 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, batch production and testing. Essentially, NOTE's Industrial Plants provide cost-efficient volume production in 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>Q4 | 2013<br>Q4 | 2014<br>full yr. | 2013<br>full yr. |
|-------------------------------------|------------|------------|------------------|------------------|
| <b>NEARSOURCING CENTRES</b>         |            |            |                  |                  |
| EXTERNAL SALES                      | 166.6      | 184.7      | 683.5            | 692.9            |
| INTERNAL SALES                      | 1.4        | 2.2        | 9.5              | 5.9              |
| DEPRECIATION AND AMORTISATION       | -1.4       | -1.6       | -4.9             | -5.7             |
| OPERATING PROFIT                    | -2.5       | 6.5        | 11.0             | 16.1             |
| PROPERTY, PLANT AND EQUIPMENT       | 24.9       | 24.6       | 24.9             | 24.6             |
| STOCK                               | 96.3       | 78.9       | 96.3             | 78.9             |
| TOTAL ASSETS                        | 388.0      | 401.5      | 388.0            | 401.5            |
| AVERAGE NUMBER OF EMPLOYEES         | 369        | 371        | 373              | 368              |
| <b>INDUSTRIAL PLANTS</b>            |            |            |                  |                  |
| EXTERNAL SALES                      | 81.5       | 70.6       | 280.5            | 214.1            |
| INTERNAL SALES                      | 44.1       | 40.6       | 169.4            | 152.5            |
| DEPRECIATION AND AMORTISATION       | -1.1       | -1.3       | -3.5             | -5.5             |
| OPERATING PROFIT                    | 12.0       | 6.0        | 25.7             | -5.0             |
| PROPERTY, PLANT AND EQUIPMENT       | 34.2       | 19.7       | 34.2             | 19.7             |
| STOCK                               | 109.3      | 72.5       | 109.3            | 72.5             |
| TOTAL ASSETS                        | 247.2      | 175.6      | 247.2            | 175.6            |
| AVERAGE NUMBER OF EMPLOYEES         | 510        | 476        | 505              | 464              |
| <b>OTHER UNITS AND ELIMINATIONS</b> |            |            |                  |                  |
| EXTERNAL SALES                      | 0.0        | 0.0        | 0.0              | 0.0              |
| INTERNAL SALES                      | -45.5      | -42.8      | -178.9           | -158.4           |
| DEPRECIATION AND AMORTISATION       | 0.0        | 0.0        | 0.0              | 0.0              |
| OPERATING PROFIT                    | -1.4       | -2.8       | -4.9             | -2.1             |
| PROPERTY, PLANT AND EQUIPMENT       | 0.0        | 0.0        | 0.0              | 0.0              |
| STOCK                               | -          | -          | -                | -                |
| TOTAL ASSETS                        | -22.3      | -36.3      | -22.3            | -36.3            |
| AVERAGE NUMBER OF EMPLOYEES         | 15         | 15         | 15               | 15               |

# Financial position, cash flow and investments

## CASH FLOW

Competing successfully in the high mix/low to medium 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.

The global market for electronic components can be considered fairly cyclical. Progress in the year, as in 2013, was relatively stable, with healthy supply of components. This benefits NOTE's materials planning and logistics. NOTE's volumes were fairly healthy in the first three quarters of the year. The combination of the implementation of new logistics solutions with stock re-dimensioning by several of NOTE's major customers set challenging demands on the flexibility of purchasing and production, especially in the fourth quarter. At times, this contributed to inconsistent utilisation at the group's units and a greater need for working capital, primarily stock.

Challenging market conditions for many customers contributed to stock increasing by 4% in the final quarter of the year, and by 36% on the previous year-end. Just over 10 percentage points of the stock increase on the previous year was a result of depreciation of the Swedish currency (SEK).

Accounts receivable—trade increased somewhat in the fourth quarter, and at year-end, were up 1% year on year. Focused initiatives enabled NOTE to maintain customer credit days at about the same level as in the corresponding period of the previous year.

Accounts payable—trade, which mainly relate to sourced electronic components and other production materials, were at about the same level as at the end of the third quarter. Compared to the previous year-end, accounts payable—trade were up by 23%. 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 corresponding point of the previous year.

A higher working capital requirement, mainly stock, contributed to cash flow (after investments) being limited to SEK 2.5 (-2.0) million, or SEK 0.09 (-0.07) 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 44.1% (44.0%).

## 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 92.0 (98.3) million at the end of the period.

Pledged accounts receivable—trade were some SEK 116 (140) million.

## INVESTMENTS

Capital expenditure on property, plant and equipment amounted to SEK 24.3 (10.3) million in the period, corresponding to 2.5% (1.1%) of sales. Depreciation and amortization according to plan were SEK 8.4 (11.2) million.

To satisfy a significant increased demand for electronics production at NOTE's Industrial Plant in China, a new advanced surface mounting line was brought on stream in the fourth quarter. Additionally, and after an extensive group-wide project, a business-specific ERP system went live at one of NOTE's Swedish units. This was an important step in the realisation of NOTE's ambition to further harmonise internal processes and systems support at the group's units. Other investments primarily consisted of smaller-scale efficiency and quality-enhancing projects.

## 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 37.1 (36.2) million, and mainly related to intra-group services. The profit after tax was SEK -0.2 (9.3) 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 to medium 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.

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.

The Board of Directors of NOTE AB (publ)

*Danderyd, Sweden, 5 February 2015*

### TRANSACTIONS WITH RELATED PARTIES

Consulting services were purchased from a company owned by a related party in the third quarter of 2014.

### 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 came into effect on 1 January 2014, and this standard did not have any effect on NOTE's 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 Year-end Report has not been subject to review by the company's auditor.

### FORTHCOMING FINANCIAL REPORTS

22 April 2015 Interim Report January-March

13 July 2015 Semi-annual Report

19 October 2015 Interim Report January-September

### ANNUAL REPORT

The Annual Report for 2014 will be published on NOTE's website, [www.note.eu](http://www.note.eu), on 17 February 2015.

### ANNUAL GENERAL MEETING

The AGM will be held at Spårvagnshallarna in Stockholm, Sweden, at 2 p.m. on 22 April 2015.



## Consolidated Income Statement

|                                     | 2014<br>Q4  | 2013<br>Q4  | 2014<br>full yr. | 2013<br>full yr. |
|-------------------------------------|-------------|-------------|------------------|------------------|
| NET SALES                           | 248.1       | 255.3       | 964.0            | 907.0            |
| COST OF GOODS AND SERVICES SOLD     | -220.9      | -229.0      | -861.6           | -834.5           |
| <b>GROSS PROFIT</b>                 | <b>27.2</b> | <b>26.3</b> | <b>102.4</b>     | <b>72.5</b>      |
| SALES COSTS                         | -9.5        | -9.1        | -39.1            | -34.5            |
| ADMINISTRATIVE COSTS                | -8.4        | -7.5        | -29.8            | -29.4            |
| OTHER OPERATING INCOME/COSTS        | -1.2        | 0.0         | -1.7             | 0.4              |
| <b>OPERATING PROFIT</b>             | <b>8.1</b>  | <b>9.7</b>  | <b>31.8</b>      | <b>9.0</b>       |
| NET FINANCIAL INCOME/EXPENSE        | 0.0         | -3.3        | -3.0             | -7.8             |
| <b>PROFIT AFTER FINANCIAL ITEMS</b> | <b>8.1</b>  | <b>6.4</b>  | <b>28.8</b>      | <b>1.2</b>       |
| INCOME TAX                          | -1.0        | 1.3         | -4.2             | -0.5             |
| <b>PROFIT AFTER TAX</b>             | <b>7.1</b>  | <b>7.7</b>  | <b>24.6</b>      | <b>0.7</b>       |

## Earnings per share

|   | 2014<br>Q4 | 2013<br>Q4 | 2014<br>full yr. | 2013<br>full yr. |
|---|------------|------------|------------------|------------------|
| NUMBER OF SHARES AT END OF PERIOD (000) | 28,873     | 28,873     | 28,873           | 28,873           |
| WEIGHTED AVERAGE NUMBER OF SHARES (000) | 28,873     | 28,873     | 28,873           | 28,873           |
| EARNINGS PER SHARE, SEK                 | 0.25       | 0.27       | 0.85             | 0.02             |

## Consolidated Statement of Other Comprehensive Income

|   | 2014<br>Q4 | 2013<br>Q4  | 2014<br>full yr. | 2013<br>full yr. |
|---|------------|-------------|------------------|------------------|
| <b>NET PROFIT</b>   | <b>7.1</b> | <b>7.7</b>  | <b>24.6</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   | 2.8        | -0.1        | 7.7              | -1.2             |
| CASH FLOW HEDGES  | 0.2        | 0.0         | 0.4              | 0.0              |
| TAX ON CASH FLOW HEDGES/CURRENCY DIFFERENCES                            | -0.2       | -0.2        | -0.6             | -0.2             |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>            | <b>2.8</b> | <b>-0.3</b> | <b>7.5</b>       | <b>-1.4</b>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                        | <b>9.9</b> | <b>7.4</b>  | <b>32.1</b>      | <b>-0.7</b>      |

## Consolidated Balance Sheet

|  | 2014<br>31 Dec | 2013<br>31 Dec |
|--|----------------|----------------|
| <b>ASSETS</b>                            |                |                |
| GOODWILL                                 | 70.6           | 70.3           |
| OTHER INTANGIBLE ASSETS                  | 9.5            | 6.0            |
| PROPERTY, PLANT AND EQUIPMENT            | 59.1           | 44.3           |
| DEFERRED TAX ASSETS                      | 13.8           | 13.6           |
| OTHER FINANCIAL ASSETS                   | 1.1            | 0.3            |
| <b>FIXED ASSETS</b>                      | <b>154.1</b>   | <b>134.5</b>   |
| STOCK                                    | 205.6          | 151.4          |
| ACCOUNTS RECEIVABLE—TRADE                | 201.7          | 199.8          |
| OTHER CURRENT RECEIVABLES                | 16.3           | 14.3           |
| CASH AND CASH EQUIVALENTS                | 35.2           | 40.8           |
| <b>CURRENT ASSETS</b>                    | <b>458.8</b>   | <b>406.3</b>   |
| <b>TOTAL ASSETS</b>                      | <b>612.9</b>   | <b>540.8</b>   |
| <b>EQUITY AND LIABILITIES</b>            |                |                |
| <b>EQUITY</b>                            | <b>270.2</b>   | <b>238.1</b>   |
| NON-CURRENT INTEREST-BEARING LIABILITIES | 9.5            | 4.3            |
| DEFERRED TAX LIABILITIES                 | 2.5            | 2.4            |
| <b>NON-CURRENT LIABILITIES</b>           | <b>12.0</b>    | <b>6.7</b>     |
| CURRENT INTEREST-BEARING LIABILITIES     | 90.0           | 93.3           |
| ACCOUNTS PAYABLE—TRADE                   | 163.9          | 133.4          |
| OTHER CURRENT LIABILITIES                | 72.8           | 69.3           |
| SHORT-TERM PROVISIONS                    | 4.0            | -              |
| <b>CURRENT LIABILITIES</b>               | <b>330.7</b>   | <b>296.0</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>612.9</b>   | <b>540.8</b>   |

## Consolidated change in equity

|   | 2014<br>Q4   | 2013<br>Q4   | 2014<br>full yr. | 2013<br>full yr. |
|---|--------------|--------------|------------------|------------------|
| OPENING EQUITY                                      | 260.3        | 230.7        | 238.1            | 260.5            |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX | 9.9          | 7.4          | 32.1             | -0.7             |
| DIVIDEND  | -            | -            | -                | -21.7            |
| <b>CLOSING EQUITY</b>                               | <b>270.2</b> | <b>238.1</b> | <b>270.2</b>     | <b>238.1</b>     |

## Consolidated Cash Flow Statement

|   | 2014<br>Q4  | 2013<br>Q4  | 2014<br>full yr. | 2013<br>full yr. |
|---|-------------|-------------|------------------|------------------|
| PROFIT AFTER FINANCIAL ITEMS                          | 8.1         | 6.4         | 28.8             | 1.2              |
| REVERSED DEPRECIATION AND AMORTISATION                | 2.5         | 2.9         | 8.4              | 11.2             |
| OTHER NON-CASH ITEMS                                  | 0.8         | -4.4        | -1.4             | 2.7              |
| TAX PAID  | 3.1         | 2.6         | -4.0             | -3.4             |
| CHANGE IN WORKING CAPITAL                             | 1.5         | -9.3        | -16.1            | -7.5             |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>            | <b>16.0</b> | <b>-1.8</b> | <b>15.7</b>      | <b>4.2</b>       |
| CASH FLOW FROM INVESTING ACTIVITIES                   | -5.1        | -0.5        | -13.2            | -6.2             |
| CASH FLOW FROM FINANCING ACTIVITIES                   | -1.3        | 12.9        | -10.6            | -28.2            |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>            | <b>9.6</b>  | <b>10.6</b> | <b>-8.1</b>      | <b>-30.2</b>     |
| <b>CASH AND CASH EQUIVALENTS</b>                      |             |             |                  |                  |
| AT BEGINNING OF PERIOD                                | 25.1        | 29.6        | 40.8             | 70.7             |
| CASH FLOW AFTER INVESTING ACTIVITIES                  | 10.9        | -2.3        | 2.5              | -2.0             |
| FINANCING ACTIVITIES                                  | -1.3        | 12.9        | -10.6            | -28.2            |
| EXCHANGE RATE DIFFERENCE IN CASH AND CASH EQUIVALENTS | 0.5         | 0.6         | 2.5              | 0.3              |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>     | <b>35.2</b> | <b>40.8</b> | <b>35.2</b>      | <b>40.8</b>      |
| UN-UTILISED CREDITS                                   | 56.8        | 57.5        | 56.8             | 57.5             |
| <b>AVAILABLE CASH AND CASH EQUIVALENTS</b>            | <b>92.0</b> | <b>98.3</b> | <b>92.0</b>      | <b>98.3</b>      |

## Consolidated six-year summary

|                                      | 2014  | 2013  | 2012    | 2011    | 2010    | 2009    |
|--------------------------------------|-------|-------|---------|---------|---------|---------|
| NET SALES                            | 964   | 907.0 | 1,029.2 | 1,208.8 | 1,210.7 | 1,200.0 |
| GROSS MARGIN                         | 10.6% | 8.0%  | 9.0%    | 11.0%   | 5.0%    | 2.2%    |
| OPERATING MARGIN                     | 3.3%  | 1.0%  | 2.5%    | 5.3%    | -4.0%   | -7.6%   |
| PROFIT MARGIN                        | 3.0%  | 0.1%  | 1.9%    | 4.7%    | -4.9%   | -8.2%   |
| CASH FLOW AFTER INVESTING ACTIVITIES | 2.5   | -2.0  | 97.0    | 56.5    | -13.6   | 23.9    |
| EQUITY PER SHARE, SEK                | 9.36  | 8.25  | 9.02    | 8.98    | 7.52    | 21.81   |
| CASH FLOW PER SHARE, SEK             | 0.09  | -0.07 | 3.36    | 1.96    | -0.56   | 1.52    |
| RETURN ON OPERATING CAPITAL          | 10.1% | 3.1%  | 7.9%    | 17.7%   | -12.1%  | -18.8%  |
| RETURN ON EQUITY                     | 9.7%  | 0.3%  | 4.9%    | 16.5%   | -29.1%  | -32.1%  |
| EQUITY TO ASSETS RATIO               | 44.1% | 44.0% | 45.2%   | 41.0%   | 31.3%   | 27.9%   |
| AVERAGE NUMBER OF EMPLOYEES          | 893   | 847   | 884     | 939     | 1,000   | 977     |
| NET SALES PER EMPLOYEE, SEK 000      | 1,080 | 1,071 | 1,164   | 1,287   | 1,211   | 1,228   |

## Consolidated quarterly summary

|                                      | 2014<br>Q4 | 2014<br>Q3 | 2014<br>Q2 | 2014<br>Q1 | 2013<br>Q4 | 2013<br>Q3 | 2013<br>Q2 | 2013<br>Q1 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| NET SALES                            | 248.1      | 235.5      | 247.6      | 232.8      | 255.3      | 200.8      | 236.1      | 214.8      |
| GROSS MARGIN                         | 11.0%      | 11.4%      | 10.5%      | 9.6%       | 10.3%      | 4.6%       | 8.9%       | 7.4%       |
| OPERATING MARGIN                     | 3.3%       | 4.4%       | 3.0%       | 2.5%       | 3.8%       | -2.3%      | 1.5%       | 0.1%       |
| PROFIT MARGIN                        | 3.3%       | 4.2%       | 2.9%       | 1.6%       | 2.5%       | -3.3%      | 1.1%       | -0.6%      |
| CASH FLOW AFTER INVESTING ACTIVITIES | 10.9       | -23.2      | -8.2       | 23.1       | -2.3       | 6.3        | 2.0        | -8.0       |
| EQUITY PER SHARE, SEK                | 9.36       | 9.02       | 8.65       | 8.36       | 8.25       | 7.99       | 8.34       | 8.89       |
| CASH FLOW PER SHARE, SEK             | 0.38       | -0.80      | -0.28      | 0.80       | -0.08      | 0.22       | 0.07       | -0.28      |
| EQUITY TO ASSETS RATIO               | 44.1%      | 44.5%      | 42.3%      | 42.3%      | 44.0%      | 45.1%      | 43.2%      | 44.9%      |
| AVERAGE NUMBER OF EMPLOYEES          | 894        | 900        | 894        | 883        | 862        | 834        | 839        | 854        |
| NET SALES PER EMPLOYEE, SEK 000      | 278        | 262        | 277        | 264        | 296        | 241        | 281        | 252        |

## Parent Company Income Statement

|                                     | 2014<br>Q4  | 2013<br>Q4  | 2014<br>full yr | 2013<br>full yr. |
|-------------------------------------|-------------|-------------|-----------------|------------------|
| NET SALES                           | 9.1         | 7.2         | 37.1            | 36.2             |
| COST OF SERVICES SOLD               | -5.6        | -5.6        | -24.5           | -23.9            |
| <b>GROSS PROFIT</b>                 | <b>3.5</b>  | <b>1.6</b>  | <b>12.6</b>     | <b>12.3</b>      |
| SALES COSTS                         | -1.2        | -1.5        | -7.1            | -5.4             |
| ADMINISTRATIVE COSTS                | -2.9        | -2.3        | -9.6            | -9.2             |
| OTHER OPERATING INCOME/COSTS        | 0.1         | 0.1         | 0.1             | 0.1              |
| <b>OPERATING PROFIT</b>             | <b>-0.5</b> | <b>-2.1</b> | <b>-4.0</b>     | <b>-2.2</b>      |
| NET FINANCIAL INCOME/EXPENSE        | -2.1        | -2.5        | 3.2             | 3.7              |
| <b>PROFIT AFTER FINANCIAL ITEMS</b> | <b>-2.6</b> | <b>-4.6</b> | <b>-0.8</b>     | <b>1.5</b>       |
| APPROPRIATIONS                      | 0.0         | 5.5         | 0.0             | 5.5              |
| <b>PROFIT BEFORE TAX</b>            | <b>-2.6</b> | <b>0.9</b>  | <b>-0.8</b>     | <b>7.0</b>       |
| INCOME TAX                          | 0.6         | 2.4         | 0.6             | 2.3              |
| <b>PROFIT AFTER TAX</b>             | <b>-2.0</b> | <b>3.3</b>  | <b>-0.2</b>     | <b>9.3</b>       |

## Parent Company Statement of Other Comprehensive Income

|  | 2014<br>Q4  | 2013<br>Q4 | 2014<br>full yr. | 2013<br>full yr. |
|--|-------------|------------|------------------|------------------|
| <b>NET PROFIT</b>  | <b>-2.0</b> | <b>3.3</b> | <b>-0.2</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   | 0.9         | 2.6        | 2.8              | 2.3              |
| TAX ON FAIR VALUE RESERVE  | -0.2        | -0.4       | -0.6             | -0.4             |
| <b>OTHER COMPREHENSIVE INCOME FOR THE<br/>PERIOD, NET OF TAX</b>   | <b>0.7</b>  | <b>2.2</b> | <b>2.2</b>       | <b>1.9</b>       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE<br/>PERIOD</b>   | <b>-1.3</b> | <b>5.5</b> | <b>2.0</b>       | <b>11.2</b>      |

## Parent Company Balance Sheet

|  | 2014<br>31 Dec | 2013<br>31 Dec |
|--|----------------|----------------|
| <b>ASSETS</b>                              |                |                |
| INTANGIBLE ASSETS                          | 8.0            | 4.2            |
| DEFERRED TAX ASSETS                        | 2.5            | 2.3            |
| LONG-TERM RECEIVABLES FROM GROUP COMPANIES | 42.3           | 61.4           |
| FINANCIAL NON-CURRENT ASSETS               | 243.7          | 245.2          |
| <b>NON-CURRENT ASSETS</b>                  | <b>296.5</b>   | <b>313.1</b>   |
| RECEIVABLES FROM GROUP COMPANIES           | 53.3           | 28.2           |
| OTHER CURRENT RECEIVABLES                  | 1.9            | 1.2            |
| CASH AND CASH EQUIVALENTS                  | 1.0            | 15.6           |
| <b>CURRENT ASSETS</b>                      | <b>56.2</b>    | <b>45.0</b>    |
| <b>TOTAL ASSETS</b>                        | <b>352.7</b>   | <b>358.1</b>   |
| <b>EQUITY AND LIABILITIES</b>              |                |                |
| <b>EQUITY</b>                              | <b>261.0</b>   | <b>259.0</b>   |
| <b>UNTAXED RESERVES</b>                    | -              | -              |
| <b>NON-CURRENT LIABILITIES</b>             | -              | -              |
| LIABILITIES TO CREDIT INSTITUTIONS         | 1.6            | -              |
| LIABILITIES TO GROUP COMPANIES             | 81.3           | 88.0           |
| OTHER CURRENT LIABILITIES & PROVISIONS     | 8.8            | 11.1           |
| <b>CURRENT LIABILITIES</b>                 | <b>91.7</b>    | <b>99.1</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>        | <b>352.7</b>   | <b>358.1</b>   |

## Parent Company change in equity

|   | 2014<br>Q4   | 2013<br>Q4   | 2014<br>full yr. | 2013<br>full yr. |
|---|--------------|--------------|------------------|------------------|
| OPENING EQUITY                                      | 262.3        | 253.5        | 259.0            | 269.5            |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX | -1.3         | 5.5          | 2.0              | 11.2             |
| DIVIDEND  | -            | -            | -                | -21.7            |
| <b>CLOSING EQUITY</b>                               | <b>261.0</b> | <b>259.0</b> | <b>261.0</b>     | <b>259.0</b>     |