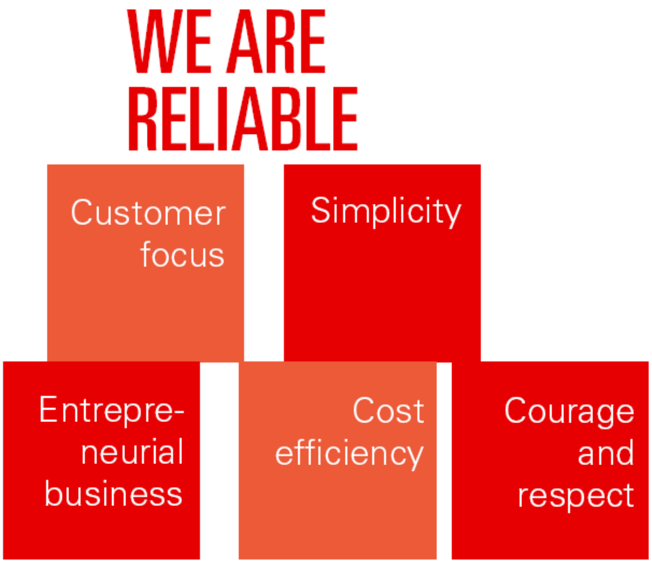
Västerås, July 19, 2018

AQ Group AB (publ), Second quarter, 2018



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Second quarter, April – June 2018 in brief

- Continued good growth mainly through acquisitions, but improvement work is still required concerning margins and cash flow
- Net sales increased by 13.6 % to SEK 1 224 million (1 077)
- Operating profit (EBIT) decreased by 22.4 % to SEK 58 million (74)
- Profit after financial items (EBT) decreased by 21.4 % to SEK 55 million (70)
- Profit margin before tax (EBT %) was 4.5 % (6.5)
- Cash flow from operating activities decreased by 54.9 % to SEK 35 million (79)
- Equity ratio 54 % (60)
- Earnings per share after tax decreased by 20.6 % to SEK 2.54 SEK (3.20)

Six months, January – June 2018 in brief

- Net sales increased by 11.3 % to SEK 2 314 million (2 079)
- Operating profit (EBIT) decreased by 19.8 % to SEK 129 million (161)
- Profit after financial items (EBT) decreased by 23.9 % to SEK 124 million (163)
- Profit margin before tax (EBT %) was 5.4 % (7.8)
- Cash flow from operating activities decreased by 25.2 % to SEK 70 million (94)
- Earnings per share after tax decreased by 23.2 % to SEK 5.68 SEK (7.40)

Group overview, key figures

	2018		2017				
	Q1	Q2	Q1	Q2	Q3	Q4	Full year
Net turnover, SEK thousands	1 090 122	1 223 542	1 001 898	1 077 380	923 142	1 017 321	**4 019 740**
Operating profit (EBIT), SEK thousands	71 539	57 766	86 813	74 397	63 562	38 510	**263 282**
Profit after net financial items (EBT), SEK thousands	68 397	55 411	92 258	70 478	61 295	31 797	**255 828**
Operating margin (EBIT %)	6,6%	4,7%	8,7%	6,9%	6,9%	3,8%	**6,5%**
Profit margin before tax (EBT %)	6,3%	4,5%	9,2%	6,5%	6,6%	3,1%	**6,4%**
Liquid ratio	126%	108%	142%	140%	139%	125%	**125%**
Debt/equity ratio	61%	54%	60%	60%	62%	61%	**61%**
Return on total assets [2]	8,8%	7,7%	13,2%	12,3%	12,6%	10,3%	**10,3%**
Return on equity after tax [2]	11,2%	10,5%	18,0%	16,4%	16,1%	13,2%	**13,2%**
Number of employees in Sweden	1 073	1 060	1 021	1 065	1 066	1 043	**1 043**
Number of employees outside Sweden	4 615	5 061	4 198	4 319	4 414	4 505	**4 505**
Key indicators per share, SEK [1]							
Profit for the period	3,13	2,54	4,19	3,20	2,77	0,97	**11,14**
Equity	96,18	95,88	84,38	84,85	86,37	89,82	**89,82**
Number of shares, thousands	18 294	18 294	18 294	18 294	18 294	18 294	**18 294**

[1] *There are no instruments that could lead to share dilution.*
[2] *Calculated based on 12 months rolling amounts.*

A word from the CEO

Market
Aligned with our strategy we have a continued strong growth, which in the second quarter was 13.6 %, of which 2.3 % is organic.

I would have liked to deliver my last report with better profit margin and cashflow. Profit margin was 4.5 % and the cash flow was weak due to the growth and higher inventories. We have initiated action programs to improve also these key figures going forward.

We have two companies in winding down processes, which are estimated to be finished in September, AQ Welded Structures and "AQ Thailand". We have another company with big problems with deliveries and profitability. A number of actions are ongoing with heavy rationalization plus price increases towards the customers, but we have a long way to acceptable delivery precision and profitability. If we exclude these three companies, our margin would be 7 %.

Our goal is 8 %, which means that we are below our goal.

In China we have written down a customer debt with SEK 5 million. The case is now handed over for collection. It is unusual for us to have credit losses. We normally have long payment terms, some are paying late, but they pay.

AQ Welded Structures, with production in Ludvika, has shown losses for a long time, also for the first half of this year. The operations is expected to be closed during September. A department in AQ Components Västerås has been established for products with advanced welding. Other products are moved to other AQ units.

AQ started operations in Thailand to follow an important customer. The sales of the customer has decreased. Reduced volumes and continued losses has led to a closing of the operations during September and AQ will supply the customer with production in our Chinese company AQ Components Suzhou.

Our business in telecom in China is decreasing, but we are happy that we are winning new business to e.g. components for automotive safety.

The global demand of gas turbines is still low, which continues to affect our company in Hungary negatively. On the positive side we have started to deliver to smaller gas turbines and doing repair of components for jet engines.

We continue to have problems with profitability in high volumes of sheet metal components to commercial vehicles in Sweden. There is an action program ongoing, but it will take a long time to reach satisfactory delivery precision and profitability.

Our company in Mexico has a new managing director and it opened a new production facility in June.
Our business in the medical technology sector is increasing and it is developing very well.

Our business in inductive components in India is expanding heavily and because of this we have chosen to move this business into a separate company for increased focus.

We have also in the second quarter seen efforts from a number of suppliers to increase their prices.

During the first six months we continued to have challenges with increased lead-time of raw material and components, which causes delays of deliveries to our customers. This cost a lot of money in express transports, overtime and extra personnel. However, the biggest cost is that it affects our customers' confidence and it's contrary to our value "We are reliable".

Inventory has continued to grow significantly quicker than the growth of our sales. The work with a specific inventory reduction project has now finished a pilot project in one of our Polish companies. We are now evaluating the results and during August we will make a decision on how to move on. It's important that we achieve a better way of working as well as building increased competence in this area.

Acquisitions
Acquisitions are a significant part of AQ's strategy to strengthen the presence and ability in the product areas and geographical areas where we see opportunities for growth and improved profitability. Another central part of the acquisition strategy is to follow our customers to new geographical regions.

On April 3 we acquired Mecanova Oy with a factory in Nivala, Finland and Mecanova Oü with a factory in Pärnu, Estonia. Mecanova has a good reputation among the customers, but has suffered with a weak balance sheet. The balance sheet is now improved, and the confidence of the suppliers is increasing. The operations in Estonia is being integrated with our original company in Estonia. It complements AQ's operations in Pärnu in a very good way. We are also happy to get a company on the growing Finnish market.

The acquisition of the B3CG companies in USA and Canada gives us a strong platform for further expansion in North America. What was extra positive was that the acquisition took place in consultation with one of our largest global customers. The companies have developed according to plan during the quarter.

Organisation
Our focus is always to adapt to customers' requirements and real demands. It's a strategy we will continue to follow, to be fast movers and adaptable no matter of market conditions.
Our organisation is built on entrepreneurship, which is a foundation in our core values.

Outlook
We are working to wind down two companies and putting extra efforts with one specific company to improve delivery precision and productivity. During the fall we will continue the work to reduce our capital tied up in inventory.

It is important to see all the good things that are being done in other parts of the group in addition to our problem companies. We have after the period invested in a new 3D laser in Lyrestad to increase our competitiveness in e.g. prototype manufacturing. In Bulgaria, Mexico, some Swedish sites and soon in Poland we have built capacity for increased production.

Our guideline is to be a stable, growing and profitable company long term. We have a strong financial position and we have entrepreneurs working in our subsidiaries. We like doing business. We have customer focus. Our employees and leaders are doing a good job and it will also in the future give new business and a stable profit.

AQ is well positioned for new acquisitions from a financial as well as from a management view. With strong relations to world leading customers and engaged employees we shall work hard with continued growth, cash flow and a stable profit level. An important part of this is our core values and our efforts to be a reliable supplier to leading industrial customers.

Claes Mellgren
CEO

Group's financial position and results

Second quarter

Net sales for the second quarter was SEK 1 224 million (1 077), an increase of SEK 146 million compared to the same period in the previous year. The increase in turnover can be explained by a generally good state of the market and acquisitions made in the quarter. The total growth in the quarter was 13.6 %, of which organic growth 2.3 %, growth through acquisitions 8.3 % and currency effects of 3.0 %. The currency effect of 3.0 % corresponds to about SEK 32.4 million and is mainly with the currencies EUR, PLN and BGN. The currencies USD, INR and MXN have had a negative currency effect during the quarter.

Operating margin (EBIT) in the first quarter was SEK 58 million (74), a decrease of SEK 16 million. The decrease can mainly be explained by a couple of companies in the business area Sheet Metal Processing, the company in Thailand and a company in China are performing worse than the same period in the previous year. We have continued low profitability in a couple of Swedish factories who are delivering to the automotive industry. During the quarter we have written down SEK 5 million due to uncertain accounts receivables.

Goodwill and other intangible assets have increased during the second quarter with SEK 221 million compared to the second quarter of 2017, an increase due to acquisitions, overvalues, currency translation effects and depreciation of technology and customer relations.

Investments in tangible assets in the quarter in the group were SEK 25 million (33), where the majority were replacement and capacity increasing investments to achieve a more efficient production.

Interest bearing liabilities of the group are SEK 461 million (222) and cash and cash equivalents amount to SEK 140 million (103), which means that the group has a net debt of SEK 321 million. In the same period last year, the group had net debt of SEK 119 million.

Cash flow from operating activities was SEK 35 million (79). The positive cash flow from operating activities is lower than the same period in the previous year. Activities to reduce working capital, mainly to reduce inventories have continued during the quarter but has not given the desired results yet.

Cash flow from investing activities was SEK -142 million (-30), which relates to acquisitions and investments in fixed assets.

Cash flow from financing activities was SEK 90 million (-69) which relates to new bank loan, decreased usage of overdraft facility and dividends to shareholders.

Equity at the end of the period was SEK 1 754 million (1 552) for the group.

First six months

Net sales for the first six months was SEK 2 314 million (2 079), an increase of SEK 235 million compared to the same period previous year. Increase in net sales can be explained by acquisitions, good market conditions and gained market shares. In the first six months the total growth was 11.3 %, of which organic growth 4.4 %, growth through acquisitions 4.3 % and a currency effect of 2.5 %. The currency effect of 2.5 % corresponds to about SEK 53.6 million and is mainly with the currencies EUR, PLN and BGN. During the first six months INR, USD and MXN have had a negative currency effect.

Operating margin (EBIT) in the first six months was SEK 129 million (161), a decrease of SEK 32 million. The decrease can mainly be explained by a couple of companies in business area Sheet Metal Processing, the company in Thailand and a company in China doing worse than the same period in the previous year. We have continued low profitability in a couple of Swedish factories delivering to the automotive industry.

Goodwill and immaterial assets have increased with SEK 220 million compared to the same period in 2017. The net change is due to acquisitions, overvalues, currency translation effects and depreciation of technology and customer relations.

The investments of the group in tangible fixed assets in the first six months were SEK 42 million (53), the major part being replacement and capacity increasing investments to gain a more efficient production.

Interest bearing debts of the group are SEK 461 million (222) and cash and cash equivalents amount to SEK 140 million (103), which means that the group has a net debt of SEK 321 million. In the same period last year, the group had a net debt of SEK 119 million.

Cash flow from operating activities were SEK 70 million (94). During the first six months inventory, accounts receivables, accounts payable and other debts have increased. Activities to release working capital have continued during the period, but have not given the desired results yet.

Cash flow from investing activities was SEK -160 million (-50), which relates to acquisitions and investments in fixed assets.

Cash flow from financing activities was SEK 79 million (-101) which relates to new bank loan, reduction of operating credit and payment of dividends.

Equity at the end of the period was SEK 1 754 million (1 552) for the group.

Significant events during the first six months

First quarter

In order to give the give the respective operations full customer focus and an enhanced P&L responsibility, a new company, AQ Special Sheet Metal AB, has acquired the operations in Lyrestad and Pålsboda from AQ Segerström & Svensson AB.

On February 22, 2018, company management of AQ Welded Structures AB called for negotiations with the unions for a restructuring of the company, which has 51 employees.

The Board of Directors of AQ Group has appointed Anders S Carlsson as new President and CEO. Anders will assume the position September 1, 2018, replacing one of AQ's founders, Claes Mellgren. Claes Mellgren is a member of the board.

Second quarter

AQ Group AB signed on April 3, 2018 an agreement to acquire 100% of the shares of Mecanova Oy in Nivala, Finland with the subsidiary Mecanova Oü in Pärnu, Estonia. The purchase price for the shares was EUR 1.1 million. The takeover took place the same day. Mecanova is a supplier of sheet metal and copper components for demanding industrial customers. The company has net sales of about EUR 17 million and employs about 160 people. The purpose of the acquisition is to extend AQ’s customer base, get a presence in Finland and to broaden our offering in sheet metal processing and copper component manufacturing and to obtain synergies with our current factory in Pärnu.

AQ Manufacturing Co., Ltd is started on May 2, 2018 a process to close down the manufacturing site in Samutprakarn, Thailand. The company had 43 employees in Thailand and its turnover was less than one percent of AQ Group's turnover. The background to the closure is that the company has generated losses since the inception in 2015 and that the main customers have had declining sales. The business volumes from customers mainly operating in extremely competitive telecom and consumer electronics market showed negative trends and the company didn't see a profitable future. The manufacturing is being transferred to AQ Components in China.

AQ Group AB signed on May 8, 2018 an agreement to acquire 100% of the shares of B3CG Interconnect Inc. (http://www.b3cg.com/en/home/) and its affiliate B3CG Interconnect USA Inc. The purchase price consists of CAD 13.6 million plus an earnout over two years with a maximum of CAD 6 million. The closing took place the same day.

B3CG is a leading supplier of complex electrical harnesses, high voltage cables, and electromechanical assemblies for various industries. The two companies have a total net sales of about Can$ 35 million with a profit margin in line with AQ. They employ about 300 people in their operations in Saint Eustache, Quebec, Canada and in Plattsburgh, New York, U.S.A. B3CG has a long history with experienced management and the company fits well in AQ and our business area Wiring Systems

Significant events after the end of the period

There have been no significant events after the end of the period.

Goals

The goal of the group is continued profitable growth. The Board of directors are not giving any forecast for turnover or profit. Statements in this report can be perceived as forward looking and the real outcome can be significantly different.

The board of directors of AQ Group has set goals for the group. The goals mean that the group is managed towards good profit, high quality and delivery precision with strong growth and a healthy financial risk level. The dividend policy is to have dividends corresponding to about 25 % of profit after tax over a business cycle. However, the Group's financial consolidation must always be considered.

	Goal	**Jan-June 2018**
Product quality	100 %	99.6 %
Delivery precision	98 %	88.4 %
Equity ratio	>40 %	54 %
Profit margin before tax, (EBT %)	8 %	4.5 %

Transactions with related parties

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods between the operating group companies. The parent company is charging a management fee to the subsidiaries. All invoicing is according to market level prices and results in claims and debts between the companies which are settled regularly. There are some long-term loans between the parent company and a few subsidiaries. These loans are given with market level interest rates. Most companies in the group are part of cash pool in the parent company. The companies are charged/given interest rates at market level.

During 2018, AQ Group AB has paid SEK 50.3 million in dividends to its shareholders. There have been no other transactions between AQ and closely related parties which significantly affected the position or result of the company. There are no loans to members of the board of directors nor to anyone in leading positions.

At the annual general meeting on April 26, 2018 it was decided that a yearly fee of SEK 160 000 shall be paid to the members of the board of directors and a fee of SEK 400 000 to the chairman of the board. For the chairman of the Audit Committee, the remuneration shall be SEK 70,000 and to the other members of the Audit Committee, SEK 40,000. For the chairman of the Remuneration Committee, the remuneration shall be SEK 50,000 and to the other members of the Remuneration Committee, SEK 30,000. There are no other remunerations to the board of directors. There is no remuneration paid after a board assignment is completed.

People in management positions are paid a fixed salary and a variable element calculated in % of the group's profit maximized to one-year salary. There are no other benefits in addition to pension benefits for work performed via the employment contract. In individual cases and where there is special justification, the Board shall have the option of deviating from the above guidelines.

Risks and uncertainties

AQ is a global company with operations in fifteen countries. Within the group there are a number of risks and uncertainties of both operational and financial characteristics, which were described in the annual report of 2017. No additional significant risks have been identified since the annual report of 2017 was published. In addition to the commented factors the real outcome can be affected by for example political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, delivery problems and large credit losses at our customers.

The risks that are most evident in a shorter perspective are risks related to currency and prices.

Transactions and assets and liabilities in foreign currency are managed centrally within AQ in order to create balance in the respective currency thereby achieving highest possible levelling effect within the group in order to minimize currency differences.

AQ is not buying any direct raw material, but only intermediate goods for further production such as sheet metal of steel and aluminium, cables, insulated wire etc. The risk is minimized through customer agreements with price clauses.

Raw material price risk refers to the change in the price of material and its impact on earnings. The company's purchase of materials to different processes is significant. There is a risk of sharp price increases for raw materials where the Company is not able to compensate price increases, which may affect the Company's earnings negatively.

The group’s credit risks are mainly connected to receivables from customers.

The parent company is indirectly affected by the same risks and uncertainties.

Future reporting dates

Interim report Q3, 2018	October 25, 2018, at 08:00
Interim report Q4, 2018	February 21, 2019, at 08:00

Financial information

The information of this interim report shall be made public according to the Securities Market Act of Sweden. AQ Group AB (publ) is listed on Nasdaq Stockholm’s main market.

The information was made public on July 19, 2018 at 08:00.

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

Further information can be given by AQ Group AB:
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CFO, Mia Tomczak, telephone +46 70-833 00 80, mia.tomczak@aqg.se

Financial reports and press releases are published in Swedish and English. If there are discrepancies between the two, the Swedish version shall prevail. They are available at www.aqg.se.

Certification

The Board and the Chief Executive Officer certifies that the interim report gives a true and fair overview of the Group's and the parent company's operations, financial position and results and describes material risks and uncertainties facing the parent company and the companies that form part of the Group.

Västerås, July 19, 2018

Claes Mellgren,
CEO and board member

Patrik Nolåker Chairman of the Board	P-O Andersson Board member	Ulf Gundemark Board member
Gunilla Spongh Board member	Lars Wrebo Board member	Annika Johansson-Rosengren Board member

Financial reports, summary

Summary income statement for the Group

SEK thousands	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Rolling 12 months Jul 2017 - Jun 2018	Full year 2017
Net sales	1 223 542	1 077 380	2 313 665	2 079 278	4 254 128	4 019 740
Other operating income	19 732	16 681	37 228	27 363	58 236	48 371
	1 243 275	**1 094 061**	**2 350 893**	**2 106 641**	**4 312 364**	**4 068 111**
Change in inventory and work in progress	24 663	14 223	34 944	24 401	74 041	63 498
Raw material and consumables	-627 262	-555 360	-1 189 376	-1 061 909	-2 165 714	-2 038 247
Goods for resale	-34 398	-32 612	-53 236	-41 803	-106 337	-94 905
Other external expenses	-164 454	-132 833	-302 790	-256 332	-575 524	-529 066
Personnel costs	-340 380	-283 234	-633 269	-548 101	-1 160 219	-1 075 051
Depreciation and amortisation	-26 927	-23 656	-50 735	-46 519	-101 715	-97 499
Other operating expenses	-16 751	-6 192	-27 126	-15 167	-45 518	-33 559
	-1 185 509	**-1 019 664**	**-2 221 588**	**-1 945 431**	**-4 080 987**	**-3 804 829**
Operating profit	**57 766**	**74 397**	**129 305**	**161 210**	**231 377**	**263 282**
Net financial income/expense	-2 355	-3 919	-5 497	1 526	-14 477	-7 454
Profit before tax	**55 411**	**70 478**	**123 808**	**162 736**	**216 900**	**255 828**
Taxes	-8 400	-11 641	-19 210	-26 974	-43 390	-51 154
Profit for the period	**47 010**	**58 837**	**104 598**	**135 762**	**173 510**	**204 674**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:						
Parent company shareholders	46 538	58 601	103 827	135 334	172 265	203 773
Non-controlling interests	472	236	771	427	1 244	901
	47 010	**58 837**	**104 598**	**135 762**	**173 510**	**204 674**
Earnings per share [1)]	2,54	3,20	5,68	7,40	9,42	11,14

[1)] *There were no transactions during the year that might result in dilution effects.*

Statement of comprehensive income for the Group

SEK thousands	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Rolling 12 months Jul 2017 - Jun 2018	Full year 2017
PROFIT FOR THE PERIOD	**47 010**	**58 837**	**104 598**	**135 762**	**173 510**	**204 674**
OTHER COMPREHENSIVE INCOME						
Items that cannot be transferred to the profit for the period						
Revaluation of defined benefit pension plans					-159	-159
Items transferred or that can be transferred to the profit for the period						
Translation difference transferred to the profit						
Translation difference for foreign operations	-2 304	44	56 351	3 610	78 533	25 793
Other comprehensive income for the period after tax	-2 304	44	56 351	3 610	78 374	25 633
Comprehensive income for the period	44 707	58 880	160 948	139 372	251 884	230 307
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:						
Parent company shareholders	44 174	58 605	159 938	138 910	250 332	229 306
Non-controlling interests	532	275	1 010	462	1 551	1 001
	44 707	**58 880**	**160 948**	**139 372**	**251 883**	**230 307**

Summary balance sheet for the group

SEK thousands	30/06/2018	30/06/2017	31/12/2017
ASSETS			
Goodwill	274 838	150 121	150 030
Other intangible assets	176 801	81 037	76 710
Tangible assets	562 402	508 083	519 512
Financial assets	2 232	2 024	1 977
Deferred tax assets	22 367	12 530	10 861
TOTAL NON-CURRENT ASSETS	**1 038 640**	**753 794**	**759 089**
Inventories	831 442	624 954	732 343
Trade and other receivables	1 103 424	947 782	900 387
Other current receivables	149 262	161 748	143 575
Cash and cash equivalents	139 988	103 003	142 049
TOTAL CURRENT ASSETS	**2 224 116**	**1 837 487**	**1 918 354**
TOTAL ASSETS	**3 262 755**	**2 591 281**	**2 677 444**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	1 749 321	1 549 057	1 639 452
Non-controlling interests	4 751	3 201	3 742
TOTAL EQUITY	**1 754 072**	**1 552 257**	**1 643 193**
Non-current liabilities to credit institutions	46 478	91 653	12 757
Non-current non-interest-bearing liabilities	173 484	82 788	74 642
Total non-current liabilities	**219 962**	**174 441**	**87 399**
Interest-bearing current liabilities	414 606	130 614	253 264
Trade and other payables	519 585	414 437	418 050
Other current liabilities	354 530	319 532	275 537
Total current liabilities	**1 288 721**	**864 583**	**946 851**
TOTAL LIABILITIES	**1 508 683**	**1 039 024**	**1 034 250**
TOTAL EQUITY AND LIABILITIES	**3 262 755**	**2 591 281**	**2 677 444**

Statement of changes in Equity for the Group

SEK thousands	Equity attributable to parent company shareholders: Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit	Subtotal	Non-controlling interests	Total equity
Equity, 01/01/2017	**36 588**	**84 194**	**72 236**	**1 267 437**	**1 460 455**	**2 739**	**1 463 195**
Profit for the period				**135 334**	**135 334**	**427**	**135 762**
Translation differences in foreign operations			3 576		3 576	34	3 610
Other comprehensive income			**3 576**		**3 576**	**34**	**3 610**
Comprehensive income for the period			**3 576**	**135 334**	**138 910**	**462**	**139 372**
Changes in non-controlling interests							
Issue							
Dividends paid				-50 309	-50 309	-	-50 309
Transactions with shareholders		**-**	**-**	**-50 309**	**-50 309**		**-50 309**
Equity, 30/06/2017	**36 588**	**84 194**	**75 812**	**1 352 462**	**1 549 056**	**3 201**	**1 552 257**
Equity, 01/01/2018	**36 588**	**84 194**	**97 927**	**1 420 746**	**1 639 452**	**3 742**	**1 643 193**
Profit for the period				**103 827**	**103 827**	**771**	**104 598**
Translation differences in foreign operations			56 111		56 111	239	56 351
Other comprehensive income			**56 111**		**56 111**	**239**	**56 351**
Comprehensive income for the period			**56 111**	**103 827**	**159 938**	**1 010**	**160 948**
Acquisition of companies, revaluation tax effect				240	240		240
Dividends paid				-50 309	-50 309		-50 309
Transactions with shareholders				**-50 068**	**-50 068**		**-50 068**
Equity, 30/06/2018	**36 588**	**84 194**	**154 039**	**1 474 504**	**1 749 321**	**4 751**	**1 754 072**

All shares, 18 294 058 pcs, are A-shares with equal voting rights and equal rights to the results.

Summary cash flow statement for the Group

SEK thousands	1 Apr - 30 Jun, 2018	1 Apr - 30 Jun, 2017	1 Jan - 30 Jun, 2018	1 Jan - 30 Jun, 2017	Full year 2017
Profit before tax	55 411	70 478	123 808	162 736	255 828
Adjustment for non cash generating items	27 045	25 363	53 069	44 776	98 888
Income tax paid	-15 214	2 295	-30 558	-23 540	-39 476
Cash flow from operating activities before change in working capital	**67 242**	**98 135**	**146 319**	**183 972**	**315 239**
Increase (-)/decrease (+) in inventories	-12 987	-7 264	-42 375	-40 121	-140 311
Increase (-)/decrease (+) in trade receivables	-7 716	-25 312	-104 928	-138 718	-83 489
Increase (-)/decrease (+) in other receivables	50 987	12 568	39 580	6 050	3 396
Increase (+)/decrease (-) in trade payables	-26 535	12 436	18 878	61 827	61 191
Increase (+)/decrease (-) in other liabilities	-35 543	-11 943	12 552	20 678	-8 804
Change in working capital	**-31 793**	**-19 514**	**-76 294**	**-90 283**	**-168 017**
Cashflow from operating activities	**35 448**	**78 621**	**70 025**	**93 688**	**147 223**
Aquisitions of shares in subsidiaries	-121 265		-123 320		-7 000
Divestment of shares in subsidiaries	1 310		1 310		
Acquisition of intangible non-current assets	-241	-463	-444	-1 258	-1 685
Acquisition of tangible non-current assets*)	-24 972	-32 939	-41 914	-52 831	-104 002
Sale of tangible non-current assets	3 457	3 508	4 037	3 585	5 282
Purchase/Sales of short-term investment in securities	110	205		204	204
Cashflow from investing activities	**-141 601**	**-29 689**	**-160 332**	**-50 299**	**-107 200**
New borrowings, credit institutions*)	170 000		170 000	100	114 983
Amortisation of loans	-2 576	-14 103	-3 230	-24 795	-161 433
Amortisation of loans (leasing)	-4 119	-1 082	-4 602	-2 032	-4 444
Change in bank overdraft facilities	-23 259	-3 319	-32 253	-23 828	43 058
Dividends to the parent company shareholders	-50 309	-50 309	-50 309	-50 309	-50 309
Other changes in financial activities	-135	73	-135	104	173
Casflow from financing activities	**89 602**	**-68 740**	**79 473**	**-100 761**	**-57 972**
Change in cash and cash equivalents for the period	**-16 551**	**-19 808**	**-10 834**	**-57 372**	**-17 949**
Cash and cash equivalents at the beginning of the year	155 152	125 316	142 049	162 812	162 812
Exchange rate difference in cash and cash equivalents	1 387	-2 505	8 773	-2 437	-2 814
Cash and cash equivalents at the end of the period	**139 988**	**103 003**	**139 988**	**103 003**	**142 049**

*) In previous periods financial leasing has been presented with gross numbers in the cash flow, as new loans and acquisitions of tangible assets As of the third quarter in 2017 financial leasing is presented with net numbers, as the transaction doesn't have any impact on the cash flow. Earlier periods have been adjusted.

Parent company development

Parent company

The parent company, AQ Group AB, focuses primarily on managing and developing the Group. As in previous years, the parent company's turnover consists almost exclusively of the sale of administrative services to subsidiaries. There are no purchases of any substance from subsidiaries.

Summary income statement for the Parent company

SEK thousands	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Rolling 12 months Jul 2017 -Jun 2018	Full year 2017
Net sales	13 802	12 427	24 553	24 770	50 022	50 240
Other operating income	1 026	998	1 891	1 323	3 175	2 607
	14 828	**13 425**	**26 444**	**26 092**	**53 197**	**52 846**
Other external expenses	-5 636	-4 511	-9 684	-8 063	-18 518	-16 898
Personnel costs	-4 038	-5 507	-8 920	-10 398	-16 673	-18 152
Depreciation and amortisation	-80	-74	-160	-153	-300	-293
Other operating expenses	-63	-42	-98	-109	-302	-314
	-9 817	**-10 135**	**-18 861**	**-18 724**	**-35 793**	**-35 656**
Operating profit	**5 011**	**3 290**	**7 583**	**7 369**	**17 404**	**17 190**
Net financial items	209 085	40 848	206 931	84 285	204 403	81 756
Earnings after net financial items	**214 096**	**44 139**	**214 515**	**91 654**	**221 807**	**98 946**
Appropriations					34 193	34 193
Profit before tax	**214 096**	**44 139**	**214 515**	**91 654**	**256 001**	**133 140**
Taxes	-715	-587	-823	-2 765	-17 952	-19 894
Profit for the period	**213 381**	**43 551**	**213 692**	**88 889**	**238 049**	**113 246**

Second quarter

Net sales for the second quarter was SEK 13.8 million (12.4), somewhat higher than the same period in the previous year, because of higher invoicing of management fees (group commons costs). Other external expenses were SEK 5.6 million (4.5).

Personnel costs were SEK 4.0 million (5.5). Operating profit (EBIT) was SEK 5.0 million (3.3). Net financial items were SEK 209.1 million (40.8) and consisted partly of tax free dividends from subsidiaries of SEK 211.0 million (42.2).

Tax costs of SEK 0.7 million (0.6) are marginally lower than the same period in the previous year.

First six months

Net sales for the first six months was SEK 24.5 million (24.8), similar to the same period in the previous year. Other external expenses were SEK 9.7 million (8.1).

Personnel costs were SEK 8.9 million (10.4). Operating profit (EBIT) was SEK 214.5 million (91.6). Net financial items were SEK 206.9 million (84.3) and consisted partly of tax free dividends from subsidiaries of SEK 211.0 million (80.0).

Tax costs of SEK 0.8 (2.8) million are lower than the same period in the previous year.

Summary balance sheet for the Parent company

SEK thousands	30/06/2018	30/06/2017	31/12/2017
ASSETS			
Tangible assets	1 089	1 068	922
Financial fixed assets	879 715	704 185	661 743
Deferred tax assets	-	581	-
TOTAL NON-CURRENT ASSETS	**880 804**	**705 833**	**662 666**
Other current receivables	389 247	225 432	316 805
Cash and cash equivalents	-	-	-
TOTAL CURRENT ASSETS	**389 247**	**225 432**	**316 805**
TOTAL ASSETS	**1 270 051**	**931 265**	**979 472**
EQUITY AND LIABILITIES			
Restricted equity	37 745	37 745	37 745
Non-restricted equity	497 115	309 375	333 732
Total equity	**534 860**	**347 120**	**371 476**
Untaxed reserves	**60 407**	**44 100**	**60 407**
Other provisions	52 669	7 708	-
Interest-bearing non-current liabilities	546	75 472	144
Deferred tax liabilities	14	-	12
Total non-current liabilities	**53 229**	**83 180**	**156**
Interest-bearing current liabilities	607 802	442 870	515 998
Trade and other payables	3 313	1 709	2 994
Other current liabilities	10 441	12 287	28 441
Total current liabilities	**621 556**	**456 866**	**547 433**
TOTAL LIABILITIES	**674 785**	**540 046**	**547 589**
TOTAL EQUITY AND LIABILITIES	**1 270 051**	**931 265**	**979 472**

The increase in financial fixed assets compared to the same period in the previous year is due to the acquisitions of Teknoprodukter, Mecanova and B3CG and a reduction of shares in subsidiaries because of the merger of AQ Industrial System AB and AQ Group AB and to devaluation of shares in the subsidiaries in Mexico and India in December 2017.

Other current receivables are mainly with group companies of SEK 383 million (212).

The change in non-restricted equity compared to second quarter last year is due to retained earnings including profit for the year is higher than the same period last year.

Interest-bearing current liabilities have increased compared to the same period in the previous year due to acquisitions and consists of short-term bank loans of SEK 285 million, usage of bank overdraft of SEK 100 million and debts to subsidiaries in the cash pool of SEK 222 million.

Notes

Note 1. Accounting principles

The summary interim report has been prepared in accordance IAS 34, Interim Financial Reporting, and applicable parts of the Swedish Annual Accounts Act. Information according to IAS 34.16A are presented in the financial reports and their notes as well as in other parts of the interim report. The interim report for the parent company has been prepared in accordance with Swedish Annual Accounts Act, chapter 9 Interim report. For the group and the parent company the accounting and valuation principles applied are the same as used in the latest annual report.

The total sum in tables and calculations do not always sum up of the parts due to rounding differences. The objective is that every interim row shall conform with the original source resulting in rounding differences.

As of July 3, 2016, ESMAs (European Securities And Markets Authority) "Guidelines – Alternative performance measures" are applied. In accordance with these guidelines information about financial numbers have been added that are not defined by IFRS.

During 2018 the group has started to apply IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers.*

The transition to IFRS 9 and IFRS 15 has not had any major effect for the group or the parent company. IFRS 15 has added additional information which is shown together with business segments in note 2.

IFRS 9 includes rules for classification and valuation of financial assets and liabilities, impairment of financial instruments and hedge accounting. The standard introduces among other things an impairment model based on expected credit losses instead of actual credit losses.

IFRS 15 builds on the principle that revenue is recognized when the customer gets control of the sold goods or service and replaces the earlier principle when revenue is recognized when risks and benefits have transferred to the buyer. IFRS 15 is also clearer in identifying the performance obligations in customer contracts.

IFRS 16 Leases will replace IAS 17 Leases on January 1, 2019. With IFRS 16, all leases will be accounted for in the group's balance sheet except for leases of lesser value and contracts with a lease period of less than 12 months. IFRS 16 is estimated to influence the group's balance sheet total with maximum 10%.

Note 2. Segment reporting

The Group operates in two business segments: *Component*, which produces transformers, wiring systems, mechanical components, punched sheet metal and injection-moulded thermoplastics and *System*, which produces systems, power and automation solutions and assembles complete machines in close collaboration with the customers.

Second quarter

For the segment Component, the total net sales for the second quarter was SEK 1085 million (935), of which SEK 982 million (848) is external sales. The increase of the external sales of totally SEK 133 million is due to high demands from our customers and our acquisitions.

For the segment System, the total net sales for the second quarter was SEK 294 million (272), of which SEK 242 million (229) is external sales. The increase of the external sales of SEK 13 million is due to increased demands from our customers.

Operating profit (EBIT) in the second quarter was SEK 44 million (65) for Component, which was SEK 21 million lower than the same period last year. The reason for the lower profit in Component is mainly due to our companies in China, Hungary and Thailand are showing a lower operating profit than the same period last year. In addition, we have a Swedish company with big problems with deliveries and profitability. Operating profit (EBIT) for System was SEK 10 million (8), which was SEK 2 million better than the same period last year.

In the column" Unallocated and eliminations" there are items which have not been allocated to the two segments, mainly real estate companies, parent company and group eliminations.

The turnover divided among geographical market in the second quarter: Sweden 42% (50), other European countries 46% (39) and other countries 12% (11).

Segment reporting

Q2 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Net sales, external	981 605	241 937		1 223 542
Net sales, internal	103 022	51 901	-154 922	
Total net turnover	**1 084 627**	**293 838**	**-154 922**	**1 223 542**
Material costs, excl. purchases own segment	-565 683	-214 265	142 951	-636 997
Depreciation	-25 593	-1 254	-80	-26 927
Other operating expenses/income	-449 315	-68 676	16 139	-501 852
Operating profit	**44 036**	**9 643**	**4 087**	**57 766**
Net financial items			-2 355	-2 355
Profit before tax	**44 036**	**9 643**	**1 732**	**55 411**
Other comprehensive income plus tax			-10 704	-10 704
Comprehensive income for the period	**44 036**	**9 643**	**-8 972**	**44 707**
Q2 2017				
Net sales, external	848 381	228 999		1 077 380
Net sales, internal	86 760	43 287	-130 046	
Total net turnover	**935 140**	**272 286**	**-130 046**	**1 077 380**
Material costs, excl. purchases own segment	-478 825	-215 311	120 386	-573 749
Depreciation	-21 833	-1 749	-74	-23 656
Other operating expenses/income	-369 226	-47 282	10 931	-405 578
Operating profit	**65 257**	**7 944**	**1 196**	**74 397**
Net financial items			-3 919	-3 919
Profit before tax	**65 257**	**7 944**	**-2 723**	**70 478**
Other comprehensive income plus tax			-11 597	-11 597
Comprehensive income for the period	**65 257**	**7 944**	**-14 320**	**58 880**

Sales divided by segment and geographical markets

Q2 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	392 476	176 394	13 802	582 672
Other European countries	569 743	70 040		639 783
Other countries	122 407	47 404		169 812
Net sales	**1 084 627**	**293 838**	**13 802**	**1 392 267**
Internal sales, eliminations			-168 725	-168 725
Total net turover	**1 084 627**	**293 838**	**-154 922**	**1 223 542**

Q2 2017	Component	System	Unallocated and eliminations	Group
Sweden	410 020	183 990	12 427	606 437
Other European countries	437 523	44 842		482 365
Other countries	87 597	43 454		131 052
Net sales	**935 140**	**272 286**	**12 427**	**1 219 853**
Internal sales, eliminations			-142 474	-142 474
Total net turover	**935 140**	**272 286**	**-130 046**	**1 077 380**

Geographical markets are based on where AQ Group's subsidiaries has it registered office.

First six months

For the segment Component, the total net sales for the first six months was SEK 2 018 million (1 810), of which SEK 1 824 million (1 648) is external sales. The increase of the external sales of totally SEK 176 million is due to high demands from our customers and our acquisitions.

For the segment System, the total net sales for the first six months was SEK 589 million (517), of which SEK 490 million (432) is external sales. The increase of the external sales of SEK 58 million is due to increased demands from our customers.

Operating profit (EBIT) in the first six months was SEK 103 million (127) for Component, which was SEK 23 million lower than the same period last year. The reason for the lower profit in Component is mainly due to our companies in China, Hungary and Thailand are showing a lower operating profit than the same period last year. In addition, we have a Swedish company with big problems with deliveries and profitability. Operating profit (EBIT) for System was SEK 23 million (30), which was SEK 7 million lower than the same period last year due to projects with lower profitability than last year.

In the column" Unallocated and eliminations" there are items which have not been allocated to the two segments, mainly real estate companies, parent company and group eliminations.

The turnover divided among geographical market in the first six months: Sweden 44% (49), other European countries 45% (41) and other countries 11% (10).

Segment reporting

YTD 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Net sales, external	1 823 956	489 709		2 313 665
Net sales, internal	194 531	98 882	-293 413	
Total net turnover	**2 018 487**	**588 591**	**-293 413**	**2 313 665**
Material costs, excl. purchases own segment	-1 042 252	-438 071	272 655	-1 207 668
Depreciation	-48 411	-2 165	-160	-50 735
Other operating expenses/income	-824 811	-125 641	24 495	-925 957
Operating profit	**103 014**	**22 713**	**3 578**	**129 305**
Net financial items			-5 497	-5 497
Profit before tax	**103 014**	**22 713**	**-1 919**	**123 808**
Other comprehensive income plus tax			37 140	37 140
Comprehensive income for the period	**103 014**	**22 713**	**35 221**	**160 948**
YTD 2017				
Net sales, external	1 647 729	431 548		2 079 278
Net sales, internal	161 876	85 899	-247 775	
Total net turnover	**1 809 605**	**517 447**	**-247 775**	**2 079 278**
Material costs, excl. purchases own segment	-929 574	-381 915	232 177	-1 079 312
Depreciation	-43 208	-3 159	-153	-46 519
Other operating expenses/income	-710 294	-102 036	20 094	-792 236
Operating profit	**126 529**	**30 338**	**4 343**	**161 210**
Net financial items			1 526	1 526
Profit before tax	**126 529**	**30 338**	**5 869**	**162 736**
Other comprehensive income plus tax			-23 364	-23 364
Comprehensive income for the period	**126 529**	**30 338**	**-17 495**	**139 372**

Sales divided by segment and geographical market

YTD 2018, SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	766 660	380 600	24 553	1 171 813
Other European countries	1 051 041	128 937		1 179 978
Other countries	200 785	79 054		279 839
Net sales	**2 018 487**	**588 591**	**24 553**	**2 631 631**
Internal sales, eliminations			-317 966	-317 966
Total net turover	**2 018 487**	**588 591**	**-293 413**	**2 313 665**

YTD 2017	Component	System	Unallocated and eliminations	Group
Sweden	770 081	368 944	24 770	1 163 795
Other European countries	872 419	82 023		954 442
Other countries	167 106	66 480		233 586
Net sales	**1 809 605**	**517 447**	**24 770**	**2 351 822**
Internal sales, eliminations			-272 545	-272 545
Total net turover	**1 809 605**	**517 447**	**-247 775**	**2 079 278**

Geographical markets are based on where AQ Group's subsidiaries has it registered office.

Note 3. Personnel

Number of employees (full time yearly equivalents) in the Group per country:

	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Bulgaria	1 200	1 051	1 146
Poland	1 105	954	1 010
Sweden	1 060	1 065	1 043
Lithuania	718	680	688
China	450	484	472
Estonia	408	369	385
Hungary	378	444	430
Mexico	165	145	162
Finland	140	0	0
India	126	131	123
Canada	160	0	0
Thailand	44	22	34
USA	115	0	0
Serbia	32	27	36
Italy	20	12	19
	6 121	**5 384**	**5 548**

Note 4. Acquisitions

AQ’s strategy is to grow in both segments. During the period January to June a minor and two larger acquisition and no divestments were made.

Acquisitions during the first half year 2018:

Date	Acquisition	Net sales, SEK million*	Number of employees*	
March 1, 2018	Teknoprodukter Finmekanik Vännäs AB	3.1	3	Sweden
April 3, 2018	Mecanova OY	138.4	120	Finland
	Mecanova OÜ	34.6	45	Estonia
May 8, 2018	B3CG Interconnect Inc.	158.4	180	Canada
	B3CG Interconnect USA Inc.	81.6	120	USA

* Net sales and number of employees at the time of acquisition

Vännäs

On March 1, 2018 AQ M-Tech acquired 100% of the shares in the private company Teknoprodukter Finmekanik i Vännäs AB. The purchase was divided into SEK 2.6 million in cash and a deferred payment of SEK 0.6 million to be paid when machines and knowledge has been transferred to AQ M-Tech AB.

The company has established a preliminary acquisition analysis, which shows consolidated overvalues of about SEK 1.9 million divided in customer relations SEK 1.3 million, technology SEK 0.5 million, goodwill SEK 0.5 million and a deferred tax debt of SEK 0.4 million. The depreciation rate is estimated to 5 years for the customer relations and 5 years for the technology. The estimated goodwill value of SEK 0.5 million includes synergy effects in the form of more efficient production processes and the technical competence of personnel. No part of the goodwill is expected to be tax deductible. There were no acquisition related expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The acquisition was financed without bank loans.

During the period March to June the acquired company contributed with SEK 871 thousand to the group's turnover and SEK 50 thousand to the profit after tax. If the acquisition had been made on January 1, 2018, i.e. included January and February, management is estimating that the group's sales would have been SEK 430 thousand higher and the profit would have been SEK 78 thousand higher for the first six months of 2018.

Mecanova

On April 3, 2018 AQ Group acquired 100 % of the shares in the private company Mecanova Oy in Nivala, Finland with its subsidiary Mecanova Oü in Pärnu, Estonia. The purchase price was EUR 1.1 million in cash. In conjunction with the purchase it was agreed that AQ Group shall pay additionally EUR 0.5 million and make a shareholder's contribution of EUR 2.1 million.

The company has established a preliminary acquisition analysis, which shows consolidated overvalues of about EUR 6.9 million divided in customer relations EUR 0.9 million, technology EUR 2.3 million, goodwill EUR 4.3 million and a deferred tax debt of EUR 0.6 million. The depreciation rate is estimated to 10 years for the customer relations and 10 years for the technology. The estimated goodwill value of EUR 4.3 million includes synergy effects in the form of more efficient production processes and the technical competence of personnel. No part of the goodwill is expected to be tax deductible. There were SEK 1.2 million of acquisition related expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The acquisition was financed without new bank loans.

During the period April to June the acquired companies contributed with SEK 53 million to the group's turnover and SEK 3.6 million to the profit after tax. If the acquisition had been made on January 1, 2018, i.e. included the first quarter, management is estimating that the group's sales would have been SEK 55 million higher and the profit would have been SEK 3.5 million higher for the first six months of 2018.

B3CG

AQ Group AB signed on May 8, 2018 an agreement to acquire 100% of the shares in B3CG Interconnect Inc. and its subsidiary B3CG Interconnect USA Inc. The purchase price was CAD 13.6 million plus an earnout over two years of maximum CAD 6 million.

The company has established a preliminary acquisition analysis, which shows consolidated overvalues of about CAD 17.3 million divided in customer relations CAD 4.7 million, technology CAD 5.7 million, goodwill CAD 9.7 million and a deferred tax debt of CAD 2.8 million. The depreciation rate is estimated to 10 years for the customer relations and 10 years for the technology. The estimated goodwill value of CAD 9.7 million includes synergy effects in the form of more efficient production processes and the technical competence of personnel. No part of the goodwill is expected to be tax deductible. There were SEK 0.9 million of acquisition related expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The acquisition was financed with a new bank loan.

During the period May to June the acquired companies contributed with SEK 35 million to the group's turnover and SEK 1.8 million to the profit after tax. If the acquisition had been made on January 1, 2018, i.e. included the first quarter and the month of April, management is estimating that the group's sales would have been SEK 70 million higher and the profit would have been SEK 7 million higher for the first six months of 2018.

Net assets of acquired company:
(SEK thousands)

	Teknoprod. Finmek. Vännäs AB	Mecanova OY and Mecanova OÜ	B3CG Interc. Inc and B3CG Interc. USA Inc.	Group
Intagible assets	-	2 421	9 140	11 561
Tangible assets	362	24 123	8 513	32 998
Financial assets	-	5 462	-	5 462
Inventories	149	18 433	19 059	37 641
Tax receivables	43	-	-	43
Operating receivables	547	9 755	44 751	55 053
Tax liability	-	-	-1 302	-1 302
Operating liabilities	-351	-52 562	-31 106	-84 019
Liquid funds	544	134	1 052	1 730
Provisions	-	-	-1 684	-1 684
Net loans	-	-40 540	-32 647	-73 187
Acquired net assets	**1 294**	**-32 775**	**15 776**	**-15 705**
Customer relations	1 313	6 703	49 624	57 640
Technologies	511	28 665	19 721	48 897
Deferred tax on surplus values	-401	-7 076	-18 723	-26 200
Goodwill	483	42 827	68 549	111 859
Purchase price shares	**3 200**	**38 344**	**134 947**	**176 491**
Debt additional purchase price	-600	-12 992	-41 310	-54 902
Cash flow effect				
Cash paid	2 600	25 352	93 637	121 589
Total consideration paid	**2 600**	**25 352**	**93 637**	**121 589**
Liquid funds in acquired company	544	134	1 052	1 730
Total cash flow effect	**3 144**	**25 487**	**94 689**	**123 320**

Note 5. Financial instruments

Financial instruments that are shown in the balance sheet include on the assets side mainly cash or cash equivalents, receivables from customers and other receivables. On the liabilities side they consist mainly of payables to suppliers, other payable and credit debts.

Fair value is not separately shown as it is our assessment that the values shown are an acceptable estimation of the real value because of the short terms. Fair value of assets is established from market prices. Fair value is based on the listing at brokers. Similar contracts are being traded on an active market and the prices are reflecting actual transactions of comparable instruments.

The Group is only in exceptional cases using derivatives to reduce currency risks and it has not had any derivatives during the year.

Note 6. Events after end of the reporting period

Information about events after the end of the reporting period are presented on page 6.

Note 7. Calculation of key figures and definitions

	2018			2017				
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)								
Operating profit	71 539	57 766	129 305	86 813	74 397	63 562	38 510	263 282
Net revenue	1 090 122	1 223 542	2 313 665	1 001 898	1 077 380	923 142	1 017 321	4 019 740
Operating margin	**6,6%**	**4,7%**	**5,6%**	**8,7%**	**6,9%**	**6,9%**	**3,8%**	**6,5%**
Profit margin before tax, (EBT %)								
Profit before tax	68 397	55 411	123 808	92 258	70 478	61 295	31 797	255 828
Net revenue	1 090 122	1 223 542	2 313 665	1 001 898	1 077 380	923 142	1 017 321	4 019 740
Profit margin before tax	**6,3%**	**4,5%**	**5,4%**	**9,2%**	**6,5%**	**6,6%**	**3,1%**	**6,4%**
Liquid ratio, %								
Trade receivables	1 024 591	1 103 424	1 103 424	922 728	947 782	889 208	900 387	900 387
Other current receivables	161 071	149 262	149 262	184 722	161 748	155 202	143 575	143 575
Cash and cash equivalents	155 151	139 988	139 988	125 316	103 003	105 741	142 049	142 049
Current liabilities	1 059 940	1 288 721	1 288 721	865 301	864 583	828 792	946 851	946 851
Liquid ratio	**126%**	**108%**	**108%**	**142%**	**140%**	**139%**	**125%**	**125%**
Debt/equity ratio, %								
Total equity	1 759 434	1 754 072	1 754 072	1 543 686	1 552 257	1 580 103	1 643 193	1 643 193
Total assets	2 904 192	3 262 755	3 262 755	2 593 111	2 591 281	2 567 768	2 677 444	2 677 444
Debt/equity ratio	**61%**	**54%**	**54%**	**60%**	**60%**	**62%**	**61%**	**61%**
Return on total assets, %								
Profit before tax, rolling 12 months	231 967	216 900	216 900	295 648	275 368	283 613	255 828	255 828
Financial expenses, rolling 12 months	-11 222	-9 766	-9 766	-12 669	-15 652	-12 671	-10 741	-10 741
Total equity and liabilities, opening balance for 12 months	2 593 111	2 591 281	2 591 281	2 066 851	2 149 012	2 130 582	2 449 796	2 449 796
Total equity and liabilities, closing balance	2 904 192	3 262 755	3 262 755	2 593 111	2 591 281	2 567 768	2 677 444	2 677 444
Total equity and liabilities, average	2 748 651	2 927 018	2 927 018	2 329 981	2 370 147	2 349 175	2 563 620	2 563 620
Return on total assets	**8,8%**	**7,7%**	**7,7%**	**13,2%**	**12,3%**	**12,6%**	**10,3%**	**10,3%**
Return on equity after tax, %								
Profit for the period after tax, rolling 12 months	185 336	173 510	173 510	250 191	233 463	237 884	204 674	204 674
Total equity, opening for 12 months	1 543 686	1 552 257	1 552 257	1 241 016	1 290 577	1 366 832	1 463 195	1 463 195
Total equity, closing	1 759 434	1 754 072	1 754 072	1 543 686	1 552 257	1 580 103	1 643 193	1 643 193
Total equity, average	1 651 560	1 653 165	1 653 165	1 392 351	1 421 417	1 473 468	1 553 194	1 553 194
Return on equity after tax	**11,2%**	**10,5%**	**10,5%**	**18,0%**	**16,4%**	**16,1%**	**13,2%**	**13,2%**
Net cash / Net debt								
Cash and cash equivalents	155 151	139 988	139 988	125 316	103 003	105 741	142 049	142 049
Non-current interest bearing liabilities	9 817	46 478	46 478	100 757	91 653	84 587	12 757	12 757
Current interest bearing liabilities	248 309	414 606	414 606	139 998	130 614	112 052	253 264	253 264
Total interest bearing liabilities	258 126	461 084	461 084	240 755	222 267	196 639	266 021	266 021
Net cash / Net debt	**-102 975**	**-321 096**	**-321 096**	**-115 439**	**-119 264**	**-90 898**	**-123 972**	**-123 972**
Growth, %								
Organic growth								
Net revenue	1 090 122	1 223 542	2 313 665	1 001 898	1 077 380	923 142	1 017 321	4 019 740
- Effect of changes in exchange rates	21 159	32 485	53 644	8 945	22 944	-1 319	-1 262	29 308
- Net revenue for last year	1 001 898	1 077 380	2 079 278	801 834	859 584	723 223	904 575	3 289 215
- Net revenue for acquired companies	92	89 105	89 197	121 766	108 181	95 109	0	325 055
= Organic growth	66 973	24 574	91 546	69 353	86 671	106 130	114 008	376 162
Organic growth divided by last year net revenue, %	**6,7%**	**2,3%**	**4,4%**	**8,6%**	**10,1%**	**14,7%**	**12,6%**	**11,4%**
Growth through acquisitions								
Net revenue for acquired companies divided by last year net revenue, %	**0,0%**	**8,3%**	**4,3%**	**15,2%**	**12,6%**	**13,1%**	**0,0%**	**9,9%**

Operating margin, EBIT %

Calculated as operating profit divided by net sales.
This key figure shows the achieved profitability in the operative business of the company. Operating margin is a useful measure to follow up profitability and efficiency of the business before deduction of tied up capital. The figure is used internally for controlling and managing the business as well as a benchmark towards other companies in the industry.

Profit margin before tax, EBT%

Calculated as profit before tax divided by net sales.
This key figure shows the profitability of the business before tax. Profit margin before tax is a useful measure to follow up profitability and efficiency including tied up capital. The figure is used internally

for controlling and managing the business as well as a benchmark towards other companies in the industry.

Liquid ratio, %
Calculated as current assets (excl. inventory) divided by current liabilities.
This key figure reflects the company's short-term solvency as it sets the company's current assets (except inventory) in relation to the short-term liabilities. If the liquid ratio exceeds 100%, it means that the assets exceed the liabilities in question.

Debt/Equity ratio, %
Calculated as adjusted equity divided by balance sheet total.
This key figure reflects the company's financial position and its long term solvency. To have a good equity ratio and thus a strong financial position is important for being able to manage business cycles with varying sales. To have a strong financial position is also important for managing growth.

Return on total assets, %
Calculated as profit/loss after financial items divided by the average balance sheet total.
This key figure also shows the achieved profitability in the operative business. This number complements the operating margin as it includes tied up capital. It means that the number gives information on the return the business is given in relation to the capital tied in it. (Financial investments and cash and cash equivalents are also considered and the profit they give in the form of financial income.)

Return on equity after tax, %
Calculated as profit/loss after tax divided by average equity including minority interest.
This is a key figure showing the return of the capital that the owners have invested in the company (including retained earnings) after other stakeholders have received their dividends. This key figure shows how profitable the company is for its owners. This return also has significance for the company's opportunities to grow in a financial balance.

Operating profit, SEK thousands
Calculated as the profit before tax and financial items.
Operating profit shows the result generated by the operative business and is used together with operating margin and return on total assets for evaluating and managing the operative business.

Profit before tax / Profit after financial items (EBT), SEK thousands
Calculated as the profit before tax.
The key figure shows the result generated by the operative business and financial income taking into account payments to creditors for the capital they are contributing to finance the business. The figure shows remaining profit to the owners taking into account that part of it will be deducted for tax payments.

Net cash/Net debt, SEK thousands
Calculated as the difference between interest bearing debts and cash and cash equivalents.
This key figure is reflecting how much interest-bearing debts the company has taking into account in cash and cash equivalents. The figure gives a good picture of the debt situation. Net cash means that cash and cash equivalents exceeds interest bearing debts. Net debt means that interest bearing debts exceed cash and cash equivalents.

Growth, %
The company is using two key figures to describe growth; 1) organic growth and 2) growth through acquisitions.

Organic growth is calculated as the difference between the net sales of the current period and the net sales of the previous period, excluding currency effect and net sales of acquired units.
Organic growth in % is calculated as the organic growth divided by the net sales in the same period in the previous year.

Growth through acquisitions is calculated as net sales of acquired companies divided by the net sales in the same period in the previous year.

Growth is an important component in the company's strategy as growth is required to be a leading actor in the markets where the company is operating. Growth is partly through acquisition and partly organic. It's important to follow up and to present the different ways of achieving growth as it is two different ways to grow. Acquisitions are done when opportunities are given to expand the business in a certain geographic market or in a certain product area (in line with the company's strategic plan). Organic growth often has the character of a continued expansion within the existing operations.

Dividend per share, SEK
Dividend per share is decided at the Annual General Meeting where the annual report is approved for the fiscal year. Number of shares are the thousands of shares issued at the set date for payment of dividends.

AQ in brief

AQ is a leading supplier to demanding industrial customers and is listed on Nasdaq Stockholm's main market.

The Group consists mainly of operating companies each of which develop their special skills and in cooperation with other companies, striving to provide cost effective solutions in close cooperation with the customer.

The Group headquarter is in Västerås, Sweden. AQ has, on December 31, 2017, in total about 5,500 employees in Sweden, Bulgaria, China, Estonia, Hungary, India, Italy, Lithuania, Mexico, Poland, Serbia and Thailand.

In 2017 AQ had net sales of SEK 4.0 billion and the group has since its start in 1994 shown profit every quarter.

AQ has the highest credit rating AAA according to Bisnode.

WE ARE RELIABLE

Customer focus

Customer always comes first By making our customers' life easy and by giving the "little extra" we will create a long term partnership.

Simplicity

We do our daily work without complexity and bureaucracy. Everything we do adds customer value.

Entrepre-neurial business

Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.

Courage and respect

We have the courage to go our own way, we stand up for our positions, are prepared to make tough decisions, give constructive feedback and admit own mistakes. We treat others as we like to be treated ourselves.

Cost efficiency

We use the most cost efficient way to fulfill our customers' demands and work with continuous improvements. Our business is production, we have a long term view and we fully commit ourselves to live up to customer expectations for quality, delivery performance, technological development and service.