

# INTERIM REPORT JANUARY – SEPTEMBER 2014

Västerås, October 29, 2014



## JANUARY – SEPTEMBER 2014

- Net sales SEK 539.2 million (503.9)
- Profit before depreciation/impairment SEK 25.1 million (9.2)
- Operating profit/loss (EBIT) SEK 15.2 million (-8.1)
- Operating margin (EBIT) 2.8 % (-1.6)
- Net income SEK 11.7 million (-8.9)
- Earnings per share SEK 1.10 (-0.88)

## JULY – SEPTEMBER 2014

- Net sales SEK 161.4 million (146.5)
- Profit before depreciation/impairment SEK 10.4 million (0.5)
- Operating profit/loss (EBIT) SEK 7.2 million (-3.1)
- Operating margin (EBIT) 4.5 % (-2.1)
- Net income SEK 5.9 million (-3.4)
- Earnings per share SEK 0.57 (-0.34)

## A WORD FROM THE CEO



**Karl-Gustav Ramström**  
CEO PREVAS AB

### UPCOMING REPORTS:

Year-End Report 2014,  
**10 February 2015**

Interim Report January - March,  
**29 April 2015**

Interim Report January - June,  
**15 July 2015**

Interim Report January - September,  
**28 October 2015**

Year-End Report 2015,  
**10 February 2016**

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Prevas' earnings for the third quarter were better in comparison to last year and we have continued profitable growth despite the persisting sense of caution in the market. Our strong focus on profitability and customer-orientation that we introduced at the beginning of the year is unabated. Our efforts are beginning to bear fruit and we need to increase our staff in certain areas of expertise and geographical areas.

When it comes to the market in general, a certain recovery can be seen within the export industries even if it is progressing slower than what we would have preferred. We also see caution among export companies due to the uncertain state of the market being worsened by the weak recovery in the Euro zone and the unstable geopolitical situation in Ukraine and the Middle East. Despite this, there are still interesting business opportunities. Not the least due to the market's increased interest in the Internet of Things, big data and cloud services, as well as the constant strivings for increased productivity and energy efficiency.

The Industrial Systems business area continues to develop strongly, with everything from robot-based automation systems to cloud-based maintenance solutions. Here the challenge is in continued growth and retained profitability. We have also decided on tighter interaction between Management Consulting and Industrial Systems. The reason for this is to clarify our strategic consulting role for our clients in helping them to see how new technology can improve their competitive strengths and business models, while at the same time this makes it easier for us to deliver solutions and services in these areas.

Order intake continues to improve in the Product Development business area, despite clients being cautious and keeping a tight grip on their wallets.

Optimization and reducing production costs are very important for our clients, but in areas with a high rate of innovation, investments are also being made in new technology and products. We are very pleased that Prevas is nominated for the Swedish Embedded Award for the seventh time. Prevas compete with Kontigo in the Enterprise prize category for this prestigious award with a wireless alcohol breathalyzer. The product is an interesting example of how an Internet of Things application can create benefits for society.

In summary, we have an improved rate of resource utilization this year, as well as higher earnings, and we are well-positioned with strong client relations and an assortment that helps Nordic companies to develop innovative products and solutions. All that is needed now is a return to normal levels of investment.

Lastly I would like to mention Productivity Day 2014 – our much-appreciated annual event that has become a meeting place for our Swedish industrial customers. We have customers in a number of different sectors, which provides a breadth to the event that is built on well-visited seminars where our clients describe their operations, challenges and solutions.

This year's productivity day was opened by Åke Svensson, CEO for Teknikföretagen, the employer organization for Sweden's industrial companies. Åke Svensson pointed out that although the situation for export industries is troublesome, we should not forget that it is still industry that dominates Sweden's export revenues. Production however, has still not fully recovered from the 2008-2009 crisis and it is therefore extremely important that we continuously increase productivity, which he sees as the chief prerequisite for industrial development. Productivity is Prevas' core area of operations and our business portfolio is entirely in line with the times and in tune with the market's demands and needs.

Successful rally map reader Tina Thörne set the tone as the moderator. I fully agree with her winner concept: "It's all in your mind." With all of Prevas' experienced and highly skilled employees, we have plenty of "winner minds" and we're looking with confidence to the road ahead.

Karl-Gustav Ramström,  
CEO Prevas AB

# BUSINESS

Prevas is a technical IT company that offers solutions, services and products to customers who are developing products with high IT content or who need to streamline or automate their operations.

## MARKET

The market is recovering, even if it is going slower than what we could have wished, and business for the Swedish export-oriented manufacturing industries is still sluggish. The greatest challenge for us is to ensure that industries are bold enough to invest in the future. The services we offer are intended to increase their competitiveness and productivity in a progressively globalized world where the rapid changes in our business environments entail constantly tougher competition and increasing demands on adaptation and thinking along new lines.

To maintain competitiveness in quickly evolving markets, intelligence and communications capabilities must increasingly be built into products and processes. New technical trends such as connected devices, the Internet of Things, Big Data and cloud services are frequently discussed by our customers and are creating opportunities for companies to develop new innovative products, solutions and business models. Prevas has many years of experience in supporting various industries with solutions in the Internet of Things. Prevas' expertise in embedded technology and industrial IT solutions – in combination with application and process know-how in many different areas – makes us a complete strategic partner for our customers in this field.

Our perception is that market development remains positive for production-related IT solutions. This applies to all sectors in which we are active. Customers are increasingly realizing the potential of investments in automation, superordinate production control, decision support systems and maintenance systems. This trend is expected to continue due to IT becoming a progressively important factor both in business and society.

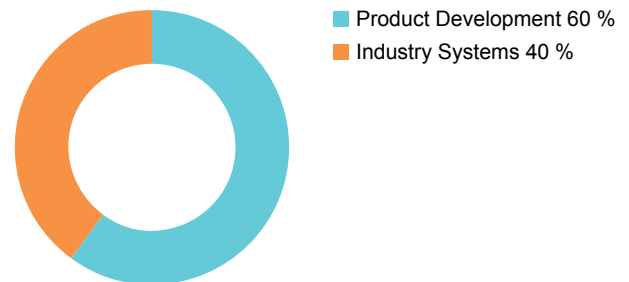
Demand for product development and embedded systems (within Prevas' specialist fields such as software, electronics and mechatronics) has increased during the third quarter compared to the first half of 2014. This is especially noticeable in the life science sector, which showed an upturn in product development and we expect this strong demand to continue unabated.

## CUSTOMERS

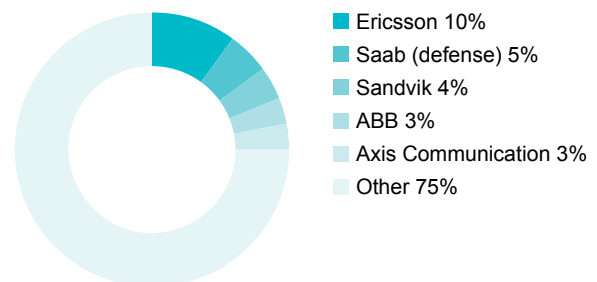
Prevas' customers are found in many branches and our five largest customers have accounted for 25 percent of sales during the period January to September 2014.

**INNOVATION FOR GROWTH** Since the dawn of time, it has been innovative ideas that have developed the world. In a global society, the pace of innovation must be faster than ever to ensure growth. Since its founding in 1985, Prevas' mission has been to utilize a high level of technical expertise and innovative solutions to create growth for its customers.

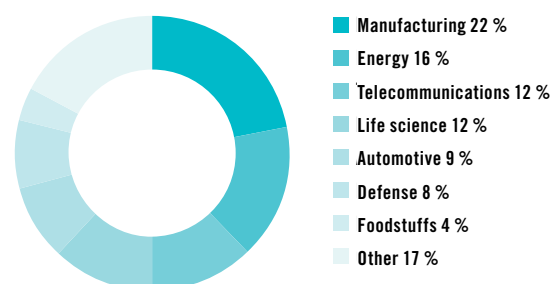
### BUSINESS AREAS, PERCENTAGE OF SALES – 2014, QUARTERS 1–3



### THE LARGEST CUSTOMERS – Q1-Q3 2014



### INDUSTRY BREAKDOWN – Q1-Q3 2014



# OPERATIONS (cont'd.)

## IMPORTANT EVENTS JULY - SEPTEMBER

- **Order from Tekniska verken i Linköping.** Prevas' delivery consists of a complete system solution for environmental and energy reporting, implementation, service, maintenance, updates and system support. The system solution is based on a system integration of Prevas' two proven standard products – Prevas AutArch, for processing and presentation of process data; and Prevas Mikon, for processing aggregated values with presentation and reporting. Delivery will be during the autumn of 2015. After commissioning, a 3-year support and maintenance assignment begins with an option for an additional two years.
- **Continued sales successes with the maintenance system Infor EAM.** Infor EAM was developed by Infor Global Solutions and is one of the world's most widely used service and maintenance systems with more than 15,000 customers in the public and private sectors. Version 11 of the system was recently released. It has been called “the most significant EAM solution in ten years” and praised by both customers and analysis firms alike. The solution is provided in the Nordic countries by Prevas, which recently attained Gold Partner status for Infor.
- **Prevas has been nominated for the Swedish Embedded Award for the seventh time.** Prevas is competing in the Enterprise category for this prestigious award together with Kontigo. Prevas has helped Kontigo to develop a wireless alcohol breathalyzer that provides entirely new capabilities for helping alcoholics during critical periods after leaving rehab centers. Moreover, the product gives care providers and those that commission

care an opportunity to follow up treatment quality with the product as well as to conduct analyses and implement measures for improvements. It is a product that through the combination of wireless communications, a smartphone app and a data collection system, can improve the prerequisites for alcoholics leading a sober life. The winners are decided at Embedded Conference Scandinavia on November 4.

- So that we can continue to be a strong and natural business partner for our customers, we have further coordinated our assortment. The reason for this is to ensure that our customers are able to take advantage of Prevas' entire assortment and we have therefore assembled a **central strategic sales team**. This permits us to offer larger comprehensive undertakings to our customers, to work more proactively in helping them to see what new technological capabilities can provide in the way of competitive advantages and to more quickly adapt our services and products to their needs. Michael Friis is responsible for Prevas' central sales team.
- **The business area Management Consulting is changing its orientation and name to Business Consulting and being fully integrated with Prevas' operations in the Industrial Systems business area.** This will be a more natural arrangement and provide a more optimal solution that better reflects customer needs. Prevas' strength is in offering operational-related consulting based on our deep understanding of our customers' technologies and business operations. Michael Friis, who previously headed the Management Consulting business area, will have responsibility for Prevas' customer services at Business Consulting. Financially we are reporting the change at Management Consulting by integrating it as a part of Industrial Systems' operations, effective with the issuance of this report. The change will be fully implemented during the fourth quarter of 2014.

### MEET US AT

Embedded Conference Skandinavia, Kistamässan, **November 4–5, 2014**

One Day of Internet of Things, Oslo, **November 6, 2014**

TeliaSonera M2M Symposium, Stockholm, **November 18, 2014**

IT Day with Redeye, Stockholm, **November 20, 2014**

### UNDER THE SHELL

Web TV in collaboration with Ny Teknik. Disassembling a high performance fishing reel. The videos were published by Ny Teknik.

### PRODUCTIVITY DAY

On September 18 we held our Productivity Day event. A meeting place for leading industrial companies that want to join forces in making Sweden more competitive. The presentations have been published on YouTube.

### FOLLOW US



# BUSINESS AREAS

**PREVAS' PRODUCT DEVELOPMENT** business area specializes in software, electronics and mechatronics for embedded systems. With a combination of application knowledge, technical expertise and branch knowledge, Prevas is a strategic partner for developing market-leading products.

PRODUCT DEVELOPMENT	2014	2014	2014	2013	2013	2013	2013	2013	2012	2011
EARNINGS	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year	Full Year
Income, TSEK	96,421	113,949	111,910	111,813	88,138	110,753	109,807	420,511	446,725	436,707
Operating profit/loss, TSEK *	949	-2,513	1,941	-5,914	-5,266	-2,521	-2,505	-16,206	435	29,595
Operating margin, %	1.0	-2.2	1.7	-5.3	-6.0	-2.3	-2.3	-3.9	0.1	6.8
Average number of employees	344	347	352	358	348	357	359	356	346	319

\* Write-down for goodwill has been performed with SEK 4.1 million for Q4 2013 and with SEK 5.2 million for Q4 2012.

During the third quarter we have seen an upturn for the Product Development business area. The invoicing rate has steadily increased and we also see opportunities for improvements. Compared to the same period last year, income has increased by 9 percent and earnings by SEK 6.2 million. Many of our customers are extending assignments already underway, and at the same time, we have had a strong influx of new project assignments.

**PREVAS' INDUSTRIAL SYSTEMS** business area helps companies to increase their efficiency in production and offers operational consultation that is based on thorough understanding of customers' technology and business. The focus is on intelligent IT solutions within superordinate production control and production planning (MES), decision-making support for production follow-up (EMI), maintenance systems (EAM), as well as production logistics and automation. Solutions that have major impact on industrial productivity and consequently competitiveness.

INDUSTRIAL SYSTEMS (incl. MANAGEMENT CONSULTING)	2014	2014	2014	2013	2013	2013	2013	2013	2012	2011
EARNINGS	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year	Full Year
Income, TSEK	64,941	75,763	76,185	72,080	58,317	74,648	62,241	267,286	198,883	178,462
Operating profit/loss, TSEK	6,299	2,607	5,914	3,379	2,182	-2,100	2,113	5,574	1,739	17,489
Operating margin, %	9.7	3.4	7.8	4.7	3.7	-2.8	3.4	2.1	0.9	9.8
Average number of employees	186	200	201	196	200	210	191	198	161	137

INDUSTRIAL SYSTEMS (excl. MANAGEMENT CONSULTING)	2014	2014	2014	2013	2013	2013	2013	2013	2012	2011
EARNINGS	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year	Full Year
Income, TSEK	61,405	70,749	69,368	64,028	50,975	64,148	53,539	232,690	190,681	178,462
Operating profit/loss, TSEK	7,054	3,501	6,405	5,047	4,527	4,305	5,170	19,049	9,619	17,489
Operating margin, %	11.5	4.9	9.2	7.9	8.9	6.7	9.7	8.2	5.0	9.8
Average number of employees	176	186	181	173	167	175	159	168	151	137

Prevas' largest customers are continuing to place orders and the high order intake during the first half of the year has resulted in increased utilization of resources. Orders include assignments in automation, robot solutions and superordinate production control, for example. Sales for Prevas' Industrial Systems business area rose by 11 percent during the third quarter compared to the same period the previous year. Earnings, including Management Consulting, increased during the third quarter by SEK 4.1 million compared to the same period the previous year.

**PREVAS' BUSINESS AREA MANAGEMENT CONSULTING** is changing its orientation and name to Business Consulting and being fully integrated with Prevas' operations in the Industrial Systems business area. Financially we are reporting the change at Management Consulting by integrating it as a part of Industrial Systems' operations, effective with the issuance of this report. The change will be fully implemented during the fourth quarter of 2014.

## Group FINANCIAL INFORMATION

### SALES

#### JANUARY – SEPTEMBER

Net sales were SEK 539.2 million (503.9), which is an increase of 7 percent. The total number of working days was 187 (188). Net sales per employee were TSEK 948 (866).

#### JULY – SEPTEMBER

Net sales were SEK 161.4 million (146.5), which is an increase of 10 percent. The total number of working days was 66 (66). Net sales per employee were TSEK 290 (256). EARNINGS

### RESULTS

#### JANUARY – SEPTEMBER

Operating profit (EBIT) was SEK 15.2 million (-8.1), with a corresponding operating margin of 2.8 percent (-1.6). Earnings before depreciation (EBITDA) were SEK 25.1 million (2.2 excl. other income of SEK 7.0 million), with a corresponding profit margin before depreciation of 4.7 percent (0.4). Net income was SEK 11.7 million (-8.9).

#### JULY – SEPTEMBER

Operating profit (EBIT) was SEK 7.2 million (-3.1), with a corresponding operating margin of 4.5 percent (-2.1). Earnings before depreciation (EBITDA) were SEK 10.4 million (0.5), with a corresponding profit margin before depreciation of 6.4 percent (0.3). Net income was SEK 5.9 million (-3.4). Utilization of resources at Product Development during the quarter has been better but is still less than optimal.

### CASH FLOW, CASH EQUIVALENTS AND FINANCING

Cash flow from operating activities was SEK 9.2 million (4.6) during the first nine months. At the end of the period, cash equivalents totaled SEK 23.6 million (19.2) and non-utilized bank overdraft facilities SEK 19.8 million (9.3). During the period Prevas has gone over to a cash pool solution that also embraces foreign subsidiaries in Norway and Denmark. The credit buffer has been increased in conjunction with this. After the close of the period, Prevas signed a new agreement with

Danske Bank regarding the company's long-term financing. This has entailed that the company's future interest expenses will be somewhat reduced.

### FINANCIAL POSITION

Equity was SEK 153.6 million (148.3) at the end of the period, with a corresponding equity ratio of 42 percent (39). Equity per share was SEK 14.87 (14.43).

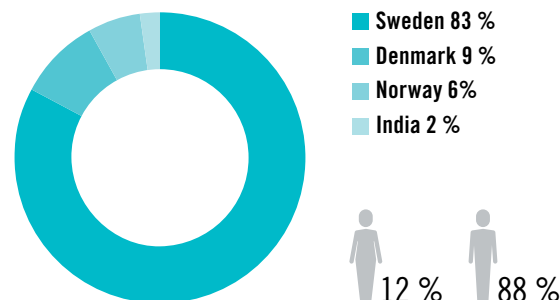
### EMPLOYEES

During the period, the number of employees was 569 (582), of which 347 (356) were in the Product Development business area, 181 (167) were in the Industrial Systems business area and 14 (33) were in the Management Consulting business area. In addition, there were 27 (26) employees in senior management and administrative positions. The total number of employees at the end of the period was 615 (617), of which 12% were women.

### INVESTMENTS

During the period the Group made investments in fixed assets worth SEK 2.9 million (1.9) during the period. Of the total amount, SEK 1.9 million (1.1) was for machinery and inventories, while SEK 1.0 million (0.8) was for product development and intangible assets. In addition to this there were acquisition costs of SEK 4.6 million (6.1) for leased cars.

#### TOTAL NUMBER OF EMPLOYEES \*



\* as of 9/30/2014

### Key indicators per quarter

	2014	2014	2014	2013	2013	2013	2013	2012	2012	2012	2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, MSEK	161.4	189.7	188.1	183.9	146.5	185.4	172.0	173.9	135.0	163.4	173.3
Operating profit/loss, MSEK	7.2	0.1	7.9	-2.5	-3.1	-4.6	-0.4	-12.3	1.3	1.0	12.1
Operating margin, %	4.5	0.1	4.2	-1.4	-2.1	-2.5	-0.2	-7.0	1.0	0.6	7.0
Number of working days	66	59	62	62	66	60	62	62	65	59	64
Number of employees, end of the period	615	622	601	601	617	631	607	590	589	577	575
Average number of employees	556	574	580	578	571	595	576	560	527	531	517
Net Sales/employee, TSEK	290	331	324	318	256	312	299	311	260	308	335
Equity ratio, %	42	37	38	37	39	37	41	40	46	46	49
Earnings per share, SEK	0.57	0.02	0.51	-0.77	-0.34	-0.41	-0.13	-0.87	0.10	0.00	0.84
Equity per share, SEK	14.87	14.27	14.22	13.70	14.43	14.80	15.49	15.93	16.73	16.80	16.82

# FINANCIAL INFORMATION (cont'd.)

## **STRONG BUSINESS FINANCIAL INDICATORS – ON-TIME DELIVERY OF PROJECTS**

As a part of the company's quality assurance system, we constantly measure customer satisfaction, delivery reliability and warranty work. Since its founding in 1985, Prevas has had a very high number of satisfied and returning customers, as well as unique quality indicators for delivery reliability and warranty. Prevas has a customer satisfaction rating of 8.5 (on a scale of 1 to 10). Combined with about 90 percent of our projects being completed on time, a figure that is clearly better than the branch average, we are highly valued by our customers.

## **PARENT COMPANY SALES**

### **JANUARY – SEPTEMBER**

Sales were SEK 393.6 million (369.9) and profit after financial items was SEK 0.4 million (2.9).

### **JULY – SEPTEMBER**

Sales were SEK 114.4 million (105.7) and profit after financial items was SEK -0.1 million (-1.9).

## **RISKS AND UNCERTAINTIES**

The Prevas Group, including the Parent Company, relies on certain guiding principles when it comes to managing risks in various parts of its business. Successful risk management is a continuous process conducted within the framework for operations management. It is an integral part of the everyday follow-up of the business. Examples of business and market-related risks include competition and downward pressure on prices, how our customers' businesses develop, bad debt losses, risks associated with the state of the market and fluctuations in exchange/interest rates. Another risk involves the competition

for skilled employees. Prevas is the market leader for embedded systems and industrial IT. Accordingly, it is important that the company is able to attract and recruit the very best talent in the labor market.

## **TRANSACTIONS WITH RELATED PARTIES**

These types of transactions are reported in Note 25 of the 2013 annual report. They are primarily related to purchases and sales between Group companies. The transactions take place in accordance with market conditions.

## **ACCOUNTING PRINCIPLES**

This Interim Report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, as well as the Swedish Annual Accounts Act, where applicable.

The Parent Company's financial statements have been prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities.

New or changed IFRS or interpretations during 2014 have not had any significant impact on the financial reports.

The Group and Parent Company otherwise apply the same accounting principles and bases of calculation as described in the 2013 Annual Report.

Västerås Wednesday, October 29, 2014  
Prevas AB (publ)

Karl-Gustav Ramström, CEO Prevas AB

*Auditor's report regarding*

## Review of the Interim Report

To the Board of Directors of Prevas AB (publ.), corp reg no: 556252-1384

### **Introduction**

We have conducted a review of the summary financial statements for part of the year (interim report) for Prevas AB (publ) as of September 30, 2014 and the nine-month period ending on this date. The Board of Directors and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the interim report that is based upon our review.

### **The purpose and scope of a review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with ISA, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion that is expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statement does not, in all material respects, accord with IAS 34 and the Swedish Annual Accounts Act for the Group, and the Swedish Annual Accounts Act for the Parent Company.

Stockholm, Wednesday, October 29, 2014  
KPMG AB

Owe Wallinder  
Authorized Public Accountant

**Published on October 29, 2014, 8:30 CET. This is information that Prevas AB (publ) must make available to the public in accordance with the Swedish Securities Market Act (2007:528) and/or the Swedish Financial Instruments Trading Act.**

This is a translation of an original document in Swedish. In case of dispute, the original document should be taken as authoritative (delårsrapport januari - september 2014 at [www.prevas.se](http://www.prevas.se)). Or contact the company direct.



## Consolidated Financial Statements

SUMMARY INCOME STATEMENTS, TSEK	2014 Q1–Q3	2013 Q1–Q3	2014 Q3	2013 Q3	2013 Full Year
<b>Net sales</b>	<b>539,169</b>	<b>503,904</b>	<b>161,362</b>	<b>146,455</b>	<b>687,797</b>
Other operating income *	–	7,000	–	–	7,000
Capitalized work	82	692	–	46	728
Other external costs	-141,926	-134,766	-42,554	-42,030	-185,446
Personnel costs	-372,228	-367,645	-108,410	-104,008	-495,717
Profit/loss before depreciation and amortization	25,097	9,185	10,398	463	14,362
Depreciation, intangible expenditures **	-5,460	-12,725	-1,810	-2,114	-18,771
Depreciation, fixed assets	-4,440	-4,556	-1,340	-1,433	-6,222
Operating profit/loss	15,197	-8,096	7,248	-3,084	-10,631
Net financial items	-1,294	-2,812	-424	-1,183	-3,055
Profit/loss after financial items	13,903	-10,908	6,824	-4,267	-13,686
Taxes	-2,154 ***	1,970	-948 ***	905	-2,813
Net profit/loss for the period	11,749	-8,938	5,876	-3,362	-16,499
<b>Net profit/loss attributable to Parent Company's shareholders</b>	<b>11,066</b>	<b>-8,934</b>	<b>5,736</b>	<b>-3,510</b>	<b>-16,716</b>
<b>Net profit/loss for the period attributable to holdings without a controlling influence</b>	<b>683</b>	<b>-4</b>	<b>140</b>	<b>148</b>	<b>217</b>
Basic and diluted earnings per share, SEK	1.10	-0.88	0.57	-0.34	-1.65

\* Change in assessment of additional consideration, 2013

\*\* Write-down for goodwill value has been performed with SEK 7.0 million for Q2 2013 and with SEK 11.1 million for the full year 2013.

\*\*\* The year's tax expenses are affected positively by the previous year's non-exercise of loss carry-forward deductions.

STATEMENT OF COMPREHENSIVE INCOME in summary, TSEK	2014 Q1–Q3	2013 Q1–Q3	2014 Q3	2013 Q3	2013 Full Year
<b>Net profit/loss for the period</b>	<b>11,749</b>	<b>-8,938</b>	<b>5,876</b>	<b>-3,362</b>	<b>-16,499</b>
<b>Items that may possibly be converted for the period's earnings:</b>					
Conversion differences attributable to foreign operations	785	-458	347	-240	-10
Period's comprehensive income after tax	12,534	-9,396	6,223	-3,602	-16,509
<b>Comprehensive income for the period attributable to the Parent Company's owner</b>	<b>11,831</b>	<b>-9,392</b>	<b>6,072</b>	<b>-3,750</b>	<b>-16,726</b>
<b>Comprehensive income for the period attributable to holdings without a controlling influence</b>	<b>703</b>	<b>-4</b>	<b>151</b>	<b>148</b>	<b>217</b>

BUSINESS UNIT PERFORMANCE	2014 Q1–Q3	2013 Q1–Q3	2014 Q3	2013 Q3	2013 Full Year
<b>NET SALES, TSEK</b>					
Product Development	322,280	308,698	96,421	88,138	420,511
Industrial Systems *	216,889	195,206	64,941	58,317	267,286
Total	539,169	503,904	161,362	146,455	687,797
<b>OPERATING PROFIT/LOSS, TSEK</b>					
Product Development	377	-10,292	949	-5,266	-16,206
Industrial Systems *	14,820	2,195	6,299	2,182	5,575
Total	15,197	-8,096	7,248	-3,084	-10,631
<b>OPERATING MARGIN, %</b>					
Product Development	0.1	-3.3	1.0	-6.0	-3.9
Industrial Systems *	6.8	1.1	9.7	3.7	2.1
Total	2.8	-1.6	4.5	-2.1	-1.5

\* Previous business area Management Consulting is included in Industrial Systems.

## Consolidated Financial Statements (cont.)

SUMMARY BALANCE SHEET (TSEK)	2014 Sept 30	2013 Sept 30	2013 Dec 31
Goodwill	145,489	148,650	145,017
Other intangible assets	19,764	26,250	24,393
Fixed assets	15,920	20,253	20,435
Deferred tax assets	–	4,597	857
<b>Total fixed assets</b>	<b>181,173</b>	<b>199,750</b>	<b>190,702</b>
Current receivables	177,656	166,128	178,288
Cash equivalents	3,813	9,913	13,146
<b>Total current assets</b>	<b>181,469</b>	<b>176,041</b>	<b>191,434</b>
<b>TOTAL ASSETS</b>	<b>362,642</b>	<b>375,791</b>	<b>382,136</b>
Equity attributable to Parent Company's shareholders	150,235	145,740	138,405
Equity attributable to holdings without a controlling influence	3,343	2,576	2,797
<b>Equity</b>	<b>153,578</b>	<b>148,316</b>	<b>141,202</b>
Deferred tax liability	12,817	14,442	13,542
Long-term provisions *	11,699	15,010	13,230
Long-term interest-bearing liabilities	56,430	63,506	65,203
<b>Total long-term liabilities</b>	<b>80,946</b>	<b>92,958</b>	<b>91,975</b>
Current provisions *	5,374	5,093	4,582
Current interest-bearing liabilities	11,370	28,045	22,459
Other current liabilities	111,374	101,379	121,918
<b>Total current liabilities</b>	<b>128,118</b>	<b>134,517</b>	<b>148,959</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>362,642</b>	<b>375,791</b>	<b>382,136</b>

\* Conditional purchase prices are included with SEK 16 million. During the period the value has decreased by SEK 1 million in conjunction with a payment in 2014. Purchase prices are assessed at actual value per level 3 and the most significant parameter for the assessment is appraised earnings in acquired businesses. Final purchase prices can be in the interval SEK 3–16 million.

SUMMARY OF CHANGES IN EQUITY, TSEK	2014 Sept 30	2013 Sept 30	2013 Dec 31
Opening balance	141,202	163,542	163,542
Total comprehensive income for the period attributable to the Parent Company's shareholders	11,831	-9,391	-16,726
Total comprehensive income for the period attributable to holdings without a controlling influence	703	-4	217
Change to holdings without controlling influence	-158	-2,800	-2,800
Dividends	–	-3,031	-3,031
<b>Closing balance</b>	<b>153,578</b>	<b>148,316</b>	<b>141,202</b>
<b>Equity attributable to Parent Company's shareholders</b>	<b>150,235</b>	<b>145,740</b>	<b>138,405</b>
<b>Equity attributable to holdings without a controlling influence</b>	<b>3,343</b>	<b>2,576</b>	<b>2,797</b>

## Consolidated Financial Statements (cont.)

ANALYSIS OF CASH FLOW, TSEK	2014 Q1–Q3	2013 Q1–Q3	2014 Q3	2013 Q3	2013 Full Year
<b>OPERATING ACTIVITIES</b>					
Profit/loss before tax	13,903	-10,908	6,824	-4,267	-13,686
Adjustments for non-cash items	5,238	10,326	792	3,340	14,178
Income tax paid	-2,190	-1,439	-1,463	-230	2,026
Cash flow from operating activities before working capital changes	16,951	-2,021	6,153	-1,157	2,518
<b>CASH FLOW FROM CHANGES IN WORKING CAPITAL</b>					
Changes in operating receivables	632	47,109	26,276	24,440	35,536
Changes in operating liabilities	-8,354	-40,522	-34,972	-37,278	-22,248
Cash flow from operating activities	9,229	4,566	-2,543	-13,995	15,806
<b>INVESTMENT ACTIVITIES</b>					
Acquisition of businesses and shares, excl. cash equivalents *	-875	-15,171	–	–	-18,286
Investments in intangible fixed assets	-991	-790	–	-445	-856
Investments in fixed assets	-1,892	-1,117	-1,086	-51	-1,704
Cash flow from investing activities	-3,758	-17,078	-1,086	-496	-20,846
<b>FINANCING ACTIVITIES</b>					
Loans	–	19,900	–	15,000	19,900
Loan amortization	-15,938	-1,725	-2,313	-1,225	-10,038
Change to bank overdraft facilities	975	-6,498	-1,266	-5,353	-2,390
New issue	–	–	–	–	–
Dividends paid	-158 **	-3,031	-158 **	–	-3,031
Cash flow from financing activities	-15,121	8,646	-3,737	8,422	4,441
<b>Cash flow for the period</b>	<b>-9,650</b>	<b>-3,866</b>	<b>-7,366</b>	<b>-6,069</b>	<b>-599</b>
Cash equivalents at the beginning of the period	13,146	13,728	11,124	15,850	13,728
Translation difference on cash equivalents	317	51	55	132	17
Cash equivalents at the end of the period	3,813	9,913	3,813	9,913	13,146

\* Acquisitions of businesses in 2014 refers to paid purchase prices. 2013 refers to acquisitions and paid purchase prices.

\*\* Refers to dividends in holdings without controlling influence.

KEY INDICATORS, TSEK	2014 Q1–Q3	2013 Q1–Q3	2014 Q3	2013 Q3	2013 Full Year
Profit margin before depreciation/EBITDA	4.7 %	0.4 %	6.4 %	0.3 %	1.1 %
Operating margin/EBIT	2.8 %	-1.6 %	4.5 %	-2.1 %	-1.5 %
Profit margin	2.6 %	-2.2 %	4.2 %	-2.9 %	-2.0 %
Total outstanding shares upon conclusion of the report's period, thousands basic and diluted	10,102	10,102	10,102	10,102	10,102
Average number of outstanding shares, thousands basic and diluted	10,102	10,102	10,102	10,102	10,102
Basic and diluted earnings per share	SEK 1.10	SEK -0.88	SEK 0.57	SEK -0.34	SEK -1.65
Equity per share, basic and diluted	SEK 14.87	SEK 14.43			SEK 13.70
Equity ratio	42 %	39 %			37 %
Return on capital employed, %	6.8 %	-3.3 %			-4.3 %
Return on equity, %	8.0 %	-5.7 %			-11.0 %
Average number of employees	569	582	556	571	580
Number of working days	187	188	66	66	250
Sales per employee, TSEK	948	866	290	256	1,186

Refer to page 41 in Prevas' 2013 Annual Report for definitions of key indicators.

## Parent Company Financial Statements

SUMMARY INCOME STATEMENTS, TSEK	2014 Q1–Q3	2013 Q1–Q3	2014 Q3	2013 Q3	2013 Full Year
<b>Net sales</b>	<b>393,634</b>	<b>369,943</b>	<b>114,409</b>	<b>105,702</b>	<b>502,567</b>
Capitalized work	–	445	–	–	450
Other external costs	-122,716	-116,604	-34,439	-35,290	-162,852
Personnel costs	-265,238	-240,846	-78,596	-69,708	-329,517
Depreciation, intangible expenditures	-4,010	-4,093	-1,332	-1,394	-5,487
Depreciation, fixed assets	-777	-968	-245	-289	-1,238
<b>Operating profit/loss</b>	<b>893</b>	<b>7,877</b>	<b>-203</b>	<b>-979</b>	<b>3,923</b>
Profit/loss from participations in Group companies	421	-2,800	421	–	-18,104
Interest income and similar profit/loss items	158	176	-32	–	679
Interest expenses and similar items	-1,084	-2,342	-289	-937	-2,720
<b>Profit/loss after financial items</b>	<b>388</b>	<b>2,911</b>	<b>-103</b>	<b>-1,916</b>	<b>-16,222</b>
Appropriations	–	–	–	–	2,830
Taxes	-423	-1,678	-355	453	-1,804
<b>Net profit/loss for the period</b>	<b>-35</b>	<b>1,233</b>	<b>-458</b>	<b>-1,463</b>	<b>-15,196</b>

SUMMARY BALANCE SHEET (TSEK)	2014 Sept 30	2013 Sept 30	2013 Dec 31
Intangible fixed assets	13,750	18,210	16,850
Fixed assets	1,786	2,120	1,994
Financial assets	69,860	82,260	75,223
Current receivables	142,158	139,953	154,468
Cash and bank deposits	15	245	704
<b>Total assets</b>	<b>227,569</b>	<b>242,788</b>	<b>249,239</b>
Restricted equity	42,237	–	42,237
Non-restricted equity	19,460	–	19,469
<b>Equity</b>	<b>61,697</b>	<b>78,135</b>	<b>61,706</b>
Untaxed reserves	–	2,830	–
Provisions *	12,882	16,280	13,816
Long-term interest-bearing liabilities	46,141	50,900	52,696
Current interest-bearing liabilities	8,025	24,250	18,250
Other current liabilities	98,824	70,393	102,771
<b>Total liabilities and equity</b>	<b>227,569</b>	<b>242,788</b>	<b>249,239</b>
Pledged assets	135,300	135,300	135,300
Contingent liabilities	11,226	6,700	6,927

\* Including conditional purchase prices of SEK 11 million.

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With cutting edge expertise in embedded systems and industrial IT, Prevas provides innovative solutions that create growth.

The logo for Prevas, featuring a stylized red and blue 'P' followed by the word 'Prevas' in a bold, blue, sans-serif font.

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