



EFORE PLC Interim Report April 23, 2014 9 a.m.

EFORE GROUP INTERIM REPORT JANUARY 1, 2014 – MARCH 31, 2014

As a result of changing Efore's financial year, FY 2013 figures in brackets have been changed to match with the periods of the financial year 2014. Furthermore, when comparing the figures it should be noticed that the last year acquired Roal has been consolidated into Efore Group from the beginning of July 2013. FY 2013 Income Statements figures are shown at the end of this release in a separate table.

January – March 2014 in brief:

- Net sales totaled EUR 19.2 million (EUR 15.3 million)
- Results from operating activities amounted to EUR -0.6 million (EUR -1.5 million)
- Results from operating activities without one-time items were EUR -0.6 million (EUR -1.2 million)
- Result before taxes was EUR -0.9 million (EUR -1.7 million)
- Result for the period was EUR -0.9 million (EUR -1.7 million)
- Earnings per share were EUR -0.02 (EUR -0.04)

FY 2013 key figures (figures have been changed to match with the periods of the financial year 2014)

	Q1/2013	Q2/2013	Q3/2013	Q4/2013	Q1/2014
EUR million					
Net sales	15,3	13,8	22,0	23,3	19,2
Results from operating activities without one-time items	-1,2	-1,4	-0,6	0,2	-0,6

Financial estimate for the financial year 2014

The Company estimates its net sales of financial year 2014 to be EUR 85-95 million and results from operating activities without one-time items to be EUR 1.5-3.5 million.

Outlook

As a result of the acquisition the group has expanded into new markets which creates new opportunities for the growth. LTE (4G) technology is in a key role in network expansions and Efore has a strong position in this development. Several large network roll-outs have been published after two slow years creating base for demand growth. Power supplies for LED lighting, instrumentation, medical and infrastructure offer several growth areas for Efore in industrial sector.

During the last 18 months the group has started several new product development projects and especially telecom product portfolio is renewing significantly this year. New products make Efore's product portfolio wider, which is expected to be visible as sales growth and as a decrease in demand fluctuations.

Getting new products into volume deliveries as forecasted is essential for the growth and profitability improvement of the company.



In the near future, Efore is focusing on introducing new products into volume production and on necessary profitability improvement actions. Due to the renewal of product portfolio and streamlining actions financial year 2014 improves towards the end.

Vesa Vähämöttönen, Efore's President and CEO:

"Efore's first quarter net sales were low but according to forecasts. Sales margins of the products were on earlier level but decreased volumes reflected the company's profitability while the relative share of the fixed costs, such as investment in product development, increased. However, the results of the cost reduction actions started last year can be seen as a reduction of the cost base. Due to the renewal of product portfolio financial year 2014 improves towards the end.

Efore is in the transformation phase. Due to last year made acquisition the company is serving new markets and has more businesses to stand on. Efore continues the transformation work according to its strategy targeting to be a leading power products company in its selected segments in telecommunications and industrial markets. Cost base reduction work continues and year 2014 is expected to be the turn into positive in financial performance. Efore is progressing first towards its target to reach 6% EBIT at latest at the end of 2015 and further to reach its long term target of 10 % EBIT level via profitable growth. The target announced together with the acquisition to reach EUR 1,5 million synergy benefits in material purchases by the next July will be met.

Efore's position with its main telecom customers has remained strong. Reason for the telecom sector sales decline is a result of faster than forecasted demand decrease of current volume products. Behind this trend which started already last year is customers' sales concentration for the products which don't have Efore's power products. During the last 18 months the company has started several new product development projects and especially telecom product portfolio is renewing significantly this year. New products make Efore's product portfolio wider, which is expected to be visible as sales growth and as a decrease in demand fluctuations.

In industrial sector Efore focuses on developing power products for LED, instrumentation, infrastructure and medical markets. Especially power supply units for LED lighting offer growth opportunities due to fast growth and development of this market. Efore continues to invest in regional sales organizations especially in North America and Europe targeting to find new customers. Several new products like, upgraded series of electromagnetic-pulse-proof cabinets and new, higher power Intelligent LED driver series, have been launched for industrial sector."

First quarter net sales and financial development

First quarter net sales totaled EUR 19.2 million (EUR 15.3 million) and results from operating activities amounted to EUR -0.6 million (EUR -1.5 million).

Efore first quarter net sales were low but according to forecasts. Sales margins of the products maintained but decrease in volume reflected in the company's profitability while the relative share of the fixed costs, such as



investment in product development, increased. However, the results of the cost reduction actions started last year can be seen. Due to the renewal of product portfolio financial year 2014 improves towards the end.

Investment in product and technology development during the period under review was EUR 1.8 million (EUR 1.8 million) representing 9.5 % (11.8 %) of net sales.

Investments

Group investments in fixed assets during the period under review amounted to EUR 0.9 million (EUR 0.7 million) of which capitalization of product development costs were EUR 0.8 million.

At the end the period under review capitalized product development costs amounted to EUR 4.8 million (EUR 0.6 million).

Financial position

Interest-bearing liabilities exceeded the consolidated interest-bearing cash reserves by EUR 2.8 million (EUR 3.3 million on Dec. 31, 2013) at the end of the period under review. The consolidated net financial expenses were EUR 0.3 million (EUR 0.2 million). The cash flow from business operations was EUR 1.6 million (EUR -0.4 million). The cash flow after investments was EUR 0.6 million (EUR -0.6 million).

The Group's solvency ratio was 40.1 % (41.5 %) and the gearing was 12.6 % (-1.1 %).

Liquid assets excluding undrawn credit facilities totaled EUR 8.4 million (EUR 9.8 million on Dec. 31, 2013) at the end of the period under review. The balance sheet total was EUR 56.0 million (EUR 58.5 million on Dec. 31, 2013).

Personnel

The number of the Group's own personnel including temporary personnel averaged 885 (803) during the period under review and at the period under review it was 910 (797).

Share, shares and share holders

At the end of the period under review the number of the Group's own shares was 1.143.753. In addition to this Efore Management Oy, a company belonging to Efore group owned 2.358.242 pcs of Efore shares.

The highest share price during the period under review was EUR 0.72 and the lowest price was EUR 0.62. The average price during the period under review was EUR 0.69 and the closing price was EUR 0.69. The market capitalization calculated at the final trading price during the period under review was EUR 36.1 million.

The total number of Efore shares traded on the Nasdaq OMX Helsinki during the period under review was 1.6 million pcs and their turnover value was EUR 1.1 million. This accounted for 2.85 % of the total number of shares 55,772,891 pcs. The number of shareholders totaled 3057 (3110) at the end of the period



under review.

Decisions of the Annual General Meeting

A separate stock exchange bulletin has been issued on resolutions of the Annual General Meeting of Shareholders and and AGM's authorizations granted for the Board of Directors as well as resolutions related to the Board of Directors' organizing on April 11, 2014.

Accounting policies

The report has been drawn up in accordance with IAS 34 Standard on Interim Financial Reporting and the Group's accounting principles presented in the 2013 annual report. In addition, Efore Plc has adopted new and or amended IFRS-standards that have been presented in the previous Financial Statements. These changes have no any major effect on the report. The information in this release is unaudited.

All the figures in the report have been rounded up/down, for which reason the total of the individual figures when added together may be different from the total shown.

Short-term risks and factors of uncertainty

The market typical fluctuation in demand can cause rapid changes in Efore's business. Business risks are related to the success of key customers in their markets and to Efore's delivery capability for the key customers.

Progress of Efore's product development projects depends on the customers' own project schedules and the establishment of the whole market.

Expanding the company's product range to standard products in industrial sector means growth of product liability risk. It has been recognized that global economic development may have an effect on Efore's business environment

A more comprehensive report on risk management is presented on the company's web-sites.

TABLES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Jan/14 March/14 3 months	Jan/13 March/13 3 months	Nov/12 Dec/13 14 months
Net sales	19,2	15,3	82,5
Change in inventories of finished goods and work in progress	1,0	0,0	-0,9
Work performed for own purposes and capitalised	0,0	0,0	0,0



Other operating income	0,2	0,0	1,4
Materials and services	-13,3	-10,9	-56,9
Employee benefits expenses	-4,5	-3,6	-17,7
Depreciation	-0,9	-0,6	-3,2
Other operating expenses	-2,1	-1,8	-10,9
RESULTS FROM OPERATING ACTIVITIES	-0,6	-1,5	-5,8
% net sales	-2,9	-9,9	-7,0
Financing income	0,1	0,3	1,7
Financing expenses	-0,5	-0,5	-2,0
RESULT BEFORE TAX	-0,9	-1,7	-6,1
% net sales	-4,7	-11,1	-7,3
Tax on income from operations	0,0	0,0	-0,1
RESULT FOR THE PERIOD	-0,9	-1,7	-6,2

OTHER COMPREHENSIVE INCOME:

Items that may be reclassified subsequently to profit or loss			
Translation differences	-0,3	0,4	-0,6
Total comprehensive income	-1,2	-1,3	-6,7

NET PROFIT/LOSS ATTRIBUTABLE

To equity holders of the parent	-0,9	-1,7	-6,1
To non-controlling interest	0,0	0,0	-0,1

TOTAL COMPREHENSIVE INCOME

ATTRIBUTABLE TO:

Equity holders of the parent	-1,2	-1,3	-6,7
Non-controlling interest	0,0	0,0	-0,1

EARNINGS PER SHARE CALCULATED ON PROFIT

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:

Earnings per share, basic, eur	-0,02	-0,04	-0,15
Earnings per share, diluted, eur	-0,02	-0,04	-0,15

INFORMATION ABOUT GEOGRAPHICAL AREAS, EUR million

	Jan/14 March/14 3 months	Jan/13 March/13 3 months	Nov/12 Dec/13 14 months
Americas	3,4	0,1	7,5
EMEA	7,9	7,9	40,4
FINLAND	2,8	2,6	10,9
APAC	5,1	4,7	23,7
Total	19,2	15,3	82,5

INFORMATION ABOUT CUSTOMER AREAS, EUR million

	Jan/14 March/14 3 months	Jan/13 March/13 3 months	Nov/12 Dec/13 14 months
Telecom	9,7	11,2	48,6
Industrial	9,5	4,1	33,9
Total	19,2	15,3	82,5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



EUR million	March 31, 2014	Dec, 31 2013	change %
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7,3	6,9	
Goodwill	1,1	1,1	
Tangible assets	7,3	7,8	
Trade receivables and other receivables, non-current	0,0	0,0	
Other long-term investments	0,0	0,0	
Deferred tax asset	2,3	2,3	
NON-CURRENT ASSETS	18,0	18,1	-0,2
CURRENT ASSETS			
Inventories	15,7	14,6	
Trade receivables and other receivables	13,1	15,2	
Tax receivable, income tax	0,8	0,8	
Cash and cash equivalents	8,4	9,8	
CURRENT ASSETS	37,9	40,4	-6,0
ASSETS	56,0	58,5	-4,2
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15,0	15,0	
Treasury shares	-2,4	-2,4	
Other reserves	29,0	29,0	
Translation differences	1,1	1,4	
Retained earnings	-20,8	-19,9	
Equity attributable to equity holders of the parent	21,9	23,0	
Equity attributable to non-controlling interests	0,2	0,2	
EQUITY	22,1	23,2	-4,7
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0,9	0,9	
Interest-bearing liabilities	3,9	3,9	
Interest-free liabilities	0,0	0,0	
Pension liabilities	1,7	1,6	
NON-CURRENT LIABILITIES	6,6	6,4	2,7
CURRENT LIABILITIES			
Interest-bearing liabilities	7,2	9,2	
Trade payables and other liabilities	19,8	19,1	
Tax liabilities	0,2	0,5	
Provisions	0,0	0,0	
CURRENT LIABILITIES	27,3	28,8	
LIABILITIES	33,9	35,3	
TOTAL EQUITY AND LIABILITIES	56,0	58,5	-4,2

GROUP KEY FIGURES, EUR million	Jan/14	Jan/13	Nov/12
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	March/14 3 months	March/13 3 months	Dec/13 14 months
Earnings per share, basic,eur	-0,02	-0,04	-0,15
Earnings per share, diluted, eur	-0,02	-0,04	-0,15
Equity per share, eur	0,42	0,46	0,44
Solvency ratio,%	40,1	41,5	39,7
Return on equity-%(ROE)	-16,1	-9,2	-28,1
Return on investment-%(ROI)	-8,3	-7,8	-17,5
Gearing, %	12,6	-1,1	14,3
Net interest-bearing liabilities	2,8	-0,2	3,3
Investments (intangible and tangible assets)	0,9	0,7	3,6
as percentage of net sales	4,5	4,5	4,3
Average personnel	885	803	836

CONSOLIDATED STATEMENT OF CASH

FLOWS EUR million	Jan/14- March/14	Jan/13 March/13	change %	Nov/12 Dec/13
Cash flows from operating activities				
Cash receipts from customers	23,5	8,3		95,3
Cash paid to suppliers and employees	-21,4	-8,7		-93,5
Cash generated from operations	2,0	-0,4		1,8
Interest paid	-0,1	0,0		-0,3
Interest received	0,0	0,0		0,0
Other financial items	-0,1	0,1		0,0
Income taxes paid	-0,2	-0,1		-0,2
Net cash from operating activities (A)	1,6	-0,4	-478,5	1,4
Cash flows from investing activities				
Purchase of tangible and intangible assets	-1,0	-0,2		-2,9
Proceeds from sale of tangible and intangible assets	0,0	0,0		0,2
Acquisition of subsidiaries, net of cash acquired				-4,1
Purchase of investments	0,0	0,0		0,0
Loans granted	0,0	0,0		0,0
Additon/deduction of cash equivalentents				0,0
Income taxes paid	0,0	0,0		0,0
Net cash used in investing activities (B)	-1,0	-0,2	338,0	-6,9
Cash flows from financing activities				
Proceeds from issue of share capital				5,3



Proceedings from short-term borrowings	0,0	0,6	9,8
Repayment of short-term borrowings	-1,9	0,0	-4,9
Proceeds from long-term borrowings	0,0	1,6	3,0
Repayment of long-term borrowings	0,0	-0,3	-2,0
Financial leasing repayment	0,0	0,0	-0,2
Net cash used in financing activities (C)	-1,9	2,0	11,0
Net increase/decrease in cash and cash equivalents (A+B+C)	-1,3	1,3	11,0
Cash and cash equivalents at beginning of period	9,8	5,2	4,5
Net increase/decrease in cash and cash equivalents	-1,3	1,3	5,5
Effects of exchange rate fluctuations on cash held	-0,1	0,4	-0,2
Cash and cash equivalents at end of period	8,4	6,9	9,8
GROUP CONTINGENT LIABILITIES EUR million	March 31, 2014	Dec, 31 2013	
Security and contingent liabilities			
For others			
Other contingent liabilities	0,1	0,1	
Operating lease commitments			
Group as lessee			
Non-cancellable minimum operating lease payments:			
Less than 1 year	1,0	1,0	
1-5 years	0,4	0,4	
Fair values of derivate financial instruments			
Currency derivatives, not hedge			
Option contract			
Nominal amount	1,7	2,0	
Negative fair value	0,0	0,0	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A Share capital



B Treasury shares
 C Unrestricted equity reserve
 D Other reserves
 E Translation differences
 F Retained earnings
 G Equity holders of the parent
 H Non-controlling interests
 I Total

EUR million	A	B	C	D	E	F	G	H	I
Equity January 1, 2013	15,0	-2,5	18,8	1,0	0,7	-13,7	19,3	0,2	19,5
Comprehensive income	0,0	0,0	0,0	0,0	0,4	-1,7	-1,3	0,0	-1,3
Equity March 31, 2013	15,0	-2,5	18,8	1,0	1,1	-15,4	18,0	0,2	18,2

EUR million	A	B	C	D	E	F	G	H	I
Equity January 1, 2014	15,0	-2,4	28,0	1,0	1,4	-19,9	23,0	0,2	23,2
Comprehensive income	0,0	0,0	0,0	0,0	-0,3	-0,9	-1,2	0,0	-1,2
Share-based incentive programme	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,0	0,1
Other changes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity March 31, 2014	15,0	-2,4	28,0	1,0	1,1	-20,8	21,9	0,2	22,1

FY 2013 - CONSOLIDATED STATEMENT OF
 COMPREHENSIVE INCOME

EUR million	Nov/12 Dec/12 2 months	Jan/13 March/13 3 months	April/13 June/13 3 months	July/13 Sep/13 3 months	Oct/13 Dec/13 3 months	Nov/12 Dec/13 14 months
Net sales	8,0	15,3	13,8	22,0	23,3	82,5
Change in inventories of						



finished goods and work in progress	1,4	0,0	-2,6	2,1	-1,8	-0,9
Work performed for own purposes and capitalised	0,0	0,0	0,0	0,0	0,0	0,0
Other operating income	0,1	0,0	0,1	0,4	0,8	1,4
Materials and services	-6,9	-10,9	-7,6	-17,3	-14,2	-56,9
Employee benefits expenses	-2,4	-3,6	-3,4	-4,3	-4,0	-17,7
Depreciation	-0,4	-0,6	-0,4	-1,0	-0,9	-3,2
Other operating expenses	-1,1	-1,8	-1,8	-3,3	-3,0	-10,9
RESULTS FROM OPERATING ACTIVITIES	-1,2	-1,5	-1,9	-1,3	0,2	-5,8
% net sales	-15,5	-9,9	-13,5	-5,9	0,8	-7,0
Financing income	0,2	0,3	0,3	0,5	0,3	1,7
Financing expenses	-0,2	-0,5	-0,2	-0,5	-0,5	-2,0
RESULT BEFORE TAX	-1,3	-1,7	-1,8	-1,3	0,0	-6,1
% net sales	-16,0	-11,1	-13,2	-5,7	0,0	-7,3
Tax on income from operations	0,1	0,0	0,1	0,0	-0,4	-0,1
RESULT FOR THE PERIOD	-1,1	-1,7	-1,7	-1,2	-0,4	-6,2
OTHER COMPREHENSIVE INCOME:						
Items that may be reclassified subsequently to profit or loss						
Translation differences	-0,2	0,4	-0,2	-0,4	-0,2	-0,6
Total comprehensive income	-1,4	-1,3	-1,9	-1,7	-0,6	-6,7
NET PROFITT/LOSS ATTRIBUTABLE						
To equity holders of the parent	-1,1	-1,7	-1,7	-1,2	-0,4	-6,1
To non- controlling interest	0,0	0,0	0,0	0,0	0,0	-0,1
TOTAL COMPREHENSIVE INCOME						

ATTRIBUTABLE TO:

Equity holders of the parent	-1,4	-1,3	-1,8	-1,7	-0,6	-6,7
Non-controlling interest	0,0	0,0	0,0	0,0	0,0	-0,1

31.3.2014

CALCULATION OF KEY FIGURES AND RATIOS

Return on investment (ROI), %	=	Profit before taxes+interest and other financing expenses / (Equity + interest-bearing liabilities, average)	x 100
Return on Equity (ROE), %	=	Profit/loss for the period / Equity (average)	x 100
Current ratio	=	Current assets / Current liabilities	
Solvency ratio, %	=	Equity / (Total assets - advance payments received - own shares*)	x 100
Net interest-bearing liabilities	=	Interest-bearing liabilities - financial assets at fair value through profit or loss - cash and cash equivalents	
Gearing, %	=	Net interest-bearing liabilities / Equity	x 100
Earnings per share, diluted	=	Profit or loss attributable to ordinary equity holders of the parent entity/ The weighted average number of ordinary shares outstanding including dilutive effect	
Dividend per share	=	Dividend for the financial year / The weighted average number of ordinary shares outstanding	
Dividend payout ratio, %	=	Dividend per share / Earnings per share	x 100
Effective dividend yield, %	=	Dividend per share /Share price at balance sheet date	x 100
Equity per share	=	Equity - own shares* /Number of shares at balance sheet date	
P/E-ratio	=	Share price at balance sheet date / Earnings per share	
Market capitalization	=	Share price at balance sheet date x outstanding number of shares at balance sheet date	



Average personnel = The average number of employees at the end of each calendar month during the accounting period

All share-specific figures are based on the issue-adjusted number of shares.

When calculating per share performance measures equity is the equity attributable to the shareholders of the parent company, when calculating other performance measures equity includes equity attributable to the shareholders of the parent company and non-controlling interests.

* There were own shares held by company March 31, 2014.

EFORE PLC
Board of Directors

Further information

For further information please contact Mr.Vesa Vähämöttönen, President and CEO, on April 23, 2014 at 9 - 11 a.m., tel. +358 9 4784 6312.

DISTRIBUTION

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Principal media

Efore Group

Efore Group is an international company which develops and produces demanding power products. Efore's head office is based in Finland and its production units are located in China and Tunis. Sales and marketing operations are located in Europe, United States and China. In the fiscal year ending in December 2013, consolidated net sales totaled EUR 82.5 million and the Group's personnel averaged 836. The company's share is quoted on the Nasdaq OMX Helsinki Ltd. www.efore.com