



EFORE
ENERGY FOR ELECTRONICS

Efore Group
Interim Report Q2
1.1.2015–30.6.2015

EFORE PLC'S INTERIM REPORT JANUARY 1, – JUNE 30, 2015

April – June 2015 in brief:

- Net sales totalled EUR 23.7 million (EUR 22.5 million), up 5.3 % compared with the corresponding period last year
- Results from operating activities without one-time items resulted in break-even EUR 0.0 million (EUR -0.4 million)
- Result from operating activities resulted in break-even EUR 0.0 million (EUR -1.6 million)
- Earnings per share were EUR 0.00 (EUR -0.04)

January – June 2015 in brief:

- Net sales totalled EUR 47.2 million (EUR 41.7 million), up 13.3 % compared with the corresponding period last year
- Results from operating activities without one-time items were EUR 0.7 million (EUR -0.9 million)
- Result from operating activities were EUR 0.7 million (EUR -2.2 million)
- Earnings per share were EUR -0.01 (EUR -0.06)

Key indicators, EUR million	4-6/15 3 mo	4-6/14 3 mo	Change %	1-6/15 6 mo	1-6/14 6 mo	Change %	1-12/14 12 mo
Net Sales	23,7	22,5	5,3	47,2	41,7	13,3	85,3
Telecommunication sector	12,1	13,1	-7,6	25,2	22,8	10,5	46,0
Industrial sector	11,6	9,5	22,1	22,0	18,9	16,4	39,3
Results from operating activities without one-time items	0,0	-0,4		0,7	-0,9		0,1
Results from operating activities	0,0	-1,6		0,7	-2,2		-2,0
Result before taxes	0,0	-1,8		-0,2	-2,7		-3,1
Net result	-0,1	-1,9		-0,4	-2,8		-2,6
Earnings per share, EUR	0,00	-0,04		-0,01	-0,06		-0,05
Solvency ratio, %	37,2	36,3	2,5	37,2	36,3	2,5	38,1
Gearing, %	-0,4	8,4	104,8	-0,4	8,4	104,8	9,0
Cash flow from business operations	2,3	2,0		4,2	3,6		3,8

Key indicators quarterly, EUR million	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014
Net Sales	23,7	23,5	21,4	22,1	22,5
Telecommunication sector	12,1	13,1	11,0	12,2	13,1
Industrial sector	11,6	10,4	10,4	10,0	9,5
Results from operating activities without one-time items	0,0	0,7	-0,5	1,6	-0,4
Results from operating activities	0,0	0,7	-1,3	1,6	-1,6

Financial estimate for 2015 remains unchanged

The Company estimates its net sales of financial year 2015 to be EUR 86-96 million and results from operating activities without one-time items to be EUR 2-5 million.

Heikki Viika, President and CEO:

"The second quarter net sales were in line with the expectations. Net sales increased by 5.3 % to EUR 23.7 million compared with the previous year and were at the same level with the previous quarter. There was a clear improvement in results from operating activities compared with the previous year but due to higher than anticipated personnel costs in manufacturing and material costs, results from operating activities were lower than expected.

The net sales of the telecommunication sector were EUR 12.1 million decreasing 7.6 % compared with the previous quarter. The roll-out of 4G technology in China and USA has been delayed to the latter part of current fiscal year, having a negative effect on the second quarter net sales. As a result of the new products the portfolio in telecommunication sector has expanded and the products have been successful.

The positive development of the net sales in the industrial sector was in line with the expectations. Net sales increased by 11.5 % to EUR 11.6 million being the 6th growth quarter in succession. In new industrial R&D projects Efore has been able to utilize technology and finished product platforms developed for the telecommunication sector.

Efore's long term target is to reach 10% EBIT level and an average annual net sales growth of 5-10%. In the short term Efore is focusing to improve the profitability. The target is to reach at least 6% EBIT level at the end of 2015."

April – June net sales and financial development

The second quarter net sales totalled EUR 23.7 million (EUR 22.5 million).

Net sales of the telecommunication sector were EUR 12.1 million decreasing 7.6 % compared with the previous quarter.

The net sales of industrial sector were EUR 11.6 million increasing 11.5 % from the previous quarter.

Results from the operating activities improved clearly compared with the last year resulting EUR 0.0 million (EUR -1.6 million including one-time items EUR -1,2 million) being anyhow lower than expected due to higher than anticipated personnel costs in manufacturing and material costs. There were no one-time items in the second quarter.

January – June net sales and financial development

Net sales totalled EUR 47.2 million (EUR 41.7 million).

Results from the operating activities improved clearly compared with the last year resulting EUR 0.7 million (EUR -2.2 million including one-time items EUR -1,3 million) being anyhow lower than expected due to higher than anticipated personnel costs in manufacturing and material costs. There were no one-time items during the period under review.

Business development

The roll-out of 4G technology in China and USA has been delayed to second half of current fiscal year, having a negative effect on the 2nd quarter net sales. As a result of the new products the portfolio in telecommunication sector has expanded and the products have been successful.

The transfer of PCB assembly to EMS partner has been concluded as originally planned. Direct cost savings were not achieved as planned but flexibility increased with this operations model and avoiding direct investments creates a good basis to respond changing market demands in the future.

The positive development of the net sales in the industrial sector was in line with the expectations. Net sales increased by 11.5 % to EUR 11.6 million being the 6th growth quarter in succession. In new industrial R&D projects Efore has been able to utilize technology and finished product platforms developed for the telecommunication sector.

The key target for Efore is to develop the company structure in order to improve profitability.

Outlook

During the last years the group has expanded in to new markets enabling better opportunities for growth. The 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 creating a base for the stability of the demand.

Power supplies for LED lighting, instrumentation, medical equipment and infrastructure offer several growth areas for Efore in the industrial sector.

Efore has invested in several R&D projects and especially in the telecom product portfolio a significant renewal has started. The network markets in Asia and in the U.S.A. are expected to develop positively although somewhat later than predicted and Efore's main customers are expected to be successful in these markets.

Investments and R&D

The group investments in fixed assets during the period under review amounted to EUR 2.2 million (EUR 2.0 million) including EUR 1.7 million capitalization of product development costs.

During the period under review the total expenditure on R&D activities was EUR 4.6 (EUR 3.4 million) of which EUR 1.7 million (EUR 1.4 million) were capitalized. The total R&D expenditure represented 9.7 % of net sales (8.2 %).

Financial position

The interest-bearing liabilities fell below the consolidated interest-bearing cash reserves by EUR 0.1 million (EUR 1.7 higher) at the end of the period under review. The consolidated net financial expenses were EUR 1.0 million (EUR 0,5 million). The cash flow from business operations was EUR 4.2 million (EUR 3.6 million). The cash flow after investments was EUR 2.0 million (EUR 1.6 million).

The Group's solvency ratio was 37.2 % (36.3 %) and the gearing was -0.4 % (8.4 %).

Liquid assets excluding undrawn credit facilities totalled EUR 9.5 million (EUR 8.9 million) at the end of the period under review. The balance sheet total was EUR 60.0 million (EUR 56.1 million).

Personnel

The number of the Group's own personnel including temporary personnel averaged 953 (895) during the period under review and at the end the period under review it was 948 (920). The increase in personnel amount was mainly due to increase in temporary personnel in manufacturing.

The Board of Directors appointed Heikki Viika as the new President and CEO on December 22, 2014 and he joined the company on June 1, 2015.

Share, share capital and shareholders

At the end of the period under review the number of Efore Plc's own shares was 3 501 995 pcs.

The highest share price during the period under review was EUR 0.89 and the lowest price was EUR 0.74. The average price during the period under review was EUR 0.78 and the closing price was EUR 0.83. The market capitalization calculated at the final trading price during the period under review was EUR 43.4 million.

The total number of Efore shares traded on the Nasdaq OMX Helsinki during the period under review was 7.146.280 pcs and their turnover value was EUR 5.6 million. This accounted for 12.8 % of the total number of shares 55 772 891 pcs. The number of shareholders totalled 2972 (2990) at the end of the period under review.

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 2014 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, and the total of the individual figures when added together may differ from the totals shown.

Short-term risks and factors of uncertainty

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

Progress of Efore's product development projects is dependent 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 a negative effect on Efore's business environment.

A more comprehensive report on risk management is presented on the company's web-sites and in the Financial Statements of the prior year.

Long-term targets

Efore Group's long term target is to reach 10% EBIT level and an average annual net sales growth of 5-10%. Target is to grow especially in industrial the sector. Market driven product platforms and efficient R&D investment utilization are key factors to support group's target to improve profitability.

In the short term Efore is focusing to improve the profitability. The target is to reach at least 6% EBIT level at the end of 2015.

Efore does not consider the long term targets as market guidance for any given year. The Group will issue separate financial estimate.

TABLES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
EUR million	4- 6/15 3 mo	4- 6/14 3 mo	1/15- 6/15 6 mo	1/14- 6/14 6 mo	1- 12/14 12 mo
Net sales	23,7	22,5	47,2	41,7	85,3
Change in inventories of finished goods and work in progress	0,8	-2,2	-0,2	-1,2	0,1
Work performed for own purposes and capitalised	0,0	0,0	0,1	0,0	0,1
Other operating income	0,3	0,4	0,4	0,6	1,2
Materials and services	-16,5	-13,3	-30,4	-26,6	-55,9
Employee benefits expenses	-4,9	-5,6	-9,5	-10,1	-18,9
Depreciation	-0,9	-0,9	-1,8	-1,8	-3,6
Impairment	0,0	0,0	0,0	0,0	-0,3
Other operating expenses	-2,5	-2,7	-5,0	-4,8	-9,9
Results from operating activities	0,0	-1,6	0,7	-2,2	-2,0
% net sales	0,1	-7,3	1,5	-5,3	-2,3
Financing income	0,7	0,3	2,5	0,4	2,1
Financing expenses	-0,7	-0,5	-3,5	-0,9	-3,3
Result before tax	0,0	-1,8	-0,2	-2,7	-3,1
% net sales	0,0	-8,0	-0,5	-6,5	-3,7
Tax on income from operations	-0,1	-0,1	-0,2	-0,1	0,5
Result for the period	-0,1	-1,9	-0,4	-2,8	-2,6
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Translation differences	-0,6	0,1	1,1	-0,1	1,2
Total comprehensive income	-0,7	-1,8	0,7	-2,9	-1,5
Net profit/loss attributable					
To equity holders of the parent	-0,1	-2,0	-0,4	-2,9	-2,8
To non-controlling interest	0,0	0,2	0,0	0,2	0,2
Total comprehensive income attributable to:					
Equity holders of the parent	-0,7	-1,9	0,7	-3,1	-1,6
Non-controlling interest	0,0	0,2	0,0	0,2	0,2
EARNINGS PER SHARE CALCULATED ON PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:					

Earnings per share, basic, eur	0,00	-0,04	-0,01	-0,06	-0,05
Earnings per share, diluted, eur	0,00	-0,04	-0,01	-0,06	-0,05
NET SALES BY AREAS	4-6/15	4-6/14	1-6/15	1-6/14	1-12/14
EUR million	3 mo	3 mo	6 mo	6 mo	12 mo
Americas	3,3	3,1	6,3	6,5	12,9
EMEA	7,1	9,0	18,4	16,9	35,5
FINLAND	7,5	6,0	9,1	11,1	13,7
APAC	5,8	4,4	13,3	7,2	23,1
Total	23,7	22,5	47,2	41,7	85,3
NET SALES BY CUSTOMER GROUPS	4-6/15	4-6/14	1-6/15	1-6/14	1-12/14
EUR million	3 mo	3 mo	6 mo	6 mo	12 mo
Telecom	12,1	13,1	25,2	22,8	46,0
Industrial	11,6	9,5	22,0	18,9	39,3
Total	23,7	22,5	47,2	41,7	85,3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	June 30,	June 30,	change	Dec 31,
	2015	2014	%	2014
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	9,0	7,6		8,1
Goodwill	1,1	1,1		1,1
Tangible assets	5,4	7,1		5,6
Trade receivables and other receivables, non-current	0,1	0,0		0,1
Other long-term investments	0,0	0,0		0,0
Deferred tax asset	3,3	2,2		2,7
Total non-current assets	19,0	18,1	4,7	17,7
CURRENT ASSETS				
Inventories	17,0	13,6		14,5
Trade receivables and other receivables	14,3	14,7		15,8
Tax receivable, income tax	0,1	0,8		0,8
Cash and cash equivalents	9,5	8,9		7,8
Total current assets	41,0	38,0	7,8	38,9
TOTAL ASSETS	60,0	56,1	6,8	56,6
EQUITY AND LIABILITIES				
EQUITY				
Share capital	15,0	15,0		15,0
Treasury shares	-2,4	-2,4		-2,4
Other reserves	28,8	28,7		28,7
Translation differences	3,7	1,2		2,6
Retained earnings	-22,7	-22,5		-22,3
Equity attributable to equity holders of the parent	22,3	20,0		21,5
Equity attributable to non-controlling interests	0,0	0,0		0,0
Total equity	22,3	20,0	11,3	21,5
NON-CURRENT LIABILITIES				
Deferred tax liabilities	0,5	0,9		0,5
Interest-bearing liabilities	1,9	3,9		2,5
Interest-free liabilities	0,1	0,1		0,1

Pension provisions	1,6	1,6		1,6
Other provisions	0,3	0,9		0,3
Total non-current liabilities	4,3	7,4	-41,1	4,9
CURRENT LIABILITIES				
Interest-bearing liabilities	7,5	6,7		7,3
Trade payables and other liabilities	25,5	21,7		22,6
Tax liabilities	0,2	0,3		0,2
Provisions	0,1	0,0		0,1
Total current liabilities	33,3	28,7		30,1
Liabilities	37,7	36,1		35,1
TOTAL EQUITY AND LIABILITIES	60,0	56,1	6,8	56,6

GROUP KEY FIGURES, EUR million	4-6/15	4-6/14	1-6/15	1-6/14	1-12/14
	3 mo	3 mo	6 mo	6 mo	12 mo
Earnings per share, basic,eur	0,00	-0,04	-0,01	-0,06	-0,05
Earnings per share, diluted, eur	0,00	-0,04	-0,01	-0,06	-0,05
Equity per share, eur	0,43	0,38	0,43	0,38	0,41
Return on equity-%(ROE)	-2,3	-35,5	-4,0	-25,7	-11,8
Return on investment-%(ROI)	1,3	-19,8	0,7	-13,8	-6,7
Net interest-bearing liabilities	-0,1	1,7	-0,1	1,7	1,9
Investments (intangible and tangible assets)	1,2	1,1	2,2	2,0	4,1
as percentage of net sales	5,0	5,0	4,7	4,8	4,8
Average personnel	977	904	953	895	914

CONSOLIDATED STATEMENT OF CASH FLOWS	1-6/15	1-6/14	Change	1-12/14
EUR million	6 mo	6 mo	%	12 mo
Cash flows from operating activities				
Cash receipts from customers	49,8	42,6		86,4
Cash paid to suppliers and employees	-44,1	-38,3		-80,9
Cash generated from operations	5,6	4,4		5,5
Interest paid	-0,2	-0,2		-0,5
Interest received	0,0	0,0		0,1
Other financial items	-1,2	-0,3		-1,1
Income taxes paid	-0,1	-0,2		-0,2
Net cash from operating activities (A)	4,2	3,6		3,8
Cash flows from investing activities				
Purchase of tangible and intangible assets	-2,2	-2,0		-3,9
Proceeds from sale of tangible and intangible assets	0,0	0,0		1,6
Income taxes paid	0,0	0,0		0,0
Net cash used in investing activities (B)	-2,1	-2,0	-9,8	-2,3
Cash flows from financing activities				
Proceedings from short-term borrowings	8,2	0,0		1,0
Repayment of short-term borrowings	-8,1	-2,5		-3,1
Repayment of long-term borrowings	-0,6	0,0		-1,4
Financial leasing repayment	-0,1	0,0		-0,2
Net cash used in financing activities (C)	-0,6	-2,5		-3,7
Net increase/decrease in cash and cash equivalents (A+B+C)	1,5	-0,8		-2,3

Cash and cash equivalents at beginning of period	7,8	9,8	9,8
Net increase/decrease in cash and cash equivalents	1,5	-0,8	-2,3
Change in group structure	0,0	0,0	-0,3
Effects of exchange rate fluctuations on cash held	0,2	0,3	0,6
Cash and cash equivalents at end of period	9,5	8,9	7,8

GROUP CONTINGENT LIABILITIES

EUR million	30.6.2015	30.6.2014	31.12.2014
Security and contingent liabilities			
For others			
Other contingent liabilities	0,1	0,1	0,1
Operating lease commitments			
Group as lessee			
Non-cancellable minimum operating lease payments:			
Less than 1 year	1,0	0,8	0,8
1-5 years	0,7	0,2	0,5
Fair values of derivate financial instruments			
Currency derivatives, not hedge			
Option contract			
Nominal amount	2,7	0,0	0,0
Negative fair value	0,0	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, 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	-0,1	-2,9	-3,1	0,2	-2,9
Share-based incentive programmes	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	-0,3	0,0	0,4	0,0	0,0	0,0
Transaction costs for equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-0,3	-0,3
Equity	15,0	-2,4	28,0	0,7	1,2	-22,5	20,0	0,0	20,0

June 30, 2014

EUR million	A	B	C	D	E	F	G	H	I
EQUITY	15,0	-2,4	28,0	0,7	2,6	-22,3	21,5	0,0	21,5
January 1, 2015									
Comprehensive income	0,0	0,0	0,0	0,0	1,1	-0,4	0,7	0,0	0,7
Share-based incentive programmes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share-based payments	0,0	0,0	0,0	0,1	0,0	0,0	0,1	0,0	0,1
EQUITY	15,0	-2,4	28,0	0,8	3,7	-22,7	22,3	0,0	22,3
June 30, 2015									

Return on investment (ROI), % = $\frac{\text{Profit before taxes + interest and other financing expenses}}{\text{Equity + interest bearing liabilities (average)}} \times 100$

Return on Equity (ROE), % = $\frac{\text{Profit/loss for the period}}{\text{Equity (average)}} \times 100$

Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$

Solvency ratio, % = $\frac{\text{Equity}}{\text{Total assets - advance payments received - own shares*}} \times 100$

Net interest-bearing liabilities = Interest bearing liabilities – financial assets at fair value through profit or loss – cash and cash equivalents

Gearing, % = $\frac{\text{Net interest-bearing liabilities}}{\text{Equity}} \times 100$

Earnings per share = $\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of shares outstanding}}$

Earnings per share (diluted) = $\frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{The weighted average number of shares outstanding including dilutive effect}}$

Dividend per share = $\frac{\text{Dividend for the financial year}}{\text{Number of shares - own shares*}}$

$$\text{Dividend payout ratio, \%} = \frac{\text{Dividend per shares}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Adjusted share price at balance sheet date}} \times 100$$

$$\text{Equity per share} = \frac{\text{Equity – own shares*}}{\text{Number of shares at balance sheet date}}$$

$$\text{P/E ratio} = \frac{\text{Adjusted share price at balance sheet date}}{\text{Earnings per share}}$$

$$\text{Market capitalization} = \text{Adjusted share price at balance sheet date} \times \text{outstanding number of shares at balance sheet date}$$

$$\text{Average personnel} = \frac{\text{The average number of employees at the end of each calendar month during the accounting period}}{\text{Number of months}}$$

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

Equity is the equity attributable to the shareholders of the parent company. Result for the period is the result attributable to the shareholders of the parent company.

* There were own shares held by company at the end of the period under review.

EFORE PLC

Board of Directors

Further information

For further information please contact Heikki Viika, President and CEO, on August 12, 2015 at 10 – 11 a.m., tel. +358 9 4784 6312.

DISTRIBUTION

Nasdaq OMX Helsinki Oy
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 Tunisia. Sales and marketing operations are located in Europe, United States and China. In the fiscal year ending in December 2014, consolidated net sales totaled EUR 85,3 million and the Group's personnel averaged 914. The company's share is quoted on the Nasdaq OMX Helsinki Ltd. www.efore.com