

Studsvik

Interim Report
January–September 2015



- Sales in the quarter were SEK 217.6 (225.1) million. In local currencies sales decreased by 8 per cent
- Operating profit for the quarter improved to SEK 16.6 (12.9) million
- Cash flow after investments was SEK 3.4 (–42.9) million.

	July- September 2015	July- September 2014	January- September 2015	January- September 2014	Full year 2014
Sales, SEK million	217.6	225.1	653.5	661.8	909.6
Operating profit, SEK million	16.6	12.9	23.0	18.3	30.5
Profit after tax, SEK million	9.7	3.6	9.7	–0.3	5.2
Cash flow after investments, SEK million	3.4	–42.9	–48.1	–87.9	–54.8
Net debt, SEK million	145.6	147.9	145.6	147.9	105.7
Net debt/equity ratio, %	47.0	52.3	47.0	52.3	36.1
Profit per share after tax, SEK	1.18	0.44	1.18	–0.03	0.63
Equity per share, SEK	37.69	34.41	37.69	34.41	35.64



Sales

Sales decreased to SEK 217.6 (225.1) million for the quarter and to SEK 653.5 (661.8) million for the first three quarters of the year. In local currencies the decrease was 8 and 6 per cent respectively. The Fuel and Materials Technology business area continues to report sales growth for the quarter, while sales in Consulting Services are relatively constant and sales in Waste Management continue to be low.

Profit

Operating profit increased in the quarter to SEK 16.6 (12.9) million and in the first three quarters of the year to SEK 23.0 (18.3) million. Items affecting comparability impacted third quarter earnings by SEK 0.0 (–7.5) million and SEK 0.0 (–7.3) million respectively. Adjusted for these, the operating margin for the quarter was 7.6 (9.1) per cent and 3.5 (3.9) per cent for the year to date.

Net financial income was SEK –5.4 (–4.9) million and during the year to date SEK –11.7 (–15.6) million, which means that pre-tax earnings improved to SEK 11.2 (8.0) million and SEK 11.3 (2.7) million respectively.

Fuel and Materials Technology

Sales increased during the quarter to SEK 63.3 (49.6) million and during the first three quarters of the year to SEK 182.9 (152.4) million. In local currencies the increase was 22 and 16 per cent respectively. Demand in all areas of operation continues to be strong and operations in China are developing well.

The operating profit for the quarter increased to SEK 14.1 (4.6) million and year to date increased to SEK 23.4 (5.2) million.

Items affecting comparability impacted the previous year's earnings for the three first quarters by SEK –0.4 million. The year to date operating margin adjusted for items affecting comparability increased 12.8 (3.7) per cent.

Consultancy Services

Sales during the quarter were SEK 120.5 (116.8) million and during the first three quarters of the year SEK 321.5 (309.1) million. In local currencies this was a decrease of 0.2 and 1.7 per cent respectively.

Operating profit for the quarter decreased to SEK 12.8 (18.9) million and year to date decreased to SEK 19.6 (31.9) million. The third quarter of the previous year was positively impacted by license revenue for construction of a THOR facility. Items affecting comparability impacted the previous year's earnings for the three first quarters by SEK 4.1 million. The year to date operating margin adjusted for items affecting comparability decreased to 6.1 (9.0) per cent.

Waste Treatment

Sales decreased during the quarter to SEK 28.0 (53.4) million and during the first three quarters of the year to SEK 130.3 (180.8) million. In local currencies this was a decrease of 50 and 31 per cent respectively. Demand in Europe is weak, due to decreasing numbers of nuclear power plants being in operation or upgraded, while decommissioning projects have not yet started. The work of reducing the cost base is continuing.

Operating profit for the quarter decreased to SEK –9.0 (1.9) million and year to date decreased to SEK –1.5 (13.1) million. The year to date operating margin decreased to –1.2 (7.2) per cent.

Investments

The Group's investments in the quarter were SEK 9.2 (9.6) million and during the year SEK 24.8 (19.5) million.

Cash flow

Cash flow from operating activities after working capital changes improved during the quarter to SEK 11.3 (–33.3) million and year to date was SEK –23.4 (–68.4) million.

Cash flow after investments in the third quarter amounted to SEK 3.4 (–42.9) million and for the three first quarters to SEK –48.1 (–87.9) million.

Financial position and liquidity

Cash and cash equivalents, including current investments, amounted to SEK 83.4 (75.2) million. Net interest-bearing debt was SEK 145.6 (147.9) million, which means that the net debt/equity ratio was 47.0 (52.3) per cent. The bond loan matures in March 2016 and has therefore been recorded as current in the balance sheet. At the close of 2014 the net debt/equity ratio was 36.1 per cent.

Personnel

The average number of employees at the end of September was 828 (907). The decrease refers to the business areas Waste Treatment and Consultancy Services as well as functions at head office and the shared service organization.

Transactions with related parties

During the quarter a dividend of SEK 1.8 (1.8) million was received from UK Nuclear Waste Management Ltd.

Parent company

Operations in the parent company consist of coordination of the Group. Parent company sales in the quarter amounted to SEK 2.4 (2.7) million and year to date to SEK 8.0 (9.1) million. The operating profit for the quarter amounted to SEK –3.1 (–12.2) million and SEK –20.0 (–34.1) million for the first three quarters of the year. Items affecting comparability impacted the quarter's earnings by SEK 0.0 (–4.7) million and the first three quarters' earnings by SEK 0.0 (–5.4) million. Loss after financial items in the quarter was SEK –6.1 million (–14.5) and year to date SEK –23.6 (–40.9) million.

Cash and cash equivalents, including current investments, amounted to SEK 20.4 (20.1) million.

Risks and uncertainties

An overall analysis of the Group's risks and how they are dealt with is given in the Annual Report for 2014, which is available on the company's website. Apart from these risks, no further significant risks are estimated to have arisen.

Accounting policies

The consolidated accounts for the Studsvik Group have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board recommendation RFR 1, Supplementary accounting rules for groups, IAS 34, International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as adopted by the EU. There is a description of these accounting policies in the Annual Report. The consolidated accounts have been prepared in accordance with the historical cost method except as regards financial assets and liabilities carried at fair value through profit or loss.

The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 "Accounting for legal entities".

Stockholm, October 21, 2015

Michael Mononen
President

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

Time schedule for financial information

Year-end Report January–December 2015	February 15, 2016
Interim Report January–March 2016	April 25, 2016
Interim Report January–June 2016	July 22, 2016
Interim Report January–September 2016	October 21, 2016

For further information please contact

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The interim report will be presented at a telephone conference to be held in English, on October 21 at 2:30 pm. Further information for those interested in participating is available at www.studsvik.com.

Consolidated statement of profit or loss and other comprehensive income

Amounts in SEK million

	July– September 2015	July– September 2014	January– September 2015	January– September 2014	Full year 2014
Net sales	217.6	225.1	653.5	661.8	909.6
Cost of services sold	–159.7	–149.1	–486.7	–476.9	–660.5
Gross profit	57.9	76.0	166.8	184.9	249.1
Selling and marketing expenses	–12.0	–7.9	–41.6	–31.6	–47.6
Administrative expenses	–25.7	–42.2	–95.7	–118.0	–146.9
Research and development costs	–5.9	–5.8	–17.2	–18.4	–25.8
Share in earnings from associated companies	1.8	1.2	8.1	8.4	11.5
Other operating income	1.7	1.7	11.4	8.5	5.4
Other operating expenses	–1.2	–10.1	–8.8	–15.5	–15.2
Operating profit	16.6	12.9	23.0	18.3	30.5
Financial income	0.3	0.0	0.3	0.1	0.2
Financial expenses	–4.4	–3.8	–10.4	–14.5	–17.1
Fair value gain/loss (realized and unrealized)	–1.3	–1.1	–1.6	–1.2	–2.0
Profit/loss before tax	11.2	8.0	11.3	2.7	11.6
Income tax	–1.5	–4.4	–1.6	–3.0	–6.4
Profit/loss for the period from continuing operations	9.7	3.6	9.7	–0.3	5.2
Operations held for sale					
Profit/loss for the period from operations held for sale	0.0	–2.0	0.0	–16.4	–17.2
NET PROFIT/LOSS FOR THE PERIOD	9.7	1.6	9.7	–16.7	–12.0
Other comprehensive income					
Items that may later be reversed in the income statement					
Translation differences on foreign subsidiaries	–0.9	6.1	8.6	17.2	19.1
Cash flow hedging	–1.1	–1.9	–1.8	–5.3	–0.6
Income tax on items recognized in other comprehensive income	0.2	0.5	0.4	1.2	0.1
Other comprehensive income for the period, net after tax	–1.8	4.7	7.2	13.1	18.6
Total profit/loss and other comprehensive income for the period	7.9	6.3	16.9	–3.6	6.6
Income for the period attributable to					
Parent company's shareholders	9.7	1.6	9.7	–16.7	–12.0
Non-controlling interests	–	–	–	–	–
Total comprehensive income attributable to					
Parent company's shareholders	7.9	6.3	16.9	–3.6	6.6
Non-controlling interests	–	–	–	–	–
Earnings per share calculated on income attributable to the parent company's shareholders during the period, SEK					
Earnings per share (There is no dilution effect)					
Profit/loss from continuing operations	1.18	0.44	1.18	–0.03	0.63
Profit/loss from operations for sale	–	–0.24	–	–2.00	–2.09
NET PROFIT/LOSS FOR THE PERIOD	1.18	0.20	1.18	–2.03	–1.46

Group statement of financial position

Amounts in SEK million

	September 2015	September 2014	December 2014
ASSETS			
Intangible assets	182.3	170.2	177.2
Property, plant and equipment	353.5	338.4	350.0
Other non-current assets	138.3	131.2	128.4
Total non-current assets	674.1	639.8	655.6
Inventories	2.9	1.5	1.9
Trade receivables	156.2	142.6	183.3
Other current receivables	109.8	135.6	80.5
Cash and cash equivalents	83.4	75.2	120.1
Total current assets	352.3	354.9	385.8
TOTAL ASSETS	1,026.4	994.7	1,041.3
EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders	309.5	282.5	292.6
Non-controlling interests	0.3	0.3	0.3
Borrowing	1.5	203.4	203.0
Provisions and other non-current liabilities	246.6	225.2	241.0
Total non-current liabilities	248.1	428.6	444.0
Trade and other payables	241.0	263.6	281.6
Borrowing	227.5	19.7	22.8
Total current liabilities	468.5	283.3	304.4
TOTAL EQUITY AND LIABILITIES	1,026.4	994.7	1,041.3
Pledged assets	155.2	157.0	157.9
Contingent liabilities	52.2	57.6	60.7

Changes in equity

Amounts in SEK million

	Share capital	Other contributed capital	Reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non- controlling interest	Total equity
Equity at December 31, 2013	8.2	225.3	-6.0	58.5	286.0	0.3	286.3
Changes January 1 – September 30, 2014							
Comprehensive income for the period	–	–	13.1	-16.6	-3.5	0.0	-3.5
Equity at September 30, 2014	8.2	225.3	7.1	41.9	282.5	0.3	282.8
Changes October 1 – December 31, 2014							
Comprehensive income for the period	–	–	5.5	4.7	10.1	0.0	10.1
Equity at December 31, 2014	8.2	225.3	12.6	46.5	292.6	0.3	292.9
Changes January 1 – September 30, 2015							
Comprehensive income for the period	–	–	7.2	9.7	16.9	0.0	16.9
Equity at September 30, 2015	8.2	225.3	19.8	56.2	309.5	0.3	309.8

Group statement of cash flow

Amounts in SEK million

	July– September 2015	July– September 2014	January– September 2015	January– September 2014	Full year 2014
Cash flow from operating activities					
Operating profit	16.6	11.5	23.0	6.7	17.9
Adjustment for non-cash items	5.7	4.9	20.8	11.6	17.3
Financial items, net	–4.0	–3.8	–10.0	–15.1	–17.6
Income tax paid	–3.5	–5.3	–13.3	–8.8	1.1
Cash flow from operating activities before change in working capital	14.7	7.3	20.5	–5.6	18.7
Change in working capital	–3.5	–40.6	–43.9	–62.8	–39.5
Cash flow from operating activities	11.3	–33.3	–23.4	–68.4	–20.8
Investing activities					
Acquisition of property, plant and equipment	–7.9	–9.6	–24.8	–19.5	–34.0
Divestment of subsidiaries	0.0	0.0	0.0	93.9	93.9
Dividend from associated companies	1.8	1.8	9.2	8.3	10.4
Other cash flow from investing activities	0.3	–0.9	0.2	–8.6	0.4
Cash flow from investment activities	–5.8	–8.7	–14.9	74.1	70.7
Financing activities					
Change in borrowing	–3.5	12.8	–1.5	–88.6	–92.6
Dividend to shareholders	–	–	–	–	–
Cash flow from financing activities	–3.5	12.8	–1.5	–88.6	–92.6
Changes in cash and cash equivalents	2.0	–29.2	–39.8	–82.9	–42.6
Cash and cash equivalents at the beginning of the period	81.0	101.7	120.1	151.4	151.4
Translation difference	0.4	2.7	3.0	6.7	11.3
Cash and cash equivalents at the end of the period	83.4	75.2	83.4	75.2	120.1

Financial ratios for the Group

Amounts in SEK million

	January– September 2015	January– September 2014	Full year 2014
Margins			
Operating margin, %	3.5	2.8	3.3
Profit margin, %	1.7	0.4	1.3
Return on investment			
Return on capital employed, %	4.8	7.3	5.5
Return on equity, %	3.3	–0.1	1.8
Capital structure			
Capital employed	538.9	505.9	518.7
Equity	309.8	282.8	292.9
Net debt	145.6	147.9	105.7
Net debt/equity ratio, %	47.0	52.3	36.1
Equity/assets ratio, %	30.2	28.4	28.1
Employees			
Average number of employees	828	907	895
Net sales per employee	1.1	1.0	1.0

Data per share

	April–June 2015	April–June 2014	January– June 2015	January– June 2014	Full year 2014
Number of shares at the end of the period	8,218,611	8,218,611	8,218,611	8 218 611	8,218,611
Average number of shares	8,218,611	8,218,611	8,218,611	8 218 611	8,218,611
Earnings per share before and after dilution					
Profit/loss from continuing operations	1.18	0.44	1.18	–0.03	0.63
Profit/loss from operations held for sale	–	–0.24	–	–2.00	–2.09
Profit/loss for the period	1.18	0.20	1.18	–2.03	–1.46
Equity per share, SEK	37.69	34.41	37.69	34.41	35.64

Net sales per geographical area

Amounts in SEK million

	July– September 2015	July– September 2014	January– September 2015	January– September 2014	Full year 2014
Sweden	35.8	37.4	123.3	130.2	182.9
Europe, excluding Sweden	143.4	163.5	429.5	468.6	616.0
North America – from continuing operations	25.2	23.2	76.7	48.6	84.9
Asia	13.1	1.0	24.0	14.4	20.3
Other	–	–	–	–	5.6
Total	217.6	225.1	653.5	661.8	909.6

Quarterly review

Amounts in SEK million

	2013				2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	250.9	266.5	216.9	266.9	219.7	217.0	225.1	247.8	201.1	234.8	217.6
Operating expenses	–243.6	–253.4	–211.2	–277.0	–214.4	–216.9	–212.2	–235.6	–206.1	–223.4	–201.0
Operating profit	7.3	13.1	5.7	–10.1	5.3	0.1	12.9	12.2	–5.0	11.4	16.6
Financial items, net	–4.9	–9.5	–0.3	–4.1	–6.6	–4.1	–4.9	–3.3	–1.9	–4.4	–5.4
Profit/loss after financial items	2.4	3.6	5.4	–14.2	–1.3	–4.0	8.0	8.9	–6.9	7.0	11.2

Financial data per segment

Amounts in SEK million

July–September 2015	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	27.8	120.2	63.3	6.3	–	217.6
Revenue from segment	0.2	0.3	0.0	2.8	–3.3	0.0
Operating profit	–9.0	12.8	14.1	–1.3	–	16.6
Assets	321.3	387.9	204.1	406.0	–292.9	1,026.4
Liabilities	246.7	320.5	87.5	354.7	–292.9	716.5
Investments	4.3	0.2	1.5	3.2	–	9.2
Depreciation/amortization	3.8	0.6	2.3	2.0	–	8.7
Average number of employees	106	499	118	95		817

July–September 2014	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	53.2	114.8	49.6	7.5	–	225.1
Revenue from segment	0.2	2.0	0.0	2.9	–5.1	0.0
Operating profit	1.9	18.9	4.6	–12.5	–	12.9
Assets	317.7	365.2	182.3	402.0	–272.5	994.7
Liabilities	266.8	298.2	82.6	336.8	–272.5	711.9
Investments	7.8	0.1	1.3	0.4	–	9.6
Depreciation/amortization	3.9	0.5	2.2	1.8	–	8.4
Average number of employees *	152	544	119	104	–	919

January–September 2015	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	129.3	320.1	182.9	21.3	–	653.5
Revenue from segment	1.0	1.4	0.0	8.3	–10.7	0.0
Operating profit	–1.5	19.6	23.4	–18.5	–	23.0
Assets	321.3	387.9	204.1	406.0	–292.9	1,026.4
Liabilities	246.7	320.5	87.5	354.7	–292.9	716.5
Investments	14.2	0.7	4.9	5.0	–	24.8
Depreciation/amortization	11.0	1.4	6.7	5.9	–	25.0
Average number of employees	111	504	118	95	–	828

Amounts in SEK million

January–September 2014	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	180.3	305.9	152.3	23.3	–	661.8
Revenue from segment	0.5	3.2	0.1	11.2	–15.0	0.0
Operating profit	13.1	31.9	5.2	–31.9	–	18.3
Assets	317.7	365.2	182.3	402.0	–272.5	994.7
Liabilities	266.8	298.2	82.6	336.8	–272.5	711.9
Investments	12.6	0.2	3.9	2.8	–	19.5
Depreciation/amortization	11.7	1.7	6.2	5.4	–	25.0
Average number of employees*	149	531	121	106	–	907

Amounts in SEK million

Full year 2014	Waste Treatment	Consultancy Services	Fuel and Materials Technology	Other	Elimination	Group
External sales revenue	240.3	397.7	239.5	32.1	–	909.6
Revenue from segment	0.8	2.0	0.0	14.7	–17.5	0.0
Operating profit	2.9	36.8	31.4	–40.6	–	30.5
Assets	320.8	359.5	227.4	414.6	–281.0	1,041.3
Liabilities	255.3	305.3	108.5	360.5	–281.0	748.4
Investments	21.7	0.3	5.3	5.4	–	32.7
Depreciation/amortization	16.0	2.2	8.5	7.2	–	33.9
Average number of employees*	148	527	120	100	–	895

*A reclassification of employees between segments has been made for 2014.

Parent company income statement

	July– September 2015	July– September 2014	January– September 2015	January– September 2014	Full year 2014
Amounts in SEK million					
Net sales	2.4	2.7	8.0	9.1	11.9
Cost of services sold	–1.2	–0.6	–2.4	–1.8	–2.2
Gross profit	1.2	2.1	5.6	7.3	9.7
Other operating income and costs	–4.3	–14.3	–25.6	–41.4	–53.6
Operating profit	–3.1	–12.2	–20.0	–34.1	–43.9
Result from participations in Group companies	–	–	–	–	42.8
Net financial items	–3.0	–2.3	–3.6	–6.8	–7.4
Profit/loss before tax	–6.1	–14.5	–23.6	–40.9	–8.5
Income tax	1.4	1.9	5.3	7.0	2.4
NET PROFIT/LOSS FOR THE PERIOD	–4.7	–12.6	–18.3	–33.9	–6.1

Parent company balance sheet

	September 2015	September 2014	December 2014
Amounts in SEK million			
ASSETS			
Intangible assets	3.2	–	–
Property, plant and equipment	–	–	0.0
Financial non-current assets	633.3	604.5	612.1
Total non-current assets	636.5	604.5	612.1
Current assets	10.1	19.4	53.3
Cash and cash equivalents	20.4	20.1	35.6
Total current assets	30.5	39.5	88.9
TOTAL ASSETS	667.0	644.0	701.0
EQUITY AND LIABILITIES			
Equity	265.8	256.3	284.1
Provisions	–	–	–
Non-current liabilities	89.5	279.1	282.6
Current liabilities	311.7	108.6	134.3
Total liabilities	401.2	387.7	416.9
TOTAL EQUITY AND LIABILITIES	667.0	644.0	701.0

Note 1 Fair value estimation

The tables below show financial instruments at fair value on the basis of their classification in the fair value hierarchy. The definition of the various levels can be found in the Annual Report, Note 2.3.

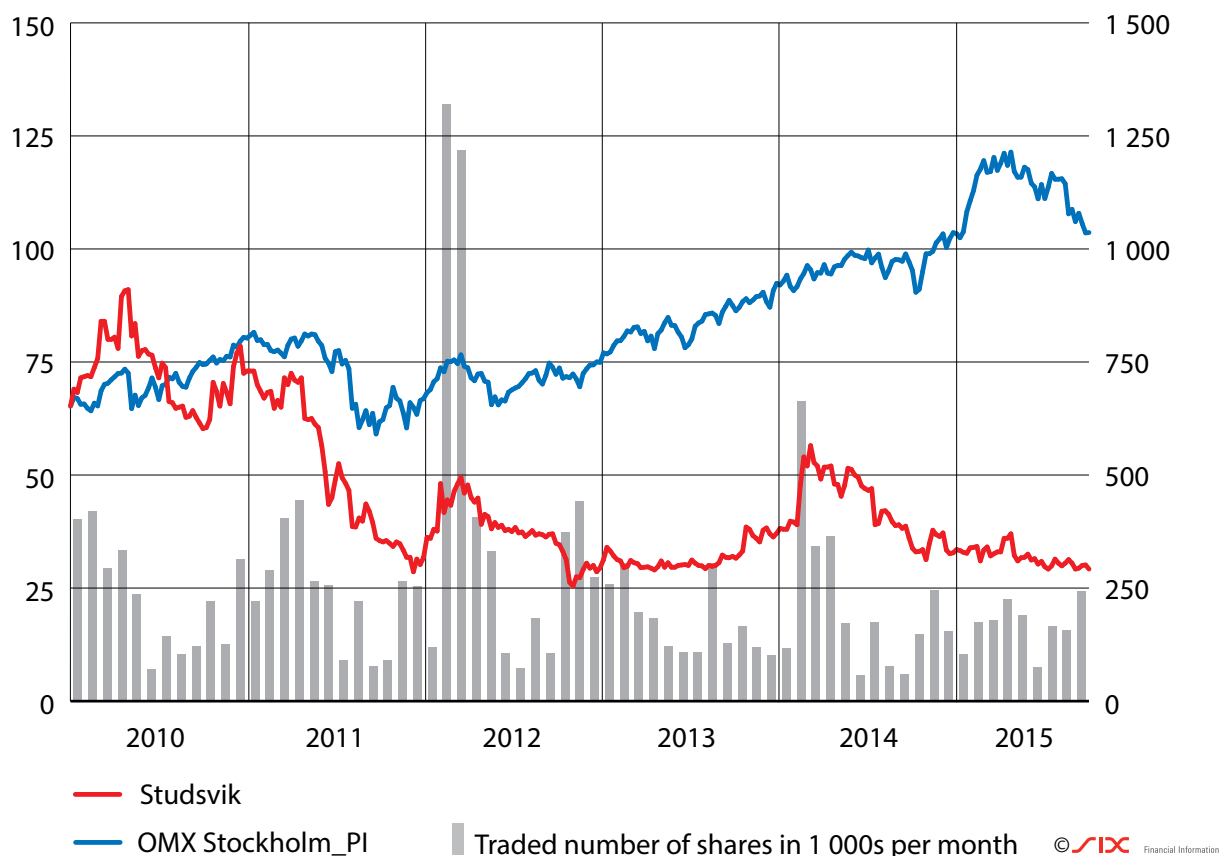
The Group's assets and liabilities measured at fair value as at September 30, 2015 (MSEK)	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss	–	23.1	11.7
Derivatives used for hedging	–	3.1	–
Liabilities			
Derivatives used for hedging	–	19.4	–
The Group's assets and liabilities measured at fair value as at December 31, 2014 (MSEK)			
Assets			
Financial assets at fair value through profit or loss	–	24.1	11.2
Derivatives used for hedging	–	2.1	–
Liabilities			
Derivatives used for hedging	–	16.5	–
Fair value of the Group's borrowings (MSEK)			
	September 30, 2015	December 31, 2014	
Non-current loans	1.5	203.0	
Current loans	227.5	22.8	
Total loans	229.0	225.8	

Major shareholders, September 30, 2015

	Number of shares	Share, %
The Karinen Family	1,769,552	21.5
Briban Invest AB	1,283,492	15.6
Avanza Pensionsförsäkring AB	454 876	5.5
Credit Agricole Suisse SA	363,879	4.4
Nordnet Pensionsförsäkring AB	300,861	3.7
Invus Investment AB	276,594	3.4
Malte Edenius	250,000	3.0
Eikos AB	211,950	2.6
Leif Lundin	181,850	2.2
Unionen	152,709	1.9
Total ten largest shareholders – holdings	5,245,763	63.8
Other shareholders	2,972,848	36.2
Total	8,218,611	100.0

The Studsvik share

In the third quarter the share price varied between a high of SEK 32.80 on July 21, and a low of SEK 28.10 on September 16, 2015. The opening price was SEK 32.80 at the beginning of the year and the closing price on September 30 was 29.20. In the third quarter 563 thousand shares were traded.



Facts about Studsvik

Studsvik offers a range of advanced technical services to the international nuclear power industry in such areas as waste treatment, consultancy services and fuel and materials technology. The company has over 65 years' experience of nuclear technology and radiological services. Studsvik has 800 employees in 7 countries and the company's shares are listed on the Nasdaq Stockholm.

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