

INTERIM REPORT

JULY 2019-DECEMBER 2019

SOME SLOWDOWN DURING THE QUARTER, STRONG HALF-YEAR

Second quarter October-December 2019

- Net sales increased by 19 percent to MSEK 853.0 (716.8).
- Adjusted EBITDA*, with positive effects from IFRS 16 and other extraordinary items excluded, increased by 15.9 percent amounting to MSEK 39.1 (33.7), equivalent to an adjusted EBITDA*-margin of 4.6 percent (4.7).
- Operating profit amounted to MSEK 15.8 (21.2). Adjusted for restricting costs, the operating profit was 21,8 /21,2).
- Cash flow from operating activities amounted to MSEK 4.6 (40.1).
- Profit after taxes amounted to MSEK 8.9 (14.6).
- Earnings per share amounted to SEK 0.23 (0.37).
- Cotting Group, which was acquired on 1 July 2019, was consolidated as of this date.

First six months July-December 2019

- Net sales increased by 21 percent to MSEK 1,719.2 (1,421.2).
- Adjusted EBITDA* increased by 39 percent amounting to MSEK 86.2 (62.2), equivalent to an adjusted EBITDA*-margin of 5.0 percent (4.4).
- Operating profit amounted to MSEK 110.5 (36.7), including MSEK 66.9 in reversal of negative goodwill from the acquisition of Cotting Group.
- Cash flow from operating activities amounted to MSEK 118.1 (13.0).
- Profit after taxes amounted to MSEK SEK 92.4 MSEK (24.6).
- Earnings per share amounted to SEK 2.37 (0.63).

Group (MSEK)	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2019/2020 R12 DEC	2018/2019 JUL-JUN
Net sales	853.0	716.8	1,719.2	1,421.2	3,272.4	2,974.4
EBITDA	42.2	33.7	161.5	62.2	244.6	145.3
Adjusted EBITDA*	39.1	33.7	86.2	62.2	166.3	142.3
Adjusted EBITDA-margin, %	4.6	4.7	5.0	4.4	5.1	4.8
Operating profit/loss	15.8**	21.2	110.5	36.7	167.5	93.7
Profit/loss after tax	8.9	14.6	92.4	24.6	155.1	87.3
Profit per share, before and after dilution, %	0.23	0.37	2.37	0.63	3.98	2.24
Cach flow from operating activities	4.6	40.1	118.1	13.0	176.0	70.8
Net debt excl. IFRS 16	249.5	44.1	249.5	44.1	249.5	124.1
Net debt/Equity ratio, %	24	5	24	5	24	13

* Adjusted for items affecting comparability and effects from IFRS 16. Reconciliation of amounts will be found on page 19

** Adjusted for restructuring costs the Operation profit was MSEK 21,8 (21,2) .

Duroc AB

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The Duroc Group manages and develops industrial and trading companies. With deep knowledge of technology and market, the Group's companies strive to achieve a leading position in their respective industries. As owner Duroc contributes actively to the development. Including recently acquired Cotting Group, consolidated sales amount to approximately MSEK 3,700. The Group has approximately 1,200 employees. Duroc is listed on Nasdaq Stockholm (symbol: DURC).

www.duroc.se

DUROC

CEO STATEMENT

Duroc continues to grow in accordance with our growth strategy, at the same time as parts of the Group are affected by a subdued business climate. The underlying operating result* was in line with the second quarter of 2018/2019 and the first half of the year was distinguished by an increasing profit and a strong cash flow.

Second quarter October-December 2019

Duroc grew by 19 percent during the second quarter. Organic growth was negative, however, and parts of the Group were affected by weaker demand towards the end of 2019. The profit was particularly affected by lower volumes in the European parts of business area Fibre and a slowdown in the demand for machine tools in a cautious market in specific countries. Inventory adjustments and uncertainty about the outcome of Brexit are other factors that have influenced the buying patterns of customers.

In America the fibre business showed a strong development and the most profitable products, i.e. yarns, showed the largest increases. This development is driven by increased demand for consumer products such as furniture for outdoor use. New production equipment will be commissioned during the next several quarters to meet this stronger demand.

Cotting Group, acquired in July 2019, have been one of the focus areas during the quarter. Investments have been made in production equipment, R&D and IT in an amount of MEUR 2 in order to increase competitiveness and profitability. A restructuring of management has also been conducted.

Industrial Trading faced a strong comparison quarter and was also affected by uncertainty and dampening in the demand for machine tools. The market was characterized by deferred capital investment decisions. In UPN and industrial engine sales, as well as for the machinery company Herber sales has been good.

For Other Industry sales were lower than the year before but, overall, the companies experienced strong demand for maintenance services.

First six months July-December 2019

Duroc grew by 21 percent during the first six months of the year. The increase is related to the acquisition of Cotting Group. Organic growth was negative, affected by weaker demand in parts of the Group and in specific markets. The picture is not unambiguous, however, as other parts of the group have grown strongly. Examples are Fibre USA, Technical Textiles with Cotting Group and parts of Industrial Trading.

Duroc's financial position is characterized by a continued strong balance sheet and low debt. Cash flow from operating activities was NSEK 118, compared to MSEK 13 during the corresponding year-ago period. On a six-month basis operating profit was MSEK 110, including MSEK 66.9 in negative goodwill from the acquisition of Cotting Group (36.7).

Sustainability in Duroc's business

Development work to find alternative, biologically degradable fibres was intensified during the most recent six-month period. The ambition is to be able to offer the market alternatives to petroleum-based raw materials for certain applications during 2020.

The efforts to co-ordinate the sustainability work in all Duroc's subsidiaries will be intensified in the coming quarters. Consequently, the Group needs a more systematic and forward-looking approach where sustainability is integrated in the business models of the subsidiaries for improved competitiveness and attraction among employees.

The prospects ahead

The market for staple fibre is under pressure but our assessment is that demand will stabilize in the coming quarter. Cresco, which is a part of Fibre Europe have seen a good order intake during the beginning of 2020 which is positive for the future. However, Duroc has a readiness to make necessary adjustments to the cost base to the extent deemed necessary. In parts of Industrial Trading, and specifically the machine tool business, adaptation to the market situation has already taken place.

In the area of Technical Textiles, we believe the market remains good, and volumes are predicted to continue to increase. Operations in the French part of Cotting Group need to be focused on increased profitability at the same time as product and customer mix need to be optimised.

The outbreak of the corona virus, which currently affect the production and transports from China, is not expected to impact Duroc's operations in a negative way. All production is located to the EU and the US. The concern has neither a material sourcing from china.

A lot is happening in Duroc and the work to improve the various parts to achieve our long-term ambition towards increased operating profit is progressing. I am looking forward to the coming quarters and to take on the challenges ahead to achieve the long-term goal of at least six-percent operating margin.

John Häger
CEO

*Adjusted for restructuring costs and negative goodwill. Refer to reconciliation on page 18.

THE GROUP'S DEVELOPMENT

The Duroc Group consists of business areas Fibre, Industrial Trading and Other Industry and the newly formed business area Technical Textiles. Acquired Cotting Group and Herber are included in the Group since 1 July 2019 and 1 May 2019, respectively, and are consolidated as of these dates.

Second quarter October–December 2019

Net sales amounted to MSEK 853.0 (716.8), an increase by 19 percent. Organic growth was negative amounting to 14 percent. Parts of business area Fibre and Industrial Trading were, much like during the first quarter, affected by a certain weakening of the economy. However, the picture is split as several markets and parts of the Group encounter continued strong demand. Decreasing raw material prices had a negative impact on the Fibre business' turnover, due to price mechanisms in the costumer agreements. Although, the gross profit was not affected.

Adjusted EBITDA, where positive effects of IFRS 16 and restructuring costs in Cotting Group have been excluded, increased by 16 percent to MSEK 39.1 (33.7). Despite lower sales, business area Fibre increased their result, while Industrial Trade and Other Industry had lower earnings. There was a positive contribution from Technical Textiles as well, experiencing strong demand during the quarter. In order to improve profitability on a long-term basis in the new business area, organisational changes, primarily in management, were made during the quarter. Operating profit, which was charged with these restructuring costs in the amount of MSEK 6.0, amounted to MSEK 15.8 (21.2).

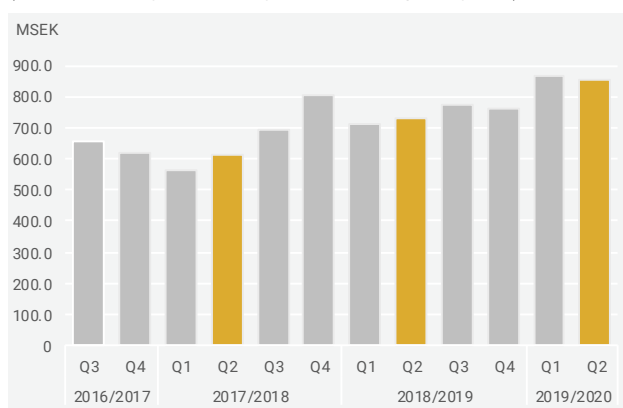
Cash flow from operating activities amounted to MSEK 4.6 (40.1).

Group (MSEK)	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2019/2020 R12 DEC	2018/2019 JUL-JUN
Net sales	853.0	716.8	1,719.2	1,421.2	3,272.4	2,974.4
EBITDA	42.2	33.7	161.5	62.2	244.6	145.3
Adjusted EBITDA	39.1	33.7	86.2	62.2	166.3	142.3
Adjusted EBITDA-margin, %	4.6	4.7	5.0	4.4	5.1	4.8
Operating profit/loss	15.8	21.2	110.5	36.7	167.5	93.7
Average number of employees	1,208	830	1,196	823	1,188	834

The bar charts below show sales and operating profit by quarter for all four business areas. The comparative data until February 2017 are compiled pro forma for the acquisition of IFG, which is reported as a reverse acquisition.

CONSOLIDATED SALES

(Converted using the exchange rate on the reporting date)



First six months July–December 2019

Net sales increased by 21 percent to MSEK 1,719.2 (1,421.2). Organic growth was negative and decreased by 9 percent. Some markets in Fibre met weaker demand, while others increased, or were continued stable. Other Industry increased sales during the first quarter and the market for Cotting Group, the acquisition made in July 2019, was good.

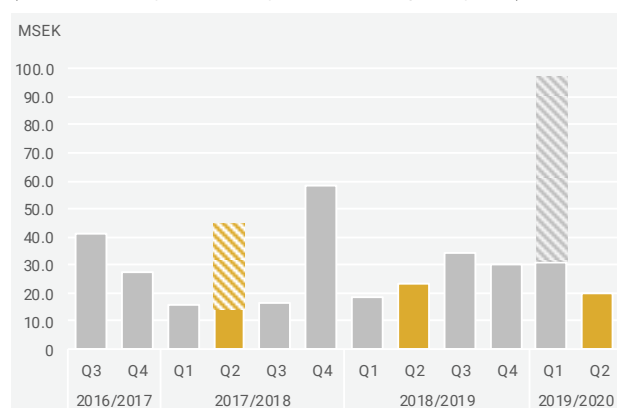
Cotting Group is a French-Belgian producer of coated textiles with sales of approximately MEUR 70. The total purchase price was MSEK 188.3. Cotting Group is reported as a separate business area in the Duroc Group, Technical Textiles.

The consolidated operating result, where MSEK 66.9 in negative goodwill from the acquisition is included, amounted to MSEK 110.5 (36.7). Adjusted EBITDA, where negative goodwill and other items affecting comparability have been excluded, amounted to MSEK 86.2 (62.2). Earnings have increased in Fibre and Other Industry.

Positive effects from operating receivables and a strong result have driven the strong cash flow from the operating activities amounting to MSEK 118.1 (13.0)

CONSOLIDATED OPERATING PROFIT

(Converted using the exchange rate on the reporting date)



The operating profit Q2 2017/2018 and Q1 2019/2020 includes MSEK 31 and MSEK 65.7, respectively, from negative goodwill.

BUSINESS AREA FIBRE

Business area Fibre consists of International Fibres Group (IFG). IFG produces polypropylene-based staple fibre and yarns used for different applications, primarily in the automotive, construction, furniture and filter industries. Cresco manufactures textiles for professional growers and contributes to favourable environments in greenhouses, for fungal cultivation and composting plants.

Second quarter October-December 2019

Net sales declined by 12 percent amounting to MSEK 469.4 (530.9). Organic growth was also negative, decreasing by 16 percent. Low volumes combined with lower raw materials prices, which also gives lower prices to customers, have contributed to lower sales in the staple fibre business. Cresco has met a cautious attitude among customers in the cultivation industry during the quarter but has a well filled order book going into the second half of the year. The business in America continues to show a very positive development. The fact that the more profitable yarn business accounts for a greater part of sales has contributed to improved margins.

Adjusted EBITDA, where positive effects of IFRS 16 have been excluded, amounted to MSEK 16.2 (16.2). The adjusted EBITDA margin improved to 3.4 (3.1). Operating profit amounted to MSEK 3.9 (5.6).

First six months July-December 2019

Net sales declined by 6 percent to MSEK 1,021.3 (1,087.4). Organic growth was negative and decreased by 10 percent. The decrease is primarily attributable to the staple fibre operations, the part of the business with the lowest margins. Lower raw material prices that trough costumer agreements have been transferred to the costumer has also affected the turnover. Although, the gross profit has been preserved.

The effects hereof are reflected in the result, which is increasing despite the decrease in sales. Adjusted EBITDA, where the effects of IFRS 16 and other items affecting comparability are excluded, amounted to MSEK 37.2 (103.2). The operating profit increased to MSEK 17.5 (15.8).

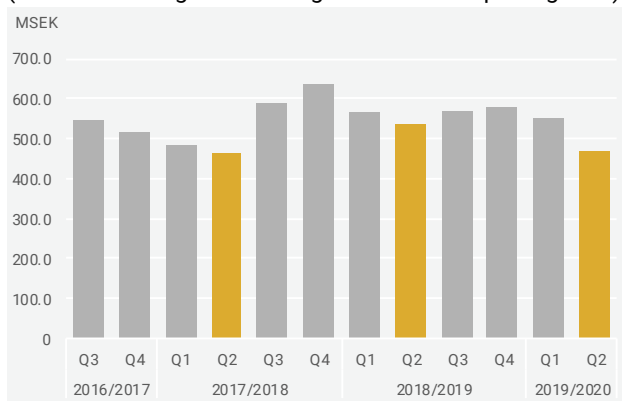
Continued growth- and profitability-enhancing investments in the businesses in USA and Cresco, together with the efforts in progress for consolidation and co-ordination of the staple fibre operations in Europe, are the main focus areas during the financial year

Fibre (MSEK)	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2019/2020 R12 DEC	2018/2019 JUL-JUN
Net sales	469.4	530.9	1,021.3	1,087.4	2,185.9	2,252.0
EBITDA	19.4	16.2	48.3	37.2	112.6	101.5
Adjusted EBITDA	16.2	16.2	42.2	37.2	103.5	98.5
Adjusted EBITDA-margin, %	3.4	3.1	4.1	3.4	4.7	4.4
Operating profit/loss	3.9	5.6	17.5	15.8	60.7	59.0
Average number of employees	671	672	667	670	670	671

The bar charts below show sales and operating profit by quarter for Fibre. The comparative data until February 2017 are presented on a forma basis for the acquisition of IFG, which was reported as a reverse acquisition.

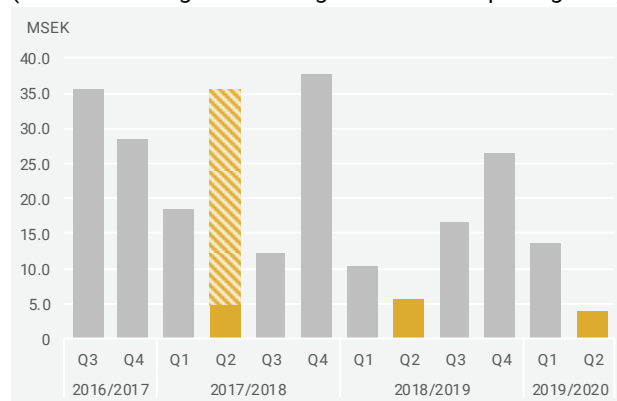
SALES BUSINESS AREA FIBRE

(Converted using the exchange rate on the reporting date)



OPERATING PROFIT BUSINESS AREA FIBRE

(Converted using the exchange rate on the reporting date)



The Q2 2017/2018 operating profit includes MSEK 31 from negative goodwill.

BUSINESS AREA TECHNICAL TEXTILES

Business area Technical Textiles consists of the Cotting Group. Through the acquisition of the Cotting Group in July 2019, the Duroc Group has established itself in the market for coated textiles. The products constitute of PVC and PU coated textiles that are used in a number of areas including automotive interiors, the fashion industry, protective apparel, hospital beds, dental chairs, furniture and wall coverings.

Second quarter October-December 2019

Net sales amounted to MSEK 186.6 and EBITDA was MSEK 12.2. The business area encountered strong demand, especially in the automotive industry during the quarter and net sales grew by 19 percent compared to the year before (last year is not included in the reported data of the Duroc Group).

Organisational changes were made during the quarter as a part of the efforts to develop Cotting Group and to ensure the right leadership for the future. The former chief executive of the group has left the company and recruitment of a replacement is underway. With extra support from Duroc's head office and well-functioning interim leadership the management team focuses on profitability-driven efficiency enhancement and capacity-building measures.

Adjusted EBITDA, where restricting costs and positive effects of IFRS 16 have been excluded, amounted to MSEK 16.3 and the adjusted EBITDA margin was 8.7. Operating profit amounted to MSEK 7.7.

Tekniska textilier	2019/2020Q2	2019/2020 Q1-Q2
Nettoomsättning	186,6	327,4
EBITDA	12,2	85,9
Justerad EBITDA	16,3	23,8
Justerad EBITDA-marginal, %	8,7	7,3
Rörelseresultat	7,7	78,3
Medelantal anställda	342	338

SALES BUSINESS AREA TECHNICAL TEXTILES
(Converted using the exchange rate on the reporting date)



First six months July-December 2019

Net sales amounted to MSEK 327.4 and the operating profit was MSEK 78.3, including the effect of negative goodwill in the amount of MSEK 66.9 (adjustment of MSEK +1.2 from the first quarter during the second quarter).

Negative goodwill arises since the value of the acquired net assets exceeds the purchase money and shall according to the accounting rules applied by Group be carried directly the income statement.

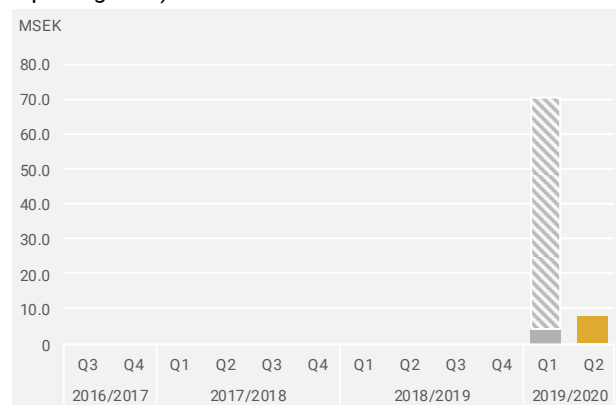
Adjusted EBITDA, where negative goodwill, restructuring costs and the effects of IFRS 16 have been excluded, amounted to MSEK 23.8 and the adjusted EBITDA margin was 7.3 percent.

Business area Technical Textiles, a market with growth potential

Cotting Group is since more than 60 years established in the international market for coated textiles with production in France and Belgium.

Globally, the market for coated textiles is estimated to amount to approximately MSEK 170 billion, of which the European part where Cotting has most of its sales, is close to SEK 40 billion. The markets for coated textiles are subject to long-term growth and is estimated to grow by 4 percent annually. The opportunities for Duroc to grow in this sector organically as well as via continued opportunistic acquisitions, are deemed to be positive and financially attractive.

OPERATING PROFIT BUSINESS AREA TECHNICAL TEXTILES
(Converted using the exchange rate on the reporting date)



The operating profit for Q1 2019/2020 includes MSEK 66.7 from negative goodwill.

BUSINESS AREA INDUSTRIAL TRADING

In business area Industrial Trading Duroc Machine Tool (DMT) trades in machine tools and offers automation solutions, tools, service and support for the engineering industry. Universal Power (UPN) supplies diesel engines for industrial and marine use as well as related spare parts, service and repairs. Herber Engineering develops, manufactures and sells equipment for tube bending. Herber is part of the business area from 1 May 2019 and has been included in the comparative data from this point in time

Second quarter October-December 2019

Net sales increased by 12 percent to MSEK 163,8 (146.0). Organic growth was negative and declined by 6 percent. A general slowdown in some markets has affected Duroc Machine Tool, which also experienced a strong quarter-on-quarter comparison.

Demand for industrial engines was good, but weaker than during the corresponding year-ago quarter when deliveries were extra high in anticipation of stricter emission requirements.

Herber Engineering delivered several projects during the quarter, which contributed to net sales as well as profit.

Adjusted EBITDA, where positive effects from IFRS 16 were removed, amounted to MSEK 6.5 (12.8). Affected markets in DMT have adapted the organisation to lower demand, which increased costs for the quarter, but created a good starting point for the remaining part of the financial year. Inventory adjustments in UPN have also contributed to the lower result.

The operating profit for the business area amounted to MSEK 5.7 (12.1)

First six months July-December 2019

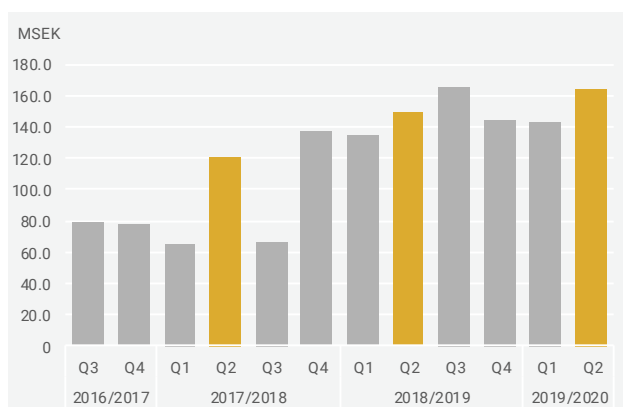
Net sales during the first six months amounted to MSEK 307.2 (279.5), an increase by 10 percent compared to the year before. Organic growth was negative and declined by 5 percent, mainly because of weaker demand and deferred capital expenditure decisions by DMT's customers. Herber Engineering and UPN had continued stable sales.

Adjusted EBITDA, where positive effects of IFRS 16 have been removed, amounted to MSEK 18.0 (22.7) and the adjusted EBITDA margin was 5.9 percent (8.1).

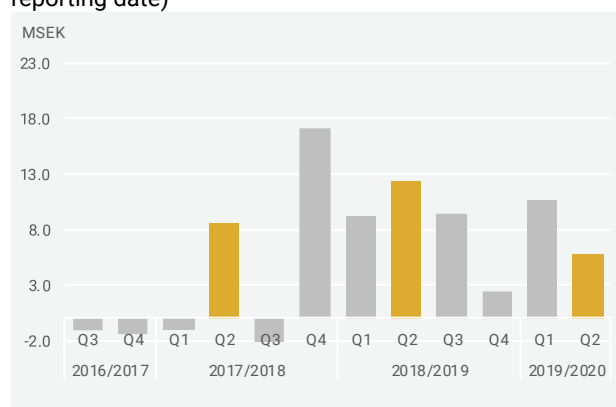
Certain organisational changes were made in DMT to adjust the underlying cost base to a reduced demand. Together with inventory adjustments in UPN, this had a negative effect on EBITDA during the first half of the year. Operating profit for the first six months of the year amounted to MSEK 16.3 (21.2).

Industrial Trading (MSEK)	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
	Q2	Q2	Q1-Q2	Q1-Q2	R12 DEC	JUL-JUN
Net sales	163.8	146.0	307.2	279.5	617.9	590.2
EBITDA	9.0	12.8	23.0	22.7	36.3	36.0
Adjusted EBITDA	6.5	12.8	18.0	22.7	31.3	36.0
Adjusted EBITDA-margin, %	4.0	8.8	5.9	8.1	5.1	6.1
Operating profit/loss	5.7	12.1	16.3	21.2	28.2	33.1
Average number of employees	135	103	134	101	124	110

SALES BUSINESS AREA INDUSTRIAL TRADING (Converted using the exchange rate on the reporting date)



OPERATING ROFT BUSINESS AREA INDUSTRIAL TRADING (Converted using the exchange rate on the reporting date)



BUSINESS AREA OTHER INDUSTRY

Business area Other Industry consists of Duroc Rail and Duroc Laser Coating (DLC). Duroc Rail delivers qualified maintenance of railway wheels for locomotives and wagons. DLC offers renovation and new manufacturing of industrial components based on laser surface treatment technology.

Second quarter October–December 2019

Net sales of MSEK 33.3 (39.9) was strong during the quarter but declined by 17 percent compared to the year before.

Duroc Rail, which accounts for more than 80 percent of the business area's sales, doubled its sales during the first quarter. Sales has thus shifted over time and the effect thereof was that second quarter sales looked comparatively lower despite a good sales volume.

DLC's sales grew by 25 percent during the quarter.

Adjusted EBITDA, where positive effects of IFRS 16 have been removed amounted to MSEK 3.9 (6.4). Higher costs for temporary staff and maintenance affected the result.

Operating profit amounted to MSEK 2.4 (5.2)

First six months July–December 2019

Net sales for the first six months of the year amounted to MSEK 63.5 (54.4), equivalent to growth in sales of 17 percent. Duroc Rail had a strong first six months with robust demand for maintenance.

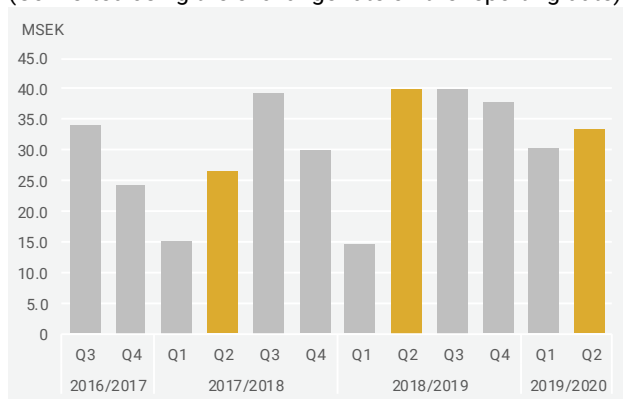
Adjusted EBITDA, where positive effects from IFRS 16 have been removed, amounted to MSEK 8.3 (6.8). The adjusted EBITDA margin was 13.1 percent (12.5).

Operating profit amounted to MSEK 4.9 (4.3) with the improvement in result based on sales growth Duroc Rail as well as DLC, and improved capacity utilisation in DLC.

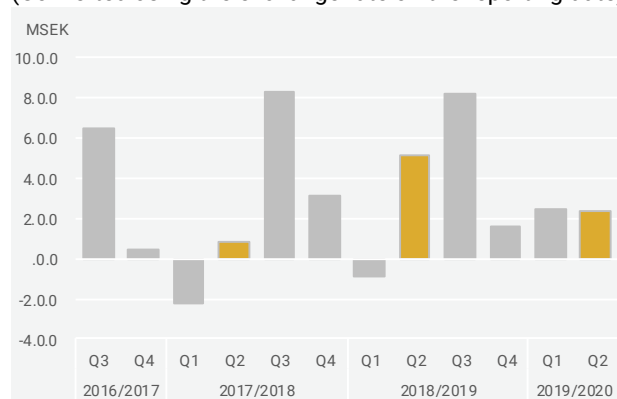
Organic growth corresponds with actual growth of sale in the business area.

Other Industry (MSEK)	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2019/2020 R12 DEC	2018/2019 JUL-JUN
Net sales	33.3	39.9	63.5	54.4	141.2	132.2
EBITDA	5.1	6.4	10.0	6.8	23.2	20.0
Adjusted EBITDA	3.9	6.4	8.3	6.8	21.5	20.0
Adjusted EBITDA-margin, %	11.6	16.1	13.1	12.5	15.2	15.1
Operating profit/loss	2.4	5.2	4.9	4.3	14.6	14.1
Average number of employees	55	50	52	47	52	49

SALES BUSINESS AREA OTHER INDUSTRY
(Converted using the exchange rate on the reporting date)



OPERATING PROFIT BUSINESS AREA OTHER INDUSTRY
(Converted using the exchange rate on the reporting date)



FINANCIAL INFORMATION

PROFIT AND FINANCIAL POSITION

Net sales during the first six months amounted to MSEK 1,719.2 (1,421.2). Operating profit amounted to MSEK 110.5 (36.7) and profit after taxes amounted to MSEK 92.4 (24.6).

With the acquisition of Cotting Group in July 2019 the Group's net sales increased by approximately 25 percent to approximately MSEK 3,700 on an annual basis.

Other comprehensive result amounted to MSEK -1.7 (-14.6). The Group's equity amounted to MSEK 1,037.6 at the end of the period (892.1) and the equity ratio stood at 48.1 percent (56.0). The equity ratio, not including IFRS 16 effects stood at 51.5 percent. If cash and cash equivalents and interest-bearing liabilities been reported on a net basis, the Group's equity ratio would be 52.8 (64.1) percent. Adjusted equity ratio not including IFRS 16-effects stood at 56.9 percent. Refer to the Group's Note 2 for IFRS 16 - adjusted figures.

CAPITAL EXPENDITURES

The Group had capital expenditures in tangible and intangible non-current assets of MSEK 46.4 during the first six months of the financial year. The Cotting Group was acquired in July 2019 for MSEK 188.3 (the net cash flow was MSEK 168.3). Refer to note 3 acquisitions for further information.

CASH FLOW

Consolidated cash flow from operating activities amounted to MSEK 118.1 during the financial year (13.0), influenced by positive effects from trade receivables and a strong result. Cash flow from capital investment activities amounted to MSEK -214.6 (-41.5), including the acquisition of Cotting Group and investments in tangible fixed assets for capacity improvement in the subsidiaries. Cash flow from financing activities amounted to MSEK -62.9 (-28.5), as cash flow from operating activities are used to repay loans.

Cash and cash equivalents

At the end of the six-month period the Group's cash and cash equivalents amounted to MSEK 192.9 (202.1). Interest-bearing liabilities amounted to MSEK 580.9 (246.2). Not including the effects of IFRS16 the Group's interest-bearing liabilities amount to MSEK 442.4 and the Group's net debt stands at MSEK 249.5 (44.1). The increased net debt compared to the same quarter one year ago is due to the loan raised in connection with the acquisition of the Cotting Group.

PARENT COMPANY

Duroc AB's primary functions are acquisitions, follow-up of the development in Group companies, business development and financial reporting. Sales consist of internally invoiced services amounting to MSEK 2.7 (2.1) during the first six months of the financial year. The result after taxes amounted to MSEK 24.5 (55.6), including dividends from subsidiaries in the amount of MSEK 30.9 (58.8). In addition to shares in subsidiaries the Parent Company's consist primarily of amounts due from Group companies and bank deposits. Duroc AB's equity ratio was 83.9 (97.7) percent at the end of the period under review. The decrease is attributable to MSEK 180 of loans raised in connection with the acquisition of Cotting Group. Financing is currently of a short-term nature. Procurement of a long-term solution is ongoing and will be in place during the next quarter.

PERSONNEL

The average number of employees during the financial year was 1,196 (1,188). The average number of employees in the Parent Company was 5 (5) for the same period.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS FOR THE PARENT COMPANY AND THE GROUP

Duroc AB and the companies in the Duroc Group are through their operations subject to both financial and operative risks, which the companies themselves can affect to a major or lesser degree. There are ongoing processes in the companies to identify existing risks and to determine how they are to be managed. A detailed description of the Parent Company's and the subsidiaries' risks and risk management is provided in Duroc's Annual Report 1 July 2018 - 30 of June 2019.

OTHER INFORMATION

Work environment investigation in England

IFG Drake, a company in the Duroc Group, is subject to a work environment investigation in England by reason of the workplace accident that occurred in one of the company's factories in March of 2017. According to the assessment of the company's legal counsel, the investigation may lead to the imposition of a fine by the British work environment authority HSE in an amount of between KGBP 600-950.

The amount of the fine may deviate from the above range, up as well as down.

Prioritized creditor Svartöns Specialstål AB's bankruptcy

Duroc is most preferred creditor in the bankruptcy proceedings of Svartöns Specialstål AB where the bankruptcy administration has sued an insurance company for approximately MSEK 24, not including interest. In the case of full success for the bankruptcy estate, Duroc can expect compensation of between MSEK 15 and 20. The process is not expected to impose a burden on Duroc since funds to cover the process costs are already available in the estate in bankruptcy.

Brexit

Great Britain's exit from the EU (Brexit) may affect Duroc's business. Great Britain broke away from EU on January 31, 2020 and on that date the transition period started which will last until 31 December 2020. However, there is still uncertainty about long-term agreements for the continued relationship with the EU and whether or not these will be completed in time. There is a risk that there will be a period without a contract after December 31, 2020.

The lack of clarity about what will happen makes it difficult to fully chart the effects of Brexit.

Certain preparatory measures have been taken in the subsidiaries concerned and the Board of Directors and management also follow the ongoing development in order to be able to take further appropriate action if necessary.

In business area Fibre approximately 9 percent of sales are exports from Great Britain to the EU or other parts of the world. Major portions of this sales volume can be moved to other Group companies in the EU and any negative effect as a result of Brexit are not considered to be extensive.

Risks affecting the Group's business outside Great Britain pertains mostly to purchases of goods. The volume of goods purchased from Great Britain is limited however and the effects are not judged impact Duroc's business in a major way.

In addition, the companies in business area Fibre have a British parent company. The effect of a lack of agreements between Great Britain and EU could be that certain transactions between group companies, such as dividends, are charged with withholding tax for a limited period before agreements have been negotiated. Duroc is monitoring the situation. These effects are not deemed to be significant but entail uncertainty.

This report has not been subject to review by the Company's auditors.

SCHEDULE OF FUTURE INFORMATION

Interim Report January-March 2020	8 May 2020
Year-end Report April-June 2020	21 August 2020
Interim Report July-September 2020	5 November 2020

Stockholm, 6 February 2019

Peter Gyllenhammar
Chairman

Carina Heilborn
Director

Ola Hugoson
Director

Johan Öberg
Director

Carl Östring
Director

John Häger
CEO

For further information

John Häger, CEO, telephone +46 70 248 72 99.

The information in this year-end report is such that Duroc AB is obliged to publish in accordance with EU's Market Abuse Regulation EU/596/2014. The information herein was provided for publication at 07:15 a.m., 7 February 2020.

SUMMARY CONSOLIDATED INCOME STATEMENT

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2018/2019 JUL-JUN
Net sales	853.0	716.8	1,719.2	1,421.2	2,974.4
Other operating income	4.2	6.6	74.4	6.9	13.2
Change in inventories	7.1	5.9	-2.0	4.2	1.0
Raw materials and consumables	-406.5	-359.4	-851.6	-751.9	-1,530.1
Goods for resale	-96.8	-113.0	-181.6	-193.8	-412.4
Other external costs*	-125.2	-106.0	-244.9	-198.1	-417.6
Personnel costs	-192.9	-116.4	-350.4	-224.4	-478.5
Depreciation and amortisation of tangible and intangible non-current assets*	-26.4	-12.6	-51.0	-25.6	-51.6
Other operating costs	-0.7	-0.7	-1.6	-2.0	-4.6
Operating profit/loss*	15.8	21.2	110.5	36.7	93.7
Net financial items*	-3.1	-1.7	-7.3	-2.9	-4.7
Profit before tax*	12.7	19.4	103.2	33.7	89.0
Current taxes	-3.6	-3.8	-12.6	-7.3	-14.8
Deferred taxes*	-0.2	-1.1	1.8	-1.9	13.0
PROFIT FOR THE PERIOD*	8.9	14.6	92.4	24.6	87.3
Profit for the period attributable to:					
The Parent Company's equity holders	8.9	14.6	92.4	24.6	87.3
Earnings per share					
Before and after dilution	0.23	0.37	2.37	0.63	2.24
Average number of shares outstanding before and after dilution	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000

*The 2019/2020 includes effects of the transition to IFRS 16. A summary of how the new accounting standard has affected the Group's profit will be found in Note 2.

CONSOLIDATED REPORT OF COMPREHENSIVE RESULT

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2018/2019 JUL-JUN
PROFIT FOR THE PERIOD	8.9	14.6	92.4	24.6	87.3
Total other comprehensive income					
Items that may be reclassified to the income statement					
Translation differences	-28.9	0.3	-2.3	-8.9	13.9
Hedge accounting (net)	-1.2	0.4	-1.2	0.1	0.6
Items that will not be reclassified to the income statement					
Revaluation of strategic holdings	9.4	-	-1.0	-	-26.1
Actuarial gains and losses(net)	36.2	-6.2	2.9	-5.8	-8.2
Total other comprehensive income	15.5	-5.5	-1.7	-14.6	-19.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24.4	9.1	90.7	10.0	67.6
Total comprehensive income for the period attributable to:					
The Parent company's equity holders	24.4	9.1	90.7	10.0	67.6
non-controlling interests	-	-	-	-	-

SUMMARY CONSOLIDATED BALANCE SHEET *

Amounts in MSEK	2019-12-31	2018-12-31	2019-06-30
ASSETS			
Non-current assets			
Intangible assets	95.5	88.2	92.0
Property plant and equipment	731.6	423.9	460.3
Financial assets	32.4	10.9	31.0
Deferred tax assets	77.8	54.2	69.8
Total non-current assets	937.2	577.3	653.0
Current assets			
Inventories	523.9	406.6	388.6
Trade receivables	435.1	377.0	434.4
Current tax receivables	15.7	0.8	2.2
Other receivables	31.6	12.7	17.8
Prepaid expenses and accrued income	22.8	16.4	10.4
Cash and cash equivalents	192.9	202.1	352.5
Total current assets	1,222.0	1,015.7	1,206.0
Total assets	2,159.2	1,593.0	1,859.0
EQUITY AND LIABILITIES			
Equity			
Share capital	39.0	39.0	39.0
Other capital provided	260.5	260.5	260.5
Reserves	115.6	95.5	119.1
Retained earnings including profit for the year	622.6	497.1	531.4
Equity attributable to owners of the parent	1,037.6	892.1	950.0
Total equity	1,037.6	892.1	950.0
Long-term liabilities			
Provision for pensions	72.6	48.6	51.1
Other provisions	36.6	21.3	13.6
Non-current interest-bearing liabilities	72.1	80.7	105.7
Non-Current liabilities - right of use assets	110.3	-	-
Other non-current liabilities	0.0	-	-
Deferred tax liabilities	39.1	34.9	36.0
Total non-current liabilities	330.7	185.5	206.4
Current liabilities			
Current interest-bearing liabilities	370.3	165.5	370.9
Current interest bearing liabilities - right of use assets	28.2	-	-
Förskott från kunder	27.7	25.4	29.9
Trade payables	207.5	215.7	176.4
Current tax liabilities	13.5	6.4	7.0
Other liabilities	48.7	32.5	43.8
Accrued expenses and prepaid income	95.1	69.9	74.6
Total current liabilities	791.0	515.5	702.6
Total liabilities	1,121.6	701.0	909.1
TOTAL EQUITY AND LIABILITIES	2,159.2	1,593.0	1,859.0

* For a balance sheet as of 31 December 2019 with effects of IFRS 16 excluded, refer to Note 2.

SUMMARY OF CHANGES IN CONSOLIDATED EQUITY

Amounts in MSEK	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2018/2019 JUL-JUN
Opening balance	950.0	882.4	882.4
Adjustment opening balance due to IFRS 16	-3.1		
Profit for the period	92.4	24.6	87.3
Translation differences	-2.3	-9.2	13.9
Revaluation of strategic holdings	-1.0	-	-26.1
Actuarial gains and losses (net)	2.9	-5.8	-8.2
Hedge accounting (net)	-1.2	0.1	0.6
Closing balance	1,037.6	892.1	950.0

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2018/2019 JUL-JUN
OPERATING ACTIVITIES					
Profit before taxes	12.7	19.4	103.2	33.7	89.0
Adjustment for items not included in cash flow	28.3	16.3	-16.6	29.3	43.0
Income tax paid	-5.3	-4.0	-10.0	-4.9	-13.1
Cash flow from operating activities before changes in working capital	35.7	31.8	76.6	58.2	119.0
Cashflow from changes in working capital					
Changes in inventories	-32.5	9.9	-14.0	-42.6	-1.1
Changes in current receivables	56.0	34.0	125.4	55.0	23.9
Changes in current liabilities	-54.6	-35.7	-69.9	-57.6	-71.0
Cash flow from operating activities	4.6	40.1	118.1	13.0	70.8
INVESTMENT ACTIVITIES					
Purchase and sales of intangible assets	-2.1	-3.2	-2.6	-0.8	-1.3
Purchase and sales of tangible assets	-22.8	-7.8	-43.8	-17.9	-60.7
Cash flow from acquisitions	1.8	-	-168.3	-21.3	-34.1
Cash flow from financial assets	0.1	-1.2	0.1	-1.6	-47.6
Cash flow from investment activities	-22.9	-12.2	-214.6	-41.5	-143.7
FINANCING ACTIVITIES					
New loans	9.5	3.9	10.6	0.8	213.0
Amortization of loans	-15.9	-22.5	-58.5	-28.7	-31.8
Changes in short term operating financing	-14.4	-0.5	-15.0	-0.5	-21.0
Cash flow from financing activities	-20.8	-19.2	-62.9	-28.5	160.2
Cash flow for the period	-39.0	8.8	-159.4	-57.0	87.3
Cash and equivalents at beginning of period	235.5	193.6	352.5	262.2	262.2
Translation difference in cash and cash equivalents	-3.6	-0.3	-0.2	-3.1	3.0
Cash and equivalents at end of period	192.9	202.1	192.9	202.1	352.5

SUMMARY PARENT COMPANY INCOME STATEMENT

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2018/2019 JUL-JUN
Net sales	1.3	1.0	2.7	2.1	4.6
Other external costs	-1.6	-1.3	-2.7	-3.0	-7.2
Personnel costs	-3.5	-1.5	-6.1	-3.6	-9.5
Depreciation and amortisation	-0.1	-0.0	-0.2	-0.1	-0.4
Operating result	-3.9	-1.8	-6.4	-4.6	-12.5
Result from shares in group companies	30.9	58.8	30.9	58.8	58.8
Financial income	1.4	0.4	1.9	0.7	1.2
Financial expense	-2.2	-	-3.9	-0.1	-0.4
Net finance items	30.1	59.1	28.9	59.3	59.6
Group contributions received/rendered	-	-	-	-	19.4
Result before taxes	26.2	57.3	22.6	54.7	66.5
Income tax	1.0	0.3	1.9	0.9	-1.7
RESULT AFTER TAXES	27.2	57.6	24.5	55.6	64.7

SUMMARY PARENT COMPANY REPORT OF COMPREHENSIVE RESULT

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2018/2019 JUL-JUN
RESULT FOR THE PERIOD	27.2	57.6	24.5	55.6	64.7
Other comprehensive result	-	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	27.2	57.6	24.5	55.6	64.7

SUMMARY PARENT COMPANY BALANCE SHEET

Amounts in MSEK	2019-12-31	2018-12-31	2019-06-30
ASSETS			
Non current assets			
Other intangible assets	1.1	1.4	1.3
Tangible fixed assets	0.0	0.0	0.0
Shares in group companies	1,067.5	864.5	876.5
Other equity	0.6	0.4	0.4
Receivables group companies	48.6	23.6	48.2
Deferred tax asset	24.1	24.9	22.2
Total non-current assets	1,141.9	914.7	948.5
Current assets			
Receivables group companies	14.4	30.9	25.2
Other receivables	2.3	0.3	0.6
Prepaid expenses and accrued income	0.2	0.9	0.6
Cash and cash equivalents	9.3	26.8	203.7
Total current assets	26.3	58.9	230.1
TOTAL ASSETS	1,168.2	973.6	1,178.7
EQUITY AND LIABILITIES			
Equity			
Restricted equity	40.1	40.1	40.1
Unrestricted equity	944.4	910.8	919.9
Total equity	984.5	950.9	960.0
Long term liabilities			
Liabilities to group companies	-	-	3.2
Total long term liabilities	-	-	3.2
Current liabilities			
Liabilities to credit institutions	180.0	2.8	181.6
Trade payables	0.6	1.4	1.4
Payables group companies	0.3	15.9	27.9
Other liabilities	0.1	-	0.3
Accrued expenses and prepaid income	2.7	2.6	4.2
Total current liabilities	183.7	22.7	215.5
Total liabilities	183.7	22.7	218.7
TOTAL EQUITY AND LIABILITIES	1,168.2	973.6	1,178.7

NOTES

NOTE 1. ACCOUNTING POLICIES

Duroc's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations (IFRIC) as adopted by EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. For the Parent Company, RFR 2 Accounting for Legal Entities is also applied.

The Group's accounting policies are described in Note 2 in the 2018/2019 Annual Report. Since July 2019, Duroc applies the accounting standards IFRS 16. In all other respects accounting and valuation principles are unchanged compared to the 2018/2019 annual report.

IFRS 16 Leases

IFRS 16 Leases is applied from the financial year beginning in 2019 and replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The new standard provides that lessees must recognize all contracts that meet the definition of a lease, such as access rights and financial debt for operating leases and financial debt in the report of financial position. The operating cost, equivalent to the period's leasing fee, reported for operating leases is replaced by depreciation and interest expense in the income statement. The standard makes no distinction between operating and financial agreements for lessees.

In the Duroc Group there are leases relating to, among other things, premises and machinery. The length of the leasing contracts is usually 5-10 years for premises, 5 years for machinery and about 3 years for fixtures, tools and installations and cars. Duroc also has a long-term leasing contract in Belgium that accounts for 54 percent of the IFRS 16 effect on tangible non-current assets.

Leasing contracts under 12 months are handled as short-term leases in accordance with IFRS 16 and are not capitalised.

Leasing contracts where the acquisition value of a similar asset is considered to be low have not been capitalised. The Group has a total of such leasing contracts in an amount of approximately MSEK 1. These contracts mostly refer to items such as printers, mobile telephones and office equipment.

The new standard affects Duroc's balance sheet in the form of an increase of the balance sheet total because a majority of the leases in the Group according to IAS 17 has been classified as operating leases and no asset or liability has thus been entered.

Duroc has chosen to use the simplified method in the transition to IFRS 16 1st of July 2019, which means that the comparative period will not be recalculated. The effect of the implementation as of the first day of the financial year is instead shown in a note.

Opening capitalised value is reported in accordance with the simplified

transition method as the discounted present value of all future lease payments.

The effect of IFRS 16 reported in the opening balance as of July 2019

The table below shows the effects on opening balance as of 1 July 2019.

Effect of conversion to IFRS 16 as of 1st of th july	MSEK
Future payments for leasing agreements regarding tangible assets 1st of july	162.8
Deduction for	
Short term leasing agreements	-0.4
low value contracts	-1.1
TOTAL	161.3
Financial leasing debt as of 1st of july	9.0
Discounting of future cash flow and exchange rate differences	-33.4
Leasing debt as of 1th of july 2019	-136.9
Right of use assets as of 1th of july 2019	133.7
Effect on Equity after deferred tax	-3.2

The effect of IFRS 16, is due primarily to the previous classification of rental contracts and contracts for leased automobiles as operating leases.

Historic information has been used in assessing the tenor of a leasing contract in cases where there are options to extend or cancel an agreement. The table below shows the effects on the balance sheet upon a transition to IFRS 16. For determining the values of the rights of use and the financial lease liability, the most important assessments are as follows:

Effect of conversion to IFRS 16 as of 1st of th july	(MSEK)
Assets	
Tangible fixed assets	133.5
Financial fixed assets	0.1
TOTAL	133.7
Equity and liabilities	
Equity adjustment of opening balance	-3.2
Long term interest bearing liabilities	113.1
Short term interest bearing liabilities	23.8
TOTALT	133.7

Accounting in legal entities

In accordance with RFR 2 Duroc has chosen not to apply IFRS 16 in the Parent Company. Duroc AB recognizes non-terminable leases as cost distributed linearly over the useful life of the asset.

Alternative key financial indicators

In order to facilitate comparison between different periods and follow-up of the different Duroc Group business areas, certain financial information is presented in this report, which is not defined in IFRS, so-called alternative financial indicators.

These should be regarded as complements to the financial information. The alternative key financial indicators used are defined where presented, or alternatively, at the end of this report. Reconciliations will be found in Note 5.

Rounding

Unless otherwise stated, amounts are stated in million Swedish kronor (MSEK) with one decimal. Rounding may occur in tables and statements, the effect of which may be that totals are not always the sum of the rounded component amounts.

NOTE 2. IFRS 16 – EFFECTS ON THE GROUP'S INCOME STATEMENT AND BALANCE SHEET

The new leasing standard affects the Company's reported profit as follows:

Amounts in MSEK	2019/2020 Q1			2019/2020 Q1-Q2		
	Incl. IFRS	Excl. IFRS 16	Difference	Incl. IFRS	Excl. IFRS 16	Difference
Net sales	853.0	853.0	-	1,719.2	1,719.2	-
Other income	4.2	4.2	-	74.4	74.4	-
Cost of goods sold	-496.2	-496.2	-	-1,035.2	-1,035.2	-
Other external expenses	-125.2	-133.1	7.9	-244.9	-259.6	14.7
Personel costs	-192.9	-192.9	-	-350.4	-350.4	-
Other operating expenses	-0.7	-0.7	-	-1.6	-1.6	-
EBITDA	42.2	34.3	7.9	161.5	146.8	14.7
Depreciations and amortization	-26.4	-18.7	-7.7	-51.0	-36.2	-14.9
Operating profit	15.8	15.6	0.2	110.5	110.6	-0.1
Financial income and cost	-3.1	-2.2	-0.9	-7.3	-5.3	-2.0
Tax expense	-3.8	-3.9	0.2	-10.9	-11.3	0.4
Result after tax	8.9	9.5	-0.5	92.4	94.0	-1.7

The new leasing standard affects the Company's reported profit as follows:

Amounts in MSEK	2019-12-31	2019-12-31	Difference
	Incl IFRS 16	Excl IFRS 16	
ASSETS			
Total non-current assets	937.2	802.4	134.9
Total current assets	1,222.0	1,223.1	-1.1
Total assets	2,159.2	2,025.5	133.7
EQUITY AND LIABILITIES			
Total equity	1,037.6	1,042.3	-4.8
Total non-current liabilities	330.7	220.4	110.3
Total current liabilities	791.0	762.8	28.2
Total liabilities	1,121.6	983.2	138.5
TOTAL EQUITY AND LIABILITIES	2,159.2	2,025.5	133.7

NOTE 3. ACQUISITIONS**Cotting Group**

In July 2019 Duroc acquired all shares outstanding in Cotting Group, consisting of the French company Griffine Enduction SA ("Griffine") and the Belgian company Plastibert & Cie. NV ("Plastibert"). Cotting Group manufactures and sells technical textiles used in a variety of fields, including the automotive interiors, the fashion industry, protective clothing, hospital beds, dental chairs, furniture and as wall covering.

The finally agreed-upon price was MSEK 188.3. In the preliminary acquisition analysis negative goodwill amounts to MSEK 66.9 MSEK. Cotting Group is consolidated in the Duroc Group from July 2019. For the period July-December 2019 net sales amounted to MSEK 327.4 and the operating profit amounted to MSEK 11.4, excluding the effect of negative goodwill. For the 2018 operating year total combined net sales in the Cotting Group was approximately MSEK 750 and the operating profit approximately MSEK 50. For 2019 the group's net sales is expected to be slightly lower and lower margins in the French operations will lead to a lower profit than in 2018. Acquisition-related expenses amount to MSEK 1.1.

The acquisition of Cotting Group increases the Group's net sales by about 25 percent, at the same time as the Group establishes itself in an industry with good prospects for growth. With the acquisition of the Cotting Group, Duroc has formed a new business area – Technical Textiles.

The acquisition analysis was adjusted when the final purchase price was determined during the second quarter. The adjustment means that cash settled purchase price decreased by SEK 1.8 million and negative goodwill increased.

Amounts in MSEK	Preliminary acquisition analysis
Cash settled purchase price	188.3
Total acquisition value	188.3
Fair value of acquired net assets	255.2
Negative goodwill	66.9

Assets and liabilities arising from the acquisition are as follows	Preliminary acquisition analysis
Intangible assets	3.1
Tangible assets	139.8
Financial fixed assets	2.4
Deferred tax asset	3.6
Inventories	127.2
Current assets	162.5
Cash and cash equivalents	19.9
Provisions	-55.0
Interest bearing liabilities	-25.3
Current liabilities	-122.9
Fair value of net assets	255.2

NOTE 4. SEGMENT REPORTING

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief decision maker. The Board of Directors and the Chief Executive Officer are the Group's chief decision makers and evaluate the Group's financial position and performance and make strategic decisions.

Management has determined the operating segments based on the information dealt with by the Board of Directors and the Chief Executive Officer and which is used as a basis for distributing resources and evaluate results.

Four reportable segments have been identified based on this reporting, Technical Textiles, Fibre, Industrial Trading and Other Industry. The Technical Textiles segment was created in connection with the acquisition of Cotting Group in July 2019.

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2019/2020 R12 DEC	2018/2019 JUL-JUN
Net sales						
Fibre	469.4	530.9	1,021.3	1,087.4	2,185.9	2,252.0
Of which external	469.4	530.9	1,021.3	1,087.4	2,185.9	2,252.0
Of which internal	-	-	-	-	-	-
Technical textiles	186.6	-	327.4	-	327.4	-
Of which external	186.6	-	327.4	-	327.4	-
Of which internal	-	-	-	-	-	-
Industrial trading	163.8	146.0	307.2	279.5	617.9	590.2
Of which external	163.8	146.0	307.2	279.5	617.9	590.2
Of which internal	-	-	-	-	-	-
Other industry	33.3	39.9	63.5	54.4	141.2	132.2
Of which external	33.3	39.9	63.5	54.4	141.2	132.2
Of which internal	-	-	-	-	-	-
Group-wide functions	1.3	1.0	2.7	2.1	5.2	4.6
Eliminations	-1.3	-1.0	-2.7	-2.1	-5.2	-4.6
Total net revenue	853.0	716.8	1,719.2	1,421.3	3,272.4	2,974.4
Operating profit						
Fibre	3.9	5.6	17.5	15.8	60.7	59.0
Technical Textiles	7.7	-	78.3	-	78.3	-
Industrial trading	5.7	12.1	16.3	21.2	28.2	33.1
Other industry	2.4	5.2	4.9	4.3	14.6	14.1
Group-wide functions	-3.9	-1.8	-6.4	-4.6	-14.3	-12.5
Total operating profit	15.8	21.2	110.5	36.7	167.5	93.7
Net finance items	-3.1	-1.7	-7.3	-2.9	-9.0	-4.7
Profit before taxes	12.7	19.4	103.2	33.7	158.5	89.0
Operating margin						
Fibre	0.8%	1.1%	1.7%	1.5%	2.8%	2.6%
Technical Textiles	1.6%	-	7.7%	-	3.6%	-
Industrial trading	3.5%	8.3%	5.3%	7.6%	4.6%	5.6%
Other industry	7.2%	13.0%	7.6%	7.9%	10.4%	10.7%
Total	1.9%	3.0%	6.4%	2.6%	5.1%	3.2%

NOTE 5. ALTERNATIVE KEY FINANCIAL INDICATORS

Presented in this section is a reconciliation of alternative key financial indicators, financial information not defined in IFRS. Alternative key financial indicators are used routinely by the management of Duroc to facilitate comparison between different periods, planning and follow-up of how the business develops. They are presented in Duroc's financial reports as an aid to investors and other stakeholders who analyse Duroc's financial information. Definitions will be found at the end of this report. The alternative key financial indicators should be regarded as a complement to the financial information presented in accordance with IFRS.

Organic growth

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2
Net sales	853.0	716.8	1719.2	1,421.2
Effect from change in exchange rates	-25.9	-	-50.9	-
Effect from acquisitions	-213.3	-	-369.3	-
Organic growth	613.8	716.8	1,299.0	1,421.2
Organic growth (percent)	-14%		-9%	

EBITDA and adjusted EBITDA

Amounts in MSEK	2019/2020 Q2	2018/2019 Q2	2019/2020 Q1-Q2	2018/2019 Q1-Q2	2018/2019 R12 DEC	2018/2019 JUL-JUN
Operating profit/loss	15.8	21.2	110.5	36.7	167.5	93.7
Depreciation and amortisation of tangible and intangible non-current	26.4	12.6	51.0	25.6	77.0	51.6
EBITDA	42.2	33.8	161.5	62.2	244.6	145.3
Effects from IFRS 16	-7.9	-	-14.7	-	-14.7	-
Items affecting comparability						
Negative goodwill	-1.2	-	-66.9	-	-66.9	-
Cost of restruction	6.0	-	6.3	-	6.3	-
Other	-	-	-	-	-3.0	-3.0
Adjusted EBITDA	39.1	33.7	86.2	62.2	166.3	142.3

Net liabilities

Amounts in MSEK	2019-12-31	2018-12-31	2019-06-30
Long-term interest bearing liabilities	72.1	80.7	105.7
Short-term interest bearing liabilities	370.3	165.5	370.9
Derivatives	-	-	-
Cash and cash equivalents	-192.9	-202.1	-352.5
Net debt excl. IFRS 16	249.5	44.1	124.1

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers between levels or valuation categories during the period. The fair value of the Group's other financial assets and liabilities is estimated to equal their carrying values.

NOTE 7. TRANSACTIONS WITH CLOSELY RELATED PARTIES

One of the Group's subsidiaries raised a loan from Peter Gyllenhammar AB, holder of approximately 80 percent of the shares outstanding in Duroc AB. The loan amount at the beginning of the period under review was MSEK 25.9 and carried interest on market terms. The loan was repaid during the second quarter of the financial year.

During the financial year Duroc has purchased services in an amount of MSEK 0.6 from a company where Peter Gyllenhammar AB is a majority owner

DEFINITION OF KEY FINANCIAL INDICATORS

Organic growth	Net sales growth adjusted for acquisitions and currency translation effects.
Equity	The total of share capital, reserves and retained earnings, including result for the year.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.
Equity ratio	Equity divided by balance sheet total.
Adjusted equity ratio	Equity divided by adjusted balance sheet total where cash and cash equivalents and interest-bearing liabilities are reported on a net basis.
Items affecting comparability	Items in the income statement, which unless high-lighted, makes understanding of development of the underlying business more difficult.
Earnings per share	Result after taxes divided by the average number of shares outstanding.
+Net debt/-Net cash and cash equivalents	Interest-bearing debt excluding IFRS 16-items, less cash and cash equivalents.
Net debt equity ratio	Net debt divided by equity.