

INTERIM REPORT

JULY 2018-MARCH 2019

TRANSFORMATION EFFORTS IN INDUSTRIAL TRADING YIELDED RESULTS

Third quarter January-March 2019

- Net sales increased by 19 percent to MSEK 777.6 (653.2). Organic growth was 9 percent.
- EBITDA increased by 67 percent amounting to MSEK 43.5 (26.0).
- Adjusted EBITDA¹ increased by 33 percent to MSEK 40.5 (30.4), equivalent to an adjusted EBITDA margin¹ of 5.2 percent (4.7).
- Operating profit amounted to MSEK 30.5 (14.6).
- Cash flow from operating activities amounted to MSEK 26.5 (47.5).
- Profit after taxes amounted to MSEK 21.0 (10.6).
- Earnings per share before and after dilution amounted to SEK 0.54 (0.27).
- Duroc invested MSEK 42, equivalent to a 10 percent ownership stake, in English listed company Carclo.

July 2018-March 2019

- Net sales increased by 27 percent to MSEK 2,198.9 (1,736.6). Organic growth was 9 percent.
- EBITDA increased by 3 percent amounting to MSEK 105.7 (102.8).
- Adjusted EBITDA¹ increased by 33 percent to MSEK 102.7 (77.2), equivalent to an adjusted EBITDA margin¹ of 4.7 percent (4.4).
- Operating profit amounted to MSEK 67.2 (68.4, MSEK 31 of which is attributable to negative goodwill).
- Cash flow from operating activities amounted to MSEK 39.4 (34.2).
- Profit after taxes amounted to MSEK 45.6 (80.9, of which MSEK 45 is attributable to negative goodwill and positive effects of deferred taxes).
- Earnings per share before and after dilution amounted to SEK 1.17 (2.08).
- Cash and cash equivalents amounted to MSEK 164.3 (212.6) and consolidated net debt amounted to MSEK 85.5 (51.1).

Group (MSEK)	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2018/2019 R12 MAR	2017/2018 JUL-JUN
Net sales	777.6	653.2	2,198.9	1,736.6	2,988.7	2,526.4
EBITDA	43.5	26.0	105.7	102.8	163.5	160.6
Justerad EBITDA ¹	40.5	30.4	102.7	77.2	160.5	135.0
Adjusted EBITDA-margin, %	5.2	4.7	4.7	4.4	5.4	5.3
Operating profit/loss	30.5	14.6	67.2	68.4	115.0	116.2
Profit/loss after tax	21.0	10.6	45.6	80.9	95.3	130.6
Profit per share, before and after dilution, SEK	0.54	0.27	1.17	2.08	2.44	3.35
Cash flow from operating activities	26.5	47.5	39.4	34.2	80.9	75.7
Net debt	85.5	51.1	85.5	51.1	85.5	11.5
Net debt/Equity ratio, %	10	6	10	6	10	1

¹ Adjusted for items affecting comparability. Reconciliation of amounts will be found on page 17.

Duroc AB (publ)

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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. Consolidated sales amount to approximately MSEK 2,800. The Group has approximately 800 employees. Duroc is listed on NASDAQ OMX Stockholm (symbol: DURC). www.duroc.se

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CEO STATEMENT

In this quarter it is industrial trading, and specifically Duroc Machine Tool, that accelerates, thereby accounting for the largest increase in the Group. It is therefore gratifying to be able to state that the efforts initiated to deal with a corporate group that had under-performed for a long time now has yielded results.

Third quarter

Third quarter Duroc Group net sales amounted to MSEK 777.6. Growth was 19 percent compared to the equivalent year-ago period. Organic growth was 9 percent. EBITDA amounted to MSEK 43.5 and increased by 67 percent.

Industrial trading showed the best performance. Net sales increased by 148 percent to MSEK 165.4 (66.6). Organic growth was 96 percent. EBITDA amounted to MSEK 10.1 (-3.8). The Swedish and Danish markets generated the largest contributions to the development. The restructuring of Duroc Machine Tool with focus on the selling efforts, a more concentrated offer and cost reductions have had the desired effect of good profitability.

Business area Fibre was affected by continuing weaker European demand for staple fibre, a raw material used by the automotive industry, for consumer products, technical textiles and more. A program to change the European businesses was launched during the quarter in an effort to improve profitability. This means consolidation and co-ordination to improve efficiency in sales, production, R&D and purchasing. The group will streamline the array of products, emphasizing premium products to increase profitability.

Cresco, with technical textiles for, among other things, greenhouses, showed a positive development and improved earnings. Installation of new machinery, which will further increase the company's competitiveness, was initiated during the quarter.

The Board of Directors has decided to increase capacity in the American subsidiary fibre company by investing MSEK 12 in further refining of yarns. The specialisation in yarns involves a further change in product mix in the direction of more profitable products. Staple fibre as a raw material will therefore become less important in the future for the American unit.

Other Industry, where Rail accounts for 85 percent of the business area, showed a positive development during the quarter. Net sales as well as operating profit showed a positive

development during the quarter. Net sales as well as operating profit improved compared to the year before.

Duroc's strategy for value creation is based on two components: reasonably priced acquisitions and investment in existing companies for improved growth and profitability. Duroc may also take strategic positions in publicly listed companies by investing in equities.

Duroc invested MSEK 42 during the quarter, equivalent to an ownership stake of 10 percent, in the English publicly listed company Carclo plc. Carclo is an industrial group with sales of approximately MSEK 1,700 in three independent business areas. The company's stock price has declined in recent years, but in the opinion of Duroc Carclo will, in time, resolve the challenges causing this based on the company's assets and know-how. After the period under review, Duroc has invested a further MSEK 5.8 in Carclo, increasing the stake to 13 percent.

Looking forward, I see a multitude of opportunities for Duroc and the Group's ability to create value. Right now, there are challenges for the fibre companies in Europe, but with the activities that have been initiated, I am confident that these units will adapt and develop in line with other parts of Duroc, where the efforts to make changes have yielded results. The acquisition of Herber was completed according to plan after the end of the quarter under review and at the same time we are seeing a good flow of potential acquisition objects in the market. I therefore see promising opportunities ahead for continuing to develop the Group in accordance with our strategy.

John Häger
CEO

THE GROUP'S DEVELOPMENT

The Duroc Group consists of business areas Fibre, Industrial Trading and Other Industry. Acquired Cresco and Universal Power (UPN) are included in the Group since November 2017 and July 2018, respectively, and in the comparative data from these points in time.

Third quarter January-March 2019

Net sales amounted to MSEK 777.6 (653.2), an increase by 19 percent compared to equivalent year-ago period. Organic growth was 9 percent. Business area Industrial Trading, which again contributes with a very strong quarter, stood behind the growth. In business area Fibre, staple fibre Europe volumes continued to contract for a negative effect on revenue, whereas strong demand in Other Industry resulted in net sales in line with last year's high level.

Consolidated profit amounted to MSEK 30.5 (14.6). Adjusted EBITDA increased by 33 percent to MSEK 40.5 (30.4) and the adjusted EBITDA margin grew to 5.2 percent (4.7). Business area Industrial Trading with its growing net sales contributed with a result that developed from being negative to a level where the EBITDA margin was strengthened to 6.7 percent. In business area Fibre profit was slightly lower. Other Industry contributed with a continuing high EBITDA margin of 23.7 percent.

Cash flow from operating activities amounted to MSEK 26.5 (47.5).

During the quarter Duroc invested MSEK 42, equivalent to an ownership stake of 10 percent, in the English publicly listed company Carclo. After the end of the period under review Duroc invested an additional MSEK 5.8 in Carclo, increasing the stake to 13 percent.

First nine months July 2018-March 2019

Net sales amounted to MSEK 2,198.9 (1,736.6), equivalent to growth of 27 percent. Organic growth was 9 percent. Net sales grew in all business areas.

Operating profit amounted to MSEK 67.2 (37.4, plus MSEK 31 attributable to negative goodwill from the acquisition of Cresco).

Adjusted EBITDA increased by 33 percent to MSEK 102.7 (77.2) and the adjusted EBITDA margin was strengthened to 4.7 percent (4.4).

Business area Industrial Trading has recorded a very strong development during the current financial year and is the single most important factor affecting the Group's profit performance, although Other Industry also increased its profit and EBITDA margin significantly. Fibre operations earnings declined as a consequence of challenges for staple fibre in Europe.

Consolidated cash flow from operating activities amounted to MSEK 39.4 (34.2), affected by increased inventories in Business Area Fibre.

During the first nine months of the financial year the Group invested MSEK 21.3 in the acquisition of UPN, MSEK 42.2 in listed company Carclo and MSEK 47.2 in increased capacity, primarily in Business Area Fibre.

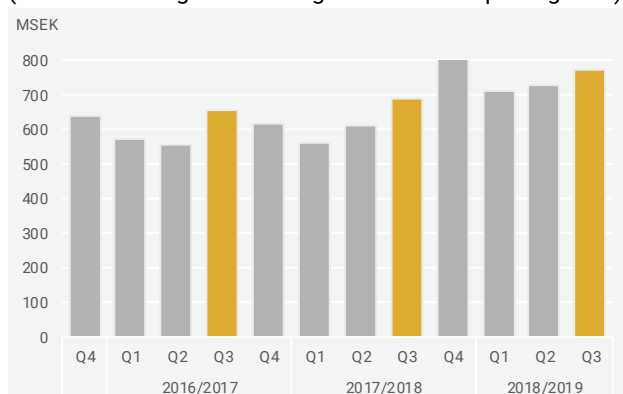
Consolidated net debt increased to MSEK 85.5 (51.1). The equity ratio was 53.5 percent (50.4) the adjusted equity ratio stood at 59.3 percent (58.1).

Group (MSEK)	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2018/2019 R12 MAR	2017/2018 JUL-JUN
Net sales	777.6	653.2	2,198.9	1,736.6	2,988.7	2,526.4
EBITDA	43.5	26.0	105.7	102.8	163.5	160.6
Adjusted EBITDA	40.5	30.4	102.7	77.2	160.5	135.0
Adjusted EBITDA-margin, %	5.2	4.7	4.7	4.4	5.4	5.3
Operating profit/loss	30.5	14.6	67.2	68.4	115.0	116.2
Average number of employees	843	784	830	695	819	740

The bar charts below show sales and operating profit by quarter totalled for Fibre, Industrial Trading and Other Industry.

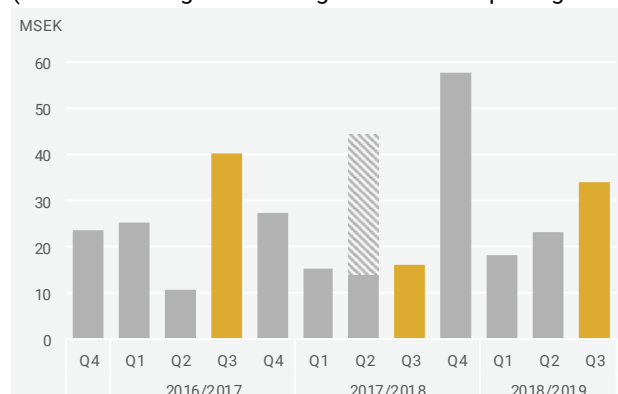
CONSOLIDATED SALES

(Converted using the exchange rate on the reporting date)



CONSOLIDATED OPERATING PROFIT

(Converted using the exchange rate on the reporting date)



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

BUSINESS AREA FIBRE

Business area Fibre consists of International Fibres Group (IFG). IFG produces polypropylene-based staple fibre and yarns, and also fibre-based textiles for professional growers. Cresco, which was acquired during the previous financial year, is included in the comparative data from November 2017.

Third quarter January-March 2019

Net sales increased by 5 percent to MSEK 572.2 (547.2). Organic growth was negative during the quarter, declining by 2 percent. Volumes in staple fibre operations in Europe remain at low levels, affected primarily by production in the automotive industry, but also by a market which at present is characterized by many competitors with pricing pressures as a consequence. Efforts were initiated during the quarter to consolidate and co-ordinate European fibre operations to increase sales, production, R&D and purchasing.

Sales to the cultivation industry by Cresco continues to be strong. In particular, the more profitable sales of yarns, is stable.

Operating profit increased compared to the year before amounting to MSEK 16.6 (11.4). Adjusted EBITDA declined by 4 percent. Declining volumes in staple fibre in Europe reduced the profit in Cresco, which made a positive contribution.

First nine months July 2018-March 2019

Net sales increased by 17 percent to MSEK 1,659.6 (1,413.4). Organic growth for the first nine months of the financial year was 2 percent, mainly driven by raw materials prices, which reduced the effect of lower staple fibre volumes in Europe¹.

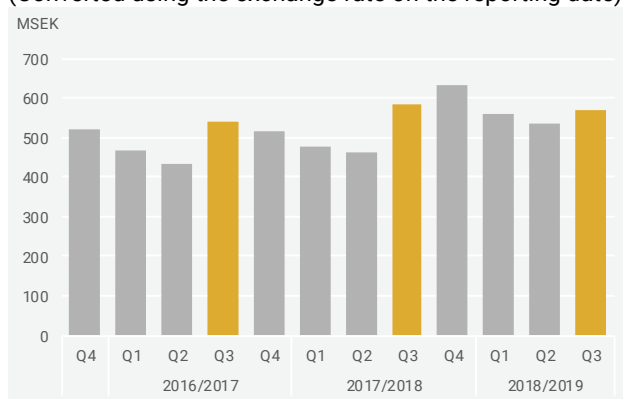
Operating profit amounted to MSEK 32.4 (62.7, of which MSEK 31 is attributable to negative goodwill from the acquisition of Cresco). Adjusted EBITDA declined by 6 percent amounting to MSEK 61.7 (65.6). The adjusted EBITDA margin, which was negatively affected by the lower volumes, went from 4.6 to 3.7 percent.

¹ During the past year raw material prices in business area Fibre have increased. The pricing mechanisms in customer contracts have the effect that staple fibre sales increased in lock-step with these price increases. The gross profit is not affected, however.

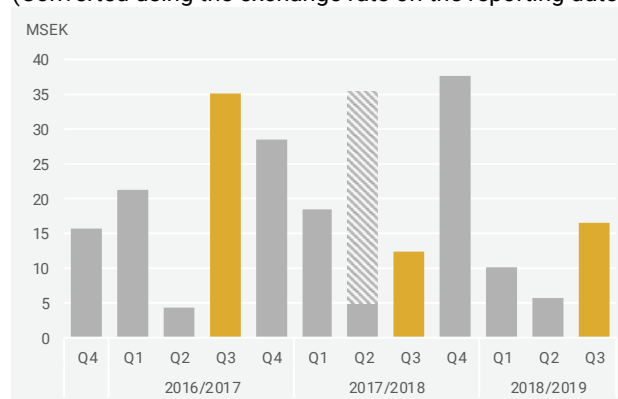
Fibre (MSEK)	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3*	2018/2019 R12 MAR*	2017/2018 JUL-JUN*
Net sales	572.2	547.2	1,659.6	1,413.4	2,286.2	2,040.0
EBITDA	27.5	21.0	64.7	91.2	107.8	134.2
Adjusted EBITDA	24.5	25.4	61.7	65.6	104.8	108.6
Adjusted EBITDA-margin, %	4.3	4.6	3.7	4.6	4.6	5.3
Operating profit/loss	16.6	11.4	32.4	62.7	67.2	97.5
Average number of employees	680	665	674	576	673	598

* Cresco is included from November 2017.

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



OPERATING PROFIT BUSINESS ARE FIBRE (Converted using the exchange rate on the reporting date)



Operating profit Q2 2017/2018 includes MSEK 31 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 and related spare parts, service and repairs. UPN is part of the business area from July 2018 and is therefore not included in the comparative data.

Third quarter January-March 2019

Net sales increased by 148 percent to MSEK 165.4 (66.6). Organic growth was 96 percent.

The business area's operating profit continued to be strong amounting to MSEK 9.4 (-4.2). EBITDA was MSEK 10.0 (-3.8) and the EBITDA margin for the quarter was 6.1 percent (-5.7). Duroc Machine Tool improved its profit by MSEK 13.2 compared to the equivalent year-ago quarter.

Order bookings were strong during the third quarter and market demand for machine tools and consumables continued to be strong.

The previously announced acquisition of Herber, a manufacturer of advanced tube bending machinery, was completed during April of 2019 and business area Industrial Trading is as a consequence expected to increase its annual sales to approximately MSEK 600.

First nine months July 2018-March 2019

Net sales increased by 84 percent in the first nine months to MSEK 444.9 (242.2). Organic growth was 42 percent.

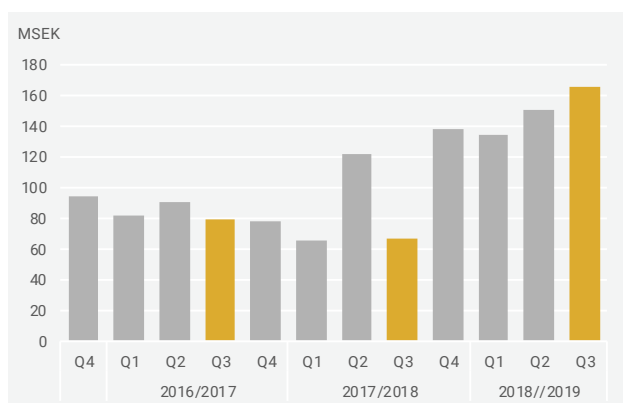
The increase in sales for the first nine months of the year for Duroc Machine Tools is primarily attributable to increased sales in Sweden, Denmark and Estonia.

Operating profit improved substantially and amounted to MSEK 30.6 (2.8), of which Duroc Machine Tools' profit improved by MSEK 24.9. The business area's EBITDA was MSEK 32.7 (4.0) and the EBITDA margin was 7.4 percent (1.7), an improvement compared to the year before of 5.7 percent. The growth in sales combined with lower costs lent support to the improved margin.

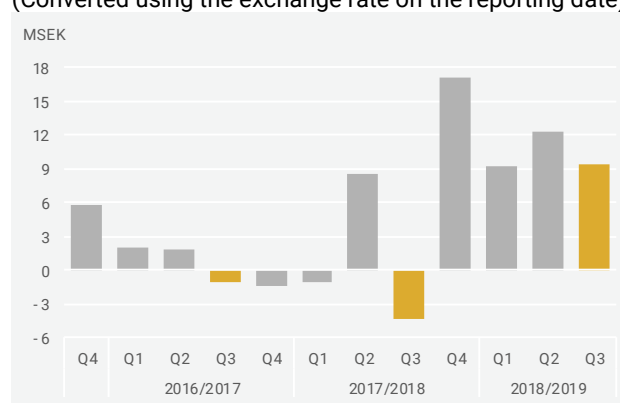
Industrial Trading (MSEK)	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2018/2019 R12 MAR	2017/2018 JUL-JUN
Net sales	165.4	66.6	444.9	242.2	578.4	375.7
EBITDA	10.0	-3.8	32.7	4.0	50.3	21.6
Adjusted EBITDA	10.0	-3.8	32.7	4.0	50.3	21.6
Adjusted EBITDA-margin, %	6.1	-5.7	7.4	1.7	8.7	5.7
Operating profit/loss	9.4	-4.2	30.6	2.8	47.7	19.9
Average number of employees	108	67	103	67	95	64

The bar charts below show the development of business area Industrial Trading. Comparative data up to February 2017 are reported pro forma for the acquisition of IFG, which was reported as a reverse acquisition.

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



BUSINESS AREA INDUSTRIAL TRADING OPERATING PROFIT (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.

Third quarter January-March 2019

Net sales increased by 2 percent to MSEK 40.0 (39.4). Growth was organic in its entirety.

Duroc Rail, which accounts for approximately 85 percent of the business area's sales, showed sustained strength. The third quarter is typically the seasonally strongest quarter because railway wheels are subject to severe outwear during the winter season. As anticipated, demand for maintenance was substantial, at the same time as the initial order backlog was high.

Operating profit amounted to MSEK 8.2 (8.3), affected by double cost for premises in connection with Duroc Laser Coating's move to new premises. EBITDA for the quarter amounted to MSEK 9.5 (9.6) and the EBITDA margin continued to be very strong at 23.7 percent (24.3).

First nine months July 2018-March 2019

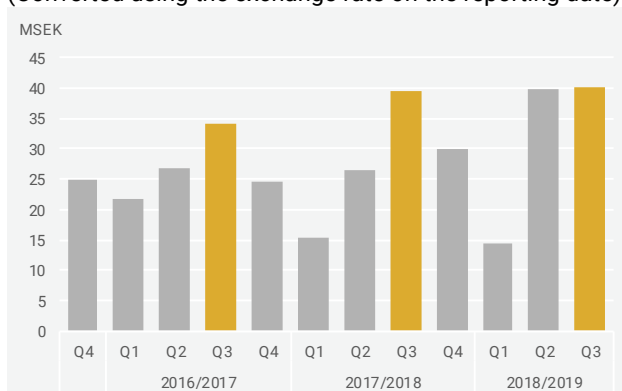
Net sales increased by 17 percent to MSEK 94.4 (81.0). Growth was organic in its entirety and attributable to the Duro Rail operations.

The operating profit for the first nine months was MSEK 12.5 (6.9), an increase over the year before of 81 percent. Strong demand for maintenance, an early and extended high season than normal, combined with improved capacity utilisation promoted the good profit. EBITDA amounted to MSEK 16.3 (11.4) and the EBITDA margin was 17.2 percent (14.1).

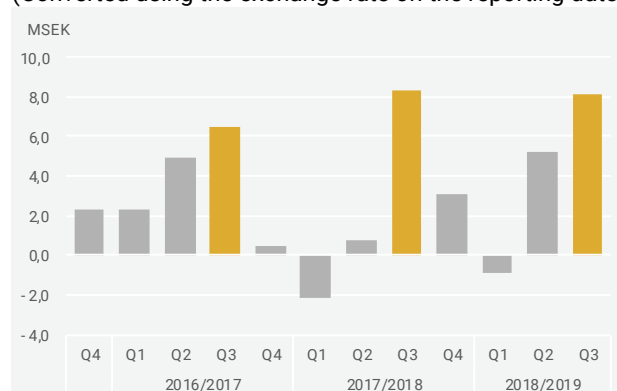
Other Industry (MSEK)	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2018/2019 R12 MAR	2017/2018 JUL-JUN
Net sales	40.0	39.4	94.4	81.0	124.3	110.9
EBITDA	9.5	9.6	16.3	11.4	20.6	15.8
Adjusted EBITDA	9.5	9.6	16.3	11.4	20.6	15.8
Adjusted EBITDA-margin, %	23.7	24.3	17.2	14.1	16.6	14.2
Operating profit/loss	8.2	8.3	12.5	6.9	15.6	10.0
Average number of employees	54	52	49	52	49	41

The bar charts below show the development of business area Other Industry. Comparative data up to February 2017 are reported pro forma for the acquisition of IFG, which was reported as a reverse acquisition.

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



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



FINANCIAL INFORMATION

PROFIT AND FINANCIAL POSITION

Net sales during the first nine months of the financial year amounted to MSEK 2,198.9 (1,736.6). The operating profit amounted to MSEK 67.2 (68.4) and profit after taxes amounted to MSEK 45.6 (80.9). The operating result one year ago includes MSEK 31 in negative goodwill, which arose in connection with the acquisition of Cresco. In connection herewith parts of existing tax loss carryforwards, MSEK 14, were capitalised. This had a positive effect on the Group's reported taxes.

Consolidated equity at the end of the period amounted to MSEK 896.7 (801.9) and the equity ratio was 53.5 percent (50.4). Had cash and cash equivalents and interest-bearing liabilities been reported on a net basis, the Group's equity ratio would be 59.3 (58.1) percent.

CAPITAL EXPENDITURES

During the first nine months of the financial year the Group invested a total of MSEK 110.7, of which MSEK 21.3 was invested in the acquisition of Universal Power Nordic. Other investments consist of an equity stake in Carclo and increased capacity, primarily in business area Fibre.

CASH FLOW

During the first nine months of the financial year consolidated cash flow from operating activities amounted to MSEK 39.4 (34.2), affected by an increase in inventory in business area Fibre and Industrial Trading.

Cash and cash equivalents

At the end of the quarter the Group's cash and cash equivalents amounted to MSEK 164.3 (212.6). Interest-bearing liabilities amounted to MSEK 250.0 (263.7) and the Group's net debt amounted to MSEK 85.5 (51.1).

PARENT COMPANY

Duroc AB's (publ) primary functions are business development, acquisitions, follow-up of the development in Group companies and financial reporting. Sales consist of internally invoiced services amounting to MSEK 3.2 during the first nine months of the financial year (5.9). Profit after taxes amounted to MSEK 52.8 (-2.8), including dividends from subsidiaries in the amount of MSEK 58.8. In addition to shares in Group companies, the Parent Company's assets consist mostly of amounts due from Group companies and bank balances. Duroc's equity ratio was 98.9 percent (97.4).

PERSONNEL

The average number of employees during the first nine months of the financial year was 830 (695). The average number of employees in the Parent Company was 5 (3) for the same period.

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

Duroc AB (publ) and its subsidiaries 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 2017 - 30 June 2018.

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 date of completion of the investigation is still unknown and the amount of the fine may deviate from the above range, up as well as down. Due to the uncertainty in final amount and time of completion, provisions has not been made.

Prioritized creditor Svartöns Specialstål AB's bankruptcy

Duroc is also 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 planned exit from the EU (Brexit) may affect Duroc's business. At present there is uncertainty both with respect to long-term solutions as well as rules for the transition period and there is a risk that there is a Brexit without any set transition rules as well as of a deferral of Brexit. The lack of clarity over what will happen makes it difficult to identify the effects.

Against this background the Board of Directors and management follow the development on an ongoing basis, in order to be able to take appropriate action in case of need.

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 however limited 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. In the case of a hard Brexit the effect 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. The effects are not deemed to be significant.

SCHEDULE OF FUTURE INFORMATION

Year-end Report 2018/2019	23 August 2019
Interim Report July-September 2019	7 November 2019

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 and the Swedish Securities Markets Act. The information herein was provided for publication at 07:15 a.m., 7 May 2019.

Stockholm, 6 May 2019

John Häger
CEO

AUDITOR'S REPORT

Duroc Aktiebolag reg. no. 556446-4286

Introduction

We have reviewed the condensed interim financial information (interim report) of Duroc Aktiebolag as of March 31, 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm May 6, 2019

PricewaterhouseCoopers AB

Swedish Original signed by

Michael Bengtsson
Authorized Public Accountant

SUMMARY CONSOLIDATED INCOME STATEMENT

Amounts in MSEK	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
Net sales	777.6	653.2	2,198.9	1,736.6	2,526.4
Other operating income *	7.9	0.6	14.8	32.4	33.3
Change in inventories	5.0	-1.1	9.3	-1.1	1.1
Raw materials and consumables	-391.1	-376.5	-1,143.0	-956.6	-1,382.3
Goods for resale	-120.6	-47.7	-314.4	-173.4	-270.3
Personnel costs	-125.4	-107.5	-349.8	-278.9	-393.8
Other costs	-110.0	-95.0	-310.1	-256.2	-353.7
Depreciation and amortisation of tangible and intangible non-cur	-13.0	-11.4	-38.6	-34.4	-44.4
Operating profit/loss	30.5	14.6	67.2	68.4	116.2
Financial income	0.2	1.8	1.2	4.9	5.6
Financial expense	-1.9	-2.0	-5.9	-6.8	-9.0
Net financial items	-1.7	-0.2	-4.6	-1.9	-3.4
Profit before tax	28.8	14.4	62.5	66.5	112.8
Current taxes	-6.7	-3.1	-14.0	-13.8	-12.0
Deferred taxes	-1.0	-0.7	-2.9	28.2	29.8
PROFIT FOR THE PERIOD	21.0	10.6	45.6	80.9	130.6
Profit for the period attributable to:					
The Parent Company's equity holders	21.0	10.6	45.6	80.9	130.6
non-controlling interests	-	-	-	-	-
Earnings per share					
Before and after dilution	0.54	0.27	1.17	2.08	3.35
Average number of shares outstanding before and after dilution	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000

*Other operating income for 2017/2018 includes reversal of negative goodwill in the amount of MSEK 30.6.

CONSOLIDATED REPORT OF COMPREHENSIVE RESULT

Amounts in MSEK	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
PROFIT FOR THE PERIOD	21.0	10.6	45.6	80.9	130.6
Total other comprehensive income					
Items that may be reclassified to the income statement					
Translation differences	20.5	21.3	11.6	20.9	40.0
Hedge accounting (net)	-0.2	-0.2	-0.1	0.7	1.0
Items that will not be reclassified to the income statement					
Revaluation of strategic holdings	-13.5	-	-13.5	-	-
Actuarial gains and losses(net)	-23.5	3.8	-29.3	7.0	18.5
Total other comprehensive income	-16.7	24.9	-31.3	28.6	59.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4.3	35.5	14.3	109.5	190.1
Total comprehensive income for the period attributable to:					
The Parent company's equity holders	4.3	35.5	14.3	109.5	190.1
non-controlling interests	-	-	-	-	-

SUMMARY CONSOLIDATED BALANCE SHEET

Amounts in MSEK	2019-03-31	2018-03-31	2018-06-30
ASSETS			
Non-current assets			
Intangible assets	88.0	79.8	83.1
Property plant and equipment	449.8	422.1	433.4
Financial assets	37.9	9.6	9.4
Deferred tax assets	56.6	61.9	58.1
Total non-current assets	632.4	573.4	584.0
Current assets			
Inventories	422.0	379.1	354.8
Trade receivables	426.6	382.0	421.5
Prepaid expenses and accrued income	12.1	10.0	13.2
Other receivables	18.0	35.5	26.5
Cash and cash equivalents	164.3	212.6	262.2
Total current assets	1,043.0	1,019.2	1,078.2
Total assets	1,675.4	1,592.6	1,662.2
EQUITY AND LIABILITIES			
Equity			
Share capital	39.0	39.0	39.0
Other capital provided	260.5	260.5	260.5
Reserves	116.1	99.1	104.6
Retained earnings including profit for the year	481.1	403.3	478.3
Equity attributable to owners of the parent	896.7	801.9	882.4
Total equity	896.7	801.9	882.4
Long-term liabilities			
Non-current interest-bearing liabilities	76.8	93.6	93.9
Other non-current liabilities	-	5.5	-
Provision for pensions	77.8	55.5	42.6
Other provisions	16.5	31.8	28.6
Deferred tax liabilities	33.6	38.5	39.9
Total non-current liabilities	204.7	224.9	205.0
Current liabilities			
Current interest-bearing liabilities	173.2	170.1	179.8
Trade payables	254.6	254.9	251.6
Other liabilities	66.6	89.0	87.9
Accrued expenses and prepaid income	79.6	51.8	55.5
Total current liabilities	574.0	565.8	574.8
Total liabilities	778.7	790.7	779.8
TOTAL EQUITY AND LIABILITIES	1,675.4	1,592.6	1,662.2

SUMMARY OF CHANGES IN CONSOLIDATED EQUITY

Amounts in MSEK	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
Opening balance	882.4	692.4	692.4
Profit for the period	45.6	80.9	130.6
Translation differences	11.6	20.9	40.0
Revaluation of strategic holdings	-13.5	-	-
Actuarial gains and losses (net)	-29.3	7.0	18.5
Hedge accounting (net)	-0.1	0.7	1.0
Closing balance	896.7	801.9	882.4

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

Amounts in MSEK	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
OPERATING ACTIVITIES					
Profite before taxes	28.8	14.3	62.5	66.5	112.8
Adjustment for items not included in cash flow	8.5	10.8	37.8	-2.9	13.4
Income tax paid	-5.5	-1.4	-10.4	-8.2	-13.3
Cash flow from operating activities before changes in working capital	31.8	23.7	89.9	55.4	112.9
Changes in working capital	-5.3	23.7	-50.5	-21.3	-37.2
Cash flow from operating activities	26.5	47.5	39.4	34.2	75.7
Cash flow from acquisitions	-	-	-21.3	-64.7	-64.7
Cash flow from other investment activities	-69.1	-14.4	-89.4	-35.4	-41.3
Cash flow from investment activities	-69.1	-14.4	-110.7	-100.1	-106.0
Cash flow from financing activities	0.1	-8.6	-28.4	-28.5	-23.2
Cash flow from financing activities	0.1	-8.6	-28.4	-28.5	-23.2
Cash flow for the period	-42.4	24.5	-99.6	-94.4	-53.5
Cash and equivalents at beginning of period	202.1	180.9	262.2	295.4	295.4
Transaltion difference in cash and cash equivalents	4.7	7.2	1.7	11.6	20.3
Cash and equivalents at end of period	164.3	212.6	164.3	212.6	262.2

SUMMARY PARENT COMPANY INCOME STATEMENT

Amounts in MSEK	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
Net sales	1.1	1.9	3.2	5.9	3.6
Other external costs	-1.3	-1.6	-4.3	-5.5	-8.2
Personnel costs	-3.3	-1.2	-6.8	-4.3	-6.4
Depreciation and amortisation	-0.1	-0.0	-0.3	-0.1	-0.2
Operating result	-3.6	-0.9	-8.3	-4.0	-11.2
Result from shares in group companies	-	-	58.8	-	-
Financial income	0.4	0.2	1.0	0.7	0.9
Financial expense	-0.3	-0.1	-0.5	-0.3	-0.4
Net finance items	0.0	0.1	59.4	0.4	0.5
Group contributions received/rendered	-	-	-	-	6.3
Result before taxes	-3.6	-0.8	51.1	-3.6	-4.4
Income tax	0.8	0.8	1.7	0.8	-0.8
RESULT AFTER TAXES	-2.8	-0.0	52.8	-2.8	-5.2

SUMMARY PARENT COMPANY REPORT OF COMPREHENSIVE RESULT

Amounts in MSEK	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
RESULT FOR THE PERIOD	-2.8	-0.0	52.8	-2.8	-5.2
Other comprehensive result	-	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-2.8	-0.0	52.8	-2.8	-5.2

SUMMARY PARENT COMPANY BALANCE SHEET

Amounts in MSEK	2019-03-31	2018-03-31	2018-06-30
ASSETS			
Non current assets			
Other intangible assets	1.2	0.6	0.9
Shares in group companies	864.5	856.5	856.5
Other equity	0.4	0.4	0.4
Deferred tax asset	25.6	25.6	23.9
Total non-current assets	891.7	883.1	881.7
Current assets			
Receivables group companies	58.1	34.0	31.9
Prepaid expenses and accrued income	0.5	1.2	0.4
Other receivables	0.2	0.5	1.2
Cash and cash equivalents	8.0	3.2	36.3
Total current assets	66.9	38.9	69.8
TOTAL ASSETS	958.6	922.0	951.5
EQUITY AND LIABILITIES			
Equity			
Restricted equity	40.1	40.1	40.1
Unrestricted equity	908.0	857.6	855.2
Total equity	948.1	897.7	895.3
Current liabilities			
Liabilities to credit institutions	2.1	5.0	4.3
Trade payables	1.1	0.1	0.3
Payables group companies	4.2	17.0	46.5
Other liabilities	0.3	0.2	-
Accrued expenses and prepaid income	2.8	2.0	5.1
Total current liabilities	10.6	24.3	56.2
Total liabilities	10.6	24.3	56.2
TOTAL EQUITY AND LIABILITIES	958.6	922.0	951.5

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 2017/2018 Annual Report. Since July 2018, Duroc applies the accounting standards IFRS 15 and IFRS 9. In all other respects accounting and valuation principles are unchanged compared to the 2017/2018 annual report.

IFRS 15 Revenue from contracts with customers

IFRS 15 deals with the accounting treatment of revenue from contracts and the sale of certain non-financial assets.

The majority, more than 80 percent, of the Duroc Group's sales are attributable to business area Fibre, which manufactures and delivers goods in the form of synthetic fibre and yarns. Business area Industrial Trading offers production solutions by delivering machine tools, including accessories, service and support, while business area Other Industry offers maintenance of railroad wheels and expertise in the field of laser welding.

Revenue is recognized when control over the product is transferred to the customer, which typically occurs at a specified point in time. Services in business area Industrial Trading, related to installation of the product, repair or maintenance are recognized over the time during which the service is provided. However, this part represents a mere approximately 4 percent of the business area's revenue.

The existence of variable compensation is limited and is recognized only to the extent that it will most likely not have to be reversed.

The transition to IFRS 15 has had no significant effects on the financial position or results of the Duroc Group.

IFRS 9 Financial instruments

IFRS 9 primarily affects Duroc in the manner of recording bad debts. Most of the trade receivables in business area Fibre are insured and in the other business areas the occurrence of bad debts is very small. An updated model for write-down of accounts receivable has been implemented in business area Industrial Trading, but the new model has had minimal effect on the business area's financial position or results. Hedge accounting is applied to a very small extent and IFRS 9 had no effect on Duroc in this respect.

During the 2018/2019 financial year Duroc applied the option of recognizing changes in fair value, for strategic holdings of equity instruments, in other comprehensive result.

New accounting policies 2019

IFRS 16 Leases

IFRS 16 Leases must be 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 (with certain exceptions) as an asset and liability in the report of financial position. The operating cost, equivalent to the period's leasing fee, reported for operational leases, will be replaced by depreciation and interest expense in the income statement.

In the Duroc Group there are leases relating to, among other things, premises and machinery. The new standard will mainly affect the financial reports in the following manner: Improved operating profit, higher balance sheet total and reclassification of cash flow from operating activities to financing activities. Duroc started the analysis of and preparation for the the lease standard, including systems support. The project will be completed during upcoming quarter, at which time the monetary effects of the transition will also be evaluated.

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 4.

Rounding

Amounts are stated in million Swedish kronor (MSEK) with one decimal, unless otherwise stated. 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. ACQUISITIONS

Universal Power Nordic (UPN)

In July 2018 Duroc acquired the business of Universal Power Nordic (UPN), a leading supplier of diesel engines for industrial and marine applications. UPN, which has 40 employees in Sweden and Norway, also offers service, spare parts and technical support. Product offerings include strong brands, such as Perkins, Kubota, Kohler and Lombardini. The purchase price amounted to MSEK 23.5 and the acquisition was consummated through the wholly owned subsidiary Duroc Machine Tool Holding AB. Goodwill amounts to MSEK 4,3, consisting mainly of growth and the company's business model. The acquisition analysis has been adjusted during the second quarter according to the table below. UPN is consolidated in the Duroc Group from 1 July 2018. In the first nine months of the financial year 2018/2019 UPN's revenue amounted to MSEK 100.7 and the operating profit was MSEK 3,8. For the period July 2017-June 2018 revenue amounted to MSEK 126 and the operating profit was MSEK 4.6. Acquisition-related transaction costs amount to MSEK 0.3.

Preliminary acquisition analysis

Amounts in MSEK	Preliminary acquisition analysis	Adjusted acquisition analysis
Total purchase price	23.5	23.5
Cash settled purchase price	23.5	23.5
Total acquisition value	23.5	23.5
Fair value of acquired net assets	21.1	19.2
Goodwill	2.4	4.3

Assets and liabilities arising from the acquisition are as follows	Preliminary acquisition analysis	Adjusted acquisition analysis
Customer relations	1.0	1.0
Other intangible assets	2.5	2.5
Tangible assets	1.0	1.0
Inventories	21.5	19.7
Current assets	6.1	6.5
Cash and cash equivalents	2.3	2.2
Deferred tax liability	-0.2	-0.2
Current liabilities	-13.1	-13.5
Fair value of net assets	21.1	19.2

Herber Engineering

In December 2018 Duroc agreed to acquire all shares outstanding in Herber Engineering AB. Herber manufactures advanced tube bending machines (electric and hydraulic) for cold tube and profile forming. Customers are found, in among other, the automotive industry, the aerospace industry, the furniture industry and HVAC (heating, ventilation and air conditioning) worldwide. The company has approximately 20 employees and about MSEK 50 in sales. Herber will be a part of business area Industrial Trading and the transaction is planned to close in April 2019.

NOTE 3. 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 maker 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.

Three reportable segments have been identified based on this reporting, Fibre, Other Industry and Industrial Trading.

Amounts in MSEK	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
Net sales					
Fibre	572.2	547.2	1,659.6	1,413.4	2,040.0
Of which external	572.2	547.2	1,659.6	1,413.4	2,040.0
Of which internal	-	-	-	-	-
Industrial trading	165.4	66.6	444.9	242.2	375.7
Of which external	165.4	66.6	444.9	242.2	375.7
Of which internal	-	-	-	-	-
Other industry	40.0	39.4	94.4	81.0	110.9
Of which external	40.0	39.4	94.4	81.0	110.9
Of which internal	-	-	-	-	-
Group-wide functions	1.1	1.9	3.2	5.9	3.6
Eliminations	-1.0	-1.9	-3.2	-5.9	-3.7
Total net revenue	777.6	653.2	2,198.8	1,736.6	2,526.4
Operating profit					
Fibre	16.6	11.4	32.4	62.7	97.5
Industrial trading	9.4	-4.2	30.6	2.8	19.9
Other industry	8.2	8.3	12.5	6.9	10.0
Group-wide functions	-3.6	-0.9	-8.3	-4.0	-11.2
Total operating profit	30.5	14.6	67.2	68.4	116.2
Net finance items	-1.7	-0.2	-4.6	-1.9	-3.4
Profit before taxes	28.8	14.4	62.5	66.5	112.8
Operating margin					
Fibre	2.9%	2.1%	2.0%	4.4%	4.8%
Industrial trading	5.7%	-6.3%	6.9%	1.2%	5.3%
Other industry	20.4%	21.1%	13.2%	8.5%	9.0%
Total	3.9%	2.2%	3.1%	3.9%	4.6%

NOTE 4. 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.

EBITDA and adjusted EBITDA

Amounts in MSEK	2018/2019 Q3	2017/2018 Q3	2018/2019 Q1-Q3	2017/2018 Q1-Q3	2017/2018 JUL-JUN
Operating profit/loss	30.5	14.6	67.2	68.4	116.2
Depreciation and amortisation of tangible and intangible non-current assets	13.0	11.4	38.6	34.4	44.4
EBITDA	43.5	26.0	105.7	102.8	160.6
Items affecting comparability					
Negative goodwill and other items from acquisitions	-3.0	-	-3.0	-30.1	-30.1
Impairment account receivable in USA	-	4.4	-	4.4	4.4
Adjusted EBITDA	40.5	30.4	102.7	77.2	135.0

Amounts in MSEK	2019-03-31	2018-03-31	2018-06-30
Long-term interest bearing liabilities	76.8	93.6	93.9
Short-term interest bearing liabilities	173.2	170.1	179.8
Derivatives	-0.2	-	-
Other items affecting comparability	-164.3	-212.6	-262.2
Net debt	85.5	51.1	11.5

NOTE 5. 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 6. TRANSACTIONS WITH CLOSELY RELATED PARTIES

During the third quarter 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 amount of the loan is MSEK 26.7 and carries interest on market terms.

During the first nine months of the 2018/2019 financial year Duroc purchased services from Value Research AB in an amount of MSK 0.6. The company is 51 percent owned by Peter Gyllenhammar AB, which is also the largest shareholder in Duroc. Purchases were made on market terms.

DEFINITION OF KEY FINANCIAL INDICATORS

Organic growth	Net sales growth adjusted for acquisitions and currency translation effects.
Equity	The sum 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, less cash and cash equivalents.
Net debt equity ratio	Net debt divided by equity.