

Press release

Åseda, October 31, 2006

Quarterly Report from ProfilGruppen AB (publ),
January – September 2006

- * **ProfilGruppen AB has acquired 18 per cent shareholding in the German company PWG, the leading supplier in Europe of aluminium guides for sunroof systems to the automotive industry**
- * **Net turnover amounted to SEK 794.7 million (682.8), an increase by 16 per cent**
- * **Operating profit improved to SEK 40.0 million (31.0), corresponding to an operating margin of 5.0 per cent (4.5)**
- * **Profit after tax increased by 42 per cent to SEK 25.8 million (18.2)**
- * **Profit per share improved by 44 per cent to SEK 4.41 (3.05)**

Nils Arthur, ProfilGruppen's President and CEO, says:

"As a whole I'm satisfied with the development of the period and especially that we have strengthened the margins. However, the deliveries and the result for the third quarter, become lower than expected due to temporary disturbances in deliveries.

During October we acquired 18 per cent of the German company PWG, the leading supplier in Europe of aluminium guides for sunroof systems to the automotive industry and this acquisition is an important step in our strategy for a further internationalization. The cooperation with PWG will give us valuable technical knowledge and, not least, potential for increased volumes."

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Market and incoming orders

The incoming order on the West European extrusion market increased by nine per cent during the period of January to September. The growth is mainly driven by increased demand from the construction sector. The German market, Europe's and ProfilGruppen's largest extrusion market, has continued to develop well. Actors in the aluminium business judges that customers during certain periods have acquired larger volumes in order to secure deliveries, due to billet scarcity in the market.

ProfilGruppen's incoming orders for the period amounted to SEK 835.0 million (724.8), and in volume to 19,400 tonnes (18,750), an increase by three per cent. The volume increase was three per cent both from the Export markets and from the Swedish market. The share of processed profiles was on the whole unchanged.

The demand from key customers on the Swedish market has continued to be stable. The German market is the market which shows the largest increase in volume for the Group, plus 17 per cent compared to the same period last year. The increase is primarily related to customer contracts for transportations system and solar cell system.

Incoming orders from customers in the Interior sector shows the strongest increase during the period and the growth, calculated in volume, in this sector amounted to 12 per cent. The Interior sectors share of the Groups total incoming order amounted to about ten per cent during the period.

The demand from customers in the Automotive sector increased by two per cent compared to the same period last year. From customers in the Electronic sector the incoming orders decreased by six per cent, calculated in volume, compared to the same period last year. The incoming orders from customers in this sector are still on a high level.

From the Construction sector the demand decreased with two per cent during the period. The increase is assignable to the second quarter since the Group has been given priority to a business containing a higher degree of processed profiles.

Deliveries and production

The turnover for the period amounted to SEK 794.7 million (682.8), an increase with 16 per cent. The increase is primary explained by an increased delivery volume and by increased aluminium prices. The delivery volume of aluminium profiles increased by almost six per cent to 18,770 tons (17,750). The share of Export amounted to 50 per cent (48) and as calculated in SEK to 46 per cent (45). During the period the Group produced 18,950 tonnes (17,800) of aluminium profiles.

The aluminium raw material

After a long period of increasing raw material prices, the LME level stabilised in the third quarter at levels round 2,500 dollar per tonne. This price level is slightly more than 30 per cent higher than the corresponding period last year and the Group has all in all during the period managed to compensate for the increased raw material costs.

For the past few weeks the price of raw material has increased substantially.

Comments on profit

The operating profit increased by 29 per cent to SEK 40.0 million (31.0) which is equivalent to an operating margin of 5.0 per cent (4.5). The profit after financial items increased to SEK 36.5 million (26.7) and the result after taxes improved by 42 per cent to SEK 25.8 (18.2). The profit per share amounted to SEK 4.41 (3.05), an increase by 44 per cent. The return on capital employed increased to 16.1 per cent (12.3).

The result improvement is primarily explained by an improved product mix.

The third quarter

Incoming orders increased 14 per cent to SEK 240.4 million (210.4). Calculated in volume, the incoming orders was nearly unchanged and amounted to 5,375 tonnes (5,350).

The share of volume of processed products for the third quarter was almost on the same level as for the second quarter.

The turnover amounted to SEK 241.0 million (206.1). During the period the company delivered 5,325 tonnes (5,250) of aluminium profiles and the production amounted to 5,325 tonnes (5,050). The start up of the Group's extrusions lines after the summer holiday led to some disturbance in deliveries.

The export share amounted to 48 per cent (49) of the volume and 45 per cent (45) of the turnover.

The operating profit amounted to SEK 9.8 million (9.5), which is equivalent to an operational margin of 4.1 per cent (4.6). The corresponding period last year, the result included restructuring costs of SEK 0.8 million.

The result after financial items amounted to SEK 8.6 million (8.2). The profit per share amounted to SEK 1.06 (0.86). During the same period last year a goodwill write-down was accomplished which led to that the Group was burdened with an extra high tax cost during the third quarter.

Events after the third quarter

ProfilGruppen acquires shareholding in the German company PWG, Europe's leading supplier of aluminium guides for sunroof system to the automotive industry

ProfilGruppen AB acquired 18 per cent shareholding in the German company PWG (Profilrollen-Werkzeugbau GmbH&Co.KG), the leading supplier in Europe of aluminium guides for sunroof systems to the automotive industry. At the same time PWG acquired the Dutch company Realpro, in which company ProfilGruppen has held a 40 per cent shareholding. ProfilGruppen's payment for its shareholding in PWG consists of EUR 1.1 million in cash payment plus its 40 per cent shareholding in Realpro.

At the same time a cooperation agreement was signed with PWG with regard to becoming PWG's future main supplier of aluminium profiles. The cooperation gives potential of increased volumes and with PWG's position in the automotive industry, ProfilGruppen's position is improved within a prioritised customer segment and at the same time it is an important step in the strategy to further internationalise ProfilGruppen.

Investments

The investments amounted to SEK 14.1 million (30.3), of which SEK 3.5 (9.3) are assigned to the third quarter, and were in substance related to investments in the current business.

Financing and liquidity

The cash flow from current operations amounted to SEK 18.5 million (41.9) and after investments activities to SEK 5.6 million (18.0). The reduced cash flow is explained by increased raw material prices and a temporary increase in the stock of raw material.

The total capital employed as of September 30 amounted to SEK 657.3 million compared with SEK 616.9 million as of January 1. The increase is explained by higher raw material prices and by a higher stock level.

The net debt amounted as of September 30 to SEK 153.5 million (91.4) and the net debt ratio to 0.94 (0.40). The increased net debt is primarily explained by the company's increased borrowing transactions as a consequence of payment of SEK 84.9 million regarding to the Group's share redemption programme. The company's liquid resources amounted at the same time to SEK 22.5 million (13.8).

Personnel

The average number of employees in the Group was 480 (497), of which 81 (114) were employed by the wholly-owned processing companies ProfilGruppen Components and ProfilGruppen Manufacturing and the partly-owned Dutch processing company Realpro. The number of employees in the Group as of September 30 amounted to 497 (487).

The parent company

The parent company's net turnover amounted to SEK 13.7 million (14.1) and comprised rent from companies in the Group. No purchases were made from Group companies. The profit after financial items amounted to SEK 7.1 million (9.8). The investments in the parent company amounted to SEK 0.9 million (2.5) and was related to investments in property. The parent company's interest yielding debts amounted, as of September 30, to SEK 66.9 million (23.8). The increase is explained by a higher borrowing as a consequence of payment regarding to the Group's share redemption programme. The change in the parent company's liquidity has been SEK 0 million (0) during the period. The parent company has one (1) employee.

Outlook

For the forth quarter of the year, the development of the West European extrusion market is forecasted to be calmer, compared to the strong growth during the first nine months of the year. The Group's delivery volume for 2006 is forecasted to exceed the last year's level.

The West European market for 2007 is forecasted to remain strong and amount to the level of 2006.

Outlook for 2006 – previous judgement as stated in the quarterly report for the period January- June 2006

The positive development of the European extrusion market is likely to continue during 2006. ProfilGruppen's growth during the year will depend on key customers' continuous expansion. The Group's delivery volume for the year is estimated to exceed the previous year's level.

The redemption programme is completed

At the end of August Bolagsverket registered the reduction of the share capital and the reserve fund in ProfilGruppen AB. The payment of about SEK 84.9 million was carried out at August 31. After the realisation of the redemption programme and after the requested conversion of A-shares

Profit and loss account

The Group, MSEK	Q 3 2006	Q 3 2005	Q 1-3 2006	Q 1-3 2005	12 months on-going¹⁾	Full year 2005
Net turnover	241.0	206.1	794.7	682.8	1 038.6	926.7
Cost of goods sold	-209.1	-178.6	-683.4	-589.9	-891.3	-797.8
Gross profit	31.9	27.5	111.3	92.9	147.3	128.9
Other operating revenues	0.1	2.0	0.2	2.0	1.6	3.4
Selling expenses	-13.2	-11.3	-42.9	-37.3	-58.0	-52.4
Administrative expenses	-9.0	-8.7	-28.6	-26.6	-38.7	-36.7
Operating profit	9.8	9.5	40.0	31.0	52.2	43.2
Interest income	0.4	0.2	0.8	0.5	1.6	1.3
Interest expenses	-1.6	-1.5	-4.3	-4.8	-5.3	-5.8
Net financial income/expense	-1.2	-1.3	-3.5	-4.3	-3.7	-4.5
Profit before tax	8.6	8.2	36.5	26.7	48.5	38.7
Tax	-2.7	-3.1	-10.7	-8.5	-14.2	-12.0
Profit for the period	5.9	5.1	25.8	18.2	34.3	26.7
Depreciation and write-down						
Goodwill	0.0	2.8	0.0	2.8	0.0	2.8
Land and buildings	0.7	0.7	2.6	2.4	3.4	3.2
Machinery and equipment	5.3	5.7	20.7	21.6	29.1	30.0
Total	6.0	9.2	23.3	26.8	32.5	36.0
Write-down of goodwill	0.0	2.8	0.0	2.8	0.0	2.8
Earnings per share, SEK	1.06	0.86	4.41	3.05	5.84	4.48
Average number of shares, thousands (Recalculated due to redemption of shares made 2006. No dilution.)	5 633	5 971	5 857	5 971	5 886	5 971
Net turnover per geographical market						
Sweden	133.7	113.9	425.4	375.3	564.6	514.5
Other Nordic countries	37.9	31.7	137.1	105.4	178.4	146.7
Rest of Europe	65.9	58.7	216.4	193.5	278.3	255.4
Other	3.5	1.8	15.8	8.6	17.3	10.1
Total	241.0	206.1	794.7	682.8	1 038.6	926.7

¹⁾ Refers to period October 2005 – September 2006.

Balance sheet

The Group, MSEK	30 September 2006	30 September 2005	31 December 2005
Assets			
Fixed assets			
Intangible fixed assets	12.3	12.3	12.3
Tangible fixed assets	283.2	302.7	294.4
Financial fixed assets	0.2	0.2	0.2
Total fixed assets	295.7	315.2	306.9
Current assets			
Inventories	121.1	85.9	84.4
Current receivables	218.0	191.7	182.2
Liquid assets	22.5	13.8	43.4
Total current assets	361.6	291.4	310.0
Total assets	657.3	606.6	616.9
Shareholders' equity and liabilities			
Shareholders' equity	163.8	229.0	237.8
Long-term liabilities			
Interest-bearing liabilities	132.2	95.9	96.7
Interest-free liabilities	52.5	50.2	53.9
Total long-term liabilities	184.7	146.1	150.6
Short-term liabilities			
Interest-bearing liabilities	43.8	9.3	1.8
Interest-free liabilities	265.0	222.2	226.7
Total short-term liabilities	308.8	231.5	228.5
Total shareholders' equity and liabilities	657.3	606.6	616.9

Changes in shareholders' equity

The Group, MSEK	Q 3 2006	Q 3 2005	Q 1-3 2006	Q 1-3 2005	Full year 2005
Opening balance	246.6	221.8	237.8	223.9	223.9
Effects of changed accounting principles: IAS 39 Financial Instruments: Recognition and Measurement	-	-	-	0.1	0.1
After effects of changed accounting principles	246.6	221.8	237.8	224.0	224.0
Changes in reserves	-0.9	2.1	1.2	-1.7	-1.4
Dividend	0.0	0.0	-13.2	-11.5	-11.5
Redemption	-87.8	-	-87.8	-	-
Net profit/loss for the period	5.9	5.1	25.8	18.2	26.7
Closing balance	163.8	229.0	163.8	229.0	237.8

Cash flow statement

The Group, MSEK	Q 3 2006	Q 3 2005	Q 1-3 2006	Q 1-3 2005	12 months on-going¹⁾	Full year 2005
Operating cash flow ²⁾	10.0	8.8	53.4	45.4	71.1	63.1
Working capital changes	-33.1	11.2	-34.9	-3.5	-15.8	15.6
Cash flow from operating activities	-23.1	20.0	18.5	41.9	55.3	78.7
Cash flow from investing activities	-3.9	-3.3	-12.9	-23.9	-11.6	-22.6
Cash flow from financing activities	0.0	-9.4	-26.0	-32.5	-34.8	-41.3
Cash flow for the period	-27.0	7.3	-20.4	-14.5	8.9	14.8
Liquid assets, opening balance	49.7	6.5	43.4	27.7	13.8	27.7
Translation differences in liquid assets	-0.2	0.0	-0.5	0.6	-0.2	0.9
Liquid assets, closing balance	22.5	13.8	22.5	13.8	22.5	43.4

¹⁾ Refers to period October 2005 – September 2006.

²⁾ Cash flow from operating activities before working capital changes.

Accounting Principles

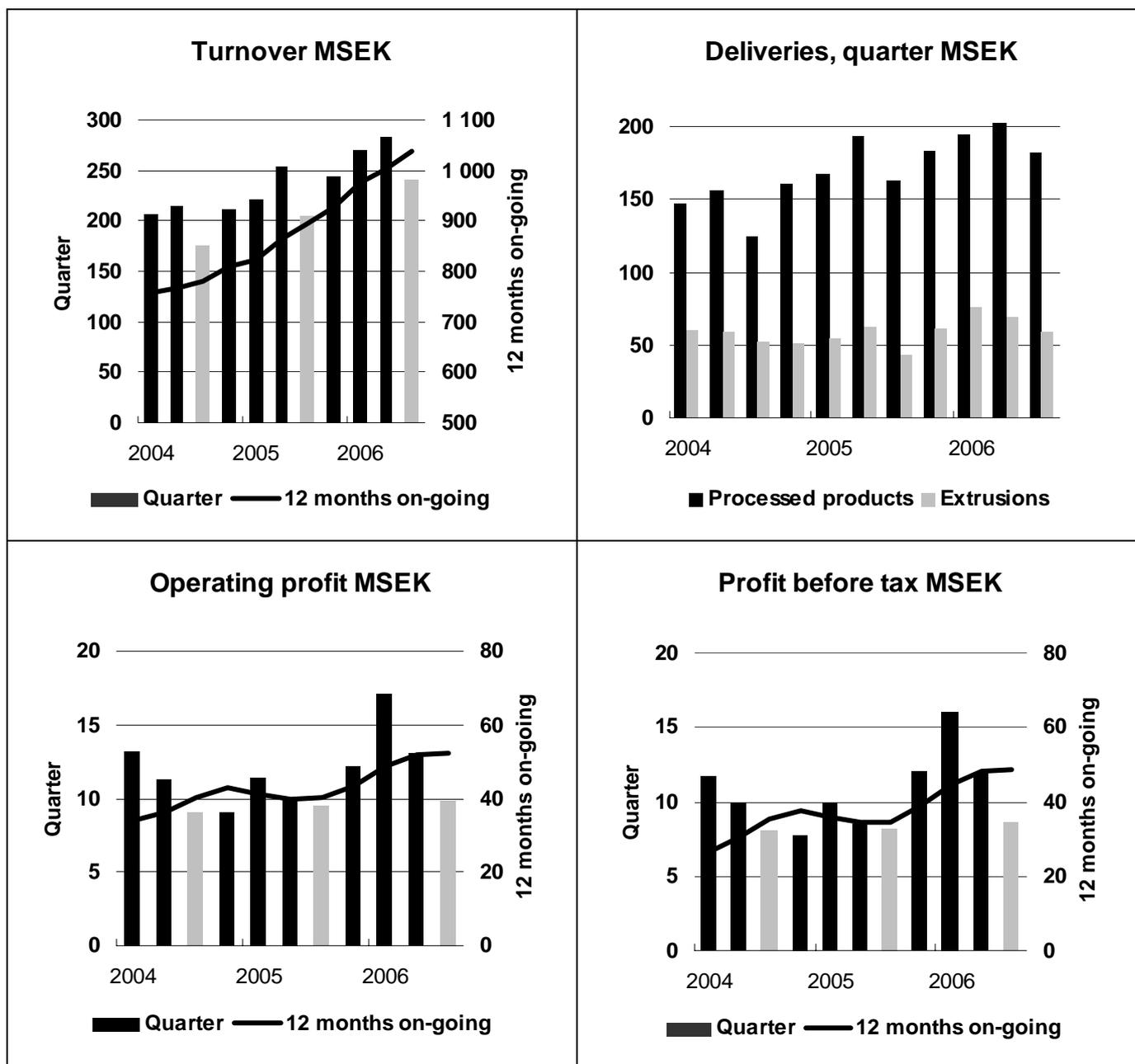
This quarterly report has been prepared in accordance with the IAS 34 Interim financial reporting and the RR 31 Quarterly reporting for groups. The Group apply IFRS and interpretation statements from IFRIC as they have been approved by the EU commission for application within the European Union. The same accounting principles and calculating methods have been used as in the latest annual report. The new or modified IFRS standards and IFRIC interpretations that were taken in action as of 1 January 2006 have not effected the Group's result or position.

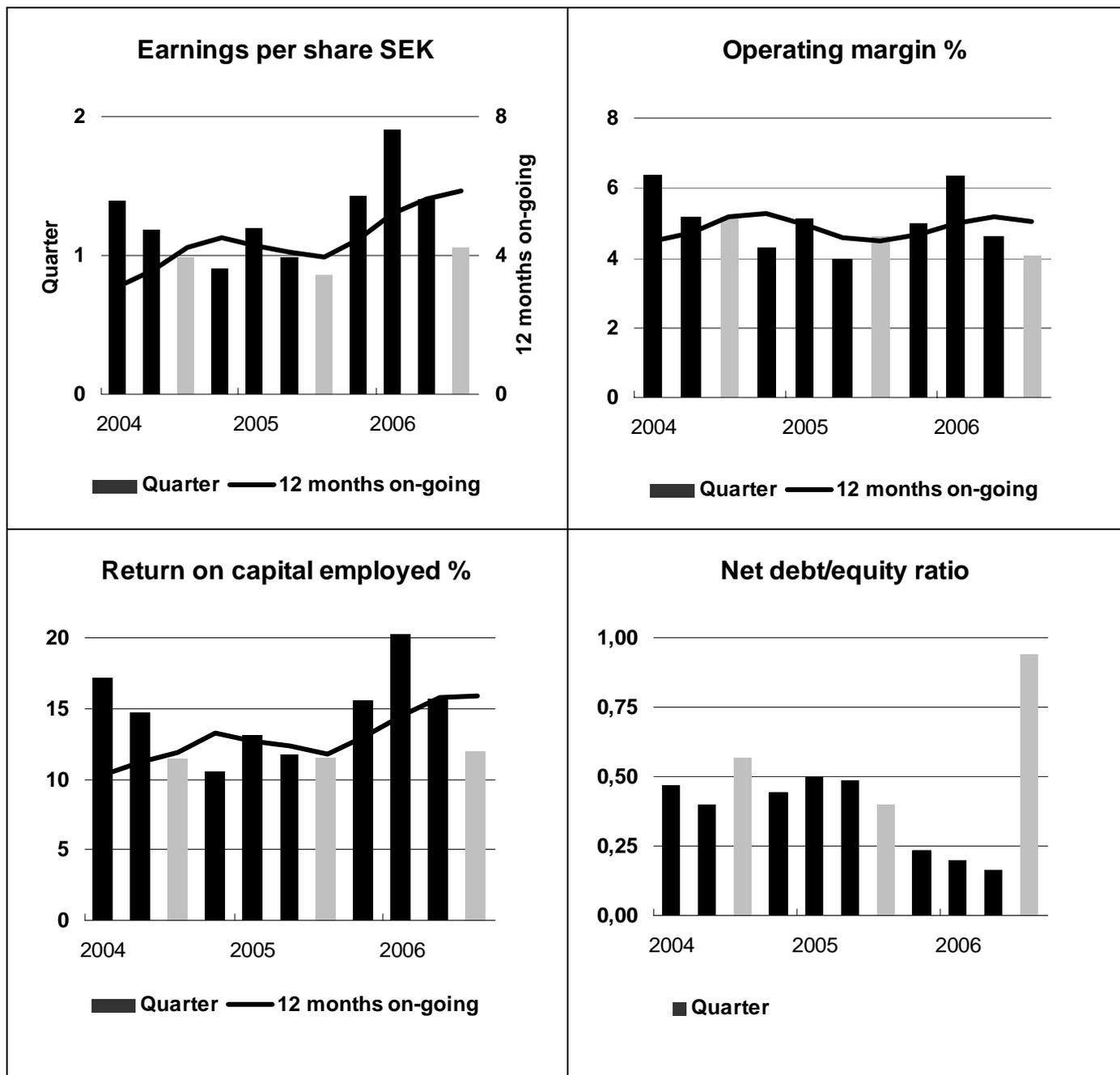
Key ratios

The Group	Q 3 2006	Q 3 2005	Q 1-3 2006	Q 1-3 12 months 2005 on-going ¹⁾	Full year 2005	
Net turnover, MSEK	241.0	206.1	794.7	682.8	1 038.6	926.7
Profit before depreciation, MSEK	15.8	18.7	63.3	57.8	84.7	79.2
Operating profit/loss, MSEK	9.8	9.5	40.0	31.0	52.2	43.2
Operating margin, %	4.1	4.6	5.0	4.5	5.0	4.7
Profit before tax, MSEK	8.6	8.2	36.5	26.7	48.5	38.7
Profit margin, %	3.6	4.0	4.6	3.9	4.7	4.2
Return on equity, %	11.6	9.1	17.2	10.7	17.5	11.6
Return on capital employed, %	12.0	11.6	16.1	12.3	15.9	13.0
Cash flow from current operations, MSEK	-23.1	20.0	18.5	41.9	55.3	78.7
Investments, MSEK	3.5	9.3	14.1	30.3	20.6	36.8
Liquidity reserve, MSEK	-	-	130.5	190.2	-	227.1
Net debt, MSEK	-	-	153.5	91.4	-	55.1
Interest-bearing liabilities and interest-bearing provisions, MSEK	-	-	176.0	105.2	-	98.5
Net debt/equity ratio	-	-	0.94	0.40	-	0.23
Total assets, MSEK	-	-	657.3	606.6	-	616.9
Equity ratio, %	-	-	24.9	37.8	-	38.5
Capital turnover	2.9	2.5	3.1	2.7	3.1	2.7
Proportion of risk-bearing capital, %	-	-	32.9	46.0	-	47.3
Interest coverage ratio	6.3	6.5	9.5	6.5	10.2	7.7
Average number of employees	487	495	480	497	481	492
Net turnover per employee (average), TSEK	495	416	1 657	1 374	2 159	1 884
Profit before tax per employee (average), TSEK	18	17	76	54	101	79
Number of shares, thousands (Recalculated due to redemption of shares made 2006. No dilution.)	5 633	5 971	5 857	5 971	5 886	5 971
Earnings per share, SEK	1.06	0.86	4.41	3.05	5.84	4.48
Equity per share, SEK	-	-	33.21	39.90	-	41.42

¹⁾ Refers to period October 2005 – September 2006.

Definitions are given in ProfilGruppen's Annual Report 2005. Rounding differences may occur.





Brief facts about the Group

- ProfilGruppen AB in Åseda, Småland, in Sweden markets, develops and manufactures processed components and customised aluminium extrusions.
- The company has customers in several European countries and during 2005 48 per cent of the volume was exported.
- Aluminium extrusions are used within many industries, for example, construction, automotive industry, telecommunications/electronics and furnishings.
- The manufacture of extrusions takes place on three modern press lines at the company's facilities at ProfilGruppen Extrusions AB.
- The processing subsidiaries ProfilGruppen Manufacturing AB and ProfilGruppen Components AB are equipped for cutting processing, surface treatment, friction stir welding, bending and mounting.
- ProfilGruppen owns 18per cent of the German company PWG (Profilrollen-Werkzeugbau GmbH&Co.KG), the leading supplier in Europe of aluminium guides for sunroof systems to the automotive industry.
- Over the last few years ProfilGruppen has invested heavily in equipment for the manufacturing and processing of aluminium extrusions.
- The company cooperates with around ten regional suppliers who process products on behalf of ProfilGruppen.
- The company is quality-certified in accordance with ISO TS 16949:2002, ISO 9001 and ISO 14000.
- ProfilGruppen AB was listed on the Stockholm Stock Exchange in June 1997.