

# Interim report

1 Jan – 30 Jun 2012

## 1 JANUARY – 30 JUNE 2012

- Net sales rose 8% to SEK 4,129 million (3,831). The increase for comparable units was 4%.
- Operating profit before amortisation of intangible non-current assets (EBITA) attributable to acquisitions rose 1% to SEK 426 million (421), and the EBITA margin was 10.3% (11.0%).
- Profit after tax rose 4% to SEK 249 million (240).
- Earnings per share were SEK 6.23 (6.00).

## SECOND QUARTER 2012

- Net sales rose 7% during the second quarter to SEK 2,147 million (2,015). The increase for comparable units was 2%.
- Operating profit before amortisation of intangible non-current assets (EBITA) attributable to acquisitions decreased by 2% to SEK 234 million (238), and the EBITA margin was 10.9% (11.8%).
- Profit after tax was SEK 139 million (139).
- Earnings per share were SEK 3.48 (3.48).

## FINANCIAL DEVELOPMENT

SEK million	2012 Apr-Jun	2011 Apr-Jun	Change	2012 Jan-Jun	2011 Jan-Jun	Change	2011/12 Moving 12 mos	2011 Jan-Dec
Net Sales	2,147	2,015	7%	4,129	3,831	8%	8,292	7,994
EBITA	234	238	-2%	426	421	1%	922	917
EBITA margin, %	10.9	11.8		10.3	11.0		11.1	11.5
Profit after financial items	185	189	-2%	331	326	2%	734	729
Net profit	139	139	0%	249	240	4%	549	540
Earnings per share, SEK <sup>1)</sup>	3.48	3.48	0%	6.23	6.00	4%	13.73	13.50
Return on operating capital, %	25	24		25	24		25	26

<sup>1)</sup> Attributable to equity holders of the parent company

## CEO's message

Earnings for the second quarter were marginally lower than in the corresponding period in 2011. During the quarter, some of the projects in the international energy sector that we previously reported on were invoiced, but not to a greater extent than order intake for this type of projects – just like for the Group as a whole – continued to exceed invoicing. Order intake can be described as volatile, with a strong start and weaker end to the quarter. The total market is showing a downward trend, with the exception of the international energy sector, where demand remains strong. The Finnish market, which was previously showing growth, has now clearly turned downward. Customers continue to be cautious in the face of uncertainty about the future development.



### Second quarter

Order intake totalled SEK 2,319 million (2,103), with favourable performance for the Flow Technology and Special Products business areas. For Industrial Components and Engineering & Equipment, business was weaker as a result of lower demand for industrial consumables and a downturn in the Finnish industrial market. The trend during the quarter was that the first two months were stronger than the third. Overall, order intake grew 10%, of which acquisitions accounted for 4%. Order intake during the quarter exceeded net sales by 8%.

Sales for the quarter totalled SEK 2,147 million (2,015), an increase of 7%, of which acquisitions accounted for 5%.

Most of Indutrade's companies see lower demand in the market. This applies to companies with international customers as well as to the local water and wastewater markets in Finland and Sweden. The general unease that continues to prevail with respect to the development of the global economy is causing many customers to be more cautious and to not order more than their short-term needs.

The Engineering & Equipment business area, which has its markets in Finland and the Baltic countries, experienced a downturn during the period. Sales for comparable units were level with the preceding year, but with a higher level of costs in connection with market investments.

Flow Technology had another quarter with favourable growth in order intake driven by domestic as well as international projects. Compared with the preceding year, invoicing was at a stable level, and earnings were marginally lower than for the comparison period.

For Industrial Components, sales were level with the preceding year. Although the market situation has been uncertain for a long time, the decline that we previously saw now appears to have slowed.

The Group's largest business area, Special Products, had continued strong order intake for its companies that are active in the international energy sector. Many of the other companies in the business area are experiencing weaker demand in practically all markets. During the period, deliveries began for parts of the large energy projects. The operation in Switzerland that was acquired by the business area in 2011 is showing favourable earnings performance.

### Margin

The gross margin, at 34.0%, was marginally better than the preceding quarter, but lower than the corresponding quarter in 2011. The differences between the quarters are due to changes in the product mix, where deliveries for major projects are having a dampening effect on the gross margin. The EBITA margin was 10.9% (11.8%). The lower margin is attributable to the generally weaker market trend.

### Acquisitions

Indutrade carried out four acquisitions during the quarter: the med-tech companies Rubin Medical and Conroy Medical; the hydraulics company Hydnet (with possession taking place in August); and Topflight, which specialises in labelling solutions for industrial applications.

### Outlook

Due to the general anxiety about the world economy, companies in most sectors are growing increasingly cautious, which is also contributing to the slowdown. Against the background of the good increase in order intake, the energy segment and flow technology businesses are expected to do well during the year, while the uncertainty will continue for the other businesses. While several major customers have a positive outlook for the second half of the year, on the whole I believe that the level of uncertainty is great in most industries.

Johnny Alvarsson, President and CEO

## Group performance

### ORDER INTAKE AND NET SALES

#### Order intake

Order intake during the period January–June amounted to SEK 4,574 million (4,171), an increase of 10%. For comparable units, order intake rose 6%, while acquired growth was 4%. Currency movements had a marginally positive effect on order intake, by SEK 6 million.

Order intake during the second quarter amounted to SEK 2,319 million (2,103), an increase of 10%. For comparable units, order intake rose 6%, while acquired growth was 4%. The impact of currency movements was negligible during the quarter.

Following a strong start to the year, a lower rate of growth and greater uncertainty were noted during the latter part of the first quarter. For many of the Group's companies, the trend during the second quarter was characterised by a lower volume of regular business, such as in the general engineering industry in the Nordic countries and the rest of Europe as well as in the water and wastewater segment, but where projects are compensating and resulting in an overall increase in order intake. The market situation can thus be described on the whole as being weaker. All business areas except for Industrial Components noted an increase in order intake for comparable units during the second quarter as well as for the entire interim period.

The positive trend from 2011 and the first quarter of 2012, with favourable demand from the international industrial sector, also had an impact on the second quarter of the year.

#### Net sales

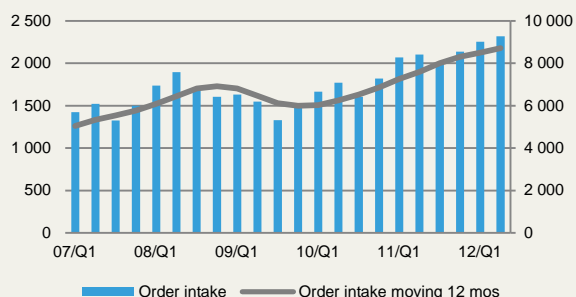
Net sales for the period totalled SEK 4,129 million (3,831), an increase of 8%. For comparable units the increase was 4%, while acquired growth was also 4%. Currency movements were marginally positive and affected sales by SEK 5 million.

Net sales during the second quarter rose 7% to SEK 2,147 million (2,015). The increase for comparable units was 2%, while acquired growth was 5%. The impact of currency movements during the quarter was negligible.

Net sales for comparable units were unchanged during the second quarter for Engineering & Equipment and Flow Technology, while they rose 1% and 4%, respectively, for Industrial Components and Special Products. The decline for Industrial Components was dampened during the second quarter, and the decrease in net sales for comparable units during the interim period was limited to -1%, while other business areas reported increases in net sales in the range of 4%-5%.

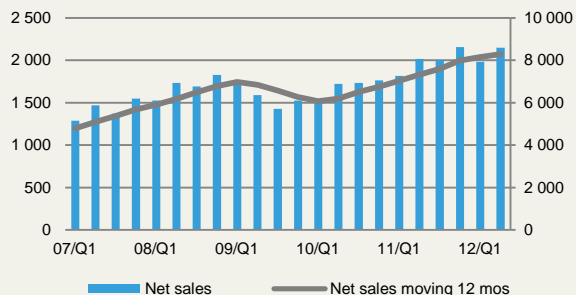
#### Order intake

SEK million

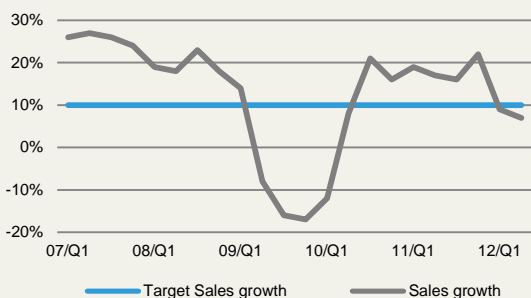


#### Net sales

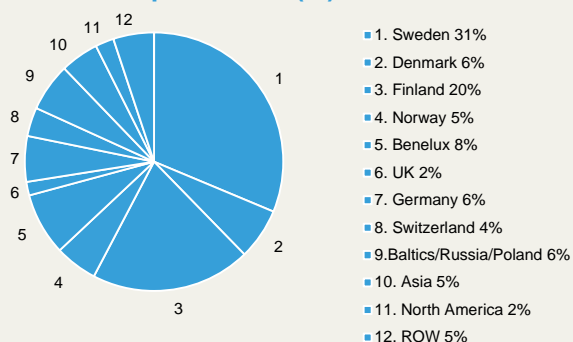
SEK million

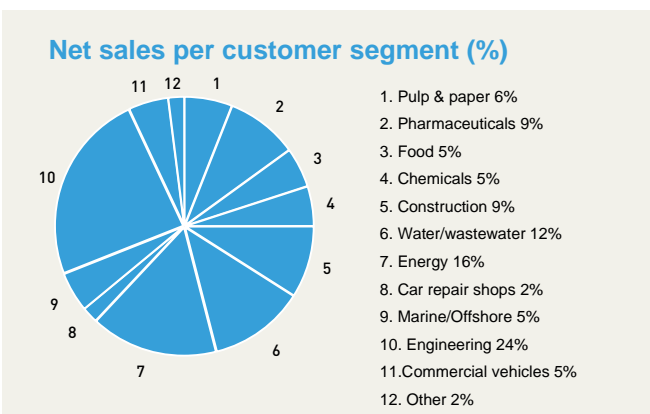
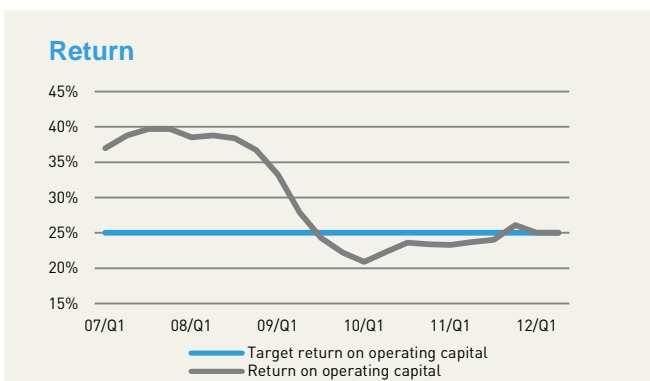
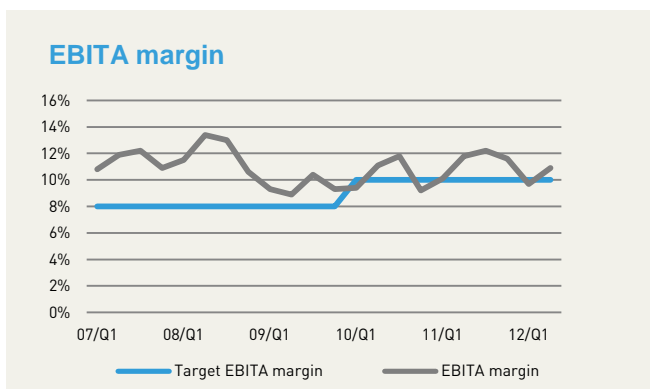
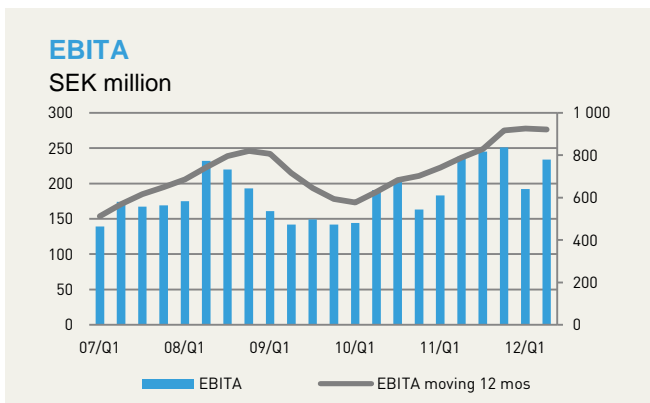


#### Sales growth



#### Net sales per market (%)





## Earnings and return

### EARNINGS

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 426 million (421) for the period January–June, an increase of 1%. The operating margin before amortisation of intangible assets (the EBITA margin) was 10.3% (11.0%).

The gross margin on an accumulated basis was slightly lower than during the corresponding period a year ago, at 34.0% (34.6%). The gross margin for the second quarter was also 34.0%.

The lower EBITA margin is an effect of a lower level of regular business and the product mix, with a higher share of project-related business in Flow Technology and Special Products, along with a strengthening of resources and higher costs for comparable units, resulting in a higher level of overheads.

Earnings and the EBITA margin rose for Engineering & Equipment during the period, while the opposite applied for Flow Technology and Industrial Components. Special Products posted higher earnings but a lower EBITA margin. Currency effects from translation of foreign units had only a marginal impact on profit for the second quarter and the interim period.

Net financial items amounted to SEK -43 million (-48), of which net interest expense accounted for SEK -40 million (-44). Net interest expense was favourably affected by a slightly lower level of average net debt and a slightly lower average interest rate. Tax on profit for the period was SEK -82 million (-86), corresponding to a tax charge of 24.8% (26.4%). Profit after tax rose 4% to SEK 249 million (240). Earnings per share increased to SEK 6.23 (6.00).

For the second quarter, operating profit before amortisation of intangible assets (EBITA) amounted to SEK 234 million (238), a decrease of 2%. The operating margin before amortisation of intangible assets (the EBITA margin) was 10.9% (11.8%). Net financial items for the second quarter amounted to SEK -22 million (-25), of which net interest expense accounted for SEK -20 million (-23). Tax on profit for the period was SEK -46 million (-50). Profit after tax was SEK 139 million (139). Earnings per share were SEK 3.48 (3.48).

### RETURN

The return on operating capital was 25% (24%), and the return on equity was 28% (26%).

# Business areas<sup>1</sup>

## ENGINEERING & EQUIPMENT

**Engineering & Equipment's operations involve sales of components as well as customisation, combinations and installations of products from various suppliers.**

SEK million	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011/12 Moving 12 mos	2011 Jan-Dec
Net sales	418	388	798	727	1,631	1,560
EBITA	29	29	56	48	129	121
EBITA margin, %	6.9	7.5	7.0	6.6	7.9	7.8

Net sales for the period January–June rose 10% to SEK 798 million (727). The increase for comparable units was 4%. Acquisitions contributed 6%, while currency movements had a negligible effect on net sales.

Demand in the Finnish market, where the business area conducts most of its business, moved in a positive direction during the opening quarter of the year, but turned downward during the second quarter. Finnish industry experienced weak development during the spring across a broad spectrum, which has affected many of the business area's companies. The normal, seasonal increase in activity in the water/wastewater segment during the spring failed to materialise this year as a result of uncertainty from structural changes in the municipal sector in Finland.

EBITA for the period rose 17% to SEK 56 million (48), corresponding to an EBITA margin of 7.0% (6.6%). A higher level of costs associated with market activities, among other things, increased the share of overheads for comparable companies. Acquisitions made a significant, positive earnings contribution.

In early March the company Geotrim Oy was acquired, with annual sales of SEK 100 million.

## FLOW TECHNOLOGY

**Flow Technology offers components and systems for controlling, measuring, monitoring and regulating flows. The business area includes companies that specialise in various areas of industrial flow technology.**

SEK million	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011/12 Moving 12 mos	2011 Jan-Dec
Net sales	490	479	969	902	1,997	1,930
EBITA	53	56	91	98	214	221
EBITA margin, %	10.8	11.7	9.4	10.9	10.7	11.5

Net sales for the period January–June totalled SEK 969 million (902), an increase of 7%. The increase for comparable units was 4%, while acquired growth was 3%. Currency movements had only a marginal impact on net sales.

During the second quarter, as earlier in the year, favourable demand related to various domestic and international projects in areas such as water/wastewater systems, marine projects, energy and chemicals, continued to develop strongly and contributed to growth in order intake. Overall the market situation was still somewhat weaker compared with at the start of the year, which can be seen in a lower level of regular business (day-to-day business). In terms of sales, this was compensated by a growing share of projects.

EBITA for the period decreased by 7% to SEK 91 million (98), and the EBITA margin was 9.4% (10.9%). The lower EBITA margin is attributable in part to a lower gross margin during the opening quarter of the year resulting from a high share of projects, and in part to a strengthening of resources in certain companies, with a higher level of overheads as a result.

In January the company Rostfria VA-system i Storfors AB was acquired, with annual sales of SEK 15 million.

<sup>1</sup> Comparative figures for the business areas in 2011 have been changed as a result of the transfer of companies between the various business areas. For further details, see separate press release issued on 27 April 2012.

## INDUSTRIAL COMPONENTS

**Industrial Components offers a wide range of technically advanced components and systems for production and maintenance, and medical technology equipment. The products consist mainly of consumables. The companies in the business area typically work in close co-operation with customers' development, production and maintenance departments. Major emphasis is put on identifying and understanding customers' production processes and needs.**

SEK million	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011/12 Moving 12 mos	2011 Jan-Dec
Net sales	403	366	769	737	1,520	1,488
EBITA	44	42	79	86	160	167
EBITA margin, %	10.9	11.5	10.3	11.7	10.5	11.2

Net sales for the period January–June rose 4% to SEK 769 million (737). For comparable units, net sales decreased by 1%. Acquisitions contributed 5%, while currency movements had only a marginal impact.

Following a weakening since the end of 2011 and during the opening months of 2012, the market situation stabilised somewhat during the second quarter. Toward the end of the spring, cuts in component purchases from customers in the automotive and engineering industries, in some cases, changed over to announced increases in coming quarters. Significant differences continue to be noted between the business area's companies working in the same customer segments, which indicates uncertainty about the trend going forward. Demand for investment goods remained favourable throughout the entire interim period.

EBITA for the period decreased by 8% to SEK 79 million (86), corresponding to an EBITA margin of 10.3% (11.7%). A stable gross margin during the period combined with a higher level of overheads resulted in lower earnings as well as a lower EBITA margin.

In April the company Rubin Medical AB was acquired, with annual sales of approximately SEK 100 million, and in June the company Conroy Medical AB, with annual sales of SEK 30 million.

## SPECIAL PRODUCTS

**Special Products offers specially manufactured niche products, design solutions, aftermarket service and assembly, and special processing. The business area includes companies that conduct a considerable amount of own manufacturing. It is also the Indutrade business area with the highest share of proprietary products.**

SEK million	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011/12 Moving 12 mos	2011 Jan-Dec
Net sales	844	788	1,617	1,479	3,190	3,052
EBITA	121	124	225	216	461	452
EBITA margin, %	14.3	15.7	13.9	14.6	14.5	14.8

Net sales for the period January–June rose 9% to SEK 1,617 million (1,479), of which sales for comparable units rose 5%. Acquired growth was 3%, while currency movements affected net sales by 1%.

Strong demand with substantial order intake from the international energy market in late 2011 and the first quarter of 2012 continued at essentially the same level also during the second quarter. Deliveries also commenced during the second quarter, although most of these will take place during the remainder of 2012. For the second quarter as well as for the interim period as a whole, order intake exceeded net sales in this segment. In measurement technology, demand from the wind power segment remained favourable during the second quarter. Aside from the energy sector, the engineering industry is the business area's most important customer segment, where demand on the whole was somewhat subdued, as was the situation during the start of the year. Development for the business area's companies in this segment is essentially the same in the Nordic countries as in the rest of Europe.

EBITA increased by 4% to SEK 225 million (216). The increase in earnings was derived equally from acquisitions and comparable units. The EBITA margin was 13.9% (14.6%). The gross margin was slightly lower than for the comparison period, which is partly attributable to the share of large projects, which normally have a lower gross margin. This, together with a virtually unchanged level of overheads, explains the lower EBITA margin.

In January, the company Dasa Control Systems AB was acquired, with annual sales of approximately SEK 50 million, and in March the Swiss company Eco Analytics AG was acquired, with annual sales of SEK 22 million.



During the second quarter, an additional acquisition was carried out, when the company Topflight AB, with annual sales of SEK 60 million, was acquired.

## Other financial information

### FINANCIAL POSITION

Shareholders' equity amounted to SEK 2,020 million (1,794), and the equity ratio was 33% (32%).

Cash and cash equivalents amounted to SEK 245 million (212). In addition to this, the Group had unutilised credit promises of SEK 856 million (635). Interest-bearing net debt amounted to SEK 1,988 million (1,898). The net debt/equity ratio at the end of the period was 98% (106%).

### CASH FLOW

Cash flow from operating activities was SEK 118 million (227). Cash flow after net capital expenditures in property, plant and equipment (excluding company acquisitions) was SEK 55 million (146). The lower cash flow is attributable to a higher level of trade accounts receivable associated with a high level of invoicing during the end of the quarter.

### CAPITAL EXPENDITURES AND DEPRECIATION

The Group's net capital expenditures (excluding company acquisitions) amounted to SEK 63 million (81).

Depreciation of property, plant and equipment amounted to SEK 53 million (51). Investments in company acquisitions amounted to SEK 280 million (438), of which earn-out payments pertaining to previous years' acquisitions amounted to SEK 69 million (116).

### EMPLOYEES

The number of employees was 3,978 at the end of the period (3,807 at start of year). A total of 147 employees were added through acquisitions.

### ACQUISITIONS

The Group has acquired the following companies, which are consolidated for the first time in 2012.

Month acquired	Acquisitions	Business area	Net sales/ SEK m*	No. of employees*
January	Rostfria VA-system i Storfors AB	Flow Technology	15	5
	Dasa Control Systems AB	Special Products	50	27
March	Geotrim Oy	Engineering & Equipment	100	30
	Eco Analytics AG	Special Products	22	8
April	Rubin Medical AB	Industrial Components	100	18
June	Conroy Medical AB	Industrial Components	30	17
	Topflight AB	Special Products	60	42
			<b>377</b>	<b>147</b>

\*Estimated annual sales and number of employees at the time of acquisition.

Further information about company acquisitions can be found on page 13 in this interim report.

### EVENTS AFTER THE END OF THE REPORTING PERIOD

No important events for the Group have occurred after the end of the reporting period.

### PARENT COMPANY

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control and analysis. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 0 million (0) during the period. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the year to date, the Parent Company has acquired shares in two companies. The Parent Company has not made any major investments in intangible non-current assets or in property, plant and equipment. The number of employees on 30 June was 10 (9).

## RISKS AND UNCERTAINTIES

The Indutrade Group conducts business in 23 countries in four world regions, through some 160 companies. This diversification, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. Apart from the risks and uncertainties described in Indutrade's 2011 Annual Report, no significant risks or uncertainties are judged to have emerged or been eliminated. Since the Parent Company is responsible for the Group's financing, it is exposed to financing risk.

The Parent Company's other activities are not exposed to risks other than indirectly via subsidiaries. For a more detailed report on risks that affect the Group and Parent Company, please see the 2011 Annual Report.

## RELATED PARTY TRANSACTIONS

No transactions took place during the period between Indutrade and related parties that have significantly affected the Company's financial position or result of operations.

## ACCOUNTING PRINCIPLES

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 and RFR 1. The Parent Company applies RFR 2. The same accounting principles and calculation methods are used in this report as those used in Indutrade's 2011 Annual Report.

There are no new IFRSs or IFRIC interpretations that have been adopted by the EU that will be applicable for Indutrade or that will have any material impact on the Group's result of operations or financial position in 2012.

## FINANCIAL CALENDAR

- The interim report for the period 1 January–30 September 2012 will be released on 5 November 2012.
- The year-end report for the period 1 January–31 December 2012 will be released on 14 February 2013.

## THE BOARD'S ASSURANCE

The Board of Directors and President certify that the half-year interim report gives a true and fair view of the Company's and Group's operations, position and result of operations, and describes material risks and uncertainties facing the Company and companies included in the Group.

Stockholm, 24 July 2012  
Indutrade AB (publ)

Bengt Kjell Chairman	Eva Färnstrand Director	Martin Lindqvist Director	Ulf Lundahl Director
Krister Mellvé Director	Mats Olsson Director	Johnny Alvarsson Director, President and CEO	

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

## NOTE

The information provided herein is such that Indutrade AB (publ) is obligated to publish pursuant to the Securities Market Act, the Financial Instruments Trading Act, and/or in accordance with the Issuers Rules and Regulations for the Nasdaq OMX Stockholm. Submitted for publication 9.45 a.m. on 24 July 2012.

## FURTHER INFORMATION

For further information, please contact:  
Johnny Alvarsson, President and CEO, tel: +46 70 589 17 95.

The report will be commented upon via a videotaped version at the following links:

- <http://www.indutrade.se>
- <http://www.playontv.se>



## Indutrade consolidated income statement

- condensed

SEK million	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011/12 Moving 12 mos	2011 Jan-Dec
Net Sales	2,147	2,015	4,129	3,831	8,292	7,994
Cost of goods sold	-1,416	-1,308	-2,727	-2,506	-5,489	-5,268
<b>Gross profit</b>	<b>731</b>	<b>707</b>	<b>1,402</b>	<b>1,325</b>	<b>2,803</b>	<b>2,726</b>
Development costs	-25	-18	-49	-33	-90	-74
Selling costs	-394	-364	-768	-705	-1,493	-1,430
Administrative expenses	-108	-103	-215	-205	-408	-398
Other operating income and expenses	3	-8	4	-8	10	-2
<b>Operating profit</b>	<b>207</b>	<b>214</b>	<b>374</b>	<b>374</b>	<b>822</b>	<b>822</b>
Net financial items	-22	-25	-43	-48	-88	-93
<b>Profit after financial items</b>	<b>185</b>	<b>189</b>	<b>331</b>	<b>326</b>	<b>734</b>	<b>729</b>
Income Tax	-46	-50	-82	-86	-185	-189
<b>Net profit for the period</b>	<b>139</b>	<b>139</b>	<b>249</b>	<b>240</b>	<b>549</b>	<b>540</b>
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	139	139	249	240	549	540
Non-controlling interests	0	0	0	0	0	0
	<b>139</b>	<b>139</b>	<b>249</b>	<b>240</b>	<b>549</b>	<b>540</b>
Earnings per share for the period, attributable to equity holders of the parent company <sup>1)</sup>	3.48	3.48	6.23	6.00	13.73	13.50
<b>EBITA</b>	<b>234</b>	<b>238</b>	<b>426</b>	<b>421</b>	<b>922</b>	<b>917</b>
<i>Operating profit includes:</i>						
Amortisation of intangible assets	-29	-26	-56	-51	-109	-104
Depreciation of property, plant and equipment	-27	-27	-53	-51	-104	-102

<sup>1)</sup> Earnings for the period divided by 40,000,000 shares. There is no dilutive effect.

## Indutrade consolidated statement of comprehensive income

<b>Net profit for the period</b>	<b>139</b>	<b>139</b>	<b>249</b>	<b>240</b>	<b>549</b>	<b>540</b>
<b>Other comprehensive income</b>						
Fair value adjustments of hedge instruments	-5	-5	7	1	-27	-33
Tax attributable to fair value adjustments	1	1	-2	0	7	9
Actuarial gains/losses	-	-	-	-	15	15
Tax on actuarial gains/losses	-	-	-	-	-5	-5
Exchange rate differences	0	47	-28	13	-43	-2
<b>Other comprehensive income for the period, net of tax</b>	<b>-4</b>	<b>43</b>	<b>-23</b>	<b>14</b>	<b>-53</b>	<b>-16</b>
<b>Total comprehensive income for the period</b>	<b>135</b>	<b>182</b>	<b>226</b>	<b>254</b>	<b>496</b>	<b>524</b>
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	135	182	226	254	496	524
Non-controlling interests	0	0	0	0	0	0
	<b>135</b>	<b>182</b>	<b>226</b>	<b>254</b>	<b>496</b>	<b>524</b>

## Business area performance

	2012	2011	2012	2011	2011/12	2011
Net sales, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	418	388	798	727	1,631	1,560
Flow Technology	490	479	969	902	1,997	1,930
Industrial Components	403	366	769	737	1,520	1,488
Special Products	844	788	1,617	1,479	3,190	3,052
Parent company and Group items	-8	-6	-24	-14	-46	-36
	<b>2,147</b>	<b>2,015</b>	<b>4,129</b>	<b>3,831</b>	<b>8,292</b>	<b>7,994</b>
EBITA, SEK million	2012	2011	2012	2011	2011/12	2011
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	29	29	56	48	129	121
Flow Technology	53	56	91	98	214	221
Industrial Components	44	42	79	86	160	167
Special Products	121	124	225	216	461	452
Parent company and Group items	-13	-13	-25	-27	-42	-44
	<b>234</b>	<b>238</b>	<b>426</b>	<b>421</b>	<b>922</b>	<b>917</b>
EBITA margin, %	2012	2011	2012	2011	2011/12	2011
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	6.9	7.5	7.0	6.6	7.9	7.8
Flow Technology	10.8	11.7	9.4	10.9	10.7	11.5
Industrial Components	10.9	11.5	10.3	11.7	10.5	11.2
Special Products	14.3	15.7	13.9	14.6	14.5	14.8
	<b>10.9</b>	<b>11.8</b>	<b>10.3</b>	<b>11.0</b>	<b>11.1</b>	<b>11.5</b>
Net sales, SEK million	2012				2011	
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	418	380	424	409	388	339
Flow Technology	490	479	515	513	479	423
Industrial Components	403	366	401	350	366	371
Special Products	844	773	833	740	788	691
Parent company and Group items	-8	-16	-15	-7	-6	-8
	<b>2,147</b>	<b>1,982</b>	<b>2,158</b>	<b>2,005</b>	<b>2,015</b>	<b>1,816</b>
EBITA, SEK million	2012				2011	
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	29	27	34	39	29	19
Flow Technology	53	38	52	71	56	42
Industrial Components	44	35	43	38	42	44
Special Products	121	104	129	107	124	92
Parent company and Group items	-13	-12	-7	-10	-13	-14
	<b>234</b>	<b>192</b>	<b>251</b>	<b>245</b>	<b>238</b>	<b>183</b>
EBITA-margin, %	2012				2011	
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	6.9	7.1	8.0	9.5	7.5	5.6
Flow Technology	10.8	7.9	10.1	13.8	11.7	9.9
Industrial Components	10.9	9.6	10.7	10.9	11.5	11.9
Special Products	14.3	13.5	15.5	14.5	15.7	13.3
	<b>10.9</b>	<b>9.7</b>	<b>11.6</b>	<b>12.2</b>	<b>11.8</b>	<b>10.1</b>

## Indutrade consolidated balance sheet

- condensed

SEK million	2012 30 Jun	2011 30 Jun	2011 31 Dec
Goodwill	929	800	822
Other intangible assets	949	920	888
Property, plant and equipment	735	705	706
Financial assets	55	53	45
Inventories	1,431	1,306	1,328
Accounts receivable, trade	1,502	1,285	1,263
Other receivables	246	310	149
Cash and cash equivalents	245	212	264
<b>Total assets</b>	<b>6,092</b>	<b>5,591</b>	<b>5,465</b>
Equity	2,020	1,794	2,064
Long-term borrowings and pension liabilities	1,352	1,122	745
Other non-current liabilities	322	380	347
Short-term borrowings	881	988	1,007
Accounts payable, trade	595	548	556
Other current liabilities	922	759	746
<b>Total equity and liabilities</b>	<b>6,092</b>	<b>5,591</b>	<b>5,465</b>

## Indutrade change in group equity

- condensed

Attributable to equity holders of the parent company SEK million	2012 Jan-Jun	2011 Jan-Jun	2011 Jan-Dec
Opening equity	2,062	1,742	1,742
Total comprehensive income for the period	226	254	524
Dividend	-270 <sup>1)</sup>	-204 <sup>1)</sup>	-204 <sup>1)</sup>
<b>Closing equity</b>	<b>2,018</b>	<b>1,792</b>	<b>2,062</b>
<i>Equity, attributable to:</i>			
Equity holders of the parent company	2,018	1,792	2,062
Non-controlling interests	2	2	2
	<b>2,020</b>	<b>1,794</b>	<b>2,064</b>

<sup>1)</sup> Dividend per share for 2011 is SEK 6.75 (5.10).

# Indutrade consolidated cash flow statement

- condensed

SEK million	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011/12 Moving 12 mos	2011 Jan-Dec
Cash flow from operating activities						
before change in working capital	182	187	336	310	790	764
Change in working capital	-137	-57	-218	-83	-190	-55
<b>Cash flow from operating activities</b>	<b>45</b>	<b>130</b>	<b>118</b>	<b>227</b>	<b>600</b>	<b>709</b>
Net capital expenditures in non-current assets	-28	-41	-63	-81	-121	-139
Company acquisitions and divestments	-144	-52	-280	-438	-309	-467
Change in other financial assets	0	0	-1	14	-2	13
<b>Cash flow from investing activities</b>	<b>-172</b>	<b>-93</b>	<b>-344</b>	<b>-505</b>	<b>-432</b>	<b>-593</b>
Net borrowings	399	56	484	474	144	134
Dividend paid out	-270	-204	-270	-204	-270	-204
<b>Cash flow from financing activities</b>	<b>129</b>	<b>-148</b>	<b>214</b>	<b>270</b>	<b>-126</b>	<b>-70</b>
Cash flow for the period	2	-111	-12	-8	42	46
Cash and cash equivalents at start of period	245	319	264	219	212	219
Exchange rate differences	-2	4	-7	1	-9	-1
<b>Cash and cash equivalents at end of period</b>	<b>245</b>	<b>212</b>	<b>245</b>	<b>212</b>	<b>245</b>	<b>264</b>

## Key data

Moving 12 mos	2012 30 Jun	2011 31 Dec	2011 30 Jun	2010 31 Dec	2009 31 Dec
Net sales, SEK million	8,292	7,994	7,327	6,745	6,271
Sales growth, %	13	19	18	8	-8
EBITA, SEK million	922	917	789	703	594
EBITA margin, %	11.1	11.5	10.8	10.4	9.5
Operating capital, SEK million	4,008	3,552	3,692	3,134	2,584
Return on operating capital, %	25	26	24	23	22
Return on equity, %	28	29	26	24	21
Interest-bearing net debt, SEK million	1,988	1,488	1,898	1,390	940
Net debt/equity ratio, %	98	72	106	80	57
Net debt/EBITDA, times	1.9	1.4	2.1	1.7	1.4
Equity ratio, %	33	38	32	36	41
Average number of employees	3,835	3,778	3,575	3,420	3,122
Number of employees at the end of the period	3,978	3,807	3,804	3,444	3,040
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share <sup>1)</sup></i>					
Earnings per share, SEK	13.73	13.50	11.15	10.18	8.53
Equity per share, SEK	50.45	51.55	44.80	43.55	41.10
Cash flow from operating activities per share, SEK	15.00	17.73	17.93	16.40	13.95

<sup>1)</sup> Based on 40,000,000 shares which corresponds to the number of shares outstanding during all periods in the table. There is no dilutive effect.

# Acquisitions

## ACQUISITIONS 2012

All of the shares have been acquired in the Swedish companies Rostfria VA-system i Storfors AB, Dasa Control Systems AB, Rubin Medical AB, Conroy Medical AB and Topflight AB; Eco Analytics AG (Switzerland); and in Geotrim Oy (Finland).

## ENGINEERING & EQUIPMENT

Geotrim Oy, in Helsinki, Finland, supplies instruments, systems and software for geospatial solutions in qualified, satellite-based positioning. The company provides own networks with coverage throughout Finland. Geotrim Oy has annual sales of approximately SEK 100 million and is consolidated in the Group as from 1 March 2012.

## FLOW TECHNOLOGY

Rostria VA-system i Storfors AB, with annual sales of approximately SEK 15 million, is consolidated in the Group as from 1 January 2012. The company supplies pump stations and pipe systems to water treatment plants.

## INDUSTRIAL COMPONENTS

Rubin Medical AB supplies medical technology products with a focus on diabetes therapy in Scandinavia. The company has annual sales of approximately SEK 100 million and is consolidated in the Group as from 1 April 2012. Conroy Medical AB, with annual sales of approximately SEK 30 million, is consolidated in the Group as from 1 June 2012. The company manufactures and sells medical technology products mainly for blood handling.

## SPECIAL PRODUCTS

Dasa Control Systems AB, with annual sales of approximately SEK 50 million, supplies proprietary advanced control and communication systems for heavy vehicles. The company is consolidated in the Group as from 1 January 2012. Eco Analytics AG, with annual sales of approximately SEK 22 million, is active in gas and water analysis and offers a comprehensive product programme of gas meters for toxic or explosive gases. Eco Analytics AG is consolidated in the Group as from 1 March 2012. Topflight AB develops, manufactures and supplies labelling solutions for industrial use. The company has annual sales of approximately SEK 60 million and is consolidated in the Group as from 1 June 2012.

### Acquired assets in Rostfria VA-system i Storfors AB, Dasa Control Systems AB, Eco Analytics AG, Geotrim Oy, Rubin Medical AB, Conroy Medical AB and Topflight AB.

#### *Preliminary purchase price allocation*

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 42 million			330
	Book value	Fair value adjustment	Fair value
<b>Acquired assets</b>			
Goodwill	-	110	110
Agencies, trademarks, customer relations, licences, etc.	1	110	111
Property, plant and equipment	28	8	36
Financial assets	0	-	0
Inventories	69	-	69
Other current assets	66	-	66
Cash and cash equivalents	77	-	77
Deferred tax liability	-3	-30	-33
Interest-bearing loans and pension liabilities	-1	-	-1
Other operating liabilities	-105	-	-105
	<b>132</b>	<b>198</b>	<b>330</b>

Agencies, customer relationships, licences, etc. are amortised over a 10-year period.

Indutrade normally uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, earn-out payments are valued at the present value of the likely outcome, which for the acquisitions made during the year to date amounted to SEK 42 million. The earn-out payments fall due for payment within 1–2 years and can amount to a maximum of SEK 44 million. If the conditions are not met for the maximum earn-out payment, the outcome may be SEK 0.

Transaction costs for the acquisitions carried out during the period amounted to SEK 2 million (1) and are included in "Other income and expenses" in the income statement. Contingent earn-out payments for previous years' acquisitions have been revaluated by less than SEK 1 million. The revenue is reported in "Other income and expenses" in the income statement.

### Cash flow impact

Purchase price, incl. contingent earn-out payment	330
Contingent earn-out payments not paid out	-42
Cash and cash equivalents in acquired companies	-77
Contingent earn-out payments pertaining to previous years' acquisitions	69
<b>Total cash flow impact</b>	<b>280</b>

### EFFECTS OF ACQUISITIONS CARRIED OUT IN 2011 AND 2012

SEK million Business area	Net Sales		EBITA	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Engineering & Equipment	33	45	9	10
Flow Technology	9	25	0	2
Industrial Components	35	40	3	3
Special Products	25	50	2	5
<b>Effect on Group</b>	<b>102</b>	<b>160</b>	<b>14</b>	<b>20</b>
Acquisitions carried out in 2011	16	46	0	3
Acquisitions carried out in 2012	86	114	14	17
<b>Effect on Group</b>	<b>102</b>	<b>160</b>	<b>14</b>	<b>20</b>

If all of the acquired units had been consolidated as from 1 January 2012, net sales for the period would have amounted to SEK 4,212 million and EBITA would have amounted to SEK 439 million.

### ACQUISITIONS AFTER THE END OF THE REPORTING PERIOD

In June, Indutrade signed an agreement to acquire all of the shares in Hydnet AB, with annual sales of approximately SEK 80 million. Hydnet supplies hydraulic components and industrial shock absorbers from leading manufacturers within hydraulics and motion control. Possession is expected to be transferred in August, and the company will be part of Indutrade's Industrial Components business area.

A preliminary purchase price allocation will be presented in the interim report for the third quarter of 2012.



## Parent company income statement

- condensed

SEK million	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011/12 Moving 12 mos	2011 Jan-Dec
Net sales	0	0	0	0	4	4
<b>Gross profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>
Administrative expenses	-15	-13	-28	-25	-50	-47
Other income and expenses	0	-1	0	-1	1	0
<b>Operating profit</b>	<b>-15</b>	<b>-14</b>	<b>-28</b>	<b>-26</b>	<b>-45</b>	<b>-43</b>
Financial income/expenses	-8	-12	-15	-21	-33	-39
Profit from participation in Group companies	375	266	375	266	876	767
<b>Profit after financial items</b>	<b>352</b>	<b>240</b>	<b>332</b>	<b>219</b>	<b>798</b>	<b>685</b>
Appropriations	-	-	-	-	-106	-106
Income Tax	6	7	11	12	-83	-82
<b>Net profit for the period</b>	<b>358</b>	<b>247</b>	<b>343</b>	<b>231</b>	<b>609</b>	<b>497</b>
Depreciation of property, plant and equipment	0	0	0	0	-1	-1

## Parent company balance sheet

- condensed

SEK million	2012 30 Jun	2011 30 Jun	2011 31 Dec
Intangible assets	1	2	1
Property, plant and equipment	1	1	1
Financial assets	2,145	1,987	2,031
Current receivables	1,566	1,045	1,294
Cash and cash equivalent	0	6	7
<b>Total assets</b>	<b>3,713</b>	<b>3,041</b>	<b>3,334</b>
Equity	1,550	1,211	1,477
Untaxed reserves	160	54	160
Non-current liabilities	1,076	675	475
Non-current provisions	5	49	59
Current provisions	68	22	26
Current interest-bearing liabilities	832	1,004	1,068
Current noninterest-bearing liabilities	22	26	69
<b>Total equity and liabilities</b>	<b>3,713</b>	<b>3,041</b>	<b>3,334</b>

## Definitions

Earnings per share	Net profit for the period divided by the average number of shares outstanding.
EBITA	Operating profit before amortisation of intangible assets arising in connection with company acquisitions (Earnings Before Interest, Tax and Amortisation).
EBITA margin	EBITA as a percentage of net sales for the period.
EBITDA	Operating profit before depreciation and amortisation (Earnings Before Interest, Tax, Depreciation and Amortisation).
Equity per share	Equity divided by the number of shares outstanding.
Equity ratio	Shareholders' equity as a percentage of total assets.
Gross margin	Gross profit divided by net sales.
Interest-bearing net debt	Borrowings including pension liability, less cash and cash equivalents.
Net capital expenditures	Purchases less sales of intangible assets, and of property, plant and equipment, excluding those included in acquisitions and divestments of subsidiaries and operations.
Net debt/equity ratio	Interest-bearing net debt divided by shareholders' equity.
Operating capital	Interest-bearing net debt and shareholders' equity.
Return on equity	Net profit for the period divided by average equity per quarter.
Return on operating capital	EBITA as a percentage of average operating capital per quarter.

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### Indutrade in brief

Indutrade markets and sells components, systems and services with a high-tech content to industrial customers in selected niches. The Group creates value for its customers by structuring the value chain and increasing the efficiency of its customers' use of technological components and systems. For the Group's suppliers, value is created through the offering of an efficient sales organisation with high technical expertise and well developed customer relations.

Indutrade's business is distinguished by the following factors, among others:

- High-tech products for recurring needs
- Growth through a structured and tried-and-tested acquisition strategy
- A decentralised organisation characterised by an entrepreneurial spirit.

The Group is structured into four business areas:

Engineering & Equipment, Flow Technology, Industrial Components and Special Products.

The Group's financial targets (per year across a business cycle) are to grow by 10%, to attain a minimum EBITA margin of 10% and a return on operating capital exceeding 25%.

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