

Interim report third quarter

1 Jan – 30 Sep 2014

THIRD QUARTER 2014

CONTINUED GROWTH

- Order intake rose 19% to SEK 2,588 million (2,172). For comparable units, order intake increased by 5%.
- Net sales rose 12% to SEK 2,412 million (2,148). For comparable units the change was marginal.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 17% to SEK 294 million (252), corresponding to an EBITA margin of 12.2% (11.7%).
- Profit after tax rose 26% to SEK 183 million (145).
- Earnings per share grew 26% to SEK 4.60 (3.65).
- Cash flow from operating activities amounted to SEK 210 million (158).

FINANCIAL DEVELOPMENT

SEK million	2014 Jul-Sep	2013 Jul-Sep	Change	2014 Jan-Sep	2013 Jan-Sep	Change	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	2,412	2,148	12%	7,092	6,479	9%	9,444	8,831
EBITA	294	252	17%	800	707	13%	1,083	990
EBITA margin, %	12.2	11.7		11.3	10.9		11.5	11.2
Profit after financial items	231	193	20%	618	534	16%	840	756
Net profit	183	145	26%	483	409	18%	661	587
Earnings per share, SEK	4.60	3.65	26%	12.10	10.23	18%	16.55	14.68
Return on operating capital, %	21	21		21	21		21	20

CEO's message

For the third quarter Indutrade is reporting order intake, invoicing and earnings at new top levels so far. We can thereby summarise a quarter that is well within the framework of our overarching financial targets for growth, profitability and the debt/equity ratio.

The cautious optimism that prevailed in the market earlier in the year has given way to worries about future development. Despite this, Indutrade increased both its order intake and invoicing. Growth is partly organic, but above all it has been achieved through successful acquisitions.

In the current market situation, with low GDP growth in most European countries, the challenge for many industrial companies including Indutrade is to grow organically. Indutrade, whose companies are small, flexible and close to customers, can act quickly and adapt to prevailing demand. Despite a weak market, Indutrade has a number of companies with good organic growth in areas such as fasteners, valves and ice detectors. At the same time, we have companies with large market shares in their respective niches, that have a hard time growing without infringing upon their margins, as well as companies for which structural changes are leading to contracting markets. In these companies we are adapting our costs to the market situation. This applies, among others, to several operations in the Engineering & Equipment business area, which conducts most of its business in Finland.

This mix of companies, markets and product segments is the foundation of the Indutrade Group's stability and growth. The Group's business model, which calls for a number of acquisitions each year, puts us in a good position to achieve our profitability and growth targets even in tough times.

Third quarter

During the third quarter, order intake rose 19%, sales increased by 12%, and earnings per share grew by 26%.

The quarter had many positive aspects. In the Engineering & Equipment business area the profit margin improved, despite a weak market. Another example can be seen in the strong earnings generated by all of the acquisitions during the year. In addition, companies in the energy segment, which started out the year with weak order intake during the first quarter, had good order intake during the second quarter and has now succeeded in landing record high orders during the third quarter.

Acquisitions

Two acquisitions were carried out during the quarter – one in the UK and one in Sweden. After the end of the quarter, another two acquisitions were carried out in Sweden. Combined annual sales of companies acquired through the end of the third quarter amount to nearly SEK 440 million.

Outlook

Uncertainty is generally high in the market, but for Indutrade the trend has been positive in 2014, and I believe that this trend will continue during the final quarter of the year.

Johnny Alvarsson, President and CEO

Group performance

ORDER INTAKE

Order intake during the third quarter totalled SEK 2,588 million (2,172), an increase of 19%. For comparable units, order intake increased by 5%, while acquired growth was 9%. Currency movements affected order intake positively by 5%.

The cautious optimism that previously prevailed in the market has given way to worries over development in the future. Despite this, Indutrade can report order intake at high levels. Growth is partly organic, but also attributable to successful acquisitions.

Order intake for the Group's companies continues to show great variation between months, segments and countries.

During the quarter, large orders for valves for power generation in the energy segment, with delivery in 2015, contributed to the increase in order intake.

For the other segments, the trend was varied. Higher demand in medical technology, the marine sector and parts of the export-oriented process industry has been countered by continued weak development in the mining industry, for example. As in previous quarters, growth in Finland is at a continued low level, which is having a particular impact on the Engineering & Equipment business area.

The countries that are developing in a positive direction are above all the UK, Ireland, Benelux and Germany to some extent, while Sweden saw a slowdown during the third quarter.

Order intake exceeded net sales by 7% during the quarter.

Order intake during the period January–September amounted to SEK 7,421 million (6,697), an increase of 11%. For comparable units, order intake increased by 1%, while acquired growth was 7%. Currency movements had a positive impact on order intake by 3%.

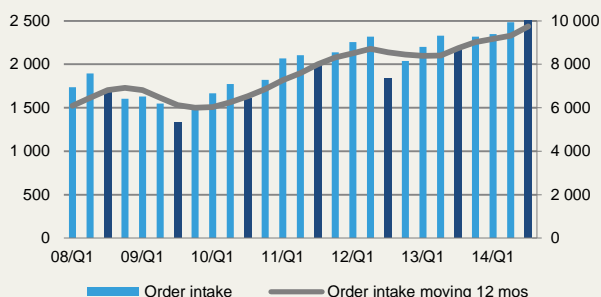
NET SALES

Net sales during the third quarter rose 12% to SEK 2,412 million (2,148). For comparable units, the change was marginal, while acquired growth was 8%. Currency movements had a positive impact on net sales, by 4%.

Net sales during the period January–September totalled SEK 7,092 million (6,479), an increase of 9%. For comparable units, the change was marginal, while acquired growth was 6%. Currency movements had a positive impact on net sales, by 3%.

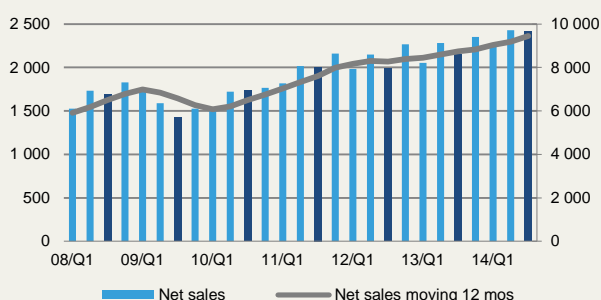
Order intake

SEK million

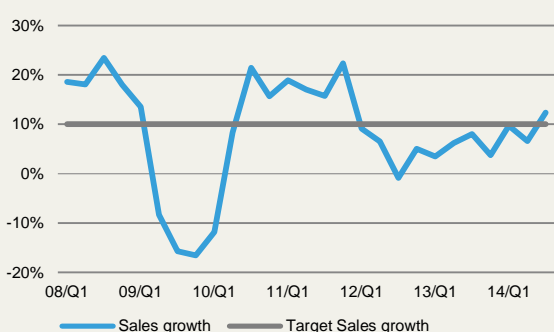


Net sales

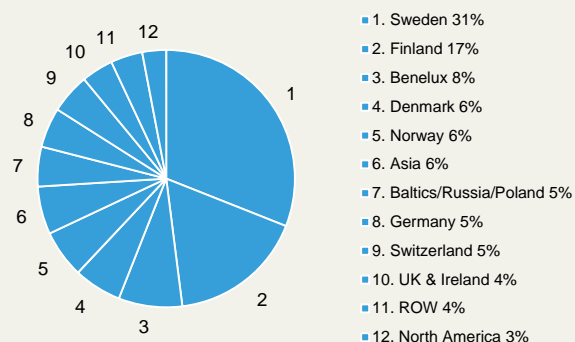
SEK million



Sales growth

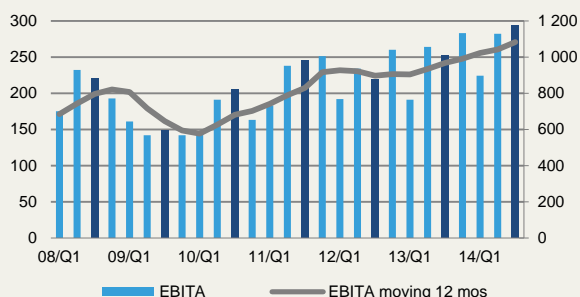


Net sales per market 2013 (%)

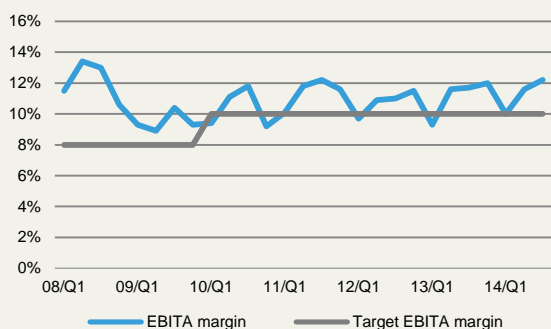


EBITA

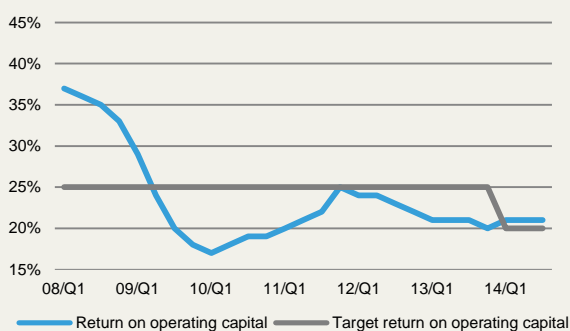
SEK million



EBITA margin

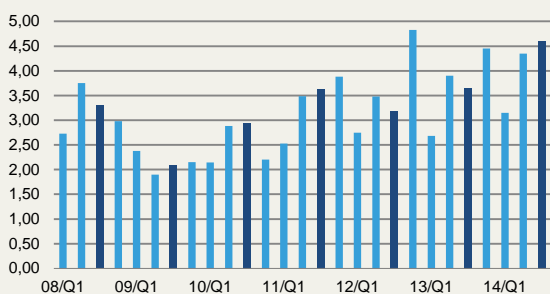


Return



Earnings per share

SEK



EARNINGS

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 294 million (252) for the third quarter, an increase of 17%. The EBITA margin amounted to 12.2% (11.7%).

The gross margin for the Group as a whole increased compared with the corresponding quarter a year ago, to 33.8% (33.1%). The gross margin for the period January–September was 34.0% (33.7%).

The earnings improvement is mainly attributable to completed acquisitions.

Business in Finland developed favourably during the quarter despite difficult market conditions. During the third quarter, four of the Group's five business areas increased their respective EBITA margins over the same quarter a year ago.

Currency effects of translation of foreign units had a positive impact on EBITA by SEK 10 million, or 4%.

Net financial items amounted to SEK -24 million (-26), of which net interest expense was SEK -22 million (-24). Net interest expense was favourably affected by a lower average interest rate.

Tax on profit for the quarter was SEK -48 million (-48). Profit after tax rose 26% to SEK 183 million (145). Earnings per share grew 26% to SEK 4.60 (3.65).

For the period January–September, operating profit before amortisation of intangible assets (EBITA) amounted to SEK 800 million (707), an increase of 13%. The EBITA margin was 11.3% (10.9%). Net financial items amounted to SEK -70 million (-74), of which net interest expense was SEK -62 million (-68). Tax on profit for the period was SEK -135 million (-125), corresponding to a tax charge of 22% (23%). Profit after tax totalled SEK 483 million (409). Earnings per share were SEK 12.10 (10.23).

RETURN

The return on operating capital was 21% (21%), and the return on equity was 25% (26%).

Business areas

ENGINEERING & EQUIPMENT

Engineering & Equipment's operations involve sales of components as well as customisation, combinations and installations of products from various suppliers. Business is conducted mainly in Finland.

SEK million	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	319	301	945	931	1,279	1,265
EBITA	31	25	71	75	99	103
EBITA margin, %	9.7	8.3	7.5	8.1	7.7	8.1

Net sales rose 6% during the third quarter, to SEK 319 million (301). For comparable units, the change was marginal, while currency movements had a positive impact on net sales, by 6%.

Industrial activity in Finland continued to be weak, although certain niches and segments noted positive development. Despite continued low activity in the market, a number of the business area's companies have succeeded well in their respective segments, with higher market shares and sales as a result.

Net sales exceeded order intake by 11% during the quarter.

EBITA for the quarter increased by 24% to SEK 31 million (25), corresponding to an EBITA margin of 9.7% (8.3%). The main factor behind the earnings improvement is the higher level of net sales and higher gross margin. Completed cost-cutting and efficiency improvement measures made an additional contribution to the positive performance.

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	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	533	471	1,532	1,471	2,040	1,979
EBITA	47	40	126	120	165	159
EBITA margin, %	8.8	8.5	8.2	8.2	8.1	8.0

Net sales rose 13% during the third quarter, to SEK 533 million (471). The increase for comparable units was 12%, while currency movements had a positive impact by an additional 1%.

Order intake increased during the first half of the year, which resulted in higher invoicing during the third quarter. The increase in sales during the quarter was evenly spread among the business area's segments. The improved business climate and higher order intake at the start of the year has slowed somewhat, and uncertainty in the market has risen once again.

Net sales exceeded order intake by 12% during the quarter.

EBITA for the quarter increased by 18% to SEK 47 million (40), and the EBITA margin reached 8.8% (8.5%). The main explanation for the earnings performance is the increase in net sales.

FLUIDS & MECHANICALSOLUTIONS

Fluids & Mechanical Solutions offers hydraulic and mechanical components to industries in the Nordic and Baltic countries. Key product areas are filters, hydraulics, tools & transmission, industrial springs, valves, compressors, product labelling and construction plastics.

SEK million	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	252	234	769	735	1,027	993
EBITA	29	25	94	84	120	110
EBITA margin, %	11.5	10.7	12.2	11.4	11.7	11.1

Net sales rose 8% during the third quarter, to SEK 252 million (234). The increase for comparable units was 6%. Currency movements affected net sales by 2%.

Sales during the third quarter were favourably affected by a slightly improved market situation in which most segments noted some growth.

Net sales exceeded order intake by 2% during the quarter.

EBITA for the quarter increased by 16% to SEK 29 million (25), and the EBITA margin reached 11.5% (10.7%). Earnings and the margin improved as a result of the growth in net sales combined with a stronger gross margin.

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.

SEK million	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	437	409	1,379	1,251	1,845	1,717
EBITA	52	55	170	148	234	212
EBITA margin, %	11.9	13.4	12.3	11.8	12.7	12.3

Net sales rose 7% during the third quarter, to SEK 437 million (409). The increase for comparable units was 1%. Acquisitions contributed 4%, while currency movements impacted sales by 2%.

The business area continues to perform favourably, and growth comes from both comparable units and from acquired units. Most of the companies showed growth, particularly in the medical technology and industrial chemical products segments.

Net sales exceeded order intake by 1% during the quarter.

EBITA for the quarter decreased compared with a strong comparison period, by 5% to SEK 52 million (55), corresponding to an EBITA margin of 11.9% (13.4%). For comparable units, earnings decreased by 11%, which was countered by the contribution from completed acquisitions (4%) and exchange rate movements (2%). The earnings decrease is attributable to lower gross margins associated with a changed product mix.

In March, the company Svenska Geotech AB was acquired, with annual sales of SEK 40 million. In September the company BL Products AB was acquired, with annual sales of SEK 20 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	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	887	741	2,503	2,125	3,298	2,920
EBITA	150	120	380	321	502	443
EBITA margin, %	16.9	16.2	15.2	15.1	15.2	15.2

Net sales rose 20% during the third quarter, to SEK 887 million (741). For comparable units, net sales decreased by 7%. Acquired growth was 20%, while currency movements had a positive impact on net sales, by 7%.

The decline in sales for comparable units is mainly attributable to lower volumes in companies with a larger share of project business.

During the quarter, large orders for valves used in power transmission in the energy segment, for delivery in 2015, contributed to higher order intake. Acquired companies continue to develop according to plan.

Order intake exceeded net sales during the quarter by 30%.

EBITA increased by 25% during the quarter, to SEK 150 million (120), and the EBITA margin was 16.9% (16.2%). The earnings increase came mostly from completed acquisitions. This was counteracted by a 6% decrease in earnings for comparable units related to lower net sales during the quarter. Currency movements had a positive impact on profit, by 6%.

In January the company AP Tobler AG was acquired, with annual sales of SEK 37 million. In May Indutrade acquired Corrosion Resistant Products Ltd, with annual sales of SEK 110 million. In June the company Micro Spring and Presswork Ltd was acquired, with annual sales of SEK 40 million, as well as Birmingham Specialities Ltd, with annual sales of SEK 60 million, and ALH Systems Ltd, with annual sales of SEK 60 million. In August the company Bailey Morris Ltd was acquired, with annual sales of SEK 70 million.

Other financial information

FINANCIAL POSITION

Shareholders' equity amounted to SEK 2,923 million (2,405), and the equity ratio was 37% (34%).

Cash and cash equivalents amounted to SEK 279 million (244). In addition to this, the Group had unutilised credit promises of SEK 1,860 million (875). Interest-bearing net debt amounted to SEK 2,672 million (2,614). During the first quarter Indutrade established a commercial paper programme with a framework of SEK 1,500 million. At the close of the third quarter the outstanding commercial papers amounted to SEK 925 million.

The net debt/equity ratio was 91% (109%) at end of the period.

CASH FLOW, CAPITAL EXPENDITURES AND DEPRECIATION

Cash flow from operating activities was SEK 526 million (452) for the period January-September. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 414 million (300). Cash flow from operating activities has increased as a result of higher earnings, which has been partly counteracted by an increase in working capital. Capital expenditures in non-current assets were lower than in the corresponding period a year ago.

The Group's net capital expenditures, excluding company acquisitions, amounted to SEK 112 million (152). Depreciation of property, plant and equipment amounted to SEK 95 million (83). Investments in company acquisitions amounted to SEK 351 million (216). In addition, earn-out payments for previous years' acquisitions amounted to SEK 63 million (123).

EMPLOYEES

The number of employees was 4,509 at the end of the period (4,218 at year-end 2013). A total of 292 employees were added through acquisitions.

COMPANY ACQUISITIONS

The Group has acquired the following companies, which are consolidated for the first time in 2014.

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	AP Tobler AG	Special Products	37	35
March	Svenska Geotech AB	Industrial Components	40	6
May	Corrosion Resistant Products Ltd	Special Products	110	58
June	Micro Spring and Presswork Ltd	Special Products	40	45
June	Birmingham Specialities Ltd	Special Products	60	58
June	ALH Systems Ltd	Special Products	60	46
August	Bailey Morris Ltd	Special Products	70	38
September	BL Products AB	Industrial Components	20	6
Total			437	292

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

Further information about completed company acquisitions can be found on page 16 of this interim report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In October two company acquisitions were carried out. The Fluids & Mechanical Solutions business area acquired Winab Vikväggar AB (Sweden), with annual sales of SEK 90 million, and the Industrial Components business area acquired Gelins-KGK AB (Sweden), with annual sales of SEK 110 million. For more information about these acquisitions, see the section "Acquisitions" on page 17.

In other respects, no significant events for the Group have occurred after the end of the reporting period.

INCENTIVE PROGRAMME

The Annual General Meeting of Indutrade AB resolved in April 2014 to introduce a long-term incentive programme, LTI 2014, comprising a combined maximum of 460,000 warrants in two series for senior executives and other key persons in the Indutrade Group.

In May 2014, 135 participants were offered to acquire 447,500 warrants under Series I, which resulted in the acquisition of 257,500 warrants for a combined total of SEK 3,914,000. Upon full exercise, the number of shares outstanding will increase by 257,500, corresponding to 0.6% of the total number of shares and votes. The price of the warrants was SEK 15.20 per warrant, which corresponds to the market price. The subscription price for subscription of Indutrade shares under the warrants is SEK 356.30 per share. The shares may be subscribed during specified subscription periods up to and including Friday, 18 May 2018.

The dilutive effect during the reporting period was 0%.

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 January–September. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period, the Parent Company acquired shares in eight new companies. The Parent Company did not make any major investments in intangible non-current assets or in property, plant and equipment. The number of employees on 30 September was 10 (10).

RISKS AND UNCERTAINTIES

The Indutrade Group conducts business in 26 countries on four continents, through some 180 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 2013 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 account of risks that affect the Group and Parent Company, please see the 2013 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 2013 Annual Report.

No new IFRSs or IFRIC interpretations that have been adopted by the EU are applicable for Indutrade or have had any material impact on the Group's result of operations or financial position in 2014.

NOMINATION COMMITTEE

At the Annual General Meeting on 28 April 2014 it was resolved that the company's Nomination Committee shall consist of representatives of four of the largest shareholders in terms of votes as well as the Chairman of the Board. The member representing the largest shareholder shall serve as committee chair. In the event a member resigns from the Nomination Committee prior to the completion of its work, if the Nomination Committee finds it suitable, a replacement representing the same shareholder shall be appointed or, if such shareholder is no longer one of the largest shareholders, a replacement representing the shareholder that is next in turn in terms of size shall be appointed. The composition of the Nomination Committee ahead of the 2015 Annual General Meeting shall be based on shareholder information from Euroclear Sweden AB's register as per the last trading day in August, and shall be announced as soon as the members are appointed, but not later than six months prior to the Annual General Meeting. The Nomination Committee's mandate period continues until the composition of the subsequent Nomination Committee has been made public.

Accordingly, the following persons have been appointed as members of the Nomination Committee: Claes Boustedt (L E Lundbergföretagen, committee chair), Fredrik Lundberg (L E Lundbergföretagen, Chairman of the Board of Indutrade), Gustaf Setterblad (Didner och Gerge), Mats Gustafsson (Lannebo Funds) and Anders Oscarsson (AMF and AMF Funds).

Information on how to contact the Nomination Committee is provided on Indutrade's website: www.indutrade.se.

FINANCIAL CALENDAR

- The year-end report for the period 1 January–31 December 2014 will be published on 16 February 2015.
- The 2014 Annual Report will be published in early April 2015.
- The interim report for the period 1 January–31 March 2015 will be published on 29 April 2015.
- The Annual General Meeting will be held in Stockholm on 29 April 2015.

Stockholm, 29 October 2014

Indutrade AB (publ)

Johnny Alvarsson
President and CEO

NOTE

The information provided in this report is published in accordance with the Securities Market Act, the Financial Instruments Trading Act, and/or the Issuers Rules and Regulations for NASDAQ OMX Stockholm. Submitted for publication at 11 a.m. on 29 October 2014.

FURTHER INFORMATION

For further information, please contact:

Johnny Alvarsson, President and CEO, Tel.: +46 70 589 17 95.

This report will be commented upon as follows:

- Through a conference call/webcast today at 3 p.m. (CET) under the following link:
<http://event.onlineseminarsolutions.com/r.htm?e=862057&s=1&k=4E4477E9EFD954451688FD7E0C726896>
To participate, call SE: +46 851999030, UK: +44 2076602077 or US: +18777889023
- Through a videotaped version available under the following link:
<http://www.indutrade.se>

AUDITOR'S REVIEW REPORT

We have reviewed the condensed interim financial information (interim report) of Indutrade AB (publ) as of 30 September 2014 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.

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.

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, 29 October 2014

PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

Indutrade consolidated income statement

- condensed

SEK million	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	2,412	2,148	7,092	6,479	9,444	8,831
Cost of goods sold	-1,597	-1,438	-4,678	-4,296	-6,215	-5,833
Gross profit	815	710	2,414	2,183	3,229	2,998
Development costs	-25	-23	-79	-81	-108	-110
Selling costs	-405	-370	-1,260	-1,162	-1,699	-1,601
Administrative expenses	-133	-103	-386	-329	-506	-449
Other operating income and expenses	3	5	-1	-3	20	18
Operating profit	255	219	688	608	936	856
Net financial items	-24	-26	-70	-74	-96	-100
Profit after financial items	231	193	618	534	840	756
Income Tax	-48	-48	-135	-125	-179	-169
Net profit for the period	183	145	483	409	661	587
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	184	146	484	409	662	587
Non-controlling interests	-1	-1	-1	0	-1	0
	183	145	483	409	661	587
Earnings per share for the period, attributable to equity holders of the parent company ¹⁾	4.60	3.65	12.10	10.23	16.55	14.68
EBITA	294	252	800	707	1,083	990
<i>Operating profit includes:</i>						
Amortisation of intangible assets ²⁾	-44	-37	-124	-109	-163	-148
<i>of which attributable to acquisitions</i>	-39	-33	-112	-99	-147	-134
Depreciation of property, plant and equipment	-32	-28	-95	-83	-126	-114

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

²⁾ Excluding write-downs

Indutrade consolidated statement of comprehensive income

Net profit for the period	183	145	483	409	661	587
Other comprehensive income						
Items that can be reversed into income statement:						
Fair value adjustment of hedge instruments	-18	0	-24	13	-34	3
Tax attributable to fair value adjustments	5	0	6	-3	8	-1
Exchange rate differences	32	-22	111	-23	156	22
Items that cannot be reversed into income statement:						
Actuarial gains/losses	-	-	-	-	9	9
Tax on actuarial gains/losses	-	-	-	-	-2	-2
Other comprehensive income for the period, net of tax	19	-22	93	-13	137	31
Total comprehensive income for the period	202	123	576	396	798	618
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	203	124	577	396	798	617
Non-controlling interests	-1	-1	-1	0	0	1
	202	123	576	396	798	618

Business area performance

	2014	2013	2014	2013	2013/14	2013
Net sales, SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Engineering & Equipment	319	301	945	931	1,279	1,265
Flow Technology	533	471	1,532	1,471	2,040	1,979
Fluids & Mechanical Solutions	252	234	769	735	1,027	993
Industrial Components	437	409	1,379	1,251	1,845	1,717
Special Products	887	741	2,503	2,125	3,298	2,920
Parent company and Group items	-16	-8	-36	-34	-45	-43
	2,412	2,148	7,092	6,479	9,444	8,831
EBITA, SEK million	2014	2013	2014	2013	2013/14	2013
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Engineering & Equipment	31	25	71	75	99	103
Flow Technology	47	40	126	120	165	159
Fluids & Mechanical Solutions	29	25	94	84	120	110
Industrial Components	52	55	170	148	234	212
Special Products	150	120	380	321	502	443
Parent company and Group items	-15	-13	-41	-41	-37	-37
	294	252	800	707	1,083	990
EBITA margin, %	2014	2013	2014	2013	2013/14	2013
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Moving 12 mos	Jan-Dec
Engineering & Equipment	9.7	8.3	7.5	8.1	7.7	8.1
Flow Technology	8.8	8.5	8.2	8.2	8.1	8.0
Fluids & Mechanical Solutions	11.5	10.7	12.2	11.4	11.7	11.1
Industrial Components	11.9	13.4	12.3	11.8	12.7	12.3
Special Products	16.9	16.2	15.2	15.1	15.2	15.2
	12.2	11.7	11.3	10.9	11.5	11.2

	2014			2013			
Net sales, SEK million	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	319	332	294	334	301	331	299
Flow Technology	533	547	452	508	471	531	469
Fluids & Mechanical Solutions	252	266	251	258	234	258	243
Industrial Components	437	495	447	466	409	438	404
Special Products	887	802	814	795	741	730	654
Parent company and Group items	-16	-12	-8	-9	-8	-8	-18
	2,412	2,430	2,250	2,352	2,148	2,280	2,051
EBITA, SEK million	2014			2013			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	31	25	15	28	25	30	20
Flow Technology	47	52	27	39	40	54	26
Fluids & Mechanical Solutions	29	34	31	26	25	29	30
Industrial Components	52	69	49	64	55	53	40
Special Products	150	113	117	122	120	110	91
Parent company and Group items	-15	-11	-15	4	-13	-12	-16
	294	282	224	283	252	264	191
EBITA margin, %	2014			2013			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	9.7	7.5	5.1	8.4	8.3	9.1	6.7
Flow Technology	8.8	9.5	6.0	7.7	8.5	10.2	5.5
Fluids & Mechanical Solutions	11.5	12.8	12.4	10.1	10.7	11.2	12.3
Industrial Components	11.9	13.9	11.0	13.7	13.4	12.1	9.9
Special Products	16.9	14.1	14.4	15.3	16.2	15.1	13.9
	12.2	11.6	10.0	12.0	11.7	11.6	9.3

Indutrade consolidated balance sheet

- condensed

SEK million	2014 30 Sep	2013 30 Sep	2013 31 Dec
Goodwill	1,526	1,316	1,308
Other intangible assets	1,398	1,248	1,286
Property, plant and equipment	948	802	849
Financial assets	72	58	61
Inventories	1,615	1,470	1,546
Accounts receivable, trade	1,709	1,566	1,435
Other receivables	355	290	208
Cash and cash equivalents	279	244	261
Total assets	7,902	6,994	6,954
Equity	2,923	2,405	2,626
Non-current interest-bearing liabilities and pension liabilities	1,468	1,561	2,201
Other non-current liabilities and provisions	378	337	353
Current interest-bearing liabilities	1,483	1,297	381
Accounts payable, trade	764	606	602
Other current liabilities	886	788	791
Total equity and liabilities	7,902	6,994	6,954

Indutrade consolidated statement of changes in equity

- condensed

Attributable to equity holders of the parent company SEK million	2014 30 Sep	2013 30 Sep	2013 31 Dec
Opening equity	2,623	2,288	2,288
Total comprehensive income for the period	577	396	617
Payment for issued warrants	4	-	-
Dividend	-282 ¹⁾	-282 ¹⁾	-282 ¹⁾
Acquisition of non-controlling interests	-1	-	-
Closing equity	2,921	2,402	2,623
<i>Equity, attributable to:</i>			
Equity holders of the parent company	2,921	2,402	2,623
Non-controlling interests	2	3	3
	2,923	2,405	2,626

1) Dividend per share 2013 was SEK 7.05 (7.05)

Indutrade consolidated cash flow statement

- condensed

SEK million	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Operating profit	255	219	688	608	936	856
Non-cash items	76	74	222	204	270	252
Interests and other financial items, net	-25	-26	-64	-60	-85	-81
Paid tax	-65	-54	-196	-202	-231	-237
Change in working capital	-31	-55	-124	-98	43	69
Cash flow from operating activities	210	158	526	452	933	859
Net capital expenditures in non-current assets	-38	-61	-112	-152	-166	-206
Company acquisitions and divestments	-86	-57	-414	-338	-520	-444
Change in other financial assets	3	2	3	1	3	1
Cash flow from investing activities	-121	-116	-523	-489	-683	-649
Net borrowings	-101	-87	287	320	55	88
Dividend paid out	-	-	-282	-282	-282	-282
Cash flow from financial activities	-101	-87	5	38	-227	-194
Cash flow for the period	-12	-45	8	1	23	16
Cash and cash equivalents at start of period	287	286	261	243	244	243
Exchange rate differences	4	3	10	0	12	2
Cash and cash equivalents at end of period	279	244	279	244	279	261

Indutrade changes in interest-bearing net debt

SEK million	2014 Jul-Sep	2014 Jan-Sep	2013 Jan-Dec
Beginning of period	-2,746	-2,321	-2,339
Cash flow from operating activities	210	526	859
Net capital expenditures in non-current assets	-38	-112	-206
Company acquisitions and divestments	-91	-438	-414
Dividend paid out	-	-282	-282
Other changes *)	-7	-45	61
Total changes	74	-351	18
End of period	-2,672	-2,672	-2,321

*) Other changes relate to adjustment of earn-outs from acquisitions, revaluation of pension liability and currency effects among others.

Key data

	2014	2013	2013	2012	2011
Moving 12 mos	30 Sep	31 Dec	30 Sep	31 Dec	31 Dec
Net sales, SEK million	9,444	8,831	8,746	8,384	7,994
Sales growth, %	8	5	6	5	19
EBITA, SEK million	1,083	990	967	905	917
EBITA margin, %	11.5	11.2	11.1	10.8	11.5
Operating capital, SEK million	5,595	4,947	5,019	4,629	3,720
Return on operating capital, %	21	20	21	22	25
Return on equity, %	25	25	26	27	29
Interest-bearing net debt, SEK million	2,672	2,321	2,614	2,339	1,656
Net debt/equity ratio, %	91	88	109	102	80
Net debt/EBITDA, times	2.2	2.1	2.4	2.3	1.6
Equity ratio, %	37	38	34	35	38
Average number of employees	4,320	4,151	4,114	3,939	3,778
Number of employees at end of the period	4,509	4,218	4,143	4,086	3,807
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share ¹⁾</i>					
Earnings per share, SEK	16.55	14.68	15.05	14.23	13.50
Equity per share, SEK	73.03	65.58	60.05	57.20	51.55
Cash flow from operating activities per share, SEK	23.33	21.48	18.60	12.98	17.73

¹⁾ 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 2014

All of the shares have been acquired in AP Tobler AG (Switzerland), Svenska Geotech AB (Sweden), Corrosion Resistant Products Ltd (CRP) (UK), Micro Spring and Presswork Ltd (UK), Birmingham Specialities Ltd (UK), ALH Systems Ltd (UK), Bailey Morris Ltd (UK), and BL Products AB (Sweden).

INDUSTRIAL COMPONENTS

Svenska Geotech AB, with annual sales of SEK 40 million, imports and supplies building site preparation and civil engineering products to companies in the infrastructure segment. The company is consolidated in the Group as from 17 March 2014. BL Products AB, with annual sales of SEK 20 million, sells and installs packaging machinery. The company is consolidated in the Group as from 22 September 2014.

SPECIAL PRODUCTS

AP Tobler AG specialises in surface treatment of stainless steel and aluminium equipment for the pharmaceutical industry, with annual sales of approximately SEK 37 million. The company is consolidated in the Group as from 1 January 2014. CRP Ltd manufactures and supplies corrosion-resistant piping, valves and expansion bellows, and has annual sales of SEK 110 million. The company is consolidated in the Group as from 13 May 2014. Micro Spring and Presswork Ltd manufactures industrial springs and stampings, and has annual sales of SEK 40 million. The company is consolidated in the Group as from 17 June 2014. Birmingham Specialities Ltd is a specialist manufacturer of industrial components, with annual sales of SEK 60 million. The company is consolidated in the Group as from 18 June 2014. ALH Systems Ltd specialises in the manufacture and sale of encapsulants, sealants and adhesives, with annual sales of SEK 60 million. The company is consolidated in the Group as from 26 June 2014. Bailey Morris is a leading propshaft manufacturer and component distributor. The company has annual sales of SEK 70 million and is consolidated in the Group as from 15 August 2014.

Acquired assets in AP Tobler AG, Svenska Geotech AB, Corrosion Resistant Products Ltd, Micro Spring and Presswork Ltd, Birmingham Specialities Ltd, ALH Systems Ltd, Bailey Morris Ltd and BL Products AB.

Preliminary purchase price allocation

SEK million

	Book value	Fair value adjustment	Fair value
Purchase price, incl. contingent earn-out payment totalling SEK 88 million			524
Acquired assets			
Goodwill	0	180	180
Agencies, customer relations, licences, etc.	1	189	190
Property, plant and equipment	57	0	57
Financial assets	0	-	0
Inventories	64	-	64
Other current assets ¹⁾	91	-	91
Cash and cash equivalents	86	-	86
Deferred tax liability	-6	-38	-44
Provisions including pension liabilities	-7	-	-7
Other operating liabilities	-93	-	-93
	193	331	524

¹⁾ Mainly trade accounts receivable

Agencies, customer relationships, licences, etc. will be amortised over a period of 10 years.

Indutrade normally uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payments are valued at the present value of the likely outcome, which for the acquisitions made during the year amount to SEK 88 million. These contingent earn-out payments fall due for payment within 2 years and can amount to a maximum of SEK 94 million. If the conditions are not met, the outcome can be in the range of SEK 0–94 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 5 million (4) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated in the amount of SEK 5 million (-2). The restatement is reported among Other income and expenses in the income statement.

The purchase price allocation calculations for AMAB and Micro Joining, which were acquired in July and September of 2013, respectively, have now been finalised. No significant adjustments have been made to the calculations. For other acquisitions, the purchase price allocation calculations are preliminary. Indutrade regards the calculations as preliminary during the time that uncertainty exists with respect to, for example, the outcome of guarantees in the acquisition agreements concerning inventories and trade accounts receivable.

Cash flow impact

Purchase price, incl. contingent earn-out payment	524
Purchase price not paid out	-87
Cash and cash equivalents in acquired companies	-86
Payments pertaining to previous years' acquisitions	63
Total cash flow impact	414

EFFECTS OF ACQUISITIONS CARRIED OUT IN 2013 AND 2014

SEK million Business area	Net sales		EBITA	
	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep
Engineering & Equipment	-	-	-	-
Flow Technology	-	-	-	-
Fluids & Mechanical Solutions	-	-	-	-
Industrial Components	16	59	3	14
Special Products	151	338	30	60
Effect on Group	167	397	33	74
Acquisitions carried out in 2013	51	233	8	41
Acquisitions carried out in 2014	116	164	25	33
Effect on Group	167	397	33	74

If all acquired units had been consolidated as from 1 January 2014, net sales for the year would have amounted to SEK 7,287 million, and EBITA would have totalled SEK 836 million.

ACQUISITIONS AFTER THE END OF THE REPORTING PERIOD

On 1 October Indutrade acquired Winab Vikväggar AB (Sweden), with annual sales of SEK 90 million. The company is a leading manufacturer of folding partitions and partition walls for customers with high requirements for flexible and efficient use of space. Customers are in the private and public sectors. Exports account for 75% of sales, which are handled through distributors. The company is included in the Fluids & Mechanical Solutions business area.

On 20 October Gelins-KGK AB (Sweden) was acquired, with annual sales of SEK 110 million. Gelins is a technology sales company that supplies a wide range of industrial components for Swedish industry, automotives and farm equipment. Its main products are high pressure cleaners, compressors and pneumatic tools. The company is included in the Industrial Components business area.

Preliminary purchase price allocation calculations will be presented in the fourth quarter interim report for 2014.

FAIR VALUE

The table below shows financial instruments at fair value, based on the classification of the fair value hierarchy. The various levels are defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets and liabilities [level 1]
2. Other observable data for assets and liabilities than quoted prices included in level 1, either directly (i.e., through price listings) or indirectly (i.e., stemming from price listings) [level 2]
3. Data for the assets or liabilities that is not based on observable market data (i.e., non-observable market data) [level 3]

SEK million	30 Sep 2014				31 Dec 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Available-for-sale financial assets	-	-	4	4	-	-	7	7
Derivative instruments held for hedging purposes	-	7	-	7	-	3	-	3
Liabilities								
Derivative instruments held for hedging purposes	-	56	-	56	-	27	-	27
Contingent consideration	-	-	309	309	-	-	268	268

Derivative instruments consist of currency forward contracts and interest rate swaps. No transfers were made between levels 2 and 3 during the period. Assets in level 3 consist essentially of holdings of shares and participations in unlisted companies. Fair value is considered to be equal to cost. Contingent earn-out payments have been discounted to present value using an interest rate that is judged to be in line with the market rate at the time of acquisition. Adjustments are not made on a regular basis for changes in the market interest rate, since the effects of these are judged to be negligible. Essentially all long- and short-term loans carry variable interest rates, which is why fair value is equal to the carrying amount. For the Group's other financial assets and liabilities, such as trade accounts receivable, cash and cash equivalents, and trade accounts payable, fair value is estimated to be equal to the carrying amount.

Contingent earn-out payments SEK million	2014	2013
	30 Sep	31 Dec
Opening book value	268	370
Acquisitions during the year	88	98
Reclassified via income statement	-5	-89
Consideration paid	-58	-128
Interest expenses	8	14
Exchange rate differences	8	3
Closing book value	309	268

Parent company income statement

- condensed

SEK million	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	0	0	0	0	3	3
Gross profit	0	0	0	0	3	3
Administrative expenses	-13	-12	-46	-42	-59	-55
Other income and expenses	2	3	6	3	8	5
Operating profit	-11	-9	-40	-39	-48	-47
Financial income/expenses	-15	-13	-45	33	-60	-48
Profit from participation in Group companies	-	29	642	299	612	269
Profit after financial items	-26	7	557	227	504	174
Appropriations	-	-	-	-	362	362
Income tax	6	4	19	14	-57	-62
Net profit for the period	-20	11	576	241	809	474
Amortisation/depreciation of intangible assets and property, plant and equipment	-1	-1	-1	-1	-1	-1

Parent company balance sheet

- condensed

SEK million	2014 30 Sep	2013 30 Sep	2013 31 Dec
Intangible assets	0	0	0
Property, plant and equipment	1	1	1
Financial assets	3,439	2,953	2,954
Current receivables	1,942	1,761	2,105
Cash and cash equivalent	0	0	7
Total assets	5,382	4,715	5,067
Equity	2,135	1,634	1,867
Untaxed reserves	315	221	315
Non-current interest-bearing liabilities and pension liabilities	1,117	1,237	1,879
Current interest-bearing liabilities	1,748	1,593	911
Current noninterest-bearing liabilities	67	30	95
Total equity and liabilities	5,382	4,715	5,067
Pledged assets	6	4	6
Contingent liabilities	112	340	112

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 divided by net sales.
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 divided by of total assets.
Gross margin	Gross profit divided by net sales.
Interest-bearing net debt	Interest-bearing liabilities including pension liability and estimated earn-outs from acquisitions, 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 month.
Return on operating capital	EBITA divided by average operating capital per month.

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 five business areas:

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

The Group's financial targets (per year across a business cycle) are to grow by a minimum of 10%, to attain a minimum EBITA margin of 10% and a minimum return on operating capital of 20%.
