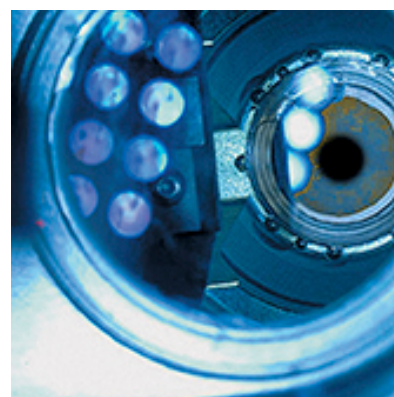


# Interim report second quarter and first half-year 2015

## Second quarter 2015 – Profitable growth

- Order intake rose 22% to SEK 3,026 million (2,483). The increase for comparable units was 6%.
- Net sales rose 24% to SEK 3,025 million (2,430). The increase for comparable units was 7%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 28% to SEK 362 million (282), corresponding to an EBITA margin of 12.0% (11.6%).
- Profit after tax rose 32% to SEK 229 million (174).
- Earnings per share before dilution grew 32% to SEK 5.73 (4.35).
- Cash flow from operating activities was SEK 127 million (226).



## Financial Development

SEK million	2015	2014	Change	2015	2014	Change	2014/15	2014
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun		Moving 12 mos	Jan-Dec
Net sales	3,025	2,430	24%	5,626	4,680	20%	10,692	9,746
EBITA	362	282	28%	642	506	27%	1,270	1,134
EBITA margin, %	12.0	11.6		11.4	10.8		11.9	11.6
Profit after financial items	291	222	31%	503	387	30%	1,011	895
Net profit	229	174	32%	394	300	31%	797	703
Earnings per share before dilution, SEK	5.73	4.35	32%	9.85	7.50	31%	19.95	17.60
Return on operating capital, %	21	21		21	21		21	21

# Q2

## CEO's message

*In a turbulent business environment, Indutrade continues to grow organically and through acquisitions. The focus on owning and developing companies in selected niches is a continued success concept.*

With order intake and invoicing in excess of SEK 3 billion, Indutrade can once again report a quarter with new, record highs. The organic growth within the Group during the quarter was also particularly gratifying.

The Group's great product breadth provides considerable variation in demand for the respective areas. The same applies as well for the geographic diversification. Currency movements are an additional component that affect performance.

All of the management teams of the some 200 companies in the Group always strive to grow and improve their profitability. It is the ability of these companies to adapt to the prevailing market conditions at any given time that gives Indutrade its strength.

### Second quarter

During the quarter, order intake grew by 22%, invoicing by 24%, and earnings per share by 32% compared with the same quarter a year ago. Growth is being driven above all by completed acquisitions, but we also saw very favourable like-for-like performance for most units during the quarter.

Overall, the Group's business areas showed stable, positive development of order intake, invoicing and earnings during the quarter. Engineering & Equipment, Flow Technology and Fluids & Mechanical Solutions reported higher earnings and improved margins compared with a year ago.

Following a weak start to the year, in which profitability was hurt by the past year's exchange rate movements, the EBITA margin turned upwards again for Industrial Components during the second quarter.

Most companies in Measurement & Sensor Technology are reporting continued high market activity and demand, at the same time that the EBITA margin was lower during the quarter compared with a year ago due to a changed mix.

For Special Products, a combination of acquisitions and large project deliveries, together with continued favourable performance in the UK and Benelux, contributed to the strong earnings.



### Acquisitions

Three acquisitions were carried out during the quarter, plus an additional one after the end of the quarter. Together with the acquisitions carried out during the first quarter, these companies represent roughly SEK 1 billion in annual sales. Our expansion in and outside Sweden continues, both in the form of traditional trading companies and companies with own products and manufacturing. We expect additional acquisitions during the year.

### Outlook

The turbulence in our business environment continues, resulting in volatility in demand between products, segments and markets. The strength of our business model is particularly apparent in a quarter such as this, where further development of our existing companies, acquisitions and diversification of risk offer good balance to challenges such as weak development in Finland and in Russia, currency movements, and the decline in parts of the oil and gas segment.

I look forward to the coming quarters with confidence and have every reason to believe that our companies will continue to adapt to the changing market conditions in a swift and effective manner.

Johnny Alvarsson, President and CEO

# Group performance

# Q2

## Order intake

Order intake during the second quarter totalled SEK 3,026 million (2,483), an increase of 22%. Comparable units increased by 6%, acquisitions contributed 13% while currency movements had a positive effect, by 3%.

On the whole, demand improved for the Group's companies during the second quarter, with higher order intake as a result. The increase in order intake, which was both organic and attributable to acquisitions, was also positively affected by currency movements.

With the exception of Finland, demand in the Nordic countries developed in a positive direction during the second quarter. Greater infrastructure investments in Sweden and Norway are creating favourable business opportunities for the Group's companies. This, together with continued favourable demand in the UK and Ireland, and a slightly improved situation in Benelux, contributed to the organic growth in order intake.

For other countries and markets, the trend was unchanged compared with the preceding quarter.

For most industrial segments, demand improved slightly compared with the preceding quarters, albeit with continued large variation between months and segments, except for certain sub-segments, for example in the oil and gas industry, where the trend remains negative.

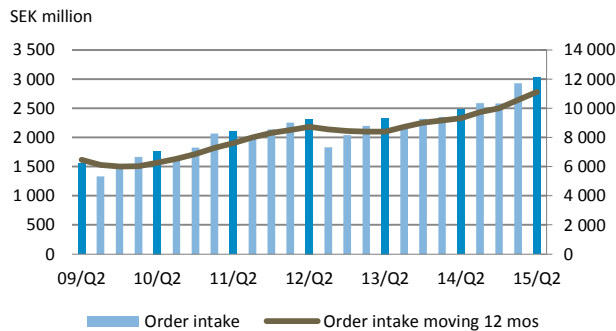
Order intake during the period January–June amounted to SEK 5,952 million (4,832), an increase of 23%. Comparable units increased by 6%, acquisitions contributed 13%, while currency movements had a positive effect on order intake, by 4%.

## Net sales

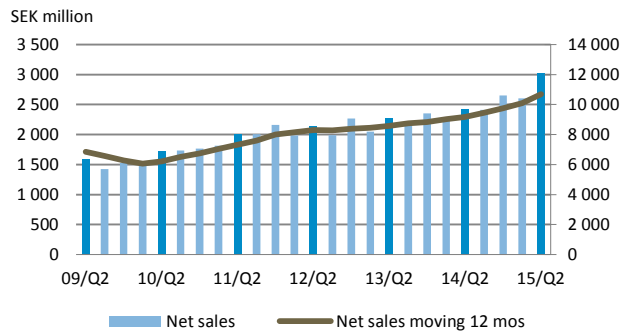
Net sales during the second quarter rose 24% to SEK 3,025 million (2,430). Comparable units increased by 7%, acquisitions contributed 14% while currency movements had a positive effect, by 3%.

Net sales during the period January–June rose 20% to SEK 5,626 million (4,680). Comparable units increased by 3%, acquisitions contributed 13%, while currency movements had a positive effect on net sales, by 4%.

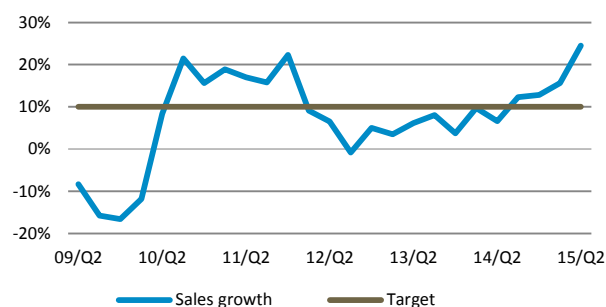
### Order intake



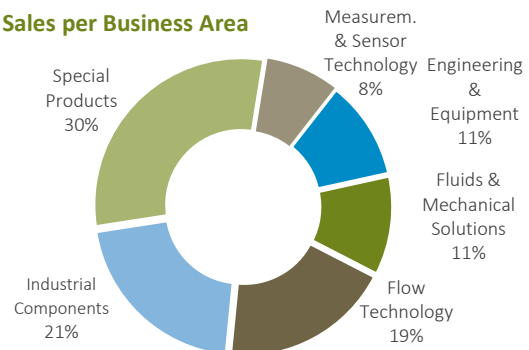
### Net Sales



### Sales growth



### Net Sales per Business Area



# Q2

## Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 362 million (282) for the second quarter, an increase of 28%. Comparable units increased by 4%, acquisitions contributed 19%, while currency movements had a positive effect, by 5%. The EBITA margin rose to 12.0% (11.6%).

The gross margin for the Group as a whole decreased slightly compared with the corresponding quarter a year ago, to 33.7% (34.4%). For the period January–June, the gross margin was 34.2% (34.2%).

All business areas showed higher levels of earnings compared with the corresponding quarter a year ago. Except for Measurement & Sensor Technology and Industrial Components, which were affected negatively by change in product mix and currency movements respectively, the business areas also reported improved EBITA margins for the quarter.

Net financial items for the second quarter amounted to SEK -21 million (-22), of which net interest expense was SEK -20 million (-20). Tax on profit for the period was SEK -62 million (-48). Profit after tax totalled SEK 229 million (174). Earnings per share before dilution were SEK 5.73 (4.35).

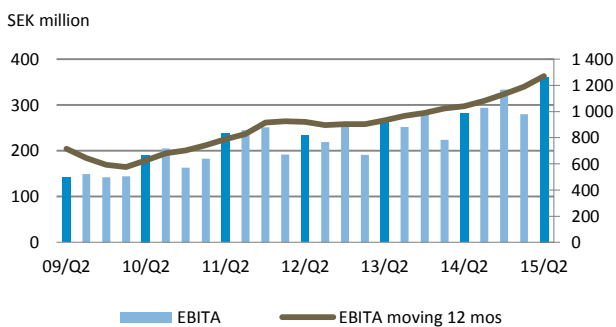
Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 642 million (506) for the period January–June, an increase of 27%. Comparable units increased by 3%, acquisitions contributed by 19%, while currency movements had a positive effect, by 5%. The operating margin before amortisation of intangible assets (the EBITA margin) increased to 11.4% (10.8%).

Net financial items amounted to SEK -44 million (-46), of which net interest expense was SEK -39 million (-40). Net interest expense was favourably affected by a lower average interest rate. Tax on profit for the period was SEK -109 million (-87), corresponding to a tax charge of 21.7% (22.5%). Profit after tax rose 31% to SEK 394 million (300). Earnings per share before dilution grew 31% to SEK 9.85 (7.50).

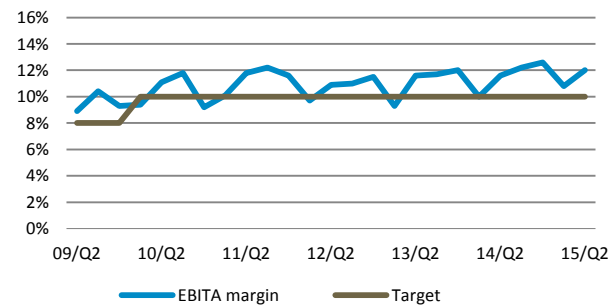
## Return

The return on operating capital was 21% (21%), and the return on equity was 26% (24%).

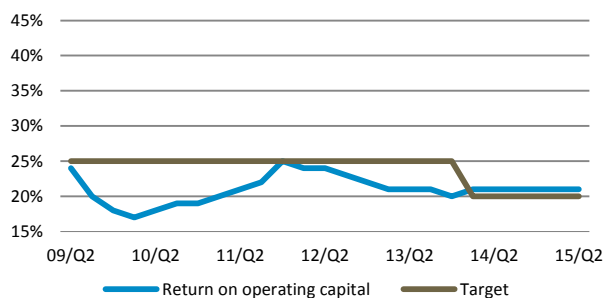
### EBITA



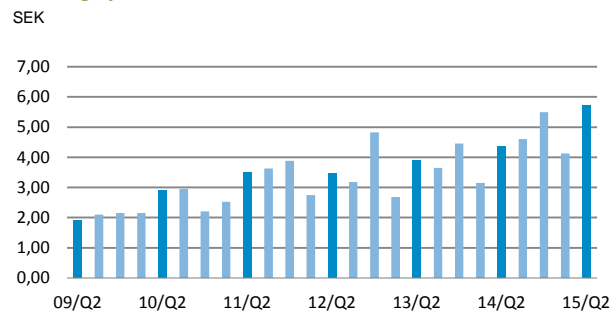
### EBITA margin



### Return



### Earnings per share



# Business areas

# Q2

## 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	2015 Apr-Jun	2014 Apr-Jun	Change	2015 Jan-Jun	2014 Jan-Jun	Change	2014/15 Moving 12 mos	2014 Jan-Dec
Net sales	325	332	-2%	629	626	0%	1,277	1,274
EBITA	28	25	12%	49	40	23%	102	93
EBITA margin, %	8.6	7.5		7.8	6.4		8.0	7.3

Net sales decreased by 2% during the quarter, to SEK 325 million (332). For comparable units, sales decreased by 5%. Currency movements had a positive effect on net sales, by 3%.

The situation with continued weak demand remains. As previously, a number of the business area's companies are showing growth and stronger profitability, which is compensating for the weak performance of other units.

Order intake exceeded net sales by 8% during the quarter.

EBITA for the quarter rose 12% to SEK 28 million (25), corresponding to an EBITA margin of 8.6% (7.5%). For comparable units, earnings rose 8%, while exchange rate differences had a favourable effect on earnings, by 4%.

The earnings improvement during the quarter is attributable to a higher gross margin combined with continued cost adaptation to the prevailing market situation.

## 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	2015 Apr-Jun	2014 Apr-Jun	Change	2015 Jan-Jun	2014 Jan-Jun	Change	2014/15 Moving 12 mos	2014 Jan-Dec
Net sales	593	547	8%	1,077	999	8%	2,151	2,073
EBITA	63	52	21%	106	79	34%	203	176
EBITA margin, %	10.6	9.5		9.8	7.9		9.4	8.5

Net sales rose 8% during the quarter, to SEK 593 million (547). The increase for comparable units was 8%, while the effect of currency movements was marginal.

Demand for most companies in the business area developed favourably during the quarter. In addition, the weaker Swedish krona is benefiting our customers in the Swedish export industry.

Order intake exceeded net sales by 3% during the quarter.

EBITA for the quarter increased by 21% to SEK 63 million (52), and the EBITA margin reached 10.6% (9.5%). The increase for comparable units was 18%, with exchange rate differences accounting for 3%.

The main reason for the earnings improvement compared with the same period a year ago is higher net sales.

# Q2

## Fluids & Mechanical Solutions

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	2015 Apr-Jun	2014 Apr-Jun	Change	2015 Jan-Jun	2014 Jan-Jun	Change	2014/15 Moving 12 mos	2014 Jan-Dec
Net sales	307	266	15%	594	517	15%	1,135	1,058
EBITA	40	34	18%	79	65	22%	141	127
EBITA margin, %	13.0	12.8		13.3	12.6		12.4	12.0

Net sales rose 15% during the quarter, to SEK 307 million (266). The increase for comparable units was 2%, acquisitions contributed 12%, while currency movements had a positive effect on net sales, by 1%.

Demand continues to develop positively and investments in the municipal sector in Sweden are generating business for some of the business area's companies.

Order intake exceeded net sales by 5% during the quarter.

EBITA for the quarter increased by 18% to SEK 40 million (34), and the EBITA margin reached 13.0% (12.8%). Comparable units decreased by 6%, acquisitions contributed 24%, while exchange rate differences had a marginal impact.

The earnings improvement can be credited primarily to acquisitions, which compensated for a slightly poorer mix during the quarter.

## 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	2015 Apr-Jun	2014 Apr-Jun	Change	2015 Jan-Jun	2014 Jan-Jun	Change	2014/15 Moving 12 mos	2014 Jan-Dec
Net sales	635	495	28%	1,166	942	24%	2,149	1,925
EBITA	72	69	4%	119	118	1%	227	226
EBITA margin, %	11.3	13.9		10.2	12.5		10.6	11.7

Net sales rose 28% during the quarter, to SEK 635 million (495). The increase for comparable units was 3%, while acquisitions contributed 25%. Currency movements had only a marginal impact.

The business area noted an improved demand situation, with most companies in the business area also reporting higher invoicing compared with same quarter a year ago. The variation remains large between companies and segments, however. Sub-segments in medical technology and in the oil and gas industry are examples where lower demand has been noted.

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

EBITA for the quarter rose 4% to SEK 72 million (69), corresponding to an EBITA margin of 11.3% (13.9%). For comparable units, earnings decreased by 22%, which was compensated by a 26% contribution from completed acquisitions. Currency movements had a marginal impact.

The earnings improvement is attributable to higher net sales and to acquisitions, which compensated for lower gross margins. Higher purchasing prices resulting from the stronger US dollar and euro could not be fully compensated, which together with a poorer mix is the main reason for the lower margins.

## Measurement & Sensor Technology

Measurement & Sensor Technology offers design solutions, measurement instruments, measurement systems and sensors for various industries. All of the business area's companies have proprietary products based on advanced technological solutions and own development, design and manufacturing.

SEK million	2015 Apr-Jun	2014 Apr-Jun	Change	2015 Jan-Jun	2014 Jan-Jun	Change	2014/15 Moving 12 mos	2014 Jan-Dec
Net sales	246	193	27%	465	356	31%	862	753
EBITA	38	32	19%	79	52	52%	162	135
EBITA margin, %	15.4	16.6		17.0	14.6		18.8	17.9

Net sales rose 27% during the quarter, to SEK 246 million (193). The increase for comparable units was 6%. Acquisitions contributed 14%, while currency movements had a positive effect, by 7%.

Most companies in the business area noted a continued high level of market activity and demand.

The business area includes companies with own manufacturing and proprietary products, and with a relatively high share of project-related business, and as a result, order intake and invoicing varies between months and quarters. During the second quarter, the increase in order intake was attributable to acquisitions and currency movements, while comparable units showed a slight decline compared with the same period a year ago.

Favourable order intake earlier in the year led to an increase in net sales, both organic and through acquisitions.

Order intake lagged behind net sales during the quarter by 2%.

EBITA increased by 19% during the quarter, to SEK 38 million (32), and the EBITA margin was 15.4% (16.6%). The increase for comparable units was 7%, while completed acquisitions contributed 2% and currency movements 10%.

The earnings improvement can be credited primarily to higher net sales, which compensated for a slightly lower gross margin resulting from a changed mix.

## 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 and proprietary products.

SEK million	2015 Apr-Jun	2014 Apr-Jun	Change	2015 Jan-Jun	2014 Jan-Jun	Change	2014/15 Moving 12 mos	2014 Jan-Dec
Net sales	928	609	52%	1,713	1,260	36%	3,163	2,710
EBITA	140	81	73%	244	178	37%	484	418
EBITA margin, %	15.1	13.3		14.2	14.1		15.3	15.4

Net sales rose 52% during the quarter, to SEK 928 million (609). The increase for comparable units was 17%, acquisitions contributed 25%, while currency movements had a positive effect of 10%.

The monthly and quarterly variation in order intake and invoicing remains large in the business area. Demand grew overall for the business area's units during the quarter. The favourable order intake in the energy segment in recent quarters began generating invoicing during the second quarter. This, together with acquisitions, is the main reason for the significant increase in net sales and earnings.

Continued acquisition of companies with high, stable profitability resulted in continued profitable growth for the business area during the second quarter.

Order intake lagged behind net sales during the quarter by 10%.

EBITA increased by 73% during the quarter, to SEK 140 million (81), and the EBITA margin was 15.1% (13.3%).

Earnings for comparable units increased by 29%, while acquisitions contributed 34%. Currency movements had a positive effect on earnings, by 10%.

# Q2

## Other financial information

### Financial position

Shareholders' equity amounted to SEK 3,307 million (2,720), and the equity ratio was 34% (35%).

Cash and cash equivalents amounted to SEK 293 million (287). In addition to this, the Group had unutilised credit promises of SEK 2,562 million (1,889). Interest-bearing net debt amounted to SEK 3,517 million (2,746).

The net debt/equity ratio was 106% at the end of the period (101%).

### Cash flow, Capital expenditures and Depreciation

Cash flow from operating activities was SEK 227 million (316) during the interim period January–June. Increased working capital had a negative impact on cash flow, mainly due to an increase in trade receivables at the end of the second quarter. Cash flow after net capital expenditures in intangible non-current assets and in

property, plant and equipment (excluding company acquisitions) was SEK 139 million (242).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 88 million (74). Depreciation of property, plant and equipment totalled SEK 77 million (63). Investments in company acquisitions amounted to SEK 663 million (272). In addition, earn-out payments for previous years' acquisitions totalled SEK 85 million (56).

### Employees

The number of employees was 5,007 at the end of the period, compared with 4,578 at the start of the year. A total of 361 employees were added through acquisitions.

### Company acquisitions

The Group has acquired the following companies, which are consolidated for the first time in 2015.

Month acquired	Acquisitions	Business area	Net Sales/SEK m*	No. of employees*
January	Flowtec Industrietechnik GmbH	Special Products	80	23
January	Adaero Precision Components Ltd	Special Products	50	59
January	Cepro International BV	Special Products	70	28
January	Sepab Fordonsprodukter AB	Measurement & Sensor Technology	50	23
March	Filtration Ltd	Special Products	30	12
March	Combilent A/ S	Measurement & Sensor Technology	100	24
March	Milltech Precision Engineering Ltd	Special Products	45	41
April	Geomek Stockholms Geomekaniska AB	Industrial Components	140	15
April	Relehta Group	Industrial Components	270	105
June	Professional Parts Sweden AB	Fluids & Mechanical Solutions	130	31
<b>Total</b>			<b>965</b>	<b>361</b>

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

Further information about completed company acquisitions can be found on page 17 of this interim report.



### Events after the end of the reporting period

In July one company acquisition was carried out. For further information about this acquisition, 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

In April 2014 the Annual General Meeting of Indutrade AB resolved 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.

Within the framework of Series I, which was directed at 135 individuals, the participants subscribed for a total of 257,500 warrants for a combined total of SEK 3,914,000. The price per warrant was SEK 15.20, which corresponds to the market price. The subscription price for Indutrade shares under the warrants has been set at SEK 356.30 per share.

Within the framework of Series II, which was directed at 13 individuals, a total of 27,500 warrants were subscribed for a combined total of SEK 319,000. The price per warrant was SEK 11.60, which corresponds to the market price. The subscription price for Indutrade shares under the warrants has been set at SEK 350.00 per share.

Shares can be purchased during specially stipulated subscription periods through Friday, 18 May 2018. Upon full exercise, the number of shares outstanding will increase by 285,000, corresponding to 0.7% of the total number of shares and votes.

A marginal dilutive effect of 0.04% (–) arose during the reporting period January–June, and of 0.08% (–) during the second quarter.

### 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–June. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period, the Parent Company acquired shares in seven 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 June was 10 (10).

### Risks and uncertainties

The Indutrade Group conducts business in 27 countries on four continents, through some 200 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 2014 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 2014 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 2014 Annual Report.

No new IFRSs or IFRIC interpretations that have been endorsed by the EU are applicable for Indutrade or have had any material impact on the Group's result of operations or financial position in 2015.

# Q2

## Financial calendar

- The interim report for the period 1 January–30 September 2015 will be published on 2 November 2015.
- The year-end report for the period 1 January–31 December 2015 will be published on 16 February 2016.

## 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, 23 July 2015  
Indutrade AB (publ)

Fredrik Lundberg  
Chairman

Bengt Kjell  
Vice chairman

Eva Färnstrand  
Director

Katarina Martinson  
Director

Ulf Lundahl  
Director

Krister Mellvé  
Director

Lars Pettersson  
Director

Johnny Alvarsson  
Director, President and CEO

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

## 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 Stockholm. Submitted for publication at 10 a.m. on 23 July 2015.

## Further information

For further information, please contact:  
Johnny Alvarsson, President and CEO, Tel: +46 70 589 17 95 or  
Jan Öhman, CFO, Tel: +46 70 226 75 34.

# Indutrade consolidated income statement – condensed

# Q2

SEK million	2015 Apr-Jun	2014 Apr-Jun	2015 Jan-Jun	2014 Jan-Jun	2014/15 Moving 12 mos	2014 Jan-Dec
Net sales	3,025	2,430	5,626	4,680	10,692	9,746
Cost of goods sold	-2,006	-1,595	-3,704	-3,081	-7,087	-6,464
<b>Gross profit</b>	<b>1,019</b>	<b>835</b>	<b>1,922</b>	<b>1,599</b>	<b>3,605</b>	<b>3,282</b>
Development costs	-33	-27	-66	-54	-119	-107
Selling costs	-503	-431	-984	-855	-1,837	-1,708
Administrative expenses	-170	-129	-324	-253	-606	-535
Other operating income and expenses	-1	-4	-1	-4	52	49
<b>Operating profit</b>	<b>312</b>	<b>244</b>	<b>547</b>	<b>433</b>	<b>1,095</b>	<b>981</b>
Net financial items	-21	-22	-44	-46	-84	-86
<b>Profit after financial items</b>	<b>291</b>	<b>222</b>	<b>503</b>	<b>387</b>	<b>1,011</b>	<b>895</b>
Income Tax	-62	-48	-109	-87	-214	-192
<b>Net profit for the period</b>	<b>229</b>	<b>174</b>	<b>394</b>	<b>300</b>	<b>797</b>	<b>703</b>
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	229	174	394	300	798	704
Non-controlling interests	0	0	0	0	-1	-1
	<b>229</b>	<b>174</b>	<b>394</b>	<b>300</b>	<b>797</b>	<b>703</b>
Earnings per share before dilution <sup>1)</sup>	5.73	4.35	9.85	7.50	19.95	17.60
Earnings per share after dilution <sup>2)</sup>	5.72	4.35	9.85	7.50	19.95	17.60
<b>EBITA</b>	<b>362</b>	<b>282</b>	<b>642</b>	<b>506</b>	<b>1,270</b>	<b>1,134</b>
<i>Operating profit includes:</i>						
Amortisation of intangible assets <sup>3)</sup>	-53	-41	-103	-80	-194	-171
<i>of which attributable to acquisitions</i>	<i>-50</i>	<i>-38</i>	<i>-95</i>	<i>-73</i>	<i>-175</i>	<i>-153</i>
Depreciation of property, plant and equipment	-40	-33	-77	-63	-141	-127

<sup>1)</sup> Average number of shares amounted to 40,000,000 for all periods.

<sup>2)</sup> Average number of shares amounted to 40,033,564 for the period Apr-Jun 2015 and 40,015,461 for the period Jan-Jun 2015. Other periods 40,000,000.

<sup>3)</sup> Excluding write-downs

# Indutrade consolidated statement of comprehensive income

SEK million	2015 Apr-Jun	2014 Apr-Jun	2015 Jan-Jun	2014 Jan-Jun	2014/15 Moving 12 mos	2014 Jan-Dec
<b>Net profit for the period</b>	<b>229</b>	<b>174</b>	<b>394</b>	<b>300</b>	<b>797</b>	<b>703</b>
<b>Other comprehensive income</b>						
<b>Items that can be reversed into income statement</b>						
Fair value adjustment of hedge instruments	26	-4	-8	-6	-29	-27
Tax attributable to fair value adjustments	-6	0	2	1	8	7
Exchange rate differences	-33	73	65	79	158	172
<b>Items that cannot be reversed into income statement</b>						
Actuarial gains/losses	-	-	-	-	-51	-51
Tax on actuarial gains/losses	-	-	-	-	11	11
<b>Other comprehensive income for the period, net of tax</b>	<b>-13</b>	<b>69</b>	<b>59</b>	<b>74</b>	<b>97</b>	<b>112</b>
<b>Total comprehensive income for the period</b>	<b>216</b>	<b>243</b>	<b>453</b>	<b>374</b>	<b>894</b>	<b>815</b>
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	216	243	453	374	895	816
Non-controlling interests	0	0	0	0	-1	-1
	<b>216</b>	<b>243</b>	<b>453</b>	<b>374</b>	<b>894</b>	<b>815</b>

# Q2 Business area performance

	2015 Apr-Jun	2014 Apr-Jun	2015 Jan-Jun	2014 Jan-Jun	2014/15 Moving 12 mos	2014 Jan-Dec
<b>Net sales, SEK million</b>						
Engineering & Equipment	325	332	629	626	1,277	1,274
Flow Technology	593	547	1,077	999	2,151	2,073
Fluids & Mechanical Solutions	307	266	594	517	1,135	1,058
Industrial Components	635	495	1,166	942	2,149	1,925
Measurement & Sensor Technology	246	193	465	356	862	753
Special Products	928	609	1,713	1,260	3,163	2,710
Parent company and Group items	-9	-12	-18	-20	-45	-47
	<b>3,025</b>	<b>2,430</b>	<b>5,626</b>	<b>4,680</b>	<b>10,692</b>	<b>9,746</b>
<b>EBITA, SEK million</b>						
Engineering & Equipment	28	25	49	40	102	93
Flow Technology	63	52	106	79	203	176
Fluids & Mechanical Solutions	40	34	79	65	141	127
Industrial Components	72	69	119	118	227	226
Measurement & Sensor Technology	38	32	79	52	162	135
Special Products	140	81	244	178	484	418
Parent company and Group items	-19	-11	-34	-26	-49	-41
	<b>362</b>	<b>282</b>	<b>642</b>	<b>506</b>	<b>1,270</b>	<b>1,134</b>
<b>EBITA margin, %</b>						
Engineering & Equipment	8.6	7.5	7.8	6.4	8.0	7.3
Flow Technology	10.6	9.5	9.8	7.9	9.4	8.5
Fluids & Mechanical Solutions	13.0	12.8	13.3	12.6	12.4	12.0
Industrial Components	11.3	13.9	10.2	12.5	10.6	11.7
Measurement & Sensor Technology	15.4	16.6	17.0	14.6	18.8	17.9
Special Products	15.1	13.3	14.2	14.1	15.3	15.4
	<b>12.0</b>	<b>11.6</b>	<b>11.4</b>	<b>10.8</b>	<b>11.9</b>	<b>11.6</b>

# Business area performance per quarter

# Q2

Net sales, SEK million	2015		2014			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	325	304	329	319	332	294
Flow Technology	593	484	541	533	547	452
Fluids & Mechanical Solutions	307	287	289	252	266	251
Industrial Components	635	531	546	437	495	447
Measurement & Sensor Technology	246	219	207	190	193	163
Special Products	928	785	753	697	609	651
Parent company and Group items	-9	-9	-11	-16	-12	-8
	<b>3,025</b>	<b>2,601</b>	<b>2,654</b>	<b>2,412</b>	<b>2,430</b>	<b>2,250</b>

EBITA, SEK million	2015		2014			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	28	21	22	31	25	15
Flow Technology	63	43	50	47	52	27
Fluids & Mechanical Solutions	40	39	33	29	34	31
Industrial Components	72	47	56	52	69	49
Measurement & Sensor Technology	38	41	40	43	32	20
Special Products	140	104	133	107	81	97
Parent company and Group items	-19	-15	0	-15	-11	-15
	<b>362</b>	<b>280</b>	<b>334</b>	<b>294</b>	<b>282</b>	<b>224</b>

EBITA margin, %	2015		2014			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	8.6	6.9	6.7	9.7	7.5	5.1
Flow Technology	10.6	8.9	9.2	8.8	9.5	6.0
Fluids & Mechanical Solutions	13.0	13.6	11.4	11.5	12.8	12.4
Industrial Components	11.3	8.9	10.3	11.9	13.9	11.0
Measurement & Sensor Technology	15.4	18.7	19.3	22.6	16.6	12.3
Special Products	15.1	13.2	17.7	15.4	13.3	14.9
	<b>12.0</b>	<b>10.8</b>	<b>12.6</b>	<b>12.2</b>	<b>11.6</b>	<b>10.0</b>

# Indutrade consolidated balance sheet – condensed

SEK million	2015 30 June	2014 30 June	2014 31 Dec
Goodwill	1,937	1,486	1,572
Other intangible assets	1,708	1,395	1,445
Property, plant and equipment	1,070	930	971
Financial assets	95	64	87
Inventories	1,973	1,544	1,617
Accounts receivable, trade	2,054	1,680	1,702
Other receivables	488	358	336
Cash and cash equivalents	293	287	357
<b>Total assets</b>	<b>9,618</b>	<b>7,744</b>	<b>8,087</b>
Equity	3,307	2,720	3,162
Non-current interest-bearing liabilities and pension liabilities	1,273	1,448	1,216
Other non-current liabilities and provisions	481	377	412
Current interest-bearing liabilities	2,537	1,585	1,635
Accounts payable, trade	951	745	763
Other current liabilities	1,069	869	899
<b>Total equity and liabilities</b>	<b>9,618</b>	<b>7,744</b>	<b>8,087</b>

# Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2015 30 June	2014 30 June	2014 31 Dec
Opening equity	3,160	2,623	2,623
Total comprehensive income for the period	453	374	816
Payment for issued warrants	-	4	4
Dividend	-310 <sup>1)</sup>	-282 <sup>2)</sup>	-282 <sup>2)</sup>
Acquisition of non-controlling interests	-	-1	-1
<b>Closing equity</b>	<b>3,303</b>	<b>2,718</b>	<b>3,160</b>

<sup>1)</sup> Dividend per share for 2014 was SEK 7.75

<sup>2)</sup> Dividend per share for 2013 was SEK 7.05

#### Equity, attributable to:

Equity holders of the parent company	3,303	2,718	3,160
Non-controlling interests	4	2	2
	<b>3,307</b>	<b>2,720</b>	<b>3,162</b>

# Indutrade consolidated cash flow statement

## – condensed

# Q2

SEK million	2015 Apr-Jun	2014 Apr-Jun	2015 Jan-Jun	2014 Jan-Jun	2014/15 Moving 12 mos	2014 Jan-Dec
Operating profit	312	244	547	433	1,095	981
Non-cash items	111	73	198	146	345	293
Interests and other financial items, net	-20	-19	-42	-39	-79	-76
Paid tax	-65	-58	-143	-131	-240	-228
Change in working capital	-211	-14	-333	-93	-306	-66
<b>Cash flow from operating activities</b>	<b>127</b>	<b>226</b>	<b>227</b>	<b>316</b>	<b>815</b>	<b>904</b>
Net capital expenditures in non-current assets	-37	-36	-88	-74	-138	-124
Company acquisitions and divestments	-364	-258	-748	-328	-1,005	-585
Change in other financial assets	-1	0	-1	0	2	3
<b>Cash flow from investing activities</b>	<b>-402</b>	<b>-294</b>	<b>-837</b>	<b>-402</b>	<b>-1,141</b>	<b>-706</b>
Net borrowings	532	416	837	388	614	165
Dividend paid out	-310	-282	-310	-282	-310	-282
<b>Cash flow from financial activities</b>	<b>222</b>	<b>134</b>	<b>527</b>	<b>106</b>	<b>304</b>	<b>-117</b>
<b>Cash flow for the period</b>	<b>-53</b>	<b>66</b>	<b>-83</b>	<b>20</b>	<b>-22</b>	<b>81</b>
Cash and cash equivalents at start of period	344	214	357	261	287	261
Exchange rate differences	2	7	19	6	28	15
<b>Cash and cash equivalents at end of period</b>	<b>293</b>	<b>287</b>	<b>293</b>	<b>287</b>	<b>293</b>	<b>357</b>

## Indutrade changes in interest-bearing net debt

SEK million	2015 Apr-Jun	2015 Jan-Jun	2014 Jan-Dec
<b>Beginning of period</b>	<b>-2,865</b>	<b>-2,494</b>	<b>-2,321</b>
Cash flow from operating activities	127	227	904
Net capital expenditures in non-current assets	-37	-88	-124
Company acquisitions and divestments	-377	-770	-627
Dividend paid out	-310	-310	-282
Other changes *)	-55	-82	-44
<b>Total changes</b>	<b>-652</b>	<b>-1,023</b>	<b>-173</b>
<b>End of period</b>	<b>-3,517</b>	<b>-3,517</b>	<b>-2,494</b>

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

# Q2

## Key data

	2015	2014	2014	2013	2012
<b>Moving 12 mos</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>31 Dec</b>
Net sales, SEK million	10,692	9,746	9,180	8,831	8,384
Sales growth, %	16	10	7	5	5
EBITA, SEK million	1,270	1,134	1,041	990	905
EBITA margin, %	11.9	11.6	11.3	11.2	10.8
Operating capital, SEK million	6,824	5,656	5,466	4,947	4,629
Return on operating capital, %	21	21	21	20	22
Return on equity, %	26	25	24	25	27
Interest-bearing net debt, SEK million	3,517	2,494	2,746	2,321	2,339
Net debt/equity ratio, %	106	79	101	88	102
Net debt/EBITDA, times	2.5	1.9	2.3	2.1	2.3
Equity ratio, %	34	39	35	38	35
Average number of employees	4,700	4,418	4,232	4,151	3,939
Number of employees at end of the period	5,007	4,578	4,484	4,218	4,086
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share <sup>1)</sup></i>					
Earnings per share before dilution, SEK	19.95	17.60	15.60	14.68	14.23
Equity per share, SEK	82.58	79.00	67.95	65.58	57.20
Cash flow from operating activities per share, SEK	20.38	22.60	22.03	21.48	12.98

<sup>1)</sup> Based on 40,000,000 shares which correspond to the number of shares outstanding during all periods in the table. There is no dilution on a twelve-month basis.



# Acquisitions

## Acquisitions 2015

All of the shares have been acquired in Flowtec Industrietechnik GmbH (Austria), Adaero Precision Components Ltd (UK), Cepro International BV (Netherlands), Sepab Fordonsprodukter AB (Sweden), Filtration Ltd (UK), Combilent A/S (Denmark), Milltech Precision Engineering Ltd (UK), Geomek Stockholms Geomekaniska AB (Sweden), Releka Group (Norway), and Professional Parts Sweden AB (Sweden).

## Fluids & Mechanical Solutions

On 16 June Professional Parts Sweden AB (Sweden) was acquired, with annual sales of SEK 130 million. Proparts is a technology sales company that supplies replacement parts to the automobile aftermarket.

## Industrial Components

On 14 April Geomek Stockholms Geomekaniska AB (Sweden) was acquired, with annual sales of SEK 140 million. Geomek markets and sells solutions, products and services in geotechnical surveying and the foundation drilling industry.

On 24 April Releka Group (Norway – Releka AS, Norsk Industrielje AS and Releka Service AS) was acquired, with annual sales of SEK 270 million. Releka is a Norwegian technology sales company that supplies products for construction, repair and maintenance primarily for the construction industry, automotive workshops and general industry.

## Measurement & Sensor Technology

On 22 January Sepab Fordonsprodukter AB (Sweden) was acquired, with annual sales of SEK 50 million. With focus on commercial vehicles, Sepab develops unique products for safety, national adaptation, efficiency and comfort.

On 12 March Combilent A/S (Denmark) was acquired, with annual sales of SEK 100 million. Combilent is a leading manufacturer of combiners and filters for communication systems.

## Special Products

In early January the acquisition of Flowtec Industrietechnik GmbH (Austria) was completed, with annual sales of SEK 80 million. Flowtec is a technology sales company that sells industrial components to companies in Austria and Eastern Europe.

On 9 January Adaero Precision Components Ltd (UK) was acquired, with annual sales of SEK 50 million. Adaero manufactures customised, high precision industrial components.

Also on 9 January, Cepro International BV (Netherlands) was acquired, with annual sales of SEK 70

million. Cepro manufactures work station products for welding and grinding workshops.

On 6 March Filtration Ltd (UK) was acquired, with annual sales of SEK 30 million. Filtration sells high quality filters from leading manufacturers.

On 18 March Milltech Precision Engineering Ltd (UK) was acquired, with annual sales of SEK 45 million. Milltech conducts manufacturing and assembly of high precision components.

**Acquired assets in Flowtec Industrietechnik GmbH (Austria), Adaero Precision Components Ltd (UK), Cepro International BV (Netherlands), Sepab Fordonsprodukter AB (Sweden), Filtration Ltd (UK), Combilent A/S (Denmark), Milltech Precision Engineering Ltd (UK), Geomek Stockholms Geomekaniska AB (Sweden), Releka Group (Norway) and Professional Parts Sweden AB (Sweden).**

### Preliminary purchase price allocation

#### SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 105 million	832
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Acquired assets	Book Value	Fair value adjustment	Fair value
Goodwill	2	353	355
Agencies, trademarks, customer relations, licences, etc.	5	327	332
Property, plant and equipment	69	3	72
Financial assets	1	-	1
Inventories	166	-	166
Other current assets <sup>1)</sup>	195	-	195
Cash and cash equivalents	62	-	62
Deferred tax liability	-7	-80	-87
Provisions including pension liabilities	-	-	-
Other operating liabilities	-262	-	-262
Non-controlling interests	-2	-	-2
	<b>229</b>	<b>603</b>	<b>832</b>

<sup>1)</sup> Mainly trade accounts receivable

# Q2

Agencies, customer relationships, licences, etc. will be amortised over a period of 10–20 years, while trademarks are assumed to have indefinite life. Trademarks are included to a value of SEK 5 million.

Indutrade normally uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payment is valued at the present value of the likely outcome, which for the acquisitions made during the year amount to SEK 105 million. These contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 111 million. If the conditions are not met, the outcome can be in the range of SEK 0–111 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 4 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 2 million (3). The resulting income is reported under Other income and expenses.

The purchase price allocation calculations for Corrosion Resistance Products Ltd (CRP), Micro Spring and Presswork Ltd, Birmingham Specialities Ltd and ALH Systems Ltd, which were acquired in May and June 2014, 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

### SEK million

Purchase price, incl. contingent earn-out payment	832
Purchase price not paid out	-107
Cash and cash equivalents in acquired companies	-62
Payments pertaining to previous years' acquisitions	85
<b>Total cash flow impact</b>	<b>748</b>

## Effects of acquisitions carried out in 2014 and 2015

SEK million Business area	Net sales		EBITA	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Engineering & Equipment	-	-	-	-
Flow Technology	-	-	-	-
Fluids & Mechanical Solutions	33	52	9	12
Industrial Components	123	165	17	21
Measurement & Sensor Technology	28	44	1	2
Special Products	156	331	27	62
<b>Effect on Group</b>	<b>340</b>	<b>592</b>	<b>54</b>	<b>97</b>
Acquisitions carried out in 2014	139	316	24	56
Acquisitions carried out in 2015	201	276	30	41
<b>Effect on Group</b>	<b>340</b>	<b>592</b>	<b>54</b>	<b>97</b>

If all acquired units had been consolidated as from 1 January 2015, net sales for the period would have amounted to SEK 5,819 million, and EBITA would have totalled SEK 668 million.

## Acquisitions after the end of the reporting period

On 1 July 2015 Trelawny SPT Ltd (UK) was acquired, with annual sales of SEK 60 million. Trelawny manufactures and installs pneumatic tools and equipment for various types of surface treatment and is included in the Special Products business area.

A preliminary purchase price allocation calculation will be presented in the third quarter interim report for 2015.

## 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 assets or liabilities that is not based on observable market data (i.e., non-observable market data) [level 3]

### The Group's assets and liabilities measured at fair value

SEK million	30 Jun 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available-for-sale financial assets	-	-	5	5
Derivative instruments held for hedging purposes	-	14	-	14
<b>Liabilities</b>				
Derivative instruments held for hedging purposes	-	74	-	74
Contingent consideration	-	-	272	272

SEK million	31 Dec 2014			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Available-for-sale financial assets	-	-	4	4
Derivative instruments held for hedging purposes	-	14	-	14
<b>Liabilities</b>				
Derivative instruments held for hedging purposes	-	66	-	66
Contingent consideration	-	-	241	241

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	2015 30 Jun	2014 31 Dec
Opening book value	241	268
Acquisitions during the year	105	115
Consideration paid	-85	-68
Reclassified via income statement	-2	-94
Interest expenses	5	4
Exchange rate differences	8	16
<b>Closing book value</b>	<b>272</b>	<b>241</b>

# Q2

## Parent company income statement – condensed

SEK million	2015 Apr-Jun	2014 Apr-Jun	2015 Jan-Jun	2014 Jan-Jun	2014/15 Moving 12 mos	2014 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	-19	-17	-33	-33	-62	-62
Other income and expenses	-	4	-	4	1	5
<b>Operating profit</b>	<b>-19</b>	<b>-13</b>	<b>-33</b>	<b>-29</b>	<b>-57</b>	<b>-53</b>
Financial income/expenses	-13	-17	-29	-30	-46	-47
Profit from participation in Group companies	573	642	573	642	1,197	624
<b>Profit after financial items</b>	<b>541</b>	<b>612</b>	<b>511</b>	<b>583</b>	<b>452</b>	<b>524</b>
Appropriations	-	-	-	-	324	324
Income tax	6	7	12	13	-50	-49
<b>Net profit for the period</b>	<b>547</b>	<b>619</b>	<b>523</b>	<b>596</b>	<b>726</b>	<b>799</b>
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0	-1	-1

## Parent company balance sheet – condensed

SEK million	2015 30 Jun	2014 30 Jun	2014 31 Dec
Intangible assets	0	0	0
Property, plant and equipment	1	2	1
Financial assets	4,069	3,345	3,521
Current receivables	2,629	2,049	2,480
Cash and cash equivalent	0	4	0
<b>Total assets</b>	<b>6,699</b>	<b>5,400</b>	<b>6,002</b>
Equity	2,574	2,160	2,356
Untaxed reserves	388	315	388
Non-current interest-bearing liabilities and pension liabilities	864	1,104	818
Other non-current liabilities and provisions	2	-	2
Current interest-bearing liabilities	2,809	1,746	2,267
Current noninterest-bearing liabilities	62	75	171
<b>Total equity and liabilities</b>	<b>6,699</b>	<b>5,400</b>	<b>6,002</b>
Pledged assets	8	6	8
Contingent liabilities	114	112	114

## Definitions

### Earnings per share before dilution

Net profit for the period attributable to equity holders of the parent company divided by the average number of shares outstanding.

### Earnings per share after dilution

Net profit for the period attributable to equity holders of the parent company divided by the average number of shares outstanding after dilution.

### 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 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

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The Group is structured into six business areas: Engineering & Equipment, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology 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%.