

Interim report second quarter

and first half-year 2016

Second quarter 2016 – Indutrade’s growth continues

- Order intake rose 13% to SEK 3,422 million (3,026). The increase for comparable units was 8%.
- Net sales rose 10% to SEK 3,317 million (3,025). The increase for comparable units was 5%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 12% to SEK 405 million (362), corresponding to an EBITA margin of 12.2% (12.0%).
- Net profit rose 13% to SEK 259 million (229), corresponding to earnings per share of SEK 2.16 (1.91).



Financial Development

SEK million	2016			2015			2015/16	
	Apr-Jun	Apr-Jun	Change	Jan-Jun	Jan-Jun	Change	Moving 12 mos	Jan-Dec
Order intake	3,422	3,026	13%	6,488	5,952	9%	12,475	11,939
Net sales	3,317	3,025	10%	6,280	5,626	12%	12,535	11,881
Operating profit	353	312	13%	615	547	12%	1,303	1,235
EBITA	405	362	12%	716	642	12%	1,501	1,427
EBITA margin, %	12.2	12.0		11.4	11.4		12.0	12.0
Profit after financial items	331	291	14%	574	503	14%	1,208	1,137
Net profit	259	229	13%	448	394	14%	948	894
Earnings per share before dilution, SEK ¹⁾	2.16	1.91	13%	3.73	3.28	14%	7.89	7.44
Return on operating capital, %	22	21		22	21		22	22
Cash flow from operating activities	335	127	164%	442	227	95%	1,291	1,076
Net debt/equity ratio, %	96	106		96	106		96	80

¹⁾ A 2:1 bonus issue was carried out in May. The comparison figures in the table above have been adjusted for the new number of shares.

Q2

CEO's message

Indutrade's growth continues

The uncertainty that has overshadowed the market in recent years did not decrease during the second quarter. Many countries continue to experience weak or no growth, and the Brexit vote in the UK has given rise to even more questions about the future.

The combination of political instability and large fluctuations in currency rates and commodity prices is presenting our company presidents with major challenges. What does this entail for our customers? Will the trend continue as forecast? Added to this, many of the projects that customers have planned are being pushed back due to the general level of uncertainty.

One advantage that our company presidents have is that their organisations are relatively small, and they can independently make quick business decisions and adapt to their customers' needs. We have continued to become accustomed to varied growth in different segments and sharp swings in the market. In previous years there were countries with strong growth that served as locomotives for our own growth, but performance in several of these growth markets has clearly slowed during the past year, and no one knows when growth will return. Despite this difficult economic climate, Indutrade continues to grow.

Second quarter

Order intake increased by 13%, of which 8% was organic, and sales rose 10%, of which 5% was organic.

In the second quarter as well, this favourable organic growth can be credited to strong performance by companies in Sweden, Denmark, Benelux and Ireland.

In Sweden investments grew in the pulp and paper industry, which benefited Indutrade. Commercial vehicles are another segment that has performed well. Major investments in the pharmaceutical industry in Ireland continue to generate good business opportunities for our companies.

The previous strong growth in the UK has slowed, partly owing to the negative impact of the decline in the oil and gas sector and partly as an effect of increased uncertainty, associated with Brexit. Sterling has weakened after the referendum, but on the other hand this may benefit export companies over time.

Indutrade's operations in Finland performed better than expected during the quarter, which can be credited to the performance of individual companies and not to higher growth in the country as a whole.

Indutrade is achieving its target of at least 10% growth over an economic cycle as a result of both organic and acquired growth. In the current market climate, a considerable share of growth will continue to be achieved through acquisitions until we can gain a boost from an upswing in industrial production.



Acquisitions

Our acquisition prospects remain favourable, and during the year to date we have carried out nine acquisitions, including two after the end of the quarter, with another one scheduled for possession to take place in August. Indutrade continues to grow above all outside of Sweden.

A total of three acquisitions have been made in Denmark during the year. The two most recent are Klokkeholm, which manufactures spare parts for the automotive industry aftermarket, and Crysberg, which makes irrigation control systems. Both of these companies complement previous acquisitions made by the Group.

In the UK we have carried out three acquisitions, where the most recent – Vacuum Engineering – gives the Group a stronger position in the area of leak detection.

In Sweden one acquisition has been made – KA Olsson – which strengthens our position in chemical products. In addition, acquisitions have been made in the Netherlands and Norway during the year.

Outlook

I do not expect any major change in the demand situation in the near future. The market will continue to be unstable, and our challenge is to capture market shares in a market with low growth.

The Indutrade model, which we have worked with for decades, entails a decentralised way of working for our small, flexible and local companies. They can act swiftly and adapt to prevailing demand. We have a good diversification of risk, with many small companies in many countries that work in a range of niches and segments.

Our prospects to generate profitable growth therefore remain favourable.

Johnny Alvarsson, President and CEO

Group performance

Q2

Order intake

Order intake during the second quarter totalled SEK 3,422 million (3,026), an increase of 13%. For comparable units, order intake increased by 8%, while acquired growth was 7%. Currency movements had a negative effect on order intake, by 2%.

Even though the variation in order intake for the Group's companies remains large between markets, segments and countries, most of the Group's companies have a positive view of the business situation. During the second quarter as well, order intake exceeded invoicing.

Demand was largely the same as during the preceding quarter. Order intake in Sweden and Denmark continues to move in a positive direction. In Finland, our companies are also reporting higher order intake despite weak underlying market growth. In Norway, demand in the offshore industry and marine sector is weak at the same time that the fishing industry, water/wastewater and general industry are segments showing positive development. Our companies in Ireland and Benelux are showing favourable growth, while the business situation in Switzerland is challenging. During the quarter, order intake continued to decrease among our companies in the UK, although the situation stabilised in June.

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

In many industrial segments, demand was stable compared with the immediately preceding quarters. Continued good order intake for valves for power generation in the energy segment has provided balance to weaker sub-segments, such as oil and gas, and the marine sector.

Order intake during the period January–June amounted to SEK 6,488 million (5,952), an increase of 9%. The increase for comparable units was 4%, with acquisitions contributing 7% and currency movements having a negative effect of 2%.

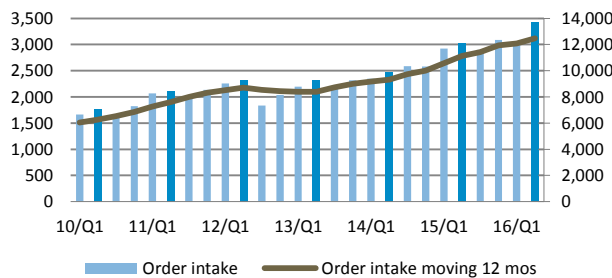
Net sales

Net sales rose 10% during the second quarter to SEK 3,317 million (3,025). The increase for comparable units was 5%, while acquisitions contributed 7%. Currency movements had a negative effect on net sales, by 2%.

Net sales during the period January–June rose 12% to SEK 6,280 million (5,626). The increase for comparable units was 6%, with acquisitions contributing 7% and currency movements having a negative effect on net sales, by 1%.

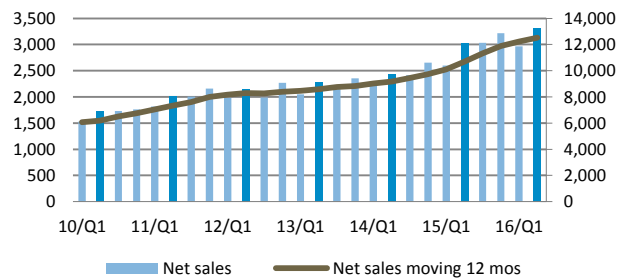
Order intake

SEK million

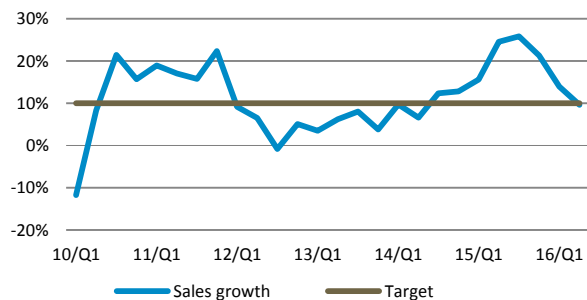


Net Sales

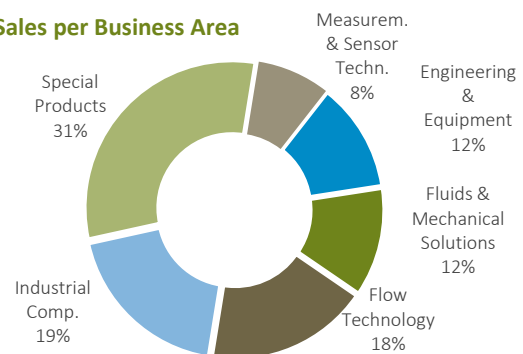
SEK million



Sales growth



Net Sales per Business Area



Q2

Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 405 million (362) for the second quarter, an increase of 12%. The increase for comparable units was 7%, acquisitions contributed 8%, and currency movements had a negative effect, by 3%. The EBITA margin increased marginally, to 12.2% (12.0%).

The gross margin for the Group as a whole increased compared with the corresponding quarter a year ago, to 34.4% (33.7%). For the period January–June, the gross margin was 34.0% (34.2%).

As in the preceding quarter, earnings performance for the business areas was mixed. Engineering & Equipment showed positive development despite a continued challenging market situation. Fluids & Mechanical Solutions and Industrial Components showed earnings improvements – organically as well as through the contributions made from completed acquisitions – which countered weaker earnings from Flow Technology during the quarter. For the Special Products business area, whose companies are outside of the Nordic region, earnings and margins improved during the quarter.

Net financial items for the second quarter amounted to SEK -22 million (-21). Tax on profit for the period was SEK -72 million (-62), corresponding to a tax charge of 22% (21%). Profit for the period rose 13% to SEK 259 million (229). Earnings per share before dilution increased by 13% to SEK 2.16 (1.91).

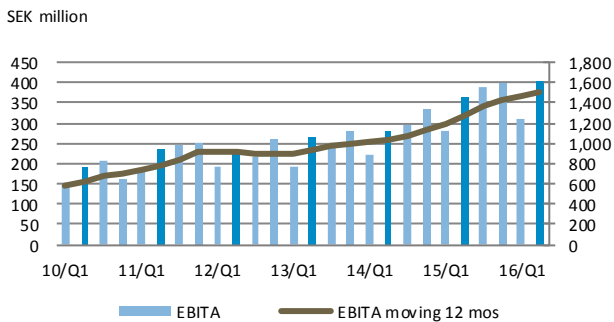
Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 716 million (642) for the period January–June, an increase of 12%. The increase for comparable units was 6%, acquisitions contributed 8%, and currency movements had a negative effect, by 2%. The operating margin before amortisation of intangible assets (the EBITA margin) was unchanged and amounted to 11.4% (11.4%).

Net financial items amounted to SEK -41 million (-44). Tax on profit for the period was SEK -126 million (-109), corresponding to a tax charge of 22% (22%). Profit for the period rose 14% to SEK 448 million (394). Earnings per share before dilution increased by 14% to SEK 3.73 (3.28).

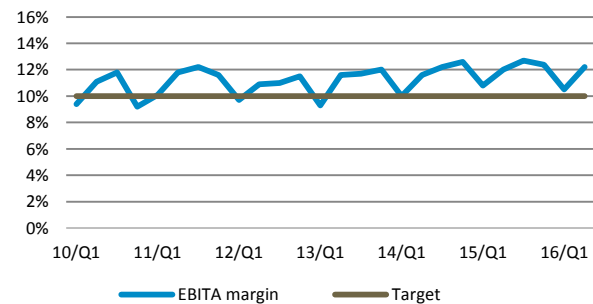
Return

The return on operating capital was 22% (21%), and the return on equity was 26% (26%).

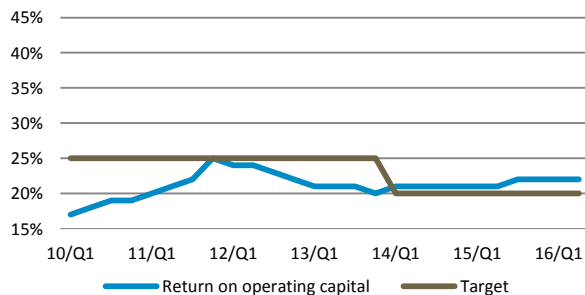
EBITA



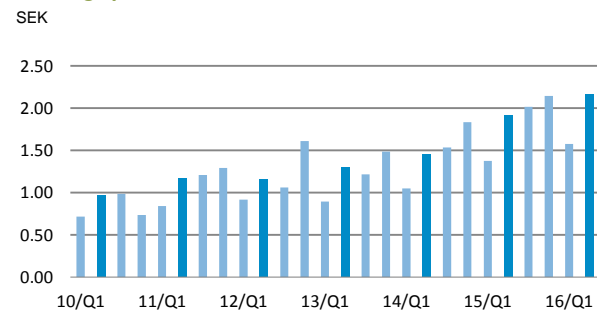
EBITA margin



Return



Earnings per share



Key ratios per share were re-calculated after the 2:1 bonus issue was carried out.

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	2016 Apr-Jun	2015 Apr-Jun	Change	2016 Jan-Jun	2015 Jan-Jun	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	397	371	7%	733	717	2%	1,482	1,466
EBITA	38	32	19%	53	55	-4%	123	125
EBITA margin, %	9.6	8.6		7.2	7.7		8.3	8.5

Net sales rose 7% during the quarter, to SEK 397 million (371). The increase for comparable units was 7%, while currency movements had a marginal effect on net sales.

The market situation for industry in Finland remains challenging. Exports as well as new orders are down from a year ago, which indicates that no significant change can be expected in the months immediately ahead. The low level of activity in the process industry is characterised by a low level of maintenance and few investments, mainly aimed at reducing bottlenecks in production. During the quarter, through continued strong market and customer

focus, the business area's companies generated growth in the prevailing weak market climate.

Order intake exceeded net sales by 10% during the quarter.

EBITA for the quarter increased by 19% to SEK 38 million (32), corresponding to an EBITA margin of 9.6% (8.6%). For comparable units, EBITA increased by 19%, while currency movements had a marginal impact.

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	2016 Apr-Jun	2015 Apr-Jun	Change	2016 Jan-Jun	2015 Jan-Jun	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	591	593	0%	1,120	1,077	4%	2,277	2,234
EBITA	55	63	-13%	95	106	-10%	206	217
EBITA margin, %	9.3	10.6		8.5	9.8		9.0	9.7

Net sales decreased marginally during the quarter, to SEK 591 million (593). Sales for comparable units increased by 3%, while currency movements had a negative effect, by 3%.

The companies in the business area continue to note uncertainty in the market, with large variations in order intake and invoicing. Positive market development on the whole in Sweden and Denmark has countered weak order intake and invoicing in areas such as nuclear power and

marine and offshore. Order intake exceeded net sales by 10% during the quarter.

EBITA for the quarter decreased by 13% to SEK 55 million (63), and the EBITA margin reached 9.3% (10.6%). For comparable units, EBITA decreased by 10%, while currency movements had a negative effect, by 3%. The decrease in earnings is mainly attributable to higher sales costs combined with a changed mix.

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, water and wastewater fittings, steel profiles, compressors, product labelling and construction plastics.

SEK million	2016 Apr-Jun	2015 Apr-Jun	Change	2016 Jan-Jun	2015 Jan-Jun	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	404	307	32%	728	594	23%	1,383	1,249
EBITA	56	40	40%	97	79	23%	181	163
EBITA margin, %	13.9	13.0		13.3	13.3		13.1	13.1

Net sales rose 32% during the quarter, to SEK 404 million (307). The increase for comparable units was 5%. Acquisitions contributed 27%, while currency movements had a marginal effect on net sales.

Demand developed in a positive direction in most segments, except for in Norway – related to oil and gas – and in the Baltics, where above all the water/wastewater segment was characterised by very low activity.

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

EBITA for the quarter rose 40% to SEK 56 million (40), and the EBITA margin reached 13.9% (13.0%). For comparable units, EBITA increased by 13%, while acquisitions contributed 27% and currency movements had a marginal effect.

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	2016 Apr-Jun	2015 Apr-Jun	Change	2016 Jan-Jun	2015 Jan-Jun	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	649	589	10%	1,215	1,078	13%	2,400	2,263
EBITA	72	68	6%	122	113	8%	258	249
EBITA margin, %	11.1	11.5		10.0	10.5		10.8	11.0

Net sales rose 10% during the quarter, to SEK 649 million (589). The increase for comparable units was 10%, while acquisitions contributed 2%. Currency movements had a negative effect on net sales, by 2%.

Following a weak first quarter in which Easter fell in March this year, order intake as well as invoicing recovered during the second quarter. The demand situation continues to vary widely among the business area's companies. Greater activity in segments such as construction and infrastructure, combined with stable demand from customers in engineering, continued to

counter weak activity in the steel, mining, and offshore industries.

Net sales exceeded order intake marginally during the quarter.

EBITA for the quarter rose 6% to SEK 72 million (68), corresponding to an EBITA margin of 11.1% (11.5%). For comparable units, EBITA increased by 7% and acquisitions made a positive contribution of 1%, while currency movements had a negative effect of 2%.

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	2016 Apr-Jun	2015 Apr-Jun	Change	2016 Jan-Jun	2015 Jan-Jun	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	297	246	21%	538	465	16%	1,011	938
EBITA	45	38	18%	75	79	-5%	160	164
EBITA margin, %	15.2	15.4		13.9	17.0		15.8	17.5

Net sales rose 21% during the quarter, to SEK 297 million (246). The increase for comparable units was 6%, acquisitions contributed 16%, and currency movements had a negative effect, by 1%.

The business area includes companies with own manufacturing and proprietary products, and has a relatively high share of project-related business, and as a result, order intake and invoicing vary between months and quarters.

Order intake and invoicing for most of the business area's companies have improved gradually following a weak start to the year. Companies with sales to China and

the USA have noted a continued increase in activity, which has countered a slight downturn for companies in which Europe is the main market. This downturn reflects the uncertainty and volatility that characterises the situation in the euro countries.

Net sales exceeded order intake during the quarter by 3%.

EBITA increased by 18% during the quarter, to SEK 45 million (38), and the EBITA margin was 15.2% (15.4%). The increase for comparable units was 6%, while completed acquisitions made a positive contribution of 12%. Currency movements had a marginal effect.

Special Products

Special Products offers specially manufactured niche products, design solutions, aftermarket service and assembly, and special processing. The business area includes companies with a considerable amount of own manufacturing and proprietary products.

SEK million	2016 Apr-Jun	2015 Apr-Jun	Change	2016 Jan-Jun	2015 Jan-Jun	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	991	928	7%	1,967	1,713	15%	4,026	3,772
EBITA	159	140	14%	311	244	27%	631	564
EBITA margin, %	16.0	15.1		15.8	14.2		15.7	15.0

Net sales rose 7% during the quarter, to SEK 991 million (928). The increase for comparable units was 3%, while acquisitions contributed 7% and currency movements had a negative effect, by 3%.

The monthly and quarterly variation in order intake and invoicing remains large for the companies in the business area.

Order intake and invoicing related to valves for power generation in the energy segment remained strong during the quarter. For the companies in Benelux and Ireland, demand developed in a positive direction, which countered weaker order intake and invoicing for

companies in the UK. For the business area's companies in Switzerland, the market situation remains challenging, even though earnings have now improved compared with the situation a year ago.

Net sales were level with order intake during the quarter.

EBITA increased by 14% during the quarter, to SEK 159 million (140), and the EBITA margin was 16.0% (15.1%). EBITA for comparable units rose 9%, while acquisitions contributed 8%. Currency movements had a negative effect on earnings, by 3%.

Q2

Other financial information

Financial position

Shareholders' equity amounted to SEK 3,861 million (3,307), and the equity ratio was 37% (34%).

Cash and cash equivalents amounted to SEK 302 million (293). In addition to this, the Group had unutilised credit promises of SEK 2,514 million (2,562).

Interestbearing net debt amounted to SEK 3,719 million (3,517) at the end of the period.

The net debt/equity ratio was 96% at end of the period (106%).

Cash flow, Capital expenditures and Depreciation

Cash flow from operating activities was SEK 442 million (227) for the interim period January–June. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 277 million (139).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 165 million (88). Depreciation of property, plant and equipment totalled SEK 83 million (77). Investments in company acquisitions amounted to SEK 580 million (663). In addition, earn-out payments for previous years' acquisitions totalled SEK 132 million (85).

Employees

The number of employees was 5,500 at the end of the period, compared with 5,107 at the start of the year. A total of 288 employees were added during the period through acquisitions.

Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2016.

Month acquired	Acquisitions	Business area	Net Sales/SEK m*	No. of employees*
January	PECO Select Fasteners B.V	Special Products	30	4
March	Industri Verktøy AS	Industrial Components	40	10
March	Senmatic A/S	Measurement & Sensor Technology	150	87
April	Beldam Crossley Ltd	Special Products	80	63
April	Fluid Controls Ltd	Special Products	40	10
May	Klokkerholm Karosseridele A/S	Fluids & Mechanical Solutions	310	114
Total			650	288

* 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 two company acquisitions were carried out, and an agreement was signed for a third acquisition, which is expected to close in August. For further information, 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, and within the framework of Series II, which was directed at 13 individuals, a total of 27,500 warrants were subscribed. Following the bonus issue in May 2016, each warrant carries entitlement to subscribe for three shares. The subscription price for Series I has been recalculated to SEK 118.80 per share, and the subscription price for Series II has been recalculated to SEK 116.70 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 855,000, corresponding to 0.7% of the total number of shares and votes. A dilutive effect of 0.19% (0.08%) arose during the quarter, of 0.18% (0.04%) during the interim period January–June, and of 0.14% (–) during the last 12 months.

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 January–June the Parent Company acquired shares in four 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 11 (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 2015 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 2015 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 2015 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 2016.

Changes in the Annual Accounts Act effective 1 January 2016 do not have any significant impact on the Parent Company or the Group.

Q2

Financial calendar

- The interim report for the period 1 January–30 September 2016 will be published on 25 October 2016.
- The year-end report for the period 1 January–31 December 2016 will be published on 13 February 2017.

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, 22 July 2016
Indutrade AB (publ)

Fredrik Lundberg
Chairman

Bengt Kjell
Vice chairman

Annica Bresky
Director

Katarina Martinson
Director

Ulf Lundahl
Director

Krister Mellvé
Director

Lars Petterson
Director

Johnny Alvarsson
Director, President and CEO

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

Note

This information constitutes information that Indutrade AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the following contact persons at 1 p.m. (CET) on 22 July 2016.

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	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	3,317	3,025	6,280	5,626	12,535	11,881
Cost of goods sold	-2,177	-2,006	-4,145	-3,704	-8,288	-7,847
Gross profit	1,140	1,019	2,135	1,922	4,247	4,034
Development costs	-39	-33	-73	-66	-140	-133
Selling costs	-564	-503	-1,097	-984	-2,157	-2,044
Administrative expenses	-187	-170	-368	-324	-679	-635
Other operating income and expenses	3	-1	18	-1	32	13
Operating profit	353	312	615	547	1,303	1,235
Net financial items	-22	-21	-41	-44	-95	-98
Profit after financial items	331	291	574	503	1,208	1,137
Income Tax	-72	-62	-126	-109	-260	-243
Net profit for the period	259	229	448	394	948	894
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	259	229	448	394	947	893
Non-controlling interests	0	0	0	0	1	1
	259	229	448	394	948	894
EBITA	405	362	716	642	1,501	1,427
<i>Operating profit includes:</i>						
Amortisation of intangible assets ¹⁾	-58	-53	-112	-103	-218	-209
<i>of which attributable to acquisitions</i>	-52	-50	-101	-95	-198	-192
Depreciation of property, plant and equipment	-43	-40	-83	-77	-162	-156
Earnings per share before dilution, SEK ²⁾	2.16	1.91	3.73	3.28	7.89	7.44
Earnings per share after dilution, SEK ²⁾	2.15	1.91	3.73	3.28	7.88	7.44
Average number of shares before dilution, '000 ²⁾	120,000	120,000	120,000	120,000	120,000	120,000
Average number of shares after dilution, '000 ²⁾	120,225	120,101	120,211	120,046	120,174	120,094

¹⁾ Excluding write-downs

²⁾ A 2:1 bonus issue was carried out in May. The comparison figures in the table above have been adjusted for the new number of shares.

Indutrade consolidated statement of comprehensive income

SEK million	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015/16 Moving 12 mos	2015 Jan-Dec
Net profit for the period	259	229	448	394	948	894
Other comprehensive income						
Items that can be reversed into income statement						
Fair value adjustment of hedge instruments	-3	26	20	-8	44	16
Tax attributable to fair value adjustments	-1	-6	-5	2	-10	-3
Exchange rate differences	55	-33	46	65	-69	-50
Items that cannot be reversed into income statement						
Actuarial gains/losses	-	-	-	-	-5	-5
Tax on actuarial gains/losses	-	-	-	-	2	2
Other comprehensive income for the period, net of tax	51	-13	61	59	-38	-40
Total comprehensive income for the period	310	216	509	453	910	854
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	310	216	509	453	909	853
Non-controlling interests	0	0	0	0	1	1

Q2

Indutrade consolidated balance sheet – condensed

SEK million	2016 30 Jun	2015 30 Jun	2015 31 Dec
Goodwill	2,207	1,937	1,942
Other intangible assets	1,803	1,708	1,636
Property, plant and equipment	1,310	1,070	1,117
Financial assets	109	95	101
Inventories	2,111	1,973	1,931
Accounts receivable, trade	2,273	2,054	1,995
Other receivables	376	488	300
Cash and cash equivalents	302	293	339
Total assets	10,491	9,618	9,361
Equity	3,861	3,307	3,707
Non-current interest-bearing liabilities and pension liabilities	2,234	1,273	1,260
Other non-current liabilities and provisions	530	481	480
Current interest-bearing liabilities	1,787	2,537	2,028
Accounts payable, trade	987	951	848
Other current liabilities	1,092	1,069	1,038
Total equity and liabilities	10,491	9,618	9,361

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2016 30 Jun	2015 30 Jun	2015 31 Dec
Opening equity	3,703	3,160	3,160
Total comprehensive income for the period	509	453	853
Dividend	-360 ¹⁾	-310 ²⁾	-310 ²⁾
Closing equity	3,852	3,303	3,703
¹⁾ Dividend per share for 2015 was SEK 9.00			
²⁾ Dividend per share for 2014 was SEK 7.75			
<i>Equity, attributable to:</i>			
Equity holders of the parent company	3,852	3,303	3,703
Non-controlling interests	9	4	4
	3,861	3,307	3,707

Indutrade consolidated cash flow statement

– condensed

Q2

SEK million	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015/16 Moving 12 mos	2015 Jan-Dec
Operating profit	353	312	615	547	1,303	1,235
Non-cash items	108	111	199	198	384	383
Interests and other financial items, net	-18	-20	-28	-42	-74	-88
Paid tax	-98	-65	-184	-143	-256	-215
Change in working capital	-10	-211	-160	-333	-66	-239
Cash flow from operating activities	335	127	442	227	1,291	1,076
Net capital expenditures in non-current assets	-91	-37	-165	-88	-298	-221
Company acquisitions and divestments	-430	-364	-712	-748	-842	-878
Change in other financial assets	1	-1	1	-1	1	-1
Cash flow from investing activities	-520	-402	-876	-837	-1,139	-1,100
Net borrowings	476	532	755	837	221	303
Dividend paid out	-360	-310	-360	-310	-360	-310
Cash flow from financial activities	116	222	395	527	-139	-7
Cash flow for the period	-69	-53	-39	-83	13	-31
Cash and cash equivalents at start of period	368	344	339	357	293	357
Exchange rate differences	3	2	2	19	-4	13
Cash and cash equivalents at end of period	302	293	302	293	302	339

Q2

Key data

	2016	2015	2015	2014	2013
Moving 12 mos	30 Jun	31 Dec	30 Jun	31 Dec	31 Dec
Net sales, SEK million	12,535	11,881	10,692	9,746	8,831
Sales growth, %	17	22	16	10	5
EBITA, SEK million	1,501	1,427	1,270	1,134	990
EBITA margin, %	12.0	12.0	11.9	11.6	11.2
Operating capital at end of period, SEK million	7,580	6,656	6,824	5,656	4,947
Operating capital, average, SEK million	6,968	6,537	5,944	5,324	4,894
Return on operating capital, % ¹⁾	22	22	21	21	20
Equity, average, SEK million	3,685	3,440	3,116	2,818	2,377
Return on equity, % ¹⁾	26	26	26	25	25
Interest-bearing net debt at end of period, SEK million	3,719	2,949	3,517	2,494	2,321
Net debt/equity ratio, %	96	80	106	79	88
Net debt/EBITDA, times	2.2	1.8	2.5	1.9	2.1
Equity ratio, %	37	40	34	39	38
Average number of employees	5,205	4,978	4,700	4,418	4,151
Number of employees at end of period	5,500	5,107	5,007	4,578	4,218
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share ²⁾</i>					
Earnings per share before dilution, SEK ³⁾	7.89	7.44	6.65	5.87	4.89
Earnings per share after dilution, SEK ⁴⁾	7.88	7.44	6.65	5.87	4.89
Equity per share, SEK	32.10	30.86	27.53	26.33	21.86
Cash flow from operating activities per share, SEK	10.76	8.97	6.79	7.53	7.16

¹⁾ Calculated on average capital and equity.

²⁾ A 2:1 bonus issue was carried out in May. The comparison figures in the table above have been adjusted for the new number of shares.

³⁾ Based on 120,000,000 shares during all periods in the table.

⁴⁾ Based on 120,094,026 shares for December 2015 and 120,173,864 shares for June 2016, Other periods 120,000,000 shares.

Business area performance

Q2

	2016	2015	2016	2015	2015/16	2015
Net sales, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	397	371	733	717	1,482	1,466
Flow Technology	591	593	1,120	1,077	2,277	2,234
Fluids & Mechanical Solutions	404	307	728	594	1,383	1,249
Industrial Components	649	589	1,215	1,078	2,400	2,263
Measurement & Sensor Technology	297	246	538	465	1,011	938
Special Products	991	928	1,967	1,713	4,026	3,772
Parent company and Group items	-12	-9	-21	-18	-44	-41
	3,317	3,025	6,280	5,626	12,535	11,881
EBITA, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	38	32	53	55	123	125
Flow Technology	55	63	95	106	206	217
Fluids & Mechanical Solutions	56	40	97	79	181	163
Industrial Components	72	68	122	113	258	249
Measurement & Sensor Technology	45	38	75	79	160	164
Special Products	159	140	311	244	631	564
Parent company and Group items	-20	-19	-37	-34	-58	-55
	405	362	716	642	1,501	1,427
EBITA margin, %	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	9.6	8.6	7.2	7.7	8.3	8.5
Flow Technology	9.3	10.6	8.5	9.8	9.0	9.7
Fluids & Mechanical Solutions	13.9	13.0	13.3	13.3	13.1	13.1
Industrial Components	11.1	11.5	10.0	10.5	10.8	11.0
Measurement & Sensor Technology	15.2	15.4	13.9	17.0	15.8	17.5
Special Products	16.0	15.1	15.8	14.2	15.7	15.0
	12.2	12.0	11.4	11.4	12.0	12.0

Q2

Business area performance per quarter

Net sales, SEK million	2016		2015			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	397	336	376	373	371	346
Flow Technology	591	529	612	545	593	484
Fluids & Mechanical Solutions	404	324	339	316	307	287
Industrial Components	649	566	628	557	589	489
Measurement & Sensor Technology	297	241	246	227	246	219
Special Products	991	976	1,029	1,030	928	785
Parent company and Group items	-12	-9	-11	-12	-9	-9
	3,317	2,963	3,219	3,036	3,025	2,601

EBITA, SEK million	2016		2015			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	38	15	29	41	32	23
Flow Technology	55	40	59	52	63	43
Fluids & Mechanical Solutions	56	41	41	43	40	39
Industrial Components	72	50	64	72	68	45
Measurement & Sensor Technology	45	30	43	42	38	41
Special Products	159	152	166	154	140	104
Parent company and Group items	-20	-17	-4	-17	-19	-15
	405	311	398	387	362	280

EBITA margin, %	2016		2015			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	9.6	4.5	7.7	11.0	8.6	6.6
Flow Technology	9.3	7.6	9.6	9.5	10.6	8.9
Fluids & Mechanical Solutions	13.9	12.7	12.1	13.6	13.0	13.6
Industrial Components	11.1	8.8	10.2	12.9	11.5	9.2
Measurement & Sensor Technology	15.2	12.4	17.5	18.5	15.4	18.7
Special Products	16.0	15.6	16.1	15.0	15.1	13.2
	12.2	10.5	12.4	12.7	12.0	10.8

Acquisitions

Acquisitions 2016

All of the shares were acquired in PECO Select Fasteners BV (Netherlands), Industri Verktøy AS (Norway), Senmatic A/S (Denmark), Beldam Crossley Ltd (UK), Fluid Controls Ltd (UK), and Klokkeholm Karosseridele A/S (Denmark).

Fluids & Mechanical Solutions

On 3 May Klokkeholms Karosseridele A/S (Denmark) was acquired, with annual sales of SEK 310 million.

The company offers a wide range of spare parts to the automotive repair industry.

Industrial Components

On 16 March Industri Verktøy AS (Norway) was acquired, with annual sales of SEK 40 million. The company supplies equipment for building in stone and concrete.

Measurement & Sensor Technology

On 18 March Senmatic A/S (Denmark) was acquired, with annual sales of SEK 150 million. The company manufactures a wide range of standard and customised sensors for measurement of temperature and relative humidity.

Special Products

On 8 January PECO Select Fasteners BV (Netherlands) was acquired, with annual sales of SEK 30 million. The company supplies special and customised fasteners to manufacturers of steel constructions within wind power, cranes, vessels and buildings.

On 1 April Beldam Crossley Ltd (UK) was acquired, with annual sales of SEK 80 million. The company manufactures packings, advanced plastic components and bearings.

On 6 April Fluid Controls Ltd (UK) was acquired, with annual sales of SEK 40 million. The company supplies control and instrumentation solutions comprising valves, fittings and pressure regulators.

Acquired assets in 2016

Preliminary purchase price allocation

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 39 million	653
--	-----

Acquired assets	Book Value	Fair value adjustment	Fair value
Goodwill	-	257	257
Agencies, trademarks, customer relations, licences, etc.	23	236	259
Property, plant and equipment	102	-	102
Financial assets	9	-	9
Inventories	128	-	128
Other current assets ¹⁾	88	-	88
Cash and cash equivalents	37	-	37
Deferred tax liability	-12	-51	-63
Provisions including pension liabilities	-1	-	-1
Other operating liabilities	-158	-	-158
Non-controlling interests	-5	-	-5
	211	442	653

¹⁾ Mainly trade accounts receivable

Q2

Agencies, customer relations, 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 16 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 to date amount to SEK 39 million. These contingent earn-out payments fall due for payment within four years and can amount to a maximum of SEK 40 million. If the conditions are not met, the outcome can be in the range of SEK 0–40 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 11 million (2). Income recognised as a result of this restatement is reported under Other income and expenses in the amount of SEK 11 million (2) and Net financial items in the amount of SEK 0 million (-).

The purchase price allocation calculations for Geomek Stockholms Geomekaniska AB, Relekta group and Professional Parts Sweden AB, which were acquired in April and June 2015, 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 payments	653
Purchase price not paid out	-36
Cash and cash equivalents in acquired companies	-37
Payments pertaining to previous years' acquisitions	132
Total cash flow impact	712

Effects of acquisitions carried out in 2015 and 2016

SEK million Business area	Net sales		EBITA	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Engineering & Equipment	-	-	-	-
Flow Technology	-	-	-	-
Fluids & Mechanical Solutions	83	120	11	15
Industrial Components	10	95	1	10
Measurement & Sensor Technology	39	66	4	7
Special Products	68	124	11	20
Effect on Group	200	405	27	52
Acquisitions carried out in 2015	63	242	8	29
Acquisitions carried out in 2016	137	163	19	23
Effect on Group	200	405	27	52

If all acquired units had been consolidated as from 1 January 2016, net sales for the year to date would have amounted to SEK 6,430 million, and EBITA would have totalled SEK 729 million.

Acquisitions after the end of the reporting period

On 1 July Indutrade acquired KA Olsson & Gems AB (Sweden), with annual sales of SEK 90 million. The company is a niche technology sales company with business in three segments: Tape & Glue, Films & Digital, and Display & Décor. KA Olsson & Gems will be included in the Industrial Components business area.

Also on 1 July, an agreement was signed to acquire the shares in Crysberg A/S (Denmark), with annual sales of SEK 90 million. The company develops and manufactures electronic control solutions primarily for irrigation systems used in such areas as parks, sports facilities and golf courses. Possession is expected to take place in mid-August 2016, and Crysberg will be included in the Measurement & Sensor Technology business area.

On 5 July, Vacuum Engineering Services Ltd (UK) was acquired, with sales of SEK 100 million. The company manufactures leak detection equipment. Vacuum Engineering Services will be included in the Special Products business area.

Preliminary purchase price allocation calculations will be presented in the third quarter interim report for 2016.

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]

The Group's assets and liabilities measured at fair value

SEK million	30 Jun 2016			Total
	Level 1	Level 2	Level 3	
Assets				
Available-for-sale financial assets	-	-	14	14
Derivative instruments held for hedging purposes	-	5	-	5
Liabilities				
Derivative instruments held for hedging purposes	-	38	-	38
Contingent consideration	-	-	156	156

SEK million	31 Dec 2015			Total
	Level 1	Level 2	Level 3	
Assets				
Available-for-sale financial assets	-	-	5	5
Derivative instruments held for hedging purposes	-	3	-	3
Liabilities				
Derivative instruments held for hedging purposes	-	38	-	38
Contingent consideration	-	-	259	259

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 for the most part 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	2016	2015
SEK million	30 Jun	31 Dec
Opening book value	259	241
Acquisitions during the year	39	120
Consideration paid	-133	-106
Reclassified via income statement	-11	-7
Interest expenses	3	10
Exchange rate differences	-1	1
Closing book value	156	259

Parent company income statement

– condensed

SEK million	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	0	0	0	0	4	4
Gross profit	0	0	0	0	4	4
Administrative expenses	-17	-19	-37	-33	-59	-55
Operating profit	-17	-19	-37	-33	-55	-51
Financial income/expenses	-5	-13	-6	-29	-21	-44
Profit from participation in Group companies	667	573	667	573	667	573
Profit after financial items	645	541	624	511	591	478
Appropriations	-	-	-	-	419	419
Income tax	5	6	9	12	-76	-73
Net profit for the period	650	547	633	523	934	824
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0	0	0

Parent company balance sheet

– condensed

SEK million	2016 30 Jun	2015 30 Jun	2015 31 Dec
Intangible assets	0	0	0
Property, plant and equipment	2	1	1
Financial assets	4,328	4,069	4,133
Current receivables	3,268	2,629	2,928
Cash and cash equivalents	28	0	29
Total assets	7,626	6,699	7,091
Equity	3,159	2,574	2,882
Untaxed reserves	498	388	498
Non-current interest-bearing liabilities and pension liabilities	1,821	864	846
Other non-current liabilities and provisions	3	2	3
Current interest-bearing liabilities	2,099	2,809	2,679
Current noninterest-bearing liabilities	46	62	183
Total equity and liabilities	7,626	6,699	7,091

Alternative Performance Measures

In this interim report Indutrade presents Alternative Performance Measures (APMs) that complement the key financial ratios defined in IFRS. The company believes that these APMs provide valuable information to investors and the company's management, as they contribute to assessment of the company's performance, trends, ability to repay debt and invest in new business opportunities, and they reflect the Group acquisition-intensive business model.

Since not all companies calculate their financial key ratios in the same way, they are not always comparable. They should therefore not be regarded as a substitute for the key ratios defined in IFRS. Following are definitions of Indutrade's key ratios, of which most are APMs.

Earnings per share before dilution

Net profit for the period attributable to owners of the parent divided by the average number of shares outstanding. Definition according to IFRS.

Earnings per share after dilution

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

EBITA

Operating profit before amortisation of intangible non-current assets arising in connection with company acquisitions (Earnings Before Interest, Tax and Amortisation). EBITA is the principal measure of the Group's earnings.

EBITA margin

EBITA divided by net sales.

EBITDA

Operating profit before depreciation and amortisation (Earnings Before Interest, Tax, Depreciation and Amortisation).

Equity per share

Shareholders' 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 non-current 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.

Net debt/EBITDA

Interest-bearing net debt at the end of the period divided by EBITDA on a moving 12-month basis.

Operating capital

Shareholders' equity plus interest-bearing net debt.

Return on equity

Net profit for the period on a moving 12-month basis divided by average shareholders' equity per month.

Return on operating capital

EBITA calculated on a moving 12-month basis divided by average operating capital per month.

Q2

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.

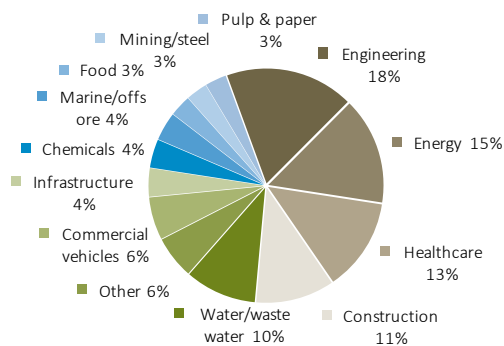
Indutrade's business is distinguished by the following factors, among others:

- 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 six business areas: Engineering & Equipment, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and Special Products.

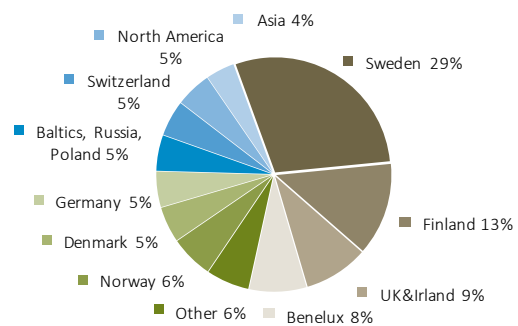
The Group's financial targets (per year across a business cycle) are to grow by a minimum of 10%, to attain a minimum EBITA margin of 10% and a minimum return on operating capital of 20%, at the same time that the net debt/equity ratio is kept below 100%.

Net sales per customer segment ¹⁾



¹⁾ Financial year 2015

Net sales per market ¹⁾



Indutrade AB (publ.)

Corporate Identity Number: 556017-9367. Box 6044, SE-164 06 Kista. Visiting address: Raseborgsgatan 9.

Telephone: +46 8 703 03 00

www.indutrade.com