

# Interim report fourth quarter and Year-end report

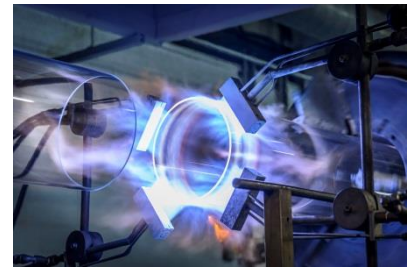
1 January – 31 December 2016

## Fourth quarter 2016

- Order intake rose 11% to SEK 3,434 million (3,086). For comparable units the increase was 1%.
- Net sales rose 9% to SEK 3,499 million (3,219). For comparable units, net sales decreased by 2%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) decreased by 2% to SEK 391 million (398), corresponding to an EBITA margin of 11.2% (12.4%).
- Net profit decreased by 3% during the quarter, to SEK 249 million (258), corresponding to earnings per share of SEK 2.08 (2.14)<sup>1)</sup>.

## 1 January–31 December

- Order intake rose 9% to SEK 13,004 million (11,939). For comparable units the increase was 2%.
- Net sales rose 9% to SEK 12,955 million (11,881). For comparable units the increase was 2%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 4% to SEK 1,484 million (1,427), corresponding to an EBITA margin of 11.5% (12.0%).
- Net profit for the year rose 5% to SEK 936 million (894), corresponding to earnings per share of SEK 7.80 (7.44)<sup>1)</sup>.
- Cash flow from operating activities was SEK 1,207 million (1,076).
- The Board of Directors proposes a dividend of SEK 3.20 (3.00)<sup>1)</sup> per share for 2016.
- Bo Annvik was appointed as new President and CEO, and will take office at the Annual General Meeting on 26 April 2017.



## Financial Development

SEK million	2016			2015		
	Oct-Dec	Oct-Dec	Change	Jan-Dec	Jan-Dec	Change
Order intake	3,434	3,086	11%	13,004	11,939	9%
Net sales	3,499	3,219	9%	12,955	11,881	9%
Operating profit	335	349	-4%	1,272	1,235	3%
EBITA	391	398	-2%	1,484	1,427	4%
EBITA margin, %	11.2	12.4		11.5	12.0	
Profit after financial items	318	329	-3%	1,194	1,137	5%
Net profit	249	258	-3%	936	894	5%
Earnings per share before dilution, SEK <sup>1)</sup>	2.08	2.14	-3%	7.80	7.44	5%
Return on operating capital, %	20	22		20	22	
Cash flow from operating activities	456	493	-8%	1,207	1,076	12%
Net debt/equity ratio, %	82	80		82	80	

<sup>1)</sup> A 2-for-1 bonus issue was carried out in May 2016. The comparison figures above have been adjusted for the new number of shares.

# Q4

## CEO's message

*With sales of SEK 13 billion and EBITA of SEK 1.5 billion, 2016 was once again a record year in the Group's history. In a time of challenging market conditions in several segments, we have managed to continue generating profitable growth through acquisitions and development of existing companies, which shows the strength of Indutrade's model.*

### Fourth quarter

After the third quarter's weaker growth, both order intake and invoicing improved during the fourth quarter. Order intake increased by 11% and invoicing by 9%.

In general, the trend in most markets has been stable. In Finland, much to our pleasure, we are seeing a clear improvement in the business situation following a long period of weak demand. In addition, most of the Group's companies performed well during the quarter and delivered results that were well in line with expectations.

During the quarter, lower order intake and outgoing deliveries as well as production disruptions of valves for power generation in the energy segment significantly affected comparisons with the preceding year in the Special Products business area. The investment in greater manufacturing capacity is resulting in greater opportunities for development of the valve programme in the long run. The total earnings impact compared with the fourth quarter a year ago was SEK -50 million, of which SEK -10 million pertains to costs for getting the new plant up and running.

The challenging business situation, with soft demand and strong price pressure for companies in the marine segment, also continued during the fourth quarter. Lower invoicing together with restructuring costs had a significant negative earnings impact on the Flow Technology business area.

### Acquisitions

During the quarter the Scanmaskin Group, which makes surface finishing equipment, was acquired. A total of 11 acquisitions were made in 2016 with combined annual sales of SEK 1,130 million. Nine of the acquired companies have own products, which strengthens the long-term trend in the Group towards having a larger share of proprietary products. Our ambition since 2005 has been to increase the share of companies in measurement and



sensor technology, so it is gratifying to note that four of the acquisitions carried out in 2016 are in this segment. In early 2017 three acquisitions have been carried out: RS Technics, which is active in measurement technology in the Netherlands; Sunflower Medical, which makes healthcare equipment in the UK; and Ellard, which manufactures control equipment for commercial doors in the UK.

### Outlook

Since its stock market introduction in 2005 Indutrade has had a fantastic development. We have increased the share of companies with own products and own manufacturing. We have also expanded the business model outside of Sweden and the Nordic countries, and the number of companies during this time has grown from some 60 to more than 200 today. To enable this growth, the organisational structure has also developed, and today we have an organisation with six business areas that ensure that we can make full use of the experience and expertise that exists out in our companies.

The cornerstones of Indutrade's decentralised business model are firmly grounded, and I am convinced that Indutrade, through its ongoing evolution, has all the conditions needed for future profitable growth.

Johnny Alvarsson  
President and CEO

# Group performance

# Q4

## Order intake

Order intake during the fourth quarter totalled SEK 3,434 million (3,086), an increase of 11%. For comparable units the increase was 1%, while acquired growth was 9%. Currency movements had a positive effect on order intake of 1%.

During the year we noted greater uncertainty in the market, which also led to greater variation in order intake for the Group's companies from month to month and between segments and countries. The business situation improved during the fourth quarter compared with the preceding quarter. The Nordic countries as a whole performed well, and the demand situation strengthened, especially in Finland, which has endured a long period of weak growth. In addition to the positive development in the Nordic countries, the companies in Ireland and Benelux showed continued stable growth, which has compensated for a challenging business situation in the UK.

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

Order intake for valves for power generation in the energy segment was considerably lower than in the fourth quarter of 2015.

Order intake during the period January–December amounted to SEK 13,004 million (11,939), an increase of 9%. For comparable units the increase was 2%, with acquisitions contributing 8% and currency movements having a negative effect on order intake of 1%.

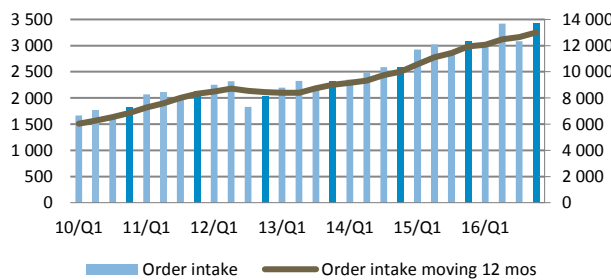
## Net sales

Net sales rose 9% during the fourth quarter to SEK 3,499 million (3,219). For comparable units, net sales decreased by 2%, with acquisitions contributing 9% and currency movements having a positive effect on net sales by 2%.

Net sales for the year rose 9% to SEK 12,955 million (11,881). For comparable units the increase was 2%, with acquisitions contributing 8% and currency movements having a negative effect on net sales of 1%.

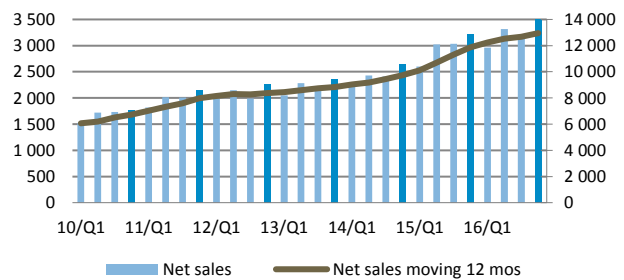
### Order intake

SEK million

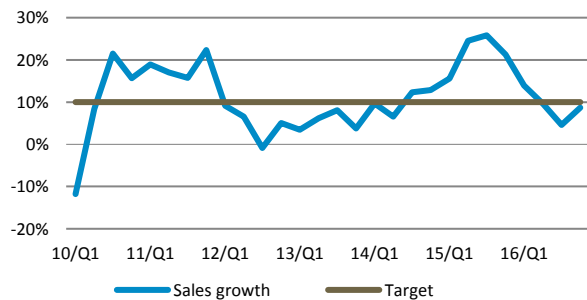


### Net Sales

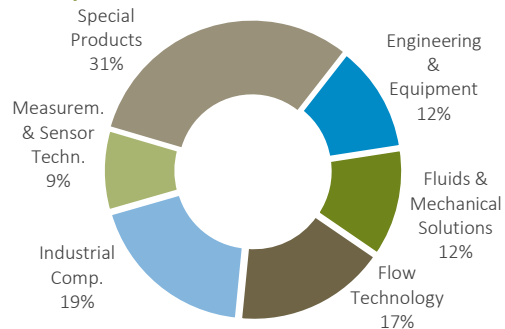
SEK million



### Sales growth



### Net Sales per Business Area



# Q4

## Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 391 million (398) for the fourth quarter, a decrease of 2%. For comparable units EBITA decreased by 12%, with acquisitions contributing 10% and currency movements having a marginal effect. The EBITA margin decreased to 11.2% (12.4%).

The gross margin for the Group as a whole decreased compared with the corresponding quarter a year ago, to 33.1% (34.4%). The gross margin for the full year was 33.6% (34.0%).

Most companies in the Group performed well during the quarter, with higher invoicing and higher margins. This, together with the contribution from completed acquisitions, countered very weak earnings for the companies in the marine segment, owing to lower volumes and costs for completed structural measures.

In addition, deliveries of valves for power generation were considerably lower than in the fourth quarter of 2015, which contributed to earnings and the EBITA margin not reaching the levels reported in the preceding year.

Net financial items for the fourth quarter amounted to SEK -17 million (-20). Tax on profit for the quarter was SEK -69 million (-71), corresponding to a tax charge of 22% (22%). Profit for the period decreased by 3% to SEK 249 million (258). Earnings per share before dilution decreased by 3% to SEK 2.08 (2.14)<sup>1)</sup>.

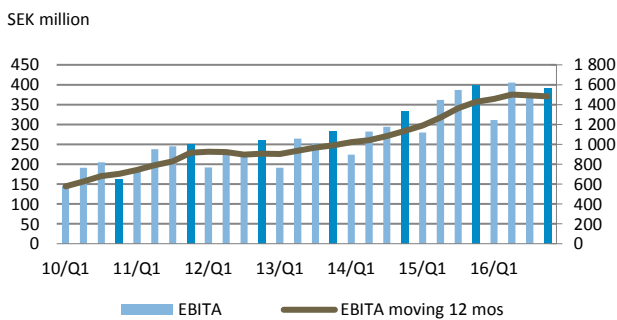
Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,484 million (1,427) for the year, an increase of 4%. For comparable units, EBITA decreased by 4%, while acquisitions contributed 9% and currency movements had a negative effect of 1%. The EBITA margin decreased to 11.5% (12.0%).

Net financial items amounted to SEK -78 million (-98). Tax on profit for the year was SEK -258 million (-243), corresponding to a tax charge of 22% (21%). Profit for the year rose 5% to SEK 936 million (894). Earnings per share before dilution increased by 5% to SEK 7.80 (7.44)<sup>1)</sup>.

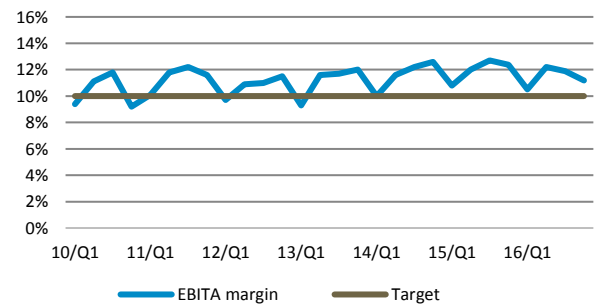
## Return

The return on operating capital was 20% (22%), and the return on equity was 24% (26%).

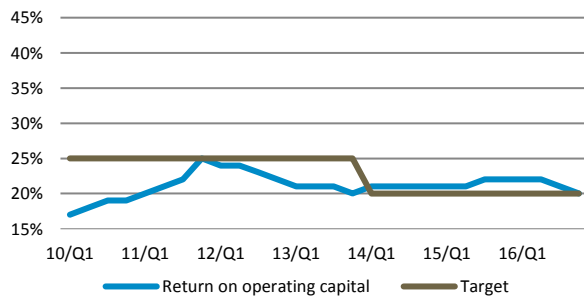
### EBITA



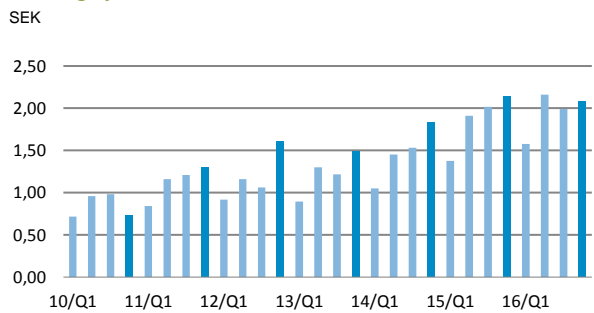
### EBITA margin



### Return



### Earnings per share <sup>1)</sup>



<sup>1)</sup> Key ratios per share were re-calculated after the 2- for-1 bonus issue was carried out.

# Business areas

# Q4

## 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 Oct-Dec	2015 Oct-Dec	Change	2016 Jan-Dec	2015 Jan-Dec	Change
Net sales	415	376	10%	1,537	1,466	5%
EBITA	29	29	0%	124	125	-1%
EBITA margin, %	7.0	7.7		8.1	8.5	

Net sales rose 10% during the quarter to SEK 415 million (376). For comparable units the increase was 6%, while currency movements had a positive effect of 4%.

Following a prolonged period of weak growth, the market situation for industry in Finland improved during the quarter. In addition to the improvement in the construction market that was noted earlier in the year, greater demand in industry has now been noted. This positive development resulted in higher order intake for most companies in the business area, which also creates more favourable conditions for future profitability improvements.

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

EBITA was level with the fourth quarter a year ago, at SEK 29 million (29), corresponding to an EBITA margin of 7.0% (7.7%). For comparable units, the EBITA margin decreased by 4%, while currency movements had a positive effect of 4%.

The slightly lower EBITA margin during the quarter than in the same quarter a year ago is mainly attributable to a changed mix.

## 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 Oct-Dec	2015 Oct-Dec	Change	2016 Jan-Dec	2015 Jan-Dec	Change
Net sales	580	612	-5%	2,231	2,234	0%
EBITA	38	59	-36%	168	217	-23%
EBITA margin, %	6.6	9.6		7.5	9.7	

Net sales decreased by 5% during the quarter to SEK 580 million (612). For comparable units, sales decreased by 6%, and currency movements had a positive effect of 1%.

Higher demand during the quarter generated higher order intake and invoicing for most businesses in the business area, but did not fully compensate for a continued very challenging business situation for companies in the marine segment, where order intake as well as invoicing were considerably lower than in the corresponding quarter a year ago.

Order intake was level with net sales during the quarter.

EBITA for the quarter decreased by 36% to SEK 38 million (59), and the EBITA margin was 6.6% (9.6%). For comparable units, EBITA decreased by 36%, while currency movements had a marginal effect.

The large drop in earnings for the quarter is entirely attributable to considerably lower invoicing and costs for structural measures for companies in the marine segment.

For other companies in the business area, earnings development during the quarter was positive on the whole.

# Q4

## 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 Oct-Dec	2015 Oct-Dec	Change	2016 Jan-Dec	2015 Jan-Dec	Change
Net sales	445	339	31%	1,558	1,249	25%
EBITA	54	41	32%	199	163	22%
EBITA margin, %	12.1	12.1		12.8	13.1	

Net sales rose 31% during the quarter to SEK 445 million (339). For comparable units, net sales increased by 5%, acquisitions contributed 24%, and currency movements had a positive effect of 2%.

Demand for the business area's companies developed favourably in most segments. Earnings performance remains stable, and like-for-like companies once again reported a quarter with profitable growth.

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

EBITA for the quarter rose 32% to SEK 54 million (41), and the EBITA margin was 12.1% (12.1%). For comparable units, EBITA increased by 10% and acquisitions contributed 23%, while currency movements had a negative effect of 1%.

## 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 Oct-Dec	2015 Oct-Dec	Change	2016 Jan-Dec	2015 Jan-Dec	Change
Net sales	690	628	10%	2,501	2,263	11%
EBITA	76	64	19%	265	249	6%
EBITA margin, %	11.0	10.2		10.6	11.0	

Net sales rose 10% during the quarter to SEK 690 million (628). For comparable units the increase was 2%, while acquisitions contributed 6%. Currency movements had a positive effect of 2%.

On the whole, demand developed favourably for the business area's companies during the quarter. Continued high activity in construction and infrastructure, together with a slightly improved situation in offshore, contributed to growth for the quarter.

Order intake exceeded net sales by 1% during the quarter.

EBITA for the quarter increased by 19% to SEK 76 million (64), corresponding to an EBITA margin of 11.0% (10.2%). For comparable units, EBITA increased by 15%, acquisitions made a positive contribution of 4%, and currency movements had a marginal effect.

## 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 Oct-Dec	2015 Oct-Dec	Change	2016 Jan-Dec	2015 Jan-Dec	Change
Net sales	338	246	37%	1,171	938	25%
EBITA	51	43	19%	177	164	8%
EBITA margin, %	15.1	17.5		15.1	17.5	

Net sales rose 37% during the quarter to SEK 338 million (246). For comparable units the increase was 9%, acquisitions contributed 26%, and currency movements had a positive effect of 2%.

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.

Generally strong demand in most segments and geographic markets contributed to higher order intake

and invoicing for most of the business area's companies during the quarter.

Order intake was level with net sales during the quarter.

EBITA increased by 19% during the quarter to SEK 51 million (43), and the EBITA margin was 15.1% (17.5%). For comparable units, EBITA increased marginally, acquisitions made a positive contribution of 18%, and currency movements had a positive effect of 1%.

The lower EBITA margin is mainly attributable to 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 with a considerable amount of own manufacturing and proprietary products.

SEK million	2016 Oct-Dec	2015 Oct-Dec	Change	2016 Jan-Dec	2015 Jan-Dec	Change
Net sales	1,040	1,029	1%	3,997	3,772	6%
EBITA	144	166	-13%	597	564	6%
EBITA margin, %	13.8	16.1		14.9	15.0	

Net sales rose 1% during the quarter to SEK 1,040 million (1,029). For comparable units, net sales decreased by 10%, acquisitions made a positive contribution of 10%, and currency movements had a positive effect of 1%.

The monthly and quarterly variations in order intake and invoicing remain large for the companies in the business area.

Order intake and invoicing related to valves for power generation in the energy segment were considerably lower than the record-high levels that were reported during the fourth quarter of 2015. For the companies in Benelux and Ireland, demand was stable, which countered weaker order intake and invoicing for the companies in the UK. For the companies in Switzerland, the market situation remains challenging, even though earnings improved compared with the corresponding quarter a year ago.

Net sales exceeded order intake by 10% during the quarter.

EBITA decreased by 13% during the quarter to SEK 144 million (166), and the EBITA margin was 13.8% (16.1%). EBITA for comparable units decreased by 25%, while acquisitions made a positive contribution of 11%. Currency movements had a positive effect on EBITA of 1%.

Earnings and the EBITA margin for the quarter were hurt strongly by considerably lower invoicing for valves for power generation. The total earnings impact compared with the corresponding quarter a year ago was SEK -50 million, of which SEK -10 million pertains to costs for getting a new plant up and running.

For other companies, invoicing and earnings developed favourably on the whole compared with the corresponding quarter a year ago.

# Q4

## Other financial information

### Financial position

Shareholders' equity amounted to SEK 4,399 million (3,707), and the equity ratio was 40% (40%).

Cash and cash equivalents amounted to SEK 332 million (339). In addition to this, the Group had unutilised credit promises of SEK 2,854 million (2,580). Interest-bearing net debt amounted to SEK 3,628 million (2,949) at the end of the period.

The net debt/equity ratio was 82% (80%) at the end of the period.

### Cash flow, Capital expenditures and Depreciation

Cash flow from operating activities was SEK 1,207 million (1,076) for the full year. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 887 million (855).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 320 million (221). Depreciation of property, plant and equipment totalled SEK 178 million (156). Investments in company acquisitions amounted to SEK 996 million (774). In addition, earn-out payments for previous years' acquisitions totalled SEK 168 million (106).

### Employees

The number of employees was 5,705 at the end of the period, compared with 5,107 at the start of the year. A total of 506 employees were added during the year through acquisitions.

### Company acquisitions

The Group has 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	Klokkeholm Karosseridele A/S	Fluids & Mechanical Solutions	310	114
July	KA Olsson & Gems AB	Industrial Components	90	21
July	Vacuum Engineering Services Ltd	Special Products	100	45
August	Cryberg A/S	Measurement & Sensor Technology	90	46
September	Alphr Technology Ltd	Special Products	80	78
November	Scanmaskin Group	Fluids & Mechanical Solutions	120	28
<b>Total</b>			<b>1,130</b>	<b>506</b>

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

Further information about completed company acquisitions can be found on page 18 of this interim report.



### Events after the end of the reporting period

In January and February 2017 three company acquisitions were carried out. For further information, see the section "Acquisitions", on page 18.

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 0.23% (0.13%) arose during the quarter and of 0.21% (0.08%) during the full year.

### 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 4 million (4) during the period January–December. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period January–December 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 31 December was 11 (10).

### Risks and uncertainties

The Indutrade Group conducts business in 28 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.

# Q4

## The Board's proposal to the AGM

The Annual General Meeting will be held in Stockholm on 26 April 2017.

The Board of Directors proposes a dividend of SEK 3.20 per share (3.00)<sup>1)</sup> corresponding to SEK 384 million (360). The proposed dividend is in line with Indutrade's dividend policy to distribute 30%-60% of net profit.

The Board of Directors has decided to propose that the AGM resolve in favour of a long-term share-based incentive programme directed at approximately 180 senior executives and other key persons in the Group. The programme will be presented in the Notice of the Annual General Meeting.

<sup>1)</sup>The comparison figure has been recalculated after the completed 2-for-1 bonus issue.

## Nomination committee

The Nomination Committee intends to propose to the Annual General Meeting the re-election of board members Fredrik Lundberg, Bengt Kjell, Ulf Lundahl, Katarina Martinson, Krister Mellvé and Lars Pettersson.

Annica Bresky has informed the company that she is not available for re-election. Susanna Campbell has been proposed as a new director.

Susanna Campbell, born 1973, holds a M.Sc., Business and Administration degree from Stockholm School of Economics. She was previously CEO of Ratos AB and is currently a Director of the Board at Telia Company AB among others.

Johnny Alvarsson, President and CEO of Indutrade AB, will retire at the 2017 AGM and is not available for re-election. The President-elect, Bo Annvik, is proposed as a new director.

In addition, the Nomination Committee proposes the re-election of Fredrik Lundberg as Chairman of the Board.

## Financial calendar

- The 2016 Annual Report will be published in early April 2017.
- The interim report for the period 1 January–31 March 2017 will be published on 26 April 2017.
- The Annual General Meeting will be held in Stockholm on 26 April 2017.
- The interim report for the period 1 January–30 June 2017 will be published on 25 July 2017.
- The interim report for the period 1 January–30 September 2017 will be published on 25 October 2017.

Stockholm, 14 February 2017  
Indutrade AB (publ)

Johnny Alvarsson  
President and CEO

## Note

The information in this report is such that Indutrade AB is obligated to disclose in accordance with the EU Market Abuse Act and the Swedish Securities Market Act. The information was submitted for publication by the agency of the following contact persons at 8 a.m. (CET) on 14 February 2017.

## 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

## This report will be commented upon as follows:

Through a conference call/webcast at 10 a.m. (CET) today under the following link:

<http://event.onlineseminarsolutions.com/r.htm?e=1346999&s=1&k=AE89602BFF748E330F9C50E0FF3F9C53>

To participate, call :

SE: +46 8 566 426 93

UK: +44 203 008 98 13

USA: +1 (855) 831-5945

## AUDITOR'S REVIEW REPORT

**Auditor's review report on interim financial information in summary (interim report), prepared in accordance with IAS 34 and Ch. 9 of the Swedish Annual Accounts Act**

### Introduction

We have reviewed the condensed interim financial information (interim report) of Indutrade AB (publ.) Corporate Identity Number 556017-9367 as of 31 December 2016 and the twelve-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical

and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 14 February 2017  
PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Public Accountant  
Auditor in charge



## Indutrade consolidated income statement – condensed

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Net sales	3,499	3,219	12,955	11,881
Cost of goods sold	-2,340	-2,113	-8,607	-7,847
<b>Gross profit</b>	<b>1,159</b>	<b>1,106</b>	<b>4,348</b>	<b>4,034</b>
Development costs	-45	-36	-156	-133
Selling costs	-585	-580	-2,179	-2,044
Administrative expenses	-221	-150	-791	-635
Other operating income and expenses	27	9	50	13
<b>Operating profit</b>	<b>335</b>	<b>349</b>	<b>1,272</b>	<b>1,235</b>
Net financial items	-17	-20	-78	-98
<b>Profit after financial items</b>	<b>318</b>	<b>329</b>	<b>1,194</b>	<b>1,137</b>
Income Tax	-69	-71	-258	-243
<b>Net profit for the period</b>	<b>249</b>	<b>258</b>	<b>936</b>	<b>894</b>
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	249	257	936	893
Non-controlling interests	0	1	0	1
	<b>249</b>	<b>258</b>	<b>936</b>	<b>894</b>
<b>EBITA</b>	<b>391</b>	<b>398</b>	<b>1,484</b>	<b>1,427</b>
<i>Operating profit includes:</i>				
Amortisation of intangible assets <sup>1)</sup>	-62	-54	-233	-209
<i>of which attributable to acquisitions</i>	-56	-49	-212	-192
Depreciation of property, plant and equipment	-50	-40	-178	-156
Earnings per share before dilution, SEK <sup>2)</sup>	2.08	2.14	7.80	7.44
Earnings per share after dilution, SEK <sup>2)</sup>	2.07	2.14	7.78	7.44
Average number of shares before dilution, '000 <sup>2)</sup>	120,000	120,000	120,000	120,000
Average number of shares after dilution, '000 <sup>2)</sup>	120,276	120,162	120,251	120,094

<sup>1)</sup> Excluding write-downs

<sup>2)</sup> A 2:1 bonus issue was carried out in May 2016. The comparison figures above have been adjusted for the new number of shares.

## Indutrade consolidated statement of comprehensive income

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
<b>Net profit for the period</b>	<b>249</b>	<b>258</b>	<b>936</b>	<b>894</b>
<b>Other comprehensive income</b>				
<b>Items that can be reversed into income statement</b>				
Fair value adjustment of hedge instruments	2	3	25	16
Tax attributable to fair value adjustments	1	0	-5	-3
Exchange rate differences	-14	-77	103	-50
<b>Items that cannot be reversed into income statement</b>				
Actuarial gains/losses	125	-5	-15	-5
Tax on actuarial gains/losses	-29	2	3	2
<b>Other comprehensive income for the period, net of tax</b>	<b>85</b>	<b>-77</b>	<b>111</b>	<b>-40</b>
<b>Total comprehensive income for the period</b>	<b>334</b>	<b>181</b>	<b>1,047</b>	<b>854</b>
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	334	180	1,047	853
Non-controlling interests	0	1	0	1

# Indutrade consolidated balance sheet – condensed

# Q4

SEK million	2016 31 dec	2015 31 dec
Goodwill	2,388	1,942
Other intangible assets	1,879	1,636
Property, plant and equipment	1,451	1,117
Financial assets	117	101
Inventories	2,249	1,931
Accounts receivable, trade	2,292	1,995
Other receivables	345	300
Cash and cash equivalents	332	339
<b>Total assets</b>	<b>11,053</b>	<b>9,361</b>
Equity	4,399	3,707
Non-current interest-bearing liabilities and pension liabilities	2,274	1,260
Other non-current liabilities and provisions	563	480
Current interest-bearing liabilities	1,686	2,028
Accounts payable, trade	968	848
Other current liabilities	1,163	1,038
<b>Total equity and liabilities</b>	<b>11,053</b>	<b>9,361</b>

# Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2016 31 dec	2015 31 dec
Opening equity	3,703	3,160
Total comprehensive income for the period	1,047	853
Dividend	-360 <sup>1)</sup>	-310 <sup>1)</sup>
Acquisition of non-controlling interests	-1	-
<b>Closing equity</b>	<b>4,389</b>	<b>3,703</b>
<sup>1)</sup> Dividend per share for 2015 was SEK 3.00 (2.58), recalculated for a 2-for-1 bonus issue.		
<i>Equity, attributable to:</i>		
Equity holders of the parent company	4,389	3,703
Non-controlling interests	10	4
	<b>4,399</b>	<b>3,707</b>

# Q4

## Indutrade consolidated cash flow statement – condensed

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Operating profit	335	349	1,272	1,235
Non-cash items	102	79	407	383
Interests and other financial items, net	-15	-17	-62	-88
Paid tax	-59	-10	-299	-215
Change in working capital	93	92	-111	-239
<b>Cash flow from operating activities</b>	<b>456</b>	<b>493</b>	<b>1,207</b>	<b>1,076</b>
Net capital expenditures in non-current assets	-56	-97	-320	-221
Company acquisitions and divestments	-119	-70	-1,164	-878
Change in other financial assets	-1	0	8	-1
<b>Cash flow from investing activities</b>	<b>-176</b>	<b>-167</b>	<b>-1,476</b>	<b>-1,100</b>
Net borrowings	-270	-428	620	303
Dividend paid out	-	-	-360	-310
<b>Cash flow from financial activities</b>	<b>-270</b>	<b>-428</b>	<b>260</b>	<b>-7</b>
<b>Cash flow for the period</b>	<b>10</b>	<b>-102</b>	<b>-9</b>	<b>-31</b>
Cash and cash equivalents at start of period	318	431	339	357
Exchange rate differences	4	10	2	13
<b>Cash and cash equivalents at end of period</b>	<b>332</b>	<b>339</b>	<b>332</b>	<b>339</b>

# Key data

# Q4

<b>Moving 12 mos</b>	<b>2016 31 dec</b>	<b>2015 31 dec</b>	<b>2014 31 dec</b>	<b>2013 31 dec</b>
Net sales, SEK million	12,955	11,881	9,746	8,831
Sales growth, %	9	22	10	5
EBITA, SEK million	1,484	1,427	1,134	990
EBITA margin, %	11.5	12.0	11.6	11.2
Operating capital at end of period, SEK million	8,027	6,656	5,656	4,947
Operating capital, average, SEK million	7,491	6,537	5,324	4,894
Return on operating capital, % <sup>1)</sup>	20	22	21	20
Equity, average, SEK million	3,976	3,440	2,818	2,377
Return on equity, % <sup>1)</sup>	24	26	25	25
Interest-bearing net debt at end of period, SEK million	3,628	2,949	2,494	2,321
Net debt/equity ratio, %	82	80	79	88
Net debt/EBITDA, times	2.2	1.8	1.9	2.1
Equity ratio, %	40	40	39	38
Average number of employees	5,495	4,978	4,418	4,151
Number of employees at end of period	5,705	5,107	4,578	4,218
<i>Attributable to equity holders of the parent company</i>				
<i>Key ratios per share <sup>2)</sup></i>				
Earnings per share before dilution, SEK	7.80	7.44	5.87	4.89
Earnings per share after dilution, SEK	7.78	7.44	5.87	4.89
Equity per share, SEK	36.58	30.86	26.33	21.86
Cash flow from operating activities per share, SEK	10.06	8.97	7.53	7.16
Average number of shares before dilution	120,000	120,000	120,000	120,000
Average number of shares after dilution	120,251	120,094	120,000	120,000

<sup>1)</sup> Calculated on average capital and equity.

<sup>2)</sup> A 2-for-1 bonus issue was carried out in May 2016. The comparison figures above have been adjusted for the new number of shares.

# Q4 Business area performance

	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Net sales, SEK million</b>				
Engineering & Equipment	415	376	1,537	1,466
Flow Technology	580	612	2,231	2,234
Fluids & Mechanical Solutions	445	339	1,558	1,249
Industrial Components	690	628	2,501	2,263
Measurement & Sensor Technology	338	246	1,171	938
Special Products	1,040	1,029	3,997	3,772
Parent company and Group items	-9	-11	-40	-41
	<b>3,499</b>	<b>3,219</b>	<b>12,955</b>	<b>11,881</b>
<b>EBITA, SEK million</b>				
Engineering & Equipment	29	29	124	125
Flow Technology	38	59	168	217
Fluids & Mechanical Solutions	54	41	199	163
Industrial Components	76	64	265	249
Measurement & Sensor Technology	51	43	177	164
Special Products	144	166	597	564
Parent company and Group items	-1	-4	-46	-55
	<b>391</b>	<b>398</b>	<b>1,484</b>	<b>1,427</b>
<b>EBITA margin, %</b>				
Engineering & Equipment	7.0	7.7	8.1	8.5
Flow Technology	6.6	9.6	7.5	9.7
Fluids & Mechanical Solutions	12.1	12.1	12.8	13.1
Industrial Components	11.0	10.2	10.6	11.0
Measurement & Sensor Technology	15.1	17.5	15.1	17.5
Special Products	13.8	16.1	14.9	15.0
	<b>11.2</b>	<b>12.4</b>	<b>11.5</b>	<b>12.0</b>



# Business area performance per quarter

# Q4

Net sales, SEK million	2016				2015			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	415	389	397	336	376	373	371	346
Flow Technology	580	531	591	529	612	545	593	484
Fluids & Mechanical Solutions	445	385	404	324	339	316	307	287
Industrial Components	690	596	649	566	628	557	589	489
Measurement & Sensor Technology	338	295	297	241	246	227	246	219
Special Products	1,040	990	991	976	1,029	1,030	928	785
Parent company and Group items	-9	-10	-12	-9	-11	-12	-9	-9
	<b>3,499</b>	<b>3,176</b>	<b>3,317</b>	<b>2,963</b>	<b>3,219</b>	<b>3,036</b>	<b>3,025</b>	<b>2,601</b>

EBITA, SEK million	2016				2015			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	29	42	38	15	29	41	32	23
Flow Technology	38	35	55	40	59	52	63	43
Fluids & Mechanical Solutions	54	48	56	41	41	43	40	39
Industrial Components	76	67	72	50	64	72	68	45
Measurement & Sensor Technology	51	51	45	30	43	42	38	41
Special Products	144	142	159	152	166	154	140	104
Parent company and Group items	-1	-8	-20	-17	-4	-17	-19	-15
	<b>391</b>	<b>377</b>	<b>405</b>	<b>311</b>	<b>398</b>	<b>387</b>	<b>362</b>	<b>280</b>

EBITA margin, %	2016				2015			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	7.0	10.8	9.6	4.5	7.7	11.0	8.6	6.6
Flow Technology	6.6	6.6	9.3	7.6	9.6	9.5	10.6	8.9
Fluids & Mechanical Solutions	12.1	12.5	13.9	12.7	12.1	13.6	13.0	13.6
Industrial Components	11.0	11.2	11.1	8.8	10.2	12.9	11.5	9.2
Measurement & Sensor Technology	15.1	17.3	15.2	12.4	17.5	18.5	15.4	18.7
Special Products	13.8	14.3	16.0	15.6	16.1	15.0	15.1	13.2
	<b>11.2</b>	<b>11.9</b>	<b>12.2</b>	<b>10.5</b>	<b>12.4</b>	<b>12.7</b>	<b>12.0</b>	<b>10.8</b>

# Q4 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), Klokkerholm Karosseridele A/S (Denmark), KA Olsson & Gems AB (Sweden), Vacuum Engineering Services Ltd (UK), Crysberg A/S (Denmark), Alphr Technology Ltd (UK), and Scanmaskin Group (Sweden).

## Fluids & Mechanical Solutions

On 3 May Klokkerholm 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 industry.

On 8 November Scanmaskin Group (Sweden) was acquired, with annual sales of SEK 120 million. The company manufactures floor grinding, surface finishing and polishing equipment.

## 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.

On 1 July KA Olsson & Gems AB (Sweden) was acquired, 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.

## 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 humidity.

On 12 August Crysberg A/S (Denmark) was acquired, 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.

## Special Products

On 8 January PECO Select Fasteners BV (Netherlands) was acquired, with annual sales of SEK 30 million. The company supplies 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 provides fittings, valves, pipes, manifolds, filters, pressure regulators and instruments for measuring pressures, temperatures, levels and presence of gas.

On 5 July Vacuum Engineering Services Ltd (UK) was acquired, with annual sales of SEK 100 million. The company manufactures leak detection equipment.

On 21 September Alphr Technology Ltd (UK) was acquired, with annual sales of SEK 80 million. The company designs and manufactures customised equipment for manual and automated production lines.

## Acquired assets in 2016

### Preliminary purchase price allocation

#### SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 72 million	1,142
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Acquired assets	Book Value	Fair value adjustment	Fair value
Goodwill	-	420	420
Agencies, trademarks, customer relations, licences, etc.	24	405	429
Property, plant and equipment	168	-	168
Financial assets	17	-	17
Inventories	238	-	238
Other current assets <sup>1)</sup>	194	-	194
Cash and cash equivalents	82	-	82
Deferred tax liability	-21	-86	-107
Provisions including pension liabilities	-1	-	-1
Other operating liabilities	-292	-	-292
Non-controlling interests	-6	-	-6
	<b>403</b>	<b>739</b>	<b>1,142</b>

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

Agencies, customer relations, licences, etc. will be amortised over a period of 10–20 years, while trademarks are assumed to have indefinite useful life. Trademarks are included at 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 amount to SEK 72 million. These contingent earn-out payments fall due for payment within four years and can amount to a maximum of SEK 74 million. If the conditions are not met, the outcome can be in the range of SEK 0–74 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 8 million (6) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated in the amount of SEK 32 million (7). Income recognised as a result of this restatement is reported under Other income and expenses in the amount of SEK 31 million (7) and Net financial items in the amount of SEK 1 million (0).

The purchase price allocation calculation for EPE-Goldman BV, which was acquired in October 2015, has now been finalised. No significant adjustments have been made to the calculation. 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	1,142
Purchase price not paid out	-64
Cash and cash equivalents in acquired companies	-82
Payments pertaining to previous years' acquisitions	168
<b>Total cash flow impact</b>	<b>1,164</b>

## Effects of acquisitions carried out in 2015 and 2016

SEK million Business area	Net sales		EBITA	
	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Engineering & Equipment	-	-	-	-
Flow Technology	-	-	-	-
Fluids & Mechanical Solutions	83	280	9	33
Industrial Components	37	164	3	16
Measurement & Sensor Technology	65	185	8	24
Special Products	104	314	17	51
<b>Effect on Group</b>	<b>289</b>	<b>943</b>	<b>37</b>	<b>124</b>
Acquisitions carried out in 2015	-	262	-	31
Acquisitions carried out in 2016	289	681	37	93
<b>Effect on Group</b>	<b>289</b>	<b>943</b>	<b>37</b>	<b>124</b>

If all acquired units had been consolidated as from 1 January 2016, net sales for the year would have amounted to SEK 13,440 million, and EBITA would have totalled SEK 1,554 million.

## Acquisitions after the end of the reporting period

On 10 January Indutrade acquired RS Technics BV (Netherlands), with annual sales of SEK 20 million. The company develops and manufactures customer-specific sensors for measuring temperature, pressure and humidity.

On 19 January Indutrade acquired Sunflower Medical Ltd (UK), with annual sales of SEK 50 million. The company is a manufacturer of healthcare equipment.

On 13 February Indutrade acquired Ellard Ltd (UK), with annual sales of SEK 100 million. The company is a specialist manufacturer of drives, motors and controls for doors and shutters.

Preliminary purchase price allocation calculations will be presented in the first quarter interim report for 2017.

# Q4

## 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	31 dec 2016			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Available-for-sale financial assets	-	-	15	<b>15</b>
Derivative instruments held for hedging purposes	-	0	-	<b>0</b>
<b>Liabilities</b>				
Derivative instruments held for hedging purposes	-	18	-	<b>18</b>
Contingent consideration	-	-	129	<b>129</b>

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

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	31 dec	31 dec
Opening book value	259	241
Acquisitions during the year	72	120
Consideration paid	-174	-106
Reclassified via income statement	-32	-7
Interest expenses	3	10
Exchange rate differences	1	1
<b>Closing book value</b>	<b>129</b>	<b>259</b>

## Parent company income statement – condensed

SEK million	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Net sales	4	4	4	4
<b>Gross profit</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Administrative expenses	-14	-8	-64	-55
<b>Operating profit</b>	<b>-10</b>	<b>-4</b>	<b>-60</b>	<b>-51</b>
Financial income/expenses	1	-5	-10	-44
Profit from participation in Group companies	-3	0	664	573
<b>Profit after financial items</b>	<b>-12</b>	<b>-9</b>	<b>594</b>	<b>478</b>
Appropriations	484	419	484	419
Income tax	-105	-90	-92	-73
<b>Net profit for the period</b>	<b>367</b>	<b>320</b>	<b>986</b>	<b>824</b>
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0

## Parent company balance sheet – condense

SEK million	2016 31 dec	2015 31 dec
Intangible assets	0	0
Property, plant and equipment	1	1
Financial assets	4,584	4,133
Current receivables	3,894	2,928
Cash and cash equivalents	0	29
<b>Total assets</b>	<b>8,479</b>	<b>7,091</b>
Equity	3,517	2,882
Untaxed reserves	553	498
Non-current interest-bearing liabilities and pension liabilities	1,822	846
Other non-current liabilities and provisions	13	3
Current interest-bearing liabilities	2,391	2,679
Current noninterest-bearing liabilities	183	183
<b>Total equity and liabilities</b>	<b>8,479</b>	<b>7,091</b>

# Q4 Definitions

## 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's 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 attributable to owners of the parent 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 for 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.

## 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.

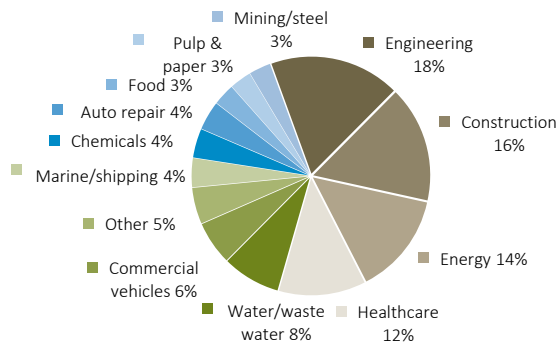
Indutrade's business is distinguished by the following factors, among others:

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

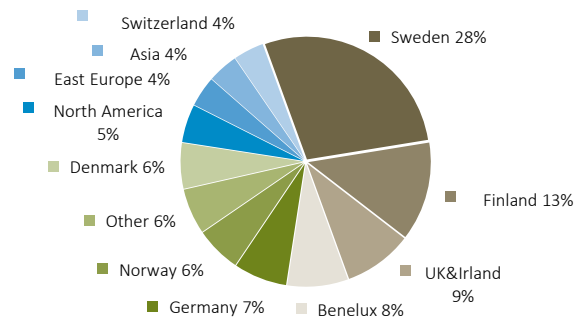
The Group is structured into six business areas: Engineering & Equipment, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and Special Products.

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 <sup>1)</sup>



Net sales per market <sup>1)</sup>



<sup>1)</sup> Financial year 2016

### 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](http://www.indutrade.com)