

Interim report second quarter

and first half-year 2017

Second quarter 2017

- Order intake rose 15% to SEK 3,952 million (3,422).
For comparable units the increase was 4%.
- Net sales rose 13% to SEK 3,749 million (3,317).
For comparable units the increase was 3%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 13% to SEK 458 million (405), corresponding to an EBITA margin of 12.2% (12.2%).
- Net profit for the quarter rose 17% to SEK 303 million (259), corresponding to earnings per share of SEK 2.52 (2.16).



Financial Development

SEK million	2017 Apr-Jun	2016 Apr-Jun	Change	2017 Jan-Jun	2016 Jan-Jun	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Order intake	3,952	3,422	15%	7,624	6,488	18%	14,140	13,004
Net sales	3,749	3,317	13%	7,282	6,280	16%	13,957	12,955
Operating profit	400	353	13%	751	615	22%	1,408	1,272
EBITA	458	405	13%	864	716	21%	1,632	1,484
EBITA margin, %	12.2	12.2		11.9	11.4		11.7	11.5
Profit after financial items	384	331	16%	717	574	25%	1,337	1,194
Net profit	303	259	17%	564	448	26%	1,052	936
Earnings per share before dilution, SEK	2.52	2.16	17%	4.69	3.73	26%	8.76	7.80
Return on operating capital, %	20	22		20	22		20	20
Cash flow from operating activities	334	335	0%	658	442	49%	1,423	1,207
Net debt/equity ratio, %	79	96		79	96		79	82

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CEO's message

Strong order intake and invoicing based on a favourable business climate and generally strong companies have resulted in continued favourable margins.

It has been an interesting and intensive introduction for me as the new CEO of Indutrade. I am very impressed by the Group, with its distinctive customer-centric and results-oriented companies that are led by engaged managing directors in a decentralised and entrepreneur-driven culture. During my first months on the job I have prioritised travelling around and meeting with many of our companies, and we have also had an inspiring managing directors' conference. Our ambition is to continue steadily improving Indutrade with focus on sustainable, profitable growth!

Second quarter

Most markets were characterised by a positive business climate with higher demand during the second quarter. Finland has continued to develop in a positive direction, and several of our companies there have achieved all-time high earnings. The Measurement & Sensor Technology business area is also doing very well, as many of our customers need our technology to make their products "smarter". The situation remains tough in the marine segment, and in certain parts of power generation we are seeing lower volumes compared with a year ago.

The quarter had fewer invoicing days than in 2016 due to Easter, but despite this, order intake grew by 15% and invoicing by 13% through favourable organic growth and acquisitions.

A majority of the Group's companies are showing good earnings performance, resulting in an EBITA margin of 12.2%, which is level with the same period a year ago.

Acquisitions

During the quarter we carried out two acquisitions with combined annual sales of SEK 180 million: Pro-Flex AS (Norway) is active in hoses and couplings for demanding customer applications, and MaxxVision GmbH (Germany), our first direct investment in Germany, works with image handling technology for industrial processes.

After the end of the quarter we made four additional acquisitions: Wennerström Ljuskontroll (Sweden) specialises in light control and lighting components; Elma Instruments (Denmark) specialises in testing and measurement instruments in the Scandinavian market; Young Black (UK) is a "one-stop shop" for fastening products, pneumatic tools, compressors, hoses and couplings for British industry; and Tubeworkx (Netherlands) is a manufacturer of niche tube components for industrial customers.



Outlook

Indutrade has a strong balance sheet, and our pipeline of interesting acquisition candidates is deep, which creates favourable prospects for further acquisitions. We have had a good start to the year, and the strong order intake gives us confidence about favourable performance also during the second half of the year.

Indutrade's business model has proved to be very successful over a long period of time and remains fast. However, our ambition is to continuously be better and to further develop our business model. As new CEO I feel great enthusiasm ahead of this task and look with confidence towards the years ahead. Our ambition and belief is that we will be able to offer the shareholders a competitive return also in the future.

Bo Annvik
President and CEO

Group performance

Order intake

Order intake during the second quarter totalled SEK 3,952 million (3,422), an increase of 15%. For comparable units, order intake grew 4%, while acquired growth was 9%. Currency movements had a positive effect on order intake of 2%.

Generally speaking, demand developed in a positive direction during the quarter for most markets and segments. Continued favourable development in the Nordic countries – especially in Finland – contributed to the strong order intake. In addition, the Group’s companies with customers in Germany, North America and Asia are experiencing an improved business climate.

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

Order intake during the period January–June totalled SEK 7,624 million (6,488), an increase of 18%. The increase for comparable units was 6%, acquisitions contributed 10%, and currency movements had a positive effect on order intake of 2%.

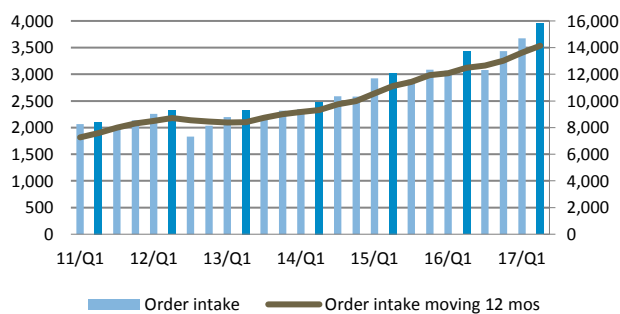
Net sales

Net sales rose 13% during the second quarter to SEK 3,749 million (3,317). The increase for comparable units was 3%, while acquisitions contributed 8%. Currency movements had a positive effect on net sales of 2%.

Net sales during the period January–June rose 16% to SEK 7,282 million (6,280). The increase for comparable units was 5%, acquisitions contributed 9%, and currency movements had a positive effect on net sales of 2%.

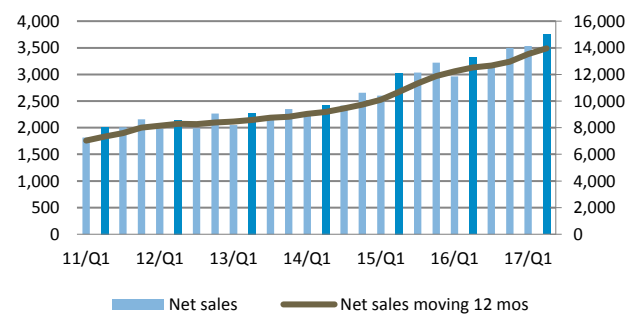
Order intake

SEK million

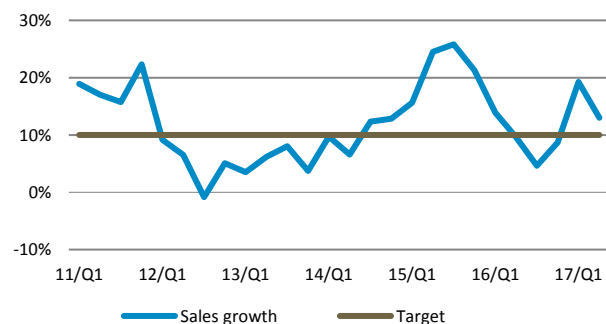


Net Sales

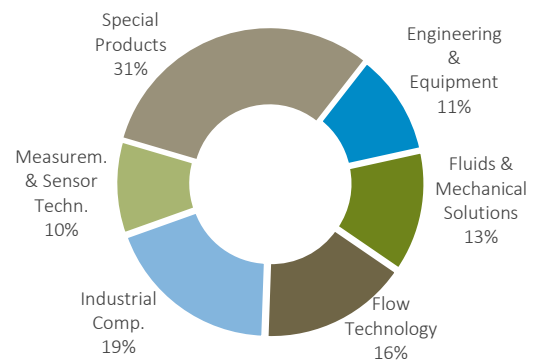
SEK million



Sales growth



Net Sales per Business Area



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Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 458 million (405) for the second quarter, an increase of 13%. The increase for comparable units was marginal, while acquisitions contributed 10% and currency movements had a positive effect of 3%. The EBITA margin was unchanged at 12.2% (12.2%).

The gross margin for the Group as a whole decreased compared with the corresponding quarter a year ago, to 33.8% (34.4%). For the period January–June, the gross margin was 33.9% (34.0%).

As in the first quarter, most companies in the Group showed positive development, with higher invoicing and improved margins. This, together with the additions from completed acquisitions, countered lower margins for valves used in power generation in the energy segment and a continued challenging business situation for companies in the marine segment.

Net financial items for the second quarter amounted to SEK -16 million (-22). Tax on profit for the quarter was SEK -81 million (-72), corresponding to a tax charge of 21% (22%).

Profit for the quarter rose 17% to SEK 303 million (259). Earnings per share before dilution grew 17% to SEK 2.52 (2.16).

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 864 million (716) for the period January–June, an increase of 21%. The increase for comparable units was 6%, while acquisitions contributed 13% and currency movements had a positive effect of 2%. The EBITA margin increased to 11.9% (11.4%).

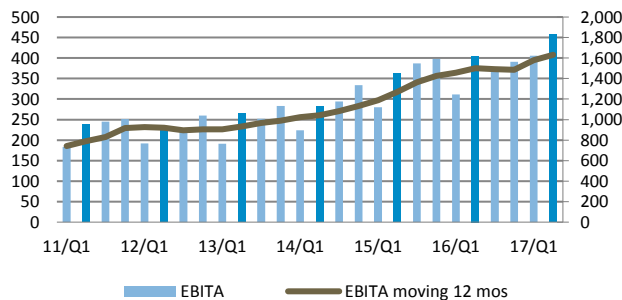
Net financial items for the interim period January–June amounted to SEK -34 million (-41). Tax on profit for the interim period was SEK -153 million (-126), corresponding to a tax charge of 21% (22%). Profit for the interim period rose 26% to SEK 564 million (448). Earnings per share before dilution grew 26% to SEK 4.69 (3.73).

Return

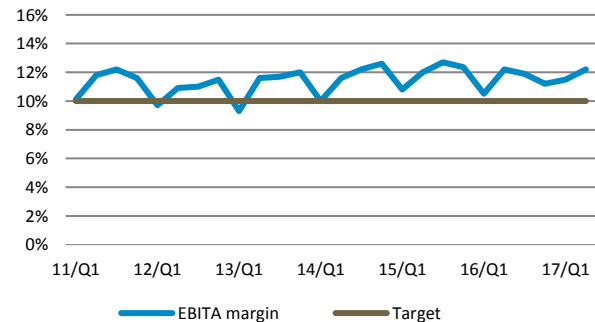
The return on operating capital was 20% (22%), and the return on equity was 24% (26%).

EBITA

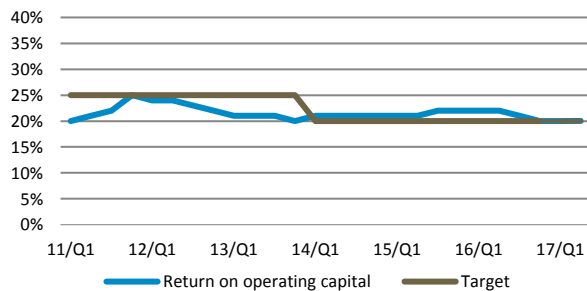
SEK million



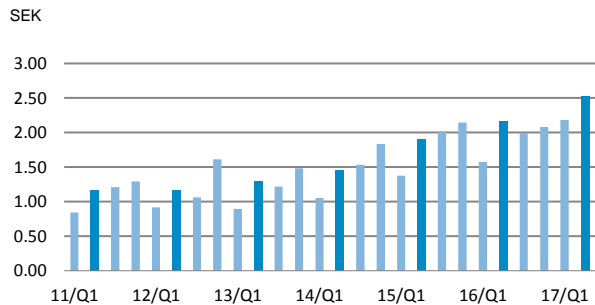
EBITA margin



Return



Earnings per share



Business areas

Engineering & Equipment

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

SEK million	2017 Apr-Jun	2016 Apr-Jun	Change	2017 Jan-Jun	2016 Jan-Jun	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	452	397	14%	853	733	16%	1,657	1,537
EBITA	51	38	34%	83	53	57%	154	124
EBITA margin, %	11.3	9.6		9.7	7.2		9.3	8.1

Net sales rose 14% during the quarter to SEK 452 million (397). The increase for comparable units was 9%, while currency movements had a positive effect of 5%.

Demand improved further during the second quarter, and most companies in the business area reported higher order intake and invoicing.

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

EBITA for the quarter increased by 34% to SEK 51 million (38), corresponding to an EBITA margin of 11.3% (9.6%). For comparable units, EBITA increased by 28%, while currency movements had a positive effect of 6%.

The earnings improvement during the quarter is attributable to higher invoicing and an improved margin.

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	2017 Apr-Jun	2016 Apr-Jun	Change	2017 Jan-Jun	2016 Jan-Jun	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	617	591	4%	1,165	1,120	4%	2,276	2,231
EBITA	57	55	4%	93	95	-2%	166	168
EBITA margin, %	9.2	9.3		8.0	8.5		7.3	7.5

Net sales rose 4% during the quarter to SEK 617 million (591). For comparable units, net sales decreased by 2%, while acquisitions contributed 4% and currency movements had a positive effect of 2%.

As in the first quarter, most businesses in the business area developed in a positive direction during the period, which compensated for a challenging business situation for companies in the marine segment, where demand continues to be weak.

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

EBITA for the quarter rose 4% to SEK 57 million (55), and the EBITA margin was 9.2% (9.3%). For comparable units, EBITA decreased by 3%, while acquisitions contributed 6% and currency movements had a positive effect of 1%.

Continued weak volumes for companies in the marine segment had a negative effect on both earnings and the EBITA margin, but this was compensated by the contributions made by acquisitions and favourable performance by other companies.

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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	2017 Apr-Jun	2016 Apr-Jun	Change	2017 Jan-Jun	2016 Jan-Jun	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	487	404	21%	944	728	30%	1,774	1,558
EBITA	64	56	14%	124	97	28%	226	199
EBITA margin, %	13.1	13.9		13.1	13.3		12.7	12.8

Net sales rose 21% during the quarter to SEK 487 million (404). The increase for comparable units was 7%, acquisitions contributed 13%, and currency movements had a positive effect of 1%.

The business situation for most segments improved during the quarter. Earnings and margin performance remain stable for the majority of the business area's companies.

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

EBITA for the quarter rose 14% to SEK 64 million (56), and the EBITA margin was 13.1% (13.9%). The increase for comparable units was 2%, acquisitions contributed 11%, and currency movements had a positive effect of 1%.

The lower EBITA margin compared with the second quarter a year ago is mainly attributable to a changed mix.

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	2017 Apr-Jun	2016 Apr-Jun	Change	2017 Jan-Jun	2016 Jan-Jun	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	706	649	9%	1,374	1,215	13%	2,660	2,501
EBITA	79	72	10%	147	122	20%	290	265
EBITA margin, %	11.2	11.1		10.7	10.0		10.9	10.6

Net sales rose 9% during the quarter to SEK 706 million (649). The increase for comparable units was 1%, while acquisitions contributed 7%. Currency movements had a positive effect of 1%.

Overall, demand developed favourably for the business area's companies during the quarter. The strong order intake is coming primarily from segments such as engineering, commercial vehicles, construction and infrastructure.

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

EBITA for the quarter grew 10% to SEK 79 million (72), corresponding to an EBITA margin of 11.2% (11.1%). For comparable units, EBITA increased by 1%, acquisitions contributed 7%, and currency movements had a positive 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	2017 Apr-Jun	2016 Apr-Jun	Change	2017 Jan-Jun	2016 Jan-Jun	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	385	297	30%	729	538	36%	1,362	1,171
EBITA	74	45	64%	131	75	75%	233	177
EBITA margin, %	19.2	15.2		18.0	13.9		17.1	15.1

Net sales rose 30% during the quarter to SEK 385 million (297). The increase for comparable units was 16%, acquisitions contributed 11%, and currency movements had a positive effect of 3%.

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.

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.

Net sales exceeded order intake by 6% during the quarter.

EBITA grew 64% during the quarter to SEK 74 million (45), and the EBITA margin was 19.2% (15.2%).

For comparable units, EBITA increased by 33%, acquisitions contributed 27%, and currency movements had a positive effect of 4%.

Earnings and the margin developed favourably as a result of higher volumes and 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	2017 Apr-Jun	2016 Apr-Jun	Change	2017 Jan-Jun	2016 Jan-Jun	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	1,115	991	13%	2,243	1,967	14%	4,273	3,997
EBITA	153	159	-4%	327	311	5%	613	597
EBITA margin, %	13.7	16.0		14.6	15.8		14.3	14.9

Net sales rose 13% during the quarter to SEK 1,115 million (991). For comparable units, net sales decreased by 1%, while acquisitions contributed 12% and currency movements had a positive effect of 2%.

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

Demand was stable for the majority of the business area's units during the quarter. Order intake and invoicing related to valves for power generation in the energy segment were lower than the level reported for the corresponding quarter a year ago, which explains the slightly weaker organic growth for the business area as a whole.

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

EBITA decreased by 4% during the quarter to SEK 153 million (159), and the EBITA margin was 13.7% (16.0%). EBITA for comparable units decreased by 15%, while acquisitions contributed 9%. Currency movements had a positive effect of 2%.

Earnings and the EBITA margin were negatively affected by lower invoicing during the quarter for valves used in power generation.

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Other financial information

Financial position

Shareholders' equity amounted to SEK 4,651 million (3,861), and the equity ratio was 40% (37%).

Cash and cash equivalents amounted to SEK 351 million (302). In addition to this, the Group had unutilised credit promises of SEK 2,766 million (2,514). Interest-bearing net debt amounted to SEK 3,683 million (3,719) at the end of the period.

The net debt/equity ratio was 79% at end of the period (96%).

Cash flow, Capital expenditures and Depreciation

Cash flow from operating activities was SEK 658 million (442) 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 554 million (277).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 104 million (165) during the interim period January–June. Depreciation of property, plant and equipment totalled SEK 100 million (83). Investments in company acquisitions amounted to SEK 270 million (580). In addition, earn-out payments for previous years' acquisitions totalled SEK 41 million (132).

Employees

The number of employees was 6,078 at the end of the period, compared with 5,705 at the start of the year. A total of 157 employees have been added during the year to date through acquisitions.

Company acquisitions

The Group has acquired the following companies, which are consolidated for the first time in 2017.

Month acquired	Acquisitions	Business area	Net Sales/SEK m*	No. Of employees*
January	RS Technics BV	Measurement & Sensor Technology	20	12
January	Sunflower Medical Ltd	Special Products	50	45
February	Ellard Ltd	Special Products	100	39
March	Türenfabrik Safenwil AG	Special Products	70	23
April	Pro-Flex AS	Flow Technology	100	28
April	MaxxVision GmbH	Industrial Components	80	10
Total			420	157

*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 reporting period

In July four 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. A total of 285,000 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. During the period 249,100 warrants for 747,300 shares were exercised, entailing that 747,300 new shares have been subscribed. Shares can be subscribed during specially stipulated subscription periods through Friday, 18 May 2018.

In April 2017 the Annual General Meeting of Indutrade AB resolved to introduce a long-term incentive programme (LTI 2017), comprising a combined maximum of 704,000 warrants in two series for senior executives and other key persons in the Indutrade Group. During the period the participants subscribed for a total of 526,000 warrants within the framework of Series I. The price per warrant was SEK 15.00, and the subscription price was set at SEK 244.90 per share. Upon full exercise the number of shares outstanding will increase by 704,000, corresponding to 0.6% of the total number of shares and votes.

The warrants entailed a dilutive effect of 0.19% (0.19%) during the quarter, 0.21% (0.18%) during the interim period January–June, and 0.21% (0.14%) for the last 12 months.

At the end of the period the share capital amounted to SEK 241 million

Number of shares outstanding before exercise of warrants	120,000,000
Number of newly subscribed shares	747,300
Total number of shares outstanding after new issues	120,747,300

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 two new companies. The Parent Company has not made any major investments in intangible non-current assets or in property, plant and equipment. The number of employees on 30 June was 11 (11).

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 2016 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 2016 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 2016 Annual Report.

No new IFRSs or IFRIC interpretations that have been endorsed by the EU are applicable for Indutrade or had any material impact on the Group's result of operations or financial position in 2017.

New IFRS standards will take effect in 2018. For a more detailed description, please see note 1 in the 2016 Annual Report.

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Financial calendar

- The interim report for the period 1 January–30 September 2017 will be published on 25 October 2017.
- The year-end report for the period 1 January–31 December 2017 will be published on 13 February 2018.

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, 25 July 2017
Indutrade AB (publ)

Fredrik Lundberg
Chairman

Bengt Kjell
Vice Chairman

Susanna Campbell
Director

Katarina Martinson
Director

Ulf Lundahl
Director

Krister Mellvé
Director

Lars Petterson
Director

Bo Annvik
Director, President and CEO

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

Note

The information in this report is such that Indutrade AB is obligated to make public 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 11 a.m. (CET) on 25 July 2017.

Further information

For further information, please contact:
Bo Annvik, President and CEO, tel.: +46 8 703 03 00, or
Jan Öhman, CFO, tel.: +46 70 226 75 34

This report will be commented upon as follows:

Through a conference call/webcast at 1 p.m. (CET) today under the following link:

<http://event.onlineseminarsolutions.com/r.htm?e=1448966&s=1&k=A70638B25865BF4EAA0A9CF8C64DA683>

To participate, call:

SE: +46 8 566 42 665

UK: +44 203 008 9810

USA: +1 855 831 59 45

Indutrade consolidated income statement – condensed

SEK million	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	3,749	3,317	7,282	6,280	13,957	12,955
Cost of goods sold	-2,481	-2,177	-4,817	-4,145	-9,279	-8,607
Gross profit	1,268	1,140	2,465	2,135	4,678	4,348
Development costs	-46	-39	-90	-73	-173	-156
Selling costs	-593	-564	-1,178	-1,097	-2,260	-2,179
Administrative expenses	-228	-187	-446	-368	-869	-791
Other operating income and expenses	-1	3	0	18	32	50
Operating profit	400	353	751	615	1,408	1,272
Net financial items	-16	-22	-34	-41	-71	-78
Profit after financial items	384	331	717	574	1,337	1,194
Income Tax	-81	-72	-153	-126	-285	-258
Net profit for the period	303	259	564	448	1,052	936
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	303	259	564	448	1,052	936
Non-controlling interests	0	0	0	0	0	0
	303	259	564	448	1,052	936
EBITA	458	405	864	716	1,632	1,484
<i>Operating profit includes:</i>						
Amortisation of intangible assets ¹⁾	-64	-58	-125	-112	-246	-233
<i>of which attributable to acquisitions</i>	-58	-52	-113	-101	-224	-212
Depreciation of property, plant and equipment	-51	-43	-100	-83	-195	-178
Earnings per share before dilution, SEK	2.52	2.16	4.69	3.73	8.76	7.80
Earnings per share after dilution, SEK	2.51	2.15	4.68	3.73	8.74	7.78
Average number of shares before dilution, '000	120,291	120,000	120,140	120,000	120,068	120,000
Average number of shares after dilution, '000	120,515	120,225	120,396	120,211	120,317	120,251
Number of shares at the end of the period, '000	120,747	120,000	120,747	120,000	120,747	120,000

¹⁾ Excluding impairment losses

Dilution of shares

	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016/17 Moving 12 mos	2016 Jan-Dec
Average number of shares before dilution, '000	120,291	120,000	120,140	120,000	120,068	120,000
Number of shares that give rise to dilutive effect as a result of incentive programmes, '000	224	225	256	211	249	251
Average number of shares after dilution, '000	120,515	120,225	120,396	120,211	120,317	120,251

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Indutrade consolidated statement of comprehensive income

SEK million	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016/17 Moving 12 mos	2016 Jan-Dec
Net profit for the period	303	259	564	448	1,052	936
Other comprehensive income						
Items that can be reversed into income statement						
Fair value adjustment of hedge instruments	4	-3	9	20	14	25
Tax attributable to fair value adjustments	-1	-1	-2	-5	-2	-5
Exchange rate differences	-29	55	-29	46	28	103
Items that cannot be reversed into income statement						
Actuarial gains/losses	-	-	-	-	-15	-15
Tax on actuarial gains/losses	-	-	-	-	3	3
Other comprehensive income for the period, net of tax	-26	51	-22	61	28	111
Total comprehensive income for the period	277	310	542	509	1,080	1,047
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	277	310	542	509	1,080	1,047
Non-controlling interests	0	0	0	0	0	0

Indutrade consolidated balance sheet – condensed

SEK million	2017 30 Jun	2016 30 Jun	2016 31 Dec
Goodwill	2,514	2,207	2,388
Other intangible assets	1,906	1,803	1,879
Property, plant and equipment	1,482	1,310	1,451
Financial assets	121	109	117
Inventories	2,348	2,111	2,249
Accounts receivable, trade	2,489	2,273	2,292
Other receivables	401	376	345
Cash and cash equivalents	351	302	332
Total assets	11,612	10,491	11,053
Equity	4,651	3,861	4,399
Non-current interest-bearing liabilities and pension liabilities	1,445	2,234	2,274
Other non-current liabilities and provisions	569	530	563
Current interest-bearing liabilities	2,589	1,787	1,686
Accounts payable, trade	1,059	987	968
Other current liabilities	1,299	1,092	1,163
Total equity and liabilities	11,612	10,491	11,053

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2017 30 Jun	2016 30 Jun	2016 31 Dec
Opening equity	4,389	3,703	3,703
Total comprehensive income for the period	542	509	1,047
Payment for issued warrants	8	-	-
New issues	89	-	-
Dividend	-384 ¹⁾	-360 ²⁾	-360 ²⁾
Acquisition of non-controlling interests	-2	-	-1
Closing equity	4,642	3,852	4,389
¹⁾ Dividend per share for 2016 was SEK 3.20			
²⁾ Dividend per share for 2015 was SEK 3.00			
<i>Equity, attributable to:</i>			
Equity holders of the parent company	4,642	3,852	4,389
Non-controlling interests	9	9	10
	4,651	3,861	4,399

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Indutrade consolidated cash flow statement – condensed

SEK million	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016/17 Moving 12 mos	2016 Jan-Dec
Operating profit	400	353	751	615	1,408	1,272
Non-cash items	123	108	244	199	452	407
Interests and other financial items, net	-18	-18	-31	-28	-65	-62
Paid tax	-97	-98	-167	-184	-282	-299
Change in working capital	-74	-10	-139	-160	-90	-111
Cash flow from operating activities	334	335	658	442	1,423	1,207
Net capital expenditures in non-current assets	-54	-91	-104	-165	-259	-320
Company acquisitions and divestments	-162	-430	-311	-712	-763	-1,164
Change in other financial assets	-2	1	-2	1	5	8
Cash flow from investing activities	-218	-520	-417	-876	-1,017	-1,476
Net borrowings	-17	476	68	755	-67	620
Dividend paid out	-384	-360	-384	-360	-384	-360
Payment for issued warrants	8	-	8	-	8	-
New issues	89	-	89	-	89	-
Cash flow from financial activities	-304	116	-219	395	-354	260
Cash flow for the period	-188	-69	22	-39	52	-9
Cash and cash equivalents at start of period	546	368	332	339	302	339
Exchange rate differences	-7	3	-3	2	-3	2
Cash and cash equivalents at end of period	351	302	351	302	351	332

Key data

	2017	2016	2016	2015	2014
Moving 12 mos	30 Jun	31 Dec	30 Jun	31 Dec	31 Dec
Net sales, SEK million	13,957	12,955	12,535	11,881	9,746
Sales growth, %	11	9	17	22	10
EBITA, SEK million	1,632	1,484	1,501	1,427	1,134
EBITA margin, %	11.7	11.5	12.0	12.0	11.6
Operating capital at end of period, SEK million	8,334	8,027	7,580	6,656	5,656
Operating capital, average, SEK million	8,061	7,491	6,968	6,537	5,324
Return on operating capital, % ¹⁾	20	20	22	22	21
Equity, average, SEK million	4,338	3,976	3,685	3,440	2,818
Return on equity, % ¹⁾	24	24	26	26	25
Interest-bearing net debt at end of period, SEK million	3,683	3,628	3,719	2,949	2,494
Net debt/equity ratio, %	79	82	96	80	79
Net debt/EBITDA, times	2.0	2.2	2.2	1.8	1.9
Equity ratio, %	40	40	37	40	39
Average number of employees	5,802	5,495	5,205	4,978	4,418
Number of employees at end of period	6,078	5,705	5,500	5,107	4,578
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	8.76	7.80	7.89	7.44	5.87
Earnings per share after dilution, SEK	8.74	7.78	7.88	7.44	5.87
Equity per share, SEK	38.44	36.58	32.10	30.86	26.33
Cash flow from operating activities per share, SEK	11.85	10.06	10.76	8.97	7.53
Average number of shares before dilution, '000	120,068	120,000	120,000	120,000	120,000
Average number of shares after dilution, '000	120,317	120,251	120,174	120,094	120,000
Number of shares at the end of the period, '000	120,747	120,000	120,000	120,000	120,000

¹⁾ Calculated on average capital and equity.

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Business area performance

	2017	2016	2017	2016	2016/17	2016
Net sales, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	452	397	853	733	1,657	1,537
Flow Technology	617	591	1,165	1,120	2,276	2,231
Fluids & Mechanical Solutions	487	404	944	728	1,774	1,558
Industrial Components	706	649	1,374	1,215	2,660	2,501
Measurement & Sensor Technology	385	297	729	538	1,362	1,171
Special Products	1,115	991	2,243	1,967	4,273	3,997
Parent company and Group items	-13	-12	-26	-21	-45	-40
	3,749	3,317	7,282	6,280	13,957	12,955

	2017	2016	2017	2016	2016/17	2016
EBITA, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	51	38	83	53	154	124
Flow Technology	57	55	93	95	166	168
Fluids & Mechanical Solutions	64	56	124	97	226	199
Industrial Components	79	72	147	122	290	265
Measurement & Sensor Technology	74	45	131	75	233	177
Special Products	153	159	327	311	613	597
Parent company and Group items	-20	-20	-41	-37	-50	-46
	458	405	864	716	1,632	1,484

	2017	2016	2017	2016	2016/17	2016
EBITA margin, %	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	11.3	9.6	9.7	7.2	9.3	8.1
Flow Technology	9.2	9.3	8.0	8.5	7.3	7.5
Fluids & Mechanical Solutions	13.1	13.9	13.1	13.3	12.7	12.8
Industrial Components	11.2	11.1	10.7	10.0	10.9	10.6
Measurement & Sensor Technology	19.2	15.2	18.0	13.9	17.1	15.1
Special Products	13.7	16.0	14.6	15.8	14.3	14.9
	12.2	12.2	11.9	11.4	11.7	11.5

Business area performance per quarter

Net sales, SEK million	2017		2016			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	452	401	415	389	397	336
Flow Technology	617	548	580	531	591	529
Fluids & Mechanical Solutions	487	457	445	385	404	324
Industrial Components	706	668	690	596	649	566
Measurement & Sensor Technology	385	344	338	295	297	241
Special Products	1,115	1,128	1,040	990	991	976
Parent company and Group items	-13	-13	-9	-10	-12	-9
	3,749	3,533	3,499	3,176	3,317	2,963

EBITA, SEK million	2017		2016			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	51	32	29	42	38	15
Flow Technology	57	36	38	35	55	40
Fluids & Mechanical Solutions	64	60	54	48	56	41
Industrial Components	79	68	76	67	72	50
Measurement & Sensor Technology	74	57	51	51	45	30
Special Products	153	174	144	142	159	152
Parent company and Group items	-20	-21	-1	-8	-20	-17
	458	406	391	377	405	311

EBITA margin, %	2017		2016			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	11.3	8.0	7.0	10.8	9.6	4.5
Flow Technology	9.2	6.6	6.6	6.6	9.3	7.6
Fluids & Mechanical Solutions	13.1	13.1	12.1	12.5	13.9	12.7
Industrial Components	11.2	10.2	11.0	11.2	11.1	8.8
Measurement & Sensor Technology	19.2	16.6	15.1	17.3	15.2	12.4
Special Products	13.7	15.4	13.8	14.3	16.0	15.6
	12.2	11.5	11.2	11.9	12.2	10.5

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Acquisitions

Acquisitions 2017

All of the shares have been acquired in RS Technics BV (Netherlands), Sunflower Medical Ltd (UK), Ellard Ltd (UK), Türenfabrik Safenwil AG (Switzerland), Pro-Flex AS (Norway), and MaxxVision GmbH (Germany).

Flow Technology

On 10 April the company Pro-Flex AS (Norway) was acquired, with annual sales of SEK 100 million. The company supplies hoses and couplings to Norwegian industry.

Industrial Components

On 18 April the company MaxxVision GmbH (Germany) was acquired, with annual sales of SEK 80 million. The company offers image handling technology for industries and visual communication.

Measurement & Sensor Technology

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

Special Products

On 19 January the company Sunflower Medical Ltd (UK) was acquired, with annual sales of SEK 50 million. The company is a leading UK manufacturer of healthcare equipment. Their product portfolio ranges from medicine dispense cabinets to specialty equipment for examination rooms.

On 13 February the company Ellard Ltd (UK) was acquired, with annual sales of SEK 100 million. The company manufactures and markets drives, motors and controls for industrial and commercial doors, complemented with a wide range of accessories.

On 13 March the company Türenfabrik Safenwil AG (Switzerland) was acquired, with annual sales of SEK 70 million. The company manufactures various kinds of doors, such as interior and exterior doors, fire protection doors and security doors. Customers are primarily construction contractors in the Swiss market.

Acquired assets in 2017

Preliminary purchase price allocation

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 46 million	346
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Acquired assets	Book value	Fair value adjustment	Fair value
Goodwill	-	140	140
Agencies, trademarks, customer relations, licences, etc.	5	138	143
Property, plant and equipment	25	-	25
Inventories	66	-	66
Other current assets ¹⁾	73	-	73
Cash and cash equivalents	30	-	30
Deferred tax liability	0	-33	-33
Provisions including pension liabilities	0	-	0
Other operating liabilities	-98	-	-98
	101	245	346

¹⁾ Mainly trade accounts receivable

Agencies, customer relationships, 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 3 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 46 million. The contingent earn-out payments fall due for payment within four years and can amount to a maximum of SEK 46 million. If the conditions are not met, the outcome can be in the range of SEK 0–46 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 3 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 3 million (11). Income recognised as a result of this restatement is reported under Other income and expenses in the amount of SEK 3 million (11) and under Net financial items in the amount of SEK 0 million (0).

The purchase price allocation calculations for Beldam Crossley Ltd, Fluid Controls Ltd and Klokkeholm Karosseridele A/S, which were acquired in April and May 2016, have now been finalised. No significant adjustments have been made in 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 receivables.

Cash flow impact

SEK million	
Purchase price, incl. contingent earn-out payments	346
Purchase price not paid out	-46
Cash and cash equivalents in acquired companies	-30
Payments pertaining to previous years' acquisitions	41
Total cash flow impact	311

Effects on acquisitions carried out in 2016 and 2017

SEK million Business area	Net sales		EBITA	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Engineering & Equipment	-	-	-	-
Flow Technology	22	22	3	3
Fluids & Mechanical Solutions	51	158	7	19
Industrial Components	41	72	4	6
Measurement & Sensor Technology	32	89	12	24
Special Products	116	246	15	39
Effect on Group	262	587	41	91
Acquisitions carried out in 2016	155	435	27	70
Acquisitions carried out in 2017	107	152	14	21
Effect on Group	262	587	41	91

If all acquired units had been consolidated as from 1 January 2017, net sales for the year to date would have amounted to SEK 7,347 million, and EBITA would have totalled SEK 874 million.

Acquisitions after the end of the reporting period

On 5 July Indutrade acquired Wennerström Ljuskontroll AB (Sweden), with annual sales of SEK 110 million. The company is a technology sales company specialising in lighting components and light control.

On 6 July Indutrade acquired Elma Instruments A/S (Denmark), with annual sales of SEK 180 million. The company is a technology sales company that offers testing and measurement instruments to customers in the Scandinavian market.

On 14 July Indutrade acquired Young Black Ltd (UK), with annual sales of SEK 110 million. The company sells a wide range of fastening products, pneumatic tools, compressors, hoses and couplings to British industry and construction companies.

On 17 July Indutrade acquired Tubeworkx B.V. (Netherlands), with annual sales of SEK 50 million. The company processes straight tubing into advanced components through bending, welding and cold forming.

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

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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 2017			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	-	-	15	15
Derivative instruments held for hedging purposes	-	4	-	4
Liabilities				
Derivative instruments held for hedging purposes	-	11	-	11
Contingent consideration	-	-	133	133

SEK million	31 Dec 2016			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	-	-	15	15
Derivative instruments held for hedging purposes	-	0	-	0
Liabilities				
Derivative instruments held for hedging purposes	-	18	-	18
Contingent consideration	-	-	129	129

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 SEK million	2017 30-Jun	2016 31-Dec
Opening book value	129	259
Acquisitions during the year	46	72
Consideration paid	-39	-174
Reclassified via income statement	-3	-32
Interest expenses	1	3
Exchange rate differences	-1	1
Closing book value	133	129

Parent company income statement – condensed

SEK million	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	0	0	0	0	4	4
Gross profit	0	0	0	0	4	4
Administrative expenses	-25	-17	-43	-37	-70	-64
Operating profit	-25	-17	-43	-37	-66	-60
Financial income/expenses	-7	-5	-8	-6	-12	-10
Profit from participation in Group companies	739	667	753	667	750	664
Profit after financial items	707	645	702	624	672	594
Appropriations	-	-	-	-	484	484
Income Tax	5	5	9	9	-92	-92
Net profit for the period	712	650	711	633	1,064	986
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0	0	0

Parent company balance sheet – condensed

SEK million	2017 30 Jun	2016 30 Jun	2016 31 Dec
Intangible assets	0	0	0
Property, plant and equipment	2	2	1
Financial assets	4,753	4,328	4,584
Current receivables	3,810	3,268	3,894
Cash and cash equivalents	0	28	0
Total assets	8,565	7,626	8,479
Equity	3,945	3,159	3,517
Untaxed reserves	553	498	553
Non-current interest-bearing liabilities and pension liabilities	1,016	1,821	1,822
Other non-current liabilities and provisions	13	3	13
Current interest-bearing liabilities	3,006	2,099	2,391
Current noninterest-bearing liabilities	32	46	183
Total equity and liabilities	8,565	7,626	8,479

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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 deb

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.

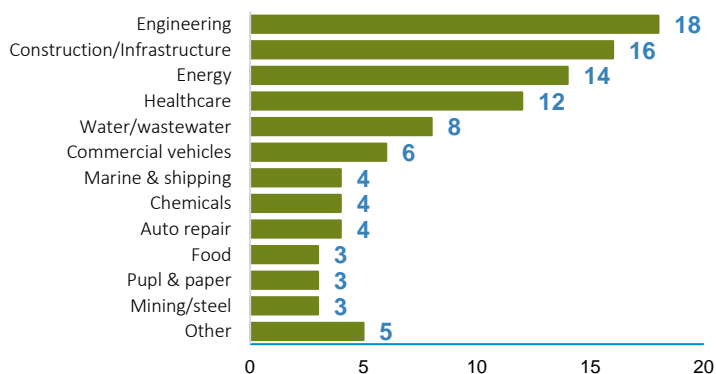
Indutrade's business is distinguished by the following factors, among others:

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

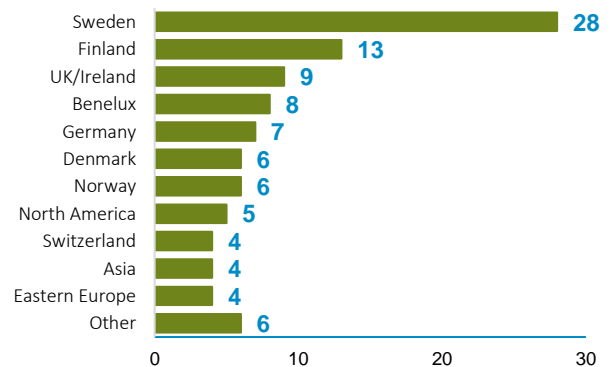
The Group is structured into six business areas: Engineering & Equipment, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and Special Products.

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, % ¹⁾



Net sales per market, % ¹⁾



¹⁾Financial year 2016

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