

Interim report fourth quarter and Year-end report

1 January – 31 December 2017

Fourth quarter 2017

- Order intake rose 13% to SEK 3,895 million (3,434). For comparable units the increase was 6%.
- Net sales rose 12% to SEK 3,932 million (3,499). For comparable units the increase was 5%.
- EBITA excluding restructuring costs was SEK 431 million, corresponding to an adjusted EBITA-margin of 11.0%. The operating profit was charged with SEK 132 million in restructuring costs in the Sander Meson Group. Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) decreased 24% to SEK 299 million (391), corresponding to an EBITA margin of 7.6% (11.2%).
- Net profit for the quarter decreased by 31% to SEK 173 million (249), corresponding to earnings per share of SEK 1.42 (2.08).

1 January – 31 December

- Order intake rose 16% to SEK 15,051 million (13,004). For comparable units the increase was 6%.
- Net sales rose 15% to SEK 14,847 million (12,955). For comparable units the increase was 5%.
- EBITA excluding restructuring costs was SEK 1,745 million, corresponding to an adjusted EBITA-margin of 11.8%. The operating profit was charged with SEK 132 million in restructuring costs in the Sander Meson Group. Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 9% to SEK 1,613 million (1,484), corresponding to an EBITA margin of 10.9% (11.5%).
- Net profit for the year rose 10% to SEK 1,030 million (936), corresponding to earnings per share of SEK 8.54 (7.80).
- Cash flow from operating activities was SEK 1,554 million (1,207).
- The Board of Directors proposes a dividend of SEK 3.75 (3.20) per share.

Financial Development

SEK million	2017 Oct-Dec	2016 Oct-Dec	Change	2017 Jan-Dec	2016 Jan-Dec	Change
Order intake	3,895	3,434	13%	15,051	13,004	16%
Net sales	3,932	3,499	12%	14,847	12,955	15%
Operating profit	239	335	-29%	1,380	1,272	8%
EBITA	299	391	-24%	1,613	1,484	9%
EBITA margin, %	7.6	11.2		10.9	11.5	
Adjusted EBITA margin, %	11.0	11.2		11.8	11.5	
Profit after financial items	222	318	-30%	1,310	1,194	10%
Net profit	173	249	-31%	1,030	936	10%
Earnings per share before dilution, SEK	1.42	2.08	-32%	8.54	7.80	9%
Return on operating capital, %	19	20		19	20	
Cash flow from operating activities	513	456	13%	1,554	1,207	29%
Net debt/equity ratio, %	74	82		74	82	



Q4

CEO's message

2017 was a successful year for Indutrade with profitable growth. We have implemented a significant management and organisational change that is adapted to a continued development of our existing companies, as well as future acquisitions. Sales amounted to nearly SEK 15 billion, growing 15% for the year with an improved, adjusted EBITA margin of 11.8%. Indutrade's decentralised business model remains firm, and I am confident that through continued evolution Indutrade has all the conditions needed to continue creating customer and shareholder value.

Fourth quarter

In general, the good business climate has continued during the quarter. In a market segment perspective, it is positive to see improvements also in Oil & Gas. The higher oil price is leading to more investments in both new projects and maintenance activities which is beneficial for our companies in that sector.

The majority of our companies showed a positive development in order intake, invoicing and earnings, and four of our six business areas showed improved margins compared with a year ago.

The EBITA margin for the Fluids & Mechanical Solutions business area was lower during the quarter than in the same quarter a year ago, mainly due to single time effects within a few companies, as for example, an early stage e-commerce project with limited revenues. The decline in earnings for the Special Products business area is to a large extent explained by significantly lower financial result in a larger company within the power generation segment. However, on a positive note, the same company had a strongly increasing order intake during the quarter.

As previously communicated, we have decided to implement a number of actions to restore profitability for the Sander Meson Group, which led to restructuring costs impacting earnings for the fourth quarter of SEK 132 million. The drawdowns have resulted in a more manageable cost structure.

Acquisitions

During the quarter we closed the acquisition of the German company Inovatools. The company delivers, both in Germany and internationally, metalworking products and is expected to have good opportunities for expansion. The ambition is also to further develop Indutrade's presence in the German market. We also succeeded in finalizing the acquisition of the Dutch company Tradinco Instruments before year-end.

We continue to deliver according to our strategy by investing in successful, well managed, market leading niche companies with potential to generate profitable growth.



During 2017 Indutrade acquired twelve companies with combined annual sales of SEK 1,270 million. Together these acquisitions will have a positive impact on our earnings and financial position in the coming year. We find that the Indutrade model continues to attract business owners who are considering selling their companies, and thus the conditions for future acquisitions are favourable.

Outlook

As of 1 January 2018, we have a new Group structure and Group Management Team. I am convinced that these changes will strengthen the conditions for continued profitable growth, further developing our portfolio companies and enable us to maintain a high acquisition pace. We have built a flatter structure and increased from six to eight business areas, and thereby created even better conditions to develop our companies and take responsibility for the companies we acquire. The new Group Management Team members are all internally recruited and with their international experience and knowledge we are better positioned to continue our international expansion.

It is my hope and belief that Indutrade, in 2018, will continue to give our shareholders a competitive return.

Bo Annvik
President and CEO

Group performance

Order intake

Order intake during the fourth quarter totalled SEK 3,895 million (3,434), an increase of 13%. For comparable units, order intake grew 6%, while acquired growth was 8%. Currency movements had a negative effect on order intake, of 1%.

The business situation remained stable during the quarter. Strong demand in the Nordic countries, Benelux and Germany was tempered by weaker performance in the UK and Switzerland. Order intake for valves for power generation, which has been soft for several quarters, has now improved. The business situation remains challenging for companies in the marine segment.

Order intake during the period January–December totalled SEK 15,051 million (13,001), an increase of 16%.

The increase for comparable units was 6%, acquisitions contributed 9%, and currency movements had a positive effect on order intake of 1%.

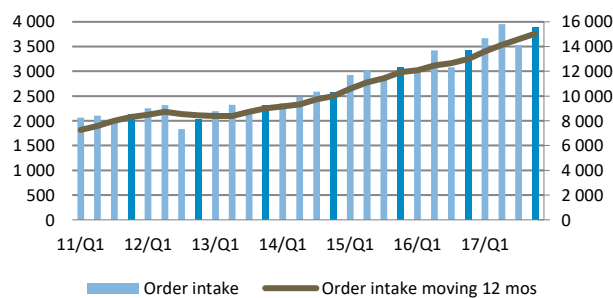
Net sales

Net sales rose 12% during the fourth quarter to SEK 3,932 million (3,499). The increase for comparable units was 5%, while acquisitions contributed 8%. Currency movements had a negative effect on net sales of 1%.

During the year net sales rose 15% to SEK 14,847 million (12,955). The increase for comparable units was 5%, acquisitions contributed 9%, and currency movements had a positive effect on net sales of 1%.

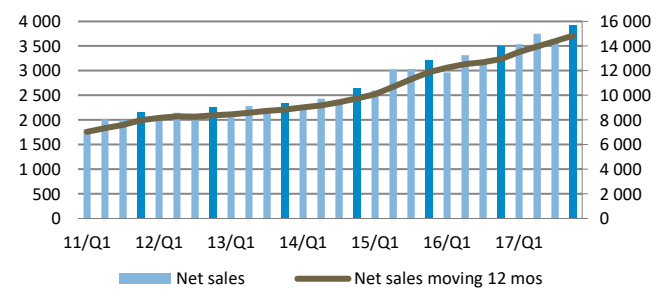
Order intake

SEK million

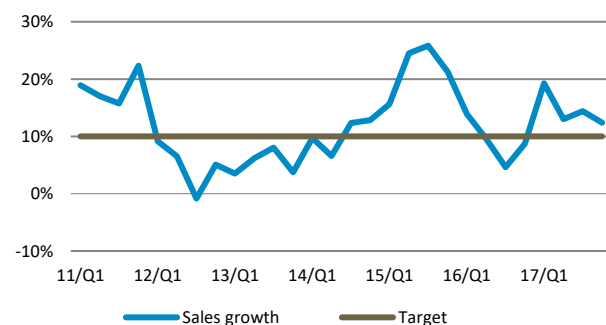


Net Sales

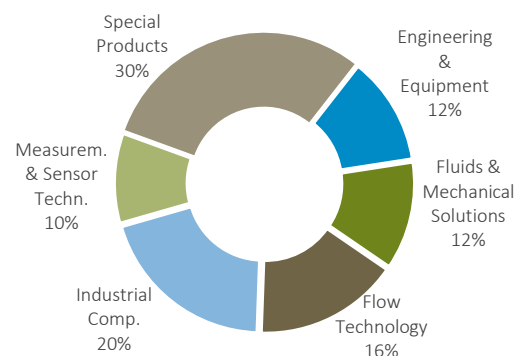
SEK million



Sales growth



Net Sales per Business Area



Q4

Earnings

EBITA excluding restructuring costs was SEK 431 million for the fourth quarter. The adjusted EBITA margin, i.e. excluding restructuring costs, decreased to 11.0% (11.2%). The operating profit was charged with SEK 132 million in restructuring costs in the Sander Meson Group. Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 299 million (391), a decrease of 24%. For comparable units, operating profit grew 4% and acquisitions contributed 7%, while restructuring had a negative effect of 34%, and currency movements had a negative effect of 1%. The EBITA margin narrowed to 7.6% (11.2%).

The Sander Meson Group restructuring costs impacted earnings with SEK 132 million, of which SEK 72 million pertained to impairment of intangible assets and SEK 60 million to other restructuring costs.

The gross margin for the Group as a whole decreased compared with the corresponding quarter a year ago, to 33.0% (33.1%). The gross margin for the full year was 33.4% (33.6%).

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

In addition, deliveries of valves for power generation

were considerably lower than during the fourth quarter of 2016, and as a result, earnings and the EBITA margin fell short of the levels reported in the preceding year.

Net financial items for the fourth quarter amounted to SEK -17 million (-17). Tax on profit for the quarter was SEK -49 million (-69), corresponding to a tax charge of 22% (22%). Profit for the quarter decreased by 31% to SEK 173 million (249). Earnings per share before dilution decreased by 32% to SEK 1.42 (2.08).

EBITA excluding restructuring costs was SEK 1,745 million, corresponding to an adjusted EBITA-margin of 11.8%. Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,613 million (1,484) for the year, an increase of 9%. The increase for comparable units was 8%, while acquisitions contributed 10%, restructuring costs had a negative effect of 9% and currency movements had a marginal effect. The EBITA margin decreased to 10.9% (11.5%).

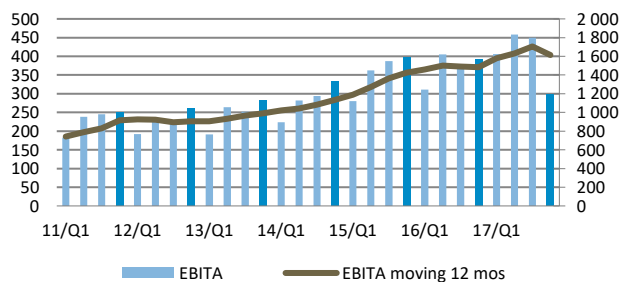
Net financial items amounted to SEK -70 million (-78). Tax on profit for the year was SEK -280 million (-258), corresponding to a tax charge of 21% (22%). Profit for the year grew 10% to SEK 1,030 million (936). Earnings per share before dilution grew 9% to SEK 8.54 (7.80).

Return

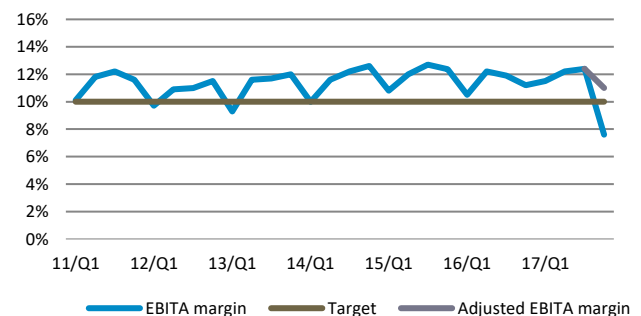
The return on operating capital was 19% (20%), and the return on equity was 22% (24%).

EBITA

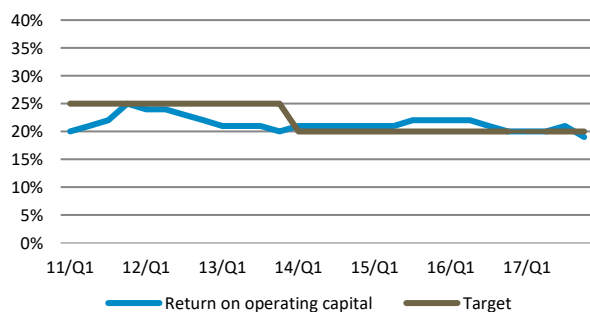
SEK million



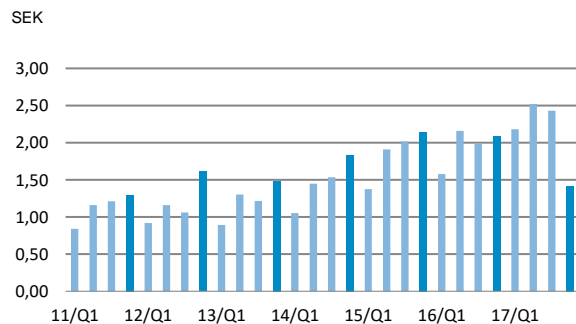
EBITA margin



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 Oct-Dec	2016 Oct-Dec	Change	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales	461	415	11%	1,729	1,537	12%
EBITA	43	29	48%	179	124	44%
EBITA margin, %	9.3	7.0		10.4	8.1	

Net sales rose 11% during the quarter to SEK 461 million (415). The increase for comparable units was 11%, while currency movements had a marginal effect.

The business situation for the business area remained positive, with favourable demand in most customer segments. Most businesses also showed continued positive earnings performance.

Order intake exceeded net sales by 2% during the quarter.

EBITA for the quarter increased by 48% to SEK 43 million (29), corresponding to an EBITA margin of 9.3% (7.0%). For comparable units, EBITA increased by 48%, while currency movements had a marginal effect.

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 Oct-Dec	2016 Oct-Dec	Change	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales	613	580	6%	2,393	2,231	7%
EBITA	52	38	37%	205	168	22%
EBITA margin, %	8.5	6.6		8.6	7.5	

Net sales rose 6% during the quarter to SEK 613 million (580). For comparable units, net sales increased by 4%, acquisitions made a positive contribution of 3%, and currency movements had a negative effect of 1%.

Demand during the fourth quarter was stable for most of the business area's units.

The market conditions for the Sander Meson Group, which is active in the marine segment, have been challenging for some time. During the fourth quarter the decision was made to carry out a number of measures to restore profitability.

These resulted in restructuring costs of SEK 132 million, which were charged against operating profit for the fourth quarter of 2017. The costs were recognised in their entirety at the Group level.

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

EBITA for the quarter increased by 37% to SEK 52 million (38), and the EBITA margin increased to 8.5% (6.6%). For comparable units, EBITA increased by 36%, while currency movements had a positive effect of 1%.

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	2017 Oct-Dec	2016 Oct-Dec	Change	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales	474	445	7%	1,859	1,558	19%
EBITA	52	54	-4%	233	199	17%
EBITA margin, %	11.0	12.1		12.5	12.8	

Net sales rose 7% during the quarter to SEK 474 million (445). The increase for comparable units was 5%, acquisitions made a positive contribution of 2%, and currency movements had a marginal effect.

The business situation was stable during the quarter, and most of the business area's companies reported favourable development of earnings and margins. The slightly weaker earnings performance is attributable to higher overheads in a few of the business area's operations.

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

EBITA for the quarter decreased by 4% to SEK 52 million (54), and the EBITA margin was 11.0% (12.1%). For comparable units, EBITA decreased by 5%, acquisitions made a positive contribution of 1%, and currency movements had a marginal effect.

Industrial Components

Industrial Components offers a wide range of technically advanced components and systems for production and maintenance, and medical technology equipment. The products consist mainly of consumables.

SEK million	2017 Oct-Dec	2016 Oct-Dec	Change	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales	831	690	20%	2,924	2,501	17%
EBITA	96	76	26%	324	265	22%
EBITA margin, %	11.6	11.0		11.1	10.6	

Net sales rose 20% during the quarter to SEK 831 million (690). The increase for comparable units was 7%, while acquisitions contributed 14%. Currency movements had a negative effect of 1%.

Demand remained favourable during the quarter, with strong growth in both order intake and invoicing. Most of the business area's companies also reported improved earnings and margins.

Order intake exceeded net sales by 2% during the quarter.

EBITA for the quarter increased by 26% to SEK 96 million (76), corresponding to an EBITA margin of 11.6% (11.0%). For comparable units, EBITA increased by 17%, acquisitions made a positive contribution of 10%, and currency movements had a negative effect of 1%.

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 Oct-Dec	2016 Oct-Dec	Change	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales	387	338	14%	1,456	1,171	24%
EBITA	65	51	27%	254	177	44%
EBITA margin, %	16.8	15.1		17.4	15.1	

Net sales rose 14% during the quarter to SEK 387 million (338). The increase for comparable units was 14%, acquisitions contributed 1%, and currency movements had a negative effect of 1%.

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

Demand was stable during the quarter in most segments and geographic markets. The increase in invoicing combined with good margins contributed to the continued high level of earnings.

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

EBITA increased by 27% during the quarter, to SEK 65 million (51), and the EBITA margin was 16.8% (15.1%).

For comparable units, EBITA increased by 19%, acquisitions made a positive contribution of 8%, and currency movements had a marginal effect.

Special Products

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

SEK million	2017 Oct-Dec	2016 Oct-Dec	Change	2017 Jan-Dec	2016 Jan-Dec	Change
Net sales	1,178	1,040	13%	4,537	3,997	14%
EBITA	133	144	-8%	618	597	4%
EBITA margin, %	11.3	13.8		13.6	14.9	

Net sales rose 13% during the quarter to SEK 1,178 million (1,040). The change in net sales for comparable units was marginal, while acquisitions made a positive contribution of 15% and currency movements had a negative effect of 2%.

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

The business situation was stable during the quarter for most of the business area's companies. However, significantly lower invoicing and higher costs for one of the larger companies in power generation/energy had a negative impact on earnings during the quarter and for the year as a whole. It is positive to note, however, that the same company saw a strong

improvement in order intake for valves for power generation compared with the preceding quarter as well as with the same quarter a year ago. The business situation for the Swiss companies continues to be challenging and contributed to lower earnings during the quarter.

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

EBITA decreased by 8% during the quarter to SEK 133 million (144), and the EBITA margin was 11.3% (13.8%). EBITA for comparable units decreased by 17%, while acquisitions made a positive contribution of 11%. Currency movements had a negative effect of 2%.

Q4

Other financial information

Financial position

Shareholders' equity amounted to SEK 5,168 million (4,399), and the equity ratio was 41% (40%).

Cash and cash equivalents amounted to SEK 464 million (332). In addition to this, the Group had unutilised credit promises of SEK 2,752 million (2,854). Interest-bearing net debt amounted to SEK 3,829 million (3,628) at the end of the period.

The net debt/equity ratio was 74% at end of the period (82%).

Cash flow, Capital expenditures and Depreciation

Cash flow from operating activities was SEK 1,554 million (1,207) 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 1,318 million (887).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 236 million (320). Depreciation of property, plant and equipment totalled SEK 206 million (178). Investments in company acquisitions amounted to SEK 957 million (996). In addition, earn-out payments for previous years' acquisitions totalled SEK 50 million (168).

Employees

The number of employees was 6,545 at year-end, compared with 5,705 at the start of the year. A total of 492 employees were added during the year through acquisitions.

Company acquisitions

The Group 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
July	Wennerström Ljuskontroll AB	Industrial Components	110	23
July	Elma Instruments A/S	Industrial Components	180	40
July	Young Black Ltd	Special Products	110	29
July	Tubeworkx B.V.	Special Products	50	20
November	Inovatools Group	Special Products	330	193
December	Tradinco B.V.	Special Products	70	30
Total			1,270	492

*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

No significant events for the Group have occurred after the end of the reporting period.

Organisation

Effective 1 January 2018 Indutrade has a new organisation comprising eight business areas and an expanded management team. The new members of the Group Management team are Robert Timmer, Markus Rüedin, Morgan O'Brien and Peter Rowlands. A pro forma presentation of the new structure is provided on page 23.

Patrik Johnson will succeed Jan Öhman as CFO of Indutrade and will be a member of the Group Management. Patrik has a B.Sc. in Business Administration and has served as CFO for Seco Tools and Sandvik Machining Solutions, among other positions. He will assume his position by 1 July 2018 at the latest.

Parent company

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control, analysis and communication. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 5 million (4) during the financial year. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the year the Parent Company acquired shares in twelve new companies. The Parent Company has not made any major investments in intangible assets or in property, plant and equipment. The number of employees on 31 December was 13 (11).

Risks and uncertainties

The Indutrade Group conducts business in 31 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.

IFRS 9 Financial Instruments took effect on 1 January 2018 and has replaced IAS Financial Instruments: Recognition and Measurement. IFRS 9 entails changes in how financial assets are classified, measured and recognised. The standard introduces, among other things, an impairment model based on expected credit losses. Indutrade's bad debt losses over the years have been very limited, and the effects of IFRS 9 are marginal. No adjustments have been made in the opening balances for 2018.

IFRS 15 Revenue from Contracts with Customers took effect on 1 January 2018 and has replaced IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is based on the principle that revenue is recognised first when the customer gains control over the sold product or service and replaces the previous principle of recognising revenue when the risks and rewards have been transferred to the buyer. The effects of this change for Indutrade's subsidiaries have been identified in a project that was begun in 2016. No material deviations compared with previous standards have arisen, and no adjustments of opening balances for 2018 have been made. The standard entails more detailed disclosures.

IFRS 16 Leases will replace IAS 17 Leases on 1 January 2019. The most significant change is for lessees, which will no longer separately report operating leases in notes. Instead, a leasing asset and leasing liability will be reported, which will affect the income statement and balance sheet. A project is currently under way to analyse the effects and address that changes that arise. For an indication of the scope of changes, see the 2016 Annual Report, Note 9, Operating leases.

Q4

The Board's proposal to the AGM

The Annual General Meeting will be held on 26 April 2018, in Stockholm.

The Board of Directors proposes a dividend of SEK 3.75 per share (3.20), corresponding to SEK 453 million (384). The proposed dividend is in line with Indutrade's dividend policy to distribute 30%-60% of net profit.

Nomination committee

The Nomination Committee proposes that Katarina Martinson be elected as Chairman of the Board at the 2018 Annual General Meeting. The Committee also proposes the re-election of directors Susanna Campbell, Bengt Kjell, Ulf Lundahl, Krister Mellvé, Lars Pettersson and Bo Annvik. Anders Jernhall is proposed as a new director.

The current Chairman, Fredrik Lundberg, has declined re-election. The timing for handing over the Chairmanship has been deemed to be appropriate. Katarina Martinson has extensive knowledge of the company, which will ensure continuity of the Board's work.

Fredrik Lundberg has expressed a wish to step down from one of his assignments, as an adaptation to the EBA and ESMA Guidelines for assessing the suitability of members of the management body, which take effect on 30 June 2018. The Guidelines set out the maximum number of assignments that a board member of a major banking company may undertake. Fredrik Lundberg is Vice Chairman of Handelsbanken.

Katarina Martinson was born in 1981, holds a B.Sc. Econ. and has been a director on Indutrade's board since 2015. Katarina is a director of the listed companies L E Lundbergföretagen AB and Husqvarna Group. She is also a principal investor and director of Fidelio Capital.

Anders Jernhall was born in 1970 and holds a B.Sc. Econ. He is Executive Vice President and CFO of Holmen AB.

The Nomination Committee's proposal entails that the number of directors during the coming mandate period will be unchanged at eight.

Financial calendar

- The 2017 Annual Report will be published in early April 2018.
- The interim report for the period 1 January–31 March 2018 will be published on 26 April 2018.
- The Annual General Meeting will be held in Stockholm on 26 April 2018.
- The interim report for the period 1 January–30 June 2018 will be published on 25 July 2018.
- The interim report for the period 1 January–30 September 2018 will be published on 11 November 2018.

Stockholm, 13 February 2018
Indutrade AB (publ)

Bo Annvik
President and CEO

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 8 a.m. (CET) on 13 February 2018.

Further information

For further information, please contact:
Bo Annvik, President and CEO, tel.: +46 8 703 03 00, or
Frida Adrian, Head of Communication and Investor Relations, tel.: +46 70 930 93 24

This report will be commented upon as follows:

This interim report will be presented via conference call/webcast at 11 a.m. (CET) on 13 February under the following link:

<http://event.onlineseminarsolutions.com/r.htm?e=1584728&s=1&k=9E44678D86285A04C6078B6B7BF5B3D6>

To participate, call :
SE: +46 8 566 426 65
UK: +44 203 008 98 10
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 this interim financial information in summary (interim report) for Indutrade AB (publ.), corporate identity number 556017-9367, as per 31 December 2017, and the twelve-month period then ended. The board of directors and the President are responsible for the preparation and presentation of this 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 practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

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 Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, 13 February 2018
PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant
Auditor in charge

Q4

Indutrade consolidated income statement – condensed

SEK million	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales	3,932	3,499	14,847	12,955
Cost of goods sold	-2,633	-2,340	-9,881	-8,607
Gross profit	1,299	1,159	4,966	4,348
Development costs	-48	-45	-178	-156
Selling costs	-721	-585	-2,463	-2,179
Administrative expenses	-235	-221	-893	-791
Other operating income and expenses	-56	27	-52	50
Operating profit	239	335	1,380	1,272
Net financial items	-17	-17	-70	-78
Profit after financial items	222	318	1,310	1,194
Income Tax	-49	-69	-280	-258
Net profit for the period	173	249	1,030	936
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	172	249	1,029	936
Non-controlling interests	1	0	1	0
	173	249	1,030	936
EBITA	299	391	1,613	1,484
<i>Operating profit includes:</i>				
Amortisation of intangible assets ¹⁾	-66	-62	-258	-233
<i>of which attributable to acquisitions</i>	-60	-56	-233	-212
Depreciation of property, plant and equipment	-54	-50	-206	-178
Earnings per share before dilution, SEK	1.42	2.08	8.54	7.80
Earnings per share after dilution, SEK	1.42	2.07	8.53	7.78

¹⁾ Excluding impairment losses

Indutrade consolidated statement of comprehensive income

SEK million	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net profit for the period	173	249	1,030	936
Other comprehensive income				
Items that can be reversed into income statement				
Fair value adjustment of hedge instruments	4	2	17	25
Tax attributable to fair value adjustments	-1	1	-4	-5
Exchange rate differences	78	-14	2	103
Items that cannot be reversed into income statement				
Actuarial gains/losses	1	125	1	-15
Tax on actuarial gains/losses	0	-29	0	3
Other comprehensive income for the period, net of tax	82	85	16	111
Total comprehensive income for the period	255	334	1,046	1,047
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	254	334	1,045	1,047
Non-controlling interests	1	0	1	0

Indutrade consolidated balance sheet – condensed

SEK million	2017 31 Dec	2016 31 Dec
Goodwill	2,845	2,388
Other intangible assets	2,102	1,879
Property, plant and equipment	1,618	1,451
Financial assets	139	117
Inventories	2,517	2,249
Accounts receivable, trade	2,469	2,292
Other receivables	412	345
Cash and cash equivalents	464	332
Total assets	12,566	11,053
Equity	5,168	4,399
Non-current interest-bearing liabilities and pension liabilities	1,569	2,274
Other non-current liabilities and provisions	600	563
Current interest-bearing liabilities	2,724	1,686
Accounts payable, trade	1,081	968
Other current liabilities	1,424	1,163
Total equity and liabilities	12,566	11,053

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2017 31 Dec	2016 31 Dec
Opening equity	4,389	3,703
Total comprehensive income for the period	1,045	1,047
Payment for issued warrants	8	-
New issues	95	-
Dividend	-384 ¹⁾	-360 ²⁾
Acquisition of non-controlling interests	-2	-1
Closing equity	5,151	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	5,151	4,389
Non-controlling interests	17	10
	5,168	4,399

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Indutrade consolidated cash flow statement – condensed

SEK million	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Operating profit	239	335	1,380	1,272
Non-cash items	172	102	547	407
Interests and other financial items, net	-15	-15	-62	-62
Paid tax	-105	-59	-351	-299
Change in working capital	222	93	40	-111
Cash flow from operating activities	513	456	1,554	1,207
Net capital expenditures in non-current assets	-86	-56	-236	-320
Company acquisitions and divestments	-326	-119	-1,007	-1,164
Change in other financial assets	5	-1	1	8
Cash flow from investing activities	-407	-176	-1,242	-1,476
Net borrowings	-13	-270	116	620
Dividend paid out	-	-	-384	-360
Payment for issued warrants	0	-	8	-
New issues	6	-	95	-
Cash flow from financial activities	-7	-270	-165	260
Cash flow for the period	99	10	147	-9
Cash and cash equivalents at start of period	375	318	332	339
Exchange rate differences	-10	4	-15	2
Cash and cash equivalents at end of period	464	332	464	332

Key data

Moving 12 mos	2017 31 Dec	2016 31 Dec	2015 31 Dec	2014 31 Dec
Net sales, SEK million	14,847	12,955	11,881	9,746
Sales growth, %	15	9	22	10
EBITA, SEK million	1,613	1,484	1,427	1,134
EBITA margin, %	10.9	11.5	12.0	11.6
Operating capital at end of period, SEK million	8,997	8,027	6,656	5,656
Operating capital, average, SEK million	8,444	7,491	6,537	5,324
Return on operating capital, % ¹⁾	19	20	22	21
Equity, average, SEK million	4,746	3,976	3,440	2,818
Return on equity, % ¹⁾	22	24	26	25
Interest-bearing net debt at end of period, SEK million	3,829	3,628	2,949	2,494
Net debt/equity ratio, %	74	82	80	79
Net debt/EBITDA, times	2.1	2.2	1.8	1.9
Equity ratio, %	41	40	40	39
Average number of employees	6,156	5,495	4,978	4,418
Number of employees at end of period	6,545	5,705	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	8.54	7.80	7.44	5.87
Earnings per share after dilution, SEK	8.53	7.78	7.44	5.87
Equity per share, SEK	42.64	36.58	30.86	26.33
Cash flow from operating activities per share, SEK	12.90	10.06	8.97	7.53
Average number of shares before dilution, '000	120,457	120,000	120,000	120,000
Average number of shares after dilution, '000	120,617	120,251	120,094	120,000
Number of shares at the end of the period, '000	120,799	120,000	120,000	120,000

¹⁾ Calculated on average capital and equity.

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Business area performance

	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales, SEK million				
Engineering & Equipment	461	415	1,729	1,537
Flow Technology	613	580	2,393	2,231
Fluids & Mechanical Solutions	474	445	1,859	1,558
Industrial Components	831	690	2,924	2,501
Measurement & Sensor Technology	387	338	1,456	1,171
Special Products	1,178	1,040	4,537	3,997
Parent company and Group items	-12	-9	-51	-40
	3,932	3,499	14,847	12,955
EBITA, SEK million				
Engineering & Equipment	43	29	179	124
Flow Technology	52	38	205	168
Fluids & Mechanical Solutions	52	54	233	199
Industrial Components	96	76	324	265
Measurement & Sensor Technology	65	51	254	177
Special Products	133	144	618	597
Parent company and Group items	-142	-1	-200	-46
	299	391	1,613	1,484
EBITA margin, %				
Engineering & Equipment	9.3	7.0	10.4	8.1
Flow Technology	8.5	6.6	8.6	7.5
Fluids & Mechanical Solutions	11.0	12.1	12.5	12.8
Industrial Components	11.6	11.0	11.1	10.6
Measurement & Sensor Technology	16.8	15.1	17.4	15.1
Special Products	11.3	13.8	13.6	14.9
	7.6	11.2	10.9	11.5

Business area performance per quarter

Net sales, SEK million	2017				2016			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	461	415	452	401	415	389	397	336
Flow Technology	613	615	617	548	580	531	591	529
Fluids & Mechanical Solutions	474	441	487	457	445	385	404	324
Industrial Components	831	719	706	668	690	596	649	566
Measurement & Sensor Technology	387	340	385	344	338	295	297	241
Special Products	1,178	1,116	1,115	1,128	1,040	990	991	976
Parent company and Group items	-12	-13	-13	-13	-9	-10	-12	-9
	3,932	3,633	3,749	3,533	3,499	3,176	3,317	2,963

EBITA, SEK million	2017				2016			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	43	53	51	32	29	42	38	15
Flow Technology	52	60	57	36	38	35	55	40
Fluids & Mechanical Solutions	52	57	64	60	54	48	56	41
Industrial Components	96	81	79	68	76	67	72	50
Measurement & Sensor Technology	65	58	74	57	51	51	45	30
Special Products	133	158	153	174	144	142	159	152
Parent company and Group items	-142	-17	-20	-21	-1	-8	-20	-17
	299	450	458	406	391	377	405	311

EBITA margin, %	2017				2016			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	9.3	12.8	11.3	8.0	7.0	10.8	9.6	4.5
Flow Technology	8.5	9.8	9.2	6.6	6.6	6.6	9.3	7.6
Fluids & Mechanical Solutions	11.0	12.9	13.1	13.1	12.1	12.5	13.9	12.7
Industrial Components	11.6	11.3	11.2	10.2	11.0	11.2	11.1	8.8
Measurement & Sensor Technology	16.8	17.1	19.2	16.6	15.1	17.3	15.2	12.4
Special Products	11.3	14.2	13.7	15.4	13.8	14.3	16.0	15.6
	7.6	12.4	12.2	11.5	11.2	11.9	12.2	10.5

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Acquisition

Acquisitions 2017

All of the shares were acquired in RS Technics BV (Netherlands), Sunflower Medical Ltd (UK), Ellard Ltd (UK), Türenfabrik Safenwil AG (Switzerland), Pro-Flex AS (Norway), MaxxVision GmbH (Germany), Wennerström Ljuskontroll AB (Sweden), Elma Instruments A/S (Denmark), Young Black Ltd (UK), Tubeworkx B.V. (Netherlands), Inovatools Group (Germany), and Tradinco Instrumenten-Apparaten B.V. (Netherlands).

Flow Technology

On 10 April 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 MaxxVision GmbH (Germany) was acquired, with annual sales of SEK 80 million. The company offers image handling technology for industries and visual communication.

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

On 6 July Elma Instruments A/S (Denmark) was acquired, with annual sales of SEK 180 million. The company offers testing and measurement instruments for thermal imaging, monitoring and ventilation, among other things.

Measurement & Sensor Technology

On 10 January 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 Sunflower Medical Ltd (UK) was acquired, with annual sales of SEK 50 million. The company is a leading UK manufacturer of healthcare equipment. Its product portfolio ranges from medicine dispense cabinets to specialty equipment for examination rooms.

On 13 February 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 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.

On 14 July Young Black Ltd (UK) was acquired, 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 Tubeworkx B.V. (Netherlands) was acquired, with annual sales of SEK 50 million. The company processes straight tubing into advanced components through bending, welding and cold forming.

On 27 November Inovatools Group (Germany) was acquired, with annual sales of SEK 330 million. The company manufactures metalcutting tools centred around solid carbide end mills and tools.

On 22 December Tradinco Instrumenten-Apparaten B.V. (Netherlands) was acquired, with annual sales of SEK 70 million. The company designs, manufactures and distributes test and calibration equipment as well as sensors for industrial customers.

Acquired assets 2017

Preliminary purchase price allocation

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 128 million	1,198
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Acquired assets	Book value	Fair value adjustment	Fair value
Goodwill	-	461	461
Agencies, trademarks, customer relations, licences, etc.	58	455	513
Property, plant and equipment	120	4	124
Financial assets	3	-	3
Inventories	221	-	221
Other current assets ¹⁾	269	-	269
Cash and cash equivalents	113	-	113
Deferred tax liability	-3	-112	-115
Provisions including pension liabilities	-5	-	-5
Other operating liabilities	-380	-	-380
Non-controlling interests	-6	-	-6
	390	808	1,198

¹⁾ 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 33 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 128 million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 132 million. If the conditions are not met, the outcome can be in the range of SEK 0–132 million.

Transaction costs for the acquisitions carried out during the year totalled SEK 15 million (8) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated in the amount of SEK 30 million (32). Income recognised as a result of this restatement is reported under Other income and expenses in the amount of SEK 30 million (31) and under Net financial items in the amount of SEK 0 million (1).

The purchase price allocation calculation for the Scanmaskin Group, which was acquired in November 2016, has now been finalised. 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	1,198
Purchase price not paid out	-128
Cash and cash equivalents in acquired companies	-113
Payments pertaining to previous years' acquisitions	50
Total cash flow impact	1,007

Effects on acquisitions carried out in 2016 and 2017

SEK million Business area	Net Sales		EBITA	
	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Engineering & Equipment	-	-	-	-
Flow Technology	17	59	0	6
Fluids & Mechanical Solutions	9	197	1	25
Industrial Components	95	238	8	21
Measurement & Sensor Technology	5	102	4	29
Special Products	156	536	15	71
Effect on Group	282	1,132	28	152
Acquisitions carried out in 2016	9	499	1	81
Acquisitions carried out in 2017	273	633	27	71
Effect on Group	282	1,132	28	152

If all acquired units had been consolidated as from 1 January 2017, net sales for the year would have amounted to SEK 15,410 million, and EBITA would have totalled SEK 1,668 million.

Acquisitions after the end of the reporting period

No acquisitions have been made after the balance sheet date.

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Share data

The share capital amounted to SEK 242 million at the end of the interim period

Number of shares outstanding before exercise of warrants	120,000,000
Number of newly subscribed shares	798,600
Total number of shares outstanding after new issues	120,798,600

LTI 2014

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. Shares can be subscribed during specially stipulated subscription periods through Friday, 18 May 2018.

LTI 2017

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. Shares can be subscribed during specially stipulated subscription periods through Friday, 20 May 2022.

Outstanding incentive programmes

Outstanding programmes	Number of subscribed warrants	Corresponding no. shares	% of total shares	Price per warrant, SEK	Original subscription price, SEK	Recalculated subscription price, SEK	Number of exercised warrants	Number of newly subscribed shares	Subscription period
2017/2022, Series I	526,000	526,000	0.4%	15.0	244.90	-	-	-	27 April 2020 – 20 May 2022
2017/2022, Series II	60,000	60,000	0.0%	13.4	276.8	-	-	-	27 April 2020 – 20 May 2022
2014/2018, Series I	257,500	772,500	0.6%	15.2	356.3	118.8	240,300	720,900	11 May 2017 – 18 May 2018
2014/2018, Series II	27,500	82,500	0.1%	11.6	350.0	116.7	25,900	77,700	11 May 2017 – 18 May 2018

Dilutive effects

	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Average number of shares before dilution, '000	120,777	120,000	120,457	120,000
Number of shares that give rise to dilutive effect as a result of incentive programmes, '000	36	276	160	251
Average number of shares after dilution, '000	120,813	120,276	120,617	120,251
Dilutive effect, %	0.03	0.23	0.13	0.21
Number of shares at end of period, '000	120,799	120,000	120,799	120,000

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]

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.

The Group's assets and liabilities measured at fair value

SEK million	31 Dec 2017			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	-	-	14	14
Derivative instruments held for hedging purposes	-	5	-	5
Liabilities				
Derivative instruments held for hedging purposes	-	5	-	5
Contingent consideration	-	-	185	185

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

Contingent earn-out payments	2017	2016
SEK million	31 Dec	31 Dec
Opening book value	129	259
Acquisitions during the year	128	72
Consideration paid	-47	-174
Reclassified via income statement	-30	-32
Interest expenses	3	3
Exchange rate differences	2	1
Closing book value	185	129

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Parent company income statement – condensed

SEK million	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales	5	4	5	4
Gross profit	5	4	5	4
Administrative expenses	-18	-14	-79	-64
Operating profit	-13	-10	-74	-60
Financial income/expenses	-1	1	-13	-10
Profit from participation in Group companies	-	-3	753	664
Profit after financial items	-14	-12	666	594
Appropriations	594	484	594	484
Income Tax	-128	-105	-114	-92
Net profit for the period	452	367	1,146	986
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0

Parent company balance sheet – condensed

SEK million	2017 31 Dec	2016 31 Dec
Intangible assets	0	0
Property, plant and equipment	1	1
Financial assets	5,408	4,584
Current receivables	4,496	3,894
Cash and cash equivalents	0	0
Total assets	9,905	8,479
Equity	4,390	3,517
Untaxed reserves	589	553
Non-current interest-bearing liabilities and pension liabilities	1,080	1,822
Other non-current liabilities and provisions	5	13
Current interest-bearing liabilities	3,529	2,391
Current noninterest-bearing liabilities	312	183
Total equity and liabilities	9,905	8,479

Pro forma Business Areas according to new structure valid from 1 January 2018

Net sales, SEK million	2017					2016				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	1,695	416	391	430	458	1,733	426	399	447	461
DACH	945	280	218	231	216	815	221	204	197	193
Finland	1,729	461	415	452	401	1,537	415	389	397	336
Flow Technology	3,135	794	810	799	732	2,931	751	723	765	692
Fluids & Mechanical Solutions	1,859	474	441	487	457	1,558	445	385	404	324
Industrial Components	2,924	831	719	706	668	2,501	690	596	649	566
Measurement & Sensor Technology	1,675	447	399	434	395	1,268	402	328	297	241
UK	932	243	251	220	218	647	158	159	172	158
Parent company and Group items	-47	-14	-11	-10	-12	-35	-9	-7	-11	-8
	14,847	3,932	3,633	3,749	3,533	12,955	3,499	3,176	3,317	2,963

EBITA, SEK million	2017					2016				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	237	49	52	60	76	288	65	54	87	82
DACH	79	15	21	23	20	74	23	18	18	15
Finland	179	43	53	51	32	124	29	42	38	15
Flow Technology	343	82	99	91	71	303	72	76	88	67
Fluids & Mechanical Solutions	233	52	57	64	60	199	54	48	56	41
Industrial Components	324	96	81	79	68	265	76	67	72	50
Measurement & Sensor Technology	291	75	70	80	66	188	60	53	45	30
UK	127	29	34	30	34	88	17	22	21	28
Parent company and Group items	-200	-142	-17	-20	-21	-45	-5	-3	-20	-17
	1,613	299	450	458	406	1,484	391	377	405	311

EBITA margin, %	2017					2016				
	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Total	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	14.0	11.8	13.3	14.0	16.6	16.6	15.3	13.5	19.5	17.8
DACH	8.4	5.4	9.6	10.0	9.3	9.1	10.4	8.8	9.1	7.8
Finland	10.4	9.3	12.8	11.3	8.0	8.1	7.0	10.8	9.6	4.5
Flow Technology	10.9	10.3	12.2	11.4	9.7	10.3	9.6	10.5	11.5	9.7
Fluids & Mechanical Solutions	12.5	11.0	12.9	13.1	13.1	12.8	12.1	12.5	13.9	12.7
Industrial Components	11.1	11.6	11.3	11.2	10.2	10.6	11.0	11.2	11.1	8.8
Measurement & Sensor Technology	17.4	16.8	17.5	18.4	16.7	14.8	14.9	16.2	15.2	12.4
UK	13.6	11.9	13.5	13.6	15.6	13.6	10.8	13.8	12.2	17.7
	10.9	7.6	12.4	12.2	11.5	11.5	11.2	11.9	12.2	10.5

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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:

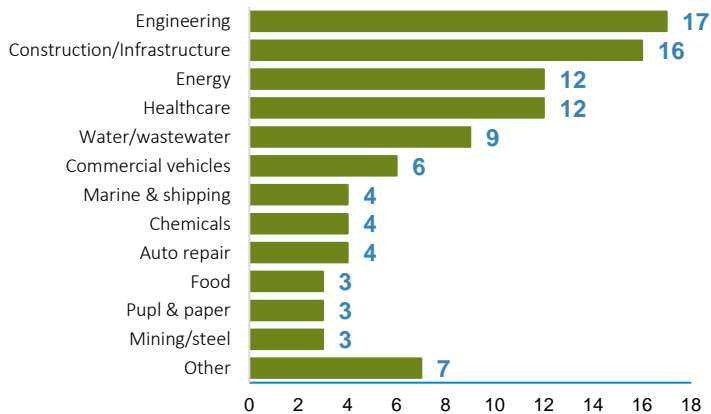
- High-tech products for recurring needs
- Growth through a structured and tried-and-tested acquisition strategy
- A decentralised organisation characterised by an entrepreneurial spirit

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

Effective 1 January 2018, Indutrade is organised in eight business areas: Benelux, DACH, Finland (previously Engineering & Equipment), Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK.

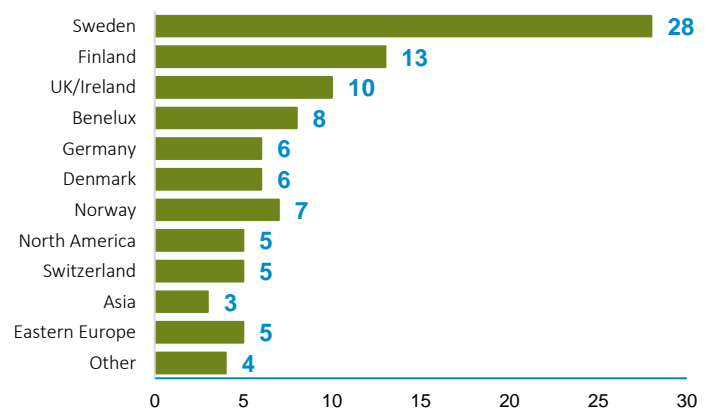
The Group's financial targets (per year across a business cycle) are to grow by a minimum of 10%, to attain a minimum EBITA margin of 10% and a minimum return on operating capital of 20%, at the same time that the net debt/equity ratio is kept below 100%.

Net sales per customer segment, % ¹⁾



¹⁾Financial year 2017

Net sales per market, % ¹⁾



This is an unofficial translation of the original Swedish text. In the event of any discrepancy between the English translation and the Swedish original, the Swedish version shall govern.

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