

# Interim report first quarter

1 January – 31 March 2019

## First quarter 2019

- Order intake rose 10% to SEK 4,610 million (4,173). For comparable units the increase was 5%.
- Net sales rose 12% to SEK 4,366 million (3,897). For comparable units the increase was 6%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 19% to SEK 537 million (451), corresponding to an EBITA margin of 12.3% (11.6%).
- Profit for the quarter grew 19% to SEK 350 million (293), and earnings per share were SEK 2.90 (2.42).



## Financial Development

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Order intake	4,610	4,173	10%	17,510	17,073
Net sales	4,366	3,897	12%	17,317	16,848
Operating profit	469	391	20%	1,903	1,825
EBITA	537	451	19%	2,173	2,087
EBITA margin, %	12.3	11.6		12.5	12.4
Profit before taxes	442	371	19%	1,821	1,750
Net profit	350	293	19%	1,425	1,368
Earnings per share before dilution, SEK	2.90	2.42	20%	11.79	11.31
Return on capital employed, % <sup>1)</sup>	21	19		21	21
Cash flow from operating activities	168	4		1,524	1,360
Net debt/equity ratio, %	76	72		76	63

<sup>1)</sup> Previously called operating capital.

# Q1

## CEO's message

*Indutrade started out 2019 with continued good growth and positive margin development.*

### First quarter

The market situation remained favourable during the first quarter of 2019, and demand in most sectors and market segments was at a stable high level. Demand related to large projects was slightly lower in certain markets and companies. Order intake grew 10% during the quarter, of which 5% was organic. Sales increased by 12%, of which 6% was organic. Organic growth during the quarter was generally good and came from positive development in all our geographic markets.

Order intake for the DACH business area performed strongly during the first quarter of the year through competitive companies concentrated in the chemical and pharmaceutical industries in Switzerland.

Uncertainty surrounding the Brexit negotiations affected the UK business area to a slightly higher extent during the first quarter than previously. Our British companies experienced both positive and negative impacts: higher sales coupled to inventory build-up ahead of potential future re-regulation, and a preference among some customers for other alternatives due to the elevated Brexit risk. On the whole, however, the impact has been limited.

The lower order intake for valves for power generation in autumn 2018 had a negative impact on the Benelux business area's net sales and earnings during the quarter. Order intake for the segment recovered somewhat during the first quarter, and we are working with both short-term and strategic improvement measures.

On the whole, the companies in our business areas showed stable, positive development in order intake, invoicing and earnings during the quarter. It is positive that six of our eight business areas have posted improved earnings. The quarter's EBITA margin of 12.3% (11.6%) is the highest level for a first quarter since the stock market introduction in 2005. Profit before tax for the quarter increased by 19% to SEK 442 m.

Cash flow from operating activities increased during the quarter, mainly driven by the improved earnings. As in the preceding year, working capital increased during the first quarter, partly owing to higher volumes and partly to higher capacity utilisation by many of our companies, customers and suppliers.

During the quarter, Indutrade became a signatory of the UN's Global Compact sustainability initiative. In doing so Indutrade has committed itself to working actively with the Global Compact's ten principles for sustainable development in the four areas of human rights, labour, environment and anti-corruption. Leading the Group in a responsible way is crucial for long-term sustainable growth, development and profitability.



### Acquisitions

During the quarter, two acquisitions were carried out, and an additional one was carried out after the end of the quarter. The two acquisitions were of Weldability Sif, a British broad-range supplier of equipment, consumables and education services to the industrial welding market, and the Swedish company STRIHL, a supplier of outdoor light fixtures. After the end of the quarter the Swedish company Acumo was acquired. The company provides automation solutions in the areas of positioning, measurement and detection, and also specialises in sales of alarm sounders and related products, such as strobes and sirens.

We have had a good start to 2019, and with a strong pipeline of projects in various phases, our acquisition opportunities remain good.

### Outlook

We are monitoring the market situation continuously and believe that on the whole the business climate remains favourable. The Group's diversified structure, with more than 200 companies in various segments and countries, creates conditions for stability even if the economy slows down. Indutrade is well-poised for the future, and its prospects for continued positive development and to create sustainable, profitable growth are favourable.

Bo Annvik, President and CEO

## Group performance

### Order intake

Order intake exceeded invoicing by 6% during the first quarter and totalled SEK 4,610 million (4,173), an increase of 10%. For comparable units, order intake increased by 5%, while acquired growth was 4% and divestments affected growth by -2%. Currency movements had a positive effect on order intake of 3%.

Demand and the rate of growth remained strong and stable during the quarter. Most positive was organic development in the UK and DACH business areas. As in the preceding year, growth in the UK business area was broad-based and strong. In the DACH business area, orders from the process industry in Switzerland, in particular, contributed to the favourable performance. Negative organic development was noted during the quarter in the Benelux and Measurement & Sensor Technology business area. The weak performance is mainly explained by a strong quarter a year ago, when a number of large orders were booked.

### Net sales

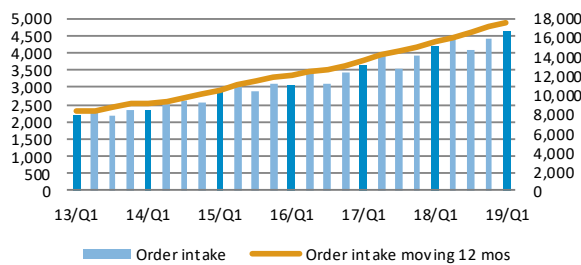
Net sales rose 12% during the first quarter of the year to SEK 4,366 million (3,897). Sales for comparable units increased by 6%, acquisitions contributed 5%, and divestments had a negative effect of -2%. Currency movements had a positive effect on net sales of 3%.

All of the business areas showed organic growth in net sales during the first quarter, except for Benelux. The UK and Industrial Components business areas showed the strongest performance. The positive development in the UK business area continued to be broad-based and can be credited to well-positioned companies – both export- and domestic-oriented. The negative performance in the Benelux business area is attributable to a drop in net sales for valves for power generation. Order intake for these products was weak during the autumn of 2018, resulting in a low orderbook at the start of 2019.

The Industrial Components business area showed the largest improvement for companies in the hydraulics, process and chemicals and medical technology segments.

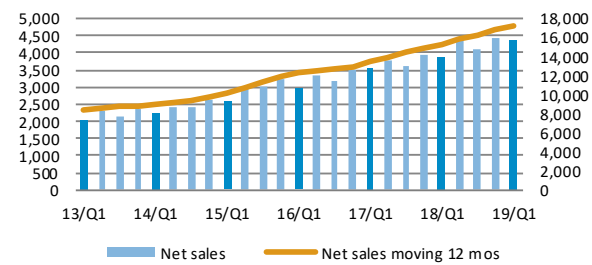
### Order intake

SEK million

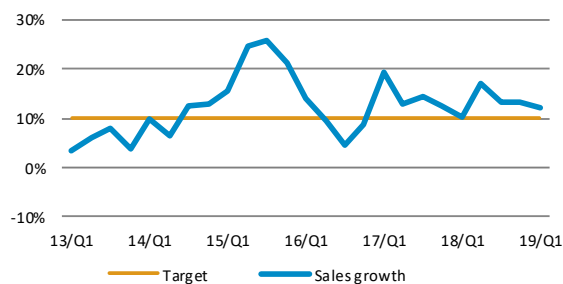


### Net Sales

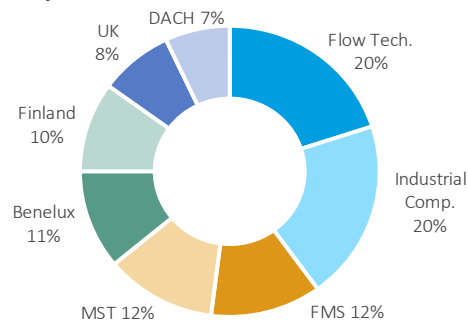
SEK million



### Sales growth



### Net Sales per Business Area



# Q1

## Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 537 million (451) for the first quarter of the year, an improvement of 19%. The increase for comparable units was 8%, acquisitions contributed 6%, divestments contributed 1%, and currency movements had a positive effect on EBITA of 4%. The EBITA margin increased to 12.3% (11.6%).

The gross margin for the Group was 34.1% (34.6%) for the first quarter. The decrease is mainly explained by a strong comparable number from the preceding year owing to several projects and orders with favourable margins.

Operating margins for most of the business areas improved during the quarter. The largest improvement was noted by Flow Technology, mainly owing to favourable and broad-based organic growth, however, acquisitions and divestments also made a positive contribution. The weaker order intake in autumn 2018 for valves for power generation led to lower net sales and earnings during the quarter for the Benelux business area.

Net financial items for the first quarter amounted to SEK -27 million (-20). Higher interest expenses in connection with adoption of IFRS 16 were the main reason for the worsening. Tax on profit for the quarter was SEK -92 million (-78), corresponding to a tax charge of 21% (21%).

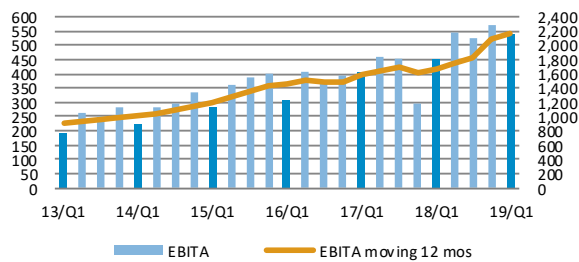
Profit for the quarter grew 19% to SEK 350 million (293). Earnings per share before dilution increased by 20% to SEK 2.90 (2.42).

## Return

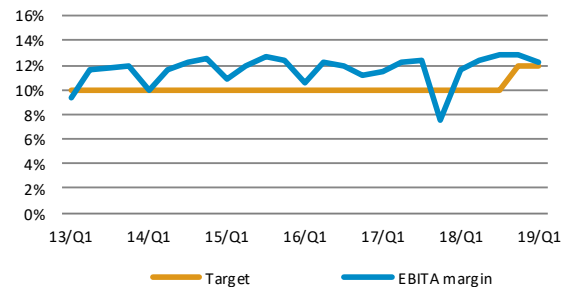
The return on capital employed (previously called operating capital) increased to 21% (19%), and the return on equity increased to 24% (21%). The improvements are mainly explained by the fact that the comparison returns for the preceding year were weighed down by restructuring costs for the Sander Meson Group. Adoption of IFRS 16 had a marginal negative effect.

### EBITA

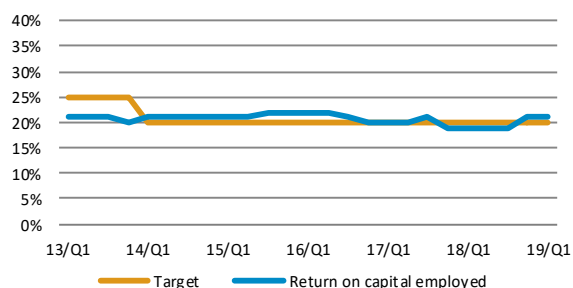
SEK million



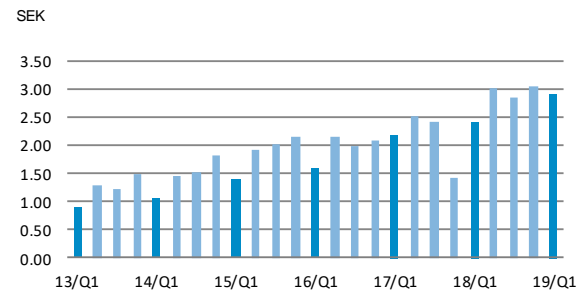
### EBITA margin



### Return



### Earnings per share



## Business Areas

### Benelux

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the energy, construction & infrastructure, and healthcare. Product areas include valves, hydraulic and industrial equipment, and measurement technology. The business area has strong market positions in the Benelux area (Belgium, the Netherlands and Luxembourg).

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	472	480	-2%	2,037	2,045
EBITA	61	77	-21%	290	306
EBITA margin, %	12.9	16.0		14.2	15.0

Net sales decreased by -2% during the quarter to SEK 472 million (480). For comparable units, sales decreased by -9%, acquisitions contributed 3%, and currency movements had a positive effect of 4%.

The market situation remained strong and stable for most of the business area's companies. The drop in net sales is attributable to lower sales of valves for power generation. Order intake for these products was weak in autumn 2018, resulting in a low orderbook at the start of 2019. Order intake recovered during the first quarter.

Order intake during the quarter was 18% higher than invoicing.

EBITA for the quarter decreased by -21% to SEK 61 million (77), corresponding to an EBITA margin of 12.9% (16.0%). For comparable units, EBITA decreased by -28%, acquisitions contributed 4%, and currency movements had a positive effect of 3%.

The weak EBITA performance is entirely attributable to the lower sales and production of valves for power generation.

### DACH

This business area includes companies that offer custom manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the construction & infrastructure, engineering, healthcare and chemical industries. Product areas include construction material, hydraulic and industrial equipment and valves. Each of the individual companies has a strong market position in the DACH area (Germany, Austria and Switzerland), and most companies are market leaders in their fields.

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	305	296	3%	1,234	1,225
EBITA	29	30	-3%	125	126
EBITA margin, %	9.5	10.1		10.1	10.3

Net sales increased by 3% during the quarter to SEK 305 million (296). For comparable units, net sales increased by 4%, acquisitions had a negative effect of -7%, and currency movements had a positive effect of 6%.

Demand remained strong during the quarter for most of the business area's companies. Order intake was 22% higher than invoicing and included, among other things, several large orders from the process industry in Switzerland.

EBITA for the quarter decreased by -3% to SEK 29 million (30), and the EBITA margin was 9.5% (10.1%). For comparable units, EBITA decreased by -12%, divestments had a positive effect of 4%, and currency movements had a positive effect of 5%.

The lower result was attributed to a few specific companies with a weaker development during the quarter.

# Q1

## Finland

The Finland business area includes companies that offer sales of components as well as customisation, combinations and installations of products from various suppliers. Customers are in the construction & infrastructure, engineering, water/wastewater, energy and chemical industries. Products range from hydraulics and industrial equipment to measurement technology, valves, service, filters and process technology. The business area has a strong market position in Finland.

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	418	397	5%	1,764	1,743
EBITA	43	38	13%	218	213
EBITA margin, %	10.3	9.6		12.4	12.2

Net sales increased by 5% during the quarter to SEK 418 million (397). For comparable units, net sales increased by 7%, divestments had a negative effect of -7%, and currency movements had a positive effect of 5%.

Demand remained at a stable high level during the quarter.

Order intake was 1% lower than invoicing during the quarter

EBITA for the quarter increased by 13% to SEK 43 million (38), and the EBITA margin was 10.3% (9.6%). For comparable units, EBITA increased by 7%, divestments had a positive effect on EBITA of 1%, and currency movements had a positive effect of 5%.

The improved EBITA margin is mainly attributable to completed divestments.

## Flow Technology

Companies in this business area offer components and systems for controlling, measuring, monitoring and regulating flows. The business area includes companies that specialise in various areas of industrial flow technology. Customers are in the process industry, food and pharmaceutical industries, water/wastewater, energy and marine industries. Product areas include valves, pipes and pipe systems, measurement technology, pumps, hydraulics and industrial equipment. The business area has a strong market position especially in Sweden, but also in the Northern Europe.

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	890	770	16%	3,611	3,491
EBITA	105	74	42%	445	414
EBITA margin, %	11.8	9.6		12.3	11.9

Net sales increased by 16% during the quarter to SEK 890 million (770). For comparable units, net sales increased by 7%, acquisitions contributed 6%, and currency movements had a positive effect of 3%. Divestments had a marginal effect.

Demand remained favourable for most of the business area's companies.

Order intake was 10% higher than invoicing during the quarter.

EBITA for the quarter increased by 42% to SEK 105 million (74), corresponding to an EBITA margin of 11.8% (9.6%). For comparable units, EBITA increased by 24%, acquisitions contributed 12%, and divestments had a positive effect of 2%. Currency movements had a positive effect of 4%.

The improvement in the EBITA margin during the quarter is mainly driven by higher volumes, while acquisitions and divestments also had a positive effect.

## Fluids & Mechanical Solutions

Companies in this business area offer hydraulic and mechanical components to industries in the Nordic countries, other European countries and North America. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customer segments include construction & infrastructure, auto repair, engineering, water/wastewater and commercial vehicles. Key product areas are filters, hydraulics, tools & transmission, industrial springs, valves, water and wastewater fittings, steel profiles, compressors, folding and movable walls, product labelling and construction plastics. The business area has a strong market position in the Nordic countries.

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	505	477	6%	2,008	1,980
EBITA	75	65	15%	272	262
EBITA margin, %	14.9	13.6		13.5	13.2

Net sales increased by 6% during the quarter to SEK 505 million (477). For comparable units, net sales increased by 7%, acquisitions contributed 1%, and divestments had a negative effect of -4%. Currency movements had a positive effect on net sales of 2%.

The business climate remained positive during the quarter in most of the business area's segments. Companies in the filters, hydraulics and infrastructure segments had particularly strong performance.

Order intake was 1% higher than invoicing during the quarter.

EBITA increased by 15% during the quarter to SEK 75 million (65), and the EBITA margin was 14.9% (13.6%). For comparable units, EBITA increased by 14%, acquisitions contributed 1%, and divestments had a negative effect of -1%. Currency movements had a positive effect of 1%.

The improvement in the EBITA margin during the quarter was mainly driven by higher volumes, but also by completed divestments.

## Industrial Components

Companies in this business area are mainly technical trading companies and offer a wide range of technically advanced components and systems for industrial production and maintenance, and medical technology equipment. The products consist mainly of consumables. Its customers exist in the following segments: engineering, healthcare, construction and infrastructure. The product areas include hydraulics and industrial equipment, chemical technology and fasteners. The business area has a strong market position in the Nordic countries.

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	890	788	13%	3,473	3,371
EBITA	108	85	27%	423	400
EBITA margin, %	12.1	10.8		12.2	11.9

Net sales increased by 13% during the quarter to SEK 890 million (788). The increase for comparable units was 10%, acquisitions contributed 2%, and currency movements had a positive effect of 1%.

Net sales improved mainly owing to companies in the hydraulics, process and chemical, and medical technology segments.

Order intake was 1% higher than invoicing during the quarter.

EBITA increased by 27% during the quarter to SEK 108 million (85), and the EBITA margin was 12.1% (10.8%). EBITA for comparable units increased by 24%, while acquisitions contributed 1%. Currency movements had a positive effect of 2%.

The improved EBITA margin for the quarter is mainly attributable to the increase in net sales and good cost control.

# Q1

## Measurement & Sensor Technology

Companies in this business area sell measurement instruments, measurement systems, sensors, control and regulating technology, and monitoring equipment for various industries. All of the business area's companies have proprietary products based on advanced technological solutions and own development, design and manufacturing. Its customers exist in a variety of areas, such as various types of manufacturing industries like electronics, vehicles and energy. Companies in this business area work globally and have the entire world as the market for their products, with established production and sales companies on four continents.

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	542	418	30%	1,987	1,863
EBITA	90	65	38%	347	322
EBITA margin, %	16.6	15.6		17.5	17.3

Net sales increased by 30% during the quarter to SEK 542 million (418). For comparable units, net sales increased by 9%, acquisitions contributed 16%, and currency movements had a positive effect of 5%.

Demand remained strong during the quarter for most of the business area's companies.

Invoicing was 7% higher than order intake during the quarter, which is explained by a high order intake at the end of last year.

EBITA increased by 38% during the quarter to SEK 90 million (65), and the EBITA margin was 16.6% (15.6%). For comparable units, EBITA increased by 18%, acquisitions contributed 16%, and currency movements had a positive effect of 4%.

The improved EBITA margin was mostly organic and mainly attributable to higher invoicing.

## UK

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. They have a considerable amount of own manufacturing and proprietary products. Customer segments include construction and infrastructure, engineering and commercial vehicles. Examples of product areas are springs, piston rings, press work, valve channels, pipes and pipe systems. The individual companies all have strong market positions in the UK, and most are market leaders in their respective niches.

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	359	280	28%	1,262	1,183
EBITA	51	42	21%	184	175
EBITA margin, %	14.2	15.0		14.6	14.8

Net sales increased by 28% during the quarter to SEK 359 million (280). For comparable units, net sales increased by 11%, acquisitions contributed 11%, and currency movements had a positive effect of 6%.

Demand continued to be broad-based and strong during the quarter for both domestic- and export-oriented companies. The impact of Brexit is considered to have been marginal during the quarter.

Order intake was 10% higher than invoicing during the quarter.

EBITA increased by 21% during the quarter to SEK 51 million (42), and the EBITA margin was 14.2% (15.0%). For comparable units, EBITA increased by 4%, acquisitions contributed 11%, and currency movements had a positive effect of 6%. EBITA was affected only marginally by acquisitions.

The weaker EBITA margin is mainly attributable to a less favourable product and customer mix than a year ago and a few one-off items.



## Other financial information

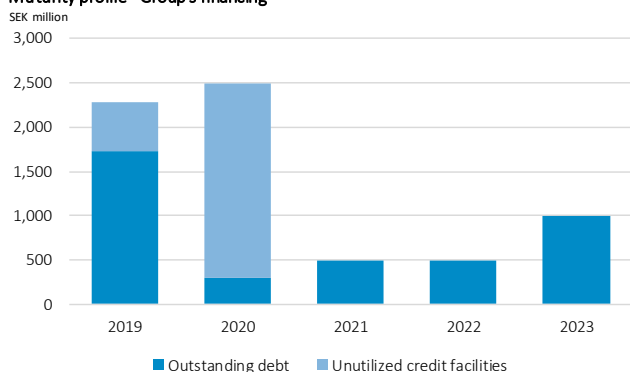
### Financial position

Shareholders' equity amounted to SEK 6,660 million (5,654), and the equity ratio was 43% (42%).

Cash and cash equivalents amounted to SEK 465 million (511). In addition to this, the Group had unutilised credit promises of SEK 2,753 million (2,854). Interest-bearing net debt amounted to SEK 5,089 million (4,078) at the end of the period. Most of the increase is attributable to adoption of IFRS 16, which increased liabilities by approximately SEK 820 million.

The net debt/equity ratio was 76% at end of the period (72%). Excluding IFRS 16, the net debt/equity ratio is estimated to be approximately 64%.

**Maturity profile - Group's financing <sup>1)</sup>**



<sup>1)</sup> Pertains to the Parent Company, which is responsible for most of the Group's financing. Excluding leasing according to IFRS 16.

### Cash flow, capital expenditures and depreciation

Cash flow from operating activities amounted to SEK 168 million (4) for the interim period January–March. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment, excluding company acquisitions, was SEK 89 million (-66). The increase is mainly attributable to higher earnings. As in the preceding year, working capital increased during the first quarter, partly driven by higher volumes and partly by high capacity utilisation among many companies, customers and suppliers.

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 79 million (70). Depreciation of property, plant and equipment totalled SEK 128 million (55). Investments in company acquisitions amounted to SEK 283 million (172). In addition, earn-out payments for previous years' acquisitions totalled SEK 75 million (66). Divestments amounted to SEK 20 million (18).

### Employees

The number of employees was 6,886 at the end of the period, compared with 6,778 at the start of the year. A total of 59 employees were added during the period through acquisitions.

### Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2019.

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
March	Wholesale Welding Supplies Ltd (Weldability Sif)	UK	100	42
March	STRIHL Scandinavia AB	Fluids & Mechanical Solutions	60	17
<b>Total</b>			<b>160</b>	<b>59</b>

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

Further information about completed company acquisitions can be found on page 19 of this interim report.

# Q1

## Events after the end of the reporting period

On 1 April the companies Acumo AB and Acumo Communication Solution Nordic AB were acquired, see page 20.

## 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 0 million (0) during the period January–March. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period January–March the Parent Company acquired shares in one company. The Parent Company has not made any major investments in intangible assets or in property, plant and equipment. The number of employees on 31 March was 16 (13).

## Risks and uncertainties

The Indutrade Group conducts business through more than 200 companies in some 30 countries on four continents. 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 2018 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 2018 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 for the Group and Parent Company in this report as those used in the most recent annual report, except for the changed accounting principles described below.

The new leasing standard IFRS 16, which has been endorsed by the EU, replaced IAS 17 on 1 January 2019. The standard entails changes primarily for lessees in that the breakdown of leases into operating and finance leases has been removed. Lessees recognise a right-of-use asset that represents a right to use the underlying asset and a lease liability that represents an obligation to make lease payments per lease contract. In the income statement, interest and depreciation are to be reported instead of leasing costs.

Indutrade has reported the transition using the simplified method, which doesn't require restated comparative financial information. Right-of-use assets are measured from the inception date of the contract.

Short-term leases and contracts with a low right-of-use asset value are not reported. Only identifiable assets are included as right-of-use assets and lease liabilities, therefore lease payments for e.g., service contracts with non-identifiable assets are recognised directly through the income statement.

Indutrade's leases are primarily for rental of premises. The standard has been assessed to have had the following impact on the balance sheet as per 1 January 2019: an increase in right-of-use assets, reported as property, plant and equipment, by SEK 807 million, an increase in lease liabilities, reported as current and non-current interest-bearing liabilities, by SEK 842 million, a decrease in equity by SEK 28 million, and an increase in deferred tax assets by SEK 7 million.

During the first quarter of 2019 IFRS 16 has resulted in an approximate increase of depreciation of property, plant and equipment by SEK 67 million and interest expense by SEK 5 million. These were previously recognised as external operating costs.

In cases where interest has not been specified in the lease contract, an interest rate has been set per currency whereby Indutrade has used a risk-free interest rate with a duration that corresponds to the average term for leases as the basis. A premium has been added to cover the Group's and subsidiaries' assessed credit risk. An adjustment has also been made based on the type of asset.

## Financial Calendar

- The interim report for 1 January–30 June 2019 will be published on 18 July 2019.
- The interim report for 1 January–30 September 2019 will be published on 25 October 2019.

Stockholm 25 April 2019  
Indutrade AB (publ)

Bo Annvik  
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 Swedish Securities Market Act. The information was submitted for publication by the agency of the following contact persons at 12 a.m. (CET) on 25 April 2019.

### Further information

For further information, please contact:  
Bo Annvik, President and CEO, tel.: +46 8 703 03 00, Patrik Johnson, CFO, tel.: +46 70 397 50 30, or Frida Adrian, Vice President Communications, Sustainability and IR, tel.: +46 70 930 93 24

### This report will be commented upon as follows:

The report will be presented via a webcast at 3 p.m. (CET) on 25 April via the following link:  
<http://event.on24.com/wcc/r/1980980-1/03B5F5697E1B5200F1B20B5C76A614A3>

To participate in the conference call and to ask questions, please call:  
SE: +46 8 566 42 692  
UK: +44 333 300 9273  
USA: +1 646 722 4903

# Q1

## Indutrade consolidated income statement – condensed

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	4,366	3,897	17,317	16,848
Cost of goods sold	-2,877	-2,549	-11,427	-11,099
<b>Gross profit</b>	<b>1,489</b>	<b>1,348</b>	<b>5,890</b>	<b>5,749</b>
Development costs	-53	-48	-209	-204
Selling costs	-715	-663	-2,789	-2,737
Administrative expenses	-260	-244	-1,007	-991
Other operating income and expenses	8	-2	18	8
<b>Operating profit</b>	<b>469</b>	<b>391</b>	<b>1,903</b>	<b>1,825</b>
Net financial items	-27	-20	-82	-75
<b>Profit before taxes</b>	<b>442</b>	<b>371</b>	<b>1,821</b>	<b>1,750</b>
Income Tax	-92	-78	-396	-382
<b>Net profit for the period</b>	<b>350</b>	<b>293</b>	<b>1,425</b>	<b>1,368</b>
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	350	292	1,425	1,367
Non-controlling interests	0	1	0	1
	<b>350</b>	<b>293</b>	<b>1,425</b>	<b>1,368</b>
<b>EBITA</b>	<b>537</b>	<b>451</b>	<b>2,173</b>	<b>2,087</b>
<i>Operating profit includes:</i>				
Amortisation of intangible assets <sup>1)</sup>	-76	-70	-301	-295
<i>of which attributable to acquisitions</i>	-68	-60	-270	-262
Depreciation of property, plant and equipment	-128	-55	-302	-229
Earnings per share before dilution, SEK	2.90	2.42	11.79	11.31
Earnings per share after dilution, SEK	2.90	2.42	11.79	11.31

<sup>1)</sup> Excluding impairment losses

## Indutrade consolidated statement of comprehensive income

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/19 Moving 12 mos	2018 Jan-Dec
<b>Net profit for the period</b>	<b>350</b>	<b>293</b>	<b>1,425</b>	<b>1,368</b>
<b>Other comprehensive income</b>				
<b>Items that can be reversed into income statement</b>				
Fair value adjustment of hedge instruments	-3	1	-7	-3
Tax attributable to fair value adjustments	1	0	2	1
Exchange rate differences	124	192	66	134
<b>Items that cannot be reversed into income statement</b>				
Actuarial gains/losses	-	-	3	3
Tax on actuarial gains/losses	-	-	-1	-1
<b>Other comprehensive income for the period, net of tax</b>	<b>122</b>	<b>193</b>	<b>63</b>	<b>134</b>
<b>Total comprehensive income for the period</b>	<b>472</b>	<b>486</b>	<b>1,488</b>	<b>1,502</b>
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	472	485	1,488	1,501
Non-controlling interests	0	1	0	1

## Indutrade consolidated balance sheet – condensed

SEK million	2019 31-Mar	2018 31-Mar	2018 31-Dec
Goodwill	3,360	3,013	3,170
Other intangible assets	2,265	2,187	2,169
Property, plant and equipment	2,632	1,701	1,736
Financial assets	161	141	158
Inventories	3,042	2,719	2,834
Accounts receivable, trade	3,104	2,763	2,877
Other receivables	616	469	418
Cash and cash equivalents	465	511	708
<b>Total assets</b>	<b>15,645</b>	<b>13,504</b>	<b>14,070</b>
Equity	6,660	5,654	6,218
Non-current interest-bearing liabilities and pension liabilities	3,421	2,549	2,811
Other non-current liabilities and provisions	637	626	619
Current interest-bearing liabilities	2,133	2,040	1,806
Accounts payable, trade	1,339	1,214	1,168
Other current liabilities	1,455	1,421	1,448
<b>Total equity and liabilities</b>	<b>15,645</b>	<b>13,504</b>	<b>14,070</b>

## Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2019 31-Mar	2018 31-Mar	2018 31-Dec
Opening equity	6,205	5,151	5,151
Total comprehensive income for the period	472	485	1,501
New issues	-	-	7
Dividend <sup>1)</sup>	-	-	-453
Change in accounting method	-28	-	-
Acquisition of non-controlling interests	-2	-	-1
<b>Closing equity</b>	<b>6,647</b>	<b>5,636</b>	<b>6,205</b>
<i>Equity, attributable to:</i>			
Equity holders of the parent company	6,647	5,636	6,205
Non-controlling interests	13	18	13
	<b>6,660</b>	<b>5,654</b>	<b>6,218</b>

<sup>1)</sup> Dividend per share for 2017 was SEK 3.75

# Q1

## Indutrade consolidated cash flow statement – condensed

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/19 Moving 12 mos	2018 Jan-Dec
Operating profit	469	391	1,903	1,825
Non-cash items	204	123	626	545
Interests and other financial items, net	-17	-15	-99	-97
Paid tax	-156	-145	-463	-452
Change in working capital	-332	-350	-443	-461
<b>Cash flow from operating activities</b>	<b>168</b>	<b>4</b>	<b>1,524</b>	<b>1,360</b>
Net capital expenditures in non-current assets	-79	-70	-308	-299
Company acquisitions and divestments	-338	-220	-704	-586
Change in other financial assets	0	1	-1	0
<b>Cash flow from investing activities</b>	<b>-417</b>	<b>-289</b>	<b>-1,013</b>	<b>-885</b>
Debt/repayment of debt, net	21	351	-105	225
Dividend paid out	-	-	-453	-453
Payment for issued warrants	-	-	0	0
New issues	-	-	7	7
<b>Cash flow from financial activities</b>	<b>21</b>	<b>351</b>	<b>-551</b>	<b>-221</b>
<b>Cash flow for the period</b>	<b>-228</b>	<b>66</b>	<b>-40</b>	<b>254</b>
Cash and cash equivalents at start of period	708	464	511	464
Exchange rate differences	-15	-19	-6	-10
<b>Cash and cash equivalents at end of period</b>	<b>465</b>	<b>511</b>	<b>465</b>	<b>708</b>

## Key data

	2019	2018	2018	2017	2016
<b>Moving 12 mos</b>	<b>31-Mar</b>	<b>31-Dec</b>	<b>31-Mar</b>	<b>31-Dec</b>	<b>31-Dec</b>
Net sales, SEK million	17,317	16,848	15,211	14,847	12,955
Sales growth, %	14	13	12	15	9
EBITA, SEK million	2,173	2,087	1,658	1,613	1,484
EBITA margin, %	12.5	12.4	10.9	10.9	11.5
Capital employed at end of period, SEK million <sup>2)</sup>	11,749	10,127	9,732	8,997	8,027
Capital employed, average, SEK million <sup>2)</sup>	10,335	9,839	8,747	8,444	7,491
Return on capital employed, % <sup>1)2)</sup>	21	21	19	19	20
Equity, average, SEK million	6,002	5,715	4,971	4,746	3,976
Return on equity, % <sup>1)</sup>	24	24	21	22	24
Interest-bearing net debt at end of period, SEK million	5,089	3,909	4,078	3,829	3,628
Net debt/equity ratio, %	76	63	72	74	82
Net debt/EBITDA, times	2.0	1.7	2.1	2.1	2.2
Equity ratio, %	43	44	42	41	40
Average number of employees	6,768	6,710	6,348	6,156	5,495
Number of employees at end of period	6,886	6,778	6,655	6,545	5,705
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	11.79	11.31	8.79	8.54	7.80
Earnings per share after dilution, SEK	11.79	11.31	8.78	8.53	7.78
Equity per share, SEK	55.00	51.34	46.66	42.64	36.58
Cash flow from operating activities per share, SEK	12.61	11.26	10.23	12.90	10.06
Average number of shares before dilution, '000	120,846	120,832	120,660	120,457	120,000
Average number of shares after dilution, '000	120,850	120,843	120,746	120,617	120,251
Number of shares at the end of the period, '000	120,855	120,855	120,799	120,799	120,000

Lease liabilities and right-of-use assets according to IFRS 16 are included in the key data as of 2019. The comparative financial information has not been restated.

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

<sup>2)</sup> Previously called operating capital

# Q1

## Business area performance

	2019 Jan-Mar	2018 Jan-Mar	2018/19 Moving 12 mos	2018 Jan-Dec
<b>Net sales, SEK million</b>				
Benelux	472	480	2,037	2,045
DACH	305	296	1,234	1,225
Finland	418	397	1,764	1,743
Flow Technology	890	770	3,611	3,491
Fluids & Mechanical Solutions	505	477	2,008	1,980
Industrial Components	890	788	3,473	3,371
Measurement & Sensor Technology	542	418	1,987	1,863
UK	359	280	1,262	1,183
Parent company and Group items	-15	-9	-59	-53
<b>Total</b>	<b>4,366</b>	<b>3,897</b>	<b>17,317</b>	<b>16,848</b>
<b>EBITA, SEK million</b>				
Benelux	61	77	290	306
DACH	29	30	125	126
Finland	43	38	218	213
Flow Technology	105	74	445	414
Fluids & Mechanical Solutions	75	65	272	262
Industrial Components	108	85	423	400
Measurement & Sensor Technology	90	65	347	322
UK	51	42	184	175
Parent company and Group items	-25	-25	-131	-131
<b>Total</b>	<b>537</b>	<b>451</b>	<b>2,173</b>	<b>2,087</b>
<b>EBITA margin, %</b>				
Benelux	12.9	16.0	14.2	15.0
DACH	9.5	10.1	10.1	10.3
Finland	10.3	9.6	12.4	12.2
Flow Technology	11.8	9.6	12.3	11.9
Fluids & Mechanical Solutions	14.9	13.6	13.5	13.2
Industrial Components	12.1	10.8	12.2	11.9
Measurement & Sensor Technology	16.6	15.6	17.5	17.3
UK	14.2	15.0	14.6	14.8
<b>Total</b>	<b>12.3</b>	<b>11.6</b>	<b>12.5</b>	<b>12.4</b>



## Business area performance per quarter

Net sales, SEK million	2019	2018			
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	472	517	492	556	480
DACH	305	312	301	316	296
Finland	418	443	420	483	397
Flow Technology	890	914	909	898	770
Fluids & Mechanical Solutions	505	499	485	519	477
Industrial Components	890	932	756	895	788
Measurement & Sensor Technology	542	558	452	435	418
UK	359	287	315	301	280
Parent company and Group items	-15	-16	-15	-13	-9
<b>Total</b>	<b>4,366</b>	<b>4,446</b>	<b>4,115</b>	<b>4,390</b>	<b>3,897</b>

EBITA, SEK million	2019	2018			
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	61	76	68	85	77
DACH	29	35	32	29	30
Finland	43	61	61	53	38
Flow Technology	105	119	118	103	74
Fluids & Mechanical Solutions	75	69	58	70	65
Industrial Components	108	108	93	114	85
Measurement & Sensor Technology	90	96	88	73	65
UK	51	38	51	44	42
Parent company and Group items	-25	-34	-44	-28	-25
<b>Total</b>	<b>537</b>	<b>568</b>	<b>525</b>	<b>543</b>	<b>451</b>

EBITA margin, %	2019	2018			
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	12.9	14.7	13.8	15.3	16.0
DACH	9.5	11.2	10.6	9.2	10.1
Finland	10.3	13.8	14.5	11.0	9.6
Flow Technology	11.8	13.0	13.0	11.5	9.6
Fluids & Mechanical Solutions	14.9	13.8	12.0	13.5	13.6
Industrial Components	12.1	11.6	12.3	12.7	10.8
Measurement & Sensor Technology	16.6	17.2	19.5	16.8	15.6
UK	14.2	13.2	16.2	14.6	15.0
<b>Total</b>	<b>12.3</b>	<b>12.8</b>	<b>12.8</b>	<b>12.4</b>	<b>11.6</b>

# Q1

## Disaggregation of revenue

### Net sales per geographic market

#### 2019

Jan-Mar, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Nordic countries	7	2	385	523	360	790	119	22	-7	2,201
Other Europe	409	290	26	306	115	86	217	299	-6	1,742
Americas	17	8	4	5	22	8	145	23	-1	231
Asia	26	3	1	52	6	4	51	11	-1	153
Other	13	2	2	4	2	2	10	4	0	39
	<b>472</b>	<b>305</b>	<b>418</b>	<b>890</b>	<b>505</b>	<b>890</b>	<b>542</b>	<b>359</b>	<b>-15</b>	<b>4,366</b>

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Over time	11	59	0	47	0	32	61	0	-1	209
Point in time	461	246	418	843	505	858	481	359	-14	4,157
	<b>472</b>	<b>305</b>	<b>418</b>	<b>890</b>	<b>505</b>	<b>890</b>	<b>542</b>	<b>359</b>	<b>-15</b>	<b>4,366</b>

#### 2018

Jan-Mar, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Nordic countries	4	1	371	491	311	703	124	15	-3	2,017
Other Europe	382	280	23	250	136	75	148	229	-3	1,520
Americas	35	11	1	5	21	5	97	18	-1	192
Asia	45	3	1	21	8	4	44	14	-1	139
Other	14	1	1	3	1	1	5	4	-1	29
	<b>480</b>	<b>296</b>	<b>397</b>	<b>770</b>	<b>477</b>	<b>788</b>	<b>418</b>	<b>280</b>	<b>-9</b>	<b>3,897</b>

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Over time	15	68	0	7	0	23	45	0	-2	156
Point in time	465	228	397	763	477	765	373	280	-7	3,741
	<b>480</b>	<b>296</b>	<b>397</b>	<b>770</b>	<b>477</b>	<b>788</b>	<b>418</b>	<b>280</b>	<b>-9</b>	<b>3,897</b>

<sup>1)</sup> Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

## Acquisitions

### Acquisitions 2019

All of the shares have been acquired in Wholesale Welding Supplies Ltd (UK) and STRIHL Scandinavia AB (Sweden).

### Fluids & Mechanical solutions

On 4 March STRIHL Scandinavia AB (Sweden) was acquired with annual sales of nearly SEK 60 million. The company is a supplier of LED products for outdoor lighting of roads, streets, parks and sport venues among others.

### UK

On 1 March Wholesale Welding Supplies Ltd (UK) was acquired with annual sales of SEK 100 million. The company is a supplier of equipment, supplies and training services to the industrial welding market.

### Acquired assets and liabilities in 2019

*Preliminary purchase price allocations*

**SEK million**

Purchase price, incl. contingent earn-out payment totalling SEK 50 million			346
	<b>Book value</b>	<b>Fair value adjustment</b>	<b>Fair value</b>
<b>Acquired assets and liabilities</b>			
Goodwill	-	118	118
Agencies, trademarks, customer relations, licences, etc.	1	118	119
Property, plant and equipment	76	-	76
Financial assets	0	-	0
Inventories	59	-	59
Other current assets <sup>1)</sup>	32	-	32
Cash and cash equivalents	4	-	4
Deferred tax liability	-9	-23	-32
Other operating liabilities	-30	-	-30
Non-controlling interests	0	-	0
	<b>133</b>	<b>213</b>	<b>346</b>

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

# Q1

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 0 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 measured at the present value of the likely outcome, which for the acquisitions made during the year to date amount to SEK 50 million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 52 million. If the conditions are not met, the outcome can be in the range of SEK 0–52 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 1 million (1) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been remeasured in the amount of SEK 1 million (3). The revenue from this remeasurement is reported under Other income and expenses in the amount of SEK 1 million (3) and under Net financial items in the amount of SEK 0 million (0).

The purchase price allocation calculations for Zijtveld Grijpers B.V., Gaveco AB and R.A. Howarth Engineering Ltd, which were acquired during the first quarter of 2018, have now been finalised. No significant adjustments have been made to the calculations. For other acquisitions, the purchase price allocation calculations are preliminary. Indutrade regards the calculations as preliminary during the time that uncertainty exists with respect to, for example, the outcome of guarantees in the acquisition agreements concerning inventories and trade receivables.

## Cash flow impact

SEK million	
Purchase price, incl. contingent earn-out payments	346
Purchase price not paid out	-59
Cash and cash equivalents in acquired companies	-4
Payments pertaining to previous years' acquisitions	75
<b>Total cash flow impact</b>	<b>358</b>

## Effects of acquisitions carried out in 2018 and 2019

SEK million Business area	Net sales	EBITA
	Jan-Mar	Jan-Mar
Benelux	14	3
DACH	-	-
Finland	-	-
Flow Technology	45	9
Fluids & Mechanical Solutions	3	1
Industrial Components	12	1
Measurement & Sensor Technology	66	10
UK	30	5
<b>Effect on Group</b>	<b>170</b>	<b>29</b>
<hr/>		
Acquisitions carried out in 2018	158	26
Acquisitions carried out in 2019	12	3
<b>Effect on Group</b>	<b>170</b>	<b>29</b>

If all acquired units had been consolidated as from 1 January 2019, net sales for the period would have amounted to SEK 4,393 million, and EBITA would have totalled SEK 542 million.

## Divestments

In early February an agreement was signed on the divestment of operations in Wilhelm Sander Fertigung GmbH, Germany. Annual sales amounted to SEK 60 million. The divestment is part of the restructuring that was begun in 2017 of the Sander Meson Group.

## Acquisitions after the end of the reporting period

On 1 April the companies Acumo AB and Acumo Communication Solution Nordic AB (Sweden) were acquired, with combined annual sales of SEK 60 million. The companies supply automation solutions in the areas of positioning, measurement and detection.

## Share data

### At the end of the interim period the share capital amounted to SEK 242 million

Number of shares at the beginning of the year	120,855,000
Number of newly subscribed shares	-
<b>Total number of shares outstanding after new issues</b>	<b>120,855,000</b>

### 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 programme	Number of options	Corresponding number of shares	Proportion of total shares	Price per warrant, SEK	Initial exercise price, SEK	Adjusted exercise price, SEK	Number of exercised warrants	Corresponding number of shares	Expiration period
2017/2022, Series I	526,000	526,000	0.4%	15.0	244.9	-	-	-	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

### Dilutive effects

	2019 Jan-Mar	2018 Jan-Mar	2018/19 Moving 12 mos	2018 Jan-Dec
Average number of shares before dilution, '000	120,855	120,799	120,846	120,832
Number of shares that incur a dilutive effect due to incentive programme, '000	4	26	4	11
<b>Average number of shares after dilution, '000</b>	<b>120,859</b>	<b>120,825</b>	<b>120,850</b>	<b>120,843</b>
Dilutive effect, %	0.00	0.02	0.00	0.01
<b>Number of shares at end of the period, '000</b>	<b>120,855</b>	<b>120,799</b>	<b>120,855</b>	<b>120,855</b>

# Q1

## Financial assets and liabilities

31 Mar 2019 SEK million	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Valuation classification	Level 2		Level 3	Level 3			
Other shares and participations	-	-	14	-	-	14	14
Accounts receivable	-	3,104	-	-	-	3,104	3,104
Other receivables	1	9	-	-	-	10	10
Cash and cash equivalents	-	465	-	-	-	465	465
<b>Total</b>	<b>1</b>	<b>3,578</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>3,593</b>	<b>3,593</b>
Non-current interest-bearing liabilities	-	-	-	131	2,987	3,118	3,118
Current interest-bearing liabilities	-	-	-	70	2,063	2,133	2,133
Accounts payable	-	-	-	-	1,339	1,339	1,339
Other liabilities	6	-	-	-	-	6	6
<b>Total</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>201</b>	<b>6,389</b>	<b>6,596</b>	<b>6,596</b>

31 Dec 2018 SEK million	Interest rate swaps and currency forward contracts in hedge accounting	Amortised cost	Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Valuation classification	Level 2		Level 3	Level 3			
Other shares and participations	-	-	14	-	-	14	14
Accounts receivable	-	2,877	-	-	-	2,877	2,877
Other receivables	1	11	-	-	-	12	12
Cash and cash equivalents	-	708	-	-	-	708	708
<b>Total</b>	<b>1</b>	<b>3,596</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>3,611</b>	<b>3,611</b>
Non-current interest-bearing liabilities	-	-	-	96	2,419	2,515	2,513
Current interest-bearing liabilities	-	-	-	119	1,687	1,806	1,806
Accounts payable	-	-	-	-	1,168	1,168	1,168
Other liabilities	4	-	-	-	-	4	4
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>215</b>	<b>5,274</b>	<b>5,493</b>	<b>5,491</b>

Financial instruments are measured at fair value, based on the classification of the fair value hierarchy: other observable data for assets and liabilities than quoted prices [level 2], non-observable market data [level 3].

No transfers were made between levels 2 and 3 during the period. 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.

Contingent earn-out payments SEK million	2019 31-Mar	2018 31-Dec
Opening book value	215	185
Acquisitions during the year	50	119
Consideration paid	-71	-93
Reclassified via income statement	-1	-6
Interest expenses	1	4
Exchange rate differences	7	6
<b>Closing book value</b>	<b>201</b>	<b>215</b>

## Parent company income statement – condensed

SEK million	2019 Jan-Mar	2018 Jan-Mar	2018/19 Moving 12 mos	2018 Jan-Dec
Net sales	-	-	6	6
<b>Gross profit</b>	-	-	<b>6</b>	<b>6</b>
Administrative expenses	-27	-24	-110	-107
Other operating income and expenses	-	-	7	7
<b>Operating profit</b>	<b>-27</b>	<b>-24</b>	<b>-97</b>	<b>-94</b>
Financial income/expenses	-25	-33	-32	-40
Profit from participation in Group companies	-	-	736	736
<b>Profit after financial items</b>	<b>-52</b>	<b>-57</b>	<b>607</b>	<b>602</b>
Appropriations	-	-	594	594
Income Tax	9	12	-106	-103
<b>Net profit for the period</b>	<b>-43</b>	<b>-45</b>	<b>1,095</b>	<b>1,093</b>
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0

## Parent company balance sheet – condensed

SEK million	2019 31-Mar	2018 31-Mar	2018 31-Dec
Intangible assets	0	0	0
Property, plant and equipment	1	1	2
Financial assets	5,653	5,409	5,502
Current receivables	4,986	4,330	5,227
Cash and cash equivalents	0	15	200
<b>Total assets</b>	<b>10,640</b>	<b>9,755</b>	<b>10,931</b>
Equity	4,993	4,346	5,037
Untaxed reserves	647	589	647
Non-current interest-bearing liabilities and pension liabilities	2,362	2,057	2,323
Other non-current liabilities and provisions	5	5	5
Current interest-bearing liabilities	2,506	2,524	2,669
Current non-interest-bearing liabilities	127	234	250
<b>Total equity and liabilities</b>	<b>10,640</b>	<b>9,755</b>	<b>10,931</b>

# Q1

## 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 stakeholders, as they contribute to assessment of the company's performance, trends, ability to repay debt and invest in new business opportunities, and they reflect the Group's acquisition-intensive business model.

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

#### Earnings per share before dilution

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

#### Earnings per share after dilution

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

#### EBITA

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

#### EBITA-margin

EBITA divided by net sales.

#### EBITDA

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

#### Equity per share

Shareholders' equity attributable to owners of the parent divided by the number of shares outstanding.

#### Equity ratio

Shareholders' equity divided by total assets.

#### Gross margin

Gross profit divided by net sales.

#### Interest-bearing net debt

Interest-bearing liabilities including pension liability and estimated earn-outs for acquisitions, less cash and cash equivalents.

#### Net capital expenditures

Purchases less sales of intangible non-current assets and of property, plant and equipment, excluding those included in acquisitions and divestments of subsidiaries and operations.

#### Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

#### Net debt/EBITDA

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

#### Capital employed (previously called 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 capital employed (previously called operating capital)

EBITA calculated on a moving 12-month basis divided by average capital employed 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 by offering them an efficient sales organisation with high technical expertise and well developed customer relationships.

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 eight business areas: Benelux, DACH, Finland, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and UK.

The Group's financial targets are that:

### Sales growth

- Average sales growth shall amount to a minimum of 10% per year over a business cycle. Growth is to be achieved organically as well as through acquisitions.

### EBITA margin

- The EBITA margin shall amount to a minimum of 12% per year (previously 10%) over a business cycle.

### Return on capital employed (previously called operating capital)

- The return on capital employed shall be a minimum of 20% per year on average over a business cycle.

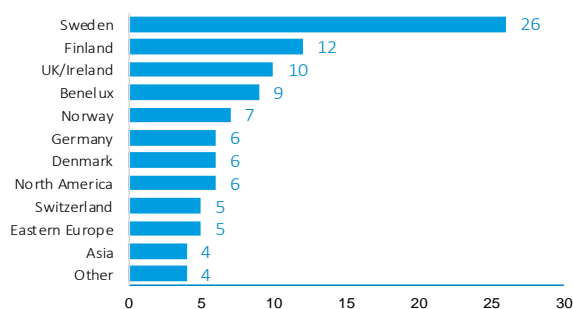
### Net debt/equity ratio

- The net debt/equity ratio should normally not exceed 100%

### Dividend payout ratio

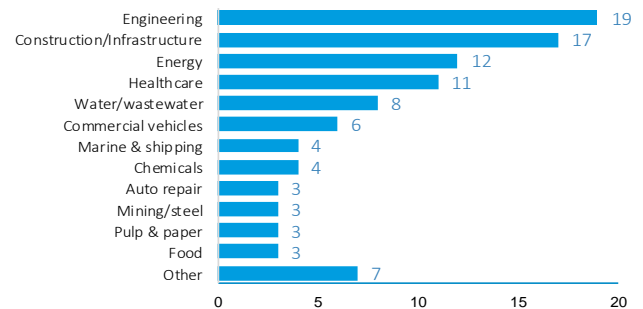
- The dividend payout ratio shall range from 30% to 60% of net profit

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



<sup>1)</sup>Financial year 2018

Net sales per customer segment, % <sup>1)</sup>



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.

### Indutrade AB (publ.)

Reg.nr. 556017-9367. Box 6044, SE-164 06 Kista. Visiting address: Raseborgsgatan 9. Tel: +46 8 703 03 00  
[www.indutrade.com](http://www.indutrade.com)

# Q1

## Indutrade acquires Weldability Sif

On 1 March 2019 Indutrade acquired the British company Weldability Sif (Wholesale Welding Supplies Ltd) [www.weldability-sif.com](http://www.weldability-sif.com). Weldability Sif is a broad-range supplier of equipment, consumables and education services to the industrial welding market. Beyond welding machines, consumables and accessories, the company also provides fume and dust extraction solutions, and workplace environment monitoring and testing services.

With fast, reliable product delivery, dedicated customer service and a fully equipped modern training centre, Weldability Sif is a trusted provider to distributors mainly in the UK.

Weldability Sif has 42 employees and net sales of approximately GBP 8 million.



## Indutrade signs UN's Global Compact (UNGC)

In March 2019 Indutrade signed the UN's Global Compact sustainability initiative. In doing so Indutrade has committed itself to working with the Global Compact's ten principles for sustainable development in the four areas of human rights, labour, environment and anti-corruption.

"The Global Compact's principles have guided Indutrade in its work with sustainability and corporate responsibility for many years, and I am proud that we are now a formal signatory and participants in the Global Compact," commented Bo Annvik, President and CEO of Indutrade. "Running companies in a responsible way is crucial for long-term sustainable growth, development and profitability."



## Acquisition of Swedish company STRIHL

Indutrade has acquired STRIHL Scandinavia AB ([www.strihl.se](http://www.strihl.se)), with annual sales of SEK 60 million.

STRIHL is a leading supplier of outdoor light fixtures. Its offering comprises LED products for outdoor lighting of roads, streets, parks and sports venues.

STRIHL is an innovative company with high-tech products that feature energy efficiency and quality. The company designs and manufactures light poles, high-mast lighting systems and customised light fixtures in its certified and modern production facility in Kungsbacka, Sweden. Customers include municipalities and electrical installers in the Swedish and Finnish markets.

