

Q4 Interim report and Year-End report

1 January – 31 December 2020

Fourth quarter 2020

- Order intake rose 7% to SEK 5,104 (4,752) million. For comparable units, it was an increase of 7%.
- Net sales increased by 3% to SEK 5,028 (4,863) million. For comparable units, it was an increase of 3%.
- EBITA increased by 13% to SEK 712 million (631), corresponding to an EBITA margin of 14.2% (13.0%).
- Profit for the quarter rose 14% to SEK 453 million (399), and earnings per share amounted to SEK 1.24 (1.10).
- Cash flow from operating activities amounted to SEK 792 million (732).

1 January – 31 December 2020

- Order intake rose 5% to SEK 19,595 (18,653) million. For comparable units, it was an increase of 2%.
- Net sales increased by 4% to SEK 19,217 (18,411) million. Comparable units were unchanged.
- EBITA increased by 12% to SEK 2,615 million (2,330), corresponding to an EBITA margin of 13.6% (12.7%).
- Profit for the period grew 13% to SEK 1,669 million (1,483), and earnings per share amounted to SEK 4.60 (4.09).
- Cash flow from operating activities amounted to SEK 2,780 million (1,922).
- The Board of Directors proposes a dividend of SEK 1.80 (-) per share, corresponding to 39% (-) of earnings per share.



Financial Development

SEK million	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Order intake	5,104	4,752	7%	19,595	18,653	5%
Net sales	5,028	4,863	3%	19,217	18,411	4%
Operating profit	624	546	14%	2,266	2,016	12%
EBITA	712	631	13%	2,615	2,330	12%
EBITA margin, %	14.2	13.0		13.6	12.7	
Profit before taxes	591	509	16%	2,140	1,892	13%
Net profit	453	399	14%	1,669	1,483	13%
Earnings per share before dilution, SEK ¹⁾	1.24	1.10	13%	4.60	4.09	12%
Return on capital employed, %	19	19		19	19	
Cash flow from operating activities	792	732	8%	2,780	1,922	45%
Net debt/equity ratio, %	56	85		56	85	

¹⁾ A 2:1 bonus issue was carried out in December 2020. All key ratios have been restated for the new number of shares.

Q4

CEO's message

With a strong finish to the quarter, Indutrade summarises 2020 as a successful year. Despite it being a turbulent year, with the ongoing COVID-19 pandemic and considerable uncertainty in the market, we are able to increase both sales and earnings. For the full year 2020, sales amounted to SEK 19.2 billion and the EBITA margin was a record high 13.6%. Thanks to the amazing efforts of our employees, we have been able to quickly and efficiently adapt to the prevailing circumstances and act on business opportunities.

Fourth quarter

Overall, demand during the fourth quarter was at a higher level than the corresponding period last year, although there was still variation across companies, segments and countries. Order intake increased by 7% organically and amounted to SEK 5.1 billion, driven primarily by the continued strong demand from customers in the medical technology and pharmaceutical segment. This was partly attributable to orders associated with the COVID-19 pandemic. Development was strong as well for infrastructure, wind power and the process industry. Demand also improved somewhat for the engineering industry compared to the previous quarter. The Industrial Components, DACH and Benelux business areas reported the strongest organic order growth, which is primarily attributable to higher demand from customers in the medical technology and pharmaceutical segment.

Sales increased by 3% to SEK 5.0 billion, of which 3% was organic. The strongest performance came from the Industrial Components and Flow Technology business areas, which was primarily driven by good development in the medical technology and pharmaceutical segment. Organic growth was weakest for the Measurement & Sensor Technology business area, which was due to suppressed demand from customers in, among others, the automotive industry and marine sector.

The EBITA result improved by 13% to SEK 712 million, corresponding to an EBITA margin of 14.2% (13.0%), which is record high for a fourth quarter. Margins were strengthened for six of our eight business areas, with the strongest development in the Industrial Components and Flow Technology business areas. The improvement was primarily attributable to the strong performance of companies in the medical technology and pharmaceutical segment, as well as good cost management. Net profit for the period grew 14% to SEK 453 million.

During the quarter, most of the programs involving various types of temporary lay-offs and short-term work, which had been set up at the start of the pandemic, were terminated. Since the end of March 2020, the workforce has been permanently reduced by approximately 320 individuals, corresponding to 4%.

Cash flow improved compared to the same period last year, primarily thanks to high earnings. Inventory remained at a somewhat high level, yet with a slightly downward trend. The Group's financial position remains strong. In December 2020, Indutrade executed a bonus issue aimed at increasing the liquidity in the share and further strengthening its financial position.

Indutrade has established a new sustainability vision and long-term sustainability objectives for 2030 to enhance business opportunities, drive sustainable profitable growth, and support the UN Sustainable Development Goals (SDGs). The sustainability vision is based on our



shared commitment that the businesses within the Group continuously develop and improve in ways that are economically, environmentally and socially responsible. The objectives are based on three key elements: people, environment and profitable growth. To achieve the objectives by 2030, we will use measurable key enablers that will be followed up and evaluated annually.

Acquisitions

Growth, both organic and via acquisitions, is a key concept for Indutrade. In total, ten acquisitions were made in 2020. Another three acquisitions were made in January 2021, subsequent to the end of the quarter. The annual sales for these thirteen acquisitions amount to just over SEK 1.2 billion.

Two acquisitions were made in the fourth quarter. Indutrade acquired the Czech company, Cheirón, which is specialised in medical technology products and the German company, X-RAY WorX, which is a leading niche manufacturer of X-ray tubes for industrial applications in non-destructive testing. Subsequent to the end of the quarter, Indutrade acquired the Finnish company Pistesarjat which offers advanced cable systems, the Dutch company Fire Proof BV, a specialised distributor of passive fire protection products and the German MedTech company, Tecno Plast. Tecno Plast is a leader within its niche in the German market, offering single-use tubing sets manufactured in clean rooms, PTFE and silicone hoses. The company both enhances and complements Indutrade's cluster of companies in the segment in which we see significant growth opportunities.

There is a good inflow of interesting companies and we also assess our future acquisition opportunities as good. We continue, due to uncertainties in the market, to deliberately prolong our acquisition discussions somewhat to ensure that the right conditions exist for profitable growth in our acquisition candidates.

Outlook

Due to the ongoing pandemic, with new virus mutations, the business situation remains uncertain. Demand within the medical technology and pharmaceutical segment is expected to remain high, yet with a somewhat lower rate of growth. With time, as society gradually opens up again and demand improves, companies' market activities and costs will also gradually increase.

I am extremely impressed by our distinctly customer-oriented and earnings-focussed companies, led by dedicated MDs in a decentralised and entrepreneurial culture. We look forward to the next quarters with confidence and have strong belief that our companies will continue to manage the changed market conditions in an agile and successful way.

Bo Annvik, President and CEO

Group performance

Order intake

Overall, demand during the fourth quarter was high compared to the same period last year, although variation across the different companies remained large. There was a favourable performance by companies in the medical technology and pharmaceutical segment in particular, attributable in part to orders associated with the COVID-19 pandemic. Performance also remained strong for many companies with customers involved in infrastructure and the process industry. Demand improved somewhat for the engineering industry during the quarter, but overall, was still lower than it was during the corresponding period last year.

Order intake was 2% higher than invoicing and amounted to SEK 5,104 million (4,752), which is an increase of 7% compared to the same period last year. For comparable units, order intake increased by 7%, acquisitions contributed 5%, the effect of divestments was -1% and currency movements had an effect of -4%.

Order intake was strongest for comparable units in the Industrial Components and DACH business areas. For both business areas, the improvement was primarily driven by demand from the pharmaceutical and medical technology segment. Order intake was weakest for comparable units in the Measurement & Sensor Technology and UK business areas. The decline in the Measurement & Sensor Technology business area was primarily attributable to a weak performance from companies with customers in the automotive industry and the marine segment. For the UK, it was attributable to the overall weaker market stemming from the pandemic and uncertainty

about Brexit. Order intake increased to SEK 19,595 million (18,653) for the full year, which is an increase of 5%. The increase for comparable units was 2%, acquisitions contributed 6%, divestments had an effect of -1%, and the effect of currency movements was -2%.

Net sales

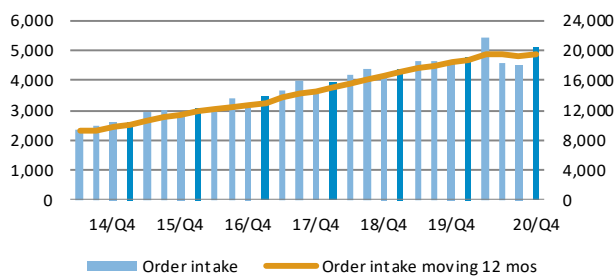
During the quarter, net sales rose by 3% compared to last year and amounted to SEK 5,028 (4,863) million. Comparable units increased by 3%, acquisitions contributed 5%, currency movements had an effect of -4% and divestments -1%.

Performance was strongest for comparable units in the Industrial Components and Flow Technology business areas, which was driven by a favourable performance by companies with customers in the pharmaceutical and medical technology segment. Companies with customers involved in infrastructure and the process industry also had a positive impact on the Flow Technology business area. Net sales were weakest for comparable units in the Measurement & Sensor Technology and Benelux business areas. For the Measurement & Sensor Technology business area, the decline was primarily related to weaker demand from customers in the automotive industry and marine sector. For the Benelux business area, it is attributable to lower sales from valves for power generation.

Net sales for the full year increased by 4% to SEK 19,217 (18,411) million. Comparable units were unchanged, acquisitions contributed 6%, divestments had an effect of -1% and currency movements -1%.

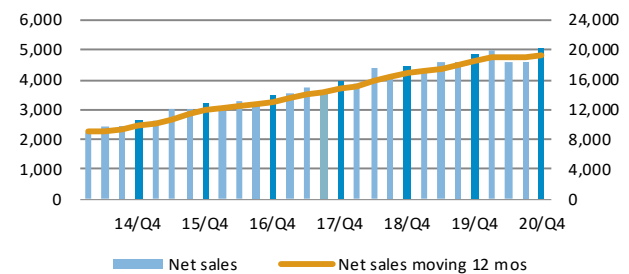
Order intake

SEK million

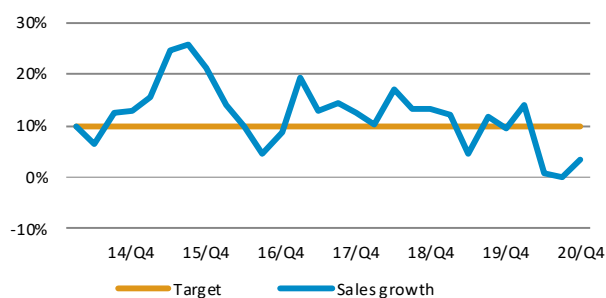


Net Sales

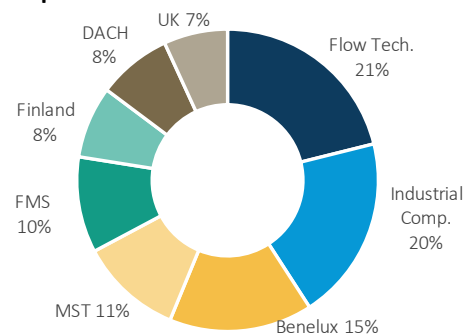
SEK million



Sales growth



Net Sales per Business Area



Q4

Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 712 million (631) for the fourth quarter, which is an improvement of 13%. Comparable units increased by 11%, acquisitions contributed 6% and currency movements had an effect of -4%. The effect of divestments was marginal. The EBITA margin increased and amounted to 14.2% (13.0%).

The increase in EBITA margin is primarily attributable to the strong performance of companies with customers in the medical technology and pharmaceutical segment, along with good cost control. During the quarter, personnel related government support amounted to 0.3% of net sales and was reported as cost reduction.

Gross margin for the fourth quarter increased somewhat thanks to a more favourable company and product mix and amounted to 34.7% (34.2%). For the full year, gross margin was 34.0% (34.1%).

The Industrial Components, Flow Technology and DACH business areas reported the largest improvements in EBITA margin. For all of the business areas, the positive development is attributable to the strong performance of companies with customers in the medical technology and pharmaceutical segment, along with good cost control. For the Benelux and UK business areas, EBITA margin declined, primarily due to negative organic sales growth. For Business Area Benelux, the comparison figures for the same period last year were strong, having been positively impacted by a one-off item associated with pensions.

Net financial items during the fourth quarter amounted to SEK -33 million (-37). The improvement is primarily attributable to lower borrowing. Tax on profit for the quarter was SEK -138 million (-110), corresponding to a tax charge of 23% (22%). The difference was due to one-off items. Profit for the quarter rose 14% to SEK 453 million (399). Earnings per share before dilution grew 13% and amounted to SEK 1.24 (1.10).

For the full year, operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 2,615 million (2,330), an increase of 12%. Comparable units increased by 7%, acquisitions contributed 7%, currency movements had an effect of -2% and divestments had a marginal impact. The EBITA margin increased and amounted to 13.6% (12.7%).

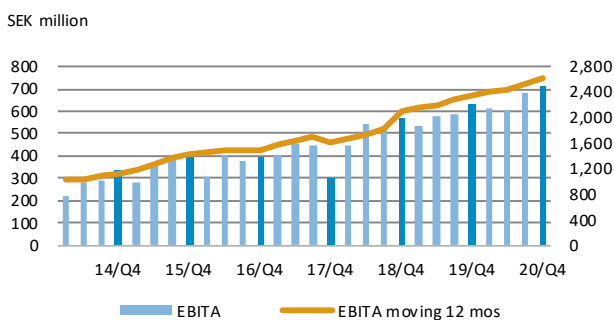
For the full year 2020, personnel related government support amounted to 0.5% of net sales.

Net financial items for the full year amounted to SEK -126 million (-124). Tax on profit for the year amounted to SEK -471 million (-409), corresponding to a tax charge of 22% (22%). Profit for the period grew 13% and amounted to SEK 1,669 million (1,483). Earnings per share before dilution increased by 12% and amounted to SEK 4.60 (4.09).

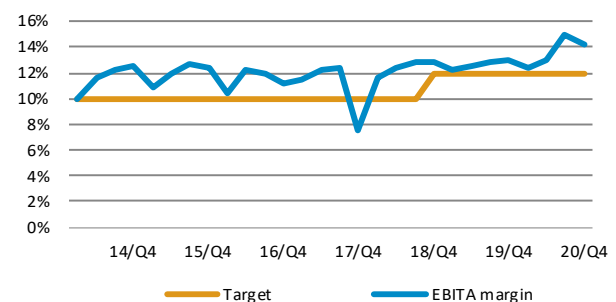
Return

Return on capital employed was on a par with last year and amounted to 19% (19%). Return on equity was 21% (22%).

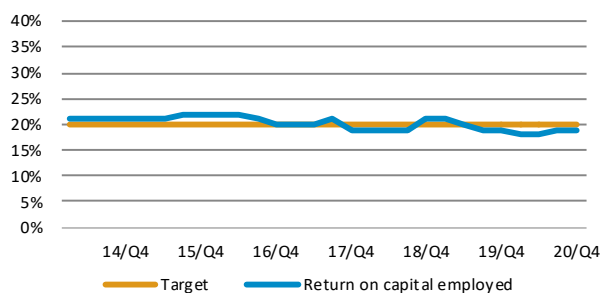
EBITA



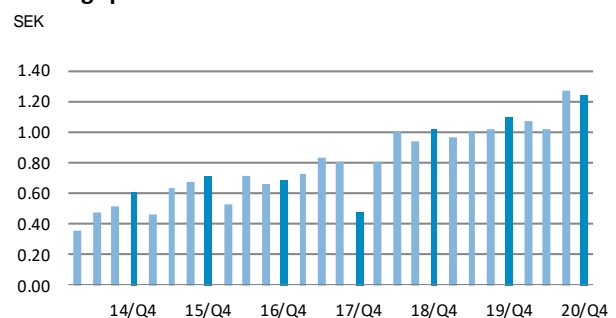
EBITA margin



Return



Earnings per share ¹⁾



¹⁾ Earnings per share has been restated for the 2:1 bonus issue.

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 segments. 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	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	714	704	1%	2,773	2,288	21%
EBITA	103	116	-11%	360	315	14%
EBITA margin, %	14.4	16.5		13.0	13.8	

Net sales rose 1% during the fourth quarter to SEK 714 million (704). Comparable units had an effect of -6%, acquisitions contributed 10% and currency movements had an effect of -3%.

Overall, demand during the quarter was higher than the corresponding period last year, which was attributable in part to orders associated with the COVID-19 pandemic. Order intake was 14% higher than invoicing during the quarter.

EBITA for the quarter decreased by 11% to SEK 103 million (116), corresponding to an EBITA margin of 14.4% (16.5%). Comparable units had an EBITA effect of -19%, acquisitions contributed 11% and currency movements had an effect of -3%.

The lower EBITA margin is primarily explained by a positive one-off item last year associated with pensions. There was only a marginal impact on EBITA from personnel related government support.

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	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	362	374	-3%	1,529	1,403	9%
EBITA	39	36	8%	169	134	26%
EBITA margin, %	10.8	9.6		11.1	9.6	

Net sales decreased 3% during the quarter to SEK 362 million (374). Comparable units had an effect of -3%, acquisitions contributed 4%, currency movements had an effect of -3% and divestments -1%.

Demand during the quarter was stronger than the corresponding period last year, primarily due to good demand from both the process and pharmaceutical industries in Switzerland. Order intake was 7% higher than invoicing during the quarter.

EBITA for the quarter increased by 8% to SEK 39 million (36), and the EBITA margin amounted to 10.8% (9.6%). For comparable units, EBITA increased by 10%, acquisitions contributed 3%, currency movements had an effect of -3% and divestments -2%.

The higher EBITA margin is primarily explained by cost reductions. Support for temporary lay-offs corresponded to 1% of net sales.

Q4

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	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	417	436	-4%	1,679	1,689	-1%
EBITA	61	61	0%	247	223	11%
EBITA margin, %	14.6	14.0		14.7	13.2	

Net sales was 4% lower during the quarter than the same period last year and amounted to SEK 417 million (436). Comparable units had an effect of -4%, acquisitions contributed 3% and currency movements had an effect of -3%.

Demand during the quarter was stronger than in the same period last year. Order intake was 4% higher than invoicing during the quarter.

EBITA for the quarter was unchanged and amounted to SEK 61 million (61). The EBITA margin increased and amounted to 14.6% (14.0%). Comparable units had an effect of -3%, acquisitions contributed 7% and currency movements had an effect of -4%.

The improved EBITA margin is primarily attributable to acquisitions and cost reductions. Support for temporary lay-offs was marginal during the quarter.

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	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	1,054	997	6%	4,071	3,798	7%
EBITA	154	134	15%	607	491	24%
EBITA margin, %	14.6	13.4		14.9	12.9	

Net sales rose 6% during the quarter to SEK 1,054 million (997). Comparable units increased by 7%, acquisitions contributed 5%, currency movements had an effect of -4% and divestments -2%.

Overall, demand during the quarter was lower than the corresponding period last year, primarily due to strong comparison figures that were positively impacted by good order intake from the marine segment. Order intake was 6% lower than invoicing during the quarter.

EBITA for the quarter increased by 15% to SEK 154 million (134), corresponding to an EBITA margin of 14.6% (13.4%). Comparable units increased by 18%, acquisitions contributed 1%, currency movements had an effect of -5% and divestments 1%.

The improved EBITA margin is primarily explained by a favourable performance from companies with customers in the medical technology and pharmaceutical segment, along with good cost control. Support for temporary lay-offs was marginal during the quarter.

Fluids & Mechanical Solutions

Companies in this business area offer technological components (both hydraulic and mechanic), as well as solutions that have a high technological content to the industry in, primarily Scandinavia and Europe, but also USA and Asia. The companies have a considerable amount of own manufacturing and proprietary products, as well as technical trading companies. Important product areas include filters, hydraulics, auto repair, tools & transmission, industrial springs, water & wastewater and lighting. The business area has a strong market position in the Nordic region.

SEK million	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	507	503	1%	1,979	2,041	-3%
EBITA	66	64	3%	268	279	-4%
EBITA margin, %	13.0	12.7		13.5	13.7	

Net sales rose 1% during the quarter to SEK 507 million (503). Comparable units increased by 3% and currency movements had an effect of -2%.

Demand during the quarter was in line with last year and order intake was 1% lower than invoicing during the quarter.

EBITA increased by 3% during the quarter to SEK 66 million (64), and the EBITA margin increased to 13.0% (12.7%). Comparable units increased by 5% and currency movements had an effect of -2%.

The improved EBITA margin is primarily driven by companies with customers in the filter, hydraulics and automotive aftermarket segments, along with good cost control. During the quarter, support for temporary lay-offs and staffing amounted to just under 1% of net sales.

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, as well as 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	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	1,130	917	23%	3,803	3,513	8%
EBITA	193	115	68%	569	432	32%
EBITA margin, %	17.1	12.5		15.0	12.3	

Net sales rose 23% during the quarter to SEK 1,130 million (917). Comparable units increased by 16%, acquisitions contributed 10% and currency movements had an effect of -3%.

Demand during the quarter was higher than in the same period last year. The strongest performance came from the medical technology segment, which was attributable in part to orders associated with the COVID-19 pandemic. Order intake was 3% higher than invoicing during the quarter.

EBITA for the quarter increased by 68% to SEK 193 million (115), and the EBITA margin was 17.1% (12.5%). For comparable units, EBITA increased by 58%, acquisitions contributed 15% and currency movements had an effect of -5%.

The record-high EBITA margin is attributable to favourable earnings development for the majority of the companies, with improvements in all of the business area's segments. The strongest performance, however, was in the medical technology segment. Support for temporary lay-offs was marginal during the quarter.

Q4

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 six continents.

SEK million	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	545	597	-9%	2,120	2,259	-6%
EBITA	89	95	-6%	334	366	-9%
EBITA margin, %	16.3	15.9		15.8	16.2	

Net sales decreased 9% during the quarter to SEK 545 million (597). Comparable units had an effect of -6%, acquisitions contributed 1% and currency movements had an effect of -4%.

Overall, demand was lower than in the corresponding period last year, mainly due to lower activity among customers in the automotive and marine segments. Order intake was 5% lower than invoicing during the quarter.

EBITA for the quarter decreased 6% and amounted to SEK 89 million (95). The EBITA margin amounted to 16.3% (15.9%). Comparable units had an effect of -3%, acquisitions contributed 1% and currency movements had an effect of -4%.

The improved EBITA margin is mainly attributable to cost savings. During the quarter, support for temporary lay-offs amounted to 0.5% of net sales.

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	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec	Change
Net sales	314	349	-10%	1,322	1,469	-10%
EBITA	31	36	-14%	159	208	-24%
EBITA margin, %	9.9	10.3		12.0	14.2	

Net sales decreased 10% during the quarter to SEK 314 million (349). Comparable units had an effect of -2% and currency movements -8%.

Due to the pandemic and uncertainty about Brexit, demand was weaker for the majority of companies during the quarter compared to the same period last year. However, order intake was 3% higher than invoicing during the quarter.

EBITA decreased 14% during the quarter to SEK 31 million (36), and the EBITA margin amounted to 9.9% (10.3%). Comparable units had an effect of -5% and currency movements -9%.

The deterioration of EBITA margin is explained mainly by lower net sales and unfavourable product mix. To some extent, however, it was offset by cost savings. Support for temporary lay-offs corresponded to 0.5% of net sales.

Other financial information

Financial position

Shareholders' equity amounted to SEK 8,634 million (7,170) and the equity ratio was 48% (41%). Cash and cash equivalents amounted to SEK 758 million (719). In addition to this, the Group had unutilised credit commitments of SEK 4,895 million (3,258).

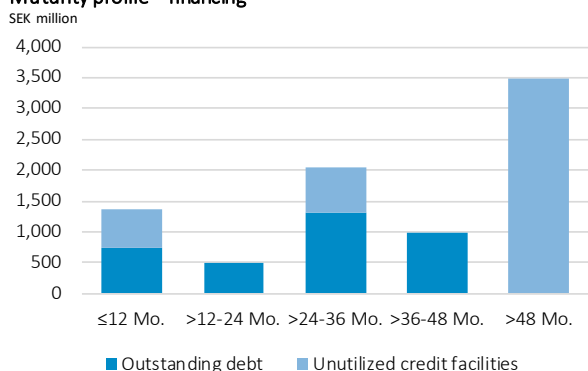
Interest-bearing net debt amounted to SEK 4,878 million (6,130) at the end of the quarter. The decline compared to last year was primarily attributable to the strong cash flow, a somewhat lower rate of acquisition and not having paid dividends 2020. The net debt/equity ratio was 56% (85%) at year end.

Indutrade's financing, nearly all of which is managed by the Parent Company, consists of loans from financial institutions, corporate bonds and certificate programmes.

Financing was strengthened during the year in conjunction with having extended a short-term loan of SEK 800 million by more than three years. In addition, long-term credit commitments were increased by SEK 750 million and prior existing credit commitments were extended by an additional year.

At the end of the year, the Parent Company's short-term borrowing amounted to SEK 735 million and long-term unutilised credit facilities amounted to SEK 4,250 million.

Maturity profile - financing ¹⁾



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

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	Stein Automation GmbH Co. KG	DACH	110	45
January	VarioDrive B.V.	Benelux	60	6
January	AVA Monitoring AB	Measurement & Sensor Technology	45	10
February	Sverre Hellum & Sønn AS	Industrial Components	60	13
February	Jouka Oy	Finland	70	31
March	Nortronic AS	Industrial Components	60	16
July	Holland Fasteners B.V.	Benelux	50	9
September	UK Gas Technologies Ltd	Flow Technology	130	32
October	Cheirón A.S.	Industrial Components	120	61
December	X-RAY WorX GmbH	Measurement & Sensor Technology	120	23
Total			825	246

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

Further information about completed company acquisitions can be found on page 21 of this interim report.

Cash flow, capital expenditures and depreciation

Cash flow from operating activities increased during the fourth quarter and amounted to SEK 792 million (732). The improvement is primarily attributable to a higher operating profit.

Cash flow from operating activities amounted to SEK 2,780 million (1,922) for the full year. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) amounted to SEK 2,381 million (1,519).

Inventory remained at a somewhat high level in order to ensure delivery service and availability.

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 399 million (403). Depreciation of property, plant and equipment totalled SEK 600 million (550). Investments in company acquisitions amounted to SEK 908 million (1,415). In addition, earn-out payments for previous years' acquisitions totalled SEK 116 million (97). Divestments amounted to SEK 46 million (28).

Employees

The number of employees was 7,270 at the end of the period, compared with 7,357 at the start of the year.

During the quarter, the number of employees involved in various types of temporary lay-offs and short-term work declined and the majority of those programs had been terminated by year end. In total, permanent staff reductions amount to approximately 320 since 31 March 2020.

Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2020.

Q4

Events after the end of the reporting period

Pistesarjat Oy was acquired on 4 January and on 20 January, an agreement was signed to acquire Tecno Plast Industrietechnik GmbH. On 29 January Fire Proof BV was acquired. For more information, see page 22.

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 net sales, which consist entirely of internal invoicing of services, amounted to SEK 8 million (7) for the full year. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the year, the Parent Company acquired shares in four 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 19 (19).

Risks and uncertainties

The Indutrade Group conducts business in some 30 countries, on six continents, via more than 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. Besides the risks described in the Indutrade Annual Report for 2019, Indutrade has assessed that pandemics, such as the COVID-19 pandemic, could significantly impact the Group's companies in the form of health risk for employees, customers and suppliers, operational disruption and a deterioration of financial position. The Group's structure, with its diversified, wide-ranging operations, limits the aggregated business and financial risks also when risks such as a pandemic arise.

Furthermore, with its decentralised governance model comprised of more than 200 independent companies, it is possible to quickly make decisions adapted to the local conditions, which is important as regards being able to limit the effects of a pandemic outbreak. In the event of a major crisis, Indutrade engages in more dialogue with its subsidiaries to ensure that there is a correct and rapid dissemination of information and the proper support for making good decisions.

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 2019 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, with the addition of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. More information about this is provided below. There are no new IFRSs or IFRIC pronouncements endorsed by the EU that are applicable for Indutrade or that had a significant impact on the Group's result of operations and position in 2020.

Indutrade does not normally receive government assistance. However, due to the extraordinary circumstances associated with the COVID-19 pandemic, companies belonging to the Group have obtained this type of support and it has primarily been employee-related. Such support is reported in the financial statements as a cost reduction for the items the support relates to. Recognition occurs when it is reasonably certain that the support will be received and any stated terms and conditions have been met.

Extraordinary General Meeting

On 3 December 2020, Indutrade held an Extraordinary General Meeting. The Extraordinary General Meeting resolved on a change to the Articles of Association and a bonus issue, aimed at increasing the liquidity in the share and at further strengthening Indutrade's financial position.

After the bonus issue the number of shares has tripled and the price per share has accordingly been reduced to one third. The record date of the bonus issue was 18 December 2020. The bonus issue did not involve any change in the relationship between shareholders. More information is available on Indutrade's website.

The Board's proposal for the AGM

The Annual General Meeting will be held on 13 April 2021. The Board of Directors proposes a dividend of SEK 1.80 (-) per share, which corresponds to SEK 655 million (-). The proposed dividend is in line with Indutrade's policy that the dividend shall, over time, amount to between 30% and 50% of net profit.

Nomination Committee

The Nomination Committee proposes that Katarina Martinson be re-elected as Chairman of the Board at the 2021 Annual General Meeting. The Nomination Committee also proposes re-election of Susanna Campbell, Bengt Kjell, Anders Jernhall, Ulf Lundahl, Krister Mellvé, Lars Pettersson and Bo Annvik as directors. The Nomination Committee's proposal entails that the number of directors during the coming mandate period will be unchanged at eight.

Financial Calendar

- 13 April 2021:
Annual General Meeting
- 29 April 2021:
Interim report 1 January – 31 March 2021
- 19 July 2021:
Interim report 1 January – 30 June 2021
- 28 October 2021:
Interim report 1 January – 30 September 2021

Stockholm, 2 February 2021
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. The information was submitted for publication by the agency of the following contact persons at 08.00 CET on 2 February 2021.

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, VP Communications, Sustainability & IR,
tel.: +46 70 930 93 24.

This report will be commented upon as follows:

A webcast of the report will be presented on 2 February at 10.00 a.m. (CET) via the following link:

<https://tv.streamfabriken.com/indutrade-q4-2020>

To participate in the conference call and to ask questions, please call:

SE: +46 8 566 42 707
UK: +44 333 300 9260
USA: +1 8 335 268 381

Q4

Auditor's review report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Indutrade AB (publ.), corporate identity number 556017-9367, as per 31 December 2020, 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 standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm, 2 February 2021
PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in Charge

Indutrade consolidated income statement – condensed

	2020	2019	2020	2019
SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	5,028	4,863	19,217	18,411
Cost of goods sold	-3,284	-3,202	-12,681	-12,126
Gross profit	1,744	1,661	6,536	6,285
Development costs	-57	-55	-227	-217
Selling costs	-790	-807	-3,009	-2,990
Administrative expenses	-273	-279	-1,123	-1,103
Other operating income and expenses	0	26	89	41
Operating profit	624	546	2,266	2,016
Net financial items	-33	-37	-126	-124
Profit before taxes	591	509	2,140	1,892
Income Tax	-138	-110	-471	-409
Net profit for the period	453	399	1,669	1,483
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	452	398	1,669	1,482
Non-controlling interests	1	1	0	1
	453	399	1,669	1,483
EBITA	712	631	2,615	2,330
<i>Operating profit includes:</i>				
Amortisation of intangible assets ¹⁾	-102	-96	-396	-349
<i>of which attributable to acquisitions</i>	-88	-85	-349	-314
Depreciation of property, plant and equipment	-155	-145	-600	-550
Earnings per share before dilution, SEK ²⁾	1.24	1.10	4.60	4.09
Earnings per share after dilution, SEK ²⁾	1.24	1.10	4.59	4.09

¹⁾ Excluding impairment losses

²⁾ A 2:1 bonus issue was carried out in December 2020. All key ratios have been restated for the new number of shares.

Indutrade consolidated statement of comprehensive income

	2020	2019	2020	2019
SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net profit for the period	453	399	1,669	1,483
Other comprehensive income				
Items that can be reversed into income statement				
Fair value adjustment of hedge instruments	2	4	4	-2
Tax attributable to fair value adjustments	-1	-1	-1	0
Exchange rate differences	-187	-108	-279	109
Items that cannot be reversed into income statement				
Actuarial gains/losses	-16	-79	-16	-79
Tax on actuarial gains/losses	3	16	3	16
Other comprehensive income for the period, net of tax	-199	-168	-289	44
Total comprehensive income for the period	254	231	1,380	1,527
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	253	230	1,380	1,526
Non-controlling interests	1	1	0	1

Q4

Indutrade consolidated balance sheet – condensed

SEK million	2020 31-Dec	2019 31-Dec
Goodwill	4,306	4,031
Other intangible assets	2,693	2,672
Property, plant and equipment	3,106	3,002
Financial assets	228	182
Inventories	3,307	3,400
Trade receivables	2,925	3,025
Other receivables	639	513
Cash and cash equivalents	758	719
Total assets	17,962	17,544
Equity	8,634	7,170
Non-current interest-bearing liabilities and pension liabilities	4,450	4,707
Other non-current liabilities and provisions	770	720
Current interest-bearing liabilities	1,186	2,142
Trade payables	1,136	1,237
Other current liabilities	1,786	1,568
Total equity and liabilities	17,962	17,544

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2020 31-Dec	2019 31-Dec
Opening equity	7,157	6,205
Total comprehensive income for the period	1,380	1,526
New issues	87	-
Dividend ¹⁾	-	-544
Change in accounting method	-	-28
Acquisition of non-controlling interests	-	-2
Closing equity	8,624	7,157

¹⁾ Dividend per share for 2019 (2018) was SEK – (1,50), restated for 2:1 bonus issue.

Equity, attributable to:

Equity holders of the parent company	8,624	7,157
Non-controlling interests	10	13
	8,634	7,170

Indutrade consolidated cash flow statement – condensed

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating profit	624	546	2,266	2,016
Non-cash items	263	245	927	895
Interests and other financial items, net	-27	-36	-103	-128
Paid tax	-113	-129	-508	-512
Change in working capital	45	106	198	-349
Cash flow from operating activities	792	732	2,780	1,922
Net capital expenditures in non-current assets	-73	-143	-399	-403
Company acquisitions and divestments	-339	-121	-978	-1,484
Change in other financial assets	4	3	11	3
Cash flow from investing activities	-408	-261	-1,366	-1,884
Debt/repayment of debt, net	-507	-449	-1,407	541
Dividend paid out	-	-	-	-544
New issues	82	-	87	-
Cash flow from financing activities	-425	-449	-1,320	-3
Cash flow for the period	-41	22	94	35
Cash and cash equivalents at start of period	832	700	719	708
Exchange rate differences	-33	-3	-55	-24
Cash and cash equivalents at end of period	758	719	758	719

Q4

Key data

	2020	2019	2018	2017
Moving 12 mos	31-Dec	31-Dec	31-Dec	31-Dec
Net sales, SEK million	19,217	18,411	16,848	14,847
Sales growth, %	4	9	13	15
EBITA, SEK million	2,615	2,330	2,087	1,613
EBITA margin, %	13.6	12.7	12.4	10.9
Capital employed at end of period, SEK million	13,512	13,300	10,127	8,997
Capital employed, average, SEK million	13,541	12,416	9,839	8,444
Return on capital employed, % ¹⁾	19	19	21	19
Equity, average, SEK million	7,899	6,715	5,715	4,746
Return on equity, % ¹⁾	21	22	24	22
Interest-bearing net debt at end of period, SEK million	4,878	6,130	3,909	3,829
Net debt/equity ratio, %	56	85	63	74
Net debt/EBITDA, times	1.5	2.1	1.7	2.1
Equity ratio, %	48	41	44	41
Average number of employees	7,349	7,167	6,710	6,156
Number of employees at end of period	7,270	7,357	6,778	6,545
<i>Attributable to equity holders of the parent company</i>				
<i>Key ratios per share ²⁾</i>				
Earnings per share before dilution, SEK	4.60	4.09	3.77	2.85
Earnings per share after dilution, SEK	4.59	4.09	3.77	2.84
Equity per share, SEK	23.72	19.74	17.11	14.21
Cash flow from operating activities per share, SEK	7.66	5.30	3.75	4.30
Average number of shares before dilution, '000	362,721	362,565	362,496	361,371
Average number of shares after dilution, '000	363,320	362,754	362,529	361,851
Number of shares at the end of the period, '000	363,615	362,565	362,565	362,397

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.

¹⁾ Calculated on average capital and equity.

²⁾ A 2:1 bonus issue was carried out in December 2020. All key ratios have been restated for the new number of shares.

Business area performance

	2020	2019	2020	2019
Net sales, SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Benelux	714	704	2,773	2,288
DACH	362	374	1,529	1,403
Finland	417	436	1,679	1,689
Flow Technology	1,054	997	4,071	3,798
Fluids & Mechanical Solutions	507	503	1,979	2,041
Industrial Components	1,130	917	3,803	3,513
Measurement & Sensor Technology	545	597	2,120	2,259
UK	314	349	1,322	1,469
Parent company and Group items	-15	-14	-59	-49
Total	5,028	4,863	19,217	18,411
EBITA, SEK million	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Benelux	103	116	360	315
DACH	39	36	169	134
Finland	61	61	247	223
Flow Technology	154	134	607	491
Fluids & Mechanical Solutions	66	64	268	279
Industrial Components	193	115	569	432
Measurement & Sensor Technology	89	95	334	366
UK	31	36	159	208
Parent company and Group items	-24	-26	-98	-118
Total	712	631	2,615	2,330
EBITA margin, %	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Benelux	14.4	16.5	13.0	13.8
DACH	10.8	9.6	11.1	9.6
Finland	14.6	14.0	14.7	13.2
Flow Technology	14.6	13.4	14.9	12.9
Fluids & Mechanical Solutions	13.0	12.7	13.5	13.7
Industrial Components	17.1	12.5	15.0	12.3
Measurement & Sensor Technology	16.3	15.9	15.8	16.2
UK	9.9	10.3	12.0	14.2
	14.2	13.0	13.6	12.7

Q4

Business area performance per quarter

Net sales, SEK million	2020				2019			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	714	688	695	676	704	569	543	472
DACH	362	360	394	413	374	375	349	305
Finland	417	394	432	436	436	419	416	418
Flow Technology	1,054	996	976	1,045	997	946	965	890
Fluids & Mechanical Solutions	507	479	481	512	503	501	532	505
Industrial Components	1,130	842	862	969	917	823	883	890
Measurement & Sensor Technology	545	523	495	557	597	584	536	542
UK	314	329	294	385	349	387	374	359
Parent company and Group items	-15	-12	-15	-17	-14	-9	-11	-15
Total	5,028	4,599	4,614	4,976	4,863	4,595	4,587	4,366

EBITA, SEK million	2020				2019			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	103	89	85	83	116	71	67	61
DACH	39	42	43	45	36	36	33	29
Finland	61	72	66	48	61	68	51	43
Flow Technology	154	162	151	140	134	122	130	105
Fluids & Mechanical Solutions	66	66	73	63	64	67	73	75
Industrial Components	193	122	130	124	115	101	108	108
Measurement & Sensor Technology	89	96	58	91	95	98	83	90
UK	31	41	37	50	36	59	62	51
Parent company and Group items	-24	-5	-41	-28	-26	-34	-33	-25
Total	712	685	602	616	631	588	574	537

EBITA margin, %	2020				2019			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	14.4	12.9	12.2	12.3	16.5	12.5	12.3	12.9
DACH	10.8	11.7	10.9	10.9	9.6	9.6	9.5	9.5
Finland	14.6	18.3	15.3	11.0	14.0	16.2	12.3	10.3
Flow Technology	14.6	16.3	15.5	13.4	13.4	12.9	13.5	11.8
Fluids & Mechanical Solutions	13.0	13.8	15.2	12.3	12.7	13.4	13.7	14.9
Industrial Components	17.1	14.5	15.1	12.8	12.5	12.3	12.2	12.1
Measurement & Sensor Technology	16.3	18.4	11.7	16.3	15.9	16.8	15.5	16.6
UK	9.9	12.5	12.6	13.0	10.3	15.2	16.6	14.2
Total	14.2	14.9	13.0	12.4	13.0	12.8	12.5	12.3

Disaggregation of revenue

Net sales per geographic market

2020

Oct-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	9	4	385	598	350	884	147	25	-7	2,395
Other Europe	542	341	22	368	125	226	189	247	-3	2,057
Americas	64	10	4	12	21	11	147	22	-3	288
Asia	87	7	4	28	7	3	45	15	-1	195
Other	12	0	2	48	4	6	17	5	-1	93
	714	362	417	1,054	507	1,130	545	314	-15	5,028

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	0	70	0	0	0	8	83	0	0	161
Point in time	714	292	417	1,054	507	1,122	462	314	-15	4,867
	714	362	417	1,054	507	1,130	545	314	-15	5,028

2019

Oct-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	13	3	402	594	350	799	131	25	-4	2,313
Other Europe	517	345	31	340	122	103	183	287	-4	1,924
Americas	87	20	1	9	22	11	195	23	-3	365
Asia	85	5	2	33	6	4	60	11	-2	204
Other	2	1	0	21	3	0	28	3	-1	57
	704	374	436	997	503	917	597	349	-14	4,863

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	1	78	0	41	0	28	54	0	-2	200
Point in time	703	296	436	956	503	889	543	349	-12	4,663
	704	374	436	997	503	917	597	349	-14	4,863

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Q4

Disaggregation of revenue – continued

Net sales per geographic market

2020										
Jan-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	69	12	1,550	2,357	1,401	3,229	528	96	-27	9,215
Other Europe	2,088	1,447	99	1,445	461	517	727	1,061	-22	7,823
Americas	299	38	18	33	83	38	611	82	-6	1,196
Asia	289	26	9	122	26	11	199	68	-2	748
Other	28	6	3	114	8	8	55	15	-2	235
	2,773	1,529	1,679	4,071	1,979	3,803	2,120	1,322	-59	19,217
Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	0	296	0	0	0	28	213	0	-1	536
Point in time	2,773	1,233	1,679	4,071	1,979	3,775	1,907	1,322	-58	18,681
	2,773	1,529	1,679	4,071	1,979	3,803	2,120	1,322	-59	19,217
2019										
Jan-Dec, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Nordic countries	27	10	1,560	2,271	1,430	3,104	495	102	-19	8,980
Other Europe	1,856	1,330	110	1,276	494	353	837	1,202	-16	7,442
Americas	190	41	10	34	81	32	652	90	-6	1,124
Asia	197	15	7	179	29	21	216	60	-5	719
Other	18	7	2	38	7	3	59	15	-3	146
	2,288	1,403	1,689	3,798	2,041	3,513	2,259	1,469	-49	18,411
Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. ¹⁾	Total
Over time	48	264	0	185	0	151	191	7	-4	842
Point in time	2,240	1,139	1,689	3,613	2,041	3,362	2,068	1,462	-45	17,569
	2,288	1,403	1,689	3,798	2,041	3,513	2,259	1,469	-49	18,411

¹⁾ Parent company & Group items

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

Acquisitions

Acquisitions 2020

All of the shares were acquired in the following companies: Stein Automation GmbH (Germany), VarioDrive B.V. (Netherlands), AVA Monitoring AB (Sweden), Sverre Hellum & Sønn AS (Norway), Jouka OY (Finland), Nortronic AS (Norway), Holland Fasteners B.V. (Netherlands), UK Gas Technologies Ltd. (UK), Cheirón A.S. (Czech Republic) and X-RAY WorX GmbH (Germany).

Benelux

On 27 January, VarioDrive B.V. (Netherlands) was acquired, with annual sales of SEK 60 million. The company offers motion control solutions to OEM customers.

On 20 July, Holland Fasteners B.V. (Netherlands) was acquired, with annual sales of SEK 50 million. The company offers customised, high-quality items such as bolts, screws, nuts and rivets. Its customers are primarily located in the Netherlands.

DACH

On 10 January, STEIN Automation GmbH & Co. KG, (Germany) was acquired with annual sales of SEK 110 million. The company is a supplier of pallet transfer systems for assembly lines. Its customers are companies primarily based in Germany within the automotive, medical and consumer goods industries.

Flow Technology

On 17 September, UK Gas Technologies Ltd. (UK) was acquired, with annual sales of SEK 130 million. It manufactures solutions for high purity medical and laboratory gases, purified water and steam systems, as well as other process installations and specialist systems. The company serves customers worldwide.

Finland

On 6 February, Jouka Oy (Finland) was acquired, with annual sales of SEK 70 million. The company designs and manufactures ball valves and integrated ball valve solutions for customers primarily in the Finnish market.

Industrial Components

On 4 February, Sverre Hellum & Sønn AS (Norway) was acquired, with annual sales of SEK 60 million. The company is a supplier of diamond tools in the Norwegian market.

On 3 March, Nortronic AS (Norway) was acquired, with annual sales of approximately SEK 60 million. The company is a technology sales company in the lighting market, which represents manufacturers of various LED solutions, system solutions for control and drives.

On 1 October, Cheirón A.S. (Czech Republic) was acquired, with annual sales of SEK 120 million. The company offers medical technology products, used in surgery rooms, intensive care wards, emergency wards, and cardio units.

Measurement & Sensor Technology

On 31 January, AVA Monitoring AB (Sweden) was acquired, with annual sales of SEK 45 million. The company develops, manufactures and sells equipment for measuring ground vibration and noise in connection with infrastructure and construction projects.

On 22 December, X-RAY WorX GmbH (Germany) was acquired, with annual sales of SEK 120 million. The company manufactures X-ray tubes for industrial applications in non-destructive testing.

Acquired assets and liabilities in 2020

Preliminary purchase price allocations

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 324 million	1,359
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Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill	-	634	634
Agencies, trademarks, customer relations, licences, etc.	11	476	487
Property, plant and equipment	61	-	61
Financial assets	0	-	0
Inventories	180	-	180
Other current assets ¹⁾	242	-	242
Cash and cash equivalents	124	-	124
Deferred tax liability	-3	-118	-121
Other operating liabilities	-248	-	-248
	367	992	1,359

¹⁾ Mainly trade receivables

Q4

Agencies, customer relationships, licences, etc. will be amortised over a period of 5–20 years, while trademarks are assumed to have indefinite useful life. Trademarks are included at a value of SEK 17 million.

Indutrade typically 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 324 million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 364 million. If the conditions are not met, the outcome can be in the range of SEK 0-364 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 11 million (14) and are included in Other income and expenses in the income statement. Contingent earn-out payments were restated during the year in the amount of SEK 214 million (30). The effect is reported under Other income and expenses in the amount of SEK 208 million (30) and under Net financial items in the amount of SEK 6 million (0). In conjunction with a new assessment of contingent earn-out payments during the third quarter due to a lower earnings level in relation to the assumptions underlying the prior recorded amount of contingent earn-out payments, impairment testing of goodwill was done in the companies concerned. The impairment testing of goodwill resulted in a write-down of SEK 141 million.

The acquisition analyses for Leiderdorp Instruments B.V., Uniska AG and Intergate AB, which were acquired during the fourth quarter of 2019 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	1,359
Purchase price not paid out	-327
Cash and cash equivalents in acquired companies	-124
Payments pertaining to previous years' acquisitions	116
Total cash flow impact	1,024

Effects of acquisitions carried out in 2019 and 2020

SEK million Business area	Net sales		EBITA	
	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Benelux	73	345	13	40
DACH	15	158	1	23
Finland	13	57	4	15
Flow Technology	46	137	2	22
Fluids & Mechanical Solutions	-	28	-	2
Industrial Components	90	215	17	38
Measurement & Sensor Technology	11	99	1	16
UK	-	51	-	2
Effect on Group	248	1,090	38	158
Acquisitions carried out in 2019	38	619	2	76
Acquisitions carried out in 2020	210	471	36	82
Effect on Group	248	1,090	38	158

If all acquired units had been consolidated as from 1 January 2020, net sales for the year would have amounted to SEK 19,517 million, and EBITA would have totalled SEK 2,669 million.

Divestments 2020

On 24 March, Meson FT Rus LLC was divested, with annual sales of approximately SEK 80 million. The capital gain amounted to SEK 0 million.

Acquisitions after the end of the reporting period

On 4 January, Pistesarjat Oy, Finland was acquired, with annual sales of SEK 90 million. The company offers cable systems from global leading suppliers to customers in Finland.

On 20 January, an agreement was signed to acquire Tecno Plast Industrietechnik GmbH (Germany), with annual sales of SEK 240 million. The company offers single-use tubing sets, PTFE and silicone hoses to customers in Germany, Austria, and Switzerland. The acquisition is conditional upon approval by the German Competition Authority.

On 29 January, Fire Proof BV was acquired, with annual sales of SEK 70 million. The company is a distributor specialised in passive fire protection for buildings.

Share data

At the end of the interim period the share capital amounted to SEK 727 million

Number of shares at the beginning of the year	362,565,000
Number of newly subscribed shares	1,050,000
Total number of shares outstanding after new issues	363,615,000

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.

After the bonus issue in December 2020, each warrant entitles the holder to subscribe for three shares. The exercise price for series I is recalculated to SEK 81.60 per share and for series II to SEK 92.30 per share.

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	1,578,000	0.4%	15.0	244.9	81.6	317,000	951,000	27 April 2020 – 20 May 2022
2017/2022, Series II	60,000	180,000	0.0%	13.4	276.8	92.3	33,000	99,000	27 April 2020 – 20 May 2022

Dilutive effects ¹⁾

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Average number of shares before dilution, '000	363,098	362,565	362,721	362,565
Number of shares that incur a dilutive effect due to incentive programme, '000	597	306	599	189
Average number of shares after dilution, '000	363,695	362,871	363,320	362,754
Dilutive effect, %	0.16	0.08	0.17	0.05
Number of shares at end of the period, '000	363,615	362,565	363,615	362,565

¹⁾ A 2:1 bonus issue was carried out in December 2020. All key ratios have been restated for the new number of shares.

Q4

Financial assets and liabilities

31 Dec 2020 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
	Level 2	Level 3						
Other shares and participations	-	-	12	-	-	-	12	12
Trade receivables	-	2,925	-	-	-	-	2,925	2,925
Other receivables	7	49	-	-	-	-	56	56
Cash and cash equivalents	-	758	-	-	-	-	758	758
Total	7	3,732	12	-	-	-	3,751	3,751
Non-current interest-bearing liabilities	-	-	-	462	3,588	-	4,050	4,057
Current interest-bearing liabilities	-	-	-	87	1,099	-	1,186	1,186
Trade payables	-	-	-	-	1,136	-	1,136	1,136
Other liabilities	10	-	-	-	-	-	10	10
Total	10	-	-	549	5,823	-	6,382	6,389

31 Dec 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
	Level 2	Level 3						
Other shares and participations	-	-	14	-	-	-	14	14
Trade receivables	-	3,025	-	-	-	-	3,025	3,025
Other receivables	3	5	-	-	-	-	8	8
Cash and cash equivalents	-	719	-	-	-	-	719	719
Total	3	3,749	14	-	-	-	3,766	3,766
Non-current interest-bearing liabilities	-	-	-	411	3,919	-	4,330	4,339
Current interest-bearing liabilities	-	-	-	154	1,988	-	2,142	2,143
Trade payables	-	-	-	-	1,237	-	1,237	1,237
Other liabilities	8	-	-	-	-	-	8	8
Total	8	-	-	565	7,144	-	7,717	7,727

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	2020	2019
SEK million	31-Dec	31-Dec
Opening book value	565	215
Acquisitions during the year	319	465
Consideration paid	-104	-93
Reclassified via income statement	-213	-32
Interest expenses	5	7
Exchange rate differences	-23	3
Closing book value	549	565

Parent company income statement – condensed

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	8	7	8	7
Gross profit	8	7	8	7
Administrative expenses	-33	-34	-117	-120
Operating profit	-25	-27	-109	-113
Financial income/expenses	13	13	21	-17
Profit from participation in Group companies	6	0	894	981
Profit after financial items	-6	-14	806	851
Appropriations	403	628	403	628
Income Tax	-86	-130	-71	-108
Net profit for the period	311	484	1,138	1,371
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	-1	-1

Parent company balance sheet – condensed

SEK million	2020 31-Dec	2019 31-Dec
Intangible assets	0	0
Property, plant and equipment	1	1
Financial assets	6,253	5,936
Current receivables	6,861	6,861
Cash and cash equivalents	0	0
Total assets	13,115	12,798
Equity	7,088	5,864
Untaxed reserves	675	673
Non-current interest-bearing liabilities and pension liabilities	2,913	3,274
Other non-current liabilities and provisions	0	5
Current interest-bearing liabilities	2,286	2,768
Current non-interest-bearing liabilities	153	214
Total equity and liabilities	13,115	12,798

Q4

Definitions

Alternative Performance Measures

In this interim report Indutrade presents Alternative Performance Measures (APMs) that complement the key financial ratios defined in IFRS. The company believes that these APMs provide valuable information to 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

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

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

Indutrade in brief

Indutrade is an international technology and industrial business group that today consists of more than 200 companies in some 30 countries, mainly in Europe. In a decentralised way, we work to provide sustainable profitable growth by developing and acquiring successful companies managed by passionate entrepreneurs. Our companies develop, manufacture, and sell components, systems and services with significant technical content in selected niches. Our value-based culture, where people make the difference, has been the foundation of our success since the start in 1978.

Customers can be found in a wide range of industries, including infrastructure, medical technology/pharmaceuticals, engineering, energy, water/wastewater and food.

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 over a business cycle.

Return on capital employed

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

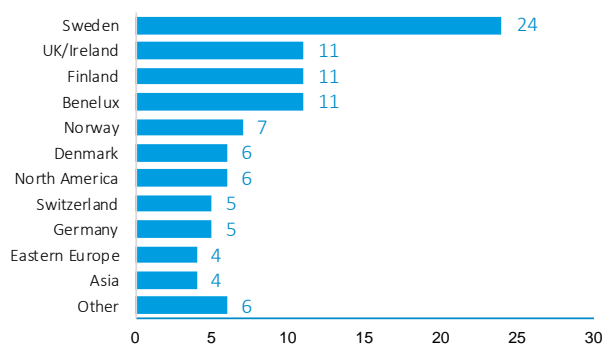
Net debt/equity ratio

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

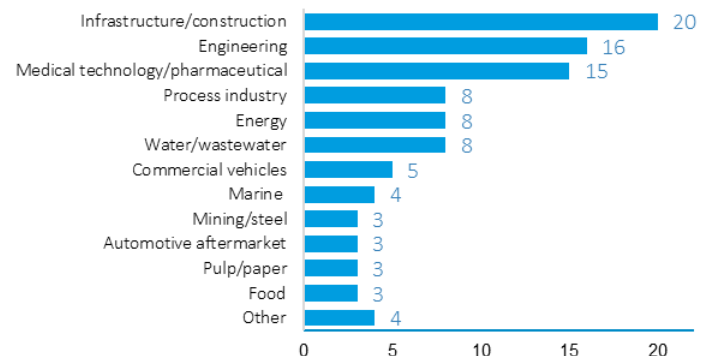
Dividend payout ratio

- The dividend payout ratio shall range from 30% to 50% of net profit.

Net sales per market, % ¹⁾



Net sales per customer segment, % ¹⁾



¹⁾Financial year 2020. During 2020, Indutrade has reviewed net sales per customer segment. As a result of this review, some name clarifications and some minor movements of net sales between customer segments have taken place.

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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Q4

Sustainability efforts strengthened by long-term objectives

Indutrade has established long-term objectives to enhance business opportunities, drive sustainable profitable growth, and support the UN Sustainable Development Goals (SDGs).

Indutrade's sustainability strategy represents a shared commitment that the businesses within the group continuously develops and improves in ways that are economically, environmentally and socially responsible", says Bo Annvik, President and CEO, "We are doing our part to deliver the 2030 Agenda for Sustainable Development."

The strategy is based on Indutrade's three focus areas; people, environment and profitable growth – with the following 2030 objectives set within each area:

- 100 percent engaged people
- CO₂ neutral
- 100 percent of Indutrade companies contributing to sustainable development according to the global goals



Tecno Plast Industrietechnik – our latest acquisition

On 20 January, Indutrade signed an agreement with the intent to acquire all of the shares in the German company Tecno Plast Industrietechnik GmbH, with annual sales of approximately EUR 23 million. The acquisition is conditional upon approval by the German Competition Authority, and closing is expected to be finalised in February 2021.

Tecno Plast offers single-use tubing sets, PTFE and silicone hoses to customers in Germany, Austria, and Switzerland. Founded in 1972, Tecno Plast's technical expertise and experience within the niche is extensive and the offering includes in most cases customer specific assembly. Customers are found in industries such as biopharma, pharma, MedTech, and chemical.

Located in Düsseldorf, Germany, the company has about 80 employees and will be included in Indutrade's Business Area Benelux.



X-RAY WorX – niche manufacturer of X-ray tubes

In December, Indutrade acquired the German company X-RAY WorX GmbH, a leading niche manufacturer of X-ray tubes for industrial applications in non-destructive testing. Annual sales for the company amount to approximately EUR 11 million. The product range consists of open high resolution microfocus X-ray tubes, with the highest capabilities, meeting diverse application and industrial requirements.

The offering is complemented by maintenance, service, and training. Customers are primarily OEMs of industrial X-ray inspection systems, serving a diverse set of industrial end markets including high growth applications areas such as additive manufacturing and battery production. To serve its internationally diversified customer base, X-RAY WorX uses a broad network of distributors and sales partners.

The company is located in Garbsen, Germany, and has 23 employees and is included in Indutrade's business area Measurement & Sensor Technology.

