

# Interim report third quarter

1 January – 30 September 2016

## Third quarter 2016

- Order intake rose 6% to SEK 3,082 million (2,901). For comparable units, order intake decreased by 2%.
- Net sales rose 5% to SEK 3,176 million (3,036). For comparable units, net sales decreased by 3%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) decreased by 3% to SEK 377 million (387), corresponding to an EBITA margin of 11.9% (12.7%).
- Net profit decreased by 1% to SEK 239 million (242), corresponding to earnings per share of SEK 1.99 (2.02).
- Bo Annvik was appointed as new President and CEO, and will take office not later than the Annual General Meeting on 26 April 2017.



## Financial Development

SEK million	2016 Jul-Sep	2015 Jul-Sep	Change	2016 Jan-Sep	2015 Jan-Sep	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Order intake	3,082	2,901	6%	9,570	8,853	8%	12,656	11,939
Net sales	3,176	3,036	5%	9,456	8,662	9%	12,675	11,881
Operating profit	322	339	-5%	937	886	6%	1,286	1,235
EBITA	377	387	-3%	1,093	1,029	6%	1,491	1,427
EBITA margin, %	11.9	12.7		11.6	11.9		11.8	12.0
Profit after financial items	302	305	-1%	876	808	8%	1,205	1,137
Net profit	239	242	-1%	687	636	8%	945	894
Earnings per share before dilution, SEK <sup>1)</sup>	1.99	2.02	-1%	5.73	5.30	8%	7.87	7.44
Return on operating capital, %	21	22		21	22		21	22
Cash flow from operating activities	309	356	-13%	751	583	29%	1,244	1,076
Net debt/equity ratio, %	98	93		98	93		98	80

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

# Q3

## CEO's message

*In a market characterised by tepid global growth and weak development of industrial production, demand continues to vary between product segments, countries and companies. In this challenging market situation, Indutrade has grown during the year both through acquisitions and organically.*

### Third quarter

Following a succession of quarters with strong growth figures, growth was slightly weaker during the third quarter of 2016.

During the quarter we completed an investment in a new manufacturing plant for valves in the energy segment. Our operation in the Netherlands is our largest unit in the energy sector and has expanded considerably in recent years. The new plant creates conditions for continued development of our valve programme. The market for valves used in power generation in the energy segment remains strong, and our orderbook is at a favourable level. During the third quarter of 2015 a number of very large project orders were completed and delivered. No corresponding deliveries were made during the third quarter of this year, which is reflected in both invoicing and earnings. In addition, order intake, which varies widely between months and quarters, was lower than in the corresponding period a year ago.

The month-on-month variation in order intake and invoicing was unusually large during the third quarter, where a very weak month of July was not fully compensated by the subsequent improvement that took place in August and September. We believe one reason for this variation and the weak results for July can be traced to the uncertainty created by Brexit, and the UK as a market also showed weak performance during the quarter.

Finland has been a market without growth for many years, but we are now seeing signs of higher demand. Aside from Ireland, with strong growth, our operations in Denmark also continue to develop very positively, both organically and through acquisitions.

For most product segments, demand was largely unchanged compared with the immediately preceding quarter.

To adapt the organisation to the weak market situation in the marine segment, restructuring is being conducted of the businesses that are directly affected.



### Acquisitions

Achieving growth through acquisitions is a central part of the Indutrade model, and the pace of acquisition is high. During the year a total of ten acquisitions have been carried out, of which four during the third quarter. Annual sales for these ten acquired companies together amount to a billion kronor. The following companies were acquired during the third quarter: KA Olsson & Gems (Sweden), which is a technology sales company; Vacuum Engineering (UK), which makes equipment for leak detection; Crysberg (Denmark), which develops and makes electronic control systems, mainly for irrigation systems; and Alphr Technology (UK), which makes equipment for automated assembly and control of products in production lines.

Activity remains high in the acquisition market, and we see that Indutrade's business model is attracting many business owners who are considering selling their business.

### Outlook

Indutrade's business model remains firm, and we believe that through continued acquisitions of well managed and profitable companies – together with unrelenting work on developing existing companies – we have good prospects for profitable growth also in a market characterised by weak international development.

Johnny Alvarsson, President and CEO

## Group performance

### Order intake

Order intake during the third quarter totalled SEK 3,082 million (2,901), an increase of 6%. For comparable units, order intake decreased by 2%, while acquired growth was 9%. Currency movements had a negative effect on order intake of 1%.

During the year we have noted greater uncertainty in the market, which has also led to greater variation in order intake for the Group's companies from month to month and between segments and countries.

The demand situation during the third quarter deteriorated slightly compared with the second quarter. In July, order intake as well as invoicing were considerably lower than in the corresponding, strong month of July a year earlier. Demand strengthened again in the later part of the quarter, but not by enough to compensate for the drop in July.

In Europe, daily sales have been at a continued good level at the same time that our companies have noted weaker order intake related to industrial investments and major projects. The previous, positive trend in order intake in Sweden has levelled out somewhat, at the same time that Denmark continues to perform well. Companies in Finland are reporting an increase in activity from a previously low level. In Norway, demand was stable compared with the immediately preceding quarters. Our companies in Ireland and Benelux are showing good

growth, at the same time that the business situation in Switzerland continues to be challenging. Order intake continued to decrease during the quarter for the companies in the UK, even though the situation stabilised during the later part of the quarter.

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

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

Order intake during the period January–September amounted to SEK 9,570 million (8,853), an increase of 8%. The increase for comparable units was 2%, with acquisitions contributing 8% and currency movements having a negative effect of 2%.

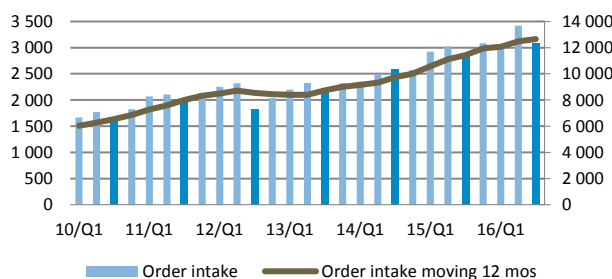
### Net sales

Net sales rose 5% during the third quarter to SEK 3,176 million (3,036). For comparable units, net sales decreased by 3%, while acquisitions contributed 8%. Currency movements had a marginal effect on net sales.

Net sales during the period January–September rose 9% to SEK 9,456 million (8,662). The increase for comparable units was 3%, with acquisitions contributing 8% and currency movements having a negative effect on net sales of 2%.

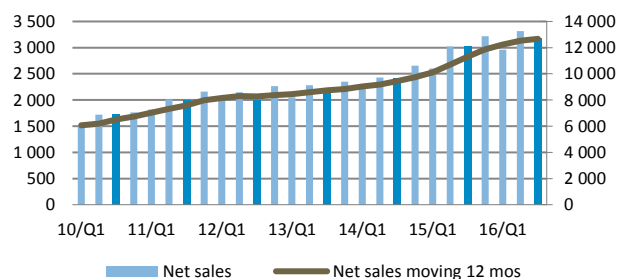
### Order intake

SEK million

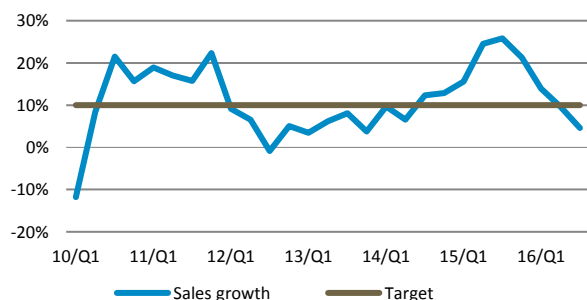


### Net Sales

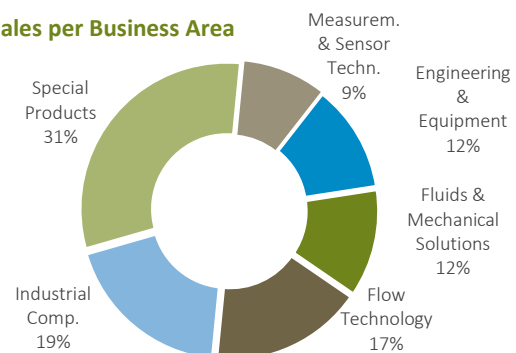
SEK million



### Sales growth



### Net Sales per Business Area



# Q3

## Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 377 million (387) for the third quarter, a decrease of 3%. For comparable units EBITA decreased by 10%, with acquisitions contributing 9% and currency movements having a negative effect of 2%. The EBITA margin decreased to 11.9% (12.7%).

The gross margin for the Group as a whole increased compared with the corresponding quarter a year ago, to 33.2% (33.1%). For the period January–September the gross margin was 33.7% (33.8%).

As in the preceding quarter, earnings performance for the business areas was mixed. The contribution from completed acquisitions was not enough to fully compensate for the drop in earnings noted by all of the business areas in July. In addition, owing to lower deliveries of valves for power generation, together with measures coupled to the challenging situation in the marine segment, earnings and the EBITA margin did not reach the same levels as in the third quarter of 2015.

Net financial items for the third quarter amounted to SEK -20 million (-34). Tax on profit for the period was SEK -63 million (-63), corresponding to a tax charge of 21% (21%). Profit for the period decreased by 1% to SEK

239 million (242). Earnings per share before dilution decreased by 1% to SEK 1.99 (2.02).

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,093 million (1,029) for the period January–September, an increase of 6%. For comparable units, EBITA decreased marginally, while acquisitions contributed 8% and currency movements had a negative effect of 2%. The EBITA margin decreased to 11.6% (11.9%).

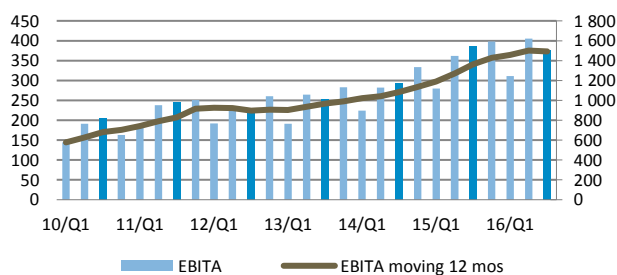
Net financial items amounted to SEK -61 million (-78). Tax on profit for the period was SEK -189 million (-172), corresponding to a tax charge of 22% (21%). Profit for the period rose 8% to SEK 687 million (636). Earnings per share before dilution increased by 8% to SEK 5.73 (5.30).

## Return

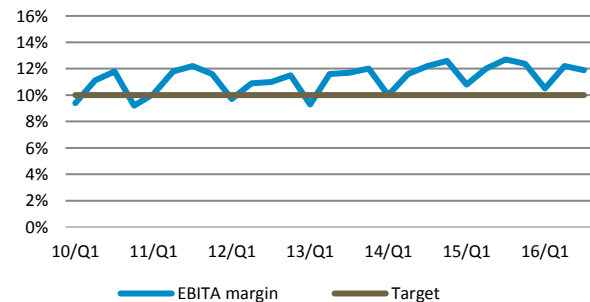
The return on operating capital was 21% (22%), and the return on equity was 25% (26%).

### EBITA

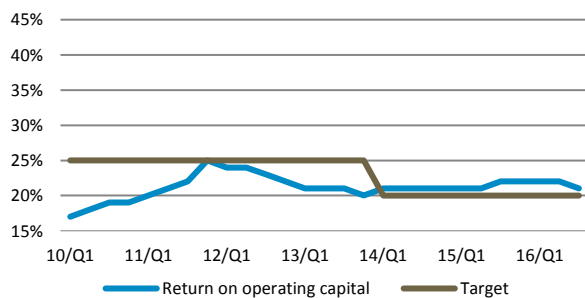
SEK million



### EBITA margin

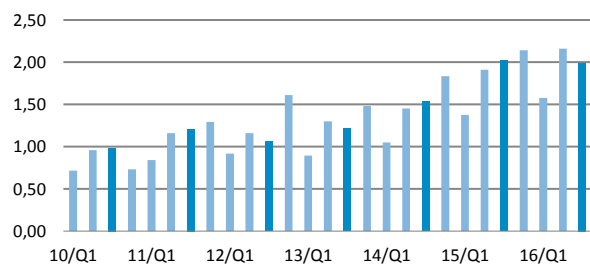


### Return



### Earnings per share

SEK



Key ratios per share were re-calculated after the 2:1 bonus issue was carried out.

# Business areas

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## Engineering & Equipment

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

SEK million	2016 Jul-Sep	2015 Jul-Sep	Change	2016 Jan-Sep	2015 Jan-Sep	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	389	373	4%	1,122	1,090	3%	1,498	1,466
EBITA	42	41	2%	95	96	-1%	124	125
EBITA margin, %	10.8	11.0		8.5	8.8		8.3	8.5

Net sales rose 4% during the quarter, to SEK 389 million (373). The increase for comparable units was 3%, while currency movements had a positive effect of 1%.

The market situation for industry in Finland remains challenging, although a slight improvement has been noted in recent months. In addition, a positive trend in industrial production, together with an increase in activity in the construction sector, has generated an increase in order intake for most companies in the business area. Work in recent years on strengthening the market and customer focus, together with completed cost adaptation,

has created good conditions for future, profitable growth once demand picks up again in Finland.

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

EBITA for the quarter increased by 2% to SEK 42 million (41), corresponding to an EBITA margin of 10.8% (11.0%). For comparable units, EBITA rose 2%, while currency movements had a marginal impact.

## Flow Technology

Flow Technology offers components and systems for controlling, measuring, monitoring and regulating flows. The business area includes companies that specialise in various areas of industrial flow technology.

SEK million	2016 Jul-Sep	2015 Jul-Sep	Change	2016 Jan-Sep	2015 Jan-Sep	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	531	545	-3%	1,651	1,622	2%	2,263	2,234
EBITA	35	52	-33%	130	158	-18%	189	217
EBITA margin, %	6.6	9.5		7.9	9.7		8.4	9.7

Net sales decreased by 3% during the quarter, to SEK 531 million (545). For comparable units, sales decreased by 2%, and currency movements had a negative effect of 1%.

The companies in the business area are experiencing greater uncertainty in the market. Following a very weak month of July, an improved demand situation was noted at the close of the quarter, where segments like pulp & paper, water/wastewater and construction showed positive development. The weak performance in the nuclear power, marine and offshore segments continued during the third quarter.

Net sales exceeded order intake by 3% during the quarter.

EBITA for the quarter decreased by 33% to SEK 35 million (52), and the EBITA margin was 6.6% (9.5%). For comparable units, EBITA decreased by 32%, and currency movements had a negative effect of 1%.

In an effort to adapt the organisation to the prevailing level of low activity in the marine segment, a restructuring of operations is being conducted in the companies that are directly affected. Costs for this, together with a changed mix, are the main reason for the weak earnings during the quarter.

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## Fluids & Mechanical Solutions

Fluids & Mechanical Solutions offers hydraulic and mechanical components to industries in the Nordic and Baltic countries. Key product areas are filters, hydraulics, tools & transmission, industrial springs, valves, water and wastewater fittings, steel profiles, compressors, product labelling and construction plastics.

SEK million	2016 Jul-Sep	2015 Jul-Sep	Change	2016 Jan-Sep	2015 Jan-Sep	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	385	316	22%	1,113	910	22%	1,452	1,249
EBITA	48	43	12%	145	122	19%	186	163
EBITA margin, %	12.5	13.6		13.0	13.4		12.8	13.1

Net sales rose 22% during the quarter, to SEK 385 million (316). For comparable units, net sales decreased by 3% and acquisitions contributed 24%, while currency movements had a positive effect of 1%.

Like the other business areas, order intake and invoicing were considerably lower in July compared to the corresponding month previous year, but recovered gradually during the quarter.

Order intake was level with net sales during the quarter.

EBITA for the quarter rose 12% to SEK 48 million (43), and the EBITA margin was 12.5% (13.6%). For comparable units, EBITA decreased by 11% and acquisitions contributed 22%, while currency movements had a positive effect of 1%.

## Industrial Components

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

SEK million	2016 Jul-Sep	2015 Jul-Sep	Change	2016 Jan-Sep	2015 Jan-Sep	Change	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	596	557	7%	1,811	1,635	11%	2,439	2,263
EBITA	67	72	-7%	189	185	2%	253	249
EBITA margin, %	11.2	12.9		10.4	11.3		10.4	11.0

Net sales rose 7% during the quarter, to SEK 596 million (557). The increase for comparable units was 1%, while acquisitions contributed 6%. Currency movements had a marginal effect.

Demand has varied considerably between the business area's companies for some time. Greater activity in segments such as construction and infrastructure has countered continued weak performance in the steel, mining, and offshore industries. Demand from customers

in engineering has also been slightly lower.

Net sales exceeded order intake by 4% during the quarter.

EBITA for the quarter decreased by 7% to SEK 67 million (72), corresponding to an EBITA margin of 11.2% (12.9%). For comparable units, EBITA decreased by 13%, acquisitions made a positive contribution of 5%, while currency movements had a positive effect of 1%.

## Measurement & Sensor Technology

Measurement & Sensor Technology offers design solutions, measurement instruments, measurement systems and sensors for various industries. All of the business area's companies have proprietary products based on advanced technological solutions and own development, design and manufacturing.

SEK million	2016	2015	Change	2016	2015	Change	2015/16	2015
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Moving 12 mos	Jan-Dec
Net sales	295	227	30%	833	692	20%	1,079	938
EBITA	51	42	21%	126	121	4%	169	164
EBITA margin, %	17.3	18.5		15.1	17.5		15.7	17.5

Net sales rose 30% during the quarter, to SEK 295 million (227). The increase for comparable units was 6% and acquisitions contributed 24%, while currency movements had a marginal effect.

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

Order intake and invoicing for most of the business area's companies have improved gradually following a

weak start to the year. Companies with sales to the USA, in particular, have performed strongly.

Order intake exceeded net sales during the quarter by 4%.

EBITA rose 21% during the quarter, to SEK 51 million (42), and the EBITA margin was 17.3% (18.5%). The increase for comparable units was 1%, acquisitions made a positive contribution of 20%, and currency movements had a marginal effect.

## Special Products

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

SEK million	2016	2015	Change	2016	2015	Change	2015/16	2015
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Moving 12 mos	Jan-Dec
Net sales	990	1,030	-4%	2,957	2,743	8%	3,986	3,772
EBITA	142	154	-8%	453	398	14%	619	564
EBITA margin, %	14.3	15.0		15.3	14.5		15.5	15.0

Net sales decreased by 4% during the quarter, to SEK 990 million (1,030). For comparable units, net sales decreased by 9%, while acquisitions contributed 8% and currency movements had a negative effect of 3%.

The monthly and quarterly variation in order intake and invoicing remains large for the companies in the business area.

Order intake and invoicing related to valves for power generation in the energy segment were considerably lower than during the third quarter of 2015, which also resulted in a significant negative effect on earnings. For the companies in Benelux and Ireland, demand moved in a positive direction, which countered weaker order intake

and invoicing for the companies in the UK. For the business area's companies in Switzerland, the market situation remains challenging, even though earnings have improved compared with the situation a year ago.

Net sales exceeded order intake by 4% during the quarter.

EBITA decreased by 8% during the quarter to SEK 142 million (154), and the EBITA margin was 14.3% (15.0%). EBITA for comparable units decreased by 14%, while acquisitions made a positive contribution of 9%. Currency movements had a negative effect on EBITA of 3%.



# Q3

## Other financial information

### Financial position

Shareholders' equity amounted to SEK 4,065 million (3,527), and the equity ratio was 37% (36%).

Cash and cash equivalents amounted to SEK 318 million (431). In addition to this, the Group had unutilised credit promises of SEK 2,351 million (2,463). Interest-bearing net debt amounted to SEK 3,992 million (3,285) at the end of the period.

The net debt/equity ratio was 98% (93%) at end of the period.

### Cash flow, Capital expenditures and Depreciation

Cash flow from operating activities was SEK 751 million (583) for the period January–September. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 487 million (459).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 264 million (124). Depreciation of property, plant and equipment totalled SEK 128 million (116). Investments in company acquisitions amounted to SEK 885 million (725). In addition, earn-out payments for previous years' acquisitions totalled SEK 160 million (85).

### Employees

The number of employees was 5,697 at the end of the period, compared with 5,107 at the start of the year. A total of 478 employees have been added during the year to date through acquisitions.

### Company acquisitions

The Group acquired the following companies, which are consolidated for the first time in 2016.

Month acquired	Acquisitions	Business area	Net Sales/SEK m*	No. of employees*
January	PECO Select Fasteners B.V	Special Products	30	4
March	Industri Verktøy AS	Industrial Components	40	10
March	Senmatic A/S	Measurement & Sensor Technology	150	87
April	Beldam Crossley Ltd	Special Products	80	63
April	Fluid Controls Ltd	Special Products	40	10
May	Klokkeholm Karosseridele A/S	Fluids & Mechanical Solutions	310	114
July	KA Olsson & Gems AB	Industrial Components	90	21
July	Vacuum Engineering Services Ltd	Special Products	100	45
August	Crysborg A/S	Measurement & Sensor Technology	90	46
September	Alphr Technology Ltd	Special Products	80	78
<b>Total</b>			<b>1,010</b>	<b>478</b>

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

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



### Events after the end of the reporting period

The Board of Directors of Indutrade has appointed Bo Annvik as the company's new President and CEO. He will assume his position not later than the Annual General Meeting on 26 April 2017. Bo Annvik, M. Sc. Econ., is currently President and CEO of Haldex. Prior to this he has served in a number of executive positions for Volvo Cars, SKF and Outokumpu.

In other respects, no significant events for the Group have occurred after the end of the reporting period.

### Incentive programme

In April 2014 the Annual General Meeting of Indutrade AB resolved to introduce a long-term incentive programme, LTI 2014, comprising a combined maximum of 460,000 warrants in two series for senior executives and other key persons in the Indutrade Group.

Within the framework of Series I, which was directed at 135 individuals, the participants subscribed for a total of 257,500 warrants, and within the framework of Series II, which was directed at 13 individuals, a total of 27,500 warrants were subscribed. Following the bonus issue in May 2016, each warrant carries entitlement to subscribe for three shares. The subscription price for Series I has been recalculated to SEK 118.80 per share, and the subscription price for Series II has been recalculated to SEK 116.70 per share.

Shares can be purchased during specially stipulated subscription periods through Friday, 18 May 2018. Upon full exercise, the number of shares outstanding will increase by 855,000, corresponding to 0.7% of the total number of shares and votes. A dilutive effect of 0.24% (0.09%) arose during the quarter, of 0.20% (0.06%) during the interim period January–September, and of 0.19% (0.01%) during the last 12 months.

### Parent company

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control and analysis. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 0 million (0) during the period January–September. The Parent Company's financial assets consist mainly of

shares in subsidiaries. During the period January–September the Parent Company acquired shares in six new companies. The Parent Company did not make any major investments in intangible non-current assets or in property, plant and equipment. The number of employees on 30 September was 11 (10).

### Risks and uncertainties

The Indutrade Group conducts business in 27 countries on four continents, through some 200 companies. This diversification, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. Apart from the risks and uncertainties described in Indutrade's 2015 Annual Report, no significant risks or uncertainties are judged to have emerged or been eliminated. Since the Parent Company is responsible for the Group's financing, it is exposed to financing risk.

The Parent Company's other activities are not exposed to risks other than indirectly via subsidiaries. For a more detailed account of risks that affect the Group and Parent Company, please see the 2015 Annual Report.

### Related party transactions

No transactions took place during the period between Indutrade and related parties that have significantly affected the Company's financial position or result of operations.

### Accounting principles

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 and RFR 1. The Parent Company applies RFR 2. The same accounting principles and calculation methods are used in this report as those used in Indutrade's 2015 Annual Report.

No new IFRSs or IFRIC interpretations that have been endorsed by the EU are applicable for Indutrade or have had any material impact on the Group's result of operations or financial position in 2016.

Changes in the Annual Accounts Act effective 1 January 2016 do not have any significant impact on the Parent Company or the Group.

# 03

## Nomination committee

Indutrade's Annual General Meeting on 6 May 2013 adopted an instruction for the Nomination Committee of Indutrade AB (publ) that applies until further notice. According to this instruction, the Nomination Committee shall be composed of representatives of four of the largest shareholders in terms of votes (owner-grouped), plus the Chairman of the Board. The member representing the largest shareholder shall serve as committee chair. In the event a member resigns from the Nomination Committee prior to the completion of its work, if the Nomination Committee finds it suitable a replacement shall be appointed from the same shareholder or, if such shareholder is no longer one of the largest shareholders, from the shareholder that is next in turn in terms of size. If the ownership conditions otherwise change significantly before the Nomination Committee's assignment has been completed, if the Nomination Committee so decides, it shall be possible to make a change in the composition of the committee in a manner deemed suitable by the Nomination Committee.

The composition of the Nomination Committee ahead of the 2017 Annual General Meeting shall be based on shareholder information from Euroclear Sweden AB's register as per the last trading day in August, and shall be announced as soon as the members are appointed, but not later than six months prior to the Annual General

Meeting. No fees shall be paid to the members of the Nomination Committee. Any costs incurred for the Nomination Committee's work shall be borne by the company. The Nomination Committee's mandate period continues until the composition of the subsequent Nomination Committee has been made public.

Accordingly, the following persons have been appointed as members of the Nomination Committee: Claes Boustedt (L E Lundbergföretagen, committee chair), Fredrik Lundberg (L E Lundbergföretagen, Chairman of the Board of Indutrade), Henrik Didner (Didner & Gerge funds), Anders Ocarsson (AMF and AMF funds), and Jonathan Schönbäck (Handelsbanken funds).

Information on how to contact the Nomination Committee is provided on Indutrade's website: [www.indutrade.com](http://www.indutrade.com).

## Financial calendar

- The year-end report for the period 1 January–31 December 2016 will be published on 14 February 2017.
- The 2016 Annual Report will be published in early April 2017.
- The interim report for the period 1 January–31 March 2017 will be published on 26 April 2017.
- The Annual General Meeting will be held in Stockholm on 26 April 2017.

Stockholm, 25 October 2016  
Indutrade AB (publ)

Johnny Alvarsson  
President and CEO

## Note

The information in this report is such that Indutrade AB is obligated to disclose in accordance with the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication by the agency of the following contact persons at 8 a.m. (CET) on 25 October 2016.

## Further information

For further information, please contact:  
Johnny Alvarsson, President and CEO, tel.: +46 70 589 17 95,  
or Jan Öhman, CFO, tel.: +46 70 226 75 34

## This report will be commented upon as follows:

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

<http://event.onlineseminarsolutions.com/r.htm?e=1284813&s=1&k=50C8E99DB10055C9B545855F3581097D>

To participate, call  
SE: +46 8 566 426 93  
UK: +44 203 008 98 13  
US: +1 855 831 59 45

## Auditor's review report

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

#### Introduction

We have reviewed the condensed interim financial information (interim report) of Indutrade AB (publ.) Corporate Identity Number 556017-9367 as of 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

#### Scope of Review

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

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

#### Conclusion

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

Stockholm, 25 October 2016  
PricewaterhouseCoopers AB

Michael Bengtsson  
Authorized Public Accountant  
Auditor in charge

# Q3

## Indutrade consolidated income statement – condensed

SEK million	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	3,176	3,036	9,456	8,662	12,675	11,881
Cost of goods sold	-2,122	-2,030	-6,267	-5,734	-8,380	-7,847
<b>Gross profit</b>	<b>1,054</b>	<b>1,006</b>	<b>3,189</b>	<b>2,928</b>	<b>4,295</b>	<b>4,034</b>
Development costs	-38	-31	-111	-97	-147	-133
Selling costs	-497	-480	-1,594	-1,464	-2,174	-2,044
Administrative expenses	-202	-161	-570	-485	-720	-635
Other operating income and expenses	5	5	23	4	32	13
<b>Operating profit</b>	<b>322</b>	<b>339</b>	<b>937</b>	<b>886</b>	<b>1,286</b>	<b>1,235</b>
Net financial items	-20	-34	-61	-78	-81	-98
<b>Profit after financial items</b>	<b>302</b>	<b>305</b>	<b>876</b>	<b>808</b>	<b>1,205</b>	<b>1,137</b>
Income Tax	-63	-63	-189	-172	-260	-243
<b>Net profit for the period</b>	<b>239</b>	<b>242</b>	<b>687</b>	<b>636</b>	<b>945</b>	<b>894</b>
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	239	242	687	636	944	893
Non-controlling interests	0	0	0	0	1	1
	<b>239</b>	<b>242</b>	<b>687</b>	<b>636</b>	<b>945</b>	<b>894</b>
<b>EBITA</b>	<b>377</b>	<b>387</b>	<b>1,093</b>	<b>1,029</b>	<b>1,491</b>	<b>1,427</b>
<i>Operating profit includes:</i>						
Amortisation of intangible assets <sup>1)</sup>	-59	-52	-171	-155	-225	-209
<i>of which attributable to acquisitions</i>	-55	-48	-156	-143	-205	-192
Depreciation of property, plant and equipment	-45	-39	-128	-116	-168	-156
Earnings per share before dilution, SEK <sup>2)</sup>	1.99	2.02	5.73	5.30	7.87	7.44
Earnings per share after dilution, SEK <sup>2)</sup>	1.99	2.01	5.71	5.30	7.85	7.44
Average number of shares before dilution, '000 <sup>2)</sup>	120,000	120,000	120,000	120,000	120,000	120,000
Average number of shares after dilution, '000 <sup>2)</sup>	120,292	120,105	120,242	120,068	120,224	120,094

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

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

## Indutrade consolidated statement of comprehensive income

SEK million	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/16 Moving 12 mos	2015 Jan-Dec
<b>Net profit for the period</b>	<b>239</b>	<b>242</b>	<b>687</b>	<b>636</b>	<b>945</b>	<b>894</b>
<b>Other comprehensive income</b>						
<b>Items that can be reversed into income statement</b>						
Fair value adjustment of hedge instruments	3	21	23	13	26	16
Tax attributable to fair value adjustments	-1	-5	-6	-3	-6	-3
Exchange rate differences	71	-38	117	27	40	-50
<b>Items that cannot be reversed into income statement</b>						
Actuarial gains/losses	-140	-	-140	-	-145	-5
Tax on actuarial gains/losses	32	-	32	-	34	2
<b>Other comprehensive income for the period, net of tax</b>	<b>-35</b>	<b>-22</b>	<b>26</b>	<b>37</b>	<b>-51</b>	<b>-40</b>
<b>Total comprehensive income for the period</b>	<b>204</b>	<b>220</b>	<b>713</b>	<b>673</b>	<b>894</b>	<b>854</b>
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	204	220	713	673	893	853
Non-controlling interests	0	0	0	0	1	1

# Indutrade consolidated balance sheet – condensed

# Q3

SEK million	2016 30 Sep	2015 30 Sep	2015 31 Dec
Goodwill	2,365	1,951	1,942
Other intangible assets	1,901	1,683	1,636
Property, plant and equipment	1,433	1,070	1,117
Financial assets	141	91	101
Inventories	2,238	2,016	1,931
Accounts receivable, trade	2,335	2,063	1,995
Other receivables	358	397	300
Cash and cash equivalents	318	431	339
<b>Total assets</b>	<b>11,089</b>	<b>9,702</b>	<b>9,361</b>
Equity	4,065	3,527	3,707
Non-current interest-bearing liabilities and pension liabilities	2,425	1,257	1,260
Other non-current liabilities and provisions	562	472	480
Current interest-bearing liabilities	1,885	2,459	2,028
Accounts payable, trade	973	917	848
Other current liabilities	1,179	1,070	1,038
<b>Total equity and liabilities</b>	<b>11,089</b>	<b>9,702</b>	<b>9,361</b>

# Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2016 30 Sep	2015 30 Sep	2015 31 Dec
Opening equity	3,703	3,160	3,160
Total comprehensive income for the period	713	673	853
Dividend	-360 <sup>1)</sup>	-310 <sup>2)</sup>	-310 <sup>2)</sup>
Acquisition of non-controlling interests	-1	-	-
<b>Closing equity</b>	<b>4,055</b>	<b>3,523</b>	<b>3,703</b>

<sup>1)</sup> Dividend per share for 2015 was SEK 9.00

<sup>2)</sup> Dividend per share for 2014 was SEK 7.75

<i>Equity, attributable to:</i>			
Equity holders of the parent company	4,055	3,523	3,703
Non-controlling interests	10	4	4
	<b>4,065</b>	<b>3,527</b>	<b>3,707</b>

# Indutrade consolidated cash flow statement

## – condensed

SEK million	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/16 Moving 12 mos	2015 Jan-Dec
Operating profit	322	339	937	886	1,286	1,235
Non-cash items	106	106	305	304	384	383
Interests and other financial items, net	-19	-29	-47	-71	-64	-88
Paid tax	-56	-62	-240	-205	-250	-215
Change in working capital	-44	2	-204	-331	-112	-239
<b>Cash flow from operating activities</b>	<b>309</b>	<b>356</b>	<b>751</b>	<b>583</b>	<b>1,244</b>	<b>1,076</b>
Net capital expenditures in non-current assets	-99	-36	-264	-124	-361	-221
Company acquisitions and divestments	-333	-60	-1,045	-808	-1,115	-878
Change in other financial assets	8	0	9	-1	9	-1
<b>Cash flow from investing activities</b>	<b>-424</b>	<b>-96</b>	<b>-1,300</b>	<b>-933</b>	<b>-1,467</b>	<b>-1,100</b>
Net borrowings	135	-106	890	731	462	303
Dividend paid out	-	-	-360	-310	-360	-310
<b>Cash flow from financial activities</b>	<b>135</b>	<b>-106</b>	<b>530</b>	<b>421</b>	<b>102</b>	<b>-7</b>
<b>Cash flow for the period</b>	<b>20</b>	<b>154</b>	<b>-19</b>	<b>71</b>	<b>-121</b>	<b>-31</b>
Cash and cash equivalents at start of period	302	293	339	357	431	357
Exchange rate differences	-4	-16	-2	3	8	13
<b>Cash and cash equivalents at end of period</b>	<b>318</b>	<b>431</b>	<b>318</b>	<b>431</b>	<b>318</b>	<b>339</b>

# Key data

# Q3

<b>Moving 12 mos</b>	<b>2016 30 Sep</b>	<b>2015 31 Dec</b>	<b>2015 30 Sep</b>	<b>2014 31 Dec</b>	<b>2013 31 Dec</b>
Net sales, SEK million	12,675	11,881	11,316	9,746	8,831
Sales growth, %	12	22	20	10	5
EBITA, SEK million	1,491	1,427	1,363	1,134	990
EBITA margin, %	11.8	12.0	12.0	11.6	11.2
Operating capital at end of period, SEK million	8,057	6,656	6,812	5,656	4,947
Operating capital, average, SEK million	7,207	6,537	6,263	5,324	4,894
Return on operating capital, % <sup>1)</sup>	21	22	22	21	20
Equity, average, SEK million	3,823	3,440	3,278	2,818	2,377
Return on equity, % <sup>1)</sup>	25	26	26	25	25
Interest-bearing net debt at end of period, SEK million	3,992	2,949	3,285	2,494	2,321
Net debt/equity ratio, %	98	80	93	79	88
Net debt/EBITDA, times	2.4	1.8	2.1	1.9	2.1
Equity ratio, %	37	40	36	39	38
Average number of employees	5,344	4,978	4,843	4,418	4,151
Number of employees at end of period	5,697	5,107	5,085	4,578	4,218
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share <sup>2)</sup></i>					
Earnings per share before dilution, SEK <sup>3)</sup>	7.87	7.44	7.13	5.87	4.89
Earnings per share after dilution, SEK <sup>4)</sup>	7.85	7.44	7.13	5.87	4.89
Equity per share, SEK	33.79	30.86	29.36	26.33	21.86
Cash flow from operating activities per share, SEK	10.37	8.97	8.01	7.53	7.16

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

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

<sup>3)</sup> Based on 120,000,000 shares during all periods in the table.

<sup>4)</sup> Based on 120,093,813 shares for December 2015, 120,013,980 shares for September 2015 and 120,223,731 shares for September 2016. Other periods 120,000,000 shares.



# Q3 Business area performance

	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/16 Moving 12 mos	2015 Jan-Dec
<b>Net sales, SEK million</b>						
Engineering & Equipment	389	373	1,122	1,090	1,498	1,466
Flow Technology	531	545	1,651	1,622	2,263	2,234
Fluids & Mechanical Solutions	385	316	1,113	910	1,452	1,249
Industrial Components	596	557	1,811	1,635	2,439	2,263
Measurement & Sensor Technology	295	227	833	692	1,079	938
Special Products	990	1,030	2,957	2,743	3,986	3,772
Parent company and Group items	-10	-12	-31	-30	-42	-41
	<b>3,176</b>	<b>3,036</b>	<b>9,456</b>	<b>8,662</b>	<b>12,675</b>	<b>11,881</b>
<b>EBITA, SEK million</b>						
Engineering & Equipment	42	41	95	96	124	125
Flow Technology	35	52	130	158	189	217
Fluids & Mechanical Solutions	48	43	145	122	186	163
Industrial Components	67	72	189	185	253	249
Measurement & Sensor Technology	51	42	126	121	169	164
Special Products	142	154	453	398	619	564
Parent company and Group items	-8	-17	-45	-51	-49	-55
	<b>377</b>	<b>387</b>	<b>1,093</b>	<b>1,029</b>	<b>1,491</b>	<b>1,427</b>
<b>EBITA margin, %</b>						
Engineering & Equipment	10.8	11.0	8.5	8.8	8.3	8.5
Flow Technology	6.6	9.5	7.9	9.7	8.4	9.7
Fluids & Mechanical Solutions	12.5	13.6	13.0	13.4	12.8	13.1
Industrial Components	11.2	12.9	10.4	11.3	10.4	11.0
Measurement & Sensor Technology	17.3	18.5	15.1	17.5	15.7	17.5
Special Products	14.3	15.0	15.3	14.5	15.5	15.0
	<b>11.9</b>	<b>12.7</b>	<b>11.6</b>	<b>11.9</b>	<b>11.8</b>	<b>12.0</b>

# Business area performance per quarter

# Q3

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

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

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

# Q3 Acquisitions

## Acquisitions 2016

All of the shares have been acquired in PECO Select Fasteners BV (Netherlands), Industri Verktøy AS (Norway), Senmatic A/S (Denmark), Beldam Crossley Ltd (UK), Fluid Controls Ltd (UK), Klokkeholm Karosseridele A/S (Denmark), KA Olsson & Gems AB (Sweden), Vacuum Engineering Services Ltd (UK), Crysberg A/S (Denmark), and Alphr Technology Ltd (UK).

## Fluids & Mechanical Solutions

On 3 May Klokkeholms Karosseridele A/S (Denmark) was acquired, with annual sales of SEK 310 million. The company offers a wide range of spare parts to the automotive repair industry.

## Industrial Components

On 16 March Industri Verktøy AS (Norway) was acquired, with annual sales of SEK 40 million. The company supplies equipment for building in stone and concrete.

On 1 July KA Olsson & Gems AB (Sweden) was acquired, with annual sales of SEK 90 million. The company is a niche technology sales company with business in three segments: Tape & Glue, Films & Digital, and Display & Décor.

## Measurement & Sensor Technology

On 18 March Senmatic A/S (Denmark) was acquired, with annual sales of SEK 150 million. The company manufactures a wide range of standard and customised sensors for measurement of temperature and relative humidity.

On 12 August Crysberg A/S (Denmark) was acquired, with annual sales of SEK 90 million. The company develops and manufactures electronic control solutions primarily for irrigation systems used in such areas as parks, sports facilities and golf courses.

## Special Products

On 8 January PECO Select Fasteners BV (Netherlands) was acquired, with annual sales of SEK 30 million. The company supplies special and customised fasteners to manufacturers of steel constructions within wind power, cranes, vessels and buildings.

On 1 April Beldam Crossley Ltd (UK) was acquired, with annual sales of SEK 80 million. The company

manufactures packings, advanced plastic components and bearings.

On 6 April Fluid Controls Ltd (UK) was acquired, with annual sales of SEK 40 million. The company supplies control and instrumentation solutions comprising valves, fittings and pressure regulators.

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

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

## Acquired assets in 2016

### Preliminary purchase price allocation

#### SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 70 million			1,023
	<b>Book Value</b>	<b>Fair value adjustment</b>	<b>Fair value</b>
<b>Acquired assets</b>			
Goodwill	-	392	392
Agencies, trademarks, customer relations, licences, etc.	24	370	394
Property, plant and equipment	151	-	151
Financial assets	17	-	17
Inventories	202	-	202
Other current assets <sup>1)</sup>	163	-	163
Cash and cash equivalents	71	-	71
Deferred tax liability	-20	-79	-99
Provisions including pension liabilities	-1	-	-1
Other operating liabilities	-261	-	-261
Non-controlling interests	-6	-	-6
	<b>340</b>	<b>683</b>	<b>1,023</b>

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

Agencies, customer relations, licences, etc. will be amortised over a period of 10–20 years, while trademarks are assumed to have indefinite useful life. Trademarks are included at a value of SEK 16 million.

Indutrade normally uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payment is valued at the present value of the likely outcome, which for the acquisitions made during the year to date amount to SEK 70 million. These contingent earn-out payments fall due for payment within four years and can amount to a maximum of SEK 72 million. If the conditions are not met, the outcome can be in the range of SEK 0–72 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 6 million (5) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated in the amount of SEK 21 million (2). Income recognised as a result of this restatement is reported under Other income and expenses in the amount of SEK 20 million (2) and Net financial items in the amount of SEK 1 million (–).

The purchase price allocation calculations for Trelawny Group and Fergin Sverige AB, which were acquired in July and September 2015, respectively, 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 accounts receivable.

## Cash flow impact

### SEK million

Purchase price, incl. contingent earn-out payments	1,023
Purchase price not paid out	-67
Cash and cash equivalents in acquired companies	-71
Payments pertaining to previous years' acquisitions	160
<b>Total cash flow impact</b>	<b>1,045</b>

## Effects of acquisitions carried out in 2015 and 2016

SEK million Business area	Net sales		EBITA	
	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep
Engineering & Equipment	-	-	-	-
Flow Technology	-	-	-	-
Fluids & Mechanical Solutions	77	197	9	24
Industrial Components	32	127	3	13
Measurement & Sensor Technology	54	120	9	16
Special Products	86	210	14	34
<b>Effect on Group</b>	<b>249</b>	<b>654</b>	<b>35</b>	<b>87</b>
Acquisitions carried out in 2015	20	262	2	31
Acquisitions carried out in 2016	229	392	33	56
<b>Effect on Group</b>	<b>249</b>	<b>654</b>	<b>35</b>	<b>87</b>

If all acquired units had been consolidated as from 1 January 2016, net sales for the year to date would have amounted to SEK 9,830 million, and EBITA would have totalled SEK 1,147 million.

## Acquisitions after the end of the reporting period

No acquisitions have been carried out after the end of the reporting period.

# Q3

## Fair value

The table below shows financial instruments at fair value, based on the classification of the fair value hierarchy. The various levels are defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets and liabilities [level 1]
2. Other observable data for assets and liabilities than quoted prices included in level 1, either directly (i.e., through price listings) or indirectly (i.e., stemming from price listings) [level 2]
3. Data for the assets or liabilities that is not based on observable market data (i.e., non-observable market data) [level 3]

## The Group's assets and liabilities measured at fair value

SEK million	30 Sep 2016			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Available-for-sale financial assets	-	-	15	<b>15</b>
Derivative instruments held for hedging purposes	-	4	-	<b>4</b>
<b>Liabilities</b>				
Derivative instruments held for hedging purposes	-	19	-	<b>19</b>
Contingent consideration	-	-	154	<b>154</b>

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

Derivative instruments consist of currency forward contracts and interest rate swaps. No transfers were made between levels 2 and 3 during the period. Assets in level 3 consist for the most part of holdings of shares and participations in unlisted companies. Fair value is considered to be equal to cost. Contingent earn-out payments have been discounted to present value using an interest rate that is judged to be in line with the market rate at the time of acquisition. Adjustments are not made on a regular basis for changes in the market interest rate, since the effects of these are judged to be negligible. Essentially all long- and short-term loans carry variable interest rates, which is why fair value is equal to the carrying amount. For the Group's other financial assets and liabilities, such as trade accounts receivable, cash and cash equivalents, and trade accounts payable, fair value is estimated to be equal to the carrying amount.

Contingent earn-out payments SEK million	2016 30 Sep	2015 31 Dec
Opening book value	259	241
Acquisitions during the year	70	120
Consideration paid	-159	-106
Reclassified via income statement	-21	-7
Interest expenses	3	10
Exchange rate differences	2	1
<b>Closing book value</b>	<b>154</b>	<b>259</b>

# Parent company income statement

## – condensed

# Q3

SEK million	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/16 Moving 12 mos	2015 Jan-Dec
Net sales	0	0	0	0	4	4
<b>Gross profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>
Administrative expenses	-13	-14	-50	-47	-58	-55
<b>Operating profit</b>	<b>-13</b>	<b>-14</b>	<b>-50</b>	<b>-47</b>	<b>-54</b>	<b>-51</b>
Financial income/expenses	-5	-10	-11	-39	-16	-44
Profit from participation in Group companies	-	-	667	573	667	573
<b>Profit after financial items</b>	<b>-18</b>	<b>-24</b>	<b>606</b>	<b>487</b>	<b>597</b>	<b>478</b>
Appropriations	-	-	-	-	419	419
Income tax	4	5	13	17	-77	-73
<b>Net profit for the period</b>	<b>-14</b>	<b>-19</b>	<b>619</b>	<b>504</b>	<b>939</b>	<b>824</b>
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0	0	0

# Parent company balance sheet

## – condensed

SEK million	2016 30 Sep	2015 30 Sep	2015 31 Dec
Intangible assets	0	0	0
Property, plant and equipment	1	1	1
Financial assets	4,534	4,105	4,133
Current receivables	3,352	2,654	2,928
Cash and cash equivalents	0	0	29
<b>Total assets</b>	<b>7,887</b>	<b>6,760</b>	<b>7,091</b>
Equity	3,148	2,559	2,882
Untaxed reserves	498	388	498
Non-current interest-bearing liabilities and pension liabilities	1,822	844	846
Other non-current liabilities and provisions	3	2	3
Current interest-bearing liabilities	2,367	2,902	2,679
Current noninterest-bearing liabilities	49	65	183
<b>Total equity and liabilities</b>	<b>7,887</b>	<b>6,760</b>	<b>7,091</b>

# Q3 Definitions

## Alternative Performance Measures

In this interim report Indutrade presents Alternative Performance Measures (APMs) that complement the key financial ratios defined in IFRS. The company believes that these APMs provide valuable information to investors and the company's management, as they contribute to assessment of the company's performance, trends, ability to repay debt and invest in new business opportunities, and they reflect the Group 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 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 from acquisitions, less cash and cash equivalents.

### Net capital expenditures

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

### Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

### Net debt/EBITDA

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

### Operating capital

Shareholders' equity plus interest-bearing net debt.

### Return on equity

Net profit for the period on a moving 12-month basis divided by average shareholders' equity per month.

### Return on operating capital

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



## Indutrade in brief

Indutrade markets and sells components, systems and services with a high-tech content to industrial customers in selected niches. The Group creates value for its customers by structuring the value chain and increasing the efficiency of its customers' use of technological components and systems. For the Group's suppliers, value is created through the offering of an efficient sales organisation with high technical expertise and well developed customer relations.

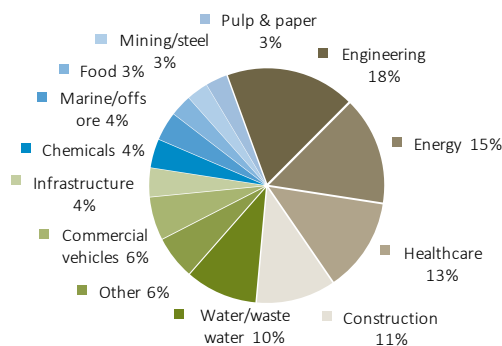
Indutrade's business is distinguished by the following factors, among others:

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

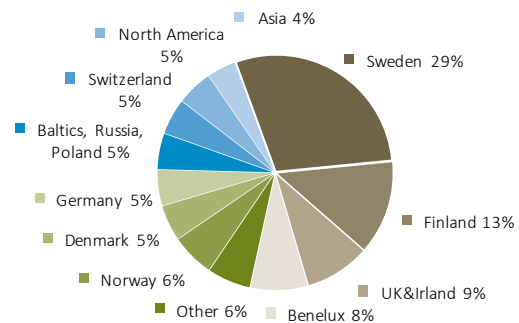
The Group is structured into six business areas: Engineering & Equipment, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and Special Products.

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

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



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



<sup>1)</sup> Financial year 2015

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