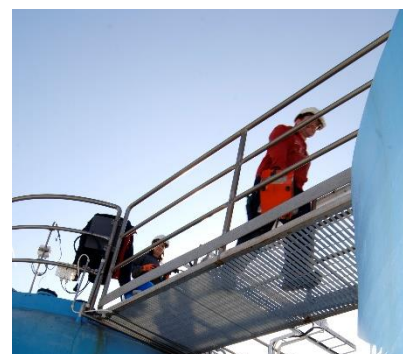


# Interim report first quarter

1 January – 31 March 2020

## First quarter 2020

- Order intake rose 17 % to SEK 5,401 million (4,610). For comparable units, it was an increase of 7%.
- Net sales rose 14% to SEK 4,976 million (4,366). For comparable units the increase was 3%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 15% to SEK 616 million (537), corresponding to an EBITA margin of 12.4% (12.3%).
- Profit for the quarter rose 11% to SEK 388 million (350), and earnings per share were SEK 3.22 (2.90).
- Cash flow from operating activities amounted to SEK 421 million (168).



## Financial Development

SEK million	2020 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Order intake	5,401	4,610	17%	19,444	18,653
Net sales	4,976	4,366	14%	19,021	18,411
Operating profit	528	469	13%	2,075	2,016
EBITA	616	537	15%	2,409	2,330
EBITA margin, %	12.4	12.3		12.7	12.7
Profit before taxes	496	442	12%	1,946	1,892
Net profit	388	350	11%	1,521	1,483
Earnings per share before dilution, SEK	3.22	2.90	11%	12.59	12.26
Return on capital employed, %	18	21		18	19
Cash flow from operating activities	421	168	151%	2,175	1,922
Net debt/equity ratio, %	85	76		85	85

# Q1

## CEO's message

*Strong growth and stable earnings, but a great deal of uncertainty going forward.*

### First quarter

Overall, demand during the first quarter was strong even though there were significant variations across product types, segments and markets. Order intake rose 17%, of which 7% was organic. Performance of the Flow Technology business area was particularly favourable, with a rise in the order intake for companies with customers in the medical technology, pharmaceutical, marine and process industry segments. Order intake exceeded invoicing by 9% and was SEK 5.4 billion. Demand was, on the whole, weaker for companies with customers in the automotive and engineering industries.

Sales rose 14%, of which 3% was organic. Half of the eight business areas had organic growth, the strongest of which occurred in the Flow Technology and Benelux business areas. For the Benelux business area, the strong growth was primarily attributable to valves for power generation. The weakest performance was reported from companies in the Measurement & Sensor Technology and UK business areas, which resulted from the uncertain market situation and lower demand from customers in, for example, automotive industry.

Most of our companies reported higher profitability and four of our eight business areas reported an improved operating margin compared to the same quarter last year. The Group's EBITA increased by 15% to SEK 616 million, corresponding to an EBITA margin of 12.4% (12.3%). The Flow Technology and DACH business areas reported the largest improvements in EBITA margin, which primarily resulted from higher sales.

During the first quarter, the overall impact of the covid-19 pandemic was limited. There was a significant increase in demand for a few of the companies in the medical technology segment. Besides that, the build-up of inventory at some of the industrial customers had a positive impact on companies in these segments. Many of our companies were negatively impacted by the countrywide lockdowns that occurred at the end of March, along with many major customers closing their production facilities, for example within the automotive and engineering industries. In conjunction with this, there was a radical decline in demand for some companies. In the UK, for example, there has essentially been no activity whatsoever in the construction and infrastructure segments since the lockdown began. During the quarter, there were also some disruptions in the supply chains and in own production for, primarily, companies in the Measurement & Sensor Technology business area. They were impacted by the lower production and delivery capacity in Asia associated with local lockdowns due to the covid-19 pandemic.

The Group's financial position is strong and it improved even further after the end of the quarter when Indutrade extended short-term loans totalling SEK 800 million by more than three years. Furthermore, long-term credit facilities were increased by an additional SEK 750 million. After these changes, total long-term loans and credit facilities amount to just over SEK 7 billion. There was an improvement in working capital compared to last year, which contributed to a higher cash flow, amounting to SEK 421 million.



### Acquisitions

The rate of acquisitions was high during the first quarter. In total, six acquisitions were made. Indutrade acquired the German company Stein Automation, which delivers customised automation solutions for production processes, VarioDrive, which offers solutions for motion control in the Netherlands, and Swedish AVA Monitoring, which manufactures fully automated measurement systems for vibration and noise. We also acquired Sverre Hellum & Sønn, which is a supplier of diamond tools for the Norwegian market, the Finnish company Jouka, which designs and manufactures ball valves and integrated ball valve solutions with a high degree of customisation and Norwegian Nortronic, which offers energy-efficient and innovative lighting solutions. The total annual sales for all of these acquisitions amount to just over SEK 400 million.

Despite the uncertain market situation, we are continuing to pursue our acquisition discussions. The processes have, however, slowed down as a result. Our intention is to make additional acquisitions during the coming quarters and we have discussions underway with several interesting companies.

### Outlook

There is significant variation in the market situation for our companies and a great deal of uncertainty exists concerning the outlook for the next few quarters. At the start of the second quarter, order intake and sales were significantly lower. Even though demand for many of our companies continues to develop positively, our assessment is that the overall organic growth during the next quarter will be negative.

All of our companies that are experiencing a decline in order intake are working with various types of cost reduction measures and many have even temporarily laid off employees. All of the production units are operating, except for one in Malaysia, and a few though, at lower capacity due to the local restrictions.

A definite strength in such difficult times as these is our decentralised business model with entrepreneurial MDs who are given the authority to make independent, quick business decisions that are adapted to the prevailing challenges and opportunities. I am proud of how quickly our companies have acted to adapt their organisations, while maintaining focus on continuing to make deliveries and provide service to their customers.

Indutrade is well-prepared to meet the challenges that lie ahead and we will continue our efforts to generate long-term sustainable growth and profitability.

Bo Annvik, President and CEO

## Group performance

### Order intake

During the first quarter, the demand between companies and segments varied but, overall, was higher than the corresponding quarter last year. For most of the business areas, order intake improved, thanks to healthy demand in, for example, the medical technology, marine and process industry segments. Many companies with customers in the engineering industry experienced weaker development. Order intake was 9% higher than invoicing and amounted to SEK 5,401 million (4,610), which is an increase of 17%. For comparable units, order intake grew 7%, while acquired growth was 9% and currency movements had a positive impact on order intake of 2%. Divestments had a negative impact on order intake of 1%.

Organic growth for the Flow Technology business area was strongest, where the demand from customers in the medical technology, marine and process industry segments contributed the most. The largest downturn was in the UK business area, which is attributable to, for example, lower demand from customers in the infrastructure and construction segments.

During the first quarter, the overall impact on demand of the covid-19 pandemic was limited. A few companies in the medical technology segment experienced a significant improvement in demand. Furthermore, it was noted that some customers had built up their inventory.

Many companies experienced a significant decline in demand during the latter part of March, in conjunction with the lockdowns in several countries and with several customers having locked down their operations.

### Net sales

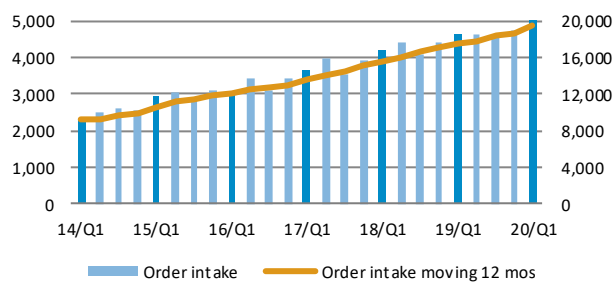
Net sales rose 14% during the first quarter to SEK 4,976 million (4,366). For comparable units, net sales increased by 3%, acquisitions contributed with 9% and currency movements had a positive effect of 2%. The effect of divestments on net sales was marginal.

Organic growth was strongest in the Benelux and Flow Technology business areas. For the Benelux business area, the strong growth is primarily attributable to valves for power generation. Healthy growth in the Flow Technology business area was primarily a result of higher sales in the medical technology, marine and process industry segments.

The weakest organic growth occurred in the Measurement & Sensor Technology and UK business areas. The downturn in Measurement & Sensor Technology was largely attributable to lower sales to customers in the automotive industry and radio-based communication systems. Weaker growth in the UK business area stemmed from a lower demand in the infrastructure and construction segments.

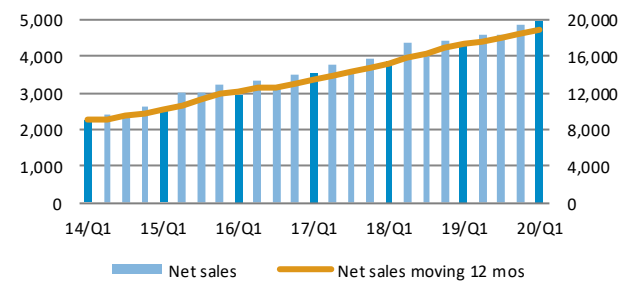
### Order intake

SEK million

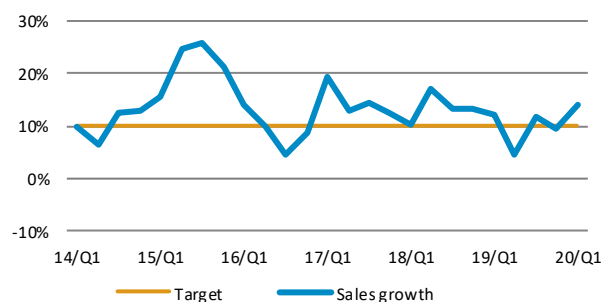


### Net Sales

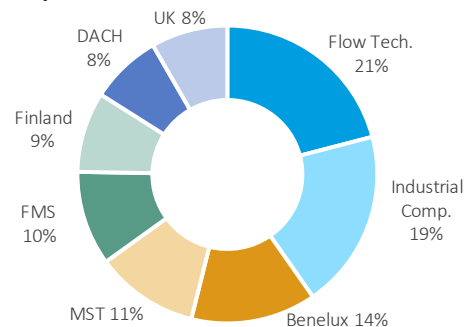
SEK million



### Sales growth



### Net Sales per Business Area



# Q1

## Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 616 million (537) for the first quarter, which is an increase of 15%. For comparable units, EBITA increased by 2%, acquisitions contributed 10%, divestments had a positive effect on earnings of 1%, and currency movements had a positive effect of 2%. The EBITA margin increased slightly to 12.4 % (12.3%).

The gross margin for the Group was stable in the first quarter at 34.0% (34.1%).

The Flow Technology and DACH business areas reported the largest improvements in EBITA margin. For the Flow Technology business area, the improvement came primarily from a widespread and robust growth in organic sales, along with successful cost control. For the DACH business area, the improvement is primarily attributable to higher invoicing to the Swiss process industry and good margins in newly acquired companies.

The EBITA margin decreased the most in the Fluids & Mechanical Solutions and UK business areas. The decline is primarily attributable to negative organic sales growth.

There was only a limited impact during the quarter from the covid-19 pandemic. There were some disruptions in the supply chains and in own production for, primarily, companies in the Measurement & Sensor Technology business area. Costs rose slightly in conjunction with this as well.

Net financial items during the first quarter amounted to SEK -32 million (-27). The change stems primarily from a higher level of debt and slightly higher interest rates. Tax on profit for the quarter was SEK -108 million (-92), corresponding to a tax charge of 22% (21%).

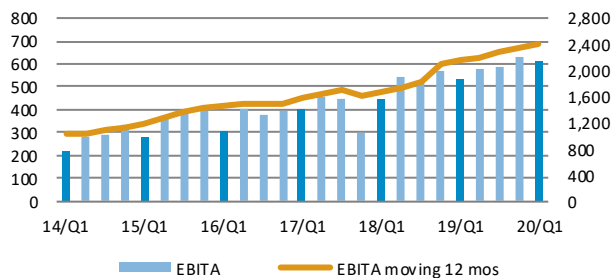
Profit for the quarter rose 11% to SEK 388 million (350). Earnings per share before dilution increased 11% to SEK 3.22 (2.90).

## Return

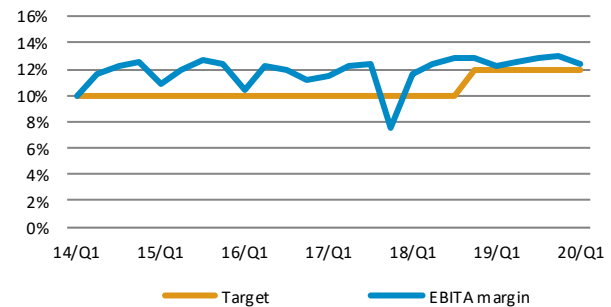
Return on capital employed decreased compared to last year and amounted to 18% (21%). The implementation of IFRS 16 last year had a negative impact on return equal to approximately one percentage point. The change otherwise stems mainly from the high rate of acquisition and higher working capital. Return on equity was 22% (24%).

### EBITA

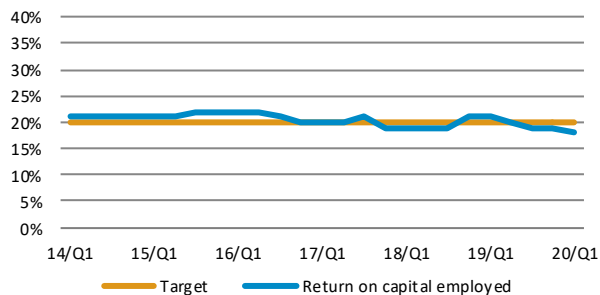
SEK million



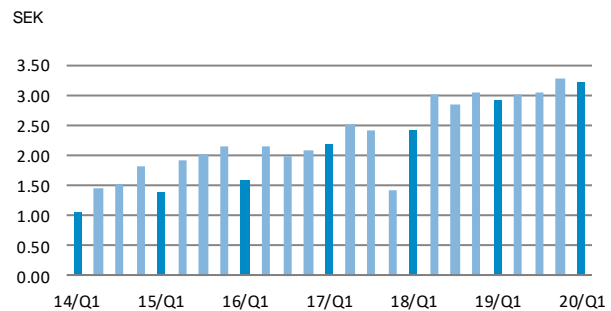
### EBITA margin



### Return



### Earnings per share



## Business Areas

### Benelux

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the energy, construction & infrastructure, and healthcare 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 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	676	472	43%	2,492	2,288
EBITA	83	61	36%	337	315
EBITA margin, %	12.3	12.9		13.5	13.8

Net sales rose 43% during the first quarter to SEK 676 million (472). Comparable units increased by 12%, acquisitions contributed 29%, and currency movements had a positive effect of 2%.

Overall, order intake was higher than the same period last year, which is primarily due to the healthy demand for valves for power generation and medical technology.

Order intake was 17% higher than invoicing during the quarter.

EBITA for the quarter increased by 36% to SEK 83 million (61), corresponding to an EBITA margin of 12.3% (12.9%). For comparable units, EBITA increased by 13%, acquisitions contributed 20%, and currency movements had a positive effect of 3%.

The upward trend for organic EBITA is primarily attributable to valves for power generation.

### DACH

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

SEK million	2020 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	413	305	35%	1,511	1,403
EBITA	45	29	55%	150	134
EBITA margin, %	10.9	9.5		9.9	9.6

Net sales rose 35% during the quarter to SEK 413 million (305). Comparable units increased by 8%, acquisitions contributed 21%, and currency movements had a positive effect of 6%. The effect of divestments was marginal.

During the quarter, the demand for comparable units was much the same as last year. The continued favourable trend for order intake from the Swiss process industry essentially balanced the weaker demand from the German engineering industry. Order intake was 9% higher than invoicing.

EBITA for the quarter increased by 55% to SEK 45 million (29), and the EBITA margin was 10.9% (9.5%). For comparable units it was an increase of 12%, acquisitions had a positive impact of 36%, and currency movements contributed 8%. Divestments had a negative impact of -1%.

The organic earnings improvement is primarily attributable to higher sales to the Swiss process industry, along with one-off items that had a positive effect.

# Q1

## Finland

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

SEK million	2020 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	436	418	4%	1,707	1,689
EBITA	48	43	12%	228	223
EBITA margin, %	11.0	10.3		13.4	13.2

During the quarter, net sales was 4% higher compared to the same period last year and it amounted to SEK 436 million (418). Comparable units had an effect of -1%, acquisitions contributed 3% and currency movements had a positive effect of 2%.

Demand during the quarter was somewhat higher than the same period last year. Order intake was 2% higher than invoicing during the quarter.

EBITA for the quarter grew 12% to SEK 48 million (43). The EBITA margin increased to 11.0% (10.3%). Comparable units increased by 2%, acquisitions contributed 7%, and currency movements had a positive effect of 3%.

The improved EBITA margin is primarily attributable to successful cost control and good margins in the acquired companies.

## 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 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	1,045	890	17%	3,953	3,798
EBITA	140	105	33%	526	491
EBITA margin, %	13.4	11.8		13.3	12.9

Net sales rose 17% during the quarter to SEK 1,045 million (890). The increase for comparable units was 12%, acquisitions contributed 5%, and the effect of divestments was -1%. Currency movements had a positive effect of 1%.

Demand remained positive for most of the companies in this business area, particularly from customers in the medical technology, process industry and marine segments. Order intake was 15% higher than invoicing during the quarter.

EBITA for the quarter increased by 33% to SEK 140 million (105), corresponding to an EBITA margin of 13.4% (11.8%). Comparable units increased by 20%, acquisitions contributed 9%, divestments contributed 2% and currency movements had a positive effect of 2%.

The improved EBITA margin is primarily explained by strong organic sales growth and good cost control.

## 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 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	512	505	1%	2,048	2,041
EBITA	63	75	-16%	267	279
EBITA margin, %	12.3	14.9		13.0	13.7

Net sales rose 1% during the quarter to SEK 512 million (505). Comparable units had an effect of -4%, acquisitions contributed 4% and currency movements had a positive effect of 1%.

For most of the companies, demand during the quarter was somewhat weaker compared to the same quarter last year, in particular for the industrial, filter and hydraulic segments. Order intake was even so 3% higher than invoicing during the quarter.

EBITA fell by 16% during the quarter to SEK 63 million (75), and the EBITA margin was 12.3% (14.9%).

Comparable units fell by 19%, acquisitions increased by 3% and currency movements had a marginal impact.

The lower EBITA margin is primarily attributable to negative organic sales development.

## 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 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	969	890	9%	3,592	3,513
EBITA	124	108	15%	448	432
EBITA margin, %	12.8	12.1		12.5	12.3

Net sales rose 9% during the quarter to SEK 969 million (890). The increase for comparable units was 5%, acquisitions contributed 5%, and the effect of divestments was -1%. Currency movements had a marginal effect.

Overall, demand during the quarter was somewhat stronger than the same quarter last year. Performance of the medical technology segment was favourable, yet many companies with customers in the engineering and automotive industries noticed that the market situation had deteriorated. Order intake was 3% higher than invoicing during the quarter.

EBITA for the quarter increased by 15% to SEK 124 million (108), and the EBITA margin was 12.8% (12.1%). EBITA for comparable units increased by 6%, acquisitions contributed 7% and divestments had a positive effect of 2%. The effect of currency movements was marginal.

The improved EBITA margin is primarily attributable to companies in the medical technology segment, along with acquisitions and divestments that were made.

# Q1

## Measurement & Sensor Technology

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

SEK million	2020 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	557	542	3%	2,274	2,259
EBITA	91	90	1%	367	366
EBITA margin, %	16.3	16.6		16.1	16.2

Net sales rose 3% during the quarter to SEK 557 million (542). Comparable units had an effect of -9%, acquisitions contributed 10% and currency movements had a positive effect of 2%.

There was variation in demand among the companies in this business area. Overall however, demand was somewhat stronger compared to the same period last year. The most positive development was order intake for companies selling sensors, instruments and temperature solutions. Order intake was 7% higher than invoicing during the quarter.

EBITA for the quarter grew 1% to SEK 91 million (90). The EBITA margin amounted to 16.3 (16.6)%. Comparable units had an effect of -11%, acquisitions contributed 10% and currency movements had a positive effect of 2%.

The deterioration of EBITA margin is primarily attributable to weak development for companies that sell to the automotive industry, along with radio-based communication systems.

There was also a negative impact on the business area resulting from lower production and delivery capacity in Asia that is a consequence of the covid-19 pandemic.

## 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 Jan-Mar	2019 Jan-Mar	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	385	359	7%	1,495	1,469
EBITA	50	51	-2%	207	208
EBITA margin, %	13.0	14.2		13.8	14.2

Net sales rose 7% during the quarter to SEK 385 million (359). The effect from comparable units was -4%, acquisitions contributed 8%, and currency movements had a positive effect of 3%.

The market situation during the quarter was somewhat less favourable for several companies, particularly those involved in infrastructure and construction activities. Nevertheless, order intake was 9% higher than invoicing during the quarter, fuelled by strong order intake for a couple of the companies.

At the end of the quarter, most of the companies were impacted by the countrywide lockdown in the UK associated with the covid-19 pandemic.

EBITA fell by 2% during the quarter to SEK 50 million (51), and the EBITA margin was 13.0% (14.2%). The effect from comparable units was -7%, acquisitions contributed 2%, and currency movements had a positive effect of 3%.

The weaker EBITA margin resulted primarily from lower organic net sales.



## Other financial information

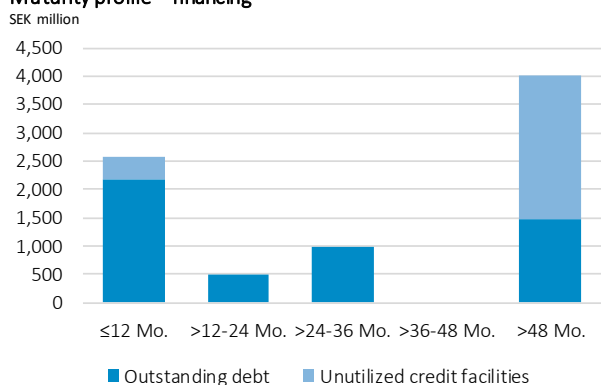
### Financial position

Shareholders' equity amounted to SEK 7,711 million (6,660) and the equity ratio was 40% (43%).

Cash and cash equivalents amounted to SEK 897 million (465). In addition to this, the Group had unutilised credit commitments of SEK 2,913 million (2,753) at the end of the quarter. Interest-bearing net debt amounted to SEK 6,528 million (5,089) at the end of the period. Most of the increase stemmed from increased borrowing to finance the high level of activity with acquisitions. The net debt/equity ratio was 85% (76%) at the end of the period.

Indutrade's financing, nearly all of which is managed by the Parent Company, consists of loans from financial institutions, corporate bonds and a certificate programme. In February, the framework amount for the certificate programme was increased from SEK 2 billion to SEK 3 billion. Subsequent to the balance sheet date (at the beginning of April), short-term loans totalling SEK 800 million were extended by more than 3 years. Also, long-term credit commitments were increased by SEK 750 million. After having extended the duration of short-term loans and increasing credit commitments, short-term loans would have amounted to SEK 1,395 million and long-term unutilised credit commitments to SEK 3,280 as per 31 March.

#### Maturity profile - financing <sup>1)</sup>



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

### Cash flow, capital expenditures and depreciation

Cash flow from operating activities amounted to SEK 421 million (168) for the period January–March. The improvement resulted primarily from a lower increase of working capital compared to last year, along with a positive earnings trend.

Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 301 million (89).

Working capital has remained at a somewhat high level due to previously built up inventory in order to ensure delivery service and availability.

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 120 million (79). Depreciation of property, plant and equipment totalled SEK 149 million (128). Investments in company acquisitions amounted to SEK 357 million (283). In addition, earn-out payments for previous years' acquisitions totalled SEK 32 million (75). Divestments amounted to SEK 28 million (20).

### Employees

The number of employees was 7,488 at the end of the period, compared with 7,357 at the start of the year.

### Company acquisitions

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

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
<b>Total</b>			<b>405</b>	<b>121</b>

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

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

# Q1

## Events after the end of the reporting period

Short-term loans were extended and credit commitments were increased. More information is available on page 9 in the section, Other financial information.

There are no other events to report that occurred after the end of the reporting period.

## AGM and dividends

Due to the prevailing uncertainty caused by the covid-19 pandemic, and the decision by the Swedish Government to ban public gatherings and public events with more than 50 people, the Board of Directors of Indutrade has resolved to postpone the 2020 Annual General Meeting (AGM). The AGM was scheduled for May 6, 2020 in Stockholm.

Given the uncertain market situation, Indutrade's Board of Directors has decided that before the notice of the AGM is sent out, the previously communicated proposal of dividend of SEK 4.75 per share will be reconsidered. Indutrade will publish the notice to the AGM, taking into account the prevailing situation, no later than four weeks prior to the new date. The AGM will, at the latest, be held on 30 June 2020, in accordance with existing legislation.

## Parent company

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control, analysis and communication. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 0 million (0) during the period January–March. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period January–March, the Parent Company acquired shares in three 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 March was 20 (16).

## 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.

Apart from the risks described in Indutrade's 2019 Annual Report, Indutrade has assessed that pandemics, such as covid-19, 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 for many types of risk, including a pandemic. 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 an 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. There are no new IFRSs or IFRIC pronouncements endorsed by the EU that are applicable for Indutrade or that has a significant impact on the Group's result of operations and position in 2020.

## Financial Calendar

- 30 June 2020 at the latest:  
Annual General Meeting will be held in Stockholm.
- 17 July 2020:  
Interim report 1 January–30 June 2020
- 20 October 2020:  
Interim report 1 January–30 September 2020

Stockholm, 27 April 2020  
Indutrade AB (publ)

Bo Annvik  
President and CEO

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

### Note

The information in this report is such that Indutrade AB is obligated to make public in accordance with the EU Market Abuse Act and the Securities Market Act. The information was submitted for publication by the agency of the following contact persons at 12.30 CEST on 27 April 2020.

### Further information

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

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

This report will be presented in a webcast on 27 April at 15.00 CEST via the following link:

<https://event.on24.com/wcc/r/2288167/B4F2C3885D87678E86A7277B45C5EE4E>

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

SE: +46 8 505 583 51  
UK: +44 333 300 92 67  
US: +1 6 467 224 903

# Q1

## Indutrade consolidated income statement – condensed

SEK million	2020 Jan-Mar	2019 Jan-Mar	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	4,976	4,366	19,021	18,411
Cost of goods sold	-3,282	-2,877	-12,531	-12,126
<b>Gross profit</b>	<b>1,694</b>	<b>1,489</b>	<b>6,490</b>	<b>6,285</b>
Development costs	-63	-53	-227	-217
Selling costs	-813	-715	-3,088	-2,990
Administrative expenses	-303	-260	-1,146	-1,103
Other operating income and expenses	13	8	46	41
<b>Operating profit</b>	<b>528</b>	<b>469</b>	<b>2,075</b>	<b>2,016</b>
Net financial items	-32	-27	-129	-124
<b>Profit before taxes</b>	<b>496</b>	<b>442</b>	<b>1,946</b>	<b>1,892</b>
Income Tax	-108	-92	-425	-409
<b>Net profit for the period</b>	<b>388</b>	<b>350</b>	<b>1,521</b>	<b>1,483</b>
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	389	350	1,521	1,482
Non-controlling interests	-1	0	0	1
	<b>388</b>	<b>350</b>	<b>1,521</b>	<b>1,483</b>
<b>EBITA</b>	<b>616</b>	<b>537</b>	<b>2,409</b>	<b>2,330</b>
<i>Operating profit includes:</i>				
Amortisation of intangible assets <sup>1)</sup>	-98	-76	-371	-349
<i>of which attributable to acquisitions</i>	<i>-88</i>	<i>-68</i>	<i>-334</i>	<i>-314</i>
Depreciation of property, plant and equipment	-149	-128	-571	-550
Earnings per share before dilution, SEK	3.22	2.90	12.59	12.26
Earnings per share after dilution, SEK	3.22	2.90	12.58	12.26

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

## Indutrade consolidated statement of comprehensive income

SEK million	2020 Jan-Mar	2019 Jan-Mar	2019/20 Moving 12 mos	2019 Jan-Dec
<b>Net profit for the period</b>	<b>388</b>	<b>350</b>	<b>1,521</b>	<b>1,483</b>
<b>Other comprehensive income</b>				
<b>Items that can be reversed into income statement</b>				
Fair value adjustment of hedge instruments	2	-3	3	-2
Tax attributable to fair value adjustments	0	1	-1	0
Exchange rate differences	150	124	135	109
<b>Items that cannot be reversed into income statement</b>				
Actuarial gains/losses	-	-	-79	-79
Tax on actuarial gains/losses	-	-	16	16
<b>Other comprehensive income for the period, net of tax</b>	<b>152</b>	<b>122</b>	<b>74</b>	<b>44</b>
<b>Total comprehensive income for the period</b>	<b>540</b>	<b>472</b>	<b>1,595</b>	<b>1,527</b>
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	541	472	1,595	1,526
Non-controlling interests	-1	0	0	1

## Indutrade consolidated balance sheet – condensed

SEK million	2020 31-Mar	2019 31-Mar	2019 31-Dec
Goodwill	4,363	3,360	4,031
Other intangible assets	2,904	2,265	2,672
Property, plant and equipment	3,183	2,632	3,002
Financial assets	246	161	182
Inventories	3,537	3,042	3,400
Trade receivables	3,406	3,104	3,025
Other receivables	721	616	513
Cash and cash equivalents	897	465	719
<b>Total assets</b>	<b>19,257</b>	<b>15,645</b>	<b>17,544</b>
Equity	7,711	6,660	7,170
Non-current interest-bearing liabilities and pension liabilities	4,597	3,421	4,707
Other non-current liabilities and provisions	792	637	720
Current interest-bearing liabilities	2,828	2,133	2,142
Trade payables	1,501	1,339	1,237
Other current liabilities	1,828	1,455	1,568
<b>Total equity and liabilities</b>	<b>19,257</b>	<b>15,645</b>	<b>17,544</b>

## Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2020 31-Mar	2019 31-Mar	2019 31-Dec
Opening equity	7,157	6,205	6,205
Total comprehensive income for the period	541	472	1,526
Dividend <sup>1)</sup>	-	-	-544
Change in accounting method	-	-28	-28
Acquisition of non-controlling interests	-	-2	-2
<b>Closing equity</b>	<b>7,698</b>	<b>6,647</b>	<b>7,157</b>

<sup>1)</sup> Dividend per share for 2018 was SEK 4,50

Equity, attributable to:

Equity holders of the parent company	7,698	6,647	7,157
Non-controlling interests	13	13	13
	<b>7,711</b>	<b>6,660</b>	<b>7,170</b>

# Q1

## Indutrade consolidated cash flow statement – condensed

SEK million	2020 Jan-Mar	2019 Jan-Mar	2019/20 Moving 12 mos	2019 Jan-Dec
Operating profit	528	469	2,075	2,016
Non-cash items	239	204	930	895
Interests and other financial items, net	-20	-17	-131	-128
Paid tax	-188	-156	-544	-512
Change in working capital	-138	-332	-155	-349
<b>Cash flow from operating activities</b>	<b>421</b>	<b>168</b>	<b>2,175</b>	<b>1,922</b>
Net capital expenditures in non-current assets	-120	-79	-444	-403
Company acquisitions and divestments	-361	-338	-1,507	-1,484
Change in other financial assets	5	0	8	3
<b>Cash flow from investing activities</b>	<b>-476</b>	<b>-417</b>	<b>-1,943</b>	<b>-1,884</b>
Debt/repayment of debt, net	260	21	780	541
Dividend paid out	-	-	-544	-544
<b>Cash flow from financing activities</b>	<b>260</b>	<b>21</b>	<b>236</b>	<b>-3</b>
<b>Cash flow for the period</b>	<b>205</b>	<b>-228</b>	<b>468</b>	<b>35</b>
Cash and cash equivalents at start of period	719	708	465	708
Exchange rate differences	-27	-15	-36	-24
<b>Cash and cash equivalents at end of period</b>	<b>897</b>	<b>465</b>	<b>897</b>	<b>719</b>

## Key data

	2020	2019	2019	2018	2017
<b>Moving 12 mos</b>	<b>31-Mar</b>	<b>31-Dec</b>	<b>31-Mar</b>	<b>31-Dec</b>	<b>31-Dec</b>
Net sales, SEK million	19,021	18,411	17,317	16,848	14,847
Sales growth, %	10	9	14	13	15
EBITA, SEK million	2,409	2,330	2,173	2,087	1,613
EBITA margin, %	12.7	12.7	12.5	12.4	10.9
Capital employed at end of period, SEK million	14,239	13,300	11,749	10,127	8,997
Capital employed, average, SEK million	13,133	12,416	10,335	9,839	8,444
Return on capital employed, % <sup>1)</sup>	18	19	21	21	19
Equity, average, SEK million	6,972	6,715	6,002	5,715	4,746
Return on equity, % <sup>1)</sup>	22	22	24	24	22
Interest-bearing net debt at end of period, SEK million	6,528	6,130	5,089	3,909	3,829
Net debt/equity ratio, %	85	85	76	63	74
Net debt/EBITDA, times	2.2	2.1	2.0	1.7	2.1
Equity ratio, %	40	41	43	44	41
Average number of employees	7,316	7,167	6,768	6,710	6,156
Number of employees at end of period	7,488	7,357	6,886	6,778	6,545
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	12.59	12.26	11.79	11.31	8.54
Earnings per share after dilution, SEK	12.58	12.26	11.79	11.31	8.53
Equity per share, SEK	63.70	59.22	55.00	51.34	42.64
Cash flow from operating activities per share, SEK	18.00	15.90	12.61	11.26	12.90
Average number of shares before dilution, '000	120,855	120,855	120,846	120,832	120,457
Average number of shares after dilution, '000	120,951	120,918	120,850	120,843	120,617
Number of shares at the end of the period, '000	120,855	120,855	120,855	120,855	120,799

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

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

# Q1

## Business area performance

	2020	2019	2019/20	2019
	Jan-Mar	Jan-Mar	Moving 12 mos	Jan-Dec
<b>Net sales, SEK million</b>				
Benelux	676	472	2,492	2,288
DACH	413	305	1,511	1,403
Finland	436	418	1,707	1,689
Flow Technology	1,045	890	3,953	3,798
Fluids & Mechanical Solutions	512	505	2,048	2,041
Industrial Components	969	890	3,592	3,513
Measurement & Sensor Technology	557	542	2,274	2,259
UK	385	359	1,495	1,469
Parent company and Group items	-17	-15	-51	-49
<b>Total</b>	<b>4,976</b>	<b>4,366</b>	<b>19,021</b>	<b>18,411</b>
<b>EBITA, SEK million</b>				
Benelux	83	61	337	315
DACH	45	29	150	134
Finland	48	43	228	223
Flow Technology	140	105	526	491
Fluids & Mechanical Solutions	63	75	267	279
Industrial Components	124	108	448	432
Measurement & Sensor Technology	91	90	367	366
UK	50	51	207	208
Parent company and Group items	-28	-25	-121	-118
<b>Total</b>	<b>616</b>	<b>537</b>	<b>2,409</b>	<b>2,330</b>
<b>EBITA margin, %</b>				
Benelux	12.3	12.9	13.5	13.8
DACH	10.9	9.5	9.9	9.6
Finland	11.0	10.3	13.4	13.2
Flow Technology	13.4	11.8	13.3	12.9
Fluids & Mechanical Solutions	12.3	14.9	13.0	13.7
Industrial Components	12.8	12.1	12.5	12.3
Measurement & Sensor Technology	16.3	16.6	16.1	16.2
UK	13.0	14.2	13.8	14.2
<b>Total</b>	<b>12.4</b>	<b>12.3</b>	<b>12.7</b>	<b>12.7</b>



## Business area performance per quarter

Net sales, SEK million	2020	2019			
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	676	704	569	543	472
DACH	413	374	375	349	305
Finland	436	436	419	416	418
Flow Technology	1,045	997	946	965	890
Fluids & Mechanical Solutions	512	503	501	532	505
Industrial Components	969	917	823	883	890
Measurement & Sensor Technology	557	597	584	536	542
UK	385	349	387	374	359
Parent company and Group items	-17	-14	-9	-11	-15
<b>Total</b>	<b>4,976</b>	<b>4,863</b>	<b>4,595</b>	<b>4,587</b>	<b>4,366</b>

EBITA, SEK million	2020	2019			
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	83	116	71	67	61
DACH	45	36	36	33	29
Finland	48	61	68	51	43
Flow Technology	140	134	122	130	105
Fluids & Mechanical Solutions	63	64	67	73	75
Industrial Components	124	115	101	108	108
Measurement & Sensor Technology	91	95	98	83	90
UK	50	36	59	62	51
Parent company and Group items	-28	-26	-34	-33	-25
<b>Total</b>	<b>616</b>	<b>631</b>	<b>588</b>	<b>574</b>	<b>537</b>

EBITA margin, %	2020	2019			
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Benelux	12.3	16.5	12.5	12.3	12.9
DACH	10.9	9.6	9.6	9.5	9.5
Finland	11.0	14.0	16.2	12.3	10.3
Flow Technology	13.4	13.4	12.9	13.5	11.8
Fluids & Mechanical Solutions	12.3	12.7	13.4	13.7	14.9
Industrial Components	12.8	12.5	12.3	12.2	12.1
Measurement & Sensor Technology	16.3	15.9	16.8	15.5	16.6
UK	13.0	10.3	15.2	16.6	14.2
<b>Total</b>	<b>12.4</b>	<b>13.0</b>	<b>12.8</b>	<b>12.5</b>	<b>12.3</b>

# Q1

## Disaggregation of revenue

### Net sales per geographic market

2020										
Jan-Mar, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Nordic countries	33	2	402	602	373	849	132	22	-7	2,408
Other Europe	533	392	25	381	108	106	199	314	-8	2,050
Americas	36	12	6	13	22	11	165	26	-2	289
Asia	63	5	2	23	7	3	46	20	0	169
Other	11	2	1	26	2	0	15	3	0	60
	<b>676</b>	<b>413</b>	<b>436</b>	<b>1,045</b>	<b>512</b>	<b>969</b>	<b>557</b>	<b>385</b>	<b>-17</b>	<b>4,976</b>

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Over time	0	84	0	0	0	8	38	0	-1	129
Point in time	676	329	436	1,045	512	961	519	385	-16	4,847
	<b>676</b>	<b>413</b>	<b>436</b>	<b>1,045</b>	<b>512</b>	<b>969</b>	<b>557</b>	<b>385</b>	<b>-17</b>	<b>4,976</b>

2019										
Jan-Mar, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Nordic countries	7	2	385	523	360	790	119	22	-7	2,201
Other Europe	409	290	26	306	115	86	217	299	-6	1,742
Americas	17	8	4	5	22	8	145	23	-1	231
Asia	26	3	1	52	6	4	51	11	-1	153
Other	13	2	2	4	2	2	10	4	0	39
	<b>472</b>	<b>305</b>	<b>418</b>	<b>890</b>	<b>505</b>	<b>890</b>	<b>542</b>	<b>359</b>	<b>-15</b>	<b>4,366</b>

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

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

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

## Acquisitions

### Acquisitions in 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) and Nortronic AS (Norway).

### 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.

### 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.

### 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.

### 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.

### Acquired assets and liabilities in 2020

*Preliminary purchase price allocations*

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 120 million	547
---	-----

Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Goodwill	-	242	242
Agencies, trademarks, customer relations, licences, etc.	9	241	250
Property, plant and equipment	18	-	18
Financial assets	0	-	0
Inventories	70	-	70
Other current assets <sup>1)</sup>	65	-	65
Cash and cash equivalents	41	-	41
Deferred tax liability	-3	-61	-64
Other operating liabilities	-75	-	-75
	<b>125</b>	<b>422</b>	<b>547</b>

<sup>1)</sup> Mainly trade receivables

# Q1

Agencies, customer relationships, licences, etc. will be amortised over a period of 10–20 years, while trademarks are assumed to have indefinite useful life. Trademarks are included at a value of SEK 0 million.

Indutrade 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 120 million. The contingent earn-out payments fall due for payment within three years and can amount to a maximum of SEK 135 million. If the conditions are not met, the outcome can be in the range of SEK 0-135 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 5 million (1) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated in the amount of SEK 15 million (1). The effect is reported under Other income and expenses in the amount of SEK 15 million (1) and under Net financial items in the amount of SEK 0 million (0).

The acquisition analyses for Wholesale Welding Supplies Ltd and Strihl Scandinavia AB, which were acquired during the first 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	547
Purchase price not paid out	-149
Cash and cash equivalents in acquired companies	-41
Payments pertaining to previous years' acquisitions	32
<b>Total cash flow impact</b>	<b>389</b>

## Effects of acquisitions carried out in 2019 and 2020

SEK million	Net sales	EBITA
Business area	Jan-Mar	Jan-Mar
Benelux	138	12
DACH	63	10
Finland	12	3
Flow Technology	44	10
Fluids & Mechanical Solutions	23	2
Industrial Components	47	8
Measurement & Sensor Technology	53	8
UK	30	1
<b>Effect on Group</b>	<b>410</b>	<b>54</b>
Acquisitions carried out in 2019	350	46
Acquisitions carried out in 2020	60	8
<b>Effect on Group</b>	<b>410</b>	<b>54</b>

If all acquired units had been consolidated as from 1 January 2020, net sales for the year would have amounted to SEK 5,008 million, and EBITA would have totalled SEK 619 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

No acquisitions were made after the end of the reporting period.

## Share data

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

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

### LTI 2017

In April 2017 the Annual General Meeting of Indutrade AB resolved to introduce a long-term incentive programme (LTI 2017) comprising a combined maximum of 704,000 warrants in two series for senior executives and other key persons in the Indutrade Group. Shares can be subscribed during specially stipulated subscription periods through Friday, 20 May 2022.

### Outstanding incentive programmes

Outstanding programme	Number of options	Corresponding number of shares	Proportion of total shares	Price per warrant, SEK	Initial exercise price, SEK	Adjusted exercise price, SEK	Number of exercised warrants	Corresponding number of shares	Expiration period
2017/2022, Series I	526,000	526,000	0.4%	15.0	244.9	-	-	-	27 April 2020 – 20 May 2022
2017/2022, Series II	60,000	60,000	0.0%	13.4	276.8	-	-	-	27 April 2020 – 20 May 2022

### Dilutive effects

	2020 Jan-Mar	2019 Jan-Mar	2019/20 Moving 12 mos	2019 Jan-Dec
Average number of shares before dilution, '000	120,855	120,855	120,855	120,855
Number of shares that incur a dilutive effect due to incentive programme, '000	131	4	96	63
<b>Average number of shares after dilution, '000</b>	<b>120,986</b>	<b>120,859</b>	<b>120,951</b>	<b>120,918</b>
Dilutive effect, %	0.11	0.00	0.08	0.05
<b>Number of shares at end of the period, '000</b>	<b>120,855</b>	<b>120,855</b>	<b>120,855</b>	<b>120,855</b>

# Q1

## Financial assets and liabilities

31 Mar 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	Level 3			
<b>Valuation classification</b>							
Other shares and participations	-	-	14	-	-	14	14
Trade receivables	-	3,406	-	-	-	3,406	3,406
Other receivables	2	38	-	-	-	40	40
Cash and cash equivalents	-	897	-	-	-	897	897
<b>Total</b>	<b>2</b>	<b>4,341</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>4,357</b>	<b>4,357</b>
Non-current interest-bearing liabilities	-	-	-	431	3,766	4,197	4,192
Current interest-bearing liabilities	-	-	-	230	2,598	2,828	2,828
Trade payables	-	-	-	-	1,501	1,501	1,501
Other liabilities	7	-	-	-	-	7	7
<b>Total</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>661</b>	<b>7,865</b>	<b>8,533</b>	<b>8,528</b>

31 Dec 2019S, EK 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	Level 3			
<b>Valuation classification</b>							
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
<b>Total</b>	<b>3</b>	<b>3,749</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>3,766</b>	<b>3,766</b>
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
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>565</b>	<b>7,144</b>	<b>7,717</b>	<b>7,727</b>

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

No transfers were made between levels 2 and 3 during the period. Contingent earn-out payments have been discounted to present value using an interest rate that is judged to be in line with the market rate at the time of acquisition. Adjustments are not made on a regular basis for changes in the market interest rate, since the effects of these are judged to be negligible.

Contingent earn-out payments	2020	2019
SEK million	31-Mar	31-Dec
Opening book value	565	215
Acquisitions during the year	120	465
Consideration paid	-27	-93
Reclassified via income statement	-15	-32
Interest expenses	3	7
Exchange rate differences	15	3
<b>Closing book value</b>	<b>661</b>	<b>565</b>

## Parent company income statement – condensed

SEK million	2020 Jan-Mar	2019 Jan-Mar	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	0	0	7	7
<b>Gross profit</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>7</b>
Administrative expenses	-30	-27	-123	-120
<b>Operating profit</b>	<b>-30</b>	<b>-27</b>	<b>-116</b>	<b>-113</b>
Financial income/expenses	-20	-25	-12	-17
Profit from participation in Group companies	-	-	981	981
<b>Profit after financial items</b>	<b>-50</b>	<b>-52</b>	<b>853</b>	<b>851</b>
Appropriations	-	-	628	628
Income Tax	11	9	-106	-108
<b>Net profit for the period</b>	<b>-39</b>	<b>-43</b>	<b>1,375</b>	<b>1,371</b>
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	1	1

## Parent company balance sheet – condensed

SEK million	2020 31-Mar	2019 31-Mar	2019 31-Dec
Intangible assets	0	0	0
Property, plant and equipment	1	1	2
Financial assets	6,164	5,653	5,936
Current receivables	6,735	4,986	6,860
Cash and cash equivalents	0	0	0
<b>Total assets</b>	<b>12,900</b>	<b>10,640</b>	<b>12,798</b>
Equity	5,824	4,993	5,864
Untaxed reserves	673	647	673
Non-current interest-bearing liabilities and pension liabilities	3,063	2,362	3,274
Other non-current liabilities and provisions	5	5	5
Current interest-bearing liabilities	3,098	2,506	2,768
Current non-interest-bearing liabilities	237	127	214
<b>Total equity and liabilities</b>	<b>12,900</b>	<b>10,640</b>	<b>12,798</b>

# Q1

## Definitions

### Alternative Performance Measures

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

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

#### Earnings per share before dilution

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

#### Earnings per share after dilution

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

#### EBITA

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

#### EBITA-margin

EBITA divided by net sales.

#### EBITDA

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

#### Equity per share

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

#### Equity ratio

Shareholders' equity divided by total assets.

#### Gross margin

Gross profit divided by net sales.

#### Interest-bearing net debt

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

#### Net capital expenditures

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

#### Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

#### Net debt/EBITDA

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

#### Capital employed

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

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

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

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

The Group's financial targets are that:

### Sales growth

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

### EBITA margin

- The EBITA margin shall amount to a minimum of 12% per year 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.

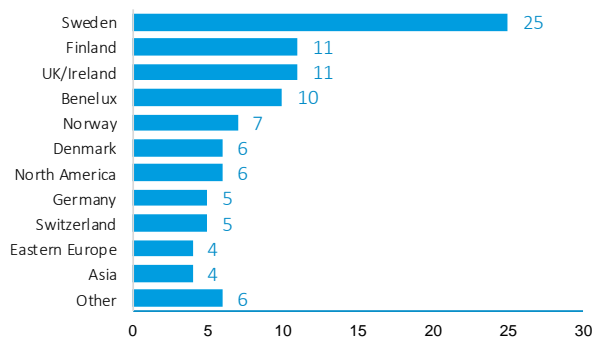
### Net debt/equity ratio

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

### Dividend payout ratio

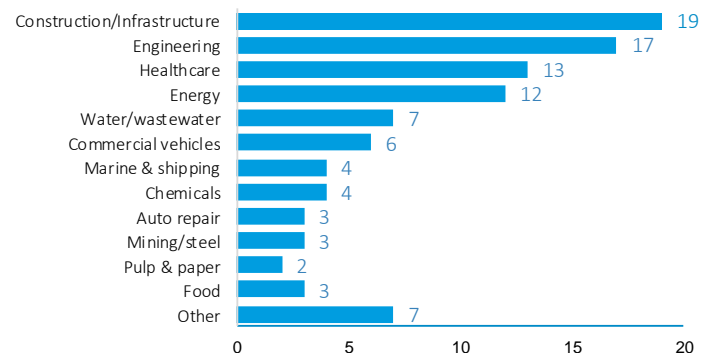
- The dividend payout ratio shall range from 30% to 50% of net profit.

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



<sup>1)</sup>Financial year 2019

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



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

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# Q1

## Nortronic AS – Indutrade’s most recent acquisition

On 3 March, Indutrade acquired Nortronic AS (Norway). It is a technical trading company within the lighting market. Nortronic represents European market-leading brands within the area of LED lighting solutions, lighting controls and drivers. Customers include, for example, electrical wholesalers, lighting companies and retail businesses.

Nortronic's offering includes energy-efficient and innovative lighting solutions for both indoor and outdoor environments, with focus on the design element. Nortronic has 16 employees and is based in Kolbotn, Norway. It's part of Indutrade's Industrial Components business area.



## Information about Indutrade’s 2020 Annual General Meeting

Due to the prevailing uncertainty caused by the covid-19 pandemic, and the decision by the Swedish Government to ban public gatherings and public events with more than 50 people, the Board of Directors of Indutrade has resolved to postpone the 2020 Annual General Meeting (AGM). The AGM was scheduled for May 6, 2020 in Stockholm.

Given the uncertain market situation, Indutrade's Board of Directors has decided that before the notice of the AGM is sent out, the previously communicated proposal of dividend of SEK 4.75 per share will be reconsidered. Indutrade will publish the notice to the AGM, taking into account the prevailing situation, no later than four weeks prior to the new date. The AGM will, at the latest, be held on 30 June 2020, in accordance with existing legislation.



## Acquisition of Finnish valve manufacturer, Jouka

In February, Indutrade acquired Jouka OY (Finland), which is a company that designs and manufactures ball valves and integrated ball valve solutions. The company offers bespoke products with customer specific R&D.

Customer segments include machine building, marine, process and pulp & paper industries primarily in the Finnish market.

Jouka was established in 1957 and is based in Ylöjärvi, Finland, with 31 employees. With high manufacturing flexibility, Jouka offers competitive delivery times to customers having special needs, such as precise materials specifications, designs or "sizing to the place" requirements.

