

Interim report first quarter

1 January – 31 March 2017

First quarter 2017

- Order intake rose 20% to SEK 3,672 million (3,066). For comparable units the increase was 8%.
- Net sales rose 19% to SEK 3,533 million (2,963). For comparable units the increase was 7%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 31% to SEK 406 million (311), corresponding to an EBITA margin of 11.5% (10.5%).
- Net profit for the quarter rose 38% to SEK 261 million (189), corresponding to earnings per share of SEK 2.18 (1.58).



Financial Development

SEK million	2017 Jan-Mar	2016 Jan-Mar	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Order intake	3,672	3,066	20%	13,610	13,004
Net sales	3,533	2,963	19%	13,525	12,955
Operating profit	351	262	34%	1,361	1,272
EBITA	406	311	31%	1,579	1,484
EBITA margin, %	11.5	10.5		11.7	11.5
Profit after financial items	333	243	37%	1,284	1,194
Net profit	261	189	38%	1,008	936
Earnings per share before dilution, SEK	2.18	1.58	38%	8.40	7.80
Return on operating capital, %	20	22		20	20
Cash flow from operating activities	324	107	203%	1,424	1,207
Net debt/equity ratio, %	74	81		74	82

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CEO's message

With continued strong growth combined with positive margin development, Indutrade can once again report a quarter with new, record-high results.

First quarter

The improved demand situation during the fourth quarter of 2016 strengthened further during the start of 2017. A continued high pace of acquisitions combined with strong organic growth resulted in a 20% increase in order intake and 19% growth in invoicing during the quarter.

In general, the trend is stable for most markets and segments. Development is especially gratifying in Finland, where growth has gained momentum following a long period of weak demand from industry. For companies in parts of the marine segment, however, the business situation remains challenging, with weak order intake and invoicing.

Most of the Group's companies showed positive development during the quarter and delivered earnings and an EBITA margin in line with our expectations. The EBITA margin of 11.5% for the quarter is one of the highest levels ever reached for a first quarter since our stock market introduction in 2005.

Acquisitions

During the quarter, four acquisitions with combined annual sales of SEK 240 million were carried out: RS Technics, which is active in measurement technology in the Netherlands; Sunflower Medical, a maker of healthcare equipment in the UK; Ellard, a British manufacturer of controls for commercial doors; and Türenfabrik Safenwil, a Swiss manufacturer of fire protection doors.

After the end of the quarter we also acquired Pro-Flex in Norway, a supplier of hoses and couplings to Norwegian industry, and MaxxVision in Germany, which offers image handling technology for industries and visual communication. MaxxVision is the first direct investment that Indutrade has made in Germany.



Outlook

Indutrade has had a strong start to the quarter. Profitable, organic growth combined with a succession of acquisitions once again demonstrates the strength of the Indutrade model. We therefore look with confidence to the coming quarters.

This is my 49th and last quarterly report as CEO of Indutrade. The results for the quarter speak clearly, and for a change, I am "satisfied" with our performance. The growth that Indutrade has shown during my time with the Group can be credited to dedicated employees with a passion for their work, persistence, competence and a little luck.

I want to extend a great thanks to all Indutrade employees I had the benefit to work together with during these years. And to my successor I wish the best of luck – you will be joining a great company!

All the best in the future!

Johnny Alvarsson
President and CEO

Group performance

Order intake

Order intake during the first quarter totalled SEK 3,672 million (3,066), an increase of 20%. For comparable units the increase was 8%, while acquired growth was 11%. Currency movements had a positive effect on order intake of 1%.

During the first quarter the business climate improved over the preceding quarter as well as the corresponding quarter a year ago. Continued favourable development in the Nordic countries and Benelux, together with stable development in Ireland, contributed to the strong order intake.

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

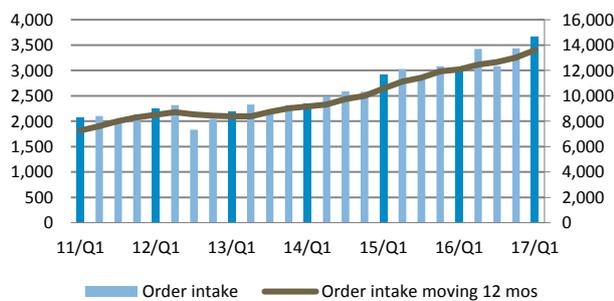
Demand increased during the quarter in most industrial segments, with exceptions in certain sub-segments, such as oil & gas, and the marine sector, where the business situation remains challenging.

Net sales

Net sales rose 19% during the first quarter to SEK 3,533 million (2,963). The increase for comparable units was 7%, while acquisitions contributed 11%. Currency movements had a positive effect on net sales of 1%.

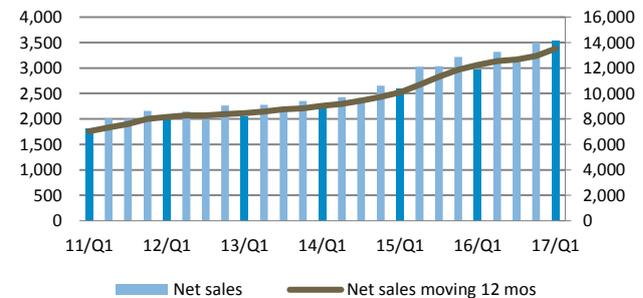
Order intake

SEK million



Net Sales

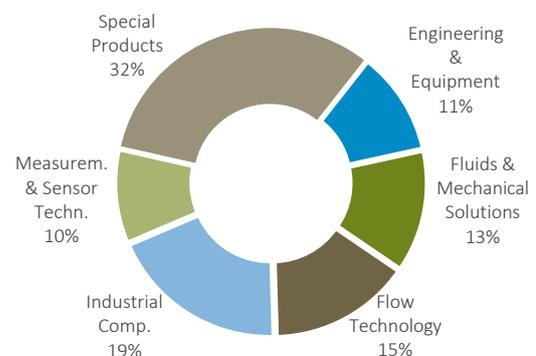
SEK million



Sales growth



Net Sales per Business Area



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Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 406 million (311) for the first quarter, an increase of 31%. The increase for comparable units was 14%, with acquisitions contributing 16% and currency movements having a positive effect of 1%. The EBITA margin increased to 11.5% (10.5%).

The gross margin for the Group as a whole increased compared with the corresponding quarter a year ago, to 33.9% (33.6%).

Most companies in the Group showed positive development during the quarter, with higher invoicing and higher margins. This, together with the additions from completed acquisitions, contributed to the quarter's strong earnings and amply countered the continued low volumes for companies in the marine segment.

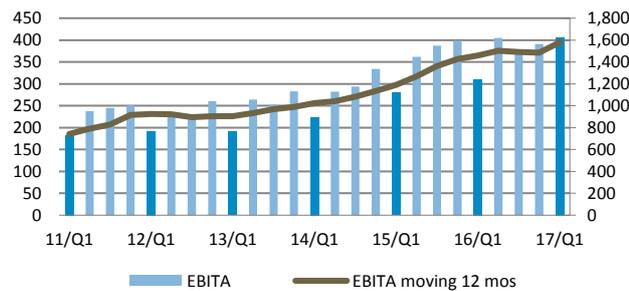
Net financial items for the first quarter amounted to SEK -18 million (-19). Tax on profit for the quarter was SEK -72 million (-54), corresponding to a tax charge of 22% (22%). Net profit rose 38% to SEK 261 million (189). Earnings per share before dilution grew 38% to SEK 2.18 (1.58).

Return

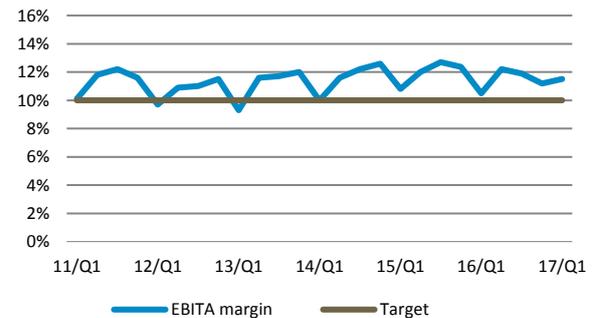
The return on operating capital was 20% (22%), and the return on equity was 24% (26%).

EBITA

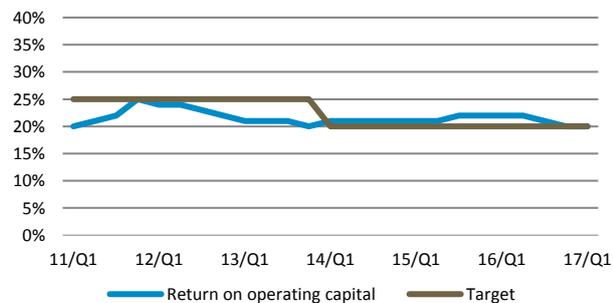
SEK million



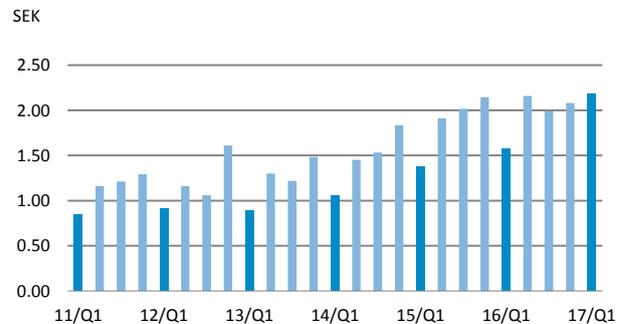
EBITA margin



Return



Earnings per share



Business areas

Engineering & Equipment

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

SEK million	2017 Jan-Mar	2016 Jan-Mar	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	401	336	19%	1,602	1,537
EBITA	32	15	113%	141	124
EBITA margin, %	8.0	4.5		8.8	8.1

Net sales rose 19% during the quarter to SEK 401 million (336). For comparable units the increase was 17%, while currency movements had a positive effect of 2%.

The positive development in the market for industry in Finland during the fourth quarter last year continued into the start of 2017. Most of the business area's companies reported higher order intake and invoicing for the first quarter.

Order intake exceeded net sales by 9% during the quarter.

EBITA for the quarter increased by 113% to SEK 32 million (15), corresponding to an EBITA margin of 8.0% (4.5%). For comparable units, EBITA increased by 113%, while currency movements had a marginal effect.

The earnings improvements during the quarter are attributable to higher invoicing and an improved margin.

Flow Technology

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

SEK million	2017 Jan-Mar	2016 Jan-Mar	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	548	529	4%	2,250	2,231
EBITA	36	40	-10%	164	168
EBITA margin, %	6.6	7.6		7.3	7.5

Net sales rose 4% during the quarter to SEK 548 million (529). The increase for comparable units was 2%, and currency movements had a positive effect of 2%.

Most businesses in the business area developed in a positive direction during the quarter, with higher order intake and invoicing, which compensated for a challenging business situation for companies in the marine segment, where demand continues to be weak.

Order intake exceeded net sales by 14% during the quarter.

EBITA for the quarter decreased by 10% to SEK 36 million (40), and the EBITA margin was 6.6% (7.6%). For comparable units, EBITA decreased by 10%, while currency movements had a marginal effect.

The earnings decline for the quarter is mainly attributable to continued weak invoicing for companies in the marine segment.

For other companies in the business area, earnings development during the quarter was positive.

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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	2017 Jan-Mar	2016 Jan-Mar	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	457	324	41%	1,691	1,558
EBITA	60	41	46%	218	199
EBITA margin, %	13.1	12.7		12.9	12.8

Net sales rose 41% during the quarter to SEK 457 million (324). The increase for comparable units was 7%, acquisitions contributed 33%, and currency movements had a positive effect of 1%.

Demand for most of the business area's companies developed favourably during the quarter. Earnings performance remains stable, and like-for-like companies reported another quarter with profitable growth.

Order intake exceeded net sales by 3% during the quarter.

EBITA for the quarter rose 46% to SEK 60 million (41), and the EBITA margin was 13.1% (12.7%). For comparable units, EBITA increased by 15%, acquisitions contributed 30%, and 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	2017 Jan-Mar	2016 Jan-Mar	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	668	566	18%	2,603	2,501
EBITA	68	50	36%	283	265
EBITA margin, %	10.2	8.8		10.9	10.6

Net sales rose 18% during the quarter to SEK 668 million (566). The increase for comparable units was 11%, while acquisitions contributed 5%. Currency movements had a positive effect of 2%.

Demand developed favourably for the business area's companies during the quarter. Continued high activity in most segments contributed to the strong growth. Higher invoicing combined with improved margins generated substantially higher earnings.

Order intake exceeded net sales by 5% during the quarter.

EBITA for the quarter increased by 36% to SEK 68 million (50), corresponding to an EBITA margin of 10.2% (8.8%). For comparable units, EBITA increased by 30%, acquisitions contributed 4%, and currency movements had a positive effect of 2%.

Measurement & Sensor Technology

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

SEK million	2017 Jan-Mar	2016 Jan-Mar	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	344	241	43%	1,274	1,171
EBITA	57	30	90%	204	177
EBITA margin, %	16.6	12.4		16.0	15.1

Net sales rose 43% during the quarter to SEK 344 million (241). For comparable units the increase was 17%, acquisitions contributed 24%, and currency movements had a positive effect of 2%.

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.

Strong demand in most segments and geographic markets contributed to higher order intake and invoicing for most of the business area's companies.

Order intake exceeded net sales by 15% during the quarter.

EBITA increased by 90% during the quarter to SEK 57 million (30), and the EBITA margin was 16.6% (12.4%).

For comparable units, EBITA increased by 47%, acquisitions made a positive contribution of 40%, and currency movements had a positive effect of 3%.

The earnings improvement is attributable to higher invoicing and a positive change in the mix.

Special Products

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

SEK million	2017 Jan-Mar	2016 Jan-Mar	Change	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	1,128	976	16%	4,149	3,997
EBITA	174	152	14%	619	597
EBITA margin, %	15.4	15.6		14.9	14.9

Net sales rose 16% during the quarter to SEK 1,128 million (976). The increase for comparable units was 2%, acquisitions contributed 13%, and currency movements had a positive effect of 1%.

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

Demand was stable for the business area's units during the quarter. Order intake related to valves for power generation in the energy segment was lower than the level reported for the first quarter of 2016, which explains the slightly weaker organic growth for the business area as a whole.

Net sales exceeded order intake by 8% during the quarter.

EBITA increased by 14% during the quarter to SEK 174 million (152), and the EBITA margin was 15.4% (15.6%).

EBITA for comparable units decreased by 1%, while acquisitions contributed 16% and currency movements had a negative effect of 1%.

The slightly lower EBITA margin for the quarter is attributable to a changed mix.

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Other financial information

Financial position

Shareholders' equity amounted to SEK 4,664 million (3,911), and the equity ratio was 40% (40%).

Cash and cash equivalents amounted to SEK 546 million (368). In addition to this, the Group had unutilised credit promises of SEK 2,880 million (2,490). Interest-bearing net debt amounted to SEK 3,474 million (3,151) at the end of the quarter.

The net debt/equity ratio was 74% at end of the quarter (81%).

Cash flow, Capital expenditures and Depreciation

Cash flow from operating activities was SEK 324 million (107) for the quarter. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 274 million (33).

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 50 million (74). Depreciation of property, plant and equipment totalled SEK 49 million (40). Investments in company acquisitions amounted to SEK 125 million (198). In addition, earn-out payments for previous years' acquisitions totalled SEK 24 million (84).

Employees

The number of employees was 5,878 at the end of the quarter, compared with 5,705 at the start of the year. A total of 119 employees were added during the quarter through acquisitions.

Company acquisitions

The Group has acquired the following companies, which are consolidated for the first time in 2017.

Month acquired	Acquisitions	Business area	Net Sales/SEK m*	No. of employees*
January	RS Technics BV	Measurement & Sensor Technology	20	12
January	Sunflower Medical Ltd	Special Products	50	45
February	Ellard Ltd	Special Products	100	39
March	Türenfabrik Safenwil AG	Special Products	70	23
Total			240	119

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

Further information about completed company acquisitions can be found on page 17 of this interim report.

Events after the end of reporting period

In April two company acquisitions were carried out. For further information, see the section "Acquisitions", on page 17.

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 0.23% (0.16%) arose during the reporting period January-March, and of 0.22% (0.12%) for 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-March. The Parent Company's financial assets consist mainly of shares in subsidiaries. The Parent Company has not made any major investments in intangible non-current assets or in property, plant and equipment. The number of employees on 31 March was 11 (11).

At the 2017 AGM Bo Annvik will be appointed President and CEO.

Risks and uncertainties

The Indutrade Group conducts business in 28 countries on four continents, through some 200 companies. This diversification, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. Apart from the risks and uncertainties described in Indutrade's 2016 Annual Report, no significant risks or uncertainties are judged to have emerged or been eliminated. Since the Parent Company is responsible for the Group's financing, it is exposed to financing risk.

The Parent Company's other activities are not exposed to risks other than indirectly via subsidiaries. For a more detailed account of risks that affect the Group and Parent Company, please see the 2016 Annual Report.

Related party transactions

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

Accounting principles

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 and RFR 1. The Parent Company applies RFR 2. The same accounting principles and calculation methods are used in this report as those used in Indutrade's 2016 Annual Report.

No new IFRSs or IFRIC interpretations that have been endorsed by the EU are applicable for Indutrade or had any material impact on the Group's result of operations or financial position in 2017.

New IFRS standards will take effect in 2018. For a more detailed description, please see note 1 in the 2016 Annual Report.

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Financial calendar

- The interim report for the period 1 January–30 June 2017 will be published on 25 July 2017.
- The interim report for the period 1 January–30 September 2017 will be published on 25 October 2017.

Stockholm, 26 April 2017
Indutrade AB (publ)

Johnny Alvarsson
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 disclose in accordance with the EU Market Abuse Act and the Swedish Securities Market Act. The information was submitted for publication by the agency of the following contact persons at 2 p.m. (CET) on 26 April 2017.

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 at 3 p.m. (CET) today under the following link:

<http://event.onlineseminarsolutions.com/r.htm?e=1413391&s=1&k=02FA06700943D2C72DABCAAD64251050>

To participate, call :

SE: +46 8 566 42 665

UK: +44 203 008 9810

US: +1 855 831 5945

Indutrade consolidated income statement – condensed

SEK million	2017 Jan-Mar	2016 Jan-Mar	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	3,533	2,963	13,525	12,955
Cost of goods sold	-2,336	-1,968	-8,975	-8,607
Gross profit	1,197	995	4,550	4,348
Development costs	-44	-34	-166	-156
Selling costs	-585	-533	-2,231	-2,179
Administrative expenses	-218	-181	-828	-791
Other operating income and expenses	1	15	36	50
Operating profit	351	262	1,361	1,272
Net financial items	-18	-19	-77	-78
Profit after financial items	333	243	1,284	1,194
Income Tax	-72	-54	-276	-258
Net profit for the period	261	189	1,008	936
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	261	189	1,008	936
Non-controlling interests	0	0	0	0
	261	189	1,008	936
EBITA	406	311	1,579	1,484
<i>Operating profit includes:</i>				
Amortisation of intangible assets ¹⁾	-61	-54	-240	-233
<i>of which attributable to acquisitions</i>	-55	-49	-218	-212
Depreciation of property, plant and equipment	-49	-40	-187	-178
Earnings per share before dilution, SEK	2.18	1.58	8.40	7.80
Earnings per share after dilution, SEK	2.17	1.57	8.38	7.78
Average number of shares before dilution, '000	120,000	120,000	120,000	120,000
Average number of shares after dilution, '000	120,272	120,196	120,268	120,251

¹⁾ Excluding write-downs

Indutrade consolidated statement of comprehensive income

SEK million	2017 Jan-Mar	2016 Jan-Mar	2016/17 Moving 12 mos	2016 Jan-Dec
Net profit for the period	261	189	1,008	936
Other comprehensive income				
Items that can be reversed into income statement				
Fair value adjustment of hedge instruments	5	23	7	25
Tax attributable to fair value adjustments	-1	-4	-2	-5
Exchange rate differences	0	-9	112	103
Items that cannot be reversed into income statement				
Actuarial gains/losses	-	-	-15	-15
Tax on actuarial gains/losses	-	-	3	3
Other comprehensive income for the period, net of tax	4	10	105	111
Total comprehensive income for the period	265	199	1,113	1,047
<i>Total comprehensive income, attributable to:</i>				
Equity holders of the parent company	265	199	1,113	1,047
Non-controlling interests	0	0	0	0

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Indutrade consolidated balance sheet – condensed

SEK million	2017 31 Mar	2016 31 Mar	2016 31 Dec
Goodwill	2,449	2,027	2,388
Other intangible assets	1,889	1,698	1,879
Property, plant and equipment	1,481	1,174	1,451
Financial assets	119	99	117
Inventories	2,295	1,997	2,249
Accounts receivable, trade	2,427	2,058	2,292
Other receivables	395	453	345
Cash and cash equivalents	546	368	332
Total assets	11,601	9,874	11,053
Equity	4,664	3,911	4,399
Non-current interest-bearing liabilities and pension liabilities	2,141	1,739	2,274
Other non-current liabilities and provisions	564	503	563
Current interest-bearing liabilities	1,879	1,780	1,686
Accounts payable, trade	1,049	921	968
Other current liabilities	1,304	1,020	1,163
Total equity and liabilities	11,601	9,874	11,053

Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2017 31 Mar	2016 31 Mar	2016 31 Dec
Opening equity	4,389	3,703	3,703
Total comprehensive income for the period	265	199	1,047
Dividend	- ¹⁾	-	-360 ²⁾
Acquisition of non-controlling interests	-	-	-1
Closing equity	4,654	3,902	4,389
<i>Equity, attributable to:</i>			
Equity holders of the parent company	4,654	3,902	4,389
Non-controlling interests	10	9	10
	4,664	3,911	4,399

¹⁾ The proposed dividend per share for 2016 is SEK 3.20

²⁾ Dividend per share for 2015 was SEK 3.00

Indutrade consolidated cash flow statement – condensed

SEK million	2017 Jan-Mar	2016 Jan-Mar	2016/17 Moving 12 mos	2016 Jan-Dec
Operating profit	351	262	1,361	1,272
Non-cash items	121	91	437	407
Interests and other financial items, net	-13	-10	-65	-62
Paid tax	-70	-86	-283	-299
Change in working capital	-65	-150	-26	-111
Cash flow from operating activities	324	107	1,424	1,207
Net capital expenditures in non-current assets	-50	-74	-296	-320
Company acquisitions and divestments	-149	-282	-1,031	-1,164
Change in other financial assets	0	0	8	8
Cash flow from investing activities	-199	-356	-1,319	-1,476
Net borrowings	85	279	426	620
Dividend paid out	-	-	-360	-360
Cash flow from financial activities	85	279	66	260
Cash flow for the period	210	30	171	-9
Cash and cash equivalents at start of period	332	339	368	339
Exchange rate differences	4	-1	7	2
Cash and cash equivalents at end of period	546	368	546	332

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Key data

Moving 12 mos	2017 31 Mar	2016 31 Dec	2016 31 Mar	2015 31 Dec	2014 31 Dec
Net sales, SEK million	13,525	12,955	12,243	11,881	9,746
Sales growth, %	10	9	21	22	10
EBITA, SEK million	1,579	1,484	1,458	1,427	1,134
EBITA margin, %	11.7	11.5	11.9	12.0	11.6
Operating capital at end of period, SEK million	8,138	8,027	7,062	6,656	5,656
Operating capital, average, SEK million	7,817	7,491	6,758	6,537	5,324
Return on operating capital, % ¹⁾	20	20	22	22	21
Equity, average, SEK million	4,160	3,976	3,573	3,440	2,818
Return on equity, % ¹⁾	24	24	26	26	25
Interest-bearing net debt at end of period, SEK million	3,474	3,628	3,151	2,949	2,494
Net debt/equity ratio, %	74	82	81	80	79
Net debt/EBITDA, times	1.9	2.2	1.9	1.8	1.9
Equity ratio, %	40	40	40	40	39
Average number of employees	5,657	5,495	5,088	4,978	4,418
Number of employees at end of period	5,878	5,705	5,267	5,107	4,578
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	8.40	7.80	7.64	7.44	5.87
Earnings per share after dilution, SEK	8.38	7.78	7.63	7.44	5.87
Equity per share, SEK	38.78	36.58	32.52	30.86	26.33
Cash flow from operating activities per share, SEK	11.87	10.06	9.03	8.97	7.53
Average number of shares before dilution, '000	120,000	120,000	120,000	120,000	120,000
Average number of shares after dilution, '000	120,268	120,251	120,143	120,094	120,000

¹⁾ Calculated on average capital and equity.

Business area performance

	2017	2016	2016/17	2016
	Jan-Mar	Jan-Mar	Moving 12 mos	Jan-Dec
Net sales, SEK million				
Engineering & Equipment	401	336	1,602	1,537
Flow Technology	548	529	2,250	2,231
Fluids & Mechanical Solutions	457	324	1,691	1,558
Industrial Components	668	566	2,603	2,501
Measurement & Sensor Technology	344	241	1,274	1,171
Special Products	1,128	976	4,149	3,997
Parent company and Group items	-13	-9	-44	-40
	3,533	2,963	13,525	12,955
EBITA, SEK million				
Engineering & Equipment	32	15	141	124
Flow Technology	36	40	164	168
Fluids & Mechanical Solutions	60	41	218	199
Industrial Components	68	50	283	265
Measurement & Sensor Technology	57	30	204	177
Special Products	174	152	619	597
Parent company and Group items	-21	-17	-50	-46
	406	311	1,579	1,484
EBITA margin, %				
Engineering & Equipment	8.0	4.5	8.8	8.1
Flow Technology	6.6	7.6	7.3	7.5
Fluids & Mechanical Solutions	13.1	12.7	12.9	12.8
Industrial Components	10.2	8.8	10.9	10.6
Measurement & Sensor Technology	16.6	12.4	16.0	15.1
Special Products	15.4	15.6	14.9	14.9
	11.5	10.5	11.7	11.5

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Business area performance per quarter

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

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

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

Acquisitions

Acquisitions 2017

All of the shares were acquired in RS Technics BV (Netherlands), Sunflower Medical Ltd (UK), Ellard Ltd (UK) and Türenfabrik Safenwil AG (Switzerland).

Measurement & Sensor Technology

On 10 January Indutrade acquired RS Technics BV (Netherlands), with annual sales of SEK 20 million. The company develops and manufactures customer-specific sensors for measuring temperature, pressure and humidity.

Special Products

On 19 January Indutrade acquired Sunflower Medical Ltd (UK), with annual sales of SEK 50 million. The company is a leading UK manufacturer of healthcare equipment. Their product portfolio ranges from medicine dispense cabinets to specialty equipment for examination rooms.

On 13 February Ellard Ltd (UK) was acquired, with annual sales of SEK 100 million. The company manufactures and markets drives, motors and controls for industrial and commercial doors, complemented with a wide range of accessories.

On 13 March Türenfabrik Safenwil AG (Switzerland) was acquired, with annual sales of SEK 70 million. The company manufactures various kinds of doors, such as interior and exterior doors, fire protection doors and security doors. Customers are primarily construction contractors in the Swiss market.

Acquired assets in 2017

Preliminary purchase price allocation

SEK million

Acquired assets	Book value	Fair value adjustment	Fair value
Purchase price, incl. contingent earn-out payment totalling SEK 31 million			167
Goodwill	-	66	66
Agencies, customer relations, licences, etc.	3	64	67
Property, plant and equipment	22	-	22
Inventories	35	-	35
Other current assets ¹⁾	44	-	44
Cash and cash equivalents	11	-	11
Deferred tax liability	-2	-13	-15
Provisions including pension liabilities	0	-	0
Other operating liabilities	-63	-	-63
	50	117	167

¹⁾ Mainly trade accounts receivable

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Agencies, customer relationships, licences, etc. will be amortised over a period of 10–20 years, while trademarks are assumed to have indefinite useful life.

Indutrade normally uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payment is valued at the present value of the likely outcome, which for the acquisitions made during the year amount to SEK 31 million. These contingent earn-out payments fall due for payment within two years and can amount to a maximum of SEK 31 million. If the conditions are not met, the outcome can be in the range of SEK 0–31 million.

Transaction costs for the acquisitions carried out during the quarter totalled SEK 3 million (2) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated in the amount of SEK 3 million (11). Income recognised as a result of this restatement is reported under Other income and expenses in the amount of SEK 3 million (11) and Net financial items in the amount of SEK 0 million (0).

The purchase price allocation calculations for PECO Select Fasteners B.V., Industri Verktøy AS and Senmatic A/S, which were acquired in January and March 2016, have now been finalised. No significant adjustments have been made in 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	167
Purchase price not paid out	-31
Cash and cash equivalents in acquired companies	-11
Payments pertaining to previous years' acquisitions	24
Total cash flow impact	149

Effects on acquisitions carried out in 2016 and 2017

SEK million Business area	Net sales	EBITA
	Jan-Mar	Jan-Mar
Engineering & Equipment	-	-
Flow Technology	-	-
Fluids & Mechanical Solutions	107	12
Industrial Components	31	2
Measurement & Sensor Technology	57	12
Special Products	130	24
Effect on Group	325	50
Acquisitions carried out in 2016	280	43
Acquisitions carried out in 2017	45	7
Effect on Group	325	50

If all acquired units had been consolidated as from 1 January 2017, net sales for the quarter would have amounted to SEK 3,550 million, and EBITA would have totalled SEK 407 million.

Acquisitions after the end of the reporting period

On 10 April Indutrade acquired Pro-Flex AS (Norway), with annual sales of SEK 100 million. The company supplies hoses and couplings to Norwegian industry.

On 18 April Indutrade acquired MaxxVision GmbH (Germany), with annual sales of SEK 80 million. The company offers image handling technology for industries and visual communication.

Preliminary purchase price allocation calculations will be presented in the second quarter interim report for 2017.

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	31 Mar 2017			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	-	-	14	14
Derivative instruments held for hedging purposes	-	-	-	-
Liabilities				
Derivative instruments held for hedging purposes	-	13	-	13
Contingent consideration	-	-	134	134

SEK million	31 Dec 2016			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	-	-	15	15
Derivative instruments held for hedging purposes	-	0	-	0
Liabilities				
Derivative instruments held for hedging purposes	-	18	-	18
Contingent consideration	-	-	129	129

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	2017	2016
	31 Mar	31 Dec
Opening book value	129	259
Acquisitions during the year	31	72
Consideration paid	-24	-174
Reclassified via income statement	-3	-32
Interest expenses	1	3
Exchange rate differences	0	1
Closing book value	134	129

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Parent company income statement – condensed

SEK million	2017 Jan-Mar	2016 Jan-Mar	2016/17 Moving 12 mos	2016 Jan-Dec
Net sales	0	0	4	4
Gross profit	0	0	4	4
Administrative expenses	-18	-20	-62	-64
Operating profit	-18	-20	-58	-60
Financial income/expenses	-1	-1	-10	-10
Profit from participation in Group companies	14	-	678	664
Profit after financial items	-5	-21	610	594
Appropriations	-	-	484	484
Income Tax	4	4	-92	-92
Net profit for the period	-1	-17	1,002	986
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0

Parent company balance sheet – condensed

SEK million	2017 31 Mar	2016 31 Mar	2016 31 Dec
Intangible assets	0	0	0
Property, plant and equipment	1	2	1
Financial assets	4,584	4,054	4,584
Current receivables	3,872	3,328	3,894
Cash and cash equivalents	195	0	0
Total assets	8,652	7,384	8,479
Equity	3,518	2,866	3,517
Untaxed reserves	553	498	553
Non-current interest-bearing liabilities and pension liabilities	1,716	1,334	1,822
Other non-current liabilities and provisions	13	3	13
Current interest-bearing liabilities	2,692	2,516	2,391
Current noninterest-bearing liabilities	160	167	183
Total equity and liabilities	8,652	7,384	8,479

Definitions

Alternative Performance Measures

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

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

Earnings per share before dilution

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

Earnings per share after dilution

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

EBITA

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

EBITA-margin

EBITA divided by net sales.

EBITDA

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

Equity per share

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

Equity ratio

Shareholders' equity divided by total assets.

Gross margin

Gross profit divided by net sales.

Interest-bearing net deb

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

Net capital expenditures

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

Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

Net debt/EBITDA

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

Operating capital

Shareholders' equity plus interest-bearing net debt.

Return on equity

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

Return on operating capital

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

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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.

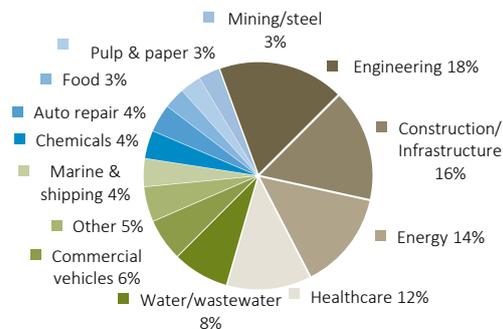
Indutrade's business is distinguished by the following factors, among others:

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

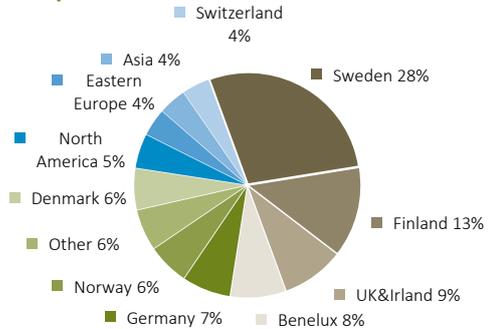
The Group is structured into six business areas: Engineering & Equipment, Flow Technology, Fluids & Mechanical Solutions, Industrial Components, Measurement & Sensor Technology and Special Products.

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 ¹⁾



Net sales per market ¹⁾



¹⁾Financial year 2016

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