

Year-end report

1 Jan – 31 Dec 2013

1 JANUARY – 31 DECEMBER 2013

- Order intake rose 7% to SEK 9,014 million (8,444). For comparable units the increase was 2%.
- Net sales rose 5% to SEK 8,831 million (8,384). For comparable units the increase was marginal.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 9% to SEK 990 million (905), corresponding to an EBITA margin of 11.2% (10.8%).
- Profit after tax rose 3% to SEK 587 million (569). The comparative figure for 2012 includes a one-time effect of SEK 30 million attributable to the lowered tax rate in Sweden.
- Earnings per share were SEK 14.68 (14.23). The one-time effect of the tax reduction on earnings per share in 2012 was SEK 0.75.
- Cash flow from operating activities amounted to SEK 859 million (519), corresponding to SEK 21.48 per share (12.98).
- The Board of Directors proposes a dividend of SEK 7.05 per share (7.05), corresponding to a dividend payout ratio of 48%. The Board today set new financial targets, entailing among other things that the dividend payout ratio shall be in the interval of 30%-60% of net profit.

FOURTH QUARTER 2013

- Order intake totalled SEK 2,317 million (2,038), an increase of 14%. For comparable units the increase was 8%.
- Net sales rose 4% to SEK 2,352 million (2,267). For comparable units net sales decreased by 1%.
- Operating profit before amortisation of intangible non-current assets attributable to acquisitions (EBITA) rose 9% to SEK 283 million (260), corresponding to an EBITA margin of 12.0% (11.5%).
- Profit after tax decreased by 8% to SEK 178 million (193). The comparative figure for 2012 includes a one-time effect of SEK 30 million attributable to the lowered tax rate in Sweden.
- Earnings per share were SEK 4.45 (4.83). The one-time effect of the tax reduction on earnings per share in the fourth quarter 2012 was SEK 0.75.

FINANCIAL DEVELOPMENT

SEK million	2013			2012		
	Oct-Dec	Oct-Dec	Change	Jan-Dec	Jan-Dec	Change
Net Sales	2,352	2,267	4%	8,831	8,384	5%
EBITA	283	260	9%	990	905	9%
EBITA margin, %	12.0	11.5		11.2	10.8	
Profit after financial items	222	212	5%	756	714	6%
Net profit	178	193	-8%	587	569	3%
Earnings per share, SEK ¹⁾	4.45	4.83	-8%	14.68	14.23	3%
Return on operating capital, %	20	22		20	22	

¹⁾ Attributable to equity holders of the parent company

CEO's message

The total market for Indutrade's companies improved gradually in 2013. Through the month of June, organic growth was negative. Starting at mid-year, organic change in order intake was clearly positive for two successive quarters, at 11% and 8%, respectively. The variation between the last two quarters does not indicate a trend, but is a result of how project orders are structured in certain companies.

This performance can be interpreted that we are seeing the start of an upswing in the market. However, growth is unevenly distributed: certain segments/markets are showing no growth at all, while others are showing very favourable growth. This mix clearly illustrates the uncertainty that still exists in many segments, even though I think the bottom has passed. The drop in demand in 2009 is still a fresh memory among many boards and company managements. Coupled with the lingering uncertainty in the world market, this explains why many remain very cautious with respect to investments and inventory purchasing.

Despite the generally uncertain market climate, 2013 was a good year for Indutrade, with a strong finish in order intake and invoicing. Geographical markets like Switzerland, the UK and Ireland, the energy market segment, and acquisitions together make up the mix that mainly explains the Group's positive performance.

I am particularly happy to note that Ireland became a new market for us during the year.

Fourth quarter

Order intake during the quarter was on par with net sales, but 14% higher than the corresponding quarter in 2012. It is gratifying to note that most of this growth was organic. Four of the five business areas had higher order intake than the corresponding period a year ago. Only Engineering & Equipment, which is active in the Finnish market, had slightly lower order intake during the quarter.

In the Nordic countries, development was weak particularly in Finland and Denmark. Sweden experienced more positive performance, with growth in several segments. Outside the Nordic countries, our operations in Switzerland, the UK and Ireland continue to show strong growth. Other important countries like Germany and Benelux are stable. Our determined effort to grow outside the Nordic region has increased stability and earnings in the Group. The same applies for the share of sales of proprietary products, which is now 38%. In the year prior to our stock market introduction, 2004, this share was 9%. Traditionally it could be feared that having a high share of proprietary products with a higher level of fixed costs than in the distribution operations would result in more volatile business, but for Indutrade the opposite is true. Due to our choice of companies together with competent company presidents, both earnings and stability are higher than for many companies that work strictly with distribution.

Net sales during the fourth quarter rose 4%. Excluding completed acquisitions, sales would have decreased by 1%.

For Flow Technology, the increase in order intake during the period was at the same level as at the end of the third quarter. This increase is not general. There are still several segments that have not begun growing. Earnings for the quarter were hurt mainly by low volumes in most segments.

Order intake for Fluids & Mechanical Solutions increased by 8%. Several companies showed growth, and the previously weak hydraulics sector changed over to growth during the period. Earnings were hurt by lower net sales that could not be fully compensated by cost-cutting.

Industrial Components continued its strong performance. Order intake grew 14% during the quarter. Growth was both organic and acquisition-driven. Most companies showed growth, particularly in the med-tech, mechanical components and chemical products for the engineering industry segments. In short, we are seeing a positive trend in Sweden's engineering industry. Most of the earnings improvement during the quarter is attributable to higher volumes for comparable units, and acquisitions with favourable performance.

Special Products continued its strong performance. Order intake increased by 32%, and net sales rose 14%. Earnings for the quarter were level with the same period a year ago. This is attributable to project deliveries, which can impact the results of individual quarters. For Special Products, high-margin invoicing during the fourth quarter of 2012 changed over to sales from companies with lower margins in 2013. The business area's profitable energy segment performed very well throughout the year, with strong order intake.

Margins

The Group's gross margin remains stable and was level with 2012 for the year as a whole.

The EBITA margin was 12.0% for the quarter (11.5%) and 11.2% accumulated (10.8%), which exceeds the Group's target of a minimum 10% EBITA margin over a business cycle.

Acquisitions

Four acquisitions were carried out during the quarter: Medexa (Sweden) med-tech products; Kin Pompentechniek (Netherlands), a distributor of pumps; Verplas (UK), a manufacturer of ventilation products; and AP Tobler (Switzerland), a specialist in surface treatment of products for the pharmaceutical industry. Possession of the latter company will take place in January 2014.

Outlook

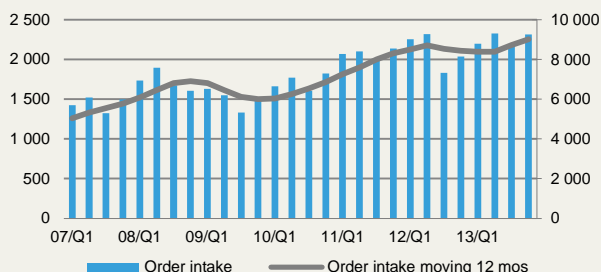
During the last two years, many customers expected to see the market gain momentum, especially during the second half of 2012 and in 2013. Growth forecasts were subsequently adjusted downwards based on reality. During the autumn of 2013 Indutrade showed a distinct improvement in order intake for a number of companies, but far from all.

Sometimes it is hard to determine if growth is attributable to greater market shares or to growth in the total market. Despite all of the varying indicators in different indices that go up and down from week to week, there appears to be signs of the start of an upswing in certain segments. Hopefully this will spread to more.

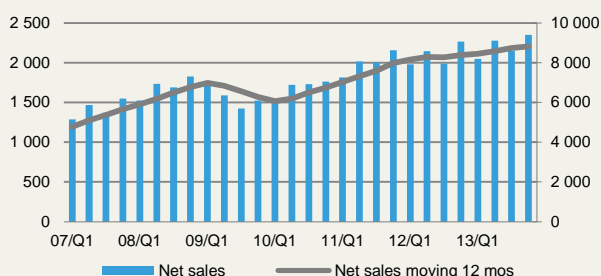
Indutrade's companies are cautiously optimistic about 2014.

Johnny Alvarsson, President and CEO

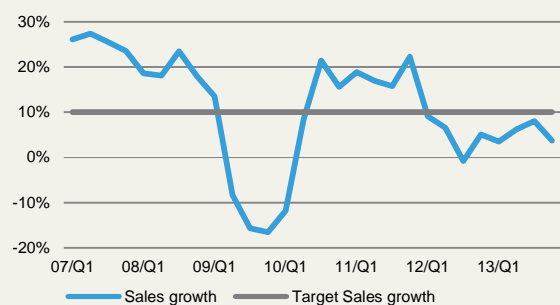
Order intake SEK million



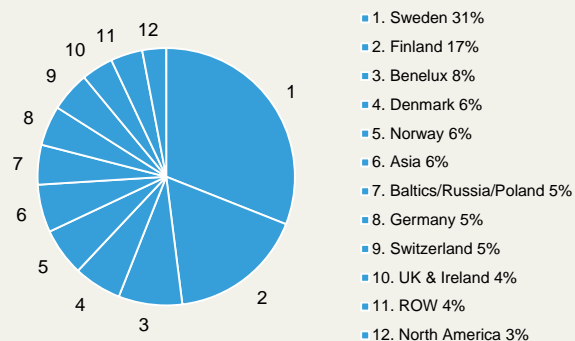
Net sales SEK million



Sales growth



Net sales per market (%)



Group performance

ORDER INTAKE

Order intake during the year totalled SEK 9,014 million (8,444), an increase of 7%. The increase for comparable units was 2%, while acquired growth was 6%. Currency movements had a negative impact on order intake, by 1%.

Order intake during the fourth quarter totalled SEK 2,317 million (2,038), an increase of 14%. The increase for comparable units was 8%, while acquired growth was 5%. Currency movements had a positive impact on order intake, by 1%.

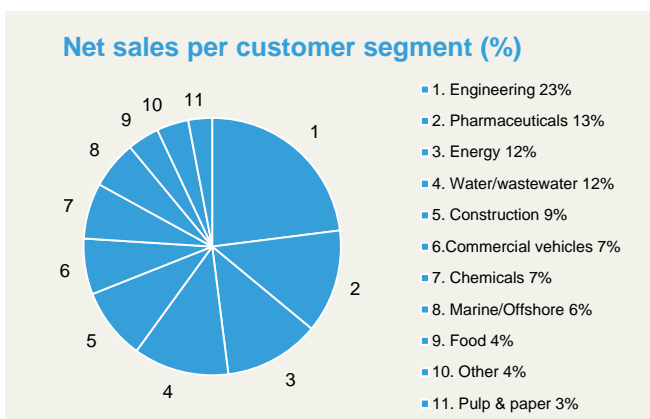
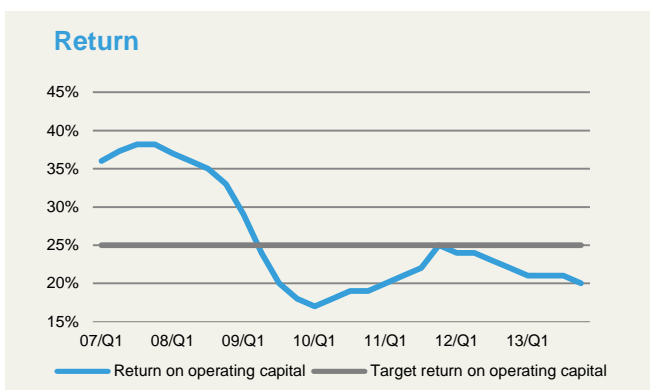
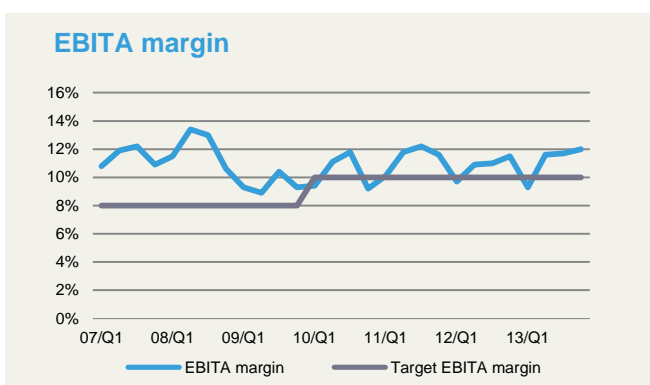
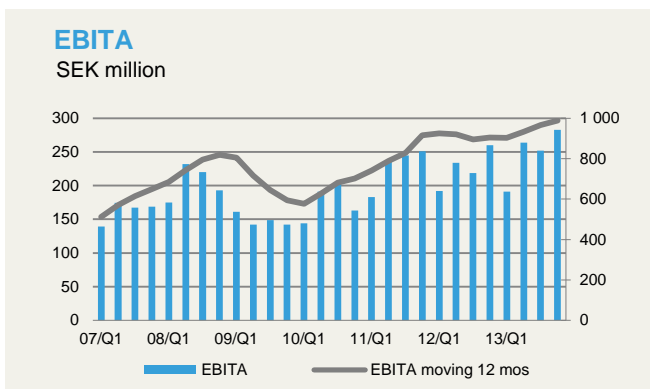
The increase for comparable units during the fourth quarter reflects a slightly stronger business climate in most segments and geographic markets. The Industrial Components and Special Products business areas showed growth during the last quarter as well as for the full year. Fluids & Mechanical Solutions and Flow Technology experienced growth during the last quarter, but due to a weak start of the year, the change for the full year was negative. Engineering & Equipment noted a decrease for comparable units for the full year as well as the past quarter.

Special Products, which had the strongest growth during the year, has benefited from favourable business development in Switzerland as well as for internationally active companies with proprietary products, such as in measurement technology. Activity in the international energy market for conventional power remains at a high level. Industrial Components has been favourably affected by demand associated with investments in the automotive industry and improved activity in certain parts of the engineering industry, which also benefited parts of Fluids & Mechanical Solutions. Flow Technology is the business area that encountered the greatest weakening in demand compared with a year ago. Declines were noted particularly for international and domestic projects in the process industry, investments in water and wastewater infrastructure, and the marine sector. Activity in Finland, where Engineering & Equipment does most of its business, remained weak during the year.

NET SALES

Net sales for the year totalled SEK 8,831 million (8,384), an increase of 5%. The increase for comparable units was marginal, while acquired growth was 6%. Negative currency effects amounted to 1%.

Net sales during the fourth quarter rose 4% to SEK 2,352 million (2,267). For comparable units, net sales decreased by 1%, while acquired growth was 4%. Currency movements had a positive impact on net sales, by 1%.



EARNINGS

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 990 million (905) for the year, an increase of 9%. The operating margin before amortisation of intangible assets (the EBITA margin) was 11.2% (10.8%).

The gross margin for the Group as a whole was level with the preceding year, at 33.9% (33.9%). During the past quarter the gross margin was 34.7%.

The earnings increase and strengthening of the EBITA margin are essentially attributable to the contribution made by acquisitions. With only a marginal increase in net sales for comparable units, good cost control has played a significant role in the Group's earnings performance. During the past quarter and the full year, three of the Group's five business areas achieved an EBITA margin in excess of the Group's 10% target.

Currency effects of translation of foreign units had a negative impact on EBITA by SEK -11 million, or -1%.

Net financial items amounted to SEK -100 million (-83), of which net interest expense was SEK -90 million (-77). Net interest expense was favourably affected by a lower average interest rate, which partly compensated for the higher average level of net debt.

Tax on profit for the year was SEK -169 million (-145), corresponding to a tax charge of 22.4% (20.3%). The tax charge for the preceding year decreased by 4.2 percentage points through a deferred tax income of approximately SEK 30 million associated with the reduction of the corporate tax rate in Sweden, which took effect on 1 January 2013.

Profit after tax rose 3% to SEK 587 million (569). Earnings per share were SEK 14.68 (14.23).

Operating profit before amortisation of intangible assets (EBITA) for the fourth quarter of the year amounted to SEK 283 million (260), an increase of 9%. The operating margin before amortisation of intangible assets (the EBITA margin) was 12.0% (11.5%). Currency effects of translation of foreign units had only a marginal effect on EBITA.

Net financial items amounted to SEK -26 million (-19) for the fourth quarter, of which net interest expense was SEK -22 million (-17). Tax on profit for the period was SEK -44 million (-19). Profit after tax totalled SEK 178 million (193). Earnings per share were SEK 4.45 (4.83). The comparative figure includes a one-time effect of the reduced tax rate corresponding to approximately SEK 0.75 per share.

RETURN

The return on operating capital was 20% (22%), and the return on equity was 25% (27%).

Business areas¹

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	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Net sales	334	339	1,265	1,325
EBITA	28	20	103	105
EBITA margin, %	8.4	5.9	8.1	7.9

Net sales for the year decreased by 5% to SEK 1,265 million (1,325). For comparable units the decrease was 5%. Acquisitions contributed 1%, while currency movements had a negative impact on net sales, by 1%. During the fourth quarter the change for comparable units was -4%. The impact of acquisitions was marginal and the currency impact was 3%, corresponding to a total change of -1%.

Finnish industrial performance has been weak since previously across a broad front, and this trend remained unbroken during the final quarter of the year. The business area is feeling the effects of low activity in international and domestic projects for the process industry, lower activity in the construction sector and a restrictive stance toward investments in Finland.

EBITA for the year decreased by 2% to SEK 103 million (105), corresponding to an EBITA margin of 8.1% (7.9%). Completed cost-cutting and efficiency improvement measures countered the effect of lower sales. The earnings improvement during the fourth quarter compared with the close of 2012 is mainly due to a more favourable composition of the business area's business.

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	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Net sales	508	577	1,979	2,123
EBITA	39	51	159	196
EBITA margin, %	7.7	8.8	8.0	9.2

Net sales for the year totalled SEK 1,979 million (2,123), a decrease of 7%. For comparable units the decrease was 7%, while acquired growth was 1%. Currency movements had a negative impact on net sales, by 1%. Net sales decreased by 12% during the fourth quarter. For comparable units, net sales decreased by 11%, while acquired growth was marginal, and currency movements had a negative effect, by 1%.

The business climate strengthened slightly during the fourth quarter, both in comparison with the preceding quarter and the corresponding quarter a year ago. The strengthening pertained to most segments, except for the marine/offshore segment. The year as a whole was characterised by tentative demand, with lower order intake for domestic and international projects in the process industry, the water/wastewater segment and the marine segment. The weaker business climate is reflected in lower sales for many of the business area's companies.

EBITA for the year decreased by 19% to SEK 159 million (196), and the EBITA margin was 8.0% (9.2%). The decrease in sales for comparable units resulted in lower earnings and margins.

¹ Comparative figures for the business areas for 2012 have been changed as a result of the Group's new structure as from 1 January 2013. For further details, see Indutrade's year-end report for 2012.

FLUIDS & MECHANICALSOLUTIONS

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, compressors, product labelling and construction plastics.

SEK Million	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Net sales	258	273	993	1,020
EBITA	26	33	110	125
EBITA margin, %	10.1	12.1	11.1	12.3

Net sales decreased by 3% during the year, to SEK 993 million (1,020). For comparable units, the decrease was 5%. Acquisitions contributed 3%, while currency movements had a negative impact on net sales, by 1%. During the fourth quarter, net sales decreased by 5%. Sales for comparable units decreased by 5%, while acquisitions and currency movements both had a marginal impact.

Some of the business area's companies strengthened their positions in their respective markets during the year, including industrial plastic components, design solutions for façades, and fluid filtration products. For companies with broader exposure to the Nordic engineering industry, the trend was mixed. Companies with customers in the commercial vehicles segment were hurt by the market trend mainly during the first half of the year, while a more positive trend has been noted since the early autumn.

EBITA for the year decreased by 12% to SEK 110 million (125), and the EBITA margin was 11.1% (12.3%). In the companies that have been hurt the most by the weaker business climate and lower sales, actions have been taken to adapt overheads.

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	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Net sales	466	405	1,717	1,531
EBITA	64	44	212	165
EBITA margin, %	13.7	10.9	12.3	10.8

Net sales rose 12% during the year, to SEK 1,717 million (1,531). The increase for comparable units was 2%. Acquisitions contributed 10%, while currency movements had a marginal impact. During the fourth quarter, net sales increased by 15%, of which the increase for comparable units was 10%, while acquisitions contributed 5%. Currency movements were marginal.

The business climate for commercial vehicles recovered gradually during the year. Demand from the automotive industry's manufacturing plants was favourable during the year, with a number of interesting projects. For customers in the mining industry, business during the year was weak. For the business area's companies focused on the general engineering industry, the trend was mixed. Following a weak first half of the year, positive development in demand was noted during the third and fourth quarters for medical technology equipment, mainly in general health care applications, but to some extent also for ophthalmology.

EBITA for the year rose 28% to SEK 212 million (165), corresponding to an EBITA margin of 12.3% (10.8%). Acquisitions accounted for most of the earnings and margin improvement. Earnings for the fourth quarter were favourably affected by an adjustment of contingent consideration in the amount of SEK 7 million.

In January, the company Thermotech AS was acquired, with annual sales of SEK 70 million. In July the company AMAB (Allen Myrin Aktiebolag) was acquired, with annual sales of SEK 35 million, and in September the operations of Micro Joining KB were acquired, with annual sales of SEK 15 million. In October, the company Medexa Diagnostisk Service AB was acquired, with annual sales of SEK 25 million.

SPECIAL PRODUCTS

Special Products offers specially manufactured niche products, design solutions, aftermarket service and assembly, and special processing. The business area includes companies that conduct a considerable amount of own manufacturing. It is also the Indutrade business area with the highest share of proprietary products.

SEK Million	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Net sales	795	696	2,920	2,444
EBITA	122	124	443	364
EBITA margin, %	15.3	17.8	15.2	14.9

Net sales rose 19% for the year, to SEK 2,920 million (2,444). The increase for comparable units was 10%. Acquired growth was 11% on an accumulated basis, while currency movements had a negative impact on net sales, by 2%. Net sales rose 14% during the fourth quarter, of which net sales for comparable units rose 1% and acquisitions by 12%. The currency impact was 1%.

The increase in net sales for comparable units is mainly attributable to the success of the Group's operations in Switzerland. In addition, increases were also noted in several other areas, including deliveries to the international, conventional energy market, operations in Benelux, and certain internationally active companies with proprietary products in measurement technology. Despite substantial invoicing in the energy market, order intake from this segment was higher than invoicing during the year.

EBITA increased by 22% to SEK 443 million (364), and the EBITA margin was 15.2% (14.9%). For the year as a whole, the increase in earnings was distributed essentially equally among comparable units and new acquisitions. The EBITA margin during the fourth quarter of 2012 is explained by a higher share of sales with very strong operating margins compared with the corresponding quarter in 2013.

In April the company ESI Technologies Ltd was acquired, with annual sales of SEK 160 million, and in November two companies were acquired: Kin Pompentechniek B.V., with annual sales of SEK 76 million, and Verplas Ltd, with annual sales of SEK 80 million.

Other financial information

NEW FINANCIAL TARGETS

At a board meeting on 17 February 2014, new financial targets were set for the Group.

Indutrade's financial targets	Previous targets	New targets
Average sales growth	10% per year over a business cycle	Minimum of 10% per year over a business cycle
Return on operating capital	Exceed 25% per year over a business cycle	Minimum of 20% per year over a business cycle
Dividend payout ratio	Minimum 50% of net profit	Between 30% and 60% of net profit
EBITA margin (unchanged)	Minimum of 10% per year over a business cycle	Minimum of 10% per year over a business cycle
Net debt equity ratio (unchanged)	Should normally not exceed 100%	Should normally not exceed 100%

The previous financial targets were set prior to Indutrade's stock market introduction in 2005. Since then, the Group has carried out a substantial number of acquisitions, and as a result, the share of goodwill and other intangible assets has increased. The target return on operating capital has therefore been revised, and the new target level is a minimum return of 20% per year over a business cycle.

The Board's ambition is – just as previously – to offer the shareholders a dividend that entails a favourable dividend yield and high dividend growth. Acquisitions have been and will continue to be a key driver of growth. In connection with e.g., acquisitions, it is desirable to be able to vary the dividend in relation to net profit over time, in order to thereby be able to more easily maintain a good financial position.

FINANCIAL POSITION

Shareholders' equity amounted to SEK 2,626 million (2,290), and the equity ratio was 38% (35%).

Cash and cash equivalents amounted to SEK 261 million (243). In addition to this, the Group had unutilised credit promises of SEK 1,233 million (896). Interest-bearing net debt amounted to SEK 2,321 million (2,339). The net debt/equity ratio was 88% at year-end (102%).

CASH FLOW, CAPITAL EXPENDITURES AND DEPRECIATION

Cash flow from operating activities was SEK 859 million (519). Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 653 million (392). The higher cash flow is mainly attributable to a lower level of tied-up working capital compared with the preceding year.

The Group's net capital expenditures, excluding company acquisitions, amounted to SEK 206 million (127). Investments in real estate in some of the Group's manufacturing companies, which amounted to a total of SEK 99 million, have led to an increase in capital expenditures in non-current assets. Depreciation of property, plant and equipment amounted to SEK 114 million (107). Investments in company acquisitions amounted to SEK 335 million (519). In addition, contingent earn-out payments for previous years' acquisitions amounted to SEK 128 million (72). During the year, operations were divested for an amount of SEK 19 million (19).

EMPLOYEES

The number of employees was 4,218 at year-end (4,086). A total of 229 employees were added through acquisitions.

COMPANY ACQUISITIONS AND DIVESTMENTS

The Group has acquired the following companies, which are consolidated for the first time in 2013.

Month acquired	Acquisition	Business area	Sales/SEKm*	No. employees*
January	Thermotech AS	Industrial Components	70	54
April	ESI Technologies Ltd	Special Products	160	47
July	AMAB	Industrial Components	35	13
September	Micro Joining (operations)	Industrial Components	15	2
October	Medexa Diagnostisk Service AB	Industrial Components	25	9
November	Kin Pompentechnik B.V.	Special Products	76	19
November	Verplas Ltd	Special Products	80	85
			461	229

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

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

In December, parts of the operations of Gedvelop AB were divested, with net sales of SEK 10 million. The sale generated a capital gain of SEK 17 million.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In early January 2014, the company AP Tobler AG, Switzerland, was acquired, with annual sales of SEK 37 million. AP Tobler specialises in surface treatment of stainless steel and aluminium for the pharmaceutical industry and is part of the Special Products business area.

Jan Öhman has been appointed as the new CFO. He will assume his duties on 1 May 2014. His most recent position was with the Sandvik Group as CFO of Sandvik Venture AB.

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

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 3 million (3) during the year. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the year, the Parent Company acquired shares in five new companies. The Parent Company did not make any major investments in intangible non-current assets or in property, plant and equipment. The number of employees on 31 December was 10 (10).

RISKS AND UNCERTAINTIES

The Indutrade Group conducts business in 26 countries on four continents, through some 180 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 2012 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 2012 Annual Report.

RELATED PARTY TRANSACTIONS

No transactions took place during the year 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 year-end 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 2012 Annual Report.

Starting in 2013 the Group applies the revised IAS 19 Employee Benefits. The impact on the Group is not significant, since actuarial gains and losses have previously been recognised in other comprehensive income. The changeover to the revised accounting principle entailed a decrease in the pension liability by SEK 2 million and an

increase in shareholders' equity by SEK 2 million as per 1 January 2012. The pension liability and shareholders' equity are unchanged as per 31 December 2012. The change entailed an increase in financial income by SEK 4 million, and a decrease in other comprehensive income by SEK 6 million during the fourth quarter of 2012. There was no earnings impact for the first three quarters of the year. The recalculation entails an increase in earnings per share by SEK 0.10 for the full year 2012. Comparative figures have been recalculated

Starting in 2013, the new IFRS 13 – Fair Value Measurement and amendments to IFRS 7 – Financial Instruments: Disclosures, are applied. These changes have given rise to additional disclosures.

Apart from the standards specified above, no new IFRSs or IFRIC interpretations that have been adopted by the EU are applicable for Indutrade or had any material impact on the Group's result of operations or financial position in 2013.

PROPOSAL TO 2014 ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Stockholm on 28 April 2014.

The Board of Directors proposes a dividend of SEK 7.05 per share (7.05), corresponding to SEK 282 million (282). The proposed dividend is in line with Indutrade's dividend policy to distribute 30%-60% of net profit.

The Board of Directors has decided to propose that the Annual General Meeting approve a long-term share-based incentive programme for approximately 140 senior executives and other key persons in the Group. The programme, which will be presented in the AGM notice, will have a duration of four years and will be based on stock options.

FINANCIAL CALENDAR

- The 2013 Annual Report will be published in early April 2014.
- The interim report for the period 1 January–31 March 2014 will be published on 28 April 2014.
- The Annual General Meeting will be held in Stockholm on 28 April 2014.
- The interim report for the period 1 January–30 Juni 2014 will be published on 23 July 2014.
- The interim report for the period 1 January–30 September 2014 will be published on 29 October 2014.

Stockholm, 17 February 2014

Indutrade AB (publ)

Fredrik Lundberg
Chairman

Bengt Kjell
Vice chairman

Eva Färnstrand
Director

Martin Lindqvist
Director

Ulf Lundahl
Director

Krister Mellvé
Director

Lars Pettersson
Director

Johnny Alvarsson
Director and CEO

NOTE

The information provided herein is such that Indutrade AB (publ) is obligated to publish pursuant to the Securities Market Act, the Financial Instruments Trading Act, and/or in accordance with the Issuers Rules and Regulations for the Nasdaq OMX Stockholm. Submitted for publication at 12.40 p.m. on 17 February 2014.

FURTHER INFORMATION

For further information, please contact:

Johnny Alvarsson, President and CEO, tel: +46 70 589 17 95.

The report will be commented upon as follows:

- through a conference call/webcast today at 3 p.m. (CET) under the following link:
<https://event.onlineseminarsolutions.com/eventRegistration/EventLobbyServlet?target=registration.jsp&eventid=737437&sessionId=1&key=183C29EF5D31B1AE8D8CEC8D31D22CDB&sourcepage=register>
Participants call SE: +46 8 505 564 83, UK: +44 203 194 05 46 or US: +1 855 269 2606.
- Via a video version at the following link:
<http://www.indutrade.se>

REVIEW REPORT

We have reviewed this report for the period 1 January 2013 to 31 December 2013 for Indutrade AB (publ.). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Stockholm, 17 February 2014

PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant
Auditor in charge

Indutrade consolidated income statement

- condensed

Mkr	2013	2012	2013	2012
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	2,352	2,267	8,831	8,384
Cost of goods sold	1,537	-1,492	-5,833	-5,545
Gross profit	815	775	2,998	2,839
Development costs	-29	-26	-110	-95
Selling costs	-439	-410	-1,601	-1,527
Administrative expenses	-120	-109	-449	-426
Other operating income and expenses	21	1	18	6
Operating profit	248	231	856	797
Net financial items	-26	-19	-100	-83
Profit after financial items	222	212	756	714
Income Tax	-44	-19	-169	-145
Net profit for the period	178	193	587	569
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	178	193	587	569
Non-controlling interests	0	0	0	0
	178	193	587	569
Earnings per share for the period, attributable to equity holders of the parent company ¹⁾	4.45	4.83	14.68	14.23
EBITA	283	260	990	905
<i>Operating profit includes:</i>				
Amortisation of intangible assets ²⁾	-39	-32	-148	-118
Depreciation of property, plant and equipment	-31	-27	-114	-107

¹⁾ Earnings for the period divided by 40,000,000 shares. There is no dilutive effect.

²⁾ Excluding write-downs

Comparative figures for 2012 have been recalculated as a result of application of the revised IAS 19 Employee Benefits.

Indutrade consolidated statement of comprehensive income

Net profit for the period	178	193	587	569
Other comprehensive income				
Items that can be reversed into income statement:				
Fair value adjustment of hedge instruments	-10	-2	3	-13
Tax attributable to fair value adjustments	2	-1	-1	2
Exchange rate differences	45	25	22	-49
Items that can not be reversed into income statement:				
Actuarial gains/losses	9	-19	9	-19
Tax on actuarial gains/losses	-2	4	-2	4
Other comprehensive income for the period, net of tax	44	7	31	-75
Total comprehensive income for the period	222	200	618	494
<i>Net profit, attributable to:</i>				
Equity holders of the parent company	221	200	617	494
Non-controlling interests	1	0	1	0
	222	200	618	494

Business area performance

Net Sales, SEK Million	2013	2012	2013	2012
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Engineering & Equipment	334	339	1,265	1,325
Flow Technology	508	577	1,979	2,123
Fluids & Mechanical Solutions	258	273	993	1,020
Industrial Components	466	405	1,717	1,531
Special Products	795	696	2,920	2,444
Parent company and Group items	-9	-23	-43	-59
	2,352	2,267	8,831	8,384
EBITA, SEK Million	2013	2012	2013	2012
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Engineering & Equipment	28	20	103	105
Flow Technology	39	51	159	196
Fluids & Mechanical Solutions	26	33	110	125
Industrial Components	64	44	212	165
Special Products	122	124	443	364
Parent company and Group items	4	-12	-37	-50
	283	260	990	905
EBITA margin, %	2013	2012	2013	2012
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Engineering & Equipment	8.4	5.9	8.1	7.9
Flow Technology	7.7	8.8	8.0	9.2
Fluids & Mechanical Solutions	10.1	12.1	11.1	12.3
Industrial Components	13.7	10.9	12.3	10.8
Special Products	15.3	17.8	15.2	14.9
	12.0	11.5	11.2	10.8

Net Sales, SEK million	2013				2012			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	334	301	331	299	339	320	341	325
Flow Technology	508	471	531	469	577	516	524	506
Fluids & Mechanical Solutions	258	234	258	243	273	240	257	250
Industrial Components	466	409	438	404	405	357	403	366
Special Products	795	741	730	654	696	564	632	552
Parent company and Group items	-9	-8	-8	-18	-23	-9	-10	-17
	2,352	2,148	2,280	2,051	2,267	1,988	2,147	1,982
EBITA, SEK million	2013				2012			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	28	25	30	20	20	36	24	25
Flow Technology	39	40	54	26	51	48	57	40
Fluids & Mechanical Solutions	26	25	29	30	33	30	31	31
Industrial Components	64	55	53	40	44	41	45	35
Special Products	122	120	110	91	124	76	91	73
Parent company and Group items	4	-13	-12	-16	-12	-12	-14	-12
	283	252	264	191	260	219	234	192
EBITA margin, %	2013				2012			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	8.4	8.3	9.1	6.7	5.9	11.3	7.0	7.7
Flow Technology	7.7	8.5	10.2	5.5	8.8	9.3	10.9	7.9
Fluids & Mechanical Solutions	10.1	10.7	11.2	12.3	12.1	12.5	12.1	12.4
Industrial Components	13.7	13.4	12.1	9.9	10.9	11.5	11.2	9.6
Special Products	15.3	16.2	15.1	13.9	17.8	13.5	14.4	13.2
	12.0	11.7	11.6	9.3	11.5	11.0	10.9	9.7

Indutrade consolidated balance sheet

- condensed

SEK million	2013 31 dec	2012 31 Dec
Goodwill	1,308	1,188
Other intangible assets	1,286	1,215
Property, plant and equipment	849	741
Financial assets	61	59
Inventories	1,546	1,472
Accounts receivable, trade	1,435	1,411
Other receivables	208	204
Cash and cash equivalents	261	243
Total assets	6,954	6,533
Equity	2,626	2,290
Non-current interest-bearing liabilities and pension liabilities	2,201	1,158
Other non-current liabilities and provisions	353	333
Current interest-bearing liabilities	381	1,424
Accounts payable, trade	602	586
Other current liabilities	791	742
Total equity and liabilities	6,954	6,533

Estimated earn-out from acquisitions have been reclassified to interest-bearing liabilities from year-end 2012.

The revised IAS 19 Employee Benefits applies as from 2013. Comparative figures for 2012 have been recalculated.

Indutrade consolidated statement of changes in equity

- condensed

Attributable to equity holders of the parent company SEK million	2013 31 dec	2012 31 Dec
Opening equity	2,288	2,062
Adjustment of accounting principle IAS 19	-	2
Opening equity after adjustment	2,288	2,064
Total comprehensive income for the period	617	494
Dividend	-282 ¹⁾	-270 ¹⁾
Closing equity	2,623	2,288
<i>Equity, attributable to:</i>		
Equity holders of the parent company	2,623	2,288
Non-controlling interests	3	2
	2,626	2,290

¹⁾ Dividend per share for 2012 was SEK 7.05 (6.75).

Indutrade consolidated cash flow statement

- condensed

SEK million	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Cash flow from operating activities				
before change in working capital	240	202	790	720
Change in working capital	167	90	69	-201
Cash flow from operating activities	407	292	859	519
Net capital expenditures in non-current assets	-54	-43	-206	-127
Company acquisitions and divestments	-106	-212	-444	-572
Change in other financial assets	0	-3	1	-5
Cash flow from investing activities	-160	-258	-649	-704
Net borrowings	-232	-7	88	443
Dividend paid out	-	-	-282	-270
Cash flow from financial activities	-232	-7	-194	172
Cash flow for the period	15	27	16	-13
Cash and cash equivalents at start of period	244	214	243	264
Exchange rate differences	2	2	2	-8
Cash and cash equivalents at end of period	261	243	261	243

Indutrade changes in interest-bearing net debt

	2013 Oct-Dec	2013 Jan-Dec
Beginning of period	-2,614	-2,339
Cash flow from operating activities	407	859
Net capital expenditures in non-current assets	-54	-206
Company acquisitions and divestments	-138	-414
Dividend paid out	-	-282
Other changes *)	78	61
Total changes	293	18
End of period	-2,321	-2,321

*) Other changes relate mainly to adjustment of earn-outs from acquisitions. In addition revaluation of pension liability and currency effects are included among others.

Key data

	2013	2012	2011	2010
Moving 12 mos	31 Dec	31 Dec	31 Dec	31 Dec
Net sales, SEK million	8,831	8,384	7,994	6,745
Sales growth, %	5	5	19	8
EBITA, SEK million	990	905	917	703
EBITA margin, %	11.2	10.8	11.5	10.4
Operating capital, SEK million	4,947	4,629	3,720	3,304
Return on operating capital, %	20	22	25	19
Return on equity, %	25	27	29	24
Interest-bearing net debt, SEK million ¹⁾	2,321	2,339	1,656	1,561
Net debt/equity ratio, %	88	102	80	90
Net debt/EBITDA, times	2.1	2.3	1.6	2.0
Equity ratio, %	38	35	38	36
Average number of employees	4,151	3,939	3,778	3,420
Number of employees at end of the period	4,218	4,086	3,807	3,444
<i>Attributable to equity holders of the parent company</i>				
<i>Key ratios per share ²⁾</i>				
Earnings per share, SEK	14.68	14.23	13.50	10.18
Equity per share, SEK	65.58	57.20	51.55	43.55
Cash flow from operating activities per share, SEK	21.48	12.98	17.73	16.40

¹⁾ Interest-bearing net debt and related key ratios include earn-outs from acquisitions from year-end 2012. Comparative years have been adjusted.

²⁾ Based on 40,000,000 shares which corresponds to the number of shares outstanding during all periods in the table. There is no dilutive effect.

Acquisitions

ACQUISITIONS 2013

All of the shares have been acquired in Thermotech AS (Norway), ESI Technologies Ltd (Ireland), AMAB (Allen Myrin Aktiebolag, Sweden), Medexa Diagnostisk Service AB (Sweden), Kin Pompentechniek B.V. (Netherlands) and Verplas Ltd (UK), as well as the operations of Micro Joining KB (Sweden).

INDUSTRIAL COMPONENTS

Thermotech AS sells products and services in the areas of heat treatment, machine service and bolt tension. Thermotech AS has annual sales of SEK 70 million and is consolidated in the Group as from 1 January 2013. AMAB is one of the Swedish market's leading suppliers of medical alert systems, monitoring systems and security systems to the healthcare sector. AMAB has annual sales of SEK 35 million and is consolidated in the Group as from 1 July 2013. The operations of Micro Joining KB have been acquired and are consolidated in the Group as from 1 September 2013. Micro Joining sells adhesives, components and materials, with annual sales of SEK 15 million. Medexa Diagnostisk Service AB specialises in high-end technology for healthcare with a focus on foetal surveillance and ultrasound applications. Medexa has annual sales of SEK 25 million and is consolidated in the Group as from 8 October 2013.

SPECIAL PRODUCTS

ESI Technologies Ltd, with annual sales of SEK 160 million, is a technology sales company specialising in flow technology. Business is conducted in Ireland and the UK. Customers are mainly in the pharmaceutical, chemical, and oil and gas industries. The company is consolidated in the Group as from 1 April 2013. Kin Pompentechniek B.V., with annual sales of SEK 76 million, sells pumps from leading suppliers and is consolidated in the Group as from 1 November 2013. Verplas Ltd, with annual sales of SEK 80 million, manufactures and distributes a range of rigid and flexible ventilation products, and is consolidated in the Group as from 22 November 2013.

Acquired assets in Thermotech AS, ESI Technologies Ltd, AMAB, Micro Joining, Medexa Diagnostisk Service AB, Kin Pompentechniek B.V. and Verplas Ltd.

Preliminary purchase price allocation

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 98 million			550
Acquired assets	Book value	Fair value adjustment	Fair value
Goodwill	-	200	200
Agencies, trademarks, customer relations, licences, etc.	-	196	196
Property, plant and equipment	27	-	27
Financial assets	0	-	0
Inventories	56	-	56
Other current assets ¹⁾	106	4	110
Cash and cash equivalents	117	-	117
Deferred tax liability	-4	-40	-44
Other operating liabilities	-112	-	-112
	190	360	550

¹⁾ Mainly trade accounts receivable

Agencies, customer relationships, licences, etc. will be amortised over a period of 10–20 years, while trademarks are assumed to have an indefinite lifetime. Trademarks are included in the amount of SEK 8 million.

Indutrade normally uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payments are valued at the present value of the likely outcome, which for the acquisitions made during the year amount to SEK 98 million. The contingent earn-out payments fall due for payment within 5 years and can amount to a maximum of SEK 102 million. If the conditions are not met, the outcome can be in the range of SEK 0–102 million.

Transaction costs for the acquisitions carried out during the year totalled SEK 6 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 89 million (9), of which SEK 91 million during the fourth quarter of the year. The income is reported among Other income and expenses in the income statement. In connection with a new assessment of contingent earn-out payments, the need to recognise impairment of goodwill in these companies has also been tested. As a result of this impairment testing, an impairment loss of SEK 82 million has been recognised for goodwill in the Group. This charge is reported under Other income and expenses in the income statement.

The purchase price allocation calculations for Krämer AB and Nolek AB, which were acquired in 2012, are definitive. 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 accounts receivable.

Cash flow impact

Purchase price, incl. contingent earn-out payment	550
Contingent earn-out payments not paid out	-98
Cash and cash equivalents in acquired companies	-117
Contingent earn-out payments pertaining to previous years' acquisitions	128
Total cash flow impact	463

EFFECTS OF ACQUISITIONS CARRIED OUT IN 2012 AND 2013

SEK million Business area	Net sales		EBITA	
	Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
Engineering & Equipment	-	18	-	1
Flow Technology	-	24	-	3
Fluids & Mechanical Solutions	-	26	-	4
Industrial Components	21	159	7	38
Special Products	86	321	14	42
Effect on Group	107	548	21	88
Acquisitions carried out in 2012	21	310	3	47
Acquisitions carried out in 2013	86	238	18	41
Effect on Group	107	548	21	88

If all acquired units had been consolidated as from 1 January 2013, net sales for the year would have amounted to SEK 9,041 million, and EBITA would have totalled SEK 1,022 million.

ACQUISITIONS AFTER THE END OF THE FINANCIAL YEAR

In early January 2014, the company AP Tobler AG, Switzerland, was acquired, with annual sales of SEK 37 million. AP Tobler specialises in surface treatment of stainless steel and aluminium for the pharmaceutical industry and is part of the Special Products business area.

A preliminary purchase price allocation calculation will be presented in the first quarter interim report for 2014.

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 as per 31 December 2013

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	-	-	7	7
Derivative instruments held for hedging purposes	-	3	-	3
Liabilities				
Derivative instruments held for hedging purposes	-	27	-	27

Derivative instruments consist of currency forward contracts and interest rate swaps.

No transfers were made between levels 2 and 3 during the period. Reclassification has been made between levels 1 and 2, and the comparative figures for 2012 have been recalculated. Assets in level 3 consist mainly of holdings of shares and participations in unlisted companies. Fair value is considered to be equal to cost.

Long- and short-term loans carry variable interest in all essential respects, which is why their fair value is considered to be equal to the carrying amount.

For the Group's other financial assets and liabilities, such as trade accounts receivable, cash and cash equivalents, contingent considerations and trade accounts payable, fair value is estimated to be equal to the carrying amount.

The Group's assets and liabilities measured at fair value as per 31 December 2012

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	-	-	6	6
Derivative instruments held for hedging purposes	-	2	-	2
Liabilities				
Derivative instruments held for hedging purposes	-	29	-	29

Parent company income statement

- condensed

SEK million	2013 Oct-Dec	2012 Oct-Dec	2013 Jan-Dec	2012 Jan-Dec
Net Sales	3	3	3	3
Gross profit	3	3	3	3
Administrative expenses	-13	-9	-55	-49
Other income and expenses	2	0	5	-1
Operating profit	-8	-6	-47	-47
Financial income/expenses	-44	-12	-77	-31
Profit from participation in Group companies	455	281	754	656
Profit after financial items	403	263	630	578
Appropriations	-94	-62	-94	-62
Income tax	-76	-63	-62	-48
Net profit for the period	233	138	474	468
Amortisation/Depreciation of intangible assets and property, plant and equipment	0	0	1	0

Parent company balance sheet

- condensed

Mkr	2013 31 Dec	2012 31 Dec
Intangible assets	0	1
Property, plant and equipment	1	1
Financial assets	2,954	2,578
Current receivables	2,105	1,719
Cash and cash equivalent	7	0
Total assets	5,067	4,299
Equity	1,867	1,675
Untaxed reserves	315	221
Non-current interest-bearing liabilities and pension liabilities	1,879	837
Current interest-bearing liabilities	911	1,464
Current noninterest-bearing liabilities	95	102
Total equity and liabilities	5,067	4,299

Estimated earn-outs from acquisitions have been reclassified to interest-bearing liabilities from year-end 2012.

Figures for the comparative year have been recalculated.

Definitions

Earnings per share	Net profit for the period divided by the average number of shares outstanding.
EBITA	Operating profit before amortisation of intangible assets arising in connection with company acquisitions (Earnings Before Interest, Tax and Amortisation).
EBITA margin	EBITA divided by net sales for the period.
EBITDA	Operating profit before depreciation and amortisation (Earnings Before Interest, Tax, Depreciation and Amortisation).
Equity per share	Equity divided by the number of shares outstanding.
Equity ratio	Shareholders' equity divided by total assets.
Gross margin	Gross profit divided by net sales.
Interest-bearing net debt	Interest-bearing liabilities including pension liability and estimated earn-outs from acquisitions, less cash and cash equivalents.
Net capital expenditures	Purchases less sales of intangible 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.
Operating capital	Interest-bearing net debt and shareholders' equity.
Return on equity	Net profit for the period divided by average equity per quarter.
Return on operating capital	EBITA divided by average operating capital per quarter.

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 five business areas:

Engineering & Equipment, Flow Technology, Fluids & Mechanical Solutions, Industrial Components 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%.
