

Interim report

1 Jan – 30 Jun 2014

1 JANUARY–30 JUNE 2014

- Order intake rose 7% to SEK 4,832 million (4,525). For comparable units, order intake decreased by 1%.
- Net sales rose 8% to SEK 4,680 million (4,331). For comparable units the change was marginal.
- Operating profit before amortisation of intangible non-current assets (EBITA) rose 11% to SEK 506 million (455), corresponding to an EBITA margin of 10.8% (10.5%).
- Profit after tax rose 14% to SEK 300 million (264).
- Earnings per share were SEK 7.50 (6.58).
- Cash flow from operating activities amounted to SEK 316 million (294). During the last 12-month period, cash flow per share was SEK 22.03 (17.38).

SECOND QUARTER 2014

- Order intake rose 7% to SEK 2,484 million (2,327). For comparable units the change was marginal.
- Net sales rose 7% to SEK 2,430 million (2,280). For comparable units the change was marginal.
- Operating profit before amortisation of intangible non-current assets (EBITA) rose 7% to SEK 282 million (264), corresponding to an EBITA margin of 11.6% (11.6%).
- Profit after tax rose 11% to SEK 174 million (157).
- Earnings per share were SEK 4.35 (3.90).
- Cash flow from operating activities amounted to SEK 226 million (263).

FINANCIAL DEVELOPMENT

SEK million	2014 Apr-Jun	2013 Apr-Jun	Change	2014 Jan-Jun	2013 Jan-Jun	Change	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	2,430	2,280	7%	4,680	4,331	8%	9,180	8,831
EBITA	282	264	7%	506	455	11%	1,041	990
EBITA margin, %	11.6	11.6		10.8	10.5		11.3	11.2
Profit after financial items	222	202	10%	387	341	13%	802	756
Net profit	174	157	11%	300	264	14%	623	587
Earnings per share, SEK	4.35	3.90	12%	7.50	6.58	14%	15.60	14.68
Return on operating capital, %	21	21		21	21		21	20

CEO's message

While the cautious optimism that existed after the first quarter remains, we have not yet seen any clear trend in the form of a general upswing in demand. The business climate improved somewhat during the second quarter compared with the preceding quarter and corresponding quarter a year ago, but is still characterised by great uncertainty. In addition, order intake for the Group's companies continues to show considerable variation between months, segments and geographies.

Acquisitions are central to the Indutrade Group's development, and the pace of acquisition increased during the quarter through four completed acquisitions and a total of six since the start of the year. Combined annual sales for the units acquired thus far during the year amount to approximately SEK 350 million.

We see that Indutrade's business model and our company culture fit well in the UK and Ireland, and have therefore consciously increased our acquisition activity there. During the first part of the year we completed four acquisitions in this region. Our goal is to continue growing in these countries, both through additional acquisitions as well as organically, and we consider it realistic to reach sales of minimum SEK 1 billion within a few years.

Second quarter

Order intake during the quarter exceeded net sales by 2% and was 7% higher than in the corresponding period in 2013. All of the business areas reported order intake in excess of net sales during the quarter, and three of the five business areas had higher order intake for comparable units than the corresponding period a year ago.

In the Nordic countries, development was slightly positive in Sweden and essentially unchanged in Norway and Denmark, while demand in Finland was at a continued low level. Outside the Nordic countries, development was positive particularly in the UK and Ireland, and to some degree in Germany and Benelux.

Net sales during the past quarter grew 7%. For comparable units the change was marginal.

Engineering & Equipment, with operations primarily in Finland, continues to be negatively affected by the low level of domestic industrial activity, and order intake decreased by 8% during the quarter.

Flow Technology noted higher order intake also during the second quarter, which was distributed across most segments in the business area. Earnings for the quarter were hurt by somewhat lower gross margins combined with a slight rise in the business area's overheads.

Fluids & Mechanical Solutions experienced positive development during the quarter for most of the business unit's operations, except for the filters segment, which noted a slight decline. Higher net sales combined with continued good cost control resulted in improved profitability for the quarter.

Industrial Components continues to perform very strongly. Order intake grew 16% during the quarter, and growth was both organic and acquisition-driven. Most companies showed growth, particularly in the med-tech, mechanical components and industrial chemical products segments. Earnings improved by 30%, with a good EBITA margin.

Special Products' total order intake rose 7% despite negative organic growth, owing to a decrease in project-based orders in Switzerland during the quarter. It is gratifying to note that order intake for the energy segment recovered following a couple of weak quarters. Most other businesses noted a slight improvement in order intake at the same time that recently acquired units continued to develop according to plan. The earnings increase during the quarter came mostly from completed acquisitions. This was counteracted by a poorer mix, i.e., sales with high margins have been replaced by volumes from businesses with lower margins, resulting in a lower EBITA margin for the quarter.

Margins

The Group's gross margin remains stable at 34% (34%). The EBITA margin was 11.6% for the quarter (11.6%), which is higher than the Group's target of a minimum 10% EBITA margin over a business cycle.

Acquisitions

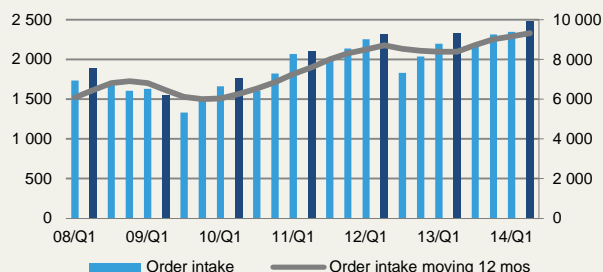
Four acquisitions were carried out in the UK during the quarter: CRP Ltd, which specialises in corrosion-resistant piping, valves and expansion bellows; Micro Spring and Presswork Ltd, which manufactures industrial springs and stampings; Birmingham Specialities Ltd, a specialist manufacturer of industrial components; and ALH Systems Ltd, a specialist in encapsulants, sealants and adhesives.

Outlook

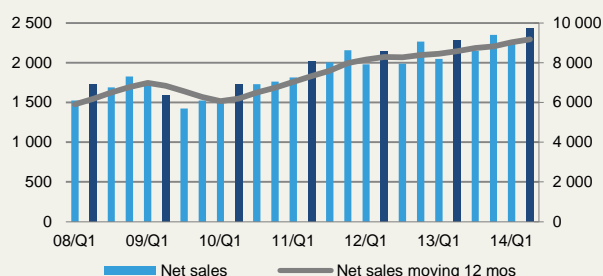
The trend we have seen during the first half of the year will likely continue during the coming autumn, i.e., some growth in a number of segments and in certain geographical areas. Our ambition is, according to Indutrade's business model, to continue acquiring companies during the autumn.

Johnny Alvarsson, President and CEO

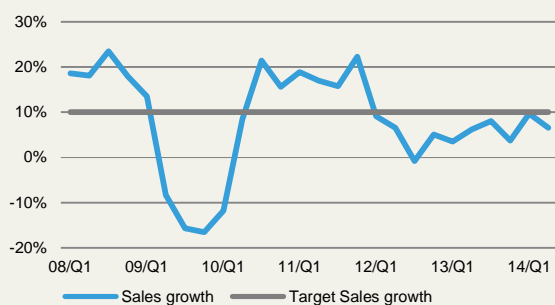
Order intake SEK million



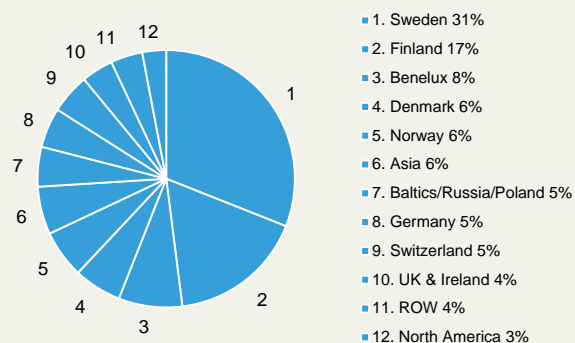
Net sales SEK million



Sales growth



Net sales per market (%)



Group performance

ORDER INTAKE

Order intake during the period January–June totalled SEK 4,832 million (4,525), an increase of 7%. For comparable units, order intake decreased by 1%, while acquired growth was 5%. Currency movements had a positive impact on order intake, by 3%.

Order intake during the second quarter totalled SEK 2,484 million (2,327), an increase of 7%. For comparable units, order intake changed marginally, while acquired growth was 4%. Currency movements had a positive impact on order intake, by 3%.

The business climate improved slightly during the second quarter compared with the preceding quarter and corresponding quarter a year ago, but continues to be characterised by great uncertainty. Order intake for the Group's companies continues to show considerable variation between months, segments and geographical markets. Companies with exposure to the general engineering industry are noting a continued faint upswing at the same time that a greater willingness to invest, such as in the process industry, has contributed to higher demand. The mining industry, however, which is still experiencing low activity, is an example of a segment with poorer performance.

As in previous quarters, growth in Finland continues to be at a low level, which is having a negative impact on the Engineering & Equipment business area in particular. Countries with positive performance include the UK, Ireland and Sweden in particular, and to some degree Germany and Benelux.

Lower order intake for the companies that work with major projects has contributed to weak growth for comparable units. During the quarter, order intake for the energy segment strengthened again and was higher than the corresponding period a year ago.

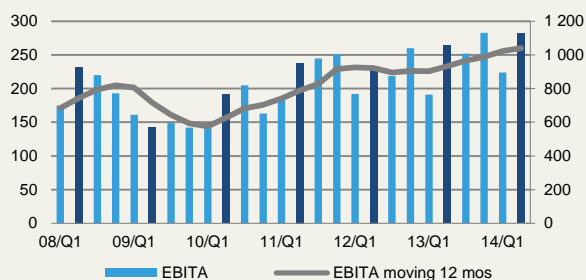
For all of the business areas, order intake exceeded net sales during the quarter.

NET SALES

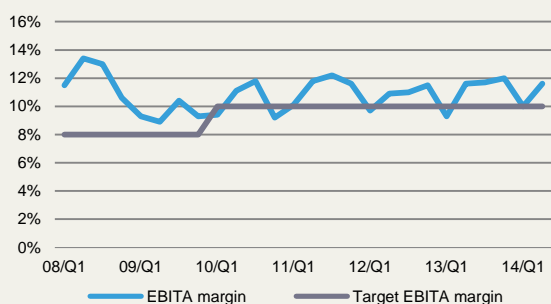
Net sales during the period January–June totalled SEK 4,680 million (4,331), an increase of 8%. For comparable units, the change was marginal, while acquired growth was 5%. Currency movements had a positive impact on net sales, by 3%.

Net sales during the second quarter of the year rose 7% to SEK 2,430 million (2,280). For comparable units, the change was marginal, while acquired growth was 4%. Currency movements had a positive impact on net sales, by 3%.

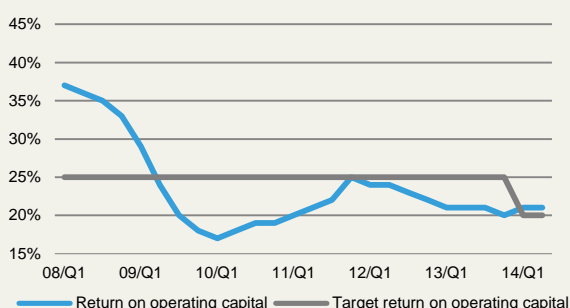
EBITA
SEK million



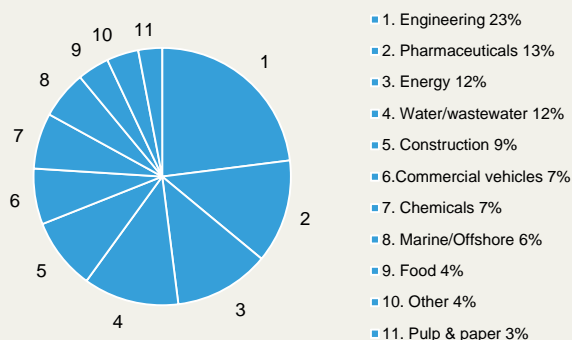
EBITA margin



Return



Net sales per customer segment (%)



EARNINGS

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 506 million (455) for the period January–June, an increase of 11%. The operating margin before amortisation of intangible assets (the EBITA margin) was 10.8% (10.5%).

The gross margin for the Group as a whole was level with the corresponding period a year ago, at 34.2% (34.0%). During the past quarter the gross margin was 34.4% (34.2%).

The earnings increase is mainly attributable to the contribution made by acquisitions. Continued weak business development in Finland and a slightly poorer mix, i.e., sales with high margins being replaced by business volumes with lower margins, were countered by continued good cost control designed to adapt the operations to the prevailing market situation. During the second quarter, 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 positive impact on EBITA by SEK 11 million.

Net financial items amounted to SEK -46 million (-48), of which net interest expense was SEK -40 million (-44). Net interest expense was favourably affected by a lower average interest rate.

Tax on profit for the period was SEK -87 million (-77), corresponding to a tax charge of 22.5% (22.6%).

Profit after tax rose 14% to SEK 300 million (264). Earnings per share increased to SEK 7.50 (6.58).

For the second quarter of the year, operating profit before amortisation of intangible assets (EBITA) amounted to SEK 282 million (264), an increase of 7%. The EBITA margin was 11.6% (11.6%). Net financial items for the second quarter amounted to SEK -22 million (-28), of which net interest expense was SEK -20 million (-22). Tax on profit for the period was SEK -48 million (-45). Profit after tax totalled SEK 174 million (157). Earnings per share were SEK 4.35 (3.90).

RETURN

The return on operating capital was 21% (21%), and the return on equity was 24% (26%).

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	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	332	331	626	630	1,261	1,265
EBITA	25	30	40	50	93	103
EBITA margin, %	7.5	9.1	6.4	7.9	7.4	8.1

Net sales decreased marginally during the period January–June, to SEK 626 million (630). For comparable units, the decrease was 5%, while currency movements had a positive impact on net sales, by 5%. During the past quarter net sales for comparable units decreased by 5%, while currency movements had a positive impact on net sales, by 5%.

Industrial activity in Finland has been broadly weak for some time, and this trend remained unbroken during the second quarter. Sales have been affected by continued low activity in international and domestic projects for the process industry, weak activity in the construction sector and restraint from investment in Finland. Decisions on major investments in the future in the process industry, among others, are giving hopes for coming improvement.

Order intake exceeded net sales by 2% during the quarter and by 4% during the period January–June. EBITA for the period decreased by 20% to SEK 40 million (50), corresponding to an EBITA margin of 6.4% (7.9%). The earnings decline is mainly due to the lower level of net sales and an overall slightly lower gross margin. Completed cost-cutting and efficiency improvement measures countered these effects to some extent.

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	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	547	531	999	1,000	1,978	1,979
EBITA	52	54	79	80	158	159
EBITA margin, %	9.5	10.2	7.9	8.0	8.0	8.0

Net sales during the period January–June totalled SEK 999 million (1,000). For comparable units the decrease was marginal, while currency movements also had a marginal impact. During the past quarter, net sales rose 3%, attributable to comparable units.

The increase in order intake at the start of the year led to higher invoicing towards the end of the second quarter. The increase in net sales during the quarter was evenly spread among the business area's segments.

Order intake exceeded net sales by 4% during the quarter, and by 12% during the period January–June. EBITA for the period decreased marginally to SEK 79 million (80), and the EBITA margin was 7.9% (8.0%). The main explanation for the earnings performance is marginally lower gross margins combined with a slight increase in the business area's overheads.

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, compressors, product labelling and construction plastics.

SEK million	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	266	258	517	501	1,009	993
EBITA	34	29	65	59	116	110
EBITA margin, %	12.8	11.2	12.6	11.8	11.5	11.1

Net sales rose 3% during the period January–June, to SEK 517 million (501). The increase for comparable units was 3%. Currency movements had only a marginal impact on net sales. During the second quarter, net sales rose 3%, of which comparable units accounted for 2% and currency movements for 1%.

Sales during the second quarter were favourably affected by an improved market situation in which most segments, except filters, noted growth.

Order intake exceeded net sales during the quarter by 2% and by 4% for the period January–June.

EBITA for the period increased by 10% to SEK 65 million (59), and the EBITA margin reached 12.6% (11.8%). Earnings and the margin improved as a result of the growth in net sales combined with good cost control, where the preceding year's adaptation of the cost base in certain companies generated the intended effect.

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	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	495	438	942	842	1,817	1,717
EBITA	69	53	118	93	237	212
EBITA margin, %	13.9	12.1	12.5	11.0	13.0	12.3

Net sales rose 12% during the period January–June, to SEK 942 million (842). The increase for comparable units was 6%. Acquisitions contributed 5%, while currency movements impacted sales by 1%. During the second quarter, net sales rose 13%, of which comparable units contributed 6%, acquisitions 6%, and currency movements 1%.

The business area continues to perform very strongly. Growth is both organic and from acquired units. Most of the companies have shown growth, especially in the medical technology, mechanical components and industrial chemical products segments.

Order intake exceeded net sales by 2% during the quarter and by 4% for the period January–June. EBITA for the period increased by 27% to SEK 118 million (93), corresponding to an EBITA margin of 12.5 % (11.0%). The earnings increase is equally derived from comparable units and completed acquisitions.

In March, the company Svenska Geotech AB was acquired, with annual sales of SEK 40 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	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	802	730	1,616	1,384	3,152	2,920
EBITA	113	110	230	201	472	443
EBITA margin, %	14.1	15.1	14.2	14.5	15.0	15.2

Net sales rose 17% during the period January–June, to SEK 1,616 million (1,384). For comparable units, net sales decreased by 2%. Acquired growth was 14% on an accumulated basis, while currency movements had a positive impact on net sales, by 5%. During the second quarter, net sales rose 10%, of which comparable units decreased by 5%, acquisitions contributed 10%, and currency movements had a positive impact by 5%.

The decline in sales for comparable units is mainly attributable to lower volumes in companies with a larger share of project business. The lower order intake for projects in the energy segment that was noted at the start of the year had an impact on net sales during the second quarter. Acquired companies are developing in a positive direction, according to plan.

Order intake exceeded net sales during the quarter by 2%, but was -2% for the period January–June. EBITA increased by 14% to SEK 230 million (201), and the EBITA margin was 14.2% (14.5%). The earnings increase in absolute figures came mostly from completed acquisitions. This was counteracted by a poorer mix, i.e., sales with high margins have given way to volumes from businesses with lower margins, resulting in lower EBITA margins for the quarter and on an accumulated basis.

In January the company AP Tobler AG was acquired, with annual sales of SEK 37 million. In May the company Corrosion Resistant Products Ltd (CRP) was acquired, with annual sales of SEK 110 million. In June the company Micro Spring and Presswork Ltd was acquired, with annual sales of SEK 40 million, as well as Birmingham Specialities Ltd, with annual sales of SEK 60 million, and ALH Systems Ltd, with annual sales of SEK 60 million.

Other financial information

FINANCIAL POSITION

Shareholders' equity amounted to SEK 2,720 million (2,281), and the equity ratio was 35% (32%).

Cash and cash equivalents amounted to SEK 287 million (286). In addition to this, the Group had unutilised credit promises of SEK 1,889 million (817). Interest-bearing net debt amounted to SEK 2,746 million (2,677). During the first quarter Indutrade established a commercial paper programme with a framework of SEK 1.5 billion, enabling the company to issue commercial paper in the money market. At the close of the quarter the outstanding programme amounted to SEK 1,050 million.

The net debt/equity ratio was 101% at end of the period (117%).

CASH FLOW, CAPITAL EXPENDITURES AND DEPRECIATION

Cash flow from operating activities was SEK 316 million (294). Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 242 million (203). Cash flow from operating activities increased as a result of higher earnings, which were partly counteracted by an increase in working capital. Capital expenditures in non-current assets were lower than in the corresponding period a year ago.

The Group's net capital expenditures, excluding company acquisitions, amounted to SEK 74 million (91). Depreciation of property, plant and equipment amounted to SEK 63 million (55). Investments in company acquisitions amounted to SEK 272 million (188). In addition, earn-out payments for previous years' acquisitions amounted to SEK 56 million (93).

EMPLOYEES

The number of employees was 4,484 at the end of the period (4,218 at year-end 2013). A total of 248 employees were added through acquisitions.

COMPANY ACQUISITIONS

The Group has acquired the following companies, which are consolidated for the first time in 2014.

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	AP Tobler AG	Special Products	37	35
March	Svenska Geotech AB	Industrial Components	40	6
May	Corrosion Resistant Products Ltd	Special Products	110	58
June	Micro Spring and Presswork Ltd	Special Products	40	45
June	Birmingham Specialities Ltd	Special Products	60	58
June	ALH Systems Ltd	Special Products	60	46
Total			347	248

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

Further information about completed company acquisitions can be found on page 16 of this interim report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events for the Group have occurred after the end of the reporting period.

INCENTIVE PROGRAMME

The Annual General Meeting of Indutrade AB resolved in April 2014 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.

In May 2014 an offer was directed at 135 participants to acquire 447,500 warrants under Series I, and the participants acquired 257,500 warrants for a combined total of SEK 3,914,000. Upon full exercise, the number of shares outstanding will increase by 257,500, corresponding to 0.6% of the total number of shares and votes. The price of the warrants has been set at SEK 15.20 per warrant, which corresponds to the market price. The subscription price for subscription of Indutrade shares under the warrants has been set at SEK 356.30 per share. The shares may be subscribed during specified subscription periods up to and including Friday, 18 May 2018.

The dilutive effect during the reporting period was 0%.

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–June. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period, the Parent Company acquired shares in seven new companies. The Parent Company did not make any major investments in intangible non-current assets or in property, plant and equipment. The number of employees on 30 June 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 2013 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 2013 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 2013 Annual Report.

No new IFRSs or IFRIC interpretations that have been adopted by the EU are applicable for Indutrade or have had any material impact on the Group's result of operations or financial position in 2014.

FINANCIAL CALENDAR

- The interim report for the period 1 January–30 September 2014 will be published on 29 October 2014.
- The year-end report for the period 1 January–31 December 2014 will be published on 16 February 2015.

THE BOARD'S ASSURANCE

The Board of Directors and President certify that the half-year interim report gives a true and fair view of the Company's and Group's operations, position and result of operations, and describes material risks and uncertainties facing the Company and companies included in the Group.

Stockholm, 23 July 2014
Indutrade AB (publ)

Fredrik Lundberg
Chairman of the Board

Bengt Kjell
Vice Chairman

Eva Färnstrand
Director

Martin Lindqvist
Director

Ulf Lundahl
Director

Krister Mellvé
Director

Lars Pettersson
Director

Johnny Alvarsson
Director,
President and CEO

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

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 10 a.m. on 23 July 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 videotaped version at the following link: <http://www.indutrade.se>

Indutrade consolidated income statement

- condensed

SEK million	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	2,430	2,280	4,680	4,331	9,180	8,831
Cost of goods sold	-1,595	-1,500	-3,081	-2,858	-6,056	-5,833
Gross profit	835	780	1,599	1,473	3,124	2,998
Development costs	-27	-30	-54	-58	-106	-110
Selling costs	-431	-398	-855	-792	-1,664	-1,601
Administrative expenses	-129	-116	-253	-226	-476	-449
Other operating income and expenses	-4	-6	-4	-8	22	18
Operating profit	244	230	433	389	900	856
Net financial items	-22	-28	-46	-48	-98	-100
Profit after financial items	222	202	387	341	802	756
Income Tax	-48	-45	-87	-77	-179	-169
Net profit for the period	174	157	300	264	623	587
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	174	156	300	263	624	587
Non-controlling interests	0	1	0	1	-1	0
	174	157	300	264	623	587
Earnings per share for the period, attributable to equity holders of the parent company ¹⁾	4.35	3.90	7.50	6.58	15.60	14.68
EBITA	282	264	506	455	1,041	990
<i>Operating profit includes:</i>						
Amortisation of intangible assets ²⁾	-41	-36	-80	-72	-156	-148
Depreciation of property, plant and equipment	-33	-28	-63	-55	-122	-114

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

²⁾ Excluding write-downs

Indutrade consolidated statement of comprehensive income

Net profit for the period	174	157	300	264	623	587
Other comprehensive income						
Items that can be reversed into income statement						
Fair value adjustment of hedge instruments	-4	5	-6	13	-16	3
Tax attributable to fair value adjustments	0	-1	1	-3	3	-1
Exchange rate differences	73	60	79	-1	102	22
Items that cannot be reversed into income statement						
Actuarial gains/losses	-	-	-	-	9	9
Tax on actuarial gains/losses	-	-	-	-	-2	-2
Other comprehensive income for the period, net of tax	69	64	74	9	96	31
Total comprehensive income for the period	243	221	374	273	719	618
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	243	220	374	272	719	617
Non-controlling interests	0	1	0	1	0	1
	243	221	374	273	719	618

Business area performance

	2014	2013	2014	2013	2013/14	2013
Net sales, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	332	331	626	630	1,261	1,265
Flow Technology	547	531	999	1 000	1,978	1,979
Fluids & Mechanical Solutions	266	258	517	501	1,009	993
Industrial Components	495	438	942	842	1,817	1,717
Special Products	802	730	1 616	1 384	3,152	2,920
Parent company and Group items	-12	-8	-20	-26	-37	-43
	2,430	2,280	4,680	4,331	9,180	8,831
EBITA, SEK million	2014	2013	2014	2013	2013/14	2013
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	25	30	40	50	93	103
Flow Technology	52	54	79	80	158	159
Fluids & Mechanical Solutions	34	29	65	59	116	110
Industrial Components	69	53	118	93	237	212
Special Products	113	110	230	201	472	443
Parent company and Group items	-11	-12	-26	-28	-35	-37
	282	264	506	455	1,041	990
EBITA margin, %	2014	2013	2014	2013	2013/14	2013
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Engineering & Equipment	7.5	9.1	6.4	7.9	7.4	8.1
Flow Technology	9.5	10.2	7.9	8.0	8.0	8.0
Fluids & Mechanical Solutions	12.8	11.2	12.6	11.8	11.5	11.1
Industrial Components	13.9	12.1	12.5	11.0	13.0	12.3
Special Products	14.1	15.1	14.2	14.5	15.0	15.2
	11.6	11.6	10.8	10.5	11.3	11.2

	2014		2013			
Net sales, SEK million	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	332	294	334	301	331	299
Flow Technology	547	452	508	471	531	469
Fluids & Mechanical Solutions	266	251	258	234	258	243
Industrial Components	495	447	466	409	438	404
Special Products	802	814	795	741	730	654
Parent company and Group items	-12	-8	-9	-8	-8	-18
	2,430	2,250	2,352	2,148	2,280	2,051

	2014		2013			
EBITA, SEK million	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	25	15	28	25	30	20
Flow Technology	52	27	39	40	54	26
Fluids & Mechanical Solutions	34	31	26	25	29	30
Industrial Components	69	49	64	55	53	40
Special Products	113	117	122	120	110	91
Parent company and Group items	-11	-15	4	-13	-12	-16
	282	224	283	252	264	191

	2014		2013			
EBITA margin, %	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Engineering & Equipment	7.5	5.1	8.4	8.3	9.1	6.7
Flow Technology	9.5	6.0	7.7	8.5	10.2	5.5
Fluids & Mechanical Solutions	12.8	12.4	10.1	10.7	11.2	12.3
Industrial Components	13.9	11.0	13.7	13.4	12.1	9.9
Special Products	14.1	14.4	15.3	16.2	15.1	13.9
	11.6	10.0	12.0	11.7	11.6	9.3

Indutrade consolidated balance sheet

- condensed

SEK million	2014 30 Jun	2013 30 Jun	2013 31 Dec
Goodwill	1,486	1,311	1,308
Other intangible assets	1,395	1,266	1,286
Property, plant and equipment	930	779	849
Financial assets	64	58	61
Inventories	1,544	1,470	1,546
Accounts receivable, trade	1,680	1,593	1,435
Other receivables	358	281	208
Cash and cash equivalents	287	286	261
Total assets	7,744	7,044	6,954
Equity	2,720	2,281	2,626
Non-current interest-bearing liabilities and pension liabilities	1,448	1,551	2,201
Other non-current liabilities and provisions	377	342	353
Current interest-bearing liabilities	1,585	1,412	381
Accounts payable, trade	745	689	602
Other current liabilities	869	769	791
Total equity and liabilities	7,744	7,044	6,954

Indutrade consolidated statement of changes in equity

- condensed

Attributable to equity holders of the parent company SEK million	2014 30 Jun	2013 30 Jun	2013 31 Dec
Opening equity	2,623	2,288	2,288
Total comprehensive income for the period	374	272	617
Payment for issued warrants	4	-	-
Dividend	-282 ¹⁾	-282 ¹⁾	-282 ¹⁾
Acquisition of non-controlling interests	-1	-	-
Closing equity	2,718	2,278	2,623
<i>Equity, attributable to:</i>			
Equity holders of the parent company	2,718	2,278	2,623
Non-controlling interests	2	3	3
	2,720	2,281	2,626

1) Dividend per share 2013 was SEK 7.05 (7.05)

Indutrade consolidated cash flow statement

- condensed

SEK million	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Operating profit	244	230	433	389	900	856
Non-cash items	73	70	146	130	268	252
Interests and other financial items, net	-19	-18	-39	-34	-86	-81
Paid tax	-58	-74	-131	-148	-220	-237
Change in working capital	-14	55	-93	-43	19	69
Cash flow from operating activities	226	263	316	294	881	859
Net capital expenditures in non-current assets	-36	-36	-74	-91	-189	-206
Company acquisitions and divestments	-258	-131	-328	-281	-491	-444
Change in other financial assets	0	0	0	-1	2	1
Cash flow from investing activities	-294	-167	-402	-373	-678	-649
Net borrowings	416	259	388	407	69	88
Dividend paid out	-282	-282	-282	-282	-282	-282
Cash flow from financial activities	134	-23	106	125	-213	-194
Cash flow for the period	66	73	20	46	-10	16
Cash and cash equivalents at start of period	214	210	261	243	286	243
Exchange rate differences	7	3	6	-3	11	2
Cash and cash equivalents at end of period	287	286	287	286	287	261

Indutrade changes in interest-bearing net debt

SEK million	2014 Apr-Jun	2014 Jan-Jun	2013 Jan-Dec
Beginning of period	-2,325	-2,321	-2,339
Cash flow from operating activities	226	316	859
Net capital expenditures in non-current assets	-36	-74	-206
Company acquisitions and divestments	-297	-347	-414
Dividend paid out	-282	-282	-282
Other changes *)	-32	-38	61
Total changes	-421	-425	18
End of period	-2,746	-2,746	-2,321

* Other changes relate to adjustment of earn-outs from acquisitions, revaluation of pension liability and currency effects among others.

Key data

	2014	2013	2013	2012	2011
Moving 12 mos	30 Jun	31 Dec	30 Jun	31 Dec	31 Dec
Net sales, SEK million	9,180	8,831	8,586	8,384	7,994
Sales growth, %	7	5	4	5	19
EBITA, SEK million	1,041	990	934	905	917
EBITA margin, %	11.3	11.2	10.9	10.8	11.5
Operating capital, SEK million	5,466	4,947	4,958	4,629	3,720
Return on operating capital, %	21	20	21	22	25
Return on equity, %	24	25	26	27	29
Interest-bearing net debt, SEK million	2,746	2,321	2,677	2,339	1,656
Net debt/equity ratio, %	101	88	117	102	80
Net debt/EBITDA, times	2.3	2.1	2.5	2.3	1.6
Equity ratio, %	35	38	32	35	38
Average number of employees	4,232	4,151	4,070	3,939	3,778
Number of employees at end of the period	4,484	4,218	4,149	4,086	3,807
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share ¹⁾</i>					
Earnings per share, SEK	15.60	14.68	14.58	14.23	13.50
Equity per share, SEK	67.95	65.58	57.03	57.20	51.55
Cash flow from operating activities per share, SEK	22.03	21.48	17.38	12.98	17.73

¹⁾ 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 2014

All of the shares have been acquired in AP Tobler AG (Switzerland), Svenska Geotech AB (Sweden), Corrosion Resistant Products Ltd (UK), Micro Spring and Presswork Ltd (UK), Birmingham Specialities Ltd (UK), and ALH Systems Ltd (UK).

INDUSTRIAL COMPONENTS

Svenska Geotech AB, with annual sales of SEK 40 million, imports and supplies building site preparation and civil engineering products to companies in the infrastructure segment. The company is consolidated in the Group as from 17 March 2014.

SPECIAL PRODUCTS

AP Tobler AG specialises in surface treatment of stainless steel and aluminium equipment for the pharmaceutical industry, with annual sales of SEK 37 million. The company is consolidated in the Group as from 1 January 2014. Corrosion Resistant Products Ltd (CRP) manufactures and supplies corrosion-resistant piping, valves and expansion bellows, and has annual sales of SEK 110 million. The company is consolidated in the Group as from 13 May 2014. Micro Spring and Presswork Ltd manufactures industrial springs and stampings, and has annual sales of SEK 40 million. The company is consolidated in the Group as from 17 June 2014. Birmingham Specialities Ltd is a specialist manufacturer of industrial components, with annual sales of SEK 60 million. The company is consolidated in the Group as from 18 June 2014. ALH Systems Ltd specialises in the manufacture and sale of encapsulants, sealants and adhesives, with annual sales of SEK 60 million. The company is consolidated in the Group as from 26 June 2014.

Acquired assets in AP Tobler AG, Svenska Geotech AB, Corrosion Resistant Products Ltd, Micro Spring and Presswork Ltd, Birmingham Specialities Ltd and ALH Systems Ltd.

Preliminary purchase price allocation

SEK million

Purchase price, incl. contingent earn-out payment totalling SEK 75 million			410
	Book value	Fair value adjustment	Fair value
Acquired assets			
Goodwill	-	153	153
Agencies, customer relations, licences, etc.	1	160	161
Property, plant and equipment	52	-	52
Financial assets	0	-	0
Inventories	38	-	38
Other current assets ¹⁾	98	-	98
Cash and cash equivalents	50	-	50
Deferred tax liability	-4	-33	-37
Provisions including pension liabilities	-7	-	-7
Other operating liabilities	-98	-	-98
	130	280	410

¹⁾ Mainly trade accounts receivable

Agencies, customer relations, licences, etc. will be amortised over a period of 10 years.

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 75 million. These contingent earn-out payments fall due for payment within 2 years and can amount to a maximum of SEK 80 million. If the conditions are not met, the outcome can be in the range of SEK 0–80 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 4 million (4) 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 (-2). The restatement is reported among Other income and expenses in the income statement.

The purchase price allocation for ESI Technologies Ltd, which was acquired in April 2013, has now been finalised. No significant adjustments have been made to the calculation. For other acquisitions, the purchase price allocation calculations are preliminary. Indutrade regards the calculations as preliminary during the time that uncertainty exists with respect to, for example, the outcome of guarantees in the acquisition agreements concerning inventories and trade accounts receivable.

Cash flow impact

SEK million

Purchase price, incl. contingent earn-out payment	410
Purchase price not paid out	-88
Cash and cash equivalents in acquired companies	-50
Contingent earn-out payments pertaining to previous years' acquisitions	56
Total cash flow impact	328

EFFECTS OF ACQUISITIONS CARRIED OUT IN 2013 AND 2014

SEK million Business area	Net sales		EBITA	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Engineering & Equipment	-	-	-	-
Flow Technology	-	-	-	-
Fluids & Mechanical Solutions	-	-	-	-
Industrial Components	26	43	6	11
Special Products	70	187	11	30
Effect on Group	96	230	17	41
Acquisitions carried out in 2013	58	182	10	33
Acquisitions carried out in 2014	38	48	7	8
Effect on Group	96	230	17	41

If all acquired units had been consolidated as from 1 January 2014, net sales for the year would have amounted to SEK 4,794 million, and EBITA would have totalled SEK 530 million.

ACQUISITIONS AFTER THE END OF THE REPORTING PERIOD

No acquisitions have been made after the end of the reporting period.

FAIR VALUE

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

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

The Group's assets and liabilities measured at fair value

SEK million	30 Jun 2014				31 Dec 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Available-for-sale financial assets	-	-	7	7	-	-	7	7
Derivative instruments held for hedging purposes	-	2	-	2	-	3	-	3
Liabilities								
Derivative instruments held for hedging purposes	-	33	-	33	-	27	-	27
Contingent consideration	-	-	295	295	-	-	268	268

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 essentially 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	2014	2013
	30 Jun	31 Dec
Opening book value	268	370
Acquisitions during the year	75	98
Reclassified via income statement	-3	-89
Consideration paid	-56	-128
Interest expense	6	14
Exchange rate differences	5	3
Closing book value	295	268

Parent company income statement

- condensed

SEK million	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/14 Moving 12 mos	2013 Jan-Dec
Net sales	0	0	0	0	3	3
Gross profit	0	0	0	0	3	3
Administrative expenses	-17	-15	-33	-30	-58	-55
Other income and expenses	4	1	4	0	9	5
Operating profit	-13	-14	-29	-30	-46	-47
Financial income/expenses	-17	-17	-30	-20	-58	-48
Profit from participation in Group companies	642	270	642	270	641	269
Profit after financial items	612	239	583	220	537	174
Appropriations	-	-	-	-	362	362
Income tax	7	7	13	10	-59	-62
Net profit for the period	619	246	596	230	840	474
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0	0	-1

Parent company balance sheet

- condensed

SEK million	2014 30 Jun	2013 30 Jun	2013 31 Dec
Intangible assets	0	1	0
Property, plant and equipment	2	1	1
Financial assets	3,345	2,923	2,954
Current receivables	2,049	1,850	2,105
Cash and cash equivalents	4	0	7
Total assets	5,400	4,775	5,067
Equity	2,160	1,622	1,867
Untaxed reserves	315	221	315
Non-current interest-bearing liabilities and pension liabilities	1,104	1,229	1,879
Current interest-bearing liabilities	1,746	1,676	911
Current noninterest-bearing liabilities	75	27	95
Total equity and liabilities	5,400	4,775	5,067
Pledged assets	6	4	6
Contingent liabilities	112	340	112

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.
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 month.
Return on operating capital	EBITA divided by average operating capital per month.

Indutrade in brief

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

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

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

The Group is structured into 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%.
