

# Interim report second quarter

and first half of 2020

## Second quarter 2020

- Order intake fell -1% to SEK 4,604 million (4,653). For comparable units, it was a decrease of -5%. The decrease was mainly due to the covid-19 pandemic.
- Net sales rose 1% to SEK 4,614 million (4,587). For comparable units, it was a decrease of -5%.
- EBITA rose 5% to SEK 602 million (574), corresponding to an EBITA margin of 13.0% (12.5%).
- Profit for the quarter rose 1% to SEK 370 million (365), and earnings per share were SEK 3.05 (3.02).
- Cash flow from operating activities increased and amounted to SEK 806 million (488).



## 1 January – 30 June 2020

- Order intake rose 8% to SEK 10,005 million (9,263). For comparable units, it was an increase of 1%.
- Net sales rose 7% to SEK 9,590 million (8,953). For comparable units, it was a decrease of -1%.
- EBITA rose 10% to SEK 1,218 million (1,111), corresponding to an EBITA margin of 12.7% (12.4%).
- Profit for the period grew 6% to SEK 758 million (715), and earnings per share were SEK 6.27 (5.92).
- Cash flow from operating activities increased and amounted to SEK 1,227 million (656).



## Financial Development

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Order intake	4,604	4,653	-1%	10,005	9,263	8%	19,395	18,653
Net sales	4,614	4,587	1%	9,590	8,953	7%	19,048	18,411
Operating profit	515	496	4%	1,043	965	8%	2,094	2,016
EBITA	602	574	5%	1,218	1,111	10%	2,437	2,330
EBITA margin, %	13.0	12.5		12.7	12.4		12.8	12.7
Profit before taxes	480	469	2%	976	911	7%	1,957	1,892
Net profit	370	365	1%	758	715	6%	1,526	1,483
Earnings per share before dilution, SEK	3.05	3.02	1%	6.27	5.92	6%	12.62	12.26
Return on capital employed, %	18	20		18	20		18	19
Cash flow from operating activities	806	488	65%	1,227	656	87%	2,493	1,922
Net debt/equity ratio, %	72	99		72	99		72	85

# Q2

## CEO's message

*Strong earnings despite lower demand and uncertain market conditions.*

### Second quarter

As a result of the covid-19 pandemic, uncertainty has characterised the second quarter, and overall, demand was at a lower level than in the past. The development varied however considerably across companies, segments, and geographic markets. Order intake amounted to SEK 4.6 billion, a decrease of -1% of which -5% organically. Demand remained strong for companies with customers in the medical technology and pharmaceutical industries, which was partly attributable to covid-19. In the construction and infrastructure industries, demand from the Nordic customers was good and the power generation segment was strong during the quarter. The development in the engineering industry was weaker, particularly in the automotive industry. However, the situation improved slightly towards the end of the quarter. Demand fell in the aircraft industry as well.

Sales rose 1% in total during the second quarter but declined -5% organically. The Benelux and Flow Technology business areas reported the most positive development in organic sales growth, driven by valves for power generation and good performance by companies in the medical technology and marine segments. The weakest performance was by companies in the UK, Measurement & Sensor Technology and Fluids & Mechanical Solutions business areas, primarily because of weaker demand and uncertain market conditions due to covid-19.

Profitability improved for the Group as a whole and the EBITA margin was 13.0 % (12.5%). The improved margin derived mainly from strong performance in companies with customers within medical technology, pharmaceuticals and energy. For the companies with decreased net sales the earnings drop was dampened by temporary cost saving measures and lay-offs. Operating margin improved for five of the eight business areas, with the strongest performance in business area Finland and Industrial Components. Margins deteriorated in the UK and Measurement & Sensor Technology business areas due to significantly lower sales, unfavourable mix adjustments and under-absorption of production costs.

The health and safety of our employees, customers and suppliers is always the highest priority and determined efforts are ongoing throughout the Group to cope with and manage this challenging situation. Our decentralised structure, with agile companies working closely with their customers, has facilitated both the financial as well as the operational adaptations that were necessary to do. All companies that experienced a decline in order intake have actively pursued cost saving measures during the quarter. The furlough support that has been available in several countries has helped many companies with considerably declining volumes avoid permanent staff reductions. Of our 7,400 employees in total, approximately 1,500 were affected by various types of temporary lay-offs and short-term work during the quarter. Those figures declined somewhat towards the end of the second quarter, such that approximately 1,000 were still affected in this way, which corresponds to 14% of the Group's



employees. Several of our companies are evaluating the need to make permanent staff reductions.

The Group's financial position remains strong. Cash flow improved thanks to greater working capital performance compared to last year. Inventories remained however at a slightly high level, but activities to lower inventory levels have intentionally been restrained so that we can ensure delivery service and availability to customers during these uncertain market conditions. Receivables fell in line with the decline in sales.

The transformation in digitalisation and sustainability have accelerated due to the pandemic. These are two important areas that both strengthen competitiveness and generate new business opportunities. Activities to further speed up development in these areas were initiated during the quarter.

### Acquisitions

We purposely did not complete any acquisitions during the quarter, but several discussions with interesting companies are ongoing. Due to the unstable market situation, we have decided to extend the acquisition processes to ensure that the right conditions exist for profitable growth in our acquisition candidates. Acquisition opportunities remain favourable, with a good inflow of interesting companies.

### Outlook

The current market situation involves both challenges and opportunities and I am confident that our entrepreneurial MDs are doing their utmost to ensure the long-term growth and success of their companies. We have also noticed a gradual improvement as countries and markets have started opening up again. The pace of improvement varies however considerably across companies, segments and geographic markets. Our diversified structure with more than 200 companies in a variety of segments and countries gives us good risk diversification, which creates conditions for stability despite the challenging market conditions.

Indutrade's strategy and business model works well and we have a stable foundation for continued long-term, competitive value creation. Our performance is based on our skilled and dedicated employees working in all the Group's companies, and I would like to sincerely thank each and everyone for amazing efforts during these challenging and turbulent times.

Bo Anvik, President and CEO

## Group performance

### Order intake

Demand fell during the second quarter due to the ongoing pandemic. There was, however, significant variation between companies and markets. Performance was strong in the medical technology, pharmaceutical and energy segments. In many countries, demand was also strong in the infrastructure segment. However, the demand from customers in the manufacturing industry was weak, particularly in the automotive industry. Demand fell from customers in the aircraft industry as well.

Order intake was on a par with net sales and amounted to SEK 4,604 million (4,653), which is a decrease of -1%. For comparable units, order intake fell by -5%. Acquired growth was 5% and the effect of divestments was marginal. Currency movements had a negative impact on order intake of -1%.

Order intake for comparable units improved for the Benelux and Flow Technology business areas. For Benelux, the improvement was primarily attributable to valves for power generation, where performance remains strong. For Flow Technology, the improvement was primarily fuelled by companies with customers in the pharmaceutical and medical technology segments. Order intake was weakest for the UK and DACH business areas, which primarily resulted from lockdown measures in the UK due to covid-19, along with lower demand from the German manufacturing industry.

Order intake during the period January–June amounted to

SEK 10,005 million (9,263), an increase of 8%. Comparable units increased by 1%, acquisitions contributed with 7% whilst divestments and currency movements had only a marginal impact on order intake.

### Net sales

Net sales rose 1% during the second quarter of the year to SEK 4,614 million (4,587). Comparable units fell by -5%, acquisitions contributed with 6% whilst divestments and currency movements had a marginal impact on net sales.

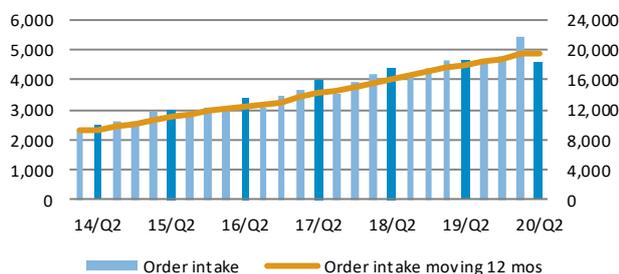
The strongest organic performance came from the Benelux and Flow Technology business areas. The improvement in Benelux stems from a high level of invoicing for valves for power generation. For Flow Technology, the improvement is primarily attributable to companies with customers in the pharmaceutical and medical technology segments.

The weakest performance came from the UK and Measurement & Sensor Technology business areas. The decline in both business areas was relatively widespread and it was primarily a result of lockdown measures and a low level of activity due to the pandemic.

Net sales rose 7% during the period January–June to SEK 9,590 million (8,953). Comparable units fell by -1%, acquisitions contributed with 8% whilst divestments and currency movements had only a marginal impact on net sales.

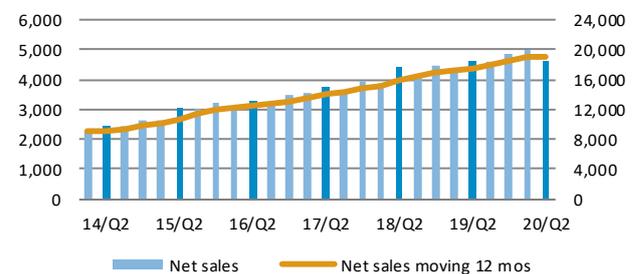
### Order intake

SEK million



### Net Sales

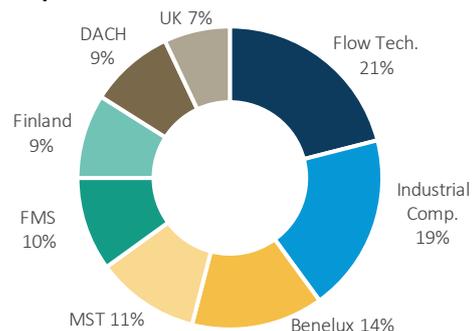
SEK million



### Sales growth



### Net Sales per Business Area



# Q2

## Earnings

Operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 602 million (574) for the second quarter, which is an improvement of 5%. Comparable units fell by -2%, acquisitions contributed 8%, divestments had a marginal impact, and currency movements had a negative effect on earnings of -1%. The EBITA margin increased to 13.0% (12.5%). The margin improvement was primarily fuelled by strong performance from companies with customers within medical technology, pharmaceutical and energy. For the companies with decreased net sales the earnings drop was dampened by cost saving measures and temporary lay-offs. Employee-related support amounted to approximately 1.5% of net sales for the second quarter.

The gross margin for the Group was 33.7% (34.4%) for the second quarter. For the period January–June, gross margin was 33.9% (34.3%).

The Finland and Industrial Components business areas reported the largest improvements in EBITA margin. For both business areas, the improvement was attributable to good cost control and cost saving measures. For Industrial Components, it was also attributable to companies with customers in the medical technology and infrastructure segments.

The EBITA margin fell in the UK and Measurement & Sensor Technology business areas. It is primarily attributable to negative organic sales growth that is mostly linked to the pandemic.

Net financial items during the second quarter amounted to SEK -35 million (-27). Tax on profit for the quarter was SEK -110 million (-104), corresponding to a tax charge of 23% (22%). Profit for the quarter rose 1% to SEK 370 million (365). Earnings per share before dilution increased 1% to SEK 3.05 (3.02).

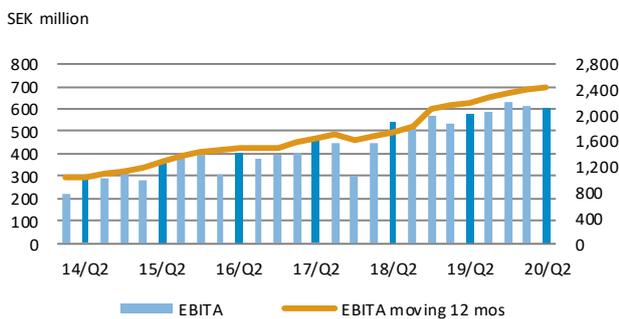
For the period January–June, operating profit before amortisation of intangible assets attributable to acquisitions (EBITA) amounted to SEK 1,218 million (1,111), an increase of 10%. Comparable units were unchanged, acquisitions contributed 9%, and the effect of currency movements was 1%. The effect of divestments was marginal. The EBITA margin increased to 12.7% (12.4%).

Net financial items for the period January–June amounted to SEK -67 million (-54). Tax on profit for the period was SEK -218 million (-196), corresponding to a tax charge of 22% (22%). Profit for the period grew 6% to SEK 758 million (715). Earnings per share before dilution increased 6% to SEK 6.27 (5.92).

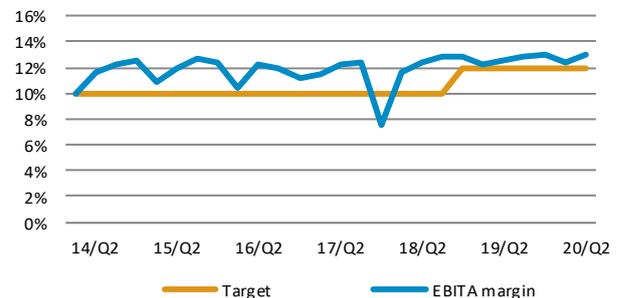
## Return

Return on capital employed fell compared to last year and amounted to 18% (20%). The implementation of IFRS 16 last year had an impact on return equal to approximately 1 percentage point. Return on equity amounted to 21% (23%).

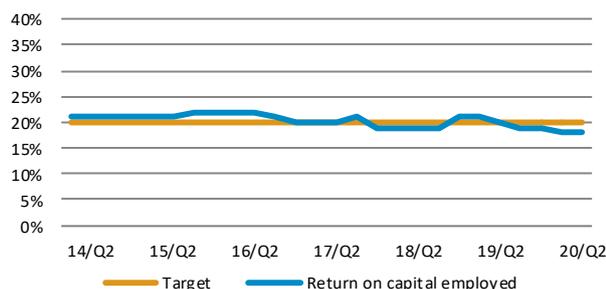
### EBITA



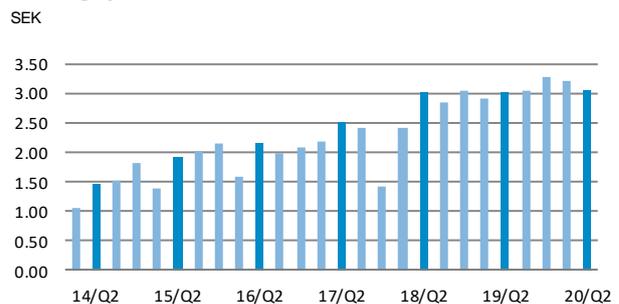
### EBITA margin



### Return



### Earnings per share



## Business Areas

### Benelux

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. The business area includes companies with a considerable amount of own manufacturing and proprietary products. Customers are in the energy, construction & infrastructure, and healthcare segments. Product areas include valves, hydraulic and industrial equipment, and measurement technology. The business area has strong market positions in the Benelux area (Belgium, the Netherlands and Luxembourg).

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	695	543	28%	1,371	1,015	35%	2,644	2,288
EBITA	85	67	27%	168	128	31%	355	315
EBITA margin, %	12.2	12.3		12.3	12.6		13.4	13.8

Net sales rose 28% during the quarter to SEK 695 million (543). Comparable units increased by 12%, acquisitions contributed with 16% and currency movements had a marginal impact.

On the whole, demand during the quarter was stronger compared to the same period last year, which is attributable to valves for power generation and medical technology. Order intake was 3% higher than invoicing for the quarter.

EBITA for the quarter increased by 27% to SEK 85 million (67), corresponding to an EBITA margin of 12.2% (12.3%). Comparable units increased by 12%, acquisitions contributed with 15% and currency movements had a marginal impact.

The upward trend for organic EBITA is primarily attributable to valves for power generation. Temporary lay-offs and related support only had a marginal impact on EBITA.

### DACH

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

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	394	349	13%	807	654	23%	1,556	1,403
EBITA	43	33	30%	88	62	42%	160	134
EBITA margin, %	10.9	9.5		10.9	9.5		10.3	9.6

Net sales rose 13% during the quarter to SEK 394 million (349). Comparable units fell by -7%, acquisitions made a positive contribution of 17%, divestments had a negative effect of -1%, and currency movements had a positive effect of 4%.

Demand during the quarter was weaker compared to the same period last year, which is primarily attributable to lower demand in Germany. Order intake was 21% lower than invoicing.

EBITA for the quarter increased by 30% to SEK 43 million (33), and the EBITA margin was 10.9% (9.5%). Comparable units were unchanged, acquisitions contributed 33%, divestments had a negative impact of -6% and currency movements had a positive effect of 3%.

The improved EBITA margin is explained by a favourable development in the Swiss process and pharmaceutical industries together with cost savings and acquisitions. Support for temporary lay-offs corresponded to approximately 1% of net sales.

# Q2

## Finland

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

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	432	416	4%	868	834	4%	1,723	1,689
EBITA	66	51	29%	114	94	21%	243	223
EBITA margin, %	15.3	12.3		13.1	11.3		14.1	13.2

Net sales rose 4% during the quarter to SEK 432 million (416). Comparable units fell by -1%, acquisitions contributed 4% and currency movements had a positive effect of 1%.

Demand during the quarter was lower than the same period last year. Order intake was 3% lower than invoicing during the quarter.

EBITA for the quarter increased by 29% to SEK 66 million (51), and the EBITA margin was 15.3% (12.3%). Comparable units increased by 22%, acquisitions contributed with 7% and currency movements had a marginal impact.

The improvement in EBITA margin was attributable to a strong performance in, among others, infrastructure and energy, but also to good cost control and cost saving measures. Support for temporary lay-offs during the quarter amounted to approximately 1% of net sales.

## Flow Technology

Companies in this business area offer components and systems for controlling, measuring, monitoring and regulating flows. The business area includes companies that specialise in various areas of industrial flow technology. Customers are in the process industry, food and pharmaceutical industries, water/wastewater, energy and marine industries. Product areas include valves, pipes and pipe systems, measurement technology, pumps, hydraulics and industrial equipment. The business area has a strong market position especially in Sweden, but also in the Northern Europe.

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	976	965	1%	2,021	1,855	9%	3,964	3,798
EBITA	151	130	16%	291	235	24%	547	491
EBITA margin, %	15.5	13.5		14.4	12.7		13.8	12.9

Net sales rose 1% during the quarter to SEK 976 million (965). The effect from comparable units was unchanged, acquisitions contributed 2%, and currency movements had a negative effect of -1%. The effect of divestments was marginal.

Demand remained positive for many of the companies in this business area, particularly from customers in the medical technology, pharmaceutical segments and the process industry. Order intake was 1% higher than invoicing during the quarter.

EBITA for the quarter increased by 16% to SEK 151 million (130), corresponding to an EBITA margin of 15.5% (13.5%). Comparable units increased by 13%, acquisitions contributed with 4% and divestments had a marginal impact. Currency movements had a negative effect of -1%.

The higher EBITA margin is primarily attributable to the strong performance by companies with customers in the medical technology, pharmaceutical and marine segments, along with good cost control and cost saving measures. During the quarter, support for temporary lay-offs and staffing amounted to nearly 1% of net sales.

## Fluids & Mechanical Solutions

Companies in this business area offer technological components (both hydraulic and mechanic), as well as solutions that have a high technological content to the industry in, primarily Scandinavia and Europe, but also USA and Asia. The companies have a considerable amount of own manufacturing and proprietary products, as well as technical trading companies. Important product areas include filters, hydraulics, auto repair, tools & transmission, industrial springs, water & wastewater and lighting. The business area has a strong market position in the Nordic region.

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	481	532	-10%	993	1,037	-4%	1,997	2,041
EBITA	73	73	0%	136	148	-8%	267	279
EBITA margin, %	15.2	13.7		13.7	14.3		13.4	13.7

Net sales fell -10% during the quarter to SEK 481 million (532). Comparable units fell by -10%, acquisitions contributed 1% and currency movements had a negative effect of -1%.

Demand during the quarter was weaker than in the same period last year for most of the companies and it was most significant in the industrial segment. However, order intake was 2% higher than invoicing for the quarter.

During the quarter, EBITA was unchanged compared to the same period last year and it amounted to SEK 73 million (73). The EBITA margin amounted to 15.2% (13.7%). Comparable units increased by 1%, acquisitions fell by -1% and currency movements had a marginal impact.

The significant improvement in EBITA margin resulted primarily from cost savings. During the quarter, support for temporary lay-offs and staffing amounted to slightly more than 3% of net sales.

## Industrial Components

Companies in this business area are mainly technical trading companies and offer a wide range of technically advanced components and systems for industrial production and maintenance, as well as medical technology equipment. The products consist mainly of consumables. Its customers exist in the following segments: engineering, healthcare, construction and infrastructure. The product areas include hydraulics and industrial equipment, chemical technology and fasteners. The business area has a strong market position in the Nordic countries.

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	862	883	-2%	1,831	1,773	3%	3,571	3,513
EBITA	130	108	20%	254	216	18%	470	432
EBITA margin, %	15.1	12.2		13.9	12.2		13.2	12.3

Net sales fell -2% during the quarter to SEK 862 million (883). Comparable units fell by -5%, acquisitions contributed 5% and currency movements had a negative effect of -2%.

On the whole, demand was slightly weaker compared to the same period last year. However, it varied significantly between the various segments in the business area. The strongest performance came from the medical technology and infrastructure segments. Many companies with customers in the engineering and automotive industry, however, noted a significant deterioration in market conditions. Order intake was 1% higher than invoicing.

EBITA for the quarter increased by 20% to SEK 130 million (108), and the EBITA margin was 15.1% (12.2%). EBITA for comparable units increased by 13%, acquisitions contributed 9% and divestments had a positive effect of 2%. Currency movements had a negative effect of -4%.

The improved EBITA margin is primarily attributable to companies in the medical technology and infrastructure segments. Other positive contributing factors were cost savings and temporary lay-offs, along with the acquisitions and divestments that have been made. During the quarter, support for temporary lay-offs and staffing amounted to approximately 2.5% of net sales.

# Q2

## Measurement & Sensor Technology

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

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	495	536	-8%	1,052	1,078	-2%	2,233	2,259
EBITA	58	83	-30%	149	173	-14%	342	366
EBITA margin, %	11.7	15.5		14.2	16.0		15.3	16.2

Net sales fell by -8% during the quarter to SEK 495 million (536). Comparable units fell by -12%, acquisitions contributed with 4% and currency movements had a marginal impact.

On the whole, demand during the quarter was lower than the corresponding period last year, but there was variation between the companies and segments in this business area. The weakest performance was in the segment for professional communication and the strongest was in temperature solutions. Order intake was 8% higher than invoicing for the quarter.

EBITA fell by -30% during the quarter to SEK 58 million (83), and the EBITA margin was 11.7% (15.5%). For comparable units, EBITA fell by -34%, acquisitions contributed with 4% and currency movements had a marginal impact.

The deterioration of EBITA margin primarily results from lower net sales. To a certain extent, however, it was counterbalanced by cost savings and lay-offs. During the quarter, support for temporary lay-offs and staffing amounted to approximately 1.5% of net sales.

## UK

The companies in this business area offer custom-manufactured niche products, design solutions, aftermarket service and assembly, and customisation. They have a considerable amount of own manufacturing and proprietary products. Customer segments include construction and infrastructure, engineering and commercial vehicles. Examples of product areas are springs, piston rings, press work, valve channels, pipes and pipe systems. The individual companies all have strong market positions in the UK, and most are market leaders in their respective niches.

SEK million	2020 Apr-Jun	2019 Apr-Jun	Change	2020 Jan-Jun	2019 Jan-Jun	Change	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	294	374	-21%	679	733	-7%	1,415	1,469
EBITA	37	62	-40%	87	113	-23%	182	208
EBITA margin, %	12.6	16.6		12.8	15.4		12.9	14.2

Net sales fell -21% during the quarter to SEK 294 million (374). Comparable units fell by -26%, acquisitions contributed 6%, and currency movements had a negative effect of -1%.

For most companies, there was weaker demand during the quarter compared to last year. Companies in the construction and infrastructure segments were, for example, affected by lockdown measures in the UK due to the covid-19 pandemic. Order intake was, however, 2% higher than invoicing during the quarter.

EBITA fell by -40% during the quarter to SEK 37 million (62), and the EBITA margin was 12.6% (16.6%). Comparable units fell by -41%, acquisitions contributed 2%, and currency movements had a negative effect of -1%.

The weaker EBITA margin primarily results from lower net sales. To a certain extent, however, it was counterbalanced by cost savings and lay-offs. Support for temporary lay-offs corresponded to approximately 5% of net sales.

## Other financial information

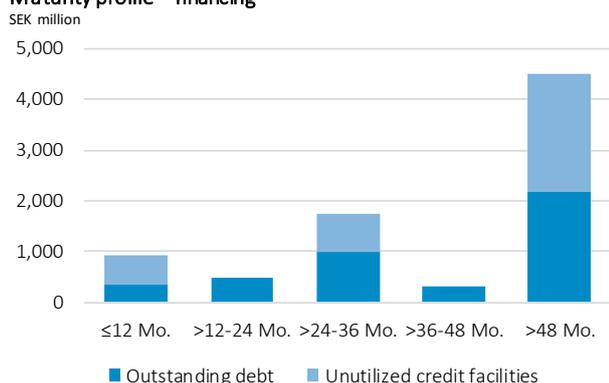
### Financial position

Shareholders' equity amounted to SEK 7,844 million (6,492) and the equity ratio was 44% (38%).

Cash and cash equivalents amounted to SEK 722 million (679). In addition to this, the Group had unutilised credit commitments (including unutilised bank overdraft facility) of SEK 3,640 million (3,412) at the end of the quarter. Interest-bearing net debt amounted to SEK 5,657 million (6,422) at the end of the period. The decline compared to last year is primarily attributable to the strong cash flow, a lower pace of acquisition during the quarter and no paid dividends. The net debt/equity ratio was 72% (99%) at the end of the period.

Indutrade's financing, nearly all of which is managed by the Parent Company, consists of loans from financial institutions, corporate bonds and certificate programmes. In February, the framework amount for the certificate programme was increased from SEK 2 billion to SEK 3 billion. Short-term loans totalling SEK 800 million were extended by more than 3 years during the second quarter, thereby strengthening financing. Long-term credit commitments were also increased by SEK 750 million and the existing credit commitment was extended for one more year. At the end of the quarter, the Parent Company's short-term borrowing amounted to SEK 359 million and long-term unutilised credit facilities amounted to SEK 3,069 million.

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



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

Month acquired	Acquisitions	Business area	Net sales/SEK m*	No. of employees*
January	Stein Automation GmbH Co. KG	DACH	110	45
January	VarioDrive B.V.	Benelux	60	6
January	AVA Monitoring AB	Measurement & Sensor Technology	45	10
February	Sverre Hellum & Sønn AS	Industrial Components	60	13
February	Jouka Oy	Finland	70	31
March	Nortronic AS	Industrial Components	60	16
<b>Total</b>			<b>405</b>	<b>121</b>

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

Further information about completed company acquisitions can be found on page 20 of this interim report.

### Cash flow, capital expenditures and depreciation

Cash flow from operating activities increased during the second quarter to SEK 806 million (488). The improvement resulted primarily from a decrease in working capital compared to the same period last year.

Cash flow from operating activities amounted to SEK 1,227 million (656) for the period January–June. Cash flow after net capital expenditures in intangible non-current assets and in property, plant and equipment (excluding company acquisitions) was SEK 1,009 million (472).

Inventories remained at a somewhat high level in order to ensure delivery service and availability.

The Group's net capital expenditures, excluding company acquisitions, totalled SEK 218 million (184). Depreciation of property, plant and equipment totalled SEK 299 million (262). Investments in company acquisitions amounted to SEK 351 million (1,069). In addition, earn-out payments for previous years' acquisitions totalled SEK 104 million (84). Divestments amounted to SEK 45 million (27).

### Employees

The number of employees was 7,343 at the end of the period, compared with 7,357 at the start of the year.

Approximately 1,500 employees were involved in various types of temporary lay-offs and short-term work during the quarter. These figures declined somewhat towards the end of the second quarter, such that approximately 1,000 were still affected in this way, which corresponds to 14% of the Group's employees.

### Company acquisitions

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

# Q2

## Events after the end of the reporting period

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

## AGM 2020

Indutrade held its Annual General Meeting (AGM) on 2 June 2020. The following resolutions were passed:

- The AGM approved the Board's proposal that no dividends would be paid to shareholders for the 2019 financial year.
- Re-election of the following individuals to the Board of Directors: Bo Annvik, Susanna Campbell, Anders Jernhall, Bengt Kjell, Ulf Lundahl, Katarina Martinson, Krister Mellvé and Lars Pettersson. Katarina Martinson was re-elected to serve as Chairman of the Board.
- PricewaterhouseCoopers AB was re-elected to serve as the company's auditor through the end of the 2021 AGM.
- In accordance with the Board's proposal, the AGM resolved to adopt new guidelines for remuneration and other employment terms for senior executives.

## Parent company

The main functions of Indutrade AB are to take responsibility for business development, acquisitions, financing, business control, analysis and communication. The Parent Company's sales, which consist exclusively of intercompany invoicing of services, amounted to SEK 0 million (0) during the period January–June. The Parent Company's financial assets consist mainly of shares in subsidiaries. During the period January–June, the Parent Company acquired shares in three companies. The Parent Company has not made any major investments in intangible assets or in property, plant and equipment. The number of employees on 30 June was 20 (17).

## Risks and uncertainties

The Indutrade Group conducts business in some 30 countries, on six continents, via more than 200 companies. This diversification, together with a large number of customers in various industries and a large number of suppliers, mitigates the business and financial risks. Besides the risks described in the Indutrade Annual Report for 2019, Indutrade has assessed that pandemics, such as the covid-19 outbreak, could significantly impact the Group's companies in the form of health risk for employees, customers and suppliers, operational disruption and a deterioration of financial position. The Group's structure, with its diversified, wide-ranging operations, limits the aggregated business and financial risks also when risks such as a pandemic arise. Furthermore, with its decentralised governance model

comprised of more than 200 independent companies, it is possible to quickly make decisions adapted to the local conditions, which is important as regards being able to limit effects of a pandemic outbreak. In the event of a major crisis, Indutrade engages in more dialogue with its subsidiaries to ensure that there is a correct and rapid dissemination of information and the proper support for making good decisions.

Since the Parent Company is responsible for the Group's financing, it is exposed to financing risk. The Parent Company's other activities are not exposed to risks other than indirectly via subsidiaries. For a more detailed account of risks that affect the Group and Parent Company, please see the 2019 Annual Report.

## Related party transactions

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

## Accounting principles

Indutrade reports in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 and RFR 1. The Parent Company applies RFR 2. The same accounting principles and calculation methods are used for the Group and Parent Company in this report as those used in the most recent annual report, with the addition of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. More information is provided below. There are no new IFRS or IFRIC pronouncements endorsed by the EU that are applicable for Indutrade or that has a significant impact on the Group's result of operations and position in 2020.

Indutrade does not normally receive government assistance. However, due to the extraordinary circumstances associated with the covid-19 pandemic, some companies within the Group have received this type of support and it has primarily been employee-related. Such support is reported in the financial statements as a cost reduction for the items they relate to. Recognition occurs when it is reasonably certain that the support will be received and any stated terms and conditions have been met.

## Financial Calendar

- 20 October 2020:  
Interim report 1 January–30 September 2020
- 2 February 2021:  
Year-end report 1 January–31 December 2020

## 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 17 July 2020  
Indutrade AB (publ)

Katarina Martinson  
Chairman

Bengt Kjell  
Vice Chairman

Susanna Campbell  
Director

Anders Jernhall  
Director

Ulf Lundahl  
Director

Krister Mellvé  
Director

Lars Petterson  
Director

Bo Annvik  
Director, President and CEO

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

### Note

The information in this report is such that Indutrade AB is obligated to make public in accordance with the EU Market Abuse Act and the Swedish Securities Market Act. The information was submitted for publication by the agency of the following contact persons at 11.00 a.m. (CEST) on 17 July 2020.

### Further information

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

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

The interim report will be presented in a webcast on 17 July at 1.30 p.m. (CEST) via the following link:  
<https://onlinexperiences.com/Launch/QReg/ShowUUID=53DF5716-0F6E-48F4-9982-5C11E30E3F25>

To participate via conference call and ask questions, call:  
SE: +46 8 505 58 366  
UK: +44 333 300 9030  
US: +1 6 467 224 956

# Q2

## Indutrade consolidated income statement

### – condensed

SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Net sales	4,614	4,587	9,590	8,953	19,048	18,411
Cost of goods sold	-3,060	-3,008	-6,342	-5,885	-12,583	-12,126
<b>Gross profit</b>	<b>1,554</b>	<b>1,579</b>	<b>3,248</b>	<b>3,068</b>	<b>6,465</b>	<b>6,285</b>
Development costs	-60	-57	-123	-110	-230	-217
Selling costs	-699	-747	-1,512	-1,462	-3,040	-2,990
Administrative expenses	-276	-283	-579	-543	-1,139	-1,103
Other operating income and expenses	-4	4	9	12	38	41
<b>Operating profit</b>	<b>515</b>	<b>496</b>	<b>1,043</b>	<b>965</b>	<b>2,094</b>	<b>2,016</b>
Net financial items	-35	-27	-67	-54	-137	-124
<b>Profit before taxes</b>	<b>480</b>	<b>469</b>	<b>976</b>	<b>911</b>	<b>1,957</b>	<b>1,892</b>
Income Tax	-110	-104	-218	-196	-431	-409
<b>Net profit for the period</b>	<b>370</b>	<b>365</b>	<b>758</b>	<b>715</b>	<b>1,526</b>	<b>1,483</b>
<i>Net profit, attributable to:</i>						
Equity holders of the parent company	369	365	758	715	1,525	1,482
Non-controlling interests	1	0	0	0	1	1
	<b>370</b>	<b>365</b>	<b>758</b>	<b>715</b>	<b>1,526</b>	<b>1,483</b>
<b>EBITA</b>	<b>602</b>	<b>574</b>	<b>1,218</b>	<b>1,111</b>	<b>2,437</b>	<b>2,330</b>
<i>Operating profit includes:</i>						
Amortisation of intangible assets 1)	-99	-86	-197	-162	-384	-349
<i>of which attributable to acquisitions</i>	<i>-87</i>	<i>-78</i>	<i>-175</i>	<i>-146</i>	<i>-343</i>	<i>-314</i>
Depreciation of property, plant and equipment	-150	-134	-299	-262	-587	-550
Earnings per share before dilution, SEK	3.05	3.02	6.27	5.92	12.62	12.26
Earnings per share after dilution, SEK	3.05	3.02	6.26	5.91	12.61	12.26

1) Excluding impairment losses

## Indutrade consolidated statement of comprehensive income

SEK million	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019/20 Moving 12 mos	2019 Jan-Dec
<b>Net profit for the period</b>	<b>370</b>	<b>365</b>	<b>758</b>	<b>715</b>	<b>1,526</b>	<b>1,483</b>
<b>Other comprehensive income</b>						
<b>Items that can be reversed into income statement</b>						
Fair value adjustment of hedge instruments	1	-4	3	-7	8	-2
Tax attributable to fair value adjustments	-1	0	-1	1	-2	0
Exchange rate differences	-241	16	-91	140	-122	109
<b>Items that cannot be reversed into income statement</b>						
Actuarial gains/losses	-	-	-	-	-79	-79
Tax on actuarial gains/losses	-	-	-	-	16	16
<b>Other comprehensive income for the period, net of tax</b>	<b>-241</b>	<b>12</b>	<b>-89</b>	<b>134</b>	<b>-179</b>	<b>44</b>
<b>Total comprehensive income for the period</b>	<b>129</b>	<b>377</b>	<b>669</b>	<b>849</b>	<b>1,347</b>	<b>1,527</b>
<i>Total comprehensive income, attributable to:</i>						
Equity holders of the parent company	128	377	669	849	1,346	1,526
Non-controlling interests	1	0	0	0	1	1

## Indutrade consolidated balance sheet – condensed

SEK million	2020 30-Jun	2019 30-Jun	2019 31-Dec
Goodwill	4,181	3,795	4,031
Other intangible assets	2,689	2,615	2,672
Property, plant and equipment	3,015	2,875	3,002
Financial assets	236	162	182
Inventories	3,449	3,269	3,400
Trade receivables	2,951	3,106	3,025
Other receivables	752	668	513
Cash and cash equivalents	722	679	719
<b>Total assets</b>	<b>17,995</b>	<b>17,169</b>	<b>17,544</b>
Equity	7,844	6,492	7,170
Non-current interest-bearing liabilities and pension liabilities	5,421	4,525	4,707
Other non-current liabilities and provisions	744	722	720
Current interest-bearing liabilities	958	2,576	2,142
Trade payables	1,212	1,298	1,237
Other current liabilities	1,816	1,556	1,568
<b>Total equity and liabilities</b>	<b>17,995</b>	<b>17,169</b>	<b>17,544</b>

## Indutrade consolidated statement of changes in equity – condensed

Attributable to equity holders of the parent company SEK million	2020 30-Jun	2019 30-Jun	2019 31-Dec
Opening equity	7,157	6,205	6,205
Total comprehensive income for the period	669	849	1,526
New issues	5	-	-
Dividend <sup>1)</sup>	0	-544	-544
Change in accounting method	-	-28	-28
Acquisition of non-controlling interests	-	-2	-2
<b>Closing equity</b>	<b>7,831</b>	<b>6,480</b>	<b>7,157</b>
1) Dividend per share for 2018 was SEK 4,50			
<i>Equity, attributable to:</i>			
Equity holders of the parent company	7,831	6,480	7,157
Non-controlling interests	13	12	13
	<b>7,844</b>	<b>6,492</b>	<b>7,170</b>

# Q2

## Indutrade consolidated cash flow statement – condensed

SEK million	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019/20 Moving 12 mos	2019 Jan-Dec
Operating profit	515	496	1,043	965	2,094	2,016
Non-cash items	260	215	499	419	975	895
Interests and other financial items, net	-37	-46	-57	-63	-122	-128
Paid tax	-113	-118	-301	-274	-539	-512
Change in working capital	181	-59	43	-391	85	-349
<b>Cash flow from operating activities</b>	<b>806</b>	<b>488</b>	<b>1,227</b>	<b>656</b>	<b>2,493</b>	<b>1,922</b>
Net capital expenditures in non-current assets	-98	-105	-218	-184	-437	-403
Company acquisitions and divestments	-49	-788	-410	-1,126	-768	-1,484
Change in other financial assets	2	-1	7	-1	11	3
<b>Cash flow from investing activities</b>	<b>-145</b>	<b>-894</b>	<b>-621</b>	<b>-1,311</b>	<b>-1,194</b>	<b>-1,884</b>
Debt/repayment of debt, net	-848	1,145	-588	1,166	-1,213	541
Dividend paid out	0	-544	0	-544	0	-544
New issues	5	-	5	-	5	-
<b>Cash flow from financing activities</b>	<b>-843</b>	<b>601</b>	<b>-583</b>	<b>622</b>	<b>-1,208</b>	<b>-3</b>
<b>Cash flow for the period</b>	<b>-182</b>	<b>195</b>	<b>23</b>	<b>-33</b>	<b>91</b>	<b>35</b>
Cash and cash equivalents at start of period	897	465	719	708	679	708
Exchange rate differences	7	19	-20	4	-48	-24
<b>Cash and cash equivalents at end of period</b>	<b>722</b>	<b>679</b>	<b>722</b>	<b>679</b>	<b>722</b>	<b>719</b>

## Key data

	2020	2019	2019	2018	2017
Moving 12 mos	30-Jun	31-Dec	30-Jun	31-Dec	31-Dec
Net sales, SEK million	19,048	18,411	17,514	16,848	14,847
Sales growth, %	9	9	10	13	15
EBITA, SEK million	2,437	2,330	2,204	2,087	1,613
EBITA margin, %	12.8	12.7	12.6	12.4	10.9
Capital employed at end of period, SEK million	13,501	13,300	12,914	10,127	8,997
Capital employed, average, SEK million	13,450	12,416	10,989	9,839	8,444
Return on capital employed, % <sup>1)</sup>	18	19	20	21	19
Equity, average, SEK million	7,228	6,715	6,222	5,715	4,746
Return on equity, % <sup>1)</sup>	21	22	23	24	22
Interest-bearing net debt at end of period, SEK million	5,657	6,130	6,422	3,909	3,829
Net debt/equity ratio, %	72	85	99	63	74
Net debt/EBITDA, times	1.8	2.1	2.5	1.7	2.1
Equity ratio, %	44	41	38	44	41
Average number of employees	7,394	7,167	6,861	6,710	6,156
Number of employees at end of period	7,343	7,357	7,228	6,778	6,545
<i>Attributable to equity holders of the parent company</i>					
<i>Key ratios per share</i>					
Earnings per share before dilution, SEK	12.62	12.26	11.80	11.31	8.54
Earnings per share after dilution, SEK	12.61	12.26	11.80	11.31	8.53
Equity per share, SEK	64.79	59.22	53.62	51.34	42.64
Cash flow from operating activities per share, SEK	20.63	15.90	14.25	11.26	12.90
Average number of shares before dilution, '000	120,857	120,855	120,855	120,832	120,457
Average number of shares after dilution, '000	120,970	120,918	120,855	120,843	120,617
Number of shares at the end of the period, '000	120,876	120,855	120,855	120,855	120,799

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

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

# Q2

## Business area performance

	2020	2019	2020	2019	2019/20	2019
Net sales, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Benelux	695	543	1,371	1,015	2,644	2,288
DACH	394	349	807	654	1,556	1,403
Finland	432	416	868	834	1,723	1,689
Flow Technology	976	965	2,021	1,855	3,964	3,798
Fluids & Mechanical Solutions	481	532	993	1,037	1,997	2,041
Industrial Components	862	883	1,831	1,773	3,571	3,513
Measurement & Sensor Technology	495	536	1,052	1,078	2,233	2,259
UK	294	374	679	733	1,415	1,469
Parent company and Group items	-15	-11	-32	-26	-55	-49
<b>Total</b>	<b>4,614</b>	<b>4,587</b>	<b>9,590</b>	<b>8,953</b>	<b>19,048</b>	<b>18,411</b>
	2020	2019	2020	2019	2019/20	2019
EBITA, SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Benelux	85	67	168	128	355	315
DACH	43	33	88	62	160	134
Finland	66	51	114	94	243	223
Flow Technology	151	130	291	235	547	491
Fluids & Mechanical Solutions	73	73	136	148	267	279
Industrial Components	130	108	254	216	470	432
Measurement & Sensor Technology	58	83	149	173	342	366
UK	37	62	87	113	182	208
Parent company and Group items	-41	-33	-69	-58	-129	-118
<b>Total</b>	<b>602</b>	<b>574</b>	<b>1,218</b>	<b>1,111</b>	<b>2,437</b>	<b>2,330</b>
	2020	2019	2020	2019	2019/20	2019
EBITA margin, %	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Moving 12 mos	Jan-Dec
Benelux	12.2	12.3	12.3	12.6	13.4	13.8
DACH	10.9	9.5	10.9	9.5	10.3	9.6
Finland	15.3	12.3	13.1	11.3	14.1	13.2
Flow Technology	15.5	13.5	14.4	12.7	13.8	12.9
Fluids & Mechanical Solutions	15.2	13.7	13.7	14.3	13.4	13.7
Industrial Components	15.1	12.2	13.9	12.2	13.2	12.3
Measurement & Sensor Technology	11.7	15.5	14.2	16.0	15.3	16.2
UK	12.6	16.6	12.8	15.4	12.9	14.2
<b>Total</b>	<b>13.0</b>	<b>12.5</b>	<b>12.7</b>	<b>12.4</b>	<b>12.8</b>	<b>12.7</b>

## Business area performance per quarter

Net sales, SEK million	2020	
	Apr-Jun	Jan-Mar
Benelux	695	676
DACH	394	413
Finland	432	436
Flow Technology	976	1,045
Fluids & Mechanical Solutions	481	512
Industrial Components	862	969
Measurement & Sensor Technology	495	557
UK	294	385
Parent company and Group items	-15	-17
<b>Total</b>	<b>4,614</b>	<b>4,976</b>

2019			
Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
704	569	543	472
374	375	349	305
436	419	416	418
997	946	965	890
503	501	532	505
917	823	883	890
597	584	536	542
349	387	374	359
-14	-9	-11	-15
<b>4,863</b>	<b>4,595</b>	<b>4,587</b>	<b>4,366</b>

EBITA, SEK million	2020	
	Apr-Jun	Jan-Mar
Benelux	85	83
DACH	43	45
Finland	66	48
Flow Technology	151	140
Fluids & Mechanical Solutions	73	63
Industrial Components	130	124
Measurement & Sensor Technology	58	91
UK	37	50
Parent company and Group items	-41	-28
<b>Total</b>	<b>602</b>	<b>616</b>

2019			
Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
116	71	67	61
36	36	33	29
61	68	51	43
134	122	130	105
64	67	73	75
115	101	108	108
95	98	83	90
36	59	62	51
-26	-34	-33	-25
<b>631</b>	<b>588</b>	<b>574</b>	<b>537</b>

EBITA margin, %	2020	
	Apr-Jun	Jan-Mar
Benelux	12.2	12.3
DACH	10.9	10.9
Finland	15.3	11.0
Flow Technology	15.5	13.4
Fluids & Mechanical Solutions	15.2	12.3
Industrial Components	15.1	12.8
Measurement & Sensor Technology	11.7	16.3
UK	12.6	13.0
<b>Total</b>	<b>13.0</b>	<b>12.4</b>

2019			
Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
16.5	12.5	12.3	12.9
9.6	9.6	9.5	9.5
14.0	16.2	12.3	10.3
13.4	12.9	13.5	11.8
12.7	13.4	13.7	14.9
12.5	12.3	12.2	12.1
15.9	16.8	15.5	16.6
10.3	15.2	16.6	14.2
<b>13.0</b>	<b>12.8</b>	<b>12.5</b>	<b>12.3</b>

# Q2

## Disaggregation of revenue

### Net sales per geographic market

2020										
Apr-Jun, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Nordic countries	15	4	397	592	349	757	132	28	-8	2,266
Other Europe	487	371	27	339	106	94	170	227	-6	1,815
Americas	116	8	7	7	17	7	135	18	0	315
Asia	74	9	1	34	8	2	49	17	-1	193
Other	3	2	0	4	1	2	9	4	0	25
	<b>695</b>	<b>394</b>	<b>432</b>	<b>976</b>	<b>481</b>	<b>862</b>	<b>495</b>	<b>294</b>	<b>-15</b>	<b>4,614</b>

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Over time	0	82	0	0	0	0	36	0	0	118
Point in time	695	312	432	976	481	862	459	294	-15	4,496
	<b>695</b>	<b>394</b>	<b>432</b>	<b>976</b>	<b>481</b>	<b>862</b>	<b>495</b>	<b>294</b>	<b>-15</b>	<b>4,614</b>

2019										
Apr-Jun, SEK million	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Nordic countries	3	3	385	594	372	789	127	26	-5	2,294
Other Europe	455	333	27	315	130	79	201	306	-3	1,843
Americas	35	7	1	8	19	7	147	19	-1	242
Asia	50	6	3	45	9	8	53	20	-1	193
Other	0	0	0	3	2	0	8	3	-1	15
	<b>543</b>	<b>349</b>	<b>416</b>	<b>965</b>	<b>532</b>	<b>883</b>	<b>536</b>	<b>374</b>	<b>-11</b>	<b>4,587</b>

Timing of revenue recognition	Benelux	DACH	Finland	FT	FM	IC	MST	UK	Elim. <sup>1)</sup>	Total
Over time	11	58	0	49	0	25	40	1	-1	183
Point in time	532	291	416	916	532	858	496	373	-10	4,404
	<b>543</b>	<b>349</b>	<b>416</b>	<b>965</b>	<b>532</b>	<b>883</b>	<b>536</b>	<b>374</b>	<b>-11</b>	<b>4,587</b>

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

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

## Disaggregation of revenue – continued

### Net sales per geographic market

<b>2020</b>										
<b>Jan-Jun, SEK million</b>	<b>Benelux</b>	<b>DACH</b>	<b>Finland</b>	<b>FT</b>	<b>FM</b>	<b>IC</b>	<b>MST</b>	<b>UK</b>	<b>Elim.<sup>1)</sup></b>	<b>Total</b>
Nordic countries	48	6	799	1,194	722	1,606	264	50	-15	4,674
Other Europe	1,020	763	52	720	214	200	369	541	-14	3,865
Americas	152	20	13	20	39	18	300	44	-2	604
Asia	137	14	3	57	15	5	95	37	-1	362
Other	14	4	1	30	3	2	24	7	0	85
	<b>1,371</b>	<b>807</b>	<b>868</b>	<b>2,021</b>	<b>993</b>	<b>1,831</b>	<b>1,052</b>	<b>679</b>	<b>-32</b>	<b>9,590</b>
<b>Timing of revenue recognition</b>	<b>Benelux</b>	<b>DACH</b>	<b>Finland</b>	<b>FT</b>	<b>FM</b>	<b>IC</b>	<b>MST</b>	<b>UK</b>	<b>Elim.<sup>1)</sup></b>	<b>Total</b>
Over time	0	166	0	0	0	8	74	0	-1	247
Point in time	1,371	641	868	2,021	993	1,823	978	679	-31	9,343
	<b>1,371</b>	<b>807</b>	<b>868</b>	<b>2,021</b>	<b>993</b>	<b>1,831</b>	<b>1,052</b>	<b>679</b>	<b>-32</b>	<b>9,590</b>
<b>2019</b>										
<b>Jan-Jun, SEK million</b>	<b>Benelux</b>	<b>DACH</b>	<b>Finland</b>	<b>FT</b>	<b>FM</b>	<b>IC</b>	<b>MST</b>	<b>UK</b>	<b>Elim.<sup>1)</sup></b>	<b>Total</b>
Nordic countries	10	5	770	1,117	732	1,579	246	48	-12	4,495
Other Europe	864	623	53	621	245	165	418	605	-9	3,585
Americas	52	15	5	13	41	15	292	42	-2	473
Asia	76	9	4	97	15	12	104	31	-2	346
Other	13	2	2	7	4	2	18	7	-1	54
	<b>1,015</b>	<b>654</b>	<b>834</b>	<b>1,855</b>	<b>1,037</b>	<b>1,773</b>	<b>1,078</b>	<b>733</b>	<b>-26</b>	<b>8,953</b>
<b>Timing of revenue recognition</b>	<b>Benelux</b>	<b>DACH</b>	<b>Finland</b>	<b>FT</b>	<b>FM</b>	<b>IC</b>	<b>MST</b>	<b>UK</b>	<b>Elim.<sup>1)</sup></b>	<b>Total</b>
Over time	22	117	0	96	0	57	101	1	-2	392
Point in time	993	537	834	1,759	1,037	1,716	977	732	-24	8,561
	<b>1,015</b>	<b>654</b>	<b>834</b>	<b>1,855</b>	<b>1,037</b>	<b>1,773</b>	<b>1,078</b>	<b>733</b>	<b>-26</b>	<b>8,953</b>

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

FT - Flow Technology

FM - Fluids & Mechanical Solutions

IC - Industrial Components

MST - Measurement & Sensor Technology

# Q2

## Acquisitions

### Acquisitions 2020

All of the shares were acquired in the following companies: Stein Automation GmbH (Germany), VarioDrive B.V. (Netherlands), AVA Monitoring AB (Sweden), Sverre Hellum & Sønn AS (Norway), Jouka OY (Finland) and Nortronic AS (Norway).

### Benelux

On 27 January, VarioDrive B.V. (Netherlands) was acquired, with annual sales of SEK 60 million. The company offers motion control solutions to OEM customers.

### DACH

On 10 January, STEIN Automation GmbH & Co. KG, (Germany) was acquired with annual sales of SEK 110 million. The company is a supplier of pallet transfer systems for assembly lines. Its customers are companies primarily based in Germany within the automotive, medical and consumer goods industries.

### Finland

On 6 February, Jouka Oy (Finland) was acquired, with annual sales of SEK 70 million. The company designs and manufactures ball valves and integrated ball valve solutions for customers primarily in the Finnish market.

### Industrial Components

On 4 February, Sverre Hellum & Sønn AS (Norway) was acquired, with annual sales of SEK 60 million. The company is a supplier of diamond tools in the Norwegian market.

On 3 March, Nortronic AS (Norway) was acquired, with annual sales of approximately SEK 60 million. The company is a technology sales company in the lighting market, which represents manufacturers of various LED solutions, system solutions for control and drives.

### Measurement & Sensor Technology

On 31 January, AVA Monitoring AB (Sweden) was acquired, with annual sales of SEK 45 million. The company develops, manufactures and sells equipment for measuring ground vibration and noise in connection with infrastructure and construction projects.

### Acquired assets and liabilities in 2020

*Preliminary purchase price allocations*

**SEK million**

Acquired assets and liabilities	Book value	Fair value adjustment	Fair value
Purchase price, incl. contingent earn-out payment totalling SEK 118 million			512
Goodwill	-	232	232
Agencies, trademarks, customer relations, licences, etc.	9	232	241
Property, plant and equipment	19	-	19
Financial assets	0	-	0
Inventories	72	-	72
Other current assets <sup>1)</sup>	56	-	56
Cash and cash equivalents	40	-	40
Deferred tax liability	-3	-59	-62
Other operating liabilities	-86	-	-86
	<b>107</b>	<b>405</b>	<b>512</b>

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

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

Indutrade typically uses an acquisition structure entailing a base level of consideration plus a contingent earn-out payment. Initially, the contingent earn-out payment is valued at the present value of the likely outcome, which for the acquisitions made during the year amount to SEK 118 million. The contingent earn-out payments fall due for payment within four years and can amount to a maximum of SEK 141 million. If the conditions are not met, the outcome can be in the range of SEK 0-141 million.

Transaction costs for the acquisitions carried out during the period totalled SEK 6 million (6) and are included in Other income and expenses in the income statement. Contingent earn-out payments have been restated in the amount of SEK 12 million (15). The effect is reported under Other income and expenses in the amount of SEK 12 million (15) and under Net financial items in the amount of SEK 0 million (0).

The acquisition analyses for Acumo AB, QbiQ Group B.V., Adam Equipment Co Ltd, Datum Electronics Ltd, Starke Arvid AB och Färber & Schmid AG, which were acquired during the second quarter of 2019, have now been finalised. No significant adjustments have been made to the calculations. For other acquisitions, the purchase price allocation calculations are preliminary. Indutrade regards the calculations as preliminary during the time that uncertainty exists with respect to, for example, the outcome of guarantees in the acquisition agreements concerning inventories and trade receivables.

## Cash flow impact

SEK million	
Purchase price, incl. contingent earn-out payments	512
Purchase price not paid out	-121
Cash and cash equivalents in acquired companies	-40
Payments pertaining to previous years' acquisitions	104
<b>Total cash flow impact</b>	<b>455</b>

## Effects of acquisitions carried out in 2019 and 2020

SEK million Business area	Net sales		EBITA	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Benelux	85	223	10	22
DACH	61	124	12	22
Finland	17	29	3	6
Flow Technology	24	68	5	15
Fluids & Mechanical Solutions	5	28	0	2
Industrial Components	46	93	9	17
Measurement & Sensor Technology	24	77	4	12
UK	21	51	1	2
<b>Effect on Group</b>	<b>283</b>	<b>693</b>	<b>44</b>	<b>98</b>
Acquisitions carried out in 2019	183	533	23	70
Acquisitions carried out in 2020	100	160	21	28
<b>Effect on Group</b>	<b>283</b>	<b>693</b>	<b>44</b>	<b>98</b>

If all acquired units had been consolidated as from 1 January 2020, net sales for the year would have amounted to SEK 9,622 million, and EBITA would have totalled SEK 1,220 million

## Divestments 2020

On 24 March, Meson FT Rus LLC was divested, with annual sales of approximately SEK 80 million. The capital gain amounted to SEK 0 million.

## Acquisitions after the end of the reporting period

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

# Q2

## Share data

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

Number of shares at the beginning of the year	120,855,000
Number of newly subscribed shares	21,200
<b>Total number of shares outstanding after new issues</b>	<b>120,876,200</b>

### LTI 2017

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

## Outstanding incentive programmes

Outstanding programme	Number of options	Corresponding number of shares	Proportion of total shares	Price per warrant, SEK	Initial exercise price, SEK	Adjusted exercise price, SEK	Number of exercised warrants	Corresponding number of shares	Expiration period
2017/2022, Series I	526,000	526,000	0.4%	15.0	244.9	-	18,200	18,200	27 April 2020 – 20 May 2022
2017/2022, Series II	60,000	60,000	0.0%	13.4	276.8	-	3,000	3,000	27 April 2020 – 20 May 2022

## Dilutive effects

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019/20 Moving 12 mos	2019 Jan-Dec
Average number of shares before dilution, '000	120,863	120,855	120,859	120,855	120,857	120,855
Number of shares that incur a dilutive effect due to incentive programme, '000	145	78	138	41	113	63
<b>Average number of shares after dilution, '000</b>	<b>121,008</b>	<b>120,933</b>	<b>120,997</b>	<b>120,896</b>	<b>120,970</b>	<b>120,918</b>
Dilutive effect, %	0.12	0.06	0.11	0.03	0.09	0.05
<b>Number of shares at end of the period, '000</b>	<b>120,876</b>	<b>120,855</b>	<b>120,876</b>	<b>120,855</b>	<b>120,876</b>	<b>120,855</b>

## Financial assets and liabilities

30 Jun 2020 SEK million	Interest rate swaps and currency forward contracts in hedge accounting		Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2	Amortised cost					
<b>Valuation classification</b>	<b>Level 2</b>		<b>Level 3</b>	<b>Level 3</b>			
Other shares and participations	-	-	13	-	-	13	13
Trade receivables	-	2,951	-	-	-	2,951	2,951
Other receivables	3	39	-	-	-	42	42
Cash and cash equivalents	-	722	-	-	-	722	722
<b>Total</b>	<b>3</b>	<b>3,712</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>3,728</b>	<b>3,728</b>
Non-current interest-bearing liabilities	-	-	-	330	4,701	5,031	5,035
Current interest-bearing liabilities	-	-	-	230	728	958	958
Trade payables	-	-	-	-	1,212	1,212	1,212
Other liabilities	7	-	-	-	-	7	7
<b>Total</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>560</b>	<b>6,641</b>	<b>7,208</b>	<b>7,212</b>

31 Dec 2019 SEK million	Interest rate swaps and currency forward contracts in hedge accounting		Holdings of shares and participation in unlisted companies	Contingent earn-out payments	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Level 2	Amortised cost					
<b>Valuation classification</b>	<b>Level 2</b>		<b>Level 3</b>	<b>Level 3</b>			
Other shares and participations	-	-	14	-	-	14	14
Trade receivables	-	3,025	-	-	-	3,025	3,025
Other receivables	3	5	-	-	-	8	8
Cash and cash equivalents	-	719	-	-	-	719	719
<b>Total</b>	<b>3</b>	<b>3,749</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>3,766</b>	<b>3,766</b>
Non-current interest-bearing liabilities	-	-	-	411	3,919	4,330	4,339
Current interest-bearing liabilities	-	-	-	154	1,988	2,142	2,143
Trade payables	-	-	-	-	1,237	1,237	1,237
Other liabilities	8	-	-	-	-	8	8
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>565</b>	<b>7,144</b>	<b>7,717</b>	<b>7,727</b>

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

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

Contingent earn-out payments SEK million	2020	2019
	30-Jun	31-Dec
Opening book value	565	215
Acquisitions during the year	118	465
Consideration paid	-97	-93
Reclassified via income statement	-15	-32
Interest expenses	6	7
Exchange rate differences	-17	3
<b>Closing book value</b>	<b>560</b>	<b>565</b>

# Q2

## Parent company income statement – condensed

SEK million	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019/20 Moving 12 mos	2019 Jan-Dec
Net sales	0	0	0	0	7	7
<b>Gross profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>7</b>
Administrative expenses	-29	-34	-59	-61	-118	-120
<b>Operating profit</b>	<b>-29</b>	<b>-34</b>	<b>-59</b>	<b>-61</b>	<b>-111</b>	<b>-113</b>
Financial income/expenses	13	-3	-7	-28	4	-17
Profit from participation in Group companies	809	971	809	971	819	981
<b>Profit after financial items</b>	<b>793</b>	<b>934</b>	<b>743</b>	<b>882</b>	<b>712</b>	<b>851</b>
Appropriations	-	-	-	-	628	628
Income Tax	2	8	13	17	-112	-108
<b>Net profit for the period</b>	<b>795</b>	<b>942</b>	<b>756</b>	<b>899</b>	<b>1,228</b>	<b>1,371</b>
Amortisation/depreciation of intangible assets and property, plant and equipment	0	0	0	0	1	1

## Parent company balance sheet – condensed

SEK million	2020 30-Jun	2019 30-Jun	2019 31-Dec
Intangible assets	0	0	0
Property, plant and equipment	1	1	2
Financial assets	6,177	5,801	5,936
Current receivables	6,548	6,103	6,860
Cash and cash equivalents	0	134	0
<b>Total assets</b>	<b>12,726</b>	<b>12,039</b>	<b>12,798</b>
Equity	6,624	5,389	5,864
Untaxed reserves	673	647	673
Non-current interest-bearing liabilities and pension liabilities	4,083	3,285	3,274
Other non-current liabilities and provisions	5	5	5
Current interest-bearing liabilities	1,287	2,673	2,768
Current non-interest-bearing liabilities	54	40	214
<b>Total equity and liabilities</b>	<b>12,726</b>	<b>12,039</b>	<b>12,798</b>

## Definitions

### Alternative Performance Measures

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

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

#### Earnings per share before dilution

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

#### Earnings per share after dilution

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

#### EBITA

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

#### EBITA-margin

EBITA divided by net sales.

#### EBITDA

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

#### Equity per share

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

#### Equity ratio

Shareholders' equity divided by total assets.

#### Gross margin

Gross profit divided by net sales.

#### Interest-bearing net debt

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

#### Net capital expenditures

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

#### Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

#### Net debt/EBITDA

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

#### Capital employed

Shareholders' equity plus interest-bearing net debt.

#### Return on equity

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

#### Return on capital employed

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

# Q2

## Indutrade in brief

Indutrade is an international technology and industrial business group that today consists of more than 200 companies in some 30 countries, mainly in Europe. In a decentralised way, we aim to provide sustainable profitable growth by developing and acquiring successful companies managed by passionate entrepreneurs. Our companies develop, manufacture, and sell components, systems and services with significant technical content in selected niches. Our value-based culture, where people make the difference, has been the foundation of our success since the start in 1978.

Customers can be found in a wide range of industries, including infrastructure, engineering, healthcare, energy, water/wastewater, transport and food.

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

The Group's financial targets are that:

### Sales growth

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

### EBITA margin

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

### Return on capital employed

- The return on capital employed shall be a minimum of 20% per year on average over a business cycle.

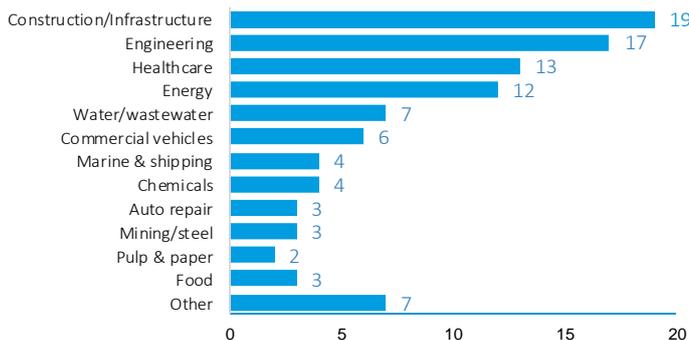
### Net debt/equity ratio

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

### Dividend payout ratio

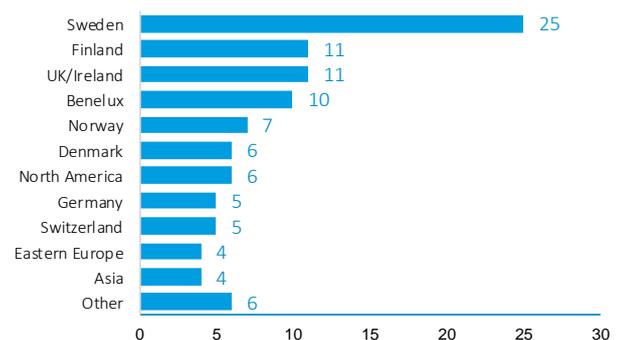
- The dividend payout ratio shall range from 30% to 50% of net profit.

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



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

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



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

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## Indutrade Annual General Meeting (AGM) 2020

Indutrade held its AGM on 2 June 2020 in Stockholm. The AGM approved the Board's proposal that no dividends would be paid to shareholders for the 2019 financial year.

The following individuals were re-elected to serve on the Board of Directors: Bo Annvik, Susanna Campbell, Anders Jernhall, Bengt Kjell, Ulf Lundahl, Katarina Martinson, Krister Mellvé and Lars Pettersson. Katarina Martinson was re-elected to serve as Chairman of the Board.

Due to the covid-19 pandemic, the size of the AGM was limited and Indutrade encouraged its shareholders to carefully consider the option of postal voting rather than physically attending the meeting.



## Precision UK – conquers challenge to help fight covid-19

Indutrade's British subsidiary, Precision UK Ltd, is a manufacturer and supplier of medical gas pipeline equipment. In April, Precision UK was assigned the task of supplying over 8,000 hospital beds in the UK with medical gas due to the high demand and rising number of patients admitted to hospital with covid-19.

The situation was urgent and to ensure that all of the equipment arrived safely and on time to the hospitals, Precision UK worked alongside the British Army and Police, which provided escorts. The entire team at Precision UK put tremendous effort into ensuring the success of this endeavour, working long hours to deliver on time and help save lives. We are extremely proud of their commitment and achievements!



## Indutrade contributes to fulfilment of the UN Sustainable Development Goals

The 17 UN Sustainable Development Goals serve as the blueprint for achieving social, economic and environmental sustainable growth and it is important that the goals are achieved by 2030.

Indutrade contributes to several of these goals. For example, many of our subsidiaries provide products and solutions that help customers save energy, water, materials and reduce carbon dioxide emissions. As such, they contribute to fulfilment of SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

There are also companies supplying products and services for infrastructure and technology solutions, which contributes to SDG 9 (sustainable Industry, innovation and infrastructure). Many of our companies run their operations in smaller cities and communities where they actively contribute to SDG 11 (Development of sustainable cities and societies) and SDG 8 (Decent work and economic growth).

