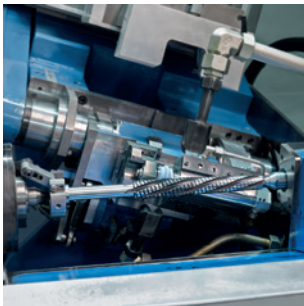




# Interim report

1 January – 31 March 2014



# Interim report 1 January – 31 March 2014

## Continuing operations

- Net revenue totalled SEK 230 million (245)
- Profit before tax amounted to SEK 15 million (12)
- Profit after tax amounted to SEK 12 million (9)
- Earnings per share were SEK 1.75 (1.35)

- Change of CEO is planned
- ADC of Sweden and Solna Pressgjuteri were acquired by XANO's subsidiary AGES after the balance sheet date
- The Board of Directors has proposed that the Annual General Meeting resolve to distribute the 100% owned subsidiary AGES Industri AB to the XANO shareholders in conjunction with the listing of AGES shares on NASDAQ OMX's First North market. This report states whether the information provided refers to the entire Group or continuing operations, i.e. the Group excluding AGES (the Precision Components business unit).

## Group total

- Net revenue totalled SEK 409 million (388)
- Profit before tax amounted to SEK 33 million (45) and includes non-recurring items totalling SEK 0 million (16)
- Profit after tax amounted to SEK 26 million (38)
- Earnings per share were SEK 3.80 (5.65)

## CEO's comments on the Group's development during the period

### Continuing operations

During the first quarter of the year the improvements in profitability within the Precision Technology and Rotational Moulding business units generated a generally stronger operating margin than that seen in the corresponding period of 2013. A substantial fall in volumes within the Industrial Solutions business unit led to a 6 per cent reduction in total revenue for continuing operations compared to that for the previous year.

It seems that the lack of uniformity in the market which characterised the Group's activities in the first quarter will continue over the next few months.

### Revenue

Net revenue for continuing operations totalled SEK 230 million (245). Net revenue was SEK 179 million (144) for assets held for distribution and SEK 409 million (388) for the Group as a whole.

### Profit

Operating profit for continuing operations amounted to SEK 18 million (19), corresponding to an operating margin of 7.7 per cent (7.3). Profit before tax was SEK 15 million (12).

Profit before tax from assets held for distribution amounted to SEK 18 million (19) and includes non-recurring items totalling SEK 0 million (2). Profit before tax from discontinued operations was SEK 0 million (14).

The Group as a whole reported profit before tax amounting to SEK 33 million (45) including non-recurring items totalling SEK 0 million (16).

## Share data and key figures

Earnings per share for continuing operations were SEK 1.75 (1.35). Earnings per share for the Group as a whole amounted to SEK 3.80 (5.65). Equity per share was SEK 98.00 (85.20). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 40 per cent (37) at the end of the period. The average number of employees was 999 (979).

### Important events during the period

After nearly 30 years with the Group, 12 of which were spent as CEO for the parent company, Sune Lantz and the Board of Directors in February agreed that he will leave his position. This agreement means that Sune Lantz will step down as CEO in the middle of 2014. Deputy CEO Lennart Persson will take over as the new CEO. Lennart Persson has held various management positions within the XANO Group over the past 16 years and has been Deputy CEO of the parent company since 2005.

### Events after the end of the period

Solna Pressgjuteri AB and ADC of Sweden AB were acquired after the balance sheet date. Solna Pressgjuteri is a system supplier of processed aluminium and zinc castings. Deliveries comprise moulded, machined and assembled components and systems for sectors such as automotive, defence and marine. ADC of Sweden in Kulltorp is a full-scale system supplier of processed aluminium castings. Together, the operations have 55 employees. Total revenue amounts to approx. SEK 80 million with an operating margin of approx. 10 per cent. The purchase price, paid in cash, amounted to SEK 40 million. The balance sheet

total of the acquired companies amounted to approx. SEK 35 million, of which approx. SEK 15 million constitutes equity. Consolidation in XANO is effective as of 1 April, 2014 and is expected to have a negligible impact on the Group's results and financial position. Solna Pressgjuteri and ADC of Sweden will initially be a part of XANO's Precision Components business unit. At the Annual General Meeting on 8 May, 2014, XANO's Board of Directors will propose that a decision be taken to hive off the business unit and form an independent group. The parent company of the hived off group, AGES Industri AB, will apply for listing on NASDAQ OMX's First North market. Through the acquisition, Precision Components' existing operations in die casting are provided with additional competence and access to new market segments.

### Activities and organisation

XANO comprises industrial companies with operations in Sweden, Estonia, Finland, Norway, China and Poland. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. The Group's operations are currently divided into four business units: Industrial Solutions, Precision Components, Precision Technology and Rotational Moulding. Ahead of the Annual General Meeting on 8 May 2014, the Board of Directors has proposed the distribution of the Precision Components business unit (the AGES Group). If the AGM decides in favour of this proposal, AGES will be hived off to form an independent group whose parent company will be listed on NASDAQ OMX's First North Premier market.

## Industrial Solutions

*Industrial Solutions supplies automation solutions to the food and medical technology industries, in addition to packaging machines for beverage and other food packaging. The unit also supplies manufacturers of furniture and shop fittings with parts such as hand wheels, handles and adjustable feet.*

|                         | 2014<br>Q1 | 2013<br>Q1 | 2013<br>Full year |
|-------------------------|------------|------------|-------------------|
| Sales, SEK m            | 131        | 154        | 623               |
| Operating profit, SEK m | 11         | 17         | 71                |
| Operating margin, %     | 8.4        | 10.8       | 11.3              |

Revenue fell by 15 per cent and operating profit by 34 per cent compared to the first quarter of 2013. This dramatic difference is due partly to the lower level of invoicing this year and partly to the extensive series of project deliveries that were made in the corresponding period of the previous year. The new sales structure has also led to comparatively higher operating expenses. The market is diverse, but signals from a few key customers suggest a certain reluctance to place orders in the next quarter.

## Precision Technology

*Precision Technology comprises component and system manufacture through advanced cutting machining of metal and plastic for the production of components with stringent requirements for quality and precision.*

|                         | 2014<br>Q1 | 2013<br>Q1 | 2013<br>Full year |
|-------------------------|------------|------------|-------------------|
| Sales, SEK m            | 54         | 51         | 190               |
| Operating profit, SEK m | 8          | 3          | 12                |
| Operating margin, %     | 14.6       | 6.6        | 6.6               |

Compared to the first quarter of the previous year, revenue was 6 per cent higher, while operating profit increased by 134 per cent. Positive effects of previously implemented measures and an improved economic situation for the business unit's customers led to all the companies in the Group reporting higher operating margins. In the immediate future we expect the general economy to continue its gradual improvement in stability with rising demand from customers within medical technology in the first instance.

## Rotational Moulding

*Rotational Moulding manufactures plastic products in the form of components and systems through rotational moulding. Deliverables include both customer-specific and in-house developed products.*

|                         | 2014<br>Q1 | 2013<br>Q1 | 2013<br>Full year |
|-------------------------|------------|------------|-------------------|
| Sales, SEK m            | 46         | 39         | 173               |
| Operating profit, SEK m | 4          | 2          | 16                |
| Operating margin, %     | 7.6        | 4.1        | 9.0               |

The business unit's invoicing was 17 per cent higher than in the first quarter of the previous year, with operating profit rising by 121 per cent. Compared to 2013, sales of seasonal products began earlier in the year while the improvement in profitability is primarily a result of the upturn in volumes of proprietary products such as boats and marine products. There is a positive trend in incoming orders and we believe the market situation will remain stable in the next quarter.

## Assets held for distribution

### Precision Components (AGES Group)

*Precision Components manufactures components through cutting machining and die casting of metal in larger batches with a high proportion of sales to the automotive industry.*

|  | 2014<br>Q1 | 2013<br>Q1 | 2013<br>Full year |
|--|------------|------------|-------------------|
| Sales, SEK m   | 179        | 144        | 608               |
| Operating profit, SEK m  | 20         | 20         | 79                |
| Operating margin, %  | 11.2       | 14.1       | 13.0              |
| <i>The operating profit includes non-recurring items totalling SEK m</i> | –          | 2          | 2                 |

Invoicing in the first quarter was 24 per cent higher than for the corresponding period of 2013. The decline in the operating margin can be explained by this year's extraordinary moving costs, while the same period last year saw capital gains on the sale of properties. The continued high level of activity led to operating activities producing a good performance. The order situation is healthy and we believe the conditions ahead of the next period will remain favourable.

| Assets and liabilities held for distribution (SEK m) | 31/03/2014 |
|--|------------|
| Goodwill   | 329        |
| Property, plant and equipment                        | 173        |
| <b>Total non-current assets</b>                      | <b>502</b> |
| Inventories  | 88         |
| Current receivables                                  | 174        |
| Cash and bank balances                               | 1          |
| <b>Total current assets</b>                          | <b>263</b> |
| <b>TOTAL ASSETS</b>                                  | <b>765</b> |
| Non-current liabilities                              | 180        |
| Current liabilities                                  | 259        |
| <b>TOTAL LIABILITIES</b>                             | <b>439</b> |

## Investments

During the interim period, the Group's net investments in non-current assets amounted to SEK 22 million (-43), of which SEK 3 million related to real estate and SEK 19 million to machinery and equipment.

## Cash flow and liquidity

Cash flow from operating activities totalled SEK -3 million (52) in the period. The weaker cash flow is primarily a result of more working capital being tied up.

The Group's liquid assets, including lines of

credit granted but not utilised, totalled SEK 368 million (392) on the balance sheet date.

## Risks and uncertainty factors

The Group's main risk and uncertainty factors include operational risks associated with customers and suppliers and other external factors such as price risks for input goods. In addition, there are financial risks as a result of changes in exchange rates and interest rate levels.

A statement on the Group's main financial and operational risks can be found on pages 73 and 74 of the annual report for 2013. No additional significant risks are deemed to have arisen.

## Accounting policies

As with the annual financial statements for 2013, the consolidated financial statements for 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the recommendations and statements of the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34.

The Group applies the same accounting policies as described in the annual report for 2013 with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied as of 1 January 2014:

- » IFRS 10 Consolidated Financial Statements
- » IFRS 11 Joint Arrangements
- » IFRS 12 Disclosure of Interests in Other Entities
- » Amendments to IAS 27, IAS 28, IAS 32, IAS 36 and IAS 39

Their application has not had any effect on the Group's financial performance or position.

Now that the legal and financial structure for hiving off the Precision Components business unit – with the parent company AGES Industri AB – has been determined, reclassification to profit from assets held for distribution and assets and liabilities held for distribution has now taken place. The valuation principles for these assets and liabilities are unchanged from the 2013 annual report.

In addition to this, a capital gain from the 2013 sale of a property in Tallinn has also been reclassified to profit from discontinued operations.

## Next report date

The interim report for the period 1 January to 30 June 2014 will be presented on Wednesday 9 July 2014.

Jönköping, 8 May 2014

Sune Lantz  
CEO

| Consolidated statement of comprehensive income<br>(SEK million)                  | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar | 13/14<br>12 mths<br>Apr-Mar | 2013<br>12 mths<br>Jan-Dec |
|--|---------------------------|---------------------------|-----------------------------|----------------------------|
| Net revenue  | 230                       | 245                       | 974                         | 989                        |
| Cost of goods sold   | -178                      | -196                      | -756                        | -774                       |
| <b>Gross profit</b>  | <b>52</b>                 | <b>49</b>                 | <b>218</b>                  | <b>215</b>                 |
| Other operating income   | 1                         | 4                         | 5                           | 8                          |
| Selling expenses   | -23                       | -21                       | -91                         | -89                        |
| Administrative expenses  | -11                       | -11                       | -44                         | -44                        |
| Other operating expenses   | -1                        | -2                        | -4                          | -5                         |
| <b>Operating profit</b>  | <b>18</b>                 | <b>19</b>                 | <b>84</b>                   | <b>85</b>                  |
| Financial items  | -3                        | -7                        | -9                          | -13                        |
| <b>Profit before tax</b>   | <b>15</b>                 | <b>12</b>                 | <b>75</b>                   | <b>72</b>                  |
| Tax  | -3                        | -3                        | -17                         | -17                        |
| <b>Net profit for continuing operations</b>                                      | <b>12</b>                 | <b>9</b>                  | <b>58</b>                   | <b>55</b>                  |
| Profit from discontinued operations/assets held for distribution <sup>1,2)</sup> | 14                        | 29                        | 48                          | 63                         |
| <b>Net profit for the period</b>   | <b>26</b>                 | <b>38</b>                 | <b>106</b>                  | <b>118</b>                 |
| <b>OTHER COMPREHENSIVE INCOME</b>  |                           |                           |                             |                            |
| <i>Items that may be reclassified to net profit for the period</i>               |                           |                           |                             |                            |
| Change in hedging reserve including tax <sup>3)</sup>                            | -3                        | 2                         | 1                           | 6                          |
| Translation differences <sup>4)</sup>  | -1                        | -1                        | 4                           | 4                          |
| <b>Other comprehensive income for the period</b>                                 | <b>-4</b>                 | <b>1</b>                  | <b>5</b>                    | <b>10</b>                  |
| <b>Comprehensive income for the period</b>                                       | <b>22</b>                 | <b>39</b>                 | <b>111</b>                  | <b>128</b>                 |

Depreciation for continuing operations constitutes

-10 -10 -41 -41

Depreciation for the Group as a whole constitutes

-17 -17 -68 -68

Tax amounts to 22 per cent (15) for the interim period. Tax-exempt capital gains on the sale of real estate contributed to the lower tax cost for 2013.

<sup>1)</sup> Profit from discontinued operations relates to capital gain from the sale of a property in Tallinn and constitutes non-recurring items totalling SEK 0 million (14) in the interim period and SEK 14 million for 2013 as a whole. See specification on page 8.

<sup>2)</sup> Profit from assets held for distribution relates to the Precision Components business unit (AGES). The amounts include non-recurring items attributable to capital gains from the sale of real estate totalling SEK 0 million (2) in the interim period and SEK 2 million for 2013 as a whole. See specification on page 8.

<sup>3)</sup> Refers to the effective component of the change in value of derivative instruments used for hedge accounting.

<sup>4)</sup> Refers to the effects of changes in exchange rates when net investments in non-Swedish subsidiaries are translated to SEK. The amount is reported net of hedging contracts. ADC of Sweden AB and Solna Pressgjuteri, which were acquired in April 2014, are not included in the consolidated income.

| Share data  | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar | 2013<br>12 mths<br>Jan-Dec |
|---|---------------------------|---------------------------|----------------------------|
| Average number of outstanding shares, thousands                             | 6,789                     | 6,789                     | 6,789                      |
| Average number of outstanding shares after dilution, thousands              | 7,064                     | 7,064                     | 7,064                      |
| Average number of shares in own custody, thousands                          | 140                       | 140                       | 140                        |
| Basic earnings per share for continuing operations, SEK <sup>1)</sup>       | 1.75                      | 1.35                      | 8.00                       |
| Basic earnings per share for the Group as a whole, SEK <sup>1)</sup>        | 3.80                      | 5.65                      | 17.40                      |
| Diluted earnings per share for continuing operations, SEK <sup>1)</sup>     | 1.75                      | 1.35                      | 7.90                       |
| Diluted earnings per share for the Group as a whole, SEK <sup>1)</sup>      | 3.70                      | 5.50                      | 16.90                      |
| Cash flow from operating activities per share for the Group as a whole, SEK | -0.35                     | 7.60                      | 23.70                      |
| Total number of shares on balance sheet date, thousands                     | 6,929                     | 6,929                     | 6,929                      |
| Number of shares in own custody on balance sheet date, thousands            | 140                       | 140                       | 140                        |
| Equity per share on balance sheet date, SEK                                 | 98.00                     | 85.20                     | 94.80                      |
| Share price on balance sheet date, SEK                                      | 256.50                    | 133.00                    | 238.00                     |

After deduction for the company's own holding, 140,000 Class B shares, the number of outstanding shares is 6,788,974.

On 1 July 2012, convertibles for a nominal value of SEK 29,999,961, equivalent to 275,229 Class B shares with full conversion, were issued. The convertibles accrue interest corresponding to STIBOR 3M plus 2.7 per cent and are due for payment on 30 June 2016. The conversion rate is SEK 109.

<sup>1)</sup> Based on net profit for the period.

| Consolidated statement of financial position<br>(SEK million) | 2014<br>31 Mar | 2013<br>31 Mar | 2013<br>31 Dec |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>   |                |                |                |
| Goodwill  | 171            | 500            | 499            |
| Other intangible non-current assets                           | 8              | 7              | 9              |
| Property, plant and equipment                                 | 321            | 480            | 490            |
| Other non-current assets                                      | 7              | 8              | 6              |
| <b>Total non-current assets</b>                               | <b>507</b>     | <b>995</b>     | <b>1,004</b>   |
| Inventories   | 175            | 249            | 247            |
| Current receivables   | 187            | 306            | 278            |
| Cash equivalents  | 28             | 17             | 28             |
| <b>Total current assets</b>                                   | <b>390</b>     | <b>572</b>     | <b>553</b>     |
| <b>Total assets for continuing operations</b>                 | <b>897</b>     | <b>1,567</b>   | <b>1,557</b>   |
| <i>Assets held for distribution</i> <sup>1)</sup>             | <i>765</i>     | <i>–</i>       | <i>–</i>       |
| <b>TOTAL ASSETS</b>   | <b>1,662</b>   | <b>1,567</b>   | <b>1,557</b>   |
| <b>EQUITY AND LIABILITIES</b>                                 |                |                |                |
| Equity  | 665            | 578            | 643            |
| Non-current liabilities                                       | 247            | 473            | 440            |
| Current liabilities <sup>2)</sup>                             | 311            | 516            | 474            |
| <b>Total equity and liabilities for continuing operations</b> | <b>1,223</b>   | <b>1,567</b>   | <b>1,557</b>   |
| <i>Liabilities held for distribution</i> <sup>1)</sup>        | <i>439</i>     | <i>–</i>       | <i>–</i>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           | <b>1,662</b>   | <b>1,567</b>   | <b>1,557</b>   |

|   |     |     |     |
|---|-----|-----|-----|
| Interest-bearing liabilities for continuing operations constitute | 328 | –   | –   |
| Interest-bearing liabilities for the Group as a whole constitute  | 605 | 594 | 577 |
| Deferred tax liabilities constitute                               | 82  | 80  | 83  |

<sup>1)</sup> Assets and liabilities held for distribution refer to the Precision Components business unit (AGES). See specification on page 3.

<sup>2)</sup> Current liabilities include derivatives valued at fair value of SEK 9 million (10) for the interim period and SEK 5 million for 2013 as a whole. The derivatives are used for hedging purposes and belong to value level two under IFRS 13. The fair value valuation is based on, among other factors, forward interest rates produced on the basis of observable yield curves.

| Statement of changes in equity<br>(SEK million) | 2014<br>31 Mar | 2013<br>31 Mar | 2013<br>31 Dec |
|---|----------------|----------------|----------------|
| Opening balance                                 | 643            | 539            | 539            |
| Comprehensive income for the period             | 22             | 39             | 128            |
| Dividend paid                                   | –              | –              | -24            |
| <b>Closing balance</b>                          | <b>665</b>     | <b>578</b>     | <b>643</b>     |

| Cash flow statement<br>(SEK million)                                     | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar | 13/14<br>12 mths<br>Apr-Mar | 2013<br>12 mths<br>Jan-Dec |
|--|---------------------------|---------------------------|-----------------------------|----------------------------|
| Operating profit   | 38                        | 52                        | 161                         | 175                        |
| Interest and income tax paid/received and adjustments for non-cash items | 3                         | -23                       | 25                          | -1                         |
| Change in working capital  | -44                       | 23                        | -80                         | -13                        |
| <b>Cash flow from operating activities</b>                               | <b>-3</b>                 | <b>52</b>                 | <b>106</b>                  | <b>161</b>                 |
| Investments  | -16                       | 62                        | -53                         | 25                         |
| <b>Cash flow after investments</b>                                       | <b>-19</b>                | <b>114</b>                | <b>53</b>                   | <b>186</b>                 |
| Financing  | 20                        | -161                      | -42                         | -223                       |
| <b>Cash flow for the period</b>  | <b>1</b>                  | <b>-47</b>                | <b>11</b>                   | <b>-37</b>                 |
| Cash and cash equivalents at the start of the period                     | 28                        | 64                        | 17                          | 64                         |
| Exchange rate differences in cash and cash equivalents                   | 0                         | 0                         | 1                           | 1                          |
| <b>Cash and cash equivalents at the end of the period</b>                | <b>29</b>                 | <b>17</b>                 | <b>29</b>                   | <b>28</b>                  |

The cash flow statement refers to the whole Group.

In the cash flow statement, SEK 11 million (34) of the cash flow from operating activities, SEK -8 million (-418) of the cash flow from investing activities and SEK -2 million (389) of the cash flow from financing activities related to units proposed for distribution. Of the investments made in 2013, SEK -420 million concerned intra-Group transactions. In addition to this, SEK 0 million (58) of the cash flow from investing activities related to a sold property recognised as discontinued operations.

After the end of the period, ADC of Sweden AB and Solna Pressgjuteri AB were acquired. See specification on page 8.

| Key ratios   | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar | 13/14<br>12 mths<br>Apr-Mar | 2013<br>12 mths<br>Jan-Dec |
|--|---------------------------|---------------------------|-----------------------------|----------------------------|
| Operating margin for continuing operations, %                  | 7.7                       | 7.3                       | 8.7                         | 8.6                        |
| Operating margin for the Group as a whole, %                   | 9.2                       | 13.4                      | 9.9                         | 11.0                       |
| Profit margin for continuing operations, %                     | 6.5                       | 4.7                       | 7.7                         | 7.2                        |
| Profit margin for the Group as a whole, %                      | 8.1                       | 11.6                      | 8.5                         | 9.4                        |
| Return on equity p.a., % <sup>1)</sup>                         | 15.7                      | 27.5                      | 17.0                        | 19.8                       |
| Return on capital employed p.a., % <sup>1)</sup>               | 12.4                      | 17.3                      | 13.5                        | 14.7                       |
| Return on total capital p.a., % <sup>1)</sup>                  | 9.6                       | 13.2                      | 10.3                        | 11.2                       |
| Interest coverage ratio, multiple <sup>1)</sup>                | 6.9                       | 6.6                       | 6.4                         | 6.4                        |
| Equity, SEK m <sup>1)</sup>                                    | 665                       | 578                       | 665                         | 643                        |
| Equity/assets ratio, % <sup>1)</sup>                           | 40                        | 37                        | 40                          | 41                         |
| Proportion of risk-bearing capital, % <sup>1)</sup>            | 45                        | 42                        | 45                          | 47                         |
| Net investments for continuing operations, SEK m <sup>2)</sup> | 8                         | -499                      | 45                          | -462                       |
| Net investments for the Group as a whole, SEK m                | 22                        | -43                       | 81                          | 16                         |
| Average number of employees for continuing operations          | 658                       | 649                       | 666                         | 664                        |
| Average number of employees for the Group as a whole           | 999                       | 979                       | 1,003                       | 998                        |

For definitions, see page 87 of the 2013 annual report.

<sup>1)</sup> Refers to the Group as a whole.

<sup>2)</sup> Of the investments made in 2013, SEK -500 million concerned intra-Group transactions.

| Quarterly summary   | 2014<br>Q1 | 2013<br>Q1 | 2013<br>Q4 | 2012<br>Q4 | 2013<br>Q3 | 2012<br>Q3 | 2013<br>Q2 | 2012<br>Q2 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Net revenue for continuing operations, SEK m                            | 230        | 245        | 274        | 240        | 204        | 190        | 266        | 295        |
| Gross profit for continuing operations, SEK m                           | 52         | 49         | 59         | 49         | 41         | 43         | 66         | 64         |
| Operating profit for continuing operations, SEK m                       | 18         | 19         | 23         | 20         | 13         | 12         | 30         | 28         |
| Profit before tax for continuing operations, SEK m                      | 15         | 12         | 21         | 17         | 11         | 10         | 28         | 28         |
| Net profit for the period for continuing operations, SEK m              | 12         | 9          | 15         | 19         | 9          | 6          | 22         | 21         |
| Net profit for the period for the Group as a whole, SEK m <sup>1)</sup> | 26         | 38         | 24         | 17         | 21         | 8          | 35         | 21         |
| Comprehensive income for the period, SEK m <sup>1)</sup>                | 22         | 39         | 27         | 18         | 18         | 2          | 44         | 20         |
| Operating margin for continuing operations, %                           | 7.7        | 7.3        | 8.3        | 8.1        | 6.6        | 6.3        | 11.5       | 9.7        |
| Equity/assets ratio, % <sup>1)</sup>                                    | 40         | 37         | 41         | 32         | 40         | 48         | 38         | 45         |
| Earnings per share for continuing operations, SEK <sup>2)</sup>         | 1.75       | 1.35       | 2.20       | 2.80       | 1.30       | 0.90       | 3.15       | 3.10       |
| Earnings per share for the Group as a whole, SEK <sup>1)</sup>          | 3.80       | 5.65       | 3.60       | 2.40       | 3.00       | 1.25       | 5.15       | 3.10       |
| Cash flow from operating activities per share, SEK <sup>1)</sup>        | -0.35      | 7.60       | 2.75       | 2.05       | 6.75       | 2.55       | 6.60       | 2.95       |

<sup>1)</sup> Refers to the Group as a whole.

<sup>2)</sup> Based on net profit for the period for continuing operations.

### Net revenue and profit/loss by segment

| (SEK million)        | Q1 2014     |          |            |   | Q1 2013     |          |            |   | Q1-Q4 2013   |          |              |   |
|----------------------|-------------|----------|------------|---|-------------|----------|------------|---|--------------|----------|--------------|---|
|                      | Net revenue |          |            | Profit/loss<br>before tax <sup>1)</sup> | Net revenue |          |            | Profit/loss<br>before tax <sup>1)</sup> | Net revenue  |          |              | Profit/loss<br>before tax <sup>1)</sup> |
|                      | External    | Internal | Total      |   | External    | Internal | Total      |   | External     | Internal | Total        |   |
| Industrial Solutions | 131         | 0        | 131        | 10                                      | 154         | 0        | 154        | 16                                      | 623          | 0        | 623          | 67                                      |
| Precision Components | 179         | 0        | 179        | 18                                      | 144         | 0        | 144        | 20 <sup>2)</sup>                        | 607          | 1        | 608          | 67 <sup>2)</sup>                        |
| Precision Technology | 53          | 1        | 54         | 7                                       | 51          | 0        | 51         | 2                                       | 190          | 0        | 190          | 9                                       |
| Rotational Moulding  | 46          | 0        | 46         | 4                                       | 39          | 0        | 39         | 0                                       | 173          | 0        | 173          | 12                                      |
| Eliminations         | -           | -1       | -1         | -                                       | -           | 0        | 0          | -                                       | -            | -1       | -1           | -                                       |
| Undistributed items  | -           | -        | -          | -6                                      | -           | -        | -          | 7 <sup>3)</sup>                         | -            | -        | -            | -5 <sup>3)</sup>                        |
| <b>Group total</b>   | <b>409</b>  | <b>-</b> | <b>409</b> | <b>33</b>                               | <b>388</b>  | <b>-</b> | <b>388</b> | <b>45</b>                               | <b>1,593</b> | <b>-</b> | <b>1,593</b> | <b>150</b>                              |

The information on segments is provided from the management's perspective, which means that reporting corresponds to the way in which the information is presented internally. The Group reports on the following segments: Industrial Solutions, Precision Components, Precision Technology and Rotational Moulding. The operations within each segment are described on pages 2 and 3. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between the segments.

In 2014, all segments have boosted their total operating assets, such as inventories and trade receivables, as a result of an increase in incoming orders. Investments in non-current assets were made mainly within the Precision Components segment.

<sup>1)</sup> The profit/loss figure refers to the profit/loss before the distribution of group-wide costs and tax in accordance with internal reporting. Undistributed items mainly refer to the Parent Company.

<sup>2)</sup> This figure includes non-recurring items totalling SEK 2 million attributable to capital gains from the sale of real estate.

<sup>3)</sup> This figure includes non-recurring items totalling SEK 14 million attributable to a capital gain from the sale of real estate.

| Income statement, Parent Company<br>(SEK million) | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar | 2013<br>12 mths<br>Jan-Dec |
|---|---------------------------|---------------------------|----------------------------|
| Net revenue                                       | 1.9                       | 2.3                       | 11.3                       |
| Selling and administrative expenses               | -4.3                      | -4.2                      | -16.8                      |
| <b>Operating profit/loss</b>                      | <b>-2.4</b>               | <b>-1.9</b>               | <b>-5.5</b>                |
| Profit from participations in Group companies     | 50.0                      | –                         | 66.1                       |
| Other financial items                             | -4.6                      | -0.3                      | 5.6                        |
| <b>Profit/loss after financial items</b>          | <b>43.0</b>               | <b>-2.2</b>               | <b>66.2</b>                |
| Appropriations                                    | –                         | –                         | -14.9                      |
| Tax   | 1.5                       | 0.5                       | -9.9                       |
| <b>Net profit/loss for the period</b>             | <b>44.5</b>               | <b>-1.7</b>               | <b>41.4</b>                |
| <b>Statement of other comprehensive income</b>    |                           |                           |                            |
| Net profit/loss for the period                    | 44.5                      | -1.7                      | 41.4                       |
| Other comprehensive income                        | –                         | –                         | –                          |
| <b>Comprehensive income for the period</b>        | <b>44.5</b>               | <b>-1.7</b>               | <b>41.4</b>                |

Income tax amounts to -4 per cent (22) for the interim period.

100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

| Balance sheet, Parent Company<br>(SEK million) | 2014<br>31 Mar | 2013<br>31 Mar | 2013<br>31 Dec |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>                                  |                |                |                |
| Non-current assets                             | 310.6          | 62.9           | 310.6          |
| Current assets                                 | 638.1          | 765.0          | 567.9          |
| <b>EQUITY AND LIABILITIES</b>                  |                |                |                |
| Equity   | 385.6          | 321.7          | 341.1          |
| Untaxed reserves                               | 63.5           | 48.6           | 63.5           |
| Non-current liabilities                        | 144.1          | 142.0          | 143.3          |
| Current liabilities                            | 355.5          | 315.6          | 330.6          |
| <b>BALANCE SHEET TOTAL</b>                     | <b>948.7</b>   | <b>827.9</b>   | <b>878.5</b>   |

| Statement of changes in equity, Parent Company<br>(SEK million) | 2014<br>31 Mar | 2013<br>31 Mar | 2013<br>31 Dec |
|---|----------------|----------------|----------------|
| Opening balance   | 341.1          | 323.4          | 323.4          |
| Comprehensive income for the period                             | 44.5           | -1.7           | 41.4           |
| Dividend paid   | –              | –              | -23.7          |
| <b>Closing balance</b>  | <b>385.6</b>   | <b>321.7</b>   | <b>341.1</b>   |

| Cash flow statement, Parent Company<br>(SEK million)                     | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar | 2013<br>12 mths<br>Jan-Dec |
|--|---------------------------|---------------------------|----------------------------|
| Operating profit   | -2.4                      | -1.9                      | -5.5                       |
| Interest and income tax paid/received and adjustments for non-cash items | 46.8                      | -4.9                      | 51.1                       |
| Change in working capital  | -72.8                     | -123.1                    | 72.9                       |
| <b>Cash flow from operating activities</b>                               | <b>-28.4</b>              | <b>-129.9</b>             | <b>118.5</b>               |
| Investments  | 0.0                       | 466.0                     | 218.2                      |
| <b>Cash flow after investments</b>                                       | <b>-28.4</b>              | <b>336.1</b>              | <b>336.7</b>               |
| Financing  | 27.2                      | -335.4                    | -331.8                     |
| <b>Cash flow for the period</b>  | <b>-1.2</b>               | <b>0.7</b>                | <b>4.9</b>                 |
| Cash and cash equivalents at the start of the period                     | 5.2                       | 0.0                       | 0.0                        |
| Exchange rate differences in cash and cash equivalents                   | 0.0                       | -0.7                      | 0.3                        |
| <b>Cash and cash equivalents at the end of the period</b>                | <b>4.0</b>                | <b>0.0</b>                | <b>5.2</b>                 |

Of the investments made in 2013, SEK 466.0 million concerned intra-Group transactions, while SEK -247.8 million related to the increase in participations in Group companies through a new share issue.

| Income statements<br>(SEK m)                  | Continuing operations     |                                   | Profit from assets held for distribution <sup>1)</sup> |                                   | Profit from discontinued operations <sup>2)</sup> |                                   | Internal revenue          |                                   | Total                     |                                   |
|---|---------------------------|-----------------------------------|--|-----------------------------------|---|-----------------------------------|---------------------------|-----------------------------------|---------------------------|-----------------------------------|
|   | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar         | 2014<br>3 mths<br>Jan-Mar                              | 2013<br>3 mths<br>Jan-Mar         | 2014<br>3 mths<br>Jan-Mar                         | 2013<br>3 mths<br>Jan-Mar         | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar         | 2014<br>3 mths<br>Jan-Mar | 2013<br>3 mths<br>Jan-Mar         |
| Net revenue                                   | 230                       | 245                               | 179  | 144                               | –   | –                                 | –                         | -1                                | 409                       | 388                               |
| Cost of goods sold                            | -178                      | -196                              | -148   | -118                              | –   | –                                 | –                         | 0                                 | -326                      | -314                              |
| <b>Gross profit/loss</b>                      | <b>52</b>                 | <b>49</b>                         | <b>31</b>  | <b>26</b>                         | <b>0</b>  | <b>0</b>                          | <b>0</b>                  | <b>-1</b>                         | <b>83</b>                 | <b>74</b>                         |
| Other operating income <sup>3)</sup>          | 1                         | 4                                 | 0  | 2                                 | –   | 14                                | –                         | –                                 | 1                         | 20                                |
| Selling expenses                              | -23                       | -21                               | -7   | -5                                | –   | –                                 | –                         | 0                                 | -30                       | -26                               |
| Administrative expenses                       | -11                       | -11                               | -4   | -3                                | –   | –                                 | –                         | 0                                 | -15                       | -14                               |
| Other operating expenses                      | -1                        | -2                                | 0  | 0                                 | –   | –                                 | –                         | –                                 | -1                        | -2                                |
| <b>Operating profit/loss</b>                  | <b>18</b>                 | <b>19</b>                         | <b>20</b>  | <b>20</b>                         | <b>0</b>  | <b>14</b>                         | <b>0</b>                  | <b>-1</b>                         | <b>38</b>                 | <b>52</b>                         |
| Financial items                               | -3                        | -7                                | -2   | 0                                 | –   | –                                 | –                         | –                                 | -5                        | -7                                |
| <b>Profit/loss after financial items</b>      | <b>15</b>                 | <b>12</b>                         | <b>18</b>  | <b>20</b>                         | <b>0</b>  | <b>14</b>                         | <b>0</b>                  | <b>-1</b>                         | <b>33</b>                 | <b>45</b>                         |
| Group-wide costs                              | –                         | –                                 | –  | -1                                | –   | –                                 | –                         | 1                                 | –                         | –                                 |
| <b>Profit before tax</b>                      | <b>15</b>                 | <b>12</b>                         | <b>18</b>  | <b>19</b>                         | <b>0</b>  | <b>14</b>                         | <b>0</b>                  | <b>0</b>                          | <b>33</b>                 | <b>45</b>                         |
| Tax   | -3                        | -3                                | -4   | -4                                | –   | –                                 | –                         | –                                 | -7                        | -7                                |
| <b>Net profit for the period</b>              | <b>12</b>                 | <b>9</b>                          | <b>14</b>  | <b>15</b>                         | <b>0</b>  | <b>14</b>                         | <b>0</b>                  | <b>0</b>                          | <b>26</b>                 | <b>38</b>                         |
| Basic earnings per share, SEK <sup>4)</sup>   | 1.74                      | 1.33                              | 2.05   | 2.22                              | –   | 2.11                              | –                         | –                                 | 3.79                      | 5.66                              |
| Diluted earnings per share, SEK <sup>4)</sup> | 1.73                      | 1.33                              | 1.96   | 2.13                              | –   | 2.03                              | –                         | –                                 | 3.69                      | 5.49                              |
|   |                           | <b>2013</b><br>12 mths<br>Jan-Dec |  | <b>2013</b><br>12 mths<br>Jan-Dec |   | <b>2013</b><br>12 mths<br>Jan-Dec |                           | <b>2013</b><br>12 mths<br>Jan-Dec |                           | <b>2013</b><br>12 mths<br>Jan-Dec |
| Net revenue                                   |                           | 989                               |  | 608                               |   | –                                 |                           | -4                                |                           | 1,593                             |
| Cost of goods sold                            |                           | -774                              |  | -498                              |   | –                                 |                           | 1                                 |                           | -1,271                            |
| <b>Gross profit/loss</b>                      |                           | <b>215</b>                        |  | <b>110</b>                        |   | <b>0</b>                          |                           | <b>-3</b>                         |                           | <b>322</b>                        |
| Other operating income <sup>3)</sup>          |                           | 8                                 |  | 5                                 |   | 14                                |                           | –                                 |                           | 27                                |
| Selling expenses                              |                           | -89                               |  | -23                               |   | –                                 |                           | 0                                 |                           | -112                              |
| Administrative expenses                       |                           | -44                               |  | -12                               |   | –                                 |                           | 0                                 |                           | -56                               |
| Other operating expenses                      |                           | -5                                |  | -1                                |   | –                                 |                           | –                                 |                           | -6                                |
| <b>Operating profit/loss</b>                  |                           | <b>85</b>                         |  | <b>79</b>                         |   | <b>14</b>                         |                           | <b>-3</b>                         |                           | <b>175</b>                        |
| Financial items                               |                           | -13                               |  | -12                               |   | –                                 |                           | –                                 |                           | -25                               |
| <b>Profit/loss after financial items</b>      |                           | <b>72</b>                         |  | <b>67</b>                         |   | <b>14</b>                         |                           | <b>-3</b>                         |                           | <b>150</b>                        |
| Group-wide costs                              |                           | –                                 |  | -3                                |   | –                                 |                           | 3                                 |                           | –                                 |
| <b>Profit before tax</b>                      |                           | <b>72</b>                         |  | <b>64</b>                         |   | <b>14</b>                         |                           | <b>0</b>                          |                           | <b>150</b>                        |
| Tax   |                           | -17                               |  | -15                               |   | –                                 |                           | –                                 |                           | -32                               |
| <b>Net profit for the period</b>              |                           | <b>55</b>                         |  | <b>49</b>                         |   | <b>14</b>                         |                           | <b>0</b>                          |                           | <b>118</b>                        |
| Basic earnings per share, SEK <sup>4)</sup>   |                           | 8.02                              |  | 7.21                              |   | 2.15                              |                           | –                                 |                           | 17.38                             |
| Diluted earnings per share, SEK <sup>4)</sup> |                           | 7.92                              |  | 6.93                              |   | 2.06                              |                           | –                                 |                           | 16.91                             |

<sup>1)</sup> Profit from assets held for distribution relates to the Precision Components business unit (AGES).

<sup>2)</sup> Profit from discontinued operations relates to the sale of a property in Tallinn. The sale that was completed in February 2013 led to a capital gain which was reclassified in 2014 to profit from discontinued operations. Profit from the operating property activities is negligible and has therefore not been reclassified.

<sup>3)</sup> For 2013, non-recurring items amounted to SEK 2 million in non-current assets held for sale and SEK 14 million in profit from discontinued operations, totalling SEK 16 million.

<sup>4)</sup> Based on net profit for the period.

ADC of Sweden AB and Solna Pressgjuteri AB, which were acquired in April 2014, are not included in the Group results. If the acquired units had been included in the Group during the interim period, revenue for the Group as a whole would have amounted to SEK 432 million, while the consolidated profit for the period would have been SEK 27 million after the financial costs attributable to the acquisitions. The acquisitions have no impact on revenue or the profit for continuing operations.

The total value of acquired assets and liabilities, purchase prices and the effect on the Group's liquid assets, effective April 2014, according to preliminary acquisition calculations, was as follows:

| Business combinations<br>(SEK m)                           | Reported values<br>in subsidiaries | Fair value<br>adjustment | Consolidated<br>fair value |
|--|------------------------------------|--------------------------|----------------------------|
| Intangible assets  | 0                                  | 23                       | 23                         |
| Property, plant and equipment                              | 5                                  | 2                        | 7                          |
| Financial assets   | 1                                  | 0                        | 1                          |
| Current assets   | 28                                 | 0                        | 28                         |
| Non-current liabilities                                    | -2                                 | -1                       | -3                         |
| Current liabilities  | -16                                | 0                        | -16                        |
| <b>Net assets/purchase price</b>                           | <b>16</b>                          | <b>24</b>                | <b>40</b>                  |
| Liquid assets in acquired businesses                       |                                    |                          | 0                          |
| <b>Total cash flow attributable to acquired businesses</b> |                                    |                          | <b>40</b>                  |

The acquisitions bring surplus values totalling SEK 25 million distributed amongst buildings (SEK 2 million) and goodwill, relating to customer relations and synergies (SEK 23 million). The transaction costs amount to approx. SEK 0.3 million.

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

