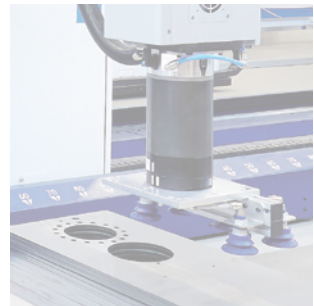
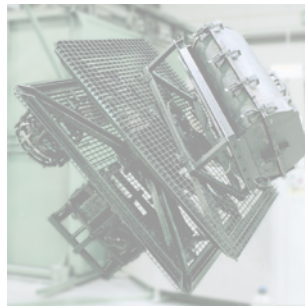




# Interim report

1 January – 30 June 2013



# Interim report 1 January – 30 June 2013

## THE INTERIM PERIOD

- Net revenue totalled SEK 814 million (658)
- Profit after tax amounted to SEK 73 million (42)
- Earnings per share were SEK 10.80 (6.20)
- Interest-bearing liabilities decreased by SEK 167 million
- Sale of industrial property in Tallinn
- Investments in ÅGES and ITB Teknik in Unnaryd

## THE SECOND QUARTER

- Net revenue totalled SEK 426 million (349)
- Profit after tax amounted to SEK 35 million (21)
- Earnings per share were SEK 5.15 (3.10)

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

The Group's operations performed very well during the second quarter of the year. Compared to the corresponding period in 2012, revenue was 22 per cent higher, while profit before tax increased by 58 per cent. The corresponding total figures for the first half-year are 24 and 60 per cent respectively. The latter includes non-recurring items totalling SEK 16 million, primarily attributable to capital gains from the sale of real estate. The cash flow was strong and amounted to SEK 96 million before investments during the interim period.

The trend from March of a rising activity level within the majority of the Group's business areas intensified during the second quarter. Ahead of the second half of the year, conditions do vary between different market segments but on the whole are expected to remain good.

### Revenue and profit

#### The interim period

Net revenue totalled SEK 814 million (658). Operating profit amounted to SEK 103 million (61), corresponding to an operating margin of 12.7 per cent (9.3). Operating profit includes non-recurring items totalling SEK 16 million (0) mainly relating to capital gains from the sale of real estate. Profit before tax was SEK 90 million (56).

#### The second quarter

Net revenue amounted to SEK 426 million (349). Operating profit amounted to SEK 51 million (29). Profit before tax was SEK 45 million (28).

### Share data and key figures

#### The interim period

Earnings per share were SEK 10.80 (6.20). Equity per share was SEK 88.10 (76.25). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 38 per cent (45) at the end of the period. The average number of employees was 989 (780).

### Important events during the period

In February, an industrial property in Tallinn, Estonia, was sold. The purchase price, which was paid in cash, was EUR 6.9 million excluding VAT and brought about a capital gain of approx. SEK 14 million, which was recognised in the first quarter. Historically the property has each year generated a small profit and the sale will have relatively little long-term impact on XANO's profits and financial position. XANO has not used the property for its own activities since 2010.

In December 2012, XANO acquired the two Unnaryd companies ÅGES and ITB Teknik. With the support gained from now being part of a group of companies, the foundation for growth at both these companies is good, and XANO has decided to carry out major investments in operations in Unnaryd in the near future. This project involves extending the production premises of both the companies as well as investing in moulding machinery and machining equipment. The expansion in capacity in Unnaryd is part of XANO's strategy to develop niche engineering companies through long-term investments.

The acquisition of ÅGES/ITB Teknik included a number of properties that were not being used in operations. These were sold in March and generated a capital gain of approx. SEK 2 million.

### Events after the end of the period

There are no individual events of major significance to report after the balance sheet date.

### Activities and organisation

Effective as from 1 January 2013, the composition of the Precision Technology business unit has changed. Together with the new acquisitions ÅGES and ITB Teknik, Segerströms and VIAB form a fourth business unit, Precision Components, while Albins, KMV, LK Precision, Mikroverktyg and Resinit remain within the Precision Technology business unit.

### 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.*

	2013 Q1-Q2	2012 Q1-Q2	2012 Full year
Sales, SEK m	307	316	580
Operating profit, SEK m	35	32	59
Operating margin, %	11.3	10.1	10.2

Sales were marginally lower compared to the previous year. Some changes in deliveries to customers within the packaging industry had a negative impact on invoicing in June. Despite this, a high level of flexibility and cost-efficient operations helped the business unit to surpass the previous year's profit. The market situation remains positive for the companies within the business unit but towards the end of the period fluctuations in incoming orders were somewhat larger.

### Precision Components

*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.*

	2013 Q1-Q2	2012 Q1-Q2	2012 Full year
Sales, SEK m	304	114	199
Operating profit, SEK m	41	7	9
Operating margin, %	13.6	5.9	4.4
<i>The operating profit includes non-recurring items totalling SEK m</i>	2	-	-

So far 2013 has seen ÅGES and ITB Teknik join the business unit and generate a boost in revenue of SEK 207 million with a good profit level. During the second quarter both these entities had plenty of work in hand and their incoming orders con-

tinued to rise. Other companies from the business unit also showed positive development during the quarter, which to some extent compensated for the weak start to the year. The order situation is stable, with good prospects for continued positive development in the second half of the year.

#### 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.*

	2013 Q1-Q2	2012 Q1-Q2	2012 Full year
Sales, SEK m	102	128	231
Operating profit, SEK m	9	13	21
Operating margin, %	8.9	10.4	9.0
<i>The operating profit includes non-recurring items totalling SEK m</i>	-	-	-6

Revenue for the business unit was just over 20 per cent lower than in the first half of the previous year. Two-thirds of this reduction is attributable to operations that were sold in July 2012. The profit level was, however, decidedly better in the second quarter than in the first quarter and also surpassed that of the previous year. The signals from the market are positive although still somewhat cautious.

#### 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.*

	2013 Q1-Q2	2012 Q1-Q2	2012 Full year
Sales, SEK m	101	101	164
Operating profit, SEK m	13	18	20
Operating margin, %	12.7	18.0	12.3

The business unit's invoicing for the first half-year was on a par with the corresponding period of the previous year. Following a weak start to the year, activities increased during the second quarter and generated both higher revenue and an improvement in earnings. The newly started operations in Poland contributed revenue during the quarter but continue to have a negative impact on profit. The market conditions vary between the business unit's different product areas but on the whole are stable.

#### Investments

During the interim period, the Group's net investments in non-current assets amounted to SEK -30 million (123), of which SEK -54 million related to sale of real estate, SEK 4 million to acquisition of real estate, SEK 18 million to machinery and equipment and SEK 2 million to intangible assets.

Net investments during the second quarter were SEK 13 million (9), of which SEK 12 million related to machinery and equipment and SEK 1 million to intangible assets.

#### Cash flow and liquidity

Cash flow before investments totalled SEK 96 million (41) in the interim period.

The Group's liquid assets, including lines of credit granted but not utilised, totalled SEK 383 million (257) 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 70 and 71 of the annual report for 2012. No additional significant risks are deemed to have arisen.

#### Accounting policies

As with the annual financial statements for 2012, the consolidated financial statements for 2013 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 2012 with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied as of 1 January 2013:

- » *IFRS 13 Fair Value Measurement*
- » *Amendments to IAS 1 Presentation of Financial Statements*
- » *Amendments to IAS 19 Employee Benefits*

The applications have not had any effect on the Group's financial position but involve expanded disclosure requirements and revised presentation formats.

#### Next report date

The interim report for the period 1 January to 30 September 2013 will be presented on Thursday 7 November 2013.

The undersigned declare that this six-monthly interim report provides a true summary of the Parent Company's and the Group's activities, position and results. It also describes significant risks and uncertainty factors facing the Parent Company and the companies that form the Group.

Jönköping, 9 July 2013

Tord Johansson  
Chairman of the Board

Fredrik Rapp  
Vice Chairman of the Board

Stig-Olof Simonsson  
Board member

Petter Fägersten  
Board member

Eva-Lotta Kraft  
Board member

Per Rodert  
Board member

Sune Lantz  
CEO

Consolidated statement of comprehensive income (SEK million)	2013 3 mths Apr-Jun	2012 3 mths Apr-Jun	2013 6 mths Jan-Jun	2012 6 mths Jan-Jun	12/13 12 mths Jul-Jun	2012 12 mths Jan-Dec
Net revenue	426	349	814	658	1,327	1,171
Cost of goods sold	-330	-279	-644	-522	-1,056	-934
<b>Gross profit</b>	<b>96</b>	<b>70</b>	<b>170</b>	<b>136</b>	<b>271</b>	<b>237</b>
Other operating income <sup>1)</sup>	2	4	22	7	30	15
Selling expenses	-30	-29	-56	-52	-98	-94
Administrative expenses	-15	-14	-29	-26	-53	-50
Other operating expenses <sup>2)</sup>	-2	-2	-4	-4	-14	-14
<b>Operating profit</b>	<b>51</b>	<b>29</b>	<b>103</b>	<b>61</b>	<b>136</b>	<b>94</b>
Financial items	-6	-1	-13	-5	-20	-12
<b>Profit before tax</b>	<b>45</b>	<b>28</b>	<b>90</b>	<b>56</b>	<b>116</b>	<b>82</b>
Tax	-10	-7	-17	-14	-18	-15
<b>Net profit for the period</b>	<b>35</b>	<b>21</b>	<b>73</b>	<b>42</b>	<b>98</b>	<b>67</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>	4	-2	6	1	2	-3
Exchange rate differences <sup>4)</sup>	5	1	4	-1	1	-4
Effect of change in corporation tax for items recognised against equity	-	-	-	-	2	2
<b>Other comprehensive income</b>	<b>9</b>	<b>-1</b>	<b>10</b>	<b>0</b>	<b>5</b>	<b>-5</b>
<b>Comprehensive income for the period</b>	<b>44</b>	<b>20</b>	<b>83</b>	<b>42</b>	<b>103</b>	<b>62</b>

Depreciation constitutes -17 -14 -34 -28 -62 -56

Tax amounts to 18 per cent (25) 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> Other operating income includes non-recurring items totalling SEK 16 million (0) in the interim period and SEK 0 million for 2012 as a whole. This year's amount is mainly attributable to capital gains from the sale of real estate.

<sup>2)</sup> Other operating expenses include non-recurring items totalling SEK 0 million (0) in the interim period and SEK -6 million for 2012 as a whole. The amount for 2012 relates to a capital loss from the sale of the shares in Eslöv Mekaniska Verkstad AB.

<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.

ÅGES Industrier i Unnaryd AB and ITB Teknik i Unnaryd AB, which were acquired in December 2012, are included in the consolidated statement as of 1 January 2013.

Share data	2013 3 mths Apr-Jun	2012 3 mths Apr-Jun	2013 6 mths Jan-Jun	2012 6 mths Jan-Jun	2012 12 mths Jan-Dec
Average number of outstanding shares, thousands	6,789	6,789	6,789	6,789	6,789
Average number of outstanding shares after dilution, thousands	7,064	7,009	7,064	7,009	7,037
Average number of shares in own custody, thousands	140	140	140	140	140
Basic earnings per share, SEK <sup>1)</sup>	5.15	3.10	10.80	6.20	9.85
Diluted earnings per share, SEK <sup>1)</sup>	5.00	3.05	10.50	6.10	9.70
Cash flow from operating activities per share, SEK	6.60	2.95	14.20	6.15	10.75
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			88.10	76.25	79.45
Share price on balance sheet date, SEK			147.50	83.50	105.00

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 (SEK million)	2013 30 Jun	2012 30 Jun	2012 31 Dec
<b>ASSETS</b>			
Goodwill	500	234	501
Other intangible non-current assets	8	5	7
Property, plant and equipment	478	453	543
Non-current financial assets	8	0	0
<b>Total non-current assets</b>	<b>994</b>	<b>692</b>	<b>1,051</b>
Inventories	252	191	254
Current receivables	311	224	296
Liquid assets	21	38	64
<b>Total current assets</b>	<b>584</b>	<b>453</b>	<b>614</b>
<b>TOTAL ASSETS</b>	<b>1,578</b>	<b>1,145</b>	<b>1,665</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	598	517	539
Non-current liabilities	452	161	476
Current liabilities	528	467	650
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,578</b>	<b>1,145</b>	<b>1,665</b>

Interest-bearing liabilities constitute 589 331 756  
Deferred tax liabilities constitute 81 45 80

Eslöv Mekaniska Verkstad AB was sold in July 2012. Divested assets and liabilities amounted to approx. SEK 31 million and SEK 10 million respectively.

ÅGES Industrier i Unnaryd AB and ITB Teknik i Unnaryd AB were acquired in December 2012. Acquired assets and liabilities including surplus values amounted to SEK 587 million and SEK 221 million respectively.

Current liabilities include derivatives valued at fair value of SEK 5 million (7) for the interim period and SEK 13 million for 2012 as a whole. The derivatives are used for hedging purposes and belong to value level two under IFRS 13.

Statement of changes in equity (SEK million)	2013 30 Jun	2012 30 Jun	2012 31 Dec
<b>Opening balance</b>	<b>539</b>	<b>499</b>	<b>499</b>
Comprehensive income for the period	83	42	62
Effect of convertible loan issued	–	–	2
Dividend paid	-24	-24	-24
<b>Closing balance</b>	<b>598</b>	<b>517</b>	<b>539</b>

Cash flow statement (SEK million)	2013 6 mths Jan-Jun	2012 6 mths Jan-Jun	12/13 12 mths Jul-Jun	2012 12 mths Jan-Dec
Operating profit	103	61	136	94
Adjustments for non-cash items	-21	1	-5	17
Change in working capital	14	-21	-3	-38
<b>Cash flow from operating activities</b>	<b>96</b>	<b>41</b>	<b>128</b>	<b>73</b>
Investments	53	-104	-274	-431
<b>Cash flow after investments</b>	<b>149</b>	<b>-63</b>	<b>-146</b>	<b>-358</b>
Financing	-192	46	129	367
<b>Cash flow for the period</b>	<b>-43</b>	<b>-17</b>	<b>-17</b>	<b>9</b>

Key ratios	2013 6 mths Jan-Jun	2012 6 mths Jan-Jun	12/13 12 mths Jul-Jun	2012 12 mths Jan-Dec
Operating margin, %	12.7	9.3	10.3	8.0
Profit margin, %	11.1	8.6	8.7	7.0
Return on equity p.a., %	25.7	16.5	17.8	12.9
Return on capital employed p.a., %	17.3	15.9	13.1	10.8
Return on total capital p.a., %	13.1	11.5	9.9	8.0
Interest coverage ratio, multiple	6.9	8.5	6.0	6.3
Equity, SEK m	598	517	598	539
Equity/assets ratio, %	38	45	38	32
Proportion of risk-bearing capital, %	43	49	43	37
Net investments, SEK m	-30	123	359	512
Average number of employees	989	780	873	768

For definitions, see page 92 of the 2012 annual report.

Newly acquired ÅGES Industrier i Unnaryd AB and ITB Teknik i Unnaryd AB were consolidated from 31 December 2012 inclusive and did not contribute any profit during 2012.

Quarterly summary	2013 Q2	2012 Q2	2013 Q1	2012 Q1	2012 Q4	2011 Q4	2012 Q3	2011 Q3
Net revenue, SEK m	426	349	388	309	283	299	230	233
Gross profit, SEK m	96	70	74	66	51	60	50	53
Operating profit, SEK m	51	29	52	32	17	28	16	28
Profit before tax, SEK m	45	28	45	28	13	27	13	26
Net profit for the period, SEK m <sup>1)</sup>	35	21	38	21	17	22	8	20
Comprehensive income for the period, SEK m <sup>2)</sup>	44	20	39	22	18	19	2	19
Operating margin, %	12.1	8.4	13.4	10.3	6.0	9.2	6.8	12.1
Equity/assets ratio, %	38	45	37	46	32	48	48	48
Earnings per share, SEK <sup>3)</sup>	5.15	3.10	5.65	3.10	2.40	3.15	1.25	2.90
Cash flow from operating activities per share, SEK <sup>2,4)</sup>	6.60	2.95	7.60	3.20	2.05	11.30	2.55	3.90

<sup>1)</sup> Refers to profit from continuing operations for the period.

<sup>2)</sup> Refers to the whole Group, including discontinued operations.

<sup>3)</sup> Based on profit from continuing operations for the period.

<sup>4)</sup> The strong cash flow during Q4 2011 is mainly explained by extraordinary advance payments from customers.

## Net revenue and profit/loss by segment

(SEK million)	Q1-Q2 2013				Q1-Q2 2012				Q1-Q4 2012			
	Net revenue			Profit/loss before tax <sup>1)</sup>	Net revenue			Profit/loss before tax <sup>1)</sup>	Net revenue			Profit/loss before tax <sup>1)</sup>
	External	Internal	Total		External	Internal	Total		External	Internal	Total	
Industrial Solutions	307	0	307	33	316	0	316	30	580	0	580	55
Precision Components	304	0	304	37 <sup>2)</sup>	114	0	114	5	198	1	199	5
Precision Technology	102	0	102	7	127	1	128	11	229	2	231	16 <sup>4)</sup>
Rotational Moulding	101	0	101	11	101	0	101	17	164	0	164	18
Eliminations	-	0	0	-	-	-1	-1	-	-	-3	-3	-
Undistributed items	-	-	-	2 <sup>3)</sup>	-	-	-	-7	-	-	-	-12
<b>Group total</b>	<b>814</b>	<b>-</b>	<b>814</b>	<b>90</b>	<b>658</b>	<b>0</b>	<b>658</b>	<b>56</b>	<b>1,171</b>	<b>0</b>	<b>1,171</b>	<b>82</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 2013, the Rotational Moulding and Precision Components segments have boosted their total operating assets, such as inventories and trade receivables, as a result of an increase in incoming orders while corresponding items have been reduced within Industrial Solutions. Apart from this, no significant changes have occurred within segments with regard to total operating assets or non-current assets.

Sales of real estate completed in 2013 refer primarily to investment properties, which are recognised as undistributed items. Non-current assets have fallen by approx. SEK 51 million due to the sale of investment properties.

<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 capital gains from the sale of real estate.

<sup>4)</sup> This figure includes non-recurring items totalling SEK -6 million attributable to a capital loss from the sale of the shares in Eslöv Mekaniska Verkstad AB.

Income statement, Parent Company (SEK million)	2013 6 mths Jan-Jun	2012 6 mths Jan-Jun	2012 12 mths Jan-Dec
Net revenue	4.6	4.4	9.2
Selling and administrative expenses	-8.8	-8.9	-18.6
<b>Operating profit/loss</b>	<b>-4.2</b>	<b>-4.5</b>	<b>-9.4</b>
Profit from participations in Group companies	–	51.1	111.0
Other financial items	3.9	4.2	0.4
<b>Profit/loss after financial items</b>	<b>-0.3</b>	<b>50.8</b>	<b>102.0</b>
Appropriations	–	–	-13.8
Tax	0.0	0.0	-11.0
<b>Net profit/loss for the period</b>	<b>-0.3</b>	<b>50.8</b>	<b>77.2</b>
<b>Statement of other comprehensive income</b>			
Net profit/loss for the period	-0.3	50.8	77.2
Other comprehensive income	–	–	–
<b>Comprehensive income for the period</b>	<b>-0.3</b>	<b>50.8</b>	<b>77.2</b>

Income tax amounts to 22 per cent (0) for the interim period. Tax-exempt dividends contributed to the lower tax expense in 2012.  
100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

Balance sheet, Parent Company (SEK million)	2013 30 Jun	2012 30 Jun	2012 31 Dec
<b>ASSETS</b>			
Non-current assets	62.9	63.0	528.9
Current assets	737.5	532.4	539.2
<b>EQUITY AND LIABILITIES</b>			
Equity	299.4	295.0	323.4
Untaxed reserves	48.6	34.8	48.6
Non-current liabilities	142.8	14.3	302.3
Current liabilities	309.6	251.3	393.8
<b>BALANCE SHEET TOTAL</b>	<b>800.4</b>	<b>595.4</b>	<b>1,068.1</b>

Statement of changes in equity, Parent Company (SEK million)	2013 30 Jun	2012 30 Jun	2012 31 Dec
Opening balance	323.4	267.9	267.9
Comprehensive income for the period	-0.3	50.8	77.2
Effect of convertible loan issued	–	–	2.0
Dividend paid	-23.7	-23.7	-23.7
<b>Closing balance</b>	<b>299.4</b>	<b>295.0</b>	<b>323.4</b>

Cash flow statement, Parent Company (SEK million)	2013 6 mths Jan-Jun	2012 6 mths Jan-Jun	2012 12 mths Jan-Dec
Cash flow from operating activities	-127.5	-70.7	-70.1
Investments	466.0	0.0	-466.0
<b>Cash flow after investments</b>	<b>338.5</b>	<b>-70.7</b>	<b>-536.1</b>
Financing	-338.4	54.7	491.3
<b>Cash flow for the period</b>	<b>0.1</b>	<b>-16.0</b>	<b>-44.8</b>

Investments during 2012 concerned corporate transactions. These companies have been sold within the Group in 2013.

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



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