

# Interim report

1 January – 30 September 2017



## THE INTERIM PERIOD

- Net revenue totalled SEK 1,231 million (783)
- Operating profit amounted to SEK 166 million (86)
- Profit before tax amounted to SEK 150 million (79)
- Profit after tax amounted to SEK 116 million (61)
- Earnings per share were SEK 8.37 (4.43)

## Important events

- A 2:1 share split was carried out in June

## THE THIRD QUARTER

- Net revenue totalled SEK 378 million (226)
- Operating profit amounted to SEK 52 million (24)
- Profit before tax amounted to SEK 50 million (21)
- Profit after tax amounted to SEK 39 million (16)
- Earnings per share were SEK 2.76 (1.16)

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

The Group enjoyed a strong third quarter with high growth and an operating profit more than double the figure achieved in the corresponding period last year. The market conditions were generally good, which contributed to incoming orders also being satisfactory during the quarter. For the entire nine-month period, the Group reported a growth in sales of 57 per cent, of which Jorgensen contributed 40 per cent, and an operating profit which exceeded that achieved last year by 93 per cent. The profit margin increased from 10.0 to 12.2 per cent, while earnings per share rose from SEK 4.43 to SEK 8.37.

During the first nine months of the year, the Industrial Solutions business unit almost doubled its sales compared to the comparison period. This increase can primarily be attributed to the acquisition of Jorgensen, although organic growth was also good. The improvement in operating profit was even more marked. Jorgensen made a significant contribution here too, and other companies in the business unit continued to perform well. The extent of completed project deliveries to the packaging sector was significantly higher than last year, and incoming orders in respect of new projects remained good. In order to safeguard capacity, preparations are currently being made to strengthen resources, including by expanding production areas.

The companies in the Precision Technology business unit reported an overall increase in volume and significantly improved profitability compared to the first nine months of last year. This positive outcome has been able to be achieved thanks to successfully implemented marketing initiatives and strategic, capacity-boosting investments, activities that remain high priorities within the business unit. At the same time, the economic situation has been stable and positive for an extended period. There have been no major changes in recent times, even though the conditions vary somewhat between the industry sectors.

Operations within the Rotational Moulding business unit, despite the restraint demonstrated within individual market segments, were able to report slightly higher invoicing than during the comparison period. After a certain decline in incoming orders during late summer, sales increased once more towards the end of the period, and the situation is now more favourable than at the same time last year. Marketing activities within prioritised areas, as well as the supplementing of the proprietary product ranges, are the focus for the immediate future.

Ahead of the final quarter of the year, the Group as a whole is enjoying a better market and order situation than at the corresponding time last year. Just as prior to the third quarter of the year, this relates in particular to project-related operations for the packaging industry, although the market trend is expected to remain mostly positive for the immediate future within all the Group's industry sectors.

## Revenue and profit

### *The interim period*

Net revenue totalled SEK 1,231 million (783). Operating profit amounted to SEK 166 million (86), corresponding to an operating margin of 13.5 per cent (11.0). Profit before tax was SEK 150 million (79).

### *The third quarter*

Net revenue totalled SEK 378 million (226). Operating profit amounted to SEK 52 million (24), corresponding to an operating margin of 13.8 per cent (10.6). Profit before tax was SEK 50 million (21).

## Share data and key figures

### *The interim period*

Basic earnings per share were SEK 8.37 (4.43). Equity per share was SEK 35.66 (28.93). The average number of outstanding shares was 13,813,490 during the period. The equity/assets ratio was 32 per cent (42) at the end of the period. The average number of employees was 799 (654).

## Important events during the period

Following a decision at the Annual General Meeting, a 2:1 split of the Parent Company's shares was conducted in June.

## Events after the end of the period

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

## Investments

### *The interim period*

Net investments in non-current assets amounted to SEK 23 million (30), of which SEK 3 million related to intangible assets, SEK 4 million to real estate and SEK 16 million to machinery and equipment.

### *The third quarter*

Net investments in non-current assets amounted to SEK 10 million (10), of which SEK 2 million related to intangible assets, SEK 4 million to real estate and SEK 4 million to machinery and equipment.

## Cash flow and liquidity

Cash flow from operating activities amounted to SEK 23 million (56) in the interim period.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 312 million (218) on the balance sheet date.

## Number of shares and voting rights

At the Annual General Meeting on 10 May 2017, it was decided to increase the number of shares by splitting each existing share into two new shares of the same type (2:1 split). The split was conducted in June, with 9 June as the record date.

After the share split, the total number of shares stands at 14,093,490, divided between 3,644,400 class A shares and 10,449,090 class B shares. Each class A share entitles ten votes and each class B share entitles one vote. The total number of votes amounts to 46,893,090. The company holds 280,000 of its own class B shares.

### **Risks and uncertainty factors**

The Group's main risks 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 78–80 of the annual report for 2016. No additional significant risks are deemed to have arisen.

### **Accounting policies**

As with the annual financial statements for 2016, the consolidated financial statements for 2017 have been 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 critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report. The Group applies the same accounting policies as described in the annual report for 2016 with the exception of new or revised standards, interpretations and improvements, which are applied as from 1 January 2017. The application of these has not had any effect on the Group's financial performance or position.

With a view to achieving a clearer presentation, the layout of the income statements has been altered as from 2017 as regards the order in which the entries are presented. The comparison year has been changed accordingly.

Regarding the application of IFRS 9 Financial instruments and IFRS 15 Income, which enter into force in 2018, please refer to the description in the 2016 annual report. It is still considered that the new standards are not having any significant impact on the Group's accounting.

### **Annual general meeting 2018**

The upcoming AGM will take place in Jönköping on Tuesday 8 May 2018.

At the AGM on 10 May 2017, a nomination committee consisting of Ulf Hedlundh (Chairman), Fredrik Rapp and Anders Rudgård was appointed. The task of this committee prior to the 2018 AGM is to nominate a Chairman of the Board and other Board members, auditors, a chairman for the AGM and to propose fees for the Board and auditors. Shareholders wishing to nominate candidates for XANO's Board of Directors may contact Ulf Hedlundh, Chair of the Nomination Committee, on tel. +46 8-440 37 70 or e-mail [ulf.hedlundh@svolder.se](mailto:ulf.hedlundh@svolder.se). In order for received proposals to be able to be handled properly, these should be received by the Nomination Committee no later than 31 January 2018.

Shareholders wishing to have an issue dealt with at the Annual General Meeting must have submitted such a request in writing to the company no later than 20 March 2018 in order for the issue to be included in the notice. The request must be sent to the company at the address: XANO Industri AB, Att. AGM 2018, Industrigatan 14 B, SE-553 02 Jönköping, or by e-mail to [ir@xano.se](mailto:ir@xano.se) with "AGM 2018" as the subject.

### **Next report date**

The year-end report for the 2017 financial year will be presented on Thursday 8 February 2018.

Jönköping, 1 November 2017

Lennart Persson  
CEO

Consolidated statement of comprehensive income	2017	2016	2017	2016	16/17	2016
(SEK million)	3 mths Jul-Sep	3 mths Jul-Sep	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Oct-Sep	12 mths Jan-Dec
Net revenue	378	226	1,231	783	1,500	1,052
Cost of goods sold	-285	-169	-926	-587	-1,143	-804
<b>Gross profit</b>	<b>93</b>	<b>57</b>	<b>305</b>	<b>196</b>	<b>357</b>	<b>248</b>
Selling expenses <sup>1)</sup>	-26	-21	-89	-74	-115	-100
Administrative expenses	-14	-12	-49	-37	-65	-53
Other operating income	2	2	5	6	7	8
Other operating expenses	-3	-2	-6	-5	-8	-7
Profit from participations in associated companies	0	-	0	-	0	-
<b>Operating profit</b>	<b>52</b>	<b>24</b>	<b>166</b>	<b>86</b>	<b>176</b>	<b>96</b>
Financial income	2	1	3	4	10	11
Financial expenses	-4	-4	-19	-11	-23	-15
<b>Profit before tax</b>	<b>50</b>	<b>21</b>	<b>150</b>	<b>79</b>	<b>163</b>	<b>92</b>
Tax	-11	-5	-34	-18	-38	-22
<b>Net profit for the period</b>	<b>39</b>	<b>16</b>	<b>116</b>	<b>61</b>	<b>125</b>	<b>70</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>2)</sup>	0	-1	1	-6	5	-2
Translation differences <sup>3)</sup>	-2	4	-5	7	-6	6
<b>Other comprehensive income</b>	<b>-2</b>	<b>3</b>	<b>-4</b>	<b>1</b>	<b>-1</b>	<b>4</b>
<b>Comprehensive income for the period</b>	<b>37</b>	<b>19</b>	<b>112</b>	<b>62</b>	<b>124</b>	<b>74</b>
– of which attributable to shareholders of the Parent Company	37	19	112	62	124	74
Basic earnings per share, SEK <sup>4)</sup>	2.76	1.16	8.37	4.43	9.03	5.09
Diluted earnings per share, SEK <sup>4)</sup>	2.70	1.16	8.16	4.22	8.85	4.91
Depreciation constitutes	-13	-12	-39	-35	-51	-47

<sup>1)</sup> Amounts for the interim period include non-recurring items of SEK 6 (0) million regarding the reversal of anticipated bad debt losses, as well as non-recurring items of SEK -6 (0) million in respect of complaints.

<sup>2)</sup> Refers to the effective component of the change in value of derivative instruments used for hedge accounting.

<sup>3)</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.

<sup>4)</sup> Based on net profit for the period. A 2:1 share split was carried out in June 2017. The comparison figures have been recalculated accordingly.

Tax amounts to 23 per cent (23) for the interim period.

Jorgensen Engineering A/S is included in the consolidated results from the acquisition date 24 November 2016. For the 2016 full year, the acquired unit contributed SEK 38 million in net revenue and SEK 1 million in net profit after the deduction of write-offs from surplus values and financial costs attributable to the acquisition. In addition, SEK 1 million relating to transaction costs for the acquisition was charged to the consolidated results. If the acquired unit had been included in the Group throughout the whole of 2016, revenue would have amounted to approx. SEK 1,372 million, while net profit would have been approx. SEK 93 million.

## Net revenue and profit/loss by segment

(SEK million)	Q1–Q3 2017				Q1–Q3 2016				Q1–Q4 2016			
	External	Net revenue Internal	Total	Profit before tax <sup>1)</sup>	External	Net revenue Internal	Total	Profit before tax <sup>1)</sup>	External	Net revenue Internal	Total	Profit before tax <sup>1)</sup>
Industrial Solutions	874	1	875	124 <sup>2)</sup>	448	0	448	53	613	0	613	64
Precision Technology	183	3	186	30	167	3	170	21	226	4	230	28
Rotational Moulding	174	0	174	17 <sup>3)</sup>	168	0	168	24	213	0	213	26
Elimination	-	-4	-4	-	-	-3	-3	-	-	-4	-4	-
Undistributed items	-	-	-	-21	-	-	-	-19	-	-	-	-26
<b>Continuing operations</b>	<b>1,231</b>	<b>-</b>	<b>1,231</b>	<b>150</b>	<b>783</b>	<b>-</b>	<b>783</b>	<b>79</b>	<b>1,052</b>	<b>-</b>	<b>1,052</b>	<b>92</b>

<sup>1)</sup> The 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> Includes non-recurring items of SEK 6 million regarding the reversal of anticipated bad debt losses.

<sup>3)</sup> Includes non-recurring items of SEK -6 million in respect of complaints.

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 Technology and Rotational Moulding. The operations within each segment are described on page 9. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between the segments.

In 2017, all segments have boosted their total operating assets, such as inventories and trade receivables.

Consolidated statement of financial position (SEK million)	2017 30 Sep	2016 30 Sep	2016 31 Dec
<b>ASSETS</b>			
Goodwill	483	210	484
Other intangible non-current assets	32	15	34
Property, plant and equipment	375	317	390
Other non-current assets	2	3	2
<b>Total non-current assets</b>	<b>892</b>	<b>545</b>	<b>910</b>
Inventories	201	175	177
Current receivables	379	181	256
Cash and cash equivalents	45	47	165
<b>Total current assets</b>	<b>625</b>	<b>403</b>	<b>598</b>
Assets held for sale	1	2	1
<b>TOTAL ASSETS</b>	<b>1,518</b>	<b>950</b>	<b>1,509</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	493	400	412
Non-current liabilities	497	233	512
Current liabilities <sup>1, 2)</sup>	528	317	585
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,518</b>	<b>950</b>	<b>1,509</b>
Interest-bearing liabilities constitute	601	321	690
Deferred tax liabilities constitute	64	26	52
Lines of credit granted but not utilised total	267	171	193

<sup>1)</sup> Current liabilities include currency derivatives measured at fair value of SEK 0.4 million (–) for the interim period. The amount for the 2016 full year includes no currency derivatives. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value measurement is based on several factors, including observable data such as fixing rates and swap rates for the currency in question.

<sup>2)</sup> Current liabilities include interest derivatives measured at fair value of SEK 15 million (21) for the interim period and SEK 17 million for the 2016 full year. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value measurement is based on a number of factors, including forward interest rates produced on the basis of observable yield curves.

Jorgensen Engineering A/S was acquired in November 2016. Acquired assets and liabilities, including surplus values and after revaluation to fair value, amounted to SEK 578 million and SEK 207 million respectively.

Statement of changes in equity (SEK million)	2017 30 Sep	2016 30 Sep	2016 31 Dec
Opening balance	412	416	416
Net profit for the period	116	61	70
Other comprehensive income	-4	1	4
<b>Comprehensive income for the period</b>	<b>112</b>	<b>62</b>	<b>74</b>
Effects of convertible loan issued	–	5	5
Conversion of personnel convertibles	–	6	6
Acquisition of own personnel convertibles	–	-58	-58
Dividend paid in cash	-31	-31	-31
<b>Total transactions with shareholders</b>	<b>-31</b>	<b>-78</b>	<b>-78</b>
<b>Closing balance</b>	<b>493</b>	<b>400</b>	<b>412</b>
– of which attributable to shareholders of the Parent Company	493	400	412

Cash flow statement	2017	2016	16/17	2016
(SEK million)	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Oct-Sep	12 mths Jan-Dec
Operating profit	166	86	176	96
Interest and income tax paid/received and adjustments for non-cash items	8	6	17	15
Change in working capital	-151	-36	-98	17
<b>Cash flow from operating activities</b>	<b>23</b>	<b>56</b>	<b>95</b>	<b>128</b>
Investments <sup>1)</sup>	-19	-32	-306	-319
<b>Cash flow after investments</b>	<b>4</b>	<b>24</b>	<b>-211</b>	<b>-191</b>
Dividend paid	-31	-31	-31	-31
Acquisition of own personnel convertibles	–	-81	–	-81
Cash flow from other financing activities	-92	92	243	427
<b>Cash flow for the year</b>	<b>-119</b>	<b>4</b>	<b>1</b>	<b>124</b>
Cash and cash equivalents at the start of the period	165	41	47	41
Exchange rate differences in cash and cash equivalents	-1	2	-3	0
<b>Cash and cash equivalents at the end of the period</b>	<b>45</b>	<b>47</b>	<b>45</b>	<b>165</b>

<sup>1)</sup> The amounts for 2017 include a repayment of SEK 4 million that was received in conjunction with the final settlement of the purchase sum for Jorgensen Engineering A/S, which was acquired in November 2016.

Share data	2017	2016	2017	2016	2016
	3 mths Jul-Sep	3 mths Jul-Sep	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
Average number of outstanding shares, thousands	13,813	13,813	13,813	13,666	13,703
Average number of outstanding shares after dilution, thousands	14,383	14,383	14,383	14,597	14,543
Average number of shares in own custody, thousands	280	280	280	280	280
Basic earnings per share, SEK <sup>1)</sup>	2.76	1.16	8.37	4.43	5.09
Diluted earnings per share, SEK <sup>1, 2)</sup>	2.70	1.16	8.16	4.22	4.91
Cash flow from operating activities per share, SEK	-1.14	1.29	1.73	4.13	9.33
Total number of shares on balance sheet date, thousands			14,093	14,093	14,093
Number of shares in own custody on balance sheet date, thousands			280	280	280
Number of outstanding shares on balance sheet date, thousands			13,813	13,813	13,813
Equity per share on balance sheet date, SEK			35.66	28.93	29.80
Share price on balance sheet date, SEK			146.75	112.50	104.75

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

<sup>2)</sup> Costs related to convertible bonds amount to SEK 1,714 thousand (1,081) for the interim period and SEK 1,659 thousand for the 2016 full year.

A 2:1 share split was carried out in June 2017. After the share split, the total number of shares stands at 14,093,490, divided between 3,644,400 class A shares and 10,449,090 class B shares. After deduction for the company's own holding, 280,000 class B shares, the number of outstanding shares is 13,813,490. Due to the share split, all comparison figures have been recalculated.

On 1 July 2016, convertibles at a nominal value of SEK 62,130,000 were issued to employees within the XANO Group. The convertibles accrue interest corresponding to STIBOR 3M plus 2.20% and fall due for payment on 30 June 2020. The conversion rate was originally SEK 218. Due to the share split, the conversion rate has been recalculated in accordance with section 8B of the terms and conditions. The recalculated conversion rate is SEK 109. During the period 1 June to 12 June 2020, each convertible may be converted to one Class B share in XANO Industri AB. If all convertibles are converted to shares, the dilution will be approx. 4 per cent of the share capital and 1.2 per cent of the number of votes based on the total number of shares on the balance sheet date.

For definitions, see page 10.

Key figures	2017 9 mths Jan-Sep	2016 9 mths Jan-Sep	16/17 12 mths Oct-Sep	2016 12 mths Jan-Dec
Operating margin, %	13.5	11.0	11.7	9.1
Profit margin, %	12.2	10.0	10.9	8.7
Return on equity p.a., %	34.1	19.9	28.3	17.1
Return on capital employed p.a., %	20.8	16.9	18.5	13.6
Return on total capital p.a., %	15.0	12.6	13.4	10.1
Average equity, SEK m	452	406	442	407
Average capital employed, SEK m	1,084	707	1,011	786
Average total capital, SEK m	1,510	951	1,398	1,063
Interest coverage ratio, multiple	8.8	8.2	8.0	7.1
Equity/assets ratio, %	32	42	32	27
Proportion of risk-bearing capital, %	37	45	37	31
Net investments in non-current assets, SEK m	23	30	403	410
Average number of employees	799	654	775	666

For definitions, see page 10.

Quarterly summary	2017 Q3	2016 Q3	2017 Q2	2016 Q2	2017 Q1	2016 Q1	2016 Q4	2015 Q4
Net revenue, SEK m	378	226	443	295	410	262	269	267
Gross profit, SEK m	93	57	112	76	100	63	52	56
Operating profit, SEK m	52	24	62	36	52	26	10	18
Profit before tax, SEK m	50	21	52	36	48	22	13	15
Net profit for the period, SEK m	39	16	40	28	37	17	9	12
Comprehensive income for the period, SEK m	37	19	39	27	36	16	12	9
Operating margin, %	13.8	10.6	14.0	12.3	12.7	9.8	3.6	6.8
Equity/assets ratio, %	32	42	31	39	29	44	27	45
Earnings per share, SEK <sup>1)</sup>	2.76	1.16	2.94	2.01	2.67	1.26	0.66	0.89
Cash flow from operating activities per share, SEK <sup>1)</sup>	-1.14	1.29	2.46	4.08	0.41	-1.24	5.20	3.31

<sup>1)</sup> The comparison figures have been recalculated due to the 2:1 share split carried out in June 2017.

For definitions, see page 10.

Income statement, Parent Company (SEK million)	2017 9 mths Jan-Sep	2016 9 mths Jan-Sep	2016 12 mths Jan-Dec
Net revenue	10.2	6.5	8.7
Selling and administrative expenses	-16.4	-13.0	-17.6
<b>Operating profit/loss</b>	<b>-6.2</b>	<b>-6.5</b>	<b>-8.9</b>
Profit from participations in Group companies	–	12.0	56.0
Other financial items	-3.1	-14.3	-12.1
<b>Profit/loss after financial items</b>	<b>-9.3</b>	<b>-8.8</b>	<b>35.0</b>
Appropriations	–	–	4.1
Tax	2.0	4.6	-7.2
<b>Net profit for the period</b>	<b>-7.3</b>	<b>-4.2</b>	<b>31.9</b>
<b>Statement of comprehensive income</b>			
Net profit for the period	-7.3	-4.2	31.9
Other comprehensive income	–	–	–
<b>Comprehensive income for the period</b>	<b>-7.3</b>	<b>-4.2</b>	<b>31.9</b>

Income tax amounts to 22 per cent (52) for the interim period. Income tax-exempt dividends contributed to the previous year's deviating tax rate. 100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

Balance sheet, Parent Company (SEK million)	2017 30 Sep	2016 30 Sep	2016 31 Dec
<b>ASSETS</b>			
Non-current assets	52.9	52.9	52.9
Current assets	483.3	415.9	437.2
<b>EQUITY AND LIABILITIES</b>			
Equity	71.8	74.1	110.2
Untaxed reserves	64.0	68.1	64.0
Non-current liabilities	74.2	129.9	73.3
Current liabilities	326.2	196.7	242.6
<b>BALANCE SHEET TOTAL</b>	<b>536.2</b>	<b>468.8</b>	<b>490.1</b>

Statement of changes in equity, Parent Company (SEK million)	2017 30 Sep	2016 30 Sep	2016 31 Dec
<b>Opening balance</b>	<b>110.2</b>	<b>156.1</b>	<b>156.1</b>
Comprehensive income for the period	-7.3	-4.2	31.9
Effects of convertible loan issued	–	4.9	4.9
Conversion of personnel convertibles	–	6.0	6.0
Acquisition of own personnel convertibles	–	-58.1	-58.1
Dividend paid in cash	-31.1	-30.6	-30.6
<b>Closing balance</b>	<b>71.8</b>	<b>74.1</b>	<b>110.2</b>

Cash flow statement, Parent Company (SEK million)	2017 9 mths Jan-Sep	2016 9 mths Jan-Sep	2016 12 mths Jan-Dec
Operating profit/loss	-6.2	-6.5	-8.9
Interest and income tax paid/received and adjustments for non-cash items	-11.3	-5.5	34.5
Change in working capital	53.8	23.4	31.9
<b>Cash flow from operating activities</b>	<b>36.3</b>	<b>11.4</b>	<b>57.5</b>
Investments	–	–	–
<b>Cash flow after investments</b>	<b>36.3</b>	<b>11.4</b>	<b>57.5</b>
Financing	-33.3	-11.3	-59.1
<b>Cash flow for the period</b>	<b>3.0</b>	<b>0.1</b>	<b>-1.6</b>
Cash and cash equivalents at the start of the period	2.7	4.5	4.5
Exchange rate differences in cash and cash equivalents	0.0	-0.2	-0.2
<b>Cash and cash equivalents at the end of the period</b>	<b>5.7</b>	<b>4.4</b>	<b>2.7</b>



## THIS IS XANO

The XANO Group consists of engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic countries, Estonia, the Netherlands, Poland, China and the United States. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. Each unit is anchored locally and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers. The Group's operations are divided into the business units Industrial Solutions, Precision Technology and Rotational Moulding.

### INDUSTRIAL SOLUTIONS



Companies within the Industrial Solutions business unit supply automation solutions developed in-house, such as packaging machines, accumulators and conveyor systems, to the packaging industry. Manufacturers of furniture and fittings are supplied with parts such as hand wheels, handles and adjustable feet. Contract assignments for advanced industrial products in small and medium-sized production runs are also performed.

		2017 Q1–Q3	2016 Q1–Q3	2016 Q1–Q4
Net sales	SEK m	875	448	613
Operating profit	SEK m	133	55	60
	– of which non-recurring items	6	–	–
Operating margin	%	15.2	12.2	9.7

Jorgensen is included from the acquisition date 24 November 2016.

#### Companies

**Akurat**  
Sweden  
Finland  
Poland

**Canline**  
Netherlands  
USA

**Fredriksons**  
Sweden  
China

**Jorgensen**  
Denmark

**NPB**  
Sweden

### PRECISION TECHNOLOGY



Operations within the Precision Technology business unit cover component and system manufacture through advanced cutting machining of metal and plastic, used for the production of components with stringent requirements for quality and precision.

		2017 Q1–Q3	2016 Q1–Q3	2016 Q1–Q4
Net sales	SEK m	186	170	230
Operating profit	SEK m	31	22	29
Operating margin	%	16.8	13.0	12.7

#### Companies

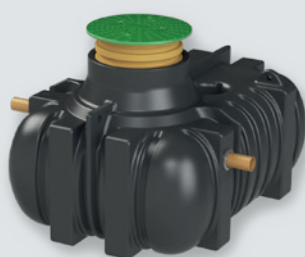
**KMV**  
Sweden

**LK Precision**  
Sweden

**Mikroverktyg**  
Sweden

**Resinit**  
Sweden

### ROTATIONAL MOULDING



Operations within the Rotational Moulding business unit comprise the design, manufacture and sale of plastic components and systems produced by means of rotational moulding. Deliverables include both customer-specific and proprietary products.

		2017 Q1–Q3	2016 Q1–Q3	2016 Q1–Q4
Net sales	SEK m	174	168	213
Operating profit	SEK m	18	22	25
	– of which non-recurring items	-6	–	–
Operating margin	%	10.6	13.2	11.7

#### Companies

**Cipax**  
Sweden  
Estonia  
Norway  
Finland

## Definitions

### Basic earnings per share

Net profit for the period in relation to the average number of outstanding shares.

### Capital employed

Balance sheet total less non-interest-bearing liabilities.

### Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of outstanding shares.

### Diluted earnings per share

Net profit for the period plus costs relating to convertible loan in relation to the average number of outstanding shares plus the average number of shares added at conversion of outstanding convertibles.

### Equity per share

Equity in relation to the number of outstanding shares on the balance sheet date.

### Equity/assets ratio

Equity in relation to total capital.

### Interest coverage ratio

Profit after financial items plus financial expenses in relation to financial expenses.

### Net investments in non-current assets

Closing balance less opening balance plus depreciation, impairment losses and translation differences for the period, pertaining to non-current assets.

### Operating margin

Operating profit in relation to net revenue.

### Profit margin

Profit after financial items in relation to net revenue.

### Proportion of risk-bearing capital

Equity plus deferred tax liability in relation to total capital.

### Return on capital employed

Profit after financial items plus financial expenses in relation to average capital employed.

### Return on equity

Net profit for the period in relation to average equity.

### Return on total capital

Profit after financial items plus financial expenses in relation to average total capital.

### Total capital

Total equity and liabilities (balance sheet total).

## Key figures

Key figures included in this report derive primarily from the disclosure requirements according to IFRS and the Annual Accounts Act. Other measures, known as alternative key figures, describe e.g. the profit trend, financial strength and how the company has invested its capital.

Presented key figures take the nature of the business into account, and are deemed to provide relevant information to shareholders and other stakeholders at the same time as achieving comparability with other companies. The margin measures are also presented internally.

# Auditor's review report

## Introduction

We have reviewed the interim report for XANO Industri AB (publ) as at 30 September 2017 and for the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

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

Jönköping, 1 November 2017  
Ernst & Young AB

Joakim Falck  
*Authorised Public Accountant*

*The Parent Company, XANO Industri AB (publ) with corporate identity number 556076-2055, is a public limited liability company with its registered office in Jönköping, Sweden.*

