



XANO

Year-end report

1 January – 31 December **2016**

THE FULL YEAR

Continuing operations

- Net revenue totalled SEK 1,052 million (1,052)
- Profit before tax amounted to SEK 92 million (85)
- Profit after tax amounted to SEK 70 million (66)
- Earnings per share were SEK 10.20 (9.60)

Group total

- Net revenue totalled SEK 1,052 million (1,052)
- Profit before tax amounted to SEK 92 million (97)
- Profit after tax amounted to SEK 70 million (78)
- Earnings per share were SEK 10.20 (11.45)

Important events during the year

- Acquisition of Jorgensen Engineering A/S

THE FOURTH QUARTER

Continuing operations

- Net revenue totalled SEK 269 million (267)
- Profit before tax amounted to SEK 13 million (15)
- Profit after tax amounted to SEK 9 million (12)
- Earnings per share were SEK 1.35 (1.75)

Group total

- Net revenue totalled SEK 269 million (267)
- Profit before tax amounted to SEK 13 million (15)
- Profit after tax amounted to SEK 9 million (12)
- Earnings per share were SEK 1.35 (1.75)

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

The Group's profit before tax exceeded last year's results by almost 10 per cent, which meant that the profit margin was strengthened from 8.0 to 8.7 per cent with an unchanged level of sales. The results during the fourth quarter largely reflected expectations prior to the end of the year, with stable figures for the majority of the Group's units, although with continued low sales volumes within the packaging sector and consolidated profit slightly below that achieved in the comparison period.

The Industrial Solutions business unit achieved weaker results during the final quarter of the year than in the corresponding period last year. The full year figures also show a slight reduction in sales and a reduced margin in relation to the comparison period. The majority of the business unit's deliveries of automation solutions are going to the packaging industry, where drawn out decision-making processes resulted in low project volumes during the year. This trend was bucked in December, however, thanks to the conclusion of a couple of major deals, which are providing stability for the future. The acquisition of the Danish company Jorgensen in November had a small positive impact on profits for the past year, although for the coming year, as well as contributing its own volumes, it will also entail better growth conditions for its fellow subsidiaries. Jorgensen complements the existing automation companies with additional product concepts and marketing channels.

The Precision Technology business unit finished the year with invoicing on a par with the previous year and significantly improved profitability during the fourth quarter. The growth in sales stood at 8 per cent for the year as a whole, while operating profit rose by 9 per cent. The increase in volume was largely attributable to medical technology, as well as new segments such as the space industry. The investments during the year in both machinery and premises have resulted in increased capacity and competitiveness.

The Rotational Moulding business unit reported significantly stronger results during the final quarter of the year than during the comparison period, while full year figures are showing a growth in sales in excess of 8 per cent and an operating margin that has more than doubled. Consolidation of the operation following the implementation of structural changes has resulted in better utilisation of resources within the group and, despite a relatively weak general trend within several sectors, the companies have succeeded in expanding their market share.

Future development

Compared to the prevailing situation at the start of the fourth quarter, the market conditions have shifted in a positive direction. Towards the end of the year, all the business units experienced a higher level of activity within their respective market segments, a trend that has been even more tangible at the start of 2017.

Revenue and profit

The full year

Net revenue totalled SEK 1,052 million (1,052). Operating profit amounted to SEK 96 million (96), corresponding to an operating margin of 9.1 per cent (9.1). Profit before tax was SEK 92 million (85).

The fourth quarter

Net revenue totalled SEK 269 million (267). Operating profit amounted to SEK 10 million (18), corresponding to an operating margin of 3.6 per cent (6.8). Profit before tax was SEK 13 million (15).

Share data and key figures

The full year

Basic earnings per share were SEK 10.20 (9.60). Equity per share was SEK 59.60 (61.35). Acquisition of own personnel convertibles reduced equity per share by approx. SEK 8.40. The average number of outstanding shares was 6,851,339 during the period. The equity/assets ratio was 27 per cent (45) at the end of the period. The average number of employees was 666 (660).

Important events during the year

In November, the acquisition of the Danish enterprise Jorgensen Engineering A/S was concluded. Jorgensen is a leading international automation company that supplies and integrates equipment and complete packaging solutions. Jorgensen offers a wide range of packaging machinery and solutions to customers within the milk powder, food, pharmaceuticals and pet food segments. The company is situated in Odense, Denmark, and has around 110 employees. During the 2015/2016 financial year, revenue totalled DKK 275 million with an operating margin of approx. 13 per cent. The purchase sum, paid in cash, totalled DKK 245 million on a debt-free basis. The acquisition is expected to contribute SEK 3.50 in earnings per share on a yearly basis. Jorgensen is a part of XANO's Industrial Solutions business unit and consolidation has been carried out as from 24 November 2016. Jorgensen's product range is contiguous and complementary to Fredriksons' and Canline's conveyor solutions for the packaging industry as well as NPB's automation equipment for lid handling. The acquisition will bring additional expertise to the operations of the business unit and access to new market segments. A close working relationship between the companies will strengthen the individual entities and the shared resources will enable them to provide the market with complete end-to-end solutions and the capacity to execute large-scale automation projects.

Events after the end of the year

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

Investments

The full year

Net investments in non-current assets for the Group as a whole came to SEK 410 million (80), of which SEK 365 million related to corporate transactions, SEK 14 million to real estate and SEK 31 million to machinery and equipment.

The fourth quarter

Net investments in non-current assets for the Group as a whole came to SEK 380 million (6), of which SEK 365 million related to corporate transactions, SEK 7 million to real estate and SEK 8 million to machinery and equipment.

Cash flow and liquidity

The full year

Cash flow from operating activities during the interim period amounted to SEK 128 million (158) for the Group as a whole.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 358 million (288) on the balance sheet date.

Convertible bond programme

During 2012, convertible bonds were issued with a nominal value of SEK 30 million. The subordinated loan expired on 30 July 2016. In accordance with a decision by the AGM on 12 May 2016, all holders were given the option of selling the convertibles back to the company before the conversion date at an estimated market value. Holders of a nominal SEK 22.8 million decided to accept this offer. A further nominal SEK 1.2 million was repaid on the maturity date. Holders of a nominal SEK 6.0 million requested conversion of their claims to new shares. Through the conversion, 117,771 new Class B shares were issued. The dilution amounts to 1.7 per cent of the share capital and 0.5 per cent of the number of votes.

On 12 May 2016, the Annual General Meeting of XANO Industri AB decided to approve the Board of Directors' proposal concerning the issue of a maximum of 285,000 convertibles with a total nominal value of no more than SEK 70 million, and with a maturity period from 1 July 2016 to 30 June 2020. In a deviation from the shareholders' right of first refusal, entitlement to subscribe to the convertibles fell to persons who at the time of expiry of the subscription period were permanent employees of the Group. Employees within the XANO Group were allocated 285,000 convertibles at a price of SEK 218, equivalent to a nominal SEK 62 million. The convertible interest is paid annually in arrears and is equivalent to STIBOR 3M plus 2.20 percentage points. 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 current total number of shares.

Number of shares and voting rights

Following a decision at the Annual General Meeting on 12 May 2016, a conversion reserve was introduced in the Articles of Association. The conversion reserve gives holders of Class A shares the right to request conversion of these to Class B shares. At the request of shareholders, 127,800 Class A shares were converted in June 2016.

After conversion of class A shares and convertibles, the total number of shares is 7,046,745, divided between 1,822,200 Class A shares and 5,224,545 Class B shares. Class A shares give entitlement to ten votes, while Class B shares give entitlement to one vote. The total number of votes amounts to 23,446,545. The company holds 140,000 Class B shares in own custody.

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 70-71 of the annual report for 2015. No additional significant risks are deemed to have arisen.

Accounting policies

As with the annual financial statements for 2015, the consolidated financial statements for 2016 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 2015 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2016. The application of these has not had any effect on the Group's financial performance or position.

As from 3 July 2016, the ESMA's guidelines for alternative key figures are being applied (measures that are not defined according to IFRS).

Related party transactions

During the year, no transactions have been conducted between XANO and related parties that have significantly affected the Group's profit and position.

Proposed dividend

The Board of Directors proposes that the Annual General Meeting allocates a dividend of SEK 4.50 (3.50) per share, totalling SEK 31.1 million (23.8) based on the number of outstanding shares at year-end.

Last year's Annual General Meeting approved, in addition to the regular dividend, an extra dividend of SEK 1.00 per share, totalling SEK 6.8 million.

Authorisation for repurchase of own shares

The Board of Directors proposes that the Annual General Meeting renew the Board's authorisation to approve the repurchase of the company's own shares. Such a mandate would authorise the Board to make decisions regarding the repurchase of the company's shares during the period until the next Annual General Meeting.

Any such repurchase could be effected both via the stock market and by offers to the shareholders. The proposal is that the mandate to the Board should also include the scope for assigning repurchased shares within the constraints of relevant legislation.

Authorisation for a new share issue

XANO's Board of Directors proposes that the Annual General Meeting renew the Board's authorisation to decide on a new issue of Class B shares corresponding to a maximum of one tenth of the company's issued shares. Such a mandate would entail the Board being able to make a decision on a new share issue during the period until the next Annual General Meeting. The terms of the issue, including the issue price, must be based on a market assessment in which the

issue price is on every occasion set as closely to the market value as possible, less the discount which may be necessary to generate interest in the subscription.

Annual General Meeting 2017

The AGM will take place in Jönköping on Wednesday 10 May 2017 at 3 pm.

At the AGM on 12 May 2016, a nomination committee consisting of Ulf Hedlundh (Chairman), Fredrik Rapp and Anders Rudgård was appointed. The task of this committee prior to the 2017 AGM is to nominate a Chairman of the Board and other Board members, an auditor, a chairman for the AGM and to propose fees for the Board and auditors.

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 22 March 2017 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 2017, Industrigatan 14 B, SE-553 02 Jönköping, or by e-mail to ir@xano.se with "AGM 2017" as subject.

The annual report for 2016 (in Swedish) will be available in week 14, as a printed version from the head office and in digital format on the website www.xano.se. The annual report is distributed to those shareholders who have actively notified the company that they wish to receive a copy.

Next report date

The interim report for the period 1 January to 31 March 2017 will be presented on Wednesday 10 May 2017.

The undersigned declare that the year-end report provides an accurate summary of the Parent Company's and the Group's activities, position and results. It also describes significant risks and uncertainty factors faced by the Parent Company and the companies that form the Group.

Jönköping, 8 February 2017

Fredrik Rapp
Chairman of the Board

Stig-Olof Simonsson
Board member

Petter Fägersten
Board member

Eva-Lotta Kraft
Board member

Per Rodert
Board member

Sune Lantz
Board member

Anna Benjamin
Board member

Lennart Persson
CEO

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

Consolidated statement of comprehensive income	2016	2015	2016	2015
(SEK million)	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Net revenue	269	267	1,052	1,052
Cost of goods sold	-217	-211	-804	-809
Gross profit	52	56	248	243
Other operating income ¹⁾	2	6	8	14
Selling expenses	-26	-25	-100	-101
Administrative expenses	-16	-13	-53	-48
Other operating expenses ²⁾	-2	-6	-7	-12
Operating profit	10	18	96	96
Financial income	7	1	11	5
Financial expense	-4	-4	-15	-16
Profit before tax	13	15	92	85
Tax	-4	-3	-22	-19
Net profit for continuing operations	9	12	70	66
Profit from discontinued operations ^{3, 4)}	–	–	–	12
Net profit for the period	9	12	70	78
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to net profit for the period</i>				
Change in hedging reserve including tax ⁵⁾	4	1	-2	2
Translation differences ⁶⁾	-1	-4	6	-2
Other comprehensive income	3	-3	4	0
Comprehensive income for the period	12	9	74	78
<i>– of which attributable to shareholders of the Parent Company</i>	<i>12</i>	<i>9</i>	<i>74</i>	<i>78</i>
Basic earnings per share for continuing operations, SEK ⁶⁾	1.35	1.75	10.20	9.60
Basic earnings per share for discontinued operations, SEK ⁶⁾	–	–	–	1.85
Basic earnings per share for the Group as a whole, SEK ⁶⁾	1.35	1.75	10.20	11.45
Diluted earnings per share for continuing operations, SEK ⁶⁾	1.40	1.65	9.85	9.00
Diluted earnings per share for discontinued operations, SEK ⁶⁾	–	–	–	1.70
Diluted earnings per share for the Group as a whole, SEK ⁶⁾	1.40	1.65	9.85	10.70
Depreciation constitutes, SEK m	-12	-12	-47	-48

¹⁾ Other operating income includes non-recurring items relating to the reversal of negative goodwill by SEK 3 million for the 2015 full year.

²⁾ Other operating expenses include non-recurring items relating to costs for closing down production of SEK -4 million for the 2015 full year.

³⁾ Profit from discontinued operations relates to the capital gain from the sale of the property company AB Grundstenen 150787 in April 2015 and constitutes non-recurring items totalling SEK 12 million for the 2015 full year. See specification on page 9.

⁴⁾ Refers to the effective component of the change in value of derivative instruments used for hedge accounting.

⁵⁾ 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.

⁶⁾ Based on net profit for the period.

Tax amounts to 24 per cent (23) for the full year.

Jorgensen Engineering A/S is included in the consolidated results from the acquisition date 24 November 2016. The acquired unit has contributed SEK 38 million in net revenue and SEK 1 million in profit for continuing operations after the deduction of write-offs from surplus values and financial costs attributable to the acquisitions. In addition, the consolidated results have been charged with SEK 1 million relating to transaction costs for the acquisition. 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 for continuing operations would have been approx. SEK 93 million.

Canline Holding B.V., which was acquired in March 2015, is included in the consolidated results from 1 April 2015.

Consolidated statement of financial position (SEK million)	2016 31 Dec	2015 31 Dec
ASSETS		
Goodwill	484	207
Other intangible non-current assets	34	16
Property, plant and equipment	390	317
Other non-current assets	2	3
Total non-current assets	910	543
Inventories	177	160
Current receivables ¹⁾	256	174
Cash and cash equivalents	165	41
Total current assets	598	375
Assets held for sale	1	1
TOTAL ASSETS	1,509	919
EQUITY AND LIABILITIES		
Equity	412	416
Non-current liabilities	512	175
Current liabilities ²⁾	585	328
TOTAL EQUITY AND LIABILITIES	1,509	919
Interest-bearing liabilities constitute	690	259
Deferred tax liabilities constitute	52	28
Lines of credit granted but not utilised total	193	247

¹⁾ Current receivables include derivatives measured at fair value of SEK 0 million (1). 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.

²⁾ Current liabilities include derivatives measured at fair value of SEK 17 million (14). 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)	2016 31 Dec	2015 31 Dec
Opening balance	416	355
Comprehensive income for the year	74	78
Effects of convertible loan issued	5	–
Conversion of personnel convertibles	6	–
Acquisition of own personnel convertibles	-58	–
Dividend paid in cash	-31	-17
Closing balance	412	416
<i>– of which attributable to shareholders of the Parent Company</i>	<i>412</i>	<i>416</i>

Cash flow statement	2016	2015
(SEK million)	12 mths Jan-Dec	12 mths Jan-Dec
Operating profit	96	108
Interest and income tax paid/received and adjustments for non-cash items	15	16
Change in working capital	17	34
Cash flow from operating activities	128	158
Investments	-319	-58
Cash flow after investments	-191	100
Financing	315	-91
Cash flow for the year	124	9
Cash and cash equivalents at the start of the year	41	33
Exchange rate differences in cash and cash equivalents	0	-1
Cash and cash equivalents at the end of the year	165	41

The cash flow statement refers to the Group as a whole.

In the cash flow statement for the 2015 full year, SEK 0 million of the cash flow from operating activities, SEK 12 million of the cash flow from investing activities and SEK 0 million of the cash flow from financing activities related to discontinued entities.

Share data	2016	2015	2016	2015
	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Average number of outstanding shares, thousands	6,907	6,789	6,851	6,789
Average number of outstanding shares after dilution, thousands	7,192	7,377	7,272	7,377
Average number of shares in own custody, thousands	140	140	140	140
Basic earnings per share for continuing operations, SEK ¹⁾	1.35	1.75	10.20	9.60
Basic earnings per share for the Group as a whole, SEK ¹⁾	1.35	1.75	10.20	11.45
Diluted earnings per share for continuing operations, SEK ^{1, 2)}	1.40	1.65	9.85	9.00
Diluted earnings per share for the Group as a whole, SEK ^{1, 2)}	1.40	1.65	9.85	10.70
Cash flow from operating activities per share for the Group as a whole, SEK	10.40	6.60	18.65	23.35
Total number of shares on balance sheet date, thousands			7,047	6,929
Number of shares in own custody on balance sheet date, thousands			140	140
Equity per share on balance sheet date, SEK			59.60	61.35
Share price on balance sheet date, SEK			209.50	155.50

¹⁾ Based on net profit for the period.

²⁾ Costs related to convertible bonds amount to SEK 1,659 thousand (1,169).

The total number of shares is 7,046,745. After deduction for the company's own holding, 140,000 Class B shares, the number of outstanding shares is 6,906,745.

On 1 July 2012, convertibles for a nominal value of SEK 29,999,961 were issued. During the interim period, a nominal SEK 22,813,150 was acquired by the company and SEK 1,180,490 was repaid. Holders of a nominal SEK 6,006,321 requested conversion of their claims to new shares. Through the conversion, 117,771 new Class B shares were issued.

The average number of outstanding shares after dilution, up to and including the date for registering of acquisitions and conversion in June 2016, has been calculated including the 588,234 shares that would have been added at full conversion.

On 1 July 2016, 285,000 new convertibles for a nominal value of SEK 62,130,000, corresponding to 285,000 Class B shares in the event of full conversion, 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.

For definitions, see page 13.

Key figures	2016	2015
	12 mths Jan-Dec	12 mths Jan-Dec
Operating margin for continuing operations, %	9.1	9.1
Operating margin, % ¹⁾	9.1	10.3
Profit margin for continuing operations, %	8.7	8.0
Profit margin, % ¹⁾	8.7	9.2
Return on equity, % ¹⁾	17.1	20.0
Return on capital employed, % ¹⁾	13.6	15.9
Return on total capital, % ¹⁾	10.1	12.1
Average equity, SEK m ¹⁾	407	389
Average capital employed, SEK m ¹⁾	786	715
Average total capital, SEK m ¹⁾	1,063	940
Interest coverage ratio, multiple ¹⁾	7.1	6.8
Equity/assets ratio, % ¹⁾	27	45
Proportion of risk-bearing capital, % ¹⁾	31	48
Net investments for continuing operations, SEK m	410	89
Net investments, SEK m ¹⁾	410	80
Average number of employees	666	660

¹⁾ Refers to the Group as a whole.

For definitions, see page 13.

Quarterly summary	2016	2015	2016	2015	2016	2015	2016	2015
	Q4	Q4	Q3	Q3	Q2	Q2	Q1	Q1
Net revenue for continuing operations, SEK m	269	267	226	256	295	284	262	245
Gross profit for continuing operations, SEK m	52	56	57	59	76	70	63	58
Operating profit for continuing operations, SEK m	10	18	24	26	36	29	26	23
Profit before tax for continuing operations, SEK m	13	15	21	22	36	26	22	22
Net profit for the period for continuing operations, SEK m	9	12	16	17	28	20	17	17
Net profit for the period, SEK m ¹⁾	9	12	16	17	28	32	17	17
Comprehensive income for the period, SEK m ¹⁾	12	9	19	16	27	31	16	22
Operating margin for continuing operations, %	3.6	6.8	10.6	10.2	12.3	10.1	9.8	9.4
Equity/assets ratio, % ¹⁾	27	45	42	43	39	40	44	38
Earnings per share for continuing operations, SEK ²⁾	1.35	1.75	2.30	2.50	4.00	2.85	2.55	2.50
Basic earnings per share, SEK ¹⁾	1.35	1.75	2.30	2.50	4.00	4.70	2.55	2.50
Cash flow from operating activities per share, SEK ¹⁾	10.40	6.60	2.55	6.00	8.20	9.95	-2.50	0.80

¹⁾ Refers to the Group as a whole.

²⁾ Based on net profit for the period for continuing operations.

For definitions, see page 13.

Income statement (SEK million)	Continuing operations		Profit from discontinued operations ¹⁾		Total	
	2016	2015	2016	2015	2016	2015
	12 mths Jan-Dec	12 mths Jan-Dec	12 mths Jan-Dec	12 mths Jan-Dec	12 mths Jan-Dec	12 mths Jan-Dec
Net revenue	1,052	1,052	–	–	1,052	1,052
Cost of goods sold	-804	-809	–	–	-804	-809
Gross profit	248	243	–	0	248	243
Other operating income	8	14	–	12	8	26
Selling expenses	-100	-101	–	–	-100	-101
Administrative expenses	-53	-48	–	–	-53	-48
Other operating expenses	-7	-12	–	–	-7	-12
Operating profit	96	96	–	12	96	108
Financial items	-4	-11	–	–	-4	-11
Profit before tax	92	85	–	12	92	97
Tax	-22	-19	–	–	-22	-19
Net profit for the period	70	66	–	12	70	78
Basic earnings per share, SEK ²⁾	10.19	9.62	–	1.84	10.19	11.46
Diluted earnings per share, SEK ²⁾	9.83	9.02	–	1.69	9.83	10.71

¹⁾ Profit from discontinued operations refers to a capital gain made on the sale of shares in a property company, AB Grundstenen 150787, which was sold in April 2015. The profit from operating property activities does not amount to a significant sum and therefore has not been taken into account.

²⁾ Based on net profit for the period.

Net revenue and profit/loss by segment

(SEK million)	Q1-Q4 2016				Q1-Q4 2015			
	Net revenue		Total	Profit before tax ¹⁾	Net revenue		Total	Profit before tax ¹⁾
	External	Internal			External	Internal		
Industrial Solutions	613	0	613	64	645	0	645	72
Precision Technology	226	4	230	28	210	3	213	25
Rotational Moulding	213	0	213	26	197	0	197	8 ²⁾
Elimination	–	-4	-4	–	–	-3	-3	–
Undistributed items	–	–	–	-26	–	–	–	-20 ³⁾
Continuing operations	1,052	–	1,052	92	1,052	–	1,052	85

¹⁾ 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.

²⁾ Includes non-recurring items relating to costs for closing down production of SEK -4 million.

³⁾ Includes non-recurring items relating to the reversal of negative goodwill by SEK 3 million.

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 12. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between the segments.

In 2016, all segments have boosted their total operating assets, such as inventories and trade receivables.

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

Acquisitions (SEK million)	Jorgensen Engineering A/S			Other acquisitions
	Reported values in subsidiary	Fair value adjustment	Consolidated fair value	Settlement of final purchase sum
Intangible non-current assets	–	294	294	–
Property, plant and equipment	62	9	71	–
Current assets	223	-10	213	–
Non-current liabilities	-51	-6	-57	–
Current liabilities	-150	–	-150	2
Net assets/purchase price	84	287	371	2
Liquid assets in acquired businesses			-101	–
Total cash flow attributable to acquired businesses			270	2

The preliminary purchase price for Jorgensen was paid in cash, at SEK 371 million. The final purchase price has been calculated at SEK 367 million, and a repayment of SEK 4 million has been made in January 2017.

The acquisition of Jorgensen brings surplus values totalling SEK 303 million distributed between real estate (SEK 9 million), intangible non-current assets (SEK 20 million) and goodwill (SEK 274 million). The transaction costs amount to SEK 1.5 million.

Intangible non-current assets relate to product concepts with an estimated period of use of 10 years. Goodwill relates to customer relations and synergy effects. The expectation is that synergies will mainly be achieved by means of the acquisition bringing not only additional expertise within product technology to existing operations at the Industrial Solutions business unit, but also access to new customer segments. The utilisation of common resources will also entail synergies.

'Other acquisitions' refers to the final settlement of the purchase sum for Ljungarum Konsult 01 AB and Ljungarum Konsult 02 AB, acquired in 2015.

Income statement, Parent Company (SEK million)	2016 12 mths Jan-Dec	2015 12 mths Jan-Dec
Net revenue	8.7	18.1
Selling and administrative expenses	-17.6	-15.7
Operating profit/loss	-8.9	2.4
Profit from participations in Group companies	56.0	76.7
Other financial items	-12.1	-3.4
Profit/loss after financial items	35.0	75.7
Appropriations	4.1	1.1
Tax	-7.2	-16.5
Net profit for the period	31.9	60.3
<i>Statement of comprehensive income</i>		
Net profit for the period	31.9	60.3
Other comprehensive income	-	-
Comprehensive income for the period	31.9	60.3

Income tax amounts to 18 per cent (21). Income tax-exempt dividends have contributed to the year's lower tax rate.
100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

Balance sheet, Parent Company (SEK million)	2016 31 Dec	2015 31 Dec
ASSETS		
Non-current assets	52.9	53.0
Current assets	437.2	472.1
EQUITY AND LIABILITIES		
Equity	110.2	156.1
Untaxed reserves	64.0	68.1
Non-current liabilities	73.3	72.2
Current liabilities	242.6	228.7
BALANCE SHEET TOTAL	490.1	525.1

Statement of changes in equity, Parent Company (SEK million)	2016 31 Dec	2015 31 Dec
Opening balance	156.1	112.8
Comprehensive income for the year	31.9	60.3
Effects of convertible loan issued	4.9	-
Conversion of personnel convertibles	6.0	-
Acquisition of own personnel convertibles	-58.1	-
Dividend paid in cash	-30.6	-17.0
Closing balance	110.2	156.1

Cash flow statement, Parent Company (SEK million)	2016 12 mths Jan-Dec	2015 12 mths Jan-Dec
Operating profit/loss	-8.9	2.4
Interest and income tax paid/received and adjustments for non-cash items	34.5	64.7
Change in working capital	31.9	-5.0
Cash flow from operating activities	57.5	62.1
Investments	-	-
Cash flow after investments	57.5	62.1
Financing	-59.1	-60.1
Cash flow for the year	-1.6	2.0
Cash and cash equivalents at the start of the year	4.5	2.7
Exchange rate differences in cash and cash equivalents	-0.2	-0.2
Cash and cash equivalents at the end of the year	2.7	4.5



JORGENSEN ENGINEERING A/S

Jorgensen is a leading international automation company that supplies and integrates equipment and complete packaging handling systems. The company's customers are world-leading players within the milk powder, food, pharmaceuticals and pet food segments. The company conducts installations all over the world, but Europe constitutes its main market. Jorgensen is located in Odense, Denmark.

Jorgensen has been developing technically leading packaging handling systems for many years, with the emphasis on automation in relation to food packaging. The company supplies both individual machines and complete packaging lines. Through a high level of technology and extensive automation expertise, both mechanical equipment and control systems can be optimised for maximum efficiency at every stage. Jorgensen's strength lies in its extreme flexibility combined with a solutions-oriented approach and targeted project management.

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



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.

		2016	2015
Net sales	SEK m	613	645
Operating profit	SEK m	60	73
Operating margin	%	9.7	11.4

Jorgensen is included from the acquisition date 24 November 2016.

Akurat
Sweden
Finland
Poland

Canline
Netherlands
United States

Fredriksons
Sweden
China

Jorgensen
Denmark

NPB
Sweden

PRECISION TECHNOLOGY

Companies



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.

		2016	2015
Net sales	SEK m	230	213
Operating profit	SEK m	29	27
Operating margin	%	12.7	12.6

KMV
Sweden

LK Precision
Sweden

Mikroverktyg
Sweden

Resinit
Sweden

ROTATIONAL MOULDING

Companies



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 in-house developed products.

		2016	2015
Net sales	SEK m	213	197
Operating profit	SEK m	25	10
– of which non-recurring items		–	–4
Operating margin	%	11.7	5.0

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.

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 provisions for taxes 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.

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.

