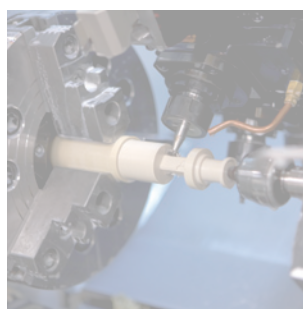




# Interim report

1 January - 31 March 2012



# Interim report 1 January - 31 March 2012

- Net revenue totalled SEK 309 million (309)
- Profit after tax amounted to SEK 21 million (20)
- Earnings per share were SEK 3.10 (3.00)
- Acquisition of Kungsörs Mekaniska Verkstad AB and Albins Mekaniska Verkstad AB

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

Both revenue and profit were on a par with that of the previous year. The recently acquired companies Albins Mekaniska Verkstad and Kungsörs Mekaniska Verkstad (Q1 2012), as well as Metall Göte (Q3 2011) contributed SEK 25 million to revenue and approx. SEK 4.5 million in operating profit during the first quarter. The injection compensated for the reduction in volume within the Industrial Solutions business unit, where the comparative period during the first quarter of 2011 was strong.

After a slightly cautious start to the year, the market position for the Group companies was satisfactory for the remainder of the period. However, several of the Group's major customers have notified of reluctance for the coming quarter, although there is anticipation of a recovery during the second half of the year. Uncertainty remains high and it is therefore hard to judge the development of the Group for the immediate future.

## Revenue and profit

Net revenue amounted to SEK 309 million (309). The operating profit amounted to SEK 32 million (31), corresponding to an operating margin of 10.3 per cent (10.0). Profit before tax was SEK 28 million (27).

## Share data and key figures

Earnings per share were SEK 3.10 (3.00). Equity per share was SEK 76.80 (68.60). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 46 per cent (47) at the end of the period. The average number of employees was 781 (721).

## Important events during the period

In February, XANO acquired all the shares in Kungsörs Mekaniska Verkstad AB and Albins Mekaniska Verkstad AB.

Kungsörs Mekaniska specialises in internal processing, primarily precision drilling, and is a unique company within its niche in the Nordic countries. Albins Mekaniska works with contract manufacturing within cutting machining of fundamentally large products in short production runs. Together the companies employ about 40 people and have an annual revenue of approx. SEK 60 million.

The companies form part of XANO's Precision Technology business unit and were consolidated in the Group from 1 January 2012. The purchase price, which was paid in cash, was SEK 115 million. After deducting the liquid assets acquired, the net impact on the Group's cash flow was SEK 93 million. The balance sheet for the acquired companies totals around SEK 70 million, SEK 54 million of which is equity.

The acquisition will provide the XANO Group's existing operations in cutting machining with additional expertise and access to new market segments.

## Events after the end of the period

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

## Industrial Solutions

*Within the Industrial Solutions business unit, Fredriksons supplies automation solutions to the food and medical technology industries. NPB manufactures packaging machines for beverage and other food packaging. Ackurat supplies manufacturers of furniture and shop fittings with parts such as hand wheels, handles and adjustable feet.*

	2012 Q1	2011 Q1	2011 Full year
Sales, SEK m	138	163	595
Operating profit, SEK m	12	22	67
Operating margin, %	8.9	13.6	11.3

Sales fell by 15 per cent and operating profit by 45 per cent compared to the same period the previous year.

The lower revenue can mainly be explained by the fact that NPB delivered parts of a large order to the US during the first quarter of 2011. At the start of 2012, stocks had been accumulated and more comprehensive deliveries will be made during Q2 and Q3. Ackurat's market position remained good, and both sales and profits remained the same as the previous year. Both Fredriksons' units reported a slight reduction in sales compared to the previous year. Earnings were also worse, partly due to the lower revenue and partly as a result of increased costs in connection with investments and layout changes in production.

## 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.*

	2012 Q1	2011 Q1	2011 Full year
Sales, SEK m	126	104	396
Operating profit, SEK m	15	6	34
Operating margin, %	11.9	5.8	8.5

The business unit's invoicing was 21 per cent higher than for the same period last year. At the same time, the operating profit rose by a full 147 per cent.

The increase in revenue is entirely due to the newly acquired companies, which also

reported good profits for the period. The majority of the other companies within the business unit, continue to show strengthened margins, which are primarily achieved through adaptation of the customer and assignment structure according to available production resources, resulting in increased efficiency. The market situation was stable during the period, although customers of the business unit are indicating a certain downturn over the next few months. Additional intensified sales efforts and measures to increase flexibility have therefore been initiated within the organisations.

### 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.*

	2012 Q1	2011 Q1	2011 Full year
Sales, SEK m	46	43	174
Operating profit, SEK m	8	6	28
Operating margin, %	17.5	14.8	15.9

The business unit's revenue increased by 7 per cent, while operating profit was improved by 27 per cent compared to the first quarter of 2011.

The companies within the business unit have all experienced stable development. Thanks to an early start to the season, sales within the marine and boat product areas were significantly better than expected. Work continued intensively on product development and other marketing activities. The raw material situation has been difficult during the period, with high price increases and a somewhat limited avail-

ability. According to agreements, price adjustments are made to customers on an ongoing basis, however this requires additional work at the same time as the materials shortage causes expensive interruptions to production.

### Investments

During the interim period, the Group's net investments in non-current assets amounted to SEK 114 million (5), of which SEK 92 million related to corporate transactions, SEK 21 million to machinery and equipment and SEK 1 million to intangible assets.

### Cash flow and liquidity

Cash flow after investments, excluding corporate transactions, totalled SEK 17 million (8) in the interim period.

The Group's liquid assets, including lines of credit granted but not utilised, totalled SEK 245 million (490) on the balance sheet date. The change compared to the previous year was due to the credit facility being reduced by approx. SEK 185 million during the second quarter of 2011, as a result of positive cash flow in recent years.

### Risks and uncertainty factors

The Group's major 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 68 and 69 of the annual report for 2011. No additional significant risks are deemed to have arisen.

### Accounting policies

As with the accounts for 2011, the consolidated financial statements for 2012 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 2011 with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied as of 1 January 2012:

» IFRS 7 Financial Instruments: Presentation  
The change means, among other things, additional quantitative and qualitative information when removing financial instruments from the balance sheet.

The application has not had any effect on the Group's financial position.

### Other

The Board has decided to expand the Group management to include CFO Marie Ek Jonson in addition to CEO Sune Lantz and deputy CEO Lennart Persson.

### Next report date

The interim report for the period 1 January to 30 June 2012 will be presented on Tuesday 10 July 2012.

Jönköping, 10 May 2012

Sune Lantz  
CEO

Consolidated statement of comprehensive income	2012 3 mths Jan-Mar	2011 3 mths Jan-Mar	11/12 12 mths Apr-Mar	2011 12 mths Jan-Dec
(SEK million)				
Net revenue	309	309	1,162	1,162
Cost of goods sold	-243	-247	-919	-923
<b>Gross profit</b>	<b>66</b>	<b>62</b>	<b>243</b>	<b>239</b>
Other operating income	3	6	14	17
Selling expenses	-23	-23	-86	-86
Administrative expenses	-12	-12	-47	-47
Other operating expenses	-2	-2	-8	-8
<b>Operating profit</b>	<b>32</b>	<b>31</b>	<b>116</b>	<b>115</b>
Financial items	-4	-4	-10	-10
<b>Profit before tax</b>	<b>28</b>	<b>27</b>	<b>106</b>	<b>105</b>
Tax	-7	-7	-24	-24
<b>Profit from continuing operations for the period</b>	<b>21</b>	<b>20</b>	<b>82</b>	<b>81</b>
Profit from discontinued operations <sup>1)</sup>	–	2	0	2
<b>Net profit for the period</b>	<b>21</b>	<b>22</b>	<b>82</b>	<b>83</b>
<i>Other comprehensive income</i>				
Change in hedging reserve including tax <sup>2)</sup>	3	-1	-4	-8
Exchange rate differences <sup>3)</sup>	-2	-2	2	2
<b>Comprehensive income for the period</b>	<b>22</b>	<b>19</b>	<b>80</b>	<b>77</b>
Depreciation constitutes	-14	-12	-52	-50

Tax totals 25% (23) for the interim period.

<sup>1)</sup> Profit from discontinued operations includes non-recurring items totalling SEK 0 million (2) in the interim period and SEK 2 million in the 2011 full year. These items constitute capital gains from the sale of shares in subsidiaries. See specification on page 8.

<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.

Kungsörs Mekaniska Verkstad AB and Albins Mekaniska Verkstad AB, which were acquired in February, are included in the consolidated results as of 1 January 2012. These businesses have contributed SEK 16 million in net revenue and SEK 2 million in net profit after the deduction of write-offs from surplus values and financial costs attributable to the acquisition. The acquisition has not resulted in any transaction costs.

Share data	2012 3 mths Jan-Mar	2011 3 mths Jan-Mar	2011 12 mths Jan-Dec
Average number of outstanding shares, thousands	6,789	6,789	6,789
Average number of outstanding shares after dilution, thousands	7,009	7,009	7,009
Average number of shares in own custody, thousands	140	140	140
Basic earnings per share, SEK <sup>1)</sup>	3.10	3.00	11.80
Diluted earnings per share, SEK <sup>1, 2)</sup>	3.05	2.90	11.60
Cash flow from operating activities per share, SEK	3.20	2.10	24.30
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	76.80	68.60	73.50
Share price on balance sheet date, SEK	103.00	88.75	81.75

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

In July 2008, 220,000 convertibles, corresponding to 220,000 Class B shares in the event of full conversion, were issued. The convertibles accrue interest corresponding to STIBOR 12M plus 1.5 per cent and fall due for payment on 30 June 2012. The conversion price is SEK 125.

<sup>1)</sup> Based on profit from continuing operations for the period.

<sup>2)</sup> No dilution effect is taken into account if diluted earnings per share are higher than basic earnings per share.

Consolidated statement of financial position (SEK million)	2012 31 Mar	2011 31 Mar	2011 31 Dec
<b>ASSETS</b>			
Goodwill	234	178	178
Other intangible non-current assets	6	7	5
Property, plant and equipment	458	400	417
Non-current financial assets	1	0	0
<b>Total non-current assets</b>	<b>699</b>	<b>585</b>	<b>600</b>
Inventories	202	178	189
Current receivables	221	208	192
Cash and bank balances	21	10	55
<b>Total current assets</b>	<b>444</b>	<b>396</b>	<b>436</b>
<b>TOTAL ASSETS</b>	<b>1,143</b>	<b>981</b>	<b>1,036</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	521	465	499
Non-current liabilities	165	210	149
Current liabilities	457	306	388
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,143</b>	<b>981</b>	<b>1,036</b>
Interest-bearing liabilities constitute	303	273	242
Deferred tax liabilities constitute	46	36	39

In February 2012, Kungsörs Mekaniska Verkstad AB and Albins Mekaniska Verkstad AB were acquired. Acquired assets and liabilities are specified under the cash flow statement below.

Metall Göte AB was acquired in September 2011. Acquired assets and liabilities were SEK 28 million and SEK 7 million respectively.

Statement of changes in equity (SEK million)	2012 31 Mar	2011 31 Mar	2011 31 Dec
Opening balance	499	446	446
Comprehensive income for the period	22	19	77
Dividend paid	–	–	-24
Closing balance	521	465	499

Cash flow statement (SEK million)	2012 3 mths Jan-Mar	2011 3 mths Jan-Mar	11/12 12 mths Apr-Mar	2011 12 mths Jan-Dec
Operating profit	32	33	116	117
Adjustments for non-cash items etc.	-9	-8	22	23
Change in working capital	-1	-11	35	25
<b>Cash flow from operating activities</b>	<b>22</b>	<b>14</b>	<b>173</b>	<b>165</b>
Investments	-98	-6	-134	-42
<b>Cash flow after investments</b>	<b>-76</b>	<b>8</b>	<b>39</b>	<b>123</b>
Financing	42	-9	-28	-79
<b>Change in liquid assets</b>	<b>-34</b>	<b>-1</b>	<b>11</b>	<b>44</b>

The cash flow statement refers to the Group as a whole, including discontinued operations.

In 2012, the total value of acquired assets and liabilities, purchase prices and the effect on the Group's liquid assets, according to preliminary acquisition calculations, was as follows:

(SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible assets	0	55	55
Property, plant and equipment	28	8	36
Financial assets	1	0	1
Current assets	41	0	41
Non-current liabilities	-5	-2	-7
Current liabilities	-11	0	-11
<b>Net assets/purchase price</b>	<b>54</b>	<b>61</b>	<b>115</b>
Liquid assets in acquired businesses			-22
<b>Total cash flow attributable to acquired businesses</b>			<b>93</b>

The acquisitions bring surplus values totalling SEK 63 million distributed amongst buildings (SEK 3 million), machinery (SEK 5 million) and goodwill, referring to customer relations and synergies, (SEK 55 million).

Key ratios	2012 3 mths Jan-Mar	2011 3 mths Jan-Mar	11/12 12 mths Apr-Mar	2011 12 mths Jan-Dec
Operating margin, %	10.3	10.0	9.9	9.9
Profit margin, %	9.1	8.7	9.1	9.0
Return on equity, % <sup>1)</sup>	16.5	19.5	16.7	17.6
Return on capital employed, % <sup>1)</sup>	17.3	18.2	16.3	16.6
Return on total capital, % <sup>1)</sup>	12.4	13.6	12.0	12.3
Interest coverage ratio, multiple <sup>1)</sup>	5.8	7.7	7.1	7.8
Equity, SEK m	521	465	521	499
Equity/assets ratio, %	46	47	46	48
Proportion of risk-bearing capital, %	50	51	50	52
Net investments, SEK m	114	5	164	55
Average number of employees	781	721	747	732

For definitions, see page 88 of the 2011 annual report.

<sup>1)</sup> Refers to the whole Group, including discontinued operations.

Quarterly summary	2012 Q1	2011 Q1	2011 Q4	2010 Q4	2011 Q3	2010 Q3	2011 Q2	2010 Q2
Net revenue, SEK m	309	309	299	295	233	228	321	293
Gross profit, SEK m	66	62	60	50	53	43	64	57
Operating profit, SEK m	32	31	28	22	28	19	28	26
Profit before tax, SEK m	28	27	27	19	26	15	25	23
Net profit for the period, SEK m <sup>1)</sup>	21	20	22	16	20	11	19	17
Comprehensive income for the period, SEK m <sup>2)</sup>	22	19	19	18	19	21	20	21
Operating margin, %	10.3	10.0	9.2	7.5	12.1	8.6	8.7	9.0
Equity/assets ratio, %	46	47	48	46	48	38	47	34
Earnings per share, SEK <sup>3)</sup>	3.10	3.00	3.15	2.35	2.90	1.65	2.75	2.50
Cash flow from operating activities per share, SEK <sup>2)</sup>	3.20	2.10	11.30	5.40	3.90	6.55	7.00	6.10

<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.

## Net revenue and profit/loss by segment

(SEK million)	Q1 2012				Q1 2011				Q1-Q4 2011			
	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	138	0	138	11	163	0	163	21	595	0	595	63
Precision Technology	125	1	126	13	103	1	104	4	393	3	396	26
Rotational Moulding	46	0	46	7	43	0	43	5	174	0	174	25
Eliminations	–	-1	-1	–	–	-1	-1	–	–	-3	-3	–
Undistributed items	–	–	–	-3	–	–	–	-3	–	–	–	-9
Group total	309	0	309	28	309	0	309	27	1,162	0	1,162	105

Segment reporting refers to continuing operations. The information 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 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 2012, the Precision Technology and Rotational Moulding segments have boosted their total operating assets, such as inventories and trade receivables, as a result of an increase in incoming orders. Operating assets have decreased slightly within the Industrial Solutions segment. Investments in non-current assets were made mainly within the Precision Technology segment. Besides investments in machinery, corporate transactions have increased non-current assets by SEK 92 million.

<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.

Income statement, Parent Company	2012	2011	2011
(SEK million)	3 mths Jan-Mar	3 mths Jan-Mar	12 mths Jan-Dec
Net revenue	2.2	2.1	14.6
Selling and administrative expenses	-4.2	-4.1	-15.6
Other operating income/expenses	–	–	0.5
<b>Operating profit/loss</b>	<b>-2.0</b>	<b>-2.0</b>	<b>-0.5</b>
Profit from participations in group companies	51.1	–	57.8
Other financial items	4.5	2.4	-3.3
<b>Profit after financial items</b>	<b>53.6</b>	<b>0.4</b>	<b>54.0</b>
Appropriations	–	–	-16.0
Tax	-0.6	-0.1	-12.6
<b>Net profit for the period</b>	<b>53.0</b>	<b>0.3</b>	<b>25.4</b>
<i>Statement of other comprehensive income</i>			
Net profit for the period	53.0	0.3	25.4
Other comprehensive income	–	–	–
<b>Comprehensive income for the period</b>	<b>53.0</b>	<b>0.3</b>	<b>25.4</b>

Income tax totals 1% (26) for the interim period. Tax-exempt dividends have contributed to the lower tax expense in 2012.

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

Balance sheet, Parent Company	2012	2011	2011
(SEK million)	31 Mar	31 Mar	31 Dec
<b>ASSETS</b>			
Non-current assets	63.0	63.2	63.0
Current assets	643.7	509.6	530.8
<b>EQUITY AND LIABILITIES</b>			
Equity	320.9	266.5	267.9
Untaxed reserves	34.8	18.8	34.8
Non-current liabilities	14.4	41.6	14.6
Current liabilities	336.6	245.9	276.5
<b>BALANCE SHEET TOTAL</b>	<b>706.7</b>	<b>572.8</b>	<b>593.8</b>

Statement of changes in equity, Parent Company	2012	2011	2011
(SEK million)	31 Mar	31 Mar	31 Dec
Opening balance	267.9	266.2	266.2
Comprehensive income for the period	53.0	0.3	25.4
Dividend paid	–	–	-23.7
<b>Closing balance</b>	<b>320.9</b>	<b>266.5</b>	<b>267.9</b>

Cash flow statement, Parent Company	2012	2011	2011
(SEK million)	3 mths Jan-Mar	3 mths Jan-Mar	12 mths Jan-Dec
Cash flow from operating activities	-81.3	19.1	98.5
Investments	0.0	8.1	8.1
<b>Cash flow after investments</b>	<b>-81.3</b>	<b>27.2</b>	<b>106.6</b>
Financing	38.0	-27.2	-63.0
<b>Cash flow for the period</b>	<b>-43.3</b>	<b>0.0</b>	<b>43.6</b>

Income statements  (SEK million)	Continuing operations			Profit from disposals <sup>1)</sup>			Total		
	2012 3 mths Jan-Mar	2011 3 mths Jan-Mar	2011 12 mths Jan-Dec	2012 3 mths Jan-Mar	2011 3 mths Jan-Mar	2011 12 mths Jan-Dec	2012 3 mths Jan-Mar	2011 3 mths Jan-Mar	2011 12 mths Jan-Dec
Net revenue	309	309	1,162	–	–	–	309	309	1,162
Cost of goods sold	-243	-247	-923	–	–	–	-243	-247	-923
<b>Gross profit/loss</b>	<b>66</b>	<b>62</b>	<b>239</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66</b>	<b>62</b>	<b>239</b>
Other operating income	3	6	17	–	2	2	3	8	19
Selling expenses	-23	-23	-86	–	–	–	-23	-23	-86
Administrative expenses	-12	-12	-47	–	–	–	-12	-12	-47
Other operating expenses	-2	-2	-8	–	–	–	-2	-2	-8
<b>Operating profit/loss</b>	<b>32</b>	<b>31</b>	<b>115</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>32</b>	<b>33</b>	<b>117</b>
Financial items	-4	-4	-10	–	–	–	-4	-4	-10
<b>Profit before tax</b>	<b>28</b>	<b>27</b>	<b>105</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>28</b>	<b>29</b>	<b>107</b>
Tax	-7	-7	-24	–	–	–	-7	-7	-24
<b>Net profit for the period</b>	<b>21</b>	<b>20</b>	<b>81</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>21</b>	<b>22</b>	<b>83</b>
Basic earnings per share, SEK <sup>3)</sup>	3.10	3.00	11.80	–	0.30	0.35	3.10	3.30	12.15
Diluted earnings per share, SEK <sup>3, 4)</sup>	3.05	2.90	11.60	–	0.30	0.35	3.05	3.20	11.95

<sup>1)</sup> Profit from disposals refers to the capital gains made on selling the shares in Inmedic AB and Bladhs Industri AB. The businesses were sold in 2010. The profit from disposals was adjusted in 2011 mainly as a result of a settlement with the purchaser of Bladhs Industri AB with regard to guarantees provided.

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

<sup>3)</sup> No dilution effect is taken into account if diluted earnings per share are higher than basic earnings per share.

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

