



Interim report

1 January – 31 March **2016**

THE FIRST QUARTER

- Net revenue totalled SEK 262 million (245)
- Profit before tax amounted to SEK 22 million (22)
- Profit after tax amounted to SEK 17 million (17)
- Earnings per share were SEK 2.55 (2.50)

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

The Group enjoyed a good start to the year. Sales increased by 7 per cent and operating profit improved from SEK 23 million to SEK 26 million. The trend witnessed in recent quarters, with increasingly stable demand and increased order volumes in the Group's three business units, has mainly characterised the start of the year as well, despite the fact that the market situation as a whole has been perceived as remaining slightly cautious.

The operations within Industrial Solutions as a whole reported growth and an improved operating margin compared to the first quarter in the previous year. Most of the markets where the companies are active were stable or grew slightly, with the exception of China where the situation has remained challenging. The results for project-related sales to the packaging industry were good during the quarter, and the companies' individual and joint efforts within product development and marketing activities have generated interesting new business.

The companies within the Precision Technology business unit enjoyed good sales growth overall, and exceeded the operating profit in the comparison period by an impressive 56 per cent. Sales generally remained at a good, stable level during the period, and included assignments within all of the business unit's industry segments. Capacity reinforcement was conducted through further investments in machinery, and the extension of the production premises in Västervik is in the final phase.

The Rotational Moulding business unit did not match last year's strong first quarter, but showed a clear improvement in relation to the second half of 2015. Normal seasonal influences resulted in a weak start to the new year, but the end of the quarter was strong, a trend that has continued after the balance sheet date. Development projects are still prioritised within all product segments.

Market development for the Group as a whole is expected to remain positive in the near future. It is still considered that good opportunities exist for continuous profitable growth within all units, both through organic expansion and via complementary acquisitions. The development activities regarding the proprietary product ranges are continuing at the same level of intensity. Further resources are also being provided to the sales organisations, in order to strengthen the Group's position both in Sweden and on other selected markets.

Revenue and profit

Net revenue totalled SEK 262 million (245). Operating profit amounted to SEK 26 million (23), corresponding to an operating margin of 9.8 per cent (9.4). Profit before tax was SEK 22 million (22).

Share data and key figures

Basic earnings per share were SEK 2.55 (2.50). Equity per share was SEK 63.65 (55.50). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 44 per cent (38) at the end of the period. The average number of employees was 644 (632).

Important events during the period

There are no individual events of major significance to report during the period.

Events after the end of the period

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

Investments

Net investments in non-current assets for the Group as a whole came to SEK 6 million (75), of which SEK 4 million related to real estate and SEK 2 million to machinery and equipment.

Cash flow and liquidity

Cash flow from operating activities for the Group as a whole amounted to SEK -17 million (5).

Liquid assets, including lines of credit granted but not utilised, totalled SEK 222 million (176) on the balance sheet date.

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.

Next report date

The interim report for the period 1 January to 30 June 2016 will be presented on Tuesday 12 July 2016.

Jönköping, 12 May 2016

Lennart Persson
CEO

Consolidated statement of comprehensive income	2016	2015	15/16	2015
(SEK million)	3 mths Jan-Mar	3 mths Jan-Mar	12 mths Apr-Mar	12 mths Jan-Dec
Net revenue	262	245	1,069	1,052
Cost of goods sold	-199	-187	-821	-809
Gross profit	63	58	248	243
Other operating income ¹⁾	2	3	13	14
Selling expenses	-25	-25	-101	-101
Administrative expenses	-12	-11	-49	-48
Other operating expenses ²⁾	-2	-2	-12	-12
Operating profit	26	23	99	96
Financial items	-4	-1	-14	-11
Profit before tax	22	22	85	85
Tax	-5	-5	-19	-19
Net profit for continuing operations	17	17	66	66
Profit from discontinued operations ^{3, 4)}	–	–	12	12
Net profit for the period	17	17	78	78
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to net profit for the period</i>				
Change in hedging reserve including tax ⁵⁾	-1	-1	2	2
Translation differences ⁶⁾	0	6	-8	-2
Other comprehensive income	-1	5	-6	0
Comprehensive income for the period	16	22	72	78
– of which attributable to shareholders of the Parent Company	16	22	72	78
Basic earnings per share for continuing operations, SEK ⁶⁾	2.55	2.50	9.65	9.60
Basic earnings per share for discontinued operations, SEK ⁶⁾	–	–	1.85	1.85
Basic earnings per share for the Group as a whole, SEK ⁶⁾	2.55	2.50	11.50	11.45
Diluted earnings per share for continuing operations, SEK ⁶⁾	2.35	2.35	9.00	9.00
Diluted earnings per share for discontinued operations, SEK ⁶⁾	–	–	1.70	1.70
Diluted earnings per share for the Group as a whole, SEK ⁶⁾	2.35	2.35	10.70	10.70
Depreciation constitutes	-12	-12	-48	-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 Grundstener 150787 in April 2015 and constitutes non-recurring items totalling SEK 12 million for the 2015 full year. See specification on page 7.

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 23 per cent (23) for the interim period.

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 Mar	2015 31 Mar	2015 31 Dec
ASSETS			
Goodwill	208	209	207
Other intangible non-current assets	15	19	16
Property, plant and equipment	313	341	317
Other non-current assets	3	6	3
Total non-current assets	539	575	543
Inventories	170	143	160
Current receivables ¹⁾	219	226	174
Cash and cash equivalents	47	48	41
Total current assets	436	417	375
Assets held for sale	1	9	1
TOTAL ASSETS	976	1,001	919
EQUITY AND LIABILITIES			
Equity	432	377	416
Non-current liabilities	173	266	175
Current liabilities ²⁾	371	358	328
TOTAL EQUITY AND LIABILITIES	976	1,001	919
Interest-bearing liabilities constitute	290	399	259
Deferred tax liabilities constitute	27	35	28

¹⁾ Current receivables include derivatives measured at fair value of SEK 0 million (0) for the interim period and SEK 1 million for the 2015 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 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 (18) for the interim period and SEK 14 million for the 2015 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.

Statement of changes in equity (SEK million)	2016 31 Mar	2015 31 Mar	2015 31 Dec
Opening balance	416	355	355
Comprehensive income for the period	16	22	78
Dividend paid in cash	–	–	-17
Closing balance	432	377	416
– of which attributable to shareholders of the Parent Company	432	377	416

Cash flow statement (SEK million)	2016 3 mths Jan-Mar	2015 3 mths Jan-Mar	15/16 12 mths Apr-Mar	2015 12 mths Jan-Dec
Operating profit	26	23	111	108
Interest and income tax paid/received and adjustments for non-cash items	-1	9	6	16
Change in working capital	-42	-27	19	34
Cash flow from operating activities	-17	5	136	158
Investments	-8	-54	-12	-58
Cash flow after investments	-25	-49	124	100
Financing	31	62	-122	-91
Cash flow for the year	6	13	2	9
Cash and cash equivalents at the start of the year	41	33	48	33
Exchange rate differences in cash and cash equivalents	0	2	-3	-1
Cash and cash equivalents at the end of the year	47	48	47	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 3 mths Jan-Mar	2015 3 mths Jan-Mar	2015 12 mths Jan-Dec
Average number of outstanding shares, thousands	6,789	6,789	6,789
Average number of outstanding shares after dilution, thousands	7,377	7,377	7,377
Average number of shares in own custody, thousands	140	140	140
Basic earnings per share for continuing operations, SEK ¹⁾	2.55	2.50	9.60
Basic earnings per share for the Group as a whole, SEK ¹⁾	2.55	2.50	11.45
Diluted earnings per share for continuing operations, SEK ¹⁾	2.35	2.35	9.00
Diluted earnings per share for the Group as a whole, SEK ¹⁾	2.35	2.35	10.70
Cash flow from operating activities per share for the Group as a whole, SEK	-2.50	0.80	23.35
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	63.65	55.50	61.35
Share price on balance sheet date, SEK	178.50	113.50	155.50

¹⁾ Based on net profit for the period.

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 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 was originally SEK 109. Due to the distribution of the shares in AGES Industri AB to the XANO shareholders, the conversion rate has been recalculated in accordance with section 8E of the terms and conditions. The recalculated conversion rate is SEK 51. After recalculation, the convertible loan corresponds to 588,234 Class B shares in the event of full conversion. If all convertibles are converted to shares, share capital will be increased by a maximum of SEK 2,941,170. The dilution will then be approx. 8 per cent of the share capital and approx. 2 per cent of the number of votes. From 1 May 2014, the average number of outstanding shares after dilution has increased by the number of shares that will be added at full conversion as a result of a recalculated conversion rate.

For definitions, see page 10.

Key figures	2016 3 mths Jan-Mar	2015 3 mths Jan-Mar	15/16 12 mths Apr-Mar	2015 12 mths Jan-Dec
Operating margin for continuing operations, %	9.8	9.4	9.2	9.1
Operating margin for the Group as a whole, %	9.8	9.4	10.4	10.3
Profit margin for continuing operations, %	8.5	9.1	7.9	8.0
Profit margin for the Group as a whole, %	8.5	9.1	9.1	9.2
Return on equity p.a., % ¹⁾	16.2	18.6	19.3	20.0
Return on capital employed p.a., % ¹⁾	15.1	14.2	15.8	15.9
Return on total capital p.a., % ¹⁾	11.2	11.1	11.9	12.1
Interest coverage ratio, multiple ¹⁾	6.4	7.2	6.7	6.8
Equity, SEK m ¹⁾	432	377	432	416
Equity/assets ratio, % ¹⁾	44	38	44	45
Proportion of risk-bearing capital, % ¹⁾	47	41	47	48
Net investments for continuing operations, SEK m	6	75	20	89
Net investments for the Group as a whole, SEK m	6	75	11	80
Average number of employees	644	632	663	660

¹⁾ Refers to the Group as a whole.

For definitions, see page 10.

Quarterly summary	2016 Q1	2015 Q1	2015 Q4	2014 Q4	2015 Q3	2014 Q3	2015 Q2	2014 Q2
Net revenue for continuing operations, SEK m	262	245	267	258	256	216	284	266
Gross profit for continuing operations, SEK m	63	58	56	48	59	44	70	58
Operating profit for continuing operations, SEK m	26	23	18	12	26	16	29	20
Profit before tax for continuing operations, SEK m	22	22	15	8	22	13	26	17
Net profit for the period for continuing operations, SEK m	17	17	12	5	17	10	20	14
Net profit for the period, SEK m ¹⁾	17	17	12	5	17	10	32	18
Comprehensive income for the period, SEK m ¹⁾	16	22	9	9	16	14	31	19
Operating margin for continuing operations, %	9.8	9.4	6.8	4.8	10.2	7.5	10.1	7.5
Equity/assets ratio, % ¹⁾	44	38	45	41	43	39	40	37
Earnings per share for continuing operations, SEK ²⁾	2.55	2.50	1.75	0.75	2.50	1.60	2.85	1.90
Earnings per share for the Group as a whole, SEK ¹⁾	2.55	2.50	1.75	0.75	2.50	1.60	4.70	2.55
Cash flow from operating activities per share, SEK ¹⁾	-2.50	0.80	6.60	5.90	6.00	1.95	9.95	6.15

¹⁾ Refers to the Group as a whole.

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

For definitions, see page 10.

Income statement	Continuing operations			Profit from discontinued operations ¹⁾			Total		
	2016 3 mths Jan-Mar	2015 3 mths Jan-Mar	2015 12 mths Jan-Dec	2016 3 mths Jan-Mar	2015 3 mths Jan-Mar	2015 12 mths Jan-Dec	2016 3 mths Jan-Mar	2015 3 mths Jan-Mar	2015 12 mths Jan-Dec
(SEK million)									
Net revenue	262	245	1,052	–	–	–	262	245	1,052
Cost of goods sold	-199	-187	-809	–	–	–	-199	-187	-809
Gross profit	63	58	243	–	–	0	63	58	243
Other operating income	2	3	14	–	–	12	2	3	26
Selling expenses	-25	-25	-101	–	–	–	-25	-25	-101
Administrative expenses	-12	-11	-48	–	–	–	-12	-11	-48
Other operating expenses	-2	-2	-12	–	–	–	-2	-2	-12
Operating profit	26	23	96	–	–	12	26	23	108
Financial items	-4	-1	-11	–	–	–	-4	-1	-11
Profit before tax	22	22	85	–	–	12	22	22	97
Tax	-5	-5	-19	–	–	–	-5	-5	-19
Net profit for the period	17	17	66	–	–	12	17	17	78
Basic earnings per share, SEK ²⁾	2.53	2.51	9.62	–	–	1.84	2.53	2.51	11.46
Diluted earnings per share, SEK ²⁾	2.36	2.36	9.02	–	–	1.69	2.36	2.36	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 2016				Q1 2015				Q1-Q4 2015			
	External	Net revenue Internal	Total	Profit before tax ¹⁾	External	Net revenue Internal	Total	Profit before tax ¹⁾	External	Net revenue Internal	Total	Profit before tax ¹⁾
Industrial Solutions	151	0	151	16	141	0	141	16	645	0	645	72
Precision Technology	58	1	59	7	50	0	50	4	210	3	213	25
Rotational Moulding	53	0	53	5	54	0	54	6	197	0	197	8 ²⁾
Elimination	–	-1	-1	–	–	0	0	–	–	-3	-3	–
Undistributed items	–	–	–	-6	–	–	–	-4	–	–	–	-20 ³⁾
Continuing operations	262	–	262	22	245	–	245	22	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 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 2016, all segments have boosted their total operating assets, such as inventories and trade receivables.

Income statement, Parent Company (SEK million)	2016 3 mths Jan-Mar	2015 3 mths Jan-Mar	2015 12 mths Jan-Dec
Net revenue	2.2	1.9	18.1
Selling and administrative expenses	-3.8	-3.3	-15.7
Operating profit/loss	-1.6	-1.4	2.4
Profit from participations in Group companies	–	–	76.7
Other financial items	-4.6	-2.3	-3.4
Profit/loss after financial items	-6.2	-3.7	75.7
Appropriations	–	–	1.1
Tax	1.4	0.8	-16.5
Net profit for the period	-4.8	-2.9	60.3
Statement of comprehensive income			
Net profit for the period	-4.8	-2.9	60.3
Other comprehensive income	–	–	–
Comprehensive income for the period	-4.8	-2.9	60.3

Income tax amounts to 22 per cent (22) for the interim period.
100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

Balance sheet, Parent Company (SEK million)	2016 31 Mar	2015 31 Mar	2015 31 Dec
ASSETS			
Non-current assets	53.0	63.9	53.0
Current assets	467.9	461.3	472.1
EQUITY AND LIABILITIES			
Equity	151.3	109.9	156.1
Untaxed reserves	68.1	69.2	68.1
Non-current liabilities	72.4	145.2	72.2
Current liabilities	229.1	200.9	228.7
BALANCE SHEET TOTAL	520.9	525.2	525.1

Statement of changes in equity, Parent Company (SEK million)	2016 31 Mar	2015 31 Mar	2015 31 Dec
Opening balance	156.1	112.8	112.8
Comprehensive income for the period	-4.8	-2.9	60.3
Dividend paid in cash	–	–	-17.0
Closing balance	151.3	109.9	156.1

Cash flow statement, Parent Company (SEK million)	2016 3 mths Jan-Mar	2015 3 mths Jan-Mar	2015 12 mths Jan-Dec
Operating profit/loss	-1.6	-1.4	2.4
Interest and income tax paid/received and adjustments for non-cash items	-7.2	-3.6	64.7
Change in working capital	-13.9	-45.8	-5.0
Cash flow from operating activities	-22.7	-50.8	62.1
Investments	0.0	0.0	–
Cash flow after investments	-22.7	-50.8	62.1
Financing	23.1	53.5	-60.1
Cash flow for the period	0.4	2.7	2.0
Cash and cash equivalents at the start of the year	4.5	2.7	2.7
Exchange rate differences in cash and cash equivalents	0.0	0.0	-0.2
Cash and cash equivalents at the end of the period	4.9	5.4	4.5

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 Q1	2015 Q1	2015 Q1-Q4
Net sales	SEK m	151	141	645
Operating profit	SEK m	17	15	73
Operating margin	%	11.3	10.9	11.4

Ackurat
Sweden
Finland
Poland

Canline
Netherlands
United States

Fredriksons
Sweden
China

NPB

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 Q1	2015 Q1	2015 Q1-Q4
Net sales	SEK m	59	50	213
Operating profit	SEK m	8	5	27
Operating margin	%	13.2	10.0	12.6

KMV

LK Precision

Mikroverktyg

Resinit

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 Q1	2015 Q1	2015 Q1-Q4
Net sales	SEK m	53	54	197
Operating profit	SEK m	5	6	10
– of which non-recurring items		–	–	–4
Operating margin	%	8.9	11.5	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).

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.

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

