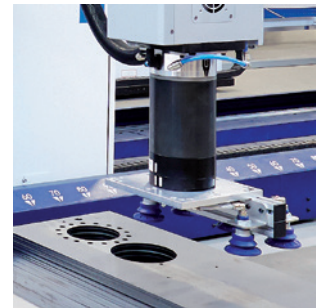
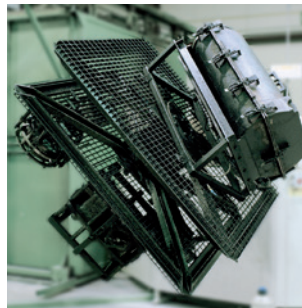




Year-end Report 2013



THE FULL YEAR

- Net revenue totalled SEK 1,593 million (1,171)
- Profit after tax amounted to SEK 118 million (67)
- Earnings per share were SEK 17.40 (9.85)
- The Group's best year ever
- Cash flow from operating activities amounted to SEK 161 million (73)
- Interest-bearing liabilities decreased by SEK 179 million
- Sale of industrial property in Tallinn
- Capacity-enhancing investments in ÅGES and ITB Teknik in Unnaryd
- The Board of Directors proposes hiving-off of business unit

THE FOURTH QUARTER

- Net revenue totalled SEK 439 million (283)
- Profit after tax amounted to SEK 24 million (17)
- Earnings per share were SEK 3.60 (2.40)

EVENTS AFTER THE END OF THE YEAR

- Change of CEO is planned

CHANGE OF CEO

After nearly 30 years with the Group, 12 of which were spent as CEO for the parent company, Sune Lantz and the Board of Directors have agreed that he will leave his position for new challenges.

This agreement means that Sune Lantz will step down as CEO in the middle of 2014. Deputy CEO Lennart Persson will take over as the new CEO. Lennart Persson has held various management positions within the XANO Group over the past 16 years and has been Deputy CEO of the parent company since 2005.

Sune Lantz will carry on doing Board work and special assignments for some listed groups. Sune Lantz will be nominated for election to the Board of Directors at XANO's Annual General Meeting on 8 May 2014. Sune Lantz was previously elected as executive Chairman of the Board for the company which XANO intends to distribute to shareholders and list separately.

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

The fourth quarter

The Group ended the year strongly. Compared to the corresponding period of the previous year, revenue was 54 per cent higher, while profit before tax increased by 161 per cent.

The full year

Revenue increased by 36 per cent and profit before tax excluding non-recurring items by 52 per cent compared to 2012. Cash flow amounted to SEK 161 million before investments. Interest-bearing liabilities fell by SEK 179 million. The full-year outcome made 2013 the Group's best year so far.

Future development

The order stock is generally at a high level at the Group companies, but does vary between different sectors and customer segments. Companies within Industrial Solutions are experiencing a continuing healthy market. The ongoing expansion in capacity and structural work within Precision Components are having a negative effect on the margins at the start of 2014. Many of Precision Technology's customers remain cautious, making it difficult to assess the development in the immediate future. With the establishment of operations in Poland complete, profitability for Rotational Moulding is expected to gradually improve. Overall, the development in the Group's operations is expected to still be good.

Revenue and profit

The full year

Net revenue totalled SEK 1,593 million (1,171). Operating profit amounted to SEK 175 million (94), which corresponds to an operating margin of 11.0 per cent (8.0). Operating profit includes non-recurring items totalling SEK 16 million (-6). The amount for this year primarily relates to capital gains from the sale of real estate. Profit before tax was SEK 150 million (82).

The fourth quarter

Net revenue totalled SEK 439 million (283). Operating profit amounted to SEK 40 million (17). Profit before tax was SEK 34 million (13).

Share data and key figures

Earnings per share were SEK 17.40 (9.85). Equity per share was SEK 94.80 (79.45). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 41 per cent (32) at the end of the period. The average number of employees was 998 (768).

Important events during the year

In February, an industrial property in Tallinn, Estonia, was sold. The purchase price, which was paid in cash, was EUR 6.9 million excluding VAT and brought about a capital gain of approx. SEK 14 million, which was recognised in the first quarter. Historically the property has generated a small profit every year and the sale will have a relatively insignificant

long-term impact on XANO's profits and financial position. XANO has not used the property for its own activities since 2010.

In December 2012, XANO acquired two companies in Unnaryd, Sweden: ÅGES and ITB Teknik. With the support gained from now being part of a group of companies, the foundation for growth at both these companies was deemed to be very good, and in the spring XANO decided to make substantial investments in operations in Unnaryd. This project involved extending the production premises of both companies as well as investing in moulding machinery and machining equipment. The expansion in capacity in Unnaryd is part of XANO's strategy to develop niche engineering companies through long-term investments.

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

In November, it was announced that XANO's Board of Directors was considering proposals for hiving-off and distribution to the shareholders of the companies within the Precision Components business unit. In December, it was decided to present the proposal for adoption at the Annual General Meeting in May 2014. The parent company of the hived-off group, XANO Teknik AB, intends to apply for separate listing on NASDAQ OMX's First North market.

Events after the end of the year

After nearly 30 years with the Group, 12 of which were spent as CEO for the parent company, Sune Lantz and the Board of Directors have agreed that he will leave his position for new challenges.

This agreement means that Sune Lantz will step down as CEO in the middle of 2014. Deputy CEO Lennart Persson will take over as the new CEO. Lennart Persson has held various management positions within the XANO Group over the past 16 years and has been Deputy CEO of the parent company since 2005.

Sune Lantz will carry on doing Board work and special assignments for some listed groups. Sune Lantz will be nominated for election to the Board of Directors at XANO's Annual General Meeting on 8 May 2014. Sune Lantz was previously elected as executive Chairman of the Board for the company which XANO intends to distribute to shareholders and list separately.

Activities and organisation

XANO comprises industrial companies with operations in Sweden, Estonia, Finland, Norway, China and Poland. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. During the year, the Group's operations were divided into four business units: Industrial Solutions, Precision Components, Precision Technology and Rotational Moulding.

Industrial Solutions

Industrial Solutions supplies automation solutions to the food and medical technology industries, in addition to packaging machines for beverage and other food packaging. The unit also supplies manufacturers of furniture and shop fittings with parts such as hand wheels, handles and adjustable feet.

	2013	2012
Sales, SEK m	623	580
Operating profit, SEK m	71	59
Operating margin, %	11.3	10.2

Revenue increased by 7 per cent and the operating margin was an improvement on the previous year, mostly thanks to the high cost flexibility of operations. The market conditions have been good almost all year, while the trend in orders has been positive. The substantial investments of the previous year have not only led to greater competitiveness on existing markets but also resulted in access to new ones, where several projects are now in the start-up phase. Continued investments in the development of our own products are expected to generate further growth.

Precision Components

Precision Components manufactures components using die casting and cutting machining of metal in larger runs with a high proportion of sales to the automotive industry.

	2013	2012
Sales, SEK m	608	199
Operating profit, SEK m	79	9
Operating margin, %	13.0	4.4
<i>The operating profit includes non-recurring items totalling SEK m</i>	2	-

2013 has seen ÅGES and ITB Teknik join the business unit and generate a boost in revenue of SEK 417 million with a good profit level. Other units are showing combined revenue slightly below the level of the previous year. The costs of establishing operations in Asia, restructuring work and an unfavourable customer mix have had a negative impact on the operating margin. The capacity expansion for ÅGES and ITB Teknik i Unnaryd, which has been underway for most of the year, is expected to lead to continued growth with stable profitability.

Precision Technology

Precision Technology comprises component and system manufacture using advanced cutting machining of metal and plastic for the production of components with stringent requirements on quality and precision.

	2013	2012
Sales, SEK m	190	231
Operating profit, SEK m	12	21
Operating margin, %	6.6	9.0
<i>The operating profit includes non-recurring items totalling SEK m</i>	-	-6

The invoicing during the year was almost 20 per cent lower than in the previous year. Just under half of this reduction can be attributed to operations that were sold in July 2012. A difficult business cycle for several of the companies' key customers has led to both reduced volumes and lower margins. Many new projects have been started and at the beginning these entailed increased costs. However, the potential for improvement is good.

Rotational Moulding

Rotational Moulding manufactures plastic products in the form of components and systems using rotational moulding. Deliverables include both customer-specific products and products developed in-house.

	2013	2012
Sales, SEK m	173	164
Operating profit, SEK m	16	20
Operating margin, %	9.0	12.3

The business unit's invoicing increased by 5 per cent compared to the previous year. The fall in margin is in the most part attributable to the extra costs incurred over the year due to the start-up in Poland. In market terms, the companies have managed to retain and in some segments even enhance their position, while the start-up in Poland also led to several new customer relationships. With an efficient organisation in Poland, the business unit as a whole is expected to once more generate a higher level of profitability.

Investments

During the year, the Group's net investments in non-current assets amounted to SEK 16 million (512), of which SEK -53 million related to the sale of real estate, SEK 16 million to the acquisition of real estate, SEK 49 million to machinery and equipment and SEK 4 million to intangible assets.

Net investments during the fourth quarter were SEK 36 million (393), of which SEK 11 million related to real estate, SEK 24 million to machinery and equipment and SEK 1 million to intangible assets.

Cash flow and liquidity

Cash flow from operating activities totalled SEK 161 million (73).

The Group's liquid assets, including lines of credit granted but not utilised, totalled SEK 345 million (283) on the balance sheet date.

Risks and uncertainty factors

The Group's main risk and uncertainty factors include operational risks associated with customers and suppliers and other external factors such as price risks for input goods. In addition, there are financial risks as a result of changes in exchange rates and interest rate levels.

A statement on the Group's main financial and operational risks can be found on pages 70 and 71 of the annual report for 2012. No additional significant risks are deemed to have arisen.

Accounting policies

As with the annual financial statements for 2012, the consolidated financial statements for 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the recommendations and statements of the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34.

The Group applies the same accounting policies as described in the annual report for 2012 with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied as of 1 January 2013:

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

Application of these has not had any effect on the Group's financial position but involves expanded disclosure requirements and revised presentation formats.

Since the legal and financial structure for hiving-off of the Precision Components business unit has yet to be determined, reclassification to profit from discontinued operations and assets for dividend purposes has not been possible.

Proposed dividend

The Board of Directors proposes that the Annual General Meeting allocate a dividend of SEK 4.00 (3.50) per share, totalling SEK 27 million (24) based on the number of outstanding shares at year-end.

The Board of Directors proposes the additional distribution of all shares in the subsidiary XANO Teknik AB to the shareholders.

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.

Nomination committee

A nomination committee was appointed at the 2013 Annual General Meeting consisting of Ulf Hedlundh (chairman), Fredrik Rapp and Anders Rudgård.

The committee's task prior to the 2014 AGM is to nominate a chairman of the board and other board members, a chairman for the AGM and fees for the board, committees and auditors.

Annual General Meeting

The Annual General Meeting will be held on Thursday 8 May at 3 pm at XANO's premises at Industriegatan 14 B in Jönköping, Sweden.

The annual report for 2013 (in Swedish) will be available in week 15, as a printed version from the head office and in digital format on the website www.xano.se. The annual report will be distributed to the shareholders along with information concerning the AGM.

Next report date

The interim report for the period 1 January to 31 March 2014 will be presented on Thursday 8 May 2014.

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, 13 February 2014

Tord Johansson
Chairman of the Board

Fredrik Rapp
Vice Chairman of the Board

Stig-Olof Simonsson
Board member

Petter Fägersten
Board member

Eva-Lotta Kraft
Board member

Per Rodert
Board member

Sune Lantz
CEO

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

Consolidated statement of comprehensive income (SEK million)	2013 3 mths Oct-Dec	2012 3 mths Oct-Dec	2013 12 mths Jan-Dec	2012 12 mths Jan-Dec
Net revenue	439	283	1,593	1,171
Cost of goods sold	-353	-232	-1,271	-934
Gross profit	86	51	322	237
Other operating income ¹⁾	3	4	27	15
Selling expenses	-32	-23	-112	-94
Administrative expenses	-15	-13	-56	-50
Other operating expenses ²⁾	-2	-2	-6	-14
Operating profit	40	17	175	94
Financial items	-6	-4	-25	-12
Profit before tax	34	13	150	82
Tax	-10	4	-32	-15
Net profit for the period	24	17	118	67
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to net profit for the period</i>				
Change in hedging reserve including tax ³⁾	0	-2	6	-3
Exchange rate differences ⁴⁾	3	1	4	-4
Effect of change in corporation tax for items recognised against equity	-	2	-	2
Other comprehensive income	3	1	10	-5
Comprehensive income for the period	27	18	128	62

Depreciation constitutes -17 -14 -68 -56

Tax amounts to 21 per cent (18) for the full year. Tax-exempt capital gains on the sale of real estate contributed to the lower tax cost for 2013.

¹⁾ Other operating income includes non-recurring items totalling SEK 16 million (0). The amount for this year is primarily attributable to capital gains from the sales of real estate.

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

³⁾ Refers to the effective component of the change in value of derivative instruments used for hedge accounting.

⁴⁾ Refers to the effects of changes in exchange rates when net investments in non-Swedish subsidiaries are translated to SEK. The amount is reported net of hedging contracts. ÅGES Industrier i Unnaryd AB and ITB Teknik i Unnaryd AB, which were acquired in December 2012, are included in the consolidated statement as of 1 January 2013.

During 2013, the additional purchase price for the shares in Eslöv Mekaniska Verkstad AB was finally adjusted by SEK 3.2 million, which corresponds to the estimated amount. Additional transaction costs of SEK 9,000 have been charged to the profit.

During 2013, SEK 300,000 was received and recognised as income in response to a settlement with the seller of Kungsörs Mekaniska Verkstad AB with regard to defects.

Share data	2013 3 mths Oct-Dec	2012 3 mths Oct-Dec	2013 12 mths Jan-Dec	2012 12 mths Jan-Dec
Average number of outstanding shares, thousands	6,789	6,789	6,789	6,789
Average number of outstanding shares after dilution, thousands	7,064	7,064	7,064	7,037
Average number of shares in own custody, thousands	140	140	140	140
Basic earnings per share, SEK ¹⁾	3.60	2.40	17.40	9.85
Diluted earnings per share, SEK ¹⁾	3.50	2.35	16.90	9.70
Cash flow from operating activities per share, SEK	2.75	2.05	23.70	10.75
Total number of shares on balance sheet date, thousands			6,929	6,929
Number of shares in own custody on balance sheet date, thousands			140	140
Equity per share on balance sheet date, SEK			94.80	79.45
Share price on balance sheet date, SEK			238.00	105.00

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

On 1 July 2012, convertibles for a nominal value of SEK 29,999,961, equivalent to 275,229 Class B shares with full conversion, were issued. The convertibles accrue interest corresponding to STIBOR 3M plus 2.7 per cent and are due for payment on 30 June 2016. The conversion rate is SEK 109.

¹⁾ Based on net profit for the period.

Consolidated statement of financial position (SEK million)	2013 31 Dec	2012 31 Dec
ASSETS		
Goodwill	499	501
Other intangible non-current assets	9	7
Property, plant and equipment	490	543
Other non-current assets	6	0
Total non-current assets	1,004	1,051
Inventories	247	254
Current receivables	278	296
Cash equivalents	28	64
Total current assets	553	614
TOTAL ASSETS	1,557	1,665
EQUITY AND LIABILITIES		
Equity	643	539
Non-current liabilities	440	476
Current liabilities	474	650
TOTAL EQUITY AND LIABILITIES	1,557	1,665
Interest-bearing liabilities constitute	577	756
Deferred tax liabilities constitute	83	80
Current liabilities include derivatives valued at fair value totalling SEK 5 million (13). The derivatives are used for hedging purposes and belong to value level two under IFRS 13.		

Statement of changes in equity (SEK million)	2013 31 Dec	2012 31 Dec
Opening balance	539	499
Comprehensive income for the year	128	62
Effect of convertible loan issued	–	2
Dividend paid	-24	-24
Closing balance	643	539

Cash flow statement (SEK million)	2013 12 mths Jan-Dec	2012 12 mths Jan-Dec
Operating profit	175	94
Interest and income tax paid/received and adjustments for non-cash items	1	17
Change in working capital	-15	-38
Cash flow from operating activities	161	73
Investments	25	-431
Cash flow after investments	186	-358
Financing	-223	367
Cash flow for the year	-37	9
Cash and cash equivalents at the start of the year	64	55
Exchange rate differences in cash and cash equivalents	1	0
Cash and cash equivalents at the end of the year	28	64

Key ratios	2013	2012
	12 mths Jan-Dec	12 mths Jan-Dec
Operating margin, %	11.0	8.0
Profit margin, %	9.4	7.0
Return on equity, %	19.8	12.9
Return on capital employed, %	14.7	10.8
Return on total capital, %	11.2	8.0
Interest coverage ratio, multiple	6.4	6.3
Equity, SEK m	643	539
Equity/assets ratio, %	41	32
Proportion of risk-bearing capital, %	47	37
Net investments, SEK m	16	512
Average number of employees	998	768

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

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

Quarterly summary	2013	2012	2013	2012	2013	2012	2013	2012
	Q4	Q4	Q3	Q3	Q2	Q2	Q1	Q1
Net revenue, SEK m	439	283	340	230	426	349	388	309
Gross profit, SEK m	86	51	66	50	96	70	74	66
Operating profit, SEK m	40	17	32	16	51	29	52	32
Profit before tax, SEK m	34	13	26	13	45	28	45	28
Net profit for the period, SEK m ¹⁾	24	17	21	8	35	21	38	21
Comprehensive income for the period, SEK m ²⁾	27	18	18	2	44	20	39	22
Operating margin, %	8.9	6.0	9.4	6.8	12.1	8.4	13.4	10.3
Equity/assets ratio, %	41	32	40	48	38	45	37	46
Earnings per share, SEK ³⁾	3.60	2.40	3.00	1.25	5.15	3.10	5.65	3.10
Cash flow from operating activities per share, SEK ²⁾	2.75	2.05	6.75	2.55	6.60	2.95	7.60	3.20

¹⁾ Refers to profit from continuing operations for the period.

²⁾ Refers to the whole Group, including discontinued operations.

³⁾ Based on profit from continuing operations for the period.

Net revenue, profit/loss and assets by segment

(SEK million)	Q1-Q4 2013				Q1-Q4 2012				2013	2012
	Net revenue			Profit/loss before tax ¹⁾	Net revenue			Profit/loss before tax ¹⁾	Total assets	Total assets
	External	Internal	Total		External	Internal	Total			
Industrial Solutions	623	0	623	67	580	0	580	55	401	423
Precision Components	607	1	608	67 ²⁾	198	1	199	5	739	771
Precision Technology	190	0	190	9	229	2	231	16 ⁴⁾	250	266
Rotational Moulding	173	0	173	12	164	0	164	18	148	145
Eliminations	-	-1	-1	-	-	-3	-3	-	-	-
Undistributed items	-	-	-	-5 ³⁾	-	-	-	-12	19	60
Group total	1,593	-	1,593	150	1,171	-	1,171	82	1,557	1,665

The information on segments is provided from the management's perspective, which means that reporting corresponds to the way in which the information is presented internally. The Group reports on the following segments: Industrial Solutions, Precision Components, Precision Technology and Rotational Moulding. The operations within each segment are described on pages 2 and 3. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between segments.

In 2013, the Rotational Moulding and Precision Components segments have boosted their total operating assets, such as inventories and trade receivables, as a result of an increase in incoming orders while corresponding items have been reduced within Industrial Solutions and Precision Technology. Within Precision Components, liquid assets have fallen by approx. SEK 45 million due to reallocation to the Group account system.

Sales of real estate completed in 2013 refer primarily to investment properties, which are recognised as undistributed items. Non-current assets have fallen by approx. SEK 52 million due to the sale of investment properties.

¹⁾ 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.

²⁾ This figure includes non-recurring items totalling SEK 2 million attributable to capital gains from the sales of real estate.

³⁾ This figure includes non-recurring items totalling SEK 14 million attributable to capital gain from the sale of real estate.

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

Income statement, Parent Company (SEK million)	2013 12 mths Jan-Dec	2012 12 mths Jan-Dec
Net revenue	11.3	9.2
Selling and administrative expenses	-16.8	-18.6
Operating profit/loss	-5.5	-9.4
Profit from participations in Group companies	66.1	111.0
Other financial items	5.6	0.4
Profit after financial items	66.2	102.0
Appropriations	-14.9	-13.8
Tax	-9.9	-11.0
Net profit for the year	41.4	77.2
<i>Statement of other comprehensive income</i>		
Net profit for the period	41.4	77.2
Other comprehensive income	-	-
Comprehensive income for the year	41.4	77.2

Income tax amounts to 19 per cent (12). Tax-exempt dividends contributed to the lower tax expense in 2012.
100 per cent (100) of the Parent Company's net revenue comes from invoicing to subsidiaries.

Balance sheet, Parent Company (SEK million)	2013 31 Dec	2012 31 Dec
ASSETS		
Non-current assets	310.6	528.9
Current assets	567.9	539.2
EQUITY AND LIABILITIES		
Equity	341.1	323.4
Untaxed reserves	63.5	48.6
Non-current liabilities	143.3	302.3
Current liabilities	330.6	393.8
BALANCE SHEET TOTAL	878.5	1,068.1

Statement of changes in equity, Parent Company (SEK million)	2013 31 Dec	2012 31 Dec
Opening balance	323.4	267.9
Comprehensive income for the period	41.4	77.2
Effect of convertible loan issued	-	2.0
Dividend paid	-23.7	-23.7
Closing balance	341.1	323.4

Cash flow statement, Parent Company (SEK million)	2013 12 mths Jan-Dec	2012 12 mths Jan-Dec
Operating profit	-5.5	-9.4
Interest and income tax paid/received and adjustments for non-cash items	51.1	93.8
Change in working capital	72.9	-154.5
Cash flow from operating activities	118.5	-70.1
Investments	218.2	-466.0
Cash flow after investments	336.7	-536.1
Financing	-331.8	491.3
Cash flow for the year	4.9	-44.8
Cash and cash equivalents at the start of the year	0.0	44.2
Exchange rate differences in cash and cash equivalents	0.3	0.6
Cash and cash equivalents at the end of the year	5.2	0.0

Investments during 2012 concerned corporate transactions. These companies have been sold within the Group in 2013. In addition to this, participations in Group companies have increased through a new share issue of SEK 247.8 million.



XANO Industri AB (publ) | Industrigatan 14 B | SE-553 02 Jönköping

Tel: +46 (0)36 31 22 00 | Fax: +46 (0)36 31 22 10

info@xano.se | www.xano.se