



Interim report

1 January – 30 September **2015**



Interim report 1 January–30 September 2015

THE INTERIM PERIOD

Continuing operations

- Net revenue totalled SEK 785 million (736)
- Profit before tax amounted to SEK 70 million (48)
- Profit after tax amounted to SEK 54 million (38)
- Earnings per share were SEK 7.85 (5.60)

Group total

- Net revenue totalled SEK 785 million (981)
- Profit before tax amounted to SEK 82 million (72)
- Profit after tax amounted to SEK 66 million (56)
- Earnings per share were SEK 9.70 (8.30)

- Acquisition of Canline in the Netherlands
- Sale of an industrial property in Länna outside Stockholm
- NPB achieves breakthrough on new market

After the balance sheet date

- Chairman of the Board, Tord Johansson, passed away

THE THIRD QUARTER

Continuing operations

- Net revenue totalled SEK 256 million (216)
- Profit before tax amounted to SEK 22 million (13)
- Profit after tax amounted to SEK 17 million (10)
- Earnings per share were SEK 2.50 (1.60)

Group total

- Net revenue totalled SEK 256 million (216)
- Profit before tax amounted to SEK 22 million (13)
- Profit after tax amounted to SEK 17 million (10)
- Earnings per share were SEK 2.50 (1.60)

The information in this report refers to continuing operations unless otherwise indicated. The comparative figures for the Group as a whole include the spun-off Precision Components business unit (AGES) up to and including 30 April 2014.

From 2015 onwards, the Group will be applying the percentage-of-completion method to project deliveries made to the packaging industry. The comparative figures have been recalculated in accordance with the new accounting policies.

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

The third quarter of the year was also strong, both in terms of sales and earnings. The operating margin for the entire interim period amounted to 9.9 per cent, compared to 7.8 per cent in the previous year. The Industrial Solutions and Precision Technology business units both reported increased sales and significantly higher operating profit. However, the operating margin for Rotational Moulding decreased, partially as a result of continued profitability problems in the business unit's Polish operation.

Despite the overall strong results, there is still room for improvement, particularly within Industrial Solutions, where there has long been restraint above all on the part of the major customers within contract manufacture. Prior to the end of the year, the Group's overall order volumes are at a healthy level as demand has gradually stabilised, yet there is still a certain amount of caution and inertia in the business processes on affected markets.

Revenue and profit

The interim period

Net revenue totalled SEK 785 million (736). Operating profit amounted to SEK 78 million (57), corresponding to an operating margin of 9.9 per cent (7.8). Profit before tax was SEK 70 million (48).

The third quarter

Net revenue totalled SEK 256 million (216). Operating profit amounted to SEK 26 million (16). Profit before tax was SEK 22 million (13).

Share data and key figures

The interim period

Earnings per share for continuing operations were SEK 7.85 (5.60). Earnings per share for the Group as a whole were SEK 9.70 (8.30). Equity per share was SEK 59.95 (50.90). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 43 per cent (39) at the end of the period. The average number of employees was 658 (675).

Important events during the period

Canline Holding B.V. was acquired at the end of March. In addition to the parent company, the Group comprises four operating companies: Canline Magnetics, Canline Systems, Bakeline Systems and Canline USA, with a total revenue of approx. SEK 75 million. The European entities are located in Bladel in the Netherlands. The business operations consist of the development, manufacture and sale of automation equipment, primarily conveyor systems, for the industrial

handling of lids and cans. The business also manufactures and sells magnets for industrial purposes. The companies are now part of XANO's Industrial Solutions business unit. Consolidation in the Group took place on 31 March 2015.

A property company that owns industrial land in Länna, Stockholm, was sold in April. The capital gain, amounting to SEK 12 million, was recognised as profit from discontinued operations during the second quarter. The sale will have only a marginal long-term impact on XANO's profits and financial position.

In April, XANO's subsidiary NPB Automation AB in Jönköping signed an agreement for deliveries to Brazil worth somewhere in the region of SEK 48 million. Installation is scheduled for January 2016, with this being the company's first one on the South American market. Delivery and installation will take place in partnership with NPB's sister company Canline.

Events after the end of the period

The Chairman of the Board, Tord Johansson, passed away on 10 October. XANO's Board of Directors has appointed Fredrik Rapp as Chairman for the period up until the new Chairman is elected by the Annual General Meeting in May 2016. Prior to the Meeting, the Nomination Committee will adopt a position on whether the number of Board members or the individuals concerned should change.

Activities and organisation

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 USA. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. The Group's operations are divided into three business units: Industrial Solutions, Precision Technology and Rotational Moulding.

Industrial Solutions

Companies within the Industrial Solutions business unit supply in-house-developed automation solutions such as packaging machines, accumulators and conveyor systems to the packaging industry. Manufacturers of furniture and fittings are provided 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 being performed.

	2015 Q1-Q3	2014 Q1-Q3	2014 Full year
Sales, SEK m	473	432	601
Operating profit, SEK m	52	36	52
Operating margin, %	11.0	8.4	8.7

Sales increased by 10 per cent and operating profit improved by 43 per cent in relation to the comparison period. Canline, which was acquired in March 2015, is

included in the business unit as from 1 April. The addition of Canline, as well as positive development for NPB and Ackurat, are the reasons for the positive growth. NPB in particular has reported extremely strong figures throughout the interim period, which has more than compensated for the weaker results from the two Fredriksons units, where low production volumes to major customers within contract manufacture have long had a dampening effect.

From the turn of the year onwards, NPB will be applying the percentage-of-completion method to the company's deliveries made to the packaging industry; this is expected to lead to a more even distribution of results over the course of the year. The comparative figures have been recalculated in accordance with the new accounting policies.

Precision Technology

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

	2015 Q1-Q3	2014 Q1-Q3	2014 Full year
Sales, SEK m	153	147	196
Operating profit, SEK m	21	15	17
Operating margin, %	13.9	10.3	8.8

Compared to the first nine months of last year, sales were slightly higher and operating profit improved by 39 per cent. The companies in the business unit have continued to develop satisfactorily and have generated extremely good profit figures overall. Several interesting projects have been launched since the summer, and the volume of orders in hand is generally good.

Rotational Moulding

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

	2015 Q1-Q3	2014 Q1-Q3	2014 Full year
Sales, SEK m	161	158	199
Operating profit, SEK m	16	18	18
Operating margin, %	9.8	11.6	8.8

Invoicing increased marginally, although the operating margin fell by 13 per cent in relation to the comparison period. After good growth at the start of the year, sales volumes have generally fallen in recent months. The Norwegian unit has continued to report a positive profit trend, while other units, with the exception of the Polish unit, have reported stable sales but a slightly poorer operating margin. Despite intensive work aimed at strengthening the organisation, the operation in Poland has failed to improve its profitability.

Discontinued operations

Discontinued operations refer to a property company that was sold in April 2015. Profit before tax for discontinued operations totalled SEK 12 million (0). This is a non-recurring item comprising the capital gain made on the sale of shares in the property company.

Investments

The interim period

Net investments in non-current assets for the Group as a whole came to SEK 74 million (-449), of which SEK 44 million related to corporate transactions, SEK 1 million to real estate and SEK 29 million to machinery and equipment.

The third quarter

Net investments in non-current assets for the Group as a whole came to SEK 4 million (11) and related to machinery and equipment.

Cash flow and liquidity

The interim period

Cash flow from operating activities for the Group as a whole amounted to SEK 114 million (53). The cash flow in the comparison period was affected by a high level of tied-up capital, primarily through increased trade receivables.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 259 million (223) 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 69 and 70 of the annual report for 2014. No additional significant risks are deemed to have arisen.

Accounting policies

As with the annual financial statements for 2014, the consolidated financial statements for 2015 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.

From 2015 onwards, the Group will be applying the percentage-of-completion method to project deliveries made to the packaging industry. The change in accounting policy is expected to result in a more even recognition of revenue and profit. This change will mainly affect NPB and the recently acquired Canline. The comparison year has been recalculated in accordance with the new policies. The application of these policies has increased profit after tax for 2014 as a whole by SEK 3.5 million and equity on the balance sheet date of 31 December 2014 by SEK 6 million.

Otherwise, the Group applies the same accounting policies as described in the annual report for 2014 with the following exceptions as a result of new or revised standards, interpretations and improvements, which are applied as of 1 January 2015:

- » IAS 19 Employee benefits
- » Annual improvements

The application of these has not had any effect on the Group's financial performance or position.

The capital gain from the sale of the property company has been classified as profit from discontinued operations and recognised in accordance with IFRS 5.

Annual general meeting 2016

XANO's 2016 AGM will take place in Jönköping on Thursday 12 May 2016.

Shareholders wishing to nominate candidates for XANO's Board of Directors may contact Ulf Hedlundh, Chair of the Nomination Committee, on tel. +46 8-440 37 70 or e-mail ulf.hedlundh@svolder.se. In order for received proposals to be able to be handled properly, these should be received by the Nomination Committee no later than 12 January 2016.

Next report date

The year-end report for the 2015 financial year will be presented on Thursday 11 February 2016.

Jönköping, 4 November 2015

Lennart Persson
CEO

Consolidated statement of comprehensive income	2015 3 mths Jul–Sep	2014 3 mths Jul–Sep	2015 9 mths Jan–Sep	2014 9 mths Jan–Sep	14/15 12 mths Oct–Sep	2014 12 mths Jan–Dec
(SEK million)						
Net revenue	256	216	785	736	1,043	994
Cost of goods sold	-197	-172	-598	-579	-808	-789
Gross profit	59	44	187	157	235	205
Other operating income	2	1	8	4	10	6
Selling expenses	-22	-20	-76	-69	-100	-93
Administrative expenses	-11	-8	-35	-32	-47	-44
Other operating expenses	-2	-1	-6	-3	-8	-5
Operating profit	26	16	78	57	90	69
Financial items	-4	-3	-8	-9	-12	-13
Profit before tax	22	13	70	48	78	56
Tax	-5	-3	-16	-10	-19	-13
Net profit for continuing operations	17	10	54	38	59	43
Profit from discontinued/spin-off operations ^{1, 2)}	–	–	12	18	12	18
Net profit for the period	17	10	66	56	71	61
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to net profit for the period</i>						
Change in hedging reserve including tax ³⁾	-2	-1	1	-7	-2	-10
Translation differences ⁴⁾	1	5	2	8	9	15
Other comprehensive income	-1	4	3	1	7	5
Comprehensive income for the period	16	14	69	57	78	66
Depreciation for continuing operations constitutes	-12	-11	-36	-32	-47	-43
Depreciation for the Group as a whole constitutes	-12	-11	-36	-41	-47	-52

¹⁾ 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 (0) in the interim period and SEK 0 million for 2014 as a whole. See specification on page 9.

²⁾ Profit from spin-off operations relates to the Precision Components business unit (AGES). The business unit is included in the consolidated results up to and including 30 April 2014. See specification on page 9.

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.

Tax amounts to 24 per cent (22) for the interim period.

Canline Holding B.V., which was acquired in March, is included in the consolidated results from 1 April 2015. See specification on page 9.

The comparison year has been recalculated to take account of the altered accounting policies.

Net revenue and profit/loss by segment

(SEK million)	Q1–Q3 2015				Q1–Q3 2014				Q1–Q4 2014			
	External	Net revenue Internal	Total	Profit/loss before tax ¹⁾	External	Net revenue Internal	Total	Profit/loss before tax ¹⁾	External	Net revenue Internal	Total	Profit/loss before tax ¹⁾
Industrial Solutions	473	0	473	51	432	0	432	34	601	0	601	49
Precision Technology	151	2	153	20	146	1	147	13	194	2	196	15
Rotational Moulding	161	0	161	15	158	0	158	17	199	0	199	14
Elimination	–	-2	-2	–	–	-1	-1	–	–	-2	-2	–
Undistributed items	–	–	–	-16	–	–	–	-16	–	–	–	-22
Continuing operations	785	–	785	70	736	–	736	48	994	–	994	56

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.

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 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 2015, the Precision Technology and Rotational Moulding segments have boosted their total operating assets, such as inventories and trade receivables, while corresponding items have been reduced within the Industrial Solutions segment.

The comparison year has been recalculated to take account of the altered accounting policies.

Consolidated statement of financial position (SEK million)	2015 30 Sep	2014 30 Sep	2014 31 Dec
ASSETS			
Goodwill	208	172	170
Other intangible non-current assets	17	7	7
Property, plant and equipment	325	333	337
Other non-current assets	5	7	5
Total non-current assets	555	519	519
Inventories	156	140	136
Current receivables ¹⁾	170	204	172
Cash and cash equivalents	59	28	33
Total current assets	385	372	341
TOTAL ASSETS	940	891	860
EQUITY AND LIABILITIES			
Equity	407	346	355
Non-current liabilities	230	252	251
Current liabilities ²⁾	303	293	254
TOTAL EQUITY AND LIABILITIES	940	891	860
Interest-bearing liabilities constitute	314	344	319
Deferred tax liabilities constitute	36	35	33

¹⁾ Current receivables include derivatives valued at fair value of SEK 1 million (0) for the interim period and SEK 0 million for 2014 as a whole. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value valuation 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 valued at fair value of SEK 16 million (14) for the interim period and SEK 17 million for 2014 as a whole. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value valuation is based on a number of factors, including forward interest rates produced on the basis of observable yield curves.

Canline Holding B.V. in the Netherlands was acquired in March 2015. Acquired assets and liabilities including surplus values amounted to SEK 83 million and SEK 22 million respectively.

The property company AB Grundstenen 150787 was sold in April 2015. Divested assets and liabilities amounted to SEK 9 million and SEK 9 million respectively.

The comparison year has been recalculated to take account of the altered accounting policies.

Statement of changes in equity (SEK million)	2015 30 Sep	2014 30 Sep	2014 31 Dec
Opening balance according to adopted balance sheet	349	643	643
Effect of altered accounting policies	6	3	3
Opening balance	355	646	646
Comprehensive income for the period	69	57	66
Dividend paid in cash	-17	-27	-27
Dividend paid by distribution of shares in subsidiary	–	-330	-330
Closing balance	407	346	355

Cash flow statement	2015	2014	14/15	2014
(SEK million)	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Oct-Sep	12 mths Jan-Dec
Operating profit	90	84	102	96
Interest and income tax paid/received and adjustments for non-cash items	12	7	20	15
Change in working capital	12	-38	32	-18
Cash flow from operating activities	114	53	154	93
Investments	-51	-73	-63	-85
Cash flow after investments	63	-20	91	8
Financing	-37	18	-63	-8
Cash flow for the period	26	-2	28	0
Cash and cash equivalents at the start of the year	33	28	28	28
Exchange rate differences in cash and cash equivalents	0	2	3	5
Cash and cash equivalents at the end of the period	59	28	59	33

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

In the cash flow statement for the interim period, SEK 0 million (28) of the cash flow from operating activities, SEK 12 million (-50) of the cash flow from investing activities and SEK 0 million (23) of the cash flow from financing activities related to discontinued/spun-off entities.

Share data	2015	2014	2015	2014	2014
	3 mths Jul-Sep	3 mths Jul-Sep	9 mths Jan-Sep	9 mths Jan-Sep	12 mths Jan-Dec
Average number of outstanding shares, thousands	6,789	6,789	6,789	6,789	6,789
Average number of outstanding shares after dilution, thousands	7,377	7,377	7,377	7,240	7,274
Average number of shares in own custody, thousands	140	140	140	140	140
Basic earnings per share for continuing operations, SEK ¹⁾	2.50	1.60	7.85	5.60	6.35
Basic earnings per share for the Group as a whole, SEK ¹⁾	2.50	1.60	9.70	8.30	9.05
Diluted earnings per share for continuing operations, SEK ¹⁾	2.35	1.50	7.35	5.35	6.10
Diluted earnings per share for the Group as a whole, SEK ¹⁾	2.35	1.45	9.05	7.90	8.65
Cash flow from operating activities per share for the Group as a whole, SEK	6.00	1.95	16.75	7.75	13.65
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			59.95	50.90	52.35
Share price on balance sheet date, SEK			125.25	109.50	104.00

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.

The comparison year has been recalculated to take account of the altered accounting policies.

For definitions, see page 11.

Key figures	2015 9 mths Jan–Sep	2014 9 mths Jan–Sep	14/15 12 mths Oct–Sep	2014 12 mths Jan–Dec
Operating margin for continuing operations, %	9.9	7.8	8.7	7.0
Operating margin for the Group as a whole, %	11.5	8.5	9.9	7.8
Profit margin for continuing operations, %	8.9	6.6	7.4	5.6
Profit margin for the Group as a whole, %	10.5	7.4	8.6	6.5
Return on equity p.a., % ¹⁾	22.9	15.1	18.9	13.1
Return on capital employed p.a., % ¹⁾	17.3	11.9	15.0	10.9
Return on total capital p.a., % ¹⁾	13.3	9.3	11.5	8.5
Interest coverage ratio, multiple ¹⁾	8.0	6.2	6.2	5.1
Equity, SEK m ¹⁾	407	346	407	355
Equity/assets ratio, % ¹⁾	43	39	43	41
Proportion of risk-bearing capital, % ¹⁾	47	43	47	45
Net investments for continuing operations, SEK m	83	37	95	49
Net investments for the Group as a whole, SEK m ²⁾	74	-449	86	-437
Average number of employees for continuing operations	658	675	662	675
Average number of employees for the Group as a whole	658	833	662	793

¹⁾ Refers to the Group as a whole.

²⁾ Of the investments made in 2014, SEK -536 million concerned the spin-off of AGES.

The comparison year has been recalculated to take account of the altered accounting policies.

For definitions, see page 11.

Quarterly summary	2015 Q3	2014 Q3	2015 Q2	2014 Q2	2015 Q1	2014 Q1	2014 Q4	2013 Q4
Net revenue for continuing operations, SEK m	256	216	284	266	245	254	258	274
Gross profit for continuing operations, SEK m	59	44	70	58	58	55	48	59
Operating profit for continuing operations, SEK m	26	16	29	20	23	21	12	23
Profit before tax for continuing operations, SEK m	22	13	26	17	22	18	8	21
Net profit for the period for continuing operations, SEK m	17	10	20	14	17	14	5	15
Net profit for the period, SEK m ¹⁾	17	10	32	18	17	28	5	24
Comprehensive income for the period, SEK m ¹⁾	16	14	31	19	22	24	9	27
Operating margin for continuing operations, %	10.2	7.5	10.1	7.5	9.4	8.2	4.8	8.3
Equity/assets ratio, % ¹⁾	43	39	40	37	38	41	41	41
Earnings per share for continuing operations, SEK ²⁾	2.50	1.60	2.85	1.90	2.50	2.10	0.75	2.20
Earnings per share for the Group as a whole, SEK ¹⁾	2.50	1.60	4.70	2.55	2.50	4.15	0.75	3.60
Cash flow from operating activities per share, SEK ¹⁾	6.00	1.95	9.95	6.15	0.80	-0.35	5.90	2.75

¹⁾ Refers to the Group as a whole.

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

The comparison year has been recalculated to take account of the altered accounting policies. 2013 has not been recalculated.

For definitions, see page 11.

Income statement	Continuing operations			Profit from discontinued operations ¹⁾			Profit from spin-off operations ²⁾			Total		
	2015 9 mths Jan–Sep	2014 9 mths Jan–Sep	2014 12 mths Jan–Dec	2015 9 mths Jan–Sep	2014 9 mths Jan–Sep	2014 12 mths Jan–Dec	2015 9 mths Jan–Sep	2014 9 mths Jan–Sep	2014 12 mths Jan–Dec	2015 9 mths Jan–Sep	2014 9 mths Jan–Sep	2014 12 mths Jan–Dec
(SEK million)												
Net revenue	785	736	994	–	0	0	–	245	245	785	981	1,239
Cost of goods sold	-598	-579	-789	–	0	0	–	-202	-202	-598	-781	-991
Gross profit	187	157	205	0	0	0	–	43	43	187	200	248
Other operating income	8	4	6	12	–	–	–	0	0	20	4	6
Selling expenses	-76	-69	-93	–	0	0	–	-10	-10	-76	-79	-103
Administrative expenses	-35	-32	-44	–	0	0	–	-6	-6	-35	-38	-50
Other operating expenses	-6	-3	-5	–	–	–	–	0	0	-6	-3	-5
Operating profit	78	57	69	12	0	0	–	27	27	90	84	96
Financial items	-8	-9	-13	–	–	–	–	-3	-3	-8	-12	-16
Profit before tax	70	48	56	12	0	0	–	24	24	82	72	80
Tax	-16	-10	-13	–	–	–	–	-6	-6	-16	-16	-19
Net profit for the period	54	38	43	12	0	0	–	18	18	66	56	61
Basic earnings per share, SEK ³⁾	7.84	5.57	6.35	1.84	–	–	–	2.72	2.72	9.68	8.29	9.07
Diluted earnings per share, SEK ³⁾	7.34	5.37	6.11	1.69	–	–	–	2.55	2.54	9.03	7.92	8.65

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 purchase sum, which was paid in cash, amounted to SEK 13 million and was based on an agreed property value of SEK 22 million. The sale resulted in a capital gain of SEK 12 million. The profit from operating property activities does not amount to a significant sum and therefore has not been taken into account.

²⁾ Profit from spin-off operations refers to the Precision Components business unit (AGES). The business unit was consolidated up to and including 30 April 2014.

³⁾ Based on net profit for the period.

The comparison year has been recalculated to take account of the altered accounting policies.

Canline Holding B.V. and its subsidiaries were acquired in March. Canline develops, manufactures and sells automation equipment, primarily conveyor systems, for the industrial handling of lids and cans. The business also manufactures and sells magnets for industrial purposes. Canline has 37 employees and annual revenue of approx. SEK 75 million, with an operating margin of around 20 per cent. The purchase price, which was paid in cash, came to SEK 61 million. The acquired balance sheet total amounted to around SEK 32 million, with equity representing SEK 12.5 million of this figure. Canline is now part of XANO's Industrial Solutions business unit and as such complements NPB's and Fredriksons' offerings to the packaging industry. Canline was consolidated from 31 March and is included in the consolidated results from April 2015. The acquired units have contributed SEK 30 million in net revenue and SEK 2 million in profit after the deduction of write-offs from surplus values and financial costs attributable to the acquisitions. If the acquired units had been included in the Group during the full interim period, revenue would have amounted to SEK 803 million, while net profit for continuing operations would have been SEK 56 million.

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:

Acquisitions (SEK million)	Reported values in subsidiaries	Fair value adjustment	Consolidated fair value
Intangible non-current assets	0	51	51
Property, plant and equipment	2	–	2
Financial assets	0	–	0
Current assets	30	–	30
Non-current liabilities	-1	-2	-3
Current liabilities	-19	–	-19
Net assets/purchase price	12	49	61
Liquid assets in acquired businesses			-9
Total cash flow attributable to acquired businesses			52

The acquisitions bring surplus values totalling SEK 51 million distributed amongst intangible non-current assets (SEK 12 million) and goodwill (SEK 39 million). The transaction costs amount to SEK 0.4 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 extra 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.

Income statement, Parent Company	2015	2014	2014
(SEK million)	9 mths Jan–Sep	9 mths Jan–Sep	12 mths Jan–Dec
Net revenue	5.7	5.6	7.4
Selling and administrative expenses	-10.7	-12.1	-16.6
Operating profit/loss	-5.0	-6.5	-9.2
Profit from participations in Group companies	–	50.0	95.0
Other financial items	-3.2	-12.7	-17.6
Profit/loss after financial items	-8.2	30.8	68.2
Appropriations	–	–	-5.8
Tax	1.8	4.2	-5.9
Net profit for the period	-6.4	35.0	56.5
<i>Statement of comprehensive income</i>			
Net profit for the period	-6.4	35.0	56.5
Other comprehensive income	–	–	–
Comprehensive income for the period	-6.4	35.0	56.5

Income tax amounts to 22 per cent (-14). A tax-exempt dividend from subsidiaries contributed to the reduced tax expense in 2014.

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

Balance sheet, Parent Company	2015	2014	2014
(SEK million)	30 Sep	30 Sep	31 Dec
ASSETS			
Non-current assets	70.9	59.4	63.8
Current assets	407.8	383.5	402.2
EQUITY AND LIABILITIES			
Equity	89.4	91.3	112.8
Untaxed reserves	69.2	63.5	69.2
Non-current liabilities	116.1	144.7	145.5
Current liabilities	204.0	143.4	138.5
BALANCE SHEET TOTAL	478.7	442.9	466.0

Statement of changes in equity, Parent Company	2015	2014	2014
(SEK million)	30 Sep	30 Sep	31 Dec
Opening balance	112.8	341.1	341.1
Comprehensive income for the period	-6.4	35.0	56.5
Dividend paid in cash	-17.0	-27.2	-27.2
Dividend paid by distribution of shares in subsidiary	–	-257.6	-257.6
Closing balance	89.4	91.3	112.8

Cash flow statement, Parent Company	2015	2014	2014
(SEK million)	9 mths Jan–Sep	9 mths Jan–Sep	12 mths Jan–Dec
Operating profit/loss	-5.0	-6.5	-9.2
Interest and income tax paid/received and adjustments for non-cash items	-4.5	37.8	80.3
Change in working capital	34.0	37.3	26.8
Cash flow from operating activities	24.5	68.6	97.9
Investments	0.0	0.0	-0.2
Cash flow after investments	24.5	68.6	97.7
Financing	-22.2	-71.2	-100.3
Cash flow for the period	2.3	-2.6	-2.6
Cash and cash equivalents at the start of the period	2.7	5.2	5.2
Exchange rate differences in cash and cash equivalents	-0.1	0.1	0.1
Cash and cash equivalents at the end of the period	4.9	2.7	2.7

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).

Auditor's review report

Introduction

We have reviewed the interim report for XANO Industri AB (publ) as at 30 September 2015 and for the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

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

Conclusion

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

Jönköping, 4 November 2015
Ernst & Young AB

Joakim Falck
Authorised Public Accountant



In Memoriam Tord Johansson (1955-2015)

Tord Johansson, one of XANO's main owners and the Chairman of the Board of Directors, passed away suddenly on 10 October at the age of 60.

Tord was born in Mörlunda, near Oskarshamn, in 1955. After graduating in industrial economics from Linköping Institute of Technology, he acquired a small company in Jönköping at the end of the 1970s. This company formed the basis for the three Groups listed on the stock exchange in which he was a main owner at the time of his death.

Over the years, Tord has always been heavily involved in the companies' operations. With his strategic and industrial expertise, he has been very important for the development of the companies. He had a unique ability to bring in skilled employees around him.

Tord will be greatly missed, both on a personal level and within the companies. One of his great strengths was his ability to create strong, skilled corporate management teams, which he allowed to grow into their roles. Tord was a true entrepreneur, and the companies will continue to be run in his spirit.

