



# Year-end report

# 2015



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## THE FULL YEAR

### Continuing operations

- Net revenue totalled SEK 1,052 million (994)
- Profit before tax amounted to SEK 85 million (56)
- Profit after tax amounted to SEK 66 million (43)
- Earnings per share were SEK 9.60 (6.35)

### Group total

- Net revenue totalled SEK 1,052 million (1,239)
- Profit before tax amounted to SEK 97 million (80)
- Profit after tax amounted to SEK 78 million (61)
- Earnings per share were SEK 11.45 (9.05)

- Acquisition of Canline in the Netherlands
- Sale of an industrial property
- NPB achieves breakthrough on new markets

## THE FOURTH QUARTER

### Continuing operations

- Net revenue totalled SEK 267 million (258)
- Profit before tax amounted to SEK 15 million (8)
- Profit after tax amounted to SEK 12 million (5)
- Earnings per share were SEK 1.75 (0.75)

### Group total

- Net revenue totalled SEK 267 million (258)
- Profit before tax amounted to SEK 15 million (8)
- Profit after tax amounted to SEK 12 million (5)
- Earnings per share were SEK 1.75 (0.75)

*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 are 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

2015 concluded on a positive note, with double the profit compared to the corresponding quarter last year. The lower outcome compared to the third quarter can be explained by the project mix and a certain amount of seasonal variation. Several of the Group's companies achieved their best results ever, and the operating margin for the whole year improved from 7.0 per cent last year to 9.1 per cent. Sales successes for the Group's own products and expansion on selected markets outside of the Nordic region have contributed to the positive trend.

The Precision Technology and Industrial Solutions business units reported increased sales and significantly higher operating profit than the comparison year. Rotational Moulding, on the other hand, reported slightly lower invoicing and a poorer operating margin, primarily as a result of negative results in the business unit's Polish company. The establishment of operations in Poland has contributed to breakthroughs on new markets, but the operation has failed to achieve a satisfactory level of profitability. Production has now been moved from Poland to Estonia and the business has been divided between the fellow subsidiaries. The costs

for this relocation are largely matched at Group level by positive non-recurring items.

In recent months, there have only been minor changes in the demand situation and structure on affected markets. For the Group as a whole, the level of orders received has gradually stabilised and overall order volumes are at a healthy level. The activities regarding focused investments in the further development of our own products and the optimisation of synergy benefits within the Group, such as the collaboration between Canline and NPB, are continuing.

## Revenue and profit

### The full year

Net revenue totalled SEK 1,052 million (994). Operating profit amounted to SEK 96 million (69), corresponding to an operating margin of 9.1 per cent (7.0). Profit before tax was SEK 85 million (56).

### The fourth quarter

Net revenue totalled SEK 267 million (258). Operating profit amounted to SEK 18 million (12). Profit before tax was SEK 15 million (8).

## Share data and key figures

### The full year

Earnings per share for continuing operations were SEK 9.60 (6.35). Earnings per share for the Group as a whole were SEK 11.45 (9.05). Equity per share was SEK 61.35 (52.35). The average number of outstanding shares was 6,788,974 during the period. The equity/assets ratio was 45 per cent (41) at the end of the period. The average number of employees was 660 (675).

## Important events during the year

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.

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.

## Events after the end of the year

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

## 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	2014
Sales, SEK m	645	601
Operating profit, SEK m	73	52
Operating margin, %	11.4	8.7

Sales increased by 7 per cent and operating profit improved by 40 per cent in relation to the comparison year. Through long-term strategic work on selected geographic markets, Ackurat has achieved an increasingly high share of exports. At the same time, the position on the domestic market has been retained and the company is continuing to report positive development. The extended collaboration between NPB and Canline has resulted for example in the establishment of a joint sales resource in China. Together, the two companies have acquired new business in e.g. South America, Asia and Australia, which has generated good profits. Low volumes in field of contract manufacture for the two Fredriksons units have resulted in greater resources being set aside for sales and product development.

*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	2014
Sales, SEK m	213	196
Operating profit, SEK m	27	17
Operating margin, %	12.6	8.8

Sales were 9 per cent higher compared to last year, while operating profit improved by 55 per cent. The majority of the business unit's companies reported their best results ever. This positive outcome is a consequence of strategic, long-term work towards resource-optimised projects and a well-balanced customer mix, as well as a high degree of automation and a high level of technology. Capacity is continually being strengthened, for example through investments in machinery, and expansion work also commenced at Resinit during the autumn.

## 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	2014
Sales, SEK m	197	199
Operating profit, SEK m	10	18
– of which non-recurring items	-4	–
Operating margin, %	5.0	8.8

Invoicing decreased marginally, while the operating margin fell by 44 per cent in relation to the comparison period. The profit for the year includes non-recurring items at SEK -4 million in respect of relocating production from Poland. The business has been transferred from the Polish unit to the fellow subsidiaries. Some functions will remain in Poland for a transitional period, although there are not expected to be any additional costs during 2016. Overall, other companies in the business unit are reporting slightly lower volumes, although the operating margin remains unchanged. Sales in each product segment were largely unchanged in relation to the comparison year, with the exception of contract-manufactured marine products, which increased primarily in Norway. In general, the level of orders received stabilised towards the end of the year and the volume of orders in hand was higher than at the corresponding time last year.

## 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 full year

Net investments in non-current assets for the Group as a whole came to SEK 80 million (-437), of which SEK 44 million related to corporate transactions, SEK 3 million to real estate and SEK 33 million to machinery and equipment.

### The fourth quarter

Net investments in non-current assets for the Group as a whole came to SEK 6 million (12), of which SEK 2 million related to real estate and SEK 4 million to machinery and equipment.

## Cash flow and liquidity

### The full year

Cash flow from operating activities for the Group as a whole amounted to SEK 158 million (93). The higher cash flow can be explained primarily by increased prepayments from customers and improved profits.

Liquid assets, including lines of credit granted but not utilised, was SEK 288 million (254) 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 69-70 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.

The critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report, with the addition of assessments and estimates following from the application of the percentage-of-completion method. Otherwise, the Group applies the same accounting policies as described in the annual report for 2014 with the exceptions of new or revised standards, interpretations and improvements, which are applied as of 1 January 2015. 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.

## Proposed dividend

The Board of Directors proposes that the Annual General Meeting allocate a dividend of SEK 3.50 (2.50) per share, totalling SEK 23.8 million (17.0) based on the number of outstanding shares at year-end.

In addition to this, the Board of Directors proposes that the Annual General Meeting allocate a supplementary dividend of SEK 1.00 (0.00) per share, totalling SEK 6.8 million (0.0).

The Board of Directors has decided to change the company's dividend policy. The new wording is: "It is the aim

*of the Board of Directors that dividends over an extended period will follow the earnings trend and correspond to at least 30% of profit after tax. The annual dividend proportion must however be viewed in relation to investment needs and any repurchase of shares.” The previous wording was: “It is the aim of the Board of Directors that dividends over an extended period will follow the earnings trend and correspond to 20–40% of profit after tax. The annual dividend proportion must however be viewed in relation to any repurchase of shares.”*

### **Authorisation for repurchase of own shares**

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

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

### **Authorisation for a new share issue**

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

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

### **Nomination committee**

A nomination committee was appointed at the 2015 Annual General Meeting consisting of Ulf Hedlundh (chairman), Fredrik Rapp and Anders Rudgård.

The committee's task prior to the 2016 AGM is to nominate a chairman of the board and other board members, auditors, 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 12 May at 3 pm at XANO's premises at Industrigatan 14 B in Jönköping, Sweden.

Shareholders wishing to have an issue dealt with at the Annual General Meeting must have submitted such a request in writing to the company no later than 24 March 2016 in order for the issue to be included in the notice. The request must be sent to the company by post at the address: XANO Industri AB, Att. Årsstämma 2016, Industrigatan 14 B, 553 02 Jönköping, or by e-mail to [info@xano.se](mailto:info@xano.se) with “Årsstämma 2016” as the subject.

The annual report for 2015 (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](http://www.xano.se). The annual report is distributed to those shareholders who actively notify the company that they wish to receive a copy.

### **Next report date**

The interim report for the period 1 January to 31 March 2016 will be presented on Thursday 12 May 2016.

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, 11 February 2016

Fredrik Rapp  
*Chairman of the Board*

Stig-Olof Simonsson  
*Board member*

Petter Fägersten  
*Board member*

Eva-Lotta Kraft  
*Board member*

Per Rodert  
*Board member*

Sune Lantz  
*Board member*

Lennart Persson  
*CEO*

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



Consolidated statement of comprehensive income	2015 3 mths Oct-Dec	2014 3 mths Oct-Dec	2015 12 mths Jan-Dec	2014 12 mths Jan-Dec
(SEK million)				
Net revenue	267	258	1,052	994
Cost of goods sold	-211	-210	-809	-789
<b>Gross profit</b>	<b>56</b>	<b>48</b>	<b>243</b>	<b>205</b>
Other operating income <sup>1)</sup>	6	2	14	6
Selling expenses	-25	-24	-101	-93
Administrative expenses	-13	-12	-48	-44
Other operating expenses <sup>2)</sup>	-6	-2	-12	-5
<b>Operating profit</b>	<b>18</b>	<b>12</b>	<b>96</b>	<b>69</b>
Financial items	-3	-4	-11	-13
<b>Profit before tax</b>	<b>15</b>	<b>8</b>	<b>85</b>	<b>56</b>
Tax	-3	-3	-19	-13
<b>Net profit for continuing operations</b>	<b>12</b>	<b>5</b>	<b>66</b>	<b>43</b>
Profit from discontinued/spin-off operations <sup>3, 4)</sup>	–	–	12	18
<b>Net profit for the period</b>	<b>12</b>	<b>5</b>	<b>78</b>	<b>61</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may be reclassified to net profit for the period</i>				
Change in hedging reserve including tax <sup>5)</sup>	1	-3	2	-10
Translation differences <sup>6)</sup>	-4	7	-2	15
<b>Other comprehensive income</b>	<b>-3</b>	<b>4</b>	<b>0</b>	<b>5</b>
<b>Comprehensive income for the period</b>	<b>9</b>	<b>9</b>	<b>78</b>	<b>66</b>
Depreciation for continuing operations constitutes	-12	-11	-48	-43
Depreciation for the Group as a whole constitutes	-12	-11	-48	-52

<sup>1)</sup> Other operating income includes non-recurring items relating to the reversal of negative goodwill by SEK 3 million (0) in the quarter and for the full year respectively.

<sup>2)</sup> Other operating expenses include non-recurring items relating to costs for closing down production of SEK -4 million (0) in the quarter and for the full year respectively.

<sup>3)</sup> 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) for the full year. See specification on page 10.

<sup>4)</sup> 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 10.

<sup>5)</sup> Refers to the effective component of the change in value of derivative instruments used for hedge accounting.

<sup>6)</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.

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

Canline Holding B.V., which was acquired in March, is included in the consolidated results from 1 April 2015. See specification on page 10.

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

## Net revenue and profit/loss by segment

(SEK million)	Q1–Q4 2015				Q1–Q4 2014			
	External	Net revenue Internal	Total	Profit/loss before tax <sup>1)</sup>	External	Net revenue Internal	Total	Profit/loss before tax <sup>1)</sup>
Industrial Solutions	645	0	645	72	601	0	601	49
Precision Technology	210	3	213	25	194	2	196	15
Rotational Moulding	197	0	197	8 <sup>2)</sup>	199	0	199	14
Elimination	–	-3	-3	–	–	-2	-2	–
Undistributed items	–	–	–	-20 <sup>3)</sup>	–	–	–	-22
<b>Continuing operations</b>	<b>1,052</b>	<b>–</b>	<b>1,052</b>	<b>85</b>	<b>994</b>	<b>–</b>	<b>994</b>	<b>56</b>

<sup>1)</sup> 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.

<sup>2)</sup> Includes non-recurring items relating to costs for closing down production of SEK -4 million (0).

<sup>3)</sup> Includes non-recurring items relating to the reversal of negative goodwill by SEK 3 million (0).

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 pages 3-4. 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 Industrial Solutions segments have boosted their total operating assets, such as inventories and trade receivables, while corresponding items have been reduced within the Rotational Moulding segment. Investments in non-current assets were made mainly 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 31 Dec	2014 31 Dec
<b>ASSETS</b>		
Goodwill	207	170
Other intangible non-current assets	16	7
Property, plant and equipment	317	337
Other non-current assets	3	5
<b>Total non-current assets</b>	<b>543</b>	<b>519</b>
Inventories	160	136
Current receivables <sup>1)</sup>	174	172
Cash and cash equivalents	41	33
<b>Total current assets</b>	<b>375</b>	<b>341</b>
Assets held for sale	1	–
<b>TOTAL ASSETS</b>	<b>919</b>	<b>860</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	416	355
Non-current liabilities	175	251
Current liabilities <sup>2)</sup>	328	254
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>919</b>	<b>860</b>
Interest-bearing liabilities constitute	259	319
Deferred tax liabilities constitute	28	33

<sup>1)</sup> Current receivables include derivatives valued at fair value of SEK 1 million (0). 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.

<sup>2)</sup> Current liabilities include derivatives valued at fair value of SEK 14 million (17). 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 31 Dec	2014 31 Dec
Opening balance according to adopted balance sheet	355	643
Effect of altered accounting policies	–	3
<b>Opening balance</b>	<b>355</b>	<b>646</b>
Comprehensive income for the period	78	66
Dividend paid in cash	-17	-27
Dividend paid by distribution of shares in subsidiary	–	-330
<b>Closing balance</b>	<b>416</b>	<b>355</b>

Cash flow statement	2015	2014
(SEK million)	12 mths Jan-Dec	12 mths Jan-Dec
Operating profit	108	96
Interest and income tax paid/received and adjustments for non-cash items	16	15
Change in working capital	34	-18
<b>Cash flow from operating activities</b>	<b>158</b>	<b>93</b>
Investments	-58	-85
<b>Cash flow after investments</b>	<b>100</b>	<b>8</b>
Financing	-91	-8
<b>Cash flow for the year</b>	<b>9</b>	<b>0</b>
Cash and cash equivalents at the start of the year	33	28
Exchange rate differences in cash and cash equivalents	-1	5
<b>Cash and cash equivalents at the end of the year</b>	<b>41</b>	<b>33</b>

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
	3 mths Oct-Dec	3 mths Oct-Dec	12 mths Jan-Dec	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	7,377	7,377	7,377	7,274
Average number of shares in own custody, thousands	140	140	140	140
Basic earnings per share for continuing operations, SEK <sup>1)</sup>	1.75	0.75	9.60	6.35
Basic earnings per share for the Group as a whole, SEK <sup>1)</sup>	1.75	0.75	11.45	9.05
Diluted earnings per share for continuing operations, SEK <sup>1)</sup>	1.65	0.75	9.00	6.10
Diluted earnings per share for the Group as a whole, SEK <sup>1)</sup>	1.65	0.75	10.70	8.65
Cash flow from operating activities per share for the Group as a whole, SEK	6.60	5.90	23.35	13.65
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			61.35	52.35
Share price on balance sheet date, SEK			155.50	104.00

<sup>1)</sup> 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 12.



Key figures	2015 12 mths Jan-Dec	2014 12 mths Jan-Dec
Operating margin for continuing operations, %	9.1	7.0
Operating margin for the Group as a whole, %	10.3	7.8
Profit margin for continuing operations, %	8.0	5.6
Profit margin for the Group as a whole, %	9.2	6.5
Return on equity, % <sup>1)</sup>	20.0	13.1
Return on capital employed, % <sup>1)</sup>	15.9	10.9
Return on total capital, % <sup>1)</sup>	12.1	8.5
Interest coverage ratio, multiple <sup>1)</sup>	6.8	5.1
Equity, SEK m <sup>1)</sup>	416	355
Equity/assets ratio, % <sup>1)</sup>	45	41
Proportion of risk-bearing capital, % <sup>1)</sup>	48	45
Net investments for continuing operations, SEK m	89	49
Net investments for the Group as a whole, SEK m <sup>2)</sup>	80	-437
Average number of employees for continuing operations	660	675
Average number of employees for the Group as a whole	660	793

<sup>1)</sup> Refers to the Group as a whole.

<sup>2)</sup> 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 12.

Quarterly summary	2015 Q4	2014 Q4	2015 Q3	2014 Q3	2015 Q2	2014 Q2	2015 Q1	2014 Q1
Net revenue for continuing operations, SEK m	267	258	256	216	284	266	245	254
Gross profit for continuing operations, SEK m	56	48	59	44	70	58	58	55
Operating profit for continuing operations, SEK m	18	12	26	16	29	20	23	21
Profit before tax for continuing operations, SEK m	15	8	22	13	26	17	22	18
Net profit for the period for continuing operations, SEK m	12	5	17	10	20	14	17	14
Net profit for the period, SEK m <sup>1)</sup>	12	5	17	10	32	18	17	28
Comprehensive income for the period, SEK m <sup>1)</sup>	9	9	16	14	31	19	22	24
Operating margin for continuing operations, %	6.8	4.8	10.2	7.5	10.1	7.5	9.4	8.2
Equity/assets ratio, % <sup>1)</sup>	45	41	43	39	40	37	38	41
Earnings per share for continuing operations, SEK <sup>2)</sup>	1.75	0.75	2.50	1.60	2.85	1.90	2.50	2.10
Earnings per share for the Group as a whole, SEK <sup>1)</sup>	1.75	0.75	2.50	1.60	4.70	2.55	2.50	4.15
Cash flow from operating activities per share, SEK <sup>1)</sup>	6.60	5.90	6.00	1.95	9.95	6.15	0.80	-0.35

<sup>1)</sup> Refers to the Group as a whole.

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

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

For definitions, see page 12.

Income statement	Continuing operations		Profit from discontinued operations <sup>1)</sup>		Profit from spin-off operations <sup>2)</sup>		Total	
	2015 12 mths Jan-Dec	2014 12 mths Jan-Dec	2015 12 mths Jan-Dec	2014 12 mths Jan-Dec	2015 12 mths Jan-Dec	2014 12 mths Jan-Dec	2015 12 mths Jan-Dec	2014 12 mths Jan-Dec
(SEK million)								
Net revenue	1,052	994	–	0	–	245	1,052	1,239
Cost of goods sold	-809	-789	–	0	–	-202	-809	-991
<b>Gross profit</b>	<b>243</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>43</b>	<b>243</b>	<b>248</b>
Other operating income	14	6	12	–	–	0	26	6
Selling expenses	-101	-93	–	0	–	-10	-101	-103
Administrative expenses	-48	-44	–	0	–	-6	-48	-50
Other operating expenses	-12	-5	–	–	–	0	-12	-5
<b>Operating profit</b>	<b>96</b>	<b>69</b>	<b>12</b>	<b>0</b>	<b>–</b>	<b>27</b>	<b>108</b>	<b>96</b>
Financial items	-11	-13	–	–	–	-3	-11	-16
<b>Profit before tax</b>	<b>85</b>	<b>56</b>	<b>12</b>	<b>0</b>	<b>–</b>	<b>24</b>	<b>97</b>	<b>80</b>
Tax	-19	-13	–	–	–	-6	-19	-19
<b>Net profit for the period</b>	<b>66</b>	<b>43</b>	<b>12</b>	<b>0</b>	<b>–</b>	<b>18</b>	<b>78</b>	<b>61</b>
Basic earnings per share, SEK <sup>3)</sup>	9.62	6.35	1.84	–	–	2.72	11.46	9.07
Diluted earnings per share, SEK <sup>3)</sup>	9.02	6.11	1.69	–	–	2.54	10.71	8.65

<sup>1)</sup> 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.

<sup>2)</sup> 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.

<sup>3)</sup> 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 54 million in net revenue and SEK 4 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 1,070 million, while net profit for continuing operations would have been SEK 68 million.

In December 2015, two companies were acquired with loss carryforwards from a tax perspective. The companies are dormant and the acquisitions are having an ongoing, marginal impact on XANO's profit and position. The cash purchase price amounted to SEK 3.6 million, of which SEK 1 million was paid on acquisition and the remainder will be paid during 2016. The acquired total assets amounted to SEK 1.6 million, of which SEK 1 million comprised shareholders' equity. The acquired companies have not contributed any sales or results in 2015.

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	Canline			Other acquisitions		
	Reported values in subsidiaries	Fair value adjustment	Consolidated fair value	Reported values in subsidiaries	Fair value adjustment	Consolidated fair value
(SEK million)						
Intangible non-current assets	0	51	51	0	-3	-3
Property, plant and equipment	2	–	2	–	–	–
Other non-current assets	0	–	0	0	6	6
Current assets	30	–	30	2	–	2
Non-current liabilities	-1	-2	-3	–	–	–
Current liabilities	-19	0	-19	-1	-3	-4
<b>Net assets/purchase price</b>	<b>12</b>	<b>49</b>	<b>61</b>	<b>1</b>	<b>0</b>	<b>1</b>
Liquid assets in acquired businesses			-9			–
<b>Total cash flow attributable to acquired businesses</b>			<b>52</b>			<b>1</b>

The acquisition of Canline brings 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.

Other acquisitions resulted in a negative goodwill of SEK 3 million, which has been reversed and recognised as profit during 2015. The transaction costs amount to SEK 0 million.

Income statement, Parent Company	2015	2014
(SEK million)	12 mths Jan-Dec	12 mths Jan-Dec
Net revenue	18.1	7.4
Selling and administrative expenses	-15.7	-16.6
<b>Operating profit/loss</b>	<b>2.4</b>	<b>-9.2</b>
Profit from participations in Group companies	76.7	95.0
Other financial items	-3.4	-17.6
<b>Profit/loss after financial items</b>	<b>75.7</b>	<b>68.2</b>
Appropriations	1.1	-5.8
Tax	-16.5	-5.9
<b>Net profit for the period</b>	<b>60.3</b>	<b>56.5</b>
<i>Statement of comprehensive income</i>		
Net profit for the period	60.3	56.5
Other comprehensive income	–	–
<b>Comprehensive income for the period</b>	<b>60.3</b>	<b>56.5</b>

Income tax amounts to 21 per cent (10). 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
(SEK million)	31 Dec	31 Dec
<b>ASSETS</b>		
Non-current assets	53.0	63.8
Current assets	472.1	402.2
<b>EQUITY AND LIABILITIES</b>		
Equity	156.1	112.8
Untaxed reserves	68.1	69.2
Non-current liabilities	72.2	145.5
Current liabilities	228.7	138.5
<b>BALANCE SHEET TOTAL</b>	<b>525.1</b>	<b>466.0</b>

Statement of changes in equity, Parent Company	2015	2014
(SEK million)	31 Dec	31 Dec
<b>Opening balance</b>	<b>112.8</b>	<b>341.1</b>
Comprehensive income for the period	60.3	56.5
Dividend paid in cash	-17.0	-27.2
Dividend paid by distribution of shares in subsidiary	–	-257.6
<b>Closing balance</b>	<b>156.1</b>	<b>112.8</b>

Cash flow statement, Parent Company	2015	2014
(SEK million)	12 mths Jan-Dec	12 mths Jan-Dec
Operating profit/loss	2.4	-9.2
Interest and income tax paid/received and adjustments for non-cash items	64.7	80.3
Change in working capital	-5.0	26.8
<b>Cash flow from operating activities</b>	<b>62.1</b>	<b>97.9</b>
Investments	–	-0.2
<b>Cash flow after investments</b>	<b>62.1</b>	<b>97.7</b>
Financing	-60.1	-100.3
<b>Cash flow for the year</b>	<b>2.0</b>	<b>-2.6</b>
Cash and cash equivalents at the start of the year	2.7	5.2
Exchange rate differences in cash and cash equivalents	-0.2	0.1
<b>Cash and cash equivalents at the end of the year</b>	<b>4.5</b>	<b>2.7</b>

## 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).

