INTERIM REPORT
1 January – 30 June 2018




THE INTERIM PERIOD

- Net revenue totalled SEK 1,045 million (853)
- Operating profit amounted to SEK 122 million (114)
- Profit before tax amounted to SEK 115 million (100)
- Profit after tax amounted to SEK 90 million (77)
- Earnings per share were SEK 6.44 (5.61)

THE SECOND QUARTER

- Net revenue totalled SEK 541 million (443)
- Operating profit amounted to SEK 61 million (62)
- Profit before tax amounted to SEK 59 million (52)
- Profit after tax amounted to SEK 47 million (40)
- Earnings per share were SEK 3.33 (2.94)

Important events during the period

- The acquisition of Blowtech Group was concluded
- The Dutch enterprise Polyketting was acquired

XANO

XANO INDUSTRI AB (PUBL)

CEO'S COMMENTS ON THE GROUP'S DEVELOPMENT DURING THE PERIOD

A strong second quarter meant that the Group's results for the first half-year were our best to date, calculated in Swedish kronor. In relation to the comparison period, sales rose by just over 22 per cent, of which the new acquisitions Blowtech and Polyketting jointly contributed 19 per cent. Operating profit improved by 7 per cent and the profit margin amounted to 11.0 per cent.

The increase in volume of just over 80 per cent within Industrial Products was primarily attributable to Blowtech, which was acquired at the start of the year. The business unit's operating profit improved by 31 per cent. Ackurat strengthened its margins, while Cipax's profitability continued to be adversely affected by exchange rate effects and a higher proportion of customer-specific production. The integration of Blowtech is progressing and several coordination projects have been launched.

The Industrial Solutions business unit reported a growth in sales of 5 per cent, primarily attributable to the Group's latest addition, Polyketting. Operating profit fell by 11 per cent, a deterioration that is directly linked to the lower volumes within project-related operations. However, the activity level was generally higher here towards the end of the period. Sales to major contract customers continued to develop positively.

The companies within the Precision Technology business unit reported 16 per cent higher invoicing and an operating profit that exceeded that of the comparison period by 42 per cent. The good profitability is founded on a well-balanced customer and assignment structure in combination with resource-efficient manufacture. The strengthening of capacity through additional machinery investments and expanded production space is continuing.

With the exception of project-related operations, the demand situation in the Group was generally slightly more cautious than normal at the end of the first half-year. To date this year, we have experienced larger variations in incoming orders from month to month than during last year, and are therefore cautious when it comes to drawing overly far-reaching conclusions on this basis. There is considerable potential in the numerous project quotations that are awaiting completion, and we are anticipating continued positive developments for the Group as a whole.

REVENUE AND PROFIT

The interim period

Net revenue totalled SEK 1,045 million (853). Operating profit amounted to SEK 122 million (114), corresponding to an operating margin of 11.7 per cent (13.4). Profit before tax was SEK 115 million (100).

The second quarter

Net revenue totalled SEK 541 million (443). Operating profit amounted to SEK 61 million (62), corresponding to an operating margin of 11.3 per cent (14.0). Profit before tax was SEK 59 million (52).

SHARE DATA AND KEY FIGURES

The interim period

Basic earnings per share were SEK 6.44 (5.61). Equity per share was SEK 43.81 (33.04). The average number of outstanding shares was 13,946,529 during the period. The equity/assets ratio was 31 per cent (31) at the end of the period. The average number of employees was 999 (794).

IMPORTANT EVENTS DURING THE PERIOD

The acquisition of Blowtech Group, with production facilities in Gnosjö, Sweden, and Kongsvinger, Norway, was concluded in January. Blowtech is a leading Nordic player in technical blow moulding of plastics. Blowtech produces complex components for vehicles, construction machinery and infrastructure equipment. The business has a turnover of SEK 250 million with an operating margin of approximately 12 per cent. The acquired operations are expected to contribute annual earnings per share of SEK 1.25. Blowtech is a part of the Industrial Products business unit along with Cipax and Ackurat (formerly a part of Industrial Solutions). The purchase sum, which was paid partly in cash and partly through the transfer of XANO shares, amounted to SEK 238 million on a debt-free basis. For settlement of the equivalent of SEK 20 million of the purchase sum, 133,778 of the company's own class B shares were transferred.

In May, Polyketting Holding B.V. with subsidiaries, located in Zelhem in the Netherlands, was acquired. The operations of the acquired companies comprise the development, manufacture and sale of automation equipment, primarily conveyor systems and accumulator units, for the packaging industry. During 2017, net sales totalled just over EUR 8 million with an operating margin, non-recurring items excluded, of 8 per cent. Polyketting is a part of XANO's Industrial Solutions business unit. The purchase price, paid in cash, amounted to EUR 2.7 million.

EVENTS AFTER THE END OF THE PERIOD

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

INVESTMENTS

The interim period

Net investments in non-current assets came to SEK 240 million (13), of which SEK 206 million related to corporate transactions, SEK 2 million to intangible non-current assets, SEK 17 million to real estate and SEK 15 million to machinery and equipment.

The second quarter

Net investments in non-current assets came to SEK 42 million (3), of which SEK 32 million related to corporate transactions, SEK 2 million to intangible non-current assets, SEK 4 million to real estate and SEK 4 million to machinery and equipment.

CASH FLOW AND LIQUIDITY

Cash flow from operating activities amounted to SEK 50 million (40) in the interim period. The Group's operations have continued to result in increased working capital, including stock levels.

Liquid assets, including lines of credit granted but not utilised, totalled SEK 285 million (350) on the balance sheet date.

NUMBER OF SHARES AND VOTING RIGHTS

After the 2:1 share split carried out in 2017, the total number of shares stands at 14,093,490, divided between 3,644,400 class A shares and 10,449,090 class B shares. Each class A share entitles ten votes and each class B share entitles one vote. The total number of votes amounts to 46,893,090.

In January 2018, 133,778 own class B shares were transferred in conjunction with an acquisition. After the transaction, the number of shares in the company's custody amounts to 146,222 class B shares, corresponding to 1.0 per cent of total share capital.

RISKS AND UNCERTAINTY FACTORS

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

A statement on the Group's main financial and operational risks can be found on pages 88–89 of the annual report for 2017. No additional significant risks are deemed to have arisen.

ACCOUNTING POLICIES

As with the annual financial statements for 2017, the consolidated financial statements for 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the recommendations and statements of the Swedish Financial Reporting Board. This interim report has been prepared in accordance with IAS 34.

The critical assessments and the sources of estimates when preparing this interim report are the same as in the most recent annual report. The Group applies the same accounting policies as described in the annual report for 2017 with the exceptions of new or revised standards, interpretations and improvements, which are applied as from 1 January 2018.

The application of the new standards IFRS 9, Financial instruments, and IFRS 15, Revenue from contracts with customers, starting in 2018, will not have any significant impact on the Group's financial results and position, and no transitional effects associated with the implementation of these standards have been identified. The standards are introducing new terms and extended disclosure requirements, however.

Regarding the application of IFRS 16, Leases, which enters into force in 2019, please refer to the description in the 2017 annual report. The Group intends to apply the simplified method during the transition to the new standard.

NEXT REPORT DATE

The interim report for the period 1 January to 30 September 2018 will be presented on Tuesday 6 November 2018.

The undersigned declare that this half-yearly interim report provides a true summary of the Parent Company's and the Group's activities, position and results. It also describes significant risks and uncertainty factors facing the Parent Company and the companies that form the Group.

Jönköping, 12 July 2018

Fredrik Rapp
Chairman of the Board

Anna Benjamin
Vice Chairman of the Board

Petter Fägersten
Board member

Eva-Lotta Kraft
Board member

Stig-Olof Simonsson
Board member

Per Rodert
Board member

Lennart Persson
CEO

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK million)	2018 3 mths Apr-Jun	2017 3 mths Apr-Jun	2018 6 mths Jan-Jun	2017 6 mths Jan-Jun	17/18 12 mths Jul-Jun	2017 12 mths Jan-Dec
Net revenue	541	443	1,045	853	1,855	1,663
Cost of goods sold	-421	-331	-810	-641	-1,428	-1,259
Gross profit	**120**	**112**	**235**	**212**	**427**	**404**
Selling expenses [1]	-38	-32	-73	-63	-125	-115
Administrative expenses	-22	-18	-42	-35	-75	-68
Other operating income	5	2	10	3	16	9
Other operating expenses	-4	-2	-8	-3	-15	-10
Profit from participations in associated companies	0	0	0	0	0	0
Operating profit	**61**	**62**	**122**	**114**	**228**	**220**
Financial income	3	-1	6	1	9	4
Financial expenses	-5	-9	-13	-15	-22	-24
Profit before tax	**59**	**52**	**115**	**100**	**215**	**200**
Tax	-12	-12	-25	-23	-44	-42
Net profit for the period	**47**	**40**	**90**	**77**	**171**	**158**
OTHER COMPREHENSIVE INCOME						
Items that may be reclassified to net profit for the period						
Change in hedging reserve including tax [2]	-1	1	-1	1	0	2
Translation differences [3]	4	-2	17	-3	20	0
Other comprehensive income	**3**	**-1**	**16**	**-2**	**20**	**2**
Comprehensive income for the period	**50**	**39**	**106**	**75**	**191**	**160**
– of which attributable to shareholders of the Parent Company	*50*	*39*	*106*	*75*	*191*	*160*
Basic earnings per share, SEK [4]	3.33	2.94	6.44	5.61	12.27	11.44
Diluted earnings per share, SEK [4]	3.24	2.86	6.27	5.46	11.95	11.14
Depreciation constitutes	-16	-13	-31	-26	-57	-52

Net revenue refers to revenue from contracts with customers, see also page 5.

Tax amounts to 22 per cent (23) for the interim period.

[1] Amounts for the 2017 full year include non-recurring items of SEK 10 million regarding the reversal of anticipated bad debt losses, as well as non-recurring items of SEK -6 million in respect of complaints.

[2] Refers to the effective component of the change in value of derivative instruments used for hedge accounting.

[3] 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.

[4] Based on net profit for the period.

Blowtech Group AB with subsidiaries and Blowtech Fastigheter AB are included in the consolidated results from the acquisition date 2 January 2018. Blowtech contributed SEK 146 million in net revenue and SEK 11 million in net profit after the deduction of write-offs from surplus values and financial costs attributable to the acquisition.

Polyketting B.V. with subsidiaries is included in the consolidated results from 1 May 2018. Polyketting contributed SEK 18 million in net revenue and SEK 1 million in net profit after the deduction of write-offs from surplus values and financial costs attributable to the acquisition.

If the acquired units had been included in the Group throughout the whole of 2018, revenue would have amounted to approx. SEK 1,071 million, while net profit would have been unchanged at SEK 90 million.

NET REVENUE AND PROFIT/LOSS BY SEGMENT

	Q1-Q2 2018				Q1-Q2 2017				Q1-Q4 2017			
	Net revenue				Net revenue				Net revenue			
(SEK million)	*External*	*Internal*	*Total*	Profit before tax [1]	*External*	*Internal*	*Total*	Profit before tax [1]	*External*	*Internal*	*Total*	Profit before tax [1]
Industrial Products [2]	323	0	323	41	176	0	176	30	296	0	296	35
Industrial Solutions [2]	572	0	572	60	547	0	547	65	1,112	1	1,113	150
Precision Technology	150	3	153	30	130	2	132	21	255	4	259	43
Elimination	–	-3	-3	–	–	-2	-2	–	–	-5	-5	–
Undistributed items	–	–	–	-16	–	–	–	-16	–	–	–	-28
Group total	**1,045**	**–**	**1,045**	**115**	**853**	**–**	**853**	**100**	**1,663**	**–**	**1,663**	**200**

[1] The figure refers to the profit/loss before the distribution of group-wide costs and tax in accordance with internal reporting. Undistributed items mainly refer to the Parent Company.

[2] The comparison periods have been recalculated as a result of the altered subdivision into business units.

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 Products, Industrial Solutions and Precision Technology. The operations within each segment are described on page 11. The segments are reported in accordance with the same accounting policies as the Group. Market conditions are applied to transactions between the segments.

In 2018, all segments have boosted their total operating assets, such as inventories and trade receivables.

BREAKDOWN OF REVENUE	INDUSTRIAL PRODUCTS			INDUSTRIAL SOLUTIONS			PRECISION TECHNOLOGY			GROUP TOTAL		
	2018 Q1-Q2	2017 Q1-Q2	2017 Q1-Q4	2018 Q1-Q2	2017 Q1-Q2	2017 Q1-Q4	2018 Q1-Q2	2017 Q1-Q2	2017 Q1-Q4	2018 Q1-Q2	2017 Q1-Q2	2017 Q1-Q4
Geographic markets [1] (SEK million)												
Sweden	96	66	121	224	177	363	124	104	203	441	345	682
Rest of the Nordic countries	73	70	116	42	14	26	1	2	2	116	86	144
Rest of Europe	111	39	58	194	291	552	8	11	21	313	341	631
Rest of the world	43	1	1	112	65	172	20	15	33	175	81	206
Total	**323**	**176**	**296**	**572**	**547**	**1,113**	**153**	**132**	**259**	**1,045**	**853**	**1,663**
Type of product (SEK million)												
Proprietary products	89	92	143	327	355	732	2	2	4	418	449	878
Customer-specific manufacturing	234	84	153	245	192	381	151	130	255	627	404	785
Total	**323**	**176**	**296**	**572**	**547**	**1,113**	**153**	**132**	**259**	**1,045**	**853**	**1,663**
Time for revenue recognition (SEK million)												
Sale of product or service (at a specific time)	323	176	296	295	229	458	153	132	259	768	535	1,008
Sale of service (over time)	–	–	–	5	4	8	–	–	–	5	4	8
Project using percentage of completion (over time)	–	–	–	272	314	647	–	–	–	272	314	647
Total	**323**	**176**	**296**	**572**	**547**	**1,113**	**153**	**132**	**259**	**1,045**	**853**	**1,663**

1) Revenue by geographic market refers to revenue from customers according to where the customers are located.

SHARE DATA	2018 3 mths Apr-Jun	2017 3 mths Apr-Jun	2018 6 mths Jan-Jun	2017 6 mths Jan-Jun	2017 12 mths Jan-Dec
Average number of outstanding shares, thousands	13,947	13,813	13,947	13,813	13,813
Average number of outstanding shares after dilution, thousands	14,517	14,383	14,517	14,383	14,383
Average number of shares in own custody, thousands	146	280	146	280	280
Basic earnings per share, SEK [1]	3.33	2.94	6.44	5.61	11.44
Diluted earnings per share, SEK [1, 2]	3.24	2.86	6.27	5.46	11.14
Cash flow from operating activities per share, SEK	2.41	2.46	3.56	2.87	8.51
Total number of shares on balance sheet date, thousands			14,093	14,093	14,093
Number of shares in own custody on balance sheet date, thousands			146	280	280
Number of outstanding shares on balance sheet date, thousands			13,947	13,813	13,813
Equity per share on balance sheet date, SEK			43.81	33.04	39.19
Share price on balance sheet date, SEK			243.00	145.00	149.75

1) Based on net profit for the period.

2) Costs related to convertible bonds amount to SEK 1,136 thousand (1,136) for the interim period and SEK 2,292 thousand for the 2017 full year.

A 2:1 share split was carried out in June 2017. After the share split, the total number of shares stands at 14,093,490, divided between 3,644,400 class A shares and 10,449,090 class B shares. After deduction for the company's own holding, 146,222 class B shares, the number of outstanding shares is 13,947,268.

On 1 July 2016, convertibles at a nominal value of SEK 62,130,000 were issued to employees within the XANO Group. The convertibles accrue interest corresponding to STIBOR 3M plus 2.20% and fall due for payment on 30 June 2020. The conversion rate was originally SEK 218. Due to the share split, the conversion rate has been recalculated in accordance with section 8B of the terms and conditions. The recalculated conversion rate is SEK 109. During the period 1 June to 12 June 2020, each convertible may be converted to one Class B share in XANO Industri AB. If all convertibles are converted to shares, the dilution will be approx. 4 per cent of the share capital and 1.2 per cent of the number of votes based on the total number of shares on the balance sheet date.

For definitions, see page 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SEK million)	2018 30 Jun	2017 30 Jun	2017 31 Dec
ASSETS			
Goodwill	580	483	483
Other intangible non-current assets	37	34	31
Property, plant and equipment	508	376	389
Other non-current assets	2	2	2
Total non-current assets	*1,127*	*895*	*905*
Inventories	301	189	206
Current receivables	467	315	355
Cash and cash equivalents	60	53	53
Total current assets	*828*	*557*	*614*
Assets held for sale	1	1	1
TOTAL ASSETS	**1,956**	**1,453**	**1,520**
EQUITY AND LIABILITIES			
Equity	611	456	541
Non-current liabilities	654	497	501
Current liabilities [1, 2]	691	500	478
TOTAL EQUITY AND LIABILITIES	**1,956**	**1,453**	**1,520**
Interest-bearing liabilities constitute	835	582	535
Deferred tax liabilities constitute	90	58	71
Lines of credit granted but not utilised total	225	297	290

[1] Current liabilities include interest derivatives measured at fair value of SEK 14 million (15) for the interim period and SEK 15 million for the 2017 full year. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value measurement is based on a number of factors, including forward interest rates produced on the basis of observable yield curves.

[2] Current liabilities include currency derivatives measured at fair value of SEK 1 million (1) for the interim period. The amount for the 2017 full year includes no currency derivatives. The derivatives are used for hedging purposes and belong to value level 2 under IFRS 13. The fair value measurement is based on several factors, including observable data such as fixing rates and swap rates for the currency in question.

Blowtech Group AB with subsidiaries and Blowtech Fastigheter AB were acquired in January 2018. Acquired assets and liabilities, including surplus values and after revaluation to fair value, amounted to SEK 297 million and SEK 136 million, respectively.

Polyketting B.V. with subsidiaries was acquired in May 2018. Acquired assets and liabilities, including surplus values and after revaluation to fair value, amounted to SEK 57 million and SEK 28 million, respectively.

STATEMENT OF CHANGES IN EQUITY (SEK million)	2018 30 Jun	2017 30 Jun	2017 31 Dec
Opening balance	541	412	412
Net profit for the period	90	77	158
Other comprehensive income	16	-2	2
Comprehensive income for the period	*106*	*75*	*160*
Transfer of own shares	20	–	–
Dividend paid in cash	-56	-31	-31
Total transactions with shareholders	*-36*	*-31*	*-31*
Closing balance	**611**	**456**	**541**
– of which attributable to shareholders of the Parent Company	*611*	*456*	*541*

CASH FLOW STATEMENT (SEK million)	2018 6 mths Jan-Jun	2017 6 mths Jan-Jun	17/18 12 mths Jul-Jun	2017 12 mths Jan-Dec
Operating profit	122	114	228	220
Interest and income tax paid/received and adjustments for non-cash items	3	5	12	14
Change in working capital	-75	-79	-113	-117
Cash flow from operating activities	50	40	127	117
Investments				
Acquisitions and sale of subsidiaries [1]	-162	4	-162	4
Other	-37	-13	-70	-46
Cash flow after investments	-149	31	-105	75
Dividend paid	-56	-31	-56	-31
Cash flow from other financing activities	206	-112	160	-158
Cash flow for the period	**1**	**-112**	**-1**	**-114**
Cash and cash equivalents at the start of the period	53	165	53	165
Exchange rate differences in cash and cash equivalents	6	0	8	2
Cash and cash equivalents at the end of the period	60	53	60	53

[1] The amounts for 2017 include a repayment of SEK 4 million that was received in conjunction with the final settlement of the purchase sum for Jorgensen Engineering A/S, which was acquired in November 2016.

In January 2018, Blowtech Group AB with subsidiaries and Blowtech Fastigheter AB were acquired. According to a preliminary acquisition calculation, the total value of acquired assets and liabilities, purchase price and the effect on the Group's liquid assets was as follows:

ACQUISITION OF BLOWTECH (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	–	78	78
Property, plant and equipment	68	29	97
Financial assets	0	–	0
Current assets	122	–	122
Non-current liabilities	-45	-7	-52
Current liabilities	-84	–	-84
Net assets/purchase price	61	100	161
Liquid assets in acquired businesses			-8
Transfer of own shares			-20
Total cash flow attributable to acquired businesses			133

The total purchase price for the Blowtech companies amounted to SEK 161 million. For the settlement of an amount corresponding to SEK 20 million of the purchase price, own shares were transferred. The remaining amount was paid in cash.

The acquisition of the Blowtech companies brings surplus values totalling SEK 107 million distributed between goodwill (SEK 78 million) and real estate (SEK 29 million). The transaction costs amount to SEK 0.5 million.

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 additional technical expertise within plastic machining to existing operations at the Industrial Products business unit, but also access to new market segments. The utilisation of common resources will also entail synergies.

In May 2018, Polyketting B.V. with subsidiaries was acquired. According to a preliminary acquisition calculation, the total value of acquired assets and liabilities, purchase price and the effect on the Group's liquid assets was as follows:

ACQUISITION OF POLYKETTING (SEK million)	Reported values in subsidiary	Fair value adjustment	Consolidated fair value
Intangible non-current assets	1	20	21
Property, plant and equipment	9	2	11
Financial assets	0	–	0
Current assets	25	–	25
Non-current liabilities	-3	-1	-4
Current liabilities	-24	–	-24
Net assets/purchase price	8	21	29
Liquid assets in acquired businesses			–
Total cash flow attributable to acquired businesses			29

The total purchase price for the Polyketting companies amounted to SEK 29 million and was paid in cash.

The acquisition of the Polyketting companies brings surplus values totalling SEK 22 million distributed between goodwill (SEK 17 million), other intangible assets (SEK 3 million) and machinery (SEK 2 million). The transaction costs amount to SEK 0.5 million.

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 additional product technology expertise to existing operations at the Industrial Solutions business unit, but also access to new market segments. The utilisation of common resources will also entail synergies.

Other intangible assets relate to product concepts with an estimated period of use of 10 years.

KEY FIGURES	2018 6 mths Jan-Jun	2017 6 mths Jan-Jun	17/18 12 mths Jul-Jun	2017 12 mths Jan-Dec
Operating margin, %	11.7	13.4	12.3	13.2
Profit margin, %	11.0	11.8	11.6	12.0
Return on equity p.a., %	30.5	35.3	31.4	33.6
Return on capital employed p.a., %	19.7	21.3	19.7	20.7
Return on total capital p.a., %	14.3	15.3	14.2	14.8
Average equity, SEK m	590	439	544	470
Average capital employed, SEK m	1,300	1,081	1,206	1,083
Average total capital, SEK m	1,799	1,507	1,674	1,512
Interest coverage ratio, multiple	9.8	7.9	10.5	9.3
Equity/assets ratio, %	31	31	31	36
Proportion of risk-bearing capital, %	36	35	36	40
Net investments in non-current assets, SEK m	240	13	273	46
Average number of employees	999	794	910	807

For definitions, see page 9.

QUARTERLY SUMMARY	2018 Q2	2017 Q2	2018 Q1	2017 Q1	2017 Q4	2016 Q4	2017 Q3	2016 Q3
Net revenue, SEK m	541	443	504	410	432	269	378	226
Gross profit, SEK m	120	112	115	100	99	52	93	57
Operating profit, SEK m	61	62	61	52	54	10	52	24
Profit before tax, SEK m	59	52	56	48	50	13	50	21
Net profit for the period, SEK m	47	40	43	37	42	9	39	16
Comprehensive income for the period, SEK m	50	39	56	36	48	12	37	19
Operating margin, %	11.3	14.0	12.1	12.7	12.5	3.6	13.8	10.6
Profit margin, %	10.9	11.9	11.2	11.7	11.6	4.9	13.1	9.2
Equity/assets ratio, %	31	31	32	29	36	27	32	42
Basic earnings per share, SEK [1)]	3.33	2.94	3.11	2.67	3.07	0.66	2.76	1.16
Cash flow from operating activities per share, SEK [1)]	2.41	2.46	1.15	0.41	6.78	5.20	-1.14	1.29

1) The comparison figures have been recalculated due to the 2:1 share split carried out in June 2017.

For definitions, see page 9.

DEFINITIONS

AVERAGE NUMBER OF EMPLOYEES
Average number of employees during the period based on working hours.

BASIC EARNINGS PER SHARE
Net profit 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 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 before tax plus financial expenses in relation to financial expenses.

NET INVESTMENTS
Closing balance less opening balance plus amortisation/depreciation, impairment costs and translation differences relating to non-current assets.

OPERATING MARGIN
Operating profit in relation to net revenue.

PROFIT MARGIN
Profit before tax 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 before tax plus financial expenses in relation to average capital employed.

RETURN ON EQUITY
Net profit in relation to average equity.

RETURN ON TOTAL CAPITAL
Profit before tax plus financial expenses in relation to average total capital.

TOTAL CAPITAL
Total equity and liabilities (balance sheet total).

KEY FIGURES

Key figures included in this report derive primarily from the disclosure requirements according to IFRS. Other measures, known as alternative key figures, describe e.g. the profit trend, financial strength and how the Group has invested its capital.

Presented key figures take the nature of the business into account, and are deemed to provide relevant information to shareholders and other stakeholders for assessing the Group's possibilities to carry out strategic investments, fulfil financial commitments and provide yield for shareholders at the same time as achieving comparability with other companies. The margin measures are also presented internally.

INCOME STATEMENT, PARENT COMPANY (SEK million)	2018 6 mths Jan-Jun	2017 6 mths Jan-Jun	2017 12 mths Jan-Dec
Net revenue	7.6	6.8	16.5
Selling and administrative expenses	-13.4	-12.0	-22.7
Operating profit/loss	**-5.8**	**-5.2**	**-6.2**
Profit from participations in Group companies	20.0	–	113.1
Other financial items	-3.5	-2.5	-3.2
Profit/loss after financial items	**10.7**	**-7.7**	**103.7**
Appropriations	–	–	-12.9
Tax	2.0	1.7	-19.9
Net profit for the period	**12.7**	**-6.0**	**70.9**
Statement of comprehensive income			
Net profit for the period	12.7	-6.0	70.9
Other comprehensive income	–	–	–
Comprehensive income for the period	**12.7**	**-6.0**	**70.9**

Net revenue refers to revenue from contracts with customers.

Income tax amounts to -20 per cent (22) for the interim period. Income tax-exempt dividends have contributed to the year's lower tax rate.

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

BALANCE SHEET, PARENT COMPANY (SEK million)	2018 30 Jun	2017 30 Jun	2017 31 Dec
ASSETS			
Non-current assets	228.8	52.9	52.9
Current assets	534.3	499.7	634.4
EQUITY AND LIABILITIES			
Equity	126.9	73.1	150.0
Untaxed reserves	76.9	64.0	76.9
Non-current liabilities	183.8	73.9	119.4
Current liabilities	375.5	341.6	341.0
BALANCE SHEET TOTAL	**763.1**	**552.6**	**687.3**

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY (SEK million)	2018 30 Jun	2017 30 Jun	2017 31 Dec
Opening balance	**150.0**	**110.2**	**110.2**
Comprehensive income for the period	12.7	-6.0	70.9
Transfer of own shares	20.0	–	–
Dividend paid in cash	-55.8	-31.1	-31.1
Closing balance	**126.9**	**73.1**	**150.0**

CASH FLOW STATEMENT, PARENT COMPANY (SEK million)	2018 6 mths Jan-Jun	2017 6 mths Jan-Jun	2017 12 mths Jan-Dec
Operating profit/loss	-5.8	-5.2	-6.2
Interest and income tax paid/received and adjustments for non-cash items	6.3	-6.2	95.2
Change in working capital	-0.7	76.4	-22.0
Cash flow from operating activities	**-0.2**	**65.0**	**67.0**
Investments	-155.9	–	–
Cash flow after investments	**-156.1**	**65.0**	**67.0**
Financing	153.7	-63.5	-63.8
Cash flow for the period	**-2.4**	**1.5**	**3.2**
Cash and cash equivalents at the start of the period	5.9	2.7	2.7
Exchange rate differences in cash and cash equivalents	0.1	0.0	0.0
Cash and cash equivalents at the end of the period	**3.6**	**4.2**	**5.9**

THIS IS XANO

The XANO Group consists of engineering companies offering manufacturing and development services for industrial products and automation equipment. The Group is represented in the Nordic countries, Estonia, the Netherlands, Poland, China and the United States. The companies all operate within well-defined niches and possess a high level of expertise within their respective technical areas. Each unit is anchored locally and developed according to its own potential. At the same time, the Group affinity creates economies of scale for the companies and their customers. As from 2018, the Group's operations are divided into the business units Industrial Products, Industrial Solutions and Precision Technology.

INDUSTRIAL PRODUCTS

Operations within the Industrial Products business unit comprise the design, manufacture and sale of plastic components and systems produced by means of rotational moulding, injection moulding and blow moulding. Deliverables include both customer-specific and proprietary products.

		2018 Q1-Q2	2017 [1] Q1-Q2	2017 [1] Q1–Q4
Net sales	SEK m	323	176	296
Operating profit	SEK m	41	31	37
Operating margin	%	12.8	17.9	12.5

Blowtech is included from the acquisition date 2 January 2018.

Companies

Ackurat
Sweden
Finland
Poland

Blowtech
Sweden
Norway

Cipax
Sweden
Estonia
Norway
Finland

INDUSTRIAL SOLUTIONS

Companies within the Industrial Solutions business unit supply automation solutions developed in-house, such as packaging machines, accumulators and conveyor systems, to the packaging industry. Contract assignments for advanced industrial products in small and medium-sized production runs are also performed.

		2018 Q1-Q2	2017 [1] Q1-Q2	2017 [1] Q1–Q4
Net sales	SEK m	572	547	1,113
Operating profit	SEK m	65	73	161
Operating margin	%	11.3	13.3	14.5

Polyketting is included from 1 May 2018.

Companies

Canline
Netherlands
USA

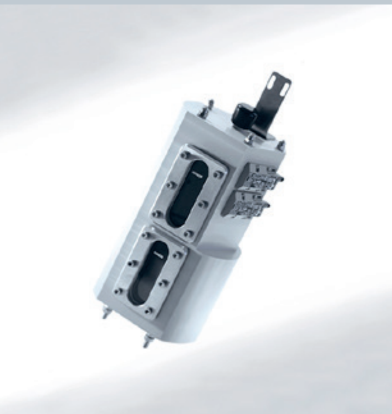
Fredriksons
Sweden
China

Jorgensen
Denmark

NPB
Sweden

Polyketting
Netherlands

PRECISION TECHNOLOGY



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

		2018 Q1-Q2	2017 Q1-Q2	2017 Q1–Q4
Net sales	SEK m	153	132	259
Operating profit	SEK m	31	22	44
Operating margin	%	20.1	16.4	17.0

Companies

KMV
Sweden

LK Precision
Sweden

Mikroverktyg
Sweden

Resinit
Sweden

[1] The comparison periods have been recalculated as a result of the altered subdivision into business units.

The Parent Company, XANO Industri AB (publ) with corporate identity number 556076-2055, is a public limited liability company with its registered office in Jönköping, Sweden.

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