



Indutrade Capital Markets Day
Kista 4 December 2018

Agenda

09:00	Welcome and agenda – Frida Adrian
	Indutrade overview and strategy – Bo Annvik
	Finance – Patrik Johnson
	Acquisition strategy – Jonas Halvord
10:30	Break
10:40	Business Area Flow Technology and subsidiary ESI – Peter Eriksson and Morgan O’Brien
	Business Area Measurement & Sensor Technology and subsidiary Pentronic – Patrik Stolpe and Rikard Larsson
12:00	Sum up & questions
12:20	Mingle lunch with Indutrade Management
13:00	Facility tour including brief company presentations

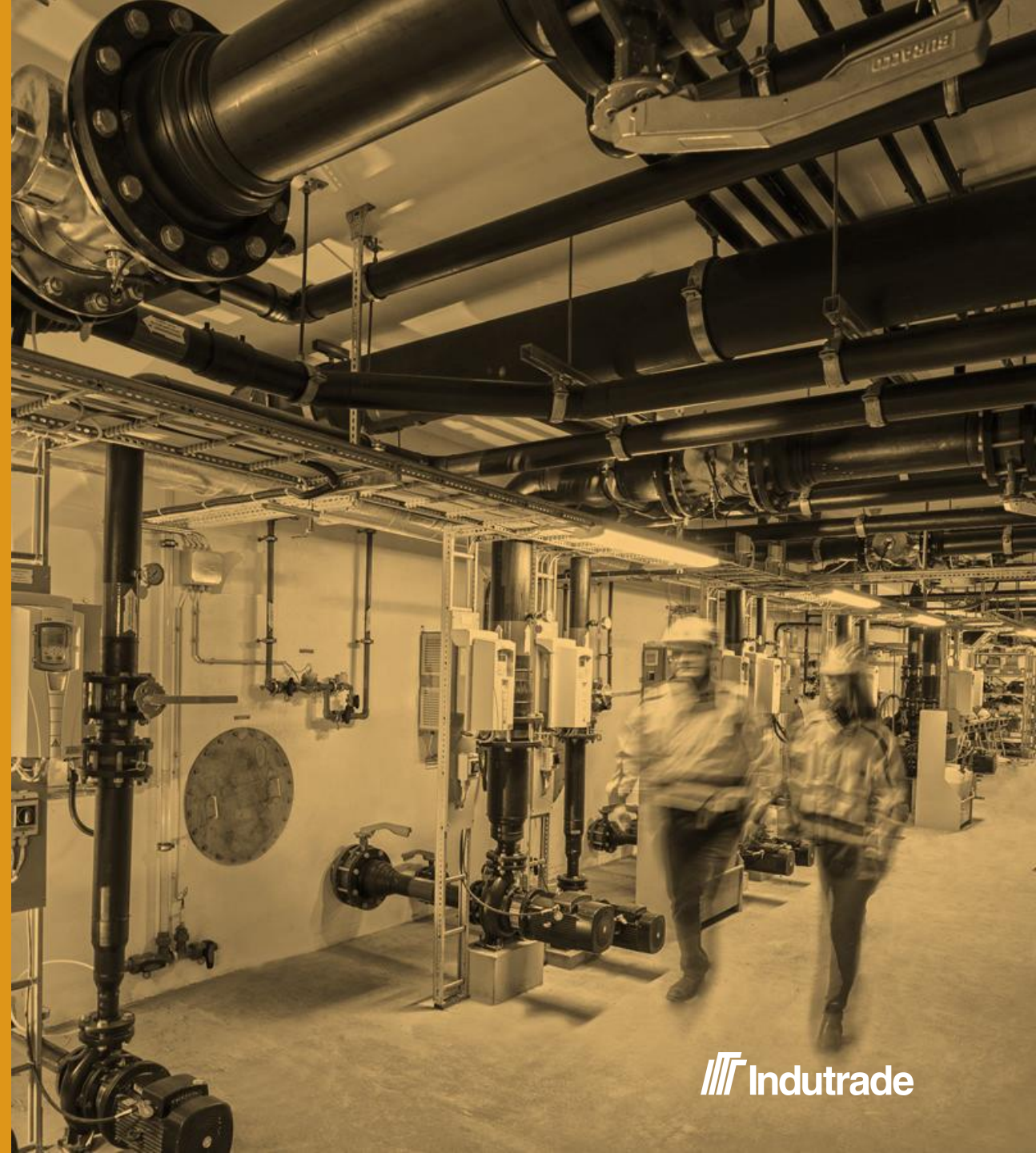




Bo Annvik
President and CEO

Purpose of the day

- Present our business model and strategic direction
- Initiatives for growth and continues improvement
- Our acquisition approach
- Indutrade as an owner



Founded in 1978, average growth of 17 per cent p.a



1978

Net sales
R12M 2018 Q3

16 BN SEK

No companies

>200

Employees

>6,700

Who we are and our history

Fundamental principles

Decentralization

Entrepreneurship

Profitable growth

Long history of adapting to global changes

All expansion funded by **own cash flow**

Core Values

People make the difference

Entrepreneurship

with a passion
for business

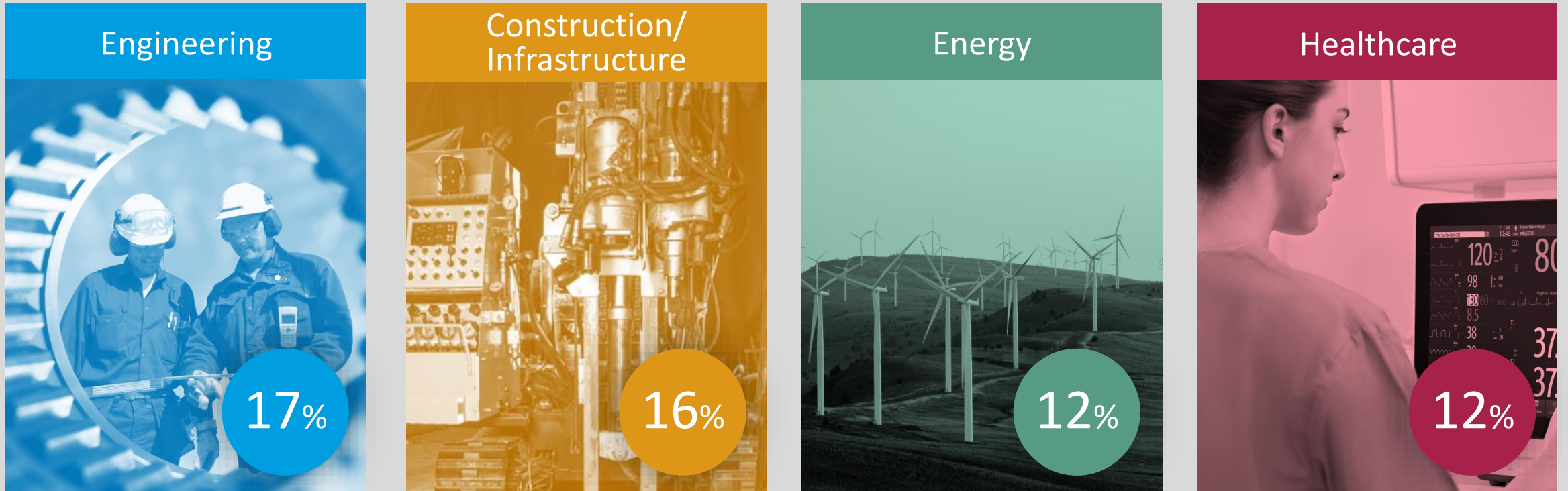
Decentralisation

built
on trust

Long-term

built on
profitable growth

Stability based on diverse segments



No/low segment dependency
Business cycle “hedging”

Net sales per customer segment %, financial year 2017

Good balance of companies

Companies with proprietary brands



Companies with trading brands

Indutrade's overall strategic direction

Sustainable profitable growth through structured **development** of the portfolio companies and further **acquisitions** of stable and well managed small and medium sized technical trading and industrial companies

Indutrade is a **long term** owner with a buy and build strategy. The Group is truly **decentralised** with **MDs fully responsible** for P&L and balance sheet

Business objective

Sustainable



Profitable



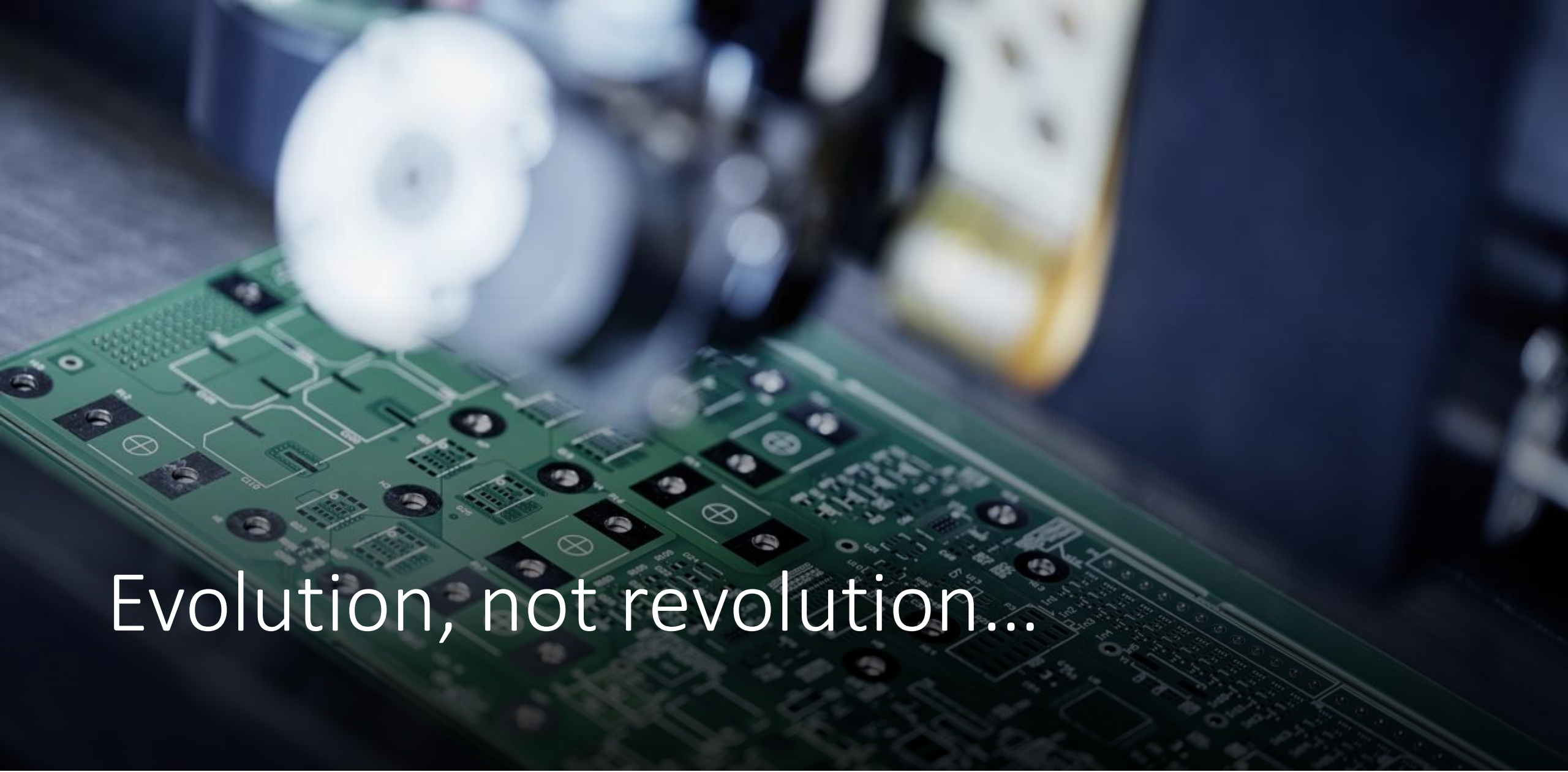
Growth



Business model remains!

Develop

Acquire



Evolution, not revolution...

Develop

- Right MD/Management
- Engage strategic direction
- Focused agenda – prioritize initiatives
- Talent management
- Knowledge sharing – benchmarking
- Investments in business-, product development, add-on acquisitions

Acquire

- Profitable and well managed companies
- Leading position in niche market with clear offering
- Lead by entrepreneurs
- No restrictions regarding size
- Rationale for selling:
 - Expansion, investment phase, internationalization, generation shift

Opportunistic acquisition approach

- ➔ Healthy pipeline
- ➔ Add-on acquisition
- ➔ Geographical areas of interest



Strategic initiatives

- People – talent management
- Knowledge sharing
- Indutrade tool box
- Sustainability as business opportunity

Increase efficiency and productivity

Leadership and talent management

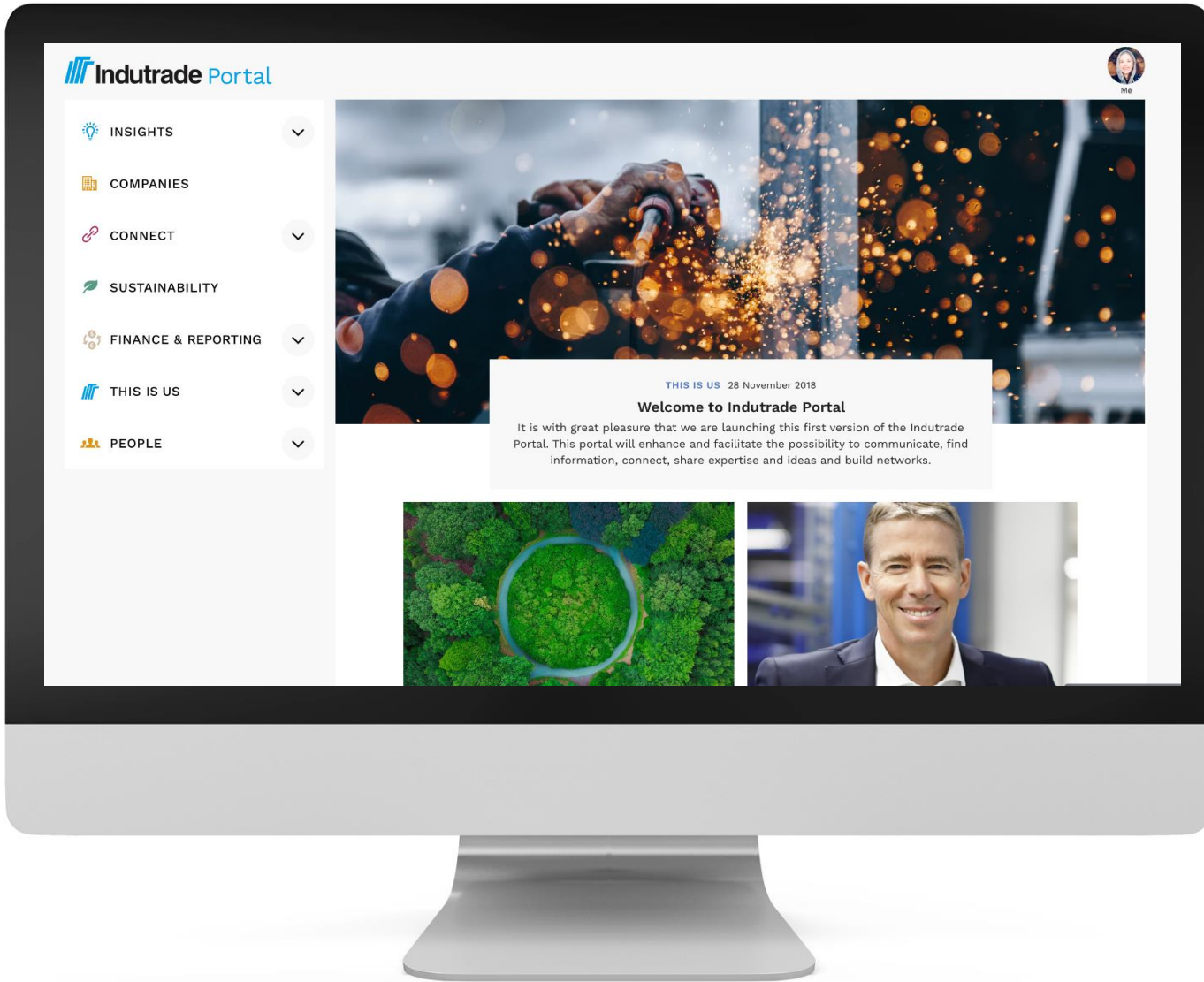


Review
Talent and
succession reviews

Build
Leadership and
competence
development offering

Recruit
Talent acquisition
strategy

Embed – in a decentralised context

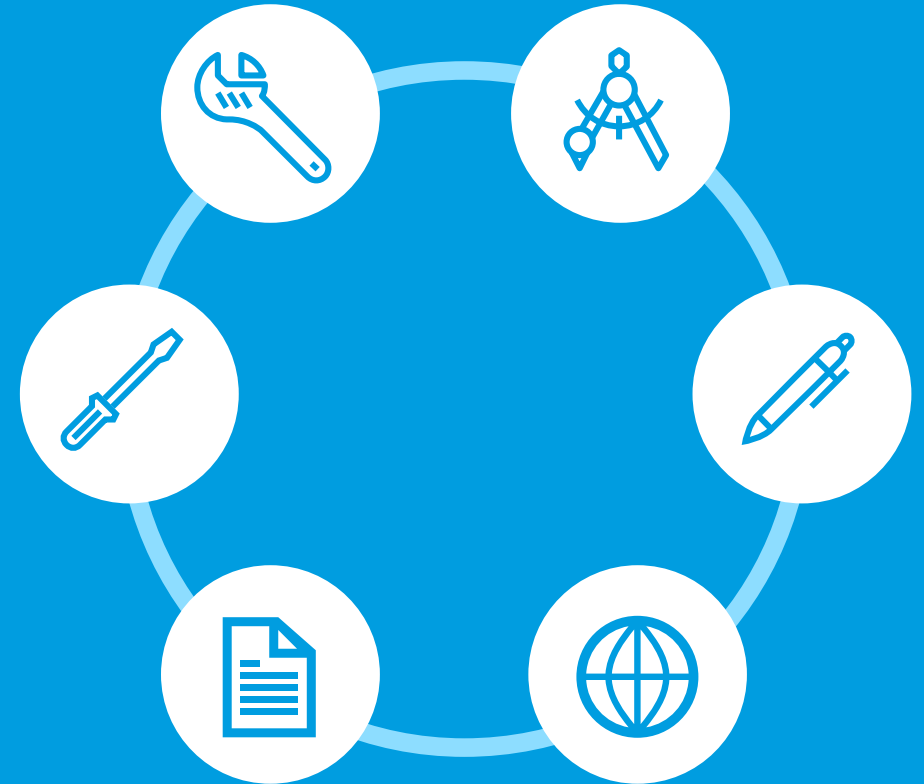


Indutrade Portal

our platform for active
knowledge sharing

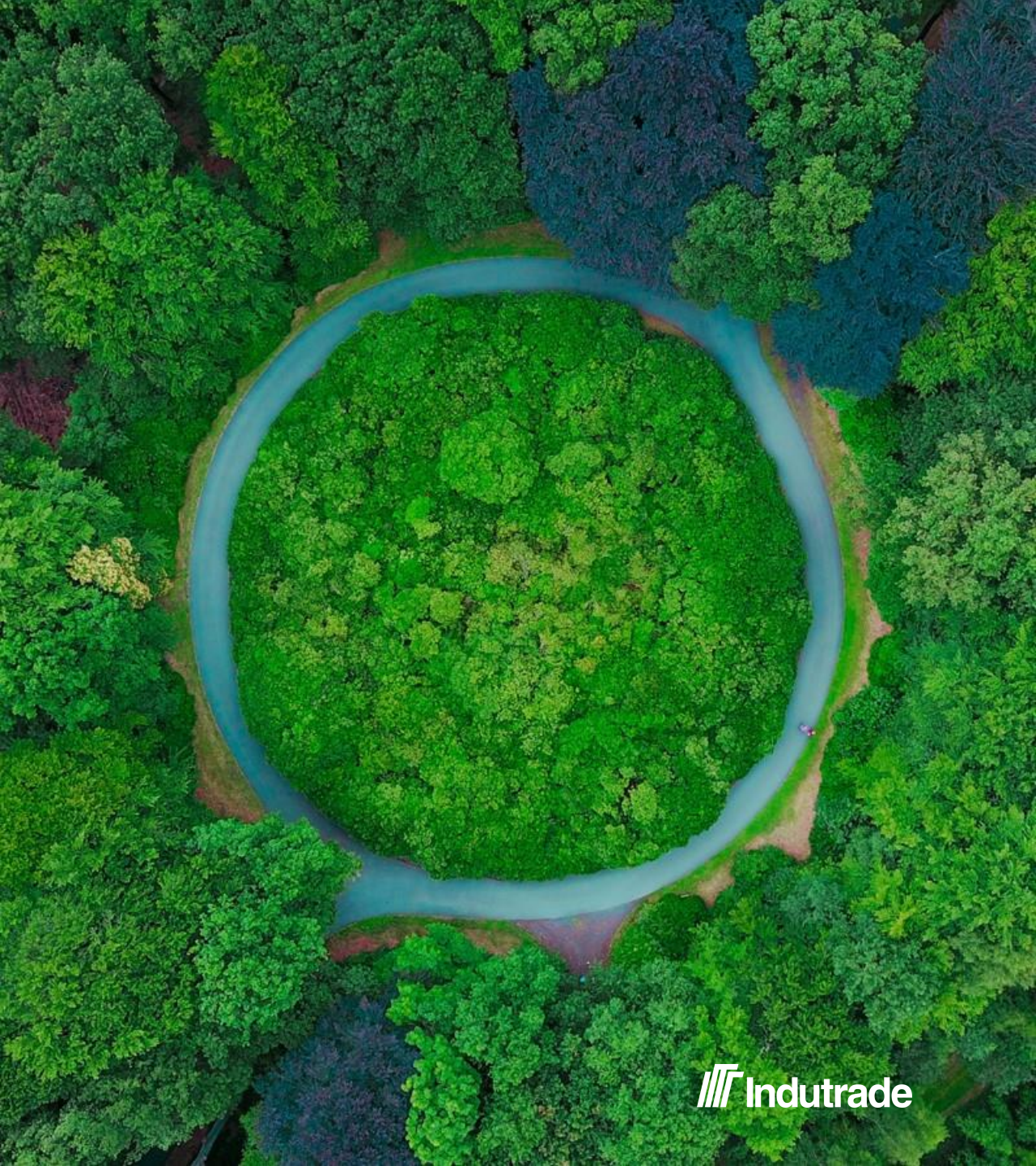
Indutrade Toolbox

- Voluntary – MDs decides if value creating!
- Toolbox and best practice to support the companies in various areas
 - Business Strategy
 - Digitalization
 - Sales efficiency
 - Purchasing etc.



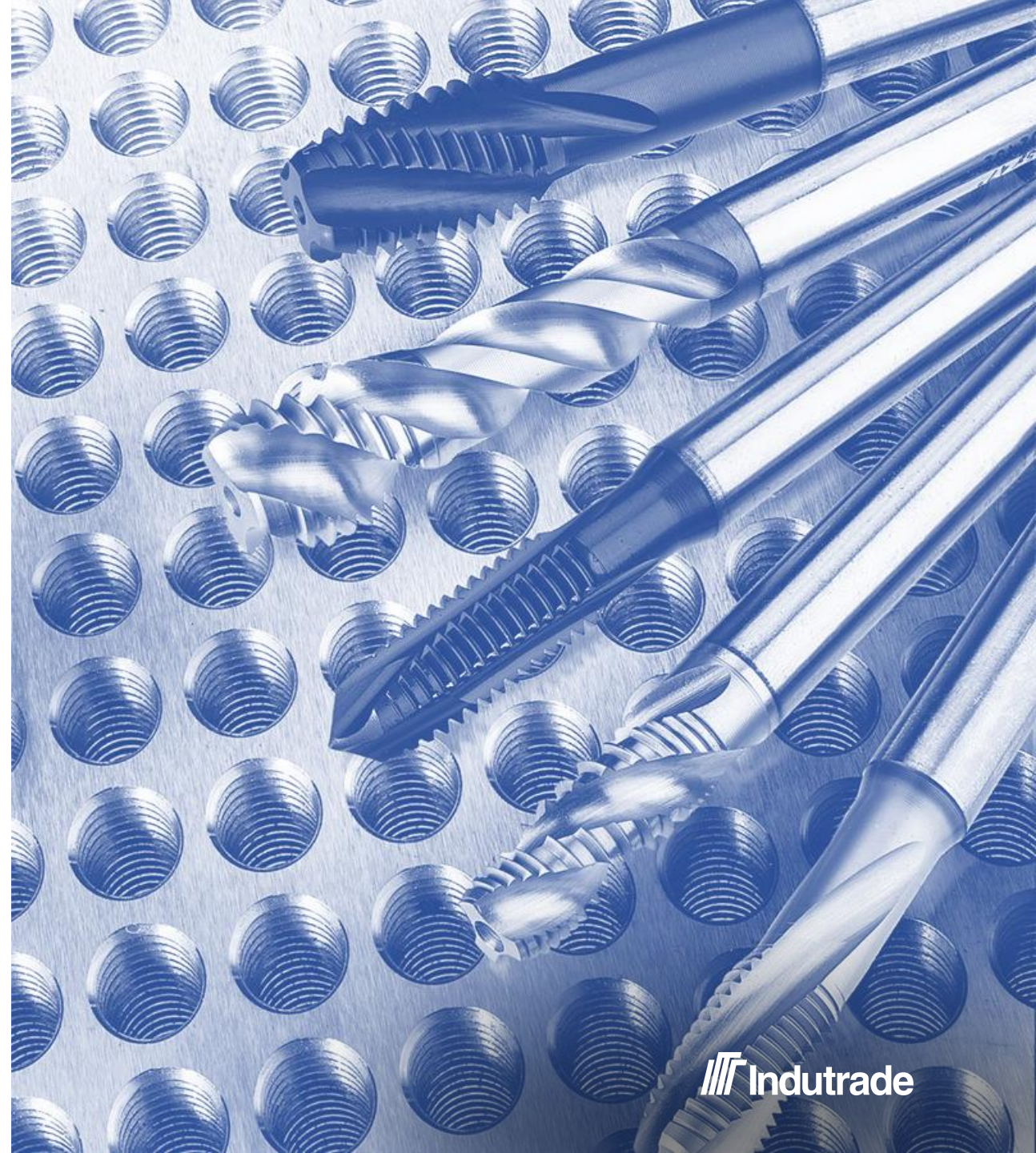
Sustainability as a business opportunity

- Framework for our decentralised business model
- Incorporated in core processes – due diligence, acquisitions, procurement
- Mandatory part of strategic board meetings
- “Toolkit” to support the companies



Strong platform for long term value creation

- New Business Areas established 2018
- Group Management – extended and strengthened
- International capabilities within the Group
- Reflect international business scope and growth potential
- Scalable – new Business Area organization has the structure and capability to acquire and take on new companies
- Extra ordinary portfolio activities about to be finalised



New Management Team established



Peter Eriksson
Advisor to CEO



Patrik Johnson
CFO



Morgan O'Brien
Flow Technology



Åsa Wirsenius
Group HR



Peter Rowlands
UK



Patrik Stolpe
Measurement &
Sensor Technology



Robert Timmer
Benelux



Bo Annvik
President and CEO



Susann Nyberg
Head of Finance



Joakim Skantze
Industrial
Components



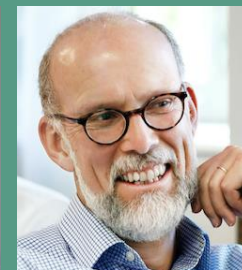
Markus Rüedin
DACH



Juha Kujala
Finland



Frida Adrian
Communications,
Sustainability & IR



Jonas Halvord
Acquisitions &
Business Dev.



Göte Mattsson
Fluids & Mechanical
Solutions

Financial targets

Measured over a business cycle

Growth

$\geq 10\%$

EBITA margin

$\geq 12\%$
prev 10%

Return on
operating capital

$\geq 20\%$

Net debt/Equity

$\leq 100\%$

Dividend

30%-60%
of net profit

Financial targets and outcome

Last five-year period

Average
annual growth

12%

Average
EBITA margin

11.4%

Average return
on operating
capital

20%

Average Net
debt/Equity
end of the respective
year ranged

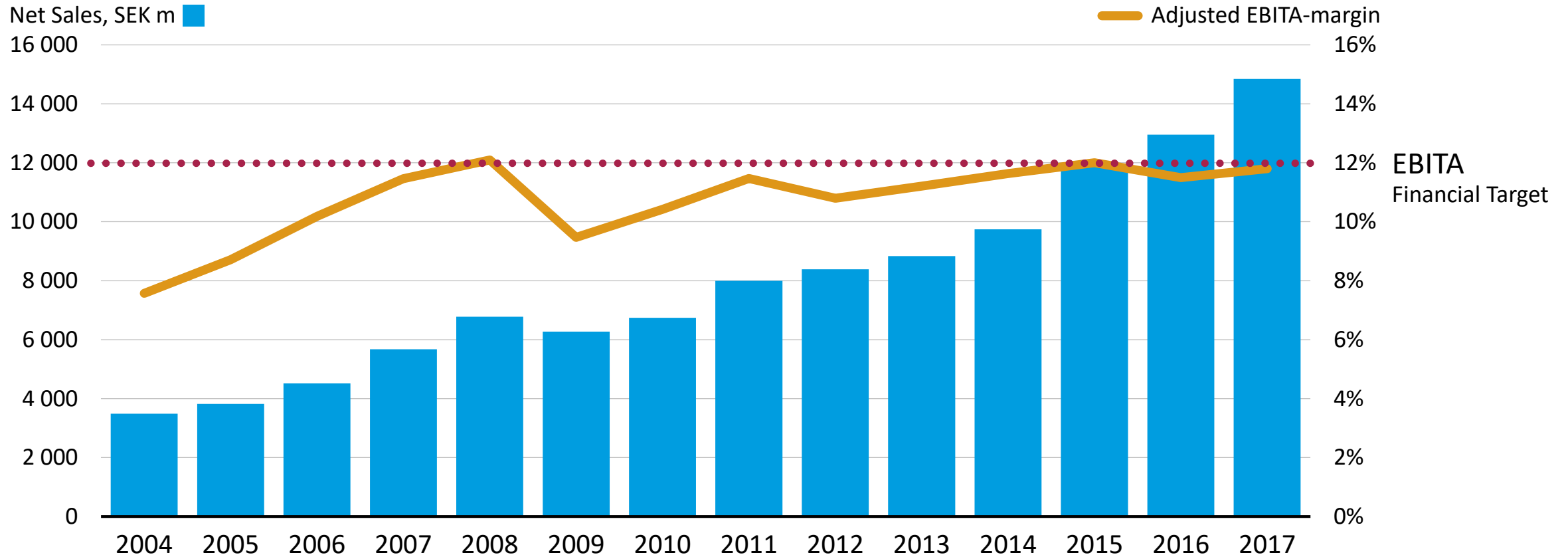
74-78%

Dividend
payout ratio

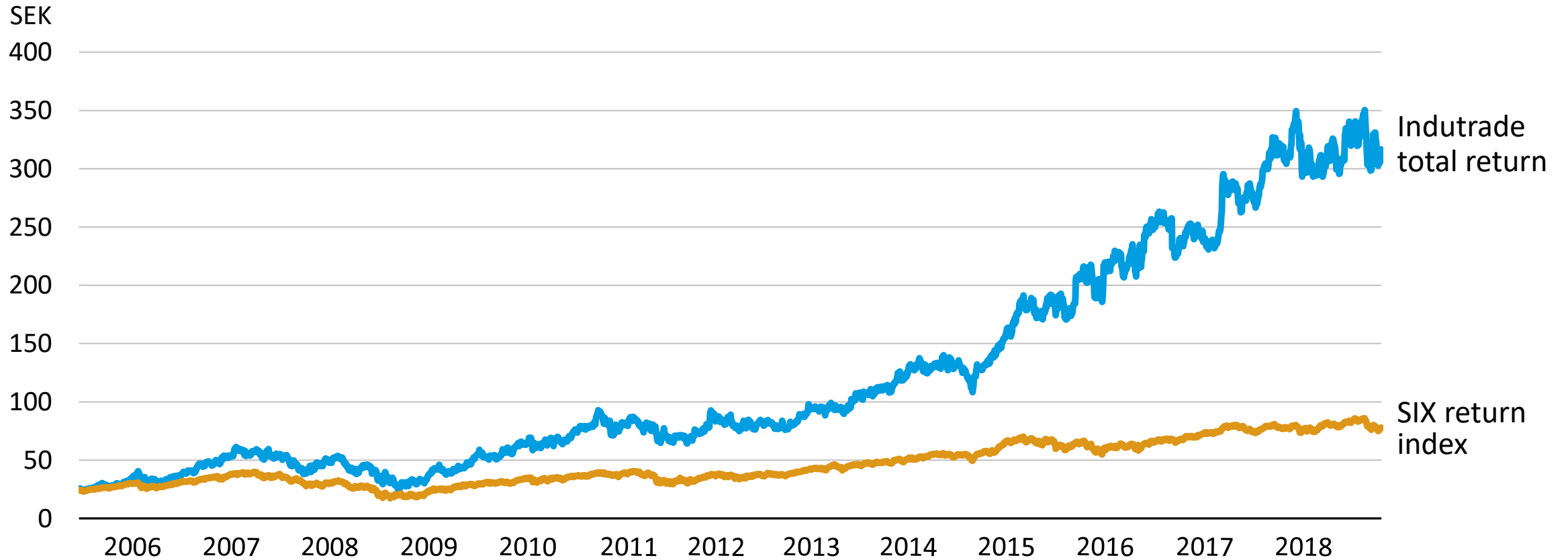
43%

Financial year 2013-2017

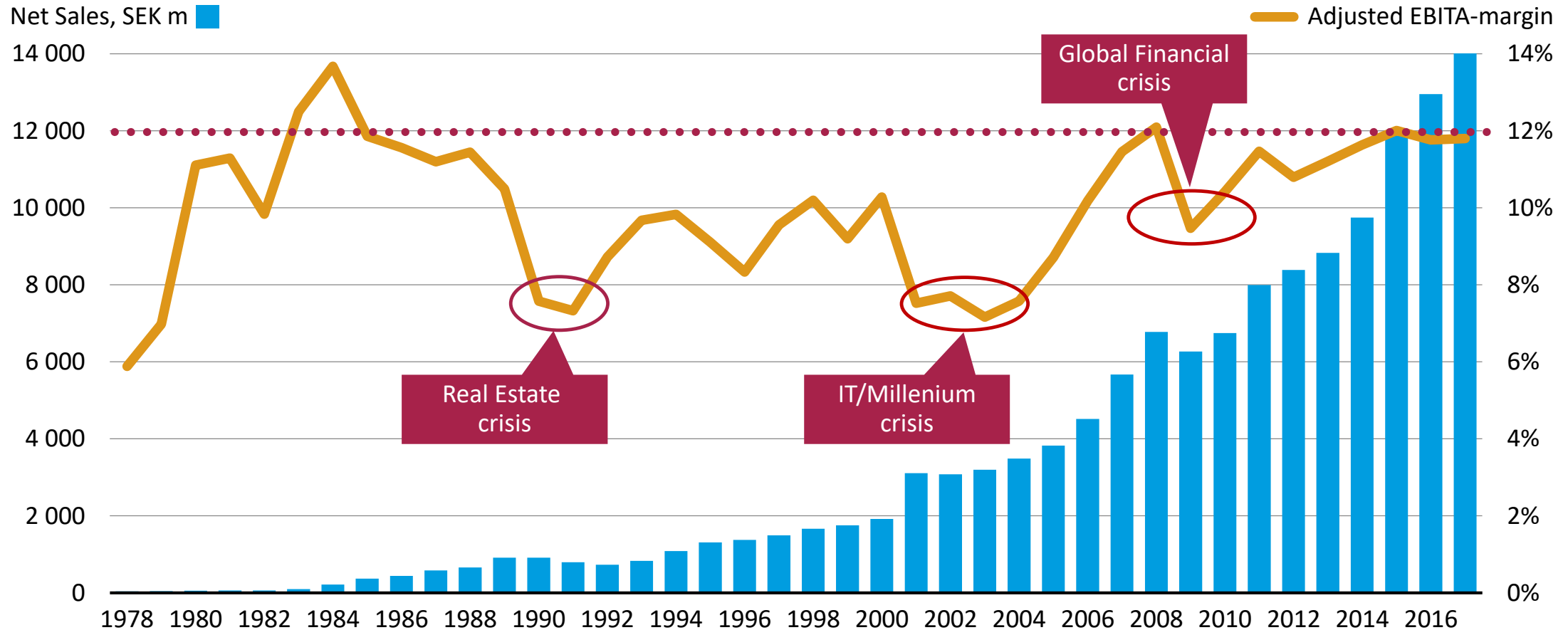
Profitable growth since the IPO



Value creation since the IPO 2005



Adapt to changes and ability to handle challenges



Key takeaways

- Continued execution of successful business model and strategy
- Strategic initiatives to increase value creation and business performance
- Updated financial target
- Diversified conglomerate with agile and flexible companies, working closely with their customers
- Platform in place with experienced Management Team for Sustainable Profitable Growth

The logo for Indutrade features a stylized icon on the left consisting of three parallel, slanted vertical bars of varying heights that merge into a horizontal bar at the top, resembling a stylized 'I' or 'IT'. To the right of this icon, the word "Indutrade" is written in a bold, white, sans-serif typeface.

Indutrade