



An entrepreneurial world
where people make the difference

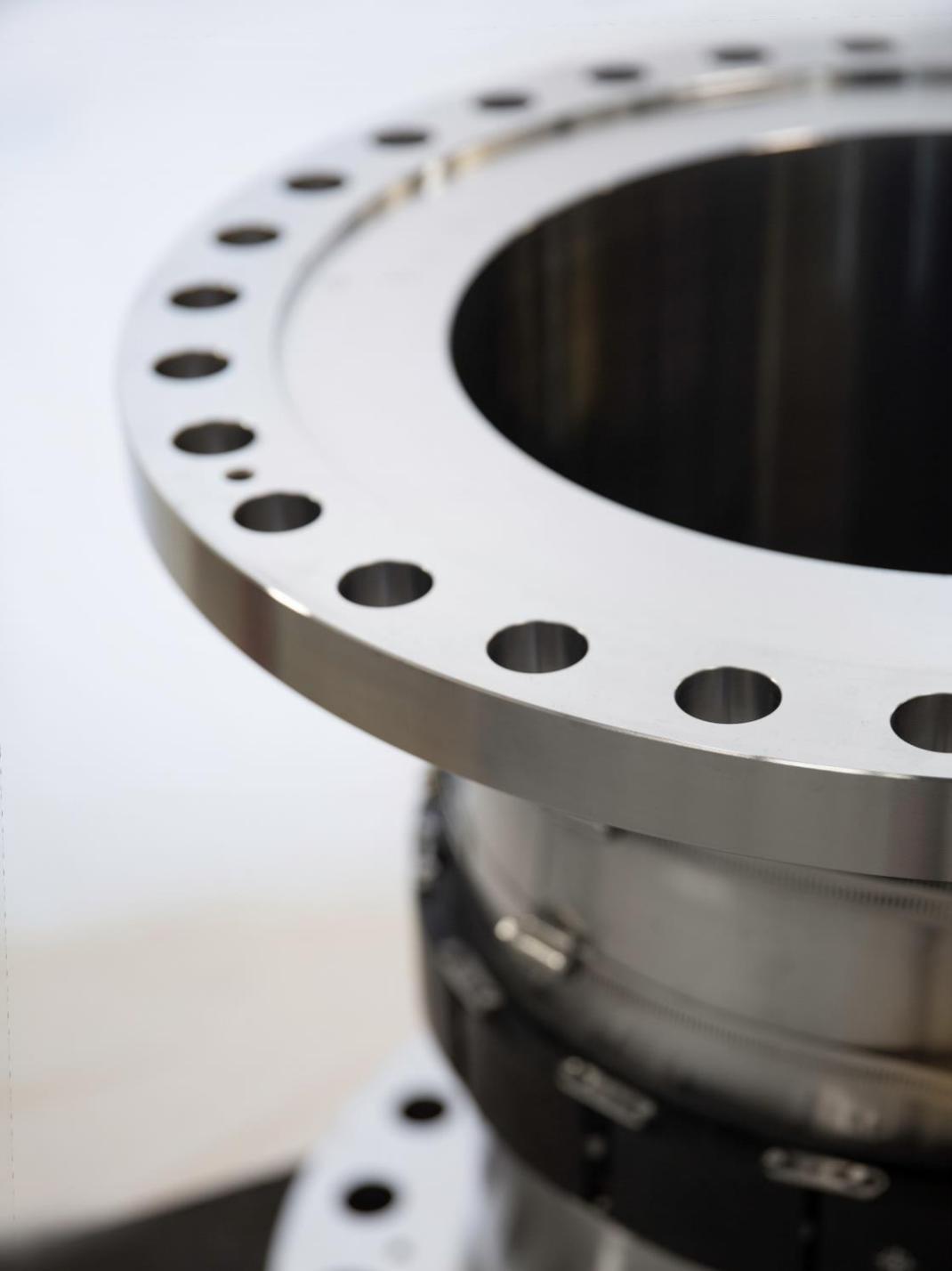
Year-End Report 2019

Bo Annvik, CEO
Patrik Johnson, CFO

5 February 2020

Summary 2019

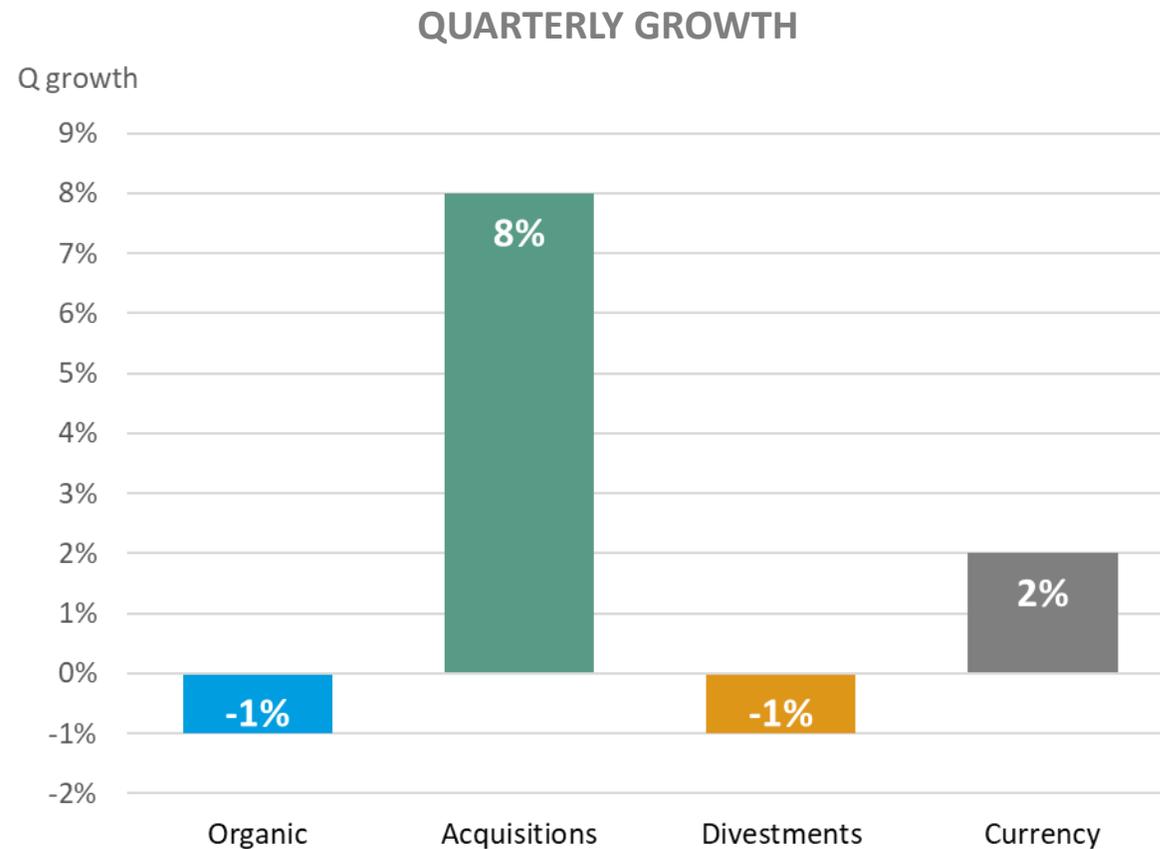
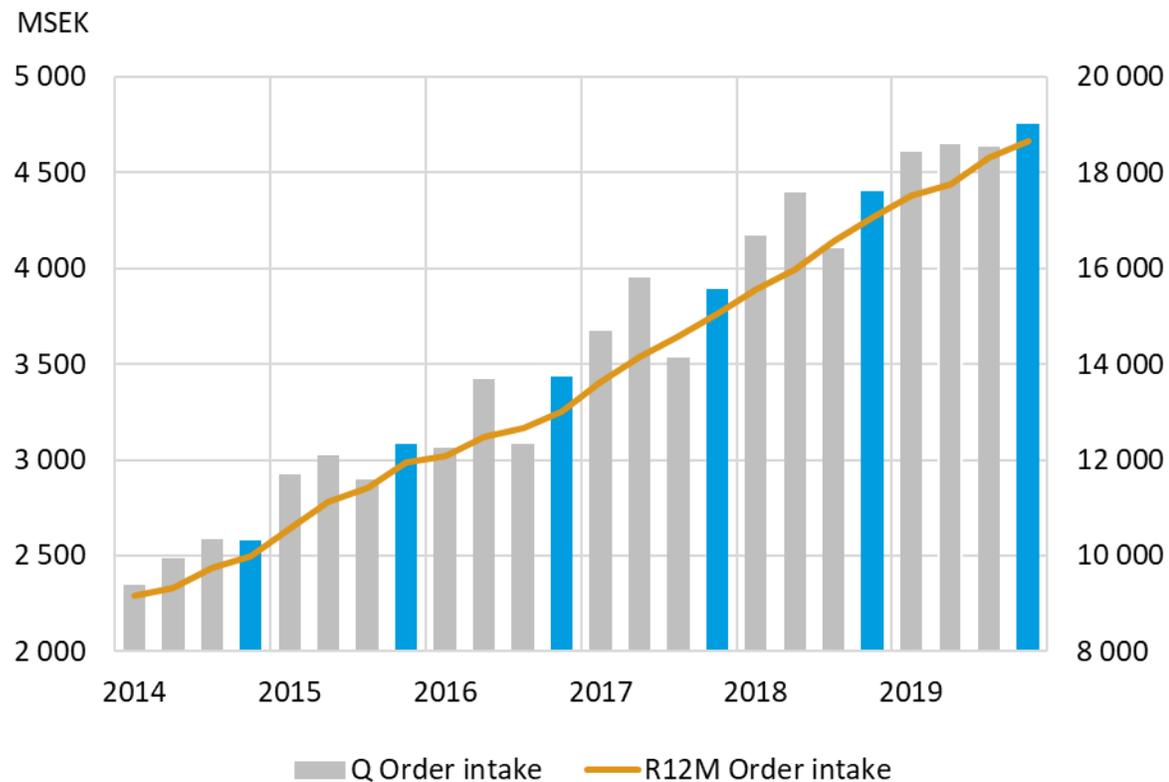
- Successful year with focus on sustainable profitable growth – business model and strategy stand strong
- Demand on high level but flattening out
- Strong financial performance with record high EBITA margin of 12.7%
- Good acquisition pace – 15 companies acquired with total sales of SEK 1.5 billion
- Increased focus on Sustainability – signatory of UN's Global Compact
- Continued execution of strategic initiatives
- Board proposes dividend of SEK 4.75



Highlights fourth quarter 2019

- Demand flattening out with variations between companies, segments and markets
- Sales organically in line with last year and order intake declined slightly
- Record high EBITA margin in Q4
- Improved cash flow during the quarter, working capital still on a slightly high level
- Continued high acquisition activity – three companies acquired during Q4-19

Order intake



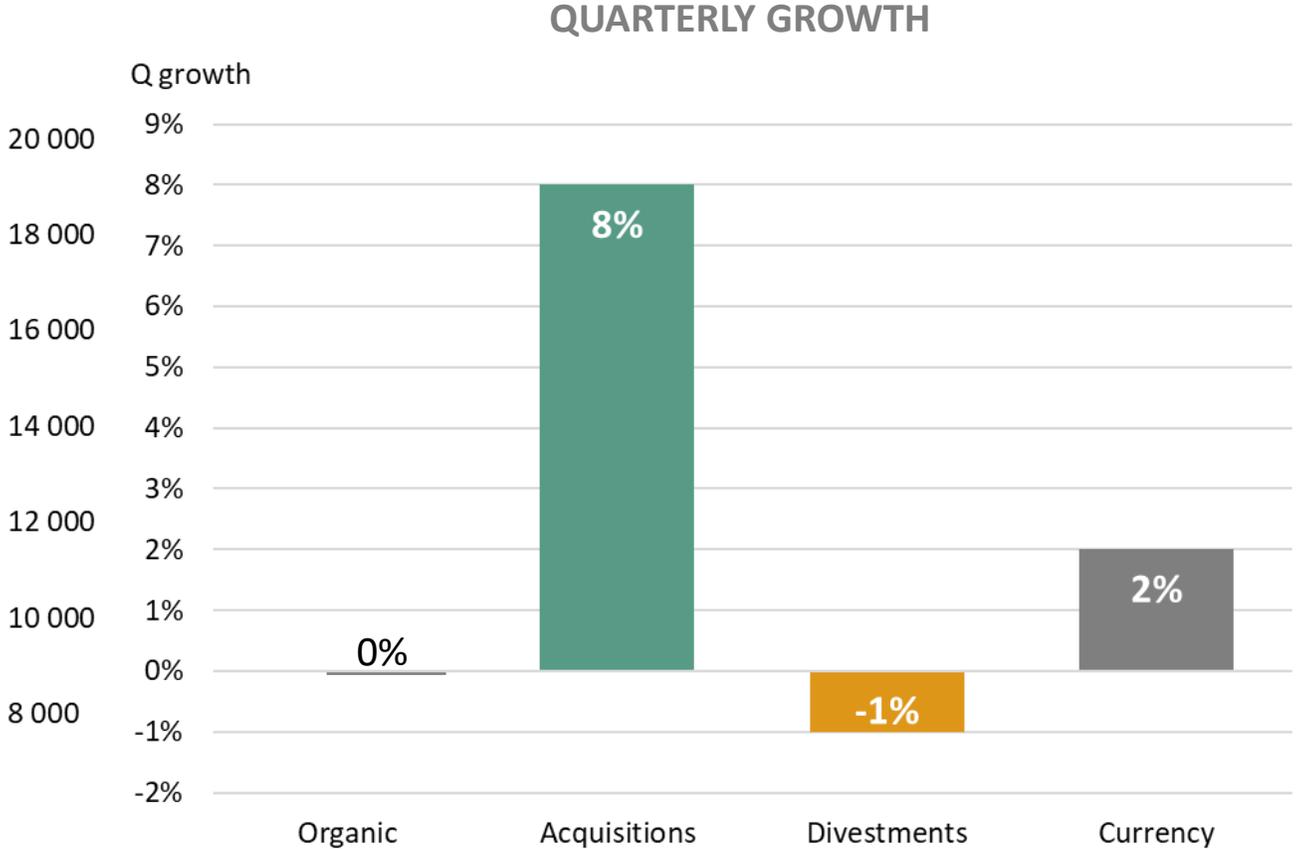
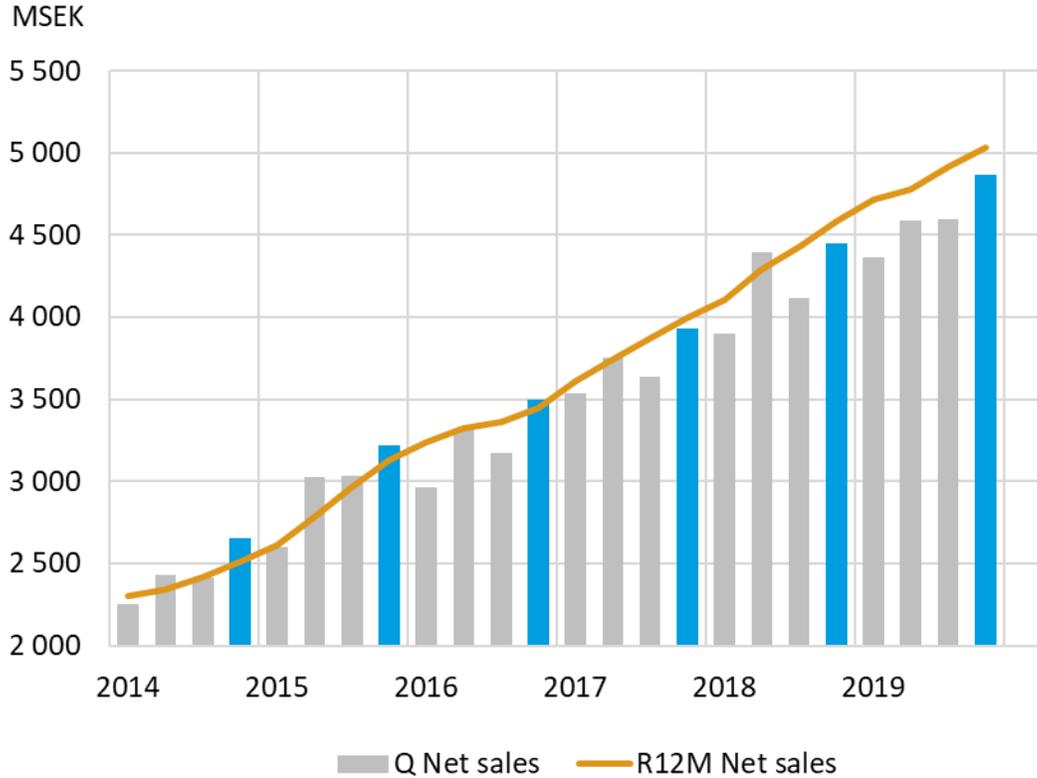
4,752 MSEK

Q GROWTH
+8%

FY GROWTH
+9%

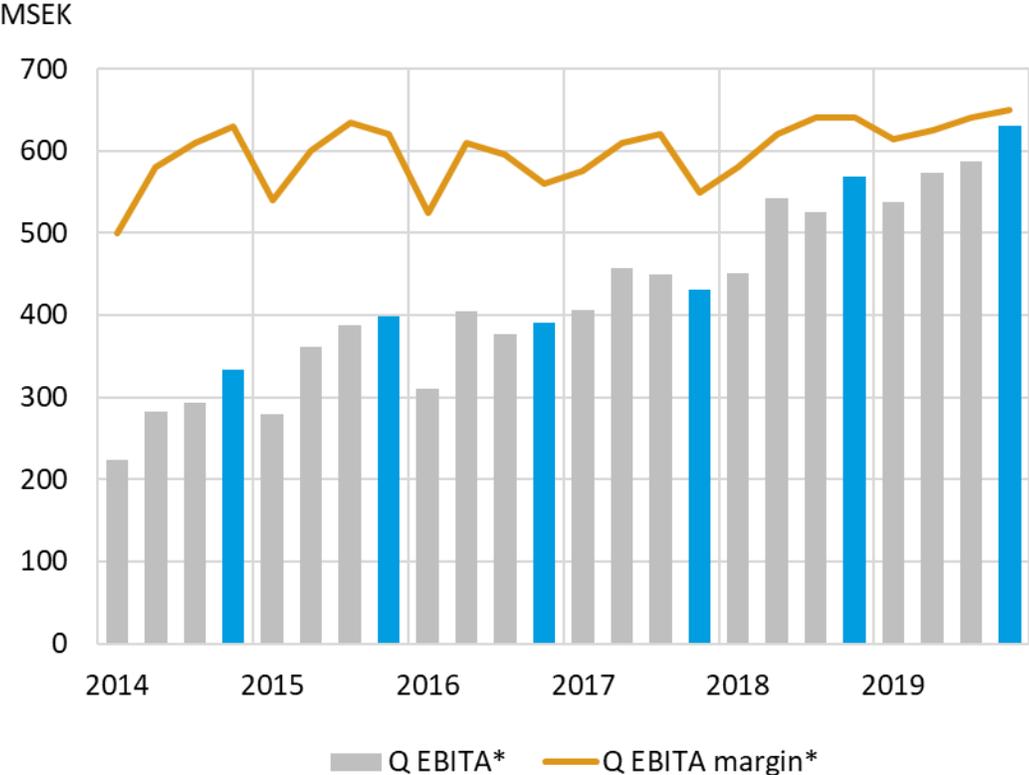
R3Y CAGR
+11%

Net sales

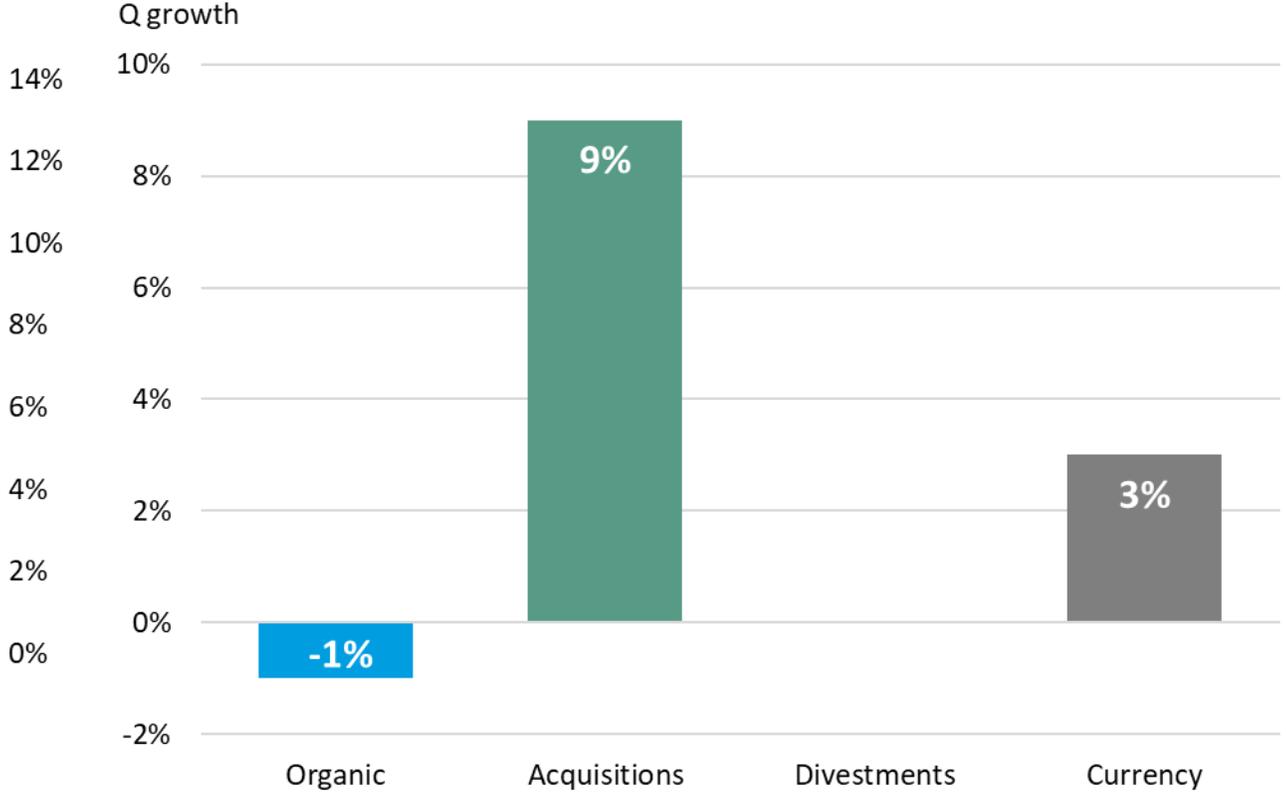


4,863 MSEK	Q GROWTH +9%	FY GROWTH +9%	R3Y CAGR +12%
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EBITA



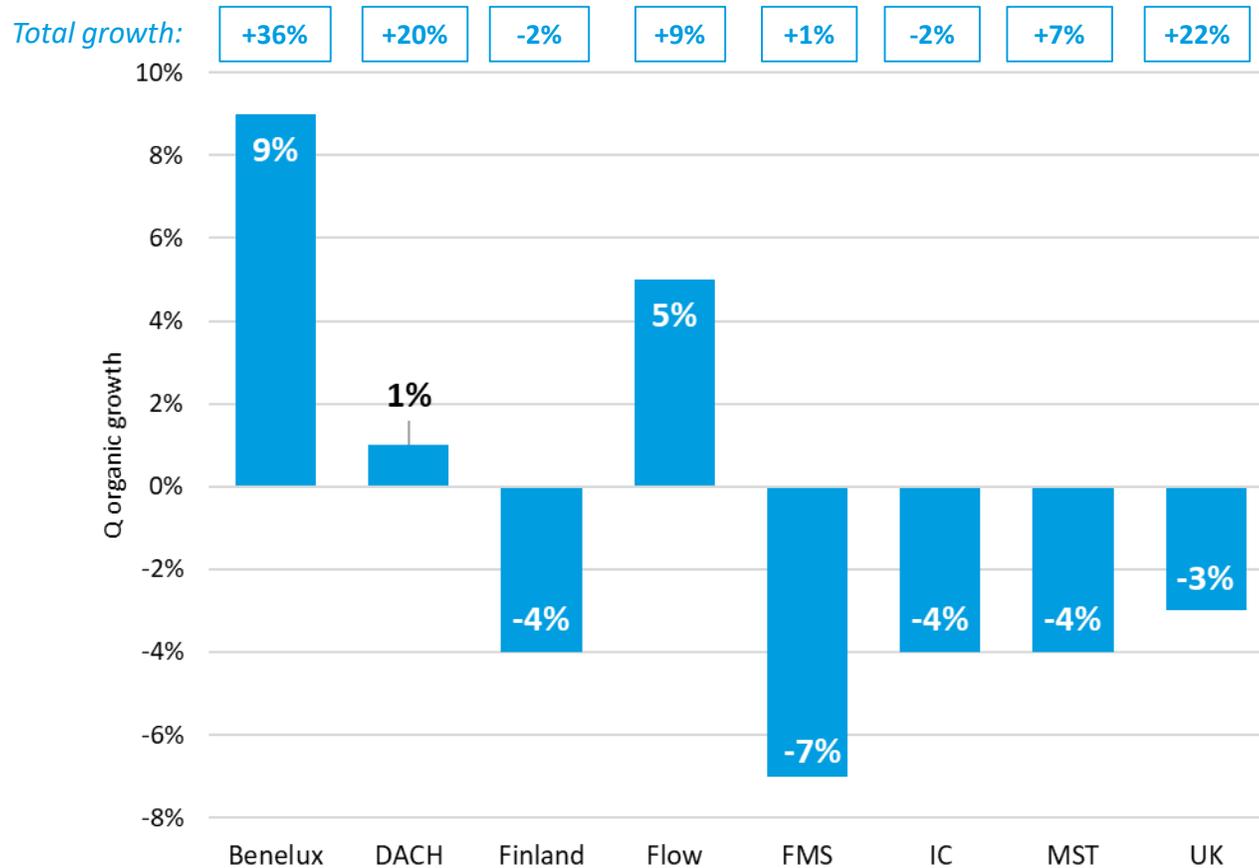
QUARTERLY GROWTH



*) Excluding restructuring costs 2017-Q4

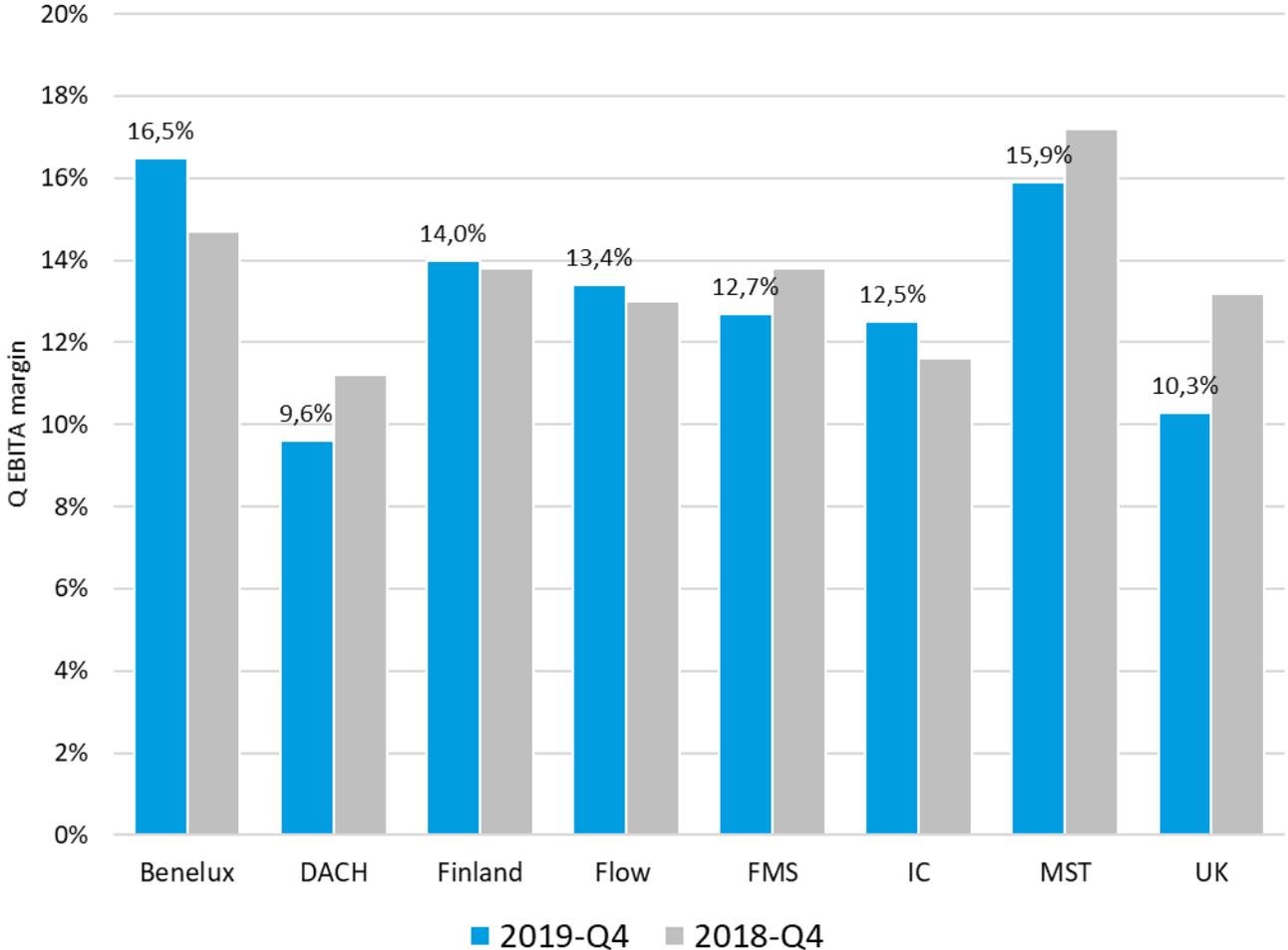
631 MSEK	Q GROWTH +11%	FY GROWTH +12%	R3Y CAGR +17%
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Organic sales growth by Business Area



- Relatively large variation between Business Areas, companies, segments and markets
- Strong comparable numbers same period last year
- Weaker general European industrial activity, impacting the majority of the Business Areas negatively
- Continued positive demand for Business Area Flow Technology, particularly in MedTech- and Marine segments
- Higher sales of valves for power generation drives the growth in Business Area Benelux
- Negative impact from the industry segment in Business Area Fluids & Mechanical Solutions

EBITA margin by Business Area



- Improvements in Business Areas Finland, Flow Technology and Industrial Components driven mainly by strong MedTech- and Marine segments and divestments
- Strongest development in Business Area Benelux driven by valves for power generation and a positive non-recurring item
- Declining margins in Business Areas DACH, Fluids & Mechanical Solutions, Measurement & Sensor Technology and UK due to lower demand

Acquisitions & Divestments 2019

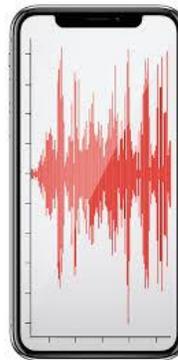
	Acquisitions	Business Area	Annual Sales
Q1	 Weldability Sif	UK	100 MSEK
	 STRIHL Scandinavia AB	Fluids & Mechanical Solutions	60 MSEK
Q2	 Acumo AB	Industrial Components	60 MSEK
	 QbiQ Group B.V.	Benelux	320 MSEK
	 Adam Equipment Co Ltd	Measurement & Sensor Technology	150 MSEK
	 Datum Electronic Ltd	Measurement & Sensor Technology	50 MSEK
	 Starke Arvid AB	Fluids & Mechanical Solutions	90 MSEK
	 Färber & Schmid AG	DACH	220 MSEK
Q3	 Finisterra AS	Industrial Components	50 MSEK
	 Natgraph Ltd	UK	120 MSEK
	 Sensor Groep BV	Benelux	90 MSEK
	 Finkova Oy	Flow Technology	90 MSEK
Q4	 Uniska AG	DACH	50 MSEK
	 Leiderdorp Instruments B.V.	Benelux	30 MSEK
	 Intergate	Industrial Components	40 MSEK
	Divestments	Business Area	Annual Sales
Q1	 Wilhelm Sander Fertigung GmbH	Flow Technology	60 MSEK
Q2	 Rostfria VA-system i Storfors AB	Flow Technology	30 MSEK
	 EssMed Group	Industrial Components	40 MSEK



Acquisitions 2020

Q1

Acquisitions	Business Area	Annual Sales
 STEIN Automation GmbH	DACH	110 MSEK
 VarioDrive BV	Benelux	60 MSEK
 AVA Monitoring AB	Measurement & Sensor Technology	45 MSEK
 Sverre Hellum & Sønn AS	Industrial Components	60 MSEK



Key data summary

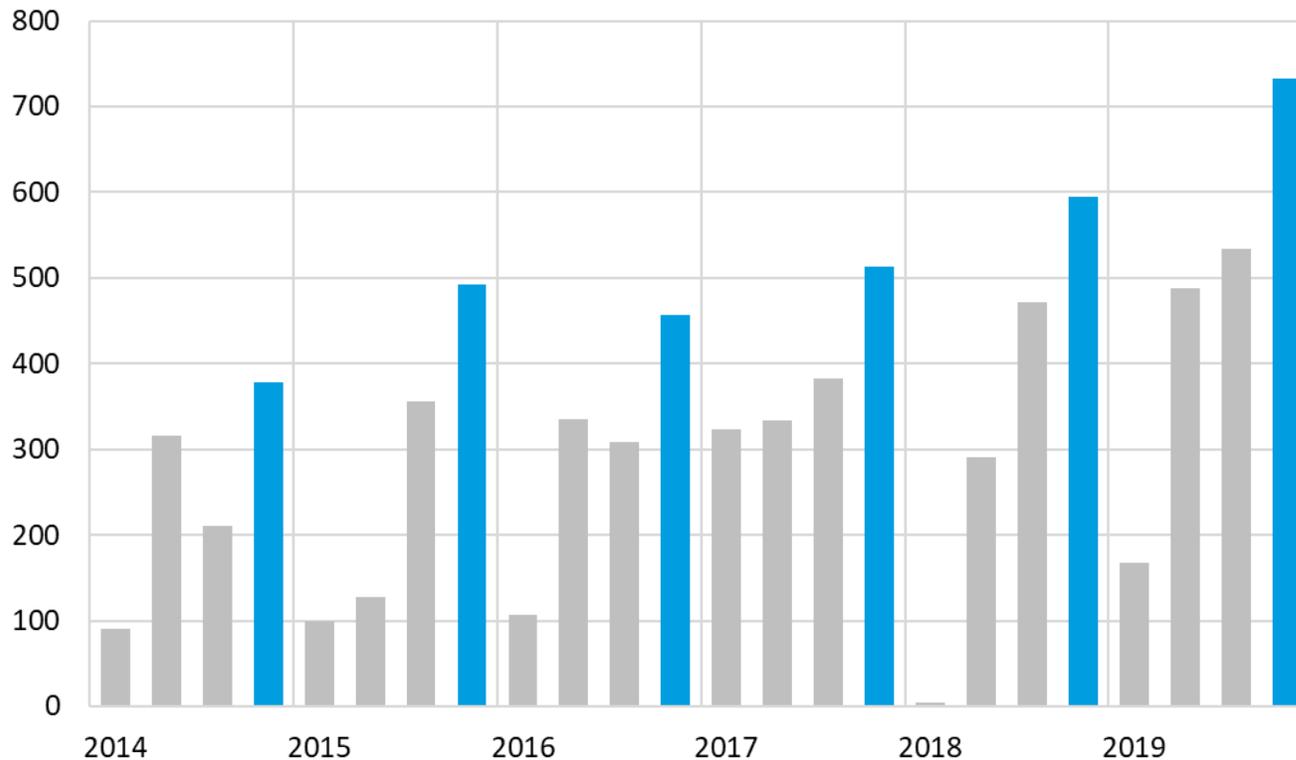
MSEK	2019-Q4	2018-Q4	Change	2019-YTD	2018-YTD	Change
Order Intake	4,752	4,403	8%	18,653	17,073	9%
Net Sales	4,863	4,446	9%	18,411	16,848	9%
Gross margin, %	34.2	34.2		34.1	34.1	
EBITA	631	568	11%	2,330	2,087	12%
EBITA-margin, %	13.0	12.8		12.7	12.4	
Net financial items	-37	-16	131%	-124	-75	65%
Tax	-110	-115	-4%	-409	-382	7%
Earnings per share (before dilution), SEK	3.29	3.05	8%	12.26	11.31	8%
Return On Capital Employed, %	19	21		19	21	
Cash Flow from operating activities	732	594	23%	1,922	1,360	41%
Net debt / EBITDA, times	2.1	1.7		2.1	1.7	

Overview IFRS 16 effects

Item / KPI	Impact	Comment
Net debt	+842 MSEK	Opening balance
Finance net	-24 MSEK	Increased costs YTD-2019
Depreciation	-290 MSEK	Increased costs YTD-2019
EBITA	+24 MSEK	Increased costs YTD-2019
EBITDA	+290 MSEK	Increased result YTD-2019
Net debt / equity	+12%-points	Approximate increase of ratio at end Q4-2019

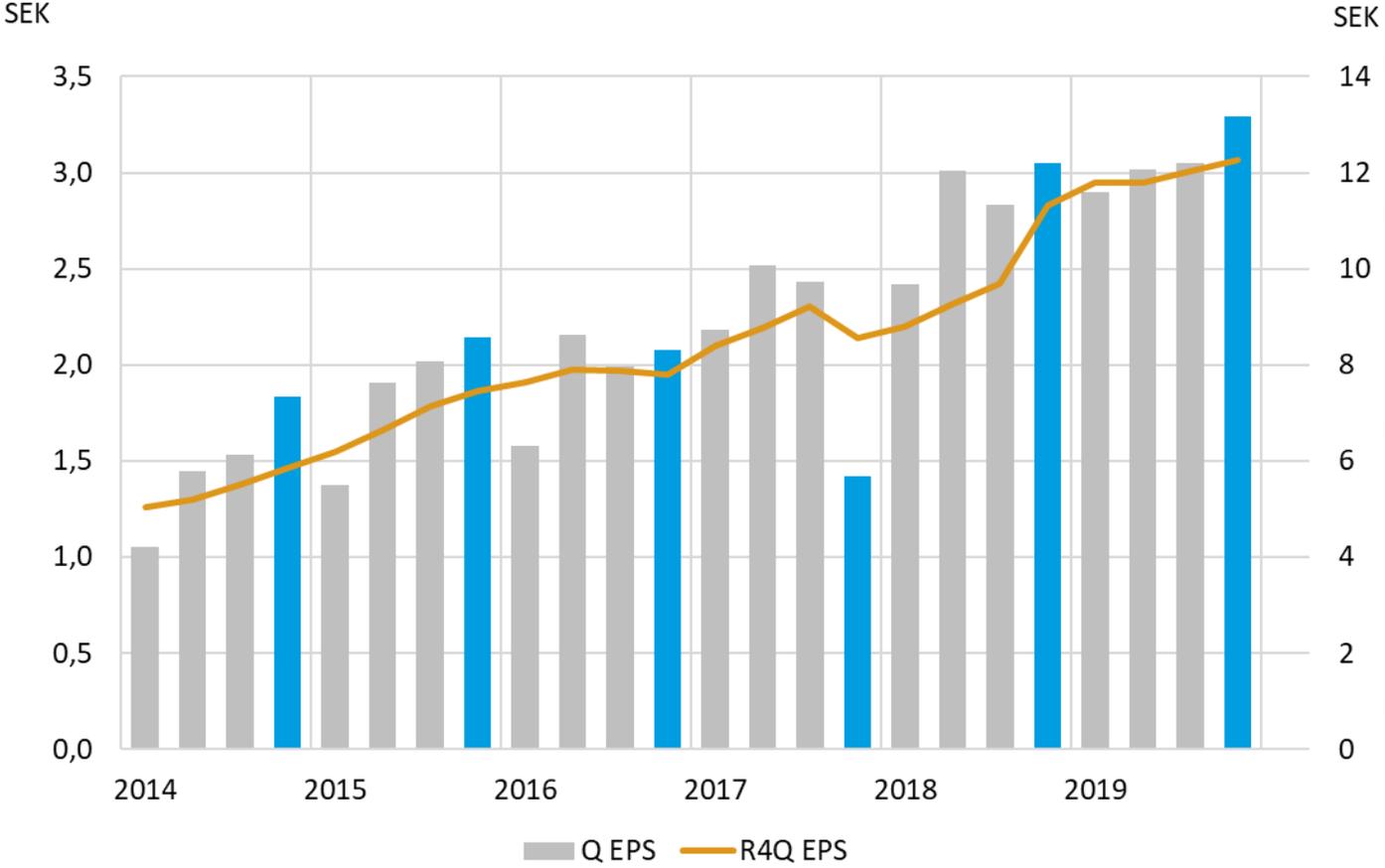
Cash Flow from operating activities

MSEK



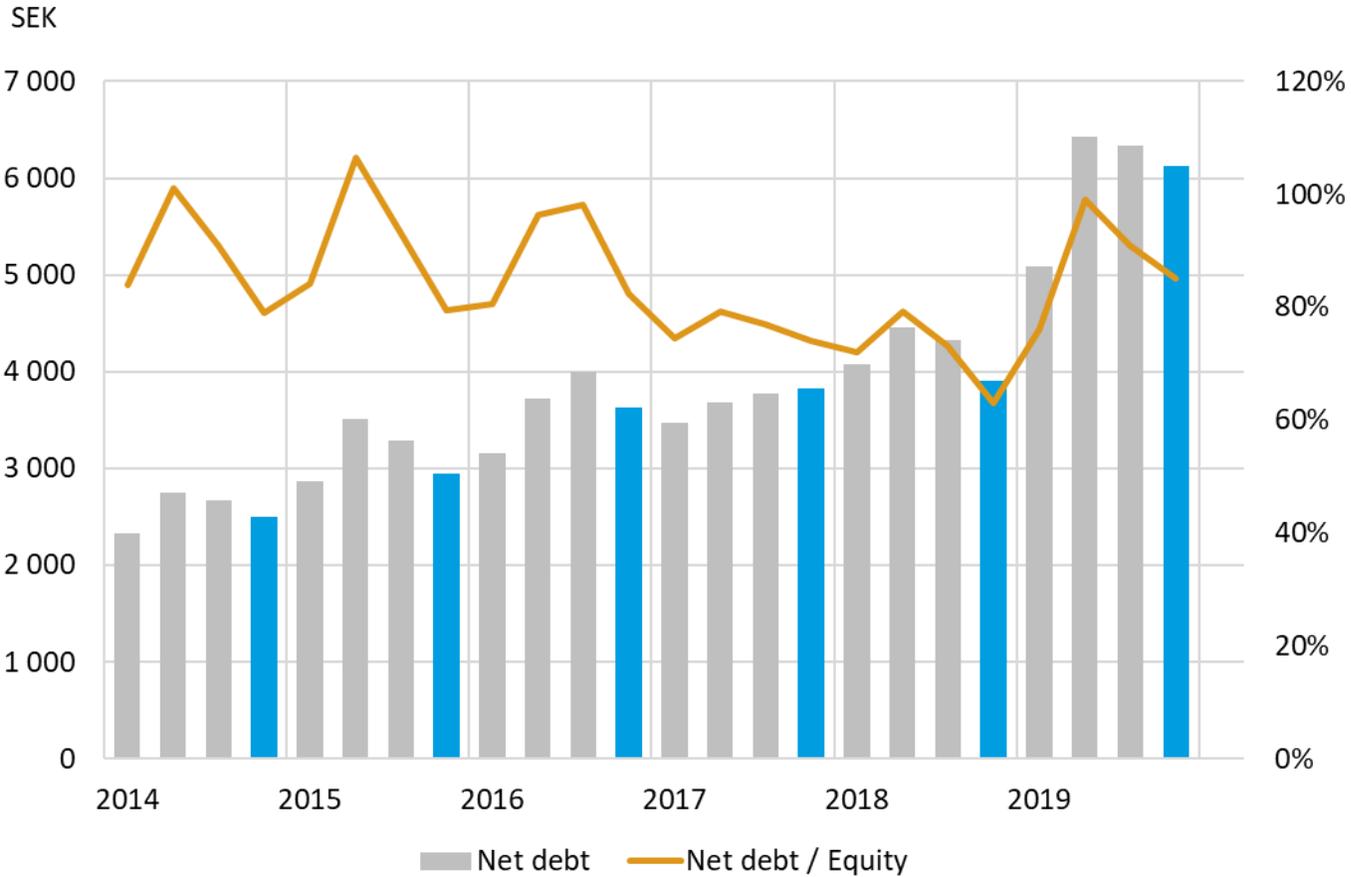
- Cash flow from operating activities grew 23% from 732 MSEK to 594 MSEK
- Growth versus last year partly driven by IFRS 16 but also from a higher result and a slightly better working capital development
- Working capital still on slightly high level, mainly due to inventory build-up to ensure delivery service and availability

Earnings per share



- Q4 earnings per share grew 8% to SEK 3.29 (3.05)
- Full year earnings per share increased with 8% to SEK 12.26 (11.31)
- Improvement driven by higher EBITA, but partly offset by increased amortizations of intangibles and financing costs
- 3- and 5-year earnings per share CAGR, were 17% and 12%

Net debt



- The interest-bearing net debt end of Q4 increased to 6,130 (3,909) MSEK
- Driven by the high acquisition pace and the implementation of IFRS 16
- Net debt/equity ratio increased to 85% (63%). The ratio would have been approximately 73% excluding IFRS 16 effects.

Sustainability as a business opportunity

- Indutrade signatory of the UN Global Compact (UNGC)
- Updated materiality analysis on Group level
- Workshop and training for all MDs
- Mandatory part of the strategic board meeting for all companies
- “Toolkit” to support the companies



United Nations
Global Compact



Indutrade

Increased focus on Sustainability

As of 2020 we have decided to start measuring a few social and environmental group metrics:

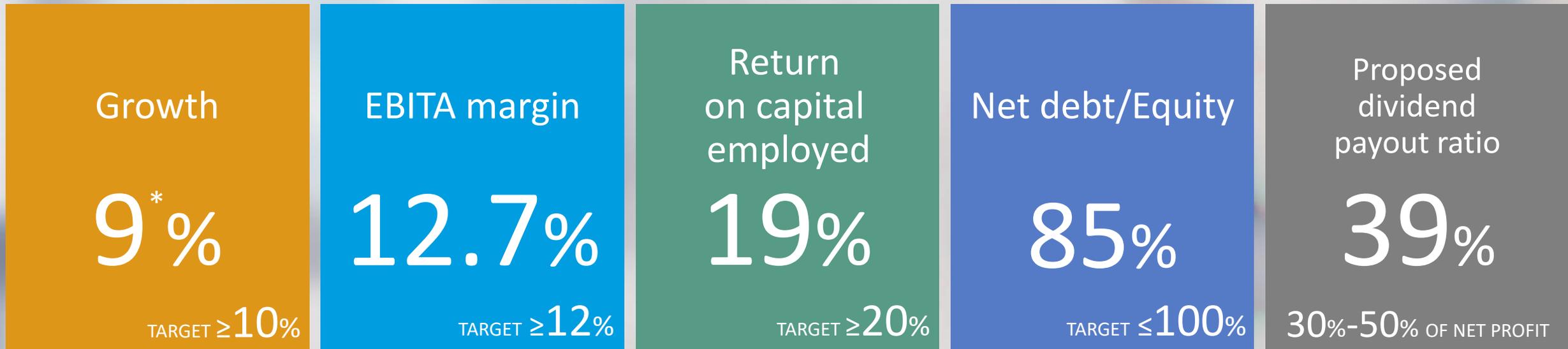
- Injury frequency rate
- Sickness Absence
- Employee Turnover Ratio
- CO₂e emissions (scope 1 & 2)
- Share of renewable energy

Good conditions for stability

- Our diversified structure creates good conditions for stability
- Decentralised business model – agile companies adapting to changing conditions by making decisions at local level and working closely with their customers
- Strong culture – MDs ownership and accountability with a mindset focusing on profitability
- Structured governance through BA's and Boards in combination with simple and consistent performance measurements



Financial targets and outcome 2019



*) 10 % excluding divestments

Targets measured over a business cycle

Revised financial target – Dividend policy

Proposed
dividend
payout ratio

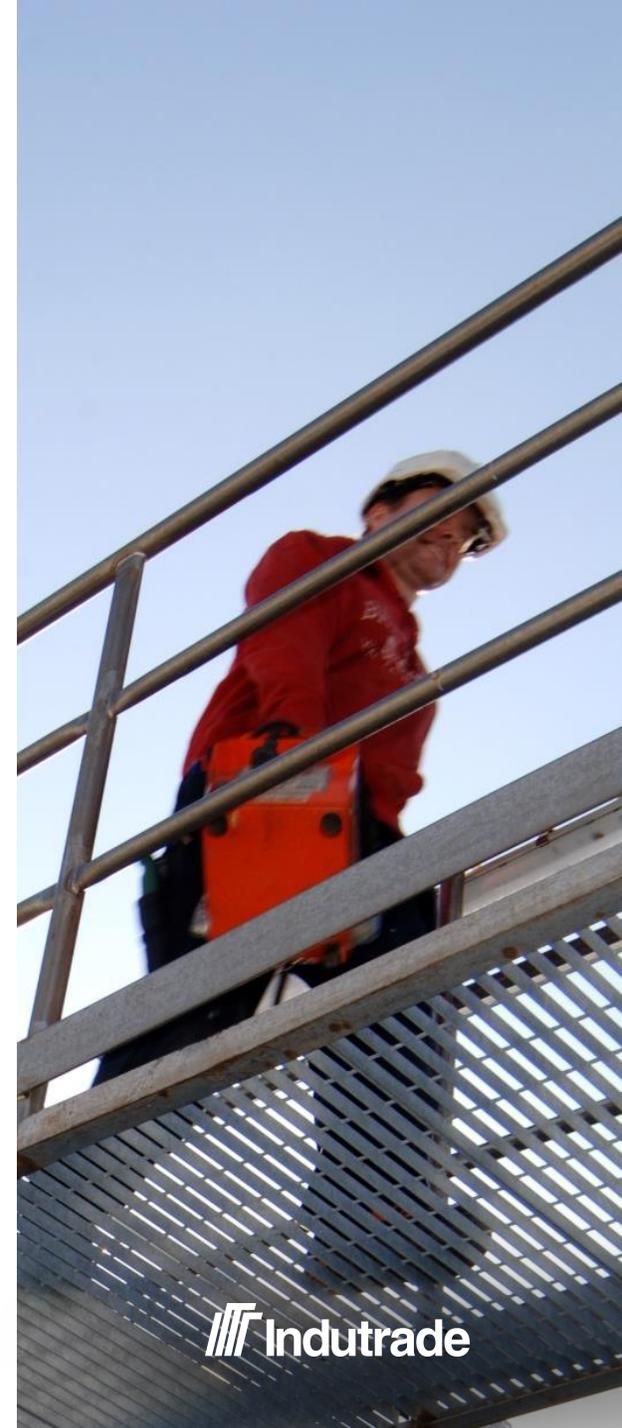
39%

30%-50% OF NET PROFIT

The Board's ambition is to offer the shareholders an attractive dividend yield and high dividend growth. Acquisitions have been, and will continue to be, an important key driver for growth. The revised dividend policy enables Indutrade to strengthen the acquisition pace and maintain the good financial position.

Key takeaways

- Successful 2019 with record high profitability
- Demand continued at good level, but flattened out with variation between companies and segments
- Stable level of earnings
- Continued high pace of acquisitions and opportunities remain good
- Diversified business group with agile and flexible companies, working closely with their customers
- Stable platform in place for continued sustainable profitable growth



Thank you!

Q&A





Trusted by
entrepreneurs

Financial Calendar & contact details

27 April 2020

Interim Report 1 January – 31 March 2020

6 May 2020 - Annual General Meeting

17 July 2020

Interim report 1 January – 30 June 2020

20 October 2020

Interim report 1 January – 30 September 2020

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