



Welcome to Indutrade Capital Markets Day
Kista 4 December 2018



Indutrade Capital Markets Day
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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

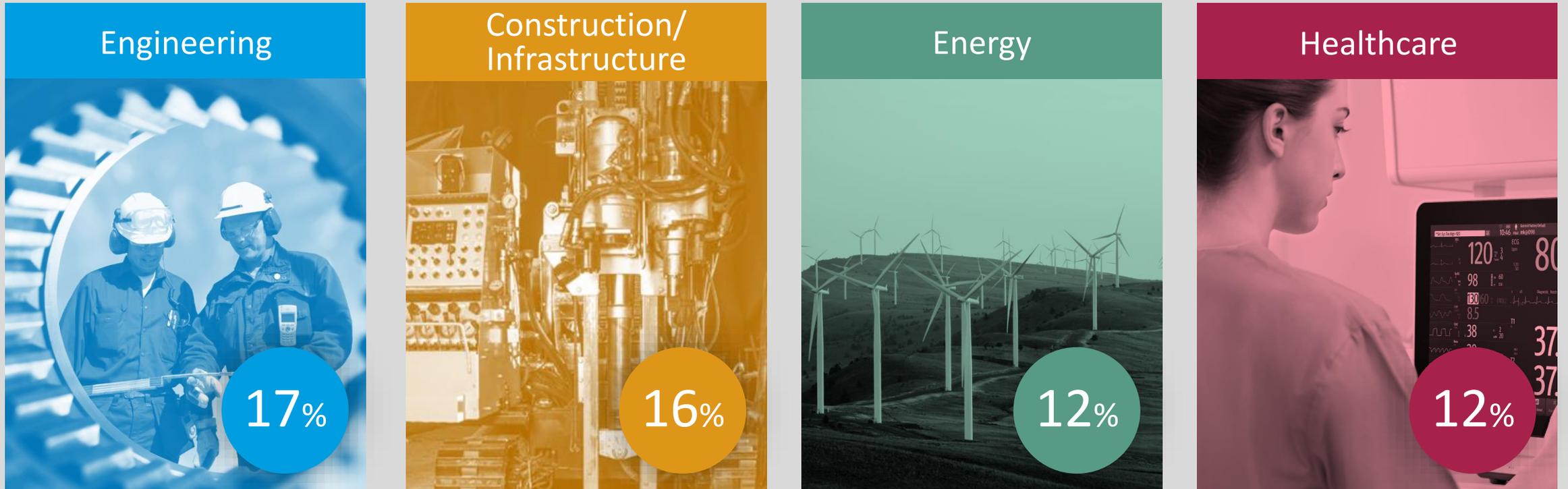
Decentralisation

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



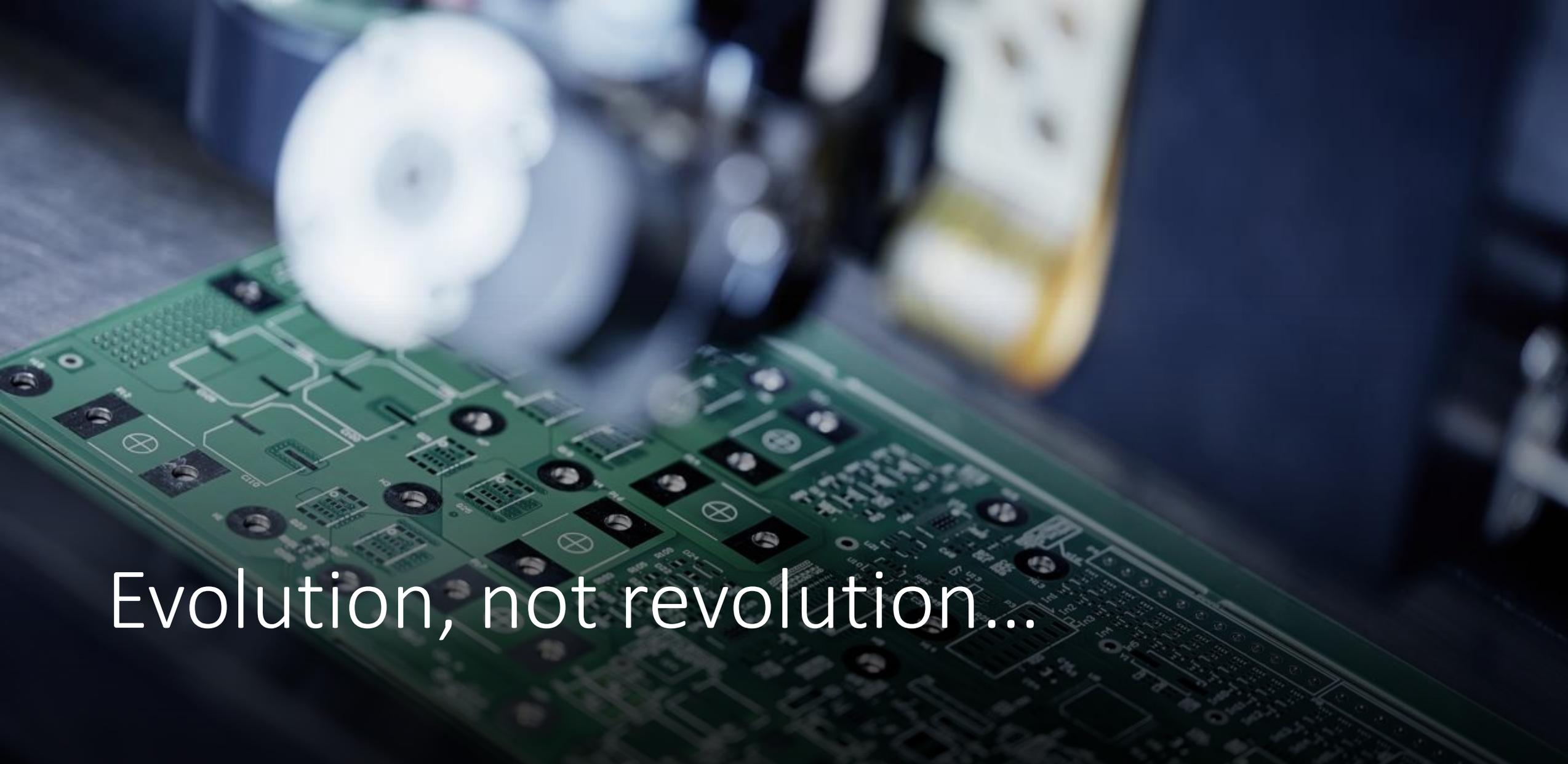
Growth



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

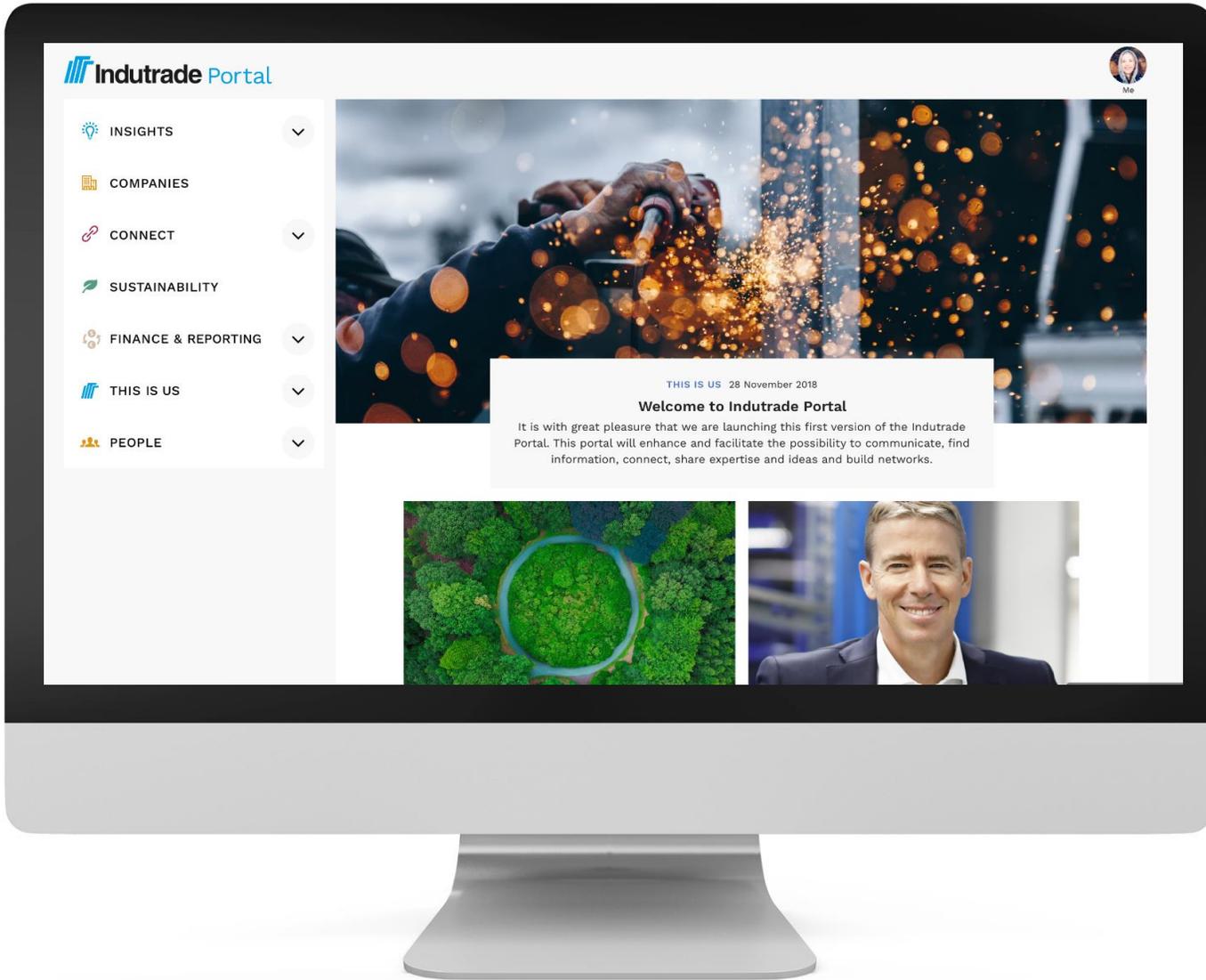
Leadership and talent management

Review
Talent and
succession reviews

Build
Leadership and
competence
development offering

Recruit
Talent acquisition
strategy

Embed – in a decentralised context

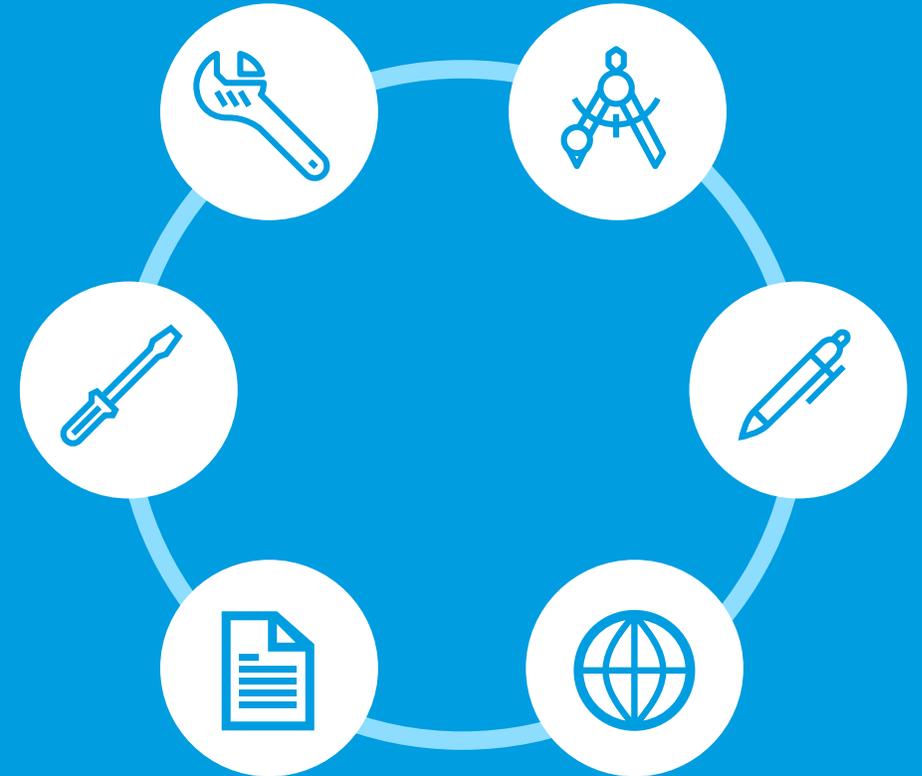


Indutrade Portal

our platform for active
knowledge sharing

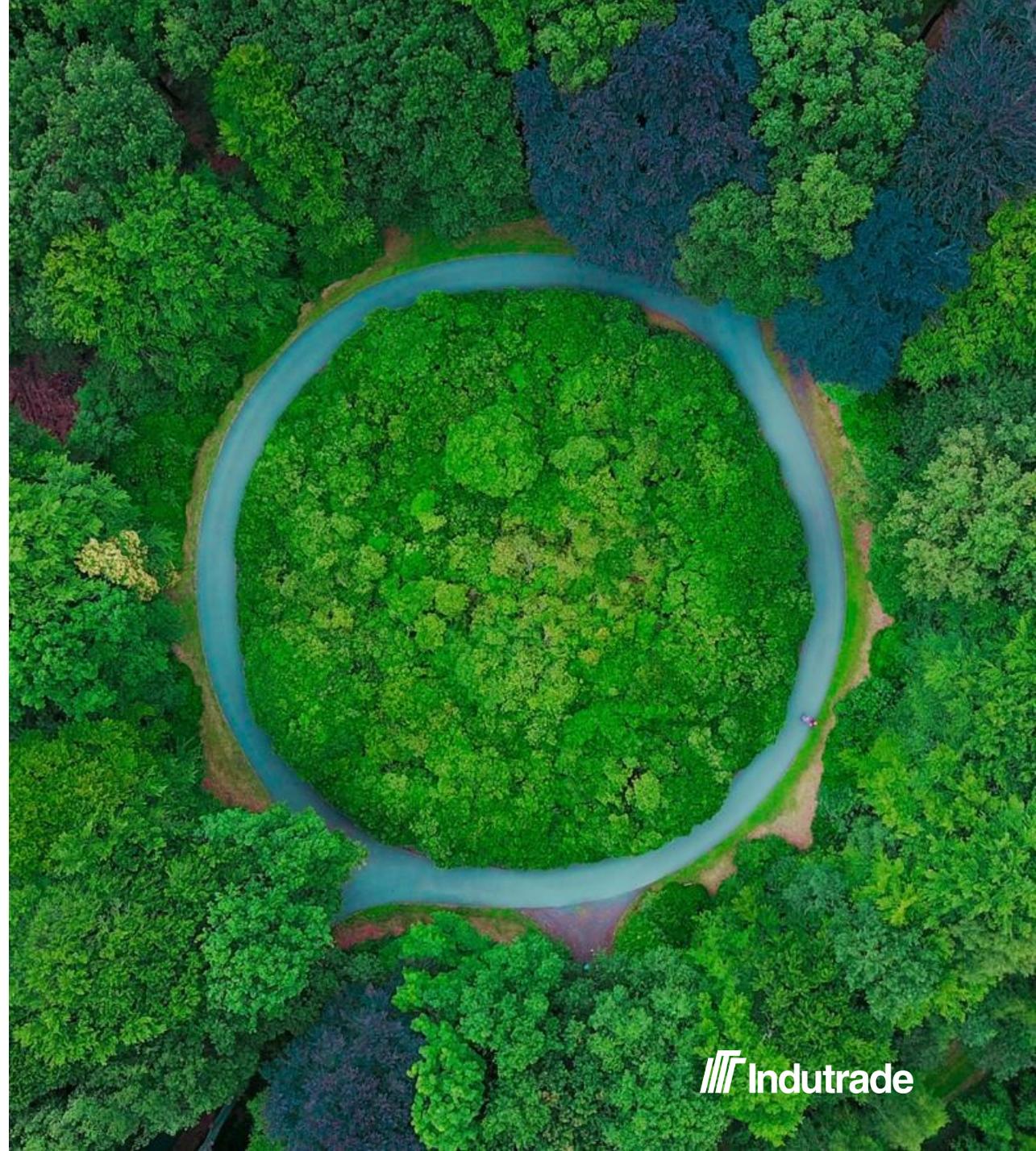
Indutrade Toolbox

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



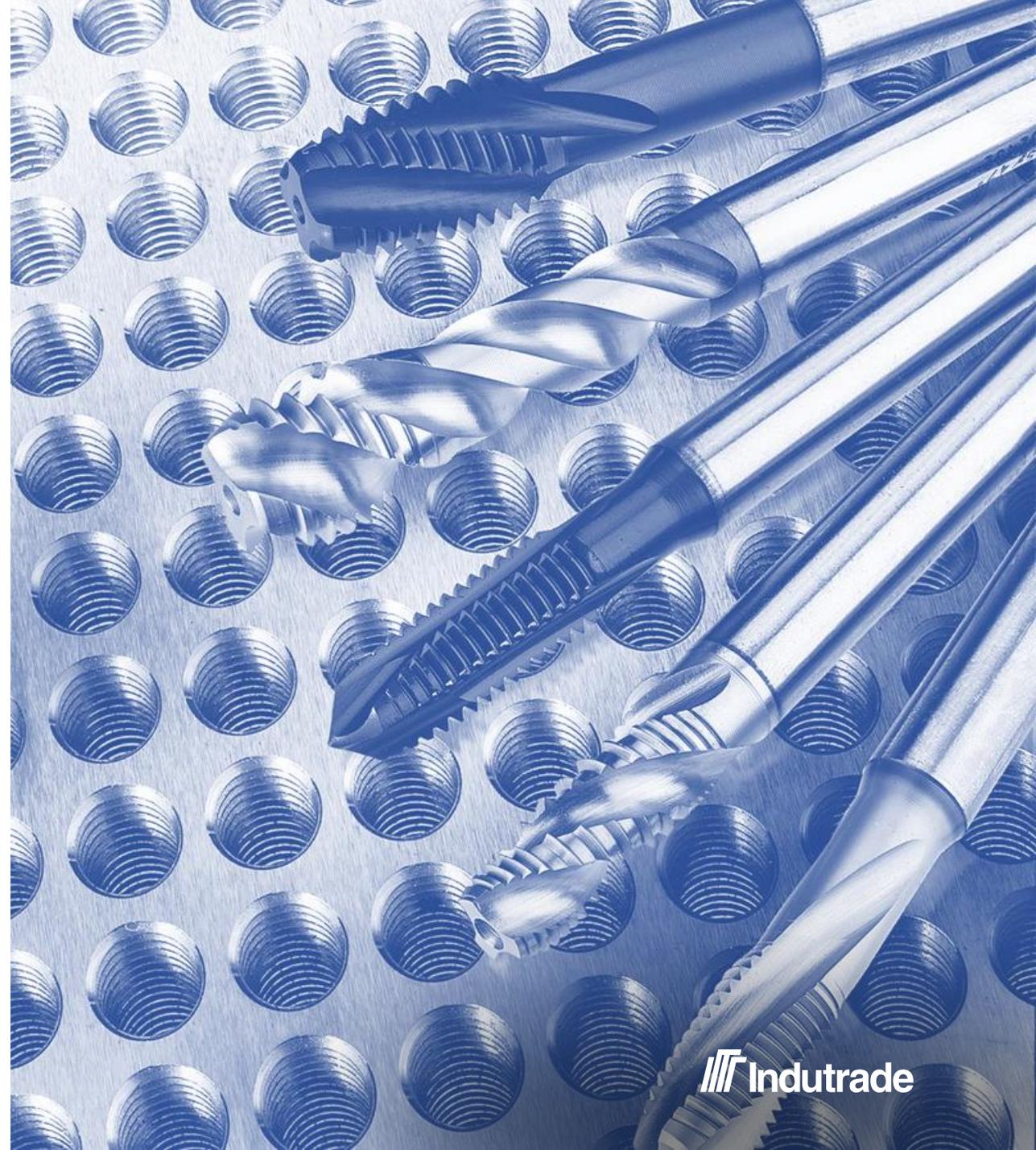
Sustainability as a business opportunity

- 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



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



Bo Annvik
President and CEO

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

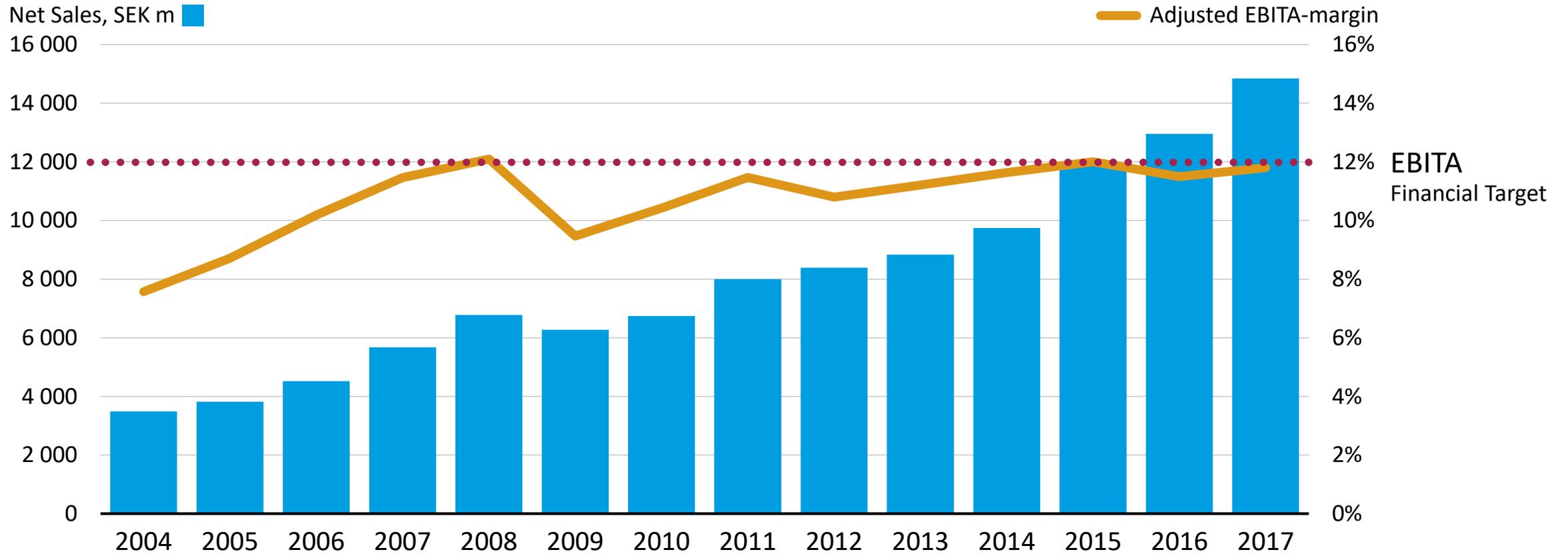
74-78%

Dividend
payout ratio

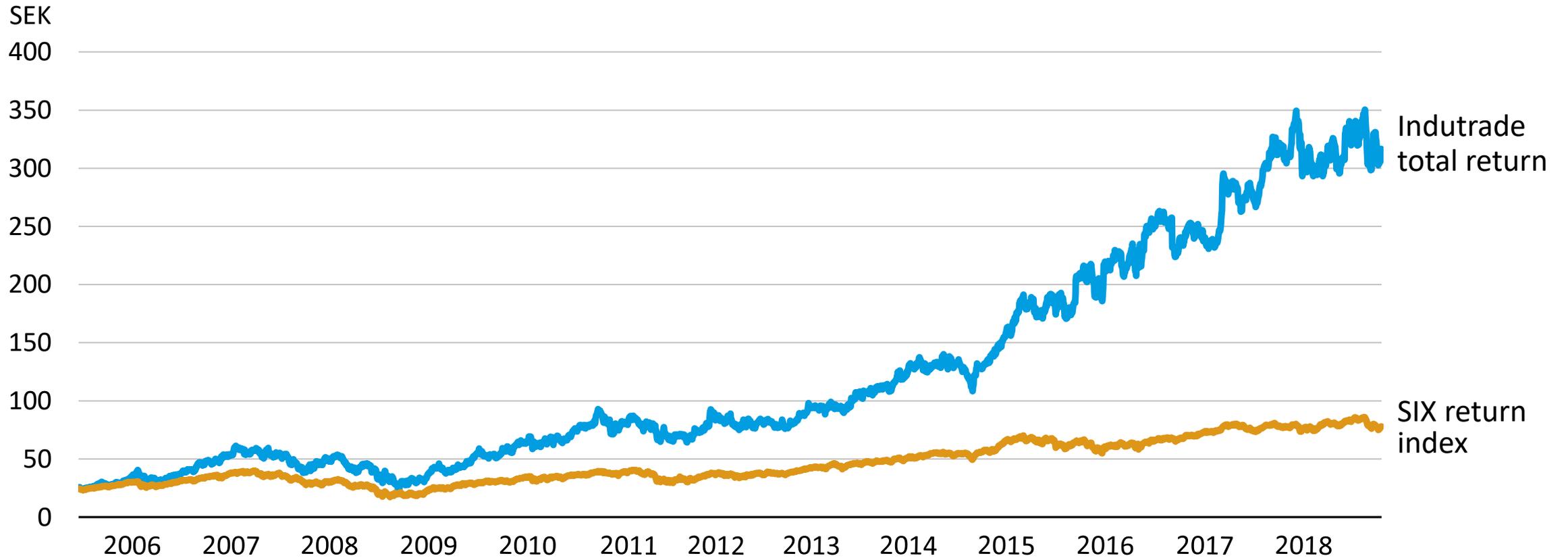
43%

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, followed by the word "Indutrade" in a bold, white, sans-serif typeface.

Indutrade



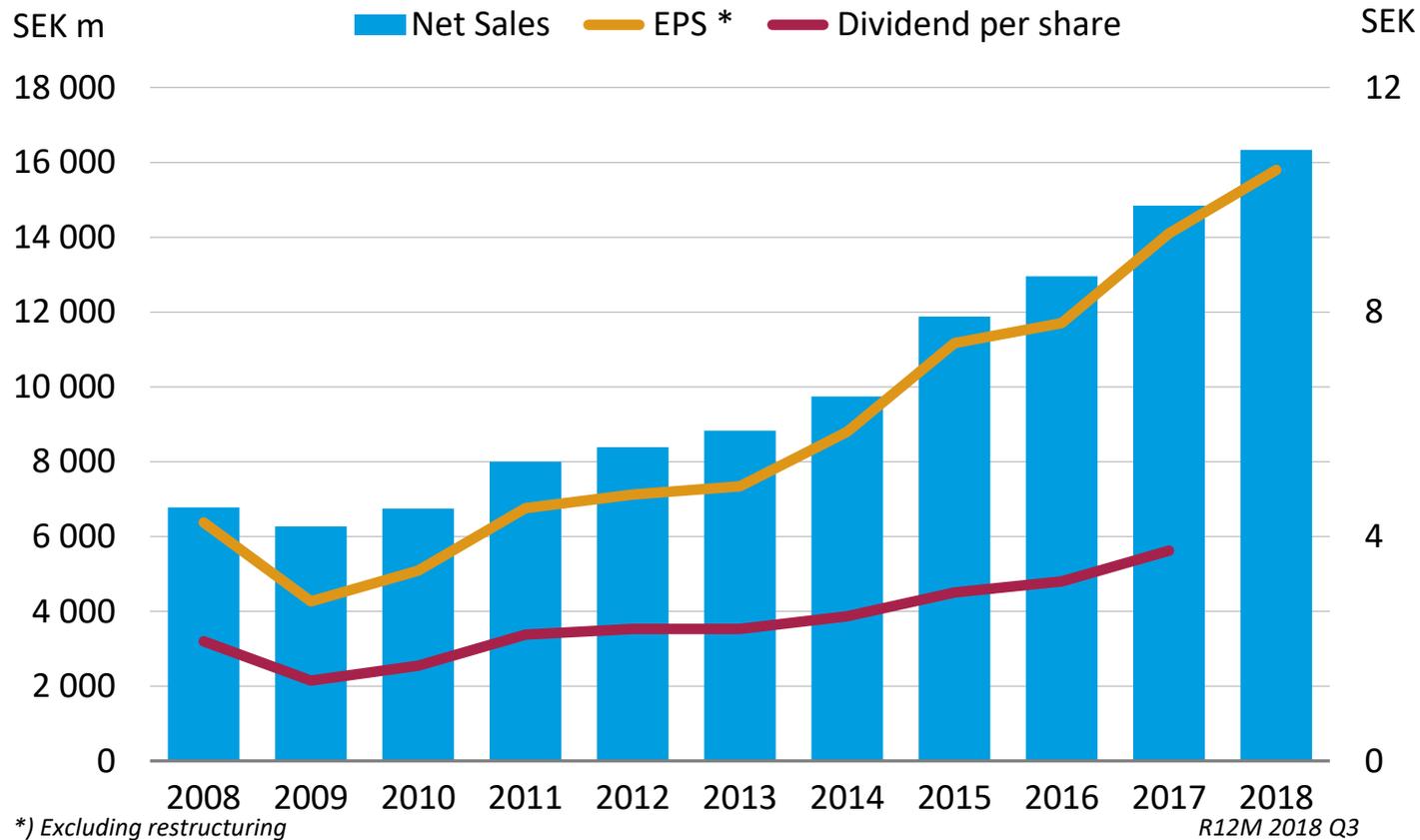
Financial performance and operating model

Patrik Johnson
CFO



Financial performance

Track record of profitable growth



5 YEAR SALES DEVELOPMENT

+12% p.a

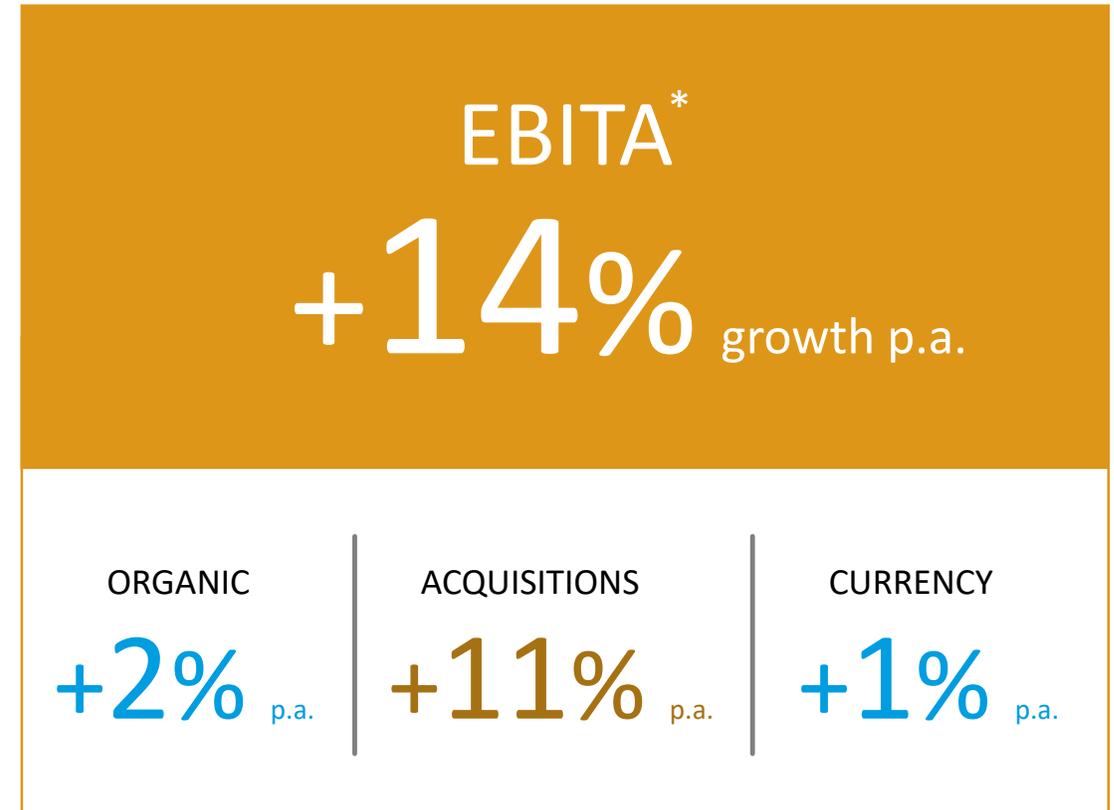
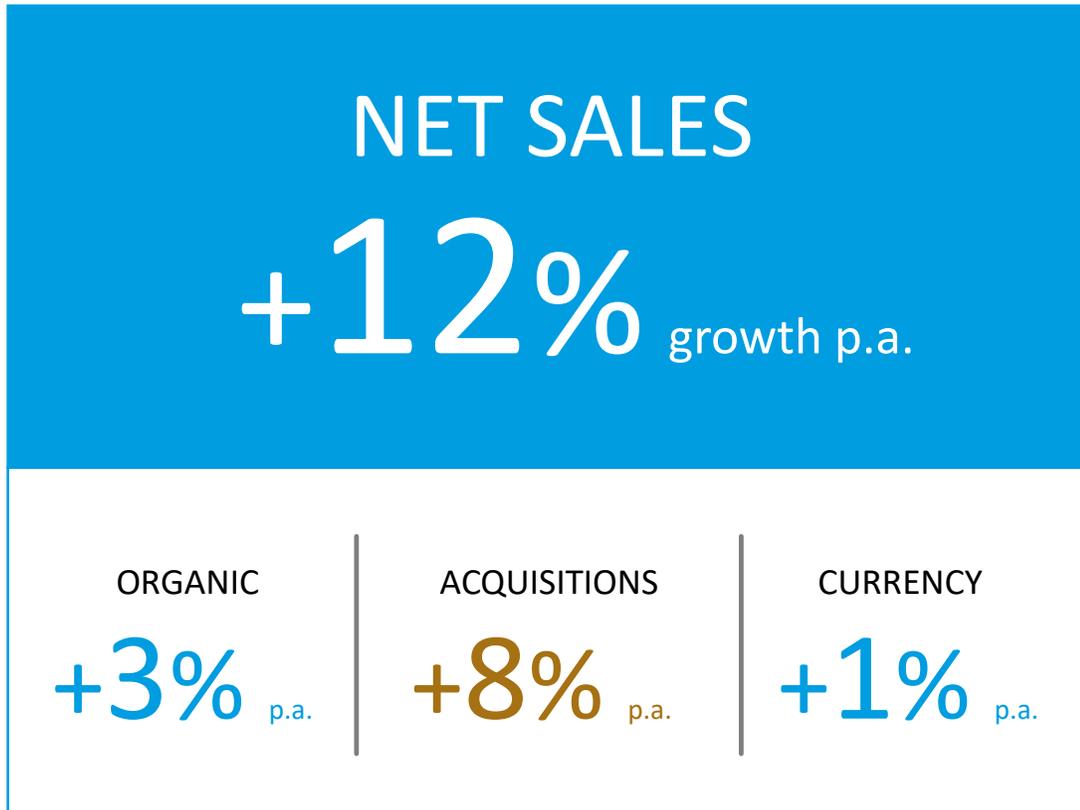
5 YEAR EPS* DEVELOPMENT

+15% p.a

5 YEAR DIVIDEND DEVELOPMENT

+10% p.a

5 year bridge

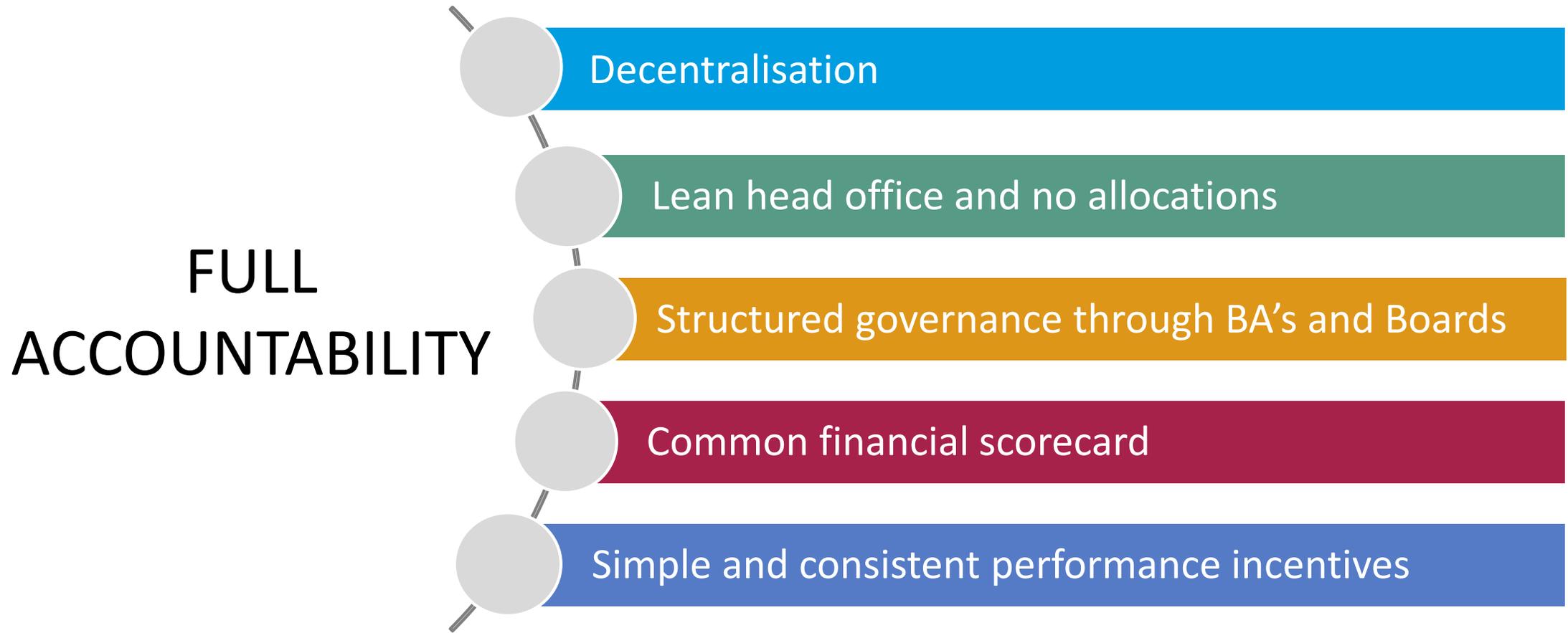


*) Excluding restructuring



Operating model

Operating model – principles



Decentralisation – how it works

Independent
companies

Trust, mandate
and obligation to act

Sharing and
learning encouraged

Indutrade governance
through Board

Monthly
financial reporting

Bank and
treasury integration

Lean headoffice

GROUP

~ 15 FTE

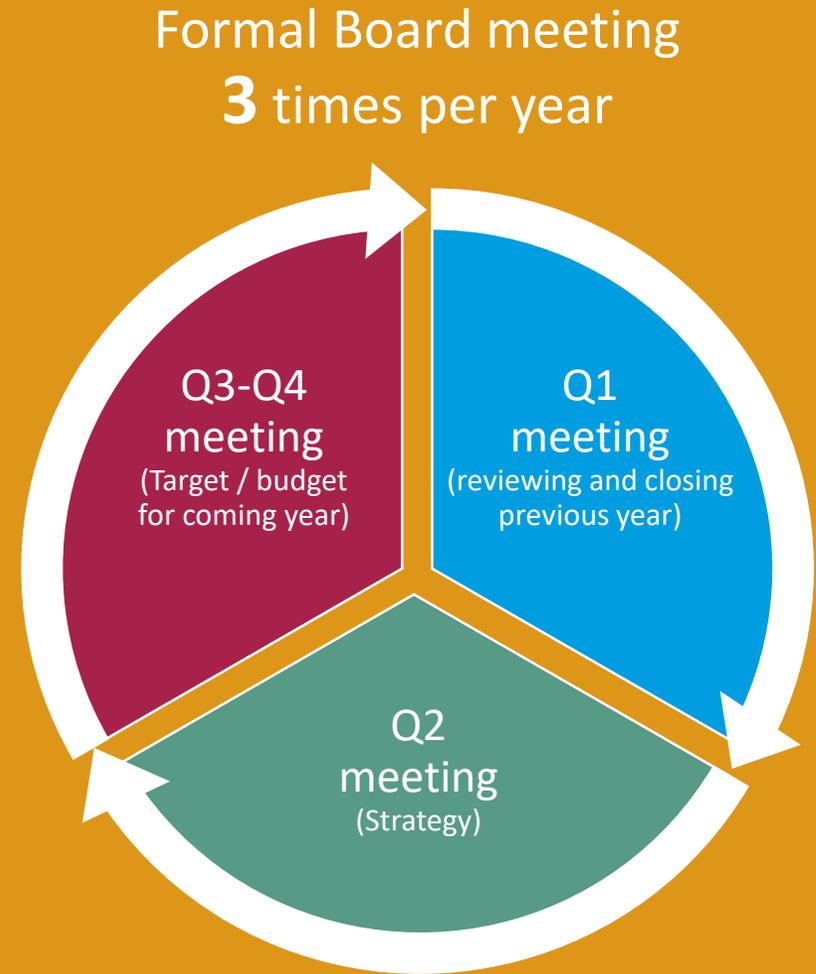
- Business development
- Acquisitions
- People Management
- Financing
- Business control
- Sustainability
- Communication

BUSINESS AREAS

- Business development
- Acquisitions
- Business control

Structured governance through company boards

- Company Boards the formal governance fora
- Monthly Business Reviews with all BA's
- Board composition adopted to company needs
- Business Area manager supported by network of senior and experienced MDs
- Standard agenda
- Tools and best practice available in various areas
- Capital allocation based on Business case



Common financial scorecard to support performance management

- Common Group reporting system
- Full P/L and B/S monthly
- Scorecard with standard KPI set
- Annual target / budget
- Forecasts reported three times per year
- Year over year improvements most important

2018XX	Current Year
Order intake	1 400
Growth %, total	4,2%
Growth %, organic	-4,6%
Book to bill	96,7%
Net Sales	1 450
Growth %, total	10,1%
Growth %, organic	0,6%
Gross margin	41,0%
Expenses	42%
Expenses, % of net sales	29,4%
EBITA	17%
EBITA margin	12,1%
Number of employees at the end of period	
Productivity (excluding currency and structure)	
Operating working capital	
Operating working capital, % of net sales	

Main performance incentives

- Full “ownership” and accountability
- Earn-outs (1-3 year)
- Annual bonus scheme based on year over year profit improvement
- Long term warrant program
- Quarterly financial benchmarking and ranking including annual and 5 year awards

Indutrade internal benchmarking

Compares all companies within the Indutrade Group based on four parameters:

- Return/OWC
- Growth
- EBITA Group contribution
- EBITA Margin





Summary

Summary and key message

- Strong historical financial performance
- Potential to improve organic performance
- Simple and powerful governance and operating model
- Decentralisation and full accountability fundamental
- Harmonisation in Finance



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Indutrade



Acquisition Strategy

Jonas Halvord

Senior Vice President
Acquisitions and Business Development

Acquisitions is
a team/network process



Key acquisition criteria

- Stable and well managed small and medium sized technical trading and industrial companies
- Leading market position in defined niches
- Technical components/products, preferably customised, to industrial customers
- Strong management teams motivated to stay on also after an earn-out period
- Cultural fit with Indutrade's core values



The decentralised business model

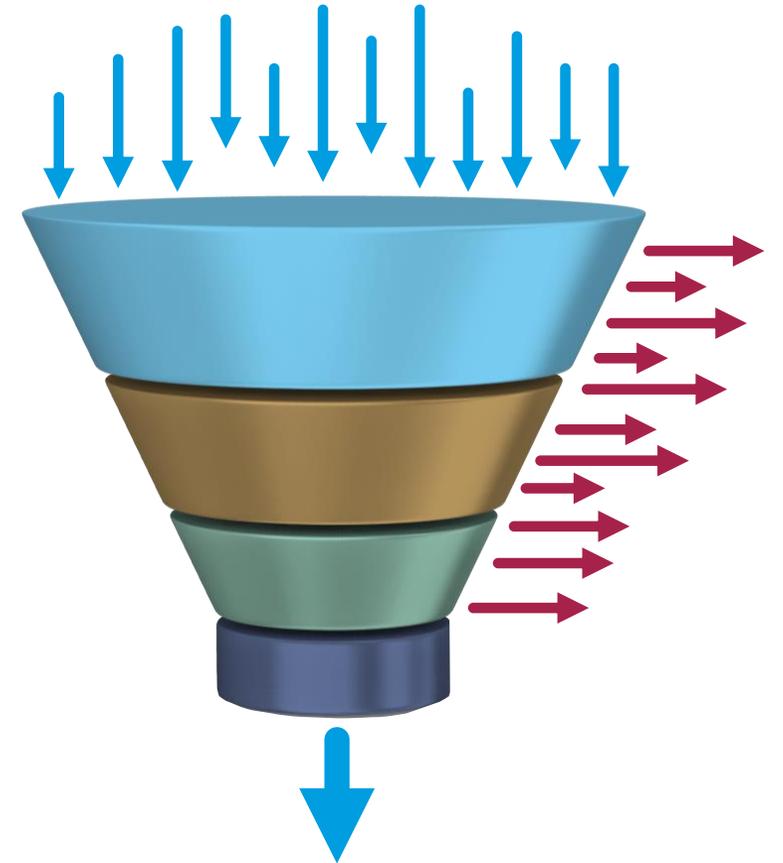
- Entrepreneurial business culture
- Profit focus and accountability
- Customer orientation and passion for business
- Maintaining the identity of the acquired companies
- People make the difference

The attributes of the Indutrade model is a key acquisition process differentiator



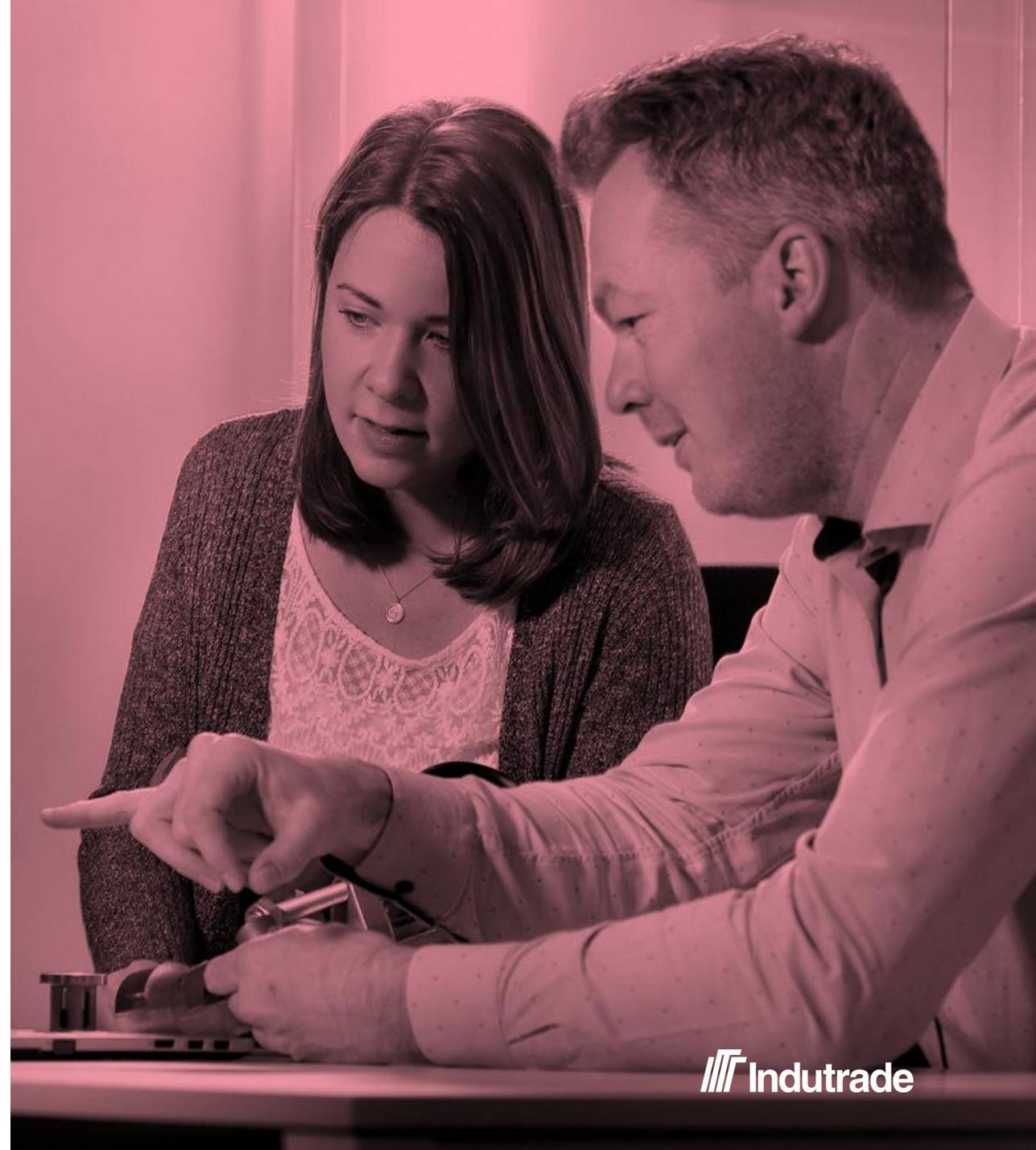
Selective in the acquisition process

- 10 – 20 candidates for every closed transaction
- Internally generated leads and externally initiated contacts
 - Provides opportunities to successful acquisitions at reasonable price levels
 - Strong recognition as serial acquirer
 - steady inflow from sell-side advisors
- Proactive vs. opportunistic approach
 - In general opportunistic approach to acquisitions
 - Increase efforts to proactively search for candidates in key focus areas



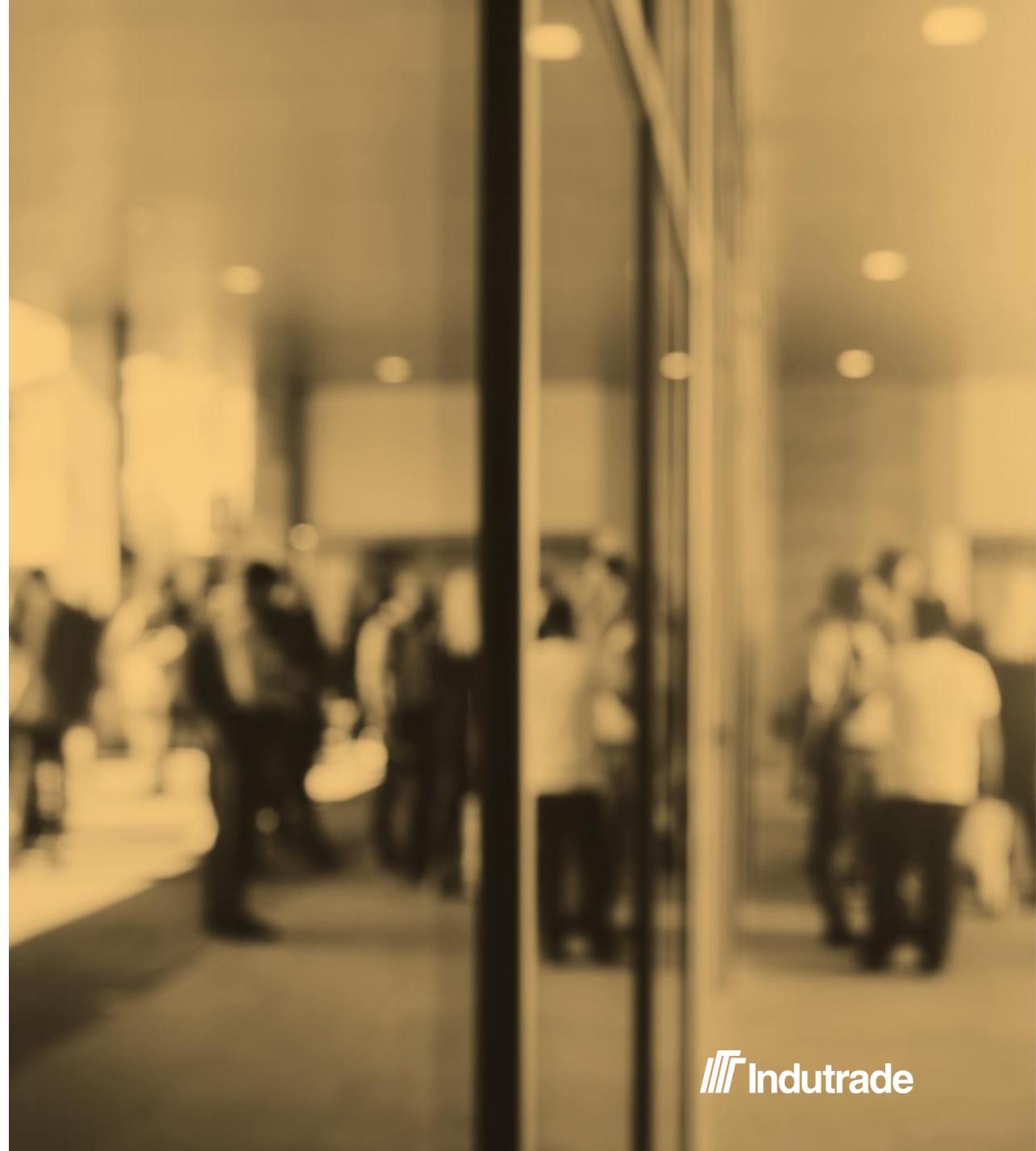
Pipeline management – internal leads

- Activities to stimulate internally generated candidates
- Encourage and support MDs to leverage their contact networks
- Recognition for internally generated acquisitions



Pipeline management – external leads

- Indutrade – credible and regular acquirer among sell-side advisors
- Proactively participate in meetings / forums to maintain and develop network within sell-side community
- Improve contact facilitation for unsolicited external approaches



Proactive acquisition strategy dimensions



Customer /
segment
perspective

Product /
technology
perspective

Geographical
focus markets

Focused separate activities in all three dimensions

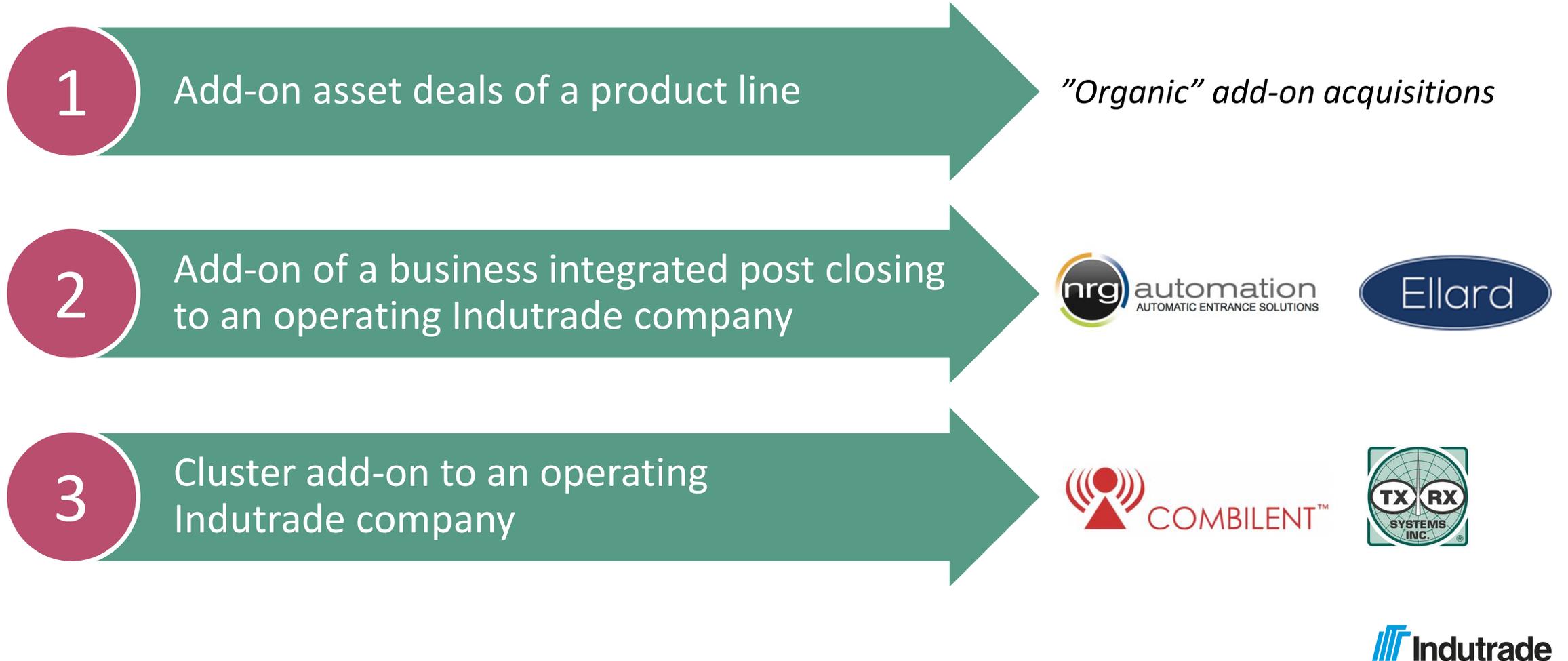
Huge untapped acquisition potential of SMEs



About 100,000 entrepreneurs due to retire in next 2 years yet to find successors”

Financial Times, Frankfurt 21 March, 2018

Add-on companies – key acquisition criteria



Indutrade's approach to the acquisition process

Case-by-case adopted assessment aiming at identifying key value drivers and potential associated risk areas

- Acquisitions resources – a combination from BA's and HQ team
- People focused
- Professional, business focused and straight forward
- Fast, flexible and predictable
- Anchored in our business model and culture

Positioning the acquisition process as a key differentiating factor!

Indutrade way of working with acquisitions is a core process

- Emphasises the team effort based on business focus and simplicity
- Several hundred reviewed acquisition companies per year
- Process efficiency is important to continue the successful acquisition track record



**Process development ensuring a sustainable
"One closed acquisition a month-capacity"**

Summary

- Clear picture of desired acquisition candidates
- Indutrade culture and business model a key acquisition process differentiator
- Internal network – strong lever for candidate sourcing
- Acquisition process based on accumulated experiences
- Healthy pipeline of potential acquisition candidates

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Indutrade

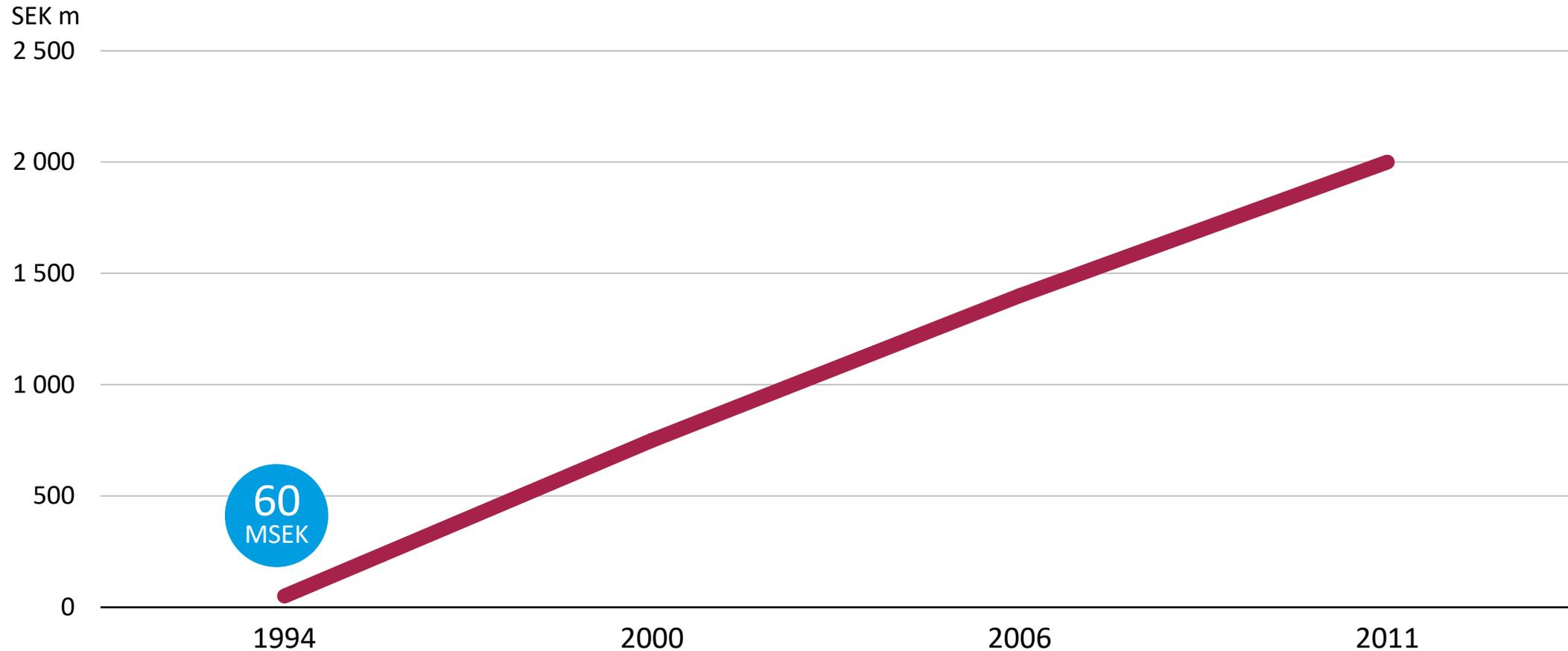


Alnab story

Peter Eriksson
Advisor to the CEO

al nab

Alnab – from one company to business area



Indutrade's acquisition model

- Acquire only profitable companies
- Niche companies
- Technical sales companies with strong suppliers
- Keep the management
- Long relations
- Decentralised



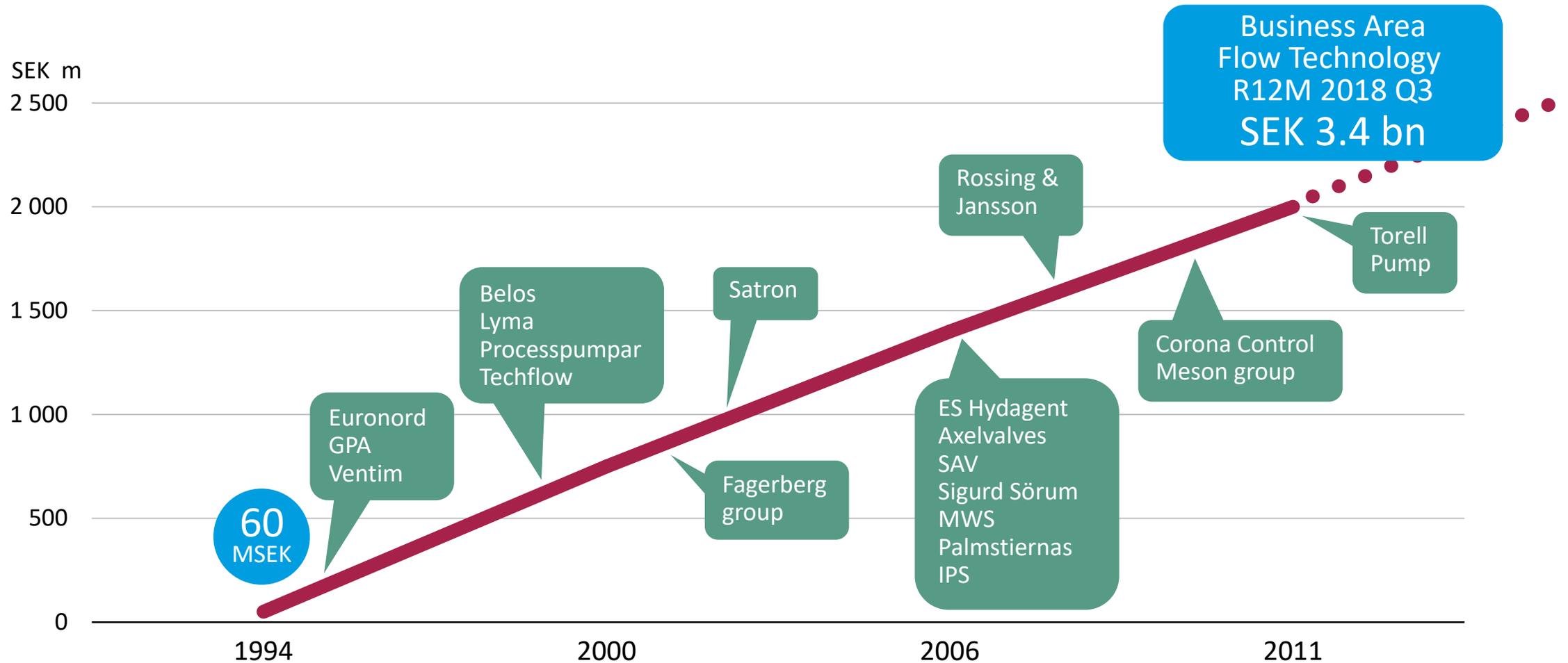
Indutrade's management philosophy

Delegation of authority
– **right to act**

Responsibility
– **duty to act**
to the right level

What companies do you want to buy?

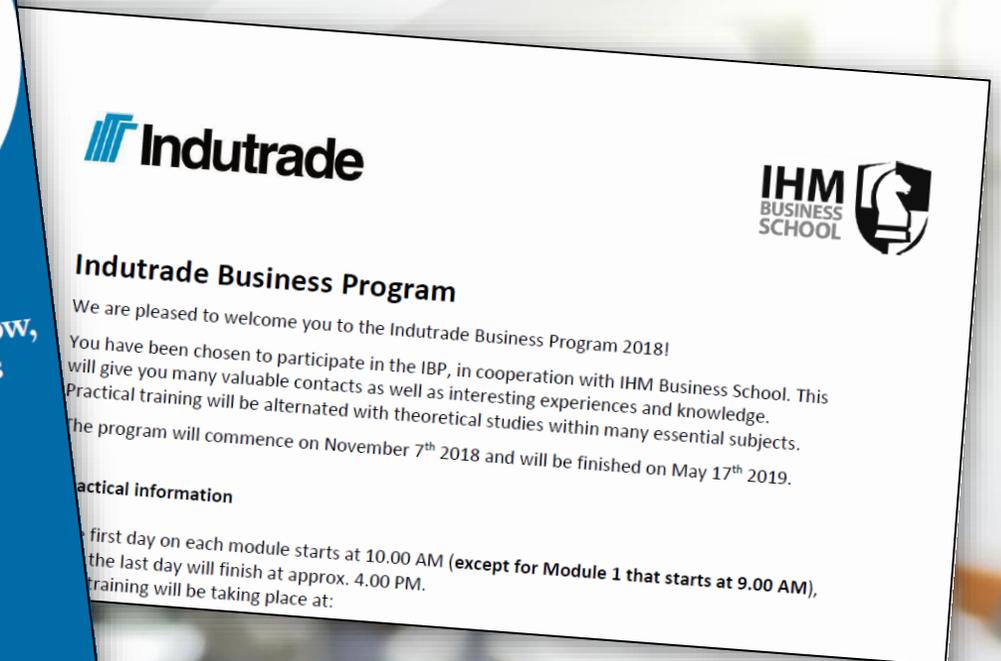
Alnab – from one company to a business area



Indutrade Academy



The brochure cover features the Indutrade logo in the top left. A central graphic is a large white number '5' containing a dense collage of various company logos. Below this graphic, the slogan 'When Individuals Grow, the Company Grows' is written in white on a blue background. At the bottom right, the IHM Business School logo is displayed, including the text 'STOCKHOLM · GÖTEBORG · MALMÖ'.



The content page of the brochure includes the Indutrade logo and the IHM Business School logo in the top right corner. The main heading is 'Indutrade Business Program'. The text reads: 'We are pleased to welcome you to the Indutrade Business Program 2018! You have been chosen to participate in the IBP, in cooperation with IHM Business School. This will give you many valuable contacts as well as interesting experiences and knowledge. Practical training will be alternated with theoretical studies within many essential subjects. The program will commence on November 7th 2018 and will be finished on May 17th 2019.' A section titled 'Practical information' follows, stating: 'The first day on each module starts at 10.00 AM (except for Module 1 that starts at 9.00 AM), the last day will finish at approx. 4.00 PM. Practical training will be taking place at:'

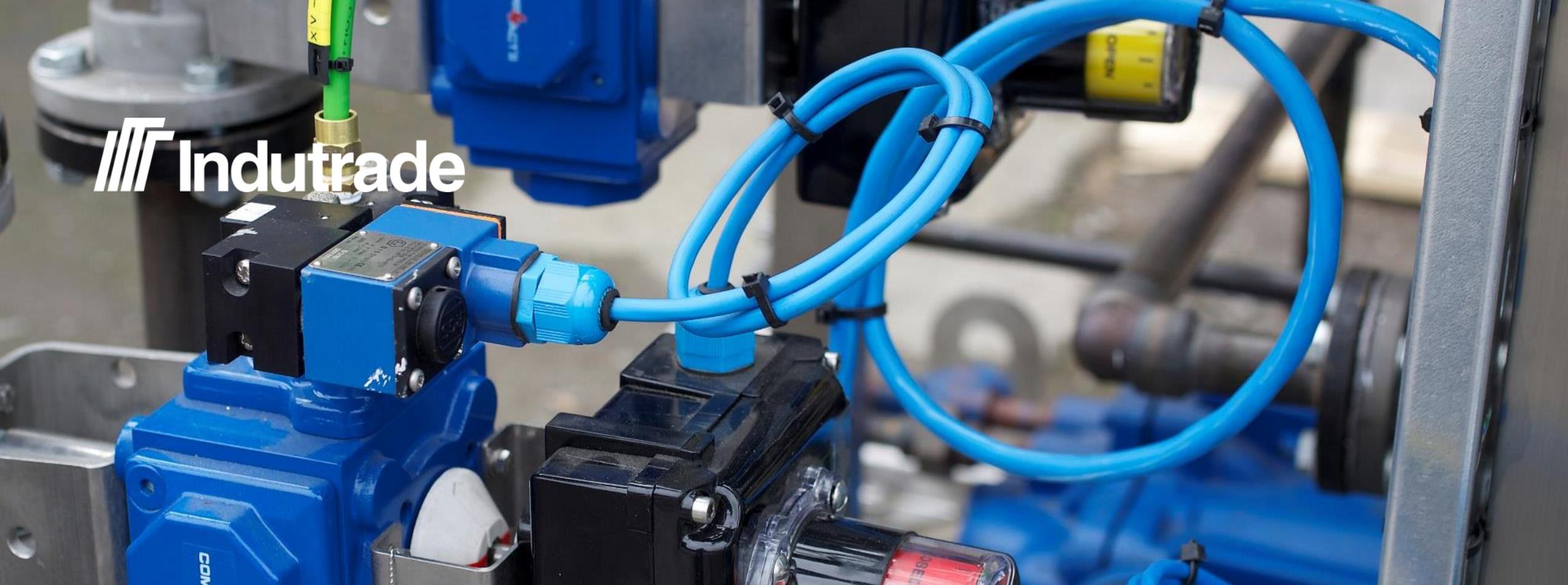
IT'S ALL ABOUT PEOPLE

- Decentralised model – right to decide and obligation to take decision
- You are in charge – can influence your company's situation
- Group of companies were people makes the difference



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

IT Indutrade



**ESI Technologies
&
BA Flow Technology**

Morgan O'Brien
Senior Vice President Flow Technology

ESI – “More than equipment suppliers ...solution providers”

Pump
Division



Valve &
Actuation
Division



Safety
Division



Design & Build
Vaccum systems



Control
Valve
Division



Aseptic &
High Purity
Division



Filtration
Division



Instrumentation
Division



Skid Design
&
Build Division



The ESI Technologies Sales Journey

Total Sales units Euro 000s



Quote Smart / Quote To Win

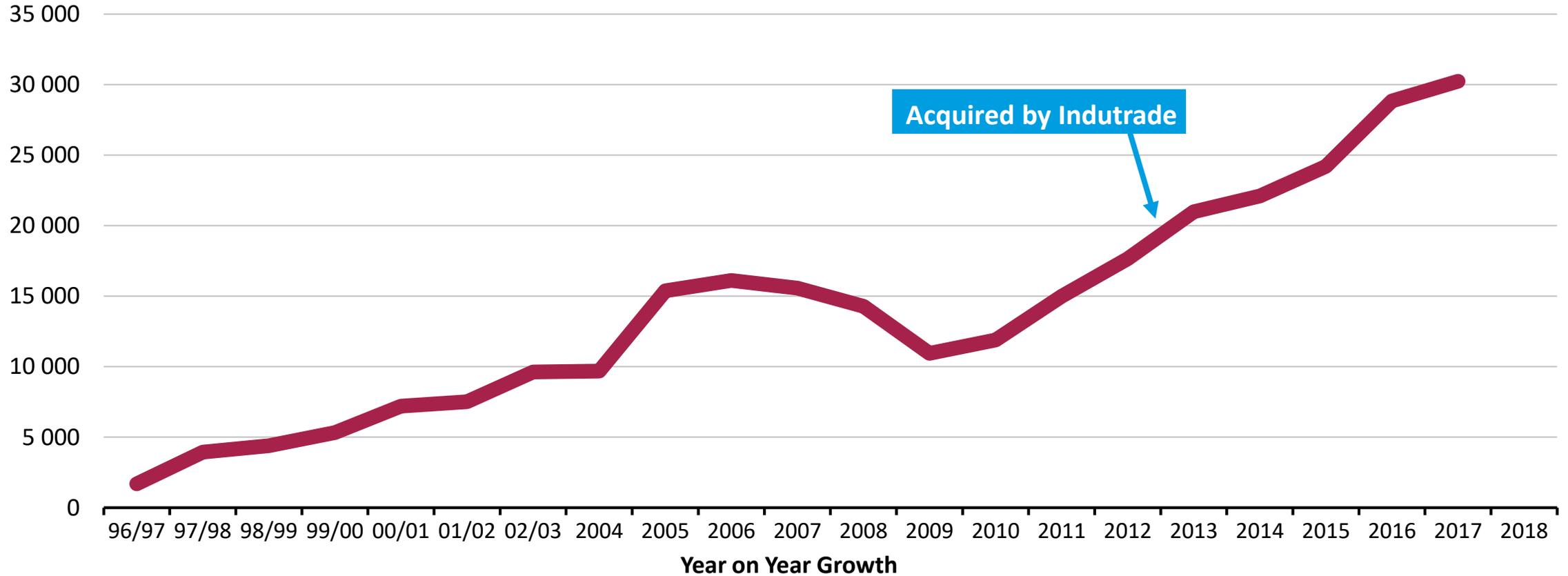
- Born out of the 2008 / 2009 recession
 - Conversion Ratio
 - Prioritise
 - Follow Up In Advance
 - Quote to Win
 - Fight for every %
 - Black Holes
- Winning habits formed /Became “Fit for Fight”
- In 3 years T/O was back to pre recession levels
- Continued & refined Quote Smart Toolbox, resulting in continued growth of over 200%

Winning is a Habit



The ESI Technologies Sales Journey

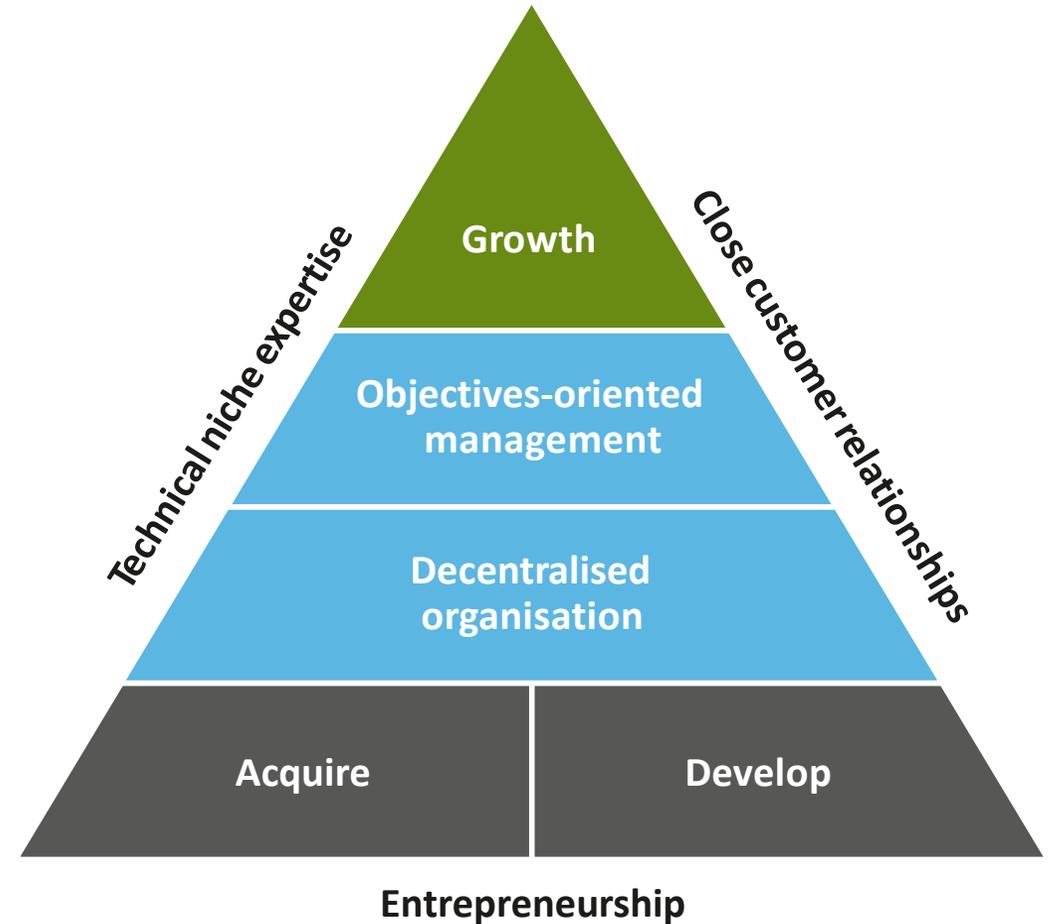
Total Sales units Euro 000s



2010 – First visit from Peter Eriksson Indutrade...

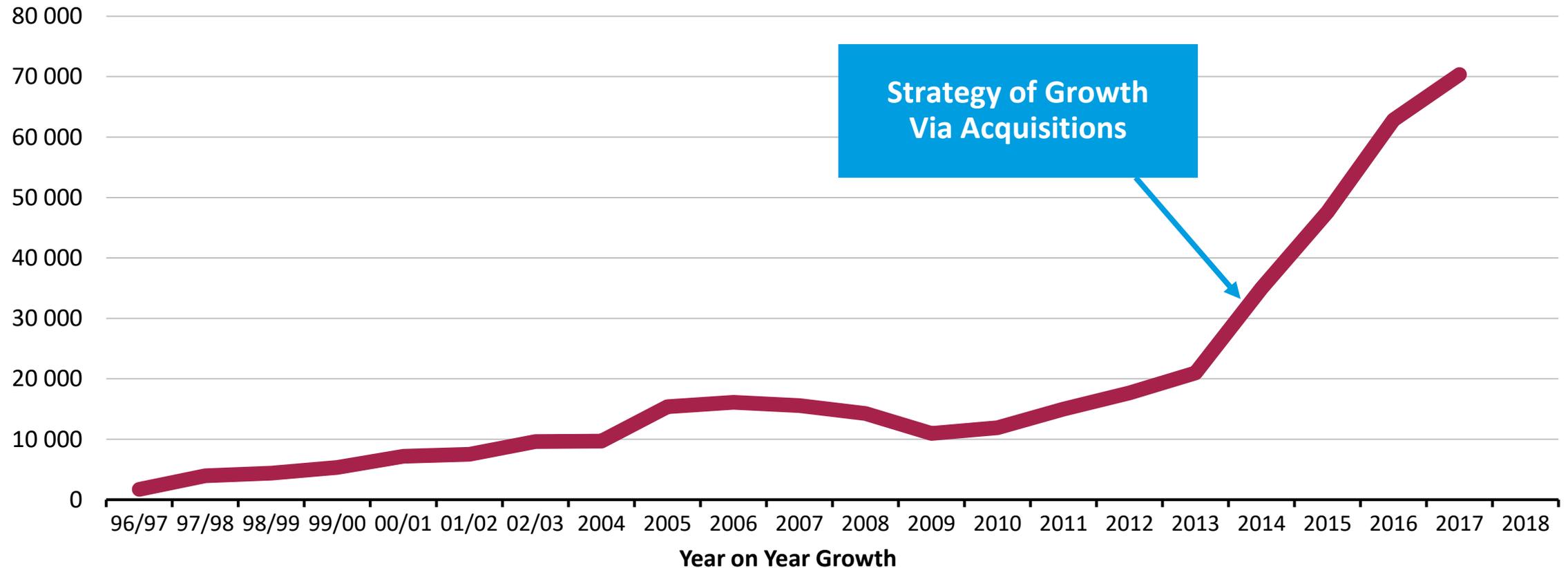
Already had experience of 2 previous approaches from Large Multi Nationals

“ The Indutrade model – too good to be true”



ESI or ITG Adapted the Indutrade strategy of growth via acquisition

Total Sales units Euro 000s



While continuing to grow organically we acquired

From 2013 to 2017 we had grown organically by 44%
and via acquisition by 139% as we added

Fluid Controls Ltd
Control & Instrumentation Solutions

 **ALPHR**
TECHNOLOGY

crp
the corrosion expert

sunflower
MEDICAL FURNITURE
Contemporary Clinical Solutions

TRELAWNYTM
SURFACE PREPARATION TECHNOLOGY

 **filtration ltd**
Experts in Filtration Technology

BA Flow Technology – Succession

R12M 2018 Q3

21%
of Indutrade's total net sales

Net sales
3,371 MSEK

EBITA margin
11.2%

 **GAVECO**

 **ProFlex**
Slanger & kurlinger

 **Fluid Controls Ltd**
Control & Instrumentation Solutions

 **ips**
flow systems

 **MWS**
VENTILSERVICE AB

 **PALMSTIERNAS**
PALMSTIERNAS SVENSKA AB

 **SIGUM FAGERBERG**

 **filtration Ltd**
Experts in Filtration Technology

 **crp**
the corrosion expert

 **ESI**
Technologies Group
Process Equipment Specialists

 **EUROFLON**

 **ROBOTA**

 **IFTG**
INDUTRADE COMPANY

 **FAGERBERG**
FOR MODERN PROCESSTEKNIK

 **GEFA**
PROCESSTECHNIK GMBH

 **A.G. JOHANSSONS METALLFABRIK AB**

 **CORONA**
CONTROL

 **TecaFlow**

 **PRECISION UK Ltd**

 **Colly FLOWTECH**
INNOVATIV FLODESTEKNIK

 **AXELVALVES**

 **ROSSING JANSSON**

 **ARMATUR TEKNIK**

 **SANDERMARINE**
MARINE + OFFSHORE EQUIPMENT

 **SANDERNAVY**
NAVAL EQUIPMENT

 **ROSTFRIA VA-SYSTEM**

 **FAGERBERG**

 **Processpumpar AB**

 **LYMA KEMITEKNIK**

 **TORELL PUMP AB**

 **DOMINATOR PUMP AB**

 **MESON**

 **VENTIM**

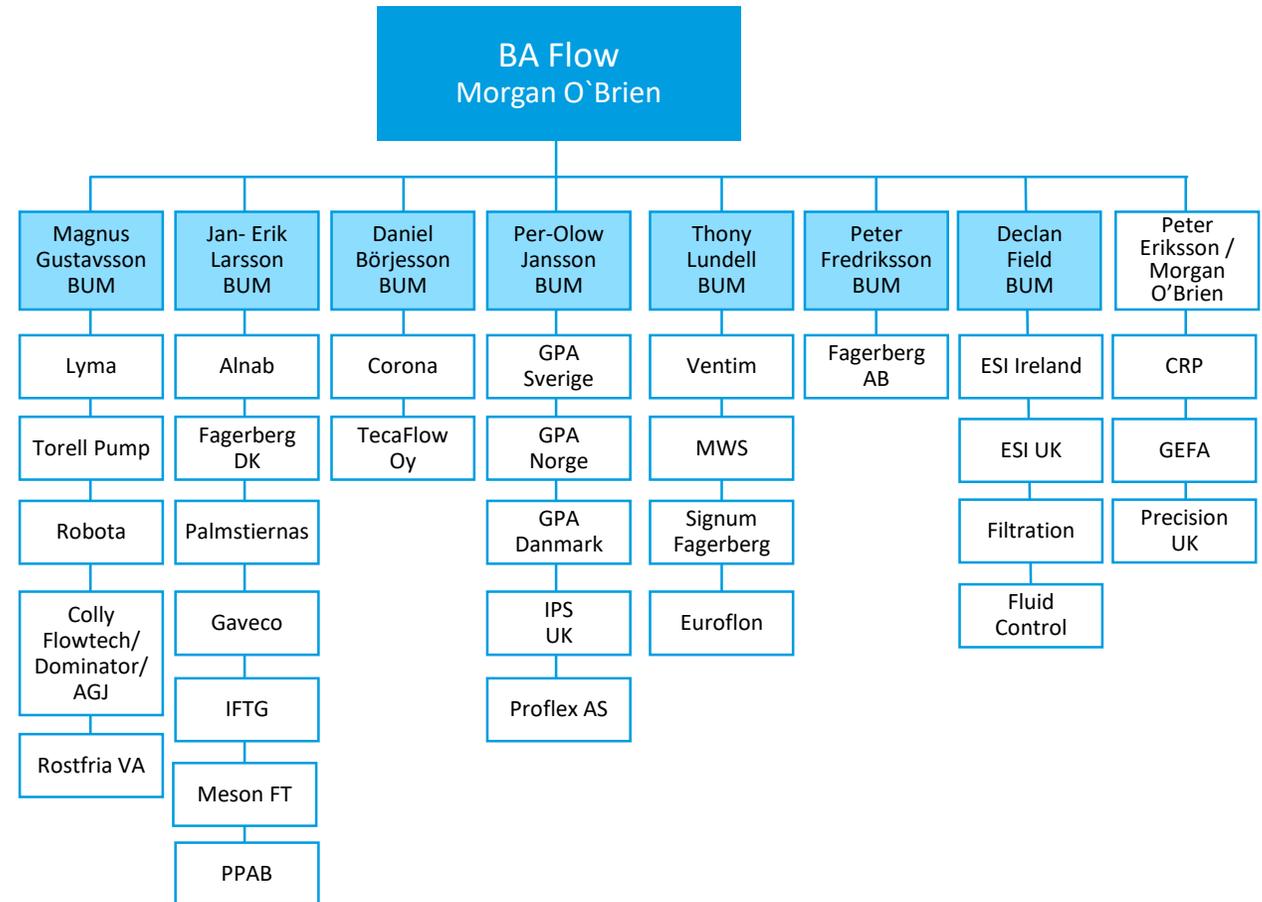
 **GPA**

 **alnab**

 **Flow Technology**

BA Flow Group structure

- > 30 companies in total in the business area
- Business Area Financial Controller – Joachim Samuelsson (14 years in BA Flow)
- 8 ambitious Business Unit Managers responsible for 3-7 companies each
- Business Unit Managers also MD of a company



Summary – key message

- Planned succession completed
- Organisation in place for future growth
 - Growth through Acquisitions
 - Each MD hunting for acquisitions & open to Stand alone & smaller add-on opportunities/acquisitions

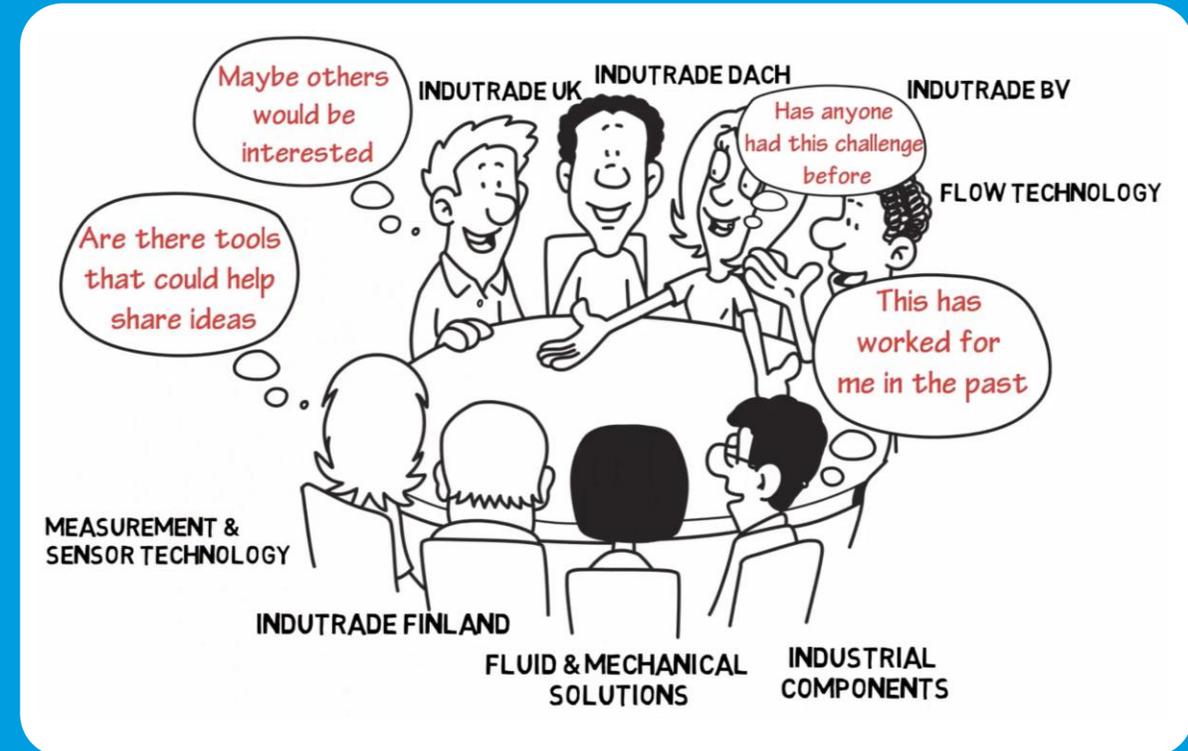


Summary

– key message

- Organic growth
 - Quote Smart / Fight For Every % tool box
- Working with our people to be the best they can be
 - Challenge / Best Practice / Copy with Pride
- Networking across Indutrade
 - China Cluster
 - Pump Cluster
 - Power Of Procurement

*BA Flow a Wining Team
We will deliver a good
return on investment*



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 a set of stairs. To the right of this icon, the word "Indutrade" is written in a bold, white, sans-serif typeface.

Indutrade



Measurement & Sensor Technology

Patrik Stolpe

Senior Vice President
Business Area Measurement & Sensor Technology

BA Measurement & Sensor Technology

R12M 2018 Q3

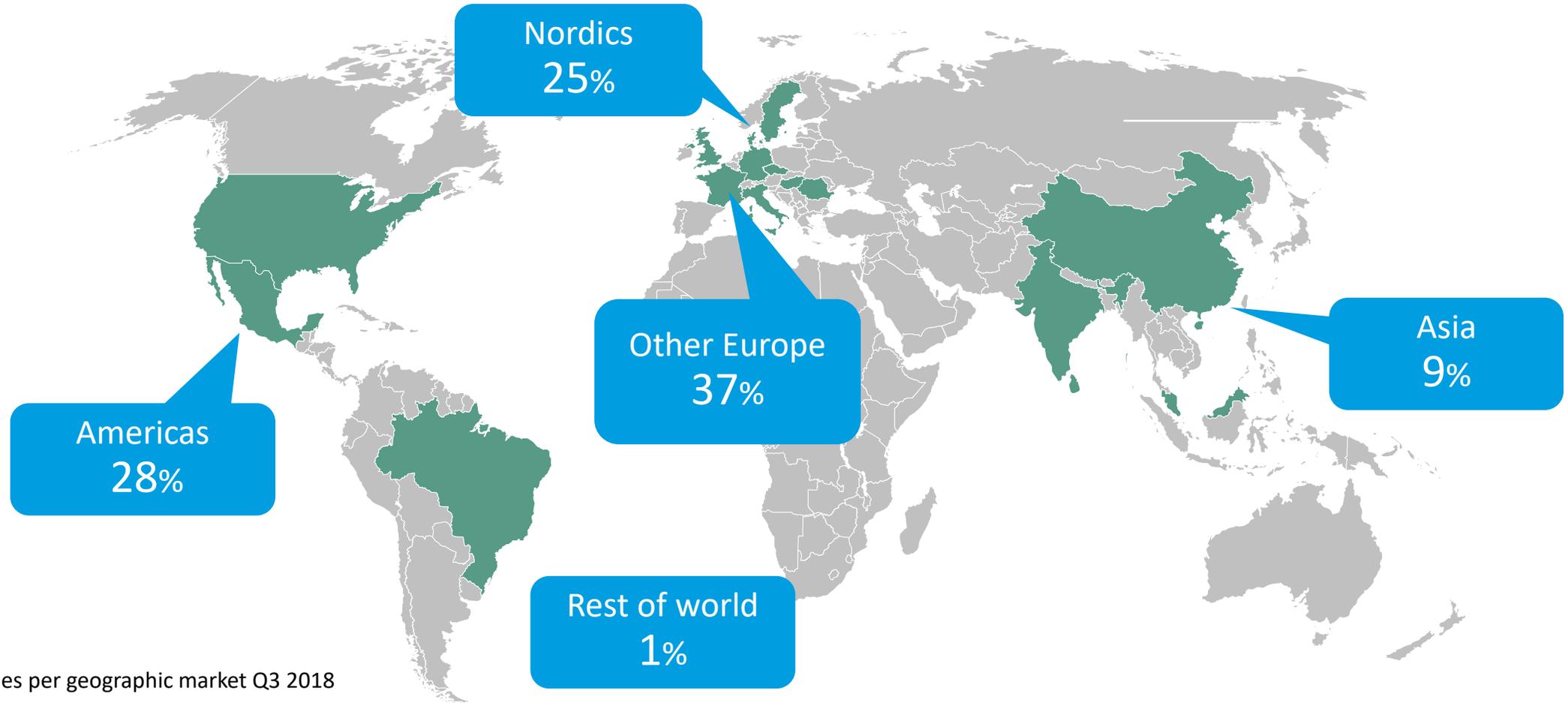
11%
of Indutrade's
total net sales

Net sales
1,752
MSEK

EBITA margin
17.2%



MST – Global Presence



Net sales per geographic market Q3 2018

Leading a Business Area

Develop

- In addition to board meetings – support and discussions on a regular basis
- People – dependent on MD and management, talent management
- Investment decisions
- Challenge and support MD
 - engage in strategic direction
- MD is responsible for
 - Strategy and execution
 - Operations

Business Area

Acquire

- Continuously ongoing search for new acquisitions via networks
- Guiding MDs to find "right" companies
- Supporting companies in acquisition processes



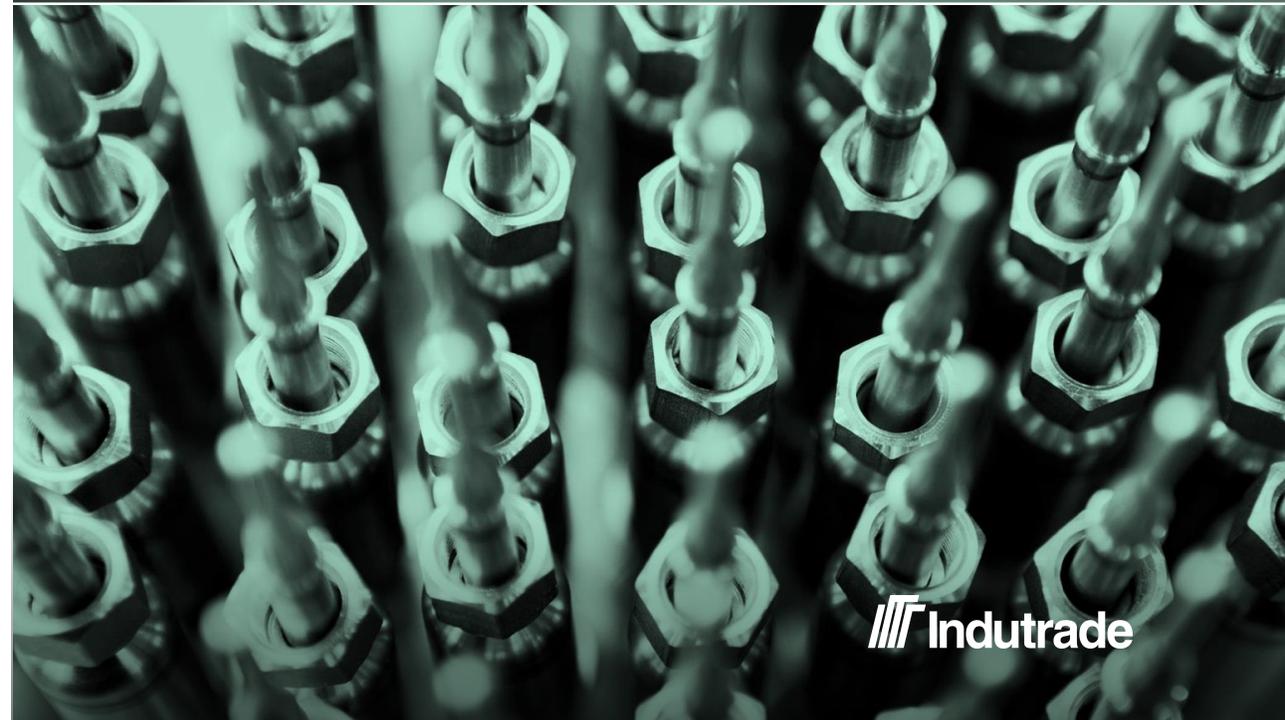
Value creating add-on acquisitions

TxRx – add on to Combilent

- Enabled important position in the US market
- Significant growth opportunities

Thermo Electric – add on to Pentronic

- Use the knowledge and expertise in the Group to leverage further growth and development opportunities



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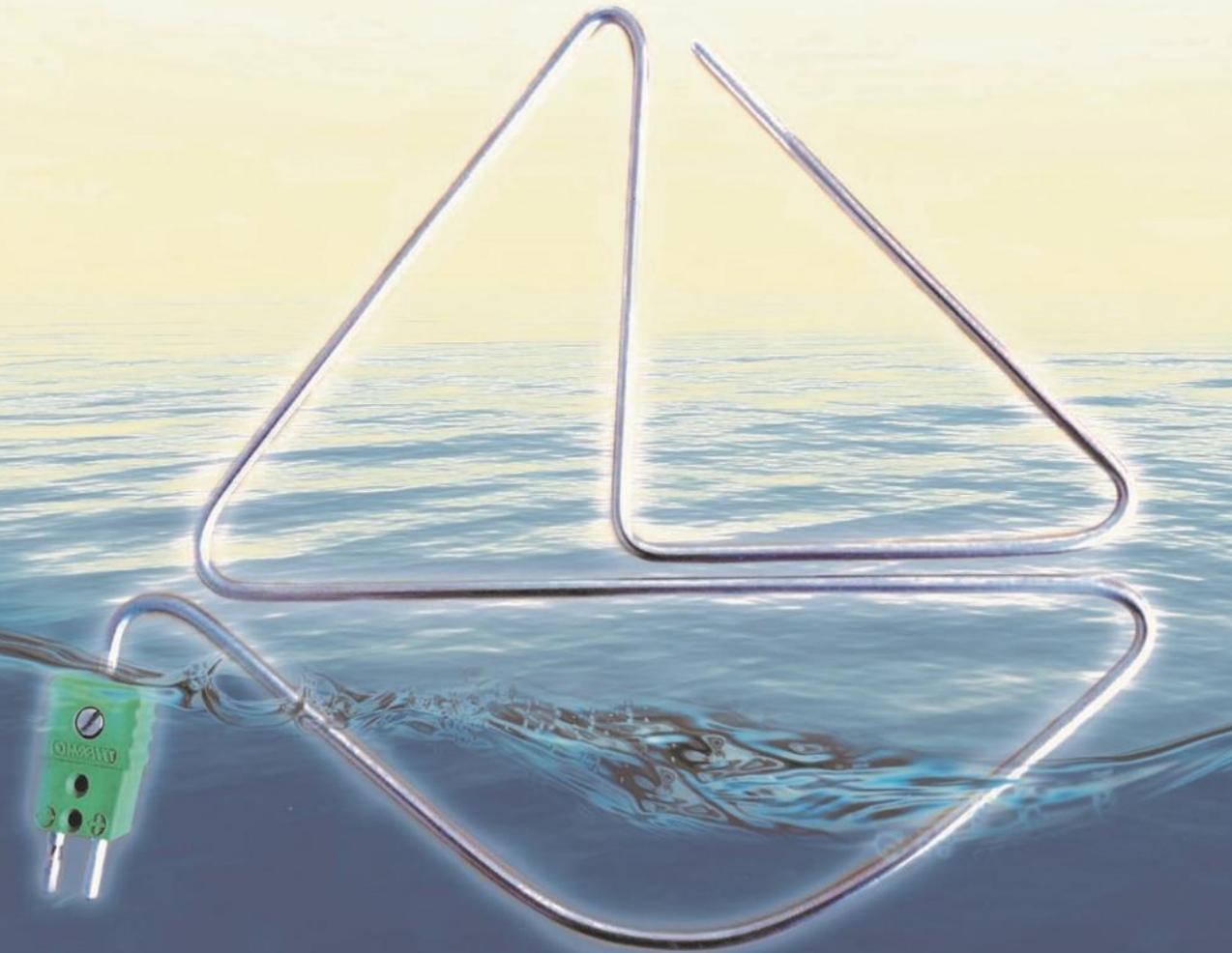
Indutrade



PENTRONIC

IT'S ALL ABOUT TEMPERATURE

Custom design – Our standard

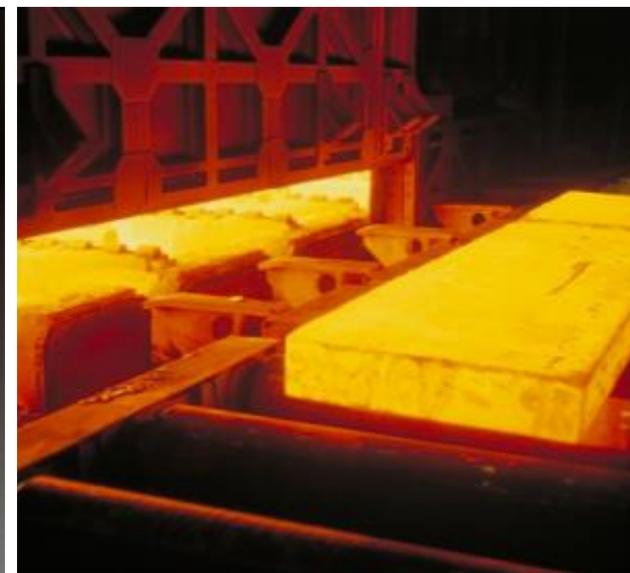
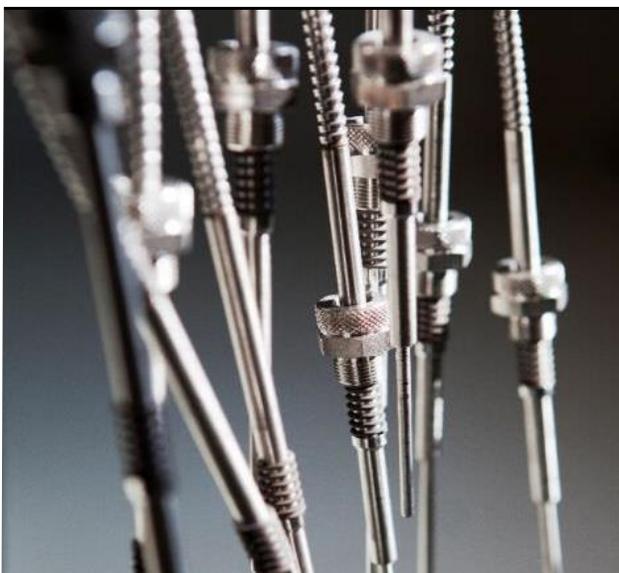
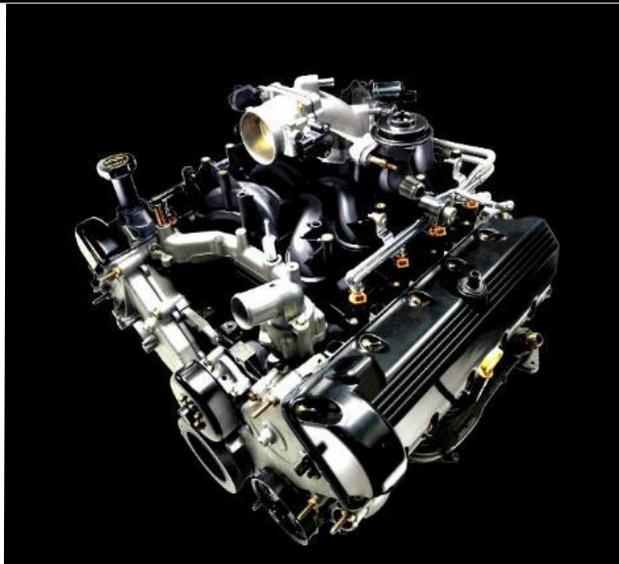


Pentronic Group

Rikard Larsson
MD Pentronic



Custom design temperature sensors for industry and research



IT'S ALL ABOUT TEMPERATURE

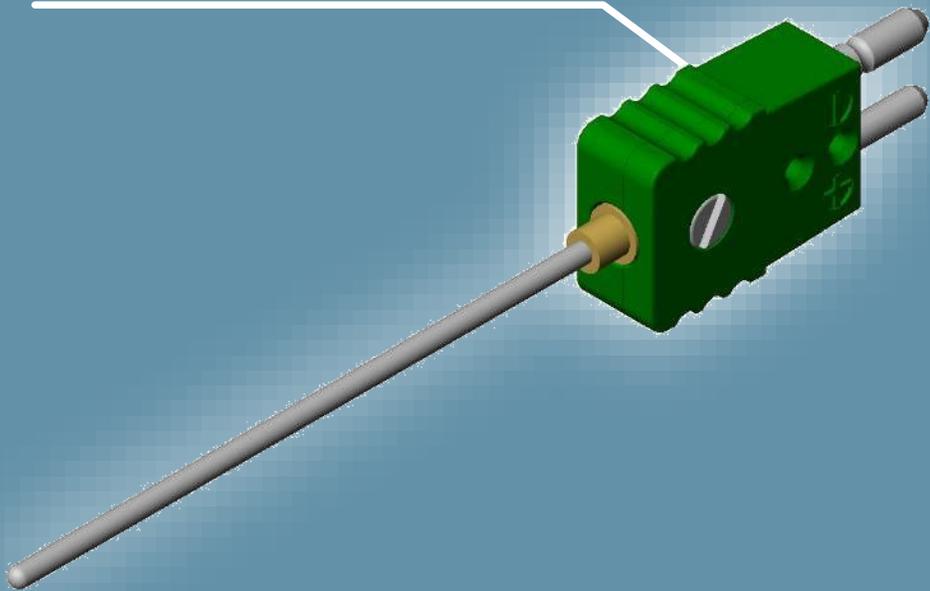
Pentronic in short

- One of Europe's leading provider of solutions for industrial temperature measurement
- +50 years experience in temperature measurement
- Turnover SEK 187 M (Pentronic group 2017)
- 170 dedicated employees



Our business

This is what the customer needs!



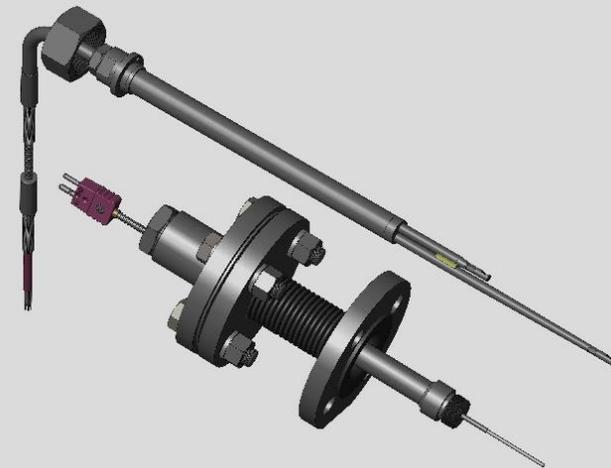
This is what we provide!



How our products are used

Gas-turbine

- Equipped with up to 150 temperature sensors
- Temperature – key parameter for control and monitoring efficiency, reliability and environmental compatibility
- Each sensor is tailored to the specific function and optimized to the measuring requirements



How our products are used

Processing of ore into steel products

Temperature is a critical parameter to achieve the right quality and product



Solutions:

- Furnace temperature control
- Steel quality control
- Temperature profiling
- Steel product manufacturing
- Calibration and training



How our products are used Dairy products

Monitor the milk from the farm to packaged product

- Milk storage control
- Food processing
- Packing material manufacturing
- Packaging
- Transport
- Quality control of refrigerated counter at the supermarket



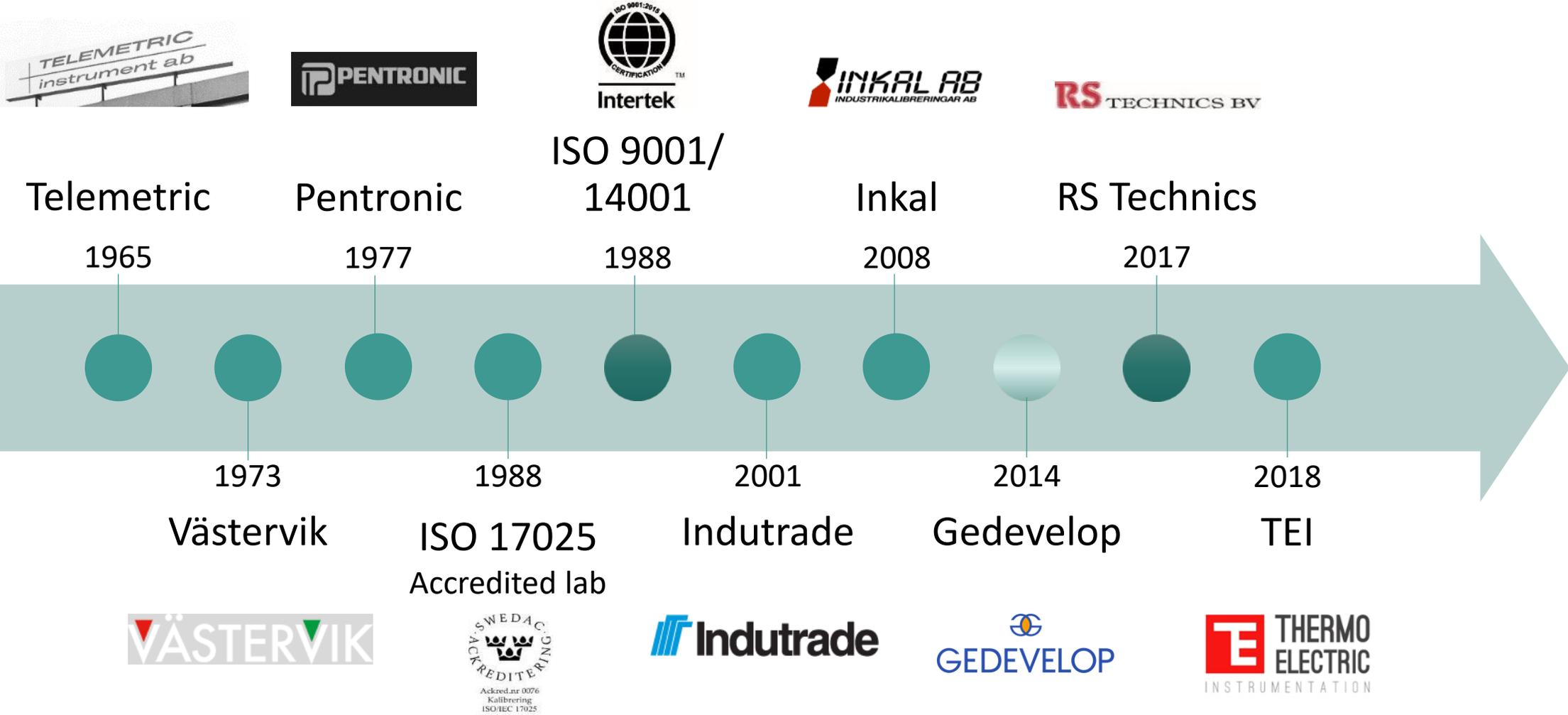
Sales development

SEK m

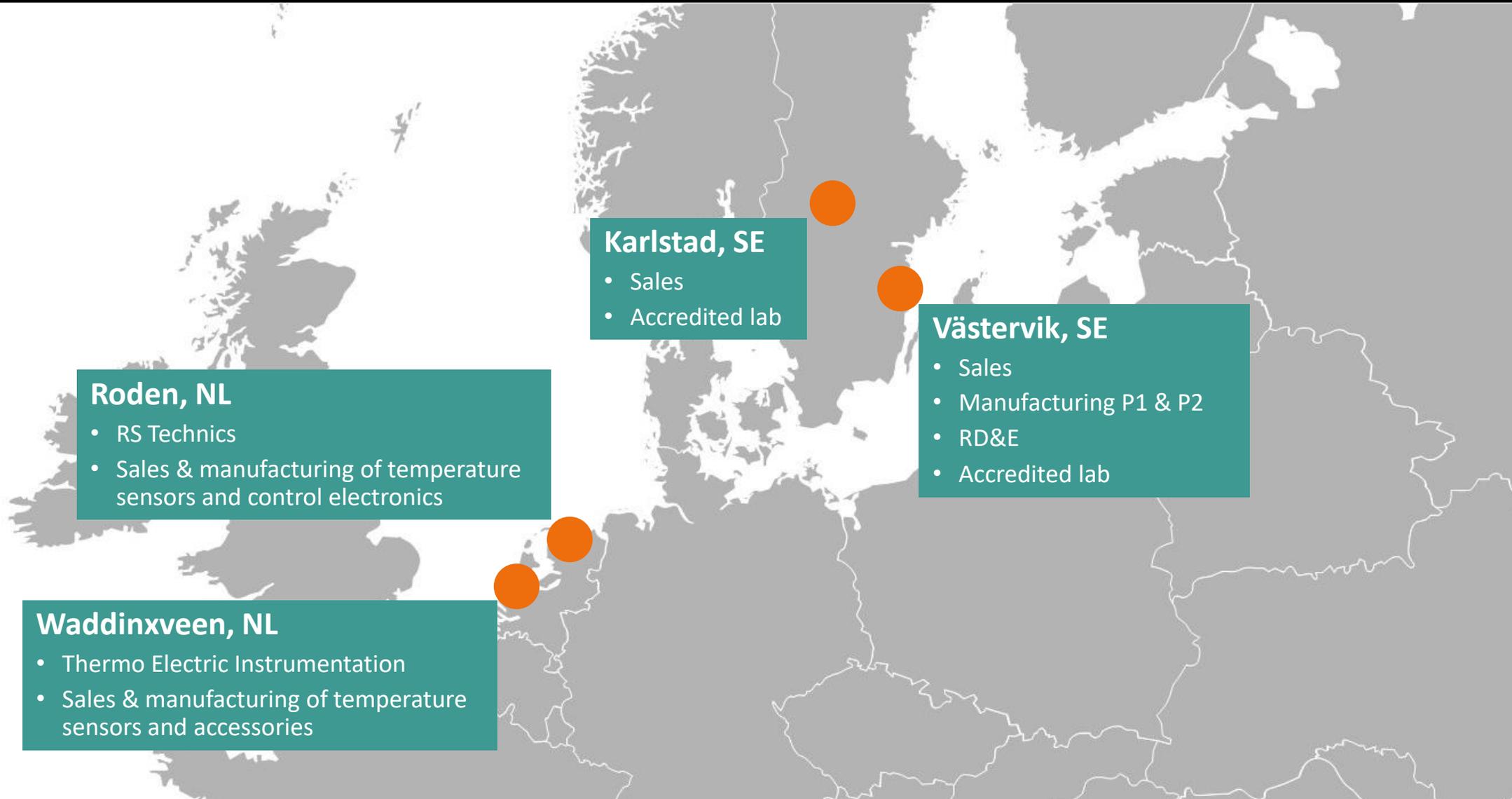
1981 - 2017



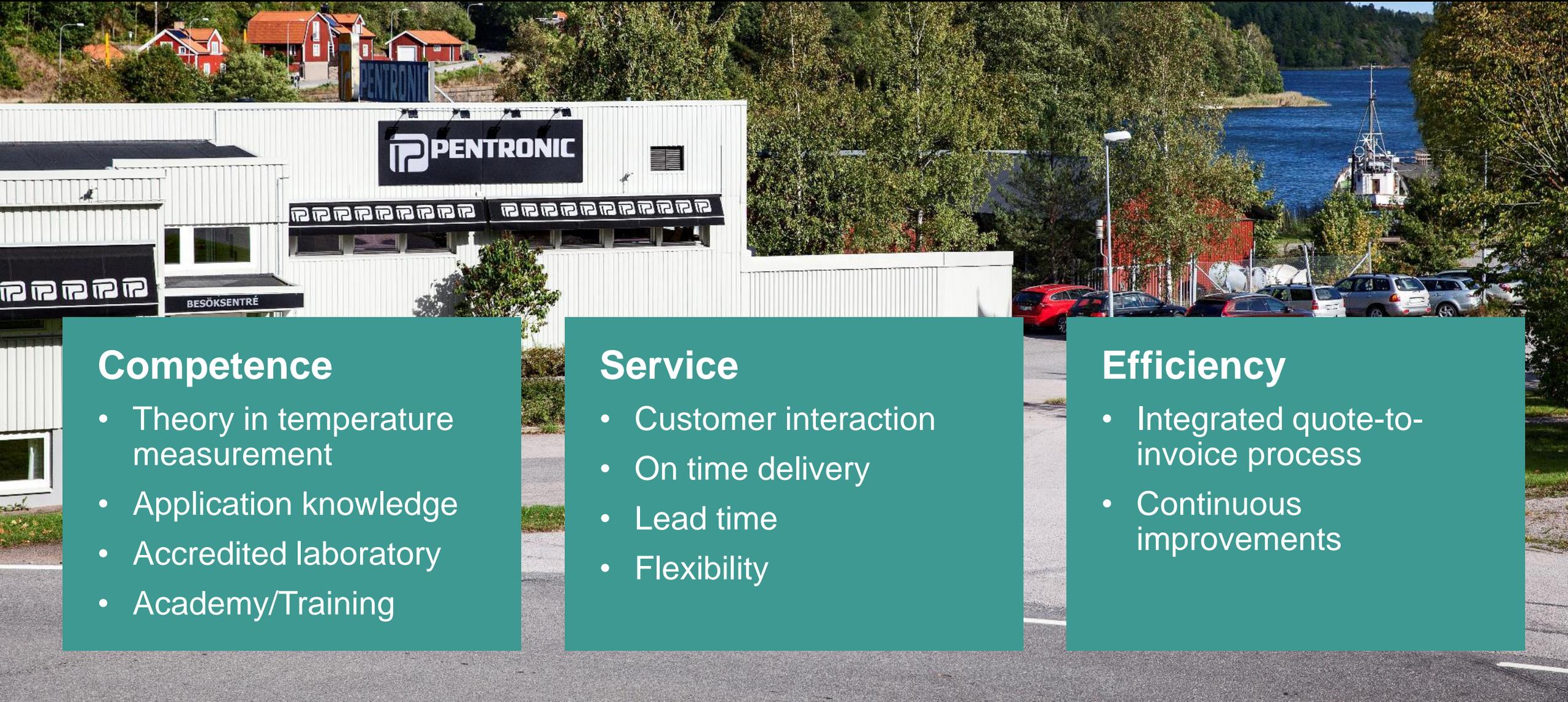
The Pentronic roadmap



Our facilities



Key drivers for Pentronic



Competence

- Theory in temperature measurement
- Application knowledge
- Accredited laboratory
- Academy/Training

Service

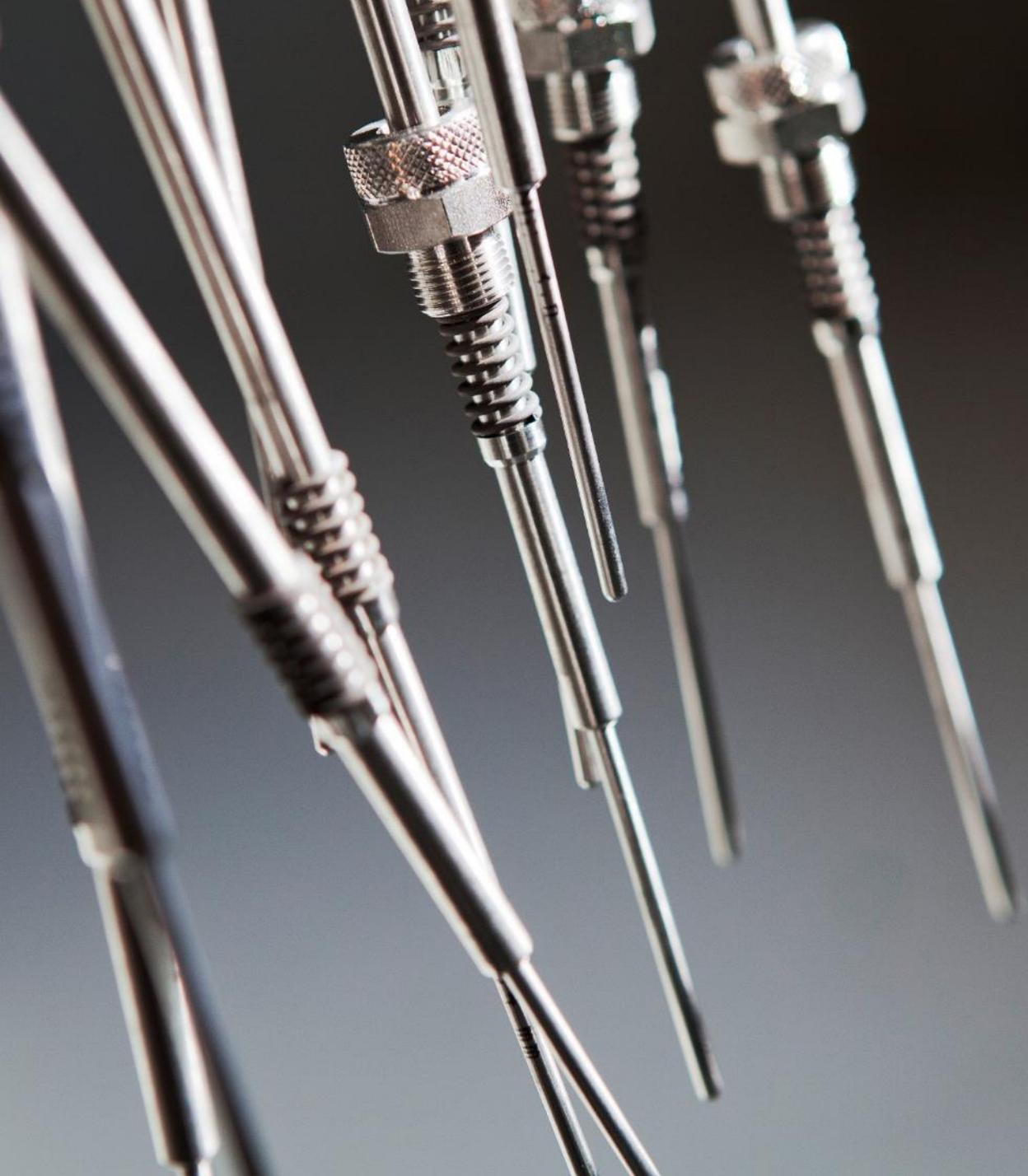
- Customer interaction
- On time delivery
- Lead time
- Flexibility

Efficiency

- Integrated quote-to-invoice process
- Continuous improvements

Our customer base





**Being part of the
Indutrade family**



Indutrade ownership

- A solid group with long term perspective
- Competence is available and accessible from all 200+ companies
 - Manufacturing
 - Sales
 - Business development
 - Digitalization
- Chairman and board members
 - Truly act as speaking partners
 - Challenge the performance of the MD and the company
- MDs as board members in sister companies
 - Knowledge sharing
 - Network building





Building the Pentronic group



Our strategy

**Build a 500 MSEK group
within our segment –
temperature measurement**

The strategy

- Grow with our long term large customers
- Introduce new technologies and products to existing and new segments
- Add on acquisitions to expand into new geographical areas

Growth by acquisitions

Why:

Our niche market requires close cooperation with our customers

How:

Looking for targets with different geographical markets or sectors



T THERMO
ELECTRIC
INSTRUMENTATION



Growth by acquisitions

Inkal AB

A local business with focus on Swedish process industry. Started as partnership for 10 years.

RS Technichs

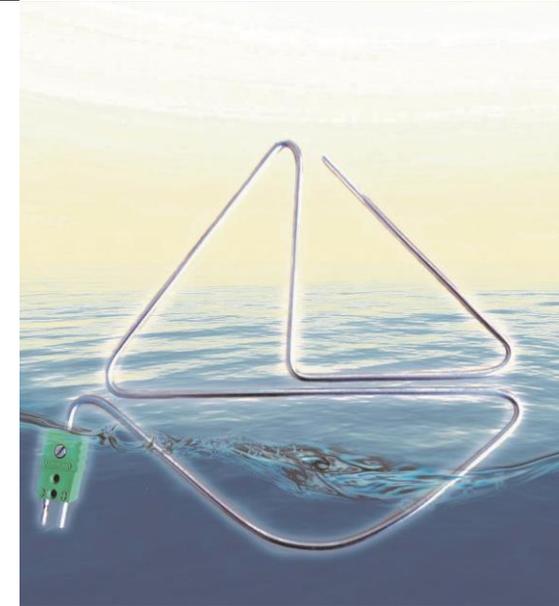
A local manufacturer with footprint in NL. Identified via broker.

Thermo Electric Instrumentation

A key player in the energy segment and semiconductor manufacturing. Has been a target for a while but part of a larger corporation.

Summary

- Provide the best solution for temperature measurement to each customer's unique demands
- European leader in high performance, custom made temperature measurement
- Competence and network within the 200+ companies – key asset to develop Pentronic for the future



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

Key summary

- Continued execution of successful business model and strategy
- Strategic initiatives to increase value creation and business performance
- Acquisition strategy and way of working
- Agile and flexible companies, close to the customers
- Platform in place 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 a set of stairs. To the right of this icon, the word "Indutrade" is written in a bold, white, sans-serif typeface.

Indutrade