



# Bo Annvik

## CEO

# Summary 2017

- Record high sales and earnings
- Favourable market conditions
- 12 acquisitions with total annual sales of SEK 1.3 billion
- Net sales rose 15% to 14,847 MSEK (12,955)
- Adjusted EBITA 11.8%
- EBITA rose 9% to 1,613 MSEK (1,484)
- EBITA margin 10.9% (11.5)
- Earnings per share rose 9% to SEK 8.54 (7.80)
- Proposed dividend SEK 3.75 (3.20) +17%
- New organization structure and management team

# Highlights fourth quarter 2017

- Positive momentum in most operations, with growth in order intake, sales and earnings
- Continued good development in the Nordic countries, Benelux and Germany
- Lower volumes for valves for power generation having an impact on earnings and EBITA-margin
- Restructuring of Sander Meson group
- Acquisition of Inovatools in Germany

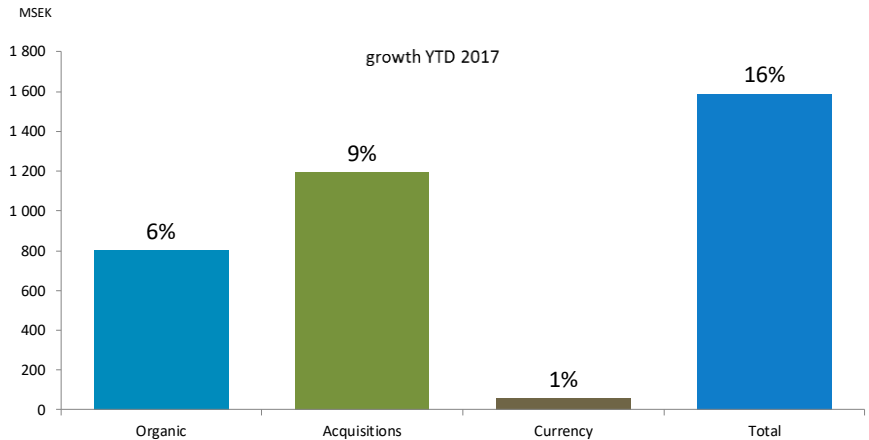
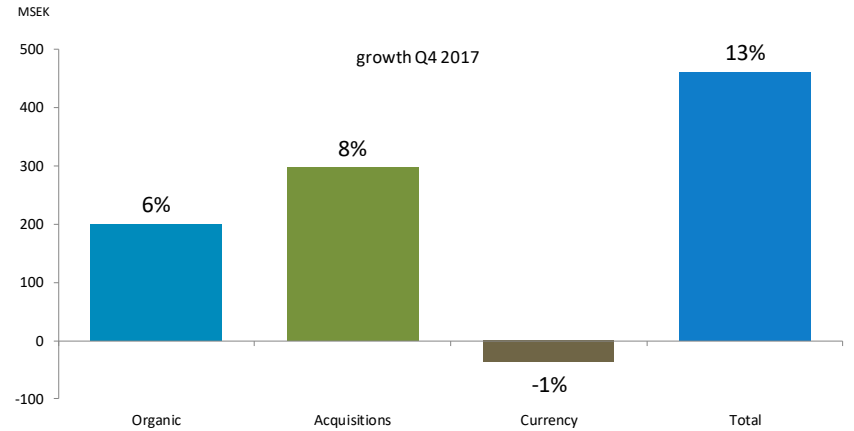
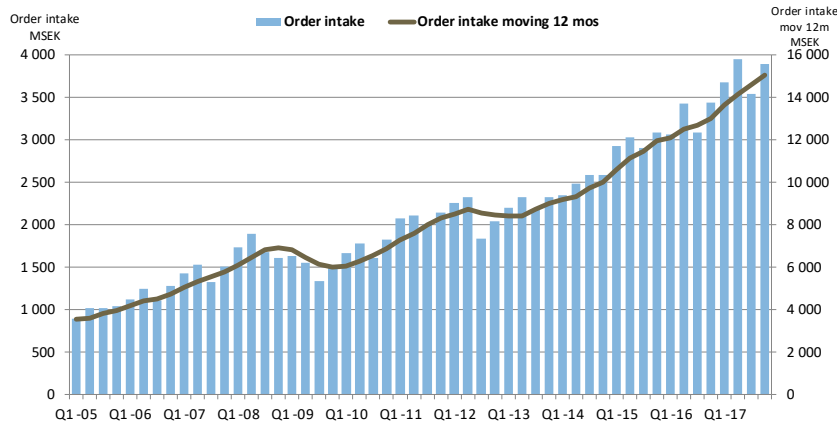
# Financial summary fourth quarter 2017

- Order intake rose 13% to 3,895 MSEK (3,434)
- Net sales rose 12% to 3,932 MSEK (3,499)
- Restructuring costs of 132 MSEK
- Excluding restructuring costs EBITA rose 10% to 431 MSEK, corresponding to an EBITA-margin of 11.0%
- EBITA declined 24% to 299 MSEK (391)
- EBITA margin 7.6% (11.2%)

# Market conditions

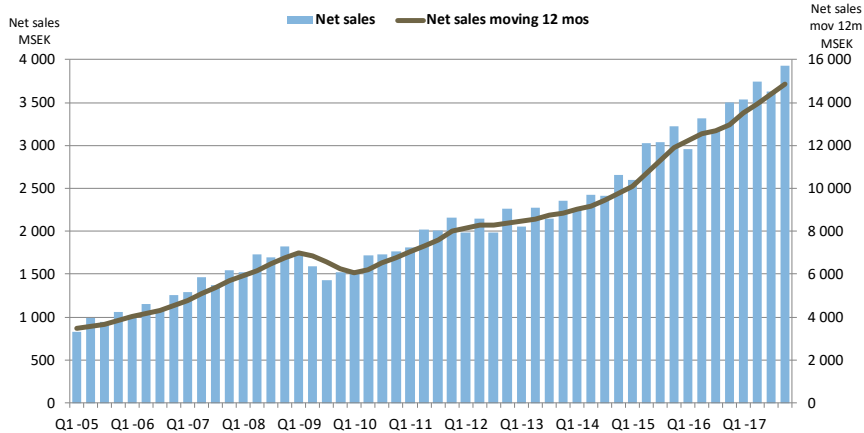
- Sweden: ↗
- Finland: ↗
- Norway: oil & gas → other →
- Denmark: →
- UK: →
- Ireland: →
- Benelux: ↗
- Switzerland: →
- Germany: ↗
- North America: →
- Asia: ↗

# Order intake

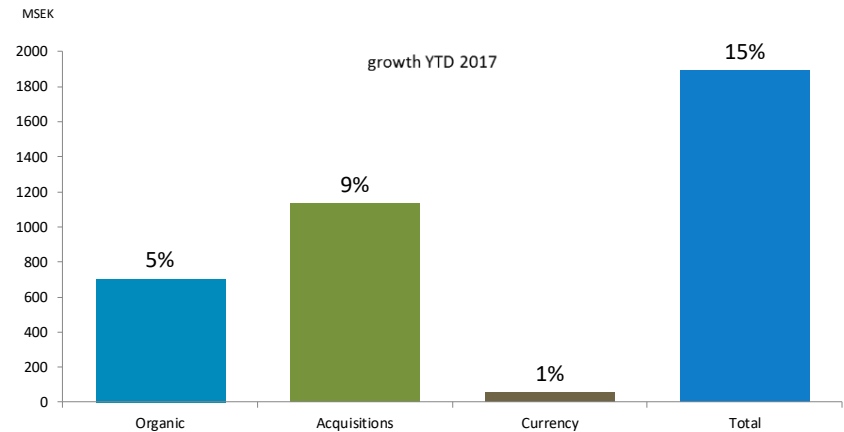
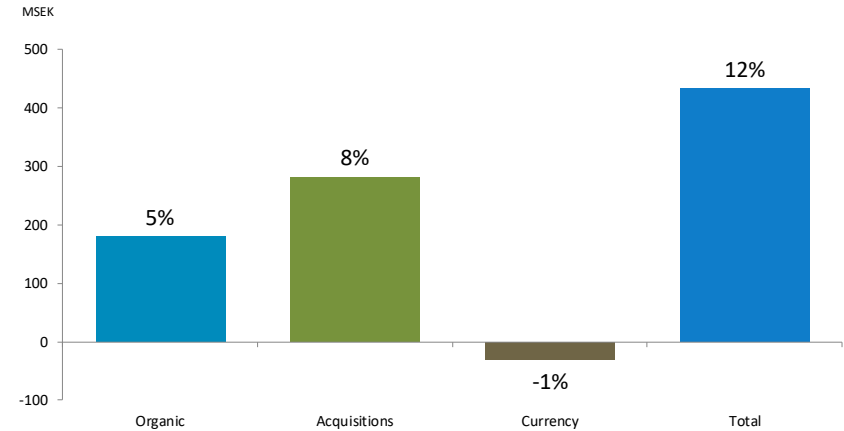


- Q4: Order intake rose 13% to 3,895 MSEK (3,434) whereof organic 6%
- FY 2017: Order intake rose 16% to 15,051 MSEK (13,004) whereof organic 6%

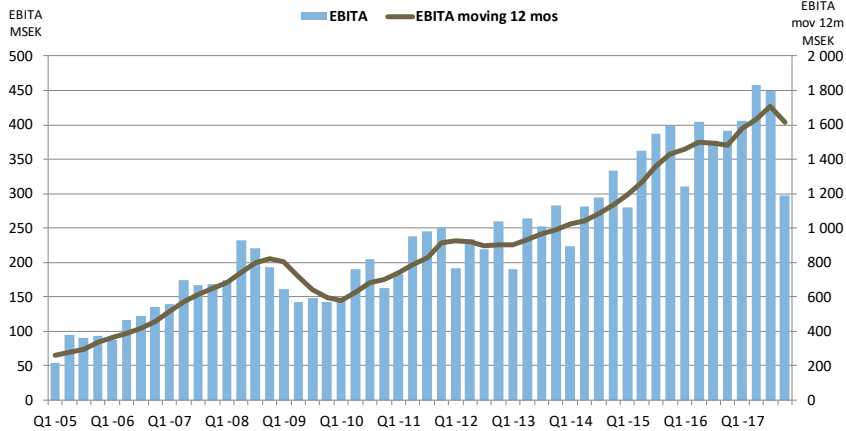
# Net sales



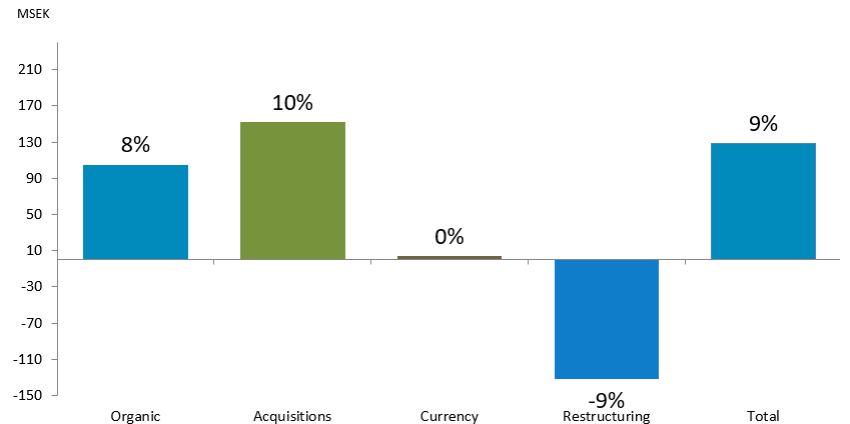
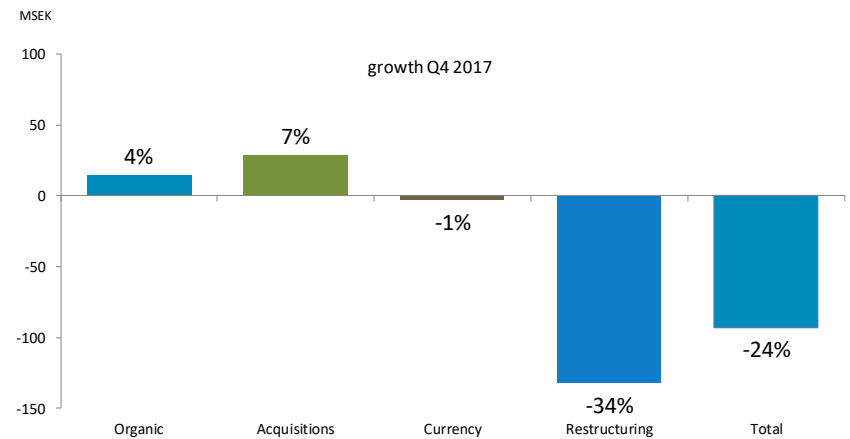
- Q4: Net sales rose 12% to 3,932 MSEK (3,499) whereof organic 5%
- FY 2017: Net sales rose 15% to 14,847 MSEK (12,955) whereof organic 5%



# EBITA



- Q4: Excl. restructuring costs: EBITA 431 MSEK  
EBITA-margin 11.0%  
EBITA declined 24% to 299 MSEK (391) whereof organic 4%  
EBITA-margin 7.6% (11.2)
- FY 2017: Excl. restructuring costs: EBITA 1,745 MSEK  
Adjusted EBITA-margin 11.8%  
EBITA rose 9% to 1,613 MSEK (1,484) whereof organic 8%  
EBITA-margin 10.9% (11.5)





# Growth bridge 2017

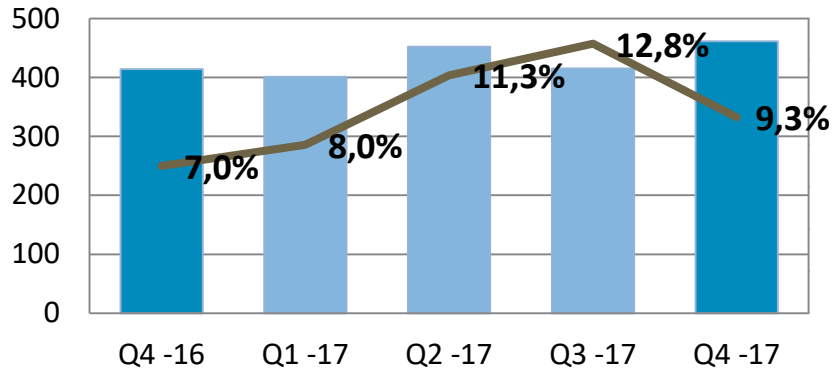
| MSEK                | Q4    |     |     |     |          |       | Q4    |
|---------------------|-------|-----|-----|-----|----------|-------|-------|
|                     | 2017  | Org | Acq | F/X | Restruct | Total | 2016  |
| <b>Order intake</b> | 3,895 | 6%  | 8%  | -1% | -        | 13%   | 3,434 |
| <b>Net sales</b>    | 3,932 | 5%  | 8%  | -1% | -        | 12%   | 3,499 |
| <b>EBITA</b>        | 299   | 4%  | 7%  | -1% | -34%     | -24%  | 391   |

| MSEK                | FY     |     |     |     |          |       | FY     |
|---------------------|--------|-----|-----|-----|----------|-------|--------|
|                     | 2017   | Org | Acq | F/X | Restruct | Total | 2016   |
| <b>Order intake</b> | 15,051 | 6%  | 9%  | 1%  | -        | 16%   | 13,004 |
| <b>Net sales</b>    | 14,847 | 5%  | 9%  | 1%  | -        | 15%   | 12,955 |
| <b>EBITA</b>        | 1,613  | 8%  | 10% | 0%  | -9%      | 9%    | 1,484  |

# Acquisitions 2017

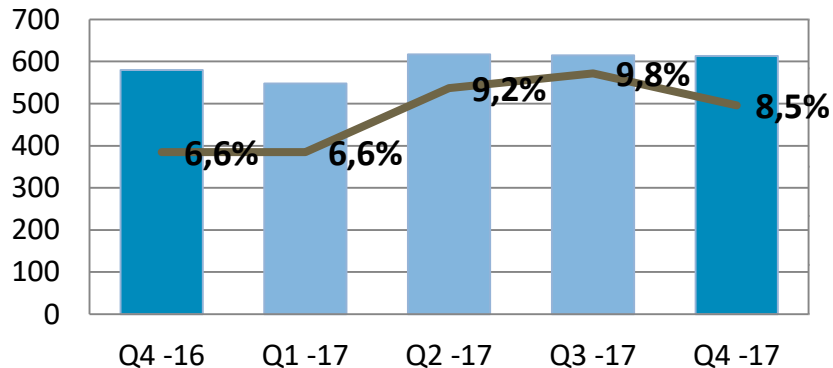
|                                    | Annual sales      | Possession |
|------------------------------------|-------------------|------------|
| 1. RS Technics B.V., NL            | 20 MSEK           | January    |
| 2. Sunflower Medical Ltd, UK       | 50 MSEK           | January    |
| 3. Ellard Ltd, UK                  | 100 MSEK          | February   |
| 4. Türenfabrik, CH                 | 70 MSEK           | March      |
| 5. Pro-Flex AS, NO                 | 100 MSEK          | April      |
| 6. MaxxVision, DE                  | 80 MSEK           | April      |
| 7. Wennerström Ljuskontroll AB, SE | 110 MSEK          | July       |
| 8. Elma Instruments A/S, DK        | 180 MSEK          | July       |
| 9. Young Black Ltd, UK             | 110 MSEK          | July       |
| 10. Tubeworkx B.V., NL             | 50 MSEK           | July       |
| 11. Inovatools, DE                 | 330 MSEK          | November   |
| 12. Tradinco B.V., NL              | 70 MSEK           | December   |
| <b>Total</b>                       | <b>1,270 MSEK</b> |            |

### Engineering & Equipment



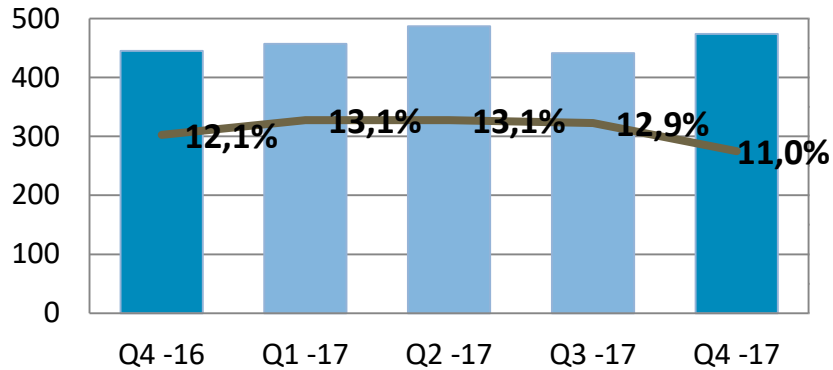
- Net sales: 461 MSEK (415) +11%, whereof organic +11%
- EBITA: 43 MSEK (29) +48%
- EBITA-margin: 9.3% (7.0)
- Positive business climate
- Stable demand in most customer segments

### Flow Technology



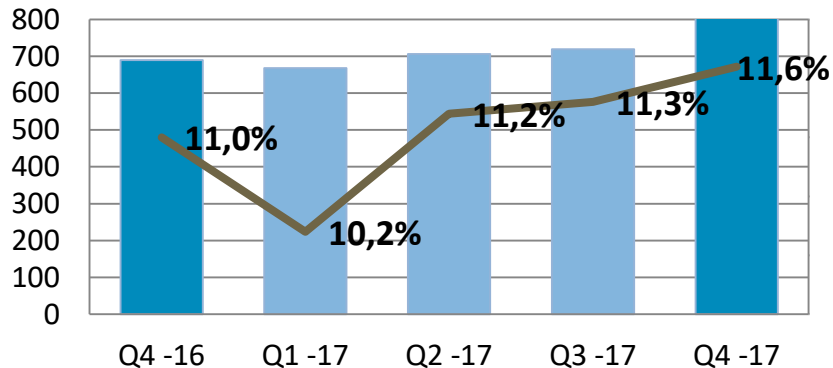
- Net sales: 613 MSEK (580) +6%, whereof organic +4%
- EBITA: 52 MSEK (38) +37%
- EBITA-margin: 8.5% (6.6)
- Stable demand
- Continued low invoicing for companies within the the marine segment with impact on earnings and margin, restructuring initiated

### Fluids & Mechanical Solutions



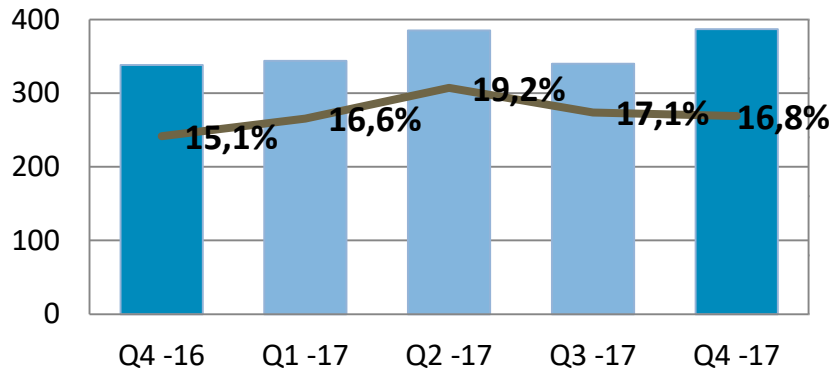
- Net sales: 474 MSEK (445) +7%, whereof organic +5%
- EBITA: 52 MSEK (54) -4%
- EBITA-margin: 11.0% (12.1)
- Stable demand
- Higher costs within some units

### Industrial Components



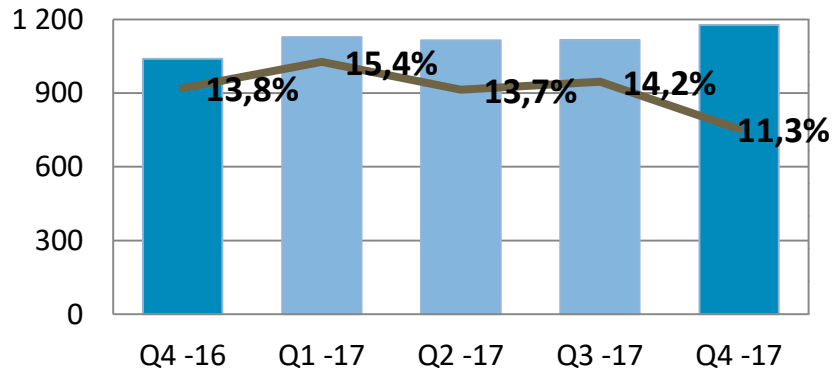
- Net sales: 831 MSEK (690) +20%, whereof organic +7%
- EBITA: 96 MSEK (76) 26%
- EBITA-margin: 11.6% (11.0)
- Continued strong demand in Sweden and Norway

### Measurement & Sensor Technology



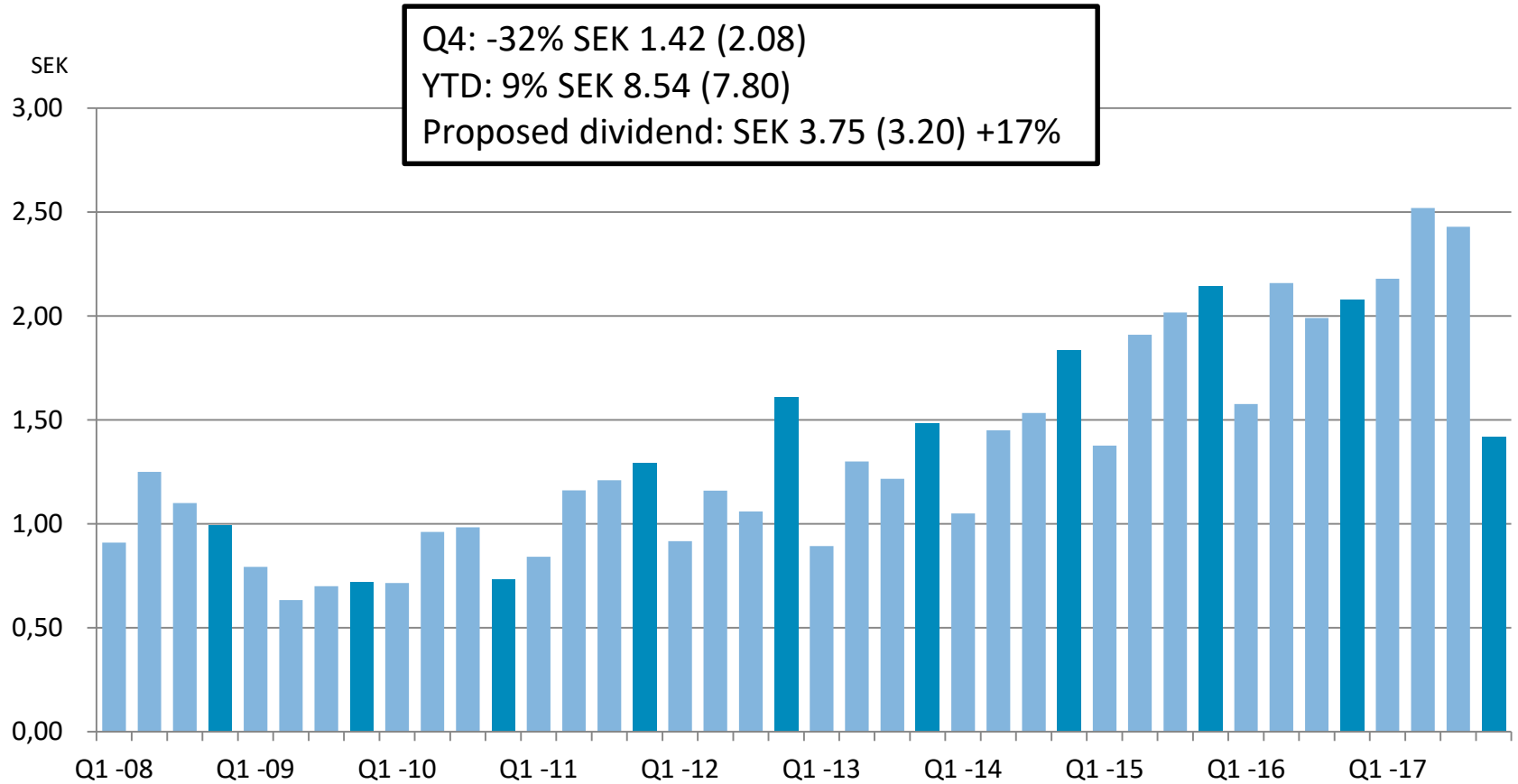
- Net sales: 387 MSEK (338) +14%, whereof organic +14%
- EBITA: 65 MSEK (51) +27%
- EBITA-margin: 16.8% (15.1)
- Stable demand in most regions and applicable segments
- Healthy margins

### Special Products



- Net sales: 1,178 MSEK (1,040) +13%, whereof organic +0%
- EBITA: 133 MSEK (144) -8%
- EBITA-margin: 11.3% (13.8%)
- Variations in demand. Healthy business situation in Germany and Benelux offsets situation in UK and Switzerland
- Lower volumes of valves for power generation having an impact on earnings and EBITA-margin

# Earnings per share



# Financial targets

|                             | 2017  | Target |
|-----------------------------|-------|--------|
| Growth                      | 15%   | >10%   |
| EBITA-margin                | 10.9% | >10%   |
| Return on operating capital | 19%   | >20%   |
| Net debt/equity ratio       | 74%   | <100%  |

# Income statement

| MSEK                             | Q4 2017     | Q4 2016     | %           | 2017         | 2016         |
|----------------------------------|-------------|-------------|-------------|--------------|--------------|
| <b>Net sales</b>                 | 3,932       | 3,499       | <b>12%</b>  | 14,847       | 12,955       |
| Gross profit                     | 1,299       | 1,159       | 12%         | 4,966        | 4,348        |
| %                                | 33.0%       | 33.1%       |             | 33.4%        | 33.6%        |
| Operating expenses               | -1,004      | -851        | 18%         | -3,534       | -3,126       |
| %                                | -25.5%      | -24.3%      |             | -23.8%       | -24.1%       |
| Other                            | -56         | 27          |             | -52          | 50           |
| <b>Operating profit</b>          | <b>239</b>  | <b>335</b>  | <b>-29%</b> | <b>1,380</b> | <b>1,272</b> |
| Financial net                    | -17         | -17         |             | -70          | -78          |
| <b>Earnings before tax (EBT)</b> | <b>222</b>  | <b>318</b>  | <b>-30%</b> | <b>1,310</b> | <b>1,194</b> |
| %                                | 5.6%        | 9.1%        |             | 8.8%         | 9.2%         |
| <b>EBITA</b>                     | 299         | 391         | <b>-24%</b> | <b>1,613</b> | <b>1,484</b> |
| %                                | 7.6%        | 11.2%       |             | 10.9%        | 11.5%        |
| <b>Earnings per share, SEK</b>   | <b>1.42</b> | <b>2.08</b> | <b>-32%</b> | <b>8.54</b>  | <b>7.80</b>  |



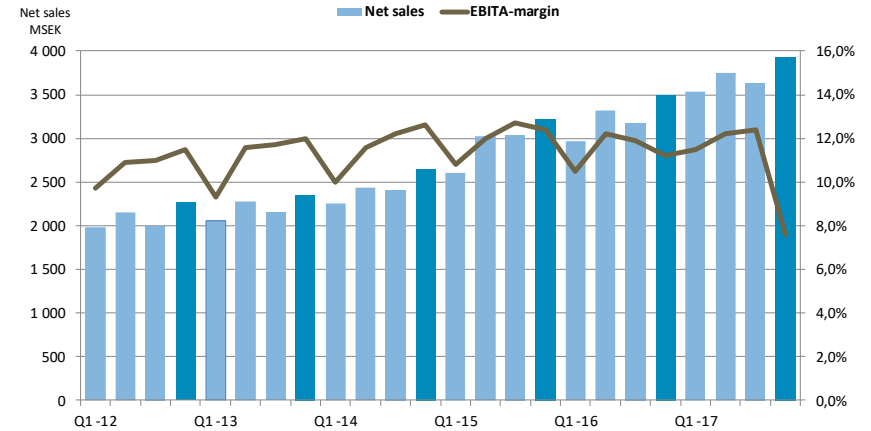
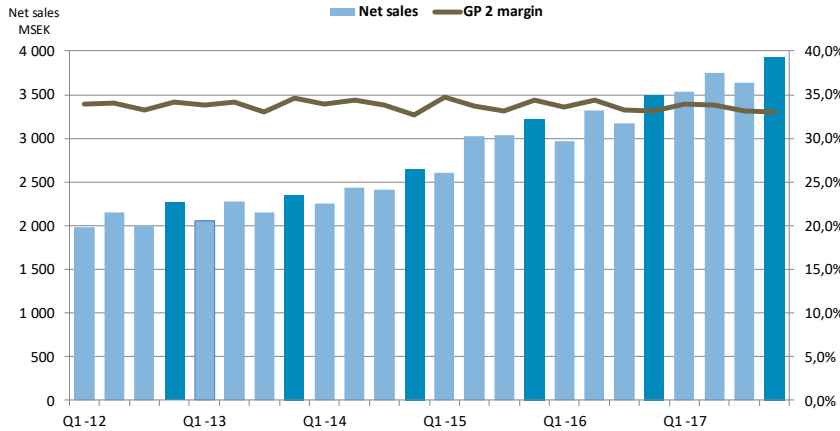
# Balance sheet

| MSEK                                | 31 Dec 2017   |     | 31 Dec 2016   |     |
|-------------------------------------|---------------|-----|---------------|-----|
| Intangible fixed assets             | 4,947         | 39% | 4,267         | 39% |
| Tangible and financial fixed assets | 1,757         | 14% | 1,568         | 14% |
| Inventories                         | 2,517         | 20% | 2,249         | 20% |
| Receivables                         | 2,881         | 23% | 2,637         | 24% |
| Cash and cash equivalents           | 464           | 4%  | 332           | 3%  |
| <b>Total assets</b>                 | <b>12,566</b> |     | <b>11,053</b> |     |
| Equity                              | 5,168         | 41% | 4,399         | 40% |
| Interest-bearing liabilities        | 4,293         | 34% | 3,960         | 36% |
| Non-interest-bearing liabilities    | 3,105         | 25% | 2,694         | 24% |
| <b>Total equity and liabilities</b> | <b>12,566</b> |     | <b>11,053</b> |     |

# Financial key data

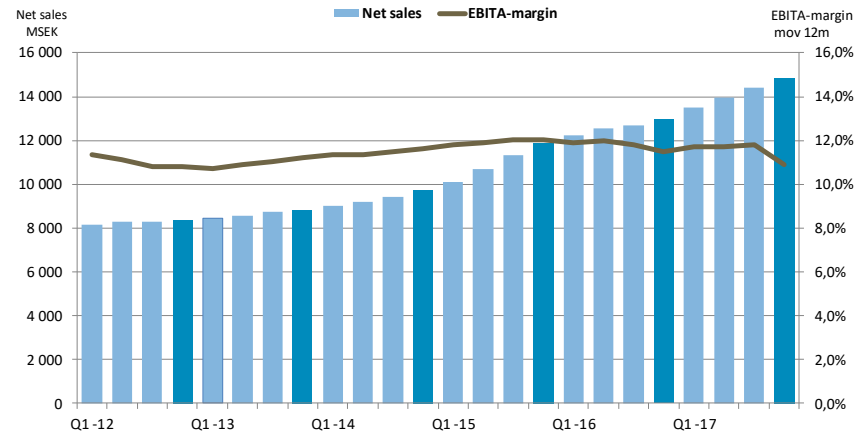
| MSEK                                   | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2015 |
|--|-------------|-------------|-------------|
| Adjusted EBITA margin, %               | 11.8        | 11.5        | 12.0        |
| EBITA margin, %                        | 10.9        | 11.5        | 12.0        |
| Return on operating capital, %         | 19          | 20          | 22          |
| Return on equity, %                    | 22          | 24          | 26          |
| Interest-bearing net debt, SEK million | 3,829       | 3,628       | 2,949       |
| Net debt/equity ratio, %               | 74          | 82          | 80          |
| Net debt/EBITDA, times                 | 2.1         | 2.2         | 1.8         |
| Equity ratio, %                        | 41          | 40          | 40          |
| <i>Key ratios per share</i>            |             |             |             |
| Earnings per share, SEK                | 8.54        | 7.80        | 7.44        |

# Margins



Gross profit 33.0% of sales (33.1)  
YTD 33.4% (33.6)

EBITA margin 7.6% of sales (11.2)  
YTD 10.9% (11.5)



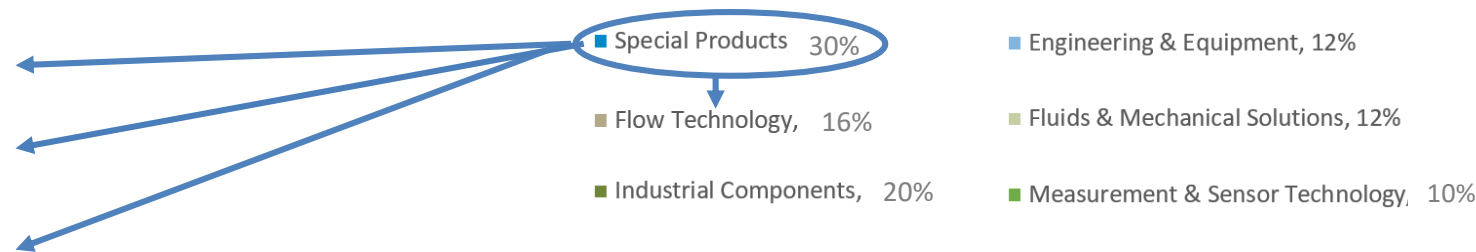
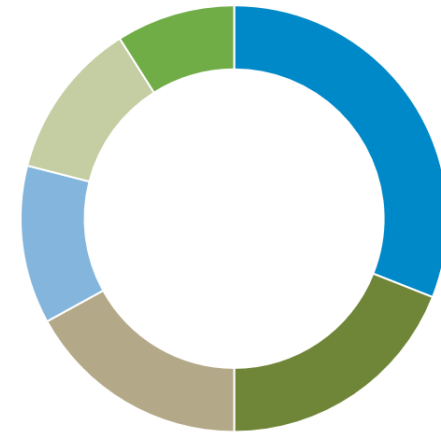
# New Business Areas 2018

- New Business Areas established
  - to strengthen platform for continued profitable growth of current portfolio companies
  - to maintain a high acquisition pace
  - to better utilize the international skills within the Group
- Business Area ‘Special Products’, with a majority of the companies outside Nordics, dissolved into three new Business Areas, with geography as linkage:
  - Benelux
  - DACH
  - UK



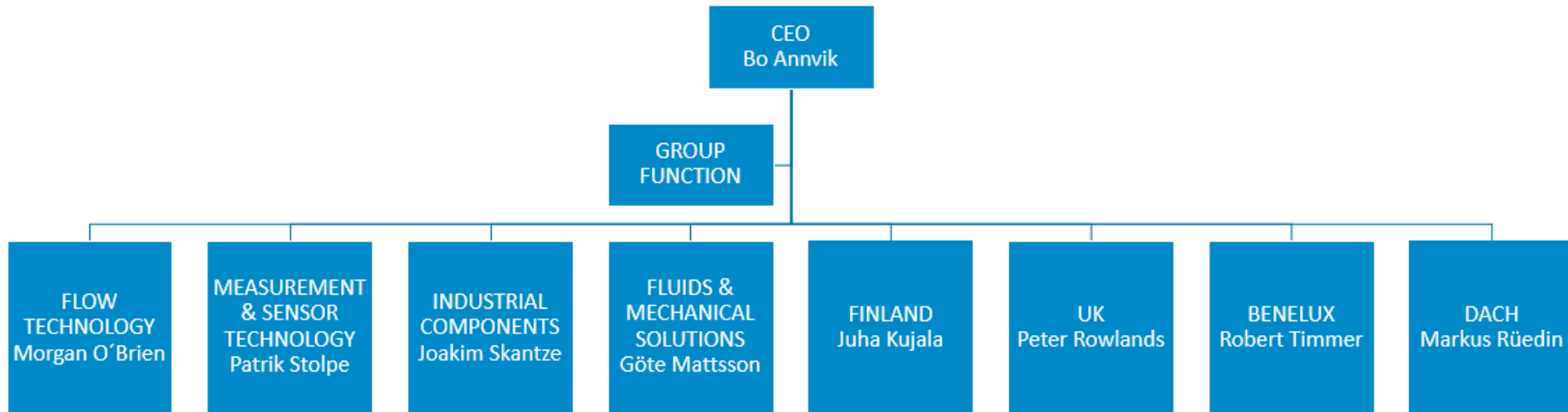
# New Business Areas 2018

- Flow Technology (Product/technology commonalities)
- Measurement & Sensor Technology (Product/technology commonalities)
- Fluids & Mechanical Solutions
- Industrial Components
- Finland (Engineering & Equipment)
- Benelux
- DACH
- UK



# Management Group extended and strengthened

- As a result of the new Business Areas, the existing Group Management is extended and strengthened
- Better utilize the international skills within the company
- Reflect our international business scope and growth potential



# Business objective

» **Growth**




» **Profitable**



» **Sustainable**



A close-up photograph of a hand holding a precision metal tool. The tool features a long, thin, polished shaft that tapers slightly towards the handle. The handle is composed of several cylindrical metal components, including a prominent knurled section for grip. The background is dark and out of focus, showing what appears to be a person's torso in a dark jacket. The lighting is dramatic, highlighting the metallic textures and the hand's grip.

Thank you!  
Q&A