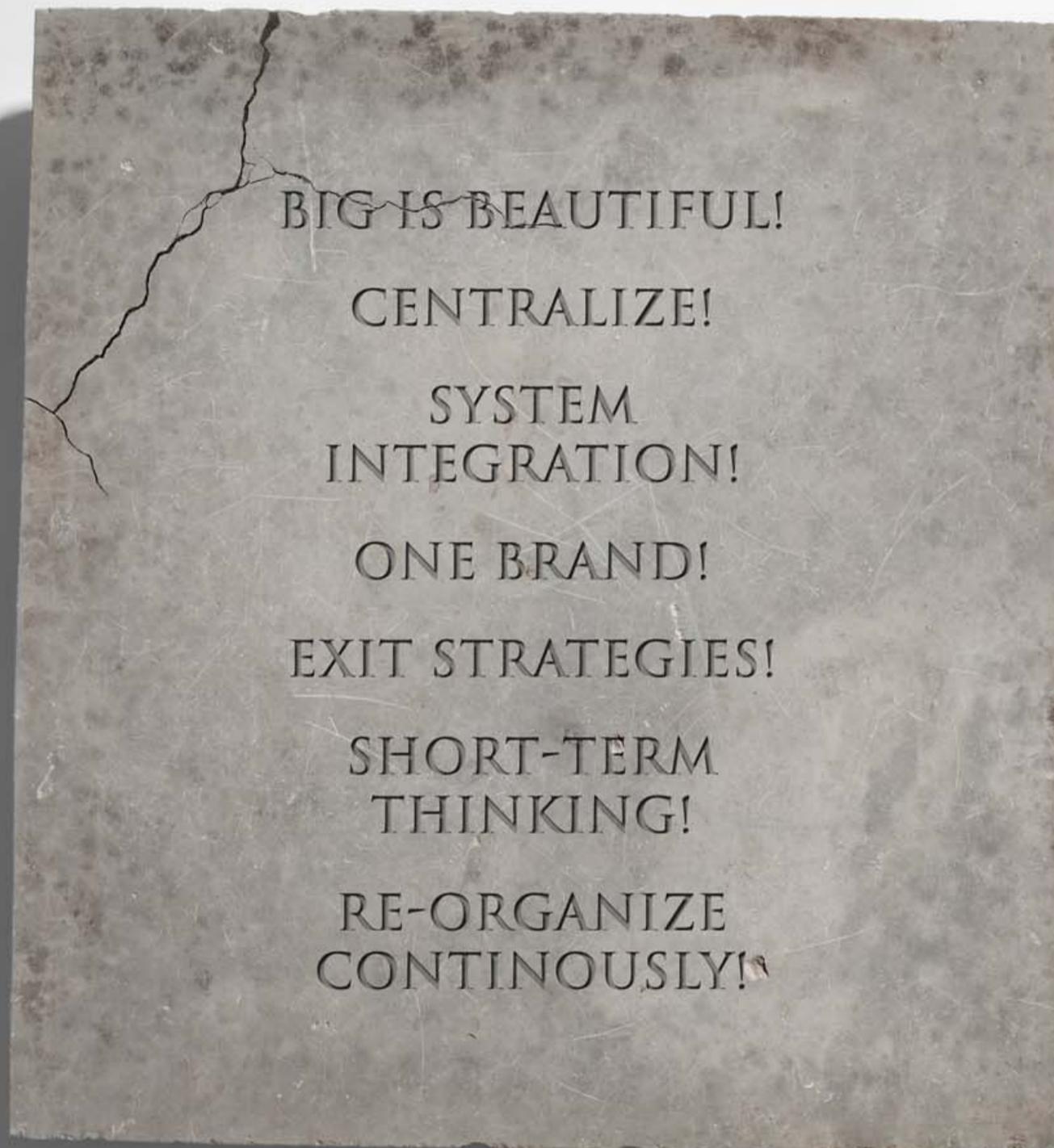


 Indutrade

*Against the
stream **the right**
path for us*



Management in *theory*



There are many "truths" about how companies and company groups should be run to be successful. Above are a few of the most common catchphrases suggested in management literature. You surely recognise most of them.

We choose our *own* path

- SMALL IS SMART!
- DECENTRALIZE!
- ENTREPRENEURSHIP!
- MULTI-BRAND STRATEGY!
- ACQUIRE AND DEVELOP!
- LONG-TERM THINKING!
- CONTINUITY!

At Indutrade we think differently. We run a group in which our focus and interest are on the individual companies, without synergies and co-ordination. It is a concept that has proved to be successful during our 32 years in business.

Three *watchwords* that guide us: acquire. strengthen. refine.

Management our way. We have a deep-rooted business philosophy. It goes back more than 30 years. It is based on common sense. It is easy to understand. It is inspiring. It builds upon growth. It creates profitability. And it is based on three fundamental concepts: Acquire. Strengthen. Refine.

Carefully considered acquisitions. We are extremely thorough when we acquire companies. It involves much more than just looking at P/E multiples. Above all, the companies we take an interest in must be run by talented people, have a genuine entrepreneurial spirit, and have a high degree of technical expertise in their respective niches. We therefore dedicate a great deal of time from the start to meeting the people who run these companies and their key employees. We want to understand them. But we also want them to understand us and the way we work. A successful acquisition requires that we think alike.

Strengthened position. All Indutrade companies work with a clear sense of decentralised responsibility. Decisions are to be made as close to the market as possible – by the people who manage the respective companies. At the same time, all companies that we bring in to the fold acquire a group affiliation. While they may have a great deal of individual responsibility, they also have many colleagues with similar problems and opportunities. Indutrade's companies stimulate each other. They share their knowledge, and through internal benchmarking they can compare their efforts and gain ideas for improvement. Most of all, they gain an owner who instinctively understands the problems and opportunities that small business face. Indutrade lends support through industrial know-how, financing, business development and management by objective. This provides an extra measure of security.

Opportunity to refine. We don't sell companies. Most of the companies that have been part of our group for a long period of time have been able to gradually refine their way of working and their product offering. We give them room to manoeuvre – both mentally and financially – and thereby opportunities to add new dimensions to their business.

Secure spread of risk. Within Indutrade we have many companies – in many different sectors, with a large spread of customers and suppliers, and in many geographic markets. To a large extent we sell repetitive products, which makes us less sensitive to economic cycles. 2009 was an especially turbulent year. In spite of this, we managed well, thanks in part to our broad spread of risk.

2010 was a better year in all respects. The uncertainty in the market has decreased, even though it is not gone entirely. Following the drop in sales we had in 2009, we saw an upswing again in 2010, with sales rising 8% to SEK 6,745 million. Operating profit before amortisation of intangible assets (EBITA) rose 18% to SEK 703 million. The EBITA margin was 10.4%, which is above our long-term target of 10%.

Important events during the year. In 2010 Indutrade carried out nine acquisitions for a combined value of approximately SEK 1 billion. In addition, at the start of 2011 we completed the acquisition of the Abima Group in Switzerland, with annual sales of SEK 400 million, which gives us a good platform for further expansion into Central Europe.

Clear trend. Indutrade is an industrial components group. We sell components with a high-tech content to customers in selected niches. These components can be sold as standalone products or composed in systems. We can also offer various services in connection with them.

Indutrade's companies have two business focuses. Some specialise in sales of agency products, while others have their own manufacturing and sales. The share of companies in the Group with proprietary products has increased in recent years. Since 2004, the share of products manufactured by our companies has grown from 9% to 32% of sales. This development is good for Indutrade, since the margins on these products often are higher.

In closing, I want to say that our strong performance rests on the foundation of the competent and committed employees who work in all companies of the Group. It is their professional and technical competence that is the soul of Indutrade.

Johnny Alvarsson, President and CEO, Indutrade



90 companies *acquired* in ten years

Acquisitions add growth. Company acquisitions account for a substantial share of Indutrade's growth. We are a long-term owner and do not buy companies with the aim of subsequently selling them, but to build a future for them. Our goal is to acquire a number of companies every year that each have sales in excess of SEK 30 million.

NINE ACQUISITIONS LAST YEAR

2010 was an active year on the acquisition front. We analysed a large number of conceivable companies that fit in with our concept. Of these, we acquired nine. Together these companies sell for approximately SEK 1 billion a year, which is a historic record for us. These acquisitions alone boosted our sales by 11% in 2010.

CLEAR PROCESS

We have a tried and tested model for analysing, executing and implementing acquisitions. The goal is to ensure the quality and profitability of the acquired businesses. To do this, a number of fundamental requirements must be met: The company must be active in industries with a favourable outlook; its key people must have the right expertise and be engaged; they must see the advantages of being part of Indutrade; and the price of the company must be reasonable.

ACQUISITION IN POLAND

One of Indutrade's acquisitions in 2010 was the company AxMediTec, in Bialystok in northeast Poland. The company has since changed its name to BiaMediTek. Due to a history of ownership changes, this is not the first time the company has changed its name. "Hopefully we will live with the new name for a long time to come, since we now have a long-term and stable owner with Indutrade," says Helena Bruj-Wayda, the company's president.

BiaMediTek is one of Poland's leading suppliers of healthcare products. Although the competition consists primarily of major international suppliers, BiaMediTek has a strong position due to its good service and know-how. The company has 50 employees, and its service engineers are strategically located in all of the country's major cities. Annual sales amounted to SEK 70 million in 2010.

"ALL IN THE FAMILY"

Indutrade is currently building up a group of med-tech companies, which was a strong incentive for BiaMediTek to join Indutrade. "The companies have many common denominators that we can benefit from," says Helena Bruj-Wayda. "We all work with the same types of customers, with roughly the same problems and challenges. This means that we belong to a family that speaks our 'language', even though they don't speak Polish. We have a lot in common and can learn a lot from each other. It is stimulating to have colleagues outside the country's borders. And last but not least: Indutrade gives us a strong platform in relation to our suppliers and customers. We are now a truly serious player in the market."

ACQUISITIONS 2010

| Company | Business | Web address | Sales, SEK million ¹⁾ |
|---|--|--|----------------------------------|
| Techno Skruv i Värnamo AB | Fasteners and mechanical components | www.technoskruv.se | 70 |
| Corona Control AB | Industrial valves | www.corona-control.se | 50 |
| BiaMediTek Sp.Z o.o | Medical technology equipment | www.biameditek.pl | 70 |
| Metallcenter Sverige AB's construction plastic business | Construction plastics | | 6 |
| Lekang group (3 companies) | Filtration technology | www.lekang.com | 200 |
| Stålprofil PK AB | Steel profile systems for safety installations | www.stalprofil.se | 70 |
| Meson group | Valves and couplings for shipbuilding industries | www.meson.se | 500 |
| A-Vacuum Oy's pump business | Vaccum pumps | | 12 |
| Flowtech Finland Oy | Pump stations for waste water applications | www.flowtech.fi | 20 |

¹⁾ Estimated annual sales at the time of acquisition.



FACTS ABOUT BIAMEDITEK

BiaMediTek is a technology sales company specialising primarily in medical technology equipment for the Polish healthcare sector. Used in operating rooms, intensive care wards, emergency wards, and cardio and neonatal units, the products include monitoring equipment, respirators, defibrillators, anaesthesiology equipment, and a wide range of single-use items. BiaMediTek is also responsible for service related to these products. The company has 50 employees and sales in 2010 amounted to SEK 83 million.

“Indutrade gives us a strong platform in relation to our suppliers and customers.”

Helena Bruj-Wayda,
President, BiaMediTek.



FACTS ABOUT LINING

With an exclusive focus on the Finnish market, Lining has a broad, qualified programme of water technology products. The company is a technological leader in products for drinking water as well for wastewater purification. 3,500 products are available for delivery on demand. Lining is the market leader in most of its product areas. Its customer offering has now also been broadened to include service, overhauls and automation. In 2010 sales amounted to SEK 174 million.

“We have taken an important step forward in the value chain”

Jukka-Pekka Kivistö,
President, Lining

We give our companies *stronger* resources

Flexibility is key. Indutrade has a strongly decentralised business model. The president of each company exerts extensive control over the business, with distinct and clear personal responsibility. Proximity to the market provides timely indications of changed business conditions, ensuring rapid responsiveness and an ability to adapt resources. And based on our experience, it also leads to higher profits.

INDUTRADE'S STRENGTH

A typical Indutrade company has annual sales of around SEK 70 million and 25–30 employees. In cases where the company conducts its own manufacturing, the number of employees can be many times as large. Companies of that size can sometimes have a hard time standing up to the competition on their own, despite a strong entrepreneurial spirit and drive. Questions that customers typically ask are: Does the company have resources to survive over the long term? Is its financial base strong enough? How will the company fare during a recession? The companies in the Indutrade Group are not asked such questions. We provide them with a solid foundation. We have the resources. We invest long term. We strengthen their resources. Indutrade vouches for stability.

STIMULATION AND COLLABORATION

As different as Indutrade's companies may be from each other, they share quite a bit in common. We stimulate communication between them. We open opportunities by showing good examples. We strive to share good ideas. We promote a type of internal competition that we believe stimulates better performance. We also form clusters of companies that work in related areas. Medical technology is a good example, where we see potential for our companies to learn from each other. And we are keen on acquiring companies that complement our existing businesses.

STRONG MADE STRONGER...

Indutrade acquires companies that are already strong. But our goal is to provide resources and expertise that will make them even stronger over time. A prime example of this can be seen in the Finnish company Lining, which joined the Indutrade Group in the late 1980s. Lining works with drinking water and wastewater applications and has one of the market's most qualified product programmes in its area. What's more, most of its 3,500 products can be delivered directly from inventory. The company's sales organisation has worked intensively on establishing close co-operation with key customers, which consist essentially of all of the country's 400 municipalities. This forms the foundation of Lining's strong position in the Finnish market.

...AND STRONGEST

Backed by Indutrade's strength and resources, Lining has significantly strengthened its offering, and its 45 employees have now grown to 60. "We have taken an important step forward in the value chain," says Jukka-Pekka Kivistö, President of Lining. "We have invested in and hired 15 specialists who, with their individual expertise, are responsible for providing service on-site, performing overhauls and working on automating technology for water cleaning applications. This initiative will not only boost our sales, but will broaden our service offering to our customers. With our good name, our employees' know-how and involvement, and the stable owner we have in Indutrade, we are a natural partner to our customers. This applies not only for products, but also to the daily work we do on maintaining and improving the efficiency of operations. In a stroke, this investment will boost our sales by 20%."

INDUTRADE'S COMPANIES IN FINLAND

- A-Tec Service Oy
- EIE Maskin Oy
- Flowtech Finland Oy
- Item profiili Oy
- KG Enterprise Oy
- Kiinnike-Kolmio Oy
- Kontram Oy
- Labkotec Oy
- Lining Components Oy
- Lining Oy
- Maansähkö Oy
- Modul-Plastic Oy
- Oy Colly Company Ab
- Oy Maanterä Ab
- Pinteco Oy
- PRP-Plastic Oy
- Puwimex Oy
- Recair Oy
- Suomen Putkisto Tarvike Oy
- Tecalemit Environment Oy
- Tecalemit Filtration Oy
- Tecalemit Flow Oy
- Tecalemit Industrial Oy
- Tecalemit Oy
- Teollisuusapu Oy
- Vipmek Oy
- Warla Trade Oy
- YTM-Industrial Oy

Development through *refinement*

Taking things to a new level.

Things change in a company's operating environment. This means that companies must also change in order to stay in position. New technologies make new inroads. New purchasing patterns emerge. New customer demands arise. A small company can have a hard time keeping pace. Maybe it has the expertise, but its financial ability to make the necessary investments is limited. As part of Indutrade, a small, flexible company can gain the resources of a large, stable company to develop. In this way it can gradually refine its expertise and offering of products and services.

LONG-TERM APPROACH

At Indutrade we see ourselves as a confident travel companion for our companies. We do not always know from the start where we are headed. But we have enough money in our purse to reach our destination together when the sky clears. At the same time, we are a good travel mate in that we are eager to come along for the ride and discuss things during the course of our travels. With our experience we can help avoid the worst pitfalls. We see opportunities where others see problems. We see problems where others see opportunities. In short, we help our companies grow, become better, and find new business opportunities.

"MEASURING WITH QUALITY"

A good example of this can be seen in Pentronic, based outside Västervik, Sweden. Pentronic has a ten-year history with Indutrade. It was one of the first manufacturing companies to join the Group. Today Pentronic is one of Europe's largest producers of industrial temperature sensors. All manufacturing is conducted in-house. "We develop equipment our customers need to be able to measure accurately," says Lars Persson, President of Pentronic. "By being able to measure with great precision, our customers can run their processes more efficiently and thereby save both energy and money. This also leads to better quality."

FROM ANALOGUE TO DIGITAL

Lars Persson continues: "We have long been a leader in our area, but a few years ago we began to take a deeper look into how we could add an edge to our customer offering. We came to the conclusion that we wanted to become more of a system supplier rather than just sell products. This required, among other things, that we dare take the step from the analog world into the digital. For a small company like ours, this was a giant step, mentally as well as in terms of resource. It would require a substantial investment in building up entirely new expertise. And that costs money. In that respect it was reassuring to have Indutrade's backing. The whole time we received strong support in the process of transforming our offering. During the course of a few years we invested large sums in necessary product development. Now we are there. This year we are launching our first digital temperature sensor system."

"INDUTRADE PUSHES US"

Clearly, the people at Pentronic are thriving in the industrial and business like climate at Indutrade. "We get advice and ideas. We share experiences with other companies in the Group. We compare ourselves with them. We also get tips on how we can be even more efficient. We get a path pointed out for us. And we feel confident about the future," Persson concludes.

32% OWN MANUFACTURING

Indutrade balances its technology sales companies with a number of companies with proprietary products and brands. The products are to have a high-tech content, while the companies should have a strong market position and favourable growth potential. Since 2004 the share of companies with proprietary products has increased by 23 percentage points, and in 2010 they accounted for 32% of consolidated sales.

A photograph of a man with white hair, wearing a dark suit, a light blue shirt, and a purple and white striped tie. He is smiling and holding a silver industrial temperature sensor device. He is standing in what appears to be a factory or industrial setting, with another person's back visible in the foreground on the right. The background is blurred, showing industrial equipment and structures.

FACTS ABOUT PENTRONIC

Pentronic is one of Europe's largest makers of industrial temperature sensors. The company's products and systems are sold to world-leading machine manufacturers in the food, packaging, medical technology, process and steel industries, as well as for engine development and the power industry. Based outside the town of Västervik, Sweden, the company has its own laboratory for third-party calibration and measurement of temperatures. Pentronic has approximately 80 employees and sales in 2010 amounted to SEK 115 million.

**"It's as close as you can
come to running your
own company"**

Lars Persson,
President, Pentronic

A group with technology in its genes



Own brands ^

Trading brands >



Many unique trademarks. What you see here is a company grouping with annual sales of nearly SEK 7 billion. It comprises some 150 independent companies, acquired during the last three decades. They are active in 25 countries. The smallest company has sales of SEK 5 million. The largest sells for SEK 290 million. What they all share in common is that they each represent a strong trademark in their special niche and in their selected markets. They have a high level of technical expertise. They speak a common language: the customer's. Their decision-making paths are short, and they can quickly adapt to changed market conditions and new challenges.

Strong culture. What's more, they are held together by a common bond: Indutrade. It is a strong bond that creates a strong culture, and a dynamic force moving forward. Average annual growth for the Indutrade Group has been 13% during the last ten years. We not only have technology in our genes, we have a strong will to grow.

Brief *facts* about indutrade

Indutrade is a group of more than 150 companies in 25 countries in four parts of the world. The business has two main focuses – industrial technology sales and companies that manufacture their own products. The average number of employees in the Group was 3,420.

The Group's fundamental governance principle is based on decentralisation of decision-making as well as of responsibility. The organisation is distinguished by entrepreneurship, technical know-how and a tried-and-tested acquisition strategy combined with a well balanced spread of risk with respect to customers, products, suppliers, industries and geographic markets.

A substantial share of the Group's growth has consisted of company acquisitions, and future growth is also expected to be achieved to a great extent through company acquisitions.

10.18

SEK
Earnings per
share for the
year.

5.10

SEK
Proposed divi-
dend per share
for the year

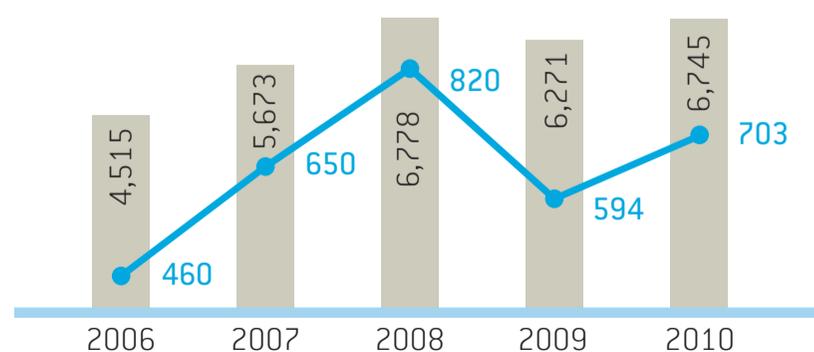
9

acquisitions
were carried out.

18%

EBITA
increase for the year

NET SALES AND EARNINGS TREND, SEK MILLION



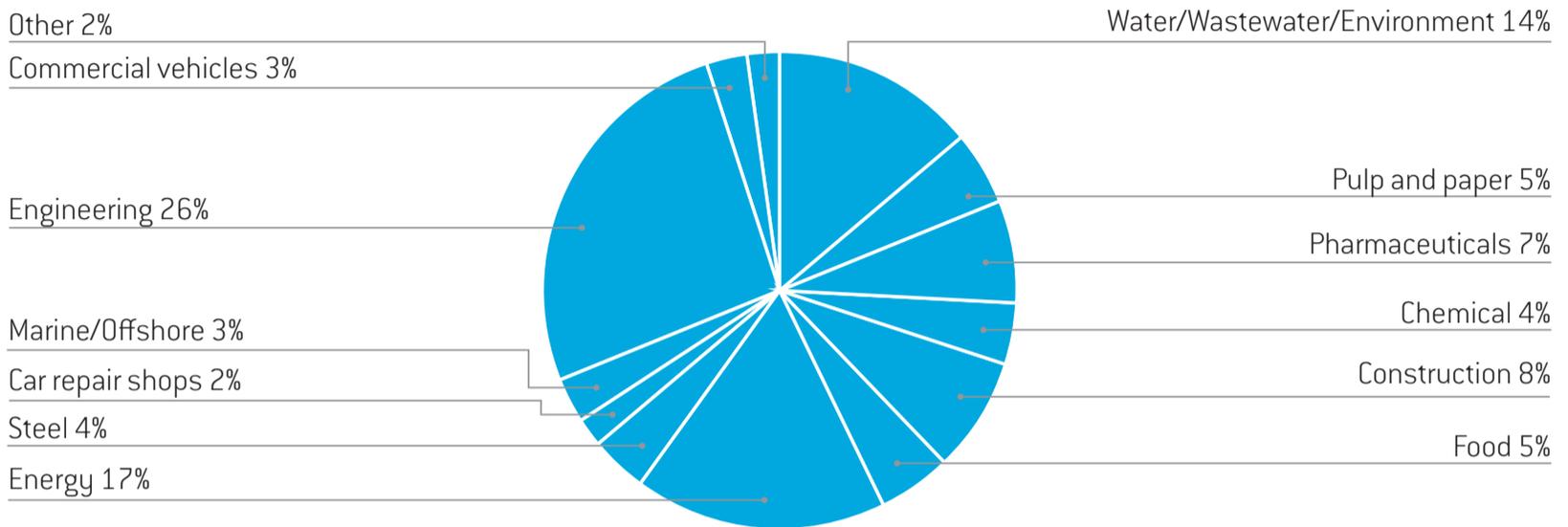
KEY DATA

| | 2010 | 2009 | % ¹⁾ |
|--------------------------------------|-------|-------|-------------------|
| Net sales, SEK million | 6,745 | 6,271 | 8 |
| EBITA, SEK million | 703 | 594 | 18 |
| EBITA margin, % | 10.4 | 9.5 | 0.9 ²⁾ |
| Net profit for the year, SEK million | 405 | 341 | 19 |
| Return on operating capital, % | 23 | 22 | 1 ²⁾ |
| Average number of employees | 3,420 | 3,122 | 10 |

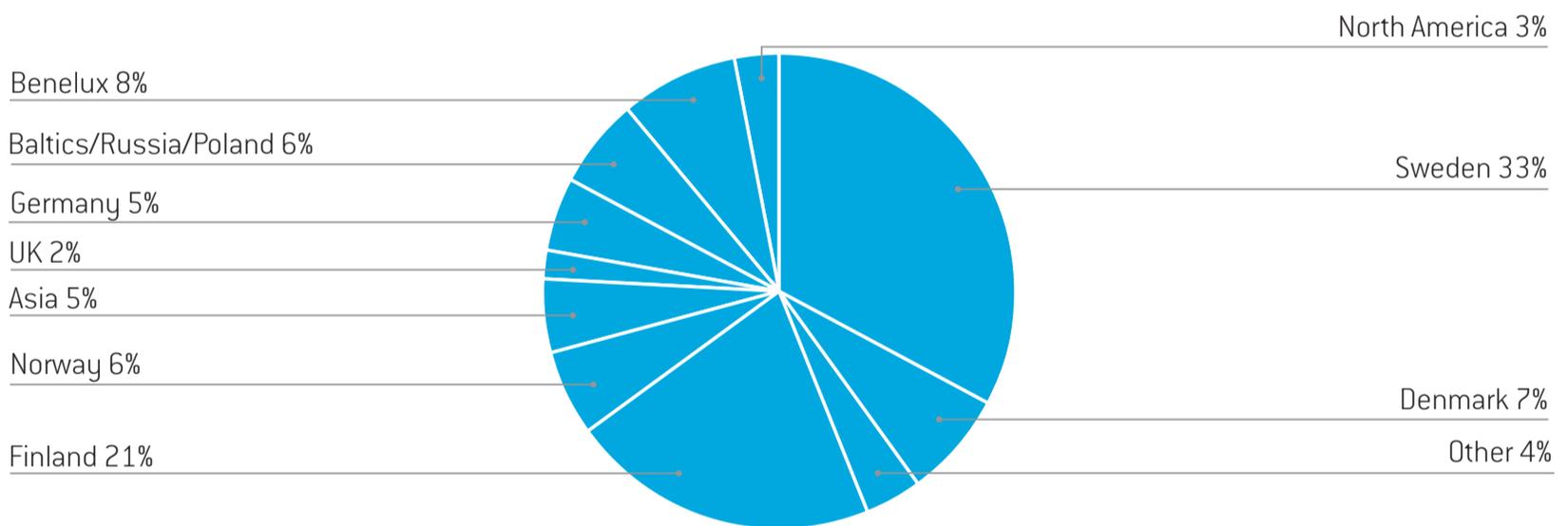
¹⁾ Change in percent

²⁾ Percentage points

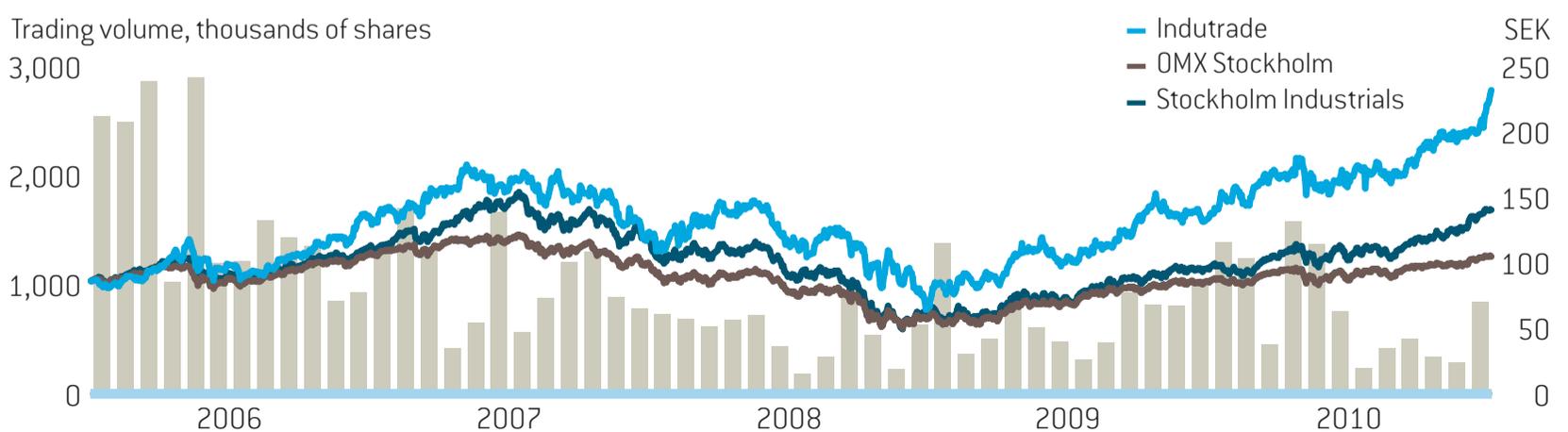
NET SALES PER CUSTOMER SEGMENT



NET SALES PER MARKET



SHARE PRICE TREND, 2006–2010





Production: Indutrade and Halvarsson & Halvarsson. Photo: Peter Hoelstad and others. Print: TMB Sthlm 2011.