



We grow with
successful
companies

 Indutrade



Net Sales, SEK million

12,995

EBITA

1,484

EBITA margin, %

11.5

Indutrade in brief

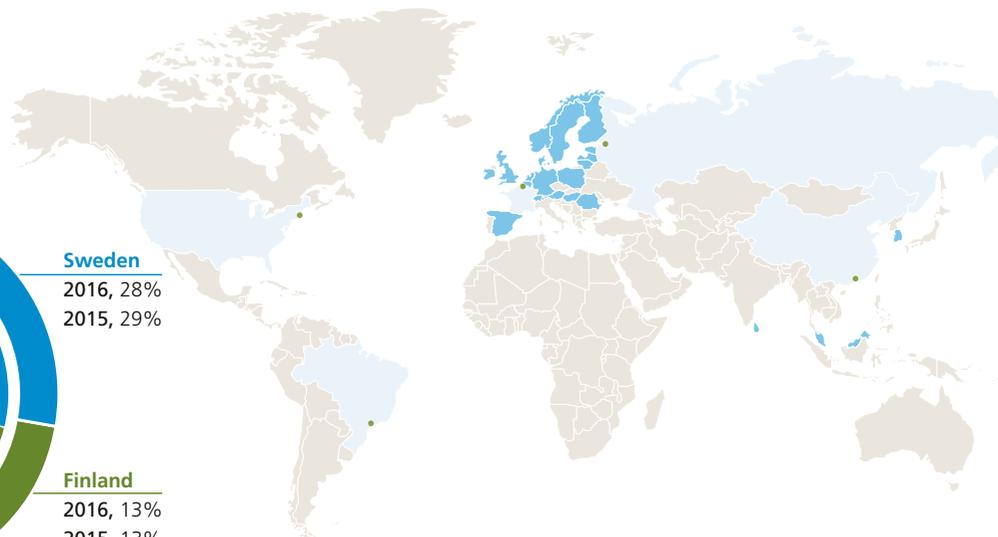
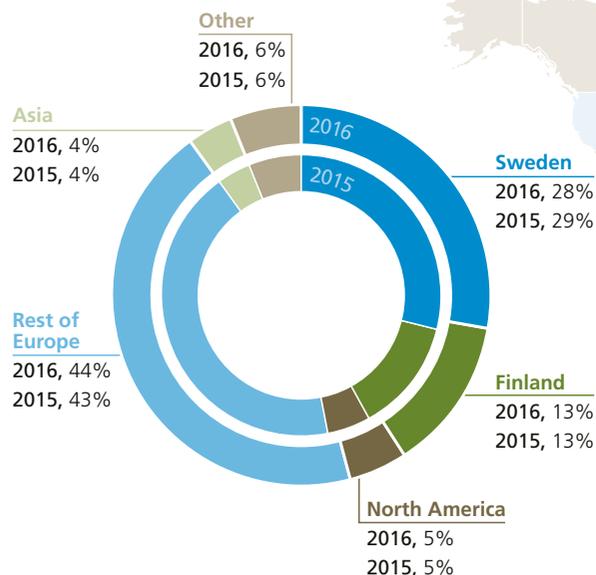
Indutrade has a distinct **acquisition strategy**. We acquire companies with technical niche expertise. Indutrade today comprises more than **200 companies in 28 countries** on four continents, with combined annual sales of approximately **SEK 13 billion**. Our companies are characterised by high-tech know-how and an ability to build enduring, close relationships with customers and suppliers.

Our business philosophy is based on entrepreneurship, self determination and **decentralised leadership**. We continue to pursue our acquisition strategy of buying **successful and well-managed** companies, with a clearly defined market and distinct offering.

Our business concept is to market and sell components, systems and services with a **high-tech content** in selected niches.

By having good knowledge about customers' systems and processes, combined with high-tech expertise, Indutrade aspires to be **the most effective business partner** for customers and suppliers alike.

» Share of sales



● Countries where Indutrade's presence is extensive
 ● Countries where Indutrade's presence is limited

Austria	France	Malaysia	Singapore
Belgium	Germany	Netherlands	Spain
Brazil	Hungary	Norway	Sri Lanka
China	Ireland	Poland	South Korea
Denmark	India	Romania	Sweden
Estonia	Latvia	Russia	UK
Finland	Lithuania	Switzerland	USA

Acquire



We set high standards for the companies we acquire. They are successful and well-managed, with a clearly defined market and distinct customer offering. They are run by entrepreneurs with a passion for their business concept and who want to further grow the business. We acquire companies in which the owner wants to continue leading and developing the company, without being the owner. The rationale for selling can vary. The company may be facing an expansion or investment phase. Or maybe the owner wants to see his life's work live on. Indutrade has no exit strategy, and by selling to Indutrade, the company's future is secured.

Develop



Being part of the Indutrade Group means that a company can keep its original identity while gaining access to the combined experience and knowledge of its sister companies in the Group. Indutrade's companies stimulate each other and benefit from knowledge sharing. Through networking and internal benchmarking, the companies adopt best practice that can be spread throughout the Group. All companies in the Indutrade Group have clearly decentralised responsibility and authority. Indutrade supports them with industrial know-how, financing, business development and management by objective.

High pace of acquisitions

Our high pace of acquisitions continues – in 2015 we acquired 13 companies, and in 2016 we acquired another eleven. Since joining Indutrade nearly 13 years ago I have helped carry out nearly 150 acquisitions. Despite this volume, we do not have any standard model – every acquisition is unique. Ensuring that the seller is as satisfied with the deal as we are is of utmost importance, since it typically marks the start of a long and developing relationship.

Our great experience with company acquisitions combined with our broad knowledge in technology as well as trade gives us a unique ability to quickly understand the key success factors in the companies that we acquire. It also means that we can quickly determine which support they need in order to develop further. For Niels Klagenberg, Managing Director of the Danish company Crysberg, it was precisely our technological know-how that was a decisive factor when we acquired the company. You can read more about this on page 6.

One essential ingredient in our business philosophy is our decentralised organisation. Decisions are to be made near the customers and with the aim of upholding the entrepreneurial spirit of each company. But just as important as it is to allow the companies to manage themselves based on set targets, it is crucial that we support them when and in the areas needed. On page 8 you can read about the Finnish company Geotrim, which following a growth phase was in need of a new organisational structure and where Timo Sääski took office as Managing Director about a year after our acquisition.



A company that was in search of both financial and industrial support was the Dutch firm HP Valves, which you can read about on page 10. The company has expanded organically as well as through acquisitions and is one of the Group's absolute fastest growers.

I have said it before, but it is worth repeating: There is no upper limit for how many companies we can include in the Group. At Indutrade we continue to welcome entrepreneurial, well managed companies with technological niche expertise.

Johnny Alvarsson, President and CEO, Indutrade

Indutrade's acquisitions 2016

Acquisition	Possession	Country	Business Area	Sales, SEK million ¹⁾	No. employees
PECO Select Fasteners BV	January	The Netherlands	Special Products	30	4
Industri Verktøy AS	March	Norway	Industrial Components	40	10
Senmatic A/S	March	Denmark	Measurement & Sensor Technology	150	87
Beldam Crossley Ltd	April	UK	Special Products	80	63
Fluid Controls Ltd	April	UK	Special Products	40	10
Klokkerholm Karosseridele A/S	May	Denmark	Fluids & Mechanical Solutions	310	114
KA Olsson & Gems AB	July	Sweden	Industrial Components	90	21
Vacuum Engineering Services Ltd	July	UK	Special Products	100	45
Crysberg A/S	August	Denmark	Measurement & Sensor Technology	90	46
Alphr Technology Ltd	September	UK	Special Products	80	78
Scanmaskin Group	November	Sweden	Fluids & Mechanical Solutions	120	28

1) Estimated annual sales at time of acquisition.

Decentralised responsibility

Our way of creating value is simple. We buy profitable, well managed companies which we then support and develop so that they can grow and be even better. The most important tool in this work is a clear delegation of authority and responsibility. We believe that the responsibility to act should always be at the level in the organisation where the consequences of decisions can best be judged. For us this means that acquired companies are given free reins to continue doing business as previously and keep their name, culture and management. Our overarching management model is distinguished by clear financial targets, frequent information exchange and regular benchmarking. We have proven that this model works since our start in 1978.

Entrepreneurial spirit is kept

The subsidiaries' independence is conducive to customer adaptation and flexibility, which creates good conditions for retaining the entrepreneurial spirit in the organisation. Moreover, the subsidiary presidents' self-determination is a key factor for retaining key people in acquired companies.

Decentralisation is also a natural consequence of the Group's niche focus. To build up the competence needed to create customer value – and thus profitability – it is necessary to concentrate operations on a number of niches. However, the conditions differ quite a bit between the various niches, which makes it necessary for every subsidiary to formulate its own business strategy.

Management by objective and competence development

Indutrade is a long-term owner with no exit strategy. We support our subsidiaries with industrial know-how, financing, business development and management by objective. At internal network meetings, company representatives are given opportunities in an informal setting to make comparisons and share ideas and experiences among the various companies. Every quarter we conduct an internal benchmarking with a ranking list to highlight the companies' respective goals and give their presidents knowledge about the performance of other companies in the Group.

Indutrade's subsidiaries often serve as problem-solvers for their customers – an ability that is built upon the employees' professional and technical expertise. We therefore put great emphasis on continuous competence development in the companies, which also helps attract and retain key people.

Business philosophy



Companies with proprietary brands

Companies with trading brands

40%

of Indutrade's sales

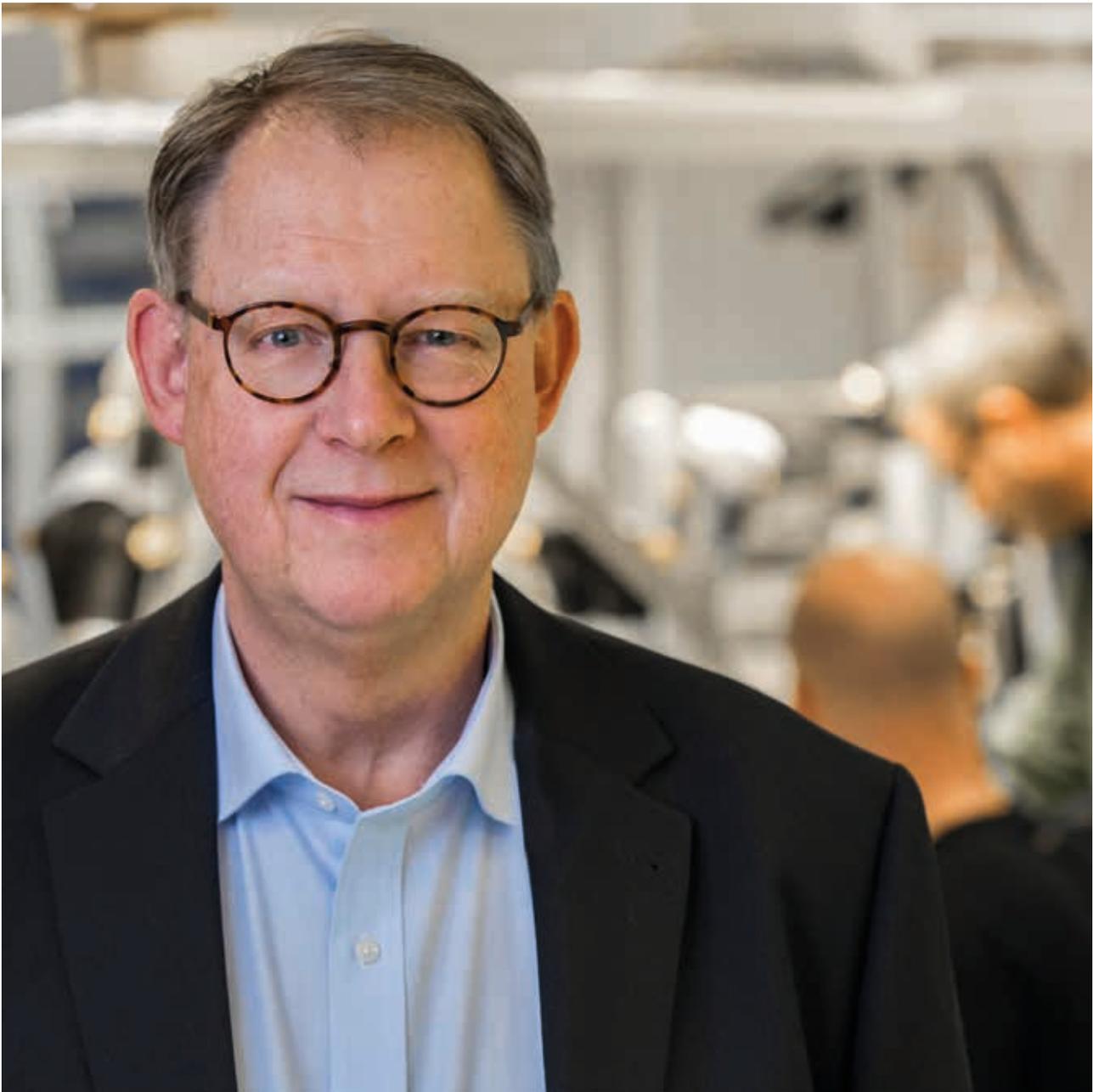
60%

of Indutrade's sales



Financial strength

At the end of the 1980s Niels Klagenberg had a business idea he wanted to hatch. Together with four friends he started Crysberg AIS, located a bit north of Copenhagen. His idea was to make better and more efficient watering systems for golf courses. The timing couldn't have been better. At the end of the '80s and early '90s, interest in golf skyrocketed, and in Sweden alone some 300 golf courses were built in only three to four years' time.





Today Crysberg is a thriving company with a number of patents and record of major international successes. Roughly 25% of sales come from specialised electronic solutions for industry, but the lion's share of its business still comes from irrigation technology and related solutions.

"The technology that Crysberg offers saves both energy in the daily operations as well as costs for labour and material for installation – especially copper tubing," says Niels. "For example, back when we started you needed 50 to 100 kilometers of tubing to irrigate an 18 hole golf course. With Crysberg's technology, it's enough with 10 kilometers.

» **For us it was a major plus that technology is also at the heart of Indutrade's business. They understand what we do and they are interested in our products.**

"About 75% of the technical solutions that Crysberg sells today are for other commercial systems than golf courses and agricultural businesses," Niels continues. "These include parks, cemeteries, sport facilities, facilities surrounding shopping centres and large company headquarters. For example, we have supplied our solutions to the irrigation systems for Google's and Microsoft's headquarters as well as to the White

House and the Statue of Liberty. The US is our biggest market, answering for nearly 80% of our sales."

Technology at the heart

"After having run the business for 30 years, the time came to start thinking about the company's future," says Niels. "We had heard of Indutrade, as one of our board members had previously sold his business to Indutrade, and he had only good things to say about the company. So when we were contacted by Indutrade, it came as a positive surprise. For us it was a major plus that technology is also at the heart of Indutrade's business. They understand what we do and they are interested in our products. Indutrade provides financial strength and industrial know-how that strengthen our opportunities to grow further. Plus, we can continue to operate under our own name at the same time that the future for our talented people has been secured.

Exciting future

"For me personally, the sale to Indutrade has also been better than I had expected," says Niels. "I have been able to stay on as Managing Director, and I really love my job. We have many exciting ongoing projects. With Indutrade as owner we see great opportunities to expand our distribution channels at the same time that we continue to steadily develop our products.

"Product development is an extremely important part of Crysberg's business. The company has nine employees who work exclusively with development. In one to two years we will be launching our new product family, with web-based control solutions that feature a number of new functions.

"In a more long-term perspective our goal is to be the global market leader in irrigation control systems for golf courses as well as for the commercial and agricultural markets. We now have favourable prospects to achieve that goal."



Sales, DKK m

113

Number of employees

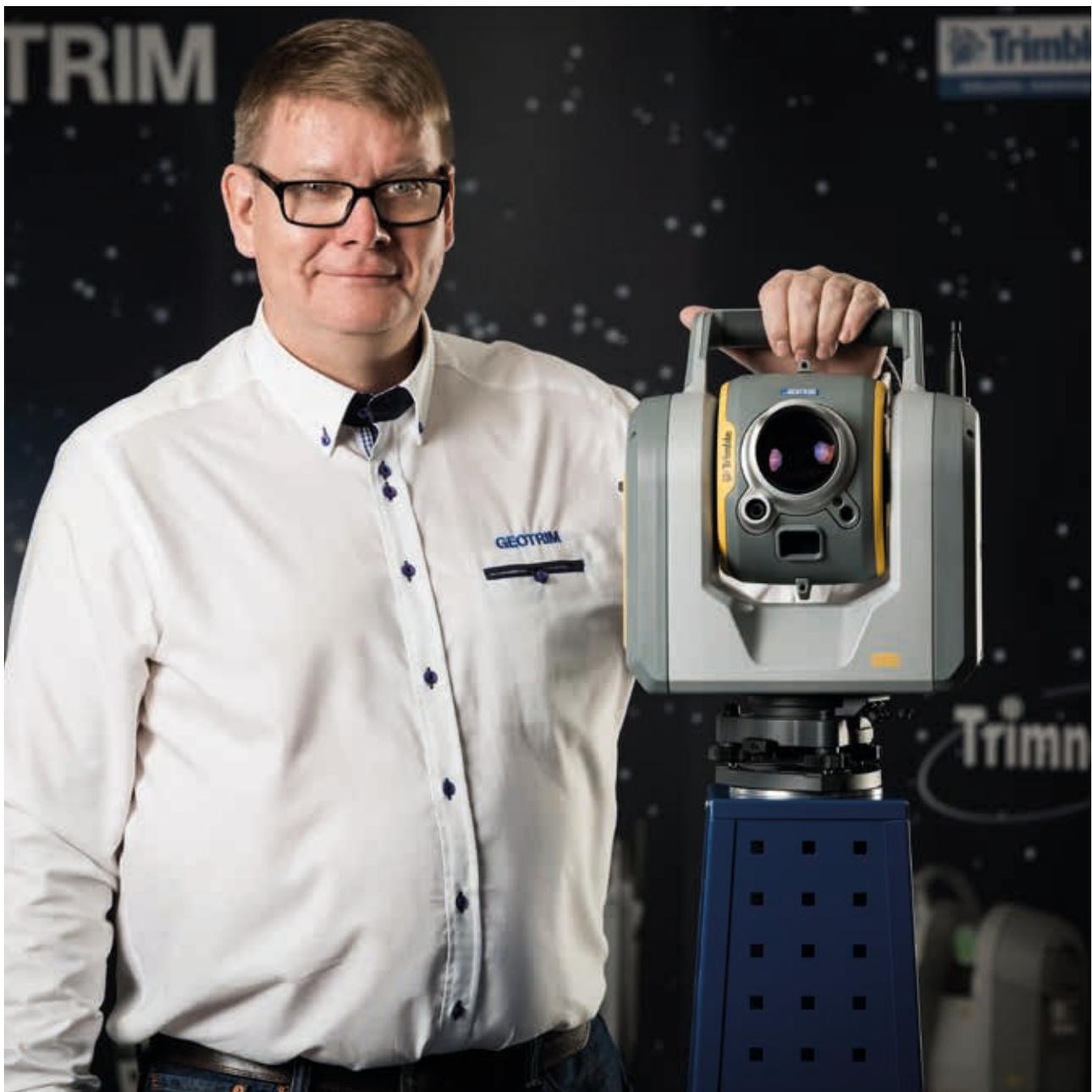
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Year established..... **1986**
 Acquired by Indutrade..... **2016**
 Managing Director..... Niels Klagenberg
 e-mail..... nk@crysberg.dk

www.crysberg.dk

Business with precision

The Finnish trading company Geotrim Oy serves the geospatial market with measurement instruments and solutions for creating and utilising position information. "During the last couple of years we have implemented a totally new management system and leadership style, and we are now preparing for the next level when it comes to customer relations and the services we offer," says Timo Sääsä, Managing Director of Geotrim.





The majority of the products sold by Geotrim are developed by the American company Trimble, a leading provider of advanced location-based solutions for the professional market, and Geotrim is the agent for Trimble’s geospatial and agricultural products in Finland. In addition, Geotrim is also a supplier for a Finnish UAV (drone) manufacturer.

“The instruments we market are extremely precise, with positioning information down to the accuracy of millimetres,” Timo explains. “Many of our customers work with different kinds of constructions – building, industrial or infrastructure. The accuracy that our instruments provide is essential for their business in many aspects. The agricultural sector is another market segment that benefits from our products, and of course the public sector with for instance the National Land Survey, which maps Finland’s land and environment.”

» Although Indutrade is an owner in the background, I can always rely on support if and when I need it. This owner strategy fits us very well.

New management style

Indutrade acquired Geotrim in 2012 when the former MD, who also was one of the four founders, wanted to retire. Indutrade was a perfect buyer since the owners wanted the company to be able to continue its business as

usual. A year later Timo was hired as new MD. “The company had grown and it was time for a new kind of management which I, coming from the outside, could bring,” says Timo. “I had great support from Indutrade, who brought a new kind of managerial professionalism to the company.

“To be able to meet future challenges we need to not just sell good hardware, but also offer services, maintenance and support. In a way it’s a new type of company compared to before, requiring a new type of culture. The skill and knowledge of our employees are imperative to be able to meet the demands from the market and to always stay ahead,” emphasises Timo. “We have a very open climate in the company, and people are encouraged to present initiatives and new ideas. I want everyone to be involved in the decision process, making them motivated and up for new challenges.

An owner in the background

“Although Indutrade is an owner in the background, I can always rely on support if and when I need it. This owner strategy fits us very well,” says Timo. “I also enjoy attending the annual MD conferences. Although Geotrim is the only Indutrade company in its business, I get the opportunity to build a valuable network of entrepreneurs who are willing to share their knowledge and experiences.

“Geotrim is facing a challenging future with tougher competition, but I have great trust in our ability to provide the market with attractive offers,”

says Timo. “In the short term, we are focusing on continued implementation of our new customer relationship management system. This will help us strengthen our customer relationships even further, creating new business opportunities.

“In the long run, we expect to widen our business to new customer segments. We might also add more suppliers to our trading portfolio. We are keeping close track of the market trends, and I am convinced that we will continue to be the leading instrument provider to Finland’s geospatial market also in the future,” says Timo.



Sales, EUR m

13

Number of employees

33

Year established 1987
 Acquired by Indutrade 2012
 Managing Director Timo Sääsکی
 e-mail Timo.Saaski@geotrim.fi

www.geotrim.fi

Cooperation is success

When the owner of HP Valves decided to sell the company in 2005, the management team feared it would lose its strategic independence if sold to a competitor. Among the interested parties was Indutrade. "When Indutrade explained their business model of decentralisation and entrepreneurship we thought it was too good to be true," says Marten Hinsenveld, Managing Director of HP Valves.





Eleven years later Marten verifies that all really was true. “Everything worked exactly as they told us. We kept our independence and opted for our own strategic plan, and always got support when we needed it.”

The Dutch company HP Valves designs, manufactures, sells and service medium- and high pressure valves. Customers are leading OEMs and EPC contractors in the global power and steam market, such as GE, Siemens and MHPS, and approximately 95% of sales are exported.

» Indutrade's decentralised business model has made it possible for me to focus on customers, coworkers, suppliers and business.

Strong support when needed

“I can proudly say that HP Valves has made an astonishing journey since it was acquired. In 2005 we had sales of EUR 8 million – some ten years later they are now up to EUR 85 million, corresponding to impressive average annual growth of 23%,” says Marten. “Such growth doesn’t come without investments and costs, and if it wasn’t for the financial and industrial support from Indutrade, it would not have been possible.”

“We have grown both organically and through acquisitions. Already during the first year Indutrade supported

us in the move to a newly built facility, which was extended in 2008. In 2009 we acquired a Korean company, Key Valve Technologies (KVT,) with whom we already had a close cooperation for a number of years. At the acquisition we moved KVT to a new and bigger facility and in 2013 we doubled the size of their factory,” says Marten. “To have access to Indutrade’s knowledge and experience in conjunction with the acquisition of KVT was invaluable.

“And now we have outgrown our factory in the Netherlands again, so we have just completed our re-location to a brand new highly automated valve factory. This will allow us to combine high flexibility with high productivity, setting a new platform for further growth. We plan to expand geographically as well as our product portfolio,” says Marten.

Entrepreneurial freedom

“I have also enjoyed the possibility to participate in the annual managing directors conference for all companies in the Indutrade Group. It’s a good platform for Indutrade to present its culture, views, experiences, best practices and for all MDs to meet in a pleasant atmosphere. It really creates a family feeling; there is no pressure and nothing is forced, and it presents good opportunities to discuss and learn from each other.

“The entrepreneurial freedom given by the Indutrade model has meant a great deal for me and my management team members personally as well,” says Marten. “We have

been able to develop HP Valves in the direction I and my colleagues wanted. Indutrade’s decentralised business model has made it possible for me to focus on customers, coworkers, suppliers and business. We definitely have the strategic freedom we were looking for in 2005. Over the years we have been able to show profitable growth, and deliver healthy dividends to Indutrade. The deal was truly a win-win.”



Sales, EUR m

108

Number of employees

175

Year established..... 1981
 Acquired by Indutrade..... 2005
 Managing Director..... Marten Hinsenveld
 e-mail..... m.hinsenveld@hpvalves.com

www.hpvalves.com

Indutrade in numbers

Net sales, SEK billion

13

Sales growth, %

9

EBITA margin, %

11.5

Number of acquisitions

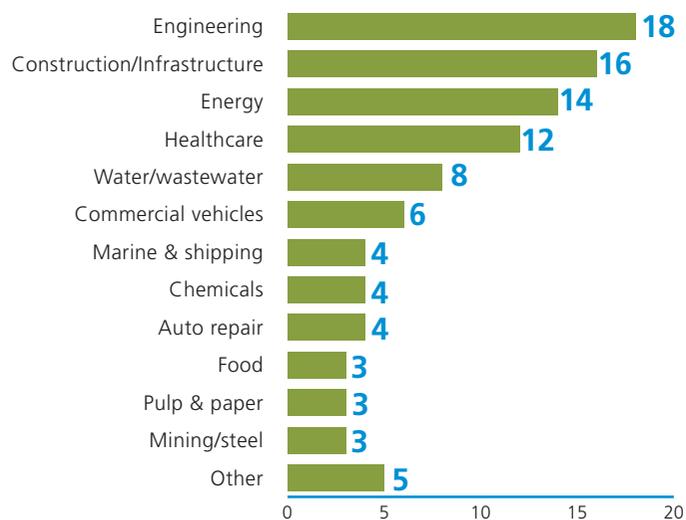
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Indutrade is an industrial group comprising more than 200 companies in 28 countries on four continents. The business has two main focuses – companies active in industrial technology sales, and companies that manufacture their own products.

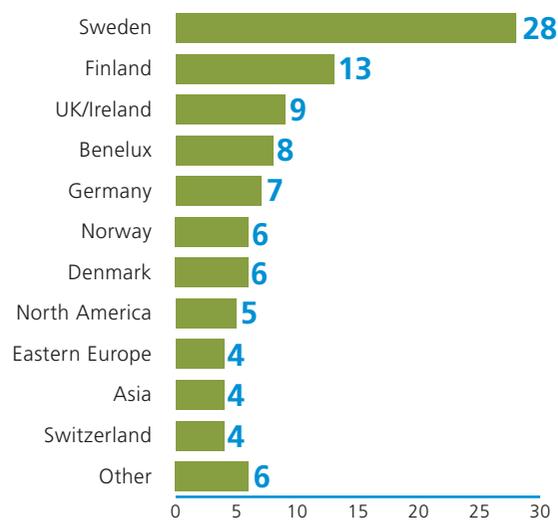
The organisation is characterised by entrepreneurship and technical niche expertise combined with a well balanced spread of risk with respect to customers, products, suppliers, industries and geographical markets.

The broad spread of risk reduces the Group's sensitivity to economic fluctuations.

Net sales per customer segment, %

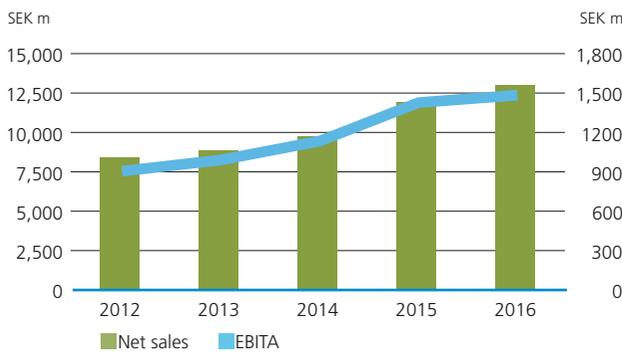


Net sales per market, %





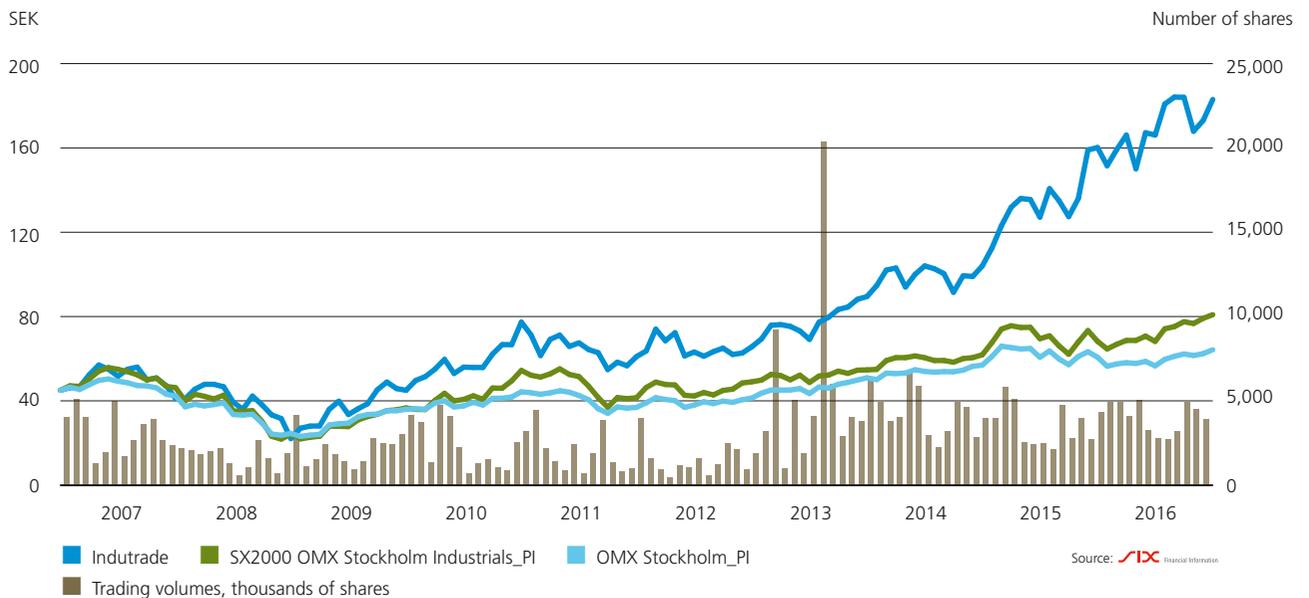
Net sales and earnings



Key data

	2016	2015
Net sales, SEK million	12,995	11,881
EBITA, SEK million	1,484	1,427
EBITA margin, %	11.5	12.0
Net profit for the year, SEK million	936	894
Earnings per share, SEK	7.80	7.44
Return on operating capital, %	20	22
Average number of employees	5,495	4,978

Indutrade's share





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