
**We make good
companies better**



Welcome to Indutrade



People and culture most important in our companies

Indutrade was established in 1978 and since then, it has grown into an international technology and industrial group consisting of more than 200 companies. We have a long history of successful company acquisitions and working with talented entrepreneurs.

In 2018, we added nine new companies to the Indutrade Group. Every acquisition is unique. We see the acquisition as the start of a long-term relationship, hence it is important that both parties see mutual benefits with the deal.

You can work with acquisitions in a variety of ways. What sets us apart, is our focus on understanding the people and culture in the companies we acquire. The best way to appreciate how we work is to meet entrepreneurs who have sold their companies to us and have actual experience in how it is to be a part of the Indutrade Group. Later on in this brochure, you can read about some of them in more detail. For example, Lars Bendixen talks about the reasons why he sold his company, Danish Elma

Instruments, to Indutrade and the advantages he sees in being part of our Group. You can also read about Memo Ildirar, MD (Managing Director) of the German company, Inovatoools. He first got in contact with Indutrade three years ago, via the company's Swedish agent, Liljegrens Maskinverktyg, which is also an Indutrade company. Shared views on entrepreneurship and company culture were some of the most compelling reasons for selecting Indutrade for the acquisition. Per-Olof Bergqvist, MD of the Swedish company, Dasa Control Systems argues that his company has achieved quicker growth and higher profitability now that it is part of the Indutrade Group.

What

Indutrade markets and sells components, systems and services with a high-tech content. We acquire and develop companies that are characterised by high-tech know-how and an ability to build enduring, close relationships with customers and suppliers. We offer sustainable solutions that enhance our customers' competitiveness.

Entrepreneurship, decentralisation and profitable growth.

Our acquisition strategy is to acquire successful, well managed companies with clearly defined markets and distinct offerings.

Business concept

Indutrade markets and sells components, systems and services with a high-tech content in selected niches to a number of different industries. By having good knowledge about customers' systems and processes, combined with a high level of technical expertise, Indutrade aspires to be the most value-creating partner for customers and suppliers alike.

Decentralised organisation

We are long-term owners that acquires companies in order to develop them, without any plans to sell, which normally is something that appeals to many privately held companies. We also work in a very decentralised way, with a focus on continuity. This also appeals to potential sellers. We want the owners to remain in the company after the acquisition and keep the company name and its culture. We also want to retain the flexibility, commitment and proactive approach of a small company. We can, on the other hand, offer the stability and the financial muscle of a larger company. We have a clear focus on management by objectives, working with a few carefully selected financial targets. Responsibility for performance is delegated to the company's MD. It

creates the right type of commitment. Furthermore, customers, suppliers and employees tend to all appreciate having responsibilities and authority delegated in this way.

Value creating knowledge-sharing

As part of the Indutrade Group, companies gain access to a large network of accumulated expertise. We strive to create the prerequisites for relevant knowledge-sharing linked to things like a specific market segment, technology/product area, international expansion or digitalisation, to name just a few. We do not, however, work with mandatory, top-down synergy projects. Instead, each company is responsible for deciding what will create value for them, and what they want to take part in.

To a large extent, Indutrade's success is derived from the talent and leadership of our MDs. Attracting and recruiting leaders is certainly a priority for us. Primarily though, we focus on developing our existing talent. While a large measure of this talent is developed in various ways through the role as MD, our companies are all supported by a mentoring Chairman who can provide insight and constructive challenges. We also have our own leadership program tailored to our specific views on business acumen and company culture. It, too, helps provide the prerequisites for sustainable, profitable growth.



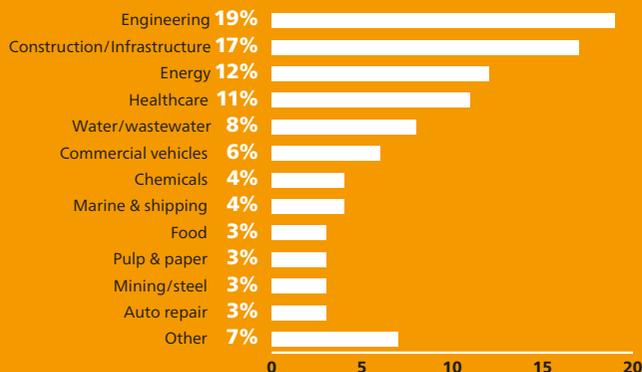
Bo Annvik

President and CEO Indutrade

For whom

Indutrade's customers can be found in a wide range of industries, including engineering, energy, water/wastewater, environment, transport, healthcare, food and infrastructure.

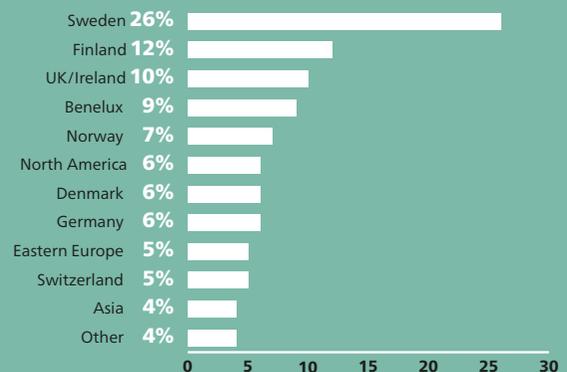
Net sales per customer segment



Where

Indutrade comprises more than 200 companies offering services in 30 countries on four continents.

Net sales per market

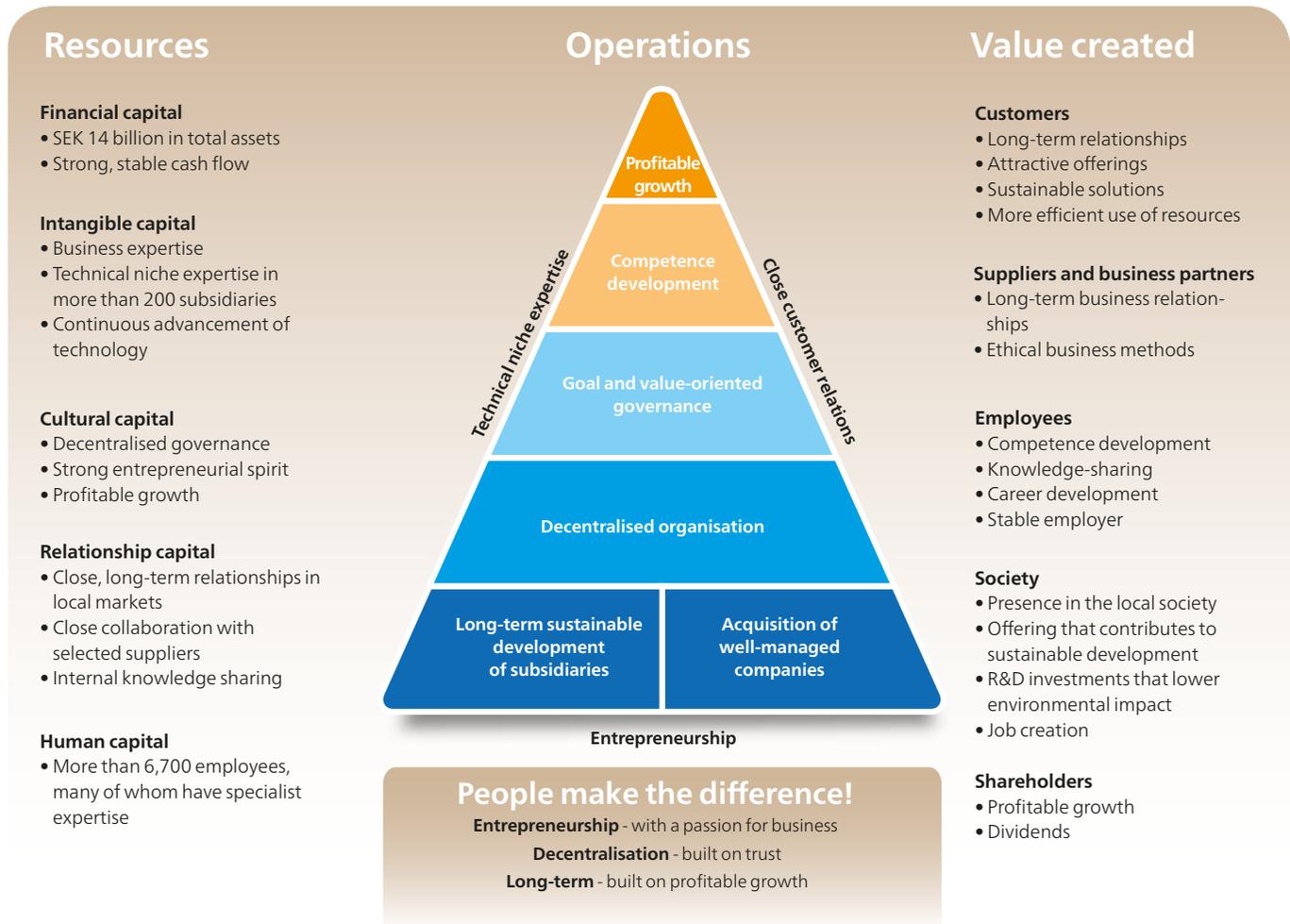


Together, we create value

Indutrade develops and acquires well managed, profitable technology and industrial companies with a focus on decentralisation. The foundation of our business model is being an active, long-term owner with clear values.

We limit our business risk by acquiring companies that are profitable, established in the market and which have a distinct offering. All of this is further strengthened by our companies sharing the same values and business ethics. The way in which we create

value is through our subsidiaries' operations. As an owner, Indutrade contributes to building companies focusing on a long-term perspective to their respective business, in terms of customer offering, market presence, sustainability and innovation.



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, business development, financing and management by objectives.

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, who want to further develop the business, and who share our values on sustainable entrepreneurship. We acquire companies in which the owner wants to continue leading and growing the business, without being the owner. The rationale for selling can vary. Perhaps the company is 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.

Our companies

Companies with proprietary brands

40%

of Indutrade's sales

Companies with trading brands

60%

of Indutrade's sales



Active ownership

Indutrade as owner

Indutrade is a long-term owner that applies a decentralised business model based on clear values. It's an overarching company culture that permeates all aspects, including how we acquire, build and develop businesses in a responsible manner.

Value-based leadership

The core of our company culture is value-based leadership with a focus on decentralisation.

Our code of conduct is an important tool for communicating and promoting our shared principles and values. Our company culture is also evident in our informal meetings and behaviour towards each other. Interaction between employer and employee should always be characterised by mutual respect, openness and influence.

Decentralised organisation

A key component of our business philosophy and company culture is allowing our subsidiaries to develop and act based on their own conditions. Each subsidiary sets its own strategy for the business and has full responsibility for profitability. The best business decisions are made close to customers by people who have the best understanding of the customers' needs and processes. Building close relationships with our subsidiaries and, to a certain extent also their local partners, is fundamental to how we work.

Entrepreneurial spirit is kept

Our decentralised structure allows for a great deal of freedom in decision making and this helps us retain key employees in the companies we acquire. These are often entrepreneurs who are essential to business development and maintaining close ties with both customers and suppliers. They are also influential in shaping the company culture and the way of working. Our subsidiaries has the freedom to act which promotes customisation and flexibility, and, in turn, creates the conditions for keeping the entrepreneurial spirit in the organisation.

The benefit of being a part of Indutrade

Indutrade supports its subsidiaries with industrial and technical know-how, business development, financing and management by objective. We also offer support for competence development and succession planning. We are a stable owner that takes responsibility for our subsidiaries' long-term success. The Group's financial strength facilitates the subsidiaries' expansion and it creates stability.

At internal networking seminars we provide opportunities for knowledge-sharing and informal exchange of ideas and experiences among the companies. Internal benchmarking is carried out each quarter by generating a ranking list, which clarifies the companies' goals and give the company MDs knowledge about other companies' development in the Group.

“ Our code of conduct is an important tool for communicating and promoting our shared principles and values.

Acquisitions in 2018

Indutrade has operations in 30 countries and four continents. In 2018, 48 % of the Group's net sales were derived from our three largest geographic markets: Sweden, Finland and Great Britain/Ireland.

Indutrade acquired nine companies in 2018, with combined sales of approximately SEK 660 million.

Acquisitions in 2018

Possession	Acquisition	Business area	Country	Sales SEK million ¹⁾	No. employees ¹⁾
February	Zijtveld Grippers	Benelux	Netherlands	130	40
February	RA Howarth Engineering Ltd	UK	Great Britain	20	16
February	Gaveco AB	Flow Technology	Sweden	15	5
May	Digitrade	DACH	Switzerland	15	7
May	Precision Parts UK	Flow Technology	Great Britain	130	40
July	Norsecraft Tec AS	Industrial Components	Norway	55	18
August	TXRX System	Measurement & Sensor Technology	USA	120	56
October	Thermo Electric Instrumentation	Measurement & Sensor Technology	Netherlands	115	55
December	NRG Automation	UK	Great Britain	60	17
Total				660	254

¹⁾ Estimated annual sales and number of employees at the time of acquisition.

Acquisition process

Acquisition is a natural part of Indutrade's business and it is fundamental to our strategy for growth. We maintain a high pace of acquisition, typically acquiring several companies each year.

The process ahead of a new acquisition can last for several years' time, as we meet with management and employees on numerous occasions in order to determine if a candidate is an "Indutrade company". We strive to, as early as possible in the acquisition process, discuss our decentralised governance model and fundamental values. It's essential that the companies we acquire are able to demonstrate both market and financial stability.

Gaining assurances that the business is conducted in a responsible manner is decisive for creating long-term sustainable growth, development and profitability and is therefore central to the acquisition process. The same applies with respect to ensuring a shared values foundation about sustainable business.

Identification

Indutrade strives to, already at an early stage, engage with owners of potential acquisition candidates. Prior to a potential sale, owners are already acquainted with Indutrade and find it natural to involve us in discussions about an acquisition. Indutrade continually engages with companies that are attractive for future acquisition.

Evaluation

Several parameters are used to evaluate a potential acquisition including market position, customers, competitors, main suppliers, strategic/technical focus, environmental impact, ISO certifications, financial position, historical data and future involvement of key employees.

Thorough due diligence minimises the operational and financial risks associated with new acquisitions. The acquisition process is never rushed because allowing time for getting to know each other increases the probability of a successful acquisition. A key to success is that the acquisition is planned thoroughly.

Negotiation

The negotiation stage is primarily about ensuring the following:

- that it will be possible to carry out the acquisition at a price that makes the deal value-creating.
- that key individuals will stay involved after the acquisition. As the key persons are often part-owners of the company being acquired, normally an acquisition structure entailing contingent earn-out payments is used, which entails that additional consideration is paid out if the company reaches a certain level of profitability after the acquisition. Key persons are thereby given an incentive to continue working in the company and contribute to its continued development and growth.
- that the acquisition candidate's main suppliers give their consent to the acquisition, thereby ensuring that key suppliers can be kept.

Governance process

Implementation

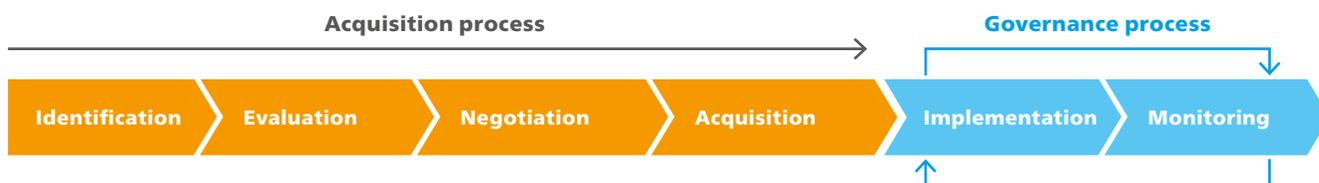
A structured review of the acquired company is done when carrying out an acquisition. The main areas of focus are the acquired company's:

- Customers and suppliers – will it be possible to expand the customer base and product line?
- Organisation – could it be made more efficient, with more focus on customers and sales?
- Costs, margins and inventory turnover – is it possible to raise profitability and returns?
- Is the organisation being run in a responsible way? Is growth sustainable over the long term?

New financial targets – adapted to the company's conditions – are set.

Follow-up

There is continuous dialogue between Indutrade's Group management team/business area managers and the acquired company's management team. The ongoing governance is goal-oriented, with focus on growth, margins and working capital management.





Managing Director
Lars Bendixen
e-mail: lb@elma.dk

Year established: **1982**
Acquired by Indutrade: **2017**
www.elma.dk

Annual sales
DKK m

150

**Number
of employees**

43

A great vision and realistic

The Danish company, Elma Instruments, offers handheld test and measuring instruments used in industry and by tradesmen. It supplies test and measuring instruments in Scandinavia, with annual sales of approximately DKK 150 million. Elma Instruments offers a wide range of products sold under its own label. It also offers products from leading suppliers worldwide, where it typically has exclusive distribution rights.

Strong corporate culture and sustainable business

"I started my first company back in 1982, when I was just 17 years old," says Lars Bendixen, Managing Director at Elma Instruments. "Through the years, we've grown both organically and via acquisitions. However, we've managed to retain the corporate culture of a family-run business. With my background as a soccer player, I clearly see the importance of close collaboration and trust. It's a key factor for success not only on the soccer field, but also for running a business," he says.

"A strong team and loyal co-workers are prerequisites for running a sustainable business. It's important to us that our employees have a healthy work environment and opportunities for developing their skills and expertise. We're primarily a trading company, so when it comes to the environment, our direct impact is limited. However, the products we supply are important because they significantly help lower waste of resources. For example, regular measuring and testing of energy use and water leaks helps our customers ensure that they are using resources as efficiently as possible," he says.

When Elma Instruments was looking for a new owner, there were many prospects. But Indutrade quickly moved to the top of the list, because its business culture was such a perfect match with Elma's.

"It was very important to me that the new owner not only cared about our business interests, but also our employees," says Lars Bendixen.

From Indutrade's point of view, Elma Instruments' values and culture were a perfect match with its own. Other factors that made it an attractive acquisition candidate were the company's solid business concept, the dedication of its management team, a history of stable growth and strong profitability. The acquisition also added a new market (i.e. a area of technology) to Indutrade's portfolio.

Indutrade's contribution

"Indutrade has allowed us the freedom to pursue business as usual, yet it has given us the financial muscle, experience and expertise of a large, listed company. Now, we can pursue our expansion plans at a quicker pace," he says.

"Indutrade's financial backing strengthens our credibility with some of our largest clients, in particular. They can rest assured



targets

that we're in it for the long term. Since we are planning for future growth, we will also benefit greatly from Indutrade's experience in making acquisitions. Our new owner's network is also incredibly valuable to us, as it facilitates our access to especially the Swedish market. Indutrade's model is based on decentralisation, with a clear delegation of authority and responsibility. Within the Group, there is a great deal of accumulated knowledge and experience. So, many benefits can be derived, not only via the knowledge-sharing that goes on but also businesswise," he says.

Concrete plans

"We have high hopes and concrete plans for the future. In the short run we are hoping to expand locally. Our long-term plan (over the

next ten years) is to be established in even more countries. Our market is fragmented, with many small players who have a local presence. Elma, on the other hand, has the size and ability to be a strong, stable partner for customers and suppliers on a larger scale, i.e. throughout all of Europe," he says.

"Our vision is to be the leading company for test and measurement instruments in Northern Europe. It's a great vision with realistic targets, so I'm confident that we will succeed," concludes Lars Bendixen.





Strong support, with the



Managing Director
Memo Ildirar
 e-mail: m.ildirar@inovatools.eu

Year established: **1990**
 Acquired by Indutrade: **2017**
www.inovatools.eu

Annual sales
 EUR m

35

**Number
 of employees**

200

Inovatools started out in 1990 as a small family business run from a garage in the heart of Bavaria, Germany. Now, 28 years later, the company has grown to become an international group consisting of nine subsidiaries in seven countries. They have approximately 200 employees and annual sales of around EUR 35 million. The company's owners are approaching retirement age and have understood that they need a new owner. It will ensure that they can sustain their position and achieve further growth. Younger family members working in the company agree that the company can more easily achieve its goals with a more experienced owner like Indutrade.

Global sales

"Inovatools is one of the top 10 German tool manufacturers. We are strongly positioned in the global market, with customers in 45 countries all over the world," says Memo Ildirar, Managing Director. Memo Ildirar joined Inovatool's Board of Directors in 2005 and helped set up all of its international subsidiaries. That same year, he also started laying the foundation for its global sales activities.

"We manufacture and sell standard, special and individual tools, along with small series, precision parts and machines. Our customers can be found worldwide, in a wide range of industries, including mechanical engineering, aeronautical engineering, automotive and medical engineering. Examples include such well-renowned companies as Daimler, Swarovski and Airbus. We have a solid reputation for being flexible and providing excellent service. Approximately 10% of our annual sales comes from regrinding service," says Memo Ildirar.

Sustainable tools

"We always strive to enhance the success of our customers by offering the best possible products and services. For example, we have our own R&D department that is collaborating with universities in Munich and Aachen to increase the lifespan of our tools. They

are also striving to identify more sustainable and efficient ways of using various materials," he says.

Strong Board enhances opportunities

Indutrade and Inovatools first made contact around three years ago. This resulted from a discussion between Memo Ildirar and a representative from one of the company's agents, Liljegrens Maskinverktyg, in Sweden.

"I was explaining to them that we needed a new investor in order to achieve further growth. They were already part of the Indutrade Group and recommended that I get in touch.

"It quickly became clear that we had similar business cultures and views on entrepreneurship. Inovatools was a good match with their portfolio and Indutrade could offer us the support and expertise we required," says Memo Ildirar.

Three years later and having completed all the due diligence, Inovatools is now a part of the Indutrade Group.

"We're really pleased with how everything has worked out so far. Indutrade allows us the freedom to conduct our daily business as usual. And, whenever we need support, they're there for us. For example, we've particularly benefited from their financial strength and knowledge of financial management and corporate structures," he says.

"Each month, we engage with Indutrade to monitor results and plan for the future. Our Board of Directors is incredibly competent and they really enhance our opportunities to succeed."

Future plans

"Our goal is to become one of the top 5 German tool manufacturers. We can now increase capacity, having just completed construction on a new manufacturing facility with five machines. We're also planning construction on another, where we'll have ten machines. Furthermore, with

ambition to grow

Indutrade's support, we can increase our growth rate via acquisition. I spend about 25% of my time searching for suitable acquisition candidates. We also want to expand into new industries and countries", he says.

"All of these plans and investments will help us grow at a quicker pace than the market, which wouldn't be possible without Indutrade. They've given us all the support we need and we're very happy to have them as our owner," concludes Memo Ildirar.





Managing Director
Per-Olof Bergqvist
 email: per-olof.bergqvist@dasa.se

Year established: **1990**
 Acquired by Indutrade **2012**
www.dasa.se

Annual sales
 SEK m

75

**Number
 of employees**

30

Strength in being a part of

The Swedish company, Dasa Control Systems AB, offers advanced solutions for control, information management and communication systems for heavy vehicles and equipment, along with computerized bucking systems for industrial forest harvesting. The company has its own R&D department, along with own manufacturing in Växjö. In recent years, its offering has been expanded to include certain modules and components from selected partners, which are combined with Dasa's own products in effective system solutions for customers.

"Dasa started out providing a computer-based control system (a bucking computer for a forestry vehicle), which was commissioned by an entrepreneur for use in single grip harvesters. Then, in the early 1990s, the control and measuring systems for single-grip harvesters were integrated," explains Per-Olof Bergqvist, who was recruited to the position of Managing Director for the company in 2015.

Smart solutions for heavy vehicles

"Since then, the company has grown, adding new customer segments and geographic markets. Its annual sales are currently around SEK 75 million and it has 30 employees. Our customers now also include manufacturers of construction equipment, trucks and buses. Furthermore, we offer a cloud-based communication solution whereby you can remotely monitor vehicles and machinery to see where they are, what they're doing and their status/maintenance needs. Error codes are recorded and software service/updates can be done remotely. You can also gather information to ensure that service technicians who are sent out for maintenance always have the right tools with them," says Per-Olof.

Close relationships with customers

Around 35 percent of the company's sales are derived from exports and Dasa has customers all over the world, but primarily in North America, New Zealand and Finland.

"We're just a small player in the forestry machinery market, which is dominated by three multinational companies. Nevertheless, we're on the cutting edge when it comes to both expertise and innovation. We're flexible and quick. We also have very close, strong relationships with our customers. Because of that, we thoroughly understand them and can quickly adapt to each customer's specific needs. It's how we turn our small size into a major strength and competitive advantage," says Per-Olof.

"Having a strong, long-term owner like Indutrade is definitely an advantage when it comes to customer relations. There's no doubt that we're a stable company with access to both expertise and financial resources. Having such a solid, visible owner is also an advantage when recruiting new employees," says Per-Olof.

Sharing expertise

"As part of Indutrade, we benefit from being able to exchange knowledge and expertise with our fellow subsidiaries. Important networking goes on at the annual conference for Managing Directors, all of whom are eager and enthusiastic about sharing their knowledge. Other companies in the Group can also serve as role models. Maybe they've faced and conquered similar challenges that we're facing. We can benefit from their experiences and how they solved particular situations. It inspires us and helps us come up with creative solutions. It also helps us avoid making similar mistakes," says Per-Olof.

However, he thinks that the exchange of knowledge and expertise between Indutrade subsidiaries could be even better.

"I know that there are many initiatives in place to facilitate even more networking within the Group, which is great! One way is by participating on each other's Boards of Directors, which is something Indutrade has been doing for quite some time."

Indutrade

Growth via acquisition

“Sure, Dasa could have grown without Indutrade, but certainly not at the same rate, nor with the same level of profitability. Indutrade is an industrial owner and developer. As such, it can offer us the support we require. It can put demands on us, coach, and inspire. They understand our business and provide us with a clear direction, where the focus is on customers, growth and earnings. Yes, they push us. But there’s absolutely nothing wrong with that!” says Per-Olof.

“The next step in our development is to grow via acquisition. Indutrade will support us in those efforts. We, however, will take the initiative and are responsible for identifying suitable acquisition candidates.

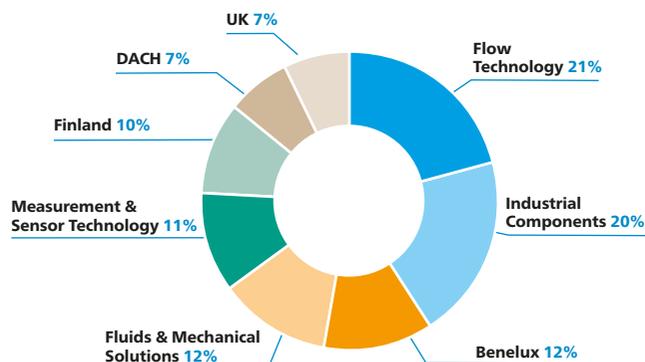
Indutrade will assist us with processes, legal issues and financing. Acquiring companies is Indutrade’s core business, so their expertise is invaluable to us.

My long-term vision is for Dasa to be known primarily as a firm of experts in creating optimal solutions. Currently, around 15 percent of our sales is derived from software. I want to increase that share. Knowledge and expertise in application development and system integration is what makes us unique”, Per-Olof concludes.

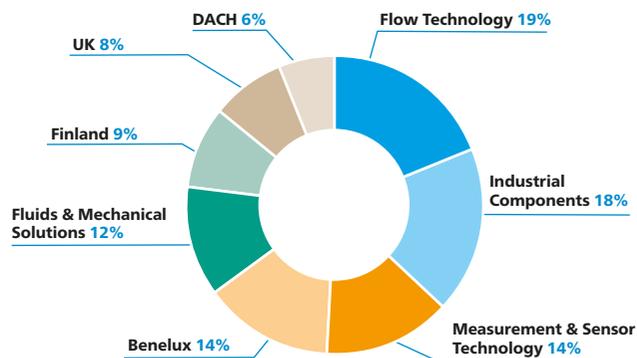


Indutrade in numbers

Net sales per business area, %



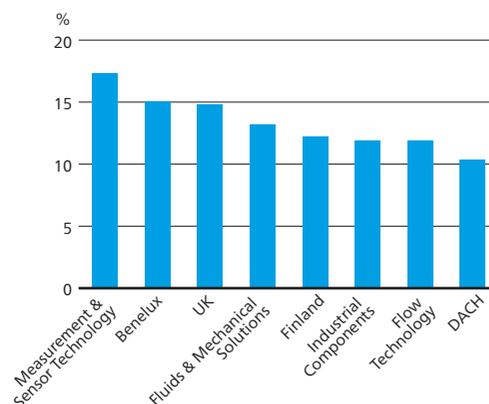
EBITA per business area, %



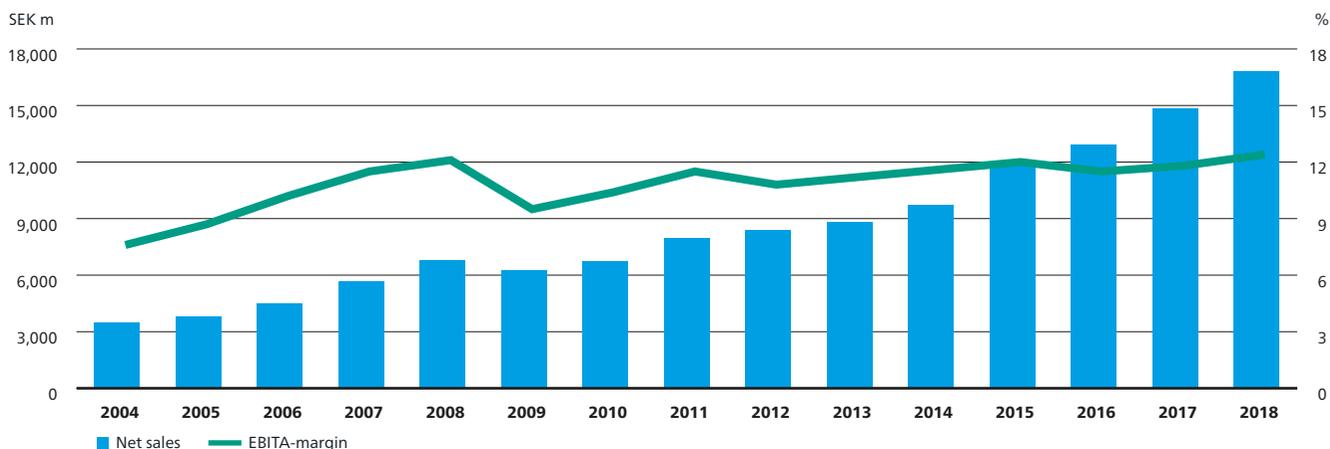
Key data

SEK millions	2018	2017	Change, %
Net sales	16,848	14,847	13
Operating profit	1,825	1,380	32
EBITA	2,087	1,613	29
EBITA excl. restructuring costs	2,087	1,745	18
EBITA margin, %	12.4	10.9	
Adjusted EBITA margin, %	12.4	11.8	
Profit before tax	1,750	1,310	34
Net profit for the year	1,368	1,030	33
Earnings per share before dilution, SEK	11.31	8.54	32
Return on operating capital, %	21	19	
Cash flow from operating activities	1,360	1,554	-12
Net debt/equity ratio, %	63	74	
Average number of employees	6,710	6,156	

EBITA-marginal per business area, %



Profitable growth



Four reasons to invest in Indutrade

1

Sustainable growth

- Average annual sales growth of 12% since stock market listing in 2005
- 1,119% total return, including reinvested dividends, during last ten-year period
- Long record of experience in successful company acquisitions
- Opportunities to broaden product offering, enhance value creation and expand geographically

2

Stable profitability and strong cash flow

- Historically stable profitability
- Average EBITA margin of 11.7% during last five years
- Average return on operating capital of 21% during last five years
- Strong operating cash flow generated over the years
- High average dividend; 42% of net profit during last five years
- Equity ratio 44% at year-end 2018

3

Attractive market position and risk profile

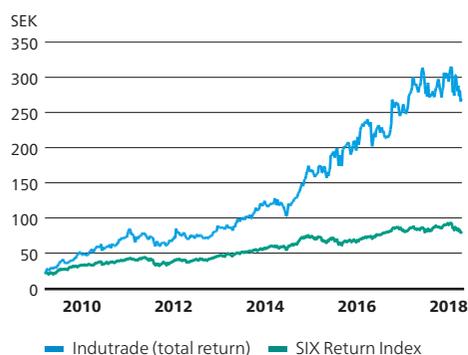
- Leading position in selected, niche segments
- Focus on high quality and technically advanced products for customers with recurring need
- Diversified and stable customer base
- Stable long-term relationships with leading suppliers
- Not dependent on any single supplier

4

Strong culture and extensive expertise

- Decentralised organisation
- Entrepreneurial spirit
- Strict income and cost control
- Sales force with extensive technical knowledge

Total return for Indutrade shares 2009–2018



Source: SIX

Earnings and dividend per share





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Indutrade 2018