



Growing together

 Industrade



Net Sales, SEK million

9,746

Earnings per share, SEK

17.60

Number of acquisitions

12

Distinguished by entrepreneurship

Indutrade has a distinct **acquisition strategy**. We acquire companies with technical niche expertise. Indutrade today comprises almost **200 companies in 27 countries** on four continents, with combined annual sales of approximately **SEK 10 billion**. Our companies are characterised by high-tech know-how and an ability to build enduring,

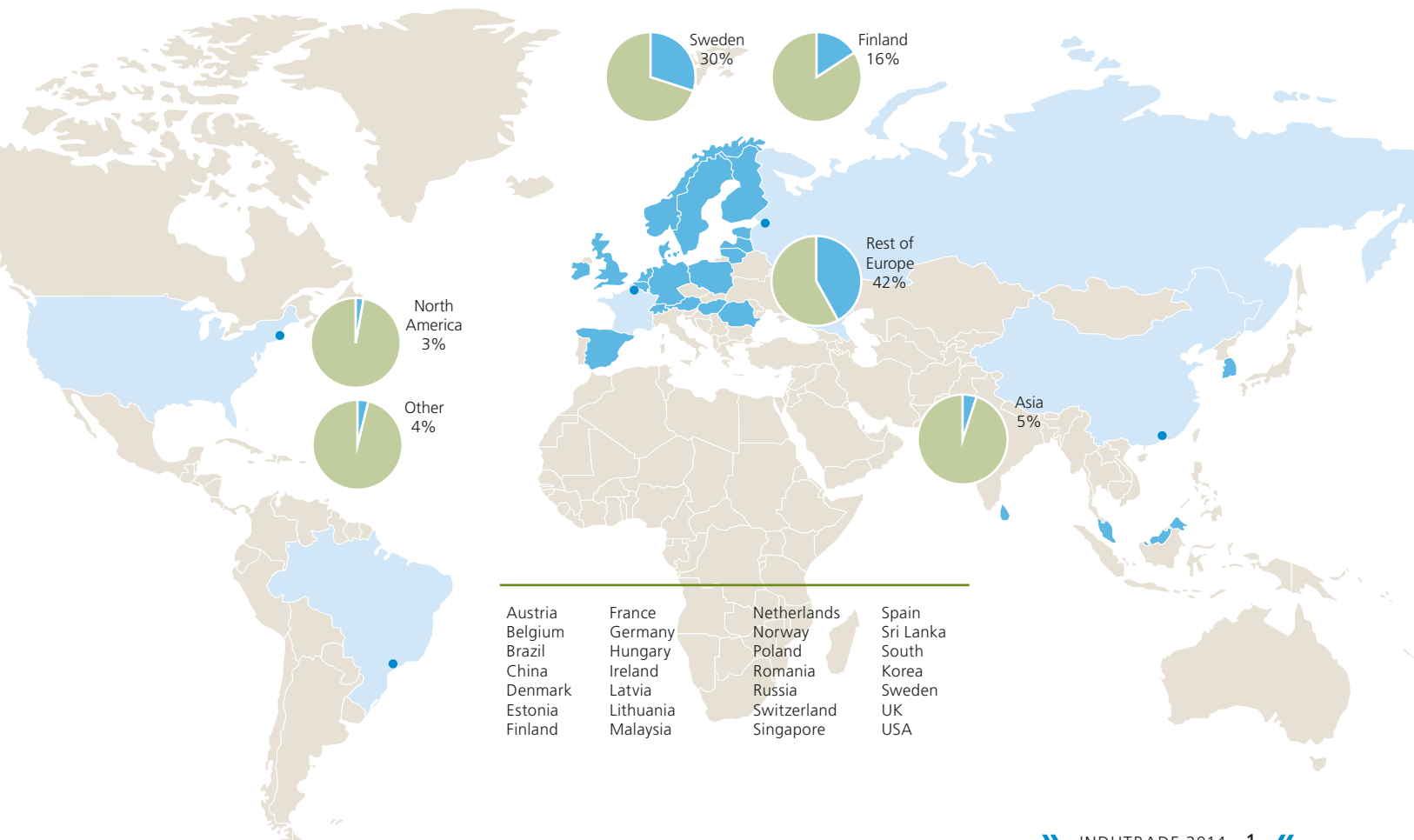
close relationships with customers and suppliers. **Our business philosophy** is based on entrepreneurship, self determination and **decentralised leadership**.

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



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.

» We offer financial stability and security, which can help you attract larger customers, at the same time that we challenge and inspire your company to be even better.



The general market trend in Europe remained weak in 2014. Many of us had expected a brightening towards the autumn, but again, this did not transpire. Thanks to Indutrade's broad market presence – both geographically and sector-wise – we can nonetheless put another good year behind us. While several of our subsidiaries have faced a tough market, others have performed incredibly well.

On the whole, organic growth was virtually zero during the year. Instead, we increased sales through twelve successful acquisitions. Above all, we have strengthened our positions in the UK, where we acquired five companies during 2014 and a sixth one in January 2015. Other acquisitions were made in Sweden, Benelux and Austria. Going forward, we continue to see good acquisition opportunities in these markets. We also have an ambition to acquire companies in Germany. The German market has many companies that could fit in our model, and with our decentralised business philosophy, we would be a good fit for them.

Great amount of freedom for your company

The companies we acquire can continue to focus on their own business, and they are given a great amount of freedom. The change in ownership does not disrupt your business, and the company does not undergo a name change or organisational change. We offer financial stability and security, which can help you attract larger customers, at the same time that we challenge and inspire your company to be even better. With our support you can also make larger, capital-intensive investments.

Our annual MD conference offers a great opportunity to forge contacts and share experiences. We also encourage other opportunities to learn from each other, such as through company visits, and meetings and conferences of smaller groupings. You also have a chance to serve on the boards of sister companies, giving you a great opportunity to contribute to others' success while inspiring your own development.

Johnny Alvarsson, President and CEO, Indutrade

Indutrade's acquisitions 2014

Acquisition	Possession	Country	Business Area	Sales, SEK million ¹⁾	No. employees
AP Tobler AG	January	Switzerland	Special Products	37	35
Svenska Geotech AB	March	Sweden	Industrial Components	40	6
Corrosion Resistant Products Ltd	May	UK	Special Products	110	58
Micro Spring and Presswork Ltd	June	UK	Special Products	40	45
Birmingham Specialities Ltd	June	UK	Special Products	60	58
ALH Systems Ltd	June	UK	Special Products	60	46
Bailey Morris Ltd	August	UK	Special Products	70	38
BL Products AB	September	Sweden	Industrial Components	20	6
Winab Vikväggar AB	October	Sweden	Fluids & Mechanical Solution	90	39
Gelins-KGK AB	October	Sweden	Industrial Components	110	22
Flowtec Industrietechnik GmbH ²⁾	December	Austria	Special Products	90	23
Verbeeck Packaging Group	December	Belgium	Special Products	50	8

1) Estimated annual sales at time of acquisition.

2) Consolidated in the Group as from 1 January 2015.

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 more than 35 years ago.

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



Acquire

Peter Rowlands, Managing Director at Precision Products Ltd in the UK dedicates the major part of his time to finding, evaluating and acquiring other companies. Since November 2013 he has brought another six companies into the Indutrade group. Indutrade UK and Ireland now comprises a total of eleven companies, of which Peter is responsible for seven.

Precision Products was acquired by Indutrade in 2008. The former owners wanted to give the company an opportunity to develop further by an injection of new investments and management and also plan for their own future retirement. The owners already knew about Indutrade and were attracted by Indutrade's decentralised business model and "hands-off", lean way of management.

Business opportunities from many sources

Peter Rowlands joined Precision Products in 2009 and since the beginning of 2013 he spends between 60 to 80% of his time searching for potential companies to acquire. "I typically have around ten projects on the go at any time", says Peter. "Opportunities come both from corporate brokers and referrals. Knowledge of Indutrade in the UK market is starting to grow, resulting in more enquiries and the newly acquired companies often know of other interesting enterprises that would fit Indutrade's profile and business model." The acquisition process typically takes eight to ten months from initial meeting until completion of the deal.

» If you want your company to live on, develop and thrive while retaining its independence, then Indutrade is the perfect owner.

Peter mainly looks for strong manufacturing companies. "Besides appropriate size and profitability, to catch my interest the company must have rare technical expertise and be a solution provider rather than just a commodity manufacturer", Peter explains. "We want to find strong companies working within diverse markets, with varied sales strategies with different products and technologies. This diversity helps reduce risks within the Group. Furthermore, having companies with a variety of experiences and competencies also allows us to share and implement good ideas and best practices throughout the group."

Good opportunities to share knowledge

Indutrade has an annual conference for all MD's – an excellent opportunity for exchanging experiences and making new contacts. Other smaller events are also arranged and initiated by separate companies. "For instance, our Dutch sister company HP Valves arranged a two-day conference on lean manufacturing during the year. Other companies in the group were invited to discuss successes and experiences to help us all learn and become better", says Peter. "I'm planning to arrange an MD conference for all UK companies."

Indutrade provides a good home for good companies, according to Peter. "If you want your company to live on, develop and thrive while retaining its independence, then Indutrade is the perfect owner. The decentralised way of managing means that Indutrade won't enforce any radical changes to your business and yet provides financial stability with long-term ownership and no exit strategy."

"This solution is appealing also from the employees' point of view", verifies Peter. "When the employees see that the owners are looking to sell it creates uncertainty. But if they understand that a change in ownership doesn't necessarily mean a change in the way of working it creates stability. The business can continue to develop long term and also attract high quality employees as well as high quality customers. In the Indutrade group everybody can be winners", Peter concludes.

» facts

Net sales,
Peter Rowlands' companies..... GBP 45 million

Number of employees.....380

Number of acquired companies 6

e-mail peter.rowlands@indutrade.co.uk

www.indutrade.com



Acquire

In 2013 Indutrade acquired the Dutch company Kin Pompentechniek B.V., a technical sales company with focus on pumps. "We are doing well and have shown steady growth for many years. Now we have an exciting but demanding plan for even further growth and development, in order to meet a tougher and more challenging market," says Rob Kouvelt, Managing Director.

Kin Pompentechniek represents a large number of pump manufacturers from all over the world. "But apart from just selling pumps, we listen carefully to our customers' needs and make adaptations and changes to the products to fit every specific customer's special needs," Rob explains. Our customers are mainly found within OEM, agriculture, swimming pools, the automotive industry, the chemical industry and shipyards."

Why was the company sold to Indutrade?

Bernard Kin founded the company in 1981, and with no family member directly involved in the business, he wanted to ensure the company's future without any major changes for the employees. Indutrade offered exactly what he was looking for: a solid and long-term owner willing to let the company continue to do business as usual.

» Learning from other companies and taking part of their experiences is very valuable and helps me see new opportunities for Kin Pompentechniek.

Why did Indutrade want to acquire Kin Pompentechniek?

Kin Pompentechniek is a well organised company with stable growth. In addition, its management is deeply involved in all aspects of the company and its development, with a commitment to continuous improvement. And as a technology-oriented niche company, Kin Pompentechniek fit Indutrade's criteria well.

How has Indutrade contributed?

"Indutrade gives us a stable and solid base for further growth and development," says Rob. "In 2014 I participated in Indutrade's yearly MD conference, which was really inspiring. "The atmosphere was very welcoming and generous. Learning from other companies and taking part of their experiences is very valuable and helps me see new opportunities for Kin Pompentechniek."

What is the future for Kin Pompentechniek?

"We have a very exciting future ahead of us," says Rob. "Over the years we have gathered a lot of experience and knowledge about pumps. So right now we are in the process of launching our own range of pump products under our own new brand, KINPUMPS. With this brand we hope to expand our business even outside the Benelux countries. We are also developing a separate service organisation where if the product cannot be repaired the service technician will instead be able to sell the customer a new product. A strong brand, good service and taking care of the aftermarket are areas where we have competitive advantages. Especially in the fast-changing world of today where we are seeing increased competition from companies from the south of Europe where local demand has fallen, and increasing direct sales via the Internet. I have been working at Kin Pompentechniek for 22 years and seen it develop from zero to what it is today. I'm really looking forward to taking the company into this new phase. After all these years, Kin Pompentechniek is still my baby."

» facts

Net Sales EUR 9 million
Number of employees..... 18
Established..... 1981
Acquired by Indutrade..... 2013
Managing Director Rob Kouvelt
e-mail rob-kouvelt@kinpompentechniek.nl

www.kinpompentechniek.nl



Develop

Labkotec Oy is a leading Finnish manufacturer and supplier of electronic measurement technology. "With Indutrade as our owner, we have been able to invest in R&D, organic growth and acquisitions to make us a market leader in Europe within selected segments," says Ari Tolonen, Managing Director.

Labkotec was founded some 50 years ago and was privately owned until 2002, when it was bought by Wavin, a manufacturer of plastic pipe and vessel systems. In 2007 Labkotec, specialising in electronic measurement systems and no longer a core business for Wavin, was sold to Indutrade.

Labkotec manufactures and sells measurement solutions for a number of different purposes such as ice detection, precision level measurement for tanks and silos, leak detection systems for liquid containers, and alarm devices for oil, grease and sand separators.

"Over the years our measuring expertise has been complemented with our own reliable data transmission technology, which we now use in all our measuring and monitoring applications," explains Ari. "We provide a service platform that can be reached from any digital device such as a cell phone, Ipad, PC, etc., where you can check your systems and levels."

Labkotec's customers are found in a variety of industries. "Our ice detection systems for critical installations in extreme weather conditions make the wind turbine industry our absolute largest customer," says Ari.

Outside of Finland, Labkotec has offices in Sweden, Germany, the UK and China, and more than 50% of the company's sales go to export.

as a market leader in Europe. We couldn't have done this without the support, both financial and business wise, from Indutrade," says Ari.

"Another vital contribution from Indutrade is a vast and comprehensive contact network," adds Ari. "You can find potential customers and have access to a lot of experience and knowledge in a variety of relevant areas. Anytime you feel the need for it, you can call a colleague in another Indutrade company and discuss your problems. The yearly MD conferences offer excellent opportunities for exchanging ideas. Although there might be an element of healthy competition between the different companies, we are all friends and there is always an atmosphere of equality and openness."

What is the future for Labkotec?

"Our main focus is R&D and concentrating on the right things to ensure continued leadership and being ahead of customer needs. We will soon be presenting additional new products, and our biggest market, wind turbine ice detection, has good prospects for substantial growth. We also hope to expand further in Sweden through organic investments. I'm convinced that we will continue to develop in a successful way. With Indutrade's support the future for Labkotec is bright," Ari concludes.

» Although there might be an element of healthy competition between the different companies, we are all friends and there is always an atmosphere of equality and openness.

How has Indutrade contributed?

According to Ari the best with Indutrade is that the owner does not interfere with your day-to-day business, but when you need support, they are there.

"Thanks to Indutrade we have been able to invest, especially in R&D. We have also been able to acquire one of our competitors in Germany, thereby strengthened our position

» facts

Net SalesEUR 11.7 million
Number of employees.....50
Established.....1964
Acquired by Indutrade.....2007
Managing Director.....Ari Tolonen
e-mail.....ari.tolonen@labkotec.fi

www.labkotec.fi



Indutrade in numbers

EBITA margin, %

11.6

Number of acquisitions

12

Proposed dividend, SEK

7.75

Sales growth, %

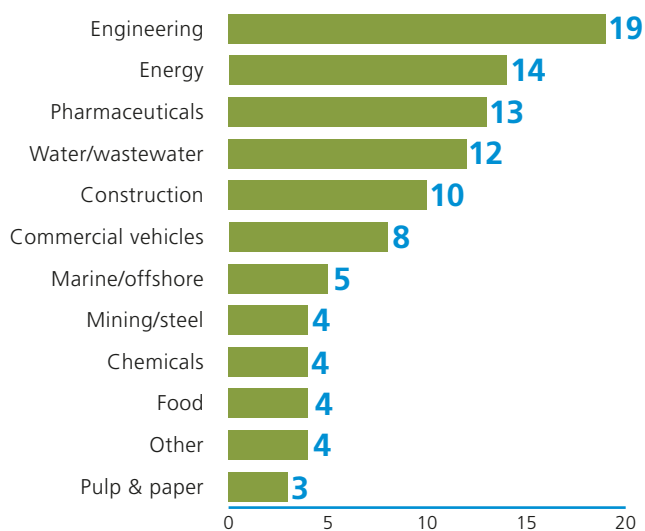
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Indutrade is an industrial group comprising nearly 200 companies in 27 countries on four continents. The business has two main focuses – companies active in industrial technology sales, and companies that manufacture their own products.

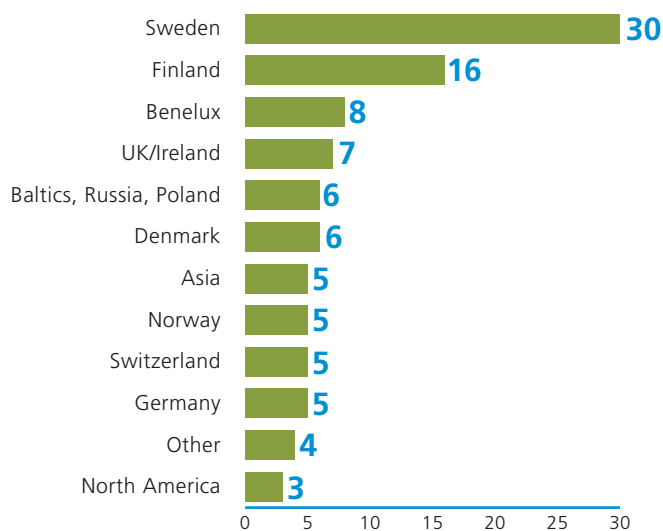
The organisation is characterised by entrepreneurship and technical niche expertise combined with a well balanced spread of risk with respect to customers, products, suppliers, industries and geographical markets.

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

Net sales per customer segment, %



Net sales per market, %



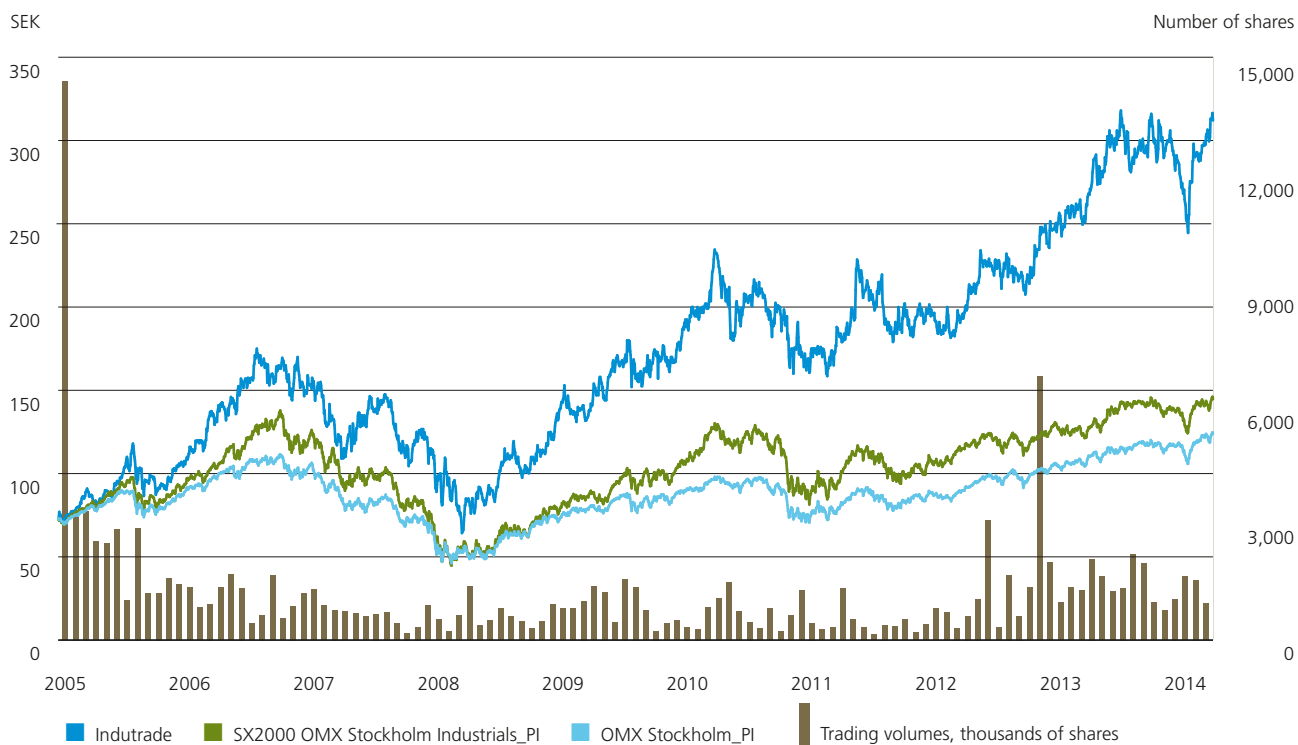
Net sales and earnings



Key data

	2014	2013
Net sales, SEK million	9,746	8,831
EBITA, SEK million	1,134	990
EBITA margin, %	11.6	11.2
Net profit for the year, SEK million	703	587
Earnings per share, SEK	17.60	14.68
Return on operating capital, %	21	20
Average number of employees	4,418	4,151

Indutrade's share





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