

Room for good ideas





Net sales, SEK million

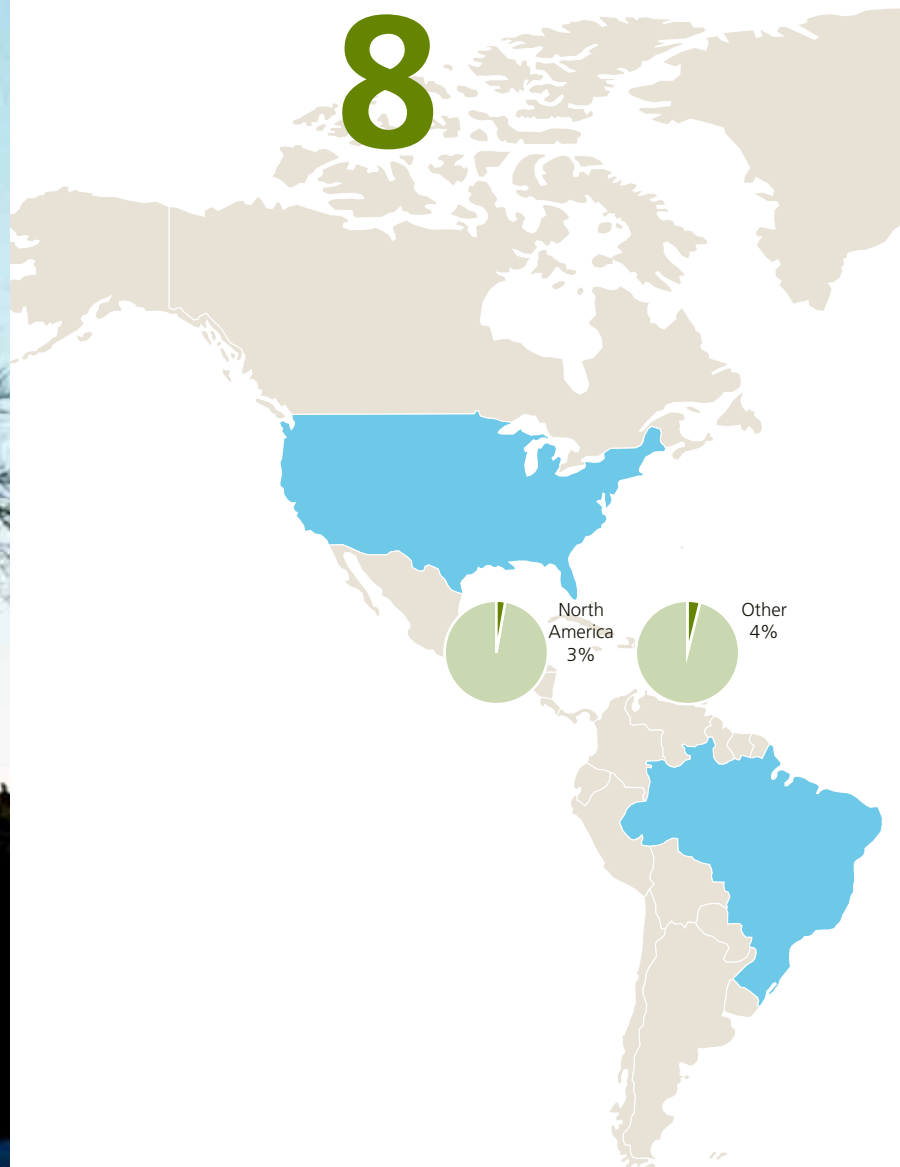
8,831

Earnings per share, SEK

14.68

Number of acquisitions

8



Focus on enterprise

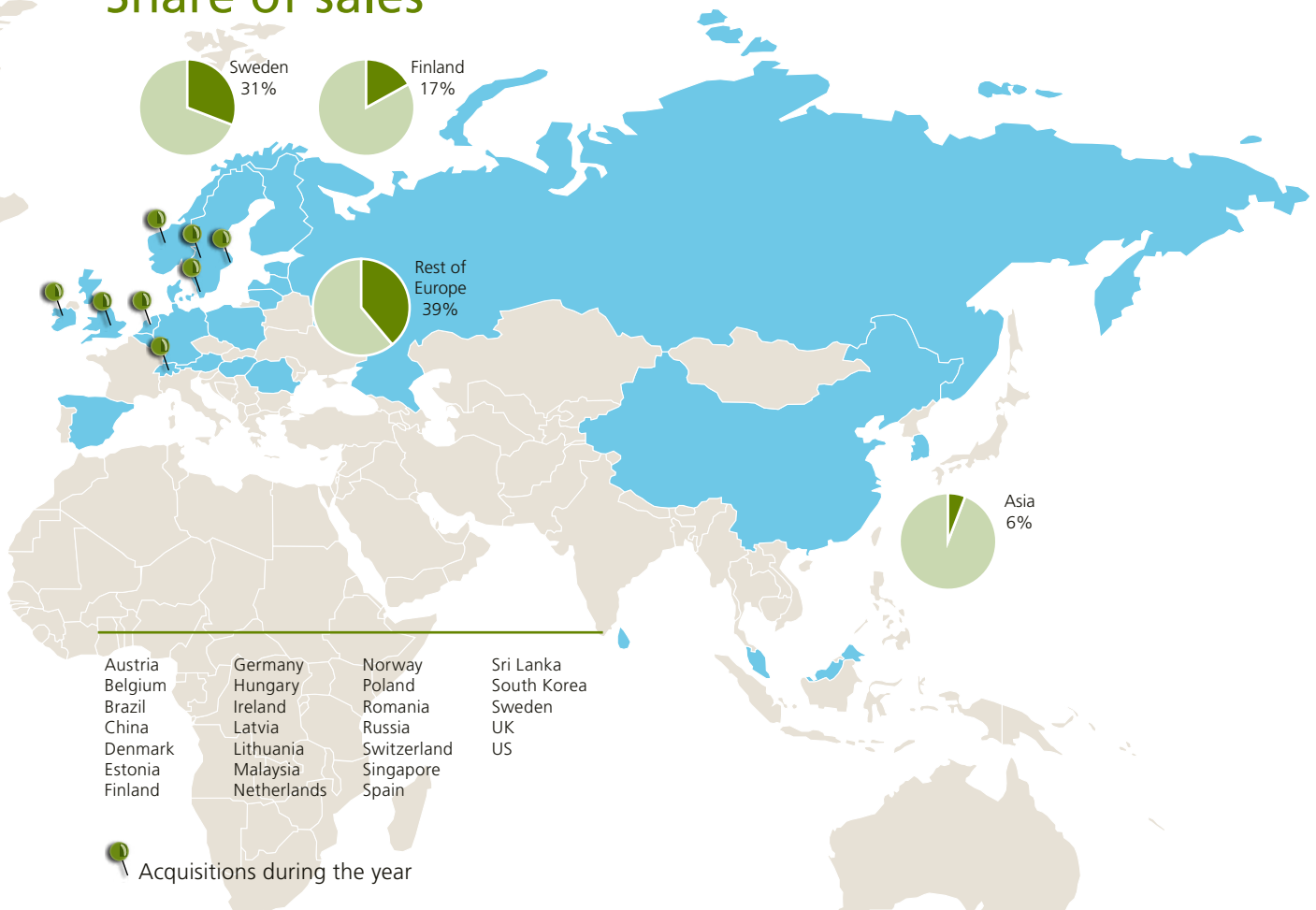
During the last 35 years we have grown by an average of **17%** per year, and our sales now amount to nearly **SEK 9 billion**. Indutrade today comprises more than **180 companies in 26 countries** on four continents. Our companies are characterised by high-tech know-how and an ability to build enduring, close relationships with customers and suppliers.

Our business philosophy is based on entrepreneurship, self determination and **customer-adapted leadership**.

We continue to pursue our acquisition strategy of buying companies that are **successful and well-managed**, with a clearly defined market and distinct offering.

Our business concept is to market and sell components, systems and services with **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 offering. They are run by entrepreneurs with a passion for their business concept and who want to further develop the business. We acquire companies in which the owner wants to continue leading and developing the business, without being the owner. The rationale for selling can vary. Perhaps your company is facing an expansion or investment phase. Or maybe you want to see your life's work live on. By selling your company to Indutrade, you will secure its future.

Indutrade's acquisitions 2013

Possession	Acquisition	Country	Business Area	Sales, SEK million ¹⁾	No. employees
January	Thermotech AS	Norway	Industrial Components	70	54
April	ESI Technologies Ltd	Ireland	Special Products	160	47
July	AMAB	Sweden	Industrial Components	35	13
September	Micro Joining (operations)	Sweden	Industrial Components	15	2
October	Medexa Diagnostisk Service AB	Sweden	Industrial Components	25	9
November	Kin Pompentechniek B.V.	Netherlands	Special Products	76	19
November	Verplas Ltd	UK	Special Products	80	85
January 2014	AP Tobler AG	Switzerland	Special Products	37	35

1) Estimated annual sales at time of acquisition.

Develop



Being part of the Indutrade Group means that a company can retain its original identity at the same time that it gains access to everyone's combined experience and knowledge. The companies in the Group stimulate each other and benefit from information-sharing. Various types of network interfaces and internal benchmarking help the companies adopt best practice that can be spread throughout the Group. All companies in the Indutrade Group have clearly decentralised responsibility. Indutrade supports them through industrial know-how, financing, business development and management by objective.



» Indutrade works according to a genuinely decentralised business philosophy, which is the key to our success. The companies we acquire continue to run their business with a high level of freedom, with their existing name and existing business methods

Despite weak development in most of the world's markets, 2013 was yet another good year for Indutrade, with favourable growth in both sales and earnings. The pace of acquisitions was slightly lower than a year earlier, and the number of new acquisitions in 2013 topped off at eight. The reason is simple – fewer companies for sale that meet our criteria.

In niche technology areas, we buy companies that are profitable, have adept management and a good history. In recent years, a growing number of acquisitions have been made outside the Nordic countries, and this is a trend that I believe will continue. Particularly in Switzerland, the UK, Ireland and the Benelux countries, there are many companies that I believe fit well with our business model – a model that gives them the opportunity to expand geographically as well as within their respective sector.

Indutrade works according to a genuinely decentralised business philosophy, which is the key to our success. The companies we acquire continue to run their business with a high level of freedom, with their existing name and existing business methods. With Indutrade's support, the companies can expand faster, increase their profitability, and capitalise on opportunities in the market. We offer industrial know-how and financial stability, and serve as a partner that stimulates and challenges. Annual CEO meetings and participation in the board work of sister companies give you an opportunity to meet and exchange ideas and experience with each other.

With Indutrade as owner, your company gains a long-term, stable owner that secures your company's future. With our support, both you and your company can achieve your full potential.

Johnny Alvarsson, President and CEO, Indutrade

Business as usual

Our acquisition model is simple. We buy profitable, well managed companies which after the acquisition are given a free hand to continue doing business as previously and keep their name, culture and management. Quite simply because the best decisions are made by the people who best know the customers' needs and processes – today and in the future. Our management model is highly decentralised, which puts demands on acquired companies to have a well working operation and management. We have proven that this model works since our start 35 years ago.

Independence remains

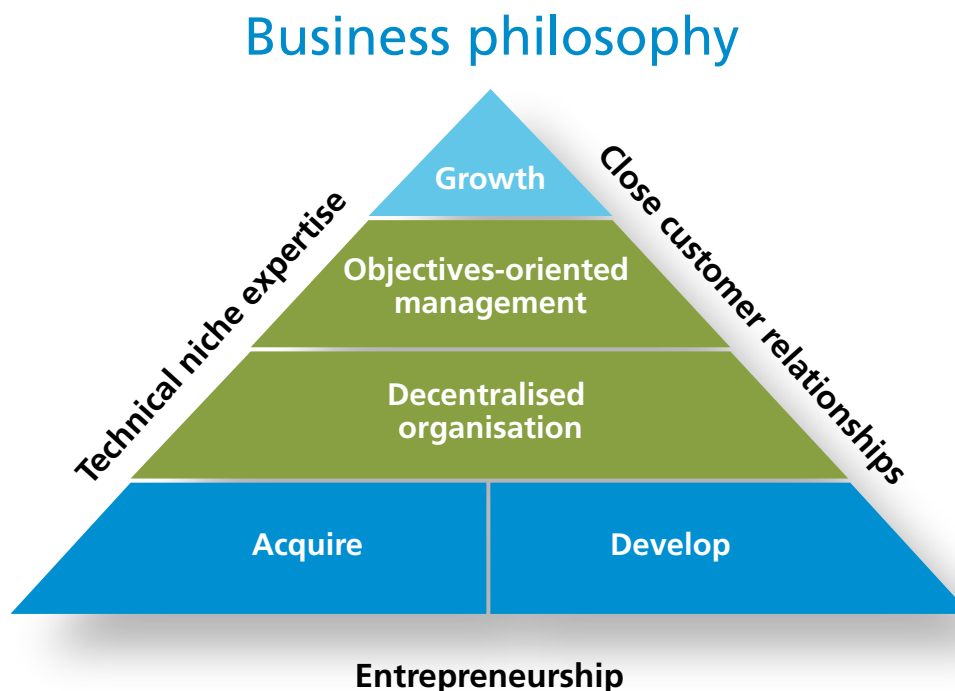
The high level of freedom afforded to the subsidiaries leads to customer adaptation and flexibility, and creates good conditions for retaining entrepreneurship in the organisation. Moreover, the subsidiary presidents' self-determination is a key factor for retaining key people in acquired companies.

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 that every subsidiary forms its own strategy.

Management by objective and competence development

Indutrade supports its subsidiaries with industrial know-how, financing, business development and management by objective. At internal network meetings, company representatives are given an opportunity for comparisons and an informal exchange of ideas and experience among the various companies. Every quarter we conduct an internal benchmarking in the form of a ranking list to spotlight the goals of the companies 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.





Companies with proprietary brands

Companies with trading brands

38%
of Indutrade's sales

62%
of Indutrade's sales

Acquire

At the turn of the year 2010/2011 Christian Salz sold his Swiss family business, ABIMA Holding AG, to Indutrade. "At the age of only 55, my intention was not to sell the company. But I really liked Indutrade's business model, and today I am very happy to have sold the business to Indutrade," says Christian Salz, who now divides his time between his old company and finding new companies for Indutrade to acquire.

Christian Salz's company resembled Indutrade in structure and philosophy, although it was far smaller: in 2010 his group consisted of six Swiss-based companies with total sales of about EUR 48 million. Just like Indutrade, he practiced a completely decentralised management model where the companies each had their own culture and managed themselves. The only centralised functions were finance and IT.

A sale that offered solutions

"When I met Indutrade I wasn't actually planning to sell, but I realised that with Indutrade I could expand much faster," Christian explains. "I was also able to solve the succession issue. I once took over the company from my father, but I wasn't sure my own children wanted to take over in the future. Through the sale, they are relieved of that pressure and can freely find their own paths in life."

Thanks to Indutrade's decentralised business model, Christian Salz can run his company just like before. But now he also scouts for new, potential acquisition candidates on behalf of Indutrade. "I spend approximately 60% of my time searching for other companies to acquire," he says.

Christian looks for companies similar to the ones already in the Indutrade Group, particularly in medtech and flow control. They should be well managed, profitable and have sales of EUR 5-50 million. Each year, he scrutinises some 30 to 50 companies. "But you have to kiss many frogs during the process," he says. So far his search has resulted in four acquisitions.

Benefits of selling to Indutrade

"The incentives of selling to Indutrade are several," Christian assures. "It gives you an opportunity to expand at the same time that you can keep your own company culture and way of doing business. As a trading company you can find new products from your sister companies in the Group that you can bring into your own market, and as a

manufacturing company you gain access to new markets. A sale will also solve any succession problems, and you get a stable, listed owner that takes long-term responsibility for the company's future."

Owning and leading a company can be lonely at times. "While being able to run the company independently, as part of the Indutrade Group you've always got a helping hand," Salz explains. "With more than 180 companies in the Group, there's no doubt you'll find others who have faced the same problems as you. You just have to pick up the phone or raise your question at the yearly meeting for all company presidents. Everyone is eager to help and share their experience."

» As a trading company you can find new products from your sister companies in the Group that you can bring into your own market, and as a manufacturing company you gain access to new markets.

New markets

Although the acquisitions Christian has initiated to date are in Switzerland, he also has an eye out for companies in other markets.

"Germany and Austria have a lot of interesting companies that could fit well into Indutrade's model," he explains. "The same goes for northern Italy, where I have looked closely at a handful of companies. No deals have been made yet, but I am sure they will come."

» facts

[Total sales, Indutrade Switzerland](#)

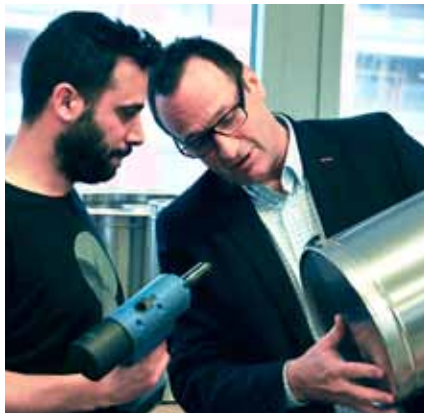
EUR 75 million 2013

[Number of employees](#) 270

[Number of acquired companies](#) 4

[Total sales of acquired companies at time of acquisition](#) EUR 16 million

[Contact](mailto:christian.salz@indutrade.ch) christian.salz@indutrade.ch



Acquire

ESI Technologies is the leading supplier of process equipment to the chemical, pharmaceutical and biotechnology industries in Ireland. "We have built an enviable portfolio to satisfy our end-user requirements," says Morgan O'Brien, Managing Director.

ESI is structured in eight divisions, so that each product type is supported by product specialists who can focus on and understand the customers' requirements. In addition, the company has a customer service & support department to further ensure customer satisfaction.

"With such expertise, we pride ourselves as being more than equipment suppliers, but solution providers," says Morgan.

Via its subsidiary ESI Process UK, the company has recently begun to replicate its successful business model in the UK, which is a far larger market. An indication of early success is the fact that ESI has already signed Preferred Vendor agreements

Why was the company sold to Indutrade?

"The execution of our strategic plans for expansion in the UK and wider afield required not only financing, but skill sets which ESI did not have," Morgan explains. "Were we to implement the plans on our own, it would have taken far too long. When Indutrade explained its business company philosophy, it fitted exactly with ESI's requirements".

» An indication of early success is the fact that ESI has already signed Preferred Vendor agreements with some of the largest chemical and pharmaceutical companies in the UK.

Why did Indutrade want to acquire ESI?

ESI met all of Indutrade's criteria as an attractive acquisition candidate. The company was well managed, profitable, and its management wanted to stay on and contribute either to the growth of their own company or that of the wider Indutrade Group. With ESI Indutrade also strengthened its platform for further growth in the UK and Ireland.

How has Indutrade contributed?

People in the industry – manufactures and distributors alike – are well aware of Indutrade and its business model. There are few manufacturers in the process industry in Europe who are not already represented by an Indutrade company.

"Hence, when ESI presents expansion plans or acquisitions, the door is normally open and the process can be accelerated. Potential customers or acquisition candidates know we are serious when we present a proposal," says Morgan. "The financial muscle provided by Indutrade also facilitates our growth. We have exciting expansion plans in several areas, including the UK and Ireland, as well as in the biotech and life sciences industries."

What is in the future for ESI?

In the near term ESI's focus on growth will be in the UK, where the sales potential is several times larger than in Ireland. The UK market is presently served either directly by manufacturers or by smaller distributors with limited offerings both in terms of products and geographical coverage. So the prospects for ESI are good.

In the long term, ESI is looking for other companies whose owners and management have a vision, motivation and skill sets to grow their companies. The challenge is in finding them and presenting them with the Indutrade model. "A model that will allow them to fulfil the potential not only for their companies, but themselves as well," says Morgan O'Brien.

» facts

[Sales EUR 21 million in 2013](#)

[Number of employees 50](#)

[Founded in the 1920s](#)

[Acquired by Indutrade in 2013](#)

[Managing Director Morgan O'Brien](#)

[Motto More than equipment suppliers...
solution providers](#)

www.esi.ie



Develop

G.A. Lindberg ChemTech AB is a leading supplier of chemicals in Sweden. "We work closely with our customers and have a reputation for being down to earth and reliable at the same time that we are flexible and problem-solvers," says Stefan Pettersson, Managing Director.

G.A. Lindberg sells lubricants and adhesives to practically all sectors of Swedish industry. The largest customer segments are the electronics, energy and automotive industries.

"A large share of our products are sold via dealers," Stefan explains. "It is a good way for us to handle logistics; through the dealers we can be close to the customers regardless of where in the country they do business. We usually say that our products should never be more than ten to twenty minutes from a customer. Despite this, we do not forget the importance of having our own close relationships with the end customers."

Why was the company sold to Indutrade?

G.A. Lindberg was acquired back in 1984, by Nils Dacke AB, which subsequently became Indutrade. The reason is that there was no one in the former owner's family who could or wanted to take over the business. Selling the company became a way of ensuring its future.

» **At times we see ourselves as the odd man out in the Group, with a slightly different way of doing business. But this has never entailed any problems; I feel that we have quite a bit of leeway in Indutrade.**

What has Indutrade added?

"Indutrade has given us the tools to use what we already have in a way that has enabled us to grow and be better," says Stefan. "We have obtained help with our financial structure and in structuring things in a more orderly way. Above all, they have gotten us to think long-term and strategically, all the while that we have been spurred to perform and do a good job. Many of our customers buy products and services also from other Indutrade companies, which is good. Indutrade has a good reputation in the market, and we are proud to be part of the Group."

How has G.A. Lindberg developed since Indutrade's acquisition?

"We have grown considerably. Since 1990 our sales have quadrupled at the same time that we have maintained our profitability – something that we are very proud of," comments Stefan. "At times we see ourselves as the odd man out in the Group, with a slightly different way of doing business. But this has never entailed any problems; I feel that we have quite a bit of leeway in Indutrade. We have a large measure of freedom, but of course with responsibility. The Group also has a strong sense of community, with a generous and fruitful exchange of experience and ideas among the companies."

What does G.A. Lindberg's future look like?

"We will continue to grow organically – at the moment we are focusing on growing our sales in new segments in the automotive industry," Stefan explains. "In the longer term, we may also consider making further own acquisitions, but we will definitely stick to what we are already good at. We have found our segment, where we do well, and all growth will take place with this as a base."

Beneficial for entrepreneurs

Stefan Pettersson has no doubt that Indutrade's decentralised management philosophy benefits the entrepreneurial spirit, explaining that he has worked for G.A. Lindberg for 25 years and that he still loves it.

"I have heard many owners say that they will only stay on a few years after they have sold to Indutrade, but most continue working considerably longer than they had originally thought. And as we all know, time goes fast when you're having fun!"

» facts

[Sales](#) SEK 168 million in 2013

[Number of employees](#) 30

[Founded](#) 1944

[Acquired by Indutrade](#) 1984

[Managing Director](#) Stefan Pettersson

www.galindberg.se



Indutrade in numbers

EBITA margin, %

11.2

Number of acquisitions

8

Proposed dividend, SEK

7.05

Sales growth, %

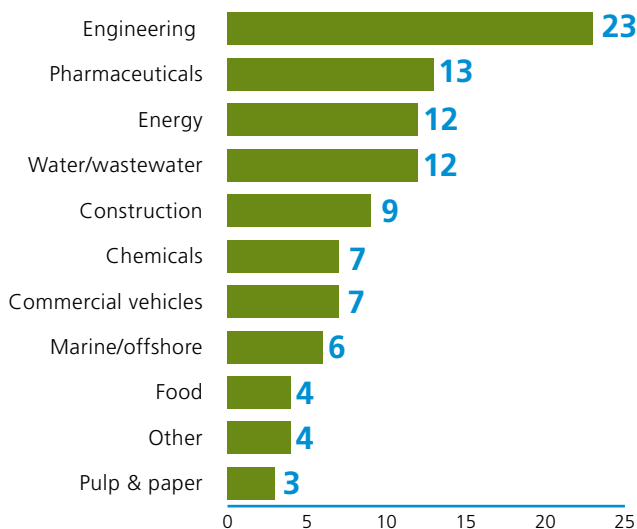
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Indutrade is a group of more than 180 companies in 26 countries on four continents. The business has two main focuses – companies active in industrial technology sales, and companies that manufacture their own products.

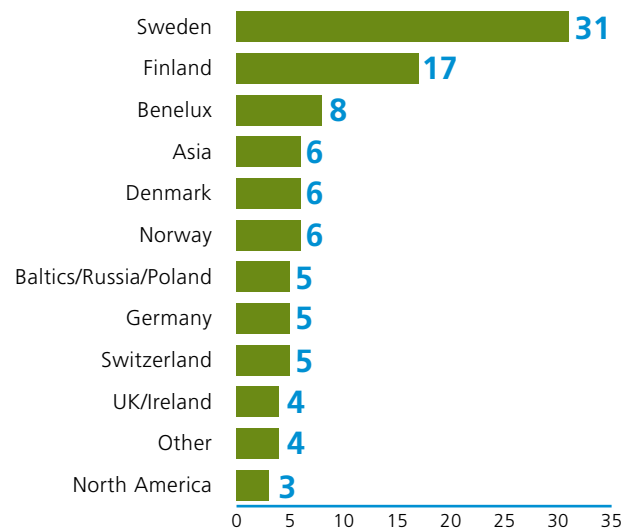
The organisation is characterised by entrepreneurship and technical niche expertise combined with a well balanced spread of risk with respect to customers, products, suppliers, industries and geographic markets.

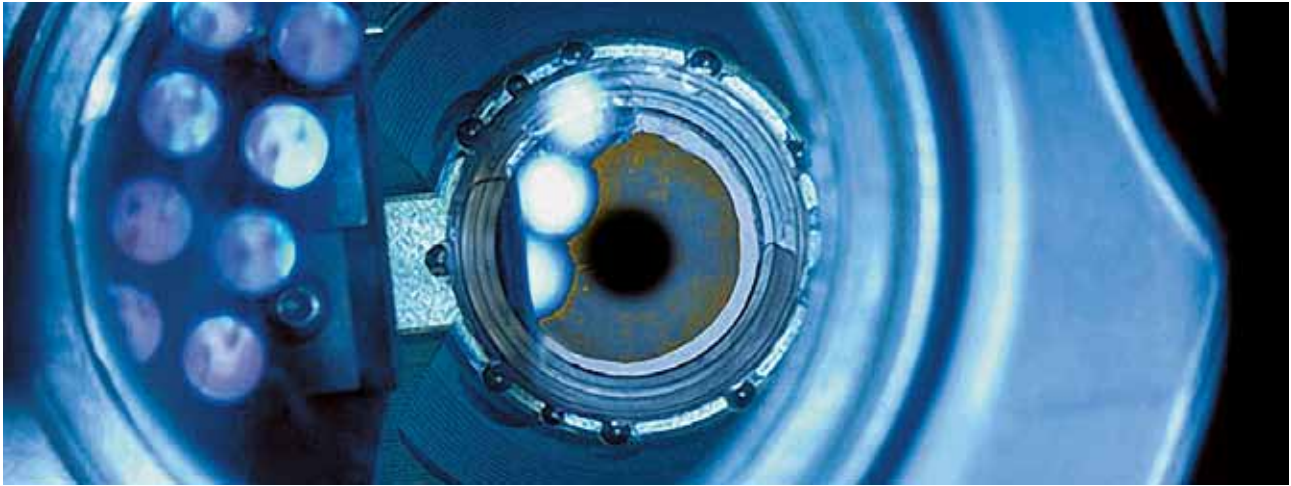
The broad spread of risk reduces the Group's sensitivity to economic fluctuations.

Net sales per customer segment, %

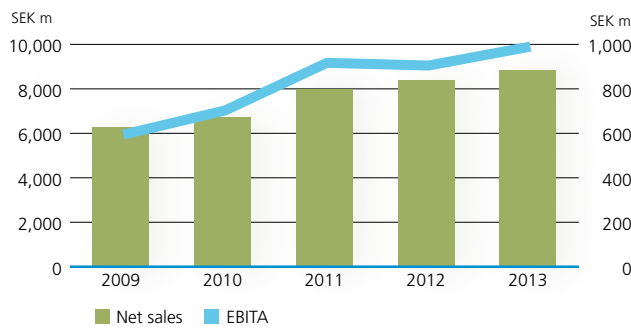


Net sales per market, %





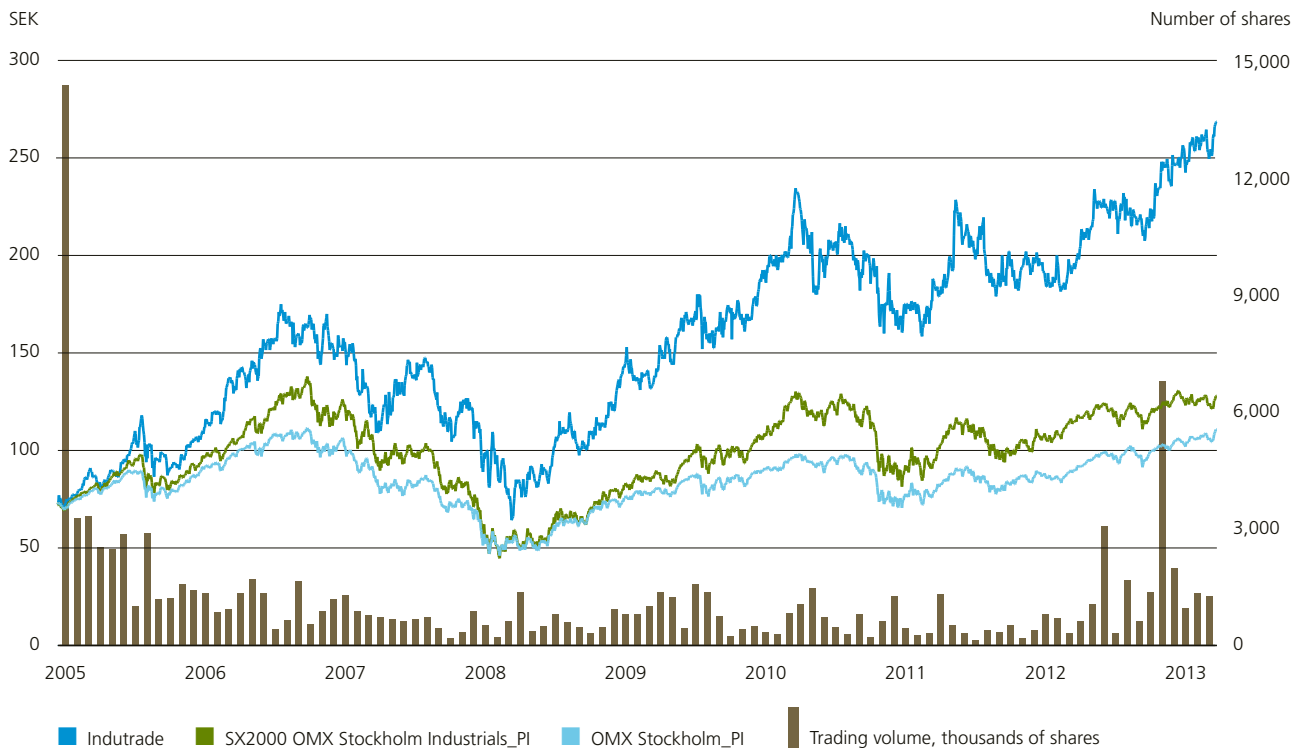
Net sales and earnings



Key data

	2013	2012
Net sales, SEK million	8,831	8,384
EBITA, SEK million	990	905
EBITA margin, %	11.2	10.8
Net profit for the year, SEK million	587	569
Earnings per share, SEK	14.68	14.23
Return on operating capital, %	20	22
Average number of employees	4,151	3,939

Indutrade's share





Indutrade AB, Raseborgsgatan 9, Box 6044, SE-164 06 Kista
Phone: +46 8 703 03 00
www.indutrade.se
info@indutrade.se