



When others  
don't think  
we can come  
any further,  
we take  
another step

Since the start 35 years ago, we have gone from being one company with sales of SEK 34 million, to a group of 180 companies today with sales of more than SEK 8 billion. In 2012 we made 12 acquisitions. But we won't stop there. We are ready to take the next step - just like we have always done.



A man in a dark suit is walking on a rocky path that leads down to a blue body of water. The background is a clear blue sky. The man is seen from the side, walking away from the camera.

# MANAGEMENT OUR WAY:

- Small is smart
- Decentralise
- Entrepreneurship
- Multi-brand strategy
- Acquire and develop
- Long-term thinking
- Continuity

# 180

.....  
standalone companies 2012/2013  
.....

# Acquire

# Strengthen

# Refine

## NET SALES

Net sales in 2012 rose 5% to SEK 8,384 million. During the period 2008-2012 the average annual growth was 8%.

## TWO NEW COUNTRIES

In 2012, two new countries were added to Indutrade's map through the acquisition of Nolek AB in Sweden. Indutrade is thereby established in 25 countries in four parts of the world.

## EARNINGS PER SHARE

Earnings per share for 2012 amounted to SEK 14.13. This represents an increase of 5% compared with 2011. Since Indutrade's stock market introduction in 2005, the annual total return has averaged 26%.

# 8,384

SEK million in net sales in 2012

# 25

Indutrade today has a presence in 25 countries

# 14,13

SEK in earnings per share in 2012

**CAREFULLY CONSIDERED ACQUISITIONS** Selling a company to Indutrade is to secure the future. We acquire companies that are successful and well-run, with a well defined market and clear offering. We acquire companies in which the owner wants to continue to run and grow the business, but without being the owner. The rationale for selling is often that the owners want to see their life's work live on when the time eventually comes to begin slowing down and perhaps retire.



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**STRENGTHENED POSITION** Our companies should do what they are best at: creating business and meeting customers' expectations. We give them the opportunity to perform better at the same time that we support them with advice. By being part of a large network, all our companies can strive for best practice, and with a clear system for benchmarking, it becomes clear what works and what doesn't. Full speed ahead, but with eyes on the horizon, you could summarise it.



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**OPPORTUNITY TO REFINE** There comes a time when a company may need to make a major investment in order to grow. It can involve developing a new product, gaining a foothold in a new market or making an acquisition of its own. In such cases the company's president can rest assured that Indutrade has both the experience and financial muscle needed for the investment to be successful. Sometimes a company may need to move in the opposite direction. As markets contract or products become outdated, a company may need to restructure, and in such cases as well, it is good to be backed by experience.



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## STABLE COURSE AHEAD – DESPITE TURBULENT TIMES

2012 was characterised by turbulence, uncertainty and the economic downturn. Despite this, Indutrade delivered stable earnings and growth of 5%.

A key reason is Indutrade's great breadth, with 180 companies in a range of different sectors and industries. A negative trend in one industry can be balanced by success in another – even in a slowing economy.

Our pace of acquisitions, with 10-12 companies every year, continues unabated despite the recession and nervous times. Our acquisition model is very simple. We don't buy companies; we sell a business philosophy. Indutrade's successes are built on an ability to find the right kind of entrepreneurs who are passionate about their business and who want to drive their companies forward.

Acquiring a company takes more into consideration than just the owner's needs. It's equally important that management and employees work together and see the advantages of being part of Indutrade. Anyone who still has doubts

about what happens when they sell their company only has to pick up the phone and talk with any of the other 180 entrepreneurs and hear what they have to say.

The future is uncertain, and we'll have to learn to live with that. What we do know is that we will continue to grow and find new, exciting candidates that fit in well with Indutrade and that will play an active part in our continued success.

The business philosophy that permeates Indutrade has been tried and tested over time. It gives us a certain measure of security, but at the same time we know that it requires that we continuously adapt and take the right actions where needed. At the same time, there are people who may question our ability to continue growing in the way that we have done during the past decade.

While they are wondering if and how this is possible, we will be busy taking our next step.

Johnny Alvarsson, President and CEO, Indutrade



# Acquire

# 90

.....  
companies acquired  
.....  
in ten years  
.....

” I’m happy it came down to Indutrade in the end. They have the same approach to business as we do. At the same time, we can continue to develop on our own and will now have access to both expertise and financial backing the day we want to grow further.

Karl-Johan Öhman, President Rubin Medical



Karl-Johan Öhman shows one of their largest products, the Animas Vibe insulin pump.

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**RUBIN MEDICAL**  
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**AT A GLANCE**  
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Rubin Medical markets and sells medical technology products with a focus on diabetes therapy in Sweden, Denmark and Norway.

The company was established in 2003 and joined the Indutrade family in spring 2012.

With head offices in Limhamn, in southern Sweden, Rubin Medical has 18 employees and annual sales of SEK 100 million, with a healthy profit margin. The goal is to achieve 15% growth every year.

The largest product today is the Animas Vibe insulin pump, which is made by Johnson & Johnson.

In 2012 Indutrade carried out 12 acquisitions with combined sales of approximately SEK 800 million. The acquired companies are in Sweden, Switzerland, Finland and Norway.

#### INDUTRADE'S ACQUISITIONS 2012

Company	Business	Web	Net sales SEK m <sup>1</sup>
Rostfria VA-system i Storfors AB	Pump stations and pipe systems	<a href="http://www.rostfria.com">www.rostfria.com</a>	15
Dasa Control Systems AB	Control and communication systems for heavy vehicles	<a href="http://www.dasa.se">www.dasa.se</a>	50
Geotrim OY	Systems and software for geospatial solutions	<a href="http://www.geotrim.fi">www.geotrim.fi</a>	100
Eco Analytics AG	Detectors for gas and water analysis	<a href="http://www.ecoanalytics.ch">www.ecoanalytics.ch</a>	22
Rubin Medical AB	Products for diabetes therapy	<a href="http://www.rubinmedical.se">www.rubinmedical.se</a>	100
Conroy Medical AB	Products for blood handling	<a href="http://www.conroy.se">www.conroy.se</a>	30
Topflight AB	Label solutions for industrial use	<a href="http://www.topflight.se">www.topflight.se</a>	60
Hydnet AB	Hydraulic components and shock absorbers	<a href="http://www.hydnet.se">www.hydnet.se</a>	80
Euroflon AB	Tubes, compensators and quick-connect fittings	<a href="http://www.euroflon.se">www.euroflon.se</a>	40
Krämer AG	Tablet and deburring dedusters	<a href="http://www.kraemerag.com">www.kraemerag.com</a>	70
Nolek AB	Leak testing, leak detection, proof testing	<a href="http://www.nolek.se">www.nolek.se</a>	160
Thermotech AS	Heat treatment, machine service, bolt tension	<a href="http://www.thermotech-as.no">www.thermotech-as.no</a>	70

1) Estimated annual sales at the time of acquisition

● Swedish med-tech company Rubin Medical has succeeded in gaining a solid foothold in the Swedish market for insulin pumps, commanding a market share of approximately 40%.

“The secret is something as simple as customer focus and service,” says Karl-Johan Öhman, President of the company since 2009. “To some, these might sound like worn-out clichés, but there is no better explanation for our success at holding our own against the international giants. It’s not only a matter of providing security and quality of life for patients, but also of conveying that in a credible manner through doctors and nurses at clinics around the country.”

The company’s dedication to customer focus is shown in many ways: fast service if a pump begins to malfunction, 24-hour telephone support, regular meetings and training with clinics are just a few factors that have contributed to the high regard for the company held by customers.

“We often joke internally that we provide extreme service,” Karl-Johan continues. “The economist among us might ask if this can be profitable. The answer is an unequivocal Yes! Our products have the same basic functions as

our competitors’ – but it is our service that sets us apart.”

In Sweden there are some 50,000 people who suffer from type 1 diabetes, who are dependent on insulin that they must inject using an insulin pen or insulin pump. A larger group – more than a half million people in Sweden – have type 2 diabetes. Rubin Medical plans to launch products in this area relatively soon as well.

“A key challenge is both retaining and developing employees,” says Karl-Johan. “We have clear goals, but also great flexibility to be able to quickly change and ‘retool’ when the market moves in a different direction. For me as a leader it is therefore important that the employees continue to be creative and engaged. We have obtained many brilliant ideas this way.”

Rubin Medical is one of the new acquisitions made by Indutrade during the past year, and Karl-Johan Öhman is pleased: “I’m happy it came down to Indutrade in the end. They have the same approach to business as we do. At the same time, we can continue to develop on our own and will now have access to both expertise and financial backing the day we want to grow further.”

# Strengthen

# 70

SEK million in net sales –  
a typical Indutrade company

“ With Indutrade we have a strong, long-term and serious owner who is trusted by customers and suppliers alike.

Thony Lundell, President Ventim



Thony Lundell with a butterfly valve from Ebro, one of the leading valve manufacturers.

## VENTIM AT A GLANCE

Ventim Ventil & Instrument, established in 1981, offers a wide range of flow control products (valves, couplings and instruments from well known manufacturers), extensive technical knowledge and a service organisation that provides qualified customer solutions.

Ventim focuses on five customer segments: industry, the energy sector, water/wastewater, heating & plumbing, and OEM. The company's head offices are in Kalmar, with sales offices in Stockholm, Gävle, Sundsvall, Kristianstad and Gothenburg.

Ventim, with 39 employees, had sales of SEK 135 million in 2012, with a good profit margin. Indutrade has been the owner since 1996.



Indutrade's strategy after an acquisition is to let management continue to run the company in the same way as before. We work with a lean staff and have a simple system for reporting. In return, our companies gain access to a broad base of experience and a tool for benchmarking.

● “As a business leader I want to be inspiring and engaging, and I always try to live up to the role as an involved boss. The employees should not only know which direction we are moving in – they must also be informed about what is happening along the way. As a company president you can therefore never provide too much information. In return, you will have highly motivated employees whose dedication radiates in meetings with customers. And as it turns out, customer focus is one of our greatest competitive advantages,” says Thony Lundell, President of Ventim for the past eight years.

Thony is a former elite hockey player and has also coached a women's elite team in floor hockey.

“As a coach I learned above all how to bring together a group of diverse individuals and get them to work towards a common goal. It is the most important lesson that I draw from in my role as President,” he says.

He has a simple philosophy: If you exude energy as a leader, you will receive energy in return. Thony's commitment, combined with a number of strategic changes, has given the company a real boost, with in a doubling in sales as well as profit margin.

The greatest change has been establishing a clearer focus on Ventim's five different customer segments. In contrast to previously, the salespeople now focus strictly on their respective sub-segments, and through continuous competence-sharing, they can take an in-depth approach to supporting their customers with solutions for complex problems. In addition, Ventim has built up a strong internal sales support system, which frees the salespeople to spend even more time with customers.

Good logistics solutions, with fast transports from inventory and 24-hour availability, contribute to a strongly customer-oriented organisation.

In addition, Ventim has established strategic partnerships with certain, selected suppliers.

“In short, we bring the supplier closer to the customer, with Ventim serving as a vital link between the customer and suppliers, providing a depth of knowledge about the products as well as the customer's specific applications and needs,” Thony explains.

The greatest challenge going forward is to ensure continued growth and development in all parts of the organisation. The company's focus is on its five segments in the Swedish market, and Thony Lundell sees clear opportunities to continue growing organically.

“With Indutrade, we have a strong, long-term and serious owner who is trusted by customers and suppliers alike,” he says. “This is a clear competitive advantage for us.”

Thony adds that competence-sharing within Indutrade is a key competitive weapon. Indutrade's Flow Technology Business Area, to which Ventim belongs, offers qualified, customised employee training.

Johnny Alvarsson, President and CEO of Indutrade:

## “Niche is one of our key watchwords”

Our companies should be – if not the market leaders – reasonably strong in their respective niches, both with respect to their markets and products. In some areas, especially valves, we own several companies that compete for the same customers in the same markets. They must maintain credibility with their customers and suppliers, and they may not co-ordinate their activities. If customers lose confidence, you lose the customer – it's as simple as that. Nor do we demand any dramatic growth from our acquired companies. They typically sell tried-and-tested products in mature markets. With this strategy we succeeded in growing stronger through the Swedish currency crisis in the early 1990s, the IT crash in 2001, and the debt crisis in 2008.

# Refine

36

.....  
% share of proprietary  
products sales  
.....



I like being part of Indutrade. They add a strategic perspective to our thinking and expertise at the same time that we still feel like we are a standalone company.

Göte Mattsson, President ES Hydagent



Göte Mattsson beside a test bench, test running a hydraulic block with valves.

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**ES HYDAGENT**  
.....

**AT A GLANCE**  
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ES Hydagent specialises in customised hydraulic systems, including electrical control solutions. Apart from own block solutions, the company uses highly qualified components from world-leading makes.

Customers are primarily in the forestry and agricultural industries, forklift and truck manufacturers and the contracting industry. Their products are used on hook lift hoist systems, forest machines, mobile cranes, snowploughs and more.

ES Hydagent, established in 1983 in Umeå, Sweden, was acquired by Indutrade in 2007. With offices and warehouses in Umeå and Borås, the company had sales of SEK 80 million in 2012, with 20 employees and a good profit margin.

Indutrade acquires companies to own and develop. We don't sell companies. Our successes are built on an ability to find the right kind of entrepreneurs who are passionate about their business and who want to drive their company forward.

● Like all other Indutrade companies, ES Hydagent builds long-term relationships with both its customers and suppliers. The business has grown steadily since the start in 1983, and today the company's solutions are sold in Sweden, Norway, Denmark and the Baltic countries. ES Hydagent has a high level of technical expertise combined with a young workforce whose average age is 36. This combination is ES Hydagent's hallmark.

"One of our key challenges is therefore to retain and develop our young workforce and at the same time recruit new talent – especially on the sales side," says Göte Mattsson, President since 2009.

Under Göte Mattsson's leadership, the company has refined its focus, with a clearer business strategy, streamlined production and greater focus on core competencies. This has entailed reliance on own, unique solutions combined with clear sales targets and continuous follow-up of results.

"Put simply, it's a matter of asking ourselves why we exist, what sets us apart from the competition, and how we can set a price on that difference," says Göte.

The changes have given a solid boost to the company, with higher sales and a doubling in profitability from 2007 to 2011.

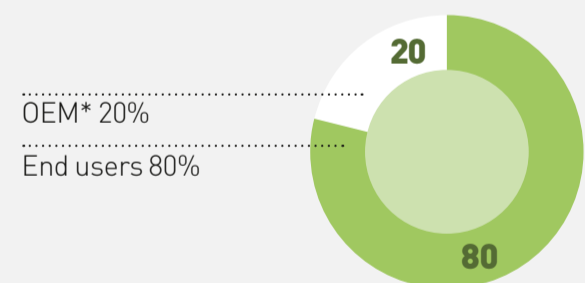
"I like being a part of Indutrade. They add a strategic perspective to our thinking and expertise at the same time that we still feel like we are a stand-alone company. It's an unbeatable combination," Göte says, and continues:

"Indutrade truly shows with words and action that they want to help develop the company. This, combined with a long-term approach, makes us always feel we have their support when needed."

For Göte Mattsson, leadership is very much about getting everyone on board by working with people and listening:

"You have to nurture the employees and the value they create. Patience and commitment are two qualities that I value highly. Add a measure of plain common sense, and you have leadership in a nutshell. And what's best of all is that this is exactly what Indutrade also stands for."

Sales to OEM customers versus end users 2012



The large share of sales to end users creates stability through economic fluctuations.

80%

\*Customers that integrate Indutrade's products in their own products.

# Success is built upon pro

Achieving success in a high-tech market requires specialised technological competence. Equally important, however, is knowledge and an understanding of the customers' needs – today and in the future. Successful companies act quickly, they speak the customer's language, and they understand in which direction the market is moving. Successful companies live close to their customers. That's Indutrade in a nutshell.

- Today the Indutrade Group comprises 180 companies that work under their own brands, are run according to their own strategies, and are under the management of their own presidents. High technological know-how and a knack for building long-term, close relationships with customers and suppliers are distinguishing characteristics of Indutrade's companies. This has generated results: since Indutrade's stock market introduction, the Group's sales have grown by an average of 12% per year.

## POST-ACQUISITION – BUSINESS AS USUAL

Our acquisition model is very simple. We don't just buy profitable companies – we also sell a business philosophy that is based on entrepreneurship, self determination and customer-adapted leadership. We are only interested in entrepreneurs who have a burning passion for their business, their business concept, and who want to grow their business further. The companies we acquire retain their management and can continue to develop according to their unique conditions and potential. More than thirty years of experience show that this is the best solution for both the short and long term, and also ensures favourable growth over time.

## ENTREPRENEURS TO THE CORE

A typical Indutrade company has annual sales of approximately SEK 70 million, a strong position in its market, a niche offering and is permeated by a

## COMPANIES WITH OWN BRANDS

# 36%

of Indutrade's net sales



strong entrepreneurial spirit. All of our subsidiaries have their own individual profitability and growth targets, but through internal benchmarking, they can compare themselves and draw inspiration from other companies in the Group.

Our 180 companies are organised in five business areas. Each business area represents a concentration of specialised know-how, giving the respective company presidents a forum to discuss industry-specific issues with their colleagues as well as advice and support.

Since the start in 1978, Indutrade has encouraged its companies to go their own way. We do not use words like mergers, synergies and restructuring, because we quite simply don't believe in such. Instead, we rely on entrepreneurship, self determination and proximity to the customer. Add qualities like perseverance, long-term approach and good profitability, and you have the perfect description of Indutrade.

# ximity to the customer

COMPANIES WITH TRADING BRANDS

# 64%

of Indutrade's net sales



# Facts

Indutrade is a group of some 180 companies in 25 countries in four parts of the world. The business has two main focuses – companies active in industrial technology sales and companies that manufacture their own products.

The Group's fundamental governing principle is based on decentralisation of decision-making as well as of responsibility. The organisation is distinguished 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.

## 10.8

EBITA margin in %

## 12

Number of acquisitions in 2012

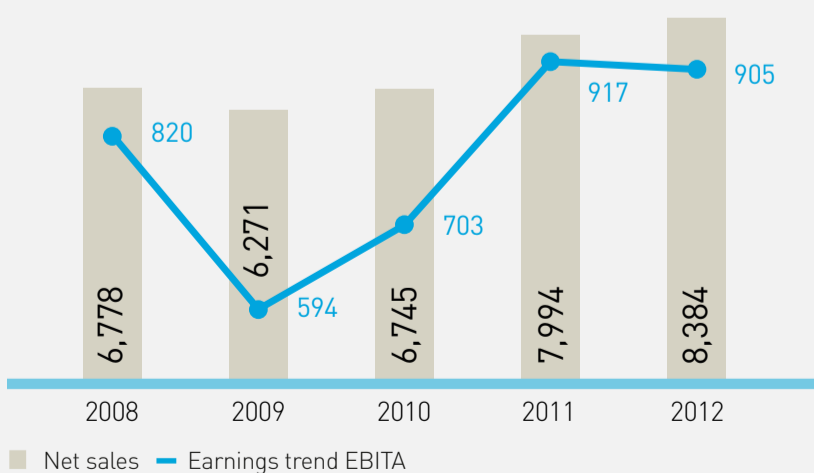
## 14.13

Earnings per share (SEK)

## 7.05

Proposed dividend for 2012 (SEK per share)

### NET SALES AND EARNINGS TREND, SEK MILLION



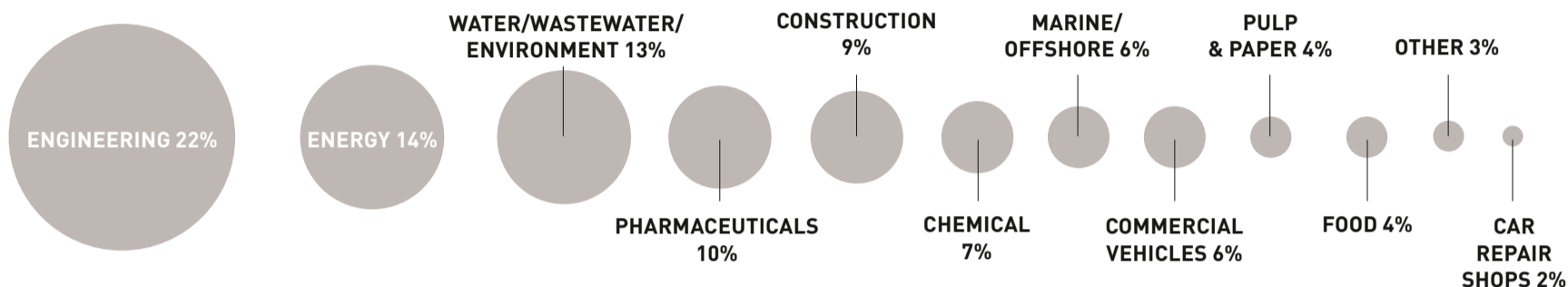
### KEY DATA

	2012	2011	% <sup>1</sup>
Net sales, SEK million	8,384	7,994	5
EBITA, SEK million	905	917	-1
EBITA margin, %	10.8	11.5	-0.7 <sup>2</sup>
Net profit for the year, SEK million	565	540	5
Earnings per share, SEK	14.13	13.50	5
Return on operating capital, %	22	25	-3 <sup>2</sup>
Average number of employees	3,939	3,778	4

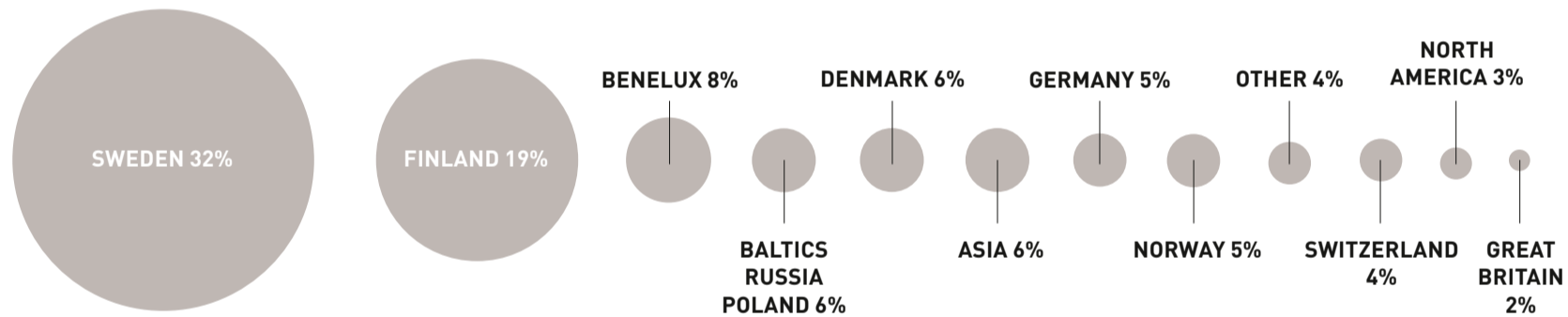
<sup>1</sup>Change in percent

<sup>2</sup>Percentage points

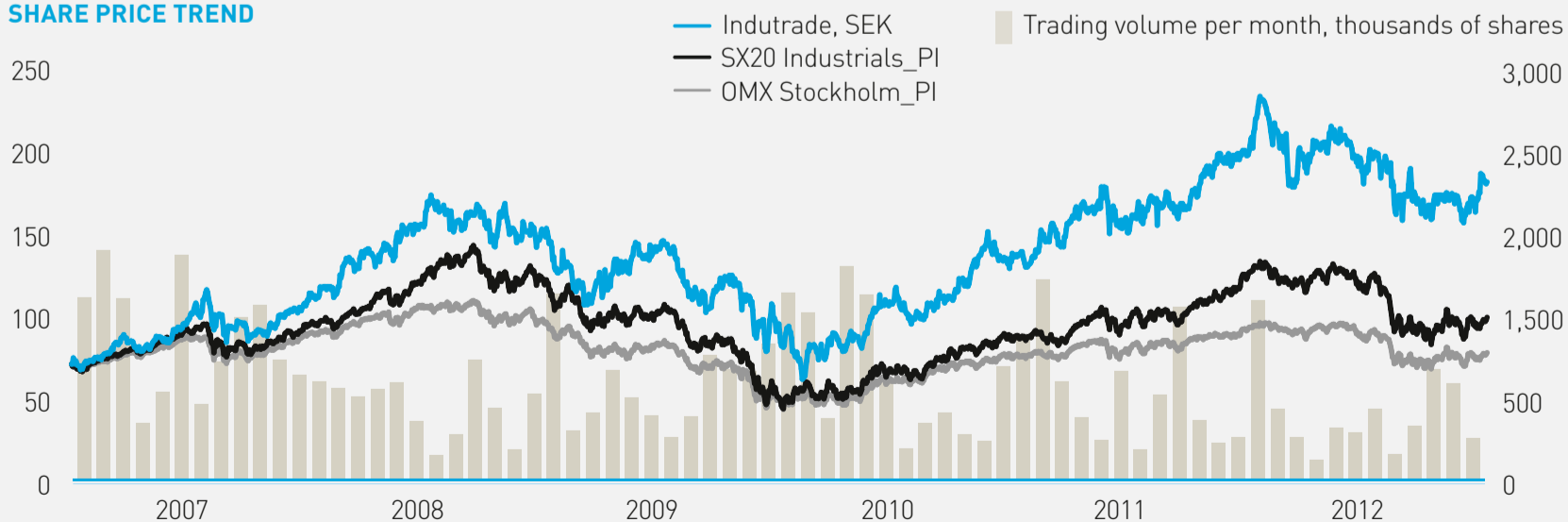
**NET SALES PER CUSTOMER SEGMENT**



**NET SALES PER MARKET**



**SHARE PRICE TREND**



# Indutrade around the world

 Austria	 Germany	 Poland	 Sweden
 Belgium	 Great Britain	 Romania	 Switzerland
 Brazil	 Hungary	 Russia	 The Netherlands
 China	 Latvia	 Singapore	 USA
 Denmark	 Lithuania	 South Korea	
 Estonia	 Malaysia	 Spain	
 Finland	 Norway	 Sri Lanka	