

A person in silhouette stands on a horizontal beam of a large, light blue wind turbine. The background is a cloudy sky with several birds in flight. The overall color palette is dominated by blues and greys.

With an eye to the future

 Indutrade



Net Sales, SEK million

11,881

EBITA

1,427

EBITA margin, %

12.0

Indutrade in brief

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 12 billion**. Our companies are characterised by high-tech know-how and an ability to build enduring,

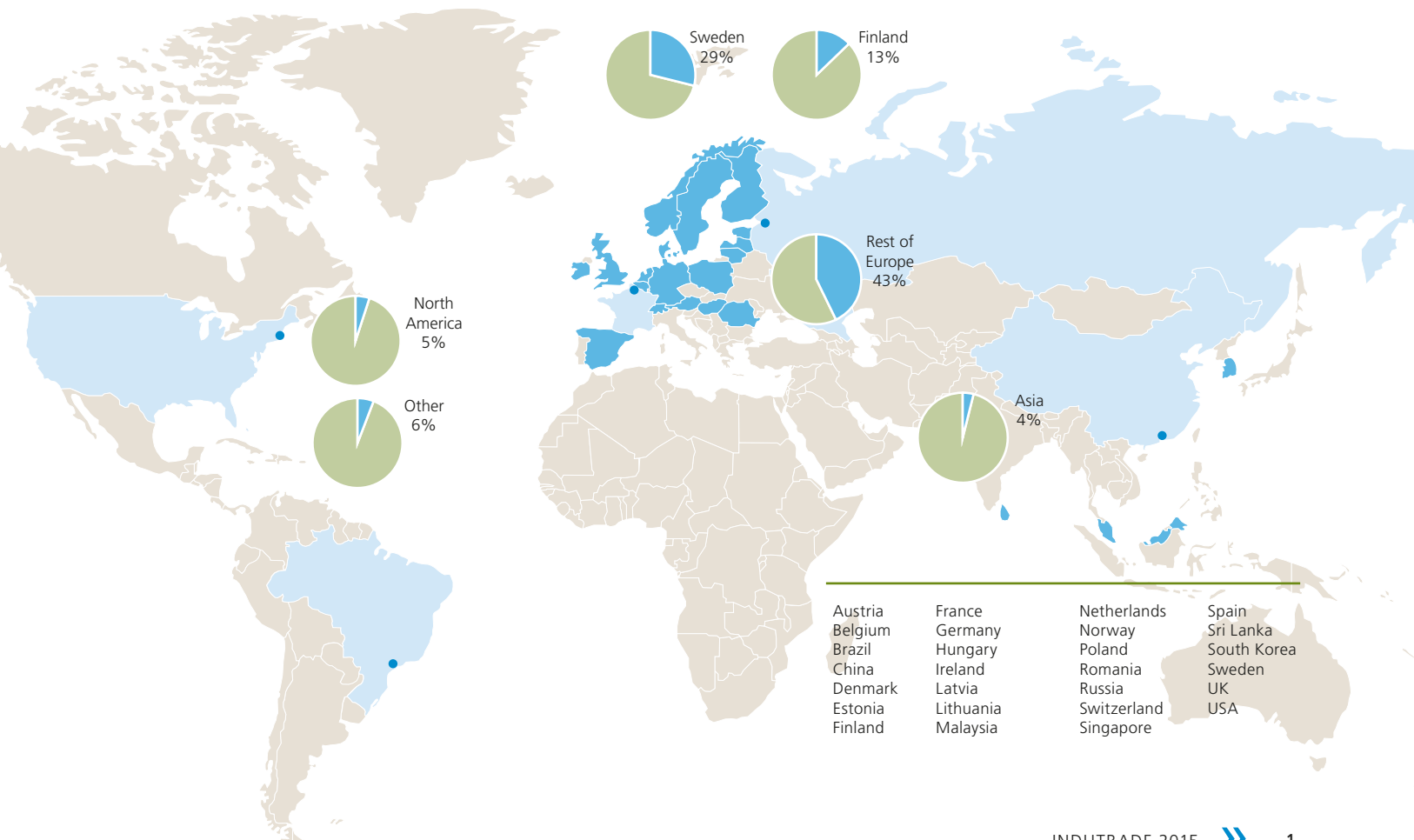
close relationships with customers and suppliers. **Our business philosophy** is based on entrepreneurship, self determination and **decentralised leadership**.

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.

A year of records

Our business model – to acquire and develop successful companies with technical niche expertise – continues to prove successful. The last years acquired companies have met our expectations and contributed to 2015 being a record year in terms of both sales and earnings. In 2015 we also set a record in the number of acquisitions, with 13 companies in all. One of these is the Norwegian company Relekta, which you can read about on page 6. As one of our biggest acquisitions, Relekta has good prospects for continued growth.

To reiterate what Johan Hafström, President of Stålprofil, says on page 8, Indutrade rarely offers the highest price, but we can offer a good future. With us as owner, business continues as usual for a company's employees, suppliers and customers. Surely, this is of great benefit to the local communities in which our companies work – jobs, people, businesses and thus the tax base stay put.

A generous and entrepreneurial business culture provides scope for successful companies as well as enterprising people. Mikael Malm at Colly Flowtech is one of them. On page 10 you can read about how he has built up the Colly Flowtech Group almost from scratch to a highly significant and leading player in pumps, valves, heat exchangers and more.

One key finesse of our business model is that it is scalable. There is no limit to how many companies we can have in the Group. Our decentralised organisation and objectives-oriented management entail that we work with freedom under responsibility. We instil confidence and trust – and also receive them in return. In 2014 we acquired 12 companies, and



in 2015 we bought 13. We now have some 200 companies in 27 countries. We see no reason to let up or content ourselves with what we have. We know that we make a difference for companies, people and communities, and we will continue doing this.

I look forward to bringing even more successful companies into the Indutrade family in the years ahead.

Johnny Alvarsson, President and CEO, Indutrade

Indutrade's acquisitions 2015

Acquisition	Possession	Country	Business Area	Sales, SEK million ¹⁾	No. employees
Flowtec Industrietechnik GmbH	January	Austria	Special Products	80	23
Adaero Precision Components Ltd	January	UK	Special Products	50	59
Cepro International BV	January	The Netherlands	Special Products	70	28
Sepab Fordonsprodukter AB	January	Sweden	Measurement & Sensor Technology	50	23
Filtration Ltd	March	UK	Special Products	30	12
Combilent A/S	March	Denmark	Measurement & Sensor Technology	100	24
Milltech Precision Engineering Ltd	March	UK	Special Products	45	41
Geomek Stockholms Geomekaniska AB	April	Sweden	Industrial Components	140	15
Relektagruppen	April	Norway	Industrial Components	270	105
Professional Parts Sweden AB	June	Sweden	Fluids & Mechanical Solutions	130	31
Trelawny SPT Ltd	July	UK	Special Products	60	47
Fergin Sverige AB	September	Sweden	Fluids & Mechanical Solutions	50	9
EPE-Goldman BV	October	The Netherlands	Special Products	80	16

¹⁾ Estimated annual sales at time of acquisition.

Decentralised responsibility

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

Entrepreneurial spirit is kept

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

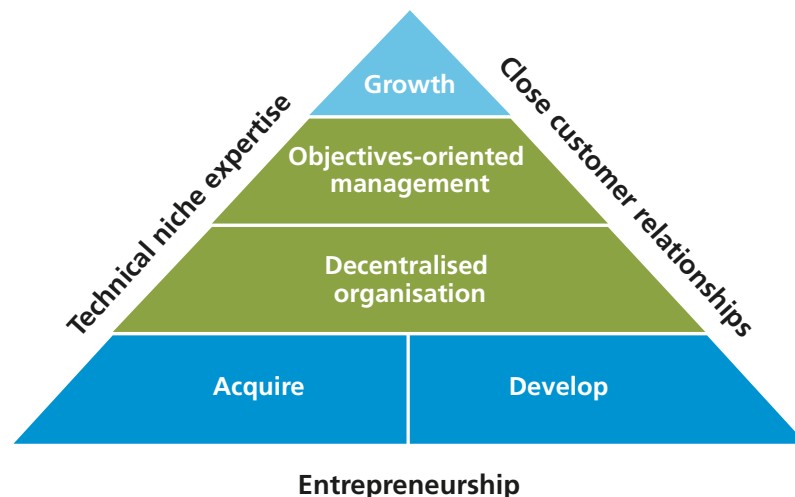
Decentralisation is also a natural consequence of the Group's niche focus. To build up the competence needed to create customer value – and thus profitability – it is necessary to concentrate operations on a number of niches. However, the conditions differ quite a bit between the various niches, which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

Management by objective and competence development

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

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

Business philosophy



Companies with proprietary brands

Companies with trading brands

40%

of Indutrade's sales

60%

of Indutrade's sales





Future expansion

Relekt AS is a leading player in sales of construction, repair and maintenance products in Norway. The company is a market leader in several areas and represents renowned international products and brands, such as Tec7, Novatio and Omega. Customers work in a range of sectors, from construction, general industry and agriculture, to fishing, engineering and shipping. Under the leadership of its founder, Rune Arnhoff, the company has grown into a group comprising more than 100 employees and annual sales of NOK 250 million.

"Quality and the environment have always been priority concerns for us, and Relekt AS is the company with the most quality and environmental certifications in the entire Nordic region," says Rune. "Our ability to recruit and retain talented and competent people who focus on the customer is one of our most important success factors, and we have worked actively to build a strong company culture. In 2015 we earned a very high ranking as one of Europe's best workplaces, and in that same year we were also named as the number five Great Place to Work in Norway as well as the country's 'climber of the year' – awards that we are very proud about."

President for nearly 40 years

Rune enjoys starting and developing new businesses and prefers working closely with both processes and employees. He founded Relekt AS in 1977 and still works in the company. Since the start, Relekt AS has grown steadily with good profitability.

But after nearly 40 years as President of Relekt AS, Rune decided it was time for someone else to take the helm – both as owner and President.

"I wanted to devote myself to new challenges at the same time that I of course wanted to make sure that Relekt AS and my colleagues of many years would be able to continue to prosper under good conditions," Rune stresses. "Relekt AS is now so large that I thought it was appropriate to bring in new expertise that is suited for the new phase of development that the company is facing. Indutrade was able to offer exactly what I was looking for, and in April 2015, after about a year's contact, the deal was finalised."

Good fit

Relekt AS is a good fit in the template for the type of acquisition candidates that Indutrade looks for: well-run, successful, and with technical, specialist expertise in its niche. Through this acquisition Indutrade has strengthened its position in this industry and its presence in Norway. With Indutrade as owner, Relekt AS can continue to operate under its own name and with its unique, valuable company culture.

"Our ownership change can be seen mainly on the administrative side, through financial management by objective, demands for faster financial reporting, and more structured budget processes. At the start of the new year a new president took office, Olle Petter Andersen. But I have not left the business entirely, I will continue to serve on the board," says Rune.

The future

Relekt AS has favourable prospects for continued growth by staying on its charted course with new products and more sales representatives.

"But we also want to grow through acquisitions," says Rune. "In this area we will benefit greatly from Indutrade's cutting edge expertise. We also intend to grow more in the Nordic countries. At present the absolute majority of our sales are in Norway, but Sweden also accounts for a fair share. We would like to expand in both Sweden and Denmark. If all goes according to plan, the Relekt AS Group will grow both organically and through acquisitions in the coming years."



» Relekta is a good fit in the template for the type of acquisition candidates that Indutrade looks for: well-run, successful, and with technical, specialist expertise in its niche.

facts

Net sales..... NOK 250 million
Number of employees..... 105
Established 1977
Acquired by Indutrade..... 2015
President.....*Olle Petter Andersen*
Founder*Rune Arnhoff*
e-mail *olle.petter.andersen@relekta.no*
www.relekta.no

Future secured

Stålprofil AB, based in Uddevalla, Sweden, develops and sells complete profile systems in steel and stainless steel for glazed doors, walls and windows used in public environments, such as office and commercial buildings, shopping malls, airports, banks, prisons, schools, hospitals and assisted living facilities. “Our profile systems are developed to meet demands for safety, security, and high resistance against wear and tear,” says Johan Hafström, President of Stålprofil.

Lowest offer but best future

Stålprofil was established in 1987 by Johan’s father and former President, Per-Uno Hafström.

“We started out as a small, family business,” explains Johan. “As dad started thinking about retirement, we discussed various alternatives and concluded that an external buyer suited us best, since our goal was to secure a long-term future both for our employees and our loyal customers. We held talks with a number of suitors. Our choice fell on Indutrade in part because they do not have any exit strategy. While they may have offered us the lowest price, they offered the best future, and that was more important than money for us.

“We were able to keep our trade name, and we work with our customers just like previously. Indutrade serves in an advisory role and provides valuable input, plus we have access to an extensive network whenever we need. And thanks to Indutrade, we have also become better at corporate governance, and our organisation looks different now than when we were a strictly family business.”

Extensive tests

Stålprofil develops, manufactures and supplies steel and stainless steel profiles to some 20 manufacturers of interior and exterior sections, which in turn supply major construction companies such as Skanska, NCC and Peab, in addition to numerous smaller construction companies. As part of its efforts to continuously develop and improve its products, Stålprofil also works closely with standards specification parties such as architects and construction consultants as well as with end-users such as construction companies and property owners.

“All of our products are subjected to extensive destruction tests, such as for fire, burglary, gunshot and explo-

sion protection,” says Johan. “The products must also be durable; right now I have a door whose durability is tested by being opened and shut 1 million times – a test that takes 93 days.”

Stålprofil has a strong market position in its niche in Sweden, and approximately 60%–70% of sales go to export – mainly within Scandinavia, but also to other countries in Europe, Brazil, the USA and Australia.

“Our greatest strengths are the extensive tests we perform, and the fact that our products meet standards in a number of different countries. Moreover, we are flexible, we have short delivery times thanks to our great employees, and we offer special solutions and support to our customers.”

Bright future outlook

Johan has a very bright picture of the future. Among other things, activities are under way to increase exports to the Middle East, among other markets. In addition, Stålprofil stands to benefit from a new set of European standards which were recently adopted.

“Extensive tests are required to meet the rules and requirements under the new standard. On top of this, customers often have their own, unique specifications,” Johan explains. “Here we have a clear advantage. Many smaller companies do not have the resources to perform the necessary tests. And while our large, international competitors of course have resources, they cannot offer the same flexibility and customer focus as us.

“We are planning for larger volumes, but we will always grow under controlled forms. Ideally, we would have a more suitable facility, however. It would be great if we could move in to such a new building in connection with our 30 year anniversary in 2017!”





» Our choice fell on Indutrade in part because they do not have any exit strategy. While they may have offered us the lowest price, they offered the best future, and that was more important than money for us.

facts

Net sales.....*SEK 80 million*
Number of employees.....*23*
Established *1987*
Acquired by Indutrade..... *2010*
President..... *Johan Hafström*
e-mail.....*johan@stalprofil.se*

www.stalprofil.se



Successful entrepreneurship

In early 2008 Mikael Malm was brought in as President of Colly Flowtech with a mandate to sharply boost sales and earnings for a modest unit which at the time had annual sales of SEK 10 million. Today Colly Flowtech sells pumps, valves, heat exchangers, hoses and stainless steel pipe components. The company has both own manufacturing and agencies. Customers are in the pharmaceutical, food and chemical industries, among others.

Doubling sales is easy to say but harder to achieve! But what inspired Mikael to accept the challenge was that Indutrade is an organisation with business know-how, resources and the nerve to invest. With this, everything is possible.

"I had an idea to expand the product offering – among other things with pumps – dramatically expand the sales force by six persons, and bring in a number of agencies," says Mikael. "In other words, quite an extensive investment for a company with 10 million kronor in sales and five employees. I presented my plans to the management, who quickly concurred that I in fact knew what I was talking about, and after 20 minutes they said 'OK' – let's go!"

Big results

Mikael has delivered far beyond expectations – in 2014 Colly Flowtech recorded sales of SEK 110 million, of which SEK 25 million were acquired business. The rest was organic growth.

"Indeed, we have done well," he says. "But it is the result of a determined effort according to a clear plan. Since 2008 we have carried out four company acquisitions, including two slightly larger firms which are still operating under their original company names. On top of this, we have grown by basically two new sales reps every year. Our sales representatives are extremely important for our success and critical for continued organic growth. More than half of our 38 employees are sales reps. They have to be very knowledgeable in their respective areas, since our customers put high demands on their expertise.

"We can offer a very strong product concept, and our service, commitment and presence are key strengths. We have a highly tangible presence among our customers, with 230 to 260 customer visits per month, where we put all our know-how at our customers' disposal."

Exciting future outlook

"Our potential is unlimited, but we must ensure quality in every situation and top up with the right resources and people," says Mikael. "We are also considering additional acquisitions; but here, too, it is of utmost importance that we do the right things. Making an acquisition is not something that can be rushed, and it can take up to a year from initial contact to deal.

"Exports offer another opportunity. Currently about 80% of our sales are in Sweden, so over time there is room to focus on exports."

Indutrade provides scope

"If you are competent and understand how your market works, Indutrade can offer scope, financial strength and support from people with the right kind of knowledge," says Mikael. "The decision-making paths are short, and management is goal-oriented. You can also gain the chance to involve yourself in other companies through board work if you are interested. And if you want to grow your business and take it to a new level, Indutrade is the right owner."



» If you want to grow your business and take it to a new level, Indutrade is the right owner.

facts

Net sales.....SEK 110 million
Number of employees.....38
Number of acquired companies.....4
President.....Mikael Malm
e-mail.....mikael.malm@colly.se

www.collyflowtech.se

Indutrade in numbers

Net sales, SEK billion

11.9

Sales growth, %

22

EBITA margin, %

12.0

Number of acquisitions

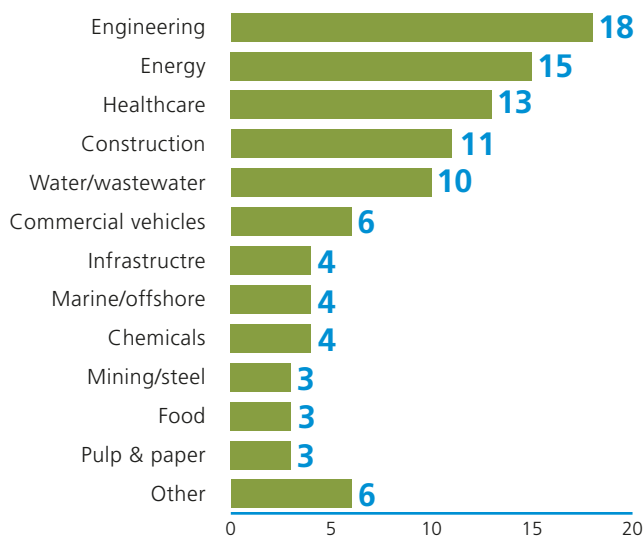
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Indutrade is an industrial group comprising nearly 200 companies in 27 countries on four continents. The business has two main focuses – companies active in industrial technology sales, and companies that manufacture their own products.

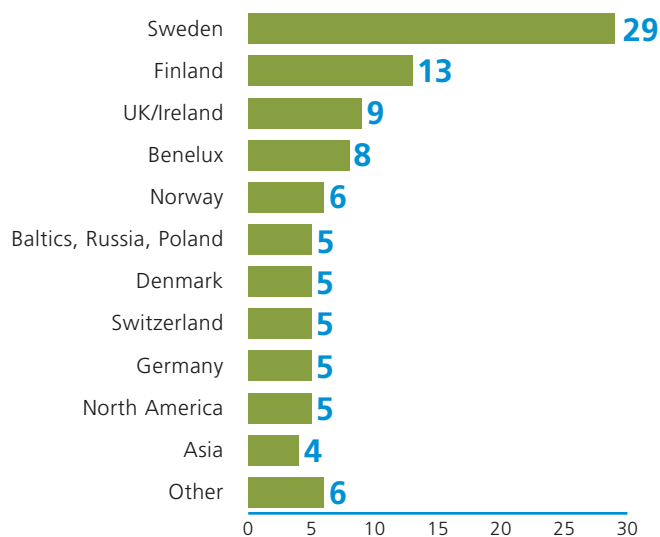
The organisation is characterised by entrepreneurship and technical niche expertise combined with a well balanced spread of risk with respect to customers, products, suppliers, industries and geographical markets.

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

Net sales per customer segment, %

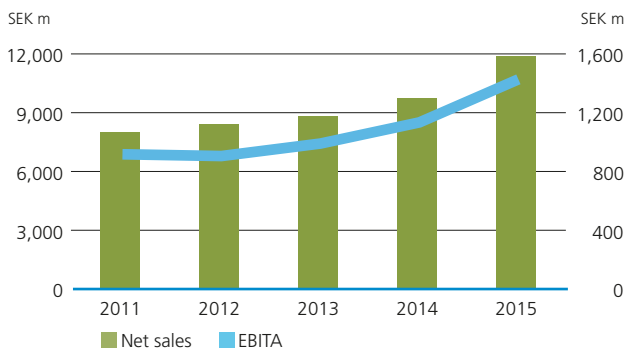


Net sales per market, %





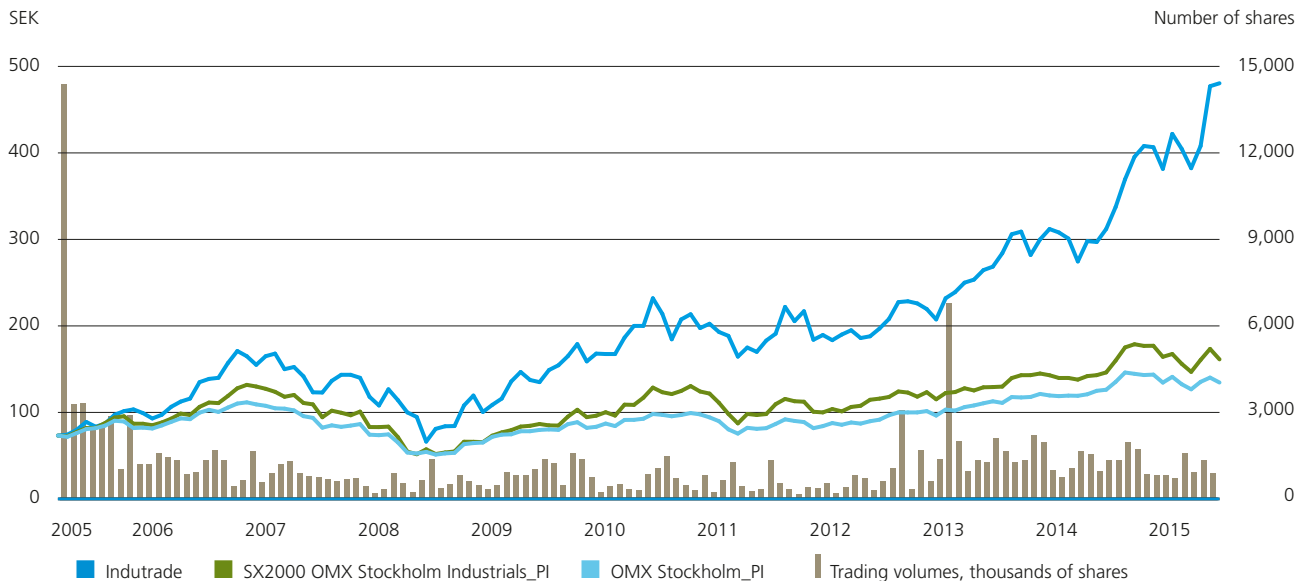
Net sales and earnings



Key data

	2015	2014
Net sales, SEK million	11,881	9,746
EBITA, SEK million	1,427	1,134
EBITA margin, %	12.0	11.6
Net profit for the year, SEK million	894	703
Earnings per share, SEK	22.33	17.60
Return on operating capital, %	22	21
Average number of employees	4,978	4,418

Indutrade's share





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