

# Presentation of Addtech

# Addtech in brief

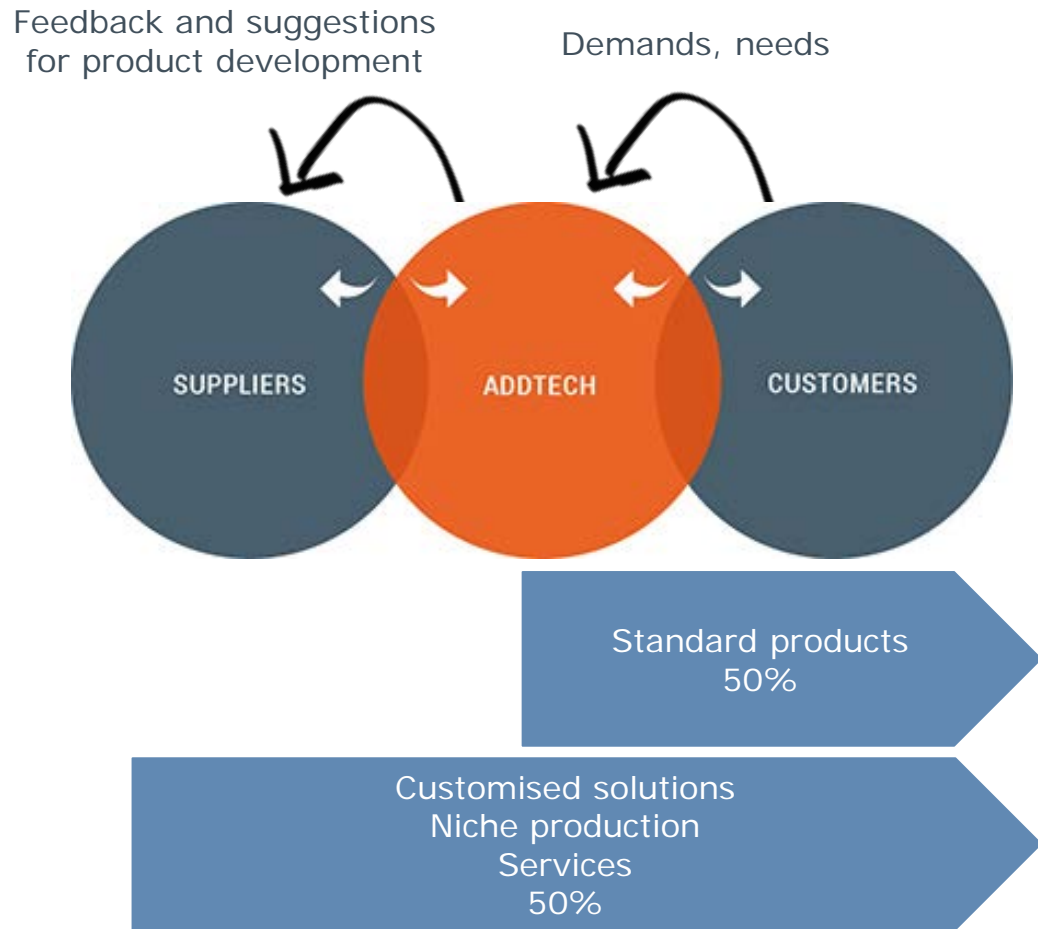
- A technology trading company
- Refining link between suppliers and customers
  - Focus on “Added Value” in product
  - Middle to low-sized volume
- From standard products to own-brand
  - Some own manufacturing
- The Nordic region
  - Other markets with unique offer
- Revenue over SEK 7,500m
  - About 120 decentralised subsidiaries

Value **Adding Tech** Provider

Provides technical and economical value added



# Addtech - Business model and focus



B2B trading – Value Adding link between suppliers and customers



# Interim report Q2

1 April 2017 – 30 September 2017

# 1 April 2017–30 September 2017

## 2<sup>nd</sup> quarter

- Net sales increased by 14% to SEK 1,892m (1,658)
  - For comparable units +9%
  - Acquired growth +7%
  - Disposal -2%
  - Currency effects -0%

## 6 months

- Net sales increased by 13% to SEK 3,871m (3,418)
  - For comparable units +6%
  - Acquired growth +7%
  - Disposal -1%
  - Currency effects +1%

# 1 April 2017–30 September 2017

## 2<sup>nd</sup> quarter

- EBITA increased by 17% to SEK 213m (183)
  - EBITA margin 11.2% (11.0)
- Operating profit increased by 16% to SEK 181m (156)
  - Operating margin 9.6% (9.4)

## 6 months

- EBITA increased by 18% to SEK 427m (362)
  - EBITA margin 11.0% (10.6)
  - The profit includes items affecting comparability amounting to a net total of SEK +12 million and adjusted EBITA amounted to SEK 415 million (362), corresponding to an EBITA margin of 10.7% (10.6)
- Operating profit increased by 17% to SEK 362m (309)
  - Operating margin 9.4% (9.0)

# 1 April 2017–30 September 2017

- The market was very strong during the quarter and the Group had an organic increase in sales of 9 percent and an improved operating margin.
  - Our Components and Industrial Process business areas improved their earnings and operating margins as a result of organic growth and acquisitions.
  - The Energy and Power Solutions business areas also experienced growth and continue to provide high operating margins.
- The overall demand for our products and solutions was at a high level in most of the markets in which our businesses operate.
  - From a geographical perspective, the highest rate of growth was in Finland, while the business situation also improved from an already high level in both Denmark and Sweden.
  - In Norway, demand was overall stable and business outside the Nordic region remained good.

# 1 April 2017–30 September 2017

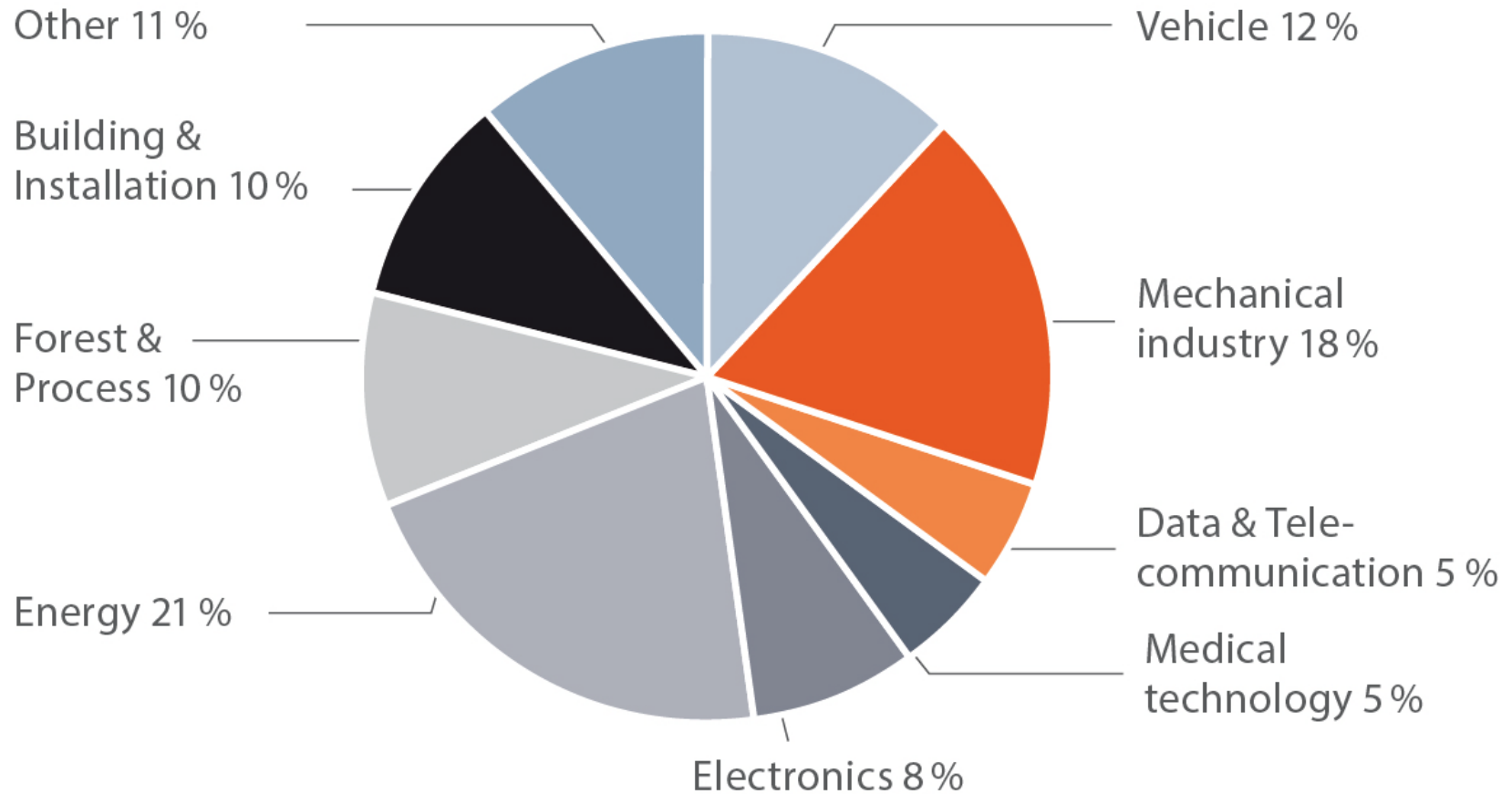
- Sales of production components to manufacturing companies continued to increase, especially in customer segments such as special vehicles, wind power and shipping.
- Demand was also good from customers in the areas of machine manufacturing, medical technology and electronics, while it was slightly weaker in telecom and oil & gas.
- Demand for aftermarket products for the production and process industry was positive, with increased sales to the sawmill industry, paper & pulp and machine manufacturers.
- Demand from Nordic electricity grid companies, in both electricity transmission and electricity distribution, remained stable at a high level.



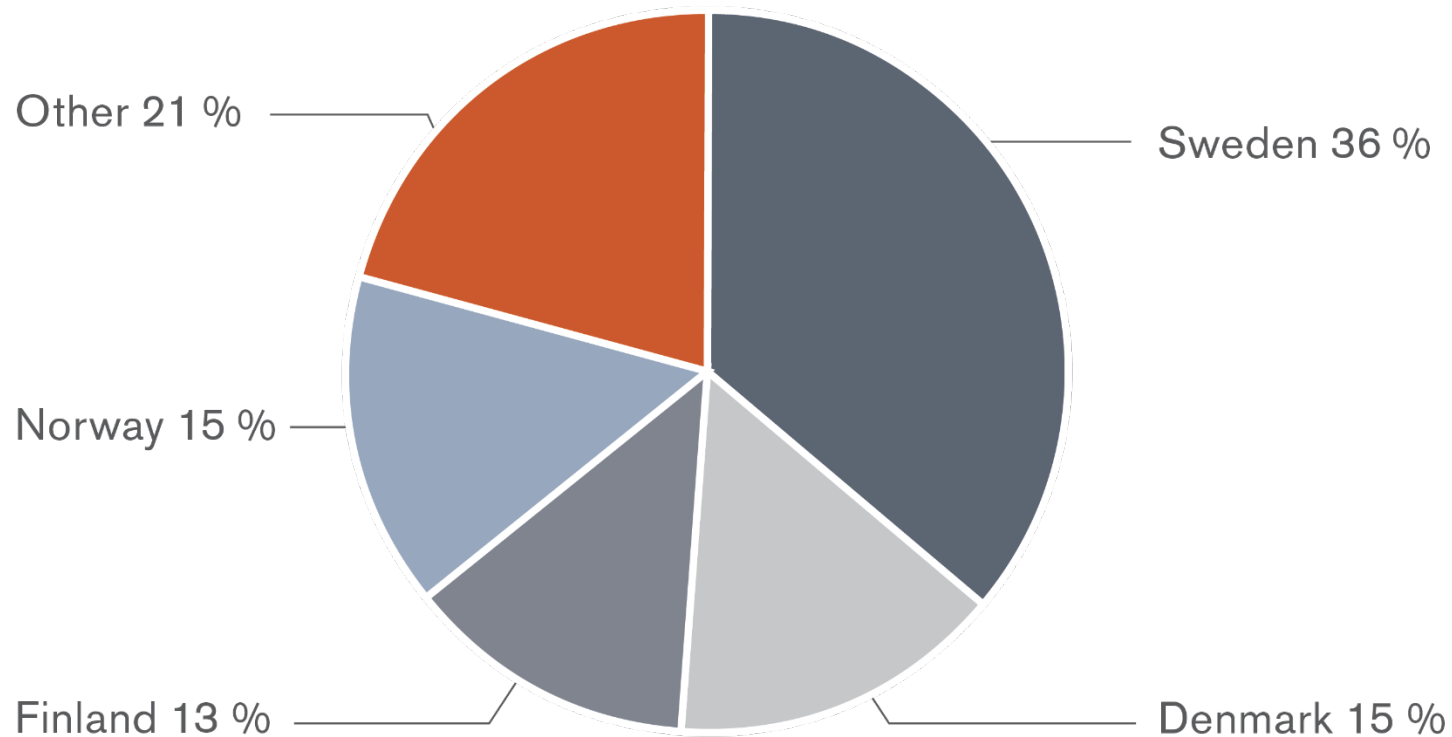
# 1 April 2017–30 September 2017

- Sales of electricity-related products within building and installation developed positively.
- We continuously evaluate acquisitions of independent, profitable technology companies with market-leading niche positions and smaller bolt-on acquisitions that can strengthen the market positions of our existing companies.
  - Since the beginning of the financial year, we have completed six acquisitions, three of which were made after the end of the quarter. The acquisitions together contribute annual sales of approximately SEK 480 million.
  - We have good opportunities to make further acquisitions, not least in view of our strong balance sheet.

# Customer segments 2016/2017



# Geographical market 2016/2017



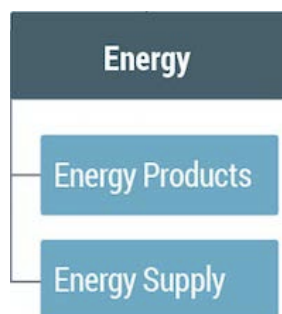
# Components



|           | 2nd quarter |      | 6 months |      | 2016/2017 |      |
|-----------|-------------|------|----------|------|-----------|------|
| Net sales | 679         | 31%  | 1,386    | 26%  | 2,355     | 16%  |
| EBITA     | 70          | 59%  | 137      | 50%  | 187       | 25%  |
| ROS       | 10.4%       | 8.5% | 9.9%     | 8.3% | 8.0%      | 7.4% |

- Nordic manufacturing companies increased their demand for production components during the quarter.
- Sales increased substantially and the good development of the market situation was evident in most major customer segments, such as machine manufacturers, special vehicles, energy and electronics.
- Increased sales in combination with completed acquisitions have resulted in strong earnings growth and very good development of the operating margin.

# Energy



|           | 2nd quarter |       | 6 months |       | 2016/2017 |       |
|-----------|-------------|-------|----------|-------|-----------|-------|
| Net sales | 471         | 7%    | 937      | 6%    | 1,807     | 22%   |
| EBITA     | 60          | 6%    | 115      | 1%    | 225       | 50%   |
| ROS       | 12.7%       | 12.8% | 12.3%    | 12.9% | 12.5%     | 10.1% |

- Demand for infrastructure products for the primary and regional grids in the Nordic region remained at a high level.
- Competition in this market has increased and our focus is to maintain sales at a good level and concentrate on business that provides a good operating margin.
- The business situation for niche products in the area of power distribution continued to be stable and demand for electrical installation products was at a high level.
- Sales of cable products to the manufacturing and wind power industries continued to increase.

# Industrial Process

| Industrial Process  |
|---------------------|
| Industrial Products |
| Motion Technology   |
| Polymeric Solutions |
| Power Drives        |
| Process Technology  |

|           | 2nd quarter |      | 6 months |      | 2016/2017 |      |
|-----------|-------------|------|----------|------|-----------|------|
| Net sales | 402         | 6%   | 806      | 7%   | 1,585     | 11%  |
| EBITA     | 39          | 18%  | 72       | 12%  | 125       | 9%   |
| ROS       | 9.8%        | 8.8% | 8.9%     | 8.6% | 7.9%      | 8.1% |

- Demand increased slightly in a number of customer segments within the Nordic production and process industry.
- The business situation continued to be good in customer segments such as sawmill industry, paper & pulp and machine manufacturers.
- Increased requirements regarding the measurement and treatment of emissions have begun to increase demand from, for example, the market for shipping.
- The business situation for our operations outside the Nordic region was still good, especially in customer segments such as vehicles and energy.
- Selective efficiency measures will continue to be implemented to increase profitability.

# Power Solutions

|                      |
|----------------------|
| Power Solutions      |
| Storage & Power      |
| Customised solutions |

|           | 2nd quarter |       | 6 months |       | 2016/2017 |       |
|-----------|-------------|-------|----------|-------|-----------|-------|
| Net sales | 343         | 7%    | 747      | 8%    | 1,439     | 17%   |
| EBITA     | 47          | -3%   | 98       | 4%    | 187       | 38%   |
| ROS       | 13.5%       | 14.8% | 13.1%    | 13.7% | 13.0%     | 11.1% |

- Overall, demand continued to be high, even in comparison with a very strong quarter in the previous year.
- Sales of control and ergonomics products to the special vehicle industry continued to increase.
- The demand for battery solutions was stable in most customer segments, while sales of power supply solutions to customers in, for example, the telecom and wind power industries, decreased slightly.

# The Addtech Group

## Income statement, condensed

| (SEKm)                              | 3 months ending |              | 6 months ending |              | 12 months ending |              |
|-------------------------------------|-----------------|--------------|-----------------|--------------|------------------|--------------|
|                                     | 30 Sep 17       | 30 Sep 16    | 30 Sep 17       | 30 Sep 16    | 30 Sep 17        | 31 Mar 17    |
| <b>Net Sales</b>                    | <b>1,892</b>    | <b>1,658</b> | <b>3,871</b>    | <b>3,418</b> | <b>7,631</b>     | <b>7,178</b> |
| Cost of sales & op. expenses        | -1,709          | -1,508       | -3,513          | -3,126       | -6,999           | -6,612       |
| Other operating items               | -2              | 6            | 4               | 17           | 25               | 38           |
| <b>Operating profit</b>             | <b>181</b>      | <b>156</b>   | <b>362</b>      | <b>309</b>   | <b>657</b>       | <b>604</b>   |
| Financial income & expenses         | -8              | -1           | -12             | -9           | -27              | -24          |
| <b>Profit after financial items</b> | <b>173</b>      | <b>155</b>   | <b>350</b>      | <b>300</b>   | <b>630</b>       | <b>580</b>   |
| Income tax expense                  | -38             | -34          | -72             | -66          | -136             | -130         |
| <b>Net profit</b>                   | <b>135</b>      | <b>121</b>   | <b>278</b>      | <b>234</b>   | <b>494</b>       | <b>450</b>   |
| Earnings per share, SEK             | 1.95            | 1.80         | 4.05            | 3.45         | 7.20             | 6.60         |
| EBIT margin, %                      | 9.6             | 9.4          | 9.4             | 9.0          | 8.6              | 8.4          |
| EBITA margin, %                     | 11.2            | 11.0         | 11.0            | 10.6         | 10.2             | 10.0         |



# The Addtech Group

## Cash flow statement, condensed

| (SEKm)                                     | 3 months ending |            | 6 months ending |            | 12 months ending |            |
|--|-----------------|------------|-----------------|------------|------------------|------------|
|  | 30 Sep 17       | 30 Sep 16  | 30 Sep 17       | 30 Sep 16  | 30 Sep 17        | 31 Mar 17  |
| Profit after financial items               | 173             | 155        | 350             | 300        | 630              | 580        |
| Adj. for non cash items                    | 50              | 21         | 83              | 70         | 147              | 134        |
| Income tax paid                            | -39             | -15        | -67             | -44        | -146             | -123       |
| Changes in working capital                 | -133            | -51        | -230            | -112       | -158             | -40        |
| <b>Cash flow from operating activities</b> | <b>51</b>       | <b>110</b> | <b>136</b>      | <b>214</b> | <b>473</b>       | <b>551</b> |
| Net investment in non-current assets       | -7              | -16        | -12             | -22        | -50              | -60        |
| Acquisitions and disposals                 | 32              | -15        | -140            | -90        | -385             | -335       |
| Dividend paid                              | -235            | -218       | -235            | -218       | -235             | -218       |
| Repurchase of own shares/options           | -28             | -40        | -10             | -46        | 8                | -28        |
| Other financing activities                 | 180             | 121        | 256             | 142        | 234              | 120        |
| <b>Period's cash flow</b>                  | <b>-7</b>       | <b>-58</b> | <b>-5</b>       | <b>-20</b> | <b>45</b>        | <b>30</b>  |

# The Addtech Group

## Balance sheet, condensed

| (SEKm)                                    | 30 Sep 17    | 30 Sep 16    | 31 Mar 17    |
|---|--------------|--------------|--------------|
| Goodwill                                  | 1,201        | 949          | 1,101        |
| Other intangible non-current assets       | 831          | 686          | 791          |
| Property, plant and equipment             | 186          | 177          | 190          |
| Non-current financial assets              | 30           | 31           | 27           |
| Inventories                               | 1,020        | 942          | 942          |
| Current receivables                       | 1,421        | 1,180        | 1,286        |
| Cash and cash equivalents                 | 166          | 128          | 178          |
| <b>Total assets</b>                       | <b>4,855</b> | <b>4,093</b> | <b>4,515</b> |
| Total equity                              | 1,759        | 1,545        | 1,741        |
| Interest-bearing provisions & liabilities | 1,519        | 1,162        | 1,189        |
| Non-interest-bearing prov. & liabilities  | 1,577        | 1,386        | 1,585        |
| <b>Total equity &amp; liabilities</b>     | <b>4,855</b> | <b>4,093</b> | <b>4,515</b> |

# The Addtech Group

## Key financial indicators

| (SEKm)                               | 30 Sep 17 | 31 Mar 17 | 30 Sep 16 |
|--------------------------------------|-----------|-----------|-----------|
| Total equity (SEKm)                  | 1,759     | 1,741     | 1,545     |
| Equity per share, SEK                | 25.70     | 25.45     | 22.60     |
| Equity ratio, %                      | 36        | 39        | 38        |
| Return on equity, %                  | 29        | 28        | 24        |
| Return on capital employed, %        | 23        | 23        | 18        |
| Financial net debt (SEKm)            | 1,353     | 1,011     | 1,034     |
| - of which pension liability         | 218       | 210       | 201       |
| - of which other liabilities         | 1,135     | 801       | 833       |
| Financial net debt / EBITDA          | 1.6       | 1.3       | 1.6       |
| Net debt / equity ratio, times       | 0.6       | 0.5       | 0.5       |
| Interest coverage ratio, times       | 24        | 24        | 22        |
| Average number of employees          | 2,201     | 2,133     | 2,096     |
| Number of employees at end of period | 2,262     | 2,176     | 2,128     |

