

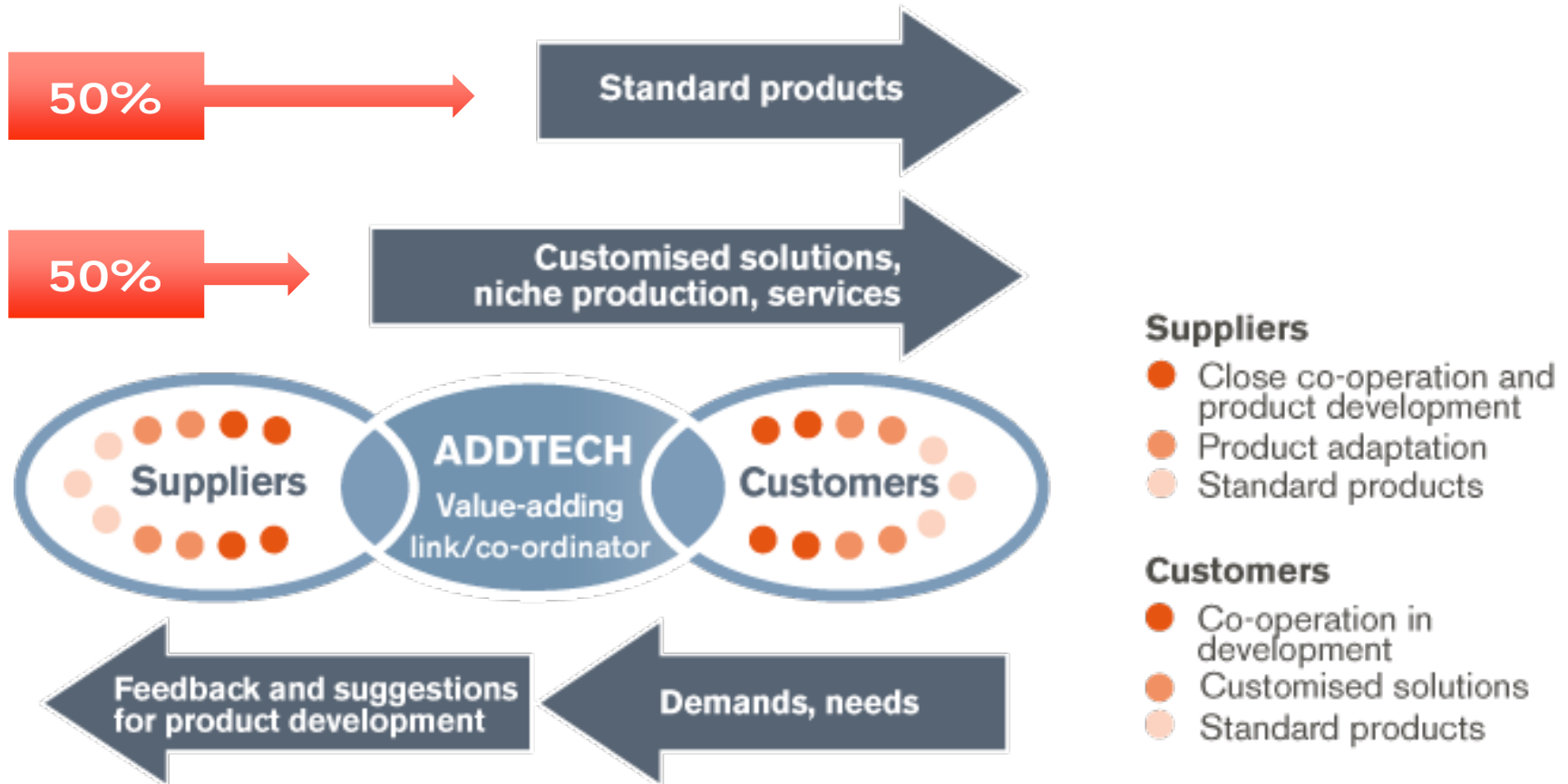
# Presentation of Addtech

# 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 above SEK 7,500m
  - About 150 decentralised subsidiaries

# Addtech - Business model & Focus

B2B trading of technical products



Value **Adding Tech** Provider

Provides technical and economical value added

# Strategies for profitable growth

Profitable growth is achieved through continuous business and organisational development





# Interim report

1 April 2015 – 31 December 2015

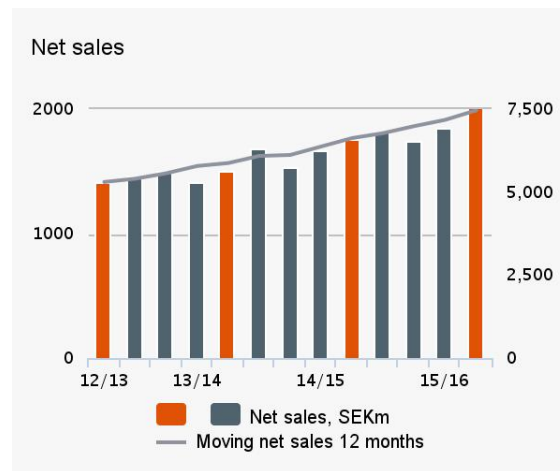
# 1 April–31 December 2015

## 3<sup>rd</sup> quarter

- Net sales increased by 16% to SEK 2,042m (1,756)
  - For comparable units +2%
  - Acquired growth +15%
  - Currency effects -1%

## 9 months

- Net sales increased by 14% to SEK 5,634m (4,949)
  - For comparable units +1%
  - Acquired growth +13%
  - Currency effects -0%



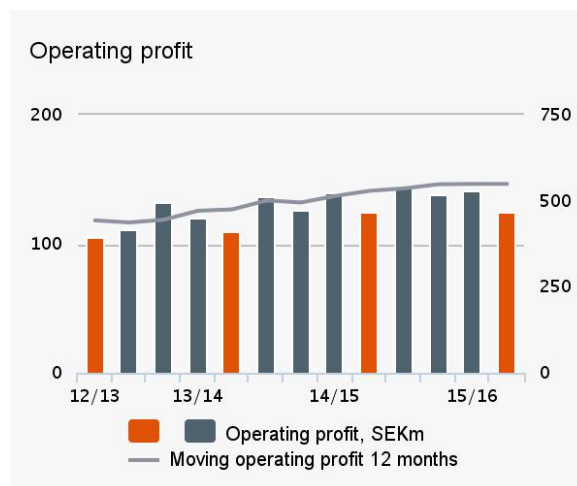
# 1 April–31 December 2015

## 3<sup>rd</sup> quarter

- Operating profit amounted to SEK 125m (125)
  - Operating margin 6.1% (7.1)
- EBITa increased by 6% to SEK 158m (150)
  - EBITa-margin 7.7% (8.5)
- The result includes preparation costs for the listing of AddLife AB of SEK 8 million.
  - EBITa increased by 11% to SEK 166m
  - EBITa-margin 8.1%

## 9 months

- Operating profit increased by 3% to SEK 405m (392)
  - Operating margin 7.2% (7.9)
- EBITa increased by 8% to SEK 493m (459)
  - EBITa-margin 8.8% (9.3)



# 1 April 2015 – 31 December 2015

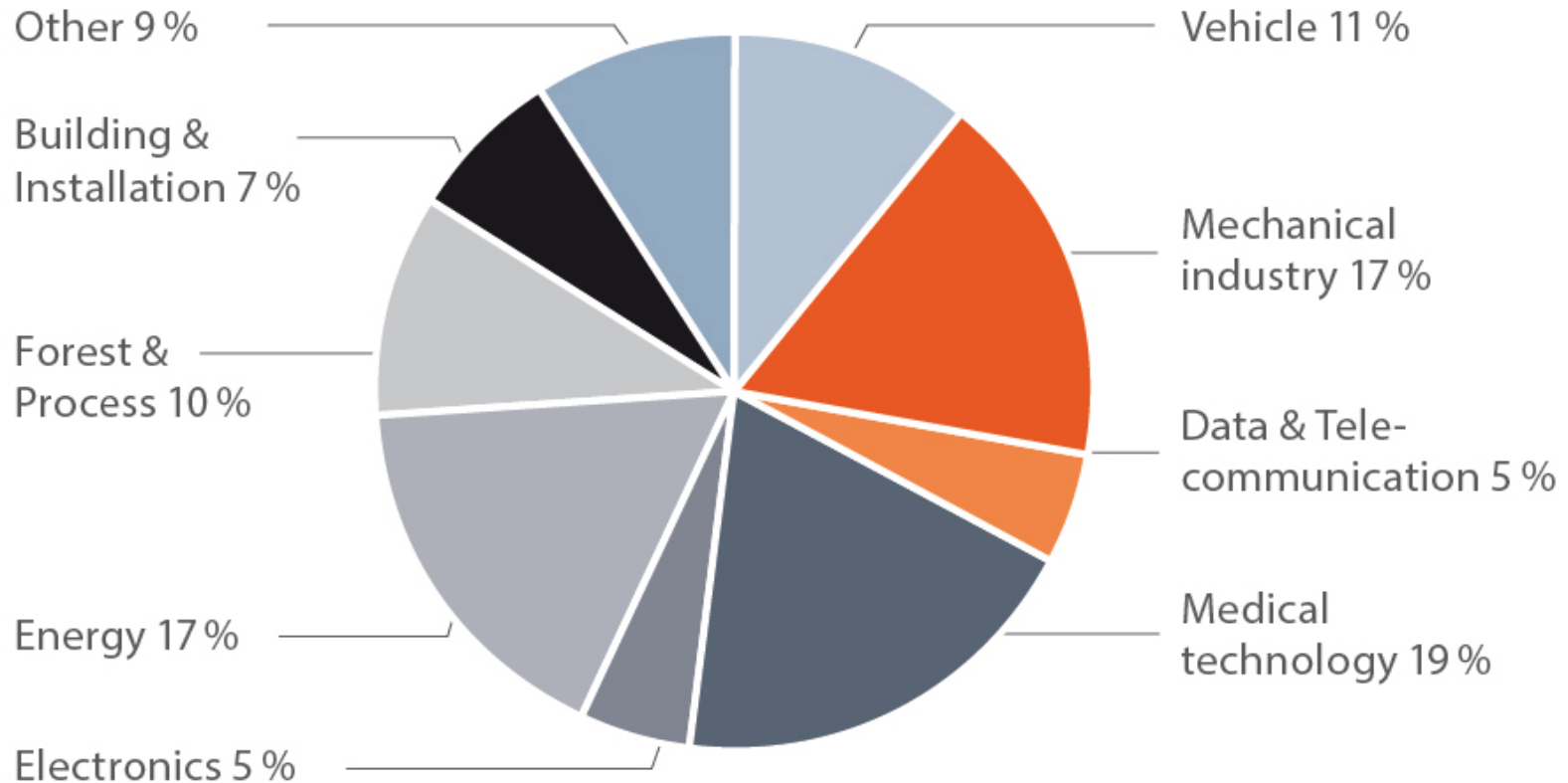
- During the third quarter the business climate for the Group was relatively stable on the whole, but the varying market in terms of geography, customer segments and product segments remains
- Overall, the business situation in the Nordic region was more favourable than for our businesses outside the Nordic region
  - Demand for production components from Nordic manufacturing companies rose in Denmark and remained stable in Finland despite some uncertainty in the market
  - Underlying demand in the Swedish market was robust, though several of our customers reduced their purchases prior to the turn of the year
  - The Norwegian market for production components declined substantially in oil and gas, while it was more stable in the marine segment and for land-based industry
  - While the trend in Norway primarily affected our Components and Energy business areas, our other business areas also felt the impact, albeit to a lesser extent
- Demand from industrial aftermarket customers in the Nordic region was generally stable



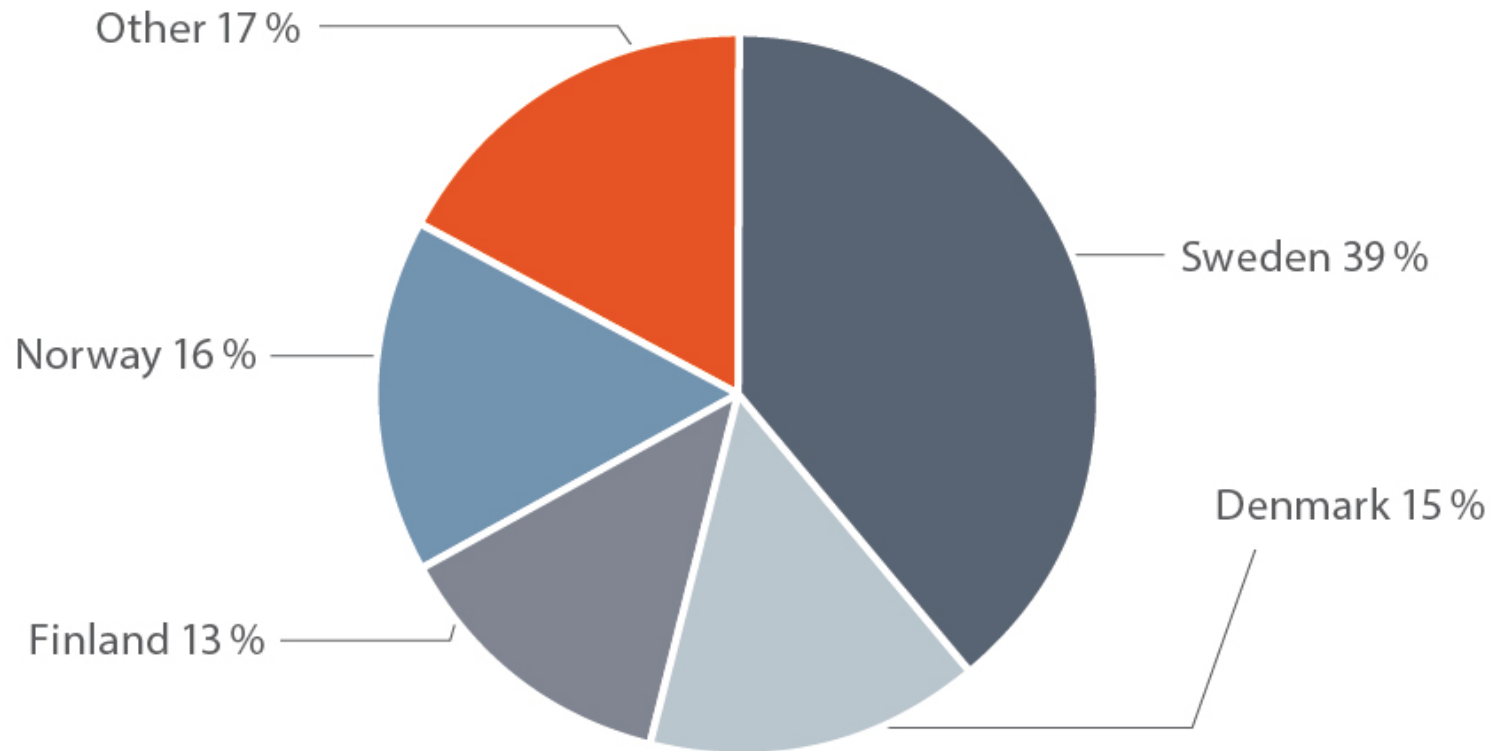
# 1 April 2015 – 31 December 2015

- Investments by certain customers in electrical energy remained at low levels, while the business situation was favourable for products in building and installation, as well as from customers in the special vehicle industry
- Demand from Nordic healthcare and medical device customers continued to grow during the quarter
- The Group's growth in sales and operating earnings is attributable to previously completed acquisitions
- To offset the effects of reduced demand in certain customer segments several cost-saving measures were initiated within the Group during the autumn
- During the third quarter the Group assumed ownership of four acquisitions, adding annual sales of about SEK 280 million
  - After the interim period, a further one acquisition took place, adding annual sales of about SEK 85 million
  - This year's 11 acquisitions add total annual sales of about SEK 1,300 million

# Customer segments 2014/2015



# Net sales by geographical market



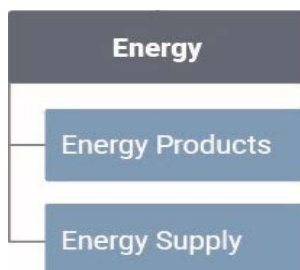
# Components



	3rd quarter		9 months		2014/2015	
Net sales	509	5%	1,487	9%	1,889	19%
EBIT	22	-18%	88	-5%	129	38%
ROS	4.3%	5.6%	5.9%	6.8%	6.9%	5.9%

- The business situation varies geographically, but overall, demand in the business area was stable during the quarter
  - The operating margin was affected by significantly lower demand in Norway due to the continued decline in investments in oil and gas
  - Although the Finnish business climate remained challenging, our businesses experienced strong demand
  - Underlying demand in the Swedish market was robust, though several of our customers reduced their purchases prior to the turn of the year
  - The business situation on the Danish market remained favourable

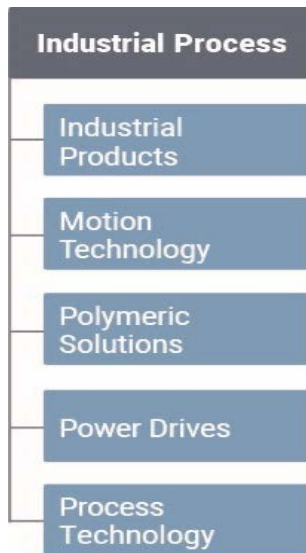
# Energy



	3rd quarter		9 months		2014/2015	
Net sales	390	9%	1,085	9%	1,346	5%
EBIT	27	5%	83	0%	114	-12%
ROS	7.0%	7.2%	7.6%	8.3%	8.4%	10.1%

- The business climate was somewhat more favourable than in previous quarters of the financial year and overall, demand during the quarter remained at the same level as the previous year
  - Demand for major projects involving products for electricity transmission in the Swedish market remained weak, while the market for smaller projects improved compared with earlier during the year
  - The market for electricity distribution products was more stable
  - Demand for products in electrical installation and electrical safety was good in Sweden and Denmark, but was weaker in Finland
  - Due to reduced investments in oil and gas, the business situation for some of our Norwegian businesses was very challenging

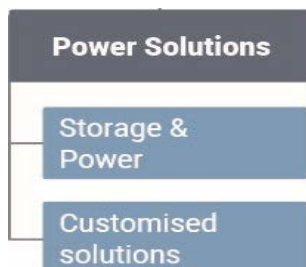
# Industrial Process



	3rd quarter		9 months		2014/2015	
Net sales	359	0%	1,073	4%	1,403	9%
EBIT	23	29%	77	34%	77	-17%
ROS	6.5%	5.0%	7.2%	5.6%	5.5%	7.2%

- Taken together, demand in the business area was stable during the quarter and earlier restructuring measures in some operations had a favourable impact on profits
  - Sales in the Nordic region increased somewhat, but decreased in the rest of Europe and China
  - Demand for measuring and analysis instruments fell from customers in oil & gas in Norway, but was stable from the rest of the Nordic process industry and increased for ship customers
  - The business situation was weaker for equipment for transporting materials in forestry and paper/pulp, as well as for polymer products in Denmark
  - Demand for electric motor solutions and consumables for industrial aftermarket customers was stable

# Power Solutions



	3rd quarter		9 months		2014/2015	
Net sales	314	23%	888	12%	1,088	13%
EBIT	25	-3%	88	-3%	123	29%
ROS	8.0%	10.1%	9.9%	11.5%	11.4%	10.0%

- Overall, demand in the business area rose during the quarter
  - Much of this increase was due to major deliveries of mainly battery products with lower margins which, when combined with the cost of acquisitions and streamlining measures, contributed to lower operating margins
  - The business situation regarding other products in battery and power supply solutions remained favourable in most customer segments except for telecom and customers in the Norwegian market, where sales fell
  - Demand for special vehicle industry products increased during the quarter

# Separate listing of Life Science



- Preparations for a separate listing on Nasdaq Stockholm for AddLife AB, through a distribution of shares to Addtech's shareholders, are progressing according to plan
- As part of the preparations for the separate listing the interim report for AddLife AB is attached to this interim report
- The Board of Directors of AddLife is planning a rights issue to existing shareholders in conjunction with the listing of the Company's share on Nasdaq Stockholm. The rights issue is expected to raise approximately SEK 300 million for AddLife with full subscription
  - The purpose of the issue of new shares is to create a financial position from which the Group will be able to immediately continue to generate profitable growth through acquisitions
  - AddLife's expected three largest shareholders, representing about 38.0 percent of the votes and 18.5 percent of the capital, have expressed their willingness to subscribe to their share of the rights issue
- Ongoing Prospectus writing
- The ambition is to complete the listing in the first half of 2016



# Board and Management team



- The five largest shareholders in Addtech /AddLife have appointed a Board of Directors
  - Johan Sjö, Chairman
  - Håkan Roos
  - Fredrik Börjesson
  - Stefan Hedelius
  - Birgit Stattin Norinder
  - Eva Nilsagård
- Management team as of 1 November 2015
  - President Kristina Willgård
  - Exec. Vice President Artur Aira
  - CFO Martin Almgren

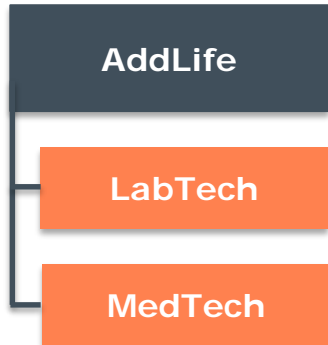


# Financial targets



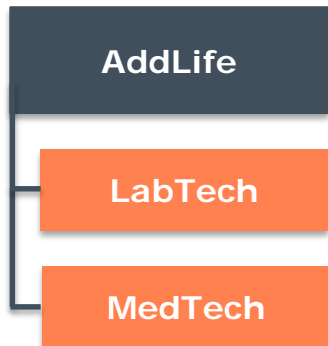
- Growth in profit (EBITA) for the long-term will be 15 percent per year
- Profitability will be at least 45 percent, measured as the ratio between EBITA and working capital (P/WC)
- The Board of Directors of AddLife set a long-term goal to pay a dividend corresponding to 30-50 percent of profit after tax. When determining the dividend, the Company's Board will consider investment needs and other factors that it considers to be relevant.
  - The Board plans to propose to the Annual General Meeting that no dividend be paid for the 2015/2016 financial year

# Interim report April-December **AddLife**



- Overall, the business situation in the third quarter has been favourable
- Organic growth 4 percent
  - In Sweden, the appetite to invest in health care is generally strong
  - Danish market is favourable, where the pharmaceutical industry in particular is investing in research and development
  - The investment climate in Finland is weaker, though several of our Finnish companies continued to perform well
  - In Norway, cutbacks in oil and gas as well as the weakening of the NOK have had a general impact on the market
- The trend is shifting towards larger contracts with public services, resulting in increased competition while squeezing margins in certain product areas. We chose not to compete for some of the contracts in these product areas, but participated in others where we can still generate earnings growth through greater internal efficiency

# Interim report April-December



AddLife Group	3rd quarter		9 months		2014/2015
Net sales	472	56%	1,110	44%	1,057
EBIT	42	12%	100	10%	120
<i>EBITa margin</i>	<i>8.9%</i>	<i>12.5%</i>	<i>9.0%</i>	<i>11.8%</i>	<i>11.3%</i>

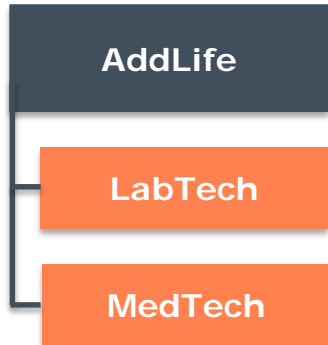
## ■ Third Quarter

- Excluding preparation costs for the listing of about SEK 5.9 million
  - EBITA +28%
  - EBITA-margin during the quarter amounted to 10.2 procent

## ■ The Period

- Acquisition costs in the second quarter of SEK 3.1 million had an impact on the EBITA margin, attributable to Medioplast and Fenno Medical
- The lower underlying EBITA margin compared with the previous year is attributable in part to a change in the product mix since AddLife carried out two major acquisitions as per 1 July 2015 and in part to a lower gross margin in the contracts we chose to accept where we face growing competition

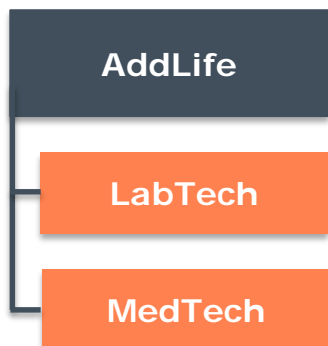
# Business area LabTech



LabTech	3rd quarter		9 months		2014/2015
Net sales	303	3%	782	4%	1,032
EBIT	38	4%	85	-3%	117
EBITa margin	12.5%	12.3%	10.9%	11.7%	11.3%

- The market in this business area is developing favourably.
- Demand for diagnostic equipment and reagents for the Nordic healthcare sector was stable. Newer technologies in diagnostics are mainly responsible for growth here.
  - Margin affected because we accepted contracts with lower gross margins in certain product segments due to tougher competition and we also changed the product mix, as more diagnostic instruments sold compared with the previous year.
- Demand for equipment and consumables in health care and research laboratories was robust during the quarter, especially for products used in cell and molecular biology research.
  - Initiatives from both the public sector and from various funds and foundations contributed to the increased willingness to invest in clinical research, particularly in Sweden and Denmark.

# Business area MedTech



MedTech	3rd quarter		9 months		2014/2015
Net sales	169	2,390%	328	1,663%	25
EBIT	12	1,350%	20	648%	4
EBITa margin	6.9%	11.8%	6.2%	14.5%	15.7%

- Overall, the business situation is stable for the quarter, but demand varies depending on geography and product segment.
  - Demand has been stable in the Swedish market, but the market situation in Finland has been more challenging. In both Sweden and Finland the EBITA margin has been affected by fierce competition for major contracts, along with exchange rate effects and the product mix.
  - Although the markets in Norway and Denmark were somewhat weaker, the companies still performed well and were able to improve their margins.
  - The product mix improved this quarter than the previous quarter, with a higher proportion of own products, but the share of durable goods remained somewhat low.
- Overall, the newly acquired companies, Medioplast and Fenno Medical achieved sales and earnings on a par with their performance the previous year.

# Addtech The Group

## Income statement

(SEKm)	3 months ending		9 months ending		12 months ending	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14	31 Dec 15	31 Mar 15
<b>Net Sales</b>	<b>2,042</b>	<b>1,756</b>	<b>5,634</b>	<b>4,949</b>	<b>7,461</b>	<b>6,776</b>
Cost of sales & op. expenses*	-1,925	-1,635	-5,238	-4,572	-6,927	-6,261
Other operating items	8	4	9	15	15	21
<b>Operating profit</b>	<b>125</b>	<b>125</b>	<b>405</b>	<b>392</b>	<b>549</b>	<b>536</b>
Financial income & expenses	-6	-5	-13	-18	-18	-23
<b>Profit after financial items</b>	<b>119</b>	<b>120</b>	<b>392</b>	<b>374</b>	<b>531</b>	<b>513</b>
Income tax expense	-23	-23	-85	-83	-115	-113
<b>Net profit</b>	<b>96</b>	<b>97</b>	<b>307</b>	<b>291</b>	<b>416</b>	<b>400</b>
Earnings per share, SEK	1.35	1.45	4.40	4.30	6.00	5.90
* Op. expenses include depreciation and amortisation						
- of property, plant and equipment in amount	-13	-11	-36	-31	-46	-41
- of intangible assets in amounts of	-33	-25	-88	-68	-112	-92
EBIT-margin, %	6.1	7.1	7.2	7.9	7.4	7.9
EBITa-margin, %	7.8	8.5	8.8	9.3	8.9	9.3

# Addtech The Group

## Cash flow statement

(SEKm)	3 months ending		9 months ending		12 months ending	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14	31 Dec 15	31 Mar 15
Profit after financial items	119	120	392	374	531	513
Adj. for non cash items	48	27	132	93	165	126
Income tax paid	-63	-48	-123	-67	-156	-100
Changes in working capital	84	100	-72	-14	-40	18
<b>Cash flow from operating activities</b>	<b>188</b>	<b>199</b>	<b>329</b>	<b>386</b>	<b>500</b>	<b>557</b>
Net investment in non-current assets	-21	-13	-54	-37	-72	-55
Acquisitions and disposals	-176	-17	-587	-256	-599	-268
Dividend paid	-	-	-217	-200	-217	-200
Repurchase of own shares	-	-	-45	-35	-45	-35
Other financing activities	61	-151	672	179	497	4
<b>Period's cash flow</b>	<b>52</b>	<b>18</b>	<b>98</b>	<b>37</b>	<b>64</b>	<b>3</b>



# Addtech The Group

## Balance sheet

(SEKm)	31 Dec 15	31 Mar 15	31 Dec 14
Goodwill	1,380	903	898
Other intangible non-current assets	928	640	656
Property, plant and equipment	224	198	193
Non-current financial assets	33	24	23
Inventories	1,098	849	859
Current receivables	1,229	1,156	1,078
Cash and cash equivalents	166	83	113
<b>Total assets</b>	<b>5,058</b>	<b>3,853</b>	<b>3,820</b>
Total equity	1,791	1,539	1,454
Interest-bearing provisions & liabilities	1,712	911	1,044
Non-interest-bearing prov. & liabilities	1,555	1,403	1,322
<b>Total equity &amp; liabilities</b>	<b>5,058</b>	<b>3,853</b>	<b>3,820</b>

# Addtech The Group

## Key financial indicators

(SEKm)	31 Dec 15	31 Mar 15	31 Dec 14
Total equity (SEKm)	1,791	1,539	1,454
Equity per share, SEK	25.35	22.60	21.50
Equity ratio, %	35	40	38
Return on equity, %	26	28	28
Return on capital employed, %	20	23	23
Financial net debt (SEKm)	1,546	828	931
- of which pension liability	319	318	254
- of which other liabilities	1,227	510	677
Financial net debt / EBITDA	2.2	1.2	1.4
Net debt / equity ratio, times	0.7	0.3	0.5
Interest coverage ratio, times	25	22	21
Average number of employees	2,360	2,224	2,197
Number of employees at end of period	2,503	2,286	2,251

