

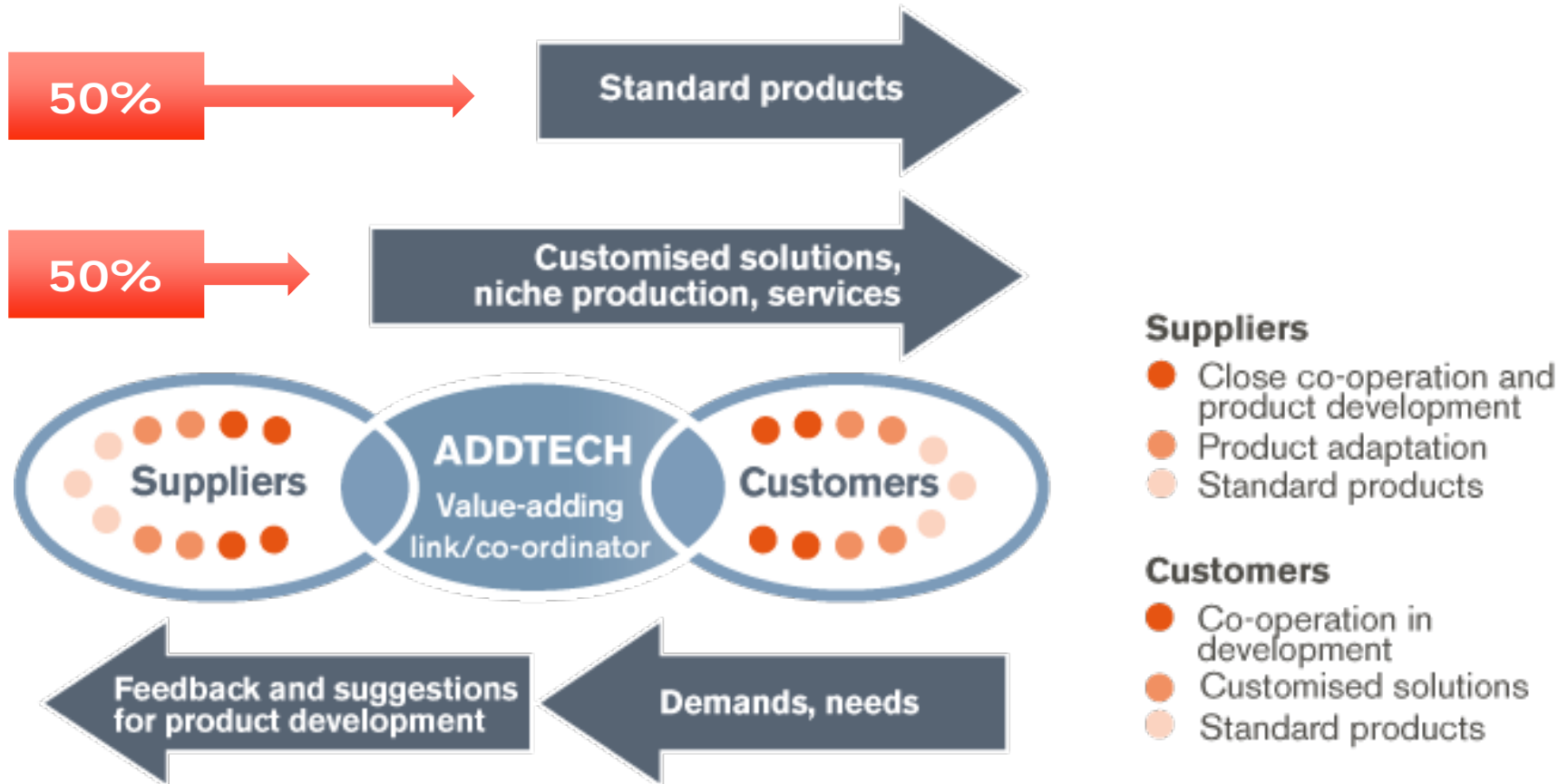
# Presentation of Addtech

# 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 6,000m
  - About 120 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





# Year-end report

1 April 2015 – 31 March 2016

# 1 April 2015–31 March 2016

## 4<sup>th</sup> quarter

- Net sales increased by 6% to SEK 1,631m (1,542)
  - For comparable units -1%
  - Acquired growth +8%
  - Currency effects -1%

## 12 months

- Net sales increased by 8% to SEK 6,155m (5,719)
  - For comparable units +0%
  - Acquired growth +8%
  - Currency effects -0%

# 1 April 2015–31 March 2016

## 4<sup>th</sup> quarter

- Operating profit amounted to SEK 117m (118)
  - Operating margin 7.2% (7.7)
- EBITa increased by 1% to SEK 142m (139)
  - EBITa-margin 8.7% (9.1)

## 12 months

- Operating profit increased by 3% to SEK 443m (431)
  - Operating margin 7.2% (7.5)
- EBITa increased by 5% to SEK 536m (510)
  - EBITa-margin 8.7% (8.9)

# 1 April 2015 – 31 March 2016

- All in all business conditions were relatively stable during the fourth quarter, although we experienced considerable variation between our different customer segments
- For the full year, we are reporting a slight increase in profit, which is thanks to our focus on costs and implementation of several acquisitions
- The Group was adversely affected to a substantial extent during the year by the lower investments in oil and gas in Norway
  - This has significantly affected our profit, as these sales had a margin that exceeded the Group average
  - It remains too early to say when that market will recover, but our companies that operate there experienced a stabilisation of demand during the fourth quarter, albeit at a low level
  - The business conditions in our other customer segments in the Norwegian market were relatively stable, and there are certain indications that demand may increase in these segments



# 1 April 2015 – 31 March 2016

- In Sweden the activity level from manufacturing customers remained good, and demand grew in electrical infrastructure and in building and installation
- In Denmark the market conditions are favourable, and we have had a positive sales trend
- In Finland we also succeeded in maintaining sales at a sound level, despite lower demand in several market segments
- In our markets outside the Nordics, business conditions improved as a whole during the final part of the year
- We are keeping our focus on increasing profitability and replacing lost sales with new deals that can contribute to our profit growth
  - In addition we have launched a number of cost rationalisation projects
  - These initiatives had a limited effect in the fourth quarter, but we expect a gradually increasing effect in 2016/2017

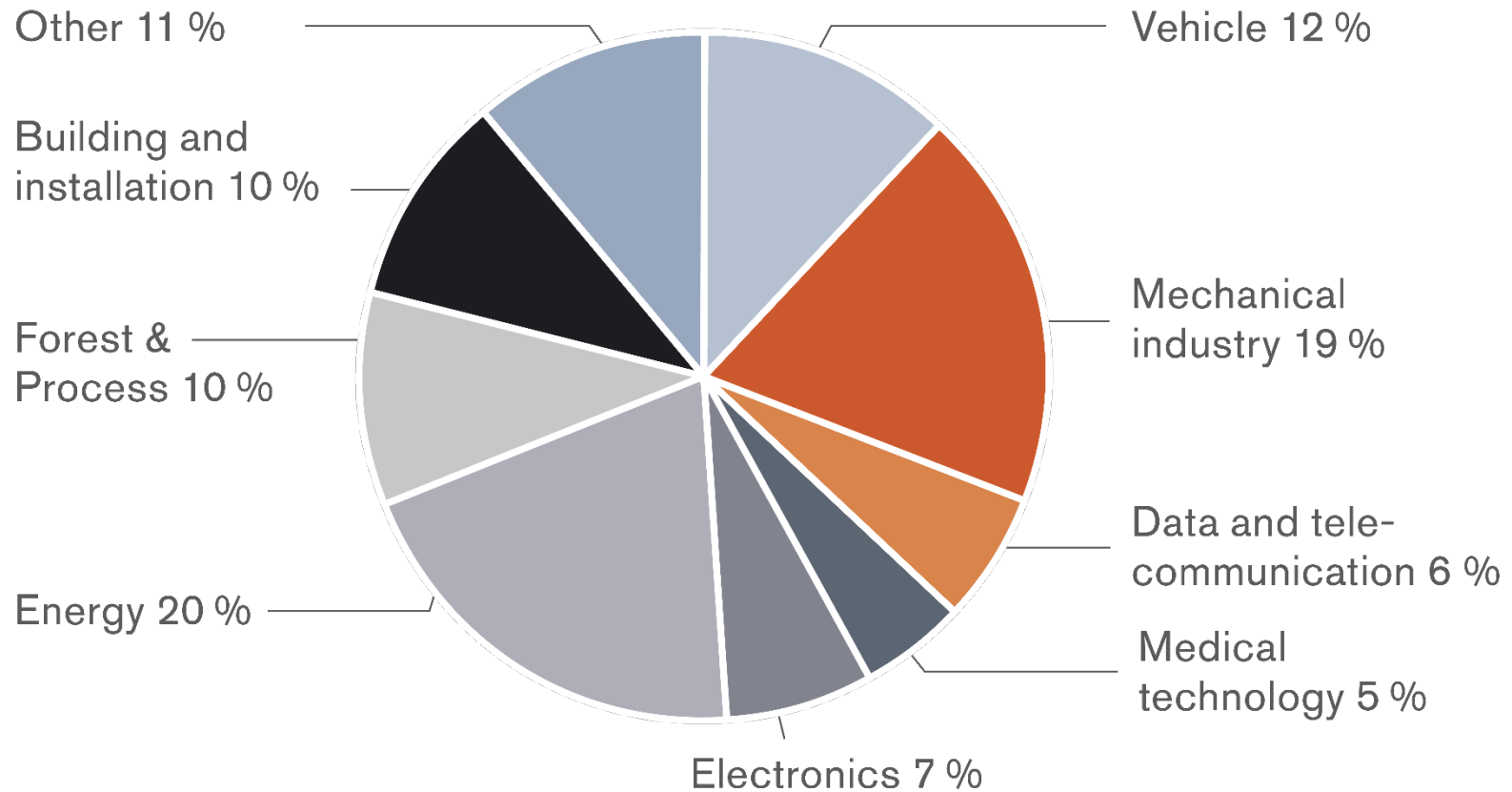
# 1 April 2015 – 31 March 2016

- In March, more than 10 years after we acquired operations in AddLife, Addtech's shareholdings in AddLife were distributed to our shareholders, and the company was listed on Nasdaq Stockholm
  - The visibility of both Addtech and AddLife increases, and we can focus on our respective main markets, which creates better conditions for further long-term profitable growth
- In our reporting as of the fourth quarter 2015/2016, we will focus on our continuing operations

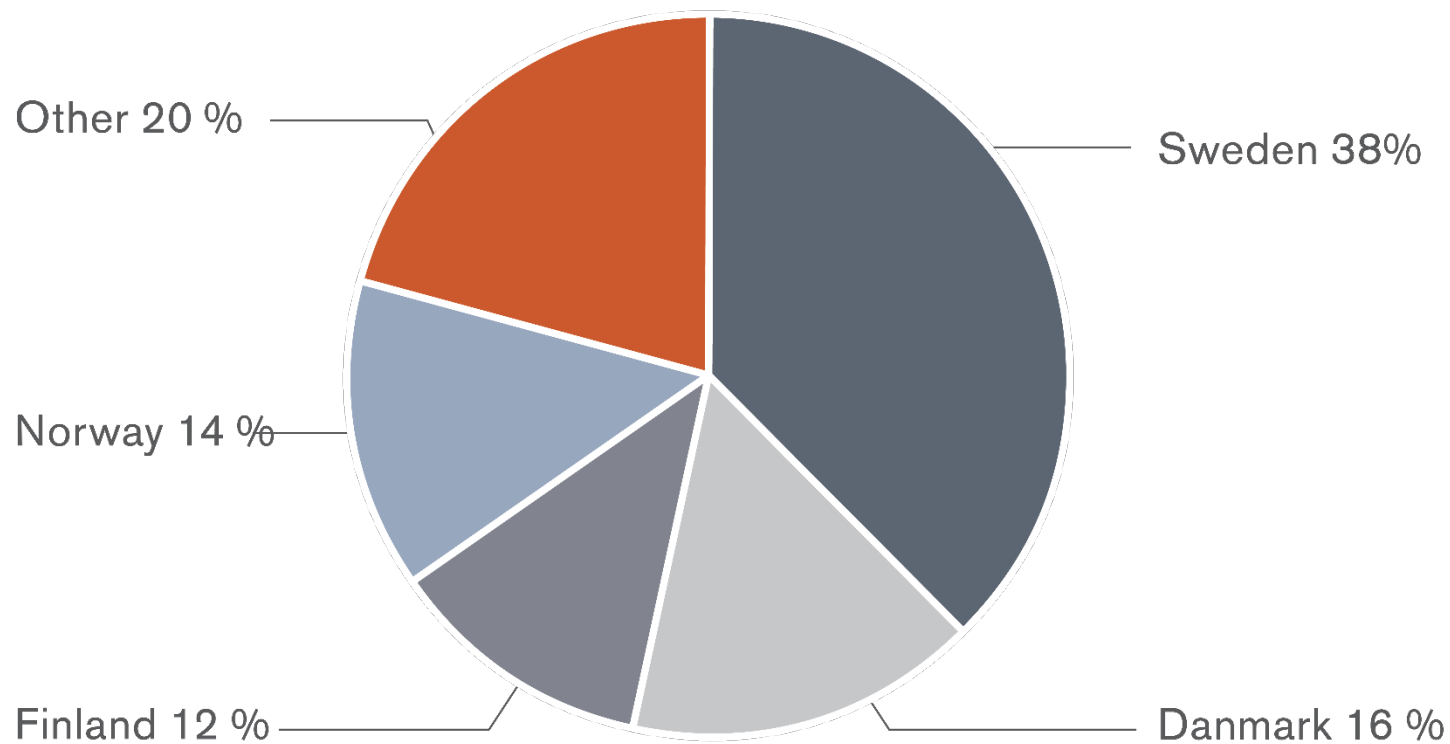
# 1 April 2015 – 31 March 2016

- We are delighted to note that our well-established acquisition strategy continues to be very effective and our activity level remains high
- During the fourth quarter we implemented two acquisitions, which add annual sales of about SEK 100 million
- This year's acquisitions, ten in total, add annual sales of about SEK 640 million
  - So far in the new year we have implemented four acquisitions that bring additional annual sales of about SEK 200 million

# Customer segments 2015/2016



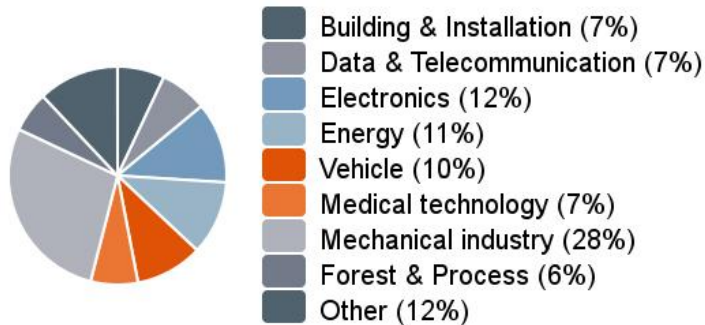
# Net sales by geographical market



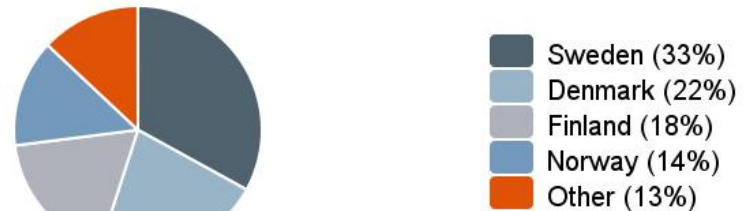
# Components

Components markets and sells components and sub-systems in mechanics, electromechanics, hydraulics and electronics as well as automation solutions. Its customers are mainly in the manufacturing industry.

Sales by customer segment



Sales by geographic market



# Components



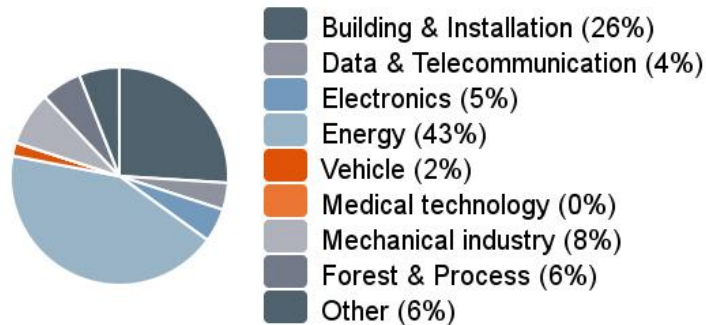
	4th quarter		12 months		2014/2015	
Net sales	542	4%	2,029	7%	1,889	19%
EBIT	34	-7%	122	-6%	129	38%
ROS	6.3%	7.1%	6.0%	6.9%	6.9%	5.9%

- All in all, demand for production components from Nordic manufacturing companies was stable during the quarter
  - The business situation in Sweden and Denmark was good, and we achieved slightly higher sales in the Swedish operation.
  - The will to invest within oil and gas in Norway was at a much lower level than in the fourth quarter of the previous year, but at the same level as during the third quarter
    - Seen over the year, this entailed an adverse effect on profit development, and we are therefore focusing on cost-cutting measures
  - In Finland, despite the challenging business climate that continued, there was relatively sound demand for our operations

# Energy

Energy markets and sells products for the transmission and distribution of electricity and products in electrical safety, electrical installation and connection technology (circuitry). Its customers mainly operate in the energy and electrical installation market via specifiers and electricity wholesalers.

Sales by customer segment

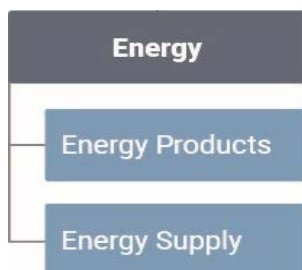


Sales by geographic market





# Energy



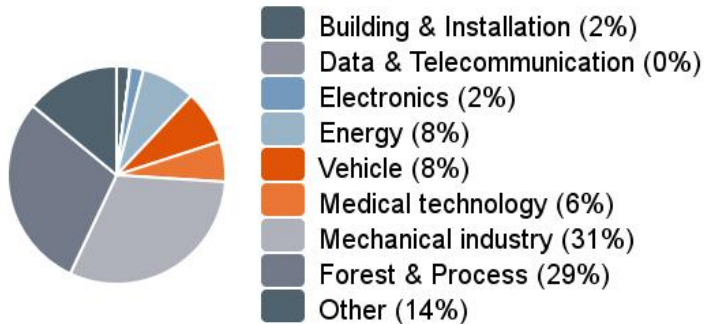
	4th quarter		12 months		2014/2015	
Net sales	402	14%	1,487	10%	1,346	5%
EBIT	32	3%	115	1%	114	-12%
ROS	7.9%	8.7%	7.7%	8.4%	8.4%	10.1%

- On the whole, underlying demand was better than in previous quarters of the year, and sales for comparable entities rose compared to the same quarter of the previous year
  - The business situation for products in electrical installation and electrical safety was positive in Sweden, Denmark and Finland, but weaker in Norway
    - The lower demand in Norway within oil and gas led to challenging business conditions for some of our Norwegian operations
  - The business area is cutting costs in several operations
  - Infrastructure investments in electrical power transmission rose for small projects, but remained at a low level in larger new-build projects
  - Sales of niche products in electrical power distribution were stable during the quarter

# Industrial Process

Industrial Process markets and sells solutions, sub-systems and components (often under own brand) which help to optimise industrial processes and flows. Its customers mainly operate in the North European manufacturing industry.

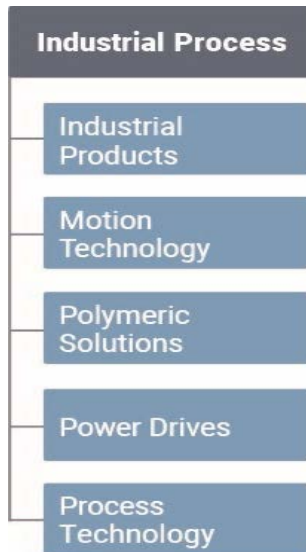
Sales by customer segment



Sales by geographic market



# Industrial Process



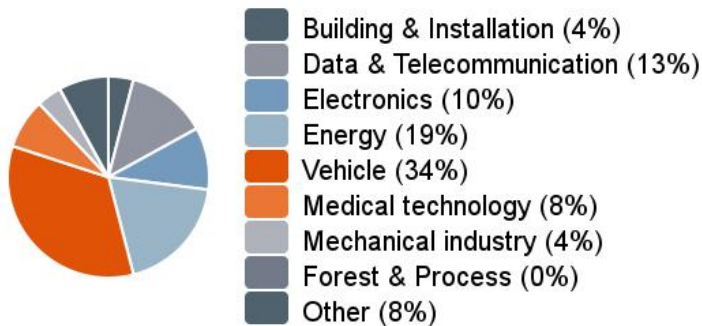
	4th quarter		12 months		2014/2015	
Net sales	350	-6%	1,423	1%	1,403	9%
EBIT	24	28%	101	33%	77	-17%
ROS	6.9%	5.1%	7.1%	5.5%	5.5%	7.2%

- Overall, demand in the Nordics was unchanged during the quarter, while it rose in the rest of Europe
- Sales fell slightly compared to the same quarter of the previous year, and the business situation varied between different customer segments and different product segments
  - Customers in the energy sector and Nordic process industry – including oil and gas – reduced their investments, while demand from machinery manufacturers was stable during the quarter
  - However, the conditions for business improved during the quarter in the vehicle and medical technology industries
- Thanks to implemented restructuring measures, both operating margin and profit grew during the quarter

# Power Solutions

Power Solutions develops, markets and sells components and system solutions that ensure power supply, as well as operation and control of movements or energy flows, such as battery solutions and products used in the interaction between humans and machines. The business area's customers mainly work with special vehicles, telecoms, environmental technology and medical technology.

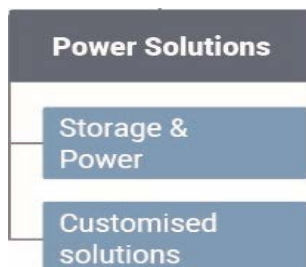
Sales by customer segment



Sales by geographic market



# Power Solutions



	4th quarter		12 months		2014/2015	
Net sales	338	15%	1,226	13%	1,088	13%
EBIT	34	1%	122	-2%	123	29%
ROS	10.0%	11.3%	10.0%	11.4%	11.4%	10.0%

- Underlying sales were unchanged compared to the previous year, while demand rose during the quarter
- Operating margin is still being affected by large deliveries of, above all, battery products with lower margins and costs of efficiency improvements
  - Demand for solutions with new battery technology and power supply solutions in the Nordic markets continued to improve
  - The business situation for customers in the energy and telecom sectors remained unchanged, while demand for products for the special vehicles industry continued to grow in the quarter

# Addtech The Group

## Income statement

(SEKm)	3 months ending		12 months ending	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
<b>Net Sales</b>	<b>1,631</b>	<b>1,542</b>	<b>6,155</b>	<b>5,719</b>
Cost of sales & op. expenses*	-1,526	-1,429	-5,728	-5,311
Other operating items	12	5	16	23
<b>Operating profit</b>	<b>117</b>	<b>118</b>	<b>443</b>	<b>431</b>
Financial income & expenses	-9	-4	-20	-21
<b>Profit after financial items</b>	<b>108</b>	<b>114</b>	<b>423</b>	<b>410</b>
Income tax expense	-23	-26	-90	-89
<b>Net profit</b>	<b>85</b>	<b>88</b>	<b>333</b>	<b>321</b>
Earnings per share, SEK	1.25	1.30	4.85	4.70
* Op. expenses include depreciation and amortisation				
- of property, plant and equipment in amount	-10	-8	-35	-31
- of intangible assets in amounts of	-25	-21	-93	-79
EBIT-margin, %	7.2	7.7	7.2	7.5
EBITa-margin, %	8.7	9.1	8.7	8.9

# Addtech The Group

## Cash flow statement

(SEKm)	3 months ending		12 months ending	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
Profit after financial items	1,689	139	2,081	513
Adj. for non cash items	-1,545	33	-1,413	126
Income tax paid	-37	-33	-160	-100
Changes in working capital	38	32	-34	18
<b>Cash flow from operating activities</b>	<b>145</b>	<b>171</b>	<b>474</b>	<b>557</b>
Net investment in non-current assets	-12	-18	-66	-55
Acquisitions and disposals	-36	-12	-623	-268
Discontinued operations, Net affecting liquidity	337	-	337	-
Dividend paid	-	-	-217	-200
Repurchase of own shares	-	-	-45	-35
Other financing activities	-462	-175	210	4
<b>Period's cash flow</b>	<b>-28</b>	<b>-34</b>	<b>70</b>	<b>3</b>

\* Includes discontinued operations

# Addtech The Group

## Balance sheet

(SEKm)	31 Mar 16	31 Mar 15
Goodwill	856	903
Other intangible non-current assets	642	640
Property, plant and equipment	168	198
Non-current financial assets	27	24
Inventories	874	849
Current receivables	1,098	1,156
Cash and cash equivalents	140	83
<b>Total assets</b>	<b>3,805</b>	<b>3,853</b>
Total equity	1,514	1,539
Interest-bearing provisions & liabilities	961	911
Non-interest-bearing prov. & liabilities	1,330	1,403
<b>Total equity &amp; liabilities</b>	<b>3,805</b>	<b>3,853</b>



# Addtech The Group

## Key financial indicators

(SEKm)	31 Mar 16	31 Mar 15
Total equity (SEKm)	1,514	1,539
Equity per share, SEK	22.10	22.60
Equity ratio, %	40	40
Return on equity, %	20	28
Return on capital employed, %	16	23
Financial net debt (SEKm)	822	828
- of which pension liability	199	318
- of which other liabilities	623	510
Financial net debt / EBITDA	1.4	1.2
Net debt / equity ratio, times	0.4	0.3
Interest coverage ratio, times	20	22
Average number of employees	2,386	2,224
Number of employees at end of period	2,076	2,286

