



# Bo Annvik

## CEO

# Summary 2017

- Record high sales and earnings
- Favourable market conditions
- 12 acquisitions with total annual sales of SEK 1.3 billion
- Net sales rose 15% to 14,847 MSEK (12,955)
- Adjusted EBITA 11.8%
- EBITA rose 9% to 1,613 MSEK (1,484)
- EBITA margin 10.9% (11.5)
- Earnings per share rose 9% to SEK 8.54 (7.80)
- Proposed dividend SEK 3.75 (3.20) +17%
- New organization structure and management team

# Highlights fourth quarter 2017

- Positive momentum in most operations, with growth in order intake, sales and earnings
- Continued good development in the Nordic countries, Benelux and Germany
- Lower volumes for valves for power generation having an impact on earnings and EBITA-margin
- Restructuring of Sander Meson group
- Acquisition of Inovatools in Germany

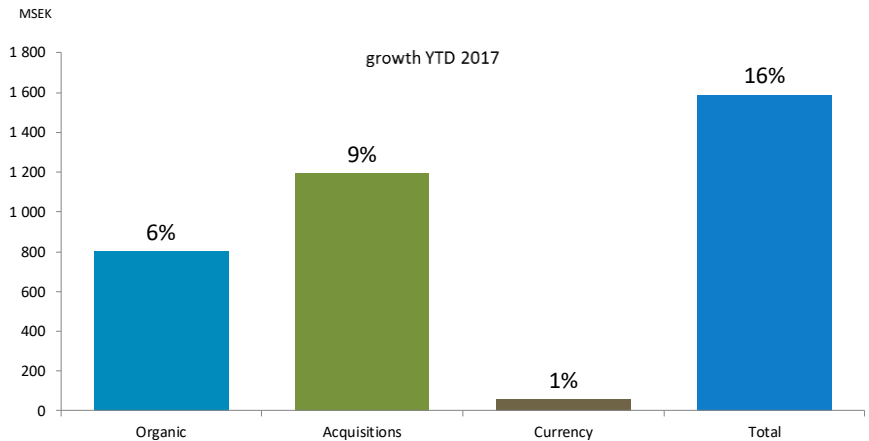
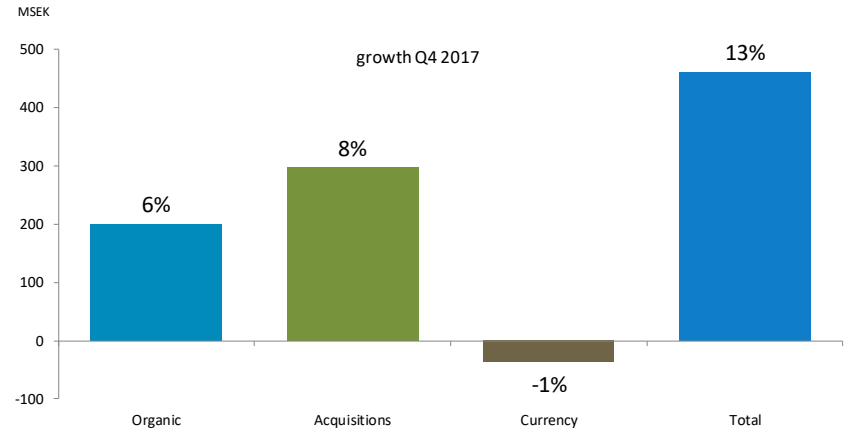
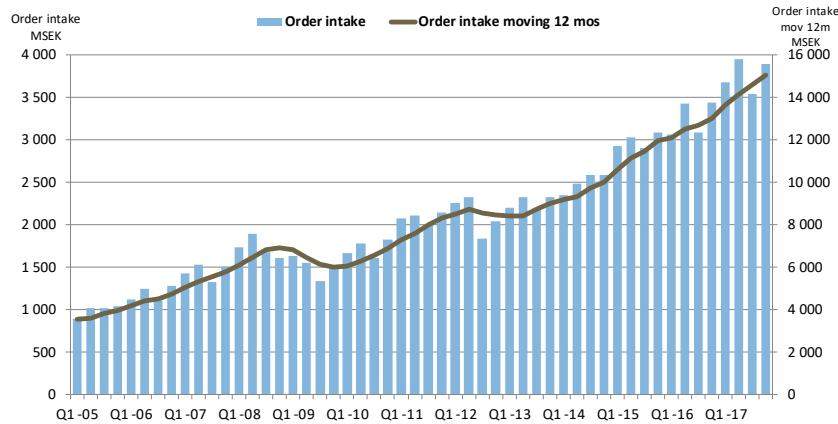
# Financial summary fourth quarter 2017

- Order intake rose 13% to 3,895 MSEK (3,434)
- Net sales rose 12% to 3,932 MSEK (3,499)
- Restructuring costs of 132 MSEK
- Excluding restructuring costs EBITA rose 10% to 431 MSEK, corresponding to an EBITA-margin of 11.0%
- EBITA declined 24% to 299 MSEK (391)
- EBITA margin 7.6% (11.2%)

# Market conditions

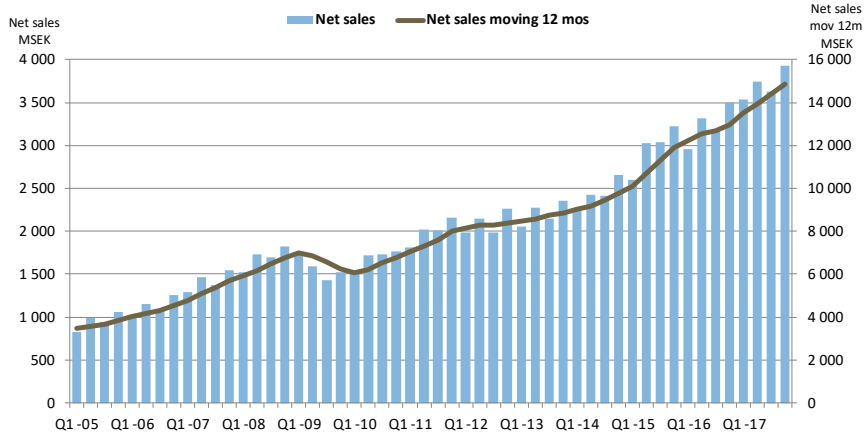
- Sweden: ↗
- Finland: ↗
- Norway: oil & gas → other →
- Denmark: →
- UK: →
- Ireland: →
- Benelux: ↗
- Switzerland: →
- Germany: ↗
- North America: →
- Asia: ↗

# Order intake

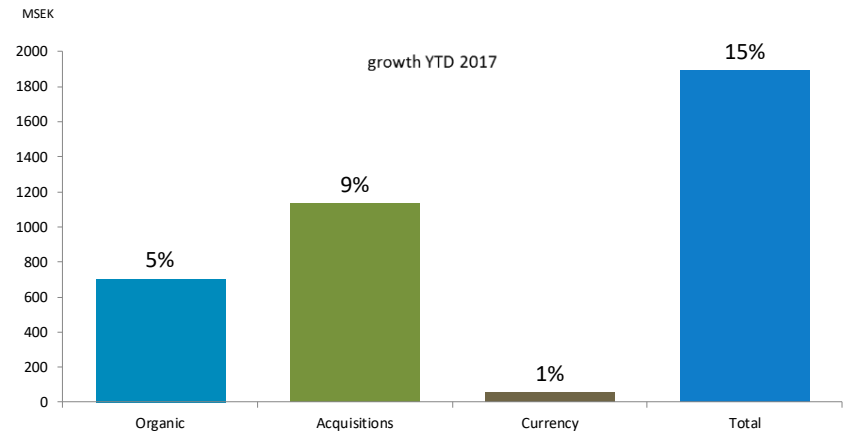
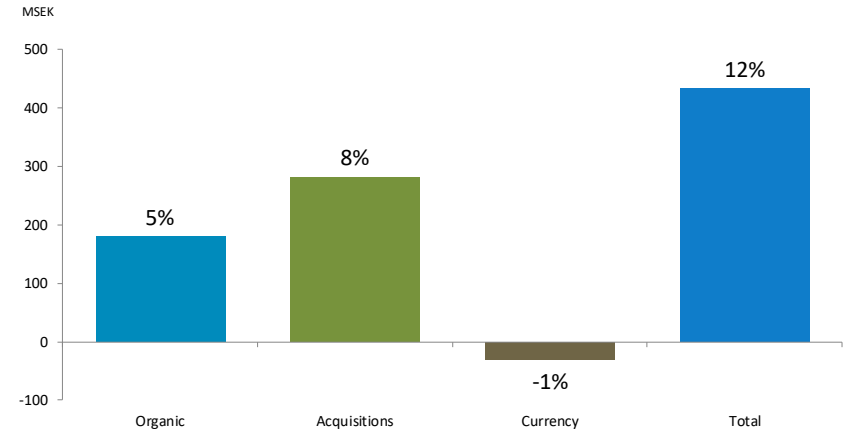


- Q4: Order intake rose 13% to 3,895 MSEK (3,434) whereof organic 6%
- FY 2017: Order intake rose 16% to 15,051 MSEK (13,004) whereof organic 6%

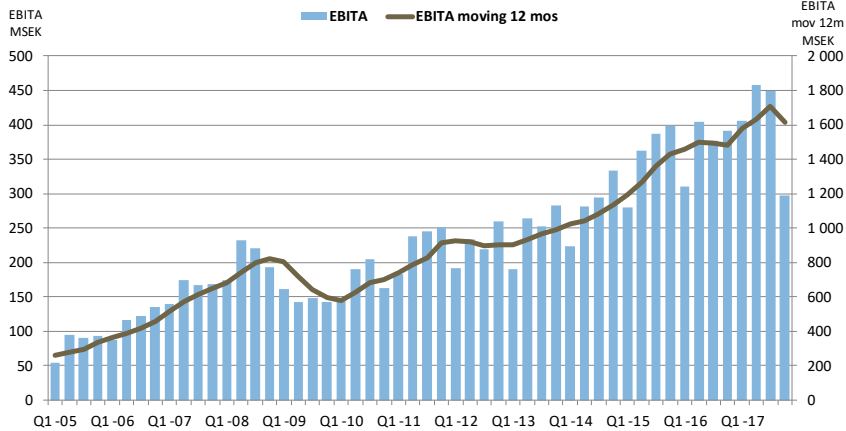
# Net sales



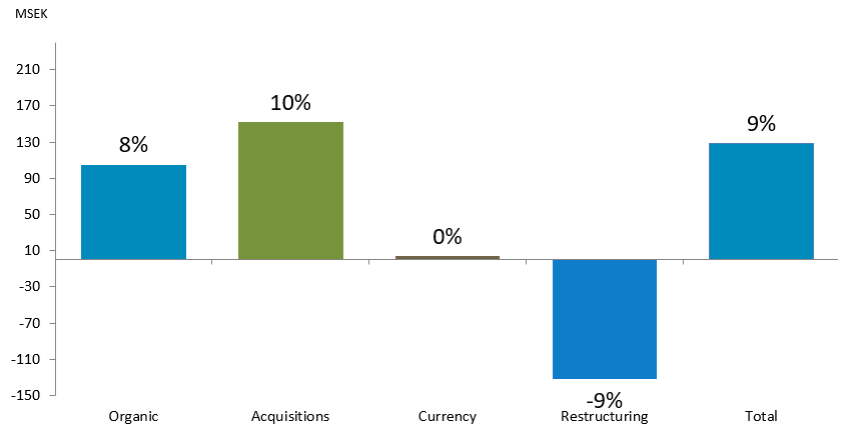
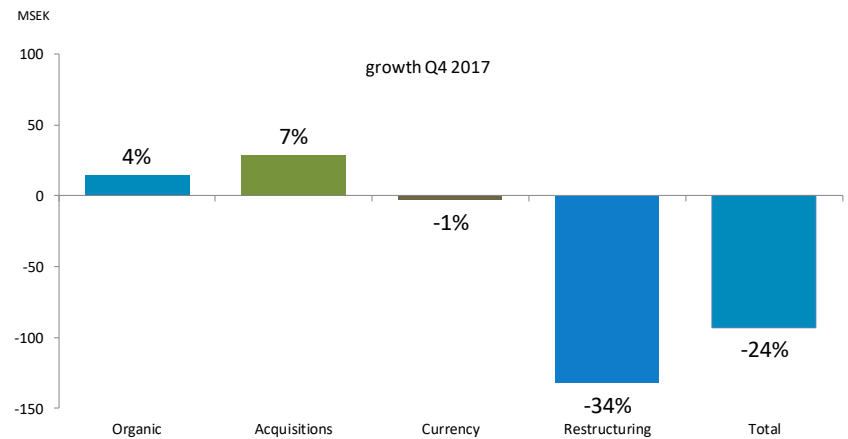
- Q4: Net sales rose 12% to 3,932 MSEK (3,499) whereof organic 5%
- FY 2017: Net sales rose 15% to 14,847 MSEK (12,955) whereof organic 5%



# EBITA



- Q4: Excl. restructuring costs: EBITA 431 MSEK  
EBITA-margin 11.0%  
EBITA declined 24% to 299 MSEK (391) whereof organic 4%  
EBITA-margin 7.6% (11.2)
- FY 2017: Excl. restructuring costs: EBITA 1,745 MSEK  
Adjusted EBITA-margin 11.8%  
EBITA rose 9% to 1,613 MSEK (1,484) whereof organic 8%  
EBITA-margin 10.9% (11.5)





# Growth bridge 2017

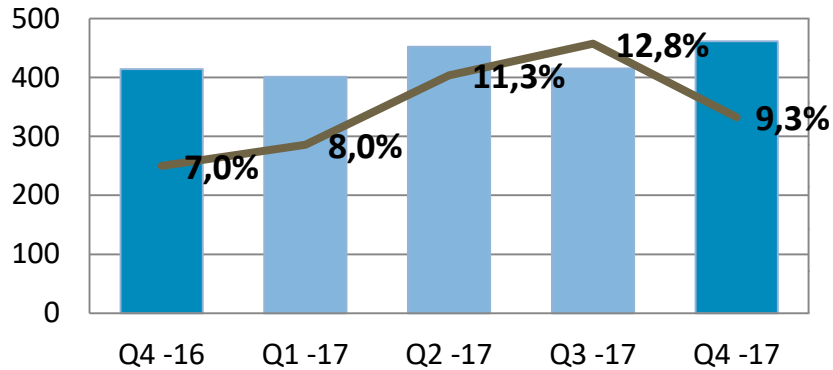
MSEK	Q4						Q4
	2017	Org	Acq	F/X	Restruct	Total	2016
<b>Order intake</b>	3,895	6%	8%	-1%	-	13%	3,434
<b>Net sales</b>	3,932	5%	8%	-1%	-	12%	3,499
<b>EBITA</b>	299	4%	7%	-1%	-34%	-24%	391

MSEK	FY						FY
	2017	Org	Acq	F/X	Restruct	Total	2016
<b>Order intake</b>	15,051	6%	9%	1%	-	16%	13,004
<b>Net sales</b>	14,847	5%	9%	1%	-	15%	12,955
<b>EBITA</b>	1,613	8%	10%	0%	-9%	9%	1,484

# Acquisitions 2017

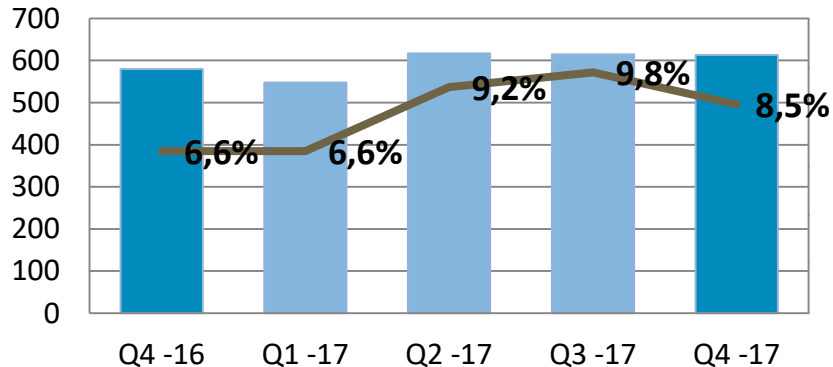
	Annual sales	Possession
1. RS Technics B.V., NL	20 MSEK	January
2. Sunflower Medical Ltd, UK	50 MSEK	January
3. Ellard Ltd, UK	100 MSEK	February
4. Türenfabrik, CH	70 MSEK	March
5. Pro-Flex AS, NO	100 MSEK	April
6. MaxxVision, DE	80 MSEK	April
7. Wennerström Ljuskontroll AB, SE	110 MSEK	July
8. Elma Instruments A/S, DK	180 MSEK	July
9. Young Black Ltd, UK	110 MSEK	July
10. Tubeworkx B.V., NL	50 MSEK	July
11. Inovatools, DE	330 MSEK	November
12. Tradinco B.V., NL	70 MSEK	December
<b>Total</b>	<b>1,270 MSEK</b>	

### Engineering & Equipment



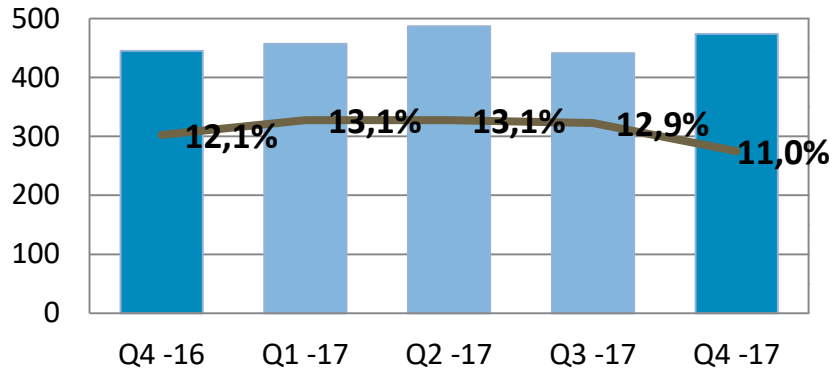
- Net sales: 461 MSEK (415) +11%, whereof organic +11%
- EBITA: 43 MSEK (29) +48%
- EBITA-margin: 9.3% (7.0)
- Positive business climate
- Stable demand in most customer segments

### Flow Technology



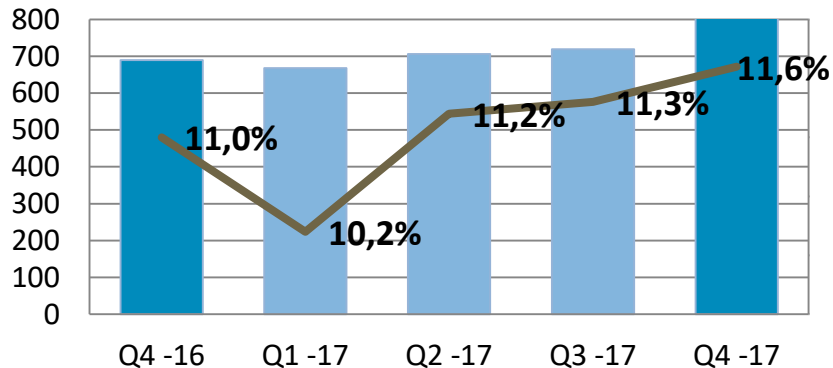
- Net sales: 613 MSEK (580) +6%, whereof organic +4%
- EBITA: 52 MSEK (38) +37%
- EBITA-margin: 8.5% (6.6)
- Stable demand
- Continued low invoicing for companies within the the marine segment with impact on earnings and margin, restructuring initiated

### Fluids & Mechanical Solutions



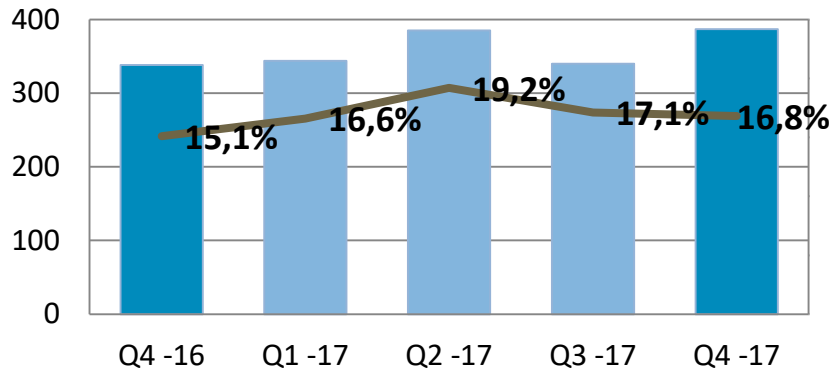
- Net sales: 474 MSEK (445) +7%, whereof organic +5%
- EBITA: 52 MSEK (54) -4%
- EBITA-margin: 11.0% (12.1)
- Stable demand
- Higher costs within some units

### Industrial Components



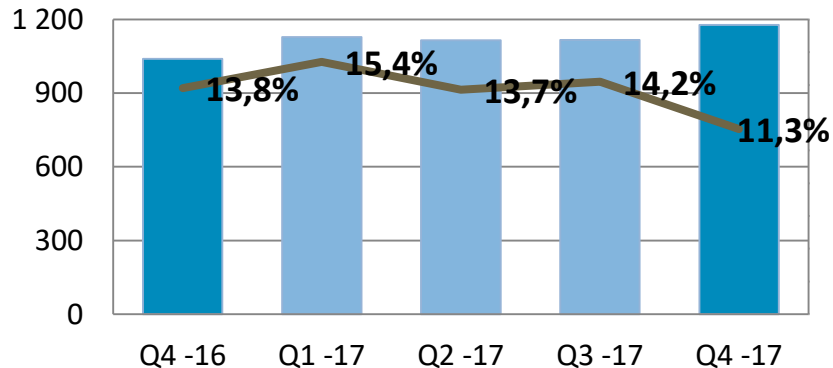
- Net sales: 831 MSEK (690) +20%, whereof organic +7%
- EBITA: 96 MSEK (76) 26%
- EBITA-margin: 11.6% (11.0)
- Continued strong demand in Sweden and Norway

### Measurement & Sensor Technology



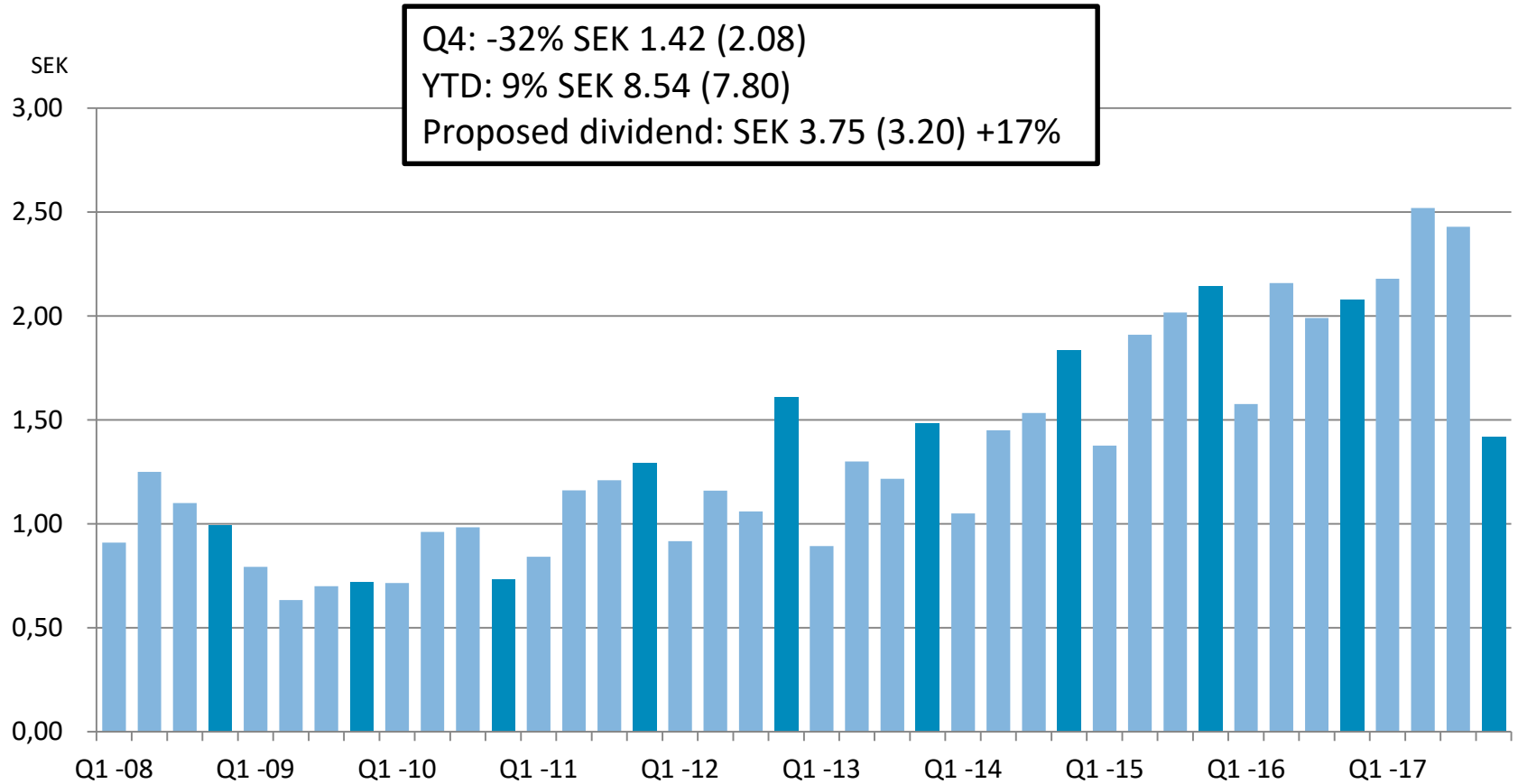
- Net sales: 387 MSEK (338) +14%, whereof organic +14%
- EBITA: 65 MSEK (51) +27%
- EBITA-margin: 16.8% (15.1)
- Stable demand in most regions and applicable segments
- Healthy margins

### Special Products



- Net sales: 1,178 MSEK (1,040) +13%, whereof organic +0%
- EBITA: 133 MSEK (144) -8%
- EBITA-margin: 11.3% (13.8%)
- Variations in demand. Healthy business situation in Germany and Benelux offsets situation in UK and Switzerland
- Lower volumes of valves for power generation having an impact on earnings and EBITA-margin

# Earnings per share



# Financial targets

	2017	Target
Growth	15%	>10%
EBITA-margin	10.9%	>10%
Return on operating capital	19%	>20%
Net debt/equity ratio	74%	<100%

# Income statement

MSEK	Q4 2017	Q4 2016	%	2017	2016
<b>Net sales</b>	3,932	3,499	<b>12%</b>	14,847	12,955
Gross profit	1,299	1,159	12%	4,966	4,348
%	33.0%	33.1%		33.4%	33.6%
Operating expenses	-1,004	-851	18%	-3,534	-3,126
%	-25.5%	-24.3%		-23.8%	-24.1%
Other	-56	27		-52	50
<b>Operating profit</b>	<b>239</b>	<b>335</b>	<b>-29%</b>	<b>1,380</b>	<b>1,272</b>
Financial net	-17	-17		-70	-78
<b>Earnings before tax (EBT)</b>	<b>222</b>	<b>318</b>	<b>-30%</b>	<b>1,310</b>	<b>1,194</b>
%	5.6%	9.1%		8.8%	9.2%
<b>EBITA</b>	299	391	<b>-24%</b>	<b>1,613</b>	<b>1,484</b>
%	7.6%	11.2%		10.9%	11.5%
<b>Earnings per share, SEK</b>	<b>1.42</b>	<b>2.08</b>	<b>-32%</b>	<b>8.54</b>	<b>7.80</b>



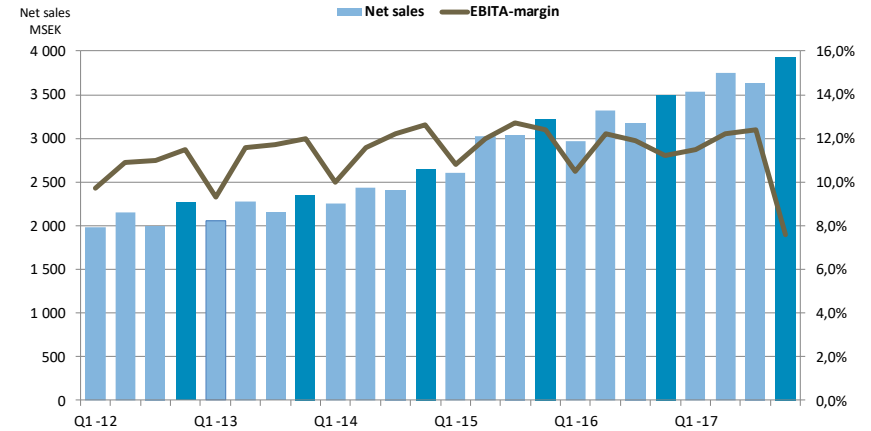
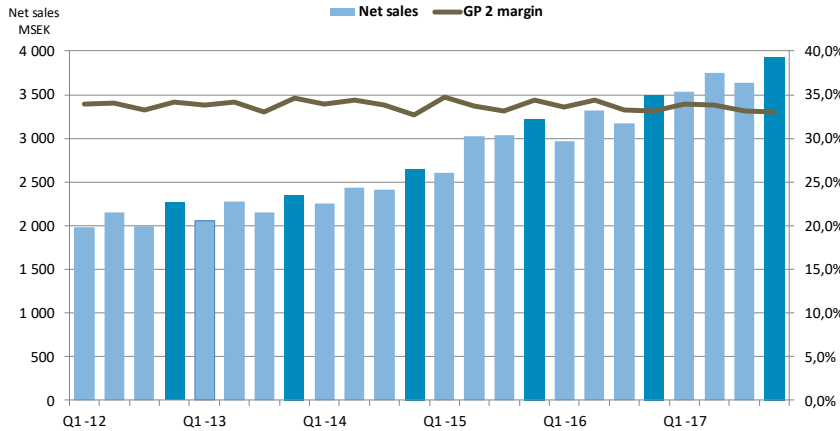
# Balance sheet

MSEK	31 Dec 2017		31 Dec 2016	
Intangible fixed assets	4,947	39%	4,267	39%
Tangible and financial fixed assets	1,757	14%	1,568	14%
Inventories	2,517	20%	2,249	20%
Receivables	2,881	23%	2,637	24%
Cash and cash equivalents	464	4%	332	3%
<b>Total assets</b>	<b>12,566</b>		<b>11,053</b>	
Equity	5,168	41%	4,399	40%
Interest-bearing liabilities	4,293	34%	3,960	36%
Non-interest-bearing liabilities	3,105	25%	2,694	24%
<b>Total equity and liabilities</b>	<b>12,566</b>		<b>11,053</b>	

# Financial key data

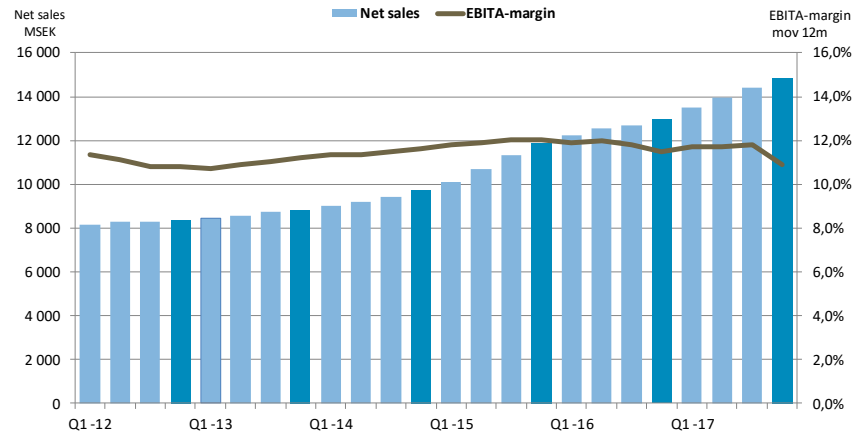
MSEK	31 Dec 2017	31 Dec 2016	31 Dec 2015
Adjusted EBITA margin, %	11.8	11.5	12.0
EBITA margin, %	10.9	11.5	12.0
Return on operating capital, %	19	20	22
Return on equity, %	22	24	26
Interest-bearing net debt, SEK million	3,829	3,628	2,949
Net debt/equity ratio, %	74	82	80
Net debt/EBITDA, times	2.1	2.2	1.8
Equity ratio, %	41	40	40
<i>Key ratios per share</i>			
Earnings per share, SEK	8.54	7.80	7.44

# Margins



Gross profit 33.0% of sales (33.1)  
YTD 33.4% (33.6)

EBITA margin 7.6% of sales (11.2)  
YTD 10.9% (11.5)



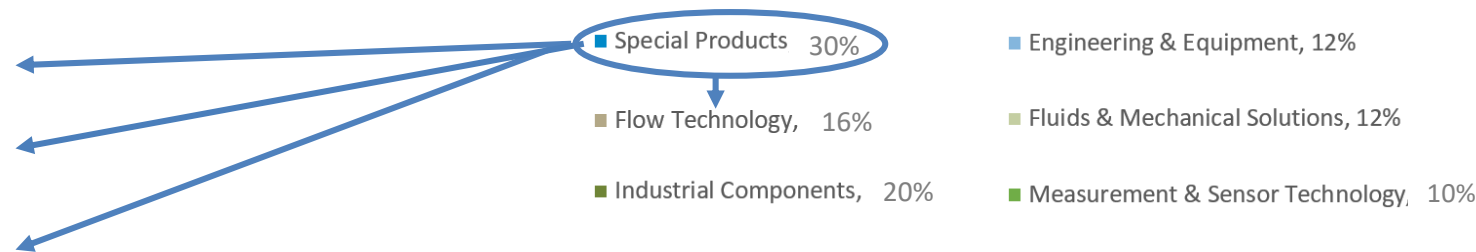
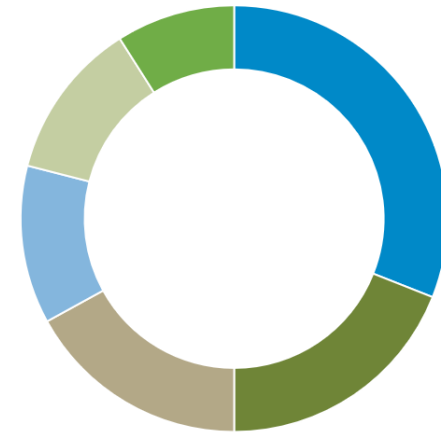
# New Business Areas 2018

- New Business Areas established
  - to strengthen platform for continued profitable growth of current portfolio companies
  - to maintain a high acquisition pace
  - to better utilize the international skills within the Group
- Business Area ‘Special Products’, with a majority of the companies outside Nordics, dissolved into three new Business Areas, with geography as linkage:
  - Benelux
  - DACH
  - UK



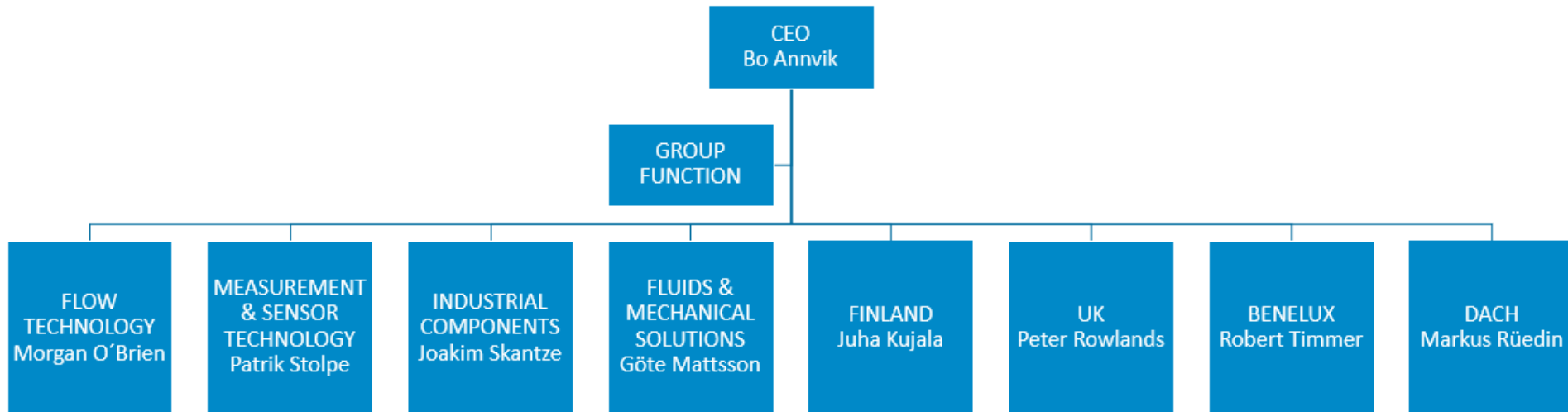
# New Business Areas 2018

- Flow Technology (Product/technology commonalities)
- Measurement & Sensor Technology (Product/technology commonalities)
- Fluids & Mechanical Solutions
- Industrial Components
- Finland (Engineering & Equipment)
- Benelux
- DACH
- UK



# Management Group extended and strengthened

- As a result of the new Business Areas, the existing Group Management is extended and strengthened
- Better utilize the international skills within the company
- Reflect our international business scope and growth potential



# Business objective

» **Growth**



» **Profitable**



» **Sustainable**



A close-up photograph of a hand holding a precision metal tool. The tool has a long, thin, polished shaft that extends from the hand towards the bottom left. The handle is composed of several cylindrical metal parts of varying diameters, some with knurled textures. The background is dark and out of focus, showing what appears to be a person's torso in a dark shirt. The lighting is dramatic, highlighting the metallic surfaces of the tool.

Thank you!  
Q&A