



Acquisition Strategy

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Acquisitions is
a team/network process



Key acquisition criteria

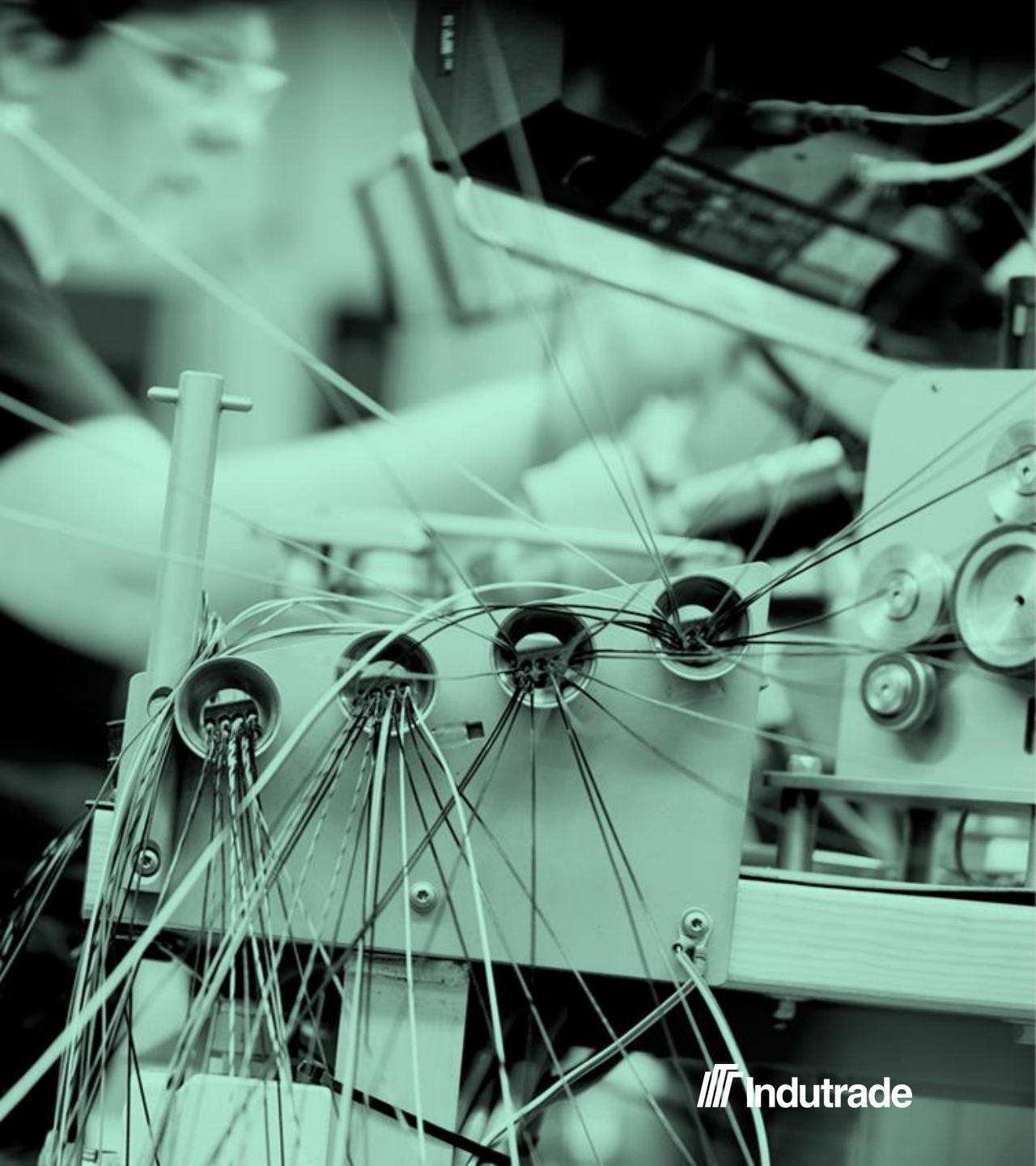
- Stable and well managed small and medium sized technical trading and industrial companies
- Leading market position in defined niches
- Technical components/products, preferably customised, to industrial customers
- Strong management teams motivated to stay on also after an earn-out period
- Cultural fit with Indutrade's core values



The decentralised business model

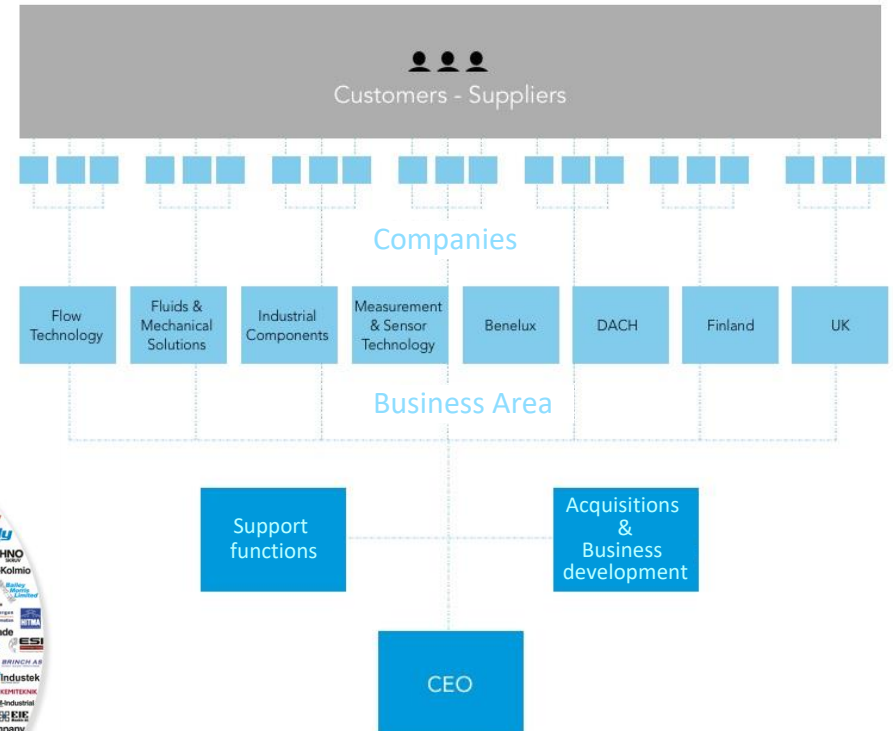
- Entrepreneurial business culture
- Profit focus and accountability
- Customer orientation and passion for business
- Maintaining the identity of the acquired companies
- People make the difference

The attributes of the Indutrade model is a key acquisition process differentiator



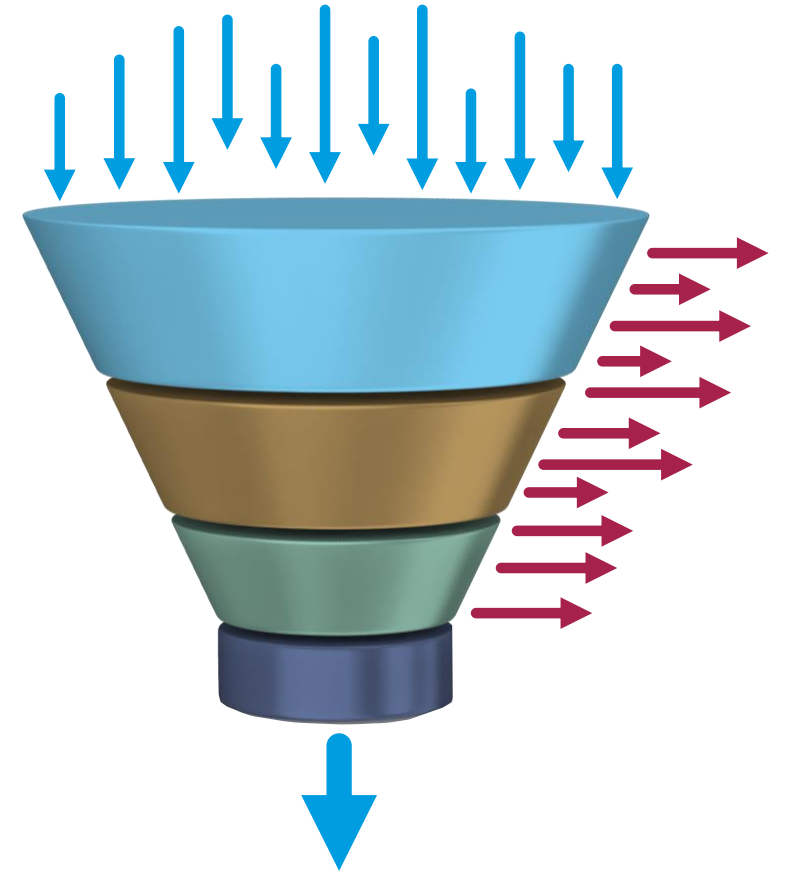
The organization is scaleable and a source of leads

- New business area organization – structure and capability to take on additional companies
- Diverse portfolio provides critical mass for substantial add-on acquisition opportunities
- Broad network provides valuable input of potential acquisition candidates



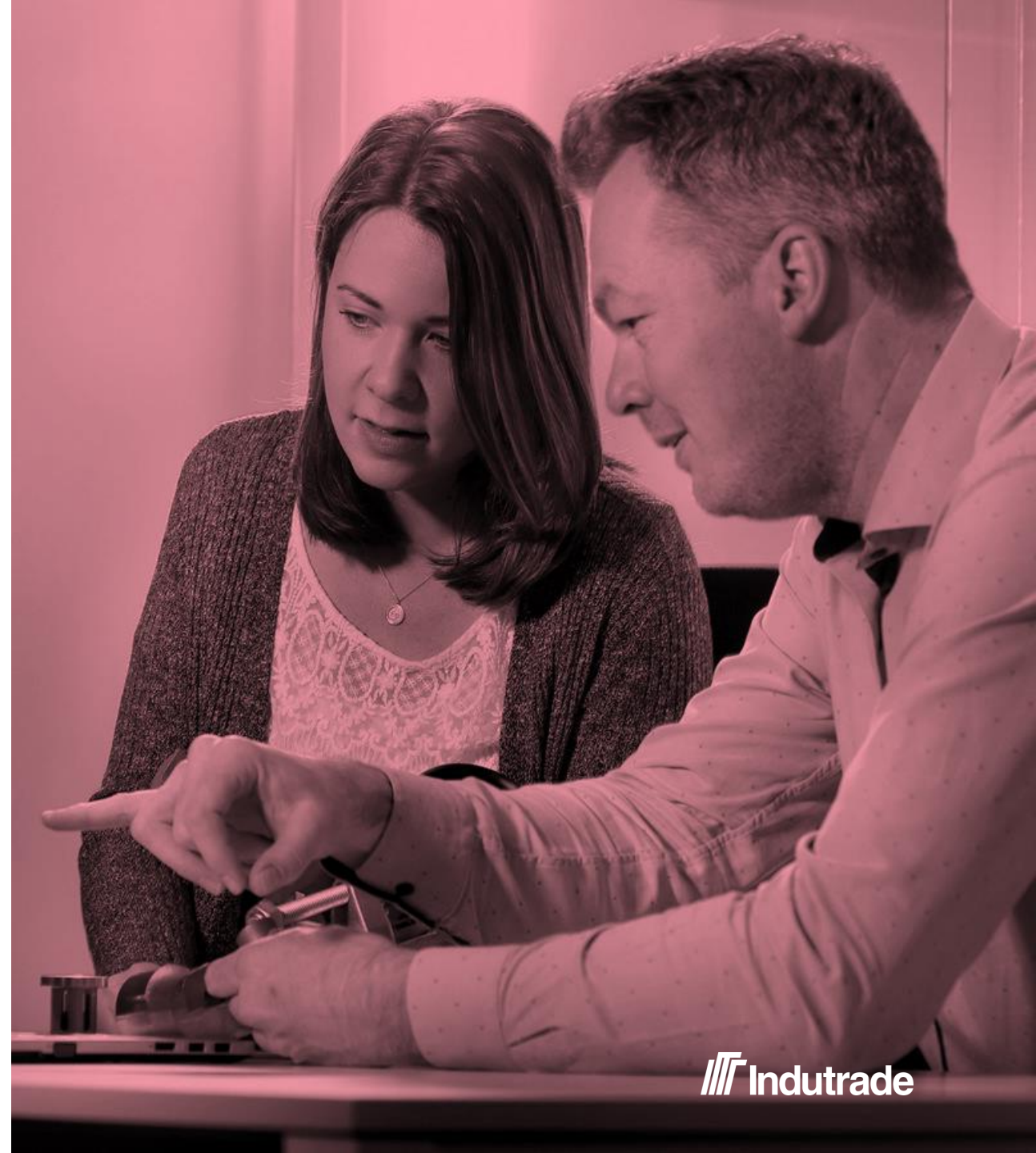
Selective in the acquisition process

- 10 – 20 candidates for every closed transaction
- Internally generated leads and externally initiated contacts
 - Provides opportunities to successful acquisitions at reasonable price levels
 - Strong recognition as serial acquirer
 - steady inflow from sell-side advisors
- Proactive vs. opportunistic approach
 - In general opportunistic approach to acquisitions
 - Increase efforts to proactively search for candidates in key focus areas



Pipeline management – internal leads

- Activities to stimulate internally generated candidates
- Encourage and support MDs to leverage their contact networks
- Recognition for internally generated acquisitions



Pipeline management – external leads

- Indutrade – credible and regular acquirer among sell-side advisors
- Proactively participate in meetings / forums to maintain and develop network within sell-side community
- Improve contact facilitation for unsolicited external approaches



Proactive acquisition strategy dimensions



Customer /
segment
perspective

Product /
technology
perspective

Geographical
focus markets

Focused separate activities in all three dimensions

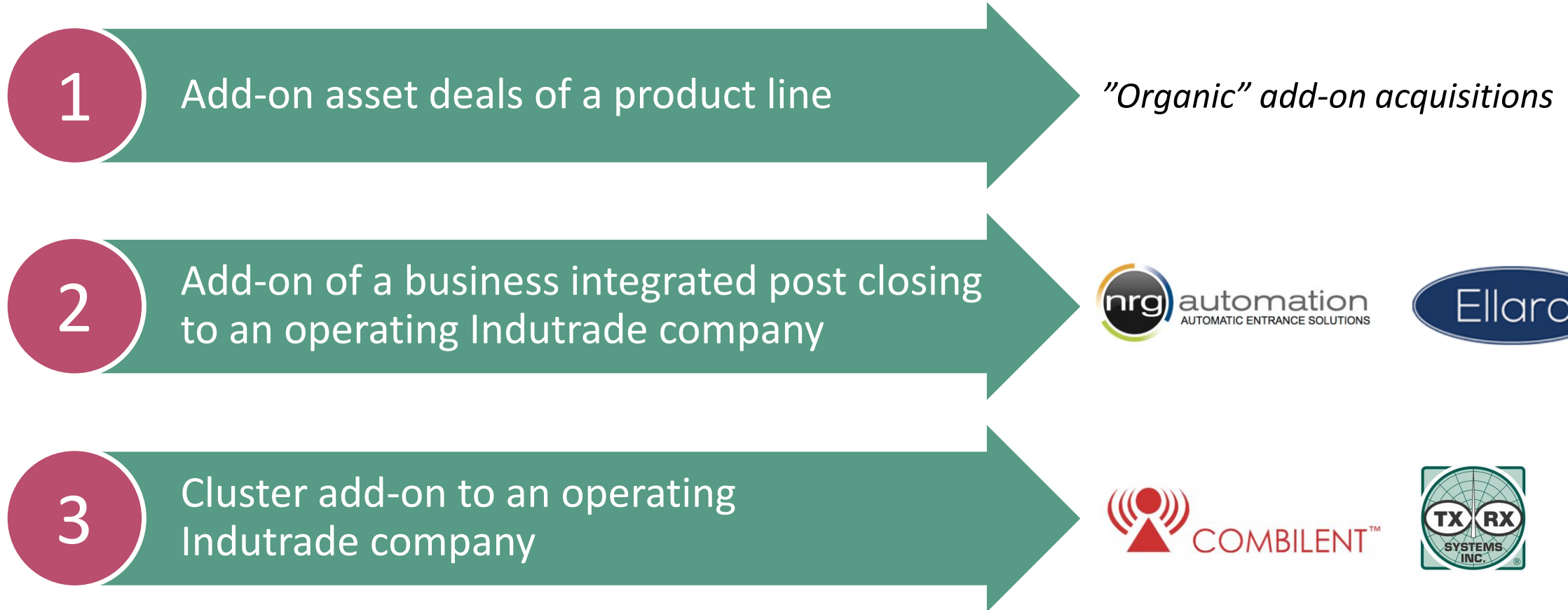
Huge untapped acquisition potential of SMEs



About 100,000 entrepreneurs due to retire in next 2 years yet to find successors”

Financial Times, Frankfurt 21 March, 2018

Add-on companies – key acquisition criteria



Indutrade's approach to the acquisition process

Case-by-case adopted assessment aiming at identifying key value drivers and potential associated risk areas

- Acquisitions resources – a combination from BA's and HQ team
- People focused
- Professional, business focused and straight forward
- Fast, flexible and predictable
- Anchored in our business model and culture

Positioning the acquisition process as a key differentiating factor!

Indutrade way of working with acquisitions is a core process

- Emphasises the team effort based on business focus and simplicity
- Several hundred reviewed acquisition companies per year
- Process efficiency is important to continue the successful acquisition track record



**Process development ensuring a sustainable
"One closed acquisition a month-capacity"**

Summary

- Clear picture of desired acquisition candidates
- Indutrade culture and business model a key acquisition process differentiator
- Internal network – strong lever for candidate sourcing
- Acquisition process based on accumulated experiences
- Healthy pipeline of potential acquisition candidates

The logo for Indutrade features a stylized icon on the left consisting of three parallel, slanted vertical bars of varying heights that merge into a horizontal bar at the top, resembling a stylized 'I' or 'IT'. To the right of this icon, the word "Indutrade" is written in a bold, white, sans-serif typeface.

Indutrade