

COMMENTS BY THE PRESIDENT AND CEO

Entrepreneurship is about the desire to achieve something, to have the focus and drive to take ideas from concept to reality. Addtech consists of 130 companies run by entrepreneurs who together create our growth and profitability. As a group, we have succeeded in combining the healthy development of our companies with expansion through acquisitions of new businesses. This entrepreneurial approach throughout the Group has formed the basis for Addtech's strong performance since it was publicly listed in 2001.

Our earnings and shareholder value are primarily generated in our companies. That's where sales are made and our solutions become part of customers' products or production processes. We are constantly seeing new business opportunities and, thanks to our close relationship with customers and suppliers, we have good market knowledge. This helps our companies respond quickly to new market needs and trends, enabling them to successfully develop their businesses and business concepts. As owner, we work actively to increase the profitability of the companies and ensure that they benefit from the Group's resources and broad network. But our ownership is careful and considerate so that the individual businesses always are able to keep their own personality, efficiency and flexibility. This is a key part of our success.



More stable market conditions offer growth opportunities

Addtech's operations cover a large number of product niches, customer segments and countries. This means that the market looks different to each of our companies. Many of them have performed well despite tough market conditions. This reflects our belief that opportunities always exist, regardless of the state of the market - you just have to take them.

"Entrepreneurship is about the desire to achieve something"

Overall, demand improved slightly during the year and business conditions were more positive than the previous year. Demand on the Swedish market has gradually stabilised, and our Danish companies have, after struggling for some time with the country's economic downturn, started to see more positive market conditions. In the Norwegian market, the oil and gas sector has performed particularly well and still remains at a good level, while Finland has been more challenging, especially for our companies selling production components for the manufacturing industry. Overall, demand has been stronger for our companies operating outside the Nordic region, although it also in this case varies between product niches, customer segments and countries.

With hope of better market conditions we are now focussing on further improving growth within the Group. We need to raise the bar and become even better at enhancing what we are already good at. An example of this is the expanding construction and installation market, where a number of our companies in Components and Energy can contribute with more of their expertise and take market shares.

Acquisitions should always complement our business operations

Acquisition of new businesses is part of Addtech's business model and enables us to create long-term growth in earnings and shareholder value. Acquisitions help us continue to improve and we are constantly looking for acquisition opportunities to strategically strengthen our existing companies, business units and business areas. During the year we made five acquisitions with total sales of around SEK 300 million.

There are plenty of well-run companies in attractive market niches and we will continue acquiring businesses that fit our strategy and complement our operations. A common factor for success in the acquisitions we make is that the companies all have a similar business model, share our entrepreneurial approach and have the drive and will to continue improving.

Progress on a constantly developing market

Our Group vision is to be the leading value adding tech provider. This means being the best at what we choose to do. For our managers, this means constantly improving their operations to identify more

business opportunities. Our managers also have to organise the operations so that their co-workers are ready and have the necessary resources and skills to take advantage of opportunities and achieve long-term profitable growth.

We improve our operations by analysing what we do well and less well and take action based on this. This enables us to leverage our success factors and pass them on through the rest of the organisation. To do this, we have developed a set of practical tools. Our core business analysis tool is based on four questions: What are we doing? What is good or bad? Why is it good or bad? What are we doing about the good or bad? The questions may seem simple, but they provide a structure when analysing and developing business operations in order to increase profitability and organic growth.

The Addtech Group has a strong corporate culture and its day-to-day operations are governed by five core values: simplicity, efficiency, change, freedom and responsibility. All our core values have a strong correlation with and are essential to our entrepreneurial spirit. Of course, it is very important that newly acquired businesses gain a good understanding of Addtech's culture, business philosophy and approach to profitability. This takes place through knowledge transfer between staff from Addtech and the new company and via Addtech's Business School.

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Reflecting on achievements and looking to the future

Addtech has performed well in terms of earnings and shareholder value since being publicly listed in 2001. This confirms that we have a strong business model, strategy and organisation. We are now focussing even more of our energy on growth to become stronger in our market areas and to keep up our healthy profitability also in the future. This will continue to be combined with active ownership and complementary acquisitions.

If our companies do well, Addtech does well. Together, we will do all we can this year to meet our high expectations for earnings growth, profitability and development. We know that to achieve these goals we need to continue nurturing and developing the entrepreneurial skills of all employees within the Group.

Finally, I would like to thank all our staff for their efforts over the past year. Your enthusiasm is vital for the continued development of the companies and thereby for the Group as a whole. I would also like to thank our companies' customers and suppliers. We will continue to add technical and economical value for your businesses so that we together can create a long-term positive development.

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Johan Sjö, President and CEO, Addtech AB