

## ECONOMIC VALUE ADDED

Economic stability and strength are fundamental requirements for investing in sustainable business development. In an ever-changing world, we must constantly develop our business. Addtech's overarching vision is to be a leader in value-adding technology trading by being the most competent and long-term partner to our customers and suppliers. This creates requirements that can be summarised in terms of profitability, growth and development.

## ADDTECH IN THE VALUE CHAIN AND OUR BUSINESS MODEL

Addtech's business concept is to offer high-technology products and solutions to companies in the manufacturing and infrastructure sectors. Addtech acts as a value-adding link between customers and suppliers. At one end of the chain, our customers seek a technical solution to meet their unique needs. As their business partner, we customise solutions in collaboration with our carefully selected suppliers. We create and add value for our customers to ensure that their products are more competitive in the end market. We have a large number of suppliers across the world and our purchases are made in large part from suppliers outside the Nordics, in Europe, the USA and Asia. Addtech conducts its own production on a minor scale, and so the major share of production takes place via orders to our suppliers.

## AN IMPORTANT COMPETITIVE ADVANTAGE

Global and local demand for lower emissions and greater sustainability in society is making sustainable products and solutions into a competitive asset in the technology trading market. We aim to be a better choice than our competitors and focus actively on meeting this demand.

With a structured sustainability programme, we are developing the business to make it both stronger and more sustainable, for example by highlighting the potential for savings and improvements, as well as the risks. We are also meeting this demand by ensuring that our companies are committed to developing and offering solutions that increase customers' energy efficiency and reduce their environmental impact. By continuing to develop sustainable solutions for our customers, we increase our competitiveness while helping to bring about a sustainable society.

### Long-term profitable growth

Growth is the basis of long-term profitability and enables development of operations. Growth is measured as earnings growth. This is a long-term target measured over a business cycle. Growth is achieved through strategic efforts to focus on expansive markets, concentrated on leading suppliers, a constant customer focus and acquisitions of market-leading niche companies.

The profitability of each subsidiary is measured using the relationship between operating profit (P) and working capital (WC). The P/WC model encourages high operating profit and low levels of tied-up capital, which combined with the growth target, enables self-funded long-term profitable growth. Constant development is required to generate earnings growth and high profitability.

## TARGETS FOR ECONOMIC VALUE ADDED

Addtech is required both to deliver a return to our shareholders and to invest in sustainable development. To be able to do this, financial stability and strength are needed, which in turn demands earnings growth, profitability and development.

To achieve this, we strive for:

- Earnings growth > 15% over a business cycle
- P/WC > 45% return on working capital in all units
- Dividend policy 2017/2018 > 30% of average profit after tax over a business cycle