



Capital Market Day 2010

Peter Aru
CEO & President Cardo

Agenda

Introduction & update

Peter Aru, President and CEO

Financial targets

Ulf Liljedahl, CFO and Executive Vice President

Excellences and One Cardo

Maria Bergving, SVP Communications & IR
VP Sales & Marketing Cardo Flow Solutions

Cardo Flow Solutions

Peter Aru, Head of division

Cardo Entrance Solutions

Ove Bergkvist, SVP Cardo Entrance Solutions

Summary

Peter Aru

Exhibition

Cardo Entrance Solutions: Patrik Nordberg, Thomas Lewing

Cardo Flow Solutions: Peter Carlsson, Jonas Theorin

Lorentzen & Wettre: Fredrik Boström

Cardo in brief

- Net sales: SEK 8,114 million¹⁾
- Number of employees: 5,337²⁾
- Operations in more than 30 countries
- Corporate headquarter in Malmö, Sweden



1) Rolling 12 Sept 2010

2) Average number of employees, YTD Sept 2010

A global company



The world around us

- 60 Million** move to cities each year
- 5 Billion** will live in cities by 2030
- 1 Billion** lack access to clean water
- 76 %** increase in electricity demand 2007-2030
- 2 in 7** of all people do not have access to wastewater treatment
- 4 in 5** of all disease in developing countries are caused by polluted water

Source: UN - State of the world publication 2007, UNESCO – World urbanization trends, World Water Council



The world around us

Market drivers



Global



Legislation



Reduced CO2 Emission



Urbanization



Climate Change



Business



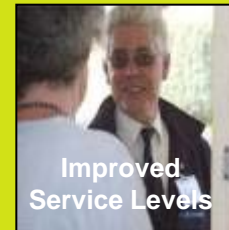
Reduced Energy Costs



Reduced Cost of Operation



Reduced CO2 Emissions



Improved Service Levels



Efficiency of Operations



Public



Reduced Energy Costs



Water Consumption



Sustainability



Environmental Protections

The world around us

Urbanization and retrofitting



- Strong urbanization in Asia
- Strong retrofitting in Europe and the USA
- Strong energy efficiency demands

Cardo – meeting global challenges

Vision, Mission and Business idea

Vision

Cardo is a customer oriented solutions provider that helps to solve the global needs for clean water, efficient transportations and reduced energy consumption.

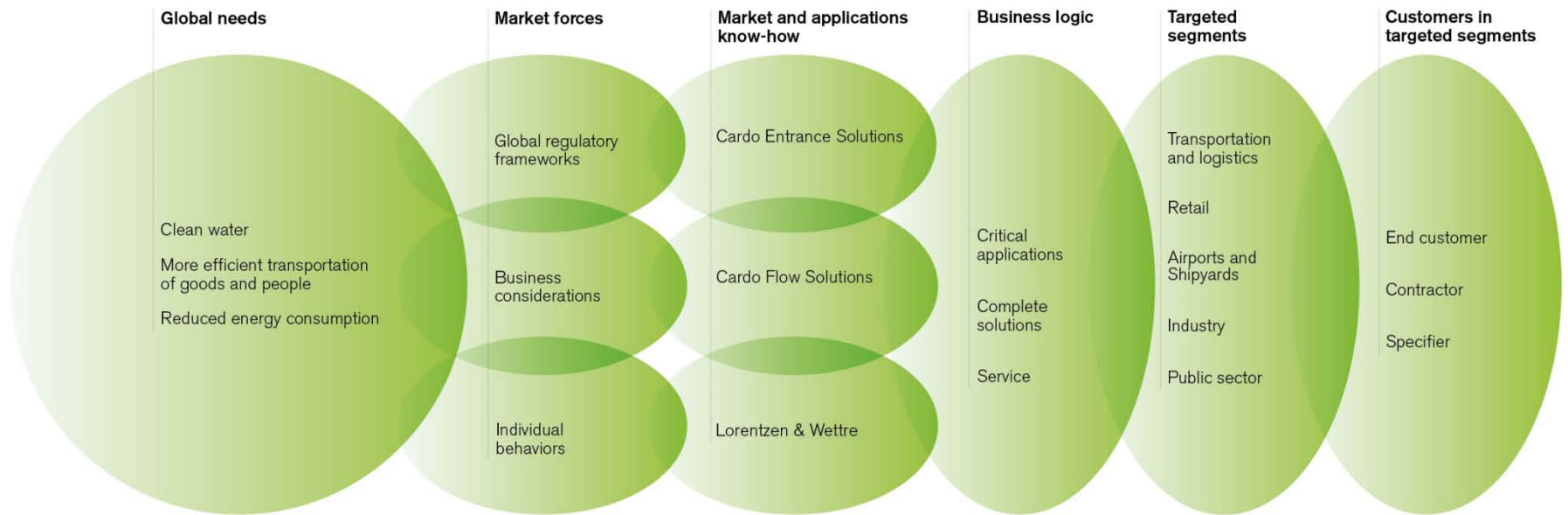
Mission

Cardo meets the global challenges of the future.

Business idea

By means of quality products, great application know how and a high level of service, we offer value adding solutions to targeted customers worldwide.

One company meeting global challenges

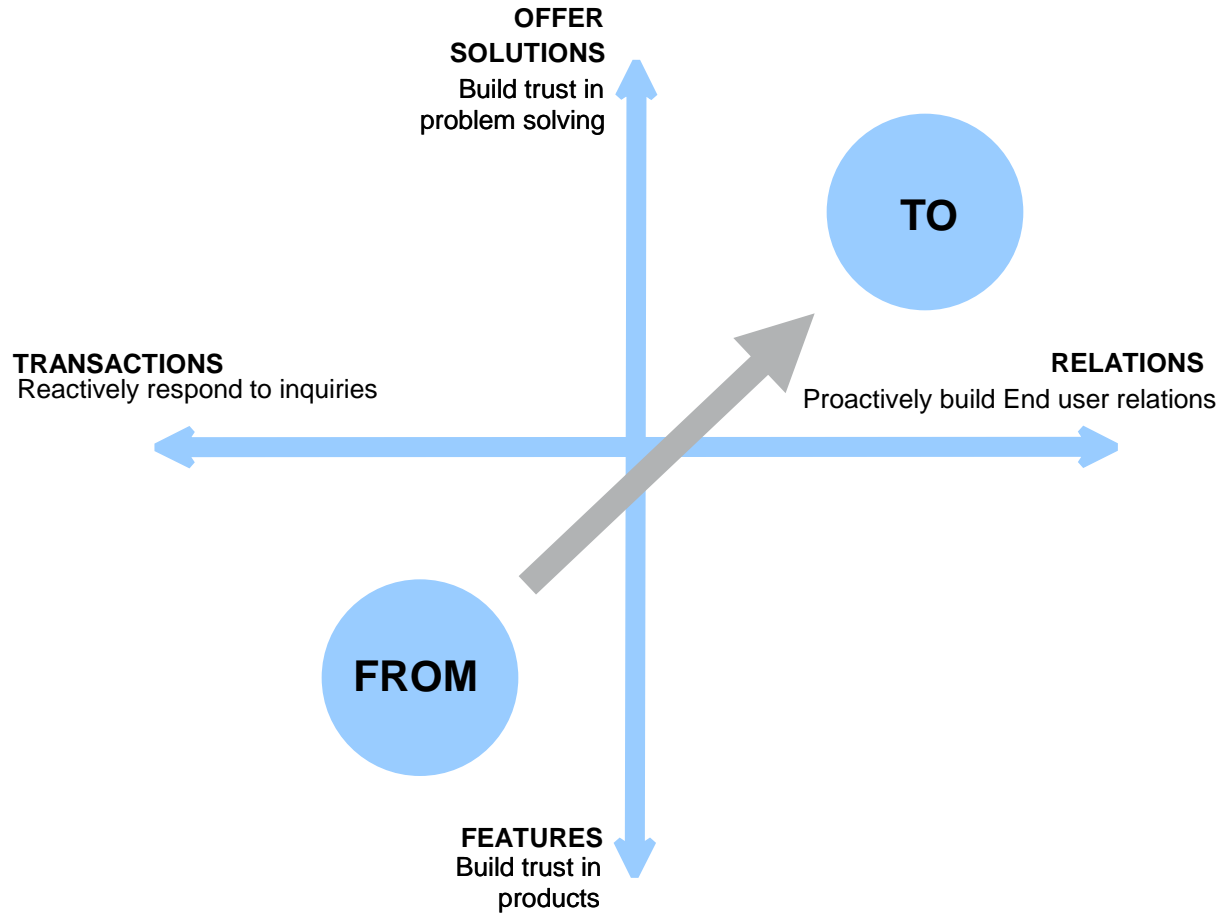


Clear strategy for profitable growth

- Customer benefit
- Value-adding solutions
- Broad and efficient service offer
- Key account focus
- Selected customer segments and applications
- Growth in emerging markets
- Strategic acquisitions



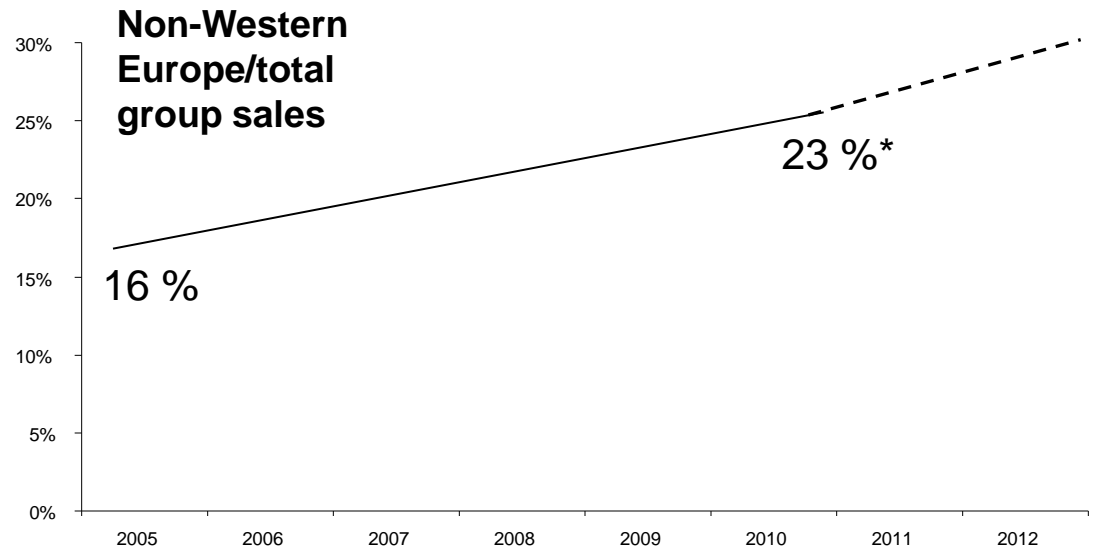
From products to solutions



Increasingly global

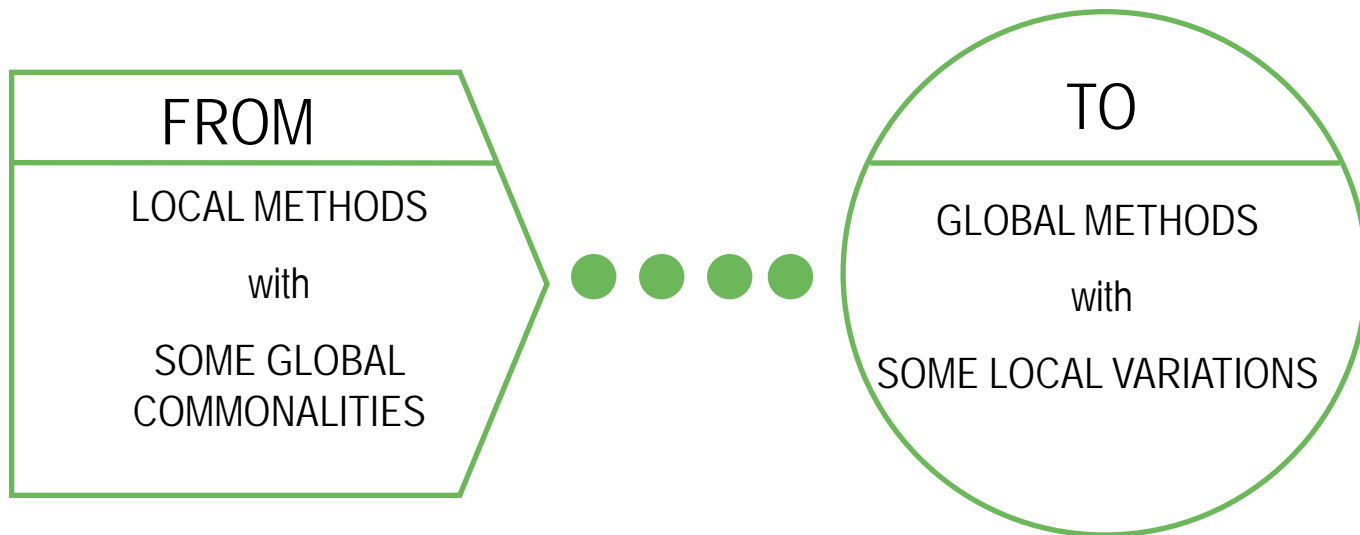


*Rolling 12 Sept 2010

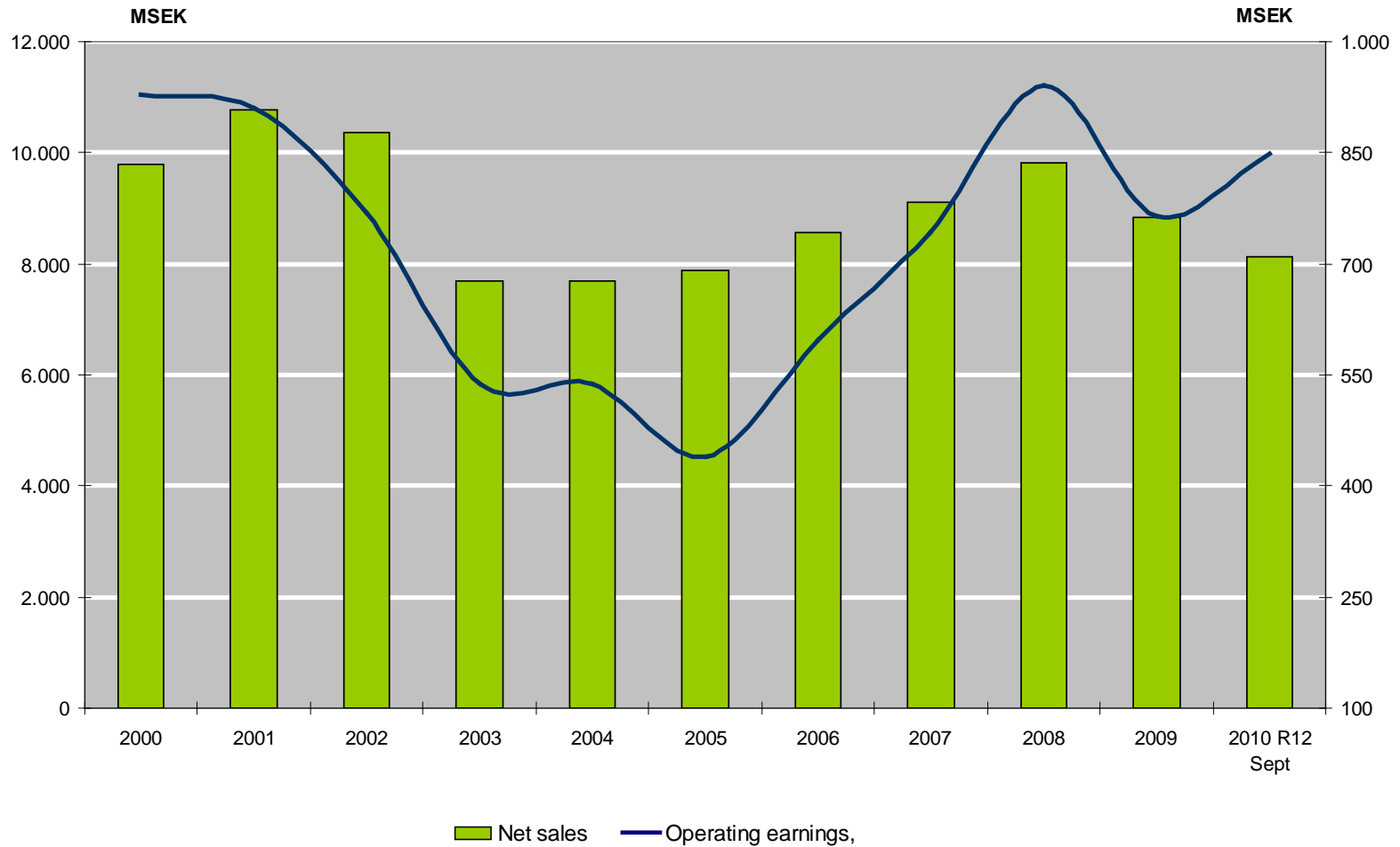


Aligned to capture synergies

Cardo an operative industrial group, supported by group wide shared functions



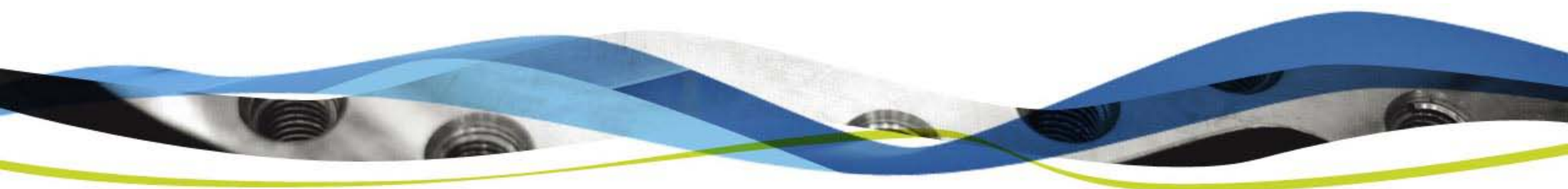
Ten year development



At historic rates, excl one-off items

Financial development

Year-to-date 2010



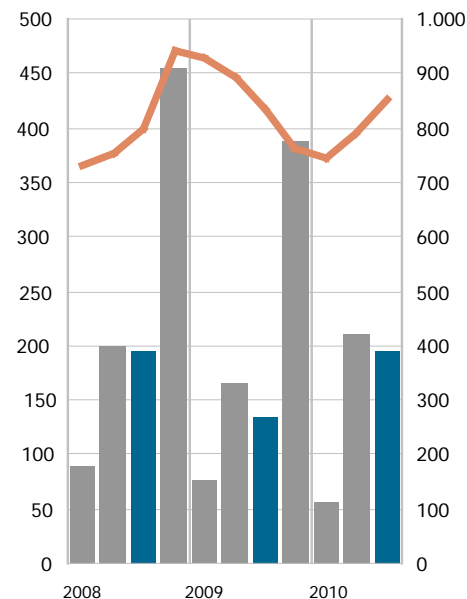
January – September 2010

| <i>SEK million unless otherwise stated</i> | Jan-Sept | | |
|--|----------|-------|----------------------------|
| | 2010 | 2009 | Δ , % ¹⁾ |
| Inflow of orders | 6,086 | 6,423 | 1 |
| Net sales | 5,592 | 6,303 | -5 |
| Operating earnings | 410 | 310 | |
| Operating margin, % | 7.3 | 4.9 | |
| Net earnings ²⁾ | 293 | 211 | |
| Earnings per share, SEK ²⁾ | 10.85 | 7.81 | |

1) Adjusted for effects of exchange rate movements.

2) There are no dilution effects on outstanding shares.

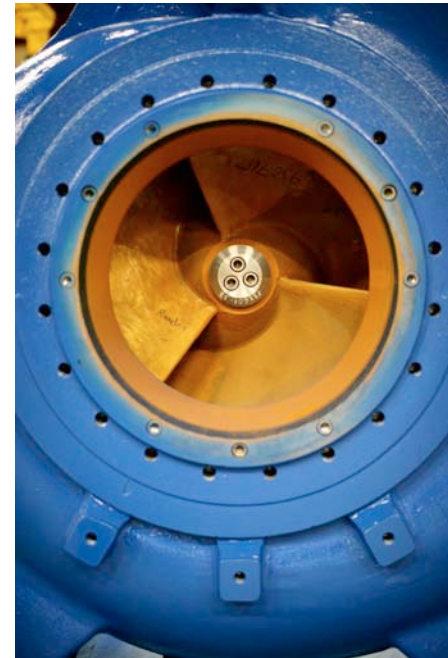
Operating earnings ^{1, 3)}



Summary

January - September

- Inflow of orders rose by 1 %
- Strengthened operating margin
- Demand increased in some markets in Europe during third quarter
- Organic inflow of orders expected to increase during fourth quarter





Financial targets

Ulf Liljedahl
CFO & Executive Vice President

Cardo financial targets

Financial targets over a business cycle

| | | |
|---|-------------|--|
| Organic growth* | > 6 % | Cardo Entrance Solutions: > 5 % Cardo Flow Solutions: > 8 % |
| Operating margin | > 10 % | Cardo Entrance Solutions: > 10 % Cardo Flow Solutions: > 12 % |
| Return On Capital Employed | > 20 % | Lorentzen & Wettre: > 12 % |
| Net debt/equity ratio | < 1,0 times | |
| Dividend policy (of net earnings after tax) | > 50 % | |

* At comparable rates of exchange, incl. price and volume

Net sales per market

2005 – 2010

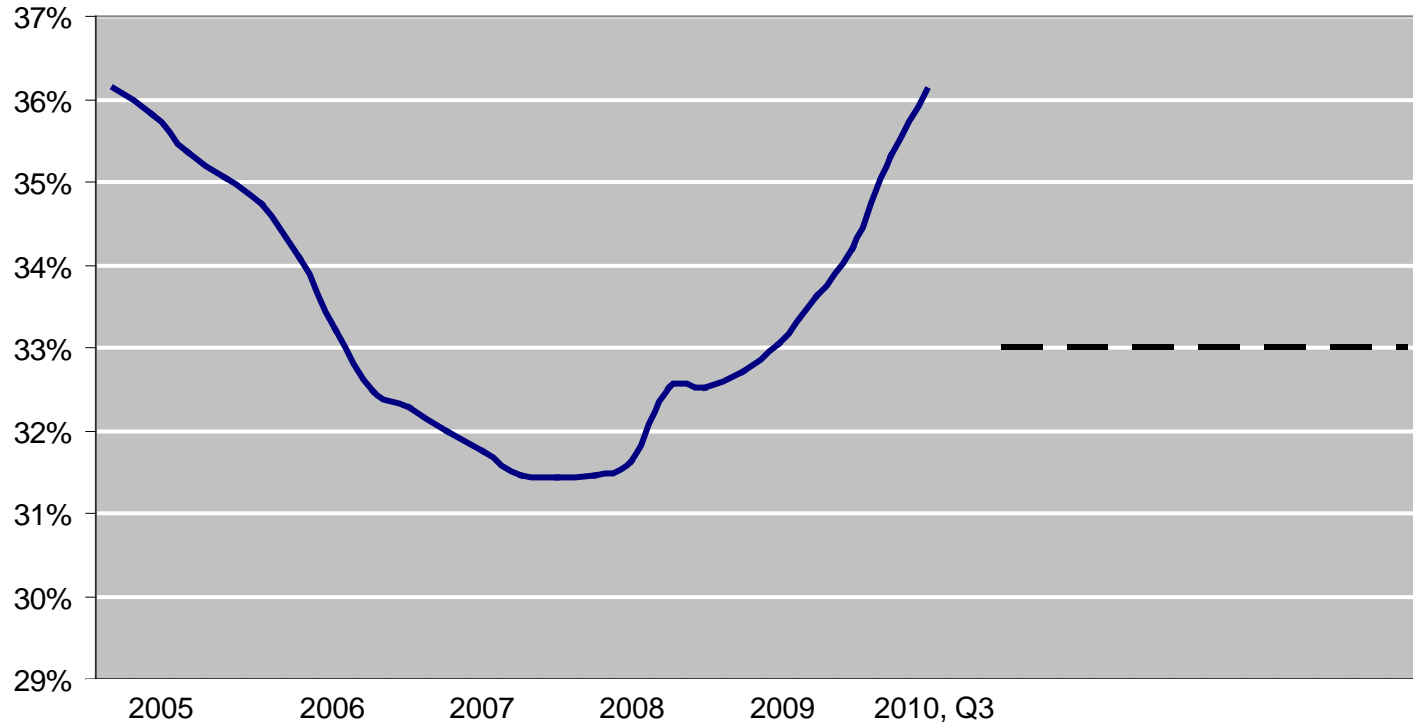
| Market | Net sales per market | |
|----------------|----------------------|-------|
| | 2005 | 2010* |
| Western Europe | 84 % | 77 % |
| North America | 7 % | 8 % |
| Asia Pacific | 3 % | 8 % |
| Latin America | 1 % | 3 % |
| Middle East | 2 % | 2 % |
| Eastern Europe | 3 % | 2 % |



*Rolling 12 Sept 2010

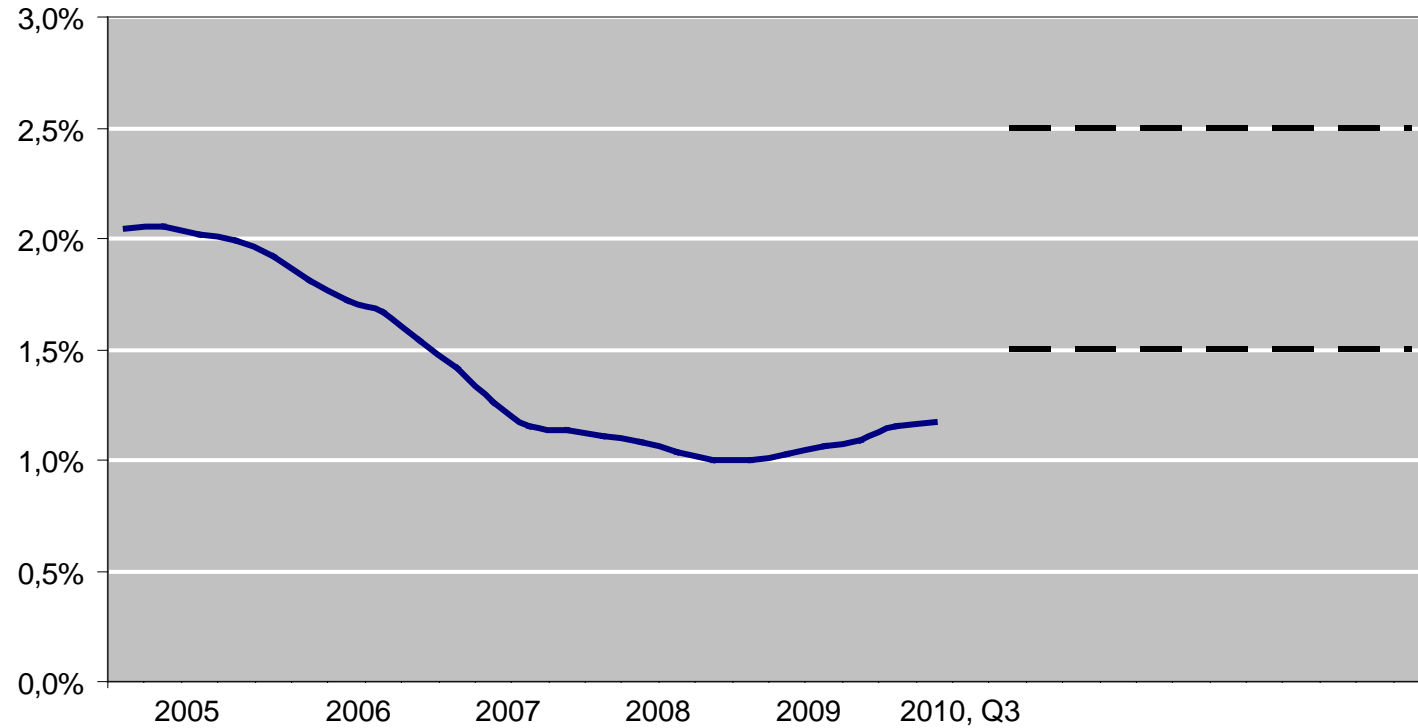
Gross margin

Excl Research & Development costs



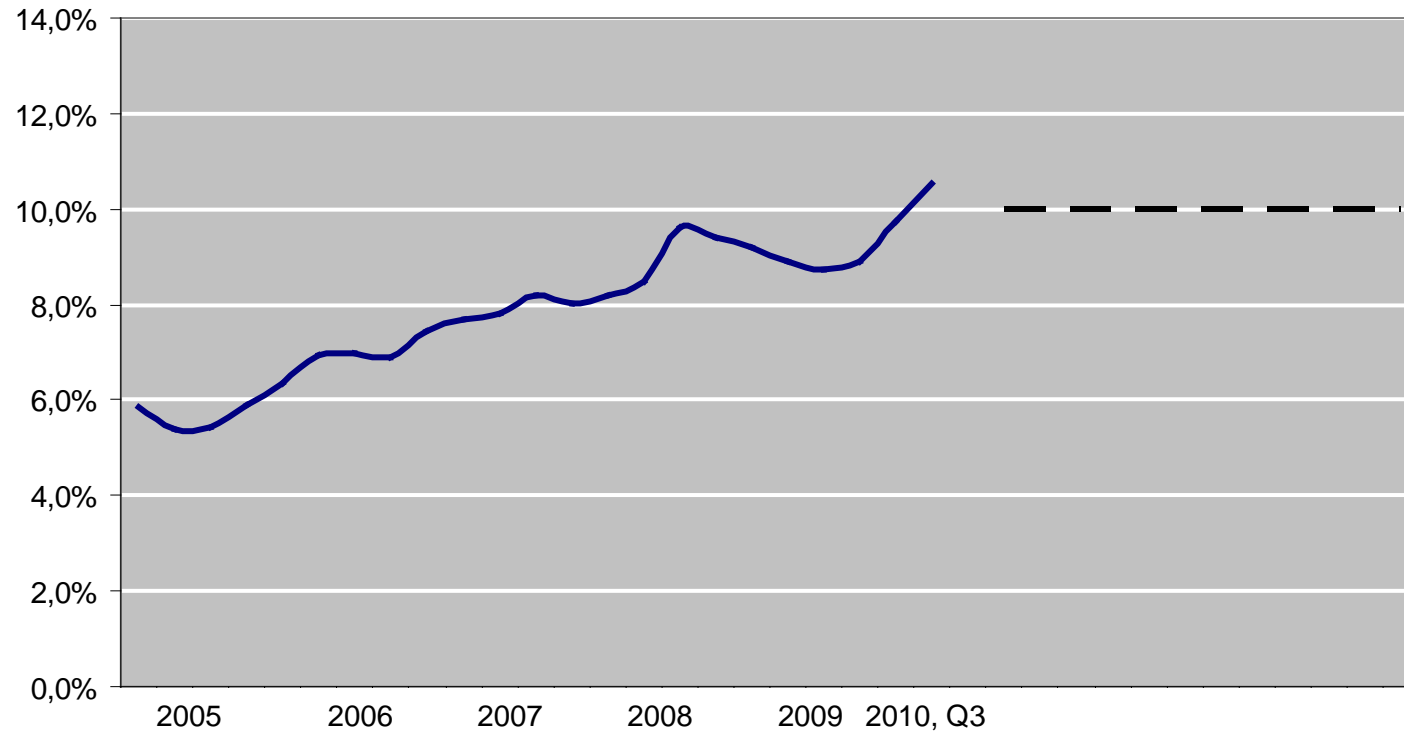
Rolling 12 months values excluding comparison distorting items

Research & Development costs, % of net sales



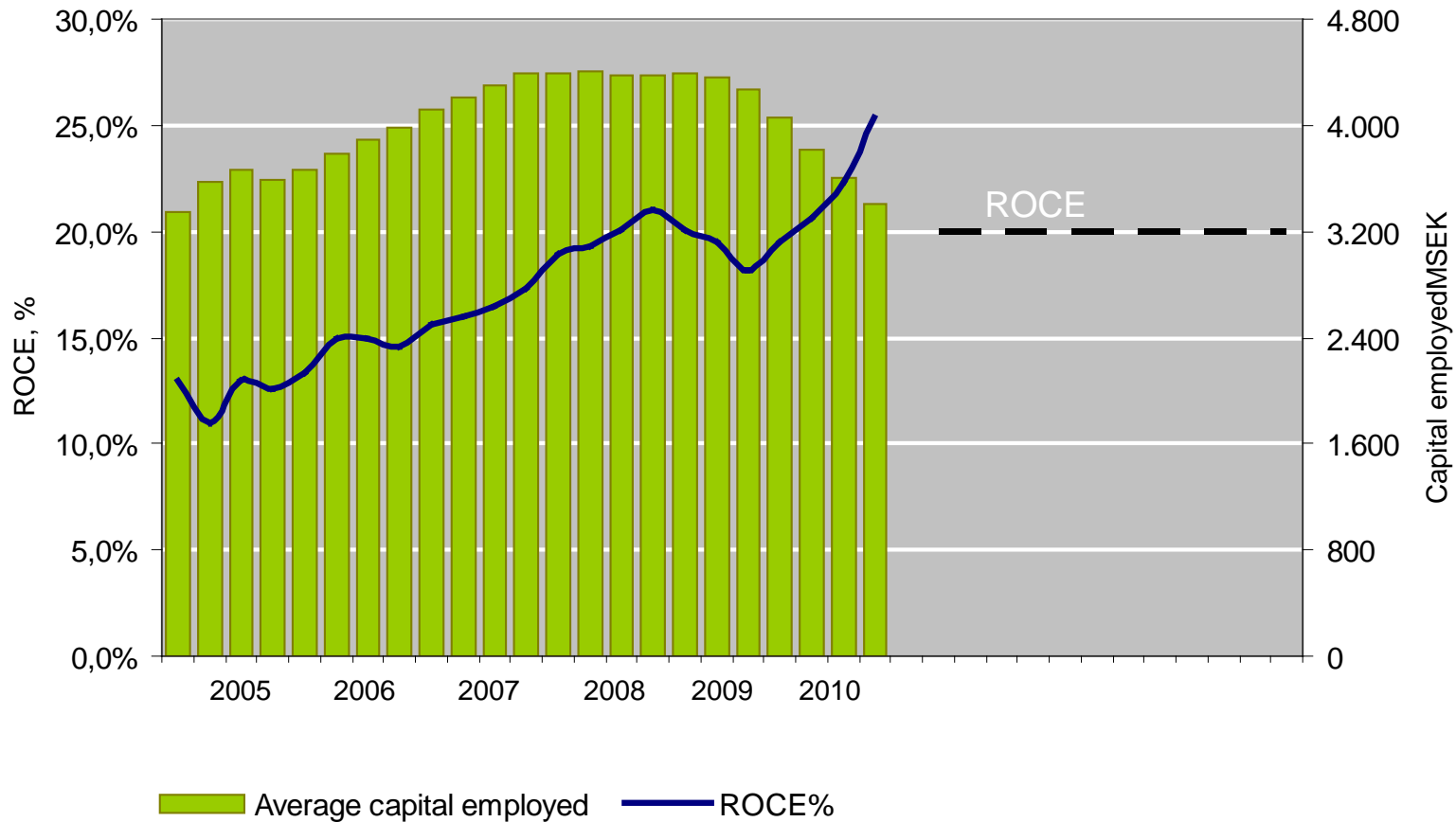
Rolling 12 months values excluding comparison distorting items

Operating margin



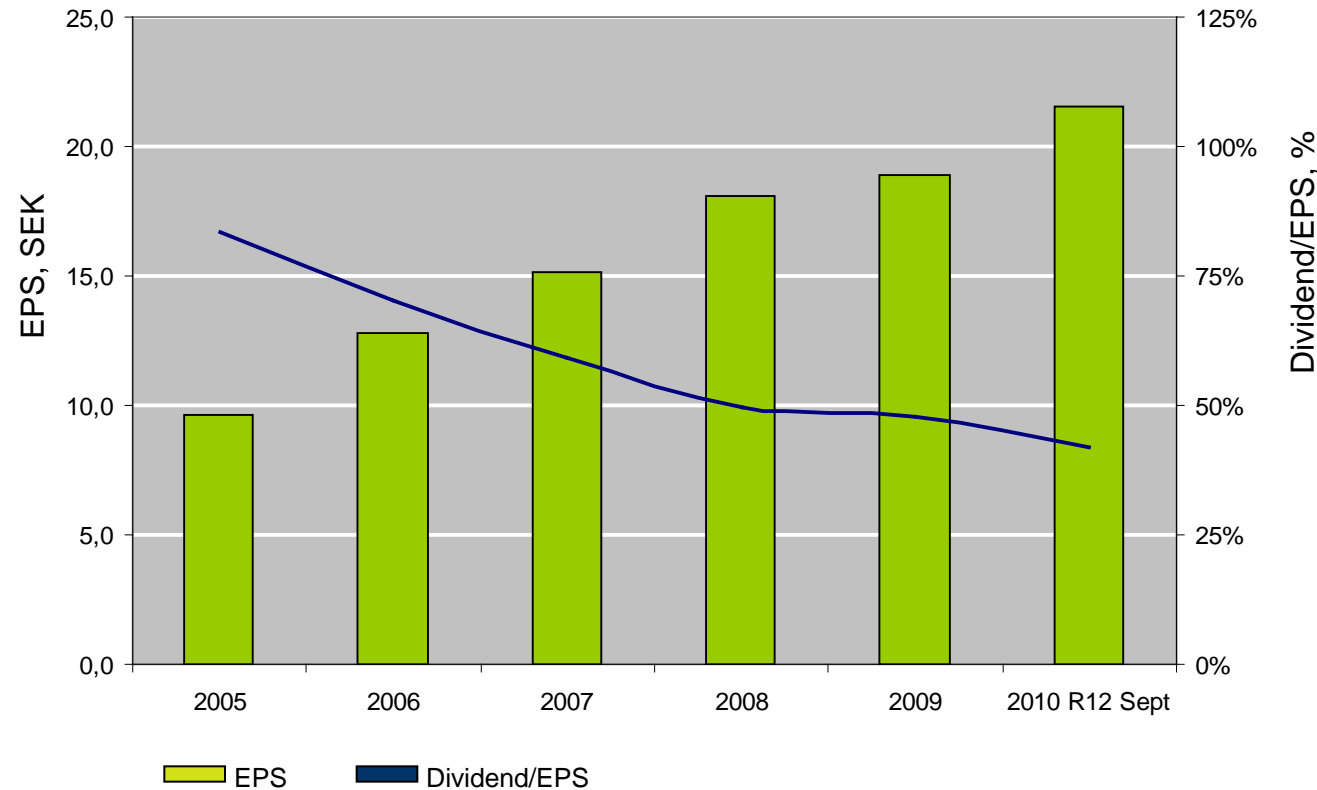
Rolling 12 months values excluding comparison distorting items

Return On Capital Employed (ROCE)



Rolling 12 months values excluding comparison distorting items

Earnings per share

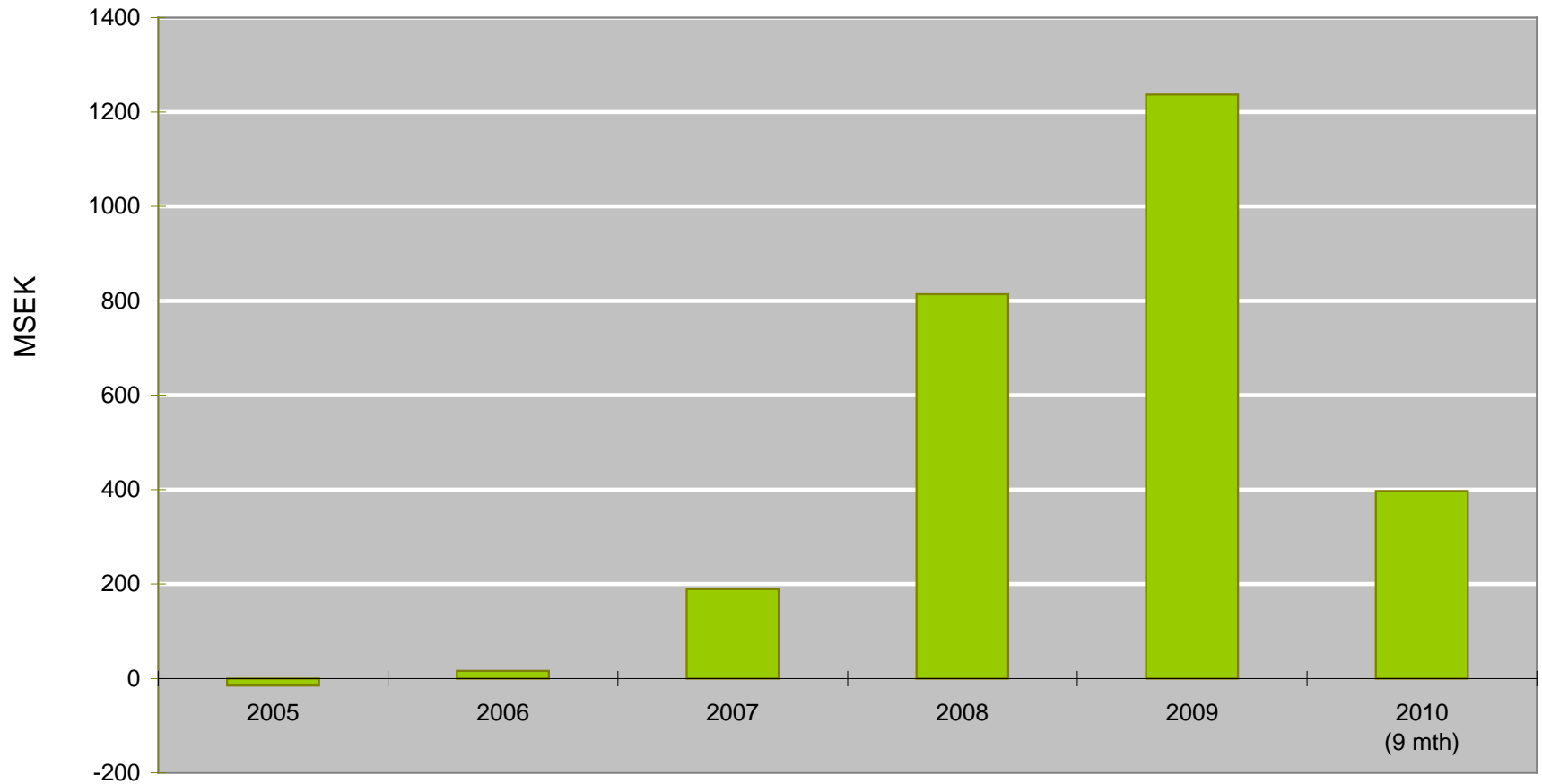


Excluding comparison distorting items

Dividend policy

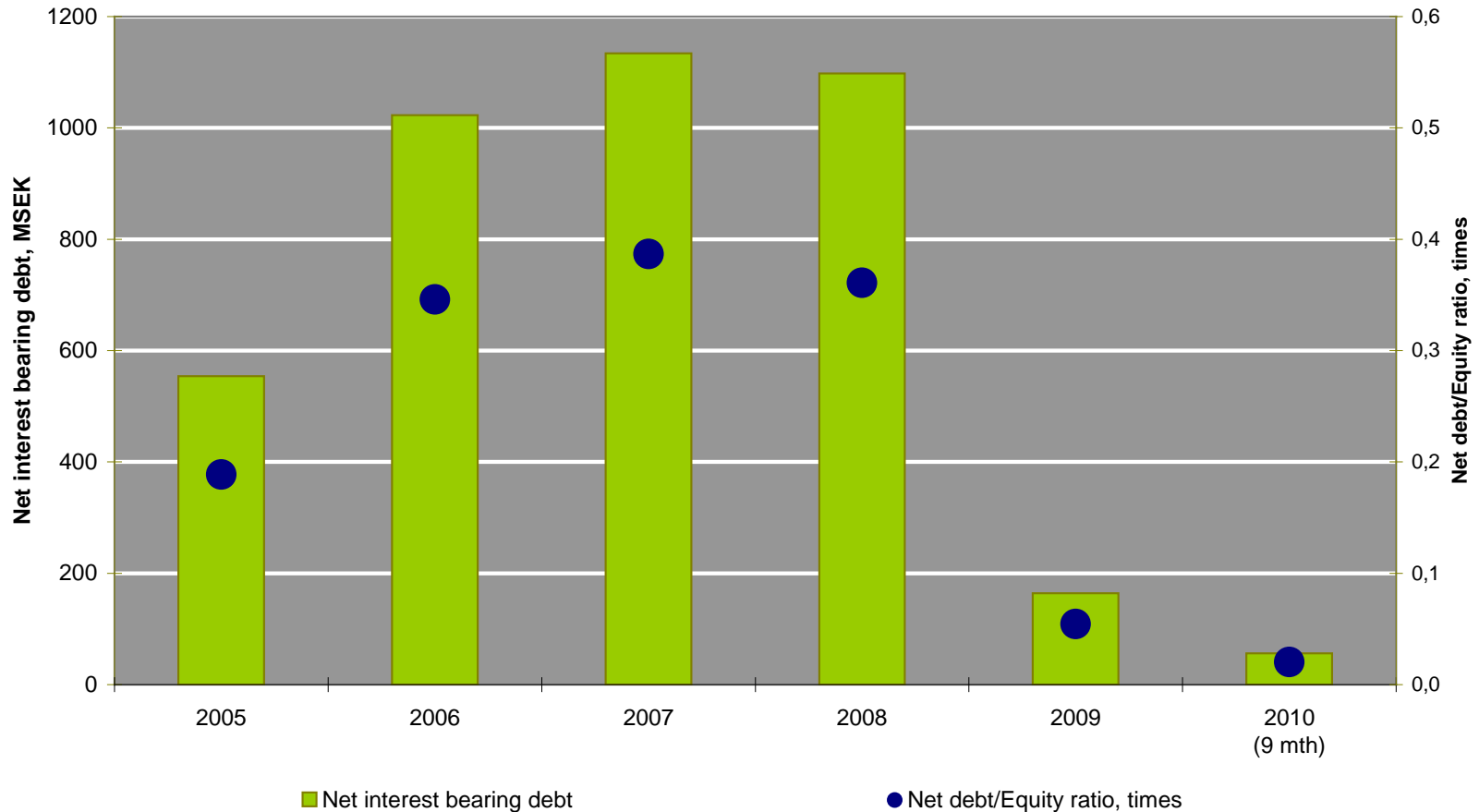
The objective is to propose dividend corresponding to at least 50 % of Net earnings after taking into account the earnings trend, financial position and future development potential.

Free Cash Flow



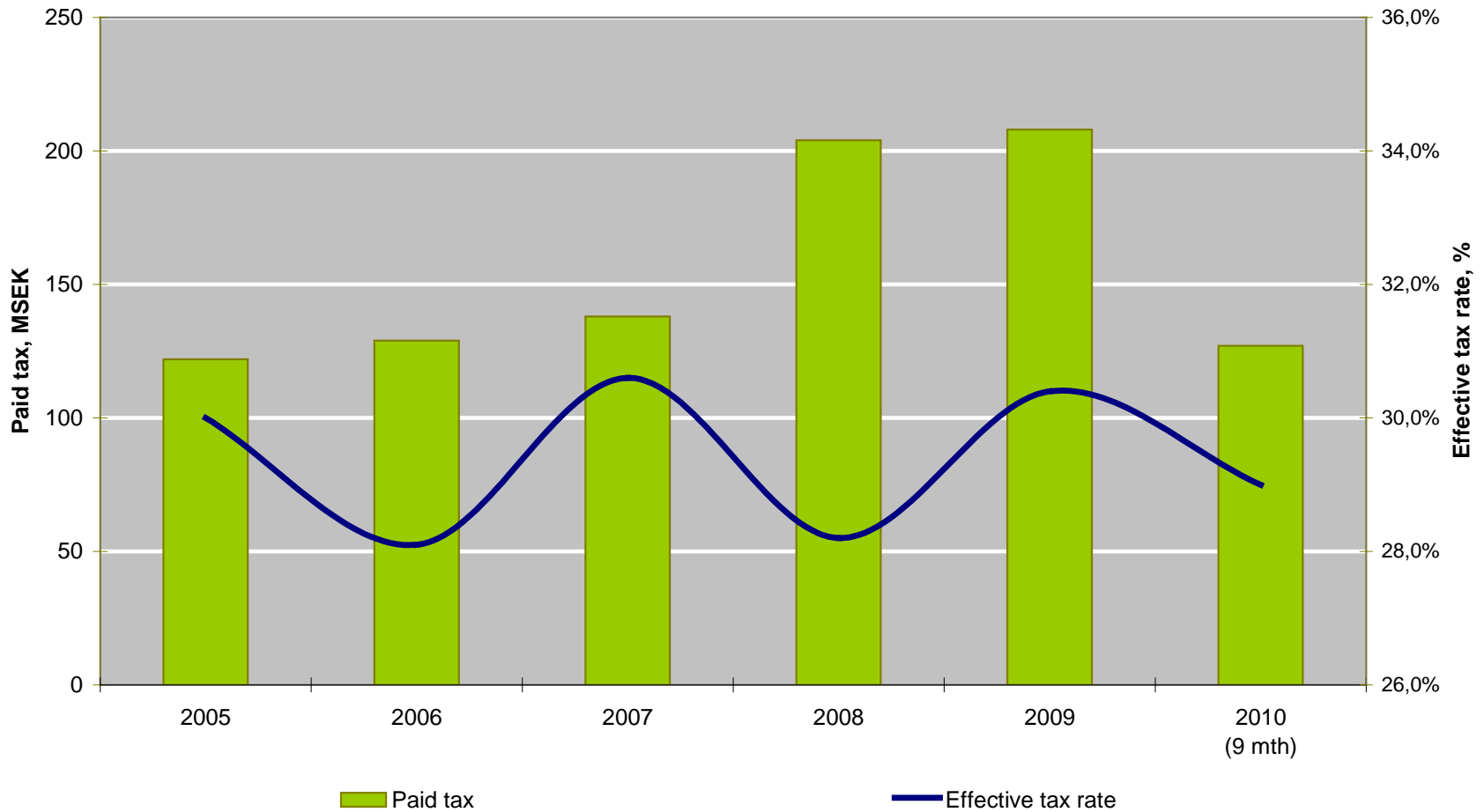
Cash flow from operations after investment activities and after financial net, i.e. before changes in net interest bearing debt, dividend and share repurchases.

Net interest bearing debt



- In 2008 repurchase of shares 459 MSEK
- Available funds 200 MEUR multicurrency loan

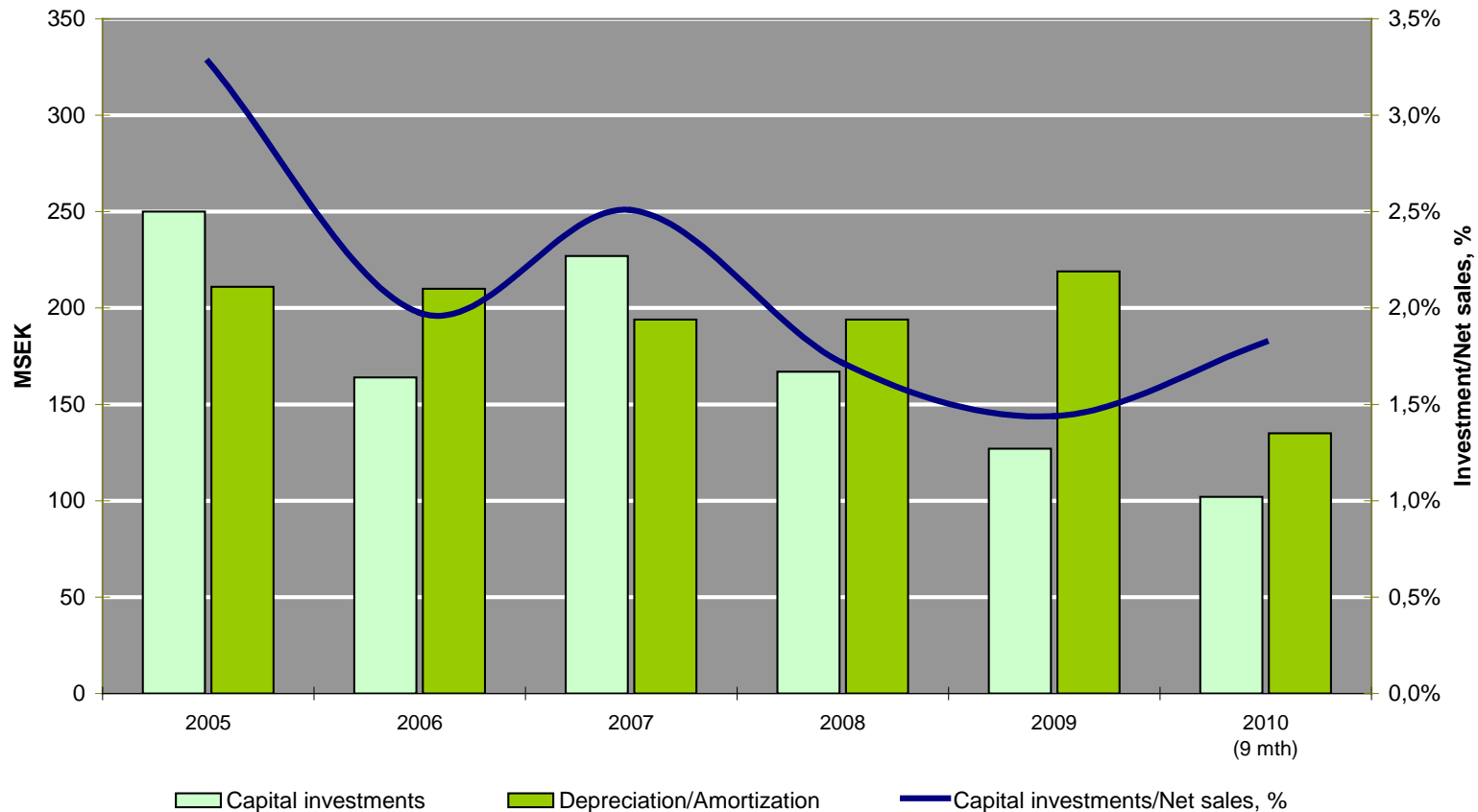
Tax



Assumed tax rate going forward 28-30 %

Capital Investments

Depreciation & Amortization



Capital Expenditure (CAPEX) need going forward on par with depreciation

Cardo financial targets

Financial targets over a business cycle

| | | |
|---|-------------|---|
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| Operating margin | > 10 % | Cardo Entrance Solutions: > 10 % Cardo Flow Solutions: > 12 % Lorentzen & Wettre: > 12% |
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| Net debt/equity ratio | < 1,0 times | |
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* At comparable rates of exchange, incl. price and volume



Our focus areas

Maria Bergving
Senior VP Communications & IR
VP Sales & Marketing Cardo Flow Solutions

Core elements for development



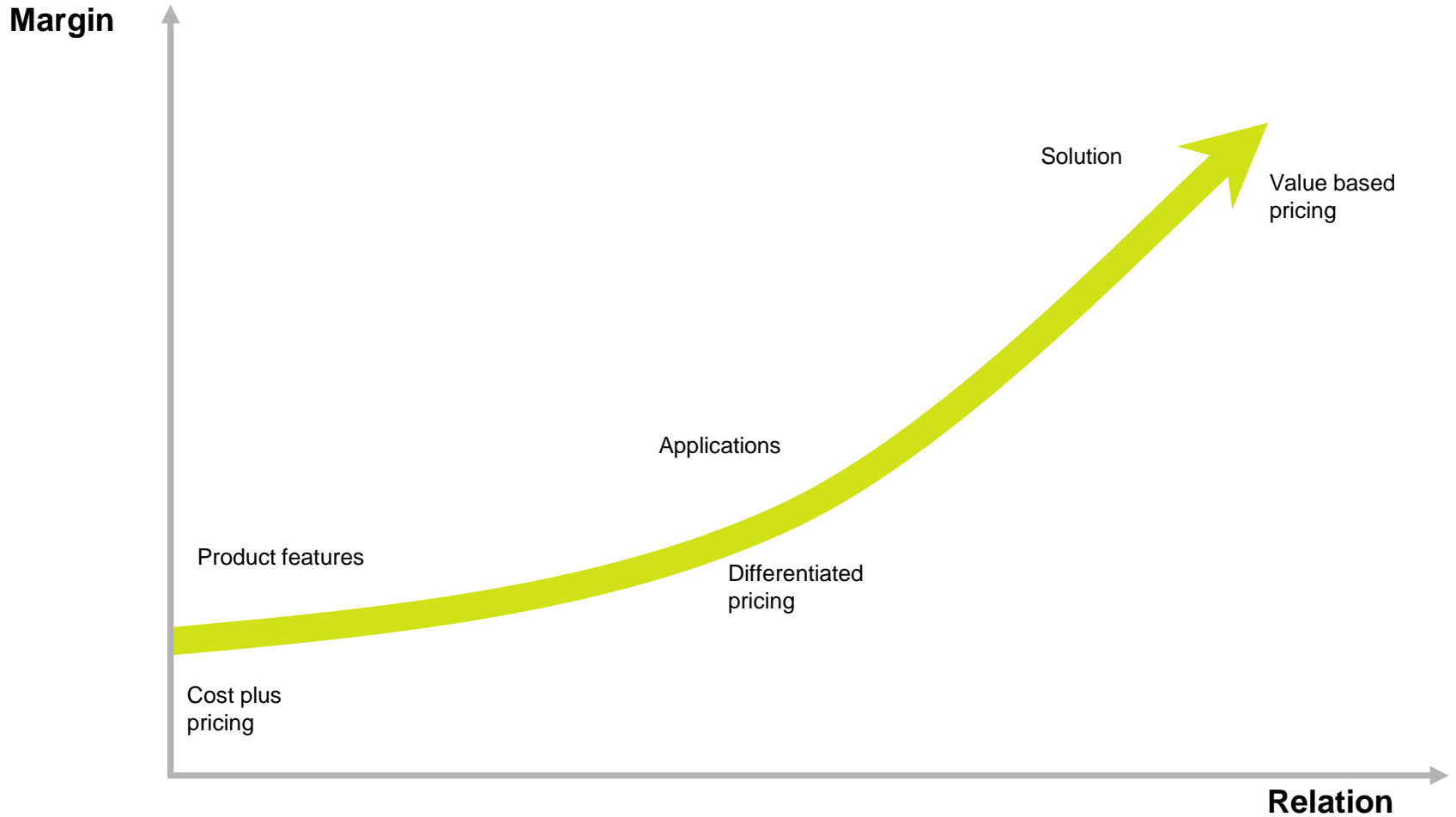
- **Commercial excellence**
 - Clear customer focus through segmentation
 - Value adding solutions
- **Operational excellence**
 - Full benefit from synergies in the supply chain
 - Full benefit from shared functions
- **Innovation excellence**
 - Ability to quickly respond the demand for new solutions
 - Improved focus to lead development

Commercial Excellence

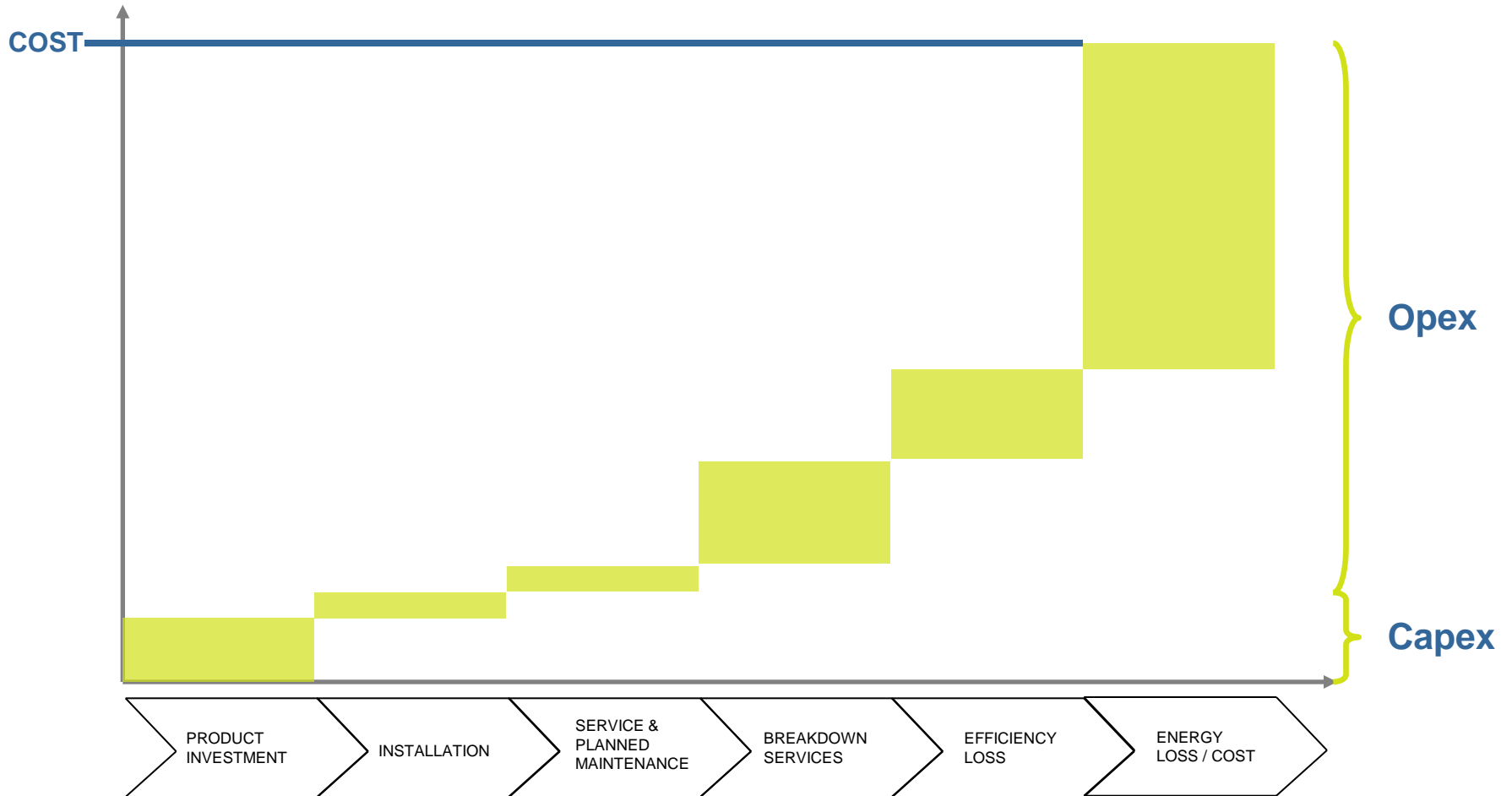
Target the right customers



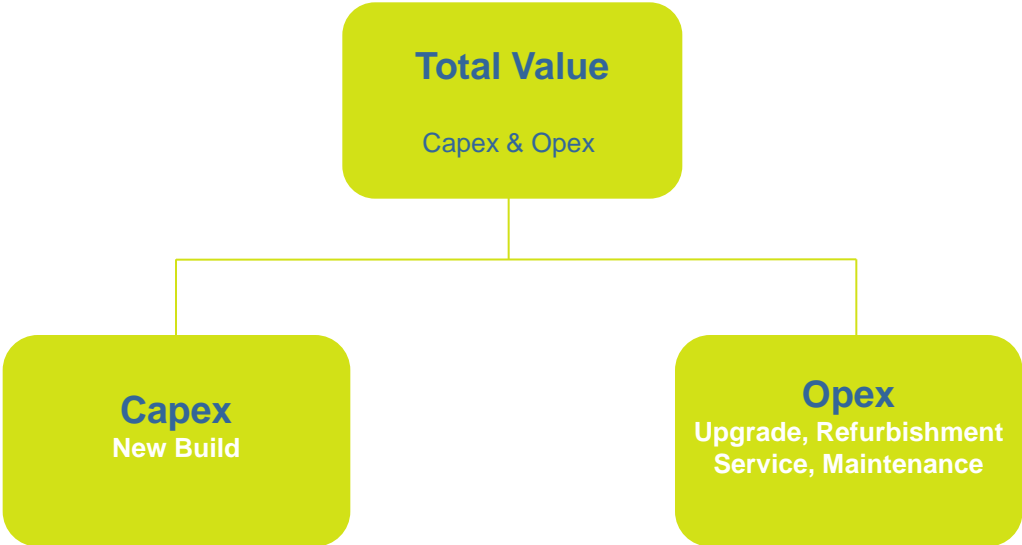
Solution and pricing



Reducing end user total cost of ownership



Multi-level end user sales



Reducing cost of ownership

Minimized disturbance

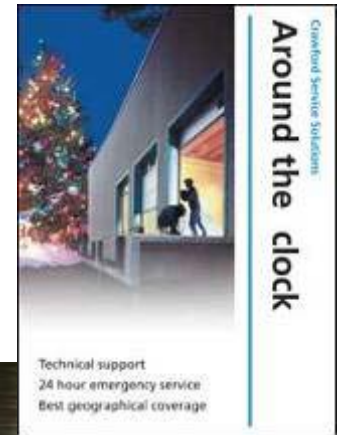
- Pan European service organization
- Change-Before-It-Breaks
- Service on competitors' and related products
- Highly reliable products



Reducing cost of ownership

Operational efficiency

- Control & monitoring systems
- Navigation monitoring
- Security control



Reducing cost of ownership

Reduced energy consumption

- Energy efficient products
- Energy optimization
- Heat leakage studies
- Automatic closing
- Temperature radar



The first electric light bulb transformed vision into reality.



The first premium-efficiency pump transforms vision into reality in wastewater handling.



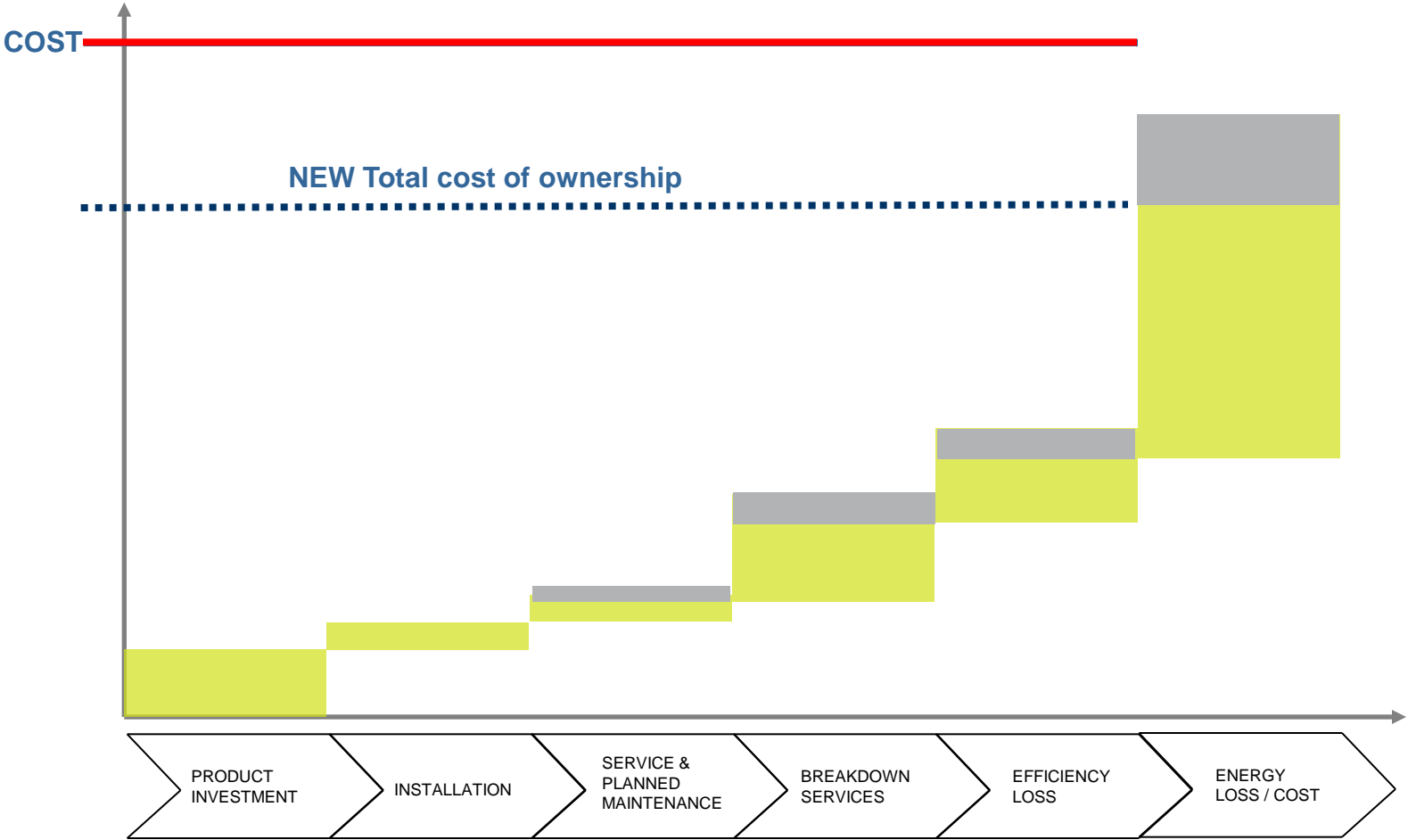
It is the first premium-efficiency pump in the world.



abs



Quantifying customer value



Innovation Excellence

Meeting global challenges



Innovation based on customer needs

Cardo Flow Solutions




Global



Business




Public



12th Five Year Plan for Wastewater Treatment Infrastructure Investment



The European Water Framework Directive



EPA Strategic Plan 2006 to 2011



Population growth




Reduced Energy Costs




Reduced Cost of Operation



Reduced CO2 Emissions



Improved Service Levels



Reduced Overflows



Reduced Energy Costs



Water Consumption



Personal Hygiene



Environmental Protections

The ABS EffeX range – a world's first

Cardo Flow Solutions



The first submersible
wastewater pump
with IE3 motors



- Greater energy saving
- Improved rag handling
- Long-term reliability
- Future-proof design
- Sustainable in manufacturing and operation

The ABS EffeX range – a world's first again

Cardo Flow Solutions

The first submersible
wastewater mixer
with permanent magnet motors

- Lower energy consumption
- Improved reliability
- Cost-effective maintenance



Innovation based on customer needs

Cardo Entrance Solutions



Global



Business



Public



Legislation



Reduced CO2
Emission



Urbanization



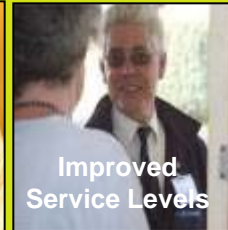
Climate
Change



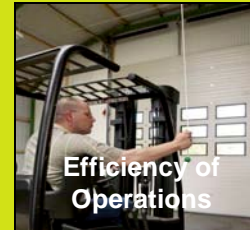
Reduced Energy
Costs



Safety &
Security



Improved
Service Levels



Efficiency of
Operations



Reduced Energy
Costs



Sustainability

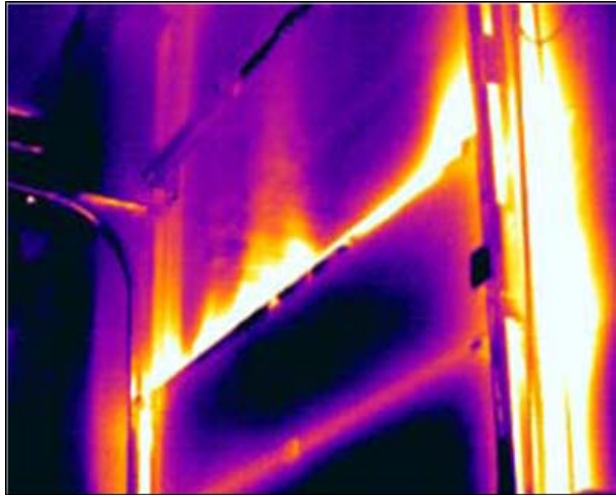


Environmental
Protections

Innovation – solving customer needs

Cardo Entrance Solutions

Technology change



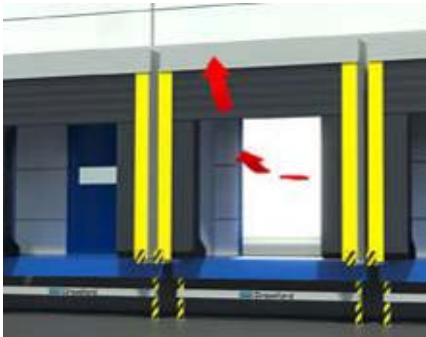
Behavior change



Crawford Monitoring System

Cardo Entrance Solutions

Energy



Minimize energy losses

Security



Increase security

Dock Management



Improve efficiency

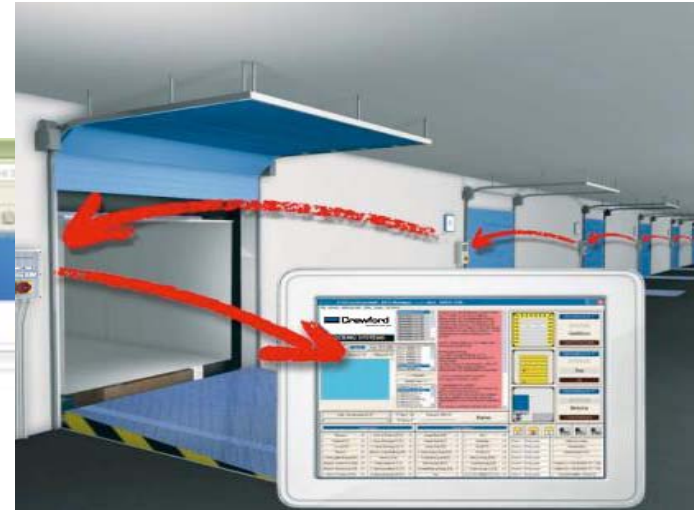
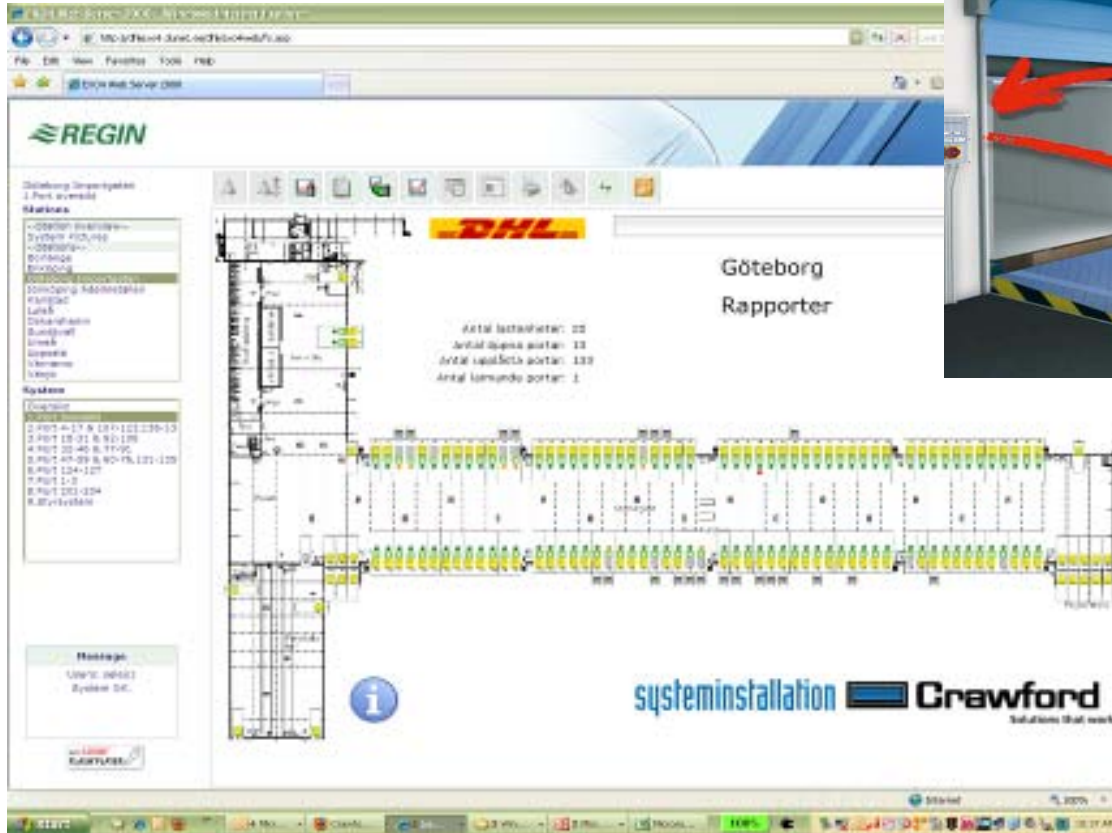
Facility Management



Monitor & maintain

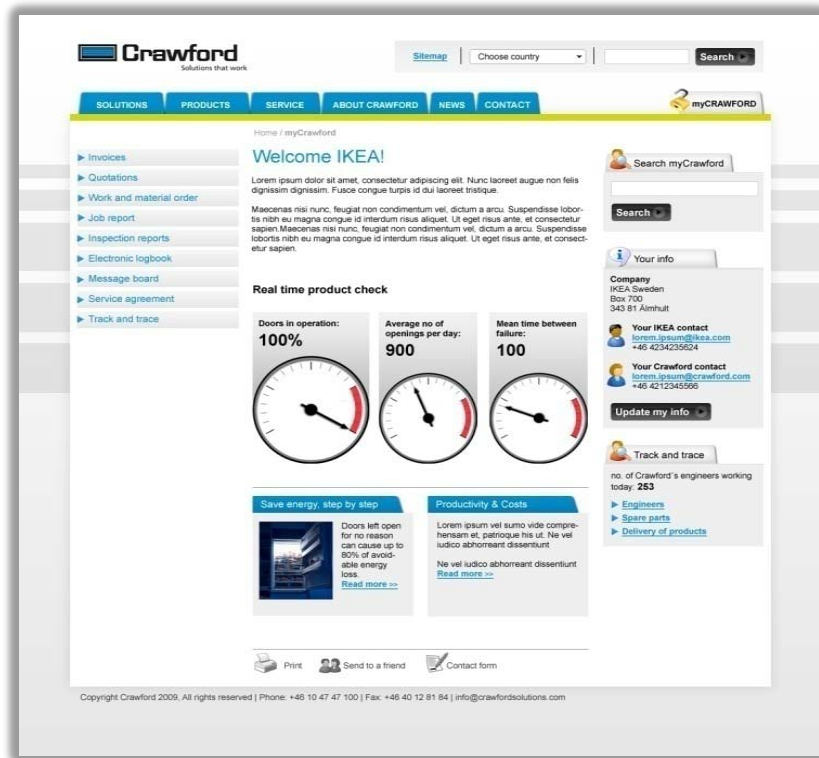
Crawford Monitoring System

Cardo Entrance Solutions



Building stronger customer relations

Cardo Entrance Solutions



- Day to day communication
- Real time reporting and documentation
- Single point of contact

One Cardo

From...

CARDO

 **Crawford**


abs
We know how water works

scanpump

Normstahl

 **Lorentzen & Wettre**

ABS

hafa

Crawford


COMBURSA
GRUPO COMBURSA S.L.



Swedmeter 

CH&E
A Division of **ABS** Pumps

PUMPEX

 **MEGADOOR**

HENDERSON

nopon

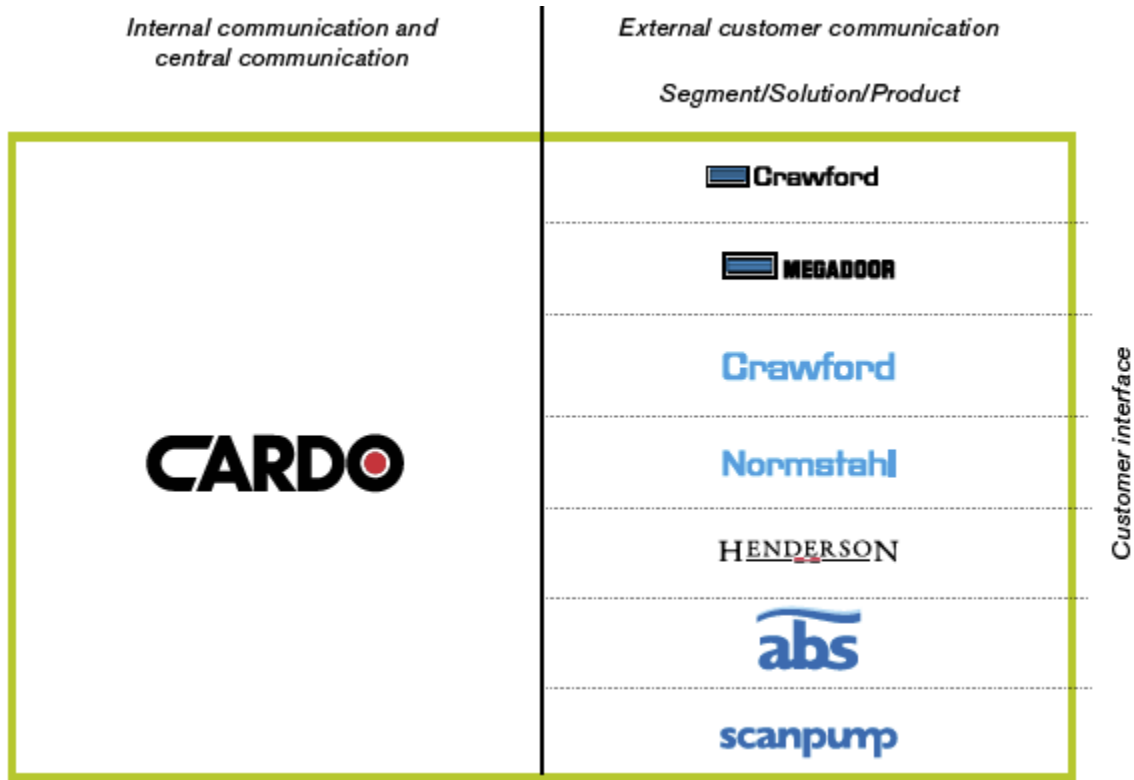
H S T
HIGH SPEED TECH

PUMPEX

...to a clear brand structure



Our brand communication



Graphical identity

Same look and feel

Inspiring, human and flexible

The Cardo wave

- The red thread
- Uniting our business
- Communicate flexibility
- A company in motion

Meeting global challenges





Cardo Flow Solutions

Peter Aru
Head of Cardo Flow Solutions

Division Cardo Flow Solutions

Products & solutions

- Pumps
- Mixers and agitators
- Aerators
- Compressors
- Control and monitoring systems
- Service

Segments

- Wastewater
- Dewatering
- Industry



abs scanpump

Division Cardo Flow Solutions



**Net sales
R12 Sept 2010:**

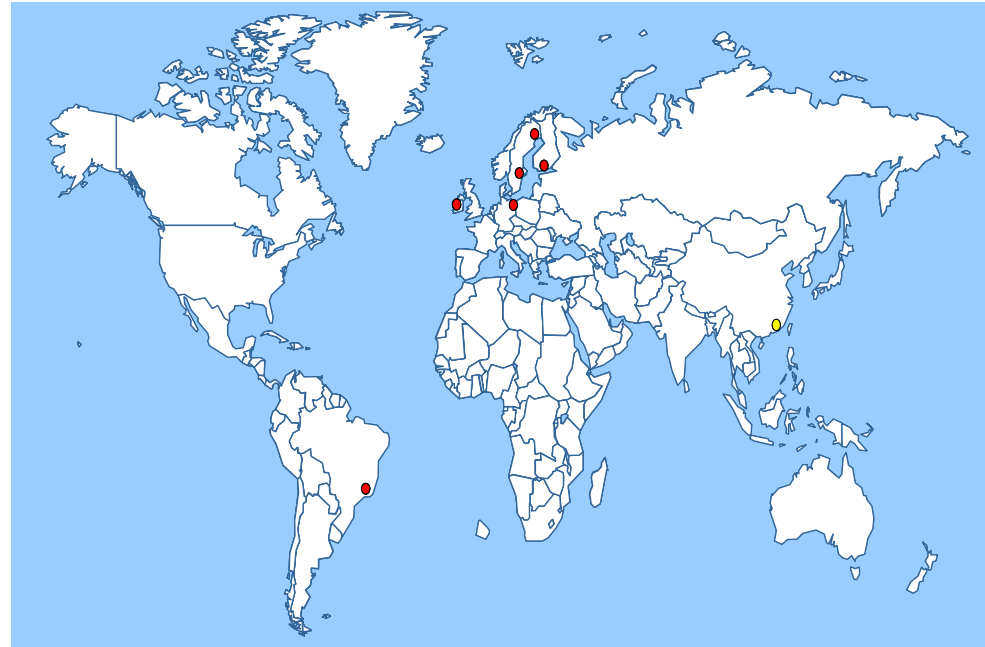
3.228 MSEK

**Net sales by
geographical market
R12 Sept 2010:**

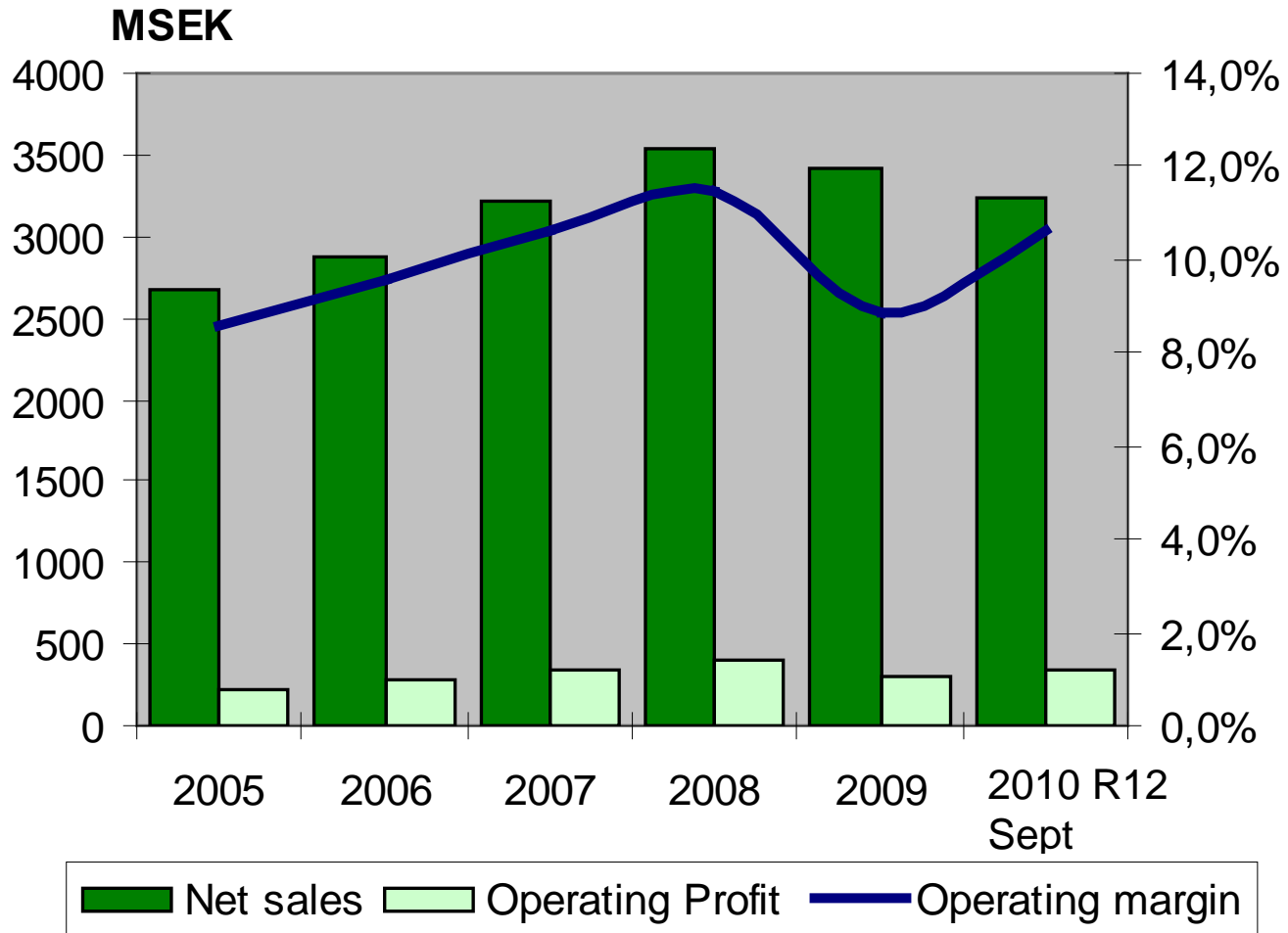
| | |
|----------------|------|
| Western Europe | 63 % |
| Asia Pacific | 14 % |
| North America | 11 % |
| Latin America | 7 % |
| Eastern Europe | 4 % |
| Africa | 1 % |

Employees Sept 2010: 1.886

Production units



Five year development








At historic rates, excl one-off items

The market



Major market players

Estimates, BSEK

| Group | Region | Sales | Sales Comparable | Area of competition | Owner |
|----------------------|---|-------|------------------|---|--------------------|
| Cardo Flow Solutions |  | 3.3 | 3.0 | Wastewater collection and treatment, dewatering | Public |
| ITT |  | 78 | 10.5 | Wastewater collection and treatment, dewatering | Public USA |
| KSB |  | 19.8 | 3.5 | Wastewater collection and treatment, dewatering | Public Germany |
| Grundfos |  | 22.9 | 3.1 | Water and wastewater, dewatering | Private Denmark |
| Wilo EMU |  | 8.7 | 3.2 | Water and wastewater, dewatering | Public Germany |

Estimated on available market data and market intelligence

Segment characteristics

Wastewater

- Strong investment to meet legislation and stabilize infrastructure
- Strong focus on energy efficiency and reliability; high appreciation of ABS EffeX

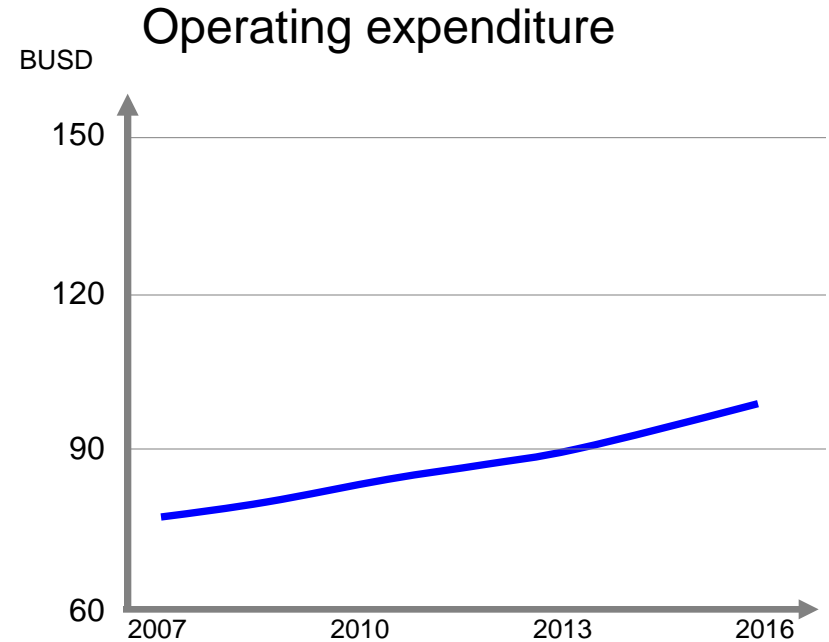
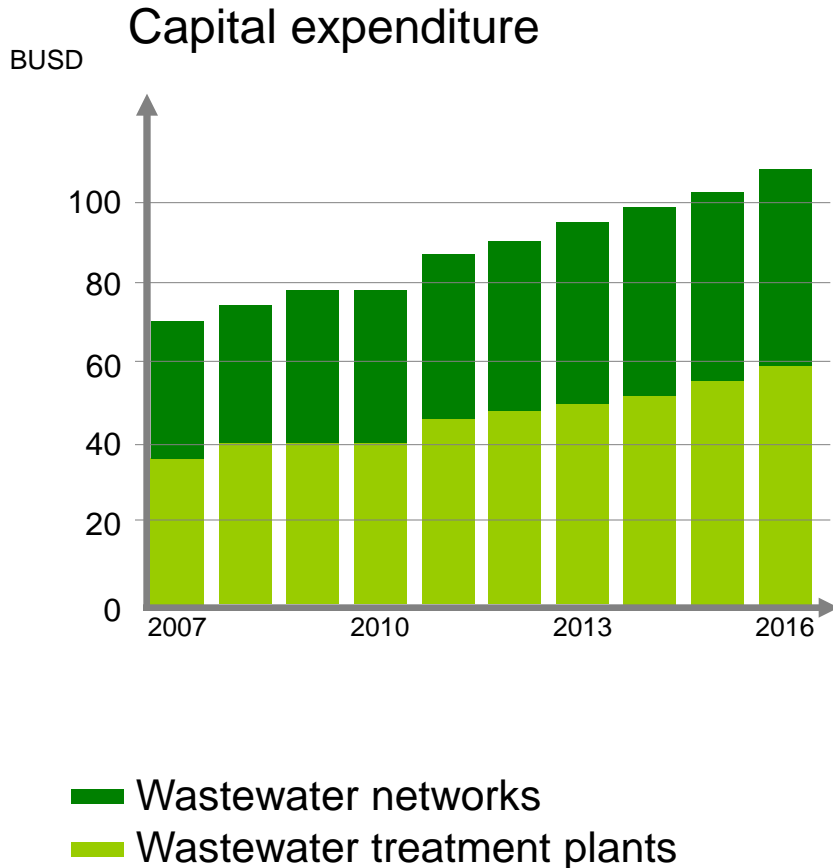
Dewatering

- Business mainly through distribution
- Hit by lack of construction but starting to pick up again

Industry

- High focus in operation performance and energy reductions
- End users reducing in-house manpower

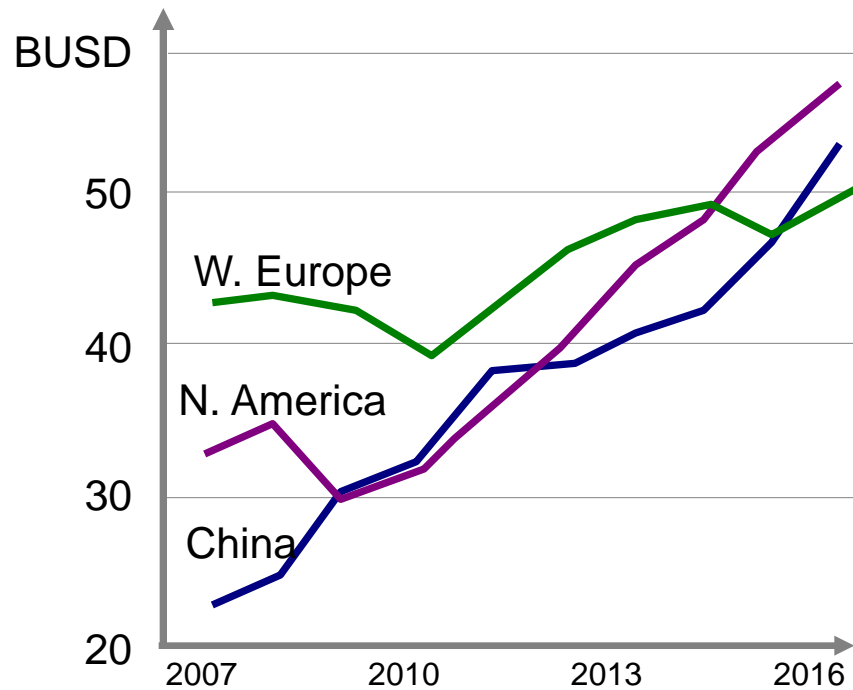
A growing market



Wastewater Operating Expenditure

Source: Global Water Intelligence – Global Water Market 2011

Strong investments in wastewater



Source: Global Water Intelligence – Global Water Market 2011

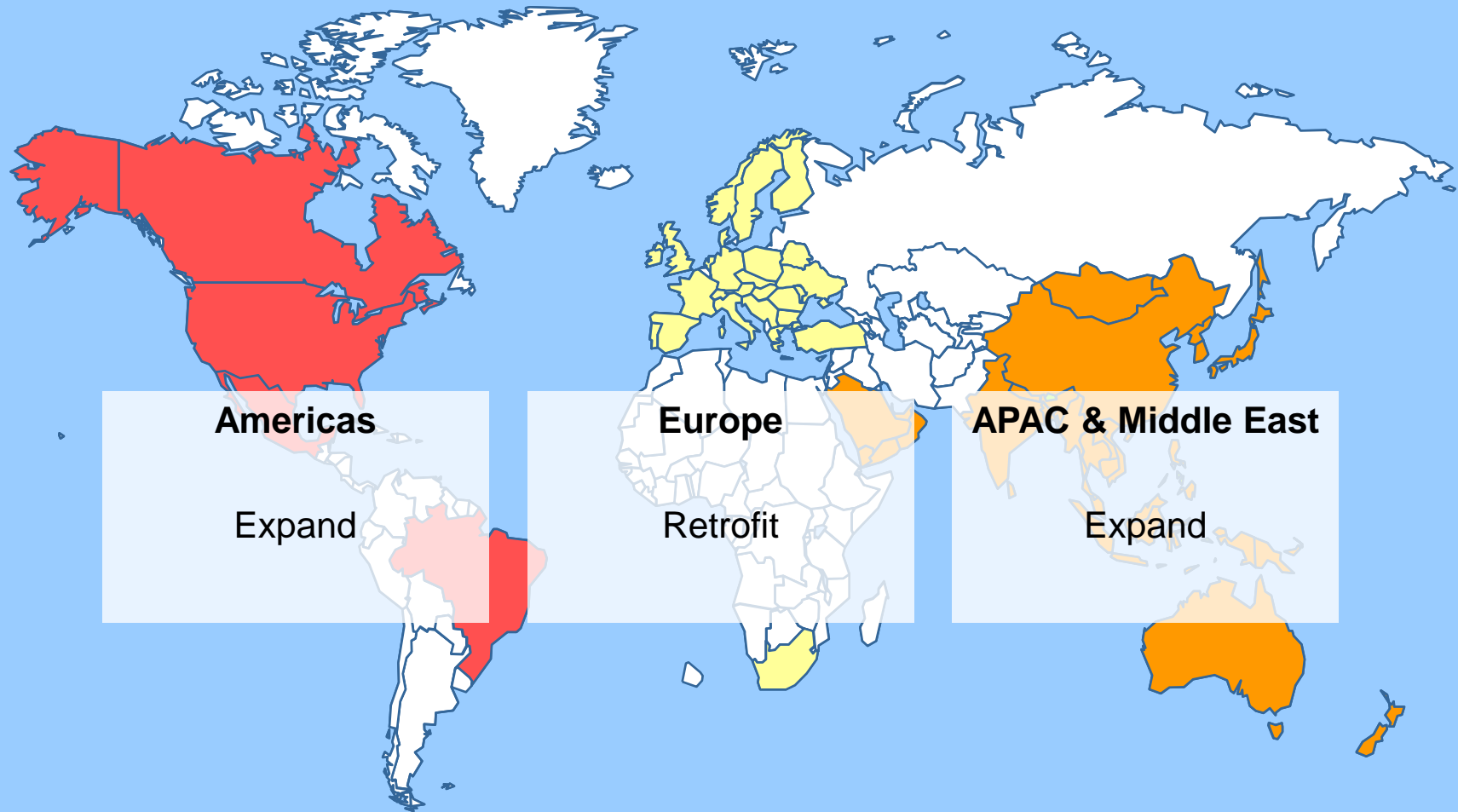
Strategic direction

Going forward



- Market expansion
 - Americas
 - China
- Retrofitting Europe
- Efficient supply chain
- Energy saving solutions

Market strategy

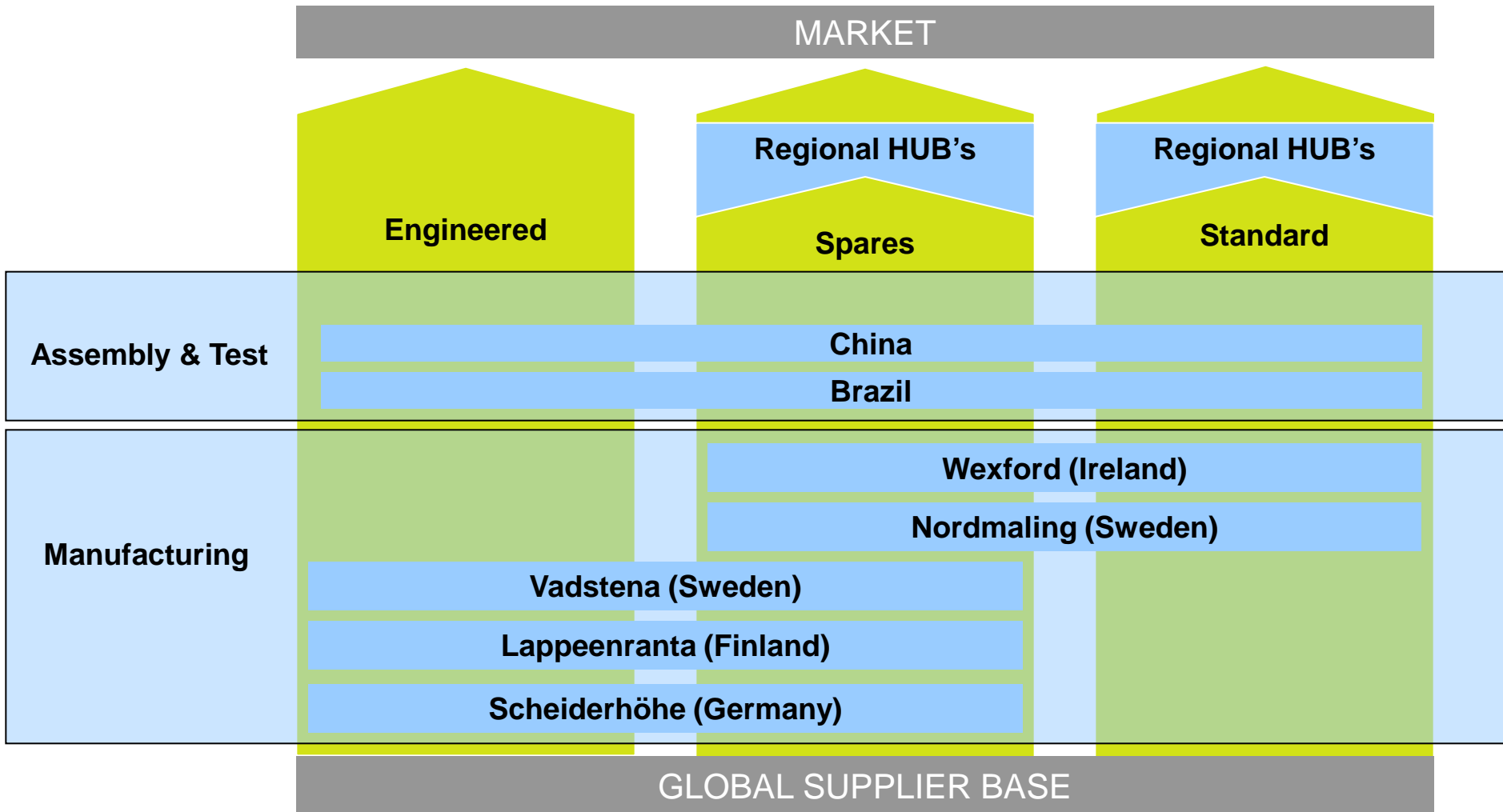


Supply chain – stronger foothold in China



- China components to Europe
 - European production
 - Lead time
 - Higher costs compared to local production
-
- New production unit in China

Focused supply chain structure



Long-term commitment

Cardo Flow Solutions

- R&D roadmap to re-design market offering
 - Wastewater pumps
 - Dewatering pumps
 - Mixers
 - Compressors
 - Control & Monitoring

Join the **ABSEffex** Revolution

Make the right choice if you want to be first ...
... or more importantly, the first choice if you want to be right!



Summary

Attractive macro development – growing market

- Expansion, Asia-Pacific and Americas
- Retrofit demand in Europe
- Optimized supply chain
- Asian production unit
- Market leading energy efficient solutions

Organic growth: > 8 %

Operating margin: > 12 %





Cardo Entrance Solutions

Ove Bergkvist
Head of Cardo Entrance Solutions

Division Cardo Entrance Solutions

Products & solutions

- Industrial doors
- Megadoor
- Docking systems
- Residential garage doors
- Control & monitoring systems
- Service & maintenance

Segments

- Retail
- Transport & logistics
- Facility management
- Airports & Shipyards
- Residential



 Crawford

Crawford

 MEGADOOR®

Normstahl

Division Cardo Entrance Solutions



**Net sales
R12 Sept 2010:**

4.581 MSEK

**Net sales by
geographical market
R12 Sept 2010:**

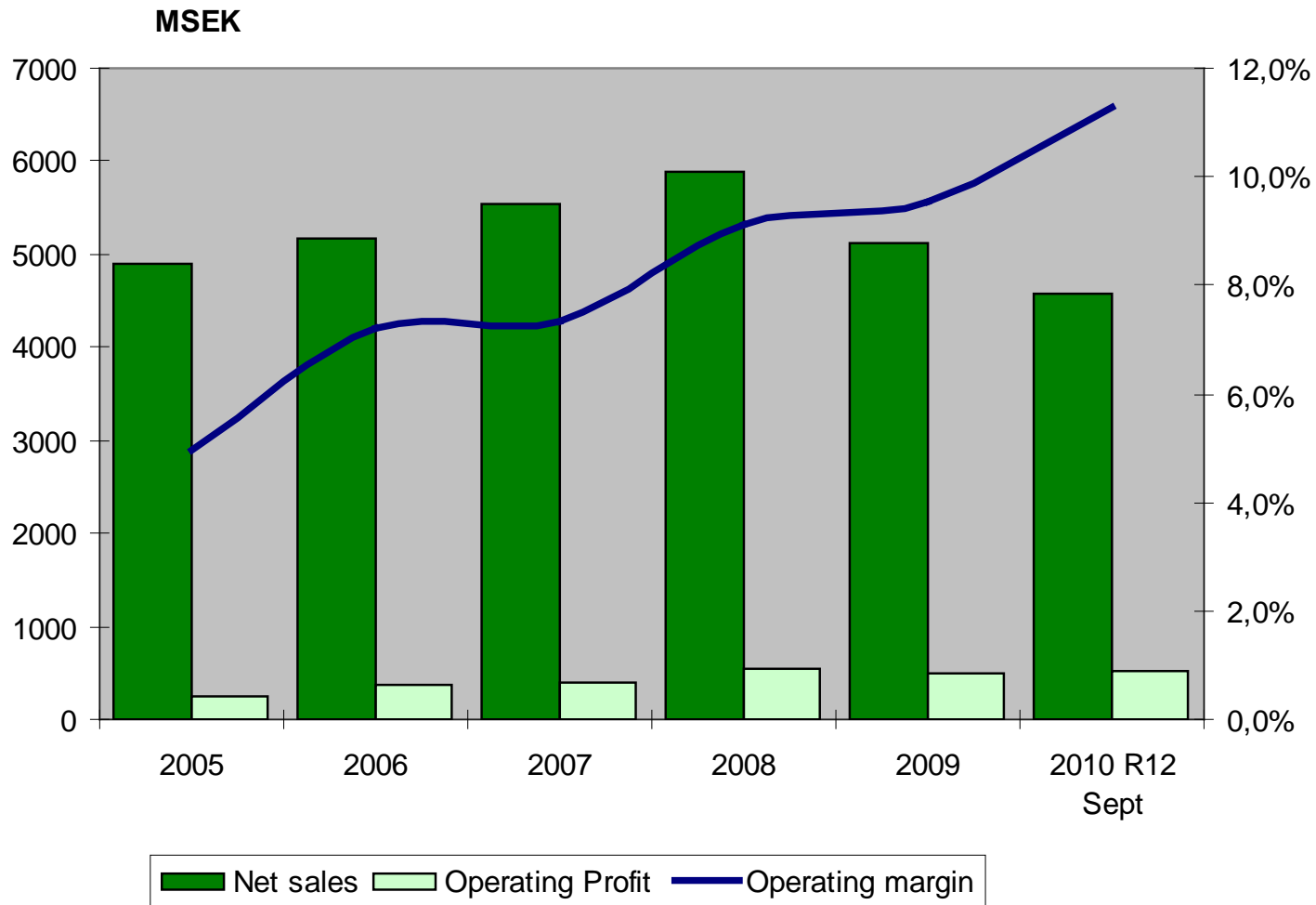
| | |
|----------------|------|
| Western Europe | 88 % |
| North America | 5 % |
| Asia Pacific | 3 % |
| Middle East | 3 % |
| Eastern Europe | 1 % |

Employees Sept 2010: 3.239

Production units



Five year development









At historic rates, excl one-off items

The market

Major market players

Estimates, BSEK

| Group | Region | Sales | Sales Comparable | Area of competition | Owner |
|---------------------------------|---|-------|------------------|----------------------|--|
| Cardo Entrance Solutions |  | 4.5 | 4.5 | Service New sales | Public |
| Hörmann* |  | 9 | 7 | New sales | Private Germany |
| Novoferm |  | 3 | 2.5 | New sales | Public Sanwa Shutter Group Japan |
| Nassau |  | 0.5 | 0.5 | New sales | Public Denmark |
| Kone |  | 43 | 2 | Service | Public Finland |
| Besam |  | 3.3 | 3.3 | Service | Public Assa Abloy, Sweden |

*No public accounts number available. Based on interviews and estimates

Segment characteristics

Retail

- Larger retail stores and shopping malls
- Higher demand for cold storage
- Green agenda

Transport & Logistics

- Ongoing European consolidation
- Consolidating into larger logistics hubs
- Energy and CO₂ agenda

Facility management

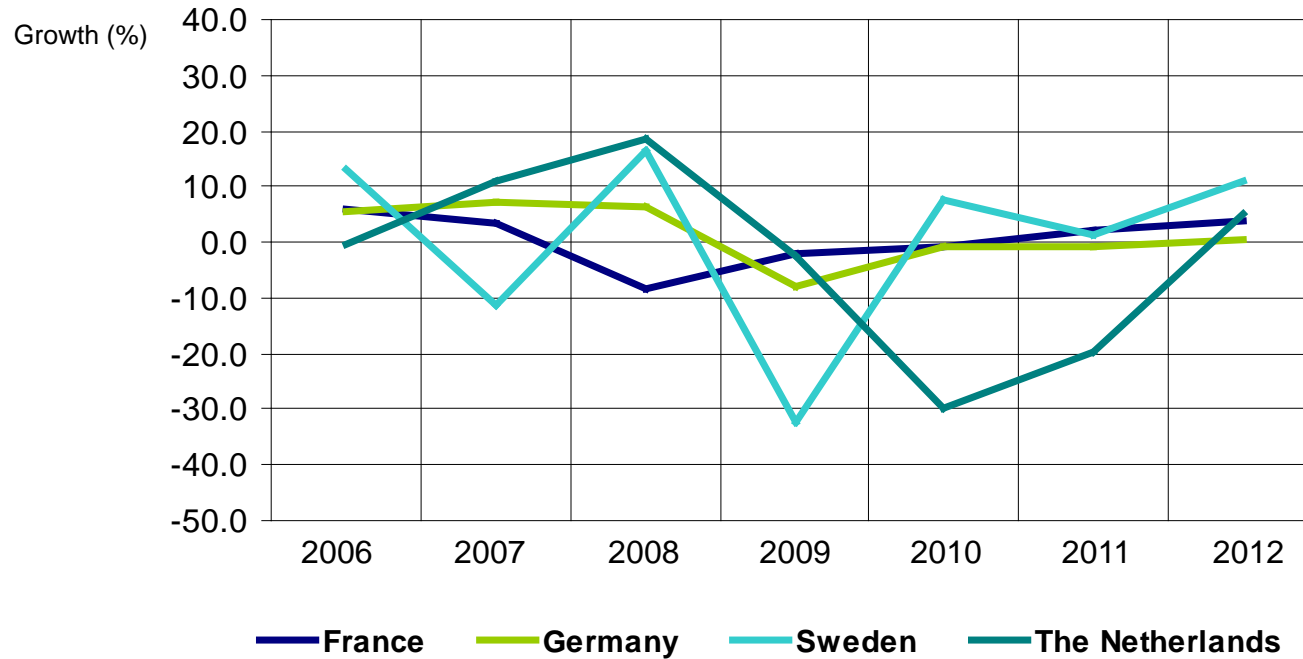
- Growing sector in Europe
- Work with few supplier and extensive reporting
- Professional negotiators

Airports & Shipyards

- Increased air travel
- MRO* industry moving to lower cost country
- Mining growing in Australia and South America

* Maintenance Repair & Overhaul

Investments in storage/logistics facilities



Source: Euroconstruct Dec 2009

Service market

Non residential

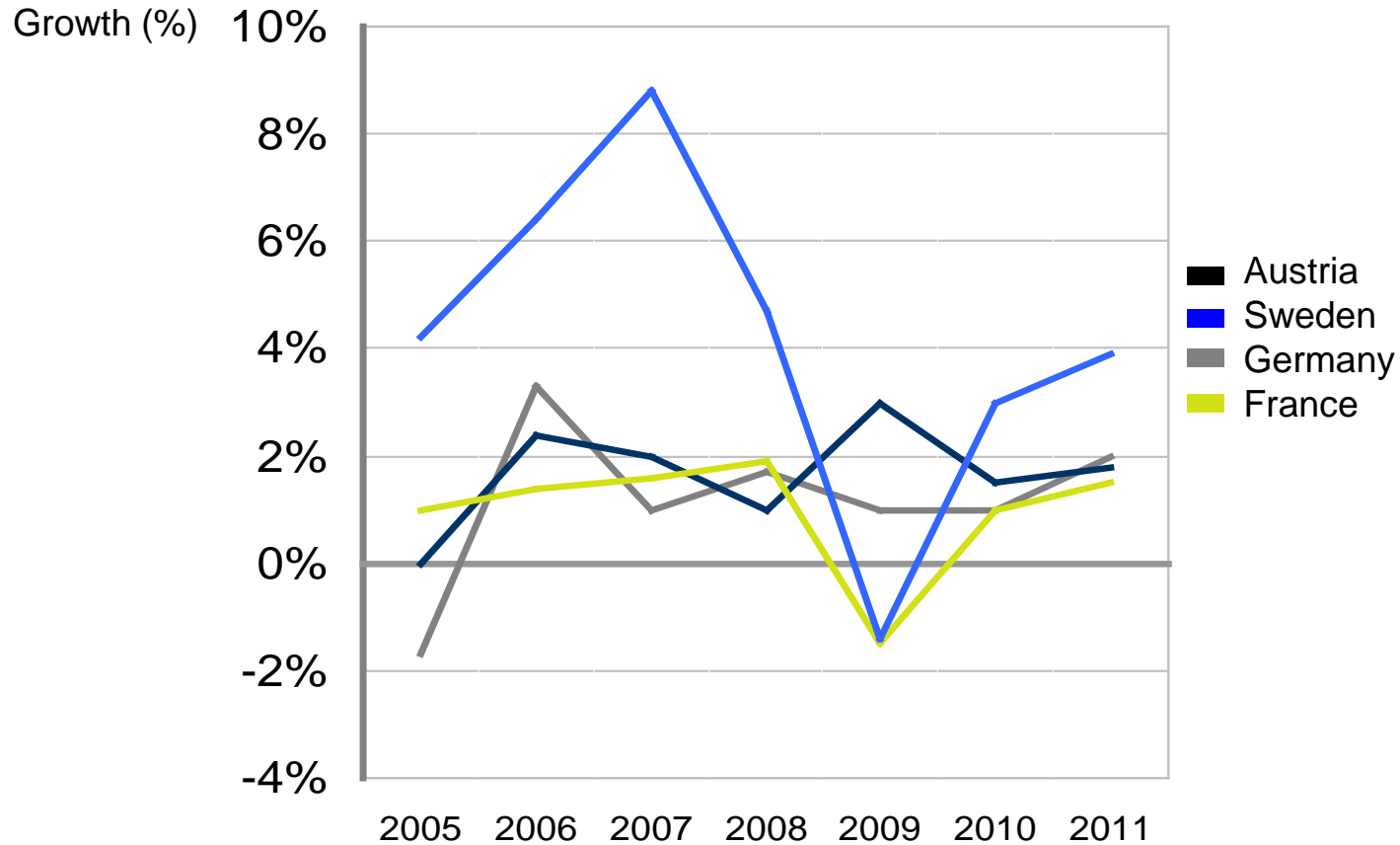


Installed base in Europe

- Own products 1.2 Million units
- Competitors products > 4 Million units
- Automatic Door Systems > 2 Million units

Spend on renovation

Residential



Note: Renovation is approx. 75% of RGD's revenue

Source: EuroStat

Strategic direction

Going forward



- Service growth
- Airports & Shipyards expansion
- Residential garage centers
- One efficient supply chain
- Energy saving solutions

A clear way forward to stay ahead

From

To

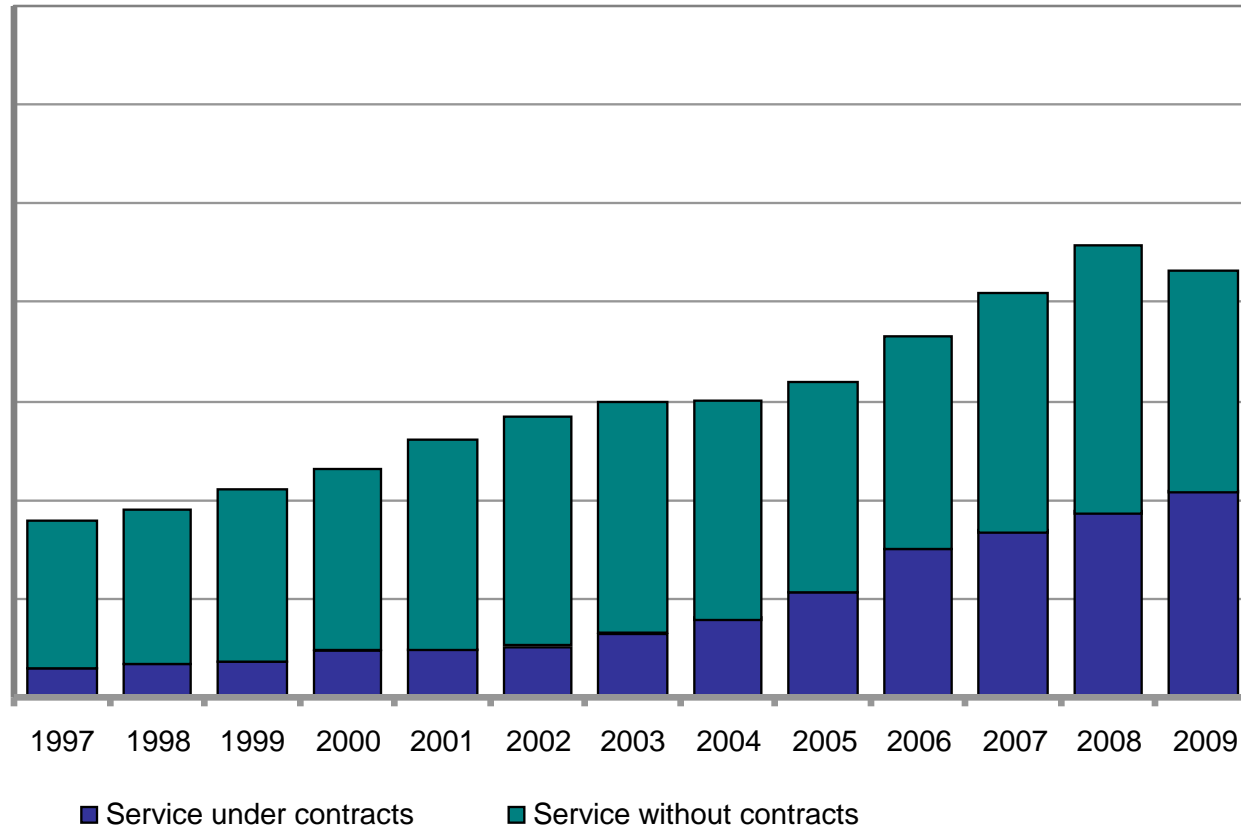
Product leader

Service
and solution leader

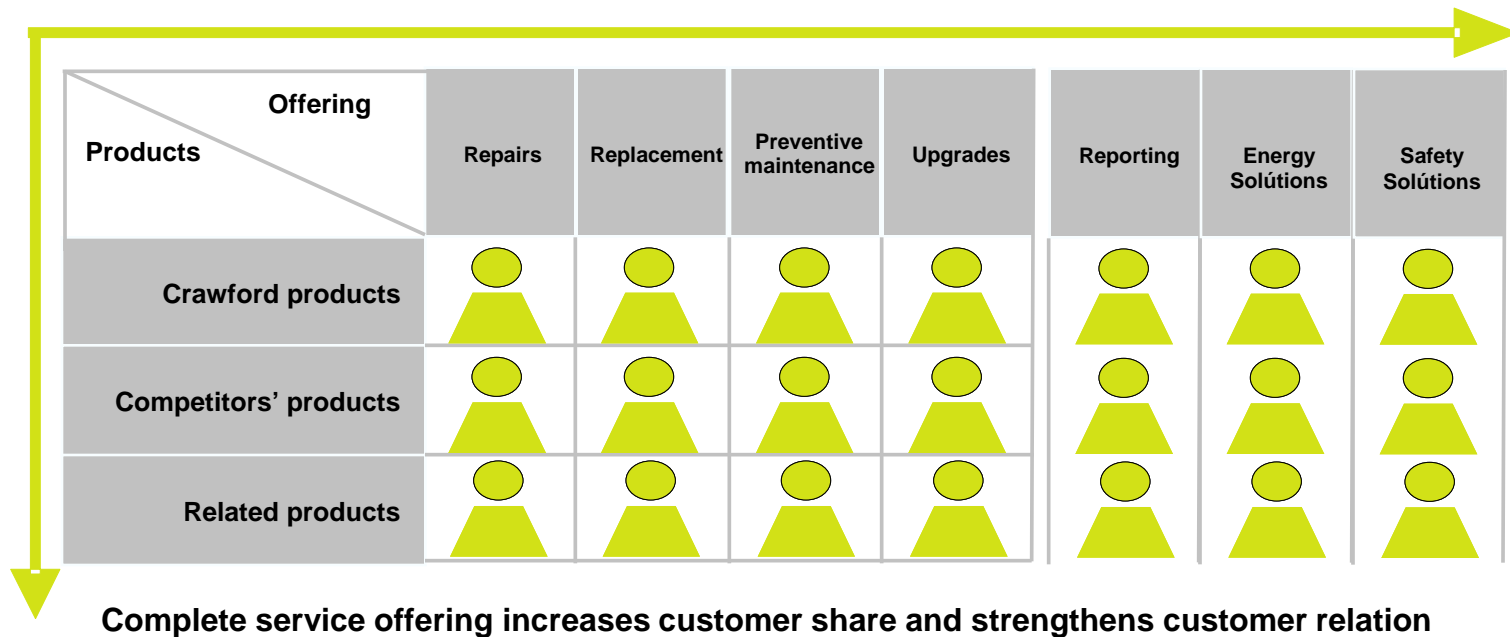
Service on own products

One stop shop service
for target customers

Service agreements and preventive maintenance are important parts of the service strategy



Expanding service offer for targeted segments



Global market leader

Airports & Shipyards



Be the number one solution provider of specialty doors for customers in the Airports & Shipyards market

Actions

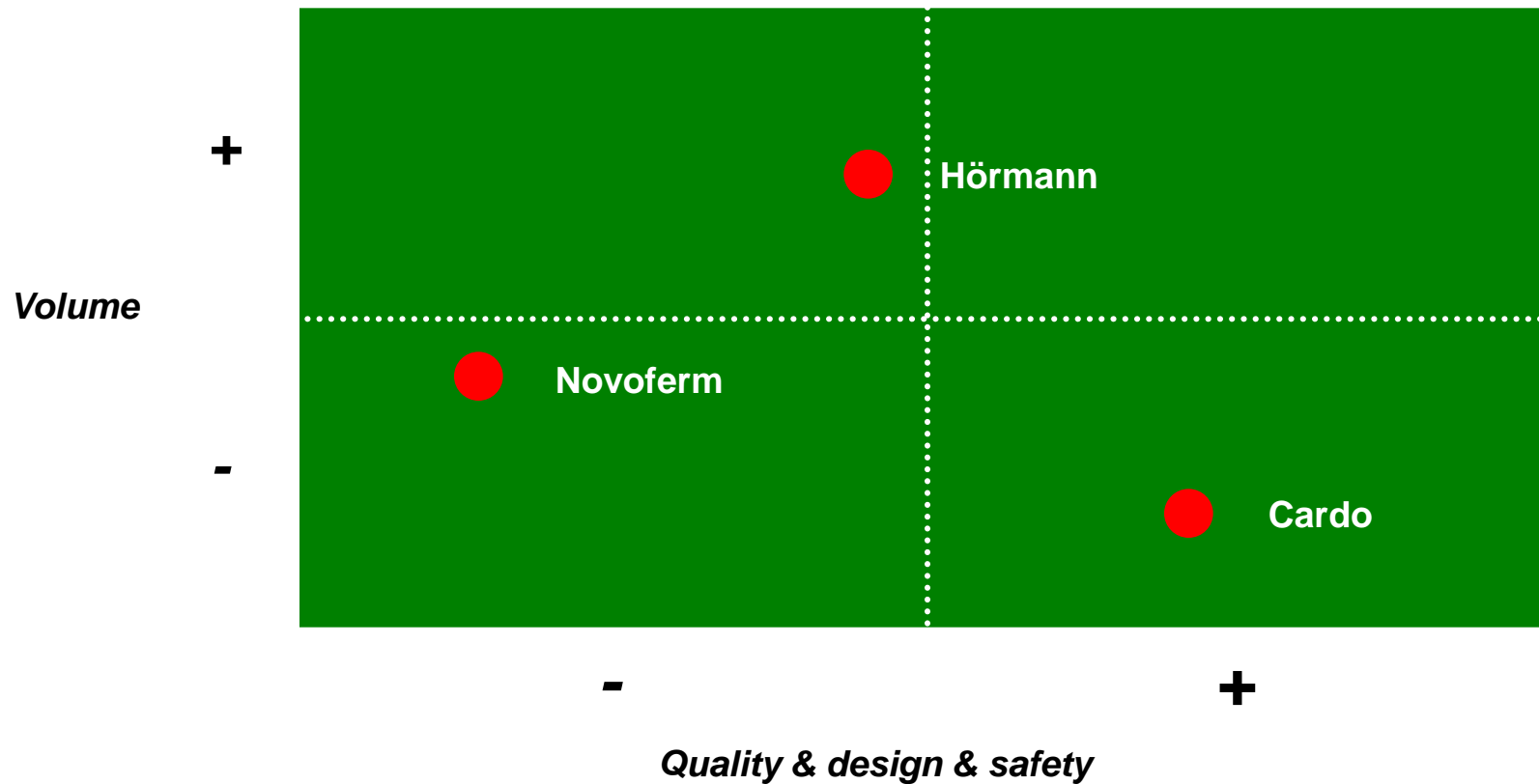
Airports & Shipyards



- Grow market share in China
- Direct sales in Australia
- Global solution sales team

Targeting the high end of the Residential Segment

Residential Segment



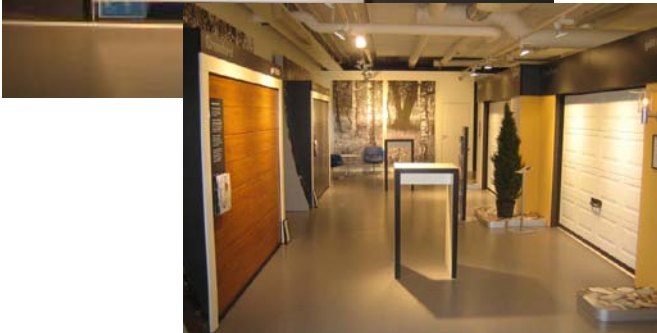
Source: Cardo assesment

Residential garage doors

A unique distribution set-up to support the high end strategy



- 100 % loyal dealers
- Only selling our products
- Premium shop concept
- Controlled branding and marketing

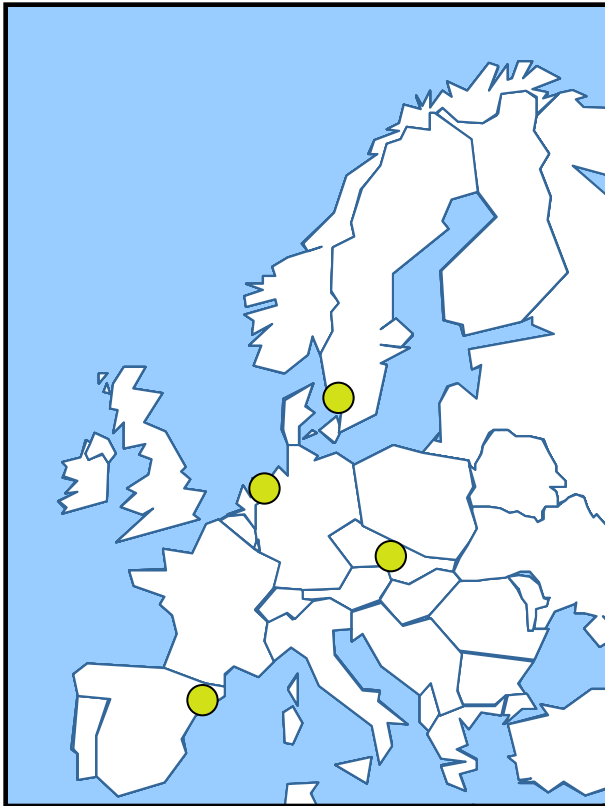


Centers

| | 2010 | 2014 |
|-------|------|------|
| Total | 70 | 140 |

One efficient supply chain

Example, logistics in Europe



Joint logistics set-up

- *Shared hubs*
- *Shared trucks*
- *One transportation agreement*

Energy savings solutions



- 5% of the time, doors are open and no truck is at the bay
- This can represent as much as 80% of energy loss at the loading dock
- Crawford Monitoring System ensures that doors are closed when there is no truck at the bay

Summary

- Significant service potential and extended offer
- Market leading solution, Airports & Shipyards
- Premium market, residential
- Integrated supply chain
- Energy saving solutions

Organic growth: > 5 %

Operating margin: > 10 %





Summary

Peter Aru
President and CEO
Head of Cardo Flow Solutions

Business opportunities

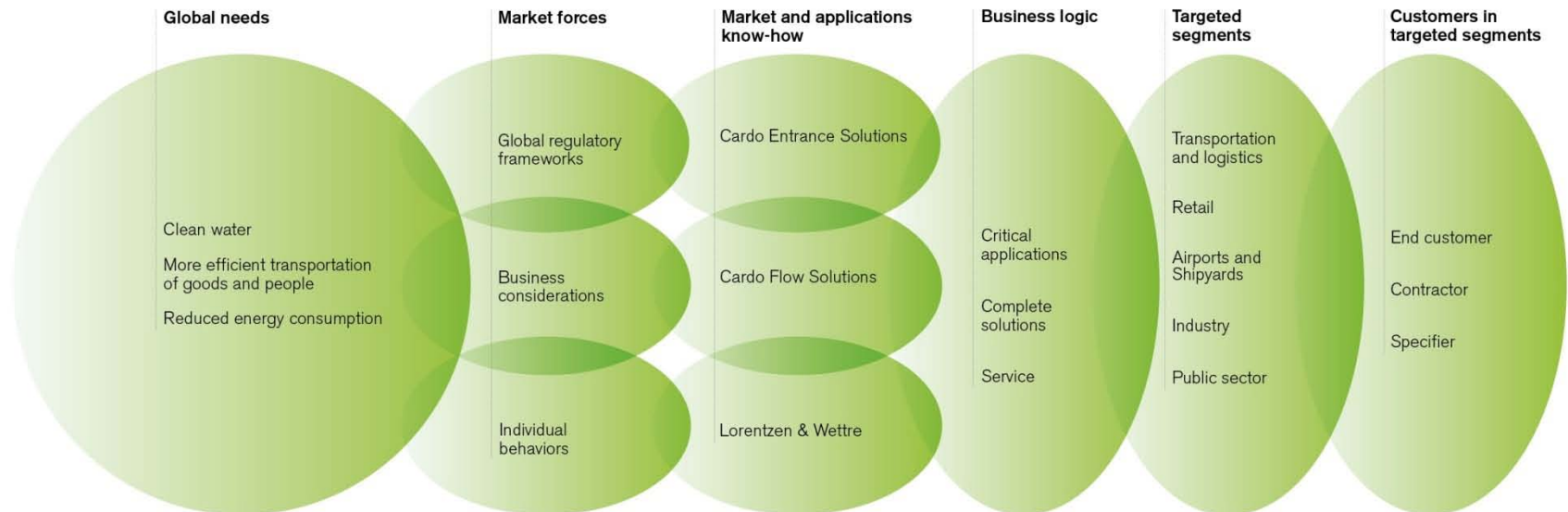


- Strong urbanization in Asia
- Strong retrofitting in Europe and the USA
- Strong energy efficiency demands

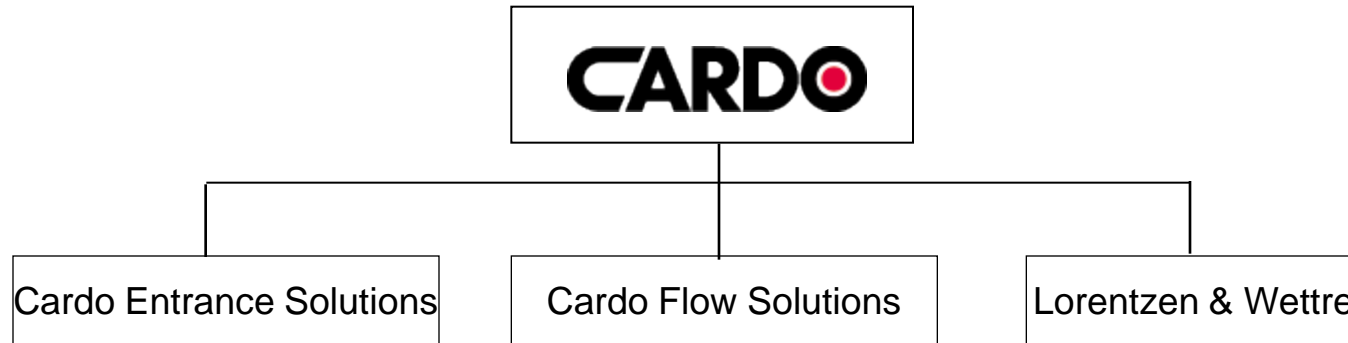
Meeting global challenges

Vision Cardo is a customer oriented solutions provider that helps to solve the global needs for clean water, efficient transportations and reduced energy consumption.

Business idea By means of quality products, great application know how and a high level of service, we offer value adding solutions to targeted customers worldwide.

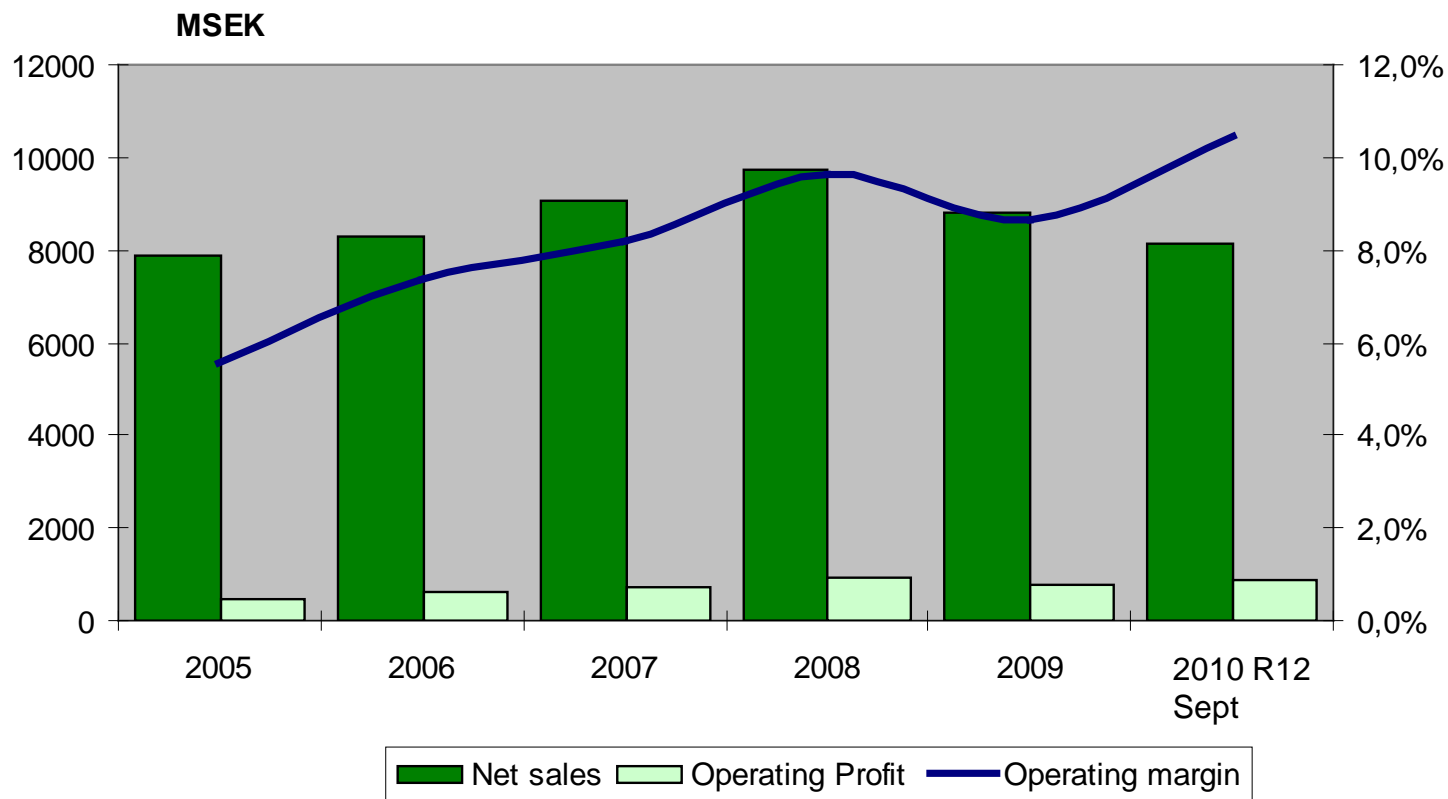


One Cardo – One company



- Operational coordination – internal structures and processes
- Cardo – the legal name of all units
- Customer continue to buy our well known and respected brands Crawford, Megadoor, Normstahl, ABS, Scanpump and Pumpex

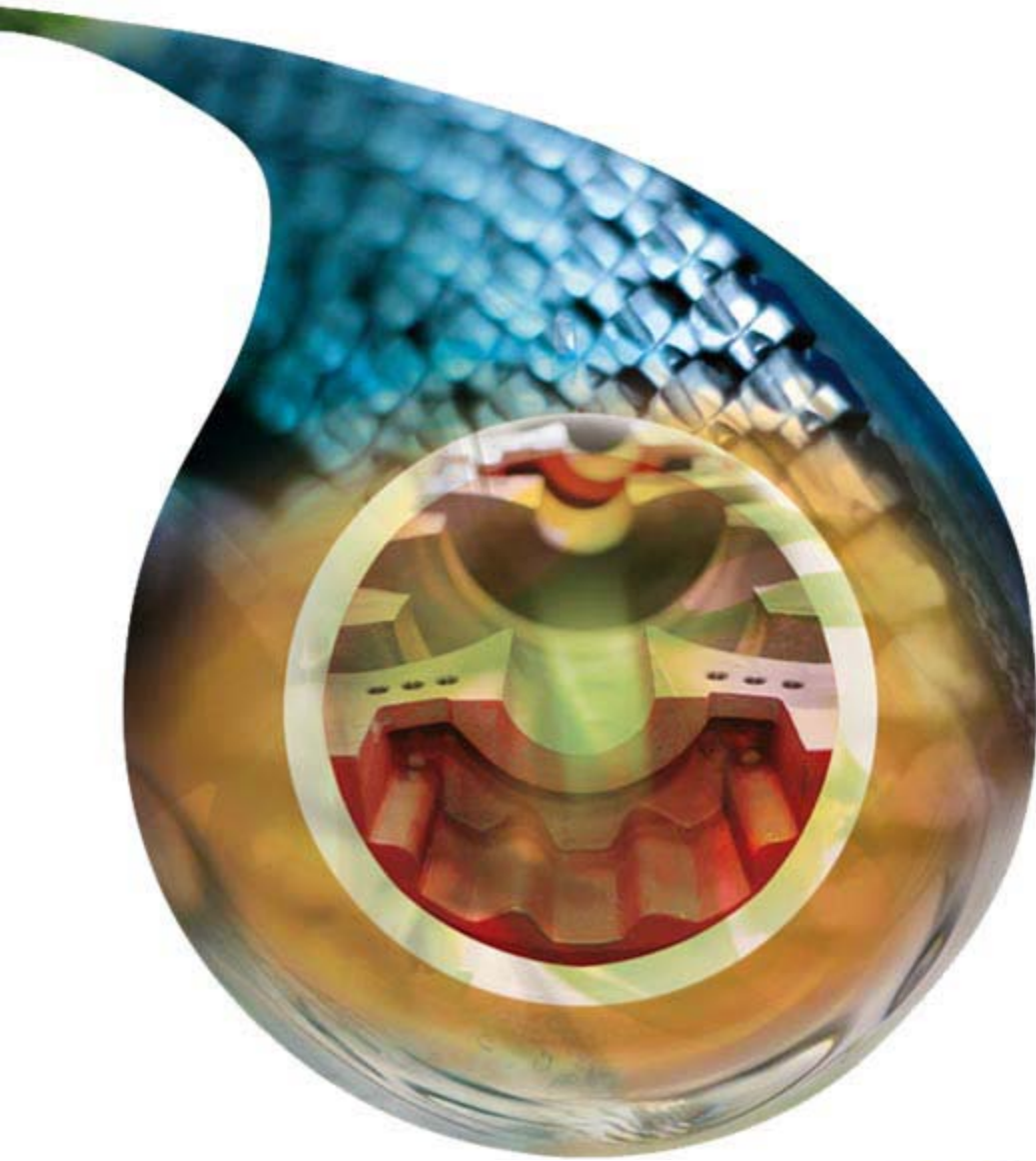
Development Cardo



At historic rates, excl one-off items

Looking forward

- Accelerated growth outside Europe
- Retrofit and service growth
- Focus on end-users
- Market leading innovations
- Optimized supply chain



Meeting global challenges

From logistics solutions and water treatment to process industries and garage doors. Cardo's employees worldwide transform ideas into products and services that help to solve some of the toughest challenges of our time.