

FOR EXPERT SOLUTIONS IN
OPTICS AND OPTOELECTRONICS

2014/2015



BUILDING FOR THE FUTURE

With a company history dating back more than forty years, our business and our offer have evolved both through technological breakthroughs and through reaching new markets. We are proud of our many long-standing partnerships with our customers, our strong international client base and our ability to embrace change and adopt new technology.

The key to Optronic's success over time has been our long-term approach and ability to allocate the resources needed to develop state-of-the-art knowledge and offers related to our core business; the development and manufacturing of custom made optical sensors.

This year was no different in that regard, as our investments in new technologies reached SEK 7,8 million. The investment was mainly in time-of-flight which we continue to view as a technology with great potential and an area with a high potential for a strong future growth. Time of flight technology, often used to boost applications with 3D imaging, is still in an early adopter phase but it's cost effectiveness and reliability is drawing the attention of new customers around the world every day.

Early in the year, we simplified our internal structure as we merged our companies dedicated to development and manufacturing in one. The merged company will focus on our core business alongside sister companies Fotonic, dedicated to 3D time-of-flight cameras and Farmic, a company focused on agricultural applications.

We have also invested in a new ERP system to modernise our internal processes and to ensure our ability to even more quickly respond to client queries. Our customer feedback show that we are highly valued for our reliability, and our commitment as a partner in product development and manufacturing. For us, that is a source of pride. We always strive to be a part of our customer's journey, from the idea stage, through launch and on to further development.

Those investments corresponded to five percent of our turnover of SEK 158 million (173) for the fiscal year 2014/2015. While those numbers were slightly over budget, the result for the year was a loss of SEK 4,5 million – a direct result of our investments and major changes in both our company structure and our work processes.

Looking at the marketplace, it's difficult to predict what's ahead. But what we can say is that the interest in optical sensors continues to grow. As we have continued to build our brand as an expert partner and our foothold in Northern Europe solidifies, we are in a good position moving forward.

Skellefteå, December 15, 2015

A handwritten signature in blue ink, which appears to read "Peter Fredriksson".

Peter Fredriksson



OPTRONIC – OUR SERVICES

The rapid development of optoelectronic and optical sensor technology makes it an area where companies can explore new possibilities and push limits. The objective is often to increase reliability in performance, efficiency or boost applications with a new range of possibilities.

We provide expert solutions, from development to production of customized and application specific optical sensors, to meet our customer's demands and help them boost their applications.

In nearly 40 years of existence, Optronic has developed and manufactured a wide range of products, always with full ownership of the intellectual property rights (IPR's) remaining with the customer.



FROM DEVELOPMENT TO SERIES PRODUCTION

PRODUCT IMPROVEMENTS

Quality is a core value for many successful companies. With high standards of quality in both development and manufacturing processes, Optronic helps companies elevate their products to the next level.

Optronic custom designed optical sensors and optoelectronic solutions are built on robust, reliable, smart and simple systems that help customers achieve the quality levels they require.

COST REDUCTIONS

Optronic's continuous pursuit of new technologies help customers develop and manufacture products with reduced cost. Also, Optronic's thorough experience and well-established network of component suppliers give customers access to optimal solutions.

SOURCING OPTIONS

Depending on the customers sourcing strategy, Optronic offers a variety of sourcing options and corresponding business set-up. Key parameters are short time to market and low cost for development and industrialization. The output is lower total product lifetime cost and rapid introduction of new models.

TIME-TO-MARKET

With a vast experience base and over-view of available technologies, Optronic offers customers quick feedback on required technologies and quick, qualitative development and manufacturing.

PRODUCT DEVELOPMENT

Optronic's development offer ranges from advising on the most suitable components to achieve the technological performance, preparing mock-ups and prototypes to showcasing performance, pre-series production and prepare production plans for an effective time-to-market.

Optronic's experience and ability to think out-of-the-box results in tailor made solutions, signified by a high quality.

PRODUCTION

With over 3000 square meters of manufacturing facilities, Optronic produces optical sensors and optoelectronic components with all degrees of complexity.

Optronic strives to achieve the best and competitive production costs for our customers, using our global network of suppliers and partners. The production facilities are certified according to the standards ISO 9001, ISO 13485 and ISO 14001.



OUR STORY

The story of Optronic began in 1974, when AGA Geotronics was divided into two divisions and allocated a unit for production to Skellefteå, in northern Sweden.

Skellefteå was a region of entrepreneurs, and had a history of working with optics and was helped by government-issued support for company localisation throughout the country and that the managing director of AGA at the time, a man named Rudolf Wiklund, had his roots in northern Sweden.

Early on, finding engineers to work for the company was no easy task. The “Green Wave” trend of environmentalism was in full effect, and for a lot of young people, going back to the roots to live in rural communities without modern technologies was more appealing than learning electronics and applied physics as a career.

Initially six young engineers joined the company, manufacturing long-range measurement instruments for AGA. The technology used was similar to the time-of-flight-technology that Optronic has developed high levels of competence in today.

FIRST MAJOR SHIFT IN TECHNOLOGY

In the following years, a major shift in technology radically changed the marketplace: United States military launched GPS-satellites into space to orbit the earth, marking the birth of today’s GPS technology.

Another few years down the line, that led to the inevitable: AGA decided that they should quit the manufacturing of the soon-to-be outdated instruments, and the employees in Skellefteå had to choose whether to pack up and join AGA in Stockholm, or buy the inventories and become a subcontractor. They chose the latter and the company was then named Elopcon.

By then, the number of employees had grown to ten. The core unit of people decided to develop their own line of products. After a brainstorming session that yielded around 100 ideas, it was decided that three of them had potential: instruments for quality control of rubber, ship testing and crankshafts. The third idea led to deals with both Volvo and Saab.

CURRENT OWNERSHIP GROUP ENTERS

The first ownership invested heavily in development, but by own admission lacked marketing skills and funding. Eventually, they decided to sell the company to Saab Combitech, who owned the company for only three years before selling to current owners, brothers Pähr, Mats and Anders Lövgren in 1987.

They saw great potential in the developing market for optical sensors and applications for several types of industries that set the company on the right path. The Lövgren brothers, owners of several successful and growing business-to-business ventures, knew the power of a strong customer focus.

The question at the core of Optronic's development was then, and still is: how can we make our customers more competitive?

SPECIALISTS IN OPTOELECTRONICS

One part of the answer was developing specialist competence in the field of optoelectronics, serving businesses on an international market. The first journey for the new ownership was reaching a critical mass in production, which would effectively serve as a fundament for further development.

Optronic soon discovered that they had set on a complex journey. The challenge of developing high competence, while at the same time reaching the goals set for production was tough, but the company remained secure in its niche of both developing and manufacturing subsystems based on optoelectronics.

During the 1990's, the company continued to build on five strategic pillars, that included the chosen niche, growth in volume and risk management.

During this time, Optronic also made sure to assemble an experience board of directors. One of the people chosen for the task was above-mentioned Rudolf Wiklund, who held a position on the board from 1989 to 2007.

100 MILLION MILESTONE

Despite facing challenges such as the Swedish economic downturn in the early 1990's, Optronic held the course and reached a turnover of SEK 100 million by the year 2000. At that time, another key recruitment was made as Rickard Åström, currently a part of the ownership group and member of Optronic's board, joined the company. In 2004, Åström was named managing director, a position he held until 2011.

In development, Optronic found new ways to guarantee funding of their efforts – both through collaborating with customers and through a closer co-operation with universities in northern Sweden. The universities also proved to be good sources for attracting new talent to the company, which further spurred development.

Another couple of years down the road, the Stockholm offices were established to move closer to the market.

GOOD POSITION FOR THE FUTURE

After major investments in an increased production area and in significant investments in the development of knowledge in new technological areas, Optronic today has a strong setup lead by current managing director Peter Fredriksson and sales director Ulrik Stenbacka, who are both part of the current ownership group, along with the Lövgren brothers and Åström.

That keeps Optronic in a good position for the future. And the company's target hasn't changed much since those early years. It's still always coming out on top when customers measure them up to their toughest competitor.

BOARD OF DIRECTORS

We have placed an onus on commitment, branch experience and leadership in the composition of our board. This was done to support the development of an organisation with efficient working models, modern tools and last but not least, a committed and highly skilled staff.



Pähr Lövgren, chairman

Pähr is the majority owner and founder of Optronic in its current form. In coalition with his brothers, Pähr runs a growth-oriented industrial group with a turnover that exceeds SEK 1,5 billion. Other examples of companies in the group are Fastec AB and Valutec AB.



Peter Fredriksson, member

Peter is the managing director of Optronic since 2013. Previously, he worked for multinational company Trimble for seventeen years. At Trimble, his roles included site manager duties in Sweden and Germany and leading Trimble's continued development of global sales and distribution channels.



Rickard Åström, member

Rickard has worked at Optronic since 2001. He was previously managing director (2004–2010) and is one of the principal owners of the company. Rickard has significant leadership experience within product development through previous positions at Ursviken and SQS. Rickard is now managing director of Fotonic.



Marika Wassberg Skärvik, member

Marika is highly experienced in business development and was named Manager of the Year in 2005. She is currently the managing director for PerformancePotential. She has held several appointments as head manager and managing director within the IT industry. Marika also has a wealth of experience from leadership development, as a mentor, as well as a writer and lecturer.



Tomas Stålnert, member

Tomas has a wealth of experience from electronics manufacturing, most recently as managing director of Rimaster Rimforsa AB and prior to that as managing director at Contitech. He has also held managerial roles at Ericsson, Flextronics and Sony Ericsson. Tomas also has useful experience from the Chinese market.



Rolf Lundström, member

Rolf has worked within the manufacturing side of the business ever since 1974 when AGA Geotronics started the venture that formed the basis for the development of Optronic. Rolf has been on the board since 1990.



Ulrik Stenbacka, member

Ulrik has worked at Optronic since 2005 in many different positions within the company. He has significant experience within product development and production with background from Ursviken and DeLaval. Today he has the role of market and sales director and is one of the principal owners of the company.



CASH FLOW AND NOTES 2014/2015

CASH FLOW (SEK '000)

	30 April 15	30 April 14
OPERATING ACTIVITIES		
• Profit after financial items	-4 876	99
• Adjustment for items not included in the cash flow		
- Depreciations	1 421	2 149
• Tax paid	-46	-2 624
Cash flow from operating activities before changes in operating capital	-3 148	428
• Increase-/decrease+ in inventories	-4 627	9333
• Increase-/decrease+ in current receivables	14 492	-1 888
• Increase+/-decrease- in current liabilities	-5 756	759
Changes in working capital	4 110	8 204
Cash flow from operating activities	962	8 631
• Investments activities	-753	-973
• Increase-/decrease+ in long-term receivables		402
Cash flow from investment activities	-753	-571
• New share issue		
• Change in bank limit		
• New loan		
• Amortisation of loans	-1 000	-1 827
Cash flow from financing activities	-1 000	-1 827
Cash flow for the year	-792	6 233
Liquid assets at the beginning of the year	10 635	4 402
Liquid assets at the end of the year (including unutilized bank limit)	9 843	10 635

NOTES

Subsidiaries owned by Optronic i Norden AB, org nr 556162-2183, 30 April -15:

Company name	Org.nr	Equity SEK '000	Book value SEK '000
Optronic Partner dp AB	556260-8512	2028	2600
Optronic Partner pr AB	556260-8421	6101	4800
Subsidiary owned by Optronic Partner pr AB:			
Optronic Logistics AB	556459-9321	568	0

NOTE 1 FIXED ASSETS

Shown in acquisition cost with planned write-offs deducted. Computer equipment and computer software 33%. Machines and other technical assets 20%. Goodwill 20%. Inventories, tools and installations 20%.

Fixed assets (SEK '000)	30 April 15	30 April 14
• Intangible assets	0	0
• Machinery and equipments	1 610	2 277
• Other long-term receivables	-	-
Planned remaining value total	1 610	2 277

NOTE 2 INVENTORIES (SEK '000)

	30 April 15	30 April 14
• Raw materials and necessities	33 202	26 994
• Work in progress	10 026	13 367
• Part payments from customers	-1 057	-2 817
Total inventories	42 171	37 544

KEY RATIOS

	30 April 15	30 April 14
Liquid ratio % ¹⁾	122	147
Balance sheet liquidity % ²⁾	270	257
Equity/assets ratio % ³⁾	42	41

¹⁾ Tangible assets excluding inventories plus unutilized bank limit in % of short-term liabilities.

²⁾ Tangible assets excluding unutilized bank limit in % of short-term liabilities.

³⁾ Adjusted equity in relation to balance sheet total.

INCOME STATEMENT AND BALANCE SHEET 2014/2015



INCOME STATEMENT (SEK '000)

	2014/2015	2013/2014
OPERATING INCOME		
Net turnover	158 199	168 021
• Change of inventories, products in process and on-going customer projects	-1 581	-3 313
• Other income	428	4 421
Total income	157 046	169 129
OPERATING EXPENSES*		
• Materials, supplies and subcontractors	-85 114	-91 739
• Other external expenses	-19 539	-19 540
• Employee expenses	-55 476	-55 053
• Depreciation of fixed assets	-1 421	-2 149
Operating profit	-4 503	649
INCOME FROM FINANCIAL ITEMS		
• Interest income	80	126
• Interest expenses	-453	-675
Results after financial items	-4 876	99
APPROPRIATIONS AND TAXES		
• Income taxes	1 026	116
NET INCOME	-3 850	215
* Includes cost for development of new technology to the sum of	8 900	11 000

BALANCE SHEET (SEK '000)

	Note	30 April 15	30 April 14
ASSETS			
Fixed assets	1	1 610	2 277
• Inventories	2	42 171	37 544
• Current receivables		27 235	42 099
• Liquid assets		0	0
Total current assets		69 407	79 643
TOTAL ASSETS		71 016	81 920
EQUITY AND LIABILITIES			
• Share capital		8 000	8 000
• Restricted reserves		692	4 554
Total restricted equity		8 692	12 554
• Distributable reserves		25 117	21 039
• Net income for the year		-3 850	215
Total distributable equity		21 267	21 254
Total equity		29 958	33 808
• Provisions		0	1 089
• Long-term liabilities		11 657	11 865
• Current liabilities		29 401	35 157
Total liabilities		41 058	48 111
TOTAL EQUITY AND LIABILITIES		71 016	81 920
Pledged assets		31 174	31 174
Contingent liabilities		0	0

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