

Delivering on our promises

ANNUAL REVIEW 2019



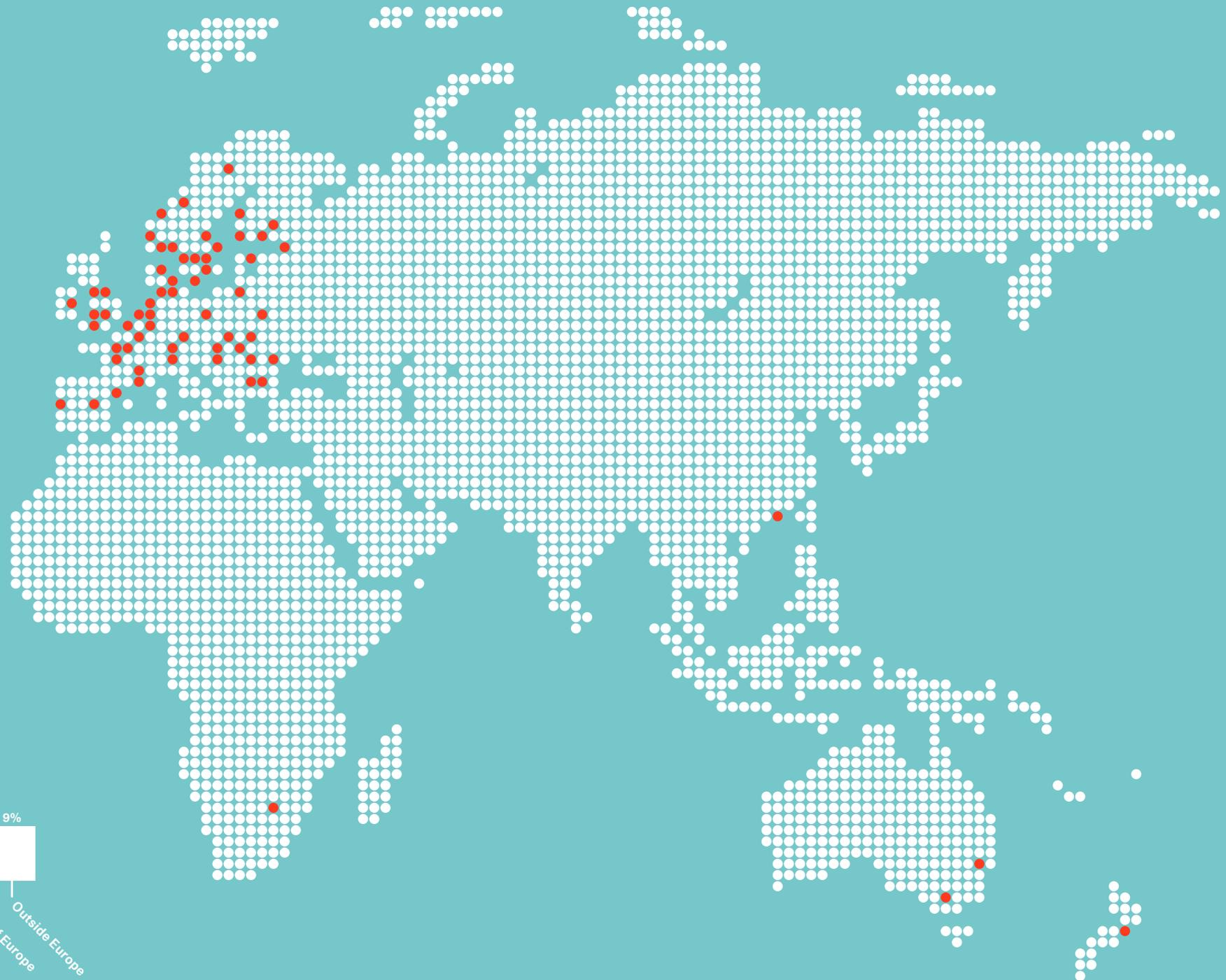
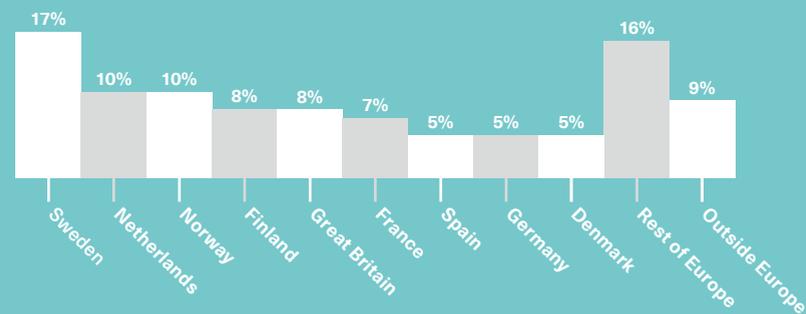
United by strong values

Being far-sighted. We drive sustainable change. We have a preference for long-term commitments, with the intention of staying in and serving the market.

Making things happen. We have a passion for business, we challenge, we take the initiative, and we take on the responsibility for delivering what we promise.

Being good to work with. We inspire confidence via a genuine respect for people and relationships.

SALES BY MARKET



1,142

MILLION EUROS
IN ANNUAL
SALES

4,400

EMPLOYEES
IN THE GROUP

150

COMPANIES IN
THE GROUP

30

COUNTRIES
OF PRESENCE

A standout performance

What a year! In 2019 we wrote another remarkable chapter in our growth story as sales jumped by 23 percent and 14 new companies in 10 countries became part of the Axel Johnson International group.

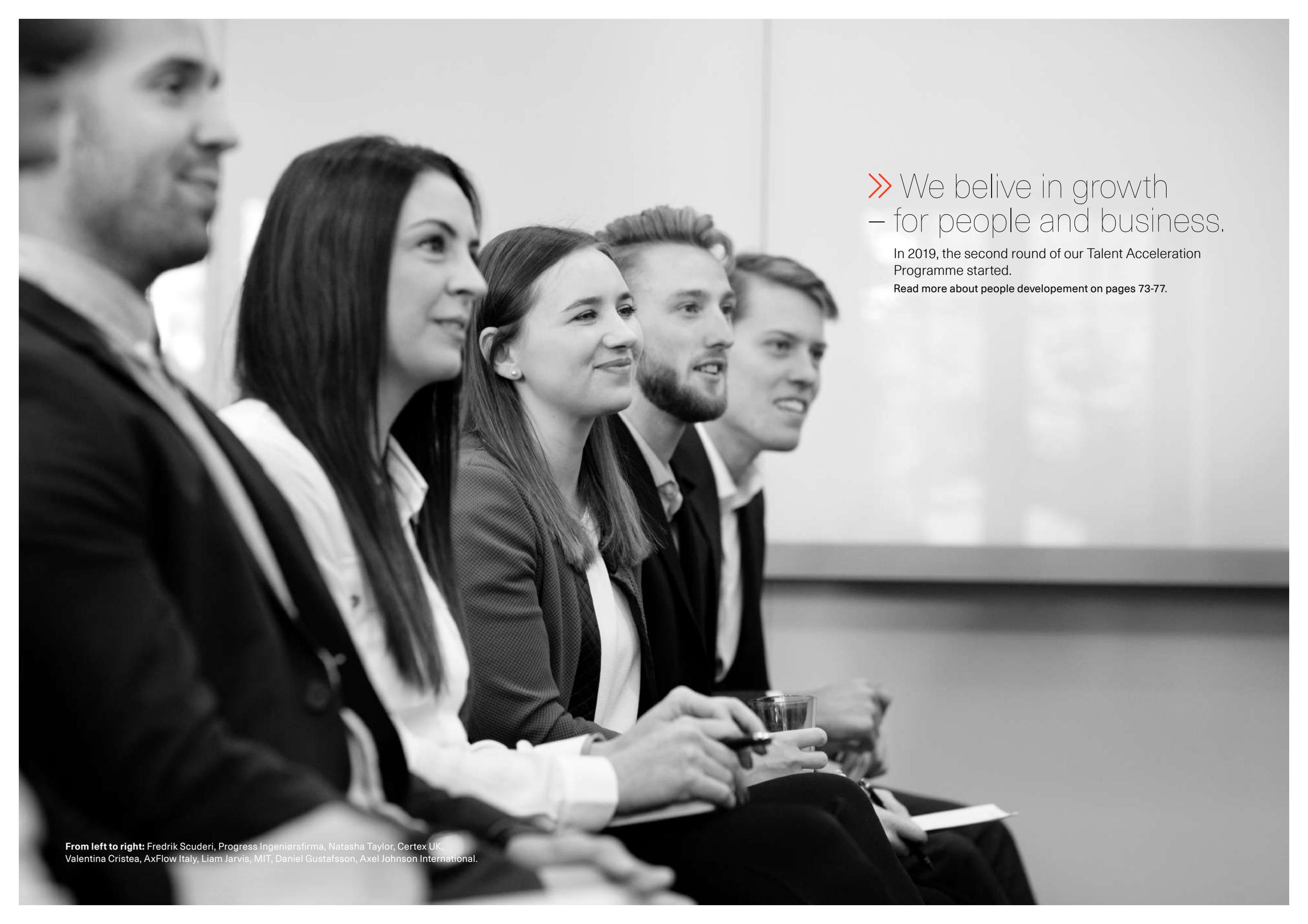
Half of our growth was organic, an exceptional performance that far outpaced the market. We continue to thrive thanks to outstanding people, an agile organisation and a proven business model that delivers results year in, year out.

In 2019, we created our sixth business group, Driveline Solutions. We strengthened our sustainability organisation and adopted ambitious new goals for 2030.

Our digital teams redoubled to ensure we can support our group companies to meet fast-growing customer demand for interactive digital solutions.

The energy and inventiveness of our people is our greatest resource. The more competence we build, the more opportunities we see.

Read more about how we channelled our efforts in 2019 – and how we seek to drive forward in 2020 and beyond.



» We believe in growth
– for people and business.

In 2019, the second round of our Talent Acceleration Programme started.

Read more about people development on pages 73-77.

From left to right: Fredrik Scuder, Progress Ingeniörsfirma, Natasha Taylor, Certex UK, Valentina Cristea, AxFlow Italy, Liam Jarvis, MIT, Daniel Gustafsson, Axel Johnson International.

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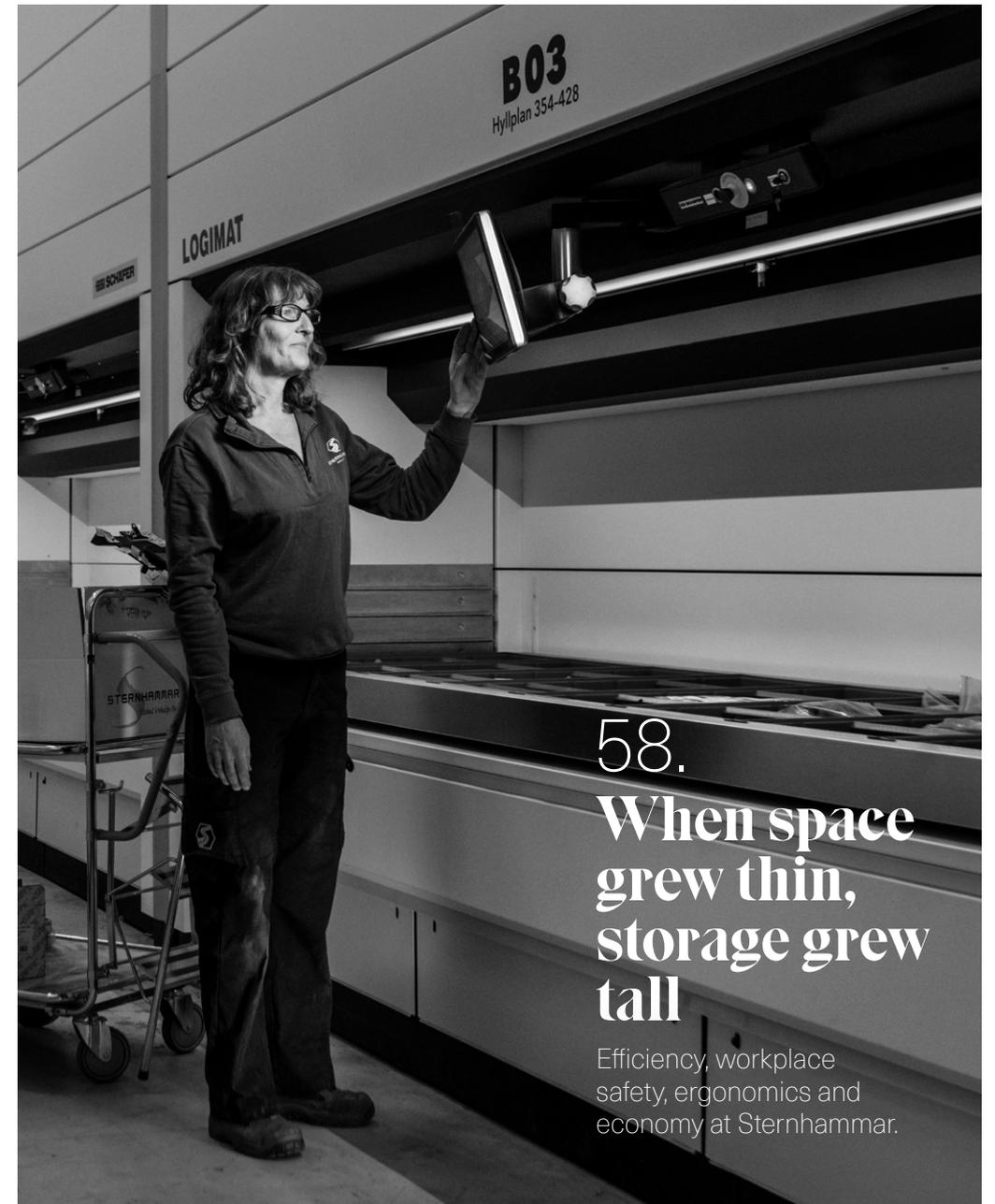
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Produced by Glory Days for Axel Johnson International

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Reflections on a record year

After yet another 12 months of exceptional growth, Axel Johnson International has doubled in size in three years. CEO Martin Malmvik reflects on a record year and looks ahead to a future filled with potential.

I am delighted that Axel Johnson International closed yet another record year with net sales of SEK 12.1 billion and profit of SEK 745 million. Our revenue growth was 23 percent, almost half of which was organic. All business groups exceeded their previous year's performance. In short, our strategic work is paying off.

I am proud of the energy, initiatives, and customer focus that I see across all our companies. We want decisions to be taken close to customers in each market, with genuinely decentralised responsibility for each business. Our market share gains come from the agility in our decentralised decision-making and the shared learning between our companies.

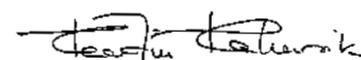
We are intensively recruiting people with diverse competences and backgrounds to boost business expansion. We have doubled the manpower of our digital teams to increase digital interaction with our customer base. In parallel, we have launched several new digital programmes in our Business School to support internal

process automation and data-driven decision-making. The successful introduction of our Talent Acceleration Programme for young leaders in 2018 led to the start of a second round of the programme. In the autumn of last year, 17 new young talents from nine nationalities joined up.

Axel Johnson International welcomed 14 new companies from ten countries during the year. Most are natural additions to our current business groups, representing new regions as well as complementary products and services. We also diversified with new investment themes, and here I am proud to highlight the creation of our sixth business group, Driveline Solutions.

LOOKING AHEAD, we are confident about our prospects for next year and beyond. We have been in business for nearly 150 years and our sustainability vision is to drive good business for generations to come. We laid the foundation for our sustainability commitments in 2015 and continue to spearhead, educate and stimulate progress across the group. But this alone is not enough to address contemporary environmental challenges. Transparency and partnerships are essential to find new routes forward with tangible actions.

We have a culture based on openness and trust in which we pay tribute to business knowledge. We take decisions for the long run and we value people and relationships. This releases energy and bravery in the organisation – the key to our success. After a fantastic year, we are well prepared for what lies ahead! ●



» The key to our success is the energy and bravery of our people.

Take a closer look

→ At our new business group, Driveline Solutions, on pages 62-69.

→ At the way forward for Lifting Solutions' digitalisation journey, on page 22.

→ At some of the young leaders from our successful Talent Acceleration Programme, on pages 73-77.

Rapid expansion is set to continue

With 14 acquisitions completed and sales growth of 23 percent, Axel Johnson International maintained its rapid rate of expansion in 2019. This trend is set to continue, according to Chief Financial Officer Ola Karlsson.

How pleased are you with Axel Johnson International's performance in 2019?

"Achieving sales growth of 23 percent for the year was extremely encouraging. Organic growth accounted for just under half of that total, so we're taking market shares, which is where we want to be and proves that we're doing more things right than wrong. Growth – especially when profitable – also creates more opportunities for our people."

What were the main financial and business themes in 2019?

"Financially, the highlights were obviously our sales growth and the jump in profit to SEK 745 million from SEK 610 million in 2018. Acquiring OCS, a manufacturer of overhead conveyor systems, was a major advance because it's the first step towards establishing a completely new platform for us. Going forward, we'll continue to identify new areas for acquisitions and to spread our risks. Elsewhere, we ramped up the organisation that we set up in 2018 to improve the quality and sustainability audits of products manufactured in China. This ensures that our products are in line with our values and create genuine value for our customers."

Going forward, what are the group's financial goals?

"As a group, we'll continue our strategy, achieving annual growth through organic expansion and acquisitions. Our intention is to grow faster than the market, and we believe that our decentralised business model and long-term approach will ensure we achieve our target of 10 percent increase in annual sales over a business cycle."

» Expanding geographically and into new segments boosts our resilience.

What are the key macroeconomic trends in Axel Johnson International's different markets?

"Many of our markets are cyclical and we expect the softer demand we see in some segments to continue and to spread more widely through the economy in 2020. On the other hand, we expect oil and gas, wind power and mining, for example, to offer some growth potential. Our market exposure is highly diversified: we're present in a wide variety of geographies and customer segments, which makes us resilient over time."

What are your expectations for 2020?

"Looking ahead, we anticipate the group will continue its acquisition journey. Expanding both geographically and into new segments will make us even more resistant to adverse market conditions. But as we grow, we need to ensure that we don't lose sight of our culture and values, which have driven our success to date. That's a challenge for sure, but one we're ready to face as we continue our expansion." ●

Next level of digitalisation

Digitalisation is a top focus for Axel Johnson International. We strengthened the IT team in 2019 and invested in multiple areas to ensure we can support group companies in their digitalisation journey. Chief Information Officer Mårten Steen explains the opportunities that lie ahead.

What are the priorities in IT and digitalisation going forward?

“Industrial digitalisation creates the conditions and opportunities for new types of collaboration, process improvements and business models. We support our companies in developing new digital solutions to improve operational efficiency and create customer value. We develop solutions centrally, so a solution that we provide for one company can be implemented in all our businesses.

“One advantage of having a centralised IT team is that all our companies can get support and develop their operations without needing in-house resources. Right now, we’re doing a lot of work on automating manual processes and ways to take advantage of the data that’s available but perhaps isn’t always used effectively. Digitalisation

and automation of manual processes is an area we anticipate will expand going forward.”

You started building a data warehouse four years ago. How is that doing today?

“To work effectively with data analysis from many different data sources, you need a data warehouse where the data can be standardised. We’ve recently upgraded to the latest technology in Microsoft Azure, which hosts our data warehouse. Right now we have around 30 companies already connecting data from their business systems, thereby making it available for analysis. It’s a huge asset for our companies to be in the same environment and to share experiences in data analysis, it drives synergies for all.”

What are you currently focusing on?

“Cybersecurity is a constant focus area, but apart from that we’re putting a lot of emphasis on data analysis and are investing in development and resources. The aim is to establish a dedicated team to support our companies with data analysis. Other priorities include our integration platform, which is designed to standardise integration between e-commerce platforms and business systems across our companies.”

What challenges do you face, and where do you see opportunities?

“For the industry in general, and for our companies in particular, digitalisation offers great opportunities. There’s considerable potential to automate and streamline processes that are manual today.” ●

» We work continuously to raise awareness about security risks and to embed safe behaviour.

Key ongoing initiatives

→ Training and roll-out of collaborative software including Microsoft Teams and SharePoint.

→ Power BI and data analytics to enable predictive analysis.

→ Continued development of our integration and micro-service platforms.

→ Cybersecurity awareness training for all employees.



Building businesses for the long term

Our mission is to create and build industry groups in selective industrial niches, says Hans Glemstedt, Head of Group Strategy and M&A. The aim: to establish market-leading positions in niches that are focused and future-proof.

What is our strategy and how does the Strategy and M&A team work with the business groups?

“The strategy for our buy-and-build efforts is to both build new business groups as well as to support our existing business groups in their merger and acquisition agendas. Axel Johnson International has a decentralised approach with well-defined governance processes right down to operational level. This includes local responsibility for originating add-on acquisition opportunities in areas where we are already active.

“After an acquisition, companies coming into our group will typically retain their operational structure and market identity. There are often many strategic and ‘softer’ benefits of being part of a larger group with similar activities across Europe. These can cover many areas – purchasing advantages, access to new suppliers, improved logistics, more cohesive marketing, input on sustainability issues and assistance with digitalisation. In human

resources, employees in our new companies often experience a stronger focus on people development, training and talent management.

“In industrial areas that are new to us, we look for acquisition targets that can become the stepping stone for a new buy-and-build journey. These platforms can be smaller, medium-sized or quite large acquisitions.”

What were the major developments in 2019?

“We made 14 add-on acquisitions to expand our geographical presence and broaden our product portfolios. Early in the year we also acquired Overhead Conveyor Systems AB (OCS) in Sweden, our first entry into the Industrial Automation space.

What will you be focusing on in 2020?

“We will continue to originate potential new building blocks for our industrial automation business. We’re also looking for entry opportunities in a couple of other clearly defined

future-proof, niche industrial sectors.

How do you see the future for manufacturing companies in Europe?

“Twenty years ago, many analysts believed that industrial production would move away almost entirely from Europe. But this trend has stabilised and in many segments there’s even a shift to ‘reshoring’. The potential cost advantages of producing in low-cost countries have narrowed and shorter lead times have become more important. In many industries this has encouraged companies to retain a local manufacturing base in Western Europe.

“Also, digitalisation and automation are helping European manufacturers to remain competitive. European industry has modernised and streamlined production and will continue to do so. It’s great that we’re in a position to contribute to this process in many of our business groups, not least in industrial automation.” ●



» We look for targets that can become the stepping stone for a new buy-and-build journey.

Behind the scenes with our acquisition experts

Our M&A team drives Axel Johnson International's growth by identifying, analysing and acquiring companies to merge into established business groups or to create new business segments.

How does the M&A team operate?

"As a long-term owner, analysis is crucial," says Hans Glemstedt, Head of Group Strategy and M&A. "Every transaction is the result of extensive strategic work. What sets us apart from other companies is our team. We know what we're talking about, we're professional and we're well prepared."

"We follow a four-step process for all transactions: strategic planning, practical preparation, transaction phase, and integration phase. On top

of that, we have a well-defined approach to project management. For every company we acquire, we allocate a dedicated contact person responsible for the entire process."

How do you discover potential acquisitions?

"We generate ideas and identify opportunities both through internal screening work and through ongoing discussions with our business group leaders and MDs across the group. In addition, we also receive leads from brokers

and other networks," says Gustav Nilsson, Project Manager, M&A and Strategy.

"A lot of work is based on our detailed analysis of megatrends. That determine the segments we focus on."

How do you develop a business group or new business segment?

"It's perhaps not surprising that we have a proven track record of buy and build – it's part of Axel Johnson International's culture," explains Camilla Penttilä, Project Manager, M&A and Strategy. "Thirty years ago, we acquired three companies that grew into AxFlow, a group that today has revenue of SEK 3 billion."

"Driveline Solutions is another good example. We started with Trans-Auto and then added six acquisitions in the past six years to create a platform with total revenue of around SEK 800 millions, and the new business group was formed," she adds.

What kind of companies do you look for?

"We typically buy owner-led or family-owned businesses and provide the



The M&A Team. From left to right: Gustav Nilsson, Camilla Penttilä, Hans Glemstedt and Daniel Gustafsson.

Acquisition potential

- Add-on acquisitions or new potential business segments.
- Both product and distribution companies.
- Europe-based.
- Add ons: SEK 10-1,000 m
New segments: SEK 100-2,000 m
- Strong track record, proven stability.
- Existing management team.

Responsibilities

→ Support and consult on strategic and transaction issues.

→ Identify and conduct transactions in new business segments.

→ Build processes, systems, routines, formats and training to improve strategies related to acquisition processes across the group.

support they need. We share the same strong values of a long-term approach, and we want to retain what works well. You could say that we act as a catalyst and become an integral part of their future success," Gustav says.

What is the approach after acquiring a business?

"We operate a decentralised model in which company owners often continue to lead their businesses," Hans notes. "That is why employees feel a sense of continuity rather than change when we buy a company. As owners, we provide the necessary conditions for investment and expansion. The idea is to create

synergies and further develop companies with add-on acquisitions."

Daniel adds: "We're looking to create synergies, through our group-wide network, that are not only cost-related but also knowledge- and revenue-driven. Our focus is to develop the companies: we prefer the owners of the companies we buy to stay on."

Camilla says: "Once we've carried out an acquisition, we appoint experienced individuals to the board, which allows managements to continue to work on their business plans and on budgeting. This is often a challenge for smaller companies. In this way we help them to reach the next level." ●

From vision to reality

Visionary sustainability goals set in 2019 will guide Axel Johnson International's journey to a more sustainable future by 2030. Lena Ekbohm, Head of Sustainability, explains how the goals will help to shape the way we do business.

5 focus areas



Read more on:
[sustainability.
axinter.com](https://sustainability.axinter.com)

Why is sustainability so important to Axel Johnson International?

“Being more sustainable, and creating opportunities and minimising risks, ensures our companies’ resilience and future survival. To achieve real change, you need to target the areas that are most relevant to your business to make progress. Our new sustainability goals give us that focus. Being family-owned enables us to be bold and to act long-term.”

The group took some important steps forward in 2019. Can you tell us more?

“In 2019, we set visionary sustainability goals for 2030. The goals are ambitious – so much so that we still need to find the solutions that will enable us to reach some of them! The goals set the long-term direction for our efforts in our five focus areas. One of these areas is to establish a more responsible supply chain. This includes good

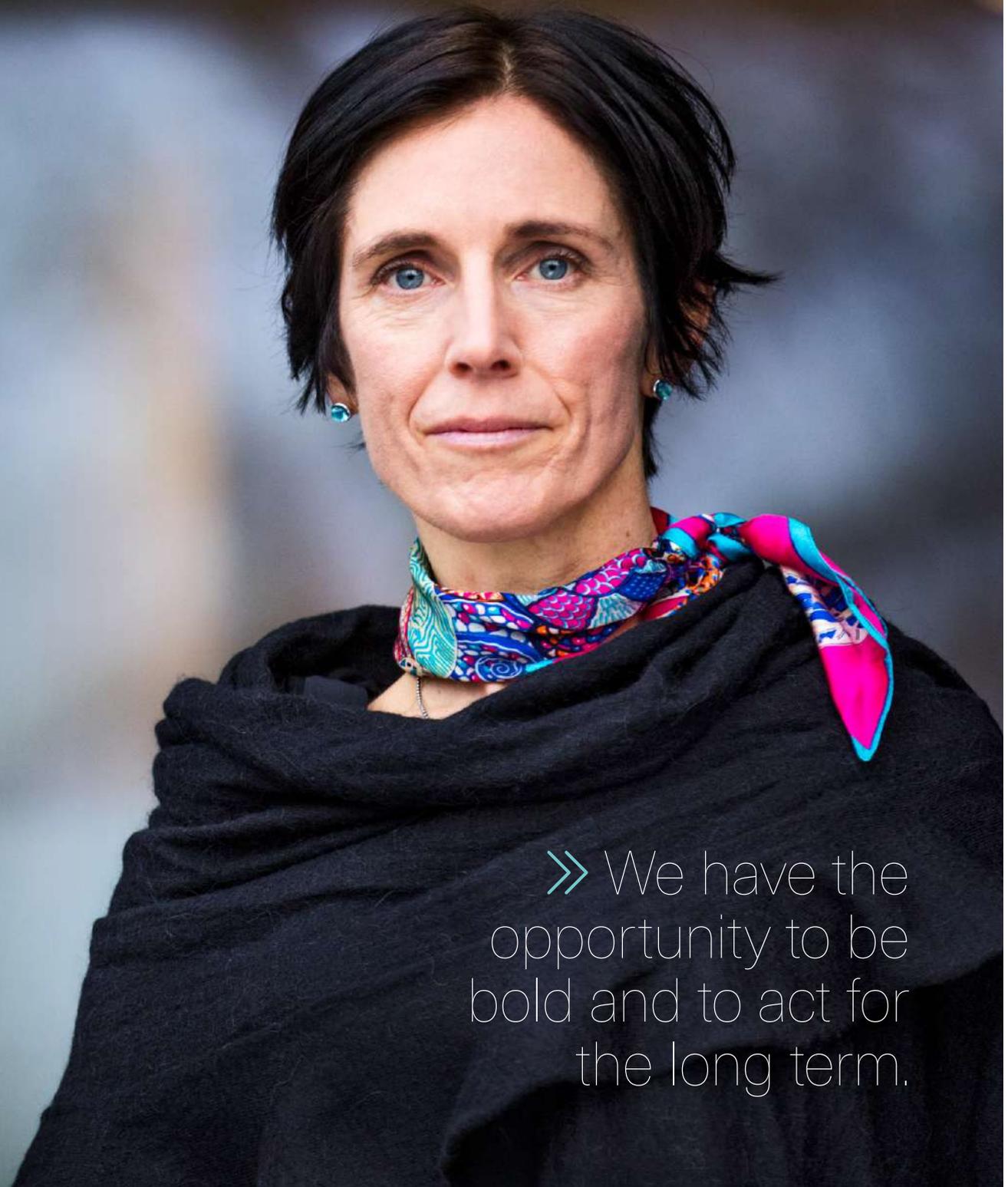
working conditions, fair labour rights and environmentally responsible production.”

What are Axel Johnson International's immediate priorities?

“Going forward, our main objective is to ensure that all our suppliers of private label products produced in risk areas comply with our Code of Conduct. By 2022, we aim to have audited all private label suppliers from risk areas. Another key area is to extend our service offering. Providing service and repair to customers enables us to support them in their use of resources. Reusing and refurbishing components and machinery improves resource efficiency throughout the value chain, both on our side and on the customer’s side.”

What are the biggest sustainability challenges and opportunities that lie ahead?

“Industry faces worldwide challenges when it comes to sustainability, but these also pose opportunities in terms of new business and alternative business offerings. We encourage our companies to explore new ways of doing things and to use new technology to develop future customer solutions. One challenge is to understand how climate change and resource depletion will affect our core businesses – now and in the future. These challenges are bigger than Axel Johnson International, and to meet them effectively we need to find the right partners. We can’t achieve this transformation alone: to be a positive force for change we need to find partnerships and collaborations, both within the group and also outside it.” ●



» We have the opportunity to be bold and to act for the long term.



Digitally ahead

Solid growth and wider use of digital tools are factors that made 2019 a positive year for the Lifting Solutions business group. It was also a year of preparation for future growth, explains Ralf Wiberg, Managing Director.

What were the highlights in 2019?

“Many of our segments performed strongly in 2019 and we strengthened the organisation to improve our service offering further. We continued to develop our innovative inspection technologies for lifts, mining applications and heavy industry.

“We also further developed our range of digital tools to reflect changing customer behaviour and buying processes. This included establishing e-commerce sites and portal solutions that make us more accessible to customers. Digitally, we’re ahead of our competitors. There’s a younger generation of purchasing managers out there who are buying lifting equipment the same way they buy privately and we need to address them.”

What are your current focus areas?

“We remain in growth mode, and although we didn’t make many acquisitions in 2019 we have plans to acquire businesses to extend our network in Europe and beyond. We established a structure for managing our brands across the value chain, appointing brand managers to develop brands and product ranges and market them to relevant groups of customers. This is work that we will build on and expand in 2020.”

What trends do you see in your main markets?

“We expect slower demand in a number of our segments, but our portfolio is diverse enough to reduce our exposure. We see opportunities in wind and oil and gas, for example. Softer demand for new equipment also tends to raise service and maintenance need, which

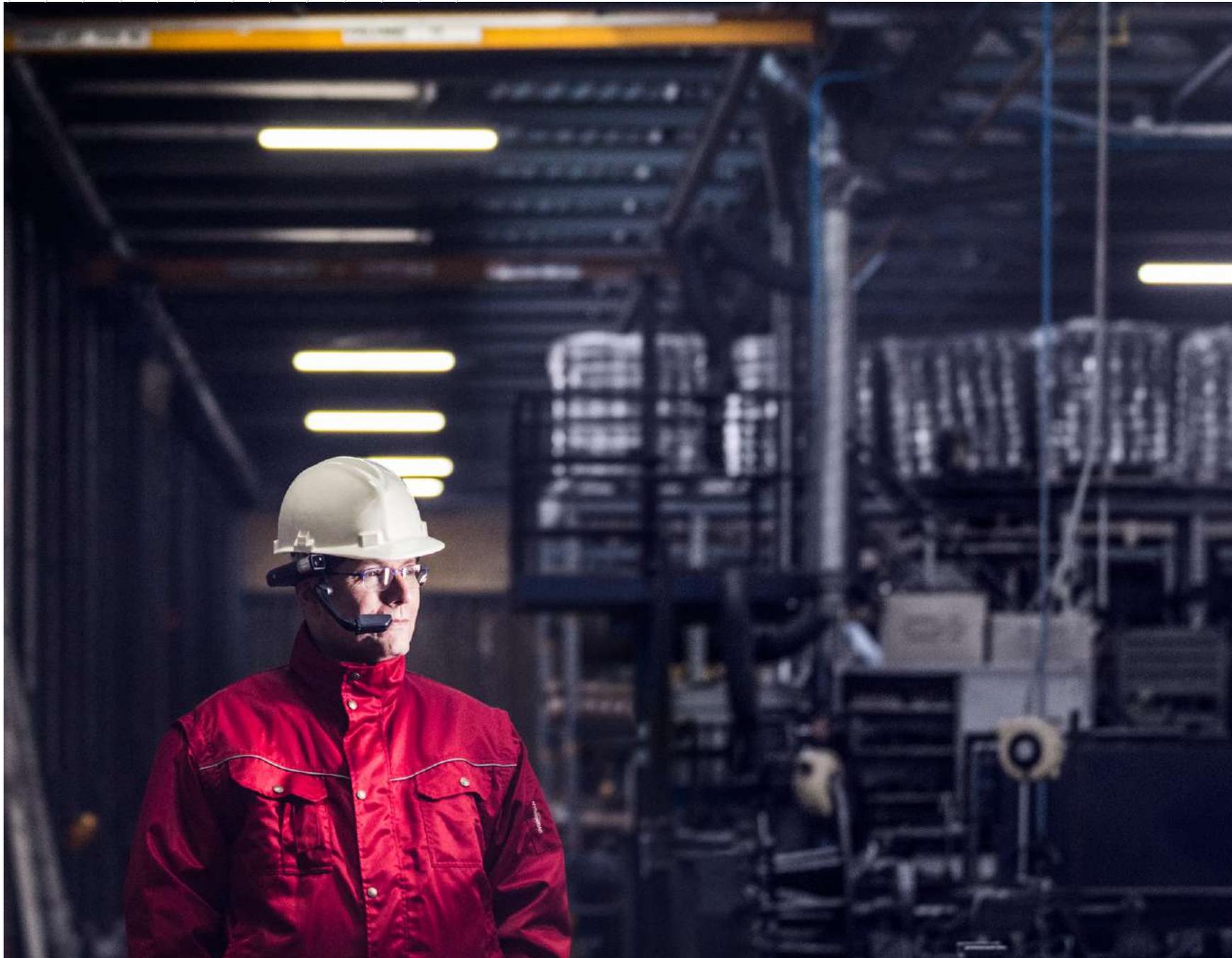
» We now have a global customer base, which marks a new phase in our growth journey.

is positive for us. We now have a global customer base, which marks a new phase in our growth journey. Now our scope is widening, which puts new demands on us but also offers considerable opportunities.”

What opportunities do you see for 2020?

“Private label is an area we expect to be a feature of 2020, with an expanding portfolio of products for which we control the entire supply chain and better meet customer needs. We see considerable potential in safety enhancement and expanding the service life of products with functions like remote monitoring and online platforms. And this is just the beginning.

“Our digital journey will mean organising our sales organisation accordingly, and we need to make sure we have the right people for that. As we develop our customer interface platforms, perhaps our biggest challenge will be attracting and retaining the skilled people we need.” ●



Seeing is believing

○ **New technology** is making traditional service smarter. A technician who needs more information when working on-site no longer has to return to base to pick up drawings or manuals. He can put on a pair of augmented reality glasses and let a colleague guide him remotely through the process. Problem solved.

○ **Oscar van Klaveren**, ICT Project Manager at Mennens Amsterdam, demonstrating how AR glasses can be used as a tool to assist and guide remotely, as well as to improve quality and avoid mistakes.

In 2019, Axel Johnson International launched a project to explore the opportunities of using augmented reality (AR) wearables. First out was Mennens, a Dutch company in the Lifting solutions business group.

A specialist in steel wire ropes, lifting equipment, cranes and height safety, Mennens performs a wide range of services, including installation, inspection and certification.

DANNY VAN DEUZEN, Managing Director of Mennens, says AR technology offers new possibilities for knowledge transfer and high quality inspections.

“There’s a shortage of experienced people in Europe in the lifting industry and we need to boost the confidence of our new service technicians. By using AR, our service engineer experts can support them remotely in real time,” he explains.

The glasses give the company’s specialists a direct and accurate view, enabling them to guide the service technician and confirm whether a job is done correctly or not.

“Providing expert advice and guidance to new service technicians through AR will strengthen our service offering and improve quality, which benefits our customers,” Danny says, adding that Mennens first began exploring the opportunities of AR glasses in 2018.

As well as enabling Mennens to guide its service technicians in the field, AR allows the company to produce training videos that can be displayed on the inside of the glasses.

Danny is a member of the Lifting Solutions management team and is in charge of implementing AR glasses throughout the business group. Part of his challenge is to encourage more Lifting Solutions companies to opt for AR.

“Mennens is quite a traditional company, as are many others in this industry. We are trying to modernise, but it takes time. The business group therefore depends on early adopters to move things forward faster,” he says.

ONE EARLY ADOPTER is AMC Instruments, which joined Axel Johnson International at the end of 2018. It manufactures devices that allow rapid and objective non-destructive tests of wire ropes to detect any internal and external broken wires, wear or corrosion.

In the past, AMC’s devices were wire-connected to a unit that displayed real-time signals and stored the data prior to creating a test report.

But inspired by Mennens, AMC Instruments has launched a project to use AR to improve direct maintenance and verification inspections.

Bruno Vusini, AMC Instruments’ Managing Director, explains: “We use Bluetooth for data transfer between the magneto-inductive tool and the AR glasses. The information is



Danny van Deuzen, Managing Director of Mennens, a company offering instalment, inspection, and maintenance of steel wire ropes and lifting equipment.



What is augmented reality?

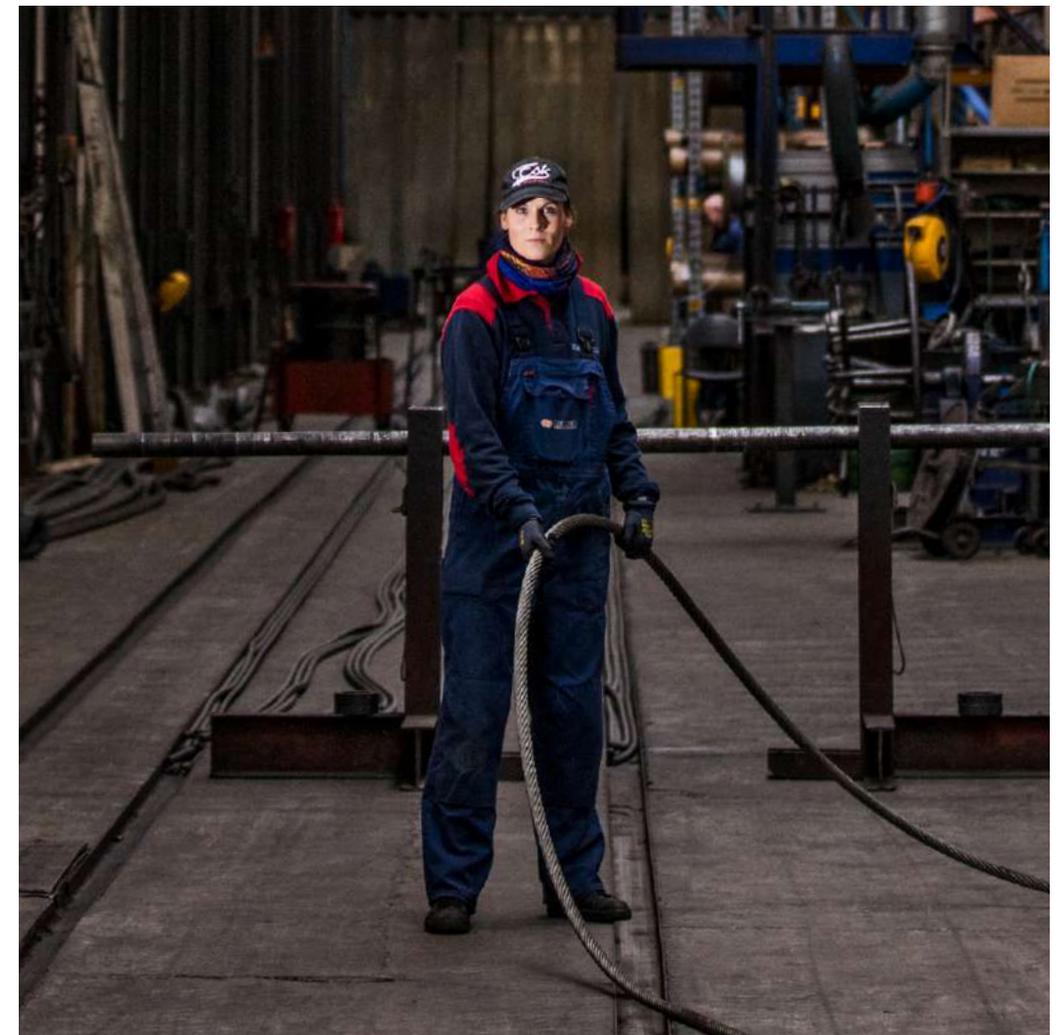
Often abbreviated to AR, augmented reality is a combination of real and virtual (computer-generated) worlds. The technology takes a real subject,

captured on video or camera, and enhances – or augments – it by adding extra layers of digital information to improve the user’s experience.

displayed on the inside of the glasses. This allows service engineers to access real-time and accurate information about a wire rope’s condition while still having both hands free for working.”

AR also allows AMC’s experts to guide and support service engineers remotely. The expert can see the view of the service engineer and check for problems. —>

» Providing expert advice and guidance to new service technicians through AR will strengthen our service offering and improve quality.



Kristel van Zon working with steel wire ropes for ship loading and unloading at Mennens’ workshop and warehouse in Dongen, the Netherlands.

» We shifted from printed diagrams to PC software. Then we introduced smartphone apps, and now we're implementing AR glasses.

THE NEXT TECHNOLOGICAL step would be to implement a voice command function. "That's something we really want to do," Bruno says. "But we'll need several language versions for it to work properly, so it'll take some time before we can offer voice command as a feature. Ultimately, we would like to work with the manufacturer to develop AR glasses that are totally aligned with our magneto-inductive tools."

FOUNDED IN 2007, AMC has a track record of new technology adoption.

"First we shifted from the standard interface of printed diagrams by introducing PC software. Then we introduced smartphone apps to enhance service functionality. Now we're implementing AR glasses with camera, earphones and other features, which we believe is a very interesting solution for our market," Bruno says.

Throughout the AR glasses project, AMC has received close support from Danny van Deuzen and the Lifting Solutions management team. The response from customers has been excellent, too, Bruno adds.

"It certainly gives us an edge. From a technical point of view we're in a strong position compared to our competitors." ●

● **Mennens' Cleanroom Crane** unit in Eindhoven, the Netherlands: Assembly of cleanroom overhead cranes, designed and engineered by Mennens, for an ASML wafer machine for making microchips.



A small team with big ideas

Digitalisation is a core priority for Lifting Solutions. The business group has a specialist team that supports group companies to drive digitalisation initiatives and to find synergies within the group.

What is the digitalisation team's mission?

“When Axel Johnson International reorganised and established the Lifting Solutions business group in 2017, we also started to build an organisation around digitalisation – a field that has gained greater focus in the last couple of years,” explains Erik Lissola, Digital & Marketing Director.

“One of our objectives is to push internal digitalisation processes. We have to improve our efficiency with digital tools and meet customers where they are and want to be. Most of our companies have been in the business for many years and are all in different stages of their digitalisation journey. Not all of them have the necessary time, resources and skills in-house for their digital development, so they need support from us. This is a great example

of where we can achieve better results as a group than individually.”

How does the team help Lifting Solutions companies?

“We’re 24 companies within the group, we try to choose one or a few solutions and systems instead of 24 different ones. That drives synergies and allows us to give effective central support.

“It also makes sure we have a clear definition about what we do centrally and what we do locally,” says Paula Lepind, Digital Project Manager.

Daniel Bull, IT Project Manager, continues: “We’re currently making a full inventory of all systems used within the group. The inventory helps us to align systems to improve synergies and get better internal efficiency.”

From left to right: Erik Lissola, Paula Lepind, Brynhild Steinvik and Daniel Bull.



» We can now offer 24/7 online access for our customers, as well as improved efficiency for inspection engineers.

Brynhild Steinvik, Digital Marketing Coordinator, adds: “Another example is the major PimCore platform for all the Lifting companies, where we’ve built a common product information management system (PIM), content management system (websites) and e-commerce platform. Here the content can be modified to match the language and assortment specific to each company.”

How can digitalisation benefit our local companies?

“Take the example of search engine optimisation,” Erik says. “That’s been on the agenda for a couple of years now. The central team together with all the local resources in our companies have done a great job in search engine optimisation (SEO) and a lot of our sites are now ranking really well

on Google. This is crucial when our customers are online today.

“Another example is the CertMax+ online inspection system, where we now can offer 24/7 online access for our customers as well as improved efficiency for inspection engineers in the field.”

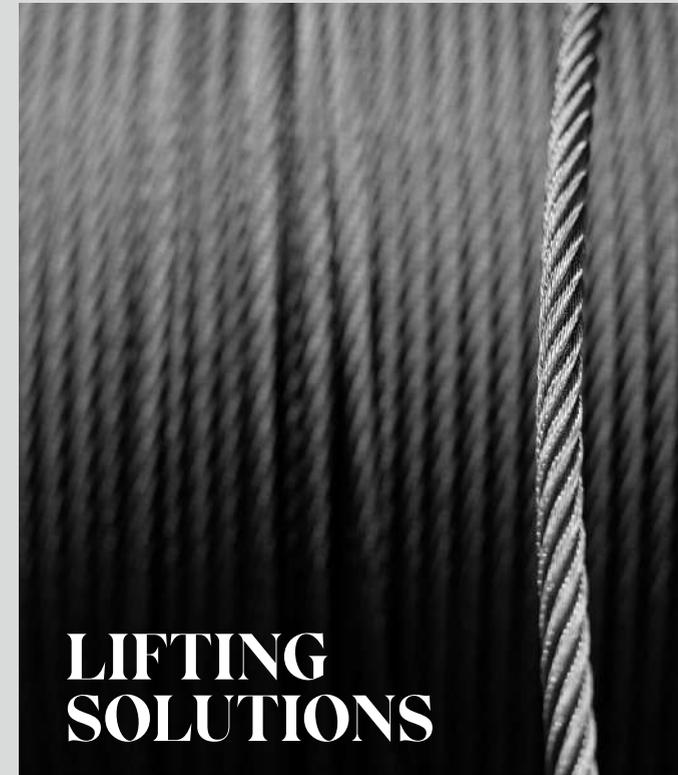
Erik, you also lead a group-wide digital transformation team?

“Yes, we have a digital transformation team that meets once a year. On the team are managing directors, as well as representatives from local companies in the areas of sales, marketing, purchasing and IT.

“What we do is raise and discuss general digitalisation ideas and provide guidelines on project needs. The team members are also responsible for driving the transformation journey in their own companies.”

How will digitalisation shape the future for Lifting Solutions?

Erik says: “What we will see is digitalisation becoming an even more natural part of both our daily business and our future strategies. This means adapting and developing our processes and also our organisational structures. It’s all about being equipped to meet the customer where the customer wants to be – both now and in the future.” ●



LIFTING SOLUTIONS

LIFTING SOLUTIONS OPERATES as a group of companies that supplies steel wire rope, hoists, overhead cranes and other lifting products supported by connected technical and engineering services. The companies serve local and global customers in the energy, manufacturing, construction and ports sectors.

THE GROUP'S COMPANIES have a long heritage in the business and are well known and established in

their local markets. Together, they possess a vast resource of specialist knowledge in lifting and steel wire rope. The companies are distributors, problem-solvers and advisors at the same time. They link customers to products and systems from leading manufacturers worldwide. Adding their own expertise across multiple solutions and service commitments with cutting edge skills the companies create value for customers and suppliers alike.

16 COUNTRIES 1,370 EMPLOYEES 321 MILLION EUR IN ANNUAL SALES

WE ARE AXEL JOHNSON INTERNATIONAL

AMC INSTRUMENTS S.R.L., IT
CABLES Y ESLINGAS S.L., ES
CERTEX RUS ZAO, RU
CERTEX DANMARK A/S, DK
CERTEX EESTI OÜ, EE
CERTEX LATVIJA SIA, LV
CERTEX FINLAND OY, FI
CERTEX SVENSKA AB, SE
CERTEX NORGE AS, NO
CERTEX LIFTING & SERVICE GMBH, DE
CERTEX LIFTING LTD, GB
CERTEX LIETUVA UAB, LT
HAKLIFT OY, FI
KLÄTTERTEKNIK AB, SE
MENNENS AMSTERDAM B.V., NL
MENNENS BELGIUM N.V., BE
MENNENS DONGEN B.B., NL
MENNENS GRONINGEN B.V., NL
MENNENS HENGLO B.V., NL
MENNENS ROTTERDAM B.V., NL
TRACTION LEVAGE S.A.S., FR
REMA HOLLAND B.V., NL
SAFE SITE B.V., NL

Gearing up for expansion

Spurred by organic sales growth of 15 percent in 2019, our business group Fluid Handling Solutions (AxFlow) is preparing further growth with an expanded product range and new geographic markets. Ole Weiner, Managing Director of Fluid Handling Solutions and CEO of AxFlow Group, explains more.

“**W**e’re delighted with our organic sales growth in 2019. 15 percent is a great number given the growth

of the total market. We aim to double both our service business and our systems business, to expand our solutions offering and to add new products to our already strong product portfolio of world-leading brands.

“The year was also successful in terms of acquisitions, with seven companies joining AxFlow Group. These included service companies and valve and pump distributors. We’ve added strong businesses with great entrepreneurs who will work well in the group.”

“**AXFLOW ENJOYS** substantial synergies that are hard for our competitors to copy. Our central warehouse enables us to ship products and spare parts to

customers all over Europe in less than 48 hours. This gives us a vital edge in supporting customers at short notice.

“Other synergies include business development and marketing, which are conducted to a large extent at group level, enabling AxFlow to gather experts from different segments to determine how the group can develop and take market share.

“We also benefit from having pan-European customers. Being able to support them everywhere in Europe is a clear synergy and represents a significant advantage over competitors. More and more customers want to reduce their number of suppliers, which is an ideal fit for us because we can support them in many markets with a broad variety of products and services.

“Another advantage derives from having strong local teams. This enables AxFlow Group to build on its know-how and become stronger every year.”

“**WE WILL CONTINUE** to expand our product range. As an example, we’ve added APV’s sanitary product portfolio aimed at the food and beverage industry – a segment where we grew strongly in 2019. Another positive trend is that many pump manufacturers are looking for more distribution support as they move away from using their own sales forces. They’re looking for partners they know and trust – such as AxFlow – so we see considerable opportunities there.

“Growth in demand for services, including aftersales service, presents yet another opportunity for AxFlow along with our geographic expansion outside Europe.” ●

» Organic growth is the key to everything.





Good vibrations

○ **Industry 4.0** and the Internet of Things are hot topics in business circles. But how to convert them into customer value? AxFlow, our Fluid Handling Solutions business group, is deploying these capabilities to ensure equipment uptime. The result? Fewer unexpected breakdowns and happier customers.

● Malcolm Walker and Martin Bolinder at AxFlow's customer NuStar Energy's terminal in Clydebank outside Glasgow, Scotland. The site hosts the pilot installation of the Sensortech project.

In the UK, AxFlow is equipping pumps with sensors that remotely monitor pump condition by recording vibrations. The sensors transmit data wirelessly to a cloud server where AxFlow's software analyses the vibrations to evaluate pump condition.

By monitoring vibrations, AxFlow can assess when a pump needs maintenance. The initiative launched commercially in 2019, following a successful pilot project, at a customer site in Glasgow.

For customers, the benefits are considerable in terms of better predictive maintenance, improved health and safety, and optimised equipment and processes.

"We can gain a great deal of information about a pump's condition from measuring its vibration signature," explains Malcolm Walker, Centrifugal Pumps Product Manager at AxFlow UK. He runs the sensor project together with Martin Bolinder, Head of Digital Business Development at AxFlow Holding.

"Combining this data with our knowledge of the pump's characteristics enables us to provide a real-life solution that truly helps our customers to reduce costs through improved equipment reliability."

TRADITIONALLY, a service technician performs condition monitoring by measuring vibrations with a handheld unit, perhaps once a year. Unforeseen downtime can be costly and even hazardous. A pump failure in a process may cause losses running into hundreds of thousands of euros.

"Sensors make it possible to constantly monitor the pumps and follow vibration trends in real time – and to set alarm levels that signal

different problems," Martin says. "This makes it easier for customers to plan maintenance, optimise their processes and ensure health and safety."

THE PROJECT ORIGINATED from the 2015 edition of AxLab, Axel Johnson's internal innovation competition. AxFlow then converted the winning idea into a full-scale project which is now being rolled out to customers.

"We set up the first pilot installation for 15 pumps at an intermodal terminal for refined petroleum products on the banks of the River Clyde in Glasgow. We installed our sensors to predict maintenance need and to ensure that the pumps are functioning correctly by monitoring their overall vibration levels," Malcolm says.

At its head office, AxFlow UK has established a test facility to build up a database of vibration patterns from pump operations. The aim is to find accurate alarm levels for different types of pumps and applications. This will provide diagnostic data to AxFlow technicians to help them identify potential malfunctions.

"We're particularly interested in the behaviour of positive displacement pumps as they make up the core of AxFlow's product portfolio, and yet there is little or no industry data on them when it comes to vibration behaviour," Malcolm says.

He adds: "Remote condition monitoring is a great way to help us maintain a customer relationship after a sale of capital equipment. We believe that with our unique process and equipment knowledge we can establish AxFlow as a market leader in the condition monitoring of fluid handling equipment."



In brief

By reading the vibrations of a pump it is possible to make advanced conclusions about what's happening in the equipment.

The data registered by the site's sensors is transmitted by 3G or 4G networks to a cloud solution and made accessible virtually from anywhere.



FOR THE FUTURE, AxFlow aims to extend the solution beyond pumps and into other types of equipment such as mixers and homogenisers – and to widen monitoring to include variables like flow and pressure.

"Over time we will be able to collect enough specific information to allow us to unlock the benefits of big data," Martin says, noting that the ultimate business objective is to ensure that customers' processes run smoothly – all the time. ●

» We want to create a database of vibration patterns to find accurate alarm levels for different types of pumps and applications.



Huge potential outside Europe

Our Fluid Handling Solutions business group, AxFlow, expanded into new geographic areas and broadened its service offering both organically and through acquisitions – a strong strategy that drove a 44 percent jump in sales in 2019. AxFlow Holding CEO Ole Weiner and CFO Lars Carlson outline the strategy behind AxFlow’s exceptional growth journey.

AxFlow has a strong presence in Europe, with companies in virtually all European markets. Following seven acquisitions in 2019, AxFlow has expanded its service offering and entered a new geographic market.

“Through the acquisitions during the year, we’ve added world-leading products and brands to the portfolio and we’ve entered new markets,” says Lars Carlson. “By acquiring VIP Tehnika in Slovenia, the group entered an entirely new market, which strengthens our position in the Balkan region.”

» We see opportunities to add more world-leading brands.

In the past four years, AxFlow has been expanding outside Europe, starting with the acquisition of AQS Liquid Transfer in South Africa (2016) followed by the acquisition of Brown Brothers Engineers and Kelair in Australia and New Zealand in 2018.

“We see a great potential for growth outside Europe with acquisitions. And we want to grow organically and take market share in countries where we are already present. That’s our core objective,” says Ole Weiner. “AxFlow has a number of strategic growth

» If you choose to work with us, you will reach all European markets at once.

targets, such as becoming the top service provider in all markets where we are present, and to double our service offering and systems business in the coming three years.”

AXFLOW LOOKS FOR well-managed, professional service companies that provide service of all types of pumps, valves and fluid handling equipment and add value for customers.

“The management style is incredibly important,” says Ole. “We’re interested in entrepreneurs who want to develop with us and who have strong local teams working closely with customers.”

Companies that offer complete fluid handling systems or distribution of world-leading fluid handling brands fitting AxFlow’s business model are also very attractive.

“**WE’RE A LEAN**, efficient organization with an emphasis on local responsibility and quick adaptability to the

market needs, while maximising the positive synergies between the group’s companies. This has always been a part of AxFlow’s success,” says Lars.

Ole adds: “Our acquisition strategy is very much aligned with Axel Johnson International’s overall strategy. Like ours, the business model of Axel Johnson International is decentralised. We work very well together, but we are also able to work independently.”

DURING THE YEAR, AxFlow acquired two major distribution companies specialising in world-leading valve brands – one in Norway and the second in Ireland – making the group a one-stop-shop for all types of fluid handling equipment in these countries.

This is a huge benefit for customers because they want to reduce the number of suppliers they have to deal with. They want a partner that takes care of their equipment over time and provides support and service, not just sells and leaves. Similarly, manufacturers don’t want to have a large number of different distributors in Europe – it’s an issue of time and resources for them. “We can say, “if you choose to work with us, you will reach all European markets at once,” Lars comments.

IN 2020, AXFLOW will continue to focus on building a strong service and expanding the valve business to other European countries. “Suppliers increasingly see us as a good partner to work with, in terms of service, expertise and distribution,” Lars says.

Ole adds: “We see opportunities to add more world-leading brands, but it’s also a balancing act since we must focus on the organic growth with the strong brands that we already have in our portfolio.” ●

FLUID HANDLING SOLUTIONS

THE FLUID HANDLING SOLUTIONS (AxFlow) business group operates in 30 countries in Europe, South Africa, Australia and New Zealand. Its companies offer a broad range of positive displacement pumps, as well as specialised centrifugal pumps. AxFlow also supplies mixers, heat exchangers, valves, grinders, instrumentation and analysis equipment and complete fluid handling systems. Additionally, it provides service and

know-how for reliable transfer of everything liquid – from beer to concrete.

FROM ITS EUROPEAN distribution centre in Lelystad in the Netherlands, AxFlow can deliver products and parts in stock within 48 hours to most places in Europe. It mainly serves the food and beverages, chemicals, petrochemicals, pharmaceuticals, pulp and paper, and water and waste water industries.

27 COUNTRIES 1,100 EMPLOYEES 295 MILLION EUR IN ANNUAL SALES

OVERVIEW

WE ARE AXEL JOHNSON INTERNATIONAL

AQS LIQUID TRANSFER LTD, ZA
AXFLOW AB, SE
AXFLOW A/S, DK
AXFLOW AS, NO
AXFLOW B.V., NL
AXFLOW DC B.V., NL
AXFLOW EOOD, BG
AXFLOW GESMBH, AT
AXFLOW GMBH, DE
AXFLOW IDA, PT
AXFLOW KFT, HU
AXFLOW LTD, IE
AXFLOW LTD, GB
AXFLOW OY, FI
AXFLOW S.A., ES
AXFLOW S.A.S., FR
AXFLOW S.R.L., RO
AXFLOW S.R.L., IT
AXFLOW S.R.O., CZ
AXFLOW SERVICES KFT, HU
AXFLOW SP. Z.O.O., PL
AXFLOW SYSTEMS B.V., NL
BAHR PUMP OÜ, EE
BROWN BROTHERS ENGINEERS AUSTRALIA PTY LTD, AU
BROWN BROTHERS ENGINEERS LTD, NZ
CINTI S.R.L., IT
COMPVAX A/S, DK
ELETTROMECCANICA ALTO ADIGE S.R.L., IT
FLOW TECHNOLOGIES UAB, LT
GENERALCONTROL S.P.A., IT
GT WATER TECHNOLOGIES, AU
INDUCHEM COMPONENTS LTD
INDUCHEM LTD, GB
INNVA AS, NO
IRISH PUMPS & VALVES LTD, IE
KELAIR PUMPS AUSTRALIA PTY LTD, AU
PROCESS PARTNER AS, NO
PUMPTECHNIQUE SIA, LV
SAFE SUPPLY AS, NO
TRIO TRYKLUFFT A/S, DK
VIP TEHNIKA D.O.O., SI
W. MOSER AG, CH

Collaboration for development

A broad product portfolio, expanding geographical presence and increased digitalisation focus are helping Power Transmission Solutions to build a global customer base. Managing Director Ola Sjölin gives his view on the past year and what's ahead.

How would you summarise 2019?

"In 2019, the business group made its first acquisition in the Czech Republic and Slovenia and strengthened its position in markets such as Finland and Denmark – also through acquisitions. For many of our businesses, 2019 was their best year to date in terms of profitability, thanks to our dedicated and technically skilled employees."

How important is digitalisation to the group?

"Digitalisation will be key to our development, and in 2019 our work in this area became more defined. We improved efficiency in our internal processes, developed interfaces with customers and suppliers and worked actively on digital offerings, such as condition monitoring. To meet customers' growing automation needs, we focused on strengthening our position in linear technologies and electromechanical solutions."

What were the highlights of 2019?

"In 2019, we identified several areas where we can co-operate more within the business group. In China, we made progress in establishing our organisation to ensure we operate sustainably with our own brands. Our sustainability audits are making substantive improvements to working conditions.

"We also started a strategic collaboration with a Europe-wide integrator in maintenance, repair and operation products. We invested in new sealing production capacity in Poland, and in Sweden we took market share in marine applications and winches."

What opportunities do you see looking ahead?

"We anticipate continued geographic expansion, a broadening of our mechatronics offering and greater co-operation between our companies. We have many talented, experienced employees who are keen to cross-collaborate between companies. Sustainability will also become increasingly important, and it's critical that we understand how this affects our business.

"There are still many countries where we haven't established a presence. Market fragmentation creates considerable potential for further growth. When we enter a new market, we often make add-on acquisitions to strengthen our offering in particular areas of a country or to acquire niche expertise in specific segments. It's important that we position ourselves as experts with attractive solutions tailored to the customer's need." ●



» There's considerable potential for further growth.

Sealing success

What is the best way to gain market leadership in your home market? For seals manufacturer Passerotti, the chosen route is to expand production capacity by investing in new machinery and facilities. A strategy that opens up new market opportunities and for becoming Poland's top sealing specialist.



Passerotti has come a long way in a short time. Not until 2015 did the company buy its first machine for turning seals. Since then, it has grown strongly, raising production capacity from 45,000 to 100,000 seals per year.

In 2017, Passerotti installed an automated turning machine and in 2019 opted to invest in another machine and to build a new 300 m² production facility on its site in Gdynia.

“IN 2018, WE WERE ACQUIRED by Axel Johnson International and were able to expand our production capability further thanks to support from the management of the Power Transmission Solutions business group,” says Passerotti Managing Director Jacek Wróbel.

“The expansion gives us great opportunities to differentiate our sales from other distributors in the Polish market by providing tailored sealing solutions.”

Passerotti's seals are vital components in many industrial processes. The reliability of rotating equipment like pumps, compressors, agitators and mixers depends on perfectly fitting seals that can withstand dramatic changes in temperature and pressure, and exposure to corrosive chemicals.

THE COMPANY'S MACHINES are supplied by the Austrian manufacturer DMH. The most recent addition, due for installation in the first quarter of 2020, is a versatile competence centre for turning, drilling and milling work within three axes.

The machine enables relief bore-

» The investments have taken us to the next level of customer relations and made us stand out from the crowd.

holes, grooves and other milling operations to be completed in a single machining step. It also adds a further 50 profiles to Passerotti's 160-strong portfolio, meaning the company can now produce more sophisticated seals.

In addition, the machine shortens production time by helping to streamline the work process.

“The machine has software installed that allows us to produce customer-designed seals or seals based on new and unique solutions of our own design, tailored to fit the customer's requirements,” Jacek says.

PASSEROTTI'S investments have shifted the company's profile. It is no longer seen only as a trader, but also as a consultant and expert in hydraulic and pneumatic seals – and a skilled partner for specialist customers.

Maja Lichawska, Passerotti Sales Director, says: “We now work much more as a service provider. The investments have taken us to the next level of customer relations and made us stand out from the crowd of other distributors in Poland.” ●



Maja
Lichawska

→ Sales Director
at Passerotti.



Jacek
Wróbel

→ Managing
Director of
Passerotti, a
sealing specialist
in the Polish
market, with
about 11,000
customers in
both MRO and
OEM segments.

Upgrades for safety and reliability

A successful play or musical demands more than great acting and singing. Smooth stage operation is just as vital. Just ask Oulu Theatre in northern Finland, which relies on Axel Johnson International company SKS Control for state-of-the-art stage equipment and technology.

Modern theatregoers are increasingly selective about what they pay to see. To meet audience expectations, theatre operators need top-quality backstage equipment.

Group company SKS Control, part of SKS Group, has been providing stage equipment solutions to Oulu Theatre since 2002. Its first project was a comprehensive refurbishment of the theatre, for which SKS Control provided a new mechanical stage system, winches, a moving scene and all control systems.

“We supply all the machinery that moves the theatre scenery and we also provide the control system,” says Jussi Sirpoma, Managing Director at SKS Control. “A fully automated system makes it easier to change decors and have several shows running at the same time.”

In 2018, Oulu Theatre

approached SKS Control again. The electronic control system was starting to show signs of age and the theatre management wanted to upgrade and modernise to ensure operational reliability and workplace safety.

“The lifeline for these systems is about 10 to 15 years,” Jussi explains. “An outdated system can be both dangerous and costly for the theatre, as people may get hurt or you have to cancel shows. An improved, modern system will give you the latest safety features and all the possibilities to create what you want.”

It was a major project that required more than 30 electrical cabinets containing control equipment and electronics to be dismantled. All the internal components were replaced with a premanufactured backplate comprising of preinstalled components and internal connections.

SKS Control reconnected all the cabling and preconfigured and tested a new computer system and software. Everything except mechanical equipment, such as motors and gearboxes, was upgraded. →

● The new mechanical stage system includes winches, stage lighting rigs, and a moving scene, among other applications. It enables Oulu Theatre to host more advanced plays and the audience to enjoy more spectacular stage performances.



In brief

→ SKS Group is a provider of power transmission products, such as gearboxes, clutches and chain wheels, as well as automation products and services. It is Finland's leading supplier of stage technology solutions for customers ranging from cultural centres and theatres to luxury ocean-going cruise ships.

Oulu Theatre's new stage equipment is fully automated, with a new computer system and software, which make it easier to change scenery and have several shows running at the same time.



WITH THESE IMPROVEMENTS, Oulu now has a frontline theatre with the highest standards of workplace safety and reliability. Management has been able to host more advanced plays and audiences now enjoy more spectacular performances.

This was achieved thanks in no small measure to the co-operation with Oulu Theatre. Johanna Kaponen, Purchaser at SKS Control and logistics co-ordinator for the project, worked closely with both the theatre and the engineering and project team to build the material and subcontractor manufacturing flow.

“Our collaboration and communication with the theatre has always been smooth. We



Jussi Sirpoma
and Johanna
Kaponen.

have a long history and know each other well, which is a great starting point especially in a huge project like this was. We listened to their input and they gave us the freedom to plan the work in an efficient way,” Johanna says.

SKS Group systems can now be found at four of Finland's biggest theatres, as well as on over 60 cruise ships worldwide. As many of these stage systems are ageing and in need of upgrades, the future looks promising.

“We are looking forward to the future,” Jussi says. “We’re now in a position where we can be selective about projects and choose carefully. That is great for us and good news for our customers.” ●

POWER TRANSMISSION SOLUTIONS

THE COMPANIES IN the Power Transmission Solutions business group provide secure and reliable mechanical power transmission components and related services to European manufacturers across a wide range of industries. Core products include bearings, industrial transmissions, gearboxes, seals and related engineering services.

THE GROUP'S COMPANIES operate as industrial partners, catering for customer needs and offering everything from standard off-the-shelf items to complex engineering solutions. Hence, Power Transmission

Solutions companies are used to serving a wide range of customers – from assisting original equipment manufacturers in developing new machinery to supporting end-customers in the aftermarket with components, condition monitoring, repairs and refurbishment. Group companies are recognised for their ability to provide technical solutions and are acknowledged experts in their respective markets. The group's core value lies in its combination of premium products and dedicated and technically skilled employees with specialist know-how about customer applications.

11

COUNTRIES

790

EMPLOYEES

218

MILLION EUR IN
ANNUAL SALES

WE ARE AXEL JOHNSON INTERNATIONAL

ACORN INDUSTRIAL SERVICES LTD, GB
ARKOV SPOL. S R.O., CZ
AXSAFE SHANGHAI, CN
BEARING STATION LTD, GB
BELL D.O.O., SI
GERALD SUMMERS LTD, GB
JENS S. TRANSMISSIONER A/S, DK
JENS S. OY, FI
JENS S. TRANSMISSIONER AS, NO
JENS S. TRANSMISSIONER AB, SE
JOKILAAKERI OY, FI
KALTECH GEARSERVICE APS, DK
MAK AANDRIJVINGEN B.V., NL
NOMO TRANSMISSIONER A/S, DK
NOMO KULLAGER AB, SE
NORBELT AS, NO
PASSEROTTI SP. Z.O.O., PL
PORIN LAAKERI OY, FI
ROTEK AS, NO
SKS CONTROL OY, FI
SKS MEKANIikka OY, FI
SKS SWEDEN AB, SE
SKS TEHNIKA OÜ, EE
SPRUIT TRANSMISSIONS B.V., NL
SVERULL ELEKTRODYNAMO AB, SE
TOWN & COUNTY ENGINEERING SERVICES LTD, GB

Ready for new markets

The Transport Solutions business group continued to grow in 2019 and is now targeting new geographies with an expanded product offering, says Managing Director Erik Eklöv.

What were the highlights of 2019?

“We have always focused on developing our offering and 2019 was no exception with the launch of a new core product – Armaton – a flatbed platform that can be mounted on a wide variety of chassis types. While we only made two minor acquisitions in 2019, they were in two very interesting markets: Poland, where we see great potential for a quality provider of Cargo Securing and Lifting products in its growing domestic market, and France, where our specialisation to niche companies is a good fit.”

In sales, how did Transport Solutions perform during the year?

“For us, 2019 was a relatively good year. We did see some downturn in orders, but it was primarily limited to Germany. Crucially, we took market share overall – especially in the Baltics. In addition to launching Armaton, we expanded our product range, moved into two new factories, modernised our warehouses and achieved internal efficiencies.”

What are the key trends shaping the market?

“I see two major trends affecting our market: a move towards smaller, lighter vehicles and increased interest in self-driving and autonomous vehicles. The switch from larger to more compact vehicles reflects multiple factors: a greater focus on last mile distribution, increasing urban congestion, and demands for lower fuel consumption. There’s a culture of constant change in our segments, which requires us to respond quickly to changing customer needs.”

» There’s a culture of constant change in our segments and we need to be ready to quickly respond to changing customer needs.

What opportunities do you see for 2020?

“We see considerable potential for the Armaton platform and the new products our R&D team in France have launched. We’re also developing kits for customers to make it easier for them to assemble our products into machines and vehicles. It’s tough to bring new products to market, particularly in our more conservative segments, but we have some great opportunities and we’re well positioned for the future.”

And challenges?

“The economy is expected to slow in 2020, which will make the market environment more demanding. The secret to staying ahead will be to manage stock levels effectively while continuing to offer fast delivery. We’ve taken the necessary steps to ensure we can do precisely that. We will also continue to develop our product portfolio and to attract interesting companies to the group.” ●

Faster, safer and more ergonomic

How to improve efficiency, raise workplace safety and use space more effectively? For Trailerkomponenter (Trako) in Sweden, the answer was to modernise and standardise its workshop.

A

500 m² facility in Mjölby, Sweden, is the hub for Trako's production and engineering operations. This is where the company manufactures drawbars and hook lift locks for trucks and trailers, along with numerous accessories and spare parts for the heavy transport industry.

In 2019, the company decided to rebuild the workshop. "Part of the reason was that we needed a stronger power supply, but we also saw it as a way to modernise and create a better workflow structure," says Bruno Wiik, Managing Director, Trako.

TRAKO, A MEMBER of Axel Johnson International's Transport Solutions business group, increased the number of welding booths from seven to eight. They also standardised

the booths, equipping each with the necessary tools.

Welders can now weld any type of product in the same booth. Previously, they had to switch booths for different job applications.

"Now the welders all have the same setup with their own traverse box, tools, lighting and so forth. This has streamlined their workflow and made us more flexible," Bruno says.

THE NEW WELDING booths are also a great ergonomic boost for Trako's welders, who now can stand rather than kneel or lie down when working thanks to comfortable new booth mats. Ventilation has been improved as well.

To increase workplace safety, each booth is completely enclosed with welding curtains and has its own space. Magnets handle all weights and truck corridors have been cleared by the removal of goods from the floor.

"We used to keep all stock in the workshop," Bruno explains.

"By moving the stock to our →

In brief

→ Trako's core competence is to develop type-approved and customer-unique solutions for the heavy transport industry, with a focus on draw bars and load shifter locks for all trailer manufacturers in the Nordic market.



Bruno Wiik, Managing Director of Trako, in the re-built workshop. The new welding booths are completely enclosed with welding curtains and have their own traverse, which give the welders a safer working space.



Mikael Thor in one of the eight welding booths. Each booth is equipped with the same set-up of traverse, tools and lighting. This has increased flexibility and workflow.

» For our customers it means shorter lead and delivery times.

central warehouse we've cleared more space for production. We've also implemented a new ordering system using Kanban cards, a system developed by Toyota that's easy and visual for warehouse orders."

FOR CUSTOMERS, the changes mean shorter lead times, with faster deliveries than previously.

"We also have a buffer with a little surplus capacity with the same staffing," Bruno says, adding that workflow efficiency has the potential to increase by 20 percent when all features are fully implemented.

These include updates of all drawings and welding substrates to 3D formats, full labels on all workshop

items and Kanban on all warehouse order items. "The next step," Bruno says, "would be to invest in new fixtures to increase efficiency even further."

The changes have required Trako employees to adjust their working practices.

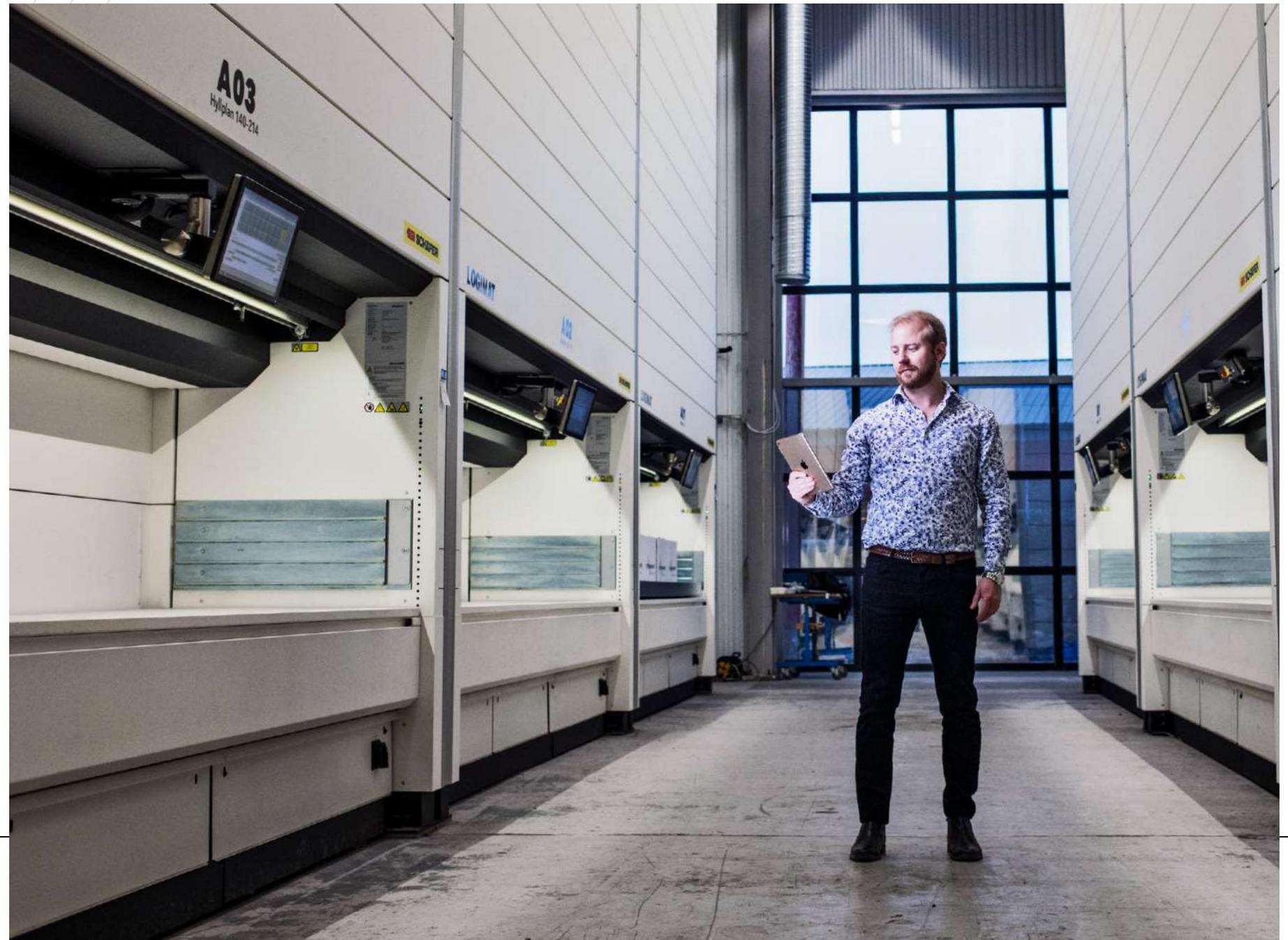
"We rebuilt the entire workshop in just one and a half weeks, which was a challenge in itself. Our personnel were used to working in a certain way, so it's been quite a journey to find acceptance for the new routines and procedures," Bruno observes.

"It was important to respect the workplace culture and take its values into account. That was the key to making sure we achieved a fully functional solution in the end." ●

When space grew thin, storage grew tall

Efficiency, workplace safety, ergonomics and economy of space all improved when Sternhammar decided to rebuild its central warehouse. ○

● In their new warehouse, 90 percent of Sternhammar's 12,000 stocked items will be accessed by six automated vertical lifts. The order lines are displayed on tablet screens, here demonstrated by Managing Director, Erik Appell.



After several years of robust growth, Sternhammar found itself short of space. The importer, distributor and manufacturer of automotive accessories and work supplies responded by extending its central warehouse facility in Örebro, Sweden.

“We had no more room in the pallet racks and the shelf area had also been expanded and utilised to its limit. In addition, we had rented external storage in the neighbouring building,” says Erik Appell, Managing Director of Sternhammar.

THE REBUILD CAME two years after Sternhammar joined Axel Johnson International’s Transport Solutions business group in 2017.

It provided not just an improvement in space but also a host of other benefits, including higher efficiency, enhanced workplace safety and better ergonomics.

THE BIGGEST CHALLENGE during the project was to free up space for installing a new warehouse management system when no surplus space was available – at the same time as keeping the business running.

“Integrating the new warehouse management system with our existing system was also challenging. We decided to keep the old system because it contained so much product data, but it wasn’t easy to establish effective communication between the two,” Erik says.

THE PROJECT, now nearing completion, has increased delivery precision and picking performance, and reduced the number of back orders and errors.

“We see a clean trend break,” Erik says. “Naturally this has yielded a positive response from our customers. The goal is to reach a picking performance of 800 order lines per day, compared to 400-500 which is where we were before. And we now support next-day delivery for goods ordered before 4pm.”



Sternhammar is a leading Swedish importer, distributor and manufacturer of automotive accessories. The company serves wholesalers, distributors, major workshop chains, vehicle body builders and original equipment manufacturers in Scandinavia. It also exports its products to customers in the Baltics and other parts of Europe.

ITEMS IN THE ENLARGED warehouse are stored on higher shelves. The system creates an optimised picking order and the order lines are displayed on tablet screens.

Items are accessed by six automated vertical lifts, which deliver them to staff at a comfortable working height of 110-120 cm. Laser pointers direct staff to the right box.

“Some of our 12,000 stocked items are too big to fit in the lifts, but we aim to utilise the system for 90 percent of our products,” Erik says. “You have to handle quite a few items in stock for a warehouse investment like this to pay off.”



THE BUSINESS GROUP Transport Solutions comprises two main product segments: cargo securing solutions and vehicle components. Cargo securing and optimisation is about correct and safe handling of goods during transit. Together, Forankra Group and Allsafe form Europe’s largest cargo securing group. The group provides market-leading solutions to some of the world’s largest shipping and transport companies, as well as major airlines, truck body builders and the engineering, paper, mining and steel industries. With over 30 years in the load securing business, Transport Solutions is proud to call itself an expert in this sector.

THE VEHICLE COMPONENTS segment consists of companies that offer innovative, high quality, accessories for truck and trailers, construction machinery and other vehicles. Equipment includes lighting, heaters, air conditioning, storage boxes, electronics and body accessories. The companies in the vehicle components segment mainly serve customers in the Nordic markets, including resellers, bodybuilders and original equipment manufacturers. They supply innovative accessories and solutions tailored to post-purchase installation by truck and trailer end-users for use in a harsh, dark and cold Nordic environment.

WE ARE AXEL JOHNSON INTERNATIONAL

AB KAROSSERITILLBEHÖR, SE
ACK FORANKRA S.A.S., FR
ALLSAFE GMBH & CO KG, DE
ALTEC FRANCE, FR
EIGENBRODT AB, SE
FORANKRA AB, SE
FORANKRA ESPAÑA S.L., ES
FORANKRA POL SP. Z O.O., PL
FORANKRA PRITCHARD LTD, GB
GPI S.A.S., FR
L-EX SPAIN, ES
L-EX FRANCE, FR
RO-RO INTERNATIONAL TM AB, SE
STERNHAMMAR AB, SE
TMT MALINEN OY, FI
TMT MALINEN BALTIC OÜ, EE
TRAILERKOMPONENTER AB, SE
TRS MOTORSPORT LTD, GB
VERNE AS, NO
WIDNI BALTIC OÜ, EE
WIDNI OY, FI

8
COUNTRIES

670
EMPLOYEES

196
MILLION EUR IN
ANNUAL SALES

New niched business group

Axel Johnson International's latest business group, Driveline Solutions, breaks new ground in the driveline solutions market. Managing Director Jan Brattberg shares his vision for our newest business group.

Tell us more about Driveline Solutions becoming a business group of its own.

“We’ve worked consistently and methodically to establish ourselves in new geographies for a number of years, adding new companies in our niche. At the same time we’ve expanded our market share via new and existing products, as well as services, and by growing our value-added offering. It’s essential for us to have a thorough understanding of the products and systems that we offer, as well as how they are applied in the market. Now that we’re a business group in our own right, we will extend our use of focus groups to help our companies to establish contacts with our existing partners to broaden our offering and expertise.”

What were the highlights in 2019?

“Driveline Solutions had a strong year in 2019, with sales growing 32 percent. This was very much thanks to our talented and dedicated people. I’m encouraged by the growing communication and collaboration between the companies and the fruit it has borne. We have also seen the addition of important new brands and product groups, in large part due to the group’s shared network.”

What do you see as the latest trends in the driveline market?

“At the global level, stricter emissions regulations and growing environmental awareness are driving electrification and hybridisation in all types of applications. Because of this we’ve seen a rapid development of electrification and hybridisation in ships and heavy vehicles in the drivelines market, where our companies are breaking new ground.

“Future driveline systems combining different types of technology can improve efficiency through lower fuel or energy consumption. In addition, vessels and vehicles operating with sustainable technology will enable customers to win contracts in environmentally sensitive locations.”

What do you see next for Driveline Solutions?

“It’s very inspiring to see how well the communication between our companies works. This is something we will continue to build on, because ‘stronger together’ is what we believe in as a group. It is also encouraging to see how our partners appreciate us taking greater responsibility for a larger market.

“We will also continue to develop our companies’

offering by looking for new partners with high expertise and strong presence in new fields of interest. In addition to organic growth we want to add new, successful companies to the business group as this is fundamental to our long-term success and development. However, it’s challenging to grow and you have to choose carefully what you invest in, and spend resources on.”

How do you see digitalisation in a driveline solutions context?

“The 11 companies in our business group are driveline specialists and offer unique competence in application development, service, maintenance, repair and troubleshooting. Digitalisation and automation are rapidly transforming our industry.

“For Driveline Solutions, the challenge of measuring and diagnosing operating conditions in our customers’ applications lies in interpreting the information from sensors and data gathering to provide the right advice to customers at the right time. One example is preventive maintenance, which I’m particularly keen on as it allows customers to reduce their risk of unnecessary downtime by performing maintenance tasks ahead of time.” ●

A cleaner Thames

with hybrid
drivelines

○ **The next time** you find yourself by the River Thames, spare a thought for Marine & Industrial Transmissions. The company, part of our Driveline Solutions business group, is helping to make the river environment – and London's air – a little cleaner.

● **John Logue**, Managing Director of Marine & Industrial Transmissions Ltd at the company's workshop facility in Queensborough, Kent.



Thanks to Marine & Industrial Transmissions (MIT), the Port of London Authority's new pilot boat, named Leader, runs on an innovative new electric hybrid driveline. The boat is the UK's first pilot vessel to use a solution of this kind.

The technology is welcome in a city that experiences more than 9,000 premature deaths from air pollution every year and whose mayor, Sadiq Khan, has set aside £22 million to fund local air quality projects over 10 years.

The Port of London Authority is committed to adopting new technology with lower climate impact. Its Air Quality Strategy for the Tidal Thames, the first document of its kind produced by any UK port, aims to reduce river-based air pollution while also spurring growth in water-borne freight and passenger transport.

MIT, WHICH JOINED Axel Johnson International in late 2018, has serviced boats and ships for the port authority for 45 years.

The new pilot boat transfers pilots to and from vessels operating in the Thames estuary. Its innovative beak bow hull design makes it lighter, more fuel-efficient and capable of higher speeds than conventional pilot boats.

Completely emissions free in electric mode, Leader reaches up to 16 knots under electric power. It combines both diesel and electric power and is emission-free while operating in electric mode. It can operate in its nominal speed for full River Thames operations on electric power before it needs re-charging.

Developing standardised hybrid systems for low to medium power marine applications is a complex task due to the wide variety of driveline designs used in marine markets.

"The solution we've provided utilises lithium iron phosphate batteries

and a marine plug-in hybrid propulsion system from our supplier Transfluid SpA in Italy, which has been a partner to us in industrial power transmission for 30 years," says MIT Managing Director John Logue.

Battery cost makes hybrids more expensive than diesel drivelines. Indeed, high initial investment cost is usually the biggest hurdle to introducing boats with electric hybrid drivelines in a fleet.

During use, however, fuel costs are lower and renewable energy sources such as solar, wind and tidal power can be used for charging. The driveline's batteries can also be put to other uses, such as air conditioning, lighting and heating.

"Apart from lower diesel consumption and reduced emissions of greenhouse gases and other pollutants, there's also far less noise for the onboard crew and people nearby," John says.

"There's also less vibration, which is a big health and safety issue. All in all, it makes for a much more pleasurable ride. On top of that, longer maintenance intervals drive operating costs even lower."

FOR THE PORT of London Authority, the new boat is a first step towards decarbonising its Thames fleet. John sees it as the start of a revolution for river vessels in and around London.

"Demands for less pollution and lower CO₂ emissions will only increase. As battery technology evolves and its cost comes down,

I'm sure we'll see more of these solutions implemented. In fact, another port authority recently ordered a hybrid driveline system from us for a new vessel."

Reducing CO₂ emissions for both land and water applications is a key business imperative for MIT. After entering the electric hybrid market seven years ago, MIT has invested

heavily in this technology. John and his team also work hard to educate the industry in the UK about more sustainable solutions.

FROM ITS BASES in southern and northern England, MIT provides complete aftermarket services throughout the driveline's lifecycle, →

» Longer maintenance intervals drive operating costs even lower.



The Port of London Authority's new electric/hybrid ORC 136e pilot boat. It is the first of its kind in the UK, and is capable of sailing with 300kW of electric propulsion.

Photo: Port of London Authority



Sam Randall, one of the service engineers providing aftermarket services of drivelines and gears for MIT's customers.

About MIT

→ MIT is one of the UK's main suppliers of driveline and propulsion solutions to the marine, off-road, quarry, rail, military and associated industries.

Driveline system

→ MIT's parallel hybrid driveline system has three modes and sits between the engine and marine gear. With the clutch disengaged, the engine is disconnected from the rest of the driveline, allowing the vessel to be operated by the electric motor instead of the engine. It then sails silently with zero emissions.

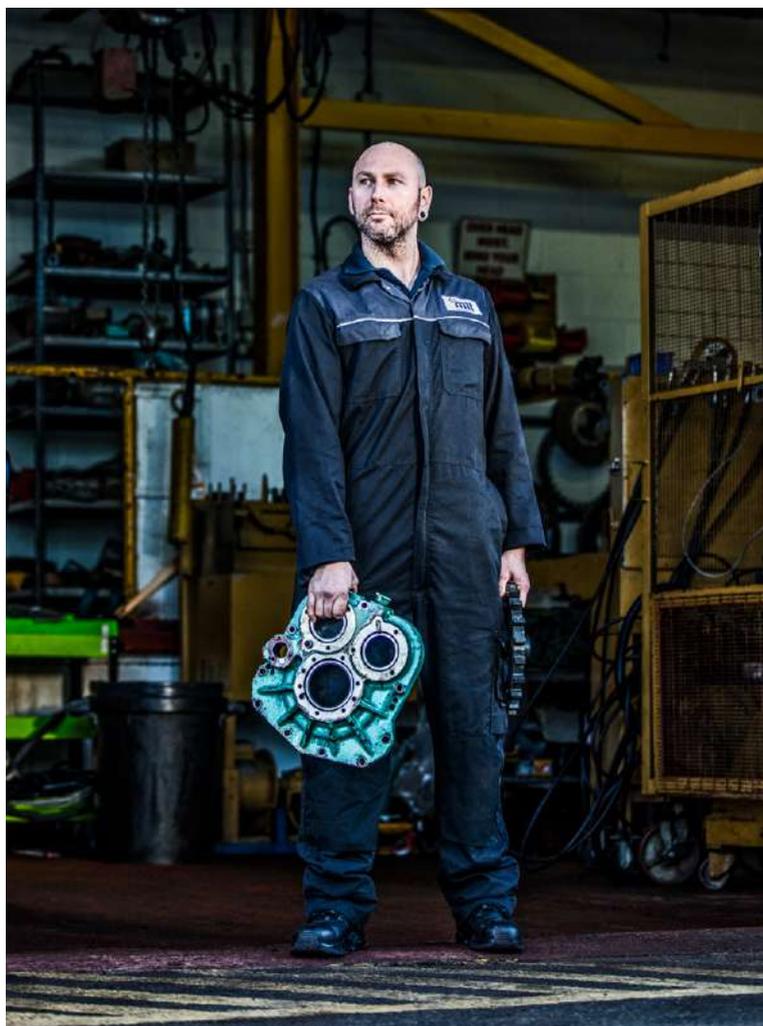
→ During engine operation, the clutch is engaged and the electric motor becomes a generator, re-charging the batteries if required. Operating the engine and electric motor at the same time engages a booster that allows the electric motor to assist the engine in providing extra torque to the driveline during acceleration.

with comprehensive UK and Ireland coverage along with established global mobile support services.

“We've invested in a highly trained and dedicated technical engineering team and a significant inventory in world-class brands of new and

refurbished transmissions, driveline systems and spare parts,” John says.

“Our aim is to support our customers' multiple applications with custom-designed driveline systems that are future proof and to ensure whole life care.” ●



● **Service Engineer Gary Downes**, about to refurbish marine power transmission gear at MIT's workshop.



THE DRIVELINE SOLUTIONS

business group is a leading provider of solutions for drivelines found in mobile off-highway, marine and industrial applications. The Driveline Solutions companies provide a complete offering, covering all aspects of the value chain – from original equipment manufacturer supply and application expertise through to the aftermarket, comprising condition monitoring, maintenance and repair services. The base for the business group was formed following the acquisition of the Trans-Auto companies in Sweden, Finland and Russia.

THE GROUP'S COMPANIES

are recognised for their ability to provide technical solutions in their specialist areas. As well-known brands in their niche markets, they are acknowledged for their customer-centric mindset and ability to combine quality products from world-leading suppliers with extensive technical expertise and application experience. Close and long-standing supplier relationships are an essential part of the group's offering, based on a long-term partnership approach. The customers are found in all parts of the value chain.

WE ARE AXEL JOHNSON INTERNATIONAL

- ATZ MARINE TECHNOLOGIES LTD, GB
- IOW BULGARIA LTD, BG
- IOW CZ S.R.O, CZ
- IOW SERVICE SP. Z.O.O., PL
- IOW TRADE SP. Z.O.O., PL
- MARINE & INDUSTRIAL TRANSMISSIONS LTD, GB
- PROGRESS INGENIØRFIRMA AS, NO
- TRANS-AUTO AB, SE
- TRANS-AUTO OY, FI
- TRANS-AUTO VOSTOCK OOO, RU



Business renewal is our mission

The formation of a new business group and expansion into the industrial automation segment made 2019 a pivotal year for the Industrial Solutions business group. Martin Malmvik, Group CEO and Managing Director of Industrial Solutions tells us more.

What were the main events at Industrial Solutions in 2019?

“At Industrial Solutions we find areas where we are not present and ‘themes’ where we think we can start small and build new business groups. One of the main events of 2019 was the formation of Driveline Solutions as a standalone business group. We broke out Driveline Solutions from Industrial Solutions because this segment had become sufficiently large to focus on its own growth and add its own organisation. When we have four or five companies in a given theme, we can usually form a business group. That’s the strategy of Axel Johnson International, we build business platforms.”

What is the strategy behind Industrial Solutions?

“We look to build platforms with companies that benefit from being linked to each other. Currently, the companies we have in Industrial Solutions are niched in heavy industrial

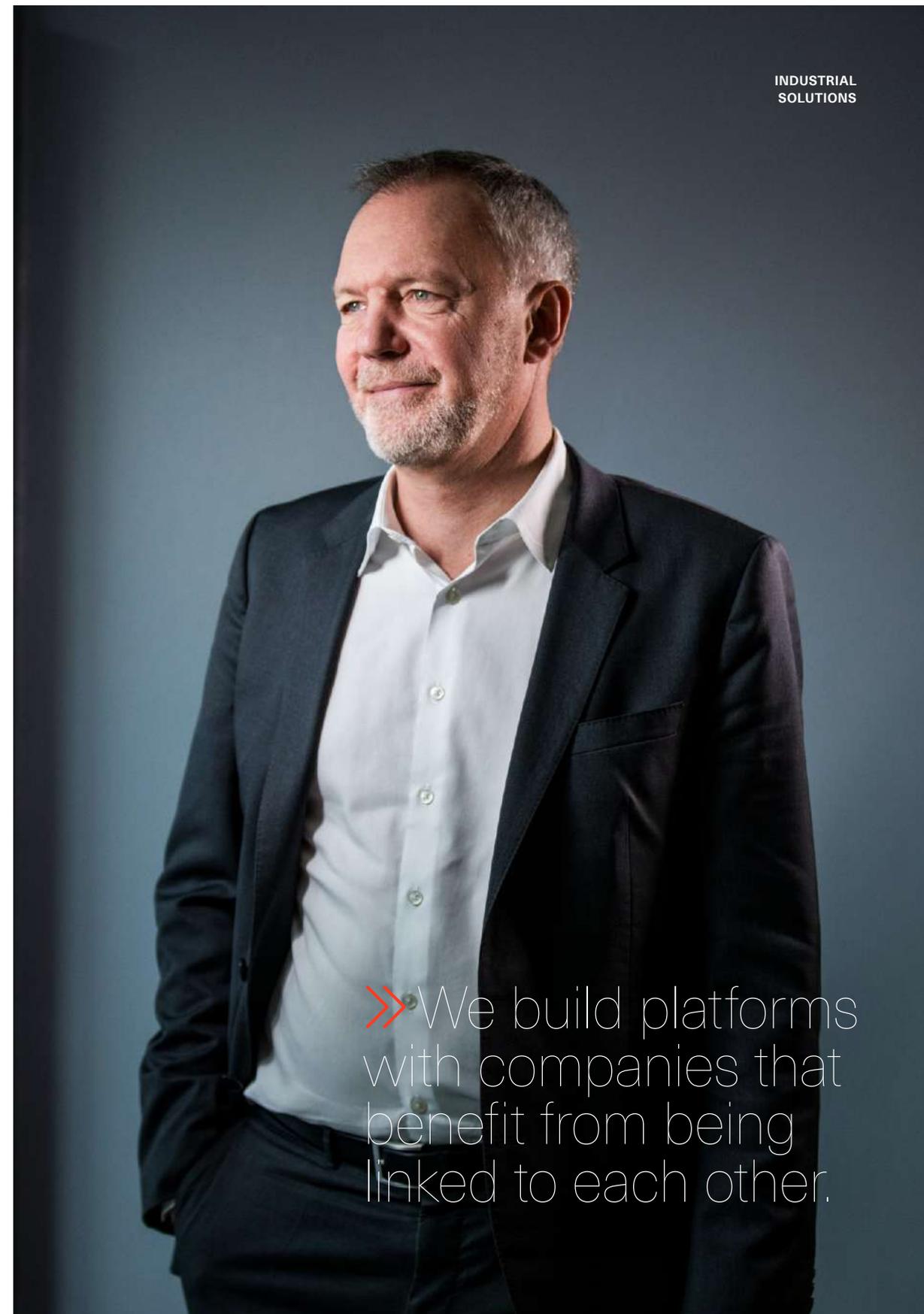
services and industrial automation. Often we’ll start in northern Europe, which is where we already have many companies and a great deal of knowledge and experience. We focus on themes where we believe there’s enough value to create a grouping of companies. The formation of Driveline Solutions is a great example of our strategy and approach.”

Apart from the creation of Driveline Solutions, what else defined 2019?

“We did a lot of strategy work on identifying new potential platforms for the group. We also continued to focus on acquisitions in industrial automation. We’re confident about our ability to grow in this segment and are optimistic about identifying more acquisitions in it. We have added new team members on the strategic side to broaden our competences and skills sets.”

What opportunities do you see for the group developing in 2020?

“We’ll continue to work on creating new themes to broaden Axel Johnson International’s overall business portfolio. Part of our transformation is to achieve the 10/50 target set by our parent group, Axel Johnson. This target means that by 2025, at least half of the Axel Johnson group will consist of new businesses compared to 10 years earlier. For Axel Johnson International this means that we will use Industrial Solutions as a way to invest in new businesses which we can grow further in the future. Industrial automation is a focus area for us right now, but we also believe that we will add additional new themes further down the line.” ●



» We build platforms with companies that benefit from being linked to each other.



INDUSTRIAL SOLUTIONS is Axel Johnson International's business group for building and developing strong new groups in selected segments. Industrial Solutions helps businesses to grow and flourish. Its mission is to develop existing segments to their full potential through operational excellence, bolt-on acquisitions in existing geographical areas, and strategic acquisitions in new locations. Industrial Solutions comprises companies operating in two market segments: industrial automation and industrial services.

The Industrial Solutions group helps its businesses to marry the flexibility and local presence of a smaller enterprise with the Nordic and European presence of a larger organisation.

THE EMPHASIS IS on leveraging customer relationships, solid applications knowledge and innovative product development typical of leading small- and medium-sized enterprises and combining this with economies of scale, product and process standardisation, efficient logistics and growth opportunities.

WE ARE AXEL JOHNSON INTERNATIONAL

GISAB AB, SE
OVERHEAD CONVEYOR SYSTEMS (OCS) AB, SE

4 COUNTRIES
170 EMPLOYEES
48 MILLION EUR IN ANNUAL SALES

People development

creating opportunities for young talents

Our work in people development rests on three pillars: investing in young talents in the group to build the leaders of tomorrow, giving recent graduates the chance to gain experience and enter our organisation to build a career, and offering all employees the opportunity to build on their skills as a route to continuing their careers within the group.



Training the leaders of tomorrow

Axel Johnson International's Management Trainee Programme gives graduates with a master's degree in engineering, business or economics the opportunity to participate in and lead projects in areas such as business strategy, mergers and acquisitions, digitalisation, logistics and more.



From left to right: Nilan Nabavieh, Daniel Gustafsson and Emil Tarukoski.

What attracted you to Axel Johnson International?

“What caught my attention is how the group really focuses on developing people through training and comprehensive projects that you're responsible for,” says Nilan Nabavieh. “Then there was the programme itself, which develops young talent across a variety of disciplines.”

For Emil Tarukoski, being part of a large family-owned company was a big incentive. “It gives a long-term business focus with the right leadership, which is important to me,” he explains. “I also like the fact that the programme offers a wide range of different areas to develop and learn from.”

Daniel Gustafsson fell for the corporate culture and the opportunity to be a part of an exceptional growth journey. “The combination of a committed long-term owner with a strong value-based foundation, and the opportunity to participate in the future development of the business, was super-compelling for me,” he says.

What are your roles and responsibilities?

“I'm part of the Group M&A and Strategy team,” Daniel says. “I'm involved in the process of acquiring companies, helping to define strategic initiatives, and identifying new business areas where we can build and develop the group.”

» A wide range of different areas to develop and learn from.

Emil's primary focus is digitalisation and data analytics and he is currently leading a project to create new data infrastructure for faster acceleration of digitalisation projects across the group. “We're also starting an advanced analytics project involving more sophisticated methods to predict sales opportunities that will improve our product offerings in local markets,” he says.

Nilan has a broad set of responsibilities linked to digitalisation and to M&A and Strategy, working as project leader for a pilot project in Germany to develop a customer portal for the AxFlow Group. “What excites me about this is the opportunity to apply my earlier project management and leadership experience,” he says. “I also have responsibilities within M&A and Strategy that are really exciting, especially when you have such a great team mentoring you.”

What have you enjoyed most about the programme?

For Emil, the degree of responsibility to lead and execute projects has been a major asset, along with the confidence shown in him by management. “It's great to have the degree of freedom we have. You also have access to talented, experienced people you can ask for advice, and they trust you to learn and grow.”

Nilan enjoys project challenges and how they aid his personal development. “It's also great that senior management take our suggestions on board. We get to contribute more than I expected,” he says.

Daniel highlights the company's decentralised leadership style and being part of a great team. “I really appreciate how faith is placed in each individual,” he says. “It's also stimulating to see how our growth model can help companies to grow and flourish in ways they never would have done independently.” ●

Shaping the future with TAP

Axel Johnson International's

Talent Acceleration Programme offers employees the opportunity to further develop their skill sets and fast-track their careers. Hanna Hägg, Quality Health Safety and Environment Co-ordinator at Trans-Auto, is part of the programme's second intake.



How long have you worked in the engineering sector?

"After gaining an engineering degree in product and process development, I worked for three years as a quality, health and safety co-ordinator supporting managers and developing management processes. About three years ago I was headhunted by Trans-Auto and joined their management team."

What do you like about working at Trans-Auto?

"I work close to the organisation, to operations and also to customers, which I always wanted to do. I love the super-professional atmosphere. Everyone is highly experienced and passionate about what they do. There's a family vibe, and we take care of each other. I like finding ways to do things better. At Trans-Auto, I have a lot of opportunities to develop the organisation. It's great that management has confidence in my abilities."

What do you hope to get out of TAP?

"TAP gives me a head start for managerial positions, provides invaluable insights into Axel Johnson International's values and helps me improve many practical skills, such as leadership, presentation and negotiation. TAP is also ideal for building your network since you meet people from across the group. Thanks to the amazing team, we learn from each other in all sorts of ways. It's great to feel that this large organisation gives you this opportunity and believes in you."

What are your future goals?

"I believe that I have a great deal to achieve at Trans-Auto and I can't wait to see what opportunities will emerge in the future. I love working in an organisation that is prone to change, where people see opportunities for business improvement. I also look forward to seeing that the work I do improves processes, knowledge building and best practice." ●

"Everything's possible!"

Julia Małkiewicz Peret joined AxFlow Poland's telemarketing team five years ago. Since then she has been promoted to Sales Manager and in 2019 she was the company's best salesperson. How did she get so far so fast?

What's your background and when did you join AxFlow Poland?

"My first full-time job was selling paper at a sales company where I worked for many years. I was promoted to sales manager, where I was in charge of sales and key client accounts. I joined AxFlow Poland five years ago, working with telemarketing and sales of spare parts. For the last two years I have been working as External Sales Manager."

What do you think makes you such a good salesperson?

"It's a combination of my sales skills and the support the company gives me. I'm enthusiastic, self-starting and always keen to succeed in any given situation. I'm still learning and I enjoy expanding my technical knowledge and building relationships with clients and suppliers. For me, the real key is being open to customers and trying my best to understand their problems and needs."

How did AxFlow help you in stepping up from telemarketing to Sales Manager?

"The company has supported me all along with great technical assistance



and internal training, which have really helped me to achieve my goals. Also, the atmosphere is great here, which I think is reflected in my work."

What are the main things you've learned in your time at AxFlow?

"I've learned many things, especially on the technical side. But I've also found that the most important thing is to build trust and confidence within the company – and that everything's possible. If you work hard, you're willing to improve, you see others in a positive light and you have a smile on your face, you can go far!" ●

Facts and figures

» Growth, especially when profitable, creates more opportunities for our people.

Ola Karlsson, CFO

SUMMARY FINANCIAL INFORMATION

Key figures

MSEK	2019	2018	2017	2016	2015
Net sales	12,095	9,869	7,573	6,604	6,481
Profit after financial items	329	326	269	281	269
Profit ^{AX}	745	610	416	378	362
Cashflow from operating activities	423	155	285	322	336
Return on capital employed %*	8	10	13	14	13
Average number of employees	4,371	4,094	3,282	2,944	2,655

*Excl. Effect on capital gains and loss

Consolidated income statement

MSEK	2019	2018
Net sales	12,095	9,869
Cost of goods sold	-8,510	-6,815
Gross profit	3,586	3,054
Selling expenses	-2,373	-1,983
Administrative expenses	-872	-749
Other operating income	41	49
Other operating expenses	-19	-15
Operating profit	361	356
Interest income and similar income	18	24
Interest expense and similar charges	-50	-54
Profit after financial items	329	326
Profit^{AX}	745	610

Sales and operating profit^{AX} per business group

MSEK	Sales	Sales	Change in %	Profit ^{AX}	Profit ^{AX}	Change in %
	2019	2018		2019	2018	
Lifting Solutions	3,399	3,130	8.6	198	163	21.5
Transport Solutions	2,078	1,889	10.0	164	172	-4.7
Fluid Handling Solutions	3,124	2,163	44.4	235	178	32.0
Power Transmission Solutions	2,304	1,921	19.9	132	114	15.8
Industrial Solutions	504	796	36.7	-3	75	-104
Driveline Solutions	713	n/a	n/a	87	n/a	n/a
Parent company and eliminations	-27	-30	-10.0	-69	-92	-25.0
TOTAL	12,095	9,869	22.6	745	610	22.1

Profit^{AX} is stated as profit after net financial items excluding goodwill amortisation, adjustments of contingent consideration, items affecting comparability and discontinued operations. This method is used to facilitate comparability between Axel Johnson Group companies and other listed companies outside the Group, and comparisons between years.

Sustainability KPIs

	2019	2018	2017	2016
Absentee rate (%) time away from work due to incapability of any kind	3.6	3.5	3.3	3.6
Total number of work-related accidents per 100 000 working hours	2.1	1.4	1.2	1.1
Share of women in leading position	21%	19%	18%	17%
Total energy consumption per year (GWh)	27	22	21	21
Total energy consumption per year (MWh) of Net Sales	2.6	2.9	3	3.1
Share of energy from renewable sources	58%	59%	52%	46%

Consolidated balance sheet

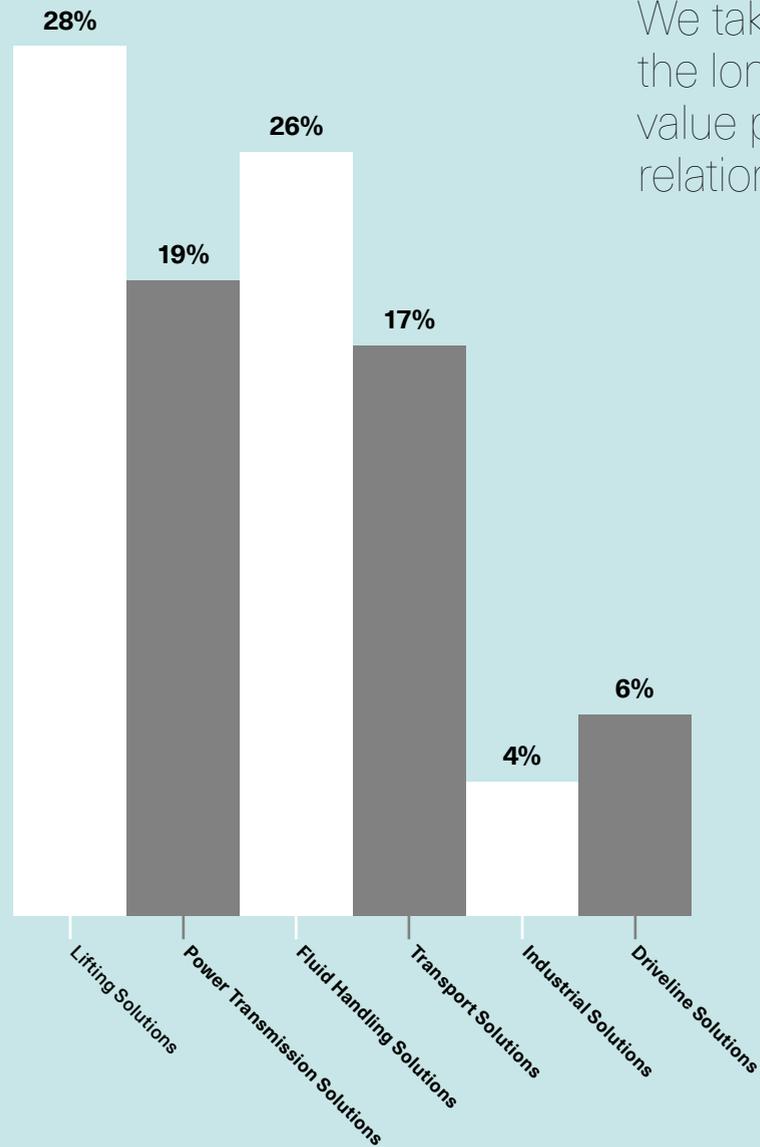
MSEK	2019-12-31	2018-12-31
ASSETS		
<i>Fixed assets</i>		
Intangible fixed assets	1,626	1,462
Tangible fixed assets	582	551
Financial fixed assets	122	102
<i>Current assets</i>		
Inventories	2,266	1,922
Current receivables	2,290	1,875
Cash and bank balances	315	296
TOTAL ASSETS	7,202	6,208
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	2,487	2,362
Minority interests	120	153
Provisions	371	328
Long-term liabilities	2,201	1,686
Current liabilities	2,023	1,679
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,202	6,208

Consolidated cash flow statement

MSEK	2019	2018
Cash from from operating activities		
Profit after financial items	329	326
Adjustment for items affecting cash flow	595	430
	924	756
Income taxes paid	-181	-187
Cash flow from operating activities before changes in working capital	742	569
<i>Cash flow from changes in working capital</i>		
Increase (-)/Decrease (+) in inventories	-89	-337
Increase (-)/Decrease (+) in trade and other receivables	-152	-143
Increase(+)/Decrease (-) in trade and other liabilities	-78	66
Cash flow from operating activities	423	155
Cash flow from (or used in) investing activities	-620	-1,148
Cash flow from (or used in) financing activities	200	969
Net change in cash and cash equivalents	3	-24
Cash and cash equivalents at beginning of year	296	308
Effects of exchange rate changes on cash and cash equivalents	15	12
CASH AND CASH EQUIVALENTS AT END OF PERIOD	315	296

The financial information is used for management reporting purposes and deviates in some respects from official reporting. In the annual report for financial year 2019, aside from this annual review, Driveline Solutions is integrated in Industrial Solutions and is not presented as an own business group.

**SALES BY
BUSINESS GROUP**



» We have a culture based on openness and trust in which we pay tribute to business knowledge. We take decisions for the long run and we value people and relationships.

Executive management team



Martin Malmvik
President and CEO, Managing Director Industrial Solutions



Ola Karlsson
CFO



Mårten Steen
CIO



Hans Glemstedt
Head of Group Strategy and M&A



Ole Weiner
Managing Director Fluid Handling Solutions



Ola Sjölin
Managing Director Power Transmission Solutions



Ralf Wiberg
Managing Director Lifting Solutions



Erik Eklöv
Managing Director Transport Solutions



Jan Brattberg
Managing Director Driveline Solutions

Board of directors



Mia Brunell Livfors
Chairman of the board. President and Chief Executive Officer, Axel Johnson AB. Chairman of the board at Axfood, Kicks and Åhléns. Board member of Martin & Servera, Stena, Svensk Handel and Efva Attling Stockholm.



Camilla Wideroth
Chief Financial Officer, Axel Johnson AB. Board member of Åhléns, Kicks and Martin & Servera.



Marie Ehrling
Chairman of Securitas. Vice Chairman, Axel Johnson AB.



Marianne Brismar
Chairman of the board at Familjen Knut & Ragnvi Jacobssons Foundation and Almi Företagspartner Väst. Board member of Axis Communications, Concentric, GreenCarrier, JOAB and Derome. Senior partner at Intercept.



Paul Schrotti
CEO of Lindéngruppen, Chairman of Becker Industrial Coatings and Colart Group. Board member of Lindéngruppen and Höganäs. Senior Advisor to Keyhaven Capital Partners.



Stina Andersson
Chief Operating Officer, Axel Johnson AB. Board member of Axfood, Åhléns, Kicks, Skincity Sweden, Novax, Eneo Solutions AB, Otova AS and Fram Skandinavien.

Axel Johnson International is a privately owned Swedish industrial group of more than 150 companies in 30 countries, with combined annual sales of EUR 1,142 million.

We drive business development and growth through a long-term approach to ownership in strategically selected niche markets, primarily technical components and solutions for industrial processes.

We are organised in six business groups: Fluid Handling Solutions, Lifting Solutions, Power Transmission Solutions, Transport Solutions, Driveline Solutions and Industrial Solutions.

Axel Johnson International is part of Axel Johnson, one of the Nordic region's leading trading groups, which builds and develops businesses in trade and services in the Nordic and European market. Axel Johnson is a family-owned company in the fourth and fifth generation and is owned by Antonia Ax:son Johnson and her family.