

Annual review 2018



18

AND
COUNTING

960 MILLION
EURO
IN ANNUAL
SALES

4,100 EMPLOYEES
IN THE
GROUP

110 + COMPANIES
IN THE
GROUP

27 COUNTRIES
OF
REPRESENTATION

We did it again!

Once more, we have exceeded our expectations. In 2018 we grew by 30%, thanks to yet another strong year of acquisitions and the efforts of each of our companies across the group.

By the end of the year we had completed no less than 16 transactions and become a truly global family. We also witnessed the birth of a new business group and made a first investment in industrial automation.

These achievements were due to our innovative spirit, hard work and inspiring leadership of our people. Together, we confronted market challenges, took a leap forward in digitalisation and went even further in sustainability.

Nurturing people's desire to progress, actively looking for new opportunities, and thinking one step ahead: this is our recipe for continuing to evolve, and the drive behind our passion for business.

Are you interested in moving forward with us? Why not start with this retrospective on a memorable year? Enjoy!

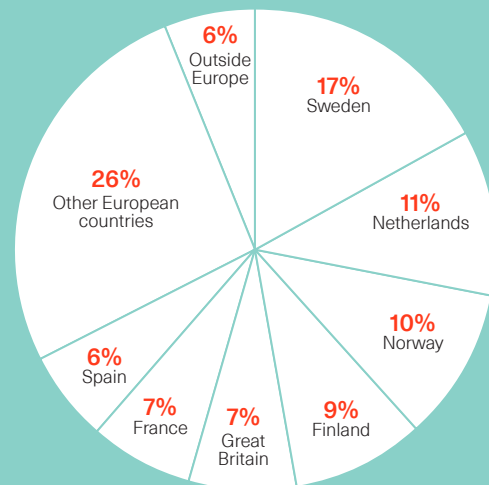
UNITED BY STRONG VALUES

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.

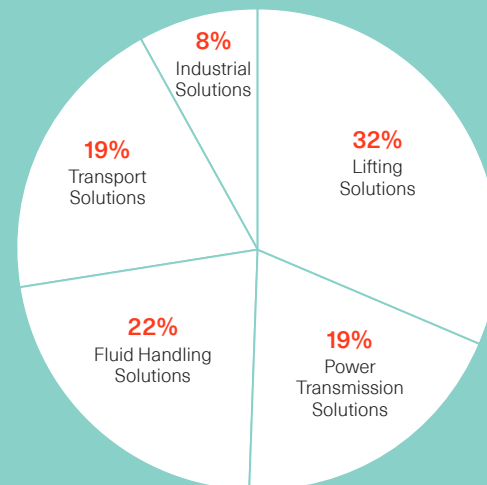
Making things happen. We have a passion for business; we challenge, we take the initiative, and we take on the responsibility for delivering what we promise.

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

SALES BY MARKET



SALES BY BUSINESS GROUP



DON'T MISS!



WE WILL
OPEN DOORS
FOR
EACH OTHER.

RDC Facility Manager Cédric
Leroy, on becoming part of the group.
Read the story on page 54.



TOP LEVEL AMBITIONS

7



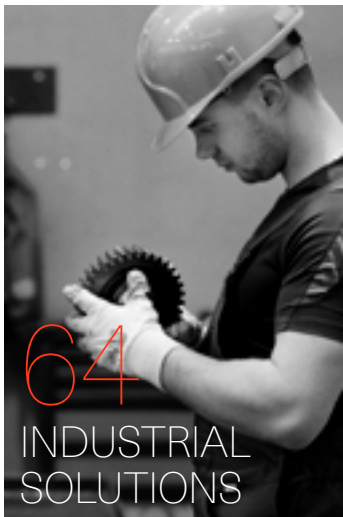
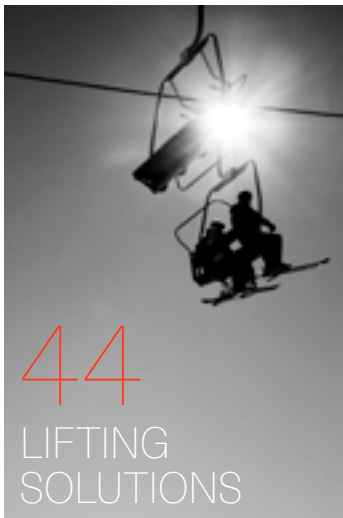
FACTS AND FIGURES

85

GROWING BY DOING

From four to five!
A new business group was
established during 2018.

15



We always aim for the best way forward
for our companies. Meet the management
team leading the group in the right direction.

TOP LEVEL AMBITIONS



CEO MARTIN MALMVIK: WE HAVE EMBARKED ON A GLOBAL JOURNEY



Axel Johnson International celebrated record growth – and a record number of new acquisitions – in 2018. As the group continues its expansion in Europe, it is also exploring new markets further afield, says CEO Martin Malmvik.

“The past year is one to remember. No less than 16 acquisitions were completed, we celebrated a record sales growth of 30 percent, and we took a strategic decision to push our boundaries beyond Europe.

“Because Europe will not be sufficient for where we want to be in the next 10 years, we are actively seeking a more global footprint to achieve our long-term annual growth target of 10 percent. Fluid Handling Solutions led the way in 2018 with its acquisition of Brown Brothers Engineers and Kelair Pumps in Australia and New Zealand. It will be exciting to watch our global presence evolve further over the coming years.

Organic growth of 11 percent, of which half related to currency effects, reflected our agile organisation and positive industrial momentum across the group. It was gratifying to see stable progress across all business groups – in our current and new businesses alike.

Our strategy of focusing on selected industrial niche segments to build strong industrial business groups proved its worth in 2018. After a few years of strong growth and a maturing organisa-

tion, Power Transmission Solutions was elevated into a stand-alone business group – a perfect example of how we grow and develop business platforms.

We are continuing to build on businesses we already know. Our history of technical distribution has paved the way for us to acquire niche product companies with specialist intellectual property. Here, the acquisition of OCS Overhead Conveyor Systems was a good example, marking our first investment in industrial automation. This is a promising new theme for us, and one we intend to build on. We will also continue building up our current platforms while maintaining our search for new investment themes in the years ahead.

In 2018 we invested strongly to achieve our target that group companies should be ready to interact digitally with their customers by 2020. Many of our companies already have this capability and we see this as an area where we can develop joint solutions by pooling knowledge within the group to ensure we establish stable and scalable technical platforms.

In sustainability, our journey is about taking advantage of oppor-

tunities while understanding and mitigating risks. In our markets, we aim to be a driving force for change towards more sustainable business. As part of this effort, we have already established a standardised code of ethics, code of conduct and key performance indicators to drive improvements across all group companies. In 2018, we laid the foundations for improving the quality, material control and human rights aspects of our Far East suppliers. We opened new offices in China and a central European warehouse facility – a setup that will benefit our customers for many years to come.

Nothing and no one makes me prouder than the people in our organisation. Our record financial results reflect the combined efforts of 4,100 dedicated individuals. We're happy to have launched our TAP programme for developing new leaders and will continue to build on our business training courses and international talent initiatives at our business school. Nurturing our people-oriented culture and having the courage to seek new ways to satisfy our customers remains the foundation of our success.” ■

Introducing systems to ensure suppliers comply with key social and environmental standards is one of the multiple ways in which Axel Johnson International is advancing the group's sustainability agenda.

It is often said that a chain is only as strong as its weakest link. Head of Sustainability Lena Ekbohm knows how true this can be.

Non-compliance in the supply chains poses a risk to any business, especially one like Axel Johnson International whose companies source products globally. Although the majority of products in our assortment come from premium suppliers, private label products are steadily growing – and so is our responsibility.

To manage this risk, the group in 2018 announced benchmark supplier standards and introduced sustainability audits to identify compliant suppliers and root out those unable or unwilling to meet our standards.

"We're focusing on China be-

cause this is our main risk area today from a supplier perspective," Lena explains. "You can find excellent suppliers in China, and you can also find not-so-good ones. The trick is to choose those that want to develop with you."

Supplier sustainability auditing targets are being introduced for the whole organisation and will be monitored in the years to come. Lena says this is an ambitious move for an industry where there is, as yet, little pressure from end-customers.

"We have suppliers in China who want to improve with us. That leads to better working conditions in the factory and also enhances local environmental conditions. It's an area where we can make a real difference."

A small organisation has been set up in China to conduct the sustainability audits. Group companies that source from China can contact the team to request sustainability audits. "It's a support function that we offer them," Lena says.

Lena sees such issues rising fast up the corporate agenda. "Companies that don't take this area seriously will lose business, reputations, suppliers and customers in the future," she says. "In fact, if we don't take it seriously there may not be a future at all. Businesses have a huge role to play, and we can't always wait for legislation or even for customers; we need to be a driving force for change ourselves."

A group project to replace any unwanted substances in our products with safer alternatives is an example of a step in this direction. Axel Johnson International's vast product portfolio makes this a challenge, but Lena is encouraged by the progress some group companies are making.

"The key in this and other sustainability areas is to find partners (see Filippa K article, left) who also want to change – from both a supplier and customer point of view. We see the possibility to make a huge change within our industries." ■

FRONT-RUNNING WITH FILIPPA K

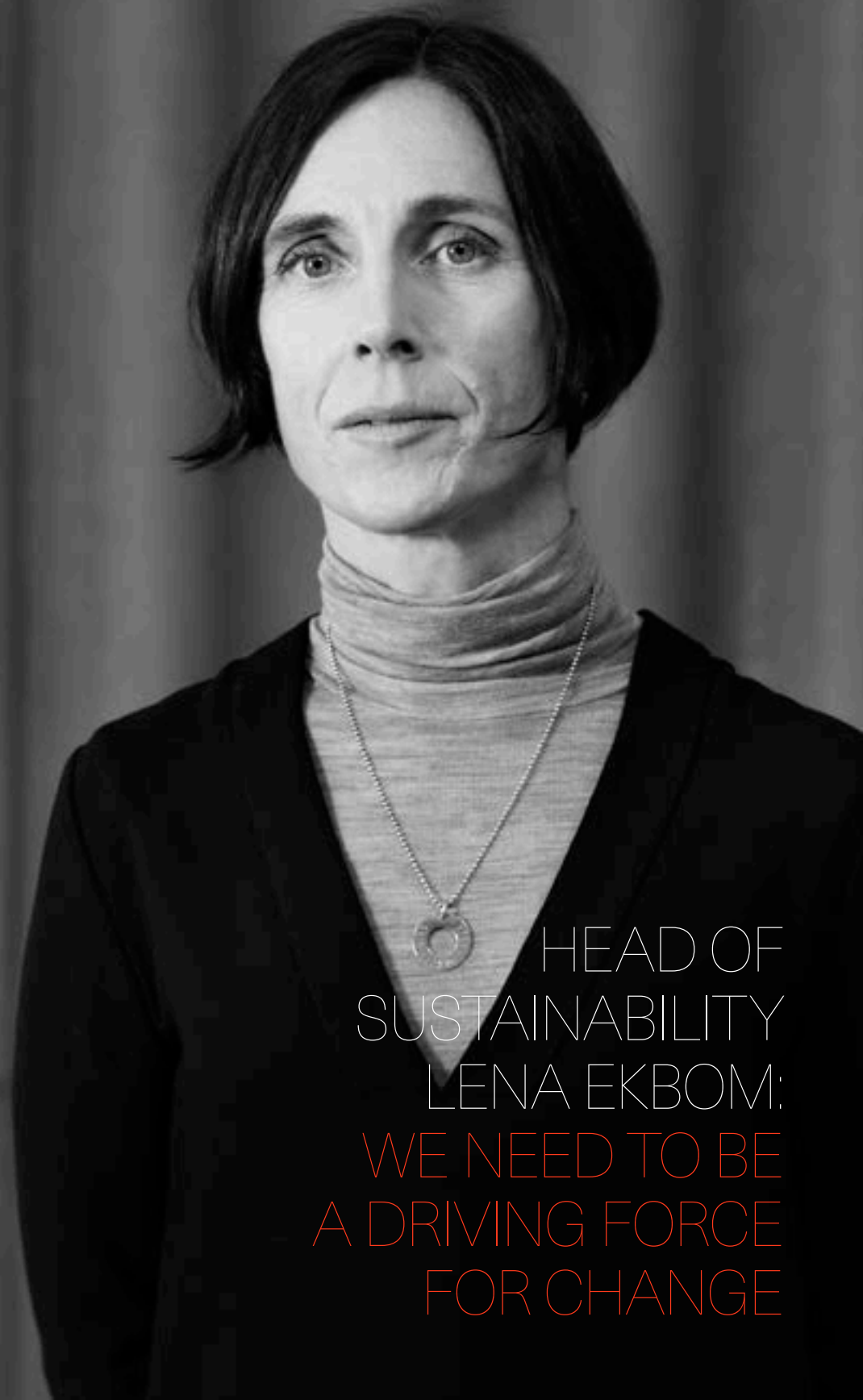
The polyester slings and lashings used in industrial lifting and for securing large cargoes are typically incinerated at the end of their useful life.

This waste of fossil-based resource has prompted Axel Johnson International to team up with Filippa K, the popular fashion brand, to develop an innovative solution.

A first pilot project is now under way to learn more about

recycling opportunities. Our companies collect slings and lashings that are then recycled into pellets before being delivered to the Swedish designer for use in upscale polyester garments.

Filippa K plans to use the material in its sustainable Front Runners collection. So far it has been used for clothing labels and tested in production of a 100% polyester fabric for use in future collections.



HEAD OF
SUSTAINABILITY
LENA EKBOM:
WE NEED TO BE
A DRIVING FORCE
FOR CHANGE

CFO OLA KARLSSON: GROWTH IS IN OUR DNA



A combination of acquisitions and organic growth brought strong expansion in 2018 – a successful recipe that will continue to drive the group forward.

Axel Johnson International's commitment to growth is truly top to bottom – from owners and management to every company in the group. CFO Ola Karlsson says success hinges on organic growth and carefully planned acquisitions of strong businesses with a firm desire to grow.

2018 was a record year for the group. What were the factors behind this stellar performance?

“It was certainly a year to remember. We had very strong sales growth but even stronger growth in profits, which was extremely satisfying. The industrial business climate was extremely robust, and we saw increased investment appetite in most industries across Europe. Buoyant demand meant customers built up their inventories, a weak Swedish krona increased our consolidated net sales, and on top of that we gained market share in key markets.”

How important are acquisitions for our growth and development?

“Very important. For many years we had a more moderate pace in acquisitions made, but during 2016, 2017 and in 2018 we in-

creased acquisition activity significantly and used our financial strength. In 2018, 19 percent of our 30 percent sales growth came from acquisitions – and this is an effect we haven't seen in long time.”

We completed sixteen acquisitions in 2018. How do you see the outlook for acquisitions going forward?

“We received a EUR 50 million capital injection from the owners in 2018, so the clear message is that we will continue our growth journey. We remain financially very strong. Growth is essential for us; it's in our DNA – both for every company and for the group. One great thing about our acquisitions is that they come with limited risk thanks to our focused strategy. We build platforms out of companies that have something in common rather than just buying on financial numbers. The companies we purchase also tend to be small or medium-sized and in sectors that we know well.”

Looking ahead, where do you see our main opportunities?

“We have acquired quite a number of companies in the last

three years. They have found their place in our organisation and can focus even more on growing in the market with our hands-on support. Our hope is that they will inspire – and be inspired by – their colleagues. The interaction between our companies is critical and luckily we see growing cooperation between old and new companies within the platforms we have. That gives a lot of things, including more business and a developed customer offer. In terms of organic growth, we see no real obstacles for our companies to continue to take market share in their respective markets.”

And what are our key challenges?

“Of course, eventually we will have to confront an economic downturn. We don't expect it to be in 2019, but we are looking at measures to ensure that we are prepared. That could include administrative synergies and making sure we're flexible and thinking on our feet. We aren't looking for a quick exit; we invest in the business long-term. When the downturn comes we will, in the words of REO Speedwagon, ride out the storm.” ■

We acquire companies with a
sustainable business model
and help them prosper through
active and long-term ownership.

GROWING
BY
DOING





M&A
STRATEGY

ONE STEP AHEAD

On the march:
Hans Glemstedt is
constantly on the lookout
for new opportunities.

Identifying new acquisitions is like recruiting a new employee, says **Hans Glemstedt, Head of Group Strategy and M&A**. You need to make sure there's a strategic fit, but also that both sides share the same basic values and that there's good personal chemistry.

What were the main highlights for you in 2018?

"It was a bumper year, with acquisitions in all the business groups. We took a big step by expanding into Australia and New Zealand for the first time with the acquisition of Brown Brothers Engineers/Kelair Pumps. And Power Transmission Solutions completed a total of five acquisitions, allowing it to make the leap of becoming a business group of its own. Lastly, entering industrial automation by acquiring OCS Overhead Conveyor Systems is perhaps not huge in terms of numbers but opens up for interesting growth opportunities in the years to come."

Completing sixteen acquisitions in one year is a record. How do you manage such a high pace of growth?

"We have professionalised our systems and processes around M&A, which has made us more efficient in execution. We have also become better known in M&A circles and we have a significantly larger pan-European exposure in our existing industrial niche areas now compared to perhaps three to four years ago. There's more buzz and awareness. Another factor is that we are very methodical and focus on a continent-by-continent expansion plan for our business groups when looking at markets outside Europe."

WE HAVE MORE
EXPOSURE NOW.
THERE'S MORE BUZZ
AND AWARENESS.

How do you successfully integrate so many companies in quick succession?

"It is not as much as it sounds because we have a decentralised management model and the acquisitions are spread across five business groups. We simply rely on our experience in acquiring businesses and the very capable managements of our many companies. Many of the acquisitions are simply bolted on to our existing organisation, where local management plays an important role. We also see integration as quite a soft process where we avoid making big changes to management, locations and structure if not needed. Most things stay the same. That being said, we do apply an integration programme which systematically introduces every new company into our group."

What do you look for when identifying businesses to acquire?

"For the same qualities as when looking for new employees: business acumen, hunger, financial

skills, technical skills, moral standards and ethics, a belief in our key value principles. We benchmark the people we see in management positions and ask whether they are able to accept our standards and principles of doing business. We have aborted deals because we have felt that key individuals potentially lack the motivation, drive or right business ethics. Then, of course, there needs to be a strategic fit between the business, what we already do, and with commercial logic."

What do you see in the pipeline for the future?

"The business cycle has an enormous impact on an entrepreneur's willingness to sell and we possibly have now passed the peak of this business cycle, which is one possible explanation for why we have been able to complete 16 acquisitions. Acquiring businesses outside Europe is definitely on the radar as we gradually develop our global presence." ■

WHAT WE VALUE

- A strong market position and superior expertise
- A solid track record and profitability
- Entrepreneurial drive
- Management interested in staying on
- Growth and development ambitions
- Ethos and values in tune with ours

WHAT WE LOOK FOR

- Technology distributors and industrial solutions providers
- Complementary acquisitions to existing businesses as well as stepping stones for expansion into new related industry niches and geographies
- Product companies offering industrial niche products with international market potential

WHAT WE OFFER

- A corporate culture focused on innovation, development, growth and adding customer value
- A strong financial platform, providing room for sustainable and far-sighted expansion
- A decentralised corporate governance model offering plenty of freedom and responsibility for ongoing growth and development
- Expertise and support in areas key to developing our businesses: sourcing, supply chain, digitalisation, sustainability, people development
- A group-wide network with active knowledge sharing and extensive experience from a wide range of industrial areas
- An in-house business school programme for people development and skill building

TRANSPORT SOLUTIONS

SHARING
KNOWLEDGE
IS A KEY WAY
FORWARD. ”



The Transport Solutions business group is growing and its 17 companies are benefiting from increased networking opportunities and the advantages of belonging to a larger entity, reports Managing Director Erik Eklöv.

What were the highlights of 2018 at Transport Solutions?

“We acquired TMT Malinen in Finland, TRAKO in Sweden and then added Egil Verne in Norway and the dock equipment assets of Pommier in France. As for the existing business, cargo securing companies had a very good year, largely thanks to being able to deliver on tighter regulatory standards for cargo securing. Two companies that stood out were Forankra Spain and Forankra Poland, which both took market share and grew sales by more than 25 percent.”

What does growth mean for how you organise the business group?

“You need to be agile and flexible. That’s why we have created a

central team to support our companies as they develop. The team comprises a project manager, business controller and market and business developer who facilitate cooperation projects and support companies in their individual challenges.”

How important is inter-company networking as the business group expands?

“Our new companies have great opportunities to learn from our existing companies. But our existing companies can also learn from the newcomers! We’re working to add more networking events – meeting at trade fairs, bringing our managing directors together, and hosting local sales gatherings. Sharing knowledge is a key way forward.”

And what are your main challenges?

“In acquisitions, it’s always a challenge to find a good match. You must have patience, as you never know if a negotiation will take a month or three years. It’s a big undertaking to sell your company and owners want to know that

their businesses will end up in good hands. Just as important as knowing when to say yes to an acquisition is knowing when to say no, which can be a tough choice after you’ve invested time and effort into a process.”

What opportunities do you see on the horizon?

“In cargo securing we have a European presence and will use our network primarily to complement our existing product range. In vehicle components, we are well represented in the Nordic region and are looking to use our acquired knowledge to investigate potential acquisitions in continental Europe.”

ABOUT:

The Transport Solutions business group’s companies operate in two segments: providing a wide range of cargo securing solutions for road, air and sea transport, and providing components for commercial vehicles. The business group has 17 companies, with a total of 650 employees.

Keijo Malinen's father was just 25 when he began selling safety reflectors to gas stations, touring the Finnish countryside on a motorcycle. His entrepreneurship created a company that would eventually employ three generations and make **TMT Malinen** one of Finland's leading automotive component makers.

I SAID
WE WEREN'T
FOR SALE.
LUCKILY, THEY
CALLED
AGAIN. ””

ACQUISITIONS
2018



It was time to take a position on the future of the company. Keijo Malinen and his family sold the business in early 2018.

The Finnish company TMT Malinen is turning a new page as part of Axel Johnson International. Since the acquisition, in early 2018, the Malinen family has continued to actively participate in the business.

Former CEO Keijo Malinen, Toivo's son, has handed over day-to-day control but remains on the board. As do his son Jyri and nephew Ville, who both continue to work for the company – as sales manager and purchasing manager, respectively.

"I worked for the business for 40 years and have five grandchildren now. I've done my bit," explains the former CEO over a cup of coffee. "The company needs new ideas, and that will happen with our new owners."

He is proud that the third generation remains actively involved. But when Axel Johnson International first got in touch to express interest in buying, Keijo refused to discuss collaboration.

"I said we weren't for sale. So they called again. And again," he chuckles. Eventually Keijo allowed the →

TMT Malinen is a leading Finnish manufacturer of aluminium products and provider of complementary components for body builders – from mudguards to ambulance doors.

Keijo Malinen:
"We're close to our customers – we're friends – and we've grown together. You could say we're a bit like an extended family."



It takes a special spark to run a family business for generations. And to know when to sell it.



I ENCOURAGE
WOMEN TO
GO FOR IT.
LEARNING
ISN'T A
GENDER
ISSUE.

Managing Director
Tea Lehto is pleased
to see more women
entering the industry.

prospective new owner to outline its vision for the business. "It hardly needs saying, but when we eventually sat down we liked what we heard."

A meeting of family members, including company founder Toivo as well as Ville and Jyri, agreed a sale was the right step forward.

"We felt our loyal employees would

gain long-term security from having Axel Johnson International as owner," explains Keijo. "Strategically we will also benefit. We're big in Finland and we export to Sweden and Norway, but being part of Axel Johnson International gives us more opportunities because there are synergies to be gained when you're part of a larger group."

Today the company has 52 employees →





QUALITY PARTNER

The trust that flows from long-term business relationships cannot be underestimated. So says Matti Laurila, managing director of body building company Ekeri, a longstanding TMT Malinen customer.

"TMT Malinen has been a partner of Ekeri for years and years, and I believe that makes it special," he says. "We have a long-term relationship. In our industry you need reliable business partners where delivery times are honoured."

Ekeri is the Nordic market leader in side-opening units for trucks. TMT supplies the company with continuous hinge elements, mudguard stays, rear underrun protection and combiliner sliding roofs.

"Product quality is key to us, and we can never compromise in the components used," Matti Laurila says. "TMT delivers quality, and thus they are a part of success of the end-product."

On the move: an Ekeri-equipped truck in the UK.



WE'RE GETTING TOGETHER TO COOPERATE.

KEIJO MALINEN

and a stock of more than 3,400 products – many of which are in steel and aluminium and around half of which TMT manufactures itself. These range from ambulance doors to flatbeds for truck body builders.

The job of building on this solid base belongs to Managing Director Tea Lehto. Engineering is traditionally a male-

"We're always investing in our ability to produce," says TMT Malinen Purchasing Manager Ville Malinen (right), third generation at TMT. Here with Jaakko Lappalainen, production manager.

dominated world. But that is changing thanks to women like Tea.

"As a woman, I've felt it's quite easy to work in an environment with many men. And during the years I've been working in the industry, I've seen a lot more women coming into the technology area. I'm not here on my own," she says.

Tea encourages women to consider a career in the engineering sector. "We see

more and more women with a technical education background, and more and more female students doing technical subjects in schools and universities," she says.

"Many different paths are open to women wanting to join this business – be it via education and training in the quality control or through engineering, internal logistics or sales." →



As part of Axel Johnson International, Tea sees multiple opportunities ahead for TMT. One is international growth. The company already has an office in Estonia, which could provide the springboard for expansion into Belarus, Ukraine and other East European countries.

Initially, collaboration with other group companies will be top of the agenda. The day of our visit, Tea is hosting a group

from Swedish vehicle components supplier Abkati.

According to Purchasing Manager Ville Malinen, this is quite a turnaround. “In the past, we used to start all our sales meetings by asking how we could improve at countering the competition from Abkati in the Swedish market,” he says. “Now we’re getting together to cooperate!” ■

Getting your truck on track: TMT produces and provides customised solutions for a variety of vehicle body building needs.

Axel Johnson International

VIEW FROM THE GROUP



“TMT Malinen gives us a much stronger foothold on the Finnish and Estonian market. Now we can also use Abkati’s sales force to sell TMT products on the Swedish market, so it makes us stronger in Sweden and Norway as well.

We believe TMT’s R&D and production capabili-

ties will be very important in the future to develop the group. Enhancing our own capabilities to develop products is an important step for the future as we see market demand for more customised products. It’s also possible to find synergies in sourcing and suppliers.

The growth opportunities are in the Nordic region but also in European countries where we have Forankra companies that can act as a way in to the market.”

*Erik Eklöv,
Managing Director
Transport Solutions*

DOCK EQUIPMENT**New dock portfolio**

APR 2018 Our dock portfolio in Europe has taken a step forward with the acquisition of French company Pommier's dock equipment assets.

Transport Solutions wants to apply its research and development know-how to help develop dock equipment products further, according to Erik Eklöv, Managing Director Transport Solutions.

"This product range also allows us to strengthen our product and service offer across Europe," Erik says.



Pierre-Louis Sounié, Managing Director from Ack Forankra France, in the new warehouse dedicated to the product range. To the right, dock buffer Butdock 130, the main product.

EGIL VERNE**Driving forward in Norway**

MAR 2018 The addition of Verne, one of Norway's leading vehicle component distributors and a specialist supplier to electrical vehicles, makes us the leading



distributor of vehicle components in Scandinavia.

Verne, established in 1950, is a well-known brand in Norway. Managing Director Arno Berg says being part of the group will allow Verne to widen its product range and strengthen its market concept.

"Combining our knowledge of the Norwegian market with Axel Johnson International's know-how and financial strength gives us strong support for future development," he says.



3000 Lumen from Verne to light up future business.

FORANKRA SWEDEN
FROM FLATBED TO FLATPACK

The new Armaton loading system for light commercial vehicles developed by Forankra Sweden and capable of being delivered IKEA-style in a flatpack is creating a buzz in the automotive industry.

Truck and van chassis come in countless shapes and sizes, making it hard – and sometimes impossible – to fit traditional load-carrying platforms, or flatbeds, properly on all vehicle types.

One day in 2018, Forankra design engineer Ragnvald Andersson decided to do something about it. He invented an entirely new flatbed concept featuring a modular system that could be delivered in a flatpack and assembled with just a screwdriver.

"I went home and did some drawings. After a month I had a design, and from there we built a prototype," explains Ragnvald, a veteran who's worked in the industry since the 1970s.

The design, now patent-pending, promises to transform life

for light commercial vehicle body builders across Europe and beyond.

"Body builders can now buy a complete flatbed kit and don't have to redesign their own systems. It's a simple bolt-on solution and you don't need any special tools. It really opens up new possibilities for these companies," Ragnvald says.

Ready-to-use profiles slide and lock into place to form the flatbed's frame. Function profiles then slide into the frame profile, which has no welding or special fittings.

Developing the solution would not have been possible without support from group management, according to Per Englund, Managing Director of Forankra Sweden.

"To fund something like this you need a strong parent. Forankra is quite a small company and this is the largest development project we've ever had."

The system's aluminium de-

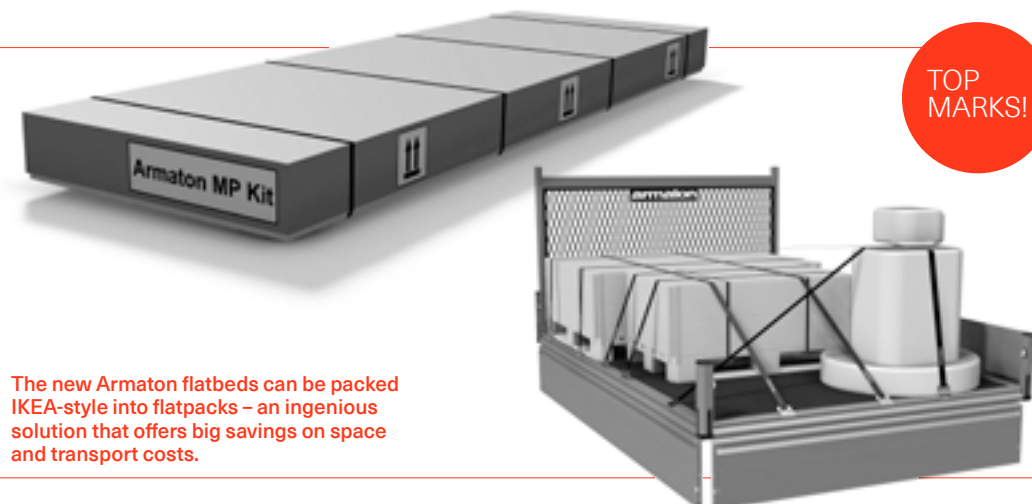


"Ragnvald and his colleague Lennart are in their 60s and among the most innovative people we have. You don't have to be young to be creative," says Per Englund (centre).

sign saves weight but the biggest saving is on space. The solution's flatpack design makes it possible to transport twenty-five flatbeds in a single load, compared to six in the past.

"It's not just a new design, but a design with a chance to drastically change the business model in this industry because it is so easy to assemble and transport," Per says.

Considering that market demand for small commercial vehicles is constantly increasing, the future looks bright indeed. ■



The new Armaton flatbeds can be packed IKEA-style into flatpacks – an ingenious solution that offers big savings on space and transport costs.

TOP MARKS!

POWER TRANSMISSION SOLUTIONS

A NEW BUSINESS
GROUP IS BORN.
CAN'T WAIT
TO SEE IT GROW!



A business group whose companies operate with high autonomy must meet customers wherever they want us to be, says Ola Sjölin, Managing Director Power Transmission Solutions. That means being reachable via everything from e-commerce to a simple phone call.

What were the highlights of 2018 at Power Transmission Solutions?

"It was a truly fantastic year. All the stars were aligned! The business cycle reached its peak and for most of our companies it was a record year. We also welcomed 9 new companies and they made direct contributions not just to our revenue but also to the bottom line. On top of that, we saw exceptionally good organic sales growth of 8 percent in our existing businesses. Our maintenance, service and operations customers invested in increased capacity and our export-oriented OEM customers saw growing order books from a booming global market."

Acquisitions are crucial to your growth plans. How do you integrate them in the group?

"We like to let new companies continue to operate independently after we acquire them. In the long run we look for synergies, but in the short term it's a very soft integration process and pretty much business as usual. If we acquire a bearing company in the Czech Republic, we don't go there and tell them how to do business because they are the experts. Our role is to support them with the resources of a larger group – things like financing, insurance, training programs and supplier negotiations – and let them concentrate on what they're really good at, which is supporting their customers."

Where do you see the main opportunities going forward?

"As a newly created business group we will be focusing on our core business – power transmissions – where we see continued strong potential for acquisitions. In 2018 the Power Transmission platform gained critical mass and we're now seeing our managing

directors taking initiatives to cooperate and learn from each other. Our role is to facilitate more cooperation and to help them in areas such as negotiating pan-European contracts with suppliers."

What are the main challenges you're facing in Power Transmission Solutions?

"We need to keep up with digitalisation and be on our toes. This means investing in EDI (electronic data interchange) solutions and meeting customers through any interface they prefer to use. The Internet of Things will create new opportunities in intelligent preventive maintenance, so we must position ourselves correctly and invest in new know-how. We expect economic growth to slow down a bit in 2019, which means being prepared to adapt our capacity. Having said that, we're confident it's going to be another good year, with many opportunities in front of us."

ABOUT:

The companies in the Power Transmission Solutions business group supply general industry with solutions based on bearings, industrial transmissions, seals and electrical motors together with related engineering services. Power Transmission comprises 25 companies and 750 employees.

Close contact, mutual trust and a shared commitment to constant improvement are the pillars of **SKS Group**'s long-standing collaboration with Glaston, the world's leading manufacturer of safety glass processing machines.

“

OUR
RELATION-
SHIP
IS CRYSTAL
CLEAR.

“The human relationship and the way we work are crucial. When we run a project we need a certain timing, and SKS are very good at delivering on time,” says Marko Laurila, senior sourcing manager at Glaston.



What do the Burj Khalifa in Dubai, the Shanghai Tower and Beijing's China Zun have in common? All are among the world's 10 tallest skyscrapers. And all have gleaming glass facades made by machines that use SKS transmissions.

SKS joined Axel Johnson International in 2018 and is a key supplier to Glaston, whose glass processing machines and tempering units depend on power transmission equipment supplied by SKS.

If you have ever looked through a window and noticed ripples or distortions, you will grasp the importance of such equipment. Imperfections like these are due to shortcomings in the glass's tempering, or heat treatment.

Considering that a tempering machine costs around EUR 1–2 million, and that the glass may grace an iconic building, quality can never be less than 100 per cent.

“SKS delivers critical parts that ensure the even blowing of cool air,” explains Marko Laurila, Glaston's senior sourcing manager. “If this process is not perfect, the tempering will be substandard and the glass may break.”

In the 25 years that SKS has been serving Glaston's production plant in Tampere, Finland, the two companies have become close partners.

“We talk in a language we both understand,” Marko explains. “When I work with SKS it's more like talking with friends. It's informal and comfortable. The relationship is very important and we have constructive discussions every week or month about what can be done next and what we need to achieve.” →

SKS Group is a provider of power transmission products such as gearboxes, clutches and chain wheels. It operates in Finland and Estonia in industries ranging from maritime to entertainment and theatre production.

High ambitions, like the Burj Khalifa in Dubai, require large machines – which in turn demand skilled mechanics. Glaston's Melisa Tulppo is one of them.



GLASS WITH A TEMPER

- Heat-treating, or tempering, glass makes it up to five times stronger.
- A glass facade panel can be many square metres in size, so a tempering machine must be even bigger. Eight to ten containers may be needed to ship one machine.
- A typical glass processing machine works for 15–20 years but can run for longer if upgraded.

This jumbo-sized glass-tempering machine, destined to make 12-metre glass facade panels for a customer in Italy, relies on power transmissions from SKS.





WE HAVE EMPLOYEES WHO ARE THE SECOND AND THIRD MEMBERS OF THEIR GENERATION TO WORK HERE.

For Jouni Kaukonen, Managing Director of SKS Group, the collaboration is a great example of a supplier-client partnership that works well. “You can have contracts with long clauses that allow the customer to sue the supplier if some mistake is made. What works better is to have shorter contracts with trust on both sides,” he says.

Jouni stresses the need to ensure every delivered component meets the highest quality standards. “When manufacturing special glass sizes, one machine can produce the entire value of the project. So

it’s essential everything runs perfectly.”

SKS joined the group in early 2018 when Axel Johnson International acquired the five SKS companies, which operate primarily in Finland but with some sales in Sweden and Estonia.

He says the group’s culture of looking into the future rather than narrowly focusing on the next quarter is a perfect fit for SKS.

“We now have different possibilities and resources to develop our businesses further thanks to the owner’s strong financial position,” Jouni says. “If we see

In the glass industry, client-supplier relationships rely on transparency, according to SKS Managing Director Jouni Kaukonen.

Bulletproof glass like this, which withstood a round from a Magnum .357 handgun, is made on Glaston machines using SKS components.

new opportunities for new products or product groups or services or solutions, I’m quite sure we can not only discuss them but bring them forward and implement them.”

Among the areas SKS wants to develop is stage technology solutions. It supplies safety-enhancing equipment to customers ranging from theatres and concert halls to luxury cruise ships.

SKS’s control systems, curtain tracks, stage floors, scenery hoists and other equipment have hosted musicals like *Hairspray* and *Chicago*.

“This is a specialised and growing sector and there are lots of possibilities, especially in the marine sector,” Jouni says, explaining that the world’s biggest cruise lines have very high safety standards and prefer to work with trusted suppliers.

Developing new business in this and other areas will require SKS to develop the e-commerce side of its business, Jouni adds. In that, he sees great potential for learning from the experiences of other group companies.

“The strength of the group really gives us opportunities to develop in this area,” he says. ■



VIEW FROM THE GROUP

“SKS significantly strengthens our position in the Nordic market for mechanical power transmission, particularly in Finland, and makes us a clear leader with significant engineering capabilities in Finland and Sweden.

SKS complements our existing business with its knowledge, experience of customer applications in our core market segment and its excellent customer relations. It also brings new competencies in mechatronics and control systems that we can build on throughout Europe as we expand the Power Transmission Solutions business group.”

*Ola Sjölin, Managing Director
Power Transmission Solutions*

**ROTEK**

Nomo Group enters Norway

JULY 2018 Nomo Group has achieved its longstanding strategic objective of entering the Norwegian market for bearings and mechanical power transmission products.

The acquisition of Norway's Rotek strengthens Nomo's already strong position in the nordic bearing market. Rotek supplies bearings, power transmis-

sion, seals and related services, along with technical expertise.

Ola Erlandsen, Rotek's former owner and founder, stayed on as managing director after the purchase so he could continue to move the company forward. He says: "Applying the Nomo business model and portfolio allows us to develop and strengthen our concept in the Norwegian market."

MAK AANDRIJVINGEN

At your service

MAY 2018 A high level of service lies at the heart of Dutch power transmission solutions specialist MAK Aandrijvingen's strong market position in the Netherlands.

A provider of chains, belts, motors and reducers to OEM customers, MAK is now gearing up to grow further after joining Axel Johnson International.

As well as customer service excellence, MAK prides itself on efficient logistics and close supplier partnerships.

Gerard Klinkhamer, MAK's Managing Director, says he sees exciting growth potential ahead.

ROTERA KULLAGER

Growing together

FEB 2018 Growing the bearing business is a high priority for Nomo. The acquisition of Roter Kullager, a Swedish supplier of bearings, transmissions and seals, fits neatly into this strategy.

Nomo Group Managing Director Mattias Jaginder says Roter Kullager's loyal customer base and longstanding client relationships will help the two companies to grow collaboratively.

"Roter Kullager's strong local presence and competencies within our product areas mean that we can strengthen our offer to the market together."

PASSEROTTI

Polish presence gets a boost

AUG 2018 Passerotti, a niche distributor of technical seals and bearings in Poland, has extended our geographical reach in mechanical power transmissions by adding a significant presence in the Polish market.

Passerotti serves around 11,000 customers from eight locations in Poland. The company has 85 employees and provides a wide range of seals for multiple technical applications as well as complementary mechanical power transmission products.

Passerotti Managing Director Jacek Wróbel says joining forces with Axel Johnson International will create numerous new opportunities. "We're keen to share expertise and experience with our new sister companies," he says.

ARKOV

Bigger footprint in Power Transmission

JAN 2019 Power Transmission Solutions boosted its reach with the acquisition of a majority stake in Arkov, a leading Czech distributor of mechanical power transmissions.

Arkov, with 80 employees, is well known in the Czech Republic as one of the largest authorised SKF distributors.

"Thanks to Arkov, we are now authorised SKF distributors in four countries: Sweden, the UK, Poland and the Czech Republic," says Ola Sjölin, Managing Director Power Transmission Solutions.

Arkov Directors Jiri Urban and Martin Tichy both retain minority stakes and have stayed in their positions, ensuring continuity.

SVERULL FULLY TRANSPARENT SUPPLY CHAIN

Full transparency for key product data with both your vendor and customer is hardly the norm in the distribution industry. But component distributor Sverull is doing just that with ball bearing manufacturer SKF and a large Swedish industrial customer.

The three-way project is the first time SKF has shared such data with any distributor and vice versa. This novel and innovative approach to component supply chain management offers major benefits to all sides.

The project is the fruit of many years of close cooperation and trust built over time with suppliers and customers. By prioritising the introduction of digital business support systems and sensor technology – a strategy supported from the very top – Sverull has put itself at the industry forefront.

Hans Ringkvist, Logistics and Purchasing Manager, explains that a tracking system monitors every SKF bearing installed in the customer's machinery. If the bearing malfunctions or needs imminent service, all three parties are auto-notified immediately.

Because the tracking system knows the condition of all the customer's bearings, maintenance can be scheduled better, allowing all three partners to reduce their stock.

"The customer can see directly if we have the replacement item or if SKF has it, or if SKF needs to produce it. Then they can plan their service downtime accordingly," Hans says.



"It's easy for the customer to plan their production, for SKF to plan their manufacturing and for Sverull to ensure supply and service," says Sverull Key Account Manager Per Helgesson (left), pictured here with Customer Service Manager Martin Wallgren.

Per Helgesson, Sverull Key Account Manager, says notifications are made by email at this stage but in the near future access will be via a mobile app using bespoke QR codes fitted to each bearing.

"When removing the bearing the customer sends it back to SKF and they use the QR code to analyse what went wrong and to

see if it can be reconditioned. The next time a similar bearing wears out, the customer receives two alternatives: buy a new one or a reconditioned one."

Per adds: "It avoids SKF producing too much stock, it avoids Sverull holding too much stock and it allows the customer to reduce its stock. It's the ultimate supply chain." ■

TOP
MARKS!

LIFTING SOLUTIONS

HEIGHT
SAFETY IS
IMPORTANT
BUSINESS
TO US. ”



RALF WIBERG

Strong organic growth is proof that your customers like what you are doing, says Lifting Solutions Managing Director Ralf Wiberg. But it is also important to be able to serve them in the location – and on the platform – of their choosing.

How did Lifting Solutions perform in 2018, and why?

“After some challenging years for the oil and gas industry, which is an important sector for us, we were pleased to see the market finally bottom out and even show some embryonic growth. Elsewhere in the business, markets were quite strong, which allowed us to capitalise on our network. Organic growth was healthy, which is proof that customers appreciate what we have built up over the years! We also made two exciting acquisitions. The addition of Rema in the Netherlands is interesting because it takes us further into the wholesale part of the value chain. AMC Instruments gives new insights and opportunities in IOT and condition monitoring of steel wire ropes.”

Will your acquisitions become more international as your customers globalise?

“In general, our customers tend to make local purchase decisions, but in the wind power and oil and gas industries we have customers that operate globally and ask us to support them across a wider area. To make sure we are relevant for these customers we need an organisation that accommodates their needs and can agree on contracts and service commitments across company borders. Eventually this may lead to us targeting acquisitions outside Europe, but in many cases it's a question of working with partners and talking to decision-makers wherever they might be.”

Where do you see your main opportunities being in 2019 and beyond?

“Height safety – the protection of people working high above ground – is an area with an attractive growth rate. Local authorities are putting more focus on enforcing existing rules and regulations, which is driving demand for height safety products. Digitalisa-

tion is another area. We have developed a website platform for our companies prepared for e-commerce opportunities and are also testing a customer portal solution. On top of that we have SCM Citra and a number of supply chain and private label initiatives in motion which, together with the addition of REMA, holds considerable opportunity in the coming years.”

What are your primary challenges?

“We are very dependent on getting the right personnel and competence in place. One test we face is finding enough service engineers with the right skills. Also, digitalisation puts new challenges on our sales organisation as it will change the way part of the sales process takes place. We need people who are good at managing sales in this way – and attracting them is a priority area for us.”

ABOUT:

The companies in the Lifting Solutions business group provide safe and efficient lifting and height safety solutions in the energy, offshore and industrial sectors. Lifting Solutions comprises 23 companies and 1,380 employees.

You're probably familiar with how magnetic imaging can detect muscle or tendon tears. But did you know that similar methods can be used to diagnose the health of steel wire rope? **AMC Instruments** makes the world a safer place.

HIGH EXPECTATIONS IN THE WIRE BUSINESS

ACQUISITIONS
2018

Ski-lifts are a natural application area for AMC Instruments as high safety standards are required to keep users safe.

Our new Italian acquisition AMC Instruments uses advanced magnetic inductive sensor-based technologies to test steel wire ropes. Its equipment and connected solutions hold considerable potential in an industry that traditionally has relied on visual inspections or on-site load tests.

AMC's non-destructive testing is growing rapidly in popularity among companies like Schindler Group, a world-leading manufacturer of elevators. One big advantage is that the tests can be used on coated or concealed ropes that otherwise cannot be inspected visually.

Cable lift and cable car operators also use AMC's equipment, along with companies in the naval and offshore industries. In these sectors, steel wire ropes play a critical role. Failure can cost downtime or even lives, so rope condition is crucial.

AMC joined Lifting Solutions at the end of 2018, making its technology available to the business group's companies and opening up new sales channels for AMC.

"AMC provides a unique type of service that's becoming increasingly relevant to our industry. Joining the group offers both AMC and the business group a lot of opportunities," says Claes Fredlund, Financial Director Lifting Solutions.

Market appetite for AMC's products is currently high due to the introduction of a new European standard for the inspection of wire ropes in certain applications.

"The fact that AMC uses remote sensors also raises the possibility of offering remote steel wire rope-monitoring services to new and existing customers," Claes says.

"The digitalisation aspect is very inter-

esting, and AMC can gain a lot of new opportunities by getting its products out through our network. It will enhance and expand their business."

Claes expects a lot of internal group interest in AMC's offering, adding: "There is potential for collaboration with quite a few of the Lifting Solutions companies because AMC's sensor technology is very objective and allows us to move away from more subjective visual inspections."

AMC was founded in 2007 as a spin-off from the Polytechnic University of Turin by a team of professors and researchers specialising in the testing of metallic bodies with magneto-inductive devices. The company both sells and rent its products to customers and offers related services.

Bruno Vusini, who is staying on as managing director following the acquisition, sees exciting times ahead.

"We're delighted to be part of the Axel Johnson International family," he says. "Lifting Solutions' strong market position in Europe will open up new opportunities and allow us to further develop our offering and expand into new regions." ■



"We think AMC can drive the future of rope inspection for Lifting Solutions," observes Claes Fredlund, Financial Director of Lifting Solutions.

AMC Instruments, originally founded by researchers from the Polytechnic University of Turin in Italy, uses advanced magnetic inductive sensor-based technologies to test the condition of steel wire ropes.



Top: AMC's largest MRT device in action, inspecting a 135 mm rope offshore

Left: This device, often employed to inspect elevator belts, is here being used to test a theatre multi-rope plant.

Below: AMC Managing Director Bruno Vusini using one of the company's mobile devices to inspect a zipline rope.



VIEW FROM THE GROUP

"AMC gives us access to know-how in non-destructive testing of our core product group – steel wire rope. The method used has been known in the industry for many years, but a reliable application of the method requires a close understanding of the technology. Recent changes in standards and

rules relating to rope testing have led to a surge in interest in this technology.

AMC has also developed special solutions for market segments with potential to support product sales. It is very advanced in remote condition control of wire ropes, which ties in closely with our efforts to develop our

service offering with new smart and efficient solutions. We'll make sure to use this knowledge to educate our organisation, give AMC exposure to our customer base and link AMC to our intelligent service development programme."

Ralf Wiberg, Managing Director Lifting Solutions





REMA Managing Director Jo Dullens checks a hoist body designed and equipped by Rema.

REMA

Spirit of cooperation

It took REMA just a matter of months after joining the group in 2018 to start forging alliances with group companies. This spirit of cooperation is already benefiting the Dutch hoisting and lifting specialist and our Lifting Solutions business group.

MAY 2018 "REMA brings a strong brand name and their presence in the group will help us to professionalise our private label activities," says Claes Fredlund, Financial Director Lifting Solutions.

REMA specialises in private label hoisting and lifting equipment. It earns 80 percent of its revenue from selling private label products to technical wholesalers under the REMA brand.

"With REMA we have a great opportunity to further develop our strategy in private label," Claes says. "They are really good at what they do and have an

excellent portfolio strategy. Their expertise will have significant ripple effects for us."

Already REMA has begun discussing cooperation with Haklift in Finland, which itself has a strong private label assortment of lifting, load securing and material handling products.

Early in 2019, the two companies sat down with representatives of Powertex (Lifting Solutions' group-wide private label brand) and SCM Citra to discuss ways to work together and harmonise supply chains.

"REMA has only been with us for a short time, but it's remarkable how quickly they have integrated into the group," Claes says.

"Before REMA joined us, private label sales accounted for a few percent of our sales. Our target is to reach 20 percent by 2021 and we're working towards that."

According to REMA Managing Director Jo Dullens, the advantages flow both ways. "Being part of Lifting Solutions will allow us at REMA to widen our product range and strengthen our market concept, as well as expand into new regions," he says.

Logistics is another area where REMA is adding value. Its location in Maastricht in the Netherlands is perfect for distribution of products throughout Europe. Indeed, SCM Citra is now setting up a central warehouse close by to benefit from synergy effects. The two companies plan to share some resources, including personnel and inventory space.

REMA's location makes an ideal logistics hub, according to Claes. "SCM Citra will benefit from being close to REMA while setting up its operations. It's a great support for SCM Citra."

SCM CITRA COMPLIANCE SCIENCE

At Lifting Solutions the philosophy is to deliver products that eliminate risk rather than simply reduce it. Extending this mindset to the supply chain is creating joint benefits for group companies and driving local improvements.

Even though the larger part of the Lifting Solutions offering comes from premium suppliers with leading brands, the business group also sources part of its product range from independent manufacturers. Because the majority of these are located in China, it was logical to focus on Chinese suppliers when deciding to address potential business risks in the supply chain.

A wide-ranging strategy is being implemented to ensure compliance with product quality and sustainability standards throughout the supply chain. An initiative that target non-branded and private label products sourced around the group.

"We are auditing suppliers for compliance with environmental and social responsibility. We set high standards and accept no compromises," says Jorma Tuominen, Managing Director of SCM Citra, a new company created to coordinate Asian supply chain management with a local presence.

SCM Citra is also assuring the quality of the products



Jorma Tuominen, Managing Director of SCM Citra.

Lifting Solutions sources and making sure they comply with European norms.

"Again, there are no compromises," says Jorma.

To be successful, suppliers must be inspected and audited by a local SCM Citra team in Ningbo, near Shanghai. ■

TOP
MARKS!

HAKLIFT TURNAROUND IN KAARINA

After some testing years of falling sales and margins under pressure, Finland's Haklift has transformed its fortunes. Profits hit an all-time high in 2018 and sales are up. Now the focus is on new markets in Eastern Europe.

Based in Kaarina on Finland's southwest coast, Haklift is a leading Finnish distributor of lifting, load securing and material handling products.

But for several years this position was under pressure from a slowdown triggered by the 2008 financial crisis. "We lost our focus on the most important thing of all – serving the customer," admits Jussi Tienaho, Haklift's Managing Director.

After a period of recovery, Jussi

took over the reins in 2017. Since then the company has posted two successive years of double-digit sales growth and also reported record 2018 – a development that he attributes to the team for its hard work and the foundation laid by former Managing Director, Jorma Tuominen.

So how did Haklift bounce back? "We rediscovered our customer-focused identity, improved our logistics and became more cost-efficient. We're also more proactive in sales," Jussi says, adding that the company received strong backing from the group.

Instead of focusing solely on cutting costs to improve earnings, the group supported Haklift



Managing Director Jussi Tienaho in Haklift's showroom.

in reconnecting with customers and boosting sales – an approach that has now borne fruit.

Haklift has been selling to Russian customers for two decades and has a four-person team in Bulgaria. Looking ahead, expansion into new markets – notably Ukraine, Belarus and Romania – is in the pipeline. ■

FLUID HANDLING SOLUTIONS

WE ARE
EXPANDING
OUR
HORIZONS
EVEN
FURTHER. ”



“We’re at the start of a global growth journey, and it’s a journey that’s energising our entire team,” says Ole Weiner, Managing Director Fluid Handling Solutions and CEO of AxFlow Group.

How would you summarise 2018 at AxFlow?

“It was a strong year for us across Europe, with organic growth in order intake of 16 percent as we clearly took market share in all segments. Our success is thanks to our strong local teams with stable organisations and high levels of competence that are excellent at retaining staff. We seldom lose good people. By investing in the team and developing our skills through training we continue to gain market share every year. We also acquired three important service companies in France, Italy and the UK, and took a big step outside Europe with the acquisition of Brown Brothers Engineers and Kelair Pumps in Australia and New Zealand – a new continent for us to grow in.”

What is your motivation for moving beyond Europe and onto the global stage?

“It is a natural move because we are the market leader in positive displacement (PD) pumps and expanding our horizons to the global level through market-leading companies will enable us to develop new opportunities. We see great potential in our existing global markets – South Africa, Australia and New Zealand – but also in others, so there’s more to come.”

Where do you see the main opportunities up ahead?

“Our knowledge of systems and customer processes makes us perfectly positioned to develop energy-efficient systems for all our customers, and this is a priority area. We also want to be number one in service in all our markets. Our ability to ship pumps from our central stock anywhere in Europe in 24 hours gives us a huge competitive advantage that we intend to maximise by working with our service entities and developing them step by step so

we take market share. Alongside that, we will seek to acquire additional good service companies with fully equipped service workshops that can handle all types of pumps so customers see us as their ideal service partner.”

Digitalisation is another focus area. What actions are you taking?

“We have a whole range of initiatives – from increasing our web-based support and services to developing a preventive maintenance concept facilitated by remote monitoring solutions in our pumps. This is an area of huge potential where we are well placed thanks to all our acquisitions and strong service companies.”

ABOUT:

The Fluid Handling Solutions business group comprises the AxFlow group. AxFlow companies supply pumps, valves, equipment and know-how for reliable transfer of everything liquid – from beer to concrete. AxFlow consists of 34 companies and has a total of 970 employees.

RDC Productions' expertise in breathing new life into products through specialist service has helped to raise AxFlow France's sustainability ambitions to the next level.

“
SUSTAINABILITY
TO US
IS TO DO THE
SAME BUSINESS
– BUT IN A
BETTER WAY.”

Sustainability is a top priority for Guillaume Chanay, Managing Director of AxFlow France.

ACQUISITIONS
2018

Driss Chaibi prepares refurbished heat exchanger plates for their return to the customer.



Making his way across the factory floor, RDC Facility Manager Cédric Leroy stops to pick up a large stainless steel sheet. The plate, from an industrial heat exchanger, is being serviced at AxFlow France's RDC plant near Évreux in Normandy.

"We clean the plates and test them for the tiniest cracks or holes," says Cédric, running his eye over the plate. "It's vital to detect even the smallest perforation. If a plate leaks it can contaminate the customer's production and cause major problems."

RDC's customers range from baby food producers to the makers of Boursin cheese. They also include 55 French nuclear power plants, which use RDC-serviced heat exchangers in their cooling water systems. Safety and hygiene are non-negotiable in these industries. Cleaning and reconditioning heat exchanger plates is a critical job. It is also naturally sustainable.

"What could be more sustainable than giving a second life to machinery —>

RDC Productions reconditions and cleans industrial heat exchangers and homogenisers for industries ranging from nuclear power to cheese production.

RDC Facility Manager Cédric Leroy sees new opportunities for his staff after the acquisition by AxFlow France.



Yannick Georgeau loads heat exchanger plates into the cleaning robot.



WHAT COULD BE MORE SUSTAINABLE THAN GIVING A SECOND LIFE TO MACHINERY THAT OTHERWISE WOULD BE SCRAPPED?

Guillaume Chanay says sustainability is good for people, planet – and profit.

that otherwise would be scrapped or replaced?” asks Guillaume Chanay, Managing Director of AxFlow France.

Building on this sustainable value proposition, AxFlow France wants RDC to develop a leading production concept in this area.

It takes a lot of energy to clean a heat exchanger, and a lot of water. “We want to take it a step further and bring the entire process closer to being sustainable – from start to finish – and produce that energy and water in a green way,” Guillaume says.

The first step is for RDC to become

self-sufficient in renewable energy by 2020. A geothermal heating unit is to be installed, and the factory will be equipped with solar panels to ensure that all energy is produced on site. Also, RDC aims to meet at least half its water needs from recycled rainwater collected from its roof.

Meanwhile, Cédric is exploring the new opportunities that RDC will enjoy as an AxFlow France subsidiary following its acquisition by the group in 2018.

Cédric, RDC’s former CEO, points out that the two companies have different but complementary businesses.

“Heat exchangers are a new product →





RDC IS WELL KNOWN IN THE CHEESE INDUSTRY, AXFLOW IS BIG IN WINE. THERE'S LOTS OF POTENTIAL.



Being part of a larger group offers business growth and also new career paths for employees.



for AxFlow France and pumps are a small product for us, so we will open doors for each other," he says. "RDC is well known in the food and dairy and cheese industries, while AxFlow is big in wine and general industry. There's lots of potential."

The merger with AxFlow France's national service network will make life easier for RDC service staff, who currently spend long hours on the road crisscrossing France.

Being part of a larger group also offers improved investment possibilities and career paths, Cédric says.

"It will be easier to offer people advancement and progress within the group." ■



VIEW FROM THE GROUP

"The addition of RDC has strengthened AxFlow's ability to serve our customers in France. RDC is very strongly positioned in the French market when it comes to providing service to sanitary customers, which is a key segment for AxFlow group in Europe.

RDC's specialist knowledge of heat exchangers,

homogenisers, pumps and valves – and their excellent and experienced service team – are tremendous assets that will benefit the group.

Certainly, AxFlow France's expertise in the food industry, our strong product portfolio and our experienced sales force, with nationwide coverage

in France, fits really well with RDC's service acumen. This combination gives us an even stronger offering to the sanitary market in France and creates more value for our customers."

*Ole Weiner,
Managing Director
Fluid Handling Solutions,
CEO AxFlow group*



We took a leap overseas and made our second acquisition outside Europe. Our new friends are most welcome!

BROWN BROTHERS ENGINEERS AND KELAIR PUMPS

Down Under wonder

SEP 2018 AxFlow's acquisition of Australian and New Zealand pump distributors Brown Brothers Engineers and Kelair Pumps marks an exciting breakthrough for the group in a new market, paving the way for future growth in the Southern Hemisphere.

The phrase "a perfect fit" has become almost a cliché in business acquisition contexts. But in the case of Brown Brothers and Kelair, the description really holds true.

The market-leading distributor of positive displacement and centrifugal pumps in Australia and New Zealand is an ideal partner, according to AxFlow group CEO Ole Weiner.

"We're so excited to have them on board. We both share a family culture and similar mindset. They have a no-nonsense approach and get things done. Like us, they're very close to the market and have no room for organisational hierarchies. Everything's centred on solving the customer's problems," Ole says.

The acquisition is the second step outside Europe for AxFlow and Axel Johnson International after the addition of AQS in South



Africa in 2016.

Increasingly, Ole says, AxFlow will operate and grow globally. "We've reached the point where we have explored most of the possibilities in Europe. We have a strong strategy and business model that's proven to be valued by our customers."

He adds: "AxFlow works closely with major multinational companies and we know they are keen for us to provide them with the same level of service globally."

Former Brown Brothers owner Ted Mace believes AxFlow's long-term ownership view and strong values mean the company is in safe hands. "We're excited about the new opportunities for the group, for employees and for our customers that we now see ahead of us," he says.

CINTI

Enhanced pump service in Italy

FEB 2018 Our Italian footprint took a step forward with the acquisition of Cinti, a centrifugal pump installation and service provider.

From its headquarters in northern Italy, Cinti serves customers in the municipal water, irrigation, agriculture, water treatment and fire protection sectors.

The company is an authorised service centre for many well-known brands of water pumps used in civil and industrial applications.

Being part of a larger group has major benefits, says Cinti Managing Director Marco Cinti. "We have a wider portfolio now."

CREST PROCESS ENGINEERING

Crest joins AxFlow UK

OCT 2018 AxFlow's UK headcount has grown to 95 people with the acquisition of Crest Process Engineering, a vendor of pumps, spares, systems, ancillary equipment and service/repair in south-west England and South Wales.

Crest's strong regional presence in fluid handling and service support complements AxFlow UK's four service and repair centres.

PUMPEN KARRER

AxFlow Germany extends portfolio

FEB 2018 Pumpen Karrer advances our offer in Germany through broader expertise in industrial equipment repair and maintenance, especially of pumps.

The company specialises in products for the chemicals, food and beverage and building and construction sectors.

AXFLOW FINLAND
CHANGE AGENTS

The ability and agility to embrace changing industrial realities helped AxFlow Finland to enjoy another strong year in 2018, according to Managing Director Sami Salonen.

"In the power industry, for instance, the established companies are changing their business models towards renewable energy like biofuels. We are adapting with them," Sami says.

To be part of that transition, AxFlow Finland has sourced new centrifugal pump technologies that are suitable for power industry applications and developed employee's knowhow.

"We have been very strong in chemicals and petrochemicals and I don't see that changing, but we've developed excellent products for the power industry and see good growth there," Sami says.

"AxFlow Finland's ability to adapt to change is down to its people," Sami observes. "All our salespeople having an engineering background and typically 12 years' experience of pump sales. They are also perceptive to customer needs and innovative. These are key success factors," he says.

Looking ahead, Sami anticipates deeper cooperation with local AxFlow companies in the Baltic states and Sweden. ■

TOP
MARKS!AXFLOW UK
A CUSTOMER'S BEST FRIEND

AxFlow UK aims to be as close as possible to its customers. That is best achieved by having a local presence, says Managing Director Tony Peters.

In a competitive sector like fluid handling, customer service is the alpha and omega of business success. In 2018, AxFlow UK made strides to ensure it meets as many customers as possible face-to-face.

In northern England, the company's pump repair business is going so well that it will soon expand to a new greenfield site.

"We are very successful in Huddersfield, so clearly it is worth investing in moving to bigger premises to support the growth in business," Tony says.

Indeed, Tony says the company is growing nationwide due to the AxFlow UK recipe of a close focus on solutions and providing top-level service expertise through a local presence.

"It's all about strong one-to-one relationships with customers and the ability to offer absolutely first-class technical support."

The company, which in 2018 moved its headquarters to larger offices in Slough outside London, is actively seeking opportunities in the Liverpool and Glasgow areas.

Also, during the year AxFlow UK established a base in Radstock, giving it a footprint in the southwest of the country. Already it is looking to add a second service engineer to its team there.

Meanwhile in the northeast county of Durham, the company has moved to a new, larger facility where it is investing in a hygienic clean room dedicated to sanitary repairs of pumps used in food and beverage production and similar industries. The facility will also recycle mechanical seals through repolishing.

"More and more customers want us to do repairs locally," Tony explains, adding that AxFlow UK is keen to offer a conditioning monitoring service whereby it fits sensors that allow it or the customer to monitor pump health both remotely and on-site.

"We can remotely monitor pumps and alert the customer if we detect any problems." ■



This Archimedian screw pump is based on an original design by Archimedes around 250 B.C. Removed, reconditioned for a further 25-year service life and reinstalled by AxFlow UK's Geoff Hall, it helps protect the city of Hull from flooding.

INDUSTRIAL SOLUTIONS

THIS IS OUR GREENHOUSE FOR NEW BUSINESS PLATFORMS. ”

MARTIN MALMVIK



HANS GLEMSTEDT

The year was one of change at Industrial Solutions. The business group spun out the Power Transmission platform into a new business group and made its first acquisition in industrial automation. Martin Malmvik, Group CEO and Head of Industrial Solutions, and Hans Glemstedt, Head of Group Strategy and M&A, explain.

What do you see as the main highlight for Industrial Solutions in 2018?

Hans: "The elevation of Power Transmission Solutions into a standalone business group was a big moment. Power Transmission had achieved the organisational maturity and critical mass to be its own group and we were delighted to see them take off. For us, this is a golden example of how we at Axel Johnson International nurture and develop business platforms."

What are Industrial Solutions' strategic priorities now?

Hans: "Industrial Solutions is our greenhouse for new business platforms. Its role is to develop

companies operating in new niche markets with high potential, while building them into platforms with the scope over time to become independent business groups. One important priority is to continue to develop the mobile driveline solutions platform."

Mobile drivelines has performed strongly in recent years. How good was 2018?

Martin: "Mobile driveline sales have increased by more than 600 percent in just four years, primarily driven by add-on acquisitions but also by strong underlying demand – and 2018 was no exception. We had another excellent year and saw how the structure and long-term approach of our companies provides good support for customers and suppliers alike. At the same time, we also experienced the downside of a booming market, with long delivery times from some of our key suppliers."

Did you make any acquisitions in mobile drivelines?

Martin: "We added two new companies – Marine and Industrial

Transmissions and AtZ Marine Technologies, following the acquisition of Marindus Group. These UK businesses share suppliers with Trans-Auto companies and their Norwegian sister company Progress, a crossover that gives us an advantage and will strengthen our relationship with important partners and add expertise and experience to the group."

You also made an interesting first acquisition in a new business segment – industrial automation?

Hans: "Yes, we acquired OCS Overhead Conveyor Systems, a Swedish specialist in overhead conveyor systems and industrial automation. This is an embryonic first step into industrial automation, which is an attractive niche with good development potential in Europe. OCS has good growth prospects on its own, but we also hope to be able to acquire more companies in this niche area over time."

ABOUT:

The Industrial Solutions business group builds and develops industrial platforms within strategically selected niche areas. Its companies are experts and problem-solvers in three main business segments: mobile drivelines, industrial automation and industrial services. The group comprises 12 companies and 330 employees.

IOW Service's circular business model is good for customers and great for the environment. "Imagine the resources we save by doing things this way" says Managing Director Andrzej Karpiak.



WE REMOVE,
WE REPAIR,
WE REPLACE
— TIME AFTER
TIME.

Andrzej Karpiak is proud of IOW Service's role in keeping Poland's mining industry running. He welcomes back returning equipment like an old friend.

TOP
MARKS!



Andrzej Karpiak crouches over an oil-spattered transmission and reads the delivery note. “This one’s just come in. We last reconditioned it in 2013 and now it’s back with us again,” he says proudly.

Service technicians at the IOW Service plant in Lower Silesia, Poland, will fix the drive and put it into storage, ready to go when the customer’s next unit needs replacement or service.

“It’s amazing, the core of these transmissions was designed in the 1940s and they still work. Imagine the resources we save by doing things this way,” says Andrzej, IOW Service Managing Director.

IOW Service, which joined the group in 2017, services equipment for multiple industries. But its biggest customers work underground, in Poland’s vast copper and silver mines.

The transmissions, axles, brakes and gearboxes that IOW Service refurbishes are for loaders, dumpers and drilling equipment that work up to 1.4 kilometres underground in testing conditions.

Located beneath salt fields, the mines in Lower Silesia are characterised by saltwater leakage that corrodes machinery. On top of that, temperatures underground reach 40°C.

“You need to understand the needs of the miners and the demands on the machines. Everything must be protected from the saltwater,” says Andrzej, who was a machine designer before co-founding IOW Service in 1993.

His love of industrial design came from his father, who is in his 80s and still advises his son on specialist projects.

“Some people collect postage stamps, others climb mountains. I fell in love →

IOW SERVICE is a leading supplier of mobile driveline solutions. Its customers are primarily in Poland, and the company is also present in Ukraine and Bulgaria.

“A typical competitor can repair and refurbish about two units a week. When I tell others we do nine a day, they don’t believe me,” says Andrzej Karpiak (far right).

IOW Service mechanic Tomasz Kowalski works above and below ground repairing and servicing mining equipment. Here he is removing washed parts and preparing them for assembly.



DIGGING BELOW THE SURFACE

- Polish copper deposits come from the fossilised shells of sea creatures dating back to when Poland lay submerged beneath the sea billions of years ago.
- IOW Service machinery must withstand temperatures of 40°C and constant exposure to salt water.
- Europe’s biggest goldmine is in Bulgaria – and an IOW Service customer





WE HAVE
YOUNG, BRAVE
PEOPLE
IN THE TEAM
WHO WORK
VERY HARD
AND IT BRINGS
RESULTS.

Andrzej Karpiak is proud of his skilled young team of mining equipment service engineers. University graduate Krzysztof Komarnicki (right) is one of them.

with underground machines,” Andrzej chuckles.

He explains that underground machinery in Poland’s copper mines runs nonstop, 24 hours a day. In such conditions, equipment may last for 5–6 years before needing repair or overhaul.

To cater for customers’ round-the-clock shifts, IOW Service keeps a complete stock of refurbished components and machines. When equipment malfunctions, technicians replace it immediately.

It started eight years ago, when a key customer approached IOW Service asking for 24-hour replacement in the event of a machine breakdown. Initially sceptical, Andrzej and his team sat down and devised a solution that gives customers instant access to replacement machines.

“My first reaction was ‘this is impossible’. But we wanted to solve the challenge. Now the customer doesn’t have to buy a new machine when a transmission breaks. They come to us, take a reconditioned machine and we repair the broken one.”

IOW Service serves some of the biggest companies in the mining industry and other industrial sectors, including multinationals like KGHM, Poland’s largest mining group, and Dana Inc., a US maker of axles and driveshafts for underground vehicles.

It is a highly competitive industry in which top-level customer service and technical knowledge make all the difference.





IOW Service's technicians need around two years of full-time training – on top of university studies – to be able to do the job with full productivity.

“The reliability of your work and your components has tremendous meaning,” Andrzej says. “Customers only accept a very good supplier and top-class components.”

This shows in IOW Service's performance. Profits hit a record high in 2018 and Andrzej says the company's annual growth has been double-digit or very close for several years.

“It's very difficult in this industry to grow every year, but we manage it thanks to an enormous effort by our people. We have young, brave people in the team who work very hard and it brings results. Everybody is involved.”

Andrzej is confident that IOW Service will continue to expand as part of Axel Johnson International. In mining, the company is eyeing opportunities in the Balkans and Bulgaria, where it already has business operations.

It has also begun collaborating with fellow group company Trans-Auto in Södertälje, Sweden, and plans to expand its non-mining operations considerably, for instance servicing off-road machinery such as harvesting machines, dumpers and excavators.

“It's an enormous field that we can reach in the future through the efforts of our wonderful team of people,” Andrzej says. “I always say the biggest treasure of any company is its people. If you have good people you can develop and grow. They are the key.” ■

Service technician
Roman Ławiński
assembling a
differential.

Axel Johnson International

OCS OVERHEAD CONVEYOR SYSTEMS

Entering industrial automation

JAN 2019 Industrial automation is a new market segment where the group now has a presence following the acquisition of OCS Overhead Conveyor Systems.

OCS is the first member of a new potential platform that Industrial Solutions aims to build into a strong pan-European player in industrial automation.

“This is a milestone investment for us,” says Axel Johnson International CEO Martin Malmvik. “We see considerable growth potential and will work closely with the management team to support them.”

To oversee the journey, Martin is the new chairman of OCS, which has annual sales of EUR 10 million. Management has also retained a minority stake, creating the right conditions for the ambitious growth journey to start.



Assembly line for car front-end modules.

MARINDUS GROUP

Mobile drivelines roll onward with Marindus



DEC 2018 UK-based Marindus Group (MG) is the latest new-comer to the mobile drivelines platform – and a strategic acquisition that expands our geographical reach. The group consists of two companies: driveline specialist Marine and Industrial Transmissions (MIT) and AtZ Marine Technologies (AtZ).

MIT specialises in designing, supplying and installing custom-made solutions for marine and industrial driveline systems in the UK and Ireland. It is a renowned expert in its market,

and has close relationships with leading industry suppliers such as Twin Disc and Transfluid.

AtZ provides engineering and consulting services for above- and below-the-waterline components. It is a small but rapidly growing solutions provider in UK and Ireland markets.

Joining the group is a landmark development for both companies, according to MG's Managing Director, John Logue. “With Axel Johnson International's support, MG now has significant growth potential”, he says.



Our talented and ambitious people
are our most precious asset.

TAKING
CARE OF
PEOPLE

THE TAP RUN ON



Successful leadership tomorrow means nurturing future talents today. That's where **TAP**, our new development programme for young leaders, comes in.

TAP – or the Talent Acceleration Programme, to give its full name – develops the skills and expertise of young individuals across the group who have the potential to take on leadership roles within the organisation.

Launched in autumn 2018, it is structured to help participants maximise their capabilities and to create a strong pool of good leaders for the future.

“Axel Johnson International operates in 27 countries but many of our companies are small, which can make talent attraction and retention quite challenging,” explains Hans Glemstedt, Head of Group Strategy and M&A.

THIS IS TAP

A programme consisting of six modules held over 18 months in different European cities including Stockholm, Düsseldorf, Paris, Prague and Amsterdam.

Programme modules are tailor-made. The first TAP intake – in September 2018 – consisted of 16 people from all business groups and from 10 nationalities.

“TAP is our way to give younger people, especially, who want to move into executive positions a growth path within the group.” Participants receive training

and coaching to build their skills and expertise in key areas including leadership, negotiation skills, project management, business acumen and sustainability.

“It's an instrumental way for us to attract, develop and motivate the next generation of executives and technical specialists across the group in sales, logistics, marketing, finance and engineering. It is crucial for us to ensure that people stay on and are fit to take on new roles when the opportunity arises,” says Hans, who is a driving force behind the programme.

Emma Ekenstedt, Project Manager HR, adds: “You get the op-



WE PROVIDE THE FOUNDATION FOR THE INDIVIDUAL TO BUILD ON.

portunity to build your network and it opens up a lot of new possibilities. Many of our companies are small, and it can be difficult to provide such training and personal challenges locally. So, when a new position is made available we know where first to look for new candidates.”

Participants do not have to be in managerial roles but should be thought of as a leader-in-the-making.

“We provide the foundation for the individual to build on,” Emma says.

“We hope they see it as a door opener to achieve their objectives and move forward with their careers.” ■

SCOTT WILCOX SHOWING OTHERS THE ROPES

Scott Wilcox's ability to get the best from people throughout his organisation made him an ideal – and popular – appointment as Managing Director of Certex UK in 2018.

Scott joined Certex in 1999 aged 20 as an internal sales representative and has grown professionally and personally with the company ever since, becoming first a team leader and then taking on various management positions before becoming MD.

"I'm very fortunate to have worked with a good group of people around me and I think getting the best from your reportees,

often those who don't report directly to you, is where I've been most successful," Scott says.

In his two decades with the company, Scott has seen Certex UK evolve and grow and optimise its service to larger customers. Certex, which joined the group back in 2008, provides lifting solutions and services to industrial companies in sectors such as oil and gas and renewables.

"I aim to ensure we have people with the right skills in roles that need those skills, and we offer the training and development opportunities for people to fulfil their potential," Scott says.

Certex, he explains, is an



employee-focused company with a strong culture that helps bind people together.

"We're very fortunate to be part of a group that shares our core values. The cultural side of the organisation is very important and we should never lose sight of it." ■

ALEKSANDRA IZBIAŃSKA LEADER IN THE MAKING

Aleksandra Izbiańska had just completed an international business degree at Wrocław Business School and was learning Russian when IOW Service in Poland recruited her to its spare parts department.

Many of IOW Service's foreign customers are based in the Ukrainian market and speak little or no English. Russian language skills are a big advantage. Aleksandra became a financial analyst and at the end of 2018 she was promoted to financial manager aged just 26.

"Since joining the group in 2017, IOW Service is now an international company. That's the most interesting and enjoyable aspect



for me," she says. "Following the acquisition I also take part in board meetings, which is very interesting and challenging. We're changing in a nice direction."

Aleksandra is also among the first intake of the Talent Acceleration Programme (TAP). "Meeting people from new cultures and finding out how business works in different parts of the world is fascinating," she says. "I'm develop-

ing my leadership and negotiation abilities but also my communication and soft skills. I'm a shy person, so this is helping me develop as a leader."

According to Aleksandra, IOW Service and the group make a perfect fit as both stand for strong values and a family environment.

"I have many friends working for other companies and they don't have the same values," she says. ■

ELIN LETTERBLAD SUSTAINABLE TODAY AND TOMORROW

Long-term sustainability means being far-sighted – a core value for the group. Elin Letterblad, Group Sustainability Manager at AxFlow, is a member of the sustainability team at Axel Johnson International that drives progress in this area.

Sustainability is not an option but a business essential, according to Elin. "We see rising customer demand for sustainable solutions. If we cannot meet them, we will simply lose business," she says. "It's about making sure we're successful today and tomorrow."

At AxFlow, Elin leads the development of key performance indicators for sustainability and inspire group companies in developing more sustainable business practices. To ensure responsible supply chains of private label products, is another focus area.

Elin started out as a trainee at Axel Johnson International in 2013, becoming marketing manager for AxFlow's southern region. Her personal commitment to sustainability issues led her to take growing responsibility for the group's sustainability work and into her current role.

Elin is also participating in a project to make sure AxFlow is not involved in producing or using products that might be harmful to the environment or humans. The project is conducted in close cooperation with the supplier, the target is to eliminate potential hazardous substances. Initial results have been encouraging.

Elin says. "The project has taught us a lot both about our supply chain and the product itself." ■





SARAH GIRAUD SECURING SAFETY

Protecting people at work is an issue that's close to Sarah Giraud's heart. After Traction Levage joined the group in 2016 Sarah's health and safety work was expanded into a new safety ambassador role.

As safety ambassador, Sarah is responsible for spreading best practice throughout the Lifting Solutions business group. It's a challenging position, not least because it involves embracing cultural change.

Sarah knows; she has already made the journey.

"When I joined Traction Levage in 2011, there had been no safety manager before me. Everything – from management systems to operational structures – had to be

created," she says. "Our job cannot be learned from books or school, so training new employees is crucial."

Both the company and Sarah herself have come a long way. At Lifting Solutions, Sarah is responsible for running the group's safety forum that ensures experiences and best practice in safety work and risk assessment are shared among the companies.

"Behaviours are progressively changing," Sarah says proudly. But patience is still required, she adds.

"We need to explain the what, how and why – and repeat it again and again," she advises. "And share your experiences. Getting people involved in finding the solutions is essential." ■

GUILLAUME CHANAY: YES WE CAN!

A journey to his Indian-born wife's homeland provided the inspiration for Guillaume Chanay's desire to work actively towards a more sustainable future.

"I saw how things are changing in India and thought we need to be doing more here, in our part of the world," says Guillaume, who was appointed AxFlow France Managing Director in 2018 after 20 years with the company. "People see the news and recognise the urgency of climate change. They really want action."

His mission now is to introduce new programmes that will enable AxFlow France to do its bit to offset climate change through reduced energy use and environmental excellence.

"Sustainability is an opportunity to do the same business but in a better way," he explains.

First up is an energy self-sufficiency programme at the newly acquired RDC facility (see pages 54–61). Guillaume says: "We want to lead the way in our industry. The challenge is a huge one, but we say 'Yes we can.'" ■



PÄR JOHANSSON EAGER FOR NEW CHALLENGES

"I've never tried that before, so I'm quite certain I can do it," said Pippi Longstocking, the super-strong heroine of the Swedish children's storybooks. It's a quote that strikes a chord with Pär Johansson.

Pär, Managing Director of Transport Solutions company Ro-Ro International, sees learning new skills as the secret to career development. As he points out, you can't develop new capabilities if you don't try new things.

"I remember when I held my first real customer meeting on my own without any prior experience and managed to sell our products with my own marketing material. It was a great feeling," he recalls.



Pär, who joined the group as a trainee in 2013, has progressed to MD in less than six years. He attributes his development to good people and luck.

"I've had good managers who've believed in me and a bit of

luck with the timing of new opportunities," he says. "But of course I've also been very open to new challenges and accepted all the ones I've been given, even though they've required me to move and work in new locations."

Pär has held several different roles at Transport Solutions companies, including project manager, sales manager and business controller.

"I've had the opportunity to work for three different companies in the group so far and Ro-Ro is my fourth," he says. "I strongly believe that at the start of your career you should try to develop your skills as much as you can to be relevant for as many positions as possible in the future." ■

MARCUS ÅKERBERG TAKING KNOWLEDGE FORWARD

When Roter joined Nomo in 2018, Marcus Åkerberg was invited to join Nomo Kullager as Product Manager for Services and Special Products. Thanks to the acquisition, he's now enjoying a new career path.

"It's great," says Marcus, previously a Roter part-owner. "Joining a bigger group gives me an opportunity to develop my career in a completely different way than if we'd stayed as an independent company."

For Marcus, this came at an ideal time in his career. The new owner, he says, has not only recognised and rewarded his competence but also supports his development.

"Most of us at Roter have extensive experience of bearings, transmissions, seals and lubricants. But you can always take your knowledge forward," Marcus says.

"As Roter employees, we will all benefit from added job security and enhanced career opportunities."

Since the acquisition, Nomo has enabled Marcus to widen his knowledge by providing formal training to help him master his new areas of responsibility.

"My new job involves further developing Nomo's service offering with exciting products like condition monitoring," he says. ■



Business can't be done by numbers.
But numbers tell us how business is
done. Take a look.

FACTS AND FIGURES



SUMMARY FINANCIAL INFORMATION

Consolidated income statement

MSEK	2018	2017
Net sales	9,869	7,573
Cost of goods sold	–6,815	–5,229
Gross profit	3,054	2,344
Selling expenses	–1,983	–1,457
Administrative expenses	–749	–606
Other operating income	49	23
Other operating expenses	–15	–18
Operating profit	356	286
Interest income and similar income	24	40
Interest expense and similar charges	–54	–57
PROFIT AFTER FINANCIAL ITEMS	326	269
PROFIT ^{AX}	610	416

Key figures

MSEK	2018	2017	2016	2015	2014
Sales	9,869	7,573	6,604	6,481	6,499
Profit after financial items	326	269	281	269	277
Profit ^{AX}	610	416	378	362	392
Cash flow from operating activities	155	285	322	336	274
Return on capital employed %*	10	13	14	13	14
Average number of employees	4,094	3,282	2,944	2,655	2,637

*Excl. Effect on capital gains and loss

Sustainability KPIs

	2018	2017	2016
Absentee rate (%) time away from work due to incapability of any kind	3.5	3.3	3.6
Total number of work-related accidents per 100,000 working hours	1.4	1.2	1.1
Share of women in leading positions (%)	19	18	17
Total energy consumption per year (GWh)	22	21	21
Total energy consumption per year divided by net sales (MWh/MSEK)	2.9	3.0	3.1
Share of energy from renewable sources (%)	59	52	46

Sales and profit^{AX} per business group

MSEK	Sales 2018	Sales 2017	Change in %	Profit ^{AX} 2018	Profit ^{AX} 2017	Change in %
Lifting Solutions	3,130	2,744	14.1	163	124	31.5
Transport Solutions	1,889	1,452	30.1	172	140	22.9
Fluid Handling Solutions	2,163	1,693	27.8	178	140	27.1
Power Transmission Solutions	1,921	1,271	51.1	114	61	86.9
Industrial Solutions	796	429	85.5	75	19	294.7
Parent company and eliminations	–30	–16	87.5	–92	–68	35.3
TOTAL	9,869	7,573	30.3	610	416	46.6

Consolidated balance sheet

MSEK	2018 12 31	2017 12 31
ASSETS		
Fixed assets		
Intangible fixed assets	1,462	922
Tangible fixed assets	551	385
Financial fixed assets	102	87
Current assets		
Inventories	1,922	1,268
Current receivables	1,875	1,439
Cash and bank balances	296	308
TOTAL ASSETS	6,208	4,409
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	2,362	1,767
Minority interests	153	121
Provisions	328	300
Long-term liabilities	1,686	906
Current liabilities	1,679	1,315
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,208	4,409

Consolidated cash flow statement

MSEK	2018	2017
Cash flow from operating activities		
Profit after financial items	326	269
Adjustment for items affecting cash flow	430	231
	756	500
Income taxes paid	–187	–94
Cash flow from operating activities before changes in working capital	569	406
Cash flow from changes in working capital		
Increase (–)/Decrease (+) in inventories	–337	–93
Increase (–)/Decrease (+) in trade and other receivables	–143	–103
Increase(+)/Decrease (–) in trade and other liabilities	66	75
Cash flow from operating activities	155	285
Cash flow from (or used in) investing activities	–1,148	–477
Cash flow from (or used in) financing activities	969	295
Net change in cash and cash equivalents	–24	103
Cash and cash equivalents at beginning of year	308	199
Effects of exchange rate changes on cash and cash equivalents	12	6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	296	308

The financial information is used for management reporting purposes and deviates in some respects from official reporting.

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.

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

Board of Directors



Mia Brunell Livfors
Chairman of the Board. President and Chief Executive Officer, Axel Johnson AB.



Camilla Wideroth
Chief Financial Officer, Axel Johnson AB.



Marie Ehrling
Chairman of Telia Company and 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 AB, Concentric, Creades, GreenCarriers AB, JOAB and Semcon. Senior partner at Intercept AB.



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 Axfod, Åhléns, Kicks, Novax and Fram Skandinavien AB.

WE ARE AXEL JOHNSON INTERNATIONAL:

Fluid Handling Solutions

AQS Liquid Transfer Ltd, South Africa
AxFlow A/S, Denmark
AxFlow AB, Sweden
AxFlow AS, Norway
AxFlow B.V., The Netherlands
AxFlow EOOD, Bulgaria
AxFlow GesmbH, Austria
AxFlow GmbH, Germany
AxFlow Ida, Portugal
AxFlow KFT, Hungary
AxFlow Ltd, Ireland
AxFlow Ltd, Great Britain
AxFlow OY, Finland
AxFlow S.A., Spain
AxFlow S.A.S., France
AxFlow S.R.L., Romania
AxFlow S.r.l., Italy
AxFlow S.R.O., Czech Republic
AxFlow Services KFT, Hungary
AxFlow Sp. z o.o., Poland
AxFlow Systems B.V., The Netherlands
Bahr Pump OÜ, Estonia
Brown Brothers Engineers Australia Pty Ltd, Australia
Brown Brothers Engineers Ltd, New Zealand
Cinti S.r.l., Italy
Elettromeccanica Alto Adige S.r.l., Italy
Flow Technologies UAB, Lithuania
Kelair Pumps Australia Pty Ltd, Australia
OE Solutions AS, Norway
Process Partner AS, Norway
Pumptechnik SIA, Latvia
RDC Productions S.A.S., France
Safe Supply AS, Norway
W. Moser AG, Switzerland

Lifting Solutions

AMC Instruments S.r.l., Italy
Cables Y Eslingas S.L., Spain
Certex Danmark A/S, Denmark
Certex Eesti OÜ, Estonia
Certex Finland OY, Finland
Certex Latvija SIA, Latvia
Certex Lietuva UAB, Lithuania
Certex Lifting & Service GmbH, Germany
Certex Lifting Ltd, Great Britain
Certex Norge AS, Norway
Certex Peter Harbo A/S, Denmark
Certex Rus ZAO, Russia
Certex Svenska AB, Sweden
Eerling Haug AS, Norway
Haklift OY, Finland
Klätterteknik AB, Sweden
Mennens Amsterdam B.V., The Netherlands
Mennens Belgium N.V., Belgium
Mennens Dongen B.V., The Netherlands
Mennens Groningen B.V., The Netherlands
Mennens Hengelo B.V., The Netherlands
Mennens Schiedam B.V., The Netherlands
Rema Holland B.V., The Netherlands
Safe Site B.V., The Netherlands
Traction Levage S.A.S., France

Power Transmission Solutions

Acorn Industrial Services Ltd, Great Britain
AHD Aandrijftechniek B.V., The Netherlands
Arkov spol. S.R.O, Czech Republic
Bearing Station Ltd, Great Britain
Gerald Summers Ltd, Great Britain
Jens S. OY, Finland
Jens S. Transmissioner A/S, Denmark
Jens S. Transmisjoner AS, Norway
Jens S. Transmissioner AB, Sweden
MAK Aandrijvingen B.V., The Netherlands
Nomo Kullager AB, Sweden
Nomo Transmissioner A/S, Denmark
Norbelt AS, Norway
Passerotti Sp. z o.o., Poland
Porin Laakeri OY, Finland
Rotek AS, Norway
Roter AB, Sweden
SKS Control OY, Finland
SKS Mechatronics OY, Finland
SKS Mekaniika OY, Finland
SKS Sweden AB, Sweden
SKS Tehnika OÜ, Estonia
Spruit Transmissies B.V., The Netherlands
Sverull ElektroDynamo AB, Sweden
Town & County Engineering Services Ltd, Great Britain

Industrial Solutions

AtZ Marine Technologies Ltd, Great Britain
GISAB AB, Sweden
IOW Bulgaria Ltd, Bulgaria
IOW CZ S.R.O, Czech Republic
IOW SERVICE Sp. z o.o., Poland
IOW Trade Sp. z o.o., Poland
Marine and Industrial Transmissions Ltd, Great Britain
Overhead Conveyor Systems (OCS) AB, Sweden
Progress Ingeniørfirma AS, Norway
Trans-Auto AB, Sweden
Trans-Auto OOO, Russia
Trans-Auto OY, Finland

Transport Solutions

AB Karosseritillbehör, Sweden
ACK Forankra S.A.S., France
allsafe GmbH & Co KG, Germany
Egil Verne AS, Norway
Eigenbrodt AB, Sweden
Forankra AB, Sweden
Forankra España S.L., Spain
Forankra Pol Sp. z o.o., Poland
France Arrimage S. A.R.L., France
GPI S.A.S., France
Ro-Ro International AB, Sweden
Sternhammar AB, Sweden
TMT. Malinen Baltic OÜ, Estonia
TMT. Malinen OY, Finland
Trailerkomponenter AB, Sweden
Widni Baltic OÜ, Estonia
Widni OY, Finland



Client

Viktor Skargren,
Head of Communication/
Project Manager Strategy
and M&A, Axel Johnson
International

Production

Futurniture

Project manager
Lina Åkerlund

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March 2019

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Axel Johnson International is a privately owned Swedish industrial group of more than 110 companies in 27 countries, with combined annual sales of EUR 960 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.

Axel Johnson International is organised in five business groups: Fluid Handling Solutions, Industrial Solutions, Lifting Solutions, Power Transmission Solutions and Transport Solutions.