

Driving sustainable transformation

ANNUAL REVIEW 2020



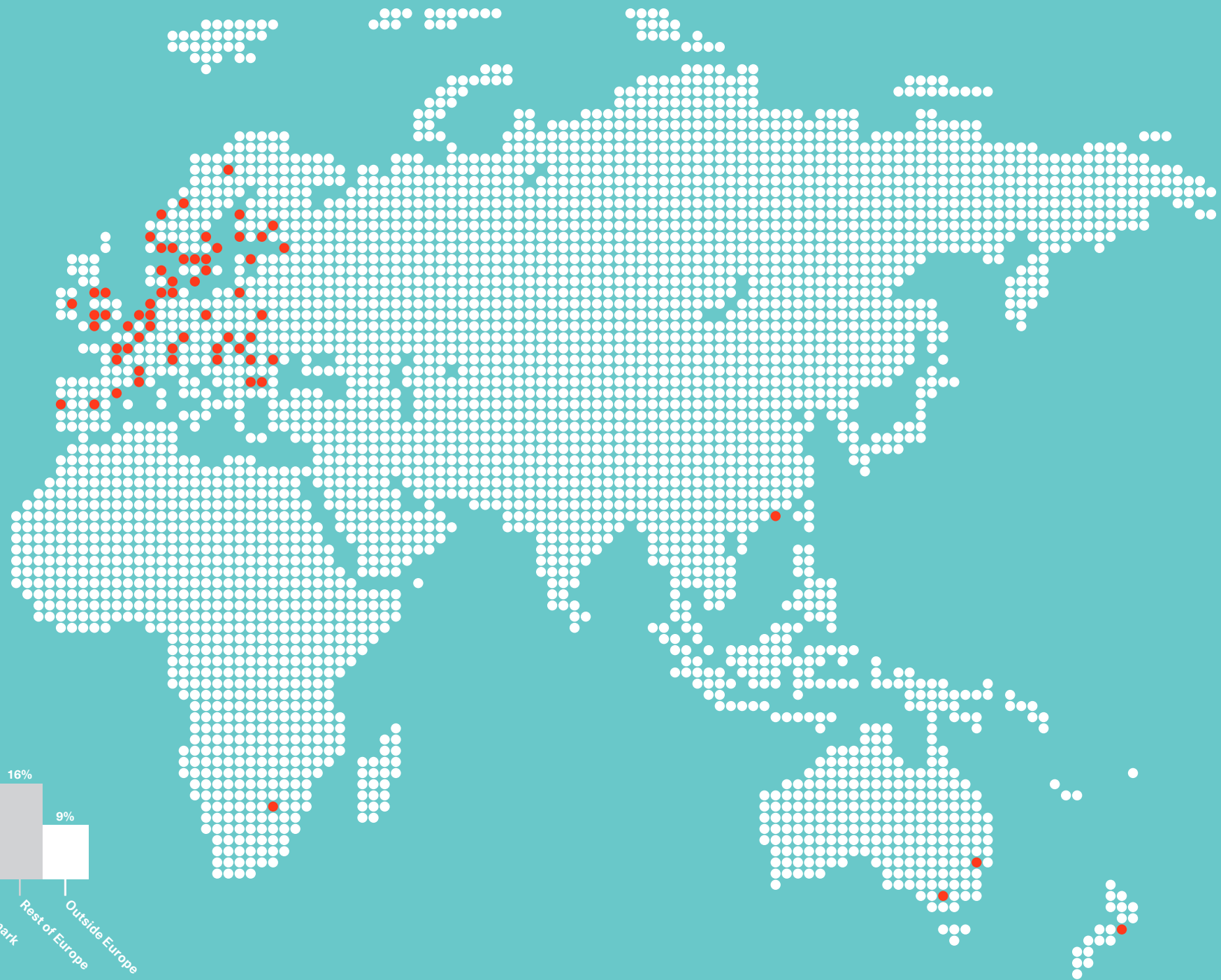
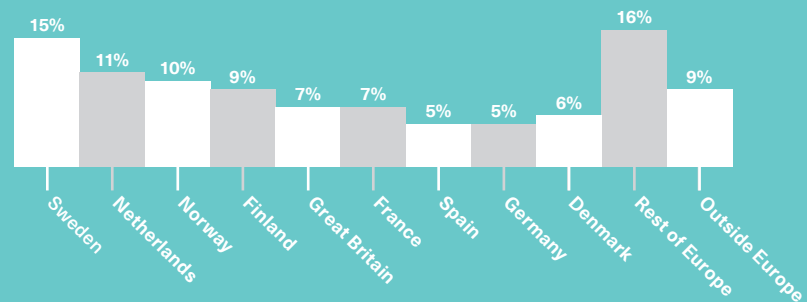
United by strong values

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

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

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

SALES BY MARKET





1,109

MILLION EUROS
IN ANNUAL SALES

4,400

EMPLOYEES
IN THE GROUP

150

COMPANIES
IN THE GROUP

30

COUNTRIES
OF PRESENCE

An impressive transformation

A year to remember! 2020 challenged the world and induced new ways forward. In fact, this new situation made us stronger in many dimensions. Throughout the year our companies adjusted to the new realities with impressive agility and exciting initiatives.

Eight companies were acquired and joined our group in 2020. We also strengthened our presence in China and found innovative ways to support our customers.

Despite the external challenges we managed to achieve a remarkable result that even surpassed last year's record. Our decentralised leadership model, dedicated colleagues and ability to speed up our digital transformation made this outstanding performance possible.

Our long-term focus on digitalisation, sustainability and people development has prepared us for the future. We are well positioned to deliver another strong performance in the year to come.

Read more about how we met the challenges in 2020 – and our plans for this year and beyond.

Annual Review 2020

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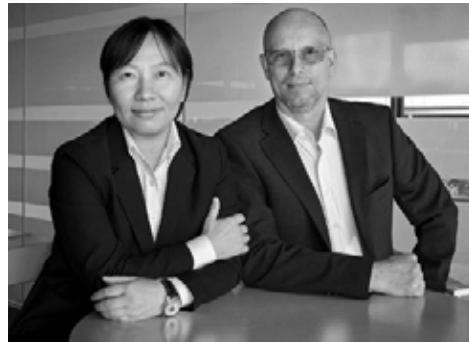
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The stage is set for further growth and expansion.



Reflections on a year of resilience

In 2020, Axel Johnson International had to find many new ways forward. **CEO Martin Malmvik** summarises 12 months of challenges, innovation – and strong results.

It is rare to experience and learn so many new things in one year. The global pandemic dictated the ground rules in 2020. Complete industries closed in the second quarter and re-opened in the third, with continuous re-adjustments throughout the year.

Our philosophy has been to stop at nothing. Finding new ways to proceed with our plans has led to success but more importantly, has taught us new and improved ways of working and interacting, which will continue to strengthen the group. We have successfully hired, onboarded and trained people as well as taken on new customers and suppliers and acquired companies, all this online. Service engineers have guided people in foreign countries through installation, service and maintenance jobs using VR technology. Who would have thought this one year ago?

Big steps have been taken in the development of our sourcing and sustainability office in China and we appointed a Managing Director of Axel Johnson International China. We also welcomed a new member to the management team when our new Head of Sustainability

joined the group in June.

The group's market segments and geographies have developed differently, with fast shifts throughout the year. We have been challenged – that goes without saying. The sum of our diversified industries and geographical spread has however yet again proven to be strongly resilient. All in all, we have completed eight acquisitions with a yearly turnover of just over half a billion SEK on top of our organic achievements.

OUR STRATEGIC DIRECTION has passed the test. The long-term focus on digitalisation, sustainability, and a learning organisation has prepared us well. Our decentralised leadership model has provided the speed and agility necessary to handle the complexity of 2020 with the best result in the history of our company.

The things I am most proud of are our colleagues, culture and leadership. With 150 companies in 30 countries, there are many people leading this versatile organisation, and our open and trusting culture has provided an important sense of security and belonging while sharing experiences as new situations have occurred.

Planning ahead, we expect 2021 to be an unpredictable ride back to normality and we look forward to a balanced combination of organic and acquired growth.

Our strategy remains, and we have just realised how to get it done faster. ●

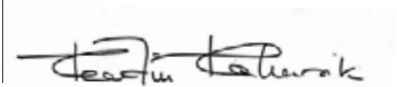


PHOTO: PETER CEDERLING

» The things I am most proud of are our colleagues, culture and leadership.

Take a closer look

→ At our successful sustainability audits in China on pages 12-13.

→ At our IT development on pages 16-17.

→ At the winner of Axlab 2020 on pages 76-77.

Sustainable customer value

In June 2020, **Malin Ripa** was appointed new Head of Sustainability. She will lead the way to reach the next level in this fundamental part of our business strategy.

How would you describe Axel Johnson International's sustainability work?

"There's a solid base for sustainability work and a great interest in and understanding of these issues within the group. I'm impressed by the fact that many of our companies have come such a long way in their sustainability work. This is a top priority for the group and the sustainability issues are part of the strategic agenda. I'm a strong believer that technology will be a key enabler to meet sustainability challenges and that fits well with a technology-driven company like this."

What progress was made in 2020?

"We've been developing tools to support the companies to enhance their sustainability performance. One example is the sustainability training we launched in 14 languages in November, with the purpose



PHOTO: OSCAR MATTSSON

● **Malin Ripa**, Head of Sustainability.

of empowering employees to take action. We also started to gear the strategic framework more towards business value with projects relating to communicating customer value from our offerings. For instance Trans-Auto, part of Driveline Solutions, has a product, a sensor that measures the quality of hydraulic and lubrication oils. This helps customers to extend the life of the oil, resulting in both cost savings and less impact on the environment.

Another example is a product from company Forankra in Transport Solutions, a vehicle flat bed made from aluminium which is lighter than a traditional flatbed. This makes it possible for users to either carry more load or save fuel."

What will be the main focus for 2021?

"We'll continue our focus on the energy efficiency of our existing products and we see a huge interest from our customers in how our products can help them reduce their CO₂ emissions. Another area is to further progress our self-assessment tool for systematic health and safety work, an issue that has become even more important during the last year. Production processes and supply chains will also be a main focus, where we want all our suppliers to take responsibility for working conditions and environmental issues. Our team in China have done a great job here and we'll continue to put even more emphasis on this area." ●

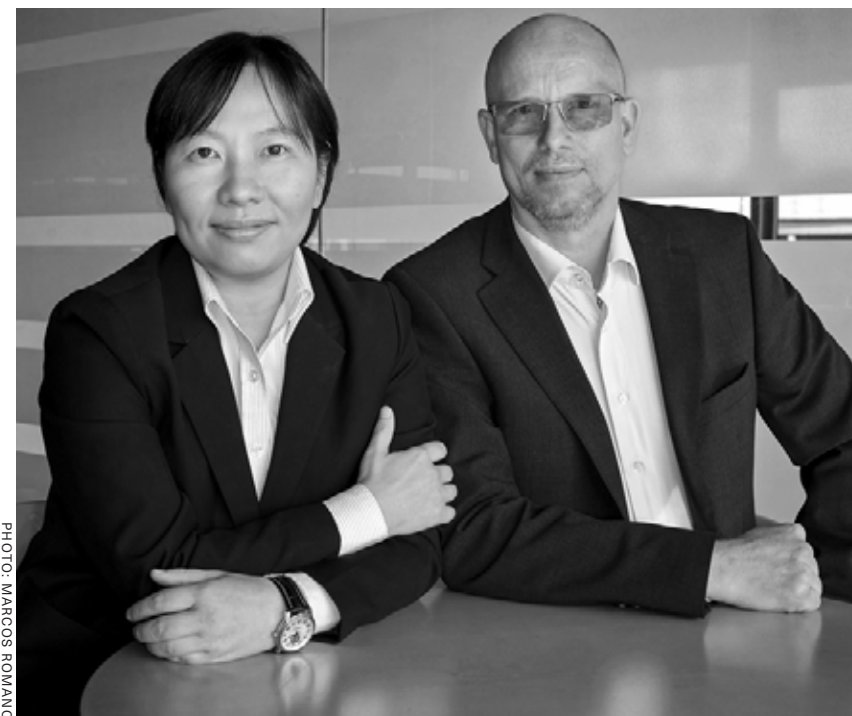


PHOTO: MARCOS ROMANO

● **From left:** Livvy Chen, Managing Director and Jukka Toiviainen, Area Manager Asia and Strategic Purchasing.

A source for future growth

The team in China use their strengths with local presence and great experience to build strong partnerships with suppliers.



Our sourcing and sustainability office in Ningbo, China, was established two years ago and has grown from two to 15 employees. In 2020 Livvy Chen was appointed Managing Director for the operations.

The Ningbo office helps the group's companies with quality and sustainability audits as well as managing quotations, purchase orders, inventories and shipping.

"With great expertise in-house and the advantage of being close to the local market we aim to support with supplier management activities in China," says Livvy.

The main driver for the Chinese operation is that supply chains need to be transparent. The local presence gives us the possibilities of building partnerships and

keeping control of quality and working conditions in the manufacturing process.

"With our own sourcing office, we have easier access to the factories, and we can be 'the eyes and ears' for our colleagues in Europe, which allows us to make quicker decisions," says Livvy.

Jukka Toiviainen, Area Manager Asia and Strategic Purchasing, has been part of the China operation since the start and been developing the work with purchase and sourcing for new products. →

» As a relatively new office and team it's important for us to adhere the company values.

Livvy Chen

"The start-up process had its challenges but the Chinese office had a comprehensive plan and strategy that was easy to adopt. Our employees are dedicated to their work and they can feel they're creating something new and important for the entire group," says Jukka

"We now have a 1,000-square-metre central warehouse, which allows us to consolidate less container load into full containers," adds Livvy.

They now load trucks every week and at least one full container is loaded in the warehouse every month. A new workshop for testing bearings and re-packing is also up running and has received its first orders.

For Livvy and her team one focus area for 2021 is strengthening the company culture in the new group.

"As a relatively new office and team it's important for us to adhere the company values. We aim to be a trustworthy business partner to both the companies within the group and to our suppliers," says Livvy.

Other focus areas are functional expertise and processes and systems.

"Our team members come with rich experience of working with Chinese suppliers and various trading practices. Our goal is to support as many sourcing activities in China as possible for all the group companies," Livvy ends. ●

Three focus areas for 2021

→ Strengthening company culture in the new team.

→ Functional expertise such as quality auditors.

→ Process and systems.

Successful audits of suppliers

On-site sustainability audits of Chinese suppliers has resulted in significant improved sustainability performance.

By performing audits, we aim to improve suppliers' sustainability performance based on

minimum standards outlined in our Code of Conduct. China is classified as a high-risk country due to its social and environmental challenges. Our customers should feel confident that the group's private label products are manufactured under responsible conditions.

Alice Yang and Helen Qi are working as Sustainability Project Managers. Since February 2019, they have been performing on-site sustainability audits at suppliers all over China and Taiwan.

"In 2020, we made over 40 audits," says Helen.

"The audits are planned according to priority lists provided by the purchasers within Axel Johnson International. When executing the on-site



PHOTO: MARCOS ROMANO

● From left: Alice Yang and Helen Qi, Sustainability Project Managers.

audit, we focus on the conditions for people and the environment. This is done through document review, on-site tours, management interviews, and so on. Finally, we have a follow-up, where we take further action to develop the sustainability performance of suppliers based on findings from the audit."

THE RESULTS SHOWS that ten percent of the group's Chinese suppliers are high risk and the most common misconducts are related to human rights issues such as overtime remuneration and hours of work.

Providing training and information for suppliers has proved to have a positive effect. Many suppliers have improved their sustainability performance due to clearly communicated expectations, the audits, and the development

» We increase supplier common sense by on-site audit and training.

Alice Yang

programme. Out of those suppliers who have received follow-up audits, 93 percent have made clear improvements and many have moved to a lower risk category. With those suppliers who after repeated attempts still fail to make improvements, we chose to terminate the contract.

"We make suppliers fully aware of their existing or potential risks, increase supplier common sense by on-site audit and training, and deliver good management methods. This helps suppliers turn social

responsibility into real competitiveness," says Alice.

She explains that the aim of the audits is to help suppliers to improve rather than terminate the contract.

The audit process will continue during 2021 and the Ningbo office will put even more focus on providing training and support. Having local auditors is unique and provides the group with a stronger relationship with suppliers as well as an increased loyalty towards customers. ●

Agility the key to M&A in a singular year

This last year has challenged certain aspects of our way of working, but the M&A team's agility and an emerging megatrend have kept growth on track.

In a year of social distancing, the M&A (Merger and Acquisitions) team has had to adapt the ways it explores new market opportunities and supports our business groups in their acquisitions. Throughout most of 2020, video meetings have replaced many of the face-to-face contacts that are central to their work. This brings both challenges and opportunities.

"At the moment, it's harder to make that first contact with a potential acquisition because we can't go to trade shows or physically meet on site," explains Hans Glemstedt, Head of Strategy and M&A.

"But interestingly enough, when we do get in touch with a business owner with a 'get to know each other' proposal, they now have more time than before, so in that sense making contacts has gotten easier. Many more executives and business owners are now happy to take video meetings with people they haven't met before."

"The challenge for our team when meetings are held



PHOTO: PETER OEDERLING

The M&A team From left: Hans Glemstedt, Gustav Nilsson, Daniel Gustafsson and Nilan Nabavieh.

digitally, is trying to establish relations and find out if we like each other and if there's a cultural fit. That's harder without physical meetings."

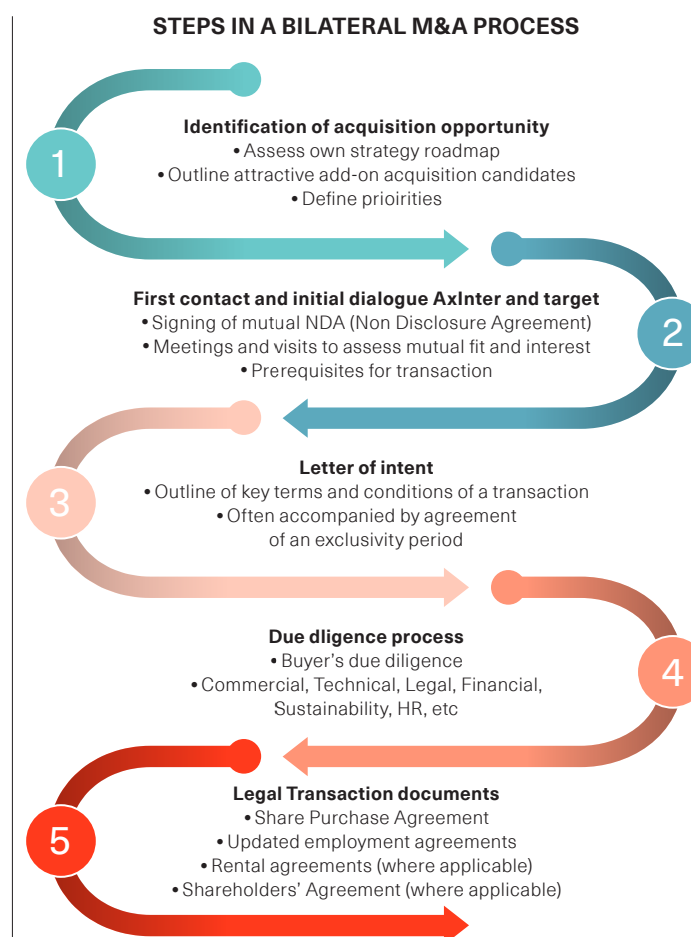
THE STRATEGY and M&A team consisting of Hans and his team members Gustav Nilsson, Daniel Gustafsson and Nilan Nabavieh support Axel Johnson International's six business groups in their growth agenda, often providing additional horsepower for internal strategy and acquisition projects. A well-defined group strategy means that the primary emphasis is on developing existing business areas.

The team's other main task is to identify, acquire and build businesses in new industry segments. This year, M&A took the group further into the industrial automation segment with the acquisition of Danish company Caldan Conveyor.

Industrial automation is sometimes referred to as 'Industry 4.0' because it's the next big revolution in industrial processes. Hans believes industrial automation will play an increasingly prominent role in the years ahead, and the M&A team is well attuned to the market opportunities.

"It's not just about industrial products; it's a megatrend," he says.

"We are now identifying niche areas in this segment, and looking for companies with materials handling systems or component companies to



build an industrial automation business group."

Axel Johnson International is also actively looking to acquire niche product or solution providers in food processing and packaging, as well process instrumentation and measurement.

"This year, we've made a total of eight acquisitions. Seven of these have been in existing industry areas where

we're already established and one has been in the new area of industrial automation," says Hans.

He is very optimistic for the year ahead.

"We have a great team with a good pipeline of ideas. I'm confident we have great opportunities to find and acquire new successful businesses for us to develop further." ●

The benefits of an integrated approach

Axel Johnson International's

IT department had a successful year, delivering on its core company support functions and making progress with its focus projects.

Over the past year, as interactions and processes have rapidly moved online, the IT department has played a very important role in successfully driving digitalisation forward in the group.

"It was a very good year for us, despite the circumstances," says Mårten Steen, Chief Information Officer.

"There was a seamless transition to remote working with Microsoft 365, and we worked hard to make sure all employees had access to these platforms. More colleagues than ever have been satisfied with our IT services this past year. The Microsoft 365 platform helps, as does a local IT presence in various parts of Europe."

TWO IMPORTANT developments this year have been the new API (Application Programming Interface) integration platform *axbus* and the further growth of our Business Intelligence offering. Both are central to the creation of an online infrastructure for the group's companies. As the group grows a need for a common approach to business automation, e-commerce and data analysis becomes more crucial.

"With *axbus*, we are standardising integration for all the companies," says Mårten.

"We've built an API platform where we can get information from systems that are usually hard to integrate with," adds Oscar Lindholm, Technology Manager responsible for the *axbus* project.

"We can reuse integrations in a modern way and make systems easily accessible to new technology, which means we can accelerate companies' digitalisation."

An early beneficiary of *axbus* is a company within Lifting Solutions.

"We've connected Certex Sweden's ERP (Enterprise Resource Planning) system previously and in this case, we could reuse the integrations," says Oscar.

"Finding a cloud solution enabled us to completely automate the order handling process, and then integrate it with our *axbus* platform to register orders straight into the company's ERP."

"When we created a proof of concept, we registered and started the cloud service one day and had orders in the ERP the day after. Without the abilities we have with our API platform, it usually takes weeks or months to accomplish this."

THE OTHER KEY PROJECT for the IT department has been continuing to develop the data warehouse, including a centralised approach for sales, purchase and logistics, with finance on the way. As with the integration engine, standardisation is the aim, in this case data collection

and analysis.

"There are various local ERP applications, but some of our companies were not making the best use of their transactional data," explains Mårten.

"Many were pulling out information for analysis and working with it in local spreadsheets, which is a slightly cumbersome and time-consuming process. So, we built a data warehouse to enable our future capabilities. This creates the backbone for how companies can access and interact with their data to make analyses and compile reports," says Emil Tarukoski, Manager for the BI & Analytics team.

"There are a lot of insights companies can share and if we find one good way of reporting

and analysing, it can be applied throughout the group, giving us synergies. One example is the work done by group company Arkov on identifying slow-moving products that can be sold elsewhere in the group," says Emil.

TO KEEP UP WITH the changes and to be able to help the group's companies, the team working with BI and analytics has been strengthened from one to five employees in the past year.

"With a year of solid infrastructural work behind it, a key focus for the IT department in 2021 is helping our companies use and benefit from their data resources. There's also scope for more predictive and advanced analysis to identify future opportunities," Mårten concludes. ●

PHOTO: PETER CEDERLING



IT DEVELOPMENT



The IT team

From left
Emil Tarukoski,
An Nguyen-
Johansson,
David Zheng and
Mårten Steen.

Business Groups

Our six business groups in strategic niche areas enable joint initiatives and knowledge sharing for our companies.

Driveline Solutions

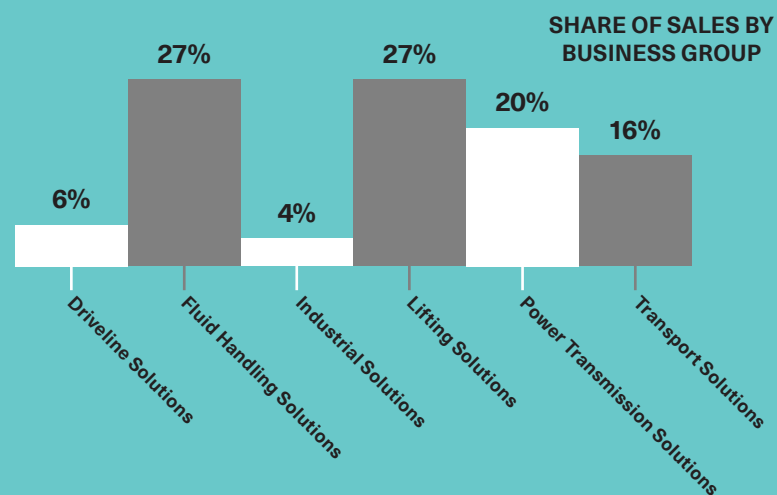
Fluid Handling Solutions

Industrial Solutions

Lifting Solutions

Power Transmission Solutions

Transport Solutions



OVERVIEW

Driveline Solutions

The Driveline Solutions business group is a leading provider of solutions found in mobile off-highway, marine and industrial applications. The companies within the group provide complete driveline solutions, covering all aspects of the value chain from OEM supply to maintenance and repair service in the aftermarket.

WE ARE DRIVELINE SOLUTIONS

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



8

COUNTRIES

250

EMPLOYEES

62

MILLION EUR IN
ANNUAL SALES

Rising to the challenge

The first year of operations for business group Driveline Solutions proved to be challenging. But the conditions for growth are promising and the management team have great confidence for the future.

Tell us about the highlights in 2020.

“In many respects it was a challenging year, but thanks to our companies’ close customer relationships and their quick local decision-making we managed to keep the business going very well, albeit at a slightly lower level,” says Jimmy Fasth Schmidt, Financial Director.

“Paradoxically enough, an upside of this new situation was that it brought our companies and us as a management team closer together. During the pandemic’s most critical period we had almost daily contacts with each company and this glued us all together and strengthened the cooperation,” says Managing Director Jan Brattberg.

What are the key trends shaping the market?

“The trend for sustainable products, such as electrification and hybridisation, keeps getting stronger. Our partners are currently taking considerable steps in this area and we’re focusing on solving our customers’ challenges when it comes to the drive-lines of the future,” Jan says.

“Another trend in the off-highway segment is connectivity, and the possibilities it opens up for using real-time user data for problem diagnostics and providing our customers with the right advice at the right time. We see opportunities in this area, which is why we’ve strengthened our group’s capabilities with our investment in the Swedish company Elforest Technologies in 2020,” says Viktor Skargren, Business Development Director.

Describe your current focus areas?

“Digitalisation and sustainability are critical for our business and we’ll continue to strengthen our position in these areas. Within digitalisation, we’re working to identify and develop our greatest business opportunities to get the most out of our efforts and resources,” says Viktor.

“Another key factor is connecting sustainability to our business and highlighting its significance for our long-term profitability. We strive to anchor Axel Johnson International’s values with all our companies and their employees,” adds Hanna Hägg, Sustainability Manager.

How do you see 2021 developing?

“We’ll continue to focus both on developing our existing companies and growing through acquisitions. We’ll identify growth-oriented candidates that have a good track record and a sustainable business model,” says Jan.

“I want to emphasise the work we do to continue developing good collaborations between our companies. They should all feel the mutual and tangible benefits and synergies of cooperating when it comes to customer relations, suppliers and product development,” ends Jan. ●

PHOTO: PETER CEDERLING



The Driveline Solutions team
Above:
Hanna Hägg.

Main image
(from left):
Viktor Skargren,
Jimmy Fasth
Schmidt and
Jan Brattberg.

DRIVELINE SOLUTIONS



» I want to emphasise the work we do to continue developing good collaborations between our companies.

Jan Brattberg

Hybrid power for more sustainable seas

Norwegian company Progress, a member of business group Driveline Solutions, has teamed up with Esco Power and Hymatech to create a hybrid power driveline solution that promises to make the marine industry more sustainable.

In the fight against climate change, the marine industry is facing ever-tighter restrictions on ocean, air and noise pollution levels. Low-emission engines are becoming more commonplace and the prospect of electrification is on the horizon.

According to Thomas Smefjell, Managing Director of Progress, the best sustainable propulsion option right now is hybrid power. Progress, a century-old company which has been part of Axel Johnson International since 2016, has teamed up with Esco Power and fellow Norwegians Hymatech to develop a hybrid power driveline. It allows a vessel to switch between electric power for navigation at low speeds and in port areas, and low-emission diesel power for longer, faster journeys in open water.

"If you have a fully electric system you will need a network of charging stations, which is a massive undertaking," Thomas explains.

"You can charge the electric battery if you are using the vessel over short distances, but it's not practical for a pleasure boat or boats travelling

long distances. People are talking about electrification, hybrids and low-pollution engines, but this system provides the ideal combination of the power that you need."

THE DRIVELINE combines technology from all three companies. Belgian-based Esco Power developed a Parallel Hybrid Transmission system that lifts the drive up to an electric motor. It allows the traditional combustion engine to be used for the primary drive and as a secondary alternative with electric power. Progress combine this with a gearbox and a propulsion line, such as propellers or waterjets. Hymatech provides the electric control system and the engine integration.

"It enables us to power a diesel engine where you run the gearbox through the propeller as normal, or use the engine to generate power through the electric motor on top, to charge the batteries. It's a very neat little system," says Fredrik Scuderi, Sales Engineer at Progress who is responsible for the day-to-day running of the project.

"The system is ideal for vessels that navigate in areas that have low



Thomas Smefjell

→ Managing Director at Progress



Fredrik Scuderi

→ Sales Engineer at Progress



● The hybrid power driveline, developed by Progress, Esco Power and Hymatech, has been fitted to harbour authority ships in the ports of Oslo and Bergen in Norway.

» Being part of this group, you feel the long-term trust. They think ahead all the time.

Thomas Smefjell

pollution and noise criteria. They simply disengage the engine and use the electric motor to run the gearbox and the propeller. It also makes it possible for boats going below a certain speed to switch automatically to electric power, or use the electric power to give it a boost once it reaches its maximum speed on diesel power," Fredrik adds.

AS PUBLIC TENDERS increasingly insist upon sustainability and hybrid power requirements, the driveline's cutting-edge clean technology puts its creators in an ideal market position. The system is being fitted to the harbour authority ships in the ports of Oslo and Bergen, it is well suited to the

aquaculture industry, and is a strong option for Norwegian fishing vessels as they seek state subsidies to help them switch their traditional diesel engines to hybrid power.

"Next year we're expecting somewhere between 20 and 30 installations. That's ten times more than we had in the first two years after the driveline system was created," says Thomas.

"It's a nice feeling to see our hard work paying off, and it's great that Axel Johnson International gave us the time to develop it. The marine business in Norway is dependent on the oil industry, so there are always a lot of ups and downs. But being part of this group, you feel the long-term trust. They think ahead all the time." ●

In brief

→ Progress supplies components for propulsion plants, such as propulsion systems, gearboxes, water jet systems, control systems, and some other boat equipment. The company has eight employees, and is located in Oslo, Norway.

Ahead of the curve

The Elforest Logger control unit enables remote monitoring of heavy machinery, giving customers a pinpoint diagnosis of where they can improve, repair or upgrade when required.

When Swedish-based Elforest, part of Axel Johnson International's business group Driveline Solutions, began developing the world's first hybrid electric forwarders for the forestry industry in 2006, the market was not ready.

The new forwarders' wheels could be programmed as fast as needed to reduce traction, minimising damage to the ground as the machine moved through the forest. But the industry was highly sceptical and the cost of developing the complex machinery over several years meant business was slow.

However, being ahead of the curve has its advantages. In 2014, soon after the hybrid power boom began, Elforest started getting calls from other machine manufacturers, seeking its help on a consultancy basis to integrate its proven technology into their machines to make them more sustainable. →

In brief

→ Elforest Technologies develops electric drive systems, and are specialists in areas of software, electronics, mechanics and electric-hybrid technology. The services provided include pre-study, system design, prototype workshop and test & evaluation.

EDILOG develops the world's first electric-hybrid loghandler. Elforest has been responsible for the pre-study, design and development of an electric drivetrain as well as evaluation of prototype test results.



» We can even speak to drivers over the phone as they use their vehicles and make real-time adjustments.

A new business opportunity presented itself. But as Managing Director Gabriel Söderholm explains, one innovation in particular has driven the success of the newest Elforest version.

“Back when we were a machine manufacturer we needed to monitor the prototype machines on a 24/7 basis. Since we couldn’t have technicians there all the time, we developed a condition monitoring unit called Elforest Logger.

“This allowed us to remotely monitor the performance and gave us access to the user data. It could send us updates directly to our HQ without us having to travel to the forest where the machine was, so we could diagnose issues off-site.

“As we shifted to consultancy we pretty much insisted that we needed to mount our Elforest Logger device on manufacturers’ machines, so we could get a deeper understanding of how each machine was running and provide them with the right specification.”

THIS SMART APPROACH made the Elforest Logger a pre-eminent condition monitoring unit in the forestry industry and it is also ideal for other heavy machinery applications. Its

design is similar to an outsized computer hard drive, and works by connecting to the vehicle’s Controller Area Network (CAN) bus, the data transmission cable. The unit ‘listens’ to the CAN bus and records every message sent on it.

The resulting data is stored in the cloud, or, if there are business sensitivities, on the customer’s own server. Elforest then uses its own data analysis tool to identify the way the machine is being used to a degree of accuracy that was previously beyond manufacturers.

“We can see what speed it’s being driven at every single millisecond, how much torque the engine is using, how often the driver presses the accelerator pedal, and to what degree,” Gabriel explains. “We can even speak to drivers over the phone as they use their vehicles and make real-time adjustments to the software for the steering, acceleration, and so on, according to their feedback.”

This solution turns out to be efficient and saves time as well as money for the customers.

GABRIEL SÖDERHOLM and his colleagues Fredrik Lorenc and Andreas Lundström made a buy-out from the previous owners of Elforest in 2016. In 2019 the company identified synergies with Trans-Auto, a company that is part of Driveline Solutions, and it was a natural progression for Axel Johnson International to buy into Elforest in early 2020.

“It’s a win-win situation for all of us,” Gabriel says. “Being part of the group, we’ve been granted access to a network of suppliers and customers that we’d never been able to reach before. Business is good, and we have a mutual view of the future. It was absolutely the right decision for Elforest.” ●



Gabriel Söderholm

→ Managing Director at Elforest.

OVERVIEW

Fluid Handling Solutions

The Fluid Handling Solutions (AxFlow) companies move, measure and dispense difficult-to-handle and high-viscous liquids. The companies source precision-engineered positive displacement pumps, mixers, valves and systems to be used in applications and solutions that meet the highest demands for efficiency, reliability and safety.



30
COUNTRIES

1,120
EMPLOYEES

303
MILLION EUR IN
ANNUAL SALES

WE ARE FLUID HANDLING SOLUTIONS (AXFLOW)

ARMOR BOBINAGE SA, FR
AQS LIQUID TRANSFER (PTY) LTD, ZA
AXFLOW AB, SE
AXFLOW A/S, DK
AXFLOW AS, NO
AXFLOW B.V., NL
AXFLOW EOOD, BG
AXFLOW GESMBH, AT
AXFLOW GMBH, DE
AXFLOW, IE
AXFLOW LDA, PT
AXFLOW KFT, HU
AXFLOW LTD, IE
AXFLOW LTD, GB
AXFLOW OY, FI
AXFLOW S.A., ES
AXFLOW S.A.S., FR
AXFLOW S.R.L., RO
AXFLOW S.R.L., IT
AXFLOW S.R.O., CZ/SK
AXFLOW SERVICES KFT, HU
AXFLOW SP. Z.O.O., PL
AXFLOW SYSTEMS B.V., NL
BAHR PUMP OÜ, EE
BROWN BROTHERS ENGINEERS AUSTRALIA PTY LTD, AU
BROWN BROTHERS ENGINEERS LTD, NZ
CINTI S.R.L., IT
COMPVAX A/S, DK
ELETROMECCANICA ALTO ADIGE S.R.L., IT
FLOW TECHNOLOGIES UAB, LT
GENERALCONTROL S.P.A., IT
GT WATER TECHNOLOGIES, AU
INDUCHEM COMPONENTS LTD, IE
INDUCHEM (UK) LTD, GB
INNVA AS, NO
KELAIR PUMPS AUSTRALIA PTY LTD, AU
PROCESS PARTNER AS, NO
PUMPTechnique SIA, LV
SAFE SUPPLY AS, NO
BROWN BROTHERS ENGINEERS FLOW TECHNOLOGY LTD, NZ
THE PUMP COMPANY LTD, UK
TRIO TRYKLUF A/S, DK
TUMA PUMPENSISTEME GMBH, AT
VIP TEHNIKA D.O.O., SI
W. MOSER AG, CH



Delivering above expectations

A broad strategic perspective enabled business group Fluid Handling Solutions (AxFlow) to take new market shares in 2020.

How did 2020 turn out for AxFlow?

“With our strong local teams working closely with the customers and providing good service levels, we did better than expected. We were down organically on order intake but only by little, so we made a great result and have been able to take market shares in many of our 30 markets,” explains Ole Weiner, Managing Director.

What were the main reasons for your good performance?

“We have a broad strategic perspective and are strong in many segments. That helps when one segment goes down, another does better – in 2020 the food sector was very strong,” says Ole.

“In addition, we managed to stay focused on the customers. Our local teams did an excellent job adapting to new ways of working very quickly. The digital transformation has already been on the way, but we’ve accelerated the process this past year. It allowed us to keep communicating with our customers and that’s been a key,” says Olga Krejci, Marketing and Communications Director.

“Another important factor is our European distribution centre in the Netherlands. We’ve managed to maintain a high stock level which has allowed us to deliver without any major disruptions to the supply chain. Our safety stock and our ability to deliver within just 24 hours are really appreciated by our customers,” says Ole.

“And finally, we’ve been good at keeping our excellent team together and developing them.”

You expanded your product portfolio in 2020, tell us more.

“One of our strategic growth areas is to

» We have a broad strategic perspective and are strong in many segments.

Ole Weiner

be the best in service in all our fields. We’ve invested in acquiring service companies, to bring them together with our sales and engineering teams and become really strong in the service area,” says David Lindquist, Business Development Manager.

“We’ve also broadened our portfolio of world-leading valve brands, which has been a strength this past year as many customers want to reduce the number of suppliers,” says David.

“Three acquisitions were made in late 2020. One is New Zealand based SPX Flow Technology, a company that gives us the whole portfolio. We also acquired Armor Bobinage, a French service company with a strong footprint in the food sector. Our third acquisition was the Austrian service and pump distribution company Tuma, which adds a lot of good products, good engineering capabilities and a good service and sales team,” says Ole.

What do you expect from 2021?

“It looks promising. The strategic focus on growth to further strengthen our group will continue. We’ll focus on integrating our newly acquired companies, and with several interesting acquisition prospects in the pipeline, we hope to add a number of new companies to the group,” Ole ends. ●



The Fluid Handling Solutions Team
From left: Olga Krejci, Ole Weiner and David Lindquist.



PHOTO: GETTY IMAGES

Scarcity of water in South Africa will increase the need for rehabilitation of greywater. The water recovery package developed by AQS can help households to reuse up to 80 percent of their total water consumption.

A vital innovation to address South Africa's water crisis

Scarcity of water is driving innovation. In South Africa, the pump distributor AQS Liquid Transfer has developed a water recovery package that helps households to safely reuse up to 80 percent of their total water consumption, through greywater storage and treatment.

Water shortage is a huge problem in South Africa. The situation is exacerbated by climate change and a rapidly growing population, in combination with inefficient infrastructure development, corruption in tender processes and lack of control over the limited resources. The UN predicts that in five years' time South Africa will have less than the minimum requirement of 1,000 m³ of stored bulk water per capita.

"The impending crisis creates opportunities for innovation," says Leon Fourie, Managing Director, AQS South Africa. "Scarcity of water will increase the need for rehabilitation of greywater, hence the development of our new concept."

In brief

→ AQS Liquid Transfer (Pty) Ltd is an importer and distributor of pumps in Southern Africa. The AQS entity started operating in 1994 and the company has a vast product range that caters for the mining, industrial, agricultural and utility markets.

» Scarcity of water will increase the need for rehabilitation of greywater, hence the development of our new concept.

Leon Fourie

AQS Liquid Transfer in South Africa (AQS) has been part of business group Fluid Handling Solutions (AxFlow) since 2016. The company is an importer and distributor of pumps and has customers in a variety of industries, including mining, utility and agriculture.

AQS ALSO OFFERS affordable borehole and booster pumps to individual customers. That is a potential market of more than 50 million people since 80 percent of all water in South Africa comes from boreholes, meaning that most of the population are responsible for their own water security. AQS had already teamed up with a local water tank manufacturer to offer complete borehole and booster pump kits, but in 2020 the company extended its offer to include the recycling of household greywater, water that has already been gently used in bathroom sinks, showers, bathtubs, and laundry.

“We’ve brought together our pumping solutions, a storage solution with filtration and chlorination, and our own unique bacterial solution that rehabilitates the grey water. The kit is operation-ready and basic enough for installation and understanding by all levels of end-users,” says Leon.



The AQS product can effectively break down a broad spectrum of domestic substrates.



Leon Fourie

→ **Managing Director** at AQS South Africa



Gerhard Prinsloo

→ **Executive Director** at AQS South Africa

The rehabilitation and reuse of the water is made possible by a unique multi-strain bacterial powder called VEGA SFD. It is a sewage and fat destroyer that has the ability to colonise and consume food-based oils and fats as well as sewage and soaps. After three to four days in a tank with Vega SFD, greywater from kitchens, bathrooms and laundries, which equals about 80 percent of the total consumption, is suitable for reuse in irrigation, car washing or flushing toilets – but not for drinking.

The main buyers of the borehole and booster pump kits are people with a low income who live in rural areas and the demand for the equipment is increasing. The add-on possibility to recycle grey water is also selling, though at a much slower pace, and is mainly being bought by customers in urban areas, where inhabitants pay per cubic meter of water used.

“Rural areas are a different story,” says Gerhard Prinsloo, Executive Director. “Once you have access to drinking water and don’t have to pay per unit, there is very little incentive to recycle greywater, especially since many people have limited financial resources and live from hand to mouth.”

TO MANAGE the impending water crisis there need to be a change in mindset. So AQS has spent a lot of time and effort in the past year on marketing the idea of reusing water resources.

“Time is our worst enemy. Water demand will most likely exceed supply before 2025. We have started to reach out and are doing the work to ensure that our solution will be front of mind and first to market,” says Gerhard.

Necessity is the mother of invention, and in South Africa’s case this important innovation from AQS is just in time. ●

Empowering women

Canteen Girls is a company within a company on the verge of extending its lunch service to external customers. It is part of AQS’s commitment to the Broad-Based Black Economic Empowerment.

The Broad-Based Black Economic Empowerment (B-BBEE) programme was set up to enhance the economic participation of black South Africans in the country’s economy. To comply with the legislative framework of the B-BBEE, private companies such as AQS must spend a percentage of their annual net profit on enterprise and supplier development. AQS looked in-house for its contribution to the programme.

“We decided to support those already working for AQS and we have helped the ten women who cook, clean and serve tea to set up their own company, which is called Canteen Girls,” says Diana Prinsloo, CFO at AQS and mentor to the women involved in the programme.

Besides supporting the establishment of the company, Diana has helped set up routines for procurement and pricing to make sure the business makes money. AQS has also sponsored Canteen



● The Canteen Girls From left Tholakele Skhosana, Rebecca Mtshweni, Maria Masombuka and Busi Mahlangu.

Girls to pay for all of the equipment needed to run the business, such as washing machines, cooking utensils and cleaning gear.

“When we moved to new premises in a complex with other businesses in 2019, we saw the opportunity for Canteen Girls to sell their food to other people as well. Our goal is to have a food trailer up and running by the beginning of 2021,” says Diana.

She adds that the women working at Canteen Girls are still employed by AQS, “But the aim is to help them build a business that can sustain them and their families, and that can create jobs for other people as well.” ●

» I love owning my own business, because there’s always opportunities to improve.

Tholakele Skhosana



Diana Prinsloo, CFO at AQS.

A proactive attitude



John Inkster, Managing Director of Brown Brother Engineers

Brown Brothers Engineers continues to develop its businesses in the Oceania region. In 2020, the company showed strong growth and finished the year poised for further expansion.

In brief

→ Brown Brothers Engineers has 95 employees in Australia and 60 in New Zealand and operates from 17 locations across both countries.

Brown Brothers Engineers is the market-leading distributor of positive displacement and centrifugal pumps in Australia and New Zealand. The business was acquired by Fluid Handling Solutions (AxFlow) in 2018 as part of plans to expand geographically outside Europe.

A proactive attitude by local management helped Brown Brothers to record strong organic growth and complete a successful acquisition during the year.

“We decided early on to make 2020 a good year,” says Brown Brother’s Managing Director, John Inkster. “We chose to be proactive and to put emphasis on sales. We made

sure the sales force were very active and kept in close contact with customers.”

A major highlight of 2020 was the acquisition in New Zealand of SPX Flow Technology, a fluid handling sales and service business. The acquisition, which was finalised in December, added 14 people to the Oceania business.

“SPX Flow Technology and Brown Brothers Engineers in New Zealand complement each other,” John explains. “SPX Flow Technology is strongly involved in the country’s dairy industry, in particular on the process side of the businesses. Brown Brothers is involved in the farm side through milk cooling pumps, vat wash pumps and yard wash pumps. So, we now hope to be able to leverage off that synergy within the dairy sector.”

With strong support from management in Europe, the Oceania team are now looking for ways to develop the business. The operations in both countries are tracking for growth of between three and four percent in 2021.

“Being part of AxFlow has enabled Brown Brothers to grow and expand far faster than might otherwise have been possible,” says John. “While being part of a large group provides access to resources, advice and capital, the Oceania businesses also have a very high degree of autonomy and have the scope to make the decisions necessary for success.” ●

OVERVIEW

Industrial Solutions

Industrial solutions is Axel Johnson International’s business group for building and developing new groups in selected segments. We seek to acquire companies with strong product offerings that are well positioned for growth and success. Industrial Solutions comprises companies operating in two market segments: industrial automation and industrial services.



WE ARE INDUSTRIAL SOLUTIONS

CALDAN CONVEYOR A/S, DK
GISAB AB, SE
OVERHEAD CONVEYOR SYSTEMS (OCS) AB, SE

4
COUNTRIES

180
EMPLOYEES

48
MILLION EUR IN
ANNUAL SALES



Building future platforms

The business group Industrial Solutions remains focused on developing and investing in its current businesses while simultaneously keeping an eye out for new companies and market segments.

How would you summarise 2020?

"Our companies had to combat a volatile market environment while we, from a strategic point of view, couldn't have as many contacts with prospective companies as we would have wished. Thanks to hard work from our companies along with a particularly strong fourth quarter, we managed to further develop our businesses and reach our goals for profitability," says Therese Widell, Financial Director Industrial Solutions and Head of Axel Johnson International Group Control.

"We also successfully acquired Danish company Caldan Conveyor, an innovative and profitable company that has been on our radar for a while," says Gustav Nilsson, Project Manager, Group Strategy and M&A.

"Caldan complements our position in industrial automation really well," adds Martin Malmvik, Group CEO and Managing Director of Industrial Solutions.

What are the most important market trends?

"The reshoring trend, where many European companies are moving back their production closer to home and to their customers, gained further momentum in 2020. The reasons are demand for shorter lead times and increased control of your supply chains as well as the global trend to avoiding long and unnecessary transports," says Gustav.

"Simultaneously, we see automation technology becoming cheaper and more accessible, which improves the return on investment calculation for European manufacturers."

What is the strategy for the business group's development?

"While new market segments will continue to be important for Industrial Solution's strategy going forward, we will also develop and invest in our current businesses to take advantage of market trends and opportunities that arise in our current markets," says Therese.

"For instance, Swedish company GISAB had a great year and is well-positioned to take advantage of the increasing activity and continued investments in the Nordic steel and mining industries," says Martin. "In fact, our current presence in the mining and steel industries could hopefully help and support other businesses within Axel Johnson International to enter this market" ●



The Industrial Solutions team From left: Therese Widell, Martin Malmvik and Gustav Nilsson



» New market segments will continue to be important for Industrial Solution's strategy going forward.
Therese Widell



PHOTO: LASSE HYLDAGER

Perfect timing for Caldan Conveyor

In 2020, family-run Caldan Conveyor became part of business group Industrial Solutions. The acquisition was a logical step in the group's automation investment strategy.

For Axel Johnson International, the acquisition of Caldan Conveyor was a logical step, in line with its strategy of investing in automation companies that provide complete systems. Caldan is a manufacturer and supplier of overhead and floor conveyor systems for automated surface treatment. In the last 30 years, the Danish company has designed, manufactured and installed more than 5,000 transport systems all over the world. The business is managed by the brothers Jens and Niels Calundan. After three decades in the industry they are still very involved in the customer-based R&D that is vital to the company's success. →

Caldan Conveyor A/S in Aarhus, Denmark, is run by brothers Niels (left) and Jens Calundan.

“We’ve always liked the challenge of developing new and specific solutions for our customers,” says Niels.

The components may be standard, but no conveyor system is alike, and they are especially proud of completing projects that really put the company to the test.

“Like the systems we set up for Daimler-Chrysler, Maersk and Airbus,” Jens says.

Caldan started in Aarhus, Denmark, when the brothers took over a small conveyor system business from their father. At the time, Caldán consisted of eight employees and offered only one single type of monorail system. Now, 30 years later, the company has its own R&D department and nearly 130 employees, most

of them working at Caldán’s headquarters in Aarhus. The company has an average annual growth rate of ten percent.

“That makes one thing crystal clear – we’ve never been forced to find a partner. We’ve been contacted many times over the years, mainly by private equity investors, but we would never partner with a company that comes with an exit strategy. That would kill the company spirit,” Niels says.

However, the proposal from Axel Johnson International got their attention.

“Axel Johnson International was a different story. When they presented their long-term perspective, we saw that this was exactly the type of partner we wanted,” says Jens.

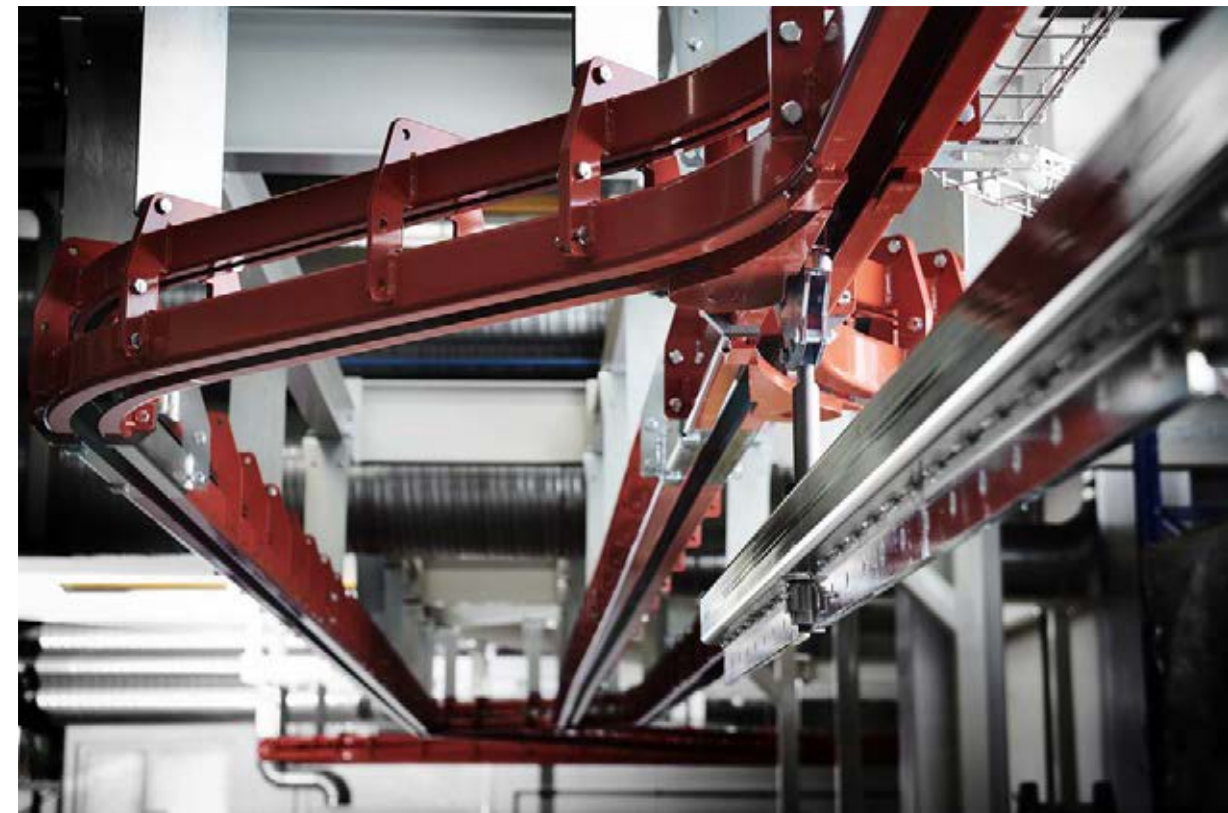
» Being part of Industrial Solutions will hopefully attract new talent that previously may have seen Caldán as too small. Jens Calundan



● Caldán Conveyor has nearly 130 employees, most of them working at Caldán’s headquarters in Aarhus.

In brief

→ Caldán Conveyor has operations in Denmark, Germany, UK, China and India, and the aim is to continue entering new markets. The company has an average annual growth of ten percent.



● Caldán Conveyor is a manufacturer and supplier of overhead and floor conveyor systems for automated surface treatment.

“The decisive factor was the nature of the offer, with us staying on, the knowledge that Axel Johnson International invests for the long-term and the way they develop companies. It wasn’t our machines they bought but our employees and our knowledge, meaning that the production remains in Aarhus. This was very important to us,” says Niels.

The timing was also right. Both Jens and Niels have children that have shown some interest in being involved in the business in the future, but not yet.

“With Axel Johnson International as a long-term partner and owner, our children will have the opportunity to remain involved in the business also in the future if they would like to,” says Jens.

THE ACQUISITION PROCESS started in 2019 and the agreement was finalised in September 2020.

“I think that was the most critical announcement we’ve ever made to our employees. It was

very emotional,” says Niels.

The partnership will provide significant opportunities for all Caldán Conveyor’s employees to continue to learn and develop. Axel Johnson International’s business school and the group’s talent and management programmes are all open to them.

“We expect to retain a lot of independence but being part of Industrial Solutions will hopefully attract new talent that previously may have seen Caldán as too small,” says Jens.

At present, Caldán has operations in Denmark, Germany, UK, China and India, and the aim is to continue entering new markets.

“It will be an advantage to be part of the group, as we can utilise their presence and experience worldwide, helping us grow into a leading global supplier of conveyor systems for automated surface treatment,” says Niels. He and his brother Jens look forward to the new ventures the partnership will bring. ●

An ideal solution

The recent boom in micro mobility solutions is great news for Swedish-based OCS Overhead Conveyor System, a company that has established itself as one of the market-leading providers of overhead conveyor systems for this rapidly expanding sector.

Micro mobility is booming. In recent years, more and more people have been changing the way they get around, especially in cities. Commuters are swapping private cars and public transport for folding bicycles, eCargo bikes and electric scooters, whose popularity have all grown rapidly this last year and the sector's producers are expanding fast.

The trend is being driven by the increasing focus on sustainable —→

● The overhead conveyor from OCS is ideal for the requirements of bike manufacturers. It frees up valuable floor space and allows the assembly teams to work around the bikes at various angles.



In brief

→ Overhead Conveyor System supplies conveyor solutions for roof or floor mounting. This is based on a patented technology which offers an oil-free, quiet and flexible environment.



Christer
Lundgren

→ Sales Director
at OCS.

and more efficient transportation. Overhead Conveyor System OCS, part of business group Industrial Solutions, has been ideally positioned to capitalise on this burgeoning trend. The company's history includes providing conveyor systems for the European garment business, the aviation sector and tier one suppliers to the automotive industry. But in just the past few years it has diversified into supplying the micro mobility sector, with dramatic results: it already accounts for roughly 30 percent of the company's business.

The company's overhead conveyor technology is ideal for the requirements of bike manufacturers. It frees up valuable floor space and allows the assembly teams to work around the bikes at various angles. And micro mobility companies do not mass produce; they make customised bikes to order, for just-in-time deliveries. This means they need rapid, streamlined production facilities. That is where OCS comes in.

"Our first micro mobility customer was the German company Cube bikes," explains Christer Lundgren, OCS Sales Director.

"They produced a video from their factory, showing how they were producing their bikes. In the video you could see our overhead conveyor equipment and the OCS logo. This sector is centred in Germany and is quite a tight-knit community. The word about OCS and our bicycle line spread in the industry, other companies began to contact us, and the ball kept rolling from there." And it keeps on rolling.

"We recently installed an overhead conveyor system for our customer Riese & Müller, a premium bike manufacturer, which we completed just six months ago. But we are already expanding it because the customer is growing way beyond their own business projections."

With a well-established position as a key equipment supplier to auto industry suppliers, aviation companies and now the micro mobility sector, it is a great time for OCS, which became part of the Axel Johnson International group two years ago.

FOR CHRISTER LUNDGREN, who was one of the cofounders when the company was reborn in 1993, the upward trajectory is especially sweet.

"With Axel Johnson International behind us we are expanding the business. We've almost doubled the number of staff. They've pushed the button to make this company grow. It's really exciting."

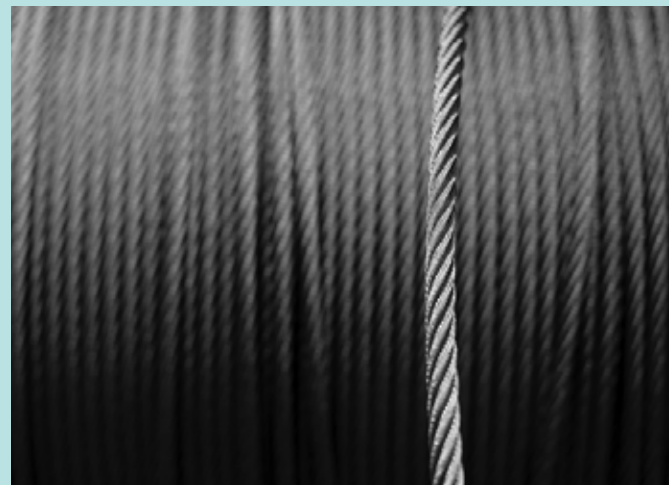
OCS continues to work on diversifying its customer base towards new growing and exciting markets in order to create the conditions for continued long-term growth. ●

» We've almost doubled the number of staff. They've pushed the button to make this company grow. It's really exciting.

OVERVIEW

Lifting Solutions

Lifting Solutions is a global player specialising in lifting equipment, steel wire rope and services. It operates as a group of companies that supply wire rope, hoists, overhead cranes and other lifting products together with connected services. The companies serve local clients and global customers in ports and the energy, manufacturing and construction sectors.



17 COUNTRIES
1,370 EMPLOYEES
304 MILLION EUR IN ANNUAL SALES

WE ARE LIFTING SOLUTIONS

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

Impressive efforts

Business group Lifting Solutions

coped well in 2020, with an impressive margin boost. Further progress with the group's private label and digitalisation creates expectations of continued momentum in 2021.



Claes Fredlund, Financial Director



PHOTO: JOHANNA HANNO

How did Lifting Solutions perform in 2020?

"It was a rollercoaster year but by the end of it we had managed to beat our overall budget and forecast for profitability. We didn't suffer as much as we could have, considering a fair chunk of our business is based on service, which relies on being at the customer's premises, an impossible task at times due to the restrictions", says Ralf Wiberg, Managing Director.

"The main thing that strikes me is how well our individual companies have adapted to the different restrictions in their countries, and they did a great job managing this."

"We managed to reduce costs while maintaining and even increasing our margins, which is impressive in the circumstances. Overall, we increased our gross margin by two percent compared with the year before," says Claes Fredlund.

Can you update us on your progress with digitalisation?

"We've continued to develop both customer-facing tools such as web shops, automated order- and invoice handling and internal admin tools such as delivery processes and supply chain tasks. We've focused on achieving a general maturity to digitalisation in our organisation and we've come quite far," says Ralf.

"While e-commerce still accounts for just a few percentages of our total

revenue, we have definitely seen positive effects in terms of additional internal efficiencies through the implementation of digital tools," says Claes.

What progress did your private label, Powertex and Ropetex make over the past year?

"There's an obvious margin improvement from removing the extra layer of supply. We've developed a clear brand structure and are running it centrally, and since starting the private label a couple of years ago we've seen the initial share of two percent of product sales grow to six percent in 2020, with a budget of 10 percent of total sales for 2021. Our goal is for the private label to reach 20 percent of our total sales by 2024," says Claes.

What does your acquisition plan look like for 2021?

"We're in discussions with many potential partners and we expect some of them to come to fruition in the near future. We're looking at product-oriented companies and the whole ecosystem that surrounds Lifting Solutions. Our acquisition of AMC in 2018, an Italian company that makes magneto-inductive systems for the inspecting and condition monitoring of wire ropes, is a good example of our desire to branch out and be present in the add-on products and service sides of what we sell," says Ralf. ●



PHOTO: JOHAN STRINDBERG



Ralf Wiberg, Managing Director.

» We've focused on achieving a general maturity to digitalisation in our organisation and we've come quite far.

Ralf Wiberg

Ropetex brand strengthens ties with customers

The launch of Ropetex is a big step for the steel wire rope assortment within the Lifting Solutions business group. The success of its introduction can largely be attributed to the dedicated team led by Brand Manager Hugo Gerrets, who was handpicked to build the Ropetex business.

Ropetex is the private label for the group's own range of steel wire rope products. The development of a private label has been in the works for some time, but it was not until early 2020 that the first products were market-ready.

"We want to expand our customer base, and offering the privately labelled Ropetex range of steel wire rope products is one of the tools for us to obtain this," explains Erling Haug, Strategic Sourcing Director at Lifting Solutions.

The Ropetex range is a price-competitive alternative for customers who do not necessarily need steel wire ropes from established brand manufacturers but still demand quality.

Ropetex products are now available to order from the group's European Distribution Centre in Maastricht, The Netherlands. →

Hugo Gerrets became Brand Manager for the private label Ropetex in March 2020. The Ropetex range will help to expand the Lifting Solution's customer base.



PHOTO: MALOU VAN BREEVORT



PHOTOS: MALOU VAN BREEVORT

Two-component resin added into a steel wire rope socket. A socket is an end fitting for connecting a steel wire rope onto another rope or a construction, and this process is called "socketing".

» It's wonderful working in an organisation where an ordinary guy like me is given such great opportunities.

Hugo Gerrets

"We've managed to specify and source a product range that's been conceptualised with logos and marketing materials, and now it's really starting to move. The development process has been demanding, but I think we've achieved a lot," says Erling.

To bring the project forward, Erling Haug scouted for suitable candidates within the Lifting Solutions Group. He found the right talent in Hugo Gerrets, who was working as Sales Manager at Mennens in Amsterdam. In March 2020, Hugo became Brand Manager for Ropetex and teamed up with Oliver Luengo from sister company Cables y Eslingas in Spain, who took up the role as Purchase Manager. Then they jumped right in to the Ropetex project.

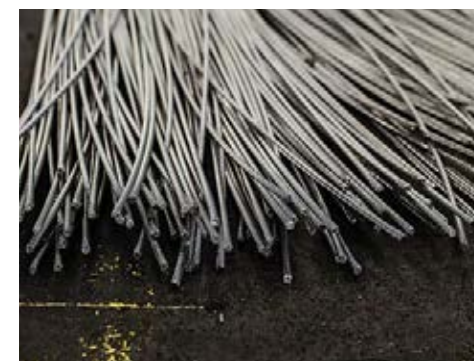
"We're still in the starting phase, and for someone like me who was born a bit impatient, it feels like we're not moving fast enough," says Hugo. "But looking back over the year it's obvious that we have moved forward quite a bit."

Hugo first set foot in Mennens at the age of 21, when he started out as a junior Account Manager at the company's Rotterdam branch. Since then, he has worked his way up through the ranks, although during his 16 years in the company he did try to venture into another line of business.

"But suits and ties were not my cup of tea," he says. He was back at Mennens after a few months, though in a new position at the company's Amsterdam branch.

IN 2015, Mennens became fully incorporated into Axel Johnson International.

"Joining the group provided new opportunities



The Ropetex range is a price-competitive alternative for customers who do not necessarily need steel wire ropes from established brand manufacturers but still demand quality.

for the employees. For me it meant education and personal development," says Hugo.

In 2017, Hugo was selected to participate in the Axiom Leadership Development programme for top talents in the Axel Johnson Group.

"It's wonderful working in an organisation where an ordinary guy like me is given such great opportunities," he says.

Hugo has put what he has learned to good use, not least in the building of the Ropetex brand. The goal now for Ropetex is to achieve 15 percent of the sales under the private label by 2023.

"There will still be plenty of business for our valued brand suppliers who we need and rely on, but having our own brand gives us additional control of the supply chain and the way forward," he concludes. ●

Cooperation for increased safety

Turin based AMC stepped up its digitalisation process in 2020, developing an Industry 4.0-ready-device for detecting defects inside wire cables. With the help of colleagues in Lifting Solutions, product launch is planned for 2021.

AMC Instruments (AMC) part of business group Lifting Solutions, designs, manufactures and sells magneto-inductive systems for the non-destructive testing of ropes in different cable wires for the heavy lifting and elevator sectors. These testing tools are recognised as industry-leading products and are certified as meeting the various regulations for the detection of broken wires, corrosion and wearing. In a normal year the staff at AMC would have been busy serving customers all over the world, but during the pandemic this service activity slowed down.

“Due to travel restrictions and the loss of some service activities the forecast for 2020 was not as good as the previous year, but instead of getting desperate we decided to turn the situation into something useful,” says Bruno Vusini, Managing Director at AMC.

“Innovation became our new

focus, and we devoted the time to developing a new tool for permanent remote inspection.”

AMC started as a spin-off at the Polytechnic University of Turin in 2007, and Bruno is now the only founder remaining. The backbone of the company is high-class engineering, so AMC turned to colleagues in Lifting Solutions for their help with some of the digital processes.

“The R&D team at AMC may all be technicians and experts on magneto-inductive systems, but to develop a user-friendly device suitable for permanent, remote inspection by any customer, we needed the input of the Lifting Solutions network, which was invaluable,” Bruno says.

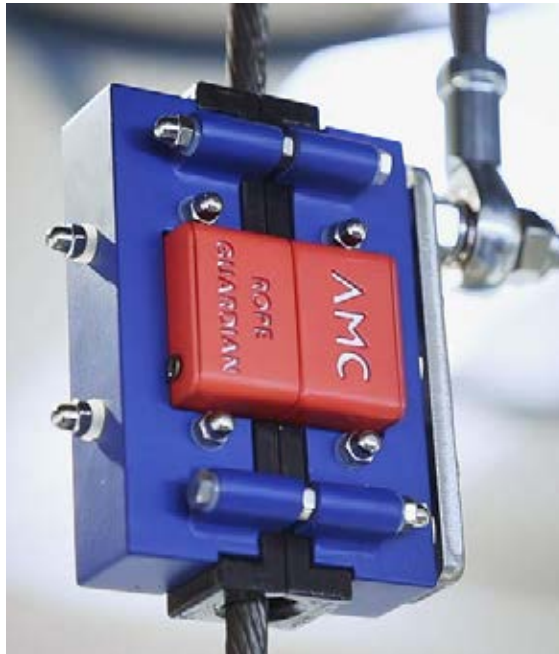
FROM A TECHNICAL ASPECT the main challenge was the development of complex algorithms that could add features to the tool, such as machine learning and artificial intelligence, in order to have the ability to self-interpret the data. While Bruno's team

The testing tools from AMC are certified as meeting the various regulations for the detection of broken wires, corrosion and wearing.



In brief

→ AMC Instruments designs, manufactures and sells magneto-inductive systems for the detection of defects inside ropes in wire cable applications.



● The AMC devices used for detecting defects inside wire ropes can be either rented or bought.

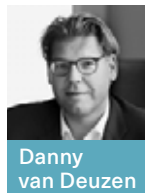
managed to solve this challenge, the information provided also had to be transformed into a customer-friendly presentation.

“Our colleagues in Lifting Solutions were the filter between us technicians and the customers. They know wire ropes and they know their customers. With their feedback we were able to develop an easy-to-read platform for Magnetic Rope Testing, where the customers can monitor the status of their wire ropes in real time,” says Bruno.

THE FIRST PROTOTYPE was presented in December 2020. Field tests will be performed at two customer sites during the spring and production is due to start in mid-2021.



→ **Managing Director** at AMC Instruments



→ **Regional Director** for Lifting Solutions

» We even managed to check a 144 mm wire rope on an oil platform via remote control.
Bruno Vusini

“This is a great product,” says Danny van Deuzen, Regional Director Central for Lifting Solutions, who has been involved in the regular network discussions and in financing the marketing support of the new product.

“It’s a small, easy-to-read sensor at a competitive price that should attract all our customers who are interested in increased safety as well as improving their maintenance planning.”

The AMC devices used for detecting defects inside wire ropes can be either rented or bought. Both solutions involve service and support, which in 2020 have had to be done from distance. AMC has created online courses and today, all the training is available online.

“The customer support has also been digital. We even managed to check a 144 mm wire rope on an oil platform via remote control. With our newly developed sensor we’ll step up our digitalisation process in 2021, and further increase safety by offering constant and permanent monitoring of wire ropes,” says Bruno. ●

OVERVIEW

WE ARE POWER TRANSMISSION SOLUTIONS

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

Power Transmission Solutions

The Power Transmission Solutions companies provide secure and reliable mechanical power transmission components and related services to European manufacturers in a wide range of industries. The main offering includes bearings, industrial transmissions, seals, electric motors and related engineering services.



11
COUNTRIES

860
EMPLOYEES

222
MILLION EUR IN ANNUAL SALES



New organisation for more synergies

In 2020, the companies within Power Transmission Solutions were divided into two divisions: Engineering and Products. Two division managers have been appointed and this has laid the foundation for continued growth and more synergies within the business group.

Ola Sjölin, Managing Director



PHOTO: OSCAR MATTESSON

What were the highlights in 2020 for the business group?

“We’ve focused on integrating the companies acquired in 2019, continuing to grow through acquisitions and developing our business area strategically. This means further investment in digitalisation and sustainability. During the year, we made three acquisitions; in the Czech Republic, Denmark and the UK. We’re proud that we were able to stay fully operational and to deliver a result that is on par with previous years despite all the challenges that have been thrown at us,” says Ola Sjölin, Managing Director.

What was the outcome from organising the group into two divisions?

“We’ve been able to get more in-depth knowledge of all the companies in the group. We’ve started to see where synergies can be created and this has already had some positive effects on our results. The fact that we have a common digital platform has been really helpful in this work,” says Ola.

What are the main tasks as division managers?

“One important part of our roles is more detailed knowledge of the markets and how the companies are run. From that starting point understanding the needs of the companies and then jointly find the best way forward. That also means adding knowledge of possible acquisitions, to find out and

» We’ve started to see where synergies can be created and this has already had some positive effects on our results.

Ola Sjölin

hopefully facilitate synergies,” says Johan Benzler, Division Manager Engineering.

“The key thing for me is to be an intermediary between the companies and the central management team. Maybe we have a little bit more hands-on operational experience. We can make the connection both ways between the management team and the managing directors of the companies,” says Des Spillings, Division Manager Products.

What are your current focus areas?

“We’re widening our private label assortment and making sure these components are meeting our high standards in quality as well as from a sustainability perspective. We need to get back on track and improve profitability in a few areas and this will obviously require some attention,” explains Ola.

What do you expect from 2021?

“We’ll continue to share best practices and to create synergies in careful cooperation with the management in the companies, which will make it possible to further improve our profitability. I’m also convinced that we’ll be able to add some companies with new capabilities to the group, and we already have a number of potential acquisitions for 2021,” says Ola. ●



PHOTO: NICLAS KINDAHL



PHOTO: JOHANNA HANNO



Division Managers:
Johan Benzler,
Division Manager
Engineering
(top) and Des
Spillings, Division
Manager
Products.

Condition monitoring reduces downtime

A condition monitoring

solution from Sverull has helped our customer VA SYD to significantly reduce downtime in its water treatment plant. By measuring performance on the customer's rotating equipment, any deviations can be detected and addressed early on, saving both time and money.

Component distributor and technical service company Sverull, part of business group Power Transmission Solutions, has during the last year implemented condition monitoring at customer VA SYD. Today, about 40 objects in the plant, such as motors, gearboxes and pumps, are measured six times per year.

VA SYD deliver water, sewage and waste management services in southern Sweden. Sewage water from around →

From left: Oskar Nilsson and Patrik Svensson, Sverull, and Petri Kuirinlahti, VA SYD.



PHOTOS: PETER WESTRUP

185,000 person equivalents is cleaned by VA SYD, which is a demanding and continuous process. In 2019, they approached Sverull to find a condition monitoring solution that would help reduce unplanned stops in their water treatment plant.

“We wanted to have better control of predictive maintenance,” says Petri Kuirinlahti, Operations manager at VA SYD.

“We needed a full-scale supplier that not only did the measuring, but also analysed the data and fixed the problems that were detected. I had already been in contact with Sverull about other matters, so it felt natural to approach them.”

Sverull suggested a solution that offered vibration measurement, analysis and suggestions for how to solve these problems, including

a proposal to use thermography to detect high temperatures in the equipment. Vibration data is collected using SKF Microlog, a handheld device that can be carried around the plant to measure the performance of many different machines.

“We started on a small scale, made tests and slowly worked our way forward with the help of our vibration analysts,” says Oskar Nilsson, account manager at Sverull.

“Since then, we’ve expanded the solution step by step and new objects in the plant are constantly added as we can see a positive trend from the measurements.”

IF ANY EQUIPMENT’S data deviates from normal, more frequent readings are carried out to follow its performance more closely. Results from the measurements are presented in a report where the equipment is rated in colours. Green indicates that it is running normally, yellow requires a follow-up and red means it is subject to checks and/or repair.

Sverull’s solution has resulted in a significant decrease in the number of unplanned stops in the treatment plant.

“We’ve detected a large number of bearing damages and have thus been able to address these issues before any failures occur,” says Petri.

“In fact, we’ve had zero unplanned stops for the equipment that is measured since we applied Sverull’s solution. We’ve also used it to check new equipment that has been installed, and in one case we were able to early detect a problem in three brand new water screws which were fitted at the intake of the plant. This was caused by the screws not being earthed properly.”

Within just a year, VA SYD has become a very important customer



PHOTO: PETER WESTRUP

» We’re seeing a lot of interest from other clients who want to have better control of their equipment. Everything that rotates can be measured.

Oskar Nilsson

to Sverull and the lessons from this project will be useful for many other potential clients. Oskar is excited about the possibilities for the future.

“We’re seeing a lot of interest from other clients who want to have better control of their equipment. Everything that rotates can be measured,” he ends. ●

In brief

→ Sverull is a component distributor and technical service company with 90 employees and 11 branch offices. The company operates in the Swedish market as an authorised distributor of SKF products.



PHOTO: PETER WESTRUP

Vibration data is collected at the plant using a handheld SKF Microlog device.



PHOTO: LUKAS URBAN

Jiří Urban,
Managing Director of Arkov.

Addressing the slow movers

Being part of a business group makes it possible to find new solutions. Ask Jiří Urban, the Managing Director of Czech company Arkov. His simple but incisive use of business analytics software is helping Power Transmission Solutions address a persistent issue: slow-moving products.

When Arkov's Managing Director Jiří Urban joined fellow Managing Directors of companies within

the business group at a meeting in early 2020, the issue of how to reduce slow moving products was high on the agenda, and many solutions were discussed.

"At the meeting a lot of interesting ideas to solve the problem were discussed, but they would all be quite time-consuming to realise," says Jiří.

"I've always been interested in numbers and programming, and I like connecting digital worlds with normal →

» One of Axel Johnson International's core values is 'making things happen', so I decided to do that.

Jiří Urban

business processes and improving them using digital technology, so I thought we could use data to create a quick solution."

Jiří's idea was to compare companies' stock data using Microsoft Power BI, an off-the-shelf business analytics tool whose strength lies in its ability to simply visualise data in charts, tables and diagrams. Using data analysis could help to establish which products were slow movers at one company but still in demand at another.

"One of Axel Johnson International's core values is 'making things happen', so I decided to do that," he says.

HE CONTINUES, "I contacted two other companies within the business group, Acorn and Sverull, and helped them create the relevant data."

Like Arkov, these two companies are authorised distributors of SKF bearings, which all have the same SKF system product codes, making it easy to do cross-checks of parts. "I took the data from them and imported it into our database to create the report, by doing so we could compare apples to apples," Jiří explains.



Svante
Stenström

→ **Business Development**
& Supply Chain
Director at
Power Transmission Solutions.

In brief

→ Arkov is one of the largest authorised distributors of SKF and Schaeffler products in the Czech republic. The company has 80 employees and eight branch offices.

The data enables the three companies to identify the parts that are slow movers from their warehouses, which can be sold to their sister companies if they have a continuing demand.

"We identified slow movers at Arkov and high runners at Acorn. We prepared pallets of the goods and sold them to Acorn," says Jiří. "This was a quick exchange to solve the problem. We've also done the same in reverse, though Acorn is a much bigger distributor of SKF than our company, so they bought quite a lot more than us."

Arkov has not exchanged goods with Sverull yet. However, Acorn and Sverull have used the system to identify which goods to exchange with each other.

IT IS A SUSTAINABLE, value-adding idea that has the support of Svante Stenström, Business Development & Supply Chain Director at Power Transmission Solutions.

"We saw the possibility of Power BI to make the companies more data-driven," Svante says. "We originally thought of a common database but it turned out that Power BI was easy to use and each company could build small solutions on their own. It worked so well that we'll implement it for a total database of all our companies in Power Transmission Solutions."

Jiří Urban adds:

"Sometimes the most obvious solutions are the toughest ones to achieve. But when we have the data, it's a pity not to use it. We're all gathering gigabytes of data for our companies and that has enormous potential to help each of us and the whole group." ●

Transport Solutions

The Transport Solutions companies offer innovative solutions within cargo securing and vehicle components. Together, the companies provide market leading solutions to European transport providers, freight forwarders, truck and trailer owners, body builders, other heavy vehicle OEM, shipping lines and airlines.



9
COUNTRIES

620
EMPLOYEES

174
MILLION EUR IN
ANNUAL SALES

OVERVIEW

WE ARE TRANSPORT SOLUTIONS

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

New team, new horizons

In 2020, a newly strengthened Transport Solutions team has made inroads with its dual focus on digitalisation and sustainability enhancements.



PHOTO: OSCAR MATTESSON



The Transport Solutions team

From left: Arvid Bild, Hanna Uddenstig, Osbjörn Odd, Sofia Sjöberg and Erik Eklöv.

Tell us about Transport Solution's development during the year.

"Our customers are demanding product availability in new digital ways as well as putting increasing emphasis on sustainable solutions, which leads to higher expectations on us. To meet these expectations, Arvid Bild Project Manager Digitalisation, and Sofia Sjöberg Project Manager Operational Efficiency and Sustainability has joined the team," explains Erik Eklöv, Managing Director.

"While we've increased our investment in digitalisation in recent years, we need to accelerate it, especially as we've added new companies in 2018 and 2019. In this past year we've worked a lot with setting the right focus."

"At some companies the work we're doing is at a basic level, such as overhauling a website, as they're in a particular niche that hasn't previously had much demand for an online presence. In other companies we're driving the development of their e-commerce, which has become increasingly important."

How will digitalisation improve efficiency for the group?

"We want to streamline the process of answering FAQs and reduce the number of orders being put in manually. We're already seeing progress. For example, one of our companies, Ro-Ro International, started its e-commerce operations this year but has already seen a lot of growth in this channel," says Arvid.

"The total revenue coming from e-commerce in the group has increased a lot in the past year, up to 30 percent in some of our companies, and we expect significant growth in the years ahead."

» The total revenue coming from e-commerce has increased a lot in the past year, up to 30 percent in some of our companies.

Arvid Bild

What progress has been made in the sustainability area?

"Internally we're particularly focused on better energy efficiency for our companies' buildings, such as the solar panels producing energy for Abkati and the modernisation of Trako's production facilities," says Erik.

"Externally we're focusing on sourcing," adds Sofia. "More and more customers are concerned with where the products come from and how they're produced. Our auditors in China visit our suppliers' production sites to ensure that there's no child labour and that the working conditions are safe."

2020 has been a year of solid progress. What is the outlook for 2021?

"There are interesting options for us next year, we're working hard on our first acquisition in the vehicle component area outside the Nordic Region. That'll be a big milestone for us," says Erik. ●

Sustainable – all the way

Streamlined logistics, solar energy and a sustainable approach are Abkati's ways of addressing the transport industry's future. Welcome to the company's new warehouse – the most recent step in its strategic plan.

The numbers are impressive: 4,500 square metres, 8,500 articles, an eight-metre-high ceiling, ten automated lift racks and six new electric forklifts. Abkati's Managing Director Johan Johnsson proudly shows off the company's new warehouse, which has more than twice the volume of the old one.

"Everything here is new. It's truly an investment in the future – an efficient and sustainable future – as well as an investment in a safe working environment," he says.

Founded in 1929, the family-run wholesaler located in Arlöv just outside Malmö in southern Sweden has a long track record of supplying components and accessories for trucks, buses, off-road equipment and agricultural machinery. Now, as the company's customers in the commercial vehicle industry are taking major steps towards a sustainable future, so is Abkati.

"We're convinced that a sustainable approach goes hand-in-hand with long-term profitability and growth for Abkati," Johan says.

AT THE HEART of Abkati's approach – and the new warehouse – is its new inventory system. The system has a high level of automation to make the flow in the entire supply chain much more efficient, from order to packing and delivery. The system is programmed to keep track of each article's measurements and weight. Such product information will be added continuously to the system. Every order that Abkati ships will be packed in such a way to minimise the air in the boxes, while still protecting the products.

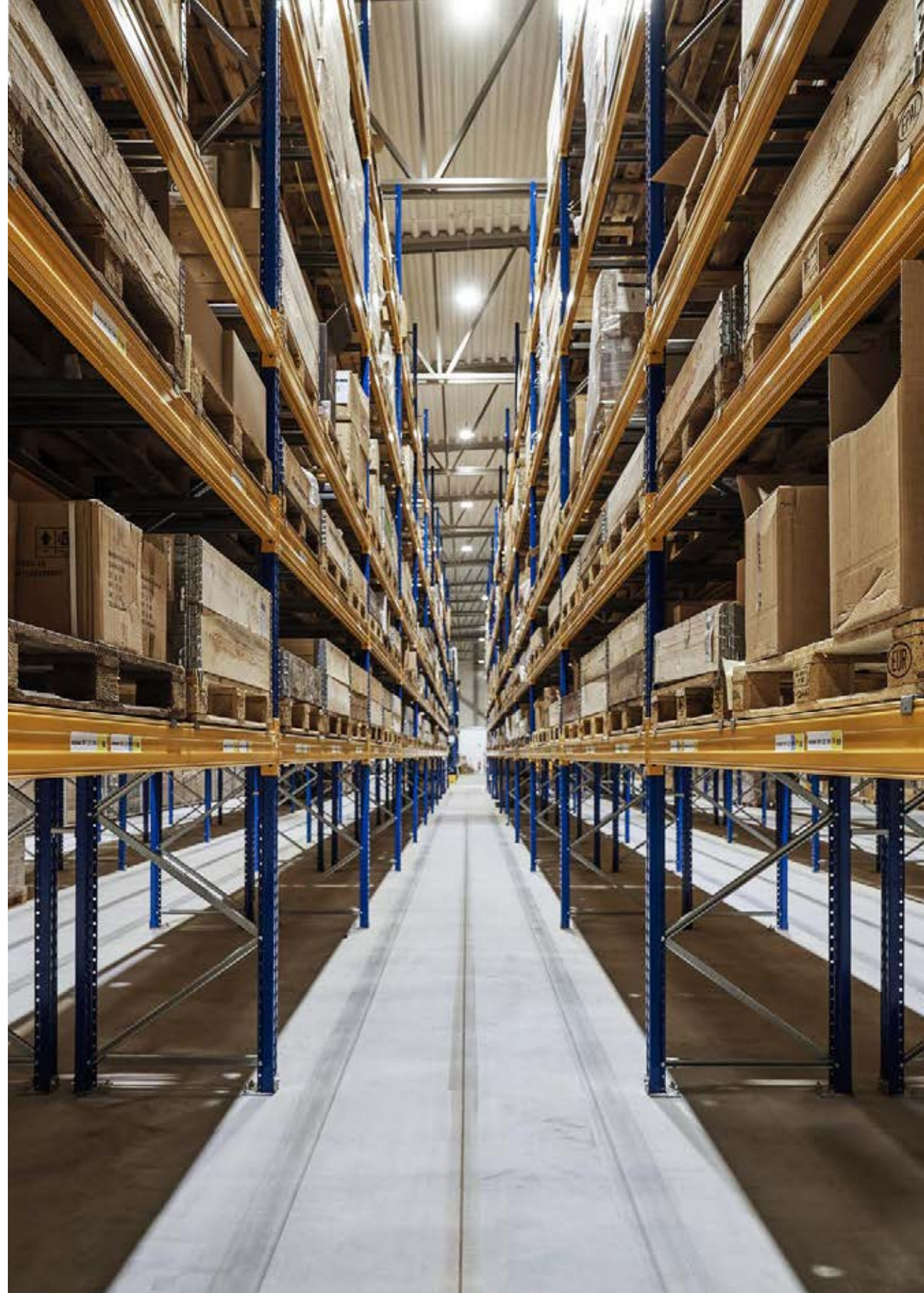
"This not only improves the work environment, it also makes it possible to have a higher filling rate for each truck, which means we can reduce the number of transports," Johan explains.

Another feature of the new warehouse is the automated lift racks that handle smaller goods. The enclosed racks have trays that are stored vertically. →

In brief

→ Abkati provides one of the market's largest ranges of components, primarily for light and heavy trucks as well as machines in forestry, agriculture and construction.

PHOTOS: PETER WESTRUP



» Everything here is new. It's truly an investment in the future – an efficient and sustainable future – as well as an investment in a safe working environment.



When the warehouse worker goes to pick out the order, the system brings forth the trays in an ergonomic service opening, while a laser lights up the correct tray to pick from.

“The racks have improved the flow a lot, and they also minimise errors,” Johan says.

“Another advantage is that the system is very easy to learn and to use, which makes it easier for us to handle peak order periods when we have to bring in extra staff.”

YEARS OF PLANNING led up to the hectic summer weeks in July 2020 when Abkati moved to its new office and warehouse. The company's own experienced staff and external experts both played a key role. The goal was not only to streamline Abkati's logistics flow as much as possible; environmental considerations were also important.

The location of the warehouse is on the outskirts of Malmö and was chosen for its proximity to the motorway, avoiding the heavy traffic in and out of the city centre. The new building is designed to allow trucks to drive right up to the warehouse, reducing the vehicles' idling time.

“We're also very proud of the installation of solar cells on the roof, which will make us almost self-sufficient on fossil-free electricity. It's not only an environmentally sound investment; it will pay for itself in just seven to eight years”, says Johan. “The market demands more and more sustainable products and behaviours from suppliers. To continue to develop as a company, we strive to be at the forefront as the sustainable alternative – all the way.” ●

● The goal of the move of the warehouse was not only to streamline logistic flows as much as possible; environmental considerations were also important. Abkati's experienced staff and external experts both played a key role.



PHOTOS: PETER WESTRUP



Ramped up for growth

Altec France was acquired by Forankra France in 2019. The two companies are now joining forces to use e-commerce and other cross-selling initiatives to foster growth.

Founded in 1993, Altec France is situated in Nuits Saint Georges in Eastern France. The company specialises in the distribution of aluminum ramps and loading bridges as well as stabilisation and soil protection equipment. They have a leading position in the French aluminum ramp market and customers include distributors, bodybuilders and end users. →

PHOTO: OLIVER RAMONTEU

From left: Emilie Delcroix, Gabrielle Monnerie, Déborah Goujon, Julie Fornara and Ophélie Tramier, Altec France.
Far right: Pierre Louis Sounié, Forankra France.



Julie Fornara,
Site Manager of
Altec France.

The company was acquired by Forankra France, part of Transport Solutions business group, in May 2019. In connection with the acquisition, the previous owners decided to retire and the company is now run by the employees, supported by the Forankra group.

“Joining forces with Altec France has created many possibilities for cooperation within talent management, product development and technical expertise,” says Pierre-Louis Sounie, Managing Director of Forankra France.

Forankra can develop its dock equipment range by integrating high-quality products from Altec France, with proven usefulness and reliability. A commercial action plan has been set up, which focuses on new customer niches and cross selling between the two companies.

In brief

→ Altec France supplies aluminum ramps, loading bridges and other equipment. The company has a turnover of about five million euros and five employees.

» We're a small, strong team of five that now strives to work according to the values of the group, to be far-sighted, being good to work with and to make things happen.

Julie Fornara

“Forankra's existing range of dock equipment will be a great addition to our product offering and an advantage when promoting this cross-selling,” says Julie Fornara, Site Manager of Altec France.

“With this cooperation, we've been able to strengthen our presence in the French market and give existing and potential customers an even stronger offering,” says Pierre-Louis.

For 2021 and the years ahead, Altec France will focus on increasing sales, with the help of a new e-commerce web site that was launched in October 2020. The sales team will remain in place and continue to offer a great service quality to all customers.

“As the former owner decided to leave soon after the merge, we had to adjust and take a greater responsibility from the start and set new structures,” says Julie.

“We're a small, strong team of five that now strive to work according to the values of the group, to be far-sighted, being good to work with and to make things happen. And we have an invaluable partner in Forankra.” ●

PHOTO: OLIVER RAMONTEU

People development

creating opportunities

Our work in people development is all about investing in the talents of our group, to build the leaders of tomorrow and offer our employees the opportunity to develop and build on their skills.

TALENT ACCELERATION PROGRAMME (TAP)

Through our Talent Acceleration Programme (TAP) we help develop young individuals across the group and create a strong pool of leaders for the future. Held over 18 months, the programme consists of modules focusing on areas such as leadership, project management, presentation skills, and business understanding.

MANAGEMENT TRAINEE PROGRAMME

We offer upcoming or recent graduates with a master's degree in engineering or business/economics the opportunity to participate in our Management Trainee Programme. The programme runs on a one-year basis. The trainees work directly with our executive management team and get to participate in, and lead, cross-functional projects throughout their trainee year.

BUSINESS SCHOOL

We want our employees to be successful and to be able to develop their skills. Our Business School offers advanced leadership programmes and courses ranging from negotiation skills to digital transformation and Microsoft 365 tools. The school's courses are open to all group employees and are supported by both internal and external lecturers.



Valentina Cristea: Winner of Axlabs 2020

Axlabs is a 48-hour innovation competition for all employees within the Axel Johnson Group. This year's Axlabs was tougher than ever, with 781 ideas submitted. **Valentina Cristea's** winning entry – a QR code for AxFlow's industrial pumping equipment – stood out from the rest. It is a sustainable and ingenious idea that will create added value for our customers.

V

alentina, who is a Marketing and After Sales Manager for AxFlow in Italy, came up with the idea in February 2020 when she

was looking for a solution to a common customer problem.

It is a simple but very clever concept: a QR code is created and added to the nameplate of equipment sold by AxFlow, such as pumps, valves etc. This code links to the individual product's instruction operating manual, giving field service engineers instant access to cross-sectional drawings, parts lists and technical information via their smartphone.

"Our After Sales department often receive emails from customers saying that they've lost the paper manual for a piece of equipment. They ask us to send the manual and drawings to identify the correct spare part code. It came to me naturally one day that a QR Code would be a paper-free, low-cost and time-saving solution that would also keep AxFlow offering a high level and valuable service to our customers, ensuring their processes keep running," she explains.

WHEN THE Axlabs competition opened the registration for innovations, she submitted her QR code idea and it progressed to the final stages in March. Together with ten other finalists she presented her idea to the 'Dragon's Den', a jury that included Mia Brunell Livfors, President and CEO of Axel Johnson AB, Martin Malmvik, CEO of Axel Johnson International, and CEOs and CFOs from the various business units in the group. After all the

» The group puts peoples' development at the top of their priorities.

presentations and the jury's deliberations, Valentina was announced as the winner of Axlabs 2020.

"The final was in the middle of the lockdown period, so it took place digitally, and it was a completely different Axlabs that we all for sure will remember. It felt great to get this huge opportunity to present my idea in front of the 'Dragon's Den'. I believe that the deep insight I've gained from my experience in aftersales helped me to answer the judges' tough questions successfully," says Valentina.

"It's very inspiring that through this innovation competition our ideas can become reality. Everyone can influence what the business will look like in the future. That's extraordinary. Who wouldn't join a group that gives a voice to their employees?"

THE QR CODE is now in the concept development stage with analyses and investment calculations, while Valentina, a member of Axel Johnson International's Talent Acceleration Programme, looks set to continue her impressive career progress.

"I feel very proud to be part of this organisation," she says. "The group puts peoples' development at the top of their priorities." ●

Jumpstarting careers

Three years after completing Axel Johnson International's Management Trainee Programme, **Philip Eliasson** and **Hanna Klasson** reflect on how it launched their careers.

Philip, Hanna and three other graduates were the 2016 intake to the Management Trainee Programme. The one-year-long programme has established itself as a great way for graduates with a master's degree in engineering, business or economics to participate in and lead projects in areas such as business strategy, mergers and acquisitions, digitalisation and supply chain.

"We developed quite a team spirit

during the programme, thanks to the monthly training sessions in subjects such as leadership, presentation techniques, sustainability and supply chain management. As participants we have also become part of the informal network of trainees from previous programmes," says Hanna.

What were your main tasks during the programme?

"I got to focus on supply chain development for the business group Lifting Solutions," says Philip.

"I met key people in the group and took part in different development projects. In my main project I developed a strategy for how we can optimise sourcing within Lifting Solutions, which I then became responsible for carrying out."

Hanna's home turf during the programme was Forankra, a company within business group Transport Solutions.

"Most of the time I worked for the Swedish operation in Gothenburg, but I also spent three months at Forankra in Spain," she says. "My main project was to develop a business case on how to roll out a product group to other markets, that had proved to be successful

in Sweden. I found that to be a really rewarding process."

Both of you studied industrial engineering and management at Linköping University in Sweden. What attracted you to Axel Johnson International?

"The group looked really interesting as a whole," says Hanna. "I was also attracted by the entrepreneurial spirit among the family-owned businesses in the group, as well as the engagement in sustainability, an area I focused on in my studies."

"The group companies within technical niches matched my engineering studies very well," says Philip. "I was also aware that Axel Johnson International is a part of the Axel Johnson Group, with its tremendous industrial heritage in Sweden and abroad."

What are your roles and responsibilities today?

"As Sales Controller at Forankra Sweden and a member of the management team, I oversee a part of the company's sales department," says Hanna. "I also work with increasing the sustainability perspective in our product offer and represent business group Transport Solutions in Axel Johnson International's central sustainability team. I find it all very interesting."

After the trainee programme, Philip took part in starting up an internal sourcing and supply chain company, with a sourcing office in China and a central warehouse in the Netherlands.

"As Operations Manager I'm responsible for the development of the central warehouse stocking of private label products for Lifting Solutions," he says. "The aims are to ensure that our

» All the contacts, networks and knowledge I gained gave me a great platform for the future.

Hanna Klasson



PHOTO: OSCAR MATSSON

Hanna Klasson

suppliers comply with all our quality and sustainability standards and that we keep an efficient supply chain for the companies in our group."

What did you appreciate most about the trainee programme?

"All the contacts, networks and knowledge I gained gave me a great platform for the future," says Hanna.

"It provided me with a very good start for my future development," says Philip. "I met and worked with a lot of skilled colleagues and leaders who inspired me to develop. The opportunities for development are almost endless."

Axel Johnson International's Trainee Programme started in 2011 and about 40 trainees have participated in the programme so far, with more to come. ●

PHOTO: PETER CEDERLING



Philip Eliasson
Philip was recently appointed as Managing Director of SCM Sitra.

Business school drives digital development

The Digital Transformation

programme within the Business School is a course that aims to develop our employees and help our companies fully realise their digital potential.

What were the reasons for launching the Digital Transformation programme?

“The purpose is to increase the pace of our transformation, as a way of responding to the rapid changes in our business environment,” says Hans Glemstedt, Head of Group Strategy and M&A.

“More specifically, we want to strengthen the knowledge of digital development, tools and methods among the group’s companies.

“Also, as with all training programmes in our business school, there is a valuable element of networking with colleagues from other companies in the group.”

Could you give us some details about the programme and its focus?

“We focused on data driven approach to sales and marketing processes, especially how to maintain business relationships with efficiency and collaboration using the powerful built-in features in Microsoft 365,” says Ingella Billquist, Collaboration Manager, who is one of the main lecturers for the programme.

“The training was held digitally by internal as well as external lecturers. It consisted of a variety of lecturers, group work and interactive exercises.

“We had 50 participants, decision-makers such as Managing Directors and Sales and Marketing Directors, from all over Europe that are now our ambassadors for the new ways of working.”

What sort of feedback have you received from the participants?

“We’ve had very positive reactions and feedback,” says Ingella.

“The benefits of going back to the daily operations using Microsoft 365 in a much smarter and more efficient way was clearly identified by the participants. They were also inspired by the sessions on a data-driven approach that was held by colleagues working with innovation and data at Axel Johnson AB.

Will the programme continue?

“We’ll expand the programme for 2021 to encompass more professions and also make the content more flexible and agile to be able to pinpoint certain areas or specific roles,” says Ingella.

“We’ll continue to encourage a data-driven approach to sales and marketing. Decision-making based on insights from customer data, is an area we’ll continue to strengthen for the future,” ends Hans. ●



PHOTO: PETER CEDERLING

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Ingella Billquist,
Collaboration
Manager, and
Hans Glemstedt,
Head of
Group Strategy
and M&A.

» As with all training programmes in our business school, there is a valuable element of networking with colleagues from other companies in the group.

Hans Glemstedt

An impressive performance

In 2020, Axel Johnson International stood up to every challenge that came its way, delivering new acquisitions and a strong result. **Mia Brunell Livfors**, Board Chairman of Axel Johnson International, and President and CEO of Axel Johnson AB, reflects on the past year and the year ahead.



Mia Brunell Livfors,
Chairman of the board of
Axel Johnson International

How pleased are you with Axel Johnson International's performance in 2020?

"I'm very impressed by the way the company has handled the situation over this past year. Despite a very challenging market situation, the record-breaking results from 2019 were exceeded and the turnover was largely in line with 2019. The company has proved that it can be agile and react quickly to meet the challenges, by cutting costs and meeting the clients in new ways. Everyone in the company, from top management down to all employees, have taken responsibility for getting this done."

Since 2015, Axel Johnson AB has set a '10/50' target. Can you explain this, and how the target has been met by Axel Johnson International so far?

"The meaning of the target is that in ten years from 2015,

50 percent of the turnover should come from activities that were not part of the company in 2015. The reason behind setting this target is that a company needs to change and evolve in order to be successful. It's of course a challenge to think outside the comfort zone and try totally new things, but I can see that Axel Johnson International is doing exactly this in a brave way, and the company is well on its way to meeting the target."

What are your expectations for 2021?

"That really is the million-dollar question! I think it's fair to assume that much of 2021 will continue to be challenging and that we will not get back to normal market conditions until 2022. But at the same time, the company has proved in 2020 that it is able to adapt to difficult situations, and considering the strong result in 2020, I have high hopes for 2021. One of the great strengths of Axel Johnson International is the corporate culture and the leadership, which is open, curious and courageous. This sets the tone for the entire company and makes it possible for us to continue performing strongly." ●

Facts and figures

Annual Report 2020



In good financial shape

Axel Johnson International's strong result in 2019 set a high bar for 2020, but the group managed to match that performance.

CFO Ola Karlsson says the stage is now set for further growth and expansion in 2021.

How would you summarise 2020 from a financial perspective?

"We had a significant drop in sales during the spring, with double-digit decreases in some of the European markets, where the automotive industry was one of the struggling sectors. But as the year progressed, we could see some recovery and we also managed to maintain our performance levels. And when we closed the year, we actually managed to show results that were even stronger than our great performance in 2019."

What were the main financial achievements during the year?

"Year-on-year sales dropped just four percent to SEK 11,632 million. Breaking this down, organic growth was minus six percent, currency effects minus two percent, while acquisitions contributed four percent. The profit amounted to SEK 816 million compared to SEK 745 million in 2019. We also managed to make acquisitions, after a slow start we made a total of eight. These are really strong achievements in such an

unusually challenging year!"

What are the main reasons for this strong performance?

"The decisive reason is that the local management teams have been very proactive in taking decisions and cutting costs in order to adapt to the situation. The fact that we have a common digital platform made it possible for the companies in the group to be agile and start facing the customers in a new way. It has also enabled us to spread best practices and find synergies."

And what do you expect from 2021?

"We're in a good financial shape and have managed to further strengthen our balance sheet. The new digital way of working has proved itself, so we're well positioned to deliver another strong result in 2021, even if I think we will not get back to normal market conditions until 2022. Our financial target is to grow by ten percent year-on-year with a mix of organic growth and acquisitions, and I'm confident that we have a good chance of reaching this goal." ●

» The new digital way of working has proved itself, so we're well positioned to deliver another strong result in 2021.



SUMMARY FINANCIAL INFORMATION

Key figures

MSEK	2020	2019	2018	2017	2016
Net sales	11,632	12,095	9,869	7,573	6,604
Profit after financial items	472	329	326	269	281
Profit ^{AX}	816	745	610	416	378
Cashflow from operating activities	977	423	155	285	322
Return on capital employed %*	10	8	10	13	14
Average number of employees	4,436	4,371	4,094	3,282	2,944

*Excl. Effect on capital gains and loss

Consolidated income statement

MSEK	2020	2019
Net sales	11,632	12,095
Cost of goods sold	-8,086	-8,510
Gross profit	3,546	3,586
Selling expenses	-2,360	-2,373
Administrative expenses	-885	-872
Other operating income	258	41
Other operating expenses	-64	-19
Operating profit	495	361
Interest income and similar income	97	35
Interest expense and similar charges	-120	-67
Profit after financial items	472	329
Profit ^{AX}	816	745

Sales and operating profit^{AX} per business group

MSEK	Sales 2020	Sales 2019	Change in %	Profit ^{AX} 2020	Profit ^{AX} 2019	Change in %
Lifting Solutions	3,185	3,399	-6	253	198	28
Transport Solutions	1,821	2,078	-12	158	164	-4
Fluid Handling Solutions	3,177	3,124	2	270	235	15
Power Transmission Solutions	2,324	2,304	1	135	132	2
Industrial Solutions	508	504	1	19	-3	733
Driveline Solutions	654	713	-8	64	87	-26
Parent company and eliminations	-37	-27	-37	-83	-69	-20
TOTAL	11,632	12,095	-4	816	745	10

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

Sustainability KPIs

	2020	2019	2018	2017
Absentee rate (%) time away from work due to incapacity of any kind	4.7	3.6	3.5	3.3
Total number of work-related accidents per 100 000 working hours	1,7	2,1	1,4	1,2
Share of women in leading position (%)	23	21	19	18
Total energy consumption per year (GWh)	28	27	22	21
Total energy consumption per year (MWh) of Net Sales	2,5	2,6	2,9	3
Share of energy from renewable sources (%)	62	58	59	52

Consolidated balance sheet

MSEK	2020-12-31	2019-12-31
ASSETS		
Fixed assets		
Intangible fixed assets	1,506	1,626
Tangible fixed assets	494	582
Financial fixed assets	126	122
Current assets		
Inventories	2,114	2,266
Current receivables	2,157	2,290
Cash and bank balances	312	315
TOTAL ASSETS	6,708	7,202
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	2,461	2,487
Minority interests	100	120
Provisions	288	371
Long-term liabilities	1,784	2,201
Current liabilities	2,075	2,023
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,708	7,202

Consolidated cash flow statement

MSEK	2020	2019
Cash from from operating activities		
Profit after financial items	472	329
Adjustment for items affecting cash flow	542	595
	1014	924
Income taxes paid	-169	-181
Cash flow from operating activities before changes in working capital	844	742
Cash flow from changes in working capital		
Increase (-)/Decrease (+) in inventories	93	-89
Increase (-)/Decrease (+) in trade and other receivables	100	-152
Increase(+)/Decrease (-) in trade and other liabilities	-61	-78
Cash flow from operating activities	977	423
Cash flow from (or used in) investing activities	-385	-620
Cash flow from (or used in) financing activities	-530	200
Net change in cash and cash equivalents	62	3
Cash and cash equivalents at beginning of year	315	296
Effects of exchange rate changes on cash and cash equivalents	-65	15
CASH AND CASH EQUIVALENTS AT END OF PERIOD	312	315

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

Executive management team

TOP ROW,
FROM LEFT TO RIGHT:

Ola Sjölin
Managing Director
Power Transmission Solutions

Mårten Steen
Chief Information Officer

Malin Ripa
Head of Sustainability

Ole Weiner
Managing Director
Fluid Handling Solutions

Hans Glemstedt
Head of Group Strategy and M&A

Ola Karlsson
Chief Financial Officer

BOTTOM ROW,
FROM LEFT TO RIGHT:

Ralf Wiberg
Managing Director,
Lifting Solutions

Jan Brattberg
Managing Director,
Driveline Solutions

Martin Malmvik
President and CEO,
Managing Director
Industrial 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, Chairman of the
board at Axfood, Dustin Group and
Kicks, Board member of AxSol, Mar-
tin & Servera, Åhléns, Stena and Efva
Attling Stockholm.



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



Marie Ehrling
Chairman of Securitas, Vice
Chairman, Axel Johnson AB, Board
Member Disruptive Materials.



Helene Svahn
President and Chief Operating
Officer, Haldex AB, Board member of
Haldex AB.



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



Stina Andersson
Chief Operating Officer, Axel Johnson
AB, Chairman of the board at AxSol
and Åhléns, Board member of Ax-
food, Dustin, Kicks, Skincity, Novax
and Fram Skandinavien.

PHOTO: TOBIAS OHLS



Axel Johnson International is a privately owned Swedish industrial group of more than 150 companies in 30 countries. We acquire and develop companies in strategically selected niche markets, primarily technical components and industrial process solutions.

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

As an active and long-term owner our mission is to drive business development and growth.

Axel Johnson International is part of the family-owned corporate group Axel Johnson.