

Press release
19 March 2018

AXEL JOHNSON'S YEAR-END REPORT FOR 2017

Strong year for Axel Johnson

2017 was another good year for Axel Johnson. Profit^{AX} for the year amounted to SEK 3,020 million (2,848), an increase of 6 percent. The Group's total sales amounted to SEK 77,174 million (72,327), an increase of 7 percent. Axel Johnson International, Dustin and Novax report their best results so far, and all Group companies except for Åhléns increased their turnover compared with the preceding year.

“These are our best results to date. Our good earnings and strong cash flow continue to give us strength for future developments, and our innovation rate is high”, says Mia Brunell Livfors, President and CEO of Axel Johnson.

2017 has been a year of investments. Both new internal initiatives and acquisitions are vital to our renewal. The largest main investments have been made in and around Group companies. Axfood completed the acquisition of mat.se and also acquired Middagsfrid and Eurocash, and Axel Johnson International completed 13 acquisitions. At a Parent Company level, Axel Johnson acquired 70 percent of Skincity.

The digital transformation rate in the Group is high. During the year, over 200 projects linked to data, digitalization and technology development were initiated and implemented. One of these is Axinsight, the Group's common function for data-driven business development, which was implemented during the year and involves several of our companies.

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

Axel Johnson is one of the Nordic region's leading trading groups which builds and develops businesses within trade and services in the European market, with main focus on the Nordic region. Group companies currently comprise Axel Johnson International, Kicks, Martin & Servera (equity stake 70%), Novax, Åhléns and the partly owned listed companies Axfood (equity stake 50.1%) and Dustin (equity stake 25%). Axel Johnsons consolidated annual sales amounts to approximately SEK 77 billion (2017) and the wholly and partly owned companies have about 20,000 employees (2017). Axel Johnson is a family-owned company in the fourth and fifth generation and is owned by Antonia Ax:son Johnson and her family. Axel Johnson is one of four separate groups within the Axel Johnson Group together with the property company AxFast, the U.S. company Axel Johnson Inc. and the asset management company AltoCumulus.

Our Group Companies

Axfood has grown, both organically and through the acquisition of mat.se, Middagsfrid and Eurocash. During the year Klas Balkow took over as the new CEO. Axel Johnson International has had its most successful year ever, looking at both earnings and sales. The acquisition rate is still high in the company and during the year no less than thirteen acquisitions were completed. Dustin reports its best results so far. At the end of 2017, Thomas Ekman was recruited as the new CEO, and five new acquisitions added skills in services, data centers and IT infrastructure. Kicks made major investments to strengthen its e-commerce offering. Novax recorded record profits, thanks largely to the sale of Medius. During the year, Novax acquired Datema, a supplier of self-scanning and mobility solutions in trade, industry, logistics and transportation. Martin & Servera made major investments in warehouses and logistics. Åhléns is still showing negative earnings but is delivering according to plan and better than last year, with sales growth in comparable units. E-commerce sales have surpassed the budget, and the newly-acquired Carin Wester brand was successfully launched.

Important events in 2017

- Axfood completed the acquisition of mat.se, got new CEO Klas Balkow and acquired Middagsfrid and Eurocash.
- Axel Johnson acquired 70 percent of Skincity.
- Axel Johnson International completed thirteen acquisitions.
- Axel Johnson started the Axelerate Leadership Program, a leadership development program for international talents.
- Novax acquired Datema and sold Medius
- Dustin appointed Thomas Ekman as its new President and CEO, from January 1 2018.
- Camilla Wideroth was appointed new CFO of Axel Johnson.

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Axel Johnson's 2017 results

Amount in SEK million	2017	2016
Net sales	77,174	72,327
Profit ^{AX}	3,020	2,848
as % of net sales	3.9	3.9
Profit after net financial items adjusted for items affecting comparability	2,464	2,455
Profit after net financial items	2,405	3,698 ¹
Balance sheet total	28,180	25,771
Capital employed	16,210	14,811
Return on capital employed (%)	16.3	27.0 ¹
Equity attributable to owners of the parent company	11,445	11,120
Equity ratio (%)	48.2	50.0
Net debt/equity ratio (multiple)	0	0
Cash flow from operating activities	3,182	3,219
Cash flow after investments	377	3,326
Average number of full-time employees	20,358	19,342

¹ Includes capital gains on sale of Mekonomen (SEK 1,332m).

Group Companies

Amount in SEK million	Equity interest,	Net sales		Profit^{AX}	
		2017	2016	2017	2016
Axel Johnson International	100	7,573	6,604	416	378
Axfood	50.1	45,968	43,355	1,881	1,894
Dustin ¹	25	9,306	8,301	308	287
KICKS	100	3,080	2,951	80	163
Martin & Servera	70	14,475	13,343	318	394
Novax	100	1,403 ²	1,374 ²	377	215
Åhléns	100	4,792	4,818	-70	-114

¹ 2016 refers to the fiscal year September 2015 – Aug 2016. 2017 refers to the fiscal year September 2016 – Aug 2017.

² Subsidiary only.

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