

Press release  
14 March 2017

# AXEL JOHNSON'S YEAR-END REPORT FOR 2016

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## Best earnings yet for Axel Johnson

2016 was the best year yet for Axel Johnson, with profits after net financial items of SEK 3.698 billion (2.165). Even after being adjusted for the sale of our share in the Mekonomen Group and other items affecting comparability, 2016 was the best year yet in Axel Johnson's history with earnings<sup>1</sup> of SEK 2.848 billion (2.543).

Net sales were SEK 72.327 billion (69.551), an increase of 4 percent compared to 2015. Axfood, Martin & Servera, Novax and Kicks had their best earnings yet and all the companies in the group, with the exception of Åhléns, showed strong growth.

There was pressure on Åhléns' growth and profitability stemming from tough market conditions and restructuring costs. A number of major changes were undertaken in 2016. We sold our equity interest in the Mekonomen Group to LKQ Corporation, which is one of the world's leading distributors of automotive products.

Åhléns, Willys and Hemköp initiated e-commerce. Furthermore, Axfood acquired mat.se. Food-related e-commerce accounts for just over one percent of the total convenience goods trade in Sweden but is growing rapidly and will become an important complement to our brick-and-mortar retail trade. The acquisition of mat.se positions Axfood well to meet this trend.

“Axel Johnson's earnings of over SEK 2.8 billion indicate our strength. But we're not standing still. Axel Johnson's strong balance sheet – with continued business development and additional acquisitions – provides us with all the prerequisites to continue developing in the coming years,” says Mia Brunell Livfors, President and CEO of Axel Johnson.

<sup>1</sup> Earnings after net financial items, excluding goodwill write-offs, adjustments for additional considerations, items affecting comparability and divested businesses.

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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 72 billion (2016) and the wholly and partly owned companies have about 20,000 employees (2016). 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**

In 2016, Martin Malmvik became the new CEO and President of Axel Johnson International and eight new acquisitions were made. Despite the downturn for many of our customers in the oil and gas sector, the company performed well. Axfood continued to grow and has exceeded the market's growth rate for 25 months in a row with good profitability and Klas Balkow became the new CEO during the year. Dustin showed an industry-leading increase in margin and is working to offer a greater number of services. Kicks continued to grow by a good margin and has taken important steps in its digital transformation. Despite a number of major conversion projects, including a new warehouse in Umeå and a change of warehousing systems, Martin & Servera has once again shown strong earnings. Novax has had strong growth in a number of its companies and has assumed ownership of Lagerhaus. Åhléns has had a difficult year, including staff reductions and store closures but has also opened new stores and initiated e-commerce. Gustaf Öhrn has been the new CEO since June 2016 and the company is now in the process of implementing a number of changes intended to ensure profitability. Our smaller entrepreneurial companies in D-Ax are now being operated directly from Axel Johnson and we have intensified the search for new early-stage investments. Amazing Brands and Mitt Liv are developing well.

## **Important events in 2016**

- Axel Johnson acquires an additional 5 percent of Dustin. Equity interest is now 25 percent.
- Axel Johnson sells its equity interest in the Mekonomen Group.
- The holding company Axstores is phased out and Kicks and Åhléns begin reporting directly to Axel Johnson.
- Novax assumes ownership of Lagerhaus.
- Åhléns, Willys and Hemköp introduce e-commerce and Axfood acquires mat.se
- The group's companies offer trainee positions to over 300 people who have recently arrived in Sweden.
- Axel Johnson International acquires eight companies.

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## Axel Johnson's 2016 results

<b>Amount in SEK million</b>	<b>2016</b>	<b>2015</b>
Net sales	72,327	69,551
Earnings <sup>2</sup>	2,848	2,543
As % of net sales	3.9	3.7
Earnings after net financial items adjusted for items affecting comparability	2,455	2,266
Earnings after net financial items	3,698	2,165
Total assets	25,771	23,221
Capital employed	14,811	13,086
Return on capital employed (%)	27.0	17.1
Equity attributable to owners of the parent company	11,120	9,267
Equity ratio (%)	50.0	48.1
Net debt/equity ratio (multiple)	0	0
Cash flow after investments	3,326	768
Average number of full-time employees	19,342	18,471

## Group Companies

<b>Amount in SEK million</b>	<b>Equity interest, percent</b>	<b>Net sales</b>		<b>Earnings<sup>2</sup></b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Axel Johnson International	100	6,604	6,481	378	367
Axfood	50.1	43,355	41,247	1,894	1,749
Dustin <sup>3</sup>	25	8,301	7,933	287	151
KICKS	100	2,951	2,689	163	161
Martin & Servera	70	13,343	12,958	394	367
Novax	100	1,374 <sup>4</sup>	1,291 <sup>4</sup>	215	102
Åhléns	100	4,818	4,985	-114	-59

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<sup>2</sup> Earnings after net financial items, excluding goodwill write-offs, adjustments for additional considerations, items affecting comparability and divested businesses.

<sup>3</sup> Pertains to the fiscal year September–August.

<sup>4</sup> Subsidiaries only.

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