

Press release  
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## AXEL JOHNSON'S YEAR-END REPORT FOR 2018

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### Another good year for Axel Johnson

2018 was a good year for Axel Johnson. The Group's total sales amounted to SEK 82,354 million (77,174), an increase of 7 percent. Profit<sup>AX</sup> for the year amounted to SEK 3,021 million (3,020) on par with the previous year's operating profit (SEK 3,020 million), however the previous year's earnings included a capital gain of SEK 255 million following the sale of Medius. The underlying result therefore increased year on year. Axel Johnson International, Axfood and Dustin are reporting their best results to date, and all Group companies increased their turnover compared with the previous year.

“I am proud to state that Axel Johnson is once again reporting solid growth and strong results. Our financial strength allows for continued investments in new and existing businesses, and we are well set to continue our journey in 2019,” said Mia Brunell Livfors, President and CEO of Axel Johnson.

As in the previous year, 2018 was marked by a high renewal rate. A large part of this renewal is taking place in existing operations. Åhléns opened three new Åhléns Outlet stores, KICKS created two new beauty brands and Martin & Servera opened Fiskhallen Sorunda. In addition, the Group is driving change through acquisitions, and during the year a total of 22 acquisitions were made, in both new and existing markets.

The technological transformation requires concentrated efforts and an innovative mindset. To achieve the best insight and create momentum in our transformation work we initiated Axjalla – a Group-wide initiative for strategic renewal. Within Axjalla we are using data to create better offerings for customers, to streamline internal work and to build better functionality in payments and logistics. All these initiatives aim to put data and customer insight at the heart of the transformation and to increase customer value.

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

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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 26%). Axel Johnsons consolidated annual sales amounts to approximately SEK 82 billion (2018) and the wholly and partly owned companies have about 22,000 employees (2018). 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

Axel Johnson International is reporting its best operating profit to date. Sales are up by 30 percent, mainly thanks to the acquisition of 16 new companies, but also as a result of strong organic growth. Axfood is also reporting its best results ever, with sales growth exceeding the market. In 2018 the company opened its first automated warehouse. Dustin expanded into the Netherlands during the year by acquiring Vincere and completed a new share issue of around SEK 700 million. Axel Johnson subscribed for its pro rata share and also increased its holding in the company during the year, bringing it to 26 percent in total. Freddy Sobin took up the position as the new CEO of KICKS. During the year KICKS launched a new Enterprise Resource Planning system and opened a flagship store in Stockholm. To strengthen its position in a growing beauty market, Axel Johnson created a completely new unit, Axbeautyhouse, which is responsible for the business area Beauty of Åhléns and KICKS. Martin & Servera introduced a new group structure to strengthen its restaurant distribution and established Fiskhallen Sorunda to broaden its fresh food operations. The CEO of Martin & Servera is leaving his role during 2019 and Liv Forhaug was named successor. Novax made two new acquisitions: the fitness company STC and the retail software provider Revide. Retail is experiencing a major transformation and Åhléns reports negative earnings this year again, but turnover increased and e-commerce sales grew by 94 percent. The Åhléns City department stores in Stockholm and Gothenburg have been renovated and three new Åhléns Outlet stores were opened during the year.

## Significant events in 2018

- Axfood opened its first automated warehouse.
- Axel Johnson International made 16 acquisitions, one of which in Australia/New Zealand.
- Dustin expanded into the Netherlands by acquiring Vincere and completed a new share issue, raising around SEK 700 million. Axel Johnson now owns 26 percent of the company.
- KICKS opened a flagship store in Stockholm and appointed Freddy Sobin as its new CEO.
- Martin & Servera established a new fish and shellfish business through Fiskhallen Sorunda.
- Novax became the main owner in STC and Revide.
- Axbeautyhouse was created, a unit responsible for beauty purchasing for Åhléns and KICKS.
- Åhléns opened three new Åhléns Outlet stores.
- A new role was created within Axel Johnson's Group Management with the appointment of Stina Andersson as Chief Operating Officer.

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## Axel Johnson's 2018 results

Amount in SEK million	2018	2017
Net sales	82,354	77,174
Profit <sup>AX</sup>	3 021	3,020
as % of net sales	3.7	3.9
Profit after net financial items adjusted for items affecting comparability	2,194	2,464
Profit after net financial items	2,094	2,405
Balance sheet total	29,661	28,180
Capital employed	16,325	16,210
Return on capital employed (%)	14	16
Equity attributable to owners of the parent company	10,839	11,445
Equity ratio (%)	44	48
Net debt/equity ratio (multiple)	0	0
Cash flow from operating activities	3,559	3,182
Cash flow after investments	983	377
Average number of full-time employees	21,569	20,358

## Group Companies

Amount in SEK million	Equity interest, percent	Net sales		Profit <sup>AX</sup>	
		2018	2017	2018	2017
Axel Johnson International	100	9,869	7,573	610	416
Axfood	50.1	48,085	45,968	2,016	1,881
Dustin <sup>1</sup>	26	10,300	9,306	385	308
KICKS	100	3,198	3,080	15	80
Martin & Servera	70	14,597	14,475	360	318
Novax	100	1,540 <sup>2</sup>	1,403 <sup>2</sup>	104	377
Åhléns	100	4,809	4,792	-131	-70

<sup>1</sup> 2018 refers to the fiscal year September 2017– Aug 2018.

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

<sup>2</sup> Subsidiaries only.

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