

AXCEL

2016

Annual Review





**02**

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# 03

# Axcel delivered in 2016

2016 was an eventful year for Axcel. Work on raising a fifth fund began, Christian Schmidt-Jacobsen took over as Managing Partner, and the firm made a series of promising investments and successful exits.

Axcel IV's investments in Danish Ship Finance, Frontmateg and LESSOR Group in 2016 meant that work on raising Axcel V could get under way. The year also saw some solid exits at Axcel IV. The first two funds are completely closed, and Axcel III is down to just two investments.

Axcel also bolstered its organisation in both Denmark and Sweden. Most of Axcel's investment officers have been working together for more than a decade, but some interesting new faces joined the team during the year.

Thomas Blomqvist was appointed partner in Sweden, bringing extensive experience as head of US private equity firm The Riverside Company's Nordic operation, while Lars Cordt was promoted to partner at the Danish office.

Once work on Axcel V kicked off, the previously announced changes to senior management were made as planned. Christian Frigast switched to Executive Chairman, and Christian Schmidt-Jacobsen took over as Managing Partner.

April 2017 saw a first closing of Axcel V at around DKK 2.6 billion, with support from both new and existing investors. The fund has thus already reached two-thirds of its planned size of around DKK 4.1 billion and is expected to be fully raised by the end of 2017. Axcel V too will invest in leading mid-market companies in Denmark, Sweden and the rest of the Nordic region. This strategy has so far resulted in 46 platform investments, more than 80 add-on investments and 37 exits.

As can be seen from page 6, Axcel delivered a healthy investment profit of DKK 689 million in 2016, reflecting both a strong performance by its portfolio

companies and a number of successful exits. In Sweden, Nordic Waterproofing was floated in June, after which its share price climbed 35%. Soon afterwards, Netel was sold to an international private equity firm for a solid return, having tripled its revenue under Axcel's ownership.

The progress made at portfolio companies can be attributed primarily to a sharp focus on operational improvements, but is also to some extent a result of a stronger global economy and very low interest rates boosting the Nordic economies. On the other hand, the repercussions of Brexit and political developments elsewhere in Europe and in the US pose a threat to global economic growth.

We will continue to target substantially higher returns than in the public market through our unique approach to active ownership, but potential returns will always depend to some extent on the overall business climate. There is still a need for labour market reform in Denmark, which is why our think-tank Axcelfuture has been focusing on how to get more refugees into work. What can be done to enhance quality of life for the individual and relieve the burden on the welfare state?

Corporate taxation in Denmark is also in need of an overhaul. If we want to see more investment in growth and jobs, capital income taxes need to come down. It is worth considering here whether it can be made even more attractive for foreign investors to invest in unlisted companies through private equity funds, as this will boost both growth and employment in Denmark.



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# Investment results for 2016

Axcel made a profit of DKK 689 million on its investments in Axcel III and Axcel IV in 2016, a very satisfactory performance.

This profit was due largely to the successful exits from Nordic Waterproofing and Netel and further progress at Conscia, Delete Group and EG.

Axcel IV remains one of the top-performing Nordic funds raised in 2010/11.

## The year's transactions

Axcel made three platform investments during the year: LESSOR Group, Frontmtec and Danish Ship Finance.

LESSOR Group, a specialist in IT-based payroll and HR systems, was acquired in March.

SFK Leblanc, Attec, Itec and Carometec followed in August, and Frontmtec in October, together creating a world leader in high-tech slaughterhouse solutions now rebranded as Frontmtec.

In September, Axcel teamed up with pension funds PFA and PKA to invest in Danish Ship Finance, a leading global provider of financing for the world's largest shipowners.

All of these investments have made a good start and are performing satisfactorily.

Netel, EXHAUSTO and Nordic Waterproofing were all sold by Axcel IV in 2016. Axcel floated Nordic Waterproofing on Nasdaq

Stockholm in June. This was Axcel's first IPO outside Copenhagen and proved a great success, with a substantial rise in the company's share price then prompting Axcel to sell its remaining shares in the company.

Also in June, Netel was sold to an international private equity firm, and EXHAUSTO to French industrial buyer Aldes.

This leaves Axcel's funds with holdings in nine companies with combined revenue of more than DKK 7 billion and around 4,400 employees.

## Overview of Axcel's investments

Since 1994, Axcel has raised four funds with total committed capital of some DKK 10 billion, made 46 platform investments in Nordic companies along with more than 80 major add-on investments, and wholly or partially exited 37 investments.

A total of DKK 25.8 billion has been paid out to investors, and the remaining portfolio companies have a value of DKK 2.9 billion. Based on realised investments, Axcel has multiplied investors' capital by a factor of 3.1 over its lifetime.

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## Axcel's investment results

(DKKm)	2012	2013	2014	2015	2016
Axcel III	2,274	4,509	1,743	3	-17
Axcel IV	390	146	134	153	706
<b>Total</b>	<b>2,664</b>	<b>4,655</b>	<b>1,877</b>	<b>156</b>	<b>689</b>

## Axcel's investments and value of invested capital

(DKKm)	Axcel III	Axcel IV	Total
Invested capital	2,694	3,495	6,189
Proceeds from invested capital	18,478	1,811	20,289
Valuation of companies	34	2,830	2,864
Value of invested capital	18,512	4,641	23,153
Return multiple	6.9	1.3	-

# Axcel V well under way

Axcel has completed the first closing of its latest fund, Axcel V, at around DKK 2.6 billion. The new fund has won support from both new and existing investors, already reaching two-thirds of its planned size of around DKK 4.1 billion at this initial closing.

With the investments in LESSOR Group, Frontmatec and Danish Ship Finance leaving Axcel IV close to fully invested, Axcel was able to begin raising its fifth fund in autumn 2016. After only six months of fundraising, Axcel reached a first milestone with an initial closing. Although work on raising the fund is far from over, Axcel can now start investing in companies in Denmark, Sweden and the rest of the Nordic region through Axcel V.

Raising a new fund is a major undertaking, and Axcel has held countless meetings with investors in Denmark, Europe and the US.

We will pursue the same strategy in Axcel V as we have since the very beginning in 1994, namely investing in leading mid-market companies. These might be family-owned businesses needing a partner to implement a new growth strategy, local players looking to expand abroad, or companies wanting to focus on and grow their core business.

Axcel's first four funds have made a total of 46 platform investments and more than 80 add-on investments on the basis of this strategy, and 37 investments have been realised, delivering strong returns to Axcel's investors.

Axcel's long history and strong network have carved it a unique position which has attracted a diverse group of investors to Axcel V, from large institutional investors to a variety of families, funds and entrepreneurs.

**“Having helped raise five funds at Axcel, I can tell you that a first closing of this size requires a huge effort from the whole organisation. So I'm pleased that we were so well prepared and had such strong support from our investors.”**

Christian Frigast, Executive Chairman

**“We're delighted that Axcel V has been so warmly received by investors. We've had many fruitful meetings with investors, with strong interest from all kinds of clients. We're very grateful for the support we've had from our existing investors, and for the faith shown in us by new investors.”**

Peter Nyegaard, CFO

**“Investors carry out extensive due diligence in areas such as Axcel's track record, team and value creation strategy. Although we prepared very detailed documentation covering all kinds of issues, investors always have additional questions. With the huge number of investors accessing our data room, raising the fund has been a massive undertaking.”**

Jesper Breitenstein, Investor Relations Officer

**“We're delighted that we've managed to complete the first closing of Axcel V so quickly. This shows trust in our team and our continued ability to generate an attractive return. We look forward now to returning that trust by acquiring and developing more exciting companies.”**

Christian Schmidt-Jacobsen, Managing Partner

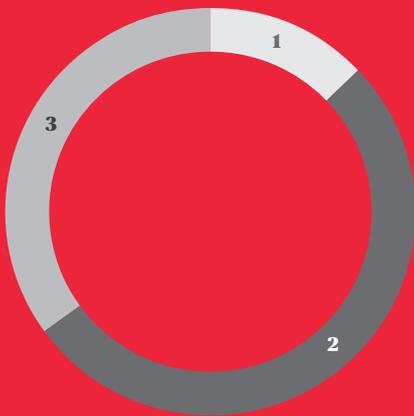
# Axcel's key figures

The charts below show the environment in which Axcel works, the 46 companies in which we have invested, what their strategies are, and how long Axcel has owned the companies.\*

## Axcel's acquisitions

Axcel's acquisitions are generated to a great extent through Axcel's network, but also through cold calls, investment banks and advisors.

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1. Cold calls (6):

**13%**

2. Axcel's network (24):

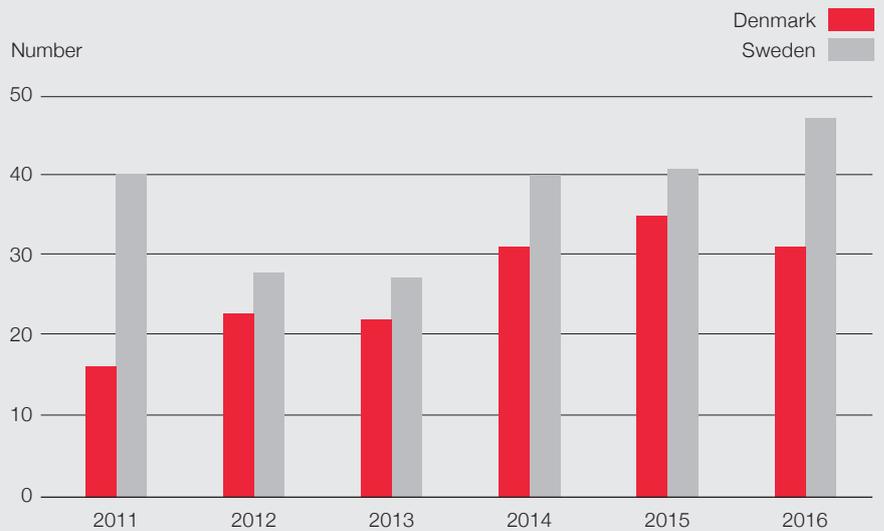
**52%**

3. Investment banks/advisors (16):

**35%**

## Danish and Swedish buyouts in Axcel's segment

Axcel's segment is defined as transactions involving a private equity fund, where the company acquired has revenue above DKK 100m.



## Axcel's companies by sector

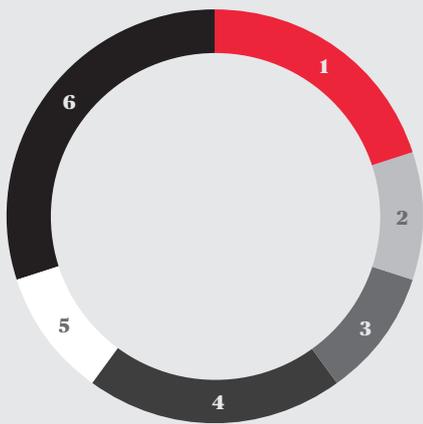
Axcel has mainly acquired companies within manufacturing and business services.



\* Nordic Waterproofing is not included in the overview as Axcel sold its remaining shares in February 2017.

### Axcel's existing investments by year of investment

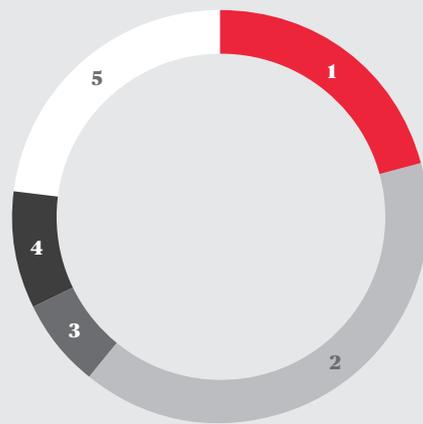
The majority of Axcel's existing companies have been acquired since 2012.



1. 2007: **20%**
2. 2011: **10%**
3. 2012: **10%**
4. 2013: **20%**
5. 2015: **10%**
6. 2016: **30%**

### Axcel's investments by size (equity in DKKm)

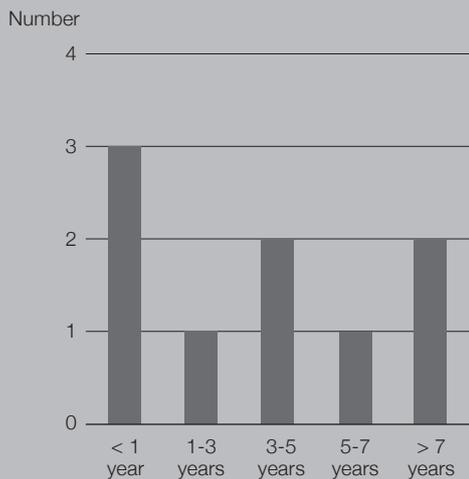
Axcel invests primarily in medium-sized Danish and Swedish companies. The values in the chart are the size of Axcel's equity investment since Axcel I.



1. < 75: **21%**
2. 75-150: **40%**
3. 150-225: **7%**
4. 225-300: **9%**
5. > 300: **23%**

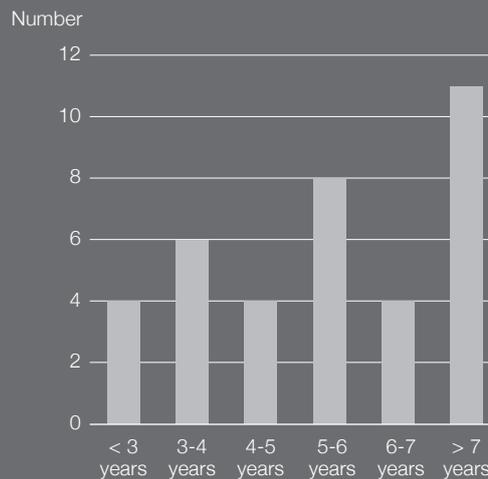
### Existing companies by length of ownership

The majority of Axcel's existing companies have been owned for less than five years.



### Exits – how long Axcel held the companies

Axcel has sold a total of 37 companies, the majority of which were owned for at least five years.

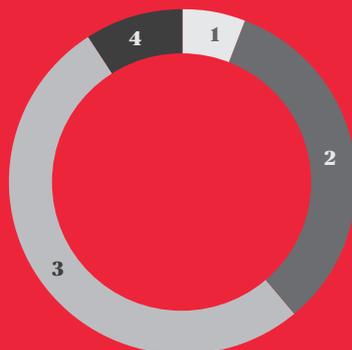


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### Axcel's strategies for value creation (by value of investment)

Almost half of Axcel's investments are buy-and-build cases, where value is created through a combination of organic growth, acquisitions and realisation of synergies.

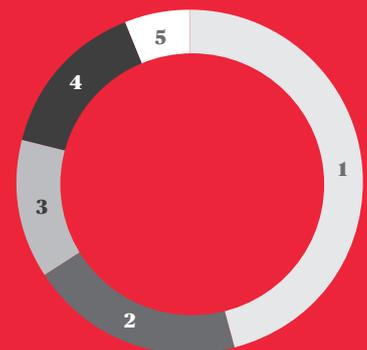
1. Focus on core areas (3): **6%**
2. Organic growth (15): **33%**
3. Buy and build (24): **52%**
4. Restructuring (4): **9%**



### Who Axcel acquired its companies from

Axcel has mainly acquired its companies from families.

1. Family (21): **46%**
2. Industry (9): **20%**
3. Delisting (6): **13%**
4. PE fund (7): **15%**
5. Other (3): **6%**



## The year's acquisitions



MARCH 2016

**LESSOR Group** Founded in 1972, LESSOR Group specialises in IT-based payroll and HR systems marketed under two brands: LESSOR and Dataløn. Axcel plans to continue the growth strategy that has helped the group build a leading position in the market for payroll systems for private companies.



JULY/OCTOBER 2016

**Frontmatec** Frontmatec is the result of a merger of five companies – SFK Leblanc, Attec, Itec, Carometec and Frontmatec – to form a powerful and leading player in the growing global market for high-tech slaughterhouse equipment. Together they can deliver complete solutions combining both hardware and software to optimise the whole of the customer's value chain. Customers are mainly large global food groups. Axcel's goal is to build a fully integrated global market leader with a view to a substantial increase in earnings.



SEPTEMBER 2016

**Danish Ship Finance** Axcel teamed up with Danish pension funds PFA and PKA to pay a total of DKK 4.25 billion for all A-shares in Denmark's leading provider of ship financing, which has been serving Danish and international shipowners since 1961. Danish Ship Finance's vision is to be the most recognised and stable provider of financing for reputable shipowners. Ship financing requires a high degree of specialisation and expertise at every level, and the company's 70 employees currently manage a loan portfolio of around DKK 40 billion secured against more than 500 vessels.

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## Exits

JUNE 2016

**EXHAUSTO** A leading producer of mechanical ventilation solutions for homes, offices, schools, institutions, etc., EXHAUSTO is the market leader in Denmark and Norway with growing positions in Germany and Sweden. The company generated revenue of DKK 470 million in 2015 and has around 320 employees. In June 2016, the French family-owned ventilation group Aldes acquired EXHAUSTO from Axcel and VKR Holding, which had held the company since the end of 2012. EXHAUSTO's development potential will benefit from being part of a large international group that already has a presence in 60 countries, and its know-how is a perfect match for the Aldes group.

JUNE 2016

**Netel** Since Axcel stepped in as main owner in early 2013, Netel has more than tripled its revenue, from SEK 0.5bn to SEK 1.5bn. This has been achieved through a combination of organic growth and completion of six add-on acquisitions, expanding its original business while also successfully widening its range of services and entering new geographical markets. As a result, Netel is today a leading service provider within the rollout and maintenance of telecom, broadband and electrical infrastructure in the Nordic and Baltic regions.



FEBRUARY 2017

**Nordic Waterproofing** The Nordic Waterproofing group was formed in 2011 through a carve-out and merger of the waterproofing business units of the Swedish engineering group Trelleborg and the Finnish construction group Lemminkäinen. An expansion into Norway soon followed and in total four add-on acquisitions were successfully integrated into the business. A number of initiatives were implemented to strengthen Nordic Waterproofing's business, increase its operational efficiency and extract synergies. Today, the company is a leading Northern European provider of waterproofing solutions. Axcel listed the company on Nasdaq Stockholm in June 2016 at a share price of SEK 71. In December 2016 and February 2017, Axcel sold its remaining shares in Nordic Waterproofing through an accelerated bookbuilding to Swedish and international investors at a price of SEK 82 and SEK 90 per share respectively.

## The year's add-ons

### EG

HAIRTOOLS, AUGUST 2016

Hairtools supplies Denmark's leading IT solution for hairdressing and beauty salons. The acquisition further strengthens EG's business in cloud-based industry solutions.

LESSOR V, FEBRUARY 2017

Payroll software for the public sector.

NOTAPLAN, MARCH 2017

Notaplan is the market's leading supplier of IT systems to car repair shops in Norway and Denmark.

### Conscia

PUNDIT NETWORKS, JANUARY 2016

Norwegian Cisco Partner Pundit Networks supplies manpower and solutions for networking, data centres and security. The company has changed name to Conscia, which means that the brand is now represented across Scandinavia, where it has real growth potential.

LEVEL 8, FEBRUARY 2017

Level 8 is a Cisco Premier Partner with a focus on secure network solutions for a wide range of public and private entities. Its 20 staff, based mainly in Aarhus, will become an integrated part of Conscia.

CLOUD PARTNERS, APRIL 2017

Cloud Partners, formerly Dashsoft, is an Amazon Advanced Partner and Reseller with 11 certifications and 21 accreditations, and was among the first to gain experience of AWS.

### Delete

DEMCOM DEMOLITION AND DEMCOM MACHINE, JUNE 2016

The acquisition of Demcom Demolition and Demcom Machine not only strengthens Delete's position in the Swedish market but also positions it as the leading Nordic player in professional demolition.

SUOMEN SANEERAUSTEKNIikka, OCTOBER 2016

Suomen Saneeraustekniikka is an expert in handling and disposing of hazardous materials such as asbestos.

### Frontmateg

FRONTMATEC, OCTOBER 2016

Frontmateg develops automated solutions for the utilities, food and manufacturing industries. It is also the name of the combined business formed through the merger of Attec, Itec, Carometec, SFK Leblanc and Frontmateg.

## New faces at Axcel in 2016



PARTNER

### Thomas Blomqvist

Thomas Blomqvist holds an MSc in Finance and International Business from the Stockholm School of Economics and an MBA from INSEAD and joined Axcel in 2016. He has extensive private equity experience, having previously been the partner responsible for the Nordic region at The Riverside Company. Prior to that, Thomas worked as an investment banker at Morgan Stanley and JPMorgan in London.



EXECUTIVE ASSISTANT

### Anne Honoré Badstue

Anne Honoré Badstue studied languages at Copenhagen Business School. Anne has previously worked as Executive Assistant at companies including DHL Worldwide Express and the Danish newspaper Berlingske Tidende, as Personal Assistant to Danish entrepreneur Johan Schrøder and most recently at Russell Reynolds Associates in Copenhagen. Anne started at Axcel in 2016 as Executive Assistant to Managing Partner Christian Schmidt-Jacobsen.



EXECUTIVE ASSISTANT

### Camilla Hogrefe Heideby

Camilla Hogrefe Heideby holds an Academy Professional Degree in financial consulting and a Graduate Certificate in Business Administration (part 1), and has trained as a real estate agent. Camilla has previously worked as Executive Assistant to the senior management of Swedish bank SEB and before that as a financial advisor at SEB and Danske Bank, amassing 18 years' experience in the financial sector. Camilla started at Axcel in 2016 as Assistant to Executive Chairman and Partner Christian Frigast.



INVESTMENT MANAGER

### Michael Thomsen

Michael Thomsen holds an MSc in Finance and Accounting from Copenhagen Business School and joined Axcel in 2016. Prior to joining Axcel, Michael worked at McKinsey from 2010 to 2016 (most recently as Engagement Manager) and at Goldman Sachs and Nordea Corporate Finance.

# Axcel creates global market leader

In June 2016, Axcel invested in SFK Leblanc, Attec, Itec and Carometec to form a powerful and leading global player in the rapidly growing market for food technology. Automation and software company Frontmatec was added in October, creating a group with combined revenue of some DKK 1.3 billion and 840 employees, and it was decided in January 2017 to take the business forward under the Frontmatec name.

## *What makes Frontmatec unique?*

"It's partly because we make slaughterhouse processes more efficient, greatly increasing productivity in the food industry," says Henrik Andersen, who has taken over from Ib Sand Nykjær as CEO of the combined company. "We have a clear focus on innovation and hope to be the first to offer full tracking throughout the process so that consumers know exactly which animal their meat comes from. This will require further development and investment, but we can see the demand, and this is driving our innovation. The automation we already offer also means fewer injuries to slaughterhouse personnel, so our products make a real difference in many areas."

## *We often hear of mergers failing due to cultural differences, but this does not seem to be a problem here. Why is that?*

"Although we've put a lot of work into merging the five companies, we still have different business units each with its own focus," continues Andersen. "We've begun working very closely together in some product areas and especially on after-sales, where SFK Leblanc was particularly strong. After-sales is an area which we hope will account for a much larger share of revenue and earnings in future, and this is the very reason why the merger is the right way forward, because there are all kinds of synergies and low-hanging fruit ripe for the picking. We're also looking at cross-selling to customers right across the business, which I'm sure will lead to growth. Furthermore, there's the opportunity to offer customers a one-stop solution, and we can certainly see demand for this."

## *With five different companies came five different names, but a choice had to be made.*

### *What made you settle on Frontmatec?*

"It certainly wasn't easy finding a name everyone could relate to," says Andersen. "We considered numerous options together with professional advisors, but in the end we settled on Frontmatec, the name of the last company to join the fold. Besides the recognition this name brings, it will make life easier because we own all the rights and the name can be used internationally, which can be problematic with a new name."

### *So how did the merger actually come about?*

"Many different pieces had to fall into place, because there's a lot of timing involved in buying out four companies from different owners simultaneously," says Christoffer Müller, the officer in charge of the investment at Axcel. "But when the opportunity arose, we seized it immediately, and I see this as a crucial aspect of what private equity funds can do when it comes to building strong and healthy businesses. The acquisition of Frontmatec shortly afterwards completed the puzzle, and we now have a market leader on our hands with considerable potential for organic growth and margin expansion."

### *What does Axcel expect from this investment?*

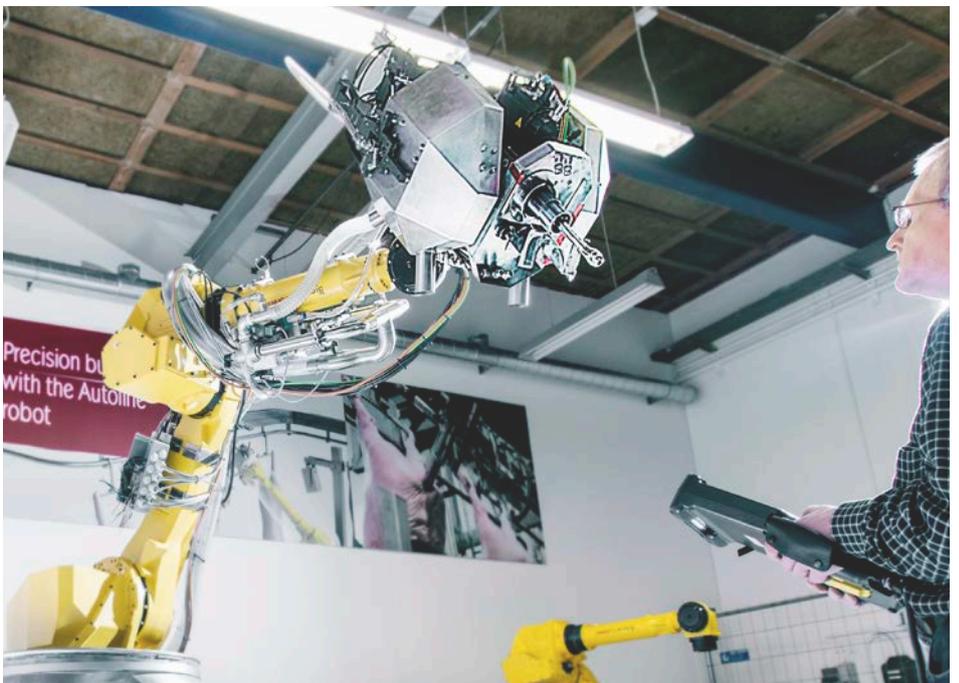
"When we looked into this investment opportunity, we saw a global market that is expanding thanks to an ever greater need for automation and hygiene," says Müller. "The combination of a growing market, opportunities for organic growth through geographical expansion and increased investment in product development, and potential for acquisitive growth, makes Frontmatec a very exciting proposition."



The largest of the five merged companies – SFK Leblanc – was founded in 1931 as a subsidiary of meat-processing company Danish Crown to supply processing equipment. In 2006, the company was sold to Maj Invest and underwent a major transformation from in-house supplier to Danish Crown to global player in advanced production facilities for the food industry. This was made possible by heavy investment in product development and the acquisition of Canadian market leader Leblanc. The merged company, with production facilities in Denmark, China, Canada, the Netherlands and Russia, helps raise productivity in the food industry, which is benefitting from underlying growth in global meat consumption as incomes improve.



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# Business crossing – where to go?

Axcel's network assembled in Copenhagen on 12 May 2016 for the annual Company Day event. The overall theme “Business crossing – where to go?” underlined how companies currently face a number of crucial choices.

## Digital transformation

Digitalisation is challenging established business models in most industries. Cisco, Grundfos and Danfoss explained how they have adjusted their business models to this new reality and turned a threat into a strength.

- 1 Chris Dediccoat, EVP Worldwide Sales & Field Operations, Cisco
- 2 Kim Fausing, EVP & COO, Danfoss
- 3 Jens Moberg, Chairman, Grundfos



## Opportunities and threats in Europe

Anna Libak, Foreign Editor at Berlingske Tidende, Stephan Solzhenitsyn, Director of McKinsey in Russia, and Ferdinando “Nani” Falco Beccalli, Senior Operating Executive at Rhône Capital, looked at the implications of the major changes in Europe and the new nature of the threat in the Nordic region.



## Research drives value creation at Novo Nordisk

EVP & CSO Mads Krogsgaard Thomsen explained how research has paved the way for value creation at Novo Nordisk for more than 90 years.



Mads Krogsgaard Thomsen, EVP & CSO, Novo Nordisk.



Participants were able to enjoy street food and a glass of wine after the main proceedings.

# Axcelfuture 2016

## Axcelfuture's focus areas

- 2013** Investment gap threatens growth and jobs
- 2014** More equity capital for SMEs
- 2015** The utilities sector's commercial potential
- 2016** Better education for prosperity and welfare / More IPOs on the Danish exchange

## Projects in 2016/17

Axcelfuture is currently working closely with experts and decision makers in four areas:

1. Copenhagen as a financial centre: What are the financial sector's strengths and importance for society? Can we attract jobs from abroad?
2. The labour market: How can we get more refugees into employment?
3. Publicly funded research: What are the decision-making processes behind the allocation of resources?
4. Ownership succession: What makes a good succession process and how can it best be supported?

Regular reports and recommendations emerging from Axcelfuture's research are published on its website: [www.axcelfuture.dk](http://www.axcelfuture.dk)

## Axcelfuture's Board of Directors



Axcelfuture's Board of Directors. From left: Christoffer Müller, Director at Axcel; Christian Schmidt-Jacobsen, Managing Partner, Axcel; Eivind Kolding, Chairman of Danish Ship Finance and Casa A/S; Peter Schütze, Chairman of DSB and Falck; Allan Polack, Group CEO, PFA; Christian Frigast, Chairman of Axcelfuture, Axcel Management and EKF; Lars Munch, Chairman of JP/Politikens Hus.

## New faces at Axcelfuture



### Allan Polack, board member

Allan Polack is Group CEO at Danish pension fund PFA. Besides Axcelfuture, he sits on the boards of Stockholm Environment Institute (SEI), La Banque Postale Asset Management, FIH Holding A/S and the Danish Insurance Association. He is also a member of the BlackRock Retirement Institute. Allan was previously CEO of Nordea Asset Management (2007-15) and held various other senior positions in the Nordea group before that, including head of Nordea Life and Pensions (2002-07).



### Jens Uhrskov Hjarsbech, senior economist

Jens Uhrskov Hjarsbech is senior economist at Axcelfuture. He holds an MSc in Economics and was most recently an economist at the Confederation of Danish Enterprise for 18 months, having previously spent six years at Danmarks Nationalbank and a year at the ECB.

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## About Axcelfuture

Axcelfuture aims to improve the investment climate in Denmark.

It is a small but agile organisation that operates through a broad network spanning industry, government and civil society. Its analyses are often performed in partnership with others, but it also has its own analytical capacity.

Since 2012, Axcelfuture has carried out a number of major analyses focusing on growth and investment and the challenge of getting industry to invest more in Denmark, as Danish businesses have invested less than those in other countries since the financial crisis.

Axcelfuture also contributes to the economic debate, partly through its proprietary investment indicator and economic transition model.

# Axcel's companies – strategy and key figures

Which companies does Axcel own? What do they do, and how did they perform in 2016? Find out in the profiles below.



## Ball Group

	2016	2015
Revenue (DKKm)*	<b>398</b>	577
EBITDA (DKKm)**	<b>16</b>	-13
NIBD (DKKm)	<b>55</b>	78
Tax (DKKm)	<b>1</b>	-3
Number of employees	<b>334</b>	373

**Investment year:** 2007

**Investment officer:** Asbjørn Mosgaard Hyldgaard

**Registered office:** Billund, Denmark

Ball Group develops, markets and sells women's fashions in the plus-size segment under the Zizzi brand. Zizzi has been leading the way in plus-size fashions since 2000 and is one of the Nordic region's fastest-growing brands in the international plus-size segment with more than 100 concept stores in Northern Europe and the online platform zizzi.dk.

### Development strategy

Axcel's development strategy involves continued geographical expansion, more shops and increased wholesale revenue for the plus-size concept. The goal is to consolidate Zizzi's position in the Nordic region and move into selected European markets in the longer term.

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## Conscia

	2016	2015
Revenue (DKKm)	<b>757</b>	790
EBITDA (DKKm)	<b>83</b>	93
NIBD (DKKm)	<b>282</b>	232
Tax (DKKm)	<b>18</b>	22
Number of employees	<b>120</b>	85

**Investment year:** 2015

**Investment officer:** Christian Bamberger Bro

**Registered office:** Brøndby, Denmark

Conscia supplies IT infrastructure solutions and 24/7 network, data centre and mobility support. In a few short years, Conscia has become one of the most important players in the market for large network solutions and won recognition as the strongest integrator of Cisco hardware. Cisco is the world's leading producer of networking and data centre equipment and focuses, like Conscia, on developing integrated solutions that are the foundation for all of the client's IT.

### Development strategy

The goal is to maintain Conscia's strong market position in Denmark within the supply of IT infrastructure and related services, and to build up considerable market positions in Sweden and Norway, where Conscia recently established itself through the acquisition of two companies, providing a unique platform for future growth.

\* The fall in revenue is due to Ball Group selling its activities in the standard-size segment on 4 January.

\*\* Normalised.



## Danish Ship Finance

	2016	2015
Net interest and fee income (DKKm)	<b>849</b>	906
Net profit (DKKm)	<b>188</b>	413
Tax (DKKm)	<b>54</b>	156
Number of employees	<b>68</b>	67

**Investment year:** 2016

**Investment officer:** Peter Nyegaard

**Registered office:** Copenhagen, Denmark

Danish Ship Finance – Danmarks Skibskredit A/S – is a Danish financial institution that issues loans to Danish and foreign shipowners secured against their vessels. The company's vision is to be the most recognised and stable provider of financing for reputable shipowners. The loan portfolio has broad exposure to numerous shipping segments and focuses on shipowners in Denmark and abroad with high credit ratings.

### Development strategy

A strong ownership consortium, comprising Axcel and pension funds PFA and PKA, will help the company continue and accelerate its growth based on its existing strategy.



## Delete Group

	2016	2015
Revenue (EURm)	<b>167</b>	128
EBITDA (EURm)	<b>19</b>	18
NIBD (EURm)	<b>77</b>	69
Tax (EURm)	<b>1</b>	2
Number of employees	<b>697</b>	695

**Investment year:** 2013

**Investment officer:** Vilhelm Sundström

**Registered office:** Helsinki, Finland

Delete Group supplies environmental services to the industrial, construction, real estate and public sectors in Finland, Sweden and the Baltic States. It has four divisions: industrial cleaning, heavy demolition, decontamination, and industrial and construction waste management and recycling.

### Development strategy

Together with Delete's management, Axcel aims to create growth by extending the company's range of services and geographical footprint, in part by strengthening its activities across the Nordic region. Delete Group's market is highly fragmented, with few large and many small players, which provides scope for further consolidation.



## Driconeq

	2016	2015
Revenue (SEKm)	<b>225</b>	200
EBITDA (SEKm)	<b>17</b>	15
NIBD (SEKm)	<b>203</b>	188
Tax (SEKm)	<b>0</b>	0
Number of employees	<b>144</b>	127

**Investment year:** 2007

**Investment officer:** Stefan Hollander

**Registered office:** Sunne, Sweden

Driconeq is a world-leading manufacturer of drill pipes and equipment for the mining and construction sectors, water wells and geothermal energy. Its products are known throughout the industry for their high quality and sold through distributors, drilling rig manufacturers and business partners worldwide.

### Development strategy

The objective is to drive growth in the international mining industry by strengthening the sales organisation, developing the distribution network and expanding the product range.



## EG

	2016	2015
Revenue (DKKm)	<b>2,043</b>	1,840
EBITDA (DKKm)**	<b>303</b>	290
NIBD (DKKm)	<b>1,422</b>	1,337
Tax (DKKm)	<b>11</b>	12
Number of employees	<b>1,856</b>	1,599

**Investment year:** 2013

**Investment officer:** Christian Bamberger Bro

**Registered office:** Copenhagen, Denmark

EG is one of Scandinavia's leading software and IT service providers with a strong position in the SME market. It has around 1,850 employees at 30 offices across Denmark, Norway and Sweden. EG supplies ERP solutions, in-house software solutions and related services through five industry-specific divisions.

### Development strategy

The aim is to further increase market share through EG's strong position, in-house software solutions and unique capacity to offer a complete product range, as well as to further increase operational efficiency and make further small to medium-sized acquisitions.

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## Frontmateg

	2016	2015
Revenue (DKKm)	<b>1,266</b>	1,196
EBITDA (DKKm)	<b>196</b>	173
NIBD (DKKm)	<b>N/A</b>	N/A
Tax (DKKm)	<b>N/A</b>	N/A
Number of employees	<b>840</b>	790

**Investment year:** 2016

**Investment officer:** Christoffer Müller

**Registered office:** Kolding, Denmark

Frontmateg is a leading supplier of high-tech solutions to the global food industry, known for its advanced solutions and equipment for slaughterhouses spanning the entire value chain from classification of carcasses to slaughter lines, cutting and deboning lines, hygiene solutions and control systems, to logistics and packing.

### Development strategy

Axcel aims to build a global market leader in high-tech solutions and equipment for the global slaughterhouse industry and substantially increase earnings by integrating the merged businesses.



## LESSOR Group

	2016	2015
Revenue (DKKm)	<b>N/A</b>	N/A
EBITDA (DKKm)**	<b>54</b>	N/A
NIBD (DKKm)	<b>203</b>	N/A
Tax (DKKm)	<b>11</b>	N/A
Number of employees	<b>111</b>	N/A

**Investment year:** 2016

**Investment officer:** Christian Bamberger Bro

**Registered office:** Kolding, Denmark

LESSOR Group has been supplying efficient and flexible IT/software solutions for payroll management, attendance tracking, shift planning and HR to small, medium-sized and large businesses alike since 1972. Its solutions are marketed under two brands, LESSOR and Danløn, and used by more than 50,000 businesses in Denmark and 2,000 abroad.

### Development strategy

Axcel will continue the growth strategy that has helped the company build a leading position in the market for payroll systems for private companies.



## Mita-Teknik

	2016	2015
Revenue (DKKm)	<b>N/A</b>	N/A
EBITDA (DKKm)	<b>42</b>	42
NIBD (DKKm)	<b>217</b>	231
Tax (DKKm)	<b>0</b>	3
Number of employees	<b>248</b>	231

**Investment year:** 2012

**Investment officer:** Lars Cordt

**Registered office:** Rødkærsbro, Denmark

Mita-Teknik is a world-leading producer of control concepts for the wind turbine and other industries. The company offers a unique control concept for the wind turbine industry that can be tailored to the individual customer's needs and spans the control, management and monitoring of components, turbines and entire wind farms alike.

### Development strategy

Axcel's objective is to further develop the company's current global market position as a supplier of control systems for the wind turbine and other relevant industries. This requires increased penetration of both existing and new customers, products and markets while maintaining the company's high product and service quality.



# CSR at Axcel

Axcel believes sustainability at both fund and company level to be crucial for successful investments. Sustainability issues are therefore on the agenda at all portfolio companies.

Axcel joined the UN Global Compact back in 2010 and has worked strategically with CSR at both fund and company level ever since.

We submitted our first report under the UN's Principles of Responsible Investment (PRI) initiative in 2016, and a second followed in spring 2017.

Axcel has noted greatly increased interest in CSR issues among investors and other stakeholders in recent years. We have continued to develop our CSR procedures, and statutory requirements have evolved. As a private equity firm, Axcel is covered by new legislation on alternative investment fund managers with additional requirements for compliance and corporate governance, and more stringent CSR legislation will affect future reporting at our Danish companies.

Each year, portfolio companies prepare a Communication on Progress (COP) which is published on the Global Compact website. The principles for how Axcel works with companies on the development of CSR systems are documented in Axcel's CSR manual.

Axcel invests only in companies that comply with, or are ready to comply with, the Global Compact principles. We consider potential CSR risks ahead of each investment.

Companies' ability and willingness to work on the basis of the principles are

therefore also part of Axcel's due diligence when acquiring new companies. We have developed a Responsible Investment Policy in this context which can be downloaded from our website.

While the Global Compact focuses on CSR at company level, the PRI look at environmental, social and governance (ESG) issues at fund level. By signing up to both schemes, Axcel has the best possible basis for creating a framework for CSR reporting that is familiar to both companies and investors.

Our goal is continuous improvement in our companies' CSR work. This is a demanding process to which companies need to commit both time and resources.

Axcel aims to invest in companies which behave responsibly, as this will ensure the best possible risk profile. However, we also wish to promote socioeconomic development in general and therefore encourage portfolio companies to contribute to their local communities and their development where this makes commercial sense.

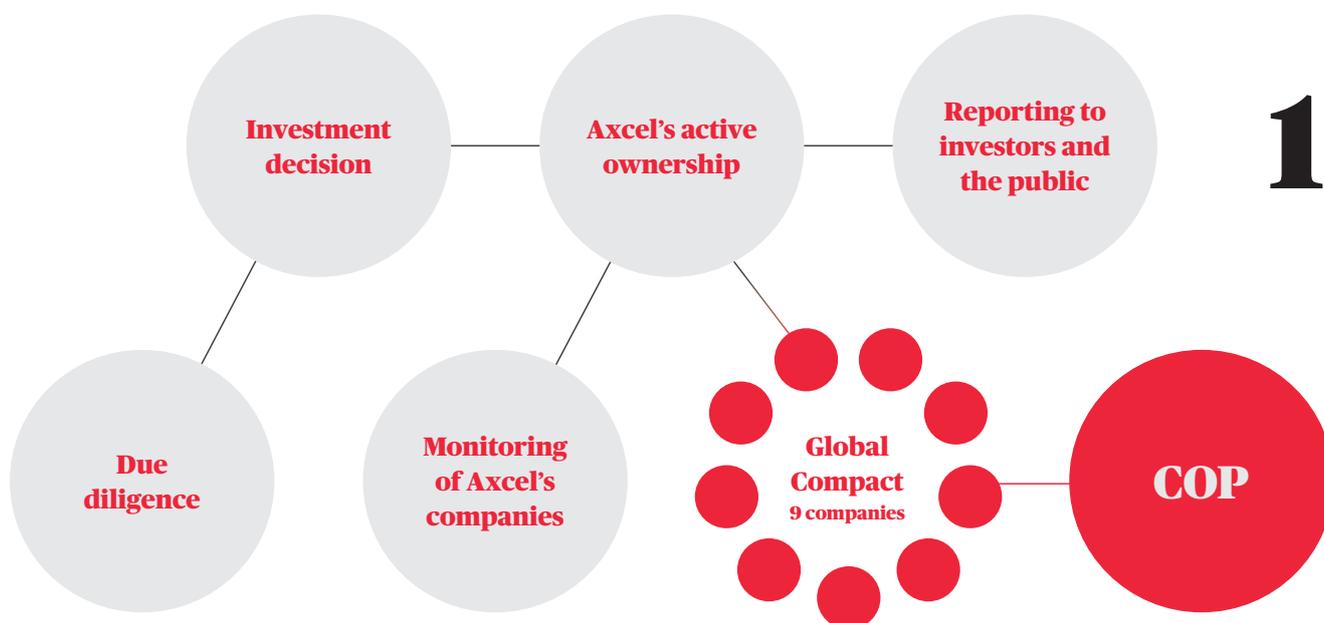
Axcel therefore engages actively with its companies on progress in their CSR work.

We will also be focusing more on individual boards' involvement in COPs, and in future it will be a requirement that these reports are considered at board level.

### Global Compact status of Axcel-owned companies as at 30 April 2017

	Joined Global Compact	First COP
Ball Group	X	2012
Conscia	X	2017
Danmarks Skibskredit	X	2017
Delete Group	X	2015
Driconeq	X	2013
EG	X	2015
Frontamec	New investment	-
LESSOR Group	New investment	-
Mita-Teknik	X	2015

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All portfolio companies are required to join the Global Compact within one year and work on continuous improvement against its ten principles.

Axcel works to ensure that its companies:

- comply with relevant laws, rules and internationally recognised principles
- consider risks relating to CSR issues and address them proactively
- are in a position to meet the requirements and expectations of customers and business partners concerning supply chain management and codes of conduct

- consider future business opportunities and positioning in relation to CSR
- comply with the DVCA's guidelines on openness and transparency

Most of Axcel's companies have published a COP, and the rest are on the way to doing so.

Axcel regularly suggests improvements and will also be encouraging all companies to introduce KPIs in relevant areas.

# Axcel's management and partners



## **Christian Schmidt-Jacobsen, Managing Partner**

Christian Schmidt-Jacobsen holds an MSc in Economics and joined Axcel in 2015. He was previously CFO of Icopal, and before that worked at Chr. Hansen and Danske Bank Corporate Finance. He also worked at Axcel from 1999 to 2005. Christian was made Managing Partner at Axcel in 2016. He sits on the boards of EG, Frontmatec and Delete Group.



## **Christian Frigast, Executive Chairman**

Christian holds an MSc (Economics) and was Managing Partner at Axcel 1994-2016. Prior to that he was employed by Incentive A/S (1993-94) and Nordea (1976-93). He is Chairman of Axcel Management and EKF Danmarks Eksportkredit, and Vice Chairman of PANDORA, DVCA and Axcel's Advisory Board. He also sits on the boards of Nordic Waterproofing, the Denmark-America Foundation, the Board Leadership Society, Danish Ship Finance and Nykredit's IPO Advisory Board. Christian helped found and chairs Axcel's think-tank, Axcelfuture, and is an adjunct professor at Copenhagen Business School.



## **Christian Bamberger Bro**

Christian Bamberger Bro holds an MSc in Economics and Business Administration from Aarhus University and began at Axcel in 2014, having worked for Permira in London and Stockholm since 2006 and for McKinsey and Nordea Corporate Finance in Copenhagen before that. He is Chairman of LESSOR Group and Vice Chairman of Conscia and EG.



## **Peter Nyegaard, CFO**

Peter Nyegaard holds an MSc in Economics and joined Axcel in 2015. He previously spent more than 25 years at Nordea, most recently as a member of the Group Executive Management. Peter has overall responsibility for Axcel's finance functions, fund management and investor relations. He also chairs Danish bank FIH and is Vice Chairman of Danish Ship Finance.



## **Lars Cordt**

Lars Cordt holds an MSc in Economics and Business Administration and joined Axcel in 2006. He was previously employed at PwC (2002-06). Lars is Vice Chairman of Mita-Teknik.



## **Nikolaj Vejlsgaard**

Nikolaj Vejlsgaard holds an MSc in Economics and Business Administration and joined Axcel in 1998. Prior to that he was employed by the Superfos group (1996-98). Nikolaj sits on the boards of Conscia and LESSOR Group.



## **Vilhelm Sundström**

Vilhelm Sundström holds an MSc in Economics and joined Axcel in 2006. He was formerly a director at Merrill Lynch International in London. Prior to that, he worked for such companies as Carnegie (2002-05), Morgan Stanley (1995-97 and 1999-2002) and Nordic Capital (1997-99). Vilhelm heads Axcel's office in Stockholm and sits on the boards of Nordic Waterproofing and Delete Group.



## **Thomas Blomqvist**

Thomas Blomqvist holds an MSc in Finance and International Business from the Stockholm School of Economics and an MBA from INSEAD and joined Axcel in 2016. He has extensive private equity experience, having previously been the partner responsible for the Nordic region at The Riverside Company. Prior to that, Thomas worked as an investment banker at Morgan Stanley and JPMorgan in London.

# Advisory Board for Axcel's funds



## Niels B. Christiansen (chairman)

Niels B. Christiansen is president and CEO of Danfoss and sits on a variety of boards, including A.P. Moller - Maersk, William Demant Holding and the Technical University of Denmark. He is also vice chairman of the Confederation of Danish Industry (DI).



## Mette Vestergaard

Mette Vestergaard is SVP for Global People & Communications at LEO Pharma. She was previously a vice president at Novozymes and CEO of Mannaz. Mette sits on the boards of DESMI and Copenhagen Business School.



## Jens W. Moberg

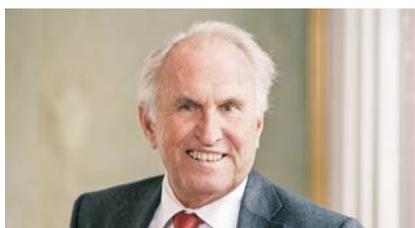
Jens W. Moberg chairs the boards of Grundfos and Post-Nord, among others, and was previously a CVP at Microsoft and CEO of Better Place Danmark and Alectia.

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## Peter Damgaard Jensen

Peter Damgaard Jensen is CEO of PKA, a director of Forsikring & Pension and deputy chairman of Forca.



## Lars Westerberg

Lars Westerberg is a former president and CEO of Gränges, ESAB and Autoliv. He currently sits on the boards of Volvo, SSAB, Sandvik and Stena.



## Magnus Lindquist

Magnus Lindquist is co-managing partner of CORDET Capital Partners LLP. He was previously a partner/investment professional at Triton Advisers Nordic AB with responsibility for the Nordic region (2008-15) and group vice president and CFO of Autoliv Inc. (2001-08).



## Lars Munch

Lars Munch is a former CEO and now chairman of media company JP/Politikens Hus. He is also chairman of the Louisiana Museum of Modern Art, Museumsfonden and Louisiana-Fonden, BRFonden, BRFholding, SOS Children's Villages Denmark and the Press Freedom and Development Fund (Paris). Lars is a member of the boards of Europa Nostra and the European Press Prize (Amsterdam), as well as a member of the Executive Committee for the World Association of Newspapers and News Publishers.



## Peter Schütze

Peter Schütze is a former member of the Group Executive Management at Nordea AB and CEO of Nordea Bank Danmark. He is now chairman of rail company DSB and Falck, and of the investment committee of the Danish Climate Investment Fund and the Danish Agribusiness Fund. Peter is also vice chairman of SimCorp, the Nordea Foundation and the Nordea Bank Foundation, a member of the board of the Lundbeck Foundation, and sits on the Systemic Risk Council.

# Axcel's funds and investors

## Axcel III

**Launch:** 2005

**Status:** Investment period expired

**Geographical focus:** Denmark/Sweden

**Investments:** 11

**Exits:** 9

**Committed capital:** DKK 3.0bn

**Legal structure:** Limited partnership

**Average ownership period:** 6.7 years

Investments	Acquisition year	Exit year
EskoArtwork	2005	2011
NetCompany	2006	2011
HusCompagniet	2007	2011
JB Education	2008	2013
TMC Group	2006	2015
Ball Group	2007	
Noa Noa	2007	2014
Driconeq	2007	
IDdesign	2007	2014
PANDORA	2008	Listed
LGT	2009	2015

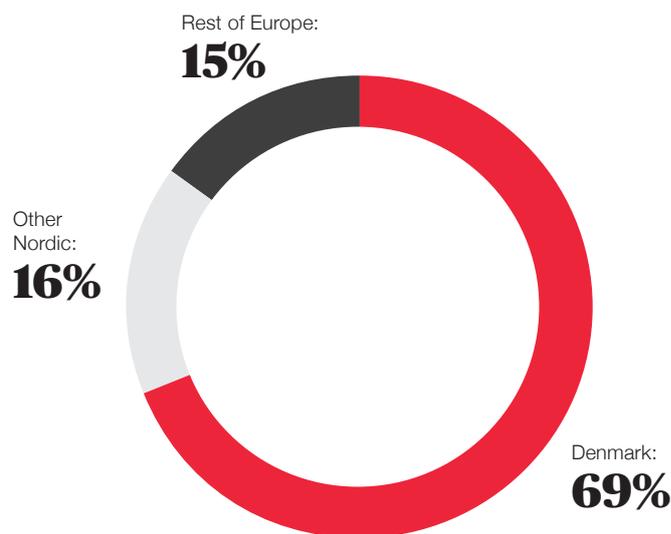
DKK**m**

Invested capital:	2,694
Proceeds from invested capital:	18,478
Valuation of companies:	34

**Value of invested capital: 18,512**

## Axcel III investors by region

Axcel III was raised in 2005 as a EUR 400 million standard private equity limited partnership focusing on the Danish and Swedish mid-market. The fund had committed capital of DKK 3.0 billion and invested in 11 companies between 2005 and 2009.



## Axcel IV

**Launch:** 2010

**Status:** Investment period expired

**Geographical focus:** Nordics

**Investments:** 12

**Exits:** 4

**Committed capital:** DKK 3.6bn

**Legal structure:** Limited partnership

**Average ownership period:** 2.5 years

Investments	Acquisition year	Exit year
Cimbria	2011	2013
Silkeborg Data	2014	Merged with EG (2015)
Nordic Waterproofing	2011	Listed
Mita-Teknik	2012	
EXHAUSTO	2013	2016
Netel	2013	2016
Delete Group	2013	
EG	2013	
Conscia	2015	
LESSOR Group	2016	
Frontmatec	2016	
Danmarks Skibskredit	2016	

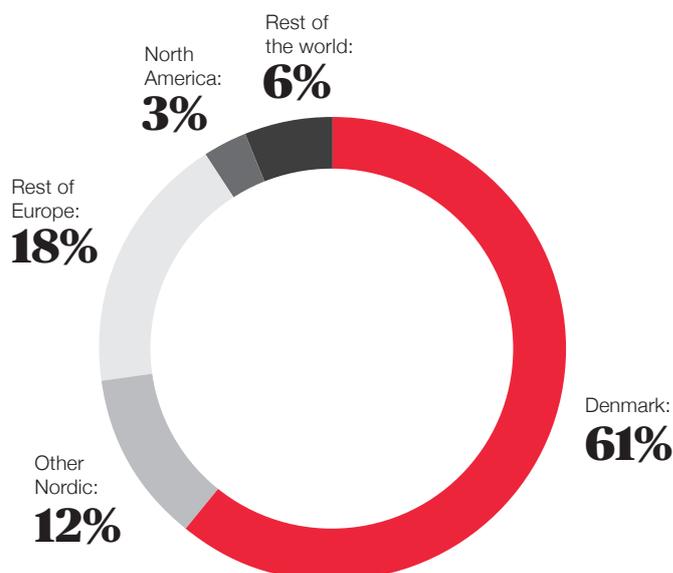
DKK**m**

Invested capital:	3,495
Proceeds from invested capital:	1,811
Valuation of companies:	2,830

**Value of invested capital: 4,641**

## Axcel IV investors by region

Axcel IV was raised in 2010 as a EUR 485 million standard private equity limited partnership focusing on the Danish and Swedish mid-market. The fund has committed capital of DKK 3.6 billion and has invested in 11 companies.





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Additional information about Axcel, its companies, etc. can be found on Axcel's website, [www.axcel.dk](http://www.axcel.dk), and the latest financial statements can also be downloaded from the site. For any further information, please contact:

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