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FOR A BETTER FLOW



Mita-Teknik

AXCEL

ANNUAL REVIEW 2012

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EMS - from idea to solution

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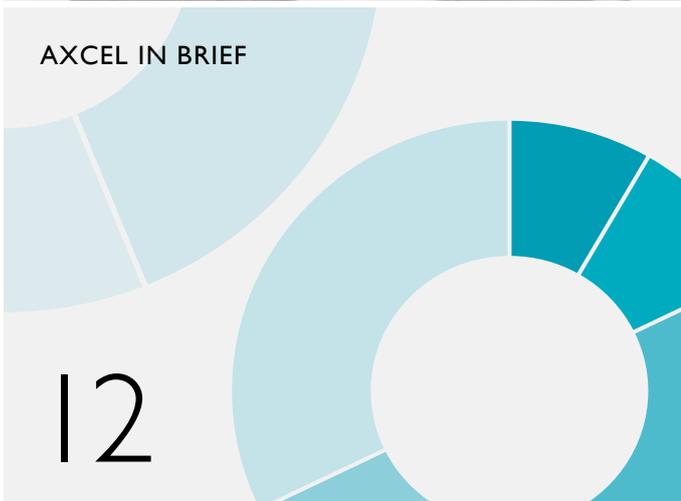
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AXCEL ANNUAL REVIEW 2012



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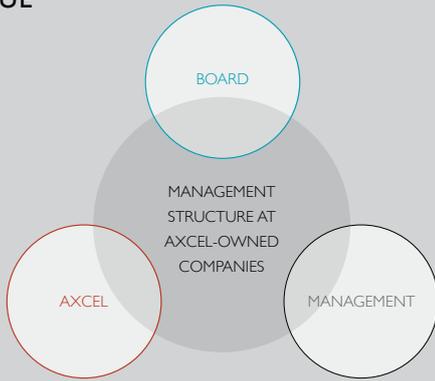


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GROWING IN A STAGNANT EUROPE

The period of low growth in Europe, including Denmark, looks set to persist for a while yet. Denmark's politicians have done a good job with their Growth Plan, which will, with any luck, kick-start investment, but we remain dependent on developments in the global economy and, especially, our closest trading partners.

The work on making Denmark more competitive in terms of preserving jobs and attracting capital from abroad is therefore far from over. Against this background, we welcome the political signals from parliament suggesting further reforms across the economy, in areas such as industry (including corporate taxation), education and the labour market. Axcel will be actively involved in this debate through Axcel-future, as we consider it critical for Denmark's future.

Share prices rose across the Western World in 2012, but this is not necessarily a sign of health. There are three reasons for the big gains: the worst fears about the debt crisis and the euro have eased; many companies (mainly large ones) are doing very well; and low interest rates are forcing investors into the stock market to get a return on their capital.

If this trend continues, it will eventually feed through to unlisted shares as well, but when we consider the fundamental mechanisms behind the price rises, we need to keep our feet firmly on the ground. We are still not seeing the real growth in the economy needed to lift employment and domestic demand. If and when we do, we can take a much more positive view of the future.

The stock market gains have also had a big impact on Axcel. After a substantial investment loss in 2011, Axcel was back on track in 2012 with an investment profit of DKK 2.4bn. This was due largely to the strong recovery in the price of shares in PANDORA, which now seems to have completed its turnaround.

Besides this positive investment result, Axcel has managed to sustain high levels of activity with a series of exits and buyouts, which together indicate that it will continue to be able to deliver good results.

Finally, I would like to extend my thanks to Bent Pedersen and Hanne B. Sørensen, who are both stepping down from Axcel's board, for all

their good work. Bent is one of Axcel's founding fathers and is retiring on age grounds after contributing hugely to the foundations for Axcel's strong returns since its inception in 1994.

We must also bid farewell to Hanne after only two years on the board, because she has been elected to the board of the listed German construction group Hochtief, and the A.P. Møller - Maersk Group permits its employees to sit on only one external board. We wish both Hanne and Bent all the best for the future.



NIELS B. CHRISTIANSEN
CHAIRMAN



AXCEL DELIVERS INVESTMENT PROFIT OF DKK 2.4BN IN 2012

Axcel's investment results were once again dominated by movements in PANDORA's share price, as Axcel III still has a substantial holding in the company. Axcel's overall investment profit for 2012 was DKK 2.4bn.

As in 2011, Axcel completed four transactions: the acquisition of the Danish companies Mita-Teknik and EXHAUSTO and the sale of Royal Copenhagen and Georg Jensen. These exits at the end of the year will result in DKK 650m being paid out to Axcel's investors. They also mean that Axcel has now sold the last parts of the Royal Scandinavia Group, and exited the investment at a profit.

With the acquisition of the Swedish company Netel at the beginning of 2013, Axcel's latest fund, Axcel IV, has now made five investments. It is expected to make 10-12 investments in all. Axcel IV also sold Cimbria at a good profit at the beginning of 2013 after less than two years' ownership.

Axcel's latest transaction is a partnership with retailer JYSK on the development of IDdesign (owner of IDEmøbler and ILVA), in which JYSK will acquire an 80% stake, subject to approval from the competition authorities. Axcel has supported IDdesign through a difficult period of weak domestic demand, and the company is no longer operating at a loss. The partnership with JYSK will benefit both customers and employees.

Axcel's results for 2013 are also expected to be influenced by movements in PANDORA's value, with every DKK 10 change in its share price increasing or decreasing Axcel's investment income by around

DKK 340m. Axcel has paid out DKK 12.7bn to investors to date, and the 14 companies in its portfolio and the holding in PANDORA had a combined book value of DKK 6bn at the end of 2012.*

Active ownership – creating value

The accounts of a private equity firm can only ever provide a snapshot and not a complete picture of the return on its funds, as this cannot be determined definitively until all of the companies in each fund have been sold. The market value of the companies in each fund is estimated regularly on the basis of movements in earnings multiples for comparable listed companies.

The plan for creating value that a portfolio company and Axcel work towards also extends over several accounting periods. When assessing how a fund is performing, it is therefore particularly important to look at value creation in the form of operational improvements made at the company.

Studies show that private equity funds are good at making operational improvements at companies, and Axcel is no exception. However, it has also been shown that a fund's vintage year – the year in which the fund was raised – plays a role in returns. A buyout must not be

* PANDORA's share price was DKK 200 when this document went to press on 22 May 2013; DKK 125 at the end of 2012.

AXCEL'S INVESTMENT RESULTS – FIVE-YEAR SUMMARY

(DKKm)	2012	2011	2010	2009	2008
AXCEL I	-126	1	-	13	2
AXCEL II	-95	43	-1	-49	-132
AXCEL III	2,274	-6,971	11,588	1,889	517
AXCEL IV	390				
TOTAL	2,443	-6,927	11,587	1,853	386

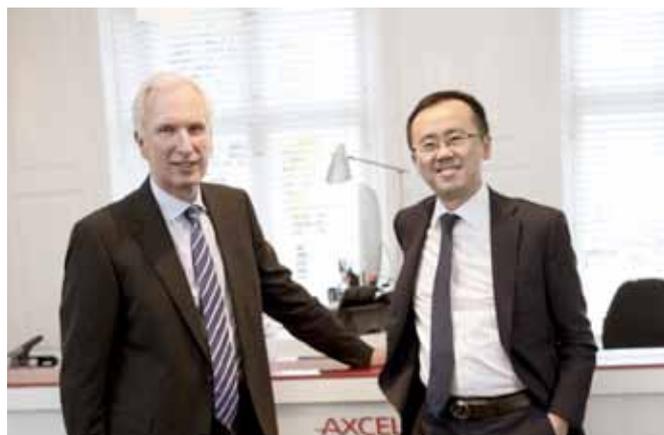
AXCEL'S INFLOWS AND OUTFLOWS

to 31.12.2012

(DKKm)	AXCEL I	AXCEL II	AXCEL III	AXCEL IV	TOTAL
INVESTED CAPITAL	1,336	1,988	2,562	712	6,598
PAID OUT TO INVESTORS	2,107	3,365**	7,240	0	12,712
VALUE OF COMPANIES	0	24	4,830	1,102	5,956
REMAINING COMPANIES	1	2	7	4	14

** Including proceeds from the sale of Royal Scandinavia.

“To further promote an international perspective in its investments, Axcel entered into a strategic partnership with the listed Chinese investment group Fosun in 2012.”



an end in itself, because no amount of operational improvements will be enough to secure a healthy return if the company is bought at too high a price.

Nordic region still attractive to investors

There were slightly fewer PE buyouts in Denmark and Sweden in 2012 than in 2011. The year saw further economic uncertainty due to the debt crisis and problems in the euro area, but it appears that markets are becoming acclimatised to macroeconomic uncertainty as the new norm.

The Nordic countries have traditionally been a very attractive market for private equity firms, thanks to effective infrastructure, high levels of transparency, very little corruption, a business-friendly climate and a flexible and well-educated labour force. Many companies here are also globally orientated, which has been particularly important in recent years due to weak demand domestically. On the other hand, the cost of doing business is relatively high due to the Danish tax system and the resulting costly wage structure.

This has been a contributing factor in a quite radical shift in the manufacturing sector in the Nordic region – and especially Denmark – over the past decade, which has also been reflected in Axcel’s investments. This is placing new demands on our skills and ability to predict developments.

However, one significant element of our business plan for many buyouts is still to cut costs to make the companies more competitive. This makes it natural to transfer all or parts of production to low-wage countries such as China, the Czech Republic, Poland and even Germany. This is the social cost of the Nordic welfare model.

Transferring production to low-wage countries helps create growth in those countries, while countries like Denmark are forced to reshape their economy, and the transfer of production abroad has reduced private-sector employment in Denmark. Lower employment puts a damper on growth and helps keep unemployment at relatively high levels. This pattern is being seen in many parts of Europe, and there are signs that low growth is something Europe will have to live with for years to come.

Against this background, Axcel is keen to turn the spotlight onto the strategies Danish and Swedish companies can employ when oper-

ating in a stagnant Europe. Which niches and markets should they concentrate on? This was among the topics at the Axcel Company Day in May 2013.

Axcel approaching its 20th anniversary

Axcel began operating in Denmark in 1994 and has since expanded into Sweden as well. As a mid-market private equity firm, Axcel currently covers around 70% of the Nordic M&A market. Platform investments are made in either Denmark or Sweden because it is essential to have good local knowledge of a company and its market before investing. International experience is needed as well, however, as most of the companies in which Axcel invests are internationally orientated.

Axcel has also made more than 50 major bolt-on acquisitions over the years to build its portfolio companies, and the majority of these have contributed to a greater global presence. Most recently, the Swedish portfolio company Driconeq, a market-leading specialist in drilling equipment, acquired an Australian company – after investing in a company in South Africa the previous year.

A good example of Axcel’s Nordic strategy is its investment in Nordic Waterproofing, a pan-Nordic market leader in roof coverings created through carve-outs from large listed companies such as Trelleborg in Sweden and Lemminkäinen in Finland. Nordic Waterproofing has its headquarters in Sweden, a Danish CEO and a strong market position throughout the Nordic region – and is also now moving into Belgium.

One of the benefits of spreading investments internationally is a more balanced risk profile. It also offers access to markets that are growing faster than those in the Nordic region. Axcel will therefore continue to invest in companies with international potential.

To further promote an international perspective in its investments, Axcel entered into a strategic partnership with the listed Chinese investment group Fosun in 2012. Many Nordic companies have production in China, which is also one of the world’s fastest-growing consumer markets, so it is important for Axcel to have a skilled partner there. In return, working with Axcel gives Fosun access to the Nordic M&A market, which, like other international investors, it considers attractive.

Do PE funds think short-term or long-term?

Axcel sold Cimbria, the world's leading producer of machinery for handling grain and seed, for just over DKK 1bn at the end of 2012. In less than two years under Axcel's ownership, sales grew by more than 50% and earnings more than doubled from DKK 55m to DKK 130m.

As Cimbria came on better and faster than expected, it was possible for Axcel to pass the baton to a new owner after a brief but intensive period of ownership. Cimbria is the exception that proves the rule, however, because the average period of ownership for an Axcel-owned company is between five and six years, and the same pattern can be seen among Axcel's competitors in Denmark and abroad.

Private equity firms come under fire periodically in the public debate about their investment horizon. Are private equity funds all about short-term gain? Do private equity firms help in any way to produce strong and healthy companies?

The Royal Copenhagen story is a good example of how private equity firms do not take the short view. Royal Copenhagen faced considerable challenges when Axcel acquired the company along with Georg Jensen and various other companies in the Royal Scandinavia Group back in 2001. Axcel has since been on a long and sometimes challenging journey with Royal Copenhagen and Georg Jensen, which was concluded in both cases at the end of 2012. Royal Copenhagen was sold to Finnish industrial group Fiskars, which also owns brands such as Rörstrand, Iittala and Rådvad.

Axcel managed to turn things around at Royal Copenhagen because we believed in the company's fundamental values and brand. The company was therefore able to combine structural changes in production to bring down costs with a sharp focus on innovation and a range aimed at a younger and broader target group. Most production was gradually transferred to Thailand, and when a new management team launched the Mix & Match strategy, which made it possible to combine different table sets, Axcel supported this – even though it required considerable investment and courage to revitalise both the brand and the product range. However, this laid the foundations for the impressive earnings growth seen at the company over the past few years. Royal Copenhagen was in danger of dying with its customers, but this innovative approach has meant that the company now appeals to all generations and has among the best earnings in its industry. Georg Jensen is also now a healthy business and in good hands – but that is another story.

Innovation and new ideas must, however, be rolled out with care and with particular attention to a company's core customers. This has certainly been our experience with PANDORA, the jewellery brand that Axcel acquired in 2008 due partly to the company's innovative approach and its products' broad appeal. Its charms allow customers to create personalised bracelets at reasonable prices, which has proved very popular with a wide range of customers worldwide. However, the company then attempted to expand its range to include other, more expensive products – and was punished for it. These products were quite simply not what customers wanted, in terms of either price or design, and there were shortcomings in the execution of the company's strategy. This has now changed, and today PANDORA is once again concentrating on its strengths, primarily the original charms

“The boards of Axcel's companies play a key role in building more valuable businesses. Board members help set a company's strategy and goals.”

concept. The company is back on the right track, and product development is more clearly focused on existing customers.

Axcel remains a major shareholder in the company and is closely involved in the business and its development through two seats on the board.

Axcel makes active use of its boards

The boards of Axcel's companies play a key role in building more valuable businesses. Board members help set a company's strategy and goals, monitor its performance and ensure that the right skills and resources are in place for these goals to be achieved. They also ensure effective risk management and often assist with recruitment.

This is an exciting and important job, and Axcel goes to great lengths to find the right people for its boards. Over the years we have built up a large network of professionals who can help create value at our companies.

To highlight what this work involves and what it means for value creation, we have decided to make it the theme for this year's Annual Review. Besides a more general description of the work of our boards, there are interviews with three of our chairmen and one of Axcel's partners. Read more on pages 18-23.

Axcel and CSR

Axcel signed up to the UN Global Compact, the world's leading corporate social responsibility initiative, back in 2010, and our policy is for portfolio companies to join up too within a year of ownership. The idea is to give the companies a further commercial advantage, while also ensuring that investors can rest safe in the knowledge that an investment in Axcel is an investment in companies that do business responsibly.

The Global Compact is a flexible and appropriate tool for Axcel's companies but has proved less well-suited at fund level. Axcel is therefore planning to become a signatory to the UN's Principles of Responsible Investment (PRI), an initiative aimed at investment institutions. Axcel already complies with the majority of the principles and will therefore be able to sign up during the course of 2013.

Axcelfuture aims to shed more light on the investment climate in Denmark and to recommend ways of improving it.

Read more about the specific actions we have taken in the CSR field in our Communication on Progress on pages 14-17.

Long-term challenges for the Danish investment climate

In the light of the major changes in the manufacturing sector in the last decade, Axcel and other investors are concerned about the long-term investment climate in Denmark. Businesses are simply not investing enough.

Denmark's largest companies are currently propping up the economy and job creation. They have plenty of spare cash and could easily invest more in Denmark, but are increasingly investing abroad.

Small and medium-sized manufacturers, which could be the key to new jobs in Denmark, are not faring anywhere near as well. They are in a state of crisis in terms of both investment and growth. Many are transferring production out of Denmark to remain competitive.

The bigger picture is that we all stand to suffer when productivity falls as Danish businesses' capital equipment wears out. Sooner or later, this will pull down both wages and investment returns.

Axcelfuture, a think-tank sponsored by Axcel, has calculated that in manufacturing alone there is an investment gap of no less than DKK 50bn. This is what needs to be invested in machinery and equipment for companies to maintain and develop their productivity in the long-term.

Much of this gap is due to an unfavourable economic climate, but high Danish wages have also made it more attractive to invest abroad for some time now. The unions have recently agreed to keep wages down so that we can win back some of our lost competitiveness.

But there is much to suggest that much of the problem in Denmark is structural, and that investment will not get back on track even if wages are kept in check and the global economy turns. This is worrying, because this lack of investment means that Danish companies are not growing fast enough. We need more, larger and more productive companies.

These issues have become a hot topic politically in Denmark, and this is the reason why Axcelfuture brought together a wide range of play-

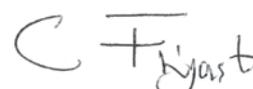
ers from different parts of Danish society for a conference in January 2013, including senior ministers, CEOs and union representatives.

It is fair to say that safeguarding our prosperity while preserving the competitiveness of our businesses is an important challenge. Axcelfuture has therefore focused partly on the Danish tax system, not with a view to reducing tax revenue but to come up with ideas for how the tax system can better support our businesses rather than vice versa.

The government's Growth Plan has won broad political support and is a step along the road to a better investment climate. Lower corporate taxes and energy duties combined with further wage restraint are essential for more competitive businesses in Denmark.

Axcelfuture will continue to draw attention to the investment climate in Denmark because we still face considerable challenges when it comes to maintaining and developing the country's growth and prosperity. Axcelfuture therefore plans to bring together a broad cross-section of decision-makers once again in 2014 to discuss key issues in this area.




CHRISTIAN FRIGAST
MANAGING PARTNER



GEORG JENSEN AND ROYAL COPENHAGEN SOLD

NOVEMBER/DECEMBER 2012

Axcel invested in the design conglomerate Royal Scandinavia back in 2001. Royal Copenhagen and Georg Jensen, the last remaining parts of the Group, were sold in 2012, bringing Axcel's journey with Royal Scandinavia to an end. Royal Copenhagen is now owned by Finnish listed company Fiskars and Georg Jensen by global investment manager Investcorp.



AXCEL SELLS CIMBRIA



JANUARY 2013

After just under two years' successful ownership, Axcel has sold Cimbria to British private equity firm Silverfleet for just over DKK 1 bn. Cimbria is one of the world's leading producers of equipment and complete lines for processing, handling and storing grain and seed. Under Axcel's ownership, the company made a series of acquisitions and operational improvements that boosted both sales and earnings.



AXCEL PARTNERS WITH VKR ON EXHAUSTO

DECEMBER 2012

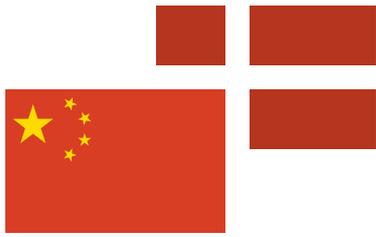
Axcel has acquired a majority holding in EXHAUSTO, a leading producer of mechanical ventilation solutions for the construction sector. Existing shareholder VKR Holding will retain a substantial stake. The aim is to accelerate the company's development and earnings, both organically and through acquisitions. Founded in 1957, EXHAUSTO generates revenue of around DKK 490m and has 300 employees. Production is based in Langeskov in Denmark and Flå in Norway.

PANDORA BACK ON TRACK



FEBRUARY 2013

PANDORA's annual results show that the company is back on track after the profit warning in August 2011. The accounts for 2012 show sales of DKK 6.7bn and an EBITDA margin of almost 25%, which means that the 18-month turnaround is almost complete. Much of this success can be put down to the work begun by Marcello Bottoli as interim CEO in August 2011 and skilfully continued by Bjørn Gulden after he took over as CEO in spring 2012. The company's first-quarter results for 2013 confirm the progress made.



AXCEL PARTNERS WITH CHINESE FIRM

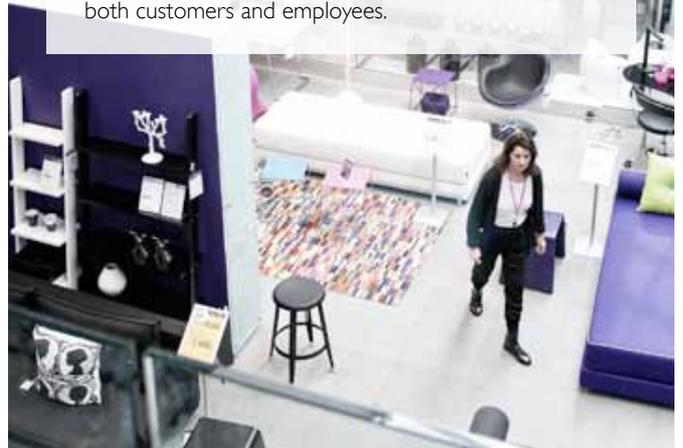
JUNE 2012

Chinese president Hu Jintao's state visit to Denmark in 2012 prompted a raft of bilateral agreements between the two countries, including a strategic alliance between Axcel and Chinese investment group Fosun. Many Nordic companies have production in China, which is also one of the world's fastest-growing markets, so it is important for Axcel to have a skilled partner there. In return, working with Axcel gives Fosun access to the Nordic M&A market, which, like other international investors, it considers attractive.

PARTNERSHIP WITH JYSK ON IDDESIGN

MARCH 2013

Axcel has entered into a partnership with retailer JYSK on the development of IDdesign, owner of the IDEmøbler and ILVA furniture chains, under which JYSK will acquire 80% of the shares in the company and Axcel will retain the remaining 20%. Axcel has supported IDdesign through a difficult period of weak domestic demand, and the company is no longer operating at a loss. The partnership with JYSK will benefit both customers and employees.



AXCEL INVESTS IN NETEL

JANUARY 2013

Axcel has acquired a majority stake in Netel, a leader in the rollout and maintenance of mobile and fixed telecommunications networks in Scandinavia. The company plans, designs, builds and maintains networks for telecom operators, network owners and property managers. Netel generates revenue of around SEK 450m and has some 110 employees at 10 offices in Sweden and Norway.

AXCELFUTURE

HOSTS CONFERENCE

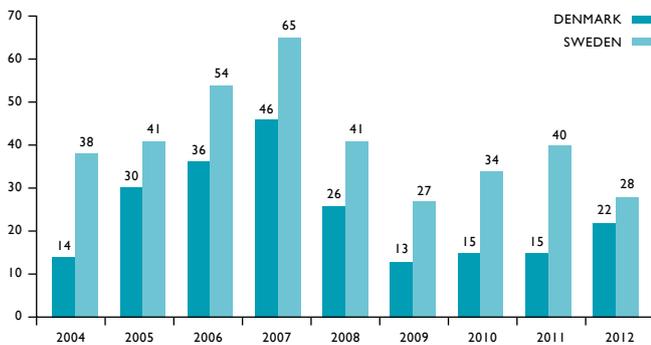


JANUARY 2013

On 18 January 2013 Axcelfuture hosted a conference on the investment climate in Denmark, bringing together ministers, industry leaders, unions and employers. Ahead of the event, participants were sent background information on the investment climate and a summary of the research. The conference resulted in 18 recommendations which can contribute in some way to a better investment climate and so preserve Denmark's status as a manufacturing nation. Axcelfuture was supported on the analytical side by Copenhagen Economics and will continue to focus on the investment climate in Denmark in the coming year.

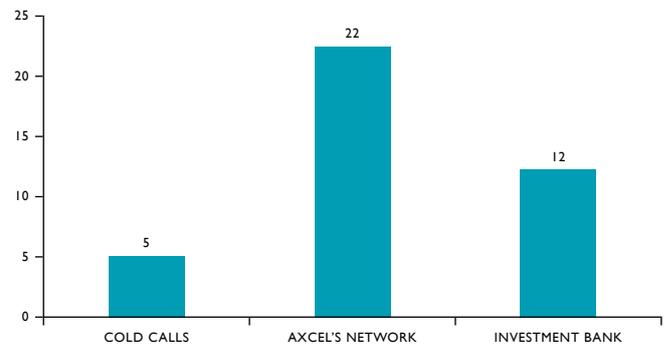
AXCEL IN BRIEF

The charts below show the environment in which Axcel works, the companies in which it has invested, who has acquired them, and how long Axcel owned them.



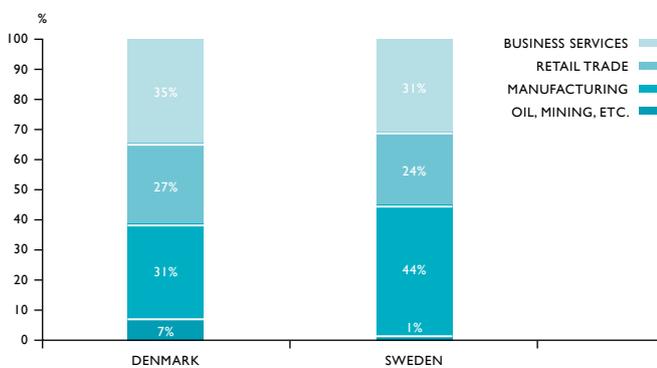
DANISH AND SWEDISH BUYOUTS IN AXCEL'S SEGMENT

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



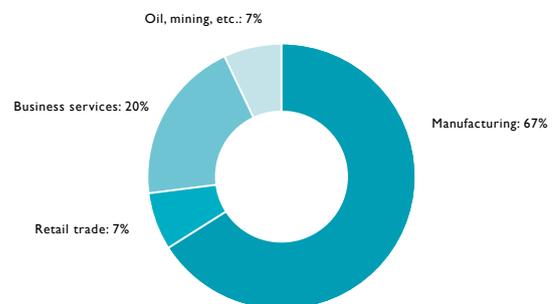
AXCEL'S DANISH AND SWEDISH ACQUISITIONS

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



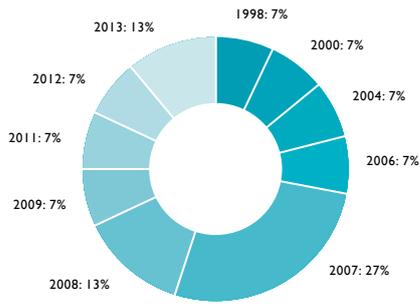
DANISH AND SWEDISH INDUSTRIAL STRUCTURE

The industrial structure in Denmark and Sweden is broadly similar, but Sweden has a larger share of manufacturing companies, whereas industry in Denmark is more evenly distributed between business services, the retail trade and manufacturing.



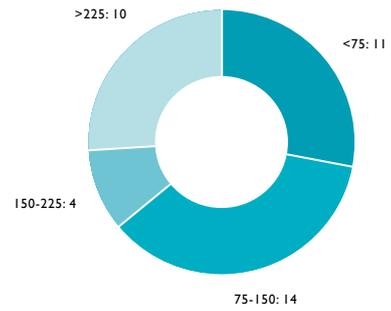
AXCEL'S COMPANIES BY SECTOR

Axcel has mainly acquired companies within manufacturing and business services.



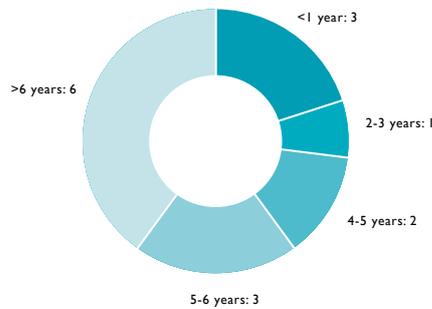
AXCEL'S EXISTING INVESTMENTS BY YEAR OF INVESTMENT

The majority of Axcel's existing companies have been acquired since 2006.



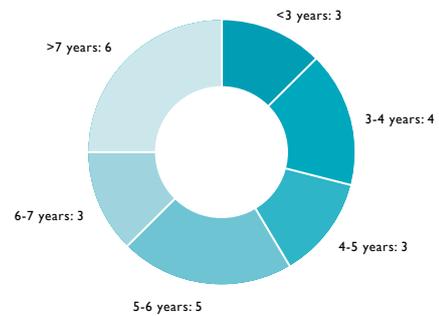
AXCEL'S INVESTMENTS BY SIZE (EQUITY IN DKKm)

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



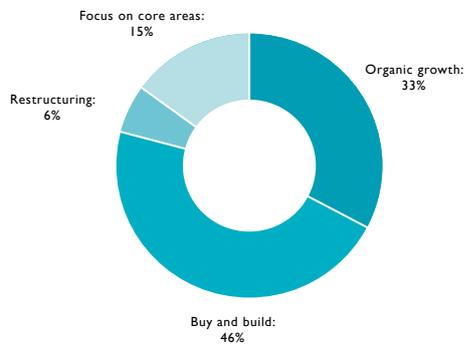
EXISTING COMPANIES BY LENGTH OF OWNERSHIP

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



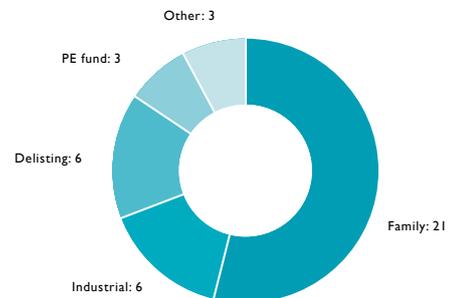
EXITS – HOW LONG AXCEL HELD THE COMPANIES

Axcel has sold a total of 24 companies, the majority of which were owned for at least five years (excluding PANDORA, which was floated on 5 October 2010).



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 organic growth and through acquisitions and realisation of synergies.



WHO AXCEL ACQUIRED ITS COMPANIES FROM

Axcel has mainly acquired its companies from families.

AXCEL SUPPORTS THE GLOBAL COMPACT

Axcel and its portfolio companies have signed up to the UN Global Compact. Thus we have made a commitment to comply with the Global Compact's 10 principles for sustainability both at fund level and at the companies we own.

Axcel joined the Global Compact back in 2010, and its portfolio companies followed suit in 2011. New companies added to the portfolio have a year to adapt their procedures and sign up too.

In this way, Axcel is supporting the UN's efforts to get governments, civil society, business and others to unite behind 10 principles for responsible business in the areas of human rights, labour, the environment and anti-corruption.

Axcel has gradually developed CSR policies based on our view of corporate governance, which includes dialogue with stakeholders and transparent communications and reporting. Axcel has updated its policies in the corporate governance area in 2013 to make CSR an explicit element that the boards of portfolio companies must actively address.

Axcel also has the following procedures in place for responsible business:

- Axcel considers very carefully the acquisition of companies that could put Axcel in a social, ethical or environmental dilemma.
- Axcel performs a social due diligence ahead of acquisitions.
- Companies owned by Axcel must join the Global Compact within 12 months.
- Axcel ensures that its companies comply with the requirements of the Global Compact through its CSR network and ongoing dialogue with the companies.
- Axcel itself has signed up to the Global Compact and publishes a Communication on Progress (COP) each year.

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



Axcel also expects its companies to:

- Comply with relevant laws, rules and internationally recognised principles
- Consider risks relating to CSR issues and address them proactively
- Be 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

Axcel is keen for its companies to recognise that CSR work can create value. In this context, the implementation of a CSR programme must be based on an individual assessment of critical focus areas, and these must then be placed in relation to the resources available to the company.

AXCELFUTURE

Axcel's investment officers have used part of their taxed income to set up Axcelfuture, which aims to support the investment climate in Denmark in the interests of growth and employment. Axcelfuture will have capital of DKK 25-30m depending on the price Axcel III obtains for the remainder of its assets. The board of Axcelfuture consists of representatives of Axcel's investment officers plus Peter Schütze, Lars Munch and Hanne B. Sørensen*.

* Hanne B. Sørensen stepped down from the boards of Axcel's funds at the 2013 annual general meeting and will therefore also retire from the board of Axcelfuture.

AXCEL AND THE PRI

The UN Global Compact, which Axcel joined back in 2010, is very well suited to companies but less so at fund level. At the same time, institutional investors want to be able to invest in unlisted companies safe in the knowledge that the UN's Principles for Responsible Investment (PRI) will be complied with. For this reason, Axcel has decided to apply the PRI in future and plans to become a signatory to the principles during the course of 2013.

Axcel implemented the following CSR initiatives in 2012:

- Axcel has set up a network of CSR officers at our companies so that they can benefit from presentations by external experts and draw on each other's experience.
- Axcel owns five companies in Sweden – Driconeq, JB Education, LGT, Nordic Waterproofing and Netel. The first four have now signed up to the Global Compact, and Netel is busy preparing to do so. Read more about CSR work at our Swedish companies on the following pages.

Axcel's companies and the Global Compact

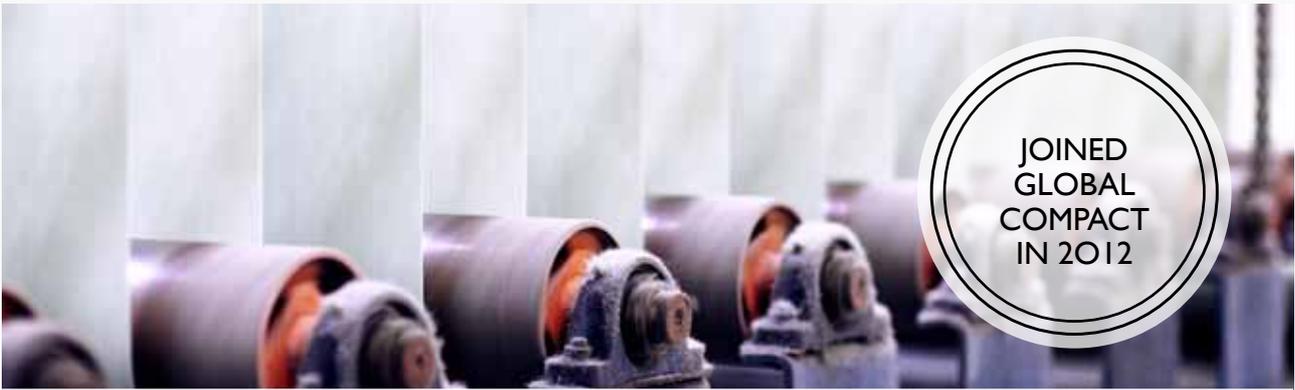
Axcel closely monitors portfolio companies' work and makes suggestions for improvements. Several have already published a first COP, and all are expected to have signed up to the programme by June 2013.

GLOBAL COMPACT STATUS OF AXCEL-OWNED COMPANIES AS AT 1 MAY 2013

	GLOBAL COMPACT – STATUS		GLOBAL COMPACT – PRINCIPLES			
	JOINED GLOBAL COMPACT	COP PUBLISHED	HUMAN RIGHTS	LABOUR RIGHTS	ENVIRONMENT	ANTI-CORRUPTION
BALL GROUP	•	•	•	•	•	•
BB ELECTRONICS	•	•	•	•	•	•
DRICONEQ	•		•	•	•	•
EXHAUSTO*						
IDDESIGN	•		•	•	•	•
JB EDUCATION	•		•	•	•	•
JUNCKERS	•	•	•	•	•	•
LGT	•		•	•	•	•
MITA-TEKNIK*						
NETEL*						
NOA NOA	•	•	•	•	•	•
NORDIC WATERPROOFING	•		•	•	•	•
PANDORA	•	•	•	•	•	•
TMK	•	•	•	•	•	•
VPG	•		•	•	•	•

* New investment – has not yet joined Global Compact.

The table above shows that the majority of Axcel's companies are now actively addressing the various components of the Global Compact. Those publishing a second COP have made progress from the year before in line with the UN's intentions.



NORDIC WATERPROOFING

Nordic Waterproofing is one of Europe’s leading suppliers of membranes for roofing and eco-buildings. These products extend buildings’ lifetime and so help customers achieve sustainable solutions. The company’s long-term business approach builds on sustainable profitability.

Nordic Waterproofing went to great lengths to further strengthen its sustainability efforts in 2012. It identified business-critical sustainability issues and defined key metrics and measurable targets at group level.

The environment is a focus area at Nordic Waterproofing, and environmental considerations are part and parcel of its day-to-day work. Occupational health and safety are given high priority, with excellent results.

Nordic Waterproofing has been a member of the Global Compact since 2012. The company has also introduced a new code of conduct to clarify its position in areas such as the environment, health and safety, and business ethics. Nordic Waterproofing aims to be an open and transparent business with simple and clear reporting lines so that any breaches of the code of conduct are picked up quickly.



JB EDUCATION

JB Education is driven by the conviction that a dynamic community needs people who are not afraid to take on challenges and develop new skills. An awareness of sustainability is an important factor in tackling the challenges of tomorrow, and the company works with this issue in student projects at its schools.

JB Education embarked on a review of its suppliers in 2012 and will in future assess them also from a sustainability perspective.

JB Education has been a member of the Global Compact since 2011 and has signed the UN’s Guiding Principles for Business and Human Rights.



JOINED
GLOBAL
COMPACT
IN 2012

DRICONEQ

The mining industry faces something of a green revolution. To ensure a sustainable supply of raw materials worldwide, it is essential to reduce environmental impact. Driconeq worked hard in 2012 to cement its strong market position through a commercially-oriented sustainability programme complete with targets and metrics.

The company is building its long-term market position on leadership in products with a strong environmental profile. The spotlight is on product development and environmental issues. One current example is an investment in a treatment facility for cutting fluids which will have considerable environmental benefits in the form of better utilisation of resources and reduced waste. The

resulting cost savings will be invested in new sustainable solutions. Driconeq Sweden is certified to ISO 14001.

Driconeq has a zero-tolerance policy on occupational injuries and concentrates on preventive action. There were no production stoppages due to occupational injuries in 2012.

Driconeq has introduced a new code of conduct to clarify its ethical position for customers, employees and suppliers.



JOINED
GLOBAL
COMPACT
IN 2012

LGT LOGISTICS

LGT conducted a detailed review of its existing sustainability work in 2012. The company identified business-critical sustainability issues and began work on defining metrics and measurable targets.

In its sustainability work, the company aims to add value for customers by improving their sustainability profile and to ensure continued high levels of commitment from its employees. One key environmental issue for LGT is to reduce the impact of its services on climate change. The company attaches great importance to continuously improving its logistics together with customers and offering intelligent solutions with both financial and environmental benefits.

When it comes to human resources, occupational health and safety is a priority, as is skills development, an area where LGT has enjoyed success. Employees' expertise and experience are a crucial factor for the company's development.

AXCEL'S BOARDS CREATE VALUE

Corporate governance at a private equity firm such as Axcel is different to that at other companies. Axcel is more closely involved in a company's decision-making processes than is the case with other forms of ownership.

AXCEL'S BOARD MEMBERS

No. of companies on 31.12.2012 (incl. PANDORA)	15
No. of board members	56
No. of women	6
Average length of service	4.4 years

As an active investor, we look for independent, professional directors to serve on our boards, where they supervise and accelerate the development of our companies, contributing both industrial and managerial experience and know-how. The role of the board is to set the strategic direction, monitor and improve performance, and ensure that the business is managed responsibly.

All external board members are offered a competitive package which may be based on shares or warrants to ensure that they have the same interests as Axcel – namely in creating value.

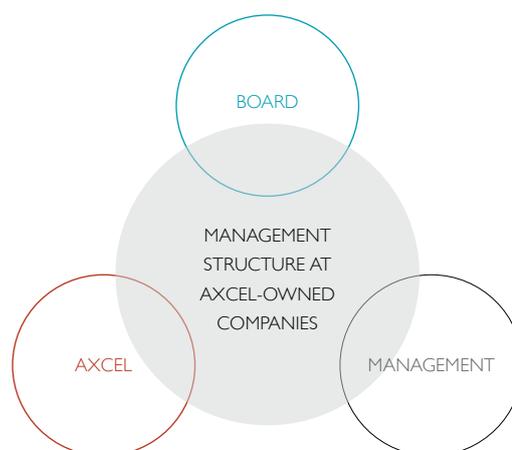
It is essential that the board is composed in such a way that it can handle its supervisory tasks, including the company's strategic development, in an effective and farsighted manner, and that it serves as a constructive and capable discussion partner for management.

Management structure at Axcel's companies

Axcel brings more than just capital to the companies in which it invests. We are always represented on the board of a company, acting as a discussion partner and a resource for management. We also provide functional expertise in areas such as acquisitions and divestments, major investment projects, financing, human resources and strategic planning.

At all of our companies, the board is responsible for the overall stewardship of the company, and it is the board that makes decisions. The board's role is to oversee and accelerate the company's development,

THE RELATIONSHIP BETWEEN THE BOARD, MANAGEMENT AND AXCEL



while the day-to-day running of the company is handled by management.

We believe that a close dialogue with management is crucial for value creation, and we make active use of the relationship between the CEO, the chairman (on behalf of the board) and the Axcel partner on the board as a means of ensuring effective communication and decision-making processes.

Value creation at Axcel's companies

The board's main task is to set goals for the business, follow up these goals and ensure that operations are optimised. Board members should also serve, both collectively and individually, as a discussion partner for management.

The board must monitor operations closely and evaluate management's performance. It should also consider appointing relevant committees to make its work more efficient.

The board should ensure that an incentive scheme for management is implemented in cooperation with Axcel to ensure both long- and short-term value creation.

From entry to exit, the board is expected to focus on maximising the value of the business through organic and/or acquisitive growth, and to make any necessary changes to the strategy.

In addition, the board should ensure that the company is sufficiently prepared for a due diligence process prior to an exit, and that it complies with relevant legislation on directors' responsibilities, etc.

The board's tasks and responsibilities

The board is responsible for the overall stewardship of the company, including overseeing the work of management and developing and establishing appropriate strategies.

The board is to:

- Decide on overall goals and strategies
- Monitor and assess the company's performance and conduct
- Recruit, remunerate and release senior management
- Ensure clear guidelines for responsibilities, planning, follow-up and risk management
- Ensure legal and financial compliance
- Challenge management on business-critical issues

Given Axcel's medium-term investment horizon, board initiatives are driven by a certain sense of urgency to achieve tangible results in both the short and the long term.

Each company's overall strategy is always developed jointly by the board, management and Axcel to ensure mutual backing for the strategy.

Axcel engages in continuous dialogue with management and provides support for major strategic projects. Axcel has a particular responsibility when it comes to the use of best practices for financial reporting.

Axcel's aim is to ensure that the board can focus on relevant initiatives and action points based on facts. Axcel also takes the lead on capital structure, financing negotiations and large bolt-on acquisitions.

CORPORATE GOVERNANCE IS DIFFERENT AT PE-OWNED COMPANIES

Lars Nørby Johansen was made CEO of Falcks Redningskorps in 1998 and went on to become CEO of Group 4 Falck and Group Falck Securicor before stepping down in 2005. He then served as chairman of Falck A/S following the demerger of Group 4 Securicor and Falck. In 2006 he was elected chairman of the Axcel-owned company Georg Jensen, and he went on to become chairman of William Demant Holding and CAT Invest. He also sits on various other boards and chairs the Danish Growth Council. In 2002 he chaired the committee behind the report *Corporate Governance in Denmark – recommendations for good corporate governance in Denmark* for the Danish Commerce and Companies Agency.

How do you view corporate governance at private equity portfolio companies compared to other companies?

Corporate governance began in the 1990s as a reaction from shareholders to a sense of powerlessness in the face of disparate ownership. Who decides if shareholders cannot agree for some reason on how their ownership rights should be exercised? There was a need for new thinking if things were to move forward.

This grassroots movement was bolstered by a number of institutional investors, such as the big Californian pension fund CalPERS, want-



ing to engage in more active ownership where there is a need for it, such as when management fails to deliver or shareholders are not treated equally.

Institutional investors enter the fray

Once the big institutional investors joined in, the stage was set for a more articulated approach to how shareholders' influence could be increased at companies with diverse ownership. Previously it had been possible for shareholders to hide behind a lack of communication, and there were no guidelines for the composition of company boards, which ultimately meant that management or a shadowy group of shareholders could achieve a dominant influence which went against the interests of the majority of shareholders.

Two fundamental principles dominated the first wave of corporate governance. First, the members of the board should be independent of the CEO, so that they can keep tabs on the CEO and prevent an overly powerful CEO from acting in conflict with shareholders' interests and ultimately running the company into the ground. Second, there should be greater transparency to make it possible to see what is going on at a company – a kind of oversight mechanism.

The requirements have since become increasingly sophisticated, a good example being investors' calls for better risk management. If companies report better on the risks they face, an investor is better able to diversify his stock portfolio and achieve the right trade-off between risk and return. In economic terms, this has the positive side effect that, in theory, there will be fewer undesirable fluctuations in companies' financial performance. This is particularly important in the financial sector, as we have seen on the back of the financial crisis.

The need for better corporate governance was particularly great in the Anglo-Saxon world, where many companies have a single-tier governance system where board and management are not independent, unlike in Denmark where a two-tier structure has come to dominate. The scandals at Nordisk Fjer and EAC back in the 1990s wiped out the last remnants of a single-tier structure at large listed companies in Denmark.

Corporate governance gains momentum

The need for better regulation of companies was highlighted by the Enron and Worldcom scandals in 2002, which eroded confidence in the key US stock market and paved the way for the Sarbanes-Oxley Act, which introduced more stringent disclosure requirements and made the directors and executives of listed companies more accountable. The principles underlying the act were then adopted by other countries to a greater or lesser extent, including Denmark. The whole time there has been a balance between *soft law*, in the form of voluntary recommendations, and *hard law*, as discussed below.

Corporate governance gradually became a phenomenon that won the backing of most investors, so it would be difficult to attract capital unless Denmark too came on board. Simply copying international guidelines was not an option, because in continental Europe, including Denmark, we take a broader view of corporate governance than in the Anglo-Saxon world. Apart from shareholders, we also attach importance to the needs of other stakeholders, such as employees and the local community.

Against this background, in 2001 the Ministry of Business and Industry asked a group of businesspeople, of whom I was one, to draw up a set of corporate governance guidelines aimed specifically at the situation in Denmark with a large number of commercial foundations, multiple share classes and so on. I believe that the ministry realised even then that a voluntary approach was a better way forward than legislation.

Looking back at this work and what came out of it, there can be no doubt that the corporate governance recommendations have been of great value, because in Denmark too they have meant that shareholders now have a much better basis for assessing the performance of listed companies. This is probably part of the reason why the private equity model gained ground after the year 2000, because all these new requirements also made it more expensive to be listed.

However, the big breakthrough for private equity came in the wake of the very cheap liquidity in the market in the middle of the last decade, which led to a wave of delistings and PE buyouts of listed companies. For this reason alone, I think it is positive that a PE firm such as Axcel has produced its own corporate governance guidelines, even though it typically invests in family-owned companies.

PE funds have a different governance model

Corporate governance at a PE-owned company is very different to that at a listed company. Supervision and risk management rest with the fund, so board members must be able to complement management with an overview that is well above the operational level if there is to be any point in them sitting there at all.

The role of chairman is particularly important in this context. He or she is the link between management and the fund, but on the owner's terms, so I think it's a good idea for the chairman to be recruited externally. Not only can this bring in crucial strategic resources for the fund, but the chairman can also serve as a lightning conductor as and when frictions arise in the relationship with the company. It is clear that the PE fund as owner will itself have set the general strategic direction for the company, but unexpected situations will always arise along the way, and it is here in particular that the board and the chairman come into the picture.

Soft law or hard law?

Corporate governance is primarily a matter of soft law, whereas Sarbanes-Oxley and the AIFM Directive are hard law. And although the industry can seek to influence the legislative process through lobbying, hard law can never be as flexible as when the different sides of industry reach agreement on a set of recommendations. Legislation is only necessary if the different sides of industry cannot agree on what the recommendations should be, or are unable to get companies to comply with them. I do not think that this is the situation here in Europe, and especially not in Denmark.

Looking very generally at PE funds, I'm impressed by what has been done to establish high standards in the industry. Guidelines on transparency were introduced here in Denmark several years ago by the DVCA, which is why I believe that the AIFM Directive which will now regulate so-called alternative investments is very heavy-handed for PE funds in a country such as Denmark.

PE FUNDS NEED EXPERIENCED DIRECTORS

Ole Steen Andersen has a long boardroom career behind him at companies such as Sanistål and BB Electronics. He is a former CFO at Danfoss and is currently chairman of the Danish Venture Capital and Private Equity Association (DVCA).

How do PE funds use their boards?

PE funds use their boards to develop their companies by providing expertise that they may not have themselves. The fund will often focus on the liability side of the company's balance sheet, while management takes care of its assets. The board can contribute important industrial experience and so serve as an important sparring partner for the fund. I think this is crucial in many situations.

How attractive is sitting on a PE-owned company's board?

PE funds want to reach the right decisions quickly, so working on the board is also interesting because there are always strategic issues to explore. No stone is left unturned in the quest to create value. There are also very rarely any hidden agendas, which is a great strength of the PE model. At a family-owned company, externally elected board members can find life harder, because there may be irrational decision-making processes that undermine value creation.

How does the close collaboration between the partner from the fund, the chairman and the CEO affect the work of the board in general?

The chairman is the link between management and owner, so a good relationship is essential for the board to function. The board has formal responsibility for supervision, but the fund monitors finances closely, which creates space for the board to spend more time on strategy and development. This does require the individual board members to be proactive, but normally this is the kind of person that sits on a board, so the meetings are always useful.

What role does the board play at a medium-sized company compared to a large company?

My experience is that the size of the business does not have any major bearing on the board's tasks. Really big companies may use committees, which isn't usually the case at a medium-sized company, but otherwise the board's job is much the same. Things are different at small companies, however, because they don't normally have the same reporting systems. The board's working processes then have a more practical orientation. The type of ownership is probably more important than the size of the company.

What is most important in the boardroom – general managerial experience or sector-specific experience?

To contribute in the boardroom, you need general managerial experience, integrity and a strategic overview. Industry experience is not without its value, however. With my own background in manufacturing, I'd say that I have a lot to offer any manufacturing company,



whereas I wouldn't be able to give as much to a retail or pharmaceutical company.

It is often said that PE funds are short-sighted and are only ever looking for an exit. Is this true?

The journey with a PE fund doesn't last forever. Sooner or later a new owner will come along, otherwise the fund won't have done its job. We all know this from the outset, so it's not something that worries us board members on a daily basis. Instead, the short investment horizon makes the PE fund slightly more impatient, which means that it is quicker to execute than other types of owner.

How has life in the boardroom changed during your time?

One of the most striking changes I've seen is the fierce market conditions faced by many medium-sized companies. They're often suppliers to larger companies, which are increasingly passing their challenges down the supply chain, so the buck stops with us. We're seeing longer credit periods and more churn than before. The board is therefore often involved in critical strategic discussions where tough decisions are needed to save the day. But this is also a great personal challenge which I treasure.

THE BOARD KEEPS US ON OUR TOES

Holger C. Hansen is not only CEO of Nordic Waterproofing but also chairman of Junckers Industrier. With both companies being owned by Axcel, he is an obvious candidate to ask about life in the boardroom – from both sides of the table.

What role do you think the board plays at Nordic Waterproofing?

The board keeps us on our toes and helps ensure that we're focusing on the right things. The board also assesses whether we're running at the right pace, which is an important function, because this kind of input from outside can be used to see whether we're in step with other players.

Although much of the supervisory role rests with Axcel, I feel that our board takes this part of its duties very seriously. It's also reassuring to have industrial input in the supervisory role, because financial insight isn't always enough to see whether we're doing the right thing or not.

Is reporting to the board of a PE-owned company different to reporting to the board of a family-owned company?

The ownership aspect at family-owned companies can sometimes mean that the board has less power than at PE-owned companies, because the owners may have hidden agendas that complicate life in the boardroom. This is the reason why some family-owned companies find it hard to get the boardroom working properly.

PE-owned companies typically have fully aligned interests with their owners, as parts of the board will generally have been there from the outset and will have helped create the business case together with the owner before the buyout.

A short investment horizon also means that PE-owned companies are in a hurry and are probably willing to take more risks than a family-owned company will typically be. I believe that the speed of execution may help give PE-owned companies a competitive edge.

Nordic Waterproofing, of which you are CEO, has made a number of acquisitions. What is the board's role here relative to management's?

The bolt-on acquisitions have generally been part of the strategy that Axcel and parts of the board helped develop together with management before the actual buyout. In fact, the first bolt-on acquisition was made almost simultaneously with the platform investment. With the other acquisitions, the board has been a good sparring partner and has participated in the subsequent implementation and follow-up at board meetings.

You sit on the board at Junckers. How do you see the role of the board at a company enduring hard times compared to companies where everything is going to plan?

During hard times, the board needs to get closer to the business and engage in close dialogue with management. And it's important for there to be a bond of trust between management and the board, espe-



cially the chairman, so that they can talk openly about opportunities and actions. At the same time, the board must give management full responsibility for day-to-day execution in the form of room to manoeuvre within agreed limits.

Junckers has been through several rounds of significant cost-cutting. It can sometimes be difficult for management to see how further gains can be made. The board therefore has the role of ensuring that management is always on the lookout for new solutions.

How has Axcel contributed to the board's work?

Many businesses are currently struggling to source finance, but when you're owned by a PE fund, my experience is that it's somewhat easier – just as long as you have the right growth strategy or acquisition candidates. It's been important here to have Axcel on side.

Furthermore, I think Axcel is good at setting the strategic direction and can pass on inspiration from other portfolio companies' challenges and solutions.

What makes board service particularly interesting at a PE-owned company?

The absence of delays between idea, decision and action. This is partly because decision-making processes are not normally political and there are no hidden agendas, and partly because the limited time period automatically creates a sense of urgency. That isn't to say that we don't also think about the longer term – quite the opposite, as potential buyers will be attracted primarily by the company's overall strategy.

It's also normally very clear at PE-owned companies whether management, board and owners have created value, as there is both a purchase price and a selling price for the company within a limited period. This makes the work very inspirational.

THE PARTNER'S VIEW – DIRECTORS' SKILLS ARE MORE IMPORTANT THAN EVER

Nikolaj Vejlsgaard is a partner at Axcel and has sat on the boards of a number of Axcel-owned companies, including Royal Copenhagen and Georg Jensen. He is currently a director at PANDORA and Junckers Industrier. How does he view board service at Axcel?

How does Axcel recruit its board members?

We have an extensive network which enables us to choose from a broad cross-section of business leaders when putting together our boards. We also use headhunters in special situations, such as when we need to recruit abroad. We know many of the people serving on our boards from before, either from the management of companies we've owned or from our other boards.

What role does the board play at a PE-owned company?

The most important thing, as with other boards, is sparring with management and keeping them on their toes. We also monitor the company's performance, and ensure that all relevant resources and skills are available for the company to achieve its goals.

Working in the boardroom, and perhaps especially for the chairman, can sometimes be more intense and time-consuming than with other forms of ownership. A great deal is asked of the board, as well as of management and owners. In return, we expect board members to ask a lot of Axcel in terms of how they can best be involved in the board's work.

You were involved in the flotation of Axcel-owned company PANDORA. How does working on the board there compare to, say, Georg Jensen?

The simple fact that a listed company operates under different legislation plays a role, and a wide range of formalities and disclosure obligations and so on need to be met, which does to some extent affect the board's work. It's neither better nor worse, just different. In some areas there's the risk of losing some flexibility when so many formal requirements have to be met, but you have to remember that these safeguards are entirely reasonable when ownership is so diverse and nobody can get as close to the heart of things as a sole owner can.

What is it like sitting on the board as a partner representing the owner? Are you effectively the chairman, or is it possible to find a role where your views as the owner's representative are not steamrolled through?

No, if we acted like chairmen and were too autocratic, it'd be almost impossible to attract the right external members. The people we bring in are busy people, and they wouldn't take on the job if they were just making up numbers. It's therefore also important that the chairman and the owner's representative have clearly defined roles and responsibilities in line with the board and management. This also applies to the relationship between the various members of the board.



How has the boardroom changed over the past five or six years?

There's been a greater focus on the board's ultimate responsibility for the company. This means that directors' skills are more important than ever – what can each member contribute in terms of developing and overseeing the business? It also means that the board is no longer a static body. There needs to be a high degree of continuity, of course, but it's also important that the composition of the board evolves with the business. The experience and insight needed during, say, a turnaround may not be what is needed once this is over and the company is growing again. So we also work actively on ensuring that the board has the right composition.

Boards have become more international in recent years. What does this mean?

A growing international contingent means that our Danish attitudes and worldview are questioned, which is a very good thing. I'd say that companies with significant operations outside Denmark should have some foreign directors, and even those operating primarily in the domestic market should consider this possibility.

AXCELFUTURE – WORKING FOR A BETTER INVESTMENT CLIMATE IN DENMARK

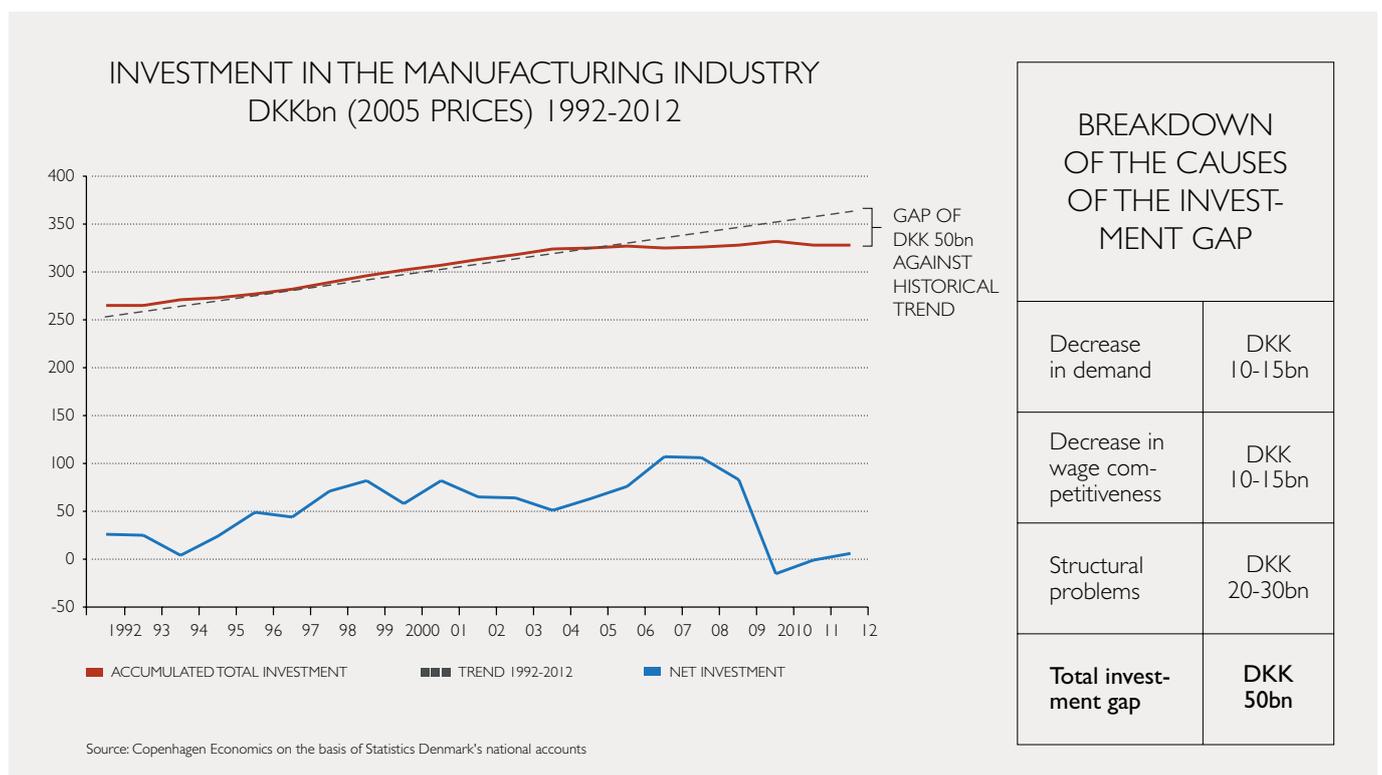
Axcel decided to set up Axcelfuture in 2011 as a way of promoting a better investment climate in Denmark through research and recommendations.

More than a decade of weak growth in business investment has undermined job creation, productivity and competitiveness in Denmark. Net fixed investment has been negative for more than three years, and – unlike in the countries around us – business investment has not picked up again. We have therefore accumulated an investment gap of DKK 50bn in manufacturing alone, and many jobs have been lost as a result.

Research from Axcelfuture and elsewhere shows that weak growth in foreign markets and the after-effects of the consumption and housing bubble in Denmark that burst in 2008 have pulled down private busi-

ness investment. The erosion of competitiveness due to high wage growth by international standards up until the bubble burst has also contributed to weaker business investment. Danish wages have since risen less quickly than abroad, which gives hope that, in time, investing in Danish jobs can be made attractive once again.

Denmark's largest companies are currently propping up the economy and job creation. They have plenty of capital and could easily invest more in Denmark, but prefer to do so abroad. Small and medium-sized manufacturers, which could be the key to new jobs in Denmark, are not faring anywhere near as well. They are in a state of crisis in





On 18 January 2013 Axcelfuture hosted a conference on the investment climate in Denmark, bringing together ministers, industry leaders, unions and employers. Ahead of the event, participants were sent background information on the investment climate and a summary of the research. The conference resulted in 18 recommendations which can contribute in some way to a better investment climate. Axcelfuture has since submitted an excerpt from the recommendations to the government as input for its Growth Plan announced on 15 January and subsequently endorsed by a broad political majority during spring 2013.

terms of both investment and growth. Many are transferring production out of Denmark to remain competitive.

All in all, 5-6,000 jobs in manufacturing are disappearing abroad each year, many of them to neighbouring countries such as Sweden and Germany. This is unsustainable. It is mainly more traditional production that is migrating to countries that produce to the same standard as Denmark, only more cheaply. The worry is that development and administration will follow. Unless we can turn things around, Denmark is likely to lose a further 60-100,000 jobs by 2020 on top of the 65,000 already lost in 2008-10.

Axcelfuture's analysis indicates that the lack of investment in Denmark is due not only to the crisis, high wages and the current economic downturn. A number of structural factors have gradually made investment conditions in Denmark less favourable than in neighbouring countries. Foreign investments are bypassing Denmark, and domestic investments are not flowing to businesses to the extent that they should.

The challenge now is to produce a *long-term strategy* to restore the conditions for growth in the private sector. It can still be attractive to invest in Denmark, but businesses have become more mobile, and

conditions in neighbouring countries have improved at a rate that we have failed to match. This needs to change – and it must pay to invest in creating and retaining jobs in the private sector in Denmark. Only then will we have the long-term foundations for sustainable and well-paid employment and a strong tax base.

The government's Growth Plan to restore competitiveness has attracted broad political support in spring 2013 and is a good first step. The reduction in corporate taxation and various other taxes and duties is a particularly positive move towards a more sustainable economy. It is crucial that a small country like Denmark does not differ too much from other countries if we want to attract investment.

Despite these political initiatives, there is still a long way to go. We have yet to find an answer to how Danish small and medium-sized enterprises can be better capitalised, even though there is much to suggest that this is the key to stronger growth in Denmark. There is also a need to monitor developments in business investment very closely.

STRENGTHEN THE DANISH CORPORATE TAXATION SYSTEM

Taxing businesses and their owners pushes up the required rate of return and so reduces investment. The question is how strong this effect is, and how the Danish tax system compares internationally.

We know from research that:

- A lower effective rate of corporation tax boosts investment, especially in small countries, and that sensitivity is growing.
- Taxing dividends has a limited impact on investment at the largest companies with their access to global capital markets and international shareholder base.
- For smaller businesses, the effects can be much more pronounced. They rely more on self-financing and contributions from the original owner, partly because it is (too) expensive for institutional and other financial investors to evaluate and monitor investments in small businesses. Heavy taxation of the owner – on both salary and returns from the business – will also reduce the incentive to start up new businesses, given the higher level of risk involved.

Comparing Denmark with other countries, it is clear that:

- Corporation tax is now at a similar level to many comparable countries, but the latest reduction is actually the first that industry has not paid for itself through a broader tax base.
- Increases in the taxation of dividends and capital gains have put it on a par with top-bracket income tax.
- The marginal rate for those on high incomes is higher than in many comparable countries, not least Germany, while low-income groups are taxed more moderately.

Against this background, Axcelfuture recommends that the government continues to focus on creating a consistent corporate taxation system that helps owner-managers to develop their businesses.



Finance minister Bjarne Corydon spoke about the government's view of Axcelfuture's recommendations.

←

Novo Nordisk CEO Lars Rebién Sørensen expressed concern about how we can keep manufacturing jobs in Denmark.

↓

The unions were also represented at the event – here we see 3F chairman Poul Erik Skov Christensen.

↙

A total of 27 representatives of government, unions, employers and industry took part on 18 January.



“If we hadn’t outsourced our production, a plate would have to be twice the price for us to have the same margin – and customers simply wouldn’t pay that.”

Mads Ryder, CEO,
Royal Copenhagen



A Nordic model for capital taxes

Axcelfuture has recommended the introduction of a “Nordic model” for capital taxes, which includes reducing corporation tax as the government is now doing. It has also recommended lower taxation of capital income, combined with rules to prevent capital income being converted into employment income; however, this is not politically palatable at the present time.

The positive effects of this would be significant, in terms of both the level of investment and real wages. Based mainly on international studies, it is estimated that these two elements alone could have a permanent effect on Danish investment of DKK 2-5bn a year – and some studies point to a considerably greater effect.

The reduction in corporation tax already decided on, followed by the other reforms introduced by the government, will boost the investment climate in Denmark here and now. Investment will grow even before these changes have fed through into rates and profits, so there is a significant signal effect.

AXSELFUTURE GOING FORWARD

Axcelfuture will continue to focus sharply on the investment climate in Denmark.

We aim to identify institutional and legislative impediments to the supply of venture capital (equity) to Danish industry, especially smaller companies. One priority has been the need for consistent corporate taxation, which was also one of the main conclusions from Axcelfuture’s conference on 18 January 2013 and from the prior and subsequent discussions that Axcelfuture has had with unions, trade associations, ministries, businesspeople and the academic world.

Axcelfuture also wishes to take a look at private savings in Denmark, so much of which is invested in housing and pensions. Why is this, and what scope is there for investing in private companies instead?

This will have knock-on effects on job creation, which is particularly good news given the relatively high levels of unemployment at present. Similarly, higher productivity from more capital equipment will help restore competitiveness more rapidly and so increase Danish companies’ market share both at home and abroad.

Axcelfuture’s recommendations would better reward active investment rather than housing consumption in particular, and create a greater incentive to make riskier investments in private companies operating in competitive markets. This would boost investment by both Danish and foreign investors in Danish industry.

The recommendations would probably be fully self-financing once the knock-on effects are included. Taken together, the package would fuel investment and help preserve Denmark’s status as a manufacturing nation. It would also push up real wages and would be reasonable in terms of the distribution of wealth.

It is hoped that the answers to these questions will provide a greater insight into what is needed to get Denmark growing.

AXCEL'S COMPANIES – STRATEGY AND KEY FIGURES

HOW DID AXCEL'S COMPANIES PERFORM IN 2012? WHAT DO THEY DO, AND WHAT IS OUR DEVELOPMENT STRATEGY? FIND OUT ALL THIS AND MORE IN THE PROFILES AND KEY FIGURES BELOW.



BALL GROUP

Ball Group manufactures women's fashions aimed at two segments: plus-size clothing (sizes 42-56) and standard-size clothing (sizes 36-42). In the plus-size segment (curvy fashion), Ball Group has its own store concept marketed under the name of Zizzi with brands such as Zizzi, Zizzi Jeans and Zay, along with Culture and Pulz in the standard-size range.

DEVELOPMENT STRATEGY

Axcel's development strategy involves continued geographical expansion, more shops and increased wholesale revenue. In the plus-size segment, the goal is to consolidate the company's position in the Nordic countries and move into selected European markets in the longer term. In the standard-size segment, Ball Group has been successful in establishing new brands aimed at independent multibrand stores.



BB ELECTRONICS

BB Electronics is one of Scandinavia's leading service companies in electronics production. The company provides a wide range of services in sourcing, design for manufacturing, production, test, box build, system integration, distribution and after-sales service. BB Electronics' products are used in numerous sectors, such as telecommunications, IT, medical technology, industry and transport.

DEVELOPMENT STRATEGY

Strengthen the company's market position and improve competitiveness by focusing on quality, price, delivery capacity and service.



DRICONEQ

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

Develop the company's market position through a stronger sales organisation, geographical expansion and acquisitions of competitors.



EXHAUSTO

EXHAUSTO is a leading producer of mechanical ventilation solutions for residential buildings, offices, schools and institutions, etc., and is the market leader in Denmark and Norway with growing positions in Germany and Sweden.

DEVELOPMENT STRATEGY

Axcel's objective is to further develop the company's market position through increased penetration of both existing and new customers, products and markets while maintaining the company's high product and service quality.



IDDESIGN

IDdesign is one of Denmark's leading home furnishing retailers with three different brands/concepts: IDEmøbler has 31 stores of its own and five jointly-operated stores in Denmark, while ILVA has seven stores of its own in Denmark and Sweden and a franchised store in Iceland, and IDdesign has 23 franchised stores in the Middle East and Southern and Eastern Europe.

DEVELOPMENT STRATEGY

Improve profitability through further optimisation of operations and sales and continued expansion.



JB EDUCATION

JB Education has operated private upper secondary schools since 1999 and now has schools in 30 different places in Sweden with around 10,000 students aged 16-19. The company also runs primary and lower secondary schools and adult education programmes.

DEVELOPMENT STRATEGY

JB Education's goal is to be the preferred choice of Swedish students, their parents and teachers. Axcel's strategy seeks to improve the quality of education, which in turn will ensure a greater influx of students and enhance student well-being, thus boosting programme completion rates.



JUNCKERS

Junckers is one of Europe's leading companies in the production, marketing, sale and distribution of solid wood floors as well as lacquers and oils for treating wooden flooring. The product range can be split into solid parquet flooring and plank flooring, laminated floors and lacquers and oils for treating wooden floors.

DEVELOPMENT STRATEGY

Axcel's goal is to strengthen Junckers' current market position in high-quality wooden flooring and lacquers and oils. This will be achieved by focusing on solid wood floor solutions aimed at the commercial, private and sports segments.



LGT

LGT is one of Europe's leading transporters of furniture and other large items, mainly for furniture manufacturers and furniture stores. The company, which is strongly positioned in the Nordic market, provides a range of storage, order processing and distribution services.

DEVELOPMENT STRATEGY

The goal is to generate growth through geographical expansion and by extending the company's service offering, in part by strengthening the company's activities across the Nordic region.



MITA-TEKNIK

Mita-Teknik is a world-leading producer of control concepts for the wind turbine industry and other industries. The company offers a unique control concept for the wind turbine industry which 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 industry 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.



NETEL

Netel is a leading provider of consulting, construction, maintenance and related services for both fixed and mobile telecommunications infrastructure. Services span the entire network construction value chain, from site acquisition, construction planning, excavation work and mast construction, to installation of equipment and cables. The company has 10 offices across Sweden and Norway.

DEVELOPMENT STRATEGY

Axcel's ambition is to develop the business through organic and acquisitive growth initiatives as well as by pursuing operational improvement opportunities.



NOA NOA

Noa Noa is an international fashion brand for women and children. Its clothing is sold to fashion-conscious women under the Noa Noa brand and to girls aged 0 to 12 under the Noa Noa miniature brand. Both brands feature feminine, Bohemian-inspired style at affordable prices.

DEVELOPMENT STRATEGY

Axcel aims to continue Noa Noa's international expansion, primarily through increased penetration of its existing markets in Europe. Noa Noa has also chosen a multi-channel distribution solution via branded concept stores, including both franchised and owned stores, as well as sales to multi-brand stores.



NORDIC WATERPROOFING

Nordic Waterproofing is a leading player in roofing solutions in Sweden, Denmark and Finland. The company produces an innovative range of bitumen- and polymer-based products used in sealing and waterproof elements for the construction industry. The company's products and services are marketed under such well-established brands as Matak, Trebolit, Phoenix Tag, Hetag Tagmaterialer, Elastoseal and Kerabit.

DEVELOPMENT STRATEGY

Axcel's goal is to create a leading Northern European player in the roofing sector. This requires integration of the Swedish, Danish and Finnish divisions, improvements in production and geographical expansion.



TCM GROUP

TCM Group produces kitchens, bathrooms and wardrobes under such brands as Svane Køkkenet and Tvis Køkkener.

DEVELOPMENT STRATEGY

Organic growth through further expansion of the chains in Denmark and especially the other Nordic countries, along with a focus on developing the industry's best and most efficient value chain from production through to retail.



VITAL PETFOOD GROUP

Vital Petfood Group has two business areas: Vital Petfood, which produces and sells wild bird products and balanced diets for cats and dogs, and Best Friend, which markets and sells a wide range of accessories and foods for pets. Customers include the largest Nordic retail chains.

DEVELOPMENT STRATEGY

Axcel's strategy is to develop Vital Petfood and Best Friend into market leaders in their respective segments.



PANDORA

PANDORA designs, manufactures and markets hand-finished and modern jewellery made from genuine materials at affordable prices. Products are sold in more than 65 countries on six continents through over 10,000 points of sale, including more than 800 PANDORA-branded concept stores.

PANDORA is a listed company – for further information please see www.pandora-group.com.

AXCEL-OWNED COMPANIES	REVENUE (DKKm)		EBITDA (DKKm)		NIBD* (DKKm)		TAX** (DKKm)		NUMBER OF EMPLOYEES		INVESTMENT YEAR	INVESTMENT OFFICER	REGISTERED OFFICE
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011			
 BALLGROUP	659	613	54	65	85	125	9	13	335	319	2007	JØRGEN LINDHOLM LAU	BILLUND DENMARK
 BB ELECTRONICS EMS – from idea to solution	583	704	12	67	57	74	5	9	666	696	1998	SØREN LINDBERG	HORSSENS DENMARK
 DRICONEQ	264	272	46	74	212	138	6	14	167	81	2007	CASPER LYKKE PEDERSEN	SUNNE SWEDEN
 EXHAUSTO FOR A BETTER FLOW	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2013	CASPER LYKKE PEDERSEN	LANGESKOV DENMARK
 IDdesign a/s	1,647 ²	1,660 ²	-49 ²	-83 ²	218 ²	381 ²	1 ²	-49 ²	852 ²	950 ²	2007	SØREN LINDBERG	SABROE DENMARK
 jib education	1,326	1,400	2	92	302	435	12	-14	1,378	1,399	2008	VILHELM SUNDSTRÖM	JÖNKÖPING SWEDEN
 JUNCKERS	436	450	-11	-1	183	187	1	2	364	393	2004	NIKOLAJ VEJLSGAARD	KØGE DENMARK
 LGT	680 ³	683 ³	46 ³	64 ³	159 ³	171 ³	6 ³	9 ³	287 ³	286 ³	2009	VILHELM SUNDSTRÖM	TIBRO SWEDEN
 Mita-Teknik	N/A	N/A	38 ²	N/A	243 ²	N/A	9 ²	N/A	217 ²	N/A	2012	SØREN LINDBERG	RØDKÆRSBRO DENMARK
 neitel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2013	LARS ÖSTERBERG	STOCKHOLM SWEDEN
 NOA [®] NOA	470	537	20 ⁴	28	636	620	3	7	311	333	2007	LARS CORDT	KVISTGÅRD DENMARK
 NORDIC WATERPROOFING	1,672	1,559 ⁵	108	104 ⁵	421	468	-7	-16	666	623	2011	VILHELM SUNDSTRÖM	HÖGANÄS SWEDEN
 TMK KØKKEN, BAD & GARDEROBE	378	319	31	26	70	106	7	3	301	263	2006	PER CHRISTENSEN	HOLSTEBRO DENMARK
 VPG VITAL PETFOOD GROUP A/S	590	625	40	56	367	399	7	17	214	236	2000	PER CHRISTENSEN	HASSELAGER DENMARK

LISTED COMPANY	REVENUE (DKKm)		EBITDA (DKKm)		NIBD* (DKKm)		TAX** (DKKm)		NUMBER OF EMPLOYEES		INVESTMENT YEAR	INVESTMENT OFFICER	REGISTERED OFFICE
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011			
PANDORA UNFORGETTABLE MOMENTS	6,652	6,658	1,658	2,281	-183	209	277	332	5,753	5,186	2008	NIKOLAJ VEJLSGAARD	GLOSTRUP DENMARK
DIVESTED COMPANIES	REVENUE (DKKm)		EBITDA (DKKm)		NIBD* (DKKm)		TAX** (DKKm)		NUMBER OF EMPLOYEES		INVESTMENT YEAR	INVESTMENT OFFICER	REGISTERED OFFICE
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011			
	1,054 ²	863 ²	140 ²	98 ²	263 ²	259 ²	33 ²	20 ²	744 ²	683 ²	2011	PER CHRISTENSEN	THISTED DENMARK
GEORG JENSEN	990 ⁶	914	N/A	61	N/A	N/A ⁷	N/A	3	N/A	1,195	2001	NIKOLAJ VEJLSGAARD	FREDERIKSBERG DENMARK
	530 ⁸	492	85 ⁸	62	N/A	N/A ⁷	-12 ⁸	-1	682 ⁸	707	2001	NIKOLAJ VEJLSGAARD	GLOSTRUP DENMARK



* Net interest-bearing debt.

** As stated in each company's income statement.

¹ Amount in SEK.

² 2011/12 and 2010/11 financial years.

³ Figures from 31.12.2012 and not audited as the financial year ends at 30.4.2013.

⁴ Adjusted for restructuring costs.

⁵ Revenue and EBITDA for 2011 extrapolated from 11 months to 12 months, as the company was taken over with effect from 31 January 2011.

⁶ The company was sold before the end of the financial year and so 2012 revenue has been estimated.

⁷ Total NIBD at Royal Scandinavia (Georg Jensen and Royal Copenhagen) was DKK 323m in 2011.

⁸ The company was sold with effect from 31 December 2012 and so the figures have been calculated on a pro forma basis using the material available on the transaction date.

KEY FIGURES FOR AXCEL'S FUNDS

Axcel's four funds delivered an investment profit of more than DKK 2.4bn in 2012. This was due primarily to a rise in PANDORA's share price, but the investments in Axcel IV also contributed an investment profit of almost DKK 400m, while the three remaining investments in Axcel I and II made a negative contribution of around DKK 220m. Together, Axcel's funds generated a return of 47% in 2012 and have produced an investment profit of DKK 7.1bn over the past three years.

PANDORA's share price climbed from DKK 54 to DKK 124.5 during the course of the year and has risen further in 2013. Including accumulated dividends, the shares are now back above the offer price of DKK 210. Axcel IV's results for 2012 mean that it has made a good start. Cimbria was sold in January 2013 to UK private equity firm Silverfleet and was therefore written up to its exit value at the end of the year. Axcel IV returned 56% on invested capital in 2012.

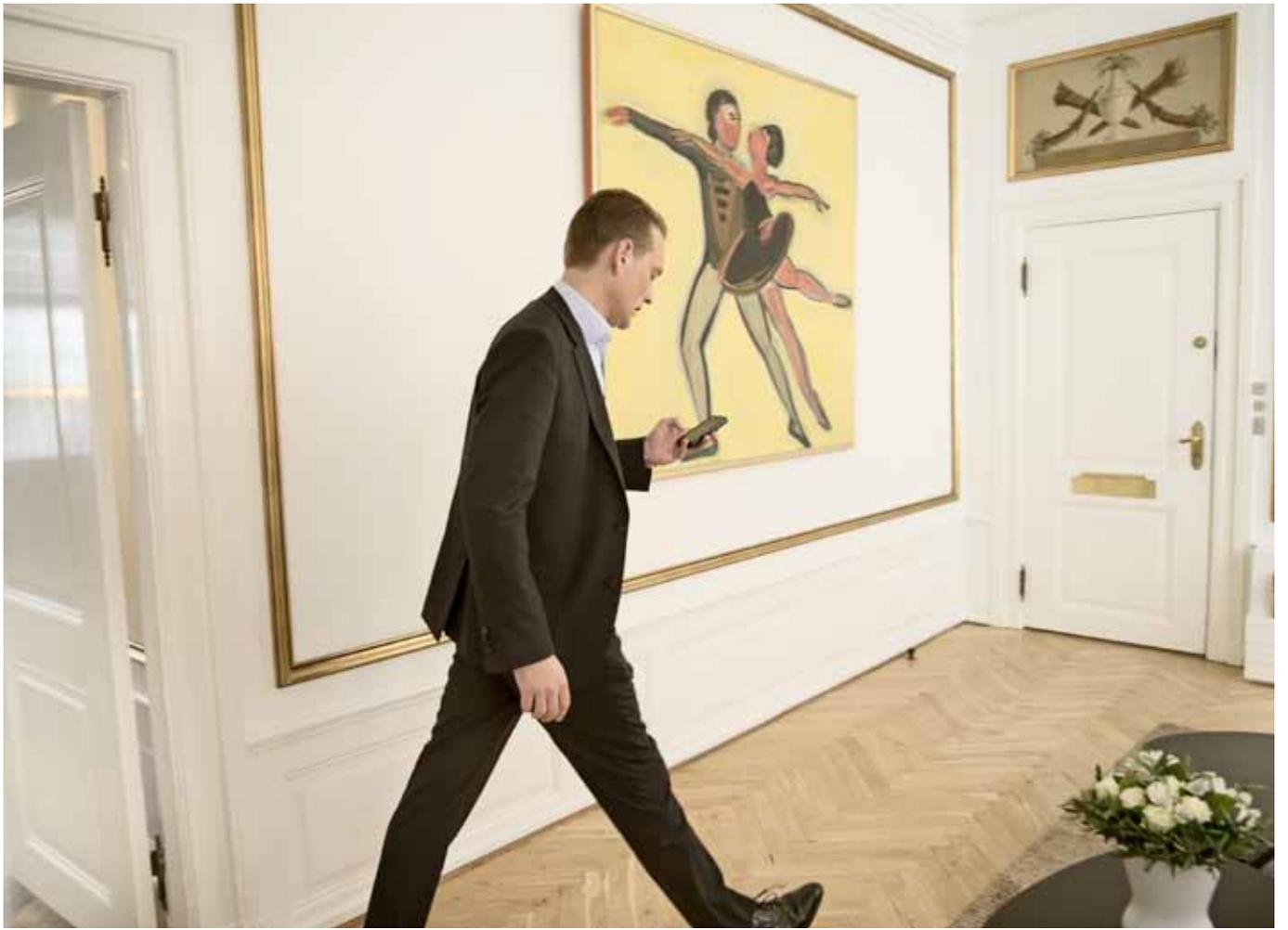
Axcel II sold its investments in Royal Copenhagen and Georg Jensen at the end of 2012 and the beginning of 2013. Both were sold at their book value at the beginning of 2012, so these exits did not impact on the year's results. The three remaining investments in Axcel I and II were written down due to tough market conditions for these companies.

Axcel's investments had a combined market value of DKK 6bn at the end of 2012, up from just over DKK 4bn a year earlier. These figures are an expression of the value of Axcel's portfolio companies and its substantial shareholding in PANDORA based on market pricing. Axcel's investment in PANDORA has been measured at market value on the balance sheet date, whereas the market value of the unlisted investments is based on movements in the companies' earnings and debt relative to earnings multiples for comparable listed companies. Although the valuation of Axcel's investments uses market-based valuation methods as far as possible, the measurement of their value is associated with considerable uncertainty, and it is only when an investment is sold that Axcel's performance can be definitively ascertained.

A summary of the funds' income statements and balance sheets for the past two financial years is presented below. Axcel I and II produce their own annual reports as limited companies, whereas Axcel III and IV are limited partnerships and are not therefore obliged to publish an annual report. Axcel has nevertheless decided to prepare annual reports for these funds. The reports for all four funds can be ordered by contacting Axcel.

(DKKm)	Axcel I		Axcel II		Axcel III		Axcel IV		Total	
	2012	2011	2012	2011	2012	2011	2012	2011*	2012	2011
Investment profit/loss	-126.1	1.0	-95.2	43.3	2,274.6	-6,972.2	389.6	0.0	2,442.9	-6,927.9
Other operating revenue	12.7	13.0	0.2	0.3	0.0	0.0	0.0	0.0	12.9	13.3
Gross profit/loss	-113.4	14.0	-95.0	43.6	2,274.6	-6,972.2	389.6	0.0	2,455.8	-6,914.6
Other external costs	-13.2	-13.6	-25.0	-26.1	-34.1	-45.2	-74.9	-108.9	-147.2	-193.8
Operating profit/loss	-126.6	0.4	-120.0	17.5	2,240.5	-7,017.4	314.7	-108.9	2,308.6	-7,108.4
Financials	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.4
Profit/loss before tax	-126.6	0.6	-120.0	17.7	2,240.5	-7,017.4	314.7	-108.9	2,308.6	-7,108.0
Tax	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.4
Net profit/loss for the year	-126.6	0.6	-120.0	18.1	2,240.5	-7,017.4	314.7	-108.9	2,308.6	-7,107.6
Market value of Axcel's investments	0.1	109.4	24.3	716.3	4,829.6	2,688.8	1,101.8	562.7	5,955.8	4,077.2
Other assets	37.5	25.0	672.3	52.5	42.9	42.8	0.2	0.3	752.9	120.6
Total assets	37.6	134.4	696.6	768.8	4,872.5	2,731.6	1,102.0	563.0	6,708.7	4,197.8
Equity	7.6	134.3	647.3	754.4	4,869.7	2,721.7	1,101.5	545.1	6,626.1	4,155.5
Other liabilities	30.0	0.1	49.3	14.4	2.8	9.9	0.5	17.9	82.6	42.3
Total liabilities	37.6	134.4	696.6	768.8	4,872.5	2,731.6	1,102.0	563.0	6,708.7	4,197.8

* Covers the 18-month period from 1 July 2010 to 31 December 2011.



AXCEL'S FUNDS

AXCEL INDUSTRIINVESTOR

Launch	1995
Status	Investment period expired
Geographical focus	Denmark
Investments	14
Exits	13
Committed capital	DKK 1.1bn
Legal structure	Limited company
Averaged ownership period	6.6 years

Investments	Acquisition year	Exit year
-------------	------------------	-----------

Everton Smith	1995	1997
Monarflex	1995	2000
Tvilum Scanbirk	1996	2000
Føvling	1997	2002
GraphX	1997	2003
Rational Vinduer	1998	2003
Svenska Fönster	2000	2003
Kwintet	1999	2005
LOGSTOR	1999	2006
Bekaert Handling Group	1997	2006
Laundry Systems group	1998	2006
Thygesen Textile Group	1998	2006
KILROY travels International	1998	2006
BB Electronics	1998	

AXCEL II

Launch	2000
Status	Investment period expired
Geographical focus	Denmark
Investments	9
Exits	7
Committed capital	DKK 2.5bn
Legal structure	Limited company
Averaged ownership period	6.8 years

Investments	Acquisition year	Exit year
-------------	------------------	-----------

Glud & Marstrand	2001	2005
NetTest	2002	2005
Aalborg Industries	2000	2005
Vest-Wood	2002	2006
Icopal	2000	2007
Elipse	2004	2010
Royal Scandinavia	2001	2012/2013
Vital Petfood Group	2000	
Junckers	2004	

AXCEL III

Launch	2005
Status	Investment period expired
Geographical focus	Denmark/Sweden
Investments	11
Exits	3
Committed capital	DKK 3.0bn
Legal structure	Limited partnership
Averaged ownership period	5 years

Investments	Acquisition year	Exit year
EskoArtwork	2005	2011
Netcompany	2006	2011
HusCompagniet	2007	2011
TCM Group	2006	
Ball Group	2007	
Noa Noa	2007	
Driconeq	2007	
IDdesign	2007	
PANDORA	2008	Listed
JB Education	2008	
LGT	2009	

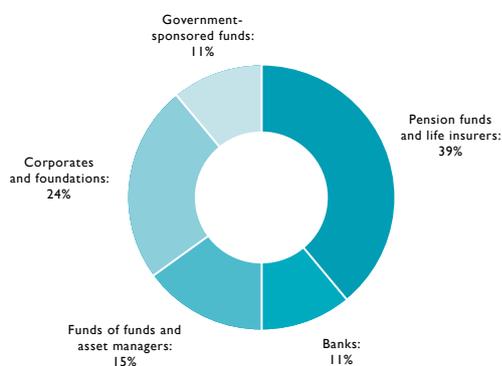
AXCEL IV

Launch	2010
Status	Actively investing
Geographical focus	Denmark/Sweden
Investments	5
Exits	1
Committed capital	DKK 3.6bn
Legal structure	Limited partnership
Averaged ownership period	1 year

Investments	Acquisition year	Exit year
Cimbria	2011	2013
Nordic Waterproofing	2011	
Mita-Teknik	2012	
EXHAUSTO	2012	
Netel	2013	

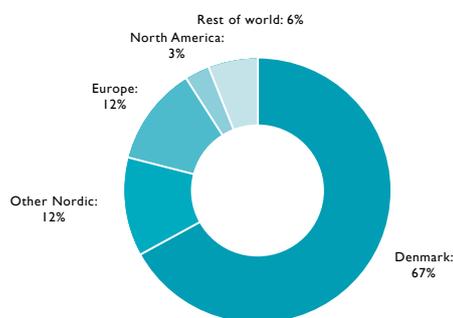
AXCEL'S INVESTORS

Axcel is backed by a large number of leading Nordic and international investors with a broad affiliation with industry and the financial sector. This provides Axcel with an extensive contact base and the financial resources needed to develop the companies in which Axcel invests.



AXCEL IV INVESTORS BY TYPE

Investors have committed total capital of around DKK 10bn across four funds.



AXCEL IV INVESTORS BY REGION

Axcel's investors are mainly Danish, especially with the first two funds but less so with the latest fund, Axcel IV, where more than 30% of committed capital is from foreign investors.

BANKS

FIHIERHVERVSBANK
ALLE FORMER FOR KAPITAL

Nordea

PENSION FUNDS AND LIFE INSURERS

atp pep=

FSP
PENSION
bedre råd, bedre liv

 Industriens Pension

 LD

PenSam

SEB



PFA
PENSION



Sjätte AP-fonden

PensionDanmark

CORPORATES AND FOUNDATIONS

WAGRAM

PRIMO

GSA Invest

FEAS
Fagbevægelsens
Erhvervsinvestering A/S

Realdania

A/S af 3. juni 1986

Danfoss

HOFFMANN  HOLDING

Investeringsselskabet
af 30.4.1992

JYSK

AVR

LINAK
WE IMPROVE YOUR LIFE

NOWAGO

 Ernstströmgruppen

MERIFIN CAPITAL



Investeringsselskabet Elkær Invest A/S



BIKUBENFONDEN

FUNDS OF FUNDS, ASSET MANAGERS AND GOVERNMENT-SPONSORED FUNDS




VON BRAUN & SCHREIBER
PRIVATE EQUITY PARTNERS

Equity Partners

 Private Equity
An ASA Investment Managers Company

Amundi
ASSET MANAGEMENT

 Partners Group
Passion for Private Markets

idinvest
PARTNERS

DnB NOR

Kuwait
Investment Authority

 ARGENTUM


akina
Active investors across borders



Not all investors are shown above.

AXCEL'S MANAGEMENT AND INDUSTRIAL BOARDS

PARTNERS



CHRISTIAN FRIGAST



SØREN LINDBERG



NIKOLAJ VEJLSGAARD



PER CHRISTENSEN



VILHELM SUNDSTRÖM



CASPER LYKKE PEDERSEN



LARS ÖSTERBERG



LARS THOMASSEN

BOARD OF DIRECTORS/ INDUSTRIAL BOARD*



NIELS B. CHRISTIANSEN
CHAIRMAN



PETER DAMGAARD JENSEN



LARS JOHANSEN



JENS W. MOBERG



PETER SCHÜTZE



LARS MUNCH



METTE VESTERGAARD

Bent Pedersen and Hanne B. Sørensen stepped down at the annual general meeting in spring 2013.

SWEDISH INDUSTRIAL BOARD



LARS WESTERBERG
CHAIRMAN



BENGT LEJSVED



ARNE BERNROTH



MATS NORDLANDER



LOTTA LUNDÉN

MANAGEMENT

Christian Frigast holds an MSc in Economics and has been managing partner at Axcel since its inception in 1994. Prior to that he was employed by Incentive A/S (1993-94), Unibank A/S, Merchant Bank (1990-92) and Unibank (1973-90). Christian Frigast is a member of the board of PANDORA, Nordic Waterproofing and the Danish Venture Capital and Private Equity Association (DVCA), among others.

Søren Lindberg holds an MSc in Economics and Business Administration and joined Axcel in 1996. Previously he was employed at EuroNordic Corporate Finance (1994-96) and PwC (1989-94). Søren Lindberg is a member of the board of BB Electronics, IDdesign and Lithium Balance.

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 Vejlsgaard is a member of the board of Junckers, PANDORA and IP Holding A/S.

Per Christensen holds an MSc in Economics and joined Axcel in 2000. He was previously employed at Maersk Medical (A.P. Moller Group, 1996-2000) and as a consultant at McKinsey & Co. (1992-96). Per Christensen is a member of the board of TCM Group and Vital Petfood Group.

Vilhelm Sundström holds an MSc in Economics and joined Axcel in 2006. He was formerly a director at Merrill Lynch International in London, where he was responsible for M&A activities in the Nordic region. Prior to that, he worked for such companies as D. Carnegie AB (2002-05), Morgan Stanley (1995-97 and 1999-2002) and Nordic Capital (1997-99). Vilhelm Sundström is the head of Axcel's office in Stockholm, is a member of the board of JB Education, LGT and Nordic Waterproofing and is a board observer at Driconeq.

Casper Lykke Pedersen holds an MSc in Economics and Business Administration and has been with Axcel since 2005. Previous employers include Deutsche Bank in London (2001-05) and Axcel (1998-2001). Casper Lykke Pedersen is a member of the board of Driconeq and EXHAUSTO.

Lars Österberg holds an MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and an MBA from the Stockholm School of Economics, and has also studied at the Graduate School of Business in Chicago. Previous employers include Triton (2001-11), Keystone Advisers (2000-01), McKinsey (1999-2000) and Goldman Sachs (1997-99). Lars Österberg is a member of the board of Netel.

Lars Thomassen holds an MSc in Economics and Business Administration and joined Axcel in 2002. Previously he was employed by the GN Store Nord Group (1994-2002) and ISS (1989-94). Lars Thomassen has overall responsibility for Axcel's finance functions, fund management and investor relations, and is a member of the board of Capidea.

BOARD OF DIRECTORS AND INDUSTRIAL BOARD

Niels B. Christiansen – chairman

CEO of Danfoss, one of Denmark's largest privately owned companies with sales in excess of DKK 34bn and approx. 23,000 employees worldwide. Niels B. Christiansen is a member of a number of boards, including Danske Bank (vice chairman) and William Demant Holding.

Peter Damgaard Jensen

CEO of PKA, which administers labour market pensions for eight independent pension funds with more than 200,000 members. Peter Damgaard Jensen is a member of the board of Forca (vice chairman) and Maj Invest Holding (vice chairman), among others.

Lars Johansen

Former CEO of FIH, Denmark's leading business and investment bank and the sixth largest Danish bank. Lars Johansen is a member of the board of Victoria Properties, among others.

Jens W. Moberg

Former CEO of Alecia and Better Place Danmark and now chairman of Grundfos and Post Nord.

Peter Schütze

CEO of Nordea until 2011 and now chairman of Copenhagen Business School and DSB. Peter Schütze is a member of the board of Simcorp (vice chairman) and the Nordea Foundation.

Lars Munch

CEO of JP/Politikens Hus. Lars Munch is a member of the board of the Louisiana Museum of Modern Art (chairman), BRF-kredit, WWF Denmark, SOS Children's Villages Denmark (vice chairman), Europa Nostra, WAN-IFRA and the Danish Newspaper Publishers' Association.

Mette Vestergaard

CEO of Mannaz A/S, a global specialist in executive development. Previously employed at Novozymes and Accenture. Mette Vestergaard is a member of the board of think-tank DEA, Danida Fellowship Centre, the Danish National Centre for Social Research (SFI) and the Confederation of Danish Industry's Copenhagen Region, as well as a member of the Confederation of Danish Industry's Productivity Panel.

Bent Pedersen and Hanne B. Sørensen stepped down at the annual general meeting in spring 2013.

SWEDISH INDUSTRIAL BOARD

Lars Westerberg – chairman

Former CEO of Autoliv Inc., a world-leading supplier of safety equipment for carmakers with revenue of around USD 8.3bn and 48,000 employees at 80 production plants in 29 countries. Lars Westerberg is a member of a number of boards, including Volvo AB, Meda AB, Stena AB, SSAB, Sandvik and Husqvarna (chairman). He is also the link to Axcel's industrial board in Denmark.

Bengt Lejsved

Nordic Partner at CMi and chairman of Mentoring International. Formerly head of executive search company Heidrick&Struggles' activities in EMEA, and vice chairman and executive director of Heidrick&Struggles International.

Arne Bernroth

Chairman of the board of JB Education. Formerly deputy managing director and regional director for Nordea in southern Sweden and senior vice president at Skandia in Sweden and executive vice president at Skandia International.

Mats Nordlander

Executive vice president at Stora Enso. Mats Nordlander is a member of the board of the Swedish Forest Industries Federation (vice chairman) and Industrikraft.

Lotta Lundén

Member of the board of Bergendahl & Son, Lammhults Design Group, Swedol, Statoil Fuel & Retail and Twilfit. Lotta Lundén previously worked at IKEA in various senior positions and was CEO at Guldfynd.

FURTHER INFORMATION ABOUT AXCEL

Additional information about Axcel and its companies and the latest financial statements can be found on Axcel's website, www.axcel.dk.

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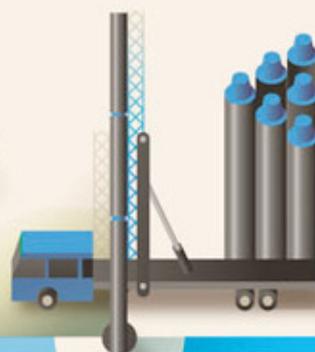
AXCEL
SVERIGE

STRANDVÄGEN • STOCKHOLM

education



NORDIC
WATERPROOFING



DRICONEQ



PANDORA
UNFORGETTABLE MOMENTS



BALLGROUP



CIMBRIA



GEORG JENSEN



ROYAL COPENHAGEN