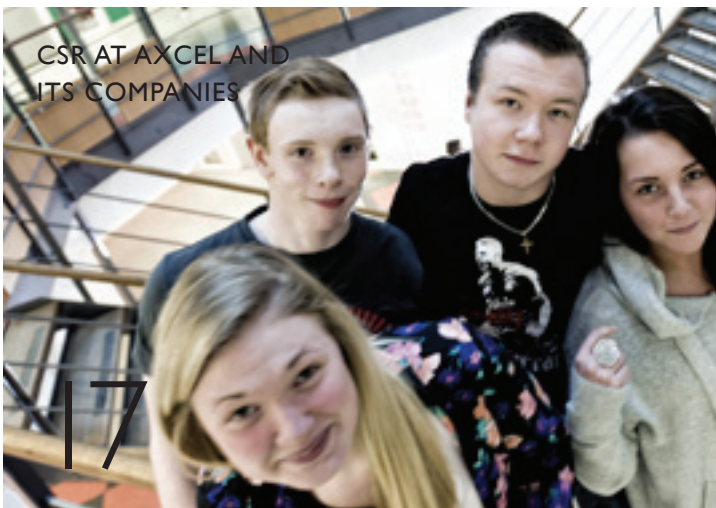




AXCEL ANNUAL REVIEW 2010



AXCEL DELIVERS RESULTS IN BOTH DENMARK AND SWEDEN

2010 was in many ways a high-water mark for Axcel. We floated PANDORA, laid the groundwork for the sale of EskoArtwork, Netcompany and HusCompagniet in 2011, and launched Axcel IV with the acquisition of Nordic Waterproofing, a business with operations in Sweden, Denmark and Finland.

Record profit

These positive results enabled Axcel to post a record investment profit of DKK 11.5bn. The bulk of this was due to extraordinary gains from PANDORA, but this must not be allowed to overshadow a strong performance from many of Axcel's other companies in 2010. Looking solely at what our other companies achieved, Axcel's investment profit was around DKK 500m. This represents an excellent return on invested capital and reflects the fact that the companies generally had a good year, with earnings well above 2009 levels.

What are the Nordic countries to live off in future?

So what does the future hold? There has been much debate about what the Nordic countries are to live off in future as labour-intensive production is outsourced to countries with lower wage costs. Many find it hard to accept this trend, because in the short term it costs jobs. There have also been fears that research and development will disappear along with production. These fears are not entirely unfounded, because experience shows that our research is strongest where we also have production. If production disappears, this will impact on research and so the very foundations of our prosperity.

But this is a delicate balancing act, because we must also accept that we are part of a wider, global community where our only chance of survival is to expand our skills and adjust our costs so that we get even better at selling our products to other countries. To do this, we must attract the best labour, capital and know-how in the broadest possible sense. If we are good enough at this, we should be glad to be part of this global community, because in moderation this division of labour will boost our prosperity.

Ever fiercer competition

There is no doubt that we are entering a period of ever fiercer competition. The financial crisis has brought new ground rules when it comes to financing and fundraising. Private equity funds are increasingly being challenged by industrial players, and tighter solvency requirements will make it harder to secure the finance packages we knew just a few years ago. This is making it even harder to be successful, and the risk of being overtaken by others is considerable. It is here that Axcel's systematic approach based on active ownership and in-depth knowledge of the Nordic market will come into its own.

Where should Axcel invest?

The question, then, is where Axcel should invest in future. We are currently seeing big differences between Denmark and Sweden in terms of investment in future growth. Swedish companies are investing more than Danish ones, and government after government in Denmark has failed to rein in growth in the public sector. This takes resources out of the private sector and has taken its toll on small and medium-sized companies in Denmark. Companies in Axcel's segment will probably get by, but growth companies at the next level down are faring less well. On the other hand, there are sufficient numbers of well-functioning companies in both Denmark and Sweden to take the strain, and this means that – despite monetary uncertainty, war and natural disasters – we are now out of the crisis.

We are therefore now looking at a number of companies that are ready to partner with Axcel. We look forward to entering into these partnerships and creating value to the benefit of investors and society alike.



Niels B. Christiansen
Chairman



ACTIVE OWNERSHIP CREATES VALUE IN 2010

2010 was an extraordinary year for Axcel, and we are proud to report an investment profit of DKK 11.5bn, which places us among the top private equity firms in Europe in terms of returns. PANDORA's excellent results and successful flotation are a large part of the reason for this, but most of our other companies also performed well. Without PANDORA, Axcel's profit would have been in the region of DKK 500m, which is still an impressive return on invested capital.

This also means that we have been able to deliver a substantial return to our investors. Axcel's first three funds have so far returned a total of DKK 11.4bn to investors, more than twice the amount invested to date, and they still own 12 companies and a substantial stake in PANDORA.

Meanwhile Axcel's companies generally achieved both top-line and bottom-line growth in 2010, leading to higher tax payments and more jobs in Denmark, Sweden and other countries. As around 40% of Axcel's investors are pension funds, our results also benefit ordinary pension savers, thus effectively aligning the interests of investors with the political sphere, wage-earners and the wider public.

But it is worth repeating how private equity funds calculate their investment profit, because it is based on a combination of realised and unrealised gains. For Axcel, this means that around half comes from unrealised gains, of which the lion's share relates to movements in PANDORA's share price. We have already seen that this is a volatile growth share. Originally offered at a price of DKK 210, it quickly climbed to a high of DKK 372. At the time of writing it is slightly above the offer price, but at the end of 2010, when our investment profit was calculated, the price was DKK 336, somewhat above the current level. If PANDORA's share price does not return to that level at the end of this year, this will pull down Axcel's investment profit for 2011 accordingly. There is therefore a risk that Axcel will report a loss for 2011 despite the value created at our other companies.

AXCEL'S INVESTMENT RESULTS – FIVE-YEAR SUMMARY

(DKKm)	2010	2009	2008	2007	2006
AXCEL I	-	13	2	-	638
AXCEL II	-1	-49	-132	465	98
AXCEL III	11,588	1,889	517	88	198
TOTAL	11,587	1,853	386	553	934

AXCEL'S INFLOWS AND OUTFLOWS

to 31.12.2010

(DKKm)	AXCEL I	AXCEL II	AXCEL III	TOTAL
INVESTED CAPITAL	1,336	1,964	2,385	5,685
PAID OUT TO INVESTORS	2,107	2,691	6,616	11,414
VALUE OF COMPANIES	109	675	11,040	11,825
REMAINING COMPANIES	1	4	7	12



However, it should be stressed that a private equity fund's results cannot be calculated definitively until the fund is closed, and we are a long way from this stage. Axcel III alone still has seven companies and a substantial stake in PANDORA, so there is some way to go before the fund's final return can be calculated.

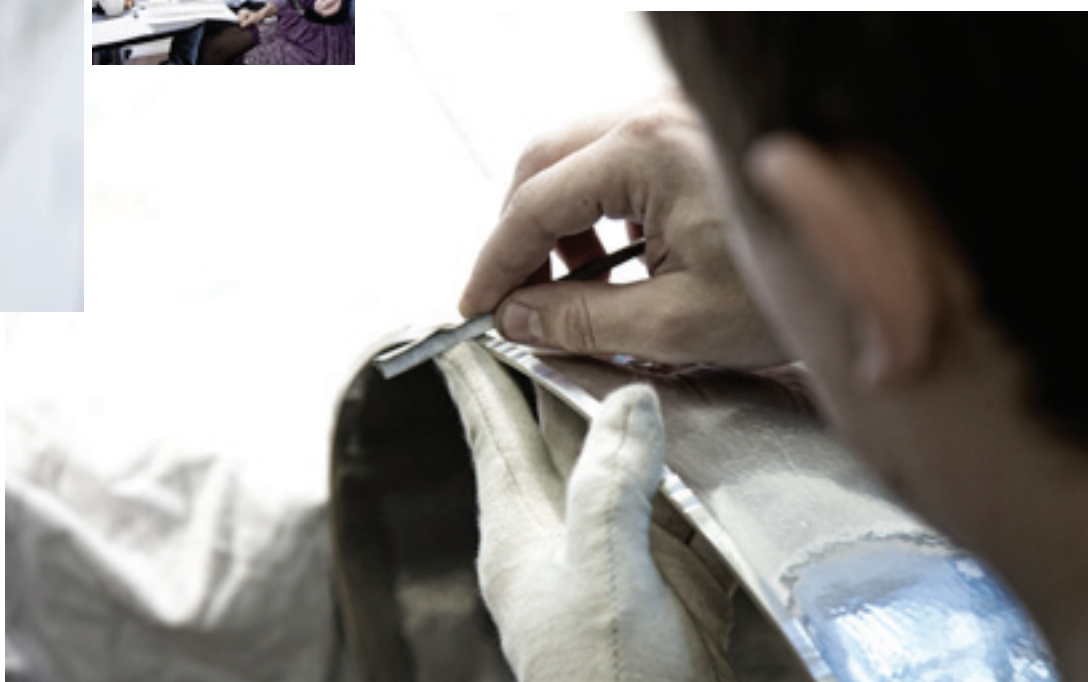
In many ways it is therefore more relevant to measure Axcel's long-term success on the basis of our activity levels. Are we able to sell companies at attractive prices, and will we be in a position to make the right investments in future?

“Axcel has shown the way forward with PANDORA, where we have broken new ground for listed companies by introducing performance-based fees for the board of directors.”

There are signs that we will. We have emerged from the financial crisis stronger than ever with three exits and an IPO in the space of just six months. We have also put Axcel IV in place and made its first investment. This was Nordic Waterproofing, which operates in the construction sector – a sector that Axcel knows particularly well from its previous investment in Icopal.

This is the result of several years' conscious effort, but we need to continue to work hard if we, as a private equity manager, are to remain competitive relative to other asset classes. Value is created not through financial engineering, on which many have accused private equity funds of having an excessive focus, but mainly by bringing about operational improvements at companies. But for this to be sustainable, we need a clear strategy and governance model with a clear division of responsibilities between us as owner, the board of directors and management.

This requires a common agenda for all involved, and we ensure this by having directors and senior executives invest in their companies along with other investors. Everyone must have the same goal of creating value through more profitable business. Axcel has shown the way forward with PANDORA, where we have broken new ground for listed companies by introducing performance-based fees for the board of directors. These fees are not based on quarterly changes in share price but on the creation of sustainable value over a period of years. For example, it has been agreed with PANDORA's chairman Allan Leighton that he will receive



no cash payment for his work during the first year; the entire fee will be invested in shares, and any subsequent gains on this will be taxed in Denmark. In addition, PANDORA's directors cannot sell their shares until they step down from the board. This is a model which we hope and believe will win acceptance at other Danish listed companies.

Quick reactions are one of the most important benefits of the private equity model. During the financial crisis there was a need for major changes at a number of our companies so that they could maintain and develop their profitability. Just as important is to be able to attract the right management and directors for the specific situation in which the company finds itself.

We therefore put extensive resources into ensuring that our boards have not only industry experience but also experience in internationalising concepts, as this is an ever more important success factor. In this context we draw on our Nordic network, which has been built up over many years. Without this network Axcel would not be in a position to bring about positive changes at our companies. The network consists of around 50-55 experienced industrialists with very different backgrounds, all helping to develop the companies together with their management and Axcel's staff.

Part of our work on governance involves behaving responsibly in a wider sense than just financially. Axcel Management therefore signed up to the UN Global Compact in 2010 and decided at the same time that as many of our companies as possible should follow suit in 2011. All of our Danish companies already report on their corporate social responsibility in line with section 99a of the Danish Financial Statements Act. Read more about our concrete actions in this area later in this review in our first Communication on Progress.

PANDORA – a milestone in Danish industrial history

PANDORA is Axcel's best investment to date and one of the best investments ever made by a private equity fund. We have won a number of prizes for the investment and the subsequent IPO. Despite an ownership period of only just over three years, Axcel's investors have received a substantial return, currently running at around DKK 6bn. Axcel is convinced that PANDORA still has considerable potential and therefore remains the company's largest shareholder with just under a third of its stock.

The PANDORA story is a good example of how many successful Danish companies now operate. PANDORA has around 5,000 employees, but only a very small proportion of these are based at headquarters in Glostrup, working primarily on strategic activities such as product development, branding, marketing and expansion plans.

Sales work takes place in each market, and production is located in Gemopolis in Thailand, a global centre for jewellery production. This means that value-creating activities are spread right around the globe, but it is still from Denmark that key initiatives origin-

ate. And although PANDORA's investor base is now global, a substantial share of this value is nonetheless returned to Denmark, partly because a sizeable proportion of investors are Danish, but also because PANDORA pays the bulk of its taxes in Denmark.

Even when Axcel acquired PANDORA in March 2008, we felt convinced that this was a diamond in the rough of previously unknown dimensions. Revenue has since soared from around DKK 1bn to DKK 6.7bn and the bottom line has largely followed suit, giving EBITDA of DKK 2.7bn in 2010. This makes PANDORA the world's largest jewellery brand by wholesale value, and second or third largest behind Tiffany by retail value.

So how did we make this happen?

Our development plan for PANDORA had five focus areas. First, it was essential to build up a larger and more professional organisation. This meant strengthening the company's management while doing everything we could to retain its existing resources. We succeeded in this. Next, we had to ensure that responsibility for sales of the products was returned to the company, because having it spread across a variety of external distributors made it impossible to build a central sales and marketing platform, and there was also a risk that much of the company's value creation would accrue to external distributors rather than PANDORA's shareholders.

It was also crucial to ensure that PANDORA was about more than just charm bracelets, because the company's longer-term success should not depend on a single product type. The company is making great progress in this area, as a substantial proportion of sales now come from earrings, necklaces, rings and, most recently, watches, and sales of these other products are the fastest-growing segment at PANDORA.

As part of the company's continued expansion, production has been extended. PANDORA has gone from one to five production units in Gemopolis during the period.

Last, but not least, it was essential to grow sales through PANDORA-branded channels in order to strengthen the PANDORA brand and increase revenue. In PANDORA's direct markets, branded channels now account for more than 70% of sales, and there are more than 420 PANDORA concept stores worldwide.

The outcome is a vertically integrated business model covering everything from in-house design and production to global marketing and direct distribution in most markets, and this is a large part of the reason for one of the most remarkable Danish industrial success stories of recent times.

“Even when Axcel acquired PANDORA in March 2008, we felt convinced that this was a diamond in the rough of previously unknown dimensions.”

Economic growth crucial for Axcel

The global economy emerged from 2010 in better shape than expected. The clear signs of a slowdown during the summer came to be replaced by acceleration, partly due to expansionary economic policy in the US and the euro area, but also due to the underlying strength of emerging economies in the Far East and elsewhere proving sufficiently robust to withstand the tightening of monetary policy seen in several currency zones.

Part of the price for the upturn has been pressure on government budgets in most European countries, coupled with sharply rising prices for commodities such as oil and gold. At the same time, the new Basel II rules mean that banks generally need to hold larger reserves. Other things being equal, this will make it harder to finance buyouts due to higher margins and reduced opportunities to increase companies' leverage. The consequence of this will be a decrease in investment in new companies. On the bright side, the new rules will increase financial stability. All in all, though, our view is that 2011 could prove a transition year with slower growth than in 2010, making it more of a challenge to do business.

One of the big challenges for the global economy is the growing burden of debt in the West. Government debt grew substantially during the financial crisis, when much of the debt in the financial system was transferred to the public sector as a result of various support packages. This trend has been exacerbated by demographic changes, with more elderly people and ever fewer young people entering the labour market. This is important for Axcel's companies in a number of areas.

The growing debt burden is one reason for the rise in gold and silver prices, because when investors lose faith in government bonds, they seek a safe haven, and gold has traditionally been a preferred position. As gold and silver are among PANDORA's most important raw materials, this has put its share price under pressure, as there has been uncertainty about whether it will be possible to pass on these price rises to consumers. This will also have an effect on a company like Georg Jensen, which produces silver jewellery.

On the other hand, a number of our other companies have profited from being present in markets where growth is relatively strong – Georg Jensen and Royal Copenhagen, for example, have strong positions in the Far East.

We have seen that those of our companies that have been oriented towards international markets have generally performed better than those focusing solely on Denmark. This applies particularly in retailing, as there has quite simply not been sufficient growth in consumer spending in Denmark for a company such as IDdesign to be able to lift its top line. What growth there has been in domestic consumption has largely been due to rising energy prices and a sharp increase in car sales. Growth in other consumer durables has been largely flat, and this has hit IDdesign. Axcel is nevertheless confident that the company will perform well and has therefore invested further in the chain in connection with the recruitment of new CEO Michael Christiansen, who brings with him formidable retail experience.

Developments in the Nordic region

This limited domestic demand in Denmark makes it relevant to look across the water to Sweden, because the economy there is in a class of its own in Europe in terms of growth. Swedish GDP grew by 4.8% in 2010, the fastest rate for more than a decade. By way of comparison, Danish GDP grew by 2.3% in 2010, which was not enough to make up for the sharp falls during the financial crisis.

So what are the reasons for this discrepancy? One important factor is the erosion of Danish competitiveness. We have awarded ourselves relatively large pay rises in Denmark without a corresponding increase in productivity, making Danish businesses as a whole less competitive. Sweden, on the other hand, has shown more restraint, and this is now giving Swedish businesses an opportunity to invest in the future.

Growth in investment in Sweden is expected to be close to 10% in 2011, compared with just over 2% in Denmark, which is far too little to renew the capital stock. One of the reasons for the high wage growth in Denmark is an absence of reforms to increase the supply of labour. This throws the need for reform in the early retirement pension system into sharp relief.

On the other hand, it has to be said that unemployment among young people in Sweden is alarmingly high, due to much tighter restrictions on the dismissal of employees. Denmark is more flexible in this area, and this is a big advantage for companies. Unlike the Danes, however, the Swedes have public finances under control, which means more resources for the private sector – a key factor in the big differences in investment. All in all, there is such a clear disparity between the two countries' economic performance that Denmark needs to learn from this.

Denmark will not grow in future unless it becomes easier to invest, and this means that, whether we like it or not, the public



sector needs to expand more slowly. This can be achieved partly by raising productivity in the public sector through new forms of public-private partnership, where the private sector takes over the running of selected public services. Private equity funds can play a role here too, as we have already seen in Sweden, where Axcel controls JB Education, one of the country's largest private school operators.

Another obvious path to growth is simplifying the tax rules, which greatly complicate private equity funds' relations with investors. Not only are the rules constantly changing, they have grown so complex that operating a fund has come to be associated with very substantial costs – money that could instead have been used to invest in companies. There is also a risk that future funds will be harder to raise – solely due to red tape. This will not help the domestic investment climate, as private equity funds account for a substantial share of the growth and regeneration taking place in Danish industry.

That said, there is much that is positive about the Nordic investment climate. The region is still seen as a lucrative place to invest, as evidenced by the large number of competing funds operating in Axcel's sphere of interest. This merely creates new challenges,

and we consider it very welcome. We are also proud to have brought a number of new investors on board through Axcel IV.

The future

Against this background, Axcel looks forward to investing more than DKK 10bn in Danish and Swedish companies together with its co-investors and financiers in the coming years. We have spent a long period preparing thoroughly for new buyouts and will be investing in one to three companies a year – companies which we hope to build into strong and healthy businesses to the benefit of investors and society alike.

Christian Frigast
Managing Partner

AXCEL'S MISSION, GOAL AND STRATEGY

MISSION:
TO BUILD STRONG
AND VALUABLE
COMPANIES

HOW WE WORK

SET AMBITIOUS TARGETS

WORK CLOSELY WITH OUR COMPANIES.
DELEGATE RESPONSIBILITY WHERE POSSIBLE

KNOW OUR TRADE AND WORK AS A TEAM

BE PROACTIVE

DARE TO SAY NO

PEOPLE AND NETWORKS

PROMOTE A PERFORMANCE CULTURE
THROUGH CLOSE COOPERATION AND
EFFECTIVE PAY STRUCTURES

MAINTAIN AND EXPAND AN INDUSTRIAL
NETWORK WHICH CAN HELP DEVELOP
COMPANIES AND NEW INVESTMENT
OPPORTUNITIES

ENSURE THE BEST POSSIBLE RELATIONS
WITH OUR INVESTORS BASED ON
TRANSPARENCY AND STRONG RETURNS

SOCIETY AND RESPONSIBILITY

WE BELIEVE IN RESPONSIBLE OWNERSHIP.
THIS MEANS THAT OUR RESPONSIBILITY
GOES BEYOND THE PURELY FINANCIAL –
WHICH IS WHY WE HAVE INTEGRATED
CSR INTO OUR BUSINESS MODEL

WE KEEP OUR WORD AND SHOW
RESPECT

INVESTMENT STRATEGY

INVEST IN MATURE COMPANIES WITH A
VALUE BETWEEN DKK 0.5BN AND DKK 3.5BN

HAVE A CONTROLLING INFLUENCE

MAKE PLATFORM INVESTMENTS IN
DENMARK AND SWEDEN BUT HAVE THE
WHOLE WORLD AS A BOLT-ON AND EXIT
MARKET

AVOID HIGH-RISK INVESTMENTS AND
SECTORS THAT WE DO NOT KNOW
WELL ENOUGH

GOAL:

TO BE AMONG THE
BEST PRIVATE EQUITY
FIRMS IN EUROPE IN
TERMS OF RETURNS

EFFICIENCY

ENSURE GOOD MANAGEMENT AT
OUR COMPANIES SO THAT THEY ARE
HEALTHIER AND MORE VALUABLE WHEN
THEY ARE SOLD THAN WHEN THEY WERE
ACQUIRED.

AIM FOR THE BEST POSSIBLE RESULTS

BE SYSTEMATIC AND CONSISTENT

SKILLS DEVELOPMENT AND INNOVATION

INVEST SUFFICIENT RESOURCES
IN DEVELOPING SKILLS IN THE
ORGANISATION

BE OPEN TO THE OUTSIDE WORLD

BE INNOVATIVE – CONSIDER NEW
OPPORTUNITIES FROM DIFFERENT
ANGLES



HANNE B. SØRENSEN JOINS AXCEL'S BOARD OF DIRECTORS

27.01.2011

Hanne B. Sørensen was elected to Axcel's board of directors in January 2011. She is currently Chief Commercial Officer at Maersk Line, the world's largest container shipping company, and has previously worked as a financial director in Europe and the Far East. She was appointed Senior Vice President and Chief Commercial Officer in 2008.

Hanne has led the development of Maersk Line's business systems and has made significant contributions to the transformation and revitalisation process at the company in recent years. She holds an MSc in business economics from Aarhus University.

AXCEL CREATES NORDIC WATERPROOFING

15.12.2010

"In Nordic Waterproofing, Axcel has created a solid Nordic player with a strong position in Sweden, Denmark and Finland which can offer customers and partners a better service thanks to a larger product range and broader geographical coverage," says Vilhelm Sundström, the partner at Axcel responsible for the investment. "We expect the industry to return to growth in the coming years as the Nordic economy and construction sector get back on track. The merger will also result in sales and cost synergies between Trelleborg Waterproofing and Katto."

AXCEL IV IN PLACE IN THE FIRST HALF OF 2011

10.05.2010

Axcel has now finished raising its latest fund, Axcel IV, with capital of around DKK 3.6bn. The fund has been established on the basis of capital commitments from a number of the investors in Axcel's existing funds, plus a number of new Danish and international investors who have together subscribed for approximately 30% of the fund. Like Axcel III, Axcel IV will concentrate on investing in medium-sized Danish and Swedish companies, typically with revenue between DKK 300m and DKK 3bn.

PROPOSED NEW PRIVATE EQUITY FUND DIRECTIVE NOT GOOD BUT BETTER THAN EXPECTED

07.10.2010

The Danish Venture Capital Association (DVCA) long feared that the AIFM Directive regulating private equity funds would turn out to be a serious millstone for the industry. There is now much to suggest that things will not be as bad as feared. For Axcel, the directive means that the firm will require authorisation and will need to put up a small amount of collateral. Axcel already complies with many of the directive's other requirements through DVCA's guidelines, which were implemented in 2008.

PANDORA FLOATED

05.10.2010



PANDORA, in which Axcel acquired a 60% stake in 2008, was floated on NASDAQ OMX Copenhagen on 5 October following the sale of 41.56% of our shares. The shares were offered at a price of DKK 210, giving PANDORA a market capitalisation of DKK 27bn and making it one of the ten most valuable companies on NASDAQ OMX Copenhagen. The total proceeds from the sale were DKK 11.4bn, making it the largest IPO in Denmark since TDC went public in 1994 and the largest IPO in Western Europe since 2008. At the time of the flotation PANDORA was the world's second-largest listed jewellery brand by market value behind Tiffany & Co.

NET- COMPANY SOLD

17.01.2011



At the beginning of January Axcel sold its majority stake in Netcompany, one of Denmark's leading IT consultancies, to the company's management.

With an annual return on our investment (IRR) of more than 50%, the investment in Netcompany has fully lived up to the expectations Axcel originally had when we acquired a majority stake in 2006.

In January 2011 Axcel sold EskoArtwork for DKK 2.6bn to US industrial group Danaher, which already owned the Danish company Radiometer. With annual revenue of around DKK 62bn, Danaher is one of the 500 largest listed companies in the US. ESKO's revenue was just under DKK 900m when Axcel acquired the company in 2005. In 2007 Artwork Systems was added and EskoArtwork was a reality. By 2010 revenue had grown to DKK 1.4bn and earnings had increased fivefold. During Axcel's ownership, EskoArtwork has repositioned itself as a world-leading company within its field. This is not only due to the merger with Artwork Systems, but also because of significant R&D investments leading to a range of new leading-edge solutions.

ESKO- ARTWORK SOLD TO DANAHER

20.01.2011

AXCEL SELLS HUS- COMPAGNIET TO FSN CAPITAL

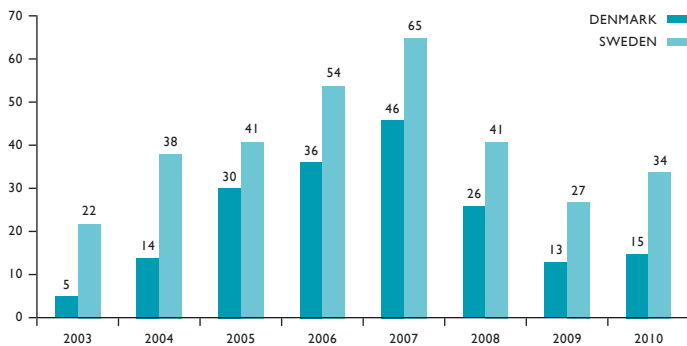
12.04.2011

In April 2011 Axcel sold HusCompagniet to the Norwegian private equity fund FSN Capital. This was a good deal for Axcel, giving an annual rate of return of more than 40%.

HusCompagniet is Denmark's largest supplier of detached houses and has continued to make money despite home-building being in rapid decline for a long period. EBITDA grew by 15% from DKK 88m in 2009 to DKK 101.2m in 2010 on sales of just over DKK 1bn. One reason for the company's success is a unique concept where customers pay for their home on delivery, giving people the courage to build despite the business climate. HusCompagniet will sell around 800 new detached houses in 2011, which means that almost one in four new houses will have been built by the company. It has a streamlined organisation with just 140 employees at eight offices across Denmark and a new office in Malmö in Sweden.

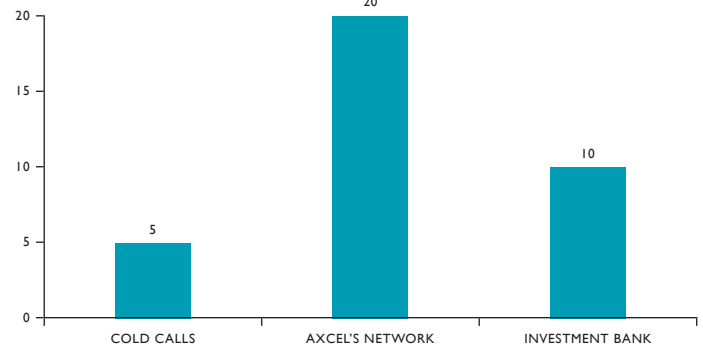
AXCEL IN BRIEF

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.



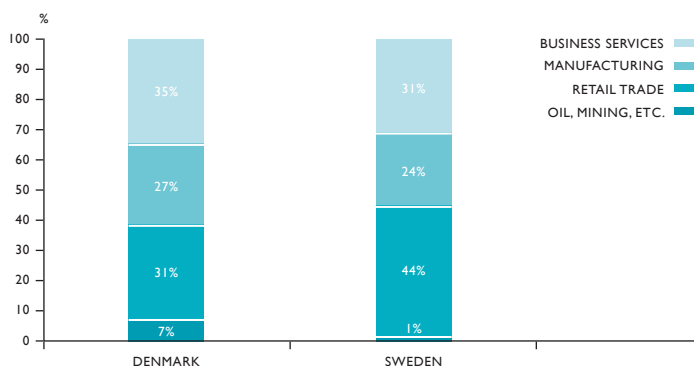
DANISH AND SWEDISH BUYOUTS
IN AXCEL'S SEGMENT

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



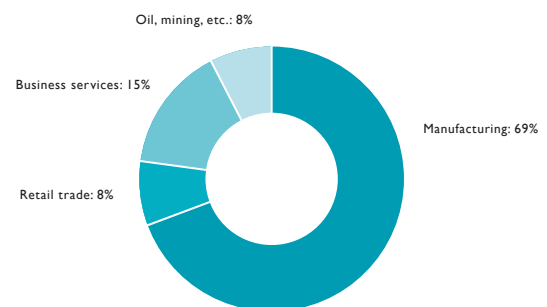
AXCEL'S DANISH
AND SWEDISH ACQUISITIONS

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



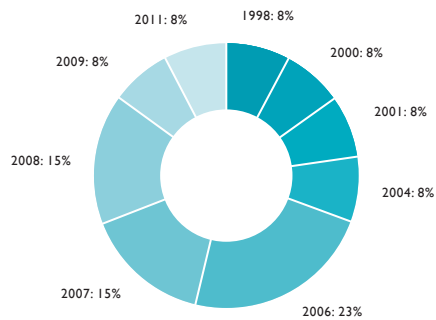
DANISH AND SWEDISH INDUSTRIAL STRUCTURE

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, retail trade and manufacturing.



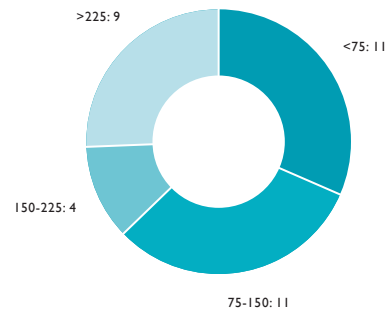
AXCEL'S COMPANIES BY SECTOR

Axcel has mainly acquired companies in the manufacturing and business service sectors.



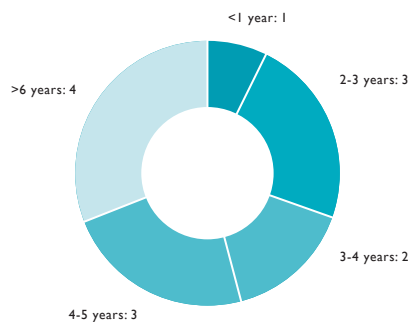
AXCEL'S EXISTING INVESTMENTS BY YEAR OF INVESTMENT

The majority of Axcel's existing companies have been acquired since 2005.



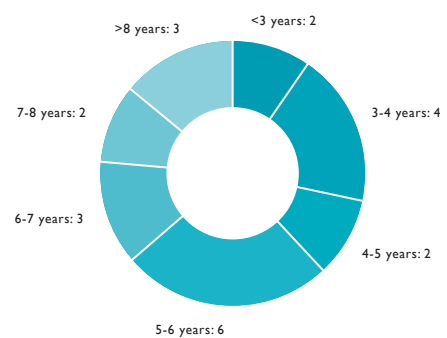
AXCEL'S INVESTMENTS BY SIZE (EQUITY IN DKKm)

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



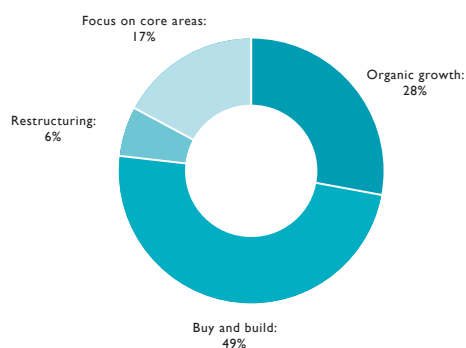
EXISTING COMPANIES BY LENGTH OF OWNERSHIP

The majority of Axcel's existing companies have been owned for at least four years.



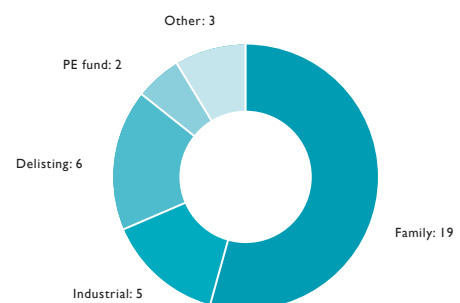
EXITS – HOW LONG AXCEL HELD THE COMPANIES

Axcel has sold a total of 22 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.

CSR AT AXCEL AND ITS COMPANIES

Axcel believes in sustainability, not just in terms of economics but also with respect to people and the environment. Axcel has therefore made a commitment to behave responsibly in relation to the companies we own and the way we do business.

In 2010 Axcel signed up to the UN Global Compact, and this is our first Communication on Progress. Axcel recognises the importance of supporting the UN's efforts to get governments, civil society, business and others to unite behind ten principles for sustainable 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. We want high returns for our investors, but also reduced risks. To date, Axcel has worked on CSR on various fronts, including:

- A CSR pilot project at Noa Noa
- A stakeholder analysis of Axcel's investors, partners, companies and other stakeholders
- Dialogue with management at our companies
- Development of CSR guidelines for our companies

To ensure the necessary progress, Axcel has also set up a CSR network of representatives from Axcel-owned companies. The network exchanges experience of CSR, and a number of speakers have helped to update knowledge in the area.

Axcel is only interested in investing in companies which behave responsibly, as this will ensure the best possible risk profile in relation to our companies. Responsible business practices are also an increasingly important competitive parameter. We therefore carry out environmental, social and ethical due diligence reviews of the companies in which we invest.

In addition, Axcel aims to comply with all relevant rules for both our companies and ourselves when it comes to openness and transparency. As a member of the Danish Venture Capital Association (DVCA) and the Swedish Venture Capital Association (SVCA), Axcel applies these organisations' codes of conduct and valuation policies.

“To ensure the necessary progress, Axcel has also set up a CSR network of representatives from Axcel-owned companies.”

CSR at Axcel's companies

Axcel Management signed up to the UN Global Compact in 2010 and decided at the same time that as many of our companies as possible should follow suit in 2011. All of our Danish companies already report on their corporate social responsibility in line with section 99a of the Danish Financial Statements Act. Axcel expects its companies to:

- Comply with relevant laws, rules and internationally recognised principles
- Consider risks relating to CSR issues
- 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 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 balanced against the resources available to the company.

At the time of writing, nine of our companies have signed up to the Global Compact. They are now busy prioritising and selecting the areas on which they will concentrate. The companies will also set up a CSR organisation and choose concrete areas that are measurable to enable an overview of progress in their CSR work.

Axcel takes an active approach to CSR at the companies in which we invest. When buying new companies, we ask management the following questions:

1. Is the company part of the Global Compact?
2. Is the company involved in other internationally recognised CSR initiatives, including sector-specific initiatives? If so, which?
3. Has the company produced a report on its social responsibility as part of, or as a supplement to, its annual report?
4. Which relevant certification schemes has the company signed up to?
5. Has the company prepared a CSR strategy?
6. Has the company any specific focus areas for CSR?

Only if Axcel can thereby assure itself that the company can live up to our requirements for corporate responsibility in the long term will an investment be made in the company.



The Axcel Foundation

Axcel III is expected to prove one of the best funds in Europe in terms of returns, with almost DKK 8bn returned to investors so far. Axcel's investors include its employees, and the substantial returns generated have made it possible for employees to set up Foreningen Axcel Fonden – the Axcel Foundation. The foundation will not be fully established until Axcel III is closed, which is expected to be within the next four to five years, but it is already functional, with DKK 10m paid in to date. Once fully established, the foundation will have capital of around DKK 30-40m and be able to pay out DKK 3-4m a year.

The foundation's main aim is to support good causes which underpin the activities and values that are important for Axcel's business.

“Responsible business practices
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Cases – Three examples of how Axcel's companies are working on sustainability based on the principles of the UN Global Compact:

PANDORA

PANDORA is committed to advancing responsible business practices, from the sourcing of precious metals and gemstones to the crafting and marketing of its jewellery. PANDORA believes that corporate social responsibility (CSR) and its aspiration of offering high-quality and genuine jewellery go hand in hand. Furthermore, PANDORA believes that its growth should benefit its stakeholders and not least its customers. Therefore, PANDORA has a social commitment to supporting charitable causes that improve the lives of women around the world.

Responsible business practices and social awareness have always been part of PANDORA's DNA, and they are virtues which it strives to honour in its daily operations. In 2010 PANDORA decided to take its CSR activities further in order to increase its positive influence on society. In April it signed up to the UN Global Compact, which targets human rights, working conditions, envi-

ronmental impact and ethical business practices. By joining the Global Compact, PANDORA aims to deliver on its social commitment within a widely accepted and recognisable framework. PANDORA's CSR report for 2010 can be downloaded from www.pandoragroup.com.

In August 2010 PANDORA also joined the Responsible Jewellery Council (RJC), an international non-profit organisation set up to strengthen consumers' and other stakeholders' confidence in the jewellery industry.

PANDORA aims to avoid and limit CSR-related risks in the supply chain in general and in the sourcing of precious metals and gemstones in particular. In 2010 it developed a code of conduct for suppliers in line with RJC requirements.

PANDORA's production facilities in Thailand offer sound working conditions, competitive terms of employment and a range of social benefits for more than 3,600 employees and their families. PANDORA attaches great importance to ensuring a safe working environment and strives continuously to improve its performance in terms of employee health and safety.

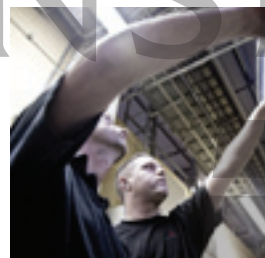
PANDORA supports good causes and focuses particularly on initiatives that make a difference to women's lives. Its business units have united behind the fight against breast cancer through the Pink Ribbon campaign. At local level, PANDORA is involved in initiatives such as the Tree of Life Appeal, Queensland Flood Relief, various school renovation projects and local community projects in Thailand, as well as the Danish initiative Danmarks Indsamling to support the UN's Millennium Development Goals, not least by improving the position of women in African countries.

Georg Jensen

Georg Jensen began to systematically map social and environmental issues in 2008 and signed up to the UN Global Compact in 2009. Users of Georg Jensen products must be able to own and wear them fully confident that they have been manufactured responsibly.

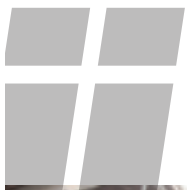
Georg Jensen has a long tradition of producing elegant and authentic jewellery, watches and luxury products for the home featuring high-quality and timeless Danish design. Products are often passed on from generation to generation or sold on as collectors' items. The products themselves are therefore sustainable on account of their high quality and durable materials. This in itself is a sustainable business concept.

The Danish way of working on social responsibility is integrated into Georg Jensen's way of doing business. This entails respect and openness to other cultures wherever in the world the company operates. In the jewellery and living categories, supply chain management is often critical in terms of CSR. There is therefore a constant dialogue with suppliers to ensure compliance with the company's principles and policies.





GEORG JENSEN



“Georg Jensen began to systematically map social and environmental issues in 2008 and signed up to the UN Global Compact in 2009.”

As part of the company’s CSR work, measurement methods were developed in 2009 to assess the impact of key initiatives and actions. The same year the production facilities in Thailand became carbon-neutral through the planting of 13,000 trees by around 500 Georg Jensen employees.

The factories have had good results from optimising the re-melting of silver, gold and brass. Georg Jensen has minimised waste to less than 2.5% of silver, gold and brass, which compares with an industry average of around 8%. This makes a big difference both environmentally and commercially.

Georg Jensen supports and respects the protection of internationally declared human rights and recognises the right to collective bargaining. Social responsibility forms part of the company’s core values, and since its foundation in 1904 a wide range of actions have been taken to improve the social welfare of employees and society in general.

The production site in Thailand has been certified to Thai Labour Standard TLS 8001-2003, which combats discrimination and ensures compliance with rules on working hours and freedom of association in Thailand.

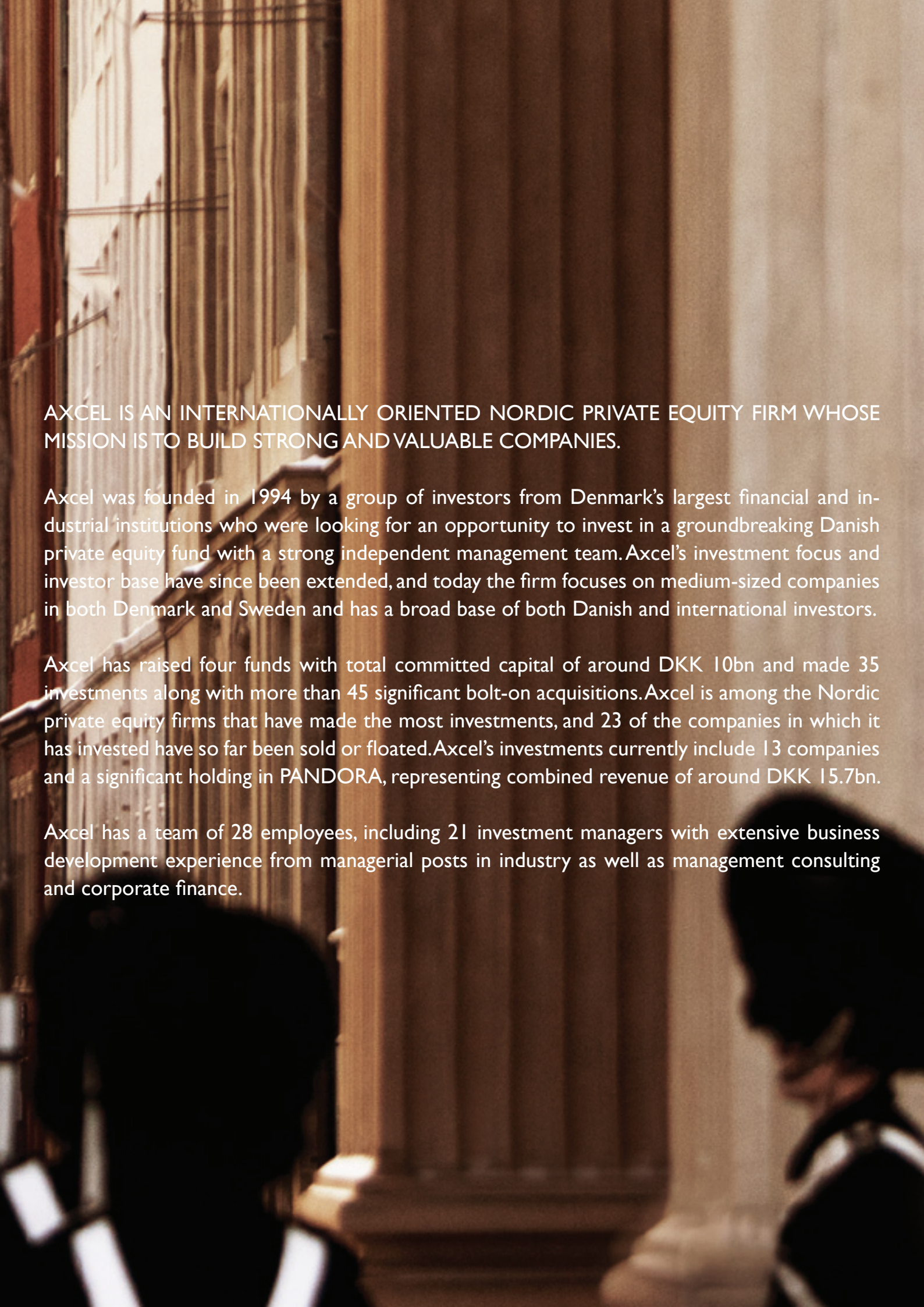
The sourcing of gold, silver, brass, steel and gemstones can impact on the environment and requires strict health and safety standards, as breaches of human rights have been seen in the mining industry. Georg Jensen is aware of the risks and challenges relating to this, and so all of its suppliers must comply with international environmental and labour standards and international declarations of human rights.

Junckers

Ever since Junckers Industrier was established in the early 1930s, social responsibility has been an integral part of the company’s way of doing business, and Junckers has continued this work by focusing on areas relevant to the company and its stakeholders.

Against this background, it has been decided to continue to focus on environmental management, including energy efficiency and waste minimisation, maintaining a good working environment, increasing the proportion of certified timber and products in order to help ensure sustainable forestry, compliance with human rights, and avoidance of corruption in the supply chain.

1. Environment – Focus is on saving energy and cutting carbon emissions with a view to financial savings, as well as on increasing the amount of certified timber.
2. Workers’ rights – These are to form part of the Code of Conduct for Suppliers. In Denmark, where most things are regulated by legislation, the focus is on staff turnover and absenteeism, occupational injuries and reducing repetitive work in order to ensure a better working environment and increase efficiency.
3. Anti-corruption – Junckers’ approach to corruption is set out in its annual report and is to be incorporated into its Code of Conduct for Suppliers and its internal work in the coming years.



AXCEL IS AN INTERNATIONALLY ORIENTED NORDIC PRIVATE EQUITY FIRM WHOSE MISSION IS TO BUILD STRONG AND VALUABLE COMPANIES.

Axcel was founded in 1994 by a group of investors from Denmark's largest financial and industrial institutions who were looking for an opportunity to invest in a groundbreaking Danish private equity fund with a strong independent management team. Axcel's investment focus and investor base have since been extended, and today the firm focuses on medium-sized companies in both Denmark and Sweden and has a broad base of both Danish and international investors.

Axcel has raised four funds with total committed capital of around DKK 10bn and made 35 investments along with more than 45 significant bolt-on acquisitions. Axcel is among the Nordic private equity firms that have made the most investments, and 23 of the companies in which it has invested have so far been sold or floated. Axcel's investments currently include 13 companies and a significant holding in PANDORA, representing combined revenue of around DKK 15.7bn.

Axcel has a team of 28 employees, including 21 investment managers with extensive business development experience from managerial posts in industry as well as management consulting and corporate finance.

