

# ANNUAL REVIEW



# 90 years of successful business building

The KWH Group has its roots in the 1920s and the 1930s wood products trade. Later followed investments in fur animal breeding as well as plastic products such as expanded polystyrene, floor tiles, plastic pipes and plastic film. In the coming decades, investments were made in what forms the basis of today's booming business; In the 1950s logistics, in the 1960s abrasives and in the 1980s water traps.

Over the years, we have invested in companies in new attractive markets and industries, but also divested companies along the way. The KWH Group and its predecessors have always been unafraid to renew. Our ability to constantly capture new opportunities and create customer value has meant that the KWH Group has over time developed into an international, diversified industrial group and service provider in the logistics industry.

The KWH Group is nowadays a family company with the roots strongly in Ostrobothnia. Our industrial knowledge, our networks and our financial strength give us a solid foundation on which to build for the future.

# KWH – The knowledge company

**Our success is based on an active pursuit of renewal**

Through digitization, commercial, and technical innovation, we create the prerequisites for continuous and thorough renewal leading to lasting competitiveness and long-term profitability.

**As a family company with committed owners, we actively build and develop independent and leading companies**

We create value by being an active and long-term owner. Financial strength and deep industrial knowledge, contribute to sustainable development in our companies.

We develop knowledge-intensive, focused, and service-oriented niche businesses. These businesses are adapted to industry realities and are built around unique products, processes or industry positions that offer long-term competitive advantages.

We are an international, diversified industrial group, a service provider in the logistics industry, and financial investor.

**We create growth and profitability in all our companies by**

- 1

Focusing on customers and customer values
- 2

Encouraging innovation and bold new thinking
- 3

Being knowledge leaders
- 4

Allowing all employees to fulfil their potential
- 5

Having ambition to become best-in-class in our main processes
- 6

Building independent business units with strong development potential
- 7

Continuously exploring and utilizing new business opportunities
- 8

Taking well-balanced risks
- 9

Maintaining financial strength as a basis for renewal

The KWH Group is a Finnish family business with subsidiaries around the world. The Group has three divisions:

**Mirka**

Net, paper and film abrasives, electric, cordless and pneumatic power tools, polishing compounds and accessories, complete surface finishing solutions. Superabrasive wheels and tools as well as microfinishing films for the precision industry.

18 subsidiaries and 4 branches worldwide. Production in Finland and Italy. Approximately 97% of the products are exported and sold in more than 100 countries.

**KWH Logistics**

**Cold Storage**

Cold and chilled storage facilities and related handling services for foodstuff.

**Port Logistics**

Port operations and related logistics solutions for both bulk and unitized goods as well as for project cargo.

**Freight Forwarding**

International transports and global logistics solutions by different modes of transportation.

**Industrial Services**

Handling, storage, and transport of goods, construction excavation, workshop for heavy machinery, in-plant service logistics and other related operations together with rental of small machinery and scaffolding.

**KWH Invest**

**Prevex:** One of Europe’s leading manufactures of water traps. Specialises in functional and space saving water traps for kitchen and bathrooms. Factory in Uusikaarlepyy, Finland and in Poznan, Poland. Exports 90% of its produce.

**Strategic holdings:** Uponor Infra Ltd, share of ownership 45%, production of various plastic pipe systems.



# Record investments during the year

**T**he KWH Group is undergoing a very expansive growth phase. This is happening although the peak of the economic cycle has probably already been passed, and there is great uncertainty in the world economy. Our long-term, targeted strategies opened up new business opportunities during the year. Some of them have been realised, while we also have projects ahead of us that will be realised in the years to come. These projects will be of great significance to the growth and profitability of the Group in the long term. Investments during the year reached almost EUR 60 million, and we are planning for continued record investments in 2019 as well. We see this as recognition of our ability to carry out structured, targeted business development and constantly introduce improvements that generate increased customer value.

The KWH Group did a record result and achieved its profit target. Sales increased by 8% and the number of employees grew by 269 on average in 2018. At the year-end, the KWH Group had 2,241 employees. The plan is to recruit more than 100 new employees in 2019. We continue to

invest in the development of our employees and offer opportunities for continuous professional development and greater professional expertise. Our growth strategy has entailed planned cost increases for employees and investments in equipment and facilities.

## We are preparing for tougher times ahead

The beginning of 2019 has been dominated by Brexit. Regardless of the form it ultimately takes, it will have an impact on the economy in the short term. Germany, which has been Europe's engine in recent years, is clearly heading towards recession. Growth figures for China are down. Combined with the trade war between China and the US, Trump's domestic policy and monetary constraints by the banks, this means that we have a very interesting year ahead of us. Our management teams have analysed the business environment to understand how the world of business will develop in the next few years. We have made preparations to be able to react fast to changes. We are ready for tougher times in which competition for customers will increase.

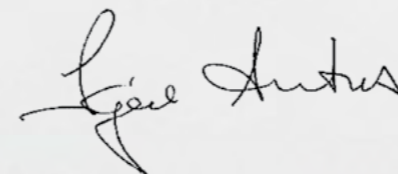
## Digitization, automation and robotics playing a greater role

The world of business is undergoing a phase of transformation in which digitization, automation and robotics are playing an increasingly important role. This can also be seen in the new strategy that the KWH Group launched during the year. The core values of the long-term strategy remain, but space has been created for digitization and commercial and technical innovation with the goal of dealing with an ever-increasing rate of change. The bottleneck is to find employees with the special knowledge required in this transformation. Skilled, motivated employees are the key to our ability to perform better than our competitors in the long term.

We are looking for new businesses to acquire. The top priority is to develop and build on the existing companies in the Group. We have a strong financial position and a long-term investment horizon that supports our companies in their work to create sustainable growth.

When making new investments, we focus on quality companies with links to our current sectors. Companies with a strong market position, a flexible business model, a strong cash flow, a continuous focus on innovation and a clear focus on sustainability are prioritised.

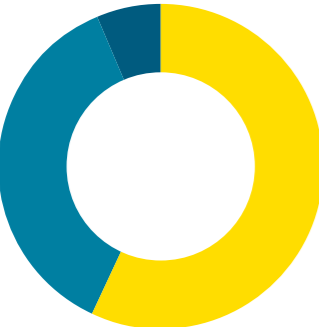
We expect positive development of the Group's operations as a result of continued investments, employee commitment and an innovative spirit throughout the organisation.



Kjell Antus, Group president



Turnover



- Mirka €**  
Turnover 286.7 MEUR  
Share of Group Turnover 57 %
- KWH Logistics**  
Turnover 185.5 MEUR  
Share of Group Turnover 37 %
- KWH Invest**  
Turnover (Prevex) 31.5 MEUR  
Share of Group Turnover 6 %

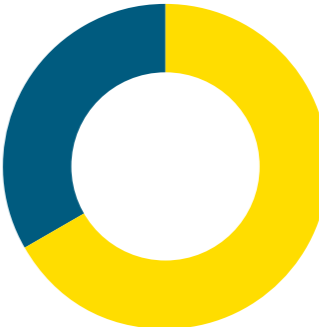


- Finland**  
199.0 milj. €
- Export**  
219.9 milj. €
- Foreign Operations**  
88.0 milj. €
- Turnover**  
501.9 milj. €

Personnel



- Mirka**  
Personnel 1,409  
Share of Group Personnel 64 %
- KWH Logistics**  
Personnel 512  
Share of Group Personnel 23 %
- KWH Invest**  
Personnel (Prevex) 262  
Share of Group Personnel 12 %
- KWH Group**  
Personnel 12  
Share of Group Personnel 1 %



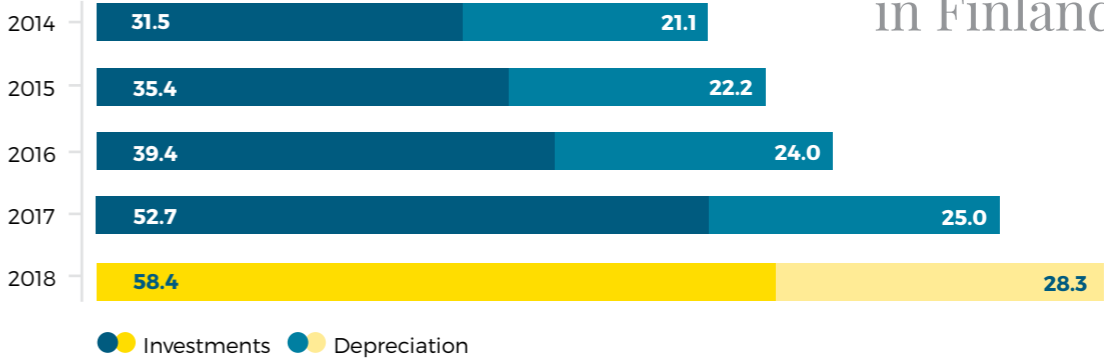
- In Finland**  
Personnel 1,469
- Abroad**  
Personnel 726
- Personnel**  
2,195

Turnover and profit MEUR



Equity Ratio 83 %  
Profit improvement 6 %

Investments and depreciation MEUR



Investments  
in Finland 54 M€

	2018	2017	2016	2015	2014
<b>Consolidated income statement MEUR</b>					
Turnover					
Finland	199.0	174.5	141.8	126.9	150.2
Exports from Finland	219.9	212.4	189.1	173.9	158.4
Foreign Operations	88.0	82.7	68.4	67.6	59.1
Total	501.9	465.0	394.7	364.4	364.1
Salaries, Wages and Social Charges	129.4	113.8	98.7	97.1	93.3
Depreciation and Impairment	28.3	25.0	24.0	22.2	21.1
Operating Profit	66.9	63.0	48.1	40.1	37.3
Financing Items	1.9	3.5	1.1	2.1	2.0
Profit before Taxes	64.9	59.4	47.1	38.1	35.2
Taxes according to the Income Statement	11.5	11.5	10.7	8.7	7.9
Profit for the Financial Year	53.5	47.9	36.3	29.4	27.3
<b>Consolidated balance sheet MEUR</b>					
Non-current Assets	341.0	323.0	290.8	277.4	264.7
Inventories	56.1	50.2	46.0	46.3	47.4
Receivables	75.4	72.9	57.3	54.1	66.4
Cash in Hand and at Bank	112.8	95.2	94.9	75.5	49.6
Shareholders' Equity	483.5	438.8	396.9	367.4	343
Liabilities	101.8	102.5	92.1	85.9	85.2
Net interest-bearing Liabilities	-95.0	-76.5	-73.5	-54.0	-41.2
Balance Sheet Total	585.3	541.3	489	453.3	428.2
<b>Ratios %</b>					
Change in Turnover	8	18	8	0	8
Exports and Foreign Operations	61	63	65	66	60
Share of Group Turnover					
Mirka	57	58	61	64	57
KWH Logistics	37	35	33	31	38
KWH Invest and others	6	8	7	5	5
Return on Capital Employed	14	14	12	10	10
Return on Shareholders' Equity	12	12	10	8	8
Equity Ratio	83	81	81	81	80
Gearing	-20	-17	-19	-15	-12
<b>Other information</b>					
Gros Investments, MEUR	58.4	52.7	39.4	35.4	31.5
Net Investments, MEUR	57.8	52.4	37.4	34.7	29.3
Average Number of Personnel	2.195	1.926	1.729	1.652	1.631
of which abroad	726	596	477	412	398
Turnover per Employee, EUR 1.000	229	241	228	221	223

Calculation of financial ratios

**RETURN ON CAPITAL EMPLOYED**  
profit before taxes + interest and other financial expenses x 100  
balance sheet total - non-interest-bearing liabilities in average

**RETURN ON SHAREHOLDERS' EQUITY**  
net profit x 100  
shareholders' equity + minority interest in average

**EQUITY RATIO**  
shareholders' equity + minority interest x 100  
balance sheet total - advances received

**GEARING**  
interest-bearing liabilities - cash in hand and at bank x 100  
shareholders' equity + minority interest

502

million EUR  
turnover 2018

58

million EUR  
investments 2018

97

procent  
Mirkas export

400

rail wagons  
unloaded by  
Rauanheimo daily

4.4

million water  
traps produced  
in 2018

13

million tonnes of  
goods handled  
in the ports



# Successful product launches and record recruitment at **Mirka**

Mirka has seen strong growth, particularly on its domestic market in Europe. The company grew faster than the industry average yet again.



Mirka is the world leader in surface finishing technology and offers a broad range of groundbreaking sanding solutions for surface finishing and precision mechanics. The company's vision is to achieve a market position where customers and associates see Mirka as a market leader and a highly responsible company which promotes innovation within its own core areas. Thanks to ongoing commitment to development and the global sales network, Mirka can serve its customers by offering them a broad product range of top-quality sanding and polishing materials as well as innovative tools.

Mirka has been a global technology leader in the sanding materials industry for many years, which has been reflected in the fact that the company has been able to grow faster than its competitors. Mirka's overall solution, in which sanding materials are supplemented by machines and polishing agents, is not something that all competitors can offer, and has helped the company achieve its current position. Of all its markets, the domestic market in Europe grew particularly well last year.

More staff and a boost to the unit in Belgium

Mirka now has around 1,450 employees, 10% of whom were employed during the year. The company has never before employed as many as 150 people in one year. The appointments were made to strengthen the organisation and the global sales network so that the company is ready for the next stage in its growth. As part of its efforts to attract new staff, Mirka opened new offices in Vaasa and Pietarsaari.

Some of the recruitment was due to Mirka acquiring its distribution warehouse in Belgium, and the acquisition included 64 employees. The distribution warehouse

“Mirka has been working actively to accelerate the process of bringing new products to the market.”

in Belgium serves the entire European market and has become increasingly important for Mirka. This is also why the company decided to take over the warehouse. At the same time, the unit in Belgium was expanded with a new conversion unit and a service unit for sanding tools which will enter service in 2019.

Product launches and prize-winning machines

One of the reasons for Mirka's success has been investment in its own sanding machines, allowing the company to offer overall solutions to its customers. The machines have previously landed several prizes in the RedDot Design competition, and last year another machine joined the list when LEROS won a prize for its pioneering design. Like Mirka's other tools, it was developed and is made in Finland. Mirka also launched several new machine models during the year, and continued to reap the benefits of previous years' popular models.

In addition, Mirka launched two new sanding material products, Iridium and Novastar. This was done using an entirely new type of launch process to optimise the products' lifecycles, which are becoming shorter and shorter. Mirka has been working actively to accelerate the process of bringing new products to the market in large volumes and has found a concept that works.

Environmental work continues with new production technology

For many years, Mirka has been investing specifically in being the most sustainable company in its industry. To reduce its carbon footprint, the company built its own power station at its factory in Jepua. This utilises the waste from production and makes the factory independent of fossil fuel use.

The company's environmental work has continued with the development of resource-saving, environmentally friendly new production processes, particularly for curing. When the processes enter into use, energy requirements will fall further.

Italian unit integrated

The Italian company Cafro, acquired in 2017, has now been integrated into Mirka's operations. The acquisition takes Mirka into an entirely new field, precision sanding.

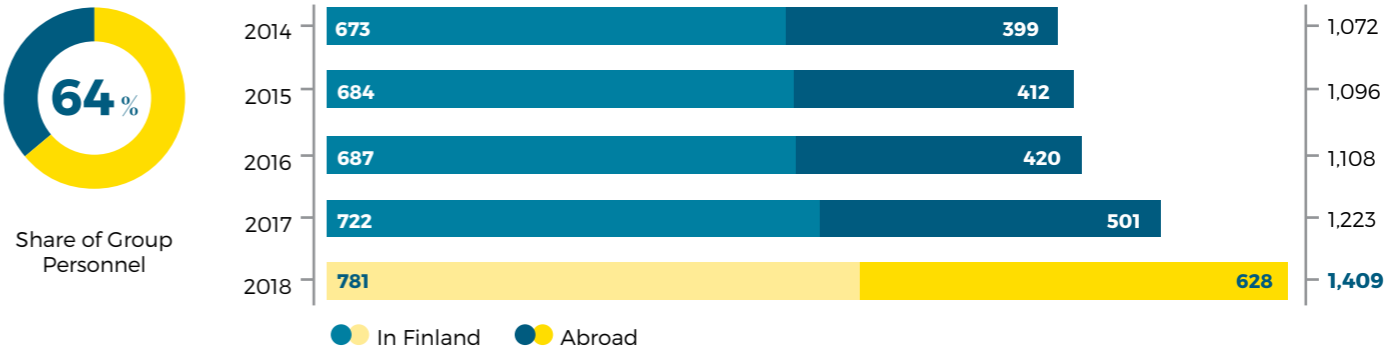
This involves fine sanding small products for which the results must be extremely precise, such as electronics and motor parts. The need for this type of sanding will grow,

Mirka key figures

Turnover MEUR



Personnel



Investments MEUR



and Mirka is now well positioned in this market segment. At the same time, this creates an opportunity to reach entirely new customer industries in addition to the automotive, wood and construction industries, which have traditionally been Mirka's core area.

Investments in staff and safety

In addition to record numbers of new employees, Mirka made other investments in staff during the year. Last year, the company primarily focused on leadership and supervisor training, as well as on preventive health work for those who work on several shifts.

Mirka also continued its steady work to reduce the number of accidents at work. The factory in Jepua beat a ten-year-old record for the number of days without accidents.

Digitization enables new services

What will the world look like in five or ten years? Mirka gave special consideration to this question in its strategy work last year, including all possible scenarios and analyses of the business environment. Mirka is convinced that digitization will take full effect in the near future, and this will include industrial sales and distribution.

The company has already started to prepare for this development by building up an entire ecosystem of services related to its products. The myMirka app can be connected to Mirka's machines and gives users the opportunity to plan maintenance and monitor vibration exposure in real time, for example. This is yet another way of extending the overall solutions for which Mirka is already known.



**Simon Bloxham**  
Vp sales, surface finishing

**Nina Nyman**  
Marketing director

**Theo Sakalis**  
Vp sales, precision industry

**Stefan Sjöberg**  
CEO

A 75-year-old with a bright future ahead

Mirka has been owned by the KWH Group since the 1960s, but the company was founded in 1943. This means that Mirka turned 75 last year. The anniversary was celebrated at work by staff around the world with coffee and cake on the company.

Mirka is now a global pioneer in its industry. Although the market situation seems more uncertain than for many years, and economic growth worldwide is weakening, Mirka is still planning for continued growth in 2019. This outlook is based on forecasts from Mirka's sales companies around the world, and is proof that the company's staff have faith in both the market and Mirka's concept.

“The company has never before employed as many as 150 people in one year.”



**Joachim Rännar**  
Operations Director

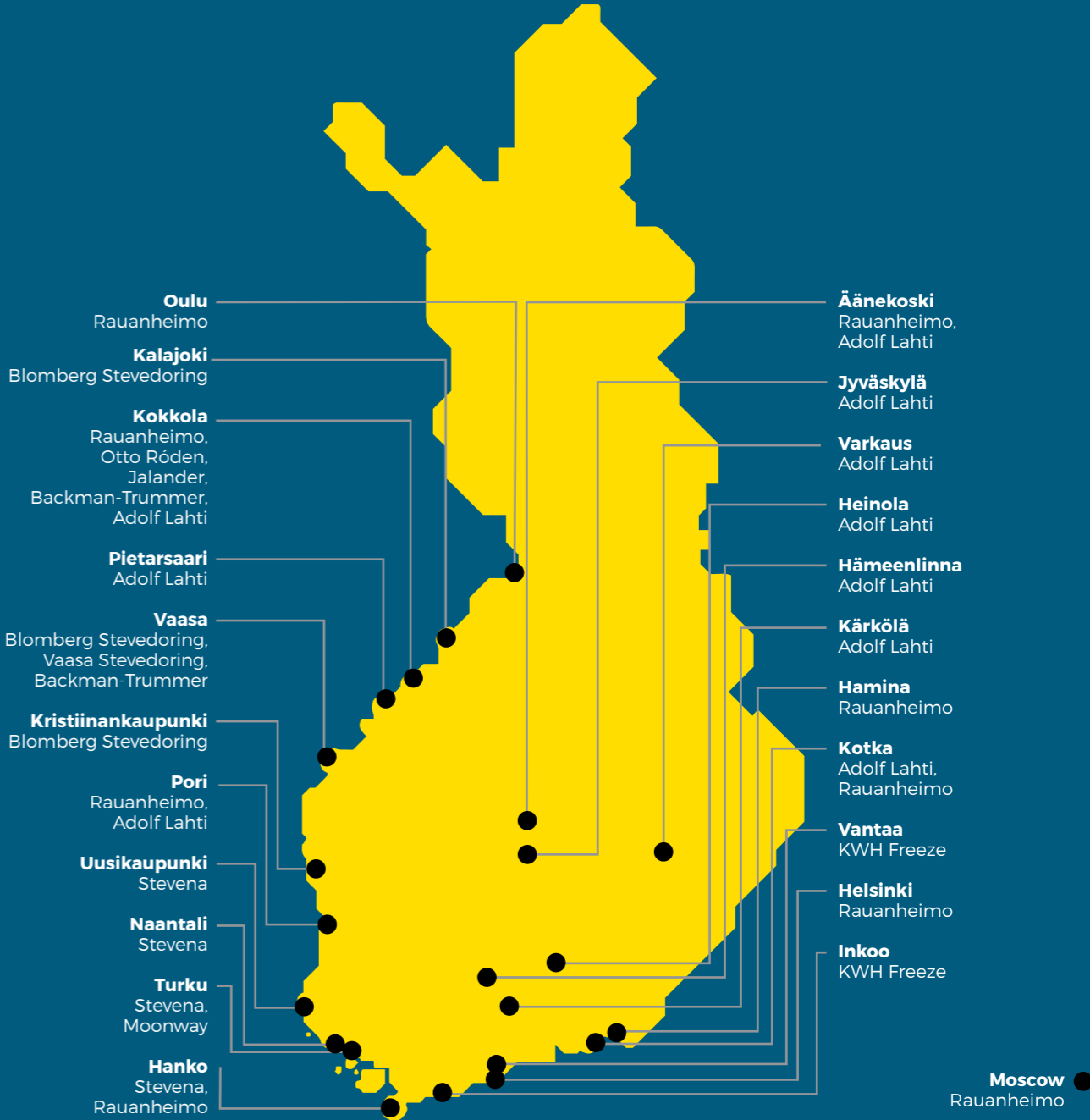
**Mats Sundell**  
R&D Director, Deputy Chief Executive

**Jan Torkulla**  
Production Director

**Olav Hellman**  
CFO

# Continued strong growth for KWH Logistics

KWH Logistics is continuing the strategy that has already proved successful: to let its independent subsidiaries grow with the support of a financially strong owner.



Since 2004, KWH Logistics has grown annually by an average of around 10%. This strong growth continued in 2018, when the Group increased its sales by nearly 15% on the previous year.

KWH Logistics is Finland's biggest port operator and also the leader in transit traffic in Finland. The company's strength lies in its ability to create efficient overall logistics solutions for its customers by means of new investments and new business concepts. The Group has chosen a structure with independent subsidiaries as this permits both customer proximity and specialisation in certain sectors and locations.

In addition to the subsidiaries having a clear competitive advantage thanks to the KWH Group's financial strength, they can also share the costs for administrative functions. During the year, KWH Logistics reinforced its joint functions by means of reorganisation and recruitment. The idea is for cross-functional teams from different units to develop the processes and expertise of the staff.

KWH Logistics is also working hard to develop the company's brand. The aim of the project is to make the Group's brand uniform, create a sense of community between the subsidiaries and boost recognition among customers.

### KWH Logistics consists of four business units:

**Cold Storage**  
Handling and storage of frozen and chilled foods.

**Port Logistics**  
Stevedoring, port operations and logistics solutions for bulk cargo, general cargo and heavy project loads.

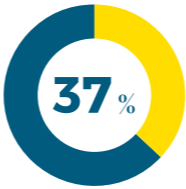
**Freight Forwarding**  
International transports and global logistics solutions by different modes of transportation.

**Industrial Services**  
Handling, storage, and transport of goods, construction excavation, workshop for heavy machinery, in-plant service logistics and other related operations together with rental of small machinery and scaffolding.



# KWH Logistics key figures

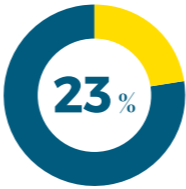
## Turnover MEUR



Share of Group Turnover



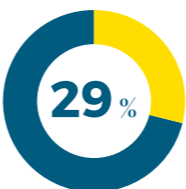
## Personnel



Share of Group Personnel



## Investments MEUR



Share of Group Capital Employed





**High volumes and high occupancy at KWH Freeze’s stores**

KWH Freeze is Finland’s leading frozen storage company, offering the most efficient link in the logistics chain for frozen foods. The company primarily offers customised solutions for the food industry.

KWH Freeze’s growth continued to be stable during the year, and the company was able to increase volume and occupancy in its stores. To meet growing customer demand, work has begun to extend the store in Vanda and is expected to be completed in autumn 2019.

KWH Freeze was one of the first Finnish companies in the industry to obtain the new FSSC 22000 certification. This certification guarantees that food safety is maintained at a high level throughout the logistics chain.

The industry as a whole underwent major restructuring, changing the flows of goods and creating new growth opportunities for the company. Growth in 2019 is expected to continue to be stable.

**An eventful record year for Rauanheimo**

Rauanheimo offers stevedoring, freight forwarding and ship customs clearance services at the ports in Kokkola,

Vuosaari, Tahkoluoto, Oulu, Hamina and Kotka. Operations also include extensive ore transport in Russia.

2018 was a record year for the company for both sales and profit. The main reason for this was that the company established itself in many new locations, which immediately began to produce dividends. Rauanheimo also achieved the volumes in 2018 for which previous investments in the port in Vuosaari had laid the foundation.

One of the new operations was in Mussalo, which belongs to the ports of Hamina and Kotka. The company invested in storage capacity of over 30,000 m2 there, and is now well placed to expand operations.

Operations in Hamina were expanded with the addition of new customers. Rauanheimo has also gained a strong foothold in Oulu, where it invested in infrastructure and took over management of the port’s cranes.

Another major investment concerns transit transport of coal and other goods via Tahkoluoto. Rauanheimo is investing in a terminal for materials handling, which will greatly improve the capacity of the port.

The company has also signed a letter of intent with the port of Hanko with the aim of developing the port in Koverhar for both transit and domestic transport. All of these investments lay the foundation for strong growth in 2019.

**A stable year for Otto Rodén and Jalander**

Otto Rodén operates in Kokkola and offers stevedoring services, internal transport between the port and the heavy industry site, and goods handling via the production facilities. The company has many years’ experience of handling bulk products and chemicals, among other things.

Jalander offers ship customs clearance in the port of Kokkola. Thanks to the company’s good contacts with authorities, principals and operators, it is able to ensure 24-hour flexible services for the ships that visit the port.

Both companies’ operations continued at the same good level as in the previous year, and the outlook for 2019 is good. In addition to growth in Kokkola, new markets are also being investigated.

**Major new investments for Blomberg Stevedoring**

Blomberg Stevedoring offers stevedoring and storage services in the ports of Vaasa, Kalajoki and Kristiinankaupunki. The single largest product group is raw materials for the fodder industry, in which the company is the largest player in Finland. Other important parts of operations are project and general cargo transport, handling of wood pulp and raw materials for bioenergy production.

The company made large investments during the year to improve capacity and its range. The investments proved to be justified.

In recent years, Blomberg Stevedoring has also invested heavily in Vaskiluoto in Vaasa, which has proven to be a successful strategy now that industry is showing greater interest in Vaskiluoto as a location. Blomberg Stevedoring is also involved in developing a new feeder line from Vaasa to continental Europe.

The flows of goods that Blomberg Stevedoring handles are very stable, which also means that the company’s operations are founded on stable ground. The company has been granted AEO status by Finnish customs.

**Stevena grew by 20% and handled record volumes of goods**

The port operator Stevena’s good growth figures are primarily due to the growth in RORO traffic from Hanko and Uusikaupunki, which is due in turn to the good situation for the car plant in Uusikaupunki and for the Finnish export industry in general.

Stevena made a number of investments during the year to meet increased demand. The company enhanced its presence in Hanko by investing in a new workshop, a wash

“KWH Logistics is Finland’s biggest port operator and also the leader in transit traffic in Finland.”

hall, an office and a machine hall. Machinery was also renewed at all operating sites.

The company also invested heavily in automation, reducing the need to secure loads manually. This is a good example of how KWH Logistics enhances the efficiency of the logistics chain by making investments with its customers. Stevena’s outlook for 2019 is stable.

**Previous investments started to bear fruit for Backman-Trummer**

The freight forwarder Backman-Trummer’s competitive strength is based on innovative, customised logistics solutions that are actively developed in partnership with customers and partners. Recent growth is primarily due to good local knowledge, international collaboration networks and tailored logistics solutions.

2018 was a stable year for Backman-Trummer without any major surprises. Sales were at the same level as the year before, and profit rose. There are now clear signs that the major investments made in 2016 have started to bear fruit, and the future looks promising. The new general cargo terminal in Vaskiluoto was not yet in full use in 2018. However, thanks to greater industrial interest in Vaskiluoto as a location, the outlook is promising.

Backman-Trummer has a large proportion of loyal, returning customers, making its operations stable. The company has a clear competitive advantage in that it can offer its customers fast service, which is often the most advantageous solution in terms of overall costs. The company has also been granted AEO status by Finnish customs.

**Moonway is investing in growth**

Moonway operates on the international tank container market, with the focus on continental Europe. The company's specialist area is bulk container freight for both liquids and powders.

Moonway began an investment programme during the year as the outlook looks promising. There are clear signs that profit is growing, for which reason the company is prepared to continue its investments in 2019.

**Adolf Lahti grew fast for the tenth year in a row**

Adolf Lahti is a growing company in the industrial services sector, with a comprehensive range of machinery. The

company offers expert knowledge and modern equipment for most of the work involved in bulk handling, heavy internal transportation, factory services, workshop services and maintenance.

When, in 2009, Backman-Trummer acquired the company that was renamed Adolf Lahti, the company had sales of one million euro and nine machines. In 2019, the company is expected to have sales of 20 million euro and over 200 machines. This excellent growth has been possible thanks to hard work, committed staff and a strong owner that makes it possible to make big investments.

Last year was no exception in the company's positive growth, and it landed several interesting new contracts. An important part of the company's strategy and success is that, with Rauanheimo and VR, it creates large units that

permit service for customers from door to door. In addition to the forestry industry, the company will invest increasingly in the mining industry and other heavy industry in the future.

**Vaasa Stevedoring benefited from the economic boom**

Vaasa Stevedoring specialises in renting of small machines, aerial platforms and scaffolding in the Vaasa region. When the construction industry is booming, this is also reflected at Vaasa Stevedoring. The company's sales therefore grew dramatically in 2018, and its profit also rose.

“The subsidiaries have a clear competitive advantage thanks to the KWH Group’s financial strength.”



**Bernt Björkholm**  
Managing Director,  
Blomberg Stevedoring & Vaasa Stevedoring  
Director, Freight Forwarding

**Hannu Uusi-Pohjola**  
Head of Division  
CEO, Backman-Trummer

**Peter Lång**  
Managing Director,  
KWH Freeze

**Anders Back**  
Controller,  
KWH Logistics

**Markku Mäkipere**  
Managing Director,  
Stevena & Moonway

**Vesa Peltola**  
ICT Director, KWH Logistics

**Mona Andersson-Kuorikoski**  
HR Director, KWH Logistics

**Joakim Laxåback**  
Managing Director,  
Rauanheimo, Adolf Lahti Yxpila,  
Otto Rodén, Jalander &  
Kiinteistö Oy Port Handling



# Prevex is preparing for continued growth

Prevex started an initiative to put its structures in order and reinforce its organisation during the year.



Uusikaarlepyy, Finland

Poznań, Poland

“Prevex has reinforced its structures and broadened the expertise in the management group.”



Prevex’s business concept is unique as the company has chosen to focus on a narrow segment, water traps. In recent years, Prevex has grown fast. Sales more than doubled between 2013 and 2017.

The rapid growth has given rise to a need to reinforce structures. For this reason, the company focused on putting its structures and processes in order during the year. Sales last year were stable, on the same level as the year before. However, the ground has now been laid for growth in the future.

Integration of Polish operations continues

The Polish production of water traps will soon have been fully integrated. The previously acquired Polish company officially changed its name to Prevex in summer 2018. The

Polish product range has also been tidied up, and the company is focusing on the profitable parts. A new logistics centre was also built in Poland in 2018. It is strategically well located near to the market in Europe, and will boost Prevex’s long-term growth.

Investments and reinforcement of structures

Successful recruitment work has permitted Prevex to reinforce its structures and broaden the expertise in the management group. There is greater focus on sales and marketing, and the two activities have been separated. In addition, a major project was started to introduce a new ERP system. This will be completed in 2019.

Prevex also made major investments in Finland and continued to focus on production with robotics and a high level of automation.

New products mean good prospects

In 2018, Prevex launched a new water trap for kitchen use called Smartloc, which has a number of technical refinements compared with competing products. The flow of the water trap has been improved, and it is space-saving and easy to clean. Other new products will be launched in 2019, all of which will follow the Prevex philosophy that water traps should be user-friendly and functional.

The new products, the reinforced organisation and the investments made mean that Prevex is now well prepared for the growth to come. The target is to achieve sales of EUR 50 million by 2022.

“A new logistics centre was built in Poland in 2018. It is strategically well located near to the market in Europe.”



Marko Nylund  
Executive Vice President,  
Prevex Finland

Kjell Antus  
Head of Division

Camilla Wikman  
CMO,  
Prevex Group

Marcin Kowalski  
CEO,  
Prevex Poland

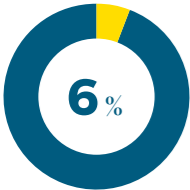
Mikael Lillvik  
CEO,  
Prevex Group

Thomas Nyström  
CFO,  
Prevex Group

Peter Engstrand  
Sales Director,  
Nordic countries

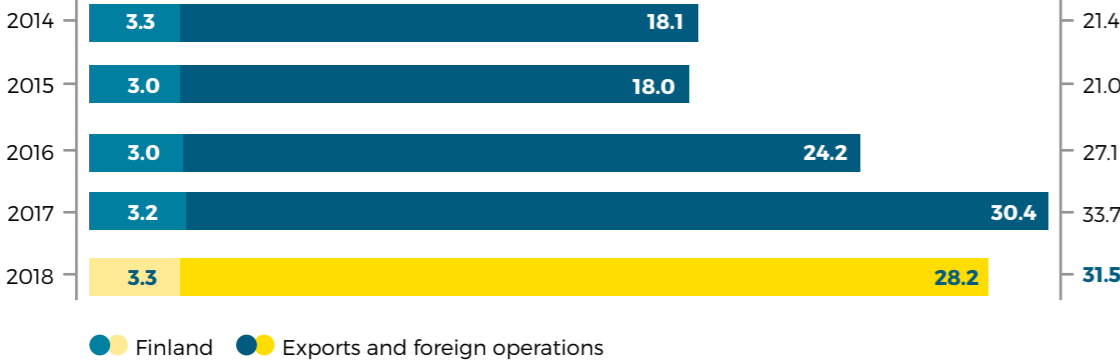
Filip Jankowski  
Sales Director,  
Continental Europe

# Prevex key figures



Share of Group Turnover

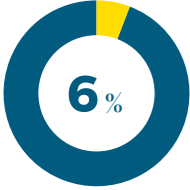
## Turnover MEUR



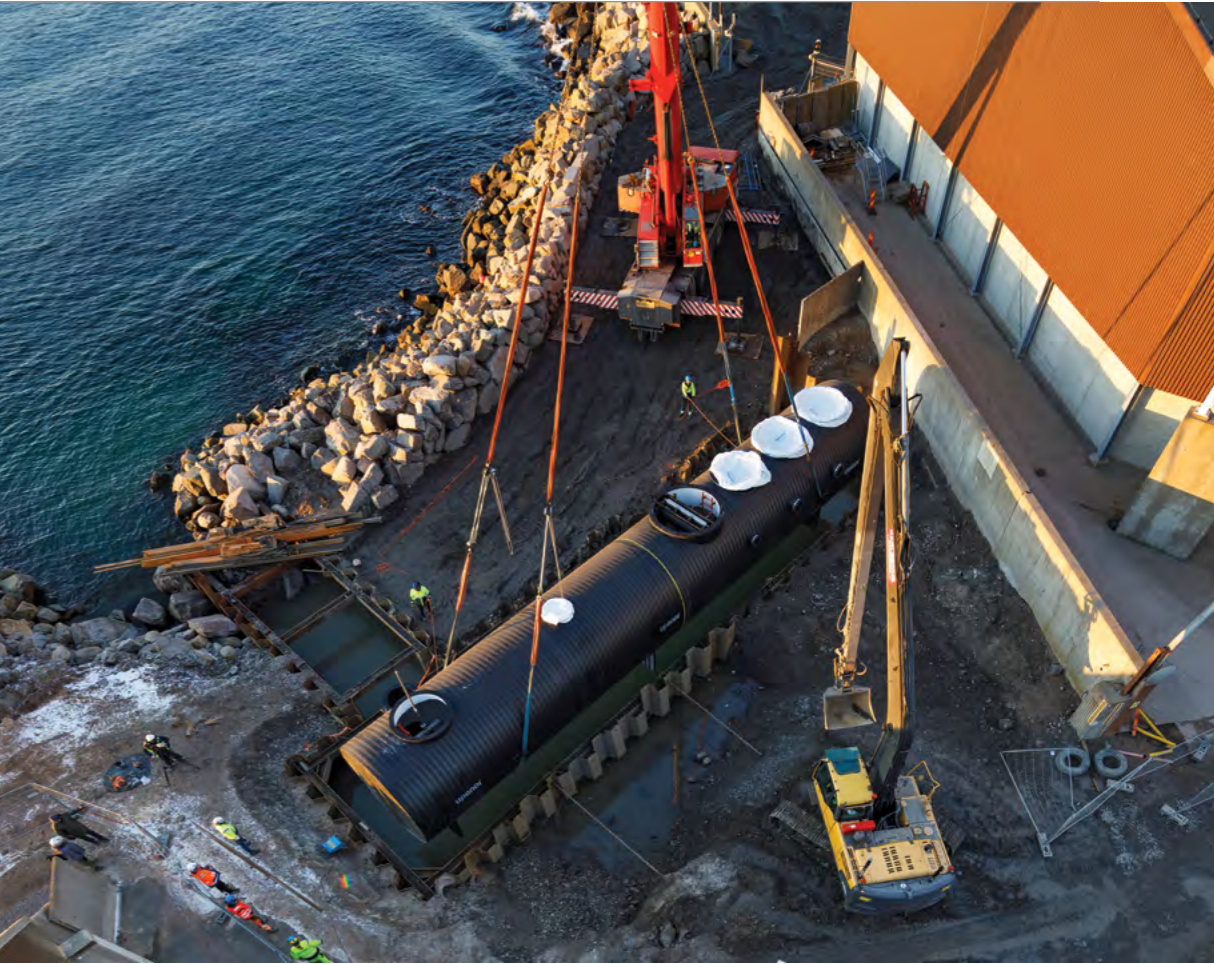
## Personnel



## Investments MEUR



Share of Group Capital Employed



# Uponor Infra

On 1 July 2013, Uponor Infra Oy began trading, with the merger of the infrastructure solution business units of the KWH Group and Uponor Oyj. Uponor is Uponor Infra Oy's majority shareholder (55.3%), and Uponor Infra Oy is consolidated in Uponor as the Infrastructure segment. The KWH Group owns 44.7% of the shares.

From 2013–2016, the Company went through a major restructuring process with the aim of generating significant synergy and integration effects. The anticipated

goals were reached. In August 2018, the North-American operations were divested.

The general economic situation has affected demand in Uponor Infra's most important markets. Overall demand in the main markets is expected to be stable in the coming years.

The Company's sales amounted to EUR 337.4 (323.4) million. Profitability improved compared with previous years, reaching a satisfactory level.

# Consolidated income statement

EUR 1000	1.1-31.12.2018	1.1-31.12.2017
<b>Turnover</b>	501,912	464,967
Other operating income	1,715	2,411
Increase (+) / decrease (-) in inventories of finished goods and work in progress	4,161	976
Production for own use	3,471	3,097
Materials and services	-217,385	198,845
Personnel expenses	-129,354	113,775
Depreciation and impairment	-28,330	24,976
Other operating expenses	-79,694	75,841
Share of loss in associate	10,357	4,949
<b>Operating profit</b>	66,854	62,963
Financial income	2,067	2,499
Financial expenses	-3,983	-6,039
<b>Profit before taxes</b>	64,937	59,423
Income tax expense	-11,450	-11,483
<b>Profit for the financial year</b>	53,488	47,940
Attributable to:		
Equity holders of the parent company	53,492	47,944
Non-controlling interest	-4	-4
Profit for the financial year	53,488	47,940
<b>Statement of comprehensive income</b>		
<b>Profit for the financial year</b>	53,488	47,940
Items that may be reclassified to income statement:		
Share of other comprehensive income in associates		
- net total comprehensive income	-161	-342
Profits/losses from financial assets available-for-sale		
- net profits/losses		-11
- transferred to profit and loss		-31
Cash flow hedges		
- net profits/losses	934	2,547
- transferred to profit and loss	-1,136	-612
Translation differences		
- translation differences for the financial year	-180	-222
<b>Other comprehensive income for the financial year, Net of tax</b>	-543	1,329
<b>Total comprehensive income for the financial year</b>	52,944	49,269
Attributable to:		
Equity holders of the parent company	52,948	49,273
Non-controlling interest	-4	-4
Total comprehensive income for the financial year	52,944	49,269

# Consolidated balance sheet

Assets EUR 1,000	31.12.2018	31.12.2017
<b>Non-current assets</b>		
Intangible assets	14,025	11,971
Goodwill	9,955	9,996
Tangible assets	246,688	219,441
Investment property	1,162	1,267
Investments in associates	65,368	77,522
Financial assets available-for-sale	1,869	1,748
Other financial assets	887	435
Deferred tax assets	1,013	638
<b>Non-current assets, total</b>	340,967	323,018
<b>Current assets</b>		
Inventories	56,122	50,191
Trade and other receivables	72,606	71,974
Income tax receivables	2,806	961
Cash and cash equivalents	112,793	95,189
<b>Current asset, total</b>	244,326	218,315
<b>Assets, total</b>	585,294	541,333
<b>Equity and liabilities EUR 1,000</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Equity</b>		
Share capital	3,756	3,756
Share premium reserve	7,931	7,931
Reserve fund	124	124
Translation differences	-26	154
Fair value reserve	1,180	1,437
Retained earnings	470,378	425,234
Non-controlling interest	180	185
<b>Equity, total</b>	483,523	438,820
<b>Non-current liabilities</b>		
Provisions	2,335	2,244
Deferred tax liabilities	15,184	13,805
Interest bearing liabilities	35	123
Finance lease liabilities	6,200	6,748
Trade and other payables	49	1400
<b>Non-current liabilities, total</b>	23,804	24,320
<b>Current liabilities</b>		
Interest-bearing liabilities	10,979	11,271
Finance lease liabilities	663	689
Trade and other payables	65,353	62,152
Income tax liabilities	972	4,081
<b>Current liabilities, total</b>	77,967	78,193
<b>Equity and liabilities, total</b>	585,294	541,333

# Board of directors

The KWH Group's Board of Directors currently has seven members and one secretary. Many of the board members are shareholders, so the owners have a strong position regardless of whether there are shareholders in the operational management or not.

The Board's mission is to manage the KWH Group's affairs on behalf of the own-

ers. The Board is responsible for ensuring that the Group is managed efficiently and in accordance with good business principles. The Board approves the KWH Group's business strategy, strategic goals, risk strategy and management, as well as follows and monitors these.



**Henrik Höglund**

Born 1949  
B Sc (Econ)  
Chairman since 1998  
Board Member since 1974

**Sofia Kohtala**

Born 1975  
Hotel and Restaurant Manager  
Board Member since 2014

**Ola Tidström**

Born 1944  
M Sc (Econ)  
Vice Chairman since 1993  
Board Member since 1975

**Peter Höglund**

Born 1949  
B A  
Board Member since 1973  
Chairman 1988-1997

**Björn Höglund**

Born 1978  
M Sc (Econ)  
Board Member since 2017

**Johan Heikfolk**

Born 1963  
LL.M.  
Secretary of the Board since 2017

**Janneke von Wendt**

Born 1972  
MSc (Econ)  
Board Member since 2016

**Kaj-Anders Skog**

Born 1957  
M Sc (Econ)  
Board Member since 2016

# Group management

The KWH Group's Group Management consists of Heads of Divisions or CEOs and the parent company's managers. Group management members are responsible for a business division or group function and the Group President leads Group development work and supports the rest of the management.

The Group Management is a diverse team that executes the Board's decisions and sets the framework and direction for the organization. The management is responsible for ensuring that goals and strategies are fulfilled and for structuring and leading the Group's operations to achieve set goals.



**Mikael Lillvik**

Born 1967  
Engineer  
CEO, Prevox  
Employed since 2002

**Kjell Antus**

Born 1965  
M Sc (Econ)  
Group President, Head of Division, KWH Invest  
Employed since 1988

**Carl-Magnus Tidström**

Born 1972  
M Sc (Econ)  
Head of Administration and Finance  
Employed since 1997

# Auditors

Statutory auditors

**Kjell Berts**

M Sc (Econ), APA  
Ernst & Young Ab

**Bengt Nyholm**

M Sc (Econ), APA  
Ernst & Young Ab

Deputy auditors

**Anders Svennas**

M Sc (Econ), APA  
Ernst & Young Ab

**Kristian Berg**

M Sc (Econ), APA  
Ernst & Young Ab

Supervisory auditor

**Ernst & Young Ab**



**Stefan Sjöberg**

Born 1971  
M Sc (Econ)  
Head of Division, Mirka  
Employed since 2011

**Johan Heikfolk**

Born 1963  
LL.M.  
General Counsel  
Employed since 2017

**Hannu Uusi-Pohjola**

Born 1957  
Engineer  
Head of Division, KWH Logistics  
Employed since 2003

# Contact Information

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www.cafro.com

**KWH Mirka Ibérica S.A.U., Spain**  
www.mirka.es

**Mirka Asia Pacific Pte Ltd, Singapore**  
www.mirka-asiapac.com

**Mirka Belgium Logistics NV, Belgium**

**Mirka Brasil Ltda., Brazil**  
www.mirka.com.br

**Mirka Canada Inc., Canada**  
www.mirka.com/en-CA/ca

**Mirka France Sarl, France**  
www.mirka.fr

**Mirka GmbH, Germany**  
www.mirka.de

**Mirka India Pvt Ltd, India**  
www.mirka.co.in

**Mirka Italia s.r.l., Italy**  
www.mirka.it

**Mirka Mexicana S.A. de C.V., Mexico**  
www.mirka.com.mx

**Mirka Middle East FZCO, United Arab Emirates**  
www.mirka.com/ar-AE/ae

**Mirka Rus LLC, Russia**  
www.mirka.ru

**Mirka Scandinavia AB, Sweden**  
www.mirka.se

**Mirka Trading Shanghai Co., Ltd, China**  
www.mirka.com.cn

**Mirka Turkey Zimpara Ltd Şirketi, Turkey**  
www.mirka.com.tr

**Mirka (UK) Ltd, England**  
www.mirka.co.uk

**Mirka USA Inc., USA**  
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**Oy Blomberg Stevedoring Ab**  
www.blomberg.fi

**Oy Moonway Ab**  
www.moonway.fi

**Oy M. Rauanheimo Ab**  
www.rauanheimo.com

**Stevena Oy**  
www.stevena.fi

**Oy Otto Rodén Ab**  
www.rodenshipping.fi

**A. Jalander Oy**  
www.jalander.com

**Vaasa Stevedoring Oy**  
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**Oy KWH Freeze Ab**  
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**Prevex Sp. z o.o., Poland**  
www.prevex.com

## The KWH Annual Report 2018 consists of an Annual Review and a Financial Report.

The Annual Review gives a picture of the Group and its Business Operations 2018 and contains the Consolidated Income Statement and the Consolidated Balance Sheet. The Annual Review is also available for download under www.kwhgroup.com. It is available in English, Finnish and Swedish.

The Financial Report contains the financial statements including notes and can be ordered from KWH Group Ltd by e-mail info@kwhgroup.com. The Financial Report is available in Swedish.

