



Nederman



# Annual Report 2015



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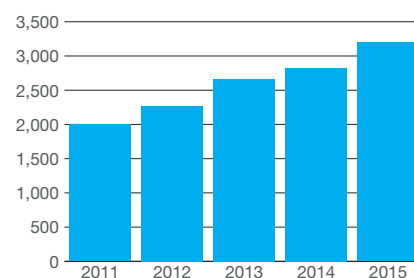
**Annual General Meeting to be held on 20 April 2016.**

For more details, see page 90.

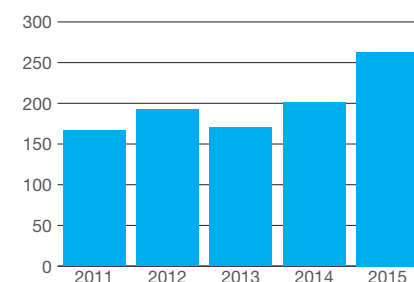
# Key indicators

SEK m	2015	2014	2013
Net sales	3,198.0	2,826.9	2,659.2
Adjusted EBITDA	311.0	247.9	219.4
Adjusted EBITDA margin, %	9.7	8.8	8.3
Operating profit	242.0	165.7	127.5
Operating margin, %	7.6	5.9	4.8
Adjusted operating profit	263.1	200.7	170.2
Adjusted operating margin, %	8.2	7.1	6.4
Profit/loss before tax	214.9	139.0	99.7
Profit/loss after tax	152.8	94.3	69.7
Earnings per share, SEK	13.07	8.05	5.94
Return on shareholders' equity, %	19.5	13.9	11.4
Return on operating capital, %	19.0	16.2	14.2
Net debt	635.6	556.6	570.9
Net debt/equity ratio, %	75.9	75.9	92.1
Net debt/EBITDA, multiple	2.0	2.2	2.6
Interest coverage	8.9	7.0	5.8

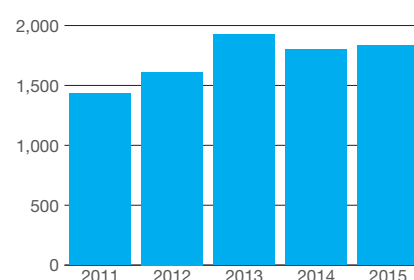
**Net sales, SEK m**



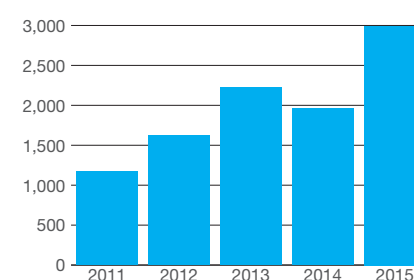
**Adjusted operating profit, SEK m**



**Average no. of employees**



**Market capitalisation, SEK m**





## 2015 in brief

**Net sales SEK 3,198 million (2,826.9)** . An increase of 1.7% when adjusted for currency effects and acquisitions.

**Adjusted operating profit SEK 263.1 million (200.7)**. The adjusted operating margin was 8.2% (7.1).

**Operating profit SEK 242.0 million (165.7)**.

**Operating margin 7.6% (5.9)**.

**Net profit SEK 152.8 million (94.3)**.

**Earnings per share SEK 13.07 (8.05)**.

**The board proposes a dividend of SEK 5.00 (4.00) per share.**

### Development by quarter

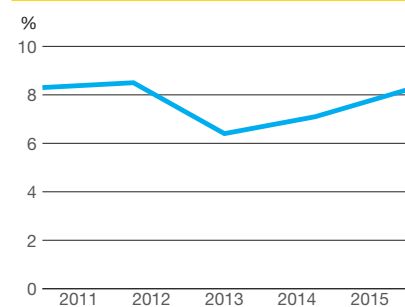
**1<sup>st</sup> quarter.** Good development in incoming orders, especially in Americas.

**2<sup>nd</sup> quarter.** Nederman Holding AB's AGM. Continued positive development in profitability and continued strong development in Americas plus good sales in core business in EMEA. Order worth around SEK 30 million from aluminium smelter in the UK.

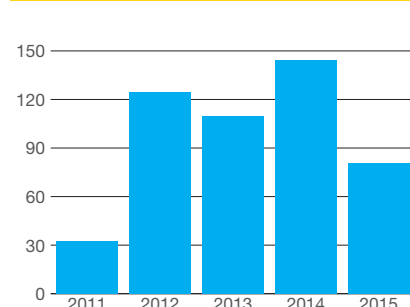
**3<sup>rd</sup> quarter.** Organic growth in incoming orders and within all operating segments. Continued good development in core business for EMEA. Uncertainty in market situation in APAC remained. Continued strength in incoming orders in Americas.

**4<sup>th</sup> quarter.** Good invoicing levels in Americas and EMEA. Fall in incoming orders compared with corresponding quarter in previous year, which was related to lower volumes in all operating segments.

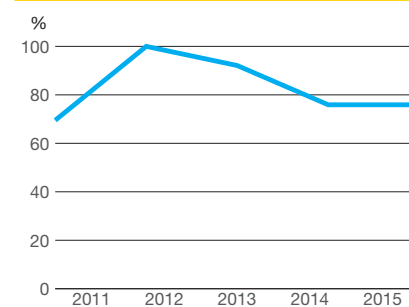
Adjusted operating margin,  
%



Cash flow from operating activities,  
SEK m



Net debt/equity ratio,  
%



### Americas 2015



Net sales SEK 1,379.6 million  
Adjusted operating profit: SEK 163.8 million  
Average number of employees: 540

### EMEA 2015



Net sales SEK 1,455.8 million  
Adjusted operating profit: SEK 168.6 million  
Average number of employees: 977

### APAC 2015



Net sales SEK 362.6 million  
Adjusted operating loss: SEK -5.7 million  
Average number of employees 316

#### Distribution policy

The printed version of the Nederman annual report is distributed to shareholders who request it. The annual report is available in full on the Group's website: [www.nederman.com](http://www.nederman.com)

#### Note to readers

Figures in brackets refer, unless otherwise specified, to results in 2014. The currency is Swedish Krona (SEK) throughout. Amounts are abbreviated to SEK million. In the Annual Report, information concerning markets, competition and future growth are Nederman's own assessments based mainly on material compiled within the Group.

# A leading environmental technology company that puts the customer first

Nederman has a strong global presence in its sales and production. Sales are managed via the company's own sales companies and distributors in over 50 countries. The main focus for sales is Europe and North America, but Nederman is also active in several growth markets. Production takes place on five continents. Sales in 2015 amounted to SEK 3.2 billion.

**We filter, clean and recycle.** Nederman is a world-leading environmental technology company. With our products we filter and clean air in demanding industrial environments. This creates safe and healthy working environments while ensuring that the production environment is efficient and product quality remains high. This interaction between health, the environment and efficiency is what we mean by eco-efficiency. Metal fabrication, fibre-based production, process industry operations and the auto industry aftermarket are some of the places where Nederman's products make a clear difference, all over the world, every day.

**Eco-efficiency means** creating both ecological and economic efficiency. Economic efficiency means improving the efficiency of production, boosting product quality and minimising environmental fees. Ecological efficiency is about improving the environment and safety through more efficient use of materials, lower energy consumption and reduced emissions. It's also about strengthening our customer's brand and creating safer, more attractive workplaces.

**Swift development.** Over the past ten years Nederman has developed from being a company with a relatively small product range into a comprehensive environmental technology business. We aim to continually develop Nederman by adding new skills and solutions, expanding our geographic presence and - above all - helping our customers to develop their business both economically and ecologically.

**Employees.** At the end of 2015 Nederman had 1,916 employees (1,902). The average number of employees during the year was 1,833 (1,803), of whom 20% were women and 80% men. In geographic terms the company has most employees in Europe (Nordic countries 18%, other European countries 35%, North America 28%, rest of the world 19%).

## OUR VALUES



Profitable customer focus



Respect for the environment and each other



Courage and initiative





# Strong profitability with good organic growth

2015 was a good year for the Nederman Group with improved profitability, organic growth and several bright spots, including positive development in the US. The strong result for the Group as a whole was achieved in spite of the fact that 2015, just like the previous two years was characterised by a reluctance to make investments throughout large parts of the world and political uncertainty in parts of Eastern Europe and Asia.

## **STRONGER POSITION IN THE US**

The US market showed its strength during the year. The trend of the return to America of energy-intensive production, including the textile industry, continued and contributed to good demand for Nederman's products and solutions. The acquisition of National Conveyors Company Inc., completed in Q4, also means that Nederman reinforces its offer to customers in the foundry and steel industries. Orders grew organically by 12.5%. In recent years Nederman has continually advanced its positions on the US market and has established itself as a key player on the market in a short period.

## **ALL-TIME HIGH IN BRAZIL**

Unlike the US, the Brazilian economy saw negative growth in 2015. Despite this Nederman reported a record year on this market with a major increase in market share. Sales increased organically by 16.5% on the back of good sales in the country's auto sector. Nederman has now established a good position for the future in Brazil.

## **CHALLENGING SITUATION IN APAC**

APAC experienced weak demand on most markets for large periods in 2015. In China, decisions were delayed and despite a large number of outstanding quotations, incoming orders fell by 14.4% organically. One positive area was Nederman's breakthrough on the district heating market, which we view as very interesting and expect to see grow in coming years. In Thailand,

demand was low during the year due to political uncertainty. In Australia, there continued to be weak demand in the raw materials sector. The market that developed best in this region was India. Most of the countries in the APAC region continue to face major environmental problems and we still see significant potential in this operating segment.

## **MORE STABLE DEVELOPMENT IN EUROPE**

The willingness to invest in Europe remained low during 2015 and the number of large projects was small. Nederman has in recent years focused on product sales and aftermarket sales to compensate for low project volumes. In parallel to this, we have made significant improvements to our own business in terms of processes and structure. Overall, this has resulted in a stable situation in the European market with significantly higher profitability than three years ago.

## **GROWTH STRATEGY**

Nederman's strategy is focused on developing the company's organic growth, and additional acquisitions that can strengthen or expand our offering. Organic growth will be achieved mainly through investments in selected markets with great potential. Currently we see good opportunities to continue to grow in our Americas segment. Although growth in China was relatively weak in 2015, we remain positive about the long-term opportunities in this market. In other markets we see great challenges in current levels of demand and we will therefore increase our efforts to





strengthen product sales and, not least, develop our service offer. In the long term, we see an increased interest in environmental technology, such as our smaller system solutions, which are not as dependent on the economic situation as larger installation. Demand for environmental technology is also driven by the fact that the authorities in many markets supervise the observance of existing environmental laws stricter than before. In 2015 we began a strategic effort to streamline our sales and distribution. The focus of this work is on establishing digital channels that will increase demand for our products and solutions while positioning Nederman as the market's absolute knowledge leader.

#### **PROFITABILITY**

Parallel to improving Nederman's growth, we also aim to strengthen the Group's profitability and during the year our efficiency programme within EMEA was very successful.

We are also continuing the gradual regionalization of manufacturing and purchasing, leading to both lower costs and more efficient distribution as we stay close to our customers. We also expect that the new products currently under development will not only give our customers more value, but also make manufacturing and distribution more cost effective. For 2015 as a whole we are pleased with how we managed to improve our profitability. Our operating margin increased by one percentage point despite a slowdown during the fourth quarter and our earnings per share rose by an impressive 60%.

#### **OUTLOOK**

Nederman's assessment for 2016 is that the market will be similar to that which prevailed in 2015 with limited willingness to invest in many of our markets. The development in Americas and APAC is presently rather difficult to assess. In Europe, we expect to see development that is broadly in line with 2015. Despite the challenging market situation, we expect to achieve improvements in 2016 by continuing our efforts to strengthen Nederman's positions in key areas.

Because of what we do, Nederman is a natural player in sustainability issues such as the external environment and working environment. In coming years we intend to strengthen our sustainability profile to build long-term relationships with major international companies that are advancing sustainability issues on a global level.

With our long experience and strong offering in environmental technology, Nederman is in a good position to continue to grow. For this I wish to thank Nederman's employees, customers and owners.

**Sven Kristensson**  
President and CEO





# Strategic focus

## **NEDERMAN BENEFITS FROM STRICTER DEMANDS ON ENERGY SOURCES**

Stricter demands concerning energy production and the environment along with intensive investment to make energy usage more efficient meant that deliveries to the energy sector, including the wind power segment, increased in number during 2015.

## **NEDERMAN EQUIPMENT TAKES CARE OF HARMFUL PARTICLES FROM WELDING, CUTTING AND MACHINING**

Rotor blades on wind turbines are subjected to high stresses and therefore the selection of material is very important. Various types of fibre-reinforced composite materials are commonly used to make today's rotor blades. Hazardous dust is generated when cutting, drilling or sanding in composite materials. A clean environment is important primarily so that the workers do not get sick, but it also has a positive effect on the machines' life and the quality of the product. The effective capture and handling of composite dust is also important from a safety aspect, so as to avoid dust explosions. Nederman's expertise and efficient solutions offer great benefits by delivering high safety, production efficiency and minimized emissions.

# Stable strategy for profitable growth

Nederman contributes to sustainable social development by providing products and systems that create good workplaces while minimising environmental impacts from industrial processes.

With a unique knowledge base in applications, products and systems, our mission is to contribute to efficient production, environmental benefits and safer workspaces.

Our vision is to have world-leading competence in solutions for eco-efficient production. Nederman today is a world leader in industrial air filtration.

Nederman works within a broad area in environmental technology. The Group is world leading in filtration, cleaning and recycling in demanding industrial environments with strong positions mainly in Europe and North America, and a presence on several growth markets.

Nederman meets customers' requirements for solutions in industrial air filtration by offering the broadest range of equipment on the market. Solutions are based on technology that captures, transports and filters contaminated air and waste products. In addition there are complementary solutions for handling consumable fluids, recycling of consumable materials, waste products and energy recycling, plus hose and cable reels, etc. Solutions are designed to increase production efficiency, reduce the external environmental impact from industrial production and create a clean and safe working environment. Solutions can be adapted with great flexibility for specific processes and work assignments in a wide range of industries, with the Nederman offer covering everything from engineering design to installation, commissioning and service.

## Strategic priorities

To achieve its financial goals, Nederman gives priority to four areas:

- Expanding activities with new customer and market segments.
- Developing the position in the value chain by improving the efficiency of distribution and increasing the portion of the aftermarket within total sales.
- Expanding geographically, firstly in growth markets such as China, Turkey and Brazil, but also in other markets that have favourable industrial development.
- Developing new products, solutions and complete concepts.

Introducing  
new  
customer  
and market  
segments

Developing  
the offer,  
optimising  
sales  
channels and  
increasing  
the portion of  
service

Expanding  
geographi-  
cally with  
focus on  
growth  
markets

Develop and acquire new products and offers

## GLOBAL TRENDS DRIVING DEMAND

Knowledge about the importance of the internal and external environment is growing globally, resulting in stricter legislation and controls. Strong forces linked to efficient production, the environment and health are driving demand for Nederman's products and solutions.

**Awareness about responsibility for health and the environment.** As awareness of climate change and other environmental problems increases there is growing interest in investments that protect the environment and reduce energy consumption. As companies become more international this also leads to a spread of technology and customer requirements.

**Demands for safe and good working environment.** Competition for labour is getting tougher, which means that a good working environment is becoming a more important factor in recruiting and retaining staff.

**Strong incentives for recycling.** Rising raw material and energy costs are creating incentives for businesses to invest in solutions that recycle waste products and energy.

**Focus on efficiency and quality in production.** Tougher requirements for efficiency and disruption-free production provide incentives for investments that achieve productivity and quality benefits.

**Stricter legislation.** More and more countries are introducing tougher laws and controls concerning the workplace. New and prospective EU member states are adapting to EU demands while emerging industrial nations are also tightening up their laws.

**Focus on sustainable business.** Sustainability has become more important for brands and is contributing to greater focus on the environment and health.

## THREE AREAS IN FOCUS

Nederman's business is focused on three main areas:

- **Filtration** that protects people and the environment from dangerous air pollution.
- **Cleaning** that produces a clean and healthy working environment and secures good quality in production.
- **Recycling** where waste and spills in production are turned into valuable resources.

## ACQUISITIONS THAT ADD CUTTING-EDGE COMPETENCE

In 2015 Nederman completed two acquisitions in order to add additional cutting-edge competence to the business.

Filtac AB has leading competence in industrial process and air treatment, including technology and products for handling the oil mist that is generated when metals are machined. The company has sales of around SEK 50 million and 18 employees.

## Strategic expansion of customer offer

Since 2003 Nederman's sales have grown from SEK 735 million to SEK 3,198 million in 2015. This positive development has been achieved through, among other efforts, a major expansion in our offer to customers through acquisitions made in 2010 and 2013. In 2015 a further two acquisitions were made of companies that have leading technology in industrial air filtration.

### 2003: Extraction at source

In 2003 Nederman's business was focused on fume extraction at source.



Sales SEK 735 million

### 2010: Industrial processes

Industrial processes entered the product mix through acquisition



Sales SEK 1,694 million

### 2013: Filter technology

Further acquisition broadened the business to include filter technology.



Sales SEK 2,659 million



National Conveyors Company Inc. has leading competence and systems for separation, transport and handling of metal shavings and systems for handling ash and lime. The company fits neatly into Nederman's existing business in metal machining and gives Nederman broader access to the North American market. Further synergies have been identified between National Conveyors Company and Nederman in the field of equipment for handling ash and lime, which is often part of Nederman's filter solutions for customers in the foundry and steel industry. National Conveyors Company has sales of around SEK 50 million and 17 employees.

### DIGITAL TRANSFORMATION

With a strategic focus on streamlining sales and distribution, Nederman has begun a digital transformation that will change the way we communicate and do business. By focusing on digital channels, Nederman will increase demand and create qualified sales opportunities. The work also aims to position Nederman as a knowledge leader in selected areas and make it easy to do business. In 2015 Nederman began to work actively with content and online marketing. A webshop for distributors is being developed.

### MARKETS AND COMPETITORS

The global market for industrial air filtration is estimated to around EUR 6-7 billion and it is growing around 1% faster than global GNP growth. The key concentration of Nederman's sales

is in Europe and North America, but the Group is developing positions in East Europe, Asia, the Pacific region and Brazil. Competitors generally have a narrower product range and more limited geographic coverage. Within specific application and product areas competition comes from national or local businesses.

### REASONS FOR SUCCESS

The Group's market success is mainly due to the following factors:

- Having the market's broadest range for filtration, cleaning and recycling in demanding industrial environments with solutions for both the inner and outer environment.
- The offer covers individual products as well as complete solutions for entire production lines.
- Competence across the entire chain from product development to service.
- Strong market presence through own companies and a well-developed distribution network.

### STRONG BRANDS BUILD GOOD CUSTOMER RELATIONS

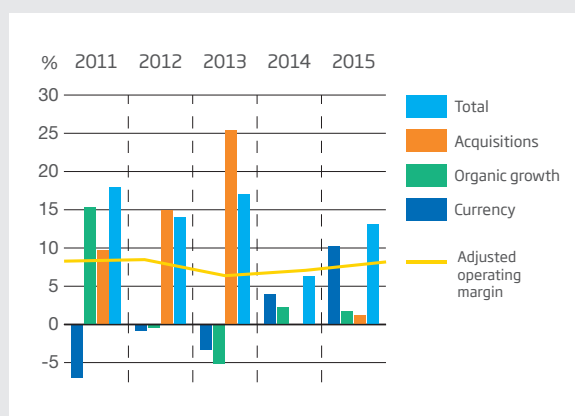
For 70 years customers have been relying on Nederman's ability to supply innovative and high quality products and solutions. Nederman is a well-known brand and continued brand building is important to support our sales, profitability and ability to distinguish us from our competitors. We are continually developing our market position and our brand so that it feels modern, relevant and in line with our business goals.

## Financial goals

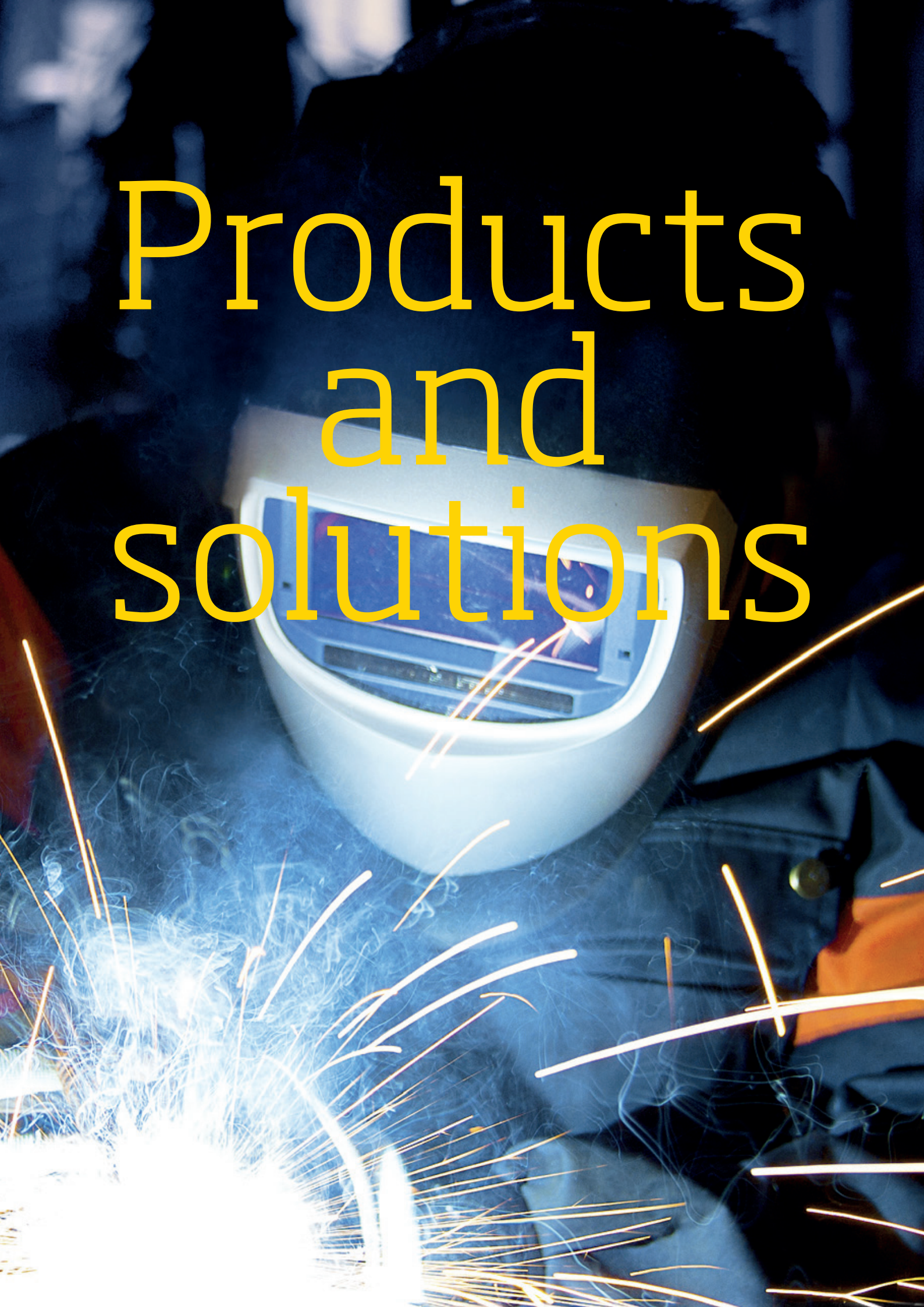
- Annual sales growth of 8-10 per cent over a business cycle.
- Adjusted operating margin of at least 10 per cent over a business cycle.
- A dividend policy of 30-50 per cent of the net profit being paid to shareholders, with consideration for the capital structure and acquisition plans.

Over the past five years sales growth on average has been 13.6%, which is much higher than our target of 8-10%. In the same period the adjusted operating margin has varied between 6.4 and 8.5%. On average the dividend paid to shareholders over the past five years has been 48% of the net profit.

### Sales growth and profit margin



# Products and solutions





# Filtration, cleaning and recycling

We are specialists in solving problems concerning filtration, cleaning and recycling in demanding industrial environments. Our solutions contribute to reduced environmental impact, create good working environments and boost production efficiency.

Nederman's offer includes individual products, engineering design, installation, commissioning and service. Many of our solutions have been pioneering through their ability to improve production efficiency, reduce environmental impact and improve the working environment within the following four prioritised market segments:

- **Metal fabrication:** manual and automated welding, thermal cutting, blasting and machining.
- **Fibre-based and other industries:** primary and secondary wood industry, composite processing, food production,

pharmaceutical production, waste handling, minerals, agriculture, textiles and chemicals.

- **Process industry and energy:** foundries, smelters, incinerators, crematories, asphalt plants, energy production.
- **Auto industry aftermarket:** vehicle workshops, emergency rescue stations.

## METAL FABRICATION

Contaminated air that includes welding fumes and oil mist is a common problem in metal fabrication. The particles that are released can endanger the health of employees, contaminate sur-





faces and damage electronic components used in production. There are also strong economic incentives for recycling waste such as cutting fluids, blasting media and metal chips. Tougher legislation concerning the working environment is also driving demand for good solutions.

Nederman's products solve metal fabrication challenges by capturing welding fumes, oil mist and other particles directly at source and then separating cutting fluids, blasting media and metal chips for recycling. Our range is comprehensive, with everything from mobile filters to complete solutions for entire production lines and plants. There are also solutions for welding robots and machines in automated production processes.

#### FIBRE-BASED INDUSTRIES

The handling of materials that generate dust is a major problem in many industries. The wood processing and composite processing industries are good examples, alongside the pharmaceutical and food industries where there are strict demands for hygiene and safety. Process dust that forms in the handling of materials such as wood and composites can cause health problems when inhaled, while they may also damage product quality. Some types of dust also cause fire and explosion risks. Customers often need Nederman's products and solutions for safe and efficient operations. The offer includes products that not only secure a safe working and production environment but also handle waste products for various forms of recycling. In larger plants, Nederman's equipment is often fully integrated in the customer's process to contribute to greater energy efficiency. In smaller plants and processing operations there are tool-specific applications for capturing particles at source.

#### PROCESS INDUSTRY AND ENERGY PRODUCTION

A global expansion of the process industry and incineration plants is taking place to meet growing demand for metals and energy. These production plants produce hot gases that contain harmful particles.

Nederman has developed a complete system for foundries, smelters and other types of incineration plant. The Group also supplies solutions for recycling of resources in waste management plants. Nederman's solutions mainly comprise filter systems that meet high demands for performance and also minimize energy consumption and maintenance costs. In many instances the Group takes complete responsibility for solutions, which means design, installation and commissioning as well as continual servicing.

#### AUTO INDUSTRY AFTERMARKET

Nederman supplies solutions that safeguard a good working environment in vehicle repair shops, MOT centres and emergency service stations. The company is a world leader in systems for handling exhaust fumes and also supplies a wide range of solutions for large and small vehicle repair shops. Solutions safeguard a clean and safe working environment and make repair shops more efficient with better ergonomic conditions. The systems take care of exhaust fumes directly from the exhaust pipe. There are solutions for easier handling of hoses and cables. Other products take care of particles and smoke that are produced through grinding, welding and painting.

When supplying a complete solution Nederman takes full responsibility for the entire process based on the following model:

Feasibility study	Planning and system design	Installation, commissioning and training	Service and aftermarket
Analysis of fundamental concepts. Assessment of customer requirements and requests to lay basis for an optimum system.	Generation of proposals for overall system and products. Presentation for customer to ensure all requirements are met.	Delivery, assembly and connection to control system. Checking of installation and test runs to prove promised functionality. Presentation for operators and training prior to handover.	Preventive maintenance, repairs and upgrades to ensure continual and effective operation, low emissions and good working environment.

# Nederman's sales model is separated into three segments so as to deliver solutions to customer problems as effectively as possible.

## Product sales



Nederman has a broad range of standard products that solve common problems relating to smoke, gas, dust, material recycling, working environment and efficient production. The product range covers filter systems, fans, extraction solutions, material separation, etc. Product sales mostly take place through distributors and retailers and do not include any form of consultation, installation, start-up or similar from Nederman.

Share of Group's total sales turnover

# 39%

SEK 1,240 million

## Solutions



**Configured Solutions** mostly comprise individual products in Nederman's range that are combined in small or medium-sized systems to solve complex assignments.

Examples include solutions for welding and processing of wood or composites. Business involving Configured Solutions also includes detailed feasibility studies of the customer's business and needs, planning and system design as well as installation, start-up and training. Nederman's own sales team carry out sales in this area.

Share of Group's total sales turnover

# 44%

SEK 1,396 million



**Engineered Solutions** include larger systems and involve a large measure of customisation to solve a specific problem for the customer. The component parts of an Engineered Solutions project are wholly or partly developed specifically for the individual project. Components from other suppliers may be included. Examples include solutions for foundries, energy production and metal production. Business involving Engineered Solutions also includes detailed feasibility studies of the customer's business and needs, planning and system design as well as installation, start-up and training. Nederman's own sales team carry out sales in this area.

## Service and aftermarket



Service is an integrated part of Nederman's offer to customers and a focus area for growth. Carrying out more service for customers makes Nederman less sensitive to turbulence in the business cycle while a developed service organization helps to strengthen relationships with customers. By offering qualified service with high availability Nederman helps customers to secure continuous operation without expensive downtime in production. In addition to technical service this area also includes service contracts, spare parts and consumables.

Share of Group's total sales turnover

# 17%

SEK 562 million



Dust and particles are generated in many situations when materials are machined, for example during grinding, blasting, polishing, etc. This means that workplaces where dust is generated are exposed to the risk of dust explosions unless the right preventive measures are put in place.



# Nederman's expertise prevents explosions

Dust explosions are a great danger in many industries and the consequences can be devastating. Preventing dust explosions by providing adequate equipment and expert knowledge is therefore a priority area for Nederman.

Explosive dust comprises tiny particles that can catch fire and explode when they come in contact with air. The particles can come from various materials: solid, organic materials such as sugar, flour, wood, etc; particles from a wide range of metals; and some non-metallic, inorganic materials. Most of these particles are typically not seen as explosive, but they can burn or explode when they reach certain sizes and concentrations.

## EXPLOSIONS CAN OCCUR IN MANY DIFFERENT INDUSTRIES

Dust occurs in many situations, including when materials are transported, handled, blasted or polished. This means that all work that generates dust creates a risk of dust explosions. Among the most vulnerable industries are the food industry, chemical industry, wood industry, metal industry, recycling industry and coal-fired power plants.



Nederman has a wide range of products that minimize the risk of dust explosions for various industries.

Accidents involving explosive dust can be devastating and claim a large number of human lives. For example, a dust explosion at an aluminium plant in China left 80 people dead in 2014. That plant did not have any equipment from Nederman.

## NEDERMAN HAS THE KNOWLEDGE AND SOLUTIONS

Nederman has built up over many years a wide range of products that minimize the risk of dust explosions. To further strengthen its ability to help its customers with this fundamental aspect of safety, the company has since 2014 trained and certified 62 staff members in 26 countries. With these experts and their collective knowledge Nederman has strengthened its ability to professionally manage critical safety issues. Nederman has partnered with the Chinese authorities to ensure that accidents like the one that occurred in 2014 are not repeated.



Since 2014, Nederman has trained 62 staff members in 26 countries to help customers work to prevent dust explosions.

# Strong global position

**Nederman has a strong global presence in both sales and production. Sales are managed through the Group's own sales offices and distributors in over 50 countries. The main focus for sales is in Europe and North America, but Nederman is also active in a number of growth markets. Production is carried out in 11 countries on five continents.**

## FOUR TYPES OF SALES

Nederman has four principal business offers for the market:

- **Product sales:** Sales of standard products and components are mainly sold through indirect channels such as distributors, OEMs and various types of engineering companies.
- **Configured Solutions:** customised systems using standard products and solutions.
- **Engineered Solutions:** solutions for entire production lines or plants, where Nederman has responsibility for engineering design, delivery, installation and commissioning.
- **Service and aftermarket** covers all maintenance of completed installations with spare parts, service, consumable materials and upgrades.

## SALES ORGANISATION

The group has its own sales companies in 25 countries, and distributors in more than 30 other countries. The company aims to maintain a good balance between direct sales and sales via distributors in order to reach customers with varying demands as effectively as possible. A strong local presence is of great importance to Nederman to meet changes in market requirements and deliver comprehensive solutions. Sales through distributors meanwhile give Nederman a high market coverage for individual products and smaller systems. During recent years the

company's own sales organization was developed to strengthen presence on new and existing markets. A regional structure has been established for sales and technical support on developing markets and within specific business segments.

## SERVICE

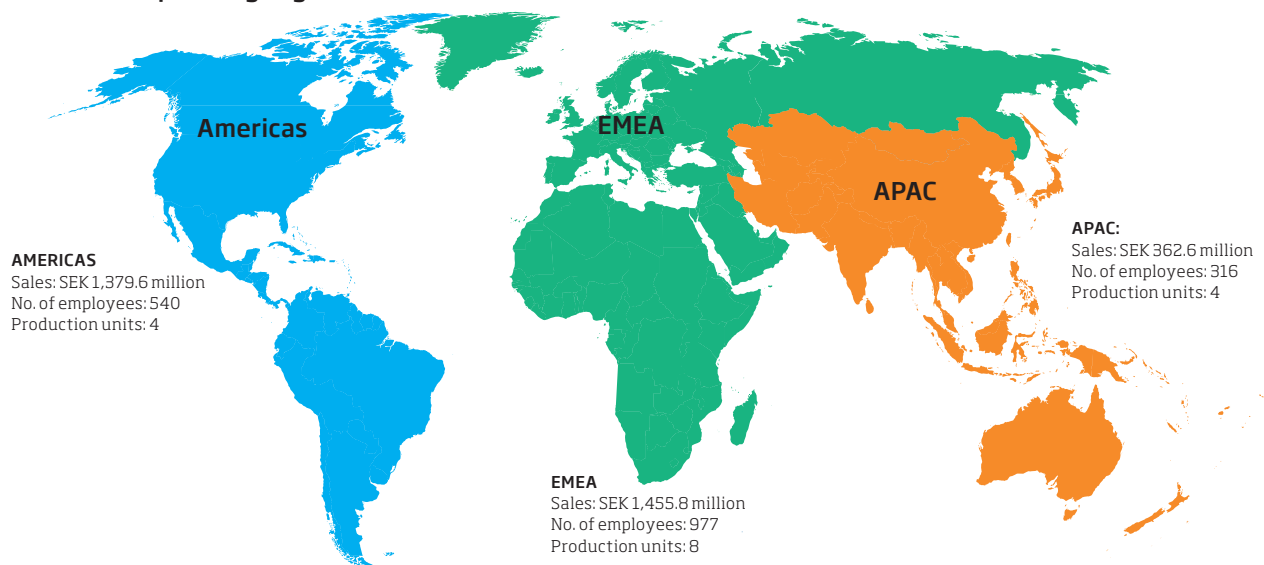
By offering advanced service with high availability, Nederman helps its customers to secure continuous, optimized production. This applies with special significance as the Group increasingly supplies complete solutions to large plants that are often production-critical. The demand for good service is also increasing as the installed base of Nederman equipment is expanding on all markets. To serve this base, Nederman has an established service organization in many countries. This organisation is being expanded to meet demand from Asia and Eastern Europe, among other growth markets.

## PRODUCTION

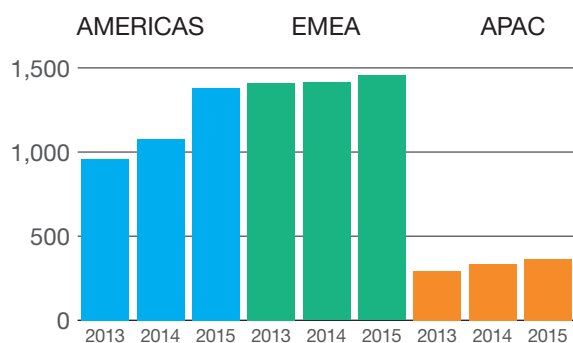
During the year the Group operated production units and assembly plants in 11 countries. There are eight units in Europe, of which three are in Sweden and one each in Denmark, the UK, Poland, France and Germany. In Asia, there are plants in China and in Thailand. There are also units in Australia, the US and Brazil.



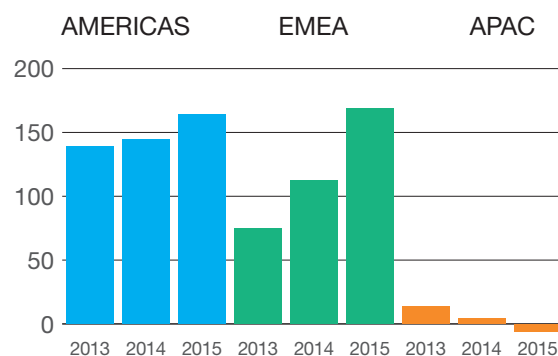
## Nederman's operating segments in 2015



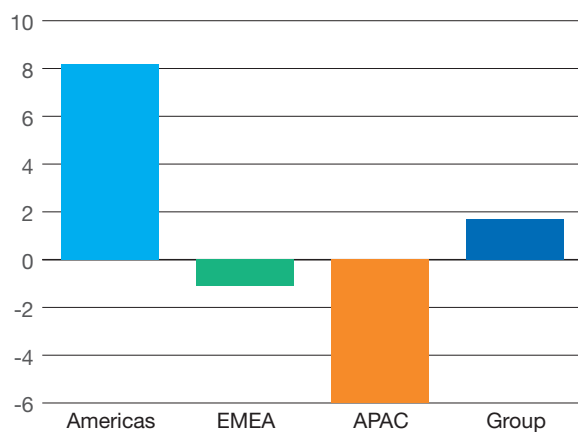
## Sales per operating segment, SEK m



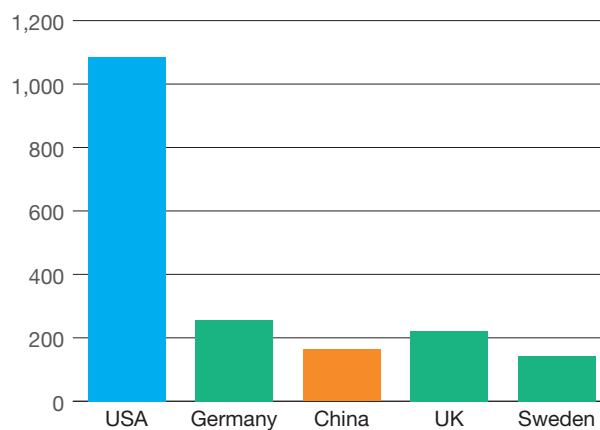
## Adjusted operating profit per operating segment, SEK m



## Organic sales development 2015, %



## Largest markets 2015, sales, SEK m



# Americas

Strong development in the US and Brazil.  
Weak demand in Canada

**The Americas operating segment reported positive development in 2015 similar to 2014. Incoming orders grew organically by 12.5% to reach SEK 1,380.1 million (1,056.8), while sales strengthened organically by 8.2% to SEK 1,379.6 million (1,076.9). The positive sales development is partly due to the new business structure based on four separate sales segments - Product sales, Configured Solutions, Engineered Solutions and Service - that was set up in 2014.**

## YEAR IN REVIEW

Growth in incoming orders in 2015 was very good compared with 2014, mostly because the number of large orders increased significantly. For the full year organic growth in orders was 12.5%.

Invoicing progressed well in 2015. Total sales were SEK 1,379.6 million (1,076.9), representing organic growth of 8.2%. Thanks to higher sales the operating profit increased to SEK 163.8 million (144.9), while the operating margin was 11.9% (13.5) for the full year.

## CONTINUED STRONG PROGRESS IN THE US

The US, which is the largest market in the region, developed well partly due to sales of larger projects. The macroeconomic development is generally good and energy-intensive production has returned to the US thanks to low energy prices. Industries where there is good demand for Nederman's products include textiles and timber, although the expanding energy sector is fertile ground for Nederman as there is strong demand for filter systems for gas turbines. Other market segments with positive development are the composites industry and welding work places. The signs of economic slowdown noted in the US in the final quarter of the year make development difficult to predict for 2016.

## INCREASED MARKET SHARE IN BRAZIL

Incoming orders and sales continued to develop well in Brazil in 2015, despite the negative development of the general economy in the country. The explanation for the good development is that Nederman has continued to win market share. There is also growing interest for environmental technology with legislation at a high international level and increasing levels of compliance due to the focus on inspections by the authorities. This could be noted not least in the country's auto industry, which is an important customer segment for Nederman.

## CHALLENGES IN CANADA

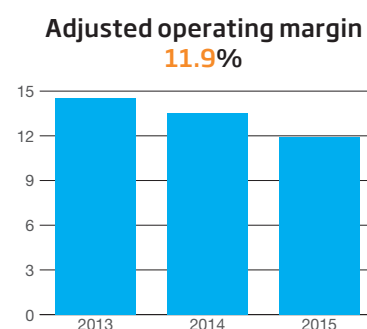
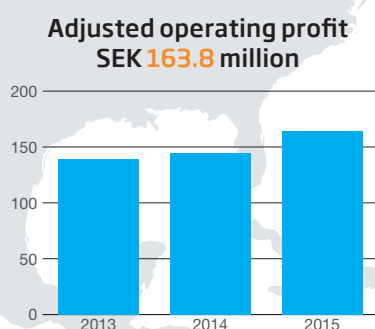
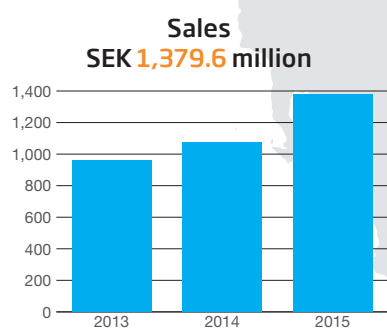
2015 was a challenging year in Canada. On the back of falling raw material prices, demand weakened for Nederman's products in the important mining, minerals and oil sectors. Even though weak development in sales was mainly due to external factors, Nederman considers that increased market efforts in 2016 will have a positive impact on incoming orders and sales.

## POTENTIAL IN MEXICO

The sales structure in Mexico was further strengthened in 2015. The Mexican market remains a small part of Nederman's total sales in this operating segment but growth potential remains good. Among the highlights in 2015 were an order for a complete air filtration system for gas turbines at a power station that Nederman received in the middle of the year for delivery in 2016.

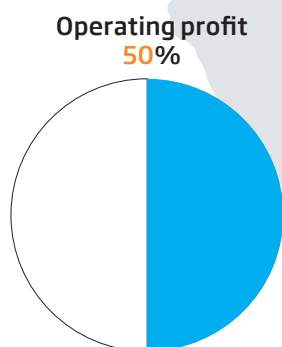
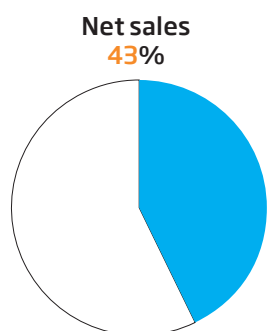


## Overview 2013-2015

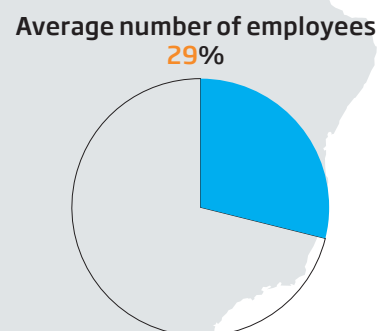


See note 3 for further information.

## Nederman Americas' share of Group results 2015



See note 3 for more information.



## DRIVING FORCES

A number of driving forces indicate that Nederman Americas will experience positive long-term development. Providing a good working environment in various process industries is increasingly important in being able to recruit staff and comply with legislation. In many countries there are strict requirements about emissions to air, which boosts demand for Nederman's products and solutions. Another trend that is growing in significance is interest in energy recycling, which Nederman Americas considers to be an area that will see growth in coming years. Nederman markets products and solutions that make the production environment cleaner and thus operation more stable with minimum disruptions to activities. The economic arguments for Nederman's solutions are thus gaining extra force. In the Americas there is growth in the auto, construction, timber and textile industries, which means increased demand for the Group's products and solutions. Thanks to lower energy prices, American companies are also relocating production back home that was previously based in Asia, which is further boosting industrial activity.

## ORGANIZATION

Nederman Americas is represented by its own sales companies, which handle product sales and service in the US, Canada, Mexico and Brazil. In the other countries in the region local distributors handle these activities.

In addition to the national sales companies, Nederman Americas has a regional organization with responsibility for project sales

of customer-adapted systems, which requires high competence and significant resources. The clear separation between product sales and service on the one side and project sales on the other, implemented in 2014, made a strong contribution to the positive development in 2015.

Mexico has potential that has not been fully tapped and in 2015 the Nederman Americas management team continued the long-term development of this market where growth is expected to be very good in the future.

Nederman had a total of 540 (482) employees on average in its Americas organization in 2015.

## OPERATIONS

A key reason for Nederman America's success in recent years has been the local manufacturing capacity. Being able to produce large parts of the product range close to the company's key customers and doing business in the dominant currency gives significant benefits in terms of lead time. To ensure continued growth and shorter lead time for both products and system solutions, production of filter housing and related products was consolidated at the Charlotte, North Carolina, plant in 2015. As a consequence of this structural change, assembly in Canada was discontinued during the year. All manufacturing and assembly in the region is now based at Nederman facilities in the US and Brazil.

## Contributing to improved power station economics

The energy industry is an important market for Nederman Americas. Gas turbines for power plants are sensitive to particles in the surrounding air that can damage sensitive parts and adversely affect both performance and longevity. In 2015, Nederman received an order for two complete air filtration systems for gas turbines for power plants in the US. The solutions for the power plants comprise filter housings and filter cartridges with pulse-jet cleaning and condensation cooling. Both systems help to protect the compressors in the turbines. The total order value amounted to SEK 26 million and delivery of all systems will be completed during Q4, 2016.







"2015 was another good year for Nederman Americas and we see good prospects for continued growth in the region."



Per Lind, SVP & Head of Division Americas

**How do you assess 2015?**

"2015 was a good year for the Americas. The US market continued to progress well. In Brazil our positive trend continued despite the economic slowdown. We continued to invest in the Mexican market during the year."

**What were the highlights of the year?**

"The year's single most important event was the changes we made in our production. By investing in a production structure with fewer but larger facilities, we have achieved significant economies of scale so that we can supply the market more efficiently. We enter 2016 with a strong production platform that will benefit both us and our customers."

**How does the future in the Americas look?**

"Generally speaking, I see positive development in 2016. The market with the greatest potential to contribute to good growth is the US where we see high activity in several key customer segments. The market in Mexico has potential to contribute to positive development. In Brazil and Canada the market conditions are more challenging, but for the region as a whole, I project 2016 to be another year of good growth."

# EMEA

## Continued improvement in profitability and positive development in incoming orders

**The EMEA operating segment reported positive development in 2015 with improved profitability in each quarter compared with 2014. Development was driven by rising demand for system solutions while core business remained stable. Organic net sales were down 1.1% at SEK 1,455.8 million (1,413.7). Around SEK 18 million of sales came from the acquisition of Filtac, which was purchased in Q3. Profitability improved for the third year in a row, with adjusted operating profit reaching SEK 168.6 million (110.4).**

### YEAR IN REVIEW

Incoming orders increased in 2015, the first time in three years, amounting to SEK 1,431.5 million (1,345.6). Orders grew organically by 3.3% and invoicing was SEK 1455.8 million (1,413.7), meaning an organic decline of 1.1%. Thanks to a favourable programme of improvements, product mix, focus on profitability in product sales and favourable currency development, profitability improved for the third year in a row. Operating profit increased by 52.7% to SEK 168.6 million (110.4) and the operating margin increased to 11.6% (7.8).

### WESTERN EUROPE

Most countries in Western Europe, EMEA's most important market, had cautiously positive development in 2015. Demand for core business was stable and the development of medium-sized projects was positive, while activity on major projects improved after a long period of declining demand.

After a long period of weak demand, the Nordic region experienced improved growth with a particularly good performance in the market in Sweden. In Germany the new organization delivered good results with growth in all business areas. In the UK, Nederman won a major order during the year, while the core business developed positively during the first six months. During the final two quarters there was a slowdown in orders, but the year ended with a high activity level. Belgium had a good year in 2015, while demand in the Netherlands and France was weaker. Sales in Spain and Portugal developed positively while orders did not match the very good level seen in 2014.

### EASTERN EUROPE

For the second consecutive year, Czech Republic and Slovakia reported very positive development with strong demand from the region's prominent auto sector. The market in Turkey, which to some extent was marked by the unrest in the region, had a good performance in the beginning of 2015, but then saw a slowdown during the final six months. In Poland, product sales and service developed well, but the lack of major projects during the year meant that sales declined overall. Sales in Russia and Ukraine remained weak during the year.

Nederman's penetration of Eastern Europe is still lower than in Western Europe, and the company predicts that the potential in these countries in the long term is considerable.

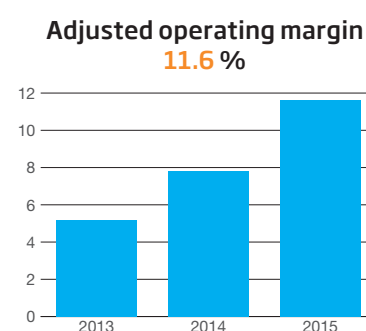
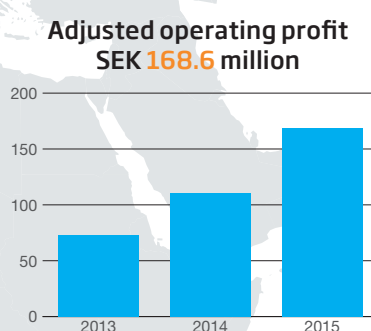
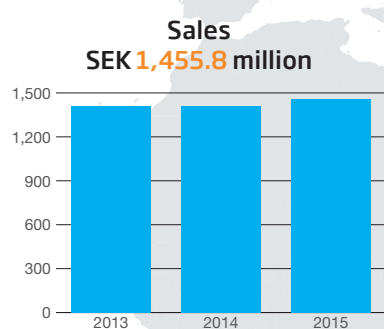
### OTHER COUNTRIES IN EMEA

In other countries in EMEA where Nederman has no representation and sales are handled through distributors, no large project orders were booked and consequently incoming orders developed weaker. Core business developed positively, however. In the Middle East the distributor base has evolved but the political turmoil makes the short-term business opportunities here difficult to assess.

### SUMMARY

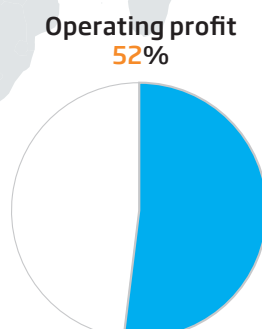
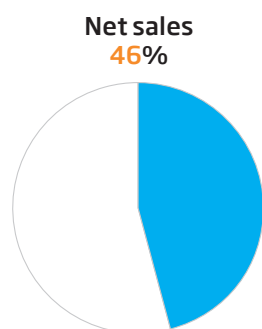
2015 was a year of good growth in EMEA. Product and service sales generally developed favourably. The number of large projects increased slightly. At the same time, Nederman's competence to deal with these more complex sales was strengthened effectively through a more centralized project organization.

## Overview 2013-2015



See note 3 for further information.

## Nederman EMEA's share of Group results 2015



See note 3 for more information.



## ACQUISITION

During Q3 Nederman acquired Filtac AB, a company with leading expertise in industrial process and air treatment. Filtac offers leading technology and products for handling oil mist generated during metal machining. Through the acquisition of Filtac Nederman now has the widest range of products and expertise for handling oil mist. This means we can offer our customers the most optimal and cost-effective solution for their specific challenges.

## DRIVING FORCES

Demands for safer working environments and reduced emissions from industrial operations along with growing awareness of the real costs of environmental damage are some of the factors that have a long-term impact on Nederman's activities in the EMEA region. For new and prospective EU member states that must adapt to EU demands, stricter legal requirements are important driving forces. The way that companies act on environmental issues has become more important for their brand image. As globalisation increases competition, there are also distinct economic arguments for Nederman's products and systems. By investing in Nederman's products, companies can secure higher production efficiency and a better working environment.

## ORGANIZATION

Nederman EMEA carried out a rationalisation scheme in 2015 aimed at strengthening the organization's long-term compet-

itiveness and improving the focus on delivering high customer value. The organization is also working on comprehensive digitalisation of the sales process in order to increase demand and improve the efficiency of the sales process. The aim is to position Nederman as a knowledge leader and the first-choice partner in selected areas.

Nederman EMEA is represented by its own sales companies in most Western European countries and in several countries in Eastern Europe, including Poland and Russia. In countries where the Group does not have its own representation, sales are made through distributors.

Nederman had a total of 977 employees (1,004) on average in the EMEA organization in 2015.

## OPERATIONS

In 2015 Nederman EMEA improved its delivery accuracy considerably. During the year a programme of measures was introduced for improved efficiency through continuous improvement aimed at further strengthening competitiveness.

Nederman has production facilities at the following centres in Europe: Assens, Denmark, (production); Poncharra, France (production); Marki, Poland (production); Leeds, UK (production); Helsingborg, Sweden (assembly and distribution); Kinna, Sweden (production); Töredal, Sweden (production); Friesenheim, Germany (assembly).

## Knowledge creates new business opportunities

Over recent years Nederman has become the knowledge leader concerning the handling of combustible dust in industrial environments. In the EMEA organization, today there are 58 certified experts who help customers to find the right safety solutions that will ensure compliance with the European ATEX Directive. One example of this successful work comes from Spain where Nederman EMEA during the year installed equipment to handle potentially combustible sanding dust at the Ronal Group facility in Teruel. Founded in 1969, Ronal is a leading manufacturer of alloy wheels.





**"We improved our competitiveness and profitability in 2015, staking out a good position for the future."**



Hans Dahlén, SVP & Head of Division EMEA

**How do you assess 2015?**

"2015 was a good year for EMEA. The changes we have implemented to strengthen our competitiveness had good effect during the year, resulting in, among other things, a significant improvement in our profitability. We also noted an improvement in demand, which led to an increase in incoming orders for the first time in three years."

**What were the highlights of the year?**

"The increased demand for large projects was of course very welcome, but what I'm most proud of is how together we have succeeded in developing our business. During the year we reduced our costs, while having moved our market position forward and improved our offering."

**How do you view the future for EMEA?**

"In recent years, we have built a solid platform for our business. We will continue this work in 2016 with continued focus on establishing good profitability, delivering high customer value and continuing development of a professional and proactive organization with the ability to effectively utilize all their skills. All this means that I look to the future with great confidence."

# APAC

## Weak demand on several markets Breakthrough on Chinese district heating market

**In the first two quarters of the year the APAC operating segment reported weak development. There was uncertainty in several markets and decisions were taking a long time. Development in the region for the full year was slightly positive, despite significant challenges in several markets.**

### YEAR IN REVIEW

The APAC operating segment reported negative development in invoicing during 2015. Net sales reached SEK 362.6 million (336.3), an organic decline of 6.0%.

Operating earnings had a negative trend and resulted in a loss of SEK 5.7 million (4.1) with the operating margin also falling to -1.6% (1.2).

Incoming orders fell organically by 14.4% to reach SEK 360.2 million (362.4).

### FEWER LARGE PROJECTS IN CHINA

In 2015 there was a slowdown in the Chinese market in terms of the number of large projects. For remaining projects there was increased competition. One of the most important orders received in 2015 was for flue gas cleaning for district heating. This order shows that Nederman has competitive solutions that can help China to fight air pollution in a market which is expected to grow in coming years.

During the year Nederman APAC also won a number of prestigious orders from Japanese and European automakers with production in China. The orders are proof of Nederman's strong position as a supplier of high-quality solutions.

The positive development in China is being driven in part by growing awareness of the significance of environmental issues and by new legislation in the environmental field. The new laws mean that the authorities have increased power and that non-compliance will result in fines. Working environment issues are being driven by leading businesses that wish to establish good working and production environments.

Nederman's assessment remains that the company has good prospects for continued growth on the Chinese market, partly by expanding its presence on interesting new markets such as flue gas treatment in district heating plants.

### MIXED DEVELOPMENT IN SOUTH-EAST ASIA

The business in Indonesia progressed well in 2015 with advances in positions and good growth, not least among the important auto industry and the Japanese carmakers. The market in Malaysia is dominated by the oil and gas industry, but despite challenging market conditions in the form of low commodity prices, Nederman continued to grow in this market during 2015. Development in Thailand was weaker, but after measures were implemented to make the organization more efficient and competitive there were signs of positive development by the end of the year.

### STRONG PERFORMANCE IN INDIA

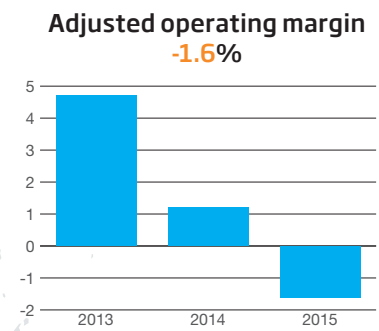
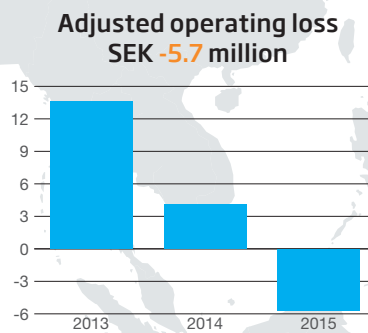
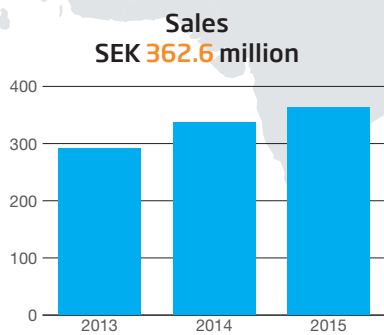
In India, incoming orders and sales progressed strongly during the year. The positive trend is partly the result of Nederman's consistent efforts to strengthen its presence, increase the share of local production in the Indian market and thereby increase the company's competitive ability in relation to domestic manufacturers.

### CONTINUED WEAK DEMAND IN AUSTRALIA

As a consequence of continued low commodity prices, demand from Australia's mining and other commodity-dependent industries was low in 2015. As a result of the weak sales trend, a programme of cost savings was carried out during the year, which included staff reductions. Product sales to small and medium enterprises and the services sector, which is extensive thanks to a large installed base, progressed well during the year.

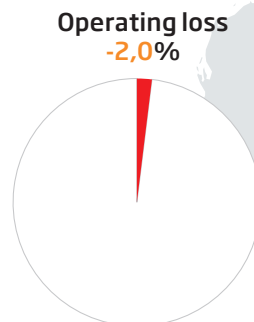
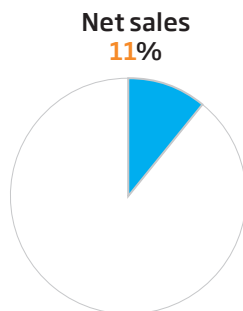


## Overview 2013-2015



See note 3 for further information.

## Nederman APAC's share of Group results 2015



See note 3 for more information.

## DRIVING FORCES

There is great potential in the APAC region for sustainable growth over the long term. Much of the production infrastructure in the region lacks environmental technology solutions or is using poor equipment. In other words, there is a large need for high quality environmental technology. By investing in Nederman's systems and products, considerable advantages can be achieved in the form of operational reliability and efficient recycling of waste products and energy. Working environment issues are becoming increasingly important as general living standards rise while the regulatory demands for eco-adapted production are getting stricter in China and other countries. This growing understanding of environmental problems and the need to invest in high quality solutions is improving Nederman's dialogue with its customers. The customer segment currently showing the strongest development is the machine and vehicle industry, which is powering much of the region's growth. Foundries and smelters, welders and mechanical processing are also reporting positive signs. The food industry, which was previously fragmented and underdeveloped, is now growing to become an important player with high demands for quality and safety.

## ORGANIZATION

Nederman has its own sales companies in Australia, India, Indonesia, China, Malaysia and Thailand. In other countries, distributors manage sales. In China the head office is in Shanghai, but there are also several regional offices. The major competence in larger systems and installations within the Australian organization is being used increasingly throughout the entire region

to ensure that these projects are carried out as efficiently and successfully as possible. Service sales remain relatively low although they are expected to grow as the number of sold products and systems increases. Today it is especially Australia and China that have significant service activities. Job layoffs were carried out in Australia in 2015 to adapt costs to the lower sales volume.

Nederman had a total of 316 (317) employees on average in APAC in 2015.

## OPERATIONS

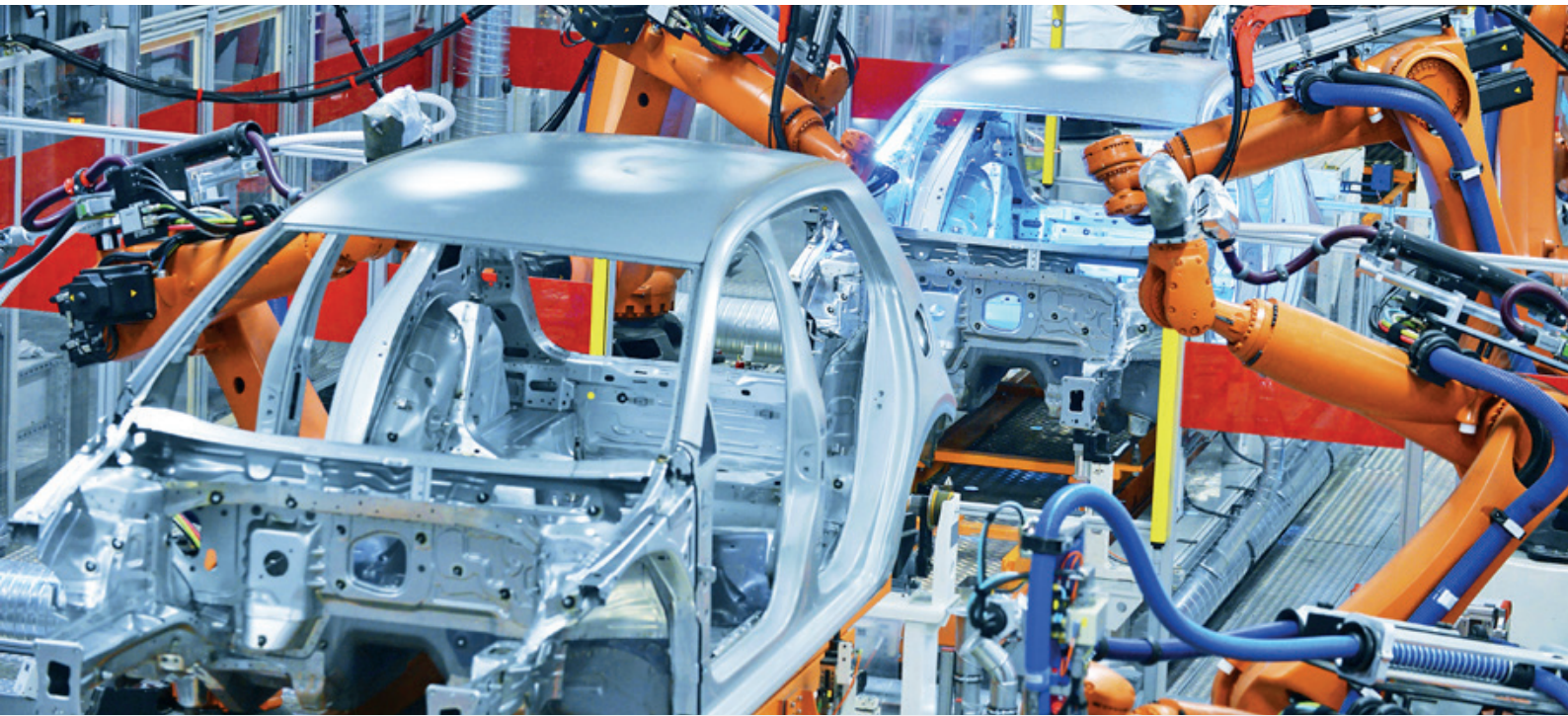
Nederman has a strong production structure within APAC with plants in Melbourne, Australia (assembly and distribution); Suzhou, China (production); Qingpu, China (assembly and distribution), and Bangkok, Thailand (production). The plant in Thailand, which was taken into operation in 2013, serves the South East Asia market. The plants in China serve the Chinese market as well as other Asian markets.

Nederman is currently increasing local production in the region, while purchases from local suppliers is also rising. By having an increasing portion of local production and purchasing, Nederman can make faster deliveries at lower cost.

## Breakthrough on the Chinese market for district heating

China's energy market is important for Nederman. One example of this is the emerging market for district heating plants with eco-friendly coal-fired power plants. In 2015, Nederman made an important breakthrough in this important market when it received an order for a flue gas treatment project. The order is worth SEK 26 million and Nederman's solution includes filtration and purification in two steps to minimize flue gas. The delivery includes design, complete engineering solution and installation.





“District heating is an important growth opportunity and we focus on identifying more areas of interest.”



Torbjörn Bäck, SVP & Head of Division APAC

**How do you assess 2015?**

“The slowdown in the economy created uncertainty that led to long decision-making processes and general caution.”

**What were the highlights of the year?**

“The orders we received from the car industry in China were very important and show that Nederman has a strong position and good reputation. I was very pleased to receive our first order for the district heating market in China. This is a growing market that I think can be very important for us.”

**How does the future in the APAC look?**

“The underlying driving forces in the form of continued industrialization, urbanization and a growing middle class still exist in the region and will mean that strong and sustainable businesses like Nederman’s will have good opportunities to grow. The need to reduce emissions will remain a strong political factor. Chinese law in this area is currently at a high international level. At the same time, there is growing demand for good working and production environments among international companies operating in the region. To lift Nederman to the next level, we are focusing on identifying new growth areas that, like the market for district heating, could drive our growth in coming years.”





# Nederman's sustainability activities

The goal of Nederman's sustainability activities is to create value for our customers, employees and shareholders. By continuously developing our sustainability activities we will minimize risk, develop and refine our offer, identify new business opportunities and thereby further reinforce our financial strength.

Nederman's code of conduct applies for all employees and business partners and describes how Nederman views its role in society and how the Group works with central issues such as the environment, the fundamental rights of all employees and business practices.

## NEDERMAN AND THE ENVIRONMENT

As a world leader in industrial air filtration and resource management, Nederman plays an important role in the development of sustainable and efficient industrial production – both externally for the company's customers, and internally within its own operations. Internal environmental activities are focused on the following areas:

- **Products and solutions.** All new products are developed to meet requirement for minimal environmental impact during production, distribution, use and recycling. This is ensured by adapting the development process to sustainable product development, from the first concept to the finished product.
- **Energy savings and waste management during production.** Key environmental indicators include targets for energy saving and increased re-use or recycling of produc-

tion waste. This work is continuous for all of the Group's production units.

- **Reduction of carbon emissions from transport.** Carbon emissions from intercontinental transport have fallen significantly over several years due to an increased amount of sea transport, higher local sourcing and optimised volumes and transport routes. This work will continue in 2016 with a focus on reducing air transport and stricter environmental demands on road transport.
- **Development of suppliers.** Sharper focus on auditing of suppliers includes addressing their environmental and social responsibility.

Within all of these areas there are both global targets and activities as well as local ones. All of the Group's production units have been certified with ISO 9001 for quality management and ISO 14001 for environment management. Environment and quality work is coordinated within a global environment and quality management system and within its framework there is a continuous exchange of experience and ideas among the units. During the year, Nederman has worked to minimize risks in production and further enhance its ability to deliver products with the right





## Energy consumption

**-20%**

Reduced energy consumption in production by 20% until 2020 compared with 2013.

## Carbon dioxide emissions

**-20%**

Reduced emissions of carbon dioxide from freight transport by 20% until 2020 compared with 2013.

### Sustainability targets

## Recycling

**95%**

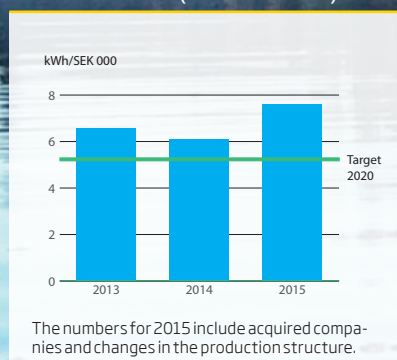
Achieve 95% recycling of waste from production by 2020.

## Code of conduct

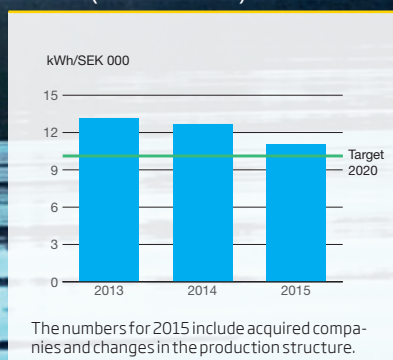
**100%**

Nederman's ambition is to have 100% of suppliers dedicated to our code of conduct.

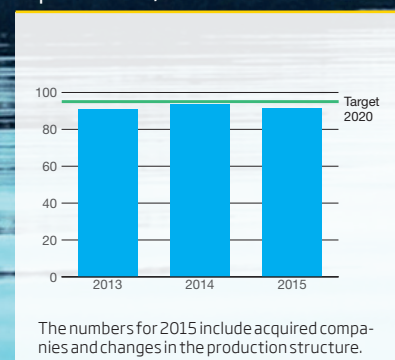
### Energy consumption in production in relation to sales (kWh/SEK 000)



### Total energy consumption in relation to sales (kWh/SEK 000)



### Recycling of waste in production, %



quality at the right time. Another focus area was to ensure that Nederman meets the requirements of customers as stated in their codes of conduct.

### NEDERMAN AND HUMAN RESOURCES

In 2015 Nederman continued its long-term efforts to strengthen the company's values, develop the Group's managers and strengthen staff competence, knowledge and understanding of key areas.

**Code of conduct for staff.** Nederman's code of conduct, which is based on international principles and guidelines, including the UN's Global Compact, summarises the company's values and describes how the company views central issues such as the fundamental rights of all employees concerning equal treatment, salaries and working hours, and their health and safety. Training in the code is compulsory for all employees.

**Code of conduct for suppliers.** The code of conduct for suppliers clarifies Nederman's requirements and expectations concerning all suppliers, namely that applicable laws must be followed, no form of corruption may occur, fundamental workers' rights in terms of equality, wages and working hours must be respected, no child labour may occur, and there must be adequate procedures to protect employees' health and ensure their safety. In 2015, 86% of all material used in Nederman's production came from suppliers that have signed our code of conduct.

As Nederman carries out more production and purchasing on a regional basis, there is a growing need to develop cooperation with the Group's suppliers to ensure that Nederman's values and

demands obtain full impact throughout the entire value chain. In addition to its code of conduct for suppliers, Nederman has therefore developed a system for checking supplier compliance with the code. Implementation of this system began in 2015. During the year 50 members of staff were trained in the planning, execution and follow-up of these checks.

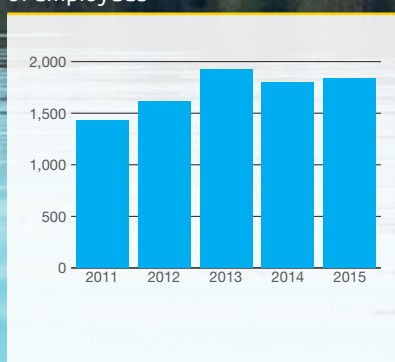
**Staff development and knowledge transfer.** Nederman's HR department works continually to establish and maintain efficient systems for managing HR activities with the overall aim of developing competence, utilising talent, offering attractive career opportunities and strengthening the company's management.

In 2015, Nederman conducted several training courses aimed at strengthening the company's competitiveness. Nederman Training Centre has developed training programmes in various areas of expertise for employees. Parts of the course are also available for selected external distributors. The courses have 1,500 active users and include four compulsory courses, including courses on the Nederman code of conduct and a global introduction course. Other focus areas in 2015 included different types of training in value-based sales and training in project management.

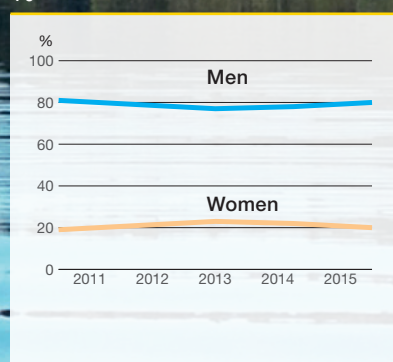
Nederman also continued during the year to strengthen its position as a knowledge leader in combustible dust. There is a great risk in a range of industries of the formation of combustible dust that can lead to serious accidents. In 2014 Nederman conducted training and certification of internal experts in the field. These experts will assist clients worldwide to minimize the risk of this



Average number of employees



Gender distribution, %



type of accident. In 2015, the knowledge was distributed among more levels within the organization.

A structured transfer of knowledge took place in different parts of Nederman in 2015. The aim was to ensure that knowledge is transferred effectively from experienced staff to younger employees and between geographic regions. Furthermore, the aim is that knowledge from acquired companies is reliably spread throughout the Group. This will include, for example, the blended learning that has been developed concerning oil mist following the acquisition of Filtac.

Work to develop Nederman's managers continued in 2015. The aim of these courses is to increase managers' ability to work constructively with change and communication. Management training was carried out in the Nordic countries, Germany, the UK, Australia, and China.

**Improved safety.** Nederman works continuously to create a safe and secure environment in which the business and the employees are given opportunities to develop without the constraints of physical danger or that the business is affected

by downtime due to criminal or other undesirable activities. To strengthen security, a new security policy was implemented in 2015. It includes instructions on information security, a general safety manual and a manual for IT security.

**Employee Survey.** In 2014 Nederman conducted a pilot-scale employee survey. In 2015 this concept was further developed and during the year 753 people voluntarily chose to participate. The survey contains a number of questions about key areas. The result was an ESI (Employee Satisfaction Index) of 68, which is a clear improvement on the pilot survey where the corresponding ESI was 64. Measurement of staff attitudes towards Nederman will continue in 2016.

#### SOME STATISTICS

Nederman had 1,916 employees (1,902) at year-end. The average number of employees during the year was 1,833 (1,803), of whom 20% were women and 80% men. Geographically, Nederman has most employees in Europe (Nordic region 18%, rest of Europe 35%, North America 28%, rest of the world 19%), but the aim is to increase numbers in Asia, South America and other regions.



Scan the code with your mobile phone or tablet or go to Nederman's website, "[www.nederman.com/Nederman\\_sustainability\\_2015\\_EN](http://www.nederman.com/Nederman_sustainability_2015_EN)" to read more about our work on sustainability.

# The Nederman share

Nederman's ambition is to continuously provide the financial market, shareholders and other stakeholders with accurate, consistent and relevant information in order to increase understanding of the company and meet the rules for listed companies. The Nederman share has, since 16 May 2007, been listed on Nasdaq Stockholm under the NMAN ticker. Since January 2014 the share has been listed on Nasdaq Stockholm Mid Cap.

A brief history of the company and the share is presented in the tables on the next page. The parent company's shareholders' equity at year-end was SEK 715.5 million (564.7). The capitalization value was SEK 2,993.3 million (1,962.3).

## COMMUNICATION WITH THE MARKET

Nederman's representatives meet regularly with analysts, creditors and shareholders to provide a continuous picture of developments during the fiscal year. Printed interim reports, financial statements and annual report are distributed to shareholders who so wish. These reports, together with the company's press releases are also available on the website in English and Swedish.

## OWNERSHIP

The number of shareholders at year-end was 2,371 (2,403). Each share in Nederman gives entitlement to one vote. The share of Swedish ownership was 90.4% (89.6). The ten largest shareholders accounted for 85.2% (82.6) of the total shares. The

largest individual shareholder is Investment AB Latour. The table on the next page shows Nederman ownership at 31 December 2015.

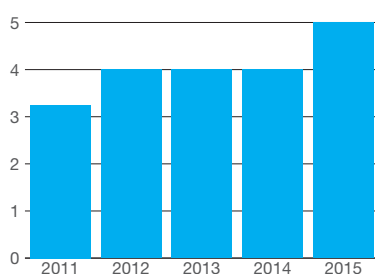
## DIVIDEND AND DIVIDEND POLICY

Nederman's dividend policy is to pay a dividend amounting to 30-50 percent of net profit after tax, taking into account the capital structure and acquisition plans. For fiscal year 2015, the Board of Directors and CEO are proposing a dividend of SEK 5.00 per share (4.00).

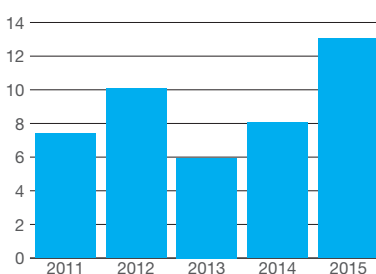
## ANALYSTS WHO FOLLOW NEDERMAN

- Jon Hyltner, Handelsbanken  
johy01@handelsbanken.se
- Olof Larshammar, SEB  
olof.larshammar@seb.se

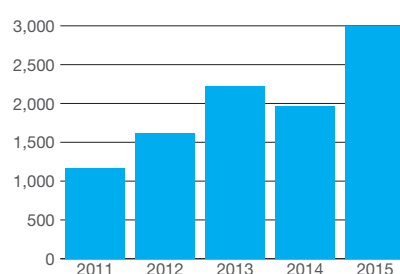
Dividend per share, SEK



Earnings per share, SEK



Market value, SEK million



Share data	2015	2014	2013	2012	2011
Earnings per share after tax	13.08	8.07	5.95	10.06	7.41
Share price, 31 Dec.	255.5	167.5	190.0	138.0	100.0
Market value	2,993.3	1,962.3	2,225.9	1,616.7	1,171.5
Cash flow	-68.4	39.3	41.3	83.0	-77.4
Proposed dividend per share	5.00	4.00	4.00	4.00	3.25
Dividend growth, %	25.0%	0.0%	0.0%	23.1%	116.7%
Direct yield, %	1.96%	2.39%	2.11%	2.90%	3.25%
P/E ratio	19.5	20.7	31.9	13.7	13.5
Portion of profit as dividend, %	38%	50%	67%	40%	44%
Shareholders' equity	837.1	733.3	619.8	601.2	556.8
No. of shares, 31 Dec.	11,715,340	11,715,340	11,715,340	11,715,340	11,715,340
Proposed dividend as percentage of equity	7.0%	6.4%	7.6%	7.8%	6.8%

Largest shareholders in Nederman	Holding	Votes, %
Investmentaktiebolaget Latour	3,512,829	29.98
Lannebo fonder	1,757,282	15.00
Ernstström Kapitalpartner AB	1,175,000	10.03
CBLDN-IF Skadeforsäkring AB	1,160,400	9.90
Swedbank Robur fonder	958,130	8.18
Fondita Nordic Micro Cap SR	400,000	3.41
Fjärde AP-Fonden	376,235	3.21
Handelsbanken Fonder	282,761	2.41
NTC UN Joint Staff	239,605	2.05
STATE STREET BANK & TRUST COM, BOSTON	122,100	1.04
Övriga ägare	1,730,998	14.79
<b>Total</b>	<b>11,715,340</b>	<b>100.00</b>

#### Owners per category, %

Financial organizations	65.32
Social insurance funds	3.21
Non profits	0.19
Other Swedish legal entities	11.47
Non-categorized legal entities	2.34
Private Swedish individuals	7.88
Foreign owners	9.59
<b>Total</b>	<b>100.00</b>

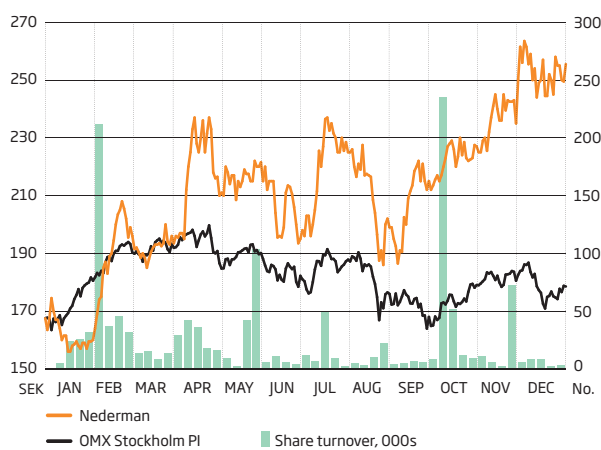
#### History

1944	Company founded by Phillip Nederman.
1983	Listing on the Stockholm Stock Exchange.
1985	Active becomes the new majority owner. The company is delisted.
1991	Nederman sold to Esab.
1994	Charter acquires Esab and becomes the new majority owner.
1999	Venture capital company EQT acquires Nederman.
2007	Listing on the Nasdaq Stockholm Small Cap list.
2010	Nederman acquires Dantherm Filtration from Dantherm A/S.
2012	Nederman acquires Environmental Filtration Technologies.
2013	Nederman qualifies for Nasdaq Stockholm Mid Cap.
2014	Nederman switched to Nasdaq Stockholm Mid Cap.

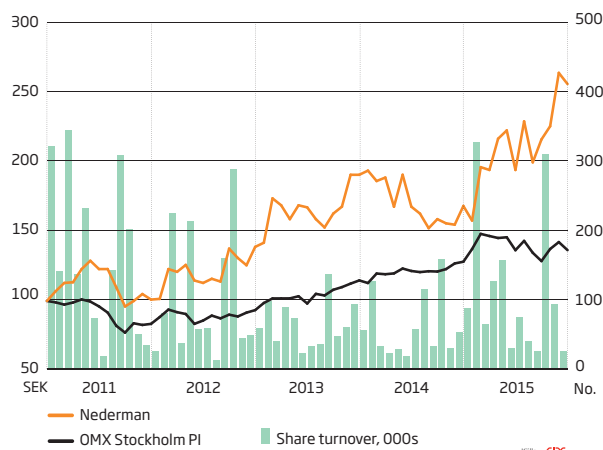
#### Owners per country, %

Sweden	90.4
Finland	4.0
UK	3.5
USA	1.2
France	0.3
Luxembourg	0.3
Other	0.3
<b>Total</b>	<b>100.0</b>

#### Share price and trading volume, 2015



#### Share price and trading volume, 2011-2015





# Corporate governance report

Nederman Holding AB (publ) is a Swedish public limited company with its registered office in Helsingborg, Sweden. Nederman was listed on the Nasdaq Stockholm, Small Cap list in 2007 and since 1 January 2014 the company is registered on the Nasdaq Stockholm Mid Cap list.

Governance of the Nederman Group is performed through shareholders via the Annual General Meeting, the board of directors, the Chief Executive Officer and Nederman's executive management team in accordance with, amongst others, the Swedish Companies Act, other rules and regulations, the Articles of Association, and the rules of procedure for the board of directors. Considering Nederman's group structure, the composition of the board of directors in operating subsidiaries, often with representatives from the executive management team, constitutes yet another share of governance for the Group.

## SHAREHOLDERS

At the end of 2015 the company had 2,371 shareholders. Investment AB Latour was the largest shareholder with 29.98 per cent of the shares, Lannebo Fonder owned 15.00 per cent and Ernström Kapitalpartner AB owned 10.03 per cent. The ten largest shareholders had a total holding corresponding to 85.21 per cent of the shares. Foreign investors held 9.59 per cent of the shares. For further information about the share and shareholders, see pages 36-37.

## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the highest decision-making body in which shareholders can exercise their influence by voting on key issues, such as adoption of income statements and balance sheets, allocation of the Company's profit, discharge from liability of board members and the Chief Executive Officer, election of board members, Chairman of the Board and auditors, as well as remuneration to the board of directors and auditors. The AGM was held in Helsingborg on 22 April 2015. At the meeting 38 shareholders were in attendance, representing 73.28 per cent of shares and votes.

- The AGM adopted the income statement and balance sheet for the parent company as well as the consolidated statements of comprehensive income and financial position, decided that the profit be dealt with in accordance with the proposed appropriation of profits, and that the dividend to be paid for the 2014 financial year be SEK 4.00 per share. The AGM discharged the board of directors and CEO from liability for the financial year.

- The AGM resolved, in accordance with the proposal in the notification to attend the AGM, to elect seven board members, that remuneration to the board should amount to SEK 1,400,000, of which SEK 400,000 to the Chairman of the board SEK 200,000 to other regular members, with exception to the CEO. It was further decided that no remuneration be paid to the remuneration committee and that the auditors be paid on current account. In line with the proposal of the nominations committee, Jan Svensson, Gunnar Gremlin, Per Borgvall, Sven Kristensson, Ylva Hammargren, Fabian Hielte and Susanne Pahlén Åklundh should be re-elected as board members, and that Jan Svensson should be re-elected Chairman of the board.

## NOMINATIONS COMMITTEE

The 2015 AGM adopted instructions for the nomination committee concerning its composition and assignments. According to the instructions, the nominations committee will consist of one representative from each of the three largest shareholders and the Chairman of the board. If any of the three largest shareholders decline from their right to appoint a representative to the committee, then the right will pass to the next largest shareholder. The nominations committee's tasks will be to prepare proposals, before the next AGM, for electing the Chairman of the board and other board members, election of the Chairman of the meeting, remuneration issues and related issues, and where applicable, election of auditors.

In accordance with the Annual General Meeting's instructions, Göran Espelund (chairman), Lannebo Fonder, Anders Mörck, Investment AB Latour, Sophia Pettersson, Ernström & Co, and chairman of the board Jan Svensson have been appointed members of the nominations committee before the 2016 Annual General Meeting. Inquiries relating to the work of the nominations committee may be sent to [goran.espelund@lannebofonder.se](mailto:goran.espelund@lannebofonder.se)

## BOARD OF DIRECTORS

The board of directors is the second highest decision-making body after the Annual General Meeting. The overall assignment of the board is to decide on the Company's business direction, its resources and capital structure, as well as its organisation and management. The board's general obligations also include continuously evaluating the Company's financial situation and approving the Company's business plan. In its general undertaking, the board addresses issues such as the Company's strategy, acquisitions, major investments, divestments, issuing annual reports and interim reports, as well as appointing the Chief Executive Officer, etc.

The board of directors follows written procedures that are adopted annually at the first board meeting. The rules of procedure indicate how the work shall be allocated, where appropriate, among the board members, how often the board meets, and to what extent the deputies shall take part in the board and are called to meetings. In addition, the rules of procedure regulate the board's obligations, quorum, division of responsibilities between the board and the CEO, etc. The board meets according to an annual schedule that is decided in advance. In addition to these meetings, additional meetings may be arranged to deal with events of unusual importance. In addition to meetings, the Chairman of the board and the Chief Executive Officer conduct an ongoing dialogue with respect to managing the Company.

Once a year the board evaluates the Management team in a systematic fashion. In this context, the Management team includes certain non-senior managers, i.e. broader group of employees.

In the most recent business year, the Board made decisions concerning several matters of strategic importance. In 2015 special focus was placed on continued adaption of the Group's capacity and cost levels to the current business climate, the strategy and continued expansion of the Group and the financial framework and objectives. In 2015 the Board held five minuted meetings. To date, one minuted meeting has been held in 2016. The 2015 AGM resolved that SEK 1,400,000 would be paid as directors' fees, with SEK 400,000 to the Chairman of the board and SEK 200,000 to each regular member. No board remuneration is paid to the CEO. It was further decided that no remuneration be paid to the remuneration committee and that the auditors be paid on current account.

The AGM elects board members annually for the time until the next AGM is held. The board of directors shall consist of at least three and no more than eight ordinary members and may be supplemented with a maximum of three deputies. In addition to this there may be employee representatives.

The main shareholders and board members carry out an annual, detailed, evaluation of the board. The evaluation regards among other things the board's composition, board members and the board's work and routines.

Nederman's board of directors consists of seven members elected by the 2015 AGM and one employee representative. The Chief Executive Officer is a member of the board. The Chief Financial Officer is not a member of the board of directors but participates at meetings by presenting information. The Chairman of the board does not participate in the operating management of the Company.

#### ATTENDANCE AT BOARD MEETINGS

Jan Svensson	5 of 5 possible
Gunnar Gremlin	5 of 5 possible
Fabian Hielte	3 of 5 possible
Per Borgvall	5 of 5 possible
Ylva Hammargren	4 of 5 possible
Sven Kristiansson	5 of 5 possible
Jonas Svensson	4 of 5 possible
Susanne Pahlén Åklundh	5 of 5 possible

#### CHIEF EXECUTIVE OFFICER

The distribution of work between the board of directors and the Chief Executive Officer is regulated in the rules of procedure for the board of directors and in the guidelines for the Chief Executive Officer. The Chief Executive Officer is responsible for implementing the business plan as well as day-to-day management of the Company's affairs and the daily operations of the Company. This means that the Chief Executive Officer makes decisions on those issues that can be considered to fall under the day-to-day management of the Company. The Chief Executive Officer may also take action without the authorisation of the board, in matters which, considering the scope and nature of the Company's business, are unusual or of great importance, and awaiting a decision from the Board would cause substantial trouble for the Company's business. Instructions to the Chief Executive Officer also regulate responsibilities for reporting to the board of directors. The board receives a monthly written report containing information following up the Company's sales, orders statistics, operating results and working capital's developments. Moreover, the material contains comments from the Chief Executive Officer and the Chief Financial Officer e.g. brief comments on the different markets. During months when the board meets the monthly report is more extensive and also includes statements of the financial position and cash flow statement, among other things.

Every year the senior executives formulate a strategy proposal, which is discussed and adopted at the board meeting held about halfway through the year. Work on the business plan (including the budget for the coming year) is usually carried out "bottom-up" and based on the strategy adopted by the board of directors. The Chief Executive Officer and the Chief Financial Officer present the business plan proposal to the board of directors. After the board discussions of the business plan, it is usually adopted at the last meeting during the autumn. Moreover, the Company usually issues an updated forecast at the end of each quarter in conjunction with the quarterly reports.

## COMMITTEES

Questions about salary structuring and benefits for the Chief Executive Officer and management are addressed and approved by a remuneration committee. This committee consists of Jan Svensson and Fabian Hielte. Jan Svensson is Chairman of the committee. The committee is a body within the company's Board assigned to draft matters for the Board related to remuneration and other terms of employment for senior executive management. The committee also has the task of preparing guidelines regarding remuneration for other executive management, which the Board will present as a proposal to the Annual General Meeting.

The 2015 Annual General Meeting resolved on principles for remuneration to the Chief Executive Officer and senior executives, which is presented in greater detail under the subheading 'Remuneration to the board of directors and senior executives' below.

The Company's auditor informs the entire board about the results of the work by at least once a year participating at the board meeting to give an account of the year's audit and their view on the Company's control system without anyone from the management being present. Therefore Nederman complies with the demand on having an audit committee within the framework of the Swedish Code for Corporate Governance. The principles for remuneration to the Company's auditor are resolved by the AGM. The 2015 AGM agreed to establish instructions for the nominations committee concerning the composition of the committee and its assignments. The nominations committee shall comprise the Chairman of the board and two representatives. Once a year the committee shall convene the major shareholders well in advance of the AGM in order to gain support for proposals to the AGM's election of a new board of directors.

## AUDITOR

The auditor audits the Company's annual reports and accounting, as well as the management of the board of directors and the Chief Executive Officer. The auditor submits an audit report to the AGM after each financial year. From 2011, the AGM appoints an auditor for a period of one year. At the AGM on 22 April 2015, Ernst & Young AB with Staffan Landén as lead auditor, was elected until further notice. Staffan Landén is an authorised public accountant and member of FAR, the Swedish Institute of Authorised Public Accountants. He is the lead auditor for, among others, Vattenfall AB, Capio AB, AcadeMedia AB, Papyrus AB and Viking Supply Ships AB. Staffan is an appointed Exchange Auditor by Nasdaq Stockholm.

The Company's auditor audits the annual accounts and financial statements and the Company's current operations and routines, to make an opinion on the accounting and management of the board of directors and the Chief Executive Officer. The annual

accounts and financial statements are reviewed during January and February.

Apart from Nederman, Staffan Landén is the auditor of Oxeon AB, of which Investment AB Latour is the principal owner. Independence towards Nederman is not affected. Staffan Landén does not otherwise have any assignments in companies over which Nederman's principal shareholders, board members or Chief Executive Officer have any material influence. Remuneration to Ernst & Young AB for assignments other than auditing amounted to SEK 0.9m in 2015 and related mainly to tax advice and specific auditing assignments in connection with acquisitions.

## REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The 2015 AGM adopted a policy relating to remuneration and terms of employment for 2015, applying the following underlying principles: fixed salary is paid for satisfactory work. In addition there is a potential for variable remuneration linked to the Company's performance and tied up capital. Variable remuneration can amount to a maximum of 30 to 50 per cent of the annual salary, depending on the individual's position in the Company.

The Chief Executive Officer's pension plan is a defined contribution plan with an annual premium equivalent to 35 per cent of the annual base salary. Pension payments for other senior executives follow the ITP collective agreement, except for two executives for whom pension payments amount to 8 times the basic index amount per year and 30 per cent of basic salary, respectively. If the CEO resigns, the term of notice is six months. If the company gives notice of termination the CEO is entitled to monthly pay for the equivalent of 18 to 24 months (the last six months with reservations for new employment). For others in the management the term of notice is twelve months if the Company gives notice of dismissal, and six months if the employee resigns. The AGM on 29 April 2013 agreed to the Board's proposal to introduce a share savings scheme that initially concerns seven individuals comprising key decision makers and executives in the senior management team of the Group. In summary, the scheme means that participants, provided they invest in Nederman shares, shall receive at the earliest on the day after publication of Nederman's Q1 report in 2016, and at the latest 30 days afterwards, shares in Nederman. These shares shall be free of charge and shall be in part so-called matching shares and in part so-called performance shares. To receive matching shares, participants must still be employed by Nederman and their own investment in Nederman shares shall have continued up to the allocation of matching shares. Allocation of performance shares is dependent on the Group achieving specific financial performance targets in 2013, 2014 and 2015. The AGM decided that the share savings scheme may involve the allocation of a maximum of 75,000 shares in Nederman. To secure the share allocation the AGM agreed to a buy back of the company's shares. Nederman's



executive management team currently consists of eight people (including the CEO).

The Annual General Meeting held on 22 April 2015 approved the Board's proposal that the annual programmes for variable remuneration should be supplemented with a long-term incentive (LTI) programme. Consequently, the 2015-2016 LTI programme has been established for a period of two years and is targeted in a way that makes it particularly favourable for the company's shareholders. The outcome of the LTI programme for the leading executive (net of income tax) shall be reinvested in Nederman share options (such options to be subject to approval by a future Annual General Meeting) or Nederman shares purchased on the stock exchange. The reinvested shares and options shall be retained by the senior executive for at least three years. The 2015-2016 LTI programme covers two years and may amount in maximum to 35 percent of the annual salary for the CEO and 20 percent of annual salary for other senior executives.

## INTERNAL CONTROLS

**Control environment.** Operational decisions are made at a company or business area level, while decisions about strategy, aims, acquisitions and comprehensive financial issues, are made by the parent company's board and Group management. The internal controls at the Group are designed to function in this organisation. The Group has clear rules and regulations for delegating responsibility and authority in accordance with the Group's structure. The platform for internal controls concerning financial reporting consists of the comprehensive control environment and organisation, decision processes, authority and responsibility that is documented and communicated. In the Group the most significant components are documented in the form of instructions and policies, e.g. financial manuals, ethics policy (Code of Conduct), communication policy, IT policy, financial policy and authorization lists.

**Control activities.** To safeguard the internal controls there are both automated controls, such as authorization controls in the IT system, and approval controls, as well as manual controls such

as auditing and stock-taking. Financial analyses of the results as well as following up plans and forecasts, complete the controls and give a comprehensive confirmation to the quality of the reporting.

**Information and communication.** Documentation of governing policies and instructions are constantly updated and communicated in electronic or printed format. For communications with external parties, there is a communication policy that contains guidelines for ensuring that the Company's information obligations are applied fully and correctly.

**Following-up.** The CEO is responsible for the internal controls being organised and followed up according to the guidelines that the board has decided on. Financial management and control is carried out by the Group's financial department. Financial reporting is analysed monthly and at a detailed level. The board has dealt with the Company's financial position at its meetings and has also received reports and observations from the Company's auditor.

## ARTICLES OF ASSOCIATION

The Articles of Association include establishing the Company's activities, the number of board meetings, the auditors, how notification of the AGM will be made, how matters will be handled at the AGM and where the meeting will be held. The current Articles of Association were adopted at an Extraordinary General Meeting on 26 April 2011, and can be found on the company's website at [www.nederman.com](http://www.nederman.com) and in the annual report for 2015 on page 89.

## REVIEW

The corporate governance report has been subject to review by the Company's auditors.

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of Nederman Holding AB, corporate identity number 556576-4205

It is the board of directors who is responsible for the corporate governance statement for the year 2015 on pages 38-41 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Helsingborg, 11 March 2016  
Ernst & Young AB

**Staffan Landén**  
Authorized Public Accountant

# Directors' report for 2015

The Board and CEO of Nederman Holding AB (publ) Reg. No. 556576-4205, hereby submit their annual report for the 2015 financial year.

## BUSINESS

Nederman is a world-leading supplier of products and systems in environmental technology, focusing on air filtration and recycling. The company's products contribute to reducing the environmental impact from industrial manufacturing, creating clean and safe working environments and increasing production efficiency.

The business offer to customers ranges from feasibility studies and project planning to installation, commissioning and service. Manufacturing is certified in accordance with ISO 9001 and ISO 14001. Units for production and assembly are located in Australia, Brazil, China, Denmark, France, Germany, Poland, Sweden, Thailand, UK and USA.

Sales are performed by the company's own sales companies and distributors in over 50 countries. Most sales take place in Europe and North America, although Nederman is also active on a number of growth markets. The Group had 1,916 employees at the end of 2015.

## GROUP STRUCTURE

Nederman Holding AB (publ) is the parent company of the Group with directly or indirectly wholly-owned subsidiaries as stated in note 19.

Operationally, the Group works in three geographic segments: EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia and Pacific region).

The operations organization has responsibility for manufacturing, distribution, product maintenance, product development, logistics, purchasing and quality systems. Production, assembly and distribution are performed in 11 countries on five continents.

Corporate Development is responsible for marketing and communication, strategic product planning, internal training and strategic business development.

Finance & IT and Human Resources are two Group-wide departments that support operations and take responsibility for global coordination of their departments' assignments.

## STOCK MARKET LISTING

Since January 2014 the company's shares are listed under the "NMAN" ticker on the Nasdaq Stockholm Mid Cap list. The Mid Cap segment includes companies that have a market value between EUR 150m and EUR one billion. As of 31 December 2015, there were 2,371 shareholders.

## ACQUISITIONS AND DISPOSALS DURING THE YEAR

On 1 September 2015 Nederman acquired Filtac AB, which is active in process and air treatment for industrial applications. Filtac has sales of around SEK 50m and its head office is in Kinna, Sweden.

On 5 November 2015 Nederman acquired National Conveyors Company Inc. which has leading competence in systems for separation, transport and handling of metal scrap and systems for handling ash. National Conveyors Company Inc. has revenues of around SEK 50m.

## ORDERS AND SALES IN 2015

**Group total.** Incoming orders amounted to SEK 3,171.8m (2,764.8), which adjusted is an increase of 4.4 % compared with the same period last year. Net sales amounted to SEK 3,198.0m (2,826.9), which adjusted is an increase of 1.7% compared with the same period last year.

**Americas.** Incoming orders for the full year amounted to SEK 1,380.1m (1,056.8). This was a rise of 12.5 per cent compared with the previous year when adjusted for currency effects. Net sales for the full year amounted to SEK 1,379.6m (1,076.9). This was a rise of 8.2 per cent compared with the previous year when adjusted for currency effects and acquisitions.

**EMEA.** Incoming orders for the full year amounted to SEK 1,431.5m (1,345.6). This was an increase of 3.3 per cent compared with the previous year when adjusted for currency effects and acquisitions. Net sales for the full year amounted to SEK 1,455.8m (1,413.7). This was a fall of 1.1 per cent compared with the previous year when adjusted for currency effects and acquisitions.

**APAC.** Incoming orders for the full year amounted to SEK 360.2m (362.4). This was a decrease of 14.4 per cent compared with the previous year when adjusted for currency effects. Net sales for the full year amounted to SEK 362.6m (336.3). This was a fall of 6.0 per cent compared with the previous year when adjusted for currency effects.

## EARNINGS

The consolidated operating profit for 2015 was SEK 242.0m (165.7). Adjusted for acquisition and restructuring costs, the operating profit was SEK 263.1m (200.7), giving an adjusted operating margin of 8.2 per cent (7.1). Operating profit was affected by SEK 20.0m in restructuring costs and SEK 1.1m in acquisition costs. The profit before tax was SEK 214.9m (139.0). The net profit was SEK 152.8m (94.3), giving earnings per share of SEK 13.07 (8:05).

## AMERICAS OPERATING SEGMENT

In the Americas operating segment, which comprises countries in North and South America, Nederman is represented by its own sales companies in the US, Canada, Brazil and Mexico. The US is the largest market in this region and is also the largest single market for the Nederman Group. The operating segment reported positive development in 2015 with a rise of 8.2 per cent in net sales compared with the previous year when adjusted for currency effects and acquisitions. Net sales for the full year amounted to SEK 1,379.6 m (1,076.9).

**Continued development.** The good macroeconomic development in the region means that Nederman expects continued progress to be made in the Americas. Over the longer term there are several trends combining that will drive demand for high quality environmental technology in this region, such as rising industrial production and increased environmental awareness. Nederman is well positioned to benefit from this development. For further information, see pages 20-23.

## EMEA OPERATING SEGMENT

The EMEA market region comprises countries in Europe, the Middle East and Africa. Sales are concentrated in Western Europe where Nederman has a strong presence and leading market positions. Market conditions in several countries in the region improved slowly during 2015. Net sales for the year reached SEK 1,455.8m (1,413.7).

**Continued development.** Nederman expects demand in Europe will stabilise slowly. The development potential in Eastern Europe, however, should be significant over the longer term. The Group is currently assessing its possibilities in the other markets in this region, i.e. in the Middle East and Africa. In 2016, as in the previous year, the major focus will be on improving the operating segment's profitability. For further information, see pages 24-27.

## APAC OPERATING SEGMENT

The APAC market region comprises countries in Asia and the Pacific, with the largest markets in Australia and China. Nederman has its own sales companies in Australia, India, Indonesia, China, Malaysia and Thailand. In 2015 a slowdown was noted in China with more mixed development on other markets. Net sales reached SEK 362.6m (336.3).

**Continued development.** APAC is a market with great potential. Nederman has strong infrastructure in place and the focus in 2016 will be to build volumes in sales. Alongside efforts to boost sales Nederman will have a sharp focus on increased efficiency in the organization. For further information, see pages 28-31.

## PRODUCT DEVELOPMENT

The Group's expenses for development of the existing product range and new products amounted to SEK 6.4m (10.3). SEK 7.9m (1.8) was recognized in the statement of the consolidated financial position.

## INVESTMENTS AND DEPRECIATION

The Group's capital expenditures in intangible assets for the year amounted to SEK 22.4m (5.9). Depreciation of intangible assets for the year was SEK 14.5m (15.9). The Group's investments in tangible assets for the year amounted to SEK 44.6m (33.4). Depreciation of tangible assets for the year was SEK 33.4m (31.3).

## CASH FLOW

Operating cash flow was positively affected by the improved operating profit, but affected to a larger extent negatively by the changes in operating capital. Cash flow for the year was SEK -68.4m (39.3).

## LIQUIDITY AND FINANCIAL POSITION

As of 31 December 2015, the Group's liquid funds were SEK 261.4m and SEK 89.2m in unutilized credit. In addition there is a loan facility for a further SEK 344.5m within the framework of Nederman's loan arrangements with SEB and a further SEK 268.3m within Nederman's loan agreements with SHB. In December 2015, Nederman entered into a new agreement with SEB concerning a revolving credit arrangement worth up to SEK 1,000.0m.

Net debt was SEK 635.6m (556.6). Equity was SEK 837.1m (733.3), giving an equity/assets ratio of 32.6 (30.9) per cent and net financial debt/equity ratio of 75.9 per cent (75.9).

## THE SHARE

There are 11,715,340 shares in the company, all of which are the same class and offer the same voting entitlement. There are no restrictions on transfer rights for shares in the articles of association or through other agreement. At the end of the period the number of shares outstanding was 11,681,340.

## OWNERSHIP

On 31 December 2015, Investment AB Latour owned 29.98 per cent of the company's shares, making it the largest shareholder. Lannebo Fonder owned 15.00 per cent and Ernström Kapitalpartner AB had 10.03 per cent. No other shareholders have a holding higher than 10 per cent.



### PROPOSED APPROPRIATION OF PROFITS

The following amounts are at the disposition of the Annual General Meeting of Nederman AB (publ):

Share premium reserve	5,866,700
Profits brought forward	220,897,712
Profit for the year	195,076,328
<b>Total, SEK</b>	<b>421,840,740</b>

The Board of directors and CEO propose that funds be allocated as follows:

a dividend of SEK 5.00 per share to shareholders	58 406 700*
transferred to the share premium reserve	5 866 700
transferred to profits brought forward	357 567 340
<b>Total SEK</b>	<b>421 840 740</b>

\* Based on the number of shares outstanding as of 31 December 2015. The amount paid as dividends may change as the number of shares held by the company may change up to the reconciliation date of 14 April 2016.

### EMPLOYEES

The average number of employees during the year was 1,833 (1,803). Other data on personnel is presented in note 7 and on pages 34-35 of this annual report.

### THE PARENT COMPANY

The activities of the parent company comprise Group functions. The parent company shall own and manage shares in the subsidiaries and manage financing for the Group.

### RISKS AND UNCERTAINTIES

The company is exposed to both operational and financial risks.

**Competition.** Nederman does business on a competitive market that is fragmented in global terms. Competitors are made up of a large number of smaller local and regional companies and a limited number of global businesses. In this context Nederman currently has a relatively strong position, but it cannot be ruled out that changes in this competitive structure would put greater pressure on the company's price levels and its market shares. This might mean that Nederman would have to reduce its prices or increase its marketing efforts, which could have negative effects on the company's earnings and financial position.

**Market risks.** The company's products are mainly used in the manufacturing industry, although some are also used in the public sector. The market for products and complete projects normally follows a cyclical pattern, while aftermarket sales compensate for the cyclical effects. There are variations between quarters, but they are not considered significant. Naturally, the market is affected by the general economic situation, which in turn is affected by interest rate levels, inflation, political decisions and other factors.

**Production sites and distribution centre.** Nederman has a number of production sites and distribution centres around the world that are vital for supplying the company's products. If any of them were to be destroyed or damaged this would lead to more or less serious disruptions to distribution of the company's products. To counter these risks the company implements a programme of proactive measures to identify and manage risk areas. The company has also signed insurance policies to protect against damage to property and operational stoppages, which cover the amounts that the company considers to be sufficient to cover losses.

**Product liability.** Nederman has high ambitions regarding the development of products with consistent high quality and good safety. However, it cannot be ruled out that Nederman might sell products that do not match specifications, which could lead to demands for compensation. The company has therefore signed a global product liability insurance that is considered sufficient to cover possible demands for compensation and damages.

**Financial risks.** The Nederman Group is exposed to a number of risks mainly arising due to purchasing and selling products in foreign currencies. Currency risks and interest rates affect the Group's result and cash flow. The Nederman Group is also exposed to refinancing and liquidity risks, credit risks and counterparty risks. The company's finance policy is set by the board and contains guidelines for handling financial risks in the Group. The purpose of the finance policy is to set up guidelines for managing financial risk and exposure of different kinds. The Group's central finance department is responsible for identifying and effectively limiting the Group's financial risks. For more information, see note 24.

**Environment.** As a world leader in industrial air filtration and resource handling, Nederman plays an important role in the development of a sustainable and efficient industrial production – both externally for customers and internally within the Group's own operations. Internal environmental activity focuses on the following areas:

- **Products and solutions.** All new products are developed with demands for minimum impact during production, distribution, use and recycling. This is ensured via a development process that is adapted for sustainable product development – from the first concept to the completed product.
- **Energy savings and waste handling during production.** Key indicators for the environment include goals for energy savings and increased reuse or recycling of waste in production. This work is continually taking place at the Group's production units.
- **Reducing carbon emissions from transport.** Nederman works continuously to reduce carbon emissions from inter-continental transport by using a higher amount of sea transport, optimised volumes and routing. This work will continue

in 2016 with a focus on reduced air transport and higher environmental demands for transport by road.

The subsidiary, AB Ph. Nederman & Co receives a permit under the Swedish environmental protection law. This permit applies for a production area of a maximum 7,000 square metres. The permit is valid until further notice. According to the law the current business has a duty to report activities relating to the work space. The current business is assembly only, so there are no emissions to air or water. The company has had ISO 14001 certification for many years.

**Development of suppliers.** Nederman's code of conduct for its suppliers describes Nederman's expectations and demands for all suppliers, i.e. applicable laws must be followed, no form of corruption may occur, employees' basic rights with regard to equal treatment, wages and working hours must be respected, no child labour may occur, and there must be adequate procedures to protect employees' health and ensure their safety.

#### REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

The 2015 AGM adopted a policy regarding remuneration and employment terms for 2015. The proposal for the 2016 AGM is that the policy remains unchanged. The following key principles are applied: a fixed salary is paid for full-time work. In addition a variable bonus may be earned that is linked to the company's tied-up capital and earnings. This variable bonus can be a maximum of 30-50% of annual salary depending on the individual's position within the company. The CEO's pension plan is premium-based and the annual premium corresponds to 35 per cent of annual salary. Pension payments for other senior executives follow the ITP collective agreement, except for two executives for whom pension payments amount to 8 times the basic index amount per year for one executive and a maximum of 30% of basic salary for the other. The CEO must give six months' notice of his intention to resign. If dismissed by the company, the CEO has the right to receive an amount corresponding to 18-24 months' salary (the final six months are dependent on new employment). For other executives, notification is 12 months for the company and six months for the individual. There are no agreements between Board members or senior executives and Nederman or any of its subsidiaries concerning benefits after the end of their employment.

#### WORK OF THE BOARD

After the Annual General Meeting, the Board of Directors is the highest decision-making body in the company. The overall assignment of the Board is to take decisions regarding the business direction of the company, its resources, capital structure, organization and the management of urgent matters. Other general assignments include continuous assessment of the company's economic situation and approving business plans.

The Board shall comprise at least three (3) and at most eight (8) members with at most three (3) deputies. Board members are elected annually at the AGM for the period up to the next AGM.

The Board decides on matters such as strategy, acquisitions, larger investments, company divestments, publication of the annual report and interim reports, appointment of the CEO, etc. The Board follows written procedures adopted once a year at the first Board meeting convened after the AGM. The procedures state how assignments shall be divided between Board members, how often the Board shall meet and to what extent deputies shall participate in the work of the Board and attend meetings. The procedures also state Board members' commitments, decision-making powers and the division of responsibility between the Board and the CEO, etc.

The Board meets according to an annual timetable. Extra meetings may be called to address events of unusual importance. In addition to regular meetings, the chairman and CEO maintain a continuous dialogue concerning the management of the company.

The division of activities between the Board and the CEO is regulated by the working procedures of the Board and in the instructions to the CEO. The CEO is responsible for implementation of the business plan and the daily activities of the company. This means that the CEO has the right to make decisions on matters that fall within the framework of the ongoing management of the company. The CEO shall also take action without prior approval from the Board, with consideration to the scope and type of company activity, which is of unusual urgency or of great significance and which cannot await a decision by the Board without seriously compromising the company's business. The instructions to the CEO also regulate the CEO's responsibility for reporting to the Board.

In the most recent business years the Board made decisions concerning several matters of strategic importance. In 2015, special focus was placed on adapting of the Group's capacity and costs levels to the current business climate, the Group's strategy for continued expansion, the financial framework and objectives. In 2015, the Board held five minuted meetings. To date, one minuted meeting has been held in 2016.

Nederman's Board comprises seven ordinary members elected by the 2015 AGM, including the CEO and one employee representative chosen by the trade unions. The CFO is not a member of the Board but regular makes presentations at Board meetings. The chairman of the Board does not take part in the operational management of the company.

## **NOTIFICATION OF ANNUAL GENERAL MEETING**

Notification of the Annual General Meeting, and of Extra General Meetings at which changes to the articles of association will be addressed, shall be issued six weeks at the earliest and four weeks at the latest before the meeting.

## **COMMITTEES**

In accordance with the nominations committee's instructions, established at the 2015 AGM, a nominations committee has been appointed comprising Göran Espelund (chairman), Lannebo Fonder, Anders Mörck, Investment AB Latour, Sophia Pettersson, Ernström & Co, and chairman of the board Jan Svensson.

New instructions for the nominations committee will be adopted by the AGM held on 20 April 2016. Matters concerning salary and benefits for the CEO and senior executives are handled and decided by the remunerations committee. This committee comprises Jan Svensson and Fabian Hielte. The chairman is Jan Svensson. The company's auditor reports to the Board on the findings, and the Board therefore does not have an audit committee. The principles for remuneration to the company's auditor are decided by the AGM. Nederman produces a corporate governance report separate from the directors' report. The corporate governance report is on pages 38-41.

## **OUTLOOK**

Investment in European industry remains at historically low levels, which will continue to mean that relatively few large projects will be initiated. Some stability can be noted in the underlying basic business even though the situation in Europe is different from country to country. The assessment is that growth in Europe will remain at low levels.

In the Americas risks remain in the economies of Brazil and Canada, which are reliant on raw materials. On the important USA market a downturn in industrial production has been noted since late autumn 2015. Nederman also noted lower demand in some segments in Q4. It is too early to say whether this situation will remain. There is still a good level of quotations and business opportunities on the USA market.

In the APAC region the development in China is the dominant issue for Nederman. Industrial production has cooled down while the authorities have increased their demands for measures that generate environmental improvements. Among other developments, China has introduced new and stricter environment legislation as of 1 January 2016. It remains our assessment that demand for investment in environmental improvements is considerable.

## **EVENTS AFTER THE CLOSING DATE**

There were no significant events after the end of the reporting period.



# Five-year review

SEK m	2015	2014	2013	2012*	2011
<b>Operating revenues and earnings</b>					
Net sales	3,198.0	2,826.9	2,659.2	2,272.6	2,000.9
EBITDA	289.9	212.9	176.7	220.5	182.6
Adjusted EBITDA	311.0	247.9	219.4	236.7	209.1
Operating profit	242.0	165.7	127.5	176.5	140.5
Adjusted operating profit	263.1	200.7	170.2	192.7	167.0
Profit before tax	214.9	139.0	99.7	153.7	107.8
Profit after tax	152.8	94.3	69.7	117.8	86.8
<b>Assets, equity and liabilities</b>					
Fixed assets	1,135.2	1,071.5	998.4	998.0	740.1
Current assets	1,430.6	1,301.6	909.7	923.4	764.3
Liquid assets	261.4	325.0	270.0	224.6	149.1
Equity	837.1	733.3	619.8	601.2	556.8
Interest-bearing liabilities	897.0	881.6	840.9	825.9	535.8
Non-interest-bearing liabilities	831.7	758.2	717.4	718.9	560.9
Balance sheet total	2,565.8	2,373.1	2,178.1	2,146.0	1,653.5
<b>Profitability</b>					
EBITDA margin, %	9.1	7.5	6.6	9.7	9.1
Adjusted EBITDA margin, %	9.7	8.8	8.3	10.4	10.5
Operating margin, %	7.6	5.9	4.8	7.8	7.0
Adjusted operating margin, %	8.2	7.1	6.4	8.5	8.3
Return on equity, %	19.5	13.9	11.4	20.6	16.5
Return on operating capital, %	19.0	16.2	14.2	17.9	18.2
Capital turnover rate, multiple	2.3	2.3	2.2	2.1	2.2
<b>Capital structure</b>					
Net debt	635.6	556.6	570.9	601.3	386.7
Net debt/equity ratio, %	75.9	75.9	92.1	100.0	69.5
Net debt/Adjusted EBITDA, multiple**	2.0	2.2	2.6	2.3	1.8
Adjusted EBITDA/net financial items, multiple	11.5	9.3	7.9	10.4	6.4
Interest coverage, multiple	8.9	7.0	5.8	7.7	5.0
Equity/assets ratio, %	32.6	30.9	28.5	28.0	33.7
Operating capital	1,472.7	1,289.9	1,190.7	1,202.5	943.5
<b>Share data</b>					
Number of shares on closing date	11,715,340	11,715,340	11,715,340	11,715,340	11,715,340
Average no. of shares during the year, before dilution	11,681,340	11,681,340	11,715,340	11,715,340	11,715,340
Average no. of shares during the year, after dilution	11,725,969	11,725,969	11,746,765	11,715,340	11,715,340
Equity per share, before dilution, SEK	71.66	62.78	52.90	51.32	47.53
Equity per share, after dilution, SEK	71.39	62.54	52.76	51.32	47.53
Earnings per share, before dilution, SEK	13.08	8.07	5.95	10.06	7.41
Earnings per share, after dilution, SEK	13.03	8.04	5.93	10.06	7.41
Proposed dividend per share, SEK	5.00	4.00	4.00	4.00	3.25
<b>Employees</b>					
Average number of employees	1,833	1,803	1,924	1,613	1,434

\* Comparable figures for 2012 have been restated in accordance with amendments to IAS19R. Figures for 2010-2011 have not been adjusted.

\*\* Includes EFT pro forma January-September 2012.

## Consolidated income statement

		1 January - 31 December	
SEK m	Note	2015	2014
Net sales	2, 3	3,198.0	2,826.9
Costs of goods sold		-2,070.4	-1,812.7
<b>Gross profit</b>		<b>1,127.6</b>	<b>1,014.2</b>
Other operating income	5	10.0	22.2
Selling expenses		-640.7	-614.9
Administrative expenses		-212.0	-183.9
Research and development expenses		-6.4	-10.3
Acquisition costs	4	-1.1	-
Restructuring costs		-20.0	-35.0
Other operating expenses	6	-15.4	-26.6
<b>Operating profit</b>	<b>3, 7, 8, 9, 20, 25</b>	<b>242.0</b>	<b>165.7</b>
Financial income		2.9	2.3
Financial expenses		-30.0	-29.0
<b>Net Financial items</b>	<b>10</b>	<b>-27.1</b>	<b>-26.7</b>
<b>Profit before taxes</b>		<b>214.9</b>	<b>139.0</b>
Taxes	11	-62.1	-44.7
<b>Net profit</b>		<b>152.8</b>	<b>94.3</b>
<b>Net profit attributable to:</b>			
The parent company's shareholders		152.8	94.3
<b>Earnings per share</b>			
	<b>18</b>		
before dilution (SEK)		13.08	8.07
after dilution (SEK)		13.03	8.04

## Consolidated statement of comprehensive income

		1 January - 31 December	
SEK m		2015	2014
<b>Net profit</b>		<b>152.8</b>	<b>94.3</b>
<b>Other comprehensive income</b>			
<b>Items that cannot be included in net profit</b>			
Restatement of defined-benefit pension plans		1.8	-17.2
Tax attributable to items that cannot be included in net profit		-0.5	5.2
		<b>1.3</b>	<b>-12.0</b>
<b>Items that have been included or may be included in net profit</b>			
Translation differences attributable to foreign activities		-7.1	84.7
Cash flow hedging	17	1.4	-
Tax attributable to items that cannot be included in net profit	17	-0.3	-
		<b>-6.0</b>	<b>84.7</b>
<b>Other comprehensive income</b>		<b>-4.7</b>	<b>72.7</b>
<b>Total other comprehensive income</b>		<b>148.1</b>	<b>167.0</b>
<b>Total comprehensive income attributable to:</b>			
Parent company's shareholders		148.1	167.0

# Consolidated statement of financial position

31 December

SEK m	Note	2015	2014
<b>Assets</b>	<b>4, 26</b>		
Intangible fixed assets	12	791.0	737.5
Tangible fixed assets	13	262.8	246.2
Long-term receivables	14	5.1	6.1
Deferred tax assets	11	76.3	81.7
<b>Total fixed assets</b>		<b>1,135.2</b>	<b>1,071.5</b>
Inventories	15	330.7	308.1
Current tax receivable	11	48.5	10.2
Accounts receivable	24	538.8	496.9
Prepaid expenses and accrued income	16	27.7	28.7
Other receivables	14	223.5	132.7
Cash and cash equivalents	28	261.4	325.0
<b>Total current assets</b>		<b>1,430.6</b>	<b>1,301.6</b>
<b>Total assets</b>	<b>3</b>	<b>2,565.8</b>	<b>2,373.1</b>
<b>Equity</b>	<b>17</b>		
Share capital		1.2	1.2
Other capital contribution		345.9	345.9
Reserves		26.2	32.2
Profit brought forward, including net profit		463.8	354.0
<b>Shareholders' equity attributable to parent company shareholders</b>		<b>837.1</b>	<b>733.3</b>
<b>Total equity</b>		<b>837.1</b>	<b>733.3</b>
<b>Liabilities</b>	<b>4, 26</b>		
Long-term interest bearing liabilities	19, 24	788.2	739.7
Other long-term liabilities	22	1.2	1.5
Provision for pensions	20	107.7	110.8
Other provisions	21	8.2	12.0
Deferred tax liabilities	11	29.8	17.0
<b>Total long-term liabilities</b>		<b>935.1</b>	<b>881.0</b>
Current interest bearing liabilities	19, 24	1.1	31.1
Accounts payable	24	362.1	327.7
Current tax liabilities	11	41.2	17.6
Other liabilities	22	193.7	211.5
Accrued expenses and prepaid income	23	149.4	130.3
Provisions	21	46.1	40.6
<b>Total current liabilities</b>		<b>793.6</b>	<b>758.8</b>
<b>Total liabilities</b>	<b>3</b>	<b>1,728.7</b>	<b>1,639.8</b>
<b>Total equity and liabilities</b>		<b>2,565.8</b>	<b>2,373.1</b>

For information on the Group's pledged assets and contingent liabilities, see note 26.



## Consolidated statement of changes in equity

	Equity attributable to the parent company's shareholders					Total equity
	Share capital	Other capital contributed	Translation reserve	Hedging reserve	Profit/loss brought forward	
Opening balance 1 Jan. 2014	1,2	345,9	-52,5	-	325,2	619,8
Net profit for the year	-	-	-	-	94,3	94,3
Other comprehensive income	-	-	-	-	-	-
Change in translation reserve	-	-	84,7	-	-	84,7
Restatement of defined-benefit pension plans after tax	-	-	-	-	-12,0	-12,0
<b>Total other comprehensive income</b>	-	-	<b>84,7</b>	-	<b>-12,0</b>	<b>72,7</b>
<b>Total comprehensive income</b>	-	-	<b>84,7</b>	-	<b>82,3</b>	<b>167,0</b>
Transactions with Group's owners	-	-	-	-	-	-
Dividends	-	-	-	-	-46,7	-46,7
Share buy backs	-	-	-	-	-6,7	-6,7
Share-related remuneration	-	-	-	-	-0,1	-0,1
<b>Closing balance 31 Dec. 2014</b>	<b>1,2</b>	<b>345,9</b>	<b>32,2</b>	-	<b>354,0</b>	<b>733,3</b>
Opening balance 1 Jan. 2015	1,2	345,9	32,2	-	354,0	733,3
Net profit for the year	-	-	-	-	152,8	152,8
Other comprehensive income	-	-	-	-	-	-
Change in translation reserve	-	-	-7,1	-	-	-7,1
Cash flow hedging after tax	-	-	-	1,1	-	1,1
Restatement of defined-benefit pension plans after tax	-	-	-	-	1,3	1,3
<b>Total other comprehensive income</b>	-	-	<b>-7,1</b>	<b>1,1</b>	<b>1,3</b>	<b>-4,7</b>
<b>Total comprehensive income</b>	-	-	<b>-7,1</b>	<b>1,1</b>	<b>154,1</b>	<b>148,1</b>
Transactions with Group's owners	-	-	-	-	-	-
Dividends	-	-	-	-	-46,7	-46,7
Share-related remuneration	-	-	-	-	2,4	2,4
<b>Closing balance 31 Dec. 2015</b>	<b>1,2</b>	<b>345,9</b>	<b>25,1</b>	<b>1,1</b>	<b>463,8</b>	<b>837,1</b>

## Consolidated cash flow statement

		1 January - 31 December	
SEK m	Note	2015	2014
<b>Operating activities</b>			
Operating profit		242.0	165.7
Adjustment for:			
Depreciation of fixed assets		47.9	47.2
Other adjustments	28	1.4	-15.9
Interest received		2.9	11.3
Interest paid		-28.6	-28.4
Income tax paid		-60.8	-46.1
<b>Cash flow from operating activities before changes in working capital</b>		<b>204.8</b>	<b>133.8</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease(+) of inventories		-15.2	12.3
Increase (-)/Decrease(+) of operating receivables		-122.9	-0.7
Increase (+)/Decrease (-) of operating liabilities		14.0	-1.4
		<b>-124.1</b>	<b>10.2</b>
<b>Cash flow from operating activities</b>		<b>80.7</b>	<b>144.0</b>
<b>Investing activities</b>			
Capital expenditure for tangible fixed assets		-43.6	-33.9
Sale of tangible fixed assets		1.6	13.3
Capital expenditure for capitalized development costs		-7.9	-6.0
Capital expenditure for other intangible fixed assets		-14.5	-
Acquisition of subsidies/business, net of cash	4	-43.2	-
Sale of financial assets		0.8	0.4
<b>Cash flow from investing activities</b>		<b>-106.8</b>	<b>-26.2</b>
<b>Financial activities</b>			
New loans		19.9	0.3
Change in interest-bearing liabilities		-0.5	-2.1
Amortisation of loans		-15.0	-30.0
Dividend paid to parent company shareholders		-46.7	-46.7
<b>Cash flow from financing activities</b>		<b>-42.3</b>	<b>-78.5</b>
<b>Cash flow for the year</b>		<b>-68.4</b>	<b>39.3</b>
Cash and cash equivalents at the beginning of the year		325.0	270.0
Translation differences		4.8	15.7
<b>Cash and cash equivalents at the end of the year</b>	28	<b>261.4</b>	<b>325.0</b>

## 1 Accounting principles

Nederman Holding AB (publ) 556576-4205, the parent company of the Nederman Group, has its registered office in Helsingborg, Sweden.

### COMPLIANCE WITH LAWS AND ACCOUNTING POLICIES

The consolidated Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). In addition, RFR 1, Supplementary Accounting Principles for Groups, issued by the Swedish Council for Financial Reporting, has been applied.

The parent company applies the same accounting principles as the Group except in the instances stated below under the section on the parent company's accounting principles. The differences between the parent company's and the consolidated policies are due to restrictions in applying IFRS in the parent company as a result of the Swedish Annual Accounts Act (Årsredovisningslagen) and the Pension Obligations Vesting Act (Tryggandelagen), as well as in particular cases due to tax laws.

Nederman Holding AB's annual report and group accounts were approved and signed by the Board of Directors for publication on 26 February 2016. The income statement balance sheet and statement of comprehensive income for the parent company, along with the consolidated income statement, consolidated statement of comprehensive income and the financial position of the Group will be subject to adoption at the Annual General Meeting on 20 April 2016.

### CHANGES THAT CAME INTO EFFECT FROM 1 JANUARY 2015

Standards and amendments of interpretations of existing standards that came into effect on 1 January 2015 have not had any significant effect on the consolidated financial reports.

### VOLUNTARY RESTATEMENT

**Depreciation of research and development projects.** In 2014 the Group chose to restate depreciation of research and development projects, concerning product development, as costs for sold goods. Comparable figures relating to the restatement have been adjusted. This has meant that research and development costs in 2014 have been reduced by SEK 1.5m and that the cost of sold goods has increased by the same amount.

### CHANGES THAT WILL COME INTO EFFECT IN 2016 AND BEYOND

A number of new standards and amendments of interpretations and existing standards that will come into effect in future fiscal years have not been applied when preparing the consolidated reports. None of these changes are expected to have any significant effect on the consolidated financial reports.

**IFRS 15**, with application for fiscal year beginning 1 January 2018, will not have any effect on reporting of consolidated income, although the Group will be affected by extended disclosure requirements.

**IFRS 9**, effective for fiscal years beginning no earlier than 1 January 2018, will not have any material impact on the consolidated reporting of financial instruments.

**IFRS 16** replacing IAS 17 from 1 January 2019. So far there is no information when the EU will approve the standard, so no decision has been made about when or how the standard will be applied. Any evaluation of the impact of the standard has not yet begun.

### VALUATION PRINCIPLES APPLIED DURING THE PREPARATION OF THE PARENT COMPANY'S AND THE CONSOLIDATED FINANCIAL STATEMENTS

Assets and liabilities are prepared on historic acquisition cost basis, apart from financial assets and liabilities valued to fair value via the result. This category is principally made up of derivative instruments, which are stated at fair value.

### FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Items included in the financial statements of the various entities of the Group are valued in the currency used in the financial environment of the companies (functional currency). The consolidated accounts use SEK, which is the parent company's functional currency and presentation currency. All amounts, unless otherwise stated, are stated in SEK m (million).

### CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS

The company management and board of directors make assessments, estimates and assumptions about the future that affect the recorded assets, liabilities, income and expenses and other information reported, including contingent liabilities. These assessments are based on historical experience and assumptions that are considered reasonable in existing circumstances. The actual results might deviate from these estimates and assessments. Estimations and assumptions are reviewed regularly. Changes in estimates and assessments are reported during the period when the change is made if the change only affects that period, or in the period when the change is made and future periods if the change affects both the current period and future periods. Assessments that have a significant impact on the Group's earnings and financial position are described in Note 30.

### SEGMENT REPORTING

The Group's business is managed and reported by operating segment, based on geographic distribution. These segments form the basis for the highest executive decision-maker's allocation of the Group's resources. The segments are evaluated and consolidated according to the same principles as the Group as a whole. Intra-Group sales within segments are performed on market terms. The results of the operating segments include results up to the level of operating profit. Assets and liabilities include directly attributable items as well as items that can be divided in a reasonable way.

The Group's operating segments are:

- EMEA (Europe, Middle East and Africa)
- APAC (Asia and Pacific region)
- Americas (North and South America)

Descriptions of the operating segments are given on pages 20-31.

### CLASSIFICATIONS ETC.

Fixed assets and long-term liabilities consist essentially of amounts expected to be recovered or paid back later than twelve months from the balance sheet date. The current assets and current liabilities consist essentially of amounts, which are expected to be regained or paid out within twelve months, calculated from the close of the reporting period and amounts for which the Group does not have an unconditional right to delay settlement of the debt for at least 12 months after the end of the reporting period.

### CONSOLIDATION PRINCIPLES

**Subsidiaries.** Subsidiaries are companies in which Nederman Holding AB has a controlling influence. A controlling influence exists if Nederman Holding AB has influence over the investment object, is exposed to or has a right to variable yields from its involvement and can use its influence over the investment to affect yield. In assessing whether there is controlling influence consideration is given to shares linked to voting rights. Subsidiaries are consolidated according to the purchase method. The cost of acquiring an activity or business is measured as the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, irrespective of the extent of ownership without definitive influence in the acquired activity. The difference between the acquisition value and the fair value of the Group's acquired identifiable net assets and assumed liabilities and contingencies is recorded as goodwill if this difference is positive. If the difference is negative the amount is recognised directly in the income statement. Acquisition-related costs, such as fees for legal advice, legal aid, due diligence etc. are reported as a cost in the period they arise. Financial reports from the acquired activities are included in the consolidated accounts from the time of the acquisition. Divested activities are included in the consolidated accounts until the date the definitive influence ceases. The accounting principles have been applied consistently by Group companies.

**Transactions eliminated during consolidation.** Intra-Group receivables and liabilities, income or expenses and unrealised profits or losses arising from intra-Group transactions, are entirely eliminated when preparing the consolidated financial statements.

**Financial statements of foreign group companies.** Assets and liabilities in foreign group companies (of which none have high inflation currencies), including goodwill and other consolidated surpluses and deficits are translated from the



functional currencies of the foreign group companies to the Group's presentation currency, at the prevailing exchange rate on the balance sheet date. The income and expenses of foreign companies are translated to SEK at an average exchange rate for the applicable year. Translation differences arising from translation are reported in the consolidated statement of comprehensive income and are accumulated in a separate section of shareholders' capital named translation reserve. When a foreign group company is sold the attributable accumulated translation differences, previously realized directly against shareholders' equity are realized in the consolidated income statement during the same period as the gain or loss of the divestment.

**Transactions and balance sheet items in foreign currency.** Foreign currency transactions are translated to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate on the balance sheet date. Gains and losses on operating receivables and liabilities are recognized in operating income, while gains and losses on financial assets and liabilities are recognized in net financial items.

#### REVENUE RECOGNITION

Revenue is assessed at the fair value of what will be received, and represents the amount that is received, after deducting discounts, returns and sales tax.

Revenue from sale of goods is recognised in the income statement when significant risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue recognition of services takes place as the services are carried out.

Revenue and costs from project activities are reported as the project progresses. This principle is referred to as percentage of completion. Revenue and costs are reported in the income statement in relation to the degree of completion on the balance sheet date. The degree of completion is established on the basis of project costs spent in relation to the project cost corresponding to project revenue for the entire project. A precondition for percentage of completion is that the outcome can be determined reliably. Revenue is not reported if it is not probable that the company will obtain the financial benefits. Anticipated losses are expensed immediately.

In the balance sheet, project work is reported project by project either as a current receivable concerning accrued project income not yet invoiced, or as a current liability concerning project work not yet performed but already invoiced.

#### FINANCIAL INCOME AND EXPENSES

Financial income and expenses consist of interest income on bank deposits, interest-bearing financial assets, interest expenses on loans, dividends received, exchange rate fluctuations on interest-bearing financial assets and liabilities and gain/loss on derivative instruments used in the financial operations.

Interest income on interest-bearing financial receivables and interest expenses on financial interest-bearing debts are calculated with the application of the effective interest rate method.

Interest income and interest costs include accrued transaction costs and any discounts, bonuses and other differences between the initial recognised value of the receivable or liability, and the calculated future payments received or paid during the term of the agreement. The interest component in financial lease payments is reported in the income statement via the application of the effective interest rate method.

Income from dividends received is recorded when the right to receive the payment has been established.

#### FINANCIAL INSTRUMENTS

Financial instruments recorded among assets in the balance sheet include cash and cash equivalents, receivables from customers, shares, loans and derivative instruments. On the liability side, are accounts payable to suppliers, borrowings, and derivative instruments.

A financial asset or financial liability is taken up in the balance sheet when the company becomes a party to the contractual conditions of the instrument. Account receivables are included when the invoice has been distributed. Liabilities

are included when the other party has performed and a contractual obligation to pay exists, even if invoice has not yet been received. Accounts payable are recognised when invoice has been received. A financial asset, or part of financial asset, is derecognised from the balance sheet when the right of the contract are realised, fall due or the company loses control of them. A financial liability, or part of liability, is derecognised from the balance sheet when the company has met its commitments or the liability has been otherwise extinguished. The same applies for a financial liability.

A financial asset and a financial liability are offset against each other and recorded with a net value only when there exists a legal right to offset the amount and the intention is to settle the items with a net amount or to sell the asset and to pay of the debt at the same time.

Acquisition and sale of financial assets are recorded on the transaction date, which is the day when the company undertakes to purchase or sell the asset.

**Classification and valuation.** The classification depends on the purpose for which the instrument was acquired.

The classification of a financial asset is determined on the initial recording of the instrument. Classification is then crucial for how the financial instrument is valued.

Financial instruments, which are not derivatives, are initially measured at cost corresponding to the instrument's fair value with the addition of transaction costs apart from those financial instruments, which are categorised as financial assets at fair value through the income statement, which are reported at fair value excluding transaction costs. Accounts receivable and accounts payable have a short expected duration and are valued without discount at nominal value.

**Financial assets assessed at fair value through the income statement.** Assets in this category are measured continually at fair value with changes recorded in the income statement. This category consists of financial assets, which are held for trade and other financial assets designated into this category. Independent derivatives and embedded derivatives are classified as being held for trade except when they are used for hedge accounting. Derivatives are used to cover the risk for exchange-rate fluctuations and changes in interest rates. Derivatives with positive values (unrealised gains) are recorded as other long-term or current receivables. Changes in fair value are reported in the income statement.

**Loans receivable and accounts receivable.** Loans receivable and accounts receivable are financial assets which are not derivatives, which have fixed payments or payments which are able to be determined, and which are not listed on an active market. These assets are measured at amortised cost. The value is determined on the basis of the effective interest rate calculated at the time of the acquisition. Accounts receivable are reported at the amount expected to be received, i.e. after deductions for doubtful receivables.

Impairment of accounts receivable is reported in operating costs. Testing for impairment is performed individually.

**Cash and cash equivalents.** Cash and cash equivalents consist of cash, cash at bank and other financial institutions.

**Financial liabilities assessed at fair value through the income statement.** This category comprises derivatives with a negative fair value not used for hedge accounting. Changes in fair value are recognised in 'Other operating income/Other operating costs' in the income statement.

**Other financial liabilities.** Financial liabilities not held for trading, such as accounts payable and other liabilities are recognized at accrued acquisition value. Loans and other financial liabilities are reported initially at received loan amount with deductions for transaction costs. After the acquisition date loans are assessed at the accrued acquisition value using the effective interest rate method.

**Hedge accounting.** If the hedge accounting criteria are met, the effective portion of the change in fair value of the derivative is reported in other comprehensive income and is accumulated in the hedging reserve in equity. The accumulated profits or losses recognized in the hedging reserve are reversed to income in the same

period as the hedged cash flow affects income. Any ineffective part of the change in value is recognized directly in income.

If the hedging relationship is interrupted and cash flow is still expected, the accumulated change in value is reported in the hedging reserve until the cash flow attributable to the hedged item affects earnings. In the event that the forecast cash flow underpinning the hedge transaction is no longer expected to occur, the cumulative change in value recognized in the hedging reserve is transferred directly to earnings.

## INTANGIBLE ASSETS

**Goodwill.** Goodwill is the amount by which the cost of an acquisition exceeds the fair value of the acquired identifiable assets, assumed liabilities and contingent liabilities.

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition, and is tested for impairment annually, and when there is an indication of reduction in value. Any impairment is not reversed.

**Research and development.** Expenditures for development, where the research result or other knowledge is applied in order to produce new or improved products or processes, are reported as an asset in the balance sheet, if the product or the process is technically and commercially viable and the company has sufficient resources in order to proceed with development and thereafter use or sell the intangible asset. The reported value includes expenditure for materials and other immediate expenses attributable to the asset in a reasonable and consistent manner. In the balance sheet, reported development costs are reported at cost less accumulated amortisation and any impairment.

Costs for research aimed at acquiring new scientific or technical knowledge are reported in the income statement as costs as they arise.

**Trademarks with indeterminable lifetime.** Trademarks that are acquired via business acquisitions are recorded at fair value on the acquisition date. Trademarks with indeterminable lifetime are allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the trademark and are tested for impairment annually, and when there is an indication of reduction in value.

**Customer relations and trademarks with determinable lifetime.** Customer relations that are acquired via business acquisitions are recorded at fair value on the acquisition date. Trademarks with determinable lifetime are reported at acquired value less depreciation and any accumulated impairment.

**Other intangible assets.** Other intangible assets are reported at cost less accumulated depreciation and impairment.

**Subsequent expenditures.** Subsequent expenditures for capitalised intangible assets are reported as an asset in the balance sheet only when they increase the future economic benefits for the specific assets to which they are related. All other expenditures are expensed as they arise.

**Depreciation.** Depreciation is recorded linearly in the income statement over the intangible assets' expected useful life, if the useful life is not indefinite.

The expected useful life is:

Capitalised development expenditures.....	5 years
Computer software programs .....	3-5 years
Customer relations .....	10 years

The depreciation methods, residual value and useful life periods used are reassessed at the end of each year.

## TANGIBLE FIXED ASSETS

**Owned assets.** Tangible fixed assets are measured at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to the asset in order to move it into place and in the proper condition to be used in accordance with the purpose of the acquisition. The cost for self-produced fixed assets includes expenditures for materials, expenditures for salaries and other remuneration to employees, and if applicable other production costs considered to be directly attributable to the fixed asset.

The reported value of a tangible fixed asset is removed with its scrapping or sale or when no future financial benefits are expected from its use. A gain or loss arising from the sale or scrapping of an asset consists of the difference between selling price and the asset's reported value with deductions for the directly attributable selling costs. Any gain or loss is reported as other operating income/expense.

**Subsequent expenditures.** Subsequent expenditures are added to the carrying amount only if it is likely that the company will receive future financial benefits associated with the asset and the cost of the assets can be calculated reliably. All other subsequent expenditures are expensed in the period they arise. Crucial for the assessment when a subsequent expenditure is added to the carrying amount is if it concerns exchange of components, or parts thereof, whereupon such expenditures are capitalised. Even in cases when new components are constructed the expenditure is added to the carrying amount. Any remaining carrying amount of exchanged components, or parts of components, is expensed at the time of the exchange.

Repairs are expensed as they arise.

**Depreciation.** Depreciation occurs linearly over the asset's anticipated useful life. The Group applies component depreciation, meaning that the components' estimated useful life forms the basis for the depreciation.

The estimated useful life is:

buildings, real estate used in business operations.....	15-30 years
machinery and other technical fixed assets .....	3-8 years
equipment, tools and fixtures .....	3-10 years
land .....	Not depreciated

Depreciation of components is based on each component's estimated useful life.

The depreciation methods used and the residual value of assets and their useful life are reviewed annually.

## LEASING

Leasing is classified in the consolidated financial statements either as financial or operational leasing. Financial leasing occurs when the financial risks and benefits associated with the ownership are substantially transferred to the lessee. If this is not the case, then it is classed as operational leasing.

**Financial leasing agreements.** Leasing of fixed assets where the group essentially takes over the same risks and benefits as direct ownership are classified as financial leasing. Financial leasing is recognised at the start of the leasing period. Assets that are hired under financial leasing agreements are recognized as assets in the consolidated balance sheet in the same way as owned assets. The obligation to pay future leasing payments is recognized as long-term and current liabilities. Lease payments are allocated between interest expense and repayment of the outstanding debt. The interest expense is amortized over the lease period so that each accounting period includes an amount corresponding to a fixed interest rate for the respective period of the liability. Variable costs are expensed in the periods in which they arise.

**Operational leasing agreements.** Leasing of fixed assets where the risks and rewards relating to ownership remain with the lessor are classified as operational leasing. Costs for operational leasing are recognized in the income statement on a straight-line basis over the lease term. Benefits obtained from with the signing of an agreement are recognized as a part of the total lease expense in the income statement on a straight-line basis over the lease term. Variable fees are expensed in the period they are incurred.

## IMPAIRMENTS AND REVERSAL OF IMPAIRMENTS

Impairments are charged to the income statement. The impairment of financial, tangible and intangible fixed assets affects the operating profit/loss.

Previously recorded impairments are reversed if reasons for the former impairment no longer exist. The increased carrying amount attributable to a reversal of impairment shall not exceed the carrying amount that would have determined if no impairment had been recorded in previous years.

Impairment of goodwill is not reversed.

**Test of need for an impairment of tangible and intangible assets, and for shares in subsidiaries.** The test of need for an impairment exists if any event occurs or if circumstances change, indicating that the recorded value might be above the recoverable value. The test is carried out at the cash-generating unit that the asset belongs to. The cash-generating units consist of the Group's operating segments. For goodwill, other intangible assets with an indefinite useful life, and intangible assets not yet ready for use, the recoverable value is calculated annually. An impairment is recorded when an asset's or cash-generating unit's carrying amount exceeds the recoverable value.

The recoverable value is the highest of the fair value less sales costs and estimated value in use. When calculating the estimated value in use, the future cash flows are discounted at a rate considering risk-free interest rate and market risk premium associated with the specific asset.

An impairment of assets belonging to a cash-generating unit is primarily allocated to goodwill. Then other assets are written down on a proportional basis.

An impairment is reversed, with the exception of impairment of goodwill, if there has been a positive change in the recoverable value.

**Test of the need for an impairment of financial assets.** An impairment of a financial asset should happen if objective evidence shows that one or more events have had a negative impact on the assets' estimated future cash flows.

An impairment of a financial asset valued at the accrued acquisition cost is estimated as the difference between its carrying amount and net present value of the estimated future cash flows, discounted by the original effective interest rate. Previous impairments shall be reversed, if reasons for the former impairment no more exist.

## INVENTORIES

Inventories are measured at the lower of cost and net realisable value, including any obsolescence provision. The cost is calculated by applying the First In First Out method (FIFO), including expenses arising with the purchase of the inventory and the transportation to the current place and condition. Manufactured goods and work in progress, includes the purchase price and a reasonable proportion of indirect costs based on normal capacity. Loan costs are not included. The net realisable value is calculated as the estimated selling price less applicable variable sales expenses.

## DIVIDENDS

Dividends are reported as a liability after the Annual General Meeting has approved the dividend.

## EARNINGS PER SHARE

The calculation of earnings per share is based on the net result in the Group, attributable to the parent company's shareholders and on the weighted average number of shares outstanding during the year.

## REMUNERATION TO EMPLOYEES

**Short-term remuneration.** Short-term remuneration to employees is calculated without discounting and is reported as an expense when the related services are received.

A provision is reported for planned bonus payments when the Group has an obligation to make such payments based on services received or other contractual conditions fulfilled.

**Defined-contribution pension plans.** Defined-contribution pension plans are plans where the company's obligation is limited to the charges the company has undertaken to pay. The size of the employee's pension depends on the fees paid by the company and the return on capital generated by these fees. The company obligations concerning payments to defined-contribution pension plans are reported as an expense as they are earned. The part of the Swedish ITP plan financed through Alecta is a defined-benefit pension plan. Alecta has currently no possibility of providing the requisite information, which is why the aforementioned pension plan is reported as a defined-contribution pension plan, meaning that the premiums paid to Alecta will be reported in the period they refer to.

**Defined-benefit pension plan.** Defined-benefit pension plans are other plans for remunerating employees upon retirement than defined-contribution pension plans. The Group's net obligation concerning defined-benefit pension plans are calculated separately for each plan by estimating the future remuneration, which each employee has earned via their employment in both the current and previous periods; this remuneration is then discounted to a current value. Discount interest is the interest rate on the closing date for a first-class corporate bond or mortgage with a remaining maturity that corresponds to the Group's obligations. If there is no effective market for corporate bonds, the market rate for government bonds over a corresponding period is used. The actuarial calculation is carried out by a registered actuary using the Projected Unit Credit Method. The Group's net obligations constitute the current value of the obligations minus the fair value of the plan's assets adjusted for any access restrictions.

Net interest costs/income for the defined-benefit obligation/asset are reported under net financial items in the income statement. Net interest is based on the interest that occurs upon discounting of the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any access restrictions. Other components are reported as operating profit.

Restatement effects comprise actuarial gains and losses, the difference between actual returns on plan assets and the amount included in net interest and any changes in the effects of access restrictions (excluding interest that was included in net interest). Restatement effects are reported in other comprehensive income.

Changes or reductions in a defined-benefit plan are reported at the earliest of the following dates: a) when the change or reduction in the plan occurs, or b) when the company reports related restructuring costs and remuneration upon termination of employment. Changes and reductions are reported directly in profits.

Payroll tax is a part of the actuarial assumption and is therefore reported as part of the net obligation/asset. The portion of payroll tax calculated based on the Pension Obligations Vesting Act (Tryggandelagen) for a legal entity is stated, for reasons of simplicity, as accrued costs instead of as part of the net obligation/asset.

Tax on returns is reported in the income statement for the period the tax refers to and is thus not included in the calculation of debt. For schemes run as funds, tax is levied on returns for plan assets and this is reported in other comprehensive income. For schemes not run as funds or run partly as funds, tax is included in profits for the year.

If there is a difference between how pension costs are established for a legal entity and the Group, an allocation or a receivable is reported concerning payroll tax based on this difference. The allocation or receivable is not calculated at present value.

**Share saving scheme.** The 2013 share saving scheme is reported as share-related remuneration settled with an equity instrument. This means that the fair value is calculated initially from estimated fulfilment of targets established for the period. The value is distributed across the income period. After fair value is established, no further reassessment is made during the remainder of the income period except for changes in the number of shares if the condition concerning continued employment during the income period is no longer met.

**Social fees.** Social fees paid due to share-related remuneration are reported in accordance with statement UFR 7 of the Swedish council for financial reporting. The costs for social fees are distributed over the periods in which services are performed. The allocation that arises is reassessed on each report date to correspond to the estimated fees to be paid at the end of each income period.

## PROVISIONS

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred, and it is likely that an out-flow of financial resources will be required in order to meet the obligation and a reliable estimate of the amount can be made. Provisions are assessed at the end of every year. Provisions are divided between long-term and current provisions.



**Provisions for guarantees.** A provision for a product guarantee is recorded when the underlying products or services are sold. Provisions are based on historical data about the guarantees and a total appraisal of possible outcomes in relation to the probability of the outcome.

**Provisions for restructuring and redundancy payments.** A provision for restructuring is recorded when the Group has decided on a detailed and formal restructuring plan, and the plan has been established and become public. Provisions for restructuring often include redundancy payments, where the redundancy is either voluntary or involuntary. Redundancy payments are reported according to the same principles as provisions for restructuring, except if there are requirements to work out a period of notice when costs are charged over the period of notice. No provisions are made for future operating costs.

## TAXES

Income taxes consist of current taxes and deferred taxes. Income taxes are reported in the income statement except when the underlying transaction is reported directly against equity or other comprehensive income whereupon the related tax effect also is reported in equity or other comprehensive income. Current taxes are taxes that will be paid or are to be received for the current year, with the application of the tax rates that have been determined or announced as of the close of the reporting period. Included here are also adjustments of current tax attributable to earlier periods. A current tax liability or tax receivable is reported for the estimated tax that will be paid or received for the current year or previous years.

Deferred tax is calculated according to the balance sheet method based on the temporary difference between the tax-related values for assets and liabilities, and the values reported for the Group.

Temporary differences that arise on initial recognition of an asset or liability, and which are not attributable to business acquisitions or other acquisition and have not affected reported or taxable earnings, do not entail a deferred tax asset or liability.

Deferred tax is valued at the nominal amount with the application of the tax rates and tax regulations decided upon or announced on the balance sheet date. Temporary differences are not recognised in participations in subsidiaries, since the Group can control the date when these temporary differences are reversed and it is unlikely that they will be reversed in the foreseeable future. Temporary differences are not considered for goodwill. Deferred tax assets concerning tax-deductible temporary differences and retained losses are recorded only to the extent it is probable that tax surpluses will be available in the future, against which temporary differences can be utilised.

## CONTINGENT LIABILITIES

A contingent liability is recorded when there are possible commitments arising from events that have occurred and the liability is not reported, due to the unlikelihood that an outflow of resources will be required.

## THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company has prepared its financial statements according to the Swedish Annual Accounts Act (Årsredovisningslagen 1995:1554) and RFR 2. Financial Reporting for Legal Entities. This means that the parent company's financial reports must apply all EU approved IFRS and statements to the extent that it is possible within the framework of the Swedish Annual Accounts Act and with regard to the connection between the accounting and taxation.

**Subsidiaries.** Shares in subsidiaries are reported in the parent company according to the purchase method. All expenses connected with business acquisitions, i.e. including acquisition-related costs, are capitalised in the parent company's financial statements as a part of the acquisition value for shares in subsidiaries. Dividend income is reported when there is a legal authority to receive the dividend. Received dividends are reported as income irrespective of whether the dividends are linked to profit earned before the acquisition date.

**Revenue.** The parent company's revenue consists of intra-Group management fees. The income statement reports this as net sales.

**Taxes.** Untaxed reserves recorded in the parent company include deferred tax liabilities. In the consolidated financial statements untaxed reserves are allocated between deferred tax liability and shareholders' equity. For the parent company no comparable allocation is therefore made of appropriations as deferred tax expenses.

**Group contributions and shareholder's contributions for legal entities.** Shareholders' contributions are added to the value of shares in subsidiaries in the balance sheet and are then tested for impairment.

Group contributions are booked as an appropriation in the income statement.

**Financial guarantees.** The parent company's financial guarantee agreements mainly consist of guarantees benefitting subsidiaries. Financial guarantees mean that the company has an undertaking to remunerate the holder of a debt instrument for losses accrued because a specific debtor has not completed payment on the due date according to the terms of the agreement. The parent company reports financial guarantee agreements as a provision in the balance sheet when the company has a commitment for which payment is likely to be required to regulate the commitment.

## 2 Classification of income

SEK m	2015	2014
Net sales		
Products	1,240.0	1,112.2
Solutions	1,395.7	1,196.8
Service	562.3	517.9
	<b>3,198.0</b>	<b>2,826.9</b>

### 3 Operating segment reporting

Segment reporting is based on reports submitted to the Group's chief operating decision makers in order to assess performance and allocation of resources to the segments. The operating segments consist of different business operations that are affected by revenues and expenses. The segments are measured and consolidated according to the same accounting principles as the Group in total. The Group is a global market leader in producing products and systems within environmental technology. The products and systems contribute to creating a clean and safe working environment with focus on clean air, recycling solutions and reduced environmental impact of transport handling.

#### OPERATING SEGMENTS

The Group is divided into the following operating segments:

- EMEA (Europe, Middle East and Africa)
- Asia Pacific (Asia and Pacific region)
- Americas (North and South America)

The operating segments are presented on pages 20-31 of the annual report. The Group's internal reporting system is built up in order to make it possible to follow up net sales, gross profit and variable costs per segment. Operating general expenses are allocated to the operating segments as appropriate. Operating capital is reported separately when this is possible while other operating capital is allocated as suitable. Earnings, assets and liabilities for the segments include directly attributable items plus items that can be allocated to the segments in an appropriate way. Items not allocated primarily refer to expenses relating to the parent company,

Nederman Holding AB, which includes the central head office staffs. Items not allocated also refer to financial income and expenses and tax expenses. Assets and liabilities that have not been allocated between the segments include tax receivables and tax liabilities (current and deferred), financial investments and financial liabilities, including pension obligations. Operating assets are defined as total assets with deductions for liquid funds, tax receivables (current and deferred) and financial investments. Operating liabilities are defined as total assets minus financial investments, tax liabilities (current and deferred) and financial liabilities including pension obligations. The segment's capital expenditures in tangible and intangible fixed assets include all capital expenditures except expendable equipment, equipment of minor value and goodwill. No individual customer accounts for 10 per cent or more of the Group's revenues.

#### GEOGRAPHIC REGIONS

The Group is divided into the following geographic regions: Sweden, Nordic region, Germany, Other Europe, North America and Rest of the world. The information presented concerning the income for each region concerns the geographic areas, where the customers are located. Information concerning operating assets, fixed assets excluding goodwill and capital expenditures for the period in tangible and intangible fixed assets, with the exception of goodwill, is based on geographic regions, where the assets are located. Fixed assets are defined as total assets minus goodwill, long-term receivables and deferred tax assets.

#### OPERATING SEGMENT

2015, SEK m	EMEA	Asia Pacific	Americas	Other, not allocated	Total
Net sales	1,455.8	362.6	1,379.6	-	3,198.0
Adjusted operating profit by operating segment	168.6	-5.7	163.8	-63.6	263.1
Acquisition costs	-	-	-	-1.1	-1.1
Restructuring costs	-	-	-	-20.0	-20.0
Operating profit	168.6	-5.7	163.8	-84.7	242.0
Financial income	-	-	-	2.9	2.9
Financial expenses	-	-	-	-30.0	-30.0
Tax expenses	-	-	-	-62.1	-62.1
<b>Net profit</b>					<b>152.8</b>
Operating assets	1,252.0	236.5	1,102.9	-414.8	2,176.6
Other assets	-	-	-	389.2	389.2
<b>Total assets</b>	<b>1,252.0</b>	<b>236.5</b>	<b>1,102.9</b>	<b>-25.6</b>	<b>2,565.8</b>
Operating liabilities	367.6	186.2	479.4	-272.6	760.6
Other liabilities	-	-	-	968.1	968.1
<b>Total liabilities</b>	<b>367.6</b>	<b>186.2</b>	<b>479.4</b>	<b>695.5</b>	<b>1,728.7</b>
Capital expenditures	14.0	1.0	30.1	21.9	67.0
Depreciation	-21.6	-5.3	-12.8	-8.2	-47.9

#### GEOGRAPHIC AREAS

2015, SEK m	Sweden	Nordic region	Germany	Other European	North America	Rest of the world	Not allocated	Total
Net sales	143.1	194.8	255.4	776.3	1,177.9	650.5	-	3,198.0
Operating assets	640.1	24.7	275.0	312.2	1,088.8	250.6	-414.8	2,176.6
Capital expenditures	7.0	0.5	1.4	5.1	29.4	1.7	21.9	67.0
Fixed assets	33.8	1.9	46.0	46.5	175.7	28.6	32.7	365.2

### 3 Operating segments, continued from previous page

#### OPERATING SEGMENTS

2014*, SEK M	EMEA	Asia Pacific	Americas	Other, not allocated	Total
Net sales	1,413.7	336.3	1,076.9	-	2,826.9
Adjusted operating profit by operating segment	110.4	4.1	144.9	-58.7	200.7
Restructuring costs	-	-	-	-35.0	-35.0
Operating profit	110.4	4.1	144.9	-93.7	165.7
Financial income	-	-	-	2.3	2.3
Financial expenses	-	-	-	-29.0	-29.0
Tax expenses	-	-	-	-44.7	-44.7
<b>Net profit</b>					<b>94.3</b>
Operating assets	1,233.1	192.7	1,082.0	-555.6	1,952.2
Other assets	-	-	-	420.9	420.9
<b>Total assets</b>	<b>1,233.1</b>	<b>192.7</b>	<b>1,082.0</b>	<b>-134.7</b>	<b>2,373.1</b>
Operating liabilities	411.3	133.9	417.0	-238.5	723.7
Other liabilities	-	-	-	916.1	916.1
<b>Total liabilities</b>	<b>411.3</b>	<b>133.9</b>	<b>417.0</b>	<b>677.6</b>	<b>1,639.8</b>
Capital expenditures	9.3	1.1	24.1	4.8	39.3
Depreciation	-23.4	-6.4	-9.0	-8.4	-47.2

\*) Comparable figures have been adjusted in accordance with minor structural changes to the organization.

#### GEOGRAPHIC AREAS

2014, SEK m	Sweden	Nordic region	Germany	Other European	North America	Rest of the world	Not allocated	Total
Net sales	143.3	208.0	252.8	669.9	907.7	645.2	-	2,826.9
Operating assets	595.0	23.1	269.0	346.0	1,061.5	213.2	-555.6	1,952.2
Capital expenditures	3.8	-	2.5	3.0	23.6	1.6	4.8	39.3
Fixed assets	29.3	1.2	51.6	51.1	142.0	33.9	19.5	328.6

### 4 Acquisition of business units

#### ACQUISITIONS 2015

##### Filtac AB

On 1 September 2015 Nederman acquired 100% of the shares in Filtac AB for SEK 22.9m. Filtac has sales of around SEK 50m and its head office is in Kinna, Sweden. The company has 18 employees. The acquisition of Filtac gives Nederman access to world-leading technology and in-depth knowledge of, for example, the capture and filtration of oil mist that arises when metal is machined. Combined with Nederman's global sales network this gives Nederman a strong position on this interesting market.

Fees relating to the acquisition amounted to SEK 0.2m and comprise payments to consultants in connection with due diligence. These fees affected operating profit. Fair value of accounts receivable and other receivables were SEK 6.6m and include accounts receivable with fair value of SEK 6.5m.

The acquisition analysis is preliminary.

##### National Conveyors Company Inc.

On 5 November 2015 Nederman acquired 100% of the shares in National Conveyors Company Inc. for SEK 21.8m. National Conveyors Company Inc. (NCC) supplies products and systems for separation, transport and handling of metal scrap and systems for handling ash and lime. NCC fits very well with Nederman's existing machining business and will give Nederman entry to the North American machining market. Synergies between NCC and Nederman have also been identified in the area of equipment for handling of lime and ash, which is commonly utilized in Nederman's filter solutions for the foundry and steel making industries. NCC has revenues of SEK 50m and has 17 employees. NCC will act as a bridge head for the launch of technology for oil mist filtration, a market where Nederman strengthened its position through the acquisition of Filtac AB in September 2015.

Fees relating to the acquisition amounted to SEK 0.9m and comprise payments to consultants in connection with due diligence. These fees affected operating profit. Fair value of accounts receivable and other receivables were SEK 4.4m and include accounts receivable with fair value of SEK 3.7m.

The acquisition analysis is preliminary.

Continued on next page.

**4 Acquisition of business units, continued from previous page**

	Filtac AB	National Conveyors Company Inc.	Total
<b>Transferred remuneration</b>			
Liquid funds	22.9	21.8	44.7
<b>Total transferred remuneration</b>	<b>22.9</b>	<b>21.8</b>	<b>44.7</b>
<b>Reported amounts of identifiable acquired assets and taken-over liabilities at time of acquisition</b>			
	Filtac AB	National Conveyors Company Inc.	Total
Intangible assets	5.0	4.9	9.9
Tangible assets	0.9	3.2	4.1
Inventories	4.2	2.4	6.6
Accounts receivable and other receivables	6.6	4.4	11.0
Tax assets	0.2	-	0.2
Liquid funds	0.5	1.0	1.5
Interest-bearing liabilities	-1.2	-	-1.2
Accounts payable other operating liabilities	-8.2	-8.8	-17.0
Deferred tax liabilities	-	-2.0	-2.0
<b>Total identifiable net assets</b>	<b>8.0</b>	<b>5.1</b>	<b>13.1</b>
Goodwill	14.9	16.7	31.6
<b>Total</b>	<b>22.9</b>	<b>21.8</b>	<b>44.7</b>
Transferred remuneration	-22.9	-21.8	-44.7
Acquired liquid funds	0.5	1.0	1.5
<b>Effect on consolidated liquid funds</b>	<b>-22.4</b>	<b>-20.8</b>	<b>-43.2</b>
Net sales during ownership of acquired units	18.3	21.1	39.4
Net sales 2015 before acquisition	31.4	31.1	62.5
Net earnings during ownership of acquired units	0.2	3.8	4.0
Net earnings 2015 before acquisition	1.5	-1.3	0.2

**5 Other operating income**

SEK m	2015	2014
Profit from sale of fixed assets	0.4	7.8
Recovered customer losses	3.8	2.7
Foreign exchange profit on operating receivables/liabilities	-	5.2
Other	5.8	6.5
	<b>10.0</b>	<b>22.2</b>

**6 Other operating expenses**

SEK m	2015	2014
Loss from sale of fixed assets	-0.1	-0.7
Customer losses	-6.9	-6.5
Foreign exchange losses on operating receivables/liabilities	-4.1	-12.2
Other	-4.3	-7.2
	<b>-15.4</b>	<b>-26.6</b>



## 7 Employees and employee benefits

Average number of employees	2015			2014		
	Women	Men	Total	Women	Men	Total
Australia	3	17	20	3	24	27
Austria	1	3	4	1	3	4
Belgium	3	12	15	3	11	14
Brazil	4	19	23	4	18	22
Canada	8	23	31	8	32	40
China	37	128	165	36	132	168
Czech Republic	2	15	17	2	15	17
Denmark	10	64	74	13	71	84
France	21	24	45	21	25	46
Germany	43	148	191	46	153	199
Hungary	-	2	2	-	2	2
India	1	16	17	1	16	17
Indonesia	1	8	9	2	7	9
Malaysia	1	6	7	1	5	6
Mexico	2	2	4	1	2	3
Netherlands	5	34	39	5	36	41
Norway	2	19	21	3	19	22
Poland	26	177	203	29	200	229
Russia	3	5	8	3	4	7
Spain	2	12	14	2	12	14
Sweden	59	173	232	57	161	218
Thailand	20	78	98	27	63	90
Turkey	3	8	11	2	8	10
UK	13	88	101	13	84	97
USA	102	380	482	111	306	417
<b>Group total</b>	<b>372</b>	<b>1,461</b>	<b>1,833</b>	<b>394</b>	<b>1,409</b>	<b>1,803</b>
<b>Of whom, senior executives</b>	<b>14</b>	<b>74</b>	<b>88</b>	<b>16</b>	<b>86</b>	<b>102</b>

Distribution according to gender in senior management, percentage of women	2015	2014
Board	4%	4%
Other senior executives	16%	16%
Expenses for remuneration to employees, SEK m	2015	2014
Salaries and other remuneration	748.0	660.0
Pensions expenses, defined-benefit plans (see also note 20)	0.0	0.0
Pensions expenses, defined-contribution plans (see also note 20)	33.0 <sup>1)</sup>	31.2 <sup>1)</sup>
Social security expenses	112.2	109.1
<b>893.2</b>	<b>800.3</b>	

Salaries and other remuneration allocated between the board of directors and other employees, SEK m	2015	2014
Board of Directors, CEO and senior executives	52.6	53.2
(of which variable compensation)	(6.0)	(4.4)
Other employees	695.4	606.8
<b>748.0</b>	<b>660.0</b>	

1) Of the parent company's pension costs SEK 1.3m (1.2) concern the CEO for the parent company. There are no outstanding pension obligations to the Group's Board of Directors, CEO and senior executives.

## 8 Auditor's fees and compensation

SEK m	2015	2014
<b>EY</b>		
Audit assignment	4.6	-
Tax advice	0.7	-
Other assignments	0.2	-
<b>KPMG</b>		
Audit assignment	-	5.3
Tax advice	-	0.3
Other assignments	-	0.1
<b>Other auditors</b>		
Audit assignment	0.7	0.6
Tax advice	0.4	0.1
Other assignments	0.1	0.2

Audit assignments refer to the statutory audit of annual and consolidated accounts, the administration of the board of directors and CEO, and auditing and other verifications as agreed. Other audit assignments include other duties incumbent on the company's auditors and advice or other assistance required by the findings in the audit or performance of other tasks.

## 9 Cost of operations allocated on cost type

SEK m	2015	2014
Cost of material	-1,525.6	-1,357.7
Cost of personnel	-893.2	-800.3
Other external costs and other personnel costs	-467.6	-426.3
Acquisition costs	-1.1	-
Restructuring costs*)	-15.2	-25.4
Depreciation	-47.9	-47.2
Other costs of operations	-15.4	-26.5
<b>-2,966.0</b>	<b>-2,683.4</b>	
*) excl cost of personnel	-4.8	-9.6

## 10 Net financial items

SEK m	2015	2014
Interest income on bank deposits	2.4	2.2
Other interest income	0.5	0.1
<b>Financial income</b>	<b>2.9</b>	<b>2.3</b>
Interest expenses, credit institutions	-17.4	-21.9
Interest expenses, other	-4.6	-3.3
Exchange rate changes, net	-8.0	-3.8
<b>Financial expenses</b>	<b>-30.0</b>	<b>-29.0</b>
<b>Net financial income/expenses</b>	<b>-27.1</b>	<b>-26.7</b>

All interest income/expense derived from financial assets and liabilities which are measured at amortised cost.

**11** Taxes

REPORTED IN CONSOLIDATED INCOME STATEMENT, SEK M	2015	2014
<b>Current tax expense (-)</b>		
Tax expense for the period	-47.5	-54.9
Adjustment of tax relating to previous years	0.7	-0.3
	<b>-46.8</b>	<b>-55.2</b>
<b>Deferred tax expense (-) /tax income (+)</b>		
Deferred tax concerning temporary differences	-7.7	8.4
Utilisation of previously activated loss carryforwards	0.0	0.0
Revaluation of loss carryforwards	-7.6	2.1
Deferred tax assets in the year capitalised tax value in loss carryforward	0.0	0.0
	<b>-15.3</b>	<b>10.5</b>
<b>Total consolidated tax expenses</b>	<b>-62.1</b>	<b>-44.7</b>

**Reconciliation of effective tax**

The Swedish tax rate is 22 per cent. The main reasons for the deviation between Swedish tax rate and the consolidated effective tax rate, based on profit before tax are presented below:

	2015, %	2015, SEK m	2014, %	2014, SEK m
Profit before tax		214.9		139.0
Tax according to the applicable tax rate for the Parent company	22.0	-47.3	22.0	-30.6
Effect of other tax rates for foreign subsidiaries	9.7	-20.9	11.9	-16.6
Non-tax deductible expenses	3.9	-8.5	6.9	-9.6
Non-taxable income	-2.7	5.9	-1.7	2.4
Increase of loss carryforwards without corresponding capitalisation of deferred tax	1.5	-3.2	2.2	-3.0
Utilisation of loss carryforwards not recognised as deferred tax	-6.3	13.6	-11.2	15.6
Tax relating to previous years	0.8	-1.7	2.1	-2.9
Effect of changes in tax rates/ and tax rules	-	-	0.0	0.0
<b>Reported effective tax</b>	<b>28.9</b>	<b>-62.1</b>	<b>32.1</b>	<b>-44.7</b>

Current tax receivables amount to SEK 48.5m (10.2) and representing the recoverable amount of current tax on the result for the year.

**REPORTED IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	2015		2014
Deferred tax assets and deferred tax liabilities	Receivables	Liabilities	Net
Deferred tax assets and deferred tax liabilities relate to:			
Tangible fixed assets	26.4	36.5	-10.1
Intangible fixed assets	6.7	22.0	-15.3
Financial fixed assets	0.6	-	0.6
Inventories	8.4	1.1	7.3
Accounts receivable	1.8	4.0	-2.2
Provisions for pensions	7.9	0.7	7.2
Provisions	16.7	0.3	16.4
Loss carryforwards	40.5	-	40.5
Other	2.1	-	2.1
<b>Tax receivables/liabilities</b>	<b>111.1</b>	<b>64.6</b>	<b>46.5</b>
Netting	-34.8	-34.8	-40.0
<b>Deferred tax assets/liabilities according to consolidated statement of financial position</b>	<b>76.3</b>	<b>29.8</b>	<b>46.5</b>
	<b>81.7</b>	<b>17.0</b>	<b>64.7</b>

Recognised loss carryforwards are not time limited except for losses in China and India, amounting to SEK 5.4m that is valid until 2018. Deferred tax receivables have been reported to the extent that it is considered probable that the loss can be set off against future profits

**UNREPORTED LOSS CARRYFORWARDS**

Deductible temporary differences and loss carryforwards for which deferred tax assets have not been reported in the consolidated statement of comprehensive income and financial position.

SEK m	2015	2014 *)
Temporary differences/Loss carryforwards	103.0	139.4

Deferred tax receivables not recognised relate to loss carryforwards in the Netherlands, Germany and the US, which will probably not be used for settlement of future taxable gains. There are no time limits for loss carryforwards.

\*) figures for 2014 have been adjusted to reflect new information.

The note continues on the next page.

## 11 Taxes, continued from previous page

### CHANGES IN DEFERRED TAX DUE TO TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

SEK m	Balance 1 Jan 2014	Recorded via income statement	Translation difference	Acquisition of business	Balance 31 Dec 2014
Tangible fixed assets	-4.9	0.2	0.1	-	-4.6
Intangible fixed assets	-8.3	-2.8	0.2	-	-10.9
Financial fixed assets	0.6	0.0	-	-	0.6
Inventories	0.7	2.8	0.4	-	3.9
Accounts receivable	1.5	1.1	0.1	-	2.7
Provision for pensions	5.5	1.4	0.1	-	7.0
Provisions	13.2	0.7	0.1	-	14.0
Loss carryforwards	45.3	2.1	0.2	-	47.6
Other	-1.4	5.0	0.8	-	4.4
	<b>52.2</b>	<b>10.5</b>	<b>2.0</b>	<b>-</b>	<b>64.7</b>

SEK m	Balance 1 Jan 2015	Recorded via income statement	Translation difference	Acquisition of business	Balance 31 Dec 2015
Tangible fixed assets	-4.6	-5.2	-0.3	-	-10.1
Intangible fixed assets	-10.9	-1.2	-0.2	-3.0	-15.3
Financial fixed assets	0.6	0.0	0.0	-	0.6
Inventories	3.9	3.2	0.2	-	7.3
Accounts receivable	2.7	-4.7	-0.2	-	-2.2
Provision for pensions	7.0	0.2	0.0	-	7.2
Provisions	14.0	2.4	0.0	-	16.4
Loss carryforwards	47.6	-7.8	-0.3	1.0	40.5
Other	4.4	-2.2	-0.1	-	2.1
	<b>64.7</b>	<b>-15.3</b>	<b>-0.9</b>	<b>-2.0</b>	<b>46.5</b>

## 12 Intangible fixed assets

	2015						2014					
SEK m	Customer relations	Trade- marks	Develop- ment activities	Goodwill	Software	Total	Customer relations	Trade- marks	Develop- ment activities	Goodwill	Software	Total
<b>Accumulated cost</b>												
Opening balance	14.8	42.3	99.3	655.1	64.2	875.7	12.7	36.3	94.2	605.4	62.2	810.8
Acquisitions	3.6	-	8.8	31.6	-	44.0	-	-	-	-	-	-
Internally developed assets	-	-	7.9	-	-	7.9	-	-	1.8	-	-	1.8
Other capital expenditures	-	-	0.0	-	14.5	14.5	-	-	0.4	-	3.7	4.1
Sold and scrapped	-	-	-	-	-1.5	-1.5	-	-	-	-	-2.7	-2.7
Reclassifications	-	-	-	-	0.4	0.4	-	-	-	-	-	-
Translation difference	0.5	1.5	-0.9	1.9	-1.4	1.6	2.1	6.0	2.9	49.7	1.0	61.7
<b>Closing balance</b>	<b>18.9</b>	<b>43.8</b>	<b>115.1</b>	<b>688.6</b>	<b>76.2</b>	<b>942.6</b>	<b>14.8</b>	<b>42.3</b>	<b>99.3</b>	<b>655.1</b>	<b>64.2</b>	<b>875.7</b>
<b>Accumulated amortisation and impairment</b>												
Opening balance	-3.0	-	-81.5	0.0	-53.7	-138.2	-1.3	-	-69.7	0.0	-50.4	-121.4
Acquisitions	-	-	-2.5	-	-	-2.5	-	-	-	-	-	-
Sold and scrapped	-	-	-	-	1.5	1.5	-	-	-	-	2.7	2.7
Amortisation for the year	-1.5	-	-6.5	-	-6.5	-14.5	-1.3	-	-9.6	-	-5.0	-15.9
Translation difference	-0.1	-	1.1	-	1.1	2.1	-0.4	-	-2.2	-	-1.0	-3.6
<b>Closing balance</b>	<b>-4.6</b>	<b>-</b>	<b>-89.4</b>	<b>0.0</b>	<b>-57.6</b>	<b>-151.6</b>	<b>-3.0</b>	<b>-</b>	<b>-81.5</b>	<b>0.0</b>	<b>-53.7</b>	<b>-138.2</b>
<b>Book value</b>												
Opening balance	11.8	42.3	17.8	655.1	10.5	737.5	11.4	36.3	24.5	605.4	11.8	689.4
<b>Closing balance</b>	<b>14.3</b>	<b>43.8</b>	<b>25.7</b>	<b>688.6</b>	<b>18.6</b>	<b>791.0</b>	<b>11.8</b>	<b>42.3</b>	<b>17.8</b>	<b>655.1</b>	<b>10.5</b>	<b>737.5</b>

The Group's expenses for development of the existing product range and new products amounted to SEK 6.4 m (10.3m). SEK 7.9m was capitalised in the consolidated statement of financial position.

**12** Intangible fixed assets, continued from previous page

Amortisation and impairments, SEK m	2015	2014*)
Depreciation is included in the following lines in the income statement		
Cost of goods sold	-5.3	-6.2
Selling expenses	-2.6	-1.9
Administrative expenses	-5.3	-4.5
Research and development expenses	-1.3	-3.3
	<b>-14.5</b>	<b>-15.9</b>

\*) The Group has chosen to reclassify the amortization of research and development projects, to the extent that they relate to product development, as 'Cost of goods sold'. Comparable figures relating to the reclassification have been adjusted.

The amount of goodwill represents the future economic benefits arising from the acquisition that are not individually identified and separately recognised and the value of being established on the market with a functioning market organisation. The goodwill is split per operating segment.

Goodwill	2015	2014
EMEA	392.5	373.4
Asia Pacific	41.3	39.3
Americas	254.8	242.4
	<b>688.6</b>	<b>655.1</b>

Cash-generating unit	Annual growth during forecast period	Annual growth after forecast period	Discount factor before tax
<b>Goodwill</b>			
EMEA	1% (1%)	1% (1%)	13.35% (10.41%)
Asia Pacific	7% (7%)	3% (3%)	10.24% (9.32%)
Americas	3% (5%)	2% (2%)	15.90% (14.00%)
<b>Trademarks</b>	<b>2%(2%)</b>	<b>2%(2%)</b>	<b>13.16% (11.24%)</b>

**IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL AND TRADEMARKS WITH INDETERMINABLE LIFETIME**

Goodwill is tested annually for impairment, or more frequently if there are indications of a reduction in value. The test is based on defined cash-generating units, which are the same as the operating segments. The recoverable amounts have been determined on the basis of calculations of value in use. These calculations are based on projected cash flows by the management for a period of five years. The growth for the cash-generating units is based on historical growth, estimated market growth and expected price development. The forecasts reflect previous experience and external sources of information. Assumed growth is based on a cautious assumption and does not exceed the long-term growth of the industry as a whole.

**Sensitivity analysis:**

Sensitivity in all calculations means that the goodwill value will be defended even if the discount rate is raised by a few percentage points or if long-term growth would fall by a percentage point. The annual test of goodwill did not reveal an impairment requirement.

**TRADEMARKS**

In addition to goodwill there are acquired trademarks which are considered to have an indefinite useful life. The useful life is deemed indefinite if it is a question of a well-established brand in its market, which the Group intends to maintain and develop further. The brands that have been identified and valued were established in connection with the 2012 acquisition of EFT. The cost of the trademarks was established at the time of the acquisition under the so-called relief from royalty method. Impairment testing is performed annually. The test includes an assessment of the royalty rate on the acquisition date fixed and estimated future sales performance for five years. Sustained growth of 2 per cent has been used. Cash flow for the period beyond five years has been calculated using a multiple applied to estimated sustainable cash flow. When calculating the present value of expected future cash flows, the current weighted average capital cost (WACC) for the market is used. In 2015 the discount rate was 13.16% (11.24%). Impairment testing is done in Q4, or whenever the need arises, and with the assumptions used showed there was no need for any impairment of trademarks with an indefinite useful life. The book value of trademarks with an indefinite useful life amounted to SEK 43.8m (42.3).



## 13 Tangible fixed assets

SEK m	2015				2014			
	Buildings and land	Plant and machinery	Equipment, tools and fittings	Total	Buildings and land	Plant and machinery	Equipment, tools and fittings	Total
<b>Accumulated cost</b>								
Opening balance	346.2	183.1	295.7	825.0	317.1	146.6	296.6	760.3
Acquisitions	0.5	7.0	3.3	10.8	-	-	-	-
Capital expenditures	14.6	12.7	17.3	44.6	7.4	19.2	6.8	33.4
Sold and scrapped	-3.1	-4.5	-9.9	-17.5	-4.6	-4.7	-13.4	-22.7
Reclassifications	-	0.0	-	0.0	9.6	3.2	0.9	13.7
Translation difference	0.0	2.9	-1.7	1.2	16.7	18.8	4.8	40.3
<b>Closing balance</b>	<b>358.2</b>	<b>201.2</b>	<b>304.7</b>	<b>864.1</b>	<b>346.2</b>	<b>183.1</b>	<b>295.7</b>	<b>825.0</b>
<b>Accumulated depreciation and impairment</b>								
Opening balance	-179.5	-134.7	-264.6	-578.8	-157.8	-116.1	-262.3	-536.2
Acquisitions	-0.5	-3.8	-2.4	-6.7	-	-	-	-
Depreciation for the year	-10.4	-10.9	-12.1	-33.4	-9.8	-9.2	-12.3	-31.3
Sold and scrapped	3.1	4.5	8.9	16.5	0.6	3.7	12.4	16.7
Reclassifications	-	-0.2	-	-0.2	0.0	0.2	0.3	0.5
Translation difference	2.0	-1.5	0.8	1.3	-12.5	-13.3	-2.7	-28.5
<b>Closing balance</b>	<b>-185.3</b>	<b>-146.6</b>	<b>-269.4</b>	<b>-601.3</b>	<b>-179.5</b>	<b>-134.7</b>	<b>-264.6</b>	<b>-578.8</b>
<b>Book value</b>								
Opening balance	166.7	48.4	31.1	246.2	159.3	30.5	34.3	224.1
<b>Closing balance</b>	<b>172.9</b>	<b>54.6</b>	<b>35.3</b>	<b>262.8</b>	<b>166.7</b>	<b>48.4</b>	<b>31.1</b>	<b>246.2</b>

### Financial leasing, SEK m

	2015	2014
Book value for assets during leasing agreement		
Equipment, tools and installations	0.9	1.4

The Group leases cars and computer equipment under a number of different financial leasing agreements. The leased assets are pledged assets for the leasing liabilities. See also note 19 and 26.

### Depreciation and impairment, SEK m

	2015	2014
Depreciation is included in the following items in the income statement		
Cost of sold goods	-18.2	-15.4
Selling costs	-9.5	-9.4
Administration costs	-5.7	-6.5
	<b>-33.4</b>	<b>-31.3</b>

## 14 Long-term receivables and other receivables

SEK m	2015	2014
Long term receivables which are fixed assets		
Other	5.1	6.1
	<b>5.1</b>	<b>6.1</b>
Other receivables which are current assets		
VAT receivable	12.3	12.8
Project work in progress, not invoiced	163.0	86.9
Fair value of currency derivatives	2.0	-
Other receivables	46.2	33.0
	<b>223.5</b>	<b>132.7</b>

## 16 Prepaid costs and accrued income

SEK m	2015	2014
Rent/leasing	5.3	6.4
Computer/license costs	3.5	3.5
Insurance	1.7	2.1
Bank costs	0.9	0.4
Other	16.3	16.3
	<b>27.7</b>	<b>28.7</b>

## 15 Inventories

SEK m	2015	2014
Raw materials and consumables	154.0	122.7
Work in progress	47.4	47.7
Finished goods and tradable goods	129.3	137.7
	<b>330.7</b>	<b>308.1</b>
Impairment of inventory value reported gross	85.1	65.8

## 17 Equity

Bought-back shares included in equity item 'profit brought forward, including net profit.

	Number of shares		Amounts affecting equity	
	2015	2014	2015	2014
Opening balance, bought-back shares	34,000	-	-6.7	-
Purchases during the year	-	34,000	-	-6.7
<b>Closing balance, bought-back shares</b>	<b>34,000</b>	<b>34,000</b>	<b>-6.7</b>	<b>-6.7</b>
<b>Hedging reserve</b>			<b>2015</b>	<b>2014</b>
Cash flow hedging				
Value on opening balance			-	-
Changes in fair value of cash flow hedges			1.5	-
Transferred to income statement for the period			-0.1	-
Tax relating to cash flow hedges			-0.3	-
<b>Value on closing balance</b>			<b>1.1</b>	<b>-</b>
<b>Share capital and number of shares</b>			<b>2015</b>	<b>2014</b>
Number of shares			11,715,340	11,715,340
Registered share capital			1,171,534	1,171,534

Share ratio value is SEK 0.10.

## Dividend

The board proposes a dividend of SEK 5.00 (4.00) per share, in total SEK 58.4 \*)m (46.9). The dividend amount will be adopted by the AGM on 20 April 2016.

\*) Based on the number of shares outstanding on 31 December 2015. The dividend amount may change due to any change in share buy backs up to 14 April 2016, the reconciliation date.

## Capital management

The Group's capital corresponds to the total amount of shareholders' equity, SEK 837.1m. According to the Board's policy, the Group's financial objective is to achieve a good capital structure and financial stability in order to maintain the trust of investors, creditors and the market, and to form a good base for continued development of the business, while the long-term return generated for shareholders remains satisfactory.

<b>Capital defined as total equity, SEK m</b>	<b>2015</b>	<b>2014</b>
Total equity	837.1	733.3
<b>Net debt/equity ratio, %</b>	<b>2015</b>	<b>2014</b>
Interest-bearing liabilities and allocations	897.0	881.6
Liquid funds	-261.4	-325.0
<b>Net debt</b>	<b>635.6</b>	<b>556.6</b>
<b>Net debt/equity ratio (Net debt/total equity)</b>	<b>0.76</b>	<b>0.76</b>

The level of the net debt/equity ratio is due to the fact that both net debt and equity have increased by the same ratio. The increase in net debt is mainly due to the currency effects of external loans in USD and EUR, and weaker cash flow during the year. The weaker cash flow was due to a larger need for operating capital mainly related to inventories and ongoing projects, an increased investment requirement and the acquisition of two companies. Equity was mostly affected by the good profitability. These effects have meant that the net debt/equity ratio was at the same level as the previous year and good access to liquidity provides an opportunity to take advantage of the growth prospects anticipated in coming years, while the level of the ordinary dividend is expected to be maintained. New share issues will probably not be needed for the same reason in coming years, except in the event of major acquisitions.

The Group seeks to pay an ordinary dividend each year amounting to 30-50% of net income. The Board has proposed a dividend of SEK 5.00 per share to the Annual General Meeting in 2016, representing 7% of the equity. In the past five years, the ordinary dividend has averaged around 7% of equity. This has meant that around 48% of earnings per share has been distributed in ordinary dividends.

During the year there were no changes in the Group's capital management.

## 18 Earnings per share

<b>SEK</b>	<b>2015</b>	<b>2014</b>
Earnings per share before dilution	13.08	8.07
Earnings per share after dilution	13.03	8.04

<b>Weighted average number of outstanding shares</b>	<b>2015</b>	<b>2014</b>
Weighted average number of shares during the year, before dilution	11,715,340	11,715,340
Share buy backs	-34,000	-34,000
Weighted average number of shares during the year, before dilution	11,681,340	11,681,340
Weighted average number of shares during the year, after dilution	11,715,340	11,715,340
Effect of share saving scheme	10,629	10,629
Weighted average number of shares during the year, after dilution	11,725,969	11,725,969

## 19 Interest-bearing liabilities

For more information about the company's exposure to interest rate risks and currency risks, see note 24.

<b>Long-term liabilities, SEK m</b>	<b>2015</b>	<b>2014</b>
Bank loans	787.6	739.3
Financial leasing liabilities	0.6	0.4
	<b>788.2</b>	<b>739.7</b>

<b>Current liabilities, SEK m</b>	<b>2015</b>	<b>2014</b>
Bank overdraft	0.5	-
Current part of bank loan	0.3	30.5
Current part of financial leasing liabilities	0.3	0.6
	<b>1.1</b>	<b>31.1</b>

<b>Total interest-bearing liabilities</b>	<b>789.3</b>	<b>770.8</b>
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## Terms and repayment due dates

For terms and repayments due dates see the table below. No security for the bank loans has been provided.

2015, SEK m	Currency	Nom. interest rate	Due date	Nominal value in original currency	Book value
Bank loans (revolving)	SEK	1.400%	20-12-28	123.0	122.5
Bank loans (revolving)	SEK	1.400%	20-12-29	50.0	50.0
Bank loans (revolving)	SEK	0.950%	18-08-04	110.8	110.0
Bank loans (revolving)	EUR	1.400%	20-12-31	19.5	178.5
Bank loans (revolving)	USD	1.633%	20-12-30	36.5	305.2
Bank loans (revolving)	USD	1.357%	18-08-04	2.6	21.7
Bank overdraft					0.5
Financial leasing liabilities					0.9
<b>Total interest bearing liabilities</b>					<b>789.3</b>

2014, SEK m	Currency	Nom. interest rate	Due date	Nominal value in original currency	Book value
Term loan	SEK	1.171%	15-08-31	125.4	125.0
Bank loans (revolving)	SEK	1.171%	16-12-22	123.5	122.5
Bank loans (revolving)	SEK	1.171%	16-12-22	51.0	50.0
Bank loans (revolving)	EUR	1.548%	16-12-22	19.5	185.6
Bank loans (revolving)	USD	1.715%	16-12-22	36.7	286.6
Financial leasing liabilities					1.0
<b>Total interest bearing liabilities</b>					<b>770.8</b>

This note continues on the following page.

## 19 Interest-bearing liabilities, continued from previous page

### Financial leasing liabilities

Financial leasing liabilities are due for payment according to the following:

2015, SEK m	Minimum leasing payment	Interest	Capital amount
Within one year	0,3	0,0	0,3
Between one and five years	0,6	0,0	0,6
	<b>0,9</b>	<b>0,0</b>	<b>0,9</b>

2014, SEK m	Minimum leasing payment	Interest	Capital amount
Within one year	0,6	0,0	0,6
Between one and five years	0,4	0,0	0,4
	<b>1,0</b>	<b>0,0</b>	<b>1,0</b>

## 20 Provision for pensions - benefits to senior executives

### Defined-benefit pension plans

SEK m	2015	2014
Present value of unfunded obligations	107.7	110.8
Present value of entirely or partially funded obligations	0.6	0.6
<b>Total present value of defined-benefit obligations</b>	<b>108.3</b>	<b>111.4</b>
Fair value of plan assets	-0.6	-0.6
<b>Defined-benefit net liability, reported in statement of financial position</b>	<b>107.7</b>	<b>110.8</b>

### Overview, defined-benefit plans

The Group has defined-benefit plans that pay remuneration in the form of old-age pensions and remuneration for healthcare costs to employees when they retire in Sweden, Germany, USA, France and Poland. Most are obligations where no additional benefits are earned. Defined-benefit plans are exposed to actuarial risks such as length of life, currency, interest and investment risks.

Changes in current value of defined-benefit plans, SEK m	2015	2014
Obligations for defined benefit plans, 1 January	111.4	97.8
Benefits paid	-4.6	-4.1
Reductions and settlements	0.1	-0.9
Cost of service in current period	0.0	0.0
Interest cost	3.4	3.7
Revaluations		
Actuarial gains and losses for the revised demographic assumptions	-1.1	-1.0
Actuarial gains and losses for changes in financial assumptions	0.3	15.3
Exchange differences	-1.2	0.6
<b>Obligations for defined benefit plans, 31 December</b>	<b>108.3</b>	<b>111.4</b>

Changes in fair value of defined-benefit plan assets, SEK m	2015	2014
Fair value of plan assets, 1 January	0.6	0.6
Charges from participants in the plan	0.0	0.4
Payment of pension benefits	-0.1	-0.6
Interest on plan assets	0.1	0.1
Settlements	-	0.1
Translation differences	-	-
<b>Fair value of plan assets, 31 December</b>	<b>0.6</b>	<b>0.6</b>

Costs reported in profit for the year, SEK m	2015	2014
Costs for service in current period	0.0	0.0
Costs for service in earlier periods	0.1	0.0
Net interest income/expenses	3.4	3.7
Effects of reductions and settlements	0.1	-
<b>Total net costs in the income statement</b>	<b>3.6</b>	<b>3.7</b>
of which, amounts affecting operating profit	0.0	0.0
of which, amounts affecting financial costs	3.6	3.7
<b>Total net costs</b>	<b>3.6</b>	<b>3.7</b>

Costs recognized in other comprehensive income, SEK m	2015	2014
Revaluations of pension commitments	0.8	-14.3
Effects of reductions and settlements	-	-2.0
Translation differences on foreign plans	1.0	-0.9
<b>Net amount recognized in other comprehensive income</b>	<b>1.8</b>	<b>-17.2</b>

### Assumptions for defined-benefit obligations, SEK m

Assumptions for defined-benefit obligations, SEK m	2015	2014
The significant actuarial assumptions per the balance sheet date (expressed as weighted averages)		
Discount rate at 31 December, %	2.3-3.0	2.3 - 2.8
Future increase in medical expenses, %	-0.5	-0.5
Future pension increases, %	1.5	1.5 - 1.75

### Sensitivity analysis

The following table presents possible changes in actuarial assumptions on the closing date, with the other assumptions unchanged, and how these would impact on the defined-benefit obligation.

SEK m	Increase	Decrease
Increase/decrease in discount rate (0.5% change)	-6.7	7.4
Increase / decrease in health care costs (1% change)	0.5	-0.5

### Future cash flow

As of 31 December 2015 the weighted average duration of commitments was 14.1 years (17.3). Expected payments in 2016 for defined-benefit pension plans amount to SEK 4.9m.

### Pension plans covering several employers

Obligations for old-age pensions and family pensions for employees in Sweden are safeguarded via insurance in Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 10, this is a defined-benefit plan that covers multiple employers. For the financial year 2015 the company has not had access to such information which makes it possible to report this plan as a defined-benefit plan. The pension plan according to ITP which is safeguarded via insurance in Alecta is therefore reported as a defined-contribution pension plan. The annual charges for retirement annuities which are covered by Alecta amounts to SEK 4.3m (3.9). Alecta's surplus can be distributed to the holders of the insurance policies and/or the ensured parties. The Group's share of total savings premiums for ITP in Alecta amounted to 0.021% (0.029) and the Group's share of the total number of active insured individuals amounts to 0.025% (0.027). At the end of 2015, Alecta's surpluses, in the form of the collective consolidation level, amounted to 153 per cent (143). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which are not in accordance with IAS 19.

### Expenses for defined-contribution plans

In Sweden, there are defined-contribution plans, which are fully paid by the subsidiary. Outside of Sweden, there are defined-contribution plans, which are paid for partly by the subsidiaries, and partly by payment from the employees. The payment to these plans occurred on an on-going basis according to the conditions of the respective plans.

SEK m	2015	2014
Expenses for defined-contribution plans	33.0	31.2

## 20 Provision for pensions – benefits to senior executives, continued from previous page

### BENEFITS TO THE SENIOR EXECUTIVES

#### Principles for compensation to the Board of Directors

Directors' fees are paid to the Chairman of the board of directors and other members according to the decision of the Annual General Meeting. Employee representatives in the board of directors do not receive director's fees. The Annual General Meeting 2015 decided that fees to the board of directors for the work during 2015 would be paid in the amount of SEK 400,000 to the Chairman of the board of directors, and SEK 200,000 each to Per Borgvall, Fabian Hielte, Susanne Pahlén Åklundh, Ylva Hammargren and Gunnar Gremlin.

#### Principles for compensation to CEO and Group President

**Compensation.** Compensation is paid to the CEO and Group President in the form of a base salary, pensions and variable compensation. During 2015, the base salary was SEK 3,868,000. The variable compensation can amount to at most 50 per cent of the base salary. Any variable compensation is established on the basis of the Nederman Group's earnings per share. During 2015, compensation to the CEO and Group President was SEK 8,323,000, of which SEK 1,800,000 consisted of a variable compensation and SEK 1,234,000 consisted of booked amounts for the share saving scheme/LTI for the 2015 financial year.

**Notice period for termination of employment and severance pay.** For a notice of resignation from the CEO, an advance notice of 6 months is required. With notice of termination of employment on the part of the company, the CEO has the right to a payment corresponding to 18–24 monthly salaries. The six last months with a reservation regarding new employment.

**Pension payments.** The CEO and Group President is entitled to retire with a pension at age 65. The pension plan is premium-based pension plan and the annual premium corresponds to 35 per cent of the annual base salary. The company's obligation is limited to the payment of the annual premium. During 2015 the premium expenses were SEK 1,301,000 for the CEO and Group President.

#### Principles for compensation to managers at subsidiaries

Managers at subsidiaries have termination of employment contracts with 6–12 months' salary.

#### Principles for remuneration to other senior executives

**Remunerations.** Those members in the Group management, who are employed by companies other than the parent company, receive their remuneration from the respective company. The remuneration is determined by the CEO with the assistance of the Chairman of the board in accordance with principles determined by the 2015 AGM and consists of base salary, pension contribution, variable compensation and other benefits. For other members in the group management the variable compensation may amount to no more than 30 per cent of the base salary. Any variable compensation and its size is determined by the CEO in consultation with the Chairman of the board, based upon the result and tied-up capital in the Nederman Group. During 2015, remunerations to other members of the group management amounted to SEK 21,709,000, of which SEK 3,276,000 consisted of variable compensations and SEK 2,324,000 consisted of booked amounts for the share saving scheme/LTI for the 2015 financial year.

**Notice period for termination of employment and severance pay.** Other members in the group management have a twelve month notice period for termination of employment if it is initiated on the part of the company, and six months if they give notice. During the period of notice, other members in the group management are entitled to full salary and other employment benefits. None of the other members of the group management are entitled to severance pay.

**Pension payments.** Other members of the group management are entitled to retire with a pension at age 65. The pension contributions follow the contractual ITP with exception for two members where the pension contribution occurs with 8 price base amounts per year respectively at the most 30 per cent of base salary. The companies' obligations are limited to the annual premiums. The pension-based salary consists of the fixed annual salary plus the average variable compensations during the previous three years..

#### Compensation and other benefits during 2015

SEK '000	Base salary, director's fees	Variable remuneration	Share Saving Scheme/LTI	Other benefits	Pension expenses	Total
Chairman of the board Jan Svensson	400	-	-	-	-	400
Member of the board Per Borgvall	200	-	-	-	-	200
Member of the board Fabian Hielte	200	-	-	-	-	200
Member of the board Susanne Pahlén Åklundh	200	-	-	-	-	200
Member of the board Gunnar Gremlin	200	-	-	-	-	200
Member of the board Ylva Hammargren	200	-	-	-	-	200
CEO Sven Kristensson	3,868	1,800	1,234	120	1,301	8,323
Other senior executives (7 individuals)	12,188	3,276	2,324	950	2,971	21,709
<b>Total</b>	<b>17,456</b>	<b>5,076</b>	<b>3,558</b>	<b>1,070</b>	<b>4,272</b>	<b>31,432</b>
of which subsidiaries (4 individuals)	6,967	1,852	1,235	718	1,885	12,657

#### Compensation and other benefits during 2014

SEK '000	Base salary, director's fees	Variable remuneration	Share Saving Scheme/LTI	Other benefits	Pension expenses	Total
Chairman of the board Jan Svensson	400	-	-	-	-	400
Member of the board Per Borgvall	200	-	-	-	-	200
Member of the board Fabian Hielte	200	-	-	-	-	200
Member of the board Susanne Pahlén Åklundh	200	-	-	-	-	200
Member of the board Gunnar Gremlin	200	-	-	-	-	200
Member of the board Ylva Hammargren	200	-	-	-	-	200
CEO Sven Kristensson	3,493	-	55	116	1,210	4,874
Other senior executives (7 individuals)	11,287	-	129	924	2,885	15,225
<b>Total</b>	<b>16,180</b>	<b>-</b>	<b>184</b>	<b>1,040</b>	<b>4,095</b>	<b>21,499</b>
of which subsidiaries (4 individuals)	6,211	-	64	679	1,882	8,836



## 20 Provision for pensions – benefits to senior executives, continued from previous page

### SHARESAVING SCHEME

The Annual General Meeting held on 29 April 2013 approved the Board's proposal to introduce a share saving scheme that initially covers seven people in senior management positions and operating in the Group management team. The terms are such that the people involved in the scheme, provided they invest in Nederman shares themselves, may be assigned without charge Nederman shares, in part so-called matching shares and in part so-called performance shares, at the earliest on the day after publication of Nederman's interim report for the first quarter of 2016 and within 30 days thereafter. For participants to be eligible to receive matching shares requires that their employment within the Group continues and that their investment in Nederman shares continues up to the allocation. The allocation of performance shares also assumes that the Group achieves certain financial performance targets for the years 2013, 2014 and 2015. The AGM decided that the share saving scheme entails a maximum allocation of 75,000 Nederman shares. To secure supplies of the Nederman share, the AGM decided to buy back Nederman shares.

### LONG-TERM INCENTIVE (LTI) PROGRAMME

The Annual General Meeting held on 22 April 2015 approved the Board's proposal that the annual programmes for variable remuneration should be supplemented with a long-term incentive (LTI) programme. Consequently, the 2015-2016 LTI programme has been established for a period of two years and is targeted in a way that makes it particularly favourable for the company's shareholders. The outcome of the LTI programme for the leading executive (net of income tax), shall be reinvested in Nederman share options (such options to be subject to approval by a future Annual General Meeting) or Nederman shares purchased on the stock exchange. The reinvested shares and options shall be retained by the senior executive for at least three years. The 2015-2016 LTI programme covers two years and amount in maximum to 35 percent of the annual salary for the CEO and 20 percent of annual salary for other senior executives.

## 21 Provisions

Provisions that are long-term liabilities, SEK m	2015	2014
Warranty exposure	7.8	11.5
Other	0.4	0.5
<b>Total</b>	<b>8.2</b>	<b>12.0</b>

Provisions reported as long-term liabilities fall due more than 12 months after the balance sheet date.

Provisions that are current liabilities, SEK m	2015	2014
Restructuring/severance pay	15.1	11.9
Warranty exposure	26.4	26.3
Loss contract	2.8	-
Other	1.8	2.4
<b>Total</b>	<b>46.1</b>	<b>40.6</b>

Restructuring/severance pay, SEK m	2015	2014
Reported value, opening balance	11.9	6.7
Provisions during the period	21.0	35.1
Amount used during the period	-17.8	-30.0
Translation differences	0.0	0.1
<b>Reported value, closing balance</b>	<b>15.1</b>	<b>11.9</b>

Warranty exposure, SEK m	2015	2014
Reported value, opening balance	37.8	36.0
Provisions during the period	6.6	7.6
Amount used during the period	-2.2	-3.8
Business acquisition	0.1	-
Reclassification	-0.1	-
Unutilised amount returned during the period	-8.3	-6.0
Translation differences	0.1	4.0
<b>Reported value, closing balance</b>	<b>34.0</b>	<b>37.8</b>

Loss contract	2015	2014
Reported value, opening balance	-	-
Provisions during the period	3.0	-
Translation differences	-0.1	-
<b>Reported value, closing balance</b>	<b>2.9</b>	<b>-</b>

Other, SEK m	2015	2014
Reported value, opening balance	2.9	14.4
Provisions during the period	-0.6	1.7
Reclassification	-	-12.8
Unutilised amount returned during the period	-	-0.5
Translation differences	-	0.1
<b>Reported value, closing balance</b>	<b>2.3</b>	<b>2.9</b>

Total provisions, SEK m	2015	2014
Reported value, opening balance	52.6	57.1
Provisions during the period	30.0	44.4
Amount used during the period	-20.0	-33.8
Business acquisition	0.1	-
Reclassification	-0.1	-12.8
Unutilised amount returned during the period	-8.3	-6.5
Translation differences	0.0	4.2
<b>Reported value, closing balance</b>	<b>54.3</b>	<b>52.6</b>

### Warranties

Provision for product warranties are based on a calculation made on historical data.

## 22 Other liabilities

Other long-term liabilities, SEK m	2015	2014
Other liabilities	1.2	1.5
	<b>1.2</b>	<b>1.5</b>

Other current liabilities	2015	2014
Personnel-related expenses	26.0	39.4
VAT payable	26.8	32.8
Fair value of currency derivatives	0.5	4.4
Advances from customers	80.6	68.2
Invoiced income not yet recognized concerning projects	55.4	56.0
Other liabilities	4.4	10.7
	<b>193.7</b>	<b>211.5</b>

## 23 Accrued expenses and prepaid income

SEK m	2015	2014
Personnel-related expenses	107.2	87.2
Interest costs	0.1	0.0
Audit costs	5.3	6.5
Sales costs	9.0	9.0
Freight and customs costs	0.3	0.2
Other	27.5	27.4
	<b>149.4</b>	<b>130.3</b>

## 24 Financial risks and financial policies

### RISKS AND UNCERTAINTIES - FINANCE POLICY

The Nederman Group is exposed to a number of risks mainly arising due to purchasing and selling products in foreign currencies. Currency rates and interest rates affect the Group's profits and cash flow. The Nederman Group is also exposed to refinancing and liquidity risks, credit risks and counterparty risks. The Group's central finance department is responsible for identifying and effectively limiting the Group's financial risks. The finance function reports via CFO to the Board.

### LIQUIDITY RISK

The liquidity in the Group is not exposed to any significant seasonal fluctuations. The parent company has a financing agreement with Skandinaviska Enskilda Banken formulated as a 5-year framework agreement amounting to SEK 1,000m. The agreement runs to December 2020. At the end of the year this had been utilised to the amount of SEK 655.9m (644.8) in revolving credit. The parent company also has a financing agreement with Svenska Handelsbanken formulated as a 3-year framework agreement amounting to SEK 400m. The agreement runs to August 2018. At the end of the year this had been utilised to the amount of SEK 131.7m (-) in revolving credit. During the year SEK 19.9m (-) was raised in loans. In

the event of a change of ownership, where a party or parties acting together, acquire shares corresponding to more than 50 per cent of the votes, the bank has the right to cancel the agreement in advance under certain conditions.

### INTEREST RATE RISKS

The Nederman Group is via its net debt exposed to interest rate risk. The Group's interest-bearing assets and liabilities are subject to variable interest rates or with a maximum term or interest rate commitment of three months, according to financing agreements with the Group's lenders. A change in interest rate of 1 per cent would have affected net financial items in 2015 by SEK 6.5m (6.3) based on the average of capital tied-up during the year. The Nederman Group has made the assessment that any reasonable changes in interest rates will not affect the Group's earnings in such a significant way that there is any need to hedge against interest rate rises via financial instruments. This assessment is updated regularly.

### EFFECTIVE INTEREST RATE AND MATURITY STRUCTURE

The table below presents the effective interest rate on the balance sheet day and the financial liabilities' maturity structure/interest rate renegotiation. The effective interest rate is 1.75% (2.12).

2015, SEK m	Interest rate	Interest fixing period	Currency	Nominal amount in original currency	Total	Within 3 months	3-12 months	1-3 years	3-5 years
Bank loan (revolving)	1.400%	16-03-31	SEK	123.0	133.3	0.5	1.6	4.3	126.8
Bank loan (revolving)	1.400%	16-03-31	SEK	50.0	54.4	0.2	0.7	1.8	51.8
Bank loan (revolving)	0.950%	16-02-09	SEK	110.8	116.0	0.5	1.5	114.0	-
Bank loan (revolving)	1.400%	16-03-31	EUR	19.5	194.1	0.8	2.3	6.2	184.7
Bank loan (revolving)	1.633%	16-03-31	USD	36.5	331.9	1.3	4.0	10.7	315.9
Bank loan (revolving)	1.357%	16-02-29	USD	2.6	22.7	0.1	0.3	22.3	-
Bank overdraft					0.5	0.5	-	-	-
Financial leasing liabilities					0.9	0.0	0.2	0.7	-
Accounts payable					362.1	352.2	9.9	-	-
Derivat					1.5	0.7	0.8	-	-
<b>2014, SEK m</b>									
Term loan	1.171%	15-02-28	SEK	125.0	134.4	8.2	126.2	-	-
Bank loan (revolving)	1.171%	15-02-28	SEK	122.5	127.7	0.6	1.9	125.1	-
Bank loan (revolving)	1.171%	15-02-28	SEK	50.0	52.1	0.3	0.8	51.1	-
Bank loan (revolving)	1.548%	15-02-28	EUR	19.5	193.6	1.0	3.0	189.6	-
Bank loan (revolving)	1.715%	15-02-28	USD	36.7	298.8	1.5	4.6	292.7	-
Financial leasing liabilities					1.0	0.2	0.4	0.4	-
Accounts payable					327.7	323.2	4.5	0.0	-
Derivatives					4.4	2.6	1.8	-	-

The Group's agreements with Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken (SHB) on bank loans include net debt covenants whereby net debt/EBIT-DA shall be a maximum of 3.5 times and interest rate coverage shall be a minimum of 3.75. On the closing date all covenants had been fulfilled.

Interest on the loan is variable, but is normally set for three months.

According to the Group's finance policy, the board of directors establishes from time to time whether interest rate swaps will be used in order to hedge interest rates. At the present time the Board has decided that there shall be no interest rate hedges. This decision may be reviewed in connection with a possible increase of the loan exposure.

The Group's financial liabilities, excluding provision for pensions amounted at the end of the year to SEK 789.3m of which SEK 787.9m was for revolving credit and SEK 0.9m for financial leasing liabilities. SEK 0.5m of the bank overdraft was utilised.

The Group had SEK 261.4m in liquid funds and SEK 89.2m in unutilised credit. In addition there was a credit facility of SEK 344.5m, which is a part of Nederman's loan agreement with SEB and a further SEK 268.3 as part of Nederman's loan agreement with SHB. On 31 December 2015 the disposable amount of funds was therefore SEK 702.0m.

### CREDIT RISKS

**Credit risks in accounts receivable.** The risk that the Group's customers may not pay their trade debts constitutes a customer credit risk. In order to limit this, the Nederman Group uses credit policies which limit the outstanding amounts and credit terms for different customers. For new customers and for risk markets it is normally required a letter of credit or advance payment. For established customers the credit limit is set and carefully monitored in order to limit the risks. The Group's largest individual customer accounted for 2.9 per cent of sales. The five largest customers accounted for 9.0 per cent of sales. The allocation of risk may thus be considered to be very good.

The Group's bad debt losses amounted to SEK 6.9m in 2015. Of the Group's total accounts receivable after impairment of SEK 538.8m, around 8 per cent (8) is made up of receivables overdue by more than 90 days. Provisions for credit losses are made after an individual assessment. As of 31 December 2015, the provisions for credit losses amounted to SEK 20.2m (21.5) corresponding to 3.6 per cent of total accounts receivables.

In certain cases, credit insurance is used to secure the payments from customers. In larger projects requires payment terms include a fixed-payment plan with payments based on the degree of completion.

## 24 Financial risks and financial policies, continued from previous page

SEK m	2015	2014
Not overdue	364.6	354.5
Overdue accounts receivables:		
1-30 days	107.7	85.6
31-60 days	31.6	22.9
61-90 days	10.6	15.9
91-180 days	18.8	7.8
181-360 days	8.5	10.5
>360 days	17.2	21.2
<b>Total overdue accounts receivables</b>	<b>194.4</b>	<b>163.9</b>

The provision for bad debt losses changed during the year as follows:

Opening balance	-21.5	-26.4
Business acquisition	-0.1	-
Provisions for uncertain receivables	-0.8	-5.4
Receivables written off and not recoverable	0.8	10.4
Reversed provisions	1.4	1.8
Translation differences	0.0	-1.9
<b>Closing balance</b>	<b>-20.2</b>	<b>-21.5</b>

<b>Total accounts receivables</b>	<b>538.8</b>	<b>496.9</b>
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### Other counterparties

Credit exposure arises with the investments of liquid funds and trading in derivative instruments. The risk that the counterparty does not fulfil its obligations is limited via the choice of creditworthy counterparties. According to the Group's finance policy, liquid funds will only be invested in first-class banks.

### Foreign currency risks

The Nederman Group is via its international operations exposed to currency risks due to changes in exchange rates, which influence the Group's income statement and statement of financial position. The Group's currency exposure encompasses both transaction exposure and translation exposure.

### Transaction exposure

Transaction exposure arises when Group companies make purchases in one currency and sell in another currency. In order to limit the transaction exposure in the Nederman Group, the main rule is that the providing companies sell to the sales companies in the sales company's local currency. The transaction exposure in this way thus becomes very small in the sales companies.

The largest operations unit is located in Sweden. Approximately 70 per cent of the purchases are conducted in SEK and the rest primarily in EUR and to a minor extent in USD and CZK.

It is mainly for larger projects on export markets that the pricing is in foreign currencies and in these cases the translation exposure is hedged.

### Group invoicing in 2015 was:

USD	39%
EUR	19%
SEK	8%
GBP	7%
CNY	6%
DKK	3%
PLN	3%
AUD	2%
BRL	2%
CAD	2%
NOK	2%
THB	2%
Other	5%

According to the Group's finance policy around 70 per cent of the expected currency flows in foreign currencies are hedged against currency risk eight months forward. In cases where the currency exposure occurs in tangible projects the currency exposure is hedged. In 2015 the Nederman Group used foreign currency forward contracts to hedge currency exposure. Hedge accounting is applied for derivative instruments entered into to hedge highly probable forecasted sales in EUR, GBP, PLN and USD, and for forecasted purchases in EUR, GBP, PLN and USD.

Cash flow hedges have been deemed effective, and in 2015 an unrealized gain of SEK 1.4m (-) was reported in other comprehensive income attributable to revaluation of foreign currency forward contracts at fair value. In 2015 SEK - m (-) was reclassified from equity (hedging reserve) to income, and included in operating profit, as cash flow hedges had not arisen.

Ineffectiveness of cash flow hedges recognized in earnings during the year amounted to SEK 0.1m (-).

The table below shows when the derivatives related to cash flow hedges are expected to affect earnings. Gains or losses are recognized in earnings in the same period in which the forecasted hedged items affect earnings. Cash flow is expected to be affected in the corresponding periods when derivatives affect earnings.

### Period when cash flow hedges affect earnings

2016, SEK m	Q1	Q2	Q3	Q4	Total
Currency hedge EUR m	0.3	0.5	0.0	-	0.8
Currency hedge GBP m	0.4	0.2	0.1	-	0.7
Currency hedge USD m	-0.1	-0.1	0.1	-	-0.1
Currency hedge PLN m	0.1	0.0	0.0	-	0.1

### A change in exchange rates of +/- 3 per cent would affect operating profit by:

2015, SEK m	-3%	+3%
EUR	-0.3	0.3
USD	-3.4	3.4
DKK	-0.1	0.1
GBP	-0.6	0.6
CNY	-0.1	0.1
PLN	-0.1	0.1

2014, SEK m	-3%	+3%
EUR	-0.1	0.1
USD	-3.1	3.1
DKK	0.2	-0.2
GBP	-0.3	0.3
CNY	-0.5	0.5
PLN	-0.5	0.5

based on the Groups net flows in these currencies as well as the translation impact on the Group's Income Statement.

### FAIR VALUE

In substance fair value corresponds to recorded value in the statement of financial position. The major part of the Group's financial instruments consists of accounts receivables, liquid funds, interest bearing liabilities and accounts payables measured at amortised cost. For these categories of financial instruments the recorded value at cost corresponds to fair value. The Group holds derivative instruments, classified as financial assets and liabilities at fair value through profit or loss, in the category held for trading. Recorded value and fair value for these instruments are stated below. For this category of financial instruments the fair value has been based upon observable market data not quoted in an active market.

**Calculation of fair value.** Financial instruments measured at fair value are divided across the following three levels:

1. Fair value of listed financial instruments based on current market values on the closing date.
2. For unlisted financial instruments, or inactive markets, the value is acquired using assessment methods and the Group makes assumptions based on market conditions on the closing date. Market interest rates are used to calculate the fair value of long-term loans.
3. For financial instruments whose value is not based on observable data, i.e. for market value is not indicated, fair value is considered to be the same as reported value.

The market value used to determine fair value was established using directly observable market data not listed on an active market (level 2).

The note continues on the next page

**24** Financial risks and financial policies, continued from previous page

Reported value

CLASSIFICATIONS, FAIR VALUE AND LEVELS IN THE ASSESSMENT HIERARCHY	Level	Note	Held for trading	Initially identified at fair value	Hedge instrument	Investment held till maturity	Loans and accounts receivable	Financial assets that may be sold	Other liabilities	Total
<b>2015, SEK m</b>										
<b>Financial assets assessed at fair value</b>										
Foreign exchange forward contracts	2	14	-	-	2.0	-	-	-	-	2.0
<b>Financial assets not reported at fair value</b>										
Accounts receivable			-	-	-	-	538.8	-	-	538.8
Other current receivables			-	-	-	-	221.5	-	-	221.5
Liquid funds		28	-	-	-	-	261.4	-	-	261.4
<b>Financial liabilities assessed at fair value</b>										
Foreign exchange forward contracts	2	22	-	-	-0.5	-	-	-	-	-0.5
<b>Financial liabilities not reported at fair value</b>										
Bank loans		19	-	-	-	-	-	-	-787.9	-787.9
Financial leasing liabilities		19	-	-	-	-	-	-	-0.9	-0.9
Bank overdraft		19	-	-	-	-	-	-	-0.5	-0.5
Accounts payable			-	-	-	-	-	-	-362.1	-362.1
Other current liabilities		22, 23	-	-	-	-	-	-	-342.5	-342.5
<b>2014, SEK m</b>										
<b>Financial assets assessed at fair value</b>										
Foreign exchange forward contracts	2	14	-	-	-	-	-	-	-	-
<b>Financial assets not reported at fair value</b>										
Accounts receivable			-	-	-	-	496.9	-	-	496.9
Other current receivables			-	-	-	-	130.8	-	-	130.8
Liquid funds		28	-	-	-	-	325.0	-	-	325.0
<b>Financial liabilities assessed at fair value</b>										
Foreign exchange forward contracts	2	24	-4.4	-	-	-	-	-	-	-4.4
<b>Financial liabilities not reported at fair value</b>										
Bank loans		19	-	-	-	-	-	-	-769.8	-769.8
Financial leasing liabilities		19	-	-	-	-	-	-	-1.0	-1.0
Accounts payable			-	-	-	-	-	-	-327.7	-327.7
Other current liabilities		22, 23	-	-	-	-	-	-	-341.3	-341.3

The reported value of accounts receivable, other receivables, liquid funds, accounts payable and other liabilities constitute a reasonable approximation of fair value.

**Financial instruments assessed at fair value**

Type	Assessment method	Significant unobservable input	Link between significant unobservable input and assessment of fair value
<b>Market rates:</b>			
Foreign exchange forward contracts	Fair values are based on quotations of brokers. Similar contracts traded in an active market and rates reflect actual transactions on comparable instruments.	ET	ET

**Financial instruments not assessed at fair value**

Type	Assessment method	Significant unobservable input
Other financial liabilities *	Discounted cash flows	ET

\* Other financial liabilities refer to bank loans and financial leasing costs.

**NETTING AGREEMENTS AND SIMILAR AGREEMENTS**

The Group enters into derivative contracts under the International Swaps and Derivatives Association (ISDA) master netting agreements. The agreements mean that when a counterparty is unable to regulate their obligations under any transaction the contract is cancelled and all outstanding transactions shall be governed by a net amount. ISDA agreements do not meet criteria for netting in the statement of financial position. This is because the offset under ISDA agreements are

only allowed if the other party or the Group can not settle their obligations. Moreover, it is not the other party or the Group's intention to settle the balances on a net basis, or at the same time.

This note continues on the next page.



## 24 Financial risks and financial policies, continued from previous page

The information in the table below shows financial instruments covered by a legally enforceable master netting agreement or a similar agreement.

2015, SEK m	Note	Financial assets	Financial liabilities	Net amounts in statement of financial position	Financial instruments that cannot be netted	Net amounts
<b>Financial assets</b>						
Other investments, including derivatives		-	-	-	-	-
- Currency derivatives	14	2.0	-	-	-	2.0
<b>Financial liabilities</b>						
Accounts payable and other liabilities		-	-	-	-	-
- Currency derivatives	22	-	-0.5	-	-	-0.5
<b>2014, SEK m</b>						
<b>Financial assets</b>						
Other investments, including derivatives		-	-	-	-	-
- Currency derivatives	14	-	-	-	-	-
<b>Financial liabilities</b>						
Accounts payable and other liabilities		-	-	-	-	-
- Currency derivatives	22	-	-4.4	-	-	-4.4

The following foreign exchange forward contracts had been entered on the closing date:

Currency	Amount to sell in original currency	Amount to receive, SEK m	Book value, SEK m	Market value, SEK m
EUR	5.6 m	52.0	0.7	0.7
GBP	2.0 m	25.6	0.7	0.7
USD	5.5 m	46.0	0.0	0.0
PLN	3.1 m	6.6	0.1	0.1
		<b>130.2</b>	<b>1.5</b>	<b>1.5</b>
<b>Total market value</b>			<b>1.5</b>	<b>1.5</b>

### Translation exposure

Net assets in the Group are divided across the following currencies:

Net assets in the group are divided across the following currencies:				
Currency, SEK m		2015		2014
SEK	569.1	68%	382.9	52%
EUR	145.3	17%	129.5	18%
GBP	67.7	8%	45.0	6%
USD	-10.0	-1%	56.4	8%
CAD	10.5	1%	33.8	5%
PLN	106.4	13%	89.4	12%
CNY	58.1	7%	55.4	8%
DKK	-153.6	-18%	-155.6	-21%
Other	43.6	5%	96.5	13%
	837.1	100%	733.3	100%

The Group's policy is not to hedge translation exposure in foreign currency.

## 25 Operational leasing

### Leasing contracts where the company is the lessee

Future payments for non-cancellable leasing contract amount to:

SEK m	2015	2014
Within one year	53.8	55.3
Between one and five years	88.3	87.2
More than five years	6.7	22.1
	<b>148.8</b>	<b>164.6</b>

Of the Group's operational leasing contracts the major part concerns rental agreements for property and the premises where the business operations are conducted.

### Expenses for operating leases:

SEK m	2015	2014
Minimum leasing fees	48.6	42.1
Variable fees	0.0	1.1
<b>Total leasing costs</b>	<b>48.6</b>	<b>43.2</b>

## 26 Pledged assets and contingent liabilities

SEK m	2015	2014
<b>Pledged assets</b>		
Pledged assets for debts and provisions		
Net assets in subsidiaries	none	none
Mortgages	none	none
Chattels	none	none
Assets with ownership restrictions (financial leasing)	0.9	1.4
<b>Total pledged assets</b>	<b>0.9</b>	<b>1.4</b>
<b>Contingent liabilities</b>		
FPG/PRI	0.7	0.7
Warranty commitments	71.7	71.2
<b>Total contingent liabilities</b>	<b>72.4</b>	<b>71.9</b>

**27 Related parties****Closely related relationships**

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with Group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous year. Nor has any Group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives. For inter-company transactions see, accounting principles note 1.

**Transactions with key persons in leading positions**

Regarding the salaries and other remuneration, costs and commitments for pensions and similar benefits, and severance payment agreements, for Board members, the CEO and other senior executives, see note 20.

**28 Cash flow analysis****Liquid funds**

SEK m	2015	2014
Subcomponents in cash and cash equivalents:		
Cash and cash equivalents	261.4	325.0
<b>Total according to statement of financial position</b>	<b>261.4</b>	<b>325.0</b>

**Adjustments for items not included in cash flow**

SEK m	2015	2014
Capital gain on sale of tangible assets	-0.2	-7.2
Provisions	1.6	-8.7
	<b>1.4</b>	<b>-15.9</b>

**Unused credits**

SEK m	2015	2014
Unused credit amounts to:	702.0	261.6

**29 Significant events after the closing date**

No significant events have occurred after the closing date.

**30 Significant estimations and assessments**

Certain assumptions about the future and certain estimations and assessments as of the close of the reporting period have special importance for the value of the assets and liabilities in the balance sheet. Presented below are the areas where the risk of changes in value during the subsequent year is significant because the assumptions or estimations may need to be changed.

**EXAMINATION FOR IMPAIRMENT OF GOODWILL**

The book value of goodwill is reviewed at least once a year with respect to the possible need for impairment. The review requires an assessment of the value in use of the cash-generating unit, or group of cash-generating units, to which the goodwill value relates. This requires that several assumptions about the future situation and estimates of parameters have been made. A report of these are found in note 12. As described in note 12 a change during 2015 in the conditions for these assumptions and estimations might have an effect on the value of the goodwill. The senior executives are of the opinion however that no reasonable changes in important assumptions at the impairment test of the cash-generating units will result in a recoverable value lower than the carrying amount.

**INCOME TAXES**

When estimating deferred tax assets and tax liabilities an assessment is made concerning the probability of whether the deferred tax assets will be utilised for settlement against future taxable profit. The fair value of these future taxable profits may deviate in terms of the future business climate and earnings capability or due to changed tax rules, see note 11.

**31 information about the parent company**

Nederman Holding AB (publ) is a Swedish registered limited company with its registered office in Helsingborg, Sweden. The parent company's shares are registered on the Nasdaq Stockholm Mid Cap list.

**The address of the main office is:**

P.O. Box 602, SE-251 06 Helsingborg, Sweden.  
Visiting address is Sydhamngatan 2.

The consolidated reporting for 2015 comprises the parent company and its subsidiaries, collectively referred to as the Group.

## Parent company's income statement

SEK m	Note	1 January - 31 December	
		2015	2014
Net sales	1, 18	24.6	25.7
Administrative expenses		-82.9	-68.0
Research and development expenses		-1.3	-1.0
Restructuring costs		-3.0	-4.8
Other operating expenses	2	-5.5	-9.8
<b>Operating profit</b>	<b>3, 4, 13, 16</b>	<b>-68.1</b>	<b>-57.9</b>
Earnings from participations in Group companies	5, 18	174.3	82.4
Interest income and similar items	5, 18	21.7	11.4
Interest expenses and similar items	5, 18	-16.5	-17.1
<b>Profit after financial items</b>		<b>111.4</b>	<b>18.8</b>
Group contribution	6, 18	82.7	21.5
<b>Profit before taxes</b>		<b>194.1</b>	<b>40.3</b>
Taxes	7	1.0	6.9
<b>Net profit</b>		<b>195.1</b>	<b>47.2</b>

## Parent company's statement of comprehensive income

SEK m	1 January - 31 December	
	2015	2014
<b>Net profit</b>	<b>195.1</b>	<b>47.2</b>
Other comprehensive income	-	-
Items that will not be transferred to the income statement	-	-
Items that have been transferred, or may be transferred, to the income statement	-	-
Other comprehensive income for the period, net after tax	-	-
<b>Total comprehensive income for the period</b>	<b>195.1</b>	<b>47.2</b>

## Parent company's balance sheet

31 December

SEK m	Note	2015	2014
<b>Assets</b>			
Intangible fixed assets	8	26.8	10.6
Tangible fixed assets	9	0.4	1.2
Financial fixed assets			
Long-term receivables, Group companies	18	511.0	458.5
Participations in Group companies	19	908.9	874.9
Other long-term receivables	7	25.0	23.7
Total financial fixed assets		1,444.9	1,357.1
<b>Total fixed assets</b>		<b>1,472.1</b>	<b>1,368.9</b>
Current assets			
Receivables from Group companies	18	332.2	165.6
Tax receivable	7	0.9	0.1
Other receivables	10	4.7	7.0
Prepaid expenses and accrued income	11	4.3	5.5
Cash and cash equivalents	20	12.0	105.4
<b>Total current assets</b>		<b>354.1</b>	<b>283.6</b>
<b>Total assets</b>		<b>1,826.2</b>	<b>1,652.5</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		1.2	1.2
Reserves		292.5	292.5
<b>Unrestricted equity</b>			
Premium reserve		5.9	5.9
Profit brought forward		220.8	217.9
Net profit for the year		195.1	47.2
<b>Total equity</b>		<b>715.5</b>	<b>564.7</b>
<b>Liabilities</b>			
Liabilities to credit institutions	12	787.2	738.2
<b>Total long-term liabilities</b>		<b>787.2</b>	<b>738.2</b>
Liabilities to credit institutions	12	-	30.0
Accounts payable		10.7	9.3
Liabilities to Group companies	18	294.2	296.4
Other liabilities	14	1.2	1.2
Accrued expenses and prepaid income	15	17.4	12.7
<b>Total current liabilities</b>		<b>323.5</b>	<b>349.6</b>
<b>Total equity and liabilities</b>		<b>1,826.2</b>	<b>1,652.5</b>
<b>Pledged assets and contingent liabilities for parent company</b>			
Pledged assets	17	Inga	Inga
Contingent liabilities	17	131.4	145.3

## Parent company's statement of changes in equity

SEK m	Restricted equity		Unrestricted equity		Total equity
	Share capital	Reserve	Premium reserve	Profit/loss brought forward	
Opening balance 1 Jan. 2014	1.2	292.5	5.9	271.4	571.0
Net profit for the year	-	-	-	47.2	47.2
Other comprehensive income	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>47.2</b>	<b>47.2</b>
Transactions with Group's owners	-	-	-	-	-
Dividends	-	-	-	-46.7	-46.7
Share-related remuneration	-	-	-	-0.1	-0.1
Share buy-backs	-	-	-	-6.7	-6.7
<b>Closing balance 31 Dec. 2014</b>	<b>1.2</b>	<b>292.5</b>	<b>5.9</b>	<b>265.1</b>	<b>564.7</b>
Opening balance 1 Jan. 2015	1.2	292.5	5.9	265.1	564.7
Net profit for the year	-	-	-	195.1	195.1
Other comprehensive income	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>195.1</b>	<b>195.1</b>
Transactions with Group's owners	-	-	-	-	-
Dividends	-	-	-	-46.7	-46.7
Share-related remuneration	-	-	-	2.4	2.4
<b>Closing balance 31 Dec. 2015</b>	<b>1.2</b>	<b>292.5</b>	<b>5.9</b>	<b>415.9</b>	<b>715.5</b>



## Parent company's cash flow statement

		1 January - 31 December	
SEK m	Note	2015	2014
<b>Operating activities</b>			
Operating profit		-68.1	-57.9
Adjustment for items not included in cash flow	20	8.9	6.1
Dividends received	18	174.6	83.0
Interest received and other financial items		21.7	11.4
Interest paid and other financial items		-13.8	-17.1
Income tax paid		-1.2	0.8
<b>Cash flow from operating activities before changes in working capital</b>		<b>122.1</b>	<b>26.3</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease(+) of operating receivables		86.1	17.1
Increase (+)/Decrease (-) of operating liabilities		6.5	2.7
		<b>92.6</b>	<b>19.8</b>
<b>Cash flow from operating activities</b>		<b>214.7</b>	<b>46.1</b>
<b>Investing activities</b>			
Capital expenditure for tangible fixed assets		0.0	0.0
Capital expenditure for intangible fixed assets		-21.8	-5.5
Acquisition/capital contribution, subsidiaries		-34.3	-91.8
Divestment of subsidiaries/activities, net impact on liquidity		-	101.6
<b>Cash flow from investing activities</b>		<b>-56.1</b>	<b>4.3</b>
<b>Financial activities</b>			
New loans		19.0	-
Repayment of loans/Change in interest-bearing receivables/ liabilities		-224.3	42.0
Dividend paid		-46.7	-46.7
<b>Cash flow from financing activities</b>		<b>-252.0</b>	<b>-4.7</b>
<b>Cash flow for the year</b>		<b>-93.4</b>	<b>45.7</b>
Cash and cash equivalents at the beginning of the year		105.4	59.7
<b>Cash and cash equivalents at the end of the year</b>	20	<b>12.0</b>	<b>105.4</b>

## 1 Net sales

SEK m	2015	2014
Management charges, debited to subsidiaries	24.6	25.7
	<b>24.6</b>	<b>25.7</b>

## 2 Other operating expenses

SEK m	2015	2014
Currency losses on operating receivables/liabilities	-5.5	-9.8
	<b>-5.5</b>	<b>-9.8</b>

## 3 Employees and employee expenses

Average number of employees	2015		2014	
	Women	Men	Women	Men
Sweden	12	14	11	12
<b>Total, parent company</b>	<b>12</b>	<b>14</b>	<b>11</b>	<b>12</b>

Distribution according to gender in senior management, percentage of women	2015	2014
Board, proportion of women	29 %	29 %
Other senior executives, proportion of women	25 %	25 %

Salaries, other remuneration and social security expenses, SEK m	2015	2014
Salaries and other remuneration	27.3	22.9
Social security expenses	17.2	13.6
(of which, pension expenses)	(3.5) <sup>1)</sup>	(3.3) <sup>1)</sup>

1) Of the parent company's pension costs SEK 1.3m (1.2) concern the CEO for the parent company. There are no outstanding pension obligations to the Group's Board of Directors, CEO and senior executives.

Salaries and other remuneration allocated between the board of directors and other employees, SEK m	2015	2014
Board of Directors, CEO and senior executives	7.2	4.9
(of which variable compensation)	1.8	-
Other employees	20.1	18.0
	<b>27.3</b>	<b>22.9</b>

## 4 Auditor's fees and compensation

SEK m	2015	2014
<b>EY</b>		
Audit assignment	0.7	-
<b>KPMG</b>		
Audit assignment	-	0.8

Audit assignments refer to the statutory audit of annual and consolidated accounts, the administration of the board of directors and CEO, and auditing and other verifications as agreed. Other audit assignments include other duties incumbent on the company's auditors and advice or other assistance required by the findings in the audit or performance of other tasks.

## 5 Net financial items

SEK m	2015	2014
Dividend	174.6	83.0
Impairment of book value of shares in subsidiaries	-0.3	-0.6
<b>Earnings from participations in Group companies</b>	<b>174.3</b>	<b>82.4</b>
Interest income, credit institutions	0.1	0.1
Other financial income, Group companies	21.6	11.3
<b>Interest income and similar items</b>	<b>21.7</b>	<b>11.4</b>
Interest expenses, credit institutions	-13.6	-16.8
Other financial expenses, Group companies	-0.1	-0.3
Exchange rate changes	-2.8	-
<b>Interest expenses and similar items</b>	<b>-16.5</b>	<b>-17.1</b>

## 6 Allocations

SEK m	2015	2014
Group contribution	82.7	21.5
	<b>82.7</b>	<b>21.5</b>

## 7 Taxes

Reported in income statement, SEK m	2015	2014
<b>Current tax expense (-)/tax income (+)</b>		
Tax expense for the period	-	0.0
Adjustment of tax relating to previous years	-0.3	-
	<b>-0.3</b>	<b>0.0</b>
<b>Deferred tax expense (-)/tax income (+)</b>		
Deferred tax assets in the year capitalised tax value in loss carryforwards	1.3	6.9
<b>Total reported tax expenses in parent company</b>	<b>1.0</b>	<b>6.9</b>
<b>Reconciliation of effective tax, SEK m</b>	<b>2015</b>	<b>2014</b>
Profit before tax	194.1	40.3
Tax according to the applicable tax rate for the Parent company	-42.7	-8.9
Non-tax deductible expenses	-0.3	-0.2
Non-taxable income	38.4	18.3
Increase of loss carryforwards without corresponding capitalisation of deferred tax/temporary differences	-	-2.4
Utilisation of previously uncapitalised loss carry-forward	5.9	-
Tax relating to previous years	-0.3	-
<b>Reported effective tax</b>	<b>1.0</b>	<b>6.9</b>

## 8 Intangible fixed assets

	2015			2014		
SEK m	Development activities	Software	Total	Development activities	Software	Total
<b>Accumulated cost</b>						
Opening balance	2.4	22.7	25.1	0.0	19.6	19.6
Internally developed assets	7.9	13.9	21.8	1.2	3.1	4.3
Year's capital expenditure	-	-	-	1.2	-	1.2
Sold and scrapped	-	-1.3	-1.3	-	-	-
<b>Closing balance</b>	<b>10.3</b>	<b>35.3</b>	<b>45.6</b>	<b>2.4</b>	<b>22.7</b>	<b>25.1</b>
<b>Accumulated depreciation and impairment</b>						
Opening balance	0.0	-14.5	-14.5	0.0	-10.4	-10.4
Sold and scrapped	-	1.3	1.3	-	-	-
Depreciation for the year	-0.3	-5.3	-5.6	0.0	-4.1	-4.1
<b>Closing balance</b>	<b>-0.3</b>	<b>-18.5</b>	<b>-18.8</b>	<b>0.0</b>	<b>-14.5</b>	<b>-14.5</b>
<b>Book value</b>						
Opening balance	2.4	8.2	10.6	0.0	9.2	9.2
<b>Closing balance</b>	<b>10.0</b>	<b>16.8</b>	<b>26.8</b>	<b>2.4</b>	<b>8.2</b>	<b>10.6</b>
<b>Depreciation and impairments, SEK m</b>				<b>2015</b>		<b>2014</b>
Depreciation is included in the following lines in the income statement						
Cost of sold goods				-0.3		0.0
Administrative expenses				-5.3		-4.1
				<b>-5.6</b>		<b>-4.1</b>

## 9 Tangible fixed assets

SEK m	2015		2014	
	Equipment, tools and fittings	Total	Equipment, tools and fittings	Total
<b>Accumulated cost</b>				
Opening balance	6.7	6.7	6.7	6.7
Capital expenditures	0.0	0.0	0.0	0.0
Sales and scrapping	-1.1	-1.1	-	-
<b>Closing balance</b>	<b>5.6</b>	<b>5.6</b>	<b>6.7</b>	<b>6.7</b>
<b>Accumulated depreciation</b>				
Opening balance	-5.5	-5.5	-4.1	-4.1
Depreciation for the year	-0.8	-0.8	-1.4	-1.4
Sales and scrapping	1.1	1.1	-	-
<b>Closing balance</b>	<b>-5.2</b>	<b>-5.2</b>	<b>-5.5</b>	<b>-5.5</b>
<b>Book value</b>				
Opening balance	1.2	1.2	2.6	2.6
<b>Closing balance</b>	<b>0.4</b>	<b>0.4</b>	<b>1.2</b>	<b>1.2</b>
<b>Depreciation and impairment, SEK m</b>				
			<b>2015</b>	<b>2014</b>
Depreciation is included in the following items in the income statement				
Administration costs			-0.8	-1.4
			<b>-0.8</b>	<b>-1.4</b>

## 10 Other receivables

SEK m	2015	2014
Other receivables which are current assets		
VAT receivable	4.4	7.0
Other receivables	0.3	-
	<b>4.7</b>	<b>7.0</b>

## 11 Prepaid costs and accrued income

SEK m	2015	2014
Computer/license costs	2.2	2.2
Insurance	0.7	1.2
Bank costs	0.7	0.1
Other	0.7	2.0
	<b>4.3</b>	<b>5.5</b>

## 12 Credit institution liabilities

SEK m	2015	2014
Long-term liabilities		
Bank loans	787.2	738.2
	<b>787.2</b>	<b>738.2</b>
Current liabilities		
Bank loans	-	30.0
	<b>-</b>	<b>30.0</b>

## 13 Pensions

### DEFINED-CONTRIBUTION PLANS

In Sweden the Group has defined-contribution pension plans paid in full by the companies. Payments into these plans are continual in accordance with the rules for each plan.

SEK m	2015	2014
Costs for defined-contribution pension plans	1.0	0.7

For more information about handling of pensions, see Group note 20.

## 14 Other liabilities

SEK m	2015	2014
Personnel-related liabilities	1.2	1.2
	<b>1.2</b>	<b>1.2</b>

## 16 Operational leasing

### Leasing contracts where the company is the lessee

Future payments for non-cancellable leasing contract amount to:

SEK m	2015	2014
Within one year	0.5	0.4
Between one and five years	0.5	0.5
	<b>1.0</b>	<b>0.9</b>

### Expenses for operating leases:

SEK m	2015	2014
Minimum leasing fees	0.6	0.6
<b>Total leasing costs</b>	<b>0.6</b>	<b>0.6</b>

## 15 Accrued costs and prepaid income

SEK m	2015	2014
Personnel-related expenses	16.2	10.2
Audit expenses	0.5	0.1
Other	0.7	2.4
	<b>17.4</b>	<b>12.7</b>

## 17 Pledged assets and contingent liabilities

Pledged assets, SEK m	2015	2014
Pledged assets for debts and provisions		
Shares in subsidiaries	none	none
<b>Total pledged assets</b>	<b>none</b>	<b>none</b>

Contingent liabilities, SEK m	2015	2014
FPG/PRI	0.7	0.7
Guarantees on behalf of subsidiaries	130.7	144.6
<b>Total contingent liabilities</b>	<b>131.4</b>	<b>145.3</b>

## 18 Related parties

### Closely related relationships

The parent company has a closely related relationship with its subsidiaries, see note 19.

No member of the Board of Directors or senior executives have or have had any direct or indirect participation in any business transaction with Group companies which is or was of an exceptional character with regard to terms and conditions that occurred during the year or in any previous year. Nor has any Group company provided any loan, given any guarantees or entered into any surety relationships for any of the members of the Board of Directors or senior executives. For inter-company transactions see, accounting principles note 1. Loans to subsidiaries are made on market terms.

### Summary of transactions between closely related parties

Close relations, subsidiaries, SEK m	2015	2014
Net sales	24.6	25.7
Dividends received	174.6	83.0
Group contribution received	82.7	21.5
Financial income	21.6	11.3
Financial expenses	-0.1	-0.3
Receivables, 31 December	843.2	624.1
Liabilities, 31 December	294.2	296.4

### Transactions with key persons in leading positions

Regarding the salaries and other remuneration, costs and commitments for pensions and similar benefits, and severance payment agreements, for Board members, the CEO and other senior executives, see Group note 20.



## 19 Group companies

### Parent company's shareholdings and participations in subsidiaries, 2015

Subsidiary	Organisation number	Domicile / Country	Number of shares	Percentage of shares	Book value SEK m
AB Ph. Nederman & Co	556089-2951	Helsingborg, Sweden	550,000	100%	229.7
Nederman S.A.S.	434134615	Paris, France	-	100%	-
Nederman Distribution Sales AB	556272-9854	Helsingborg, Sweden	-	100%	-
Nederman Ibérica S.A.	A79441762	Madrid, Spain	-	100%	-
Nederman Logistics North America Ltd	426065-1	Mississauga, Canada	-	100%	-
Töredal Verkstad AB	556199-7601	Kvånum, Sweden	-	100%	-
Nederman (Shanghai) Co Ltd	67113929X	Shanghai, China	-	100%	-
Nederman International Trading Shanghai Co. Ltd	688759399	Shanghai, China	-	100%	-
Nederman Magyarország Kft	01-09-874950	Budapest, Hungary	-	100%	0.2
Nederman Nordic AB	556426-7358	Helsingborg, Sweden	2,000	100%	110.6
Nederman Norge, Filial til Nederman Nordic	914149762	Skedsmo, Norway	-	-	-
Nederman Danmark, Filial af Nederman Nordic AB	36414642	Mariager, Denmark	-	-	-
Nederman N.V./S.A.	428727	Bryssel, Belgium	4,000	100%	30.4
Nederman GmbH	HRB225315	Stuttgart, Germany	-	100%	19.2
Nederman GmbH (Austria)	FN2315530k	Wien, Austria	-	100%	-
Nederman Ltd	1393492	Preston, UK	10,000	100%	49.3
Nederman Filtration Ltd	562216	Preston, UK	-	100%	-
Nederman CR s.r.o.	25634364	Prag, Czech Republic	1	100%	0.0
Nederman Holding USA Inc	465-416	Thomasville, USA	-	100%	106.5
Nederman Manufacturing & Logistics LLC	-	Thomasville, USA	-	100%	-
Nederman LLC	-	Thomasville, USA	-	100%	-
Nordfab LLC	-	Thomasville, USA	-	100%	-
Nederman Shared Services LLC	-	Thomasville, USA	-	100%	-
Environmental Filtration Technologies Holding, Inc.	-	Wilmington, USA	-	100%	-
Pnuemafil Corporation	-	Wilmington, USA	-	100%	-
National Conveyors Company Inc.	-	East Granby, USA	-	100%	-
LCI Corporation International	-	Charlotte, USA	-	100%	-
Menardi Filtex LLC	-	Wilmington, USA	-	100%	-
Nederman Mikropul Canada Inc.	-	Wilmington, USA	-	100%	-
Nederman S. de R.L. de C.V.	-	Polanco, Mexico	-	57%*)	-
Nederman Mikropul LLC	-	Wilmington, USA	-	100%	-
Nederman Canada Ltd	856 876	Mississauga, Canada	1	100%	32.1
Nederman do Brasil Comércio de Produtos de Exaustao Ltda	05.880.850/0001-45	Sao Paulo, Brazil	3,365	100%	6.1
Arboga-Darenth Ltd	1048823	Preston, UK	10	100%	0.0
Nederman India Private Limited	U74900PN2008FTC144278	Pune, India	100,000	100%	0.3
Nederman Makine Sanayi Ve Ticaret Limited Sirketi	647743	Istanbul, Turkey	-	53%*)	7.6
Nederman Holding Danmark A/S	28301650	Mariager, Denmark	60,500	100%	231.3
Nederman Filtration GmbH	HRB391382	Freiburg, Germany	-	100%	-
Nederman Holding Germany GmbH	HRB701805	Freiburg, Germany	-	100%	-
Nederman MikroPul GmbH	HRB33261	Köln, Germany	-	100%	-
Nederman OOO	1082468018511	Moscow, Russia	-	100%	-
Nederman Manufacturing Poland Sp. z o.o.	0000050307	Marki, Poland	-	100%	-
Nederman Polska Sp. z o.o.	0000109291	Marki, Poland	-	96%*)	-
Nederman SEA Co Ltd	-	Chonburi, Thailand	-	100%	-
Nederman (Malaysia) Sdn Bhd.	892768T	Selangor, Malaysia	-	100%	-
PT Nederman Indonesia	-	Jakarta, Indonesia	-	10%*)	0.2
Nederman Filtration AB	556609-6177	Malmö, Sweden	-	100%	-
Nederman Manufacturing (Suzhou) Co Ltd	782062459	Suzhou, China	-	100%	-
Nordfab Europe AS	17011405	Mariager, Denmark	-	100%	-
Lebon & Gimbrair Beheer N.V.	31033906	Amersfoort, the Netherlands	-	100%	36.7
Nederman Nederland BV	58655360	Amersfoort, the Netherlands	-	100%	-
Mikropul Holding BV	-	Amersfoort, the Netherlands	-	100%	11.0
EFT France Holding	429043276	Pontcharra, France	-	100%	-
Mikropul France SAS	303573307	Pontcharra, France	-	100%	-
Nordfab Ducting Co Ltd	-	Chonburi, Thailand	-	51%*)	0.2
Nederman Manufacturing SEA	-	Chonburi, Thailand	-	51%*)	-
Nederman MikroPul Pty Ltd	-	Bayswater, Victoria, Australia	-	100%	14.4
Filtac AB	556652-2750	Kinna, Sweden	-	100%	23.1
<b>Total parent company</b>					<b>908.9</b>

\*) 100% owned by the Group

## 19 Group companies, continued from previous page

Accumulated cost, SEK m	2015	2014
Opening balance	874.9	884.7
Acquisition of Group companies	23.1	-
Restructuring within Group	11.2	-101.6
Merger	-	-
Capital contribution	-	91.8
Impairment of book value	-0.3	-
<b>Reported value, 31 December</b>	<b>908.9</b>	<b>874.9</b>

## 20 Cash flow analysis

Liquid funds - parent company, SEK m	2015	2014
Subcomponents in cash and cash equivalents:		
Cash and cash equivalents	12.0	105.4
<b>Total according to statement of financial position</b>	<b>12.0</b>	<b>105.4</b>
<b>Adjustments for items not included in cash flow, SEK m</b>	<b>2015</b>	<b>2014</b>
Depreciation	6.4	5.5
Unrealised translation differences	2.2	-
Impairment of shares in subsidiaries	0.3	0.6
	<b>8.9</b>	<b>6.1</b>
<b>Unused credits, SEK m</b>	<b>2015</b>	<b>2014</b>
Unused credit amounts to:	702.0	261.6

# Signatures

The consolidated accounts and the annual report have been drawn up in accordance with international accounting standards as prescribed in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 concerning the application of international accounting standards and good accounting practice in Sweden, and they give a fair picture of the Group's and parent company's position and results. The Direc-

tors' report for the Group and parent company provides a fair overview of the Group's and parent company's activities, position and results and they describe the main risks and uncertainties facing the parent company and Group companies. The annual report and consolidated accounts will be subject to adoption by the Annual General Meeting to be held on 20 April 2016.

Helsingborg, 26 February 2016

**Jan Svensson**

Chairman

**Fabian Hielte**

Board member

**Ylva Hammargren**

Board member

**Gunnar Gremlin**

Board member

**Per Borgvall**

Board member

**Susanne Pahlén Åklundh**

Board member

**Sven Kristensson**

CEO

**Jonas Svensson**

Employee representative

Our audit report was issued on 11 March 2016

Ernst & Young AB

**Staffan Landén**

Authorised public accountant

# Auditor's report

To the annual meeting of the shareholders of Nederman Holding AB,  
corporate identity number 556576-4205

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Nederman Holding AB for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 42-84.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

### Other matters

The audit of the annual accounts for 2014 was performed by another auditor who submitted an auditor's report dated 13 March 2015, with unmodified opinions in the Report on the annual accounts.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nederman Holding AB for the year 2015.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Helsingborg, 11 March 2016  
Ernst & Young AB

**Staffan Landén**  
Authorized Public Accountant

# Board of Directors



**Jan Svensson** (1956)

Chairman of the board.

- President and member of the board of Investment AB Latour.
- Chairman of the board of AB Fagerhult, Tomra Systems ASA and Oxeon AB.
- Member of the board of Loomis AB, AssaAbloy AB and Troax AB.
- Owns 5,000 Nederman shares.



**Per Borgvall** (1958)

Elected by AGM

- Member of the board of Troax Group AB and Louis Poulsen Lighting A/S.
- Owns no Nederman shares.



**Gunnar Gremlin** (1945)

Elected by AGM

- Chairman of the board of Dyckerhoff AG and Gremlin Restaurang & Vin AB.
- Member of the board of Lonestar Inc.
- Owns 43,939 Nederman shares



**Ylva Hammargren** (1966)

Elected by AGM

- Business Transformation and CRM Manager, Business Area Industrial Market Sales and Marketing, AB SKF.
- Owns no Nederman shares.



**Fabian Hielte** (1975)

Elected by AGM

- Chairman of the board of Ernströmgruppen and Platzer Fastigheter Holding.
- Member of the board of Ernström & C:o.
- CEO of Ernström & C:o.
- Owns 1,175,000 Nederman shares via juridical person. Total includes part-owned indirect holdings.



**Sven Kristensson** (1962)

Elected by AGM

- President and Chief Executive Officer of Nederman Holding AB.
- Chairman of the board of BK Pac AB, Diedenporten AB and Kristensson Holding AB.
- Deputy chairman of the board of Dr P Håkansson's Stiftelse.
- Owns 104,881 Nederman shares.



**Susanne Pahlén Åklundh** (1960)

Elected by AGM

- Director of Equipment division, Alfa Laval
- Owns no Nederman shares.



**Jonas Svensson** (1958)

Chairman of the local branch of Unionen trade union.

- Owns 100 Nederman shares.



# Senior executives


**Sven Kristensson**

President and CEO.

- Born 1962.
- Employed by Nederman since 2001.
- Owns 104,881 Nederman shares.


**Torbjörn Bäck**

Senior Vice President  
Head of Division APAC

- Born 1971.
- Employed by Nederman since 2012.
- Owns 1,929 Nederman shares.


**Hans Dahlén**

Senior Vice President  
Head of Division EMEA

- Born 1968.
- Employed by Nederman since 2013.
- Owns no Nederman shares.


**Per-Ove Eriksson**

Senior Vice President  
Duct & Filter Elements

- Born 1956.
- Employed by Nederman since 1996.
- Owns 22,599 Nederman shares.


**Stefan Fristedt**

Senior Vice President  
CFO

- Born 1966.
- Employed by Nederman since 2010.
- Owns 1,324 Nederman shares.


**Anders Franzén**

Senior Vice President  
Corporate Development

- Born 1961.
- Employed by Nederman since 2009.
- Owns 1,765 Nederman shares.


**Per Lind**

Senior Vice President  
Head of Division Americas

- Born 1957.
- Employed by Nederman since 2007.
- Owns 3,294 Nederman shares.


**Eva Carin Svensson**

Senior Vice President HR

- Born 1964.
- Employed by Nederman since 2009.
- Owns 588 Nederman shares.

# Definitions

## **Adjusted EBITDA**

Operating profit before depreciation and amortisation, excluding acquisition and restructuring costs.

## **Adjusted EBITDA margin**

Adjusted EBITDA as percentage of net sales.

## **Adjusted operating margin**

Adjusted operating profit as percentage of net sales.

## **Adjusted operating profit**

Operating profit excluding acquisition and restructuring costs.

## **Annual average**

Average of year-beginning and year-end balance.

## **Capital turnover rate**

Net sales divided by average operating capital.

## **Earnings per share (after dilution)**

Net profit attributable to Parent Company shareholders plus average number of convertibles and options divided by average number of outstanding shares, as calculated in accordance with IAS 33.

## **Earnings per share (before dilution)**

Net profit attributable to Parent Company shareholders divided by average number of outstanding shares.

## **EBITDA**

Operating profit before depreciation and amortisation.

## **EBITDA margin**

EBITDA as a percentage of net sales.

## **Equity/asset ratio**

Equity divided by total assets (balance sheet total).

## **Equity per share**

Shareholders' equity divided by average number of shares outstanding.

## **Interest coverage ratio**

Pre-tax profit with return of financial costs in relation to financial costs.

## **Net debt**

Interest bearing liabilities (including pensions) minus cash and cash equivalents.

## **Net debt/equity ratio**

Net debt divided by shareholders' equity.

## **Operating capital**

Shareholders' equity plus net debt.

## **Operating margin**

Operating profit as percentage of net sales.

## **Operating profit**

Operating profit after depreciation and impairment.

## **Return on equity**

Net profit for the period divided by average shareholders' equity.

## **Return on operating capital**

Adjusted operating profit as a percentage of average operating capital.

# Articles of association

**1 § Company name.** The name of the Company is Nederman Holding Aktiebolag. The Company is a public company (publ).

**2 § Registered office.** The registered office of the board of directors is in Helsingborg municipality.

**3 § Company's operations.** The object of the Company's operations is to directly or through subsidiaries produce and market products to improve the industrial workplace environment and to own and manage enterprises as well as real estate and personal property, and to engage in compatible operations.

**4 § Share capital.** The Company's share capital shall not be lower than seven hundred and fifty thousand (SEK 750,000) and shall not exceed three million (SEK 3,000,000).

**5 § Number of shares.** The number of shares shall be no lower than ten million (10,000,000) and shall not exceed forty million (40,000,000).

**6 § VPC-registered company.** The Company's shares shall be registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

**7 § Financial year.** The Company's financial year shall be the calendar year.

**8 § Board of directors.** The board of directors shall consist of at least three (3) and not more than eight (8) members with a maximum of three (3) deputies. Board members will be elected annually at the Annual General Meeting for the period extending until the close of the next Annual General Meeting.

**9 § Auditor.** The firm shall have at least one (1) and no more than two (2) auditors, without or with no more than one (1) deputy auditor. An approved or authorized public accountant or a registered auditing firm shall be appointed auditor and, where appropriate, deputy auditor.

**10 § Notice of Annual General Meeting.** Notice of the Annual General Meeting and of Extra General Meetings convened to address amendments to the Articles of Association, shall be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice of other Extraordinary General Meetings shall be issued not earlier than six weeks and not later than two weeks prior to the meeting. Notice of Annual General Meeting shall be given in Post- och Inrikes Tidningar as well as on the company's website. It shall be advertised in Svenska Dagbladet or, if publication is cancelled, in Dagens Industri instead, that notice of the meeting has been given.

## **11 § Right to participate in Annual General Meeting.**

Shareholders who wish to participate in proceedings at the Annual General Meeting must be included in the transcript of the entire share register pertaining to the situation no later than five (5) weekdays before the annual general meeting, and they must register with the Company no later than 4 p.m. of the day specified in the notice of the annual general meeting. This day may not be a Sunday, other general holiday, Saturday, Midsummer Eve, Christmas Eve, or New Year's Eve, nor may it fall earlier than the fifth weekday before the annual general meeting. Shareholders or representatives may be accompanied by a maximum of two assistants at a annual general meeting, but only if the shareholder has notified the Company of the number of assistants in accordance with the preceding paragraph.

**12 § Location of Annual General Meeting.** The Annual General Meeting may be held in Helsingborg or Stockholm.

**13 § Annual General Meeting.** The Annual General Meeting shall address the following matters:

1. Election of the chairperson of the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons to verify the minutes;
5. Determination of whether the meeting has been duly convened
6. Presentation of the annual report and the auditors' report and report on the consolidated accounts;
7. Resolution to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet;
8. Resolutions on appropriation of the Company's profit or loss according to the adopted balance sheet;
9. Resolution to discharge members of the board of directors and the Chief Executive Officer from liability;
10. Determination of the number of board members and deputies, as well as, where appropriate, auditors and deputy auditors;
11. Establishment of remuneration to the board of directors and, where applicable, the auditors;
12. Election of board members and any deputies and, where appropriate, auditors and any deputy auditors; Other business to be addressed by the annual general meeting in accordance with the Swedish Companies Act or the Articles of Association.

These articles of association were adopted by the Annual General Meeting on 26 April 2011.

# Notification to attend the Annual General Meeting

The Annual General Meeting of Nederman Holding AB (publ) will be held at Marina Plaza, Kungstorget 6, 251 10 Helsingborg, on Wednesday, 20 April 2016.

## **Schedule:**

3 p.m. Registration starts

3.30 p.m. Meeting room opens

4 p.m. Meeting starts

Coffee and refreshments will be served before the meeting.

## **Right to participate at the meeting**

Shareholders wishing to participate at the meeting must be recorded in the shareholders' register kept by Euroclear Sweden by Thursday 14 April 2016 and must notify the company of their intention to attend the meeting no later than 4 p.m. on Thursday 14 April 2016. Shareholders whose shares are registered in the name of a trustee must have their shares temporarily registered in their own name in the Euroclear Sweden shareholders' register in order to take part in the meeting. This registration, known as voting right registration, must take place by 14 April 2016, meaning that the shareholder should give notice of his/her intention of taking part at the meeting in due time before that date.

## **Notification**

Notification can be carried out in one of the following ways:

- on Nederman's website: [www.nederman.com](http://www.nederman.com)
- by email: [arsstamma@nederman.se](mailto:arsstamma@nederman.se)
- by telephone: 46 (0)42 18 87 00
- by letter to: Nederman Holding AB (publ), "Årsstämma" Box 602, 251 06 Helsingborg.

Notification should include details of name, civic registration number/corporate identity number, address, telephone, registered shareholding and advisors, if any. The information is solely used for the requisite registration and drawing up of the voting list. Where representation is made by proxy, the original proxy form must be sent to the company along with the notification to attend the meeting. Individuals representing a legal entity must have a copy of the registration form or equivalent documentation indicating the authorised signatory. The company will provide proxy forms for shareholders who so wish. The form is also available for downloading on Nederman's website: [www.nederman.com](http://www.nederman.com).

## **Dividend**

The board and CEO propose a dividend for the 2015 financial year of SEK 5.00 per share.

## **Reports**

Q1 report: January-March 20 April 2016

Q2 report: January-June 12 July 2016

Q3 report: January -September 19 October 2016

As a leading environment technology company, it is clear to Nederman that it should care for the environment. We have therefore chosen to print our annual report on paper that is labelled with both the FSC® and the Swedish Svanen labels. FSC® stands for Forest Stewardship Council, an independent international organization that promotes social responsibility through management of the world's forests that is both eco-friendly and economically viable.





***Nederman***

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