



Nederman

Q4

Year-end report

January - December 2017

Quarter 4, 2017

- Incoming orders amounted to SEK 815.9m (830.5), which organically is a decrease of 0.8 percent compared with the same period last year.
- Net sales amounted to SEK 860.0m (820.1), which organically is an increase of 4.9 percent compared with the same period last year.
- Adjusted operating profit was SEK 106.8m (85.5), giving an adjusted operating margin of 12.4 percent (10.4).
- Operating profit was SEK 99.1m (85.5), giving an operating margin of 11.5 percent (10.4).
- Net profit was SEK 73.2m (61.1).
- Earnings per share were SEK 6,26 (5,23).

January - December, 2017

- Incoming orders amounted to SEK 3,157.3m (2,992.3), which organically is an increase of 4,6 percent compared with last year.
- Net sales amounted to SEK 3,148.5m (3,107.3), which organically is an increase of 0.1 percent compared with last year.
- Adjusted operating profit was SEK 285.8m (250.3), giving an adjusted operating margin of 9.1 percent (8.1).
- Operating profit was SEK 278.1m (250.3), giving an operating margin of 8.8 percent (8.1).
- Net profit was SEK 186.3m (172.1).
- Earnings per share were SEK 15.93 (14.72).
- The Board of Directors proposes a dividend of SEK 6.00 (5.50) per share.



CEO's comments

Good sales performance, improved profitability, stable cash flow for operating activities



2017 was a good year for Nederman. Incoming orders grew organically by 4.6 percent and profitability improved, with an adjusted operating margin of 9.1 percent (8.1). In the last quarter of the year, we saw continued positive growth in both sales and profitability.

In the APAC region, performance clearly improved in 2017. After some years of losses, the operating segment showed a profit for the whole year. We are proud of this important break in trend and are now working hard to gradually establish profitability in line with Nederman's financial goals. Sales and especially incoming orders also improved significantly during the year and we are more optimistic about the future in the region.

The EMEA region continues to develop well. The markets in the region show continued signs of good recovery. This was reflected, for example, in the best project sales for four years and continued stable performance of the core business with sales of products and smaller systems.

In the Americas, we managed to improve our operating margin despite challenging conditions. Decision making processes for major projects in the US were still protracted and general demand was marked by some volatility. However, at the end of 2017, we could see some improvement in the business climate in the region.

Over a number of years, Nederman has been working to modernise its business by developing digital solutions in both sales and customer services. This work has been successful and in the last quarter of the year we took another important step on this journey by acquiring the Norwegian company NEO Monitors.

The order backlog at the beginning of 2018 is at a higher level than at the same time in 2017, which means that we continue to have a positive outlook for 2018 as a whole.

Sven Kristensson, CEO



Americas operating segment

In the Americas, sales in the quarter decreased organically by 5.2 percent to SEK 309.8 m (351.4). For the year as a whole, sales fell by 6.1 percent. Despite the lower sales volume, profitability in the quarter improved with an adjusted operating profit of SEK 45.4 m (42.7), corresponding to an adjusted operating margin of 14.7 percent (12.2). For the year as a whole, the adjusted operating margin was 11.1 percent (10.7). Incoming orders in the quarter amounted to SEK 292.9 m (359.7). For the year as a whole, incoming orders grew by 0.3 percent organically to SEK 1,198.4 m (1,194.5).

General market situation

The US market is characterized by continued uncertainty surrounding the country's trade, health and environmental policies, and this uncertainty is expected to last for some time, which still means shifts in the demand for larger systems. Some stabilisation has occurred and there is increased demand within certain industrial segments. After a long period of decline, the Brazilian economy shows continued signs of recovery. In the long term, stronger economic performance, and the authorities' stringent requirements for compliance with the country's environmental legislation is expected to impact positively on demand for Nederman's products and solutions. The Canadian economy is currently performing well, resulting in increased demand for Nederman's products and solutions. In Mexico, the uncertainties surrounding the NAFTA agreement continue to create great uncertainty and the Mexican economy is still expected to have very limited growth.

Development by country

In the US, performance in the first quarter of 2017 was weak but was significantly stronger in the following two quarters. The last quarter of the year was weaker as a result of the uncertainties surrounding the country's new tax legislation. There was a 10 percent decline in incoming orders, which was primarily due to reduced demand for Nederman's system solutions. Since the adoption of the new Tax Act, there has been a significant increase in market activities with more requests for quotations. In Canada, incoming orders were slightly down during the fourth quarter of the year following the very strong third quarter. Nederman believes, however, that the decline is

Incoming orders in the quarter: SEK 292.9m (359.7)

Improved profitability.
Decisions on tax reform in the US.
Positive signals in Brazil.

due to temporary shifts in orders and not to any fundamental change in demand. In Brazil, incoming orders declined by 25 percent in the quarter compared with the same quarter of 2016, but were significantly higher than in the previous quarters of 2017. Brazil's economy has improved gradually during the year.

Incoming orders and sales

Incoming orders during the quarter amounted to SEK 292.9 m. Organically, this corresponds to a decrease of 12.1 percent compared with the same quarter of 2016. Incoming orders for the year January-December amounted to SEK 1,198.4 m. Organically, this corresponds to an increase of 0.3 percent compared to 2016. Net sales during the quarter totalled SEK 309.8 m. Organically, this corresponds to a decrease of 5.2 percent compared with the corresponding quarter of 2016. Net sales for the year January-December totalled SEK 1,228.3 m. Organically, this corresponds to a decrease of 6.1 percent compared with 2016.

Key ratios

SEK million	1 Oct-31Dec		Organic* growth, %	1 Jan-31Dec		Organic* growth, %
	2017	2016		2017	2016	
Incoming orders	292.9	359.7	-12.1	1 198.4	1 194.5	0.3
External net sales	309.8	351.4	-5.2	1 228.3	1 307.1	-6.1
Depreciation	-3.7	-4.7		-15.9	-15.7	
Adjusted operating profit	45.4	42.7		136.9	140.4	
Adjusted operating margin, %	14.7	12.2		11.1	10.7	

* Organic growth is the growth rate that does not come from acquisitions and currency effects, compared with the corresponding period in the previous year.



EMEA operating segment

Sales in the quarter grew organically by 6.8 percent to SEK 428.7 m (374.1). For the year as a whole, sales increased by 4.2 percent. Profitability also improved in the quarter with an adjusted operating profit of SEK 68.0 m (50.5), corresponding to an adjusted operating margin of 15.9 percent (13.5). For the year as a whole, the adjusted operating margin was 13.6 percent (11.8). Incoming orders in the quarter were in line with the very strong fourth quarter of 2016. For the year as a whole, incoming orders grew by 4.5 percent organically to SEK 1,530.6 m (1,439.4).

General market situation

The market situation within the EMEA region has stabilised further, resulting, for example, in increased project sales for Nederman. Industrial capital expenditure remains at a relatively low level, but signs of recovery continue. The long-term effects of the UK's decision to leave the EU are still difficult to gauge, and the political situation in Turkey and the conflict in Syria continue to have an adverse effect on sales in this part of the EMEA.

Development by country

Several countries showed positive growth in the quarter and the backlog is still at a good level. Order growth in Germany was at a good level in the quarter despite challenging comparative figures from the strong fourth quarter of 2016. The strong growth is due to strong performance in the core business and in the after-sales market. Southern Europe had a weaker quarter, mainly because system sales in the fourth quarter of 2016 were not repeated. The UK had another strong quarter with double-digit growth following strong growth in the core business. Among the Nordic countries, Norway had another good quarter, while growth was weaker in the other countries in the region. The Benelux countries had a strong fourth quarter with double-digit growth in both the Netherlands and Belgium. In Eastern Europe, Poland was one of the countries which showed strong growth in the quarter.

Digital sales channels continue to evolve and an increasing number of distributors are now being introduced to Neder-

Incoming orders in the quarter: SEK 414.0m (395.5)

Continued strong growth in Germany and the UK. Digital sales channels are becoming increasingly important.

man's highly regarded Partner Web Shop which resulted in distributor sales performing well during the year.

Incoming orders and sales

Incoming orders during the quarter amounted to SEK 414.0 m. Organically, this corresponds to a decrease of 0.4 percent compared with the same quarter of 2016. Incoming orders for the year January-December amounted to SEK 1,530.6 m. Organically, this corresponds to an increase of 4.5 percent compared to 2016. Net sales during the quarter totalled to SEK 428.7 m. Organically, this corresponds to an increase of 6.8 percent compared with the same quarter of 2016. Net sales for the year January-December amounted to SEK 1,517.5 m. Organically, this corresponds to an increase of 4.2 percent compared with 2016.

Key ratios

SEK million	1 Oct-31Dec		Organic* growth, %	1 Jan-31Dec		Organic* growth, %
	2017	2016		2017	2016	
Incoming orders	414.0	395.5	-0.4	1 530.6	1 439.4	4.5
External net sales	428.7	374.1	6.8	1 517.5	1 420.6	4.2
Depreciation	-7.3	-5.0		-23.6	-22.2	
Adjusted operating profit	68.0	50.5		205.9	168.1	
Adjusted operating margin, %	15.9	13.5		13.6	11.8	

* Organic growth is the growth rate that does not come from acquisitions and currency effects, compared with the corresponding period in the previous year.



APAC operating segment

The APAC region performed very well in terms of incoming orders and sales during the last quarter of the year. Incoming orders grew organically by 51.2 percent to SEK 109.0 m (75.3) and sales increased organically by 34.4 percent to SEK 121.5 m (94.6). Profitability continues to improve within the operating segment and the adjusted operating profit amounted to SEK 11.6 m (2.9), corresponding to an adjusted operating margin of 9.5 percent (3.1). The significant improvement in operating profit during the quarter means that the full-year profit in 2017 improved by SEK 18.6 m to SEK 9.3 m, compared with a negative operating profit of SEK -9.3 m for 2016.

General market situation

There are still good business opportunities in the APAC region, although some industrial segments in the commodity-intensive countries indicate weak demand and prolonged decision-making processes. In China, new environmental legislation and other government initiatives are expected to raise the importance of environmental issues, focusing on polluted emissions and industries susceptible to dust explosions. However, there is a delay before the new legislation can result in actual capital expenditure, although the positive signs are beginning to become clearer. In India, the negative effects of the new indirect tax (GST), which was implemented during the third quarter of 2017, have eased. In Australia, the signs for a recovery are still good.

Development by country

The positive growth in orders in the quarter is primarily the result of strong growth in China, where incoming orders were up by 70 percent organically, partly due to a number of large orders. The core business with sales of products and smaller systems also performed very well during the quarter. In India, Nederman is beginning to become an established name and incoming orders were up by 36 percent in the quarter. Growth stands at 28 percent for the year as a whole. Thailand, Indonesia and Malaysia generally performed weaker in the quarter, although one large order in Thailand was booked during this period. In Australia, the market continues to show a generally improved business climate, which in the long term is expected to increase sales opportunities for large and medium-sized

Incoming orders in the quarter: SEK 109.0m (75.3)

Very strong order intake in China
Growth returns to India
Signs in Australia remain positive.

projects. Organic growth in incoming orders amounted to 57 percent in the quarter and 27 percent for 2017 as a whole.

Incoming orders and sales

Incoming orders during the quarter amounted to SEK 109.0 m. Organically, this corresponds to an increase of 51.2 percent compared with the same quarter of 2016. Incoming orders for the year January-December amounted to SEK 428.3 m. Organically, this corresponds to an increase of 19.4 percent compared to 2016. Net sales during the quarter totalled SEK 121.5 m. Organically, this corresponds to an increase of 34.4 percent compared with the same quarter of 2016. Net sales for the year January-December totalled SEK 402.7 m. Organically, this corresponds to an increase of 6.0 percent compared with 2016.

Key ratios

SEK million	1 Oct-31Dec		Organic* growth, %	1 Jan-31Dec		Organic* growth, %
	2017	2016		2017	2016	
Incoming orders	109.0	75.3	51.2	428.3	358.4	19.4
External net sales	121.5	94.6	34.4	402.7	379.6	6.0
Depreciation	-0.8	-1.1		-3.5	-4.7	
Adjusted operating profit	11.6	2.9		9.3	-9.3	
Adjusted operating margin, %	9.5	3.1		2.3	-2.5	

* Organic growth is the growth rate that does not come from acquisitions and currency effects, compared with the corresponding period in the previous year.

Nederman Insight is creating new values

Today's ever-faster digitalisation is creating new opportunities for Nederman to develop and improve its customer offering. The opportunities associated with connected services, the Internet of Things (IoT) and mobile devices such as smart phones and tablets together offer a platform that can provide Nederman's customers with new services and new values. Nederman Insight has been established in order to manage and develop these opportunities. In the quarter, the Norwegian company NEO Monitors that has world-leading solutions for measuring gases and dust across all industries, was acquired.

Acquisition of NEO Monitors

NEO Monitors is a global pioneer in laser-based solutions for measuring gases and dust across all industries. The company has secured a leading position in all generations of laser-based measurement technologies and has the largest installed base of TDLS analyzers (Tunable Diode Laser Spectrometry), with more than 11 000 instruments installed in over 40 countries. The company's expertise and engineering capabilities allows for more than 100 different configurations tailored to customer needs, helping global industries to achieve better processes control, decreased operational costs and increased efficiency.

NEO Monitors is now part of Nederman Insight. The NEO Monitor brand and team will continue to operate as before. The solutions will become an integrated part of the Nederman Insight applications and digital ecosystem that builds on connectivity and Internet of Things.

Strategic goals

The aim of Nederman Insight over the coming years is to develop new digital solutions into a complete ecosystem of services that can be marketed to new and existing installations of Nederman's systems. To achieve this, the company will successively build up the new competence necessary to create an attractive offering with a robust infrastructure for the IoT.

Digital flow from filter to facts

The vision is to create a digital flow from filter to facts. The first step, Performance Tracking, is the ability to provide customers with data on the performance of their filter solutions through digital solutions. The goal of the next step, Process Optimisation, is to be able to help customers to utilise this knowledge in order to optimise their processes. A further step, Compliance, means that customers have total control of, and reliable documentation about, their industrial environment and their emissions.

IoT platform

The digital knowledge offering is based on Nederman's IoT platform - Nederman Insight. This platform, consisting of hardware installed in Nederman's products and solutions, and software that communicates with the cloud, provides customers with information and insight into critical parameters and processes.

Nederman has conducted pilot studies in four different industrial segments since 2016, which together represent approximately 25 percent of Nederman's total sales. The results of the studies are implemented in Nederman Insight as services and solutions with the aim of becoming crucial to the customer's business.

As the new digital services and solutions are successively launched, they will strengthen Nederman's offering while at the same time consolidating and strengthening customer relationships in a way that was not previously possible.

Outlook

The situation in Europe continues to improve with positive growth for both incoming orders and sales. In the US, we also see continued stability in sales in the core business, while uncertainty surrounding major projects is expected to remain

for some time, although we saw some improvement at the end of the year. In Asia, several markets have enjoyed positive growth. In China, we have seen increased environmental activity.

Dividend

The Board of Directors proposes a dividend to shareholders of SEK 6.00 per share (5.50).

Quarter 4, 2017

Incoming orders and sales

Incoming orders during the quarter amounted to SEK 815.9m (830.5). Organically, this corresponds to a decrease of 0.8 per cent compared with the corresponding period last year.

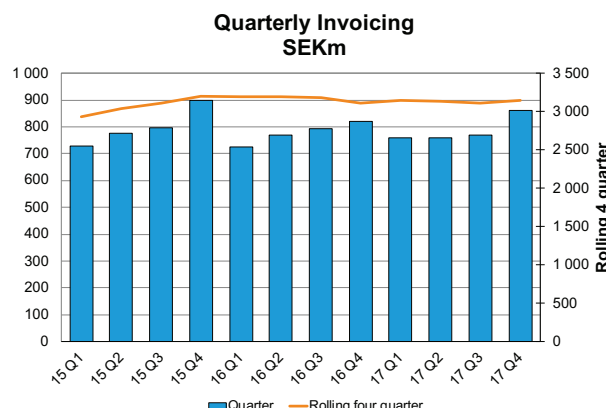
Net sales for the quarter amounted to SEK 860.0 m (820.1). Organically, this corresponds to an increase of 4.9 percent compared with the corresponding period last year.

Profit/loss

- The consolidated operating profit for the quarter was SEK 99.1m (85.5), which gave an operating margin of 11.5 percent (10.4).
- Adjusted operating profit amounted to SEK 106.8m (85.5).
- Adjusted operating margin was 12.4 percent (10.4).
- Profit before tax increased to SEK 97.9m (74.0).
- Net profit was SEK 73.2m (61.1), which gave earnings per share of SEK 6.26 (5.23).

Capital expenditure

Capital expenditure during the quarter was SEK 16.7m (15.6).



January - December 2017

Incoming orders and sales

Incoming orders were SEK 3,157.3m (2,992.3). Organically, this corresponds to an increase of 4.6 percent compared with last year.

Net sales amounted to SEK 3,148.5m (3,107.3). Organically, this corresponds to an increase of 0.1 percent compared with last year.

Profit/loss

- Consolidated operating profit for the period was SEK 278.1m (250.3), which gave an operating profit margin of 8.8 percent (8.1).
- Adjusted operating profit amounted to SEK 285.8m (250.3).
- Adjusted operating margin was 9.1 percent (8.1).
- Profit before tax increased to SEK 260.1m (231.7).
- Net profit was SEK 186.3m (172.1), which gave earnings per share of SEK 15.93 (14.72).

Cash flow and capital expenditure

Cash flow for the year amounted to SEK 79.3 m (19.2) and cash flow from operating activities amounted to SEK 279.3 m (239.7). Cash flow has been positively affected by changes in working capital. During the year, the cash flow has been affected by a higher level of capital expenditure compared with the previous year and by the acquisition of NEO Monitors.

Capital expenditure during the period was SEK 53.4m (45.9), of which capitalised development costs amounted to SEK 6.8m (6.7).

Other financial information

Liquidity: At the end of the period the Group had SEK 360.9m in cash and cash equivalents as well as SEK 98.4m in available but unutilised overdraft facilities.

In addition, there was a credit facility of SEK 472.7m, which is a part of Nederman's loan agreement with SEB and a further loan facility of SEK 104.6m within Nederman's loan agreement with SHB.

The equity in the Group as of 31 December 2017 amounted to SEK 1,075.8m (982.2).

An ordinary dividend of SEK 5.50 per share was paid to shareholders in the second quarter, amounting in total to SEK 64.3m.

The total number of shares outstanding was 11,696,251 at the end of the period.

The equity ratio for the Group was 36.2 percent as of 31 December 2017 (37.0). The net debt/equity ratio was 54.4 percent (53.4).

Number of employees

The average number of employees during the period was 1,757 (1,760). The number of employees at the end of the period was 1,803 (1,743).

Key figures, Group

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2017	2016	2017	2016
Net sales	860.0	820.1	3 148.5	3 107.3
Adjusted EBITDA	121.5	97.7	338.5	298.0
Adjusted EBITDA margin, %	14.1	11.9	10.8	9.6
Operating profit	99.1	85.5	278.1	250.3
Operating margin, %	11.5	10.4	8.8	8.1
Adjusted operating profit	106.8	85.5	285.8	250.3
Adjusted operating margin, %	12.4	10.4	9.1	8.1
Profit before tax	97.9	74.0	260.1	231.7
Net profit	73.2	61.1	186.3	172.1
Earnings per share, SEK	6.26	5.23	15.93	14.72
Return on shareholders' equity, %	28.3	25.9	18.1	18.9
Return on operating capital, %	27.5	22.3	18.0	16.8
Net debt			585.3	524.3
Net debt/equity ratio, %			54.4	53.4
Net debt/Adjusted EBITDA, multiple			1.7	1.8
Interest cover ratio			11.8	11.8

Other information

New organisation for profitable growth

Currently the Nederman Group is restructuring the Group's operations with the goal of increasing both growth and profitability through simple structures and clear focus.

Specifically, this means that Nederman will be organised with a primary operational focus on four brands but with continued coordination in the Americas, EMEA and APAC regional segments.

The new organisation means that Nederman's expertise will have a clear impact on a global level. The new organisation will also further improve Nederman's work with the Group's key customers and expand the after-sales business which offers major scope for growth.

The new organisation will gradually be implemented during 2018 and will be reflected in Nederman's segment reporting with effect from 1st January 2019.

Organisation

Anders Franzén, Senior Vice President Corporate Development, has decided to leave the Nederman Group.

"I would like to thank Anders for his contribution to Nederman over the years," says Nederman's CEO Sven Kristensson.

Risks and uncertainties

The Group and the parent company are exposed to a number of risks which are primarily due to the Group buying and selling products in foreign currencies. These risks are described in more detail in the company's management report on pages 48-49 and note 24 in the 2016 Annual Report. No circumstance that causes a change in the assessment of named risks has come to light.

Nomination Committee

In accordance with the AGM's guidelines for the Nomination Committee's work, Anders Mörck (Investment AB Latour, President), Göran Espelund (Lannebo Fonder), Fabian Hielte (Ernström & Co.) and Fredrik Ahlin (IF Skadeförsäkring AB) have been appointed to the Nomination Committee for the 2018 Annual General Meeting. Jan Svensson, Chairman of Nederman's Board, is adjunct to the Nomination Committee. For any questions concerning the Nomination Committee's work, please contact Anders Mörck at anders.morck@latour.se.

Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act Chapter 9 and RFR2. The same accounting policies and valuation principles apply as described in the latest Annual Report to the Group and the parent company (cf. pages 63-67 of the Annual Report for 2016).

Changes that will come into effect on 1 January 2018 and beyond:

IFRS 15, effective for fiscal years beginning 1 January 2018, will not have any impact on reporting of consolidated income, although the Group will be affected by the extended disclosure requirements.

IFRS 9, effective for fiscal years beginning 1 January 2018, will not have any impact on the consolidated reporting of the financial instruments.

IFRS 16 replaces IAS 17 from 1 January 2019. An evaluation of the impact on the standard has been started.

Statement

The Board and CEO confirm that the interim report provides a true and fair overview of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the Group. The report has not been reviewed by the company's auditor.

Helsingborg 15 February 2018

Jan Svensson
Chairman

Per Borgvall
Member of the Board

Gunilla Fransson
Member of the Board

Gunnar Gremlin
Member of the Board

Ylva op den Velde Hammargren
Member of the Board

Sven Kristensson
Member of the Board
and CEO

Johan Menckel
Member of the Board

This is Nederman

A Swedish environmental technology company

Nederman's expertise and turnkey solutions within industrial air filtration protect people, machinery and the environment from the harmful effects of industrial processes. In this way Nederman helps to create safe work spaces, efficient production and significant environmental benefits. This interplay between health, environment and efficiency comes together to form the concept of eco-efficiency.

Eco-efficiency means that we contribute to both economic efficiency and long-term sustainable production. In terms of economy, it is about high production efficiency and product quality, machinery that has a long life and minimised environmental costs. From an environmental perspective it is about benefits from reduced emissions, more efficient use of materials and recycling, and lower energy consumption.

Nederman's customers are found in industries such as metal, wood and composite processing, food processing, pharmaceutical production, waste management, agriculture, textile industry, chemical industry, process industry, power generation and the automotive aftermarket.

Strong global position

Nederman has a strong global presence in regard to both sales and manufacturing. Sales are conducted through its own sales companies and distributors in over 50 countries. The main focus of sales is in Europe and North America, but Nederman is also active in a number of markets in Asia and South America. Manufacturing is carried out on five continents. Turnover in 2017 amounted to SEK 3.1 billion.

Strategy and financial objectives

Nederman's aim is to achieve a sales growth of 8-10 percent over a business cycle and that an operating margin of at least reach 10 percent shall be achieved. To achieve these goals, Nederman is focusing on four priority areas:

- Expansion into new customer and market segments
- Developed positions in the value chain
- Geographic expansion
- Development of new products and solutions.

During the last five years, sales growth has averaged 7.0 percent. During the period, the adjusted operating margin varied between 6.4 and 9.1 percent and in 2017 amounted to 9.1 percent. The average dividend during the period was 46 percent of net profit.



Three sales segments

Nederman's sales model is divided into three segments in order to deliver solutions to customers' challenges as effectively as possible.

Product sales Nederman has a wide range of standard products that solve common problems related to smoke, gas, dust, materials recycling, the working environment and efficient production.

Solutions Nederman's solutions are designed to solve more complex tasks and specific customer problems. Business activities include careful preliminary study of the customer's business operations and needs, planning and system design, installation, commissioning and training.

Service and aftermarket Service is an integral part of Nederman's offering and a focus area for growth. By offering qualified service with good availability, Nederman helps to ensure continuous operation without expensive interruptions to customers' production.

Consolidated income statement in summary

SEK million	Note	1 Oct-31 Dec		1 Jan-31 Dec	
		2017	2016	2017	2016
Net sales		860.0	820.1	3,148.5	3,107.3
Cost of goods sold		-528.4	-518.6	-1,948.6	-1,996.3
Gross profit		331.6	301.5	1,199.9	1,111.0
Selling expenses		-166.7	-166.8	-662.7	-648.1
Administrative expenses		-51.3	-47.4	-222.2	-209.0
Research and development expenses		-5.8	-1.8	-14.2	-7.8
Acquisition expenses	2	-7.7	-	-7.7	-
Other operating income/expenses		-1.0	0.0	-15.0	4.2
Operating profit		99.1	85.5	278.1	250.3
Financial income		5.0	-6.6	6.8	2.8
Financial expense		-6.2	-4.9	-24.8	-21.4
Net financial income/expense		-1.2	-11.5	-18.0	-18.6
Profit before tax		97.9	74.0	260.1	231.7
Taxes		-24.7	-12.9	-73.8	-59.6
Net profit		73.2	61.1	186.3	172.1
Net profit attributable to:					
The parent company's shareholders		73.2	61.1	186.3	172.1
Earnings per share					
before dilution (SEK)		6.26	5.23	15.93	14.72
after dilution (SEK)		6.26	5.23	15.93	14.72

Consolidated statement of comprehensive income in summary

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2017	2016	2017	2016
Net profit	73.2	61.1	186.3	172.1
Other comprehensive income				
Items that cannot be reclassified to the income statement				
Revaluation of defined-benefit pension plans	-1.0	5.3	-3.3	-2.3
Tax relating to items that cannot be reclassified to the income statement	0.1	-1.5	0.7	0.6
	-0.9	3.8	-2.6	-1.7
Items that have been or can be reclassified to the income statement				
Exchange differences arising on translation of foreign operations	8.7	13.7	-28.2	34.8
Cash flow hedges	-1.0	0.9	3.1	-2.8
Tax relating to items that can be reclassified to the income statement	0.2	-0.2	-0.7	0.6
	7.9	14.4	-25.8	32.6
Other comprehensive income for the period, net after tax	7.0	18.2	-28.4	30.9
Total comprehensive income for the period	80.2	79.3	157.9	203.0
Total comprehensive income attributable to:				
The parent company's shareholders	80.2	79.3	157.9	203.0

Consolidated statement of financial position in summary

SEK million	Note	31 Dec 2017	31 Dec 2016
Assets			
Goodwill		969.9	708.8
Other intangible assets		226.8	119.0
Tangible assets		252.4	263.8
Long-term receivables		5.4	5.5
Deferred tax assets		16.8	60.7
Total fixed assets		1,471.3	1,157.8
Inventories		386.8	380.6
Accounts receivable	1	529.5	525.1
Other current receivables	1	222.4	302.1
Cash and cash equivalents	1	360.9	287.8
Total current assets		1,499.6	1,495.6
Total assets		2,970.9	2,653.4
Equity			
		1,075.8	982.2
Liabilities			
Long-term interest-bearing liabilities	1	822.5	702.4
Other long-term liabilities		153.7	1.4
Pension liabilities		123.4	109.2
Other provisions		9.5	6.5
Deferred tax liabilities		17.0	20.9
Total long-term liabilities		1,126.1	840.4
Current interest-bearing liabilities	1	0.3	0.5
Accounts payable	1	298.9	315.2
Other current liabilities	1	444.3	488.9
Provisions		25.5	26.2
Total current liabilities		769.0	830.8
Total liabilities		1,895.1	1,671.2
Total equity and liabilities		2,970.9	2,653.4

Consolidated statement of changes in equity in summary

SEK million	31 Dec 2017	31 Dec 2016
Opening balance at the beginning of the period	982.2	837.1
Net profit	186.3	172.1
Other comprehensive income		
Change in translation reserve for the period	-28.2	34.8
Cash flow hedges, net of tax	2.4	-2.2
Revaluation of defined-benefit pension plans, net of tax	-2.6	-1.7
Total other comprehensive income for the period	-28.4	30.9
Total comprehensive income for the period	157.9	203.0
Transactions with Group owners		
Dividend paid	-64.3	-58.4
Share-based payments	-	0.5
Closing balance at the end of period	1,075.8	982.2

Consolidated cash flow statement in summary

SEK million	Note	1 Jan-31 Dec	
		2017	2016
Operating profit		278.1	250.3
Adjustment for:			
Depreciation of fixed assets		52.7	47.7
Other adjustments		3.6	-23.4
Interest received and paid incl. other financial items		-21.9	-16.9
Taxes paid		-46.0	-62.2
Cash flow from operating activities before changes in working capital		266.5	195.5
Cash flow from changes in working capital		12.8	44.2
Cash flow from operating activities		279.3	239.7
Net investment in fixed assets		-51.8	-42.5
Acquisitions	2	-233.3	5.2
Cash flow before financing activities		-5.8	202.4
Dividend paid		-64.3	-58.4
Cash flow from other financing activities		149.4	-124.8
Cash flow for the period		79.3	19.2
Cash and cash equivalents at beginning of period		287.8	261.4
Translation differences		-6.2	7.2
Cash and cash equivalents at end of period		360.9	287.8

Income statement for the parent company in summary

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2017	2016	2017	2016
Operating profit/loss	-21.3	-14.3	-79.4	-59.0
Result from investment in subsidiaries	-10.0	5.9	100.7	85.2
Other financial items	13.9	9.9	18.5	18.3
Profit/loss after financial items	-17.4	1.5	39.8	44.5
Appropriations	112.4	101.8	112.4	101.8
Profit/loss before tax	95.0	103.3	152.2	146.3
Taxes	-3.8	-4.8	-8.9	-14.1
Net profit/loss for the period	91.2	98.5	143.3	132.2

Statement of comprehensive income for the parent company in summary

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2017	2016	2017	2016
Net profit/loss	91.2	98.5	143.3	132.2
Other comprehensive income	-	-	-	-
Items that cannot be reclassified to the income statement	-	-	-	-
Items that have been or can be reclassified to the income statement	-	-	-	-
Other comprehensive income for the period, net after tax	-	-	-	-
Total comprehensive income for the period	91.2	98.5	143.3	132.2

Balance sheet for the parent company in summary

SEK million	31 Dec 2017	31 Dec 2016
Assets		
Total fixed assets	1,907.0	1,539.6
Total current assets	495.5	463.5
Total assets	2,402.5	2,003.1
Shareholder's equity	868.8	789.8
Liabilities		
Total long-term liabilities	974.0	701.9
Total current liabilities	559.7	511.4
Total liabilities	1,533.7	1,213.3
Total equity and liabilities	2,402.5	2,003.1

Statement of changes in parent company shareholders' equity in summary

SEK million	31 Dec 2017	31 Dec 2016
Opening balance at the beginning of the period	789.8	715.5
Net profit	143.3	132.2
Other comprehensive income		
Total other comprehensive income for the period	-	-
Total comprehensive income for the period	143.3	132.2
Transactions with owners		
Dividend paid	-64.3	-58.4
Share-based payments	-	0.5
Closing balance at the end of period	868.8	789.8

Related party transactions with the parent company

SEK million	31 Dec 2017
Subsidiaries	
Net sales	27.1
Dividend received	110.7
Group contribution received	112.4
Financial income	31.0
Receivables as per 31 Dec	880.1
Liabilities as per 31 Dec	521.5

Pledged assets and contingent liabilities for the parent company

SEK million	31 Dec 2017	31 Dec 2016
Pledged assets	none	none
Contingent liabilities	356.1	363.9*

*The amount for 2016 has been changed since last year's annual report due to an updated view regarding the parent company's General guarantees.

Note 1: Fair value and reported value in the statement of financial position

	31 Dec 2017			
SEK million	Measured at fair value via income statement	Derivatives that are used for hedge accounting	Financial instruments not reported at fair value	Total carrying amount
Accounts receivable	-	-	529.5	529.5
Foreign exchange forward contracts entered *)	-	0.2	-	0.2
Other current receivables	-	-	139.1	139.1
Cash and cash equivalents	-	-	360.9	360.9
Total	-	0.2	1,029.5	1,029.7
Financial leasing liabilities	-	-	0.4	0.4
Bank loans	-	-	822.4	822.4
Accounts payable	-	-	298.9	298.9
Foreign exchange forward contracts entered *)	-	0.1	-	0.1
Other current liabilities	-	-	387.2	387.2
Total	-	0.1	1,508.9	1,509.0

*) The Group holds financial instruments in the form of currency futures that are recorded at fair value in the balance sheet. The fair value of currency futures is determined by discounting the difference between the contracted forward rate and the forward rate that can be subscribed on the closing date for the remaining contracted period. Discounting is made using market rates. The fair value for all contracts has been determined from directly or indirectly observable market data, i.e. level 2 according to IFRS 7. For other financial instruments, the fair value and the book value are materially consistent. For further information, refer to note 24 in the 2016 Annual Report.

Note 2: Acquisitions

NEO Monitors AS

On 7th November 2017, Nederman acquired 100 percent of the shares in NEO Monitors AS. NEO Monitors is a global pioneer in laser-based solutions for measuring gases and dust across all industries. The company has secured a leading position in all generations of laser-based measurement technologies and has the largest installed base of TDLS analyzers (Tunable Diode Laser Spectrometry), with more than 11 000 instruments installed in over 40 countries. The company's expertise and engineering capabilities allows for more than 100 different configurations tailored to customer needs, helping global industries to achieve better processes control, decreased operational costs and increased efficiency. NEO Monitors is now part of Nederman Insight. The NEO Monitor brand and team will continue to operate as before. The solutions will become an integrated part of the Nederman Insight applications and digital ecosystem that builds on connectivity and Internet of Things. NEO Monitors AS has approximately 40 employees and had a turnover of SEK 132.0 m in 2017.

The acquisition price amounts to SEK 407.5 m on a cash and debt-free basis, financed by a combination of cash and existing banking facilities. The purchase price is divided into two parts. Part one, amounting to SEK 256.1 m, was paid on the date of the takeover and part two will be paid two calendar years after completion of the transaction. The acquisition analysis is preliminary. Of total intangible fixed assets, SEK 84 m relates to development work and SEK 22 m relates to customer contracts. The fair value of accounts receivable amounts to SEK 13.9 m. Acquisition-related expenses amount to SEK 7.7 m and relate to fees paid to consultants in connection with the transaction, including due diligence and legal advice. These expenses have been charged to operating profit.

Acquisition price, SEK million

Acquisition price	407.5
<i>Of which deferred payment</i>	<i>155.5</i>

Identifiable acquired assets and liabilities, SEK million	Reported values at acquisition date	Adjustment to fair value	Fair value/ Total
Intangible fixed assets	2.0	106.3	108.3
Tangible fixed assets	4.7	-	4.7
Inventories	29.5	-	29.5
Accounts receivables and other receivables	15.6	-	15.6
Cash and cash equivalents	22.8	-	22.8
Interest-bearing liabilities	-15.8	-	-15.8
Accounts payables and other operating liabilities	-17.0	-	-17.0
Tax liabilities	-2.3	-	-2.3
Deferred tax liability	3.5	-25.5	-22.0
Total identifiable net assets	43.0	80.8	123.8
Goodwill			283.7
Total			407.5
Transferred compensation			-256.1
Acquired cash and cash equivalents			22.8
Impact on the Group's cash and cash equivalents			-233.3
Net sales during holding time			28.2
Net sales 2017 before acquisition			103.8
Net profit during holding period			3.6
Net profit for 2017 before the acquisition			7.0

Note 3: Alternative performance measures

In addition to information on our reported IFRS results, we provide certain information on an underlying business performance basis. We believe that our underlying business performance measures provide meaningful supplemental information to both management, investors and other stakeholders. These underlying business performance measures should not be viewed in isolation or as substitutes to the equivalent IFRS measures, but should be used in conjunction with the most directly comparable IFRS measures in the reported results. This is a consistent application compared to previous periods. The following underlying business measures are used:

Adjusted operating profit
Adjusted operating margin
EBITDA
Adjusted EBITDA

Adjusted EBITDA margin
Net debt
Net debt/equity ratio
Return on equity

Return on operating capital
Net debt/Adjusted EBITDA
Interest Cover Ratio
Organic growth

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2017	2016	2017	2016
Operating profit	99.1	85.5	278.1	250.3
Acquisition cost	7.7	-	7.7	-
Adjusted operating profit	106.8	85.5	285.8	250.3
Adjusted operating profit	106.8	85.5	285.8	250.3
Net sales	860.0	820.1	3,148.5	3,107.3
Adjusted operating margin, %	12.4	10.4	9.1	8.1
Operating profit	99.1	85.5	278.1	250.3
Depreciation and amortization	14.7	12.2	52.7	47.7
EBITDA	113.8	97.7	330.8	298.0
EBITDA	113.8	97.7	330.8	298.0
Acquisition cost	7.7	-	7.7	-
Adjusted EBITDA	121.5	97.7	338.5	298.0
Adjusted EBITDA	121.5	97.7	338.5	298.0
Net sales	860.0	820.1	3,148.5	3,107.3
Adjusted EBITDA margin, %	14.1	11.9	10.8	9.6
Cash and cash equivalents			360.9	287.8
Long-term interest-bearing liabilities			822.5	702.4
Pension liabilities			123.4	109.2
Current interest-bearing liabilities			0.3	0.5
Net debt			585.3	524.3
Net debt			585.3	524.3
Equity - Closing balance			1,075.8	982.2
Net debt/equity ratio, %			54.4	53.4
Equity - Opening balance	995.6	903.9	982.2	837.1
Equity - Closing balance	1,075.8	982.2	1,075.8	982.2
Equity - average	1,035.7	943.1	1,029.0	909.7
Net profit	73.2	61.1	186.3	172.1
Return on shareholders' equity, %	28.3	25.9	18.1	18.9

Note 3: Alternative performance measures, cont.

SEK million	1 Oct-31 Dec		1 Jan-31 Dec	
	2017	2016	2017	2016
Equity - average	1,035.7	943.1	1,029.0	909.7
Net Debt - opening balance	454.5	654.3	524.3	635.6
Net Debt - closing balance	585.3	524.3	585.3	524.3
Net Debt - average	519.9	589.3	554.8	580.0
Operating capital - average	1,555.6	1,532.4	1,583.8	1,489.7
Adjusted operating profit	106.8	85.5	285.8	250.3
Return on operating capital, %	27.5	22.3	18.0	16.8
Net debt			585.3	524.3
Adjusted EBITDA			338.5	298.0
Net debt/Adjusted EBITDA, multiple			1.7	1.8
Profit before tax			260.1	231.7
Financial expense			24.8	21.4
Acquisition cost			7.7	-
EBT excl. financial expenses, acquisition costs and restructuring costs			292.6	253.1
Financial expense			24.8	21.4
Interest cover ratio, multiple			11.8	11.8
Incoming orders, same period in previous year	830.5	732.2	2,992.3	3,171.8
Change in incoming orders, organic	-6.5	63.8	137.6	-209.0
Change in incoming orders, currency effects	-24.9	26.9	10.6	-8.4
Change in incoming orders, acquisitions	16.8	7.6	16.8	37.9
Incoming orders	815.9	830.5	3,157.3	2,992.3
Order growth, %, organic	-0.8	9.1	4.6	-6.7
Order growth, %, currency effects	-3.0	3.3	0.3	-0.3
Order growth, %, acquisitions	2.0	1.0	0.6	1.3
Order growth, %	-1.8	13.4	5.5	-5.7
Net sales, comparative period previous year	820.1	898.6	3,107.3	3,198.0
Change in net sales, organic	39.9	-109.4	3.6	-127.1
Change in net sales, currency effects	-27.7	27.5	9.9	-7.3
Change in net sales, acquisitions	27.7	3.4	27.7	43.7
Net sales	860.0	820.1	3,148.5	3,107.3
Sales growth, %, organic	4.9	-12.6	0.1	-4.0
Sales growth, %, currency effects	-3.4	3.5	0.3	-0.2
Sales growth, %, acquisitions	3.4	0.4	0.9	1.4
Sales growth, %	4.9	-8.7	1.3	-2.8

Operating segment reporting

Non-allocated items refer mainly to costs relating to the parent company, Nederman Holding AB, which includes the central head office functions.

Mkr	1 Oct-31 Dec		1 Jan-31 Dec	
	2017	2016	2017	2016
EMEA				
Incoming orders	414.0	395.5	1,530.6	1,439.4
External net sales	428.7	374.1	1,517.5	1,420.6
Depreciation	-7.3	-5.0	-23.6	-22.2
Adjusted operating profit	68.0	50.5	205.9	168.1
Adjusted operating margin, %	15.9	13.5	13.6	11.8
APAC				
Incoming orders	109.0	75.3	428.3	358.4
External net sales	121.5	94.6	402.7	379.6
Depreciation	-0.8	-1.1	-3.5	-4.7
Adjusted operating profit	11.6	2.9	9.3	-9.3
Adjusted operating margin, %	9.5	3.1	2.3	-2.5
Americas				
Incoming orders	292.9	359.7	1,198.4	1,194.5
External net sales	309.8	351.4	1,228.3	1,307.1
Depreciation	-3.7	-4.7	-15.9	-15.7
Adjusted operating profit	45.4	42.7	136.9	140.4
Adjusted operating margin, %	14.7	12.2	11.1	10.7
Other - non-allocated				
Depreciation	-2.9	-1.4	-9.7	-5.1
Adjusted operating profit	-18.2	-10.6	-66.3	-48.9
The Group				
Incoming orders	815.9	830.5	3,157.3	2,992.3
Net sales	860.0	820.1	3,148.5	3,107.3
Depreciation	-14.7	-12.2	-52.7	-47.7
Adjusted operating profit	106.8	85.5	285.8	250.3
Acquisition cost	-7.7	-	-7.7	-
Operating profit	99.1	85.5	278.1	250.3
Profit before tax	97.9	74.0	260.1	231.7
Net profit	73.2	61.1	186.3	172.1

Financial calendar

Invitation to telephone conference

A telephone conference regarding the report will be held, in English, today, Thursday, 15 Februari at 10.00. Nederman's President and CEO, Sven Kristensson and CFO, Matthew Cusick will present the report and answer questions.

To participate in the conference please call +46 8 566 426 62 or UK tel. no. +44 203 008 9806. The conference will also be streamed over the internet.

Visit our website to participate in the webcast:

<http://www.nedermangroup.com/sv-SE/Investors/Reports/Webcast>.

Dates for the publication of financial information

- Interim report 1: 19 April 2018
- AGM: 19 April 2018
- Interim report 2: 12 July 2018
- Interim report 3: 18 October 2018

This report contains forward-looking statements that are based on the current expectations of Nederman's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

Nederman is required to disclose the information provided herein according to the Swedish Securities Exchange and Clearing Operations Act and/or the Financial Instrument Trading Act. The information has been made public at 08.00 CET on 15 February 2018.

Further information can be obtained from

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Definitions

Adjusted EBITDA

Operating profit before depreciation/amortization and impairment loss, 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.

Earnings per share (after dilution)

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

Earnings per share (before dilution)

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

EBITDA

Operating profit before depreciation/amortization and impairment loss.

EBITDA margin

EBITDA as a percentage of net sales.

Equity ratio

Equity divided by total assets (balance sheet total).

Interest Cover Ratio

Profit before tax with return of financial expenses in relation to financial expenses.

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/loss

Operating profit after depreciation/amortization and impairment loss.

Organic growth

Organic growth is the growth rate that does not come from acquisitions and currency effects, compared with the corresponding period in the previous year.

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