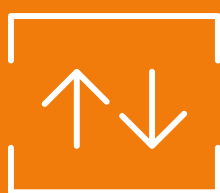


**ALIMAK GROUP**

# **ALIMAK GROUP AB**

ANNUAL REPORT 2015





Alimak is a global leader in  
vertical access solutions  
with a market presence in  
more than 60 countries



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## 2015 IN BRIEF

→ **ORDER INTAKE** increased by 18 percent to SEK 2,109 million (1,790).

→ **REVENUE** increased by 17 percent to SEK 2,036 million (1,742).

→ **EARNINGS PER SHARE** totalled SEK 3.12 (1.07).<sup>1</sup>

→ **OPERATING PROFIT** (EBIT) before items affecting comparability grew by 11 percent to SEK 350 million (317). Reported EBIT rose by 3 percent to SEK 296 million (288).

→ **REPORTED NET EARNINGS AFTER TAX** amounted to SEK 135 million (46).

→ **ITEMS AFFECTING COMPARABILITY** totalled SEK 54 million (29) and related to the Group's stock-exchange listing and write-down of capitalised financing costs.

→ **THE OPERATING MARGIN** (EBIT percentage) before items affecting comparability was 17.2 percent (18.2).

**18%**  
increase in  
order intake

**17%**  
increase in  
revenue

## GROUP SUMMARY

| KEY FIGURES  | 2015    | 2014    | 2013    | 2012    |
|--|---------|---------|---------|---------|
| Order intake, SEKm   | 2,109.1 | 1,789.3 | 1,561.0 | 1,584.7 |
| Revenue, SEKm  | 2,036.3 | 1,742.5 | 1,517.1 | 1,498.3 |
| Operating profit (EBIT) before items affecting comparability, SEKm | 350.3   | 316.9   | 275.3   | 248.2   |
| Operating margin (EBIT) before items affecting comparability, %    | 17.2    | 18.2    | 18.1    | 16.5    |
| Operating profit (EBIT), SEKm                                      | 296.2   | 287.7   | 267.3   | 137.4   |
| Operating margin (EBIT), %   | 14.5    | 16.5    | 17.6    | 9.2     |
| Profit after tax, SEKm   | 135.0   | 46.5    | 79.0    | 40.6    |
| Earnings per share, undiluted/diluted, SEK <sup>1</sup>            | 3.12    | 1.07    | 1.82    | 0.94    |
| Earnings per share, undiluted/diluted, SEK                         | 3.12    | 46.50   | 79.0    | 40.6    |
| Cash flow from operating activities, SEKm                          | 239.8   | 309.5   | 107.7   | 139.3   |

<sup>1</sup>Calculated to existing number of shares, 43,326,289

# ALIMAK IN BRIEF



## ALIMAK IN THE WORLD

- Head office
- 2 production plants (Sweden and China)
- 22 sales offices
- 60+ distributors

## ALIMAK'S OFFERING

### STRONG MARKET POSITION AND BRAND

→ Alimak's brand is strong and well-positioned in the premium market for vertical access solutions. The Group holds a leading position within rack-and-pinion hoists and elevators for construction and industrial applications. Alimak has expanded its offering of products based on traction elevator technology and has, during the recent years, launched new hoists and platforms for the mid-market segment.

### EFFECTIVE BUSINESS MODEL WITH STABLE AFTER MARKET

→ Alimak has an installed base of almost 22,000 units. The installed base generates stable revenue via recurring needs for spare parts and repairs, servicing, maintenance work and refurbishments, all of which are offered by Alimak.

### HIGH PROFITABILITY

→ Alimak's medium-term target is to achieve annual sales growth of 10 percent and an operating margin (EBIT) of 17 percent. Growth in 2015 amounted to 18 percent and the operating margin was 17.2 percent.

### PRESENCE ON MATURE AND EMERGING MARKETS

→ Alimak holds a strong presence on the mature markets for the industrial and construction sectors in Europe, North America and Australia. With an attractive offering for the mid-market segment, primarily within the construction sector, Alimak has also established itself on emerging markets such as China, Southeast Asia, the Middle East, South America and Africa. Alimak has production facilities in China and Sweden, which offers both flexibility in production and cost benefits.



↑↓ BUSINESS AREAS



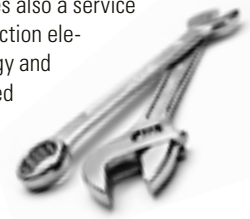
**INDUSTRIAL EQUIPMENT**

– designs, develops, manufactures and distributes a wide range of elevators and platforms for permanent use in the oil and gas industry, ports, shipyards, energy companies and the cement industry. The Group is the market leader within industrial rack-and-pinion elevators.



**AFTER SALES**

– offers after sales services for the industrial and construction sectors in the form of installation, technical support, maintenance, repairs, spare parts, servicing, refurbishment, remote monitoring systems and training. The Group is the leading service provider for its own equipment, and is in some cases also a service provider for traction elevator technology and other associated applications.



**CONSTRUCTION EQUIPMENT**

– designs, develops, manufactures and distributes a wide range of hoists and platforms for construction projects. In mature markets the Group is the market leader within hoists and platforms based on a rack-and-pinion technology. With its range of mid-market construction hoists and with both its purchasing organisation and production in China, Alimak is well positioned to increase market share in emerging markets.



**RENTAL**

– rents out Alimak's construction hoists and platforms, and sells used equipment to customers on the key markets of the Benelux countries, France, Germany, Australia and in the US. The business area also sells used equipment.



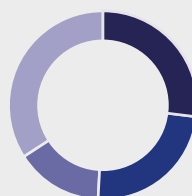
**WELL POSITIONED FOR CONTINUED GROWTH**

→ Alimak is pursuing a number of strategic initiatives in order to increase sales and profitability. These growth initiatives include a broader product range, a strengthened sales organisation, an expanded network of distributors, a greater focus on the after sales market and potential strategic acquisitions.

Alimak is benefitting from a number of long-term trends, including urbanisation, which is leading to a rise in residential construction in many regions. Increasing automation within the industrial sector brings greater demands for efficient and reliable vertical transport. Coupled with more stringent health, safety and environmental requirements, this provides more opportunities for growth for the Group, as its products are often key to customers' operations.

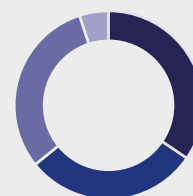
REVENUE BY BUSINESS AREA AND REGION

Revenue by business area



- Construction **27%**
- Industrial **24%**
- Rental **15%**
- After Sales **34%**

Revenue by region



- Europe **34%**
- APAC **30%**
- Americas **31%**
- Other **5%**

# CUSTOMERS AND MARKET

## ABOUT OUR CUSTOMERS

Efficient vertical transport is often a critical factor for the customers' productivity and profitability. Elevators, hoists and platforms represent a small proportion of the total investments in an oil rig or a major construction project. High efficiency, safety and reliability are all fundamental requirements. There are laws and regulations in place regarding regular inspections and servicing, which often needs to be carried out by certified personnel, creating demand for after sales services.

## ABOUT THE SECTOR

Vertical access solutions for the construction and industrial sectors are customised to meet the needs of these industries. The market is considerably smaller and more technically specialised than elevators in residential, hotel and shopping centre environments.

## TRENDS

### URBANISATION

Urbanisation is driving the trend towards densified megacities dominated by high-rise buildings, primarily in emerging markets in Asia and the Middle East. The development is fuelling demand for hoists and work platforms for construction and refurbishments.

### AUTOMATION

There is a clear trend within the industrial sector towards increased automation and demands for more cost-effective industrial production. This is leading to investments in new, modern industrial elevators and upgrades to existing elevators.

### HEALTH, SAFETY AND THE ENVIRONMENT

Requirements regarding product safety, reliability and safe workplaces are increasing in both industry and the construction sector. More stringent work environment legislation is fuelling demand for vertical access solutions in both mature and emerging markets.

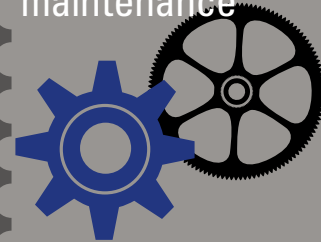
## Construction industry



## Industrial customers



## Service and maintenance



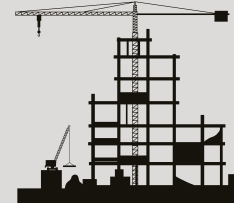
## Sales and distribution



## Strategy



Business Area Construction Equipment operates both in mature markets such as Europe, Australia and North America, as well as in emerging markets such as Southeast Asia, the Middle East and Africa. Customers include construction companies involved in various types of building projects as well as companies that rent out construction equipment. Alimak has an installed base of 14,500 construction hoists with customers the world over. Alimak's products have historically been in the premium segment and are known for their safety, reliability and high productivity. The new product range for the mid-market segment offers the Group major opportunities to adopt a strong position in emerging markets as well. Business Area Rental also works within the construction sector, but has focused its operations on Australia, Benelux, Germany, France and the US.



Business Area Industrial Equipment supplies specially adapted elevators for fixed installation to customers within a range of industrial segments. Alimak's elevators can be found at refineries and on drilling platforms, in ports, steelworks and mines. They are also used in the pulp and paper industry, chemicals industry and at power plants, sites that demand a high level of safety and reliability. The Group has an installed base of 7,500 industrial elevators all over the world within most application areas.

- Refineries
- Drilling platforms
- Ports
- Steelworks
- Mines

Alimak's customers include local, regional and global companies that require fast and efficient servicing, whatever their location. Alimak offers both installation and spare parts, servicing and maintenance, monitoring systems, rebuilding and refurbishment of existing elevators, along with ongoing training of customers' personnel. Alimak also has access to the industry's most extensive network of service centres.

- Service and maintenance
- Spare parts
- Repairs and refurbishment

Alimak has spent several years building up a global sales and servicing network. In 2015 the Group had 22 sales offices and more than 60 distributors spread across the world. The number of distributors is steadily growing, mainly on emerging markets. Alimak is also expanding its own sales organisation in order to tap into growth potential on key markets.

**7,500**  
industrial elevators delivered

Alimak holds a leading position in the premium segment. The products are characterised by high productivity, quality, safety and reliability. Over the past few years, Alimak has launched a number of products aimed at the mid-market segment. The products, which are for both the construction industry and other industrial sectors, feature a simpler design and have fewer functions, without compromising on safety or reliability. The supplementary product range boosts Alimak's appeal in emerging markets and in mature markets where the Group has long held a strong position.

**14,500**  
construction hoists delivered

# ALIMAK'S BUSINESS MODEL

## ↑↓ BUSINESS MODEL

Alimak offers vertical access solutions that satisfy customers' varying needs. The Group operates in the premium and mid-market segments in both mature and emerging markets.

### Offerings

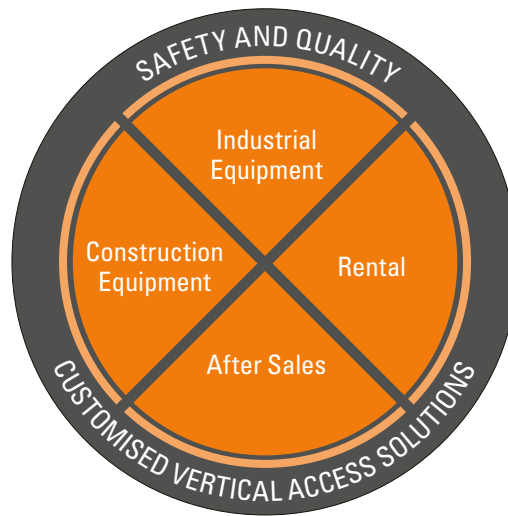
Customer requirements vary between different industries and geographical areas. Alimak has a broad range of products for the industrial and construction sectors. The Group's global sales and service network offers customers after sales services in the form of servicing, spare parts, training and refurbishment.

### Products

The fundamental offering in the Group's product range comprises construction and industrial hoists and elevators based on a rack-and-pinion or traction technology, as well as work platforms marketed under the brands Alimak, Heis-Tek and HEK. The brands enjoy a high level of recognition and are known for their safety, high quality and durability. The Group also offers a complete range of after sales services.

### Channels

In Alimak's major markets in Western Europe, North America and Australia, the Group primarily uses its own sales and marketing organisation. Many of Alimak's sales and servicing offices are located close to customers' plants. Alimak is currently represented via 22 sales offices all over the world.



### Collaboration partners

Alimak works with an extensive network of over 60 distributors, who complement the company's own organisation to meet the requirements of local customers cost-effectively.

### Customers

Alimak has a large number of customers across various sectors, including construction, oil and gas, ports, shipyards and the energy and cement industries.



**↑↓ SOLUTIONS**

Alimak supplies transport solutions that contribute to greater safety, more cost-effective production and increased profitability.

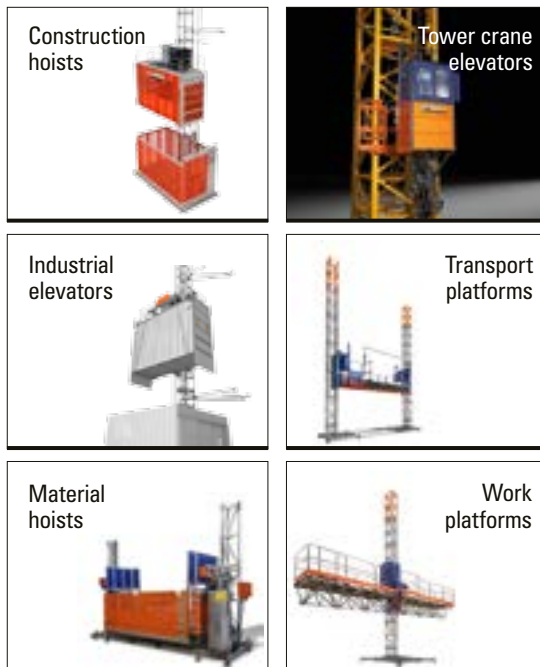
**Services**

Alimak provides after sales services in the form of spare parts, servicing and maintenance, refurbishment and training.

**Products**

Alimak supplies tailored vertical access solutions for customers within the industrial and construction sectors.

**ALIMAK'S PRODUCT RANGE:**



Alimak's core products are the familiar brands Alimak for rack-and-pinion elevators, Heis-Tek for traction elevators and Hek for work and transport platforms.

**↑↓ EFFECTS**

**Increased productivity**

Alimak's products are adapted for various needs and are of high quality with a long lifespan and high reliability, which contributes to increased productivity in customers' operations.

**Increased safety and improved working conditions**

Alimak's vertical access solutions help increase workplace safety and thus also improve working conditions.

**Reduced environmental impact**

By offering servicing, maintenance, spare parts and refurbishment of elevators, hoists and platforms, Alimak is able to extend the lifespan of its products and contribute towards efficient resource management. Alimak's products are also space-efficient and can be adapted to existing solutions.

**Reduced energy consumption**

Alimak strives to reduce energy consumption at our customers sites. This is possible through offering the right solution for different applications and customer needs and through gradual efficiency improvements in drive systems and product design.

# ALIMAK ON TRACK

2015 was Alimak's first year as a listed company, which is why I am particularly delighted that we have delivered a full-year result that is consistent with our financial targets. 2015 was an eventful year, with increased uncertainty on several of our markets, but despite this we have managed to continue to grow and advance our positions. With a broader product portfolio and an extended sales and servicing network we are expanding on both existing and new geographical markets, into new industry segments and application areas.

→ Alimak currently operates in several markets, both geographically and within various sectors and segments. Mature markets such as North America, Australia and parts of Europe are continuing to perform well, as are emerging markets in Southeast Asia, the Middle East and also parts of Africa. China has not developed as hoped in the short term, but we still see great potential for Alimak in China in the medium term.

#### SUCCESS IN EMERGING MARKETS

Of our business areas, Construction Equipment exhibited the highest growth during the year, despite the weak trend in the Chinese construction market. The business area was also able to deliver a significant improvement in its profit margin compared with the previous year. The increase was largely due to high sales of premium hoists in mature markets, while our hoists for the mid-market segment were successful in the Middle East, parts of Asia and other emerging markets. On a personal note, I am particularly pleased about developments in emerging markets, as we are now selling in countries where

**“OUR FLEXIBILITY  
WITHIN BOTH SALES  
AND PRODUCTION IS A  
MAJOR ADVANTAGE”**

we did not previously have a presence or had not been active for many years. Another exciting initiative is our partnership with American Manitowoc with regard to new tower crane elevators, which meet requirements for safer working conditions in the construction sector.

#### UNSETTLED TIMES FOR OIL & GAS AND MINING INDUSTRIES

Alimak's toughest challenge during the year was faced by Business Area Industrial Equipment, where demand from both the upstream oil and gas industry and the mining industry continued to decline. All in all, uncertainty on the market has increased, which to a certain extent affects the entire industrial sector. But we cannot rule out the oil and gas industry. There is

a market there – only a few months ago in summer 2015 we won our biggest order to date, industrial elevators for Statoil's new Johan Sverdrup oil field, worth approximately SEK 160 million.

#### INITIATIVES FOR GROWTH

For us it is first and foremost a matter of redirecting our sales and production resources to take advantage of the opportunities that exist in growing industrial segments. We are expanding our product range to include new industrial elevators for the mid-market segment, and strengthening our sales organisation to allow us to approach new international markets. There are good opportunities within ports and the cement and chemicals industries, for example. 2015 also saw an increase in sales to the US energy sector, an area that continues to show great potential. Alongside this we are streamlining production. In simple terms, we are working on several fronts.

Business Area After Sales is also affected to a degree by general uncertainty in the industrial sector, and in particular within the oil and gas industry, with lower demand for refurbishment and upgrades





**“I’M LOOKING FORWARD TO  
SEEING FUTURE GENERATIONS  
OF ALIMAK PRODUCTS”**

**Tormod Gunleiksrud**  
President and CEO

to industrial elevators as a result. In order to improve conditions for growth we are increasing our sales efforts and identifying major opportunities within the construction sector, among others. After sales services are a strategically important part of Alimak’s business model and comprise a substantial proportion of the company’s sales and earnings. We have almost 22,000 installed elevators and platforms, for which we offer continual support in the form of installation, training, maintenance, spare parts, refurbishment and upgrades.

For our Business Area Rental, which follows the general construction market trend, the Australian market continued to display high activity, while Europe, the business area’s second main market, performed well on the whole. The business area’s earnings improved considerably, largely owing to a higher utilisation rate and several successful efficiency enhancement projects.

#### **ALIMAK CONTRIBUTES TO SAFE WORKPLACES**

Our core business and knowledge transfer enable us to contribute towards increased safety in the workplace, more efficient use

of resources and increased value creation. As a leading player in the industry, Alimak is able to be at the forefront of sustainable development. This means that we work to reduce our environmental impact and that we are meticulous in our choice of collaboration partners and subcontractors. Our Code of Conduct is based on the principles in the UN Global Compact regarding the environment, social responsibility, working conditions and business ethics.

#### **THE WAY FORWARD**

Alimak is a company with traditions, founded back in 1948. Over the years we have built up a solid bank of knowledge about our customers’ unique needs and tailored vertical access solutions. We will continue to develop new products and streamline production, in Sweden and China, to further strengthen our competitive edge. I’m looking forward to seeing future generations of Alimak products equipped with the very latest information technology. By compiling information and making it available to the operator, we can help create value in the form of increased productivity and efficiency.

#### **END-TO-END CUSTOMER SOLUTIONS**

I’m delighted that so many customers, both new and old, have chosen to invest in Alimak’s products over the years. We are dedicated to supplying safe and efficient elevators, hoists and platforms based on our customers’ specific needs, whatever their location.

I would like to extend my thanks to our customers, employees, owners and business partners for our successful cooperation during the year. I look forward to continuing to develop Alimak in partnership with you all over the coming years.

**Tormod Gunleiksrud**  
President and CEO



# STRATEGY, VISION AND TARGETS

## BUSINESS MISSION

→ Alimak will provide modern and cost-effective vertical access solutions and after sales services to customers in the construction and industrial sectors.

## VISION

→ Alimak will be the leading supplier of vertical access solutions for the industrial and construction sector globally.

## FINANCIAL TARGETS

**SALES:** The Group's target in the medium term is an annual growth rate of 10 percent.

**OPERATING MARGIN:** The Group's target in the medium term is to achieve an EBIT margin of 17 percent.

**LEVERAGE (NET DEBT/EBITDA):** Alimak's capital structure will be flexible and allow for strategic initiatives. The company will maintain an effective capital structure with net debt of around twice EBITDA.

**DIVIDEND POLICY:** The Group has a target of paying a dividend of approximately 50 percent of its net profit for the current period. Decisions on dividends will take account of the Group's financial position, cash flow, acquisition opportunities, strategic considerations and future prospects.

## STRATEGY

In order to achieve the established targets, the Group has identified a number of strategic initiatives.

**1** **By introducing new products for the mid-market segment, Alimak will increase its market share in both mature and emerging markets.**

In 2013, the Group began developing a new range of construction hoists, aimed specifically at the mid-market segment. The first hoists of this type for emerging markets were launched in spring 2014.

The hoists that are designed for the mid-market segment have a simpler design and therefore a lower price compared with Alimak's premium products, without compromising on either quality or safety. As part of its sales efforts, Alimak is able to benefit from the Group's strong brand and many years of experience. By utilising its investment in the mid-market segment, Alimak has also continued to develop and broaden its existing range for mature mar-

kets. Elevators for the Scandinavian market were the first to be launched, followed by equivalent products for the rest of Europe in 2015. The Group is also developing products for selected niche markets, for example a new series of transport platforms for the European market.

Through the introduction of an expanded product portfolio for the mid-market segment combined with cost-effective production, Alimak intends to strengthen its presence in key geographical markets such as South America, the Middle East, Africa and Asia.

**2** **The After Sales business area will grow by developing the installed base.**

Alimak will build on its global reach and expertise to boost volumes of after sales services per existing customer and by making greater use of the installed base, a total of almost 22,000 units, for increased sales. This will occur by increasing the range of after sales services and offerings

with regard to spare parts, refurbishment and upgrades, and greater efforts to conclude master service agreements. The acquisition of Heis-Tek in 2014 provided Alimak with additional expertise within traction-based elevator systems, which means the company is now able to offer a more comprehensive range of products and services for customers with regard to the two main technical solutions for industrial elevators; rack-and-pinion and traction elevator technology. After sales revenue accounts for a large proportion of the Group's earnings and has historically proven to be relatively stable over time.

**3** **Alimak will broaden its offering and sales within Industrial Equipment.**

Alimak has many years of experience from the industrial sector, which is an asset that can be used to further develop competitive offerings within the premium segment, new products for the mid-market segment and to expand the company's

offering within traction-based elevator systems. For the premium segment, a product range is being developed comprising two- to six-tonne elevators and elevators for extreme temperatures. Alimak is boosting its competitive edge by utilising manufacturing in both Sweden and China, taking advantage of lower purchasing costs combined with Alimak's technical experience and application know-how. At the same time Alimak will develop its range of industrial elevators in the mid-market segment in the form of, for example, light service elevators and explosion-proof elevators.

**4 Alimak will expand its sales network to achieve growth that outperforms that of the market.**

In spring 2015, Alimak's sales network comprised 22 of its own sales offices and more than 60 distributors. Alimak is working on several fronts in order to strengthen its sales organisation. An extensive programme is being implemented involving training and the gradual introduction of new tools to improve sales efforts and aid continual follow-up.

Sales via distributors are a pivotal factor in increasing the company's reach, thus boosting growth. A well expanded global network of distributors makes it easier for Alimak to comply with local regulations and reduce its exposure to temporary fluctuations in sales volumes. Alimak will also increase the number of distributors, particularly in attractive emerging markets, and enlarge its own sales team in certain selected markets.

**5 Alimak will seek additional acquisitions within selected niches in order to enhance its market position.**

Alimak continually evaluates various acquisition opportunities. The aim is to make selective acquisitions that strengthen the Group's position in the market for vertical access solutions. One such example is the acquisition of the traction elevator company Heis-Tek, which was carried out in 2014.

● Alimak will increase market share via mid-market segment products within Construction Equipment.



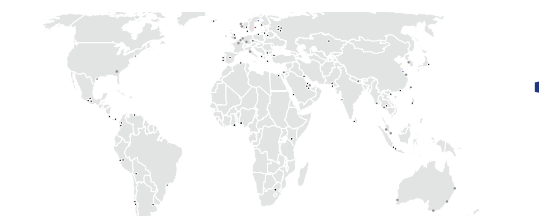
● The After Sales business area will grow by developing the installed base.



● Alimak will broaden its offering and increase sales within Industrial Equipment.



● Alimak will expand its sales network to achieve a level of growth that outperforms that of the market.



● Alimak will evaluate potential acquisitions within selected niches in order to consolidate its market position.





# MARKET OVERVIEW

Alimak supplies vertical access solutions and services to customers within an array of industrial segments and to the construction industry. Examples of vertical access solutions include industrial elevators, construction hoists, work platforms and transport platforms, as well as tower crane elevators. All these products share common features, making it simple, safe and efficient for customers to move personnel, equipment and materials between different levels at an industrial facility or as part of a construction project.





**RACK-AND-PINION TECHNOLOGY**

The rack-and-pinion mechanism uses a gear, or 'pinion', which engages teeth on a gear bar called the 'rack'. When the pinion rotates, the elevator or platform climbs on the rack. The solution comprises three parts: a car or platform, a drive unit in the form of an electric motor with a gearbox, and a mast with a fixed rack. The solution does not require a lift shaft or engine room. It can also handle curves and inclines, and can be easily adapted or retrofitted.



**TRACTION ELEVATOR TECHNOLOGY**

In a traction elevator system, the car is transported by steel ropes that lead up to a drive sheave linked to electric lift machinery. The car is held in place by guide rails. The solution is used for medium and high altitude applications, requires a lift shaft but offers a higher lift speed and lower noise level compared with rack-and-pinion elevators.

→ Alimak's solutions are based on rack-and-pinion or traction elevator technology. Each solution is adapted to specific requirements within the respective customer segment and area of application. The construction market demands equipment that is cost-effective and easy to assemble and move between sites. The oil and gas industry often requires explosion-proof elevators, the energy industry needs equipment that takes up the least possible amount of space, while the cement industry requires elevators that can withstand dust, humidity and heat.

The market for rack-and-pinion based solutions can be divided into four segments – industry, construction, after sales services and rental. Alimak's addressable market is estimated at around SEK 11–13 billion (2014). The most relevant segments for Alimak within traction elevator technology are industry and after sales. The potential market is estimated at around SEK 9–15 billion (2014).

**INDUSTRY**

Customers within the global industrial market demand permanently installed industrial elevators. The main markets are in oil and gas, mines, ports, shipyards, the energy sector and the cement industry.

**Oil and gas industry**

Rack-and-pinion elevators are used in offshore projects on drilling decks and in platform legs, while the quieter traction elevators are used on residential platforms. Some elevators need to be explosion-proof as they are located in areas where drilling takes place and hydrocarbons may be present. In onshore operations, the elevators are used for maintenance on tanks for liquid natural gas (LNG), at refineries and terminals, and on processing towers at distilleries and cracking plants. There was a decline in investments in new elevators and in maintenance and refurbishment of existing elevators on oil rigs in 2015.



## MARKET AND VALUE-DRIVING FACTORS

### Ports and shipyards

Industrial elevators are an important component in container cranes used at ports around the world. The expansion of ports and the need for container cranes are therefore key drivers with regard to demand for vertical access solutions within this segment. The market saw a decline in this area between 2007 and 2012, but since then it has experienced a gradual recovery. The trend is expected to be supported by a recovery within global trade and investments.

### Energy

Industrial elevators are used at energy plants mainly to transport personnel in chimneys, scrubbers, boilers and transmission towers. While growth has been low in the mature markets in recent years, this has been partly offset by developments in emerging markets. The growing need for electrical power in China and Southeast Asia means these countries must continue to expand electric power production, which creates opportunities on the market for vertical access solutions.

### Cement

Industrial vertical access solutions are used in the cement industry in or alongside the high structures in cement factories. Growth in the cement industry is dependent on the long-term prospects for the construction industry. Investments in infrastructure are expected to rise from USD 400 billion in 2012 to USD 9,000 billion by the year 2025, a development that means capacity within the industry as a whole needs to increase. There are currently around 3,700 cement factories in operation, including 1,700 in China, with an additional 110 factories expected each year.

### CONSTRUCTION INDUSTRY

The construction industry demands vertical access solutions in the form of construction hoists, work platforms, transport platforms and material hoists which are installed temporarily during building projects. This means that there is also a significant market for rental operations. There is a considerable variation in demand between the key geographical regions comprising Asia and the Pacific region, including Australia and New Zealand, Europe, Latin America and North America. Furthermore, there is a demand for tower crane elevators to satisfy European legal requirements for elevators for crane drivers who would otherwise have to climb over 60 metres

to reach the cab. As of 2017, even stricter regulations are being applied, stipulating a maximum climbing height of 30 metres.

### Asia and the Pacific region

In China, which previously served as the engine for the construction industry in Asia, growth has seen a decline as a result of the general slowdown in the Chinese economy. Demand for construction equipment is likely to pick up again, but at a more moderate pace of growth. According to current Chinese regulations, construction hoists may not be used for longer than five to eight years, which is generating strong demand for new hoists.

In the other parts of Asia and the Pacific region, urbanisation and the trend towards megacities is fuelling the need for increased residential construction, and accordingly greater demand for construction hoists.

### Europe

The European construction market plummeted following the financial crisis in 2008. Increased new construction and refurbishment of commercial properties is expected to help boost continued growth. Despite a generally weak trend in Europe, growth is strong in selected parts of the region, where there is strong demand in certain markets in the UK, Scandinavia and Germany. There were also indications of a recovery in the southern areas of Europe in 2015.

### North America

Demand in North America has once again started to rise following the sustained decline after the financial crisis. The pace of recovery in the US varies between the different market segments and regions. Most of the growth over the next few years will come from commercial and industrial projects.

### Latin America

The biggest drivers on the Latin American market are strong growth in GDP in several countries and rapid population growth. Up until 2014, growth in the Latin American market for construction hoists and platforms fell short of the global average. Brazil, which is the largest single market, pursued a strict policy of austerity in 2015, which had a negative impact on the construction sector. However, planned public sector construction projects are expected to provide impetus to the construction industry.

### Rest of the world

The Middle East exhibited healthy growth in the construction sector in 2015, with a large number of new projects. The African continent also saw heightened activity, primarily in the western regions.

### AFTER SALES SERVICES

After sales services in the form of installation, training, servicing, maintenance, spare parts, refurbishment and upgrades, are mainly affected by developments within the industrial market as a whole. However, after sales services are more resistant to sudden fluctuations on the markets and instead tend to follow the age profile of the installed equipment. The total lifespan of an industrial elevator is 25–30 years. Following installation, maintenance services take place over the whole lifecycle. After 10–15 years, larger, critical components need replacing. Sales services revenue totals the equivalent of three times the original sales value. After sales services are also often needed for construction hoists and platforms between each project, as they are installed temporarily for various projects.

### RENTAL

Due to the temporary nature of building projects, construction market customers often opt to rent equipment instead of making a purchase. Alimak has focused its rental operations on mature markets in Australia and Europe, as well as on a small local operation in the US. As with operations in vertical access solutions for the construction industry, the rental sector is affected by overall trends in the construction industry. Growth in the rental market is driven by the level of activity and growth in the construction sector. In the past, customers in certain markets have been more interested in renting equipment than buying it. Operators in the various markets include both manufacturers and rental companies.



## BROAD PRODUCT PORTFOLIO

Alimak has noted a rise in demand, mainly in emerging markets, for products with a lower price level and simpler functionality compared with Alimak's traditional premium offering. In order to meet this demand and be able to grow on new markets, Alimak has developed new products and services over the past few years that are primarily aimed at the construction market's mid-market segment.

Unlike Alimak's premium products, the elevators for the mid-market segment are not modular, which restricts opportunities to extend and adapt them. Speed and lifting capacity are also lower compared with premium segment products. Alimak will continue to launch products with similar specifications for the industrial sector as well, primarily aimed at emerging markets. However, the mid-market segment within industrial applications is smaller than that of the construction industry.

### Construction market, rack-and-pinion products



#### Products for different market segments

The market for rack-and-pinion products for the construction industry is largely divided into segments based on different price levels, with the medium- and low-price range comprising standardised products, while the premium segment offers more customised products. Over the past few years, the emerging markets have been dominated by Chinese and local manufacturers. On the mature markets Europe, Australia and North America, the three largest manufacturers account for around 75 percent of the market.

### Industrial applications, rack-and-pinion products



#### Leading position in a niche market

Competition within the niche market for rack-and-pinion based products for industrial applications is fragmented regionally and between the various markets. Most competing companies, both in mature and emerging markets, are small local or regional manufacturers that lack a global presence, which is something Alimak is able to offer its customers. The largest portion of the market consists of the oil and gas industry and the three largest players in emerging markets, including Alimak, account for 75 percent of market share. The equivalent figure in mature markets is 80 percent.

### Industrial applications, traction elevators



#### Specialised suppliers of industry solutions

The situation is somewhat different when it comes to the market for industrial traction elevator-based systems. In the oil and gas segment there are mainly niche companies, while the energy, petrochemical and cement industries include major multinational groups and a few small operators, a pattern that is particularly evident in Asia. A small number of extremely strong and specialised companies operate within the highly competitive segment for marine applications.

# CONSTRUCTION EQUIPMENT

## CONSTRUCTION EQUIPMENT

designs, develops, manufactures and distributes a wide range of hoists and platforms for construction and refurbishment projects. The Group is the market leader within rack-and-pinion vertical access solutions in mature markets. With its range of mid-market construction hoists, sourcing and production in China, Alimak is well positioned to increase market share in emerging markets.

### → PRODUCTS

Alimak's business area Construction Equipment develops, manufactures and distributes construction hoists, transport platforms, material platforms and climbing platforms used in construction and refurbishment projects. A key difference compared with the Group's industrial elevators is that the products for the construc-

tion industry are not intended for use in fixed installations. It must be possible to install, move and customise them to suit different projects in a cost effective manner.

Alimak's products for the construction market range from simple transport platforms, to high-speed construction hoists. The rack-and-pinion elevators form the core of the company's offering. The premium products are based on modules that allow for customer adaptation in terms of capacity, size and area of use.

Increased demand from the mid-market segment in the construction market led the Group to expand its product range in 2014 with the addition of new hoist types aimed at emerging markets. These mid-market hoists, which are made at Alimak's Chinese manufacturing plants, are a cost-effective and safe alternative to the premium segment platforms and hoists. The hoists are more standardised compared with the premium segment and they have attracted a high level of interest. The launch has boosted sales in key emerging markets such as the Middle East and Asia.

### → CUSTOMERS

The business area's customers include national, regional and local building contractors and rental companies. Alimak is represented in both mature markets such as Europe, the US and Australia, as well as emerging markets in Asia and the Pacific region, the Middle East, Africa and Latin America. Alimak is the market leader when it comes to transport solutions for construction applications in both the Pacific region and North America, and is among the leading manufacturers in Latin America, Western Europe and EMEA (Europe, Middle East and Africa).

### → SIGNIFICANT EVENTS

During the year the business area experienced continued successes in markets such as Australia, Mexico, Korea, Canada, the US, the UK and Turkey.

2015 saw the launch of mid-market hoists for the Scandinavian construction market, followed by similar launches in the UK and the other European markets. A significant cooperation agreement was also signed in 2015 with the American industrial group Manitowoc regarding joint development and sales of tower crane elevators.

## CASE STUDY: Construction Equipment – Manhattan



### 14 Alimak hoists at 3WCT

The skyscraper Three World Trade Center, 3 WCT, is in the process of being constructed at the site of the World Trade Center in downtown Manhattan in New York. The building, which is on the east side of Greenwich Street, will have 80 floors and be 329 metres high once it is completed in 2018. It is already several storeys above street level.

No less than 14 construction hoists of various types, all from Alimak, will be used during construction. Six Alimak Scando 650 FC-S 25/50 construction hoists with double hoist cars will be installed during the course of the project. In addition there will be two Alimak Scando 650 FC-S 32/50 hoists. In order to improve logistics during the project, these hoists have been equipped with cars of different sizes. A smaller car of 1.5 x 5.0 x 2.3 metres is mainly for transporting personnel, while the car on the opposite side, with dimensions of 2.0 x 5.0 x 2.8 metres, will be used to transport materials and to cope with peaks at the start and end of each shift.

3WCT is the first construction project in the world that has opted to use such a large high-speed construction hoist. The Alimak Scando 650 FC-S 32/50 has been specially designed to meet the stringent requirements of the WTC3 project. With a speed of 100 metres/minute, it cuts the time taken to transport both people and materials. A total carrying capacity of 3,200 kg, combined with the five-metre-long car means that the hoist can handle all the potential transport needs on a challenging construction site.

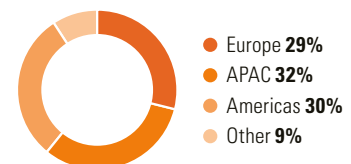


**Photo:**

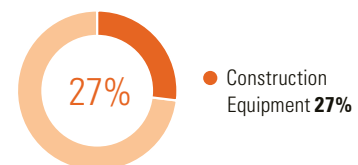
The Hågaland Bridge, which is being built over Rombak Fjord outside Narvik, is part of a project to improve safety on the E6 motorway between Narvik and Bjerkvik. Construction hoists from Alimak are an essential element of the project.

**CONSTRUCTION EQUIPMENT  
IN FIGURES (FULL YEAR 2015)**

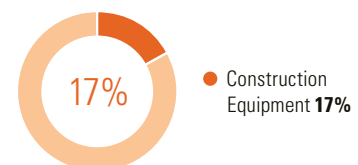
Business area's revenue by region



Business area's share of  
Group sales



Business area's share of  
operating profit\*



\*Adjusted for items affecting comparability

**CONSTRUCTION EQUIPMENT BUSINESS AREA**

| KEY FIGURES  | 2015  | 2014  | 2013  |
|--|-------|-------|-------|
| Order intake, SEKm   | 547.3 | 456.1 | 253.3 |
| Revenue, SEKm  | 553.3 | 333.4 | 242.5 |
| Operating profit (EBIT) before items affecting comparability, SEKm | 58.8  | -4.2  | -18.2 |
| Operating margin (EBIT) before items affecting comparability,      | 10.6% | -1.3% | -7.5% |
| Operating profit (EBIT), SEKm                                      | 38.3  | -9.9  | -21.9 |

# INDUSTRIAL EQUIPMENT

## INDUSTRIAL EQUIPMENT

designs, develops, manufactures and distributes a wide range of hoists and platforms for permanent use in the oil and gas industry, mines, ports, shipyards, infrastructure, energy companies and the cement industry. The Group is the market leader within industrial rack-and-pinion elevators.

### → PRODUCTS

The Industrial Equipment business area develops, manufactures and distributes permanently installed industrial elevators. The overwhelming majority of the solutions are based on a rack-and-pinion mechanism, which has been developed by Alimak since the company first started back in 1948. The acquisition of the Norwegian company Heis-Tek in 2014 has provided Alimak with additional expertise and products based on traction elevator technology.

The Group has a broad range of products that can be adapted to the various end markets. The products feature a high level of functionality, safety and quality, and can be adapted to suit individual customer requirements. Alimak is also expanding its product range for the mid-market segment to include industrial elevators as well.

### → CUSTOMERS

Alimak's customers include the oil and gas industry, mines, ports, shipyards, cement production and power production. Customers are evenly distributed geographically across Europe, North and South America, as well as Asia and the Pacific region. With an estimated market share of 55 percent (Cardo Partners 2015), Alimak is the leading supplier of rack-and-pinion vertical access solutions for industrial use. Alimak's industrial elevators are often crucial to customers' operations. A stationary elevator can have a direct impact on a plant's productivity and safety. This imposes high demands in terms of accessibility, reliability and safety.

The oil and gas industry has historically been Alimak's largest market. The weak trend in demand and uncertainty in recent years has caused the Group to increase its marketing towards new, growing industry segments. These segments include cement, ports, power/energy and the chemicals industry.

### → SIGNIFICANT EVENTS

In summer 2015, Alimak signed the company's largest single order to date, worth roughly SEK 160 million, for industrial elevators for platforms at oil company Statoil's Johan Sverdrup field. In the autumn, the Group also won an order for industrial elevators for an oil refinery in the Middle East. The equipment being supplied is in both cases based on the traction elevator technology that the Group gained access to through the acquisition of Heis-Tek.

## CASE STUDY: Industrial Equipment – Tauern



### Elevators built into Austrian Alps

The Austrian motorway Tauern (A10) constitutes an important north-south transport route through the Austrian Alps. The motorway, which begins outside Salzburg, is just short of 200 km long and passes through twelve tunnels before reaching Villach in Kärnten, where it joins the A2 and A11. With a length of 6,500 metres, the Tauern Tunnel is one of the longest tunnels, and Alimak's rack-and-pinion elevators have been in operation here since 1975.

The elevators, called Alimak E and Alimak S, are built into one of the ventilation shafts that extend 650 metres up through the mountain to allow exhaust fumes to escape and bring in fresh air. The elevators are used to inspect the walls of the shaft. Alimak E is usually positioned at the top of the shaft, where its steel platform forms the lid of the shaft when the elevator is not in use. Its sister elevator S is positioned at the bottom in a specially designed niche in the shaft wall.

In 2015, after 40 years of continuous operation, both elevators required an overhaul, but their configuration made them difficult to replace with newer models. During a few hectic months in the autumn, the existing equipment was instead dismantled and sent to Alimak in Skellefteå. Here refurbishment was carried out on the cars, winches, electrical and steering equipment and transformers. After testing and replacement of components, cleaning, blasting and painting, the elevators were sent back to Tauern, now equipped with the very latest components, motors and safety systems. They were reinstalled and are now back in operation – 40 years old, but as good as new!

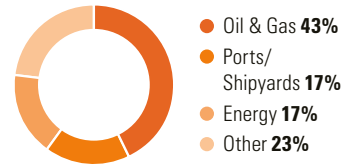


**Photo:**

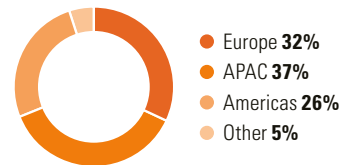
The international offshore industry, together with ports, shipyards and the cement and chemicals industry, are important markets for Alimak's Industrial Equipment business area.

**INDUSTRIAL EQUIPMENT**  
IN FIGURES (FULL YEAR 2015)

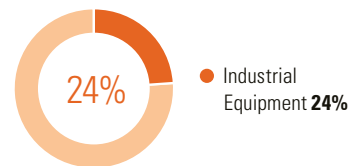
Business area's revenue by industrial segment



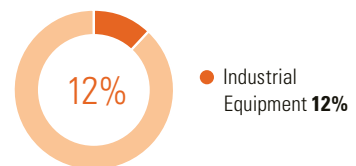
Business area's revenue by region



Business area's share of Group sales



Business area's share of operating profit\*



\*Adjusted for items affecting comparability

**INDUSTRIAL EQUIPMENT BUSINESS AREA**

**KEY FIGURES**

|  | 2015  | 2014  | 2013  |
|--|-------|-------|-------|
| Order intake, SEKm   | 530.9 | 465.1 | 512.7 |
| Revenue, SEKm  | 485.5 | 545.3 | 496.4 |
| Operating profit (EBIT) before items affecting comparability, SEKm | 42.0  | 103.4 | 100.7 |
| Operating margin (EBIT) before items affecting comparability       | 8.7%  | 19.0% | 20.3% |
| Operating profit (EBIT), SEKm                                      | 27.5  | 96.5  | 100.7 |



# RENTAL

## RENTAL

rents out Alimak construction hoists and platforms, and sells used equipment to customers on key markets: France, the Benelux countries, Germany, Australia and the US.

### → PRODUCTS

The Rental business area rents out Alimak's vertical access solutions to the construction market. Together with the products, the Group has developed an end-to-end offering encompassing various support services, from project planning and helping customers choose equipment according to project type, to assembly, dismantling, maintenance, transportation and servicing.

For rentals, Alimak works directly with the end customers. There are no intermediaries. Customers are offered both long- and short-term rental agreements. Rental operations also provide the Group with important information about how end customers use the products; information that forms the basis of continued product development. Renting also allows oppor-

tunities to test the Group's products prior to launch on the market. The business area also functions as a sales channel for used equipment, primarily from Alimak's own fleet of rental equipment. The Group is therefore able to offer units with varying capacity and specifications. The products that are available for sale come in two categories, 'Select' and 'Premium'. Within 'Select' the products undergo a strict programme of checks with regard to safety, components and mechanics, combined with a function test. The 'Premium' alternative includes additional refurbishment and a manufacturer warranty, besides the programme of checks.

### → CUSTOMERS

Customers include both large and smaller construction and facade companies that for various reasons do not wish to invest in their own equipment, but that need hoists and platforms to carry out their assignments and projects. Unlike Alimak's other operations, which are global, Alimak has chosen to concentrate its rental operations to France, the Benelux countries, Germany and Australia. In addition, the company also conducts small-scale rental operations in the US.

### → SIGNIFICANT EVENTS

During the year, the business area was able to benefit from the persistent positive trend of an increasing number of construction projects in several regions in Australia. The European market exhibited continued healthy growth in 2015. Efficiency enhancing programmes in Australia and Europe have had a positive impact on the profitability of the business area.

## CASE STUDY: Rental – Mundsburg



### Mundsburg landmark refurbished with Alimak

The three tower blocks in the central district of Mundsburg are an important landmark on the Hamburg skyline. Built in 1973, one of them, over 40 years on, is still one of Germany's highest apartment blocks, standing at an impressive 101 metres.

In 2015, the owner of one of the three towers, Reit AG, launched a comprehensive refurbishment project. The goal was to cut the building's energy consumption by 80 percent and obtain environmental certification. Alimak's German subsidiary Alimak Hek AG was contracted to provide the construction platforms that were needed for the project.

Initially, Alimak's team of engineers worked together with the construction firm to ensure that the configuration and positioning of the platforms were adapted to the building's unique design, and to achieve optimum efficiency at the construction site. Following this, Alimak supplied modular HEK MSM platforms with twin masts customised for use at a height of up to 32 metres and with a lifting capacity of four tonnes. A special system made it possible to adapt the width of the platforms between 1.5 and 2.5 metres, depending on the actual access requirement. In addition, Alimak was responsible for all logistics relating to the construction platforms, from installation drawings to construction, 24-hour support throughout the project and dismantling on completion.

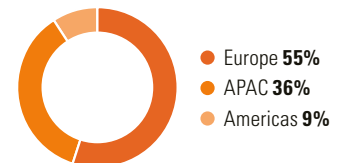
**Photo:**

Hoists, delivered by Alimak's business area Rental in Barangaroo, Sydney, Australia.

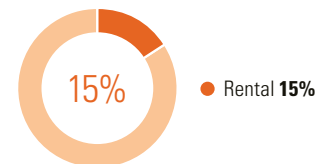
**RENTAL**

IN FIGURES (FULL YEAR 2015)

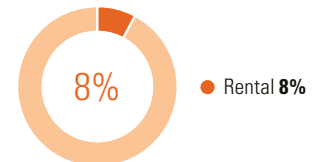
Business area's revenue by region



Business area's share of Group sales



Business area's share of operating profit\*



\*Adjusted for items affecting comparability

**RENTAL BUSINESS AREA**

| KEY FIGURES  | 2015  | 2014  | 2013  |
|--|-------|-------|-------|
| Order intake, SEKm   | 328.8 | 299.4 | 276.8 |
| Revenue, SEKm  | 308.6 | 278.5 | 285.2 |
| Operating profit (EBIT) before items affecting comparability, SEKm | 26.9  | 10.8  | 21.2  |
| Operating margin (EBIT) before items affecting comparability       | 8.7%  | 3.9%  | 7.4%  |
| Operating profit (EBIT), SEKm                                      | 20.4  | 1.5   | 19.1  |



# AFTER SALES

## AFTER SALES

offers after sales services for industrial and construction equipment in the form of installation, technical support, maintenance, repairs, spare parts, servicing, refurbishment, remote monitoring systems and training.

### → PRODUCTS

The After Sales business area provides customers with after sales support services, including installation, technical support, maintenance, repairs, spare parts, servicing, refurbishment, monitoring systems and training. The services are mainly aimed at Alimak's installed base of approximately 22,000 units. The Group is the leading service provider with regard to sold equipment, and following the acquisition of Heis-Tek is also able to offer services for traction elevators and other associated applications. Alimak therefore offers a single point of contact, irrespec-

tive of the market segment to which the customer belongs, or which elevator technology they use.

### → CUSTOMERS

Most of Alimak's service customers are within the industrial sector, where Alimak has more than 7,500 installed units. An industrial elevator, which is often used in extreme environments, has a lifespan of between 25 and 30 years. Maintenance and regular servicing take place over the whole lifecycle. After 10–15 years it is time to replace larger, key components. An elevator for construction applications is used in temporary installations and is therefore used more heavily and has greater servicing requirements, resulting in a somewhat shorter lifespan. Downtime is very costly, whatever the industry, and customers are therefore keen to reduce the operative risks by increasingly outsourcing servicing and maintenance to Alimak.

The business area makes use of the Group's global sales and service network so it can offer its services to industrial and construction customers on the various end markets. This also enables the company

to provide support to global, regional and local customers.

### → SIGNIFICANT EVENTS

In 2015, the tough conditions experienced by the oil and gas industry resulted in a drop in demand for major refurbishments and upgrades. Interest in long-term master service agreements continued to grow during the year. Alimak continued to increase the penetration rate within the construction industry in 2015. Revenue and earnings from Alimak's After Sales operation have risen considerably from 2008 to 2015.

## CASE STUDY: After Sales – GrainCorp



### Alimak with GrainCorp since 1986

GrainCorp is one of Australia's leading logistics companies. With its head office in Sydney, GrainCorp has established eastern Australia's largest network for the storage, sale and distribution of various types of cereals. The company can store up to 20 million tonnes, runs seven shipping ports and delivers six million tonnes of cereals every year to 200 customers in Australia and some thirty other countries.

At GrainCorp's terminal in Gladstone, Queensland, one of Alimak's rack-and-pinion elevators has been used since the start in 1986 for transportation between the seven levels in the 70-metre-high silo. The elevator is business-critical and essential for servicing and maintenance purposes. It has been repaired and refurbished a number of times by Alimak over the 30 years since its installation. However, during an inspection in 2012, corrosion damage was detected on the mast, at the base and at a height of 25 metres. The damage was deemed to be so extensive that a decision was taken to replace the entire 70-metre mast, a task that was also carried out by Alimak. Today the 30-year-old elevator, as old as Alimak's relationship with GrainCorp, is once again in full operation at the facility in Gladstone. It is also an excellent example of the services and the long-term partnership offered by the After Sales business area.

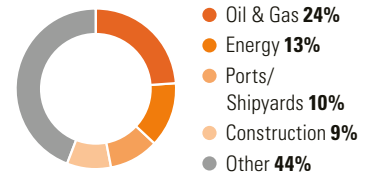
**Photo:**

The rack – the mast that Alimak’s elevators climb up and down – is literally the backbone of the product. Regular service ensures decades of seamless function.

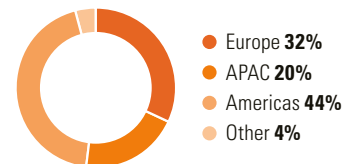
**AFTER SALES**

IN FIGURES (FULL YEAR 2015)

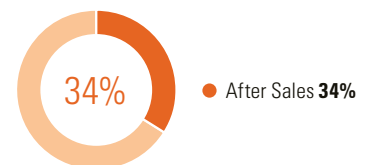
Business area’s revenue by industrial segment



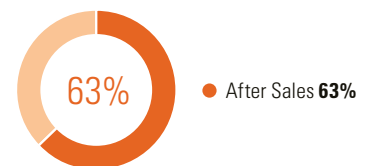
Business area’s revenue by region



Business area’s share of Group sales



Business area’s share of operating profit\*



\*Adjusted for items affecting comparability

**AFTER SALES BUSINESS AREA**

| KEY FIGURES  | 2015  | 2014  | 2013  |
|--|-------|-------|-------|
| Order intake, SEKm   | 702.0 | 568.9 | 518.6 |
| Revenue, SEKm  | 689.0 | 585.2 | 493.1 |
| Operating profit (EBIT) before items affecting comparability, SEKm | 222.6 | 206.9 | 171.6 |
| Operating margin (EBIT) before items affecting comparability       | 32.3% | 35.4% | 34.8% |
| Operating profit (EBIT), SEKm                                      | 209.9 | 199.6 | 169.4 |

# ALIMAK – MANUFACTURING AND SOURCING

Alimak has cost-effective and efficient production plants that contribute to the Group's long-term competitiveness. The Group has manufacturing facilities in Sweden and China.

Alimak develops its manufacturing in Sweden and China to strengthen the Group's position in the key emerging markets and to be able to fully optimise its production and purchasing costs. With manufacturing facilities in both Sweden and China, Alimak is able to combine flexible production with the economies of scale that are created by having a global organisation. Research, design and product development also take place in close cooperation between the production units, in order to manufacture and deliver competitive products that meet market requirements. The production plants have a joint management organisation to ensure quality, cost effectiveness and coordination.

#### SKELLEFTEÅ, SWEDEN

Alimak's Swedish manufacturing plant has been located in Skellefteå in northern Sweden since 1952, which is when the company's first construction hoist was launched on the market. The 33,000 square-metre plant is highly automated,

with robot cells, laser cutting systems, an automatic rack-and-pinion cutting machine and CNC machines. Over 300 employees currently work at the production plant, which is mainly focused on the manufacture of both premium products and hoists for the mid-market segment.

#### CHANGSHU, CHINA

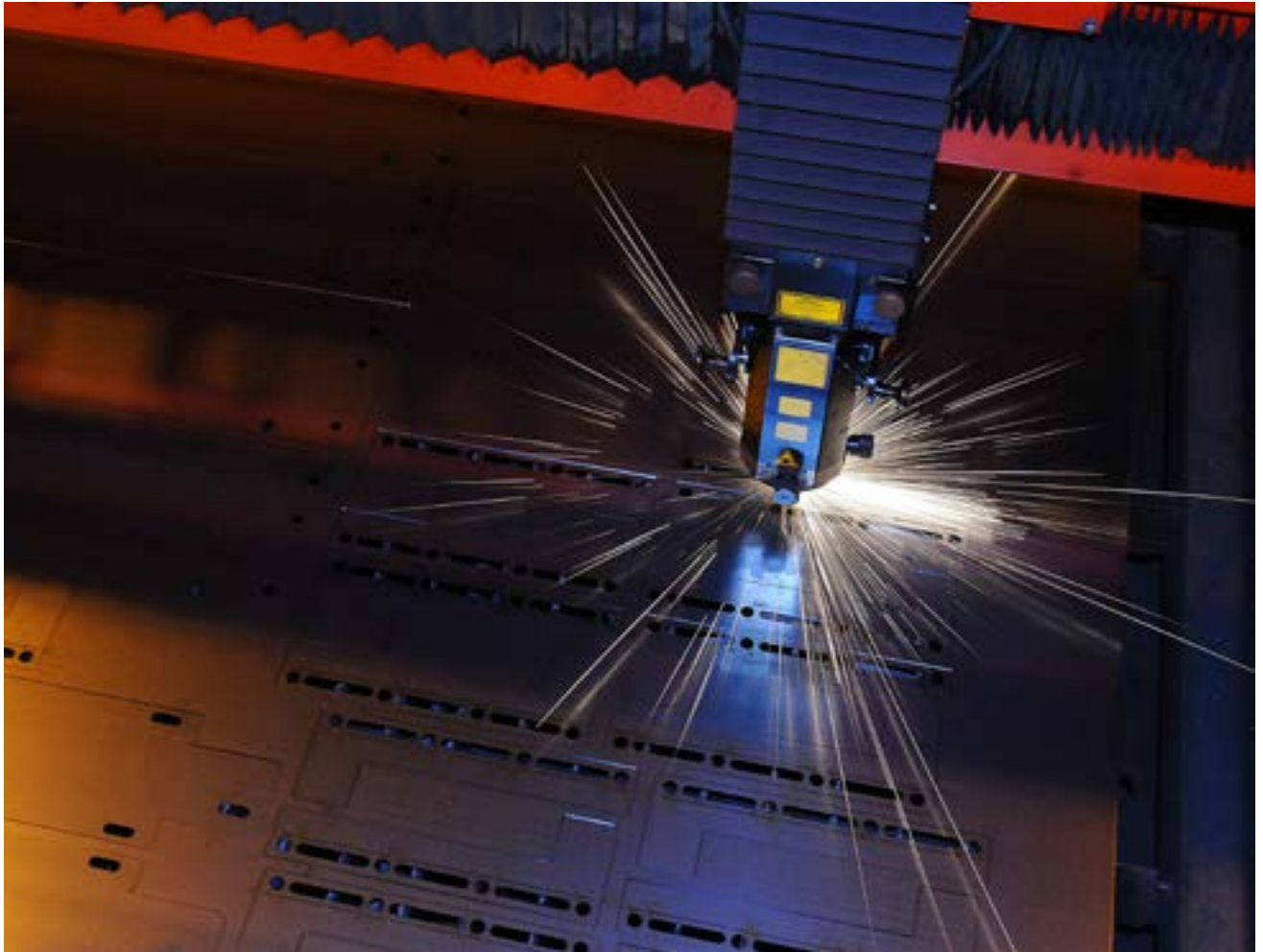
Alimak's Chinese manufacturing facility was started in Changshu in eastern China in 2007. At the end of 2014, the Group expanded production in Changshu with the addition of a second production unit. In 2015, the Group had a total of 250 employees at both plants. The Chinese units produce elevator cars, components and masts. They specialise in the manufacture of platforms and light industrial elevators, as well as hoists for the mid-market segment. The plants are designed to produce elevator and hoist cars and platforms that meet requirements from various emerging markets around the world. Work was initiated in 2015 to increase the

level of automation in production. In 2016, research and development initiatives will be implemented and production capacity expanded.

#### SOURCING AND LOGISTICS

Components such as driving units, electronics, cables and other parts that require relatively little processing are sourced direct from contracted subcontractors. Steel pipes and other steel-based components for the actual design, which require more extensive processing, are purchased from well-known European and Asian manufacturers. In addition, the Group makes its own components and key equipment parts.

The Group's presence in China provides greater opportunities for sourcing materials and components from low-cost countries in the region. The aim is to establish long-term relationships with local and international suppliers, and the Group has framework agreements with key suppliers of important input goods,



such as steel-based components for mast production.

Many deliveries of industrial elevators are project-based and require tailored design and various customer adaptations. Some of the Group's deliveries occur direct from the production plants in China and Sweden. In other cases, Alimak's local sales and service offices or distributors are responsible for deliveries. In order to minimise the Group's environmental impact, the preferred mode of transport for products is rail or boat to the end destination, but the transport method is often determined by customer demand.



Alimak uses modern production techniques, including robots with vision systems



# ALIMAK'S SOCIAL RESPONSIBILITY

As a leading group with operations in a number of countries, Alimak has a responsibility to contribute to sustainable development, both economic as well as social and environmental.

For Alimak this means that environmental and social consideration shall be an integral part of business activities, and that business decisions shall take account of the financial, social and environmental effects for the company's stakeholders and society as a whole. The focus is on increasing value creation for the Group's stakeholders and contributing towards sustainable social development.

Business operations and the company's actions in the market are regulated by the company's Code of Conduct. In 2015, Alimak's Code of Conduct for suppliers was signed by the Group's direct suppliers. Internal training was carried out with management, country managers and employees in 2015 on the Code of Conduct, other relevant policies and guidelines.

## COLLABORATION WITH STAKEHOLDERS

Alimak's most important stakeholders are its customers, employees, owners, suppliers, distributors and business partners, authorities and the local communities in the countries and at the sites where the Group operates. Alimak strives to maintain a close dialogue and cooperation with its various stakeholders. This dialogue forms the basis of the company's sustainability work and the priorities established to increase value creation, reduce environ-

mental impact and contribute towards improved social development in all parts of the supply chain.

## Customers

Alimak is committed to delivering safe products of high quality, along with services that benefits the customer. Alimak shall always act ethically in business situations and follow the Group's guidelines for ethical business practice, which prohibit all forms of inappropriate influence and contain clear rules regarding travel, entertainment and gifts.

## Employees

Alimak's employees are the key to the company's success. The Group aims to be an attractive employer and the ambition is to appeal to, develop and retain qualified and motivated employees in a professional and attractive working environment. Alimak shall pursue operations with consideration for human rights, health and safety.

## Shareholders

Alimak endeavours to be an attractive investment for its shareholders and works to achieve long-term, responsible and sustainable development of shareholder value. Shareholders and markets are

informed simultaneously and transparently about events that affect the company.

## Suppliers, distributors and other partners

Alimak strives to be a reliable partner and to establish long-term business relationships. Alimak expects suppliers and any subcontractors to comply with international standards regarding human rights and working conditions, and with relevant laws and regulations on the environment, anti-corruption, export controls and sanctions, in accordance with the Group's Code of Conduct. In 2016, Alimak will provide basic training for distributors and suppliers on the company's Code of Conduct and policies relating to the environment, social responsibility and business ethics, and will also conduct CSR audits of its suppliers in low-cost countries.

## Society

Alimak contributes to economic development locally by creating direct and indirect jobs, and by paying tax in the markets in which operations are pursued. The Group shall be a long-term and accountable company that acts in accordance with legislation in the countries where the Group operates, and based on its Code of Conduct.

## SOCIAL RESPONSIBILITY

Alimak has slightly more than 1,100 employees all over the world. Just over half of them are based in Europe, around 300 in Asia and the Pacific region, and a further hundred or so work in markets in North and South America. The largest single workplaces are the production plants in Skellefteå in Sweden and Changshu in China. Over 330 employees are based in Skellefteå and around 260 in Changshu.

All employees are covered by Alimak's Code of Conduct, with common rules regarding respect for basic human rights and the application of sound business ethics principles.

The proportion of men and women in the company amounts to 87 percent and 13 percent respectively. The proportion of women in managerial positions at Alimak is 9 percent, and on the Board of Directors, 12 percent. Over the next few years the company aims to increase the proportion of women in both management and on the Board.

Average long-term sick leave in 2015 totalled around two percent compared with around one percent the previous year. During the year, 14 (12) occupational accidents occurred, which resulted

**SUSTAINABILITY DATA** **2015** **2014** **2013**

**Alimak Hek AB (Sweden)**

|   |       |       |       |
|---|-------|-------|-------|
| Number of employees   | 331   | 334   | 301   |
| Energy consumption, Electricity (not district heating), MWh | 5,521 | 5,950 | 5,734 |
| CO <sub>2</sub> emissions (tonnes)                          | 5,017 | 4,203 | 3,747 |
| Water consumption (calculated), m <sup>3</sup>              | 5,898 | 5,318 | 6,398 |
| Solvent emissions (calculated), tonnes                      | 3.57  | 3.92  | 3.45  |
| Unsorted waste, tonnes (2007: 77 tonnes)                    | 8.42  | 8.74  | 11.2  |
| Wood residue, tonnes  | 170.8 | 172.9 | 154.7 |
| Corrugated cardboard, tonnes                                | 14.0  | 13.6  | 11.3  |
| Combustible waste, tonnes                                   | 55.4  | 63.4  | 64.5  |
| Office paper, tonnes  | 4.50  | 4.96  | 6.54  |
| Number of accidents (more than one day's absence)           | 7     | 2     | 5     |
| Long-term sick leave, %                                     | 1.96  | 0.71  | 1.20  |

**Alimak Hek Vertical Access Equipment (China)**

|   |       |       |       |
|---|-------|-------|-------|
| Number of employees   | 257   | 231   | 154   |
| Energy consumption, Electricity (not district heating), MWh | 1,316 | 1,576 | 794   |
| Water consumption (calculated), m <sup>3</sup>              | 2,360 | 2,942 | 2,261 |
| Solvent emissions (calculated), tonnes                      | 22.2  | *     | *     |
| Number of accidents (more than one day's absence)           | 7     | 10    | 1     |
| Long-term sick leave, %                                     | 0.28  | 0.30  | *     |

\*Data unavailable.

in more than 15–30 days of absence. The most common causes of incidents were machinery and equipment and falls, as well as heavy lifting and repetitive work.

The Group's work environment focus is on preventive measures and swift rehabilitation to avoid long periods of sick leave. Work environment monitoring is carried out in a number of different areas. The plants are inspected by work environment authorities and any areas identified for improvement are addressed continually.

**ENVIRONMENTAL CONSIDERATION**

Access to effective vertical access solutions is an important support function for the industrial and construction sectors and contributes to increased profitability and safety for Alimak's customers and users. At the same time, as a supplier, Alimak has an environmental impact throughout the entire chain, from extraction of raw materials to manufacturing, transportation, use, after sales services and finally scrapping and recycling. Continuing to develop Alimak's after sales business can increase product lifespan and minimise the company's impact on the environment.

The Group's production plants in Sweden and China are certified in accordance with ISO 9001, ISO 14001 and OHSAS 18001. In 2015, Alimak reduced

its energy consumption considerably compared with the previous year through a number of energy-saving measures. Much of the energy-saving was achieved by the installation of new laser-cutting equipment, which reduced energy consumption by over 90 percent, timer-controlled ovens in the paintshop, switching to low-energy bulbs and other environmental efficiency enhancements.

Alimak is developing new and more efficient elevators, hoists and platforms with less environmental impact over the entire lifespan of the products. The Group's elevators and hoists are highly efficient due to effective gearboxes and motors that require less energy. In addition to its own operations, the Group aims to use its influence with suppliers and subcontractors to ensure a responsible supply of raw materials, components and input goods, and through training and technical solutions to affect energy efficiency and environmental impact during usage, reuse and recycling, together with customers and business partners.

In 2016, Alimak will conduct an energy survey at the plant in Skellefteå and develop an environmental product declaration (EPD) for a construction hoist, something that will provide useful knowledge for continued environmental work.

## Alimak's Code of Conduct

**Alimak's Code of Conduct is based on the UN Global Compact's principles regarding human rights, working conditions, environment, business ethics and anti-corruption.**

The requirements of the code apply to all employees, Board members and internal consultants at Alimak, distributors and suppliers in all markets and at all times. The Board of Directors of Alimak Group AB is responsible for the code and regularly reviews its content and compliance. Each manager is responsible for ensuring that the Code of Conduct is followed in day-to-day work. All employees are responsible for acting in accordance with the code.

Alimak's Code of Conduct for suppliers is based on the same international conventions and agreements on human rights and working conditions, and involves a commitment to pursuing operations in an ethical and responsible manner. It is a basic requirement that suppliers sign and follow the code and ensure that their subcontractors, producers and business partners that supply raw materials and input goods, or are involved in the manufacture of Alimak's products, also adhere to the requirements of the code. The Code of Conduct is followed up as part of an ongoing dialogue and cooperation with suppliers and manufacturers.

Alimak has a whistleblowing function, which can be used to anonymously report suspicions of irregularities. Further information is available on Alimak's Intranet and corporate website.

[www.alimakgroup.com](http://www.alimakgroup.com)

# THE SHARE

Alimak Group's shares have been listed on Nasdaq Stockholm (Ticker symbol: ALIG, ISIN code: SE0007158910) since 17 June, 2015. The introductory price on listing was SEK 93. The total number of outstanding shares at 17 June, 2015, was 43.3 million. The company has just one type of share, and all shares carry one vote per share.

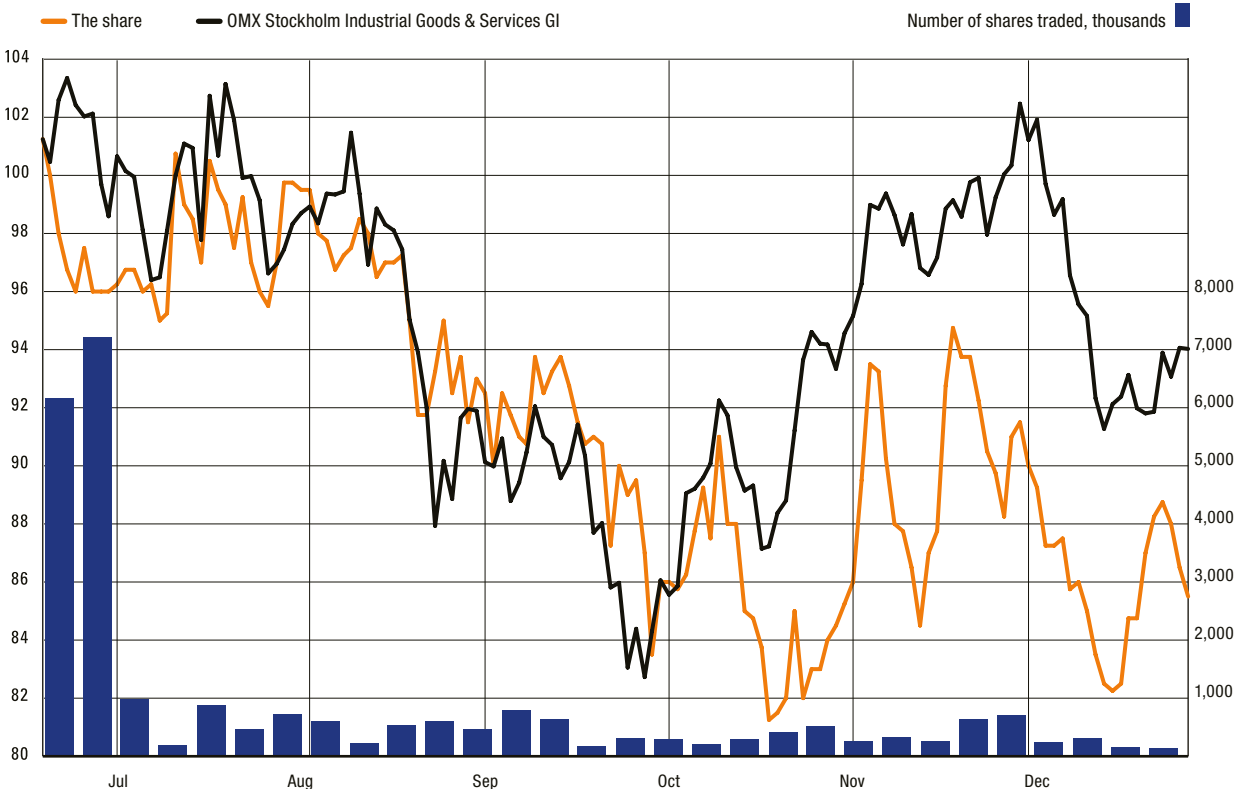
At the end of 2015, the share price was SEK 85.50, which corresponds to market capitalisation of SEK 3,704 million. The highest share price paid in 2015 was SEK 103.50 on the listing date, 17 June, and the lowest price was noted on 19 October at SEK 80.50. In 2015, since the company was listed on 17 June, 19.2 million shares have been traded for a total of SEK 1.8 billion. The share's average turnover during the year was 139,000 shares, which corresponds to SEK 13.1 million.

At the end of 2015, Alimak Group had 3,712 shareholders. The largest shareholder was Triton, with 28.4 percent. The ten largest shareholders accounted for 60.4 percent of the total number of shares and the 100 largest shareholders accounted for 95.5 percent. The members of the Board of Directors and company management together owned around 6.5 percent. At the end of the year, the proportion of Swedish ownership was 65.3 percent. There are no restrictions on voting rights or authorisation to the Board of Directors regarding the issue or acquisition of treasury shares.

## DIVIDEND POLICY

The company has a target of paying a dividend of approximately 50 percent of its net profit for the current period to its shareholders. Decisions on dividend payment will, however, take account of the company's financial position, cash flow, acquisition opportunities, strategic considerations and future prospects. The Board of Directors' dividend proposal for a decision by the 2016 Annual General Meeting is SEK 2.0 per share.

## ALIMAK





**LARGEST SHAREHOLDERS, 31 DECEMBER 2015**

| Owner                                   | Number of shares  | Share of capital | Share of votes |
|---|-------------------|------------------|----------------|
| Triton                                  | 12,298,486        | 28.39%           | 28.39%         |
| Lannebo Fonder                          | 5,435,577         | 12.55%           | 12.55%         |
| Swedbank Robur                          | 3,090,359         | 7.13%            | 7.13%          |
| York Capital Management Global Advisors | 2,556,020         | 5.90%            | 5.90%          |
| SEB                                     | 2,096,275         | 4.84%            | 4.84%          |
| Peder Pråhl                             | 1,589,730         | 3.67%            | 3.67%          |
| AFA Försäkring                          | 1,042,000         | 2.41%            | 2.41%          |
| Handelsbanken Fonder                    | 828,271           | 1.91%            | 1.91%          |
| SSB Client Omnibus AC OM07 (15 PCT)     | 634,588           | 1.46%            | 1.46%          |
| JPM Chase                               | 570,699           | 1.32%            | 1.32%          |
| Total shareholding – 10 largest         | 30,142,005        | 69.57%           | 69.57%         |
| Other shareholders                      | 12,628,347        | 29.15%           | 29.15%         |
| <b>Total number of shares</b>           | <b>43,326,289</b> | <b>100%</b>      | <b>100%</b>    |

**SHARE DISTRIBUTION**

| Holdings                       | Number of shareholders | Number of shares  | Holdings (%)   | Votes (%)      | Market capitalisation (SEK thousand) |
|--------------------------------|------------------------|-------------------|----------------|----------------|--------------------------------------|
| 1–500                          | 2,916                  | 357,941           | 0.83%          | 0.83%          | 30,604                               |
| 501–1,000                      | 344                    | 290,630           | 0.67%          | 0.67%          | 24,849                               |
| 1,001–5,000                    | 281                    | 648,089           | 1.50%          | 1.50%          | 55,412                               |
| 5,001–10,000                   | 49                     | 378,080           | 0.87%          | 0.87%          | 32,326                               |
| 10,001–15,000                  | 19                     | 235,522           | 0.54%          | 0.54%          | 20,137                               |
| 15,001–20,000                  | 9                      | 160,458           | 0.37%          | 0.37%          | 13,719                               |
| 20,001–                        | 94                     | 41,255,569        | 95.22%         | 95.22%         | 3,527,351                            |
| <b>Total, 30 December 2015</b> | <b>3,712</b>           | <b>43,326,289</b> | <b>100.00%</b> | <b>100.00%</b> | <b>3,704,398</b>                     |

**SHAREHOLDERS PER AREA**

|  | Number of shareholders | Share-holders (%) | Holdings          | Holdings (%)   | Votes             | Votes (%)      | Market capitalisation (SEK thousand) |
|--|------------------------|-------------------|-------------------|----------------|-------------------|----------------|--------------------------------------|
| Sweden residents                                   | 3,507                  | 94.48%            | 28,315,469        | 65.35%         | 28,315,469        | 65.35%         | 2,420,973                            |
| Rest of Nordic region                              | 21                     | 0.57%             | 1,318,372         | 3.04%          | 1,318,372         | 3.04%          | 112,721                              |
| Rest of Europe (excl. Sweden and Nordic countries) | 139                    | 3.74%             | 7,270,751         | 16.78%         | 7,270,751         | 16.78%         | 621,649                              |
| US   | 35                     | 0.94%             | 6,184,204         | 14.27%         | 6,184,204         | 14.27%         | 528,749                              |
| Rest of the world                                  | 10                     | 0.27%             | 237,493           | 0.55%          | 237,493           | 0.55%          | 20,306                               |
| <b>Total, 30 December 2015</b>                     | <b>3,712</b>           | <b>100.00%</b>    | <b>43,326,289</b> | <b>100.00%</b> | <b>43,326,289</b> | <b>100.00%</b> | <b>3,704,398</b>                     |

# CORPORATE GOVERNANCE

Alimak Group AB head office is in Stockholm and it is the parent company of the Alimak Group, with subsidiaries in 16 countries. The Alimak Group has approximately 1,100 employees around the world and conducts sales in over 60 countries via its own companies and distributors. Alimak Group AB is a public limited company and its shares are listed on Nasdaq Stockholm.

Alimak Group is managed and controlled based on a system of corporate governance that includes a number of principles, policies, guidelines, structures and processes, all of which are described in this report. Corporate governance aims to ensure a decision-making process that is effective and creates value, with a clear division of roles and responsibilities between Alimak Group's owners, Board of Directors, Group Management Team and other employees.

Corporate governance is based on the Swedish Companies Act, the stock market's Rule Book for Issuers, the Swedish Corporate Governance Code (the Code) and other relevant laws, regulations and rules. Before Alimak Group was listed on Nasdaq Stockholm, corporate governance within the company was based on Swedish legislation and internal rules and guidelines. Since Alimak Group's listing on Nasdaq Stockholm, the company complies with Nasdaq Stockholm's Rule Book for Issuers and the Code.

## OWNERSHIP STRUCTURE

Alimak Group's share capital on 31 December 2015 totalled SEK 866,525 and the number of shares was 43,326,289. Each share carries one voting right at the company's AGM. As at 31 December 2015, Alimak Group had approximately 3,700 shareholders, according to the share register. Triton Advisors was the largest owner,

with around 28.4 percent of the share capital. At year-end, the proportion of foreign owners was approximately 35 percent.

## ANNUAL GENERAL MEETING

According to the Companies Act, the Annual General Meeting (AGM) is the company's highest decision-making body. Extraordinary meetings may be convened in addition to the AGM. The company's AGMs are held in Stockholm, Sweden, before the end of June each calendar year. At the AGM, shareholders exercise their right to vote on key issues such as the adoption of the income statements and balance sheets, appropriation of the company's earnings, discharge from liability for Board members and the President and CEO, election of Board members and auditors and remuneration to the Board and auditors, as well as other issues in accordance with the Companies Act, Articles of Association and the Code.

## 2016 AGM

The Annual General Meeting of Alimak Group will be held on 11 May 2016. All shareholders who are registered in the share register maintained by Euroclear Sweden AB (Euroclear Sweden) five days prior to the AGM are entitled to participate in the AGM. Such shareholders must have informed the company of their intention to attend no later than the date stated in the notice convening the AGM, be entitled to participate in the AGM and to vote based on the entire number of shares held. Further information is available at [alimak-group.com](http://alimak-group.com).

## NOMINATION COMMITTEE

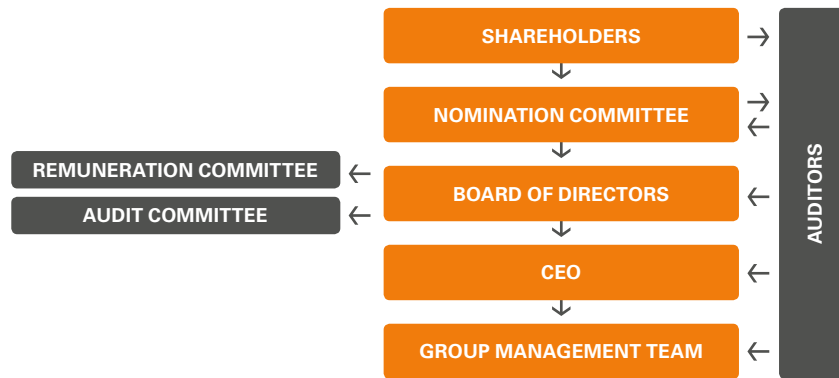
According to the Code, the company shall have a Nomination Committee tasked with submitting proposals to the AGM with regard to the election of a meeting

chairperson, Board of Directors, Chairman of the Board, auditors, Board fees for each Board member, auditor's fees and, to the extent deemed necessary, proposals for changes to the instructions for the Nomination Committee. Up until the end of the AGM held on 11 May, 2015, the main duties of the Nomination Committee were carried out by the principal owners in their capacity as owners of the company. At the AGM on 11 May, 2015, it was decided that the Nomination Committee prior to the 2016 AGM shall comprise representatives of the four largest shareholders in terms of votes, according to the share register maintained by Euroclear Sweden at 31 August every year, together with the Chairman of the Board, who shall also convene the first meeting of the Nomination Committee. The member representing the largest shareholder in terms of votes shall be appointed chair of the Nomination Committee.

## NOMINATION COMMITTEE PRIOR TO 2016 AGM

Up until the 2016 AGM, the Nomination Committee consists of Roger Hagborg, chairman (Triton), Johan Lannebo (Lannebo Fonder), Åsa Nisell (Swedbank Robur Fonder), Fraser Maingay (York Capital Management) and Anders Thelin (Alimak Group's Chairman of the Board). The Nomination Committee held five meetings prior to the 2016 AGM.

The Nomination Committee has been informed by the Chairman of the Board regarding the evaluation of the Board's work, the company's stage of development and other conditions. The Nomination Committee has observed the requirements that should be placed on the members of the Board regarding each member's independence and number of Board appointments. Particular emphasis has been



placed on requirements regarding diversity on the Board and efforts to achieve an equal gender distribution.

### BOARD OF DIRECTORS

The tasks of the Board of Directors are regulated by the Companies Act, the Articles of Association and the Code. Furthermore, the Board's work is regulated by rules of procedure adopted annually by the Board of Directors. The rules of procedure for the Board of Directors determine the division of work and responsibilities between the members of the Board, the Chairman and the committees. In addition, the division of work between the Board of Directors and President and CEO is governed by instructions for the President and CEO, which are adopted annually by the Board. The instructions for the President and CEO also include financial reporting procedures for the President and CEO.

The duties of the Board of Directors include the establishment of strategies, business plans, budgets, interim reports, end-of-year accounts and annual reports, as well as the adoption of instructions, policies and guidelines. The Board shall also monitor financial performance and ensure quality in financial reporting and internal controls, as well as evaluate operations against the targets and guidelines established by the Board. Finally, the Board of Directors makes decisions on significant investments and changes to the Group's organisation and operations.

The Chairman of the Board is responsible for the Board's work and for ensuring that it is conducted efficiently, and for guaranteeing that the Board fulfils its obligations in accordance with the relevant laws and regulations. The Chairman of the Board shall monitor the company's performance in close cooperation with the President and CEO, and prepare and

lead Board meetings. The Chairman is also responsible for ensuring that the Board members evaluate their work every year and continually receive the information they need in order to carry out their work efficiently. The Chairman of the Board represents the company to its shareholders.

### COMPOSITION OF THE BOARD

Alimak Group's Board of Directors comprises six members elected by the AGM. Two employee representatives are currently appointed to be members of the Board of Directors. No deputy employee representatives have been elected to the Board of Directors. In accordance with the requirements stipulated in the Swedish Corporate Governance Code ('the Code'), more than half of the Board members appointed by the AGM must be independent in relation to the company and the company's Group Management Team. This rule does not cover employee representatives.

At the AGM on 11 May, 2015, Anders Thelin, Carl-Johan Falkenberg, Göran Gezelius, Anders Jonsson, Eva Lindqvist and Joakim Rosengren were elected. The union organisations appointed Kenneth Johansson and Greger Larsson. Further information about the Board members is provided on page 38.

### INDEPENDENCE OF THE BOARD

An overall assessment of each individual Board member's relationship to the company shall be conducted. None of the company's Board members elected by the AGM are employed by the company or by any other company in the Group.

All Board members elected by the AGM are deemed to be independent in relation to the company and the Group Management Team. The Code also requires at least two of the Board mem-

bers elected by the AGM to be independent in relation to the company's major shareholders. These Board members must also, on the basis of such individual assessment described above, be independent in relation to the company and the Group Management Team. A Board member is deemed not to be independent in relation to the company's major shareholders if he or she is employed at, or a Board member of a company that is a major shareholder. When assessing whether a Board member is independent in relation to a major shareholder, the extent of the Board member's direct and indirect relations to the major shareholder shall be taken into consideration. Four Board members elected by the AGM who are independent in relation to the company and Group Management Team are independent in relation to the company's major shareholders. The company therefore satisfies the Code's requirements regarding the independence of the Board in relation to the company, Group Management Team and the company's major shareholders.

The table provides details of the Board members' year of birth, the year they were first elected to the Board, position, and whether they are deemed independent in relation to the company and major shareholders as defined in the Code.

### WORK OF THE BOARD DURING THE YEAR

The Board of Directors met on 15 occasions during 2015. The current Board of Directors was appointed by the AGM, which was held on 11 May 2015, and has met on nine occasions during the year. During the financial year, the Board dealt with issues in preparation for the company's listing on Nasdaq Stockholm on 17 June 2015, the company's strategic direction, budget and business plan, incentive programmes, succession planning, envi-



ronment, health and safety and matters relating to investments and follow up of previously implemented investments. In 2015 the Board of Directors visited Alimak Group's factories in Skellefteå and in the Shanghai region in China.

**REMUNERATION TO THE BOARD**

At the AGM on 11 May, 2015, it was decided that fees should be paid to the Chairman of the Board in the amount of SEK 600,000 and to other Board members in the amount of SEK 300,000. Furthermore it was decided that fees of SEK 100,000 should be paid to the chairman of the Audit Committee, SEK 75,000 to the chairman of the Remuneration Committee, SEK 70,000 to each member of the Audit Committee (excluding the chairman), and SEK 50,000 to each member of the Remuneration Committee (excluding the chairman). Prior to the company's listing on NASDAQ Stockholm, the Chairman of the Board Anders Thelin was given the right to a bonus of SEK 2,288,274 after taxes and social fees on completion of

the IPO. Anders Thelin has received this bonus totalling a gross amount of SEK 5,495, 962 as salary in September 2015. For further details regarding remuneration to the members of the Board, please refer to Note 5.

**EVALUATION OF THE BOARD OF DIRECTORS' WORK**

The Board members and the work of the Board are evaluated annually in a systematic and organised manner to ensure quality in the Board's work and to identify any additional requirements in terms of expertise and experience. The evaluation is led by the Chairman of the Board, who discusses it with the Board and presents the results to the Nomination Committee.

**BOARD COMMITTEES**

The primary task of the committees is to prepare matters that are to be discussed by the Board of Directors prior to a decision. The duties and rules of procedure for each committee are established by the Board of Directors in written instructions.

**Audit Committee**

Alimak Group's Audit Committee has three members: Göran Gezelius (chairman), Carl Johan Falkenberg and Eva Lindqvist. The Audit Committee shall satisfy requirements for accounting and auditing expertise as set out in the Companies Act.

The Audit Committee's main task is to ensure that the Board of Directors satisfies monitoring requirements in relation to internal governance, the audit, internal audit, risk assessment, accounting and financial reporting. The Committee shall examine processes and procedures for the above-mentioned areas and, in connection with this, gain an understanding of whether the company is applying financial reporting regulations consistently and fairly, and in accordance with the relevant practices and procedures.

The Audit Committee shall also form an opinion regarding the risk situation faced by the company and assess whether internal control and governance procedures applied are fit for purpose and effective, and also assess whether the company's

| NAME                  | Born | Member since | Position      | Independent in relation to the company | Independent in relation to major shareholders | Attendance |
|-----------------------|------|--------------|---------------|--|---|------------|
| Anders Thelin         | 1950 | 2015         | Chairman      | Yes                                    | Yes   | 15/15      |
| Carl Johan Falkenberg | 1975 | 2009         | Board member  | Yes                                    | No  | 15/15      |
| Göran Gezelius        | 1950 | 2009         | Board member  | Yes                                    | Yes   | 15/15      |
| Anders Jonsson        | 1950 | 2011         | Board member  | Yes                                    | No  | 15/15      |
| Eva Lindqvist         | 1958 | 2015         | Board member  | Yes                                    | Yes   | 14/15      |
| Joakim Rosengren      | 1960 | 2008         | Board member  | Yes                                    | Yes   | 14/15      |
| Kenneth Johansson     | 1956 | 2001         | Board member* | –                                      | Yes   | 13/15      |
| Greger Larsson        | 1959 | 2009         | Board member* | –                                      | Yes   | 11/15      |

\*Employee representative

| NAME                  | Basic fee        | Audit Committee | Remuneration Committee | Total            |
|-----------------------|------------------|-----------------|------------------------|------------------|
| <b>Board members:</b> |                  |                 |                        |                  |
| Anders Thelin         | 600,000          | –               | 75,000                 | <b>675,000</b>   |
| Carl Johan Falkenberg | 300,000          | 70,000          | –                      | <b>370,000</b>   |
| Göran Gezelius        | 300,000          | 100,000         | –                      | <b>400,000</b>   |
| Anders Jonsson        | 300,000          | –               | 50,000                 | <b>350,000</b>   |
| Eva Lindqvist         | 300,000          | 70,000          | 50,000                 | <b>420,000</b>   |
| Joakim Rosengren      | 300,000          | –               | –                      | <b>300,000</b>   |
| Kenneth Johansson*    | –                | –               | –                      | –                |
| Greger Larsson*       | –                | –               | –                      | –                |
| <b>Total</b>          | <b>2,100 000</b> | <b>240,000</b>  | <b>175,000</b>         | <b>2,515,000</b> |

\*Employee representative

risk and risk management reporting in the Annual Report is correct and sufficient. Furthermore, the Audit Committee shall monitor the auditor's impartiality and independence, evaluate the audit work and discuss the coordination between external and internal audits with the auditor. The Audit Committee shall also assist the company's Nomination Committee in the drawing up of proposals for auditors and recommendations regarding auditor fees.

#### Remuneration Committee

Alimak Group's Remuneration Committee has three members: Anders Thelin (chairman), Eva Lindqvist and Anders Jonsson.

The task of the Remuneration Committee is to prepare matters regarding remuneration and other employment terms for the President and CEO and the company's other senior executives. The work involves preparing proposals for guidelines regarding such matters as the distribution between fixed and variable remuneration, and the relationship between earnings and compensation, principle terms for bonus and incentive programmes, terms for other benefits, pensions, termination and severance pay, as well as preparing proposals for individual compensation packages for the President and CEO and other senior executives. The Remuneration Committee shall also monitor and evaluate the outcome of variable remuneration and ensure the company follows the remuneration guidelines adopted by the AGM.

The Remuneration Committee is also responsible for assisting the Board of Directors with its annual review of senior executives, including the President and CEO, and for facilitating succession planning for senior executives.

#### EXTERNAL AUDITOR

At the AGM on 11 May, 2015, EY (Ernst & Young AB) was appointed as Alimak Group AB's external auditor for the period extending up until the AGM on 2016. Rickard Andersson was appointed as principal auditor. The auditor attends at least one Board meeting a year, at which the auditor reports on the audit for the year and discusses it with the Board of Directors in the absence of the President and CEO or any member of the Group Management Team. Over the past financial year, in addition to its audit work, EY has provided the Group with tax advisory services and other advice. The auditor is paid in accordance with a decision by the AGM. In 2015, total remuneration to the

company's auditor was SEK 8.3 million of which SEK 2.8 million is related to audit services and advice during the IPO.

#### ORGANISATION AND OPERATIVE MANAGEMENT

The Alimak Group is organised into four business areas: Construction Equipment, Industrial Equipment, Rental and After Sales. The business area managers, who are responsible for business operations within each area, report directly to the President and CEO of Alimak Group AB. The business areas are organised into regions, with regional managers reporting to each business area manager. The managers of the Group's 17 subsidiaries report to the President and CEO of Alimak Group AB. For further information about the Alimak Group's business areas and operations, visit [alimakgroup.com](http://alimakgroup.com).

#### PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES

In 2015, Alimak Group's Group Management Team consisted of Tormod Gunleiksrud, President and CEO, Stefan Rinaldo, CFO, Fredrik Betts, Head of Business Area Construction Equipment, Nils-Erik Hågström, Head of Business Area General Industry, Frank Klessens, Head of Group Product Management, Jose Olguin, Head of Business Area Oil & Gas, Michael Pagendam, Head of Business Area After Sales, Alexander Pantchev, Chief Procurement Officer, Rolf Persson, Head of Global Manufacturing and CEO of Alimak Hek AB and Henrik Teiwik, Head of Business Area Rental & Business Development.

Mark Noble took up the post of Head of Business Area Industrial Equipment in November 2015 and joined Alimak's Group Management Team. Sofia Wretman took up the position of Head of Communications & IR and new member of the Group Management Team on 1 February, 2016.

The President and CEO is subordinate to the Board of Directors and is responsible for the company's ongoing management and daily operations. The division of work between the Board of Directors and President and CEO is set out in the rules of procedure for the Board of Directors and the instruction to the President and CEO. The President and CEO is also responsible for producing reports and compiling information ahead of Board meetings, as well as for presenting material at such meetings.

According to the financial reporting instructions, the President and CEO is responsible for financial reporting in the

company and must therefore ensure that the Board receives adequate information in order to be able to evaluate the company's financial position.

The President and CEO must keep the Board of Directors continually informed about developments in the company's operations, sales performance, the company's earnings and financial position, liquidity, key business events and all other events, circumstances or conditions that may be considered to be of significance to the company's shareholders.

The President and CEO, Group Management Team and other senior executives are presented on page 40.

#### GUIDELINES FOR REMUNERATION TO THE PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES

According to the Companies Act, the Board of Directors is obliged to present proposals for guidelines for remuneration to the President and CEO and other senior executives at the AGM. Issues regarding remuneration to the President and CEO and other senior executives shall be prepared by the Remuneration Committee and decided on by the Board of Directors. For further information on proposals for guidelines regarding remuneration of senior executives and remuneration in 2015, see page 45 and Note 5.

#### INSIDER TRADING AND INFORMATION POLICY

The company has established policy documents, with the aim of informing employees and other affected parties within Alimak Group AB (publ) and the Group about the relevant rules and regulations for the company's information provision and the special requirements that apply to persons operating within a listed company, for example regarding price-sensitive information. In this context the company has also developed procedures for handling the distribution of information that has not been published (usually called an insider list, or log book).

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

Alimak Group works with a risk management programme that is an integral part of the operative and strategic governance of the company. Operations are based on a framework for governance that comprises a Code of Conduct, policies and guidelines that regulate the management of the Alimak Group.

The Board of Directors and the

President and CEO are ultimately responsible for ensuring that internal controls are developed, communicated to and understood by those company employees who are responsible for the individual control procedures, and for ensuring that the control procedures are monitored, implemented, updated and maintained. Managers at all levels are responsible for ensuring that internal controls are established within their own areas of activity, and that these controls fulfil their purpose.

At Group level, the President and CEO, global business area managers, global head of production, CEO of each local company and the Group's CFO, together with the Group Finance Function, are responsible for ensuring that the necessary controls are in place and are followed up. Internal controls include control over the company and Group's organisation, procedures and follow-up measures. The aim is to guarantee reliable and correct financial reporting, to ensure that the company and Group's financial reporting is established in compliance with the law, relevant accounting standards and other requirements.

The internal control system also aims to monitor compliance with the company and

Group's policies, principles and instructions. Furthermore, the system ensures protection of the company's assets and that the company's resources are utilised in a cost-effective and appropriate manner. Internal control is also conducted via follow up of implemented information and business systems, as well as through risk analysis. The Group's external auditors are also used to confirm fundamental controls attributable to authorised signatories, and for special audit projects on a case by case basis.

The Board of Directors has concluded that Alimak Group, in addition to current processes and functions for internal control, currently does not need to add a separate internal control function to the organisation. Follow up is carried out by the Board and Group Management Team and the level of control is assessed to meet the company's needs. An annual assessment will be made to evaluate whether it is necessary to establish a separate internal control function to maintain good internal control.

### **MONITORING OF CODE OF CONDUCT**

The Alimak Group's approach to sustainability work is based on the risks and

opportunities identified within the area of sustainability, including follow up of the Group's Code of Conduct, which is based on the ten principles enshrined in the UN Global Compact regarding social responsibility, the environment and business ethics. The Board of Directors adopts the Group's policies, including the Code of Conduct, and the Group Management Team establishes sustainability targets and indicators. A new Code of Conduct and other Group policies were adopted in connection with the stock market listing in June 2015. The Code of Conduct and policies were implemented during the financial year via communication and training for employees in the Group.

Responsibility for implementing and monitoring compliance with the Code of Conduct is incumbent upon the President and CEO and other members of the Group Management Team. The practical implementation of the Code of Conduct during the year was delegated to the Group's purchasing, production and sales and service organisations, and is followed up annually by the Group Management Team and reported back to the Board. For further information about the Alimak Group's sustainability work, see page 28.

The Board of Directors Stockholm, 11 April 2016



# AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of Alimak Group AB (publ),  
corporate identity number 556714-1857

It is the Board of Directors who is responsible for the corporate governance statement for the year 2015 on pages 32-36 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.

Stockholm, 12 April 2016  
Ernst & Young AB

**Rickard Andersson**  
Authorized Public Accountant

# BOARD OF DIRECTORS



**1. ANDERS THELIN**

**Chairman of the Board since: 2015**

**Born:** 1950.

Independent of the company and major shareholders

**Education:** MSc in Engineering Physics, Uppsala University.

**Other board assignments:** Chairman of the Board of Logstor A/S.

**Former board assignments:** Board member Haldex AB, 2007–2012, and Seco Tools AB, 2011–2013,

**Professional experience:** CEO Sandvik Venture, 2012–2013. CEO Sandvik Tooling, 2000–2011. Member of Sandvik AB Group Management Team, 2000–2013. CEO Sandvik Coromant, 1999–2003. Vice President Production and Logistics, Sandvik Coromant, 1994–1999. Various managerial positions within the Sandvik Group, 1976–1994.

**Alimak committees:** Chairman of the Remuneration Committee.

**Alimak shareholding:** 118,866

**2. GÖRAN GEZELIUS**

**Board member since: 2009**

**Born:** 1950

Independent of the company and major shareholders

**Education:** MSc in Chemical Engineering, KTH Royal Institute of Technology. MSc in Economics and Business, Stockholm School of Economics.

**Professional experience:** 2009– Owner, Deplano AB. President & CEO Gunnebo AB, 2005–2009. Vice President Atlas Copco AB and Business Area Manager Industrial Technique, 2000–2005. Various managerial positions within the Sandvik Group, 1982–2000.

**Other board assignments:** Chairman of the Swedish Shareholders' Association. Chairman of the Board of Förlagssystem AB, Chairman of the Board of SEKAB Biofuel Industries AB, and other Board appointments within the SEKAB Group. Board member, Cleanergy AB. Board member and owner, Deplano AB.

**Alimak committees:** Chairman of the Audit Committee.

**Alimak shareholding:** 113,151 (via endowment insurance)

**3. EVA LINDQVIST**

**Board member since: 2015**

**Born:** 1958

Independent of the company and major shareholders

**Education:** MSc in Engineering, Linköping Institute of Technology. MBA, Melbourne University.

**Other board assignments:** Board member Assa Abloy AB, Bodycote, Caverion Oy, Mycronic AB, Sweco AB.

**Professional experience:** CEO Xelerated Holding AB, 2009–2011. CEO TeliaSonera International Carrier, 2002–2007. Senior Vice President Telia Equity, 2000–2002. Various senior positions within Ericsson, 1981–1999.

**Alimak committees:** Member of the Audit Committee and Remuneration Committee.

**Alimak shareholding:** 10,791

**4. ANDERS JONSSON**

**Board member since: 2011**

**Born:** 1950

Independent of the company but not independent of major shareholders

**Education:** MSc in Engineering, Linköping Institute of Technology. Stockholm School of Economics Executive Leadership Program.

**Other board assignments:** Chairman of the Board of Talis GmbH. Board member Mycronic AB and Rejlers Group AB. Deputy Chairman of the Board, Swedish Swiss Chamber of Commerce in Zurich.

**Professional experience:** Industrial Consultant to Triton Private Equity, 2011–. Member of ABB Group Management Team in Zurich and Head of Robotics Division, 2006–2010. Head of ABB's Automation Segment in China, 2005–2006. Global managerial positions within ABB based in Zurich, 1988–2005. Various managerial positions within ASEA/ABB Sweden, 1979–1988.

**Alimak committees:** Member of the Remuneration Committee.

**Alimak shareholding:** 390,402

**5. CARL JOHAN FALKENBERG**

**Board member since: 2010**

**Born:** 1975

Independent of the company but not independent of major shareholders

**Education:** MBA, Stockholm University.

**Other board assignments:** Board member Kährs, Imtech and Infratek.

**Professional experience:** Investment consultant Triton Advisers. Has previously held positions at Credit Suisse, London and ABB, Zurich.

**Alimak committees:** Member of the Audit Committee.

**Alimak shareholding:** 141,438

**6. JOAKIM ROSENGREN**

**Board member since: 2008**

**Born:** 1960

Independent of the company and major shareholders

**Education:** MSc in Economics and Business, Stockholm School of Economics.

**Other board assignments:** DeLaval International AB, DeLaval Holding AB and DeLaval Hamra Gärd.

**Professional experience:** 2003– CEO DeLaval International AB. Previously held various positions within the Tetra Pak Group, 1984–2002, most recently CEO of Tetra Pak Nordic and Tetra Pak Packaging Material.

**Alimak shareholding:** 141,438

**7. ÖRJAN FREDRIKSSON**

**Employee representative**

**Board member since: 2016**

**Born:** 1968

**Appointed by:** IF Metall

**Alimak shareholding:** 0

Kenneth Johansson, Employee representative, retired in 2016 and was replaced by Örjan Fredriksson.

**8. GREGER LARSSON**

**Employee representative**

**Board member since: 2009**

**Born:** 1959

**Appointed by:** PTK

**Alimak shareholding:** 0



# GROUP MANAGE- MENT TEAM



**1. TORMOD GUNLEIKSRUD**

**Title: President and CEO**

**Born:** 1960.

**Took up post:** 2012

**Education:** Engineering, Sofienberg Technical School, Oslo.

**Professional experience:** Head of Operational Excellence Robotics Business Unit, ABB in Switzerland. Regional Head of Division for North Asia and China. Various senior positions within ABB Robotics, Process Automation and Oil & Gas since 1984.

**Alimak shareholding:** 406,000

**2. SOFIA WRETMAN**

**Title: Head of Communications and IR**

**Born:** 1977

**Took up post:** 2016

**Education:** Master's in Political Science, Stockholm University.

**Professional experience:** Senior Consultant Hallvarsson & Halvarsson 2008–2016, Communications Manager SAS Institute 2005–2008.

**Alimak shareholding:** 0

**3. ROLF J PERSSON**

**Title: Head of Global Manufacturing and MD of Alimak Hek AB**

**Born:** 1965

**Took up post:** 2007

**Education:** MSc in Engineering, Luleå University of Technology.

**Professional experience:** CEO Franke Futurum AB, 2002–2007. Head of Production Franke Futurum AB, 1999–2001. Technical Director Volvo Trucks, 1995–1998. Head of Quality Assurance and Delivery Quality Volvo Trucks, 1991–1994.

**Alimak shareholding:** 264,000

**4. FREDRIK BETTS**

**Title: Head of Business Area Construction Equipment**

**Born:** 1975

**Took up post:** 2014

**Education:** BA Business Administration, Thames Valley University, London.

**Professional experience:** Global Sales Director ABB Robotics Service, ABB UK Ltd, London. Member of management team ABB Robotics Service, 2010–2013. Regional Sales Director ABB Robotics Southeast Asia, ABB Malaysia, Kuala Lumpur, 2008–2010

**Alimak shareholding:** 43,620

**5. ALEXANDER PANTCHEV**

**Title: Chief Procurement Officer**

**Born:** 1980

**Took up post:** 2014

**Education:** BSc Banking and Law, London Metropolitan University.

**Professional experience:** Strategic Procurement Manager, ABB AB Robotics, 2011–2013. Production Line Manager, ABB/LV Motors 2009–2011. Strategic procurement, ABB AB Robotics, 2006–2009.

**Alimak shareholding:** 1,136

**6. FRANK KLESSENS**

**Title: Head of Group Product Management**

**Born:** 1964

**Took up post:** 1994

**Education:** Degree in Economics and IT, Hogeschool Zuid.

**Professional experience:** Business Area Manager Alimak Hek Group, 2001–2013. CFO Hek International Group, 1994–2001. Audit Manager, EY, 1987–1993.

**Shareholding:** 261,176

**7. HENRIK TEIWIK**

**Title: Head of Business Area Rental & Business Development**

**Born:** 1980

**Took up post:** 2013

**Education:** Degree in Economics and Business, Stockholm School of Economics.

**Professional experience:** Junior partner (Associate Principal) at McKinsey & Company specialising in Corporate Finance & Strategy, 2005–2013.

**Alimak shareholding:** 79,366

**8. JOSE OLGUIN**

**Title: Head of Business Area Oil & Gas**

**Born:** 1952

**Took up post:** 1983

**Education:** BSc in Engineering, University of Mexico.

**Professional experience:** Head of Business Area Construction and several senior positions within the Alimak Group.

**Shareholding:** 135,617

**9. MICHAEL PAGENDAM**

**Title: Head of Business Area After Sales**

**Born:** 1966

**Took up post:** 2005

**Education:** BA in Business Management, specialising in sales and marketing.

**Professional experience:** Business Development Manager Volvo Truck and Bus Southern England Ltd UK, 2002–2005. Director of After Sales Volvo Trucks International, Singapore, 1999–2002. Various managerial positions within Volvo UK since 1989.

**Alimak shareholding:** 331,875

**10. STEFAN RINALDO**

**Title: Chief Financial Officer**

**Born:** 1963

**Took up post:** 2007

**Education:** BA in Economics and Business, Karlstad University.

**Professional experience:** Senior Vice President, Business Development & Operational Control, Alimak Hek Group AB, Sweden. Vice President, Global Operations & Customer Service HVDC, ABB Power Systems, Sweden. Business Unit Manager, HVDC Light, ABB Power Systems, Sweden. Business Area Controller, Business Area Power Systems, ABB Ltd, Switzerland.

**Alimak shareholding:** 266,000

**11. MARK F. NOBLE**

**Title: Head of Business Area General Industry**

**Born:** 1951

**Took up post:** 2015

**Education:** BA in English from Allegheny College, Meadville PA.

**Professional experience:** Global Director of After Sales Services Schindler Management in Switzerland, 2010–2014. VP Sales and Marketing Asia Pacific Schindler Management in Hong Kong, 2009–2011. MD Schindler Elevator in Shanghai, 2000–2008. Various positions Sika Corporation, USA.

**Alimak shareholding:** 0

Nils-Erik Haggström, Head of Business Area General Industry, retired in 2015 and was replaced by Mark F. Noble.

## ANNUAL REPORT 2015

# Financial statements

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# Directors' report

The Board of Directors and President and CEO of Alimak Group AB hereby submit the Annual Report and consolidated accounts for the financial year 1 January 2015 – 31 December 2015. Alimak Group AB is a public limited company with registered offices in Stockholm, company reg. no. 556714-1857.

## OPERATIONS AND OPERATIVE STRUCTURE

Alimak Group AB is the parent company of a group which is a world-leading supplier of hoists, elevators, platforms and after-market services for the industrial and construction sectors. The Group has manufacturing operations in Sweden and China and a sales and servicing network in more than 60 countries, supplying and maintaining vertical access solutions. At present there are close to 22,000 hoists, elevators and platforms installed around the world.

Operations are split into four business areas: Construction Equipment, Industrial Equipment, Rental and After Sales, which also forms the Group's operating segment.

The Construction Equipment business area designs, develops, manufactures and distributes a wide range of hoists and platforms, which are often installed for temporary use in connection with construction and refurbishment projects.

The Industrial Equipment business area also designs, develops, manufactures and distributes a wide range of elevators and platforms. The business area's customers demand equipment for permanent use in a broad spectrum of industries, such as oil and gas, ports and shipyards, energy and cement.

The After Sales business area supports the Group's installed equipment within both industry and construction through after-market services, including installation, maintenance, replacement parts, contract-based servicing, technical support, remote monitoring systems and direct customer training throughout the lifespan of the equipment. The Group is the leading service provider for its own equipment, with an estimated market share of around 55 percent of equipment in operation.

The Rental business area offers rental of Alimak construction hoists and platforms to customers on four key markets: France, the Benelux countries, Germany and Australia. Rental also offers the sale of used equipment.

## Purchasing and supply of materials

For its manufacturing, the Group purchases made-to-order and standardised materials, components and services from both regional and global suppliers. Certain key components are also made within the Group. The Group uses several different suppliers as far as possible and always tries to avoid being dependent on a single supplier. The Group endeavours to negotiate supplier agreements with its main suppliers. All suppliers must comply with the requirements imposed by the Group regarding precision of supply and financial stability, as well as environmental and social objectives.

## Sustainability and corporate responsibility

The Group's business ethical code summarises the Group's basic guidelines and directives for employees' relationships with one another, stakeholders and other parties. The code also defines

the Group's approach in order to ensure that all operations are pursued with a high degree of integrity. The Group has high internal requirements and strict rules with regard to social and environmental issues, as well as business ethics.

## SIGNIFICANT EVENTS DURING THE YEAR

At an extraordinary general meeting on 24 March 2015, a decision was made to change the company name from Apolus Sweden AB to Alimak Group AB. On 17 June 2015, Alimak Group was listed on the NASDAQ OMX exchange in Stockholm.

Refinancing of the Alimak Group was carried out prior to the listing. This involved a set-off issue which converted a shareholder loan into equity. The issue was carried out at a premium and generated SEK 960 million for the Group in addition to an increase in parent company share capital. See also below under 'Parent company' for information on issues during 2015. The Group's bank credit facilities were also rearranged and net debt has fallen to SEK 371.1 million (556.0), while the equity/assets ratio increased from 26.6 percent to 61.0 percent.

In 2015, the Group's revenue rose by 17 percent to SEK 2,036.3 million, with healthy profitability. The Group's premium hoists and elevators are performing well in mature markets, while the range of hoists and elevators for the mid-market segment has experienced sales successes in emerging markets.

## FINANCIAL OVERVIEW

### Comparative overview

| SEK thousand                          | 2015      | 2014      | 2013      | 2012      |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Net sales                             | 2 036 291 | 1 742 476 | 1 517 145 | 1 498 327 |
| Operating profit/loss                 | 296 208   | 287 656   | 267 260   | 137 439   |
| Profit/loss after net financial items | 198 281   | 91 725    | 118 934   | -34 799   |
| Profit/loss for the year              | 135 022   | 46 499    | 79 028    | 40 600    |
| Balance sheet total                   | 3 359 585 | 3 253 970 | 2 733 827 | 2 746 346 |
| Equity/assets ratio <sup>1)</sup>     | 61%       | 27%       | 25%       | 22%       |
| Average number of employees           | 1 077     | 996       | 865       | 810       |

<sup>1)</sup> Adjusted equity/balance sheet total

In May 2014, the Group acquired Heis-Tek Group's offshore operations, which are included in the Group from 1 July 2014.

## Net sales and operating profit/loss

Group net sales totalled SEK 2,036.3 million (1,742.5). Operating profit for the Group was SEK 296.2 million (287.7).

| Split by business area | 2015           |                       | 2014           |                       |
|------------------------|----------------|-----------------------|----------------|-----------------------|
|                        | SEKm           | Operating profit/loss | SEKm           | Operating profit/loss |
| Construction           | 553,3          | 38,3                  | 333,4          | -10,0                 |
| Industrial             | 485,6          | 27,5                  | 545,3          | 96,5                  |
| Rental                 | 308,4          | 20,4                  | 278,5          | 1,5                   |
| After Sales            | 689,0          | 210,0                 | 585,2          | 199,6                 |
|                        | <b>2 036,3</b> | <b>296,2</b>          | <b>1 742,5</b> | <b>287,7</b>          |

Business area Construction Equipment had a positive sales growth in mature markets as well as emerging markets, with the exception of primarily China and Brazil. Construction Equipment showed an impressive margin improvement in 2015, compared with the previous year. Sales channels have increased significantly during the year and now more than 60 distributors' worldwide can offer Alimak's solutions.

Business area Industrial Equipment has been affected by the lower demand in the upstream oil and gas, as well as in the mining industry. The overall uncertainty in the market has increased and income as well as profit margins have declined during the year. Good sales performance in certain sectors was achieved in 2015 and the Group is increasing the market channels, improving the production efficiency, supplementing the range of products and addressing new markets.

The After Sales business has to some extent been affected by increased uncertainty in the industrial sector in general, and oil and gas in particular. After Sales revenues and margins are overall stable but with some price pressure and lower demand for refurbishment and upgrading of industrial elevators.

Business area Rental continued to grow as a result of an improved construction market. Revenue as well as profitability has improved significantly in 2015 compared with the previous year, driven by higher utilization rate and increased efficiency through Lean and other improvement projects carried out during the year.

**Financial income and expenses**

Net financial items during the year amounted to SEK -97.9 million (-195.9) and have been positively affected by the refinancing of the Group and by the discontinuation of an intercompany loan structure.

**Tax**

The total tax expense for 2015 was SEK -63.3 million (-45.2), which corresponds to a tax rate of 31.9 percent (49.3). The tax expense varies depending on the geographic distribution of where profits arise and opportunities to utilise any deficits.

**Profit for the year**

Profit for the year amounted to SEK 135.0 million (46.5). Profit for the year was affected by non-recurring costs of SEK 54.1 million, primarily related to the stock-exchange listing and rearrangement of loans. The previous year's profit was impacted by non-recurring costs of SEK 29.2 million in connection with the Heis-Tek acquisition, the increase in manufacturing capacity in China and the restructuring of the Dutch operations in connection with relocation.

The difference between profit and comprehensive income for 2015 is mainly due to the increase in the translation reserve regarding foreign operations, and revaluation of pension schemes. The previous year's difference was mainly attributable to a marked increase in the translation reserve.

**Cash flow**

Cash and cash equivalents at 31 December 2015 amounted to SEK 450.0 million (384.7). Consolidated cash flow from operating activities in 2015 totalled SEK 239.8 million (309.5). The decline compared with the previous year is largely due to a strong second half of 2014 with positive effects from the production start in China, deliveries of new mid-market segment products and the acquisition of Heis-Tek. Consolidated cash flow from investing activities amounted to SEK -28.8 million (-121.2). Consolidated cash flow from financing activities totalled SEK -134.6 million (-18.2). The previous year's investing activities include the acquisition of Heis-Tek and cash flow for the year from financing activities is affected

by refinancing, with rearrangement of bank credit facilities.

**Financing and financial position**

At the end of the year, the Group's balance sheet total was SEK 3,359.6 million (3,254.0). Net debt totalled SEK 371.1 million (556.0) and mainly comprises loans from credit institutions (see Note 18). Compared with 31 December 2014, trade receivables increased by SEK 28.0 million to SEK 365.8 million. Inventory increased by SEK 30.9 million to SEK 343.9 million, attributable to input goods as well as finished goods and goods for resale.

**Investments**

The Group's investments in non-current assets in 2015 totalled SEK 43.1 million (66.8). Depreciation during the period amounted to SEK 51.9 million (48.6).

**Goodwill and other intangible non-current assets**

At the end of the financial year, the book value of intangible non-current assets totalled SEK 1,729.7 million (1,703.7), of which goodwill comprised SEK 1,720.8 million (1,702.4). A test for determining whether there was an impairment requirement for goodwill was carried out at the end of the 2015 financial year. The test revealed that there was no impairment requirement.

**Equity**

At 31 December 2015, the Group possessed equity of SEK 2,052.1 million (864.2). Besides the result of the year's operations, the change in equity is also due to an increase in equity via the set-off issue, as well as to the translation reserve regarding foreign operations, changes in the fair value of cash flow hedges and revaluation of defined benefit pension schemes.

**PERSONNEL**

The Group prefers to have its own permanent workforce and makes proactive and conscious efforts to ensure that its employees are healthy and operate in safe working environments. Each company in the Group has its own personnel policy that complies with local laws, rules and agreements. The current staffing level is considered to be well adapted to present order volumes and adjustments are made on an ongoing basis. The average number of employees in 2015 was 1,077 (996). At year-end, the number of employees totalled 1,091 (1,079). Salaries and remuneration in 2015 amounted to SEK 488.4 million (426.3).

**RESEARCH AND DEVELOPMENT**

The aim of the Group's research and development work is to increase customer productivity, reduce environmental impact, improve the working environment and cut costs. R&D is a top priority within the Group and also covers the development of production techniques, production processes and IT systems as needed. The work is mainly carried out at, or close to the production companies and in close cooperation with customers. There is an extensive exchange of experience between the business areas in order to create synergy effects and qualitative source documentation. Research and development expenses for the year totalled SEK 40.2 million (34.7).

**FUTURE PROSPECTS**

The Group's medium-term target is to achieve annual growth of 10 percent and an operating margin of 17 percent. The positive trend in sales and profit in 2015 shows that the Group's strategic initiatives are generating results. Growth in 2016 will, however, be impacted by the weak demand in oil and gas and the mining industry, coupled with low growth in China. Activities

to help boost growth include enlarging the retailer and distributor network, a heightened focus on customer segments that are experiencing growth, development of the product portfolio and continual evaluation of potential business acquisitions. Measures have also been taken to promote meticulous cost control in order to maintain the operating margin.

With the activities already planned or under way in production and sales, as well as continued efficiency enhancements, the Group is expected to be able to continue achieving a healthy operating margin consistent with our financial targets over the coming years.

### ENVIRONMENTAL IMPACT

The Group company Alimak Hek AB in Skellefteå carries out environmentally licensed operations in accordance with the Swedish Environmental Code and is under an injunction for precautionary measures, which means that if a guideline value is exceeded, it must be addressed. The company has been environmentally certified in accordance with the international standard ISO 14001 since January 2009, and since May 2014 has been certified in accordance with the international working environment standard, OHSAS 18001.

### SHARE CAPITAL AND OWNERSHIP

At the end of 2015, Alimak Group's share capital amounted to SEK 866,525.78, allocated among 43,326,289 shares. The company has just one type of share, and all shares carry one vote. At 31 December 2015, Triton, the single largest shareholder in Alimak Group, held 12,298,486 shares, corresponding to 28.4 percent of both votes and share capital. Further information regarding the company's share and ownership can be found on pages 30-31.

### CORPORATE GOVERNANCE

In accordance with the Swedish Annual Accounts Act, Alimak Group has prepared a corporate governance report that includes the Board of Directors' report on internal control. This is presented separately from the Annual Report and can be found on pages 32-36 of this document.

### BOARD OF DIRECTORS' PROPOSAL FOR GUIDELINES REGARDING REMUNERATION OF SENIOR EXECUTIVES

Alimak Group AB has established principles and forms for remuneration of senior executives. The Board of Directors and its Remuneration Committee make decisions regarding the structure of the remuneration system, as well as the size and forms for remuneration of senior executives. The Board of Directors proposes that the AGM adopt the following guidelines for determining salary and other remuneration to the company's Chief Executive Officer (CEO) and other senior executives. Senior executives include Alimak Group's CEO and members of the Group Management Team. The guidelines apply to contracts entered into following a decision by the AGM, as well as to cases where changes are made to existing contracts after this point in time.

The Board of Directors is permitted to deviate from the guidelines below in individual cases where there are specific reasons or needs.

#### General

It is of fundamental significance to the company and its shareholders that the guidelines for remuneration of senior executives in the short- and long-term perspective create good conditions for attracting and retaining talented employees and managers. In order to achieve this, it is important to maintain fair and internally balanced conditions that are also commercially competitive in

terms of structure, scope and level of remuneration.

Employment terms and conditions for senior executives should include a well-balanced combination of fixed salary, annual bonus, long-term incentive programmes, pension benefits and other benefits, as well as conditions in the event of termination of employment/severance pay.

The total annual cash payment, i.e. fixed salary plus bonus and other long-term cash remuneration, should be consistent with conditions in the geographical market in which the individual works and is employed. The total level of remuneration should be reviewed annually to ensure that it is in line with the market for comparable positions in the relevant geographical market in which the individual works.

Compensation shall be based on performance. It should therefore include a combination of fixed salary and bonus. The variable remuneration should comprise a relatively large portion of total compensation but be limited to a predetermined maximum amount.

The Annual Report contains details of the total remuneration and other benefits that have been paid to senior executives during the year.

### Remuneration and remuneration forms

The company's remuneration system comprises various forms of remuneration, with the purpose of creating well-balanced compensation that supports short- and long-term management by objectives and target achievement.

#### Fixed salary

Fixed salaries are determined individually and based on each employee's role and level of responsibility, as well as the individual's expertise and experience in the relevant position.

#### Short-term incentives/Annual bonus

Senior executives receive an annual bonus payment that is paid once a year. The annual bonus is variable and paid as a percentage of the fixed salary. Bonus targets should preferably be related to the outcome of financial targets for the company, along with any clearly defined individual objectives relating to specific tasks. The latter are used to ensure a focus on non-financial targets of particular interest.

Financial targets for the bonus are established annually by the Board of Directors, with the aim of ascertaining that they are consistent with the company's business strategy and earnings targets. The Remuneration Committee is tasked by the Board of Directors with deciding on the financial targets for individuals proposed by the company's CEO.

The portion of the total remuneration that comprises the annual bonus varies depending on position, and may amount to 70 percent of the fixed annual salary in the event of full target achievement for the CEO and a maximum of 50 percent of the fixed annual salary for full target achievement for other senior executives. The establishment of targets is designed in such a way as to ensure that no bonus is payable if the minimum performance level has not been achieved.

#### Long-term incentive programme

The Board of Directors will evaluate annually whether or not a long-term incentive programme (e.g. share or share price based) should be proposed to the AGM. At the 2016 AGM it is proposed that no decision be taken regarding a long-term incentive programme.



**Remuneration to Board members**

Board members elected by the AGM shall in special circumstances be able to receive fees and other remuneration for work carried out on behalf of the company, in addition to Board work. For such services, a market-based fee shall be paid, which shall be approved by the Board of Directors.

**Pensions**

Senior executives who are entitled to pensions shall have defined contribution pension agreements when entering into new pension agreements. Pension provisions for senior executives will be made in accordance with the pension rules of the respective country. The basic principle is that pension provisions are based solely on fixed salary. Certain individual adjustments may be made in order to comply with customary practices in the respective geographical market.

**Other benefits**

Other benefits, such as company cars, remuneration for fitness activities and health insurance shall comprise a small portion of total compensation and be consistent with standard commercial practices in the respective geographical market.

**Special remuneration**

In addition to the remuneration described above, in exceptional cases agreements may be entered into regarding additional remuneration, for example when deemed necessary in order to attract and retain key personnel, or to encourage individuals to relocate to new areas or new positions. However, such special remuneration shall be for a limited period of time and shall not exceed 36 months. Neither shall such payment exceed twice the remuneration the employee would have received had such an agreement on special remuneration not been entered into.

**Terms regarding termination of employment and severance pay**

Terms regarding termination of employment and severance pay shall comply with customary practices in the respective geographical market. The company's CEO is obliged to give notice of 6 months, and the company must give 12 months' notice to the CEO. Other senior executives have notice periods of up to 6 months. When signing new employment contracts, agreement may be reached with senior executives on severance pay corresponding to a maximum of 12 months' fixed salary. This only applies when notice is being given by the company, otherwise standard practices in the geographical market in which the employee operates apply.

**Other**

The company's cost regarding variable remuneration to senior executives may total a maximum of approximately SEK 9,300,000 (excluding social security contributions).

**PARENT COMPANY**

For the first half of 2015, the parent company Alimak Group AB functioned purely as a holding company without any direct operations. In the second half of the year, the President and CEO and CFO were transferred as employees to the parent company and the company pursues operations with regard to certain Group services. The Group's total borrowing was also transferred to Alimak Group AB in 2015.

Net sales for the year totalled SEK 7.5 million (-) and the operating loss was SEK -15.5 million (0). Financial income and expenses totalled SEK -45.7 million (-83.5), and profit before tax for the year amounted to SEK 83.8 million (76.5). Profit for the year was

SEK 65.4 million (59.6). Group contributions received of SEK 145 million (160.0) are included in profit for the year.

At the end of the year, the equity/assets ratio was SEK 80.2 percent (55.8). During the year, the company carried out a bonus issue and a set-off issue, which increased the share capital by SEK 767 thousand. The set-off issue was carried out at a premium, which means that the company and Group's equity gained a further SEK 960 million in addition to an increase in share capital of SEK 207 thousand.

At the end of the year, cash and cash equivalents including unutilised credit commitments and overdraft facilities totalled SEK 1,573.6 million.

**EVENTS AFTER THE END OF THE FINANCIAL YEAR**

No significant events have occurred after the end of the financial year.

**PROPOSED ALLOCATION OF PROFIT**

| <b>The following amounts are at the disposal of the Annual General Meeting</b> |                      |
|--|----------------------|
| Retained earnings  | 1 919 578 731        |
| Profit for the year  | 65 364 199           |
|  | <b>1 984 942 930</b> |

**The Board of Directors proposes that the funds are allocated as follows**

|   |                      |
|---|----------------------|
| Cash dividend to shareholders of SEK 2,00 per share | 86 652 578           |
| To be carried forward                               | 1 898 290 352        |
|   | <b>1 984 942 930</b> |

13 May 2016 is proposed as record day.

**RISK MANAGEMENT**

The group operates on a global market and is exposed to competition and a pressure on prices on that market. The general global economic climate and the global markets do in many ways affect the operations run by the group's end customers which, in turn, can have an impact on the demand for the group's products. The customer demand in, for example, the industries of construction, oil and gas, port and ship building, energy and cement industries is of great importance to the group. The objective of risk management in the company is to support the goals stipulated at the same time as avoiding undesired financial events. The risks in the group's activities can generally be divided into strategic risks, operating risks and financial risks.

**STRATEGIC RISKS**

**The financial cycle**

The group's markets may be affected in line with changes in the general financial cycles. Investments in infrastructure, industrial production and residential construction does impact the group operations as the group's products and services are used in these sectors. Any negative developments for the group's customers can also have an impact on the inflow of orders. The financial profit or loss from operations is dependent on the group's ability to react quickly to changes in demand and, in particular, to adjust production levels and manufacturing and operating costs.

**Competition**

The group competes with regional and local competitors in all business sectors. A regional/local competitor may benefit from being more familiar with the political or financial situation on the regional/local markets and have a better relationship with

suppliers and end customers. Some competitors may also have financial resources or the ability to offer customer financing or discounts, which may provide them with a competitive advantage. The group's competitors may also try to extend their global presence. Any changes to the structure of the group's competitors or emergence of new competitors on the market may give rise to further competitive pressures and result in a reduction of the group's sales, market share and prices.

### Acquisitions

The group has previously, and may do so in the future as well, consolidated its market positions through both organic growth, the acquisition of operations and the improvement of its efficiency. Growth through acquisitions is to its very nature risky due to the difficulties in estimating the fair value of the assets being acquired and the opportunities for integrating operations and staff. In this connection, the group may incur acquisition costs and other associated costs. There are no guarantees that the group can successfully integrate operations which have been acquired or that these, once integrated, will perform as expected.

### Political risk

The group is exposed to risks of political and social unrest in the countries where the group or its customers are operating. Such unrest may, in difficult jurisdictions, have a negative impact on customers' demands for the group's products and service or have a negative impact on the group's ability to operate within such jurisdictions. Furthermore, the group may end up not have a sufficient contingent plan or capacity for recovery in place in order to be able to deal with a larger incident or crisis. As a consequence, its operative contingent may be affected which could have a significant negative impact on the group's operations, its financial situation and its profit/loss as well as its reputation.

### Statutory requirements or norms

The group has operations in several jurisdictions and subject to international, national and local laws and regulations such as, but not limited to, laws and regulations on work and employment, environment, health and safety, customs, anti-corruption, trade, competition and anti-trust. The group is also subject to foreign trade laws. Furthermore, the group operates in an area where regulatory requirements change frequently, continuously develop and may end up stricter. The group's compliance with applicable laws and regulations may be costly, in particular in areas where there is inconsistency between different jurisdictions in which the group operates. The rules for the products and the services may also change over time and per market.

The group is furthermore subject to anti-bribery laws and regulation in the countries in which the group operates prohibiting companies and their intermediaries from performing or receiving banned payments. Also, many of the jurisdictions where the group operates have regulations which require that the group desists from doing business with certain countries or with certain organisations or intermediaries which are listed on an international list.

Failure to adopt and enforce suitable internal rules for ensuring compliance with this may give rise to serious criminal or civil sanctions and the group may be the subject of other obligations which could have a significant negative impact on its operations, financial position and profit/loss.

### Trademark

One important competitive edge for the group is its trademark which is associated with safety, reliability and quality.

The group's reputation is particularly important in relation to new and existing customers and distributors. Thus, all real or perceived problems around operations and logistics, issues regarding security, the reliability and quality of the group's products or the loss of a well-known customer may mean that the group's reputation is harmed.

## OPERATING RISKS

### Sales price

The prices of the group's products and services may change very quickly on certain markets. This can be caused by a number of factors, including short-term variations in demand, lack or surplus of products, uncertainty of local economic conditions, import rules and an increased competition. An overcapacity in the industry may occur in the event of a quick reduction in demand. This overcapacity may cause a further pressure on prices.

### Sales channels

The group has a limited ability to manage, monitor and follow up the operations of its distributors. The group is not always able to ensure that their distributors comply with all laws regarding the sale and service of the group's products or fully comply with the rules set by the group which might have significantly negative impact on the reputation and operations of the group.

### Profitability

The long-term profitability of the group is dependent on the company's ability successfully to develop and market its products and services. The group intends to strengthen its global presence on the market by broadening its product range but the profitability of these products may grow slower or not at all compared with the group's previous products. Thus, it may not be possible for the group to compete successfully due to its inability to reduce its production costs or meet up with market offers for its products at an attractive combination of price and quality compared with its competitors.

### Manufacturing risk

The group's production facilities are in Sweden and China. Any stoppage or interruptions in the production process caused by, for example, fire, mechanical faults, weather conditions, natural disasters, labour market conflicts or acts of terror may have negative side effects in the form of direct damage to property and stoppages undermining the group's ability to fulfil its obligations towards its customers.

### Dependency on suppliers

The group purchases materials and components from many external suppliers. A portion of the group's requirements for materials and input goods is fulfilled by a few strategic suppliers. The effects of stoppages in deliveries is dependent on articles and components. Certain articles and components are industry standard whereas others are of our own development and require unique tools which would take time to replace. The group's costs for materials and components may vary greatly over the economic cycle. Variations in cost may be caused by changes to world market prices for raw materials or the ability of one of our suppliers to deliver.

### Dependency on global market prices

Any movement in the prices of steel components, driving units, electronics and cables may impact the group's production and manufacturing costs, which the group may not be able to carry

over to its customers. The group aims to minimise the effect of volatility in the price of raw materials through price adjustment mechanisms built into their agreements with suppliers and customers. Even if the group tries to pass on its cost increases through regular reviews and adjustments of sales prices and has in general displayed a good ability to adapt to changes in the input price, the group has in the past not always been successful in passing on cost increases and may not be able to do so in the future. Any significant increases in prices that the group cannot fully pass on to its customers can have a significant negative impact on the group's profitability.

**Taxes**

The group runs its operations through companies in several countries. Transactions between group companies are carried out in accordance with the group's perception or interpretation of applicable tax law, other tax-related rules and requirements made by the relevant tax authorities. The tax authorities in the countries concerned could also make assessments and decisions which would deviate from the group's perception or interpretation of the aforementioned laws, agreements and other regulations. Many of the companies forming part of the group operate cross-border transactions which involve materials and services regarding associated group companies. Due to these cross-border transactions, the group is exposed to tax risk, in particular in terms of rules on internal pricing which is applicable in multiple jurisdictions. To the extent that the group is found not to have complied with applicable regulations for internal pricing, including the arm's lengths principle, which is applicable within the framework of such rules, the group may be the subject of further tax payments, with interest and penalty charges. The group's tax situation, both for this current year and preceding years may change due to decisions by the tax authorities concerned or as a result of changes to laws, agreements and other rules. Such decisions or changes, possibly retroactive, may have a negative impact on the group's operation, its financial position or profit/loss.

**Intangible assets**

The group uses a combination of trademarks, licences, patents and other measures to protect its intangible rights. Even if the group is not dependent on any large patents or licences for its operations, the group is of the opinion that its trademarks play an important role in maintaining its competitive edge. The group has a portfolio of trademarks across the globe but does not enjoy the same level of protection in all countries and there is a risk that the laws in certain foreign countries where the group operates may not adequately be able to protect its intangible assets. The measures that the group has taken or will take in order to protect its intangible rights does perhaps not provide sufficient protection and third parties may be able to infringe on the group's intangible rights and the group has possibly not got sufficient resources to enforce its intangible rights. Furthermore, the existence of intangible rights does not guarantee that the manufacture, sale or use of the group's products does not infringe on the intangible rights of others. The group's balance sheet, includes significant goodwill amounts. The value of goodwill may deteriorate and the process for impairment testing includes many assessments, assumptions and estimates by management which in turn reflect a large degree of uncertainty. If it is perceived that impairment has occurred, the group would be obliged to write down its goodwill which would result in a significant negative impact on the group's operations, its financial position and profit/loss.

**Complaints and suits**

The group's products and global sales exposes it to potential claims regarding defects and/or usage causing, resulting in, or allegedly causing or resulting in personal injury, project delays or damages or other negative effects. All claims for product liability, regardless of whether they relate to personal injury or project delays or damages, may be costly and time-consuming to defend and could potentially damage the group's reputation. Furthermore, if successful, product liability claims could mean that the group would be required to pay considerable damages. Whilst the group currently has product liability insurance to cover any product liability caused by the use of its products, the insurance cover may turn out to be insufficient in individual cases. Furthermore, product liability claims may derive from defects in parts and/or components purchased from third-party suppliers. Such third-party suppliers may not keep the group free from loss for defects in such parts and/or components or may only provide a limited amount of compensation for damages which is insufficient to cover the damages arising from the product liability claim. A product liability claim, with or without foundation, may cause considerable negative publicity and therefore have a considerable negative impact on the group's operations, its financial position and profit/loss as well as its reputation. Furthermore, any fault or defect in the group's products relating to material designs, manufacturing or quality, or other security issues, or related problems may also require a product recall or a voluntary replacement programme by the group. The group may also be subject to complaints and suits from customers, employees or other third parties. This can also apply to issues regarding health, environment, security or operations or a failure to comply with applicable laws and regulations. Even if these disputes were to be successfully solved without negative financial consequences, they may have negative consequences for the group's reputation and use up resources.

**Quality**

The group sells its products with warranty conditions limited in time. If the group experiences an increase in warranty claims or if its repair and replacement costs relating to warranty claims were to increase significantly, that could harm the group's reputation and increase the groups warranty costs.

**Environmental risks**

The group's previous and current operating activities, facilities and properties are subject to extensive and changeable foreign, domestic and local laws and regulations regarding air emissions, waste-water emissions, handling and removal of fixed and hazardous materials and waste, cleaning of pollutions and other laws and regulations regarding the environment, health and safety. The group may, from time to time, be involved in administrative or legal matters regarding the environment, health and safety.

The group may, from time to time, be obliged to carry out cleaning up of pollution and cleaning up of emissions of regulated materials at the facilities that it owns or operates (including pollution caused by previous owners and operators of such facilities). The group can also not guarantee that, in the future, there will not be identifications of currently unidentified environmental circumstances, more stringent executions by the supervisory authorities or other unpredicted events nor that such will give rise to further environmental responsibilities, costs for regulatory compliance and/or sanctions which may be significant. Furthermore, environmental law and regulations are continuously developing and it is impossible to make precise predictions about. Every aforementioned risk may have a sig-

nificant negative impact on the group's operations, its financial position and profit/loss.

#### **Insurance risk**

The group has liability insurance for a range of risks due to stoppages in operations, liability and property loss. Whilst the risks are insured to levels which have been deemed as financially reasonable by the management team, the group's insurance cover could in individual cases turn out to be insufficient. Furthermore, there are certain types of losses which are not insured, either because they are held as impossible to insure or have been excluded from the relevant insurances policies. This includes, for example, loss of property caused by war or terrorism or professional/personal liability relating to dishonest, intentional or criminal acts. Furthermore, the group cannot ensure that insurance policies will remain available at financially reasonable conditions or that the group's insurance providers will not require the group to increase its premium. The realisation of any one of these risks could have a significant negative impact on the group's operations, its financial position and profit/loss.

#### **Human capital risk**

Some of the group's employees are organised in trade unions or represented by company councils covered by collective bargaining agreements. If the group is unable to negotiate acceptable agreements with the trade unions or company councils, that could, among other things, result in strikes, work stoppages or other actions by the staff concerned which would cause increased operational costs. If the employees of the group were to participate in a strike, work stoppages or other measures, the group could experience considerable interruptions to its operations and increased ongoing staffing costs which could have a significant negative impact on the group's operations, its financial situation and its profit/loss as well as its reputation. Another key factor for realising the group's objectives is the employees and their knowledge and competence. The future development is dependent on the company maintaining its position as an attractive place to work. In order to support this, the group aims for a decentralised working climate.

#### **FINANCIAL RISKS**

The Group is exposed to different types of financial risk. The Group's overall policy for financial risk management at any given time is to minimise the negative impact of the Group's earnings due to fluctuations in the market.

#### **Interest rate risk**

Interest rate risk is the risk that changes in the interest rate markets will have a negative effect on the Group's net interest items, fair values and cash flows. The Group's interest rate risk occurs mainly from its borrowing. If the Group's measures for hedging and otherwise controlling the effects of interest rate changes are ineffectual, the interest rate changes may have a significant negative impact on the Group's operations, its financial position and earnings.

Furthermore, the Group has both defined benefit and defined contribution pension schemes in which funding status, liabilities and costs for the maintaining of such pension schemes can be affected by developments on the financial markets and, in particular, interest rate fluctuations. Thus, the Group's future pension liability costs may increase significantly, which could have a material negative impact on the Group's operations, its financial position and earnings.

#### **Liquidity risk**

The Group's primary source of liquidity is its net cash, which is generated in its operations and via short- and long-term bank loans. In the future, the Group may require additional financial resources in order to achieve its strategic objectives, or to respond to negative trends in its business or operations. Furthermore, negative development in the Group's sales or margins or other unforeseen obligations, changes in the timing of tax payments, payments of current liabilities or the receipt of payment for current receivables could put pressure on liquidity and working capital and potentially result in a need for additional financing. In order to obtain the necessary financing, the Group may use disposable financial assets and/or obtain additional financing, for example financing with equity, loan financing or other financing. The availability of such additional financing is dependent on a range of factors such as market conditions, the general availability of credit, the total availability of credit on the financial markets and the Group's credit rating.

#### **Currency risk**

The Group is exposed to financial risks arising as a consequence of variations in exchange rates, which may have a negative impact on consolidated cash flow, profit/loss or the balance sheet. Exchange rate changes impact consolidated profit/loss partly when sales and purchases in foreign subsidiaries are carried out in different currencies (transaction exposure), and partly when income statements and balance sheets are converted into Swedish kronor (conversion exposure). Furthermore, the comparability of the Group's earnings between periods is affected by exchange rate fluctuations. Even if the Group maintains and updates its hedging arrangements in order to reduce the level of exposure to exchange rate fluctuations, its hedging strategy may ultimately be insufficient or unsuccessful. If the Group's hedging measures and other approaches to controlling the effects of exchange rate movements should prove insufficient, this may have a significant negative impact on the Group's operations, its financial position and earnings. The foreign exchange risk is the risk that exchange rate changes will have a negative impact on consolidated earnings.

#### **Credit risk**

The credit risk is the risk that the Group's customers may not fulfil their payment obligations. The Group's payment terms for customers vary depending on the business area and geography, and the Group is of the opinion that many of these customers are dependent on liquidity from the global credit markets and in some cases, require external financing in order to finance their operations. Consequently, a lack of liquidity in the market may have a negative impact on customers' ability to make payments within the framework of existing contracts with the Group and lead to a reduction in, or cancellation of orders for the Group's products and services. If the Group's measures to mitigate financial and credit risks are insufficient, this may have a significant negative impact on the Group's operations, its financial position and earnings.



# Consolidated income statement

| Amounts in tSEK   | Note    | 2015           | 2014           |
|---|---------|----------------|----------------|
| Net sales   | 3       | 2 036 291      | 1 742 476      |
| Cost of goods sold  | 4       | -1 216 626     | -1 000 656     |
| <b>Gross profit/loss</b>  |         | <b>819 665</b> | <b>741 820</b> |
| Selling expenses  |         | -255 765       | -235 082       |
| Administrative expenses   |         | -227 494       | -184 334       |
| Development expenses  |         | -40 198        | -34 748        |
| <b>Operating profit</b>   | 4,5,6,7 | <b>296 208</b> | <b>287 656</b> |
| <i>Financial income and expenses</i>  |         |                |                |
| Financial income  | 8       | 30 044         | 28 688         |
| Financial expenses  | 8       | -127 971       | -224 619       |
| <b>Profit after financial net</b>   |         | <b>198 281</b> | <b>91 725</b>  |
| <b>Profit before tax</b>  |         | <b>198 281</b> | <b>91 725</b>  |
| Tax   | 9       | -63 259        | -45 226        |
| <b>Profit for the year</b>  |         | <b>135 022</b> | <b>46 499</b>  |
| The profit/loss for the year attributable to shareholders in the parent company |         | 135 022        | 46 499         |
| Profit per share SEK <sup>1)</sup>  |         | 3,12           | 1,07           |

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

### Other comprehensive income

#### *Items not to be reclassified to the income statement*

|   |               |             |
|---|---------------|-------------|
| Remeasurement of pensions                     | 29 384        | -864        |
| Tax attributable to remeasurement of pensions | -5 955        | 190         |
| <b>Total</b>                                  | <b>23 429</b> | <b>-674</b> |

#### *Items that may be reclassified to the income statement*

|   |               |                |
|---|---------------|----------------|
| Translation difference for the period           | 45 613        | 164 432        |
| Change in fair value of cash flow hedges        | 30 109        | -29 617        |
| Hedges of net investments in foreign operations | -             | 4 642          |
| Tax attributable to hedges                      | -6 624        | 5 495          |
| <b>Total</b>                                    | <b>69 098</b> | <b>144 952</b> |

|   |        |         |
|---|--------|---------|
| <i>Total other comprehensive income</i> | 92 527 | 144 278 |
|---|--------|---------|

|  |                |                |
|--|----------------|----------------|
| <b>Total comprehensive income for the year</b> | <b>227 549</b> | <b>190 777</b> |
|--|----------------|----------------|

|   |                |                |
|---|----------------|----------------|
| <b>This year's comprehensive income for the period attributable to shareholders in the parent company</b> | <b>227 549</b> | <b>190 777</b> |
|---|----------------|----------------|

<sup>1)</sup> Based on the existing number of shares 43 326 289

# Consolidated balance sheet

| Amount in tSEK                              | Note  | 2015-12-31       | 2014-12-31       |
|---|-------|------------------|------------------|
| <b>ASSETS</b>                               |       |                  |                  |
| <b>Fixed assets</b>                         |       |                  |                  |
| <i>Intangible assets</i>                    |       |                  |                  |
| Goodwill                                    | 11    | 1 720 772        | 1 702 404        |
| Other intangible assets                     | 10    | 8 962            | 1 253            |
|   |       | <b>1 729 734</b> | <b>1 703 657</b> |
| <i>Tangible assets</i>                      |       |                  |                  |
| Land and buildings                          | 12    | 43 313           | 44 005           |
| Plant and machinery                         | 12    | 57 497           | 61 271           |
| Equipment, tools, fixtures and fittings     | 12    | 29 034           | 29 996           |
| Rental equipment                            | 12    | 138 217          | 141 289          |
|   |       | <b>268 060</b>   | <b>276 561</b>   |
| <i>Financial and other long-term assets</i> |       |                  |                  |
| Deferred tax receivable                     | 9     | 68 391           | 96 043           |
| Other long-term receivables                 |       | 6 208            | 8 107            |
|   |       | <b>74 599</b>    | <b>104 150</b>   |
| <b>Total fixed assets</b>                   |       | <b>2 072 393</b> | <b>2 084 368</b> |
| <b>CURRENT ASSETS</b>                       |       |                  |                  |
| <i>Inventories</i>                          | 14    | 343 891          | 313 037          |
| <i>Current receivables</i>                  |       |                  |                  |
| Accounts receivable – trade                 | 16    | 365 834          | 337 836          |
| Tax receivables                             |       | 7 249            | 7 699            |
| Derivatives                                 | 15,18 | 2 592            | –                |
| Other receivables                           |       | 74 293           | 85 724           |
| Prepaid expenses and accrued income         | 17    | 43 320           | 40 626           |
|   |       | <b>493 288</b>   | <b>471 885</b>   |
| <i>Cash and bank</i>                        |       | 450 013          | 384 680          |
| <b>Total current assets</b>                 |       | <b>1 287 192</b> | <b>1 169 602</b> |
| <b>TOTAL ASSETS</b>                         |       | <b>3 359 585</b> | <b>3 253 970</b> |

# Consolidated balance sheet

| Amount in tSEK                                | Note  | 2015             | 2014             |
|---|-------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>                 |       |                  |                  |
| <b>Equity</b>                                 |       |                  |                  |
| Share capital                                 |       | 867              | 100              |
| Other paid-in capital                         |       | 2 175 371        | 1 215 233        |
| Reserves                                      |       | 91 816           | 22 718           |
| Retained earnings and net profit for the year |       | -215 952         | -373 843         |
| <b>Total equity</b>                           |       | <b>2 052 102</b> | <b>864 208</b>   |
| <b>Long-term liabilities</b>                  |       |                  |                  |
| Long-term borrowings                          | 18    | 743 268          | 692 169          |
| Liabilities to group companies                | 18    | –                | 918 809          |
| Other long-term liabilities                   | 18    | –                | 516              |
| Provisions for pensions                       | 19    | 34 555           | 64 465           |
| Other provisions                              | 20    | 35 204           | 47 049           |
| Deferred tax liability                        | 9     | 51 174           | 37 835           |
|   |       | <b>864 201</b>   | <b>1 760 843</b> |
| <b>Current liabilities</b>                    |       |                  |                  |
| Short-term borrowings – interest bearing      | 18,22 | 77 823           | 248 531          |
| Advance payments from customers               |       | 37 343           | 32 542           |
| Accounts payable – trade                      |       | 158 582          | 160 306          |
| Tax liabilities                               |       | 13 263           | 6 101            |
| Derivatives                                   | 15,18 | 2 929            | 29 617           |
| Other liabilities                             |       | 54 091           | 61 563           |
| Accrued expenses and deferred revenue         | 23    | 99 251           | 90 259           |
|   |       | <b>443 282</b>   | <b>628 919</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>           |       | <b>3 359 585</b> | <b>3 253 970</b> |

For information on the Group's assets pledged and contingent liabilities, refer to note 21.

# Consolidated cash flow statement

| Amount in tSEK   | Note | 2015-01-01<br>-2015-12-31 | 2014-01-01<br>-2014-12-31 |
|--|------|---------------------------|---------------------------|
| <b>Operating activities</b>  |      |                           |                           |
| Profit before tax  |      | 198 281                   | 91 725                    |
| <i>Adjustments for non-cash items</i>  |      |                           |                           |
| Depreciation and amortisation  | 7    | 51 915                    | 48 597                    |
| Disposals  |      | –                         | 3 177                     |
| Unrealised foreign exchange differences                                      |      | 16 456                    | 73 516                    |
| Profit for the year from sale of fixed assets                                |      | 610                       | -34                       |
| Capitalised interest on borrowings   |      | 41 535                    | 83 528                    |
| Change in distribution of loan costs   |      | 13 731                    | 4 225                     |
| Change in provisions for pensions  |      | 4 502                     | 3 589                     |
| Change in other provisions   |      | 1 171                     | 20 994                    |
|  |      | <b>328 201</b>            | <b>329 317</b>            |
| Income taxes paid  |      | -39 302                   | -32 341                   |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>288 899</b>            | <b>296 976</b>            |
| <i>Cash flow from changes in working capital</i>                             |      |                           |                           |
| Change in inventories  |      | -22 173                   | -25 081                   |
| Change in current receivables  |      | -14 938                   | -39 800                   |
| Change in current liabilities  |      | -11 977                   | 77 444                    |
| <b>Cash flow from operating activities</b>                                   |      | <b>239 811</b>            | <b>309 539</b>            |
| <b>Investment activities</b>   |      |                           |                           |
| Acquisition of operations  |      | –                         | -58 581                   |
| Acquisition of intangible fixed assets                                       | 10   | -313                      | -830                      |
| Acquisition of tangible assets   | 12   | -42 835                   | -65 950                   |
| Disposal of tangible assets  |      | 14 334                    | 7 521                     |
| Acquisition of financial assets  |      | –                         | -3 954                    |
| Disposal of/reduction in financial assets                                    |      | –                         | 606                       |
| <b>Cash flow from investment activities</b>                                  |      | <b>-28 814</b>            | <b>-121 188</b>           |
| <b>Financing activities</b>  |      |                           |                           |
| Loans raised   |      | 926 541                   | 94 097                    |
| Repayment of loans   |      | -1 061 139                | -112 280                  |
| <b>Cash flow from financing activities</b>                                   |      | <b>-134 598</b>           | <b>-18 183</b>            |
| <b>Cash flow for the year</b>  |      | <b>76 399</b>             | <b>170 168</b>            |
| <b>Cash at the beginning of the year</b>                                     |      | <b>384 680</b>            | <b>189 931</b>            |
| <b>Translation differences in cash</b>                                       |      | <b>-11 066</b>            | <b>24 581</b>             |
| <b>Cash at the end of the year</b>   |      | <b>450 013</b>            | <b>384 680</b>            |



**SUPPLEMENTARY DISCLOSURES TO THE CONSOLIDATED CASH FLOW STATEMENT**

| Amount in tSEK  | 2015-01-01<br>-2015-12-31 | 2014-01-01<br>-2014-12-31 |
|---|---------------------------|---------------------------|
| <b>Interest paid and received</b>   |                           |                           |
| Interest received   | 7 813                     | 7 135                     |
| Interest paid   | -43 079                   | -49 395                   |
| <b>Cash and bank</b>  |                           |                           |
| <i>The following sub-components are included in cash and bank balances:</i> |                           |                           |
| Cash and bank   | 450 013                   | 384 680                   |
|   | <b>450 013</b>            | <b>384 680</b>            |

# Changes in consolidated equity

| Amount in tSEK                          | Share capital | Other paid-in capital | Translation reserve | Hedging reserve | Retained earnings and net profit for the year | Total equity     |
|---|---------------|-----------------------|---------------------|-----------------|---|------------------|
| <b>Opening balance 1 January 2014</b>   | 100           | 1 215 233             | -122 234            |                 | -419 668                                      | 673 431          |
| Profit/loss for the year                |               |                       |                     |                 | 46 499  | 46 499           |
| Other comprehensive income for the year |               |                       | 168 053             | -23 101         | -674  | 144 278          |
| Total comprehensive income for the year | –             | –                     | 168 053             | -23 101         | 45 825  | 190 777          |
| <b>Closing balance 31 December 2014</b> | <b>100</b>    | <b>1 215 233</b>      | <b>45 819</b>       | <b>-23 101</b>  | <b>-373 843</b>                               | <b>864 208</b>   |
| <b>Opening balance 1 January 2015</b>   | <b>100</b>    | <b>1 215 233</b>      | <b>45 819</b>       | <b>-23 101</b>  | <b>-373 843</b>                               | <b>864 208</b>   |
| Profit/loss for the year                |               |                       |                     |                 | 135 022                                       | 135 022          |
| Other comprehensive income for the year |               |                       | 45 613              | 23 485          | 23 429  | 92 527           |
| Total comprehensive income for the year | –             | –                     | 45 613              | 23 485          | 158 451                                       | 227 549          |
| Bonus issue                             | 560           |                       |                     |                 | -560  | –                |
| Set-off issue                           | 207           | 960 138               |                     |                 |   | 960 345          |
| <b>Closing balance 31 December 2015</b> | <b>867</b>    | <b>2 175 371</b>      | <b>91 432</b>       | <b>384</b>      | <b>-215 952</b>                               | <b>2 052 102</b> |

#### Translation reserve

The translation reserve comprises all foreign exchange differences arising on translation of financial statements of foreign operations that have prepared their financial reports in a currency other than the currency in which the consolidated financial statements are presented.

#### Hedging reserve

The hedging reserve relates to currency hedging after tax of the future cash flows for which the hedged items are not yet accounted for in the balance sheet.

# Notes to the consolidated financial statements

Amounts in tSEK unless otherwise indicated

## NOTE 1. ACCOUNTING POLICIES

### COMPANY INFORMATION

Alimak Group AB (publ), corp. ID no. 556714-1857 has its registered office in Stockholm, Sweden. The registered office address is Brunkebergstorg 5,3 tr, 111 51 Stockholm.

On 11 April 2016, the Board of Directors approved this annual report and consolidated accounts for publication and they will be finally adopted by the Annual General Meeting of the parent company on 11 May 2016.

The financial statements are prepared on the basis of historical acquisition cost. Financial assets and liabilities are recognized at accrued acquisition value, except for certain financial assets and liabilities which are valued at their fair value. Financial assets and liabilities measured at fair value consist entirely of derivatives instruments.

The parent company's functional currency is Swedish kronor, which is also the reporting currency for the parent company and the Group. That means that the financial reports are presented in Swedish kronor.

### BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups of the Swedish Financial Accounting Standards Council, International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU.

Consolidated accounts were prepared in accordance with IFRS for the first time for the financial year 2014. The group applied the exemption of not remeasuring assets and liabilities but to report these at the values included in the parent company's consolidated accounts. These are based on the parent company's transfer date to IFRS unless adjustments have been made for reasons of consolidation and due to the operational acquisition through which the parent company acquired the subsidiary.

The parent company's annual report is prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Council's recommendation RFR 2 Reporting for legal entities and statements by the Swedish Financial Reporting Council.

The following accounting policies have been, unless otherwise stated, applied consistently in all periods presented in the Group's financial reports.

### NEW STANDARDS AND INTERPRETATIONS

The following new and amended standards and interpretations have come into force and apply for the financial year 2015:

#### STANDARDS EFFECTIVE AS OF 1 JANUARY 2015 PER EU

None of the changes and interpretations of existing standards applicable from the financial year beginning January 1 2015 have significant impact on the Group's or parent company's financial statements.

*The International Accounting Standards Board (IASB) has published the following new and amended standards which are yet to come into force:*

#### STANDARDS EFFECTIVE AFTER 1 JANUARI 2015 PER EU

On 1 January 2018, IFRS 9 Financial Instruments will come into force and replace IAS 39 Financial Instruments. The standard has not yet been approved by the EU. It has not been decided when the Group will adopt the standard. In the coming year, the Group will commence the work in evaluating how IFRS 9 will impact the Group's financial reports.

IFRS 15 Revenue from Contracts with Customers will replace all previously issued standards and interpretations regarding revenue with one comprehensive model for all revenue recognition.

The standard specifies that revenue should be recognised when an entity transfers control of goods or services to a customer. This can occur either over time or at a point in time. IFRS 15 will come into force on 1 January 2018. EU has not yet adopted this standard and it has not been decided when the standard will be applied. In the coming year, the group will commence the work in evaluating how IFRS 15 will impact the group's financial reports. IFRS 16 Leases replaces IAS 17 on 1 January 2019. So far there is no information about when the EU will approve the standards, hence 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 been initiated.

No other of the IFRS Interpretations Committee statements that have not yet come into force are expected to have any significant impact on the Group.

The above-mentioned new and amended standards and interpretations that have not yet come into force have not yet been applied.

### ESTIMATES

In order to prepare the consolidated financial statements in accordance with IFRS, certain accounting estimates are made. The board also makes its own assessment when applying the group's accounting policies. The areas where estimates and assessments are significant for the group are presented under "Important estimates and assessments for accounting purposes".

### BASIS FOR PREPARING THE REPORTS

The financial reports are presented in thousands of Swedish kronor (tSEK). They have been prepared using historical cost except for certain financial assets and liabilities which are measured at fair value. Financial information with associated notes in the income statement, other comprehensive income, cash flow statement and the balance sheet are presented with one comparative year.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated annual financial statements include Alimak Group AB and all its subsidiaries.

Subsidiaries are companies in which the parent company directly or indirectly owns more than 50% of the voting rights or otherwise has a controlling influence on the operational and financial management. Subsidiaries are reported in accordance with the acquisition method. The acquisition value for an acquisition is the fair value at the time of acquisition of assets which are provided as payment and accrued or liabilities taken over, acquisition costs are not included in the acquisition value. An acquisition analysis is prepared when control is obtained. Acquired identifiable assets, liabilities and contingent liabilities are valued at their fair value. The difference between the sum of the purchase sum, the value of the minority and the fair value of previous holdings and the fair value of acquired identifiable assets, liabilities and contingent liabilities is classified as goodwill. If there is a negative difference, the difference is reported immediately in the profit-and-loss statement. Any minority holdings are either reported as a proportional share of the acquired net assets or at their real value which is assessed for each acquisition. Additional purchase sums are initially reported at their fair value with subsequent changes reported in the profit-and-loss statement. In the case of gradual acquisition, the acquisition analysis is prepared at the time control is obtained. The effect of the reassessment of previously owned shares is reported in the income statement. For acquisitions or divestment of minority holdings, i.e. when the subsidiary is still controlled, this is reported as changes within equity. The consolidated profit/loss includes the parent company profit-and-loss statement and its directly or indirectly owned subsidiaries or elimination of group-internal transactions, unrealised consolidated profits and impairments of acquired surplus values. From the point of acquisition until the point when the controlling influence ceases, the acquired company's revenue and costs, identifiable assets and liabilities and any goodwill arisen are included in the consolidated accounts.

### BUSINESS ACQUISITIONS

For business acquisitions, the acquisition cost (purchase price) is calculated as the fair value of the assets acquired and the liabilities arising or being

taken over on the day of the acquisition, including the fair value of any additional purchase price. Transaction costs relating to the acquisition are carried as an expense as incurred. The purchase price is allocated to acquired assets, liabilities and contingent liabilities based on their fair value, including any assets and liabilities which have not been reported in the acquired company's balance sheet, for example intangible assets such as customer relations and trademarks. Goodwill arises when the purchase price exceeds the fair value of acquired net assets. The final amounts are set no later than one year after the day of transaction.

### RELATED-PARTY TRANSACTIONS

All transactions with related parties are performed at market prices.

### SEGMENT REPORTING

The Group has four operational segments. The segments are identified based on the Group's four main business sectors and the operating segments are consistent with the internal reporting provided to the chief operating decision maker. The Group has identified the parent company's President and CEO as the chief operating decision maker. The segments are responsible for the operating profit/loss in their operations whereas financial net, taxes and the balance sheet are not reported by segment. The operating profit/loss for the segments are consolidated in accordance with the same principles as for the group as a whole. The segments are separate business areas in the companies that the group comprises.

### TRANSLATION OF FOREIGN CURRENCIES

#### **Functional and presentation currency**

Items in the financial reports for the units included in the consolidated group are measured in the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial reports are prepared in Swedish kronor (SEK), which is the parent company's functional currency and the Group's reporting currency.

#### **Transactions and balance sheet items**

Transactions in foreign currencies are translated to the functional currency using the exchange rate on the transaction date. Monetary assets and liabilities stated in a foreign currency are translated into the functional currency at the closing day rate. Such translation differences are reported in the income statement, except for hedging transactions that meet the requirements for hedge accounting of cash flow hedges or of net investments. For such hedging transactions the profit/loss is recognised in other comprehensive income. Non-monetary assets and liabilities carried at historical cost are translated using the exchange rate applicable at the time of the transaction.

#### **Group companies**

The balance sheets for foreign subsidiaries are translated to Swedish kronor at the closing day exchange rate. The income statements are translated at the average exchange rate for the year. Translation differences arising from translation of foreign subsidiaries are reported in other comprehensive income and accumulated in the translation reserve included in equity.

Goodwill and adjustment of fair value arising in business acquisitions are treated as assets and liabilities in the acquired business and translated at closing day exchange rate. The translation difference is recognised in other comprehensive income.

### CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Cash flows for foreign subsidiaries are translated at the average exchange rate for the period. Any acquisitions and/or sales of subsidiaries are included, net after acquired/sold liquid funds, in cash flow from investment activities. Liquid funds are cash funds and bank funds.

### REVENUE RECOGNITION

The Group manufactures, sells and leases hoists and platforms and offers services for the equipment through four business areas: Construction Equip-

ment, Industrial Equipment, Rental and After Sales.

Revenue is recognised when it is probable that the future economic benefits will be realised by the group and these benefits can be reliably measured. The revenue includes only the gross inflows from economic benefits which the company receives or can receive for its own account. Revenue is recognised at fair value of what has been received or will be received with net of deductions for discounts granted and value added taxes.

Revenue for the business areas Construction Equipment and Industrial Equipment occurs at the sale of the products for vertical access solutions that are manufactured by the group. Revenue is recognised when the group has transferred the essential risks and rewards associated with the ownership of the products to the customer and when the company does not retain any involvement in the ongoing administration that is generally associated with ownership and the group exercises no control or over the products sold.

Revenue for After Sales services is recognised when the services are performed or spare-parts are delivered. Revenue for business area Rental is pertaining to leasing of the products manufactured by the group. Revenue is recognised over the contractual period of use, which may differ from operating lease payments received during the year.

Interest income is recognized using the effective interest method.

### INTANGIBLE ASSETS

#### **Goodwill**

Goodwill arises from business acquisitions and is the difference between the total purchase price, the value of minorities and the fair value of previous holdings and the fair value of acquired identifiable assets, liabilities and contingent liabilities. If there is a negative difference, the difference is reported directly in the income statement.

Goodwill is reported at the acquisition value with deductions for any write-downs. Goodwill is continuously followed up and is tested annually, or more often, for impairment. Goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. Each unit or group of units to which goodwill has been allocated correspond to the lowest level in the Group at which the goodwill is monitored. Goodwill is monitored at the operating segment level, which corresponds to the Group's business areas.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate a possible impairment. The carrying value of the cash-generating unit to which goodwill is assigned is compared with the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognized immediately as an expense and not reversed.

#### **Capitalised expenditure for development and similar**

Only those expenses which are directly attributable to the development of new products are capitalised. Expenses related to the development phase are reported as an intangible assets from the point when the expenses are likely to give rise to future economic benefits, which means the point in time when the company management considers that it is technically possible to complete the intangible asset, the company intends to do so and has the ability to complete it and use it or sell it, there are sufficient resources to complete the development and sale and that remaining expenses can be reliably calculated. Capitalised development expenses are depreciated over the useful life which is assessed as being five years. If there are research expenses then these are carried as expenses directly. Trademarks are reported as intangible assets at their acquisition value after deductions for accrued depreciations and any write-downs. The costs for the renewal of trademarks are carried as an expense as incurred. Depreciations are applied in a straight line over the asset's useful life and reported as a cost in the profit-and-loss statement. Computer programs are reported at their acquisition value and include immediately assignable expenses for completing availability for its intended use. The acquisition value is depreciated over the calculated period of use. Expenses for the maintenance of computer programs are carried as an expense as incurred. The following depreciation periods have been applied: 5 years.

Capitalised expenditure for development and similar



**Impairment losses**

Assets with a undefinable period of use that are not ready for use, are not depreciated but are tested annually in terms of any need for depreciation. If there are any indications that an asset may have been impaired, the group calculates the recoverable amount of the asset. The recoverable amount is the highest of an asset’s fair value less cost to sell and its value in use. The asset is written down by the amount which with the asset’s carrying value exceeds the recoverable amount.

**TANGIBLE ASSETS**

Tangible assets refer primarily to machinery, equipment for lease and other equipment. Tangible assets are reported at their acquisition value after deductions for depreciations and any write-downs. The acquisition value includes the purchase price and directly attributable costs. Future expenses are reported as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. The carrying value of a replaced part is derecognised. All other repairs and maintenance are charged to the income statement in the period in which they arise.

Depreciations are applied in a straight line over the asset’s useful life and reported as cost in the profit-and-loss statement.

The following depreciation periods have been applied:

|  |             |
|--|-------------|
| Buildings                                  | 25-50 years |
| Equipment for lease                        | 8-12 years  |
| Plant and machinery                        | 5-10 years  |
| Equipment, tools and fixtures and fittings | 3-10 years  |

The assets’ residual values and useful lives are reviewed at each reporting period and adjusted if necessary. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

**FINANCIAL INSTRUMENTS**

Financial instruments are measured and recognised in the consolidated accounts in accordance with IAS 39. Financial instruments are initially recognised at their acquisition value corresponding to the instruments fair value with additions for transaction costs except for financial instruments which belong to the category financial asset or liability recognised at its fair value through the profit-and-loss statement. Recognition then takes place depending on how the financial instrument has been classified in accordance with below.

For derivative instruments and the purchase and sale of money market and capital market instruments on the avista market, business day recognition is applied. Other financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual conditions of the instrument. Accounts receivable are reported in the balance sheet when invoices have been issued. Liabilities are reported when the counterpart has performed the service and there is a contractual obligation to pay, even if invoices have not yet been received. Accounts payable - trade are reported when the invoices are received.

A financial asset is derecognised from the balance sheet when the entitlements in the agreement have been realised, fall due or the company loses control over them. The same applies for parts of a financial liability. A financial liability is removed from the balance sheet when the obligation under the agreement is fulfilled or is otherwise cancelled. Financial instruments are reported at fair value or amortised cost depending on the initial categorisation under IAS 39.

**Cash flow hedging**

Cash flow hedging is done when currency forwards are used for the hedging of currency risk for future purchases and sales in foreign currency. For derivative instruments which constitute hedging instruments in cash flow hedging it applies that the effective part of the change in value is reported under other comprehensive income while the ineffective part is reported immediately in the profit-and-loss statement. The share of the change in value which is reported under other comprehensive income is then carried over to the balance sheet for the period when the hedged item affects the profit-and-loss statement. If the requirements for hedge accounting are no longer

fulfilled, the accrued value variations reported under other comprehensive income are then carried over to the balance sheet for the period when the hedged item affects the profit-and-loss statement. Value changes from and including the day when the requirements for hedge accounting cease are reported immediately in the profit-and-loss statement. If the hedged transaction no longer is expected to occur, the accrued value changes of the hedging instrument are immediately transferred from other comprehensive income to the income statement.

**Derivative instruments and cash flow hedging**

Derivative instruments comprise currency forward agreements and interest agreements which are used to cover the risks of changes in exchange and interest rates. Currency exposure regarding future forecast flows are hedged mainly using currency forwards. The effective part of the change of the fair value which is identified and qualifies as cash flow hedging is reported in other comprehensive income. The profit or loss attributed to the inefficient part is immediately reported in the the income statement. Accrued amounts in equity are carried over to the profit-and-loss statement for the same periods as the hedged item impacts the profit/loss. When a future transaction is no longer expected to occur, the accumulated profit or loss that exists in equity is reported immediately in the profit-and-loss statement. Hedging of fair values is reported in the income statement together with any changes in the reported value of the hedged asset or liability which is assignable to the hedged risk. If hedging no longer fulfils the criteria for hedging accounting, the reported amount is adjusted for the hedged item, for which the effective interest method is used, and allocated to the result over the remaining period. Value changes to derivatives which do not fulfil the criteria for hedge accounting are reported immediately in the profit-and-loss statement.

**Hedges of net investments in foreign operations**

For derivative instruments in foreign currency as a hedging instrument in a hedge of net investments in foreign operations, it applies that the effective part of the value change is reported in other comprehensive income whereas the inefficient part is reported immediately in the income statement. The value changes reported in other comprehensive income is carried over to the profit-and-loss statement at a later point when the foreign operations are divested. Hedging of net investments is applied when the currency futures in foreign currencies are used to hedge the currency risk of the company’s investments in foreign subsidiaries.

**Calculation of the fair value of financial instruments**

When determining the fair value of short-term investments, derivative instruments and borrowing, official market listings on the balance sheet day are used. In the event that there are none, a valuation is made using generally accepted methods such as the discounting of future cash flows at a listed market rate for each term. The translation to Swedish kronor is carried out using the listed rate on the balance sheet day.

**Amortised cost**

The amortised cost is calculated using the effective interest method, which means that any premium or discount and directly attributable costs or revenue are periodised over the contract term using the calculated effective interest. The effective interest is the interest that provides instrument’s acquisition value as its result for present value calculations of future cash flows.

**Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and reported at net value in the balance sheet when there is a legal right to offset and when there is an intention to adjust the items with a net amount or realise the asset and settle the liability simultaneously.

**Cash and bank**

Cash and bank comprise cash in financial institutions and short-term liquid investments with a term from the point of acquisition of less than three months which are only exposed to an insignificant risk for value fluctuations. Cash and bank are reported at their nominal amounts.

**Financial investments**

Financial investments are comprised of either financial fixed assets or

short-term investments depending on the intention of the holding. If the term or the expected period of holding is more than one year, they are financial fixed assets and if it is less than one year, they are classified as short-term investments.

#### Accounts receivable – trade

Accounts receivable are categorised as “loan receivables and accounts receivables” and are reported at amortised cost. The expected term of accounts receivable is short, which is why the value is reported at its nominal value without discounting. Uncertain accounts receivables are assessed individually and according to their maturity structure, as there might be indications for a need to write down an account receivable when a customer fails to pay or pays late. Any write-downs are reported as operating expenses.

#### Long-term receivables and other receivables

Long-term receivables and other receivables are receivables which occur when the company supplies funds without any intention of trading with this claim. If the term or the expected period of holding is more than one year, they are long-term receivables and if it is less, then shorter other receivables. These receivables are categorised in accordance with IAS 39 as “loan receivables and accounts receivable”. Assets within this category are assessed at the accrued acquisition value. The asset’s value is tested for any need to write down if there are indications that the reported value of the asset is below its accrued acquisition value. Any write-down is reported in operating costs.

#### Accounts payable – trade

Accounts payable - trade are categorised as other liabilities and reported at amortised cost. The expected term of trade creditors is short, which is why the liability is reported at its nominal amount without discounting.

#### Financial liabilities

Liabilities to credit institutes, bank overdraft facilities and other liabilities are categorised as other liabilities and are valued at their accrued acquisition value. Any change in value for financial liabilities is reported as other interest revenue or other interest costs.

#### LEASING

##### The group as lessor

The equipment used in the group’s rental business is owned by Alimak Hek Finance AB and is leased out using operational leasing agreements to companies within the group, which rent the equipment to the end customer. Lease payments received are allocated and reported as revenue in a straight line over the term of the lease agreement.

#### INVENTORIES

Inventories are stated at the lower of cost on a first-in first-out basis, and net realizable value. The cost of finished goods and work in progress comprises raw materials and other direct costs and related production costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. For spare parts included in inventory the turnover rate is considered in the assessment of net realizable value.

#### CURRENT AND DEFERRED TAXES

Income tax comprises current and deferred tax. Income tax is reported in the profit-and-loss statement except when the underlying transaction is reported via other comprehensive income immediately against equity whereby the associated tax impact is reported via other comprehensive income or in equity. Current tax is tax which must be paid or received in the current year. This also includes any adjustment of tax relating to previous periods. Deferred tax must be reported in accordance with the balance sheet method which is paid from temporary differences between reported and tax values of assets and liabilities. Deferred tax is not reported for temporary differences which have occurred at the first reporting of assets and liabilities which are not operating acquisitions and which at the time prior to the transaction do not impact on either the reported or tax result, and temporary differences assignable to shares in subsidiaries which are not expected to be recovered in the foreseeable future. The valuation of deferred tax is based on how reported values for assets and liabilities are expected to be realised or settled. Deferr-

ed tax is calculated by applying the tax regulations and tax rates which have been adopted or adopted in practice on the balance sheet date. Deferred tax liabilities are reported for loss carry-forwards, to the extent it is probable that there will be future profits liable for tax available. The reported values for the deferred tax liabilities are tested at every balance sheet day and are reduced to the extent that it is no longer probable that they can be utilised.

#### COMPENSATION FOR TERMINATIONS

A provision is recognised in connection with termination of employment only if the company is committed to terminate an employee or group of employees’ employment before the normal time or pay compensation for termination through offers that aims to encourage voluntary redundancy. In the latter case, a liability and a cost is recognised if it is probable that the offer will be accepted and the number of employees likely to accept the offer can be reliably calculated.

#### PENSIONS

The group has different pension plans in line with local conditions and the customs of the countries where the company operates. The group has both defined benefit and defined contribution plans.

In a defined benefit plan, it is the company which bears the risk for providing the agreed compensation. In a defined contribution plan, the company has no obligations beyond paying the agreed fees to the plan.

#### Defined benefit pensions

The group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned through their service in the current and prior periods. This compensation is discounted at the present value. The discount rate is the yield on high quality corporate bonds, mortgage bonds or government bonds in cases where an active market for corporate bonds, mortgage bonds lacking, with a remaining maturity approximating the terms of the related liability. These calculations are performed annually by an independent actuary. Furthermore, the fair value of any plan assets is calculated. When determining the present value of the obligation and the fair value of plan assets, there might be actuarial profits and losses. These occur either because the actual outcome deviates from the previous assumption (so-called experience based adjustments) or because the assumptions change. These actuarial profits and losses are reported in the balance sheet and in the profit-and-loss statement under other comprehensive income. When the compensations under a plan are improved, the share of the increased compensation relating to the employees’ service in previous periods is reported as a cost under this year’s profit/loss. The value for pensions and similar liabilities reported in the balance sheet corresponds to the present value of the liabilities at the end of the accounting period with deductions for the fair value of the plan assets.

#### Defined contribution pensions

The Company’s obligations for each period is the amount that the company will contribute for the current period. Consequently, no actuarial assumptions are required to calculate the obligation or costs and there is no possibility of any actuarial profit or loss. The obligation is calculated without discounting, unless it does not fall due for payment in its entirety within 12 months after the end of the period during which the employees render the related services.

#### PROVISIONS

In the group, provisions are made for obligations (legal or informal) based on events which have occurred and which are known or which can reliably be estimated but where the maturity is uncertain. Provisions for warranties are based on known but unsettled warranty commitments. Provisions are made by an amount which is the best estimate of the cash outflow required to settle the current obligation at the balance sheet date. When the effect of payment timing is material, provisions are determined by discounting the expected future cash flow.

#### CONTINGENT LIABILITIES

Contingent liabilities are disclosed when there is a possible obligation that arises from past events and which existence is confirmed only by one or several future events or when there is an obligation which is not recognised as a liability or provision because it is not likely that an outflow of resources will be required.

**IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES**

In order to prepare the group financial statements in accordance with generally accepted accounting policies, estimates and assessments must be made which impact the reported values of assets and liabilities, information on contingency liabilities and pledged assets as per the date on which the group consolidated accounts are prepared and the reported values for income and costs for the reporting period. Estimates and assessments are made on an ongoing basis.

**THE GROUP'S MOST IMPORTANT ESTIMATES AND ASSESSMENTS ARE;**

**Impairment test of goodwill**

Goodwill is tested for impairment annually and also when any events or a change in circumstances indicate that the value of goodwill related to an acquisition may be impaired, for example due to a change in commercial climate or a decision to divest or close certain operations. In order to determine whether impairment of goodwill has occurred, the cash generating unit to which the goodwill relates must be valued. For this the discounted future cash flows of the unit are utilised. Applying this method, the company relies on a number of factors including profits/losses achieved, business plans, economic forecasts and market data.

**Income tax and deferred taxes**

The Group performs significant assessments to determine both current and deferred tax liabilities and assets, not least in terms of the value of deferred tax assets. To this end, the company must assess the likelihood of deferred tax liabilities being used for offsetting against future profits subject to tax. The actual outcome may deviate from these assessments, among other things, due to future changes in the commercial climate, changes in tax rules or the outcome of reviews by tax authorities and tax courts of tax returns submitted which have yet to be completed.

**Pensions**

Actuarial assumptions are important ingredients in the actuarial methods used to measure pension obligations, and may have a material impact on the reported net liability and the annual pension cost. The discount rate is an assumption that has significant importance for the calculation of both the annual pension as the present value of the defined benefit pension obligations this year. The discount rate is used both to calculate the present value of the pension obligation and to estimate the return on plan assets. The discount rate is reviewed quarterly, which affects net debt, and annually, which also affects costs for future years. Other assumptions are reviewed annually and may relate to demographic factors such as retirement age, mortality and staff turnover. A reduced discount rate will reduce the present value of the pension liability and the annual cost.

**Accounts receivable – trade**

The group performs regular assessments of credit risk in outstanding customer credits and allowances are made for estimated losses. The total allocations for uncertain receivables were SEK 23.7 million (16.2) as per 31 December 2015.

**Inventories**

Inventories are reported at the acquisition value or net sale value, whichever is the lowest. Appropriate provisions have been made for obsolescence in accordance with company policy.

**NOTE 2. FINANCIAL RISK MANAGEMENT**

Through the Group's comprehensive and international operations it is exposed to financial risks. The board of Directors is responsible for establishing the Group's finance policy, which comprises guidelines, objectives and limits for financial management and the managing of financial risks within the Group. The financial risks are managed by the Treasury function. The primary objective of the function is to contribute to the creation of value by managing the financial risks to which the Groups is exposed to during the ordinary course of business, and to optimize the Group's financial net. The Treasury function also provides services to Group companies and its task is to support subsidiaries with loans, deposits and foreign exchange deals, and to act as advisors in financial matters. The function conducts internal banking operations and is also responsible for the Group's cash management.

**CURRENCY RISK**

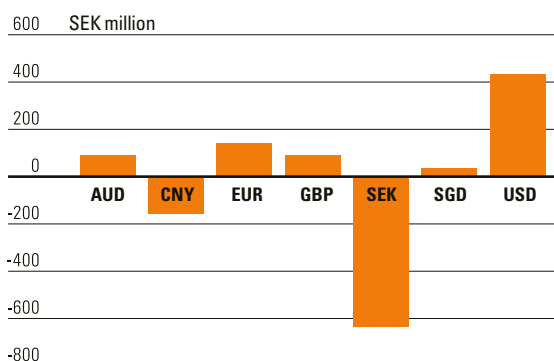
Currency risk is defined as the risk that fluctuations in the foreign exchange market will have an adverse effect on the Group's cash flow, profit or balance sheet. Foreign exchange movements affects the result of the Group when sales and purchases are made in different currencies (transaction exposure). An adverse effect on Group earnings can also occur when earnings of foreign subsidiaries are translated to SEK and on the value of the Group equity when the net assets of foreign subsidiaries are translated to SEK (translation exposure). The currencies with the highest impact on the Group's earnings and the net assets are USD, CNY, EUR, AUD and GBP. The currency risk affects the Group's competitive situation in various ways.

**Transaction exposure**

Changes in exchange rates can adversely affect Group earning when revenues from sales and costs for production and sourcing are denominated in different currencies. Since a large percentage of production is concentrated to a few countries, while sales occur in many countries, the Group is exposed to a large net inflow of foreign currencies. To reduce the exposure to foreign currencies, currencies received are used to pay for purchases in the same currency. Accounts receivable and accounts payable are hedged through financial instruments. Orders are hedged to safeguard the gross margin. In addition, capital investments are hedged. Hedge accounting in line with IAS 39 is applied.

The estimated transaction exposure presented in Graph 1 represents the estimated net flows in different currencies. The estimates are based on the Group's intercompany payments and on payments flows from customers and to suppliers in the most significant currencies. If the SEK unilaterally weakened/ strengthened by one percent against all currencies the effect on the transaction exposure would be an increase/decrease by approximately SEK 6 million.

**GRAPH 1 – ESTIMATED TRANSACTION EXPOSURE IN NET AMOUNTS FOR 2016**



**Translation exposure**

The profit for the year is affected when the financial results of subsidiaries are translated to SEK and other comprehensive income is affected when net assets of subsidiaries are translated to SEK.

**INTEREST RATE RISK**

Interest rate risk is defined as the risk that changes in the interest rate market will have an adverse effect on the Group's net interest items. The impact on the net interest items of a change in interest rates depends on the interest terms of assets or liabilities. The average fixed-interest term on the Group's borrowing was 3 months (6 months) at year-end.

On 25 June 2015 the Group signed a multi-currency Senior Revolving Facility of SEK 1,250 million. Drawdowns under the Revolving Credit Facility are made as short terms loans. The average interest rate on the Group's debt portfolio was 1.8% (3.6%) at year-end.

The Credit Facility of the Group contains certain requirements on key financial ratios, known as covenants. These covenants are the following key financial ratios:

- The Net Debt to EBITDA
- The Net Debt to Equity

**MARKET RISK SENSITIVITY**

|                                     | Change    | 2015                  |                  | 2014                  |                  |
|-------------------------------------|-----------|-----------------------|------------------|-----------------------|------------------|
|                                     |           | Impact on profit/loss | Impact on equity | Impact on profit/loss | Impact on equity |
| Market interest rates <sup>1)</sup> | +1 %      | -6 403                | -6 403           | -6 779                | -6 779           |
| Exchange rates <sup>2)</sup>        | SEK -10 % | 3 058                 | 107 920          | 3 687                 | 134 258          |
| USD                                 |           | 3 172                 | 64 688           | 2 312                 | 97 135           |
| CNY                                 |           | -2 936                | -5 190           | -1 109                | -6 549           |
| EUR                                 |           | -1 083                | 9 525            | -533                  | 11 689           |
| AUD                                 |           | 2 235                 | 16 267           | 437                   | 14 792           |
| GBP                                 |           | -124                  | 10 553           | 919                   | 8 547            |
| Other                               |           | 1 793                 | 12 077           | 1 661                 | 8 645            |

<sup>1)</sup> the annual effect given a 1 % increase in interest rates

<sup>2)</sup> the effect if the SEK unilaterally weakened by 10% against all currencies

The table above shows the estimated effects of a parallel upward shift of one percentage point in all interest rates on external loans and a unilaterally weakened in the SEK by ten percent against all currencies. The estimated effects are shown after tax, without considering the effects of cash flow hedges and all other parameters are assumed to be constant.

**CREDIT RISK**

The credit risk is the risk that the counterpart in a transaction does not fulfill its contractual obligations.

The maximum credit risk is the equivalent of the posted value of the financial assets. Given the Group's distribution of costumers and the fact that the customers are operating at different market segments and geographies, the general underlying credit risk is assessed to be relatively low. Individual credit assessments are made for all customers. The Group's financial assets which neither have matured nor been written down are considered to have high credit rating.

**MAXIMUM CREDIT EXPOSURE**

|                             | 2015-12-31     | 2014-12-31     |
|-----------------------------|----------------|----------------|
| Other long-term receivables | 6 208          | 8 107          |
| Accounts receivable - trade | 365 834        | 337 836        |
| Derivatives                 | 2 592          | –              |
| Other receivables           | 74 293         | 85 724         |
| Cash and bank               | 450 013        | 384 680        |
| <b>Total</b>                | <b>898 940</b> | <b>816 347</b> |

**FUNDING AND LIQUIDITY RISK**

Funding risk is the risk that the Group does not have access to adequate financing on acceptable terms at any given point in time. The Senior Revolving Facility of SEK 1,250 million has a tenor of five years with maturity 2020. The liquidity risk is defined as the risk that the Group cannot full fill its short term payment obligations. According to the financial policy of the Group the liquidity reserve shall at all times amount to such a level it can cover fluctuations in the daily business over the next six months. To meet this requirement the Group has overdraft facilities and confirmed credit facilities. The overdrafts facilities of the Group amounts to SEK 105 million.

**COMMODITY RISK**

Commodity price risk is defined as the risk that fluctuations in commodity markets will have an adverse effect on the Group's profit. The financial risks related to raw materials are primarily concentrated to steel. The Group does not hedge the price risk in commodities.

**EXCHANGE RATES**

When translating foreign subsidiaries income statement to SEK the average rate of the relevant period is used. The balance sheet is translated to SEK with the closing rate.

| Currency | Average rate 2015 | Closing rate 15-12-31 | Average rate 2014 | Closing rate 14-12-31 |
|----------|-------------------|-----------------------|-------------------|-----------------------|
| AED      | 2,31              | 2,30                  | 2,08              | 2,12                  |
| AUD      | 6,34              | 6,06                  | 6,19              | 6,38                  |
| BRL      | 2,57              | 2,16                  | 2,92              | 2,89                  |
| CAD      | 6,60              | 6,02                  | 6,21              | 6,72                  |
| CNY      | 1,34              | 1,29                  | 1,11              | 1,26                  |
| EUR      | 9,36              | 9,13                  | 9,10              | 9,52                  |
| GBP      | 12,89             | 12,38                 | 11,29             | 12,14                 |
| INR      | 0,13              | 0,12                  | 0,11              | 0,12                  |
| KRW      | 0,0075            | 0,007131              | 0,0065            | 0,0071                |
| NOK      | 1,05              | 0,96                  | 1,09              | 1,05                  |
| SGD      | 6,13              | 5,91                  | 5,41              | 5,91                  |
| USD      | 8,43              | 8,35                  | 6,86              | 7,81                  |



### NOTE 3. SEGMENT REPORTING

#### OPERATIONAL SEGMENTS

The Group consists of the following operational segments: Construction Equipment, Industrial Equipment, Rental and After Sales. These operational branches are the primary segments of the Group.

#### Construction Equipment

The business area designs, develops, manufactures and distributes standard and custom-made hoists for mainly temporary installation. The customers are found in the construction industry and in construction-related leasing.

#### Industrial Equipment

The business area designs, develops, manufactures and distributes standard and custom-made elevators for mainly permanent installations. The customers are found in industries such as power, metal and mining, ports, cement and oil & gas.

#### Rental

The business area offers renting and service of equipment manufactured by the Group's other business areas. The customers are found in the construction industry and in construction-related leasing.

#### After Sales

The business area offers service, spare parts, upgrades and training mainly for equipment manufactured by the group. The customers are found in manufacturing industries, in the construction industry and in construction-related leasing.

#### Geographical areas

The Group's segments are divided into the following geographical areas: Europe, Asia, South and North America and Other markets. As the company is active globally within all its business areas, these are generally all represented within all geographical areas.

#### REPORTING PER OPERATIONAL SEGMENT

| 2015                            | Construction Equipment | Industrial Equipment | Rental       | After Sales   | Group total    |
|---------------------------------|------------------------|----------------------|--------------|---------------|----------------|
| External revenue                | 553 307                | 485 541              | 308 445      | 688 998       | 2 036 291      |
| Operating profit/loss           | 38 335                 | 27 495               | 20 437       | 209 941       | 296 208        |
| <i>Operating profit/loss %</i>  | <i>6.9 %</i>           | <i>5.7 %</i>         | <i>6.6 %</i> | <i>30.5 %</i> | <i>14.5 %</i>  |
| Profit/loss after financial net | n/a                    | n/a                  | n/a          | n/a           | 198 281        |
| <b>This year's profit/loss</b>  | <b>n/a</b>             | <b>n/a</b>           | <b>n/a</b>   | <b>n/a</b>    | <b>135 022</b> |

| 2014                            | Construction Equipment | Industrial Equipment | Rental       | After Sales   | Group total   |
|---------------------------------|------------------------|----------------------|--------------|---------------|---------------|
| External revenue                | 333 431                | 545 296              | 278 517      | 585 232       | 1 742 476     |
| Operating profit/loss           | -9 931                 | 96 528               | 1 457        | 199 602       | 287 656       |
| <i>Operating profit/loss %</i>  | <i>-3.0 %</i>          | <i>17.7 %</i>        | <i>0.5 %</i> | <i>34.1 %</i> | <i>16.5 %</i> |
| Profit/loss after financial net | n/a                    | n/a                  | n/a          | n/a           | 91 725        |
| <b>This year's profit/loss</b>  | <b>n/a</b>             | <b>n/a</b>           | <b>n/a</b>   | <b>n/a</b>    | <b>46 499</b> |

#### GEOGRAPHIC MARKETS

| Revenue                 | 2015             | 2014             |
|-------------------------|------------------|------------------|
| Europe                  | 704 634          | 674 783          |
| (of wich Sweden)        | (60 071)         | (75 412)         |
| Asia                    | 608 384          | 493 139          |
| South and North America | 626 193          | 500 846          |
| Other markets           | 97 080           | 73 708           |
|                         | <b>2 036 291</b> | <b>1 742 476</b> |

| Tangible fixed assets | 2015           | 2014           |
|-----------------------|----------------|----------------|
| Sweden                | 201 753        | 209 173        |
| China                 | 31 758         | 34 195         |
| Other markets         | 34 549         | 33 193         |
|                       | <b>268 060</b> | <b>276 561</b> |

#### NOTE 4. OPERATING COSTS

|                               | 2015              | 2014              |
|-------------------------------|-------------------|-------------------|
| Raw materials and consumables | -757 697          | -632 823          |
| Personnel costs               | -652 757          | -556 262          |
| Consulting costs              | -24 747           | -44 497           |
| Depreciation and amortisation | -51 915           | -48 597           |
| Other costs                   | -252 967          | -172 641          |
|                               | <b>-1 740 083</b> | <b>-1 454 820</b> |

## NOT 5. NUMBER OF EMPLOYEES, EMPLOYEE BENEFITS AND REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

| The average number of employees | 2015         |                | 2014       |                | The Group's representation in corporate management       | 2015                | 2014                |
|---------------------------------|--------------|----------------|------------|----------------|--|---------------------|---------------------|
|                                 | Number       | of which women | Number     | of which women |  | Percentage of women | Percentage of women |
|                                 |              |                |            |                |  |                     |                     |
| Sweden                          | 343          | 13 %           | 328        | 12 %           | Boards   | 13 %                | 2 %                 |
| Norway                          | 48           | 17 %           | 42         | 12 %           | Other senior executives                                  | 13 %                | 7 %                 |
| Netherlands                     | 30           | 9 %            | 41         | 9 %            |  |                     |                     |
| Belgium                         | 3            | 0 %            | 3          | 0 %            | <b>Salaries, benefits and social costs</b>               | <b>2015</b>         | <b>2014</b>         |
| France                          | 43           | 12 %           | 48         | 13 %           | Salaries and benefits                                    | 488 424             | 426 334             |
| England                         | 62           | 15 %           | 60         | 11 %           | Social costs   | 165 499             | 129 934             |
| Germany                         | 33           | 9 %            | 30         | 14 %           |  | <b>653 923</b>      | <b>556 268</b>      |
| Italy                           | 9            | 11 %           | 10         | 10 %           | Of which pension costs included in social security costs | 38 424              | 23 856              |
| Korea                           | 12           | 17 %           | 12         | 17 %           |  |                     |                     |
| Singapore                       | 15           | 20 %           | 14         | 30 %           |  |                     |                     |
| Malaysia                        | 15           | 20 %           | 11         | 20 %           |  |                     |                     |
| Australia                       | 77           | 5 %            | 72         | 6 %            |  |                     |                     |
| USA                             | 101          | 12 %           | 96         | 13 %           |  |                     |                     |
| China                           | 261          | 15 %           | 207        | 18 %           |  |                     |                     |
| India                           | 16           | 6 %            | 14         | 8 %            |  |                     |                     |
| Brazil                          | 9            | 11 %           | 8          | 14 %           |  |                     |                     |
| <b>Group total</b>              | <b>1 077</b> | <b>13 %</b>    | <b>996</b> | <b>13 %</b>    |  |                     |                     |

| Salaries and other remuneration distributed between the Board members and other employees | 2015          |                 | 2014          |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | Board and CEO | Other employees | Board and CEO | Other employees |
|   |               |                 |               |                 |
| <b>Sweden</b>   | <b>14 334</b> | <b>144 177</b>  | <b>8 520</b>  | <b>140 415</b>  |
| (of which bonuses)  | (7 281)       | (2 846)         | (1 785)       | (3 362)         |
| <b>Abroad</b>   | <b>17 140</b> | <b>312 773</b>  | <b>14 924</b> | <b>262 475</b>  |
| (of which bonuses)  | (1 896)       | (11 099)        | (2 040)       | (7 939)         |
| <b>Group total</b>  | <b>31 474</b> | <b>456 950</b>  | <b>23 444</b> | <b>402 890</b>  |
| (of which bonuses)  | (9 177)       | (13 945)        | (3 825)       | (11 301)        |

Of the Group's pension costs, SEK 3.6 million (2.7) concern the Group's board and CEOs in all companies. The Group's outstanding pension commitments to the latter amount to - (-).

| 2015  | Salaries and directors' fees | Variable compensation | Other benefits | Pension      | Total         |
|---|------------------------------|-----------------------|----------------|--------------|---------------|
| <b>Board of Directors</b>                       |                              |                       |                |              |               |
| Anders Thelin, Chairman of the Board            | 675                          | 5 496                 |                |              | 6 171         |
| Carl Johan Falkenberg                           | 370                          |                       |                |              | 370           |
| Anders Jonsson                                  | 350                          |                       |                |              | 350           |
| Eva Lindqvist                                   | 420                          |                       |                |              | 420           |
| Joakim Rosengren                                | 300                          |                       |                |              | 300           |
| Göran Gezelius                                  | 400                          |                       |                |              | 400           |
| CEO   | 4 005                        | 1 785                 | –              | 1 309        | 7 099         |
| Other members of group management (9 persons) * | 15 930                       | 2 836                 | 371            | 3 946        | 23 083        |
|   | <b>22 450</b>                | <b>10 117</b>         | <b>371</b>     | <b>5 255</b> | <b>38 193</b> |

\* In 2015 the Group Management Team has been extended to include the Chief Procurement Officer, the Head of Global Manufacturing and the Head of Group Product Management, who all were employed by Alimak Group prior to joining the Group Management Team. For a period of two months in 2015, as part of succession on the position as Head of Business Area General Industry, the Group Management Team has consisted of 10 members in addition to the CEO. Subsequent to year end, on 1 February 2016, the Head of Communications and IR has joined the Group Management Team.

| 2014  | Salaries and directors' fees | Variable compensation | Other benefits | Pension      | Total         |
|---|------------------------------|-----------------------|----------------|--------------|---------------|
| <b>Board of Directors</b>                       |                              |                       |                |              |               |
| Anders Jonsson                                  | 300                          |                       |                |              | 300           |
| Carl Johan Falkenberg                           | 150                          |                       |                |              | 150           |
| Fredrik Brynildsen                              | 150                          |                       |                |              | 150           |
| Wei Chen  | 150                          |                       |                |              | 150           |
| Joakim Rosengren                                | 150                          |                       |                |              | 150           |
| Göran Gezelius                                  | 150                          |                       |                |              | 150           |
| CEO   | 3 564                        | 1 166                 | –              | 1 247        | 5 977         |
| Other members of Group management (6 persons) * | 10 138                       | 2 038                 | 409            | 3 828        | 16 413        |
|   | <b>14 752</b>                | <b>3 204</b>          | <b>409</b>     | <b>5 075</b> | <b>23 440</b> |

### The Board of Directors

The Chairman of the Board and Board members are remunerated in accordance with what has been resolved by the Annual General Meeting. The Managing Director and Employee representatives receive no Board remuneration. Per the AGM in 2015, the total annual fee for Board members elected by the AGM amounts to SEK 2,100,000. Out of this amount SEK 600,000 is paid to the Chairman of the Board Anders Thelin and SEK 300,000 each to other Board members (Carl Johan Falkenberg, Göran Gezelius, Anders Jonsson, Eva Lindqvist and Joakim Rosengren). Furthermore, it was decided that fees of SEK 100,000 is paid to the chairman of the Audit Committee, SEK 75,000 to the chairman of the Remuneration Committee, SEK 70,000 to each member of the Audit Committee (excluding the chairman) and SEK 50,000 to each member of the Remuneration Committee (excluding the chairman). It was decided by the AGM that, provided it is cost neutral for the company, a board member may invoice the fee to the company. The fee amount set by the AGM is in such case increased with an amount equal to statutory social fees. The Audit Committee consists of Carl Johan Falkenberg, Göran Gezelius (chairman) and Eva Lindqvist. The Remuneration Committee consists of Anders Jonsson, Eva Lindqvist and Anders Thelin (chairman).

The Board members are not entitled to any fees or benefits after leaving the Board.

The Chairman of the Board Anders Thelin was, prior to the listing of the company on NASDAQ OMX Stockholm, granted a bonus of SEK 2,288,724 after taxes and social fees to be received after completion of the IPO. Anders Thelin has, in September 2015, received this bonus as salary with a gross amount of SEK 5,495,962.

### Group Management

Remuneration to the Chief Executive Officer and other members of Group Management consists of base salary, variable salary, other benefits and pensions. The variable salary generally amounts to a maximum of 40% of the annual base salary and is linked to the performance of the company.

### Managing Director and Chief Executive Officer

In 2015 the Managing Director and Chief Executive Officer Tormod Gunleiksrud received an annual base salary amounting to SEK 3,741,546 and a variable salary of SEK 1,784,800. Tormod Gunleiksrud receives no benefit of housing, company car or other benefits in kind. Pension premiums at 35% of the annual base salary are payable to a direct pension scheme classified as a defined contribution plan. The pension scheme is guaranteed through mortgaged endowment policies owned by the Company. Tormod Gunleiksrud's pensionable age is 65. Tormod Gunleiksrud's notice period to terminate his employment agreement is 6 months and 12 months applies if the agreement is terminated by the company. The Chief Executive Officer is entitled to severance pay amounting to 12 months base salary.

### Other Members of Group Management

Other members of Group Management (Senior executives) employed in Sweden are entitled to pension benefits that are substantially equal to the Swedish ITP-pension scheme. Senior executives not employed in Sweden are generally covered by defined contribution schemes. For most Senior executives the pensionable age is 65 years. For a majority of the Senior executives a notice period of 6 to 12 months is applied should the employment be terminated by the company. Four Senior executives are entitled to severance pay for a period of 12 to 18 months.

## NOTE 6. REMUNERATION OF AUDITORS

|  | 2015         | 2014         |
|--|--------------|--------------|
| Ernst & Young:                                       |              |              |
| Audit assignment                                     | 4 932        | 3 922        |
| Audit activities in addition to the audit assignment | 3 290        | 31           |
| Tax advice   | 56           | 216          |
| Other services                                       | -            | 10           |
|  | <b>8 278</b> | <b>4 179</b> |

## NOTE 7. DEPRECIATION AND AMORTISATION

|  | 2015          | 2014          |
|--|---------------|---------------|
| <i>Depreciation and amortisation according to plan per asset</i> |               |               |
| Other intangible assets  | 2 725         | 1 730         |
| Land and buildings   | 3 207         | 3 220         |
| Plant and machinery  | 12 420        | 11 739        |
| Equipment, tools and fixtures and fittings                       | 7 328         | 4 852         |
| Rental equipment   | 26 235        | 27 056        |
|  | <b>51 915</b> | <b>48 597</b> |

### *Depreciation and amortisation according to plan per function*

|                         |               |               |
|-------------------------|---------------|---------------|
| Cost of goods sold      | 42 723        | 39 140        |
| Selling expenses        | 2 391         | 2 445         |
| Administrative expenses | 4 687         | 4 713         |
| Development costs       | 2 114         | 2 299         |
|                         | <b>51 915</b> | <b>48 597</b> |

## NOTE 8. FINANCIAL INCOME AND EXPENSES

| <b>Financial income</b>   | 2015            | 2014            |
|---------------------------|-----------------|-----------------|
| Interest income           | 1 934           | 2 474           |
| Exchange gains            | 28 110          | 26 214          |
|                           | <b>30 044</b>   | <b>28 688</b>   |
| <b>Financial expenses</b> |                 |                 |
| Interest expenses         | -78 139         | -137 714        |
| Exchange losses           | -49 832         | -86 905         |
|                           | <b>-127 971</b> | <b>-224 619</b> |

**NOTE 9. TAXES**

The Group's tax cost for 2015 was SEK -63.3 million (-45.2). The tax rate may vary between years due to differences in where the companies operate.

|                                | 2015           | 2014           |
|--------------------------------|----------------|----------------|
| Current tax                    | -43 152        | -10 922        |
| Tax relating to previous years | 2 942          | -5 700         |
| Deferred tax                   | -23 049        | -28 604        |
|                                | <b>-63 259</b> | <b>-45 226</b> |

| Reconciliation of effective tax                                     | 2015           | 2014           |
|---|----------------|----------------|
| Profit/loss before tax  | 198 281        | 91 725         |
| Tax at the parent company statutory tax rate 22%                    | -43 622        | -20 179        |
| Difference in tax rates between Swedish and foreign tax rate        | -10 291        | -11 394        |
| Deferred tax for temporary differences not previously recognized    | -2 118         | -89            |
| Loss carry-forwards not recognized as deferred tax assets           | -12 212        | -7 260         |
| Utilized loss for which deferred tax assets has not been recognized | 1 815          | –              |
| Permanent non-deductible costs                                      | -1 645         | -1 289         |
| Permanent non-taxable income  | 1 984          | 859            |
| Tax relating to previous years                                      | 2 942          | -5 700         |
| Other   | -112           | -174           |
| <b>Reported effective tax</b>                                       | <b>-63 259</b> | <b>-45 226</b> |

| Deferred tax assets and liabilities | 2015          |                |               | 2014          |                |               |
|-------------------------------------|---------------|----------------|---------------|---------------|----------------|---------------|
|                                     | Assets        | Liabilities    | Net           | Assets        | Liabilities    | Net           |
| Tangible assets                     | 644           | -36 358        | -35 714       | –             | -25 584        | -25 584       |
| Intangible assets                   | –             | -2 196         | -2 196        | –             | –              | –             |
| Financial instruments               | 74            | –              | 74            | 6 516         | –              | 6 516         |
| Inventory                           | 7 509         | –              | 7 509         | –             | –              | –             |
| Accrued income                      | –             | -6 075         | -6 075        | –             | -7 191         | -7 191        |
| Provisions                          | 20 539        | -1 485         | 19 054        | 19 984        | –              | 19 984        |
| Untaxed reserves                    | –             | -5 060         | -5 060        | 65            | -5 060         | -4 995        |
| Loss carry-forwards                 | 39 625        | --             | 39 625        | 69 478        | --             | 69 478        |
| <b>Total</b>                        | <b>68 391</b> | <b>-51 174</b> | <b>17 217</b> | <b>96 043</b> | <b>-37 835</b> | <b>58 208</b> |

| Deferred tax at the beginning of the year             | 58 208        |
|---|---------------|
| Reported in result for the period                     | -23 049       |
| Reported in other comprehensive income for the period | -12 579       |
| Reclassification of intangible assets                 | -2 196        |
| Adjustment relating to previous years' records        | -1 495        |
| Translation differences                               | -1 672        |
| <b>Balance at end of period</b>                       | <b>17 217</b> |

| Loss carry-forwards not recognized as assets (SEK million) | 2015      | 2014      |
|--|-----------|-----------|
| China  | 77        | 48        |
| Italy  | 20        | 20        |
|  | <b>97</b> | <b>68</b> |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities with current tax and when the deferred taxes are included in the same tax unit. Deferred tax assets attributable to tax loss carryforwards are recognized to the extent accumulated tax loss deemed to be utilized against future taxable surpluses.



## NOTE 10. OTHER INTANGIBLE ASSETS

|  | 2015   |                                     |                | 2014   |                                     |                |
|--|--|-------------------------------------|----------------|--|-------------------------------------|----------------|
|  | Acquired marketing and customer related assets | Capitalised development expenditure | Total          | Acquired marketing and customer related assets | Capitalised development expenditure | Total          |
| <i>Accumulated acquisition values</i>      |  |                                     |                |  |                                     |                |
| Opening balance                            | –  | 14 738                              | 14 738         | –  | 12 857                              | 12 857         |
| Acquisitions                               | –  | 697                                 | 697            | –  | 830                                 | 830            |
| Reclassifications                          | 10 516   | –                                   | 10 516         | –  | –                                   | –              |
| Sales and disposals, etc.                  | –  | -3 537                              | -3 537         | –  | –                                   | –              |
| Translation differences                    | -956   | -8                                  | -964           | –  | 1 051                               | 1 051          |
| <b>Closing balance acquisition values</b>  | <b>9 560</b>                                   | <b>11 890</b>                       | <b>21 450</b>  | <b>–</b>                                       | <b>14 738</b>                       | <b>14 738</b>  |
| <i>Accumulated amortisation</i>            |  |                                     |                |  |                                     |                |
| Opening balance                            | –  | -13 485                             | -13 485        | –  | -10 831                             | -10 831        |
| Sales and disposals, etc.                  | –  | 3 537                               | 3 537          | –  | –                                   | –              |
| Amortisation for the year                  | -1 595   | -1 130                              | -2 725         | –  | -1 730                              | -1 730         |
| Translation differences                    | 161  | 24                                  | 185            | –  | -924                                | -924           |
| <b>Closing balance amortisation</b>        | <b>-1 434</b>                                  | <b>-11 054</b>                      | <b>-12 488</b> | <b>–</b>                                       | <b>-13 485</b>                      | <b>-13 485</b> |
| <b>Reported value at end of the period</b> | <b>8 126</b>                                   | <b>836</b>                          | <b>8 962</b>   | <b>–</b>                                       | <b>1 253</b>                        | <b>1 253</b>   |

In 2015, a reallocation of surplus value has been made from goodwill to customer relations. The amortisation period is 10 years from the date of acquisition.

## NOTE 11. GOODWILL

|  | 2015             | 2014             |
|--|------------------|------------------|
| <i>Accumulated acquisition values</i>      |                  |                  |
| Opening balance                            | 1 916 516        | 1 766 692        |
| Business acquisitions                      | –                | 47 051           |
| Reclassifications                          | -7 677           | –                |
| Translation differences                    | 26 045           | 102 773          |
|  | <b>1 934 884</b> | <b>1 916 516</b> |
| <i>Accumulated write-downs</i>             |                  |                  |
| Opening balance                            | -214 112         | -214 112         |
| Write-down during the year                 | –                | –                |
|  | <b>-214 112</b>  | <b>-214 112</b>  |
| <b>Reported value at end of the period</b> | <b>1 720 772</b> | <b>1 702 404</b> |

Goodwill has been allocated to the following cash flow-generating units:

| SEK million                          | 2015           | 2014           |
|--------------------------------------|----------------|----------------|
| Business area Construction Equipment | 91.9           | 89.9           |
| Business area Industrial Equipment   | 691.7          | 685.6          |
| Business area Rental                 | –              | –              |
| Business area After Sales            | 937.2          | 926.9          |
|                                      | <b>1 720.8</b> | <b>1 702.4</b> |

Goodwill is not amortised but tested annually for impairment. Goodwill has been allocated to cash flow generating units (CGU) which equal business areas. The recoverable amount for a CGU is determined by calculating the

value in use applying the discounted cash flow principle, derived from four years projected cash flows estimated in the strategic plan approved by the Board. Cash flows after the projection period are calculated as a terminal value and are included in the total value in use. The applied discount rate is the weighted average cost of capital after tax (WACC) as defined by the group. The components included are the risk-free interest rate, market risk premium, company-specific risk premium, industry specific beta, cost of debt and the equity/assets ratio. On the basis of the value in use calculations made it has been concluded that goodwill is not impaired for any CGU at year-end 2015. The same applied for previous year.

**Sensitivity analysis**

The most significant assumptions in determining the value in use is the expected growth in demand, growth rate, operating margin, working capital requirements and the discount rate. The factor used to calculate the growth in the terminal period after year 4 amounts to 2 percent (2). The working capital requirement beyond the five-year period is estimated to remain at the level for year 4. The discount rate consists of a weighted average cost of capital for loans and equity and has been calculated at 6.77 percent (8.22) before tax. Management's impairment test has not indicated any impairment. The sensitivity of the calculations implies that the carrying amount would be defended even if the discount rate was increased by 2 percentage points, or if the long-term growth rate was decreased by 2 percentage points.

**The acquisition in 2014**

On 22 May 2014, the Group acquired 100 percent of the shares in Heis-Tek A/S and Heis-Tek Bergen A/S. From 1 July 2014, these operations are included in the consolidated accounts. Heis-Tek A/S is specialised in the sale and projecting of new vertical transport solutions, both on land on offshore. The purchase price net of acquired liquid funds, was SEK 58.6 million. According to the PPA the goodwill consists of synergistic effects, performance improvements and added skills and knowledge to develop operations in the offshore industry. The goodwill is allocated to the operational segments Industrial Equipment and After Sales. During 2015 a reallocation has been made of part or the surplus value to customer relations that are amortised over 10 years, see notes 10 and 25 for further information on the acquisition.

## NOT 12. TANGIBLE ASSETS

| 2015                                       | Land and buildings | Plant and machinery | Equipment and tools | Rental equipment | Total           |
|--|--------------------|---------------------|---------------------|------------------|-----------------|
| <i>Accumulated acquisition values</i>      |                    |                     |                     |                  |                 |
| Opening balance                            | 72 174             | 134 511             | 67 808              | 377 819          | 652 312         |
| Acquisitions                               | 2 568              | 9 668               | 7 042               | 24 402           | 43 680          |
| Sales and disposals, etc.                  | –                  | -12 640             | -7 529              | -22 432          | -42 601         |
| Translation differences                    | -300               | 300                 | 518                 | 1 044            | 1 562           |
| <b>Closing balance acquisition values</b>  | <b>74 442</b>      | <b>131 839</b>      | <b>67 839</b>       | <b>380 833</b>   | <b>654 953</b>  |
| <i>Accumulated depreciation</i>            |                    |                     |                     |                  |                 |
| Opening balance                            | -28 169            | -73 240             | -37 812             | -236 530         | -375 751        |
| Sales and disposals, etc.                  | -                  | 11 071              | 6 779               | 20 805           | 38 655          |
| Depreciation for the year                  | -3 207             | -12 420             | -7 328              | -26 235          | -49 190         |
| Translation differences                    | 246                | 247                 | -444                | -656             | -607            |
| <b>Closing balance depreciation</b>        | <b>-31 130</b>     | <b>-74 342</b>      | <b>-38 805</b>      | <b>-242 616</b>  | <b>-386 893</b> |
| <b>Reported value at end of the period</b> | <b>43 313</b>      | <b>57 497</b>       | <b>29 034</b>       | <b>138 217</b>   | <b>268 060</b>  |

| 2014                                       | Land and buildings | Plant and machinery | Equipment and tools | Rental equipment | Total           |
|--|--------------------|---------------------|---------------------|------------------|-----------------|
| <i>Accumulated acquisition values</i>      |                    |                     |                     |                  |                 |
| Opening balance                            | 76 487             | 114 992             | 45 485              | 352 926          | 589 890         |
| Acquisitions                               | 1 502              | 23 014              | 14 634              | 26 800           | 65 950          |
| Business acquisitions                      | –                  | 836                 | 3 734               | –                | 4 570           |
| Sales and disposals, etc.                  | -6 775             | -8 100              | -1 592              | -10 995          | -27 462         |
| Reclassifications                          | –                  | 64                  | –                   | -64              | -               |
| Translation differences                    | 960                | 3 705               | 5 547               | 9 152            | 19 364          |
| <b>Closing balance acquisition values</b>  | <b>72 174</b>      | <b>134 511</b>      | <b>67 808</b>       | <b>377 819</b>   | <b>652 312</b>  |
| <i>Accumulated depreciation</i>            |                    |                     |                     |                  |                 |
| Opening balance                            | -30 794            | -67 179             | -27 004             | -204 160         | -329 137        |
| Business acquisitions                      | –                  | -676                | -1 581              | –                | -2 257          |
| Sales and disposals, etc.                  | 6 423              | 8 654               | 479                 | 1 208            | 16 764          |
| Depreciation for the year                  | -3 220             | -11 739             | -4 852              | -27 056          | -46 867         |
| Translation differences                    | -578               | -2 300              | -4 854              | -6 522           | -14 254         |
| <b>Closing balance depreciation</b>        | <b>-28 169</b>     | <b>-73 240</b>      | <b>-37 812</b>      | <b>-236 530</b>  | <b>-375 751</b> |
| <b>Reported value at end of the period</b> | <b>44 005</b>      | <b>61 271</b>       | <b>29 996</b>       | <b>141 289</b>   | <b>276 561</b>  |

**NOTE 13. LEASED ASSETS**

The group has operational leasing as a lessee. Operational lease costs are mainly rents for premises. These leasing costs are not significant to the group.

**NOTE 14. INVENTORIES**

|  | 2015           | 2014           |
|--|----------------|----------------|
| Raw materials and consumables          | 125 735        | 106 326        |
| Products in progress                   | 83 035         | 83 807         |
| Finished products and goods for resale | 135 121        | 122 904        |
| <b>Total</b>                           | <b>343 891</b> | <b>313 037</b> |

The inventory value includes a provision for obsolescence of SEK 30,782 thousand (42,044).

**NOTE 15. FINANCIAL ASSETS AND LIABILITIES**

| Financial assets                              | Carrying amount |                | Fair value     |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2015            | 2014           | 2015           | 2014           |
| <b>Derivative assets for hedging purposes</b> |                 |                |                |                |
| Derivatives                                   | 2 592           | –              | 2 592          | –              |
| <b>Loans and receivables</b>                  |                 |                |                |                |
| Long-term receivables                         | 6 208           | 8 107          | 6 208          | 8 107          |
| Accounts receivable - trade                   | 365 834         | 337 836        | 365 834        | 337 836        |
| Other financial receivables                   | 100 518         | 126 350        | 100 518        | 126 350        |
| Cash and bank                                 | 450 013         | 384 680        | 450 013        | 384 680        |
| <b>Total</b>                                  | <b>922 573</b>  | <b>856 973</b> | <b>922 573</b> | <b>856 973</b> |

| Financial liabilities                              | Carrying amount  |                  | Fair value       |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2015             | 2014             | 2015             | 2014             |
| <b>Derivative liabilities for hedging purposes</b> |                  |                  |                  |                  |
| Derivatives  | 2 929            | 29 617           | 2 929            | 29 617           |
| <b>Other financial liabilities</b>                 |                  |                  |                  |                  |
| Long-term liabilities to banks                     | 743 268          | 692 685          | 748 331          | 702 192          |
| Short-term liabilities to banks                    | 77 823           | 227 775          | 77 823           | 232 000          |
| Bank overdraft facilities                          | –                | 20 756           | –                | 20 756           |
| Accounts payable - trade                           | 158 582          | 160 306          | 158 582          | 160 306          |
| Other financial liabilities                        | 89 563           | 88 204           | 89 563           | 88 204           |
| <b>Total</b>                                       | <b>1 069 236</b> | <b>1 189 726</b> | <b>1 074 299</b> | <b>1 203 458</b> |

Amounts covered by framework  
agreements for offsetting or similar agreement\*

| 2015                   | Gross amount | Amounts<br>offset | Net amount in<br>balance sheet | Financial<br>instruments | Collateral | Net amount |
|------------------------|--------------|-------------------|--------------------------------|--------------------------|------------|------------|
| Derivative assets      | 2 592        | –                 | 2 592                          | -2 592                   | –          | –          |
| Derivative liabilities | 2 929        | –                 | 2 929                          | -2 592                   | –          | 337        |

Amounts covered by framework  
agreements for offsetting or similar agreement\*

| 2014                   | Gross amount | Amounts<br>offset | Net amount in<br>balance sheet | Financial<br>instruments | Collateral | Net amount |
|------------------------|--------------|-------------------|--------------------------------|--------------------------|------------|------------|
| Derivative assets      | –            | –                 | –                              | –                        | –          | –          |
| Derivative liabilities | 29 617       | –                 | 29 617                         | –                        | –          | 29 617     |

\* These financial assets and liabilities are offset only in case of insolvency or payment default by either party.

During the financial year, no financial assets or financial liabilities were reclassified between the valuation categories below.

#### FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE

| 2015                 |          |              |          |              |
|----------------------|----------|--------------|----------|--------------|
| FINANCIAL ASSETS     | Level 1  | Level 2      | Level 3  | Total        |
| Currency derivatives | –        | 2 592        | –        | 2 592        |
| <b>Total</b>         | <b>–</b> | <b>2 592</b> | <b>–</b> | <b>2 592</b> |

| FINANCIAL LIABILITIES | Level 1  | Level 2      | Level 3  | Total        |
|-----------------------|----------|--------------|----------|--------------|
| Currency derivatives  | –        | 2 929        | –        | 2 929        |
| <b>Total</b>          | <b>–</b> | <b>2 929</b> | <b>–</b> | <b>2 929</b> |

| 2014                 |          |          |          |          |
|----------------------|----------|----------|----------|----------|
| FINANCIAL ASSETS     | Level 1  | Level 2  | Level 3  | Total    |
| Currency derivatives | –        | –        | –        | –        |
| <b>Total</b>         | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> |

| FINANCIAL LIABILITIES | Level 1  | Level 2       | Level 3  | Total         |
|-----------------------|----------|---------------|----------|---------------|
| Currency derivatives  | –        | 29 617        | –        | 29 617        |
| <b>Total</b>          | <b>–</b> | <b>29 617</b> | <b>–</b> | <b>29 617</b> |

#### FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST WHERE FAIR VALUE IS PROVIDED AS A DISCLOSURE

| 2015   |          |          |                |                |
|--|----------|----------|----------------|----------------|
| FINANCIAL LIABILITIES                        | Level 1  | Level 2  | Level 3        | Total          |
| Long-term liabilities to credit institutions | –        | –        | 748 331        | 748 331        |
| Current liabilities to credit institutions   | –        | –        | 77 823         | 77 823         |
| <b>Total</b>                                 | <b>–</b> | <b>–</b> | <b>826 154</b> | <b>826 154</b> |

| FINANCIAL LIABILITIES                        | Level 1  | Level 2  | Level 3        | Total          |
|--|----------|----------|----------------|----------------|
| Long-term liabilities to credit institutions | –        | –        | 702 192        | 702 192        |
| Current liabilities to credit institutions   | –        | –        | 232 000        | 232 000        |
| <b>Total</b>                                 | <b>–</b> | <b>–</b> | <b>934 192</b> | <b>934 192</b> |

The fair value of long and short term liabilities to credit institutions calculated for disclosure purposes by future cash flows discounted at the current interest rate for the remaining maturity.

The Group categorises financial assets and liabilities measured at fair value in a fair value hierarchy based on the information used in valuation of each asset and liability.

**Level 1** - Listed prices for identical assets and liabilities on an active market.

**Level 2** - Listed prices on markets which are not active, listed prices for similar assets and liabilities, information other than listed prices which are observable directly or indirectly primarily for the instrument's entire term and input data for valuation models obtained from observable market data.

**Level 3** - Information which is important for the asset's or liability's present value is not observable, unless the Group's own assessments are applied.

The fair value of forward exchange contracts is calculated by discounting the difference between the contracted forward rate and the forward rate that may be subscribed for on the balance sheet date for the remaining contract period. A risk-free interest based on government bonds is applied for discounting.



**NOTE 16. ACCOUNTS RECEIVABLE – TRADE**

|  | 2015           | 2014           |
|--|----------------|----------------|
| Accounts receivable – trade, gross         | 389 574        | 354 031        |
| Accumulated reserve for bad debts, opening | -16 195        | -14 152        |
| This year's provisions                     | -8 253         | -4 203         |
| This year's reverse provisions             | 311            | 2 789          |
| Translation differences                    | 397            | -629           |
| Accumulated reserve for bad debts, closing | -23 740        | -16 195        |
| <b>Reported value at end of the period</b> | <b>365 834</b> | <b>337 836</b> |

| <b>Ageing analysis of over-due accounts receivable (trade) which are not assessed as doubtful</b> | 2015           | 2014           |
|---|----------------|----------------|
| 1-30 days   | 72 339         | 79 098         |
| 31-90 days  | 20 744         | 31 484         |
| 91-120 days   | 14 360         | 18 154         |
| > 120 days  | 41 677         | 25 551         |
| <b>Total</b>  | <b>149 120</b> | <b>154 287</b> |

**NOTE 17. PREPAID EXPENSES AND ACCRUED INCOME**

|  | 2015          | 2014          |
|--|---------------|---------------|
| Prepaid leasing and rent                   | 1 562         | 1 365         |
| Accrued sales income                       | 26 535        | 23 083        |
| Prepaid insurance                          | 3 213         | 3 900         |
| Service contracts                          | 496           | 3 925         |
| Bank fees and legal expenses               | 365           | 287           |
| Transport subsidies and fees               | 1 226         | 1 037         |
| IT services                                | 4 399         | 2 139         |
| Other prepaid expenses and accrued income  | 5 524         | 4 890         |
| <b>Reported value at end of the period</b> | <b>43 320</b> | <b>40 626</b> |

**NOTE 18. LONG-TERM AND SHORT-TERM LIABILITIES**

| 2015   | Carrying amount | < 1 years     | >1 years <5 years | > 5 years |
|--|-----------------|---------------|-------------------|-----------|
| Long-term loans from financial institutions  | 743 268         | –             | 743 268           | –         |
| Long-term liabilities to the parent company  | –               | –             | –                 | –         |
| Other long-term liabilities                  | –               | –             | –                 | –         |
| <b>Reported value at end of the period</b>   | <b>743 268</b>  | <b>–</b>      | <b>743 268</b>    | <b>–</b>  |
| Short-term loans from financial institutions | 77 823          | 77 823        | –                 | –         |
| <b>Reported value at end of the period</b>   | <b>77 823</b>   | <b>77 823</b> | <b>–</b>          | <b>–</b>  |

| 2014   | Carrying amount  | < 1 years      | >1 years <5 years | > 5 years        |
|--|------------------|----------------|-------------------|------------------|
| Long-term loans from financial institutions  | 692 169          | –              | 402 922           | 289 247          |
| Long-term liabilities to the parent company  | 918 809          | –              | –                 | 918 809          |
| Other long-term liabilities                  | 516              | –              | 516               | –                |
| <b>Reported value at end of the period</b>   | <b>1 611 494</b> | <b>–</b>       | <b>403 438</b>    | <b>1 208 056</b> |
| Short-term loans from financial institutions | 227 775          | 227 775        | –                 | –                |
| <b>Reported value at end of the period</b>   | <b>227 775</b>   | <b>227 775</b> | <b>–</b>          | <b>–</b>         |

**BORROWINGS**

The average interest rate commitment time for long-term borrowing was 3 months (6 months) at year-end.

The average interest rate on the Group's debt portfolio was 1.80 percent (3.6) at year-end.

The Credit Facility of the Group contains certain requirements on key financial ratios, known as covenants. These covenants are the following key financial ratios:

- The Net Debt to EBITDA
- The Net Debt to Equity

**FINANCIAL DERIVATIVE INSTRUMENTS**

The table below shows fair values of the group's financial derivative instruments for hedging financial risks and own trade.

| Fair value                                 | 31 december 2015 |              | 31 december 2014 |               |
|--|------------------|--------------|------------------|---------------|
|  | Assets           | Liabilities  | Assets           | Liabilities   |
| <b>Exchange forwards</b>                   |                  |              |                  |               |
| Cash flow hedging                          | 2 592            | 2 929        | –                | 29 617        |
| <b>Reported value at end of the period</b> | <b>2 592</b>     | <b>2 929</b> | <b>–</b>         | <b>29 617</b> |

**CAPITAL MANAGEMENT**

Capital refers to both equity and borrowed capital. The objective of the Group's capital management is to ensure the Group's continued existence and freedom to trade and to ensure that owners receive a return on funds invested. The distribution between equity and borrowed capital shall be such that a good balance is achieved between risk and return. The capital structure is adjusted when necessary to meet changed economic requirements and other global factors. In order to retain and adjust the capital structure, the Group can distribute funds, increase equity by issuing new shares or capital contributions or sell assets to reduce liabilities or alternatively increase liabilities in order to acquire assets.

**TERM ANALYSIS REGARDING CONTRACTUAL PAYMENTS****2015**

| Financial assets            | < 1 month      | 1-12 months    |               |          |
|-----------------------------|----------------|----------------|---------------|----------|
|                             |                | 1-5 years      | > 5 years     |          |
| Other long-term receivables | –              | –              | 6 208         | –        |
| Accounts receivable – trade | 121 506        | 241 462        | 2 866         | –        |
| Derivatives                 | 443            | 2 149          | –             | –        |
| Other receivables           | 19 421         | 53 817         | 1 064         | –        |
| Accrued income              | 4 967          | 38 353         | –             | –        |
| Deposit                     | –              | 15 548         | 97            | –        |
| Cash and bank               | 359 435        | 74 935         | –             | –        |
| <b>Total</b>                | <b>505 772</b> | <b>426 264</b> | <b>10 235</b> | <b>–</b> |

| Financial liabilities         | < 1 month     | 1-12 months    |                |            |
|-------------------------------|---------------|----------------|----------------|------------|
|                               |               | 1-5 years      | > 5 years      |            |
| Liabilities to parent company | –             | 77 823         | 743 268        | –          |
| Accounts payable – trade      | 24 457        | 133 888        | 164            | 73         |
| Derivatives                   | 1 147         | 1 782          | –              | –          |
| Other liabilities             | 5 147         | 42 219         | 280            | 43         |
| <b>Total</b>                  | <b>30 751</b> | <b>255 712</b> | <b>743 712</b> | <b>116</b> |

**2014**

| Financial assets            | < 1 month      | 1-12 months    |              |              |
|-----------------------------|----------------|----------------|--------------|--------------|
|                             |                | 1-5 years      | > 5 years    |              |
| Other long-term receivables | –              | –              | 4 268        | 3 839        |
| Accounts receivable – trade | 189 623        | 145 146        | 3 267        | -200         |
| Other receivables           | 15 297         | 70 427         | –            | –            |
| Accrued income              | 4 324          | 36 073         | 229          | –            |
| Deposit                     | –              | 8 641          | 667          | –            |
| Cash and bank               | 230 160        | 145 212        | –            | –            |
| <b>Total</b>                | <b>439 404</b> | <b>405 499</b> | <b>8 431</b> | <b>3 639</b> |

| Financial liabilities         | < 1 month      | 1-12 months    |                |                  |
|-------------------------------|----------------|----------------|----------------|------------------|
|                               |                | 1-5 years      | > 5 years      |                  |
| Liabilities to parent company | –              | –              | –              | 918 809          |
| Liabilities to banks          | 22 953         | 248 380        | 484 239        | 289 247          |
| Accounts payable – trade      | 82 558         | 77 529         | 143            | 76               |
| Derivatives                   | –              | 29 617         | –              | –                |
| Other liabilities             | 15 455         | 23 085         | –              | –                |
| <b>Total</b>                  | <b>120 966</b> | <b>378 611</b> | <b>484 382</b> | <b>1 208 132</b> |

**THE CASH FLOW HEDGING RESERVE IS EXPECTED TO IMPACT THE PROFIT-AND-LOSS STATEMENT IN THE PERIODS STATED BELOW:**

|                    | 2015        | 2014           |
|--------------------|-------------|----------------|
| Within one year    | -337        | -29 617        |
| More than one year | –           | –              |
| <b>Total</b>       | <b>-337</b> | <b>-29 617</b> |

Amounts which have reduced the cash flow hedge reserve have been recognised in Cost of goods sold.

**NOTE 19. PROVISIONS FOR PENSIONS****Defined contribution pension plans**

The Group's defined contribution pension plans cover employees in all the Group's companies except for employees of Alimak Hek AB and Alimak Hek Ltd. The defined contribution pension plans primarily cover retirement pensions, sickness pensions and family pensions. The premiums are paid on an ongoing basis throughout the year by the respective group company to various insurance companies. The amount of the premiums is based on the salary.

The group CEO Tormod Gunleiksrud is covered by a direct pension scheme, which is classified and reported as a defined contribution plan, for which thus no asset or provision is reported. The direct pension scheme is guaranteed through mortgaged endowment policies owned by the company.

**DEFINED BENEFIT PENSION PLANS**

The Group's defined benefit pension plans cover employees in the Group companies Alimak Hek AB in Sweden and the group company Alimak Hek Ltd in Great Britain. In addition, there are defined benefit pension plans to a lesser extent in the Netherlands, Italy, France and Germany. According to these defined benefit plans, the employees have a right to pension benefits based on their pensionable income and length of service. The pension plans primarily cover retirement pensions, sickness pensions and family pensions. Britain's pension plan is funded. The Swedish pension plan is secured through provisions on the balance sheet in combination with credit insurance in the PRI Pension Guarantee and through pension insurance in Alecta. In the Swedish plan all the new pension entitlements are secured through premiums to Alecta. According to a statement by the Swedish Financial Reporting Council, UFR10, this is a defined benefit scheme covering multiple employers. For this financial year, the company has not had access to information that makes it possible to recognise this plan as a defined benefit plan, which means that it is recognised as a defined contribution plan, and thus included in pension cost of defined contribution pensions. This year's costs for pension plans to Alecta was SEK 2.7 million (2.5). The expected costs for 2016 are SEK 2.9 million. The Group's total share of the premiums for ITP2 in Alecta are 0,01309 percent (0,01703) as per 31 December 2015, Alecta's surplus in the form of the collective consolidation level was 153 percent (144). The collective consolidation level is made up of the market value for Alecta's assets in percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions which do not correspond with IAS19. Alecta's collective consolidation level is normally allowed to fluctuate between 125-155 percent, if it falls below 125 percent or goes above 155 percent, measures should be taken with the aim of creating conditions so that the consolidation level returns to the normal interval. In the event of a low consolidation, one measure can be to increase the agreed price for new subscriptions and the increase of existing benefits. In the event of a high consolidation, one measure can be to introduce a reduction in premiums.

| <b>Pension costs recognized in the income statement</b> | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
| Defined benefit plans                                   |               |               |
| Current year service costs                              | 3 946         | 5 862         |
| Interest costs, net                                     | 1 639         | 2 193         |
| <b>Total for the period</b>                             | <b>5 585</b>  | <b>8 055</b>  |
| Costs for defined contribution plans                    | 32 839        | 11 241        |
| <b>Total for the period</b>                             | <b>38 424</b> | <b>19 296</b> |

**Amounts recognized in other comprehensive income**

|                                      |                |            |
|--------------------------------------|----------------|------------|
| Defined benefit plans                |                |            |
| Revaluation of pension liabilities   | -30 674        | 298        |
| Revaluation of plan assets           | 1 290          | 376        |
| <b>Reported value for the period</b> | <b>-29 384</b> | <b>674</b> |

**Amount reported in the balance sheet**

|   | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
| Present value of benefit obligation, funded plans, UK       | 69 035        | 84 415        |
| Fair value of plan assets, UK                               | 76 239        | 66 352        |
| Net debt funded plans, UK                                   | -7 204        | 18 063        |
| Present value of benefit obligation, unfunded plans, Sweden | 38 132        | 42 634        |
| Present value of benefit obligation, unfunded plans, other  | 3 628         | 3 768         |
| <b>Reported value at end of the period</b>                  | <b>34 555</b> | <b>64 465</b> |

**Reconciliation of amounts recognized in the balance sheet**

|   | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
| <b>Opening balance, net debt</b>            | <b>64 465</b> | <b>57 130</b> |
| Expenses for pensions realised for the year | 3 946         | 5 862         |
| Interest costs, net                         | 1 639         | 2 193         |
| Revaluation of pension liabilities          | -30 674       | 3 610         |
| Revaluation of plan assets                  | 1 290         | 959           |
| Pension payments directly from the employer | -1 613        | -1 940        |
| Contributions from the employer             | -7 183        | -6 871        |
| Other                                       | 1 408         | 1 112         |
| Translation differences                     | 1 277         | 2 410         |
| <b>Closing balance, net debt</b>            | <b>34 555</b> | <b>64 465</b> |

| <b>Reconciliation of the present value of pension liabilities</b> | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| <b>Opening balance, pension liabilities</b>                       | <b>130 816</b> | <b>109 623</b> |
| Current year service costs  | 3 946          | 5 862          |
| Expenses relating to service prior periods                        | 1 367          | –              |
| Interest costs  | 4 463          | 4 742          |
| <i>Revaluation of pensions;</i>                                   |                |                |
| - Demographic assumptions   | -15 592        | -6 009         |
| - Financial assumptions   | -11 346        | 11 178         |
| - Experience-based adjustments                                    | -2 972         | -1 558         |
| Pension payments  | -2 193         | -4 210         |
| Contributions from employees                                      | 800            | 789            |
| Other   | -724           | 1 111          |
| Translation differences   | 2 229          | 9 288          |
| <b>Closing balance, pension liabilities</b>                       | <b>110 794</b> | <b>130 816</b> |

| <b>Reconciliation of plan assets at fair value</b> | <b>2015</b>   | <b>2014</b>   |
|--|---------------|---------------|
| <b>Opening balance, plan assets</b>                | <b>66 352</b> | <b>52 493</b> |
| Interest income                                    | 2 824         | 2 549         |
| Return in addition to interest income              | -1 290        | -959          |
| Contributions from the employer                    | 7 183         | 6 871         |
| Contributions from employees                       | 800           | 789           |
| Pension payments from plan assets                  | -580          | -2 270        |
| Translation differences                            | 950           | 6 879         |
| <b>Closing balance, plan assets</b>                | <b>76 240</b> | <b>66 352</b> |

Plan assets consist of investments in Deferred Allocation Funding With-Profits at Aviva, Britain's largest insurance company. The fund's assets are invested in the mix of stocks, bonds and real estate with a total risk profile of the level is low to medium.

| <b>Significant actuarial assumptions applied</b> | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
| Sweden:  |                |                |
| Discount interest rate %                         | 2.8            | 2.5            |
| Future pension increases %                       | 1.5            | 1.5            |
| Life expectancy                                  | PRI 2011       | PRI 2011       |
| Great Britain:                                   |                |                |
| Discount interest rate %                         | 4.0            | 3.8            |
| Future salary increases %                        | 3.7            | 4.3            |
| Future pension increases %                       | 2.5            | 2.5            |
| Life expectancy                                  | PCMA00, PCFA00 | PCMA00, PCFA00 |
| Future increase %                                | 2.0            | 2.0            |

### SENSITIVITY ANALYSIS

An increase of the discount interest rate of 0.5 percentage points would reduce the pension liability by SEK 14.3 million (19.6). A decrease of the discount interest rate of 0.5 percentage points would increase the pension liability by SEK 14.6 million (20.1).

The weighted average duration of the pension liabilities in Great Britain is approximately 29 years (30). The weighted average duration of the pension liabilities in Sweden is approximately 18 years (24).

### FORECAST OF NEXT YEAR'S CASH FLOW, DEFINED BENEFIT PENSIONS

The projected costs for the pension plans for next year amounts to SEK 3.4 million.



## NOTE 20. OTHER PROVISIONS

|  | Warranties    | Costs for restructuring | Personnel costs | Final inspection costs | Project costs | Other provisions | Total         |
|--|---------------|-------------------------|-----------------|------------------------|---------------|------------------|---------------|
| Opening balance                            | 11 854        | 12 600                  | 7 005           | 1 734                  | 11 375        | 2 481            | 47 049        |
| Provision for the year                     | 9 890         |                         | 178             | 1 113                  | 21 093        | 675              | 32 949        |
| Amounts utilised                           | -8 982        | -2 734                  | -253            |                        | -225          | -234             | -12 428       |
| Reversal of unutilised amounts             | -560          |                         | -19             |                        | -1 050        | -9               | -1 638        |
| Reclassifications                          |               | -9 866                  | -6 177          |                        | -10 434       | -2 212           | -28 689       |
| Translation difference                     | -246          |                         | -30             |                        | -1 740        | -23              | -2 039        |
| <b>Reported value at end of the period</b> | <b>11 956</b> | <b>–</b>                | <b>704</b>      | <b>2 847</b>           | <b>19 019</b> | <b>678</b>       | <b>35 204</b> |

Out of total provisions, SEK 0.5 million related to warranties, is of long-term character, while all other items are current.

## NOTE 21. ASSETS PLEDGED AND CONTINGENT LIABILITIES

|                                     | 2015          | 2014             |
|-------------------------------------|---------------|------------------|
| <b>Assets pledged</b>               |               |                  |
| Floating charges                    | –             | 98 555           |
| Shares                              | –             | 2 183 990        |
| Fixed assets                        | –             | 12 046           |
| Receivables                         | –             | 63 135           |
| Inventories                         | –             | 90 393           |
| Other                               | 8 526         | 3 112            |
| <b>Total assets pledged</b>         | <b>8 526</b>  | <b>2 451 231</b> |
| <b>Contingent liabilities</b>       |               |                  |
| Guarantee commitments, FPG/PRI      | 646           | 664              |
| Other contingent liabilities        | 98 003        | 206 879          |
| <b>Total contingent liabilities</b> | <b>98 649</b> | <b>207 543</b>   |

As part of renegotiation of the Group's external loans in 2015, collaterals were released and replaced by general Parent Company's guarantees for the subsidiaries financial borrowings.

The group has a defined contribution direct pension scheme covering the Managing Director and CEO. The pension scheme is guaranteed through mortgaged endowment policies with fair value of SEK 4,938 thousand at year-end 2015.

Other contingent liabilities are mainly related to indemnity bonds for commitments of Group companies to their customers. The decrease from previous is related to such commitments.

## NOTE 22. BANK OVERDRAFT FACILITIES

|                        | 2015     | 2014     |
|------------------------|----------|----------|
| Approved credit limits | 105 000  | 150 617  |
| Unutilised amounts     | -105 000 | -129 861 |
| Utilised credit        | –        | 20 756   |

## NOTE 23. ACCRUED EXPENSES AND DEFERRED INCOME

|  | 2015          | 2014          |
|--|---------------|---------------|
| Personnel costs                        | 60 196        | 63 618        |
| Prepaid income                         | 3 584         | 10 612        |
| Costs for relocation                   | 9 866         | –             |
| Project costs of installation projects | 7 362         | –             |
| Provisions for fees                    | –             | 10 558        |
| Consulting fees                        | 10 932        | –             |
| Other items                            | 7 311         | 5 471         |
|  | <b>99 251</b> | <b>90 259</b> |

**NOTE 24. RELATED-PARTY TRANSACTIONS**

Except as indicated in Note 5 "Number of employees, employee benefits and remuneration to the Board and Senior executives", no transactions with related natural persons have occurred.

Until the IPO on 17 June 2015 the Group was under the control of Apolus Holding AB, that held 100 percent of Alimak Group AB. Apolus Holding AB is controlled by Triton Fund II LP, which directly and indirectly controls 86.48 percent of the shares. After the IPO, Triton remains single largest shareholder with 28.39 percent of outstanding shares and votes. There are no significant transactions with companies over which Triton Fund II LP has a significant or controlling influence.

In 2014 compensation for services and expenses totalling SEK 1 million has been paid to West Park Management Services Ltd, which is management services consultancy company associated to Triton. During 2015, no such compensations have been paid.

**NOTE 25. BUSINESS ACQUISITIONS**

The Group made no acquisition during 2015. During 2014, the Group acquired net assets, excluding liquid funds, at a value of SEK 58.6 million. The acquisition did not have any significant impact on the Group's profit/loss or financial position.

| <b>Acquisitions 2014</b>   |               |
|--|---------------|
| <b>Total purchase price, with deduction of acquired liquid funds</b> | 58 581        |
| <b>Net assets acquired</b>   |               |
| Tangible assets  | 2 419         |
| Other assets   | 53 699        |
| Other liabilities  | -44 588       |
| <b>Total net assets acquired, excluding liquid funds</b>             | <b>11 530</b> |
| Goodwill   | 47 051        |
| <b>Total</b>   | <b>58 581</b> |

| <b>Contributions to the Group during the financial year 2014</b> |        |
|--|--------|
| Turnover   | 58 291 |
| Operating profit   | 10 507 |

| <b>Acquisitions 2014</b> |   |                  |
|--------------------------|---|------------------|
| Company                  | Description                                       | Transaction date |
| Heis-Tek Bergen A/S      | Service, new fittings and repairs on and offshore | 22 May 2014      |
| Heis-Tek A/S             | Sales on and offshore                             | 22 May 2014      |

During the financial year 2015 a portion of the goodwill has been reallocated to Other intangible assets - marketing and customer related assets, refer to Notes 10 and 11.

# Parent company income statement

| Amounts in tSEK                      | Note  | 2015-01-01<br>-2015-12-31 | 2014-01-01<br>-2014-12-31 |
|--------------------------------------|-------|---------------------------|---------------------------|
| Income                               |       | 7 500                     | –                         |
| <b>Gross profit</b>                  |       | <b>7 500</b>              | <b>–</b>                  |
| Administrative expenses              |       | -22 964                   | -19                       |
| <b>Operating result</b>              | 2,3,4 | <b>-15 464</b>            | <b>-19</b>                |
| <b>Financial income and expenses</b> |       |                           |                           |
| Interest income and similar items    | 5     | 7                         | 4                         |
| Interest expenses and similar items  | 5     | -45 731                   | -83 528                   |
| <b>Result after financial items</b>  |       | <b>-61 188</b>            | <b>-83 543</b>            |
| <b>Appropriations</b>                |       |                           |                           |
| Group contributions received         |       | 145 000                   | 160 000                   |
| <b>Result before tax</b>             |       | <b>83 812</b>             | <b>76 457</b>             |
| Tax on result for the year           | 6     | -18 448                   | -16 820                   |
| <b>Result for the year</b>           |       | <b>65 364</b>             | <b>59 637</b>             |

# Parent company balance sheet

| Amounts in tSEK                                  | Note | 2015-12-31       | 2014-12-31       |
|--|------|------------------|------------------|
| <b>ASSETS</b>                                    |      |                  |                  |
| <b>Fixed assets</b>                              |      |                  |                  |
| <i>Financial assets</i>                          |      |                  |                  |
| Shares in group companies                        | 7    | 1 898 433        | 1 738 433        |
| Deferred tax asset                               | 6    | 30 771           | 49 219           |
|  |      | <b>1 929 204</b> | <b>1 787 652</b> |
| <b>Total fixed assets</b>                        |      | <b>1 929 204</b> | <b>1 787 652</b> |
| <b>Current assets</b>                            |      |                  |                  |
| <i>Current receivables</i>                       |      |                  |                  |
| Receivables from group companies                 |      | 665 618          | 290 131          |
| Prepaid expenses and accrued income              |      | 139              | –                |
|  |      | <b>665 757</b>   | <b>290 131</b>   |
| <i>Cash and bank balances</i>                    |      |                  |                  |
|  |      | 128 605          | 1 142            |
| <b>Total current assets</b>                      |      | <b>794 362</b>   | <b>291 273</b>   |
| <b>TOTAL ASSETS</b>                              |      | <b>2 723 566</b> | <b>2 078 925</b> |
| <b>EQUITY AND LIABILITIES</b>                    |      |                  |                  |
| <i>Equity</i>                                    |      |                  |                  |
| Restricted equity                                |      |                  |                  |
| Share capital (43 326 289 resp 1 000 000 shares) |      | 867              | 100              |
| Revaluation reserve                              |      | 200 000          | 200 000          |
|  |      | <b>200 867</b>   | <b>200 100</b>   |
| Non-restricted equity                            |      |                  |                  |
| Share premium fund                               |      | 960 138          | –                |
| Retained earnings                                |      | 959 440          | 900 363          |
| Profit/loss for the year                         |      | 65 364           | 59 637           |
|  |      | <b>1 984 942</b> | <b>960 000</b>   |
|  |      | <b>2 185 809</b> | <b>1 160 100</b> |
| <i>Long-term liabilities</i>                     |      |                  |                  |
| Liabilities to credit institutions               | 8    | 226 427          | –                |
| Liabilities to parent company                    | 8    | –                | 918 810          |
|  |      | <b>226 427</b>   | <b>918 810</b>   |
| <i>Current liabilities</i>                       |      |                  |                  |
| Accounts payable                                 |      | 1 057            | –                |
| Liabilities to group companies                   |      | 305 614          | –                |
| Other liabilities                                |      | 916              | –                |
| Accrued expenses and deferred income             |      | 3 743            | 15               |
|  |      | <b>311 330</b>   | <b>15</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>              |      | <b>2 723 566</b> | <b>2 078 925</b> |
| <b>Assets pledged and contingent liabilities</b> |      |                  |                  |
| Assets pledged                                   | 9    | 965              | 1 738 433        |
| Contingent liabilities                           | 9    | 692 667          | None             |

# Parent company cash flow statement

| Amounts in tSEK   | Not | 2015-01-01<br>-2015-12-31 | 2014-01-01<br>-2014-12-31 |
|---|-----|---------------------------|---------------------------|
| <b>Operating activities</b>   |     |                           |                           |
| Profit before tax   |     | 83 812                    | 76 457                    |
| Adjustments for non-cash items  |     | -102 902                  | -76 471                   |
| <b>Cash flow from operating activities prior to working capital changes</b> |     | <b>-19 090</b>            | <b>-14</b>                |
| <i>Cash flow from working capital changes</i>                               |     |                           |                           |
| Increase(-)/decrease(+) in operating receivables                            |     | -390 627                  | 130 000                   |
| Increase(+)/decrease(-) in operating liabilities                            |     | 311 316                   | -130 000                  |
| <b>Cash flow from operating activities</b>                                  |     | <b>-98 401</b>            | <b>-14</b>                |
| <b>Financing activities</b>   |     |                           |                           |
| Loans raised  |     | 325 864                   | -                         |
| Repayment of loans  |     | -100 000                  | -                         |
| <b>Cash flow from financing activities</b>                                  |     | <b>225 864</b>            | <b>-</b>                  |
| <b>Cash flow for the year</b>   |     | <b>127 463</b>            | <b>-14</b>                |
| <b>Cash at the beginning of the year</b>                                    |     | <b>1 142</b>              | <b>1 156</b>              |
| <b>Cash at the end of the year</b>  |     | <b>128 605</b>            | <b>1 142</b>              |

## ADDITIONAL DISCLOSURES TO THE PARENT COMPANY CASH FLOW STATEMENT

| Amounts in tSEK  | 2015-01-01<br>-2015-12-31 | 2014-01-01<br>-2014-12-31 |
|--|---------------------------|---------------------------|
| <b>Interest paid and received</b>                                |                           |                           |
| Interest received  | -                         | 4                         |
| Interest paid  | -4 196                    | -                         |
| <b>Adjustments for items not included in cash flow statement</b> |                           |                           |
| Group contributions received, not settled                        | -145 000                  | -160 000                  |
| Accrued financial costs  | 563                       | -                         |
| Capitalised interest on long-term liabilities                    | 41 535                    | 83 529                    |
|  | <b>-102 902</b>           | <b>-76 471</b>            |



# Changes in parent company equity

2014

| Amounts in tSEK                      | Share capital | Revaluation reserve | Share premium reserve | Retained earnings including profit/loss for the year | Total equity     |
|--------------------------------------|---------------|---------------------|-----------------------|--|------------------|
| <b>Total equity 1 January 2014</b>   | <b>100</b>    | <b>200 000</b>      | –                     | <b>900 363</b>                                       | <b>1 100 463</b> |
| Profit/loss for the year             |               |                     |                       | 59 637   | 59 637           |
| <b>Total equity 31 December 2014</b> | <b>100</b>    | <b>200 000</b>      | –                     | <b>960 000</b>                                       | <b>1 160 100</b> |

Comprehensive income is the same as net income for the year.

2015

| Amounts in tSEK                      | Share capital | Revaluation reserve | Share premium reserve | Retained earnings including profit/loss for the year | Total equity     |
|--------------------------------------|---------------|---------------------|-----------------------|--|------------------|
| <b>Total equity 1 January 2015</b>   | <b>100</b>    | <b>200 000</b>      | –                     | <b>960 000</b>                                       | <b>1 160 100</b> |
| Profit/loss for the year             |               |                     |                       | 65 364   | 65 364           |
| Bonus issue                          | 560           |                     |                       | -560   | –                |
| Set-off issue                        | 207           |                     | 960 138               |  | 960 345          |
| <b>Total equity 31 December 2015</b> | <b>867</b>    | <b>200 000</b>      | <b>960 138</b>        | <b>1 024 804</b>                                     | <b>2 185 809</b> |

Comprehensive income is the same as net income for the year.

# Notes to the parent company's financial statements

Amounts in tSEK unless otherwise indicated

## NOTE 1. ACCOUNTING PRINCIPLES

### COMPANY INFORMATION

Alimak Group AB, corp. ID No. 556714-1857 operates in the legal form of a limited company with its registered office in Stockholm, Sweden. The registered office address is Brunkebergstorg 5, 3 tr, 111 51 Stockholm.

The parent company applies RFR 2 Financial reporting for legal entities. The parent company applies the same principles as the consolidated group. Any deviations are commented on specifically

### GROUP CONTRIBUTION AND SHAREHOLDERS' CONTRIBUTION

Shareholders' contribution is recognised directly against equity at the recipient and is capitalised in shares and holdings from the provider to the extent that write-downs are not required.

Group contributions are reported in the income statement as appropriations.

### SHARES IN SUBSIDIARIES

Shares in subsidiaries are reported in accordance with the acquisition value method. Acquisition costs for subsidiaries, that are recognised as expenses in the consolidated financial statements, are included as part of the acquisition value. The book value of shares in subsidiaries is tested for impairment annually or when impairment indicators occur.

## NOTE 2. INTRA-GROUP SALES AND PURCHASES

Of net sales, 100 percent (-) relates to other Group companies. No part of the operating costs relate to purchases from other Group companies.

## NOTE 3. NUMBER OF EMPLOYEES, EMPLOYEE BENEFITS AND REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

| The average number of employees | 2015   |                | 2014   |                |
|---------------------------------|--------|----------------|--------|----------------|
|                                 | Number | Of which women | Number | Of which women |
| Sweden                          | 1      | 0 %            | –      | –              |

| The proportion of women in the Alimak Group Board of Directors and management | 2015<br>Of which women | 2014<br>Of which women |
|---|------------------------|------------------------|
| Boards  | 17 %                   | 0 %                    |
| Other senior executives   | 0 %                    | 0 %                    |

| Salaries, benefits and social costs | 2015                    |                 | 2014                    |                 |
|-------------------------------------|-------------------------|-----------------|-------------------------|-----------------|
|                                     | Board and CEO employees | Other employees | Board and CEO employees | Other employees |
| Salaries and benefits               | 8 928                   | 1 301           | –                       | –               |
| (of which bonuses)                  | (5 893)                 | (200)           | (-)                     | (-)             |
| Social expenses                     | 3 770                   | 825             | –                       | –               |
| (including pension costs)           | (776)                   | (360)           | (-)                     | (-)             |
| <b>Total</b>                        | <b>12 698</b>           | <b>2 126</b>    | –                       | –               |

Current year cost for Board remunerations invoiced by Board members in accordance with what was resolved by the Annual General Meeting in 2015 amounts to SEK 1.6 million (-) including social fees of SEK 0.4 million (-).

Starting 1 July 2015, the Managing Director of the company and CEO for Alimak Group Tormod Gunleiksrud and the CFO of Alimak Group, are employed by Alimak Group AB. Prior to this date both were employed by the group company Alimak Hek Group AB and Alimak Group AB had no employees.

Of the pension costs incurred SEK 1.0 million (-) is pertaining to the Managing Director and the Board. The company's pension commitment to the Managing Director and the Board amounts to - (-). The Managing Director is covered by a direct pension scheme classified and reported as a defined contribution scheme. The direct pension scheme is guaranteed by a mortgaged endowment policy owned by the company. The cost is carried by Alimak Group AB starting 1 July 2015 and onwards while the cost for prior periods is carried by Alimak Hek Group AB.

For additional information regarding remuneration of the Board of Directors and the Managing Director, see note 5 to the Consolidated Financial Statements.

**NOTE 4. REMUNERATION OF AUDITORS**

|  | 2015       | 2014      |
|--|------------|-----------|
| Ernst & Young AB                                     |            |           |
| Audit assignment                                     | 199        | 15        |
| Audit activities in addition to the audit assignment | -          | -         |
| Tax advice   | -          | -         |
| Other services                                       | -          | -         |
|  | <b>199</b> | <b>15</b> |

**NOTE 5. FINANCIAL INCOME AND EXPENSES**

| <b>Financial income</b>              | 2015           | 2014           |
|--------------------------------------|----------------|----------------|
| Interest income                      | -              | 4              |
| Exchange gains                       | 7              | -              |
|                                      | <b>7</b>       | <b>4</b>       |
| <b>Financial expenses</b>            |                |                |
| Interest expenses Parent company     | -41 535        | -83 528        |
| Interest expense credit institutions | -4 196         | -              |
|                                      | <b>-45 731</b> | <b>-83 528</b> |

Interest expenses to Parent company refers to the interest expenses for a loan from the Company's former Parent company Apolus Holding AB. Since the IPO in June 2015, the Company has no Parent company and all interest expenses to Parent company during 2015 relates to the period prior to the first half of 2015.

**NOTE 6. TAXES**

|              | 2015           | 2014           |
|--------------|----------------|----------------|
| Current tax  | -              | -              |
| Deferred tax | -18 448        | -16 820        |
|              | <b>-18 448</b> | <b>-16 820</b> |

| <b>Reconciliation of effective tax</b>       | 2015           | 2014           |
|--|----------------|----------------|
| Profit before tax                            | 83 812         | 76 457         |
| Corporate income tax at statutory rate 22 %  | -18 439        | -16 821        |
| Change in deferred tax on loss carry-forward | -              | 1              |
| Permanently non-deductible expenses          | -9             | -              |
| <b>Effective tax</b>                         | <b>-18 448</b> | <b>-16 820</b> |

| <b>Deferred tax assets and liabilities</b> | 2015          |             |               | 2014          |             |               |
|--|---------------|-------------|---------------|---------------|-------------|---------------|
|  | Assets        | Liabilities | Net           | Assets        | Liabilities | Net           |
| Pensions and similar obligations           | 212           | -           | 212           | -             | -           | -             |
| Loss carry-forward                         | 30 559        | -           | 30 559        | 49 219        | -           | 49 219        |
| <b>Total</b>                               | <b>30 771</b> | <b>-</b>    | <b>30 771</b> | <b>49 219</b> | <b>-</b>    | <b>49 219</b> |

NOTE 7. SHARES IN GROUP COMPANIES

|                                      | 2015             | 2014             |
|--------------------------------------|------------------|------------------|
| <i>Accumulated acquisition costs</i> |                  |                  |
| Opening balance                      | 1 738 433        | 1 608 433        |
| Shareholder contributions            | 160 000          | 130 000          |
|                                      | <b>1 898 433</b> | <b>1 738 433</b> |
| <i>Accumulated write-downs</i>       |                  |                  |
| Opening balance                      | –                | –                |
| Write-downs                          | –                | –                |
|                                      | –                | –                |
| <b>Book value at end of period</b>   | <b>1 898 433</b> | <b>1 738 433</b> |

|  |               |                 | 2015             | 2014             |
|--|---------------|-----------------|------------------|------------------|
| Subsidiary/ Corp. ID no. / Registered office                                   | Number shares | Proportion in % | Book value       | Book value       |
| Kamila Holding AB/556709-1581/Stockholm  | 100 000       | 100.0           | 1 898 433        | 1 738 433        |
| Alimak Hek Group AB/556064-1739/Stockholm                                      | 6 378 000     | 100.0           | –                | –                |
| Ascensor AB/556289-9160/Stockholm  | 10 000        | 100.0           | –                | –                |
| Alimak Hek AB/556033-7528/Skellefteå   | 360 000       | 100.0           | –                | –                |
| -Alimak Fastigheter HB/916594-5370/Skellefteå                                  |               | 50.0            | –                | –                |
| Alimak Hek Finance AB/556139-0583/Stockholm                                    | 30 000        | 100.0           | –                | –                |
| -Alimak Fastigheter HB/916594-5370/Skellefteå                                  |               | 50.0            | –                | –                |
| Heis Tek AS/971171898/Bergen, Norway   | 1 280         | 100.0           | –                | –                |
| Alimak Hek France SAS/348.000.480/Senlis, France                               | 50 000        | 100.0           | –                | –                |
| Alimak Hek GmbH/ HRB 4482, Heilbronn, Germany                                  |               | 100.0           | –                | –                |
| Alimak GmbH/HRB 2199/Andernach, Germany  |               | 100.0           | –                | –                |
| Alimak Hek Ltd/930125/London, Great Britain                                    | 249 999       | 100.0           | –                | –                |
| Alimak Hek Ltd/135-81-00265/Korea  | 12 500        | 100.0           | –                | –                |
| Alimak Hek Pte Ltd /199905041Z/Singapore                                       | 300 000       | 100.0           | –                | –                |
| -Alimak Hek Sdn Bhd/500452/Kuala Lumpur, Malaysia                              | 500 000       | 100.0           | –                | –                |
| Alimak Hek Pty Ltd/ACN 005 538 947/ Victoria, Australia                        | 10 000        | 100.0           | –                | –                |
| Alimak Hek Srl/00678770520/Siena, Italy  | 485 715       | 100.0           | –                | –                |
| -Alimak Hek S.L./B-31-539513/Pamplona, Spain                                   | 3 999         | 100.0           | –                | –                |
| Alimak Hek Vertical Access Equipment (Changshu)Co /78558003-2/ Changshu, China |               | 100.0           | –                | –                |
| -Changshu AlimakHek IMP.&Exp Co Ltd/320581000280767 / Changshu, China          |               | 100.0           | –                | –                |
| Alimak Hek Inc /06-1242771/ Houston, USA                                       | 5 000         | 100.0           | –                | –                |
| -Access Equipment LLC/043689828/Atlanta, USA                                   |               | 100.0           | –                | –                |
| Alimak Hek BV/18012724/Tillburg, Netherlands                                   | 160           | 100.0           | –                | –                |
| -Alimak Hek NV/0479695484/Antwerpen, Belgium                                   | 61,5          | 100.0           | –                | –                |
| Intervect Brasil Ltda/01.452.037/0001-13/Sao Paulo Brazil                      | 1 556 234     | 100.0           | –                | –                |
| Alimak Hek India Private Limited /U52341DL2008PTC173118/ Secunderbad, India    | 99 990        | 100.0           | –                | –                |
| Alimak Hek FZE/130418/Jabel Ali-Techno Park, Dubai                             | 1             | 100.0           | –                | –                |
| <b>Book value at end of period</b>   |               |                 | <b>1 898 433</b> | <b>1 738 433</b> |

**NOTE 8. LONG-TERM LIABILITIES**

| <b>Maturity structure</b>                         | <b>Book value</b> | <b>&lt; 1 year</b> | <b>&gt;1 year<br/>&lt;5 year</b> | <b>&gt; 5 year</b> |
|---|-------------------|--------------------|----------------------------------|--------------------|
| <b>2015</b>                                       |                   |                    |                                  |                    |
| Loans from financial institutions                 | 226 427           | -                  | 226 427                          | -                  |
| Other long-term liabilities to the parent company | -                 | -                  | -                                | -                  |
| <b>Reported value at end of period</b>            | <b>226 427</b>    | <b>-</b>           | <b>226 427</b>                   | <b>-</b>           |

| <b>Maturity structure</b>                         | <b>Book value</b> | <b>&lt; 1 year</b> | <b>&gt;1 year<br/>&lt;5 year</b> | <b>&gt; 5 year</b> |
|---|-------------------|--------------------|----------------------------------|--------------------|
| <b>2014</b>                                       |                   |                    |                                  |                    |
| Other long-term liabilities to the parent company | 918 810           | -                  | -                                | 918 810            |
| <b>Reported value at end of period</b>            | <b>918 810</b>    | <b>-</b>           | <b>-</b>                         | <b>918 810</b>     |

**NOTE 9. ASSETS PLEDGED AND CONTINGENT LIABILITIES**

|  | <b>2015</b>    | <b>2014</b>      |
|--|----------------|------------------|
| <b>Assets pledged</b>  |                |                  |
| Shares in subsidiaries, for debts to credit institutions                 | -              | 1 738 433        |
| For direct pension obligations   | 965            | -                |
| <b>Total</b>   | <b>965</b>     | <b>1 738 433</b> |
| <b>Contingent liabilities</b>  |                |                  |
| Guarantees for subsidiaries' liabilities to credit institutions          | 594 664        | -                |
| Indemnity bonds for commitments of subsidiaries' guarantees to customers | 98 033         | -                |
| <b>Total</b>   | <b>692 697</b> | <b>-</b>         |

As part of renegotiation of the Group's external loans in 2015, collaterals were released and replaced by general Parent Company's guarantees from Alimak Group AB for the subsidiaries financial borrowings.

The company has a defined contribution direct pension scheme covering the Managing Director. The pension scheme is guaranteed through a mortgaged endowment policy owned by the company.

The company's total indemnity bonds for commitments of subsidiaries guarantees to customers are limited at SEK 170 million.



# Signatures of the Board

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union and generally accepted accounting principles, respectively and give a true and fair view of the financial position and earnings of the Group and the Company and that the Board of Directors' Report for the Group and the Company give a fair review of the development of the operations, financial position and earnings of the Group and the Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm 11 April 2016

**Anders Thelin**  
Chairman of the Board

**Carl Johan Falkenberg**  
Member of the Board

**Göran Gezelius**  
Member of the Board

**Anders Jonsson**  
Member of the Board

**Eva Lindqvist**  
Member of the Board

**Joakim Rosengren**  
Member of the Board

**Greger Larsson**  
Employee representative

**Örjan Fredriksson**  
Employee representative

**Tormod Gunleiksrud**  
Managing Director and CEO

Our auditor's report was submitted on 12 April 2016

**Ernst & Young AB**

**Rickard Andersson**  
Authorized Public Accountant

# Auditor's report

To the annual meeting of the shareholders of Alimak Group AB (publ),  
corporate identity number 556714-1857

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Alimak Group 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 43-84.

### 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.

## 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 Alimak Group 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. 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 which we have obtained is sufficient and appropriate in order 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.

Stockholm, 12 April 2016

**Ernst & Young AB**

**Rickard Andersson**

Authorized Public Accountant

# Information to shareholders

The Annual General Meeting of Alimak Group AB (publ) will be held on Wednesday, 11 May 2016 at 4.00pm in Polhemssalen (the Polhem Hall), Citykonferensen Ingenjörshuset, Malmkillnadsgatan 46, Stockholm.

Anyone wishing to attend the meeting must:

- be entered as a shareholder in the share register kept by Euroclear Sweden AB as of Wednesday, 4 May 2016;
- give notice to the Company of their intention to attend no later than Wednesday, 4 May 2016.

## NOMINEE REGISTERED SHARES

To be entitled to attend the meeting, holders of nominee registered shares must instruct the nominee to have the shares registered in the holder's own name, so that the holder is entered in the share register kept by Euroclear Sweden AB as of Wednesday, 4 May 2016. Registration in this way may be temporary.

## PROXY AND PROXY FORM

Anyone who does not attend the meeting in person may exercise their right at the meeting via a proxy in possession of a signed and dated form of proxy. Forms of proxy are available on the Company's website: [www.alimakgroup.com](http://www.alimakgroup.com). The form of proxy may also be obtained from the Company or be ordered over the telephone using the number above. If the proxy is issued by a legal person, a copy of their registration certificate or equivalent documentary authority must be specified on the form of proxy, subject to a maximum of five years. To facilitate entry to the meeting, forms of proxy, registration certificates and other documentary authority must be received by the Company in good time before the meeting.

## NOTIFICATION TO THE COMPANY

- Company website: [www.alimakgroup.com](http://www.alimakgroup.com)
- In writing to: Årsstämma Alimak Group AB, C/O Euroclear Sweden AB Box 191, 101 23 Stockholm, Sweden
- Telephone: +46 (0)8-402 92 08 (9.00am-4.00pm weekdays)

## WHEN GIVING NOTIFICATION, PLEASE STATE

- Name or company name
- personal ID or company registration number
- Address and daytime telephone number
- Number of shares
- Assistants, if any

## NOMINATION

The Nomination Committee shall prepare proposals regarding number of Board members, election of Board members and Board Chairman, election of auditor, election of the Chairman of the Meeting, fees to be paid to each of the Board members, remuneration to the auditor and other related matters. The Nomination Committee for the Annual General Meeting 2016 comprises the following members:

- Roger Hagborg, Triton, Chairman of the Nomination Committee
- Johan Lannebo, Lannebo Fonder
- Åsa Nisell, Swedbank Robur Fonder
- Fraser Maingay, York Capital Management
- Anders Thelin, Alimak Group's Chairman of the Board

## DIVIDEND

13 May 2016 is proposed as the record day. If the meeting approves these proposals, it is estimated that the dividend be paid by Euroclear Sweden AB on 18 May 2016.

For more information, please contact:

Sofia Wretman, Head of Communications & IR  
Phone: +46 (0)8-402 14 41. Mail: [sofia.wretman@alimakhek.com](mailto:sofia.wretman@alimakhek.com)

## FINANCIAL REPORTS CAN BE ORDERED FROM ALIMAK GROUP

- Company website: [www.alimakgroup.com](http://www.alimakgroup.com)
- Telephone: +46 (0)8-402 14 41
- Postal address: Alimak Group, Box 70340, 107 23 Stockholm, Sweden

## FINANCIAL CALENDAR

- Alimak Group's interim report for the period January to March 2016 will be published on 28 April 2016.
- The Annual General Meeting of Alimak Group for the 2015 financial year will be held on 11 May 2016.
- Alimak Group's interim report for the period January to June 2016 will be published on 27 July 2016.
- Alimak Group's interim report for the period January to September 2016 will be published on 28 October 2016.
- Alimak Group's interim report for the period January to December 2016 will be published on 16 February 2017.

Alimak Group's financial calendar is available at [www.alimakgroup.com](http://www.alimakgroup.com)

# DEFINITIONS

**Operating profit (EBIT)**

Comprises the results before financial items and tax.

**Net debt**

The net of interest bearing liabilities (shareholders' loan excluded) and assets as well as cash and cash equivalents.

**Operating margin (EBIT %)**

Has been calculated as EBIT above as a percentage of revenue during the period.

**Net debt/EBITDA ratio**

Net debt in relation to operating profit before depreciation and amortization (EBITDA).

**Basic average number of shares**

Weighted average number of shares outstanding during the period.

**Net debt/equity ratio**

Net debt in relation to shareholders' equity.

**Diluted average number of shares**

Weighted average number of shares outstanding during the period as well as potential additional shares.

**Return on equity**

Profit after tax for the period, rolling twelve months value, as a percentage of the average shareholders' equity excluding shares without controlling interest

**Basic/diluted earnings per share**

After tax result in relation to the basic and diluted average number of shares.

**Return on capital employed**

Operating profit (EBIT), rolling twelve month value, as a percentage of the average capital employed. Capital employed refers to net debt plus shareholders' equity plus shareholders' loan.

**Basic/diluted equity per share**

Shareholders' equity in relation to the number of basic shares outstanding at the end of the period.

**Interest coverage ratio**

Profit after financial items plus financial expenses in relation to financial expenses.

**Equity ratio**

Shareholders' equity as a percentage of total assets.

**ALIMAK GROUP AB**

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