Alimak Group AB
ALIG, SE0007158910

ALIMAK GROUP

Annual Report
2016

2016

Contents

Calendar

The Company's Annual General Meeting (AGM) for the 2016 financial year will be held on 11 May 2017.

The Interim Report for the period January–March 2017 will be published on 26 April 2017.

The Interim Report for the period January–June 2017 will be published on 17 August 2017.

The Interim Report for the period January–September 2017 will be published on 25 October 2017.

Contact

Per Ekstedt, CFO
Sofia Wretman, Head of Communications & IR

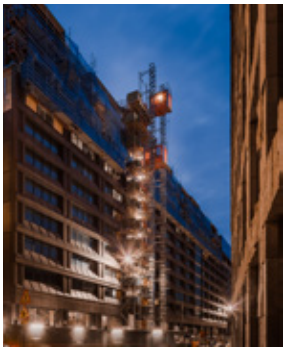
investor@alimakhek.com
Tel +46 8 402 14 40
www.alimakgroup.com

In the event of any discrepancies between the Swedish and the English versions of the Annual Report, the Swedish version shall take precedence.

Alimak in brief

Alimak is a global market leader in vertical access solutions for industry and the construction sector. The product range spans construction hoists and industrial elevators, work platforms, transport platforms and tower crane elevators. The Group also offers a comprehensive range of aftermarket services. Alimak has sales in more than 90 countries.

Business areas

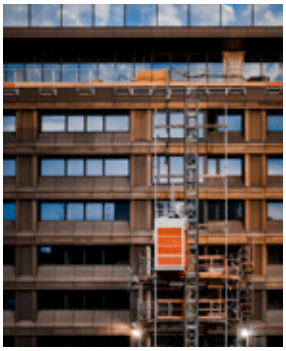


CONSTRUCTION EQUIPMENT

Construction Equipment develops, manufactures and sells a wide range of hoists, work and transport platforms and material and tower crane elevators for temporary use in construction and renovation projects.

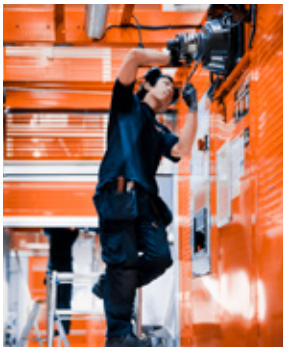
INDUSTRIAL EQUIPMENT

Industrial Equipment develops, manufactures and sells a wide range of elevators and platforms for permanent use. The most important markets are industrial sectors such as power, oil and gas, petrochemicals, infrastructure, cement, ports and shipyards.



RENTAL

Business area Rental hires out Alimak's construction hoists and platforms to the construction industry in several key markets in Europe and in Australia. The rental business is backed by a range of related support services. The business area also sells used equipment.



AFTER SALES

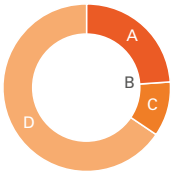
After Sales offers a wide range of aftermarket options, mainly targeted at Alimak's own customers. The offering includes installation, technical support, maintenance, repairs, renovation, modernisation, remote surveillance and training.

Share of Group sales

34% 18% 15% 33%

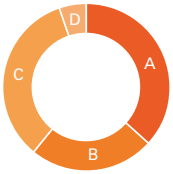
Share of operating profit, adj. %

A Construction Equipment, 25
B Industrial Equipment, -4
C Rental, 11
D After Sales, 68



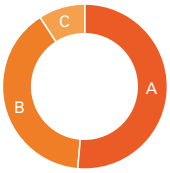
Sales per region, %

A Europe, 36.8
B APAC, 24.3
C Americas, 33.7
D Other, 5.2



No. of employees, %

A Europe, 51.6
B APAC, 39.4
C Americas, 8.9



Alimak's strengths

STRONG GLOBAL MARKET POSITION AND BRAND

Alimak has a strong brand and good knowledge of the market. Our products are distinguished by high levels of safety, reliability and quality.

ATTRACTIVE BUSINESS MODEL WITH STABLE AND PROFITABLE AFTERMARKET

The business extends over the entire value chain, from product development, manufacturing, marketing, distribution and sales to aftermarket services, which helps ensure stable revenue and sound profitability. Alimak's broad range of aftermarket services, mostly focused on the Group's installed base, represent an important factor in stability of the cash flow.

BROADLY-BASED PRESENCE IN MATURE AND GROWTH MARKETS

Alimak conducts sales globally via its own sales organisation and a network of distributors. The global organisation offers closeness to the market, ensuring good knowledge of the customer and long-term relationships. Alimak has cost-effective and efficient production plants that contribute long term to the Group's competitiveness. Manufacturing is continuously evolved in order to strengthen the Group's position in the key growth markets in Asia and to fully optimise production and purchasing costs.

SOLID PROFITABILITY AND STRONG CASH GENERATION

The Group has a long history of positive profitability and cash generation through its cost-efficient manufacturing activities, sound capital management and high proportion of revenue from aftermarket services.

POSITIONED FOR GROWTH

Important macroeconomic trends in both mature and growth markets are the factors behind Alimak's market growth. Urbanisation, health, safety and environmental concerns, together with automation and mechanisation, have been identified as especially important.

Alimak in the world in 2016

Alimak is world-leading in vertical access solutions

Installed base*	Market capitalisation, MSEK	Number of employees, approx.	Number of countries
22,000	5,600	1,200	>90

*Number of hoists/elevators and platforms

Important events

January – Alimak's business area Construction Equipment is awarded new orders for hoists for India. The total order value is approximately MSEK 20.

May – Stefan Rinaldo is appointed COO. Stefan Rinaldo has worked for Alimak since 2007; as CFO since 2012.

Alimak develops its partnership with Bigge Crane and Rigging Co., one of the USA's foremost global crane companies, and lands an order worth MSEK 16.5 that adds to Bigge's expanding fleet of Alimak cranes.

Alimak participates in Bauma, the world's largest trade fair for the construction industry, in Germany.

September – Agreement is reached on the divestment of Alimak's rental business in the USA, based in Atlanta, to Bigge Crane and Rigging Co.

October – Alimak signs an agreement to acquire Facade Access Group, of Australia, a global market leader in permanently installed building maintenance solutions. Facade Access Group has a turnover of approximately SEK 1.2 billion and 700 employees.

Alimak participates in the Bauma construction fair in Shanghai, China.

December – Agreement on acquisition of Avanti Wind Systems, of Denmark, a global market leader in vertical access solutions for the wind power industry. Avanti has sales of around MSEK 900 and 400 employees.

The Board of Directors approves a new share issue, to raise up to MSEK 800, and resolves to call an extraordinary general meeting in January 2017.

Alimak secures an order for construction hoists and servicing in the United Kingdom, valued at approximately MSEK 80.

Per Ekstedt takes over as CFO.

Acquisitions after the end of the financial year

The acquisition of **Facade Access Group** was completed on 28 February 2017. Facade Access Group is a market leader in permanently installed building maintenance solutions.

The acquisition of **Avanti Wind Systems** was completed on 30 January 2017. Avanti Wind Systems is a market leader in vertical access solutions for the wind power industry.

Group summary

KEY FIGURES

	2016	2015	2014	2013	2012
Order intake, MSEK	2,143.9	2,109.1	1,789.3	1,561.0	1,584.7
Revenue, MSEK	2,048.6	2,036.3	1,742.5	1,517.1	1,498.3
Operating income (EBIT adjusted), MSEK	329.6	350.3	316.9	275.3	248.2
Operating margin (EBIT-adjusted), %	16.1	17.2	18.2	18.1	16.5
Operating profit (EBIT), MSEK	306.8	296.2	287.7	267.3	137.4
Operating margin (EBIT), %	15.0	14.5	16.5	17.6	9.2
Profit after tax, MSEK	194.0	135	46.5	79	40.6
Earnings per share, undiluted/diluted[1], SEK	4.48	3.12	1.07	1.82	0.94
Earnings per share, undiluted/diluted, SEK	4.48	3.12	46.5	79	40.6
Cash flow from operating activities, MSEK	224.0	239.8	309.5	107.7	139.3

1 Based on the existing number of shares, 43,326,289.

Order intake, MSEK

2,144

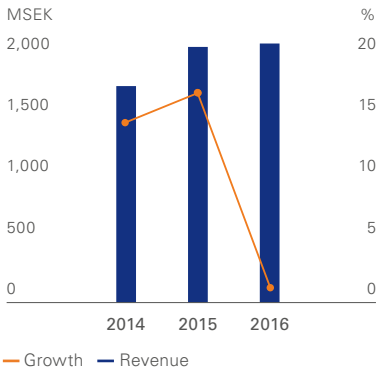
Turnover, MSEK

2,049

Operating profit, adjusted MSEK

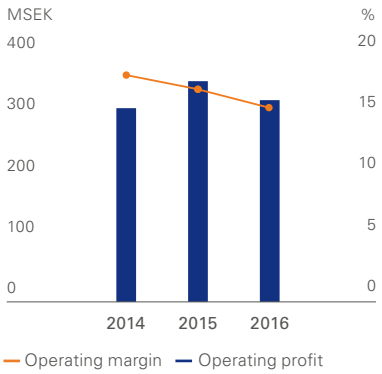
330

Revenue and growth



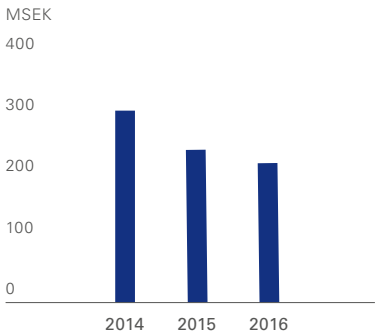
Revenue rose by 1 percent to MSEK 2,144 after a challenging year dominated by continued weakness in the raw materials sector.

Operating profit, adjusted and operating margin



Adjusted operating profit was MSEK 330, 6 percent lower than in 2015. The growth in three out of four business areas could not compensate for the fall in revenue from Industrial Equipment.

Cash flow



Cash flow from operating activities totalled MSEK 224, 7 percent lower than in 2015. The decline was mainly attributable to acquisition-related costs.

Strengthening our global presence through strategic acquisitions

"We obtain a considerably enlarged and stronger global organisation with closeness to the customer an important component of our business model."

In 2016, we passed a milestone in Alimak's history, with two large acquisitions. With Facade Access Group and Avanti Wind Systems, we are doubling our turnover and establishing a stronger and broader customer offering with global coverage.

The acquisitions of Facade Access Group and Avanti Wind Systems accord with our growth strategy. The companies complement Alimak in related niches – vertical access solutions for facade maintenance and wind power plants – and reduce our exposure to the oil & gas industry. We identify economies of scale and synergies with Alimak's existing operations in several areas, including development, purchasing and sales. By combining and developing our aftermarket services, we will also create new business opportunities.

Like Alimak, our acquisitions are global businesses. They have strong brands and make safety, reliability and quality their top priorities. The solutions provided are often crucial to the customer's business. We gain a considerably enlarged and stronger global organisation, with closeness to our customers.

PLATFORM FOR CONTINUED GROWTH

Both Facade Access Group and Avanti Wind Systems operate in markets with good underlying growth, driven by urbanisation, a continued focus on health, safety and the environment and investments in renewable power. Along with the strategic initiatives that Alimak has focused on intensively in recent years, this creates a solid platform for continued growth.

Several strategic initiatives led to an expanded product portfolio in 2016. We launched a number of new products, including a new construction hoist in the premium segment and a lightweight service elevator for industrial environments. Development of a new elevator based on traction technology is on schedule.

Alimak has always made safety, reliability and quality our top priorities. A high level of safety in the industrial and construction sectors create a better work environment, reduces occupational injuries and lowers costs to society. In this respect, the acquisitions have the same fundamental values as Alimak.

We also continued to invest in strengthening our sales and service organisation. During the year, our network of distributors expanded by around 20, to more than 80 partners in more than 90 countries.

We intensified our focus on sustainability during the year. We identified four priority areas – safe and efficient solutions, resource-efficient production, responsible purchasing and logistics solutions, and employees and business ethics – which we will continue to work on over the next few years.

STRONG FINISH TO A CHALLENGING 2016

2016 brought both successes and disappointments. External factors, influenced by political events and volatile raw material prices, created market conditions that in some areas were challenging. The adjusted operating margin for the Group was 16.1 percent (17.2), which was in line with our expectations but lower than in the preceding year, affected by weakness in Industrial Equipment. Overall, the Group's revenue was on a par with the preceding year. The results from operations varied considerably among the Group's different business areas.

Construction Equipment performed strongly, with high growth and a sharply improved profit. Our strategic focus on construction hoists for the mid-market segment turned out well and yielded excellent sales successes in 2016. The results achieved are evidence that we have an attractive and competitive offering in all markets.

The Industrial Equipment market remains challenging, against the background of low levels of investment in oil & gas and in the mining industry. At the same time, the appetite for investment in the industrial sector overall was subdued. The lack of demand led to a sharply lower volume, as a result of which the business area reported a minor operating loss.

After Sales showed a stable performance over the year. Profit and profitability remained at high levels. While the business area also suffered from the decline in the oil and gas industry, this was in large part counterbalanced by buoyant demand on the construction-related side.

Rental also posted good results in 2016, with improved profit, while revenue remained unchanged. The improved profitability was driven primarily by higher fleet utilisation in all markets.

Our financial targets have been adjusted in 2017 in view of the fact that the acquisitions of Facade Access Group and Avanti Wind Systems alter the Group's business mix. The prolonged decline in oil & gas is also reflected in the revised growth target. Growth will remain a fundamental corner-stone of our strategy going forward, along with a stronger emphasis on profitability.

Our focus during 2017 is to develop our acquisitions and secure synergy gains. With Facade Access Group and Avanti Wind Systems, we are doubling in size and securing an even stronger position in the market.

I would like to conclude by thanking our customers, shareholders and partners for our successful cooperation during the year, and welcome our new colleagues to the Alimak Group. I would also like to thank all our employees for their hard work and dedication.

Tormod Gunleiksrud
President and CEO

Higher construction activity favouring Alimak

The market for vertical access solutions varies according to the demand from end customers in the industrial and construction sectors. To businesses, health, safety and the environment are playing an ever-increasing role in their choice of supplier. Stricter work environment legislation is fuelling demand for safe vertical access solutions in both mature and growth markets.

Long term, demand is also being driven by increased automation and requirements for cost-efficient production, which is tending to boost demand for upgrades to existing hoists and for investments in new, up-to-the-minute solutions.

THE CONSTRUCTION MARKET

In business area Construction Equipment, it is above all population growth and urbanisation that generate increased construction activity, which drives the market for the business area. Demand varies sharply from one geographical region to another. More than half of all construction takes place in developing countries. With a rate of growth that is considerably higher than those in mature markets, developing countries are expected to account for an ever-larger share of the world market.

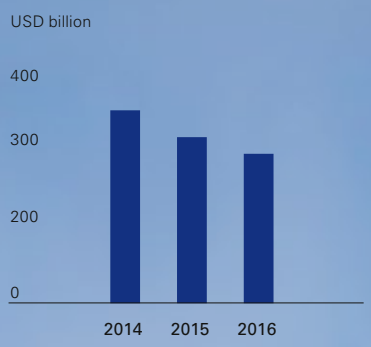
THE INDUSTRIAL MARKETS

Business area Industrial Equipment is active in several industrial segments. The largest one has been the oil & gas industry. Other important segments are the power industry, petrochemicals, the cement industry, ports and the shipyard sector and production facilities.

Mechanisation, automation and operational efficiency in industrial production are boosting the demand for industrial elevators. In recent years, mature markets have stagnated while growth markets have continued to show good progress. At the same time, the pace of investment in oil & gas has weakened globally.

1.

Investments in offshore

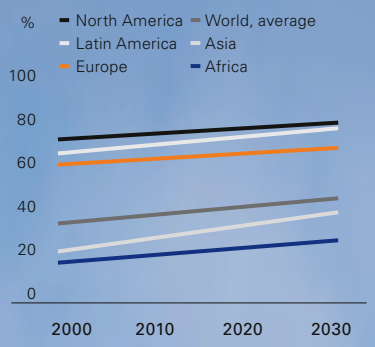


Investment levels in the oil industry have continued to fall and are now at the same levels as in 2012.

Source: Rystad Energy Ucube

2.

Global urbanisation

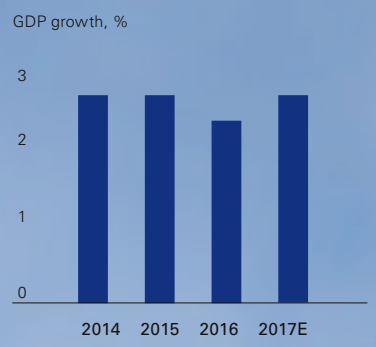


Growth in urbanisation is expected to drive the development of megacities and the construction of high-rise buildings.

Source: United Nations Population Division, World Urbanization Prospects: The 2014 Revision (June 2014).

3.

Global GDP growth



The World Bank forecasts continued growth in GDP in 2017, following several years of recovery since the financial crisis.

Source: The World Bank, Global Economic Prospects, January 2017.

The best vertical access systems for construction and industry

Alimak's strong brand and efficient business model, together with the Group's considerable installed base, generate stable revenue via sales of servicing and spare parts, as well as through renovation and reconstruction.

Alimak's business model

Alimak's business model is based on four strengths: safety, vertical integration, customised solutions and closeness to the customer.

Safety
Products and services are distinguished by high levels of safety, reliability and quality.

Vertical integration
Alimak creates value by controlling the whole chain – from product design to aftermarket. Starting from the criteria of safety and high productivity, Alimak has adapted its production to maximise benefit to the customer.

Customised solutions
Alimak has a broad and competitive product range of standard and customer specific hoists/elevators adapted for different customer needs and market segments.

Closeness to the customer
The Group's sales are conducted via its own sales organisations and a global network of distributors that market and sell the Group's products, support and service. Our global organisation gives us closeness to customers, ensuring good knowledge of the customer, long-term relationships and high service quality. These strengths have enabled Alimak to build our strong brand and expand our market shares, and as a result also our installed base. The 22,000 units, including 14,500 construction hoists and 7,500 industrial elevators, generate a stable and rising revenue stream.

Products and services

Alimak is market leader in permanent vertical access solutions for industry and mobile solutions for the construction market.

Industrial elevators are customised according to need in the particular industry, including refineries, oil drilling platforms, ports, steelworks and mines.

Hoists and platforms for the construction industry are normally more standardised and safety is the most highly prioritised element. Alimak also rents out construction hoists and work platforms.

A global network provides rapid and efficient product support and service.

The company's product and service offering is continuously developed via new product launches in both existing and new segments, as well as via acquisitions in selected niches.

The Group offers several different technologies, including rack-and-pinion and traction-based systems.

Value creation

Safety
High safety levels make for a better work environment, with fewer occupational injuries and accidents.

Sustainable product solutions
Alimak's products are of high quality and reliability, with a long service life, which aids higher productivity in our customers' business.

The right product for the right application, combined with ongoing improvements in design, construction and drive systems, helps to lower power consumption by the end-user. Servicing, maintenance, spare parts and renovation that extend the service life of the products benefit the environment.

Profitability
Alimak generates value throughout the supply chain, which also creates the right conditions for generating a healthy margin long term.

Alimak's mission is to provide safe and reliable vertical access solutions for construction and industrial customers.

Our vision is that Alimak should be the global market leader in the sector.

Growing installed base

Increased market shares

Safety | **Vertical integration** | **Customised solutions** | **Closeness to the customer**

Work platforms | **Construction hoists** | **Industrial elevators**

Tower crane elevators | **Material hoists** | **Transport platforms**

Aftermarket services

Safety

Sustainable product solutions

Profitability

Financial targets and strategies

Alimak's financial targets were adjusted in the first quarter of 2017 in view of the fact that the acquisitions of Facade Access Group and Avanti Wind Systems alter the Group's business mix. The prolonged downturn in oil & gas is also reflected in the revised growth target.

Targets and outcomes during the year

	Target, 2016	Outcome, 2016
Revenue	10%	1%
EBIT margin	17%	16.1%
Net debt	2 x EBITDA	1.5 x EBITDA
Dividend policy	App. 50%	47%[1]

New financial targets

	Target
Revenue	6%
EBITA margin	15%
Net debt	2 x EBITDA
Dividend policy	App. 50%

The year of 2016 was an eventful one, with many global challenges. Political events combined with continued weakness in commodity prices placed business area Industrial Equipment in particular under pressure. The lower volumes in this business area were the main reason why the revenue and margin targets were not achieved.

The Group's mid-term target is now for annual organic revenue growth of at least 6 percent. Growth will remain a central pillar of Alimak's strategy also in the future, but there will be an increased focus on profitability going forward.

REVENUE GROWTH
The Group's mid-term target is to have an annual organic revenue growth of at least 6 percent.

EBITA MARGIN
The Group's mid-term target is to reach an operating EBITA margin of at least 15 percent.

CAPITAL STRUCTURE
Alimak will maintain an effective capital structure with net debt of around twice EBITDA. The capital structure will be flexible and allow for strategic initiatives.

DIVIDEND POLICY
Alimak has a target of paying a dividend of approximately 50 percent of its net profit for the current period to the shareholders. Decisions on dividend payment will take account of the company's financial position and cash flow.

1 For approval by the 2017 AGM.

Left: **Refinery, Gladstone, Queensland, Australia.**

Right: **The Urban Escape development, Stockholm.**

Strategies for growth

Alimak will broaden and develop its product portfolio and develop sales in business areas Construction Equipment, Industrial Equipment and After Sales.

Business area After Sales business area will grow via expansion of penetration by the installed base.

Alimak will focus on a more efficient product development process and lower costs of ownership and operation of the Group's products and services.

Alimak will expand its global sales network to deliver further growth and closeness to the customer.

Alimak will evaluate potential acquisitions within selected niches in order to consolidate the Group's market position.

Highlights of the year

Launch of new work platforms, MC 650 and 450. An upgraded version of the Alimak Scando 650 construction hoist, featuring improvements in safety, productivity and ease-of-use. A traction-based elevator system for tough industrial environments, launched in 2017, plus a new, simpler service elevator for industrial customers in growth markets.

A number of business initiatives were taken to increase the number of services in the product portfolio. The business area expanded its penetration in the growing construction segment. Sales of spare parts increased. Continued growth in service contracts and support to customers with minor hire businesses, notably in Australia, is part of the expansion in the construction segment.

Development of new industrial elevators designed for growth countries intended to help customers replace stairs and ladder solutions with automated systems.

The Group's global sales and service network was developed via recruitment to Alimak's own salesforce and a major expansion of the distribution network. The number of distributors was increased by more than 30 percent and now totals more than 80 worldwide.

Alimak acquired two leading corporate groups: Avanti Wind Systems and Facade Access Group, with a combined turnover of around SEK 2 billion.

Facade Access Group

Alimak acquired Facade Access Group in October 2016. The deal was completed on 28 February 2017. The company is a global leader in permanently installed solutions for building maintenance, with an installed base of 10,000 units.

The acquisition strengthens and broadens Alimak's existing product portfolio and enables it to expand in a related niche market. Facade Access Group makes a good fit with Alimak's operations. The company focuses on vertical access solutions for building maintenance, known as Building Maintenance Units (BMUs).

The products are based on complex combinations subject to high safety and quality requirements. BMUs have a long service life, with a need for aftermarket support in the form, for example, of servicing and maintenance. The aftermarket accounts for around 24 percent of revenue. The company operates under two strong brands – CoxGomyl and Manntech.

BMUs are installed in skyscrapers and other high-rise buildings, at airports, on bridges and in shopping centres. The market shows good underlying expansion, driven by population growth, urbanisation and the emergence of megacities.

The global market including aftermarket totals approximately SEK 6 billion and growth is estimated at 8–10 percent annually. Customers are found in the construction and property sector, and also include architect firms and distributors.

Facade Access Group has its registered office in Melbourne, Australia, and the company has four manufacturing facilities – two in Spain, one in Germany and one in the Netherlands. Marketing, sales and service are conducted via a global network comprising 27 own sales offices, 15 service centres and distributors in 36 countries.

The Asia and Pacific region accounts for 43 percent of sales, Europe for 30 percent, North and South America for 15 percent and the Middle East and Africa together for 12 percent.

The company was founded in 1955 under the name of E. W. Cox. In the 1980s, the company began a programme of international expansion, establishing offices in strategic cities. The Spanish company Gomyl was acquired in 2008 and Manntech of Germany in 2014.

Facade Access Group is included in the consolidated financial statements as of 1 March 2017.

Facade Access Group	2016
Revenue, MSEK	1,044
EBIT, MSEK	45.2
Margin, EBITA, %	6.2
Number of employees	700
Number of manufacturing units	4
Number of sales offices	27

Avanti Wind Systems

Alimak acquired the Danish company Avanti in December 2016 and the deal was completed on 30 January 2017. Avanti is a global market leader in vertical access solutions for the fast-growing wind power industry. The company has an installed base of 30,000 units.

Avanti fits well with Alimak's business. Safety and high quality are the top priority, and the company has a strong brand in the sector. Avanti supplements and broadens the Group's product range, and strengthens its sales and service organisation.

Its product range includes service elevators, safety ladders, fall protection and safety equipment. Avanti also operates a substantial aftermarket business consisting of installation of products and systems, regular inspections and servicing, plus safety training.

The global market for service elevators for wind power plants is expected to grow by four percent annually in volume over the 2016-2020 period. In addition to the rising numbers of wind power plants being built, the market is also being driven by the increasing height of wind power plants. At the same time, the demands for safety and efficiency are also increasing. Wind power plants have a very long service life and the aftermarket for servicing and maintenance is considerable.

Europe accounts for around half of Avanti's sales, with Asia and North and South America each representing a quarter. The company's customers are wind turbine builders, power companies and wind tower producers.

Over the past 15 years, Avanti has delivered 30,000 systems and solutions, which represent the company's installed base. The aftermarket business makes up approximately ten percent of Avanti's total turnover.

The company's headquarters are located in Hillerød, Denmark, and Avanti has subsidiaries in nine countries.

Originally a manufacturer of wooden ladders, Avanti was founded in Denmark in 1885. The business gradually evolved an operation producing aluminium ladders for the wind power industry. The first service lift was introduced in 2000, after which the product range was expanded and international expansion gathered speed.

Avanti is included in the consolidated financial statements as of 1 February 2017.

Avanti Wind Systems	2016
Revenue, MSEK	918
EBIT, MSEK	76.8
Margin, EBITA, %	9.5
Number of employees	400
Number of manufacturing units	6
Number of sales offices	9

The new Alimak

With the acquisitions of Facade Access Group and Avanti Wind Systems, Alimak is consolidating its position as global market leader in vertical access solutions.

Both Facade Access Group and Avanti fit well with Alimak's business model and strategy. Both are leaders in their respective niche, with strong brands and businesses that complement Alimak in vertical access solutions. The companies are compatible with Alimak in terms of business culture and value base. Like Alimak, both companies operate an aftermarket business that offsets fluctuations in the general economy. The companies span the entire value chain from design and product development to manufacturing, sales and aftermarket.

Facade Access Group's BMUs are installed in skyscrapers and shopping centres, at airports and on bridges.

The acquisitions strengthen and expand Alimak's global organisation and double the number of employees in the Group from 1,200 to 2,300. The new Alimak will have around 60 own sales offices, 40 service centres and more than 100 distributors worldwide. The number of manufacturing units increases from two to 12.

Coordination gains and synergies have been identified in a number of areas. The acquisitions will enable benefits of scale and synergies in purchasing and production, and will create business opportunities including further development of the aftermarket business. In both Avanti and Facade Access Group, aftermarket sales account for lower proportion of total revenue than in Alimak. Against the background that the Group will have an installed base of 66,000 units and it will be able to develop its aftermarket offering through Alimak's global networks and powerful aftermarket business model.

Alimak will retain the companies' strong brands and will operate under four brands: Alimak, Avanti, CoxGomyl and Manntech.

Avanti's and Facade Access Group's installations are permanent and so will be accounted for within business area Industrial Equipment. This will create a more dynamic and diversified business area that is less dependent on the oil & gas and mining industries.

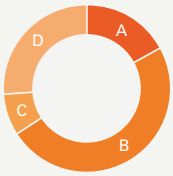
The companies' aftermarket businesses will be accounted for within business area After Sales. Avanti is included in the consolidated financial statements as of 1 February 2017. Facade Access Group is included in the consolidated financial statements as of 1 March 2017.

Pro forma 2016

Revenue	MSEK 4,011
Operating profit, adjusted	MSEK 385.7
Operating margin EBITA, adjusted %	12.0
Number of employees, app.	2,300

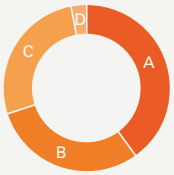
Revenue pro forma 2016 per business area, %

A) Construction: 17
B) Industrial Equipment: 49
C) Rental: 8
D) After Sales: 26

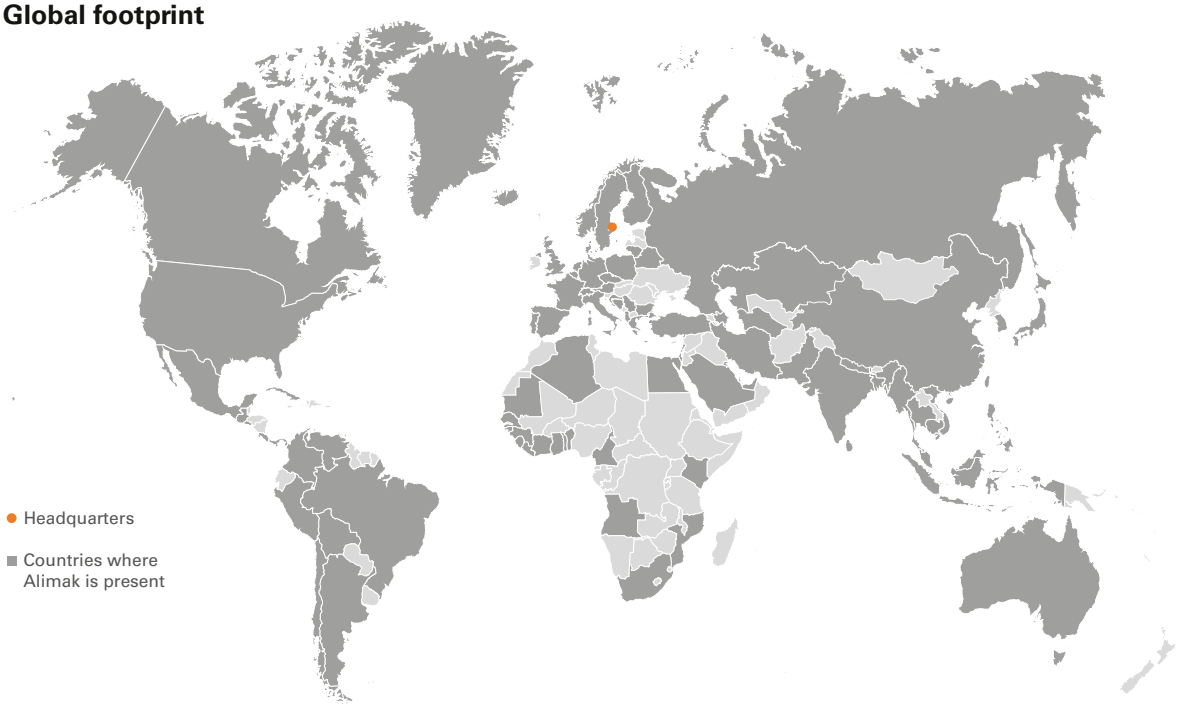


Revenue pro forma 2016 per market, %

A) Europe: 40
B) APAC: 30
C) Americas: 27
D) Other: 3



Global footprint



Alimak Group

Business Areas

Alimak's operations are organised into four business areas: Construction Equipment, Industrial Equipment, Rental and After Sales. The business areas are responsible for development, product planning marketing, sales and earnings.

Sales per business area, %

A) Construction Equipment, 34
B) Industrial Equipment, 18
C) Rental, 15
D) After Sales, 33

Operating profit per business area, %

A) Construction Equipment, 25
B) Industrial Equipment, -4
C) Rental, 11
D) After Sales, 68

Business area

Construction Equipment

Order intake, MSEK

779.1

Revenue, MSEK

685.9

Operating profit, adjusted, MSEK

83.5

A wide range of products for a growing market

Installed base, thousands of hoists	14.5
Market	The construction industry needs a variety of hoists, work and transport platforms and tower crane elevators for temporary use.
Share of Alimak's revenue	34%
Driving forces	Population growth and urbanisation are major driving forces for the construction industry in general. A closer focus on safety, health and productivity is also favouring demand for hoists in new-build and renovation projects.
Market growth	Demand is determined by end customers in the construction market. Demand may fluctuate considerably from one period of time to another and from one geographical region to another.
Sales channels	Alimak has a global network of own sales offices and distributors.
Growth strategy	Our strategy for increased growth is to broaden our product offering and bolster our global sales organisation.

Construction Equipment offers vertical access solutions for temporary use to customers in the construction industry. The business area has a wide range of hoists, as well as transport, material and work platforms. The products are often customised and specified according to the customers' needs and specific application. The products can be cost effectively installed, moved and customised to suit different projects. In recent years, the product portfolio has been supplemented by the inclusion of more standardised hoists.

MARKET AND TRENDS

Demand varies considerably in the key geographical regions, namely the Asia and Pacific region – including Australia and New Zealand – and Europe, Latin America and North America.

Population growth and urbanisation are the chief driving forces behind growth in construction, which is positively affecting demand for hoists. Workplace safety is fuelling the need for safe vertical access solutions and is an increasingly important driving force in both mature and growth markets. For example, an EU legal requirement entering force in 2017 states that the maximum climbing height to the cab for crane operators is 50 metres. This will favour demand for Alimak tower crane elevators.

Alimak previously focused primarily on the market for modular premium products. In growth markets, standard hoists account for the bulk of the market. Alimak has been developing standard hoists for the mid-market segment of both mature and growth markets since 2013, and standard hoists now represent a cost efficient and safe option in the product portfolio.

The competition varies from market to market. In markets where Alimak has a market-leading position,

"The broad customer base of many small construction firms and large rental and construction companies worldwide is the foundation for the solid growth in Construction Equipment."

Fredrik Betts, Head of Business area Construction Equipment

the three major players together account for around 75 percent of the consolidated market.

In growth markets, the competitive situation is more fragmented. There, the major players together represent less than 50 percent of the markets. The market for rack-and-pinion based applications is considerable and largely driven by the domestic Chinese construction market. The Chinese market is dominated by several local Chinese companies.

CUSTOMERS

The customer base is extensive but fragmented, with a small number of regional customers, but many local customers. End customers generally consist of local building or rental firms. The broad customer base worldwide is the foundation for the business area's solid growth.

VALUE CREATION

Alimak is a pioneer in the industry and has been a market leader for nearly 70 years. The brand is high-profile in most markets and our products are distinguished by their high levels of safety, reliability and quality. Few operational failures and high capacity utilisation help drive higher productivity and profitability in customer businesses.

DISTRIBUTION AND SALES

Alimak has a global network of 22 own sales offices and during the year expanded the number of distributors by just over 20 to 80. Our products are sold to more than 90 countries.

OPERATIONS IN 2016

Construction Equipment performed very strongly in 2016. Both order intake and sales rose sharply, while operating profit improved substantially. Demand was buoyant in all regions.

All products contributed to the positive trend. The construction industry in the growth markets of Asia, the Middle East and Africa showed strong interest in our new standard hoists for the mid-market segment. The initiative has been decisive in consolidating Alimak's position in the growth markets. The premium segment, too, performed very strongly. Tower crane elevators sold in association with a leading crane manufacturer, Manitowoc, showed good sales results.

2016 was also a strong news year with several new products, including a tower crane elevator and a work platform. Some hoist models were upgraded within the scope of the product development programme.

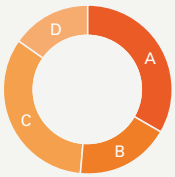
In 2016, Alimak participated at BAUMA, the world's biggest construction trade fair, which was held in Germany, in May, and in China, in November.

Bosco Verticale, Milan. Two apartment blocks completed in 2014, featuring 900 trees growing on terraces.

In 2016, the ALIMAK TCL tower crane elevator was launched. The design maximises crane utilisation via reliable and easy access to the cab. The elevator was specially developed to ensure quick and easy assembly and is compatible with all tower cranes on the market.

Revenue by region, %

A) Europe, 35
B) APAC, 24.7
C) Americas, 34.2
D) Other, 6.1

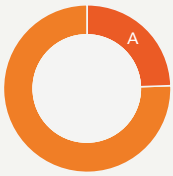


Share of Group turnover, %

A) Construction Equipment, 34

Share of operating profit, %

A) Construction Equipment, 25



Key figures Construction Equipment

	2016	2015	2014
Order intake, MSEK	779.1	547.3	456.1
Revenue, MSEK	685.9	553.3	333.4
Operating profit before items affecting comparability, MSEK	83.5	58.8	-4.2
Operating margin before items affecting comparability, %	12.2	10.6	-1,3
Operating profit, MSEK	73.2	38.3	-9.9

Business area

Industrial Equipment

Order intake, MSEK

342.8

Revenue, MSEK

373.5

Operating profit, adjusted, MSEK

-13.7

Adapted for the world's most demanding environments

Installed base, thousands of elevators	7.5
Market	The most important markets for Industrial Equipment are the power industry, oil & gas, petrochemicals, the marine and offshore sector, cement, ports, the shipyard industry and production facilities.
Share of Alimak's revenue	18%
Driving forces	The most important driving forces are strivings for increased safety, productivity, automation and mechanisation in the industrial sector.
Market growth	Demand for vertical access solutions is determined above all by the level of investment in the particular industrial sector.
Sales channels	Alimak has a global network of own sales offices and distributors, with a presence in more than 90 countries.
Growth strategy	Strategies for growth consist of broadening the business area's product offering, strengthening the global sales and distribution network and making selection acquisitions.

Industrial Equipment offers vertical access solutions to the industrial market. The elevators are permanently installed and adapted to the customer's needs and specific application. The products are distinguished by strict requirements as to safety, reliability, quality and efficiency. The products are in many cases used in demanding industrial environments.

MARKET AND TRENDS

Demand for industrial elevators and platforms rises and falls in line with general levels of investment in the particular segments: oil & gas, mining, ports, the shipyard industry, power and the cement industry.

The global market consists of both mature and growth markets. In recent years, mature markets have stagnated while growth markets have continued to show good progress. In oil & gas, global investments have fallen considerably. Demand for power in China and Southeast Asia is growing and the number of coal-fired and nuclear power plants globally is expected to increase. The overall effect will be to create greater market opportunities. Similarly, the anticipated increase in wind power plants and the global demand for cement will also benefit Alimak.

The market for industrial rack-and-pinion based applications in growth markets is characterised by a high degree of consolidation. The three leading players – of which Alimak is one – cover roughly 50–75 percent of the market. The situation is similar in mature markets, where the three leading competitors, including Alimak, cover around 75 percent of the market for industrial rack-and-pinion applications.

Competition in the niche for traction-based elevator systems is generally fragmented, with a mix of large multinational enterprises and small local players that in certain cases collaborate. Competition in oil & gas

"We maintained our position as market leader in mature markets and advanced in several of the most important growth markets. China remains a challenge, but with our new products we hope to increase our competitiveness."

Mark F Noble, Head of Business unit General Industry, part of Business area Industrial Equipment

comes in the main from niche companies. Alimak's market share is approximately 25 percent.

CUSTOMERS

A major share of the business consists of project-based solutions, in which the customer's orders from Alimak are only a minor part of large, complex projects. EPC (Engineering, Procurement, and Construction) companies are important customers. Other customer categories are end users such as oil majors and players in the shipyard industry, ports, the cement industry, mining, power, chemicals and manufacturing. Alimak also sells to distributors in these sectors.

Customers are evenly distributed across the geographical regions of Europe, the Asia and Pacific region and North and South America.

VALUE CREATION

Alimak offers safe, reliable and efficient vertical access solutions for demanding industrial environments. The products are characterised by high levels of safety, reliability and quality. Few operational failures and high capacity utilisation help drive higher productivity and profitability in customer businesses.

DISTRIBUTION AND SALES

Alimak has a global network of 22 of our own sales offices and more than 80 distributors worldwide. EPC companies are also an important sales channel to the end user.

Alimak is engaged in sales in more than 90 countries and our extensive global network guarantees that the business area operates close to the market and has a good understanding of its customers' needs.

OPERATIONS 2016

Industrial Equipment faced a challenging market in 2016. As a result of low and unstable oil prices, substantial cutbacks were made to investments in the oil & gas industry. In response to the decline, the business area shifted its focus from offshore to onshore, by developing activities in the refinery and chemicals industries.

In certain markets, such as power, cement and mining, demand remained unchanged, while sectors such as ports and container cranes showed certain growth. A focus on other industrial sectors with growth potential produced a mixed outcome.

Industrial Equipment maintained its position as market leader in mature markets and advanced in several of the most important growth markets.

Order intake and sales for the business area were considerably lower in 2016 than in the preceding year. As a result of the loss of volume, the business area reported a minor operating loss.

Industrial Equipment launched several new products in 2016, including a lighter weight service elevator and an elevator designed for extreme temperatures. This was the result of broadening of the offering to the mid-market segment.

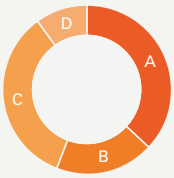
The distribution network was expanded for example in South America and Asia.

"2016 was a tough year in oil & gas. But it gave us the chance to develop new products to create future growth."

José Olguin, Head of Business unit Oil & Gas, part of Business area Industrial Equipment

Revenue by region, %

A) Europe, 37
B) APAC, 19.1
C) Americas, 34.1
D) Other, 9.8



Share of Group turnover, %

A) Industrial Equipment, 18

Share of operating profit, %

A) Industrial Equipment, -4

Key figures, Industrial Equipment

	2016	2015	2014
Order intake, MSEK	342.8	530.9	465.1
Revenue, MSEK	373.5	485.5	545.3
Operating profit before items affecting comparability, MSEK	-13.7	42.0	103.0
Operating margin before items affecting comparability, %	-3.7	8.6	18.9
Operating profit, MSEK	-21.7	27.5	96.5

Business area

Rental

Order intake, MSEK

369.5

Revenue, MSEK

308.9

Operating profit, adjusted, MSEK

36.3

Flexible solutions boosting rental business

Number of markets	6
Market	Many construction and facade access companies prefer to rent Alimak's construction equipment rather than buying it or buying used equipment. The rental option provides greater flexibility and is advantageous in terms of the customer's liquidity.
Share of Alimak's revenue	15%
Driving forces	The general level of activity and demand in the construction industry, together with efficiency improvements and safer access solutions for personnel and materials are driving forces in the business area.
Market growth	Growth is determined to a major extent by investment in the construction industry.
Sales channels	Direct sales to the end customer take place via own sales organisation
Growth strategy	The objective of the business area is to grow in line with the economic cycle of the construction market in the countries where the Group operates.

Business area Rental hires out Alimak's construction hoists and platforms to the construction industry in a number of key markets in Europe and Australia. Rental activities are supplemented by a range of support services, including project planning, assembly, dismantling, maintenance, transportation and servicing. The business area also sells used equipment, above all from its own rental stock.

MARKET AND TRENDS

By their nature, construction projects are temporary and the rental market is based on the preference of many customers to rent rather than invest in equipment. When equipment is rented, the customer's needs are matched with construction equipment for specific projects, which reduces the risk of low capacity utilisation between projects and enables the customer to secure better cost control. Customers can also focus resources on their core business and get help with managing their machinery. Renting equipment also releases capital and so affects the customer's balance sheet.

In general terms, the rental market is affected by trends in the construction industry and, long term, by trends in safety and productivity. Population growth and urbanisation are major driving forces behind growth in rental of construction equipment. In certain markets, customers have historically been more inclined to rent equipment than buy it and small construction firms are generally more inclined to rent equipment than large companies. Renting includes both long and short-term rental agreements.

Competitors are mainly other manufacturers of construction hoists and platforms, as well as a number of specialist rental businesses. Many of the latter rent out a broader product portfolio consisting of construction

"Business area Rental has delivered clear improvements in all markets, both operationally and financially."

Henrik Teiwik, Head of Business area Rental

equipment and, for example, construction cranes and ground equipment. Alimak estimates that business area Rental has a market share of around 25 percent of the markets served by the Group.

The construction market in Australia continued to perform strongly in 2016, with several major projects starting. These included building of the athletes' village in Brisbane for the 2018 Gold Coast Commonwealth Games. In general, Australia reports high construction activity along its entire eastern coast, that is, including Melbourne, Sydney and Brisbane. In Europe, Germany, Switzerland, Belgium, the Netherlands and Luxembourg demonstrated a gradual recovery, with rising demand for rental services. The French market was characterised by fluctuations in demand in the first half year, while demand in the second half showed a stable upward trend.

Competition in 2016 remained intense in all markets, leading to pressure on prices. The increased demand boosted capacity utilisation in the rental stock, helping to increase profits for business area Rental during the year.

CUSTOMERS

The business area has a broad customer base, with customers consisting for the most part of large and small construction and facade access companies. The Group operates in key markets in Europe and Australia.

VALUE CREATION

Alimak's rental services for construction hoists and platforms, backed by various support services, give the customer greater flexibility since use of the construction equipment is project-based and thus subject to a time limit. Rental is less capital-intensive and offers the customer lower risk and greater cost control, with service levels equal to those when buying.

DISTRIBUTION AND SALES

Business area Rental's sales are conducted exclusively via its own sales organisation. Sales are made directly to end customers.

OPERATIONS IN 2016

Rental performed strongly during the year. Revenue was on the same level as in the preceding year, with rising activity in the business area's key markets. However, revenue was adversely affected by divestment of the rental business in the USA in the third quarter. Operating profit improved sharply due to rising underlying volumes, higher capacity utilisation and efficiency improvements in the business.

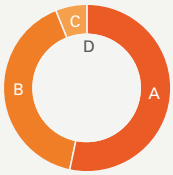
Victoria One, a high-rise apartment block currently under construction in Melbourne, Victoria, Australia

Left: Combining Hek transport platforms and Alimak construction hoists speed up construction.

Right: HEK TPL 500 on a residential construction project in Italy.

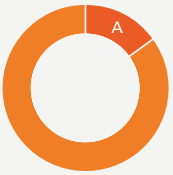
Revenue by region, %

A) Europe, 53
B) APAC, 40
C) Americas, 7
D) Other, 0



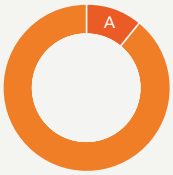
Share of the Group's turnover, %

A) Rental, 15



Share of operating profit, %

A) Rental, 11



Key figures, Rental

	2016	2015	2014
Order intake, MSEK	369.5	328.8	299.7
Revenue, MSEK	308.9	308.4	278.5
Operating profit before items affecting comparability, MSEK	36.3	26.9	10.8
Operating margin before items affecting comparability, %	11.8	8.7	3.9
Operating profit, MSEK	39.1	20.4	1.5

Business area

After Sales

Order intake, MSEK

652.5

Revenue, MSEK

680.3

Operating profit, adjusted, MSEK

223.5

Comprehensive offering for maximum efficiency and safety

Installed base, thousands of hoists and elevators	22
Market	The market is largely made up of Alimak's installed base of industrial and construction equipment.
Share of Alimak's revenue	33%
Driving forces	The focus on safety and reliability is stimulating demand in both industrial and construction sectors.
Market growth	After Sales' revenue is stable, providing excellent opportunities for growth, in view of new equipment sales of Alimak's products and the degree of penetration.
Sales channels	For the most part, Alimak uses its own organisation for sales and marketing. Many of the Group's service and maintenance centres are located near the customers' project sites and production facilities.
Growth strategy	Growth strategies are to broaden the service offering to the client and increase the degree of penetration for spare parts and service.

After Sales offers Alimak customers a wide range of service options. The offering ranges from installation and technical support, to maintenance, repairs, spare parts and service, renovation and modernisation, surveillance systems and training. The business area offers safe, reliable and fast service to customers worldwide.

MARKET AND TRENDS

After Sales focuses primarily on Alimak's installed base of around 22,000 industrial and construction units. Demand is affected mainly by developments in the industrial and construction markets. However, Alimak's services are more resilient to sudden fluctuations in the markets and instead tend to follow the age profile of the installed equipment.

In industry, elevators are installed permanently, for the most part with a service life of 25 years or more. Over the first 15 years, the main requirement is for routine servicing and maintenance. In the subsequent 10–15 years, continuous renovation and modernisation is recommended until the equipment is replaced in its entirety. Servicing and maintenance for complex industrial elevators can generate revenue three times the value of the original sale.

Alimak is the leading servicing supplier for equipment that the Group has delivered, and all expertise is coordinated and readily available, irrespective of market segment or elevator technology the customer is using.

In the construction sector, hoists are installed temporarily and are constantly moved from one site to another. Services are called for both when the equipment is used on one place and when it is moved to another site. Many players operate in the market, from manufacturers like Alimak to OEM manufacturers,

"We have succeeded in increasing revenue and profit for a number of prioritised sectors, but the continued downward trend in oil & gas has affected the overall picture for After Sales."

Michael Pagendam, Head of Business area After Sales

construction companies, third-party suppliers and local service providers.

CUSTOMERS

After Sales focuses mainly on the Group's existing customers. The most important customer categories are in ports, oil & gas, power, the cement sector, mining and the construction industry.

VALUE CREATION

The business area's objective is to provide a safe and reliable service to meet its customers' needs and expectations. Efficient, safe and reliable vertical access solutions minimise operational disruptions, help to assure high capacity utilisation and are often critical to the customer's productivity and profitability. Regularly performed maintenance also prolongs the service life of the equipment.

DISTRIBUTION AND SALES

Alimak has 22 sales offices, a sales network extending to 27 locations and more than 80 distributors. This extensive network serves as a solid platform for rapid customer support at global, regional and local levels.

OPERATIONS IN 2016

The market turned in a positive performance in several areas in 2016. After Sales expanded in the construction segment, sales of spare parts rose and demand for renovation services was good. However, the decline in the oil & gas industry had a negative effect on the overall picture for the business area.

At the same time, the result was that total revenue and operating profit for After Sales in 2016 was largely unchanged from the preceding year, while profitability remained at a high level.

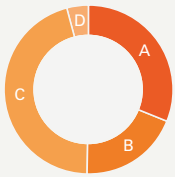
During the year, After Sales prioritised growth in sales of spare parts and service for the construction market. Another area focused on was the development of digital services. Priority was also given to an initiative to increase market penetration in the construction segment.

An Alimak service engineer replaces an emergency catching device on a construction hoist at the Skellefteå factory, Sweden.

Alimak's products are normally installed in demanding environments, and the ability to provide high-level aftermarket services is an important part of the Group's customer offering.

Revenue by region, %

A) Europe, 31
B) APAC, 20
C) Americas, 45
D) Other, 4



Share of the Group's turnover, %

A) After Sales, 33

Share of operating profit, %

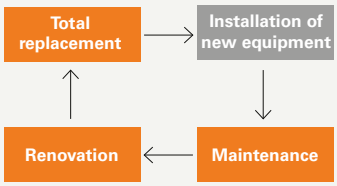
A) After Sales, 68

Key figures, After Sales

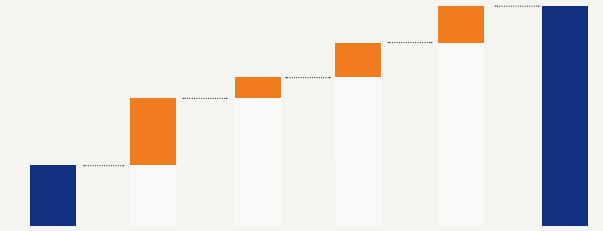
	2016	2015	2014
Order intake, MSEK	652.5	702.0	568.9
Revenue, MSEK	680.3	689.0	585.2
Operating profit before items affecting comparability, MSEK	223.5	222.6	205.7
Operating margin before items affecting comparability, %	32.9	32.3	35.2
Operating profit, MSEK	217.7	209.9	199.6

Life cycle of the industrial elevator

New equipment sales normally generate after-market service revenue of up to three times the value of the original selling price.



Potential demand from current installed base



Flexible production with benefits of scale

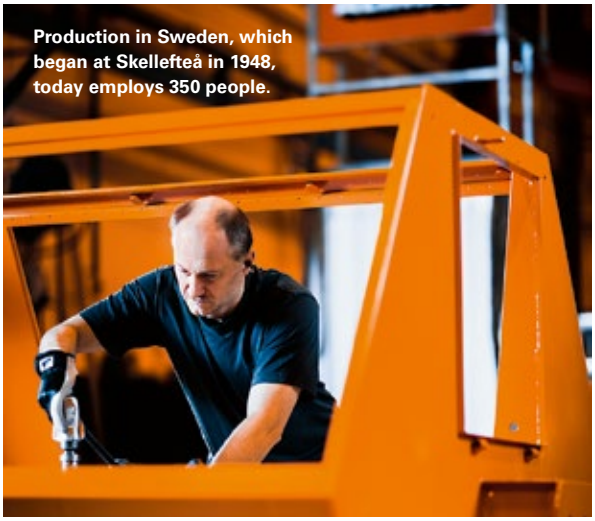
Alimak has cost-effective and efficient production plants that help to assure the Group's long-term competitiveness. Production takes place in Sweden and China.

Product development, purchasing and production account for a major share of Alimak's cost base and represent a decisive factor in the Group's competitiveness and profitability. Coordinated global purchasing and production in both Sweden and China give Alimak flexibility and opportunities for economies of scale that a global organisation creates.

Product development takes place in close cooperation between the production units, and the Group's development units work ceaselessly on improving the efficiency and performance of existing products and developing new products and applications for our growing customer base.

COORDINATED PURCHASING

Alimak has a global purchasing organisation that buys from more than 400 suppliers in 25 countries. Components such as drive units, electronics, cables and other parts that need relatively little processing are sourced direct from subcontracted suppliers. Steel-based components for the actual structure, which require more extensive processing, are purchased from well-known manufacturers. In addition, the Group itself makes own components and critical equipment parts.



Production in Sweden, which began at Skellefteå in 1948, today employs 350 people.

Cost and performance are key in the choice of supplier, both locally and internationally. At the same time, the Group strives for long-term supplier relationships and has framework agreements in place with key suppliers of important input goods. The Group ensures sustainability in the supply chain by choosing partners and suppliers with care. In 2016, Alimak provided basic training to distributors and suppliers regarding the Company's Code of Conduct and the Group's policies on the environment, social responsibility and business ethics. Alimak also carries out quality audits at the Group's suppliers in low-cost countries.

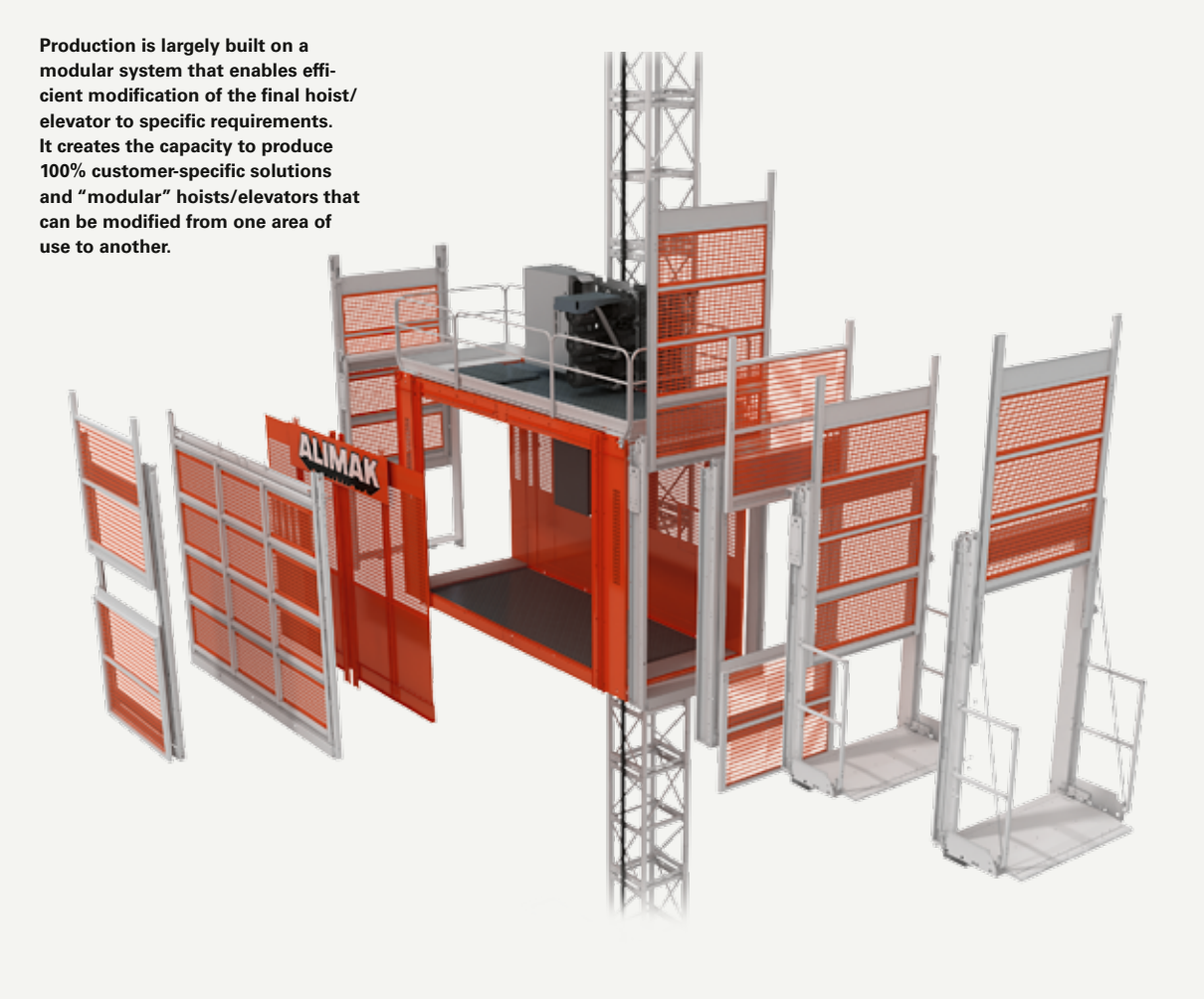
The purchasing organisation has a number of priority areas, including lowering the overall cost of purchases, reducing the number of suppliers and increasing purchases from low-cost countries.

GLOBAL PRODUCTION PLATFORM

Alimak's production units are managed globally to ensure quality, coordination and cost-efficiency.

Production consists of processes such as welding, processing and laser cutting for the manufacture of key components such as masts, elevator/hoist cars, platforms and gearboxes. To maintain control over safety and quality, final assembly and testing are conducted centrally within Alimak's own organisation.

Production in Sweden began in Skellefteå in 1948. The facility operates at a high level of automation with robotic welding, laser cutting and CNC-machines



Production is largely built on a modular system that enables efficient modification of the final hoist/elevator to specific requirements. It creates the capacity to produce 100% customer-specific solutions and "modular" hoists/elevators that can be modified from one area of use to another.

with robotic handling. Production is largely built on a modular system that enables efficient modification of the final product to specific requirements. This provides the capacity to produce both customer-specific solutions and "modular" hoists/elevators that can be adapted from one area of use to another. The Skellefteå facility employs 350 people.

Alimak started manufacturing elevator/hoist cars, platforms, components and masts in Changshu, eastern China in 2007. Another production unit specialising in standard products and components was placed in service in late 2014. The manufacturing process is less automated than at the Swedish facility. The facilities in China employ around 320 people.

LOGISTICS IS PART OF THE BUSINESS

Closeness to the customer, punctual delivery and high standards in the service provision are important elements of Alimak's offering and help to cement long-term relationships. Many deliveries of industrial elevators are project-based and require customised design and a variety of customer modifications, which are carried out locally.

The transport method is often determined by the customer's wishes but wherever possible, products are sent by boat or rail to minimise Alimak's environmental impact.

Helping to make workplaces safer

As an international industrial company with 1,171 employees, production in several countries and sales in more than 90 countries, Alimak affects society in many ways. Alimak's hoists/elevators and platforms help to make workplaces less hazardous and more efficient, not least in developing countries where equipment for vertical access is often simple and not particularly safe.

Priority areas for Alimak are reducing environmental impact, good working conditions, a healthy work environment and business ethics in all parts of the value chain. With its leading position in the industry, Alimak has a responsibility for helping to bring about sustainable development in the construction and industrial sectors worldwide. Resource-efficient hoists/elevators and platforms represent an important support function for many different segments of the construction and industrial sectors.

CODE OF CONDUCT

Alimak's business operations and actions are governed by the Company's Code of Conduct, which 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 the Board of Directors, management, employees, distributors and suppliers.

ALIMAK'S RESPONSIBILITIES IN THE VALUE CHAIN

As a global leader in vertical access, Alimak can play a part in increasing efficiency and safety in workplaces around the world. The aftermarket business – servicing, repairs, spare parts and renovation – helps to reduce environmental impact by extending the already long service life of hoists/elevators and platforms.

Design and development of products and services

Ever since the Company was founded in 1948, Alimak's products have been renowned for their high quality, safety and reliability. Well thought-through design, technical solutions and training all affect the power efficiency and environmental impact of the products during use, re-use and recycling.

Purchasing

Alimak has a global purchasing organisation that buys from more than 400 suppliers in 25 countries. Alimak's responsibility is to secure sustainability in the supply chain. This implies making sure that suppliers meet requirements for quality and delivery reliability, that they respect human rights in their organisation and that they ensure acceptable working conditions and environmental impact. Alimak does this by choosing partners and suppliers with care. In 2016, Alimak's suppliers carried out self-assessment regarding the Code of Conduct and the Group's various policies on the environment, social responsibility and business ethics.

Production

Alimak has two factories, one in Changshu, China, and one in Skellefteå, Sweden. Alimak strives to ensure that production is competitive and maintains high quality. Major sustainability issues in production include power and material consumption, direct and indirect emissions, health and safety and good working conditions in the factories.

Logistics

The Group stocks finished products near its factories in China and Sweden, from where the products are shipped to customers. Alimak also maintains stocks of spare locally, under its own management or via distributors, in order to assure rapid service to customers. Keeping spare parts and services close to the customer helps to lower environmental impact by reducing the number of journeys.

Sales and distribution

Alimak operates in more than 90 countries. The Group has its own sales and service organisation in 17 countries and a presence in around 80 via distributors. Alimak's Code of Conduct applies both to its own personnel and distributors, and requires the Company's representatives to act ethically.

As an international industrial enterprise with 1,171 employees and sales in more than 90 countries, Alimak affects society in many ways. The ambitions of the Group are to help make workplaces safer and to work actively to reduce environmental impact.

IMPLEMENTATION

Alimak offers information and training to the Group's customers in connection with installation and servicing of its products. This information spans safety and inspection issues, energy efficiency, servicing and maintenance and recycling. Local laws and regulations also require regular inspections and servicing by certified personnel. Alimak's highly developed aftermarket business helps to extend the service life of construction hoists and platforms, reducing environmental impact.

SUSTAINABILITY WORK DURING 2016

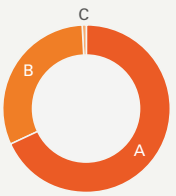
During the year, Alimak developed its work on sustainability by increasing dialogue with major stakeholder groups, reviewing and supplementing its Code of Conduct and other policies, self-assessment regarding the Code and choice of priority areas. Alimak is preparing

Sustainability data

	2016	2015	2014
Power consumption, electricity (not district heating), MWh	7,819	6,837	7,526
CO^2 emissions, tonnes	9,272	6,759[1]	6,142[1]
Water consumption (estimated), m^3	12,430	8,258	8,260
Solvent emissions (estimated), tonnes	29.03	25.77	3.92[1]
Unsorted waste, tonnes[2]	8.3	8.42	8.74
Wood residue, tonnes[2]	247.5	170.8	172.9
Corrugated cardboard, tonnes[2]	14.9	14	13.6
Combustible waste, tonnes[2]	59.3	55.4	63.4
Office paper, tonnes[2]	18.2	4.5	4.96
Number of accidents (more than one day's absence)	10	14	12

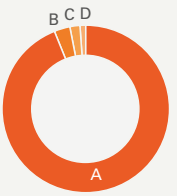
Purchasing, by geographical region, %

A) Europe, 68.4
B) APAC, 31.4
C) Americas, 0.2



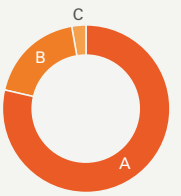
Raw materials, %

A) Steel, 94.0
B) Drive units, 3.0
C) Electronics, 2.0
D) Cables and other components, 1.0



Waste, tonnes[2]

A) Wood, 247.0
B) Combustible, 59.3
C) Unsorted, 8.3



1 Only Sweden
2 Only Sweden. In China, sorting waste is not permitted.

In 2016, Alimak received an award in the "Bäst i Sverige på kemikalieanvändning" (Best User of Chemicals in Sweden) competition, organised by environmental consultant Explizit Environment.

for sustainability reporting in accordance with the Swedish Annual Accounts Act as of the beginning of 2017. The Group has identified four focus areas and has selected indicators that are to be monitored in the years ahead, see pages 40–41.

ORGANISATION

Alimak's Board of Directors has overall responsibility for monitoring the Group's sustainability work and evaluating risks and opportunities on an ongoing basis. The sustainability work is supervised by a steering committee that coordinates developments in the priority areas. The committee is made up of selected managers and specialists in production, purchasing, communication and accounting. The committee is also responsible, in consultation with other parts of the organisation, for establishing targets and plans in particular areas for decisions by Alimak's Group management.

Alimak's stakeholders

Alimak's stakeholders consist of customers, employees, suppliers, distributors, shareholders, lenders, analysts, government agencies, organisations and the local community in the countries where the Group operates.

Stakeholders	Mode of dialogue	Areas of discussion
Capital market (Shareholders, lenders, analysts)	Individual meetings Investor presentations AGM Enquiries and surveys	Opportunities, risks and priorities Code of Conduct Environmental impact
Customers Suppliers Distributors	Customer meetings Sales meetings Trade fairs and exhibitions Enquiries and surveys	Customer-specific requirements Product performance data Code of Conduct Environmental impact
Employees	Employee surveys Performance reviews Evaluations Interviews	Corporate culture and values Code of Conduct Health and safety Work environment Competence development

When Alimak elevators and platforms are installed or serviced, customers are offered information about safety and inspection issues, power efficiency, servicing and maintenance and recycling. Local laws and regulations also require regular inspections and servicing by certified personnel.

"Sustainability is an integral part of the business that we are developing in dialogue with important stakeholder groups. We have established four priority areas – safe, efficient solutions, resource-efficient production, responsible purchasing and logistics solutions and employees and business ethics."

Tormod Gunleiksrud, President and CEO

Alimak's focus areas

1.

Safe, efficient and reliable solutions

Alimak focuses on continuously refining the safety, efficiency, ease-of-use and service life of its products. For example, Alimak's hoists/elevators have over time acquired more efficient gearboxes and lower energy consumption motors, delivering a higher degree of efficiency. Alimak leads developments in the industry, implementing new technology in remote surveillance of hoists/elevators, enabling a faster, and more efficient service to customers.

Alimak's broadly based experience of many different industries also means that expert personnel can quickly resolve a variety of problems and can also service products from other suppliers.

In 2016, an environmental product declaration was completed for an industrial elevator. This will make a valuable knowledge resource for future environmental work. The findings indicate a high degree of recycling and low environmental impact.

ACTIVITIES IN 2016

- Product development
- Environmental product declaration for industrial elevator

ACTIVITIES IN 2017

- Aftermarket offering developed, offering prolonged service life
- Environmental product declaration for construction hoist

2.

Resource-efficient production

Alimak focuses long term on reducing the environmental impact from its production of hoists/elevators and platforms, to ensure efficient and responsible use of raw materials, power, water and chemicals and to minimise emissions and waste. Our production facilities in China and Skellefteå are certified in accordance with ISO 9001, 14001 and OHS 18001.

In recent years, Alimak has introduced a series of cost-saving measures, in the form of new laser cutting equipment (reducing power consumption), timer controlled ovens in the paint shop, switching to low energy bulbs and several other environmental efficiency improvements.

In 2016, Alimak conducted a power survey at the Skellefteå factory.

ACTIVITIES IN 2016

- Re-use of emergency catching devices
- Improvements in handling of chemicals
- Power survey in Skellefteå

ACTIVITIES IN 2017

- Conduct life cycle analysis
- Evaluate alternative measurement systems

To ensure that employees and partners observe Alimak's Code of Conduct, a range of training initiatives are held to prevent failures in business ethics, such as bribery and corruption.

3.

Responsible and efficient purchasing and logistics solutions

Alimak requires suppliers and their subcontracted suppliers to comply with the Group's Code of Conduct, other policies and demands. All suppliers have signed the Code and during the year were required to carry out self-assessments regarding their sustainability work. Monitoring of Code compliance will be extended during 2017, for example in the form of training initiatives.

Alimak has an extensive global presence and so efficiency in logistics is crucial in reducing the number of journeys for products and spare parts, as well as within Alimak's sales and service organisation. The aim is to minimise both direct and indirect emissions of greenhouse gases from transport and travel.

ACTIVITIES IN 2016

- Self-assessment for suppliers

ACTIVITIES IN 2017

- Training of suppliers

4.

Employees and business ethics

Alimak operates in a total of 90 countries. A number of markets present challenges in terms of the risk of failures in business ethics. To ensure that employees and partners observe Alimak's Code of Conduct and to prevent all forms of bribery and corruption, a range of training initiatives are organised. Alimak has introduced a whistle-blower system by which customers, suppliers and employees can anonymously sound the alarm on any deviations from Alimak's Code of Conduct and business ethics guidelines.

ACTIVITIES IN 2016

- Training of employees in Alimak's Code of Conduct

ACTIVITIES IN 2017

- Training of employees and distributors

Employees

Alimak's founder established the Company in Skellefteå in 1948. Since then, the Group has developed its products and offerings and has made many acquisitions. Alimak is established internationally. It has nearly 1,200 employees in more than 90 countries.

Just over half of the Group's employees are based in Europe, just over 300 in the Asia and Pacific region and a further hundred work in North and South America. The two single largest workplaces are the two production facilities in Changshu, China, and Skellefteå, Sweden. Around 350 employees are based in Skellefteå and around 320 in Changshu.

All employees are covered by Alimak's Code of Conduct, with Group-wide rules on respect for fundamental human rights and the application of sound principles of business ethics. The Code of Conduct is based on the principles of the UN Global Compact and all employees, distributors and suppliers are subject to its provisions.

Ever since the business was established nearly 70 years ago, the Company's relationship with the customer has been the guiding principle throughout the organisation. Alimak has a detailed policy on the Company's values, which filter through to every level of the organisation. The guiding principle is: "At Alimak, everyone should act in line with the Company's focus on the customer and with respect, honesty and enthusiasm."

The proportion of men in the Company is 87 percent. The proportion of women in Alimak's global management group is 8 percent women and on the Board of Directors 25 percent. Over the next few years, the Company aims to increase these percentages.

During the year, 21 occupational accidents resulting in more than 15 days of absence occurred. The Group's work environment focus is on preventive measures and rapid rehabilitation, in order to avoid long periods of sick leave.

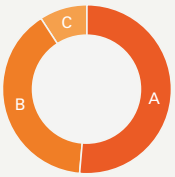
Alimak's personnel and recruitment policy emphasises equal opportunity and diversity. To attract new employees, various types of activity to market the Company's name and the Group's brand are arranged.

The annual employee survey forms the basis of the action plan to promote a healthy work climate and well-being. For example, activities are organised to develop employees' communication skills and ability to give feedback on work performed. During the year, activities took place involving discussions of the Company's values and the importance of an open work climate.

Vital areas in the retention of existing personnel are the work environment, personal development and leadership. Data on career paths and skills development are compiled and analysed in discussion with employees during performance reviews.

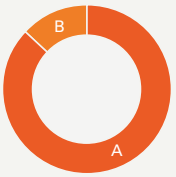
Employees, by regions, %

A) Europe, 51.6
B) APAC, 39.4
C) Americas, 8.9



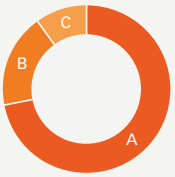
Employees, by gender, %

A) Men, 87.1
B) Women, 12.9



Employee by work category, %

A) Production and service, 72
B) Sales, 18
C) Administration, 10



The largest workplaces are the production facilities in Changshu, China, with around 320 employees, and Skellefteå, Sweden, with around 350 employees.

Strong sense of comradeship and team spirit

Brian Smith, Head of After Sales, Asia and Pacific Region, celebrated 28 years with Alimak in 2016. That's a really long journey. How did it come about? Brian explains that early in his career he discovered that Alimak reminded him of a family business; he got the same feeling when he started out as an apprentice in his father's electrical installation business in Scotland.

Brian points out that he's really been able to have a career and has always found new challenges and good support from managers and colleagues. Brian has held many positions at Alimak in Australia, beginning as an electrician "on the factory floor", then local head of renting, head of industrial installations, and now Head of After Sales.

Brian tells us that he's always found that Alimak places safety above all else and that the Company is good at showing employees its appreciation for their efforts and results. The Company encourages a strong sense of comradeship and team spirit, which is important when you're working in demanding environments and at great heights. People seeking work with Alimak should be responsible, have a problem-solving mind-set and be honest, says Brian. And they should be loyal, positive and focused too, he adds.

The Alimak share

Alimak shares were listed in June 2015 and are traded on the Mid Cap List of Nasdaq Stockholm. The Company's market capitalisation at year end was SEK 5.6 billion.

SHARE TURNOVER AND TRADING

The share's EPIC is ALIG and its ISIN code is SE0007158910.

A trading lot is one share. During 2016, a total of 8,577,925 million shares were traded for a total amount of MSEK 776,273,790 on Nasdaq Stockholm. The average number of shares traded per trading day was 33,905. On average, approximately 223 trades were made per trading day.

CHANGES IN SHARE PRICE

The closing price for Alimak shares on 31 December 2016 was SEK 129.25, representing a market capitalisation of approximately SEK 5.6 billion for the Company. Over the year of 2016, the price for Alimak shares rose 51.2 percent.

The highest price, SEK 132.50, was recorded on 30 December and the lowest, SEK 70.50, on 21 January. The average price for the year was SEK 87.48.

SHARE CAPITAL

At year-end, Alimak's share capital totalled SEK 867 thousand, represented by 43,326,289 shares. All shares carry the same voting entitlement and an equal share in the Group's profits and capital.

OWNERSHIP STRUCTURE

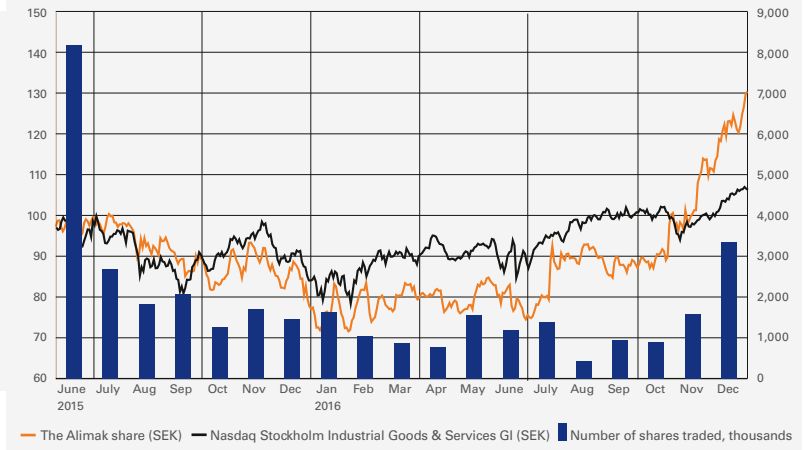
At year-end, Alimak had 4,383 shareholders. The largest shareholder was Triton, with 28.4 percent. The ten largest shareholders represented around 70 percent of the total number of shares outstanding. The 100 largest shareholders represented approximately 95 percent of the total. The members of the Board of Directors and management together owned around 3.8 percent. At year-end, Swedish ownership accounted for approximately 69 percent of the total. There are no restrictions on voting rights or authorisation to the Board of Directors regarding the issue or acquisition of treasury shares.

DIVIDEND

Alimak has a target of paying a dividend of approximately 50 percent of its net profit for the current period to its shareholders. However, decisions on dividends shall take account of the Group's financial position, cash flow, acquisition opportunities, strategic considerations and future prospects.

The Board of Directors' dividend proposal, subject to approval by the 2017 Annual General Meeting is SEK 1.60 per share. The proposal is based on the assumption that 54,157,861 shares carry an entitlement to dividend, which is conditional on the issue of new shares carried out during 2017 being fully registered by the record date, 15 May 2017.

The Alimak share and share turnover since listing



Largest shareholders 31/12/2016

Shareholder	Number of shares	Share of equity, %	Share of votes, %
Triton	12,298,486	28.4	28.4
Lannebo Funds	5,982,972	13.8	13.8
Swedbank Robur Funds	3,175,936	7.3	7.3
York Capital Management Global Advisors	2,435,516	5.6	5.6
Handelsbanken Funds	2,315,000	5.3	5.3
Lazard	2,292,622	5.3	5.3
Peder Pråhl	1,589,730	3.7	3.7
Desjardins Global Asset Management Inc.	783,527	1.8	1.8
SEB Funds, incl. Lux	761,011	1.8	1.8
AFA Försäkring	711,986	1.7	1.6
Total shareholding – 10 largest	**32,346,786**	**74.7**	**74.7**
Other shareholders	10,979,503	25.3	25.3
Total number of shares	**43,326,289**	**100.0**	**100.0**

Share distribution

Holdings	Number of share-holders	Number of shares	Holding, %	Votes %	Market value (TSEK)
1–500	3,483	467,745	1.1	1.1	60,456
501–1,000	421	354,798	0.8	0.8	45,858
1,001–5,000	310	697,191	1.6	1.6	90,112
5,001–10,000	38	315,895	0.7	0.7	40,829
10,001–15,000	14	160,381	0.4	0.4	20,729
15,001–20,000	9	152,556	0.4	0.4	19,718
20,001–	101	41,177,723	95.0	95.0	5,322,221
Total, 31 December 2016	**4,376**	**43,326,289**	**100.0**	**100.0**	**5,599,923**

Shareholders per geographical region

	Number of share-holders	Share-holder, %	Holding, number	Holding, %	Votes, number	Votes, %	Market value (TSEK)
Sweden-resident	4,102	94	29,868,047	68.9	29,868,047	68.9	3,860,445
Rest of Nordic region	93	2	875,130	2.0	875,130	2.0	113,110
Rest of Europe (excl. Sweden and Nordic Region)	136	3	7,116,930	16.4	7,116,930	16.4	919,863
USA	35	1	5,373,335	12.4	5,373,335	12.4	694,503
Rest of world	10	0	92,847	0.2	92,847	0.2	12,000
Total, 31 December 2016	**4,376**	**100.0**	**43,326,289**	**100.0**	**43,326,289**	**100.0**	**5,599,923**

Corporate Governance Report

Alimak Group AB has its headquarters in Stockholm and is the Parent Company of the Alimak Group, with subsidiaries in 17 countries. Alimak has approximately 1,200 employees worldwide and conducts sales in more than 90 countries via its own companies and distributors. Alimak is a public limited company with shares listed on Nasdaq Stockholm.

Alimak is managed and controlled on the basis of a system of corporate governance comprising a number of principles, policies, guidelines, structures and processes, which are described in this report. Corporate governance is intended to ensure a decision-making process that is effective and creates value, with a clear division of roles and responsibilities among Alimak's owners, Board of Directors, management and other employees.

Corporate governance is based on the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Code of Corporate Governance ("the Code") and other relevant laws, regulations and rules.

SHAREHOLDERS

Alimak's share capital on 31 December 2016 totalled SEK 866,525.78. The number of shares outstanding was 43,326,289. Each share carries the right to one vote at the Company's AGM. According to the share register, Alimak had approximately 4,380 shareholders on 31 December 2016. Triton Advisors was the largest shareholder, with around 28.4 percent of the share capital. Lannebo Funds was the second largest with 13.6 percent of the share capital. At year-end, foreign shareholders accounted for approximately 31 percent of the total.

There are no restrictions as to how many votes each shareholder can cast at an AGM.

The Board of Directors is not aware of any shareholder, or other, agreements between shareholders in Alimak.

ANNUAL GENERAL MEETING

According to the Swedish Companies Act, the AGM is the Company's highest decision-making body. In addition to the AGM, extraordinary general meetings may be convened. 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 the members of the Board 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 Swedish Companies Act, Articles of Association and the Code.

The AGM has not authorised the Board to instruct the Company to issue new shares or to buy back its own shares.

AGM 2017

Alimak's AGM will be held on 11 May 2017. All shareholders who are registered in the share register maintained by Euroclear Sweden AB ("Euroclear") 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 on the date stated in the notice convening the AGM. Further information about the AGM is available at alimakgroup.com.

NOMINATION COMMITTEE

According to the Code, the Company is required to have a nomination committee tasked with presenting a proposal for a chairman for the AGM. The committee also presents proposals regarding Board members, Chairman of the Board, auditor, 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. At the AGM held on 11 May, 2016, it was decided that the nomination committee in the period prior to the 2017 AGM should comprise representatives of the four largest shareholders in terms of votes according to the share register maintained by Euroclear Sweden on 31 August 2016, and the Chairman of the Board. The member representing the largest shareholder in terms of votes shall be appointed chairman of the nomination committee.

Alimak's corporate governance aims to ensure a decision-making process that is effective and creates value, with a clear division of roles and responsibilities among Alimak's owners, Board of Directors, Company management and other employees.

The Company's Articles of Association have no Company-specific provisions concerning the appointment and dismissal of Board members or concerning amendment of the Articles of Association

NOMINATION COMMITTEE PRIOR TO 2017 AGM

The nomination committee during the period prior to the 2017 AGM comprises the following members: Roger Hagborg, chairman (Triton), Johan Lannebo, (Lannebo Funds), Åsa Nisell (Swedbank Robur Funds), Fraser Maingay (York Capital Management) and Anders Thelin, Chairman of the Board of Directors, Alimak. The nominating committee held four meetings in the period prior to the 2017 AGM.

During the year, the nomination committee interviewed all Board members and were kept informed by the Chairman regarding evaluation of the Board's work, the stage of the Company's development and other conditions. The nomination committee took into account the requirements that should be placed on the Board members regarding the independence and number of Board appointments of each Board member. Particular emphasis was placed on the 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 first and foremost by the Swedish Companies Act and the Code. The work of the Board of Directors is also regulated by rules of procedure adopted annually by the Board. The rules of procedure for the Board of Directors determine the division of work and responsibilities among the Board members, the President and CEO and the committees. Furthermore, the division of work between the Board and President and CEO is governed by instructions to the President and CEO, which are adopted annually by the Board. The instructions to the President and CEO also include instructions on financial reporting. The duties of the Board of Directors include the establishment of strategies, business plans, budgets, interim reports, year-end 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, and shall assess operations in terms of 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 that the Board fulfils its obligations. The Chairman shall monitor the Company's performance via regular contacts with the President and CEO. The Chairman presides over Board meetings, but the agenda is agreed and the meetings prepared in consultation with the President and CEO. The Chairman is also responsible for ensuring that each year the Board evaluates its work and that the Board members receive on an ongoing basis the information they need to perform their work. The Chairman represents the Company vis-à-vis its shareholders.

Composition of the Board of Directors

Alimak's Board of Directors is made up of six members elected by the AGM, and two employee representatives. No deputies have been appointed for Board members.

At the AGM held on 11 May 2016, Anders Thelin, Carl Johan Falkenberg, Anders Jonsson, Eva Lindqvist, Joakim Rosengren and Helena Nordman-Knutson were elected to the Board. The trade union organisations appointed Greger Larsson and Örjan Fredriksson. Further information about the Board members is provided on pages 54–55.

Independence of the Board of Directors

According to the Code, more than half of the Board members appointed by the AGM must be independent in relation to the Group and the Company's management. At least two of the Board members who are independent in relation to the Company and the Company's management shall also be independent in relation to the Company's major shareholders.

To determine the independence of a Board member, an overall assessment shall in each case be conducted regarding the Board member's relationship to the Company. None of the Company's Board members elected by the AGM are employed by the Company or 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 Company's manage-

Name	Born	Member since	Position	Independence in relation to Group	Independence in relation to major shareholders	Attendance at Board meetings
Anders Thelin	1950	2015	Chairman	Yes	Yes	15/15
Carl Johan Falkenberg	1975	2009	Board member	Yes	No	14/15
Göran Gezelius[1]	1950	2009	Board member	Yes	Yes	5/5
Anders Jonsson	1950	2011	Board member	Yes	No	15/15
Eva Lindqvist	1958	2015	Board member	Yes	Yes	13/15
Helena Nordman-Knutson[2]	1964	2016	Board member	Yes	Yes	9/10
Joakim Rosengren	1960	2008	Board member	Yes	Yes	14/15
Örjan Fredriksson[3]	1968	2016	Board member	–	Yes	15/15
Greger Larsson[3]	1959	2009	Board member	–	Yes	10/15

FEES EXPENSED DURING THE 2016 FINANCIAL YEAR

(All input in SEK)

Name	Basic fee	Audit committee	Remuneration committee	Total
Anders Thelin	600,000	–	75,000	675,000
Carl Johan Falkenberg	300,000	70,000	–	370,000
Göran Gezelius[1]	112,500	37,500	–	150,000
Anders Jonsson	300,000	–	50,000	350,000
Eva Lindqvist	300,000	70,000	50,000	420,000
Helena Nordman-Knutson[2]	187,500	62,500	–	250,000
Joakim Rosengren	300,000	100,000	–	400,000
Örjan Fredriksson[3]	–	–	–	–
Greger Larsson[3]	–	–	–	–
Total	**2,100,000**	**340,000**	**175,000**	**2,615,000**

1 Resigned as Board member at the AGM on 11 May 2016
2 Elected as new Board member at the AGM held on 11 May 2016
3 Employee representative

"The year of 2016 was a strong year, despite challenging market conditions. Management was highly successful in translating the Company's strategy into action and it is satisfying to see the way in which our two acquisitions were completed and how the product portfolio was further developed. The prospects for maintaining profitable growth are excellent."

Anders Thelin, Chairman of the Board

ment. When determining whether a Board member is independent in relation to a major shareholder, the extent of the Board member's direct and indirect relationships with the major shareholder shall be taken into consideration. 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 is a Board member of, a company that is a major shareholder. Four Board members elected by the AGM are also 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, the Company's management and the Company's major shareholders.

The table (on page 48) provides details of the Board members' year of birth, the year they were first elected to the Board, their occupation and whether they are deemed independent in relation to the Company, the Company's management and major shareholders as defined in the Code.

Work of the Board during the year

The Board of Directors met on 15 occasions during 2016. The current Board of Directors was appointed by the AGM held on 11 May 2016 and met on ten occasions during the year. During the financial year, the Board not only produced financial reports but also addressed issues regarding strategic policy, budgets, business planning, auditing, investments, incentive programme, succession planning, environment, health, insurance cover, internal control and safety, as well as issues relating to the acquisition agenda. During 2016, the Board of Directors visited Alimak's factories in Skellefteå, Sweden and Changshu, near Shanghai, China.

Remuneration to the Board

At the AGM on 11 May, 2016, it was decided that a fee of SEK 600,000 should be paid to the Chairman of the Board and a fee of SEK 300,000 to each of the other AGM-elected Board members. Furthermore, it was decided that a fee of SEK 100,000 should be paid to the chairman of the audit committee, SEK 75,000 to the other members of the audit committee, SEK 70,000 to the chairman of the audit committee and SEK 50,000 to the other members of the remuneration committee. For further details regarding remuneration to the members of the Board, please refer to Note 5.

Evaluation of the work of the Board of Directors

The Board members and the Board's work are evaluated annually in a systematic and structured manner to ensure quality in the Board's work and to identify any additional requirements in terms of expertise and experience. The Chairman of the Board leads the evaluation, which is discussed within the Board and the results presented to the nomination committee.

Board committees

The primary function of the committees is to prepare matters to be presented to the Board of Directors prior for decision. The duties and instructions for each committee are established annually by the Board of Directors.

Audit committee

According to the rules of procedure for the Board, Alimak's remuneration committee consists of no less than three members. The Swedish Companies Act stipulates that the members of the audit committee must not be employees of the Group and that at least one member shall be competent in accounting and auditing matters.

The audit committee has three members: Helena Nordman-Knutson (chair), Carl Johan Falkenberg and Eva Lindqvist. The audit committee is a committee within the Board of Directors that deals with issues relating to risk assessment, internal controls, financial reporting

Alimak operates a risk management programme that is an integral part of the Company's operational and strategic governance. Operations are based on a governance framework that consists of a Code of Conduct, policies and guidelines.

and auditing. Its main role is to ensure that the principles for financial reporting and internal controls are observed and that the Company maintains appropriate relationships with its auditors. The committee shall identify and oversee the management of important auditing issues, and discuss them with the Company's auditors. The Committee shall examine the processes for monitoring the above-mentioned areas and shall form an opinion as to whether the Company is applying the financial reporting regulations consistently and fairly, and in accordance with the relevant rules and practices.

The audit committee shall also form an opinion regarding the risk situation in the Company, assess whether the internal control and governance procedures applied are fit for purpose and effective, and determine whether the Company's risk and risk management reporting in the Annual Report is accurate and adequate. Furthermore, the audit committee shall ensure that the auditor is impartial and independent, and, in consultation with the auditor, plan the annual audit process and ensure that the audit is conducted on that occasion. The audit committee shall also assist in the drawing up of proposals for the AGM and election of the auditor.

Remuneration committee

According to the rules of procedure for the Board, Alimak's remuneration committee shall consist of no less than three members.

The remuneration committee has three members: Anders Thelin (chairman), Eva Lindqvist and Anders Jonsson.

The role of the remuneration committee is to prepare issues regarding remuneration and other employment conditions for the President and CEO and the Company's other senior executives. This work involves preparing proposals for guidelines on conditions of employment, including remuneration, the relationship between earnings and remuneration and the main principles of incentive programmes. It also includes preparing proposals for individual remuneration packages for the President and CEO and other senior executives. In addition, the remuneration committee establishes guidelines on remuneration and incentive programmes for certain senior executives who report directly to the President and CEO, and it decides upon the outcome of these programmes. The remuneration committee is also required to monitor and evaluate the Company's compliance with guidelines on remuneration to senior executives, as adopted by the AGM.

Furthermore, the remuneration committee is responsible for assisting the Board of Directors in its annual review of senior executives, including the President and CEO, and for evaluating the President and CEO's succession planning for senior executives.

EXTERNAL AUDITOR

At the AGM on 11 May 2016, EY (Ernst & Young AB) was appointed as Alimak's external auditor for the period up to and including the 2017 AGM. EY appointed Rickard Andersson 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, without the presence of the President and CEO and any member of the Company's management. Over the past financial year, EY provided the Group with tax advisory services and other advice, in addition to its audit function. The auditor is paid for his work in accordance with the AGM's decision. In 2016, the total fees paid to the Company's auditor was approximately MSEK 6.

ORGANISATION AND OPERATIONAL 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. The business areas are organised into regions, with regional managers reporting to each business area manager. The heads of the Group's 17 subsidiaries report to the President and CEO of Alimak. For further information about the Alimak Group's business areas and operations, visit the Group's website at alimakgroup.com.

PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES

In 2016, Alimak's company management consisted of Tormod Gunleiksrud, Group President and CEO, Stefan Rinaldo, CFO and since 3 May 2016 COO, Per Ekstedt, CFO, Fredrik Betts, Head of Business area Construction Equipment, Mark F Noble, Head of Business unit General Industry, part of Business area Industrial Equipment, Frank Klessens, Head of Group Product Management, Jose Olguin, Head of Business unit Oil & Gas, part of Business area Industrial Equipment, 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, Henrik Teiwik, Head of Business area Rental & Business Development, and Sofia Wretman, Head of Communications & IR.

The President and CEO reports to the Board of Directors and conducts day-to-day management of the Company in accordance with the Board's guidelines and instructions. The division of work between the Board of Directors and President and CEO is set out in Board of Directors' instructions 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.

The President and CEO is responsible for financial reporting in the Company and must ensure that the Board receives adequate information to enable it to evaluate the Company's financial position. The President and CEO shall continually monitor, and keep the Board of Directors regularly informed about, developments in the Company's business, sales performance, results and financial position, liquidity, key business events and all other events, circumstances or conditions that may be considered to be of relevance.

The President and CEO and other senior executives are presented on pages 56–57.

Guidelines on remuneration to senior executives

Under the Swedish Companies Act, the Board of Directors is required to present to the AGM proposals for guidelines on remuneration to the President and CEO and other senior executives. Issues regarding remuneration to the President and CEO shall be prepared by the remuneration committee and decided by the Board of Directors.

Issues regarding remuneration to other senior executives shall, following recommendations by the CEO, be prepared and decided by the remuneration committee. For further information on proposals for guidelines on remuneration to senior executives and remuneration paid in 2016, see pages 62–63 and Note 5 to the Financial Statements.

INSIDER TRADING AND INFORMATION POLICY

The Company has produced policy documents, with the aim of informing employees and other parties concerned within Alimak about the rules and regulations regarding the Company's information provision and the specific 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 made public. These procedures have been updated in line with the Market Abuse Regulation (MAR).

INTERNAL CONTROLS ON FINANCIAL REPORTING

Alimak operates a risk management programme that is an integral part of the Company's operational and strategic governance. Operations are based on a governance framework consisting of a Code of Conduct, policies and guidelines that regulate how Alimak is managed. 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 each level 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, heads of business areas, head of product management, 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 Group and the Group's organisation, procedures and follow-up measures. The aim is to guarantee reliable and accurate financial reporting, that is, to ensure that the Company's and Group's financial reporting is drawn up in compliance with the law, relevant accounting standards and other requirements.

The internal control system is also intended 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-efficient and appropriate manner. Internal control is also exercised via follow up of the information and business systems implemented, as well as via risk analysis. The Company's external auditors are also used to attest 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 at present has no need to add a separate internal control function to the organisation, over and above current processes and functions for internal control. Follow up is exercised by the Board of Directors and the Company's management, and the level of control is deemed to meet the Company's needs. An annual assessment will be made to determine whether a separate internal control function is necessary to maintain good internal control.

MONITORING OF CODE OF CONDUCT COMPLIANCE

The Alimak Group's approach to sustainability is based on the risks and opportunities identified within the area of sustainability, including follow up of compliance with 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, and the Company's management establishes sustainability targets and indicators. The Code is communicated regularly via information to and training for the Company's employees.

Responsibility for implementing and monitoring compliance with the Code is incumbent upon the President and CEO and other members of the Company's management. Responsibility for practical implementation of the Code during the year was delegated to the Group's purchasing, production and sales and service organisations, and is followed up annually by the Company's management and reported back to the Board. For more information about Alimak's sustainability work, see pages 36–41.

Board of Directors, Stockholm, 7 April 2017

Auditor's Statement on the Corporate Governance Report

To the Annual General Meeting of the shareholders of Alimak Group AB, corporate identity number 556714-1857.

The Board of Directors are responsible for the corporate governance report for the year 2015 on pages 32–36 and for ensuring that it is compiled in accordance with the Swedish Annual Accounts Act.

We have read the corporate governance report and we consider that this reading and our knowledge of the company and the group give us a sufficient basis for our opinions. This means that our statutory review of the corporate governance report has a different approach and is of a significantly lesser scope than an audit according to the 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, 10 April 2016
Ernst & Young AB

Rickard Andersson
Authorised Public Accountant

Board of Directors

ANDERS THELIN

Chairman of the Board since 2015
Independent of the Company and major shareholders
Born 1950
Education: MSc in Engineering Physics, Uppsala University.
Current Board duties:
Chairman of the Board, Logstor A/S.
Former positions, selection: Member of Group management, Sandvik AB; President of Sandvik Coromant, Sandvik Tooling and Sandvik Venture. Board member, Haldex AB and Seco Tools AB.
Committee work: Chairman of the Remuneration Committee.
Shareholding, own and via closely related persons*: 118,866

CARL JOHAN FALKENBERG

Board member since 2010
Not independent of the Company and major shareholders
Born 1975
Investment Cons., Triton Advisers.
Education: MBA, Stockholm University.
Current Board duties:
Board member, Kährs, Assemblin and Infratek.
Former positions, selection: M&A Project Manager ABB, Zürich; Associate, Credit Suisse, London.
Committee work: Member of the Audit Committee.
Shareholding, own and via closely related persons*: 141,438

ANDERS JONSSON

Board member since 2011
Not independent of the Company and major shareholders
Born 1950
Ind. Adviser, Triton Private Equity.
Education: MSc, Linköping Institute of Technology. Stockholm School of Economics Executive Leadership Program.
Current Board duties: Chairman of the Board, Talis GmbH; Vice Chairman of the Board, Swedish Swiss Chamber of Commerce, Zürich; Board member, Logstor A/S.
Former positions, selection: Executive Committee Member of ABB Group, Zurich.
Committee work: Member of the Remuneration Committee.
Shareholding, own and via closely related persons*: 390,402

EVA LINDQVIST

Board member since 2015
Independent of the Company and major shareholders
Born 1958
Education: MSc in Engineering, Linköping Institute of Technology. MBA, Melbourne University.
Current Board duties: Board member Assa Abloy AB, Bodycote, Caverion Oy, ComHem and Sweco.
Former positions, selection: President, Xelerated Holding AB, President, TeliaSonera International Carrier; Senior Vice President Telia Equity.
Committee work: Member of the Audit and Remuneration Committee.
Shareholding, own and via closely related persons*: 10,791

HELENA NORDMAN-KNUTSON

Board member since 2016
Independent of the Company and major shareholders
Born 1964
Senior Director, Hallvarsson & Halvarsson.
Education: MSc in Political Science, Helsinki University. MSc in Economics, Hanken School of Economics, Helsinki.
Current Board duties:
Board member, Rejlers, CLX Communications and Bygga Bostäder.
Former positions, selection: Financial Analyst, Enskilda Securities, Orkla Securities and Öhman Fondkommission.
Shareholding, own and via closely related persons*: 100

JOAKIM ROSENGREN

Board member since 2008
Independent of the Company and major shareholders
Born 1960
Chief Executive Officer and President, DeLaval International AB.
Education: MSc in Economics and Business, Stockholm School of Economics.
Current Board duties: Board member, DeLaval International, DeLaval Holding and DeLaval Hamra Gård.
Former positions, selection: President Tetra Pak Nordic and Tetra Pak Packaging Material. Various positions in the Tetra Pak Group.
Shareholding, own and via closely related persons*: 141,438

ÖRJAN FREDRIKSSON

Board member since 2016
Employee representative
Born 1968
Appointed by: The trade union IF Metall.
Shareholding, own and via closely related persons*: 0

GREGER LARSSON

Board member since 2009
Employee representative
Born 1959
Appointed by: PTK (the Swedish Confederation of Professional Employees).
Shareholding, own and via closely related persons*: 0

Göran Gezelius, Board member and Chairman of the Audit Committee was relieved of his duties and replaced by Helena Nordman-Knutson at the AGM on 11 May 2016.

** Shareholding per 30 December 2016.*

Management

TORMOD GUNLEIKSRUD

President and CEO
Born 1960. Took up post in 2012.
Education: Engineer, Sofienberg Technical School, Oslo.
Former positions, selection: Head of Operational Excellence Robotics Business Unit, ABB Switzerland; Regional Divisional Manager, North-east Asia and China; senior positions ABB Robotics since 1984.
Shareholding, own and via closely related persons*: 406,000

STEFAN RINALDO

COO
Born 1963. Took up post in 2007.
Education: BA in Economics and Business, Karlstad University.
Former positions, selection: CFO Alimak Group; Senior Vice President, Business Development & Oper.Control, Alimak Hek Group; Executive Vice President, Global Operations & Customer Service HVDC, ABB Power Systems.
Shareholding, own and via closely related persons*: 266,000

FREDRIK BETTS

Head of Business area Construction Equipment
Born 1975. Took up post in 2014
Education: BA in Business Admin, Thames Valley University, London.
Former positions, selection: Member of mgmt group, ABB Robotics Service; Regional Sales Manager, ABB Robotics Southeast Asia, ABB Malaysia.
Shareholding, own and via closely related persons*: 30,020

PER EKSTEDT

CFO
Born 1964. Took up post in 2016
Education: BA Economics, Umeå University.
Former positions, selection: CFO Mycronic, Selecta and Group4 Securicor, CFO Siemens Business Services.
Shareholding, own and via closely related persons*: 0

** Shareholding per 30 December 2016.*

FRANK KLESSENS

Head of Group Product Management
Born 1964. Took up post in 1994.
Education: Degree in Economics and IT, Zuyd University.
Former positions, selection: BA Manager Alimak Hek Group; CFO Hek International Group; Audit Manager, EY.
Shareholding, own and via closely related persons*: 130,588

MARK F NOBLE

Head of Business unit General Industry within BA Industrial Equipment
Born 1951. Took up post in 2015.
Education: BA in English, Allegheny College, Meadville PA, USA.
Former positions, selection: Global Head of After Sales Services, Schindler Management, Switzerland. VP Sales & Marketing Asia Pacific Schindler Management, Hong Kong; VP Schindler Elevator, Shanghai.
Shareholding, own and via closely related persons*: 0

JOSÉ OLGUIN

Head of Business unit Oil & Gas within BA Industrial Equipment
Born 1952. Took up post in 1983.
Education: BSc in Engineering, University of Mexico.
Former positions, selection: Head of BA Construction Alimak Hek Group, and other leading positions in Alimak Group; VP Business Development Champion Elevators; President and CEO, Brokk. USA
Shareholding, own and via closely related persons*: 135,617

MICHAEL PAGENDAM

Head of Business area After Sales
Born 1966. Took up post in 2005.
Education: BA in Business Management, specialising in sales and marketing.
Former positions, selection: Business Development Manager Volvo Truck and Bus Southern England, UK; Director of After Sales, Volvo Trucks International, Singapore; managerial roles Volvo UK.
Shareholding, own and via closely related persons*: 236,875

ALEXANDER PANTCHEV

Chief Procurement Officer
Born 1980. Took up post in 2014
Education: BSc in Banking and Law, London Metropolitan University.
Former positions, selection: Director of Strategic Purchasing, ABB AB Robotics, Head of Production Line, ABB LV Motors; Strategic Purchasing, ABB AB Robotics.
Shareholding, own and via closely related persons*: 1,136

ROLF J PERSSON

Head of Global Manufacturing
Born 1965. Took up post in 2007
Education: MSc in Engineering, Luleå University of Technology.
Former positions, selection: President, Franke Futurum AB; Technical Director, Volvo Trucks; Head of Quality Assurance and Delivery Quality, Volvo Trucks.
Shareholding, own and via closely related persons*: 200,000

HENRIK TEIWIK

Head of Business area Rental and Business Development
Born 1980. Took up post in 2013
Education: MSc in Economics and Business, Stockholm School of Economics.
Former positions, selection: Associate Principal, McKinsey & Company.
Shareholding, own and via closely related persons*: 79,366

SOFIA WRETMAN

Head of Communications and IR
Born 1977. Took up post in 2016
Education: Master's in Political Science, Stockholm University.
Former positions, selection: Senior Consultant Hallvarsson & Halvarsson; Communications Manager, SAS Institute.
Shareholding, own and via closely related persons*: 0

Alimak Group 2016 Financial statements

Directors' Report

The Board of Directors and the President and CEO of Alimak Group AB hereby present the Annual Report and consolidated accounts for the financial year 1 January 2016 to 31 December 2016. Alimak Group AB is a public limited company with registered offices in Stockholm, company registration number 556714-1857.

BUSINESS AND OPERATIONAL STRUCTURE

Alimak Group AB is the Parent Company of a Group that is a world-leading supplier of hoists, elevators, platforms and aftermarket services for the industrial and construction sectors. The Group has production in Sweden and China, along with a sales and service network in more than 90 countries supplying and maintaining vertical access solutions. At present there are around 22,000 hoists, elevators and platforms installed around the world.

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

Business area Construction Equipment designs, develops, manufactures and distributes a wide range of hoists and platforms, in many cases installed for temporary use during construction and refurbishment projects.

Business area Industrial Equipment designs, develops, manufactures and distributes a wide range of elevators and platforms. The demand from the business area's customers is for equipment for permanent use across a broad spectrum of industries, including oil & gas, ports and shipyards, power and cement.

Business area After Sales supports the Group's installed equipment in both industry and construction, through aftermarket services such as installation, maintenance, spare parts, contract-based servicing, technical support, remote monitoring systems and direct customer training throughout the service life of the equipment.

Business area Rental offers rental of Alimak construction hoists and platforms to customers in the markets of France, Benelux, Germany, Switzerland, Austria and Australia. Rental also offers sales of used equipment.

Purchasing and supply of materials

For its manufacturing, the Group purchases made-to-order and standardised materials, components and services from regional and global suppliers. Certain key components are also made within the Group. As far as possible, the Group uses a range of different suppliers, and always tries to avoid being dependent on a single supplier. The Group strives to negotiate supply agreements with its main suppliers. All suppliers must comply with the requirements stipulated 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 ethics 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 way of working, 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 matters, as well as business ethics.

SIGNIFICANT EVENTS DURING THE YEAR

On 27 October 2016, Alimak signed an agreement to acquire Facade Access Group, a global market leader in permanently installed facade maintenance solutions. The purchase consideration (enterprise value) was MAUD 120 (approximately MSEK 819). Completed on 28 February 2017, the acquisition is being financed mainly by an increase in the Alimak Group's existing credit facility by MSEK 750.

The acquisition strengthens and broadens Alimak's existing product portfolio and will enable an expansion into a related niche market, vertical access solutions, with good underlying growth. The acquisition will enable benefits of scale and synergies in purchasing and production, and will create business opportunities including further development of the aftermarket business. Turnover for Facade Access in the 2016 calendar year was approximately MSEK 1,044 (pro forma).

On 5 December 2016, Alimak Group signed an agreement to acquire Avanti Wind Systems, a market leader in vertical access solutions for wind towers. The purchase consideration (enterprise value) was MEUR 91 (approximately MSEK 810). The acquisition was completed on 30 January 2017. It is initially being financed via a bridging loan of MSEK 800, intended to be repaid via an issue of new shares to a value of MSEK 791 before issue costs, with preferential rights for existing shareholders in Alimak Group AB. For further details, see the section Events after the financial year-end.

The acquisition of Avanti Wind Systems broadens and diversifies Alimak Group's product portfolio, enabling the Group to expand into a growing sector of renewable energy. Avanti was established in 1885 and today has more than 30,000 service lifts installed globally. Avanti's turnover in 2016 was MEUR 97 (approximately MSEK 918). The Company operates worldwide with six production facilities, in Denmark, Spain, China, the USA and Brazil.

FINANCIAL OVERVIEW

Multi-year overview

TSEK	2016	2015	2014	2013
Net sales	2,048,608	2,036,291	1,742,476	1,517,145
Operating profit	306,811	296,208	287,656	267,260
Profit after net financial items	281,398	198,281	91,725	118,934
Net profit for the year	193,990	135,022	46,499	79,028
Balance sheet total	3,276,221	3,359,585	3,253,970	2,733,827
Equity/assets ratio*, %	67	61	27	25
Average number of employees	1,171	1,077	996	865

*Adjusted equity/balance sheet total

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

Net sales and operating profit

Net sales for the Group totalled MSEK 2,048.6 (2,036.3) and profitability remained firm. Expansion of sales channels continued during the year and now more than 90 distributors' worldwide can offer Alimak's solutions. The Group's products have continued to meet strong demand, despite challenging market conditions arising from political events and volatile raw material prices. Operating profit totalled MSEK 306.8 (296.2), representing an operating margin of 15.0 percent (14.5). The margin is somewhat higher than for the

preceding year, mainly because profit last year was affected by costs incurred for the IPO. The operating margin for the year is affected by a weak development for Industrial Equipment.

Analysis per segment	2016		2015	
MSEK	Net sales	Operating profit	Net sales	Operating profit
Construction	685.8	72.7	553.3	38.3
Industrial	373.5	-22.1	485.6	27.5
Rental	308.9	38.8	308.4	20.4
After Sales	680.3	217.4	689.0	210.0
	2,048.6	**306.8**	**2,036.3**	**296.2**

Business area Construction Equipment showed a strong growth in revenues. The increase amounts to MSEK 132.5, or 24 percent compared to the preceding year, and revenues of MSEK 685.8 accounts for 33 percent of the Group's sales, compared to 27 percent in the preceding year. The growth is seen in both mature and growth markets. Profitability, measured as operating margin, rose from 6.9 percent to 10.6 percent.

In Business area Industrial Equipment, the preceding year's lower demand in upstream oil & gas, and in the mining industry, continued to negatively impact turnover, which decreased 23 percent from MSEK 485.5 to MSEK 373.5. Operating profit was also negatively impacted, ending the year at MSEK -22.1, as against MSEK 27.5 for the preceding year. Some progress was made in the form of expanded sales initiatives in other sectors, such as ports and power.

Revenue for business area After Sales totalled MSEK 680.3, marginally lower than a year earlier. Revenue from the construction industry increased, but continued uncertainty in the industrial sector in general, and in oil & gas and mining in particular, is affecting the situation as a whole. The operating margin is relatively stable, but with pressure on prices.

Business area Rental reports turnover unchanged from the preceding year, at MSEK 308.9. Turnover remained unchanged despite divestment of the Rental business in the USA at the end of the third quarter 2016. The operating margin improved from 6.6 percent to 12.6 percent, 2 percent of which is attributable to the effect of the MSEK 6.9 gain from the sale of the business in the USA. The underlying trend of the business area is positive, with a higher utilisation rate and higher efficiency in managing the rental fleet.

Financial income and expense
Net financial items for the year amounted to MSEK -25.4 (-97.9), benefiting from the Group's refinancing ahead of the IPO in June 2015, and from a lower level of debt.

Tax
The total tax expense for the year was MSEK 87.4 (63.3), corresponding to an effective tax rate of 31.1 percent (31.9). The tax expense varies depending on the geographic distribution of where the Group's profits arise and the possibility of using any deficits.

Profit for the year
Profit for the year totalled MSEK 194.0 (135.0). Profit for the year was affected by costs of MSEK 29.7, arising from the acquisitions of Facade Access Group and Avanti Wind Systems, both of which were closed after the financial year-end. Also included was a positive amount of MSEK 6.9, the gain from sale of the Rental business in the USA. Profit for the preceding year was affected by costs of MSEK 54.1, primarily in connection with the IPO and rearrangement of loans.

Comprehensive income for the year totalled MSEK 236.6 (227.5). The difference between profit for the year and comprehensive income for the year is mainly due to an increase in the translation reserve for foreign operations, and revaluation of pension plans. The same applied in the preceding year, which, however, was also affected by changes in the fair value of currency hedges.

Cash flow
Cash and cash equivalents at 31 December 2016 totalled MSEK 230.6 (450.0). The Group's cash flow from operating activities in 2016 totalled MSEK 224.0 (239.8). The Group's cash flow from investing activities amounted to MSEK -36.9 (-28.8), including the MSEK 19.6 gain from the sale of the Rental business in the USA in the third quarter. The Group's cash flow from financing activities totalled MSEK -425.5 (-134.6), mainly through the impact of amortisation of loans and the year's dividend of MSEK 86.7 paid to shareholders. The previous year's cash flow from investing activities was affected by refinancing for the Group, with rearrangement of bank credit facilities.

Financing and financial position
The Group's balance sheet total was MSEK 3,276.2 (3,359.6) at year-end. Net debt totalled MSEK 294.6 (371.1), primarily consisting of loans from credit institutions (see Note 18). Compared with 31 December 2015, trade receivables rose MSEK 43.0 to MSEK 408.8. Inventories increased by MSEK 50.7 to MSEK 394.6. The rise was attributable to input goods as well as finished products and goods for resale.

Investments
The Group's investments in noncurrent assets in 2016 totalled MSEK 57.1 (43.1). Depreciation during the period amounted to MSEK 50.5 (51.9).

Goodwill and other intangible noncurrent assets
At the financial year-end, the carrying amount for intangible noncurrent assets was MSEK 1,789.2 (1,729.7), of which goodwill comprised MSEK 1,780.7 (1,720.8). At the end of the 2016 financial year, an impairment test was performed. The test did not indicate any impairment of the carrying amount of goodwill.

Equity
At 31 December 2016, the Group's shareholders' equity totalled MSEK 2,202.1 (2,052.1). The change in equity reflects not only the result from the year's operations but also the translation reserve for foreign operations, revaluation of defined benefit pension plans and dividend of MSEK 86.7 paid.

PERSONNEL
The Group prioritises having its own permanent workforce and works proactively and systematically on ensuring the well-being of em-

ployees and safety in the workplace. Each company in the Group has its own personnel policy that complies with local laws, regulations and agreements. The current staffing level is considered to be well-balanced in terms of current order volumes, and certain adjustments are made on an ongoing basis. The average number of employees in 2016 was 1,171 (1,077). At year-end, the number of employees totalled 1,098 (1,091). Salaries and remuneration paid during the year amounted to MSEK 533.3 (488.4).

RESEARCH AND DEVELOPMENT

The aim of the Group's research and development work is to increase customer productivity, reduce environmental impact, improve the work environment and cut costs. R&D, a top priority in the Group, also encompasses development of production technology, production processes and IT systems, where such is necessary. The work is mainly carried out at, or close to, the production companies and in close cooperation with customers. Extensive sharing of experience takes place between the business areas in order to create synergies and qualitative source documentation. R&D costs for the year totalled MSEK 43.2 (40.2).

OUTLOOK

With the acquisitions of Facade Access and Avanti, Alimak is consolidating its position as a leading global niche player in vertical access solutions. The acquisitions round out the existing portfolio via the addition of building maintenance and wind power plants applications. Alimak intends to continue to operate its business in four business areas – Construction Equipment, Industrial Equipment, Rental and After Sales. The acquired businesses will in the main be incorporated into Industrial Equipment, which includes BMUs (Building Maintenance Units) and Wind. After Sales will also expand through the acquisitions.

Alimak will continue to market the Group's products under the brands of Alimak, Avanti, CoxGomyl and Manntech.

The acquisitions will also boost Alimak's turnover and operating profit. Pro forma sales for 2016 would rise from MSEK 2,049 to MSEK 4,011, an increase of around 96 percent. Operating profit (EBIT) would rise from MSEK 307 to MSEK 395, an increase of 29 percent. Along with the strategic motives for the acquisitions, Alimak identifies opportunities for coordination gains and synergies in the purchasing and production organisation, as well as opportunities for expansion of the Group's overall aftermarket offering. The integration process is expected to be complete by 2019 and to involve integration costs of around MSEK 110 in 2017 and 2018. 2017 will bring further costs arising from preparation of acquisition balance sheets and the calculation of definitive purchase considerations. For more information, see the section Profit for the year, above.

The Group's revised medium-term target is to achieve annual growth of no less than 6 percent and an operating margin of 15 percent. For more information, see the section New financial targets for Group, below.

ENVIRONMENTAL IMPACT

The Company has been environmentally certified under the international ISO 14001 standard since January 2009, and under the international work environment OHSAS 18001 standard since May 2014.

Group Company Alimak Hek AB, based in Skellefteå, conducts environmentally licensed operations as defined in the Swedish Environmental Code and is under a directive to take precautionary measures, which means that if a threshold level is exceeded, this must be rectified to prevent repetition.

SHARE CAPITAL AND OWNERSHIP

At the end of the year, Alimak's share capital amounted to SEK 866,525.78, represented by 43,326,289 shares. The Company has just one class of share, and all shares carry the same voting right, that is, one vote. On 31 December 2016, Triton, the single largest shareholder in Alimak, held 12,298,486 shares, corresponding to 28.4 percent of both votes and share capital. Lannebo Funds held 5,982,972 shares, corresponding to 13.8 percent of the shares in issue. At year-end 2016, no other shareholder had a holding of 10 percent or more of the votes or share capital.

No restriction applies in law or the Articles of Association as to the transferability of the shares. There are no restrictions as to how many votes each shareholder can cast at an AGM.

For further information regarding the Company's shares and ownership, see pages 44–45.

CORPORATE GOVERNANCE

In accordance with the Swedish Annual Accounts Act, Alimak 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 will be found on pages 46–52 of this document.

THE BOARD'S PROPOSED GUIDELINES FOR REMUNERATION PAYABLE TO SENIOR EXECUTIVES

The Board of Directors' proposed resolution, as below, for submission to the 2017 AGM accords with the guidelines approved at the 2016 AGM, other than in the case of proposals presented in the section "Long term incentive programme". No such programme operated previously.

Alimak Group AB has established principles and forms of remuneration payable to its senior executives. The Board and its Remuneration Committee decide on the form of remuneration scheme and the size and forms of remuneration payable to senior executives. The Board proposes that the following guidelines for determining salaries and other remuneration payable to the Company's Chief Executive Officer (CEO) and other senior executives be adopted at the AGM. The term "senior executive" refers to the Alimak Group's members of Group Management. These guidelines apply to agreements concluded after the AGM resolution and where amendments are made to existing agreements after that time.

The Board may depart from the guidelines set out below in individual cases where particular reasons or needs exist.

General

It is of fundamental importance to the Company and its shareholders that the guidelines for remuneration payable to senior executives create good conditions in the near and long term to attract and retain competent employees and executives. To this end, it is important to establish fair and internally balanced conditions that are also competitive in terms of their structure, scope and level of remuneration.

Conditions of employment for senior executives should comprise a balanced combination of fixed salary, annual variable remuneration,

long-term incentive scheme, pension and other benefits, along with conditions governing termination/severance payments.
Total annual cash remuneration, i.e. fixed salary plus variable remuneration and other long-term cash remuneration, should be at market level in the geographical market in which the individual works and is employed. Total remuneration should be reviewed annually to ensure it is in line with the market for equivalent positions in the relevant geographical market in which the individual operates.

Remuneration should be based on performance. It should therefore comprise a combination of fixed salary and variable remuneration, of which the variable component constitutes a relatively large portion of the total remuneration but is capped at a predetermined amount.

The annual report states the total remuneration and other benefits received by the Company's senior executives during the year.

Remuneration and forms of remuneration
The Company's remuneration scheme involves various forms of remuneration aimed at creating balanced remuneration supporting near and long-term management by objectives and achievement of targets.

Fixed salary
Fixed salary is individual and is based on each person's responsibility and role, along with that person's competence and experience in the relevant position.

Short-Term Incentive/Variable remuneration
Senior executives receive an annual variable remuneration. The annual variable remuneration is expressed as a percentage of fixed salary. Variable remuneration targets should primarily be related to achievement of the Company's financial targets, as well as any clearly defined individual objectives relating to specific duties of employment. The latter are used to ensure focus on non-financial objectives of particular interest.

Financial targets for the variable remuneration are adopted annually by the Board in order to ensure they are in line with the Company's business strategy and earnings targets. On the Board's instructions the Remuneration Committee adopts financial targets for individual employees as proposed by the President and CEO. When evaluating the individual performance an overall assessment is made.

The portion of the total remuneration comprising annual variable remuneration varies depending on position, and may total 70 per cent of fixed annual salary when targets are fully achieved by the President and CEO, and up to 50 per cent of fixed annual salary when targets are fully achieved by other senior executives. Targets are formulated so that no variable remuneration is payable unless a minimum level of performance is achieved.

The Company's cost for the annual variable remuneration to senior executives during 2017 will at most amount to roughly MSEK 12 (excluding costs for social security contribution) based on the exchange rate of today.

Long-Term incentive scheme
For the purpose of linking the interests of the employees, the senior executives and the President and CEO ("Participants") with the interests of the shareholders and in order to encourage the Participants' acquisitions of shares in the Company, a long term incentive programme shall, in addition to the annual variable remuneration described above, be applied with the following main components:
Employees shall have the right to buy shares for a maximum amount of SEK 30,000, senior executives for a maximum amount of SEK 50,000 and President and CEO for a maximum amount of SEK 100,000 ("Investment amount"). This acquisition shall take place when the interim report for Q2 2017 has been published.

If the Company has had an EBIT growth over the past business year the Company shall match the Investment amount completely or partially. If the EBIT growth amounts to 10 per cent the Investment amount shall be matched completely. If the EBIT growth amounts to less than 10 per cent the Investment amount shall be matched partially in relation to the fulfilment. The Company will match the Investment amount by a single cash payment, including an amount payable in accordance to the above as well as compensation for the Participant's marginal tax costs ('Matching Amount'). The Participant shall use the Matching Amount to acquire shares in the Company. The payment of the Matching amount and the acquisition of shares in the Company for the Matching Amount shall take place when the full year results of 2017 have been published. These shares shall by means of agreement be kept for at least 4 years. The outcome within a predefined interval is decided on by the Board annually after consideration by its Remuneration Committee.

If a Participant in 2020 achieves certain targets the Company shall make an additional single payment. This additional payment shall correspond to a maximum of 150 per cent of the Investment Amount and include compensation for the Partcipant's marginal tax costs as above. The Participant shall use the paid out amount to acquire shares in the Company. These shares shall by means of agreement be kept for at least 1 year.

The criteria for payment in 2020 are inter alia that the Participant is still employed by the Company and that the Participant has kept his or her acquired shares in accordance to the above and that the targets regarding the Company's earnings for the financial year 2019, as established by the Board, have been achieved. In case of partial achievement a part of the maximum amount will be paid out.

The annual cost for the long-term incentive programme (LTI) will at most amount to MSEK 14,3 including social security contribution and based on the exchange rate of today, given that the performance goals are completely fulfilled and that all Participants choose to acquire the maximum amount of shares.

Remuneration payable to directors
In certain cases directors elected at the AGM should be able to receive fees and other remuneration for work carried out on the Company's behalf, alongside their Board work. Fees at market rates, to be approved by the Board, may be payable for such services.

Pensions
Senior executives qualifying for a pension and concluding new pension agreements should have defined contribution pension agreements. Senior executives retire in accordance with the pension regulations of the relevant country. The main rule is that provisions made for pensions are based on fixed salary alone. Certain individual adjustments may occur in line with practice in the relevant geographical market.

Other benefits
Other benefits, such as a company car, wellness allowance, health care and health insurance, should comprise a minor portion of total

remuneration and should be in line with market practice in the relevant geographical market.

Additional remuneration
In addition to the remuneration described above, agreement may be reached in exceptional cases on further remuneration, e.g. when this is considered necessary to attract and retain key competence or to persuade individuals to relocate or accept a new position. However, additional remuneration of this kind should be subject to a time limit, which should not exceed 36 months. Nor should the additional remuneration exceed twice the remuneration the holder of the position would have received if no agreement on additional remuneration had been concluded.

Conditions governing termination and severance payments
Conditions governing termination and severance payments should accord with practice in the relevant geographical market. The Company's President and CEO should have six months' notice if he leaves of his own volition and 12 months' notice if the Company terminates his employment. Other senior executives have notice periods of up to 6 months. When a new employment contract is concluded, a severance payment not exceeding 12 months' fixed salary may be agreed with a senior executive. This applies solely to termination by the Company. Practice in the geographical market where the executive works applies in other respects.

PARENT COMPANY
The business of the Parent Company, Alimak Group AB, consists of certain Group-wide services. The President and CEO, COO, CFO and the Head of Communications and IR are employed by the Parent Company. In addition, the Group's borrowing is centralised within the Parent Company, which is also the account-holder of a Group-wide transaction account (a cash pool) with a financial institution.

Net sales for the year totalled MSEK 8.0 (7.5) and an operating loss of MSEK -19.5 (-15.5) was recorded. Financial income and expenses totalled MSEK -4.0 (-45.7) and pre-tax profit for the year amounted to MSEK 136.6 (83.8). Profit for the year was MSEK 106.3 (65.4). Group contributions received, MSEK 160.1 (145.0), are included in profit for the year.

At the end of the year, the equity/assets ratio was 88.1 percent (80.2). By resolution of the 2016 AGM, dividend of MSEK 86.7 was paid to shareholders, corresponding to SEK 2.00 per share. Loans from credit institutions, MSEK 226.4 at the beginning of the year, were amortised in full during the year.

At year-end, the Parent Company's cash and cash equivalents, including unutilised credit commitments and overdraft facilities, totalled MSEK 841.3. The Parent Company also had credit commitments totalling MSEK 1,550.0 for the specific purpose of closing the Group's acquisitions of Facade Access Group and Avanti Wind Systems.

EVENTS AFTER THE FINANCIAL YEAR-END
On 8 March 2017, the Board of Directors resolved, with the support of authorisation from the Extraordinary General Meeting held on 23 January 2017, to undertake a new share issue with preferential rights for existing shareholders. On 13 March 2017, a prospectus for the issue was published and the subscription period closed on 31 March 2017. On 5 April 2017, it was announced that the issue had been over-subscribed.

The acquisition of Avanti Wind Systems was closed on 30 January 2017 and that of Facade Access Group on 28 February 2017. For additional information on the companies acquired, see also Significant events during the financial year and Outlook.

Further information on Events after the end of the financial year is provided in Note 26 to the consolidated accounts.

New financial targets for the Group
On 23 February 2017 Alimak Group presented updated financial targets that reflect the Group's new operational mix, with the inclusion of Facade Access Group and Avanti Wind Systems. The prolonged decline in oil & gas is also reflected in the revised growth target. Going forward, growth will continue to serve a vital role in our strategy, but the focus on profitability will increase. The objective is progressively to achieve our financial targets over a period of three to four years.

The Group's medium- to long-term target is for annual organic revenue growth to average no less than 6 percent.

The measure EBITA (earnings before interest, taxes and amortization) has been selected as the new measure of profitability instead of EBIT (earnings before interest and taxes). The change was made against the background of the acquisitions and associated future amortisation of intangible assets. The Group's target in the medium- to long term is to achieve an EBITA margin of no less than 15 percent.

The Group's target for capital structure (net debt/EBITDA) remains unchanged. The objective is an effective capital structure with net debt of around twice EBITDA.

Alimak's dividend policy also remains intact, with a target of paying shareholders a dividend of approximately 50 percent of the Company's net profit for the current period. Decisions on dividend payment will take account of the Company's financial position, cash flow, acquisition opportunities, strategic considerations and future prospects.

PROPOSED APPROPRIATION OF PROFIT

The following amounts are available for distribution by the AGM	
Retained earnings	1,898,290,351
Net profit for the year	106,284,345
	2,004,574,696

The Board of Directors proposes that the amounts be distributed as follows	
Dividend of SEK 1.60 per share to be paid to shareholders*	86,652,578
To be carried forward	1,917,922,118
	2,004,574,696

*The proposed record day for dividend payment is 15 May 2017. The amount to be distributed is calculated on the basis that the issue of no more than 10,831,572 new shares, resolved by the Board of Directors on 8 March 2017 as authorised by the Extraordinary General Meeting on 23 January 2017, was fully subscribed and distributed in such time that the shares entitle the holders to dividend.

The total amount proposed as dividend corresponds to SEK 2.00 per share, based on the existing number of shares, 43,326,289, before the new issue.

Risks and risk management

The Group operates in a global market and is exposed to competition and pressure on prices in that market. The general economic situation worldwide and the global markets affect in many ways the businesses operated by the Group's end customers, which in turn may impact the demand for the Group's products. Customer demand in, for example, the construction, oil & gas, port and shipbuilding, power and cement industries is of major importance to the Group.

The aim of risk management in the Company is to support the objectives established and at the same time prevent undesired financial events.

The risks in the Group's activities may generally be divided into strategic, operating and financial risks.

STRATEGIC RISKS

The general economy

The Group's markets may be affected by fluctuations in the general economy. Investments in infrastructure, industrial production and residential construction impact the Group's operations, since the Group's products and services are used in these sectors. Any negative developments in the economy affecting the Group's customers may also affect the inflow of orders. The financial outcome of operations depends on the Group's ability to respond 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 areas. A regional/local competitor may benefit from being more familiar with the political or economic situation in the regional/local market and may have better relationships 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 edge. The Group's competitors may also try to expand their global presence.

Any changes to the structure of the Group's competitors or the emergence of new competitors in the market may create further competitive pressures and result in a reduction of the Group's sales, market share and prices.

Acquisitions

The Group has in the past consolidated its market positions via organic growth, business acquisitions and efficiency improvements, and may continue to do so in the future. Growth through acquisitions is by its nature risky, due to the difficulties in estimating the fair value of the assets acquired and the ways in which business and personnel may be integrated. As a result, the Group may incur acquisition and other associated costs. There are no guarantees that the Group will be successful in integrating businesses that have been acquired, or that, once integrated, these businesses 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 operate. In difficult jurisdictions, such unrest may have an adverse impact on customer demand for the Group's products and services, or have a negative impact on the Group's ability to operate within such jurisdictions. Furthermore, the Group may end up not having an adequate contingency plan or capacity for recovery in place to be able to manage a major incident or crisis. As a result, its operational continuity may be affected, which could have a significant negative impact on the Group's operations, its financial situation and financial results, as well as its reputation.

Statutory requirements or standards

The Group conducts business in several jurisdictions and is 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 frequently change, are continuously developed and may be made stricter. The Group's compliance with applicable laws and regulations may be costly, especially in areas where there is inconsistency between different jurisdictions in which the Group operates. The rules applying to the products and the services may also change over time and per market.

In addition, in the countries in which the Group operates it is subject to anti-bribery laws and regulations, prohibiting companies and their intermediaries from offering or receiving inappropriate payments. Furthermore, many of the jurisdictions where the Group operates have regulations requiring the Group to refrain from doing business with certain countries or with certain organisations or individuals that are recorded 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 financial results.

Trademark

One important competitive advantage for the Group is the prestige of its trademark, which today is associated with safety, reliability and quality. The Group's reputation is particularly important in relation to new and existing customers and distributors. So, all real or perceived problems with operations and logistics, or issues with the safety, reliability and quality of the Group's products, or the loss of a major customer, may result in damage to the Group's reputation.

OPERATIONAL RISKS

Selling prices

The prices of the Group's products and services may change very quickly in certain markets. This may be caused by a number of factors, including short-term fluctuations in demand, product shortages or surpluses, uncertainty about local economic conditions, import rules and increased competition. Overcapacity in the industry may occur in the event of a sharp fall in demand. Such overcapacity may bring further pressure on prices.

Sales channels

The Group's ability to manage, monitor and follow up the activities of its distributors is limited. The Group is not able to ensure at all times that its distributors comply with all applicable laws regarding the sale and servicing of the Group's products, or comply to the letter with the rules set by the Group, which might have significantly negative impact on the reputation and business 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 in the market by broadening its product range, but the profitability of these products may grow more slowly than the Group's previous products, or not at all. It may therefore not be possible for the Group to compete successfully due to its inability to lower its production costs or match offerings in the market with its products, at an attractive combination of price and quality compared with Alimak's competitors.

Manufacturing risk
The Group's production facilities are in Sweden and China. Any stoppages or interruptions in the production process caused, for example, by fire, mechanical faults, weather conditions, natural disasters, labour market conflicts or acts of terrorism may have adverse effects in the form of direct property damage 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 certain portion of the Group's requirements for materials and input goods is fulfilled by a small number of strategic suppliers. The effects of stoppages in deliveries vary according to which articles or components are involved. Certain articles and components are industry-standard, whereas others are of our own development and require unique tools that would take time to replace. The Group's costs for materials and components may vary sharply over the economic cycle. Variations in cost may be caused by changes in world market prices for commodities or the ability of our suppliers to deliver.

Dependency on global market prices
Movements in the prices of steel components, drive units, electronics and cables may impact the Group's production and manufacturing costs, which the Group may not be able to pass on to its customers. The Group aims to minimise the effects of volatility in commodity prices through price adjustment mechanisms built into its agreements with suppliers and customers. Even if the Group tries to pass on cost increases through regular review of and adjustments to selling prices, and has in general displayed a good ability to adapt to changes in input prices, the Group has not in the past always been successful in passing on cost increases, and may not be able to do so in the future. Any significant price increases that the Group cannot fully pass on to its customers may have a significant negative impact on the Group's profitability.

Income taxes
The Group conducts its business via companies in several countries. Transactions between Group companies take place in accordance with the Group's understanding or interpretation of applicable tax laws, tax agreements, other rules under tax legislation and requirements by the relevant tax authorities. The tax authorities in the countries concerned could also make assessments and decisions that would deviate from the Group's understanding or interpretation of the aforementioned laws, agreements and other regulations. Many of the companies within the Group conduct cross-border transactions involving materials and services for associated Group companies. Through these cross-border transactions, the Group is exposed to taxation risks, in particular regarding rules on internal pricing that are applicable in multiple jurisdictions. To the extent that the Group is found not to have complied with applicable regulations on internal pricing, including the arm's length principle that applies in the context of such rules, the Group may be subject to further tax payments, plus interest and penalty charges. The Group's tax situation, both for the current year and preceding years, may change as a result of decisions by the tax authorities concerned, or as a result of changes to laws, agreements and other regulations. Such decisions or changes, possibly retroactive, may have negative impact on the Group's business and its financial position or financial results.

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 major patents or licences for its business, the Group takes the view that its trademarks play an important role in maintaining its competitive edge. The Group has a portfolio of trademarks worldwide but does not enjoy the same level of protection in all countries, and there is a risk that the laws in certain countries where the Group operates may not provide adequate protection for its intangible rights. The measures that the Group has taken, or will take, to protect its intangible rights may not provide sufficient protection, and third parties may be able to infringe the Group's intangible rights, and the Group may not have 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 the intangible rights of others.

The consolidated balance sheet for the Group 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 significant negative impact on the Group's operations, financial position and financial results.

Complaints and lawsuits
The Group's products and global sales expose it to potential claims regarding defects and/or usage causing, leading to, or allegedly causing or leading to personal injury, project delays or damages or other negative effects. All product liability claims, irrespective of whether they relate to personal injury or project delays or damages, may prove costly and time-consuming to defend and could potentially damage the Group's reputation. Furthermore, product liability claims could, if successful, mean that the Group would be required to pay considerable damages. Whilst the Group currently has product liability insurance to cover any product liability arising from the use of its products, the insurance cover may turn out to be insufficient in individual cases. In addition, product liability claims may derive from defects in parts and/or components purchased from third-party suppliers. Such third-party suppliers may not indemnify the Group for defects in such parts and/or components, or may only provide a limited amount of compensation for damages, insufficient to cover the damages arising from the product liability claim. A product liability claim, founded or unfounded, may give rise to considerable negative publicity and therefore have

considerable negative impact on the Group's operations, financial position and financial results, as well as on its reputation.

Furthermore, any fault or defect in the material design, manufacturing or quality of the Group's products, 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 lawsuits from customers, employees or other third parties. This may also apply to health, environmental, security or operational issues, or failure to comply with applicable laws and regulations. Even if such disputes were to be successfully resolved without negative financial consequences, they may have negative consequences in terms of the Group's reputation and place demands on 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 increase significantly, that may harm the Group's reputation and increase the Group's warranty costs.

Environmental risks
The Group's former and current operating activities, facilities and properties are subject to extensive and changeable foreign, domestic and local laws and regulations regarding emissions into the air, wastewater emissions, handling and disposal of solid and hazardous materials and waste and cleaning up of pollution, as well as to other environmental, health and safety laws and regulations. The Group may, from time to time, be involved in administrative or legal proceedings concerning the environment, health and safety.

The Group may, from time to time, be obliged to clean up pollution and deal with emissions of regulated materials at the facilities that it owns or operates (including pollution caused by former owners and operators of such facilities).

In addition, the Group cannot guarantee that, in future, currently unidentified environmental conditions, more stringent enforcement by the supervisory authorities or other unpredicted events will not be identified and give rise to further environmental responsibilities, costs for regulatory compliance and/or sanctions that may be substantial. Furthermore, environmental laws and regulations are continuously developing and it is impossible to make precise predictions about their effect. Every aforementioned risk may have a significant negative impact on the Group's operations, financial position and financial results.

Insurance risk
The Group has liability insurance for a range of risks relating to operational stoppages, liability and property loss. While the risks are insured to levels that have been deemed as financially reasonable by Group management, the Group's insurance cover may in individual cases turn out to be inadequate. In addition, certain types of losses are generally not insured, either because it is held they are uninsurable or they have been excluded from the relevant insurance policies. This includes, for example, loss of property due to war or terrorism, or professional/personal liability arising from dishonesty, intent or criminal acts. Furthermore, the Group cannot ensure that insurance will remain available on financially reasonable terms, or that the Group's insurance providers will not require the Group to pay a higher insurance premium. Any one of these risks, if becoming reality, could have a significant negative impact on the Group's operations, financial position and financial results.

Human capital risk
Some of the Group's employees are members of trade unions or represented by company councils operating under collective bargaining agreements. If the Group is unable to negotiate acceptable agreements with the trade unions or the company councils, this may lead, for example, to strikes, work stoppages or other actions by the personnel concerned, which could result in higher operational costs. If the employees of the Group were to take part a strike, work stoppage or other actions, the Group may experience major disruptions to its operations and higher day-to-day personnel costs, which may have significant negative impact on the Group's operations, financial situation and financial results, as well as on its reputation.

Another factor that is key to Group achieving its objectives lies in its employees and their knowledge and competence. Future growth is dependent on the Company maintaining its position as an attractive place to work. In support of this aim, the Group aims to provide a decentralised working climate.

FINANCIAL RISKS
Through its international operations, Alimak is exposed to financial risks such as currency risk, interest rate risk, financing and liquidity risk, credit risk and commodity risk. These financial risks are addressed by the Group's Treasury function, in accordance with the guidelines laid down by the Board of Directors in the Group's financial policy. The most important task of the Treasury function is to secure the Group's financial flexibility in both the long and the short term, and to monitor and manage the Group's financial risks in cooperation with the operational units. The objective of proactive work on the Group's financial risks is to develop the organisation's robustness and to create conditions that ensure stable cash flows. For more information on the Group's financial risks, see Note 2 on page 80.

Currency risk
Exchange rate fluctuations affect Alimak's results when purchases and sales are made in different currencies (transaction exposure) and also when the income statements and balance sheets of foreign subsidiaries are translated to Swedish kronor. Over time, exchange rate fluctuations also affect the Group's long-term competitiveness and therefore its capacity for earning.

The objective of Alimak's currency management is to minimise the effects of exchange rates. This is done by hedging the net commercial flows via financial instruments. Binding orders are hedged at the time of ordering to safeguard the gross margin.

The translation exposure is hedged partly by raising loans in foreign currency.

Interest rate risk
Alimak's interest rate risk relates primarily to the Group's interest-bearing liabilities and assets. Changes in interest rates affect the Group's results and cash flow and the fair value of financial assets and liabilities

Alimak's borrowings are made at variable interest rates and interest payments are generally made quarterly. The Group analyses its interest rate exposure on an ongoing basis.

Refinancing and liquidity risk

Refinancing risk is the risk that financing cannot be obtained, or can only be obtained at considerably higher cost.

Liquidity risk consists of the risk that the Group will not be able to fulfil its payment obligations. Cash flow from operating activities, which is affected, for example, by changes in working capital, is largely managed at Group level. By monitoring liquidity flows in both the short and the long term, Alimak maintains a high level of financial preparedness.

According to the financial policy, the liquidity reserve shall be maintained at a level such that it can cover fluctuations anticipated in day-to-day liquidity over a period of six months. The Group performs ongoing liquidity forecasts to ensure that cash and cash equivalents are sufficient to meet the requirements of the business. The Group also monitors at central level when the financial covenants linked with the Group's loan facilities are met.

Surplus liquidity is managed by the Group's Treasury function. The intention is to minimise surplus liquidity in the Group.

Credit risk

Credit risks relating to trade receivables and other current receivables are managed as part of the business risk, in accordance with strict routines. The credit risk arising from other financial instruments is low. Alimak strives to minimise the cash and cash equivalents invested outside the Group and to minimise depositing surplus liquidity with other counterparties.

Alimak's exposure to trade receivables is managed and monitoring continuously. Given the geographical spread of the Group's customers over different geographical regions and market segments, the general credit risk is regarded as low. Historically, Alimak has sustained only low losses on trade receivables.

Commodity risk

Alimak's exposure to changes in commodity prices is limited. The Group's commodity risk is confined to steel.

Alimak uses price clauses in purchase contracts for commodities. As the commodity price risk is limited, it is not hedged financially.

Consolidated income statement

Amounts in TSEK	Note	2016	2015
Revenue	3	2,048,608	2,036,291
Cost of goods sold	4	-1,230,733	-1,216,626
Gross profit		**817,875**	**819,665**
Selling costs		-276,553	-255,765
Administration costs		-191,289	-227,494
Development costs		-43,222	-40,198
Operating profit	4, 5, 6, 7	**306,811**	**296,208**
Financial income	8	27,100	30,044
Financial expenses	8	-52,513	-127,971
Profit after net financial items		**281,398**	**198,281**
Pre-tax profit		**281,398**	**198,281**
Income taxes	9	-87,408	-63,259
Net profit for the year		**193,990**	**135,022**
Profit for the year attributable to shareholders in the Parent Company		193,990	135,022
Earnings per share SEK [1]		4.48	3.12
OTHER COMPREHENSIVE INCOME			
Items that cannot be transferred to net profit for the year			
Actuarial gains/losses attributable to defined-benefit pension plans		-27,873	29,384
Tax attributable to items that cannot be transferred to net profit for the year		5,614	-5,955
Total items that cannot be transferred to net profit for the year		**-22,259**	**23,429**
Items that may be transferred to net profit for the year			
Translation differences for the year		66,826	45,613
Change in fair value of cash flow hedges		-2,478	30,109
Tax impact of hedges		545	-6,624
Total items that may be reclassified to net profit for the year		**64,893**	**69,098**
Total other comprehensive income for the year		42,634	92,527
Total comprehensive income for the year		**236,624**	**227,549**
Comprehensive income for the year attributable to shareholders in Parent Company		**236,624**	**227,549**

1 Based on the average existing number of shares, 43,326,289.

Consolidated balance sheet

Amounts in TSEK	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	11	1,780,672	1,720,772
Other intangible assets	10	8,533	8,962
Total		**1,789,205**	**1,729,734**
Property, plant and equipment			
Land and buildings	12	40,479	43,313
Plant and machinery	12	58,571	57,497
Equipment, tools, fixtures and fittings	12	29,376	29,034
Rental equipment	12	130,310	138,217
Total		**258,736**	**268,060**
Financial and other non-current assets			
Deferred tax assets	9	38,251	68,391
Other long-term receivables		9,704	6,208
Total		**47,955**	**74,599**
Total non-current assets		**2,095,896**	**2,072,393**
Current assets			
Inventories	14	394,589	343,891
Current receivables			
Accounts receivable – trade	16	408,803	365,834
Tax receivables		9,322	7,249
Derivatives	15, 18	4,870	2,592
Other receivables		97,481	74,293
Prepaid expenses and accrued income	17	34,699	43,320
Total		**555,175**	**493,288**
Cash and cash equivalents		230,561	450,013
Total current assets		**1,180,325**	**1,287,192**
TOTAL ASSETS		**3,276,221**	**3,359,585**

Consolidated balance sheet (cont.)

Amounts in TSEK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		867	867
Other contributed capital		2,175,371	2,175,371
Reserves		156,709	91,816
Retained earnings, including net profit for the year		-130,874	-215,952
Total equity		**2,202,073**	**2,052,102**
Non-current liabilities			
Long-term borrowings	18	446,500	743,268
Provision for pensions	19	58,045	34,555
Other provisions	20	20,565	35,204
Deferred tax liability	9	49,896	51,174
Total non-current liabilities		**575,006**	**864,201**
Current liabilities			
Short-term borrowings – interest bearing	18, 22	78,677	77,823
Advance payments from customers		42,832	37,343
Accounts payable – trade		176,460	158,582
Tax liabilities		32,019	13,263
Derivatives	15, 18	7,736	2,929
Other liabilities		40,156	54,091
Accrued expenses and deferred revenue	23	121,262	99,251
Total current liabilities		**499,142**	**443,282**
TOTAL EQUITY AND LIABILITIES		**3,276,221**	**3,359,585**

For information on the Group's pledged assets and contingent liabilities, see Note 21.

Consolidated cash flow statement

Amounts in TSEK	Note	01/01/2016 –31/12/2016	01/01/2015 –31/12/2015
Operating activities			
Pre-tax profit		281,399	198,281
Non-cash items			
Depreciation and amortisation	7	50,499	51,915
Unrealised foreign exchange differences		-6,145	16,456
Capital gain on sale of non-current assets		-6,969	610
Capitalised interest on loan liabilities		–	41,535
Change in periodic allocation of loan costs		1,125	13,731
Change in provision for pensions		3,935	4,502
Change in other provisions		-23,780	1,171
Total		**300,064**	**328,201**
Income taxes paid		-39,262	-39,302
Cash flow from operating activities before changes in working capital		**260,802**	**288,899**
Cash flow from changes in working capital			
Change in inventories		-40,475	-22,173
Change in current receivables		-29,499	-14,938
Change in current liabilities		33,218	-11,977
Cash flow from operating activities		**224,046**	**239,811**
Investment activities			
Acquisition of intangible non-current assets	10	-95	-313
Acquisition of property, plant and equipment	12	-56,955	-42,835
Sale of property, plant and equipment		20,147	14,334
Cash flow from investing activities		**-36,903**	**-28,814**
Financing activities			
Loans raised		59,639	926,541
Repayment of loans		-398,495	-1,061,139
Dividend		-86,653	–
Cash flow from financing activities		**-425,509**	**-134,598**
Cash flow for the year		-238,366	76,399
Cash and cash equivalents at beginning of year		450,013	384,680
Exchange rate difference in cash and cash equivalents		18,914	-11,066
Cash and cash equivalents at year-end		**230,561**	**450,013**

SUPPLEMENTARY DISCLOSURES TO THE CONSOLIDATED CASH FLOW STATEMENT

Amounts in TSEK	01/01/2016 –31/12/2016	01/01/2015 –31/12/2015
Interest paid		
Interest received	2,120	7,813
Interest paid	-20,586	-43,079
Cash and cash equivalents		
The following sub-components are included in cash and cash equivalents:		
Cash and bank balances	230,561	450,013
Total	**230,561**	**450,013**

Consolidated statement of changes in equity

Shareholders' equity is attributable in entirety to shareholders in the Parent Company for both 2015 and 2016.

Amounts in TSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit for the year	Total share-holders' equity
Opening balance 1 January 2015	**100**	**1,215,233**	**45,819**	**-23,101**	**-373,843**	**864,208**
Net profit for the year	–	–	–	–	135,022	135,022
Other comprehensive income	–	–	45,613	23,485	23,429	92,527
Comprehensive income for the year	**–**	**–**	**45,613**	**23,485**	**158,451**	**227,549**
Bonus share issue	560	–	–	–	-560	–
Set-off share issue	207	960,138	–	–	–	960,345
Closing balance 31 December 2015	**867**	**2,175,371**	**91,432**	**384**	**-215,952**	**2,052,102**
Opening balance 1 January 2016	**867**	**2,175,371**	**91,432**	**384**	**-215,952**	**2,052,102**
Net profit for the year	–	–	–	–	193,990	193,990
Other comprehensive income	–	–	66,826	-1,933	-22,259	42,634
Comprehensive income for the year	**–**	**–**	**66,826**	**-1,933**	**171,731**	**236,624**
Dividend	–	–	–	–	-86,653	-86,653
Closing balance 31 December 2016	**867**	**2,175,371**	**158,258**	**-1,549**	**-130,874**	**2,202,073**

Translation reserve
The translation reserve includes all exchange rate differences arising in translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the one in which the Group's financial reports are presented.

Hedging reserve
The hedging reserve refers to currency hedging after tax for 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

INFORMATION ABOUT THE COMPANY

Alimak Group AB (publ), org. reg. no. 556714-1857, has its registered office in Stockholm, Sweden. The address of the Company's headquarters is Brunkebergstorg 5, 3 tr, SE-111 51 Stockholm, Sweden.

The Board of Directors approved the consolidated financial statements for Alimak Group AB for the 2016 financial year for publication on 7 April 2017. The consolidated financial statements will be definitively adopted by the AGM on 11 May 2017.

The financial statements are prepared on the basis of historical acquisition cost. Financial assets and liabilities are recognised at amortised cost, except for certain financial assets and liabilities which are measured at 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. The financial reports are this 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, published by the Swedish Financial Accounting Standards Council, International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU.

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act, 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, unless otherwise stated, been applied consistently in all periods presented in the Group's financial reports.

NEW STANDARDS AND INTERPRETATIONS

STANDARDS EFFECTIVE AS OF 1 JANUARY 2016 PER EU

None of the changes and interpretations of existing standards applicable as of the financial year beginning January 1 2016 have any 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 JANUARY 2016 PER EU

On 1 January 2018, IFRS 9 Financial Instruments will come into force, replacing IAS 39 Financial Instruments. IFRS 9 sets forth changes to be made in how financial assets are classified, introduces an impairment model based on expected credit losses replacing the incurred loss impairment model, as well as changes to principles for hedge accounting in order to simplify and to provide a better link to an entity's risk management strategies.

An assessment of how the Group will be affected by the implementation of IFRS 9 is in progress. It has not yet been possible to quantify the effects, but these will crystallise as the assessment progresses during 2017. Effects described in the following are based on information that is currently known or estimated. The selection of transition methods will be made once the IFRS 9 analysis has reached a stage that offers a more comprehensive basis than is currently available.

The new rules on impairment, based on expected credit losses, are expected to result in a slight increase in the provision for losses on trade accounts receivable. Losses on trade accounts receivable have historically been very low. For more information, see the section on Credit risk in Note 2. The impact of recognising expected losses rather than losses incurred is expected to be minor. No estimates have yet been made of the likely amounts.

The Group uses hedge accounting for forecast sales in foreign currency that are hedged via currency derivatives. The assessment is that the implementation of IFRS 9 will not have material impact on the income statement and statement of other comprehensive income or on the balance sheet with regard to hedge accounting.

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.

An assessment of IFRS 15 implementation effects on the Group's financial reporting is ongoing. After the end of the financial year, the Group has closed two major acquisitions, which will be consolidated in 2017, see also Note 26, Events after the balance sheet date. It has not yet been possible to quantify the overall effects. The assessment of the effects described below is based on information that is known or estimated as of now. The selection of transition method when the IFRS 15 analysis has reached a stage that provides a more comprehensive basis than is currently available.

Sale of goods is currently recognised when the goods have been delivered to the customer, which is consider to be the point at which risks and benefits associated with the goods have passed to the customer. In the control model described in IFRS 15, the provisional assumption is that the customer may be deemed to have control regarding a specifically adopted item of equipment, as early as at the production stage. In such cases, the revenue will be recognised over time as the goods are produced, which is earlier than with the current method of revenue recognition.

IFRS 16 Leases will replace IAS 17 as of 1 January 2019.

IFRS 16 mainly affects lessees. The central effect is that all lease agreements that currently are accounted for as operational leases will be accounted for in a way similar to what is currently applied for financial

Note 1 (cont.)

leases. This means that also for operating leases, assets and liabilities will be recognised, with corresponding recognition of depreciation and interest costs – unlike today, when there is no recognition for a leased asset and the related liability and when the lease charges are recognised on a linear bases as leasing expenses.

As an operating lessee, the Group will be affected by the implementation of IFRS 16. The effects from implementing IFRS 16 have not yet been estimated and selection of transition method has not yet made. Disclosures in Note 13 regarding operating leases provide an indication of the type and scope of the agreements in force at the end of the financial year 2016.

None of the other IFRS Interpretations Committee statements that are yet to come into force are expected to have any material impact on the Group.

The above-mentioned new and amended standards and interpretations that are yet to 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 judgement when applying the Group's accounting policies. The areas where estimates and assessments are of material importance to the Group are presented in the section "Important estimates and assessments for accounting purposes".

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Unless otherwise indicated, the amounts in the financial statements are in thousands of Swedish kronor (TSEK). The financial statements have been prepared using historical cost method, other than in the case of certain financial assets and liabilities, which are measured at fair value. Financial information with associated notes in the Consolidated income statement, Statement of other comprehensive income, Cash flow statement and the Balance sheet are presented with one year for comparison.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated annual financial statements include Alimak Group AB (publ) and all subsidiaries.

Subsidiaries are all companies over which the Group has a controlling interest. The Group controls a company when it is exposed to or is entitled to a variable return on its holding in the company and is able to affect the return through its influence over the company. Subsidiaries are included in the consolidated financial statements from the day when the controlling interest is transferred to the Group. Subsidiaries are removed from the consolidated financial statements from the day when the controlling interest ceases.

Associated companies are all companies over which the Group has an influence but not a controlling interest, which as a rule applies to shareholdings of between 20 and 50 percent of the votes. Holdings in associated companies are recognised using the cost method. In application of the cost method, the investment is initially measured at acquisition value and the carrying amount is raised or lowered to reflect the Group's share of the profit or loss of the associated company after the time of acquisition. The carrying amount for the Group's holdings in associated companies includes the goodwill identified at acquisition.

Intra-Group transactions, balance sheet items and unrealised gains and losses on intra-Group companies are eliminated. The accounting policies for subsidiaries have, where appropriate, been amended to guarantee consistent implementation of the Group's policies.

BUSINESS COMBINATIONS

In a business combination, the acquisition cost (purchase consideration) 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 consideration. Transaction costs relating to the acquisition are carried as an expense when incurred. The purchase price is allocated to acquired assets, liabilities and contingent liabilities based on their fair value, including any assets and liabilities that have not been recognised on the acquired company's balance sheet, for example, intangible assets such as customer relationships and trademarks. Goodwill arises when the purchase consideration exceeds the fair value of acquired net assets. If a negative difference arises, the difference is recognised directly in the income statement. The final amounts are set no later than one year after the day of transaction.

If the business combination is realised in several stages, the earlier equity interests in the acquired company are restated at their fair value at the time of acquisition. Any gain or loss arising from the revaluation is recognised in the profit or loss.

Any conditional purchase consideration to be transferred by the Group is recognised at fair value at the time of acquisition. Subsequent changes to fair value of a conditional purchase consideration classified as an asset or liability are recognised in accordance with IAS 39, either in the income statement or in other comprehensive income. Any conditional purchase consideration classified as equity is not revalued and any subsequent adjustment is recognised in equity.

RELATED PARTY TRANSACTIONS

All transactions with related parties are conducted at market prices.

SEGMENT REPORTING

The Group has four operating segments. The segments are identified on the basis of the Group's four main business areas, and the operating segments are consistent with the internal reporting presented to the highest executive decision-maker. The Group has identified the Parent Company's President and CEO as the highest executive decision-maker. The President is responsible for allocation or resources and evaluating the results of the operating segments. The segments are monitored and controlled on the basis of operating profit, whereas net financial items, taxes, balance sheet and cash flow are not reported by segment. The operating profit/loss for the segments is consolidated in accordance with the same principles as for the Group as a whole. The segments consist of separate business areas in the companies that form the Group.

TRANSLATION OF FOREIGN CURRENCIES

Functional currency and reporting currency

Items in the financial statements for the various units in the Group are measured in the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), which is the Group's reporting currency and the Parent Company's functional currency.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency

Note 1 (cont.)

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. Exchange rate differences are reported in the income statement. Exceptions are hedging transactions that meet the requirements for hedge accounting of cash flows or of net investments. In such hedging transactions, any gains/losses are recognised in other comprehensive income. Non-monetary assets and liabilities carried at historical cost are translated using the exchange rate 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 aggregated in the translation reserve included in equity.

Goodwill and adjustment of fair value arising in foreign business combinations are treated as assets and liabilities in the acquired business and translated at closing day exchange rate. Translation differences are 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 cash and cash equivalents acquired/sold, in the cash flow from investment activities. Cash and cash equivalents are cash and bank deposits.

REVENUE RECOGNITION

The Group manufactures, sells and leases hoists/elevators and platforms and provides servicing for the equipment via four business areas: Construction Equipment, Industrial Equipment, Rental and After Sales.

Revenue is recognised when it is probable that the future economic benefits will accrue to the Group and that these benefits can be reliably measured. The revenue includes only the gross inflows from economic benefits that the Company receives or can receive for its own account. Revenue is recognised at the fair value of what has been received or will be received, less deductions for discounts granted and value added tax.

Revenue for the Business areas Construction Equipment and Industrial Equipment arises from sale of the products for vertical access solutions that the Group manufactures. Revenue is recognised when the Group has transferred the material risks and rewards associated with ownership of the products to the purchaser and when the Group does not retain any involvement in the ongoing administration that is generally associated with ownership and when the Group exercises no control or over the products sold.

Revenue for After Sales services and sales within After Sales is recognised in the period when the work is performed or spare parts are delivered. Revenue for Business area Rental derives from leasing of the products manufactured by the Group. Revenue is recognised over the contractual period of use, which may not coincide with what is received from the customer as operating lease charges during the year.

Interest income is recognised using the effective interest method.

INTANGIBLE ASSETS

Goodwill

Goodwill arises from business combinations and is the difference between on the one hand the total of purchase consideration, the value of non-controlling interests and the fair value of previous holdings, and on the other hand the fair value of identifiable assets, liabilities and contingent liabilities acquired. If a negative difference arises, the difference is recognised directly in the income statement.

Goodwill is recognised at acquisition value, less any write-downs. Goodwill is continuously monitored 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 corresponds to the lowest level in the Group at which the goodwill is monitored via the internal system of control. Goodwill is monitored at 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 amount of the cash-generating unit to which goodwill is allocated is compared with the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment isr ecognised directly as an expense and is not reversed.

Capitalised development expenditure etc.

Only expenses that are directly attributable to the development of new products are capitalised. Expenses relating to the development phase are reported as an intangible asset as of the point when the expenses are likely to give rise to future economic benefits, which means the point in time when the Company's management considers that it is technically practicable to complete the intangible asset, the Company intends to do so and is able to complete it, use it or sell it, there are sufficient resources to complete development and sale, and that remaining expenses can be reliably calculated. Other development expenses that do not meet these criteria are carried as expenses as they are incurred. Capitalised development expenses previously carried as an expense are not recognised as an asset in any subsequent period. Any research costs are reported directly as expenses.

Trademarks acquired are reported as intangible assets at their acquisition value, less accrued amortisation and any write-downs. Costs for renewal of trademarks are carried as an expense as incurred. Depreciation/amortisation is applied on a straight-line basis over the useful life the asset and recognised as a cost in the income statement.

Computer software is reported at acquisition value, including directly attributable costs for completing the asset for its intended use. Expenses for the maintenance of computer programmes are carried on an ongoing basis, as incurred.

Depreciation is applied on a straight-line basis over the following estimated useful life:

Capitalised expenditure for development etc. 5 years

Impairment losses on non-financial assets

Assets with an indeterminable useful life, or that are not ready for use, are not written down but tested annually to establish any need for impairment. If there are any indications that an asset has been impaired, the Group determines the recoverable amount for the asset. The recoverable amount is an asset's fair value less cost to sell or its value in use, whichever is the

Note 1 (cont.)

higher. The amount of the impairment for the asset is the amount by which the asset's carrying amount exceeds the recoverable amount.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist primarily of machinery, rental equipment and other equipment. Property, plant and equipment are reported at acquisition value, less depreciation and any impairments. The acquisition value includes the purchase price and directly attributable costs. Future expenses are recognised 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 amount for a replaced part is derecognised from the balance sheet. All other repairs and maintenance are charged to the income statement in the period in which they arise.

Depreciation/amortisation is applied on a straight-line basis over the useful life the asset and recognised as a cost in the income statement.

The following depreciation periods are used:
Buildings 25–50 years
Rental equipment 8–12 years
Plant and machinery 5–10 years
Equipment, tools and fixtures and fittings 3–10 years

The residual values and values in use of the assets are reviewed at the end of each reporting period and if necessary adjusted. 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 fair value less costs to sell or value in use, whichever is the higher.

FINANCIAL INSTRUMENTS

Financial instruments are measured and recognised in the consolidated financial statements in accordance with IAS 39. Financial instruments are initially recognised at their acquisition value, corresponding to the instrument's fair value plus transaction costs, with the exception of financial instruments in the category of financial asset or liability recognised at fair value via the income statement. Recognition is then based on how the financial instrument has been classified, as described in the following.

In the case of derivative instruments and the purchase and sale of money market and capital market instruments on the spot market, business day recognition is applied. Other financial assets and financial liabilities are recognised on the balance sheet when the Group becomes party to the contractual conditions of the instrument. Trade accounts receivable are reported on the balance sheet when the invoice has been issued. Liabilities are recognised when the counterpart has performed the service and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade accounts payable are recognised when the invoice is received. A financial asset is derecognised from the balance sheet when the contractual rights have been realised, fall due or the Group loses control over them. The same applies to a part of a financial liability. A financial liability is derecognised from the balance sheet when the obligation under the agreement is fulfilled or is otherwise expires. The same applies to a part of a financial liability.

Financial instruments are recognised at fair value or amortised cost, depending on the initial categorisation under IAS 39.

Cash flow hedging

Cash flow hedging is used when currency forwards are used to hedge currency risk in future purchases and sales in foreign currency.

Where derivative instruments are used as hedging instruments for cash flow hedging, the effective part of the change in value is to be recognised in other comprehensive income and the ineffective part directly in the income statement. The portion of the change in value that is reported in other comprehensive income is then transferred to the balance sheet for the period in which the hedged item affects the income statement.

If the conditions for hedge accounting are no longer fulfilled, the accrued changes in value recognised in other comprehensive income are then transferred to the balance sheet for the period in which the hedged item affects the income statement. Changes in value as of the day on which the conditions for hedge accounting cease are recognised directly in the income statement. If the hedged transaction no longer is expected to occur, the accrued changes in value of the hedging instrument are transferred direct from other comprehensive income to the income statement.

Derivative instruments and cash flow hedging

Derivative instruments consist of currency forward agreements and interest agreements that are used to cover the risks of fluctuations in exchange and interest rates. Currency exposure for future forecast flows are hedged mainly using currency forwards. The effective part of the change in the carrying amount that is identified and qualifies as cash flow hedging is recognised in other comprehensive income. The profit or loss attributed to the ineffective portion is recognised directly in the income statement. Accrued amounts in equity are transferred to the income statement for the same periods in which the hedged item affects the profit/loss.

When a future transaction is no longer expected to occur, the accumulated profit or loss that exists in equity is recognised directly in the income statement. Hedging of carrying amounts is reported in the income statement together with any changes in the carrying amount for the hedged asset or liability that is attributable to the hedged risk. If a hedge no longer fulfils the criteria for hedge accounting, the carrying amount is adjusted for the hedged item, for which the effective interest method is used, and is allocated to the profit or loss over the remaining period. Changes in value for derivatives that do not fulfil the criteria for hedge accounting are recognised directly in the income statement.

Hedges for net investments in foreign operations

Where derivative instruments in foreign currency are used as a hedging instrument to hedge net investments in foreign operations, the effective part of the change in value is to be recognised in other comprehensive income and the ineffective part recognised directly in the income statement. The changes in value recognised in other comprehensive income is transferred to the income statement at a later point when the foreign operation is divested. Hedging of net investments is used when currency futures in foreign currencies are used to hedge the currency risk in the Group's investments in foreign subsidiaries.

Calculation of the fair value of financial instruments

To determine the fair value of short-term investments, derivative instruments and loan liabilities, official market listings on the balance sheet day are used. In the absence of such listings, valuation is based on generally accepted methods, such as discounting future cash flows at a listed

Note 1 (cont.)

market rate for the particular term. The translation to Swedish kronor is based on the listed rate on the balance sheet date.

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 recognised as accrued over the contract term using the estimated effective interest rate. The effective interest rate is the rate that provides instrument's acquisition value as the result in present value calculation of future cash flows.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and recognised net in the balance sheet when there is a legal right to offset and when there is an intention to settle the items with a net amount or realise the asset and settle the liability simultaneously.

Cash and cash equivalents
Cash and cash equivalents consist of cash deposits at 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 of fluctuations in value. Cash and cash equivalents are recognised at their nominal amounts.

Accounts receivable – trade
Trade accounts receivable are categorised as "loan receivables and accounts receivables" and reported at amortised cost. The anticipated term for accounts receivable is short, and so their value is recognised at a nominal value without discounting. Doubtful trade accounts receivable are assessed on a case-by-case basis and according to their maturity structure, as there may be indications of a need for impairment when a customer fails to pay or pays late. Any impairments are recognised as operating costs.

Long-term receivables and other receivables
Long-term receivables and other receivables are those that arise when the Company supplies funds without the intention of conducting business on the basis of the claim. If the anticipated period of holding is more than one year, they are long-term receivables. If less than a year, they are classified as other receivables. These receivables are categorised in accordance with IAS 39 as "loan receivables and trade accounts receivable". Assets in this category are measured at amortised cost. The value of the asset is tested for any impairment need if there are indications that the carrying amount for the asset is less than its amortised cost. Any impairment is reported under Operating costs.

Accounts payable – trade
Trade accounts payable are categorised as other liabilities and recognised at amortised cost. The anticipated term for trade accounts payable is short, and so the liability is recognised at its nominal amount without discounting.

Financial liabilities
Liabilities to credit institutions, bank overdraft facilities and other liabilities are categorised as other liabilities and measured at amortised cost.

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 operating lease agreements to companies within the Group, which rent the equipment to the end customer. Lease payments received are recognised as accrued and as revenue on a straight-line basis over the term of the lease agreement.

INVENTORIES
Inventories are stated at cost on a first-in, first- out basis or net realisable value, whichever is the lower. The cost of finished goods and work in progress comprises raw materials and other direct manufacturing costs and related indirect production costs. Net realisable value is the estimated selling price in the ordinary course of business, less variable selling expenses incurred. In the case of spare parts recognised as inventory, lack of liquidity is taken into account in the assessment of net realisable value.

CURRENT AND DEFERRED TAXES
The tax liability for the period is made up of current and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised via other comprehensive income or charged directly to equity, whereby the associated tax impact is recognised via other comprehensive income or in equity. Current tax is tax to be paid or received in respect of the current year. This also includes any adjustment of tax relating to previous periods. Deferred tax is recognised using the balance sheet method, which is based on temporary differences between recognised and tax assessment values of assets and liabilities. Deferred tax is not recognised for temporary differences that have arisen at first recognition of goodwill, first recognition of assets and liabilities that are not business combination and that at the point in time prior to the transaction do not impact on either the recognised or taxable income, and temporary differences attributable to shares in subsidiaries that are not expected to be recovered in the foreseeable future. The calculation of deferred tax is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated by application of the tax regulations and tax rates enacted or in practice enacted on the balance sheet date. Deferred tax assets are reported for loss carry-forwards, to the extent it is probable that future taxable profits will be tax available. The carrying amounts for the deferred tax assets are tested at every balance sheet date and are reduced to the extent that it is no longer probable that they can be utilised.

TERMINATION BENEFITS
A provision is recognised in connection with termination of employment only if the Company is obliged to terminate the employment of an employee or group of employees prematurely, or to pay compensation for termination through offers that aim 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 according to local conditions and the customs of the countries where it does business. The Group operates both defined benefit and defined contribution plans. In a defined benefit plan, the Company bears the risk of providing the agreed benefit. In a

Note 1 (cont.)

defined contribution plan, the Company has no obligations beyond paying the agreed contributions for 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 benefit is discounted to the present value. The discount rate corresponds to the yield on high-grade corporate bonds or mortgage bonds, or where is no active market for corporate bonds or mortgage bonds, government bonds with a remaining term to maturity approximating to the current obligations. 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, actuarial gains and losses may arise. These occur either because the actual outcome deviates from the previous assumption ("experience-based adjustments") or because the assumptions change. Such actuarial gains and losses are recognised on the balance sheet and in the income statement under other comprehensive income. When the benefits under a plan are improved, the portion of the increased benefit that relates to the employees' service in previous periods is recognised as an expense in the net profit for the year. The carrying amount for pensions and similar liabilities recognised on the balance sheet is equal to the present value of the liabilities at the end of the accounting period, less the fair value of the plan assets.

Defined contribution pensions

The Company's obligations for each period is the amount that the Company is required to contribute for the current period. Consequently, no actuarial assumptions are required to calculate the obligation or cost and there is no possibility of any actuarial gain 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 services concerned.

PROVISIONS

In the Group, provisions are made for obligations (legal or constructive) based on events that have occurred and that are known or that can reliably be estimated, but where the due date is uncertain. Provisions for warranties are based on known but unsettled warranty commitments. Provisions are made in an amount that is the best estimate of the cash outflow required to settle the current obligation on 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 arising from past events and whose existence is confirmed only by one or several future events or when there is an obligation that 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 consolidated financial statements in accordance with generally accepted accounting practices, estimates and assessments must be made that affect the carrying amounts for assets and liabilities, disclosures of contingent liabilities and pledged assets as per the date on which the consolidated accounts are prepared and the carrying amounts 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 tests for goodwill

Goodwill is tested for impairment annually and also whenever events or changes 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 used. Applying this method, the Company relies on a number of factors including gains/losses recorded, business plans, economic forecasts and market data.

Income taxes 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 has to assess the likelihood of deferred tax liabilities being used to offset against future taxable profits. The actual outcome may deviate from these assessments, for example on the basis of future changes in the commercial climate, changes in tax rules or the outcome of reviews by tax authorities or tax courts, of tax returns submitted.

Pensions

Actuarial assumptions are important elements of 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 is of material importance to the calculation of both the annual pension cost and the present value of the defined benefit pension obligations in the current year. The discount rate is used both to calculate the present value of the pension obligation and to estimate the return on the plan assets. The discount rate is reviewed quarterly, which affects net debt, and annually, which also affects costs in future years. Other assumptions are reviewed annually and may include 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 analysis of the credit risk in outstanding customer finance credits and provisions are made for estimated losses. The total provisions for doubtful receivables were MSEK 11.1 (23.7) on 31 December 2016.

Inventories

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

Note 2. Financial risk management

As a result of the Group's global operations, it is exposed to financial risks. The Board of Directors is responsible for establishing the Group's finance policy, which comprises guidelines, targets and limits for financial management and management of financial risks.

The Treasury function is tasked with managing the Group's financial risks. The primary objective of the function is to contribute to the creation of value by managing the financial risks to which the Group is exposed in the course of regular business, and to optimise the Group's net financial items. The Treasury function also provides services to Group companies and is required to support subsidiaries with loans, investment facilities and foreign exchange transactions, and to act in an advisory capacity in financial matters. The function performs 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 foreign currencies have an adverse effect on the Group's cash flow, income statement or balance sheet. Foreign currency fluctuations affect the Group's results when sales and purchases in foreign subsidiaries are made in different currencies (transaction exposure). The Group's results may also be adversely impacted when the income statements and balance sheets of foreign subsidiaries are translated to SEK (translation exposure). The currencies with the highest impact on the Group's results and net assets are USD, CNY, EUR, AUD and GBP. Currency risk affects the Group's competitive situation in various ways.

Transaction exposure

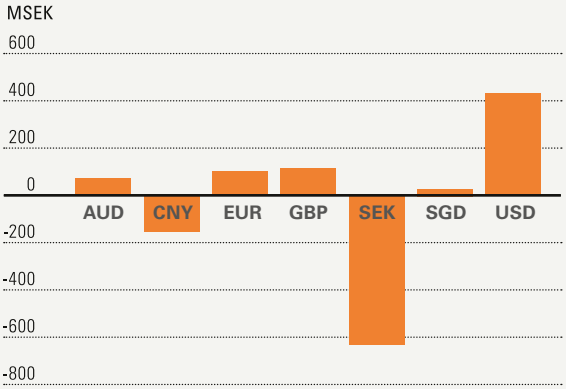
Transaction exposure affects net profit for the sales and purchases made in different currencies.

Since a large percentage of production is concentrated within a few countries, while sales take place in many countries, the Group is exposed to a large net inflow of foreign currencies. To reduce the exposure to foreign currencies, foreign currency receipts are used for payments in the same currency.

Trade accounts receivable and payable are hedged through financial instruments. Orders are hedged at the point of ordering to safeguard the gross margin and investment decision. Hedge accounting in accordance with IAS 39 is used.

The forecast transaction exposure for net cash flows in 2017 is illustrated in Graph 1. The forecast is based on the intra-Group payments and on payments flows from customers and to suppliers in the most important currencies. If the SEK unilaterally weakens/strengthens by 1 percent against all currencies, the impact on the transaction exposure would be a rise/fall of around MSEK 6.

FORECAST TRANSACTION EXPOSURE FOR NET CASH FLOWS IN 2017



Translation exposure

Translation exposure affect net profit for the year when the financial results of subsidiaries in various currencies are translated to SEK and other comprehensive income when net assets in various currencies are translated to SEK.

INTEREST RATE RISK

Interest rate risk is defined as the risk that changes in the market interest rate will adversely impact on the Group's net interest items. How quickly a change in interest rates shows through will depend on the fixed-interest term of the assets or liabilities. The average fixed-interest term for the Group's borrowing was 3 months (3) at year-end.

On 25 June 2015, the Group signed a multi-currency senior revolving facility of MSEK 1,250. The loan facility was amended and confirmed via an amendment and confirmation agreement dated 11 June 2016, and most recently on 5 December 2016. In June 2016, the revolving facility was increased by MSEK 750 to a total of MSEK 2,000. The increase was effected to finance the acquisition of Facade Access Group. To finance the acquisition of Avanti Wind Systems, the revolving loan facility was increased in December 2016 by a bridging facility of MSEK 800. The last day for repayment of the bridging facility is the day on which the Group receives the proceeds from the new share issue, or no later than 5 December 2017.

Drawdowns under the senior credit facility are made as short terms loans. The average interest rate on the Group's interest-bearing loans was 2.0 percent (1.8) at year-end 2016.

The Group's loan agreements include certain requirements – covenants – regarding key financial ratios. These covenants are represented by the following key financial ratios:

– The Group's operating profit before depreciation, in relation to net indebtedness and interest payments.
– The Group's net debt, in relation to equity.

Note 2 (cont.)

MARKET RISK SENSITIVITY

		2016		2015	
	Change	**Effect on net profit for the year**	**Effect on share-holders' equity**	**Effect on net profit for the year**	**Effect on share-holders' equity**
Market interest rates [1]	+ 1%	-4,126	-4,126	-6,403	-6,403
Exchange rates [2]	SEK -10%	5,265	114,285	3,058	107,920
USD		3,025	73,668	3,172	64,688
CNY		-3,375	-8,709	-2,936	-5,190
EUR		426	10,406	-1,083	9,525
AUD		1,892	19,509	2,235	16,267
GBP		300	4,464	-124	10,553
Other		2,997	14,948	1,793	12,077

1 Annual effect of a 1% increase in all interest rates.
2 Effect of a unilateral weakening in SEK of 10% against all currencies.

The table above shows the estimated effects of a parallel shift in all exchange rates and interest rates. The sensitivity analysis shows the estimated effects after tax, without taking the effects of cash flow hedges into account and with all other parameters assumed to be constant when the change in exchange rate or interest rate takes place.

FINANCING AND LIQUIDITY RISK

Financing risk is the risk that the Group cannot obtain adequate financing on acceptable terms at any given point in time. The senior revolving facility of MSEK 2,000 has a tenor of five years with maturity in 2020. Liquidity risk is defined as the risk that the Group cannot full fill its short-term payment obligations. Under the financial policy of the Group, the liquidity reserve shall at all times be maintained such that it can cover the anticipated fluctuations in the daily business over a period of six months ahead. To meet this requirement the Group has overdraft facilities and confirmed credit facilities. The Group's overdraft facilities amount to MSEK 105.

CREDIT RISK

Credit risk is the risk that the counterpart in a transaction does not fulfil its contractual obligations.

The maximum credit exposure is equal to the carrying amount for the Group's financial assets. Given the Group's distribution of customers and the fact that the customers operate in different market and geographical segments, the general underlying credit risk is regarded as relatively low. Major exposures are subjected to credit assessments on a case-by-case basis. The Group's financial assets that have neither matured nor been impaired are considered to have high credit ratings.

MAXIMUM CREDIT EXPOSURE

	31/12/2016	**31/12/2015**
Other long-term receivables	9,704	6,208
Accounts receivable – trade	408,803	365,834
Derivatives	4,870	2,592
Other receivables	97,481	74,293
Cash and bank balances	230,561	450,013
Total	**751,419**	**898,940**

COMMODITY RISK

Commodity risk is defined as the risk that fluctuations in commodity prices will adversely affect the Group's profit. The Group's risk in connection with commodities is mainly confined to steel. The Group does not hedge commodity price risks.

EXCHANGE RATES

When translating the income statements of foreign subsidiaries to SEK, the average rate for the period concerned is used. The balance sheets are translated to SEK using the closing rate.

Currency	**Average rate 2016**	**Closing rate, 31/12/16**	**Closing rate, 2015**	**Closing rate, 31/12/15**
AED	2.33	2.48	2.31	2.30
AUD	6.37	6.57	6.34	6.06
BRL	2.48	2.80	2.57	2.16
CAD	6.46	6.74	6.60	6.02
CNY	1.29	1.31	1.34	1.29
EUR	9.47	9.57	9.36	9.13
GBP	11.57	11.18	12.89	12.38
INR	0.13	0.13	0.13	0.12
KRW	0.0074	0.0076	0.0075	0.007131
NOK	1.02	1.05	1.05	0.96
SGD	6.20	6.29	6.13	5.91
USD	8.56	9.10	8.43	8.35

Note 3. Segment reporting

OPERATING SEGMENTS

The Group consists of the following operating segments: Construction Equipment, Industrial Equipment, Rental and After Sales. Operating segments are the Group's primary basis of classification.

Construction Equipment

The business area designs, develops, manufactures and distributes standard and custom-built hoists mainly for temporary installations. Customers are found in the construction industry and in construction-related rental.

Industrial Equipment

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

Rental

The business area offers rental and servicing of equipment manufactured by the Group's other business areas. Customers are found in the construction industry and in construction-related rental.

After Sales

The business area offers servicing, spare parts, upgrades and training mainly for equipment manufactured by the Group. Customers are found in manufacturing industries, in the construction industry and in construction-related rental.

Geographical regions

The Group operates worldwide and normally all business segments are represented in the geographical regions of Europe, Asia and Australia, South and North America and Other Markets.

There are no intra-Group sales between the segments.

TURNOVER AND PROFIT PER OPERATING SEGMENT

2016	Construction Equipment	Industrial Equipment	Rental	After Sales	Total, Group
External revenue	685,843	373,545	308,912	680,308	2,048,608
Operating profit/loss	72,688	-22,132	38,835	217,420	306,811
Operating profit/loss %	10.6	-5.9	12.6	32.0	15.0
Profit after net financial items	n/a	n/a	n/a	n/a	281,398
Net profit for the year	**n/a**	**n/a**	**n/a**	**n/a**	**193,990**

2015	Construction Equipment	Industrial Equipment	Rental	After Sales	Total, Group
External revenue	553,307	485,541	308,445	688,998	2,036,291
Operating profit	38,335	27,495	20,437	209,941	296,208
Operating profit, %	*6.9*	*5.7*	*6.6*	*30.5*	*14.5*
Profit after net financial items	n/a	n/a	n/a	n/a	198,281
Net profit for the year	**n/a**	**n/a**	**n/a**	**n/a**	**135,022**

GEOGRAPHICAL MARKETS

Revenue	2016	2015
Europe	757,945	704,634
of which, Sweden	(86,977)	(60,071)
Asia and Australia	496,346	608,384
South and North America	688,628	626,193
Other Markets	105,689	97,080
Total	**2,048,608**	**2,036,291**

Property, plant and equipment	2016	2015
Sweden	209,549	201,753
China	27,714	31,758
Other Markets	21,473	34,549
Total	**258,736**	**268,060**

Note 4. Operating costs

	2016	2015
Raw materials and consumables	-787,221	-757,697
Personnel costs	-706,147	-652,757
Consulting costs	-45,933	-24,747
Depreciation/amortisation	-50,499	-51,915
Other costs	-151,997	-252,967
Total	**-1,741,797**	**-1,740,083**

Note 5. Number of employees, employee benefits and remuneration to Board of Directors and senior executives

	2016		2015	
Average number of employees	**Number**	**Of whom, women, %**	**Number**	**Of whom, women, %**
Sweden	363	15	343	13
Norway	45	15	48	17
Netherlands	31	9	30	9
Belgium	3	0	3	0
France	45	11	43	12
England	61	15	62	15
Germany	36	8	33	9
Italy	8	13	9	11
Korea	12	17	12	17
Singapore	15	27	15	20
Malaysia	15	13	15	20
Australia	91	5	77	5
USA	96	13	101	12
China	319	14	261	15
India	19	5	16	6
Brazil	11	9	9	11
Total	**1,171**	**13**	**1,077**	**13**

	2016	2015
Group's gender breakdown in corporate management	**Representation, women, %**	**Representation, women, %**
Boards of Directors	12	13
Other senior executives	14	13

Salaries, benefits, other remuneration and social welfare contributions	**2016**	**2015**
Salaries and benefits	532,229	488,424
Social welfare contributions	173,918	165,499
Total, Group	**706,147**	**653,923**
Of which, pension costs included in social security costs	39,018	38,424

Of the Group's pension costs, MSEK 3.4 (3.6) pertains to the category of Board of Directors and CEOs in all companies. The Group's outstanding pension commitments to the latter amount to – (–).

	2016		2015	
Breakdown of salaries and other remuneration, by Board members and other employees	**Board of Directors and President**	**Other employees**	**Board of Directors and President**	**Other employees**
Sweden	**8,978**	**159,646**	**14,334**	**144,177**
(Of which, bonuses etc.)	(1,349)	(3,053)	(7,281)	(2,846)
Outside Sweden	**17,434**	**346,171**	**17,140**	**312,773**
(Of which, bonuses etc.)	(1,990)	(13,618)	(1,896)	(11,099)
Total, Group	**26,412**	**505,817**	**31,474**	**456,950**
(Of which, bonuses etc.)	(3,339)	(16,671)	(9,177)	(13,945)

Note 5 (cont.)

2016	Salary/Board fee	Variable remuneration	Other benefits	Pension cost	Total
Board of Directors					
Anders Thelin, Board Chairman	675	–	–	–	675
Carl Johan Falkenberg	370	–	–	–	370
Anders Jonsson	350	–	–	–	350
Eva Lindqvist	420	–	–	–	420
Joakim Rosengren	400	–	–	–	400
Helena Nordman-Knutson (from 2016 AGM)	250	–	–	–	250
Göran Gezelius (until 2016 AGM)	150	–	–	–	150
President	4,022	1,349	–	1,381	6,752
Other senior executives (11 persons)*	19,242	2,929	309	3,818	26,298
Total	**25,879**	**4,278**	**309**	**5,199**	**35,665**

*In 2016, the Group Management Team has been extended by two new members and at year-end the management team consisted of 11 persons. On 1 February 2016, the Head of communications and IR joined the management team. During the year, the Group's then CFO was appointed COO. In mid-December 2016, the Group's new CFO took up his position, whereupon Group management expanded to 11 persons.

2015	Salary/Board fee	Variable remuneration	Other benefits	Pension cost	Total
Board of Directors					
Anders Thelin, Board Chairman	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
President	4,005	1,785	–	1,309	7,099
Other members of Group management (9 persons)*	15,930	2,836	371	3,946	23,083
Total	**22,450**	**10,117**	**371**	**5,255**	**38,193**

*Over a period of two months in 2015, at the time of the retirement of the head of business area General Industry, Group management consisted of ten persons in addition to the President.

Board of Directors

Fees are paid to the Chairman and Board members in accordance with resolution of the AGM. The President and employee representatives are not paid Board fees. Under a resolution of the 2016 AGM, the annual fees to Board members elected by the AGM total SEK 2,100,000. Of this amount, SEK 600,000 is paid to the Board Chairman Anders Thelin and SEK 300,000 each to other Board members (Carl Johan Falkenberg, Helena Nordman-Knutson, Anders Jonsson, Eva Lindqvist and Joakim Rosengren). Furthermore, it was decided that a fee of SEK 100,000 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). The AGM approved a resolution that, provided it is cost-neutral for the Group, a Board member may invoice his or her fee. In such cases, the fee approved by the AGM should be increased by an amount equal to statutory social welfare contributions. The Audit Committee consists of Carl Johan Falkenberg, Helena Nordman-Knutson (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 benefits after leaving the Board.

In the year presented for comparison 2015, prior to the Company's listing on Nasdaq Stockholm, Chairman of the Board Anders Thelin was given the right to a bonus of SEK 2,288,274 after taxes and social welfare contributions on completion of the IPO. In September 2015, Anders Thelin received this bonus as salary in a gross amount of SEK 5,495,962.

Note 5 (cont.)

Group management

Remuneration to the President and other members of Group management consists of base salary, variable salary, other benefits and pension. The variable salary generally amounts to a maximum of 40 percent of the annual base salary and is linked to the Company's performance.

President and Chief Executive Officer

In 2016, the President and Chief Executive Officer Tormod Gunleiksrud received an annual base salary of SEK 3,944,904 and a variable salary of SEK 1,349,295. Tormod Gunleiksrud receives no benefit in the form of housing, company car or other benefits in kind. Every year, pension premiums calculated at 35 percent of the annual base salary are placed in a direct pension plan classified and accounted for as a defined contribution plan. The direct pension plan is guaranteed through pledged endowment policies owned by the Company. Tormod Gunleiksrud's pensionable age is 65. Tormod Gunleiksrud's period of notice for terminating his employment contract is 6 months, while 12 months applies if the contract is terminated by the Company. The President is entitled to severance pay amounting to 12 months' base salary.

Other members of Group management

The members of Group management – senior executives – who are employed in Sweden are entitled to pension benefits corresponding in all essential respects to the Swedish ITP pension plan.

Senior executives who not employed in Sweden are generally covered by defined contribution pension plans. In most cases, the pensionable age for senior executives is 65 years. For a majority of the senior executives, a notice period of 6 to 12 months applies if the employment is terminated by the Company. Four senior executives are entitled to severance pay for a period of 12 to 18 months.

Note 6. Fees to auditors

	2016	2015
Ernst & Young:		
Auditing assignment	5,297	4,932
Audit work outside the scope of the audit assignment	500	3,290
Tax advice	195	56
Other services	–	–
Total	**5,992**	**8,278**

Note 7. Depreciation/amortisation

	2016	2015
Depreciation/amortisation according to plan per asset		
Other intangible assets	1,410	2,725
Land and buildings	3,340	3,207
Plant and machinery	12,325	12,420
Equipment, tools and fixtures and fittings	5,927	7,328
Rental equipment	27,497	26,235
Total	**50,499**	**51,915**
Depreciation/amortisation according to plan per function		
Cost of goods sold	41,953	42,723
Selling expenses	3,503	2,391
Administration expenses	3,008	4,687
Development expenses	2,035	2,114
Total	**50,499**	**51,915**

Note 8. Financial income and expense

Financial income	2016	2015
Interest income	2,206	1,934
Exchange gains	24,894	28,110
Total	**27,100**	**30,044**
Financial expense		
Interest expense	-25,434	-78,139
Exchange losses	-27,079	-49,832
Total	**-52,513**	**-127,971**

Note 9. Taxes

The Group's tax cost for the year totalled MSEK -87.4 (-63.3), corresponding to an effective rate of 31 percent (32). The tax rate may vary from year to year, due in part to changes in where the Group's profits arise.

	2016	2015
Current tax	-54,724	-43,152
Tax relating to previous years	-866	2,942
Deferred tax	-31,818	-23,049
Total	**-87,408**	**-63,259**

Reconciliation of effective tax	2016	2015
Pre-tax profit	281,398	198,281
Tax at statutory tax rate 22% for Parent Company	-61,908	-43,622
Differences between Swedish and foreign tax rates	-10,079	-10,291
Withholding taxes	-2,280	–
Deferred tax for temporary differences not recognised in earlier periods	1,573	-2,118
Loss carry-forwards not recognised as deferred tax assets	-8,490	-12,212
Deficits utilised for which deferred tax assets has not been recognised	369	1,815
Permanently non-deductible costs	-6,645	-1,645
Permanently non-taxable income	203	1,984
Tax relating to previous years	-866	2,942
Effect of changes in tax rates	437	–
Other	276	-112
Effective tax recognised	**-87,408**	**-63,259**

	2016			2015		
Deferred tax assets and tax liabilities	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	7,488	-40,684	-33,196	644	-36,358	-35,714
Intangible non-current assets	–	-2,141	-2,141	–	-2,196	-2,196
Financial instruments	653	–	653	74	–	74
Inventories	7,681	–	7,681	7,509	–	7,509
Current receivables	748	–	748	–	-6,075	-6,075
Provisions	13,013	-33	12,980	20,539	-1,485	19,054
Untaxed reserves	–	-7,038	-7,038	–	-5,060	-5,060
Loss carry-forwards	8,667	–	8,667	39,625	–	39,625
Total	**38,251**	**-49,896**	**-11,645**	**68,391**	**-51,174**	**17,217**

Note 9 (cont.)

Deferred tax at beginning of 2015	**58,208**
Recognised in net profit for the period	-23,049
Recognised in other comprehensive income for period	-12,579
Reclassification of intangible assets	-2,196
Adjustment relating to previous years' records	-1,495
Translation differences for the year	-1,672
Balance at end of period	**17,217**
Deferred tax at beginning of 2016	**17,217**
Recognised in net profit for the period	-31,818
Recognised in other comprehensive income for period	6,159
Translation differences for the year	-3,203
Balance at end of period	**-11,645**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities with current tax receivables and when the deferred taxes are included in the same taxation unit. Deferred tax assets attributable to tax loss carry-forwards are recognised to the extent that it has been considered possible for accumulated tax losses to be utilised against future taxable surpluses.

Tax loss carry-forwards not recognised as assets (MSEK)	**2016**	**2015**
China	20	77
Italy	24	20
Total	**44**	**97**

The above amounts refer to loss carry-forwards in the particular country for which deferred tax assets have not been recognised, not the potential estimated deferred tax asset for the deficit concerned.

Note 10. Other intangible assets

	2016			**2015**		
	Market and customer related assets acquired	**Capitalised development expenditure**	**Total**	**Market and customer-related assets acquired**	**Capitalised development expenditure**	**Total**
Accumulated historical cost						
Opening balance	9,560	11,890	21,450	–	14,738	14,738
Acquisitions	–	150	150	–	697	697
Reclassifications	–	–	–	10,516	–	10,516
Sales, disposals	–	–	–	–	-3,537	-3,537
Translation differences for the year	980	344	1,324	-956	-8	-964
Closing balance, acquisition values	**10,540**	**12,384**	**22,924**	**9,560**	**11,890**	**21,450**
Accumulated depreciation						
Opening balance	-1,434	-11,054	-12,488	–	-13,485	-13,485
Sales, disposals	–	–	–	–	3,537	3,537
Depreciation according to plan for the year	-1,028	-382	-1,410	-1,595	-1,130	-2,725
Translation differences for the year	-173	-321	-494	161	24	185
Closing balance, depreciation	**-2,635**	**-11,756**	**-14,391**	**-1,434**	**-11,054**	**-12,488**
Carrying amount at year-end	**7,905**	**628**	**8,533**	**8,126**	**836**	**8,962**

In 2015, surplus value was reallocated from goodwill to customer relations. See also Note 11. The amortisation period is ten years from the date of acquisition.

Note 11. Goodwill

	2016	2015
Accumulated historical cost		
Opening balance	1,934,884	1,916,516
Reclassifications	–	-7,677
Translation differences for the year	59,900	26,045
Closing balance, acquisition values	**1,994,784**	**1,934,884**
Accumulated impairment losses		
Opening balance	-214,112	-214,112
Impairment losses for the year	–	–
Closing balance, impairment losses	**-214,112**	**-214,112**
Carrying amount at year-end	**1,780,672**	**1,720,772**

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

	2016	2015
Business area Construction Equipment	95.2	91.9
Business area Industrial Equipment	715.9	691.7
Business area Rental	–	–
Business area After Sales	969.6	937.2
Total	**1,780.7**	**1,720.8**

Goodwill is not amortised but tested annually for impairment.

Goodwill has been allocated to cash flow generating units (CGU) which are the same as the Group's 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 included in the total value in use.

The discount rate applied 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 there no indication of impairment for goodwill at any CGU at year-end 2016. The same applied for the preceding year.

Sensitivity analysis

The most significant assumptions in determining the value in use is the anticipated growth in demand, rate of growth, operating margin, working capital requirements and discount rate. The factor used to calculate the growth in the terminal period after year 4 is 2 percent (2). It is estimated that the working capital requirement beyond the five-year period will remain at the level for year 4. The discount rate consists of a weighted average cost of capital for loans and equity. The discount rate for CGU Construction and CGU After Sales has been calculated at 7.50 percent (6.77) before tax, and 9.12 percent (6.77) before tax for CGU Industrial. Management's test of carrying amounts for goodwill has not indicated any need for impairment. No reasonably anticipated changes upward of the discount rate applied or downward of long-term growth will affect the carrying amount for goodwill at CGU Construction or CGU After Sales such that the carrying amount would not be defended. At CGU Industrial, the carrying amount would still be defended even if the discount rate were increased by around 0.5 percentage points, or if long-term growth were decreased by around 0.5 percentage points.

Acquisitions in 2014 and reallocation in 2015

On 22 May 2014, the Group acquired 100 percent of the shares in Heis-Tek A/S and Heis-Tek Bergen A/S. As of 1 July 2014, these business have been included in the consolidated accounts. Heis-Tek A/S specialises in the sale of and project planning for new vertical access solutions, both on land and offshore. The purchase consideration net of liquid funds acquired, was MSEK 58.6. According to the acquisition analysis, goodwill consists of synergistic effects, performance improvements and added skills and knowledge to develop business in the offshore industry. Goodwill that arose is attributable to the operating segments Industrial Equipment and After Sales. In the 2015 financial year, part of the surplus value was reallocated to customer relationships that are amortised over 10 years. For further information, see Note 10.

Note 12. Property, plant and equipment

2016	Land and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Total
Accumulated historical cost					
Opening balance	74,442	131,839	67,839	380,833	654,953
Acquisitions	320	12,508	7,780	37,253	57,861
Sales and disposals, etc.	–	-12,302	-17,124	-61,463	-90,889
Translation differences for the year	614	1,569	3,885	3,594	9,662
Closing balance, acquisition values	**75,376**	**133,615**	**62,380**	**360,218**	**631,589**
Accumulated depreciation					
Opening balance	-31,130	-74,342	-38,805	-242,616	-386,893
Sales and disposals, etc.	–	12,302	14,854	42,630	69,786
Depreciation according to plan for the year	-3,340	-12,325	-5,927	-27,497	-49,089
Translation differences for the year	-426	-680	-3,127	-2,425	-6,658
Closing balance, depreciation	**-34,897**	**-75,045**	**-33,004**	**-229,908**	**-372,854**
Carrying amount at year-end	**40,479**	**58,571**	**29,376**	**130,310**	**258,736**

2015	Land and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment	Total
Accumulated historical cost					
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 for the year	-300	300	518	1,044	1,562
Closing balance, acquisition values	**74,442**	**131,839**	**67,839**	**380,833**	**654,953**
Accumulated depreciation					
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 according to plan for the year	-3,207	-12,420	-7,328	-26,235	-49,190
Translation differences for the year	246	247	-444	-656	-607
Closing balance, depreciation	**-31,130**	**-74,342**	**-38,805**	**-242,616**	**-386,893**
Carrying amount at year-end	**43,313**	**57,497**	**29,034**	**138,217**	**268,060**

Note 13. Leased assets

The Group has operating lease commitments as a lessee. Operating lease costs consist mainly of rents for premises and are recognised among operating costs. In 2016, leasing costs totalled MSEK 5,394 (3,960). The total includes minimum lease charges of MSEK 5,370 (3,935). Future lease charges fall due as follows:

	2016	2015
Within 1 year	5,944	5,278
Between 1 and 5 years	26,304	25,187
More than 5 years	48	24
Total	**32,296**	**30,489**

Note 14. Inventories

	2016	2015
Raw materials and consumables	139,427	125,735
Work in progress	96,175	83,035
Finished products and goods for resale	158,987	135,121
Total	**394,589**	**343,891**

The inventory value includes a provision of TSEK 32,318 (30,782) for obsolescence.

Note 15. Financial assets and liabilities

	Carrying amount		Fair value	
Financial assets	**2016**	**2015**	**2016**	**2015**
Derivative assets for hedging purposes				
Derivatives	4,870	2,592	4,870	2,592
Loan receivables and accounts receivable – trade				
Long-term receivables	9,704	6,208	9,704	6,208
Accounts receivable – trade	408,803	365,834	408,803	365,834
Other financial receivables	91,422	100,518	91,422	100,518
Cash and bank deposits	230,561	450,013	230,561	450,013
Total	**740,490**	**922,573**	**740,490**	**922,573**

	Carrying amount		Fair value	
Financial liabilities	**2016**	**2015**	**2016**	**2015**
Derivative liabilities for hedging purposes				
Derivatives	7,736	2,929	7,736	2,929
Other financial liabilities				
Long-term loans from financial institutions	446,500	743,268	450,438	748,331
Current liabilities to credit institutions	78,677	77,823	78,677	77,823
Accounts payable – trade	176,460	158,582	176,460	158,582
Other financial liabilities	84,544	89,563	84,544	89,563
Total	**786,181**	**1,069,236**	**790,119**	**1,074,299**

Note 15 (cont.)

				Amounts covered by framework agreement for offsetting or similar agreement*.		
2016	**Gross amount**	**Offset amounts**	**Net amount on balance sheet**	**Financial instruments**	**Financial collateral, received/ provided**	**Net amount**
Derivative assets	4,870	–	4,870	-4,870	–	–
Derivative liabilities	7,736	–	7,736	-4,870	–	2,866

				Amounts covered by framework agreement for offsetting or similar agreement*.		
2015	**Gross amount**	**Offset amounts**	**Net amount on balance sheet**	**Financial instruments**	**Financial collateral, received/ provided**	**Net amount**
Derivative assets	2,592	–	2,592	-2,592	–	–
Derivative liabilities	2,929	–	2,929	-2,592	–	337

*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 among the valuation categories below.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

2016

Financial assets	**Level 1:**	**Level 2:**	**Level 3:**	**Total**
Currency derivatives	–	4,870	–	4,870
Total	**–**	**4,870**	**–**	**4,870**

Financial liabilities	**Level 1:**	**Level 2:**	**Level 3:**	**Total**
Currency derivatives	–	7,736	–	7,736
Total	**–**	**7,736**	**–**	**7,736**

2015

Financial assets	**Level 1:**	**Level 2:**	**Level 3:**	**Total**
Currency derivatives	–	2,592	–	2,592
Total	**–**	**2,592**	**–**	**2,592**

Financial liabilities	**Level 1:**	**Level 2:**	**Level 3:**	**Total**
Currency derivatives	–	2,929	–	2,929
Total	**–**	**2,929**	**–**	**2,929**

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST, WHERE FAIR VALUE IS PROVIDED FOR INFORMATION

2016

Financial liabilities	**Level 1:**	**Level 2:**	**Level 3:**	**Total**
Long-term loans from financial institutions	–	–	450,438	450,438
Current liabilities to credit institutions	–	–	78,677	78,677
Total	**–**	**–**	**529,115**	**529,115**

2015

Financial liabilities	**Level 1:**	**Level 2:**	**Level 3:**	**Total**
Long-term loans from financial institutions	–	–	748,331	748,331
Current liabilities to credit institutions	–	–	77,823	77,823
Total	**–**	**–**	**826,154**	**826,154**

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

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

Note 15 (cont.)

Level 1 – Quoted prices for identical assets and liabilities on an active market.
Level 2 – Quoted prices on markets that are not active, quoted prices for similar assets and liabilities, information other than quoted prices that 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 that 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 rate based on government bonds is applied for discounting.

Note 16. Accounts receivable – trade

	2016	2015
Accounts receivable – trade, gross	**419,930**	**389,574**
Accumulated reserve for bad debts, opening balance	-23,740	-16,195
Provisions for the year	-1,991	-8,253
Reversals of provisions for the year	15,159	311
Exchange rate differences	-555	397
Accumulated reserve for bad debts, opening balance	**-11,127**	**-23,740**
Carrying amount at year-end	**408,803**	**365,834**

Age analysis for overdue trade accounts receivable not considered bad debts	2016	2015
1–30 days	86,046	72,339
31–90 days	31,453	20,744
91–120 days	7,711	14,360
> 120 days	33,265	41,677
Total at year-end	**158,475**	**149,120**

Note 17. Prepaid expenses and accrued income

	2016	2015
Prepaid lease charges and rent	1,699	1,562
Accrued sales revenue	15,912	26,535
Prepaid insurance	5,057	3,213
Service contracts	–	496
Bank charges and legal costs	352	365
Transport subsidies and fees	1,730	1,226
IT services	4,114	4,399
Other	5,835	5,524
Carrying amount at year-end	**34,699**	**43,320**

Note 18. Maturity analysis, receivables and liabilities

2016	Carrying amount	<1 year	1 year–5 years	>5 years
Long-term loans from financial institutions	446,500	–	446,500	–
Carrying amount at year-end	**446,500**	**–**	**446,500**	**–**
Current liabilities to credit institutions	78,677	78,677	–	–
Carrying amount at year-end	**78,677**	**78,677**	**–**	**–**

2015	Carrying amount	<1 year	1 year–5 years	>5 years
Long-term loans from financial institutions	743,268	–	743,268	–
Carrying amount at year-end	**743,268**	**–**	**743,268**	**–**
Current liabilities to credit institutions	77,823	77,823	–	–
Carrying amount at year-end	**77,823**	**77,823**	**–**	**–**

Note 18 (cont.)

BORROWINGS

The average fixed-interest term for long-term borrowing was 3 months (3) at year-end.

The average interest rate on the Group's interest-bearing loans was 2.0 percent (1.80) at year-end.

The Group's loan agreements with banks incorporate contain specific requirements, covenants. These covenants are represented by the following key financial ratios:
– the Group's net debt, in relation to EBITDA.
– the Group's net debt, in relation to equity.

FINANCIAL DERIVATIVE INSTRUMENTS

The table below shows the fair values of the Group's financial derivative instruments for management of financial risks.

	31 December 2016		31 December 2015	
Fair value	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Currency forwards				
Cash flow hedges	4,870	7,736	2,592	2,929
Carrying amount at year-end	**4,870**	**7,736**	**2,592**	**2,929**

ASSET MANAGEMENT

Capital comprises both equity and borrowed capital. The aim of capital management in the Group is to ensure the Group's continued existence and freedom to trade, and to ensure that owners receive a return on funds invested. The division between equity and borrowed capital shall be such that a good balance between risk and return is maintained. The capital structure is adjusted when necessary to meet changes in economic requirements and other global factors. In order to maintain 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.

MATURITY ANALYSIS, CONTRACTUAL INCOMING/OUTGOING PAYMENTS

2016

Financial assets	**<1 month**	**1–12 months**	**1–5 years**	**>5 years**
Other long-term receivables	–	3,281	6,423	–
Accounts receivable – trade	223,201	182,501	2,881	220
Derivatives	1,148	3,722	–	–
Other receivables	40,532	53,346	247	–
Accrued income	–	15,912	–	–
Deposit	–	20,570	–	309
Cash and bank deposits	200,808	8,785	89	–
Total	**465,689**	**288,117**	**9,640**	**529**

Financial liabilities	**<1 month**	**1–12 months**	**1–5 years**	**>5 years**
Liabilities to credit institutions	2,515	86,694	472,960	–
Accounts payable – trade	63,195	112,328	851	86
Derivatives	3,545	4,191	–	–
Other liabilities	9,262	29,405	1,110	328
Total	**78,517**	**232,618**	**474,921**	**414**

Financial liabilities consist of undiscounted amounts, including future interest 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 deposits	359,435	74,935	–	–
Total	**505,772**	**426,264**	**10,235**	**–**

Financial liabilities	**<1 month**	**1–12 months**	**1–5 years**	**>5 years**
Liabilities to credit institutions	–	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
Total	**30,751**	**255,712**	**743,712**	**116**

THE CASH FLOW HEDGE RESERVE IS EXPECTED TO IMPACT BOTH INCOME STATEMENT AND CASH FLOW IN THE PERIODS STATED BELOW

	2016	**2015**
Within 1 year	-2,866	-337
More than 1 year	–	–
Total	**-2,866**	**-337**

The effect realised from cash flow hedges is recognised in Cost of goods sold in the income statement.

Note 19. Provisions for pensions and similar commitments

DEFINED CONTRIBUTION PENSION PLANS

The Group's defined contribution pension plans cover employees in all the Group's companies, other than 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 Group Company concerned, to various insurance companies. The size of the premiums is based on salary.

Group President and CEO Tormod Gunleiksrud is covered by a direct pension plan, which is classified and reported as a defined contribution plan, for which no asset or provision is recognised. The direct pension plan is guaranteed via a pledged endowment policy owned by the Company.

DEFINED BENEFIT PENSION PLANS

The Group's defined benefit pension plans cover employees in Group companies Alimak Hek AB in Sweden and Alimak Hek Ltd in the UK. In addition, defined benefit pension plans are to a lesser extent operated in the Netherlands, Italy, France and Germany. According to these defined benefit plans, employees have a right to pension benefits based on their pensionable income and number of years of service. The pension plans primarily cover retirement pensions, sickness pensions and family pensions.

The pension plan in the UK is funded. The pension plan in Sweden is secured through balance sheet provisions, combined with credit insurance in the PRI Pension Guarantee and via pension insurance in Alecta. In the Swedish plan, all newly earned 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 the financial year, the Group has not had access to information that enables this plan to be recognised as a defined benefit plan, which means that it is recognised as a defined contribution plan, and is thus included in pension costs for defined contribution pensions. The year's pension plan costs to Alecta was MSEK 3.3 (2.7). The anticipated costs for 2017 are MSEK 3.4. The Group's share of the total premiums for ITP2 at Alecta is 0.02015 percent (0.01309). On 31 December 2016, Alecta's surplus, expressed as the collective consolidation ratio, amounted to 149 percent (153). The collective consolidation level consists of the market value for Alecta's assets as a 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 are to be taken to create conditions to restore the consolidation level to within the normal range. In the event of low consolidation, one measure can be to increase the agreed price for new subscriptions and to increase existing benefits. In the event of a high consolidation, one measure can be to introduce a reduction in premiums.

Pension costs recognised in the income statement	**2016**	**2015**
Defined benefit plans		
Cost of pensions earned during the year	2,753	3,946
Interest costs, net	723	1,639
Total for the period	**3,476**	**5,585**
Cost of defined contribution pensions	35,542	32,839
Total for the period	**39,018**	**38,424**

Pension costs recognised in other comprehensive income	**2016**	**2015**
Defined benefit pensions		
Revaluation of pension liabilities	27,040	-30,674
Revaluation of plan assets	833	1,290
Total for the period	**27,873**	**-29,384**

Carrying amount on the balance sheet	**2016**	**2015**
Present value of pension liabilities, funded plans, UK	89,701	69,035
Fair value of plan assets, UK	-75,101	-76,239
Net debt, funded plans, UK	14,600	-7,204
Present value of pension liabilities, unfunded plans, Sweden	39,599	38,132
Present value of pension liabilities, unfunded plans, other	3,847	3,628
Carrying amount at end of the period	**58,045**	**34,555**

Reconciliation of carrying amount on the balance sheet	**2016**	**2015**
Opening balance, net debt	**34,555**	**64,465**
Cost of pensions earned during the year	2,753	3,946
Interest costs, net	723	1,639
Revaluation of pension liabilities	26,656	-30,674
Revaluation of plan assets	833	1,290
Pension payments directly from employer	-1,578	-1,613
Contributions from employer	-6,454	-7,183
Other	418	1,408
Exchange rate differences	139	1,277
Closing balance, net debt	**58,045**	**34,555**

Note 19 (cont.)

Reconciliation of present value of pension liabilities	2016	2015
Opening balance, pension liabilities	**110,794**	**130,816**
Cost of pensions earned during the year	2,753	3,946
Cost relating to service in earlier periods	–	1,367
Interest expense	3,661	4,463
Revaluation of pensions;		
– demographic assumptions	-2,900	-15,592
– financial assumptions	30,640	-11,346
– experience-based adjustments	-1,085	-2,972
Pension payments	-4,377	-2,193
Contributions from employees	706	800
Other	418	-724
Exchange rate differences	-7,465	2,229
Closing balance, pension liabilities	**133,146**	**110,794**

Reconciliation of plan assets at fair value	2016	2015
Opening balance, plan assets	**76,240**	**66,352**
Interest income	2,938	2,824
Return over and above interest income	-833	-1,290
Contributions from employer	6,454	7,183
Contributions from employees	706	800
Pension payments from plan assets	-2,799	-580
Exchange rate differences	-7,605	950
Closing balance, plan assets	**75,100**	**76,240**

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

Significant actuarial assumptions applied	2016	2015
Sweden:		
Discount interest rate %	2.1	2.8
Future pension increases %	1.5	1.5
Life expectancy	DUS14	PRI 2011
United Kingdom:		
Discount interest rate %	2.8	4.0
Future salary increases %	4.0	3.7
Future pension increases %	2.5	2.5
Life expectancy	PMA08, PFA08	PCMA00, PCFA00
Future uprating %	1.0	2.0

SENSITIVITY ANALYSIS

A decrease of 0.5 percentage points in the discount interest rate would increase the pension liability by 18 percent.

The weighted average duration of the pension liabilities in the UK is approximately 28 years (29). The weighted average duration of the pension liabilities in Sweden is approximately 15 years (18).

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

The projected charges for the pension plans for next year total MSEK 3.8.

Note 20. Other provisions

	Guarantee undertakings	Restructuring measures	Personnel costs	Final inspection costs	Project costs	Other provisions	Total
2016							
Carrying amount at beginning of year	11,956	–	704	2,847	19,019	678	35,204
Provision for the year	4,625	–	163	–	21,120	730	26,638
Amounts utilised	-5,563	–	-2,961	-938	-39,292	-354	-49,108
Reversal of unutilised amounts	-959	–	-19	–	-734	-29	-1,741
Reclassifications	–	–	6,177	–	–	–	6,177
Exchange rate differences	224	–	785	–	1,901	485	3,395
Carrying amount at year-end	**10,283**	**–**	**4,849**	**1,909**	**2,014**	**1,510**	**20,565**
Of which, short-term	45	–	4,657	–	1,048	–	5,750
2015							
Carrying amount at beginning of year	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
Exchange rate differences	-246	–	-30	–	-1,740	-23	-2,039
Carrying amount at year-end	**11,956**	**–**	**704**	**2,847**	**19,019**	**678**	**35,204**

Of total provisions, MSEK 0.5 relate to long-term warranties, while all other items are short-term.

Note 21. Assets pledged and contingent liabilities

	2016	2015
Assets pledged		
Other	10,913	8,526
Total assets pledged	**10,913**	**8,526**
Contingent liabilities		
Guarantee commitments, FPG/PRI	638	646
Other contingent liabilities	106,281	98,003
Total contingent liabilities	**106,919**	**98,649**

The Group operates a defined contribution direct pension scheme covering the President and CEO. The pension scheme is secured via pledged endowment policies owned by the Company, whose value at the financial year-end was TSEK 7,106 (4,938).

As part of the 2015 renegotiation of the Group's external borrowing, collaterals previously provided for this borrowing were released and replaced by a general Parent Company guarantee from the Group's Parent Company Alimak Group AB (publ) for borrowings of the subsidiaries.

Other contingent liabilities are mainly related to indemnity bonds for commitments of Group companies to their customers.

Note 22. Bank overdraft facilities

	2016	2015
Credit limits approved	105,320	105,000
Unutilised portion	-105,320	-105,000
Utilised credit	–	–

Note 23. Accrued expenses and deferred income

	2016	2015
Personnel costs	76,457	60,196
Prepaid income	6,799	3,584
Relocation costs	2,875	9,866
Project costs, installation projects	3,049	7,362
Consulting fees	27,117	10,932
Other items	4,965	7,311
Total	**121,262**	**99,251**

Note 24. Related party transactions

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

Until the IPO on 17 June 2015, the Group was under the control of Apolus Holding AB, which owned 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 the single largest shareholder with 28.39 percent of the shares in issue and the votes. No significant transactions take place with companies over which Triton Fund II LP has a significant or controlling influence.

Note 25. Business combinations

After the end of the financial year, that is in early 2017, Alimak finalised two acquisitions, for which agreements were signed in the fourth quarter of 2016. These acquisitions are described in more detail below.

Avanti Wind Systems
On 5 December 2016, Alimak announced that an agreement had been signed to acquire Avanti Wind Systems, headquartered in Denmark. The acquisition was finalised on 30 January 2017. The acquisition of Avanti encompasses 100 percent of the shares outstanding in the group and the business will be consolidated by Alimak Group as of 1 February 2017. Acquisition costs of around MSEK 10.0 were charged to Alimak Group's operating costs in the fourth quarter of 2016.

Avanti is a global market leader in vertical access solutions for wind turbine towers and has more than 30,000 service lifts installed worldwide. Avanti's turnover in 2016 totalled MEUR 97 (approximately MSEK 918).

Facade Access Group
On 27 October 2016, Alimak announced that an agreement had been signed to acquire Facade Access Group, headquartered in Melbourne, Australia. The acquisition was finalised on 28 February 2017. The acquisition of Facade Access Group encompasses 100 percent of the shares outstanding in the group, and the business will be consolidated by Alimak Group as of 1 March 2017. Acquisition costs of around MSEK 20.0 were charged to Alimak Group's operating costs in the fourth quarter of 2016.

With its brand CoxGomyl and Manntech, Facade Access Group is a global market leader in permanently installed building maintenance solutions (Building Maintenance Units – BMUs). Turnover for Facade Access Group in the 2016 calendar year was approximately MSEK 1,044 (pro forma).

The work of preparing acquisition analyses has started but is yet not completed. Provisional acquisition analyses are presented below. Acquisition costs and fair value are both indicative and may be adjusted during preparation of acquisition balance sheet and continued analysis of the net assets acquired.

Acquisition analysis – provisional	
Avanti Wind Systems	
Consideration paid – Cash	**670.6**
Fair value of identified assets acquired and liabilities assumed:	
Property, plant and equipment	36.1
Trademark	129.1
Customer relationships and technology	258.4
Working capital, net	260.9
Net debt	-143.0
Deferred tax liability	-87.1
Assets acquired and liabilities assumed, net	**454.4**
Goodwill	216.2
Total	**670.6**

Acquisition analysis – provisional	
Facade Access Group	
Consideration paid – Cash	**531.4**
Fair value of identified assets acquired and liabilities assumed:	
Property, plant and equipment	140.9
Trademark	159.6
Customer relationships and technology	166.6
Working capital, net	161.0
Net debt	-258.9
Deferred tax liability	-86.8
Assets acquired and liabilities assumed, net	**282.4**
Goodwill	249.0
Total	**531.4**

The acquisitions of Avanti and Facade Access Group broaden and diversify the product portfolio in the Alimak Group's business area Industrial Equipment and provides an opening for expansion into a growing section in renewable energy. Opportunities for cost synergies in the product sales chain and development of the aftermarket offering will become available.

Goodwill via the two acquisition are expected to arise from cost synergies in product supply, a strong business model for aftermarket services, know-how and new sales opportunities for customers who are not already among customer relationships acquired. Goodwill is not expected to be tax deductible.

Note 26. Events after the balance sheet date

Extraordinary AGM and new share issue completed

On 23 January 2017, Alimak Group AB held an Extraordinary General Meeting (EGM). The EGM resolved to authorise the Board to carry out a new share issue. The Board was authorised, on one or more occasions before the next AGM, to approve a new issue of shares. It shall not be permitted for the issue to take place without observance of the preferential rights of existing shareholders. The issue shall be subject to a maximum number of new shares that corresponds to total proceeds of no more than MSEK 800. The reason for the authorisation was to optimise the Company's capital structure and enable strategic initiatives. See also "Events during the financial year" for more on the acquisitions of Facade Access Group and Avanti Wind Systems.

On 8 March 2017, the Board of Directors resolved, with the support of authorisation from the EGM, to undertake a new share issue with preferential rights for existing shareholders. The decision authorises the issue of no more than 10,831,572 shares with preferential rights for shareholders in Alimak to subscribe for one (1) new share per four (4) shares already held, representing a subscription ratio of 1:4. The subscription price was set at SEK 73 per share, which in the event the offer is taken up in full will result in total proceeds of around MSEK 791 before issue costs. The proceeds from the share issue will be used for repayment of the MSEK 800 bridging loan raised for the completion of the acquisition of Avanti Wind Systems on 31 January 2017.

On 13 March 2017, a prospectus for the share issue was published. The subscription period closed on 31 March 2017. On 5 April 2017 it was announced that the issue had been over-subscribed.

The share capital of Alimak Group AB will, through the issue of 10,831,572 new shares, be increased by SEK 216,631.44 as soon as registration of the issue is completed by the Swedish Companies Registration Office. It is anticipated that this will take place around 18 April 2017.

Completion of acquisitions of Avanti Wind Systems and Facade Access Group

On 5 December 2016, Alimak Group signed an agreement to acquire Avanti Wind Systems, a market leader in vertical access solutions for wind turbine towers. The purchase consideration (enterprise value) was MEUR 91 (approximately MSEK 810). The acquisition was completed on 30 January 2017. It is initially being financed via a bridging loan of MSEK 800, intended to be repaid via an issue of new shares with preferential rights for existing shareholders in Alimak Group AB. The acquisition of Avanti Wind Systems broadens and diversifies Alimak Group's product portfolio, enabling the Company to expand into a growing sector of renewable energy. Avanti was established in 1885 and today has more than 30,000 service lifts installed globally. Avanti's turnover in 2016 was MEUR 97 (approximately MSEK 918) The Company operates worldwide with six production facilities, in Denmark, Spain, China, the USA and Brazil.

On 27 October 2016, Alimak signed an agreement to acquire Facade Access Group, a global market leader in permanently installed facade access solutions. The purchase consideration (enterprise value) was MAUD 120 (approximately MSEK 819). Completed on 28 February 2017, the acquisition is being financed mainly by an increase in the Alimak Group's existing credit facility by MSEK 750. The acquisition strengthens and broadens Alimak's existing product portfolio and enables an expansion into a global adjacent niche market within vertical access with healthy underlying growth. The acquisition will enable benefits of scale and synergies in purchasing and production, and will create business opportunities, including further development of the aftermarket business. Turnover for Facade Access Group in the 2016 calendar year was approximately MSEK 1,044 (pro forma).

See also Note 25 for provisional acquisition analyses.

Parent Company Income Statement

Amounts in TSEK	Note	01/01/2016 –31/12/2016	01/01/2015 –31/12/2015
Net sales		8,000	7,500
Total revenue		**8,000**	**7,500**
Administration costs		-27,479	-22,964
Operating profit	2, 3, 4	**-19,479**	**-15,464**
Interest income and similar profit/loss items	5	5,621	7
Interest expense and similar profit/loss items	5	-9,583	-45,731
Loss after financial items		**-23,441**	**-61,188**
Appropriations			
Group contributions received		160,074	145,000
Pre-tax profit		**136,633**	**83,812**
Tax on profit for the year	6	-30,348	-18,448
Net profit for the year		**106,284**	**65,364**

Parent Company Balance Sheet

Amounts in TSEK	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Financial assets			
Shares in Group companies	7	1,898,433	1,898,433
Long-term receivables		2,813	–
Deferred tax assets	6	423	30,771
Total non-current assets		**1,901,669**	**1,929,204**
Current assets			
Current receivables			
Receivables from Group companies		558,239	665,618
Other current receivables		307	–
Prepaid expenses and accrued income		1,398	139
		559,944	**665,757**
Cash and bank balances		41,560	128,605
Total current assets		**601,504**	**794,362**
TOTAL ASSETS		**2,503,173**	**2,723,566**
EQUITY AND LIABILITIES			
Equity	10		
Restricted equity			
Share capital		867	867
Revaluation reserve		200,000	200,000
		200,867	**200,867**
Unrestricted equity			
Share premium reserve		960,138	960,138
Retained earnings		938,152	959,440
Net profit for the year		106,284	65,364
		2,004,574	**1,984,942**
		2,205,441	**2,185,809**
Long-term liabilities			
Liabilities to credit institutions	8	–	226,427
		–	**226,427**
Current liabilities			
Accounts payable – trade		546	1,057
Liabilities to Group companies		287,603	305,614
Other liabilities		1,084	916
Accrued expenses and deferred income		8,499	3,743
		297,732	**311,330**
TOTAL EQUITY AND LIABILITIES		**2,503,173**	**2,723,566**

For information on the Parent Company's pledged assets and contingent liabilities, see Note 9.

Parent Company Cash Flow Statement

Amounts in TSEK	Note	01/01/2016 –31/12/2016	01/01/2015 –31/12/2015
Operating activities			
Pre-tax profit		136,633	83,812
Adjustments for non-cash items		-158,949	-102,902
Cash flow from operating activities before changes in working capital		**-22,316**	**-19,090**
Increase(-)/decrease(+) in operating receivables		267,012	-390,627
Increase(+)/decrease(-) in operating liabilities		-13,598	311,316
Cash flow from operating activities		**231,098**	**-98,401**
Financing activities			
Dividend		-86,653	–
Loans raised		–	325,864
Repayment of loans		-231,490	-100,000
Cash flow from financing activities		**-318,143**	**225,864**
Cash flow for the year		**-87,045**	**127,463**
Cash and cash equivalents at beginning of year		**128,605**	**1,142**
Cash and cash equivalents at year-end		**41,560**	**128,605**

ADDITIONAL DISCLOSURES TO THE PARENT COMPANY CASH FLOW STATEMENT

Amounts in TSEK	01/01/2016 –31/12/2016	01/01/2015 –31/12/2015
Interest paid and received		
Interest received	5,605	–
Interest paid	-7,108	-4,196
Adjustments for non-cash items		
Group contributions received, not settled	-160,074	-145,000
Accrued costs of capital	1,125	563
Capitalised interest on loan liabilities	–	41,535
	-158,949	**-102,902**

Statement of Changes in Parent Company Equity

2015

Amounts in TSEK	Share capital	Revaluation reserve	Share premium reserve	Retained profit including net profit for year	Total equity
Total equity, 1 January 2015	**100**	**200,000**	**–**	**960,000**	**1,160,100**
Net profit for the year	–	–	–	65,364	65,364
Bonus share issue	560	–	–	-560	–
Set-off share issue	207	–	960,138	–	960,345
Total equity, 31 December 2015	**867**	**200,000**	**960,138**	**1,024,804**	**2,185,809**

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

2016

Amounts in TSEK	Share capital	Revaluation reserve	Share premium reserve	Retained profit including net profit for year	Total equity
Total equity, 1 January 2016	**867**	**200,000**	**960,138**	**1,024,804**	**2,185,809**
Dividend	–	–	–	-86,653	-86,653
Net profit for the year	–	–	–	106,284	106,284
Total equity, 31 December 2016	**867**	**200,000**	**960,138**	**1,044,435**	**2,205,441**

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

Notes to the Parent Company financial statements

Amounts in TSEK unless otherwise indicated.

Note 1. Accounting policies

INFORMATION ABOUT THE COMPANY

Alimak Group AB, org. reg. no. 556714-1857, operates in the legal form of a public limited company. Its registered office is in Stockholm, Sweden. The address of the Company's headquarters is Brunkebergstorg 5, 3 tr, SE-111 51 Stockholm, Sweden.

The Parent Company applies the Swedish Financial Reporting Board's Recommendation RFR 2 Financial Reporting for Legal Entities. The Parent Company otherwise applies the same principles as the consolidated Group. Any deviations receive separate comment.

GROUP CONTRIBUTIONS AND SHAREHOLDERS' CONTRIBUTIONS

Shareholders' contributions are taken directly to the equity of the receiver and are capitalised in the shares and participations of the donor, provided that there is no need for impairment.

Group contributions are recognised in the income statement as appropriations.

SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognised in accordance with the historical cost method. Acquisition-related costs for subsidiaries are expensed in the consolidated financial statements and are included as part of the historical cost of participations in subsidiaries. The carrying amount for shares in subsidiaries is tested for impairment annually or when there is any indication of impairment.

Note 2. Intra-Group sales and purchases

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

Note 3. Number of employees, employee benefits and remuneration to Board of Directors and senior executives

	2016		2015	
Average number of employees	**Number**	**Of whom, women, %**	**Number**	**Of whom, women, %**
Sweden	3	33	1	0

Proportion of women in Alimak's Board of Directors and management, %	**2016 % women**	**2015 % women**
Boards of Directors	25	17
Other senior executives	9	0

	2016		2015	
Salaries, benefits, other remuneration and social welfare contributions	**Board and CEO**	**Other employees**	**Board and CEO**	**Other employees**
Salaries, benefits and other remuneration	6,641	5,026	8,928	1,301
(of which, bonuses etc.)	(1,349)	(972)	(5,893)	(200)
Social welfare contributions	3,792	3,542	3,770	825
(of which, pension costs)	(1,716)	(1,386)	(776)	(360)
Total	**10,433**	**8,568**	**12,698**	**2,126**

The year's cost for Board fees invoiced by Board members as per resolution of the 2016 AGM was MSEK 1.5 (1.6), including social welfare contributions totalling MSEK 0.3 (0.4).

As of 1 July 2015, the Group's CEO Tormod Gunleiksrud and the Alimak Group's then CFO, now COO, have been employed by Alimak Group AB. Prior to that date, both were employed by the Group Company Alimak Hek Group AB, and Alimak Group AB had no employees.

Note 3 (cont.)

Of the Group's pension costs, MSEK 1.7 (1.0) refers to the category of Board of Directors and CEO. The Group's outstanding pension commitments to the latter amount to – (–). The CEO is covered by a direct pension plan that is classified and recognised as a defined contribution plan. The direct pension plan is guaranteed via a pledged endowment policy owned by the Company. Since 1 July 2015, the cost has been, and will in future be, borne by Alimak Group AB, while the cost for earlier periods is recognised by Alimak Hek Group AB.

For further information on remuneration to the Board members, the CEO and other members of Group management, see Note 5 to the Consolidated financial statements.

Note 4. Remuneration to auditors

	2016	2015
Ernst & Young AB		
Auditing assignment	416	199
Audit work outside the scope of the audit assignment	–	–
Tax advice	–	–
Other services	–	–
Total	**416**	**199**

Note 5. Financial income and expense

Financial income	2016	2015
Interest income from Group companies	5,242	–
Interest income, other	363	–
Exchange gains	16	7
Total	**5,621**	**7**

Financial expense		
Interest expense to Group companies	-1,862	–
Interest expense, credit institutions	-7,598	-4,196
Other financial expense	-123	–
Parent Company interest expense	–	-41,535
Total	**-9,583**	**-45,731**

Since the beginning of 2016, the Company has been and is the principal account-holder of a Group-wide transaction account (cash pool) at a credit institution. Interest income and expenses relating to Group companies are managed via this account.

Parent Company interest expense consists of interest to the Company's former Parent Company, Apolus Holding AB. Since the IPO in June 2015, the Company has no Parent Company. All Parent Company interest items during 2015 relate to the first half-year.

Note 6. Tax

	2016	2015
Current tax	–	–
Deferred tax	-30,348	-18,448
Total	**-30,348**	**-18,448**

Reconciliation of effective tax	2016	2015
Pre-tax profit	136,633	83,812
Income tax at current rate, 22 %	-30,059	-18,439
Change in deferred tax in respect of earlier periods	211	–
Permanently non-deductible expenses	-500	-9
Recognised effective tax	**-30,348**	**-18,448**

	2016			2015		
Deferred tax assets and liabilities	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Pensions and similar commitments	423	–	423	212	–	212
Tax loss carry-forwards	–	–	–	30,559	–	30,559
Total	**423**	**–**	**423**	**30,771**	**–**	**30,771**

Note 7. Shares in Group companies

	2016	2015
Accumulated historical cost		
Opening balance	1,898,433	1,738,433
Shareholder contributions	–	160,000
	1,898,433	**1,898,433**
Accumulated impairment losses		
Opening balance	–	–
Impairment losses for the year	–	–
Total	**–**	**–**
Carrying amount at year-end	**1,898,433**	**1,898,433**

Note 7 (cont.)

			2016	2015
Subsidiary/ Org. reg. no. / Registered office	**No. of shares**	**Holding, %**	**Carrying amount**	**Carrying amount**
Kamila Holding AB/556709-1581/Stockholm[1]	N/A	N/A	N/A	1,898,433
Alimak Hek Group AB/556064-1739/Stockholm	6,378,000	100.0	1,898,433	–
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, United Kingdom	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 Slr/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/Antwerp, 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 /wSecunderbad, India	99,990	100.0	–	–
Alimak Hek FZE/130418/Jabel Ali-Techno Park, Dubai	1	100.0	–	–
Carrying amount at year-end			**1,898,433**	**1,898,433**

1 In the course of 2016, Kamila Holding AB was merged with Alimak Hek Group AB via a downstream merger.

Note 8. Long-term borrowings

Maturity structure	Carrying amount	<1 year	1 year–5 years	>5 years
2016				
Loans from financial institutions	–	–	–	–
Carrying amount at year-end	**–**	**–**	**–**	**–**

Maturity structure	Carrying amount	<1 year	1 year–5 years	>5 years
2015				
Loans from financial institutions	226,427	–	226,427	–
Carrying amount at year-end	**226,427**	**–**	**226,427**	**–**

Note 9. Assets pledged and contingent liabilities

	2016	2015
Assets pledged		
For direct pension commitments	2,887	965
Total	**2,887**	**965**
Contingent liabilities		
Guarantee for subsidiaries' liabilities to credit institutions	529,115	594,664
Indemnity bonds for subsidiaries' guarantees	106,919	98,033
Total	**636,034**	**692,697**

As part of the restructuring of the Group's external borrowing in 2015, previously pledged collateral for this borrowing was released and replaced by a general guarantee for the subsidiary's borrowings.

The Group has a defined contribution direct pension plan for the CEO. The pension plan is guaranteed via a pledged endowment policy owned by the Company.

The Company's total limits for indemnity bonds for subsidiaries' guarantees are limited to MSEK 170.

Note 10. Equity

On 8 March 2017, after the financial year-end, the Board of Directors resolved, with the support of authorisation from the Extraordinary General Meeting held on 23 January 2017, to undertake a new share issue in the Parent Company, Alimak Group AB (publ), with preferential rights for existing shareholders. The decision authorises the issue of no more than 10,831,572 shares with preferential rights for shareholders in Alimak to subscribe for one (1) new share for four (4) shares already held, representing a subscription ratio of 1:4. The subscription price was set at SEK 73 per share, which at full subscription results in total proceeds of around MSEK 791 before issue costs. The subscription period closed on 31 March 2017 and the issue was fully subscribed. The proceeds from the issue will be used for repayment of the MSEK 800 bridging loan raised for the completion of the acquisition of Avanti Wind Systems on 31 January 2017.

At year-end, the number of shares outstanding in Alimak Group AB (publ) totalled 43,326,289. When registration of the fully subscribed new issue is completed by the Swedish Companies Registration Office, the number of shares outstanding will increase by 10,831,572, and the total number of shares outstanding will amount to 54,157,861.

PROPOSED APPROPRIATION OF PROFIT

The following amounts are available for distribution by the Annual General Meeting	
Retained earnings	1,898,290,351
Net profit for the year	106,284,345
	2,004,574,696

The Board of Directors proposes that the amounts are distributed as follows	
Dividend of SEK 1.60 per share be paid to shareholders*	86,652,578
To be carried forward	1,917,922,118
	2,004,574,696

*The proposed record day for dividend payment is 15 May 2017. The amount to be distributed is calculated on the basis that the issue of no more than 10,831,572 new shares, resolved by the Board of Directors on 8 March 2017 as authorised by the Extraordinary General Meeting on 23 January 2017, was fully subscribed and distributed in such time that the shares entitle the holders to dividend.

The total amount proposed as dividend corresponds to SEK 2.00 per share, based on the existing number of shares, 43,326,289, before the new issue.

Note 11. Events after the balance sheet date

For information on events after the balance sheet date, see Note 26 to the Consolidated Financial Statements.

Board of Directors' signatures

The undersigned declare that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, and give a true and fair view of the financial position and earnings of the Group and the Company, and that the Directors' Report for the Group and the Company give a fair overview of the development of the activities, financial position and financial results of the Group and the Company, and describe substantial risks and uncertainties that the Group companies face.

Stockholm, 7 April 2017

Anders Thelin
Chairman of the Board

Carl Johan Falkenberg
Board member

Anders Jonsson
Board member

Eva Lindqvist
Board member

Helena Nordman-Knutson
Board member

Joakim Rosengren
Board member

Örjan Fredriksson
Employee representative

Greger Larsson
Employee representative

Tormod Gunleiksrud
CEO

Our Auditor's Report was submitted on 10 April 2017

Ernst & Young AB

Rickard Andersson
Authorised Public Accountant

Auditor's Report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Alimak Group AB (publ) for the year 2016. The annual accounts and consolidated accounts of the Company are included on pages 58–108 in this document.

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 December 31, 2016 and its financial performance and cash flow 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 December 31, 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key Audit Matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Accounting for inventories

In the Group's statement of financial position as per 31 December 2016 reported value of inventory amounts to TSEK 394 589. As described in Note 1 inventories are stated at the lower of cost on a first -in first- out basis, and net realisable value. The cost of finished goods and work in progress comprises raw materials and other direct manufacturing costs as well as relevant indirect manufacturing costs. Inventory is material to the Group's statement of financial position. As described in Note 1 in section Important Estimates and Assessments for Accounting Purposes the accounting of inventory also requires the assessment of estimated provision for obsolescence. Finally, a satisfactory set of internal controls are key to mitigate the risk of material misstatement relating to the valuation and existence of inventory.

In the course of our audit, we have evaluated the Group's inventory process including the routines for physical counts. We have performed analytical reviews, evaluated the Group's process for inventory cost calculation, participated at multiple physical counts performed by the Group, and performed independent counts. We have also sampled inventory items and agreed cost to invoices and to agreements. Finally, we have assessed and audited the Group's estimation of inventory obsolescence provision. We have also verified that disclosures in the annual report relating to inventory are appropriate.

Revenue recognition

In the Group's statement of income for the period ended 31 December, 2016 revenues amount to TSEK 2 048 608. The Group generates revenues through manufacturing, selling, leasing of, and providing services for, construction and industrial hoists. As described in Note 1 revenues for product sales 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. Revenues from services is recognised when the services are performed or spare-parts are delivered. Revenues from the leasing of the Group's self-manufactured equipment is recognised over the course of the agreed leasing term. We have assessed that revenue recognition is a Key Audit Matter based on that the Group makes assessments though the interpretation of agreements and delivery terms which affects the accounting period in which revenue should be recognised.

In the course of our audit we have evaluated the Group's process for revenue recognition. We have performed analytic reviews, obtained and agreed terms to agreements, and sampled revenue transactions and verified correct cut-off, in connection to the year-end close of 31 December, 2016, against customer agreements and delivery terms. We have also verified that disclosures in the annual report relating to revenues are appropriate.

Valuation of Goodwill

In the Group's statement of financial position as per 31 December, 2016 reported goodwill amounts to TSEK 1 780 672. As described in Note 1 an annual, or when indicators of possible impairment is identified, impairment test is performed. Goodwill is allocated to cash generating units and if the book value of the unit exceeds the calculated recoverable value the asset is impaired and written down to the recoverable value. The recoverable value is determined through the calculation of value in use and, as described in Note 11, for the calculation of value in use assumptions are made regarding future earnings. In Note 11 it is described that the assessment of value in use is based on the Group's four year strategic plan with an assumed terminal growth rate of 2% annually for each cash generating unit. For 2016 no need for impairment of goodwill has been identified. As described by the Group in Note 1 in section Important Estimates and Assessments for Accounting Purposes the impairment test contains elements of estimation in the calculation of the value in use. Due to these estimates, we view the valuation of goodwill as a Key Audit Matter.

In the course of our audit we have evaluated the Group's process for impair-

ment testing of goodwill. We have audited how cash generated units are identified compared to set criteria and compared this with how goodwill is followed up internally. We have evaluated the Group's valuation methods and calculation models, assessed the reasonability of assumptions and sensitivity analyses over changes in assumptions with the assistances of our internal valuation specialists and made comparisons against historical results and the precision of prior projections. We have assessed the reasonability of the discount rate and the terminal growth rate for each of the cash generating units through benchmarking to market data and, where applicable, companies in the same industry. We have also verified that disclosures in the annual report relating to goodwill are appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–45. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the Company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the Company's internal control relevant to our audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director;
- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Company and a Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the Key Audit Matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Alimak Group AB (publ) for the year 2016 and the proposed appropriations of the Company's profit or loss.

We recommend to the general 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.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organisation and the administration of the Company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. 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.

Stockholm, 10 April 2017
Ernst & Young AB

Rickard Andersson
Authorised Public Accountant

Information to shareholders

The AGM of Alimak Group AB (publ) will be held at 4.00 p.m. on Thursday, 11 May, 2017 in Polhemssalen (the Polhem Hall), Citykonferensen Ingenjörshuset, Malmskillnadsgatan 46, Stockholm, Sweden.

Anyone wishing to attend the meeting must:
- be entered as a shareholder in the share register maintained by Euroclear Sweden AB as of Wednesday, 4 May, 2017; and
- give notice to the Company of their intention to attend, by no later than Wednesday, 4 May, 2017.

NOMINEE-REGISTERED SHARES

To be entitled to attend the meeting, holders of nominee-registered shares must instruct their nominee to have the shares registered in the holder's own name, so that the holder is entered in the share register maintained by Euroclear Sweden AB as of Thursday, 23 May, 2017. Such registration may be temporary.

PROXY AND PROXY FORM

Anyone who does not attend the meeting in person may exercise their rights 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. 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 registration certificate or equivalent documentary authority for the legal person must be appended. Unless a longer period of validity is specified on the form of proxy, subject to a maximum of five years, a power of attorney may not be older than one year. 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

- May be made via the Company website: www.alimakgroup.com;
- By letter to: AGM Alimak Group AB, c/o Euroclear Sweden AB Box 191, SE-101 23 STOCKHOLM, Sweden; or
- By telephone on (Int+46) (0)8-402 92 08 (weekdays, from 9.00 a.m. to 4.00 p.m.)

WHEN NOTIFYING THE COMPANY, PLEASE STATE

- your name or company name;
- personal ID or company registration number;
- address and daytime telephone number;
- number of shares;
- assistants, if any.

NOMINATION COMMITTEE

The Nomination Committee shall prepare proposals regarding election of Board Chairman, Vice Chairman and other Board members, election of auditor, election of the Chairman of the AGM, fees and other related matters. The Nomination Committee for the AGM 2017 comprises the following members:
- Roger Hagborg, Triton, Chairman of the Nomination Committee
- Johan Lannebo, Lannebo Funds
- Åsa Nisell, Swedbank Robur Funds
- Fraser Maingay, York Capital Management
- Anders Thelin, Alimak Group's Chairman of the Board

DIVIDEND

15 May, 2017 is proposed as the record day. If the meeting approves this proposal, it is estimated that the dividend will be paid by Euroclear Sweden AB on 18 May, 2017.

For more information, please contact:
Sofia Wretman, Head of Communications & IR
Telephone: (Int.+46) (0)8-402 14 40.
E-mail: sofia.wretman@alimakhek.com

FINANCIAL REPORTS ARE AVAILABLE ON REQUEST FROM ALIMAK

- Via the Company's website: www.alimakgroup.com
- By telephone on: (Int.+46) (0)8-402 14 41
- Mailing address: Alimak Group, Box 70340, SE-107 23 Stockholm, Sweden

Definitions

In this report, alternative performance measures (APMs) are used, that is, key performance and earnings measures that are not defined in IFRS. APMs are used as guidance to both investors and management in their analysis of the Company's operations. The alternative performance measures used are described in the following.

Average number of shares, diluted
Weighted average number of shares outstanding during the period, plus potential additional shares.

Earnings per share, basic/diluted
Earnings after tax in relation to the average number of shares basic and diluted.

EBITA
Operating profit before depreciation and amortisation of intangible assets.

EBITDA
Operating profit before depreciation and amortisation, property, plant and equipment and intangible assets.

Equity/assets ratio
Shareholders' equity as a percentage of total assets.

Equity per share, basic/diluted
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.

Items affecting comparability
Nonrecurring income items with a major impact on profit and of significance to an understanding of the trend of income.

Net debt/EBITDA ratio
Interest-bearing liabilities net (excluding shareholder loans) and assets, plus cash and cash equivalents.

Net debt/equity ratio
Net debt in relation to shareholders' equity.

Operating margin (EBIT %)
Operating profit (EBIT), as a percentage of revenue during the period.

Operating profit (EBIT)
Profit before financial items and tax.

Order intake
All orders where contracts have been signed and confirmed during the accounting period under review. Cancelled orders affect the reported order intake if cancellation takes place during the year the order was booked.

Return on capital employed
Operating profit (EBIT), rolling 12-month amount, as a percentage of average capital employed. Capital employed is the sum of net debt plus shareholders' equity plus shareholder loans.

Return on equity
Profit after tax for the period, rolling 12-month amount, as a percentage of the average shareholders' equity excluding shares without a controlling interest.

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alimakgroup.com

Alimak Group AB
Brunkebergstorg 5, 3 tr, SE 111 51 Stockholm
Phone: +46 8 402 14 40 E-mail: info@alimakhek.com