

Annual Report 2016

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Liljedahl Group

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2016 in brief

- > Liljedahl Group earnings (EBIT) were SEK 256 million, an improvement of SEK 30 million compared to 2015.
- > Finnvedens Bil and Finnvedens Lastvagnar had one of their best years ever.
- > LMT Group strengthened its positions and started 2017 with a healthy order book.
- > Hörle Wire Group, Elcowire Group and LWW Group continued to invest in efficient production and sales processes and increased capacity.
- > Bufab recorded organic growth of 4% over the year.

Key ratios	2016	2015	2014	2013	2012
Net sales, SEK 000s	9,279,434	9,839,602	8,732,758	8,809,583	9,369,607
EBITDA, SEK 000s	390,032	341,748	279,197	269,330	212,860
Operating margin, %	7.6	7.5	5.9	6.2	3.4
Profit after financial items, SEK 000s	242,488	205,316	149,797	140,149	61,127
Return on shareholders' equity, %	13.0	12.2	9.5	9.6	4.8
Equity/assets ratio, %	42	45	46	42	39
Average number of employees	1,183	1,178	1,221	1,172	1,210

This is Liljedahl Group

Liljedahl Group is a family-owned group of companies that owns and develops its holdings with a focus on long-term value generation.

Liljedahl Group is a committed owner managing and supporting its holdings via owner directives and active board work.

Long-term vision, business development and collaboration are the keywords that describe the business approach of Liljedahl Group.

Since its start in 1982, Liljedahl Group has seen profitable growth. Liljedahl Group today has seven wholly-owned

holdings with combined sales of over SEK 9 billion. Liljedahl Group is also the largest owner in Bufab, which is listed on NASDAQ Stockholm. Sales at Bufab are close to SEK 3 billion. The holdings have operations in the Nordic countries, Europe and China.

Consolidated sales for Liljedahl Group amounted to SEK 9,279 million in 2016 and EBIT of SEK 256 million.

Strategy

The overall strategy for Liljedahl Group is to assist and support the long-term development of its holdings.

Business concept

Liljedahl Group is an owner with long-term vision using knowledge and capital to foster continued growth. As an owner, Liljedahl Group takes an active role and creates stable conditions for further growth.

Holdings

Finnvedens Bil

Market-leading dealer of Volvo, Renault and Dacia cars and Renault's light commercial vehicles with authorised workshops for servicing and maintenance.

Finnvedens Lastvagnar

Sweden's largest private dealer of Volvo trucks with authorised workshops for servicing and maintenance.

LMT Group

Leading partner for the Nordic manufacturing industry as a supplier of advanced tool machines, machines for sheet metal reforming, tools, industrial consumables, servicing and maintenance.

Hörle Wire Group

Strong position in the Nordic region for bare wire and flat rolled wire and for flat rolled wire in the German market, and among the foremost companies in Europe for armouring wire for land and submarine use.

Elcowire Group

A major producer of copper wire rods in Europe and a manufacturer of wire and profiles made of both copper and aluminium.

LWW Group

LWW Group is the leading supplier in Europe of copper and aluminium winding wire for electric motors, generators and transformers.

Liljedahl Group Fastighets AB

Responsible for managing and developing the property portfolio of Liljedahl Group.

Bufab

Bufab is a trading company offering customers complete solutions as a Supply Chain Partner for sourcing, quality control and logistics of C-parts (screws, nuts, etc.).

Comments by the Group CEO

Liljedahl Group had good full-year results for 2016. We create the conditions for success within our holdings through a combination of active owner management and decentralised decision-making.

Many of the Liljedahl Group holdings also showed a very good profit during the year. Finnvedens Bil and Finnvedens Lastvagnar both had one of their best years ever. LMT Group also performed extremely well. The company's focus on acquiring more and more satisfied customers is reflected in its strong market position and healthy order book.

Hörle Wire Group, Elcowire Group and LWW Group operate within a mature market under strong price pressure, and therefore two of the three holdings experienced declining profitability. The companies are consciously working to make their production and sales processes more efficient. This work is expected to produce clear results in the coming years.

Stable basis for growth

Liljedahl Group presents a stable basis for growth. We find out about the conditions and markets of the holdings in depth, so that we can support them over the long term when things are going well and not so well. We are an active and committed owner wanting to see our holdings grow both organically and through acquisitions that are in line with the strategic plan of the respective company.

Liljedahl Group's management model is based on clearly defined roles between the owner, the board and the company management. We believe that business decisions are best made out in the field by the individual companies with a strategic framework for support.

We exercise our influence as owner by appointing boards for our holding companies as well as by issuing owner directives and active involvement on boards.

During the year we have developed and clarified our approach to corporate governance by renewing ownership directives for all of our holdings so that they reflect what we want our companies to achieve. We also work actively to recruit new external board members.

Investment in listed company

In January 2016, Liljedahl Group invested for the first time in a listed company, Bufab.

At the end of the year, we had an ownership share of 17.4%. Our goal as the holding company for Bufab is to be a clear, long-term and dominant owner and establish conditions for long-term growth.

The acquisition of Bufab has been very profitable for both parties. Bufab has found a stable and visible owner in Liljedahl Group with knowledge of the industry and a strong market focus. Bufab provides valuable insights regarding strategy, goal setting and assigning roles within a listed company.

Finnvedens Bil

Finnvedens Bil sold a record number of cars and delivered outstanding results this year. Thanks to a talented management team and dedicated employees, who are always thinking of the customer, the company has created fantastic company spirit and managed to become one of Volvo's best dealers.

The partnership with Volvo is strong and works well, benefiting both parties. We would like to grow with Volvo and become a larger player in the retail car trade.

Finnvedens Lastvagnar

Finnvedens Lastvagnar had a very good year. Volvo's high quality products and good economic conditions favoured business, as well as the acquisition of Skånebil Lastvagnar AB in December 2015, which provided a new market in southern Sweden. One of the most important reasons for the good results is the fantastic team at Finnvedens Lastvagnar who provide complete solutions so that our customers' businesses can succeed.

Finnvedens Lastvagnar currently has 17% of the truck market in Sweden and the potential to grow as a strategic partner for Volvo.

LMT Group

LMT Group also had a strong year thanks to good economic conditions and good sales and service organisation. Din Maskin, which sells high-quality machines for sheet metal processing, experienced particularly strong growth.

They turned a corner this year with better and more stable economic conditions, which resulted in a healthier order book.

Hörle Wire Group

Hörle Wire Group, which manufactures wire and steel wire products, had good results after a few difficult years. The company has new management that has focused on making processes more efficient and reducing costs. The next step is to develop the company's market positions. The company sees opportunities to strengthen its business in the Nordic region and throughout Europe as well as developing partnerships with customers.

Elcowire Group

Elcowire Group has a leading position in the Nordic region and Europe as a manufacturer of electrical conductors. During the year, several major disruptions to production resulted in increased costs and poorer results in 2016 compared to 2015. Steps have been taken to try to minimise similar disruptions. Demand for the company's products continues to be good thanks to increased investments in infrastructure. Decisions have been made regarding investments in increased capacity. The prospects for better financial results in 2017 are very good.

LWW Group

LWW Group is the leading supplier in Europe of winding wire for generators, transformers and motors. Demand for the company's products is expected to increase in 2017 thanks to greater investment in infrastructure and the transition to electric motors in light automotive vehicles. The Group has made major investments in ultra-modern enamelling facilities in its subsidiaries Isdraht GmbH (Germany) and AB Dahréntråd (Sweden). Investments and increased demand should bring about improved results in 2017 compared to 2016.

Liljedahl Properties

Functional properties are a strategic resource in the development of Liljedahl Group's holdings.

As an owner, we can adjust the properties efficiently and flexibly as needed, both in the short and long term.

During the year, work started on a new service and repair workshop for Finnvedens Lastvagnar in Skövde, a SEK 75 million investment.

Bufab

Since Liljedahl Group acquired the first block of shares in Bufab in January 2016, we have increased our ownership share further. Bufab creates important added value for customers by simplifying and streamlining the purchasing chain. This is a business model that we strongly believe in. The company's current sales are close to SEK 3 billion and can grow even further both organically and through acquisitions.

Developing partnerships

The most important task for Liljedahl Group's holdings is to create value. Therefore our companies are constantly working to expand and deepen their partnerships with their customers so that we can predict their needs and help them succeed. We look forward to continued close relations with customers, suppliers, employees and the larger community in 2017.

Bengt Liljedahl
CEO





Long-term vision

Value-based business approach,
strong capital base and profitability.



Business development

Active board work, industry knowledge
and decentralised decision-making.



Collaboration

Coherent ownership, support for overall
issues and know-how as a joint resource.

Core values

Liljedahl Group's approach involves long-term thinking, business development and collaboration. Our core values permeate the company's ownership strategy and the development of our holdings. The core values are also the starting point for the strategic and operational decisions at companies and provide guidance when interacting with customers, suppliers, employees and the larger community.

Stable platform for growth

The overall strategy for Liljedahl Group is to assist and support the long-term development of its holdings.

Long-term vision

Liljedahl Group is a stable platform for its holdings. The company's long-term vision and strong capital base creates the conditions for growth and development within its holdings.

The goal is to build strong and sustainable holdings that can grow. This long-term vision means that the holding company gets to know its holdings, their market and their strategic requirements in depth. This creates the competence that is required to support the strategic development of these companies.

Liljedahl Group has no set time-limit for ownership and is not looking to create the best exit strategy. As long as our holdings continue to grow, we will continue on the same journey together.

The long-term approach to business also affects the company's business ethos. Liljedahl Group and its holdings must act in such a way that they are perceived as reliable and responsible companies.

Business development

Liljedahl Group provides value through active board work with a focus on goal setting and business development as well as by ensuring that its holdings have an optimum financial structure.

The ownership strategy provides the companies with room to plan for sustainable growth and make long-term investment decisions to grow the business.

Liljedahl Group's management model is based on a decentralised decision-making structure, with great respect for the sector expertise within each holding. This means that decisions are made as closely to the respective market as possible, and each holding has its own unique corporate culture.

The management model promotes a spirit of entrepreneurship in all of the holdings, but it requires effective local operations and management.

Collaboration

Liljedahl Group's holdings run their business strategically and are financially independent of each other.

Liljedahl Group takes responsibility for overall, Group-wide issues such as certain legal and financial issues. A coherent strategy in these areas creates security for the holdings and increases efficiency.

Liljedahl Group also produces analyses and documentation for the boards of the individual holdings in order to make decisions, and we offer support for acquisitions within existing holdings.

The holdings work together on training issues, where Liljedahl Academy offers training and education for employees within the holdings. These joint training efforts for management groups as well as regular meetings with the CEO also act as a forum for exchanging ideas and knowledge between the holdings.

Active and long-term commitment

Liljedahl Group is committed over the long term to its holdings and does not have a set time-limit for its ownership.

The financial stability of the holding company guarantees long-term growth within the holdings.

Liljedahl Group is a family-owned group of companies with a strategy to support and assist the long-term growth of its holdings. Acquisitions can occur in companies that are listed on the stock exchange or not.

Liljedahl Group currently owns 100% of the shares in seven of eight holdings. The ownership share of Liljedahl Group in the listed holding Bufab was 17.4% at the beginning of the year.

The objective for partially-owned holdings that are either listed or not listed on the stock exchange is to own as large share as possible so that Liljedahl Group has significant influence on the management of the company. If new, directly-owned acquisitions are made, the acquisition must be of a certain size so that it can act as a separate company with an independent management team.

All of the holdings within Liljedahl Group are Swedish companies with an international focus. By far the largest portion of the business is in Europe. Liljedahl Group is pleased to see new acquisitions coming from the holdings within the framework of a well-structured strategic process. The purpose of acquisitions is to allow the company to expand into a new market or develop a complementary product line. The respective board makes decisions regarding strategic acquisitions.

Liljedahl Group sees major potential in committed company managers who have overall responsibility for their business and their own profit/loss statement and balance sheet. Consequently, new acquisitions are only integrated on matters involving corporate governance.

Liljedahl Group is not involved in any operating decisions, but exercises its ownership by appointing a CEO and Board of Directors and through active board work.



Focus on value-generating business development

As an owner, Liljedahl Group focuses on business development that generates value for the holdings. This is achieved through structured management, clear roles and active board work based on in-depth knowledge of the respective industry sector.

Liljedahl Group's strategy is based on decentralisation. The holdings run their business strategically and financially independent of each other and work toward goals and requirements that are established in the ownership directives.

The issues that effect a holding are handled by the respective board.

As a result of decentralised management, Liljedahl Group has a small and cost-effective organisation that can focus on increasing value for the holding company.

Competent boards

For all holdings, the holding company appoints a committed and professional board of directors, including both external members and members from Liljedahl Group.

The company's board of directors appoints a CEO and evaluates the performance of the company management. Other important matters for the board include ensuring that there is sound internal control, and evaluating and managing the risks to which the company is exposed.

Each board adopts a business plan in which a strategy for the company's development is laid out. The strategy varies from holding to holding. For example, it may relate to a geographical expansion, improvements to customer offerings or increasing production efficiency through investments in improved production technology.

Careful monitoring

Liljedahl Group carefully monitors development within its holdings. The intention is to solve most problems within each company, but the holding company provides resources as needed, for example support during an acquisition process.

Liljedahl Group provides the boards of the holdings with continuous and comparable analyses, for example performance analyses, cost-revenue analyses, analyses of tied up capital and industry analyses.

Liljedahl Group is also responsible for consolidated financial accounting, performing internal audits and addressing financial issues.

The objective is for all holdings to generate profits according to the ownership directives that are established.

Surpluses from operations are invested in new acquisitions, by increasing the ownership share in existing holdings or by seeking other investments.

Code of conduct

At the heart of its ownership is the embedding of shared values and common principles. Over the past year, Liljedahl Group has adopted and implemented a code of conduct to provide support for the day-to-day work of all employees, both at the head office as well as in the holdings.

Liljedahl Group works in accordance with good ethical practice and complies with the local laws in countries where the holding company and holdings operate. The business is run in close consultation with business partners, employees and other parties that affect or are impacted by business activities in Liljedahl Group.

All employees and board members must play their part in ensuring that all the companies in Liljedahl Group are perceived as reliable and responsible businesses.

Sustainable approaches

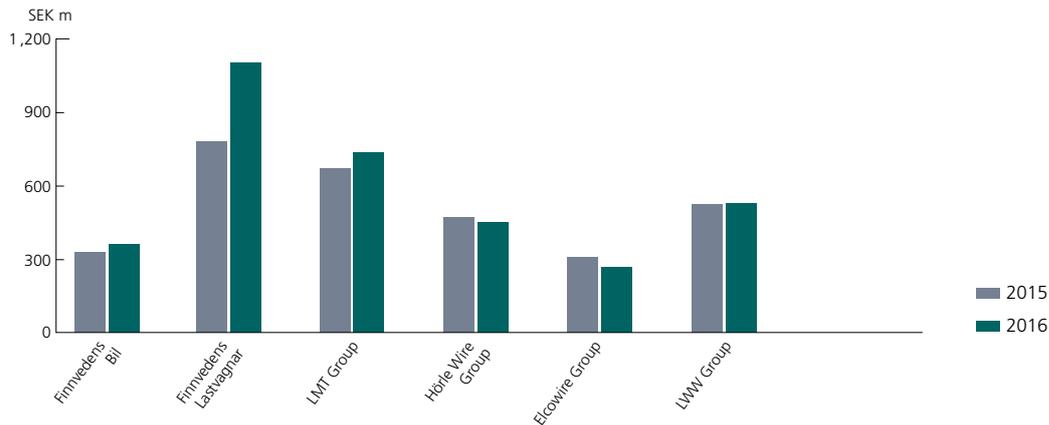
Each holding must work towards increased sustainability in terms of growth. This means that the company must:

- > be profitable in order to survive over the long term
- > work to minimise the environmental impact of the company's operations
- > work towards achieving a fair and equal working environment for employees
- > conduct themselves in an ethical manner in terms of customers, suppliers and other stakeholders.

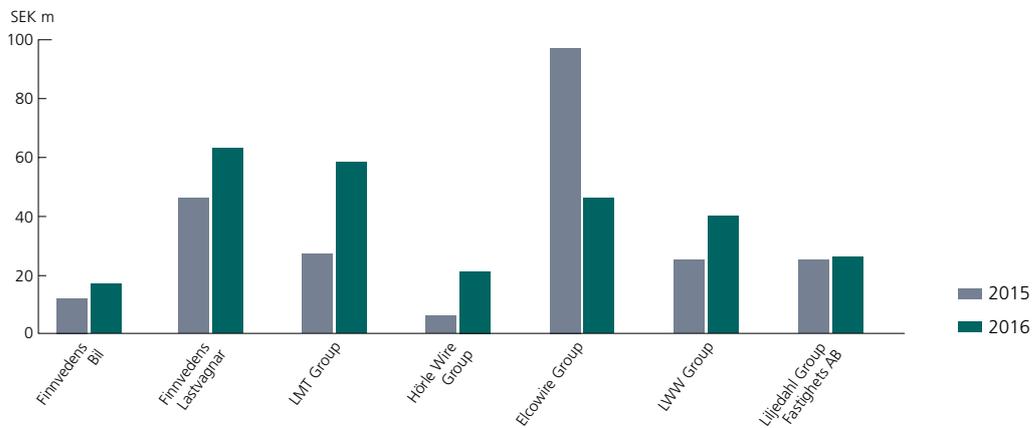
At present, work is underway in terms of integrating all perspectives on sustainability into the holdings' business processes so that Liljedahl Group can ensure consistent and sustainable operations with financial, environmental and social sustainability.

Company overview

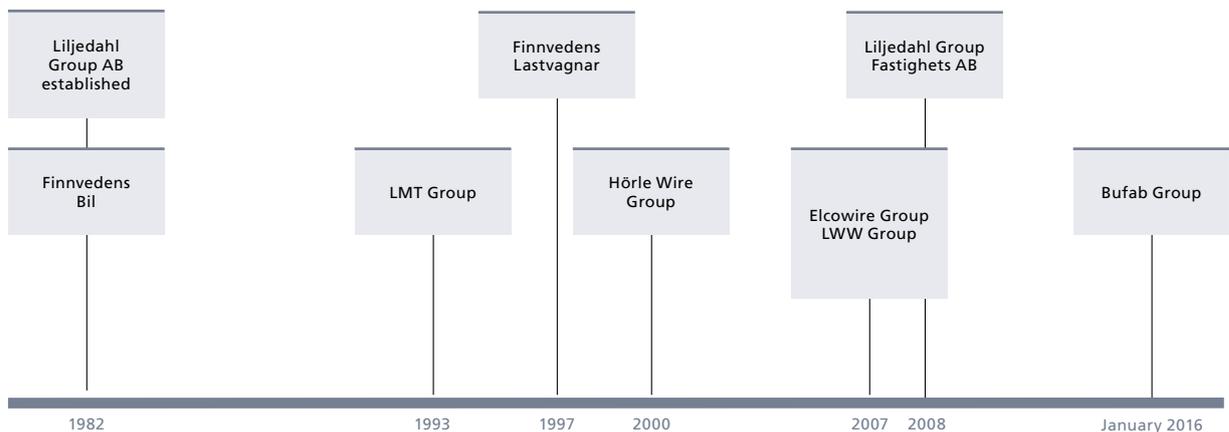
Net sales, excl. metal



Operating profit



Liljedahl Group – development of holdings



Wholly-owned companies		Previous year	
	Net sales, SEK m	362	Finnvedens Bil sold a record number of cars and delivered one of its best ever results.
	Operating profit/loss, SEK m	17	
	Net sales, SEK m	1,101	Finnvedens Lastvagnar increased its market share in a strong truck market in 2016. The company achieved one of its best ever results.
	Operating profit/loss, SEK m	63	
	Net sales, SEK m	734	LMT Group expanded its service departments with a focus on customer satisfaction, competitiveness and profitability. The company strengthened its positions in the market during the year.
	Operating profit/loss, SEK m	58	
	Net sales, SEK m	448	Hörle Wire Group focused on making processes more efficient and reducing costs, which resulted in a good profit at the end of the year and at the same time created the conditions for consolidating its market positions.
	Operating profit/loss, SEK m	21	
Elcowire Group	Net sales, SEK m	5,736	Elcowire Group invested in increased capacity to meet the demand for the company's products by expanding infrastructure. Several major disruptions to production had a negative impact on profit for the year.
	Operating profit/loss, SEK m	46	
	Net sales, SEK m	2,358	LWW Group reduced its market share in Europe, a market that decreased overall. The company established its position as a supplier to manufacturers of electric cars and hybrid cars.
	Operating profit/loss, SEK m	40	
Liljedahl Group Fastigheter AB	Net sales, SEK m	51	Liljedahl Group Fastigheter started construction of a new plant for Finnvedens Lastvagnar and delivered newly constructed, renovated and remodelled properties to several of the group's companies.
	Operating profit/loss, SEK m	26	
Partially-owned companies		Previous year	
	Ownership share, %	17.4	Bufab recorded its best operating profit and profit after tax ever. Net sales increased by 16% during 2016, giving Bufab their best net sales results ever.
	Net sales, SEK m	2,847	
	Operating profit/loss, SEK m	2,458	

Finnvedens Bil



Finnvedens Bil is a dealer of Volvo and Dacia cars, as well as Renault cars and light vans. The company recorded its largest sales volume for cars ever during 2016 and continues to have a healthy order book.

Operations

Operations at Finnvedens Bil consist of sales, service and spare parts as well as financing.

Products and services

> **Dealer** of Volvos, Dacias and Renaults new and used vehicles as well as Renault's light vans.

> **Complete solutions** including repairs, full service and claims workshop, spare parts, washing, fuel, tyre hotel, financing and rental car operations.

Markets

Finnvedens Bil is located in Värnamo, Gislaved and Smålandsstenar. The company has a quarter of the market in its territory.

“The partnership with Volvo is strong and works well, benefiting both parties.

Business concept

We will always provide problem-free vehicle ownership so that customers will perceive us as a reliable partner offering a variety of services and wholehearted commitment and respect for the customer's time.

www.finnvedensbil.se

362

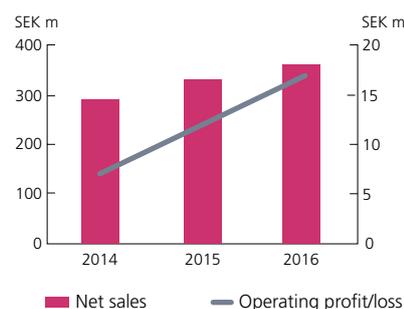
Sales in SEK m

57

Number of employees

Units
Värnamo
Gislaved
Smålandsstenar

Net sales and operating profit/loss



Key ratios

SEK million	2016	2015	2014
Net sales	362	331	291
EBITDA	58	44	28
EBITA	17	12	7
EBT	16	11	5

FINANCIAL POSITION

Intangible assets	0	0	0
Tangible assets	176	143	102
Other assets	68	64	45
Cash and bank balances	0	0	0
Total assets	243	207	147
Total shareholders' equity	62	50	41
Interest-bearing liabilities	137	123	85
Non-interest-bearing liabilities	44	34	20
Total equity and liabilities	243	207	147
EBITA margin, %	4.7	3.7	2.5
Average number of employees	57	55	52
Equity/assets ratio, %	26	24	28

Achieving our goals

Finnvedens Bil had one of its most profitable years ever. The number of cars sold increased by 12% compared with last year's record in an overall strong market for vehicle sales.

A long-term and structured approach to improved efficiency, service level and customer satisfaction contributed to the success.

Strategy for profitable growth

Continued strategic partnership with major brands such as Volvo, Renault and Dacia.

In order to further strengthen relations with customers and increase customer satisfaction, Finnvedens Bil will continue to develop complete solutions, improve availability, focus on friendly interactions and smooth processes.

Important events in 2016

- > New record for car sales makes Finnvedens Bil the market leader in its region.
- > Opening of a new vehicle washing facility in Värnamo.
- > Finnvedens Bil partnered with Volvo/Renault to develop professional development programmes on both the service and sales side.
- > Finnvedens Bil is actively working on a variety of events and activities in order to reach the company's various target groups.



CEO
Robert Larsson

Board

Anna Liljedahl, Chairman
Bengt Liljedahl
Gunilla Lilliecreutz
Kjell Sture

Finnvedens Lastvagnar



Finnvedens Lastvagnar is Sweden's largest private dealer of Volvo trucks. The company had a very good year with increased volumes and secured its leading position in the market.

Operations

Finnvedens Lastvagnar is an authorised dealer of Volvo trucks. The customers are transport companies and hauliers. Finnvedens Lastvagnar offers complete solutions that help make its customers' transportation operations as cost-efficient as possible. The offer includes sales, service, vehicle rental, spare parts, insurance and financing.

Products and services

> Sales and rental

Finnvedens Lastvagnar sells heavy duty vehicles with complete and customised solutions in terms of the chassis, additional components and trailers. The company also operates a large used vehicle centre. Finnvedens Lastvagnar has an extensive rental operation with roughly 40 vehicles for all types of purposes.

> Service and spare parts

Finnvedens Lastvagnar offers servicing and spare parts for trucks and buses. An increasingly important part of the offering includes scheduled and preventative maintenance that minimises the risk of vehicle breakdowns.

> Financing and range of services

Finnvedens Lastvagnar offers a wide range of services. The company offers customers attractive financing terms, tailored service agreements and customised vehicle follow-up, which reduces fuel costs and extends the life of the vehicle.

Markets

Finnvedens Lastvagnar has 19 locations in Småland, Västergötland, Blekinge and Skåne. The company sells almost every other vehicle in its territory.

“A very strong year with the development of complete solutions.

Business concept

By offering an integrated approach to truck ownership, we want to help our customers succeed.

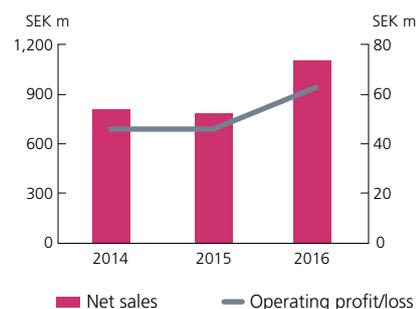
www.finnvedenslast.se

1,101
Sales in SEK m

274
Number of employees

Units
19 locations
in Sweden

Net sales and operating profit/loss



Key ratios

SEK million	2016	2015	2014
Net sales	1,101	787	807
EBITDA	81	54	54
EBITA	63	46	46
EBT	66	48	46

FINANCIAL POSITION

Intangible assets	20	23	0
Tangible assets	76	46	26
Other assets	347	282	197
Cash and bank balances	0	7	51
Total assets	443	358	274
Total shareholders' equity	183	151	128
Interest-bearing liabilities	101	63	32
Non-interest-bearing liabilities	159	144	113
Total equity and liabilities	443	358	274
EBITA margin, %	5.7	5.8	5.7
Average number of employees	274	262	268
Equity/assets ratio, %	41	42	47

Achieving our goals

Finnvedens Lastvagnar posted its best profit ever in 2016.

- > Increased market share.
- > Expanded service offering.
- > Improved service offering.

Strategy for profitable growth

Continued strategic partnership and development together with Volvo.

Improved market share in the company's territory.

Continued development of servicing and other services for an even stronger, integrated offering.

Investment in training and skills development among employees to meet the customer's changing needs.

Important events in 2016

- > Finnvedens Lastvagnar increased its market share in a strong truck market.
- > Integration of operations in Ängelholm, which was acquired at the end of 2015/beginning of 2016.
- > Construction started of new service centre in the Skövde transport hub.
- > Further expansion of servicing, other services and financing offerings.
- > Opening of a new workshop in Vetlanda.

**Finnvedens
Lastvagnar**



CEO
Anna Liljedahl

Board

Bengt Liljedahl, Chairman
Anna Liljedahl
Gunilla Lilliecreutz
Kjell Lanned
Tom Jörning



LMT Group

Ravema and Din Maskin are leading partners in the Nordic manufacturing industry as suppliers of advanced tool machines, production equipment and efficient service organisations. Din Maskin made strong progress.

Operations

The LMT Group includes the companies Ravema (Sweden, Norway and Finland) and Din Maskin (Sweden and Norway).

Products and services

- > **Machine tools** for metal cutting from Ravema, which represents Mazak, the world's leading manufacturer of advanced machine tools.
- > **Equipment for sheet metal processing** from Din Maskin, which represents Prima Power, and Mazak lasers from Ravema.

> **Strong aftermarket** with technical support, preventative maintenance, service and spare parts.

> **Tools and industrial consumables** from Ravema, which represents Hoffman Group, among others, the world's leading supplier within the segment.

> **Measuring equipment** from Ravema which represents leading suppliers.

Markets

Ravema has operations in Sweden, Norway and Finland. Din Maskin operates in Sweden and Norway.

“LMT Group had a strong year thanks to favourable economic conditions and good sales and service organisation.

Business concept

Our business concept is to ensure that customers achieve increased productivity and profitability and to become their partner in this process.

www.lmtgroup.se

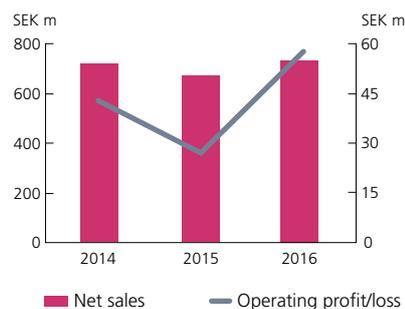
734

Sales in SEK m

169

Number of employees

Units
Ravema
 Sweden, Norway and Finland
Din Maskin
 Sweden and Norway

Net sales and operating profit/loss**Key ratios**

SEK million	2016	2015	2014
Net sales	734	670	718
EBITDA	60	30	46
EBITA	58	27	43
EBT	57	26	42

FINANCIAL POSITION

Intangible assets	0	1	2
Tangible assets	3	3	3
Other assets	293	281	239
Cash and bank balances	60	14	65
Total assets	356	298	309
Total shareholders' equity	141	136	137
Interest-bearing liabilities	19	21	22
Non-interest-bearing liabilities	196	141	150
Total equity and liabilities	356	298	309
EBITA margin, %	7.9	4.0	6.0
Average number of employees	169	171	176
Equity/assets ratio, %	40	45	45

Achieving our goals

Din Maskin in Sweden had its best year ever. Ravema in Sweden also had one of its best sales years in a long time. The background to this success is systematic processing of new customers and providing offerings that meet the customer's needs.

Din Maskin in Norway has turned around following long-term adjustment and establishment in the market.

LMT Group actively works to develop efficient solutions and monitor costs. One example is Ravema's service department which has developed more efficient and business-like organisation.

Strategy for profitable growth

Growth should rise by increasing the added value for customers in the form of better service, new products and new offerings.

In order to increase profitability, work will continue to reduce costs and increase efficiency by carefully managing objectives.

Important events in 2016

- > Expansion of the service departments at Ravema and Din Maskin with a focus on customer satisfaction, competitiveness and profitability.
- > Record year and record orders for Din Maskin in Sweden.
- > Launch of LMT Business School with focus on sales and leadership.
- > Clearer profiling of Ravema, with increased visibility on the market as well as modernisation of the technology centre and customer reception area.



CEO
Jörgen Fredsson

Board

Fredrik Liljedahl, Chairman
 Bengt Liljedahl
 Gunilla Lilliecreutz
 Hans Björstrand
 Håkan Larsson



Hörle Wire Group

Hörle Wire Group has a strong position in the Nordic countries and Europe as a manufacturer of steel wire and wire products. Efficient processes and reduced costs have produced a good profit for the year.

Operations

Hörle Wire Group consists of the companies Hörle Wire (Sweden), Hörle Wire (Slovakia), and Huesecken Wire (Germany).

Products and services

- > **Flat rolled wire** is used in locks and lock housings for windows and doors, for shop and kitchen fittings, as well as in furniture manufacturing.
- > **Cable armouring wire** protects the conductor in land and submarine cables used for power transmission and data communication.

> **Bare wire** is used in applications such as storage solutions and shop and kitchen fittings.

> **Baling wire** is sold in the Nordic market, where it is used in the recycling and paper pulp industry.

> **Fine wire** is bent into staples of different sizes and used in construction, furniture and packaging manufacturing, as well as in printing works.

Markets

Hörle Wire is the market leader in bare wire and flat rolled wire in the Nordic countries. Europe is a significant market for armouring wire and baling wire.

“A good year with a focus on making processes more efficient and reducing costs.”

Business concept

We specialise in complete, customised solutions for wire-based products, and create added value for industrial customers in Europe.

www.horlewire.com



Net sales and operating profit/loss



Achieving our goals

Hörle Wire Group has increased its market share for galvanised cable armouring wire in Europe by expanding forms of delivery and continuously investing in production equipment.

The facility in Germany has recovered market shares through successful marketing of its efficient production and high quality product.

Strategy for profitable growth

Flat rolled wire for windows and furniture offers good opportunities for growth particularly in the German and Central European markets. Huesecken Wire in Germany has the right capacity, efficiency and geographical position to meet demand.

Continued impetus in galvanised cable armouring wire with customised solutions and efficient delivery methods.

Continued investment to increase market share within packaging wire for the paper industry in Europe.

Important events in 2016

- > Consolidated position as the leading wire manufacturer for low-carbon steel wire within the Nordic region.
- > Consolidated position as Europe's second-largest manufacturer by volume of galvanised armouring wire for submarine and land cable.
- > Consolidated position as one of the leading manufacturers of flat rolled wire in northern Europe.
- > Investment in increased drawing capacity in Hörle Wire in Sweden and Slovakia.
- > Investment in increased galvanising capacity in Slovakia.
- > Continued investments in production efficiency in Sweden.

Key ratios

SEK million	2016	2015	2014
Net sales	448	469	435
EBITDA	33	17	17
EBITA	21	6	8
EBT	20	5	7

FINANCIAL POSITION

Intangible assets	2	3	4
Tangible assets	91	89	98
Other assets	138	121	133
Cash and bank balances	0	0	15
Total assets	232	213	250
Total shareholders' equity	102	85	84
Interest-bearing liabilities	65	65	77
Non-interest-bearing liabilities	65	63	90
Total equity and liabilities	232	213	250
EBITA margin, %	4.7	1.2	1.8
Average number of employees	148	148	164
Equity/assets ratio, %	44	40	33



CEO
Jesper Bundgaard



Board

Bengt Liljedahl, Chairman
Fredrik Liljedahl
Torbjörn Persson
Sune G Eriksson



Elcowire Group

Elcowire Group, formerly Liljedahl Bare Wire before 2017, has a leading position in the Nordic region and in Europe as a manufacturer of electrical conductors. Disruptions to production led to increased costs and poorer results than the previous year.

Operations

Elcowire Group consists of the units Elektrokoppar (Sweden), Isodraht (Germany) and Liljedahl Wire (China). There is a joint venture in the US together with Rea Magnet Wire.

Products and services

- > **Copper wire rods** and copper alloy wire rods are used for electrical conductors or for further processing into profiles.
- > **Profiles in copper and aluminium** are used in high-voltage cables for power transmission, for example from offshore wind farms. Commutator profiles are copper profiles for small electric motors

used in starter motors, domestic appliances and hand tools, among others. Contact wires and other railway applications are used for electricity transmission, for example, to rail traffic.

- > **Drawn wire and stranded wire in copper or aluminium** is used in power, telecommunication and installation cables.

Markets

Elcowire Group is a major producer of wire rods in Europe and a manufacturer of wire and profiles made of both copper and aluminium.

“Demand for the company’s products continues to be good thanks to increased investments in infrastructure.

Business concept

We are a leading manufacturer of copper and aluminium wire rods.
We are continuously improving our production and customer service.
We are developing products based on wire rods.

www.elcowire.com

Achieving our goals

A focused market investment in wire rods resulted in an increased market share in the Nordic region.

Volumes for certain projects have been reduced as a result of delayed deliveries, which affected profit in 2016.

Strategy for profitable growth

Nordic region

Elcowire Group, with its Elektrokoppar plant in Helsingborg, is the market leader for wire rods for cable manufacturers in the Nordic region, and the strategy is to increase market share.

Europe

Elcowire Group is a leading European manufacturer of commutators for applications in small engines, hand tools and domestic appliances. This position will be maintained through streamlining and increased quality.

The company is one of a few complete suppliers of conductors for power supply for railway applications. The market position in Europe for railway applications will be further strengthened through continued development of alloys for contact wire.

China

Elcowire Group has the potential to secure a larger market share in China by meeting the increasing demand for high-quality products.

The goal is to become a leading manufacturer of commutators for applications in small engines, hand tools and domestic appliances.

Important events in 2016

- > Established position as the market leader in Europe for advanced conductors for high tension cables.
- > Investments in increased production capacity for value-added products.
- > Continued initiatives in the automotive industry.
- > Increased volumes within railway applications.
- > Continued investments in production.



Net sales and operating profit/loss



Key ratios

SEK million	2016	2015	2014
Net sales	5,736	6,854	5,766
EBITDA	65	115	40
EBITA	46	97	22
EBT	40	89	13

FINANCIAL POSITION

Intangible assets	0	0	0
Tangible assets	69	70	84
Other assets	662	634	498
Cash and bank balances	59	24	23
Total assets	790	728	605
Total shareholders' equity	320	322	259
Interest-bearing liabilities	292	244	203
Non-interest-bearing liabilities	178	161	143
Total equity and liabilities	790	728	605
EBITA margin, %	0.8	1.4	0.4
Average number of employees	197	196	208
Equity/assets ratio, %	40	44	43



CEO
Leif Olsson (tel)

Board

Bengt Liljedahl, Chairman
Fredrik Liljedahl
Torbjörn Persson
Anders Paulsson
Svante Nilsson



LWW Group

LWW Group is the leading supplier in Europe of copper and aluminium winding wire for generators, transformers and motors. Increased demand for the company's products is expected to result in improved profit in coming years.

Operations

LWW Group has operations across four units: Dahréntråd (Sweden), Isdraht (Germany), LWW Slaska (Poland) and Liljedahl Wire (China).

Products and services

- > **Winding wire** is used in generators, transformers and motors.
- > **Enamelled wire** is used in transformers, electric motors, cars and domestic appliances.

> **Enamelled coils** are included in applications such as train motors and distribution transformers.

> **Braided coils** are used in generators and transformers, including in wind power and other power generation.

Markets

LWW Group is the leading supplier in Europe of copper and aluminium winding wire for generators, transformers and motors.

“LWW Group is the leading supplier in Europe of winding wire for generators, transformers and motors.

Business concept

We are the most reliable partner for sustainable winding wire solutions. Our skilled and motivated employees are continuously challenging our standard way of doing things.

www.lww.se

2,358
Sales in SEK m

332
Number of employees

Units
Dahréntråd
Sweden
Isodraht
Germany
LWW Slaska
Poland
Liljedahl Wire
China

Net sales and operating profit/loss



Key ratios

SEK million	2016	2015	2014
Net sales	2,358	2,570	2,598
EBITDA	63	50	61
EBITA	40	25	36
EBT	35	19	27

FINANCIAL POSITION

Intangible assets	0	0	0
Tangible assets	123	135	145
Other assets	670	584	722
Cash and bank balances	72	58	1
Total assets	865	777	868
Total shareholders' equity	373	367	377
Interest-bearing liabilities	362	269	366
Non-interest-bearing liabilities	130	141	126
Total equity and liabilities	865	777	868
EBITA margin, %	1.7	1.0	1.4
Average number of employees	332	340	346
Equity/assets ratio, %	43	47	43

Achieving our goals

LWW Group reduced its market share in Europe, a market that decreased overall.

LWW Group's facility in Germany continues to have profitability problems.

Strategy for profitable growth

Continued collaboration with the automotive industry in developing optimum engines for future electric vehicles and hybrid vehicles.

Continued focus on solutions for efficient generators for wind power and solar energy.

Investment in niche products such as enamelled superconductors for advanced medical technology equipment, for example MRI machines.

Continued investment in improved production efficiency, continuous process monitoring and more stable and energy-efficient enamelling facilities.

Important events in 2016

- > The company established its position as a supplier to manufacturers of electric cars and hybrid cars.
- > Preparations in order to become established as a manufacturer of superconductors.
- > Investment in enamelling facilities at Dahréntråd and Isodraht.
- > Investment in increased capacity for braided products at Dahréntråd and Liljedahl Wire.
- > Investment in web-based ordering system for customers.



CEO
Patrik Brouzell

LWWgroup

Board

Bengt Liljedahl, Chairman
Fredrik Liljedahl
Torbjörn Persson
Anders Paulsson
Alf-Åke Jansson
Hans Linnarson

Liljedahl Group Fastighets AB



**“As an owner,
we can adjust
the properties
efficiently and
flexibly as
needed.”**

Property ownership – a strategic resource.
Functional properties are a strategic resource in the development of
Liljedahl Group’s operations.

www.liljedahlgroup.se

Liljedahl Group Fastighets AB is responsible for managing and developing the Group's property portfolio.

With a portfolio of 19 properties and total leasable area of approximately 180,000 square metres, the portfolio constitutes the majority of the Group's property needs.

Owned properties and a separate property organisation ensure an efficient and flexible process for adapting premises to the respective needs of the business both in terms of new production and in the event of renovations.

Market-based terms in the internal group lease agreements ensure good maintenance and good opportunities to meet the needs of the Group with regard to premises in both the long and short term.

The need for new premises and those that are more tailored to specific businesses continues to be high. Liljedahl Group Fastighets AB works continuously to evaluate the best construction techniques and new geographic locations for new production.

Strategy and goals

Liljedahl Group Fastighets AB responds to market conditions and will generate a profit in line with similar property companies with commercial property holdings.

Important events in 2016

- > Purchase of land and start of new construction for the truck facility in Skövde.
- > Completed new construction and commissioning of automatic car washing facility for Finnvedens Bil, Värnamo.
- > Completion and handover of renovated and converted properties for Ravema, Värnamo as well as Elektrokoppar, Helsingborg.
- > Completion of energy project in property for storing and unloading Hörle Wire, Hörle.
- > Signing of operations and service agreement for the company's commercial real estate.

Units
19 properties
180,000 square metres

Net sales and operating profit/loss



Key ratios

SEK million	2016	2015	2014
Net sales	51	49	49
EBITDA	39	38	39
EBITA	26	25	26
EBT	18	19	19

FINANCIAL POSITION

Intangible assets	0	0	0
Tangible assets	340	308	301
Other assets	5	2	4
Cash and bank balances	0	0	6
Total assets	346	310	310
Total shareholders' equity	96	92	83
Interest-bearing liabilities	203	177	192
Non-interest-bearing liabilities	46	41	35
Total equity and liabilities	346	310	310
Equity/assets ratio, %	28%	30%	27%



CEO
Jonas Hallberg

Board

Torbjörn Persson, Chairman
Bengt Liljedahl
Fredrik Liljedahl
Anna Liljedahl
Gunilla Lilliecreutz



Bufab

Bufab is a leading supplier of components and services for the global manufacturing industry. Net sales for the year, operating profit and profit after tax were the highest ever for Bufab.

Operations

Bufab is a trading company offering a complete solution as a Supply Chain Partner for sourcing, quality control and logistics of C-parts (screws, nuts, washers, etc.).

Bufab creates added value for customers by simplifying and streamlining the purchasing chain.

Bufab shares are listed on the Nasdaq Stockholm under the abbreviation 'BUFAB'.

Products and services

> **Bufab's offering, Global Parts Productivity™**, helps customers focus on their core business by improving quality, achieving faster and more secure deliveries, reducing overall costs and releasing more capital.

> **Over 140,000 items** are stored in roughly thirty warehouses around the world for quick and reliable deliveries. These items can be purchased from an extensive supplier base consisting of several thousand suppliers across Europe and Asia.

> **In addition** to the retail business, Bufab also runs its own, highly technical operations manufacturing C-parts.

Markets

Bufab is an international company with operations in 24 countries. The company is strong in Europe and Asia. USA is a growth market.

Its customers are global companies that are found in all types of manufacturing industries.

“Bufab creates important added value for customers by simplifying and streamlining the purchasing chain.

www.bufab.com

Financial goals

Bufab's overall goal is to grow considerably faster than the market and achieve good profitability.

Sales growth

Bufab aims to achieve average, annual organic growth of three percentage points over a business cycle, exceeding the growth in the manufacturing industry in those countries where Bufab has operations. In addition, Bufab intends to grow through acquisitions.

Profitability

Bufab's goal is to achieve an average operating profit margin of 12% over one business cycle.

Capital structure

Bufab's capital structure must enable a high level of financial flexibility and provide room for acquisitions. The debt/equity ratio must not exceed 80%.

Operating capital

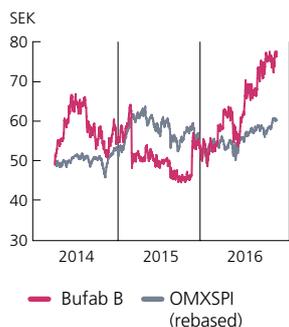
Bufab's long-term goal is to achieve a ratio between operating capital and net sales of 30%.

Important events in 2016

- > Net sales increased by 16% to SEK 2,847 (2,458) million. Organic growth was 4%. Orders received were higher than net sales.
- > Development and introduction of 'Bufab Best Practice', a long-term initiative to develop skills and working methods as well as processes and systems for sales, purchasing, quality and logistics.
- > Acquisition of Magnetfabriken AB in Västerås, one of the Nordic region's leading suppliers of magnets and magnet systems.
- > Acquisition of Montrose Holdings Ltd., which supplies fasteners, other C-class components and related services to customers within the industry, primarily in Great Britain.

2,847 Sales in SEK m	973 Number of employees	Units 33 wholly-owned subsidiaries in 24 countries
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Price trend Bufab B



Net sales and operating profit/loss



Key ratios

	2016	2015
Net sales, SEK million	2,847	2,458
Operating profit/loss, SEK million	272	197
Operating margin, %	9.5	8.0
Profit after financial items, SEK million	251	171
Earnings per share, SEK	4.29	3.27
Equity/assets ratio,%	45	45
Dividend per share, SEK	2.00*	1.70

*Board's proposal



CEO
Jörgen Rosengren

Board

- Sven-Olof Kulldorff, Chair.
- Hans Björstrand
- Johanna Hagelberg
- Bengt Liljedahl
- Eva Nilsagård
- Adam Samuelsson
- Johan Sjö
- Gunnar Tindberg

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Directors' report

Parent company operations

Liljedahl Group AB is a family-owned group of companies with seven wholly-owned holdings; Finnvedens Bil, Finnvedens Lastvagnar, LMT Group, Hörle Wire Group, Elcowire Group (formerly Liljedahl Bare Wire), LWW Group and Liljedahl Group Fastigheter. The Group's headquarters are in Värnamo. Liljedahl Group AB is also the largest owner in Bufab AB. Liljedahl Group AB is a committed owner managing and supporting its holdings via owner directives and active board work. Long-term vision, business development and collaboration are the keywords that describe the business approach of Liljedahl Group.

Holding operations

Finnvedens Bil – Authorised dealer of Volvos, Renaults and Dacias cars
Finnvedens Bil is a dealer of Volvo and Dacia cars, as well as Renault cars and light vans. Finnvedens Bil is located in Värnamo, Gislaved and Smålandsstenar.

Business operations at Finnvedens Bil comprise sales, service and spare parts, financing, car rental, car washing, tyre management, fuel and other activities involved with vehicle ownership.

Sales amounted to SEK 362 million (331) and profit after net financial items SEK 16 million (11). Number of employees is 57 (55).

Finnvedens Bil sold a record number of cars in 2016, which followed a record year in 2015. The company also opened a new washing facility in Värnamo during the year.

Finnvedens Lastvagnar - Authorised dealer of Volvo trucks

Finnvedens Lastvagnar is Sweden's largest private dealer of Volvo trucks. The business operates in 19 locations across southern Sweden and has its headquarter in Jönköping.

Business operations at Finnvedens Lastvagnar consist of sales, service and spare parts, financing, vehicle rental, insurance and complete, customised solutions for all these. Sales amounted to SEK 1,101 million (787) and profit after net financial items SEK 66 million (48). Number of employees is 274 (262).

Finnvedens Lastvagnar recovered and increased its market share in a strong truck market in 2016. The operations in Ängelholm, which were acquired at the end of 2015/beginning of 2016, were integrated during the year. The company opened a new service facility in Vetlanda during the year and also started construction of a new, full service facility in Skövde.

LMT Group – Machine supplier to the manufacturing industry

LMT Group comprises the companies Ravema and Din Maskin with operations in Sweden (Ravema AB and Din Maskin i Värnamo AB), Norway (Ravema AS and Din Maskin AS) and Finland (Ravema Oy). Ravema represents Mazak, among others, the world's leading manufacturer of advanced machine tools for metal cutting, and Hoffmann Group, Europe's leading supplier of quality tools and industry consumables. Din Maskin represents Prima Power, machines for sheet metal processing and laser technology.

The companies in LMT Group are leaders in their field and provide production solutions through machinery, service and industry consumables for the Nordic manufacturing industry within most sectors. Sales amounted to SEK 734 million (670) and profit after net financial items SEK 57 million (26). Number of employees is 169 (171).

LMT Group expanded the service departments with a focus on customer satisfaction, competitiveness and targeted profitability. The company also started LMT Business School focussing on sales and leadership.

Hörle Wire Group – Manufactures and processes a wide range of steel wire for the manufacturing industry

Hörle Wire Group has operations in Sweden (Hörle Wire AB), Slovakia (Hörle Wire s.r.o.) and Germany (Huesecken Wire GmbH). Hörle Wire Group manufactures and markets wire and wire products, such as flat rolled wire, galvanised armouring wire, bare wire and packaging wire. The products are used in shop and kitchen fittings, windows, power transmission, other types of construction and furniture.

Sales amounted to SEK 448 million (469) and profit after net financial items SEK 20 million (5). Number of employees is 148 (148).

Hörle Wire Group consolidated its market position during 2016, primarily within flat rolled and galvanised cable armouring wire. Investments were made in increased capacity in Slovakia.

Elcowire Group – Supplier of uninsulated electro-technical products

Elcowire Group (formerly Liljedahl Bare Wire) has operations in Sweden (AB Elektrokoppar), Germany (Isodraht GmbH), China (Liljedahl Wire (Taicang) Co. Ltd) and also has a 49% stake in a US-based company (Rea Liljedahl Profiles LLC), which is jointly owned with US company Rea Magnet Wire Inc.

The companies in Elcowire Group manufacture copper wire rods, process copper and aluminium wire rods for electrical conductors, profiles for high-voltage cables, small electric motors and contact wires for railways, as well as drawn wire and stranded wire for power, telecommunication and installation cables.

Sales amounted to SEK 5,736 million (6,854) and profit after net financial items SEK 40 million (89). Number of employees is 197 (196).

In terms of sales, 2016 volumes reached the planned level. Elektrokoppar, however, experienced several major disruptions to production that resulted in increased costs. Decisions were made during the year to invest in machinery for manufacturing profiles and will be implemented in 2017.

LWW Group – Supplier of insulated electro-technical products

LWW Group has operations in Sweden (AB Dahréntråd), Germany (Isodraht GmbH) and Poland (LWW Slaska Sp.z.o.o). LWW Group produces enamelled wire for electric motors, transformers, for example for cars and domestic appliances, enamelled coils in large train motors and distribution transformers, and braided coils for generators and transformers in applications such as wind power and other power generation. The raw material used is copper and aluminium wire.

Sales amounted to SEK 2,358 million (2,570) and profit after net financial items SEK 35 million (19). Number of employees is 332 (340).

Investments were made in modern enamelling facilities in Dahréntråd and Isodraht during the year. LWW Group continued to confirm its position as supplier to manufacturers of electric cars and hybrid vehicles.

Liljedahl Group Fastigheter – Owns, manages and develops the Group's properties

Liljedahl Group Fastigheter owns and manages approximately 180,000 square metres of leasable area across 19 properties. Tenants largely consist of Liljedahl Group's operating companies.

During the year, the company acquired land and started new construction of a full service facility in Skövde for Finnvedens Lastvagnar. The company also completed new construction and implementation of an automatic car washing facility in Värnamo for Finnvedens Bil.

Renovation and conversion of premises in Värnamo and Helsingborg for Group companies Ravema and Elektrokoppar have been completed and handed over. The company also completed an energy project at the property in Hörle for storage and unloading together with Group company Hörle Wire. Organisation grew stronger over the year.

Bufab – a leading Supply Chain Partner

Bufab is a trading company offering customers a complete solution as a Supply Chain Partner for purchasing, quality assurance and logistics of C-parts (screws, nuts, washers, etc.).

Bufab currently has over 30 operating companies active in 20 countries, primarily in Europe, but also in Asia. Bufab has a diversified customer base in many different sectors within the manufacturing industry and in most countries in the Nordic region, the rest of Europe, Asia and the USA. Bufab is listed on NASDAQ, Stockholm. See also Note 16 and 28.

Development of the Group's business, profit/loss and financial position

Financial overview	2016	2015	2014	2013
Income statement				
Net sales	9,279,434	9,839,602	8,732,758	8,809,583
Net sales, excluding metal	3,376,957	3,020,103	2,960,723	2,800,532
EBITDA	390,032	341,748	279,197	269,330
EBIT	255,539	225,988	176,125	173,042
Profit after financial items	242,488	205,316	149,797	140,149
Tax	-52,620	-45,785	-37,142	-32,695
Net profit for the year	189,868	159,531	112,655	107,454
Amortisation of intangible assets	-10,334	-7,676	-7,317	-10,112
Amortisation of tangible assets	-124,159	-108,084	-95,765	-86,176
Balance sheet				
Intangible assets	30,909	41,009	25,815	28,395
Tangible assets	890,787	807,676	773,809	726,489
Cash and cash equivalents	192,006	293,608	153,084	134,221
Shareholders' equity	1,546,731	1,372,650	1,247,909	1,133,078
Long-term liabilities	132,355	120,798	133,270	204,511
Total assets	3,657,867	3,030,357	2,734,832	2,699,623
Cash flow from operating activities	163,354	231,867	124,134	48,116
Investments				
Intangible assets	—	—	4,829	—
Tangible assets	102,241	58,300	83,762	26,013
Shares in Group companies	—	42,184	655	—
Acquisition of other investments held as fixed assets	426,571	5,000	—	—
Average number of employees	1,183	1,178	1,221	1,172
Key figures				
Operating margin, %	7.6	7.5	5.9	6.2
Profit margin, %	5.6	5.3	3.8	3.8
Return on shareholders' equity, %	13.0	12.2	9.5	9.6
Return on capital employed, %	10.5	10.7	9.1	9.0
Equity/assets ratio, %	42	45	46	42
Net worth/share, SEK	773	686	624	567

Definitions: see Note 29

Significant events during the financial year

Several acquisitions of shares in Bufab AB were made in 2016. Bufab AB is listed on the NASDAQ and the acquisition resulted in Liljedahl Group AB becoming the largest single shareholder, with an ownership share of 17.4%.

The goal of Liljedahl Group AB as the holding company of Bufab AB is to be a clear, long-term and dominant owner thus creating the conditions for stable growth.

During the year, Liljedahl Group AB decided on an extra dividend of SEK 12 million.

Expected future developments and significant risks and uncertainties

Liljedahl Group AB's return on invested capital depends on the development of the companies that Liljedahl Group AB has invested in and the ability to add value to these companies. There are good development opportunities for all the holdings.

Financial instruments and financial risks

Through its operations, the Group is exposed to different types of financial risks related to accounts receivable, laws, loans and derivative instruments. The financial risks consist of financing risks, interest rate risks, price risks, currency risks, credit risks and liquidity risks. Liljedahl Group AB's Board of Directors establishes the financial strategy for the parent company. There is no central finance department in the Group, however Liljedahl Group AB assists its companies with overall financial issues. The financial strategy for the holdings is established in financial policies by the board of the respective holding.

Liljedahl Group AB does not generally provide any lenders with surety for the obligations of the holding or any other party. Guarantees concerning the provision of equity capital can be issued after decisions by the board of Liljedahl Group AB. Every holding is responsible for its own financing. Loan agreements for the holdings contain terms regarding key financial figures, which are unique for each holding.

Financing risk and liquidity risk

Financing risk means the risk that the cost will be higher when taking out new loans and that refinancing of expired lines of credit may be more difficult. Loan agreements for the holdings contain terms regarding key figures, which are unique for each holding. The majority of the holdings' loans relate to the financing of operating assets.

Interest rate risk

The exposure of the Group to changes in interest levels is primarily in the companies' borrowing. To minimise this risk, there are interest swaps on part of the loan for Liljedahl Group Fastigheter.

Credit risks

Credit risks relate primarily to commercial transactions. Commercial exposure consists of credit risks in accounts receivable. Credit policies are in place in all holdings to reduce and assess risk. Finnvedens Lastvagnar is exposed to risk of recourse liability for transferred leases and hire-purchase agreements. Collateral in the form of reservation of ownership and the right of repossession, as well as ongoing monitoring of outstanding customer contracts in accordance with the company's credit policy reduces this risk.

Raw material risks

A significant portion of the invoicing in Elcowire Group and LWW Group consists of metal, primarily copper, but also aluminium. Copper and aluminium are priced based on the prices listed on the London Metal Exchange (LME).

Hedging with derivatives takes place on the LME for unpriced quantities for customers, including inventory. The Board has established a risk framework for each of the companies.

For a metal alloy such as steel, there is no option to hedge against price changes on any exchange.

For Hörle Wire Group, changes in the market price can result in changes to profitability.

Risk of falling prices

LMT Group, Finnvedens Lastvagnar and Finnvedens Bil have inventories of new, used and demonstration machines, trucks and cars whose value is exposed to potential drops in market price. Each company has guidelines and policies on the maximum outstanding value in the aforementioned inventories.

Currency risks

Currency risks are handled in accordance with the finance policy established by the board of the respective company. Currency risks are found both in terms of translation exposure linked to foreign Group companies as well as in monetary financial assets. In order to reduce the effects of exchange rate fluctuations, the purchase currency is matched against the sales currency to the greatest extent possible. For the portion of Group sales that take place in a currency other than local currency or the purchase currency, currency clauses and currency forward contracts are used to reduce the effects of exchange rate fluctuations.

Non-financial information

During the year, Liljedahl Group AB adopted a code of conduct setting out guidelines for business principles, human rights and social justice as well as environmental principles. This code of conduct constitutes a minimum requirement for all of the wholly-owned companies within the Group. The code of conduct can be found on the Liljedahl Group website.

During the year, the annual programmes for the board of the parent company and all wholly-owned companies have been changed to now include a special item for sustainability, where environmental issues, social and interpersonal relations, respect for human rights and anti-corruption efforts are included as items on the agenda. Liljedahl Group AB also opened the Liljedahl Academy in 2016 together with the Jönköping International Business School, where employees of the parent company and management teams in the wholly-owned holdings participated in joint training and education initiatives.

In addition to this, the CEO also holds meetings and arranges Group-wide meetings to exchange ideas and knowledge between the employees of the holdings.

Operations that are subject to licenses and notification under the Swedish Environmental Code

Group

The companies in Elcowire Group (formerly Liljedahl Bare Wire) are certified in accordance with the ISO 14001 environmental management system. AB Elektrokoppar is also registered according to EMAS (EU Regulation No. 1221/2009). AB Elektrokoppar conducts operations that require permits under the Swedish Environmental Code. The environmental impact mainly comes from the smelting of copper.

The companies in LWW Group are certified in accordance with the ISO 14001 and ISO TS 16949 environmental management system. Dahrénråd conducts operations that require permits under the Swedish Environmental Code. The environmental impact mainly comes from the manufacturing of enamelled copper and aluminium products. The main environmental impact of the business is through airborne emissions of organic solvents. Emissions are well below the EU Directive limits.

The companies in Hörle Wire Group are certified in accordance with the ISO 14001 environmental management system. Hörle Wire AB conducts operations that require permits under the Swedish Environmental Code. The permit relates to the manufacturing of processed, galvanised and drawn wire at the company's facility in which substances such as zinc, copper and suspended substances are used. The business impacts the environment through airborne and waterborne emissions.

Finnvedens Lastvagnar and Finnvedens Bil conduct operations that are subject to notification under the Swedish Environmental Code through their holdings of washing facilities for cars and trucks, workshops and fuel sales. The environmental impact is mainly caused by airborne and waterborne emissions.

No operational disruptions or abnormal events of significance for the external environment occurred during the financial year or after year-end.

Proposed appropriation of profit

The Board of Directors proposes that non-restricted equity of SEK 965,912,238 is allocated as follows:

To be carried forward	965,912,238
TOTAL	965,912,238

For further information about consolidated and parent company earnings and financial position, see the following income statements and balance sheets and the notes.

Consolidated income statement

SEK thousand	Note	2016	2015
Net sales	2	9,279,434	9,839,602
Change in work in progress, finished goods and ongoing work on behalf of another party		26,917	-46,494
Shares in earnings of associated company		382	765
Other operating income		33,225	22,688
Total operating income		9,339,958	9,816,561
Operating expenses			
Raw material and supplies		-6,195,152	-7,074,240
Goods for resale		-1,435,229	-1,130,557
Other external costs	3	-537,027	-542,687
Personnel costs	3	-735,826	-701,143
Amortisation/depreciation of intangible and tangible assets		-134,493	-115,760
Other operating expenses		-46,692	-26,186
Operating profit/loss		255,539	225,988
Profit/loss from financial investments			
Profit from securities and receivables that are non-current assets		10,610	3,654
Interest income and similar items	5	4,577	4,739
Interest expenses and similar items	6	-28,238	-29,065
Profit after financial items		242,488	205,316
Tax on profit for the year	8	-52,620	-45,785
NET PROFIT FOR THE YEAR		189,868	159,531

Consolidated balance sheet

ASSETS – SEK thousand	Note	31.12. 2016	31.12. 2015
FIXED ASSETS			
Intangible assets			
Goodwill	9	30,909	41,009
		30,909	41,009
Tangible assets			
Land and buildings	10	395,923	388,666
Plant and machinery	12	177,415	182,218
Equipment, tools, fixtures and fittings	13	50,660	44,102
Rental vehicles	11	217,314	168,487
Construction in progress and advance payments for tangible assets	14	49,475	24,203
		890,787	807,676
Financial assets			
Shares in associated companies		2,059	1,518
Other securities held as fixed assets	16, 17	436,144	9,573
Deferred tax asset	18	16,683	11,959
Other long-term receivables		22,201	6,575
		477,087	29,625
Total fixed assets		1,398,783	878,310
CURRENT ASSETS			
Inventories etc.			
Raw material and supplies		127,015	129,225
Products in progress		49,248	49,459
Finished products and goods for resale		754,501	667,570
Advance payments to suppliers		28,892	13,731
		959,656	859,985
Short-term receivables			
Account receivables - trade		1,008,096	911,482
Current tax assets		18,081	20,940
Other receivables		44,918	24,544
Prepaid expenses and accrued income	19	36,327	41,488
		1,107,422	998,454
Cash and bank balances			
Cash and bank balances		192,006	293,608
		192,006	293,608
Total current assets		2,259,084	2,152,047
TOTAL ASSETS		3,657,867	3,030,357

EQUITY AND LIABILITIES – Amount in SEK thousand	Note	31.12. 2016	31.12. 2015
Shareholders' equity	20		
Share capital		100,000	100,000
Reserves		181,872	172,440
Profit brought forward including net profit for the year		1,264,859	1,100,210
Total shareholders' equity		1,546,731	1,372,650
Provisions			
Provisions for pensions and similar commitments		181,217	184,423
Provisions for taxes	18	118,703	118,731
Other provisions	23	38,162	22,571
		338,082	325,725
Long-term liabilities			
Liabilities to credit institutions	24	118,043	107,032
Other liabilities		14,312	13,766
		132,355	120,798
Current liabilities			
Liabilities to credit institutions	24	982,795	647,869
Advanced payments from customers		94,659	47,730
Accounts payable - trade		252,030	248,967
Current tax liabilities		15,366	12,688
Other liabilities		84,055	56,959
Accrued expenses and deferred income	25	211,794	196,971
		1,640,699	1,211,184
TOTAL EQUITY AND LIABILITIES		3,657,867	3,030,357

Consolidated statement on changes in equity

SEK thousand	Share capital	Reserves
<i>Group</i>		
Opening balance 1.1.2015	100,000	159,532
<i>Changes in reported values as recognised directly in equity</i>		
Translation differences		-3,562
Transfers between non-restricted and restricted equity		16,470
<i>Total Changes in reported values</i>	—	12,908
Equity 31.12. 2015	100,000	172,440
Opening balance 1.1.2016	100,000	172,440
<i>Changes in reported values as recognised directly in equity</i>		
Translation differences		4,556
Transfers between non-restricted and restricted equity		4,876
<i>Total Changes in reported values</i>	—	9,432
Equity 31.12.2016	100,000	181,872
		Profit/loss brought forward including net profit for the year
<i>Group</i>		
Opening balance 1.1.2015		988,377
<i>Profit/loss for the year according to income statement</i>		159,531
<i>Changes in reported values as recognised directly in equity</i>		
Changes to accounting principles for pension provisions at Isodraht GmbH according to Swedish Annual Accounts Act		-16,100
Translation differences		-5,128
<i>Total Changes in reported values</i>		-21,228
<i>Transactions with Group's owners</i>		
Dividend		-10,000
<i>Transfers between equity items</i>		
Transfers between non-restricted and restricted equity		-16,470
Equity 31.12.2015		1,100,210
Opening balance 1.1.2016		1,100,210
<i>Profit/loss for the year according to income statement</i>		189,868
<i>Changes in reported values as recognised directly in equity</i>		
Translation differences		2,861
Adjustment of previous year's results		-1,204
<i>Total Changes in reported values</i>		1,657
<i>Transactions with Group's owners</i>		
Dividend		-22,000
<i>Transfers between equity items</i>		
Transfers between non-restricted and restricted equity		-4,876
Equity 31.12.2016		1,264,859

Consolidated cash flow statement

SEK thousand	Note	31.12. 2016	31.12. 2015
Operating activities			
Profit after financial items		242,488	205,316
Adjustment for non-cash items	27	97,409	82,159
		339,897	287,475
Paid tax		-51,283	-41,844
Cash flow from operating activities before changes in working capital		288,614	245,631
<i>Cash flow from changes in working capital</i>			
Increase (-)/Decrease (+) in inventories		-94,142	15,308
Increase (-)/Decrease (+) in current receivables		-106,028	-75,114
Increase (+)/Decrease (-) in current liabilities		74,910	46,042
Cash flow from operating activities		163,354	231,867
Acquisition, sale and depreciation of rental vehicles		-48,829	-56,559
Investment activities			
Acquisition of tangible assets		-102,241	-58,300
Sale of tangible assets		111	151
Acquisition of intangible assets		—	—
Acquisition of Group companies, net cash effect	27	—	-42,184
Change in financial assets		-445,580	-10,125
Cash flow from investment activities		-547,710	-110,458
Financing activities			
Borrowings		21,875	2,169
Repayment of loans		-11,037	-13,163
Increase (+) / Decrease (-) of current interest-bearing liabilities		343,501	94,432
Dividend paid to parent company shareholders		-22,000	-10,000
Cash flow from financing activities		332,339	73,438
Cash flow for the year		-100,846	138,288
Cash and cash equivalents at the beginning of the year		293,608	153,084
Exchange-rate differences in cash and cash equivalents		-756	2,236
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		192,006	293,608

Parent company income statement

SEK thousand	Note	2016	2015
Net sales		6,226	6,009
Other operating income		1,733	1,649
Total operating income		7,959	7,658
Operating expenses			
Other external costs	3	-5,818	-5,108
Personnel costs	3	-9,432	-9,391
Amortisation/depreciation of intangible and tangible assets		-37	-53
Operating profit/loss		-7,328	-6,894
Profit/loss from financial investments			
Profit from shares in Group companies	4	151,500	130,000
Profit from other securities and receivables that are non-current assets		6,545	—
Interest income and similar items	5	258	1,609
Interest expenses and similar items	6	-603	-69
Profit after financial items		150,372	124,646
Appropriations			
Appropriations	7	17,462	4,916
Profit before tax		167,834	129,562
Tax on profit for the year	8	-2,216	-4
NET PROFIT FOR THE YEAR		165,618	129,558

Parent company balance sheet

ASSETS – SEK thousand	Note	31.12. 2016	31.12. 2015
FIXED ASSETS			
Tangible assets			
Equipment, tools, fixtures and fittings	13	172	108
		172	108
Financial assets			
Shares in Group companies	15	633,869	693,869
Other securities held as fixed assets	16, 17	435,572	9,001
		1,069,441	702,870
Total fixed assets		1,069,613	702,978
CURRENT ASSETS			
Short-term receivables			
Receivables from Group companies		196,747	103,018
Current tax assets		—	239
Other receivables		314	315
Prepaid expenses and accrued income	19	1,711	1,902
		198,772	105,474
Cash and bank balances			
Cash and bank balances		1	190,909
		1	190,909
Total current assets		198,773	296,383
TOTAL ASSETS		1,268,386	999,361

EQUITY AND LIABILITIES – Amount in SEK thousand	Note	31.12. 2016	31.12. 2015
Shareholders' equity	20		
<i>Restricted equity</i>			
Share capital		100,000	100,000
Statutory reserve		8,000	8,000
		108,000	108,000
<i>Non-restricted equity</i>			
Profit/loss brought forward		800,295	692,737
Net profit for the year		165,618	129,558
		965,913	822,295
		1,073,913	930,295
Untaxed reserves			
Accumulated additional depreciation	21	36	20
Tax allocation reserves	22	30,734	48,212
		30,770	48,232
Provisions			
Provisions for pensions and similar commitments		1,755	1,533
		1,755	1,533
Current liabilities			
Liabilities to credit institutions		135,150	—
Accounts payable - trade		977	898
Liabilities to Group companies		12,076	15,044
Current tax liabilities		185	—
Other liabilities		11,827	1,750
Accrued expenses and deferred income	25	1,733	1,609
		161,948	19,301
TOTAL EQUITY AND LIABILITIES		1,268,386	999,361

Parent company report on changes in equity

Restricted equity	Share capital	Statutory reserve
Opening balance 1.1.2015	100,000	8,000
Equity 31.12.2015	100,000	8,000
Opening balance 1.1.2016	100,000	8,000
Equity 31.12.2016	100,000	8,000
		Profit brought forward including net profit for the year
Non-restricted equity		
Opening balance 1.1.2015		702,737
<i>Profit/loss for the year according to income statement</i>		129,558
<i>Transactions with owners</i>		
Dividend		-10,000
Equity 31.12.2015		822,295
Opening balance 1.1.2016		822,295
<i>Profit/loss for the year according to income statement</i>		165,618
<i>Transactions with owners</i>		
Dividend		-22,000
Equity 31.12.2016		965,913

Parent company cash flow statement

SEK thousand	Note	2016	20,151
Operating activities			
Profit after financial items		150,372	124,646
Adjustment for non-cash items	27	-151,241	-129,771
		-869	-5,125
Paid tax		-1,791	-549
Cash flow from operating activities before changes in working capital		-2,660	-5,674
<i>Cash flow from changes in working capital</i>			
Increase (-)/Decrease (+) in current receivables		447	-658
Increase (+)/Decrease (-) in current liabilities		288	324
Cash flow from operating activities		-1,925	-6,008
Investment activities			
Acquisition of tangible assets		-101	-96
Change in financial assets		-426,571	-5,000
Cash flow from investment activities		-426,672	-5,096
Financing activities			
Increase (+) / Decrease (-) of current interest-bearing liabilities		145,194	-1,462
Inter-company transactions		114,495	191,089
Dividend paid to parent company shareholders		-22,000	-10,000
Cash flow from financing activities		237,689	179,627
Cash flow for the year		-190,908	168,523
Cash and cash equivalents at the beginning of the year		190,909	22,386
Exchange-rate differences in cash and cash equivalents		—	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1	190,909

Notes

Amounts in thousands of Swedish kronor unless stated otherwise

NOTE 1

Accounting principles

The financial statements have been prepared in accordance with the Swedish Annual Accounts Act and Swedish Accounting Standards Board general recommendation BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3).

The accounting principles remain the same as in previous years.

Assets, provisions and liabilities have been measured at cost unless stated otherwise below.

Intangible assets

Research and development expenditure

Research expenditure, i.e. planned and systematic research in order to obtain new scientific or technical knowledge and understanding, is recognised as an expense when it occurs.

Other non-current intangible assets

Other non-current intangible assets that have been acquired are recognised at cost less accumulated amortisation and any impairment.

Amortisation

Amortisation takes place on a straight-line basis over the estimated useful life of the asset. Amortisation is recognised as an expense in the profit/loss statement.

Goodwill	5–10 years
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Tangible assets

Property, plant and equipment are stated at cost less accumulated depreciation, impairment losses plus revaluations. As well as the purchase price, cost also includes expenses that are directly attributable to the acquisition. In addition to such costs that are directly attributable to production of the asset, the cost of company-produced assets also includes a reasonable share of indirect manufacturing costs.

Additional expenditure

Additional expenditure that meets the asset criteria is included in the asset's carrying amount. Expenditure for ongoing maintenance and repairs is recognised as costs when incurred.

For some property, plant and equipment relating to buildings, the difference in the use of significant components is deemed to be material. These assets have therefore been divided into components, which are depreciated separately.

Amortisation

Amortisation takes place on a straight-line basis over the estimated useful life of the asset as this reflects the expected use of the asset's future economic benefits. Amortisation is recognised as an expense in the profit/loss statement.

Estimated residual value has been taken into account and has been established at the time of purchase at the prevailing price level.

	Useful life
Buildings	15–50 years
Plant and machinery	3–20 years
Equipment, tools, fixtures and fittings	3–10 years

For rental vehicles, the extent of depreciation is adjusted based on the age and utilisation of each vehicle.

Impairment losses - tangible and intangible assets and shares in associated companies

At each balance sheet date, an assessment is made of whether there are indications that an asset's value is lower than its carrying amount. If such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount is the fair value less selling costs or the utility value, whichever is higher. Calculation of the utility value includes estimation of the future cash flows that the asset is expected to generate in operating activities and when it is divested or retired. The discount rate used is before tax and reflects market-based assessments of the time value of money and the risks relating to the asset. Any previous impairment loss is reversed only if the basis for estimating the recoverable amount in the last impairment has changed.

Leases

All leases have been classified as financial or operating leases. A financial lease is a lease under which the risk and benefits associated with owning an asset are in all material respects transferred from the lessor to the lessee. An operating lease is a lease that is not a financial lease.

Operating leases

Leasing fees for operating leases, including the initial leasing fee but excluding fees for services such as insurance and maintenance, are recognised as an expense on a straight-line basis over the term of the lease.

Foreign currency

See the 'Hedge accounting' section for items included in a hedge relationship.

Items in foreign currency

Receivables and liabilities in foreign currency have been measured at the closing rate and unrealised exchange gains and losses are recognised in profit or loss.

Exchange rate differences regarding operating activities have contributed to/reduced operating earnings, while exchange rate differences of a financial nature are recognised as financial income and costs.

Net investments in foreign operations

An exchange difference that relates to a monetary item that is part of a net investment in a foreign operation and that is measured based on cost is recognised in the consolidated accounts as a separate component directly in equity.

Translation of foreign operations

Assets and liabilities, including goodwill and other consolidated surplus and deficit values, are translated to the accounting currently at the closing rate. Income and expenses are translated at the average rate of exchange for the period. Exchange differences that arise from such translation are recognised directly in equity.

Inventories

Inventories are measured at the lower of cost and net realisable value. This also takes into account the risk of obsolescence. Cost is determined using the first-in/first-out method. In addition to expenditure for purchases, cost also includes expenditure for bringing goods to their current location and condition.

The cost of company-produced semi-finished and finished goods consists of the costs of direct production expenses and indirect expenses that constitute more than an immaterial portion of total production expenditure. Normal capacity utilisation is also taken into account in the valuation.

Financial assets and liabilities

Financial assets and liabilities are recognised in accordance with Chapter 11 ('Financial instruments measured based on cost') of Swedish Accounting Standards Board recommendation BFNAR 2012:1.

Recognition in and de-recognition from the balance sheet

A financial asset or a financial liability is included in the balance sheet when the company becomes a party to the contractual agreements of the instrument. A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the asset has ceased or been settled. The same applies when the risks and benefits

associated with the holding are in all material respects transferred to another party and the company no longer has control over such financial asset. A financial liability is derecognised from the balance sheet when the contractually agreed undertaking has been performed or ceases.

Valuation of financial assets

Financial assets are initially measured at cost, including any transaction expenses that are directly attributable to the acquisition of the asset.

After initial recognition, current financial assets are measured at the lower of the cost and the net selling price at the balance sheet date.

Trade receivables and other receivables that constitute current assets are measured individually at the amount that is estimated to be paid.

After initial recognition, non-current financial assets are measured at cost less any impairment losses and plus any revaluations.

Interest-bearing financial assets are measured at amortised cost.

When measuring using the lowest value principle and assessing the need for impairment, the company's financial instruments held for risk diversification are deemed to be included in a securities portfolio and consequently valued as an item.

Derivative instruments that constitute financial assets and for which hedge accounting is not applied (see below) are measured after initial recognition at the lower of cost and the net selling price at the balance sheet date.

Measurement of financial liabilities

Financial liabilities are measured at amortised cost. Expenditure that is directly attributable to the raising of loans adjust the loan's cost and is allocated in accordance with the effective interest rate method.

Derivative instruments with a negative value and for which hedge accounting is not applied (see below) are recognised as financial liabilities and measured at the amount that, for the company, is the most favourable if the commitment is settled or transferred at the balance sheet date.

Hedge accounting

Hedge accounting is applied only where there is a financial relationship between the hedge instrument and the hedged item that corresponds with the company's risk management objectives. The hedge relationship must also be expected to be highly effective during the period for which the hedge has been identified and the hedge relationship and the company's objectives for risk management and risk strategy for the hedge must be documented no later than when the hedge is made.

(i) Hedging of receivables and liabilities in foreign currency

For hedging of receivables and liabilities in foreign currency using currency forward contracts, the underlying receivable or liability is measured at the price of the forward contract. If the forward premium, i.e. the difference between the spot rate at the date that the forward was concluded and the forward price, is material, however, the underlying receivable or liability is measured at the spot rate at the date that the forward contract was concluded. The forward premium is then allocated over the term of the forward as interest expense or interest income.

(ii) Hedging of binding commitments and estimated transactions in foreign currency

Earnings from hedging of binding commitments and highly likely estimated transactions in foreign currency are recognised at the same time that the hedged transaction affects earnings. When hedging the purchase of goods or property, plant and equipment in foreign currency, the accumulated change in value attributable to the hedging instrument is included in the cost of the inventory or property, plant and equipment.

(iii) Hedging of net investments in foreign operations

For hedged currency risks in foreign net investments, both the hedged item and the hedging instrument are measured at the balance sheet date rate in the consolidated accounts. Revaluation effects are recognised directly in equity. In those cases where the effect of the revaluation

of the hedging instrument is greater than the effect of revaluing the hedged item, the excess is recognised in profit or loss.

(iv) Hedging of interest rate risk

Interest swaps that provide effective hedging of cash flow risks in interest payments on liabilities are measured at the net amount of the accrued receivable regarding variable interest rate and the accrued liability relating to fixed interest and the difference is recognised as interest expense or interest income. Hedging is effective if the financial implications of the hedge and the liability are the same as if the liability had instead been set at a fixed market interest rate when the hedging relationship was established.

Employee benefits

Post-employment benefits

Defined-contribution pension plans

Contributions for defined-contribution plans are recognised as an expense. Unpaid contributions are recognised as a liability.

Defined-benefit pension plans

The company has chosen to apply the simplification rules from Swedish Accounting Standards Board recommendation BFNAR 2012:1.

Plans for which pension premiums are paid are recognised as defined-contribution plans, which means that the contributions are charged to profit or loss.

Where defined-benefit pension plans are funded under own management, the pension liability is recognised at the amount received from PRI Pensionsgaranti.

Pension obligations in the Group's foreign subsidiaries are recognised in the same way as in the foreign subsidiary with the exception of Isodraht GmbH. At Isodraht GmbH, there is a difference between the company's pension obligations and assets for the pension commitment. This is not listed as a liability for the company according to German law, but is recognised as provisions for pensions in the consolidated report.

Termination benefits

Termination benefits, to the extent that such benefits do not provide the company with any future financial benefits, are recognised only as a liability and an expense when the company has a legal or constructive obligation to either

- a) terminate an employee's or a group of employees' employment before the normal date of the employment's cessation, or
- b) pay termination benefits by means of an offer in order to encourage voluntary resignation.

Termination benefits are recognised only when the company has a detailed plan for termination of employment and has no realistic possibility of cancelling such plan.

Tax

Tax on earnings for the year comprises current tax and deferred tax. Current tax is income tax for the current financial year relating to the year's taxable net income and the portion of previous financial years' income tax that has not yet been recognised. Deferred tax is income tax on taxable earnings relating to future financial years as a result of previous transactions or events.

A deferred tax liability is recognised for all taxable temporary differences, but not for temporary differences arising from the initial recognition of goodwill. A deferred tax asset is recognised for deductible temporary differences and for the possibility of using loss carry-forwards in the future. Valuation is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and tax rules that are determined prior to the balance sheet date and have not been calculated at present value.

Deferred tax assets have been measured no higher than the amount that is likely to be recovered based on current and future taxable earnings. Such measurement is reviewed at each balance sheet date.

In the consolidated balance sheet untaxed reserves are divided into deferred tax and equity.

Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

For initial recognition, provisions are made at the amount that is the best estimate of what will be required in order to settle the obligation at the balance sheet date. Such provisions are reviewed every balance sheet date.

Contingent liabilities

A contingent liability is recognised in memorandum items when there is:

- A possible obligation arising as a result of past events and whose occurrence will only be confirmed by one or a number of uncertain future events that are not entirely within the company's control occurring or not occurring, or
- An existing commitment as a result of past events, but that is not recognised as a liability or provision as it is unlikely that an outflow of resources will be required to settle the commitment or the size of the commitment cannot be estimated with sufficient reliability.

Income

The inflow of financial benefits that the company received or will receive for its own account is recognised as income. Income is measured at the fair value of what has been received or will be received, minus discounts.

Sales of goods

Income is recognised upon delivery for sales of goods.

Service assignments and contracting agreements - open account basis

Income from assignments on an open account basis are recognised as income and when the work is performed and material is delivered or used.

Service assignments and contracting agreements – fixed price

Assignment income and expenses for assignments at a fixed price are recognised as income and expense based on the degree of completion at the balance sheet date.

Interest, royalties and dividend

Income is recognised when the financial benefits associated with the transaction are likely to accrue to the company and when the income can be reliably estimated.

Consolidated accounts*Subsidiaries*

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50% of the votes, or otherwise has a controlling interest. Controlling interest means the right to formulate a company's financial and operational strategies with the object of obtaining economic benefits. The recognition of business combinations is based on the economic unit view. This means that an acquisition analysis is carried out as per the date that the acquirer gains a controlling interest. The acquiring party and the acquired unit are deemed to be an accounting unit from such date. Application of the economic unit view also means that all assets (including goodwill) and liabilities, as well as income and expenses are also included in their entirety for jointly-owned subsidiaries.

The cost of the subsidiary is calculated as the sum of fair value at the point of acquisition for the assets paid for, plus incurred and assumed liabilities, as well as issued equity instruments, expenditure directly attributable to the business combination and any additional consideration. The acquisition analysis establishes the fair value, with some exceptions, at the point of acquisition of the acquired identifiable assets and assumed liabilities, as well as the minority interest. The minority interest is measured at fair value at the point of acquisition. The acquired company's income and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill that has arisen are included in the consolidated accounts from the date of acquisition.

Goodwill

Consolidated goodwill arises when the cost of an acquisition of participations in subsidiaries exceeds the stated value of the acquired com-

pany's identifiable net assets in the acquisition analysis. Goodwill is recognised at cost less accumulated amortisation and any impairment loss.

Associated companies

Shareholdings in associated companies, in which the Group controls a minimum of 20% and a maximum of 50% of the votes, or otherwise exercises a controlling interest over operational and financial management, are stated in accordance with the equity method.

Elimination of transactions between Group companies

Intra-group receivables and liabilities, income, expenses and unrealised gains or losses arising from transactions between Group companies are eliminated in full. Unrealised losses are eliminated in the same way as unrealised profit, but only insofar as there is no indication of any need for impairment.

Accounting principles in the parent company

Accounting principles in the parent company are consistent with the above-stated accounting principles in the consolidated accounts apart from in the following cases.

Leases

Financial leases are recognised as operating leases in the parent company.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less accumulated impairment. As well as the purchase price, cost also includes expenses that are directly attributable to the acquisition.

Tax

In the parent company, deferred tax attributable to untaxed reserves is not recognised separately.

Anticipated dividend

As the parent company holds more than half of the votes for all participations in the subsidiary, a dividend is recognised when the right to receive a dividend is deemed as certain and can be estimated reliably.

Group contributions and shareholder contributions

Group contributions received/paid are recognised as appropriations in profit or loss. The group contribution received/paid has affected the company's current tax.

Shareholder contributions that are made without issued shares or other equity instruments being received in exchange are recognised in the balance sheet as an increase in the investment's carrying amount.

Repaid shareholder's contributions are recognised in the balance sheet as a reduction in the investment's carrying amount.

NOTE 2**Net sales per holding**

	2016	2015
GROUP		
Elcowire Group (formerly Liljedahl Bare Wire)	5,736,396	6,854,043
LWW Group	2,358,404	2,569,566
Hörle Wire Group	447,780	469,310
LMT Group	734,378	669,943
Finnvedens Lastvagnar	1,100,852	786,797
Finnvedens Bil	362,461	331,161
Liljedahl Group Fastigheter	51,366	49,239
Less: intra-company sales	-1,512,203	-1,890,457
	9,279,434	9,839,602

NOTE 3

Employees, personnel costs and fees to the Board of Directors and auditors

Number of employees	2016	Of which are men	2015	Of which are men
PARENT COMPANY				
Sweden	7	57%	7	57%
Total for the parent company	7	57%	7	57%
SUBSIDIARIES				
Sweden	810	88%	805	89%
Norway	22	99%	27	96%
Finland	5	100%	6	100%
Germany	174	92%	173	91%
Poland	88	77%	88	79%
Slovakia	48	98%	45	96%
China	28	82%	27	85%
Total for the subsidiary	1,176	89%	1,171	89%
GROUP TOTAL	1,183	89%	1,178	89%

Breakdown of men and women in management	31.12. 2016 Percentage of women	31.12. 2015 Percentage of women
PARENT COMPANY		
Board of Directors	33%	33%
Other senior executives	0%	0%
GROUP TOTAL		
Board of Directors	7%	7%
Other senior executives	16%	15%

Salaries and other benefits, as well as social security contributions including pension costs	2016		2015	
	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
PARENT COMPANY	4,877	3,175	5,056	2,750
(of which pension costs)	¹⁾	(1,188)	¹⁾	(1,059)
SUBSIDIARIES	509,870	191,095	487,577	178,134
(of which pension costs)		(47,474)		(47,254)
GROUP TOTAL	514,747	194,270	492,633	180,884
(of which pension costs)	²⁾	(48,662)	²⁾	(48,313)

¹⁾ Of parent company pension costs, 225 (previous year 215) relates to the company's Board, the Managing Director and the Deputy Managing Director. The company's outstanding pension commitments for these persons amount to SEK 0 (previous year SEK 0).

²⁾ Of the Group's pension expenses, 3,893 (previous year 4,029) relates to the company's Board, the Managing Directors and the Deputy Managing Directors.

Salaries and other remuneration broken down by board members, others and other employees	2016		2015	
	Board of Directors CEO and Deputy CEO	Other employees	Board of Directors CEO and Deputy CEO	Other employees
Parent company	1,619	3,258	1,745	3,311
Subsidiaries	15,303	494,567	12,500	475,077
GROUP TOTAL	16,922	497,825	14,245	478,388

Cont. Note 3

Auditor's fees and expenses	2016	2015
GROUP		
<i>KPMG AB</i>		
Audit assignment	2,364	2,364
Audit business in addition to audit assignment	30	112
Tax advice	138	125
Other assignments	165	595
<i>Other auditors</i>		
Audit assignment	74	73
Audit business in addition to audit assignment	38	—
Tax advice	38	46
Other assignments	182	168
PARENT COMPANY		
<i>KPMG AB</i>		
Audit assignment	131	127
Other assignments	25	210

Auditing relates to reviewing the annual financial statements and accounts, as well as administration of the Board of Directors and the Managing Director, other duties required of the company's auditor and providing advice or other assistance resulting from observations in relation to such review or carrying out such other duties.

NOTE 4**Profit from shares in Group companies**

	2016	2015
Dividend	211,500	130,000
Depreciation	-60,000	—
	151,500	130,000

NOTE 5**Interest income and similar items**

	2016	2015
GROUP		
Interest income, other	4,227	3,561
Exchange rate differences	350	1,178
	4,577	4,739
PARENT COMPANY		
Interest income, Group companies	250	1,594
Interest income, other	8	15
	258	1,609

NOTE 6**Interest expenses and similar items**

	2016	2015
GROUP		
Interest expenses, other	-28,243	-27,773
Exchange rate differences	5	-1,292
	-28,238	-29,065
PARENT COMPANY		
Interest expenses, other	-603	-69
Exchange rate differences	—	—
	-603	-69

NOTE 7**Appropriations**

	2016	2015
Difference between tax and book depreciation		
– Equipment, tools, fixtures and fittings	-16	-7
Tax allocation reserve, provision for the year	17,478	3,423
Group contributions paid	—	1,500
	17,462	4,916

NOTE 8**Tax on profit for the year**

	2016	2015
GROUP		
Current tax	-56,821	-45,826
Deferred tax	4,201	41
	-52,620	-45,785
PARENT COMPANY		
Current tax	-2,216	-4
	-2,216	-4

Cont. Note 8

Reconciliation of effective tax	2016		2015	
	Percent	Amount	Percent	Amount
GROUP				
Profit before tax		242,488		205,316
Tax in accordance with applicable tax rate for the parent company	22.0%	-53,347	22.0%	-45,170
Amortisation of consolidated goodwill	0.2%	-550	0.7%	-1,406
Standard income on tax allocation reserves	0.1%	-217	0.1%	-282
Other	-0.5%	1,116	-0.5%	1,073
Recognised effective tax	21.9%	-52,620	22.3%	-45,785
PARENT COMPANY				
Profit before tax		167,834		129,562
Tax in accordance with applicable tax rate for the parent company	22.0%	-36,923	22.0%	-28,504
Non-deductible expenses	0.0%	-12	0.0%	-26
Non-taxable income	-20.7%	34,770	-22.1%	28,600
Standard income on tax allocation reserves	0.0%	-50	0.1%	-74
Recognised effective tax	1.3%	-2,216	0.0%	-4

NOTE 9

Goodwill

	2016	2015
GROUP		
<i>Accumulated cost</i>		
At start of year	496,340	473,508
Acquisitions	96	23,022
Translation differences for the year	216	-190
At year-end	496,652	496,340
<i>Accumulated amortisation</i>		
At start of year	-455,331	-447,693
Amortisation for the year	-10,334	-7,676
Translation differences for the year	-78	38
At year-end	-465,743	-455,331
CARRYING AMOUNT AT THE END OF THE YEAR	30,909	41,009

NOTE 10**Land and buildings**

	2016	2015
GROUP		
<i>Accumulated cost</i>		
At start of year	494,630	481,222
Purchases	19,369	16,462
Sales and disposals	–	–457
Reclassifications	2,429	952
Foreign-exchange differences for the year	4,726	–3,549
At year-end	521,154	494,630
<i>Accumulated amortisation</i>		
At start of year	–170,478	–157,260
Amortisation for the year	–15,643	–14,472
Foreign-exchange differences for the year	–1,536	1,254
At year-end	–187,657	–170,478
<i>Accumulated revaluations</i>		
At start of year	64,514	66,602
Depreciation for the year on revalued amount	–2,088	–2,088
At year-end	62,426	64,514
CARRYING AMOUNT AT THE END OF THE YEAR	395,923	388,666
Of which land		
GROUP		
Accumulated cost	71,234	64,066
CARRYING AMOUNT AT THE END OF THE YEAR	71,234	64,066

NOTE 11**Rental vehicles**

	31.12. 2016	31.12. 2015
GROUP		
<i>Accumulated cost</i>		
At start of year	219,005	139,260
Purchases	133,704	118,175
Business combinations	–	3,982
Sales and disposals	–64,190	–42,412
At year-end	288,519	219,005
<i>Accumulated amortisation</i>		
At start of year	–50,518	–31,002
Business combinations	–	–575
Reversal of depreciation on sales and disposals	28,497	14,507
Amortisation for the year	–49,184	–33,448
At year-end	–71,205	–50,518
CARRYING AMOUNT AT THE END OF THE YEAR	217,314	168,487

NOTE 12**Plant and machinery**

	31.12. 2016	31.12. 2015
GROUP		
<i>Accumulated cost</i>		
At start of year	1,246,132	1,253,898
Purchases	18,389	5,414
Sales and disposals	–17,961	–13,252
Reclassifications	16,599	14,660
Foreign-exchange differences for the year	14,025	–14,588
At year-end	1,277,184	1,246,132
<i>Accumulated amortisation</i>		
At start of year	–1,063,914	–1,043,298
Reversal of depreciation on sales and disposals	17,942	13,093
Amortisation for the year	–43,005	–44,575
Foreign-exchange differences for the year	–10,792	10,866
At year-end	–1,099,769	–1,063,914
CARRYING AMOUNT AT THE END OF THE YEAR	177,415	182,218

NOTE 13**Equipment, tools, fixtures and fittings**

	31.12. 2016	31.12. 2015
GROUP		
<i>Accumulated cost</i>		
At start of year	279,018	263,500
Purchases	19,256	16,092
Business combinations	—	3,754
Sales and disposals	-1,937	-2,263
Reclassifications	1,459	161
Foreign-exchange differences for the year	2,332	-2,226
At year-end	300,128	279,018
<i>Accumulated amortisation</i>		
At start of year	-234,916	-221,651
Business combinations	—	-3,603
Reversal of depreciation on sales and disposals	1,634	2,253
Reclassifications	—	-274
Amortisation for the year	-14,222	-13,500
Foreign-exchange differences for the year	-1,964	1,859
At year-end	-249,468	-234,916
CARRYING AMOUNT AT THE END OF THE YEAR	50,660	44,102
PARENT COMPANY		
<i>Accumulated cost</i>		
At start of year	1,413	1,317
Purchases	101	96
At year-end	1,514	1,413
<i>Accumulated amortisation</i>		
At start of year	-1,305	-1,252
Depreciation for the year of acquisition value	-37	-53
At year-end	-1,342	-1,305
CARRYING AMOUNT AT THE END OF THE YEAR	172	108

NOTE 14**Construction in progress and advance payments for tangible assets**

	31.12. 2016	31.12. 2015
GROUP		
At start of year	24,203	22,538
Reclassifications	-20,487	-15,611
Investments	45,759	17,276
CARRYING AMOUNT AT THE END OF THE YEAR	49,475	24,203

NOTE 15**Shares in Group companies**

Subsidiary / Reg. No. / Regd. office	Number of shares	Holding in %	31.12. 2016	31.12. 2015
			Carrying amount	Carrying amount
<i>Elcowire Group AB (formerly Liljedahl Bare Wire AB), 556840-5871, Helsingborg, Sweden</i>	1,000	100.0	264,200	264,200
AB Elektrokoppar, 556027-2055, Helsingborg, Sweden				
Liljedahl Wire (Taicang) Co. Ltd, 320585400000019, Taicang, China				
<i>LWW Group AB, 556529-5333, Essunga, Sweden</i>	4,670,450	100.0	245,817	305,817
AB Dahréntråd, 556058-7197, Essunga, Sweden				
Isodraht GmbH, HRB 7068, Mannheim, Germany				
LWW Slaska Sp. z o.o., KRS 92252, Czechowice-Dziedzice, Poland				
<i>Hörle Wire Group AB, 556839-3697, Värnamo, Sweden</i>	1,000	100.0	18,500	18,500
Hörle Wire AB, 556097-5871, Värnamo, Sweden				
Hörle Wire s.r.o, 36 292 818, Nitra, Slovakia				
Huesecken Wire GmbH, HRB 9702, Hagen-Hohenlimburg, Germany				
Hörle Wire Immobilien GmbH & Co. KG, HRA 5859, Hagen-Hohenlimburg, Germany				
<i>LMT Group AB, 556610-9301, Värnamo, Sweden</i>	1,200	100.0	75,232	75,232
Ravema AB, 556044-9786, Värnamo, Sweden				
Ravema AS, 975 809 617, Saetre, Norway				
Ravema Oy, 2158950-4, Tammerfors, Finland				
Din Maskin i Värnamo AB, 556470-5282, Värnamo, Sweden				
Din Maskin AS, 961 772 230, Saetre, Norway				
<i>Finnvedens Lastvagnar AB, 556055-6515, Jönköping, Sweden</i>	50,000	100.0	8,806	8,806
Skånebil Lastvagnar AB, 556594-3122, Ångelholm, Sweden				
<i>Finnvedens Bil AB, 556008-7453, Värnamo, Sweden</i>	2,000	100.0	12,000	12,000
<i>Liljedahl Group Fastighets AB, 556065-5424, Värnamo, Sweden</i>	1,500	100.0	9,314	9,314
Liljedahls Fastigheter No. 1 KB, 969646-0568, Värnamo, Sweden				
Liljedahls Fastigheter No. 2 KB, 969646-0873, Värnamo, Sweden				
			633,869	693,869

NOTE 16**Other securities held as fixed assets**

	2016	2015
GROUP		
Bufab AB, 6,614,500 shares (ownership share 17.36%)	426,571	—
Fastighetsbolaget Vandalorum AB	9,000	9,000
Other securities held as fixed assets	573	573
Carrying amount at the end of the year	436,144	9,573
PARENT COMPANY		
Bufab AB, 6,614,500 shares (ownership share 17.36%)	426,571	—
Fastighetsbolaget Vandalorum AB	9,000	9,000
Other securities held as fixed assets	1	1
Carrying amount at the end of the year	435,572	9,001

NOTE 17**Financial instruments and risk management**

	31.12. 2016		31.12. 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives and financial risk management				
GROUP				
Assets				
<i>Derivatives subject to hedge accounting</i>				
Currency forward contracts	—	-5,170	—	14,047
Metals forward contracts	—	4,095	—	2,934
	—	-1,075	—	16,981
<i>Derivatives not subject to hedge accounting</i>				
Currency forward contracts	—	1,220	—	-657
	—	1,220	—	-657
	—	145	—	16,324
Liabilities				
<i>Derivatives subject to hedge accounting</i>				
Currency forward contracts	—	-1,973	—	—
Interest rate swaps	—	-6,038	—	-9,730
Metals forward contracts	—	-7,546	—	-4,908
	—	-15,557	—	-14,638
<i>Derivatives not subject to hedge accounting</i>				
Currency forward contracts	—	711	—	-379
	—	711	—	-379
	—	-14,846	—	-15,017

The fair value of currency contracts is determined based on listed prices.
The fair value of interest rate swaps is based on the intermediary credit institution's valuation.

NOTE 18

Deferred tax

	31.12. 2016		31.12. 2015	
	Deferred tax asset	Provisions for taxes	Deferred tax asset	Provisions for taxes
GROUP				
<i>Material temporary differences</i>				
Building (book value-tax base)	—	18,627	—	19,310
Surplus value for machinery	—	1,485	—	2,925
Untaxed reserves	—	90,630	—	91,245
<i>Other temporary differences</i>	1,437	7,961	477	5,251
<i>Tax loss carry-forward</i>	15,246	—	11,482	—
DEFERRED TAX ASSET/LIABILITY	16,683	118,703	11,959	118,731

NOTE 19

Prepaid expenses and accrued income

	31.12. 2016	31.12. 2015
GROUP		
Prepaid leasing fees	4,323	5,695
Prepaid insurance	—	864
Accrued interest income	—	488
Accrued bonus income	—	9,000
Other items	32,004	25,441
	36,327	41,488
PARENT COMPANY		
Prepaid licence fees	187	327
Prepaid training fees	250	350
Prepaid leasing fees	31	29
Other items	1,243	1,196
	1,711	1,902

NOTE 20

Shareholders' equity

Share capital	31.12. 2016	31.12. 2015
Number of A-shares, quota value SEK 50	200,000	200,000
Number of B shares, quota value SEK 50	1,800,000	1,800,000
	2,000,000	2,000,000

Proposed appropriation of profit

The Board of Directors proposes that non-restricted equity of SEK 960,912,238 is allocated as follows:

To be carried forward	960,913
Total	960,913

NOTE 21

Accumulated additional depreciation

	31.12. 2016	31.12. 2015
Machinery and inventory	36	20
	36	20

NOTE 22**Tax allocation reserves**

	31.12. 2016	31.12. 2015
Allocation for 2010 financial year	–	17,478
Allocation for 2011 financial year	14,380	14,380
Allocation for 2012 financial year	6,273	6,273
Allocation for 2013 financial year	7,558	7,558
Allocation for 2014 financial year	2,523	2,523
	30,734	48,212

NOTE 23**Other provisions**

	31.12. 2016	31.12. 2015
GROUP		
Guarantee commitments	13,150	13,714
Unapproved deliveries	250	1,400
Other	24,762	7,457
	38,162	22,571

NOTE 24**Liabilities to credit institutions**

	31.12. 2016	31.12. 2015
GROUP		
<i>Liabilities due later than one year from the balance sheet date:</i>		
Liabilities to credit institutions	118,043	107,032
Other liabilities	14,312	13,766
<i>Liabilities due later than five years from the balance sheet date:</i>		
Liabilities to credit institutions	81,967	79,057
<i>Pledged assets and contingent liabilities</i>		
Property mortgages	336,000	278,000
Floating charges	706,900	691,900
Rental vehicles	138,943	116,690
Tangible assets	22,616	22,253
Receivables	718,200	664,930
Inventories	220,385	188,658
Shares in Group companies	182,712	—
	2,325,756	1,962,431
PARENT COMPANY		
<i>Pledged assets and contingent liabilities</i>		None
Shares in Group companies	8,806	—
	8,806	—

NOTE 25**Accrued expenses and deferred income**

	31.12. 2016	31.12. 2015
GROUP		
Salary and holiday pay liability	67,227	67,544
Social Security contributions	44,589	41,257
Additional expenses for sold vehicles	5,673	3,743
Other items	94,305	84,427
	211,794	196,971
PARENT COMPANY		
Salary and holiday pay liability	760	865
Social Security contributions	359	366
Other items	614	378
	1,733	1,609

NOTE 26**Contingent liabilities**

	31.12. 2016	31.12. 2015
GROUP		
Recourse liability	726,577	659,257
Surety commitments, other	26,711	22,373
	753,288	681,630
PARENT COMPANY		
Guarantee commitments, PRI	35	31
Surety commitments on behalf of Group companies	28,242	78,258
	28,277	78,289

Finnvedens Lastvagnar AB have repurchase commitments if lessees or borrowers do not meet their payment obligations for vehicles financed by external finance companies.

Collateral in the form of reservation of ownership and the right of repossession is in place for all contracts, as well as careful monitoring of outstanding customer contracts in accordance with the company's credit policy.

Credit losses on financing with recourse liability, which have historically been very low, amounted in 2016 to 516 (1,044).

NOTE 27**Other information for cash flow statement**

Adjustments for non-cash items	2016	2015
GROUP		
Amortisation	85,349	82,311
Capital result on sale of non-current assets	-87	-3
Increase/decrease in provision	12,320	-2,899
Other items not affecting cash flow	-173	2,750
	97,409	82,159
PARENT COMPANY		
Amortisation	37	53
Unpaid dividend from Group company	-211,500	-130,000
Depreciation	60,000	—
Other items not affecting cash flow	222	176
	-151,241	-129,771
Acquisition of Group companies, net cash effect		
	2016	2015
GROUP		
Purchase price	—	-44,108
Less: Cash and cash equivalents in acquired business	—	1,924
Effect on cash and cash equivalents	—	-42,184

Purchases and sales within the Group

Of the parent companies total purchases and sales in Swedish kroner, 0% (0%) of purchases and 100% (100%) of sales related to other companies in the group of companies to which the company belongs.

NOTE 28**Events after the balance sheet date**

In February 2017, Liljedahl Group AB acquired an additional 2.65% of the shares in Bufab AB valued at SEK 88.5 million. Liljedahl Group AB's ownership share in Bufab AB subsequently amounts to 20.01%.

NOTE 29**Key figure definitions**

Net sales excl. metal:	Net sales excluding the sales of copper and aluminium in Elcowire Group and LWW Group
Investments:	Investments excluding hire vehicles
Operating margin:	EBIT / net sales excl. metal
Profit margin:	Profit for the year / net sales excl. metal
Return on equity:	Profit/loss for the year as a percentage of average equity
Return on capital employed:	Profit after financial items plus financial costs as a percentage of average capital employed.
Capital employed:	Total assets minus non-interest-bearing liabilities and provisions
Equity/assets ratio:	Equity divided by total assets
Net worth/share:	Equity divided by the number of shares

Värnamo, 5 April 2017

Bengt Liljedahl
Chairman of the Board
Chief Executive Officer

Anna Liljedahl
Board member

Fredrik Liljedahl
Board member

My audit report was submitted on 5 April 2017

Michael Johansson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Liljedahl Group AB, corporate identity number 556048-9022

Report on the annual accounts and consolidated accounts

Opinions

I have audited the annual accounts and consolidated accounts of Liljedahl Group AB for the year 2016.

In my opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the financial position of the parent company and the Group as of 31 December 2016 and their financial performance and cash flows for the year in accordance with the Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Basis of opinion

I conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibility according to the standards is described in more detail in the section Auditor's Responsibility. I am independent and have no relationship to the parent company and Group according to good auditing practices in Sweden and I have exercised professional ethics and responsibility according to these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Other information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for other information. Other information consists of the section on Liljedahl Group and Holdings, but does not include the annual report and my audit report in terms of these items.

My opinion regarding the annual accounts and consolidated accounts does not include this information, and I have no opinion concerning this other information.

In connection with auditing the annual accounts and consolidated accounts, it is my responsibility to read the information identified above and consider whether the information is significantly inconsistent with the annual accounts and the consolidated accounts. During this review, I also take into account the knowledge that I have gained during the audit and determine whether the information otherwise appears to include material misstatements.

If, based on the work that has been done regarding this information, I conclude that the other information contains a significant error, I am obligated to report this. I have nothing to report in this respect.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for preparing the annual accounts and consolidated accounts and for providing a true and fair view pursuant to the Swedish Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for internal controls that they deem necessary in order to prepare annual accounts and consolidated accounts that do not contain any material misstatements, whether these are due to fraud or errors.

When preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for assessing the company's and Group's ability to continue operations. They provide information, when appropriate, regarding conditions that may affect the ability to continue operations and to use the assumption of continued operations. The assumption of continued operation is not applied if the Board of Directors and the Managing Director are considering liquidating the company, ceasing operations, or do not have any realistic alternative in order to address this.

Auditor's responsibility

My aim is to obtain reasonable assurance regarding the extent to which the annual accounts and consolidated accounts as a whole do

not contain any material misstatements, whether these are due to fraud or errors, and to provide an audit report that contains my opinions. Reasonable certainty is a high degree of certainty, but is no guarantee that an audit, which is conducted according to ISA and good auditing practices in Sweden, will always detect a material misstatement if it exists. Misstatements can arise due to fraud or errors, and are considered to be material if they, individually or together, can be reasonably expected to affect the financial decisions that users may make based on the annual accounts and consolidated accounts.

As a part of an audit according to ISA, I use my professional judgment and adopt a professional and sceptical approach throughout the audit. Moreover,

- I identify and assess the risks of material misstatements in the annual accounts and consolidated accounts, whether these are due to fraud or errors, design and perform auditing measures based on these risks and collect evidence for the audit that is sufficient and appropriate in order to form the basis for my opinions. The risk of not detecting a material misstatement as a result of fraud is higher than for a material misstatement that is due to errors, because fraud may involve behaviour such as collusion, falsification, intentional omissions, inaccurate information or sidestepping internal controls.
- I obtain an understanding of the company's internal controls that are significant for my audit in order to design audit procedures that are appropriate for the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal controls.
- I evaluate the suitability of the accounting principles that are used and the reasonableness of the estimates in the accounting and associated information from the Board of Directors and the Managing Director.
- I draw conclusions regarding the appropriateness of the Board of Directors and Managing Director assuming continued operations when preparing the annual accounts and consolidated accounts. I also draw conclusions, based on the audit evidence collected, regarding the extent to which there are any significant uncertainties that may impact events or conditions that may result in significant doubt regarding the company's and Group's ability to continue operations. If I draw the conclusion that there is a significant element of uncertainty, I must bring attention in my audit report to the information in the annual accounts and consolidated accounts regarding the significant element of uncertainty, or if the information is insufficient, modify my opinions regarding the annual accounts and consolidated accounts. My conclusions are based on the audit evidence that is collected up to the date of the audit report. However, future events or conditions may result in a company or Group company no longer being able to continue operations.
- I evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including information they contain and if the annual accounts and consolidated accounts reflect the underlying transactions and events in a way that provides a true and fair view.
- I collect sufficient and appropriate evidence for the audit regarding the financial information for those units or business activities that are part of the Group in order to form an opinion regarding the consolidated accounts. I am responsible for managing, monitoring and conducting the Group audit. I alone am responsible for my opinions.

I must notify the Board of Directors regarding the planned scope and focus of the audit as well as its timing. I must also provide information regarding the significant observations made during the audit, including any significant omissions in the internal review that I have identified.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the Board of Directors' and the Managing Director's management of Liljedahl Group AB for the year 2016 and the proposed appropriation of the company's profit or loss.

I recommend that the general meeting of shareholders, allocates profit according to the recommendations 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 of opinion

I conducted my audit in accordance with generally accepted auditing standards in Sweden. My responsibility is described in more detail in the section Auditor's Responsibility. I am independent and have no relationship to the parent company and Group according to good auditing practices in Sweden and I have exercised professional ethics and responsibility according to these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for proposals regarding the appropriation of the company's profit or loss. When proposing dividends, this also includes an assessment of whether the dividend is justifiable in terms of the requirements that the type of company and Group, the scope and risks, have in terms of equity in the parent company and Group company, as well as the need for consolidation, liquidity and their position in general.

The Board of Directors is responsible for the organisation of the company and handling issues related to the company. This involves, among other things, continuously assessing the financial situation of the company and Group, and ensuring that the organisation of the company is designed in such a way that accounting, asset management and financial matters at the company are monitored reliably.

The Managing Director handles ongoing management and operations according to the guidelines and instructions of the Board of Directors, including taking the necessary steps to ensure that the company's accounting is completed in accordance with legislation and that the assets are managed in a reliable manner.

Auditor's responsibility

My goal regarding the management audit, and thus my statement regarding discharge from liability, is to collect evidence for the audit in order to obtain reasonable assurance whether any board member or Managing Director to any significant extent:

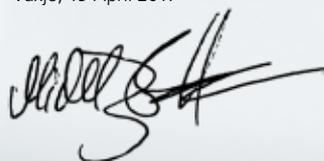
- has taken action or is guilty of any negligence that may result in liability to pay compensation to the company, or
- has acted in any way contrary to the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

My goal regarding my audit of the proposal for the appropriation of the company's profit or loss, and my opinion in that regard, is to assess with a reasonable degree of certainty whether the proposal is consistent with the Swedish Companies Act.

Reasonable certainty is a high degree of certainty, but no guarantee that an audit that is conducted according to good auditing practices in Sweden will always detect actions or shortcomings that may result in liability for compensation to the company, or that a proposal for the appropriation of the company's profit or loss is not consistent with the Swedish Companies Act.

As a part of an audit according to good auditing practices in Sweden, I use my professional judgment and adopt a professional and sceptical approach throughout the audit. The management review and the proposal for the appropriation of the company's profit or loss is based primarily on the audit of the accounting records. The auditing measures that are taken are based on my professional assessment based on risk and significance. This means that I focus my review on those steps, areas and conditions that are critical to operations and where deviations or violations would have a significant impact on the company's situation. I review and examine decisions made, the reason for the decisions, the actions taken and other conditions that are relevant for my opinion regarding discharge from liability. As the basis for my statement regarding the Board's proposal for the appropriation of the company's profit or loss, I reviewed whether the recommendation is consistent with the Swedish Companies Act.

Växjö, 19 April 2017



Michael Johansson
Authorised Public Accountant



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