



Mobile Climate Control



Annual Report 2015

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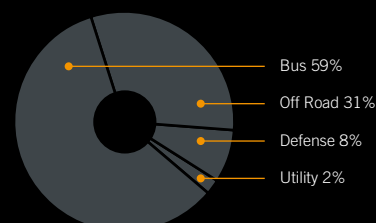
**MAN**

**CE >**

# Performance – the MCC Way!

Mobile Climate Control specializes in custom engineered HVAC<sup>1</sup> systems. Our climate control systems can be found worldwide in all types of commercial vehicles from buses and off road machines to utility and defense vehicles. We supply custom designed solutions from single system components to complete climate systems. With our exceptionally strong engineering staff with extensive experience, we create and supply optimal solutions for the best climate comfort.

Our vision is to be the leading global HVAC provider to the commercial vehicle industry.



81%

16%

1%

1%

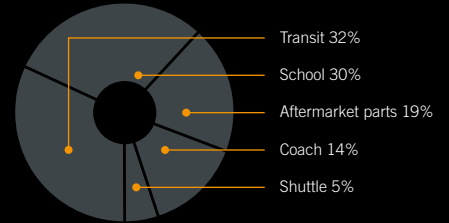
Key figures (MSEK)	2015	2014	2013	2012	2011
Total sales	1,264	1,022	978	1,250	1,048
Operating profit (EBITA)	152	107	98	109	46
Cash flow from operating activities	95	71	100	9	73
EBITA margin, %	12.0%	10.4%	10.0%	8.7%	4.4%
Return on Capital Employed excl goodwill, %	43%	37%	33%	35%	15%
Average number of employees	639	618	605	634	619

1) Heating Ventilation and Air Conditioning

1%

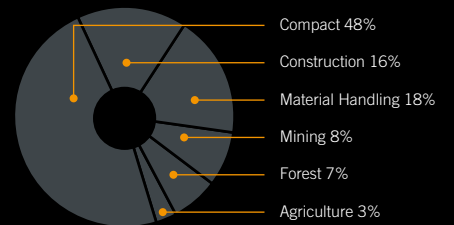
**Strong position in the Bus segment**  
(59 % of Sales)

North America – Market leader  
Europe – Strong position in heating  
China – Accelerating growth



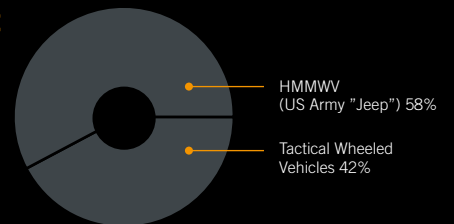
**Potential to be no 1 in the Off Road segment**  
(31 % of Sales)

North America – Number 2  
Europe – Number 2  
China – Number 2 with blue chip Western OEM's



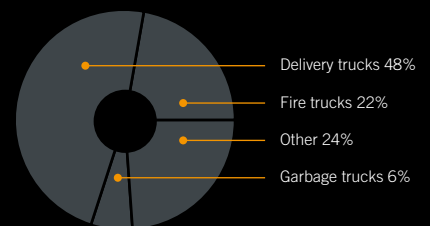
**Leader in the North American Defense segment**  
(8 % of Sales)

North America – Number 1 in personnel carriers



**Large growth potential in the Utility segment**  
(2 % of Sales)

North America – Strong position in Delivery Vehicles and Fire Trucks



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# The MCC Way shows its strength!

2015 was a great year for MCC. Sales came in at 1.26 billion SEK which is the highest sales number ever and equals a top line growth of +24% or +11% organic growth excluding currency effects. The EBITA-margin was strong at 12.0% and the highest since 2010. In absolute numbers (152 MSEK), MCC had its highest ever EBITA showing that all actions implemented the last couple of years finally are paying off.



The year started off somewhat slow as Q1 sales to the bus segment were affected by cold weather in North America. Off Road sales for the same period were however very strong and somewhat compensating the low bus sales. Demand for the remainder of the year was quite strong in all segments and regions, although demand in China continues on the low side and Europe still hasn't reached

pre-crisis levels. Our market share gain in the North American Bus segments continued throughout the year and resulted in record high air conditioning sales, both in the Transit and the School Bus segments. Our estimated market share in Transit Bus AC has now reached 25–30%. An achievement made possible by the structured and dedicated work of the whole North American organization.

2015 was not only a strong year in regards to sales and margins, but also in the implementation of further growth and margin enhancing activities. In Canada we launched production of micro channel aluminum heat exchangers in a \$4M state-of-the-art production line, we launched production of four brand new products to Polaris, BRP, JLG and New Flyer and we invested in an ultra-modern \$1.4M Laser CNC Cutting production cell. In Europe we launched a new ERP system without any delays or major incidents and we installed a new fin press. In China we moved to a new larger plant and started assembly of large bus AC units, and in South Africa we insourced the assembly operation which had previously been run by a contractor. All these activities aim to further strengthen our competitiveness and nurture continuous profitable growth.

A very good example of how long term focus and dedicated work pays off is the New Flyer Supplier Performance Gold Award that was received in North America after many years of hard work. It's a very prestigious award that requires World Class performance in Quality, Delivery and Cost as well as excellent support in Engineering, Service and Aftermarket.

Looking forward, we foresee good demand in almost all our market segments although the markets in Europe seem somewhat more uncertain than in North America.

All bus segments that we target in North America – Transit, Coach, School and Shuttle – show strength and, in combination with our forecasted market share growth in Transit and School bus, we believe that we are set for a very good year in these segments. The European bus segments in focus – Transit and Coach – also show a relatively strong demand. The Off Road market seems to be more varied – Material Handling, Compact and Construction look strong in North America and Europe, while Agriculture, Forestry and Mining in both regions (North America and Europe) are looking relatively weak. Demand in the Defense and the Utility segments is difficult to predict but seems relatively stable. One advantage of our business is the diversification, where weaker demand in one market segment is easily offset by stronger demand in another.





Our plans for 2016 include the launch of several products for new customers such as Wacker-Neuson, BRP and Freightliner Custom Chassis. They also include intense activities to expand our dealer base to grow our aftermarket business, further develop our large bus system offering and service concept, and grow our business with Off Road cabin builders. We will also continue our focus on margin improvements by further lean initiatives, insourcing of microchannel aluminum heat exchangers to our new facility and, insourcing of metal casings and other metal parts to our new laser cutting machine. We will also look at opportunities to expand MCC's geographical footprint into new regions. Our product portfolio will be even more complete and competitive as we will launch several new electric models,

and continue optimizing the current conventional models to minimize their environmental impact when in use.

MCC continues to grow and to strengthen margins while expanding the product portfolio as well as our reach into new regions of the world, a strategy which we believe is beneficial to all our stakeholders – owners, customers, employees, suppliers and the society. The MCC Way, which describes our way to our vision, now shows its real strength.

*Clas Gunneberg,  
President and CEO*









Excellent working conditions in Rautavaara, Finland.  
72°F/22°C at Jukka's feet and 70°F/21°C at his head.  
Great view with no signs of fogging.

# Strong growth drivers in all markets

There are strong growth drivers in all of our markets – Bus, Off Road, Defense and Utility, however the dominant driver varies depending on the segment as such, as well as the geographic location.

## Number of vehicles

In our main markets North America and Europe we have a fairly stable and moderate underlying growth in number of vehicles as this is closely connected to basic drivers like GDP growth, environmental considerations, the pace in urbanization and spending on infrastructure. In emerging markets, like China, India and Brazil, there is quite a high accelerating underlying growth in number of vehicles as these markets still are under development.

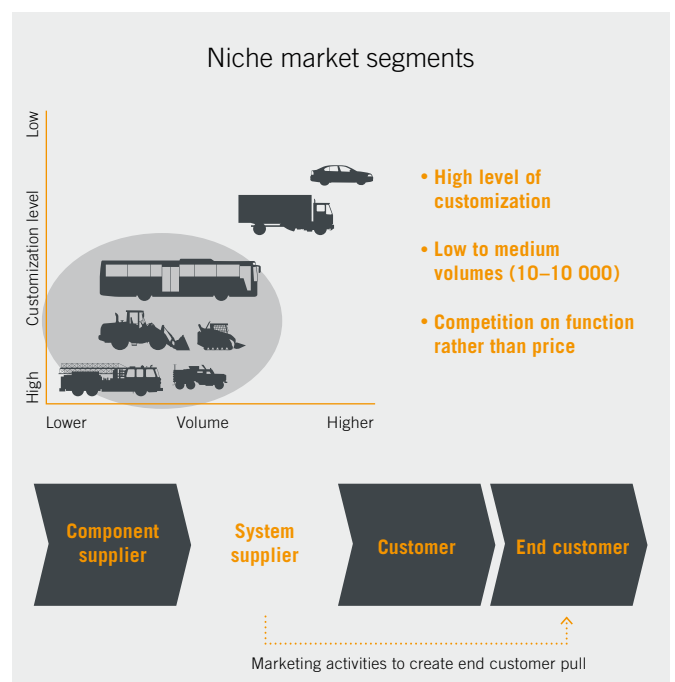
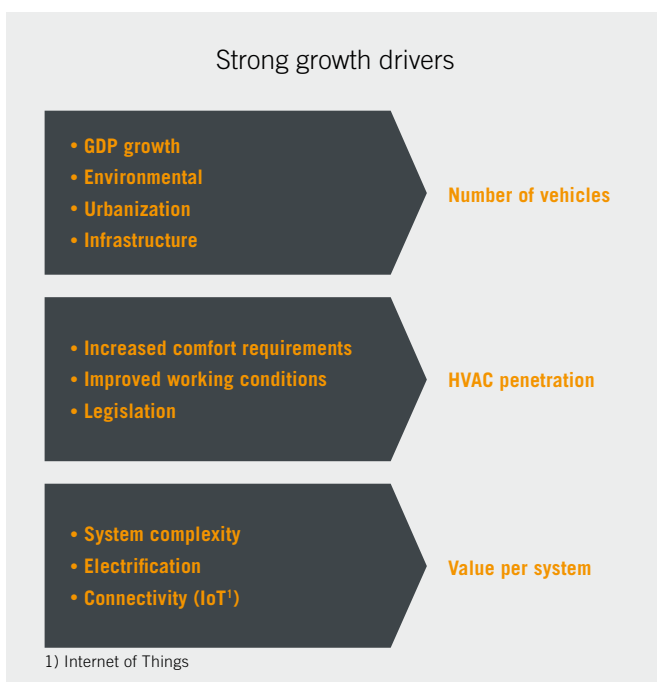
## HVAC Penetration

The HVAC penetration, i.e. the share of vehicles getting equipped with HVAC, is increasing but at a fairly slow pace in developed the Western countries. The penetration in Transit, Coach and Shuttle buses is high but for School buses, as well as for various Off Road vehicles, it is still in the area of not more than 50%. In emerging markets, the development of penetration has just started, e.g. excavators in India did not have cabins and hence no need for AC. Now, cabins are becoming a more common feature and hence there is quickly a need for AC.

The equivalent example that has been very beneficial for MCC is Bobcat in North America. When they started building compact equipment in the early 90's few machines had cabins. After a couple of years the machines were equipped with heat as an option. With the introduction of cabins, operators started requesting both heat and AC. Today 80–90% of all vehicles come with both heat and AC.

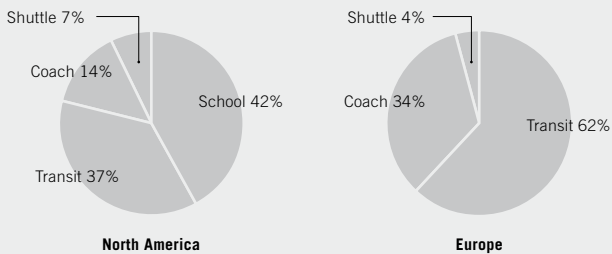
## Value per system

A very interesting growth driver is of course the value spent per HVAC system and this is now accelerating in the Western markets while it hasn't yet reached the emerging markets. This means systems continuously get more complicated and they are also, at an increasing speed becoming electrified, which means that they are powered by batteries or electrical power rather than traditional power from engine mounted compressors. The price of an electric roof top AC is approximately 30% higher. We also see a great potential for connecting our products to the internet providing features that can create value never seen before.



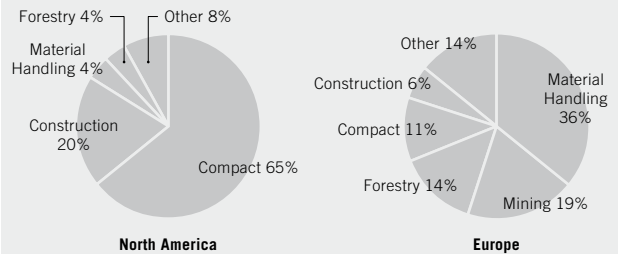
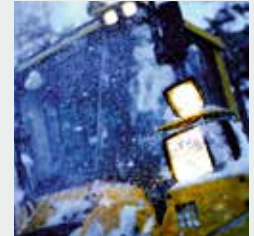
## Bus segment

- Market leader in North America and strong position in European heating market
- Accelerating growth in China
- Strong aftermarket business in North America
- Routes to market include OEMs, transit authorities and dealers
- Growth through capitalization on superior customized product portfolio, strong customer relationships, reduced end-user cost of ownership and attractive market trends



## Off Road segment

- Number two market position in North America and Europe
- Number two market position with Western OEM's in China
- Routes to market include OEMs, Tier 1 suppliers (cabin manufacturers) and dealers
- Growth through leveraging in-house produced microchannel aluminium heat exchangers, superior engineering skills and resources, strong customer relationships and highly customized solutions



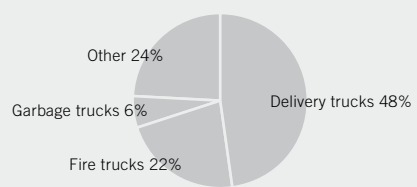
## Defense segment

- Market leader in North America
- Strong retrofit and aftermarket potential
- Route to market through OEMs and retrofit suppliers
- Growth through capitalization on superior engineering skills and resources, strong relationships with OEMs and military authorities



## Utility segment

- Accelerating traction in attractive utility market
- Route to market through OEMs
- Growth through superior engineering skills and resources, drive-train electrification, driving the requirement for increasingly sophisticated HVAC solutions





# Optimizing cost of ownership and performance

Our strategy, to provide a broad product portfolio and custom engineered solutions with exceptional performance at short lead times. This creates a strong competitive advantage and serves as the base when tailoring our strategies for each of the market segments that we target.

### Off Road and Defense

For Defense and the Off Road segments – Agriculture, Construction, Compact, Forestry, Material Handling – our strategy is best described as optimizing the performance of our customers vehicles. We contribute to an optimized performance in these vehicles by:

- Engineering robust, reliable and easy-operated climate systems
- Cabin-integrated systems
- Digitalization enabling self-diagnosing systems and climate adaptable performance

### Engineering robust, reliable and easy-operated climate systems

When we develop HVAC systems for our Off Road customers we aim at creating very robust, reliable and easy-operated systems as their operating conditions in most cases are very harsh and demanding. The key to obtain this is to choose the

right condenser and evaporator heat exchanger, compressor and control system. As we design and internally produce tube and fin as well as aluminum micro channel condenser and evaporator coils we can always choose the right solution for the actual requirements. We work closely with the world's leading compressor manufacturers to ensure that we can also choose the compressor that is optimal for the actual requirements. Finally we develop and design the control system to ensure an easy-operated system adopted to the needs of the vehicle operator.

### Cabin-integrated systems

In order to optimize performance in an Off Road vehicle the HVAC system needs to be fully integrated into the operators' cabin. To enable this we work with advanced simulation tools as well as directly with the cabin manufacturer when the vehicle manufacturer has chosen to outsource that part of the vehicle. Early involvement in the development process is key to an optimized integration of the HVAC system.





## Digitalization

As well as for On Road vehicles, digitalization creates a great potential for optimizing the operation and the life time cost of an HVAC system for Off Road vehicles. Enabling the critical components of the HVAC to communicate through the internet enables e.g. the service organization to service or replace components before they fail and optimize the preventative maintenance schedules. It might also make possible to optimize the performance of the HVAC system to changing climatic conditions.

## On Road

For the On Road segments – Bus and Utility – our strategy can be described as to optimize the total cost of ownership for the end customers, i.e. the vehicle owners such as Municipal Transit Authorities, Schools, Tour and Intercity operators, Hotels, Delivery companies, etc. To achieve an optimized total cost of ownership we focus on:

- Weight saving and Fuel efficiency
- Electrification and Digitalization
- Service concepts

## Weight saving and Fuel efficiency

When we develop and design our products we aim to use lightweight materials as well as smart and simple solutions to minimize the weight of the products as this has a significant impact on the fuel consumption of the vehicle. However, as we have seen from some of our end customers field trials, the choice of technology used to create the heat and the cold significantly affects the fuel consumption. By choosing R134a as refrigerant and a reciprocating compressor the fuel consumption can be reduced by up to 10%.

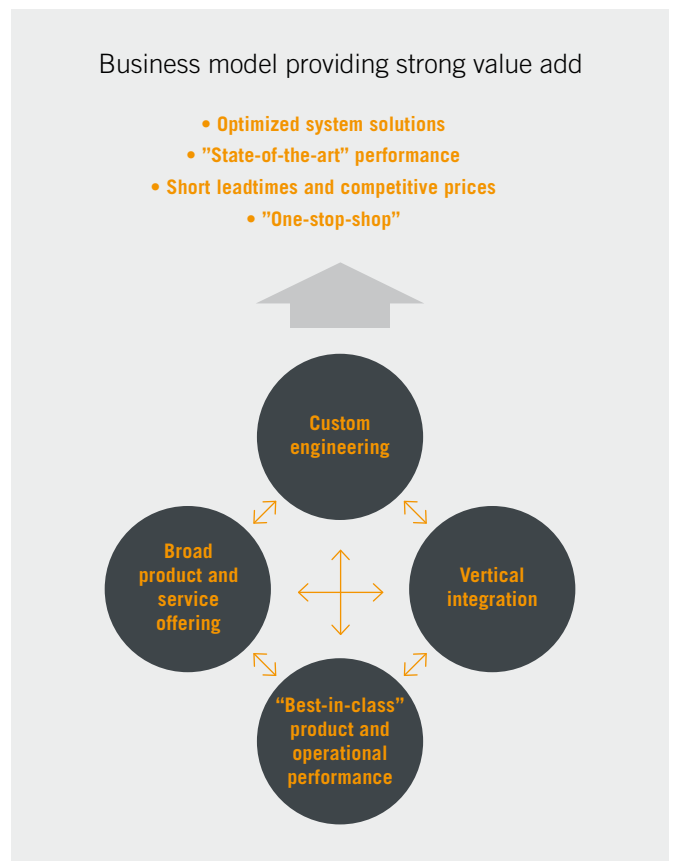
## Electrification and Digitalization

To meet new demands for various drivelines of our customers' vehicles, such as hybrid, CNG and electrical, we have adapted the design of the HVAC systems and we have seen a clear advantage in the operating cost when choosing an electric architecture instead of a conventional. It simply means using less wearable components. Digitalization creates a great potential for optimizing the operating and the life time cost of an HVAC system. Enabling the critical components of the HVAC system to communicate through the internet enables e.g. the service organization to service or replace components before they fail or get damaged. In addition, we can optimize the preventative maintenance schedules or e.g. optimizing the performance of the HVAC system to the current climatic conditions. The opportunities are great!



## Service concepts

Through digitalization and the communication through internet, various service concepts can be developed and offered to the end customer in order to optimize the cost of ownership.





Hot and humid in Dongguan, China, 7 May 2015.  
Mr Tang delivers the goods, comfortable in his truck while  
MCC delivers 70°F/21°C with 55% relative humidity.





# Electrification and Digitalization

### Electrification and Care for the Environment

We see a clear trend in the market towards electrified products as there is an increased usage of electric or hybrid drivelines in our customer's products. The trend is mainly within the Bus segments but we can also see an increased interest within many of the Off Road segments. For MCC this is a good trend as we started to develop our first electrical products several years ago, and have extensive experience in how to design the units and what components to choose for optimal performance. The component development is very fast and we continuously find new and enhanced components boosting the performance of our HVAC-products. Out of MCC's in total 9 product categories we have developed electrified products in 7. This makes us very well positioned for the electrification movement that has only just begun.

While fully electrical vehicles might be the future we believe there will still be many years with conventional drivelines powered by combustion engines. This means that we continue to focus on developing fuel efficient and environmentally friendly HVAC-products for conventional drivelines by optimizing the total HVAC system through intense research within the usage of:

- R134a as the refrigerant of choice in an optimized manner instead of R407C and other refrigerants
- Reciprocating compressors with variable speed and capacity control instead of limited speed screw or scroll compressors with reheat for bus applications
- High efficiency heat exchangers such as aluminum micro-channel condensers and heaters
- Accessory drives that reduces wear and tear as well as assembly and service time
- Control systems that ensure the optimal functionality of the system
- Alternative environmentally friendly heat sources
- Hydraulically driven heat pump solutions



### Digitalization and Optimized Functionality

An extremely interesting area for HVAC-products is the possibility of connectivity, i.e. to make it possible for the different HVAC products (heaters, defrosters, air-conditioners, etc) in a vehicle to communicate in real time through the internet. MCC has developed the necessary devices and interfaces to make it possible to connect almost all of our products to the internet in order to transmit and receive data. The possibilities from this are almost limitless in potential. Connected products can provide all the necessary information about their performance and current state to the HVAC manufacturer, the vehicle OEM, the vehicle operator and the service and maintenance providers, so that any corrective action or preventative maintenance can be performed before a drop in performance or failure. Connected products can also be "updated" or "fixed" while in operation by receiving the latest software update without any manual intervention or their performance can be temporarily enhanced as needed, such as when the outside temperature is extreme or when other normal operating conditions are exceeded. The opportunities are more or less unlimited and we foresee very exciting developments within this area going forward.





# Connected

## Electrifying and connecting bus AC's.

The Eco 136e – our new modular family of all electric HVAC rooftop units for buses. A solution for electric, hybrid, and hybrid light bus applications. Designed and built with performance, efficiency, flexibility, connectivity and care for the environment in mind. With the MCC Fleet Tracker installed the product can be connected to the internet in real time and give updates on performance, maintenance needs and other essential data. It also allows for two way communication so the product will always have the latest software updates.



# A growing global footprint

Our main markets are North America, with approximately 80% of our sales and Europe with approximately 16%. Nevertheless we consider MCC to be a company with a good global reach as we, in addition to our plants in North America and Europe, have assembly operations in China and in South Africa as well as a sales office in Australia. We also sell into Brazil through our North America operations. We continuously look at opportunities to grow our global footprint.

**Mississauga** – The plant in Mississauga was inaugurated in October 2015 and is a state-of-the art production facility for brazed Micro Channel Aluminum Heat Exchangers.



**Goshen** – The Goshen site is MCC's center of excellence for assembly of bus AC products and offers 100% Buy America compliant production. The assembly of HVAC systems for the US Army vehicle HMMWV also takes place in Goshen.



**Syracuse** – The Syracuse site is a Bus Engineering and Testing Center with 5 engineers and a 50 ft/15 m bus AC installation and prototype shop.



**Toronto** – The Toronto site is the largest and has the most extensive production capabilities that can produce everything from HVAC system key components to complete HVAC systems. In Toronto there is also an Engineering, R&D and Testing Center which houses more than 40 engineers and a full length (70 ft/21 m) climate chamber and all other necessary testing equipment, which can test the functionality of HVAC equipment in temperatures between -40°F to +140°F (-40°C to +60°C).



**York** – The York site is the Parts Distribution Center for MCC's aftermarket parts for all served market segments in North America. At the York site there is also an HVAC training center, a key engineering and testing center for Bus AC products with 15 engineers and a full length (70 ft/21 m) climate chamber for AC testing.



**Norrtälje** – In Norrtälje, outside Stockholm in Sweden, MCC has its European Engineering Center where the major part of the development, customization and testing for European customers take place. It houses 10 engineers and a full bus length (17 m) climate chamber (-25°C to +70°C).



**Ottawa** – The Ottawa plant is the main plant for Europe with full HVAC system and component production capabilities.



**Ningbo** – Our plant in Ningbo supplies assembled cabin HVAC's for European and Chinese Off Road and Bus customers. It also serves as our internal group supplier of labor intensive assembled components and products as well as the sourcing of components from local Chinese suppliers.



**Durban** – The Durban location in South Africa is an assembly and warehouse operation in which we provide local support to a big long term customer.



**Melbourne** – Melbourne is the location for our Sales Director Asia/Pacific with the aim to expand our China sales into Australia, New Zealand and other parts of the Asian and Pacific regions.







Passing through the Sonoran Desert, Arizona, USA, could be scorching hot.  
Or just 70°F/21°C for both driver and passengers.







# Sustainability is a key strategic driver

Our work with sustainability involves all areas of our business and clearly affects our strategies as we aim for reduced environmental impact of our products and operations, we require our work to be in accordance with high ethical standards, we offer safe working conditions and we make sure to have solid financials.

We work hard to reduce the environmental impact of our products by reducing weight, supporting our customers switch to alternative drivelines (Hybrid, CNG, Electrical, etc) and by making sure our products can work efficiently with new types of environmentally friendly refrigerants. We also create sustainability in our business by having high ethical standards

when it comes to conducting business with suppliers and customers. Safe working conditions are of course key for ensuring a sustainable company built on competent and dedicated employees. Finally we also see solid financials as crucial for sustainability!

Key Area	Objective	KPI
<b>Sustainability</b> The environmental impact from our products when in use	To reduce our products impact on greenhouse gas emissions and fuel consumption.	<ul style="list-style-type: none"> <li>Fuel saving in usage</li> <li>Weight reduction</li> <li>Reduced CO<sub>2</sub>-emissions</li> <li>Noise level reduction</li> </ul>
<b>Business Ethics</b> Corruption risks in the sales and sourcing processes	To assure a corruption free business environment through well established internal processes and governance as well as training for our employees and well defined supplier requirements.	<ul style="list-style-type: none"> <li>Anti-corruption training hours</li> <li># Supplier audits</li> <li>ISO 9001 audits</li> <li>Proportion of suppliers that have signed agreements with business ethics requirements included</li> </ul>

Key Area	Activities/Initiatives	KPI status
<b>Sustainability</b> The environmental impact from our products when in use	<ul style="list-style-type: none"> <li>New products with improved features developed in accordance with environmental guidelines</li> <li>Change over to new MCAC coils, use of aluminum and plastics, and new refrigerants</li> <li>Field tests in NYC and on Hawaii testing and proving out new technology</li> </ul>	<ul style="list-style-type: none"> <li>Fuel saving in usage: ~5–10%</li> <li>Weight reduction where technology is applied: ~10–40%</li> <li>Noise level reduction: -3 dB</li> <li>Reduced CO<sub>2</sub>-emissions: Under investigation</li> </ul>
<b>Business Ethics</b> Corruption risks in the sales and sourcing processes	<ul style="list-style-type: none"> <li>Development of processes and tools for Sales, Sourcing and Financial internal control</li> <li>Anti-corruption training to all Managers, Sales and Sourcing employees</li> <li>Establishing supplier page on MCC Web to communicate Business ethics and other requirements</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption training hours: 85 hrs</li> <li># Supplier audits: 12</li> <li>ISO 9001 audits: 6</li> <li>Proportion of suppliers that have signed agreements with business ethics requirements included: 85%</li> </ul>

# Talented individuals choosing the MCC Way

Around 700 employees are currently walking the MCC Way. In the following pages of this annual report we have chosen four employees that tell us a little more about themselves and their lives outside of MCC. We believe they are all good role models and ambassadors for MCC’s core values – Respect, Innovation, Courage & Action – and the MCC Way in general. So take the opportunity to meet 4 of our 700 dedicated and skilled employees.

## The MCC Way

The MCC Way is our overall guideline and it describes the Group’s common value base and contains descriptions of our processes, our assignments, and the tools we use to operate and develop MCC.

Our common value base can be described as the “tools” or aids we need to manage an adventurous and exciting journey to reach our final destination – our vision.



KPI	Toronto	Goshen	York	Otawa	Ningbo
Number of employees	310 (298)	95 (108)	40 (15)	147 (140)	26 (21)
Number of incidents	2 (8)	1 (1)	2 (2)	1 (1)	0 (0)
Sick leave in % of working hours	1.2 (1.3)	1.3 (1.3)	0.3 (0.3)	3.2 (4.0)	2.7 (1.9)







# Focusing on figures

I was working in office administration for Acme Radiator when MCC purchased the company in 2008. Before that I had been a stay-at-home mom for several years.

I currently work as the Accountant at the Goshen, Indiana facility.

January and October are busy months for me. We have a hard close audit in October and a year end audit in January. Even though it is very busy, I like the audits because we are challenged in a way that we aren't throughout the rest of the year. It can be a lot of work and some late nights but I enjoy working with our audit team and I have learned a lot through the process.

One thing that was really interesting was when I participated in a Kaizen event where we learned to find efficiencies in our work processes. Anything where I get to learn something new is exciting to me.

This is just one of the ways MCC has provided great support in helping me to develop professionally. In parallel to my work I was an accounting student when MCC came to Goshen in 2008. MCC provided a lot of great training and encouragement right from the start.

That helped me to get where I am today. One of the big advantages of working at MCC is that the company offers tuition assistance which helps any MCC employee to grow in their career.

I enjoy challenges in my leisure time too. My major hobby and interest is photography. I like to take photographs that capture emotion and turn a real life moment into a work of art. Weddings are my favorite events to photograph because there is so much emotion to capture.

**Traci Parcell**

Accountant, Finance group,  
Goshen Indiana, USA

**With MCC since:** 2008

**Passion:** Traci enjoys photography. She received her first DSLR as a birthday gift in 2010. Traci joined local photography groups and attended classes led by local photographers. Traci now helps a local photographer with weddings and other special events. Traci and her husband Jeff have six children aged between 14 and 18.



I find my work in accounting and photography both demand the same attention to detail. That is a common thread between my professional life and my hobby, and sometimes I am even able to combine both. Knowing that I have had some experience with photography I was asked to be the product photographer in Goshen. It is different from the photography work that I normally do but this experience has its own challenges and definitely helps me to grow as a photographer.

I enjoy my work at MCC and I really enjoy working with everyone in the Finance group. Every day is fun and productive. I like that MCC is global and I get the opportunity to meet and work with people from all over the world. I want to keep growing in my career, to learn as much as I can, and to be a valuable asset to MCC.

The company is showing consistent growth and interest in lifting up their employees. MCC is a great company to work for and I am happy to have the opportunity to do so.



# Fishing and design

– what do they have in common?

I have been at MCC since 1991, that makes approximately 25 years. I started out with AC Industries which was acquired by Carrier Transicold and became part of MCC when they acquired the Carrier Bus business.

I started as a bus air conditioning installer and progressed to installation/service shop manager and then accepted the role as Regional Field Service Engineer for the Northeast. I made a transition to the engineering group as a Senior Design Analyst (Design and Application engineering) where I led the mount kit development team while going to Penn State York in the evenings. I received my ASMET/BSEMET degrees utilizing the employee scholar/tuition reimbursement program and was recently promoted to Product Design and Application Manager.

Over the years at MCC I've worked on and led many challenging projects, with some great peers and teammates dealing with technical challenges of product design and materials selection. I guess the recent CR-430 design project was one of the most interesting. It was the first AC system component design project that I led from beginning to end and where I was involved in all aspects including up front activities; moreover, the project team exceeded established goals in terms of performance and cost which is always a plus.

Right now our design team is developing a value line of split system products targeted to support an initiative to increase shuttle bus market share. I am also getting started in my new role working with the designer/drafting pool with goals of improved CAD/drafting services and standards. MCC is a fast paced and rapidly growing

business with lots of opportunities. The MCC Tuition Reimbursement program allowed me to pursue a 4 year degree while managing a full time job and family. Formal training is made available and advocated as part of QDHELP<sup>1</sup> metrics.

When I'm not working I spend a lot of time fishing. Just like when I'm working on projects at work, fishing means problem solving, taking in data, analyzing and then testing your theory and evaluating feedback. As is applicable in all aspects of life.

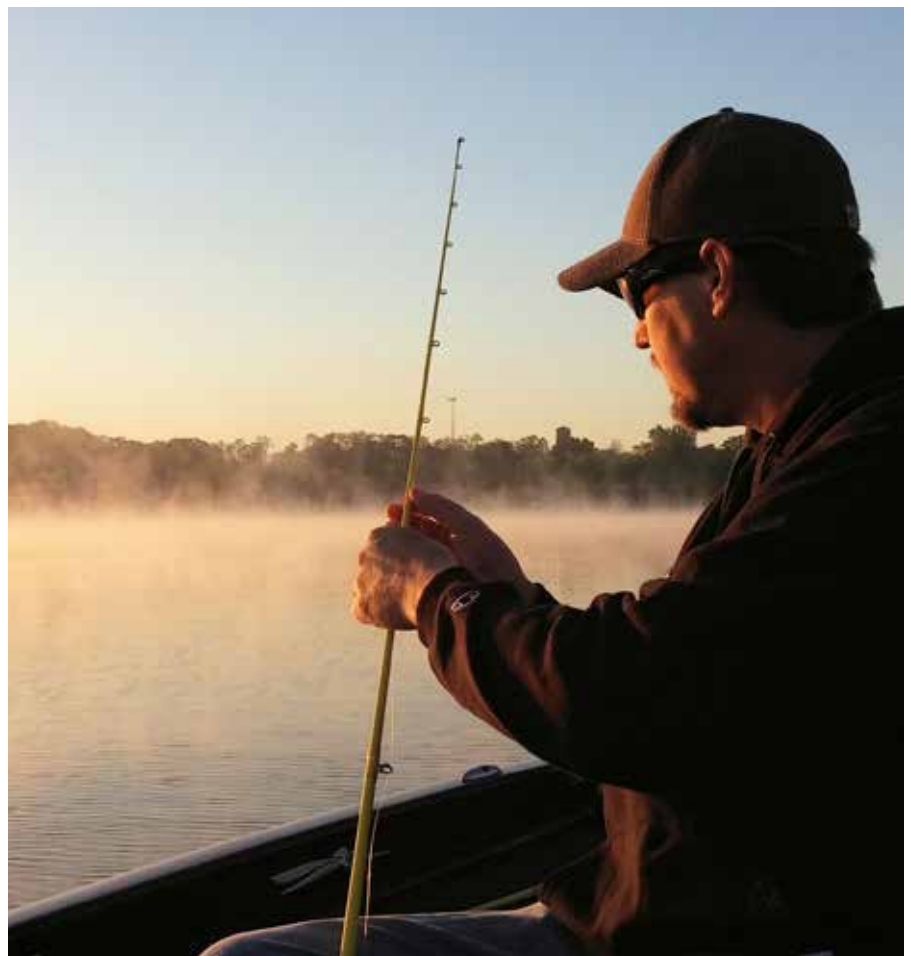
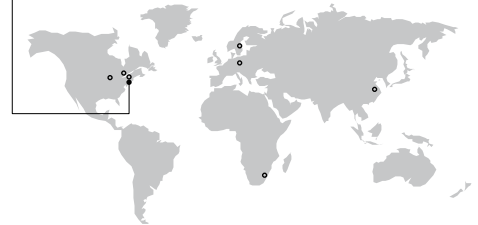
I try not to take fishing too serious though...

## Keith Sutton

Product Design and Application manager, Bus/York, PA. USA

**With MCC since:** 1991

**Passion:** Keith has many hobbies but Bass fishing has been his main hobby for the last couple of years. Keith says fishing offers him needed time to de-stress and reset; it is a great hobby that offers him a challenge, time shared with friends/family, rest and relaxation as well as time to enjoy the outdoors.



1) QDHELP means Quality, Delivery, Human, Environment, Leadtime and Profitability

# It's all about precision

I've been working at MCC for 18 months. I had few years of experience in quality control and engineering, process engineering and metrology when I came to MCC. I had just graduated in Mechanical Engineering and was looking for the best opportunity to develop my skills, a place where I could work alongside specialists who knew much more than I did and I could learn from.

From the start my main responsibility has been supporting processes improvement using quality tools and data. Each day brings new challenges.

Right now I'm focused on customer claims analysis, collecting facts and data and corrective actions effectiveness.

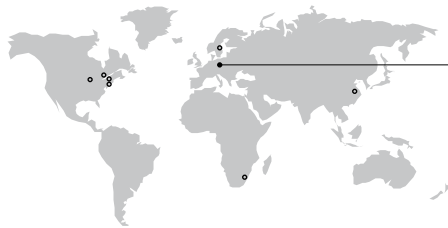
MCC has a wide product range and the most interesting thing is that we are able to manufacture HVAC units strictly customized for customer specific requirements. That's the biggest challenge from a technical point of view.

## Michał Palica

Process Quality Engineer, MCC Europe, Olawa, Poland

**With MCC since:** 2014

**Passion:** Michał's main hobby is playing the guitar but he also spends time sailing and hill walking. He thinks it's the adventure and challenge that he enjoys.



My job gives me lots of opportunities to develop professionally and that's the main reason why I want to work at MCC. Foreign languages, time management, negotiating, auditing skills and techniques – these are just some examples. I work every day with really great people who are very talented, and who share their knowledge and experience.

There are periods when a lot is happening at the same time. I find that motivating, when the situation demands a lot of precision and that you are professional and really good at your job. What I really want is to be 100 percent expert – so I can easily deal with every issue.

Playing the guitar in my free time lets me put things into perspective so I can start my work every single day with a fresh mind and a fresh outlook. In both guitar playing and in my professional field you need to be a team player, I mean when you play with a band you have to be a part of it. You can be expected to play just one single note but it can be very important to play that note right. Another time you might be playing a solo and you are like the band-leader and all the attention is focused on you. You need precision, you have to manage it, you can't fail.







# Time sure flies

– when you are having fun

I was a refrigeration contractor with my own business, designing and installing refrigeration piping systems as well as HVAC systems when I came to MCC eight and a half years ago. From day one at MCC I have been an Application Specialist.

I was involved in the JLG Skytrak overhead unit from start to finish. This was a new concept and it was very satisfying to see it go into production and be well received in the marketplace.

Today I am working on a new system for Wacker Neuson's new skid steer vehicle and a variant of a current production unit for JLG's Supercompact vehicle.

In an age of mass production and one size fits all, it's nice to work on purpose built solutions that meet specific needs. I want to be the best Application Specialist I can be. I get a great deal of

satisfaction from resolving the customers' needs, whatever they may be.

MCC offers lots of opportunities for advancement. And there is a good working climate.

My tenure here has greatly expanded my skills and knowledge and the people I work with on a daily basis are always ready to help with whatever I ask. At this point in my career the next big move I'm looking forward to is retirement and flying off into the sunset.

I already spend almost all my free time around airplanes and working with my brother on the design of a new airplane. The process is similar to what I do in my work at MCC. You identify the need, review the space provided and design a solution that both fits the space and satisfies the need.

My philosophy is that life is one big learning experience and even though the subject may change the lessons learned and skills attained are usually helpful in finding solutions.

**Blair Robinson**

Application Specialist,  
Engineering department, Toronto.

**With MCC since:** 2007

**Passion:** Blair's passion is flying. He comes from a flying family and has been around airplanes since birth. On the day he was born, Blair's father owned and was flying the same type of airplane as Blair operates today.





# Report of the Board of Directors

## General information about the business

Mobile Climate Control Group Holding AB, corporate identity number 556723-5642, is the parent company in a group comprising of nine wholly-owned subsidiaries (see Note 27).

The company is a wholly-owned subsidiary of Myggvärmare AB (556723-5667), which, in turn, is a wholly-owned subsidiary of Ratos AB (publ) (556008-3585). Ratos is listed on Nasdaq OMX Stockholm, Large Cap.

The Group's activities are comprised of development, manufacture and marketing of systems for heating, ventilation and air conditioning (HVAC) for selected segments within the global commercial vehicle industry. The market focus is on custom engineered products in small to medium production volumes, and the production philosophy is based on a high degree of vertical integration within the supply chain, providing flexibility to satisfy customers' stringent demands for customization and short lead times.

The Group's customers are divided into three main segments: bus manufacturers (e.g. city, coach, school and mini buses), off-road vehicle manufacturers (e.g. construction, mining, material handling and forestry equipment) and defense vehicle manufacturers (transport vehicles). Sales are broken down as follows: buses 59% (58 in previous year), off-road vehicles 30% (33), defense vehicles 8% (6) and other segments 3% (3).

The Group conducts business via its own companies in Sweden, Poland, Canada, USA, China and South Africa, and is represented by agents and distributors in several other countries. A total of 81% (77) of sales take place in the North American market. The European market accounts for 16% (19) and other markets 3% (4).

## Sales, profit and financial position

SEK million	2015	2014	2013	2012	2011
Net sales	1,264	1,022	978	1,250	1,048
Operating profit (EBITA)	152	107	98	109	46
Operating margin	12.0%	10.4%	10.0%	8.7%	4.4%
Profit before tax	108	47	68	67	7
Profit margin	8.6%	4.6%	7.0%	5.4%	0.7%
Cash flow from operating activities	95	71	100	9	73

Sales increased by 24% during the year to SEK 1,264 million (1,022), with a currency adjusted growth of 12%. Translation of foreign subsidiaries' income statements increased sales by another 11% compared to last year. The organic growth is mainly a result of strong demand in North America.

Operating profit (EBITA) excluding items affecting comparability increased by 43% to SEK 154 million (108), representing an operating margin of 12.2% (10.6). The increased operating margin is an effect of margin improvements in the underlying business as a result of margin strengthening activities, positive currency effects and increased volume. Including items affecting comparability, operating profit increased by 42% to SEK 152 million (107), representing an operating margin of 12.0% (10.4). Profit before tax amounted to SEK 108 million (47), representing a profit margin of 8.6% (4.6).

Cash flow from operating activities amounted to SEK 95 million (71). Working capital increased by SEK 25 million (-5) during the year, due to increased sales. Capital expenditures amounted to SEK 30 million (8).

SEK million	2015	2014	2013	2012	2011
Capital employed	1,479	1,471	1,354	1,408	1,378
– of which goodwill	1,174	1,153	1,101	1,101	1,117
Net debt	421	465	464	563	570
Equity	1,059	1,006	890	845	807

The Group's capital employed, calculated as total assets less interest-bearing assets and non-interest-bearing liabilities, amounted to SEK 1,479 million (1,471). Return on capital employed including goodwill amounted to 10.2% (7.5). Intangible fixed assets amounted to SEK 1,177 million (1,157). Tangible fixed assets amounted to SEK 100 million (86). Total working capital amounted to SEK 239 million (251).

Net debt reduced by SEK 44 million during the year and amounted to SEK 421 million (465) at the end of the year. The debt/equity ratio, calculated as net debt divided by total equity, was 0.40 (0.46).

Equity in the Group amounted to SEK 1,059 million (1,006) at the end of the year. Return on equity was 7.3% (4.2), while the equity ratio was 58% (57).

## Significant events

A new Chief Financial Officer came on board in the beginning of January 2016.

During the year, the Group's German subsidiary was liquidated as a consequence of the production for the European market being transferred to the Group's plant in Poland during 2014.

During the third quarter, the Group's Chinese manufacturing company took over personnel (5 persons), suppliers and customers from a Hong Kong based company (Climatic Technologies International Ltd) and started the assembling and sales of AC products for Chinese producers of tourist buses for export to USA, Australia and New Zealand.

The Group's largest investment ever, 23 MSEK in a production facility for micro-channel aluminum coils in Mississauga outside Toronto (Canada), was completed at the end of the year and serial production started. The investment opens up new market opportunities and will result in major cost reductions and improvements in lead time and quality.

## Research and development

Total cost of research and technological product development within the Group amounted to about 4% (4) of net sales. The Group's product development is focused on the modification of existing products and the development of new HVAC products (heating, ventilation and air conditioning) for customers within the Group's main market segments. These activities are also conducted in order to facilitate the development of new HVAC-related market segments. Product development is mainly conducted in the Group's subsidiaries in Canada, USA and Sweden.

During recent years, the company has intensified the work with renewing and replacing the existing product portfolio, especially with regard to the North American Bus market. The trend towards electric products is clear in all main segments and the company is very well positioned in this area as a result of completed as well as ongoing product development projects.

## Environmental information

The Group does not have operations for which permits are required in accordance with the Swedish Environmental Code. Some of the subsidiaries manufacture and maintain products that contain the refrigerant R134a and possess the necessary certificates concerning its handling. The subsidiaries in Canada, USA, Sweden, Poland and China are certified in accordance with ISO 14001.

## Outlook

Demand from MCC's main markets are currently at a relatively low level. The North American bus market continued to recover but still remains at a relatively low level with major needs to replace worn out buses. The European market as a

whole is weak due to the macroeconomic situation but is showing signs of recovery. A continued market recovery is expected but there is uncertainty as to when, due to the macroeconomic situation in Europe and financing challenges in the U.S. Continued efficiency improvement measures and significant investments in product development give MCC a good position ahead of the anticipated recovery. Over time, the company's good market position and structural growth forces in the market give MCC opportunities for long-term profitable growth.

## Significant risks and risk management

Mobile Climate Control (MCC) is an international group with a relatively large geographical spread, which creates exposure to various forms of strategic, operational and financial risk. Strategic risks mainly involve changes in the operating environment that can affect the global commercial vehicle industry, leading to far-reaching consequences for the Group's activities and targets. Operational risks are directly linked to the Group's business activities and can potentially affect its profit and financial position. These risks include, for example, legal risks, acquisitions of new businesses, price development for raw materials and components and dependence on customers. Financial risks are mainly comprised of financing risks, interest rate risks, currency risks, and credit risks.

Risk management within the Group aims to reduce potential effects of the aforementioned risks in a systematic fashion. This work is performed at all levels within the organization. The Board has overall responsibility for the Group's management of risk and sets out a strategy and long-term targets based on recommendations from the Group management. The Board continuously conducts systematic reviews of significant risks as well as actions to mitigate those risks. However, a considerable portion of operational risk management is performed at the company level, by local boards and management teams.

### STRATEGIC RISKS

MCC has relatively broad geographical market coverage with sales and manufacturing in a number of countries, although there is emphasis on the North American and West European markets. Thus, the Group is exposed to operating environment risks and country-specific risks, such as political decisions, changes to rules and regulations and fluctuations in demand as a result of changed customer or competitor behavior.

Relations with customers and suppliers are subject to continuous adaptation at both a central and local level within the organization, and there is constant monitoring of competitors and the development of local rules and regulations. The Group's management team also includes a number of corporate functions within, for example, marketing, quality and product development, which ensure continuous and broad monitoring of the operating environment at a central level within the Group.

## OPERATIONAL RISKS

Operational risks are usually managed at local level in the companies, but are followed up systematically by Group management at regular meetings and reviews. Legal risks, potential disputes, and changes to local legislation are followed up on an ongoing basis together with legal advisors in each country. The Board has formulated an acquisition strategy, which sets out the guidelines for how acquisitions are to be conducted within the Group. On the purchasing side, risks are managed primarily by the local companies, but there is central coordination when it comes to new suppliers, renegotiations, and agreements for the most significant material components.

Generally, the Group sells to a large number of customers in different countries, which reduces dependence on customers and the risk of material bad debt losses.

## FINANCIAL RISKS

The Group's long-term and short-term financing, cash management, currency risks, and other financial risk management are centralized within the Group. There is daily management at each company, which is based on established guidelines and procedures. Assignment of responsibilities and control over the Group's financing activities are regulated by a financial policy, which is updated and adopted annually by the Board.

Through its international activities MCC is exposed to the effect of changes in foreign exchange rates in the form of translation exposure and transaction exposure. The Group hedges part of its transaction exposure in North America under certain circumstances. Work is ongoing to reduce the underlying exposure that arises when goods are purchased or sold in foreign currencies. The most important currencies for the Group are USD, CAD, PLN, EUR and SEK. Interest rate risk is managed by regulating interest risk sensitivity with the aid of interest rate derivatives.

See note 23 for additional information on financial risks.

## Corporate governance

Mobile Climate Control Group Holding AB is a Swedish limited company with its registered office in Stockholm, Sweden. The company is indirectly a wholly-owned subsidiary of Ratos AB (publ). Governance of the Group is based on, among other things, bylaws and the Swedish Companies Act.

### THE BOARD

Corporate governance is organized by the Board, which, in accordance with the Swedish Companies Act, is responsible for the Group's organization and administration, as well as for the internal controls which ensure that accounting, management of assets, and financial relations in general are satisfactory. The Board makes decisions on the Group's strategy, long-term objectives and policies, approves the annual report and guidelines for remuneration to senior management, and makes decisions concerning the Group's financial structure. The Board

is also tasked with continuously assessing the company's operational management, including the work of the CEO.

The Board's rules of procedure and instructions on the division of tasks and responsibilities between the Board and CEO are updated and adopted annually. The Board has also issued instructions on how financial reports should be submitted to the Board. The Chairman of the Board shall, in addition to leading the activities of the Board, continuously follow the Group's activities and development through contact with the CEO.

The Board holds a minimum of four ordinary meetings per year. Additional meetings are arranged as required. Within the Board, there is an audit committee. The activities of this committee are regulated by a special set of instructions. The audit committee holds a minimum of three meetings per year and prepares issues concerning the external audit, internal controls, and the company's financial reporting. The committee does not have any decision-making authority.

## GROUP MANAGEMENT AND ORGANIZATION

The Group management is comprised of the CEO, the Production Site Managers for North America and Europe, the CFO, and those individuals responsible for Group-wide functions, such as marketing, product development, and quality and management systems. MCC's operation is organized into three geographical Regions, North America, Europe and Asia, where the principle is that the responsibility for commercial activities shall, to the greatest extent possible, lie with these organizations. The Group management is tasked with ensuring that work is carried out in accordance with the Group's overall strategy and objectives and that commercial activities are constantly coordinated and followed up on. It must also ensure that there is compliance with the policies and guidelines.

The Group management meets monthly. A minimum of two formal board meetings are held by the subsidiaries each year, and there are regular local management meetings. As a complement to this, quarterly follow-up meetings are held with sections of the Group management. Each month, all the subsidiaries submit financial results in accordance with the Group's accounting principles and definitions. These reports are the foundation for monthly operational follow-up and further reporting to the Board and the shareholders.

## GUIDELINES AND POLICIES

Each year, the Board decides on the policies that will apply within the Group. The most significant guidelines and policies are the authorization manual, financial policy, quality policy, information policy, IT policy, insurance policy, environmental policy, HR policy and CR-policy (Corporate Responsibility). The CR-policy constitutes a framework for the Group's other policies regarding business ethics and financial, environmental and HR related issues. In addition to these, there are a number of different sets of instructions and guidelines for how various elements of the business are to be handled, e.g. investment procedures and financial reporting.



The authorization manual defines the areas and levels associated with the CEO's decision rights and regulates the decision rights of both the Group management and the subsidiaries' Managing Directors. The financial policy sets out how financing and cash management issues as well as financial risk are to be managed within the Group. The quality policy outlines how the Group will deal with quality assurance work. The information policy deals with rules regarding contacts with media. The IT-policy regulates the use of hardware and software as well as issues related to infrastructure. The insurance policy outlines the Group's mandatory insurance coverage. The Group's HR policy ensures that all employees regard MCC as a safe, modern workplace that encourages development, and that all employees are treated equally regardless of gender, ethnicity and sexual orientation. The environmental policy defines how the Group manages the environmental impact of its activities.

## Proposed distribution of earnings

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings	943,721,036
Net profit for the year	51,122,661
	<b>994,843,697</b>

The Board of Directors and the CEO propose that the funds be appropriated as follows:

As dividend to shareholders	18,821,675
Carried forward	976,022,022
	<b>994,843,697</b>

The dividend will be paid on March 30, 2016.

## Consolidated income statement

<i>SEK thousand</i>	Note	2015	2014
<b>Operating income</b>			
Net sales		1,263,605	1,021,966
Other operating income	4	65	203
<b>Total operating income</b>	2	<b>1,263,670</b>	<b>1,022,169</b>
<b>Operating expenses</b>			
Raw materials and consumables		-696,913	-569,227
Other external expenses	7	-126,926	-96,459
Personnel costs	6	-273,734	-236,535
Depreciation of tangible and amortization of intangible fixed assets	11, 12	-14,516	-15,127
Other operating expenses	5	-1,778	-248
<b>Total operating expenses</b>		<b>-1,113,867</b>	<b>-917,596</b>
<b>Operating profit</b>		<b>149,803</b>	<b>104,573</b>
Financial income		201	614
Financial expenses		-41,521	-58,402
<b>Net financial items</b>	8	<b>-41,320</b>	<b>-57,788</b>
<b>Profit before tax</b>		<b>108,483</b>	<b>46,785</b>
Tax expense	10	-33,439	-7,007
<b>Net profit for the year</b>		<b>75,044</b>	<b>39,778</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the parent company		<b>75,044</b>	<b>39,778</b>

## Consolidated statement of comprehensive income

<i>SEK thousand</i>	2015	2014
<b>Net profit for the year</b>	<b>75,044</b>	<b>39,778</b>
<b>Other comprehensive income</b>		
<b>Items that will be reclassified subsequently to profit or loss:</b>		
Translation differences during the year	-4,907	44,815
Fair-value changes in cash flow hedges	-703	-2,059
Tax related to fair-value changes in cash flow hedges	217	350
<b>Other comprehensive income for the year</b>	<b>-5,393</b>	<b>43,106</b>
<b>Total comprehensive income for the year</b>	<b>69,651</b>	<b>82,884</b>
<b>Total comprehensive income for the year attributable to:</b>		
Shareholders of the parent company	<b>69,651</b>	<b>82,884</b>



## Consolidated balance sheet

<i>SEK thousand</i>	Note	2015	2014
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	11	1,177,443	1,157,242
Tangible fixed assets	12	99,746	86,089
Financial fixed assets			
Long-term receivables	13	590	1,811
Deferred tax receivables	10	15,811	17,116
<b>Total fixed assets</b>		<b>1,293,590</b>	<b>1,262,258</b>
<b>Current assets</b>			
Inventories	14	188,994	180,822
Current tax receivables		1,972	347
Accounts receivables		169,145	145,207
Short-term receivables from group companies		24,131	45,400
Other short-term receivables		17,048	17,752
Prepaid expenses and accrued income	15	5,976	4,068
Cash and cash equivalents	16	117,208	87,173
<b>Total current assets</b>		<b>524,474</b>	<b>480,769</b>
<b>Total assets</b>		<b>1,818,064</b>	<b>1,743,027</b>

## Consolidated balance sheet

<i>SEK thousand</i>	Note	2015	2014
<b>Equity and liabilities</b>			
<b>Equity</b>	17		
Share capital		100	100
Other paid in capital		748,262	729,440
Reserves		6,054	11,447
Retained earnings including profit for the year		304,453	264,821
<b>Equity attributable to shareholders of the parent company</b>		<b>1,058,869</b>	<b>1,005,808</b>
<b>Total equity</b>		<b>1,058,869</b>	<b>1,005,808</b>
<b>Non-current liabilities</b>			
Long-term loans	18	467,526	505,826
Other long-term liabilities	20	7,375	958
Deferred tax liabilities	10	27,179	12,603
Long-term provisions	19	10,123	17,261
<b>Total non-current liabilities</b>		<b>512,203</b>	<b>536,648</b>
<b>Current liabilities</b>			
Short-term loans	18	68,990	45,407
Accounts payables		111,101	96,317
Current tax liabilities		2,679	141
Other short-term liabilities	20	10,217	8,243
Accrued expenses and prepaid income	21	30,207	29,124
Short-term provisions	19	23,798	21,339
<b>Total current liabilities</b>		<b>246,992</b>	<b>200,571</b>
<b>Total equity and liabilities</b>		<b>1,818,064</b>	<b>1,743,027</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	26	584,417	544,646
Contingent liabilities	26	75	75

## Consolidated statement of changes in equity

<i>SEK thousand</i>	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Retained earnings incl. profit/-loss for the year	Total equity
<b>Opening balance, January 1, 2014</b>	<b>100</b>	<b>694,028</b>	<b>- 29,034</b>	<b>- 2,625</b>	<b>227,580</b>	<b>890,049</b>
Net profit	-	-	-	-	39,778	<b>39,778</b>
Other comprehensive income	-	-	44,815	- 1,709	-	<b>43,106</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>44,815</b>	<b>- 1,709</b>	<b>39,778</b>	<b>82,884</b>
Dividend to shareholders	-	-	-	-	- 2,537	<b>- 2,537</b>
Group contribution received	-	45,400	-	-	-	<b>45,400</b>
Tax effect of group contribution	-	- 9,988	-	-	-	<b>- 9,988</b>
<b>Total transactions with parent company shareholders</b>	<b>-</b>	<b>35,412</b>	<b>-</b>	<b>-</b>	<b>- 2,537</b>	<b>32,875</b>
<b>Closing balance, December 31, 2014</b>	<b>100</b>	<b>729,440</b>	<b>15,781</b>	<b>- 4,334</b>	<b>264,821</b>	<b>1,005,808</b>
<b>Opening balance, January 1, 2015</b>	<b>100</b>	<b>729,440</b>	<b>15,781</b>	<b>- 4,334</b>	<b>264,821</b>	<b>1,005,808</b>
Net profit	-	-	-	-	75,044	<b>75,044</b>
Other comprehensive income	-	-	- 4,907	- 486	-	<b>- 5,393</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>- 4,907</b>	<b>- 486</b>	<b>75,044</b>	<b>69,651</b>
Dividend to shareholders	-	-	-	-	- 35,412	<b>- 35,412</b>
Group contribution received	-	24,131	-	-	-	<b>24,131</b>
Tax effect of group contribution	-	- 5,309	-	-	-	<b>- 5,309</b>
<b>Total transactions with parent company shareholders</b>	<b>-</b>	<b>18,822</b>	<b>-</b>	<b>-</b>	<b>- 35,412</b>	<b>- 16,590</b>
<b>Closing balance, December 31, 2015</b>	<b>100</b>	<b>748,262</b>	<b>10,874</b>	<b>- 4,820</b>	<b>304,453</b>	<b>1,058,869</b>



## Consolidated cash flow statement

<i>SEK thousand</i>	Note	2015	2014
	29		
<b>Operating activities</b>			
Profit before tax		108,483	46,785
Adjustments for non-cash items		34,794	42,664
Taxes paid		- 23,018	- 24,067
<b>Cash flow from operating activities before changes in working capital</b>		<b>120,259</b>	<b>65,382</b>
<b>Change in working capital</b>			
Increase(-)/decrease(+) in inventories		- 11,126	- 5,419
Increase(-)/decrease(+) in operating receivables		- 29,790	- 8,591
Increase(+)/decrease(-) in operating liabilities		15,987	19,204
<b>Total change in working capital</b>		<b>- 24,928</b>	<b>5,194</b>
<b>Cash flow from operating activities</b>		<b>95,331</b>	<b>70,576</b>
<b>Investing activities</b>			
Investments in tangible fixed assets		- 29,503	- 6,617
Investments in intangible fixed assets		- 672	- 2,597
Sale of tangible fixed assets		89	869
Sale of intangible fixed assets		- 8	-
<b>Cash flow from investing activities</b>		<b>- 30,093</b>	<b>- 8,345</b>
<b>Financing activities</b>			
Dividend to shareholders		- 35,412	- 2,537
Group contribution received		45,400	-
Group contribution paid		-	- 1,748
External borrowings		5,223	-
Loan repayments		- 52,269	- 47,845
Option premiums		2,483	-
<b>Cash flow from financing activities</b>		<b>- 34,575</b>	<b>- 52,130</b>
<b>Cash flow</b>		<b>30,663</b>	<b>10,101</b>
Cash and cash equivalents at beginning of the year		87,173	63,081
Cash flow		30,663	10,101
Exchange rate differences in cash and cash equivalents		- 628	13,991
<b>Cash and cash equivalents at the end of the year</b>		<b>117,208</b>	<b>87,173</b>

## Parent company income statement

<i>SEK thousand</i>	Note	2015	2014
<b>Operating income</b>			
Other operating income	4	24,047	22,105
<b>Total operating income</b>		<b>24,047</b>	<b>22,105</b>
<b>Operating expenses</b>			
Other external expenses	7	-11,768	-9,556
Personnel costs	6	-14,561	-14,067
Depreciation of tangible and amortization of intangible fixed assets	11, 12	-62	-646
Other operating expenses	5	-5	-
<b>Total operating expenses</b>		<b>-26,396</b>	<b>-24,269</b>
<b>Operating profit/loss</b>		<b>-2,349</b>	<b>-2,164</b>
Result from participations in subsidiaries		57,951	7,612
Financial income		5,257	6,223
Financial expenses		-37,341	-51,581
<b>Net financial items</b>	8	<b>25,867</b>	<b>-37,746</b>
<b>Profit after financial items</b>		<b>23,518</b>	<b>-39,910</b>
Appropriations	9	27,605	47,198
<b>Profit before tax</b>		<b>51,123</b>	<b>7,288</b>
Tax expense		-	-
<b>Net profit for the year</b>		<b>51,123</b>	<b>7,288</b>

## Statement of comprehensive income Parent company

<i>SEK thousand</i>	2015	2014
<b>Net profit for the year</b>	51,123	7,288
<b>Total comprehensive income for the year</b>	<b>51,123</b>	<b>7,288</b>

## Parent company balance sheet

<i>SEK thousand</i>	Note	2015	2014
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	11	774,056	774,078
Tangible fixed assets	12	54	53
Financial fixed assets			
Shares in subsidiaries	27	472,627	472,850
Long-term receivables from subsidiaries	28	29,077	37,960
Long-term receivables	13	201	236
<b>Total fixed assets</b>		<b>1,276,015</b>	<b>1,285,177</b>
<b>Current assets</b>			
Short-term receivables from subsidiaries	28	33,735	64,977
Current tax assets		128	66
Other short-term receivables		778	500
Prepaid expenses and accrued income	15	945	789
<b>Total current assets</b>		<b>35,586</b>	<b>66,332</b>
<b>Total assets</b>		<b>1,311,601</b>	<b>1,351,509</b>



## Parent company balance sheet

<i>SEK thousand</i>	Note	2015	2014
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (100,000 shares)		100	100
Unrestricted equity			
Retained earnings		943,720	971,844
Net profit for the year		51,123	7,288
<b>Total unrestricted equity</b>		<b>994,843</b>	<b>979,132</b>
<b>Total equity</b>		<b>994,943</b>	<b>979,232</b>
<b>Non-current liabilities</b>			
Long-term loans	18	265,384	288,608
Other long-term liabilities	20	6,578	387
<b>Total non-current liabilities</b>		<b>271,962</b>	<b>288,995</b>
<b>Current liabilities</b>			
Short-term loans	18	38,431	77,961
Accounts payables		1,268	1,195
Short-term liabilities to subsidiaries	28	–	60
Other short-term liabilities	20	1,044	460
Accrued expenses and prepaid income	21	3,953	3,606
<b>Total current liabilities</b>		<b>44,696</b>	<b>83,282</b>
<b>Total equity and liabilities</b>		<b>1,311,601</b>	<b>1,351,509</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	26	466,286	466,286
Contingent liabilities	26	None	None

## Parent company statement of changes in equity

<i>SEK thousand</i>	Share capital	Retained earnings incl. profit for the year	Total equity
<b>Opening balance, January 1, 2014</b>	<b>100</b>	<b>974,381</b>	<b>974,481</b>
Net profit	–	7,288	<b>7,288</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>7,288</b>	<b>7,288</b>
Shareholders' contribution	–	–2,537	<b>–2,537</b>
<b>Total transactions with parent company shareholders</b>	<b>–</b>	<b>–2,537</b>	<b>–2,537</b>
<b>Closing balance, December 31, 2014</b>	<b>100</b>	<b>979,132</b>	<b>979,232</b>
<b>Opening balance, January 1, 2015</b>	<b>100</b>	<b>979,132</b>	<b>979,232</b>
Net profit	–	51,123	<b>51,123</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>51,123</b>	<b>51,123</b>
Dividend to shareholders	–	–35,412	<b>–35,412</b>
<b>Total transactions with parent company shareholders</b>	<b>–</b>	<b>–35,412</b>	<b>–35,412</b>
<b>Closing balance, December 31, 2015</b>	<b>100</b>	<b>994,843</b>	<b>994,943</b>

## Parent company cash flow statement

<i>SEK thousand</i>	Note	2015	2014
	29		
<b>Operating activities</b>			
Profit before tax and received dividend		-6,828	-47,521
Adjustments for non-cash items		-8,206	31,147
Taxes paid		-62	-224
<b>Cash flow from operating activities before changes in working capital</b>		<b>-15,096</b>	<b>-16,598</b>
<b>Change in working capital</b>			
Increase(-)/decrease(+) in operating receivables		20,356	-3,376
Increase(+)/decrease(-) in operating liabilities		-51,508	38,615
<b>Total change in working capital</b>		<b>-31,152</b>	<b>35,239</b>
<b>Cash flow from operating activities</b>		<b>-46,248</b>	<b>18,641</b>
<b>Investing activities</b>			
Shareholders' contribution to subsidiaries		-	-960
Investments in tangible fixed assets		-45	-
<b>Cash flow from investing activities</b>		<b>-45</b>	<b>-960</b>
<b>Financing activities</b>			
Group contribution received		47,198	34
Group contribution paid		-	-2,520
Dividend to shareholders		-35,412	-2,537
Dividends received from subsidiaries		55,450	7,612
Gain on sale of subsidiaries		2,502	-
Loan repayments		-25,927	-20,270
Option premiums		2,483	-
<b>Cash flow from financing activities</b>		<b>46,293</b>	<b>-17,681</b>
<b>Cash flow</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at beginning of the year		-	-
Cash flow		0	0
<b>Cash and cash equivalents at the end of the year</b>		<b>-</b>	<b>-</b>



# Notes to the Financial Statements

## Note 1 Significant accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 have also been applied.

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's standard RFR 2. RFR 2 requires that the

Parent Company, in its annual accounts, apply all the IFRS as far as possible within the framework of the Annual Accounts Act and in view of the relationship between accounting and taxation. The standard specifies which exceptions and amendments to IFRS should be made.

The Parent Company's functional currency is the Swedish krona (SEK), which is the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless stated otherwise, are rounded to the nearest thousand.

## Note 2 Total operating income

### GROUP

<i>SEK thousand</i>	2015	2014
Sales of goods	1,263,605	1,021,966
Other operating income, note 4	65	203
<b>Total operating income</b>	<b>1,263,670</b>	<b>1,022,169</b>

## Note 3 Acquisitions

No acquisitions in 2014 or 2015.

## Note 4 Other operating income

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### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
Management Fee	23,975	22,105
Other	72	–
<b>Total other operating income</b>	<b>24,047</b>	<b>22,105</b>

## Note 5 Other operating expenses

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### GROUP

<i>SEK thousand</i>	2015	2014
Foreign exchange rate losses on operating receivables and payables	–1,778	–248
<b>Total other operating expenses</b>	<b>–1,778</b>	<b>–248</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
Foreign exchange rate losses on operating receivables and payables	–5	–
<b>Total other operating expenses</b>	<b>–5</b>	<b>–</b>

## Note 6 Employees, wages and salaries and other remuneration

### Wages, salaries and other remuneration

#### GROUP

<i>SEK thousand</i>	2015	2014
Wages, salaries and other remuneration	219,050	189,791
Pension costs	8,605	8,211
Social security costs	41,836	35,040
Other personnel-related costs	4,243	3,533
<b>Total personnel costs</b>	<b>273,734</b>	<b>236,575</b>

### Average number of employees

	2015	men	2014	men
Parent company, Sweden	7	57%	8	75%
<b>Total Parent company</b>	<b>7</b>	<b>57%</b>	<b>8</b>	<b>75%</b>
<b>Subsidiaries</b>				
Sweden	12	100%	13	100%
USA	122	76%	123	76%
Canada	316	91%	304	91%
Germany	–	–	8	88%
Poland	147	67%	141	68%
China	26	31%	21	33%
South Africa	9	78%	–	–
<b>Total subsidiaries</b>	<b>632</b>	<b>80%</b>	<b>610</b>	<b>81%</b>
<b>Total Group</b>	<b>639</b>	<b>80%</b>	<b>618</b>	<b>81%</b>

### Gender distribution in senior management

	2015	men	2014	men
Board of Directors <sup>1</sup>	6	83%	6	83%
Executive management team	8	100%	8	100%
of which in Parent company	2	100%	3	100%

<sup>1</sup> The total number of directors in all Group companies at year-end was 27 (29).



## Note 6 Employees, wages and salaries and other remuneration

### Wages, salaries and information on remuneration of the Board of Directors and senior executives and social costs

#### PARENT COMPANY

SEK thousand	2015			2014		
	Board of Directors and senior executives	Other employees	Total	Board of Directors and senior executives	Other employees	Total
Wages, salaries and other remuneration Sweden <sup>1</sup>	5,337	3,153	<b>8,490</b>	5,902	2,357	<b>8,259</b>
of which bonus	806	213	<b>1,019</b>	986	161	<b>1,147</b>
Social security costs	3,241	2,143	<b>5,384</b>	3,613	1,930	<b>5,543</b>
of which pension costs	1,650	1,001	<b>2,651</b>	1,814	1,155	<b>2,969</b>
<b>Total</b>	<b>8,578</b>	<b>5,296</b>	<b>13,874</b>	<b>9,515</b>	<b>4,287</b>	<b>13,802</b>

### Wages, salaries and information on remuneration of senior executives and social costs

#### GROUP

SEK thousand	2015	2014
Wages, salaries and other remuneration <sup>1</sup>	15,967	13,624
of which bonus	2,890	2,124
Social costs <sup>1</sup>	4,517	5,206
of which pension costs	1,935	2,441
<b>Total</b>	<b>20,484</b>	<b>18,830</b>

<sup>1</sup>) A total of 431 KSEK (415) of wages, salaries and other remuneration and 135 KSEK (130) of social costs relates to the Board of Directors not employed by the company.

#### Termination benefits

The senior executives in the Group have agreements of termination benefits that entitle them to between 6–12 months gross salary in the event of termination by the company.

#### Exit bonus program

Agreements on possible exit bonuses exist and can be realized given fulfillment of certain criterias. These criterias were not fulfilled as per December 31, 2015 and therefore no liability was accounted for.

#### Synthetic options program

During 2015 senior executives and members of the board acquired synthetic options in the company. The synthetic options give the holders the right, but not the obligation, to receive a future cash payment, equivalent to the difference between the market value of the shares at exercise and the predetermined exercise price. The option program and previous programs have been reported as Other non-current liabilities.

## Note 7 Fees to auditors

### GROUP

<i>SEK thousand</i>	2015	2014
<b>PwC</b>		
Audit assignment	1,564	1,296
Tax assignment	859	285
Other assignments	56	–
<b>Total</b>	<b>2,479</b>	<b>1,581</b>

<i>SEK thousand</i>	2015	2014
<b>Other</b>		
Audit assignment	653	721
Tax assignment	285	263
Other assignments	–	62
<b>Total</b>	<b>938</b>	<b>1,046</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
<b>PwC</b>		
Audit assignment	368	369
Other assignments	–	178
<b>Total</b>	<b>368</b>	<b>547</b>

Audit assignment refers to the review of the annual report, accounts and the administration by the Board of Directors as well as the CEO. Included are also other duties and responsibilities by the company's auditors as

well as consulting or other assistance resulting from observations during such reviews or the implementation of such other duties.

## Note 8 Net financial items

### GROUP

<i>SEK thousand</i>	2015	2014
Interest income	201	119
Revaluation of synthetic options	–	495
<b>Financial income</b>	<b>201</b>	<b>614</b>
<b>Net loss</b>		
Interest expenses	–26,339	–27,050
Exchange rate differences	–9,403	–28,862
Other financial expenses	–2,071	–2,490
Revaluation of synthetic options	–3,708	–
<b>Financial expenses</b>	<b>–41,521</b>	<b>–58,402</b>
<b>Net financial items</b>	<b>–41,320</b>	<b>–57,788</b>

### PARENT COMPANY

<i>SEK thousand</i>	Result from participations in subsidiaries		Interest expenses and other similar expenses		Interest income and other similar income	
	2015	2014	2015	2014	2015	2014
Dividends received from subsidiaries	55,450	7,612	–	–	–	–
Capital gain from divestment of subsidiaries	2,502	–	–	–	–	–
Exchange rate differences	–	–	–17,798	–35,070	3,087	3,962
Intra-group interest income/expenses	–	–	–	–	2,168	2,261
External interest income/expenses	–	–	–13,669	–14,810	–	–
Other financial items	–	–	–5,874	–1,701	2	–
<b>Total</b>	<b>57,951</b>	<b>7,612</b>	<b>–37,341</b>	<b>–51,581</b>	<b>5,257</b>	<b>6,223</b>

## Note 9 Appropriations

### GROUP

The group has no appropriations.

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
Group contribution received	27,605	47,198
<b>Total tax expenses</b>	<b>27,605</b>	<b>47,198</b>



## Note 10 Taxes

### GROUP

<i>SEK thousand</i>	2015	2014
Current tax	-18,496	-8,173
Taxes attributable to prior years	409	835
Deferred taxes	-15,352	331
<b>Total tax expenses</b>	<b>-33,439</b>	<b>-7,007</b>

### Explanation of the difference between nominal Swedish tax rate and effective tax rate in the income statement

### GROUP

<i>Percent</i>	2015	2014
Nominal tax rate in Sweden	22.0%	22.0%
Effect of foreign tax rates	19.1%	5.9%
Non-deductible expenses/non-taxable income	-10.3%	-3.3%
Taxes attributable to prior years	-0.4%	-1.8%
Other	0.4%	-7.8%
<b>Effective tax rate in the income statement</b>	<b>30.8%</b>	<b>15.0%</b>

### PARENT COMPANY

<i>Percent</i>	2015	2014
Nominal tax rate in Sweden	22.0%	22.0%
Non-taxable income from participations in subsidiaries	-51.9%	-23.0%
Non-deductible expenses/non-taxable income	4.1%	4.0%
<b>Effective tax rate in the income statement</b>	<b>-25.8%</b>	<b>3.0%</b>

### Tax items recognized directly in equity

### GROUP

<i>SEK thousand</i>	2015	2014
Current tax on Group contributions	-5,309	-9,988
Deferred tax attributable to fair-value adjustments on foreign exchange derivatives	488	524
Deferred tax attributable to fair-value adjustments on interest derivatives	-271	-174
<b>Total</b>	<b>-5,092</b>	<b>-9,638</b>

## Note 10 Taxes

### Deferred tax assets and liabilities

Deferred tax assets and liabilities recognized in the balance sheet are attributable to:

#### GROUP

<i>SEK thousand</i>	Deferred tax assets		Deferred tax liabilities	
	2015	2014	2015	2014
Intangible fixed assets	8,327	8,960	-45,930	-39,246
Tangible fixed assets	568	739	-4,389	-3,867
Financial fixed assets	307	578	-	-
Provisions	1,139	842	-	-
Special Economic Zone benefit, Poland	12,927	13,275	-	-
Inventories	5,207	4,971	-	-
Accounts receivables	314	148	-	-
Interest bearing liabilities	487	956	-	-
Loss carry-forward	92	4,812	-	-437
Other receivables	886	215	-	-
Other liabilities	10,331	13,920	-1,634	-1,353
<b>Deferred tax assets/liabilities</b>	<b>40,585</b>	<b>49,416</b>	<b>-51,953</b>	<b>-44,903</b>
<b>Netted on Group level</b>	<b>-24,774</b>	<b>-32,300</b>	<b>24,774</b>	<b>32,300</b>
<b>Total</b>	<b>15,811</b>	<b>17,116</b>	<b>-27,179</b>	<b>-12,603</b>

#### BY COUNTRY

<i>SEK thousand</i>	Deferred tax assets		Deferred tax liabilities	
	2015	2014	2015	2014
Sweden	-	258	-	-
Canada	2,320	1,747	-4,013	-3,252
Poland	14,228	14,889	-97	-241
USA	22,551	30,794	-47,843	-41,410
Group eliminations	1,486	1,728	-	-
<b>Total</b>	<b>40,585</b>	<b>49,416</b>	<b>-51,953</b>	<b>-44,903</b>

Change in deferred tax assets and liabilities

GROUP

2014

<i>SEK thousand</i>	Opening balance, January 1, 2014	Recognized in income statement	Recognized in other comprehensive income	Reclassification	Translation difference	Closing balance, December 31, 2014
Intangible fixed assets	-17,080	-8,690	-	116	-4,632	-30,286
Tangible fixed assets	-4,085	1,234	-	267	-544	-3,128
Financial fixed assets	752	-	-174	-	-	578
Provisions	95	-356	-	1,187	-84	842
Tax losses carry forward	0	-6,323	-	6,323	-	0
Special Economic Zone benefit, Poland	10,712	2,238	-	-	325	13,275
Inventories	2,243	3,009	-	-878	597	4,971
Accounts receivables	303	-160	-	-27	32	148
Interest bearing liabilities	722	211	-	-	23	956
Loss carry-forward	0	2,798	-	1,021	556	4,375
Other receivables	-515	174	524	-	32	215
Other liabilities	6,359	6,197	-	-1,687	1,698	12,567
<b>Total</b>	<b>-494</b>	<b>332</b>	<b>350</b>	<b>6,322</b>	<b>-1,997</b>	<b>4,513</b>

2015

<i>SEK thousand</i>	Opening balance, January 1, 2015	Recognized in income statement	Recognized in other comprehensive income	Reclassification	Translation difference	Closing balance, December 31, 2015
Intangible fixed assets	-30,286	-5,089	-	-	-2,228	-37,603
Tangible fixed assets	-3,128	-622	-	-	-71	-3,821
Financial fixed assets	578	-	-271	-	-	307
Provisions	842	396	-	-	-99	1,139
Special Economic Zone benefit, Poland	13,275	-	-	-	-348	12,927
Inventories	4,971	-1,129	-	-	1,365	5,207
Accounts receivables	148	121	-	-	45	314
Interest bearing liabilities	956	-461	-	-	-8	487
Loss carry-forward	4,375	-3,821	-	-	-462	92
Other receivables	215	-	488	-	183	886
Other liabilities	12,567	-4,747	-	-	877	8,697
<b>Total</b>	<b>4,513</b>	<b>-15,352</b>	<b>217</b>	<b>-</b>	<b>-746</b>	<b>-11,368</b>



## Note 11 Intangible fixed assets

### GROUP

SEK thousand	Internally generated intangible assets	Acquired intangible assets		Total
	R&D expenditure	Other intangible assets	Goodwill	
<b>Accumulated acquisition value</b>				
<b>Opening balance, January 1, 2014</b>	<b>5,486</b>	<b>40,912</b>	<b>1,101,109</b>	<b>1,147,507</b>
Other investments	–	2,597	–	<b>2,597</b>
Reclassifications	–	3,799	–	<b>3,799</b>
Translation differences	–	7,968	51,480	<b>59,448</b>
<b>Closing balance, December 31, 2014</b>	<b>5,486</b>	<b>55,276</b>	<b>1,152,589</b>	<b>1,213,351</b>
<b>Opening balance, January 1, 2015</b>	<b>5,486</b>	<b>55,276</b>	<b>1,152,589</b>	<b>1,213,351</b>
Other investments	–	672	–	<b>672</b>
Translation differences	–	2,122	21,358	<b>23,480</b>
<b>Closing balance, December 31, 2015</b>	<b>5,486</b>	<b>58,070</b>	<b>1,173,947</b>	<b>1,237,503</b>
<b>Accumulated amortization</b>				
<b>Opening balance, January 1, 2014</b>	<b>–4,937</b>	<b>–40,257</b>		<b>–45,194</b>
Amortization	–549	–1,691		<b>–2,240</b>
Reclassifications	–	–1,042		<b>–1,042</b>
Translation differences	–	–7,633		<b>–7,633</b>
<b>Closing balance, December 31, 2014</b>	<b>–5,486</b>	<b>–50,623</b>		<b>–56,109</b>
<b>Opening balance, January 1, 2015</b>	<b>–5,486</b>	<b>–50,623</b>		<b>–56,109</b>
Amortization	–	–1,941		<b>–1,941</b>
Translation differences	–	–2,010		<b>–2,010</b>
<b>Closing balance, December 31, 2015</b>	<b>–5,486</b>	<b>–54,574</b>		<b>–60,060</b>
<b>Net carrying amounts</b>				
<b>December 31, 2014</b>	<b>0</b>	<b>4,653</b>	<b>1,152,589</b>	<b>1,157,242</b>
<b>December 31, 2015</b>	<b>0</b>	<b>3,496</b>	<b>1,173,947</b>	<b>1,177,443</b>

All intangible assets, except for goodwill, are recognized at cost less accumulated amortization and any impairment losses.

For further information regarding amortization, see accounting principles in note 1.

#### Impairment test of goodwill

The Group goodwill is attributable to the acquisition of MCCII Holding AB-group in May 2007, the acquisition of ACME in 2008 and the acquisition in 2011 of Carrier's bus air conditioning division.

The acquisitions were based on an expected long-term positive development for the Group as a whole, where the subsidiaries together are expected to contribute to a long-term positive value development. An allocation of the Group goodwill at entity level is not deemed applicable. The Group as a whole is therefore defined as one cash-generating unit.

The impairment test is based on the financial development for the Group as a whole and the calculation is based on estimates of the goodwill's value in use. This value is based on the estimated cash flow development for the Group.

## Note 11 Intangible fixed assets

The basis for the cash flow estimates consists of the financial plan for the Group for 2016-2019, according to which the average annual growth rate is expected to be in line with the expected market growth.

For the years following 2019 an annual growth rate of 2% is assumed. A Weighted Average Cost of Capital (WACC) of 10% after tax is used as a discount rate for future estimated cash flows.

The present value of future estimated cash flows exceeds with a substantial margin the carrying amounts of the Group's net assets. No indication of a need for impairment of goodwill was identified.

A sensitivity analysis shows that an increase of the WACC with 1%-unit, a decrease in gross margin or growth by 1%-unit respectively, results in a value-in-use that exceeds the carrying amount with more than 20%.

### PARENT COMPANY

<i>SEK thousand</i>	R&D expenditure	Other intangible assets	Goodwill	Total
<b>Accumulated acquisition value</b>				
<b>Opening balance, January 1, 2014</b>	<b>5,486</b>	<b>90</b>	<b>774,056</b>	<b>779,632</b>
<b>Closing balance, December 31, 2014</b>	<b>5,486</b>	<b>90</b>	<b>774,056</b>	<b>779,632</b>
<b>Opening balance, January 1, 2015</b>	<b>5,486</b>	<b>90</b>	<b>774,056</b>	<b>779,632</b>
<b>Closing balance, December 31, 2015</b>	<b>5,486</b>	<b>90</b>	<b>774,056</b>	<b>779,632</b>
<b>Accumulated amortization</b>				
<b>Opening balance, January 1, 2014</b>	<b>-4,937</b>	<b>-38</b>		<b>-4,975</b>
Amortization	-549	-30		-579
<b>Closing balance, December 31, 2014</b>	<b>-5,486</b>	<b>-68</b>		<b>-5,554</b>
<b>Opening balance, January 1, 2015</b>	<b>-5,486</b>	<b>-68</b>		<b>-5,554</b>
Amortization	-	-22		-22
<b>Closing balance, December 31, 2015</b>	<b>-5,486</b>	<b>-90</b>		<b>-5,576</b>
<b>Net carrying amounts</b>				
<b>December 31, 2014</b>	<b>0</b>	<b>22</b>	<b>774,056</b>	<b>774,078</b>
<b>December 31, 2015</b>	<b>0</b>	<b>0</b>	<b>774,056</b>	<b>774,056</b>

## Note 12 Tangible fixed assets

### GROUP

<i>SEK thousand</i>	Land and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
<b>Accumulated acquisition value</b>					
<b>Opening balance, January 1, 2014</b>	<b>60,862</b>	<b>78,266</b>	<b>51,657</b>	<b>0</b>	<b>190,785</b>
Investments	619	1,576	1,051	3,371	<b>6,617</b>
Reclassifications	–	–3,899	–94	194	<b>–3,799</b>
Disposals	–171	–2,874	–5,089	–	<b>–8,134</b>
Translation differences	4,170	8,468	6,336	260	<b>19,234</b>
<b>Closing balance, December 31, 2014</b>	<b>65,480</b>	<b>81,537</b>	<b>53,861</b>	<b>3,825</b>	<b>204,703</b>
<b>Opening balance, January 1, 2015</b>	<b>65,480</b>	<b>81,537</b>	<b>53,861</b>	<b>3,825</b>	<b>204,703</b>
Investments	101	18,570	8,489	2,343	<b>29,503</b>
Reclassifications	–	2,119	522	–2,641	<b>0</b>
Disposals	–	–248	–461	–	<b>–709</b>
Translation differences	74	–5,632	–2,346	–127	<b>–8,031</b>
<b>Closing balance, December 31, 2015</b>	<b>65,655</b>	<b>96,346</b>	<b>60,065</b>	<b>3,400</b>	<b>225,466</b>
<b>Accumulated depreciation</b>					
<b>Opening balance, January 1, 2014</b>	<b>–9,032</b>	<b>–48,530</b>	<b>–44,380</b>		<b>–101,942</b>
Depreciation	–1,390	–10,058	–1,439		<b>–12,887</b>
Reclassifications	–	1,042	–		<b>1,042</b>
Disposals	–473	4,632	3,107		<b>7,266</b>
Translation differences	–784	–5,705	–5,604		<b>–12,093</b>
<b>Closing balance, December 31, 2014</b>	<b>–11,679</b>	<b>–58,619</b>	<b>–48,316</b>		<b>–118,614</b>
<b>Opening balance, January 1, 2015</b>	<b>–11,679</b>	<b>–58,619</b>	<b>–48,316</b>		<b>–118,614</b>
Depreciation	–1,432	–9,480	–1,663		<b>–12,575</b>
Reclassifications	–591	2,176	–1,585		<b>0</b>
Disposals	–	170	450		<b>620</b>
Translation differences	0	3,189	1,660		<b>4,849</b>
<b>Closing balance, December 31, 2015</b>	<b>–13,702</b>	<b>–62,564</b>	<b>–49,454</b>		<b>–125,720</b>
<b>Net carrying amounts</b>					
<b>December 31, 2014</b>	<b>53,801</b>	<b>22,918</b>	<b>5,545</b>	<b>3,825</b>	<b>86,089</b>
<b>December 31, 2015</b>	<b>51,953</b>	<b>33,782</b>	<b>10,611</b>	<b>3,400</b>	<b>99,746</b>

#### Tax assessment value property in Sweden

The group does not own property in Sweden.



Note 12 Tangible fixed assets

PARENT COMPANY

<i>SEK thousand</i>	Equipment, fixtures and fittings	Total
<b>Accumulated acquisition value</b>		
<b>Opening balance, January 1, 2014</b>	<b>1,210</b>	<b>1,210</b>
<b>Closing balance, December 31, 2014</b>	<b>1,210</b>	<b>1,210</b>
<b>Opening balance, January 1, 2015</b>	<b>1,210</b>	<b>1,210</b>
Investments	45	45
Disposals	-126	-126
<b>Closing balance, December 31, 2015</b>	<b>1,129</b>	<b>1,129</b>
<b>Accumulated depreciation</b>		
<b>Opening balance, January 1, 2014</b>	<b>-1 090</b>	<b>-1 090</b>
Depreciation	-67	-67
<b>Closing balance, December 31, 2014</b>	<b>-1 157</b>	<b>-1 157</b>
<b>Opening balance, January 1, 2015</b>	<b>-1,157</b>	<b>-1,157</b>
Depreciation	-40	-40
Disposals	122	122
<b>Closing balance, December 31, 2015</b>	<b>-1,075</b>	<b>-1,075</b>
<b>Net carrying amounts</b>		
<b>December 31, 2014</b>	<b>53</b>	<b>53</b>
<b>December 31, 2015</b>	<b>54</b>	<b>54</b>

## Note 13 Long-term receivables and other short-term receivables

### GROUP

<i>SEK thousand</i>	2015	2014
<b>Long-term receivables</b>		
Long-term lease	62	97
Deposits	138	138
Securities	10	10
Other long-term receivables	380	1,566
<b>Total long-term receivables</b>	<b>590</b>	<b>1,811</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
<b>Other long-term receivables</b>		
Deposits	138	138
Long-term lease	63	98
<b>Total other long-term receivables</b>	<b>201</b>	<b>236</b>

## Note 14 Inventories

### GROUP

<i>SEK thousand</i>	2015	2014
Raw materials and consumables	133,979	131,117
Work in progress	8,778	9,424
Finished goods	46,237	40,281
<b>Total inventories</b>	<b>188,994</b>	<b>180,822</b>

Total expensed consumption of inventory is included in cost of goods sold at 697 SEK million (569).

## Note 15 Prepaid expenses and accrued income

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### GROUP

<i>SEK thousand</i>	2015	2014
Insurance premiums	1,510	1,051
Leasing expenses	2,237	1,489
Other	2,229	1,528
<b>Total prepaid expenses and accrued income</b>	<b>5,976</b>	<b>4,068</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
Leasing expenses	273	282
Other	672	507
<b>Total prepaid expenses and accrued income</b>	<b>945</b>	<b>789</b>

## Note 16 Cash and cash equivalents

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### GROUP

<i>SEK thousand</i>	2015	2014
Cash and cash equivalents	117,208	87,173
<b>Total cash and cash equivalents</b>	<b>117,208</b>	<b>87,173</b>
<b>Total according to statement of cash flows</b>	<b>117,208</b>	<b>87,173</b>

## Note 17 Equity

### Capital and reserves

#### GROUP

##### Translation reserve

<i>SEK thousand</i>	2015	2014
<b>Opening balance</b>	<b>15,781</b>	<b>-29,034</b>
Translation differences	-4,907	44,815
<b>Closing balance</b>	<b>10,874</b>	<b>15,781</b>

##### Hedging reserve (cash flow hedges)

<i>SEK thousand</i>	2015	2014
<b>Opening balance</b>	<b>-4,334</b>	<b>-2,625</b>
Recognized in equity	-703	-2,059
Tax effect	217	350
<b>Closing balance</b>	<b>-4,820</b>	<b>-4,334</b>

##### Total reserves at year end

<i>SEK thousand</i>	2015	2014
<b>Opening balance</b>	<b>11,447</b>	<b>-31,659</b>
Change in translation reserves	-4,907	44,815
Change in hedging reserves	-486	-1,709
<b>Closing balance</b>	<b>6,054</b>	<b>11,447</b>

Share capital at 31 December 2015 and 2014: consisted of 100,000 share á 1 SEK each.

#### PARENT COMPANY

No reserves against equity in the parent company.

#### DEFINITIONS

##### Translation reserve

The translation reserve comprises all exchange rate differences arising from the translation of financial statements of foreign operations with a functional currency other than the Group's functional currency.

The Parent company's and the Group's functional currency is Swedish kronor (SEK).

##### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

##### Capital

The financial goal for the group is a solid financial position that contributes to maintain the trust of the creditors and the market and to support a good future development for the business together with an adequate long-term return to the shareholders.

Group management and the Board of Directors have developed long-term financial targets for the business, including targets for sales growth and profit margin improvement.



## Note 18 Interest-bearing liabilities

Contractual terms related to external debt are listed below. For further information on financial risks, refer to note 23.

### GROUP

<i>SEK thousand</i>	2015	2014
<b>Long-term loans</b>		
Loans from financial institutions	467,526	505,826
<b>Total long-term loans</b>	<b>467,526</b>	<b>505,826</b>

<i>SEK thousand</i>	2015	2014
<b>Short-term loans</b>		
Loans from financial institutions	68,990	45,407
<b>Total short-term loans</b>	<b>68,990</b>	<b>45,407</b>

### Contractual terms and scheduled repayments

<i>SEK thousand</i>	Currency	Maturity	2015		2014	
			Fair value	Recognized in the balance sheet	Fair value	Recognized in the balance sheet
Loans from financial institutions	USD	2018	363,815	395,542	315,196	369,636
Loans from financial institutions	USD	2017	20,295	43,850	60,870	64,447
Loans from financial institutions	SEK	2018	16,555	18,526	12,785	16,365
Loans from financial institutions	SEK	2017	70,883	73,065	85,529	93,232
Loans from financial institutions	SEK	2015	–	–	5,760	5,760
Loans from financial institutions	CAD	2016	970	970	1,696	1,794
Loans from financial institutions	CAD	2018	4,294	4,562	–	–
<b>Total</b>			<b>476,812</b>	<b>536,516</b>	<b>481,836</b>	<b>551,234</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
<b>Long-term loans</b>		
Loans from financial institutions	265,384	288,608
<b>Total long-term loans</b>	<b>265,384</b>	<b>288,608</b>

<i>SEK thousand</i>	2015	2014
<b>Short-term loans</b>		
Loans from financial institutions	34,182	21,260
Credit facility	4,249	56,701
<b>Total short-term loans</b>	<b>38,431</b>	<b>77,961</b>

<i>SEK thousand</i>	2015	2014
<b>Loans that are due five years or later from the balance sheet date</b>		
Loans from financial institutions	–	–

## Note 18 Interest-bearing liabilities

### CONTRACTUAL TERMS AND SCHEDULED REPAYMENTS

SEK thousand	Currency	Maturity	2015		2014	
			Fair value	Recognized in the balance sheet	Fair value	Recognized in the balance sheet
Loans from financial institutions	USD	2018	191,875	207,975	166,620	194,511
Loans from financial institutions	SEK	2018	16,555	18,526	12,785	16,365
Loans from financial institutions	SEK	2017	70,883	73,065	85,529	93,232
Loans from financial institutions	SEK	2015	–	–	5,760	5,760
Credit facility	SEK	2016	4,249	4,249	56,701	56,701
<b>Total</b>			<b>283,562</b>	<b>303,815</b>	<b>327,395</b>	<b>366,569</b>

## Note 19 Provisions

### GROUP

SEK thousand	Warranties	Restructuring	Other provisions	Total
<b>Opening balance, January 1, 2014</b>	<b>32 608</b>	<b>2 942</b>	<b>0</b>	<b>35 550</b>
Provisions for the year	19 811	173	107	<b>20 091</b>
Utilized during the year	–20 551	–1 508	–	<b>–22 059</b>
Reversed provisions	–	–848	–	<b>–848</b>
Translation differences	5 952	–93	7	<b>5 866</b>
<b>Closing balance, December 31, 2014</b>	<b>37 820</b>	<b>666</b>	<b>114</b>	<b>38 600</b>
<b>Opening balance, January 1, 2015</b>	<b>37,820</b>	<b>666</b>	<b>114</b>	<b>38,600</b>
Provisions for the year	11,524	–	–	<b>11,524</b>
Utilized during the year	–16,055	–639	–	<b>–16,694</b>
Reversed provisions	–683	–	–92	<b>–775</b>
Translation differences	1,315	–27	–22	<b>1,266</b>
<b>Closing balance, December 31, 2015<sup>1</sup></b>	<b>33,921</b>	<b>0</b>	<b>0</b>	<b>33,921</b>

<sup>1</sup> Of the total warranty commitments 10,123 TSEK (17,261) represents long-term commitments regarding extended warranty periods.

#### Restructuring reserve

Provisions for restructuring is related to the closing of the facility in Oettingen, Germany.

#### Warranties

Provisions for warranties are related to outstanding obligations related to sales mainly during 2014 and 2015. The provision is based on historical data related to prior years' warranty costs.

## Note 20 Other liabilities

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### GROUP

<i>SEK thousand</i>	2015	2014
<b>Other long-term liabilities</b>		
Liability related to synthetic options	6,578	387
Financial lease	797	571
<b>Total other long-term liabilities</b>	<b>7,375</b>	<b>958</b>

<i>SEK thousand</i>	2015	2014
<b>Other short-term liabilities</b>		
Derivatives	6,156	5,778
Financial lease	401	297
Other	3,660	2,168
<b>Total other short-term liabilities</b>	<b>10,217</b>	<b>8,243</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
<b>Other long-term liabilities</b>		
Liability related to synthetic options	6,578	387
<b>Total other long-term liabilities</b>	<b>6,578</b>	<b>387</b>

<i>SEK thousand</i>	2015	2014
<b>Other short-term liabilities</b>		
Social security costs	445	456
Other	599	4
<b>Total other short-term liabilities</b>	<b>1,044</b>	<b>460</b>

## Note 21 Accrued expenses and prepaid income

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### GROUP

<i>SEK thousand</i>	2015	2014
Accrued interest expenses	2,474	3,273
Accrued salaries	3,975	8,767
Accrued holiday pay	5,437	6,014
Social security costs	1,415	2,182
Personnel, other	6,079	3,929
Customer related expenses	4,076	933
Accrued audit fee	1,295	1,409
Other	5,456	2,617
<b>Total accrued expenses and prepaid income</b>	<b>30,207</b>	<b>29,124</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
Accrued interest expenses	1,120	1,650
Accrued salaries	1,049	643
Accrued holiday pay	455	594
Social security costs	472	187
Other	857	532
<b>Total accrued expenses and prepaid income</b>	<b>3,953</b>	<b>3,606</b>



## Note 22 Fair value financial assets and liabilities

### GROUP

#### 2014

<i>SEK thousand</i>	Liabilities at fair value through profit and loss	Derivatives for hedge accounting	Other liabilities	Loans and receivables	Total carrying amount	Fair value
Long-term receivables	–	–	–	1,811	1,811	1,811
Trade receivables	–	–	–	145,207	145,207	145,207
Other receivables	–	–	–	63,152	63,152	63,152
<b>Total assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>210,170</b>	<b>210,170</b>	<b>210,170</b>
Other long-term interest bearing liabilities	–	–	505,826	–	505,826	436,429
Other short-term interest bearing liabilities	–	–	45,407	–	45,407	45,407
Accounts payables	–	–	96,317	–	96,317	96,317
Other current liabilities	387	5,778	3,036	–	9,201	9,201
<b>Total liabilities</b>	<b>387</b>	<b>5,778</b>	<b>650,586</b>	<b>–</b>	<b>656,751</b>	<b>587,354</b>

#### 2015

<i>SEK thousand</i>	Liabilities at fair value through profit and loss	Derivatives for hedge accounting	Other liabilities	Loans and receivables	Total carrying amount	Fair value
Long-term receivables	–	–	–	590	590	590
Trade receivables	–	–	–	169,145	169,145	169,145
Other receivables	–	–	–	41,179	41,179	41,179
<b>Total assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>210,914</b>	<b>210,914</b>	<b>210,914</b>
Other long-term interest bearing liabilities	–	–	467,526	–	467,526	430,792
Other short-term interest bearing liabilities	–	–	68,990	–	68,990	68,990
Accounts payables	–	–	111,101	–	111,101	111,101
Other current liabilities	6,578	6,156	4,858	–	17,592	17,592
<b>Total liabilities</b>	<b>6,578</b>	<b>6,156</b>	<b>652,475</b>	<b>–</b>	<b>665,209</b>	<b>628,475</b>

## Note 22 Fair value financial assets and liabilities

The table below specifies how fair values have been determined for financial instruments that are carried at fair value in the balance sheet.

The valuation methods are divided in three levels, defined as below:

### GROUP

#### 2014

<i>SEK thousand</i>	Level 1	Level 2	Level 3	Total
Other liabilities	–	5,778	387	<b>6,165</b>
<b>Total</b>	–	<b>5,778</b>	<b>387</b>	<b>6,165</b>

#### 2015

<i>SEK thousand</i>	Level 1	Level 2	Level 3	Total
Other liabilities	–	6,156	6,578	<b>12,734</b>
<b>Total</b>	–	<b>6,156</b>	<b>6,578</b>	<b>12,734</b>

**Level 1:** Fair value is determined according to prices listed on an active market for the same instrument.

**Level 2:** Fair value is determined based on either directly (as a price) or indirectly (derived from prices) observable market data that is not included in level 1.

**Level 3:** Fair value is determined based on input data that is not observable in the market.

The following table includes a reconciliation of changes in the carrying amounts of financial instruments that are valued in accordance with Level 3 above.

### GROUP

<i>SEK thousand</i>	Liabilities related to synthetic options	Total
<b>Balance at 1 January 2014</b>	<b>882</b>	<b>882</b>
Total gains and losses recognized in profit or loss	–495	–495
<b>Balance at 31 December 2014</b>	<b>387</b>	<b>387</b>
<b>Balance at 1 January 2015</b>	<b>387</b>	<b>387</b>
Total gains and losses recognized in profit or loss	3,708	<b>3,708</b>
During the year new contracted incentive programs	2,483	2,483
<b>Balance at 31 December 2015</b>	<b>6,578</b>	<b>6,578</b>

The following is a summary of the methods and assumptions applied to determine the fair value of the financial instruments presented in the tables above.

#### Derivatives

The fair value of foreign exchange contracts is determined based on the listed price, when available. When no listed price is available the fair value is calculated by discounting the difference between the agreed forward rate and the available forward rate on the balance sheet date for similar contracts during the rest of the contractual period. The discount rate applied is based on risk-free interest on government bonds. The fair value of interest rate swaps is based on valuations by credit institutions. These valuations are tested through discounting of estimated

future cash flows under the contractual terms and conditions and maturity dates and are based on the market interest rate for similar instruments on the balance sheet date.

#### Interest-bearing liabilities

Financial liabilities that are not derivatives are valued at acquisition value. The fair value is considered to correspond with the acquisition value as the fixed interest rate term is less than six month.

#### Trade receivables and accounts payable

For trade receivables and accounts payable with a maturity date less than six months, the fair value has been considered to correspond to the carrying amount.

## Note 23 Financial risk

The Group is through its operations exposed to different types of financial risks. Financial risks refer to fluctuations in the company's result and cash flow due to changes in exchange rates, interest levels, refinancing- and credit risks.

The Group's financial policy, which is reviewed by the Board of Directors annually, aims to mitigate these financial risks and forms a framework of guidelines and rules in the form of authorization rules and risk limits for financial management. The responsibility for financial transactions and risks is centralized at the Group's finance function in the Parent Company.

### Liquidity risk

The liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group has a rolling cash flow forecast which includes all entities. The forecast is updated monthly. The cash flow forecast is used to

mitigate the liquidity risk and the cost of financing within the Group. The goal is to ensure that the Group always has sufficient liquidity to meet its financial obligations, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to use any excess liquidity in the Group to amortize loans and utilized credit facilities. Financial policy guidelines require that there has to be enough cash and guaranteed credit facilities to cover short-term payment obligations. The maturity dates are spread over time to limit the liquidity risk. The Group had unused credit facilities amounting to SEK 94 million (81) at year end.

The Group's financial liabilities amounted to SEK 665 million (657) at year end. The maturity dates were as follows:

SEK million	Currency	2015					2014				
		1-3 months	4-12 months	1-5 years	>5 years	Total	1-3 months	4-12 months	1-5 years	>5 years	Total
Bank loans	SEK	–	34	57	–	<b>92</b>	–	21	94	–	<b>115</b>
Bank loans	USD	–	33	406	–	<b>439</b>	–	23	411	–	<b>434</b>
Bank loans	CAD	–	1	4	–	<b>6</b>	–	1	1	–	<b>2</b>
Derivates	SEK	–	1	5	–	<b>6</b>	–	–	6	–	<b>6</b>
Other liabilities	SEK	–	4	7	–	<b>11</b>	–	2	1	–	<b>3</b>
Accounts payable	SEK	111	–	–	–	<b>111</b>	96	–	–	–	<b>96</b>
<b>Total</b>	<b>SEK</b>	<b>111</b>	<b>74</b>	<b>480</b>	<b>–</b>	<b>665</b>	<b>96</b>	<b>48</b>	<b>513</b>	<b>–</b>	<b>657</b>

### Market risk

The Group's goal is to manage and control the market risks within established parameters and at the same time optimize the result of risk management within allowed limits. The parameters are set up to minimize short-term market risks (6–12 months) and not significantly affect the Group's result. However, long-term sustained changes in exchange rates and interest rates will have an influence on the consolidated result.

### Interest rate risk

The interest rate risk impacts the value of rate sensitive financial instruments. Interest rate risk can lead to changes in fair values and changes in cash flows. A significant element that influences the interest rate risk is the fixed interest term.

The interest rate risk in the Group is mainly related to long-term financing and is handled centrally by the Group's finance function.

According to the financial policy the goal for the long term liability portfolio is to have an average fixed interest term of 18 months. The Group can, with mandate from the Board of Directors, chose to deviate in the range of +/- 6 months. The fixed interest term was 15 months at year end.

Derivatives, mainly interest rate swaps, are used to handle the interest rate risk. Hedge accounting is adopted when there is an effective connection between the hedged loan and the interest rate swap.

The Group had interest rate swaps with a nominal value of SEK 271 million (279) at 31 December 2015. The fair value of the interest rate swaps amounted to SEK –1 million (–3) at 31 December 2015 and the related deferred tax receivable amounted to SEK 0 million (1). The fair value of the interest rate swaps, with the assumption of unchanged interest rates, is expected to be recognized in the income statement as follows:

SEK million	1 year	Total
Result effect	–1	–1
Tax effect	0	0
<b>Fair value (net)</b>	<b>–1</b>	<b>–1</b>

### SENSITIVITY ANALYSIS

A change in interest rates of 100 basis points calculated over one year would result in a change in the Group's profit before tax of SEK 5 million. The sensitivity analysis is based on the assumption that all other factors (e.g. exchange rates) remain unchanged. Derivatives are included in the calculation.

## Currency risk

The currency transaction exposure risk is when fair values and cash flows from financial instruments fluctuate due to changes in foreign exchange rates. The Group is exposed to different types of currency risks. The main exposure is related to the Group's sales and purchases in foreign currencies. These currency risks consist of fluctuations in the value of financial instruments, trade receivables and account payables as well as the risk for fluctuations in expected and contracted cash flows.

There is also a currency risk in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency, called translation exposure. The Group is also exposed to currency risks related to cash flows from loans and investments in foreign currency (financial exposure).

Currency differences have been recognized in the Group's income statement with SEK –2 million (0) in the operating profit and SEK –9 million (–29) in net financial items.

### TRANSACTION EXPOSURE

The Group is, through its international activities with accounts receivable, accounts payable and admitted and given loans in other than each company's functional currency exposed to changes in currency rates. The net transaction exposure in each currency is presented below:

SEK million	2015	2014
USD	–249	–226
EUR	13	12
PLN	35	55
CAD	–3	–5
SEK	9	5
Other	–	–
<b>Net cash flow</b>	<b>–195</b>	<b>–158</b>

The Group's largest exposure is against USD. The parent company (SEK) has a loan in USD, which represents the main part of the exposure. The Group's company in Canada (CAD) with a large portion of its customer and suppliers in the US (USD) creates an exposure to fluctuations in the USD/CAD rate. The Group hedges a smaller portion of the USD

transaction exposure. The parent company also has some exposure to PLN due to an internal loan to a subsidiary in PLN. Furthermore, the Group has transaction exposure with accounts receivable and payable in EUR, SEK and CAD where the exposure is mainly in Poland (PLN).

### TRANSLATION EXPOSURE

The Group's net assets are divided into the following currencies.

SEK million	2015	2014
USD	5	–2
EUR	–	2
PLN	129	139
CAD	140	100
CNY	16	14
ZAR	–2	0
<b>Total</b>	<b>288</b>	<b>253</b>

The translation exposure risk is currently considered immaterial and is not actively managed. The translation exposure is however reviewed annually, which could lead to an adjustment of the financial policy.

### SENSITIVITY ANALYSIS

A weakening of 5% of the Swedish krona would in 2015 have resulted in an improvement of the Group's profit before tax of SEK 3 million.

The sensitivity analysis is based on the assumption that all other factors (e.g. interest rates) remain unchanged.

## Note 23 Financial risk

### Credit risks

The risk that the Group's customers do not meet their payment obligations is called customer credit risk. The Group's customers are analyzed based on their creditworthiness at external raters. The Group has a credit policy on how to handle customer credits. The policy clarifies e.g. how decisions regarding credit limits are made and how credits and doubtful receivables should be valued.

At year end there was no significant credit exposure. The maximum exposure to credit risk is shown in the carrying amounts of financial assets in the balance sheet.

### AGEING ANALYSIS ACCOUNTS RECEIVABLE

SEK million	2015			2014		
	Nominal value	Write down	Book value	Nominal value	Write down	Book value
Not due	130	0	130	114	0	113
Overdue 1–60 days	33	0	33	30	0	30
Overdue 61–365 days	6	–1	5	2	0	2
Overdue > 365 days	0	0	0	2	–2	0
<b>Total</b>	<b>170</b>	<b>–1</b>	<b>169</b>	<b>147</b>	<b>–2</b>	<b>145</b>



## Note 24 Derivative financial instruments

### GROUP

<i>SEK thousand</i>	2015	2014
<b>Liabilities</b>		
Interest rate swaps – cash flow hedges	1,396	2,627
Forward foreign exchange contracts – cash flow hedges	4,760	3,151
<b>Total</b>	<b>6,156</b>	<b>5,778</b>
Less non-current portion:		
Interest rate swaps – cash flow hedges	–	– 1,010
<b>Current portion</b>	<b>6,156</b>	<b>4,768</b>

The Group derivatives are held for hedging. The full fair value of the derivatives are classified as a non-current liability if the remaining maturity of the hedged item is more than 12 months and as a current liability if the maturity of the hedged item is less than 12 months.

There was no ineffectiveness to be recorded from the cash flow hedges.

#### **Forward foreign exchange contracts**

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2015 were 56,379 KSEK (57,412).

The hedged highly probable forecast transactions denominated in USD are expected to occur at various dates during the next 12 months.

Gains and losses recognized in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2015 are recognized in the income statement in the periods during which the hedged forecast transaction affects the income statement.

#### **Interest rate swaps**

The notional principal amounts of the outstanding interest rate swap contracts at December 2015 were 270,826 KSEK (278,926).

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 31 December 2015 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings.

## Note 25 Operating leases

### OPERATING LEASES WITH MCC AS LEASEE

#### GROUP

<i>SEK thousand</i>	2015	2014
<b>Minimum lease payments under non-cancellable operating lease contract</b>		
Due within one year	17,352	12,965
Due between 1 – 5 years	65,799	44,566
Due later than five years	3,123	–
<b>Total</b>	<b>86,274</b>	<b>57,531</b>

<i>SEK thousand</i>	2015	2014
<b>Leasing fees recognized in the income statement</b>		
Leasing fees	17,135	13,430
<b>Total</b>	<b>17,135</b>	<b>13,430</b>

The Group has operating lease contracts for machinery, computer and office equipment, cars and production tools.

No obligations to extend the agreements exist. Index clauses are included in the contracts.

#### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
<b>Minimum lease payments under non-cancellable operating lease contract</b>		
Due within one year	414	303
Due between 1 – 5 years	462	283
<b>Total</b>	<b>876</b>	<b>586</b>

<i>SEK thousand</i>	2015	2014
<b>Leasing fees recognized in the income statement</b>		
Leasing fees	294	383
<b>Total</b>	<b>294</b>	<b>383</b>

The parent company has lease agreements for company cars.

## Note 26 Contingent liabilities and pledged assets

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### GROUP

<i>SEK thousand</i>	2015	2014
<b>Pledged assets</b>		
Corporate guarantees	59,500	59,500
Shares in subsidiaries	524,917	485,146
<b>Total pledged assets</b>	<b>584,417</b>	<b>544,646</b>

<i>SEK thousand</i>	2015	2014
<b>Contingent liabilities</b>		
Guarantee obligations	75	75
<b>Total contingent liabilities</b>	<b>75</b>	<b>75</b>

### PARENT COMPANY

<i>SEK thousand</i>	2015	2014
<b>Pledged assets</b>		
Shares in subsidiaries	466,286	466,286
<b>Total pledged assets</b>	<b>466,286</b>	<b>466,286</b>

## Note 27 Shares in subsidiaries

### GROUP

Company	Corporate ID	Location	Ownership interest (%) 2015	Ownership interest (%) 2014
Mobile Climate Control Corp	45-0701546	Goshen IN, USA	100	100
Mobile Climate Control Inc	R.C.B. 100573	Toronto, Canada	100	100
Mobile Climate Control Sp. Zo.o	894-25-98-390	Olawa, Poland	100	100
Mobile Climate Control GmbH	812556097	Oettingen, Germany	–	100
Mobile Climate Control Sverige AB	556535-3074	Norrtälje, Sweden	100	100
Mobile Climate Control China Holding AB	556819-6629	Stockholm, Sweden	100	100
Mobile Climate Control Manufacturing Co Ltd	330 200 400 052 054	Ningbo, China	100	100
Mobile Climate Control Trading Co Ltd	330 200 400 051 993	Ningbo, China	100	100
Mobile Climate Control Africa (PTY) Ltd	2014/081445/07	Durban, South Africa	100	100

### PARENT COMPANY

Parent company's holdings of shares and participations in subsidiaries

Subsidiaries <i>SEK thousand</i>	Ownership interest (%)	Carrying amount 2015	Carrying amount 2014
Mobile Climate Control Corp	100	312,420	312,420
Mobile Climate Control Inc	100	98,835	98,835
Mobile Climate Control Sp. Zo.o	100	22,613	22,613
Mobile Climate Control GmbH	100	–	223
Mobile Climate Control Sverige AB	100	32,418	32,418
Mobile Climate China Holding AB	100	5,381	5,381
Mobile Climate Control Africa (PTY) Ltd	100	960	960
<b>Total</b>		<b>472,627</b>	<b>472,850</b>

### Accumulated acquisition value

<i>SEK thousand</i>	2015	2014
<b>Opening balance acquisition value</b>	<b>474,350</b>	<b>473,390</b>
New share issue	–	960
Disposal of shares in subsidiaries	– 223	–
<b>Closing balance acquisition value</b>	<b>474,127</b>	<b>474,350</b>
<b>Opening balance write down shares in subs</b>	<b>– 1,500</b>	<b>– 1,500</b>
<b>Closing balance write down shares in subs</b>	<b>– 1,500</b>	<b>– 1,500</b>
<b>Carrying amount at year end</b>	<b>472,627</b>	<b>472,850</b>

## Note 28 Summary of related parties transactions

### GROUP

The group have no related parties transactions.

### PARENT COMPANY

Related parties transactions with subsidiaries.

<b>Related parties</b>					
<i>SEK thousand</i>	Year	Other operating income	Interest	Receivables	Liabilities
MCC China Holding AB	2015	–	–	172	–
MCC China Holding AB	2014	–	–	339	–
Mobile Climate Control Sverige AB	2015	529	–	3,303	–
Mobile Climate Control Sverige AB	2014	559	–	1,459	–
Mobile Climate Control Inc	2015	10,945	–	–	–
Mobile Climate Control Inc	2014	10,556	–	–	–
Mobile Climate Control Corp	2015	6,296	–	–	–
Mobile Climate Control Corp	2014	5,456	–	–	60
Mobile Climate Control Spz.o.o	2015	6,205	2,251	35,206	–
Mobile Climate Control Spz.o.o	2014	4,351	2,222	55,740	–
Mobile Climate Control GmbH	2015	–	–	–	–
Mobile Climate Control GmbH	2014	1,183	–	–	–

Other operating income in the parent company consists of Management fees.

### The parent company's transactions with other related parties outside of the MCC Group

<b>Related parties</b>					
<i>SEK thousand</i>	Year	Other operating income	Interest	Receivables	Liabilities
Spin International AB	2015	–	–	–	–
Spin International AB	2014	–	–	978	–
Ratos Fastighets AB	2015	–	–	1,423	–
Ratos Fastighets AB	2014	–	–	173	–
EuroMaint Gruppen AB	2015	–	–	–	–
EuroMaint Gruppen AB	2014	–	–	44,249	–
KVD Kvarndammen Gruppen AB	2015	–	–	22,708	–
KVD Kvarndammen Gruppen AB	2014	–	–	–	–



## Note 29 Cash flow statement

### GROUP

#### Cash and cash equivalents

<i>SEK thousand</i>	2015	2014
Cash and cash equivalents	117,208	87,173
<b>Total</b>	<b>117,208</b>	<b>87,173</b>

#### Paid interest and received dividend

<i>SEK thousand</i>	2015	2014
Received interest	201	119
Paid interest	-26,955	-26,358
<b>Total</b>	<b>-26,754</b>	<b>-26,239</b>

#### Adjustments for non-cash items

<i>SEK thousand</i>	2015	2014
Depreciation	14,516	15,127
Unrealized exchange rate differences	15,101	30,400
Other	5,177	-2,863
<b>Total</b>	<b>34,794</b>	<b>42,664</b>

### PARENT COMPANY

#### Cash and cash equivalents

<i>SEK thousand</i>	2015	2014
<b>Following sub-component are a part of the liquid assets</b>		
Cash and cash equivalents	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Paid interest and received dividend

<i>SEK thousand</i>	2015	2014
Received dividend	55,450	7,612
Received interest	2,170	2,262
Paid interest	-13,674	-14,816
<b>Total</b>	<b>43,946</b>	<b>-4,942</b>

#### Adjustments for non-cash items

<i>SEK thousand</i>	2015	2014
Depreciation	62	646
Unrealized exchange rate differences	13,464	32,452
Other	-21,732	-1,951
<b>Total</b>	<b>-8,206</b>	<b>31,147</b>

## Note 30 Information about the parent company

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Mobile Climate Control Group Holding AB is a Swedish-registered limited company with its registered office in Stockholm. The address of the head office is Barnhusgatan 22, SE-111 23 Stockholm, Sweden.

The consolidated financial statements for 2015 cover the parent company and its subsidiaries, together referred to as the Group.

Mobile Climate Control Group Holding AB is a wholly-owned subsidiary of Myggvärmare AB (556723-5667), which in turn is a

wholly-owned subsidiary of Ratos AB (publ) with corporate ID number 556008-3585. Ratos is a Swedish-registered public limited company with its registered office in Stockholm. The address of the head office is P.O. Box 1661, SE-111 96 Stockholm, Sweden.

Ratos prepares the consolidated financial statements for the largest group in which Mobile Climate Control Group Holding AB is a subsidiary.

The Annual Report and the consolidated financial statements have been approved for publication by the Board of Directors on March 22, 2016. The income statement and statement of

financial position will be presented for adoption at the Annual General Meeting on March 29, 2016.

Stockholm, March 22, 2016

Anders Lindblad  
Chairman of the Board

Clas Gunneberg  
CEO

Henrik Blomé

Per Svantesson

Michael Mononen

Malin Persson

Daniel Repfennig

Our audit report was issued on March 22, 2016  
PricewaterhouseCoopers AB

Peter Nyllinge  
Authorized Public Accountant

# Auditor's Report

To the annual meeting of the shareholders of Mobile Climate Control Group Holding AB, corporate identity number 556723-5642

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Mobile Climate Control Group Holding AB for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 28–74.

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

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

### Auditor's responsibility

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

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

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

### Opinions

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

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

## Report on other legal and regulatory requirements

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

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

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

### Auditor's responsibility

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

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

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

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

### Opinions

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

Stockholm 22 March 2016

PricewaterhouseCoopers AB

Peter Nyllinge  
Authorized Public Accountant

# Five Year Summary

Amounts in SEK million unless stated otherwise

<b>Income Statement</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total Sales					
Organic growth %	1.264	1.022	978	1.250	1.048
Acquired growth %	11%	2%	-18%	8%	-7%
Operating profit before amortizations (EBITA)	152	107	98	109	46
Operating profit (EBIT)	150	105	92	100	37
Profit before tax (EBT)	108	47	68	67	7
Net result	75	40	53	53	0
<b>Balance Sheet</b>					
Total fixed assets	1.295	1.276	1.213	1.225	1.261
Working capital	239	251	172	218	176
Other capital employed	-55	-56	-31	-35	-60
<b>Capital employed</b>	<b>1.479</b>	<b>1.471</b>	<b>1.354</b>	<b>1.408</b>	<b>1.378</b>
<b>Net debt</b>	<b>465</b>	<b>464</b>	<b>562</b>	<b>570</b>	<b>509</b>
<b>Total equity</b>	<b>1.006</b>	<b>890</b>	<b>845</b>	<b>807</b>	<b>695</b>
<b>Cash flow</b>					
Cash flow from operating activities	95	71	100	9	73
Cash flow from investing activities	-30	-8	-8	-7	-234
Cash flow from financing activities	-35	-52	-59	-51	177
<b>Total cash flow</b>	<b>31</b>	<b>10</b>	<b>33</b>	<b>-49</b>	<b>16</b>
<b>Key ratios</b>					
EBITA margin %	12.0%	10.5%	10.0%	8.7%	4.4%
EBIT margin %	11.9%	10.3%	9.4%	8.0%	3.5%
EBT margin %	8.6%	4.6%	7.0%	5.4%	0.7%
Return on Capital Employed %	10.2%	7.4%	6.7%	7.2%	2.9%
Return on Capital Employed excl goodwill %	43.0%	36.8%	32.9%	35.3%	15.0%
Total assets	1,818	1,743	1,575	1,617	1,708
Equity ratio %	58.2%	57.7%	56.5%	52.3%	47.3%
Return on Equity %	7.3%	4.2%	6.1%	6.4%	0.0%
Average number of employees	639	618	605	634	619

## Financial Definitions

Organic growth	Growth from existing business excluding acquisitions and FX translation effects.
EBITA margin	Profit before interest, taxes and amortizations divided by total sales.
EBIT margin	Profit before interest and taxes divided by total sales.
EBT margin	Profit before taxes divided by total sales.
Capital employed	Total assets less interest bearing assets and non interest bearing liabilities.
Return on Capital Employed	Profit before interest and taxes divided by average capital employed.
Return on Capital Employed excl goodwill	Profit before interest, taxes and amortizations divided by average capital employed excluding goodwill.
Equity ratio	Total equity divided by total assets.
Return on Equity	Net result divided by average equity.
Average number of employees	Total amount of paid working hours during the year in relation to normal working hours for one employee working full time.

# Board of Directors



## Anders Lindblad

Chairman of the Board

**Board member since:** 2007

**Born:** 1950

### Other mandates:

Chairman, AH Industries Holding A/S

Chairman, Jøtul AS

Board member, Lidan Marine AB

Member of LRF Business Council

## Malin Persson

Board member

**Board member since:** 2014

**Born:** 1968

### Other mandates:

Board member, Ahlström Capital

Board member, Beckers Industrial Coatings AB

Board member, Getinge AB

Board member, Hexatronic AB

Board member, Hexpol AB

Board member, Konecranes Plc

Board member, Kongsberg Automotive AS

Board member, Magnora AB

Board member, Mekonomen AB

Board member, Peab

Board member, Ricardo

## Per Svantesson

Board member

**Board member since:** 2012

**Born:** 1960

### Current employment:

Non-employed consultant as

VP Purchasing & VP Business Development,

National Electric Vehicle Sweden (NEVS) AB

### Other mandates:

Partner & Board member, Advisure AB

## Daniel Repfennig

Board member

**Board member since:** 2012

**Born:** 1983

### Current employment:

Senior Investment Manager, Ratos AB

### Other mandates:

Board member, Aalborg Real Estate ApS

Board member, Arcus-Gruppen AS

Board member, Arcus-Gruppen Holding AS

Deputy Board member, Ledil Group Oy

Board member, Vectura AS

## Michael Mononen

Board member

**Board member since:** 2008

**Born:** 1958

### Current employment:

President and CEO, Studsvik AB (publ)

## Henrik Blomé

Board member

**Board member since:** 2015 + 1<sup>st</sup> period 2007–2011

**Born:** 1974

### Current employment:

Deputy CEO & Investment Director, Ratos AB

### Other mandates:

Board member, DIAB Group AB

Board member, HENT AS



# Group Management



**Tim Hested**

VP, Sales North America  
**Employed in MCC:** 1996  
**Born:** 1964

**Maurizio Caranfa**

VP, Finance North America  
and Director Group Controlling  
**Employed in MCC:** 2009  
**Born:** 1968

**Eric Weiss**

VP, Research and  
Development  
**Employed in MCC:** 1995  
**Born:** 1968

**Clas Gunneberg**

President and CEO  
**Employed in MCC:** 2007  
**Born:** 1964

**Nils-Harald Bergström**

VP, Quality, HR and  
Management Systems  
**Employed in MCC:** 2009  
**Born:** 1956



**Chris Kutter**  
 VP, Marketing and  
 Business Development  
**Employed in MCC: 2000**  
**Born: 1943**

**Mariusz Król**  
 President Europe  
**Employed in MCC: 2012**  
**Born: 1972**

**Brad Eicher**  
 Group Director,  
 Business Area Asia/Pacific  
**Employed in MCC: 2010**  
**Born: 1985**

**Bob Kuzminski**  
 President North America  
**Employed in MCC: 2008**  
**Born: 1955**

**Henrik Fredin**  
 CFO  
**Employed in MCC: 2015**  
**Born: 1968**



### Group headquarters

Mobile Climate Control Group Holding AB  
Barnhusgatan 22  
111 23 Stockholm  
Sweden  
Tel +46 8-402 21 40

### Local sites – North America

#### Canada

Mobile Climate Control Inc.  
7540 Jane St.  
Vaughan, Ontario  
L4K 0A6  
Canada  
Tel: +1 (905) 482-2750

Mobile Climate Control Inc.  
6659 Ordan Drive  
Mississauga, Ontario  
L5T 1K6  
Canada  
Tel: +1 (905) 482-2750

#### USA

Mobile Climate Control Corp.  
P.O. Box 150  
Goshen, Indiana 46527  
USA  
Tel: +1 (574) 534-1516

Mobile Climate Control Corp.  
3189 Farmtrail Road  
York, PA 17406  
USA  
Tel: +1 (717) 767-6531

Mobile Climate Control Corp.  
27 Corporate Circle Suite 1  
East Syracuse, NY 13057  
USA  
Tel: +1 (315) 434-1851

### Local sites – Europe

#### Sweden

Mobile Climate Control Sverige AB  
Box 96  
761 21 Norrtälje  
Sweden  
Tel: +46 8-402 21 40

Mobile Climate Control Sverige AB  
Odinslundsgatan 15  
412 66 Göteborg  
Sweden  
Tel: +46 8-402 21 40

#### Poland

Mobile Climate Control S.p.Z.oo  
Ul. Szwedzka 1  
55-200 Olawa  
Poland  
Tel: +48 71 3013 701

### Local sites – Asia

#### China

Ningbo Mobile Climate Control Manufacturing/Trading Co., Ltd  
No.7 Jinxi Road  
Zhenhai  
Ningbo  
315221 China  
Tel: +86 (574)-863 085 77

### Local sites – Africa

#### Republic of South Africa

MCC Africa Pty (Ltd)  
Unit 7B, Rinaldo Industrial Park  
50 Moreland Drive, Red Hill  
4071 Durban  
Republic of South Africa  
Tel: +27 31 569 3971





**Mobile Climate Control**

[www.mcc-hvac.com](http://www.mcc-hvac.com)