camfil

ANNUAL REPORT 2014

Contents

2 **Presentation of the Camfil Group**

3 **Highlights of 2014**

4 **CEO's Comments**

6 **Business Concept and Core Values**

8 **2014 – a Year of Product Innovation**

10 **Business Unit**
Filters – for every filtration and containment need

14 **Business Unit**
Power Systems – protecting gas turbines

18 **Business Unit**
APC – leader in dust and mist collectors for a cleaner and safer environment

22 **Sustainability Report 2014**

28 **HR Management in a Performance-driven Enterprise**

29 **R&D – *filtering away urban pollution for higher IAQ***

30 **Camfil Around the World**

32 **Financial Analysis 2014**

34 **Board of Directors' Report and Consolidated Financial Statements**

83 **Auditors' Report**

84 **Group Management**

85 **Board of Directors**

86 **Five-Year Summary**

The cover photo is from Camfil's "Tailor-Made" campaign to promote the new evolutionary Hi-Flo II (see page 9), a bag filter manufactured with a unique, automatic sewing machine technique designed by Camfil.

Protecting health, processes and the environment

The Camfil Group is a world leader in air filters and clean air solutions that protect health, processes and the environment.

Camfil is also one of the most global air filtration specialists in the world with 25 production units and R&D centres in six countries across Europe, the Americas and Asia.

The Group, headquartered in Stockholm, Sweden, has close to 3,700 employees and sales in the range of SEK 5.5 billion. International markets account for almost 95% of sales.

The company's business is to provide customers with sustainable best-in-class air filtration products and services through three main business units: Filters, Power Systems and Air Pollution Control (APC).

With more than 50 years of experience in air filtration products and solutions, Camfil delivers value to customers all over the world while contributing to something essential to everyone – clean air to protect health, processes and the environment.

camfil

Highlights of 2014

Successful acquisitions: In the first quarter, Camfil finalized the acquisition of the German-based Handte Group and its operations in the Czech Republic and China, which are now part of the Air Pollution Control (APC) business unit. Handte (Camfil Handte APC today) is the leading German manufacturer of environmental engineering products, filter technology processes and air pollution control applications. The acquisition strengthens Camfil's platform for growing APC business in Europe and strategically complements the APC portfolio in global markets.

In the U.S., Camfil Inc. successfully acquired the assets of Edco, a Camfil distributor in New York State.

Sales and earnings: Camfil achieved record results in 2014. Group sales increased 11 percent to SEK 5,461 M (4,906), with Camfil Handte contributing SEK 345 M, or 7 percent. Operating profit was SEK 599 M, increasing the profit margin to 11%.

Divestment and restructuring: Power Systems' production unit in Sweden was closed. Capacity adjustments were also carried out at the Power Systems unit in Germany. In Canada, the Laval plant building, used by the former Railroad Products Division, was sold to Parker Hannifin, buyer of the division in 2012.

Investments in new plants: Significant investments were made in emerging markets and growth regions:

- *Brazil:* Camfil Latinoamerica opened a 5,000 m^2 state-of-the-art industrial plant with offices in Jaguariúna, outside Sao Paulo. The new production facility will be the main source of supply for the Latin American market and significantly increase the proportion of locally made products. The facility has a 1,500 m^2 cleanroom area and currently manufactures air filters for life science and gas turbine applications.
- *India:* Camfil purchased a 16-acre (6.5-hectare) site in Trichy from Camfil's local partner to build a new production plant for the Indian market, to be opened in late 2015. Camfil's existing manufacturing facility for gas turbine business is located on part of the purchased land. It was also acquired to build a new filter production plant for the growing Indian filtration market to be opened in early 2016. Camfil's APC systems will also soon be introduced on the Indian market and manufactured in Trichy.
- Additional capacity investments were made in other geographic areas, including new equipment and production lines for molecular filters in Malaysia, and for Hi-Flo filters in the United States.

New strategic plan for growth: Camfil developed a new strategic plan and is now mobilizing internal resources across the Group for higher growth, profitability and value creation. The Group also established a new product management organization and geographic structure to expand regional sales and manage global product lines.

Charting a customer-centric approach to an evolving industry

The year 2014 turned out to be the best yet in Camfil's history. We maintained our profitability for the 51st consecutive year and sales and earnings were the highest to date, with growth being leveraged by the strategic acquisition of Handte within the Air Pollution Control (APC) area. We can be proud of our performance and I thank all my colleagues around the world for their hard work and contributions.

Success is always a rewarding experience but we must remain vigilant at the same time because the world is moving faster around us. The air filtration business is no exception and we are noticing some evolutionary trends: customers are consolidating and their needs and behaviour are changing. We are witnessing the emergence of new industry players and the overall pace is accelerating. As markets and customer bases evolve, the competitive landscape is taking on different contours. On top of this, legislation and regulatory measures require us to make products that are more sustainable and save more energy.

But we welcome these trends – the higher the demands, the better the situation and position for a global technology leader like Camfil.

To deal with this changing business environment, Camfil is adapting proactively and accelerating fast-forward. Organizations like ours need to evolve constantly, step-by-step. If we stand still, we might lose ground. We may be the undisputed industry leader, but we cannot rest on our laurels. We embrace change instead and know there will be a battle to fight out there every day in an evolving industry. Change brings opportunities and we aim to leverage them.

Being financially stable, we have the muscle to maintain and reinforce our leadership. The difference today is that we need to respond faster as an organization and focus even harder on the requirements of our customers. To meet these goals, we launched several internal processes in 2014 and this year to develop a stronger customer-centric approach. Let me highlight a few.

Innovation based on customer insight

Technology-driven companies like Camfil are predominantly product innovators. But the winning companies of the future will be those that understand the customer best and provide the best value. While innovation has always been at the top of our agenda, we aim to take it higher and build it completely around our customer base. At Camfil, we now define innovation as anything that creates value for our customers. First, we build solid knowledge of what the customer needs; then we harness the power of our engineering to develop the product or technology to satisfy that need.

To this end, we launched an extremely interesting pilot study in 2014 that is continuing this year. We call it "innovation based on customer insight". To map customer needs thoroughly, we are going out into the field, interviewing our customers, analysing their processes in detail and using this valuable information to develop new or better air filtration solutions to make their everyday life more competitive and efficient. It is all about innovating around this deeper insight in a systematic way.

Data-driven management

I'm a strong believer in data-driven management and it is not easy to get relevant facts and figures on an industry like ours because it is fragmented with a mixture of both private and public players, big and small, local and regional, national and global. There is no clear industry transparency and it is challenging to dissect it. We therefore introduced a couple of processes in 2014 to gather as much accurate data as possible. Local market knowledge, experience and gut feeling still play an important role, but we are also analysing our entire industry all the way down to its deep roots to gain a better vantage point. We therefore conducted a huge data-gathering project while we reviewed our business plan to map out competitors, products, markets and business trends more clearly.

The benefits are obvious: when we have all the data for a strategy review, our choices become clear. This intense process clearly pointed out what we should focus on, what we should defend, and where we should improve. We can stake

out a new strategic direction with a detailed map on the table.

Surveying the customer base

If you want to understand the level of your customers' satisfaction, you have to measure it on a broad front. We did this in 2014, selecting several hundred major customers in strategic countries to create data collection points for measuring the value we add to their operations in terms of technology, technical and applications support, logistics, reliability and accessibility. We also investigated what the Camfil brand means to our customers as a trustworthy, reliable and long-term partner. This invaluable process has benefitted our customer relationships and our understanding of customer needs.

Mapping HR processes

We introduced another structured and data-driven process to chart our current and future staffing needs. We analysed and rated all our internal positions, starting from the top and using an international system based on market data. This position evaluation process has been supplemented with talent reviews and succession planning measures to calibrate current and future human resource needs.

Transparent financial reporting

We have also fundamentally changed our financial reporting system this year, making it more transparent to support the decision-making process. Transparent facts and figures will lead our entire organization down the path to the best business decisions.

Market review

Another process, being conducted in 2015, is a review to forecast market developments. The future is never predictable, but we now have an aligned internal view of the next few years, based on solid information from our data gathering, and backed by a formal handshake between product management and sales. We can now make our best bet as an organization and plan operations accordingly.

Global Product Council

Using our business plan as the starting point, we are also establishing the Camfil Global Product Council this year. After updating our market forecast, we are now reviewing our portfolio of future R&D projects to verify that they correlate with our assessment of the market. This will ensure that we invest in the right growth areas, based on priorities, capabilities and resources.

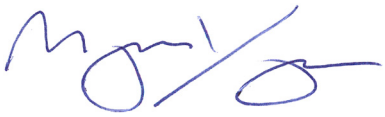
All of the above processes and others have helped us structure how we will continue our industry leadership in coming years.

Looking ahead

We have been devoting time and effort to fine-tuning the organization so we can give customers the best products, service and support in the industry. As a premium supplier, we want to be their first choice. Today, we are better equipped than ever for the future and can evolve with a changing world and industry, navigating our strategic course with fact-based management.

Our business model has been crystal-clear from the start: to provide clean air with the most effective and most energy-efficient filtration solutions on the market, to the benefit of people, processes and the environment. No one in our industry has the breadth and depth of Camfil's product mix, and if there are any empty pockets in our range, our job is to fill them with the best offerings for customers.

We look forward to operating in our new customer-centric world and making it cleaner and greener.



Magnus Yngen
President and CEO

Camfil's clean air business concept

Camfil's business concept is to provide customers with Indoor Air Quality (IAQ) and clean emissions in line with customer needs. This is being achieved with sustainable best-in-class air filtration products and services, as well as through local presence.

Camfil's core values

Committed and innovative people in an entrepreneurial environment are Camfil's keys to success. Our core values express the soul of our company and serve as a guiding star for the entire Camfil Group. Constant efforts are made to ensure that all our employees understand and work in line with the following core values:

Reliability

We are reliable because we know the market, we are honest and truthful. Our people, products and processes must always meet, or supersede, agreed results.

Commitment

We are committed to always striving for the best possible solutions and we are in the forefront of technological and environmental developments in our fields of expertise.

Customer satisfaction

We put our customers first. We focus on identifying customer needs and creating long-lasting customer value.

Teamwork

Working together makes us stronger and increases employee satisfaction both locally and globally.

Local presence

Local understanding and presence on local markets builds customer relations and satisfaction.


camfil
康斐尔
CLEAN AIR SOLUTIONS
虚位以待
诚邀贤才


THE CAMFIL GROUP


CAFE


camfil
CLEAN AIR SOLUTIONS


CLEAN AIR


camfil
EN 779:2012


SOLUTIO
and


PLANTED BY
MR. JAN ERIK DANTOFT
SEPTEMBER-2012
PLANTED BY
MR. FREDRIK WESTGARD
JAN - 2014


7U17
camfi


camfil

2014 – a year of

Product innovation sets Camfil apart from the competition in the air filtration industry. The creation of new products, services, tools and software is one of the company's most valuable assets because it enables growth, maintains leadership and ensures that customers get the latest technology for their filtration needs.

Camfil uses more than 50 years of experience from virtually every filtration application to constantly drive product innovation. This expertise is skilfully leveraged by teams of Camfil filtration specialists at R&D centres in Europe, the United States and Asia to develop products for all Group business units.

In 2014, Camfil launched the largest number of new products in the Group's history to consolidate Camfil's position as the global leader in the development of air filters and clean air solutions. A few examples are described below.

CITY M air purifier with HEPA and molecular filtration

Much of the 25 kg of air we breathe daily is indoor air, and if indoor air quality is poor, it can have a range of negative effects. City M, a new mobile air purifier, utilizes combined particle and molecular filtration in three stages to purify air with the latest HEPA filter technology. The result is cleaner room air that is safer to breathe.

City M is the perfect solution for buildings in urban areas. The mobile air purifier is used to supplement existing ventilation systems with inadequate filtration, to filter room air when there is no central air handling system, or to eliminate numerous internal source pollutants. Typical application areas include commercial, retail, residential and public premises, such as offices, shops, apartments, schools and hospitals.

Opakfil ES™ – one of the most energy-efficient compact filter on the market

Using the right air filter helps building owners save more energy, trim their operating costs and maintain healthy indoor air quality. The new Opakfil ES – with ES standing for Energy Saver – is one of the first filters to meet Eurovent's strictest demands for energy usage. It has been awarded the highest energy efficiency rating, A+, in the F7, F8 and F9 filter classes (see also page 24). A game changer in the air filtration industry, Opakfil ES incorporates a number of innovative features in product design, function and handling.

CamContain™ Professional Series – for maximum safety and protection in high-risk environments

Security can never be underestimated, especially when it comes to toxic and bacterial particles and gases, and the potential infection of people and animals by highly contagious microorganisms.

For this purpose, CamContain CS is a smart containment solution that has been specially designed in close cooperation with customers to offer maximum safety and protection for operators, lab employees and the environment. Customers include pharmaceutical, biotechnological and biosafety laboratories (BSL 3/BSL 4), as well as disease research centres, chemical plants and other high-risk facilities.

CamContain Professional Series features an innovative filter housing, isolation valves and filter clamping, gliding and measurement systems. CamContain Professional Series also incorporates safe decontamination of the housing, filters and all relevant components in facilities handling highly dangerous pathological agents.

Camfil is the first containment company to offer non-intrusive manual scanning (SafeScan-M). Existing users who initially purchased old "hand-through-the-bag" scanning now have the ability to upgrade existing manual scanning housings (formerly model ASTS) to one of Camfil's non-intrusive scanning systems (either manual or automated).

CamSafe 2™ – for contamination-free filter changes

CamSafe 2 is a high security containment system for separation of radioactive, toxic and bacterial particles or gases. This cutting-edge housing solution offers maximum safety for the operator via easy bag-in, bag-out handling. It is designed for hospital, pharmaceutical, safety lab, biotech and biosafety applications, among others. CamSafe 2 housings are available as single modules or multi-module systems capable of handling air volumes up to 24,000 cubic meters per hour. A dozen innovative features have been incorporated for extra safety, including a new filter clamping lever and an optional handling table for simple and secure filter changes.

product innovation

CleanSeal – a leak-free housing for terminal filters

Filter housings ensure reliable tightness and bring clean air to the point. An example is CleanSeal, a new state-of-the-art filter housing solution in a variety of configurations for hospitals, cleanrooms and life science facilities. CleanSeal is part of Camfil's complete filter housing range, which also includes PharmaSeal™ and CamSeal™.

As a reliable and versatile terminal filter housing, CleanSeal is easy to install, simple to handle and maintain. A revolutionary tool-less clamping systems ensures a fast and safe filter change with immediate tightness of the HEPA filter. CleanSeal is commonly used with Camfil's premium filters, such as Megalam™.

Hi-Flo II™ – tailor-made for optimized filtration

This bag filter for air handling units represents the next evolutionary step in air filter design for comfort air ventilation. It is a rethought, redesigned and refined version of one of Camfil's most popular air filters, the Hi-Flo. With a new aerodynamic shape, Hi-Flo II is better than ever before. It uses less energy and features a new pocket design, improved airflow and high-quality stitching. Camfil utilizes proprietary production processes and has even designed a unique, automatic sewing machine for manufacturing Hi-Flo II.

ProSafe™ filters for the food & beverage and life science industries

High-end industries have high-end demands to ensure their productivity and process safety.

Their manufacturing processes are super-sensitive, requiring the cleanest possible air as a critical ingredient to avoid product contamination and costly spoilage.

ProSafe is the new brand name for a range of certified filters that have been specially designed to meet strict demands for safety, traceability and control. The filters protect a wide variety of production processes, from food to pharmaceuticals, and are fully compliant with the highest hygiene standards. The range for ventilation and cleanroom applications includes Hi-Flo and Hi-Cap™ ProSafe, Megalam, and Opakfil and Absolute V ProSafe. While life science industries require filters to be resistant against decontamination agents, food and beverage industries need components that are certified for food contact according to European standard EC1935:2004. It is also vital for both industries that the materials are inert against microbial growth to comply with ISO 846, but at the same time, they must be free of any harmful chemical components like bisphenol-A, formaldehyde or phthalates. The ProSafe seal now merges all these demands within one complete range of filter products.

▶ *Additional information about these products is available at www.camfil.com. All are copyrighted or registered trademarks of the Camfil Group.*

Business Unit

Filters – for every filtration and containment need

Filters constitute the product platform for all of Camfil's operations and the Group's biggest core business. Filters also generate the largest percentage of Camfil's sales. Camfil's air filters can be as small as a matchbox and as large as a shipping container.

Their end product is clean air free of harmful or damaging pollutants, dust, dirt, allergens, contaminants, molecular gases and, in some cases, even life-threatening radiation, depending on the application.

By providing clean air, Camfil filters improve people's health and performance, protect critical manufacturing processes, boost productivity and safeguard the environment.

The largest application area is comfort ventilation, in which Camfil offers the most energy-efficient filters for public and commercial buildings. These products deliver clean air for high indoor air quality (IAQ) and help building owners reduce their energy consumption and carbon footprint.

In the production world, Camfil's filters and clean air solutions are crucial for protecting advanced or sensitive manufacturing processes, or for combatting airborne molecular contamination or microbiological contamination. In the healthcare sector, hospitals use Camfil's filtration systems to eliminate infectious airborne contaminants.

In the nuclear power industry, Camfil is the leader in particulate filtration, gas-phase filtration and containment, with experience from all over the world. Camfil has also leveraged this experience from containment to develop advanced bio-containment systems and filter housings for high-risk research facilities and biosafety labs.

The Filters Business Unit also includes Camfil's line of mobile, stationary and standalone air purifiers.

Protecting people, processes and the environment

Comfort air filters for IAQ

Camfil air filters are widely used in the air handling units (AHUs) of ventilation systems in schools, offices, homes, hospitals and airports to provide the basis for a clean, healthy and productive indoor environment with high Indoor Air Quality (IAQ).

The comfort air market consists mainly of replacement filters. Products and services are supplied to facility management companies, government agencies, public, office and commercial buildings, schools, and companies providing ventilation and air conditioning service.

In Europe, bag filters are dominant, with the Hi-Flo™ and energy-saving Hi-Flo™ XL filters being widely used products. In North America, compact filters with pleated filter media are more common, although bag filters are also starting to gain ground. Camfil's filters in this market include the energy-saving 30/30®, Hi-Flo™ ES and Durafil ES® filters.

In urban environments, Camfil's ozone-rated City filters combine particle and molecular filtration to remove harmful gases and particles in polluted air.

The business also includes Camfil's mobile and stationary air purifiers, including the versatile CamCleaner™ range for industry and smaller standalone City M purifiers with particle and molecular filtration for offices in urban environments.

Filtration for clean processes and hospitals

Camfil's high-efficiency filters and cleanroom filtration solutions are critical for supplying clean, uncontaminated air in many manufacturing processes. The life science and food and beverage industries are examples, where products have to be produced in strictly controlled environments to avoid biocontamination, product spoilage and high costs.

Other critical filtration applications are supplied for biopharmaceutical facilities, spray booths for the automotive industry, and ceiling systems for hospital operating theatres to eliminate airborne infectious contaminants.

Nuclear power industry and containment applications

Camfil started out as a supplier to the nuclear power industry more than 50 years ago and has unparalleled experience in the field. More than 90 nuclear plants in the world are using Camfil's particle and gas filters, filter housings and dampers to prevent the release of airborne particles that might be toxic, hazardous or radioactive from operations.

Biocontainment systems

State-of-the-art biocontainment solutions – a Camfil specialty – range from systems for sterile and particle-free air in mini-environments, to special high-security housings for laboratories and filters for biosafety cabinets. Other products include high-temperature filters for sterilization processes and secure bag-in, bag-out systems for handling hazardous contaminants.

Customers include life science facilities, high-security labs for disease research and nuclear power plants.

Airborne Molecular Contamination (AMC)

Virtually every advanced microelectronics fabrication plant ("fab") in the world uses Camfil's AMC filtration solutions in cleanrooms and on process equipment to avoid problems like acidic corrosion of hard disks or wafers, condensable organic deposition on sensitive surfaces and optics, or exposure to low levels of damaging ammonia.

All of these issues can negatively impact production yield and costs for many advanced products, such as wafers, microchips, semiconductors, microprocessors and memories and displays for smartphones and tablets.

Camfil is the first company to test 100 percent of its ULPA filters for AMC and has also developed a new range of filters that are fully certified against organic outgassing.

"CamCleaning" industrial work environments

In large industrial spaces, airborne dust and particles from processes may cause itchy eyes, headaches or respiratory problems. Camfil's CamCleaner range purifies air and effectively combats these problems as a supplementary solution to ordinary ventilation air filtration.

Industry is a major user. In the U.K., a British wallpaper manufacturer is using six CamCleaner 6000s with HEPA filters to improve indoor air quality. These ceiling units take the pollution out at the source and effectively prevent the accumulation of airborne particles while using very little energy.

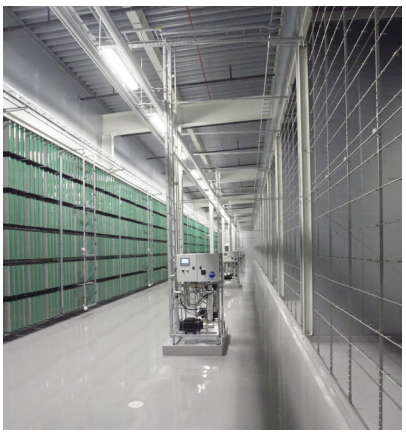
In Norway, the Marine Aluminium Group, a supplier to the offshore and shipbuilding industry, has six CamCleaner 6000 units installed above the production floor to control particles generated by cutting, welding and grinding operations. The solution provides a cleaner and healthier work environment and eliminates the need for introducing extra makeup air, cutting energy costs for the ventilation system.

Filters for Facebook's second Swedish data centre

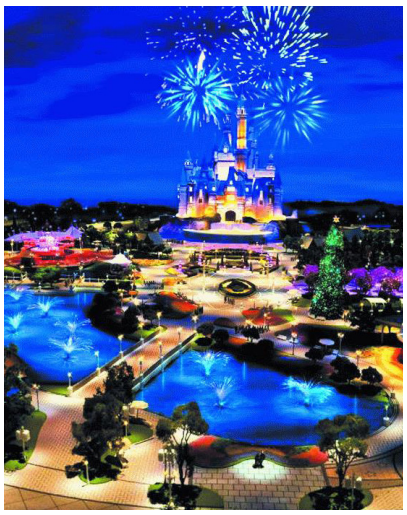
Facebook built its first international data centre outside the U.S. in Luleå, Sweden, and is now building the second of three planned centres in the same town. As for the first centre, Camfil is supplying the filtration system. The new centre, as large as 14 ice hockey rinks in area, is divided into four halls that require close to 8 million cubic metres of air per hour.

Each hall is equipped with 650 pre-filters and fine filters, and when the centre is finished, a total of 2,700 filters will keep ventilation and cooling air clean. Outdoor air will be filtered in two stages through the pre-filter panels and Class 7 filters.

Facebook chose Luleå for its cold climate to keep racks of high-performance computer equipment cool at a considerably lower cost and with a smaller carbon footprint. All three



Facebook centres in Luleå will be environmentally certified to LEED (Leadership in Energy and Environmental Design), the green building rating system.



Filtration for Disney's newest Magic Kingdom in Shanghai

Shanghai Disneyland, currently under construction, will be a classic Magic Kingdom-style Disney theme park specifically designed for the people of China. The park will utilize the world's most advanced technology, including the best air filters from Camfil China to ensure satisfactory indoor air quality conditions meeting the strictest standards for children and sensitive individuals.

Like all large cities with dense populations, Shanghai has air pollution problems and exceeds WHO's limits for particulate matter up to 2.5 microns in size ($PM_{2.5}$). These particles, generated by all types of combustion activities, are believed to carry the greatest health risks.

Opakfil and 30/30 filters from Camfil China will be installed to keep indoor air quality high at all venues and reduce $PM_{2.5}$ concentrations below the Chinese national standard (35ug/m^3) and three grades lower than the outdoor atmosphere concentration.

Topping off ice cream production with low-cost filters

Faced with escalating energy costs and increased demands on maintenance personnel's time, a major U.S.-based ice cream manufacturer required a clean air solution that would reduce air-filter life-cycle costs and maintenance expenses.

The producer already used Camfil's AeroPac Rigid Filters and 30/30 filters to effectively deal with outdoor contaminants that caused a higher than normal pressure drop development in their pleated and box filters. But the process of changing filters still represented an additional maintenance cost.

Camfil's solution was to replace the current combination of filters with a single-stage Hi-Flo ES. After one year, the net energy savings for the ice cream manufacturer was USD 8,000, plus an additional USD 8,600 in filter cost savings. The lower frequency of filter changes and use of one-stage filtration reduced waste by 70%. The savings in total filter costs alone is 39%.

Business Unit

Power Systems – protecting gas turbines

The Power Systems Business Unit, operating in the market under the Camfil Power Systems name, is a leading supplier of heavy-duty filtration and noise-control equipment for gas turbines used by major power-generating and offshore operators worldwide. Solutions include air inlet filtration systems, acoustic enclosures, de-icing and cooling systems and exhaust stacks. Other specialties include diverter dampers, ducting, silencers, and service and refurbishment.

Power System Solutions

Protecting gas turbines, compressors and diesel engines is one of Camfil's fields of expertise. Air filtration solutions and noise control equipment have been supplied to thousands of installations all over the globe, assuring reliable and efficient operation of power generation equipment and other energy production processes.

As demand for power increases, gas turbines are increasingly being used as a local power source in combined heat and power (CHP) and combined cycle gas turbine (CCGT) plants in growing cities. In addition, urban environments expose gas turbines to a new and different operating environment, where air pollutants, such as airborne particulate matter, are more challenging to prevent fouling of sensitive turbine components. Air filtration for air intakes, enclosures, silencers and cooling systems for gas turbines are one of the cornerstones of Camfil Power Systems' expanding international business.

Since high-performance gas turbines typically operate in some of the most severe environments, their filtration systems are involving increasingly higher grades of efficiency in pre-filtration and the final filtration stage to keep guide vanes and turbine blades in perfect shape. Turbine power output is also sensitive to inlet air resistance, requiring large filter surfaces to maintain a low average pressure drop.

A correctly designed and cost-effective system minimizes engine degradation, leading to lower operating costs, optimum efficiency and less environmental impact. To meet stricter demands, new products are continuously developed in an industry-unique test rig. An example is the CamGT™, which has the highest dust-holding capacity and filtration efficiency of any inlet filter for gas turbines, diesel engines and compressors.

The Power Systems Business Unit is a global partner that can support customers with complete equipment packages for all gas turbine applications from engineering hubs in Europe, India and China.

Today, products from Power Systems are being used in every conceivable operating environment around the world to protect gas turbines from erosion and fouling for higher efficiency and production economy, and longer running times with lower emissions. Land-based, offshore, and marine systems are supplied, as well as retrofits and upgrades.

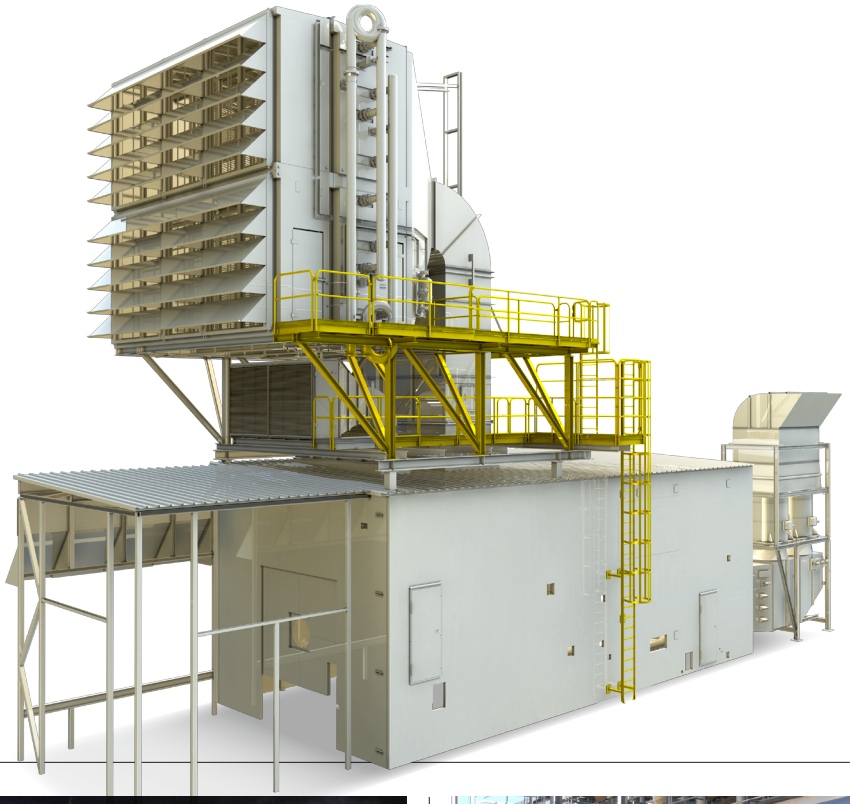
Supplier to Thailand's power generation programme

Several major turbine producers rely on Camfil Power Systems for inlet filtration systems and other ancillary equipment to ensure optimum turbine operation.

Siemens, for example, has chosen Camfil Power Systems as its supplier of static filter houses and enclosures for the turbines at a number of combined cycle cogeneration plants that will be built for the Thai government's programme to support independent power producers over the next few years.

Based on a new modular design, ten complete systems will be supplied for SGT 800 turbines, each with an output of 50.5 MW. Each package includes a one-sided static filter house and a turbine enclosure with ventilation system. Each inlet system will be equipped with 110 Cam-Flo™ XMGT filters (F7) and 110 CamGT 4V-300s (E10). Camfil Germany will manufacture a total of 2,200 filters for the systems in each contract.

Camfil has been supplying inlet systems to end users in Thailand for a number of years, including Amata B. Grimm Power and Gulf JP NLL.



Quick retrofit for Tata Power in India

Time was of essence when Tata Power needed a retrofit solution for a gas turbine at the 1,580 MW Trombay plant – a power station supplying half the electricity requirements for Mumbai, India's most populous city.

The retrofit project was for the air intake system and diverter damper at Unit 7, a 180 MW gas-fired combined-cycle turbine from Siemens. The contract, awarded through Siemens, specified a delivery period of six months, from order to commissioning, and a maximum shutdown of 37 days for dismantling the old systems and installing the new ones.

The solution included a Cam-Flo XMGT M6 bag filter, as well as a CamGT 4V-300 F9 that was installed to provide maximum protection against submicron particles and salt penetration. The modification of the diverter damper involved a range of repair work that included replacing the entire drive system and retrofitting the damper system with new components.

These changes increased reliability, reduced thermal energy losses and boosted turbine efficiency for the Trombay plant.

Selecting the right filter media, right on site

Turbine filters in salt-laden and high-humidity environments typically suffer from unstable pressure drop (dP) with frequent dP spikes, reducing filter efficiency and resulting in higher turbine operating and maintenance costs.

With the CamLab from Camfil Power Systems, operators can make an informed filter choice by testing different media on site, based on real data. This is what Duke Energy (U.S.) did for its Bartow plant outside St. Petersburg, Florida, a 133 MW, four-in-one combined cycle plant housing four combustion turbine units.

Duke regularly assesses the performance of inlet air filtration products at key locations within its large combustion turbine fleet and used CamLab to compare the products of several manufacturers. The test winner was Camfil's newly developed F9 synthetic media, the HemiPleat™ GTC, which outperformed all other media. The GTC has a lower and more stable dP, which adds up to less fouling and more turbine power output for the operator, combined with longer media life, less downtime and reduced corrosion risk by lowering salt and water penetration.

Business Unit

Air Pollution Control – leader in dust and mist collectors for a cleaner and safer environment

The Air Pollution Control Business Unit operates in North America, Europe, Asia and the rest of the international market under the Camfil Air Pollution Control (APC) name. Camfil APC's main mission is to design, manufacture and supply a full range of dust, fume and mist collectors to clean up factories, making them safer, more productive and more sustainable. Camfil APC's collection equipment is typically used in metal, mining, pharmaceutical, chemicals, paper, seed processing, food processing and many other industries.

Dust, fume and mist control solutions with the most advanced collectors on the market

Camfil APC offers the most technologically advanced dust and mist collectors available and backs them with dependable service, support and decades of proven experience. Dust and mist collectors help customers prevent dust, mist and smoke-related respiratory problems. The equipment also enables them to comply with governmental air quality requirements both inside and outside factories.

Camfil APC's ATEX/NFPA equipment prevents dust collector explosions and fires caused by combustible dusts, electrical sparks and other causes. Benefits of the dust and mist collectors include minimizing slips, falls and visibility problems created by “nuisance” dusts and mist in the workplace. Dust and mist collectors also reduce worker discomfort from allergens found in process dusts and protect valuable equipment from dust and mist contamination.

In Europe, Camfil APC recently acquired Handte, a well-known German manufacturer of dry dust collectors, oil and emulsion mist collectors, wet scrubbers and ancillary items that strategically complement the flagship line of Farr Gold Series® cartridge dust and fume collectors. This acquisition has greatly expanded the size of the business unit as well as the depth and breadth of product offerings to ensure a clean workplace.

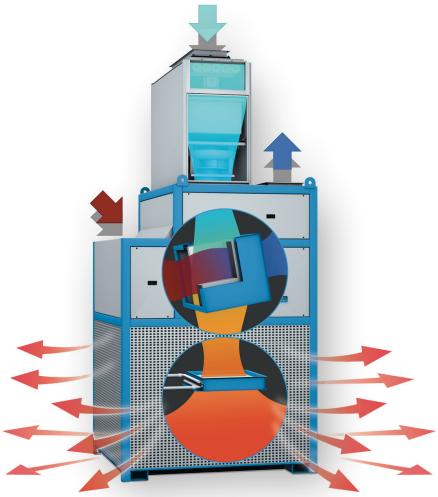
Key products include the Farr Gold Series dust and mist collector line, GS Camtain® and GS High Vacuum dust collectors, GSP packaged dust collectors, Camfil Handte mist collectors and Handte Vortex web scrubbers. The business unit has also developed the HemiPleat® line of low-energy, long-life dust collector filters. HemiPleat filters make pleated dust collector filters last longer and run with lower energy consumption for both the Farr Gold Series and as a replacement filter for the dust collectors of competitors.

As one of the top dust and mist collector manufacturers in the world, Camfil APC focuses on making the best equipment in the business from an end-user and maintenance viewpoint. The business unit maintains and services dust and mist collectors and also has a full-scale dust and mist testing rig and laboratory resources to help design and select equipment for customers.

In North America, Europe and Asia, Camfil APC is recognized for its customer friendliness and ability to ship dust and mist collectors fast that meet the customer’s specific needs.

Grüner goes for Camfil Handte APC's expertise

The automotive industry is a major customer for Camfil Handte APC. An example is the German Grüner Group, which uses a range of materials to produce supplier parts for vehicle engines, drive trains, steering systems and structural components in Baden-Württemberg and Thüringen. Customers include the largest automaker in Southern Germany.



The Baden-Württemberg site in Ulm needed an exhaust-air filtration system for a new production hall, where high-speed grinding, cutting and milling processes generate a lot of fumes and airborne ultrafine aerosols. High operator safety, clean production and energy savings were top priorities.

Grüner turned to Camfil Handte APC for the solution, which combines a very efficient oil mist separator, the Handte Oil Expert, with the Handte HeatSaverBox, an industry-unique energy-saving system.

The HeatSaverBox is the first system of its kind to recover heat from the exhaust air of machining processes, while the Oil Expert is a separator with a mechanical post-filtration stage that is specially designed for machining processes using oil as a cooling lubricant. Today, the Camfil Handte APC systems are realizing considerable power savings for Grüner by recovering energy from exhaust air from 11 machine tool systems.

Collecting 1-micron particles for Tri-Gemini

In the U.S., Tri-Gemini is a graphite machining facility in Illinois that supplies consumables for the Sinker EDM (electrical discharge machining) industry. The company's custom machine shop produces bulk graphite and graphite electrodes utilizing saws, grinders, sanders, CNC turning centres and CNC milling machines that produce dust particles as small as 1 micron, making employee health and safety a concern.

When it built a new facility, Tri-Gemini wanted to replace its ineffective central baghouse dust collector with a more modern system placed inside that could handle 1-micron particles and fit certain installation restraints.

Camfil APC engineered a Farr Gold Series GS40 collector solution with 40 HemiPleat Gold Cone filters that fit the space, along with an angled auger system to transfer dust to sacks. After filtering in the collector, the air passes through a secondary system with 24 additional filters, allowing it to be released back in the building.

After six years, Tri-Gemini has only had to wipe down equipment once. The original filters are still being used today.

Dust collection for abrasive blasting at Hardi

Australian-based Hardi is a world leader in industry, consumer and agriculture spraying technology. The company supplies spray equipment to farmers in more than 120 countries and recently upgraded its large South Australian Facility for development, manufacturing and distribution. The renovation project included a new Abrasive Blast System and Supplies (ABSS) room that needed an effective dust collection solution and grit recovery system.

The blast booth in Hardi's previous room was not equipped with a dust collector and sweeping shot and grit to clean the booth resulted in much production downtime.

To avoid this, Camfil APC installed three Farr Gold Series collectors to deal with dust from the steel shot and steel grit, used to blast clean components in preparation for the power coating process. A GS10 model was installed on the blast booth, a GS6 on the booth recovery system and a second GS6 on the turbine blast machine.

Since the installation, the HemiPleat filters in Hardi's Farr Gold Series units have not needed changing and Hardi appreciates the easy maintenance, the reduction in downtime and the cleaner production environment.

Impreglon adds a new layer of safety in coating

Impreglon UK, a globally renowned industrial applicator of fluoropolymer, polyurethane, antimicrobial and thermal spray coatings, has installed two Farr Gold Series dust collectors from Camfil APC Europe to replace existing dust extraction systems that could no longer keep up with the company's growing production volume.

A GS12S collector controls dust from a lathe and a GS48 provides extraction from a large booth where Impreglon sprayed aluminium and zinc by way of arc wire, plasma and flame spray methods.

This safe and cost-effective solution handles the demanding requirements of applications and ensures compliance with ATEX – the EU directive for equipment in explosive atmospheres. The collectors were also installed with vertical discharge explosion-relief panels and flame-retardant HemiPleat™ Gold Cone™ filter cartridges for high efficiency filtration, extended filter life and easy maintenance.

Sustainability has been our core concept **since day one**

As governments legislate tougher measures to save energy, reduce greenhouse emissions and improve air quality, some air filter manufacturers are being forced to adjust their product ranges to meet new environmental standards and requirements.

This is hardly the case at Camfil, where sustainability has been the core concept since we started operations more than 50 years ago. From the very beginning, our business model has been to provide clean air with the most effective and most energy-efficient filtration solutions on the market. People, processes and the environment benefit from our technology. Our air filtration solutions contribute daily to healthier indoor air quality, reduce greenhouse gas emissions and save energy.

Our on-going global sustainability programme is therefore a natural extension of our fundamental belief in being the most eco-friendly air filter manufacturer on the market. For years we have been constantly greening our technology and products for customers and end-users, helping them to reduce their energy consumption and shrink their environmental footprint. Every year, we make our production units leaner and greener to reduce their environmental impact.

With sustainability embedded in our product portfolio for more than half a century, we can team up with our customers to help safeguard the planet for coming generations.

Paying close attention to the social, economic and environmental impact of our global operations is another important aspect of our sustainability. Camfil was the first air filter manufacturer to launch a sustainability programme and this section of our annual report presents some key activities and figures from our sustainability work in 2014.

Camfil's CEO, Magnus Yngen:
"Camfil is the most eco-friendly air filtration manufacturer on the market and sustainability has been embedded in our business model since day one. A strong belief in sustainability empowers us to innovate, improve and advance on the product, process and service front, improve business performance and reduce the eco-footprint of our operations. Being a recognized, sustainable supplier also strengthens our reputation as a valued and trusted partner."

"I am proud to work at Camfil Sweden, where we use close to 100% wind, water and solar power for all our energy needs. We have also reduced our total energy consumption by 50% since 2007."

Åsa Lidström, Quality & Environmental Manager, Camfil Svenska AB, Sweden

Sustainable role model in government energy savings guides

In two recent government energy savings guides – in France and the U.K. – Camfil is held up as a leading example in sustainable operations.

To give an example, the British guide, Energy Savings Opportunity Scheme (ESOS), states that "… Camfil has put energy management at the heart of its business model. The company has initiated an energy reduction programme, the Camfil Energy Awareness Saves Environment (CEASE), and its key objective is to educate property and building managers about the financial and energy-saving opportunities that can be made by replacing existing air filters with low energy air filters. As a result of the energy management steps that Camfil has taken, significant reductions in energy usage and improvements in energy efficiency have been achieved. These improvements resulted in Camfil saving over GBP 200,000 on energy bills through minimal cost, self-funding opportunities."

▶ Read more at: http://www.keepthecityout.co.uk

Award for protecting cultural facilities around the world

In 2014, Camfil was presented with the Diplomat Award by the International Association of Museum Facility Administrators (IAMFA) for "significantly advancing IAMFA's mission to make exceptional contributions to the state of design, construction, operation and maintenance of cultural facilities around the globe".

Photography© Nick Cunard

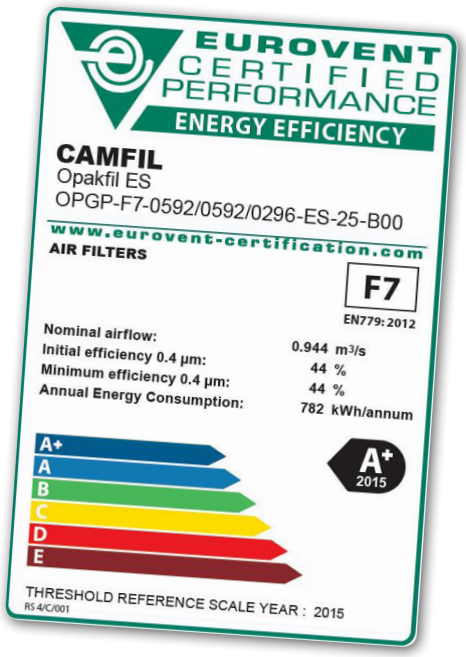
The 1215 London copy of the Magna Carta, displayed here in the Magna Carta Unification Display at the British Library.

The award was given at the Annual IAMFA Conference in Scotland to Dr. Chris Ecob, Camfil's Global Business Manager for Molecular Filtration. The conference is IAMFA's platform for exchanging ideas about the latest technologies for cultural facilities.

From the British Library to the Uffizi

Over the years, Camfil has designed and supplied activated carbon filtration systems to preserve the art treasures and artefacts of many prestigious museums and galleries, including the Uffizi in Florence, the British Library in London, the State Hermitage Museum in Saint Petersburg and the Getty Villa in Los Angeles, California.

Meeting Eurovent's tougher demands



Eurovent is the professional trade organization for the European heating, ventilation and air conditioning industry, which includes air filtration products. Eurovent recommends and sets performance standards and introduced a new and tougher energy efficiency classification system for air filters in 2015.

The new Eurovent classification places much higher demands on air filters and the amount of energy they use. The system is similar to the energy ratings for household appliances. Energy efficiency is classified from A+ (most efficient) to E (least efficient).

The filtration efficiency of filters for ventilation systems is also ranked in various classes, such as F7, F8 and F9. To illustrate the tougher energy efficiency demands, Eurovent's previous energy efficiency requirement for an F7 filter in the A class was 1200 kWh per year. In the new and higher A+ category, the requirement for F7 filtration is stricter and lower at 800 kWh per year.

Selecting a quality filter with A+ efficiency for F7 filtration will therefore have an impact and save as much as 400 kWh annually per filter. This is a strong motivation for property owners in Europe, who are faced with meeting increasingly tough government standards to increase the energy efficiency of commercial and public buildings. Choosing the most effective filters with the highest energy efficiency for air handling units (AHUs) – the heart of every ventilation system – will thus fulfil two important goals: the best indoor air quality with the lowest energy consumption.

Opakfil ES™ leads the industry

Camfil is one of the first air filter manufacturers in Europe to offer a newly developed energy-efficient air filter that can meet the toughest requirements for filtration efficiency and energy use. The filter, Opakfil ES, has received the highest energy ranking, A+.

Opakfil ES A+ is available in filter classes F7, F8 and F9 and can be used in the AHUs of both new and existing building ventilation systems. If all F7, F8 and F9 filters in Europe were replaced with Opakfil ES, the potential energy savings would be substantial for building owners, enabling them to comply with new energy efficiency standards and regulations without compromising indoor air quality.

In terms of filtration efficiency, the performance of the Opakfil ES also exceeds the limits of the European standard EN779:2012 at the lowest ME (Minimum Efficiency) value.

It should be noted that the required efficiency value will depend on the exact application because polluted outdoor air may contain unhealthy particles, such as carcinogenic diesel particles from vehicles and ultrafine particles from other kinds of combustion, which affect health negatively. These pollutants must be removed by filtration before the air is introduced as make-up air through ventilation systems.

When urban environments have high concentrations of particulates and harmful gases, filters like Camfil's City series, which combine both particle and molecular filtration, are another effective and energy-efficient choice for healthier indoor air.

▶ Read more at www.camfil.com/energyhero

"Eurovent's new rating makes it easier to choose the right air filter. Opakfil ES is one of the few filters on the market with an A+ rating, making it one of the most energy-efficient compact filters in the world."

Sophie Matuszewski, R&D Manager, Camfil Sweden

A helping hand across the globe

During one week every year for six years, the whole Camfil Group has celebrated and manifested its will to contribute to a more sustainable world. We call this internal event "CamfilCairing Week". For five days, we carry out various sustainability and corporate social responsibility activities at Camfil facilities around the globe. These activities, which vary from company to company, range from donating blood to planting trees and collecting clothes and food for the needy. Here are a few recent examples:

Helping to improve village life in India

In February 2013, Camfil India started sponsoring a Village Upliftment Program (VUP) with support from the Hand in Hand organisation. Camfil's support is currently focused on the following five pillar activities:

- Self-help group promotion and job creation
- Child labour elimination programme
- Health
- Establishment of citizen centres
- Environmental protection

290 blood donors globally

During CamfilCairing Week in 2014, 290 Camfil employees donated blood around the globe. Camfil's employees initiated this valuable CSR activity and it offers a great advantage since everyone can volunteer to give blood no matter where they work for Camfil in the world.

Hand & Safety Campaign

In the autumn of 2014, an internal Hand & Safety Campaign was carried out within Camfil. All our production facilities around the world were invited to join. The campaign focused on safety in general and hand injuries in particular.

At Camfil, we put much emphasis on employee safety. In just a few short years, several of our factories have been able to reach and maintain zero lost workdays due to work-related injuries. In 2014, the number of lost days caused by injuries in the workplace was reduced by as much as 42%, compared to the year before (see metrics for 2014). The injuries that occur are mainly to hands – the reason why the campaign was focused on hand protection with this main message: "Safety is in your hands. Wear protective gloves".

Camfil UK is a Living Wage employer

"We are extremely proud of our UK Living Wage Employer Accreditation. It demonstrates that every member of our staff earns not just the minimum wage but the Living Wage."

We are a Living Wage Employer

Bill Wilkinson, Managing Director, Camfil UK

The Living Wage is an hourly rate set independently and updated annually, based on the cost living in the UK. Employers choose to pay the Living Wage so people can provide for themselves and their families. The campaign, running for ten years, has lifted over 45,000 people out of poverty.

Sustainable actions in Malaysia

Energy conservation

In line with the company's commitment to sustainability, Camfil Malaysia took a step forward to reduce energy consumption (electricity) in 2014, implementing the following energy conservation measures:

- A review of line balancing and manpower balancing processes. Camfil Malaysia now manages production in a single shift, instead of two, and has still increased output.
- An upgrade of the plant's air compressor, which used to be running under capacity and consumed more electricity. The upgraded compressor is now saving energy.

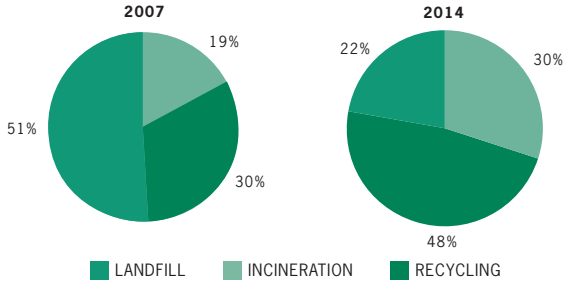
As a result, Camfil Malaysia reduced power consumption by 6%, compared to the previous year (from 3,185,365 kWh in 2013 to 2,993,816 kWh in 2014).

Hazardous waste reduction

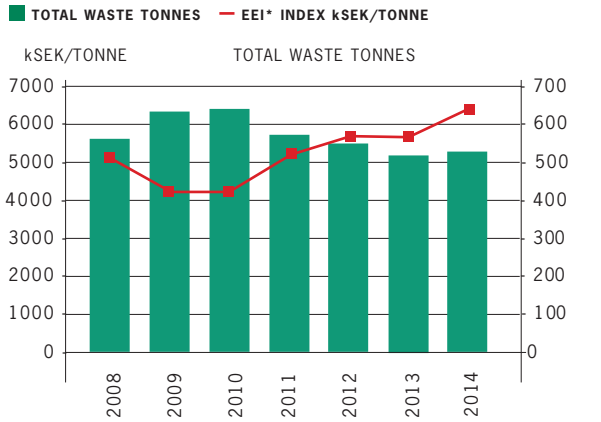
In Camfil, polyurethane is one of the main raw materials used to attach the media pack to the frame. Usage depends on the type of filter in production. Polyurethane waste is considered to be hazardous waste and improper disposal can harm the environment.

Activities were implemented, and as a result, Camfil Malaysia reduced the amount of hazardous waste it disposes from 53.6 tonnes in 2013 to 34.8 tonnes in 2014, a decrease of about 35%.

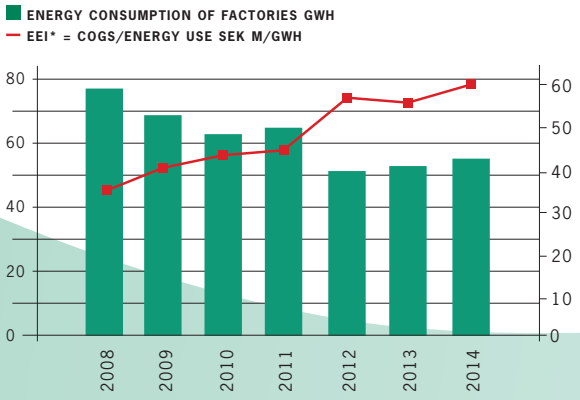
Waste destination



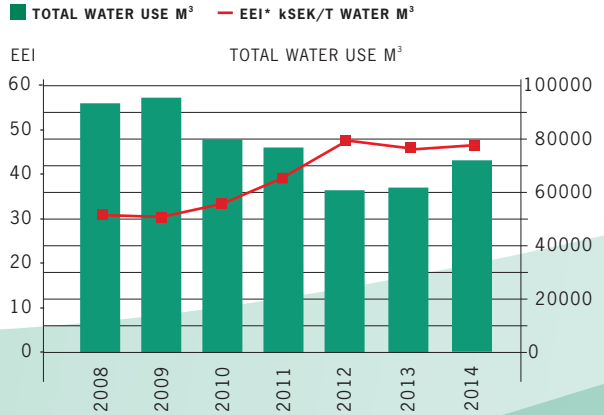
Waste



Energy use



Water use



The charts above display the waste efficiency factor, energy efficiency factor and water efficiency factor as value created per unit of resource used.

Promoting clean air as a human right across Europe

Camfil's Indoor Air Quality (IAQ) Road Show continued to tour Europe in 2014. This unique 13-metre-long travelling exhibition is equipped with lab stations that show people what they are actually breathing at their place of residence or work. The Road Show informs visitors, both professionals and the non-initiated, how they can keep polluted city air from penetrating indoor spaces. The mobile exhibition also teaches people about the filters needed to accomplish this, and how effective air filtration improves human health and provides significant economic and environmental benefits.

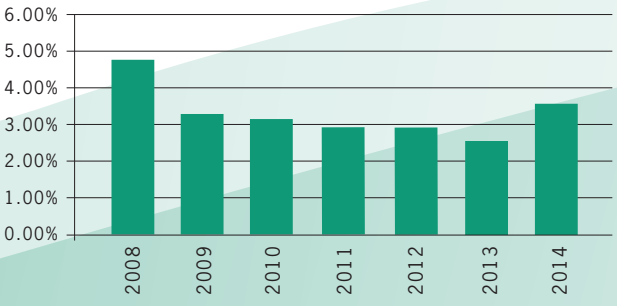
Balancing health and energy savings

The right quality filter, which uses the lowest amount of energy, will achieve the dual goal of the best indoor air quality with the highest possible energy efficiency, without compromising people's health. The constant aim of Camfil's sustainability is always to find the right balance between indoor health and energy savings.

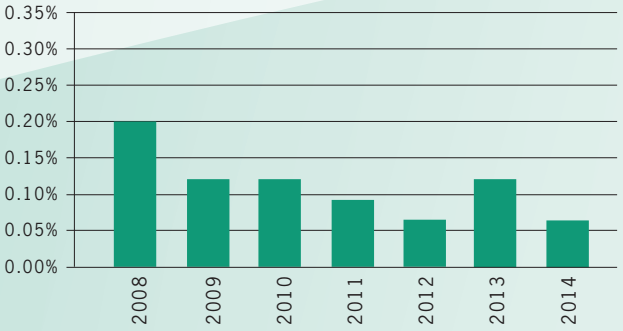
To find out more about the sustainability work of the Camfil Group, please visit our website www.camfil.com or connect with us on facebook.com/IAQRoadShow.

Sustainability in the workplace

Number of sick leave days per 100 work days



Lost work days due to work-related injuries per 100 work days



Lost work days due to work-related injuries decreased by nearly 42%. This improvement was probably due, in part, to our internal Hand & Safety campaign, which promoted and educated employees about on-the-job safety.

HR management in a performance-driven enterprise

Human capital is as important as other assets in today's competitive business climate. At Camfil, we place great value on our employees and focus on recruiting, developing and retaining our personnel at companies and production plants.

The Human Resources (HR) function has been increasingly strengthened the past few years. Important goals are to constantly improve skills, competencies and performance, ensuring that the employees contribute to the business in a rewarding way.

Recruitment techniques, employee surveys and competence development programs have been introduced over the past few years to this aim.

Recruiting new talent

Camfil understands the benefits of employing a diverse range of talented individuals. As an equal opportunity employer, we take a positive approach to diversity and use a global recruitment process called STAIRS (Search Talent Ambition Inspiration Result Succession) to select candidates with transparency, fairness and respect.

The company's green mission – to provide clean air – also enables us to attract and compete for the best future talent. The growing number of spontaneous applications via our career page is a sign that Camfil's brand as a sustainable employer is attractive.

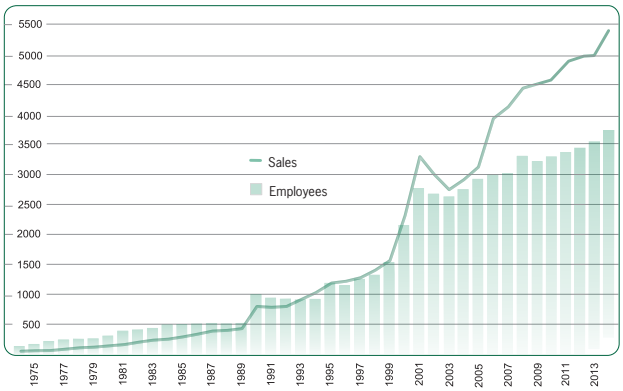
Retaining employees

Employee development, empowerment, well-being, health and safety are all part of being a good employer. We therefore focus on creating a work environment that retains and builds commitment, since employee engagement is an enabler of customer satisfaction and business growth.

Camfil's biannual global employee survey – CAMPAIR (Camfil Personnel Attitude Involvement Research) – is a tool for mapping and evaluating leadership and employee commitment.

The survey, conducted by an external supplier, also measures Camfil's Empowerment Index, which consists of five factors: motivation, getting support from your manager, having authority, taking responsibility and possessing professional competence.

Sales, millions of SEK, and number of employees



A high Empowerment Index helps drive profitability because empowered employees go the extra mile for customers, colleagues and Camfil. Camfil has consistently scored a high index. In 2014, the index was 63 (last time 64). The benchmark value is 59, which is based on more than 30,000 answers from surveys conducted by our external supplier in the past five years.

We use the results from the survey to identify strengths and areas where improvements are needed. The latter may include management training courses, team-building exercises, information events and other activities.

Developing in-house competence

During 2014, HR focused especially on leadership development by implementing talent reviews for senior managers as a tool for succession planning.

The talent reviews are based on Camfil's leadership requirements and include business and people leadership, as well as personal excellence. The reviews also assess how well each manager practices and promotes Camfil's core values.

Filtering away urban air pollution for higher IAQ

Vehicle traffic is a major source of urban air pollution, producing levels of particulate matter and molecular gases that are already exceeding the recommendations of the World Health Organization (WHO) in most big cities today.

Governments are responding with stricter air quality standards. Camfil is also doing its share for cleaner air by developing innovative filtration products to improve indoor air quality (IAQ) in city centres. A recent study in Sweden is an example.

Stopping pollution at the door

In Stockholm, air along the street of Hornsgatan regularly contains alarmingly high concentrations of harmful airborne particles and gases from heavy traffic, particularly diesel exhaust, classified by WHO as carcinogenic. The street has some of the worst air pollution in Stockholm and all of Sweden.

The main concerns for health have been fine particulate pollution – PM2.5 and PM10 – and polycyclic aromatic hydrocarbons (PAHs). The more dangerous and microscopic PM2.5 particles – those commonly found in diesel exhaust – are small enough to evade the body's defense mechanisms and pass into the airways and the lungs and blood. There is a direct connection between these particles and increased mortality caused by cardiovascular and respiratory illness. Breathing PAHs has been associated with cancer.

Long-term study

In 2014, Camfil conducted a comprehensive, long-term study on Hornsgatan. The site was an apartment building where the owner had installed a new central air handling system.

Air handling units were fitted with the energy-saving City-Flo™ XL, a combined particle and molecular filter that is part of Camfil's "City" series for polluted urban environments. A Camfil room air purifier was also placed in the test apartment with high efficiency particulate air (HEPA) filters that remove more than 99% of all airborne particles down to 0.3 micro-metres in size.

By measuring air quality in the apartment before and after the installation of the new central air system, differences in IAQ could be thoroughly documented. The results showed that Camfil's filtration solution improved IAQ significantly, removing up to 80% of harmful outdoor particles and gases.

The Stockholm study illustrates how Camfil's IAQ experts are actively developing filtration solutions for a healthier indoor environment in urban areas. In the first quarter of 2015, a similar test was conducted in a London building and more are in the pipeline.

Camfil around the world

The Camfil Group operates through three main business units – Filters, Power Systems and Air Pollution Control.

Camfil is headquartered in Stockholm, Sweden, where the Parent Company, Camfil AB, has Group functions for Product and Marketing, Finance, IT and Supply Chain.

Central resources for research, laboratory testing, and product and process development are based at Camfil's world-class Tech Centre in Trosa, about 70 km (42 miles) south of Stockholm. This state-of-the-art centre is the main hub of a global research network that includes R&D units in the U.S., Germany, Malaysia and China. The Parent Company has a total of 103 employees.

FILTERS

NUMBER OF EMPLOYEES: 2,809

SALES IN SEK MILLIONS: 3,894

Europe

NORTHERN EUROPE

The manufacturing hub in Trosa, Sweden, includes a major state-of-the-art production facility and a large warehouse and distribution centre. An additional metal workshop is located in Österbymo, Sweden.

Northern Europe sales are conducted through several local sales offices and subsidiaries in Sweden, Finland, Denmark and Norway. Camfil also has a presence in other markets through agents in Russia, Iceland and the Baltics, among other areas. Camfil has 360 employees in Northern Europe.

NUMBER OF EMPLOYEES: 360

SALES IN SEK MILLIONS: 719

CONTINENTAL EUROPE AND BRITISH ISLES

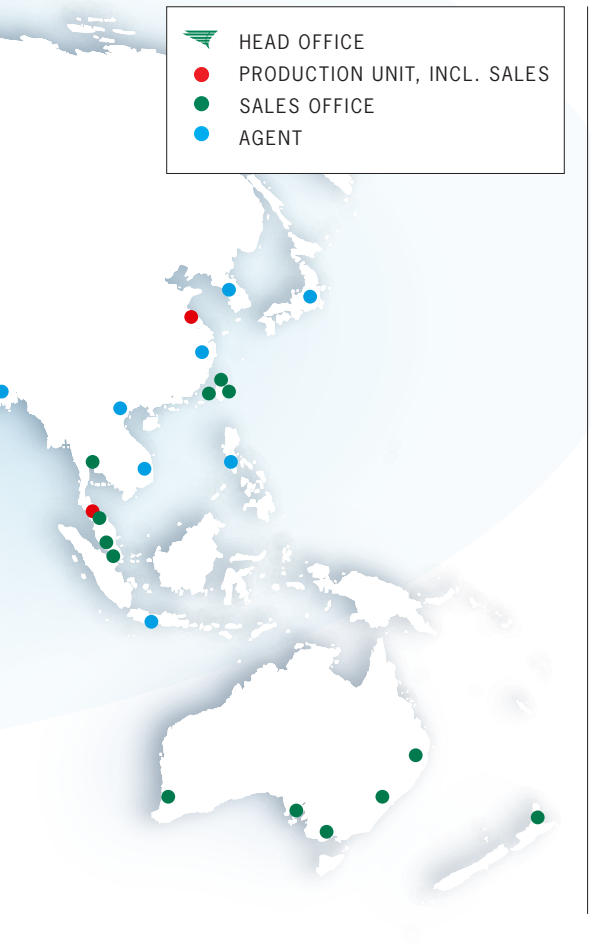
Besides production plants in France, Germany, Switzerland, Slovakia, the U.K. and Ireland, Camfil also operates through sales companies in Belgium, Italy, Spain, the Netherlands, Austria and Poland. Sales are conducted through agents in other markets, such as the Czech Republic, the Balkans and Hungary. The Group has 1,130 employees in Continental Europe and the British Isles.

NUMBER OF EMPLOYEES: 1,130

SALES IN SEK MILLIONS: 1,582

Americas

With six production units and twelve branches in the U.S, and one production unit and six branches in Canada, Camfil is well equipped and positioned to provide excellent coverage of the entire North American market through



1963 Camfil establishes joint venture with Cambridge USA
1966 Camfil Germany, founded
1969 Camfil Switzerland, founded
1972 Camfil Denmark, founded
1973 Camfil Netherlands, founded
1974 Camfil Belgium, founded
1975 Camfil Italy, founded
1976 Camfil France, founded
1979 Camfil Finland, founded
1982 Camfil England, founded
1983 Camfil becomes independent
1985 Purchase of Allied Filters & Pumps, Ireland
1989 Purchase of Sofiltra, France, and Filtra, USA
1995 Camfil Component Sweden, founded / Camfil Spain, founded
1997 Purchase of Automet Filtration Ltd, England / Camfil Malaysia, founded
1998 Purchase of Industrifilter AB, Sweden
1999 Purchase of Delcon Filtration Group Inc., Canada
2000 Camfil Australia, founded / Camfil Poland, founded / Representative Office established in Shanghai, China
2000 Ratos purchases 30% of Camfil Farr in connection with the acquisition of Farr Co., USA
2001 Camfil New Zealand, founded / Nordfilter AB purchased / Camfil China, founded
2002 Plant opened in China
2003 Two plants in Malaysia combined
2004 Camfil Thailand, founded / Representative Office established in Moscow, Russia
2005 Camfil Brazil, founded / Plant opened in Mexico
2006 Purchase of Australian Air Filters / Purchase of Kaefer Raco, Germany / Purchase of IF Luftfilter AB, Sweden
2007 Camfil Slovakia, founded / New plant in China opened / Camfil Japan, founded / Camfil Taiwan, founded / Purchase of Kaare Rustad AS, Norway
2008 JV with Anand Group, India / Acquisition of Air Care Technology Ltd and Total Air, New Zealand
2009 Acquisition of Mecke Klima GmbH, Austria
2010 Camfil opens a new state-of-the-art Technology Centre in Trosa, Sweden
2011 Exit of minority shareholder (Ratos) / Camfil Middle East, founded / Camfil India becomes wholly owned / New production hub for Power Systems in Trichy
2012 Camfil opens its first Airborne Molecular Contamination (AMC) Service Center, situated in Taiwan / Railroad unit divested
2013 New factory opened in Heywood UK to manufacture Air Pollution Control products / Office established in Istanbul, Turkey
2014 Acquisition of Handte Group (Germany) to expand APC product line / New production plant in Sao Paulo, Brazil to serve the Latin American market

camfil
CLEAN AIR SOLUTIONS
– since 1963

sales offices, distributors and agents across the continent. With one newly upgraded production site in Brazil, Camfil has also strengthened the Group's footprint on the South American continent to improve the market presence maintained by agents in other South American countries. With its broad product range, Camfil is an attractive partner for the best distributors in the Americas.

NUMBER OF EMPLOYEES: 669

SALES IN SEK MILLIONS: 1,014

Asia Pacific and Middle East

Camfil has three Asian production units in India, Malaysia and China. The latter two specialize in high efficiency filters, both HEPA and ULPA grade, as well as filters for ventilation systems, which are manufactured at all three sites. The Malaysian factory also supplies filtration solutions for molecular contamination control, especially for the microelectronic segment, a market primarily focused within Asia. Camfil also has subsidiaries in Thailand, Singapore, Taiwan, New Zealand and Australia. Agents cover all other major markets in the region.

NUMBER OF EMPLOYEES: 650

SALES IN SEK MILLIONS: 578

POWER SYSTEMS

Power Systems, with 216 employees, has operations in Sweden, Germany, Canada, China and India to provide air filtration solutions for the global power generation industry. The business unit has a production facility in India.

NUMBER OF EMPLOYEES: 216

SALES IN SEK MILLIONS: 755

AIR POLLUTION CONTROL

APC specializes in industrial dust and mist collection. The U.S. has traditionally been Camfil's primary market for APC systems but now the range is being gradually introduced and marketed in Europe and the rest of the world. The acquisition of the Handte Group in 2014 vastly expanded Camfil's footprint for APC in terms of geographical presence and product range. The business unit has production facilities in the U.S., U.K., Germany, Czech Republic and China.

NUMBER OF EMPLOYEES: 536

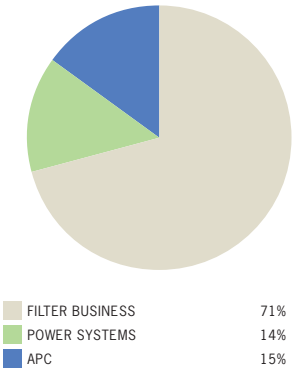
SALES IN SEK MILLIONS: 813

Financial Analysis 2014

External sales

External sales increased by SEK 556 M, or 11 percent, from SEK 4,906 M to SEK 5,461 M for the full year. The acquisition of the Handte Group had a positive impact on sales, increasing turnover by SEK 345 M, or 7 percent, for the full year. Favourable currency effects increased consolidated sales by 4 percent, while underlying business activity remained stable.

DECEMBER 31, 2014 YTD
Business unit sales in SEK M



Sales by business area

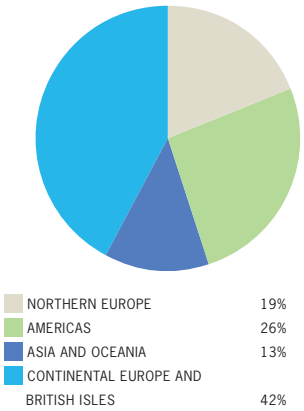
External sales in Northern Europe increased 1 percent to SEK 719 M for the full year in fixed currencies. External sales increased in Denmark, Finland and Norway, and for the agent business managed through Camfil International.

In Continental Europe and British Isles, external sales amounted to SEK 1,582 M at the end of December, representing an increase of approximately 1 percent over last year, when sales amounted to SEK 1,563 M in fixed currencies. The net increase is a mixed effect of a favourable development in business in Switzerland, Poland, Germany, Spain, France, Ireland, the U.K. and Turkey that was offset by declining sales in the other markets.

External sales in the Americas amounted to SEK 1,014 M for the full year, an increase of SEK 73 M in fixed currencies, or 8 percent. External sales increased in all markets that constitute the business area.

In Asia Pacific and Middle East, external sales declined by SEK 2 M to SEK 578 M in fixed currencies for the full year. The net decline is a mixed effect of a favourable development in Thailand, Singapore, Malaysia, Taiwan and India in combination with a decline in external sales in China, Australia and New Zealand.

DECEMBER 31, 2014 YTD
Filter business, sales in SEK M



External sales for Power Systems amounted to SEK 755 M for the full year in fixed currencies, compared with SEK 879 M last year, a decrease of 14 percent. The net decrease is the mixed effect of a higher level of project deliveries in Canada that was offset by a lower level in all other markets. The combined effect was SEK 187 M.

External sales for Air Pollution Control amounted to SEK 813 M in fixed currencies, of which SEK 345 M was related to the acquisition of the Handte Group, compared to SEK 423 M last year.

Gross margin

The gross margin declined to 40.1% (40.3%) in fixed currencies, mainly due to decreasing gross margins in the Power Systems business segment, but also as an effect of consolidating the Handte Group, due to a different margin level. Continuous productivity improvements within the Filter business were able to mitigate continued price pressure on the market and improved the gross margin, compared to last year. Margins also improved within Air Pollution Control as an effect of increased overhead absorption.

Operating profit

Operating profit for the full year amounted to SEK 599 M, an increase of SEK 78 M, compared to the same period last year, excluding items affecting comparability. Acquisition costs for the Handte Group, restructuring costs for Power Systems and a capital gain from selling the property in Laval, a combined net expense of SEK 27 M, have been excluded from operating profit for the full year as items affecting comparability. Expenses of SEK 5 M

were excluded from operating profit for the corresponding period last year.

Operating profit for Filter business increased slightly in fixed currencies. Operating profit increased due to a higher gross profit, derived from both improved margins and higher volumes. Increased sales expenses, which were primarily in the Americas and related to planned future expansion, had a negative impact on operating profit for the year.

Power Systems' operating profit decreased significantly, compared to last year. The change was primarily an effect of lower volumes, compared to previous year, but was also attributable to lower gross margins.

Operating profit for the APC business owned from the beginning of the year increased considerably, compared to last year. The increase in operating profit was generated by higher sales volumes and increased gross margins in general, while higher expenses had a negative impact.

The consolidated operating margin amounted to 11.0 percent for the full year, compared to 10.6 percent last year.

Result from financial items

The result from financial items for the Group was SEK -70 M in 2014 (-74). The decrease was due to lower average interest rates, compared to 2014, and lower average net debt compared to the previous year, although it was somewhat offset by negative currency effects.

Cash flow and balance sheet

Cash flow from operating activities amounted to SEK 496 M for the full year 2014, compared to SEK 442 M last year. Changes in working capital had a positive impact of SEK 46 M, compared to an adverse effect of SEK 23 M last year. Net capital expenditures amounted to SEK 160 M for the full year, including the divestment of the Laval property, compared to SEK 175 M last year. The acquisitions had a negative net cash flow impact of SEK 196 M. Liquid assets, as a percentage of sales at the end of the quarter, were 11 percent, which was 1 percentage point lower than last year.

Net debt amounted to SEK 1,143 M at the end of the period, compared to SEK 1,099 M, last year, an increase of SEK 44 M that was mainly due to a revaluation of the liability for defined benefit pension plans as a result of generally lower interest rates. Amortization of interest-bearing debt during the year amounted to SEK 143 M.

A/R days outstanding increased to 63 days, compared to 56 days at year-end 2013.

Inventory turnover days for finished goods increased to 23 days at the end of December, compared to 22 days at the end of last year.

Inventory turnover days for raw material increased to 56 days, compared to 54 days at the end of 2013.

Capital investments

Capital expenditures amounted to SEK 200 M (175) for 2014. Investments are primarily continuous investments for maintaining and improving existing production capability. Net capital expenditures were 3 percent higher than depreciation in 2014, compared to 25 percent more than depreciation in 2013.

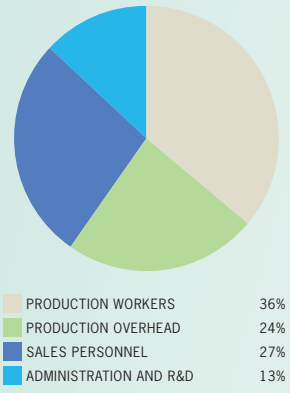
Tax level

The Group's average tax level increased to 29.5%, compared to 24.9% last year. The increase was caused by non-recurring items related to Camfil's operations in the U.S. last year, increased withholding taxes and an underlying change in tax rates and the country of origin for taxable profits, which increased the effective tax rate by a net of 1.4 percentage points.

Employees

Employed Full Time Equivalents (FTEs) at the end of the period increased to 3,671, compared with 3,476 at year-end last year. The increase was primarily explained by the Handte Group acquisition, which added some 200 additional FTEs to the Group. Approximately 1 percent of the total FTEs were employed on a temporary basis at the end of the fourth quarter, which was one percentage point lower than last year.

EMPLOYEES



CAMFIL AB Swedish Corporate ID No. 556230-1266

Annual Report and Consolidated Financial Statements

FOR THE FINANCIAL YEAR JANUARY 1, 2014 – DECEMBER 31, 2014

Board of Directors' Report

Information about Camfil's operations

Camfil is one of the leading groups in the air filtration market. Camfil offers air filtration solutions to protect people, production processes, the environment and gas turbines. The Group's business activities are conducted through three main business units: Filters, Power Systems and Air Pollution Control. In 2014, sales of the Camfil Group totaled SEK 5,461 M (4,903) with 3,736 (3,507) employees.

Filters business unit

The Filters business unit, the Group's largest area of operation, offers a broad range of products to clean and improve the quality of indoor air within many different application areas.

Camfil provides air filtration solutions for air handling systems in housing, office buildings and hotels, among other facilities. Municipal, county and government agencies are other important customer segments for which Camfil offers air filters for schools and hospitals, among other public buildings.

A substantial part of the market consists of replacement filters since filters in ventilation systems have to be changed at regular intervals. Business in this segment is therefore relatively stable.

Advanced production equipment and sensitive products require a clean indoor air environment to protect machinery, enhance product quality and boost the efficiency of product processes. This is a typical requirement in the electronics, pharmaceutical and food processing industries, among others. This business is more cyclical than others and is affected to a larger extent by economic fluctuations.

In 2014, sales of the Filters business unit totaled SEK 3,894 M (3,654) with an operating profit of SEK 521 M (517).

Power Systems business unit

The Power Systems business unit offers air inlet systems, exhaust systems, acoustic enclosures, ventilation systems and heavy-duty air filters for gas turbines to ensure high operating efficiency and reduce turbine wear-and-tear. The business unit also offers a range of services, including upgrades and retrofits of existing systems and filter replacements. Power Systems business is dependent on investments in the oil and gas sector and is consequently affected more distinctly by economic cycles.

In 2014, sales of the Power Systems business unit totaled SEK 755 M (852) with an operating profit of SEK 11 M (80).

Air Pollution Control (APC) business unit

The Air Pollution Control (APC) business segment develops, manufactures and sells equipment and filters for dust collection and oil mist separation, including wet scrubbers. Camfil APC's dust collectors and oil separators remove fumes, mist, gases and dust from industrial processes to create a clean and safe work environment within a broad spectrum of process and engineering industries.

In 2014, sales of the APC business unit totaled SEK 813 M (401) with an operating profit of SEK 93 M (25).

Significant events during the financial year

Acquisitions

On March 6, the Handte Group was acquired by Camfil's German holding company, Camfil GmbH Holding. The Handte Group, which consists of the Handte Umwelttechnik (the company's name was changed to Camfil Handte APC GmbH during the year) and Handte Holding GmbH organizations, includes seven companies with operations in Germany, China, the Czech Republic and Switzerland. The Handte Group is part of the APC business unit and has a product mix that complements Camfil's range. In the United States, Camfil acquired the assets and liabilities of Edco Sales, Inc., one of Camfil USA's distributors.

Real estate sale

During the year, Camfil (Canada) Inc.'s building in Laval was sold, generating a capital gain of SEK 17 M on consolidation. Camfil will continue to lease the premises from the new owner.

Restructuring of Power Systems

As a consequence of changed market conditions, Camfil restructured the operations of the Power Systems business unit. In Sweden, production was discontinued in Borås, and in Germany, the organization in Bremen was downsized. As a result of these measures, restructuring costs in the amount of SEK 26 M were charged against consolidated income in 2014.

New investments in production facilities

An investment was made to build a new manufacturing facility in Brazil that has replaced Camfil's existing production plant. In India, land was purchased for the future expansion of the Group's production facilities in the country.

Significant events occurring after the balance sheet date

No significant events occurred after the balance sheet date.

Business and market developments

Underlying sales growth was 0.3% in fixed currencies, excluding the effect of acquisitions. Sales of the Camfil Group increased by 7.1% in 2014. Sales were stable in spite of the ongoing recession, due primarily to the spread of Camfil's activities over large geographic and market segments, in which different parts of the Group operate in various phases of the economic cycle.

The Filters business unit continued to develop with stable growth during the year. The European market continues to be in a wait-and-see mode for new investment projects because of the current state of the economy, which has increased Camfil's dependence on the more stable replacement filter market. In Asia, where Camfil's business is generally more dependent on new investment projects, sales decreased in China after the conclusion of one-off projects, although the decline was almost completely compensated for by growth, notably in the microelectronics sector. In North and South America, Camfil achieved strong growth in 2014 as a result of the brighter economic situation in the United States and by winning new projects in Brazil.

Power Systems was affected more than other business units by the decline of the global economy. The downturn was clear for gas turbines in the power generation market, mainly in Europe, where activity was drastically lower than in 2013, which was already on a weak level. Business developed in a more satisfactory way in the oil and gas sector in North America, which partly compensated for the decline.

The Air Pollution Control business unit performed in a satisfactory manner during 2014 by accomplishing healthy growth, mainly in the North American market. Sales in Europe were also positively impacted by Camfil's earlier investment in a European production facility. The acquisition of the Handte Group increased the business unit's sales considerably and has expanded APC's product range and geographic market coverage.

Operating results and position

Net sales

Net sales of the Camfil Group totaled SEK 5,461 M (4,906), an increase of SEK 556 M (11.3%), compared with 2013. During the year, the underlying volume of sales rose by 0.3% in comparable currencies. Net sales increased by 3.9% as a result of exchange rate effects that were more favorable, compared with the previous year, and by 7.1% due to acquisitions.

Change in net sales:	**2014**	**2013**
Currency changes, %	3.9	-2.6
Price/mix and volume changes, %	0.3	3.6
Acquisition/sale of business unit, %	7.1	-0.2
Total	**11.3%**	**0.8%**

Operating income

Operating income of the Camfil Group totaled SEK 572 M (516). Operating income includes a net cost of SEK 27 M attributable to a capital gain on the sale of a building and to restructuring costs, mainly within Power Systems. Structural costs of SEK 5 M, which were related to the Group's business plan, were charged against operating income in 2013. Eliminating structural costs and the capital gain, operating income was SEK 78 M higher than last year. Adjusted for items affecting comparability, the operating margin was 11.0% (10.6).

Depreciation

Depreciation for the year totaled SEK 156 M (140).

Net financials

Net financials improved by SEK 4 M to SEK -70 M (-74). The improvement was due to lower average interest rates during the year and lower average net debt as result of repayments of interest-bearing liabilities.

Profit after tax

Profit after tax increased by 7% to SEK 354 M (332), corresponding to 6.5% (6.8) of net sales. The tax rate, 29.5% (24.9) was higher than in 2013, due to non-recurring items related to operations in the United States last year.

Working capital

Working capital of the Camfil Group, excluding cash and cash equivalents, totaled SEK 686 M (662). Working capital, excluding cash and cash equivalents, corresponded to 13% (13) of the Group's annual sales.

Net debt and borrowings

The Group's interest-bearing net debt increased by SEK 43 M, from SEK 1,093 M to SEK 1,136 M, mainly due to a remeasurement of provisions for defined benefit pension plans that was related to generally lower than expected future interest rates. At year-end 2014, the Group's interest-bearing liabilities, including

pension provisions, amounted to SEK 1,895 M (1,777), of which SEK 1,630 M (1,616) consisted of liabilities to credit institutions and a convertible debenture loan. The average interest rate on the Group's interest-bearing loans was 2.94% (3.8).

Financial risk management

Camfil's operations are located primarily in countries outside Sweden and the Group is consequently exposed to several different types of financial risk. As a consequence, income, cash flow and equity may vary from year to year, due to fluctuations in exchange rates and interest rates. The risks are related to financial instruments, such as cash and cash equivalents, trade receivables, trade payables, loans and derivative financial instruments.

Risks related to these instruments are primarily:
- Interest rate risks related to cash and cash equivalents and borrowings,
- Financing risks related to the Group's capital requirements,
- Currency risks related to income and net investments in foreign subsidiaries,
- Risks related to prices of raw materials and components that impact products manufactured for the Group, and
- Credit risks attributable to financial and commercial activities.

The financial risk management function is centralized in the Finance Department of the Parent Company and its main task is to support operations and to identify and limit the Group's financial risks in the most effective way possible, following a finance policy that is approved by the board of directors and updated each year. Risks are managed by means of derivatives and other financial instruments in accordance with limits set in the finance policy.

For detailed information on the management of financial items, see the following sections of this annual report: Accounting policies (Notes 2 and 3), Financial risk management (Note 4), Financial assets (Note 27), Derivative financial instruments (Note 31) and Borrowings (Note 42).

Cash flow

Cash flow in 2014 was SEK -30 M, as against SEK 252 M last year. Cash and cash equivalents amounted to SEK 658 M (651) on the balance sheet date.

Cash flow from operating activities was SEK 54 M higher than last year.

As in the previous year, investing activities made on a normal basis were on a high level and totaled SEK 200 M (175). Investments were made in existing facilities to improve production capacity but also to expand geographically. Investments in property, plant and equipment and intangible fixed assets amounted to 3.6% (3.6) of net sales. Investments in subsidiaries totaled SEK 196 M.

Cash flow from financing activities decreased during the year by SEK 154 M, from SEK -16 M in 2013 to SEK -170 M in 2014, due primarily to the effect of higher net repayments of loans.

Equity ratio and net debt-equity ratio (gearing ratio)

The equity ratio was 35% (31) and the net debt-equity ratio (gearing ratio) decreased to 62% (78).

Incentive programs

Camfil has implemented several long-term incentive programs for key persons in the company since 2000. The purpose is to offer programs linked to the value of the company in order to attract, retain and motivate key persons. During the year, the Group had a convertible debenture loan program that was issued on May 31, 2011 and matures in five years. The program was issued to 124 key persons and the loan has a face value of SEK 186 M (Note 42).

Work of the Board of Directors

The overall task of Camfil's Board of Directors is to administer the Group's business on behalf of the owners in such a way that the owners' interest in receiving a sound long-term return on their capital is met in the best possible way. The board's work is regulated by the Swedish Companies Act, the company's Articles of Association and the formal work plan that the board has established for its work.

The board decides on issues concerning the Group's basic goals, its strategic orientation and significant policies, as well as important questions concerning financing, investments, acquisitions and divestments. The board supervises and deals with monitoring and controlling the Group's operations, the information issued by the Group and organizational matters.

Formal work plan

The board develops a formal plan for its work each year. Guidelines for the board's work, as well as instructions for delegating work tasks between the board and the President, and procedures for reporting to the board, are described in this formal work plan. This plan covers, among other things, the basic tasks, functions and responsibilities of the board, board work, board meetings, and information and reporting requirements.

Board members and meetings

At the beginning of 2014, the board of the Parent Company

consisted of six members and two deputy members elected by shareholders at the Annual General Meeting, as well as one deputy appointed by the largest trade union for Camfil's companies in Sweden. One member of company management serves on the board. The board held four meetings in 2014.

Remuneration Committee

Under the management of the Executive Chairman, the company's board had a Remuneration Committee during 2014 to prepare and make proposals to the board concerning compensation paid to the President and the principles for compensation paid to other members of Group Management. The principles concern the goals for variable remuneration, the basis for calculating variable salary, guidelines for basic salary, long-term incentives, and pension terms and conditions.

Audit Committee

The board also has an Audit Committee chaired by the Vice Chairman of the board. The committee's main task is to assist the board in monitoring processes, internal control of financial reports and the auditing of financial statements. The Audit Committee consists of two board members. The Group's Chief Financial Officer (CFO) and Financial Controller are co-opted members of the Audit Committee. In 2014, the committee held three meetings, of which all meetings were with the Group's auditors.

The Audit Committee examines the audited year-end financial statements, reviews the audit of the company's administration and gives advanced approval of proposed auditing services and the costs for such services.

To meet the board's requirements for information, the company's auditors participate in one board meeting per year to give their comments and observations from their audit and their opinion of the company's internal control procedures.

Environmental impact of operations

Camfil operates in a field where more efficient products, longer product life, lower energy consumption and a better indoor climate are all important components for sustainable development.

Energy consumption

Globally, Camfil's products and services can play an important role in the environmental sustainability of buildings by providing the optimum filter solution for every air handling unit and ventilation application. Ventilation accounts for up to 30 percent of the total energy costs associated with modern office buildings. Camfil has been working with product Life Cycle Analysis (LCA) and Total Cost of Ownership (TCO) programs for filtration systems for a number of years. The energy consumption of a ventilation system is directly affected by a filter's performance and pressure drop development. The Group develops products and services to help customers reduce their energy consumption and environmental impact. By carrying out LCA studies, Camfil has identified the largest environmental impact of a filter – the energy it uses over its life cycle.

Environmental impact of operations

Camfil is also working on reducing its own direct environmental impact by decreasing the Group's consumption of resources and energy. Compared with other industries, air filter production does not require large quantities of energy or water. However, the transport of relatively bulky filters utilizes energy.

Group

The Camfil Group had during the year 26 production facilities, of which three in Sweden. The majority of the Group's production units are required to report the quantity of consumed casting compounds and/or casting compound waste to regulatory agencies. Many of the production units in the United States also have permits covering process wastewater effluent and flue gas emissions.

These operations impact the environment in the form of evaporative emissions and effluent. Camfil applies and complies with local laws and regulations in all countries where the Group conducts operations. Several production units are certified to ISO 14001.

A program to benchmark energy savings has been implemented at all Group production units with a view to reducing their use of power, gas and heat. During the year, production units in the U.K., France, Slovakia and Malaysia were certified to the ISO 50001 standard.

In a global perspective, overall resource consumption at production units was reduced during the period 2008 to 2014 as a result of ongoing programs to make manufacturing operations more eco-efficient.

Camfil's activities to reduce the environmental effects of its own production – and the impact of the operations of customers – have won a number of awards over the past few years. In 2014, Camfil conducted studies to investigate the advantages of implementing ISO 50001 and evaluated different systems to measure and analyze energy usage. These studies were cited in publications by the British Department of Energy and Climate Change and the French Environment and Energy Management Agency (ADEME).

Sweden

In Sweden, manufacturing was conducted at three facilities in 2014: production of air filters in Trosa; production of metal filters, activated carbon filters and sheet metal parts for filters in Österbymo; and production of air intake, acoustic and enclosure systems for gas turbines in Borås. The Borås production unit was closed during the year.

The operations of the Trosa plant require a permit in accordance with Sweden's environmental protection act, while the Borås production facility was required to file an environmental report in 2014. The permit is required because production uses thermosetting plastics (casting compounds and packaging), which can affect the environment by either evaporating into the atmosphere or being discharged in wastewater. An environmental report is filed with the County Administrative Board each year.

The production units in Trosa and Österbymo are certified to ISO 14000 and ISO 9001. The unit closed in Borås was also certified to ISO 14000 and ISO 9001. A separate environmental report was published for the operations of the Swedish subsidiary, Camfil Svenska AB, in Trosa and Österbymo. These operations use energy mostly from renewable resources (99.6% of energy usage), which includes wind power, hydroelectric power and biofuels.

Operations requiring environmental permits account for about 4% (5) of Group sales, while activities requiring both permits and reporting represent approximately 11% (13) of Group sales.

Sustainability Report

Camfil' Sustainability Report is included as a separate section in the printed version of the Annual Report. Camfil strives to follow the ten principles of the UN's Global Compact program and Global Reporting Initiative, which constitute the regulations and guidelines for the Group's sustainability reporting framework. The printed version of the Annual Report contains additional information about Camfil's sustainability activities.

Future growth

Changes in the economy and the global business environment affect Camfil's operations in different ways in different countries, depending on a nation's general economic development and the business segments that dominate the local market.

The market for Camfil's products is developing favorably at present because of several factors:

- The health and environmental benefits of good air quality are attracting more and more attention and contributing to underlying market growth.
- Industry, especially pharmaceutical, electronics and food producers, are increasingly requiring higher and higher air quality in their processes, which is creating new needs for air filtration solutions.
- Demand for energy is constantly increasing and benefitting the operations of the Power Systems business unit, which serves the gas turbine market, and Camfil's business in the nuclear power segment; it is also stimulating demand for energy-efficient filters.

Camfil's operations are also well distributed geographically, which means there is less of a risk that the Group's performance will be affected if the economy of a particular country should decline. Since the aftermarket accounts for a large part of sales, Camfil is affected to a lesser extent by fluctuations in the more cyclical market for air handling units and cleanroom facilities.

Demand is expected to rise within a number of market sectors, primarily in the nuclear power, pharmaceutical and laboratory segments, which should benefit operations primarily in the Asian market, but also in other growth markets. During the year, Camfil made investments to strengthen the Group's presence beyond traditional markets in Europe by means of acquisitions and establishing new companies. In Europe, demand is anticipated to be relatively stable, despite the current economic downturn, because aftermarket sales are relatively insensitive to economic cycles. Replacement filter sales are expected to show continuing stable growth.

In Power Systems, market growth is estimated to weaken within the oil and gas sector, due to low world-market prices for oil and gas, while the power generation market is only showing signs of a slow recovery. It is therefore estimated that Camfil's possibilities to grow in this sector will mainly be in the aftermarket for replacement filters for gas turbines.

The market for dust collection equipment is expected to increase in pace with general economic growth, which provides a stable foundation for APC's growth through higher market shares. The acquisition of the Handte Group has broadened Camfil's geographic coverage of the APC market and expanded the product range in existing markets. Growth opportunities are generally estimated to be good since Camfil has a relatively small market share globally.

In summary, Camfil estimates that the Group will continue to grow in 2015 and that the operating margin will remain stable in the coming year.

Ownership structure

On December 31, 2014 the company was owned by:

	A-shares	B-shares
Jan Eric Larson	500,000	1,700,000
Members of Jan Eric Larson's family		1,800,000
Johan Markman	500,000	1,195,000
Members of Johan Markman's family		2,305,000
Total number of shares	**1,000,000**	**7,000,000**

Class A common shares carry 10 votes each and Class B common shares 1 vote each.

Proposed disposition of earnings

A total of SEK 1,260,976,652 in profits is available for distribution by the Annual General Meeting.

The Board of Directors and the President propose that the above sum be distributed as follows:

To the owners of A and B shares, a dividend of SEK 8.75 per share	70,000,000
balance to be carried forward	1,190,976,652
Total	**1,260,976,652**

The dividend will be paid on April 2, 2015.

Board's statement on the proposed disposition of earnings

The proposed dividend to shareholders reduces the Parent Company's equity ratio to 43% and the Group's equity ratio to 34%. The equity ratio is acceptable against the background that the operations of the Parent Company and the Group can be continued with satisfactory profitability. The board estimates that liquidity in the Parent Company and the Group can be maintained on a similar adequate level.

The Group recognizes the value of financial derivatives at fair value. The Group's equity on December 31, 2014 totaled SEK 1,841.7 M and SEK -19.9 M of this amount was attributable to such recognition. The Group has no other financial assets or liabilities recognized at fair value in accordance with Chapter 4, Paragraph 14a of the Swedish Annual Accounts Act (1995:1554).

The Parent Company's equity on December 31, 2014 totaled SEK 1,766.3 M and SEK -19.6 M of this amount was attributable to such recognition. The Parent Company has no other financial assets or liabilities recognized at fair value in accordance with Chapter 4, Paragraph 14a of the Swedish Annual Accounts Act.

In the opinion of the board, the proposed dividend does not prevent the Parent Company, and the other companies in the Group, from fulfilling their obligations in the short and long term, or from carrying out necessary investments. The proposed dividend can thus be defended with regard to the Swedish Companies Act, Chapter 17, Section 3, Paragraphs 2-3 (the prudence rule).

Consolidated Income Statement

SEK M

	Note	2014	2013
Net sales	6	5,461.4	4,905.9
Cost of goods sold	7, 18	-3,295.5	-2,902.5
Gross profit		**2,165.9**	**2,003.4**
Selling costs		-1,046,9	-978,2
Administrative expenses	8	-546.7	-509.1
Operating profit	7, 9, 10, 11 ,12	**572.3**	**516.1**
Financial income	13, 18	199.0	100.3
Financial expenses	14, 18	-269.3	-173.8
Profit before income tax		**502.0**	**442.6**
Income tax	17	-148.3	-110.2
Profit for the year		**353.7**	**332.4**
Attributable to:			
Owners of the Parent Company		353.7	332.4
		353.7	**332.4**
Earnings per share attributable to owners of the Parent Company during the year:			
(expressed in SEK per share)			
– basic earnings per share	19	44.21	41.55
– diluted earnings per share	19	42.15	39.73

Consolidated Statement of Comprehensive Income

SEK M

	Note	2014	2013
Profit for the year		**353.7**	**332.4**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefits obligation	43	-29.2	-3.0
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	39	9.8	23.0
Currency translation differences	39	175.6	-34.0
Tax attributable to other comprehensive income	39	-2.1	-4.6
Other comprehensive income for the year		**154.1**	**-18.6**
Total comprehensive income for the year		**507.8**	**313.8**
Attributable to:			
Owners of the Parent Company		**507.8**	**313.8**

Consolidated Statement of Financial Position

SEK M

ASSETS	Note	2014-12-31	2013-12-31
Non-current assets			
Property, plant and equipment	24		
Land and buildings	21	506.4	365.9
Machinery and production equipment	22	338.1	332.4
Equipment	23	102.3	87.8
		946.8	**786.1**
Intangible assets			
Goodwill	25	1,129.4	857.9
Other intangible assets	26	56.0	59.1
		1,185.4	**917.0**
Financial assets			
Deferred tax assets	33	99.7	86.4
Derivative financial instruments	31	75.7	9.4
Non-current receivables	27, 34	7.3	6.5
		182.7	**102.3**
Total non-current assets		**2,314.9**	**1,805.4**
Current assets			
Inventories, etc.	35		
Raw materials and consumables		269.2	211.2
Finished products and goods for sale		277.3	216.9
Work on contract		541.5	558.0
		1,088.0	**986.1**
Current receivables			
Trade receivables	30, 32	1,019.2	891.6
Bills receivable	30, 32	6.9	21.4
Derivative financial instruments	31	17.6	17.6
Income tax assets		38.4	34.8
Other receivables		70.0	73.4
Prepaid expenses and accrued income	36	61.8	41.9
		1,213.9	**1,080.7**
Cash and cash equivalents	37, 41	**658.5**	**651.0**
Total current assets		**2,960.4**	**2,717.8**
TOTAL ASSETS		**5,275.3**	**4,523.2**

Consolidated Statement of Financial Position

SEK M

EQUITY AND LIABILITIES	Note	2014-12-31	2013-12-31
Equity			
Equity and reserves attributable to owners of the Parent Company			
Share capital	38	113.8	113.8
Other contributed equity		406.7	406.7
Other reserves	39	34.3	-149.0
Retained earnings		1,286.9	1,022.4
Total equity		**1,841.7**	**1,393.9**
Liabilities			
Non-current liabilities	41		
Liabilities to credit institutions, interest-bearing	24, 42	1,327.3	1,332.7
Convertible debenture loan, interest-bearing	42	154.7	155.6
Other non-current liabilities	46	19.0	20.0
Derivative financial instruments	31, 42	98.2	43.2
Deferred income tax liabilities	33	52.0	49.8
Provisions for pensions and similar commitments	42, 43	136.3	92.2
Other provisions	42, 44	29.9	30.6
Total non-current liabilities		**1,817.4**	**1,724.1**
Current liabilities			
Liabilities to credit institutions	24, 42	148.3	127.7
Trade payables		311.8	287.6
Current income tax liabilities		63.0	41.8
Other liabilities	46	664.9	594.1
Acrrued expenses and deferred income	45	393.4	327.4
Derivative financial instruments	31, 42	21.2	14.7
Other provisions	42, 44	13.6	11.9
Total current liabilities		**1,616.2**	**1,405.2**
TOTAL EQUITY AND LIABILITIES		**5,275.3**	**4,523.2**

Consolidated Statement of Changes in Equity (Note 38, 39 and 43)

SEK M

Attributable to owners of the Parent Company	Share capital	Other contributed equity	Other reserves	Retained earnings	Total equity
Balance at January 1, 2013	**113.8**	**406.7**	**-133.4**	**743.0**	**1,130.1**
Comprehensive income					
Profit for the year	–	–	–	332.4	332.4
Other comprehensive income					
Defined benefit pension plans, net of tax				-3.0	-3.0
Cash flow hedges, net of tax	–	–	18.4	–	18.4
Currency translation differences	–	–	-34.0	–	-34.0
Total other comprehensive income	–	–	-15.6	-3.0	-18.6
Total comprehensive income	**–**	**–**	**-15.6**	**329.4**	**313.8**
Transactions with owners					
Dividend	–	–	–	-50.0	-50.0
Total transactions with owners	**–**	**–**	**–**	**-50.0**	**-50.0**
Balance at December 31, 2013	**113.8**	**406.7**	**-149.0**	**1,022.4**	**1,393.9**
Comprehensive income					
Profit for the year	–	–	–	353.7	353.7
Other comprehensive income					
Defined benefit pension plans, net of tax				-29.2	-29.2
Cash flow hedges, net of tax	–	–	7.7	–	7.7
Currency translation differences	–	–	175.6	–	175.6
Total other comprehensive income	–	–	183.3	-29.2	154.1
Total comprehensive income	**–**	**–**	**183.3**	**324.5**	**507.8**
Transactions with owners					
Dividend	–	–	–	-60.0	-60.0
Total transactions with owners	**–**	**–**	**–**	**-60.0**	**-60.0**
Balance at December 31, 2014	**113.8**	**406.7**	**34.3**	**1,286.9**	**1,841.7**

Consolidated Statement of Cash Flows

SEK M

	Note	2014	2013
OPERATING ACTIVITIES			
Income before financial items		572.3	516.1
Depreciation	10, 48	155.5	140.0
Other items not affecting liquidity	48	-88.4	-10.8
		639.4	**645.3**
Interest paid		-61.1	-71.2
Income tax paid		-127.9	-109.0
Cash flows from operating activities before changes in operating capital		**450.4**	**465.1**
Increase (-)/Decrease (+) in inventories		22.6	-17.0
Increase (-)/Decrease (+) in trade receivables		19.7	-7.8
Increase (-)/Decrease (+) in other current receivables		-10.2	-6.8
Increase (+)/Decrease (-) in trade payables		-16.7	-8.9
Increase (+)/Decrease (-) in other current operating liabilities		30.4	17.6
Net cash generated from operating activities		**496.2**	**442.2**
INVESTING ACTIVITIES			
Investments in property, plant and equipment and intangible assets	21, 22, 23, 26	-200.0	-175.3
Proceeds from the sale of property, plant and equipment and intangible assets		39.7	0.3
Acquisition of subsidiary		-195.7	–
Divestments of other financial assets		0.0	0.7
Net cash used in investing activities		**-356.0**	**-174.3**
FINANCING ACTIVITIES			
Proceeds from borrowings		60.8	258.9
Repayments of borrowings		-170.9	-224.8
Dividends paid	20	-60.0	-50.0
Net cash used in financing activities		**-170.1**	**-15.9**
Cash flows for the year		**-29.9**	**252.0**
Cash and cash equivalents at beginning of year		**651.0**	**405.9**
Exchange difference in cash and cash equivalents		**37.4**	**-6.9**
Cash and cash equivalents at end of year	37	**658.5**	**651.0**

Parent Company Income Statement

SEK M

	Note	2014	2013
Net sales		956.3	768.6
Cost of goods sold	7	-687.9	-543.0
Gross profit		**268.4**	**225.6**
Administrative expenses	8	-239.9	-220.4
Other operating income	18	12.7	6.5
Other operating expenses	18	-7.8	-9.4
Operating profit	7, 9, 10, 11, 12	**33.4**	**2.3**
Result from financial investments			
Result from participations in Group companies	15	440.1	170.0
Interest income and similar items	13, 18	225.7	116.5
Interest expenses and similar items	14, 18	-219.9	-133.4
Total result from financial investments		**445.9**	**153.1**
Profit after financial items		**479.3**	**155.4**
Appropriations	16	-27.9	-3.4
Tax on profit for the year	17	-14.9	-11.4
Profit for the year		**436.5**	**140.6**

Parent Company Statement of Comprehensive Income

SEK M

	2014	2013
Profit for the year	**436.5**	**140.6**
Other comprehensive income		
Cash flow hedges	-11.8	-21.3
Tax attributable to cash flow hedges	2.6	4.7
Other comprehensive income for the year	**-9.2**	**-16.6**
Total comprehensive income for the year	**427.3**	**124.0**

Parent Company Balance Sheet

SEK M

ASSETS	Note	2014-12-31	2013-12-31
Non-current assets			
Intangible assets	26	**21.1**	**18.1**
Property, plant and equipment			
Building improvements	21	11.1	10.3
Machinery and production equipment	22	15.9	19.0
Equipment	23	21.6	15.1
		48.6	**44.4**
Financial assets			
Shares in Group companies	27, 28	1,685.7	1,688.3
Receivables from Group companies	27	1,353.8	1,000.0
Derivative financial instruments	31	75.7	9.4
		3,115.2	**2,697.7**
Total non-current assets		**3,184.9**	**2,760.2**
Current assets			
Inventories, etc.	35		
Raw materials and consumables		2.4	2.4
Work on contract		16.9	25.3
		19.3	**27.7**
Current receivables			
Receivables from Group companies		333.2	288.4
Derivative financial instruments	31	28.9	25.2
Other receivables		6.3	12.6
Prepaid expenses and accrued income	36	3.7	4.2
		372.1	**330.4**
Cash and cash equivalents	37, 41	**462.4**	**495.6**
Total current assets		**853.8**	**853.7**
TOTAL ASSETS		**4,038.7**	**3,613.9**

Parent Company Balance Sheet

SEK M

EQUITY AND LIABILITIES	Note	2014-12-31	2013-12-31
Equity			
Restricted equity			
Share capital	38	113.8	113.8
Statutory reserve		391.5	391.5
		505.3	**505.3**
Unrestricted equity			
Retained earnings		824.5	734.7
Profit for the year		436.5	140.6
		1,261.0	**875.3**
Total equity		**1,766.3**	**1,380.6**
Untaxed reserves	40	**99.5**	**71.6**
Non-current liabilities	42		
Derivative financial instruments	31	98.2	43.2
Liabilities to credit institutions, interest-bearing		1,262.4	1,320.5
Convertible debenture loan, interest-bearing		179.8	175.8
Total non-current liabilities		**1,540.4**	**1,539.5**
Current liabilities			
Liabilities to credit institutions	42	140.0	120.0
Trade payables		50.2	42.8
Liabilities to subsidiaries		347.4	378.9
Derivative financial instruments	31, 42	31.2	24.7
Income tax liabilities		16.9	9.6
Other liabilities		3.9	4.0
Accrued expenses and prepaid income	45	42.9	42.2
Total current liabilities		**632.5**	**622.2**
TOTAL EQUITY AND LIABILITIES		**4,038.7**	**3,613.9**
Pledged assets	46	None	None
Contingent liabilities	47	294.0	254.8

Parent Company Statement of Changes in Equity

SEK M

	Parent Company changes in equity			
	Restricted equity		Unrestricted equity	
	Share capital	Statutory reserve	Retained earnings	Total equity
Balance at January 1, 2013	**113.8**	**391.5**	**768.1**	**1,273.4**
Comprehensive income				
Profit for the year	–	–	140.6	140.6
Other comprehensive income				
Hedging reserve	–	–	21.3	21.3
Tax attributable to hedging reserve	–	–	-4.7	-4.7
Total other comprehensive income	–	–	16.6	16.6
Total comprehensive income	**–**	**–**	**157.2**	**157.2**
Transactions with owners				
Dividend	–	–	-50.0	-50.0
Total transactions with owners	**–**	**–**	**-50.0**	**-50.0**
Balance at December 31, 2013	**113.8**	**391.5**	**875.3**	**1,380.6**
Comprehensive income				
Profit for the year	–	–	436.5	436.5
Other comprehensive income				
Hedging reserve	–	–	11.8	11.8
Tax attributable to hedging reserve	–	–	-2.6	-2.6
Total other comprehensive income	–	–	9.2	9.2
Total comprehensive income	**–**	**–**	**445.7**	**445.7**
Transactions with owners				
Dividend	–	–	-60.0	-60.0
Total transactions with owners	**–**	**–**	**-60.0**	**-60.0**
Balance at December 31, 2014	**113.8**	**391.5**	**1,261.0**	**1,766.3**

Parent Company Statement of Cash Flows

SEK M

	Note	2014	2013
OPERATING ACTIVITIES			
Income before financial items		33.4	2.3
Depreciation	10, 48	14.0	12.0
Other items not affecting liquidity	48	11.8	22.0
		59.2	**36.3**
Interest received		64.5	55.1
Dividends received		405.1	178.0
Interest paid		-66.0	-76.8
Income tax paid		-10.3	-4.7
Cash flows from operating activities before changes in operating capital		**452.5**	**187.9**
Increase (-)/Decrease (+) in inventories		8.4	-12.4
Increase (-)/Decrease (+) in current receivables		-57.0	9.3
Increase (+)/Decrease (-) in trade payables		7.4	8.2
Increase (+)/Decrease (-) in other current liabilities		25.3	56.8
Net cash generated from operating activities		**436.6**	**249.8**
INVESTING ACTIVITIES			
Investments in intangible assets	26	-8.5	-15.8
Investments in property, plant and equipment	21, 22, 23	-12.7	-7.7
Investments in other financial assets	27	-12.4	-18.4
Divestments/Repayments of other financial assets		-314.9	6.2
Net cash used in investing activities		**-348.5**	**-35.7**
FINANCING ACTIVITIES			
Group contributions received		74.3	52.0
Proceeds from borrowings		34.1	264.7
Repayments of borrowings		-159.1	-234.7
Dividends paid	20	-60.0	-50.0
Net cash used in financing activities		**-110.7**	**32.0**
Cash flows for the year		**-22.6**	**246.1**
Cash and cash equivalents at beginning of year		**495.6**	**254.8**
Exchange difference in cash and cash equivalents		**-10.6**	**-5.3**
Cash and cash equivalents at end of year	37	**462.4**	**495.6**

Notes to the Financial Statements

Note 1. General information 53

Note 2. Accounting policies of the Parent Company 53

Note 3. Accounting policies of the Group 54

Note 4. Financial risk management 59

Note 5. Critical judgments in applying the entity's accounting policies 62

Note 6. Financial summary by segment 63

Note 7. Expenses by nature 64

Note 8. Compensation paid to auditors 64

Note 9. Employee remuneration 64

Note 10. Impairment of property, plant and equipment 65

Note 11. Research and development costs 65

Note 12. Operating leases 65

Note 13. Financial income/Interest income and similar items 65

Note 14. Financial costs/Interest expenses and similar items 66

Note 15. Result from participations in Group companies 66

Note 16. Appropriations 66

Note 17. Income tax/Tax on profit for the year 66

Note 18. Net foreign exchange gains/losses 67

Note 19. Earnings per share 67

Note 20. Dividend per share 67

Note 21. Land and buildings 67

Note 22. Machinery and production equipment 68

Note 23. Equipment 68

Note 24. Finance leases 68

Note 25. Goodwill 68

Note 26. Other intangible assets 69

Note 27. Financial assets 69

Note 28. Shares in subsidiaries 69

Note 29. Financial instruments by category 70

Note 30. Credit quality of financial assets 71

Note 31. Derivative financial instruments 71

Note 32. Trade and other receivables 72

Note 33. Deferred tax assets and deferred tax liabilities 72

Note 34. Non-current receivables 73

Note 35. Inventories and work on contract 74

Note 36. Prepaid expenses and accrued income 74

Note 37. Cash and cash equivalents 74

Note 38. Share capital 74

Note 39. Other reserves 74

Note 40. Untaxed reserves 74

Note 41. Bank overdraft facilities 74

Note 42. Borrowings 74

Note 43. Post-employment benefits 76

Note 44. Other provisions 80

Note 45. Accrued expenses and deferred income 80

Note 46. Pledged assets 80

Note 47. Contingent liabilities 80

Note 48. Adjustments for items not included in cash flow 80

Note 49. Transactions with related parties 80

Note 50. Business combinations 82

Note 51. Exchange rates 82

Note 52. Definitions of key ratios 82

All amounts in SEK millions unless specified otherwise. Figures in parentheses refer to the preceding year.
The notes on pages 53 to 82 are an integral part of these consolidated financial statements.

Note 1. General information

The Camfil Group consists of 57 companies (including the Parent Company), of which 13 are classified as holding companies or dormant companies. The Group has production facilities all over the world and sells mainly products in Europe, North America and Asia. Camfil also sells air filters through approximately 50 agents in just as many countries. Camfil also has a well-established sales network with almost 100 distributors in mainly the United States and Canada.

The Parent Company is a limited liability company incorporated and with registered office in Trosa, Sweden. The address of the head office is Sveavägen 56 E, SE-111 34 Stockholm, Sweden.

The Board of Directors approved the publication of this Annual Report on March 24, 2015.

Note 2. Accounting policies of the Parent Company

Below is a description of the most significant accounting policies for the Parent Company that were applied in the preparation of this Annual Report. These principles have been consistently applied for all presented years, unless specified otherwise.

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and standard "RFR 2 Accounting for Legal Entities" issued by the Swedish Financial Reporting Board. In RFR 2, the Parent Company, in its financial statements for the legal entity, shall apply all International Financial Reporting Standards (IFRS) and interpretations adopted by the EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act and the Swedish law on safeguarding pension obligations ("Tryggandelagen"), taking into account the relationship between accounting and taxation. The recommendation states the exceptions and supplementary accounting principles that are to be applied from IFRS. The differences between the accounting policies of the Group and Parent Company are described below.

Revenue recognition

Sales of goods and provision of service assignments
The Parent Company recognizes revenues from service assignments, when an assignment is completed, in accordance with Chapter 2, Paragraph 4 of the Swedish Annual Accounts. Until the assignment is completed, it is reported as work on contract at the lower of acquisition cost and net sales cost on the balance sheet date.

Dividends

Dividend income is recognized when the right to receive payment is considered certain.

Financial instruments

The Parent Company does not apply the recognition regulations in IAS 39. However, what is otherwise written about financial instruments also applies to the Parent Company. In the Parent Company, financial assets are recognized at cost less any impairment losses and financial current assets are recognized at the lower of cost or net realizable value.

Derivatives and hedge accounting

Derivatives that are not used for hedging purposes are recognized in the Parent Company at the lower of cost or net realizable value. The recognition of derivatives that are used for hedging depends on the hedged item, in which case the derivative is treated as an off-balance item as long as the hedged item is not recognized in the balance sheet at acquisition cost. When the hedged item is recognized in the balance sheet, the derivative is recognized in the balance sheet at fair value.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognized at acquisition cost after deduction for any impairment. The acquisition cost includes acquisition-related costs and any additional consideration that is transferred. Dividends received are recognized as financial income. If dividends exceed a subsidiary's comprehensive income for the period, or result in the book value of the holding's net assets being less than the book value of the participations in the consolidated financial statements, there is an indication for a need for impairment.

When there is an indication that shares and participations in subsidiaries have declined in value, the recoverable amount is assessed. If it is lower than the carrying amount, an impairment loss is recognized. The impairment loss is recognized in the item "Result from participations in Group companies".

Property, plant and equipment

Fixed assets owned by the company
In the Parent Company, property, plant and equipment is recognized at acquisition cost after deduction for accumulated depreciation and any impairment losses in the same way as for the Group but with the addition of any revaluations.

Fixed assets leased by the company
In the Parent Company, all leasing contracts are recognized in accordance with the regulations for operating leases.

Borrowing costs
In the Parent Company, borrowing costs are charged against income for the period they refer to.

Employee benefits

Defined benefit plans
In the Parent Company, the calculation of defined benefit plans is based on other principles that those stated in IAS 19. The Parent Company follows the regulations of the Swedish law on safeguarding pension obligations ("Tryggandelagen") and the instructions of the Swedish Financial Supervisory Authority ("Finansinspektionen") since such plans are a prerequisite for being entitled to tax deductions. The main differences, compared with the rules in IAS 19, is the way the discount rate is set; the calculation of the defined benefit obligation is based on the present salary level without assumptions for future salary raises, and that all actuarial gains and losses are recognized in the income statement as they arise.

The Parent Company recognizes defined benefit pension plans in accordance with "FAR Red R4, Recommendation No. 4, Accounting of pension provisions and pension costs" issued by FAR, the institute for the accounting profession in Sweden. The Parent Company has undertaken defined benefit obligations for salaried workers that are secured through insurance with Collectum and are recognized as a defined contribution plan. Pension costs are charged against operating income.

Taxes

In the Parent Company, untaxed reserves are recognized, including deferred income tax liabilities. However, in the consolidated accounts, untaxed reserves are divided into deferred income tax liabilities and equity.

Group contributions

Group contributions that the Parent Company has received from subsidiaries are recognized as financial income. Tax on Group contributions is recognized in the income statement in accordance with IAS 12. Group contributions paid by the Parent Company to subsidiaries are recognized as a cost in the income statement. Tax on Group contributions is recognized in accordance with IAS 12 in the income statement.

Financial risk management

A common financial risk management framework is used for all units in the Group. The description in Note 4 is therefore also applicable in all essentials to the Parent Company.

Note 3. Accounting policies of the Group

Below is a description of the most significant accounting policies for the Group that were applied in the preparation of this Annual Report. These policies have been consistently applied for all presented years, unless specified otherwise.

3.1 Basis of preparation

The consolidated financial statements of the Camfil AB Group have been generally prepared in accordance with the Swedish Annual Accounts Act and "RFR 1 Supplementary Accounting Regulations for Groups", International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements have been prepared by applying the cost method except for revaluations of financial assets and liabilities (including derivative financial instruments) valued at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(a) New and amended standards adopted by the Group
No IFRSs or IFRIC interpretations that became effective for the first time for the financial year beginning on January 1, 2014 had a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2014 and not early adopted by the Group.
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Group has yet to assess IFRS 9's full impact.

IFRS 15, "Revenue from contracts with customers", deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related SIC and IFRS interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Group has yet to assess the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3.2 Consolidation

a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposals of subsidiaries
When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Group Management, which makes strategic decisions.

3.4 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in SEK, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses resulting from the translation of trade receivables and trade payables are recognized in cost of goods sold, while the translation effects of other financial assets and liabilities are recognized in financial income and expenses, except when the transactions are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, in which case the gains/losses are recognized in other comprehensive income.

(c) Group companies
The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy as its functional currency) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.5 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Property, plant and equipment are stated at acquisition cost less depreciation. The acquisition cost includes costs that can be directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method over their estimated utilization period. The following depreciation periods are applied:

Buildings	25 years
Land improvements	As per local tax regulations
Machinery and production equipment	8 years
Equipment	8 years
Computers	3 years
Fork-lift trucks and vehicles	4 years

Land is not depreciated.

The residual value of assets and utilization period are tested for impairment on each balance sheet date and adjusted if needed.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount, which are included in the income statement.

Financial leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "Other non-current liabilities". The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

3.6 Intangible assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units, in accordance with the Group's operating segments, which are expected to benefit from the business combination in which the goodwill arose.

Acquired computer software
Standard computer software is normally expensed. Costs for software developed by the company, or software that has been modified considerably for the Group's use, as well as standard software of major value, are capitalized and amortized over three years using the straight-line method. In the income statement, depreciation of software is included in the item "Cost of goods sold", or in "Selling costs" or "Administrative expenses", depending on the application. Costs associated with maintaining software are recognized as an expense as incurred.

Research and development work
Research expenditure is recognized as an expense as incurred. Costs incurred in development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs that have been recognized earlier as a cost are not recognized in the following period. Development costs with a finite useful life that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

3.7 Impairment of non-financial assets

Non-financial assets are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.8 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and trade receivables, and derivative financial instruments used for hedging purposes. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and reviews its decision on each reporting occasion.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets and are included in derivative instruments (see Note 31).

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables are classified as trade receivables (Note 32), non-current receivables (Note 27 and Note 34), and as cash and cash equivalents in the balance sheet (Note 37).

Recognition and measurement
Purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial instruments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets recognized at fair value through profit or loss are initially recognized at fair value, while related transaction costs are recognized in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in financial assets in the income statement in the period in which they arise.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in section 3.11.

Impairment of financial assets
Assets carried at amortized cost:
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;

- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) Adverse changes in the payment status of borrowers in the portfolio; and
(ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

3.9 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(a) hedges of the fair value of recognized liabilities (fair value hedge) or
(b) hedges of a particular risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 31. Movements on the hedging reserve in shareholders' equity are shown in Note 39. The full fair value of a hedging derivative is classified as a current asset or long-term liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or current liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortized to profit or loss over the period to maturity. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognized in the income statement within "Financial expenses". Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognized in the income statement within "Financial expenses".

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Cost of goods sold" (forward foreign exchange contracts) or within "Financial items" (interest rate swaps).

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within "Financial expenses". The gain or loss relating to the ineffective portion is recognized in the income statement within "Financial expenses". However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "Cost of goods sold" (forward foreign exchange contracts) or within "Financial items" (interest rate swaps).

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement within "Cost of goods sold" (forward foreign exchange contracts) or within "Financial items" (interest rate swaps).

3.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials.

3.11 Trade receivables

Trade receivables are classified as current assets if payment is anticipated within one year or earlier, and as non-current assets when payment is anticipated after one year.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

3.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the date of the acquisition.

3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.15 Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if the legal entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not based on defined contributions. A defined benefit plan typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available to the Group.

Other post-employment benefits

Some Group companies (mainly in Italy) provide a type of severance pay

when an employee leaves or retires from the company. The right to these benefits is usually based on the employee receiving a certain percentage of his or her annual salary for work at the company, when the employee leaves the company. The compensation is based on the employee's salary on the date employment is terminated. The anticipated cost of these benefits is allocated over the employment period using an accounting method that is similar to the method used for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Bonus plans
The Group recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the bonus-generating parameters established for the bonus. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.16 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.17 Provisions

Provisions for restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise mainly employee termination payments. Provisions for future warranty demands are based on historical information about the guarantee demand and current trends that may indicate that future demands may deviate from the historical. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

3.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods
The Group manufactures and sells a range of air filtration solutions. Sales of goods are recognized when a Group entity has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The principle for revenue recognition for work in progress is found under the heading "Service assignments/contracting projects".

Other revenue is recognized as follows:
- Rental income is recognized during the period the rental refers to.
- Royalties and similar income are recognized in accordance with the economic significance of the current agreement.
- Dividend income: when the right to receive payment is established as certain.

3.19 Service assignments/contracting projects

For completed service assignments and contracting projects, the income and expenses related to the assignment/project are recognized as revenue and costs, respectively, in relation to the degree of completion on the balance sheet date (gradual revenue recognition). The degree of completion is determined by comparing incurred costs on the balance sheet date with the estimated total expense of the assignment/project. When the outcome of a service assignment or contracting project cannot be estimated in a reliable way, the revenue is recognized only to the extent that it is corresponded to by incurred costs that will most likely be paid for by the customer. Any anticipated losses on an assignment/project are immediately recognized as costs.

3.20 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

3.21 Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

3.22 Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments, such as forward foreign

exchange contracts and interest rate swaps, to hedge some financial risk exposure.

Risk management is carried out by a central finance department, the Treasury Center, under policies approved by the board of directors, in order to take advantage of economies of scale and synergy effects, and to minimize management risks. The Treasury Center is responsible for the Group's loan financing, foreign exchange and interest risk management, and functions as an internal bank for the financial transactions of Group companies.

The Treasury Center identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board prepares written policies for overall risk management and for specific areas, such as foreign exchange risks, interest rate risks, credit risks, use of derivative instruments and investment of excess liquidity. The Group's financial risks are analyzed on a continuous basis and followed up to ensure than the finance policy is being followed. The policy is subject to continuous review, at least once per year.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks in purchases and sales, and in financial transactions in foreign currency. The currency exposure is primarily against the euro and the U.S. dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Treasury Center. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward contracts, transacted with the Treasury Center. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Treasury Center is responsible for hedging net positions in each currency by using loans in foreign currency and external forward exchange contracts. The Group hedges between 65 percent and 95 percent of the anticipated net flow in each major currency for the next six-month period and between 45 percent and 75 percent for the subsequent seven to 12 months. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Parent Company has a number of holdings in foreign subsidiaries with net assets that are exposed to currency translation risks. Currency exposure in the net assets of subsidiaries is not hedged.

At December 31, 2014, if the Swedish krona (SEK) had weakened/strengthened by 10 percent against the U.S. dollar (USD) with all other variables held constant, post-tax profit for the year would have been SEK 1.5 M (0.8) higher/lower, mainly as a result of foreign exchange gains/losses on translation of trade receivables (both external and internal) and internal loans in USD, in which USD is not the functional currency of the subsidiary, and external loans and derivatives in USD. Equity would have been SEK 1.4 M (0.6) lower/higher, arising mainly from changes in value attributable to cash flow hedges.

At December 31, 2014, if the Swedish krona had weakened/strengthened by 10 percent against the euro (EUR) with all other variables held constant, post-tax profit for the year would have been SEK 3.9 M (0.4) higher/lower, mainly as a result of foreign exchange gains/losses on translation of trade receivables and trade payables (both external and internal) in which EUR is not the functional currency for the subsidiary, and external loans and derivatives in EUR. Equity would have been SEK 0.9 M (0.2) lower/higher, arising mainly from changes in value attributable to cash flow hedges.

Interest rate risk

The return on cash and cash equivalents is affected by changes in market interest rates. Since the Group basically has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's principle is to have a fixed interest rate term of between 0 and 3.5 years. During the year the average fixed interest rate term was 14 months (21). The calculation of the average fixed interest rate term includes the effects of interest derivative instruments used to manage the interest rate risk in the loan portfolio.

The Group manages its cash flow interest-rate risk by using interest-rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Given the same loan liability, cash and cash equivalents, interest rate derivative and the same fixed interest periods and terms at year-end, a change in the market interest rate by 100 points (1 percentage point), instead of using contracted interest rates, would change post-tax profit by SEK 2.0 M (0.6) over the average fixed interest period, and interest income/expenses by SEK 2.5 M (0.8). This would have been an effect mainly of higher/lower interest expenses for borrowing at a variable rate.

Equity would have been SEK 2.0 M (2.8) lower/higher as an effect of a reduction/increase in the fair value of interest rate swaps used as cash flow hedges.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history and has the necessary provisions for uncertain receivables. Historically, the Group has had very low bad credit losses (Note 30).

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The greater part of the Group's financial assets and cash and cash equivalents are placed with the following banks: SEB, Danske Bank, DnB and HSBC. The credit ratings for these banks, according to Standard & Poor's, are A+ for SEB, DnB and Danske Bank, and A- for HSBC.

Liquidity risk

Liquidity risks are basically managed with caution by maintaining sufficient liquid funds and marketable securities, keeping available financing through adequate contracted credit facilities and having the possibility to close market positions. Due to the dynamic nature of its underlying businesses, the Group aims to have liquid funds and available credits that can amount to at least 10 percent of budgeted/forecast sales. The Treasury Center monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 42) at all times so that the Group does not breach borrowing limits or covenants (where applicable)

on any of its borrowing facilities. The Group has long-term credit facilities that are utilized for borrowings. These borrowings are usually short-term (three months). Interest rate swaps are used to convert short-term fixed interest rates on borrowings (floating interest rates) to fixed rates with longer terms.

The table below analyzes the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the balance sheet date for each individual loan, including interest payments. In the balance sheet, these are classified as non-current liabilities with the exception of SEK 148.3 M. Of this amount, SEK 140 M refers to liabilities that the Parent Company is to amortize during 2015 in accordance with the credit facility agreement. Other loans will be extended on their maturity dates in accordance with the facility agreement.

At December 31, 2014	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
Liabilities to credit institutions	1,158.9	86.9	142.0	106.4
Convertible debenture loan	3.1	–	164.3	–
Derivative financial instruments	10.3	10.9	98.2	–
Trade payables/bills payable	303.7	3.3	4.8	0.0
Total	**1,476.0**	**101.1**	**409.3**	**106.4**

At December 31, 2013	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
Liabilities to credit institutions	1,188.7	51.9	98.0	162.2
Convertible debenture loan	3.8	–	172.3	–
Derivative financial instruments	6.3	8.4	39.2	4.0
Trade payables/bills payable	282.3	4.3	1.0	0.0
Total	**1,481.1**	**64.6**	**310.5**	**166.2**

The table below analyzes the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their gross carrying balances as the impact of discounting is not significant.

At December 31, 2014	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years
Forward foreign exchange contracts – cash flow hedges			
– outflow	-219.1	-223.6	–
– inflow	153.4	152.7	–
Forward foreign exchange contracts – held for trading			
– outflow	-297.1		–
– inflow	0.0		–
Total	**-362.8**	**-70.9**	**–**

At December 31, 2013	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years
Forward foreign exchange contracts – cash flow hedges			
– outflow	-102.3	-292.6	–
– inflow	35.2	51.9	–
Forward foreign exchange contracts – held for trading			
– outflow	–	-51.3	–
– inflow	–	150.0	–
Total	**-67.1**	**-142.0**	**–**

One interest rate swap in the nominal amount of SEK 50 M is due in March 2019.

Price risk

Price risk refers to the risk that costs for direct and indirect materials rise when underlying raw material prices increase in the world market. The Group is affected by changes in raw material and energy prices in connection with delivery agreements the Group has entered into, in which prices are linked to raw material prices in the global market. Raw material price risks are managed mainly through agreements with suppliers.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (Note 42) less cash and cash equivalents and other interest-bearing assets.

The gearing ratios at December 31, 2014 and 2013 were as follows:

	2014	2013
Interest-bearing liabilities	1,894.9	1,777.1
Less: cash and cash equivalents	-658.5	-651.0
Less: other interest-bearing assets	-100.6	-33.5
Net debt	**1,135.8**	**1,092.6**
Total capital	**1,841.7**	**1,393.9**
Gearing ratio	**0.62**	**0.78**

During the year the Group had a stable cash flow. Net debt was reduced by SEK 43.2 M, compared with the preceding year, primarily due to a remeasurement of the Group's defined benefit pension plans that was related to changed assumptions about discount rates. This reduced the Group's gearing ratio, compared with 2013.

The requirements from the Group's principal banks regarding the interest-coverage ratio and gearing ratio were fulfilled at December 31, 2014.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that were measured at fair value at December 31, 2014.

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss:				
Trading derivatives	–	4.5	–	4.5
Derivatives used for hedging	–	88.8	–	88.8
Total assets	**–**	**93.3**	**–**	**93.3**
Liabilities				
Financial liabilities at fair value through profit or loss:				
Trading derivatives	–	0.0	–	0.0
Derivatives used for hedging	–	119.4	–	119.4
Total liabilities	**–**	**119.4**	**–**	**119.4**

The following table presents the Group's assets and liabilities that were measured at fair value at December 31, 2013.

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss:				
Trading derivatives	–	6.0	–	6.0
Derivatives used for hedging	–	21.0	–	21.0
Total assets	**–**	**27.0**	**–**	**27.0**
Liabilities				
Financial liabilities at fair value through profit or loss:				
Trading derivatives	–	–	–	–
Derivatives used for hedging	–	57.9	–	57.9
Total liabilities	**–**	**57.9**	**–**	**57.9**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in level 2.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted foreign exchange rates at the balance sheet date.

The recognized value for trade receivables and trade payables, after any impairment losses, is anticipated to correspond to their fair values since these items are current by nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4.4 Offsetting financial assets and financial liabilities

The Group has no enforceable master netting arrangements for offsetting financial assets and liabilities with lenders.

Note 5. Critical judgments in applying the entity's accounting policies

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarized and specified below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 25).

A sensitivity analysis indicates that there would be no need for reducing the carrying amount of goodwill if the estimated pre-tax discount rate applied to the discounted cash flows had been 10.0 percent higher than management's estimates, or if the gross margin had been 2 percentage points lower than management's estimates.

If the actual gross margin had been higher or the pre-tax discounted rate lower than management's estimates, the Group would not be able to reverse any impairment losses that arose on goodwill.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. There were no current tax audit issues in the Group on December 31, 2014.

Pension benefits

The present value of the pension obligations depends on a number of factors

that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 43.

If the discount rate would increase/decrease 0.5 percentage points from management's estimates, the carrying amount of pension obligations would be an estimated SEK 20 M lower or SEK 21 M higher.

Note 6. Financial summary by segment

Group Management has determined the operating segments based on the reports it reviews to make strategic decisions. Operations are followed up mainly on the basis of operating segments. The Group's operations are conducted primarily in three operating segments: Filters, Power Systems and Air Pollution Control (APC). A number of legal units conduct activities that are reported to Group Management within different segments.

The amounts provided to Group Management with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and receivables. Investment in shares (classified as available-for-sale financial assets or financial assets at fair value through profit or loss) held by the Group are not considered to be segment assets but are managed instead by the Treasury function, as well as derivative financial instruments and cash and cash equivalents that are not allocated in any particular way.

In internal reporting, financial liabilities and operating liabilities are not allocated to any particular operating segment.

Investments comprise additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

Transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Financial Year 2014	**Filters**	**Power Systems**	**APC**	**Holding company**	**Elimination**	**Group**
Revenues						
External sales	3,893.7	754.7	813.0	0.0	–	5,461.4
Internal sales	88.8	15.8	23.5	775.9	-904.0	–
Total revenues	**3,982.5**	**770.5**	**836.5**	**775.9**	**-904.0**	**5,461.4**
Operating profit per segment	516.7	11.1	93.3	-34.0	–	587.1
Other information						
Operating assets	1,868.0	917.6	356.1	81.7	–	3,223.4
Investments in property, plant, equipment and intangible assets	-147.2	-25.7	-21.1	-10.5	1.8	-202.7
Depreciation	-104.1	-13.5	-18.8	-12.7	-6.4	-155.5

Financial Year 2013	**Filters**	**Power Systems**	**APC**	**Holding company**	**Elimination**	**Group**
Revenues						
External sales	3,653.5	851.6	400.7	0.1	–	4,905.9
Internal sales	42.4	11.2	8.3	649.1	-711.0	–
Total revenues	**3,695.9**	**862.8**	**409.0**	**649.2**	**-711.0**	**4,905.9**
Operating profit per segment	504.8	80.5	24.5	-75.3	–	534.5
Other information						
Operating assets	1,660.2	906.0	174.1	90.5	–	2,830.8
Investments in property, plant, equipment and intangible assets	-93.7	-9.0	-33.6	-34.6	-6.7	-177.6
Depreciation	-100.6	-11.2	-10.4	-12.0	-5.8	-140.0

A reconciliation of operating profit to profit before tax is provided as follows:

	2014	2013
Operating profit for reportable segments	587.1	534.5
Unallocated:		
Adjusted for IFRS	4.0	10.5
Intra-Group profit, inventories	-1.8	2.2
Restructuring costs	-25.2	-14.7
Financial items, net	-70.3	-73.5
Other	8.2	-16.4
Profit before tax	**502.0**	**442.6**

The operating assets of reportable segments are reconciled to total assets as follows:

	2014	2013
Operating assets for reportable segments	3,223.4	2,830.8
Unallocated:		
Goodwill	1,129.4	857.9
Intra-Group profit, inventories	-40.3	-38.5
Adjusted for IFRS	9.2	14.0
Income tax assets	38.4	34.8
Unallocated cash and cash equivalents	602.6	609.2
Other unallocated current receivables	129.9	112.7
Financial assets	182.7	102.3
Total assets as per balance sheet	**5,275.3**	**4,523.2**

Based on where customers are located, net sales are distributed by geographical segments as follows:

Group	**2014**	**2013**
Europe	3,045.7	2,278.0
North and South America	1,578.2	1,370.9
Asia and Oceania	659.8	615.1
Other markets	177.7	641.9
Total net sales	**5,461.4**	**4,905.9**

The company is domiciled in Sweden. The result of its revenues from external customers in Sweden was SEK 329.1 M (376.7) and the total revenue from external customers from other countries was SEK 5,132.3 M (4,529.1). The breakdown of revenue per country is disclosed in the table above. The Group does not have sales to any individual customer exceeding 10 percent of Group sales.

The total of non-current assets other than financial instruments and deferred tax assets (there are no post-employment benefit assets and rights arising under insurance contracts) located in Sweden was SEK 374.9 M (396.7) and the total of these non-current assets located in other countries was SEK 1,757.3 M (1,306.5).

Note 7. Expenses by nature

	Group		Parent Company	
	2014	2013	2014	2013
Depreciation and amortization charges (Note 10)	155.5	140.0	14.0	12.0
Employee benefit expense (Note 9)	1,715.3	1,522.3	119.9	114.5
Raw materials and consumables used	1,756.3	1,451.4	–	–
Raw materials and machinery for sale to subsidiaries	–	–	684.2	539.7
Other expenses	1,262.0	1,276.1	104.8	100.1
Total costs of goods sold, distribution costs and administrative expenses	**4,889.1**	**4,389.8**	**922.9**	**766.3**

Note 8. Compensation paid to auditors

Fees and compensation for costs	Group		Parent Company	
	2014	2013	2014	2013
PwC				
Auditing assignments	5.4	5.1	0.7	0.7
Other auditing work	0.1	0.1	–	–
Tax consultancy	2.9	2.5	–	–
Other services	0.5	1.0	0.3	0.3
Grant Thornton				
Auditing assignments	1.9	1.4	–	–
Other auditing work	0.0	0.0	–	–
Tax consultancy	0.1	0.0	–	–
Other services	0.0	0.2	–	–
Other auditors				
Auditing assignments	0.0	0.1	–	–
Tax consultancy	0.0	0.2	–	–
Other services	0.0	0.1	–	–
Total	**10.9**	**10.7**	**1.0**	**1.0**

Note 9. Employee remuneration

Wages, salaries and other remuneration, and social security contributions:

	2014	2013
Parent Company:		
Wages and salaries	80.8	76.3
Social security contributions	25.4	25.8
Pension costs – defined contribution plans	13.7	12.4
Total in Parent Company	**119.9**	**114.5**
Group:		
Wages and salaries	1,337.0	1,184.1
Social security contributions	293.7	259.2
Pension costs – defined contribution plans	72.3	65.8
Pension costs – defined benefit plans (Note 43)	15.8	13.2
Total in Group	**1,718.8**	**1,522.3**

	2014			2013		
	Wages, salaries and other remuneration	Social security contributions (excl. pensions)	Pension costs	Wages, salaries and other remuneration	Social security contributions (excl. pensions)	Pension costs
Parent Company:						
Board members, managing directors and other key management members	24.4	7.9	5.7	29.1	9.8	6.6
Other employees	56.4	17.5	8.0	47.2	16.0	5.8
Total in Parent Company	**80.8**	**25.4**	**13.7**	**76.3**	**25.8**	**12.4**
Group:						
Board members, managing directors and other key management members	139.8	20.9	15.7	134.5	21.5	15.4
Other employees	1,197.2	272.8	72.4	1,049.6	237.7	63.6
Total in Group	**1,337.0**	**293.7**	**88.1**	**1,184.1**	**259.2**	**79.0**

The average number of employees in the Parent Company and Group:

	2014		2013	
	Average number of employees	Of which men	Average number of employees	Of which men
France	8	50%	4	50%
Malaysia	12	58%	11	64%
United Kingdom	1	100%	2	100%
Ireland	1	100%	1	100%
Belgium	1	100%	1	100%
Germany	2	100%	1	100%
Sweden	77	71%	76	71%
Total in Parent Company	**102**	**67%**	**96**	**71%**
Other subsidiaries	3 634	65%	3 411	65%
Total in Group	**3 736**	**65%**	**3 507**	**65%**

Gender distribution in the Group for board members and other key management members:

	Group			
	2014		2013	
	Number at balance sheet date	Of which men	Number at balance sheet date	Of which men
Board members [1)]	143	92%	150	93%
Managing directors and other key management members	71	92%	59	92%
Total	**214**	**92%**	**209**	**92%**

[1)] One person can serve on the boards of several companies and may be included several times in the number of board members.

Note 10. Impairment of property, plant and equipment

In the Group, impairment charges totaling SEK 91.7 M (84.1) are included in cost of goods sold and SEK 63.8 M (55.9) in administrative expenses. In the Parent Company, impairment charges amounting to SEK 3.7 M (3.3) are included in costs of goods sold and SEK 10.3 M (8.7) in administrative expenses.

Note 11. Research and development costs

Research and development costs for the year totaled SEK 62.3 M (61.6) in the Group and SEK 37.9 M (38.3) in the Parent Company. In the income statements, research and development costs are included in the item "Administrative expenses".

Note 12. Operating leases

Leasing fees paid in 2014 for operating leases totaled SEK 66.7 M (61.7) in the Group and SEK 4.7 M (4.7) in the Parent Company.

The Group's operating leases consist mostly of leases for premises, vehicles and office equipment. The nominal value of the Group's contracted future leasing fees, related to agreements with a remaining term exceeding one year, was as follows:

	Group		Parent Company	
	2014	2013	2014	2013
Due for payment within one year	58.4	52.3	4.7	4.7
Due for payment later than one year but within five years	142.0	119.6	24.5	24.5
Due for payment later than five years	22.0	13.5	–	–
Total	**222.4**	**185.4**	**29.2**	**29.2**

Note 13. Financial income/Interest income and similar items

	Group		Parent Company	
	2014	2013	2014	2013
Interest income on cash and cash equivalents	3.8	4.0	2.1	3.2
Interest income from Group companies	–	–	66.5	49.9
Exchange differences	188.2	85.6	157.1	63.4
Return on pension assets (Note 43)	7.0	6.8	–	–
Other financial income	0.0	3.9	–	–
Total	**199.0**	**100.3**	**225.7**	**116.5**

Note 14. Financial costs/Interest expenses and similar items

	Group		Parent Company	
	2014	2013	2014	2013
Interest expenses, borrowings	69.1	76.3	63.1	73.0
Interest expenses, defined benefit pension liability (Note 43)	10.4	10.1	–	–
Interest expenses, Group companies	–	–	3.3	1.2
Exchange differences	187.7	85.8	153.5	59.2
Other financial costs	2.1	1.6	–	–
Total	**269.3**	**173.8**	**219.9**	**133.4**

Note 15. Result from participations in Group companies

	Parent Company	
	2014	2013
Write-downs of shares in Group companies	-15.0	-87.4
Group contributions	50.1	79.4
Dividends from subsidiaries	405.0	178.0
Total	**440.1**	**170.0**

Note 16. Appropriations

	Parent Company	
	2014	2013
Straight-line depreciation in excess of cost	6.2	6.0
Tax allocation reserve	21.7	-2.0
Inventory reserve	0.0	-0.6
Total	**27.9**	**3.4**

Note 17. Income tax/Tax on profit for the year

	Group		Parent Company	
	2014	2013	2014	2013
Current tax				
Current tax on profit for the year	-145.8	-119.6	-18.3	-16.5
Adjustments in respect of prior years	0.7	-0.4	0.8	0.4
Total	**-145.1**	**-120.0**	**-17.5**	**-16.1**
Deferred tax (Note 33)				
Origination and reversal of temporary differences	-6.0	4.4	–	–
Tax on hedging reserve charged to equity	2.1	4.6	2.6	4.7
Tax on defined benefit pension plan charged to equity	–	0.9	–	–
Impact of change in tax rates	0.7	-0.1	–	–
Total	**-3.2**	**9.8**	**2.6**	**4.7**
Total reported tax charge	**-148.3**	**-110.2**	**-14.9**	**-11.4**

Difference between the Parent Company's tax charge and the tax charge based on nominal tax rates:

Parent Company	**2014**	**2013**
Profit before tax	451.4	152.0
Tax based on the current rate for the Parent Company	-99.3	-33.4
	22.0%	22.0%
Tax effects of:		
– Income not subject to tax	91.7	43.9
– Expenses not deductible for tax purposes	-4.7	-21.0
– Withholding tax on dividends	-3.4	-1.3
– Tax in respect of prior years	0.8	0.4
Tax charge for Parent Company	**-14.9**	**-11.4**
	3.3%	7.5%

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Group	**2014**	**2013**
Profit before tax	502.0	442.6
Tax calculated at domestic tax rates applicable to profits in the respective countries	-143.5	-120.6
	28.6%	27.2%
Tax effects of:		
– Income not subject to tax	1.7	0.8
– Expenses not deductible for tax purposes	-8.0	-16.7
– Utilization of previously unrecognized tax losses and tax losses for which no deferred income tax asset was recognized and unrecognized tax revenues and costs	3.9	14.9
– Remeasurement of deferred tax – change in tax rates	0.7	0.4
– Withholding tax on dividends	-3.7	8.9
– Adjustments in respect of prior years	0.7	2.1
Tax charge	**-148.3**	**-110.2**
	29.5%	24.9%

The weighted average applicable tax rate was 29.5% (24.9) in the Group and 3.3% (7.5) in the Parent Company. During the year, the U.S. tax authority repaid the Group SEK 10.2 M in previously paid withholding tax on dividends from the subsidiary in the United States. A surplus value was redeemed in the Group after the sale of a building in Canada. Adjusted for this, the underlying tax rate, calculated at the applicable domestic tax rate for each country, increased by 1%, mainly due to the differences in profitability for Group companies in different countries between years. Adjusted for the differences between paid withholding tax between years, adjustments in respect of prior years and the utilization of losses deductible for tax purposes and tax deficits, the Group's tax rate was 1.3% lower than last year.

The Parent Company received large tax-free dividends in 2014 that contributed to the reduction in the tax rate. The Group's tax expenses were also charged with withholding tax of SEK -3.7 M (8.9) on dividends received from China and Canada. Withholding tax in the Parent Company totaled SEK -3.4 M (-1.3).

The income tax relating to components of other comprehensive income, which is charged to equity, is as follows:

	Group		Parent Company	
	2014	2013	2014	2013
Fair value reserves in shareholders' equity				
– Hedging reserve	-2.1	-4.6	-2.6	-4.7
Total	**-2.1**	**-4.6**	**-2.6**	**-4.7**

Note 18. Net foreign exchange gains/losses

The exchange rate differences charged to the income statement were as follows:

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Cost of goods sold	8.6	-4.7	–	–
Other operating income	–	–	12.7	6.5
Other operating expenses	–	–	-7.8	-9.4
Financial income	188.2	85.6	157.1	63.4
Financial expenses	-187.7	-85.8	-153.5	-59.2
Total	**9.1**	**-4.9**	**8.5**	**1.3**

Note 19. Earnings per share

	Group	
	2014	**2013**
Profit attributable to owners of the Parent Company	353.7	332.4
Profit used to determine earnings per share before dilution	**353.7**	**332.4**
Interest expense on convertible debentures	3.7	4.8
Tax attributable to the above items	-0.8	-1.1
Profit used to determine diluted earnings per share	**356.6**	**336.1**
Average number of shares before dilution	8 000 000	8 000 000
Assumed conversion of convertible debentures	460 000	460 000
Average number of shares after dilution	**8 460 000**	**8 460 000**
Basic earnings per share (SEK)	*44.21*	*41.55*
Diluted earnings per share (SEK)	*42.15*	*39.73*

The convertible debenture loan program carries rights to convert a total of 460,000 shares on April 30, 2016.

Note 20. Dividend per share

A dividend of SEK 8.75 per A share and B share, amounting to a total of SEK 70 M, has been proposed for 2014. These financial statements do not reflect the dividend payable. Dividends paid in 2013 and 2012 amounted to SEK 60.0 M and SEK 50.0 M, respectively, corresponding to a dividend of SEK 7.50 for 2013 and SEK 6.25 for 2012.

Note 21. Land and buildings

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Acquisition value at January 1	692.4	669.2	11.5	11.3
Reclassifications	6.9	0.3	–	–
Acquisition of subsidiary (Note 50)	24.5	–	–	–
Investments for the year	51.7	21.6	1.6	0.2
Sales and disposals for the year	-31.0	-1.9	–	–
Translation difference	64.5	3.2	–	–
Acquisition value at December 31	**809.0**	**692.4**	**13.1**	**11.5**
Straight-line depreciation at January 1	-339.7	-314.8	-1.2	-0.5
Reclassifications	-2.0	–	–	-0.1
Acquisition of subsidiary (Note 50)	-0.7	–	–	–
Sales and disposals for the year	15.1	1.9	–	–
Straight-line depreciation for the year (Note 10)	-25.7	-22.5	-0.8	-0.6
Translation difference	-25.2	-4.3	–	–
Straight-line depreciation at December 31	**-378.2**	**-339.7**	**-2.0**	**-1.2**
Construction in progress at January 1	13.2	2.7	–	–
Construction in progress	59.3	10.6	–	–
Translation difference	3.1	-0.1	–	–
Construction in progress at December 31	**75.6**	**13.2**	**–**	**–**
Residual value at December 31	**506.4**	**365.9**	**11.1**	**10.3**
Of which book value of:				
Owned buildings and land	486.3	356.2	–	–
Building improvements to leased property	20.1	19.3	11.1	10.3
Book value of buildings and land	**506.4**	**365.9**	**11.1**	**10.3**

No bank loans were secured by buildings and land (Note 41).

Note 22. Machinery and production equipment

	Group		Parent Company	
	2014	2013	2014	2013
Acquisition value at January 1	713.7	659.5	35.5	28.4
Reclassifications	-9.7	2.1	0.1	1.9
Acquisition of subsidiary (Note 50)	13.6	–	–	–
Investments for the year	49.3	82.9	0.5	5.2
Sales and disposals for the year	-17.1	-31.4	–	–
Translation difference	65.3	0.6	–	–
Acquisition value at December 31	**815.1**	**713.7**	**36.1**	**35.5**
Straight-line depreciation at January 1	-435.3	-392.9	-16.5	-13.2
Reclassifications	2.4	-0.3	–	–
Acquisition of subsidiary (Note 50)	-5.1	–	–	–
Sales and disposals for the year	14.9	28.4	–	–
Straight-line depreciation for the year (Note 10)	-73.8	-68.9	-3.7	-3.3
Translation difference	-34.5	-1.6	–	–
Straight-line depreciation at December 31	**-531.4**	**-435.3**	**-20.2**	**-16.5**
Machinery construction in progress at January 1	54.0	46.0	–	–
Machinery construction in progress	-5.3	8.5	–	–
Translation difference	5.7	-0.5	–	–
Machinery construction in progress at December 31	54.4	54.0	–	–
Residual value at December 31	**338.1**	**332.4**	**15.9**	**19.0**

Note 23. Equipment

	Group		Parent Company	
	2014	2013	2014	2013
Acquisition value at January 1	259.2	256.9	32.7	37.1
Reclassifications	-1.3	-5.3	-0.1	-1.9
Acquisition of subsidiary (Note 50)	5.8	–	–	–
Investments for the year	38.0	31.5	10.7	3.0
Sales and disposals for the year	-25.8	-20.9	-0.1	-5.5
Translation difference	17.4	-3.0	–	–
Acquisition value at December 31	**293.3**	**259.2**	**43.2**	**32.7**
Straight-line depreciation at January 1	-171.3	-163.6	-17.6	-18.3
Reclassifications	7.7	3.0	–	–
Acquisition of subsidiary (Note 50)	-1.7	–	–	–
Sales and disposals for the year	23.6	18.9	0.1	4.9
Straight-line depreciation for the year (Note 10)	-39.0	-34.1	-4.1	-4.2
Translation difference	-10.2	4.5	–	–
Straight-line depreciation at December 31	**-190.9**	**-171.3**	**-21.6**	**-17.6**
Value of remeasurement at January 1	-0.1	-0.1	–	–
Impairment charge for the year	–	–	–	–
Value of remeasurement at December 31	-0.1	-0.1	–	–
Residual value at December 31	**102.3**	**87.8**	**21.6**	**15.1**
Straight-line depreciation in excess of cost at January 1	–	–	-14.6	-8.6
Straight-line depreciation in excess of cost for the year	–	–	-6.2	-6.0
Straight-line depreciation in excess of cost at December 31	**–**	**–**	**-20.8**	**-14.6**
Residual value in excess of cost at December 31	**102.3**	**87.8**	**0.8**	**0.5**

Note 24. Finance leases

The Group's property, plant and equipment include leased equipment that is held under finance leases as follows:

	Acquisition value		Accumulated depreciation	
	2014	2013	2014	2013
Machinery and production equipment	2.0	2.6	1.9	2.3
Equipment	26.1	25.3	13.0	11.2
Total	**28.1**	**27.9**	**14.9**	**13.5**

The value of future payment obligations related to finance leases is reported partly as a non-current liability and partly as a current liability, as follows:

Liability	2014	2013
Short-term portion	3.1	4.0
Long-term portion		
Due for payment later than one year but within five years	11.5	12.3
Total liability recognized in the consolidated statement of financial position	**14.6**	**16.3**

There are no payment obligations due later than five years from the balance sheet date. The majority of the finance leases are attributable to the financing of vehicles in the Group. No new significant finance leases were signed in 2014.

Note 25. Goodwill

	Group	
	2014	2013
Residual value before impairment charge at January 1	969.7	991.6
Acquisitions for the year	157.0	–
Translation difference	114.5	-21.9
Residual value before impairment charge at December 31	**1,241.2**	**969.7**
Impairment charge at January 1/December 31	-111.8	-111.8
Residual value at December 31	**1,129.4**	**857.9**

The lowest cash-generating unit (CGU) has been identified as a geographic region within the Filters business unit. Power Systems and Air Pollution Control are integrated units with joint business involving several geographic regions and therefore constitute separate cash-generating units.

Impairment tests for goodwill
Goodwill is allocated to the Group's CGUs.

A summary of the goodwill allocation per CGU is presented below:

	2014	2013
North and South America	656.2	555.3
Northern Europe	183.7	183.5
Power Systems	62.0	57.7
Continental Europe and British Isles	24.1	22.2
Asia, Oceania and Middle East	44.4	39.2
Air Pollution Control	159.0	–
Total	**1,129.4**	**857.9**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on forecasts approved by management and covering the next year.

Note 26. Other intangible assets

	Group		Parent Company	
	2014	2013	2014	2013
Acquisition value at January 1	124.7	103.9	27.0	11.9
Reclassifications	-0.6	–	–	–
Acquisition of subsidiary (Note 50)	10.5	–	–	–
Investments for the year	9.7	22.5	8.5	15.8
Sales for the year	-3.9	-5.9	-1.4	-0.7
Translation difference	6.4	4.2	–	–
Acquisition value at December 31	**146.8**	**124.7**	**34.1**	**27.0**
Straight-line depreciation at January 1	-65.6	-50.7	-8.9	-5.1
Reclassifications	-3.4	–	–	–
Acquisition of subsidiary (Note 50)	-2.9	–	–	–
Sales for the year	2.0	3.1	1.3	0.1
Straight-line depreciation for the year (Note 10)	-17.0	-14.5	-5.4	-3.9
Translation difference	-3.9	-3.5	–	–
Straight-line depreciation at December 31	**-90.8**	**-65.6**	**-13.0**	**-8.9**
Residual value at December 31	56.0	59.1	21.1	18.1

Intangible assets consist primarily of computer software, drawings, and methods for product development and the further development of existing business systems.

Depreciation costs totaling SEK 17.0 M (14.5) are included in the administrative expenses of the Group. Depreciation costs amounting to SEK 5.5 M (3.9) are included in the administrative expenses of the Parent Company.

Note 27. Financial assets

	Parent Company	
Participations in Group companies	**2014**	**2013**
Acquisition value at January 1	2,003.4	1,984.9
Investments for the year	12.4	18.5
Acquisition value at December 31	**2,015.8**	**2,003.4**
Revaluation at January 1/December 31	**69.8**	**69.8**
Impairment charge at January 1	-384.9	-297.5
Impairment charge for the year (Note 28)	-15.0	-87.4
Impairment charge at December 31	**-399.9**	**-384.9**
Book value at December 31	**1,685.7**	**1,688.3**

	Parent Company	
Receivables from Group companies	**2014**	**2013**
Acquisition value at January 1	1,000.0	988.2
Loans granted for the year	428.3	280.7
Repayments and amortization of loans for the year	-229.0	-272.4
Exchange differences	154.5	3.5
Acquisition value at December 31	**1,353.8**	**1,000.0**

Non-current receivables	**2014**	**2013**
Acquisition value at January 1	6.5	7.4
Change for the year	0.0	-0.7
Translation difference	0.8	-0.2
Acquisition value at December 31	**7.3**	**6.5**

It is estimated that there is no concentration of credit risk in non-current receivables.

The weighted average effective interest rate on receivables was as follows at the balance sheet date:

	Parent Company	
	2014	2013
Receivables from Group companies	4.3%	5.0%

The carrying amounts and fair values of certain receivables were as follows:

	2014		2013	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Group				
Other non-current receivables	7.3	7.3	6.5	6.5
Parent Company				
Loans to Group companies	1,353.8	1,222.0	1,000.0	951.4

Fair values are based on discounted cash flows using a discount rate that is based on the interest rate that is estimated to be available to a borrower at the balance sheet date.

Note 28. Shares in subsidiaries

Directly owned shareholdings

	Country/place of incorporation and business	Holding	Book value
Camfil Svenska AB	Sweden	100%	225.3
Camfil Innovation AB	Sweden	100%	5.0
Camfil Component AB	Sweden	100%	5.0
Camfil Power Systems AB	Sweden	100%	10.0
Camfil International AB	Sweden	100%	1.0
Camfil Asia Holding AB	Sweden	100%	20.0
Comlog AB	Sweden	100%	574.3
Camfil SPA	Italy	100%	0.5
Gemag S.R.L	Italy	100%	0.0
Camfil AG	Switzerland	100%	36.1
Camfil A/S	Denmark	100%	12.0
Farr Filtration Ltd	United Kingdom	100%	20.3
Camfil Ltd	United Kingdom	100%	34.7
Camfil BV	Netherlands	100%	73.3
Camfil GmbH Holding	Germany	100%	293.2
Camfil OY	Finland	100%	5.0
Camfil (Irl) Ltd	Ireland	100%	15.0

Camfil Australia Pty Ltd	Australia	100%	20.0
Camfil (Canada) Inc.	Canada	100%	70.0
Camfil Filtration (Kunshan) Co. Ltd	China	100%	18.2
Camfil Filtration (Shanghai) Co. Ltd	China	100%	3.5
Camfil Latinoamerica Ltda	Brazil	100%	10.4
Camfil s.r.o	Slovakia	100%	134.6
Lifmac Asia Holding LLC	United States	40%	18.2
Camfil Singapore Holding PTE Ltd	Singapore	100%	22.2
Camfil Norge AS	Norway	100%	50.3
Camfil Austria GmbH	Austria	100%	5.0
Camfil Hava Filtresi Sanayi Ticaret LItd Sirketi	Turkey	100%	2.0
Camfil Middle East FZCO	United Arab Emirates	60%	0.6
Total			**1,685.7**

Indirect holdings	**Country/place of incorporation and business**	**Holding**
Camfil SA	Belgium	100%
Farr Filter Services Ltd	United Kingdom	100%
Camfil APC Ltd	United Kingdom	100%
Camfil France Holding SAS	France	100%
Camfil SAS	France	100%
SADI SAS	France	100%
Handte Environmental Technology (Taicang) Ltd	China	100%
Camfil Malaysia SDN BHD	Malaysia	100%
Camfil New Zealand Ltd	New Zealand	100%
Camfil Polska Sp.z.o.o	Poland	100%
Handte Umwelttechnik Schweiz GmbH	Switzerland	100%
Camfil Singapore Pty Ltd	Singapore	100%
Camfil España SA	Spain	100%
VVS Amalia AB	Sweden	100%
Camfil Taiwan Co Ltd	Taiwan	100%
Camfil (Thailand) Ltd	Thailand	42%
Camfil CZ s.r.o	Czech Republic	100'%
Camfil Power Systems GmbH	Germany	100%
Camfil KG	Germany	100%
Camfil Management GmbH	Germany	100%
Camfil Handte APC GmbH	Germany	100%
Handte Holding GmbH	Germany	100%
Handte Engineering GmbH	Germany	100%
Molpika GmbH & Co. KG	Germany	100%
Camfil USA Inc.	United States	100%
Air Filter & Equipment Inc (Exfil)	United States	100%
CF Oklahoma Inc.	United States	100%
Camfil Air Filtration India Private Ltd	India	100%
Camfil Middle East FZCO	Dubai, United Arab Emirates	40%

In Thailand, 42% of Camfil (Thailand) LTD is indirectly owned through the American company Lifmac Asia Holding LLC. Camfil AB owns 40 percent of Lifmac Asia Holding LLC and Comlog AB owns 2 percent. Camfil (Thailand) LTD has been consolidated 100 percent because the Group has a controlling interest in the company.

In 2014, the Handte Group was acquired by Camfil's Germany holding company, Camfil GmbH Holding. The Handte Group, which consists of the Handte Umwelttechnik (the company's name was changed to Camfil Handte APC GmbH during the year) and Handte Holding GmbH organizations, includes seven companies with operations in Germany, China, the Czech Republic and Switzerland.

New shares were issued during the year in the Brazilian subsidiary, Camfil Latinoamerica Ltda, in the amount of SEK 10.4 M, and in the Turkish subsidiary, Camfil Hava Filtresi Sanayi Ticaret LItd Sirketi, in the amount of SEK 1.7 M.

Shares were written down in Camfil Latinoamerica Ltda by SEK 10.0 M, and in the Austrian subsidiary, Camfil Austria GmbH, by SEK 5.0 M.

All subsidiary undertakings are consolidated in the Camfil Group. The proportion of the voting rights in the subsidiary undertakings directly owned by the Parent Company do not differ from the proportion of ordinary shares held.

Restrictions

Cash and short-term deposits of SEK 37.7 M are held in China, Brazil and India and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Note 29. Financial instruments by category

The accounting policies for financial instruments have been applied in the Group to the line items below:

	Loans and trade receivables	**Derivatives used for hedging**	**Financial instruments at fair value through profit or loss**	**Total**
December 31, 2014 Assets as per balance sheet				
Non-current derivative financial instruments	–	75.7	–	75.7
Current derivative financial instruments		13.2	4.4	17.6
Non-current receivables	7.3	–	–	7.3
Trade receivables	1,019.2	–	–	1,019.2
Bills receivable	6.9	–	–	6.9
Cash and cash equivalents	658.5	–	–	658.5
Total	**1,691.9**	**88.9**	**4.4**	**1,785.2**

	Derivatives used for hedging	**Other financial liabilities**	**Financial instruments at fair value through profit or loss**	**Total**
December 31, 2014 Liabilities as per balance sheet				
Non-current liabilities to credit institutions	–	1,327.3	–	1,327.3
Current liabilities to credit institutions	–	148.3	–	148.3
Convertible debenture loan	–	154.7	–	154.7
Trade payables	–	311.8	–	311.8
Non-current derivative financial instruments	98.2	–	–	98.2
Current derivative financial instruments	21.2	–	–	21.2
Total	**119.4**	**1,942.1**	**–**	**2,061.5**

December 31, 2013 Liabilities as per balance sheet	Loans and trade receivables	Derivatives used for hedging	Financial instruments at fair value through profit or loss	Total
Non-current derivative financial instruments	–	9.4	–	9.4
Current derivative financial instruments		11.6	6.0	17.6
Non-current receivables	6.5	–	–	6.5
Trade receivables	891.6	–	–	891.6
Bills receivable	21.4	–	–	21.4
Cash and cash equivalents	651.0	–	–	651.0
Total	**1,570.5**	**21.0**	**6.0**	**1,597.5**

December 31, 2013 Liabilities as per balance sheet	Derivatives used for hedging	Other financial liabilities	Financial instruments at fair value through profit or loss	Total
Non-current liabilities to credit institutions	–	1,332.7	–	1,332.7
Current liabilities to credit institutions	–	127.7	–	127.7
Convertible debenture loan	–	155.6	–	155.6
Trade payables	–	287.6	–	287.6
Non-current derivative financial instruments	43.2	–	–	43.2
Current derivative financial instruments	14.7	–	–	14.7
Total	**57.9**	**1,903.6**	**–**	**1,961.5**

Note 30. Credit quality of financial assets

The credit quality of trade receivables has been historically high in the Group. However, the payment culture varies to some extent between geographic areas.

None of the financial assets that are fully performing has been renegotiated in the last year.

The percentage of trade receivables and bills receivable per geographic area are shown in the table below:

	2014		2013	
Trade receivables/ Bills receivable	% Bad debt losses/ sales	Receivables	% Bad debt losses/ sales	Receivables
Counterparties				
Northern Europe	0.19%	73.9	0.20%	77.1
Asia, Oceania and Middle East	0.31%	125.4	0.95%	79.1
North and South America	0.00%	202.4	0.03%	145.8
Continental Europe and British Isles	0.13%	279.7	0.14%	276.8
Power Systems	0.30%	234.1	0.02%	273.8
Air Pollution Control	0.14%	110.6	0.18%	60.4
Total trade receivables	**0.16%**	**1,026.1**	**0.20%**	**913.0**

The percentage of bad debt losses per geographic area is calculated as the average percentage between expensed bad debt losses over the past three years in relation to total sales over the past three years.

Note 31. Derivative financial instruments

Group	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – fair value hedges	75.7	98.2	9.4	46.5
Forward foreign exchange contracts – cash flow hedges	13.2	21.2	11.6	11.4
Forward foreign exchange contracts – held for trading	4.4	–	6.0	–
Total	**93.3**	**119.4**	**27.0**	**57.9**
Non-current portion	75.7	98.2	9.4	43.2
Current portion	17.6	21.2	17.6	14.7
Total	**93.3**	**119.4**	**27.0**	**57.9**

Parent Company	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – fair value hedges	75.7	98.1	9.4	46.5
Forward foreign exchange contracts – cash flow hedges	24.5	31.2	19.1	21.4
Forward foreign exchange contracts – held for trading	4.4	–	6.1	–
Total	**104.6**	**129.3**	**34.6**	**67.9**
Non-current portion	75.7	98.2	9.4	43.2
Current portion	28.9	31.2	25.2	24.7
Total	**104.6**	**129.4**	**34.6**	**67.9**

Trading derivatives are classified as a current asset or current liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or current liability, if the maturity of the hedged item is less than 12 months.

There was no ineffectiveness to be recorded from cash flow hedges in 2014 or 2013.

The maximum exposure to credit risk on the balance sheet date is the fair value of the derivative instruments recognized as assets in the balance sheet.

Gains and losses recognized in equity on forward foreign exchange contracts at December 31 will be released to the income statement at various dates between one month and 12 months from the balance sheet date.

Gains and losses recognized in the hedging reserve in equity (Note 39) on interest rate swaps at December 31, 2014 will be continuously recognized in the income statement until the borrowing has been repaid (Note 42).

Interest rate swaps

The notional principal amounts of the Group's outstanding interest-rate swap contracts at year-end were SEK 802 M (1,019). At December 31, 2014, the fixed interest rates were 2.3% in USD, 2.9% in GBP and 2.8% in EUR. The fixed interest rates in SEK varied from 3.5% to 3.8%. The floating rates were 3 months USD LIBOR, 6 months GBP LIBOR, 3 months EUR IBOR, and 3 months STIBOR.

Forward foreign exchange contracts

At December 31, 2014, the Group's open forward foreign exchange contracts had terms of between one month and 12 months.

The notional principal amounts of the outstanding forward foreign exchange contracts at December 31, 2014 were SEK -797 M (-242).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognized in the hedging reserve in equity (Note 39) on forward foreign exchange contracts as of December 31, 2014 are recognized in the income statement in the period or periods during which the hedged forecast transaction affects the income statement, normally within 12 months from the balance sheet date.

Note 32. Trade and other receivables

	2014	2013
Trade receivables and bills receivable	1,062.2	952.4
Less: provisions for impairment of trade	-36.1	-39.4
Total	**1,026.1**	**913.0**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed.

The Group recognized a gain (loss) of SEK 0.8 M (-15.6) on bad debt losses that were reversed in 2014. The gain (loss) was included in "Selling costs" in the income statement. The fair value of trade receivables corresponds to the carrying amount.

At December 31, 2014, trade receivables in the amount of SEK 322.6 M (321.3) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

Age analysis of past due trade receivables	**2014**	**2013**
Less than 3 months	259.4	276.5
3 to 6 months	31.6	31.2
Over 6 months	31.6	13.6
Total past due trade receivables	**322.6**	**321.3**

At year-end 2014, the Group had impaired and provided for uncertain trade receivables. The amount of these provisions was SEK 36.1 M (39.4) at December 31, 2014.

The aging analysis of trade receivables that have been provided for is shown below:

Age analysis, provisions for receivables impairment	**2014**	**2013**
Trade receivables that are not past due	0.0	0.2
Less than 3 months	2.6	2.1
3 to 6 months	5.1	19.1
Over 6 months	28.4	18.0
Total provisions for receivables impairment	**36.1**	**39.4**

The recognized amounts, per currency, are as follows for the Group's trade receivables and bills receivable:

Currency (corresponding value in SEK)	**2014**	**2013**
SEK	51.8	34.4
EUR	454.3	333.6
USD	301.5	244.1
Other currencies	254.6	300.9
Total trade receivables	**1,062.2**	**913.0**

Movements in the Group's provision for trade receivables impairment were as follows:

	2014	**2013**
At January 1	39.4	27.5
Provisions for receivables impairment	25.6	15.6
Unused amounts reversed or uncollectible receivables	-31.2	-2.7
Reclassifications	-0.3	-1.3
Translation difference	2.6	0.3
At December 31	**36.1**	**39.4**

The creation and release of provisions for impaired receivables have been included in "Selling costs" in the income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Note 33. Deferred tax assets and deferred tax liabilities

Deferred taxes are valued using the nominal tax rate.

Deferred income tax assets are recognized for tax loss-carry-forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable.

Deferred income tax assets and liabilities have not been offset even if there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Movements in deferred tax assets and liabilities were as follows during the year:

	Assets		Liabilities		Net	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Fixed assets	4.5	1.4	18.8	18.9	-14.3	-17.5
Inventories	16.2	14.0	23.1	21.8	-6.9	-7.8
Trade receivables	3.2	4.6	0.2	0.1	3.0	4.5
Pension provisions	48.3	31.9	1.6	0.8	46.7	31.1
Warranty risk reserve	6.4	5.9	–	–	6.4	5.9
Loss-carry-forwards	12.1	11.0	–	–	12.1	11.0
Untaxed reserves	–	–	25.9	26.0	-25.9	-26.0
Other	38.2	42.6	11.5	7.2	26.7	35.4
Deferred tax assets/liabilities	**128.9**	**111.4**	**81.1**	**74.8**	**47.8**	**36.6**
Due within 1 year	66.6	46.6	24.2	23.1	42.4	23.5
Due later than 1 year	62.2	64.8	56.9	51.7	5.3	13.1
Deferred tax assets/liabilities	**128.8**	**111.4**	**81.1**	**74.8**	**47.7**	**36.6**
Of which offset	-29.1	-25.0	-29.1	-25.0	–	–
Net after offsetting	**99.7**	**86.4**	**52.0**	**49.8**	**47.7**	**36.6**

	Balance, January 1, 2014	**Recognized through profit or loss**	**Exchange differences**	**Tax charged directly to equity**	**Reclassifi-cations**	**Balance at December 31, 2014**
Provision for assets	-20.9	7.0	-4.6	–	0.3	-18.2
Restructuring reserves	0.1	0.2	0.0	–	–	0.3
Pension provisions	31.2	0.7	4.0	10.7	–	46.6
Warranty risk reserve	6.0	-0.5	0.6	–	–	6.1
Loss-carry-forwards	11.0	-0.1	1.1	–	–	12.0
Untaxed reserves	-25.9	-3.9	4.1	–	–	-25.7
Other	35.0	-8.7	3.4	–	-3.1	26.6
Total	**36.6**	**-5.3**	**8.6**	**10.7**	**-2.8**	**47.7**

	Balance, January 1, 2013	**Recognized through profit or loss**	**Exchange differences**	**Tax charged directly to equity**	**Reclassifi-cations**	**Balance at December 31, 2013**
Provision for assets	-18.4	-2.8	0.3	–	–	-20.9
Restructuring reserves	0.1	0.0	0.0	–	–	0.1
Pension provisions	30.6	0.7	-0.1	0.0	–	31.2
Warranty risk reserve	1.4	4.6	0.0	–	–	6.0
Loss-carry-forwards	7.9	2.8	0.3	–	–	11.0
Untaxed reserves	-24.6	-1.4	0.1	–	–	-25.9
Other	34.5	0.4	0.1	–	–	35.0
Total	**31.6**	**4.3**	**0.7**	**0.0**	**–**	**36.6**

Tax losses for which deferred income tax assets are not recognized:

Group	**2014**	**2013**
Tax losses for utilization:		
Later than 1 year but within 5 years	3.6	3.3
Later than 5 years	52.0	41.9
Total tax losses	**55.6**	**45.2**

Deferred tax losses have not been recognized for these items since it is not certain that the Group will be able to utilize them for settlement against future taxable profits within the next few years.

The Parent Company has no unrecognized deferred tax assets.

Note 34. Non-current receivables

	Group	
	2014	**2013**
Deposits	3.4	3.0
Other financial assets	3.9	3.5
Total	**7.3**	**6.5**

Note 35. Inventories and work on contract

	Group		Parent Company	
Work on contract	**2014**	**2013**	**2014**	**2013**
Accrued expenses	435.1	463.7	16.9	25.3
Gradual revenue recognition	106.4	94.3	–	–
Total	**541.5**	**558.0**	**16.9**	**25.3**

	Group		Parent Company	
Inventories	**2014**	**2013**	**2014**	**2013**
Value of inventories before obsolescence	1,118.4	1,010.3	2.4	2.4
Less: provision for impairment of inventories	-30.4	-24.2	–	–
Total	**1,088.0**	**986.1**	**2.4**	**2.4**

The cost of raw material inventories recognized as expense and included in "Cost of goods sold" amounted to SEK 1,667.6 M (1,407.2).

Note 36. Prepaid expenses and accrued income

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Prepaid rent	14.9	14.0	1.2	1.2
Prepaid insurance	4.1	4.8	–	–
Prepaid employee benefit expenses	6.4	5.9	0.6	0.4
Accrued royalties and bonus income	1.4	–	–	–
Accrued revenues from projects	12.0	2.6	–	–
Other prepaid expenses	23.0	14.6	1.9	2.6
Total	**61.8**	**41.9**	**3.7**	**4.2**

Note 37. Cash and cash equivalents

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Cash at bank and in hand	658.5	651.0	462.4	495.6
Total	**658.5**	**651.0**	**462.4**	**495.6**

Note 38. Share capital

Number of shares	**A-shares**	**B-shares**	**Total number**
Number at 2012-12-31	1 000 000	7 000 000	8 000 000
Number at 2013-12-31	1 000 000	7 000 000	8 000 000
Number at 2014-12-31	1 000 000	7 000 000	8 000 000

The shares have a par (quota) value of SEK 14.23 each (14.23). All issued shares are fully paid. A specification of the changes in equity is found in this report in the consolidated statement of changes in equity.

Note 39. Other reserves

	Hedging reserve	Translation reserve	Total
Balance at January 1, 2013	**-46.0**	**-87.4**	**-133.4**
Cash flow hedges			
– transfers through profit or loss	23.0	–	23.0
– tax effect	-4.6	–	-4.6
Exchange differences in the Group	–	-34.0	-34.0
Balance at December 31, 2013	**-27.6**	**-121.4**	**-149.0**
Balance at January 1, 2014	**-27.6**	**-121.4**	**-149.0**
Cash flow hedges			
– transfers through profit or loss	9.8	–	9.8
– tax effect	-2.1	–	-2.1
Exchange differences in the Group	–	175.6	175.6
Balance at December 31, 2014	**-19.9**	**54.2**	**34.3**

Note 40. Untaxed reserves

	Parent Company	
	2014	**2013**
Cumulative difference between book depreciation and straight-line depreciation	20.8	14.6
Tax allocation reserves	78.7	57.0
Inventory reserve	0.0	0.0
Total	**99.5**	**71.6**

Note 41. Bank overdraft facilities

The Camfil Group has internal cash pools in the following currencies: SEK, USD, GBP, DKK, NOK, CAD and EUR. The Group cash pool system has reduced the external credits of subsidiaries. Each company's share of the Group cash pools is reported as an internal balance with the Parent Company, which is the company that has the external credit with a credit institution. In addition to bank overdraft facilities in the Group's internal cash pools, there is a bank overdraft facility for a few foreign exchange accounts and a general multi-currency limit. The Parent Company has granted overdraft facilities totaling SEK 297.5 M (290.4). None of the bank overdraft facilities had been utilized at the balance sheet date.

Note 42. Borrowings

Camfil AB signed a loan facility agreement with a syndicate of banks in January 2011 to finance the company's redemption of shares in 2011, among other purposes. The syndicate consists of the Group's three main banks in the Nordic region: SEB is providing 50 percent of the financing, Danske Bank 35 percent and DnB 15 percent.

The agreement covered two loan facilities. Facility A was a multi-currency facility in the amount of SEK 1,337 M at the date the agreement was signed. At year-end 2014, the facility amounted to SEK 1,027 M. The term is five years and SEK 450 M of the loan will be amortized gradually over a five-year period. In 2014, SEK 120 M of the loan was repaid. This facility was utilized to finance the company's redemption of shares in 2011.

The second facility with the bank syndicate, a revolving multi-currency facility for SEK 750 M, was signed in 2013 and has a term of five years. The facility is being used mainly to finance the Group's ongoing operations.

In addition to these loan facilities, there is a facility with the Nordic Investment Bank from 2013. The facility has been utilized and EUR 24.5 M, corresponding to SEK 229.8 M on December 31, 2014, was borrowed.

The loan has a term of eight years and amortization of the instrument on a continuous six-month basis will commence in the second half of 2017.

The agreements with these creditors are subject to covenant clauses in which Camfil AB has to meet certain key performance indicators with regard to the interest coverage ratio, the net debt-equity ratio and return on net debt. There are also limits for future dividends to the company's shareholders.

	Group		Parent Company	
Interest-bearing liabilities	**2014**	**2013**	**2014**	**2013**
Non-current				
Liabilities to credit institutions	1,327.3	1,332.7	1,262.4	1,320.5
Convertible debenture loan	154.7	155.6	179.8	175.8
Derivative financial instruments	98.2	43.2	98.2	43.2
Provisions for pensions and similar obligations	136.3	92.2	–	–
Other provisions	8.5	11.0	–	–
Total	**1,725.0**	**1,634.7**	**1,540.4**	**1,539.5**

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Current				
Liabilities to credit institutions	148.3	127.7	140.0	120.0
Derivative financial instruments	21.2	14.7	31.2	24.7
Total	**169.5**	**142.4**	**171.2**	**144.7**
Total interest-bearing liabilities	**1,894.5**	**1,777.1**	**1,711.6**	**1,684.2**

Fair values

The carrying amounts and fair values of certain liabilities are as follows:

	2014	
	Carrying amounts	**Fair values**
Group		
Non-current liabilities to credit institutions	1,327.3	1,329.6
Convertible debenture loan	154.7	154.7
Current liabilities to credit institutions	148.3	147.7
Total	**1,630.3**	**1,632.0**
Parent Company		
Non-current liabilities to credit institutions	1 262.4	1 264.7
Convertible debenture loan	179.8	179.8
Current liabilities to credit institutions	140.0	140.0
Total	**1,582.2**	**1,584.5**

	2013	
	Carrying amounts	**Fair values**
Group		
Non-current liabilities to credit institutions	1,332.7	1,332.7
Convertible debenture loan	155.6	155.6
Current liabilities to credit institutions	127.7	127.7
Total	**1,616.0**	**1,616.0**
Parent Company		
Non-current liabilities to credit institutions	1,320.5	1,320.5
Convertible debenture loan	175.8	175.8
Current liabilities to credit institutions	120.0	120.0
Total	**1,616.3**	**1,616.3**

Fair values are based on discounted cash flows using a discount rate that is based on the interest rate estimated to be available to the Group at the balance sheet date. Regarding leasing liabilities, the carrying amount is considered to represent a reasonable approximation of the fair value.

The carrying amounts of the Group's borrowings have been denominated in the following currencies:

	2014	**2013**
EUR	484.9	437.1
USD	309.1	256.6
SEK	718.4	827.7
Other currencies	117.9	94.6
Total	**1,630.3**	**1,616.0**

Interest

On December 31, 2014, the Group's bank borrowings and related interest swaps carried an average effective interest rate coupon of 3.07% (3.30). On the same date, the convertible debenture loan carried an average effective interest rate coupon of 1.91% (2.29).

The average interest rate coupon for bank borrowings, the convertible debenture loan and related interest swaps was 3.21% (3.74).

The Group had the following undrawn borrowing facilities on December 31:

	2014	**2013**
Floating rate		
– expires beyond one year	659.3	658.2
Total	**659.3**	**658.2**

Convertible debenture loan

Since 2000, Camfil has established several long-term incentive programs for key persons in the company. The purpose of these programs is to offer benefits in the form of long-term incentive programs tied to the company's performance in order to attract, retain and motivate key persons. The programs are designed so that incentives for key persons are aligned with the interests of the shareholders.

Convertible debenture loan 2011-2016

On May 31, 2011, the Parent Company issued a convertible debenture loan to key persons. The nominal value of the loan is SEK 185.8 M. The loan matures five years from the issue date and can be converted into shares, at the holder's option, at the rate of SEK 404 per share. The interest rate for the convertible debenture loan has been set at SEB's 12-month lending rate plus 0.75%.

The fair value of the liability component and equity conversion component was determined at issuance of the debentures.

The fair values of the liability component, included in non-current liabilities, were calculated using a market interest rate for an equivalent non-convertible debenture. The residual amount is included in shareholders' equity.

Convertible debentures recognized in the balance sheet were calculated as follows:

	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Face value of convertible debentures issued on May 31, 2011	185.8	185.8	185.8	185.8
Debentures that were not subscribed for – held by subsidiary	-25.1	-20.2	–	–
	160.7	**165.6**	**185.8**	**185.8**
Equity component	-6.0	-10.0	-6.0	-10.0
Liability component at December 31	**154.7**	**155.6**	**179.8**	**175.8**

Liability component at January 1	**155.6**	**142.9**	**175.8**	**172.1**
Remeasurement of convertible debentures	4.0	3.7	4.0	3.7
New subscription/repurchase	-4.9	9.0	–	–
Liability component at December 31	**154.7**	**155.6**	**179.8**	**175.8**

Note 43. Post-employment benefits

The table below outlines where the Group's post-employment amounts and activity are included in the financial statements.

	2014	2013
Balance sheet obligations for:		
– Defined pension benefits	127.5	84.4
– Post employment benefits	8.6	6.0
– Capitalized defined contribution pension plan under own management	0.2	1.8
Liability in the balance sheet	**136.3**	**92.2**
Income statement charge incuded in Group operating profit for*):		
– Defined pension benefits	7.2	6.2
– Post-employment benefits	1.3	0.6
– Cost for special employer's contribution and tax on return	7.3	6.4
	15.8	**13.2**
Remeasurements for:		
– Defined pension benefits	38.1	2.2
– Post-employment benefits	1.7	-0.1
	39.8	**2.1**

*) The income statement charge included within operating profit includes current service cost, past service costs, net interest costs, and gains and losses on settlement and curtailment.

The amounts recognized in the balance sheet are determined as follows:	**2014**	**2013**
Present value of funded obligations	315.7	268.7
Fair value of plan assets	179.6	179.6
Deficit of funded plans	**136.1**	**89.1**
Impact of minmum funding requirement/asset ceiling	0.0	1.3
Pension plan under own management	0.2	1.8
Net liability in the balance sheet	**136.3**	**92.2**

Defined benefit pension plans

The Group operates defined benefit pension plans in France, Germany, the United Kingdom, Norway, Sweden, the Netherlands, Belgium and Thailand under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the plans in Sweden, pensions in payment are generally updated in line with the retail price index, whereas in the plans in other countries, pensions generally do not receive inflationary increases once in payment. With the exception of this inflationary risk in Sweden, the plans face broadly similar risks, as described below. At year-end 2013, the defined benefit pension plan in Canada was changed to a defined contribution plan. The net impact of the change was taken in 2013.

Pension insurance with Alecta and Collectum

The obligations for retirement pensions and family pensions under the ITP 2 plan (supplementary pension plan for industry and trade) for salaried workers in Sweden are secured through pension insurance with Alecta. In accordance with a statement by the Swedish Financial Reporting Board (UFR 3), this is a multi-employer defined benefit plan. For the 2014 financial year, the Group has not had access to information that would enable it to report its proportional share of the plan's obligations, plan assets and costs. As a consequence, it is not possible to report this plan as a defined benefit plan. The pension plan in accordance with ITP 2 is secured through insurance with Alecta and is therefore reported as a defined contribution plan. Premiums for defined benefit retirement and family pension plans are individually calculated and are dependent on salary, previously earned pension and the estimated remaining years of service. Fees in the next reporting period for ITP 2 insurance signed with Alecta are estimated to amount to SEK 11.3 M (9.7).

The collective funding ratio consists of the market value of Alecta's assets as a percentage of its insurance commitments, as calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is less than 125 percent, or exceeds 155 percent, measures are to be taken to create the conditions for returning the funding ratio to the normal interval. If the funding ratio is low, a possible measure could be to raise the contracted price for subscribing new insurance and expanding current benefits. If the funding ratio is high, one possible measure can be to reduce the premium. At year-end 2014, Alecta's surplus in the form of its collective funding ratio was 143 percent (148).

Plan for severance benefits after termination of employment

The Group operates plans for severance benefits after termination of employment in which the employees have the right to post-employment benefits. These benefits are based on the employee's final salary and years of service. These plans exist primarily in Italy, India and Austria. The reporting method, assumptions and number of measurement periods are the same as those for defined benefit pension plans.

Defined contribution plan under own management

In the United States, there is a defined contribution pension plan under the company's own management. There is also a defined contribution plan in Norway for a few senior executives.

The movement in the defined benefit liability for pension plans and post-employment benefits for pension plans over the year is presented on the following pages:

Defined benefit plans

Pension plans	Present value of obligation	Fair value of plan assets	Net total	Impact of minimum funding requirement/ asset ceiling	Total
At January 1, 2013	**249.6**	**164.7**	**84.9**	**–**	**84.9**
Current service cost	3.7	–	3.7	–	3.7
Past service cost	-0.7	–	-0.7	–	-0.7
Interest expense/income	10.0	6.8	3.2	–	3.2
	13.0	**6.8**	**6.2**	**–**	**6.2**
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense/income	–	6.5	-6.5	–	6.5
Effect from change in demographic assumptions	6.6	–	6.6	–	6.6
Effect from change in financial assumptions	2.4	–	2.4	–	2.4
Experience changes	-1.7	–	-1.7	–	-1.7
Change in asset ceiling, excluding amounts included in interest expense	–	–	–	1.4	1.4
	7.3	**6.5**	**0.8**	**1.4**	**2.2**
Exchange differences	-1.2	-2.7	1.5	-0.1	1.4
Contributions:					
Employers	–	10.6	-10.6	–	-10.6
Plan participants	0.2	0.2	0.0	–	0.0
Payments from plans:					
Benefit payments	-9.0	-9.0	0.0	–	0.0
Tax and administrative expenses	-0.3	-0.6	0.3	–	0.3
At December 31, 2013	**259.6**	**176.5**	**83.1**	**1.3**	**84.4**
At January 1, 2014	**259.6**	**176.5**	**83.1**	**1.3**	**84.4**
Current service cost	3.9	–	3.9	–	3.9
Past service cost	–	–	–	–	–
Interest expense/income	10.1	6.8	3.3	–	3.3
	14.0	**6.8**	**7.2**	**–**	**7.2**
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense/income	–	2.6	-2.6	–	-2.6
Effect from change in demographic assumptions	0.0	–	0.0	–	0.0
Effect from change in financial assumptions	39.0	–	39.0	–	39.0
Experience changes	1.7	–	1.7	–	1.7
	40.7	**2.6**	**38.1**	**–**	**38.1**
Exchange differences	21.4	14.4	7.0		7.0
Contributions:					
Employers	-8.7	9.4	-18.1	–	-18.1
Plan participants	0.1	0.1	0.0	–	0.0
Payments from plans:					
Benefit payments	0.0	-8.7	8.7	–	8.7
Tax and administrative expenses	-0.3	-0.5	0.2	–	0.2
Changed pension plans	-23.5	-24.8	1.3	-1.3	0
At December 31, 2014	**303.3**	**175.8**	**127.5**	**0.0**	**127.5**

The movement in the defined benefit obligation for post-employment benefits was as follows over the year:

Post employment

Post-employment benefits	**Present value of obligation**	**Fair value of plan assets**	**Net total**
At January 1, 2013	**4.8**	**–**	**4.8**
Current service cost	0.5	–	0.5
Interest expense/income	0.1	–	0.1
	0.6	**–**	**0.6**
Remeasurements:			
Experience changes	-0.1	–	-0.1
	-0.1	**–**	**-0.1**
Exchange differences	-0.1	-0.1	0.0
Contributions:			
Employers	–	1.3	-1.3
Payments from plan:			
Benefit payments	-1.3	-1.3	0.0
New plans	5.2	3.2	2.0
At December 31, 2013	**9.1**	**3.1**	**6.0**
At January 1, 2014	**9.1**	**3.1**	**6.0**
Current service cost	1.1	–	1.1
Interest expense/income	0.4	0.2	0.2
	1.5	**0.2**	**1.3**
Remeasurements:			
Effect from change in demographic assumptions	1.0	–	1.0
Effect from change in financial assumptions	0.9	-0.1	1.0
Experience changes	-0.3	–	-0.3
	1.6	**-0.1**	**1.7**
Exchange differences	0.9	0.2	0.7
Contributions:			
Employers	–	1.3	-1.3
Plan participants	0.1	0.1	0.0
Payments from plans:			
Benefit payments	-0.9	-0.9	0.0
Tax and administrative expenses	0.1	-0.1	0.2
At December 31, 2014	**12.4**	**3.8**	**8.6**

Costs are distributed in the consolidated income statement as follows:	**2014**	**2013**
Total costs for defined benefit pension plans	8.6	6.8
Total costs for defined contribution pension plans	72.3	65.8
	80.9	**72.6**
Costs for special employer's contribution and tax on return	7.2	6.4
Total pension cost	**88.1**	**79.0**

Costs are distributed in the consolidated income statement as follows:

	Defined benefit pension plans		**Post-employment benefits**	
	2014	**2013**	**2014**	**2013**
Cost of goods sold	1.8	1.0	0.5	0.1
Selling costs	1.0	0.9	0.3	0.1
Administrative expenses	1.2	1.1	0.3	0.1
Financial items	3.3	3.2	0.2	0.2
Total	**7.3**	**6.2**	**1.3**	**0.6**

The defined benefit obligation and plan assets were composed by country as follows:

2014	**U.K.**	**France**	**Germany**	**Norway**	**Netherlands**	**Other**	**Total**
Present value of funded obligations	133.7	50.6	48.1	39.3	31.6	12.4	**315.7**
Fair value of plan assets	108.9	8.8	4.3	28.3	25.6	3.7	**179.6**
	24.8	41.8	43.8	11.0	6.0	8.7	**136.1**
Impact of minimum funding requirement/ asset ceiling	–	–	–	–	–	–	**–**
Total	**24.8**	**41.8**	**43.8**	**11.0**	**6.0**	**8.7**	**136.1**

2013	**U.K.**	**France**	**Germany**	**Norway**	**Canada**	**Other**	**Total**
Present value of funded obligations	105.7	41.4	36.8	29.0	23.4	32.4	**268.7**
Fair value of plan assets	90.9	8.8	3.7	25.3	24.7	26.2	**179.6**
	14.8	32.6	33.1	3.7	-1.3	6.2	**89.1**
Impact of minimum funding requirement/ asset ceiling	–	–	–	–	1.3	–	**1.3**
Total	**14.8**	**32.6**	**33.1**	**3.7**	**0.0**	**6.2**	**90.4**

At the last valuation date, the present value of the defined benefit obligation was comprised of approximately SEK 103 M (81) relating to active employees, SEK 80 M (62) relating to deferred members, and SEK 133 M (126) relating to members in retirement.

The significant actuarial assumptions (as weighted average) were as follows:

Significant actuarial assumptions at the 2014 balance sheet date	**U.K.**	**Eurozone excluding Germany and France**	**Germany**	**France**	**Norway**	**India**
Discount rate	3.80	2.00	2.00	2.00	2.75	8
Future annual salary growth rate	3.50	3.00	2.00	2.20	3.25	10% first 2 years, after which 8%
Inflation	3.15	2.00	2.00	2.00	–	–

Significant actuarial assumptions at the 2013 balance sheet date	U.K.	Eurozone excluding Austria*)	Austria	Norway	Canada	India
Discount rate	4.50	3.75*)	3.50	4.00	4.75	9.3
Future annual salary growth rate	3.75	3.50	2.75	3.50	4.00	10% first 2 years, after which 8%
Inflation	3.40	2.50	2.50	0.10	2.50	–

*) The exception was Italy, where the discount rate was set at 3.25% for 2013.

Were the discount rate used to increase/decrease by 0.5 percentage points from management's estimates, the carrying amount of pension obligations would be an estimated SEK 20 M (16) lower or SEK 21 M (18) higher.

Assumptions regarding future mortality are set on the basis of actuarial advice in accordance with published statistics and experience in each country. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

2013/2014	Netherlands	U.K.	France	Germany	Norway	Austria
Retiring at the end of the reporting period:						
Male	21	23	21	19	23	20
Female	24	25	21	23	23	24
Retiring 25 years after the end of the reporting period:						
Male	24	25	21	22	25	24
Female	25	27	21	26	25	27

Plan assets in defined benefit obligations consisted of the following:	2014		2013	
Equity instruments	68.6	38%	64.6	36%
Interest-bearing securities	31.4	17%	30.1	17%
Property	6.6	4%	3.7	2%
Cash and other cash equivalents than cash in hand	0	0%	15.2	8%
Insurance policy that is a plan asset	73.0	41%	66.0	37%
Total	**179.6**		**179.6**	

There are no plan assets for post-employment benefits.

Through its defined benefit pension plans and post-employment benefits, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, due to the long-term nature of the plan liabilities, the Group believes that a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently. See below for more details on the Group's asset-liability matching strategy.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the bond holdings in the plans.

Inflation risk

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the obligations in the plans are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities in the plans. This is particularly significant in the plan in Sweden, where inflationary increases result in higher sensitivity to changes in life expectancy.

In case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consisted of investments in investment funds and insurance solutions. Investments in investment funds are in equities, interest-bearing securities, property and cash. Since Camfil does not have any direct influence on the composition, we have chosen not to report the distribution.

The weighted average duration of the defined benefit obligation is 13.8 years (14.2).

Undiscounted pension and post-employment benefits were estimated to amount to SEK 10.4 M in 2014 (8.4).

Note 44. Other provisions

	Post-employment benefits	Warranty commitments	Other items	Total
At January 1, 2014	3.2	31.1	8.2	42.5
Charged to the consolidated income statement				
– Additional provisions	1.4	31.3	5.6	38.3
– Unused amounts reversed	-0.9	-18.9	-3.1	-22.9
Exchange differences	0.4	-16.7	-2.4	-18.7
Used during the year	–	3.7	0.6	4.3
At December 31, 2014	**4.1**	**30.5**	**8.9**	**43.5**
Of which:				
Non-current portion	4.1	21.1	4.7	29.9
Current portion	–	9.4	4.2	13.6
At December 31, 2014	**4.1**	**30.5**	**8.9**	**43.5**

	Post-employment benefits	Warranty commitments	Other items	Total
At January 1, 2013	2.5	29.0	18.0	49.5
Charged to the consolidated income statement				
– Additional provisions	1.0	29.7	5.8	36.5
– Unused amounts reversed	-0.1	-13.5	-9.7	-23.3
Exchange differences	-0.2	-14.1	-6.1	-20.4
Used during the year	–	–	0.2	0.2
At December 31, 2013	**3.2**	**31.1**	**8.2**	**42.5**
Of which:				
Non-current portion	3.2	21.5	5.9	30.6
Current portion	–	9.6	2.3	11.9
At December 31, 2013	**3.2**	**31.1**	**8.2**	**42.5**

Warranty commitments

In certain cases the Group provides guarantees for projects that involve measures to replace or repair defect products. The provisions are based on the estimated probability of the warranty commitments. New provisions for warranty commitments were made during the year as the project-based Power Systems business unit expanded its business.

Other items

Other items include provisions for future legal disputes.

Note 45. Accrued expenses and deferred income

	Group		Parent Company	
	2014	2013	2014	2013
Accrued interest expenses	6.5	5.4	4.1	3.7
Accrued personnel expenses	252.8	230.6	35.6	31.0
Accrued commission expenses	31.8	15.3	–	–
Accrued consulting fees	12.1	10.1	1.3	1.6
Accrued expenses for completed projects	12.4	12.4	–	–
Other accrued expenses and deferred income	77.8	53.6	1.9	5.9
Total	**393.4**	**327.4**	**42.9**	**42.2**

Note 46. Pledged assets

	Group		Parent Company	
	2014	2013	2014	2013
For own liabilities and provisions				
For other liabilities				
– Chattel mortgages	1.0	1.3	–	–
Total	**1.0**	**1.3**	**–**	**–**

Note 47. Contingent liabilities

	Group		Parent Company	
	2014	2013	2014	2013
Warranty commitments	354.1	296.0	294.0	254.8
Total	**354.1**	**296.0**	**294.0**	**254.8**
Of which contingent liabilities on behalf of other Group companies	–	–	194.1	152.0

Warranty commitments are made primarily within the Power Systems business unit.

Note 48. Adjustments for items not included in cash flow

	Group		Parent Company	
	2014	2013	2014	2013
Depreciation and amortization	155.5	140.0	13.9	12.0
Capital gain on sold building	-18.8	–	–	–
Provisions	-8.4	-15.3	–	–
Interest component in pension expenses according to IAS 19	-10.4	-10.1	–	–
Return on pension plan assets	7.0	6.8	–	–
Derivative financial instruments recognized as hedges	-43.4	1.1	9.2	16.6
Other	-14.4	6.7	2.6	5.4
Total	**67.1**	**129.2**	**25.7**	**34.0**

Note 49. Transactions with related parties

Intra-Group purchases and sales

In the Parent Company, 100 percent (100) of sales for the year consisted of sales to Group subsidiaries. No purchases were made by the Parent Company from Group companies.

Purchases and sales between Group companies are made on an arm's length basis. The internal price is based on the actual production cost plus a margin. When setting the margin, business risks and market prices are taken into account, among other factors.

Sales to related parties:

Group (SEK K)	2014	2013
Sveba-Dahlén Group AB	18	–
Jungfrutomten AB	17	17
Södra Djursjukhuset	–	18
Swede Ship Marine	76	36
Total	**111**	**71**

Purchases of goods and services from related parties:

Group (SEK M)	2014	2013
Dantoft Industrial Management AB	4.4	4.3
Simmons & Markman Interiors AB	0.0	–
Bordsjö Skogar Aktiebolag	0.1	–
Industriekonomi Eric Giertz AB	0.4	0.6
KTH Executive School AB	0.4	0.8
Resolvator Aktiebolag	0.0	0.0
Rustad Eiendom AS	–	2.1
Silvan Hills Holding	2.5	2.5
Solution Air	0.3	0.3
Svensk Ventilation AB	0.4	0.4
Trosa Stadshotell AB	2.0	2.7
Åda Golfintressenter AB	–	0.1
Total	**10.5**	**13.8**

Purchases and sales were on market terms.

Camfil (Canada) Inc. rents a building used for its operations from Silvan Hills Holding, which is owned by Michael Dobbs, sales manager in Canada for Comfort Air and Clean Processes.

During part of 2013, Camfil Norge AS rented premises in Oslo and Trondheim from Rustad Eiendom AS, which is owned by the former owners of Camfil Norge AS. One of these owners is an employee of Camfil Norge AS.

Operating liabilities attributable to related parties:

Group (SEK M)	2014	2013
Dantoft Industrial Management AB	0.3	0.4
KTH Executive School AB	0.1	–
Industriekonomi Eric Giertz AB	0.0	0.0
Trosa Stadshotell AB	0.1	0.1
Total	**0.5**	**0.5**

Key management compensation

Principles

Fees are paid to the Chairman of the board and board members in accordance with the decision of the Annual General Meeting. No fees are paid to union representatives. Compensation paid to the President and other key management members consists of basic salary, variable salary, other benefits, pension and financial instruments. Other key management members in the Parent Company refers to the members of Group Management, who together comprise the executive management team of the Group along with the President.

Basic salary

Basic salary is to constitute the basis for total compensation. Salary should be related to the relevant market and reflect the extent of the responsibilities associated with the position. Basic salary is to be reviewed annually to ensure that it is market-based and competitive.

Variable salary, STIs (Short Term Incentives)

In addition to basic salary, key management members may qualify for variable salary for profits that exceed one or several predetermined performance levels during a financial year. Variable salary is based on the company's financial results and, if relevant, individually set performance goals. The portion of variable salary based on goals varies between two months of salary and 50 percent of basic salary.

Pension

Pension agreements are to be defined contribution plans, if possible, and formulated in accordance with the level and practice applicable in the country in which the key management member is employed.

The Group basically has only defined contribution pension plans for key management members. The pension expense refers to the cost that has impacted profit for the year. The retirement age for the President is 65 years. The pension premium is to amount to 35 percent of pension-based salary. Pension-based salary consists of basic salary and the variable salary paid in the most recent year. The retirement age for other key management members varies between 60 and 65 years.

Period of notice and severance pay

A six-month period of notice applies between the President and the company if the President resigns, and a 12-month period of notice if the company terminates his employment. When the company terminates the President's employment, the President will receive severance pay corresponding to 12 months of salary. Severance pay is not deducted from other income. If the President resigns, he receives no severance pay. Severance pay for other key management members varies between six and 12 months of salary.

Parent Company 2014	Basic compensation	Social security contributions, excluding pension costs	Pension costs	Compensation from other Group companies	Total
Jan Eric Larson, Executive Chairman	3.0	0.3			3.3
Johan Markman, Vice Chairman	2.0	0.7			2.7
Carl Wilhelm Ros, Director	0.3	0.0			0.3
Erik Giertz, Director	0.3	0.1		0.1	0.5
Mats Lönnqvist, Director	0.3	0.1			0.4
President	7.2	2.9	2.5		12.6
Other key management members (4)*)	11.3	3.8	3.2		18.3
Total	**24.4**	**7.9**	**5.7**	**0.1**	**38.1**

*) Only four out of ten key management members receive compensation through Camfil AB. Other key management members receive compensation through the companies they are employed in and are included in "Note 9. Employee remuneration".

Parent Company 2013	Basic compensation	Social security contributions, excluding pension costs	Pension costs	Compensation from other Group companies	Total
Jan Eric Larson, Executive Chairman	3.0	0.3			3.3
Johan Markman, Vice Chairman	2.0	0.7			2.7
Carl Wilhelm Ros, Director	0.3	0.0			0.3
Magnus Yngen, Director	0.3	0.1			0.4
Erik Giertz, Director	0.3	0.1		0.1	0.5
Mats Lönnqvist, Director	0.3	0.1			0.4
President	8.6	3.4	2.9		14.9
Other key management members (8)	14.3	5.1	3.7		23.1
Total	**29.1**	**9.8**	**6.6**	**0.1**	**45.6**

Basic remuneration for the 2014 financial year included expensed bonuses, which are paid in 2015. The President and key management members have a company car benefit amounting to SEK 0.2 M. The company does not have pension costs for board members.

Preparation and decision-making process for remuneration
The formal work plan for the board states that remuneration paid to the President and Executive Vice President is to be proposed by the Remuneration Committee. This committee consists of the Executive Chairman, the Vice Chairman and two other board directors. Since the Annual General Meeting in 2014, these committee members have been Jan Eric Larson, Johan Markman, Mats Lönnqvist and Eric Giertz.

Audit Committee
Board members serving on the Audit Committee include Johan Markman, Vice Chairman, and Mats Lönnqvist, Director.

Financial instruments
Convertible debentures held by the President and other key management members are shown below:

	Number of convertible debentures
President	8 000
Other key management members	166 700
Total	**174 700**

The terms and conditions of the program are described in Note 42.

Note 50. Business combinations

On March 6, 2014, Camfil acquired the Handte Umwelttechnik GmbH and Handte Holding GmbH groups. In September, Camfil's company in the United States, Camfil USA Inc., acquired the assets and liabilities of one of its distributors, Edco Sales Inc.

Goodwill of SEK 157 M has arisen from the acquisitions and is attributable to the acquired customer base (which is not separable) and the future economies of scale that are expected from integrating the two Handte groups and Edco's business in the Camfil Group.

The following table summarizes the consideration paid for acquisitions in 2014 and the fair value of the assets acquired and liabilities assumed at the acquisition date:

Consideration	**Total acquisitions**
Recognized amounts of identifiable assets acquired and liabilities assumed	**217.3**
Cash and cash equivalents	29.4
Intangible assets	7.6
Property, plant and equipment	36.7
Inventories	27.2
Trade receivables and other receivables	33.0
Non-current liabilities	29.2
Other liabilities	44.4
Total acquired net assets	**60.3**
Total goodwill	**157.0**

Acquisition-related costs of SEK 7.8 M have been charged to administrative expenses in the consolidated income statement for the year ended December 31, 2014.

Note 51. Exchange rates

The following exchange rates were used when preparing the consolidated year-end accounts:

Currency	Average rate	Rate on closing date	Currency	Average rate	Rate on closing date
USD	6.8577	7.7279	GBP	11.2917	12.0404
EUR	9.0968	9.3909	CHF	7.4904	7.7803
CAD	6.2089	6.6686			

Note 52. Definitions of key ratios

EBIT margin (operating margin)
Earnings before financial items, appropriations and taxes, as a percentage of sales.

EBT margin (profit margin before tax)
Earnings before tax, as a percentage of sales.

Equity ratio
Equity as a percentage of total assets.

Interest-bearing net debt
Interest-bearing liabilities less cash and cash equivalents and other interest-bearing receivables, such as derivative financial instruments.

Debt-equity ratio (gearing ratio)
Interest-bearing net liabilities as a percentage of equity.

Capital employed
Total assets less non-interest-bearing liabilities including non-interest-bearing provisions. Average capital employed is calculated as capital employed at January 1 plus capital employed at December 31 divided by two.

Return on capital employed
Profit after financial items plus financial expenses as a percentage of average capital employed.

Return on equity
Profit after tax as a percentage of average equity. Average equity is calculated as equity at January 1 plus equity at December 31 divided by two.

Investments
Investments in intangible assets and property, plant and equipment.

The income statement and balance sheet were presented for adoption by the Annual General Meeting on March 26, 2015.
Trosa 2015-03-24

Jan Eric Larson EXECUTIVE CHAIRMAN	Johan Markman VICE CHAIRMAN	Magnus Yngen DIRECTOR AND PRESIDENT
Eric Giertz	Mats Lönnqvist	Carl Wilhelm Ros

Christer Stavström
EMPLOYEE REPRESENTATIVE

Our audit report was submitted on March 24, 2015.

Carina Åkesson AUTHORIZED PUBLIC ACCOUNTANT	Mikael Winkvist AUTHORIZED PUBLIC ACCOUNTANT

Auditors' Report

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF CAMFIL AB

Corporate identity number 556230-1266

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Camfil AB for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34-82.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts
The Board of Directors and the President 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 President 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, 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 December 31, 2014 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 December 31, 2014 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 President of Camfil AB for the year 2014.

Responsibilities of the Board of Directors and the President
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 President are responsible for administration under the Companies Act.

Responsibility of the auditors
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 President is liable to the company. We also examined whether any member of the Board of Directors or the President 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 President be discharged from liability for the financial year.

Stockholm, March 24, 2015

Carina Åkesson AUTHORIZED PUBLIC ACCOUNTANT	Mikael Winkvist AUTHORIZED PUBLIC ACCOUNTANT

Group Management

Magnus Yngen
Chief Executive Officer, Camfil Group. President, Camfil AB. Employed by Camfil in 2013. Holds 8,000 convertible debentures.*

Mark Simmons
EVP Continental Europe & British Isles. Employed by Camfil in 2012. Holds 7,900 convertible debentures.*

Armando Brunetti
EVP Filter Americas. Employed by Camfil in 1983. Holds 7,900 convertible debentures.*

Alan O'Connell
EVP APC. Employed by Camfil in 1983. Holds 90,500 convertible debentures.*

Fredrik Westgard
EVP CPS, employed by Camfil in 2013. Holds 2,500 convertible debentures.*

Anders Freyschuss
EVP Filter Northern Europe, employed by Camfil in 1994. Holds 7,900 convertible debentures.*

Suresh Balan
EVP Filter Asia Pacific and Middle East, employed by Camfil in 2015.

Johan Ryrberg
Chief Financial Officer, Camfil Group; Executive Vice President, Camfil AB. Employed by Camfil in 1995. Holds 25,000 convertible debentures.*

Alain Bérard
EVP Marketing & Products, Camfil. Employed by Camfil in 1995. Holds 20,000 convertible debentures.*

Jan-Erik Dantoft
EVP Supply Chain, Camfil. Employed by Camfil in 2012. Holds 1,100 convertible debentures.*

Eva Bergenheim-Holmberg
Senior Vice President Human Resources & Internal Communication, Camfil. Employed by Camfil in 2010. Holds 3,900 convertible debentures.*

Auditors:
Carina Åkesson (b. 1959), Authorized Public Accountant, Öhrlings Pricewaterhouse Coopers AB. Elected Auditor for Camfil AB in 1995.

Mikael Winkvist (b. 1962), Authorized Public Accountant, Öhrlings Pricewaterhouse Coopers AB. Elected Auditor for Camfil AB in 2012.

*One convertible debenture is equal to one share upon conversion.

Board of Directors

Eric Giertz, born 1949.
Elected to Camfil's board in 1992. Professor in Industrial Economics and Management at the Royal Institute of Technology (KTH) in Stockholm. Chairman, KTH Executive School. Board member, Einar Mattsson Byggnads AB. Member of the Royal Academy of Engineering Sciences.
Holds 2,300 convertible debentures.*

Jan Eric Larson, born 1947.
Executive Chairman. Elected to Camfil's board in 1983. Chairman, Swede Ship Marine. Board member, Trosa Stadshotell.
Holds 2,200,000 shares.

Magnus Yngen, born 1958.
Chief Executive Officer, Camfil Group. President, Camfil AB. Elected to Camfil's board in 2012. Chairman, Sveba-Dahlen AB. Board member, Dometic Group AB, Duni AB and Intrum Justitia.
Holds 8,000 convertible debentures.*

Christer Stavström, born 1951.
Employee representative on the board since 2012 (deputy member since 2001).

Johan Markman, born 1949.
Vice Chairman. Elected to Camfil's board in 1983. Chairman, Atteviks Bil, Trosa Stadshotell and Jungfrutomten Värdeinvest. Holds 1,695,000 shares.

Mats Lönnqvist, born 1954.
Elected to Camfil's board in 2000. Chairman, Ovacon, Polyproject Environment and Spendrups Bryggeri. Board member, Best Holding, Biolin Scientific, Bordsjö Skogar, Payair Technologies, Resolvator, Sveafastigheter Funds, Det Østasiatiske Kompagni and other companies.
Holds 2,300 convertible debentures.

Carl Wilhelm Ros, born 1941.
Elected to Camfil's board in 1999. Member of the Royal Academy of Engineering Sciences.
Holds 2,300 convertible debentures.*

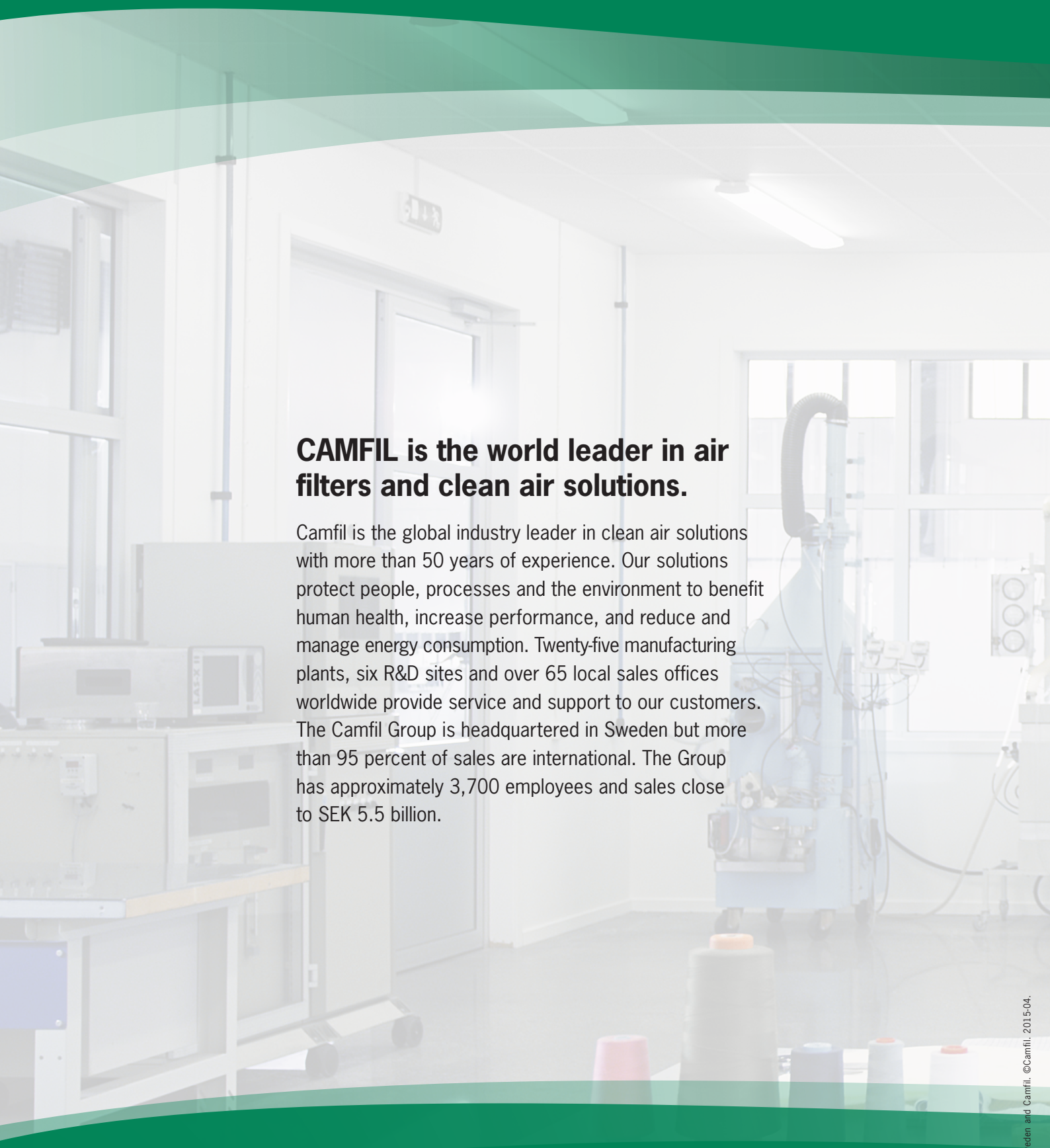
Deputy Board Members:
Dan Larson, born 1980. Holds 3,900 convertible debentures and 600,000 shares.
Erik Markman, born 1978. Holds 3,900 convertible debentures and 600,000 shares.

*One convertible debenture is equal to one share upon conversion.

Five-Year Summary – Camfil Group

See Note 52 for definitions	2014	2013	2012	2011	2010
Income statement					
Net sales	5,461	4,906	4,865	4,851	4,575
Operating income	572	516	561	490	471
Profit after financial items	502	443	469	400	435
Tax	-148	-110	-128	-114	-124
Profit for the year	**354**	**332**	**341**	**286**	**311**
Balance sheet					
Goodwill and other intangible assets	1,185	917	933	945	898
Property, plant and equipment	947	786	763	759	746
Financial assets	183	102	105	98	58
Inventories	1,088	986	960	760	558
Cash and cash equivalents	659	651	406	487	485
Other non-current assets	1,214	1,081	1,065	981	890
Assets	**5,275**	**4,523**	**4,232**	**4,030**	**3,635**
Equity	**1,842**	**1,394**	**1,130**	**921**	**2,037**
Interest-bearing liabilities	1,895	1,777	1,768	2,076	764
Interest-free liabilities	1,539	1,352	1,334	1,033	834
Equity and liabilities	**5,275**	**4,523**	**4,232**	**4,030**	**3,635**
Cash flow					
Cash flow from operating activities	496	442	363	319	385
Cash flow from investing activities	-356	-174	-82	-183	-136
Cash flow from financing activities	-170	-16	-353	-133	-167
Cash flow for the year	**-30**	**252**	**-72**	**3**	**82**
Key ratios					
Operating margin, EBIT	10.5%	10.5%	11.5%	10.1%	10.3%
Profit margin before tax, EBT	9.2%	9.0%	9.6%	8.2%	9.5%
Equity ratio	35%	31%	27%	23%	56%
Interest-bearing net liabilities	1,136	1,093	1,293	1,552	249
Net debt-equity ratio (gearing ratio)	62%	78%	112%	168%	12%
Return on capital employed	22.3%	20.3%	21.0%	21.7%	21.4%
Return on equity	21.9%	26.1%	32.8%	19.3%	15.6%
Investments	200	175	195	163	134
Employees (average for the year)	3,736	3,507	3,428	3,484	3,346

Camfil Annual Report 2014



CAMFIL is the world leader in air filters and clean air solutions.

Camfil is the global industry leader in clean air solutions with more than 50 years of experience. Our solutions protect people, processes and the environment to benefit human health, increase performance, and reduce and manage energy consumption. Twenty-five manufacturing plants, six R&D sites and over 65 local sales offices worldwide provide service and support to our customers. The Camfil Group is headquartered in Sweden but more than 95 percent of sales are international. The Group has approximately 3,700 employees and sales close to SEK 5.5 billion.

www.camfil.com

For further information please contact your nearest Camfil office.

Artwork: YMR. Text: Thorn PR Sweden and Camfil.