

# i100

## YEARS OF INVESTOR

BUILDING BEST-IN-CLASS COMPANIES SINCE 1916



Annual report  
**2015**

“To move from  
the old to what is  
about to come, is  
the only tradition  
worth keeping.”

*This motto originates from a letter written by Marcus Wallenberg (1899-1982) to his brother Jacob Wallenberg (1892-1980), commenting on a sale of the family's railroad business and investing in aviation. This is a guiding principle that still applies to how Investor works today.*

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# Investor in brief

Investor, founded by the Wallenberg family a hundred years ago, is a leading owner of high-quality, international companies. We have a long-term investment perspective and support our companies in their efforts to create sustainable value. Through board participation, industrial experience, our network and financial strength, we strive to make our companies best-in-class.

## Vision

As a long-term owner, we actively support the building and development of best-in-class companies.

## Business concept

Investor owns significant stakes in high-quality companies. Through the Boards of Directors, we work for continuous improvement of the performance of the companies.

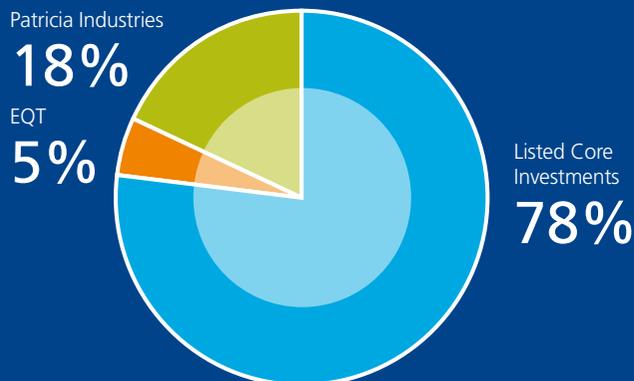
With our industrial experience, broad network and financial strength, we strive to make and keep our companies best-in-class. We always look at the opportunities and challenges facing each individual company.

Our cash flow allows us to financially support strategic initiatives in our companies, capture investment opportunities and provide our shareholders with a steadily rising dividend.

## Business areas

Our investments are managed within Listed Core Investments, EQT and Patricia Industries. Through substantial ownership and board representation, we engage to develop our companies, both within Listed Core Investments and Patricia Industries. We define value creation plans and benchmark our companies to support them in maintaining or achieving best-in-class positions in their respective industries.

## SHARE OF TOTAL ASSETS



## NET ASSET VALUE



10.00

Proposed dividend/share, SEK

91

Number of employees

236.3

Market cap., SEK bn.

# i100

## YEARS OF INVESTOR

BUILDING BEST-IN-CLASS COMPANIES SINCE 1916

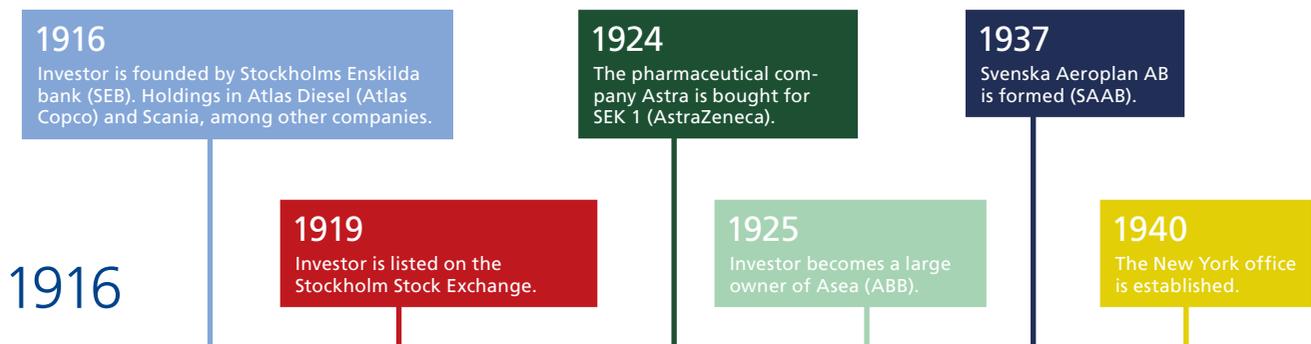


2016 marks the 100-year anniversary for Investor AB. Since Investor was founded by the Wallenberg family in 1916, we have been an active and long-term owner of high-quality companies and persistently worked to make them best-in-class.

The Investor story actually begins with André Oscar Wallenberg who founded Stockholms Enskilda Bank, Sweden's first private bank, in 1856. During the 1870's, when Sweden was hit by a recession, the bank became the owner of several industrial companies, customers to the bank, by converting debt into equity, in order to protect its capital. Investor was established in October 1916 when new Swedish legislation restricted the banks' ability to own shares in other companies. The holding in Atlas Diesel, today's Atlas Copco, among others, was transferred to Investor. Today, a 100 years later, it is still an important holding in Investor's portfolio.

### Gradual development

The global recession struck Sweden with full force in 1920 and Investor felt the aftermath of this economic slope. This was a painful period for Investor and the Board discussed a possible restructuring of the company as well as selling several of the major holdings. There was no reconstruction, but the dividend was suspended for seven years. The deterioration of the business climate reinforced the Wallenberg tradition of prioritizing financial flexibility. The economy eventually recovered and Investor's position gradually improved.





By the end of World War II, Investor was a well-consolidated company. Investor, whose organization was closely integrated with the bank, appointed its first CEO, Frans G Liljenroth, in 1949. A few years earlier, 1946, Jacob Wallenberg (1892-1980) became the Chairman of the Investor Board.

Up until the early 1980's, Investor continued to work closely with the bank. Later, Investor gradually developed into an own entity with independent operations, developing its own global network of people and companies.

### Eventful 80's

Towards the end of the 1970's, Investor's CEO Carl de Geer passed away and speculation ran high about whom would be appointed his successor. Claes Dahlbäck, 30 years old, was appointed new CEO of Investor, a position he would hold for more than 20 years. At the same time, Marcus Wallenberg (1899-1982) was elected Chairman of the Board, succeeding his brother Jacob. Marcus' son Peter Wallenberg (1926-2015) was elected Vice Chairman.

In 1982, Peter Wallenberg was elected Chairman of the Board and in the following years, Investor's organization expanded from six employees to approximately 100. A number of structural transactions were also made, concentrating the portfolio further. As a result

### Investor's first stockholdings, 12/31 1917 (SEK m.)

SKF	18.6
Ostasiatiska Kompaniet	8.0
Atlas Diesel (now Atlas Copco)	6.0
Halmstad-Nässjö Järnvägs AB (now HNJ intressenter)	4.7
Papyrus	2.8
Järnvägsaktiebolaget Stockholm-Saltsjön	2.8
Kopparberg-Hofors (now part of Billerud and STORA)	2.2
Stora Kopparbergs Bergslag	1.8
Separator (now Alfa-Laval)	0.5
Göta kanalbolag	0.5
Scania-Vabis	0.4
Yngeredsfors (name change to Papyrus in 1963)	0.3
Other companies <sup>1)</sup>	18.4
	<b>67.0</b>

<sup>1)</sup> Including Emissionsutskottet, Göteborgs Ris & Valskvarn, Kol & Koks, Svenska Diamantbergborring and Svensk-Dansk-Ryska Telefon.

of this, Investor could take a more active role in the development and expansion of its portfolio.

During the 1980's, the stock market rallied. On the Stockholm Stock Exchange, the index rose by approximately 1,200 percent. The Investor share was one of the best performers, gaining approximately 2,000 percent.

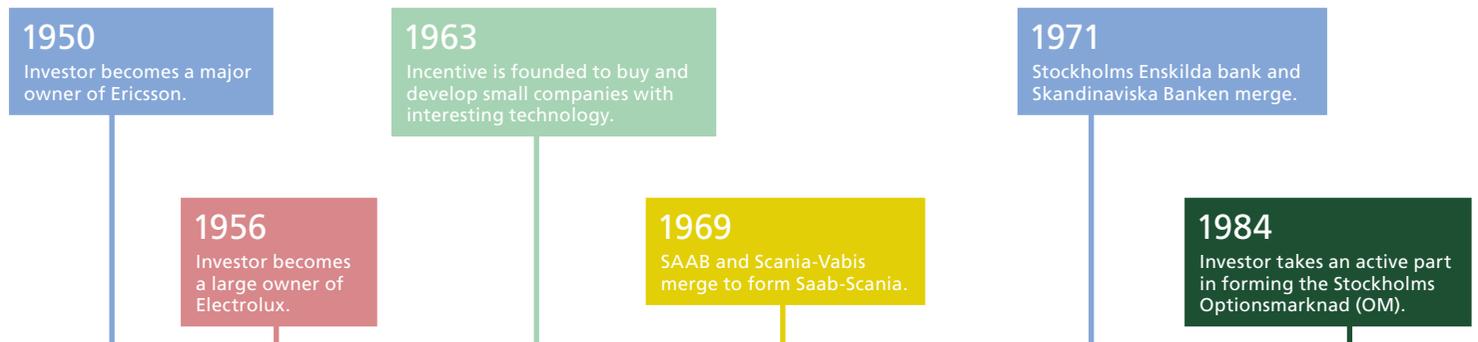
### The formation of Patricia

During 1982, Marcus Wallenberg had been concerned about Atlas Copco's almost halved profit and low share price, and offered Volvo the opportunity to buy a 25 percent stake in the company. After Marcus' death in 1982, Volvo acquired large stakes in Atlas Copco, but also, to Peter Wallenberg's surprise, in Stora Kopparberg. This had not been part of the agreement.

Peter Wallenberg and CEO Claes Dahlbäck decided to buy Volvo's stakes back in Atlas Copco and Stora Kopparberg, and AB Patricia was formed to handle these transactions. These acquisitions were financed through shareholders subscribing to convertible bonds for a total value of SEK 3 bn., the largest ever capital raising at that time in Sweden.

### Saab-Scania

In the 1990's, Sweden was hit by new recession. For years, discussions about the integration of long-term holdings in an operating company had taken place and in the beginning of the 1990's, Investor and its sister company Providentia took Saab-Scania private. Shortly afterwards, Investor and Providentia merged. The recession was felt by Investor's holdings, but with the previously implemented structural changes and cost savings, and with the help from the devaluation of the SEK, they were well-equipped and most of them built world-leading positions in their respective fields.





### Unlisted growth companies

In the mid-1990's, Investor started to invest in unlisted growth companies. Investor Growth Capital (IGC) was formed and Investor was one of the founders of the private equity company EQT. Through IGC, Investor built a portfolio of holdings in new industries, especially within technology and healthcare.

The automobile company Saab was refinanced and divested in two stages to the U.S. company GM. In 1995, Saab-Scania was split into two independent companies, with the intention to broaden the ownership in the company. The following year, Investor divested a 55 percent stake in Scania in conjunction with its listing on the stock exchange. In 1998, the defense company Saab was listed.

Peter Wallenberg left Investor's Board in 1997 and two years later his nephew Marcus Wallenberg was appointed CEO of Investor, succeeding Claes Dahlbäck.

The 2000's was an active decade for Investor, with strong development and several large transactions. In 2005, the build-up of a portfolio of wholly-owned subsidiaries began, with Mölnlycke Health Care being the largest one today. The same year, Jacob Wallenberg was elected new Chairman of the Board and Börje Ekholm was appointed CEO.

### Focus on cash flow generation

In 2011, Investor strengthened its focus on long-term ownership in a number of strategic listed holdings further. In 2015, Patricia Industries, a part of Investor, was formed to manage Investor's unlisted investments, and Johan Forssell succeeded Börje Ekholm as the CEO of Investor. The strategy, based on growing the net asset value, operating efficiently and paying a steadily rising dividend, remains intact.

### The future

Our portfolio of great companies, strong balance sheet, clear strategy focusing on buy-to-build and a highly dedicated organization, puts Investor in a solid position to create long-term competitive returns to our shareholders.

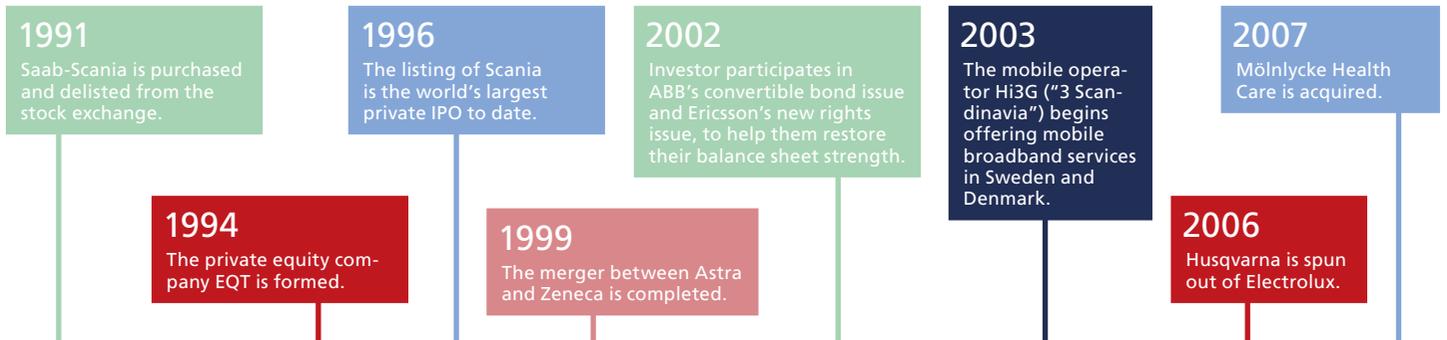
Learn more about our history on [www.investorab.com](http://www.investorab.com)

Don't miss our 100-year anniversary book, published on May 10th, 2016.

### Our active ownership model

During our first 100 years we have developed an active ownership model that works well for us.

- Long-term, active and responsible ownership of high-quality, international companies.
- Focus on "buy-to-build", no exit strategy.
- Board representation and clear division of responsibility.
- Always focus on what we deem creates the most long-term value for each company.
- Focus on innovation and product development to drive industrial value creation.
- The right person in the right place at the right time.
- Strong financial flexibility to capture attractive opportunities.



# Some facts about Investor

More than

# 250

companies have had Investor as an owner

# 12

percent average annual total return on the Investor share since 1919

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# 9

percent annual net asset value growth since 1917

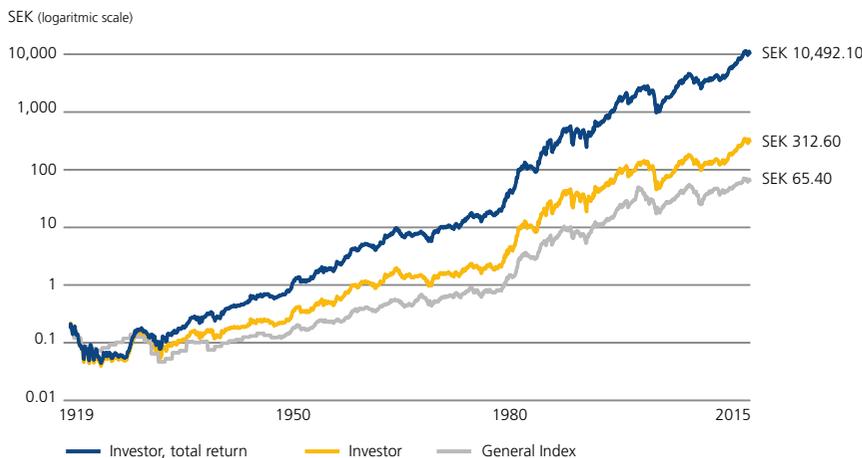
## Investor 100 years

For more information, please visit our anniversary webpage:  
[www.investor100years.com](http://www.investor100years.com)

CHAIRMAN OF THE BOARD	
Otto Printzsköld	1916-1925
Marcus Wallenberg	1925-1943
Johannes Hellner	1943-1946
Jacob Wallenberg	1946-1978
Marcus Wallenberg	1978-1982
Peter Wallenberg	1982-1997
Percy Barnevik	1997-2002
Claes Dahlbäck	2002-2005
Jacob Wallenberg	2005-

CEO	
Frans G Liljenroth	1949-1950
Rolf Calissendorff	1950-1957
Walther Wehtje	1957-1971
Carl de Geer	1971-1978
Claes Dahlbäck	1978-1999
Marcus Wallenberg	1999-2005
Börje Ekholm	2005-2015
Johan Forssell	2015-

## Share price development



The Investor share was traded for the first time on the Stockholm Stock Exchange's A list on June 2, 1919. The value of the A share on December 31, 2015, was SEK 312.60, compared to 19 Swedish öre the first day of trading. If the dividends received since 1919 were reinvested in Investor shares, the value as of December 2015, would be SEK 10 492.10 per share, corresponding to an average annual total return of 11.9 percent.

**2009**

Investor invests in Biovitrum and supports the merger between Biovitrum and Swedish Orphan International (Sobi).

**2010**

Two subsidiaries are added through the acquisition of Aleris and by acquiring remaining shares in Mölnlycke Health Care. Investor becomes a large owner of Nasdaq OMX.

**2013**

Permobil is acquired and becomes a wholly-owned subsidiary.

**2012**

Investor acquires shares in Wärtsilä.

**2015**

A new division, Patricia Industries, is formed to focus on creating a portfolio of wholly-owned subsidiaries and makes its first U.S. wholly-owned subsidiary, BraunAbility.

**2016**

# Portfolio overview

Structure as of December 31, 2015

## Listed Core Investments

Share of total assets	Business	Key figures, 2015	
 <b>15%</b>	Provides compressors, vacuum and air treatment systems, construction and mining equipment, power tools and assembly systems	Net Sales, SEK m.	102,161
		EBIT	19,728
		Value of holding, SEK m.	43,100
		Share of capital/votes, %	16.8/22.3
 <b>14%</b>	A financial services group with the main focus on the Nordic countries, Germany and the Baltics	Total operating income, SEK m.	44,148
		Operating profit	20,865
		Value of holding, SEK m.	40,826
		Share of capital/votes, %	20.8/20.8
 <b>12%</b>	Provides power and automation technologies to utility and industry customers	Net Sales, USD m.	35,481
		EBITA (Operational)	4,169
		Value of holding, SEK m.	35,424
		Share of capital/votes, %	10.0/10.0
 <b>10%</b>	A global, innovation-driven biopharmaceutical company	Net Sales, USD m.	24,708
		EBIT (Core)	6,902
		Value of holding, SEK m.	29,869
		Share of capital/votes, %	4.1/4.1
 <b>5%</b>	A specialty healthcare company developing and delivering innovative therapies and services to treat rare diseases	Net Sales, SEK m.	3,228
		EBITA (excl. EO)	433
		Value of holding, SEK m.	14,515
		Share of capital/votes, %	39.6/39.8
 <b>5%</b>	Provides communications technology and services	Net Sales, SEK m.	246,920
		EBIT	21,805
		Value of holding, SEK m.	14,086
		Share of capital/votes, %	5.3/21.5
 <b>5%</b>	Provides of complete lifecycle power solutions for the marine and energy markets	Net Sales, EUR m.	5,029
		EBIT, excl. EO	612
		Value of holding, SEK m.	13,077
		Share of capital/votes, %	17.2/17.2
 <b>4%</b>	Provides household appliances and appliances for professional use	Net Sales, SEK m.	123,511
		EBIT	2,741
		Value of holding, SEK m.	9,860
		Share of capital/votes, %	15.5/30.0
 <b>3%</b>	Provides trading, exchange technology, information and public company services	Net Sales, USD m.	2,090
		EBIT (non-GAAP)	976
		Value of holding, SEK m.	9,423
		Share of capital/votes, %	11.8/11.8
 <b>3%</b>	Provides products, services and solutions for military defense and civil security	Net Sales, SEK m.	27,186
		EBIT	1,900
		Value of holding, SEK m.	8,535
		Share of capital/votes, %	30.0/39.5
 <b>2%</b>	Provides outdoor power products, consumer watering products, cutting equipment and diamond tools	Net Sales, SEK m.	36,170
		EBIT (excl. EO)	2,980
		Value of holding, SEK m.	5,428
		Share of capital/votes, %	16.8/32.7

## EQT

Share of total assets	Business	Key figures, 2015	
 <b>5%</b>	A private equity group with portfolio companies in Europe, Asia and the U.S.	Net distribution to Investor, SEK m.	4,496
		Value of holding, SEK m.	13,021

## Patricia Industries

Share of total assets	Business	Key figures, 2015	
 <b>7%</b>	Provides single-use surgical and wound care products for customers, healthcare professionals and patients	Net Sales, EUR m.	1,353
		EBITDA	374
		Reported value of holding, SEK m.	20,050
		Share of capital/votes, %	99/99
 <b>1%</b>	Provides advanced mobility and seating rehab solutions	Net Sales, SEK m.	2,931
		EBITDA	547
		Reported value of holding, SEK m.	3,963
		Share of capital/votes, %	94/90
 <b>1%</b>	Provides healthcare and care services in Scandinavia	Net Sales, SEK m.	8,540
		EBITDA	492
		Reported value of holding, SEK m.	3,869
		Share of capital/votes, %	100/100
 <b>1%</b>	Provides wheelchair accessible vehicles and wheelchair lifts	Net Sales, USD m.	399
		EBITDA	30
		Reported value of holding, SEK m.	2,781
		Share of capital/votes, %	95/95
 <b>1%</b>	Develops and manages real estate, including Grand Hôtel and Aleris-related properties	Net Sales SEK m.	158
		EBITDA	92
		Reported value of holding, SEK m.	1,795
		Share of capital/votes, %	100/100
 <b>&lt;1%</b>	Consists of Scandinavia's leading five-star hotel Grand Hôtel, and Lydmar Hotel	Net Sales SEK m.	597
		EBITDA	41
		Reported value of holding, SEK m.	175
		Share of capital/votes, %	100/100
 <b>2%</b>	Provides mobile voice and broadband services in Sweden and Denmark	Net Sales, SEK m.	10,831
		EBITDA	2,916
		Reported value of holding, SEK m.	5,611
		Share of capital/votes, %	40/40

In addition, there is a number of financial investments within Patricia Industries. In total, the reported value of Financial Investments within Patricia Industries amounted to SEK 12,850 m. as of December 31, 2015, representing 5 percent of our total assets.



# Highlights 2015

## Johan Forssell

was appointed CEO of Investor AB.

Page 4



## Our new portfolio structure

with Listed Core Investments, EQT and Patricia Industries, was introduced.

Page 11, 12, 17, 18



## Total shareholder return (TSR)

amounted to 13 percent. During the past 20 years, average annual TSR has been 14 percent.

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## We strengthened our ownership

in ABB and invested SEK 5.6 bn. in the company.

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## We committed SEK 3.2 bn.

to EQT VII, EQT's largest fund to date, and received record net cash flow from EQT.

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## Patricia Industries acquired

BraunAbility, its first U.S. subsidiary, investing SEK 2.8 bn. in equity for a 95 percent ownership.

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# Letter from the Chairman

Dear fellow Shareholder,

In 2016, Investor AB is turning 100, an important milestone in the history of our company. Investor today bears little resemblance to the company created in 1916, when Investor was spun out of Stockholms Enskilda Bank. From having been tightly linked to the bank, Investor gradually evolved into an independent industrial holding company with its own operations, developing its own global network of people and companies. The view expressed by my grandfather, that “change is the only tradition worth keeping”, still summarizes our philosophy well. In today’s world, characterized by major technology shifts and new challenges, continuous innovation in our companies remains more important than ever.

The last one hundred years have been marked by two world wars, booms and busts, financial crisis and periods of great growth and innovation. The world has profoundly changed since Investor was founded. The Swedish society has become one of the most prosperous in the Western world and technological changes have, in most areas, revolutionized the way we live our lives. From Electrolux’ first washing machine in 1951, Ericsson’s Cobra telephone in 1956, and Astra’s Xylocain in 1948, to today’s sensor-monitored equipment, sustainable and energy-efficient machines, molecular-based bio-medical research, Investor and its companies continue to innovate and are always on the look-out for better technologies and solutions.

Despite all these changes, Investor has had the same business philosophy ever since it was founded in 1916 - to build best-in-class companies. The same values have been passed from generation to generation, namely to think long-term and be an engaged owner.

We will have many opportunities to celebrate Investor’s anniversary this year, with you, dear shareholders, with our companies and with all our friends from the large domestic and international network that Investor has built over the last one hundred years.

## **Our next challenge: The Fourth Industrial Revolution**

Throughout its history, Investor has made sure that its companies have invested in innovation and R&D. Globalization forces small countries like Sweden to strengthen their competitiveness. This requires companies which can offer the world markets products and services with added value. This is a continuous challenge as the competition becomes increasingly tougher. European and traditional industrial countries are seriously challenged by ambitious large nations such as China and India, and countries such as South Korea and Israel, which are focused on scientific research and innovation and which have very clear national strategies as to how to succeed in very competitive markets.

What is today called the “Fourth Industrial Revolution”, the exploding digitalization in industrial and consumer markets, is completely changing the traditional rules of production, distribution and service. Who would have thought only five years ago that companies such as Uber and Airbnb would challenge companies with large assets and business models that have been refined during many years? The so called “shared economy” will not stop at a few markets and some clever apps, but will challenge our entire industrial eco-system. Are we ready

for disruption and how can we accelerate our companies’ transformational power? These are questions that Investor is addressing together with our companies. Innovation is one part of the answer, but more important is a commitment from the top, from the boards of the companies to all parts of the management and the employees. In the next few years, we will need to employ and educate more people who are knowledgeable in the digital space and all its ramifications.

“Change” is what Investor has been about during its first 100 years, and this tradition will, I am convinced, help propel us into a bright future.

## **A subdued sentiment dominates our environment**

2015 was characterized by continued political and economic turmoil. Many are concerned about the growth deceleration in the Chinese economy, reflected in very volatile stock markets. To change from an industrial to a consumer and service-driven economy is a big challenge for a country and its political elite that only started its industrialization process a little more than thirty years ago.

Looking at the whole political and economic landscape of 2015 and the beginning of this year, it is obvious that we currently are in a far more unstable global



environment than we have been for a long time. We are facing considerable challenges, from migration and a possible Brexit to the war in the Middle East and weakening emerging markets.

For me, as a Swede and European, what I experience as the biggest challenge is the flow of refugees, and we are all responsible for helping to solve this human crisis. Europe should help to integrate the newcomers in our society and economy, something that will benefit us all long-term and is part of fundamental European values.

### An active year for Investor

As announced last year, Investor introduced a new structure with Listed Core Investments, EQT, and Patricia Industries. This structure allows us to work in a more focused way with both our listed and unlisted holdings. We continued to invest in our companies, particularly in ABB where we increased our shareholding to 10 percent. We also committed capital to the new fund EQT VII, and Patricia Industries made its first U.S. investment through the acquisition of BraunAbility. BraunAbility offers many of the qualities we look for in our investments: a strong corporate culture, strong market positions and great opportunities for international expansion. Our clear ambition is to add more wholly-owned companies in the years to come.

In general, our companies continued to work hard with both efficiency measures and growth initiatives. The ability to adapt to rapid swings in demand, while captur-



*“Throughout its history, Investor has made sure that its companies have invested in innovation and R&D.”*

ing attractive investment opportunities, is key for all companies, especially in today’s low-growth environment.

Sustainability is another highly important area. We strive to ensure that our companies will be the leaders of their industries for many decades to come. Companies that work in a responsible and ethical way will be able to offer the most demanded products and services, and recruit the best employees, thereby outperforming their competitors in the long run. Therefore, sustainability must never be seen as an obstacle to long-term profitable growth. On the contrary, it is a fundamental prerequisite.

2015 was another successful year for Investor, and we continued to outperform the overall stock market. Our total shareholder return was 13 percent, compared to 10 percent for the Stockholm Stock Exchange. Over the past 20 years, our total shareholder return has averaged 14 percent per year, compared to 12 percent for the overall market. In a given year this difference may seem small, however compounded over 20 years, Investor’s outperformance is significant. For 2015, our Board of Directors proposes a dividend of SEK 10 per share, an increase from SEK 9 last year.

On behalf of the Board, I would like to thank Johan Forssell for his successful leadership in his first year as CEO, as well as his colleagues in the management team and everyone at Investor for yet another year of committed work.

I would particularly like to thank you, dear shareholder, for your support throughout the years. With a clear strategy, solid financials and our portfolio of great companies, we will do our utmost to continue to create value.

Jacob Wallenberg  
Chairman of the Board



# Letter from the CEO

Dear fellow Shareholder,

The macroeconomic and geopolitical situation did not improve during 2015, and there is no lack of challenges near-term. However, we know from history that challenging times often offer attractive long-term investment opportunities, both for Investor and for our companies. 2015 was another active year for Investor, with a new structure, major investments and strong cash flow generation. Our total shareholder return amounted to 13 percent. With a clear strategy, we are well positioned to continue to create long-term value.

In 2015, we launched a new structure, with Listed Core Investments, EQT and Patricia Industries allowing us to work in a more focused way both with our listed and unlisted holdings. In line with our strategy, we made substantial investments within Listed Core Investments, committed capital to the new EQT VII fund, and Patricia Industries acquired BraunAbility in the U.S. At the same time, our cash flow was strong, driven by dividends from Listed Core Investments, strong net cash flow from EQT, and capital distribution from Mölnlycke Health Care and 3 Scandinavia.

## Active ownership

As an active owner, supporting our companies to successfully navigate in this challenging environment is a key task for Investor. The boards of our companies remain our most important ownership tool. Therefore, we have stepped up our efforts to make sure that we have the best boards possible in our companies, with a dynamic and relevant mix of competencies for each company. The board members must have integrity, business acumen and really understand the operating environment. They also need to make sure to constantly challenge, but also support, management.

We focus on the industrial value creation in our companies, and drive the initiatives that we believe will create the most value over time, even if profitability might be impacted negatively near-term.

Our companies should always be able to focus on executing on well-defined strategies, strongly anchored in their boards. Having said that, a long-term perspective must never be an excuse not to constantly improve efficiency or follow up of ones operations as this too is important for long-term competitiveness.

During 2015, we continued to refine our value creation plans for all our companies. One focus area is our companies' ability to capture profitable growth opportunities, which, among other things, requires strong enough balance sheets. Our view is clear: the companies should have balance sheets that allow them to pursue investment opportunities and of course to run the operations efficiently. Once those needs are met, any excess capital should be distributed to the owners. However, these priorities must never be reversed, as this would jeopardize the ability to create long-term value.

To create long-term value, companies must be willing to take calculated risk, an inherent part of doing business. Sometimes you will succeed, sometimes you will not. The most important thing when an investment or a project does not turn out as expected, is to learn from it, quickly adapt and move on.

## Listed Core Investments

The current business environment is tough. However, long-term trends such as demographics, major technology shifts,

the need for productivity improvement and increased focus on sustainability also offer great opportunities. Consequently, it is more important than ever that our companies focus on constantly improving efficiency, while continuing to invest for the future. During 2015, many of our listed core investments made progress, both operationally and strategically. For example, Wärtsilä acted swiftly to reduce costs in its marine business and Atlas Copco in its mining-related segments. ABB launched a substantial cost savings program and Ericsson continued to work hard on improving efficiency. Simultaneously, Saab built a solid order book driven by the Gripen aircraft, submarines and radar systems. Atlas Copco continued to invest in the attractive vacuum area and Ericsson entered a strategically important partnership with Cisco. Sobi recently launched Elocta, for the treatment of hemophilia A, and AstraZeneca strengthened its pipeline, both organically and through acquisitions. These are all examples of initiatives to build stronger platforms for the future. Within Listed Core Investments, we invested SEK 5.6 bn. in ABB, increasing our ownership to 10 percent. We also invested SEK 0.2 bn. in Wärtsilä.

## EQT

EQT contributed strongly to Investor in 2015, with SEK 4.5 bn. in net cash flow and a value change in constant currency



of 32 percent. Activity within EQT remained high. Several new funds, including EQT VII, the largest one to date, and to which we committed SEK 3.2 bn., were successfully launched. Given the excellent historical track record and the attractive return potential, we will continue to invest in EQT's funds.

### Patricia Industries

The top priority for Patricia Industries, focusing on the long-term expansion of our portfolio of wholly-owned companies, is currently to step up the efforts to grow and develop the existing holdings and realize the value of the financial investments. However, the team is also actively looking for new subsidiaries, both in the Nordics and North America. Regarding new investments, we look for companies with strong corporate cultures and market positions in attractive industries that we understand well.

Mölnlycke Health Care reported good growth and profitability. The company invested in sales force expansion and product innovation, which weighed on profitability during the fourth quarter. However, we expect these investments to contribute to sustained profitable growth in the years ahead. Profitable growth, both organic and through acquisitions, remains the key priority, as exemplified by the acquisition of Sundance Solutions in early 2016. During 2015, Mölnlycke Health Care distributed EUR 440 m. to Patricia Industries, reflecting the company's strong cash flow generation.

Aleris reported good growth and stable profitability. Growth was mainly driven by Norway, but all areas contributed positively. The acquisition of Teres Medical Group strengthens Aleris' offering. We will continue to build Aleris into a high-quality private provider of care and health-care services and see additional opportunities for further improvement.



*"We focus on the industrial value creation in our companies, and drive the initiatives that we believe will create the most value over time."*

Permobil continued to progress well. Sales growth was good, particularly during the latter part of the year, driven by strong demand for the new F-Series wheelchairs, both in the U.S. and in Europe. In addition, Permobil successfully integrated several complementary acquisitions.

In October, Patricia Industries completed the acquisition of BraunAbility, its first U.S. subsidiary, for an equity investment of SEK 2.8 bn. BraunAbility has strong market positions in its core markets, wheelchair accessible vehicles and wheelchair lifts, and significant growth potential.

Grand Group reported good growth and improved earnings. Vectura also progressed well and is investing to accelerate growth. 3 Scandinavia had a strong 2015, with good subscriber intake, service revenue growth and cash flow generation.

### Going forward

Our strategy, built on growing our net asset value, operating efficiently and paying a steadily rising dividend, remains firm. To achieve good net asset value growth, we need to be a world-class owner and allocate our capital wisely. In line with our strategy, Patricia Industries will continue to invest through its existing subsidiaries and look for new ones. We will continue to commit capital to EQT's funds, and we will gradually strengthen our ownership in selected listed core investments when we find valuations attractive. While we prioritize the expansion of our portfolio of unlisted companies, we have the strategic flexibility to act on opportunities on the listed side as well. In short, we will try to capture those opportunities which we find the most attractive.

We will continue to run our operations efficiently. In 2015, our management costs were below our SEK 500 m. annual target, and we maintain strict cost discipline.

We also remain committed to our dividend policy, with the ambition to pay a steadily rising dividend over time.

2016 marks Investor's 100th anniversary, and our model of active, long-term ownership has served us well for a century. Today, we have a portfolio of great companies and strong financial flexibility. We also have a highly professional and dedicated organization, which I would like to thank for all the efforts made in 2015. Based on this combination, and hard work of course, I am confident in Investor's continued ability to handle challenges and capture attractive opportunities, never losing sight of our overarching goal to create long-term value to you, dear shareholder.

A handwritten signature in dark ink, appearing to read 'Johan Forssell'.

Johan Forssell  
President and Chief Executive Officer



# Financial development

At year-end 2015, net asset value amounted to SEK 271.8 bn., an increase of SEK 10.8 bn. during the year. With dividend added back, the increase was 7 percent, compared to the SIXRX's 10 percent. Investor's leverage was 5.5 percent.

The contribution to net asset value from the business areas during 2015 amounted to SEK 8,804 m. from Listed Core Investments (41,209), SEK 3,995 m. from EQT (4,364), and SEK 4,855 m. from Patricia Industries (6,214).

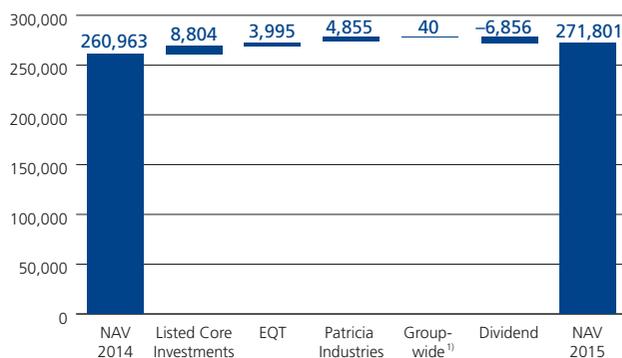
## Overview of net asset value

	12/31 2015			12/31 2014	
	Owner-ship, % (capital)	SEK/ share	Value SEK m.	Contribution to net asset value	Value SEK m.
<b>Listed Core Investments</b>					
Atlas Copco	16.8	57	43,100	611	44,972
SEB	20.8	54	40,826	-2,414	45,407
ABB	10.0	47	35,424	-2,033	33,192
AstraZeneca	4.1	39	29,869	2,803	28,270
Sobi	39.6	19	14,515	5,982	8,532
Ericsson	5.3	19	14,086	-1,126	15,807
Wärtsilä	17.2	17	13,077	1,494	11,776
Electrolux	15.5	13	9,860	-780	10,952
Nasdaq	11.8	12	9,423	2,296	7,266
Saab	30.0	11	8,535	2,067	6,624
Husqvarna	16.8	7	5,428	-10	5,598
<b>Total Listed Core Investments</b>	<b>294</b>	<b>224,143</b>	<b>8,804<sup>1)</sup></b>	<b>218,396</b>	
<b>EQT</b>	<b>17</b>	<b>13,021</b>	<b>3,995<sup>1)</sup></b>	<b>13,522</b>	
<b>Patricia Industries</b>					
Mölnlycke Health Care	99	26	20,050	1,188	22,952
Permobil	94	5	3,963	197	3,737
Aleris	100	5	3,869	102	3,762
BraunAbility	95	4	2,781	-73	-
Vectura	100	2	1,795	115	1,313
Grand Group	100	0	175	17	158
	<b>43</b>	<b>32,634</b>	<b>1,546</b>	<b>31,922</b>	
3 Scandinavia	40	7	5,611	483	6,123
Financial Investments	17		12,850	3,078	11,714
<b>Total Patricia Industries excl. cash</b>	<b>67</b>	<b>51,095</b>	<b>4,855<sup>1)</sup></b>	<b>49,759</b>	
<i>Total Patricia Industries incl. cash</i>		<i>65,711</i>		<i>60,139</i>	
<i>Other assets &amp; liabilities</i>		<i>-1</i>	<i>-565</i>	<i>-6,816<sup>1-2)</sup></i>	<i>-261</i>
<b>Total Assets excl. cash Patricia Industries</b>	<b>378</b>	<b>287,695</b>		<b>281,416</b>	
Gross debt			-34,954	-36,051	
Gross cash			19,062	15,598	
<i>Of which Patricia Industries</i>			<i>14,616</i>	<i>10,380</i>	
Net debt			-21	-15,892	
<b>Net Asset Value</b>	<b>357</b>	<b>271,801</b>	<b>10,838</b>	<b>260,963</b>	

1) Including management costs, of which Listed Core Investments SEK 86 m., EQT SEK 8 m., Patricia Industries SEK 268 m., and Groupwide SEK 121 m.

2) Including paid dividends of SEK 6,856 m.

## Impact on net asset value, SEK m.



1) Including net financial items, repurchases of shares, equity effects and management costs.

## Development of the Group

SEK m.	2015	2014	2013	2012
Changes in value	8,538	41,960	37,031	19,472
Dividends	7,821	7,228	6,052	5,177
Other operating income <sup>1)</sup>	58	177	362	509
Management costs	-483	-368	-359	-377
Other items	1,500	1,691	2,020	-606
<b>Profit (+)/Loss (-)</b>	<b>17,434</b>	<b>50,688</b>	<b>45,106</b>	<b>24,175</b>
Non-controlling interest	-1	-32	59	51
Dividends paid	-6,856	-6,089	-5,331	-4,563
Other effects on equity	262	979	885	-1,035
<b>Total</b>	<b>10,838</b>	<b>45,546</b>	<b>40,719</b>	<b>18,628</b>

1) Includes interest received on loans to associates.

## Results

The consolidated net profit amounted to SEK 17,434 m. (50,688). Management costs amounted to SEK 483 m. (368). The increase is mainly explained by the inclusion of the former Investor Growth Capital operations in 2015.

## Net debt and leverage

Net debt amounted to SEK 15,892 m. at year-end (20,453), corresponding to leverage of 5.5 percent (7.3). Gross cash amounted to SEK 19,062 m., of which Patricia Industries SEK 14,616 m.

Our target leverage range is 5-10 percent over a business cycle. While leverage can fluctuate above and below the target level, it should not exceed 25 percent for any longer periods of time. Our leverage policy allows us to capture investment opportunities in the market and support our companies.

The debt financing of the wholly-owned subsidiaries within Patricia Industries is ringfenced and hence not included in Investor's net debt. Investor guarantees SEK 0.7 bn. of 3 Scandinavia's external debt, which is not included in Investor's net debt.

The average maturity of the debt, excluding the debt of the wholly-owned subsidiaries within Patricia Industries, was 10.3 years as of year-end (11.3).

During the fourth quarter 2015, Moody's upgraded Investor's long-term credit rating to Aa3 from A1.

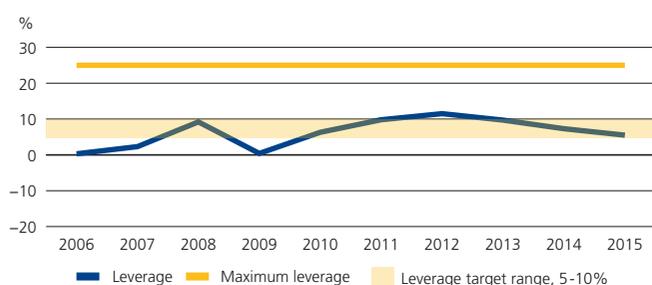
#### Net debt 12/31 2015

SEK m.	Consolidated balance sheet	Deductions related to Patricia Industries	Investor's net debt
Other financial investments	6,665	-18	6,648
Short-term investments, cash and cash equivalents	15,061	-2,646	12,414
Receivables included in net debt	1,909	-	1,909
Loans	-52,532	15,764	-36,769
Provision for pensions	-743	648	-95
<b>Total</b>	<b>-29,640</b>	<b>13,748</b>	<b>-15,892</b>

#### Change in net debt

SEK m.	2015
<b>Opening net debt</b>	<b>-20,453</b>
<b>Listed Core Investments</b>	
Dividends	7,681
Other capital distributions	1,241
Investments, net of proceeds	-5,783
<b>Total</b>	<b>3,139</b>
<b>EQT</b>	
Proceeds (divestitures, fee surplus and carry)	6,086
Draw-downs (investments and management fees)	-1,603
<b>Total</b>	<b>4,483</b>
<b>Patricia Industries</b>	
Proceeds	8,012
Investments	-3,814
Other	38
<b>Total</b>	<b>4,236</b>
<b>Investor Groupwide</b>	
Dividend paid	-6,856
Other	-441
<b>Closing net debt</b>	<b>-15,892</b>

#### Leverage



#### Parent company

Results after financial items were SEK 8,360 m. (41,898), mainly related to Listed Core Investments, which contributed with dividends of SEK 7,182 m. (6,033) and value changes of SEK -2,582 m. (32,568). The Parent Company invested SEK 21,292 m. in financial assets (19,056), of which SEK 15,677 m. in group companies (15,042), and SEK 5,613 m. in Listed Core Investments (2,264). At year-end, shareholders' equity amounted to SEK 228,433 m. (226,768).

#### Risk and uncertainty factors

Risk management is an integral part of the board's and management's governance and follow-up of operations. The board is responsible for setting appropriate risk levels and establishing authorities and limits. The boards in the operating subsidiaries manage the risks in their respective businesses and decide on appropriate risk levels and limits. The following is a brief description of the most significant risks and uncertainty factors affecting the Group and the Parent Company. For a more detailed description, see note 3, Risks, page 47.

#### Commercial risks

Commercial risks primarily consist of a high level of exposure to a particular industry or an individual holding, as well as market changes that impact our net asset value, limit investment potential or prevent exits from holdings at a chosen time. The overall portfolio risk is mitigated by many investments active in several different industries and geographies. Commercial risks in the operating subsidiaries' businesses are managed by continuous focus on product development, customer needs, market analysis and cost efficiency, among other things.

#### Financial risks

The main financial risks are market risks, i.e. the risks associated with changes in the value of a financial instrument. For Investor, share price risk is clearly the largest financial risk. When it comes to fluctuations in exchange rates and interest rates, Investor uses derivatives as one method of managing these risks.

#### Future development

In line with our strategy, we will continue to gradually increase our ownership in selected listed core investments and commit capital to EQT. Patricia Industries will focus on developing its existing subsidiaries, add new ones and realize value from its financial investments. We will maintain strict cost discipline and we stay committed to our dividend policy with the ambition to pay a steadily rising dividend over time.



# Objective and operating priorities

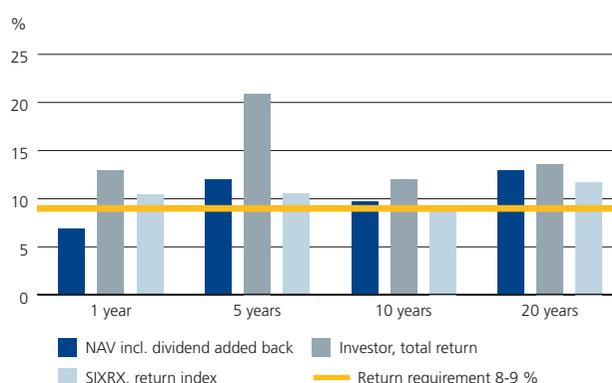
We are committed to generating an attractive long-term total return, exceeding the market cost of capital. Our long-term return requirement is the risk free interest rate plus an equity risk premium, in total 8-9 percent annually. Our operating priorities are to grow our net asset value, operate efficiently and pay a steadily rising dividend.

- **Grow our net asset value**

To achieve good net asset value growth, we need to own high-quality companies and be a good owner, supporting our companies to achieve profitable growth. We also need to allocate our capital wisely.

2015: Our net asset value amounted to SEK 271.8 bn. at year-end 2015 (261.0), an increase, with dividend added back, of 7 percent (24). The SIXRX total return index rose by 10 percent (16).

### Average annual return

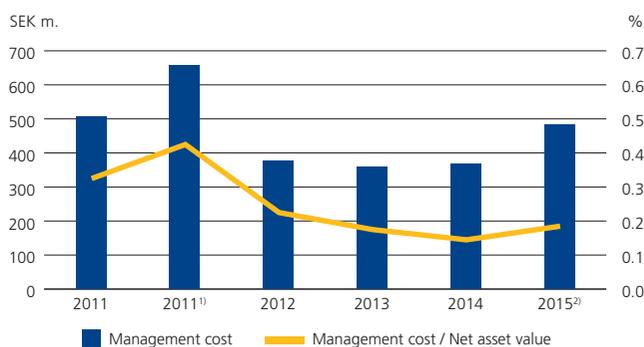


- **Operate efficiently**

We maintain strict cost discipline to remain efficient and in order to maximize our operating cash flow.

2015: Management costs were SEK 483 m. (368), corresponding to 0.18 percent of our net asset value (0.14). The increase compared to 2014 is mainly explained by the inclusion of the former Investor Growth Capital operations.

### Management cost



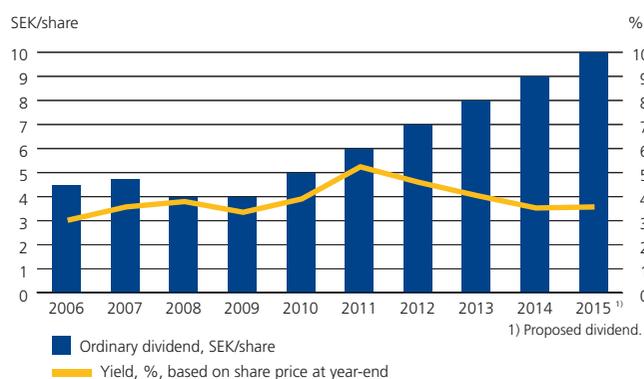
1) Including restructuring cost of SEK 150 m.  
2) Including the operations in former IGC

- **Pay a steadily rising dividend**

Our dividend policy is to distribute a large percentage of the dividends received from the listed core investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. The goal is also to pay a steadily rising dividend.

2015: The Board of Directors and the President has proposed a SEK 10.00 dividend per share (9.00). Based on this proposal, our dividend has increased by 15 percent annually over the past five years.

### Dividend



1) Proposed dividend.



# Active ownership

We are a long-term owner and through our board participation, our network and industrial expertise, we focus on what we deem will create the most value for each holding. Our business model is built on substantial ownership in each holding, enabling us to impact key strategic decisions.

## What we invest in

We invest in companies in industries we understand well, and in which we can utilize our experience and network as well as our financial expertise.

We have a long-term investment horizon focusing on “buy-to-build”. Our base case is not to divest holdings but rather to develop them over time, as long as we see further value creation potential. If we arrive at the conclusion that a certain holding no longer offers attractive enough potential, or that it would be better off with another main owner, we would actively drive an exit process in order to find a new good owner for the company and maximize the value for our shareholders at the same time.

We look for certain characteristics in our companies. They should have strong market positions, flexible and sustainable business models, high exposure to growth markets and strong cash flow generation. We focus on high-quality companies that we can contribute to developing further over time.

Given our long-term investment horizon, we actively support our companies in making long-term value-creating investments such as expanding their positions in growth markets, R&D and

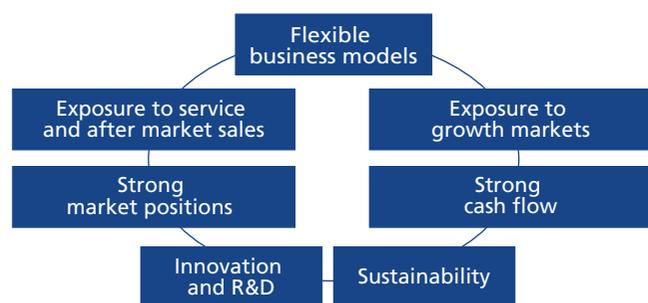
product launches and other efforts to strengthen long-term competitiveness. Attractive products and services are always the basis for long-term competitiveness and a key value driver. Our focus is on maximizing the intrinsic value of our holdings, i.e. the net present value of all future cash flow in the company. Given this, we do not refrain from taking actions with a negative short-term impact, as long as we believe that they will increase the intrinsic value longer-term.

## Cash flow platform

Over the past few years, we have established a strong cash flow platform. This cash flow allows us to finance investments in both existing and new holdings without divesting other assets. It also allows us to pay a steadily rising dividend. Going forward, our capital allocation focus is to invest through our existing wholly-owned subsidiaries within Patricia Industries and finding new ones. In addition, we will continue to strengthen our ownership in selected listed core investments, and we will also continue to invest in EQT’s funds.



As a long-term investor and owner, we look for certain characteristics in our investments



### Flexible business models

To maintain profitability through the business cycle, it is critical that our holdings have flexible business models. Flexible business models also allow the companies to better manage rapid, sometimes disruptive, technological change.

### Exposure to service and after market sales

A strong service and aftermarket offering improves the understanding of customer needs and builds customer loyalty. It also offers attractive profitability, additional growth opportunities and increased product penetration.

### Exposure to growth markets

Our holdings should be well positioned to capture growth through product extensions, new products, and new geographic markets.

### Strong market positions

Our holdings should have market leading positions as this enhances pricing power and creates the foundation for sustainable good profitability.

### Strong cash flow

Our holdings should have strong cash flow capacity that can be used for investments, for example in R&D and market expansion, and steady distribution to the owners.

### Innovation and R&D

To achieve and ensure strong market positions, growth and profitability over time, continuous innovation and focus on R&D is essential.

### Sustainability

Running operations in a sustainable, responsible and ethical way is a prerequisite for long-term attractive profitability. Companies that are best-in-class when it comes to sustainability will provide superior products and services, and recruit the best employees, thereby outperforming competition over time.

## We work through the boards

The boards in our holdings are the main tool for our active ownership. Therefore, we work hard to make sure that we have the best board possible in each company. In our listed core investments, we work through the nomination committees and utilize our network to find the best board candidates. We strive to have two board representatives, including the Chairman position. In our subsidiaries, we appoint board representatives both from Investor and Patricia Industries as well as external members from our network. In our view, a well-functioning board should be composed of individuals with a mix of genders, age, ethnicity and relevant industrial and financial expertise. Integrity and business acumen is also important. Our experience is that well-diversified groups improve the dynamic and create more value. As the conditions under which a company operates change over time, the board composition also needs to change. Therefore, it is important to regularly evaluate the boards to ensure that the composition remains dynamic and well adapted.

A clear division of responsibilities between the owners, boards and management teams in the companies is important. The owners of a company are responsible for ownership-related issues, for example the appointment of the board. The board

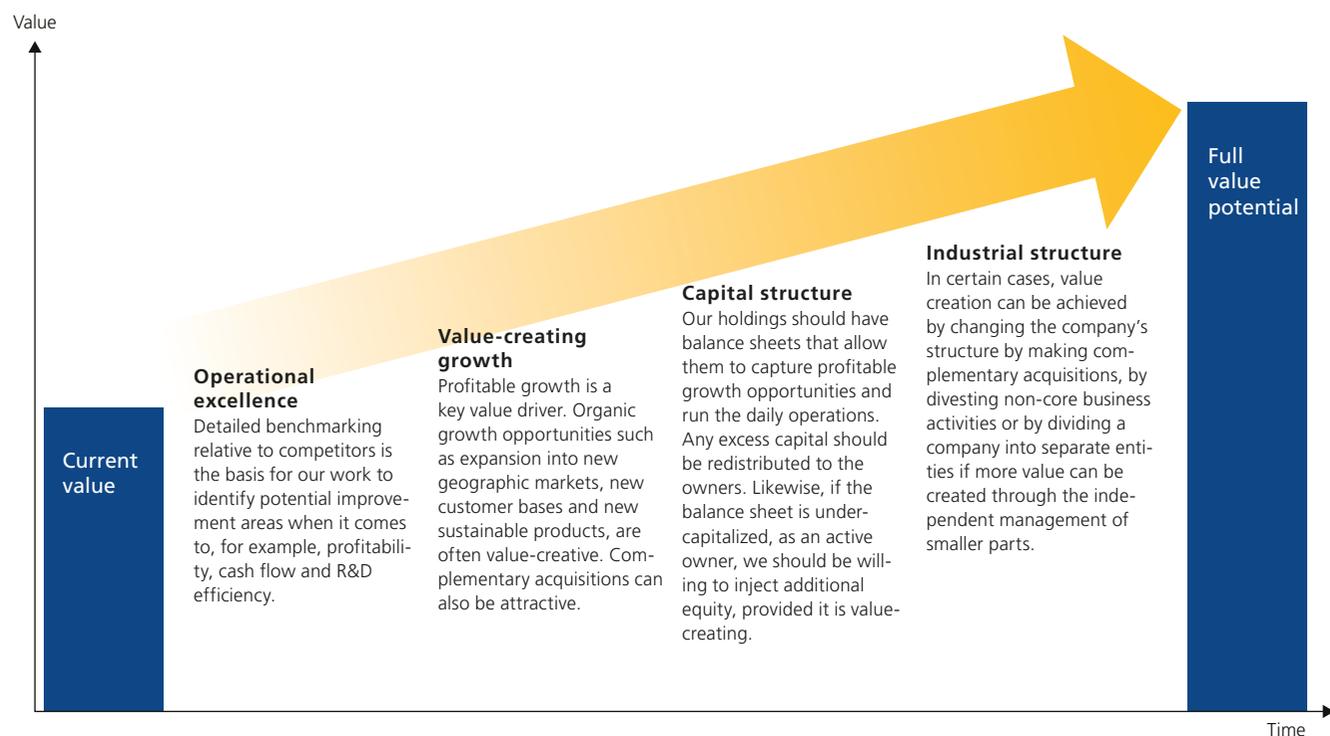
appoints the CEO, defines the strategy and monitors the performance of the company, while the management team is responsible for executing the strategy. This model works well for us.

## Investor's business teams

Our ownership work in our companies is mainly carried out by our investment organizations and their business teams within Listed Core Investments and Patricia Industries. The business teams consist of our board representatives, investment managers and analysts at Investor. The business teams conduct extensive benchmarking of our companies versus their competitors and define value creation plans. These plans identify strategic key value drivers that we want the companies to focus on over the next 3-5 years in order to maximize long-term value and maintain or achieve best-in-class positions.

The business teams are also responsible for regularly updating our view of the long-term fundamental values of our companies, serving as the starting point for our investment decisions. When we find the valuation attractive and we are not restricted, we normally gradually increase ownership in selected listed core investments. Within Patricia Industries, the business teams also actively screen the market for new investment opportunities.

### Value creation plan



# Our investments

## Listed Core Investments

**224**  
SEK bn.

**78%**  
of total assets



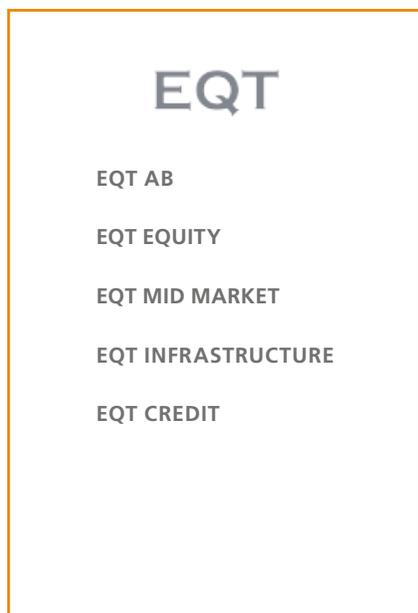
Listed Core Investments, representing 78 percent of our total assets as of year-end 2015, consists of 11 listed holdings in which we are a significant minority owner. We have a long-term, active ownership perspective with the objective to grow net asset value and generate returns through value appreciation and capital distribution.

Our listed core investments are multi-national companies with proven business models and strong market positions.

## EQT

**13**  
SEK bn.

**5%**  
of total assets



At year-end 2015, our investments in EQT represented 5 percent of our total assets. We are one of the founders of the private equity company EQT and a sponsor since its inception in 1994. Since then, EQT has evolved into a world-class private equity company, having raised approximately EUR 29 bn. in different funds. We have committed capital to the vast majority of these funds and own 19 percent of EQT AB.

## Patricia Industries

**51**  
SEK bn.

**18%**  
of total assets



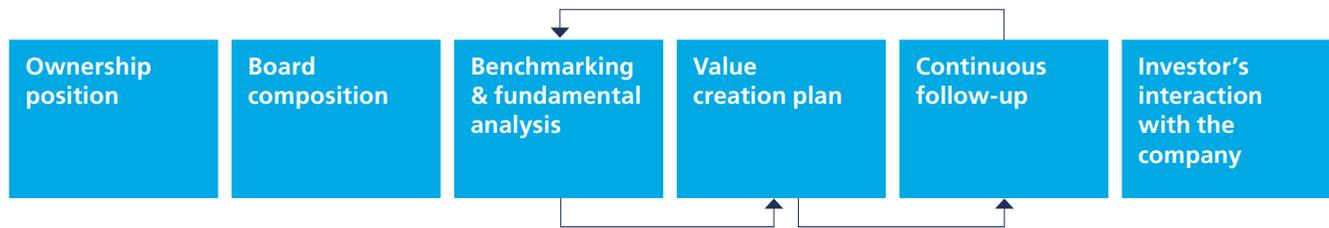
Patricia Industries, representing 18 percent (excluding gross cash) of our total assets as of year-end 2015, focuses on long-term, active ownership and development of unlisted companies. The objective is to build a portfolio of wholly-owned subsidiaries with strong long-term growth potential and cash flow generation. Proceeds from the divestitures of financial investments will be reinvested in new subsidiaries.



# Listed Core Investments

Listed Core Investments, representing 78 percent of our total assets as of year-end 2015, consists of our listed holdings in which we are a significant minority owner. We have a long-term investment perspective with the objective to generate returns through value appreciation and dividends. As an active owner, we strive to ensure that our holdings have the best boards possible and through our value creation plans, we support our companies to maintain or achieve best-in-class positions.

## Model for active ownership



Our listed core investments are ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Husqvarna, Nasdaq, Saab, SEB, Sobi and Wärtsilä. These are multinational companies with strong market positions and proven track records.

Listed Core Investments contributed SEK 8.8 bn. to the net asset value during 2015, and the total return amounted to 4 percent. Given the proposals ahead of the Annual General Meetings 2016, dividends to be received in 2016 for fiscal year 2015 are currently estimated at SEK 8.2 bn. (7.7).

### Our model for active ownership

As an active owner, we work through our board representatives to support our companies to maintain or achieve best-in-class positions. The foundation for active ownership in the listed core investments is a significant minority ownership, as this is a prerequisite to be able to influence the board composition in each company and to impact key strategic decisions.

We work with a structured approach to evaluate current company performance, both in absolute terms and compared to relevant peers. Our business teams perform extensive benchmarking in terms of growth, profitability, cash flow and total shareholder return to determine the performance versus com-

petitors. This benchmarking and extensive fundamental analysis form the basis for identifying improvement potential in the companies. We define value creation plans consisting of the key strategic focus points we believe that the companies should work with over the next few years in order to maximize their long-term value. These value creation plans are regularly refined and are a central tool in our interaction with the companies. Examples of focus points in the value creation plans include investing in product development and sales forces to accelerate growth in certain segments, improving the cost structure in a division or improving inventory management.

As part of our strategy, we increase our ownership in selected listed core investments when we find valuations fundamentally attractive. During 2015, we bought shares in ABB for SEK 5.6 bn. and in Wärtsilä for SEK 0.2 bn. While we do not actively seek new investments within Listed Core Investments, we do not rule out additional investments, should attractive opportunities arise.

In general, we believe that our listed core investments are well positioned, although there is always room for further improvement.

### Contribution to net asset value

SEK m.	2015	2014
Changes in value	1,209	35,084
Dividends, listed	7,681	6,227
Management costs	-86	-102
<b>Total</b>	<b>8,804</b>	<b>41,209</b>

### Overview

- Ownership: significant minority owner
- Ownership perspective: long-term, no exit strategy
- Board representation: preferably two, including the Chairman position
- Valuation methodology: share price
- Assets: SEK 224.1 bn.
- Percent of total assets: 78
- Impact on net asset value: SEK 8.8 bn.
- Total shareholder return: 4 percent
- Dividends received: SEK 7.7 bn.
- Net invested: SEK 5.8 bn.

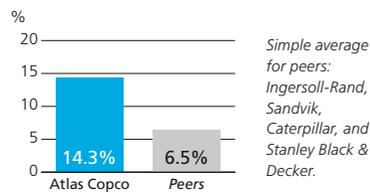


Key figures, SEK m.	2015	2014
Net sales	102,161	93,721
Operating margin, %	19.3	18.2
Net profit	11,723	12,175
Earnings per share, SEK	11.92 <sup>1)</sup>	10.01
Dividend per share, SEK	6.30p	6.00
Net debt	14,805	15,428
Market capitalization	248,328	259,191
Number of employees	43,114	44,056

Investor's engagement	2015	2014
Share of capital, %	16.8	16.8
Share of votes, %	22.3	22.3
Value of holding, SEK m.	43,100	44,972

Board Members from Investor: Hans Stråberg (Chairman), Johan Forssell  
 1) Adjusted for a tax provision of SEK 2,802 m.

**Average annual total return, 10 years**



Provides compressors, vacuum and air treatment systems, construction and mining equipment, power tools and assembly systems

Chairman: Hans Stråberg  
 President and CEO: Ronnie Leten

**IMPORTANT EVENTS 2015**

- Atlas Copco strengthened its vacuum business with the acquisition of Oerlikon Leybold Vacuum, with annual sales of SEK 3.3 bn. This follows the 2014 acquisition of Edwards Group Ltd., its first major step into the vacuum solutions business.

**OUR VIEW**

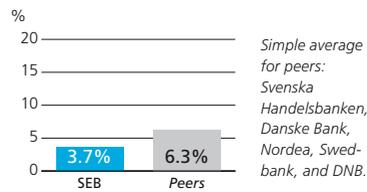
Atlas Copco has world-leading market positions as a provider of sustainable productivity solutions, and a strong corporate culture. The company has best-in-class operational performance and has generated a total return significantly higher than its peers. Strong positions in key growth markets, and world-class aftermarket operations have been instrumental to the historical performance. Going forward, the strong market positions, the flexible business model and focus on innovation provide an excellent platform for capturing business opportunities, also in the current low growth environment. The strong cash flow allows for both substantial capital distribution to shareholders, and flexibility to act on attractive growth opportunities.

Key figures, SEK m.	2015	2014
Total operating income	44,148	46,936
Operating profit	20,865	23,348
Net profit	16,581	19,219
Earnings per share, SEK	7.57	8.79
Dividend per share, SEK	5.25p	4.75
Core Tier 1 ratio, %	18.8	16.3
Market capitalization	196,083	218,384
Number of employees	15,605	15,714

Investor's engagement	2015	2014
Share of capital, %	20.8	20.8
Share of votes, %	20.8	20.8
Value of holding, SEK m.	40,826	45,407

Board Member from Investor: Marcus Wallenberg (Chairman)

**Average annual total return, 10 years**



A financial services group with main focus on the Nordic countries, Germany and the Baltics  
 Chairman: Marcus Wallenberg  
 President and CEO: Annika Falkengren

**IMPORTANT EVENTS 2015**

- SEB announced a new three-year plan aimed at continuous growth in operating profit. The financial targets were reiterated and the company extended the cost cap until 2017.
- SEB presented its new vision of achieving true customer centricity in a digitalized world and, as a consequence, introduced a new organizational structure to better serve its customers.

**OUR VIEW**

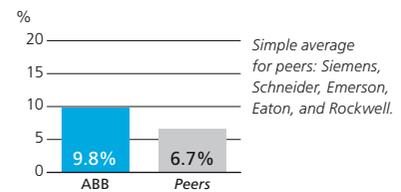
SEB continues to focus on deepening customer relationships across its geographies and expanding within the savings and pensions area. Operating leverage has increased, alongside a strengthened balance sheet. Nonetheless, sustained capital and funding efficiency will remain essential in the new regulatory environment and to support sustainable and competitive returns. In addition, investments in digital platforms and competencies will be necessary to drive continued operational efficiency as well as improved customer experiences. We believe that SEB is well prepared to navigate the banking landscape of tomorrow.

Key figures, USD m.	2015	2014
Net sales	35,481	39,830
Operational EBITA margin, %	11.8	11.2
Net profit	1,933	2,594
Earnings per share, USD	0.87	1.13
Dividend per share, CHF	0.74p	0.72
Net debt	1,241	923
Market capitalization, SEK m.	334,880	372,763
Number of employees	135,800	140,400

Investor's engagement	2015	2014
Share of capital, %	10.0	8.6
Share of votes, %	10.0	8.6
Value of holding, SEK m.	35,424	33,192

Board Member from Investor: Jacob Wallenberg (Vice Chairman)

**Average annual total return, 10 years**



Provides power and automation technologies for utility and industry customers  
 Chairman: Peter Voser  
 President and CEO: Ulrich Spiesshofer

**IMPORTANT EVENTS 2015**

- ABB adjusted its divisional structure in order to simplify the go-to-market and initiated a strategic review of the Power Grids division.
- ABB launched efficiency programs to increase white-collar productivity and improve working capital management.
- We invested SEK 5.6 bn. in ABB and increased our ownership to 10.0 percent.

**OUR VIEW**

The power and automation industries are attractive and benefit from structural growth drivers such as investments in smarter electricity grids as well as increased energy efficiency and productivity in industrial processes. ABB is well positioned due to its broad industry and geographic presence, leading product portfolio and strong market positions. There is nevertheless room to improve ABB's customer focus and cost efficiency. The company needs to execute on current strategic initiatives and continue to invest for the future. ABB's balance sheet is strong, supporting further investments in growth as well as attractive distribution to shareholders.



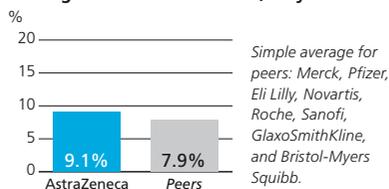
Key figures, USD m.	2015	2014
Net sales	24,708	26,547
Core operating margin, %	27.9	26.1
Net profit	2,826	1,233
Earnings per share (core), USD	4.26	4.28
Dividend per share, USD	2.80	2.80
Net debt	7,762	3,223
Market capitalization, SEK m.	730,592	692,203
Number of employees	57,500	51,500

Investor's engagement	2015	2014
Share of capital, %	4.1	4.1
Share of votes, %	4.1	4.1
Value of holding, SEK m.	29,869	28,270

Board Member from Investor: Marcus Wallenberg

**Average annual total return, 10 years**



A global, innovation-driven, biopharmaceutical company  
 Chairman: Leif Johansson  
 President and CEO: Pascal Soriot

**IMPORTANT EVENTS 2015**

- AstraZeneca accelerated its pipeline and received several regulatory approvals, including Tagrisso for lung cancer and Zurampic for gout. In addition, Brilinta received an expanded approval in the U.S. to include long-term use for patients with a history of heart attacks.
- AstraZeneca continued to invest in its main therapy areas through the acquisitions of ZS Pharma, a majority stake in Acerta Pharma and several respiratory assets.

**OUR VIEW**

AstraZeneca faces patent expirations for some key products in the coming years, which makes continued strengthening of the research pipeline and bringing new innovative products to the market highly important. AstraZeneca has made encouraging progress, and the coming two years will be important in terms of late-stage pipeline results. It is also important that AstraZeneca continues to strengthen its presence in emerging markets and strives for operational excellence.

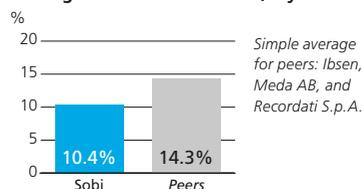
Key figures, SEK m.	2015	2014
Net sales	3,228	2,607
EBITA margin, adjusted, %	13.4	11.8
Net profit	68	-268
Earnings per share, SEK	0.26	-1.01
Dividend per share, SEK	0.00p	0.00
Net debt	-82	298
Market capitalization	36,022	21,083
Number of employees	702	584

Investor's engagement	2015	2014
Share of capital, %	39.6	39.7
Share of votes, %	39.8	39.8
Value of holding, SEK m.	14,515	8,532

Board Members from Investor: Lennart Johansson, Helena Saxon

**Average annual total return, 9 years**



A specialty healthcare company developing and delivering innovative therapies and services to treat rare diseases  
 Chairman: Bo Jesper Hansen  
 President and CEO: Geoffrey McDonough

**IMPORTANT EVENTS 2015**

- Elocta (hemophilia A) was approved in all EU member states as well as Iceland, Liechtenstein and Norway.
- Sobi's partner Biogen Idec filed a marketing authorization application in Europe for Alprolix (hemophilia B) and Sobi exercised its opt-in right for the product in its territory.

**OUR VIEW**

In January 2016 Sobi launched Elocta (hemophilia A) in the first countries in Europe. Securing the full commercial potential of Sobi's hemophilia assets is the key focus for the company. Continued focus on operational performance, extending the life of the existing products and commercial agreements is also key near-term.

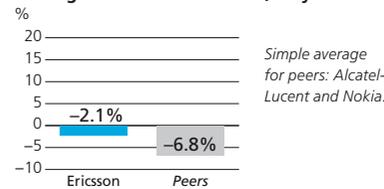
Key figures, SEK m.	2015	2014
Net sales	246,920	227,983
Operating margin, %	8.8	7.4
Net profit	13,673	11,143
Earnings per share, SEK	4.13	3.54
Dividend per share, SEK	3.70p	3.40
Net debt	-18,486	-27,629
Market capitalization	267,166	304,242
Number of employees	116,281	118,055

Investor's engagement	2015	2014
Share of capital, %	5.3	5.3
Share of votes, %	21.5	21.5
Value of holding, SEK m.	14,086	15,807

Board Members from Investor: Jacob Wallenberg (Vice Chairman), Börje Ekholm

**Average annual total return, 10 years**



Provides communications technology and services  
 Chairman: Leif Johansson  
 President and CEO: Hans Vestberg

**IMPORTANT EVENTS 2015**

- Ericsson and Cisco announced a strategic partnership enabling the two companies to leverage Ericsson's leading position in mobile networks and global services, and Cisco's in IP and routers, in order to offer customers end-to-end solutions.

**OUR VIEW**

Mobile data traffic continues to grow significantly and Ericsson is well-positioned to support telecom operators in managing this development. At the same time, Ericsson's earnings growth and total shareholder return has been weak in recent years. In order to secure good performance going forward, Ericsson must defend its strong market positions, ensure a competitive cost position and realize a good return on the recent years' investments in adjacent growth areas.





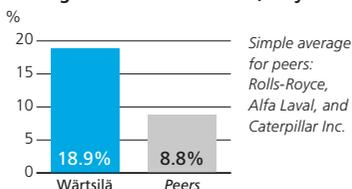
**5%**  
of total assets  
[www.wartsila.com](http://www.wartsila.com)

Key figures, EUR m.	2015	2014
Net sales	5,029	4,779
Operating margin, % (ex. EO)	12.2	11.9
Net profit	451	351
Earnings per share, EUR	2.25	1.76
Dividend per share, EUR	1.20p	1.15
Net debt	372	94
Market capitalization	8,314	7,315
Number of employees	18,856	17,717

Investor's engagement	2015	2014
Share of capital, %	17.2	16.9
Share of votes, %	17.2	16.9
Value of holding, SEK m.	13,077	11,776

Board Member from Investor: Tom Johnstone, CBE

#### Average annual total return, 10 years



Provides complete lifecycle power solutions for the marine and energy markets  
*Chairman:* Mikael Lilius  
*President and CEO:* Jaakko Eskola

#### IMPORTANT EVENTS 2015

- Jaakko Eskola was appointed new CEO. Mr. Eskola has been with Wärtsilä for 17 years, of which the last nine years as President of the Marine Solutions division.
- As a response to the cyclical downturn in the marine markets, Wärtsilä launched a cost reduction program within Marine Solutions.
- We invested SEK 0.2 bn. and increased our ownership to 17.2 percent.

#### OUR VIEW

Wärtsilä's leading global market positions and large emerging market exposure provide an excellent platform for profitable growth. To counteract end-market cyclicality, the company has an asset-light business model focused on R&D and design, with in-house manufacturing of critical components. The sizeable aftermarket business provides earning stability in downturns and supports both marine and energy customers. We see strong long-term value potential driven by stricter environmental regulation, build-out of smart power generation and increased penetration of natural gas-powered engines in the marine and energy markets.



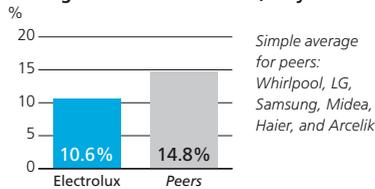
**4%**  
of total assets  
[www.electrolux.com](http://www.electrolux.com)

Key figures, SEK m.	2015	2014
Net sales	123,511	112,143
Operating margin, %	2.2	3.2
Net profit	1,568	2,242
Earnings per share, SEK	5.45	7.83
Dividend per share, SEK	6.50p	6.50
Net debt	6,407	9,631
Market capitalization	58,974	65,510
Number of employees	58,265	60,038

Investor's engagement	2015	2014
Share of capital, %	15.5	15.5
Share of votes, %	30.0	30.0
Value of holding, SEK m.	9,860	10,952

Board Member from Investor: Petra Hedengran

#### Average annual total return, 10 years



Provides household appliances and appliances for professional use  
*Chairman:* Ronnie Leten  
*President and CEO:* Keith McLoughlin (Jonas Samuelsson as of February 1, 2016)

#### IMPORTANT EVENTS 2015

- GE terminated the agreement to divest its Appliances division to Electrolux and therefore, the transaction was not completed.
- To address weak profitability in Small Appliances, Electrolux announced headcount reductions and downsizing of activities to structurally reduce costs.
- In early 2016, Jonas Samuelsson was appointed new CEO, succeeding Keith McLoughlin, who decided to step down.

#### OUR VIEW

The global appliances industry is highly competitive due to moderate growth in mature markets and a tough industry structure. The long-term growth potential in emerging markets is however high, supported by a fast-growing middle class and increased appliance penetration. Industry margins are low, but returns are healthy thanks to high capital turnover. For Electrolux, we believe that progress is becoming visible and we see good potential for a higher long-term operating margin. To achieve this, it is critical to ensure that the turnaround of the European operation is sustainable and to restore profitability in the North American business.



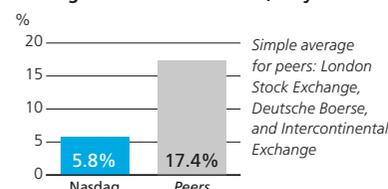
**3%**  
of total assets  
[www.nasdaq.com](http://www.nasdaq.com)

Key figures, USD m.	2015	2014
Net sales	2,090	2,067
Operating margin, % (non-GAAP)	46.7	45.0
Net profit	427	413
Earnings per share, USD	2.50	2.39
Dividend per share, USD	0.90	0.58
Net debt	2,063	1,886
Market capitalization	9,544	8,097
Number of employees	3,824	3,687

Investor's engagement	2015	2014
Share of capital, %	11.8	11.6
Share of votes, % <sup>1)</sup>	11.8	11.6
Value of holding, SEK m.	9,423	7,266

Board Member from Investor: Börje Ekholm (Chairman)  
1) No single owner is allowed to vote for more than 5 percent at the AGM.

#### Average annual total return, 10 years



Provides trading, exchange technology, information and public company services  
*Chairman:* Börje Ekholm  
*President and CEO:* Robert Greifeld

#### IMPORTANT EVENTS 2015

- A number of organic growth initiatives were launched, including Nasdaq Futures (NFX), a market place for trading in commodity derivatives and Linq, a platform for transfer of shares in private companies based on blockchain ledger technology.
- Nasdaq undertook a couple of bolt-on acquisitions, including Dorsey Wright, a U.S. based index provider. The acquisition makes Nasdaq one of the largest providers of indexes in the fast growing smart-beta indexing market.

#### OUR VIEW

Nasdaq has leading market positions and a unique brand in an industry we know well. An exchange is at the core of the financial system, and we believe that more financial products will be traded on exchanges, supported by increased digitalization of trading. Nasdaq has strengthened its non-transactional business, such as corporate solutions and information services, increasing the share of recurring revenue and resilience. We see expansion into new asset classes, geographies and adjacent businesses as some of the main drivers for continued value creation. Nasdaq's strong cash flow supports continued growth initiatives as well as attractive shareholder cash distribution.

100  
YEARS OF INVESTOR



**SAAB****3%**

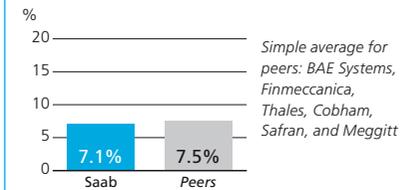
of total assets

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

Key figures, SEK m.	2015	2014
Net sales	27,186	23,527
Operating margin, %	7.0	7.1
Net profit	1,402	1,168
Earnings per share, SEK	12.88	10.86
Dividend per share, SEK	5.00p	4.75
Net debt	3,217	2,113
Market capitalization	27,634	21,343
Number of employees	14,685	14,716

Investor's engagement	2015	2014
Share of capital, %	30.0	30.0
Share of votes, %	39.5	39.5
Value of holding, SEK m.	8,535	6,624

Board Members from Investor: Marcus Wallenberg (Chairman), Johan Forssell, Lena Treschow Torell

**Average annual total return, 10 years**

Provides products, services and solutions for military defense and civil security  
 Chairman: Marcus Wallenberg  
 President and CEO: Håkan Buskhe

**IMPORTANT EVENTS 2015**

- Saab's order intake was exceptionally strong, driven by the Gripen aircraft order from Brazil, the A26 submarine system order from Sweden and the order on air-borne surveillance systems from the UAE, taking the order book to a record high SEK 114 bn., or more than 4 times annual sales.
- A new organization to support further synergies and efficiencies was introduced, whereby the business area Security and Defense Solutions was dissolved.

**OUR VIEW**

Saab provides state-of-the-art products and is well positioned in many niche markets globally. With many defense budgets under pressure, Saab's cost competitive product portfolio becomes increasingly attractive. In light of the record-strong order book, successful execution on the large orders will be critical going forward. Continued operational efficiency is important to support internal R&D investments and marketing efforts in order to secure a strong platform for the future.

**Husqvarna****2%**

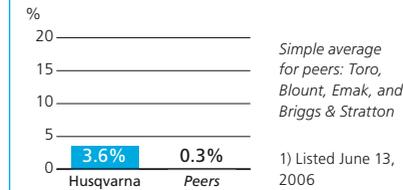
of total assets

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

Key figures, SEK m.	2015	2014
Net sales	36,170	32,838
Operating margin, excl. EO, %	8.2	7.2
Net profit	1,888	824
Earnings per share, SEK	3.28	1.43
Dividend per share, SEK	1.65p	1.65
Net debt	6,375	7,234
Market capitalization	33,066	32,054
Number of employees	13,572	14,337

Investor's engagement	2015	2014
Share of capital, %	16.8	16.8
Share of votes, %	32.7	31.2
Value of holding, SEK m.	5,428	5,598

Board Members from Investor: Tom Johnstone, CBE (Chairman), Magdalena Gerger, Daniel Nodhäll

**Average annual total return, 9 years<sup>1)</sup>**

Provides outdoor power products, consumer watering products, cutting equipment and diamond tools  
 Chairman: Tom Johnstone, CBE  
 President and CEO: Kai Wärn

**IMPORTANT EVENTS 2015**

- Husqvarna continued to improve its operating margin under the Accelerated Improvement Program launched in 2013. In two years, the Groups operating margin excluding items affecting comparability has recovered from 5.3 to 8.2 percent, despite a significant negative currency impact.

**OUR VIEW**

Total shareholder return for Husqvarna has been unsatisfactory since the spin-off from Electrolux, caused by weak markets for outdoor products and an unsatisfactory operational performance. However, over the last two years we have seen a significant improvement in profitability thanks to a clear focus on core brands and profit pools, a differentiation between the dealer and retail business models and strong focus on operational excellence. The new organizational structure implemented in 2015 will increase business model differentiation further and increase end customer focus. Near-term, it is important to improve profitability in the Consumer Brands division. The company is well positioned for profitable growth with world-leading market positions, strong brands and a global sales organization.

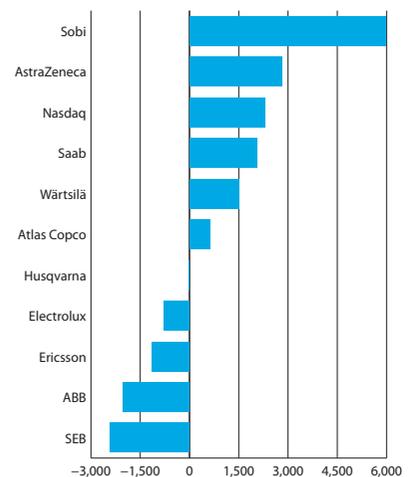
**Expected dividend flow to Investor, based on Investor's holding as of December 31, 2015, exchange rates as of March 16, 2016 and given AGM approvals of dividend proposals.**

SEK m.	2016	2015
SEB	2,395	2,167
ABB	1,450	1,349
Atlas Copco	1,303	1,241 <sup>1)</sup>
AstraZeneca	1,205 <sup>2)</sup>	1,204
Ericsson	648	595
Wärtsilä	376	359
Electrolux	311	311
Husqvarna	160	160
Saab	164	156
Nasdaq	154 <sup>3)</sup>	139
<b>Total</b>	<b>8,166</b>	<b>7,681</b>

- 1) In addition, Investor received SEK 1,241 m. through mandatory share redemption of SEK 6.00 per share.  
 2) Based on the assumption of unchanged dividend.  
 3) Based on the most recently decided quarterly dividend.

**Change in holdings during 2015**

	No. of shares	SEK m.
ABB	+32,200,000	-5,613
Wärtsilä	+500,000	-170
<b>Total</b>		<b>-5,783</b>

**Impact on net asset value, 2015 SEK 8,804 m.**

100 YEARS OF INVESTOR



# EQT

Our investments in EQT represented 5 percent of our total assets as of year-end 2015. Since its inception in 1994, EQT has evolved into a world-class private equity company. Over time, our investments in EQT have generated strong returns, and we will continue to invest in its funds.

EQT was founded in 1994, with Investor as one of its three founders. EQT operates in Europe, the U.S. and Asia with several different investment strategies: equity, mid-market, infrastructure and credit. Since inception, EQT has raised approximately EUR 29 bn. from more than 300 institutional investors and has invested more than EUR 16 bn. in around 140 companies in a variety of industries.

EQT has always focused on the industrial development of its holdings, and the clear majority of the returns generated is attributable to operational improvements such as increased sales and efficiency gains. On average, portfolio companies have increased the number of employees by 11 percent, sales by 8 percent and earnings by 11 percent annually, during EQT's ownership.

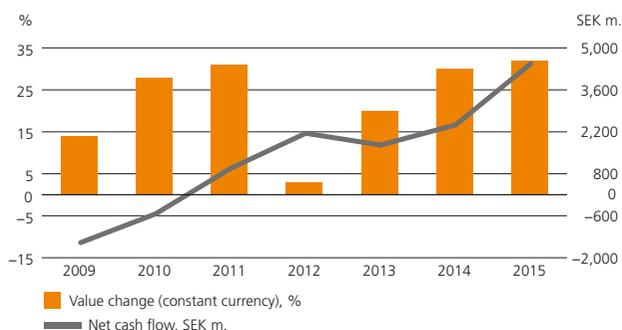
## Investor and EQT

As a sponsor since the start, Investor has committed capital to the vast majority of the funds that EQT has raised, and today, Investor owns 19 percent of EQT AB, which allows us to take part of carry and surplus from the management fees. This represents a significant enhancement of our total return from each respective fund over time.

### Overview

- Ownership: 19 percent in EQT AB
- Board representation: entitled to appoint two board members in EQT AB
- Valuation methodology: recent transactions, multiples (unlisted), share price (listed)
- Assets: SEK 13.0 bn.
- Percent of total assets: 5
- Impact on net asset value: SEK 4.0 bn.
- Net proceeds to Investor: SEK 4.5 bn.

### Net cash flow



# EQT

5%

of total assets

[www.eqt.se](http://www.eqt.se)

## Unlisted

### Impact on Investor's net asset value, SEK m.

	2015	2014
Net asset value, beginning of the year	13,552	11,615
Contribution to net asset value (value change)	3,995	4,364 <sup>1)</sup>
Draw-downs (investments and management fees)	1,590	2,397 <sup>1)</sup>
Proceeds to Investor (divestitures, fee surplus and carry)	-6,086	-4,854
<b>Net asset value, end of year</b>	<b>13,021</b>	<b>13,522</b>

1) Restated

### Investor's engagement

	2015	2014
Investor's share of funds, %	5-37	6-64
Reported value of holding, SEK m.	13,021	13,522

Board Member from Investor: Johan Forssell

SEK m.	Fund size, EUR m.	Investor's share	Investor's remaining commitment, SEK m.	Reported value, SEK m.
Terminated funds <sup>1)</sup>	1,633		-	-
Fully Invested funds <sup>2)</sup>	11,692	10-37%	689	6,119
EQT VI	4,815	6%	589	3,170
EQT VII	6,750	5%	3,175	0
EQT Mid Market	1,054	24%	757	1,909
EQT Mid Market U.S.	535	27%	1,353	0
EQT Infrastructure II	1,938	8%	621	1,127
EQT Credit Fund II	845	10%	242	676
EQT new funds			1,096	0
EQT AB		19%		20
<b>Total</b>	<b>29,262</b>		<b>8,522</b>	<b>13,021</b>

1) EQT I, EQT II, EQT Denmark, EQT Finland, EQT Asia.

2) EQT III, EQT IV, EQT V, EQT Expansion Capital I, EQT Greater China II, EQT Infrastructure, EQT Credit Fund, EQT Opportunity.

A private equity group with portfolio companies in Europe, Asia and the U.S.

*Chairman:* Conni Jonsson

*President and CEO (EQT AB):* Thomas von Koch

## IMPORTANT EVENTS 2015

- Net cash flow to Investor amounted to SEK 4.5 bn. In constant currency, the value change on Investor's EQT investments was 32 percent. The reported value change amounted to 30 percent.
- Investor's outstanding commitment to EQT funds was SEK 8.5 bn. at year-end 2015 (4.4).
- EQT closed the equity fund EQT VII at EUR 6.75 bn., making it the largest EQT fund to date.

## OUR VIEW

Our investments in EQT's funds have proven very successful over time. Although "lumpy" by nature, depending on whether the funds are in an investment or exit phase, our investments in the EQT funds are expected to continue to generate strong net cash flow over time. We will continue to invest in EQT's funds going forward.

100  
YEARS OF INVESTOR

# Patricia Industries

Patricia Industries focuses on the development and expansion of Investor's unlisted holdings, predominantly wholly-owned subsidiaries, in the Nordics and North America. Patricia Industries has a separate board of directors, and its own CEO and management group.

Patricia Industries was established in 2015 in order to enhance Investor's focus on unlisted investments. Patricia Industries, with offices in Stockholm, New York and Palo Alto, is headed by Börje Ekholm and has a separate board of directors, acting pursuant to a mandate from the board of Investor.

The business model focuses on long-term development of unlisted companies based on an active ownership model. The objective is to build a portfolio of wholly-owned subsidiaries with potential for secular growth and strong cash flow generation. Patricia Industries operates with the same long-term return requirement as the listed portfolio.

Focus is on the long-term industrial development of the businesses, pursuing both organic and inorganic opportunities. Patricia Industries uses debt to finance the investments and to maintain capital efficiency, but leverage is lower than typical private equity levels and should never be so high as to constrain investment in the business's long-term growth.

Patricia Industries works through the board of directors of the individual companies. Therefore, it is critical to have the right mix of people on the boards for the challenges facing each company at each point in time. The board is responsible to Patricia Industries for the development of the company. The board appoints the CEO, who, together with the management team and the organization, run the business. Alignment of interests between owners, board and management is an integral part of our model. Patricia Industries strives to have a long-term vision, but is relentlessly impatient in tracking and improving the short-term performance of its companies.

## Key priorities

The key priorities for Patricia Industries are to develop the existing wholly-owned subsidiaries, add new subsidiaries and realize value within Financial Investments. Patricia Industries' investment capacity consists of its current gross cash, proceeds from realizations within Financial Investments, and the cash flow generated by the companies in the portfolio.

### Contribution to net asset value

SEK m.	2015
Changes in value	5,145
Management costs	-268
Other items	-21
<b>Total</b>	<b>4,855</b>

Regarding new investments, Patricia Industries is looking for mid-market companies in the Nordics and North America, with strong corporate cultures and market positions in industries supported by solid long-term trends and growth drivers. Patricia Industries partners with strong management teams in building the companies. Such industries include healthcare, engineering, technology and business services. Potential investments should offer solid platforms for continued long-term value creation through industrial development, organic and non-organic opportunities and international expansion.

## Portfolio

The current wholly-owned subsidiaries are Aleris, BraunAbility, Grand Group, Mölnlycke Health Care, Permobil and Vectura, companies that have the potential to offer attractive long-term value-creation. As a long-term owner, Patricia Industries supports these companies in their efforts to remain or become best-in-class in their respective industries.

During 2015, Patricia Industries made its first new investment by acquiring BraunAbility - a U.S.-based, family-owned company that is the market leader in wheelchair accessible vehicles (WAV) and wheelchair lifts. Patricia Industries invested SEK 2.8 bn. in equity for 95 percent ownership of BraunAbility.

The partner-owned mobile operator 3 Scandinavia has considerable potential for continued growth and operating leverage.

Financial Investments includes all legacy Investor Growth Capital investments and other holdings for which the investment horizon has not yet been defined. The majority of these investments will be divested over time, and the proceeds reinvested in new subsidiaries.

## Overview

- Ownership: wholly-owned, partner-owned, listed holdings
- Ownership perspective: long-term, no exit strategy (excluding Financial Investments)
- Board representation: board members from Patricia Industries, Investor and our network
- Valuation methodology: acquisition method (subsidiaries), equity method (partner-owned), market, multiple or third-party for Financial Investments
- Assets: SEK 51.1 bn. (excluding gross cash of SEK 14.6 bn.)
- Percent of total assets: 18
- Impact on net asset value: SEK 4.9 bn.
- Net invested: SEK 1.3 bn.





7%

of total assets

www.molnlycke.com

Unlisted

Key figures, EUR m.	2015	2014
Net sales	1,353	1,213
Sales growth, %	12	5
In constant currency %	5	5
EBITDA	374	349
EBITDA, %	28	29
EBITA	337	322
EBITA, %	25	27
Change in working capital	-4	-5
Capital expenditures	-57	-46
Operating cash flow	313	298
Acquisitions (-)/divestments (+)	-	-
Shareholder contribution (+)/distribution (-)	-440	-130
Other	-85	-83
Increase (-)/decrease (+) in net debt	-212	85
Net debt	855	643
Working capital/sales, %	12	11
Capital expenditures/sales, %	4	4

Patricia Industries' engagement	2015	2014
Share of capital, %	99.0	99.0
Share of votes, %	99.0	99.0
Reported value of holding, SEK m.	20,050	22,952

Board Members from Patricia Industries: Gunnar Brock (Chairman), Christer Eriksson

Provides single-use surgical and wound care products for customers, healthcare professionals and patients  
*Chairman:* Gunnar Brock  
*President and CEO:* Richard Twomey

IMPORTANT EVENTS 2015

- Organic growth was 5 percent in constant currency, mainly driven by the U.S.
- The EBITDA margin was 28 percent. During the year, significant investments were made in sales force expansion and product innovation, which affected profitability negatively.
- In November, Mölnlycke issued a EUR 500 m. bond, maturing in 2024, with an annual fixed coupon of 1.75 percent. The majority of the proceeds were used to repay bank debt maturing in 2018.
- Mölnlycke distributed EUR 440 m. to Patricia Industries, reflecting the company's strong balance sheet and cash flow.
- Wound Care continued to show good growth, driven by Advanced Wound Care.
- Growth was moderate within Surgical. ProcedurePak® and Gloves contributed the most.
- Several long-term growth initiatives were launched. In the U.S., Apria Healthcare started to use Mölnlycke's Negative Pressure Wound Therapy products for home care. In addition, together with the retail chain CVS Health, Mölnlycke launched the "Hospital Series", an advanced wound care assortment, available to consumers through 7,700 CVS Health stores across the U.S. The contribution to Mölnlycke's sales is limited so far.

OUR VIEW

With its strong market positions and its highly competitive product offering, Mölnlycke Health Care is well positioned to continue to deliver strong growth, profitability and cash conversion. Continued focus on product innovation together with sales force expansion in existing and new markets create a robust platform for continued profitable growth.



1%

of total assets

www.permobil.com

Unlisted

Key figures, SEK m.	2015	2014
Net sales	2,931	2,053
Sales growth, %	43	18
Organic sales growth, constant currency %	8	6
EBITDA	547	426
EBITDA, %	19	21
EBITA	392	341
EBITA, %	13	17
Adjustments to EBITDA	29	-
Change in working capital	-80	-29
Capital expenditures	-164	-155
Operating cash flow	331	242
Acquisitions (-)/divestments (+)	-1,053	-362
Shareholder contribution (+)/distribution (-)	-	-
Other	-222	-214
Increase(-)/decrease(+) in net debt	-944	-334
Net debt	2,395	1,451
Working capital/sales, %	20	20
Capital expenditures/sales, %	6	8

Patricia Industries' engagement	2015	2014
Share of capital, %	94.0	94.0
Share of votes, %	90.0	90.0
Reported value of holding, SEK m.	3,963	3,737

Board Member from Patricia Industries: Christian Cederholm

Provides advanced mobility and seating rehab solutions  
*Chairman:* Martin Lundstedt  
*President and CEO:* Jon Sintorn

IMPORTANT EVENTS 2015

- Organic growth was 8 percent in constant currency, and the EBITDA margin was 19 percent. Growth and profitability improved towards the end of the year supported by the increasing deliveries of a new wheelchair series.
- Operating cash flow improved compared to 2014.
- Permobil introduced a new powered wheelchair series in the U.S.
- In the beginning of the year, Permobil acquired the U.S. company ROHO, the global leader in skin protection and positioning solutions for wheelchair users. Later in the year Permobil acquired Seating Dynamics Pty Ltd., a leading distributor of quality solutions for pressure care, mobility and positioning in Australia.

OUR VIEW

Permobil is a globally leading provider of advanced mobility and seating rehab solutions, with a strong dedication to improve the quality of life for its users. The company's strong portfolio of brands, competitive product offering, innovation capabilities and leading market positions provide a strong base to capture additional growth, both in existing and new markets.





1%

of total assets

[www.aleris.se](http://www.aleris.se)

**Unlisted**

Key figures, SEK m.	2015	2014
Net sales	8,540	7,527
Sales growth, %	13	8
Organic sales growth, constant currency %	10	7
EBITDA	492	355
EBITDA, %	6	5
EBITA	323	199
EBITA, %	4	3
Change in working capital	21	22
Capital expenditures	-182	-176
Operating cash flow	331	201
Acquisitions (-)/divestments (+)	-786	-119
Shareholder contribution (+)/distribution (-)	-	-
Other	9	-60
Increase (-)/decrease (+) in net debt	-446	22
Net debt	1,415	969
Working capital/sales, %	-2	-2
Capital expenditures/sales, %	2	2

Patricia Industries' engagement	2015	2014
Share of capital, %	100.0	100.0
Share of votes, %	100.0	100.0
Reported value of holding, SEK m.	3,869	3,762

Board Member from Patricia Industries: Christian Cederholm

Provides healthcare and care services in Scandinavia

*Chairman:* Lars Idermark

*President and CEO:* Liselott Kilaas

**IMPORTANT EVENTS 2015**

- Organic sales growth amounted to 10 percent in constant currency. Norway was the primary driver, but all divisions contributed positively. The EBITDA margin was 6 percent.
- In Sweden, Care developed well. Healthcare also made good progress, and profitability increased.
- In Norway, both Healthcare and Care performed well, although mix and prices pressure affected profitability negatively within Care.
- In Denmark, growth was driven by Healthcare.
- Investments in quality improvements continued. The Bollnäs hospital was ranked the third best Swedish hospital when it comes to stroke treatment.
- Aleris acquired Teres Medical Group, with clinics and private hospitals offering surgical services in Norway, Sweden and Denmark. In 2015, Aleris' and Teres' combined sales was approximately SEK 9 bn. (pro forma). The acquisition was financed by cash and new debt.

**OUR VIEW**

Demographics and changing consumption patterns drive long-term growth in the Scandinavian healthcare and care market. Aleris has a strong market position and an attractive platform for growth. Delivering high-quality and cost-efficient service is the main differentiator for this business over the long-term, which is why efforts to constantly improve quality and service for patients and payers are the top priorities. Although we have seen some improvement in profitability in 2015, we continue to see additional potential for improving performance.



1%

of total assets

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

**Unlisted**

Key figures, USD m.	2015	2014
Net sales	399	391
Sales growth, %	2	14
Organic sales growth, constant currency %	2	14
EBITDA	30	34
EBITDA, %	8	9
EBITA	27	31
EBITA, %	7	8
Change in working capital	-3	-1
Capital expenditures	-1	-3
Operating cash flow	26	30
Acquisitions (-)/divestments (+)	-	-
Shareholder contribution (+)/distribution (-)	-	-
Other	-49	-15
Increase (-)/decrease (+) in net debt	-23	15
Net debt	75	52
Working capital/sales, %	15	
Capital expenditures/sales, %	0	

Patricia Industries' engagement	2015	2014
Share of capital, %	95.0	n.a.
Share of votes, %	95.0	n.a.
Reported value of holding, SEK m.	2,781	n.a.

Board Member from Patricia Industries: Noah Walley

Provides wheelchair accessible vehicles and wheelchair lifts

*Chairman:* Keith McLoughlin (as of March 2016)

*President and CEO:* Nick Gutwein

**IMPORTANT EVENTS 2015**

- Patricia Industries completed its acquisition of BraunAbility in October.
- Organic growth was 2 percent in constant currency, and the EBITDA margin was 8 percent.
- BraunAbility launched the first-ever mass-produced wheelchair accessible vehicle (WAV) on an SUV platform (Ford Explorer MXV). The reviews of the vehicle have been positive and customer demand is strong.

**OUR VIEW**

BraunAbility is the U.S. market leader in automobile mobility products for people with disabilities, with clear number one market positions within both Wheelchair Accessible Vehicles (WAV) and wheelchair lifts. The company has significant organic growth potential as its core WAV market is underpenetrated and benefits from sustainable, demographic growth drivers. There are also multiple opportunities for broadening the product portfolio and international expansion, which is in its early stages, as well as substantial upside in manufacturing efficiency. In addition, there are multiple non-organic growth opportunities in and adjacent to the company's core markets.



**Unlisted**

Key figures, SEK m.	2015	2014
Sales	158	130
Sales growth, %	22	5
EBITDA	92	73
EBITDA, %	58	56
EBITA, adjusted	19	-2
EBITA, %	12	-2
Change in working capital	19	17
Capital expenditures	-139	-351
Operating cash flow	-28	-261
Acquisitions (-)/divestments (+)	-28	-28
Shareholder contribution (+)/distribution (-)	367	-
Other	-53	9
Increase(-)/decrease(+) in net debt	258	-280
Net debt	1,105	1,363

Patricia Industries' engagement	2015	2014
Share of capital, %	100.0	100.0
Share of votes, %	100.0	100.0
Reported value of holding, SEK m.	1,795	1,313

Board Members from Patricia Industries: Lennart Johansson (Chairman), Christer Eriksson

Develops and manages real estate, including the Grand Hôtel and Aleris-related properties

*Chairman:* Lennart Johansson

*President and CEO:* Susanne Ekblom

**IMPORTANT EVENTS 2015**

- Growth was 22 percent, and the EBITDA margin was 58 percent.
- Two Aleris-related facilities were inaugurated and the construction of several new facilities proceeded according to plan, with expected completion during 2016.
- Vectura was refinanced, which strengthens its balance sheet, enables future growth initiatives and allows for increased financial flexibility.

**OUR VIEW**

We see opportunity to create value in Vectura by efficient real estate management and development. The company enables its customers to focus on its core business in well-adapted facilities, within care, hotels and offices. Vectura is investing in its organization to support accelerated growth.

**Unlisted**

Key figures, SEK m.	2015	2014
Sales	597	541
Sales growth, %	10	17
Organic sales growth, %	10	11
EBITDA	41	30
EBITDA, %	7	6
EBITA	15	5
EBITA, %	3	1
Change in working capital	-12	-20
Capital expenditures	-13	-21
Operating cash flow	16	-11
Acquisitions (-)/divestments (+)	-	-
Shareholder contribution (+)/distribution (-)	-	-
Other	5	-31
Increase(-)/decrease(+) in net debt	21	-42
Net debt	-106	-85
Working capital/sales, %	-10	-
Capital expenditures/sales, %	2	-

Patricia Industries' engagement	2015	2014
Share of capital, %	100.0	100.0
Share of votes, %	100.0	100.0
Reported value of holding, SEK m.	175	158

Board Member from Patricia Industries: Daniel Johansson

The Grand Group consists of Scandinavia's leading five-star hotel Grand Hôtel, and Lydmar Hotel

*Chairman:* Peter Wallenberg Jr

*President and CEO:* Pia Djupmark

**IMPORTANT EVENTS 2015**

- Organic sales growth was 10 percent, mainly driven by Lodging at both Grand Hôtel and Lydmar, supported by market share gains and strong general market demand.
- EBITDA improved, driven by good operational leverage. The EBITDA margin was 7 percent.
- The Grand Group continued to invest in product development and refurbishing of some parts of its facilities.

**OUR VIEW**

Grand Hôtel and Lydmar Hotel have unique brands and locations. The two hotels have complementing brands, and we see the potential for additional synergies between them. The Grand Group has improved profitability during the past years thanks to strong growth and cost control. Focus going forward remains on revenue growth and continued improvement of operational excellence.





2%

of total assets

[www.tre.se](http://www.tre.se)

**Unlisted**

**Key figures SEK m.**

	2015	2014
Net sales	10,831	10,387
Sweden, SEK m.	7,238	6,633
Denmark, DKK m.	2,868	3,063
Service revenue	6,313	5,763
Sweden, SEK m.	4,176	3,730
Denmark, DKK m.	1,703	1,663
EBITDA	2,916	2,662
Sweden, SEK m.	2,149	1,868
Denmark, DKK m.	612	649
EBITDA, %	27	26
Sweden	30	28
Denmark	21	21
Net debt	1,579	1,118

**Other key figures**

Subscribers	3,190,000	3,015,000
Sweden	2,016,000	1,889,000
Denmark	1,174,000	1,126,000
Postpaid/prepaid ratio	79/21	80/20
Capital expenditures/sales, %	9	10

**Patricia Industries' engagement**

	2015	2014
Share of capital, %	40.0	40.0
Share of votes, %	40.0	40.0
Reported value of holding, SEK m.	5,611	6,123

Board Members from Patricia Industries: Christian Cederholm, Lennart Johansson

Provides mobile voice and broadband services in Sweden and Denmark  
*Chairman:* Canning Fok

*President and CEO Sweden:* Nicholas Högberg

*President and CEO Denmark:* Morten Christiansen

**IMPORTANT EVENTS 2015**

- 3 Scandinavia added 175,000 new subscribers. The total subscriber base amounted to almost 3.2 million at year-end, and the Swedish subscriber base exceeded 2 million during the fourth quarter.
- Service revenue increased by 10 percent, driven primarily by subscriber growth. EBITDA and cash flow grew as well.
- SEK 2,470 m. was distributed to the owners, of which SEK 987 m. to Patricia Industries.
- 3 Scandinavia continued to lead innovation in the market, and started to offer free data for music to subscribers in Sweden. In addition, implementation of carrier aggregation was initiated in the Swedish 4G network, doubling the maximum speed.

**OUR VIEW**

3 Scandinavia has consistently grown by capturing market share in Sweden and Denmark. With strong cost control in place, future revenue growth should translate into enhanced profit and cash flow generation. High network quality and fair access to spectrum will continue to be key for 3 Scandinavia's ability to provide superior services to a growing subscriber base.

**Financial investments**

5%

of total assets

Company	Operations
<b>Listed</b> 	<b>NSFocus</b> Provides enterprise-level network security solutions and services in the Americas, Europe and Asia
<b>Listed</b> 	<b>Tobii</b> Provides eye tracking, developing equipment and services used by more than 2,000 companies and 1,500 research institutions
<b>Unlisted</b> 	<b>Madrague</b> An equity long/short fund with European focus and active portfolio management driven by fundamental research combined with a top-down view
<b>Unlisted</b> 	<b>Mindjet</b> Provides mind-mapping software for individuals and organizations, and software for crowd-sourced innovation
<b>Listed</b> 	<b>Newron</b> A clinical-stage biopharmaceutical company discovering, developing and commercializing novel drugs to treat diseases of the Central Nervous System and pain

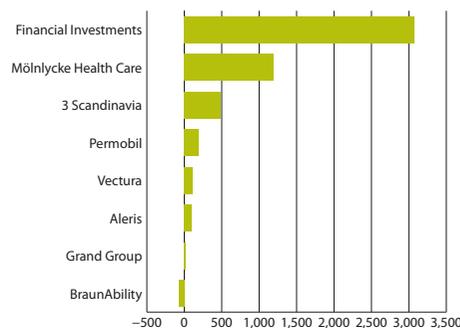
Financial Investments consists of investments in which the investment horizon has not yet been defined. Our objective is to maximize the value and use realized proceeds for investments in existing and new subsidiaries. We are also evaluating if some holdings could become long-term investments.

As of December 31, 2015, European, U.S. and Asian holdings represented 21, 47 and 32 percent of the total value of Financial Investments. 52 percent of the net asset value of Financial Investments was in publically listed companies. The five largest investments represented 55 percent of the total value of Financial Investments.

**IMPORTANT EVENTS 2015**

- Investments amounted to SEK 923 m. and divestments to SEK 2,908 m.
- Divestments included Aerocrine, Atrenta, Byecity, Lindorff, Maxymiser, Monitise, Top Margin Limited and parts of the holding in Tobii.

**Impact on net asset value, 2015, SEK 4,855 m.**



# Investor's employees

Our employees are central to our value creation model. It is only with the determination and dedication of our people that we can create long-term value for our shareholders and run our operations efficiently. To recruit and retain the right people, we focus on creating a sustainable and attractive workplace that emphasizes competence, professionalism and quality awareness.

Our organization consists of the Management Group, the investment organizations for Listed Core Investments and Patricia Industries, Corporate Relations & Communications, Group Finance, Human Resources, IT, Legal, Corporate Governance & Compliance, Office Support, and Trading.

## Competence development

The competence of our employees is key for our ability to conduct our active ownership and operate efficiently. We focus on our employees' individual long-term development and offer the opportunity to continuously build skills and knowledge.

Internally, Investor has many activities to enhance knowledge and provide information, such as theme lunches, breakfast meetings and conferences. All employees have access to free healthcare and to promote a healthy, balanced lifestyle, Investor conducts various internal activities.

## Our culture guides our actions

A strong corporate culture is important if we are to successfully achieve our vision and goals. We are constantly developing

## Our philosophy on remuneration – in short

- Total remuneration should be competitive in order to attract the right person to the right place at the right time.
- Benchmarking is made to ensure that remuneration is competitive and in line with the market.
- A substantial part of the total remuneration should be variable.
- The system should be linked to long-term shareholder returns. We expect employees to invest their own personal funds in Investor shares.
- The systems should be transparent.
- The remuneration systems should adhere to the "grandfather principle", i.e. all changes in the employee's remuneration are to be approved by the supervisor of the manager proposing the change.

our corporate culture based on our Core Values; Create value, Continuous improvement, Contribute your view and Care for people. Our Core Values are an integral part of our way of doing business, as well as our high ethical standards. We conduct employee surveys regularly to ensure that we make progress and that we can continue to offer a sustainable, attractive workplace.

## Diversity

We believe that diversity, making use of the total talent base available, builds

stronger and more dynamic teams. Our organization is well diversified in terms of age, gender and expertise. Our ambition is to continue to have at least one man and one woman in the final process for every external recruitment, labor laws permitting.

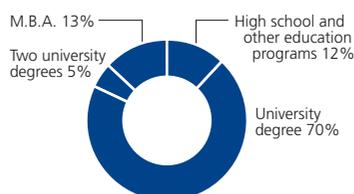
## Employer branding

Annually, Investor offers talented students internships at its different departments. This investment is a part of finding and attracting future employees and strengthens our employer brand. During 2015, ten interns worked at Investor. Investor also hosts student presentations and meets with students at selected university fairs on a continuous basis.

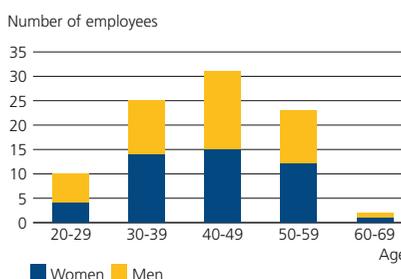
## Collaboration with our holdings

During 2015, we continued to focus on improving and developing collaborations with our holdings. In addition to rotation programs and networking, a common job market for Investor and our subsidiaries was launched. The intention is to promote talent exchange between Investor and its subsidiaries, and to further increase knowledge-sharing and sourcing of employees within the sphere.

## Employees by education



## Age distribution



## Facts & figures<sup>1)</sup> December 31, 2015

- Number of employees: 91 (76)
- Average age: 42.2 years (41.6)
- Invested in education per employee: approximately SEK 14,700 (24,000)
- Percentage of female employees: 51 (53)
- Percentage of women in senior management positions: 32 (37)
- Percentage of women in the Management Group: 40 (40)
- Personnel turnover: 6.6 percent (10.6)

1) Excluding the operating subsidiaries.



# Sustainable business

Investor firmly believes that focus on sustainability is critical and that it offers attractive opportunities. Companies that are best-in-class when it comes to operating in a sustainable way will be able to provide superior products and services and recruit the best employees, thereby outperforming their competitors longer-term.

Investor has a long tradition of acting as a responsible company, owner and employer. We are fully committed to the highest standards of corporate governance and we support the UN Global Compact and the OECD guidelines for Multinational Enterprises. The company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, holdings, employees, suppliers, government, media, local communities and society as a whole.

## Guidelines and policies

Investor's Board of Directors, in cooperation with its Management Group, has formulated an internal framework on how Investor shall act as a responsible company, owner and employer, and reflect the UN Global Compact's ten principles. These topics are addressed in the Code of Conduct and the internal policies for Anti-Corruption, Corporate Responsibility and Whistleblowing. Every employee and representative of the company is expected to comply with these policies. Investor's Code of Conduct can be found on our website, [www.investorab.com](http://www.investorab.com).

As part of our ownership philosophy, Investor strives to ensure that the companies we invest in, and have influence in, conduct their operations in a responsible and ethical manner.

We have high expectations of our holdings regarding Corporate Responsibility (CR) issues. We believe that there is

## Investor's guidelines

We expect our holdings to;

- act responsibly and in an ethical manner,
- comply with all local and national legislation in each country of operation,
- continuously improve their social, environmental and economic impact,
- analyze risks, formulate objectives and to have adequate processes to manage and monitor CR risks,
- sign and adhere to the UN Global Compact and its ten principles as well as the OECD guidelines for Multinational Enterprises,
- in an appropriate form, transparently report CR objectives, risks and progress,
- encourage and promote diversity in their organizations, and
- have an active dialog with their stakeholders such as suppliers and trading partners.

a strong link between long-term profitability and sustainability, and we support our holdings to develop sustainable business models.

As an industrial holding company, our main focus lies in our role as a responsible owner, as this is where we can make the most impact. The risks vary depending on company, industry and country, and consist among others of geographical risks, environmental risks, political climate, brand risks as well as supplier risks.

## Implementation and monitoring

Investor pays consideration to CR-related matters in our investing activities. As we believe focus on sustainable business is a prerequisite of building long-term profitability and shareholder value, it is natural for Investor's analysts to monitor the development and reporting in our existing

holdings on an ongoing basis and to include sustainability aspects in the analysis for new investments.

If a serious CR-related matter occurs, the employee who becomes aware of the matter is responsible for raising the matter internally within Investor and directly with the company through our board representatives. The analysts are responsible for following up the steps the company takes and report to relevant people within Investor.

## Sustainability progress 2015

Investor's sustainability work was intensified in 2015. Within the Management Group, the Head of Corporate Relations, Sustainability and Communications is responsible for our sustainability work, and employees within our different departments are actively engaged in this work. We also updated and improved the Investor sustainability guidelines for our holdings and a process for a more structured follow-up of our holdings' sustainability work was initiated.

During the year, Investor had an ongoing dialog with the portfolio companies and worked to support all holdings through their Boards of Directors and via formal and informal contacts.

For more information, visit: [www.investorab.com](http://www.investorab.com)



## Progress of Investor's sustainability approach based on UN Global Compact

### HUMAN RIGHTS

Investor supports the UN Global Compact's ten principles and the OECD guidelines on Multinational Enterprises. We also support and respect internationally proclaimed human rights.

Investor expects all holdings to continuously improve their work with human rights.

#### Actions in 2015 – examples from our holdings

- Nasdaq Stockholm has launched a new list for sustainable corporate bonds to meet the increasing interest of sustainable bonds from both investors and issuers. The proceeds raised should be used for projects and activities that promote sustainability, for instance related to socially positive activities such as employment, education and healthcare or to climate change mitigation and reducing the use of resources.
- Saab launched a Supplier Code of Conduct which includes expectations on the suppliers regarding human rights. The implementation process has been initiated and will continue during the following year.
- Mölnlycke Health Care adopted a new global trade program to supplement the Code of Conduct related to its global human rights standards. Among other things, the standards should ensure that the products are manufactured, produced, and distributed by workers in accordance with the UN Guiding Principles on Human Rights.
- Ericsson works to integrate Human Rights considerations into its processes. In the sales process, reviews are made on specific sales requests from the perspective of product, customer, country, and intended use. When necessary, mitigation actions are undertaken. In 2015, more than 430 cases were reviewed; 6 percent were rejected and 94 percent were approved or approved with mitigating actions.

### ENVIRONMENT

Investor's direct environmental impact is limited, but we always strive to avoid unnecessary impact on the environment and to further reduce environmental impact. During 2015 Investor decided to carbon-offset flights. In accordance with the EU Energy Efficiency Directive and Swedish law, Investor has initiated a process to analyze its energy use. The analysis will result in proposals on actions that can be taken to reduce Investor's energy use further.

Investor expects all holdings to continually reduce their environmental impact and to encourage their stakeholders, such as suppliers and trading partners, to meet the same expectations.

#### Actions in 2015 – examples from our holdings

- Atlas Copco's business area Industrial Technique launched Eco Design guidelines to design products with a lifecycle perspective, considering the mix and modularity of materials as well as energy efficiency.
- Grand Hôtel has initiated an environmental analysis of its operations. The analysis was the first step to create a more structured approach to reduce the environmental impact from its operations. The implementation process has been initiated and a number of actions have been taken to reduce waste, consumption and to increase the energy efficiency.
- SEB is increasingly using positive selection in its investment management. Companies that perform well in the management of carbon emissions, water use and toxic waste are over-represented in the portfolios. During the past year, two funds with positive selection were launched.

### LABOR

Investor shall ensure compliance with labor and employment laws, including working hours. Furthermore, the right to collective bargaining is recognized in Investor and through the Code of Conduct, it is also stated that no colleagues should be discriminated against because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. Violations connected to discrimination must be reported to the closest manager, HR or through our whistleblower system.

Investor expects all holdings to continuously improve labor and working conditions.

#### Actions in 2015 – examples from our holdings

- Electrolux prioritizes health and safety and has an ongoing program to reduce incidents and injuries, led by managers and designed to engage all employees. The program has contributed to that the number of accidents has decreased by 57 percent over the last five years.
- BraunAbility has made ergonomic efforts on its largest manufacturing and assembly plant. All jobs were analyzed for musculoskeletal impact, and areas were targeted to install mechanical assistant equipment to reduce employee ergonomic exposure.
- Husqvarna continued its work to improve the safety culture. Among other things, Husqvarna developed a more preventive approach and focused on increasing the safety awareness in the manufacturing facilities. The number of injuries have decreased by 22 percent compared to 2014.

### ANTI-CORRUPTION

It is of the highest importance that Investor and our holdings adhere to and comply with all given legislations and regulations as well as setting their own bar for how to act and behave in society – always with the highest possible ethics.

Investor expects all holdings to continually improve their work against corruption and bribery.

#### Actions in 2015 – examples from our holdings

- ABB has rolled out a global anti-corruption and anti-bribery program across the ABB Group. From 2014 into 2015, over 97 percent of white collar employees had completed the online training, and a similar number of blue collar workers had been trained face-to-face on the Code of Conduct. As part of the overall program, ABB also carries out a number of other targeted training and communications initiatives, reinforcing its "zero tolerance" policy to unethical business behavior.
- AstraZeneca has introduced a training program to increase the awareness of risk for corruption and bribery and other ethical dilemmas when doing business. The program is based upon interactive film and e-learning exercises.
- Aleris conducted an internal dilemma discussion related to its values. All employees have been invited to participate. The dilemmas were seldom "black or white" and challenged the respondents with grey-zone alternatives. The employees were encouraged to discuss the dilemmas and how they would react in different everyday situations.

100  
YEARS OF INVESTOR

# The Investor share

The total return for the Investor B-share in 2015 was 13 percent, while the SIXRX total return index rose by 10 percent. The average annualized total return has been 12 percent over the past ten years and 14 percent over the past 20 years. The price of Investor's A-share increased by 9 percent during the year from SEK 281.30 to SEK 306.60. The B-share increased by 10 percent from SEK 284.70 to SEK 312.60.

## Turnover

During 2015, the turnover of Investor shares on the Nasdaq Stockholm totaled 324 million (290), of which 22 million were A-shares (21) and 302 million were B-shares (270). This corresponded to a turnover rate of 7 percent (7) for the A-share and 65 percent for the B-share (59), compared with 73 percent for the Nasdaq Stockholm as a whole (67). On average, 1.3 million Investor shares were traded daily (1.2). Our B-share was the ninth most actively traded share on the Nasdaq Stockholm in 2015 (18th). Additional Investor shares were also traded on other exchanges.

## Ownership structure

At year-end, our share capital totaled SEK 4,795 m., represented by 767,175,030 registered shares, of which 5,270,322 owned by the company, each with a quota value of SEK 6.25. We had a total of 155,629 shareholders at year-end 2015 (140,774). In terms of numbers, the largest category of shareholders is private

investors, and in terms of the percentage of share capital held, institutional owners dominate. The largest single shareholder category is foundations, of which the three largest are Wallenberg foundations. The Wallenberg foundations' aggregated holding amounts to 23.3 percent of the capital and 50.1 percent of the votes in Investor.

## Employee share ownership

Within the framework of our long-term share based remuneration, all employees are given the opportunity to invest approximately 10-15 percent (or in some cases more) of their gross fixed base salary in Investor shares. Approximately 92 percent of Investor's employees participated in the Long-Term Variable Remuneration program 2015 (87). In total, employees invested in and contributed Investor shares worth of SEK 12.7 m. within the programs for long-term share based remuneration during 2015. The CEO and approximately 20 other senior executives are required to invest a part of

their fixed base salary in Investor shares. Personal investments mean that the program has both an upside and a downside, aligning the interest of the employees with the shareholders.

For more information on remuneration, see Investor's employees page 23 and note 9, Employees and personnel costs, page 54.

## Proposed dividend

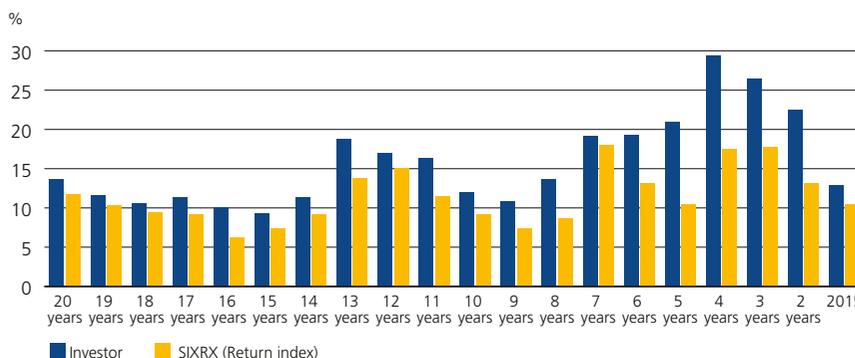
The Board and the President propose a dividend to shareholders of SEK 10.00 per share (9.00), corresponding to a maximum of SEK 7,672 m. to be distributed (6,856), based on the total number of registered shares.

## Dividend policy

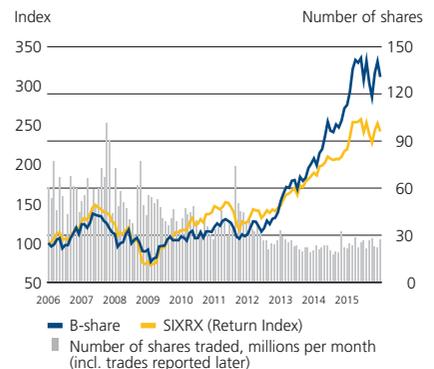
Our dividend policy is to distribute a large percentage of the dividends received from Listed Core Investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. The goal is also to pay a steadily rising dividend.



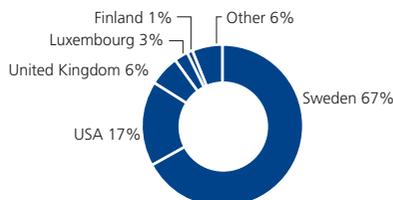
Average annual total return Investor vs. SIXRX



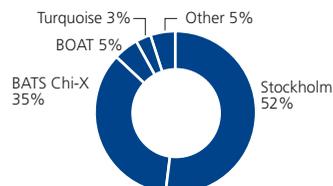
Total return Investor vs. SIXRX



### Distribution of ownership by country, % of capital (Euroclear)



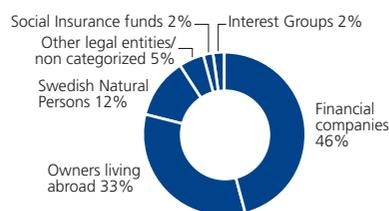
### Trading by venue, % (Fidessa)



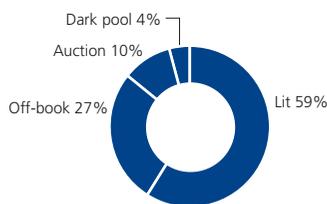
### Shareholders statistics, December 31, 2015 (Euroclear)

Number of shares	Number of shareholders	Holding, %
1-500	117,618	2
501-1,000	17,957	2
1,001-5,000	17,389	5
5,001-10,000	2,250	2
10,001-15,000	712	1
15,001-20,000	365	1
20,001-	1,377	87
<b>Total</b>	<b>157,668</b>	<b>100</b>

### Distribution of shareholders, % of capital (Euroclear)



### Trading by category, % (Fidessa)



*Lit:* Traditional trading, buy- and sellorders are public  
*Off-book:* trading outside the exchange, registered afterwards  
*Auction:* auction procedure at exchange  
*Dark pool:* buy- and sellorders are not public

### Investor's 15 largest shareholders listed by capital stake<sup>1)</sup>

12/31 2015	% of capital	% of votes
Knut and Alice Wallenbergs Foundation	20.0	43.0
Alecta	5.4	2.9
AMF	3.8	7.9
The Northern Cross Investments Ltd.	2.3	0.5
SEB Foundation	2.3	4.9
First Eagle Investment management	2.1	3.0
Marianne and Marcus Wallenbergs Foundation	1.9	4.1
SEB-funds	1.6	0.5
Norges Bank Investment Management	1.6	0.3
Marcus and Amalia Memorial Fund	1.4	3.1
Robur funds (incl. Swedish church)	1.1	0.6
Vanguard Group Inc.	1.1	0.2
Invesco Advisers, Inc.	1.1	0.2
Handelsbanken funds	0.8	0.2
Fourth AP-fund	0.8	0.9

<sup>1)</sup> Swedish owners are directly registered or registered in the name of nominees. Foreign owners through filings, custodian banks are excluded. Source: Euroclear.

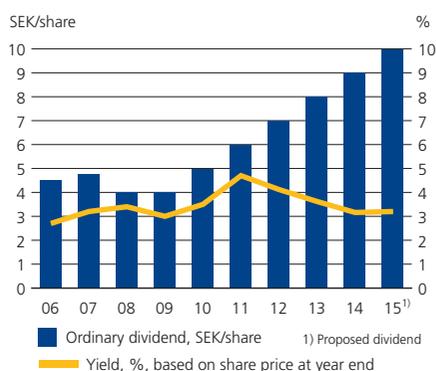
### Brief facts

- Listed on the Stockholm Stock Exchange since 1919.
- A shares and B shares are mainly traded on Nasdaq Stockholm.
- The only difference between the A and B share classes is that the A share carries one vote while the B share carries 1/10 vote.
- Total number of registered shares: 767,175,030, of which 311,690,844 A shares and 455,484,186 B shares.
- Ticker codes B share: INVEB.SS (Bloomberg), INVEB.ST (Reuters), INVE.B (FactSet).
- Market capitalization on December 31, 2015: SEK 236.3 bn. (adjusted for repurchased shares).
- 5th largest company on Nasdaq Stockholm.

### Characteristics of the Investor share

- Our business model to actively develop holdings is well proven and has continuously generated healthy long-term returns to our shareholders.
- Our strong financial position enables us to capture attractive business opportunities for ourselves and for our holdings.
- Our strong cash flow generation provides both investment and distribution capacity.
- The liquidity of Investor shares is high on Nasdaq Stockholm, as well as on other exchanges.
- Investor is a competitive alternative to get exposure to a well-diversified portfolio of listed and unlisted world-class companies.

### Dividend



### Analyses of Investor

Firms publishing analyses of Investor AB

- ABG Sundal Collier
- BofA Merrill Lynch
- Carnegie
- Citi Research
- Danske Bank
- DNB
- Goldman Sachs
- Handelsbanken
- HSBC
- JP Morgan
- Kepler Cheuvreux
- Nordea
- Pareto
- SEB
- Swedbank Markets
- UBS

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 magnus.dalhammar@investorab.com

IR Group: +46 8 614 2131

# Corporate Governance Report

Corporate governance practices refer to the decision making systems through which owners, directly or indirectly, govern a company. Investor's business model of active ownership is to create value in the portfolio companies. Good corporate governance is not only an important matter for Investor's own organization, it is an important part of Investor's core business. Below the corporate governance within Investor is described.

Investor complied with the Code during 2015. Investor did neither deviate from the Nasdaq Stockholm Rule Book for Issuers nor from good stock market practice.

Investor is a Swedish limited liability company, publicly traded on the Nasdaq Stockholm Exchange, and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se), where a description of the Swedish Corporate Governance model can be found.

This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Investor has conducted its corporate governance activities during the 2015 financial year.

The Corporate Governance Report has been reviewed by Investor's auditor, see page 94.

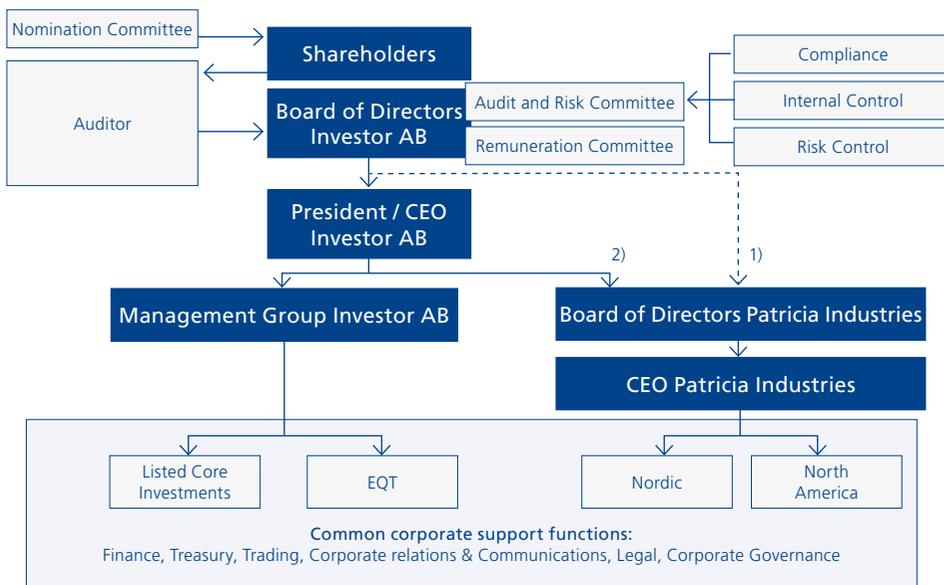
## Annual General Meeting

The 2016 Annual General Meeting (AGM) of Investor will take place on May 10 at the City Conference Centre in Stockholm. Shareholders who would like to have a particular matter discussed at the AGM should submit such request to the Nomination Committee before March 15 and to the company before March 22, 2016. Contact information is available on the company website.

Investor always strives to ensure that the Board, the Management Group, the Nomination Committee and the auditor are present at the AGM.

Each Investor shareholder entitled to vote may vote for the entire number of the shares owned and represented by the shareholder without restrictions to the number of votes. A-shares are entitled to one vote and B-shares are entitled to 1/10 vote.

## Corporate Governance at Investor



- Examples of external framework for governance at Investor:
- Swedish Companies Act.
  - Accounting legislation, e.g. Swedish Accounting Act, Swedish Annual Accounts Act, and IFRS.
  - Nasdaq Stockholm's Rule Book for Issuers.
  - Swedish Code of Corporate Governance.

- Examples of internal framework for governance at Investor:
- Articles of Association.
  - Board Instructions, Rules of Procedure.
  - Policies such as Compliance Policy, Information Policy, Risk Policy, and Safety Policy.
  - Process descriptions for each business area.
  - Ethical guidelines.

### The corporate culture is based on the core values:

Create value / Continuous improvement / Contribute your view / Care for people

1) Within given mandate from Investor's Board of Directors the operation within Patricia Industries is run independently. The Board of Patricia Industries consists of Gunnar Brock, Sune Carlsson, Johan Forssell, Jacob Wallenberg and Marcus Wallenberg (Chairman). For members in Investor's Board of Directors see page 38.

2) The President and CEO of Investor has the overall responsibility for the whole Investor Group. In the daily operations, the President and CEO of Investor, however works closer to the two business areas Listed Core Investments and EQT, as Patricia Industries has a Board of Directors that independently makes investment and management decisions, within a given mandate from Investor's Board of Directors, regarding the companies within Patricia Industries. The President and CEO of Investor is a member of the Patricia Industries' Board.

In addition to applicable law, regarding shareholders' right to participate at the AGM, there is a requirement in Investor's Articles of Association of confirming intention to attend within given time, stated in the notice of the AGM. The shareholder shall at the same time also inform of any assistant participation.

The documents from the AGMs and the minutes recorded at the AGMs are published on the website.

### Shares, ownerships and distribution policy

At year-end 2015, Investor had 155,629 shareholders according to the register of shareholders maintained by Euroclear Sweden. Institutional owners dominate the ownership structure. See page 27 for Investor's largest shareholders and page 84 for Investor's share capital.

Investor's distribution policy is to distribute a large percentage of the dividends received from Listed Core Investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. Investor's goal is to generate a steadily rising annual dividend.

The 2015 AGM decided on a dividend payment of SEK 9.00 per share to shareholders. The Board and President recommend to the 2016 AGM a distribution of dividend to shareholders of SEK 10.00 per share.

### Repurchases of own shares

Since year 2000, the Board has requested and been granted a mandate by the AGM to repurchase Investor shares. The company's holding of its own shares should not exceed 1/10 of all shares outstanding in the company. In 2015, no shares were repurchased. However, 526,638 B-shares were transferred. Also, for the 2016 AGM, there is a proposal to authorize the Board to buy back Investor shares in order to hedge the long-term share-based remuneration programs.

2015	Number shares held by Investor	Share of total number of outstanding shares, %	Nominal value, SEK m.	Transaction price, SEK m.
Opening balance				
B-shares	5,796,960	0.76	36.2	
Repurchased B-shares	0	0	0	
Transferred B-shares	-526,638	-0.07	-3.3	-57.4
<b>Closing balance</b>	<b>5,270,322</b>	<b>0.69</b>	<b>32.9</b>	

### Nomination Committee

According to the current instruction for the Nomination Committee, the Committee shall consist of one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes that desire to appoint a representa-

tive and the Chairman of the Board. The register of recorded shareholders and shareholder groups from Euroclear Sweden and other reliable shareholder information available to the company as of the last business day of August serves as the basis for identifying the members. For further information regarding instruction for the Nomination Committee, see the company website.

Up until February 29, 2016, the Nomination Committee had held three meetings at which the minutes were recorded. They also stayed in contact between these meetings. The AGM documents related to the Nomination Committee are published on the website.

### Nomination Committee members 2016 AGM

Nomination Committee members	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders	12/31 2015 % of votes
Hans Wibom, Wallenberg Foundations	Yes	No <sup>1)</sup>	50.1
Peder Hasslev, AMF	Yes	Yes	7.9
Lars Isacson, SEB Foundation	Yes	Yes	4.9
Ramsay Brufer, Alecta	Yes	Yes	2.9
Jacob Wallenberg, Chairman of the Board	Yes	No <sup>2)</sup>	

The composition of the Nomination Committee was made public on September 29, 2015. The composition meets the independence criteria set forth by the Code.

1) Representing the Wallenberg Foundations.

2) Member of Knut and Alice Wallenberg Foundation.

### Auditor

Pursuant to its Articles of Association, Investor must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as the company's auditor. The auditor is appointed by the AGM for a mandate period of one year, as nothing further is stated in Investor's Articles of Association.

At the 2015 AGM, the registered auditing company, Deloitte AB was re-elected as auditor for the period until the end of the 2016 AGM. The Authorized Public Accountant Thomas Strömberg is the auditor in charge for the audit.

The auditing firm has, besides the audit, conducted a limited number of other assignments on behalf of Investor. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during audit. By limiting the extent to which the auditor is allowed to perform services other than auditing, it is possible to ensure that the auditor is independent of the company. For details on remuneration to auditors, see note 10, Auditor's fees and expenses.

#### Investor's auditor: Deloitte AB

Auditor-in-charge: Thomas Strömberg, Authorized Public Accountant

Born: 1966

Auditor-in-charge for Investor since 2013

Shares in Investor AB: 0 shares

Other auditing assignments: Rezidor Hotel Group AB, Tele2 AB

#### Board

Pursuant to the Articles of Association, the Board must consist of no less than three and no more than thirteen Directors, as well as no more than four deputies. Since the 2015 AGM, the Board has consisted of eleven members and no deputies. The percentage of women on the Board, calculated on non-executive Directors, is 40. A more detailed presentation of the Board is found in the adjacent table, on page 38 and on the website.

New Board members are introduced to Investor's business operations by attending an introduction orientation involving, for example, meetings with department managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

The composition of Investor's Board meets the requirements concerning the independence of Directors. Several of the Board members are Directors of Investor's holdings and they receive remuneration from these companies. This consideration is not considered to entail a dependence of these members on Investor or its Management. Investor is an industrial holding company and works actively through the Boards of its holdings to identify and drive value-creating initiatives. The work of the Board of Directors in Investor's holdings is the core of Investor's active ownership model. For Investor, where a fundamental component is to have

the right Board in each company, it is natural that Members of Investor's Board of Directors and Management have Board assignments in Investor's holdings. The assessment of each Board member's independence is presented in the table below.

The Chairman of the Board, Jacob Wallenberg, is in addition to his active involvement in Investor also involved in a number of other companies and serves on a number of international organizations. He has an extensive international network and he participates in various policy forums.

#### Evaluation of the Board and CEO

Pursuant to the Rules of Procedure, the Chairman of the Board initiates an annual evaluation of the performance of the Board. The objective of the evaluation is to provide insight into the Board members' opinions about the performance of the Board and identify measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed within the Board.

The 2015 evaluation was answered by each Board member. In addition, the Chairman met with each Board member separately to discuss the work done by the Board during the year. The Board discussed the results of this year's evaluation and the Chairman of the Board presented them to the Nomination Committee.

Investor's Board continuously evaluates the performance of the President by monitoring the development of the business in relation to the established objectives. A formal performance review is carried out once a year.

#### Board of Directors elected at the AGM 2015

Member	Elected	Position	Year of birth	Nationality	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No <sup>1)</sup>
Marcus Wallenberg	2012	Vice Chairman	1956	Swedish	Yes	No <sup>1)</sup>
Josef Ackermann	2012	Member	1948	Swiss	Yes	Yes
Gunnar Brock <sup>2)</sup>	2009	Member	1950	Swedish	Yes	Yes
Johan Forssell	2015	Member	1971	Swedish	No <sup>3)</sup>	Yes
Magdalena Gerger	2014	Member	1964	Swedish	Yes	Yes
Tom Johnstone, CBE	2010	Member	1955	British	Yes	Yes
Grace Reksten Skaugen	2006	Member	1953	Norwegian	Yes	Yes
Hans Stråberg	2011	Member	1957	Swedish	No <sup>4)</sup>	Yes
Lena Treschow Torell	2007	Member	1946	Swedish	Yes	Yes
Sara Öhrvall	2015	Member	1971	Swedish	Yes	Yes

1) Member of Knut and Alice Wallenberg Foundation.

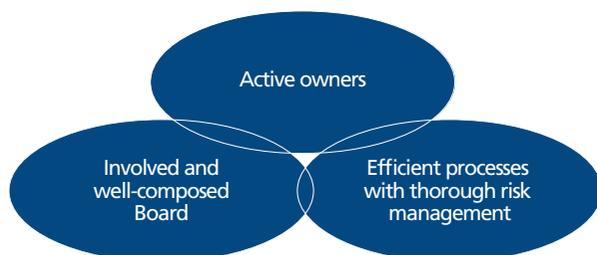
2) In conjunction with taking over as the Chairman of Mölnlycke Health Care 2007 (which was prior to joining the Board in Investor), Gunnar Brock acquired shares (ordinary and preferred) in Mölnlycke Health Care as part of the stock investment program for the Board and senior executives of that company. A part of this holding was reinvested in connection with the new program set in place during 2014 and the remainder was exited. However, it has been concluded that this does not make Gunnar Brock dependent on Investor or its Management.

3) President.

4) Has been President of a closely-related company during the last five years.



## Cornerstones for good corporate governance



### Work of the Board in 2015

During the year, the Board held 12 meetings, of which eight were regular meetings, three were extra meetings, and one was statutory. The Board members' attendance is shown in the table on page 33. The secretary of the Board meetings was, with a few exceptions, General Counsel, Petra Hedengran. Prior to each meeting, Board members were provided with written information on the issues that were to be discussed. Each Board meeting has included an item on the agenda during which Board members had the opportunity to discuss without representatives of the company's Management being present.

In the beginning of the year, the Board decided on the succession of the President which was announced on January 28. Thereafter, the Board devoted considerable time to the implementation of Investor's new structure with investments managed within Listed Core Investments, EQT and Patricia Industries, acquisition of shares in, inter alia, ABB and Wärtsilä, investments in EQT-funds, divesture of remaining ownership interests in Lindorff, value creation plans of the companies, and other strategic matters. Prior to each transaction, extensive analysis were presented to the Board.

During the year the Board also worked with developing Investor's role as an active owner within Listed Core Investments and strengthening the processes relating thereto.

The Board devoted time to both internal and external presentations of the financial markets. The Board discussed the development and the effects on industries, markets and individual companies, paying particularly close attention to Investor's holdings and the long-term strategies of such holdings. The CEO of Atlas Copco has presented a company presentation.

An important part of the Board's work is the financial reports presented at every regular Board meeting, including those prior to the year-end, the interim report, and the interim management statements. The Board also receives regular reports on the company's financial position. At regular Board meetings, reports are delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding one or more of the company's holdings.

Committee work is an important task performed by the Board. For a description of the work conducted by the Committees during 2015, see page 32.

During the year, the company's Management presented value creation plans for Listed Core Investments, including analyses of the holdings' operations and development potential in the business areas where they are active. These analyses and their implications were discussed and assessed by the Board with a focus on the individual companies as well as in the context of overall strategic discussions. The Board reviewed and approved these value creation plans for all listed core investments. The Board also discussed the overall strategy thoroughly at the yearly strategy review.

The Board received and discussed reports on the composition of portfolios and developments within Patricia Industries and Investor's involvement in EQT. For a description of the work within Patricia Industries and EQT, see page 32.

In addition to participating in meetings of the Audit and Risk Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company's Management being present.

### Board Committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed Committees. During the year the two committees, the Audit Committee and the Finance and Risk Committee, have merged into one committee, the Audit and Risk Committee. The Board Committees are, after the merger, the Audit and Risk Committee and the Remuneration Committee. The members of the Committees are appointed for a maximum of one year at the statutory Board meeting. The Committee's duties and decision making authorities are regulated in the instruction presented to each Committee annually.

The primary objective of the Committees is to provide preparatory and administrative support to the Board. The issues considered at Committee meetings are recorded in minutes and reported at the next Board meeting. Representatives from the company's specialist functions always participate in Committee meetings.

The Audit and Risk Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit and Risk Committee ensures also that the company's compliance efforts are effective and monitor risk exposure and financial strategies. The Audit and Risk Committee is the primary way in which the Board and the company's auditor communicate with each other.

The responsibilities of the Remuneration Committee are, among other things, to evaluate and prepare guidelines for salary and other remuneration and to decide remuneration to the members of the Management Group, except for the President for whom the Board as a whole sets the remuneration.

**Board Committees' work 2015**

	Audit and Risk Committee	Remuneration Committee
<b>Members</b>	Grace Reksten Skaugen (Chairman) Gunnar Brock Magdalena Gerger Jacob Wallenberg	Jacob Wallenberg (Chairman) Tom Johnstone, CBE Lena Treschow Torell
<b>Number of meetings</b>	8 (of which 2 in the previous Finance- and Risk Committee)	8
<b>Focus areas in 2015</b>	<ul style="list-style-type: none"> <li>Analyzed each interim report, interim management statement and the year-end report for completeness and accuracy.</li> <li>Evaluated accounting and valuation principles of each business area.</li> <li>Assessed structural and specific tax related issues.</li> <li>Followed-up Audit reports.</li> <li>Followed-up on the internal control in connection with process changes.</li> <li>Evaluated the auditor performance and presented to the Nomination Committee.</li> <li>Followed-up on limits, mandates and risk exposure for each business area.</li> <li>Approved updates of Group policies.</li> <li>Assessed the effect on Investor regarding new and coming regulations.</li> <li>Assessed the reported work accomplished by the Security function regarding information security.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluated and approved remuneration structures for personnel and salary reviews for Management.</li> <li>Evaluated and assessed the President's goals and terms and conditions for remuneration, which were then approved by the Board.</li> <li>Discussed strategic personnel and compensation related issues.</li> <li>Monitored and evaluated guidelines for salary and other remuneration including the long-term variable remuneration programs, both ongoing and those that have ended during the year.</li> <li>Monitored and evaluated the application of guidelines for salary and other remuneration that were approved by the AGM.</li> <li>Proposed to the Board to submit to the AGM 2016 a long-term variable remuneration program which is substantially the same as the approved program for 2015.</li> </ul>

**The President, the Management Group and the organization**

The President's responsibilities include among other things ongoing investments and divestments, personnel, finance and accounting issues and regular contact with the company's stakeholders, such as public authorities and the financial market. The President ensures that the Board is provided with the requisite material for making well-informed decisions.

On May 12, 2015 Johan Forssell was appointed as new President and CEO. The new Management group consisting of Helena Saxon, CFO, Daniel Nodhäll, Head of Listed Core Investments, Petra Hedengran, General Counsel and Head of Corporate Governance and Compliance, and Stefan Stern, Head of Corporate Relations, Sustainability and Communications, was effective as of the same date. For more information about the President and Management Group, see page 37.

The Management Group holds meetings focused on the company's strategy four to five times a year, including risk assessment.

The Management Group regularly works with specific business transactions. During the year the Management Group focused among other things on the formation of the new business area Patricia Industries and the acquisition of additional shares in ABB and in Wärtsilä. Other topics that have been addressed include sustainability issues and the potential impact from technology shifts on Investor's holdings. The Management Group also worked proactively to ensure the company's financial flexibility. The Management Group regularly monitors the organization to ensure that it has the right competences given the company's strategy, goals and challenges.

The Management Group works actively with engaging all employees to develop the corporate culture and act accordingly. For information on Investor's role as employer and owner regarding sustainable business, see page 23 and 24.

Investor's analysts within Listed Core Investments work in business teams with focus on analyzing the holdings, the sector, the market development and competitors to identify value creating initiatives, risks and the companies' return potential. In the Listed Core Investments, see page 12, Investor exercises its active ownership through Board representation.

The Board of Investor decides on capital commitments in the EQT funds, see page 17. Investor invests as a limited partner in each EQT fund and has no influence on the activities within the EQT funds. As also being a sponsor of EQT, Investor receives carried interest and fee surplus on top of the returns from the limited partnership. Johan Forssell is a board member in the holding company of EQT, EQT AB.

Investor's new business area, Patricia Industries, is governed by a mandate given by the Board of Investor. Within this mandate the Board of Patricia Industries independently makes investment and management decisions regarding the companies within Patricia Industries. Patricia Industries' business is divided in a Nordic organization and a North America organization, see page 18. Börje Ekholm is the CEO of Patricia Industries. The partner owned company, 3 Scandinavia, and the wholly-owned operating subsidiaries are governed through Patricia Industries' representation on the Boards of those companies. The board representatives are responsible for ensuring that the Board of Patricia Industries and Investor's Board of Directors are provided

## Attendance record and Board remuneration in 2015

■ Member ■ Chairman	Audit and Risk Committee	Remuneration Committee	Attendance record, Board Meetings	Attendance record, Committee Meetings	Board fee excl. Committee fees			Committee fees		Total Board Remuneration incl. synthetic shares, SEK t <sup>1)</sup>
					Cash, SEK t	Value of synthetic shares, SEK t <sup>1)</sup>	Number of synthetic shares <sup>1,2)</sup>	Audit and Risk Committee, SEK t	Remuneration Committee, SEK t	
Jacob Wallenberg	■	■	100%	94%	2,340	0	0	165	155	2,660
Marcus Wallenberg			100%		625	0	0			625
Josef Ackermann			70%		313	313	946			625
Gunnar Brock	■		100%	100%	313	313	946	165		790
Johan Forssell			100%							
Magdalena Gerger	■		100%	100%	313	313	946	165		790
Tom Johnstone, CBE		■	100%	100%	313	313	946		78	703
Grace Reksten Skaugen	■		90%	88%	625	0	0	250		875
Hans Stråberg			100%		313	313	946			625
Lena Treschow Torell		■	100%	100%	313	313	946		78	703
Sara Öhrvall			100%		313	313	946			625
<b>Total</b>					<b>5,778</b>	<b>2,188</b>	<b>6,620</b>	<b>745</b>	<b>311</b>	<b>9,021</b>

1) At point of allocation.

2) The synthetic shares are valued in connection with allocation after the Annual General Meeting 2015 and shall be based on an average market price of Investor shares of class B during a measurement period in conjunction with the allocation, see note 9, Employees and personnel costs.

For total value of the Board fee including synthetic shares and dividends at year-end, see note 9, Employees and personnel costs.

with relevant information on the companies. The Board of Patricia Industries consists of Gunnar Brock, Sune Carlsson, Johan Forssell, Jacob Wallenberg and Marcus Wallenberg. During 2015 the Board of Patricia Industries has among other things focused on the acquisition of the new subsidiary, BraunAbility, and the refinancing of Mölnlycke Health Care.

Corporate support functions on group level are governed by approved policies and instructions. Investor's Trading function is governed by mandates and limits set by the Board of Investor.

### Control functions

Using the risk policy approved by the Board as framework, the Risk Control function identifies and monitors the major risks that Investor is exposed to. This function is responsible for coordinating the internal reporting of Investor's significant risks at the aggregate level. The Risk Control function reports to the Audit and Risk Committee.

The Compliance function supports Investor's compliance with laws and regulations, and maintains internal regulatory systems and education to this end. The Compliance function reports to the Audit and Risk Committee.

The review function, Internal Control, provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas. The Internal Control function plans its work in consultation with the Audit and Risk Committee, the Management Group and the external auditor. It also regularly provides reports on its work to the Audit and Risk Committee during the year.

## Remuneration

### Remuneration to the Board

The total remuneration to the Board approved by the AGM 2015 was SEK 9,021 t. Information on specific compensation is provided in the table above and in note 9, Employees and personnel costs.

The Nomination Committee believes it is to the advantage of the company and its shareholders if Board members are either shareholders in the company or have similar exposure to changes in the price of Investor's share over the long term. Since the 2008 AGM, it is possible for Board members to receive a portion of their compensation in the form of synthetic shares.

At the statutory Board meeting in May 2015, the Board adopted, as in 2011-2014, a policy stating that Board members, who do not already have such holdings, are expected to, over a five-year period, acquire an ownership in Investor shares (or a corresponding exposure to the Investor share, e.g. in the form of synthetic shares) with a market value equivalent to at least one year's Board remuneration, before taxes, excluding remuneration for Committee work.

### Remuneration to Management and other employees

The total remuneration for the President is determined by the Board. Remuneration issues concerning other members of the Management Group are decided by the Remuneration Committee, after which the Board is informed. Investor's policy is for the Management Group to own shares in Investor corresponding to a market value of at least one year's gross salary for the President and at least half of one year's gross salary for the other members of the Management Group.

The development of the programs for long-term variable remuneration is evaluated on a continuous basis throughout the year. The Remuneration Committee also regularly carries out a more thorough evaluation of the programs. The long-term variable remuneration program proposed by the Board and decided by the AGM in 2015 was substantially the same as the program from 2014.

Investor has during 2015 modernized and better adapted the company's pension and insurance plan to market conditions. The main consequence of the revision is that the defined benefit BTP plan has been replaced with a defined contribution pension and insurance plan. The change will lead to predictable and lower costs for the company as well as the same or better insurance coverage and pension earnings for the employees.

The Board of Directors' proposal, set out below, regarding guidelines for salary and other remuneration for the President and other Members of the Management Group to the AGM 2016 comply with the guidelines for remuneration decided by the AGM 2015, however, with the exception that it is now proposed that pension benefits shall consist of a premium based

pension plan, of which the ratio of pension provisions to fixed cash salary depends on the age of the executive. Further, in order for the new defined contribution pension plan to result in unchanged pension earnings for new Management Group members, the Board has used the possibility, when particular grounds exist, to deviate from the guidelines decided at the Annual General Meeting 2015, where the pension benefit for the Management Group now consists of a premium based pension plan on all parts of the fixed salary (previously on parts of salary above 20 basic income amounts). The combined effects of the changes of the company's pension plans result in unchanged pension earnings for Management Group members, however with predictable and lower costs for the company.

See note 9, Employees and personnel costs, page 54, and on the website, for the most recently approved guidelines on remuneration to senior executives and for a description on the long-term variable remuneration programs. See also the website for the information and evaluation that have to be reported according to the Code.

#### The Board of Directors' proposal regarding guidelines for salary and other remuneration to the President and other Members of the Management Group, at the 2016 AGM

Investor shall strive to offer a total remuneration in line with market conditions which will enable Investor to recruit and retain the most suitable senior executives. Comparative studies of relevant industries and markets are carried out annually in order to determine what constitutes a total level of remuneration in line with market conditions and in order to evaluate current remuneration levels. The total remuneration shall be based on factors such as position, performance and individual qualification.

The total remuneration to the Management Group shall consist of

- fixed cash salary;
- variable cash salary;
- long-term variable remuneration;
- pension; and
- non-monetary benefits and other remuneration.

Fixed cash salary, variable cash salary and long-term variable remuneration together comprise the total salary for an employee.

##### **Fixed cash salary**

The fixed cash salary shall be reviewed annually, and constitutes the basis for calculation of the variable salary.

##### **Variable cash salary**

The short-term variable cash salary is dependent upon the individual's achievement to meet annually set goals. The outcome of the short-term vari-

able cash salary is reviewed annually. For the Management Group, the highest possible short-term variable cash salary shall vary due to the position held and employment agreements and shall, for the Members of the Management Group, generally amount to 10-75 percent of the fixed cash salary. For the current President, the short-term variable cash salary amounted to maximum 30 percent in 2015. The total short-term variable cash salary before tax for all current Members of the Management Group, can vary between SEK 0 and SEK 7.0 m. during 2016, depending on whether the goals have been met. The short-term variable cash salary might exceed this amount in the event that the Management Group is expanded. The outcome should only be related to the fulfillment of the individual's goals and thus the remuneration is clearly related to the work contributions and performance of the individual. The goals shall be both qualitative and quantitative and be based on factors which support the company's long-term strategy.

##### **Long-term variable remuneration**

Long-term variable remuneration according to decision by the AGM. The Board has decided to propose to the AGM 2016 a long-term variable remuneration program which is substantially the same as the approved program for 2015. See note 9, Employees and personnel costs, and the website for a description on the long-term variable remuneration programs.

##### **Pension**

Pension benefits shall consist of a premium based pension plan of which the ratio of pension provisions to fixed cash salary depends on the age of the executive. In respect of employees working abroad, pension benefits shall be adjustable in line with local pensions practice. The age of retirement for the President and other Members of the Management Group shall be 60 years.

##### **Non-monetary benefits and other remuneration**

Non-monetary benefits and other remuneration shall be on market terms and shall contribute to facilitating the executive's discharge of his or her duties.

##### **Termination and severance pay**

Investor and Members of the Management Group may mutually terminate employment contracts subject to a six months' notice. Fixed cash salary during the notice period and severance pay shall, for Members of the Management Group with employment contracts entered into after the AGM 2010, in aggregate not exceed the fixed cash salary for two years. For Members of the Management Group employed before the AGM of 2010 the contracts already entered into shall apply. For these Members a mutual termination period of six month applies and severance payment is maximized to 24 months of fixed cash salary.

The Board of Directors may, where particular grounds exist in the individual case, decide to deviate from the guidelines.

## The Board's report on Internal control over financial reporting

The Board has the ultimate responsibility of the internal control for the financial reporting.

Investor's system of internal control and risk management, with regard to financial reporting, is designed to manage risks involved in the processes related to financial reporting and ensure a high level of reliability in the financial reporting. It is also designed to ensure compliance with the applicable accounting requirements and other requirements that Investor must meet as a listed company. Investor's main business is the management of financial transactions and the company's internal control over financial reporting is focused primarily on ensuring efficient and reliable management of, and accounting for, purchases, sales and accurate evaluation of securities. Correct consolidation of the operating subsidiaries is also a priority.

Investor's wholly-owned operating subsidiaries have separate internal control structures in place for their operational activities. The Board of each of these companies is responsible for ensuring the efficiency of the operating subsidiary's internal regulations, internal controls, risk management and financial reporting, as well as reporting on these items to respective company's Board of Directors. Patricia Industries' Board representatives provide this information to Patricia Industries investment organization, where analysis and follow-up take place. Patricia Industries' Board ensures that Investor's Board receives relevant information on the companies.

### Control environment

The control environment is built around an organization with clear decision-making channels, powers and responsibilities that are defined by explicit instructions and a corporate culture based on shared values. It also requires each individual's awareness of his/her role in maintaining effective internal control.

The corporate culture at Investor is based on four core values: Create value, Continuous improvement, Contribute your view and Care for people.

### Risk management



All of Investor's business areas have policies, instructions and detailed process descriptions for the various phases of each business flow. These documents establish rules on responsibilities for specific tasks, mandates and powers and how validation is to be carried out. The governing documents are presented on the intranet for all employees. The documents are updated yearly or when needed to ensure that they always reflect current legislation, regulations and changes in processes. The Compliance function educates and informs the organization continuously about internal policies and instructions. During 2015 the Compliance function has continued the follow up on how the subsidiaries work with their steering documents. Instructions regarding the new business area, Patricia Industries, have been issued and approved.

### Risk assessment

Risk assessment, i.e. identifying and evaluating risks that could prevent the company from achieving its business goals and having reliable financial reporting, is conducted continuously in the day to day business at Investor. The Board, via the Audit and Risk Committee, is responsible for identifying and managing significant financial risks and any risks of material weaknesses in the financial reporting. The Board follows up frequently on limits and risk exposure to ensure the ability to reach business strategies and goals.

The CEO is responsible for ensuring that the organization complies with the Risk policy and for the continuous management of all risks within the business. The Board's and the Management's support function for managing and identifying risks and activities required, is the Risk Control Function.

Patricia Industries' Board representative in the subsidiaries ensures that Investor's Board is informed about any issue in the financial reporting, that could affect Investor's business or financial reporting.

Risk measurement is performed daily regarding the Treasury and Trading businesses and provided to the Management Group. The financial reports are compiled monthly and provided to the Management Group.

Risk assessment is carried out yearly in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks. Risk assessment encompasses the entire organization and all of its processes. It takes into consideration such things as systems, control activities and key individuals. During 2015 there has been a focus on process risks related to the establishment of the new business area Patricia Industries. Also information security has a major focus in the risk assessments. When needed, action plans were implemented to minimize the probability and impact of identified risks. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are reported to the Management Group

and to the Board. The CEO and Management Group follow up on the implementation of action plans and report back to the Board.

Using each business area's risk assessment as a starting point, the Audit and Risk Committee determines which of the identified risks for the financial reporting should be prioritized by the Internal Control function. Focus is placed on risks of material weaknesses in the financial reporting for significant Income Statement and Balance Sheet items, which have a higher risk because of the complexity of the process, or where there is a risk that the effects of potential weaknesses may become significant because of the high transaction values involved. Actions such as improved control routines are implemented when needed. The Audit and Risk Committee follows up on the measures in place for dealing with other risks.

For a more detailed description of Investor's risks, see note 3, Risks.

#### **Control activities**

To ensure that business is conducted efficiently and that financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from the Board and company Management to other employees.

At Investor, control activities include approval of business transactions, reconciliation with external counterparties, daily monitoring of risk exposure, daily account reconciliation, monthly custody reconciliation, performance monitoring and analytical monitoring of decisions. During 2015 the controls in the outsourced processes have been verified. Controls in the new processes with Patricia Industries have been defined and documented in instructions.

Investor's financial reports are analyzed and validated by the company's control function within Finance. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as analysis and reasonability assessment of reported values. The effectiveness of the

automatic checks in the IT systems is monitored on the basis of information received from system administrators in the business process. Suggestions for improvements are identified and implemented on an ongoing basis.

#### **Information and communication**

Investor's Board has adopted a Communication policy for the purpose of ensuring that the external information is correct and complete. Within the company, there are also instructions regarding information security and how to communicate financial information between the Board, Management and other employees.

Investor has an established process for whistleblowing, accessible for all employees. It can be used anonymously.

During 2015 the process for information flow between Patricia Industries and Investor has been set. Continued focus has also been on developing efficient processes for reporting of the financial information from the subsidiaries, including the new subsidiary BraunAbility.

#### **Monitoring**

Both the Board and the Management Group regularly follow up on the compliance and effectiveness of the company's internal controls to ensure the quality of internal processes. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting and the Board is furnished with detailed monthly reports on the financial situation and development of the business to this end. The Board reviews the interim reports before publishing.

The Audit and Risk Committee plays an important role in ensuring and monitoring that control activities are in place for important areas of risk inherent in the processes for financial reporting and regularly reports the results from the committee work to the Board. The Audit and Risk Committee, Management Group and Internal Control function regularly follow up reported deviations.

# Management Group

## Johan Forssell

Born 1971  
President and CEO  
Member of the Management Group since 2006  
Employed in 1995

### Board assignments

Director: Atlas Copco, EQT AB, Patricia Industries, Saab

### Work experience

Head of Core Investments, Investor  
Project Director: Aleris  
Head of Research, Head of Capital Goods and Healthcare sector, Head of Capital Goods sector and Analyst, Core Holding: Investor

### Education

M. Sc. In Economics and Business Administration, Stockholm School of Economics

### Shares in Investor<sup>1)</sup>

69,000

## Petra Hedengran

Born 1964  
General Counsel, and Head of Corporate Governance and Compliance  
Member of the Management Group since 2007  
Employed 2007

### Board assignments

Director: The Association for Generally Accepted Principles in the Securities Market, Electrolux

### Work experience

Director: EQT Partners, Lindorff Group  
Partner and Head of Banking and Financing Group: Advokatfirman Lindahl  
Legal Counsel and General Counsel: ABB Financial Services, Nordic Region  
Assistant Judge: Stockholms Tingsrätt  
Associate: Gunnar Lindhs Advokatbyrå

### Education

Bachelor of Laws, Stockholm University

### Shares in Investor<sup>1)</sup>

16,150

## Daniel Nodhäll

Born 1978  
Head of Listed Core Investments  
Member of the Management Group since 2015  
Employed in 2002

### Board assignments

Director: Husqvarna

### Work experience

Investment Manager, Head of Capital Goods: Investor

### Education

M.Sc., Stockholm School of Economics

### Shares in Investor<sup>1)</sup>

11,000

## Helena Saxon

Born 1970  
Chief Financial Officer  
Member of the Management Group since 2015  
Employed in 1997

### Board assignments

Director: Sobi

### Work experience

Director: Aleris, Gambro, Mölnlycke Health Care  
Investment manager: Investor  
CFO: Hallvarsson & Halvarsson  
Financial analyst: Goldman Sachs

### Education

M.Sc in Finance, Stockholm School of Economics, IMD, INSEAD

### Shares in Investor<sup>1)</sup>

5,396

## Stefan Stern

Born 1970  
Head of Corporate Relations, Sustainability and Communications  
Member of the Management Group since 2015  
Employed in 2013

### Board assignments

Director: Demoskop

### Work experience

State Secretary on Energy and Sustainability, Ministry of Sustainable Development: Government of Sweden  
Deputy Party Secretary and Group Secretary: (S) in Swedish Parliament  
Senior Advisor: Investor, Magnora  
CEO: Swedish District Heating Association  
Executive Vice President: Silver Life  
Head of Planning, Prime Minister's Office: Government Offices of Sweden  
Head of Planning and Communication, Ministry of Enterprise: Government Offices of Sweden  
Information Officer, Ministry of Health and Social Affairs: Government Offices of Sweden

### Education

Political science, Stockholm University

### Shares in Investor<sup>1)</sup>

3,000



Johan Forssell



Petra Hedengran



Daniel Nodhäll



Helena Saxon



Stefan Stern

Assignments and number of shares as of December 31, 2015. Updated information will be reported on Investor's website.

See note 9, Employees and personnel costs, for shares and share-related instruments held by Management Group members.

1) Includes holdings of close relatives and legal entities.



# Board of Directors

## Jacob Wallenberg

Born 1956, Chairman since 2005  
Vice Chairman 1999-2005  
Director since 1998  
Chairman: Remuneration Committee  
Member: Audit and Risk Committee

### Other board assignments

Vice Chairman: ABB, Ericsson, FAM, Patricia Industries, SAS  
Director: The Knut and Alice Wallenberg Foundation, Stockholm School of Economics  
Member: IBLAC (Mayor of Shanghai's International Business Leaders Advisory Council), The European Round Table of Industrialists (ERT), The Confederation of Swedish Enterprise, The Royal Swedish Academy of Engineering Sciences (IVA)

### Work experience

Chairman: SEB  
Vice Chairman: Atlas Copco, Stora  
President and CEO: SEB  
Director: The Coca Cola Company, Electrolux, Stockholm Chamber of Commerce, Stora, WM-data  
Executive VP and CFO: Investor

### Education

B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania  
Reserve Officer, Swedish Navy

### Independent/Dependent <sup>1)</sup>

Shares in Investor <sup>2)</sup>  
462,241, Synthetic shares: 15,612

## Marcus Wallenberg

Born 1956, Vice Chairman since 2015  
Director since 2012

### Other board assignments

Chairman: FAM, Patricia Industries, Saab, SEB  
Director: AstraZeneca, The Knut and Alice Wallenberg Foundation, Temasek Holding

### Work experience

Chairman: Electrolux, International Chamber of Commerce (ICC), LKAB  
President and CEO: Investor  
Executive VP: Investor  
Director: EQT Holdings, SEB (Stockholm, London), Stora Feldmühle, Stora Enso

### Education

B. Sc of Foreign Service, Georgetown University, Washington D.C.  
Lieutenant, Royal Swedish Naval Academy

### Independent/Dependent <sup>1)</sup>

Shares in Investor <sup>2)</sup>  
552,223

## Josef Ackermann

Born 1948, Director since 2012

### Other board assignments

Chairman: Bank of Cyprus  
Honorary Chairman: St. Gallen Foundation for International Studies  
Director: Renova Management  
Director International Advisory Board: Akbank

### Work experience

Chairman: Zurich Insurance Group  
Chairman Management Board and the Group Executive Committee: Deutsche Bank  
President Executive Board: Schweizerische Kreditanstalt

### Education

Dr. oec, economics and social sciences, University of St. Gallen

### Independent/Dependent <sup>1)</sup>

Shares in Investor <sup>2)</sup>  
0, Synthetic shares: 5,668

## Gunnar Brock

Born 1950, Director since 2009  
Member: Audit and Risk Committee

### Other board assignments

Chairman: Mölnlycke Health Care, Rolling Optics, Stora Enso  
Director: Patricia Industries, Stena, Stockholm School of Economics, Syngenta, Total  
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

### Work experience

CEO: Alfa Laval, Atlas Copco, Tetra Pak Group of Companies, Thule International  
Director: SOS Children's Villages

### Education

M.Sc. in Economics and Business Administration, Stockholm School of Economics

### Independent/Dependent <sup>1)</sup>

Shares in Investor <sup>2)</sup>  
0, Synthetic shares: 7,926

## Johan Forssell

Director since 2015  
See more information on page 37

## Magdalena Gerger

Born 1964, Director since 2014  
Member: Audit and Risk Committee

### Current position

President and Chief Executive Officer: Systembolaget

### Other board assignments

Director: Husqvarna, The Research Institute of Industrial Economics (IFN), The Royal Swedish Academy of Engineering Sciences (IVA)

### Work experience

Chairman: IQ-initiativet  
Director: IKEA (Ingka Holding), Svenska Spel  
Vice President, responsible for Fresh Dairy, Marketing and Innovation: Arla Foods  
Management consultant: Futoria  
Category Director: Nestlé UK  
Marketing Director: ICI Paints

### Education

M.B.A. Stockholm School of Economics  
M.B.A. exchange, McGill University, Montreal  
M. Econ., Stockholm School of Economics

### Independent/Dependent <sup>1)</sup>

Shares in Investor <sup>2)</sup>  
4,400, Synthetic shares: 2,138



Jacob Wallenberg



Marcus Wallenberg



Josef Ackermann



Gunnar Brock



Johan Forssell



Magdalena Gerger

Assignments and number of shares as of December 31, 2015. Updated information will be reported on Investor's website.

1) See page 30, table Board of Directors 2015.

2) Includes holdings of close relatives and legal entities. For more information about synthetic shares see note 9, Employees and personnel costs.



### Tom Johnstone, CBE

Born 1955, Director since 2010  
Member: Remuneration Committee

#### Other board assignments

Chairman: Combient, Husqvarna  
Director: Volvo Cars, Wärtsilä

#### Work experience

President and CEO: SKF  
Director: The Association of Swedish Engineering Industries, Electrolux, SKF  
Executive Vice President: SKF  
President, Automotive Division: SKF

#### Education

M.A., University of Glasgow

#### Independent/Dependent<sup>1)</sup>

Shares in Investor<sup>2)</sup>  
0, Synthetic shares: 7,926

### Grace Reksten Skaugen

Born 1953, Director since 2006  
Chairman: Audit and Risk Committee

#### Other board assignments

Chairman: Norwegian Institute of Directors  
Deputy Chairman: Orkla  
Director: Lundin Petroleum

#### Work experience

Chairman: Entra Eiendom, Ferd  
Deputy chairman: Statoil  
Director: Atlas Copco, Corporate Finance Enskilda Securities (Oslo), Opera Software, Renewable Energy Corporation, Storebrand, Tandberg

#### Education

M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University, Ph.D., Laser Physics, Imperial College of Science and Technology, London

#### Independent/Dependent<sup>1)</sup>

Shares in Investor<sup>2)</sup>  
2,000

### Hans Stråberg

Born 1957, Director since 2011

#### Other board assignments

Chairman: Atlas Copco, CTEK, Nikkarit, Orchid, Roxtec  
Director: Hedson, Mellbygård, N Holding, The Royal Swedish Academy of Engineering Sciences (IVA), Stora Enso

#### Work experience

President and CEO: Electrolux  
Chief Operating Officer: Electrolux  
Various positions with Electrolux

#### Education

M.Sc. in Engineering, Chalmers University of Technology, Gothenburg  
Reserve Officer, The Swedish Army

#### Independent/Dependent<sup>1)</sup>

Shares in Investor<sup>2)</sup>  
8,300, Synthetic shares: 7,926

### Lena Treschow Torell

Born 1946, Director since 2007  
Member: Remuneration Committee

#### Other board assignments

Chairman: Chalmers University of Technology, MISTRA  
Director: Saab, SKF

#### Work experience

Chairman: Euro-CASE  
Chairman and President: Royal Swedish Academy of Engineering Sciences (IVA)  
Vice Chairman: ÅF  
Research Director: Joint Research Centre, European Commission (Brussels)  
Professor in Physics: Chalmers University of Technology, Uppsala University  
Director: Ericsson, Gambro, Getinge, Micronic Mydata

#### Education

Ph.D., Physics, University of Gothenburg  
Docent, Physics, Chalmers University of Technology, Gothenburg

#### Independent/Dependent<sup>1)</sup>

Shares in Investor<sup>2)</sup>  
2,500, Synthetic shares: 7,926

### Sara Öhrvall

Born 1971, Director since 2015

#### Current position

Co-Founder and Senior Advisor: MindMill Network

#### Other board assignments

Director: Bonnier News (including the Board of Expressen, DN and DI), Bonnier Books, Bisnode, Kicks, Nobel Museum, Umeå University

#### Work experience

Chairman: Newsmill, Workey, Feber  
Director: Adlibris, Mag+, SF Bio, Dagens Industri, TV4, Lunarstorm  
Senior Vice President and member of the Management Group: Bonnier (Stockholm, San Francisco)  
Founder and Chief Executive Officer: Ninety Concept Development  
Partner and Chief Executive Officer: Differ  
Niche Concepts Manager: Volvo Cars (Brussels)  
Market Area Manager, China, Hong Kong and Taiwan: Volvo Car Asia (Singapore)  
Project Manager: Toyota Motor (Tokyo)

#### Education

Executive Management Program, Duke University, New York, London  
Architecture and Design, Parson School of Design, New York  
Philosophy, New York University, New York  
M. Sc in International Business, Umeå University

#### Independent/Dependent<sup>1)</sup>

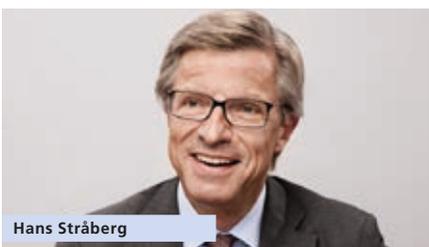
Shares in Investor<sup>2)</sup>  
0, Synthetic shares: 946



Tom Johnstone, CBE



Grace Reksten Skaugen



Hans Stråberg



Lena Treschow Torell



Sara Öhrvall

Assignments and number of shares as of December 31, 2015. Updated information will be reported on Investor's website.

1) See page 30, table Board of Directors 2015.

2) Includes holdings of close relatives and legal entities. For more information about synthetic shares see note 9, Employees and personnel costs.

# Proposed Disposition of Earnings

The Board of Directors propose that the unappropriated earnings in Investor AB:

Total available funds for distribution	
Retained earnings	201,343,234,973
Net profit for the year	8,360,128,116
<b>Total SEK</b>	<b>209,703,363,089</b>

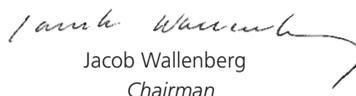
To be allocated as follows:	
Dividend to shareholders, SEK 10.00 per share	7,671,750,300 <sup>1)</sup>
Funds to be carried forward	202,031,612,789
<b>Total SEK</b>	<b>209,703,363,089</b>

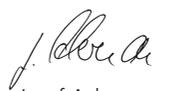
The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted accounting standards in Sweden and give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Administration Report for the Group and the Parent Company gives a true and fair view of the operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face. The annual accounts and the consolidated financial statements were approved for release by the Board of Directors and the President on March 21, 2016. The consolidated Income Statement and Balance Sheet, and the Income Statement and Balance Sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on May 10, 2016.

The proposed dividend amounts to SEK 7,672 m. The Group's equity attributable to the shareholders of the Parent Company was SEK 271,801 m. as of December 31, 2015, and unrestricted equity in the Parent Company was SEK 209,703 m. Unrestricted equity includes SEK 125,508 m. attributable to unrealized changes in value according to a valuation at fair value. With reference to the above, and to other information that has come to the knowledge of the Board, it is the opinion of the Board that the proposed dividend is defensible with reference to the demands that the nature, scope and risks of Investor's operations place on the size of the company's and the Group's equity, and the company's and the Group's consolidation needs, liquidity and position in general.

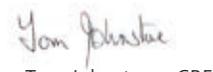
1) Calculated on the total number of registered shares. No dividend is paid for the Parent Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. On December 31, 2015, the Parent Company's holding of own shares totaled 5,270,322.

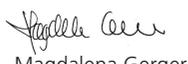
Stockholm, March 21, 2016

  
Jacob Wallenberg  
Chairman

  
Josef Ackermann  
Director

  
Gunnar Brock  
Director

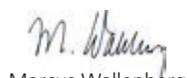
  
Tom Johnstone, CBE  
Director

  
Magdalena Gerger  
Director

  
Grace Reksten Skaugen  
Director

  
Hans Stråberg  
Director

  
Lena Treschow Torell  
Director

  
Marcus Wallenberg  
Vice Chairman

  
Sara Öhrvall  
Director

  
Johan Forssell  
President and  
Chief Executive Officer

Our Audit Report was submitted on March 22, 2016

Deloitte AB  
  
Thomas Strömberg  
Authorized Public Accountant



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# Consolidated Income Statement

SEK m.	Note	2015	2014
Dividends	8	7,821	7,228
Other operating income	8	58	177
Changes in value	6	8,538	41,960
Net sales	8	25,365	21,200
Cost of goods and services sold	7,9,11,16,17,20	-15,985	-13,529
Sales and marketing costs	7,9,11,16,17,20	-3,147	-3,171
Administrative, research and development and other operating costs	7,9-11,16,17,20	-2,880	-2,175
Management costs	7,9-11,16,17,20	-483	-496
Share of results of associates	12	360	903
<b>Operating profit/loss</b>		<b>19,647</b>	<b>52,097</b>
Financial income	13	961	1,172
Financial expenses	13	-2,434	-2,961
<b>Net financial items</b>		<b>-1,473</b>	<b>-1,789</b>
<b>Profit/loss before tax</b>		<b>18,174</b>	<b>50,308</b>
Tax	14	-740	380
<b>Profit/loss for the year</b>	5	<b>17,434</b>	<b>50,688</b>
Attributable to:			
Owners of the Parent Company		17,433	50,656
Non-controlling interest		1	32
<b>Profit/loss for the year</b>		<b>17,434</b>	<b>50,688</b>
Basic earnings per share, SEK	15	22.89	66.55
Diluted earnings per share, SEK	15	22.82	66.40

# Consolidated Statement of Comprehensive Income

SEK m.	Note	2015	2014
Profit/loss for the year		17,434	50,688
Other comprehensive income for the year, including taxes			
<i>Items that will not be recycled to profit/loss for the year</i>			
Revaluation of property, plant and equipment		190	252
Remeasurements of defined benefit plans		84	-173
<i>Items that may be recycled to profit/loss for the year</i>			
Cash flow hedges		145	-119
Foreign currency translation adjustment		-201	2,191
Share of other comprehensive income of associates		-48	-182
<b>Total other comprehensive income for the year</b>		<b>170</b>	<b>1,969</b>
<b>Total comprehensive income for the year</b>		<b>17,604</b>	<b>52,657</b>
Attributable to:			
Owners of the Parent Company		17,603	52,625
Non-controlling interest		1	32
<b>Total comprehensive income for the year</b>	23	<b>17,604</b>	<b>52,657</b>

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YEARS OF INVESTOR

# Consolidated Balance Sheet

SEK m.	Note	12/31 2015	12/31 2014	SEK m.	Note	12/31 2015	12/31 2014
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>				<b>Equity</b>			
Goodwill	16	29,062	27,417	Share capital	23	4,795	4,795
Other intangible assets	16	12,386	11,268	Other contributed equity		13,533	13,533
Buildings and land	17	4,123	3,576	Reserves		2,528	2,482
Machinery and equipment	20	2,360	2,125	Retained earnings, including profit/loss for the year		250,945	240,153
Shares and participations recognized at fair value	12, 29	250,700	243,772	<b>Equity attributable to shareholders of the Parent Company</b>		<b>271,801</b>	<b>260,963</b>
Shares and participations in associates	12	3,336	3,051	Non-controlling interest		176	30
Other financial investments	22	6,665	3,283	<b>Total equity</b>		<b>271,977</b>	<b>260,993</b>
Long-term receivables	18	4,587	5,568				
Deferred tax assets	14	964	1,173	<b>Liabilities</b>			
<b>Total non-current assets</b>		<b>314,183</b>	<b>301,233</b>	<b>Non-current liabilities</b>			
<b>Current assets</b>				Long-term interest-bearing liabilities	24	50,120	51,096
Inventories	19	2,509	1,785	Provisions for pensions and similar obligations	25	743	853
Tax assets		111	162	Other provisions	26	312	218
Trade receivables		3,393	2,837	Deferred tax liabilities	14	3,800	3,527
Other receivables	18	380	363	Other long-term liabilities	27	1,253	1,193
Prepaid expenses and accrued income	21	935	769	<b>Total non-current liabilities</b>		<b>56,228</b>	<b>56,887</b>
Shares and participations in trading operation		18	68				
Short-term investments	22	1,881	2,827	<b>Current liabilities</b>			
Cash and cash equivalents	22	13,180	13,443	Current interest-bearing liabilities	24	2,413	240
<b>Total current assets</b>		<b>22,407</b>	<b>22,254</b>	Trade payables		1,677	1,532
<b>TOTAL ASSETS</b>		<b>336,590</b>	<b>323,487</b>	Tax liabilities		244	227
				Other liabilities	27	708	725
				Accrued expenses and prepaid income	28	3,186	2,747
				Provisions	26	157	136
				<b>Total current liabilities</b>		<b>8,385</b>	<b>5,607</b>
				<b>Total liabilities</b>		<b>64,613</b>	<b>62,494</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>		<b>336,590</b>	<b>323,487</b>

For information regarding pledged assets and contingent liabilities see note 30, Pledged assets and contingent liabilities.



# Consolidated Statement of Changes in Equity

SEK m.	Note 23	Equity attributable to shareholders of the Parent Company							Non-controlling interest	Total equity
		Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2015		4,795	13,533	1,416	768	298	240,153	260,963	30	260,993
Profit/loss for the year							17,433	17,433	1	17,434
Other comprehensive income for the year				-264	190	142	102	170	0	170
<b>Total comprehensive income for the year</b>				-264	190	142	17,535	17,603	1	17,604
Release of revaluation reserve due to amortization of revalued amount					-22		22			
Dividend							-6,856	-6,856		-6,856
Change in non-controlling interest									145	145
Stock options exercised by employees							57	57		57
Equity-settled share-based payment transactions							34	34		34
Closing balance 12/31 2015		4,795	13,533	1,152	936	440	250,945	271,801	176	271,977

SEK m.	Note 23	Equity attributable to shareholders of the Parent Company							Non-controlling interest	Total equity
		Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2014		4,795	13,533	-589	537	413	196,728	215,417	549	215,966
Profit/loss for the year							50,656	50,656	32	50,688
Other comprehensive income for the year				2,005	252	-115	-173	1,969		1,969
<b>Total comprehensive income for the year</b>				2,005	252	-115	50,483	52,625	32	52,657
Release of revaluation reserve due to amortization of revalued amount					-21		21			
Dividend							-6,089	-6,089		-6,089
Change in non-controlling interest							-1,084	-1,084	11	-1,073
Reclassification of non-controlling interest									-562	-562
Stock options exercised by employees							61	61		61
Equity-settled share-based payment transactions							33	33		33
Closing balance 12/31 2014		4,795	13,533	1,416	768	298	240,153	260,963	30	260,993



# Consolidated Statement of Cash Flow

SEK m.	Note	2015	2014
<b>Operating activities</b>			
Dividends received		7,953	7,233
Cash receipts		25,672	21,607
Cash payments		-21,522	-18,026
<b>Cash flow from operating activities before net interest and income tax</b>		<b>12,103</b>	<b>10,814</b>
Interest received <sup>1)</sup>		48	537
Interest paid <sup>1)</sup>		-1,323	-2,148
Income tax paid		-325	-227
<b>Cash flow from operating activities</b>		<b>10,503</b>	<b>8,976</b>
<b>Investing activities</b>			
Acquisitions		-8,370	-12,927
Divestments		10,113	12,931
Increase in long-term receivables		-46	-2,928
Decrease in long-term receivables		987	2,576
Acquisitions of subsidiaries, net effect on cash flow		-4,543	-1,572
Increase in other financial investments		-8,429	-5,324
Decrease in other financial investments		4,973	3,812
Net changes, short-term investments		905	-874
Acquisitions of property, plant and equipment		-1,046	-1,045
Proceeds from sale of other investments		7	5
<b>Net cash used in investing activities</b>		<b>-5,449</b>	<b>-5,346</b>
<b>Financing activities</b>			
Borrowings		7,978	9,845
Repayment of borrowings		-6,405	-4,612
Dividend		-6,856	-6,089
<b>Net cash used in financing activities</b>		<b>-5,283</b>	<b>-856</b>
<b>Cash flow for the year</b>		<b>-229</b>	<b>2,774</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>13,443</b>	<b>9,783</b>
Exchange difference in cash		-34	886
<b>Cash and cash equivalents at year-end</b>	22	<b>13,180</b>	<b>13,443</b>

1) Gross flows from interest swap contracts are included in interest received and interest paid.



# Notes to the consolidated financial statements

## Note 1. Significant accounting policies

The most significant accounting policies applied in this annual report are presented in this note and, where applicable, in the following notes to the financial statements. Significant accounting policies for the Parent Company can be found on page 86.

### Statement of compliance

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition the Swedish rules, RFR 1 Supplementary Accounting Policies for Groups, was applied.

### Basis of preparation for the Parent Company and consolidated financial statements

The financial statements are presented in SEK, which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (SEK m.). Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The majority of the consolidated assets are financial assets and the majority of these as well as the majority of the property within the Group are measured at fair value. Other assets and liabilities are in essence measured at historical cost.

Non-current assets and non-current liabilities consist primarily of amounts that are expected to be settled more than 12 months from the Balance Sheet date. Other assets and liabilities are presented as current assets and current liabilities.

The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise noted. The accounting policies have also been consistently applied to the reporting and consolidation of the Parent Company, subsidiaries and associates.

Certain comparative figures have been reclassified in order to conform to the presentation of the current year's financial statements. In cases where reclassifications pertains to significant amounts, special information has been provided.

### Changes in accounting policies

The following is a description of the revised accounting policies applied by the Group and Parent Company as of January 1, 2015. Other new or revised IFRSs and interpretations from the IFRS Interpretations Committee have had no material effect on the profit/loss, financial position or disclosures for the Group or Parent Company. New or amended standards that will come into effect in forthcoming years, have not been adopted early when preparing these financial statements.

### Changes in accounting policies due to new or amended IFRS

New or revised IFRSs and interpretations from the IFRS Interpretations Committee, with effective date from January 1, 2015, have had no material effect on the accounting for the Group or Parent Company.

### New IFRS regulations and interpretations to be applied in 2016 or later

The new or revised standards described below will be applied from when application is mandatory. Earlier application is not planned.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments Recognition and Measurement: with mandatory effective date of January 1, 2018, subject to EU approval. IFRS 9 presents a model for classification and measurement of financial instruments, an expected loss model for the impairment of financial assets and significantly revised requirements related to hedge accounting. The changes are not expected to have any substantial effects on amounts reported in the consolidated financial statements, since the majority of the Group's financial assets are reported in accordance with the fair value option.

IFRS 15 Revenue from Contracts with Customers is a new standard for revenue that will replace all existing standards and interpretations about revenue. Revenue shall be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Mandatory effective date is January 1, 2018, subject to EU approval. Investor is assessing the impact of the new standard.

IFRS 16 Leases is a new standard that concerns the accounting of rental and lease agreements for both lessors and lessees. Effective date is expected to be January 1, 2019, subject to EU approval. Investor is assessing the impact of the new standard.

Other known changes to IFRS and IFRIC to be applied in the future are not expected to have any significant impact on the Group's reporting.

### Consolidation principles

The consolidated financial statements comprise of the Parent Company, subsidiaries and associates.

- Subsidiaries are companies over which Investor AB have control. When determining if control is present, power and ability to affect the amount of returns are considered, but also de facto control. Subsidiaries are reported in accordance with the purchase method. For further information see note P5, Participations in Group companies.
- Associates are companies in which Investor has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. For further information see note 12, Shares and participations in associates.

Intra-group receivables, payables and transactions as well as gains arising from transactions with associates, that are consolidated using the equity method, are eliminated when preparing the consolidated financial statements.

### Foreign currency

#### Translation to functional currency

Foreign currency transactions are translated at the exchange rate in existence on the date of the transaction. Assets and liabilities in foreign currency are translated at the exchange rate in existence on the balance sheet date, except for non-monetary assets and liabilities which are recognized at historical cost using the exchange rate in existence on the date of the transaction. Exchange differences arising on translation are recognized in the income statement with the exception of effects from cash-flow hedges, see Note 29, Financial Instruments.

#### Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surpluses/deficits are translated to SEK using the exchange rate in existence on the balance sheet date. Revenues and expenses in a foreign operation are translated to SEK using an average exchange rate that approximates the exchange rates on the dates of the transactions. Translation differences arising when translating foreign operations are recognized directly in other comprehensive income and are accumulated in the translation reserve, which is a separate component of equity.

The following symbols **IS** and **BS** show which amounts in the notes that can be found in the Income Statement or Balance Sheet.

## Note 2. Critical estimates and key judgments

In order to close the books and prepare the financial statements in accordance with IFRS, management must make estimates and assumptions that affect the application of the accounting policies and the amounts recognized for assets, liabilities, income and expenses.

Estimates and judgments are based on historical experience, market information and assumptions that management considers to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and the actual outcome may differ from the estimates and judgments that were made.

### Judgments in relation to the application of accounting policies

Within the scope of IFRS, there are some instances where management must either choose between accounting policies, or choose whether to apply a particular accounting policy, in order to provide a fair view of the Group's activities. The development relating to accounting and the choice of policies are discussed in the Audit and Risk Committee.

Significant items for which a special judgment has been made in order to define the Group's accounting policies are presented below.

	Judgments	See note
Participations in Group companies	Control over investment or not	Note P5
Participations in associates	Fair value or equity method	Note 12
Owner-occupied property	Revaluation or cost model	Note 17
Interest-bearing liabilities and related derivatives	Application of hedge accounting	Note 29

### Important sources of uncertainty in estimates

The most significant estimation uncertainties in relation to the preparation of the consolidated financial statements are presented below. Changes in assumptions may result in material effects on the financial statements and the actual outcome may differ from estimated values. For more detailed descriptions of the judgments and assumptions, please refer to the specific notes referenced below.

	Estimates and assumptions	See note
Valuation of unlisted holdings	Appropriate valuation method, comparable companies, EBITDA multiples and sales multiples	Note 29
Valuation of interest-bearing liabilities and derivatives	Yield curve for valuation of financial instruments for which trading is limited and duration is long-term	Note 29
Valuation of owner-occupied property	Comparable properties, long-term inflation rate, projected cash flows, real interest rate and risk premium	Note 17
Impairment test of intangible assets	Projected cash-flows, growth rate, margins and discount factor	Note 16
Reporting of deferred tax assets	Future possibilities to benefit from tax loss carry forwards	Note 14
Valuation of pension liabilities	Discount rate and future salary increase	Note 25
Purchase Price Allocation	Valuation of acquired intangible assets	Note 4

## Note 3. Risks

In its business, the Investor group is exposed to commercial risks, financial risks including market risks such as share price risk, liquidity and financing risks, credit risks. Investor is also exposed to operational, political, legal and regulatory risks. Investor's most significant risk is share price risk.

Risk management is part of the Board's and management's governance and follow-up of the business. At Investor, risk management is an integral part of the Group's processes, meaning that control and responsibility for control is close to the business operations. Investor's Board decides on risk levels, mandates and limits for the Investing activities and Investor's different operations, while the Boards of the operating subsidiaries decide on policies that have been adapted to manage the risks in their respective businesses. For further information on the risk assessment process, see the Corporate Governance Report page 35.

Investor's Risk policy sets measurement and mandates for market risks for the short-term trading, excess liquidity and financing activities. The policy also outlines principles for foreign exchange risk management in connection with investments and cash flows in foreign currency, measurements and limits for credit risks and principles to minimize legal, regulatory and operational risks in the business.

There has been no significant change in the measurement and follow-up of risks compared with the preceding year.

### COMMERCIAL RISKS

Maintaining long-term ownership in Core Investments and a flow of investments and divestments in Financial Investments involves commercial risks. These risks include, for instance, having a high exposure to a certain sector or an individual holding, changed market conditions for finding attractive investment candidates and barriers that arise and prevent exits from a holding at the chosen time. In order to manage its various commercial risks, Investor focuses on such factors as diversification of the company portfolio, process development and development of knowledge, experience and expertise.

Investor's subsidiaries operate within the healthcare sector on different geographical markets for products and services. To remain competitive, all business units need to continuously develop innovative products and services that satisfy customer needs in a cost efficient way. New products, services and techniques developed and promoted by competitors can also affect the ability to achieve business plans and objectives. An important component of the subsidiaries' strategies for growth is to make strategic acquisitions and enter strategic alliances that complement their current businesses. A subsidiary's failure to identify appropriate targets for strategic acquisitions, or unsuccessfully integrate its acquisitions, could have a negative impact on competitiveness and profitability.

### FINANCIAL RISKS

The main category of financial risks that the Investor Group is exposed to is market risks. These are primarily risks associated with fluctuations in share prices, as well as interest rate risks and foreign exchange rate risks.

Derivative instruments are used to manage financial risks. All derivative transactions are handled in accordance with established guidelines and limits stated in financial policies. The financial risks in the subsidiaries are managed by each subsidiary's Treasury function.

### Market risks

Market risks refer to the risk of a change in value of a financial instrument because of changes in share prices, exchange rates or interest rates.

#### Share price risk

Investor's most significant risk is share price risk. The majority of Investor's share price risk exposure is concentrated to Core Investments. At year-end 2015, Listed Core Investments accounted for 78 percent of total assets (77). For further information about Listed Core Investments, see pages 11-16. The companies and their share prices are analyzed and continuously monitored by Investor's analysts. Through committed ownership, which is exercised through Board representation and in other ways, Investor influences a company's strategy and decisions. Thus, a large portion of share price exposure in a Core Investment does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. Investor does not have defined goals for share price risks, as share prices are affected by short term fluctuations. The share price risk for Listed Core Investments is not hedged.

The EQT fund investments are partly exposed to share price risk. EQT accounted for 5 percent of total assets (5) as per year-end 2015.

Patricia Industries including operating subsidiaries but excluding Patricia Industries' cash, 3 Scandinavia and financial investments accounted for 18 percent of total assets (18). There is no share price risk associated with the operating subsidiaries. However, profit/loss and change in equity of the consolidated subsidiaries and 3 Scandinavia have a direct impact on Investor's net assets.

### Note 3. cont'd Risks

If the market value of Listed Core Investments was to decline by 10 percent, the impact on income and equity would be SEK –22.4 bn. (–21.8). Should the market value and the valuation parameters, in accordance with the guidelines of the International Private Equity and Venture Capital Association, decline with 10 percent, the impact on the values of the EQT fund investments would be SEK –1.3 bn. (–1.4).

Investor has a trading operation for the purpose of executing Core Investments transactions and obtaining market information. The trading operation conducts short-term equity trading and deals in equity derivatives (primarily for hedging market risk in the portfolio). The market risk in this activity is measured and monitored in terms of cash delta. Limits on gross, net and maximum position size are measured as well as liquidity risk. At year-end 2015, the trading operation accounted for less than 0.5 percent of total assets (0.5). If the market value of the assets belonging to the trading operation were to decline by 10 percent, the impact on income and equity would be SEK –2 m. (–4).

#### Listed holdings in all business areas

If the market value of listed holdings in all business areas were to decline by 10 percent, the impact on income and equity would be SEK –23.1 bn. (–22.1), which equals 8.5 percent of Investor's net asset value (8.5). Market risks associated with listed stocks constitute the greatest risk for Investor.

#### Exchange rate risk

Currency exposure arises from cash flows in foreign currencies (transaction exposure), the translation of Balance Sheet items to foreign currencies (Balance Sheet exposure) and the translation of foreign subsidiaries' Balance Sheets and Income Statements to the Groups accounting currency (translation exposure).

#### Balance sheet exposure

Since the majority of Listed Core Investments are listed in SEK, there is a limited direct exchange rate risk that affects Investor's Balance Sheet. However, Investor is indirectly exposed to exchange rate risks in Listed Core Investments that are listed on foreign stock exchanges or that have foreign currency as their pricing currency. In addition, there are indirectly exchange rate risks since the majority of the companies in the Listed Core Investments business area are active in several markets. These risks have a direct impact on the company's Balance Sheet and Income Statement, which indirectly affects valuation of the shares.

The operating subsidiaries are exposed to exchange rate risks in business and investments made in foreign companies. Also the EQT fund investments are exposed to exchange rate risks.

There is no regular hedging of foreign currency since the investment horizon is more than three years and currency fluctuations are expected to equal out over time. This hedging policy is subject to continuous evaluation and deviations from the policy may be allowed if judged beneficial from a market economic perspective.

Exchange rate risks for investments in the trading operation are minimized through currency derivative contracts at the portfolio level.

Total currency exposure for the Investor Group is provided in the table below. If the SEK were to appreciate 10 percent against the EUR (holding all other factors constant), the impact on income and equity would be SEK –2.0 bn. (–2.6). If the SEK were to appreciate 10 percent against the USD (holding all other factors constant), the impact on income and equity would be SEK –2.4 bn. (–2.2).

Gross exposure in foreign currencies, SEK m.	Gross assets		Gross liabilities	
	12/31 2015	12/31 2014	12/31 2015	12/31 2014
EUR	48,799	52,437	–36,166	–34,319
USD	28,617	23,335	–5,691	–2,944
Other European currencies	15,203	9,264	–8,920	–11,486
Asian currencies	5,396	2,799	–2,448	–2,033
<b>Total</b>	<b>98,016</b>	<b>88,194</b>	<b>–53,226</b>	<b>–50,782</b>

Exchange rate risk in excess liquidity resulting from investments in foreign currency is managed through currency derivative contracts.

Exchange rate risk arising in connection with loans in foreign currency is managed by, among other things, exchanging the loans to SEK through currency swap contracts. The objective is to minimize the exchange rate risk in excess liquidity and the debt portfolio. This strategy is applied if there is a high level of net exposure, having considered the holdings in foreign currency.

The net exposure in foreign currencies after hedge is presented in the table below:

Net exposure in foreign currencies after hedge, SEK m.	12/31 2015	12/31 2014
EUR	19,645	25,675
USD	24,088	21,520
Other European currencies	13,696	5,784
Asian currencies	4,939	2,595
<b>Total</b>	<b>62,367</b>	<b>55,575</b>

The net exposure decrease in EUR is primarily explained by the divestment of the remaining interest in Lindorff, the refinancing of Mölnlycke Health Care and changes in EQT fund investments. The increase in USD net exposure relates mainly to the acquisition of BraunAbility. The increased net exposure in other European currencies relates to the CHF and acquired shares in ABB. The increase in Asian currencies relates to value change in Patricia Industries' Asian holdings.

#### Currency exposure associated with transactions

Investor AB's guideline is, for future known cash flows in foreign currency exceeding the equivalent of SEK 50 m., to be hedged through forward exchange contracts, currency options or currency swaps.

Mölnlycke's operational cash flows in foreign currency are estimated at the equivalent of EUR 409 m. (398), corresponding to SEK 3.8 bn. (3.6), for the next 12 months. Only exposures expected to generate cash flow transactions within 12 months are hedged. As of December 31, 2015, 55 percent (71) of the forecasted net transaction flows in foreign currency for the next 12 months were hedged. For outstanding currency hedging as of December 31, 2015, an immediate 10 percent rise in the value of each currency against the EUR would impact net income by EUR 6.4 m. during the next 12 month period (–0.5). The impact on equity from valuation of the financial derivatives that are recognized in hedge accounting would be EUR –15.6 m. (–19.9).

Permobil's operational cash flows in foreign currency are estimated to SEK 993 m. for the coming 12 months (764). An immediate 10 percent rise in the value of each currency against the SEK would impact net income and equity for Permobil by SEK 99 m. the coming 12 months (–26).

#### Currency exposure associated with net investments in foreign operations

Currency exposure associated with investments made in independent foreign entities is considered as a translation risk and not an economic risk. The exposure arises when the foreign net investment is translated to SEK on the balance sheet date and it is recognized in the translation reserve under equity. Net investments are partly neutralized by loans in foreign currencies. Currency exposure due to net investments in foreign operations is normally not hedged. The table below show the exposure, in main currencies, arising from net investments in foreign subsidiaries (in investment currency).

	12/31 2015	12/31 2014
DKK m.	170	172
EUR m.	3,673	1,683
GBP m.	148	158
NOK m.	615	407
USD m.	2,011	1,527

The increase of EUR equity is related to subsidiaries having converted the equity and accounting currency from SEK to EUR during 2015. The increase of USD equity is related to the acquisition of BraunAbility. If the SEK were to appreciate by 10 percent this would decrease equity by SEK –5.5 bn. due to translation effects of currency exposure in net investments in foreign subsidiaries (–2.1).

#### Interest rate risk

The Group's interest rate risk is primarily associated with long-term borrowings. In order to minimize the effects of interest rate fluctuations, limits and instructions have been established for example regarding fixed interest rate periods.

#### Excess liquidity and debt portfolio

Investor AB's Treasury manages interest rate risks, exchange rate risks, liquidity risks and financing risks associated with the administration of the excess liquidity portfolio and financing activities.

For excess liquidity exposed to interest rate risks, the goal is to limit interest rate risks while maximizing return within the established guidelines of the risk policy. High financial flexibility is also strived for in order to satisfy future liquidity needs. Investments are therefore made in interest-bearing securities of short duration and high liquidity. For further information, see note 22, Other financial investments, short-term investments and cash and cash equivalents. A one percentage point parallel movement upward of the yield curve would reduce the value of the portfolio and affect the Income Statement by SEK –114 m. (–91).

## Note 3. cont'd Risks

On the liability side, Investor strives to manage interest rate risks by having an interest rate fixing tenor within the established limits and instructions of the Risk Policy. Fixed rates are established to provide flexibility to change the loan portfolio in step with investment activities and to minimize loan costs and volatility in the cash flow over time. A parallel movement of the yield curve downwards by one percentage point would increase the reported value of the hedged portion of loans by SEK 1.2 bn. (1.3). The amount is reduced to 0.2 bn. when hedging derivatives are included (0.2). The interest cost effect for the non-hedged loans would be SEK -1.9 bn. (-2.3), with a movement of the yield curve downwards with one percentage point.

Investor uses derivatives to hedge against interest rate risks (related to both fair value and cash flow fluctuations) in the debt portfolio. Some derivatives do not qualify for hedge accounting, but are still grouped together with loans since the intention of the derivative is to achieve the desired fixed-interest term for each loan. The subsidiaries Aleris and Permobil do not apply hedge accounting.

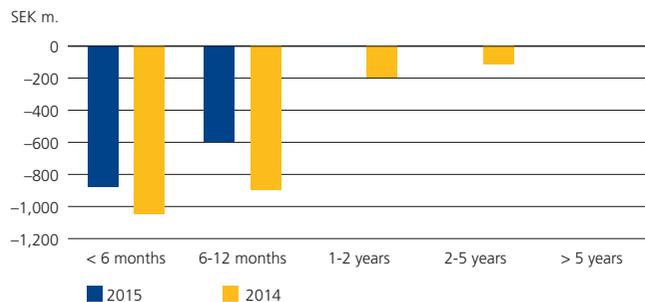
As per year-end the fair value hedge derivatives related to the hedged loans amounted accumulated to SEK 1,837 m. (2,178). Corresponding value change of the hedged loans at the same time was SEK -1,599 m. (-2,051). The total outstanding carrying amount of hedged loans, including fair value, was at year-end SEK 17,955 m. (20,530).

The effect of fair value hedges is recognized in the Income Statement. The remaining maturities of fair value hedges vary between 1 and 22 years. For further information on the maturity structure, see schedule, "Investor AB's debt maturity profile", page 50.

In the case of cash flow hedges, hedging instruments are valued on each balance sheet date and the change in value is recognized in other comprehensive income. The remaining maturities for cash flow hedges are below 2 years.

During the year, the impact of cash flow hedges on other comprehensive income was SEK 13 m. (-49). With a parallel movement of the yield curve by one percentage point, the cash flow hedges effect on other comprehensive income would be SEK -19 m. (-101).

### Future cash flows from cash flow hedged transactions



Because the operating subsidiaries are ring-fenced, a sensitivity analysis is also presented for the larger subsidiaries. For Mölnlycke, a one percentage point increase in interest rates for all currencies, calculated on the Group's net debt as of December 31, 2015, would impact income during the subsequent 12-month period by EUR 1.4 m. (0.8).

For Aleris, the total interest rate risk exposure associated with assets amounts to SEK 238 m. (398). A parallel movement of the yield curve upwards by one percentage point would reduce value by SEK 2 m. (3). Interest rate risk exposure associated with liabilities amounts to SEK 1,684 m. (1,308). A parallel movement downward of the yield curve by one percentage point would impact income and the equity by SEK 13 m. (10).

For Permobil, the total interest rate risk exposure associated with liabilities amounts to SEK 2,889 m. (1,792) and a parallel movement of the yield curve upwards by one percentage point would impact the income statement and equity by SEK -29 m. (-18).

For BraunAbility the total interest rate risk exposure associated with liabilities amounts to USD 109 m. A parallel movement of the yield curve upwards would impact the income statement and equity by USD -1 m.

### Liquidity and financing risk

Liquidity risk refers to the risk that a financial instrument cannot be divested without considerable extra costs, and to the risk that liquidity will not be available to meet payment commitments.

Liquidity risks are reduced in Treasury operations by keeping the maturity of short-term cash investments up to two years and by always maintaining a higher than 1:1 ratio between cash and credit commitments/current liabilities.

Liquid funds are invested in deposit markets and short-term interest-bearing securities with low risk and high liquidity. In other words, they are invested in a well-functioning second-hand market, allowing conversion to liquid funds when needed. Liquidity risk in the trading operations is restricted via limits established by the Board.

Financing risks are defined as the risk that financing can not be obtained, or can only be obtained at increased costs as a result of changed conditions in the capital market. To reduce the effect of refinancing risks, limits are set regarding average maturities for loans. In order to minimize financing risks, Treasury works actively to ensure financial preparedness by establishing loan and credit limits for both long-term and short-term borrowing. Financing risks are further reduced by allocating loan maturities evenly over time (please refer to the chart below) and by diversifying sources of capital. An important aspect, in this context, is the ambition to have a long borrowing profile. Furthermore, proactive liquidity-planning efforts also help limit both liquidity and financing risk.

Investor's funding is primarily done through long-term loan programs in the Swedish and European capital markets. Investor has a European Medium Term Note Program (EMTN), which is a loan program intended for long-term financing. The program is for EUR 5.0 bn. (SEK 45.7 bn.), of which EUR 3.5 bn. (SEK 32.4 bn.) has been utilized. For short-term financing, Investor has an uncommitted Swedish and a European Commercial Paper program (CP/ECP) for SEK 10.0 bn. and USD 1.5 bn. (SEK 12.5 bn.), respectively. At year-end 2015 these facilities were unutilized.

Investor has a committed syndicated bank loan facility of SEK 10.0 bn. 100 percent of this revolving credit facility is available until 2016, 95 percent until 2017 and 90 percent until 2018. This facility was unutilized at year-end. In contrast to an uncommitted credit facility, a committed loan program is a formalized commitment from the credit grantor. There are no financial covenants in any of Investor AB's loan contracts, meaning that Investor does not have to meet special requirements with regard to key financial ratios for the loans it has obtained.

The operating subsidiaries ensure their financial preparedness by keeping credit facilities, should there be a need for additional working capital or minor acquisitions. As of December 31, 2015, Mölnlycke had a total credit facility of EUR 1,195 m. (1,118), of which EUR 995 m. was utilized (918). At the same time, Aleris had total credit facilities amounting to SEK 2,091 m. (1,560) of which SEK 1,566 m. (1,260) had been utilized. Also at year-end 2015, Permobil had total credit facilities of SEK 2,983 m. (1,651) of which 2,889 m. was used (1,651). Vectura had a total credit facility of SEK 1,284 m. (1,555), of which none was used as per year-end (1,510). BraunAbility had a total credit facility of USD 175 m., of which USD 120 m. was used. The terms of the credit facilities require the companies to meet a number of key financial ratios. The subsidiaries fulfilled all financial ratios during 2015.

With an equity/assets ratio of 81 percent at year-end (81), Investor has considerable financial flexibility, since leverage is low and most assets are highly liquid.

The following table shows the Group's contracted cash flow of loans including other financial payment commitments and derivatives.

	12/31 2015		12/31 2014	
	Loans and other financial debts and commitments	Derivatives	Loans and other financial debts and commitments	Derivatives
Cash flow of financial liabilities and derivatives <sup>1)</sup> , SEK bn.				
< 6 months	-5.1	0.0	-2.6	0.0
6-12 months	-0.8	0.2	-0.8	0.2
1-2 years	-3.2	0.3	-4.1	0.2
2-5 years	-13.3	0.8	-18.4	0.7
> 5 years	-46.2	2.8	-41.1	2.6

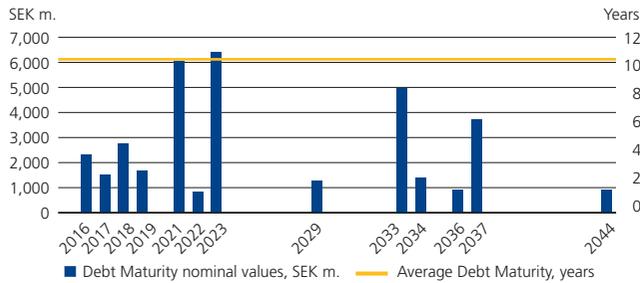
1) Interest payments included.

Exposure from guarantees and other contingent liabilities also constitutes a liquidity risk. For such exposure as per December 31, 2015, see note 30, Pledged assets and contingent liabilities.

### Credit risk

Credit risk is the risk of a counterparty or issuer being unable to repay a liability to Investor. Investor is exposed to credit risks primarily through investments of excess liquidity in interest-bearing securities. Credit risks also arise as a result of positive market values in derivative instruments (mainly interest rate, currency swaps). In order to limit credit risks, there are specified limits for exposure to single counterparties, with the exception of government debt instruments guaranteed by AAA/Aaa rated sovereigns.

**Investor AB's debt maturity profile**



Investor applies a wide-ranging limit structure with regard to maturities, issuers and counterparties in order to control credit risks. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are established with counterparties in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements. Credit risk is monitored daily and the agreements with various counterparties are continuously analyzed. The following diagram shows the credit risk exposure in interest-bearing securities, by rating category, as of December 31, 2015.

Instrument	Nominal amount, SEK m.	Average remaining maturity, months	Number of counterparties	Percentage of the credit risk exposure
Swedish government papers (AAA)	2,100	2.0	1	9
AAA	8,000	15.0	6	34
AA	3,881	1.1	32	17
A	7,131	0.1	80	30
Lower than A	2,225	2.8	7	10
<b>Total</b>	<b>23,336</b>	<b>5.8</b>	<b>126</b>	<b>100</b>

The total credit risk exposure related to the fair value reported items at the end of 2015 amounted to SEK 23,336 m. (21,525). As of December 31, 2015, the credit risks resulting from positive market values for derivatives amounted to SEK 1,910 m. (2,053), which have been reported in the Balance Sheet.

The credit risk in the operating subsidiaries relates mainly to trade account receivables. Mölnlycke's, Aleris' and Permobil's credit risks are limited due to the fact that a significant portion of their customers are public hospitals/care institutions. The maximum exposure related to commercial credit risk corresponds to the carrying amount of trade receivables.

The following diagram shows the aging of trade receivables and other short-term receivables within the Group.

Aging of receivables, SEK m.	12/31 2015			12/31 2014		
	Gross carrying amount	Impairment	Net	Gross carrying amount	Impairment	Net
Not past due	3,031	0	3,031	2,470	-1	2,469
Past due 0-30 days	394	0	394	363	0	363
Past due 31-90 days	162	-2	160	163	-1	162
Past due 91-180 days	92	-4	88	82	-4	78
Past due 181-360 days	71	-6	65	72	-3	69
More than 360 days	68	-33	35	93	-34	59
<b>BS Total</b>	<b>3,818</b>	<b>-45</b>	<b>3,773</b>	<b>3,243</b>	<b>-43</b>	<b>3,200</b>

**Concentrations of credit risks**

Concentrations of risk are defined as individual positions or areas accounting for a significant portion of the total exposure to each area of risk. Because of the global nature of its business and sector diversification, the Group does not have any specific customers representing a significant portion of receivables.

The concentration of credit risk exposure related to fair value reported items, is presented in table. The secured bonds issued by Swedish mortgage institutions have the primary rating category of AAA. The proportion of AAA-rated instruments accounted for 43 percent of the total credit risk portfolio's nominal value (31).

**SUSTAINABILITY RISKS**

Investor is exposed to sustainability risks in all parts of its business operations. Sustainability risks imply that unethical or unsustainable behaviour leads to negative impact on Investor's financial position and reputation. Sustainability risks within the Group are identified, analyzed and mitigated within the daily operations. Most of the risks are derived from operations in Investor's holdings. When holdings operate in emerging markets, the holdings have an increased focus on sustainability related risks such as the risk of bribery and corruption. Investor has clear expectations that the holdings always act responsibly and ethically, and it is the responsibility of each holding and its management to analyze and take systematic action to reduce these risks.

**OTHER RISKS**

The Group is also exposed to political risks. To a large extent, spending on healthcare products and services is regulated by various governments. This applies to most markets around the world. Funds are made available or withdrawn from healthcare budgets due to different types of political decisions. In most of the major markets, pricing of the Group's products and services is controlled by decisions made by government authorities. Activities within Health care companies are also heavily regulated. Examples of such laws are the Health and Medical Service Act, the Social Services Act and environmental legislation.

There is a high awareness of legal and regulatory risks within the Investor Group. Risks associated with selling and operating healthcare services are dealt with by the different levels of management for each area of operations. Continuous quality improvement is performed in accordance with ISO-standards.

Property risks, liability risks and interruption risks are covered by insurance policies. Up to this date, very few incidents have occurred.

Follow-up on processes is performed on an ongoing basis to determine and strengthen appropriate control measures aimed at reducing operational risks.

## Note 4. Business combinations

### Accounting policies

In connection with a business combination, the group's acquisition cost is established through a purchase price allocation. In the analysis, the fair value of the identifiable assets and the assumed liabilities is determined. For business combinations where the cost exceeds the net carrying amount of the acquired identifiable assets and the assumed liabilities, the difference is reported as goodwill in the Balance Sheet. The purchase price allocation identifies assets and liabilities that are not reported in the acquired company, such as trademarks and customer contracts. Identified intangible assets that have been identified when making the purchase price allocation are amortized over the estimated useful life. Goodwill and strong trademarks are considered to have an indefinite useful life and are therefore tested annually for impairment, or whenever there is any indication of impairment.

Consideration that is contingent upon the outcome of future events is valued at fair value and the change in value is recognized in the Income Statement.

The financial statements of subsidiaries are reported in the consolidated financial statements as of the acquisition date and until the time when a controlling interest no longer exists.

### Non-controlling interests

At the time of an acquisition, the Group must choose to either recognize non-controlling interest at fair value, meaning that goodwill is included in the non-controlling interest or recognize the non-controlling interest as the share of the net identifiable assets. The choice between the two methods is made individually for each acquisition.

If a business combination achieved in stages results in a controlling influence, the prior acquired shares are revalued at fair value and the resulting profit or loss is recognized in the Income Statement. Acquisitions that are made subsequent to having obtained a controlling influence and divestments that do not result in a loss of the controlling influence are reported under equity as a transfer between equity attributable to the Parent Company's shareholders and non-controlling interests.

### Investor's acquisition of BraunAbility

On October 30, 2015, Patricia Industries, a division within Investor AB, acquired 95 percent of the U.S. family-owned company BraunAbility. BraunAbility is the world's leading manufacturer of wheelchair accessible vehicles and wheelchair lifts for both personal use and commercial applications. With Investor's long-term value creation objectives and experience within both healthcare and mobility, Investor is well positioned to support BraunAbility in its continued progress. The consideration amounted to SEK 2,820 m. and was paid in cash.

In the preliminary purchase price allocation, goodwill amounts to SEK 1,351 m. The goodwill recognized for the acquisition corresponds to BraunAbility's position to accelerate the rate of brand and continued expansion into global markets benefiting from Patricia Industries infrastructure. The goodwill recognized is not expected to be deductible for income tax purpose.

#### BraunAbility

SEK m.	Preliminary Purchase Price Allocation
Intangible assets	1,567
Property, plant and equipment	121
Financial assets	132
Inventory	577
Accounts receivables	280
Other current assets	37
Cash and cash equivalents	234
Non-current liabilities and provisions	-1,026
Current liabilities	-301
<b>Net identifiable assets and liabilities</b>	<b>1,621</b>
Non-controlling interest	-152
Consolidated goodwill	1,351
<b>Consideration</b>	<b>2,820</b>

Transaction related costs amounted to SEK 34 m. and derives from external legal fees and due diligence expenses. The costs have been included in the item Administrative, research and development and other operating costs in the Group's consolidated Income Statement.

For the two-month period from the acquisition date until December 31, 2015, BraunAbility contributed net sales of SEK 558 m. and profit of SEK 16 m. to the Group's result. If the acquisition had occurred on January 1, 2015, management estimates that consolidated net sales for the Investor Group would have increased by SEK 2,806 m. and consolidated profit for the period would have increased by SEK 157 m.

### Permobil's acquisition of ROHO

On April 27, 2015, Permobil acquired The ROHO Group, Inc., the global leader in skin protection and positioning solutions for wheelchair users, based in Belleville, Illinois, U.S. The acquisition marks the next important step in Permobil's strategy to become a leading healthcare company, providing innovative advanced rehabilitation solutions for people with disabilities. The consideration amounted to SEK 1,036 m.

In the preliminary purchase price allocation, goodwill amounts to SEK 651 m. The goodwill recognized for the acquisition corresponds to the combined company's opportunities for synergies and sales growth due to ROHO's strong market position in the U.S. and Permobil's sales network. The goodwill recognized is not expected to be deductible for income tax purposes.

#### ROHO Group

SEK m.	Preliminary Purchase Price Allocation
Intangible assets	272
Property, plant and equipment	132
Inventory	95
Accounts receivables	39
Cash and cash equivalents	9
Deferred tax liabilities	-110
Current liabilities	-52
<b>Net identifiable assets and liabilities</b>	<b>385</b>
Consolidated goodwill	651
<b>Consideration</b>	<b>1,036</b>

Transaction related costs amounted to SEK 17 m. and derives from external legal fees and due diligence expenses. The costs have been included in the item Administrative, research and development and other operating costs in the Group's consolidated Income Statement.

For the eight month period from the acquisition date until December 31, 2015, ROHO contributed net sales of SEK 285 m. and profit of SEK 50 m. to the Group's result. If the acquisition had occurred on January 1, 2015, management estimates that consolidated net sales for the Investor Group would have increased by SEK 121 m. and consolidated profit for the period would have decreased by SEK 9 m.

### Aleris' acquisition of Teres

On November 2, 2015, Aleris acquired the healthcare provider, Teres Medical Group. The acquisition enables Aleris to strengthen its position as the leading private healthcare provider in Scandinavia. Through the acquisition, Aleris adds experience, competence and broader range of high quality within different surgical services in Scandinavia. In the preliminary purchase price allocation, goodwill amounts to SEK 700 m.

### Permobil's acquisition of SDL

On August 6, 2015, Permobil acquired Seating Dynamics Pty Ltd, a leading distributor of quality solutions for pressure care, mobility and positioning in the Australian market. The acquisition marks the next important step in Permobil's strategy to provide innovative advanced rehabilitation solutions for people with disabilities.



## Note 5. Operating Segments

Investor is divided into operating segments based on how operations are reviewed and evaluated by the CEO. Investor's presentation of operating segments corresponds to the internal structure for management and reporting.

As of the second quarter 2015, Investor's presentation of operating segments has been changed. The change is due to a new internal structure for management and reporting. Previously the operations were divided into the two business areas Core Investments and Financial Investments, which had different investment strategies and goals. In the new structure, the operations are divided into the three business areas Listed Core Investments, EQT and Patricia Industries.

Listed Core Investments consists of listed holdings, see page 12.

The business area EQT consists of the holdings in EQT, see page 17.

Patricia Industries includes the operating subsidiaries, 3 Scandinavia and the former IGC portfolio and all other financial investments, except EQT and Investor's trading portfolio, see page 18.

The reported items in the operating segment profit/loss for the year, assets and liabilities, are presented according to how they are reviewed by the CEO. In the operating segment presentation, items directly attributable and items that can be reliably and fairly allocated to each respective segment are included. Non-allocated items are presented in Investor Groupwide and are related to the investing activities and consist, within profit/loss, of management costs, net financial items and components of tax. Assets and liabilities within investing activities are included in Investor Groupwide as well. Market prices are used for any transactions that occur between operating segments.

For information about goods, services and geographical areas, see note 8, Revenues.

Performance by business area 2015	Listed Core Investments	EQT	Patricia Industries	Investor Groupwide	Total
Dividends	7,681	116	20	3	7,821
Other operating income			58		58
Changes in value	1,209	4,407	2,926	-3 <sup>1)</sup>	8,538
Net sales			25,365		25,365
Cost of goods and services sold			-15,985		-15,985
Sales and marketing costs			-3,147		-3,147
Administrative, research and development and other operating costs		-7	-2,864	-8	-2,880
Management costs	-86	-8	-268	-121	-483
Share of results of associates		-5	364	1	360
<b>IS Operating profit/loss</b>	<b>8,804</b>	<b>4,503</b>	<b>6,469</b>	<b>-128</b>	<b>19,647</b>
Net financial items			-576	-897	-1,473
Tax			-680	-59	-740
<b>IS Profit/loss for the year</b>	<b>8,804</b>	<b>4,503</b>	<b>5,212</b>	<b>-1,085</b>	<b>17,434</b>
Non-controlling interest			-1		-1
<b>Net profit/loss for the period attributable to the Parent Company</b>	<b>8,804</b>	<b>4,503</b>	<b>5,211</b>	<b>-1,085</b>	<b>17,433</b>
Dividend				-6,856	-6,856
Other effects on equity <sup>2)</sup>		-507	-356	1,125	262
<b>Contribution to net asset value</b>	<b>8,804</b>	<b>3,995</b>	<b>4,855</b>	<b>-6,816</b>	<b>10,838</b>
<b>Net asset value by business area 12/31 2015</b>					
Shares and participations	224,143	13,208	16,652	51	254,054
Other assets			60,809	756	61,565
Other liabilities		-187	-26,366	-1,372	-27,925
Net debt/-cash <sup>3)</sup>			14,616	-30,508	-15,892
<b>Total net asset value including net debt/-cash</b>	<b>224,143</b>	<b>13,021</b>	<b>65,711</b>	<b>-31,073</b>	<b>271,801</b>
Shares in associates reported according to the equity method			5,795	31	5,826
Cash flow for the year	3,053	5,701	3,957	-12,940	-229
<b>Non-current assets by geographical area<sup>4)</sup></b>					
Sweden			34,101	15	34,116
Europe excl. Sweden			4,715		4,715
Other countries			6,131	3	6,134

1) Includes proceeds from the trading operation amounting to SEK 2,520 m.

2) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.

3) Net debt/-cash refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.

4) Non-current assets consists of intangible and tangible assets. Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

## Note 5. cont'd Operating Segments

Performance by business area 2014	Listed Core Investments	EQT	Patricia Industries	Investor Groupwide	Total
Dividends	6,227	977	22	1	7,228
Other operating income			177		177
Changes in value	35,084	3,363	3,282	231 <sup>1)</sup>	41,960
Net sales			21,200		21,200
Cost of goods and services sold			-13,529		-13,529
Sales and marketing costs			-3,171		-3,171
Administrative, research and development and other operating costs		-9	-2,167		-2,175
Management costs	-102	-8	-257	-129	-496
Share of results of associates		37	950	-84	903
<b>IS</b> Operating profit/loss	<b>41,209</b>	<b>4,360</b>	<b>6,507</b>	<b>20</b>	<b>52,097</b>
Net financial items			-471	-1,318	-1,789
Tax			449	-69	380
<b>IS</b> Profit/loss for the year	<b>41,209</b>	<b>4,360</b>	<b>6,484</b>	<b>-1,366</b>	<b>50,688</b>
Non-controlling interest			-32		-32
<b>Net profit/loss for the period attributable to the Parent Company</b>	<b>41,209</b>	<b>4,360</b>	<b>6,452</b>	<b>-1,366</b>	<b>50,656</b>
Dividend				-6,089	-6,089
Other effects on equity <sup>2)</sup>		4	-238	1,214	979
<b>Contribution to net asset value</b>	<b>41,209</b>	<b>4,364</b>	<b>6,214</b>	<b>-6,242</b>	<b>45,546</b>
<b>Net asset value by business area 12/31 2014</b>					
Shares and participations	218,396	13,706	14,688	101	246,891
Other assets			58,150	789	58,939
Other liabilities		-184	-23,079	-1,151	-24,414
Net debt/-cash <sup>3)</sup>			10,380	-30,833	-20,453
<b>Total net asset value including net debt/-cash</b>	<b>218,396</b>	<b>13,522</b>	<b>60,139</b>	<b>-31,094</b>	<b>260,963</b>
Shares in associates reported according to the equity method			6,310	22	6,332
Cash flow for the year	-2,855	678	7,790	-2,839	2,774
<i>Non-current assets by geographical area<sup>4)</sup></i>					
Sweden			35,846	22	35,868
Europe excl. Sweden			3,462		3,462
Other countries			5,054	2	5,056

1) Includes proceeds from the trading operation amounting to SEK 3,066 m.

2) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.

3) Net debt/-cash refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.

4) Non-current assets consists of intangible and tangible assets. Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

## Note 6. Changes in value

### Accounting policies

Changes in value consist of realized and unrealized result from long-term and short-term holdings in shares and participations, transaction costs, profit-sharing costs and management fees for fund investments.

For shares and participations that were realized during the period, the changes in value consist of the difference between the consideration received and the value at the beginning of the period. Profit or loss from the divestment of a holding is recognized when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer has control over the instrument.

	2015	2014
Realized and unrealized results from long-term and short-term investments	8,876	39,133
Realized result from associates valued at equity method	-	3,275
Other	-338	-448
<b>IS</b> Total	<b>8,538</b>	<b>41,960</b>

## Note 7. Operating costs

	2015	2014
Raw materials and consumables	5,753	4,800
Personnel costs	9,527	8,200
Depreciation, amortization and impairment	1,123	1,743
Other operating expenses	6,092	4,628
<b>Total</b>	<b>22,495</b>	<b>19,371</b>

Cost related to research and development amounts to SEK 477 m. (378).

## Note 8. Revenues

### Accounting policies

Revenues included in operating profit are dividends, other operating income and net sales.

Dividends received are recognized when the right to receive payment has been established. Other operating income consists primarily of interest on shareholder loans to associates and it is calculated using the effective interest rate method.

### Net sales

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Services provided as part of healthcare activities are sold via multi-year operating contracts and, in some cases, framework agreements. Revenue from services is recognized based on the stage of completion on balance sheet date. Completion is determined by an assessment of the work done, on the basis of performed examinations.

Revenue is not recognized if it is probable that economic benefits will not flow to the Group. No revenue is recognized if there is significant uncertainty regarding the payment, associated costs or the risk of returns. Neither is revenue recognized if the seller remains involved in day-to-day management activities that are typically associated with ownership. Revenue is recognized at the fair value of consideration received or expected to be received, less any discounts. Revenue shall be recognized when the amount of revenue can be measured reliably.

A provision is made for the risk of loss if the total directly attributable costs during the entire term of the contract are expected to exceed the total revenues, including indexation.

### Net sales

By category:	2015	2014
Sales of products	16,125	12,801
Sales of services	9,077	8,276
Other income	162	123
<b>IS Total</b>	<b>25,365</b>	<b>21,200</b>
By field of operation:	2015	2014
Health care equipment	16,125	13,066
Health care services	8,621	7,580
Hotel	597	538
Real estate	22	16
<b>IS Total</b>	<b>25,365</b>	<b>21,200</b>
By geographical market:	2015	2014
Sweden	6,082	5,516
Scandinavia, excl. Sweden	4,684	4,174
Europe, excl. Scandinavia	7,309	6,682
U.S.	5,780	3,715
North America, excl. U.S.	330	288
South America	64	43
Africa	188	42
Australia	446	377
Asia	482	363
<b>IS Total</b>	<b>25,365</b>	<b>21,200</b>

External revenues are presented on the basis where the customer is resident. Net sales are attributable to operating subsidiaries. No customer exceeds 10 percent of total net sales.

## Note 9. Employees and personnel costs

### Accounting policies

Accounting policies on employee benefits such as short-term benefits, termination benefits and share-based payment transactions are presented below. Post-employment benefits are presented in note 25, Provisions for pensions and similar obligations.

### Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided. A provision is made for the anticipated cost of variable cash salary and profit-sharing contracts when the Group has a current obligation to make such payments (because services have been provided by employees) and when the obligation can be reliably estimated.

### Termination benefits

The cost of termination benefits is recognized only if the company is demonstrably committed (without any realistic possibility of withdrawing the commitment) by a formal plan to prematurely terminate an employee's employment.

### Share-based payment transactions

Investor AB has issued equity-settled stock option and share programs and cash-settled (synthetic) shares.

### Accounting for equity-settled programs

The fair value of stock options and share programs issued is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price. The value is recognized in the income statement as a personnel cost allocated over the vesting period with a corresponding increase in equity. The amount charged to the income statement is reversed in equity each time of the income statement charge. The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options and shares expire only because share-price related conditions do not reach the level needed for the options to vest.

When equity-settled programs are exercised, shares are delivered to the employee. The delivered shares are treasury shares that are repurchased when needed. When exercised, the payment of the exercise price that was received from the employee is reported as an increase in equity.

### Equity-settled programs issued to employees in Group companies

In the Parent Company, the value of equity instruments, which is offered to employees of other companies belonging to the Group, is reported as a capital contribution to subsidiaries. The value of participations in subsidiaries increases simultaneously to the Parent Company's reporting of an increase in equity. The costs related to employees in companies concerned are invoiced to the subsidiaries. The cash settlement of the invoices then neutralizes the increase of participations in subsidiaries.

### Accounting for cash-settled programs

Cash-settled (synthetic) shares result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Initial fair value is calculated and the grant value is recognized over the vesting period as a personnel cost, which is similar to the recognition of equity-settled programs. However, cash settled programs are revalued at fair value every balance sheet date and at final settlement. All changes in the fair value as a result of changes in share price are recognized in the financial net with a corresponding change in liabilities.

When cash-settled programs are exercised, the liability to the holder of the synthetic shares is settled.

### Accounting for social security attributable to share-based payment transactions

Social security expenses attributable to share-based remuneration are recognized and amortized in accordance with the same policies as the costs for synthetic shares.

Note 9. cont'd Employees and personnel costs

Average number of employees in the Group

	2015		2014	
	Total	Of which women	Total	Of which women
Parent Company, Sweden	71	38	75	41
Sweden, excl. Parent Company	6,023	4,611	5,688	4,303
Europe excl. Sweden	5,337	3,644	5,021	3,418
North- and South America	1,464	462	957	338
Asia	3,663	2,758	3,757	2,771
Australia	144	70	62	43
<b>Total Group</b>	<b>16,702</b>	<b>11,583</b>	<b>15,560</b>	<b>10,914</b>

Gender distribution in Boards and Senior management

	2015		2014	
	Men	Women	Men	Women
<i>Gender distribution in percent</i>				
Board of the Parent Company	64	36	77	23
Management Group of the Parent Company incl. the President	60	40	60	40
Boards in the Group <sup>1)</sup>	71	29	75	25
Management Groups in the Group	60	40	65	35

1) Based on all Group companies including small, internal companies with minor activity.

Guidelines for remuneration to members of the Management Group and other employees in Investing activities

Investor's Remuneration Committee is appointed each year by the Board. The Committee's main purpose is "to enable an independent and thorough review of all aspects of Investor's total remuneration program and to make decisions about executive remuneration in the company". The Remuneration Committee submits a recommendation to the Board concerning the President and Chief Executive Officer's remuneration and decides on the remuneration for the other members of the Management Group.

Remuneration to the President and other members of the Management Group is based on the Guidelines adopted at the AGM.

The Management Group consists of President Johan Forssell (who became President May 13, 2015), Helena Saxon (who became a member March 1, 2015), Daniel Nodhäll (who became a member May 13, 2015), Petra Hedengran and Stefan Stern (who became a member May 13, 2015). Susanne Ekblom was a member of the Management Group during the period January 1 – February 28, 2015 and Börje Ekholm and Lennart Johansson were members of the Management Group during the period January 1 – May 12, 2015.

Investor strives to offer a total remuneration that is competitive and in line with market conditions, thereby enabling it to attract (and retain) the right type of expertise to the company. The total remuneration should be based on factors such as position, performance and individual qualifications.

The total remuneration for the Management Group shall consist of: basic salary, variable cash salary, long-term share-based remuneration, pension and other remuneration and benefits.

Basic salary

Basic salary is reviewed annually for all Investor employees. Basic salary constitutes the basis for calculating variable salary.

Variable cash salary

Investor's employees have a portion of their salary as variable cash salary. The variable portion of salary differs between business areas. For the President Johan Forssell, it amounts to a maximum of 30 percent of basic salary (the former President had a maximum variable cash salary of 10 percent of basic salary). For other employees, the maximum variable salary ranges between 10 and 80 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be a maximum of 100 percent of their basic salary. The President may award additional variable salary to company employees who he feels have made an exceptional contribution during the year. However, any such additional variable salary must be approved by Investor's Remuneration Committee.

The established goals must also be reached in order to receive the variable salary. Goals are reviewed at the end of the year. The focus of the President's goals for the year is determined through a dialog between the President and the Chairman of the Board. The goals for the President are proposed by the Remuneration Committee and later approved by the Board. Goals for other employees are established by each employee's manager.

Long-term share-based remuneration

For long-term variable remuneration programs, it is the Board's ambition to create a structure that results in employee commitment and is based on the long-term development of Investor. As a result, part of the remuneration to employees is related to the long-term performance of Investor and the Investor share, which exposes the employee to both increases and decreases of the share price. In 2006, a Stock Matching Plan was introduced for Investor employees, as well as a performance based share program for Senior Management. "Senior Management" is defined as the President, other members of the Management Group and a maximum of 20 other senior executives. The structure of the programs for 2007-2015 correspond in all material aspects to the program for 2006. The employee is required to invest his or her own funds, or commit shares, in order to participate in the program. For more details regarding the programs, see page 57.

Pension

The pension and insurance plan for the Parent Company and four smaller subsidiaries within investing activities has been revised in order to modernize and better adapt the plan to market conditions. The main consequence of the revision is that the defined benefit BTP plan has been replaced with a defined contribution pension and insurance plan. In the long term, this change will lead to predictable and lower costs for the included companies as well as the same or better insurance coverage and pension earnings for the employees.

The pension for the President and Management Group had during 2015 two components:

- A pension plan and insurance for all employees on parts of salary up to 30 basic income amounts (SEK 1,743 t.).
- A pension and insurance plan for certain senior executives ("Pension and Insurance Plan for certain senior executives"), where the pension provision is 20 percent on parts of the salary below 20 basic income amounts, and the provision on parts of the salary above 20 basic income amounts depends on age and is 25 percent until the age of 40, 30 percent between the ages of 41 and 50 and 35 percent for those who are over the age of 50. Only basic salary is used to establish the annual pension premium. The retirement age is 60 years for the President and Management Group.

Other remuneration and benefits

Profit-sharing program for the trading operation

This program includes participants both from the trading organization and the investment organization. The participants in this program receive, in addition to their base salary, a variable salary equivalent to 20 percent of the trading function's net result. The program includes a clawback principle by which 50 percent of the variable salary allotment is withheld for one year and will only be paid out in full if the trading result for that year is positive. In order to receive full allotment, two consecutive profitable years are thus required. Approximately 10-15 employees in total participate in the program.

Severance pay

A mutual six-month term of notice applies between the President and the Company. If the Company terminates the employment, the President will receive severance pay corresponding to 12 months of basic salary. If no new employment has been obtained after one year, the President is entitled to a maximum of 6 months' additional severance pay. The terms and conditions regarding notice and severance pay for other members of the Management Group are the same, provided that the employment contract for that person was entered into before the 2010 Annual General Meeting. If the employment contract was entered into subsequent to the 2010 Annual General Meeting, then the fixed cash salary during the notice period plus the severance pay may not exceed two years' fixed cash salary.

Fees received for Board work

Investor allows Management Group members to keep any fees that they have received for work done on the Boards of the Company's Listed Core Investments. One reason for allowing this practice is that the employee assumes personal responsibility by having a Board position. Fees received for Board work are taken into account by Investor when determining the employee's total remuneration.

Other benefits

Investor offers Management Group members and other employees a variety of non-monetary benefits, including corporate health service, health insurance, subsidized lunches, employee fitness programs and the possibility to rent vacation homes. Managers and employees with young children are also offered in-home services in the form of cleaning and baby-sitting.



Note 9. cont'd Employees and personnel costs

Remuneration and benefits to Johan Forssell, President and Chief Executive Officer (SEK t.)

Year	Basic salary	Vacation remuneration	Variable salary for the year	Total cash salary	Change of vacation pay liability	Pension premiums	Benefits	Long-term share-based remuneration value at grant date	Total	Own investment 2015 in long-term share based remuneration	Own investment, % of CEO basic salary pre-tax
2015 <sup>1)</sup>	4,251	62	1,116	5,429	-227	1,698	91	4,224	11,215	1,608	37.8

1) Johan Forssell was appointed President and CEO May 13, 2015. Remuneration and benefits from this date is specified in the table.

Expensed remunerations

The amounts in the table below are calculated according to the accruals concept, in which the terms basic salary and variable salary refer to expensed amounts, including any changes to the reserve for variable salary, vacation pay provisions, etc. Variable salary refers to the approved variable salary for the current financial year, unless specified otherwise.

Expensed remuneration to the President and other members of the Management Group in the Parent Company

Total remuneration 2015 (SEK t.)	Basic salary	Vacation remuneration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration <sup>1)</sup>	Total	Pension costs <sup>2)</sup>	Other remuneration and benefits	Total expensed remuneration
Current President and CEO <sup>4)</sup>	4,251	62	-227	1,116	3,348	8,550	1,698	91	10,339
Former President and CEO <sup>5)</sup>	3,301	6,744	-6,020	325	1,530	5,880	1,423	899	8,202 <sup>3)</sup>
Management Group, excl. the President	11,840	170	-789	4,860	4,504	20,586	7,890	420	28,896
<b>Total</b>	<b>19,392</b>	<b>6,976</b>	<b>-7,036</b>	<b>6,302</b>	<b>9,382</b>	<b>35,016</b>	<b>11,011</b>	<b>1,410</b>	<b>47,437</b>
Total remuneration 2014 (SEK t.)									
President and CEO	8,650	125	1,028	744	10,977	21,524	3,560	1,522	26,606 <sup>3)</sup>
Management Group, excl. the President	13,960	202	429	6,200	9,171	29,962	7,650	1,113	38,725
<b>Total</b>	<b>22,610</b>	<b>327</b>	<b>1,457</b>	<b>6,944</b>	<b>20,148</b>	<b>51,486</b>	<b>11,210</b>	<b>2,635</b>	<b>65,331</b>

1) There is a deviation from the value at grant date according to the previous table, in the table above the cost is calculated based on the principles in IFRS 2 and allocated over the vesting period. The calculation is also adjusted for the actual outcome of allotted performance shares, whereas in the previous table the value is based on an assumed allotment.

2) There are no outstanding pension commitments for the Management Group.

3) Of which expensed in subsidiaries; basic salary SEK 542 t. (1,218), pension SEK 25 t. (42), as well as other remuneration and benefits SEK 333 t. (697).

4) Johan Forssell was appointed President and CEO May 13, 2015. Salaries and other remuneration for the period before May 13, 2015 are included in the row Management Group, excl. the President.

5) Börje Ekholm resigned as President and CEO May 12, 2015. The salaries and other remunerations stated are what Börje Ekholm received in his capacity as President and CEO.

Total remuneration - expensed salaries, Board of Directors fees and other remuneration and social security costs

Total remuneration (SEK m.), Group	2015							2014						
	Basic salary <sup>1)</sup>	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total	Basic salary <sup>1)</sup>	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total
Parent Company	91	20	31	-24	9	51	178	86	19	39	31	12	92	279
Subsidiaries	6,368	517	7	529	186	1,361	8,968	5,482	382	2	457	152	1,267	7,742
<b>Total</b>	<b>6,459</b>	<b>537</b>	<b>38</b>	<b>505</b>	<b>195</b>	<b>1,412<sup>2)</sup></b>	<b>9,146</b>	<b>5,568</b>	<b>401</b>	<b>41</b>	<b>488</b>	<b>164</b>	<b>1,359<sup>2)</sup></b>	<b>8,021</b>

1) Includes vacation remuneration and change of vacation pay liability.

2) Of which SEK 81 m. refers to social security contribution for long-term share-based remuneration (68).

Expensed wages and remuneration distributed between senior executives, Presidents and Boards in subsidiaries and other employees

Remuneration (SEK m.), Group	2015				2014			
	Salary Senior executives, Presidents and Boards in subsidiaries <sup>1,2)</sup>	Of which variable salary <sup>1)</sup>	Other employees	Total	Salary senior executives, Presidents and Boards in subsidiaries <sup>1,2)</sup>	Of which variable salary <sup>1)</sup>	Other employees	Total
Parent Company	34	6	77	111	39	7	66	105
Subsidiaries	56	21	6,829	6,885	37	14	5,827	5,864
<b>Total</b>	<b>90</b>	<b>27</b>	<b>6,906</b>	<b>6,996</b>	<b>76</b>	<b>21</b>	<b>5,893</b>	<b>5,969</b>

1) The number of people in the Parent Company is 15 (17) and in subsidiaries 43 (27).

2) Pension costs relating to senior executives, Presidents and Boards in subsidiaries amount to SEK 18 m. and are in addition to the amounts presented in the table (16).

**Long-term share-based variable remuneration – program descriptions**

Through the long-term variable remuneration programs, part of the remuneration to employees becomes linked to the long-term performance of the Investor share. The program consists of the following two components:

**1) Stock Matching Plan**

Through the Stock Matching Plan, an employee could acquire or commit shares in Investor at the market price during a period (determined by the Board) subsequent to the release of Investor's first quarterly report for each year, respectively (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) are granted for each Investor share acquired or committed by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period subsequent to the vesting period. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

The President, other members of the Management Group and a maximum of 20 other senior executives ("Senior Management") are obligated to invest at least 5 percent of their basic salary in Investor shares according to the Stock Matching Plan. Other employees are not obligated to invest, but they are still entitled to invest to the extent that the value of the allotted Matching Options and Matching Shares amounts to a maximum of either 10 or 15 percent of their basic salary. Senior Management has the right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to a maximum between 10 and 27 percent of their respective basic salary. In order to participate fully in the Stock Matching Plan for 2015, the President had to invest or commit approximately 31 percent of his basic salary in Investor shares. If the President, through the investment mentioned above, participates fully in the Stock Matching Plan, the theoretical value of the right to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan is 27 percent of the basic salary.

**2) Performance-Based Share Program, in which Senior Management participates in addition to the Stock Matching Plan**

Senior Management has, in addition to the Stock Matching Plan, the right (and obligation) to participate in a Performance-Based Share Program. Under this program, which presumes participation in the Stock Matching Plan, Senior Management, after a three-year vesting period, has the right during four years to acquire additional Investor shares ("Performance Shares") for a price that corresponds to, in 2015 year's program, 50 percent of the price of the shares acquired by the employee ("Acquisition Price"). This right is conditional upon whether certain financial goals related to the total return of the Investor share are met during the vesting period.

Total return is measured over a three-year qualification period. The average annual total return (including reinvested dividends) must exceed the interest on 10-year government bonds by more than 10 percentage points in order for Senior Management to be entitled to acquire the maximum number of Performance Shares that they were allotted. If the total return does not exceed the 10-year interest on government bonds by at least 2 percentage points, Senior Management is not entitled to acquire any shares. If the total return is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 10 percentage points, a proportional (linear) calculation of the number of shares that may be acquired is made. The total return is measured quarterly on running 12-month basis during the qualification period, where the total outcome is estimated as the average total return during the three-year period based on 9 measurement points.

**Adjustment for dividend**

At the time when Matching Shares and Performance Shares are acquired, employees are entitled to remuneration for dividends paid during the vesting period and up until the acquisition date. This is done so that the program will not be affected by dividends and to avoid the risk that a decision on dividends is affected by the long-term variable remuneration program.

**Hedge contracts for employee stock option and share programs**

Investor's policy is to implement measures to minimize the effects on equity from the programs in the event of an increase in Investor's share price. For programs implemented in 2006 and later, Investor has been repurchasing its own shares in order to guarantee delivery.

**Other programs in subsidiaries**

**Participation/incentive programs in Investor Growth Capital (IGC)**

Within IGC, selected senior staff and other senior executives are, to a certain extent, allowed to make parallel investments with Investor, or else receive profit-sharing. For more information regarding the programs see note 31, Related party transactions.

**Management Participation Programs**

Board members and senior executives in unlisted investments, including Mölnlycke Health Care (Mölnlycke), Aleris, Permobil and BraunAbility are offered the opportunity to invest in the companies through management participation programs. For more information regarding the programs see note 31, Related party transactions.

**Summary of long-term share-based variable remuneration programs 2006-2015**

**Matching Shares 2006-2015**

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend	Matching Shares forfeited in 2015	Matching Shares exercised in 2015	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2015	37,671						37,671 <sup>4)</sup>	293.33	326.18	10.00	12/31 2021	3
2014	55,451	53,879	1,532	723	517	324.99	54,171 <sup>4)</sup>	219.51	244.29	10.00	12/31 2020	3
2013	72,378	69,795	1,984	225	1,806	322.43	69,748 <sup>4)</sup>	167.90	187.33	10.00	12/31 2019	3
2012	120,160	110,596	2,297		33,100	312.93	79,793	109.60	122.17	10.00	12/31 2018	3
2011	88,959	48,794	1,235		7,754	326.29	42,275	127.15	141.66	10.00	12/31 2017	3
2010	124,543	40,090	1,073	1,887	5,466	321.23	33,810	114.91	128.33	10.00	12/31 2016 <sup>5)</sup>	3
2009	134,540	31,253	729		7,719	320.61	24,263	97.64	109.01	10.00	12/31 2015 <sup>5)</sup>	3
2008	88,075	14,513	421		14,934	332.83	–	116.71	130.40	10.00	12/31 2014	3
2007	70,194	11,276	327				11,603	150.91	168.48	10.00	12/31 2013 <sup>5)</sup>	3
2006	95,497	12,065	350				12,415	109.19	121.34	10.00	12/31 2012 <sup>5)</sup>	3
<b>Total</b>	<b>887,468</b>	<b>392,261</b>	<b>9,948</b>	<b>2,835</b>	<b>71,296</b>		<b>365,749</b>					

1) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.  
 2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See page 58 for specification of the basis of calculation.  
 3) Under certain circumstances, in conjunction with the end of employment, Matching Shares can be exercised before the end of the vesting period. Matching Shares that have already vested must be exercised within three months from the end of employment if the employment lasted less than four years and 12 months if the holder has been employed longer.  
 4) Matching Shares not available for exercise at year-end.  
 5) The former President Börje Ekholm is entitled to exercise Matching Shares during the period from March 1, 2016 through February 28, 2017.



Note 9. cont'd Employees and personnel costs

Matching Options 2006-2015

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2015	Matching Options exercised in 2015	Number of Matching Options exercised in 2015	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2015	75,342						75,342 <sup>4)</sup>	38.77	44.76	403.30	12/31 2021	3
2014	110,902	107,757	1,432		1,035	325.47	105,290 <sup>4)</sup>	29.86	34.41	304.50	12/31 2020	3
2013	144,756	135,098	526		3,492	318.42	131,080 <sup>4)</sup>	22.63	24.97	236.10	12/31 2019	3
2012	240,320	205,680			55,776	312.09	149,904	14.70	16.87	157.80	12/31 2018	3
2011	177,918	98,206			7,706	315.98	90,500	19.78	22.82	180.30	12/31 2017	3
2010	249,086	93,532			22,252	322.51	71,280	17.44	19.73	164.60	12/31 2016 <sup>5)</sup>	3
2009	269,080	65,428			26,254	317.74	39,174	14.52	16.68	141.50	12/31 2015 <sup>5)</sup>	3
2008	176,150	23,088			23,088	354.03	–	16.41	18.98	166.20	12/31 2014	3
2007	140,388	17,304					17,304	22.80	18.84	212.00	12/31 2013 <sup>5)</sup>	3
2006	190,994	17,984					17,984	15.62	12.47	155.90	12/31 2012 <sup>5)</sup>	3
<b>Total</b>	<b>1,774,936</b>	<b>764,077</b>	<b>1,958</b>	<b>139,603</b>			<b>697,858</b>					

- 1) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
- 2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See below for specification of the basis of calculation.
- 3) Under certain circumstances, in conjunction with the end of employment, Matching Options can be exercised before the end of the vesting period. Matching Options that have already vested must be exercised within three months from end of employment if employment lasted less than four years and within 12 months if the holder has been employed longer.
- 4) Matching Options not available for exercise at year-end.
- 5) The former President Börje Ekholm is entitled to exercise Matching Options during the period from March 1, 2016 through February 28, 2017.

Performance Shares 2006-2015

Year issued	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend	Performance Shares, forfeited in 2015	Performance Shares exercised in 2015	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2015	163,585						163,585 <sup>3)</sup>	80.59	89.84	168.07	12/31 2021	3
2014	258,017	258,017	7,107	706			264,418 <sup>3)</sup>	62.79	70.03	126.89	12/31 2020	3
2013	320,473	328,035	9,036	668			336,403 <sup>3)</sup>	49.33	54.26	95.42	12/31 2019	3
2012	457,517	467,442	11,377		59,084	310.60	419,735	32.69	36.41	61.55	12/31 2018	3
2011	663,784	577,239	13,279		94,633	313.20	495,885	20.56	23.14	134.48	12/31 2017	3
2010	799,197	527,497	12,311		119,581	329.28	420,227	18.34	20.34	118.74	12/31 2016 <sup>5)</sup>	3
2009	870,373	333,878	8,876		26,121	318.07	316,633	15.45	17.26	99.11	12/31 2015 <sup>5)</sup>	3
2008	269,640 <sup>4)</sup>	15,755	565		16,320	313.80	–	40.04	42.98	69.29	12/31 2014	3
2007	139,380 <sup>4)</sup>	7,020	204				7,224	77.78	82.55	10.00	12/31 2013 <sup>5)</sup>	3
2006	187,198 <sup>4)</sup>	8,630	250				8,880	52.35	57.03	10.00	12/31 2012 <sup>5)</sup>	3
<b>Total</b>	<b>4,129,164</b>	<b>2,523,513</b>	<b>63,005</b>	<b>1,374</b>	<b>315,739</b>		<b>2,432,990</b>					

- 1) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
- 2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See below for specification of the basis of calculation.
- 3) Performance Shares not available for exercise at year-end.
- 4) Refers to the maximum number of granted performance shares, regardless of the program's vesting outcome.
- 5) The former President Börje Ekholm is entitled to exercise Performance Shares during the period from March 1, 2016 through February 28, 2017.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in

accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. The adjustment is based on average historical outcome.

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

	2015			2014		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	336.13	336.13	336.13	253.77	253.77	253.77
Strike price	10.00	403.30	168.07	10.00	304.50	126.89
Assumed volatility <sup>1)</sup>	30%	30%	30%	30%	30%	30%
Assumed average term <sup>2)</sup>	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend <sup>3)</sup>	0%	3.0%	0%	0%	3.5%	0%
Risk-free interest	0.09%	0.09%	0.09%	1.07%	1.07%	1.07%
Expected outcome <sup>4)</sup>			50%			50%

- 1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
- 2) The assumption of average term for the instruments at grant is based on historical exercise patterns and the actual term of the instruments within each remuneration program.
- 3) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.
- 4) Probability to achieve the performance criteria is calculated based on historic data and verified externally.



Note 9. cont'd Employees and personnel costs

Summary of Long-term Restricted Stock Programs 2004–2005

Year issued	Number of granted Shares	Number of shares at the beginning of the year	Fair value, SEK <sup>1)</sup>	Number of Shares exercised 2015	Number of Shares at year-end	Maturity date <sup>2)</sup>	Vesting period (years)
2005	58,331	9,612	97.04	–	9,612	1/21 2010	5
2004	74,000	3,200	77.00	–	3,200	1/20 2009	5
<b>Total</b>	<b>132,331</b>	<b>12,812</b>		<b>–</b>	<b>12,812</b>		

1) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

2) The former President Börje Ekholm is entitled to exercise Restricted Stocks during the period from March 1, 2016 through February 28, 2017.

Remuneration to the Board of the Parent Company

At the 2015 Annual General Meeting (AGM), it was decided that Board remuneration should total SEK 9,021 t., of which SEK 7,965 t. would be in the form of cash and synthetic shares and SEK 1,056 t. would be distributed as cash remuneration for committee work done by the Board of Directors.

Synthetic shares 2008–2015

As of 2008, Board members may choose to receive a part of their gross remuneration, excluding committee fees, in synthetic shares. AGM's decision regarding synthetic shares 2015 is essentially identical to the decision of the AGM 2014. In 2015, Board Members were entitled to receive 50 percent of the proposed remuneration before tax, excluding remuneration for committee work, in the form of synthetic shares and 50 percent in cash (instead of receiving 100 percent of the remuneration in cash). A synthetic share carries the same economic rights as a class B Investor share, which means that the value of the Board of Director's remuneration in synthetic shares, just like for class B shares, is dependent upon value fluctuations as well as the amount of dividends during the five-year period until 2020, when each synthetic share entitles the Board member to receive an amount corresponding to the share price, at the time, of a class B Investor share.

At the statutory meeting in May 2015 the Board approved, as in 2014, establishment of a policy pursuant to which members of the Board (who do not already have such holdings) are expected to, over a five-year period, acquire ownership in Investor shares (or a corresponding exposure to the Investor share, for example in synthetic shares) for a market value that is expected to correspond to at least one year's remuneration for board work, before taxes and excluding remuneration for committee work.

The Director's right to receive payment occurs after the publications of the year-end report and the three interim reports, respectively, during the fifth year following the general meeting which resolved on the allocation of the Synthetic Shares, with 25 percent of the allocated Synthetic Shares on each occasion. In case the Director resigns as Board Member prior to a payment date the Director has a right, within three months after the Director's resignation, to request that the time of payment shall be brought forward, and instead shall occur, in relation to 25 percent of the total number of allocated Synthetic Shares, after the publications of each of the year-end report and the three interim reports, respectively, which are made during the year after the year when such request was received by the Company.

Expensed remuneration to the Board 2015

Total remuneration for 2015 (SEK t.)	Cash Board fee	Value of Synthetic Shares as at grant date	Committee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2015	Effect from exercised 2015	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2015 <sup>1)</sup>	Adjustment for dividend	Exercised Synthetic Shares, 2015	Number of Synthetic Shares on December 31, 2015
Jacob Wallenberg	2,340		320	2,660	553		394	3,607	23,125		630	8,144	15,612
Marcus Wallenberg	625			625				625					
Josef Ackermann	313	313		625	167	-17		776	4,597	946	125		5,668
Gunnar Brock <sup>2)</sup>	313	313	165	790	247	-17	105	1,126	8,909	946	243	2,172	7,926
Sune Carlsson <sup>3)</sup>					148		105	253	6,167		168	2,172	4,163
Börje Ekholm <sup>4)</sup>													
Johan Forssell <sup>4)</sup>													
Magdalena Gerger	313	313	165	790	42	-17		815	1,160	946	32		2,138
Tom Johnstone, CBE	313	313	78	703	247	-17	105	1,039	8,909	946	243	2,172	7,926
Carola Lemne <sup>3)</sup>					205		105	310	7,749		211	2,172	5,788
Grace Reksten Skaugen	625		250	875				875					
O. Griffith Sexton <sup>5)</sup>													
Hans Stråberg	313	313		625	247	-17		856	6,795	946	185		7,926
Lena Treschow Torell	313	313	78	703	247	-17	105	1,039	8,909	946	243	2,172	7,926
Peter Wallenberg Jr. <sup>3)</sup>					247		105	352	8,909		243	2,172	6,980
Sara Öhrvall <sup>4)</sup>	313	313		625		-17		608		946			946
<b>Total</b>	<b>5,778</b>	<b>2,188</b>	<b>1,056</b>	<b>9,021</b>	<b>2,353</b>	<b>-118</b>	<b>1,024</b>	<b>12,279</b>	<b>85,230</b>	<b>6,620</b>	<b>2,321</b>	<b>21,174</b>	<b>72,997</b>

1) Based on weighted average stock price for Investor B in the period May 15 to May 21 2015: SEK 330.45.

2) Additional remunerations of SEK 1,703 t. to Gunnar Brock have been expensed in the subsidiaries.

3) Member of the Board until 5/6 2014.

4) Member of the Board as of 5/13 2015.

5) Member of the board until 5/12 2015.



Note 9. cont'd Employees and personnel costs

Expensed remuneration to the Board 2014

Total remuneration for 2014 (SEK t.)	Cash Board fee	Value of Synthetic Shares as at grant date	Commit-tee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2014	Effect from exercised 2014	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2014 <sup>1)</sup>	Adjust-ment for dividend	Exercised Synthetic Shares, 2014	Number of Synthetic Shares on December 31, 2014
Jacob Wallenberg	2,175		358	2,533	1,624		264	4,421	31,629		1,012	9,516	23,125
Sune Carlsson	580		215	795	434		70	1,299	8,434		270	2,537	6,167
Josef Ackermann	290	290		580	241	40		861	3,330	1,160	107		4,597
Gunnar Brock <sup>2)</sup>	290	290	72	652	545	40	70	1,307	9,967	1,160	319	2,537	8,909
Börje Ekholm													
Magdalena Gerger <sup>3)</sup>	290	290		580		40		620		1,160			1,160
Tom Johnstone, CBE	290	290		580	545	40		1,165	7,508	1,160	241		8,909
Carola Lemne <sup>4)</sup>					545			545	7,508		241		7,749
Grace Reksten Skaugen	580		286	866				866					
O. Griffith Sexton	580		72	652				652					
Hans Stråberg	290	290		580	396	40		1,016	5,460	1,160	175		6,795
Lena Treschow Torell	290	290	72	652	545	40	70	1,307	9,967	1,160	319	2,537	8,909
Marcus Wallenberg	580			580				580					
Peter Wallenberg Jr. <sup>2)</sup>	290	290	143	723	545	40	70	1,378	9,967	1,160	319	2,537	8,909
<b>Total</b>	<b>6,525</b>	<b>2,030</b>	<b>1,218</b>	<b>9,773</b>	<b>5,420</b>	<b>282</b>	<b>546</b>	<b>16,017</b>	<b>93,770</b>	<b>8,122</b>	<b>3,001</b>	<b>19,664</b>	<b>85,230</b>

1) Based on weighted average stock price for Investor B in the period May 8 to May 14, 2014: SEK 249.93.

2) Additional remunerations of SEK 970 t. to Gunnar Brock and SEK 303 t. to Peter Wallenberg Jr. have been expensed in the subsidiaries.

3) Member of the Board as of 5/6 2014.

4) Member of the board until 5/6 2014.

Accounting effects of share-based payment transactions

Costs relating to share-based payment transactions, SEK m. 2015 2014

Group

Costs relating to equity-settled share-based payment transactions	33	32
Costs relating to cash-settled share-based payment transactions	5	9
Social security and other costs relating to share-based payment transactions	81	68
<b>Total</b>	<b>119</b>	<b>109</b>

Parent Company

Costs relating to equity-settled share-based payment transactions	25	30
Costs relating to cash-settled share-based payment transactions	5	9
Social security and other costs relating to share-based payment transactions	78	66
<b>Total</b>	<b>108</b>	<b>105</b>

Other effects of share-based payment transactions, SEK m. 2015 2014

Group and Parent Company

Effect on equity relating to Stock-Options exercised by employees	57	61
Carrying amount of liability relating to cash-settled instruments	30	31

## Note 10. Auditor's fees and expenses

	2015	2014
<i>Auditor in charge</i>	<i>Deloitte</i>	<i>Deloitte</i>
Auditing assignment	22	21
Other audit activities	1	1
Tax advice	4	3
Other assignments	4	1
<b>Total Auditor in charge</b>	<b>30</b>	<b>26</b>
<i>Other auditors</i>		
Auditing assignment	1	1
<b>Total other auditors</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>31</b>	<b>27</b>

## Note 11. Operating leases

### Accounting policies

Costs related to operating leases are recognized in the Income Statement on a straight-line basis over the lease term.

Operating leases mainly consist of rent of premises, leasing of company cars and office furniture.

### Non-cancellable future lease payments

	2015	2014
Less than 1 year from balance sheet date	-687	-585
1-5 years from balance sheet date	-1,367	-1,058
More than 5 years from balance sheet date	-374	-449
<b>Total</b>	<b>-2,428</b>	<b>-2,092</b>

### Costs for the year

	2015	2014
Minimum lease payments	-673	-576
Contingent rent	-3	0
<b>Total</b>	<b>-676</b>	<b>-576</b>

### Non-cancellable future lease revenue

	2015	2014
Less than 1 year from balance sheet date	18	96
1-5 years from balance sheet date	43	39
More than 5 years from balance sheet date	25	11
<b>Total</b>	<b>86</b>	<b>146</b>

### Revenue for the year

	2015	2014
Minimum lease revenue	19	2
Contingent rent	2	0
<b>Total</b>	<b>21</b>	<b>2</b>

## Note 12. Shares and participations in associates

### Accounting policies

Associates are companies in which Investor, directly or indirectly, has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. The Group applies the equity method for unlisted holdings in those cases where Investor is significantly involved in the associate's operations.

Unlisted associates of Investor Growth Capital and all listed associates are controlled and monitored based on fair value and are accounted for as financial instruments at fair value through profit/loss, according to IAS 39 and IAS 28 p.18-19.

### Reporting of associates in accordance with the equity method

Associates are reported in the consolidated financial statements as of the date when significant influence was obtained. When applying the equity method, the carrying amount of the investments in associates that is reported in the consolidated financial statements, corresponds to the Group's share of the associates' equity, consolidated goodwill, and any consolidated surpluses/deficits.

In the consolidated Income Statement, the Group's share of the associates' profit/loss that is attributable to the owners of the Parent Company (adjusted for any depreciation, impairment losses or reversals of acquired surpluses/deficits) is recognized as "share of results of associates". These shares of profit/loss (less any dividends received from associates) are the primary component of the change in reported value of participations in associates. The Group's share of other comprehensive income in associates is reported as a separate component of other comprehensive income.

Upon acquisition of an associate, any difference between the cost of the holding including transaction costs and the investor's share of the net fair value of the associate's identifiable assets and liabilities is reported as goodwill corresponding to principles for acquisition of subsidiaries.

If the Group's share of reported losses in the associate exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also offset against long-term financial receivables without collateral, the economic substance of which is comprised of part of the investor's net investment in the associate. Continuing losses are not recognized, unless the Group has an obligation to cover the losses incurred by the associate. The equity method is applied until such time when the Group no longer has significant influence.

### Specification of carrying amount using the equity method

	12/31 2015	12/31 2014
At the beginning of the year	3,051	6,129
Acquisitions	112	82
Divestments	-	-2,832
Reclassification	-1	-
Payment of escrow	-	-1,047
Share of results of associates	360	903
Exchange rate differences, etc.	-186	-184
<b>BS Carrying amount at year-end</b>	<b>3,336</b>	<b>3,051</b>

### Information about material associates

*Hi3G Holdings AB, Stockholm, 556619-6647*

3 Scandinavia is an operator providing mobile voice and broadband services in Sweden and Denmark. Investor's share of votes are 40 percent and the investment is included in Patricia Industries.

3 Scandinavia is consolidated using the equity method and no dividends are distributed to Investor for 2014 or 2015. However during 2015, SEK 987 m. was distributed to Patricia Industries as repayment of shareholder loans. Investor guarantees SEK 0.7 bn of 3 Scandinavia's external debt.



Note **12.** *cont'd Shares and participation in associates*

**Summarized financial information for associates using the equity method**

*Material associates*

	Hi3G Holdings AB		Total	
	12/31 2015	12/31 2014	12/31 2015	12/31 2014
Ownership capital/votes, %	40/40	40/40		
Net sales	10,831	11,398	10,831	11,398
Profit/loss for the year	1,221	1,485	1,221	1,485
Total other comprehensive income for the year	-155	350	-155	350
Total comprehensive income for the year	1,066	1,835	1,066	1,835
Investor's share of total comprehensive income for the year	426	734	426	734
<b>Total share of total comprehensive income</b>	<b>426</b>	<b>734</b>	<b>426</b>	<b>734</b>

*Non-material associates*

Share of profit/loss for the year			-128	298
Share of total other comprehensive income			-124	-313
Share of total comprehensive income for the year			-252	-15
Gains/losses from sale of shares in associates			-	-1,047
<b>Total share of total comprehensive income</b>			<b>174</b>	<b>-328</b>

*Material associates*

Total non-current assets	14,770	15,433	14,770	15,433
Total current assets	8,500	3,380	8,500	3,380
Total non-current liabilities	-6,187	-8,539	-6,187	-8,539
Total current liabilities	-9,186	-3,444	-9,186	-3,444
Total net assets (100 %)	7,896	6,830	7,896	6,830
Investor's share of total net assets	3,158	2,732	3,158	2,732
Carrying amount of material associates	3,158	2,732	3,158	2,732
Carrying amount of non-material associates			178	319

**BS** Carrying amount of associates at year-end valued using the equity method

**3,336 3,051**

**Summarized financial information for material associates valued at fair value**

12/31 2015 Company, Registered office, Registration number	Ownership capital/votes (%)	Investor's share of		100% of reported values of the associate					Total assets	Total liabilities
		Carrying amount <sup>1)</sup>	Dividends received	Net sales	Profit/loss for the year	Other comprehensive income for the year	Total comprehensive income for the year			
SEB, Stockholm, 552032-9081	21/21	40,826	2,167	44,148	16,581	2,219	18,800	2,495,964	2,353,166	
Atlas Copco, Stockholm, 556014-2720	17/22	43,100	1,241	102,161	11,723	-540	11,183	103,010	56,260	
Ericsson, Stockholm, 556016-0680	5/22	14,086	595	246,920	13,673	-1,311	12,362	284,363	136,997	
Electrolux, Stockholm, 556009-4178	16/30	9,860	311	123,511	1,568	-1,263	305	83,471	68,466	
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	40/40	14,514	-	3,228	68	53	122	8,311	3,621	
Saab, Linköping, 556036-0793	30/40	8,535	156	27,186	1,402	600	2,002	35,088	22,176	
Husqvarna, Jönköping, 556000-5331	17/33	5,428	160	36,170	1,888	-3	1,885	29,669	16,608	
<b>Total participations in material associates valued at fair value</b>		<b>136,350</b>	<b>4,630</b>	<b>557,742</b>	<b>45,873</b>	<b>-245</b>	<b>46,659</b>	<b>3,039,876</b>	<b>2,657,295</b>	

12/31 2014 Company, Registered office, Registration number	Ownership capital/votes (%)	Investor's share of		100% of reported values of the associate					Total assets	Total liabilities
		Carrying amount <sup>1)</sup>	Dividends received	Net sales	Profit/loss for the year	Other comprehensive income for the year	Total comprehensive income for the year			
SEB, Stockholm, 552032-9081	21/21	45,407	1,825	46,936	19,219	1,030	20,249	2,641,246	2,506,670	
Atlas Copco, Stockholm, 556014-2720	17/22	44,972	1,138	93,721	12,175	4,663	16,838	105,281	54,528	
Ericsson, Stockholm, 556016-0680	5/21	15,807	525	227,983	11,143	1,566	12,709	293,558	148,249	
Electrolux, Stockholm, 556009-4178	15/30	10,952	311	112,143	2,242	1,681	3,923	85,688	69,220	
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	40/40	8,532	-	2,607	-268	5	-263	6,371	1,848	
Saab, Linköping, 556036-0793	30/40	6,624	148	23,527	1,168	-1,320	-152	29,556	18,183	
Husqvarna, Jönköping, 556000-5331	17/31	5,598	146	32,838	824	796	1,620	29,176	17,088	
<b>Total participations in material associates valued at fair value</b>		<b>137,892</b>	<b>4,093</b>	<b>539,755</b>	<b>46,503</b>	<b>8,421</b>	<b>54,924</b>	<b>3,190,876</b>	<b>2,815,786</b>	

1) Carrying amount for associates valued at fair value, equals the quoted market price for the investment.

## Note 13. Net financial items

### Accounting policies

Financial income and financial expenses consists mainly of interest, exchange rate differences on financial items and changes in the value of financial investments, liabilities and derivatives used to finance operations.

Interest is calculated using the effective interest rate method. The effective interest rate is the rate that discounts estimated future payments or receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Transaction costs, including issuing costs, are expensed at the same point in time that receivables or payables are measured at fair value through profit/loss. When valued at amortized cost, amortization takes place over the remaining life using the effective interest rate. Borrowing costs are recognized in profit/loss using the effective interest rate method except to the extent that they are directly attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale. In such cases, they are included in the acquisition cost of the asset. Costs related to unused credit facilities are recognized as interest and are amortized on a straight-line basis over the term of the facilities. Other financial items consist mainly of changes in the value of derivatives and loans that are subject to fair value hedging, and foreign currency result.

	2015	2014
<b>Interest</b>		
Interest income	58	91
Interest expense	-1,471	-1,472
<b>Total interest</b>	<b>-1,412</b>	<b>-1,381</b>
<b>Other financial items</b>		
Changes in value, income	218	15
Changes in value, expenses	-10	-123
Realized results from loans/swaps	-69	-150
Exchange gain	685	1,066
Exchange loss	-685	-942
Other items	-200	-274
<b>Total other financial items</b>	<b>-61</b>	<b>-408</b>
<b>IS Net financial items</b>	<b>-1,473</b>	<b>-1,789</b>

Other financial items consists of unrealized market value changes and realized results of financial items excluding interest. Net financial items include the changes in value attributable to long-term share-based remuneration SEK -73 m. (-64) and revaluations established with valuation techniques totaling SEK 208 m. (-108). Liabilities accounted for as hedges have been revalued by SEK 269 m. (-1,541) and the associated hedging instruments have been revalued by SEK -158 m. (1,671). Derivatives included in cash flow hedges are not recognized in the Income Statement but have affected Other Comprehensive income by SEK 184 m. (-140). For more information see note 29, Financial instruments.

## Note 14. Income tax

### Accounting policies

The amount reported as the Group's total income tax for the year consists of current tax and deferred tax. Current tax is tax that must be paid or refunds that will be received for the current year and adjustments to current tax attributable to earlier periods. Deferred tax is based on the temporary differences between the tax base of an asset or liability and its carrying amount. Temporary differences attributable to goodwill are not recognized. Furthermore, temporary differences attributable to investments in subsidiaries or associates are not recognized unless they are expected to reverse within the foreseeable future. The valuation of deferred tax is based on the extent to which underlying assets and liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax regulations that have been decided or announced at year-end. If the calculations result in a deferred tax asset, it will only be reported as such if it is probable that it will be realized.

Income taxes are reported in the Income Statement unless the underlying transaction is reported as part of Other Comprehensive income or as a component of equity. In such cases, the associated tax effect is also reported as part of Other Comprehensive income or as a component of equity.

Part of the difference between the effective tax rate and the Parent Company's tax rate that occurs upon reconciliation is due to the fact that the Parent Company is taxed in accordance with the rules that apply to industrial holding companies.

For a description of matters relating to tax contingencies, see note 30, Pledged assets and contingent liabilities.

### Income tax for the year in Income Statement

	2015	2014
Current tax expense	-379	-325
Deferred tax expense relating to changes in temporary differences and losses carry-forward	-361	705
<b>IS Total</b>	<b>-740</b>	<b>380</b>

### Income tax for the year in Other Comprehensive income

	2015	2014
Current tax expense	-39	49
<b>Total</b>	<b>-39</b>	<b>49</b>

### Information about the connection between tax expense for the period and reported income before tax

	2015 (%)	2015	2014 (%)	2014
Reported loss/profit before taxes		18,174		50,308
Tax according to applicable tax rate	22.0	-3,998	22.0	-11,070
Effect of other tax rates				
for foreign subsidiaries	-0.1	15	0.2	-84
Tax from previous years	0.0	-4	0.1	-26
Tax effect of non-taxable income	-45.7	8,299	-28.9	14,538
Tax effect status as an industrial holding company <sup>1)</sup>	-2.6	472	-0.9	437
Tax effect non-deductible expenses	29.1	-5,294	7.9	-3,993
Tax effect impairment of goodwill	0.0	-8	-	-
Standard interest on tax allocation reserves	0.0	0	0.0	-2
Current year loss, not recognized as deferred tax asset	0.0	-6	0.0	1
Recognition and utilization of prior years not recognized losses carry-forward	1.0	-184	-1.2	609
Controlled foreign company taxation	0.1	-16	0.0	-15
Other	0.1	-16	0.0	-15
<b>Reported tax expense</b>	<b>4.1</b>	<b>-740</b>	<b>-0.8</b>	<b>380</b>

1) For tax purposes, industrial holding companies may deduct the dividend approved at the Annual General Meeting.



Note **14.** *cont'd* Income tax

**Deferred taxes**

Deferred taxes refer to the following assets and liabilities

	Deferred tax asset		Deferred tax liability		Net	
	12/31 2015	12/31 2014	12/31 2015	12/31 2014	12/31 2015	12/31 2014
Intangible assets	44	42	-2,815	-2,859	-2,771	-2,817
Property, plant and equipment	7	3	-568	-468	-561	-465
Financial assets	0	0	-472	-200	-472	-200
Inventory	145	140	-	0	145	140
Interest-bearing liabilities	8	8	-	0	8	8
Pension provisions	219	206	-11	-	208	206
Provisions	28	30	-1	-3	27	27
Losses carry-forward	667	744	0	-	667	744
Tax allocation reserves	-	-	-90	-83	-90	-83
Other	80	107	-77	-21	3	86
<b>Total deferred tax assets and liabilities</b>	<b>1,198</b>	<b>1,280</b>	<b>-4,034</b>	<b>-3,634</b>	<b>-2,836</b>	<b>-2,354</b>
Net of deferred tax assets and liabilities <sup>1)</sup>	-234	-107	234	107	-	-
<b>BS Net deferred tax</b>	<b>964</b>	<b>1,173</b>	<b>-3,800</b>	<b>-3,527</b>	<b>-2,836</b>	<b>-2,354</b>

1) Deferred tax assets and tax liabilities are offset if a legal right exists for this.

*Unrecognized deferred tax assets*

Taxes relating to deductible temporary differences for which deferred tax assets have not been recognized amounted to SEK 84 m. on December 31, 2015 (83). The amount refers to unrecognized losses carry-forward and pension provisions. The amount does not include the Parent Company due to its status as an industrial holding company for tax purposes.

*Change in deferred taxes related to temporary differences and losses carry-forward*

12/31 2015	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Amount at year-end
Intangible assets	-2,817	-98	111	33	-2,771
Property, plant and equipment	-465	-60	-33	-3	-561
Financial assets	-200	0	-261	-11	-472
Inventory	140	-10	11	3	145
Interest-bearing liabilities	8	-	0	-	8
Pension provisions	206	4	7	-9	208
Provisions	27	-3	4	-1	27
Losses carry-forward	744	93	-148	-22	667
Tax allocation reserves	-83	-1	-6	-	-90
Other	86	-4	-46	-36	3
<b>Total</b>	<b>-2,354</b>	<b>-79</b>	<b>-361</b>	<b>-46</b>	<b>-2,836</b>

12/31 2014	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Amount at year-end
Intangible assets	-2,867	-109	289	-130	-2,817
Property, plant and equipment	-347	-76	-19	-23	-465
Financial assets	-93	-	-78	-29	-200
Inventory	107	-	22	11	140
Interest-bearing liabilities	0	-	8	-	8
Pension provisions	162	-	11	33	206
Provisions	11	-	16	0	27
Losses carry-forward	301	-	409	34	744
Tax allocation reserves	-160	-1	78	0	-83
Other	90	-	-31	27	86
<b>Total</b>	<b>-2,796</b>	<b>-186</b>	<b>705</b>	<b>-77</b>	<b>-2,354</b>

## Note 15. Earnings per share

### Accounting policies

The calculation of basic earnings per share is based on the profit/loss for the year attributable to shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. When calculating diluted earnings per share, the average number of shares is adjusted to take into account the effects of dilutive potential ordinary shares, originating during the reported periods from stock option and share programs that have been offered to employees. Dilutions from stock option and share programs affect the number of shares and only occur when the strike price is less than the share price. The potential ordinary shares are not viewed as dilutive if they would result in better earnings per share after dilution, which occurs when net income is negative.

### Basic earnings per share

	2015	2014
Profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, SEK m.	17,433	50,656
Weighted average number of ordinary shares outstanding during the year, millions	761.8	761.1
<b>IS Basic earnings per share, SEK</b>	<b>22.89</b>	<b>66.55</b>
Change in the number of outstanding shares, before dilution, millions	2015	2014
Total number of outstanding shares at beginning of the year, millions	761.4	760.9
Repurchase of own shares during the year, millions	0.0	0.0
Sales own shares during the year, millions	0.5	0.5
<b>Total number of outstanding shares at year-end, millions</b>	<b>761.9</b>	<b>761.4</b>

### Diluted earnings per share

	2015	2014
Profit for the year attributable to the holders of ordinary shares in the Parent Company, diluted, SEK m.	17,433	50,656
Weighted average number of outstanding ordinary shares, millions	761.8	761.1
<i>Effect of issued:</i>		
Employee share and stock option programs, millions	2.1	1.7
Number of shares used for the calculation of diluted earnings per share, millions	763.8	762.9
<b>IS Diluted earnings per share, SEK</b>	<b>22.82</b>	<b>66.40</b>

### Instruments that are potentially dilutive in the future and changes after the balance sheet date

Outstanding options and shares in long-term share-based programs are to be considered dilutive only if earnings per share was less after than before dilution. Some options are out of money due to a lower average share price (SEK 318.32) compared to exercise price and potential value per option to be expensed in accordance to IFRS 2. Finally there are Performance Shares for which performance terms and conditions are to be met before they can be dilutive. There have been no changes in the number of outstanding shares after the balance sheet date. See note 9, Employees and personnel costs, for exercise price and a description of performance terms and conditions.

## Note 16. Intangible assets

### Accounting policies

Intangible assets, except for goodwill and trademarks with indefinite life, are reported at cost after a deduction for accumulated amortization or any impairment losses. Goodwill and trademarks have an indefinite life and are reported at cost after any impairment losses.

### Goodwill

Goodwill arises when the acquisition cost in a business combination exceeds the fair value of acquired assets and liabilities according to the purchase price allocation.

### Trademarks

Trademarks are valued as part of the fair value of businesses acquired from a third party. The trademark must have long-term value and it must be possible to sell it separately. Otherwise, the trademark may arise through a contract or legal rights.

### Capitalized development expenditure

Costs attributable to the development of qualifying assets are capitalized as a component of the asset's acquisition cost. An internally generated intangible asset is reported by the Group only if all of the following apply; it is possible to identify the asset that was created, it is both technically and financially feasible to complete the asset, there is both intent and ability to use the asset, it is likely that the asset will generate future economic benefits and it is possible to calculate the expenses in a reliable way. Amortization of the asset begins as soon as it is put into use. All other expenditure is immediately recognized in the Income Statement.

### Proprietary technology

Proprietary technology consists of assets such as patents and licenses and is valued as part of the fair value of acquired businesses.

### Customer contracts and relations

Customer contracts and relations are valued as part of the fair value of acquired businesses (less any amortization or impairment losses). The useful life of these assets are sometimes long, which reflects the long-term nature of the underlying business. Customer contracts and relations are based on the period of time over which net payments are expected to be received from the contract, as well as legal and financial factors.

### Software

Costs for software intended for own administrative use are recognized as an asset in the Balance Sheet when the costs are expected to generate future economic benefits in the form of more efficient processes. Capitalized expenditure for software is amortized from the date it became available for use.

### Amortizations

Amortizations are made linearly over the asset's estimated useful life. Goodwill and trademarks have an indefinite useful life and are not amortized.

### Estimated useful lives:

Capitalized development expenditure	3-8 years
Proprietary technology	5-20 years
Customer contracts and relations	3-30 years
Software and other	3-5 years

### Impairment

The recoverable amount of an asset is calculated whenever there is an indication of impairment. The recoverable amount is calculated once per year or more often if there are any indications of impairment for goodwill, trademarks and other intangible assets with an indefinite useful life and intangible assets that are not yet available for use. The recoverable amount is the higher of the fair value less selling expenses and the value-in-use. When determining the value-in-use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The loss is reported in the Income Statement.

Note **16.** *cont'd Intangible assets*

12/31 2015	Goodwill	Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total
<i>Accumulated costs</i>							
Opening balance	28,357	6,708	595	1,997	6,456	404	44,517
Business combinations	2,734	318	30	59	1,431		4,572
Internally generated intangible assets			110			6	116
Acquisitions				0	1	44	45
Disposals	-80		-54	-33	-6	-23	-196
Reclassifications			5			23	28
Exchange rate differences	-1,009	-208	0	-69	-141	2	-1,425
<b>At year-end</b>	<b>30,002</b>	<b>6,818</b>	<b>686</b>	<b>1,954</b>	<b>7,741</b>	<b>456</b>	<b>47,657</b>
<i>Accumulated amortization and impairment losses</i>							
Opening balance	-940	0	-128	-438	-4,099	-227	-5,832
Disposals			0	4		19	23
Amortizations		-6	-88	-112	-283	-68	-557
Reclassifications						-1	-1
Exchange rate differences		-1	0	18	140	1	158
<b>At year-end</b>	<b>-940</b>	<b>-7</b>	<b>-216</b>	<b>-528</b>	<b>-4,242</b>	<b>-276</b>	<b>-6,209</b>
<b>BS Carrying amount at year-end</b>	<b>29,062</b>	<b>6,811</b>	<b>470</b>	<b>1,426</b>	<b>3,499</b>	<b>180</b>	<b>41,448</b>
<i>Allocation of amortization and impairment in Income Statement</i>							
Costs of goods and services sold		0		0	-120	-14	-134
Sales and marketing costs				-71	-30	0	-101
Administrative, research and development and other operating costs		-6	-88	-41	-133	-50	-318
Management costs						-4	-4
<b>Total</b>		<b>-6</b>	<b>-88</b>	<b>-112</b>	<b>-283</b>	<b>-68</b>	<b>-557</b>

12/31 2014	Goodwill	Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total
<i>Accumulated costs</i>							
Opening balance	26,759	6,357	515	1,911	5,872	340	41,754
Business combinations	246	37			353	1	637
Internally generated intangible assets			130				130
Acquisitions	69			0		47	116
Disposals			-39			-9	-48
Reclassifications			-12	-36	12	21	-15
Exchange rate differences	1,283	314	1	122	219	4	1,943
<b>At year-end</b>	<b>28,357</b>	<b>6,708</b>	<b>595</b>	<b>1,997</b>	<b>6,456</b>	<b>404</b>	<b>44,517</b>
<i>Accumulated amortization and impairment losses</i>							
Opening balance	-940	0	-97	-318	-2,865	-185	-4,405
Disposals			26			8	34
Impairment loss					-49		-49
Amortizations		0	-56	-106	-993	-62	-1,217
Reclassifications			0	11	-11	13	13
Exchange rate differences			-1	-25	-181	-1	-208
<b>At year-end</b>	<b>-940</b>	<b>0</b>	<b>-128</b>	<b>-438</b>	<b>-4,099</b>	<b>-227</b>	<b>-5,832</b>
<b>BS Carrying amount at year-end</b>	<b>27,417</b>	<b>6,708</b>	<b>467</b>	<b>1,559</b>	<b>2,357</b>	<b>177</b>	<b>38,685</b>
<i>Allocation of amortization and impairment in Income Statement</i>							
Costs of goods and services sold		0			-167	-12	-179
Sales and marketing costs				-69	-759	-4	-832
Administrative, research and development and other operating costs			-56	-37	-116	-42	-251
Management costs						-4	-4
<b>Total</b>		<b>0</b>	<b>-56</b>	<b>-106</b>	<b>-1,042</b>	<b>-62</b>	<b>-1,266</b>



Note **16.** *cont'd Intangible assets*

**Impairment testing**

Goodwill and other intangible assets with an indefinite useful life originating from acquisitions are divided between four cash-generating entities; Mölnlycke Health Care, Aleris, Permobil and BraunAbility. Investor makes regular tests to determine that the carrying values of these assets do not exceed the value in use. The method for impairment testing is based on a discounted cash flow forecast to determine the value in use. Various assumptions are used to suit the different companies and its business. The calculated value in use is then compared to the carrying amount.

**Value in use**

Value in use is calculated as Investors share of present value of future estimated cash flow generated from the subsidiaries. The estimate of future cash flows is based upon reasonable assumptions and best knowledge of the company and future economic conditions. The base for the estimate is an assumption of the future growth rate, budgets and forecasts. The chosen discount factor reflects specific risks that are assignable to the asset and marketable assessments of the time value of money. The base for calculation of the discount rate is the company's weighted average cost of capital, where the assumption of the risk free interest rate, market risk premium, leverage, cost of debt and relevant tax rate are important components. The ambition is to use a discount rate which is not dependent on short term market sentiment, but instead reflects a long-term cost of capital corresponding to Investor's long term investment horizon.

**Mölnlycke Health Care (Mölnlycke)**

Impairment testing of goodwill and trade names for Mölnlycke is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on the budget for 2016 and financial forecasts until year-end 2020. A growth rate of 2.1 percent has been used to extrapolate the cash flows for the years beyond 2020 (2.2), which is considered reasonable given the company's historical growth, geographical positioning and industry fundamentals. Estimated cash flows have been discounted using a discount rate of 10.1 percent pre tax (10.0). No impairment requirement has been identified since the carrying value is lower than calculated value in use. The assessment is that no reasonably possible change in any key assumption will lead to a calculated recoverable amount that is lower than the carrying amount. Trademarks of SEK 4,961 m. is included in intangible assets (5,167). Mölnlycke's trademarks, which have a long history, have an indefinite useful life as Mölnlycke has a strong position on all its core markets and will continue to actively use them, expecting continued growth with increased net profit margins. Consolidated goodwill attributable to Mölnlycke amounts to SEK 19,938 m. (20,842).

**Aleris**

Impairment testing of goodwill for Aleris is based on a value in use calculation in which assumptions of future growth rate and operating margins are important components. The estimated value in use is based on the budget for 2016 and financial forecasts until year-end 2020. A growth rate of 1.6 percent has been used to extrapolate the cash flows for the years beyond 2020 (2.8), which is based on the company's historical growth and the sector's long term growth drivers, such as demographics and lifestyle aspects. Estimated cash flows have been discounted using a discount rate of 10.2 percent pre tax (9.6). No impairment requirements has been identified since the carrying value is lower than calculated value in use. However, a reasonably possible change in any key assumption indicate a calculated recoverable amount which is lower than the carrying amount. Consolidated goodwill attributable to Aleris amounts to SEK 4,803 m. (4,240).

**Permobil**

Impairment testing of goodwill for Permobil is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on the budget for 2016 and financial forecasts until year-end 2020. A growth rate of 1.7 percent has been used to extrapolate the cash flows for the years beyond 2020 (2.4), which is considered reasonable given the company's historical growth, the market structure and industry fundamentals. Estimated cash flows have been discounted using a discount rate of 10.6 percent pre tax (10.5). No impairment requirement has been identified since the carrying value is lower than calculated value in use. The assessment is that no reasonably possible change in any key assumption will lead to a calculated recoverable amount that is lower than the carrying amount. Consolidated goodwill attributable to Permobil amounts to SEK 2,891 m. (2,229).

Note **16.** *cont'd Intangible assets*

**BraunAbility**

Impairment testing of goodwill for newly acquired BraunAbility is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on the budget for 2016 and financial forecasts until year-end 2020. A growth rate of 2.2 percent has been used to extrapolate the cash flows for the years beyond 2020 (-), which is considered reasonable given the company's historical growth, the underlying market fundamentals and the company's market position. Estimated cash flows have been discounted using a discount rate of 11.2 percent pre tax (-). No impairment requirement has been identified since the carrying value is lower than calculated value in use. Consolidated goodwill attributable to BraunAbility amounts to SEK 1,325 (-) m.

Note **17.** **Buildings and land**

**Accounting policies**

The majority of owner occupied property within the Group is reported according to the revaluation model less accumulated depreciation and revaluation adjustments. Industrial property is reported at cost less accumulated depreciation and any impairment losses.

Owner-occupied property has been categorized based on their characteristics:

Hotel property	Revaluation model
Care property	Revaluation model
Office property	Revaluation model
Industrial property	Cost model

Cost includes the original purchase price and directly attributable costs, including borrowing costs, required to bring the asset to working condition for its intended use. Property consist of parts with different useful lives (such as the framework, roof and basic installations), the parts are treated as separate components of property.

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the asset will flow to the company and if the cost can be measured reliably. All other subsequent costs are expensed in the period they arise.

Any undepreciated carrying amount of replaced components, or parts of components, are retired and expensed in connection with the exchange. Repairs are expensed as incurred.

Owner-occupied property is recognized according to the revaluation model less accumulated depreciation and revaluation adjustments. Property is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from the amount established as fair value on the balance sheet date. When an asset's carrying amount is increased as a result of a revaluation, the increase is reported in Other Comprehensive income and accumulated in a separate component of equity, called the Revaluation Reserve. When an asset's carrying amount is decreased as a result of a revaluation and there is a balance in the revaluation reserve attributable to the asset, the decrease in value is recognized in Other Comprehensive income and the amount in the revaluation reserve is also decreased. The difference between depreciation based on the revalued amount, and depreciation based on the original cost, is transferred from the revaluation reserve to retained earnings.

At the time of a revaluation the accumulated depreciation is recalculated in proportion to the change in the asset's increased cost so that the carrying amount of the asset (the net of the adjusted cost and adjusted depreciation) after revaluation corresponds to the revalued amount. When an asset is divested, the value attributable to the asset in the revaluation reserve is transferred to retained earnings, without having any effect on profit/loss or Other Comprehensive income.

**Depreciation**

Depreciation is made linearly over the asset's estimated useful life. Land is not depreciated.

<i>Estimated useful lives:</i>	
Frameworks	25-100 years
Land improvements	20-40 years
Building components	5-40 years



Note **17.** *cont'd Buildings and land*

**Impairment**

The recoverable amount of an asset is calculated whenever there is an indication of impairment. An impairment loss is recognized in the income statement if the carrying amount exceeds the recoverable amount and there is no value relating to the asset to release from the revaluation reserve.

**Valuation of owner-occupied property recognized with the revaluation model**

Owner-occupied property recognized with the revaluation model is classified in level 3, according to the definition in IFRS 13. Property valuations are regularly conducted by external appraisers. Fair value has been determined based on current market prices for comparable property and by using a return model based on a calculation of the present value of future cash flows.

The discount rate has been estimated at 5.5-6.95 percent and consists of an estimated long-term inflation rate of 2 percent, a risk-free long-term real rate of interest and a risk premium. Payments for operations and maintenance have been assessed following the rate of inflation during the calculation period.

The residual value has been assessed by the long-term, normalized net operating income for the year after the calculation period divided by an estimated long-term yield. The long-term yield requirement has been assessed to be in a span of 4.15 percent to 8.0 percent. Value determined on an earnings basis nominal development during the calculation period will then be around 2 percent.

All valuations in level 3 are based on assumptions and judgments that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and actual outcome may differ from the estimates and judgments that were made. The valuation of owner-occupied property recognized with the revaluation model is dependent on the level of the discount rate and the long-term yield requirement. A 0.5 percent change of the discount rate would have an effect on the value of the owner-occupied property recognized with the revaluation model of approximately SEK 132 m. Respectively a 0.5 percent change of the long-term yield requirement would have an effect on the value of approximately SEK 245 m.

The majority of the properties was revalued during 2015. The Hotel properties and some Office properties have been revalued by December 31, 2015.

	12/31 2015					12/31 2014				
	Revaluation model		Cost model		Total	Revaluation model		Cost model		Total
	Buildings	Land	Buildings	Land		Buildings	Land	Buildings	Land	
<i>Revalued cost</i>										
Opening balance	2,235	1,186	854	58	4,333	2,129	628	676	50	3,483
Business Combinations			74	4	78	79	37	38		154
Other acquisitions	127	12	69	23	231	258	4	49	0	311
Sales and disposals	-1		0		-1	-6	-1	-1		-8
Reclassifications	2	-9	125		118	-278	269	6		-3
Effect of revaluations on revaluation reserve	140	121			261	53	249			302
Exchange rate differences		0	-18	1	-17			86	8	94
<b>At year-end</b>	<b>2,503</b>	<b>1,310</b>	<b>1,104</b>	<b>86</b>	<b>5,003</b>	<b>2,235</b>	<b>1,186</b>	<b>854</b>	<b>58</b>	<b>4,333</b>
<i>Accumulated depreciation</i>										
Opening balance	-597	0	-159	0	-756	-546	0	-118	0	-664
Sales and disposals				0	0			2		2
Depreciation for the year	-82	0	-34	0	-116	-60	-1	-28	0	-89
Reclassifications	3		-20		-17	9				9
Exchange rate differences			9		9			-15	0	-15
<b>At year-end</b>	<b>-676</b>	<b>0</b>	<b>-204</b>	<b>0</b>	<b>-880</b>	<b>-597</b>	<b>-1</b>	<b>-159</b>	<b>0</b>	<b>-757</b>
<b>BS Carrying amount at year-end</b>	<b>1,827</b>	<b>1,310</b>	<b>900</b>	<b>86</b>	<b>4,123</b>	<b>1,638</b>	<b>1,185</b>	<b>695</b>	<b>58</b>	<b>3,576</b>
Carrying amount if acquisition cost model had been used	1,145	356	900	86	2,487	1,067	351	695	58	2,171

Note **18.** Long-term receivables and other receivables

	12/31 2015	12/31 2014
<i>Non-current receivables</i>		
Receivables from associates <sup>1)</sup>	2,490	3,427
Derivatives	1,894	2,053
Other	204	88
<b>BS Total</b>	<b>4,587</b>	<b>5,568</b>
	12/31 2015	12/31 2014
<i>Other receivables</i>		
Derivatives	100	107
Incoming payments	60	49
Other	220	207
<b>BS Total</b>	<b>380</b>	<b>363</b>

1) Refers to shareholder loans including capitalized interest.

Note **19.** Inventories

**Accounting policies**

Inventory is valued at the lower of net realizable value (NRV) and cost. The cost of finished goods and work-in-progress includes a reasonable portion of the indirect costs based on normal capacity utilization. The cost of inventories is calculated using the FIFO (first in, first out) method.

Net realizable value is based on the estimated sales price in the ordinary course of business less the estimated costs to bring about a sale.

	12/31 2015	12/31 2014
Raw materials and consumables	1,167	561
Work in progress	86	97
Finished goods	1,215	1,089
Supplies	41	38
<b>BS Total</b>	<b>2,509</b>	<b>1,785</b>

The Group's inventories are valued at cost.

## Note 20. Machinery and equipment

### Accounting policies

Items of machinery and equipment are reported at cost after a deduction for accumulated depreciation and any impairment losses.

Depreciation is made linearly over the assets estimated useful life:

Machinery	3-15 years
Furniture, fixtures and fittings	3-10 years
Expenditure on leased property	7-20 years or over the remaining lease period if shorter

	12/31 2015				12/31 2014			
	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total
<i>Accumulated costs</i>								
Opening balance	1,167	1,938	396	3,501	927	1,509	327	2,763
Business combinations	64	103	49	216	0	23	-	23
Other acquisitions	69	572	28	669	77	438	51	566
Sales and disposals	-12	-172	-29	-213	-3	-122	-8	-133
Reclassifications	108	-207	-36	-135	59	-8	20	71
Exchange rate differences	-58	-36	-15	-109	107	98	6	211
<b>At year-end</b>	<b>1,338</b>	<b>2,198</b>	<b>393</b>	<b>3,929</b>	<b>1,167</b>	<b>1,938</b>	<b>396</b>	<b>3,501</b>
<i>Accumulated depreciation and impairment</i>								
Opening balance	-367	-781	-228	-1,376	-255	-477	-184	-916
Sales and disposals	7	144	22	173	2	73	7	82
Reclassifications	-	2	-	2	7	-69	-15	-77
Depreciation	-115	-300	-35	-450	-98	-257	-33	-388
Exchange rate differences	43	30	9	82	-23	-51	-3	-77
<b>At year-end</b>	<b>-432</b>	<b>-905</b>	<b>-232</b>	<b>-1,569</b>	<b>-367</b>	<b>-781</b>	<b>-228</b>	<b>-1,376</b>
<b>BS Carrying amount at year-end</b>	<b>906</b>	<b>1,293</b>	<b>161</b>	<b>2,360</b>	<b>800</b>	<b>1,157</b>	<b>168</b>	<b>2,125</b>

## Note 21. Prepaid expenses and accrued income

	12/31 2015	12/31 2014
Interest	470	410
Other financial receivables	4	13
Other	461	346
<b>BS Total</b>	<b>935</b>	<b>769</b>

## Note 22. Other financial investments, short-term investments and cash and cash equivalents

### Accounting policies

Other financial investments and short-term investments consists of interest-bearing securities which are recognized at fair value through profit/loss.

Short-term investments with a maturity of three months or less from the date of acquisition have been classified as cash and cash equivalents provided that:

- there is an insignificant risk of changes in value
- they are readily convertible to cash

For more information regarding accounting policies, see note 29, Financial instruments.

Excess liquidity is to be invested for maximum return within the framework of given limits for foreign exchange, interest rate, credit and liquidity risks, see note 3, Risks.

12/31 2015	0-3 months	4-6 months	7-12 months	13-24 months	Total carrying amount
Short-term investments	6,083	423	1,458		7,964
Cash and bank	7,097				7,097
Other financial investments				6,665	6,665
<b>BS Total</b>	<b>13,180</b>	<b>423</b>	<b>1,458</b>	<b>6,665</b>	<b>21,726</b>
12/31 2014	0-3 months	4-6 months	7-12 months	13-24 months	Total carrying amount
Short-term investments	6,275	857	1,970		9,102
Cash and bank	7,168				7,168
Other financial investments				3,283	3,283
<b>BS Total</b>	<b>13,443</b>	<b>857</b>	<b>1,970</b>	<b>3,283</b>	<b>19,553</b>

Of the total carrying amount, SEK 19,062 m. is available for investments (15,598).

## Note 23. Equity

### Share capital

Share capital in the Parent Company.

### Other contributed equity

Refers to equity contributed by shareholders. It also includes premiums paid in connection with new stock issues.

### Translation reserve

The translation reserve includes all foreign exchange differences arising on the translation of financial statements from foreign operations reported in a currency different from the reporting currency of the Group. The translation reserve also comprises exchange rate differences arising in conjunction with the translation of swap contracts reported as hedging instruments of a net investment in a foreign operation. Changes in translation reserve had no impact on reported tax.

### Revaluation reserve

The revaluation reserve includes changes in value relating to owner-occupied property and related taxes.

### Hedging reserve

The hedging reserve includes the effective component of the accumulated net change of fair value and related taxes, of an instrument used for a cash flow hedge, relating to hedging transactions not yet accounted for in the Profit/loss.

Specification of reserves in equity	12/31 2015	12/31 2014
<b>Translation reserve</b>		
Opening balance	1,416	-589
Translation differences for the year, subsidiaries	-202	2,191
Change for the year, associates	-62	-186
	<b>1,152</b>	<b>1,416</b>
<b>Revaluation reserve</b>		
Opening balance	768	537
Revaluation of non-current assets for the year	244	305
Tax relating to revaluations for the year	-54	-53
Release of revaluation reserve due to depreciation of revalued amount	-22	-21
	<b>936</b>	<b>768</b>
<b>Hedging reserve</b>		
Opening balance	298	413
Cash flow hedges:		
Change in fair value of cash flow hedges for the year	170	-90
Change in Income Statement	12	-49
Tax relating to changes in fair value of cash flow hedges for the year	-38	20
Change for the year, associates	-2	4
	<b>440</b>	<b>298</b>
<b>Total reserves</b>		
Opening balance	2,482	361
Change in reserves for the year:		
Translation reserve	-264	2,005
Revaluation reserve	168	231
Hedging reserve	142	-115
<b>Carrying amount at year-end</b>	<b>2,528</b>	<b>2,482</b>

Repurchased shares included in retained earnings under equity, including profit/loss for the year

	Number of shares		Amounts affecting equity, SEK m.	
	2015	2014	2015	2014
Opening balance, repurchased own shares	5,796,960	6,293,360	-895	-956
Sales/repurchases for the year	-526,638	-496,400	57 <sup>1)</sup>	61 <sup>1)</sup>
<b>Balance at year-end, repurchased own shares</b>	<b>5,270,322</b>	<b>5,796,960</b>	<b>-838</b>	<b>-895</b>

1) In connection with transfer of shares and options within Investors' long-term variable remuneration program, the payment of strike price has had a positive effect on equity.

### Repurchased shares

Repurchased shares include the cost of acquiring own shares held by the Parent Company. On December 31, 2015, the Group held 5,270,322 of its own shares (5,796,960). Repurchases of own shares are reported as a deduction from equity. Cash proceeds from the sale of such equity instruments are reported as an increase in unrestricted equity. Any transaction costs are recognized directly under equity.

### Dividend

After the balance sheet date, the Board of Directors proposed a dividend for 2015 amounting to SEK 7,672 m. (SEK 10.00 per share). The dividend is subject to the approval of the Annual General Meeting on May 10, 2016. The dividend for 2014 amounted to SEK 6,856 m. (SEK 9.00 per share) and the dividend for 2013 amounted to 6,089 m. (SEK 8.00 per share). Dividends paid out per share for 2014 and 2013 correspond to proposed dividend per share. Dividends are recognized as a liability as soon as the Annual General Meeting has approved the dividend for the year.

### Capital management

In order to be able to act upon business opportunities at any point in time, it is vital for Investor to maintain financial flexibility. The Group's goal is to have leverage (net debt as a percentage of total assets) of 5-10 percent over an economic cycle. The ceiling for Investor's leverage has been set at a maximum of 25 percent, which may only be exceeded on a short-term basis. Investors' leverage at the beginning of the year was 7.3 percent and at the end of the period 5.5 percent. The change is mainly due to cash flows arising from dividends from Listed Core Investments, investments in ABB, proceeds from EQT, the divestment of the remaining interest in Lindorff, the acquisition of BraunAbility and dividends paid to shareholders. For more information, see the Administration Report page 6-7.

The Group's total shareholder return objective (sum of the share price change and dividend) is to exceed the risk-free interest rate plus a risk premium, i.e. 8-9 percent. The total shareholder return for 2015 was 13 percent.

Capital is defined as total recognized equity.

Equity	12/31 2015	12/31 2014
Attributable to shareholders of the Parent Company	271,801	260,963
Attributable to non-controlling interest	176	30
<b>BS Total</b>	<b>271,977</b>	<b>260,993</b>

### Non-controlling interest

Non-controlling interest are presented in the equity separately from the equity attributable to the shareholders of the Parent Company. In the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the part attributable to the non-controlling interest are included and separately disclosed in conjunction with the statements.

For more information regarding non-controlling interests, see note P5, Participation in Group companies.

### Put options to non-controlling interests

Agreements with non-controlling interests exists, that obliges Investor to purchase shares in subsidiaries if the counterparty wants to divest them. The agreement, put option, is a contract to purchase the group's own equity instruments and thus gives rise to a financial liability. The liability is included in Other long-term liabilities, see note 27, Other long-term and short-term liabilities. When the redemption amount corresponds to the fair value of the shares at the time of the divestment, the put option is valued to the present value of the shares part of the estimated fair value for the subsidiary. At remeasurement of the liability, the change of value is recognized in net financial items.

At initial recognition of the put option as a liability, equity is reduced by an amount corresponding to its fair value. Firstly equity attributable to the non-controlling interests are reduced and if this is insufficient in retained earnings attributable to shareholders of the Parent Company.

## Note 24. Interest-bearing liabilities

### Accounting policies

For more information relating to accounting policies for financial liabilities see note 29, Financial instruments.

### Leasing

In the consolidated financial statements, leases are classified as either finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Assets that are classified as financial leases are reported as assets in the Consolidated Balance Sheet. Obligations to pay future lease payments are reported as a liability. Leased assets are depreciated according to plan, whereas the leasing payments are apportioned between the finance charge and a reduction of the outstanding liability.

### Interest-bearing liabilities

	12/31 2015	12/31 2014
<i>Long-term interest-bearing liabilities</i>		
Long loans	42,758	37,180
Bank loans	6,465	12,981
Interest rate derivatives with negative value	756	796
Finance lease liabilities	120	121
Other long-term interest-bearing liabilities	20	18
<b>BS Total</b>	<b>50,120</b>	<b>51,096</b>
<i>Short-term interest-bearing liabilities</i>		
Bond loans	2,247	–
Bank loans	42	134
Interest rate derivatives with negative value	92	53
Finance lease liabilities	18	22
Other short-term interest-bearing liabilities	13	31
<b>BS Total</b>	<b>2,413</b>	<b>240</b>
<b>Total interest-bearing liabilities and derivatives</b>	<b>52,532</b>	<b>51,336</b>
Long-term interest rate derivatives positive value	–1,894	–2,053
Short-term interest rate derivatives positive value	–16	–
<b>Total</b>	<b>–1,909</b>	<b>–2,053</b>
<b>Total interest-bearing liabilities and derivatives</b>	<b>50,623</b>	<b>49,283</b>

### Finance lease liabilities

Maturity, 12/31 2015	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	25	–7	18
1-5 years from balance sheet date	52	–21	31
More than 5 years from balance sheet date	122	–32	89
<b>Total</b>	<b>199</b>	<b>–60</b>	<b>138</b>

### Maturity, 12/31 2014

Maturity, 12/31 2014	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	30	–7	22
1-5 years from balance sheet date	54	–21	33
More than 5 years from balance sheet date	122	–35	88
<b>Total</b>	<b>206</b>	<b>–63</b>	<b>143</b>

## Note 25. Provisions for pensions and similar obligations

### Accounting policies

#### Defined contribution plans

Defined contribution plans are plans under which the company's obligations are limited to the premium of fixed contributions. In such cases, the size of the employee's pension depends on the contributions the company makes to the plan, or to an insurance company, along with the return that the capital contributions generate. Consequently, the employee carries both the actuarial risk (i.e. the risk that benefits will be lower than expected) and the investment risk (i.e. the risk that invested assets will be insufficient for providing the expected benefits). The company's obligations to pay contributions to defined contribution plans are recognized as an expense in the Income Statement at the rate that employees provide services to the company during a period.

#### Defined benefit plans

In defined benefit pension plans, payments are made to employees and former employees based on their salary at the time of retirement and the number of years of service. The Group carries the risk for making the payments. The net obligation under defined benefit plans is measured separately for each plan, by estimating the future benefits earned, including taxes, by the employees, in current and prior periods.

This benefit is discounted to a present value with a discount rate representing the closing day rate on high quality corporate bonds, mortgage backed bonds or government bonds with a life corresponding to the duration of the pension obligations. The measurement is made by a qualified actuary using the projected unit credit method. The fair value of any plan assets is calculated on the closing date.

When determining the present value of the obligation and the fair value of plan assets, actuarial gains and losses may arise. This is either because the actual outcome differs from the previous assumption or because the assumptions have changed. Remeasurements of defined benefit obligations are recognized as income or expenses in other comprehensive income.

The value presented in the Balance Sheet for pensions and similar commitments corresponds to the obligation's present value at year-end, less the fair value of plan assets. When the calculation results in a Group asset, the carrying amount of the asset is limited to the present value of future repayments from the plan or decreased future payments to the plan (asset ceiling).

The net of the interest on pension liabilities and the yield on adherent management assets is recognized in net financial items. Other components are recognized in operating profit/loss.

### Risks associated with the defined benefit plan

#### Investment risks

The defined benefit obligation is calculated using discount rates with references to, for example, corporate bond yields. If assets in funded plans under perform this yield, it will increase the amount of deficit. Allocation of assets among different categories is important to reduce the portfolio risk. The time horizon for the investments is also an important factor.

#### Interest risks

A decrease in corporate bond yields will increase the value of the defined benefit obligation for accounting purposes.

#### Longevity risk

The majority of the obligations are to provide benefits for the life of the plan member, so increases in life expectancy will result in an increase in the defined benefit obligation.

#### Salary risk

The majority of the obligations are to provide benefits for plan members based on annual salaries. If salaries increase faster than has been assumed, this will result in an increase in the defined benefit obligation.

Note **25.** cont'd Provisions for pensions and similar obligations

**Pension benefits**

Employees in Group companies have various kinds of pension benefits. These benefits are either defined contribution plans or defined benefit plans. In Sweden the total retirement benefit package is often a mixed solution with some parts being defined contribution pension plans and others being defined benefit pension plans. Salaried employees' plans comprise of the defined benefit plan ITP and the additional defined contribution plan ITPK.

The ITP plan is secured with the insurance company Alecta. Since the information provided by Alecta is not sufficient to be able to account for as a defined benefit plan, the Alecta plan has been reported as a defined contribution plan (multi-employer plan).

The ITP plan has contracts with a premium, where benefits continue unchanged until retirement. This means that premiums can not be changed to the policyholder's or the insured's disadvantage.

The Group operates defined contribution plans in Sweden, Australia, Canada, the Czech Republic, Denmark, Finland, Malaysia and the UK. The plans imply that the Group obtains pension insurances or makes cash payments to foundations.

62 percent of the Group's defined benefit plans exist in Sweden. Other defined benefit plans exist in the U.S., Belgium, Germany, the Netherlands, Thailand, Italy, Norway, France and Austria. The plans in Belgium, the U.S. and the Netherlands are funded. In Sweden and Norway there are funded and unfunded plans and the plans in other countries are unfunded.

**Amounts recognized in Profit/loss and Other Comprehensive income for defined benefit plans**

Components of defined benefit cost (gain -)	2015	2014
Current service cost	62	41
Past service cost and gains/losses from settlements	-59	-21
Other values	2	3
<b>Total operating cost</b>	<b>5</b>	<b>23</b>
Net interest expense	20	21
Exchange rate differences	-7	0
Other values	-	-
<b>Total financial cost</b>	<b>13</b>	<b>21</b>
<b>Components recognized in profit/loss</b>	<b>18</b>	<b>44</b>
Remeasurement on the net defined benefit liability (gain -)	2015	2014
Return on plan assets (excl. amounts in interest income)	6	-44
Actuarial gains/losses, demographic assumptions	-80	25
Actuarial gains/losses, financial assumptions	-26	226
Actuarial gains/losses, experience adjustments	12	-5
<b>Components in Other Comprehensive income</b>	<b>-88</b>	<b>202</b>

**Provision for defined benefit plans**

The amount included in the consolidated Balance Sheet arising from defined benefit plans	12/31 2015	12/31 2014
Present value of funded or partly funded obligations	711	860
Present value of unfunded obligations	489	607
<b>Total present value of defined benefit obligations</b>	<b>1,200</b>	<b>1,467</b>
Fair value of plan assets	-457	-620
<b>NPV of obligations and fair value of plan assets</b>	<b>743</b>	<b>847</b>
Restriction on asset ceiling recognized	-	6
<b>BS Net liability arising from defined benefit obligations</b>	<b>743</b>	<b>853</b>

Changes in the obligations for defined benefit plans recognized during the year	12/31 2015	12/31 2014
Defined benefit plan obligations, opening balance	1,467	1,162
Current service cost	72	52
Interest cost	30	44
<b>Remeasurement of defined benefit obligations</b>		
Actuarial gains/losses, demographic assumptions	-80	25
Actuarial gains/losses, financial assumptions	-26	226
Actuarial gains/losses, experience adjustments	12	-5
Contributions to the plan from the employer	1	2
Past service cost and gains/losses from curtailments	-59	-21
Liabilities extinguished on settlements	-221	0
Liabilities assumed in a business combination	68	-
Benefit paid	-21	-45
Other	-	-1
Exchange rate difference	-43	28
<b>Obligations for defined benefit plans at year-end</b>	<b>1,200</b>	<b>1,467</b>

Changes in fair value of plan assets during the year	12/31 2015	12/31 2014
Fair value of plan assets, opening balance	620	525
Interest income	12	21
<b>Remeasurement of fair value plan assets</b>		
Return on plan assets (excl. amounts in interest income)	-6	44
Contributions from the employer	37	38
Contributions from plan participants	5	1
Assets distributed on settlements	-221	-
Assets acquired in a business combination	51	-
Exchange differences on foreign plans	-22	-1
Benefit paid	-10	-17
Other	-2	-1
Exchange rate difference	-7	10
<b>Fair value of plan assets at year-end</b>	<b>457</b>	<b>620</b>

The fair value of the plan asset at the end of the reporting period for each category are as follows	12/31 2015	12/31 2014
Cash and cash equivalents	18	13
Equity investments	76	87
Debt investments <sup>1)</sup>	205	349
Properties	31	37
Other values <sup>2)</sup>	127	134
<b>Total fair value of plan assets</b>	<b>457</b>	<b>620</b>

- 1) The Majority of the debt investments represents of Swedish government bonds.  
2) Includes insurance contracts from countries where the liabilities are insured (the Netherlands, Belgium and Norway). There are no split of the underlying assets available.

Changes in restriction asset ceiling in the current year	12/31 2015	12/31 2014
Restriction asset ceiling, opening balance	6	5
Interest net	0	0
Changes asset ceiling, OCI	-6 <sup>1)</sup>	1 <sup>1)</sup>
<b>Restriction asset ceiling at year-end</b>	<b>-</b>	<b>6</b>

- 1) The changes of asset ceiling in current year is netted out in OCI with the actuarial gain/losses from the present value on the obligation and the FV of the plan assets.

The Group estimates that SEK 50 m. will be paid to defined benefit plans during 2016.



## Note 25. cont'd Provisions for pensions and similar obligations

### Assumptions

Assumptions for defined benefit obligations 2015	Sweden	Norway	Other (weighted average)
Discount rate	3.3	2.5	2.5
Future salary growth	2.5	2.5	2.7
Future pension growth	2.0-2.5	1.5-2.25	1.2
Mortality assumptions used	DUS14, PRI	K2013, K2013BE	Local mortality tables

Assumptions for defined benefit obligations 2014	Sweden	Norway	Other (weighted average)
Discount rate	3.2	3	2.4
Future salary growth	2.5-3.0	3.25	2.9
Future pension growth	2.0-2.5	2.23-3.0	1.2
Mortality assumptions used	DUS14, PRI	K2013, K2013BE	Local mortality tables

### Basis used to determine the discount rate

The discount rate has been set separately for each country by reference to market rates on high quality corporate bonds with a duration and currency that is consistent with the duration and currency of the defined benefit obligation. This may involve interpolation of bond yield curves where there is no direct match for duration or the market is not deep for matching bond durations. The market for high quality Swedish and Norwegian mortgage backed bonds is considered to be deep and thereby fulfills the requirements of high quality corporate bonds according to IAS 19. Swedish and Norwegian mortgage backed bonds have therefore served as reference when determining the discount rate used for the calculation of the defined benefit obligations in Sweden and Norway. In countries where there is no deep market for high quality corporate bonds, government bonds are used as a reference when determining the discount rate.

### Maturity profile of the majority of the defined benefit obligation

Maturity profile	0-3 year	4-6 year	7-15 year	Over 15 year	Total
Cash flows	20	42	101	271	434 <sup>1)</sup>

1) Based on 78 percent of the Groups total defined benefit obligation.

### Multi-employer plans

The Swedish ITP plan is secured with the insurance company Alecta, which is a mutual life insurance company, owned by its customers, i.e. businesses and their employees. The company form means that any surplus in operations is returned to the customers and the insured population is responsible for any deficit. For the fiscal year the Investor Group did not have access to information that would make it possible to recognize it as a defined benefit plan. The ITP pension plan secured through insurance from Alecta is therefore recognized as a defined contribution plan. The premium for the defined benefit pension plan is calculated individually and depends on salary, pension already earned and expected remaining period of service. For 2016, the Investor Group expect to pay SEK 147 m. for premiums to Alecta. Alecta's total premiums per year for defined benefit pensions is about SEK 15 bn.

A measure of the financial strength of a mutual insurance company is the solvency margin, which shows the relationship between the assets and the total insurance undertaking. The funding ratio is based on the market value of Alecta's assets as a percentage of insurance obligations calculated using Alecta's actuarial assumptions, which do not conform to IAS 19. Alecta aims to have a solvency margin varying between 125 and 155 percent, with a target level of 140 percent. The assets that exceed the insurance undertaking are a surplus to policyholders' behalf. Surplus can be used to increase future pensions, reduce future premiums or reimbursement for already-made premium payments. The solvency margin in Alecta was 153 percent December 31, 2015.

### Defined contribution plans

Defined contribution plans	2015	2014
Expenses for defined contribution plans	256	442

### Sensitivity analysis

Valuation of provision for pensions and similar obligations are estimates of present and future values. There are always uncertainty involved. Alternative assumptions will give different present values.

The sensitivity analysis below shows for example the impact of discount rate changes, from the current rate of 3.3 percent assumptions.

Discount rate	1 percent increase	1 percent decrease
Present value of defined benefit obligations	927	1,109
Current service cost	23	39
Interest expense	23	17

## Note 26. Other provisions

### Accounting policies

The Group reports a provision in the Balance Sheet when there is a formal or informal obligation as a result of a past event for which it is probable that an outflow of resources will be needed to settle the obligation and when a reliable estimate of the amount can be made.

A restructuring provision is recognized when the Group has a detailed, formal plan for the restructuring, and the restructuring plan has commenced or has been publicly announced.

For medical care and health care operations, a provision is made for the risk of loss if the total directly attributable costs during the entire term of the contract are expected to exceed the total revenues, including indexation. Provisions are reviewed at each balance sheet date.

	12/31 2015	12/31 2014
<i>Provisions expected to be paid after more than 12 months</i>		
Reserve related to business combinations	–	17
Restructuring reserve	1	21
Provision for social security contributions for LTVR	176	130
Other	135	50
<b>BS Total non-current other provisions</b>	<b>312</b>	<b>218</b>
<i>Provisions expected to be paid within 12 months</i>		
Reserve related to business combinations	30	4
Restructuring reserve	37	124
Provision for social security contributions for LTVR	0	0
Other	90	8
<b>BS Total current other provisions</b>	<b>157</b>	<b>136</b>
<b>Total other provisions</b>	<b>469</b>	<b>354</b>

### Reserves related to business combinations

In connection to acquisitions of subsidiaries in Group companies, provisions has been made for acquisition related costs. These are expected to be stated and paid during 2016.

### Provision for social security contributions for long-term share-based remuneration (LTVR)

Investor operates LTVR programs which are offered to all employees. Provision is made for social security contributions connected to these programs. The provision will be used during the years 2016-2022.

### Other

Mainly provisions for guarantees that have been considered immaterial to specify and intend to be settled with SEK 90 m. in 2016, SEK 54 m. in 2017 and SEK 81 m. in 2018 or later.

	Reserve related to business combinations	Restructuring reserve	Social security LTVR	Other	Total other provisions
12/31 2015					
Opening balance	21	145	130	58	354
Provisions for the year	10	36	47	209	302
Reversals for the year	–1	–143	–1	–42	–187
<b>Carrying amount at year-end</b>	<b>30</b>	<b>38</b>	<b>176</b>	<b>225</b>	<b>469</b>
12/31 2014					
Opening balance	17	73	80	70	240
Provisions for the year	4	115	51	20	190
Reversals for the year	–	–43	–1	–32	–76
<b>Carrying amount at year-end</b>	<b>21</b>	<b>145</b>	<b>130</b>	<b>58</b>	<b>354</b>

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YEARS OF INVESTOR

## Note 27. Other long-term and short-term liabilities

	12/31 2015	12/31 2014
Acquisition related liabilities	252	225
Non controlling interest <sup>1)</sup>	755	740
Other	246	228
<b>BS Total other long-term liabilities</b>	<b>1,253</b>	<b>1,193</b>

1) Fair value of issued put options over non-controlling interest.

Derivatives	118	191
Shares on loan	–	31
Incoming payments	49	2
VAT	131	156
Personnel-related	232	229
Other	178	116
<b>BS Total other current liabilities</b>	<b>708</b>	<b>725</b>

## Note 28. Accrued expenses and deferred income

	12/31 2015	12/31 2014
Interest	985	858
Personnel-related expenses	1,340	1,186
Other	861	703
<b>BS Total</b>	<b>3,186</b>	<b>2,747</b>

## Note 29. Financial instruments

### Accounting policies

Financial instruments recognized in the consolidated Balance Sheet include assets such as the following: shares and participations recognized at fair value, other financial investments, loan receivables, trade receivables, short-term investments, cash and cash equivalents, and derivatives. Liabilities recognized in the Balance Sheet include the following: loans, shares on loan, trade payable and derivatives.

A financial asset or financial liability is recognized in the Balance Sheet when the Group becomes party to the instrument's contractual terms.

Trade receivables and trade payables are recognized in the Balance Sheet when an invoice is sent or received.

A financial asset or part thereof is derecognized in the Balance Sheet when the rights in the agreement have been realized, upon maturity, or when the Group loses control over them. A financial liability or part thereof is derecognized in the Balance Sheet when the obligations in the contract have been fulfilled or no longer exist for some other reason.

A financial asset and liability are offset against one another and the net amount is reported in the Balance Sheet only when there is a legally enforceable right and an intention to set off the recognized amounts.

A purchase or sale of financial assets is recognized on the trade date, which is the date that an entity commits itself to purchase or sell an asset.

### Classification and measurement

Financial instruments are allocated to different categories. A financial instrument is classified upon initial recognition based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Financial instruments belonging to the category, "Financial assets recognized at fair value through profit/loss", are initially recognized at fair value (excluding transaction costs). Other financial instruments are initially recognized at cost, which corresponds to the instrument's fair value (including transaction costs).

Cash and cash equivalents consists of cash and demand deposits in banks and similar institutions and short-term investments with a maturity of three months or less from the acquisition date, which are subject to an insignificant risk of changes in value.

### Financial assets

#### Financial assets at fair value through profit/loss

This category consists of two subcategories: financial assets that are initially placed in this category (via the fair value option) and held-for-trading financial assets. Financial assets in this category are continuously measured at fair value and value changes are reported in the Income Statement.

#### Financial assets recognized in accordance with the fair value option

This category primarily includes short-term investments, other financial assets and shares/participations recognized at fair value. In this category, the Group has chosen, on initial recognition, to designate financial assets that are managed and measured on the basis of fair values, in accordance with the risk management and investment strategies.

#### Financial assets held for trading

Shares and participations belonging to the trading operation are recognized as held-for-trading financial assets. The same applies to derivatives with a positive fair value (except for derivatives identified as effective hedging instruments).

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized at amortized cost. Trade receivables are recognized at net realizable value less any deductions for bad debts, which are assessed on an individual basis. Trade receivables are short term in nature, which is why they are reported at nominal amounts without any discounting.

#### Available-for-sale financial assets

To the available-for-sale financial assets category, Investor has allocated a few financial assets that do not belong to any of the other categories.

**Financial liabilities**

*Financial liabilities at fair value through profit/loss*

This category includes financial liabilities held for trading. For example, this includes shares on loan in the trading operation. When shares on loan are sold, an amount corresponding to the fair value of the shares is recorded as a liability. The category also include any derivatives with a negative fair value (except for identified derivatives that are effective hedge instruments).

*Other financial liabilities*

This category includes loans and other financial liabilities. Loans are recognized at amortized cost, except when they are used for fair value hedging. For more information, see the heading below, "Hedging of the Group's interest rate exposures - fair value hedges". Amortized cost is calculated based on the effective interest that was determined when the loan was obtained. This means that surpluses/deficits, as well as direct issuing costs, are amortized over the life of the liability. Trade payables are short-term in nature, which is why they are recognized at nominal amounts without any discounting.

**Derivatives**

Derivatives, such as forwards, options and swaps, are used to offset the risks associated with fluctuations in exchange rates and share prices, as well as the exposure to interest rate risks. Derivatives are initially recognized at fair value through profit/loss, which means that transaction costs are charged to profit/loss for the period. In the following periods, the derivative instrument is recognized at fair value and changes in the value are recognized in the Income Statement as income or expense (part of operating profit) or as part of net financial items. Where they are reported is based on the purpose of the derivative and whether its use is related to an operating item or a financial item. The interest rate coupon from an interest rate swap is recognized as interest and value changes are recognized as other financial items as a component of financial net, provided that the interest rate swap is not part of a cash flow hedge, which is accounted for according to the description below.

**Hedge accounting**

Investor applies hedge accounting in order to reduce fluctuations in profit/loss related to hedging of interest rate risks and currency risks. When hedge accounting is applied, value changes related to the hedging instrument is presented in profit/loss at the same time as the result from the hedged item. The effective part of the hedge is presented in the same component of the income statement as the hedged item.

*Receivables and liabilities in foreign currency*

Currency derivatives are used to hedge receivables and liabilities against foreign exchange rate risks. Hedge accounting is not used to protect against foreign exchange risk since an economic hedge has already been reflected in the financial statements. This occurs by recognizing the underlying receivable or liability at the closing rate and the hedge instrument at fair value in the Income Statement.

*Forecast transactions in foreign currency – cash flow hedges*

In order to hedge currency risks from forecast transactions, derivatives are used. These derivatives are often subject to hedge accounting. The derivatives are recognized at fair value in the Balance Sheet. Changes in value for the period are recognized in Other Comprehensive income and the accumulated changes in value are recognized in the Hedging Reserve until the hedged cash flow affects profit for the period, whereas the accumulated value changes of the hedging instrument are recycled to profit/loss for the period.

*Hedging the Group's interest rate risk – cash flow hedges*

The Group uses interest rate swaps to control the uncertainty of future interest rate fluctuations for loans with a variable interest rate. In the Balance Sheet, interest rate swaps are valued at fair value. The interest rate coupon is recognized on an on-going basis in the Income Statement as a component of interest expense. Unrealized changes to the fair value of interest rate swaps are recognized in Other Comprehensive income and are included as a component of the hedging reserve until the hedged item has an effect on the Income Statement and as long as the criteria for hedge accounting and effectiveness are met. The gain/loss attributable to the ineffective component of the unrealized value changes on interest rate swaps is recognized in the Income Statement.

*Hedging of the Group's interest rate exposure– fair value hedges*

The Group uses interest rate swaps to hedge the risk of changes in the fair value of its own borrowings that have a fixed rate of interest. The interest rate swaps are recognized at fair value in the Balance Sheet and the hedged item is recalculated at the fair value of the hedged risk (the risk-free interest rate). Changes in the fair value of the derivative and hedged item are recognized in the Income Statement.

The interest rate coupon is recognized on an on-going basis in the Income Statement as a component of interest expense.

*Hedging of currency risk in foreign net investments*

In the consolidated Balance Sheet, investments in foreign operations are reported as net assets in subsidiaries. To a certain extent, currency risks associated with such investments are reduced by entering into forward contracts in the same currency as the net investments. In order to match the translation differences relating to the net investments in the hedged foreign operations, the effective component of the period's exchange rate fluctuations for hedging instruments is reported under Other Comprehensive income, and the cumulative changes are reported under Translation Reserve. The amount in the Translation Reserve, which is related to currency changes in both the net investment and the hedging instrument is reversed and recognized in the Income Statement when a foreign operation is divested. When hedging has not been effective, the ineffective component is recognized in the Income Statement.

**Impairment testing of financial assets**

On each reporting date, an assessment of the need for impairment of a financial asset or group of assets is performed. Since the majority of the Group's assets are included in the category "Financial assets at fair value through profit/loss", most negative changes in value affect the Income Statement on an on-going basis. If any event has occurred that might have a negative impact on the collectability of assets belonging to the category "Loans and Receivables", the recoverable amount is calculated. The recoverable amount is calculated as the present value of future cash flows discounted at the effective interest rate upon initial recognition of the asset. Assets with short maturities are not discounted. Impairment losses are reported in the Income Statement.

Impairment losses on loans and trade receivables (which are recognized at amortized cost) are reversed if the prior reasons for the impairment no longer exist and full payment is expected.

**Financial guarantees**

Financial guarantee contracts commit the Group to reimburse the holder of a debt instrument for the losses incurred when a specified debtor fails to make payment when due, in accordance with the contract terms. Financial guarantee contracts are initially recognized at fair value less the fair value of contracted guarantee fees. However, an asset will not be reported in the Balance Sheet if the difference is positive.

Subsequent to initial recognition, financial guarantee contracts are continuously recognized at the higher of:

- the best estimate of the present value of anticipated net fees to settle the guarantee commitment less the present value of future guarantee fees, and
- the original amount booked as a liability less reversed cumulative straight line amortization over the contracted guarantee period.



**Measurements of financial instruments at fair value**

Following is a description of the methods and assumptions used to determine the fair value of financial assets and liabilities shown in this Annual Report.

**Measurements of financial instruments in level 1**

*Listed holdings*

Listed holdings are valued on the basis of their share price (bid price, if there is one quoted) on the balance sheet date.

**Measurements of financial instruments in level 2**

*Shares and participations*

Shares and participations in level 2 consist of holdings in listed shares for which the classes are not actively traded. The measurement of these shares is based on the market price for the most traded class of shares for the same holding.

*Derivatives*

Derivatives in level 2 consist mainly of currency and interest rate swaps for which the valuation is based on discounted future cash flows according to the terms and conditions in the agreement and based on the market rate of interest for similar instruments with different durations.

**Measurement of financial instruments in level 3**

*Unlisted holdings and fund holdings*

Unlisted holdings are measured on the basis of the "International Private Equity and Venture Capital Valuation Guidelines". For directly owned holdings (i.e. those owned directly by a company in the Investor Group), an overall evaluation is made to determine the measurement method that is appropriate for each specific holding. It is first taken into account whether a recent financing round or "arm's length transaction" has been made. As a secondary measure, a valuation is made by applying relevant multiples to the holding's key ratios (for example, EBITDA), derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of, for example, the size difference between the company being valued and the sample of comparable companies. In those cases when other measurement methods better reflect the fair value of a holding, this value is used.

Unlisted holdings in funds are measured at Investor's share of the value that the fund manager reports for all unlisted fund holdings (Net Asset Value) and is normally updated when a new valuation is received. If Investor's assessment is that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate considerably from IFRS principles, the value is adjusted.

When estimating the fair value market conditions, liquidity, financial condition, purchase multiples paid in other comparable third-party transactions, the price of securities of other companies comparable to the portfolio company, and operating results and other financial data of the portfolio company are taken in consideration as applicable. Representatives from Investor's management participate actively in the valuation process within Investor Growth Capital (IGC) and evaluate the estimated fair values for holdings in IGC and the EQT funds in relation to their knowledge of the development of the portfolio companies and the market. Listed holdings in funds are measured in the same way as listed holdings, as described above.

*Derivatives*

The valuation of currency interest rate swaps with long duration and limited liquidity is based on discounted cash flows according to the terms and conditions of the agreement and based on an estimated market rate for similar instruments with diverse durations.

*Options*

The value of unlisted options is calculated in accordance with the Black & Scholes valuation model.

**Fair value of assets and liabilities not measured at fair value in the Balance Sheet**

**Interest-bearing liabilities**

The fair value would be classified in level 3 and is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate, including Investor's current credit rating, for the remaining life.

**Loans, trade receivables and trade payables**

The carrying amounts of loans, trade receivables and trade payables are considered to reflect their fair value.

The table below indicates which valuation technique and which important unobservable input that has been used in order to estimate the carrying amounts of financial instruments in level 3. The inputs in the table below are not indicative of all the unobservable inputs that may have been used for an individual investment.

**Valuation techniques**

12/31 2015	Fair value	Valuation technique	Input	Range
Shares and participations	19,406	Last round of financing	N/A	N/A
		Comparable companies	EBITDA multiples	2.1-7.8
		Comparable companies	Sales multiples	0.9-5.3
		Comparable transactions	Sales multiples	1.4-5.7
		NAV	N/A	N/A
Long-term receivables	1,640	Present value computation	Market interest rate	N/A
Long-term interest bearing liabilities	38	Present value computation	Market interest rate	N/A
Other long-term liabilities	1,194	Discounted cash flow		N/A

All valuations in level 3 are based on assumptions and judgments that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and the actual outcome may differ from the estimates and judgments that were made.

The unlisted part of Financial Investments portfolio companies, corresponds to 48 percent of the portfolio value. Part of the unlisted portfolio is valued based on comparable companies, and the value is dependent on the level of

the multiples. The multiple ranges provided in the note show the minimum and maximum value of the actual multiples applied in these valuations. A 10 percent change of the multiples would have an effect on the Financial Investments portfolio value of approximately SEK 200 m.

For the derivatives, a parallel shift of the interest rate curve upwards by one percentage point would affect the value positively by approximately SEK 1,100 m.



Note **29.** *cont'd Financial instruments*

*Financial assets and liabilities by valuation category*

12/31 2015	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Financial assets available-for-sale	Other financial liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading						
<i>Financial assets</i>								
Shares and participations recognized at fair value	250,693			5	2		250,700	250,700
Other financial investments	6,648			18			6,665	6,665
Long-term receivables			1,894	2,694			4,587	4,587
Accrued interest income				470			470	470
Trade receivables				3,394			3,394	3,394
Other receivables		18	82	280			380	380
Shares and participations in trading operation		18					18	18
Short-term investments	1,881						1,881	1,881
Cash and cash equivalents	13,180						13,180	13,180
<b>Total</b>	<b>272,401</b>	<b>36</b>	<b>1,976</b>	<b>6,860</b>	<b>2</b>	<b>-</b>	<b>281,274</b>	<b>281,274</b>
<i>Financial liabilities</i>								
Long-term interest-bearing liabilities		545	211			49,363	50,120	52,649 <sup>1)</sup>
Other long-term liabilities		1,194				59	1,253	1,253
Current interest-bearing liabilities		17	75			2,320	2,413	2,415 <sup>1)</sup>
Trade payables						1,677	1,677	1,677
Other current liabilities		75	44			589	708	708
Accrued interest expenses						986	986	986
<b>Total</b>	<b>-</b>	<b>1,831</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>54,996</b>	<b>57,157</b>	<b>59,689</b>

12/31 2014	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Financial assets available-for-sale	Other financial liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading						
<i>Financial assets</i>								
Shares and participations recognized at fair value	243,651			116	5		243,772	243,772
Other financial investments	3,281			2			3,283	3,283
Long-term receivables			2,053	3,515			5,568	5,568
Accrued interest income				410			410	410
Trade receivables				2,837			2,837	2,837
Other receivables		79	28	256			363	363
Shares and participations in trading operation		68					68	68
Short-term investments	2,827						2,827	2,827
Cash and cash equivalents	13,443						13,443	13,443
<b>Total</b>	<b>263,202</b>	<b>147</b>	<b>2,081</b>	<b>7,136</b>	<b>5</b>	<b>-</b>	<b>272,571</b>	<b>272,571</b>
<i>Financial liabilities</i>								
Long-term interest-bearing liabilities		636	160			50,300	51,096	55,765 <sup>1)</sup>
Other long-term liabilities		1,145				48	1,193	1,193
Current interest-bearing liabilities			89			151	240	240
Trade payables						1,532	1,532	1,532
Other current liabilities		152	69			504	725	725
Accrued interest expenses						858	858	858
<b>Total</b>	<b>-</b>	<b>1,933</b>	<b>318</b>	<b>-</b>	<b>-</b>	<b>53,393</b>	<b>55,644</b>	<b>60,313</b>

1) The Groups loans are valued at amortized cost. Fair value on loans are presented. For other assets and liabilities there are no differences between carrying amount and fair value.



Note **29.** *cont'd Financial instruments*

**Result from financial assets and liabilities by valuation category**

2015	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	7,818	2				7,821
Other operating income				58		58
Changes in value, including currency	9,017	-3				9,013
Cost of sales, distribution expenses		-182		262		80
<i>Net financial items</i>						
Interest	40	-195	469	25	-1,752	-1,412
Changes in value	-10	106	-158		202	139
Exchange rate differences	-26	-76	-190	-659	952	0
<b>Total</b>	<b>16,839</b>	<b>-348</b>	<b>120</b>	<b>-314</b>	<b>-598</b>	<b>15,699</b>

2014	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	7,227	1				7,228
Other operating income				177		177
Changes in value, including currency	38,828	4			-122	38,710
Cost of sales, distribution expenses		-123		195		72
<i>Net financial items</i>						
Interest	41	-311	338	-37	-1,608	-1,577
Changes in value	15	-214	1,671		-1,541	-69
Exchange rate differences		27	905	1,064	-1,872	124
<b>Total</b>	<b>46,111</b>	<b>-616</b>	<b>2,914</b>	<b>1,399</b>	<b>-5,143</b>	<b>44,665</b>

**Assets and liabilities measured at fair value**

The table below indicates how fair value is measured for the financial instruments recognized at fair value in the Balance Sheet. The financial instruments are categorized on three levels, depending on how the fair value is measured:

- Level 1: According to quoted prices (unadjusted) in active markets for identical instruments
- Level 2: According to directly or indirectly observable inputs that are not included in level 1
- Level 3: According to inputs that are unobservable in the market

**Financial assets and liabilities by level**

12/31 2015	Level 1	Level 2	Level 3	Other <sup>1)</sup>	Total
<i>Financial assets</i>					
Shares and participations recognized at fair value	229,262	2,025	19,406	7	250,700
Other financial instruments	6,648			18	6,665
Long-term receivables		254	1,640	2,694	4,587
Other receivables		100		280	380
Shares and participations in trading operation	18				18
Short-term investments	1,881				1,881
Cash and cash equivalents	13,180				13,180
<b>Total</b>	<b>250,988</b>	<b>2,379</b>	<b>21,046</b>	<b>2,999</b>	<b>277,411</b>
<i>Financial liabilities</i>					
Long-term interest-bearing liabilities		718	38	49,363	50,120
Other long-term liabilities			1,194	59	1,253
Short-term interest-bearing liabilities		92		2,321	2,413
Other current liabilities		118		589	708
<b>Total</b>	<b>-</b>	<b>929</b>	<b>1,232</b>	<b>52,332</b>	<b>54,494</b>

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.



Note **29.** cont'd Financial instruments

*Financial assets and liabilities by level*

12/31 2014	Level 1	Level 2	Level 3	Other <sup>1)</sup>	Total
<i>Financial assets</i>					
Shares and participations recognized at fair value	219,696	2,083	21,869	124	243,772
Other financial instruments	3,281			2	3,283
Long-term receivables		671	1,382	3,515	5,568
Other receivables		107		256	363
Shares and participations in trading operation	68				68
Short-term investments	2,827				2,827
Cash and cash equivalents	13,443				13,443
<b>Total</b>	<b>239,315</b>	<b>2,861</b>	<b>23,251</b>	<b>3,897</b>	<b>269,324</b>
<i>Financial liabilities</i>					
Long-term interest-bearing liabilities		748	48	50,300	51,096
Other long-term liabilities			1,145	48	1,193
Current interest-bearing liabilities		89		151	240
Other current liabilities	31	190		504	725
<b>Total</b>	<b>31</b>	<b>1,027</b>	<b>1,193</b>	<b>51,003</b>	<b>53,254</b>

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.

The table below shows a reconciliation between opening and closing balance for the financial instruments recognized at fair value in the Balance Sheet derived from a valuation technique of unobservable input (level 3). No transfers have been made between level 1 and 2.

*Changes of financial assets and liabilities in level 3*

12/31 2015	Shares and participations recognized at fair value	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Total financial liabilities
Opening balance	21,869	1,382	23,251	48	1,145	1,193
<i>Total gains or losses</i>						
in profit/loss	3,856	258	4,114	-9	46	37
in other comprehensive income	399		399		-21	-21
Acquisitions	2,143		2,143		24	24
Divestments	-7,826		-7,826			
Transfers to level 3	6		6			
Transfers from level 3	-1,041		-1,041			
<b>Carrying amount at year-end</b>	<b>19,406</b>	<b>1,640</b>	<b>21,046</b>	<b>38</b>	<b>1,194</b>	<b>1,232</b>
<i>Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)</i>						
Changes in value	1,093		1,093		-3	-3
Net financial items		258	258	9	-43	-34
<b>Total</b>	<b>1,093</b>	<b>258</b>	<b>1,351</b>	<b>9</b>	<b>-46</b>	<b>-37</b>

12/31 2014	Shares and participations recognized at fair value	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Total financial liabilities
Opening balance	19,973	-	19,973	345	93	438
<i>Total gains or losses</i>						
in profit/loss	3,566	1,382	4,948	-297	468	171
in other comprehensive income	1,043		1,043			
Acquisitions	2,909		2,909			
Divestments	-6,028		-6,028			
Reclassifications					584	584
Transfers to level 3	1,646 <sup>1)</sup>		1,646			
Transfers from level 3	-1,240		-1,240			
<b>Carrying amount at year-end</b>	<b>21,869</b>	<b>1,382</b>	<b>23,251</b>	<b>48</b>	<b>1,145</b>	<b>1,193</b>
<i>Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)</i>						
Changes in value	3,446	1,382	4,828	297	-312	-15
Net financial items					-156	-156
<b>Total</b>	<b>3,446</b>	<b>1,382</b>	<b>4,828</b>	<b>297</b>	<b>-468</b>	<b>-171</b>

1) Transfer between 'Shares and participations in associates' to 'Shares and participations recognized at fair value' due to the divestment of Lindorff.



Note **29.** *cont'd* Financial instruments

**Net amounts of financial assets and liabilities**

No financial assets and liabilities have been set off in the Balance Sheet.

SEK m.	12/31 2015		12/31 2014	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross and net amount	2,109	929	2,379	1,029
Not set off in the balance sheet	-779	-779	-837	-837
Cash collateral received/pledged	-	-	-	-
<b>Net amounts</b>	<b>1,331<sup>1)</sup></b>	<b>150<sup>2)</sup></b>	<b>1,542<sup>1)</sup></b>	<b>192<sup>2)</sup></b>

1) Shares SEK 116 m. (188) and Derivatives SEK 1,215 m. (1,354).  
2) Derivatives SEK 150 m. (192).

The Groups derivatives are covered by ISDA agreements. For repurchase agreements GMRA agreements exist and for securities lending there are GMSLA agreements. According to the agreements the holder has the right to set off the derivatives and keep securities when the counterparty does not fulfill its commitments.

Note **30.** Pledged assets and contingent liabilities

**Accounting policies**

A contingent liability exists when there is a possible obligation depending on whether some uncertain future event occurs, or, when there is a present obligation, but payment is not probable or the amount cannot be measured reliably. A provision must be recognized if and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), the payment is probable (more likely than not), and the amount can be estimated reliably.

Pledged assets	12/31 2015	12/31 2014
<i>In the form of pledged securities for liabilities and provisions</i>		
Real estate mortgages	412	385
Shares etc. <sup>1)</sup>	1,956	4,199
<i>Other pledged and equivalent collateral</i>		
Real estate mortgages	107	221
<b>Total pledged assets</b>	<b>2,475</b>	<b>4,805</b>

1) Pledged shares for loans in subsidiaries.

Contingent liabilities	12/31 2015	12/31 2014
Guarantee commitments to FPG/PRI	1	1
Guarantees on behalf of associates	700	700
Other contingent liabilities	1,197	299
<b>Total contingent liabilities</b>	<b>1,899</b>	<b>1,000</b>

Contingent liabilities increased due to contingent liabilities in a subsidiary acquired during 2015 and an appeal regarding deducted interest expenses.

The credit facilities within the operating subsidiaries are subject to financial covenants.

In addition, the Group's share of contingent liabilities related to the associated companies amounts to SEK – m. (–).

## Note 31. Related party transactions

The following additional information about related parties is being provided in addition to what has been reported in other notes to the financial statements.

### Relations with related parties with significant influence

The Wallenberg foundations have significant influence over Investor (in accordance with the definition in IAS 24 Related Party Disclosures). The largest of these foundations are the Knut and Alice Wallenberg Foundation, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Memorial Fund.

Investor's support functions provide a limited scope of services for FAM AB and Foundation Administration Management Sweden AB, which are owned by the Wallenberg foundations. Transactions with these companies are priced according to market terms.

### Companies with common board members

In addition to the above-noted relations with related parties, there are a number of companies in which Investor and the company have common board members. Information has not been provided in this note because these situations are either not considered to involve influence of the type described in IAS 24, or the transactions refer to non material amounts.

### Related party transactions

Transactions with related parties are priced according to market terms, for information about the Parent Company see note P18, Related party transactions.

### With key persons

See note 9, Employees and personnel costs for information about salaries and other compensation, costs and commitments regarding pensions and similar benefits, and severance payment agreements for the board, President and other senior executives.

### Investment programs

#### Participation/incentive programs IGC

Within Investor Growth capital (IGC), selected senior staff and other senior executives have had the opportunity for a number of years to make parallel investments to some extent with Investor. The plans are designed in accordance with market practice in the venture capital market and are evaluated periodically against similar programs in Europe, the U.S. and Asia. Carried interest plans provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business.

Carried interest plans are linked to realized growth in the value of holdings, after deduction for costs, seen as a portfolio. This means that when an investment is realized with a profit, each parallel investor receives his or her share of the profit, after provisions for any unrealized declines in value or write-downs of other investments. The plans allow a maximum share of 16 percent that can be given to parallel investors, which is in line with practice in the venture capital market.

During the year, a total of SEK 43 m. was paid out from these programs (60). The provision (not paid out) on unrealized gains amounted to SEK 1,000 m. at year-end (539). Expensed amounts were reported in the item "Changes in Value" in the Income Statement.

Due to the restructuring of IGC, a limited number of employees also participate in a profit sharing program that is better adapted to reflect the decision to restructure IGC. This program is linked to the realized proceeds of holdings, where the share that can be credited to program participants is set with the holding's market value taken into account.

In accordance with agreements made in 2005 between the board of Investor AB and Börje Ekholm, when he was appointed CEO of Investor AB, relating to his prior participation in investment plans as Head of Investor Growth Capital (1998-2005), a supplementary payment of USD 2.4 m. has been paid to Börje Ekholm.

## Note 31. cont'd Related party transactions

### Management Participation Programs

Board members and senior executives in unlisted investments, including Mölnlycke Health Care (Mölnlycke), Aleris, Permobil and BraunAbility are offered the opportunity to invest in the companies through management participation programs. The terms of the programs are based on market valuations and are designed to yield lower return to the participants than that of the owners if the investment plan is not reached but higher return to the participants than that of the owners if the plan is exceeded.

### Related party transactions

	Associates		Other related party <sup>1)</sup>	
	2015	2014	2015	2014
Sales of products/services	19	26	2	1
Purchase of products/services	4	7		
Financial expenses	259	336		
Financial income	5	631		
Dividends/redemptions	4,688	10,364		
Capital contributions	–	82		
Receivables	5,662	2,130		
Liabilities	2,365	2,291		

1) Wallenberg foundations

## Note 32. Subsequent events

No major events to report.



## Parent Company Income Statement

SEK m.	Note	2015	2014
Dividends		7,182	6,033
Changes in value	P6, P9	-2,582	32,568
Net sales		9	9
Operating costs	P2	-347	-361
Result from participations in Group companies		4,083	3,050
Result from participations in associated companies		-	653
<b>Operating profit/loss</b>		<b>8,345</b>	<b>41,952</b>
<b>Profit/loss from financial items</b>			
Results from other receivables that are non-current assets	P3	1,390	4,531
Interest income and similar items		9	-6
Interest expenses and similar items	P4	-1,384	-4,579
<b>Profit/loss after financial items</b>		<b>8,360</b>	<b>41,898</b>
Tax	P1	-	-
<b>Profit/loss for the year</b>		<b>8,360</b>	<b>41,898</b>

## Parent Company Statement of Comprehensive Income

SEK m.	2015	2014
Profit/loss for the year	8,360	41,898
Other Comprehensive income for the year, net taxes		
<i>Items that will not be recycled to profit/loss for the year</i>		
Remeasurements of defined benefit plans	72	-79
<i>Items that may be recycled to profit/loss for the year</i>		
Change in fair value of cash flow hedges for the year	-	-
<b>Total Other Comprehensive income for the year</b>	<b>72</b>	<b>-79</b>
<b>Total Comprehensive income for the year</b>	<b>8,432</b>	<b>41,819</b>

# Parent Company Balance Sheet

SEK m.	Note	12/31 2015	12/31 2014	SEK m.	Note	12/31 2015	12/31 2014
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>				<b>Equity</b>			
Intangible assets				Restricted equity			
Capitalized expenditure for software	P7	2	5	Share capital		4,795	4,795
Property, plant and equipment				Statutory reserve		13,935	13,935
Equipment	P8	13	17			<b>18,730</b>	<b>18,730</b>
Financial assets				Unrestricted equity			
Participations in Group companies	P5	56,967	53,611	Accumulated profit/loss		201,343	166,140
Participations in associates	P6	136,350	137,892	Profit/loss for the year		8,360	41,898
Other long-term holdings of securities	P9	65,295	63,128			<b>209,703</b>	<b>208,038</b>
Receivables from Group companies	P10	31,679	37,911	<b>Total equity</b>		<b>228,433</b>	<b>226,768</b>
<b>Total non-current assets</b>		<b>290,306</b>	<b>292,564</b>	<b>Provisions</b>			
<b>Current assets</b>				Provisions for pensions and similar obligations			
Trade receivables		1	1		P12	85	213
Receivables from Group companies		2,849	665	Other provisions	P13	271	142
Receivables from associates		0	0	<b>Total provisions</b>		<b>356</b>	<b>355</b>
Tax assets		15	14	<b>Non-current liabilities</b>			
Other receivables		2	2	Interest-bearing liabilities	P14	31,500	34,593
Prepaid expenses and accrued income	P11	51	62	Liabilities to Group companies		13,666	1,159
Cash and cash equivalents		0	0	<b>Total non-current liabilities</b>		<b>45,166</b>	<b>35,752</b>
<b>Total current assets</b>		<b>2,918</b>	<b>744</b>	<b>Current liabilities</b>			
<b>TOTAL ASSETS</b>		<b>293,224</b>	<b>293,308</b>	Interest-bearing liabilities		2,229	–
				Trade payables		13	13
				Liabilities to Group companies		16,267	29,630
				Liabilities to associates		0	0
				Tax liabilities		–	0
				Other liabilities		5	9
				Accrued expenses and deferred income	P15	755	781
				<b>Total current liabilities</b>		<b>19,269</b>	<b>30,433</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>			
						<b>293,224</b>	<b>293,308</b>
				<b>PLEGDED ASSETS AND CONTINGENT LIABILITIES</b>			
				Pledged assets	P17	6	71
				Contingent liabilities	P17	772	700



# Parent Company Statement of Changes in Equity

SEK m.	Restricted equity		Unrestricted equity		Total equity
	Share capital	Statutory reserve	Accumulated profit/loss	Profit/loss for the year	
Opening balance 1/1 2015	4,795	13,935	208,038		226,768
Profit/loss for the year				8,360	8,360
Other Comprehensive income for the year			72		72
<b>Total Comprehensive income for the year</b>			<b>72</b>	<b>8,360</b>	<b>8,432</b>
Dividend			-6,856		-6,856
Stock options exercised by employees			57		57
Equity-settled share-based payment transactions			32		32
Closing balance 12/31 2015	4,795	13,935	201,343	8,360	228,433

SEK m.	Restricted equity		Unrestricted equity		Total equity
	Share capital	Statutory reserve	Accumulated profit/loss	Profit/loss for the year	
Opening balance 1/1 2014	4,795	13,935	172,214		190,944
Profit/loss for the year				41,898	41,898
Other Comprehensive income for the year			-79		-79
<b>Total Comprehensive income for the year</b>			<b>-79</b>	<b>41,898</b>	<b>41,819</b>
Dividend			-6,089		-6,089
Stock options exercised by employees			61		61
Equity-settled share-based payment transactions			33		33
Closing balance 12/31 2014	4,795	13,935	166,140	41,898	226,768

## Distribution of share capital

The Parent Company's share capital on December 31, 2015, as well as on December 31, 2014, consists of the following numbers of shares with a quota of SEK 6.25 per share.

Share class	Number of shares	Number of votes	Share in % of	
			Capital	Votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
<b>Total</b>	<b>767,175,030</b>	<b>357,239,262</b>	<b>100.0</b>	<b>100.0</b>

For information regarding repurchased own shares, see the Corporate Governance Report page 29.

# Parent Company Statement of Cash Flow

SEK m.	2015	2014
<b>Operating activities</b>		
Dividends received	7,183	6,033
Cash payments to suppliers and employees	-323	-273
<b>Cash flow from operating activities before net interest and income tax</b>	<b>6,860</b>	<b>5,760</b>
Interest received	1,831	1,710
Interest paid	-1,426	-1,503
Income tax paid	-8	-3
<b>Cash flow from operating activities</b>	<b>7,257</b>	<b>5,964</b>
<b>Investing activities</b>		
Share portfolio		
Acquisitions	-5,622	-4,028
Divestments	2,494	108
Other items		
Divestment of subsidiary	14,675	6,010
Liquidation of subsidiary	-	930
Capital contributions to subsidiaries	-13,948	-3,716
Acquisitions of property, plant and equipment/intangible assets	-1	-4
<b>Net cash used in investing activities</b>	<b>-2,401</b>	<b>-700</b>
<b>Financing activities</b>		
Borrowings	-	4,835
Change, intra-group balances	2,000	-4,010
Dividends paid	-6,856	-6,089
<b>Net cash used in financing activities</b>	<b>-4,856</b>	<b>-5,264</b>
<b>Cash flow for the year</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at year-end</b>	<b>0</b>	<b>0</b>

The Parent Company does not report cash and cash equivalents since liquidity needs are covered by funds in the joint bank account for the Group. These funds are reported as balances with the Group's internal bank, AB Investor Group Finance.



# Notes to the Parent Company's financial statements

## Note P1. Accounting policies

The Annual Accounts Act and RFR 2 Accounting for Legal Entities has been applied for the Parent Company. The Parent Company applies the same accounting policies as the Group unless otherwise noted. Any differences between the accounting policies of the Parent Company and those of the Group are caused by limitations to the application of IFRS in the Parent Company because of the Swedish Annual Accounts Act. Significant accounting policies for the Parent Company that differs from the Group are presented in this note. Other significant accounting policies are presented in note 1, Significant accounting policies on page 46, and in connection to respective note to the consolidated financial statements.

### Subsidiaries

Subsidiaries are companies in which Investor AB is able to exert a controlling influence. Controlling influence is the power to, either directly or indirectly, govern the financial and operating policies of an entity in order to obtain economic benefits from its activities.

In the Parent Company, participations in Group companies are recognized in accordance with the cost method and in legal entities, transaction costs attributable to business combinations will be included in the acquisition cost.

Contingent consideration is valued based on the likelihood that the consideration will be paid. Any changes to the provision/receivable result in an increase/decrease in the cost of acquisition. On each balance sheet date, the carrying amounts are reviewed to determine if there are any indications of impairment. Dividends from subsidiaries are included in the Parent Company's operating profit/loss.

### Shareholders' contribution

Shareholders' contributions are recognized directly in equity by the receiver and are capitalized in participations by the giver to the extent that no impairment loss is required.

### Associates

Participations in associates are recognized at cost or fair value in accordance with IAS 39. The method is dependent on how Investor controls and monitors the companies' operations. For further information see note 12, Shares and participations in associates. On each balance sheet date, the carrying amounts are reviewed to determine if there are any indications of impairment.

### Borrowing costs

In the Parent Company, borrowing costs are charged to profit/loss during the period they pertain to. Borrowing costs are not capitalized.

### Financial guarantees

The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries and associates.

The Parent Company applies RFR 2 IAS 39 item 2, to account for financial guarantee contracts issued on behalf of associates, which is somewhat more lenient than the rules in IAS 39, due to the relationship between accounting and taxation. The Parent Company recognizes financial guarantee contracts as a provision in the Balance Sheet when the company has a commitment for which payment will most likely be required.

### Tax regulation

The Parent Company is taxed in accordance with the Swedish rules for certain holding companies. The purpose of these rules is to allow re-allocations of its holdings without tax consequences. To be eligible for these rules, the company should, almost exclusively, manage an equity portfolio providing the shareholders risk allocation. The regulations for industrial holding companies imply that capital gains on shares are not taxable and corresponding capital losses are non-deductible. Dividends received and interest income are both taxable items, while administrative costs, interest expenses and dividend paid are all deductible. Moreover, the Parent Company declares a standard income of 1.5 percent on the market value of listed shares when the voting rights at the beginning of the year are less than 10 percent, or when they exceed 10 percent but, at the beginning of the year, had been owned for less than one year. As a consequence of these tax regulations, the Parent Company typically does not pay income tax. For the same reason, the Parent Company does not report deferred tax attributable to temporary differences. The regulations for industrial holding companies also imply that the Parent Company may neither give nor receive Group contributions.

## Note P2. Operating costs

### Depreciation

Operating costs includes amortizations and depreciation of SEK 8 m. (8) of which SEK 4 m. relates to property, plant and equipment (4) and SEK 4 m. to other intangible assets (4).

### Personnel

Expensed wages, salaries and other remunerations amounted to SEK 190 m. (279), of which social costs SEK 62 m. (92). The pension and insurance plan for the Parent Company has during 2015 been revised. The main consequence of the revision is that the defined benefit BTP plan has been replaced with a defined contribution pension and insurance plan. The positive effect in the Parent Company amounts to SEK 55 m. Therefore the total pension income amounted 2015 to SEK 24 m (-30).

The average number of employees 2015 was 72 (75). For more information see note 9, Employees and personnel costs on page 54.

### Auditor's fees and expenses

	2015	2014
Auditor in charge	Deloitte	Deloitte
Auditing assignment	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

### Operating leases

	2015	2014
Non-cancellable future lease payments		
Less than 1 year from balance sheet date	11	11
1-5 years from balance sheet date	-	-
<b>Total</b>	<b>11</b>	<b>11</b>

### Costs for the year

Minimum lease payments	-14	-15
<b>Total</b>	<b>-14</b>	<b>-15</b>

## Note P3. Results from other receivables that are non-current assets

	2015	2014
Interest income from Group companies	1,836	1,922
Changes in value	189	818
Other interest income	39	63
Exchange rate differences	-674	1,728
<b>IS Total</b>	<b>1,390</b>	<b>4,531</b>

## Note P4. Interest expenses and similar items

	2015	2014
Interest expenses to Group companies	-501	-464
Changes in value	-162	-801
Changes in value attributable to long-term share-based remuneration	-73	-62
Net financial items, internal bank <sup>1)</sup>	12	-212
Interest expenses, other borrowings	-1,431	-1,390
Exchange rate differences	797	-1,615
Other	-26	-35
<b>IS Total</b>	<b>-1,384</b>	<b>-4,579</b>

1) Settlement of net financial items between the Parent Company and the Group's internal bank company, AB Investor Group Finance. From May 2015 no such settlement will be made anymore.

## Note P5. Participations in Group companies

### Specification of the Parent Company's direct holdings of participations in Group companies

Subsidiary, Registered office, Registration number	Number of participations	Ownership interest in % <sup>1)</sup>		Carrying amount	
		12/31 2015	12/31 2014	12/31 2015	12/31 2014
Investor Holding AB, Stockholm, 556554-1538	1,000	100.0	100.0	21,293	21,293
Patricia Industries AB, Stockholm, 556752-6057	100,000	100.0	100.0	19,639	9,485
Invaw Holding AB, Stockholm, 556904-1212	50,000	100.0	100.0	9,880	9,880
Patricia Industries II AB, Stockholm, 556619-6811	1,000	100.0	100.0	3,432	6
Innax AB, Stockholm, 556619-6753	1,000	100.0	100.0	2,669	2,669
AB Investor Group Finance, Stockholm, 556371-9987 <sup>2)</sup>	100,000	100.0	100.0	54	54
Vectura Fastigheter AB, Stockholm, 556903-0587	–	–	100.0	–	262
The Grand Group AB, Stockholm, 556302-9650	–	–	100.0	–	204
Duba AB, Stockholm, 556593-5508	–	–	100.0	–	2
Rotca AB, Stockholm, 556693-6661	–	–	100.0	–	6,798
Intre Holding AB, Stockholm, 556981-3065	–	–	100.0	–	2,337
Indap Invest AB, Stockholm, 556690-7084	–	–	100.0	–	621
<b>BS Carrying amount</b>				<b>56,967</b>	<b>53,611</b>

1) Refers to share of equity, which also corresponds to the share of voting power.

2) The Group's internal bank.

### Other material indirect holdings in subsidiaries

Subsidiary, Registered office	Ownership interest in % <sup>1)</sup>	
	12/31 2015	12/31 2014
Investor Growth Capital AB, Stockholm <sup>2)</sup>	100.0	100.0
Investor Investment Holding AB, Stockholm <sup>3)</sup>	100.0	100.0
Mölnlycke AB, Gothenburg	98.8	98.8
Aleris Group AB, Stockholm	100.0	100.0
Permobil Holding AB, Timrå	94.4	94.4
Braun Holdings Inc., Indiana	94.6	–

1) Refers to share of equity.

2) Holding company of Investor Growth Capital.

3) Holding company of EQT.

The Investor Group consists of 6 wholly owned subsidiaries to Investor AB, see table above, and a number of indirect holdings of which the material indirect holdings in subsidiaries are stated in the table above. In the subgroups Mölnlycke Health Care, Permobil and BraunAbility non-controlling interests exists. None of these are considered material for Investor. Investor have assessed control over all subsidiaries due to the high ownership interest and Investor

Changes in participations in Group companies	12/31 2015	12/31 2014
<b>Accumulated costs</b>		
Opening balance	54,751	52,589
Acquisitions and capital contributions	13,948	10,408
Liquidation of Group company	–	–392
Divestments and repaid capital contributions	–10,592	–7,854
<b>At year-end</b>	<b>58,107</b>	<b>54,751</b>
<b>Accumulated impairment losses</b>		
Opening balance	–1,140	–1,140
Impairment losses	–	–
<b>At year-end</b>	<b>–1,140</b>	<b>–1,140</b>
<b>BS Carrying amount at year-end</b>	<b>56,967</b>	<b>53,611</b>

AB having direct or indirect power of the companies and has the right and ability to affect the returns. Investor also continuously assess whether it controls companies with ownership interests below 50 percent. The assessment is based on whether Investor has the practical ability to direct relevant activities unilaterally either through the boards or the annual general meetings of the companies. No companies where de facto control exists have been identified.

## Note P6. Participations in associates

### Specification of carrying amount for participations in associates valued at cost method

	12/31 2015	12/31 2014
<i>Accumulated costs</i>		
Opening balance	–	6,182
Acquisitions and capital contributions	–	82
Divestments and transfers	–	–6,264
<b>At year-end</b>	<b>–</b>	<b>–</b>
<i>Accumulated impairment losses</i>		
Opening balance	–	–4,580
Reversed impairment losses for the year	–	4,580
<b>At year-end</b>	<b>–</b>	<b>–</b>
<b>Carrying amount at year-end</b>	<b>–</b>	<b>–</b>

### Specification of carrying amount for participations in associates valued at fair value

	12/31 2015	12/31 2014
Opening balance	137,892	113,123
Acquisitions	–	108
Divestments	–1,241	–101
Revaluations disclosed in Income Statement	–301	24,762
<b>Carrying amount at year-end</b>	<b>136,350</b>	<b>137,892</b>

### Specification of participations in associates

Company, Registered office, Registration number	Number of shares	Ownership capital/votes (%)	12/31 2015			12/31 2014		
			Investor's share of			Investor's share of		
			Carrying amount <sup>1,2)</sup>	Equity <sup>3)</sup>	Profit/loss for the year <sup>4)</sup>	Carrying amount <sup>1,2)</sup>	Equity <sup>3)</sup>	Profit/loss for the year <sup>4)</sup>
<b>Listed Core Investments:</b>								
SEB, Stockholm, 552032-9081	456,198,927	21/21	40,826	28,384	2,492	45,407	27,980	3,996
Atlas Copco, Stockholm, 556014–2720	206,895,611	17/22	43,100	7,854	1,969	44,972	8,540	2,049
Ericsson, Stockholm, 556016-0680	175,047,348	5/21	14,086	7,810	725	15,807	7,696	590
Electrolux, Stockholm, 556009-4178	47,866,133	15/30	9,860	2,326	–61	10,952	2,552	347
Swedish Orphan Biovitrum, Stockholm, 556038-9321	107,594,165	40/40	14,514	1,837	–98	8,532	1,797	–104
Saab, Linköping, 556036-0793	32,788,098	30/40	8,535	3,465	88	6,624	3,415	351
Husqvarna, Jönköping, 556000-5331	97,052,157	17/33	5,428	2,222	357	5,598	2,049	140
<b>Total participations in associates valued at fair value</b>			<b>136,350</b>			<b>137,892</b>		
<b>BS Total participations in associates</b>			<b>136,350</b>			<b>137,892</b>		

1) Carrying amount includes acquisition cost, additional investments and divestments for the period and value changes due to write-downs to correspond with the fair value of the investments valued at cost and fair value for participations in associates valued at fair value, respectively.

2) Carrying amount for associates valued at fair value, equals the quoted market price for the investment.

3) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves and after adjustments to Investor's accounting policies.

4) Profit/loss for the year refers to the share of the company's results after tax including the equity component in the change for the year in untaxed reserves after adjustments to Investor's accounting policies.

## Note P7. Intangible assets

Capitalized expenditure for software	12/31 2015	12/31 2014
<i>Accumulated costs</i>		
Opening balance	29	27
Acquisitions	1	2
<b>At year-end</b>	<b>30</b>	<b>29</b>
<i>Accumulated amortization and impairment losses</i>		
Opening balance	–24	–20
Amortizations	–4	–4
<b>At year-end</b>	<b>–28</b>	<b>–24</b>
<b>BS Carrying amount at year-end</b>	<b>2</b>	<b>5</b>
<i>Allocation of amortizations in Income Statement</i>		
Operating costs	–4	–4
<b>Total</b>	<b>–4</b>	<b>–4</b>

## Note P8. Property, plant and equipment

Equipment	12/31 2015	12/31 2014
<i>Accumulated costs</i>		
Opening balance	46	46
Acquisitions	–	2
Sales and disposals	–9	–2
<b>At year-end</b>	<b>37</b>	<b>46</b>
<i>Accumulated depreciation and impairment</i>		
Opening balance	–29	–27
Sales and disposals	9	2
Depreciation for the year	–4	–4
<b>At year-end</b>	<b>–24</b>	<b>–29</b>
<b>BS Carrying amount at year-end</b>	<b>13</b>	<b>17</b>

## Note P9. Other long-term holdings of securities

	12/31 2015	12/31 2014
Opening balance	63,128	51,491
Acquisitions	5,615	3,824
Divestments	-1,253	-
Revaluations disclosed in Income Statement	-2,195	7,813
<b>BS</b> Carrying amount at year-end	<b>65,295</b>	<b>63,128</b>

## Note P10. Receivables from Group companies

	12/31 2015	12/31 2014
Opening balance	37,911	34,321
New lending	1,729	4,634
Divestments/due/redeemed	-4,988	-3,587
Reclassification	-2,281	-
Unrealized change in value	-692	2,543
<b>BS</b> Carrying amount at year-end	<b>31,679</b>	<b>37,911</b>

## Note P11. Prepaid expenses and accrued income

	12/31 2015	12/31 2014
Interest	31	34
Other financial receivables	4	13
Other	16	15
<b>BS</b> Total	<b>51</b>	<b>62</b>

## Note P12. Provisions for pensions and similar obligations

For more information see note 25, Provision for pensions and similar obligations.

### Change in pension plan

The pension and insurance plan for the Parent Company has been revised in order to modernize and better adapt the plan to market conditions. The main consequence of the revision is that the defined benefit BTP plan has been replaced with a defined contribution pension and insurance plan. For the Parent Company the effect of not having any formal obligation regarding the defined benefit plan, BTP, is recognized in operating income under Operating costs.

### Amounts recognized in Profit/loss for the year and Other Comprehensive income for defined benefit plans

	2015	2014
Components of defined benefit cost (gain -)		
Current service cost	-	5
Past service cost and gains/losses from settlements	-55	-
<b>Total operating cost</b>	<b>-55</b>	<b>5</b>
Net interest expense	2	5
Exchange rate differences	-	-
Other values	-	-
<b>Total financial cost</b>	<b>2</b>	<b>5</b>
Components recognized in profit or loss	-53	10

## Note P12. cont'd Provisions for pensions and similar obligations

	2015	2014
Remeasurement on the net defined benefit liability (gain -)		
Return on plan assets (excl. amounts in interest income)	-	-6
Actuarial gains/losses, demographic assumptions	-80	20
Actuarial gains/losses, financial assumptions	-1	58
Actuarial gains/losses, experience adjustments	10	7
Adjustment for restrictions, defined benefit asset	-	0
<b>Components in Other Comprehensive income</b>	<b>-71</b>	<b>79</b>

### Provision for defined benefit plans

The amount included in the Balance Sheet arising from defined benefit plan	12/31 2015	12/31 2014
Present value of funded or partly funded obligations	-	282
Present value of unfunded obligations	85	146
<b>Total present value of defined benefit obligations</b>	<b>85</b>	<b>428</b>
Fair value of plan assets	-	-221
<b>NPV of obligations and fair value of plan assets</b>	<b>85</b>	<b>207</b>
Restriction on asset recognized	-	6
<b>BS</b> Net liability arising from defined benefit obligations	<b>85</b>	<b>213</b>

Changes in the obligations for defined benefit plans during the year	12/31 2015	12/31 2014
Defined benefit plan obligations, opening balance	428	350
Current service cost	-	4
Interest cost	2	13
<b>Remeasurement of defined benefit obligations</b>		
Actuarial gains/losses, demographic assumptions	-80	20
Actuarial gains/losses, financial assumptions	-1	58
Actuarial gains/losses, experience adjustments	10	7
Contributions to the plan from the employer	-	0
Past service cost incl gains/losses on curtailments	-55	-
Liabilities extinguished on settlements	-221	-
Exchange difference on foreign plans	6	5
Benefit paid	-5	-29
Other	1	0
<b>Obligations for defined benefit plans at year-end</b>	<b>85</b>	<b>428</b>

Changes in fair value of plan assets	12/31 2015	12/31 2014
Fair value of plan assets, opening balance	221	208
Interest income	-	8
<b>Remeasurement of fair value plan assets</b>		
Return on plan assets (excl. amounts in interest income)	-	6
Contributions from the employer	-	7
Assets distributed on settlements	-221	-
Benefit paid	-	-8
<b>Fair value of plan assets at year-end</b>	<b>-</b>	<b>221</b>
The fair value of the plan asset at the end of the reporting period for each category are as follows:	12/31 2015	12/31 2014
Equity investments	-	27
Debt investment	-	181
Properties	-	13
<b>Total fair value plan assets</b>	<b>-</b>	<b>221</b>

Changes in restriction asset ceiling in the current year	12/31 2015	12/31 2014
Restriction asset ceiling, opening balance	6	5
Changes asset ceiling, OCI	-6 <sup>1)</sup>	1 <sup>1)</sup>
<b>Restriction asset ceiling at year-end</b>	<b>-</b>	<b>6</b>

1) The changes of asset ceiling in current year is netted out in Other Comprehensive income with the actuarial gain/losses from the present value on the obligation and the FV of the plan assets.



Note **P12.** *cont'd Provisions for pensions and similar obligations*

**Assumptions**

Assumptions for defined benefit obligations	12/31 2015	12/31 2014
Discount rate	3.3	3.2
Future salary growth	–	3.0
Future pension growth	2.0	2.0
Mortality assumption used	DUS14	DUS14

In the Parent Company Swedish mortgage backed bonds have been used as reference when determining the discount rate used for the calculation of the defined benefit obligation. The market for high quality Swedish mortgage backed bonds is considered to be deep and thereby fulfill the requirements of high quality corporate bonds according to IAS 19.

**Defined contribution plans**

Defined contribution plans	2015	2014
Expenses for defined contribution plans	–	32

Note **P13.** **Other provisions**

	12/31 2015	12/31 2014
<i>Provisions expected to be paid after more than 12 months</i>		
Provision for social security contributions for LTVR	171	125
Other	80	14
<b>Total non-current other provisions</b>	<b>251</b>	<b>139</b>
<i>Provisions expected to be paid within 12 months</i>		
Restructuring reserve	–	–
Other	20	3
<b>Total current provisions</b>	<b>20</b>	<b>3</b>
<b>BS Total other provisions</b>	<b>271</b>	<b>142</b>

*Provision for social security contributions for long-term share-based remuneration (LTVR)*

Investor operates LTVR programs which are offered to all employees. Provision is made for social security contributions connected to these programs. The provision will be used during the years 2016-2022.

*Other*

Provisions that have been considered immaterial to specify are included in other and intend to be settled with SEK 20 m. in 2016 and SEK 80 m. in 2019.

12/31 2015	Restructuring reserve	Social security LTVR	Other	Total other provisions
Opening balance	–	125	17	142
Provisions for the year	–	46	86	132
Reversals for the year	–	–	–3	–3
<b>Carrying amount at year-end</b>	<b>–</b>	<b>171</b>	<b>100</b>	<b>271</b>
12/31 2014				
Opening balance	11	78	12	101
Provisions for the year	–	47	6	53
Reversals for the year	–11	–	–1	–12
<b>Carrying amount at year-end</b>	<b>–</b>	<b>125</b>	<b>17</b>	<b>142</b>

Note **P14.** **Interest-bearing liabilities**

	12/31 2015	12/31 2014
<i>Interest-bearing liabilities</i>		
Long-term interest-bearing liabilities	31,296	34,431
Related interest rate derivatives with negative value	204	162
<b>BS Total</b>	<b>31,500</b>	<b>34,593</b>
<i>Carrying amounts</i>		
Maturity, 1–5 years from balance sheet date	5,688	8,214
Maturity, more than 5 years from balance sheet date	25,812	26,379
<b>BS Total</b>	<b>31,500</b>	<b>34,593</b>

Note **P15.** **Accrued expenses and deferred income**

	12/31 2015	12/31 2014
Interest	642	665
Other financial receivables	56	43
Other	57	73
<b>BS Total</b>	<b>755</b>	<b>781</b>

## Note P16. Financial instruments

### Accounting policies

For accounting policies see note 29, Financial instruments, page 74.

### Financial assets and liabilities by valuation category

12/31 2015	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other assets and liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading					
<i>Financial assets</i>							
Other long-term holdings of securities	65,295					65,295	65,295
Participations in associates	136,350					136,350	136,350
Receivables from Group companies (non-current)			423	31,256		31,679	31,679
Accrued interest income				31		31	31
Trade receivables				1		1	1
Receivables from Group companies (current)				2,849		2,849	2,849
Receivables from associates				0		0	0
Other receivables				2		2	2
<b>Total</b>	<b>201,645</b>	<b>-</b>	<b>423</b>	<b>34,139</b>	<b>-</b>	<b>236,207</b>	<b>236,207</b>
<i>Financial liabilities</i>							
Loans (non-current)		204			31,296	31,500	38,662 <sup>1)</sup>
Liabilities to Group companies (non-current)			1,384		12,282	13,666	13,666
Loans (current)					2,229	2,229	2,249 <sup>1)</sup>
Trade payables					13	13	13
Liabilities to Group companies (current)					16,267	16,267	16,267
Liabilities to associates (current)					0	0	0
Accrued interest expenses					642	642	642
Other liabilities					5	5	5
<b>Total</b>	<b>-</b>	<b>204</b>	<b>1,384</b>	<b>-</b>	<b>62,734</b>	<b>64,322</b>	<b>71,504</b>

12/31 2014	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other assets and liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading					
<i>Financial assets</i>							
Other long-term holdings of securities	63,128					63,128	63,128
Participations in associates	137,892					137,892	137,892
Receivables from Group companies (non-current)			191	37,720		37,911	37,911
Accrued interest income				34		34	34
Trade receivables				1		1	1
Receivables from Group companies (current)				665		665	665
Receivables from associates				0		0	0
Other receivables				2		2	2
<b>Total</b>	<b>201,020</b>	<b>-</b>	<b>191</b>	<b>38,422</b>	<b>-</b>	<b>239,633</b>	<b>239,633</b>
<i>Financial liabilities</i>							
Loans (non-current)		162			34,431	34,593	42,010 <sup>1)</sup>
Liabilities to Group companies (non-current)			1,159			1,159	1,159
Trade payables					13	13	13
Liabilities to Group companies (current)					29,630	29,630	29,630
Liabilities to associates (current)					0	0	0
Accrued interest expenses					665	665	665
Other liabilities					9	9	9
<b>Total</b>	<b>-</b>	<b>162</b>	<b>1,159</b>	<b>-</b>	<b>64,748</b>	<b>66,069</b>	<b>73,486</b>

1) The Parent company's loans are valued at amortized cost, fair value on loans are presented in the table.  
For other assets and liabilities there are no differences between carrying amount and fair value.



Note **P16.** *cont'd Financial instruments*

**Result from financial assets and liabilities by valuation category**

2015	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	7,182					7,182
Changes in value, including currency	-2,582					-2,582
<i>Net financial items</i>						
Interest		10	-40	1,733	-1,766	-63
Changes in value		-10	8	76	-119	-45
Exchange rate differences		-32	0	-794	949	123
<b>Total</b>	<b>4,600</b>	<b>-32</b>	<b>-32</b>	<b>1,015</b>	<b>-936</b>	<b>4,615</b>

2014	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	6,033					6,033
Changes in value, including currency	32,568					32,568
<i>Net financial items</i>						
Interest	21	10	-39	1,812	-1,920	-116
Changes in value		-15	-172	446	-304	-45
Exchange rate differences		-57	0	1,902	-1,738	107
<b>Total</b>	<b>38,622</b>	<b>-62</b>	<b>-211</b>	<b>4,160</b>	<b>-3,962</b>	<b>38,547</b>

**Assets and liabilities measured at fair value**

The table below indicates how fair value is measured for the financial instruments recognized at fair value in the Balance Sheet. The financial instruments are categorized on three levels, depending on how the fair value is measured:

Level 1: According to quoted prices (unadjusted) in active markets for identical instruments

Level 2: According to directly or indirectly observable inputs that are not included in level 1

Level 3: According to inputs that are unobservable in the market

**Financial assets and liabilities by level**

12/31 2015	Level 1	Level 2	Level 3	Other <sup>1)</sup>	Total
<i>Financial assets</i>					
Participations associates	134,325	2,025			136,350
Receivables from Group companies (non-current)			423	31,256	31,679
Other long-term holdings of securities	65,293		2		65,295
<b>Total</b>	<b>199,618</b>	<b>2,025</b>	<b>425</b>	<b>31,256</b>	<b>233,324</b>
<i>Financial liabilities</i>					
Liabilities to Group companies (non-current)			1,384	12,282	13,666
Interest-bearing liabilities (non-current)		204		31,296	31,500
<b>Total</b>	<b>-</b>	<b>204</b>	<b>1,384</b>	<b>43,578</b>	<b>45,166</b>

12/31 2014	Level 1	Level 2	Level 3	Other <sup>1)</sup>	Total
<i>Financial assets</i>					
Participations associates	135,809	2,083			137,892
Receivables from Group companies (non-current)			191	37,720	37,911
Other long-term holdings of securities	61,462		1,666		63,128
<b>Total</b>	<b>197,271</b>	<b>2,083</b>	<b>1,857</b>	<b>37,720</b>	<b>238,931</b>
<i>Financial liabilities</i>					
Liabilities to Group companies (non-current)			1,159		1,159
Interest-bearing liabilities (non-current)		162		34,431	34,593
<b>Total</b>	<b>-</b>	<b>162</b>	<b>1,159</b>	<b>34,431</b>	<b>35,752</b>

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.



## Note P16. cont'd Financial instruments

The table below shows a reconciliation between opening and closing balance for the financial instruments recognized at fair value in the Balance Sheet derived from a valuation technique of unobservable input (level 3). No transfers have been made between level 1 and 2.

### Changes of financial assets and liabilities in level 3

	Other long-term holdings of securities	Long-term receivables	Total financial assets	Long-term interest- bearing liabilities	Total financial liabilities
<b>12/31 2015</b>					
<i>Financial assets and liabilities</i>					
Opening balance			1,857	1,159	1,159
Total gains or losses in profit/loss	1,666	191	-181	225	225
Acquisitions	-413	232	2		
Divestments	2		-1,253		
<b>Carrying amount at year-end</b>	<b>-1,253</b>	<b>423</b>	<b>425</b>	<b>1,384</b>	<b>1,384</b>
<i>Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)</i>					
Changes in value	-	232	232	225	225
<b>Total</b>	<b>-</b>	<b>232</b>	<b>232</b>	<b>225</b>	<b>225</b>
<b>12/31 2014</b>					
<i>Financial assets and liabilities</i>					
Opening balance				796	796
Total gains or losses in profit/loss		191	190	363	363
Acquisitions	-1		1,667		
<b>Carrying amount at year-end</b>	<b>1,666</b>	<b>191</b>	<b>1,857</b>	<b>1,159</b>	<b>1,159</b>
<i>Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)</i>					
Changes in value	-1	191	190	363	363
<b>Total</b>	<b>-1</b>	<b>191</b>	<b>190</b>	<b>363</b>	<b>363</b>

## Note P17. Pledged assets and contingent liabilities

	12/31 2015	12/31 2014
<i>Pledged assets</i>		
<i>In the form of pledged securities for liabilities and provisions</i>		
Shares	6	71
<b>BS Total pledged assets</b>	<b>6</b>	<b>71</b>
<i>Contingent liabilities</i>		
Guarantees on behalf of Group companies	72	-
Guarantees on behalf of associates	700	700
<b>BS Total contingent liabilities</b>	<b>772</b>	<b>700</b>

## Note P18. Related party transactions

The Parent Company is related with its subsidiaries and associated companies see note P5, Participations in Group companies and note P6, Participations in associates.

In addition to the above stated information, guarantees on behalf on the associate 3 Scandinavia amounts to SEK 0.7 bn. (0.7). For more information about related party transaction see note 31, Related party transactions.

### Related party transactions

	Group companies		Associates		Other related party <sup>1)</sup>	
	2015	2014	2015	2014	2015	2014
Sales of products/services	3	1	4	8	2	1
Purchase of products/services	9	9	3	6		
Financial expenses	501	464	18	18		
Financial income	1,836	1,922				
Dividends/redemptions			4,630	4,092		
Capital contributions	13,948	6,053		82		
Receivables	34,528	38,576		4		
Liabilities	29,933	30,767				

1) Wallenberg foundations

# Auditor's Report

## To the annual meeting of the shareholders of Investor AB (publ.)

CORP. ID 556013-8298

### Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Investor AB (publ) for the financial year ended December 31, 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 6-7, 11, and 23-93.

### 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 in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the 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.

### Auditor's responsibility

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

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

### Opinions

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

as adopted by the EU, and the Annual Accounts Act. A Corporate Governance report has been prepared. The statutory administration report and the Corporate Governance report are 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 examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Investor AB (publ) for the financial year ended December 31, 2015.

### 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.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

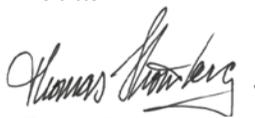
As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President 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, 22 March, 2016  
Deloitte AB



Thomas Strömberg  
Authorized Public Accountant

# Five-year summary

## Investor Group

SEK m.	2011	2012	2013	2014	2015	Annual average growth 5 years, %
<b>Net asset value<sup>1)</sup></b>						
<i>Core Investments</i>						
Listed	118,016	141,456	175,174	218,396	224,143	
Subsidiaries	18,400	21,291	29,531	31,922	13,021	
<i>Financial Investments</i>	37,215	35,144	32,256	35,506	51,095	
<i>Other assets and liabilities</i>	-651	-428	1,560	-29	-565	
Total assets	172,980	197,463	238,521	285,795	287,695	
Net debt (-)/Net cash (+)	-16,910	-22,765	-23,104	-24,832	-15,892	
Net asset value	156,070	174,698	215,417	260,963	271,801	
Change in net asset value with dividend added back, %	-6	15	26	24	7	10
<b>Condensed Balance Sheet</b>						
Shares and participations	148,991	164,431	202,859	246,891	254,054	
Other	64,616	65,214	64,291	76,596	82,536	
Balance Sheet total	213,607	229,645	267,150	323,487	336,590	
<b>Profit and loss</b>						
Profit/loss for the year attributable to Parent Company shareholders	-9,229	24,226	45,165	50,656	17,433	
Comprehensive income	-9,553	23,857	46,161	52,657	17,604	
<b>Dividends</b>						
Dividends received	4,330	5,177	6,052	7,228	7,821	
of which from Core Investments Listed	3,998	4,782	5,441	6,227	7,681	19
<b>Contribution to NAV<sup>1)</sup></b>						
Contribution to NAV, Core Investments Listed	-17,889	23,312	38,433	41,311	8,804	
Total return, Listed Core Investments, %	-13	20	27	24	4	
Contribution to NAV, Core Investments Subsidiaries	87	-194	668	2,386	3,995	
Contribution to NAV, Financial Investments, Partner-owned	5,475	57	4,109	4,221	4,855	
Contribution to NAV, IGC and EQT	4,201	305	3,788	6,543		
<b>Transactions<sup>2)</sup></b>						
Investments, Listed Core Investments	5,104	2,762	719	8,233	5,783	
Divestments & redemptions, Listed Core Investments	1,057	-	-	101	1,241	
Investments, Core Investments Subsidiaries	1,019	3,386	7,558	1,121	1,590	
Divestments, Core Investments Subsidiaries	-	-	-	1,197	6,086	
Investments, Partner-owned financial investments	55	376	15	3,011	4,176	
Divestments, Partner-owned financial investments	-	80	7,646	8,712	2,896	
Investments, IGC and EQT <sup>3)</sup>	3,652 <sup>3)</sup>	2,034 <sup>3)</sup>	1,914	2,389	5,089	
Divestments, IGC and EQT <sup>4)</sup>	4,193 <sup>3)</sup>	4,067 <sup>3)</sup>	5,005	5,737		
<b>Key figures per share</b>						
Net asset value, SEK	205	230	283	343	357	
Basic earnings, SEK	-12.14	31.85	59.35	66.55	22.89	
Diluted earnings, SEK	-12.14	31.83	59.25	66.40	22.82	
Equity, SEK	206	230	284	343	357	
<b>Key ratios</b>						
Leverage, %	10	12	10	9	6	
Equity/assets ratio, %	73	76	81	81	81	
Return on equity, %	-6	15	23	21	7	
Discount to reported net asset value, %	39	27	23	17	13	
Management costs, % of net asset value	0.3	0.2	0.2	0.1	0.2	
<b>Share data</b>						
Total number of shares, million	767.2	767.2	767.2	767.2	767.2	
Holding of own shares, million	6.7	6.2	6.3	5.8	5.3	
Share price on December 31, SEK <sup>4)</sup>	128.4	170.0	221.3	284.7	312.6	17
Market capitalization on December 31	96,028	128,048	166,451	215,705	236,301	
Dividend paid to Parent Company shareholders	4,603	5,331	6,089	6,856	7,672	
Dividend per share, SEK	6.00	7.00	8.00	9.00	10.00 <sup>5)</sup>	15
Dividend payout ratio, %	115	112	112	110	100 <sup>5)</sup>	
Dividend yield, %	4.7	4.1	3.6	3.2	3.2 <sup>5)</sup>	
Total annual turnover rate, Investor shares, % <sup>4)</sup>	112	78	62	58	66	
Total return, Investor shares, % <sup>4)</sup>	-8	38	35	33	13	21
SIXRX (return index), %	-14	16	28	16	10	11
OMXS30 index, %	-15	12	21	10	-1	5
Foreign ownership, capital, %	33	33	34	34	35	

1) This business area reporting was implemented in 2011.

2) New business area reporting as of 2015.

3) From July 1, 2011, invested includes a capital contribution from Investor to IGC of SEK 1 137 m. (2011) and SEK 750 m. (2012). Divested includes dividends from IGC to Investor of SEK 674 m. (2011) and SEK 607 m. (2012).

4) Pertains to class B shares.

5) Proposed dividend of SEK 10.00/share.

6) Based on the total number of registered shares.



# Definitions

## Basic earnings per share

Profit/loss for the year attributable to the Parent Company's shareholders in relation to the weighted average number of shares outstanding.

## Diluted earnings per share

Profit/loss for the year attributable to the Parent Company's shareholders, plus interest expenses after tax related to convertible debenture loans, in relation to the weighted average number of shares outstanding after full conversion and adjusted for the effect of share-based payments.

## Discount to net asset value

The difference between net asset value and market capitalization as a percentage of net asset value. If market capitalization is lower than net asset value, the share is traded at a discount. If market capitalization is higher, it is traded at a premium.

## Dividend payout ratio

Dividends paid in relation to dividends received from Listed Core Investments.

## Dividend yield

Dividend per share in relation to share price on the Balance Sheet date.

## EBIT

Earnings before interest and taxes.

## EBITDA

Earnings before interest, taxes, depreciation and amortization.

## Equity/assets ratio

Shareholders' equity and convertible debenture loans as a percentage of the balance sheet total.

## Equity per share

Equity including convertible debenture loans in relation to the number of shares on the Balance Sheet date after full conversion.

## Industrial holding company

A company that offers shareholders the possibility to spread their risks and get attractive returns through long-term ownership of a well-distributed holdings of securities. Its shares are typically owned by a large number of individuals.

## Leverage

Net debt/Net cash as a percentage of total assets.

## Market cost of capital

Risk-free interest rate plus the market's risk premium.

## Multiple valuation

A method for determining the current value of a company by examining and comparing the financial ratios of relevant peer groups.

## Net asset value

The market value of total assets less net debt (corresponds to equity).

## Net debt/Net cash

Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables.

## Return on equity

Profit/loss for the year as a percentage of average shareholders' equity.

## Risk-free interest rate

The interest earned on an investment in government bonds. In calculations, Investor has used SSVX 90 days.

## Risk premium

The surplus yield above the risk-free interest rate that an investor requires to compensate for the higher risk in an investment in shares.

## SIX's Return Index, SIXRX

A Swedish all shares total return index calculated on share price change and reinvested dividends.

## Total assets

All assets and liabilities not included in net debt or net cash, which is the same as the Balance Sheet total less asset items included in net debt or net cash and less non-interest-bearing liabilities.

## Total comprehensive income for the year

Change in equity during the period resulting from transactions and other events, other than those changes resulting from transactions with the owners in their capacity as owners.

## Turnover rate

Number of shares traded during the year as a percentage of the total number of shares outstanding.

# Shareholder information

## Calendar of events 2016

- Interim Management Statement, January-March: April 21
- Annual General Meeting: May 10
- Interim Report, January-June: July 19
- Interim Management Statement, January-September: October 21
- Year-End Report: January 31, 2017

## Information material

Financial information about Investor can be accessed and ordered (information by sms, e-mail or printed annual report) on our website: [www.investorab.com](http://www.investorab.com), or by calling +46 8 614 2131.

Printed annual reports are distributed to shareholders that have requested it. All new shareholders will receive a letter asking how they would like to receive information.

## Investor relations

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## Annual General Meeting

Investor AB invites shareholders to participate in the Annual General Meeting on Tuesday, May 10, 2016, at 3:00 p.m. at the City Conference Centre, Barnhusgatan 12-14, in Stockholm.

Shareholders who would like to attend the Annual General Meeting must be recorded in the register of shareholders maintained by Euroclear Sweden AB on Tuesday, May 3, 2016, and must notify the Company of their intention to attend the Meeting no later than Tuesday, May 3, 2016.

Shareholders can give their notice of participation by:

- registering on Investor AB's website, [www.investorab.com](http://www.investorab.com) or
- calling +46 8 611 2910, weekdays, between 9:00 a.m. and 5:00 p.m. CET or
- writing to Investor AB, Annual General Meeting, SE-103 32 Stockholm

Notice convening the Annual General Meeting and proxy forms are available on Investor's website, [www.investorab.com](http://www.investorab.com).

## DIVIDEND

The Board and President propose a dividend to the shareholders of SEK 10.00 per share for fiscal year 2015. Thursday, May 12, 2016, has been proposed as the record date. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by Euroclear Sweden AB on Tuesday, May 17, 2016.



As a long-term owner, we actively support the building and development of best-in-class companies.



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

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