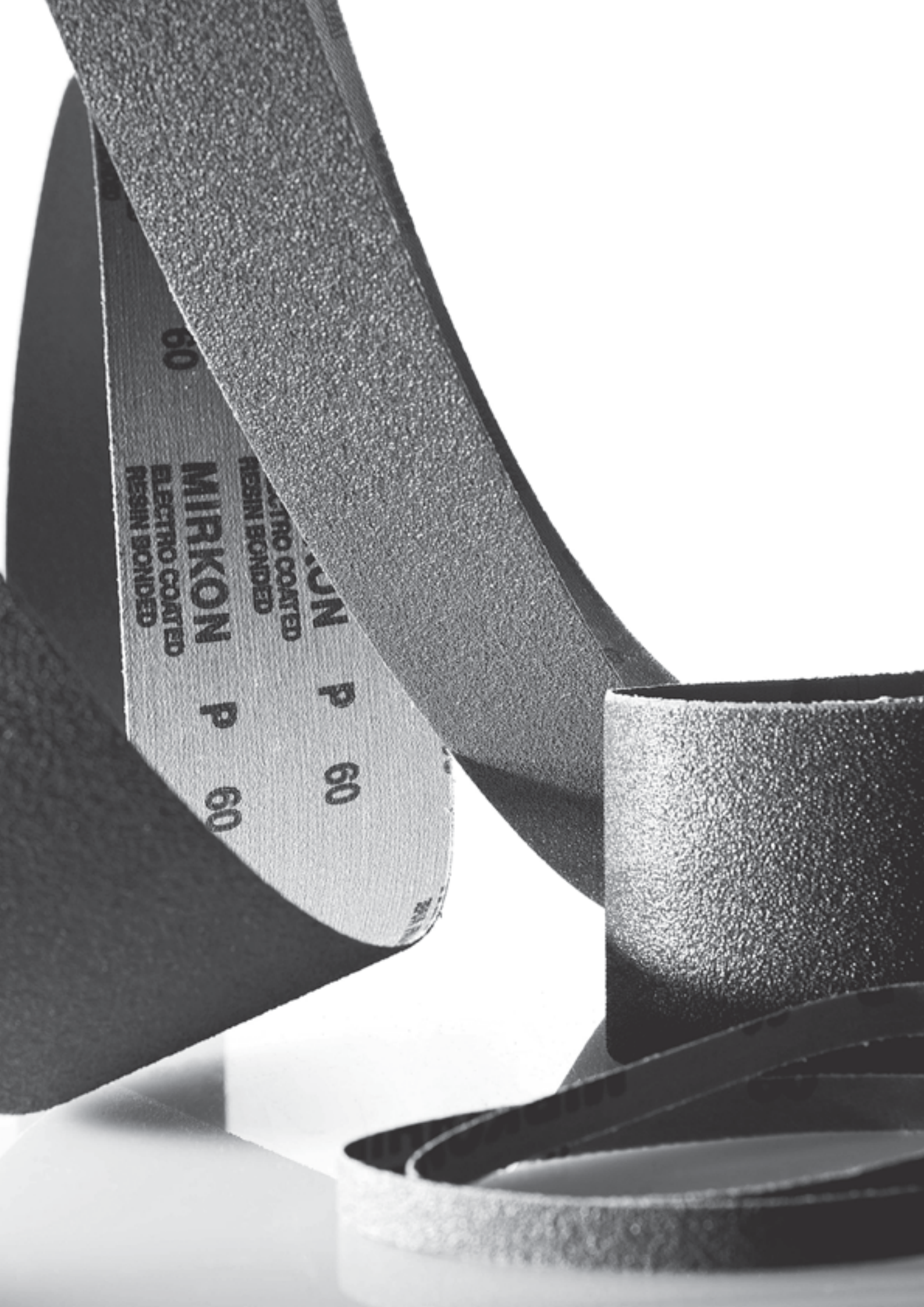


KWH ANNUAL REVIEW

15

YEAR 2015



MIRKON P 60
ELECTRO COATED
RESIN BONDED

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The KWH Group is a company that has its roots both in the 1920s and the 1930s. The Group was established in 1984 when Oy Keppo Ab bought the remaining 50% of shares in Oy Wiik & Höglund Ab from the Wiik family. This was a logical development. Keppo had, in 1981, acquired 50% of the company from the Höglund family. Emil Höglund had been one of the founders of both companies and, therefore, there was a strong sense of community at management level between the companies, despite different business directions.

The major restructuring into an international industrial group in the technical chemical industry was mostly complete in 1992.

Major structural changes were made in the Group in that KWH Pipe and Uponor's infrastructure activities were merged in 2013. The new company, Uponor Infra Ltd, is consolidated in Uponor Corporation. The KWH Group owns 44.7% of the shares.

KWH – THE KNOWLEDGE COMPANY

KWH's mission is to develop knowledge-intensive, highly focused and service-oriented niche operations. These niche operations must take into account the real conditions in the sector concerned and should be built up around unique products, processes or market positions that confer long-term competitive advantages. The operations in question are mainly business-to-business and internationally competitive.

The operations are based on traditional KWH sectors where we have a solid familiarity with the field, a solid strategic position and a strong sectoral presence. In so doing, KWH will be working within its framework as a diversified international industrial group whose core business is the manufacture of coated abrasives and plastic products and the provision of logistics services.

GOALS AND OPERATING PRINCIPLES

- **Independent Divisions**
- **Leading Companies in Their Field**
- **Active Pursuit of Renewal**
- **Effective Management and Proper Risk Management**
- **Cooperation and Social Responsibility**
- **Central Resource Allocation**
- **Solid and Lucrative**
- **Self-Sufficient Family Business**



ONCE AGAIN, THE KWH GROUP HAS ENJOYED A SUCCESSFUL YEAR

The past year has been surprisingly good, with a de facto net profit reaching a new record. Given the geopolitical and trade policy situations, this is more than acceptable. There have been no major problems, other than a sharp drop in the volumes of goods in transit from Russia. However, markets did not improve significantly, this was particularly noticeable in the construction sector in which Uponor Infra is active. The primary reason for the good result was Mirka's growth, and the focus on higher-value products. In addition, the fall in the value of the Euro against the most important export currencies was a factor.

THE GROWTH PROSPECTS FOR THE GLOBAL ECONOMY ARE WEAK

In today's world, there are no prospects of really significant growth in any segment. The world is marking time, and the best that can be hoped for is that things won't get worse. There is some risk of a new worldwide recession, even before we have managed to extricate ourselves from the last one.

In particular, the Finnish economy appears to be facing its fifth year of recession, despite the fact that, as usual, the economic forecasts are suggesting a slight increase in GDP. Any substantial growth in the global economy is hidden in the mists of the distant future. None of the serious problems have been solved, and we are continuing to kick all our problems into the long grass.

Wars and violence are widespread, and the flood of migrants into Europe is growing. Radical national political movements are seeing their chance and are winning votes in many countries. People are clinging to the past, and do not realise that global politics are being restructured by force of circumstance. Within a few years, we will be living in a new, transformed world. The process will be difficult and disruptive, and will demand a new understanding by individuals in every country.



**WE
CONTINUE
INVESTING
STRONGLY**

WE CANNOT TURN THE CLOCK BACK

The way things were is over, at least in the mature economies. By that, I mean that the long period of growth, which the global economy enjoyed from the 1960s, and the financial and technological explosion of the last decades of the old century, are dead. Now we have to adjust to realities.

Many of the political promises of social welfare will have to be reconsidered, since society will not be able to afford them. We have reached the ceiling of viable tax rates, and there can be no return to restrictions on the movement of capital. In addition, the age structure of the population in most developed countries has become a serious problem, with an automatic decline in the size of the workforce. This will demand an increase in the degree of employment.

KWH'S SOLUTION: FLEXIBILITY AND CONSTANT RENEWAL

In such a world, it will be difficult to navigate successfully through the hidden rocks. At KWH, we have been preparing for this for many years. Our long-term strategies are built on flexibility, constant renewal through dynamic innovation and readiness to transform our operation in response to the demands we face, whatever these are. In the past year, we were forced to make some adjustments to our manufacturing capacity to reflect demand, but, overall, we have managed to avoid the worst-case scenario. At Group level, the trend was positive.

KWH'S FUTURE IS BRIGHT

The budget for 2016 promises continuing growth in both sales and profits. It even looks possible that our profits might set a new record. We are continuing to invest at a level far above depreciation replacement, and we are building up our capacity for better times to come.

The Group's ambition to grow through corporate acquisitions has not been as successful as intended, but we will continue with this strategy alongside organic growth, which is expected to increase in 2016.

◀ *Peter Höglund, Group President*



KWH AT A GLANCE

The KWH Group is a Finnish family business with subsidiaries around the world. The Group has three divisions, which are organised by industry.

KWH MIRKA

Net, paper, cloth, foam, and non-woven-based abrasives, sanding and polishing machines and polishing compounds for different types of surface finishing processes in automotive re-finishing and vehicle manufacturing, the manufacture of composite parts, wood and furniture industry, metal processing, and for sales via the hardware, paint and machinery trades.

Production units in Jeppo, Oravais, Jakobstad, and Karis, Finland. Exports 96%.



KWH LOGISTICS

KWH Freeze (Cold Storage): cold storages in Vantaa and Inkoo, Finland.

Port & Sea, Freight Forwarding and Industrial Services: port operations, freight forwarding, international transports, and industrial services; complete logistics solutions.

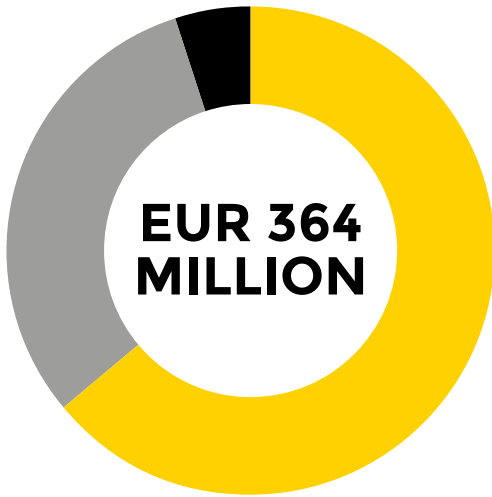


KWH INVEST

Prevex: siphon systems for kitchen and bathrooms, and customer specified products. The market leader in Scandinavia for kitchen sinks. Factory in Uusikaarlepyy, Finland. Exports 85%.

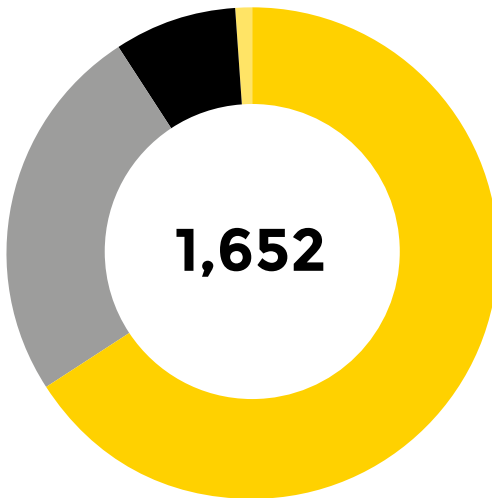
Strategic holdings: Uponor Infra Ltd, 44.7%: various plastic pipe systems.





TURNOVER

- KWH MIRKA**
EUR 233 million
Share of group turnover 64%
- KWH LOGISTICS**
EUR 114 million
Share of group turnover 31%
- KWH INVEST**
Turnover (Prevex) EUR 21 million
Share of group turnover 5%



PERSONNEL

- KWH MIRKA**
Personnel 1,096
Share of group personnel 66%
- KWH LOGISTICS**
Personnel 417
Share of group personnel 25%
- KWH INVEST**
Personnel (Prevex) 127
Share of group personnel 8%
- KWH GROUP**
Personnel 13
Share of group personnel 1%

Despite the challenging economic situation, virtually all of the business groups performed well, and succeeded in strengthening their leading market positions in their sectors. A purposeful niche approach, energetic innovation and an active renewal policy are key factors in ensuring corporate success in the future.

The Group's financial position is strong, with an equity ratio of 81%, excellent solvency and a balance sheet total of EUR 453.3 million.

At the end of the year, the Group had 1,609 (1,633) employees.

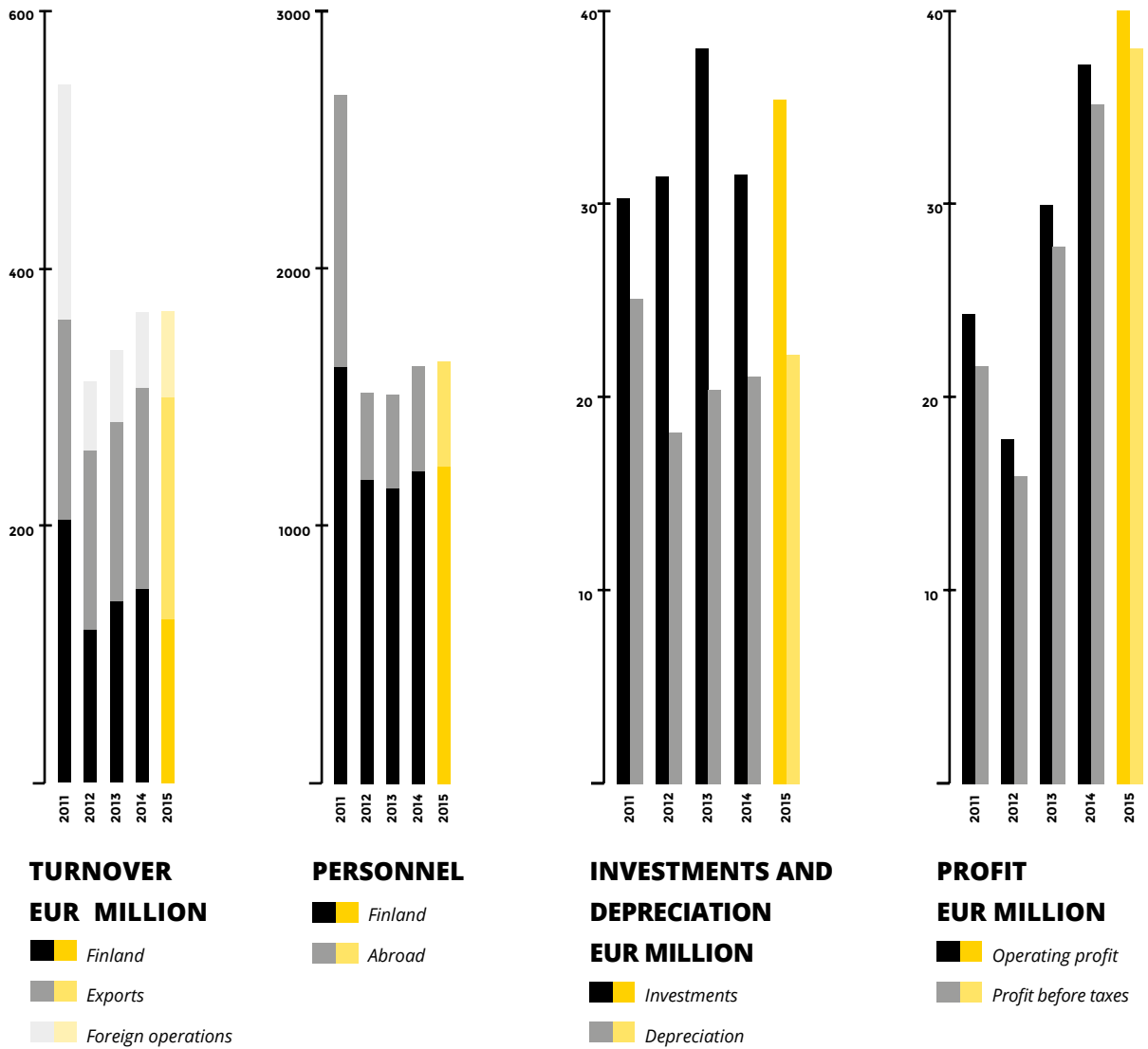
PROFIT IMPROVE- MENT

80%

YEARS OF STABLE DEVELOPMENT

KWH	2015	2014	2013	2012	2011
CONSOLIDATED INCOME STATEMENT					
Turnover					
Finland, EUR million	126.9	150.2	144.8	126.3	206.0
Exports from Finland, EUR million	173.9	158.4	140.5	139.8	156.1
Foreign Operations, EUR million	67.6	59.1	56.3	53.3	181.7
TOTAL, EUR MILLION	364.4	364.1	337.7	313.5	537.4
Salaries, Wages and Social Charges, EUR million	97.1	93.3	86.5	85.1	129.1
Depreciation and Impairment, EUR million	22.2	21.1	20.4	18.2	25.1
Operating Profit, EUR million	40.1	37.3	30.0	17.8	24.3
Financing Items, EUR million	2.1	2.0	2.2	1.8	2.7
Profit before Taxes, EUR million	38.1	35.2	27.8	15.9	21.6
Taxes according to the Income Statement, EUR million	8.7	7.9	6.3	5.1	5.0
Profit for the Financial Year, EUR million	29.4	27.3	25.9	18.1	16.6
CONSOLIDATED BALANCE SHEET					
Non-current Assets, EUR million	277.4	264.7	261.9	236.1	232.4
Inventories, EUR million	46.3	47.4	44.1	81.4	82.2
Receivables, EUR million	54.1	66.4	61.3	86.5	90.6
Cash in Hand and at Bank, EUR million	75.5	49.6	49.5	47.9	57.1
Shareholders' Equity, EUR million	367.4	343.0	324.1	305.6	291.1
Liabilities, EUR million	85.9	85.2	92.6	146.3	171.2
Net interest-bearing Liabilities, EUR million	-54.0	-41.2	-33.5	2.7	8.3
Balance Sheet Total, EUR million	453.3	428.2	416.8	451.9	462.3
RATIOS					
Change in Turnover, %	0	8	8	4	11
Exports and Foreign Operations, %	66	60	58	62	63
Share of Group Turnover					
KWH Pipe, %					44
KWH Mirka, %	64	57	56	56	30
KWH Logistics, %	31	38	39	35	21
KWH Invest and others, %	5	5	5	9	5
Return on Capital Employed, %	10	10	9	7	7
Return on Shareholders' Equity, %	8	8	8	6	6
Equity Ratio, %	81	80	78	68	64
Gearing, %	-15	-12	-10	1	3
OTHER INFORMATION					
Gros Investments, EUR million	35.4	31.5	38.0	31.4	30.3
Net Investments, EUR million	34.7	29.3	37.8	26.8	25.5
Average Number of Personnel	1,652	1,631	2,090	2,711	2,691
of which abroad	412	398	716	1,061	1,060
Turnover per Employee, EUR 1,000	221	223	209	207	200

CALCULATION OF FINANCIAL RATIOS	
RETURN ON CAPITAL EMPLOYED	EQUITY RATIO
$\frac{\text{profit before taxes} + \text{interest and other financial expenses}}{\text{balance sheet total} - \text{non-interest-bearing liabilities in average}} \times 100$	$\frac{\text{shareholders' equity} + \text{minority interest}}{\text{balance sheet total} - \text{advances received}} \times 100$
RETURN ON SHAREHOLDERS' EQUITY	GEARING
$\frac{\text{net profit}}{\text{shareholders' equity} + \text{minority interest in average}} \times 100$	$\frac{\text{interest-bearing liabilities} - \text{cash in hand and at bank}}{\text{shareholders' equity} + \text{minority interest}} \times 100$



- **TURNOVER**
EUR 364 MILLION
- **OPERATING PROFIT**
EUR 40 MILLION
- **INVESTMENTS**
EUR 35 MILLION
- **PERSONNEL** 1,652
- **EQUITY RATIO** 81%

From the left:

Mats Sundell, Joachim Rännar, Johan Palmroos, Nina Nyman, Theo Sakalis, Stefan Sjöberg, Simon Bloxham, Olav Hellman, Kenneth Sundqvist, Jan Torrkulla.



MATS SUNDELL
R&D Director, Deputy Chief Executive

JOACHIM RÄNNAR
Head of Customer Service and Logistics

JOHAN PALMROOS
Quality Manager

NINA NYMAN
Marketing Director

THEO SAKALIS
Business Development Director

STEFAN SJÖBERG
CEO

SIMON BLOXHAM
VP Sales

OLAV HELLMAN
CFO

KENNETH SUNDQVIST
Personnel representative

JAN TORRKULLA
Production Director

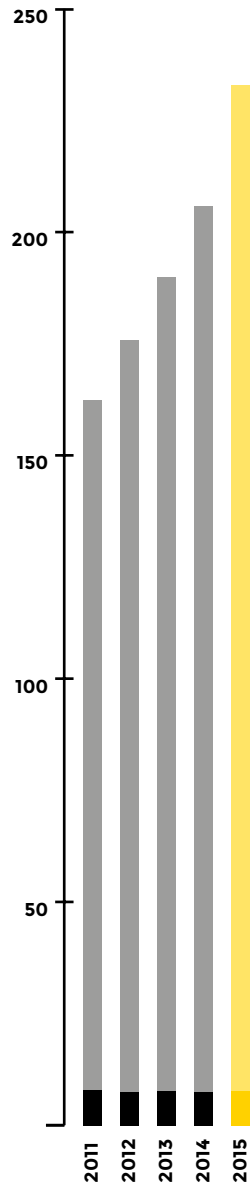


KWH Mirka is a global company with subsidiaries in 15 countries; 96% of sales are exports to over 100 countries. Mirka specialises in flexible abrasive materials and sanding products for dust-free finishing. Mirka's advanced sanders and polishers provide the user with unique advantages. The innovative design of these machines, in combination with a comprehensive range of top-class abrasives, polishing compounds and accessories, offers total solutions to meet the customers' individual needs. The aim is to offer the best solution for surface finishing in preparation for painting or treating the surface.

Mirka has four factories in Finland. The Jeppo and Oravais units manufacture and convert paper, cloth, net and non-woven abrasives. At Karis, the textile base material for net products is produced, and the new factory in Jakobstad produces microfinishing products and polishing compounds. Electric sanders are also assembled at this facility. Wide and narrow belts are converted to meet European requirements at the distribution centre in Belgium.

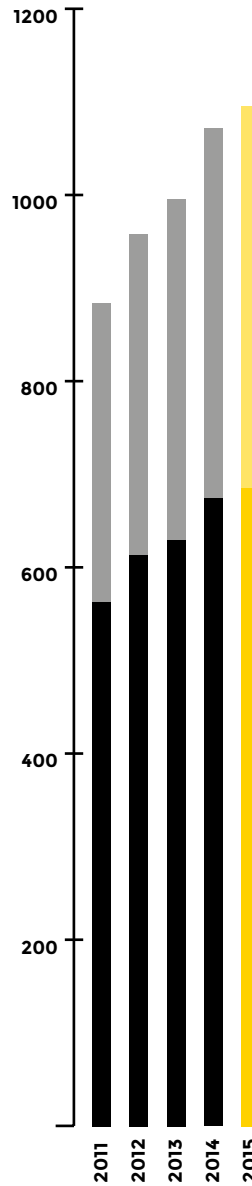
- **STRONG GROWTH**
- **INCREASED PROPORTION OF UNIQUE PRODUCTS**
- **INVESTMENTS IN PRODUCT DEVELOPMENT**
- **EFFICIENT LOGISTICS**

KWH MIRKA	2015	2014	2013	2012	2011
Turnover, EUR million	233.3	206.2	190.2	176.0	161.9
Change, %	13	8	8	9	12
Exports and foreign operations, %	96	96	96	96	96
Share of group turnover, %	64	57	56	56	30
Investments, EUR million	20.1	12.3	21.8	9.7	7.2
Personnel	1,096	1,072	995	957	883



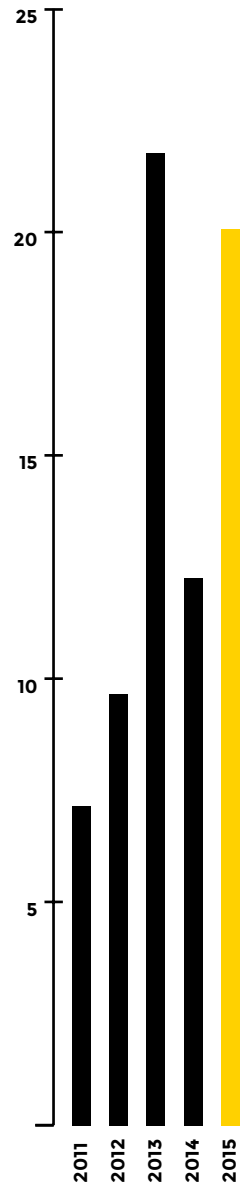
TURNOVER
EUR MILLION

Finland
 Finland
 Exports and foreign operations



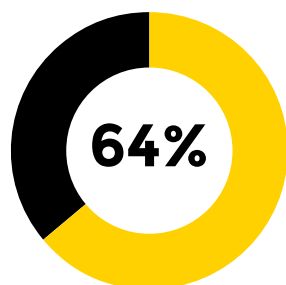
PERSONNEL

Finland
 Finland
 Abroad

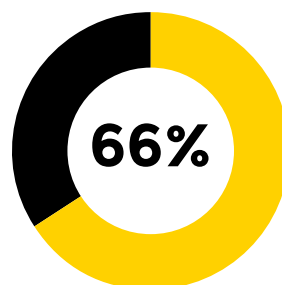


INVESTMENTS
EUR MILLION

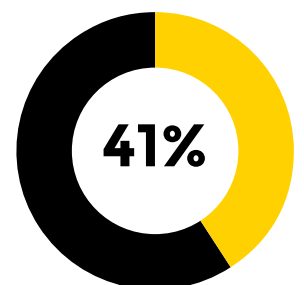
SHARE OF
TURNOVER



SHARE OF
PERSONNEL



SHARE OF
CAPITAL EMPLOYED



MARKET SEGMENTS

Mirka's most important market segments are the automotive aftermarket, manufacturing industry (OEM), woodworking and trade sector, as well as the business development unit for microfinishing and polishing.

Mirka is one of the leading players worldwide in the automotive aftermarket and manufacturing industry. This has been achieved by adopting a niche strategy of focusing on top-quality and unique products. The woodworking and trade sector focuses on small and medium-sized customers in businesses such as joinery and construction. The dust-free system and the net products are becoming increasingly important. The electric sanders, especially the Mirka DEROS range, are strengthening the brand in every sector.

Engineered Surface Finishing (ESF) is a new development area for microfinishing and polishing. Mirka's focused and strong business development strategy is enabling Mirka to target new and exciting industries and segments. The production of electronics and communications equipment in particular is becoming increasingly important, and Mirka's abrasive solutions are being adopted by established, global producers.

CONTINUOUS DEVELOPMENT LEADS TO GROWTH AND PROFITABILITY

Despite increasing uncertainty in the market, Mirka's growth is continuing to exceed the sector average, thanks largely to the added value that Mirka's abrasive solutions offer the customer.

Mirka's abrasive systems and unique products help improve customers' profitability, an increasingly important factor in very competitive industries. That is why Mirka has a reputation as a highly-innovative company. Growth is strong in all market areas. The EMEA (Europe, the Middle East, and Africa) area is responsible for around 60% of sales, while the USA's share is 26%. Both are expected to perform well. The strongest percentage increase is in the growth markets outside Europe.

Mirka's satisfactory profitability is due to the increased proportion of unique products and abrasive solutions. It has also benefitted from favourable foreign exchange trends. Mirka's own sales organisation is located close to its customers in every important market.

Efficient logistics are one of Mirka's strengths, and the distribution centres are being contin-





uously improved to provide customers with the best possible service. In the spring of 2015, a new distribution centre was opened in the USA. Distribution in Europe and Scandinavia is handled through the distribution centre in Belgium. Distribution in the growth markets takes place through local distribution centres.

PRODUCT DEVELOPMENT AND INVESTMENT ARE THE KEYS

Mirka remains committed to investing in product development. Abrasive solutions and unique products are developed in a lean development environment in close collaboration with universities and local companies.

New investment in Jeppo, Karis and Jakobstad will ensure healthy development in production technology and methods so that Mirka will continue to offer new and unique solutions in the future.

A number of product and technology development projects have been completed. Mirka has introduced several new and innovative product solutions for the woodworking sector, including new belt products, Abranet Max, based on Abranet technology, and Gold Max for intermediate sanding.

ZERO ACCIDENTS VISION

The “zero accidents” vision is a major component of Mirka’s approach to sustainability. Four out of five factories have achieved this goal of zero accidents for at least one year. The Karis factory can proudly claim that it has had zero accidents in over 4 years. Over 800 machinery safety improvements were implemented in Mirka’s factories in 2015. A great deal of occupational health and safety training was carried out during the year.

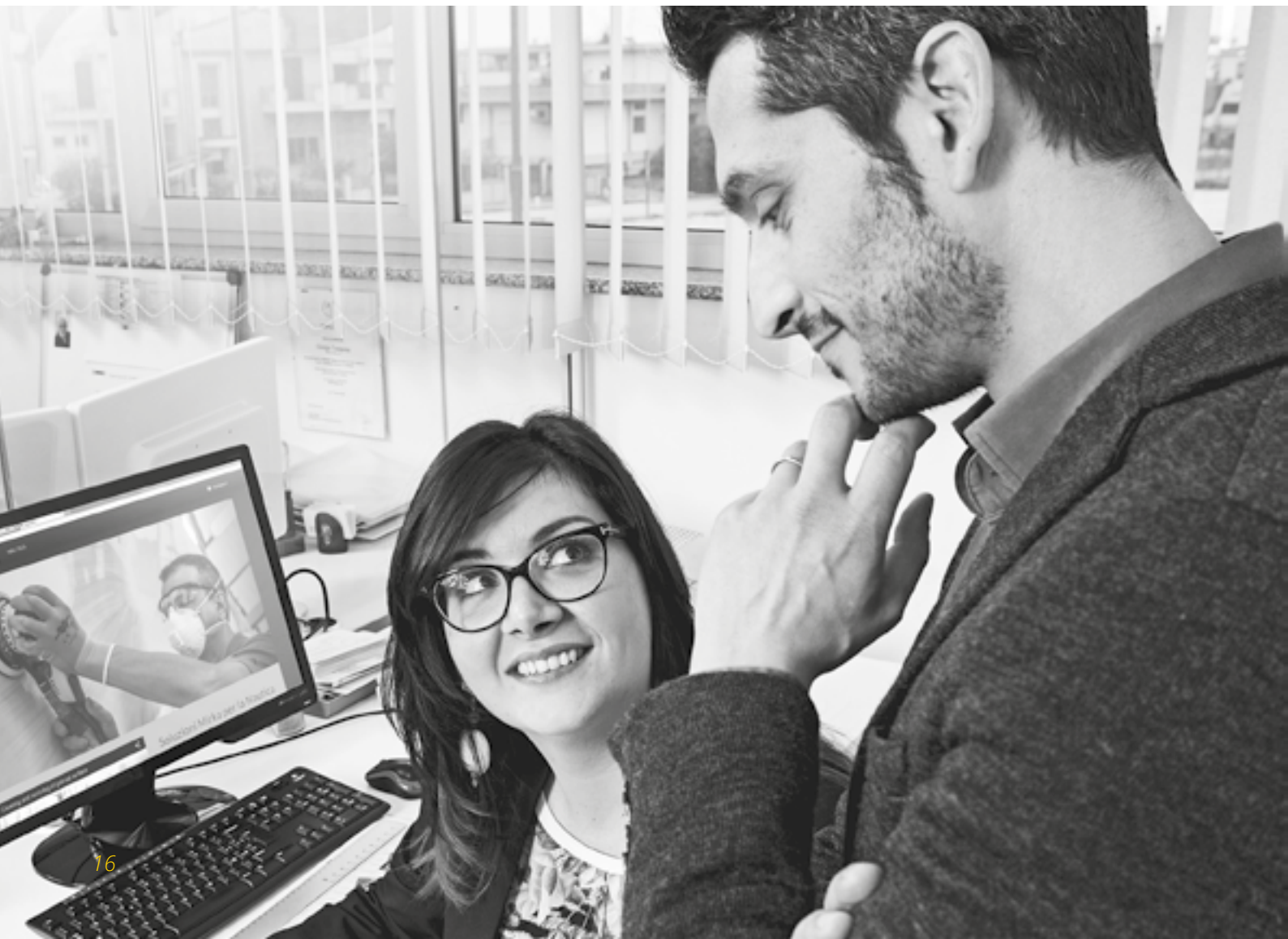
**SUSTAINABLE DEVELOPMENT
BENEFITS BOTH THE ENVIRONMENT
AND THE CUSTOMERS**

Sustainable development is part of Mirka's DNA, and it also represents a major competitive advantage in the eyes of customers and other stakeholders. There is massive interest in sustainability in Europe and Asia in particular. Mirka publishes a sustainable development report every second year to ensure that people are aware of the company's commitment in this area. Mirka's second GRI (Global Reporting Initiative) was published in the summer.

The company views sustainability as relevant across the board. Examples of sustainable development include Investors in People certification, product structure, choice of raw materials and a continuous programme to boost efficiency in logistics. Sustainability is also part of Mirka's ethics policy.

A concrete result of the sustainability commitment is that no abrasive material waste has been deposited. All waste is now incinerated at the bioenergy plant in Jeppo. To further reduce the use of fossil fuels, the reserve boiler system at the Jeppo factory has been designed to run on biofuel and LPG. The Karis factory was connected to the district heating system in 2015. This has cut the consumption of propane gas.

To ensure quality, Mirka has adopted management systems in line with the ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health and safety) standards. All factories have been awarded certification under these three management systems, and the subsidiaries in Sweden, the USA, Great Britain, Germany, France, Italy and Spain are certified under ISO 9001. The whole Mirka Group will obtain certification under the revised ISO 9001:2015 standard.



COMMITTED AND MOTIVATED STAFF – MIRKA'S COMPETITIVE ADVANTAGE

PEOPLE –

MIRKA'S MOST VITAL RESOURCE

One of Mirka's competitive advantages is its committed and motivated staff. During 2015, Mirka's operation in Finland was audited, and the company was delighted to be accredited again as an "Investors in People" business. The external audit showed that continued progress has been made and the result is in line with the internal satisfaction surveys carried out with the staff. The company's in-house training organisation, the Mirka Academy, refined and strengthened its operation over the past year.

Substantial efforts were devoted to staff health and well-being during the year. The company has a Co-operation Committee and a Leisure Committee with members drawn from across the personnel groups.

A BRIGHT OUTLOOK FOR THE FUTURE

Despite uncertain markets and a tense geopolitical situation across the world, Mirka anticipates a bright future.

Mirka's vision is to be at the cutting edge in its sector, and the company is determined to continue to offer high-quality, value-based solutions in the long term.

Mirka is ready to launch many new and unique products and solutions over the years to come. Branding, marketing and communication are at the heart of this project. Its continued investment in business development will increase Mirka's attractiveness as a partner and will open the door to new business areas.

Thanks to local presence and close working relationship with the end user, Mirka will continue to be the natural partner for its customers around the world.

From the left:

Bernt Björkholm, Joakim Laxåback, Taru Gammelgård, Sakari Mäki-Fränti, Hannu Uusi-Pohjola, Jari Vuontela, Tom Mohn, Markku Mäkipere, Peter Lång.



BERNT BJÖRKHOLM
Director, Freight Forwarding

JOAKIM LAXÅBACK
Managing Director, M. Rauanheimo,
Adolf Lahti Yxpä, Otto Rodén, A. Jalander,
Kiinteistö Oy Port Handling

TARU GAMMELGÅRD
Business Control, KWH Logistics

SAKARI MÄKI-FRÄNTI
Managing Director,
Blomberg Stevedoring,
Vaasa Stevedoring

HANNU UUSI-POHJOLA
Head of Division

JARI VUONTELA
Administrative Director, Moonway

TOM MOHN
Managing Director, Moonway

MARKKU MÄKIPERE
Managing Director, Stevens

PETER LÅNG
Managing Director, KWH Freeze



KWH LOGISTICS

KWH Logistics is an independent Finnish service provider of global logistics solutions which help customers optimise the total costs of their supply chains.

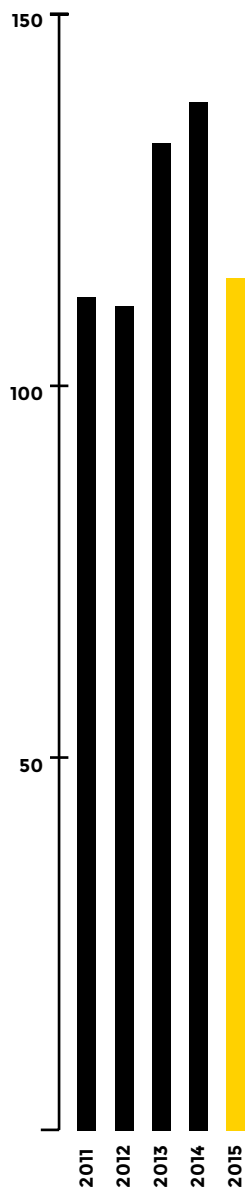
KWH Logistics aims to be a preferred partner for its customers' non-core logistics activities, both external (inbound, outbound) and in-plant (raw materials, finished goods). The KWH Group and KWH Logistics have sufficient resources to enhance and optimise the logistics process for customers interested in developing their logistics process for the long term. The ultimate objective is to minimize the total cost of logistics in the supply chain.

THE DEVELOPMENT OF KWH LOGISTICS 2015

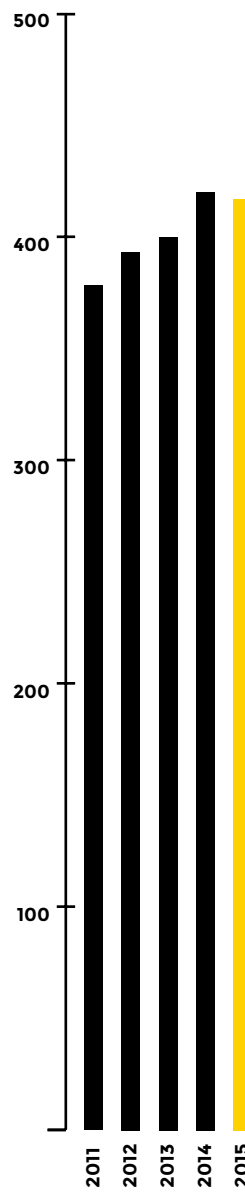
KWH Logistics' sales decreased because of reduced demand for raw materials for the steel industry. Volume growth in other parts of the Backman-Trummer Group compensated the downturn.

THE ULTIMATE OBJECTIVE: TO MINIMIZE THE TOTAL COST OF LOGISTICS IN THE SUPPLY CHAIN

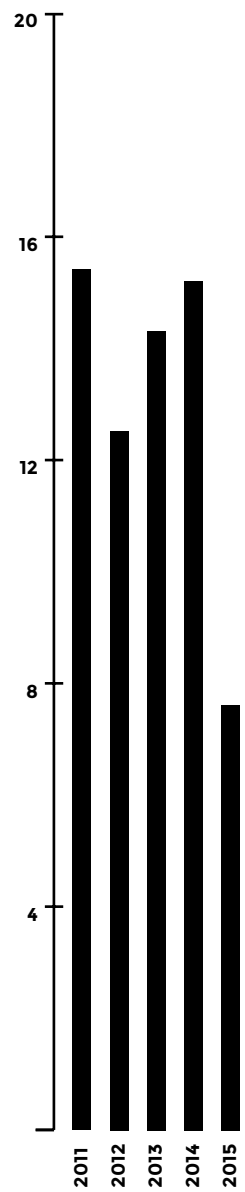
KWH LOGISTICS	2015	2014	2013	2012	2011
Turnover, EUR million	114.4	138.1	132.5	110.7	111.9
Change, %	-17	4	20	-1	17
Share of group turnover, %	31	38	39	35	21
Investments, EUR million	7.6	15.2	14.2	12.5	15.4
Personnel	417	420	400	393	378



**TURNOVER
EUR MILLION**

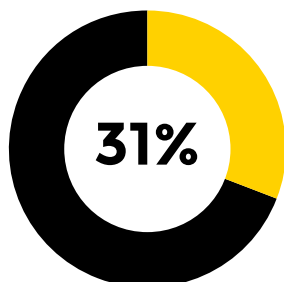


PERSONNEL

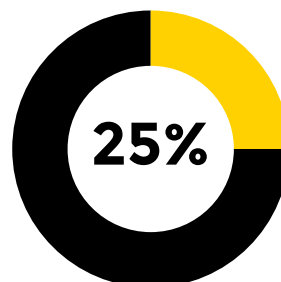


**INVESTMENTS
EUR MILLION**

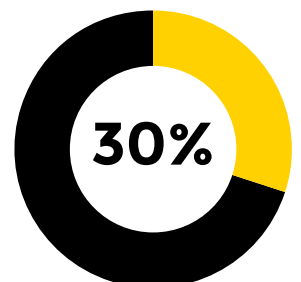
**SHARE OF
TURNOVER**



**SHARE OF
PERSONNEL**



**SHARE OF
CAPITAL EMPLOYED**





KALAJOKI

Blomberg Stevedoring

KOKKOLA

M. Rauanheimo | Otto Rodén | A. Jalander | Backman-Trummer | Adolf Lahti

PIETARSAARI

Adolf Lahti

VAASA

Blomberg Stevedoring | Vaasa Stevedoring | Backman-Trummer

KRISTIINANKAUPUNKI

Blomberg Stevedoring

UUSIKAUPUNKI

Stevana

NAANTALI

Stevana

TURKU

Stevana | Moonway

INKOO

KWH Freeze

● **VARKAUS**

Adolf Lahti

VANTAA

KWH Freeze

HAMINA

M. Rauanheimo

KOTKA

Adolf Lahti

HANKO

Stevana



COLD STORAGE

Cold and chilled storage facilities and related handling services for foodstuff.

- KWH Freeze Ltd

FREIGHT FORWARDING

Global logistics solutions by different modes of transportation and related value-adding services.

- Oy Backman-Trummer Ab
- Oy Moonway Ab

PORT & SEA

Port operations and related logistics solutions for both bulk and unitized goods as well as for project cargo (heavy lift 200 tons).

- Oy Blomberg Stevedoring Ab
- Oy M. Rauanheimo Ab
- Stevena Oy
- Oy Otto Rodén Ab
- A. Jalander Oy
- Vaasa Stevedoring Oy

INDUSTRIAL SERVICES

Handling, storage, and transport of goods, construction excavation, workshop for heavy machinery, in-plant service logistics and other related operations.

- Oy Adolf Lahti Yxpila Ab

COLD STORAGE

KWH FREEZE - VANTAA AND INKOO

KWH Freeze, with cold storage facilities in Vantaa and Inkoo, is the leading commercial cold storage company in Finland.

The company's main business is the provision of services to the foodstuffs industry. Its largest customer groups include Finland's leading wholesalers, food manufacturers and importers. KWH Freeze is the most efficient link in its customers' logistics chain for frozen foods. Thanks to its exceptional customer and product know-how, it can adapt its services to meet market requirements.

KWH Freeze offers tailored solutions for frozen storage, such as leasing storage space to customers for their own use, with their own staff being responsible for product handling. The utilization rate of the facilities improved and the overall volume of goods handled increased. Sales grew by 4.4% to EUR 16.7 (16.0) million. Profitability was satisfactory.

KWH Freeze's long-term strategy is to expand its storage capacity and be the customer's partner of choice in the industry.





PORT & SEA

M. RAUANHEIMO - KOKKOLA

Rauanheimo provides stevedoring, ship's agency, freight forwarding and customs clearance services in the ports of Kokkola, Hamina and Kotka. After 13 years of growth, the quantity of goods handled declined significantly due to the very difficult global market situation for raw materials for the steel industry. Sales fell to EUR 44.0 (68.5) million.

The success of the process of adapting the cost structure and organisation to cope with the new situation exceeded expectations, and the company is now well placed to face the new challenges. Contracts have been won for a number of new and exciting goods flows, and these are expected to grow over the next few years.

The large capacity of the ports, the infrastructure, the depth of the channels, the warehouse capacity and the goods handling installations mean that the opportunities to further develop the highly-competitive and top-class stevedoring and forwarding operations in Kokkola, Hamina and Kotka are excellent. A major contract was signed at the end of the year in respect of the port of Vuosaari in Helsinki, to come into force during year 2017.

OTTO RODÉN, "RODÉN SHIPPING" - KOKKOLA

Otto Rodén offers tailored port operator and mill services. If required, the company can handle the whole logistics chain, including land and sea transport.

Otto Rodén develops niche operations focusing on demanding goods, such as feed phosphates, fertiliser, potassium sulphates, ammonia and phosphoric acid.

A. JALANDER - KOKKOLA

Otto Rodén offers tailored port operator and mill services. If required, the company can handle the whole logistics chain, including land and sea transport.

Otto Rodén develops niche operations focusing on demanding goods, such as feed phosphates, fertiliser, potassium sulphates, ammonia and phosphoric acid.



**BLOMBERG STEVEDORING - VAASA,
KALAJOKI AND KRISTIINANKAUPUNKI**

Blomberg Stevedoring carries on stevedoring and warehousing operations in the ports of Vaasa, Kalajoki and Kristiinankaupunki. The company's reputation for efficient and reliable cargo handling has made it a much-appreciated partner among its customers.

The company's largest investments in recent years have been in improving the handling chain for heavy goods (200 tonnes) and in the construction of new warehouses.

The quantity of traffic has increased every year, and this positive trend looks set to continue. Alongside the traditional agribulk traffic, general cargo and project traffic have increased.

**STEVENA - NAANTALI, HANKO,
TURKU AND UUSIKAUPUNKI**

2015 was a successful year for Stevena. The quantity of goods handled rose to a new record. Sales increased further, to over EUR 9.9 million (+14%).

The company has been especially active in the ports of Uusikaupunki and Hanko, where the brisk ro-ro traffic has kept capacity utilisation high. Conventional traffic, particularly in Naantali and Turku, has reflected the general economic situation, falling to a level about 10% lower than the previous year's.

The objective for 2016 is to maintain Stevena's satisfactory profits growth and develop the business, particularly in Turku and Naantali.

VAASA STEVEDORING - VAASA

Vaasa Stevedoring Oy specialises in hiring out small machines, cranes and scaffolding in the Vaasa region. The company's efficient and flexible service, and its continually updated machinery, has guaranteed that its customers are satisfied.

Both repair work and new construction in Vaasa have held up at the same level as in the preceding year. Customers consist primarily of small construction firms and private individuals.



FREIGHT FORWARDING

BACKMAN-TRUMMER - VAASA AND KOKKOLA

Despite the challenging trading climate, Freight Forwarding has managed to maintain its positions in its niche areas. This is one of the results of an active renewal policy in creating new and competitive logistics solutions.

The new part load and groupage terminal in Vikby, Vaasa, is one of the efficient and competitive logistics solutions required to maximise customer potential. Daily, direct export transports are offered from the terminal to Scandinavia and Central Europe, as well as airfreight exports via a range of international airports. The production of import services has also been concentrated in Vikby.

The region's strong export-focused companies have enabled Freight Forwarding to strengthen its position. The company's logistics solutions, based on local knowledge combined with international partners, are being continuously developed and refined, with the aim of ensuring efficient service solutions for its customers in the future.

MOONWAY - TURKU

Moonway offers worldwide container transport of liquid and powder goods for the foodstuffs, chemicals and construction sectors, focusing on continental Europe. The Far East traffic is also increasing steadily. Moonway is one of the largest players in its sector in Finland. Moonway makes the most of Finland's choice of harbours, which enables the company to provide cost-effective solutions for Finnish industry.

Moonway believes firmly in the benefits and efficiency of container traffic compared with tankers. Demand for tank containers is increasing during the recession, and Moonway's goal is to increase its market share.



INDUSTRIAL SERVICES

ADOLF LAHTI YXPILA – KOKKOLA AND PIETARSAARI

Adolf Lahti is a growing and versatile company in the machine and industrial service sector, with an extensive fleet of machines. The company offers up-to-date expertise and equipment for bulk handling, heavy transport, mill and workshop services, and maintenance.

The company is active in major industrial areas and in the ports of Kokkola and Pietarsaari, as well as in the forestry industry in Pietarsaari, Varkaus and Kotka. The company continued to grow. Sales decreased despite the result of a difficult market situation by 7.1% to EUR 6.9 (7.4) million.

Operational targets were achieved thanks to increased cooperation with existing customers and with affiliates, as well as major local industries in Kokkola and Pietarsaari. Collaboration with the forest industry on the planning and handling of raw timber goods flows has been mutually beneficial.

In 2016 the operation is expected to expand steadily in view of the new business in Varkaus and Kotka. In the long term, many exciting projects are already under way. The aim is to expand the company's diversified service into new markets. The company's efficient solutions are in high demand in the industry.

QUALITY AND ENVIRONMENT

KWH Logistics' quality system is based on ISO 9001:2008, and its environmental system on ISO 14001:2004. These certified systems are used in all the KWH Logistics companies. Moreover, Backman-Trummer and Blomberg Stevedoring have been granted AEO status (Authorised Economic Operator) by the Finnish Customs Service.

Maintaining a high level of quality remains essential, as this has a major influence on the ability to optimise overall costs in customers' supply chains.

STAFF DEVELOPMENT AND WELFARE

The division had, on average, a staff of 417 (420) employees. Cold Storage had a staff of 79 (76), Port & Sea 256 (258), Industrial Services 34 (35) and Freight Forwarding and Backman-Trummer's administration had 48 (52) employees.

In accordance with Vision 2020, KWH Logistics will continue to invest in staff skills, motivation, work capacity and welfare. KWH Logistics is pro-active in its commitment to encouraging physical fitness and activities that help maintain the work capacity and quality of life of its staff.

INVESTMENT

KWH Logistics' investments returned to the normal level, EUR 7.6 (15.2) million, after several years of exceptionally large investment.

OUTLOOK FOR 2016

The outlook is cautiously optimistic.

From the left: *Mikael Lilvik, Kjell Antus.*



KWH INVEST

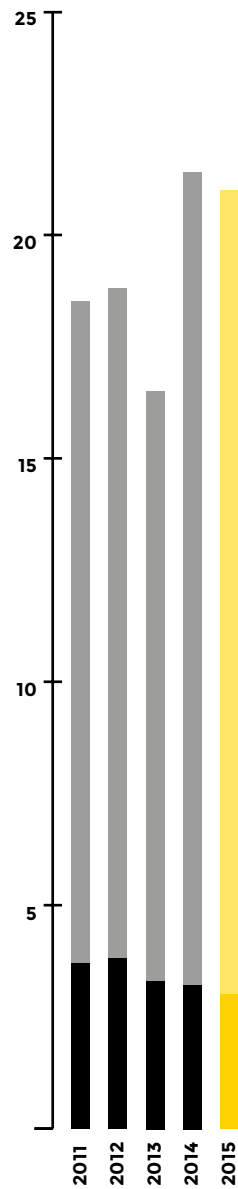
KWH Invest consists of a business unit, Prevox, shareholdings in associates and administration of industrial premises, which are leased to external partners on long leases.

PREVEX

Prevox celebrated its 60th anniversary in 2015. The modest start in the 1950s laid a firm foundation for a company that now supplies 3.4 million complete siphon systems for sink units and wash hand basins every year.

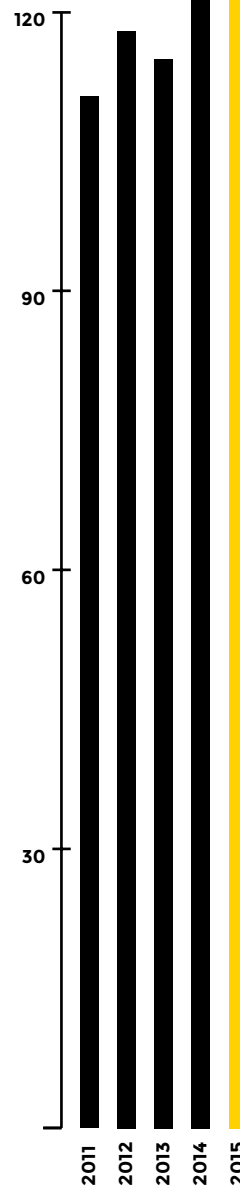
- ENHANCED SALES ORGANISATION
- THE IDEAL SIPHON SOLUTION - EASYCLEAN
- NEW PRODUCTION LINE AND EXPANSION OF OFFICE

KWH INVEST, PREVEX	2015	2014	2013	2012	2011
Turnover, EUR million	21.0	21.4	16.5	18.8	18.5
Change, %	-2	30	-12	2	15
Exports and foreign operations, %	85	85	80	80	80
Share of group turnover, %	5	5	5	6	3
Investments, EUR million	4.6	1.5	1.1	1.3	1.3
Personnel	127	128	115	118	111

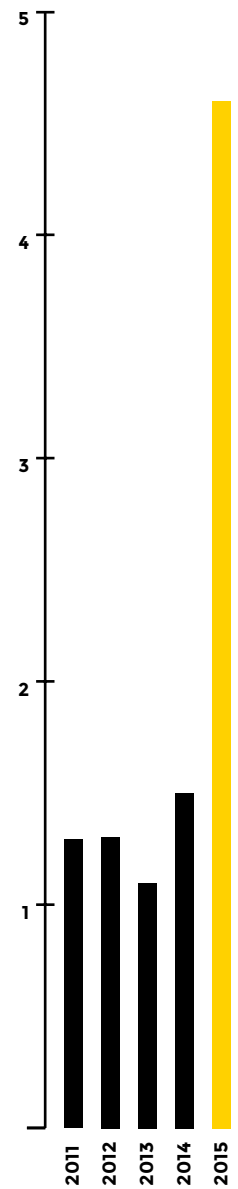


TURNOVER
EUR MILLION

Finland
 Exports and foreign operations

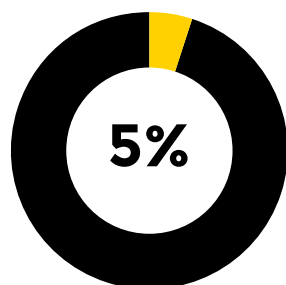


PERSONNEL

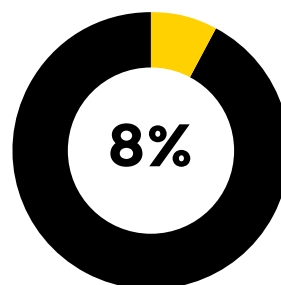


INVESTMENTS
EUR MILLION

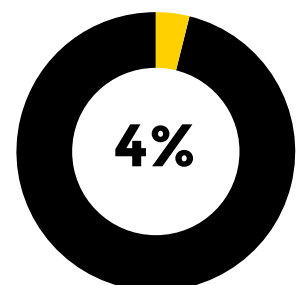
SHARE OF
TURNOVER

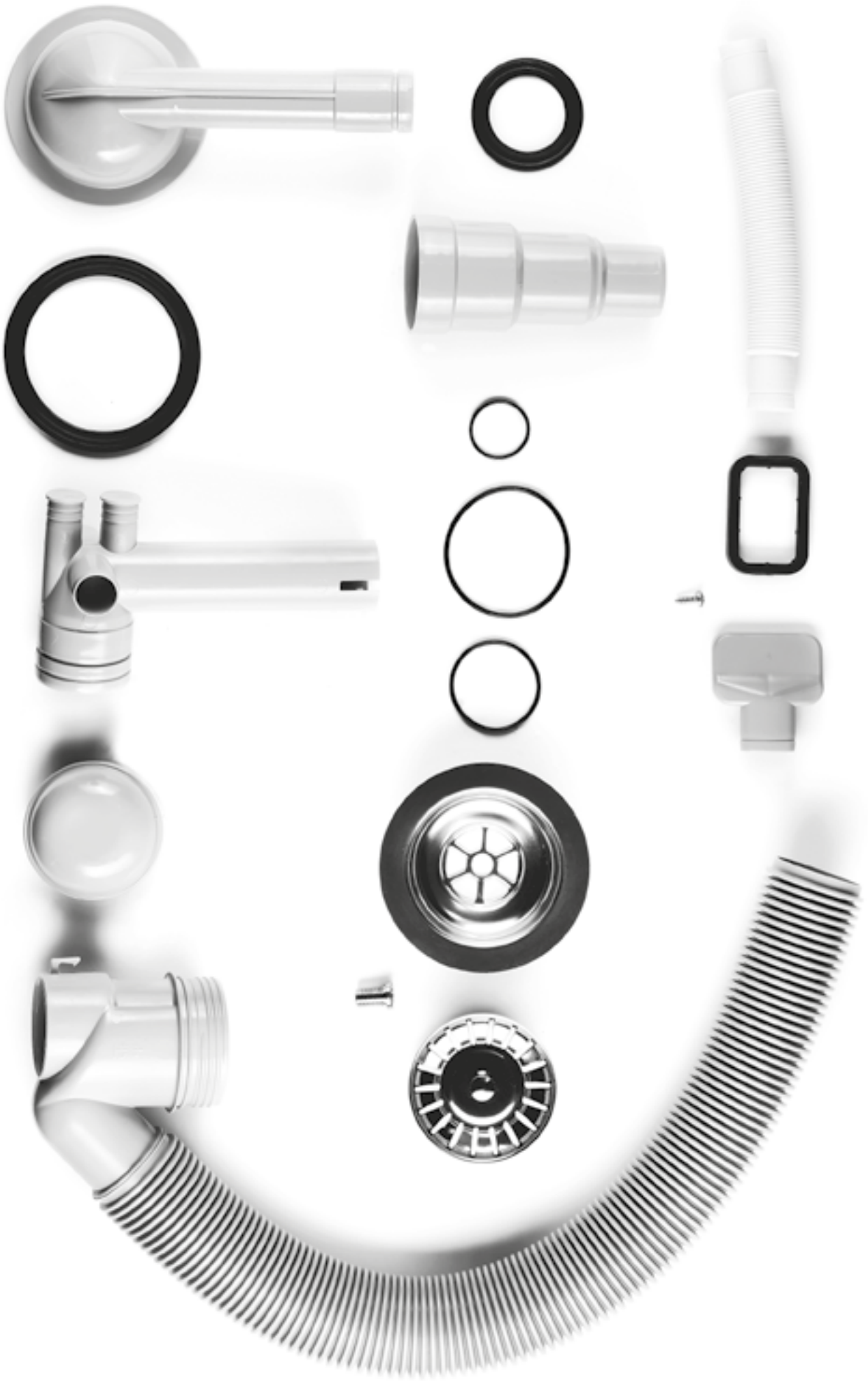


SHARE OF
PERSONNEL



SHARE OF
CAPITAL EMPLOYED







The KWH Group became a part-owner of the Company in 1985. Since 2003, it has been a wholly-owned subsidiary of the Group.

Prevox produces the world's most effective and space-saving siphons. Prevox siphons come pre-assembled, and offer a variety of installation options thanks to their telescopic design. The product design process combines the customers' requirements with cost-effective production methods. This creates effective products offering real value for money, a combination that the market appreciates.

COLLABORATION AND AUTOMATION ARE THE KEYS

The company has actively and successfully developed a close working relationship with several major players, and has earned an excellent reputation as the most reliable and most innovative supplier in the siphon sector. As a result, it is a market leader in its sector in Scandinavia. The company's sales amounted to EUR 21.0 (21.4) million. 85% of the company's output is exported from Finland. The products are delivered either directly from the factory in Finland or via the Prevox central warehouse in Austria.

Production takes place on highly-automated production lines and cells. The workforce plays an active role in ensuring quality, with the aim of constantly improving quality assurance for both products and deliveries, as well as the quality of process monitoring and management. Prevox protects the environment by continuously working to reduce the environmental impact of its production. Both starting points and goals are firmly rooted in the company's quality and environment policies. The company's operations are certified under the ISO 9001:2000 and ISO 14001:2001 quality and environmental management systems.

Prevox works professionally and closely with its partners in developing customer-specific solutions. The sale of spacers and put-together spacer elements for district heating producers in Scandinavia dominates the customer-specific sector. The new generation put-together spacer elements meets all the requirements placed on the district heating sector by the authorities.

THE SALES ORGANISATION HAS BEEN ENHANCED

At the end of the year, the company employed 125 people as against 120 at the same point in the previous year. The average number employed was 127 (128).

The company has continued to strengthen its sales organisation, which is based on its own sales force covering Finland, Scandinavia, Poland, France, Italy and Spain, as well as sales agents in Poland and Central Europe. Prevox has been particularly active at trade fairs such as the ISH Fair in Frankfurt, the Living Kitchen Fair in Cologne and a number of wet-room fairs in Sweden. Prevox introduced a whole new way of thinking when it launched the new bathroom siphon model – EasyClean. The product has been warmly received, and sales are expected to rise. The major advantage of this siphon is easy cleaning.

NEW PRODUCTION LINE AND EXPANSION OF OFFICE SPACE

Prevox invested a total of EUR 4.6 (1.5) million during the year. The construction of a totally new production line enabled the production of the new siphon model to start as planned in December.

Prevox has renovated and enlarged its offices in Nykarleby. Prevox now enjoys a modern office suite with an improved work environment and a more pleasant and safer milieu.

EXCITING OUTLOOK

Despite the current economic climate, growth is expected in 2016. Although the company's overall annual sales fell in 2015, positive growth figures were noted for the main product groups, siphons for wash hand basins and kitchen sink units.



UPONOR INFRA LTD

On 1 July 2013, Uponor Infra Ltd started operations, with the merger of the infrastructure solution business units of the KWH Group and Uponor. Uponor Corporation is Uponor Infra Ltd's majority shareholder (55.3%), and Uponor Infra Ltd is consolidated in Uponor Corporation as the Infrastructure segment. The KWH Group owns 44.7% of the shares.

During 2013–2015, the Company went through a major restructuring process with the aim of generating significant synergy and integration effects. The anticipated goals were reached.

The general economic situation has affected demand on Uponor Infra's most important markets. The climate is not expected to change markedly in the immediate future. Overall demand in the main markets is expected to be stable.

The Company's turnover amounted to EUR 312.0 (351.3) million. During 2015, the operation in Thailand and Extron Ltd in Toijala were sold. Profitability showed some improvement over the preceding year's level, but remains unsatisfactory.

CONSOLIDATED INCOME STATEMENT

EUR 1,000	JAN. 1-DEC. 31, 2015	JAN. 1-DEC. 31, 2014
TURNOVER	364,442	364,093
Other operating income	1,506	2,184
Increase (+) / decrease (-) in inventories of finished goods and work in progress	-1,820	2,616
Production for own use	2,285	2,257
Materials and services	-144,254	-159,682
Personnel expenses	-97,093	-93,337
Depreciation and impairment	-22,178	-21,126
Other operating expenses	-62,233	-59,111
Share of loss in associate	-540	-623
OPERATING PROFIT	40,115	37,271
Financial income	2,221	823
Financial expenses	-4,285	-2,872
PROFIT BEFORE TAXES	38,051	35,222
Income tax expense	-8,661	-7,927
PROFIT FOR THE FINANCIAL YEAR	29,390	27,295
Attributable to:		
Equity holders of the parent company	29,392	27,296
Non-controlling interest	-2	-1
PROFIT FOR THE FINANCIAL YEAR	29,390	27,295
STATEMENT OF COMPREHENSIVE INCOME		
PROFIT FOR THE FINANCIAL YEAR	29,390	27,295
Items that may be reclassified to income statement:		
Share of other comprehensive income in associates		
- net total comprehensive income	509	-1,401
Profits/losses from financial assets available-for-sale		
- net losses	-224	
Cash flow hedges		
- net losses	-2,858	-1,820
- transferred to profit and loss	2,947	406
Translation differences		
- translation differences for the financial year	525	287
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	898	-2,527
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	30,288	24,767
Attributable to:		
Equity holders of the parent company	30,290	24,769
Non-controlling interest	-2	-1
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	30,288	24,767

CONSOLIDATED BALANCE SHEET

ASSETS EUR 1,000	DEC. 31, 2015	DEC. 31, 2014
NON-CURRENT ASSETS		
Intangible assets	10,195	9,810
Goodwill	1,834	2,145
Tangible assets	190,131	177,171
Investment property	1,406	1,465
Investments in associates	73,074	73,105
Financial assets available-for-sale	240	520
Other financial assets	90	60
Deferred tax assets	469	448
	277,439	264,723
CURRENT ASSETS		
Inventories	46,275	47,418
Trade and other receivables	53,346	66,171
Income tax receivables	769	266
Cash and cash equivalents	75,453	49,609
	175,842	163,465
	453,281	428,188

EQUITY AND LIABILITIES EUR 1,000	DEC. 31, 2015	DEC. 31, 2014
EQUITY		
Share capital	3,756	3,756
Share premium reserve	7,931	7,931
Reserve fund	124	124
Translation differences	633	108
Fair value reserve	-1,134	-999
Retained earnings	355,892	331,882
NON-CONTROLLING INTEREST	191	193
EQUITY	367,393	342,996
NON-CURRENT LIABILITIES		
Provisions	1,185	893
Deferred tax liabilities	11,803	10,786
Finance lease liabilities	7,865	8,464
Trade and other payables	418	242
	21,272	20,385
CURRENT LIABILITIES		
Interest-bearing liabilities	13,125	15,844
Finance lease liabilities	634	730
Trade and other payables	50,271	46,226
Income tax liabilities	587	2,008
	64,617	64,808
	453,281	428,188

From the left:

Ola Tidström, Gösta von Wendt, Johanna Nordenswan, Peter Höglund, Henrik Höglund, Sofia Wester, Kurt Betlehem, Kjell Antus.



OLA TIDSTRÖM

Born 1944, Vöyri
M Sc (Econ)
Vice Chairman since 1993
Board Member since 1975

GÖSTA VON WENDT

Born 1945, Kemiönsaari
B Sc (Econ)
Board Member since 1985

JOHANNA NORDENSWAN

Born 1973, Vaasa
M Sc
Board Member since 2015

PETER HÖGLUND

Born 1949, Vaasa
B A
Board Member since 1973
Chairman 1988-1997

HENRIK HÖGLUND

Born 1949, Vöyri
B Sc (Econ)
Chairman since 1998
Board Member since 1974

SOFIA WESTER

Born 1975, Espoo
Hotel and Restaurant Manager
Board Member since 2014

KURT BETLEHEM

Born 1945, Uusikaarlepyy
Business College Graduate
Board Member since 2005

KJELL ANTUS

Born 1965, Mustasaari
M Sc (Econ)
Secretary of the Board since 2002





BOARD OF DIRECTORS

GROUP MANAGEMENT

HANNU UUSI-POHJOLA

Born 1957, Vaasa
Engineer
Head of Division, KWH Logistics
Employed since 2003

PETER HÖGLUND

Born 1949, Vaasa
B A
Group President
Employed since 1975

KJELL ANTUS

Born 1965, Mustasaari
M Sc (Econ)
Head of Division, KWH Invest
Employed since 1989

STEFAN SJÖBERG

Born 1971, Pietarsaari
M Sc (Econ)
Head of Division, KWH Mirka
Employed since 2011

STATUTORY AUDITORS

KJELL BERTS

M Sc (Econ), APA
Ernst & Young Oy

ROGER REJSTRÖM

B Sc (Econ), APA
Ernst & Young Oy

DEPUTY AUDITORS

BENGT NYHOLM

M Sc (Econ), APA
Ernst & Young Oy

KRISTIAN BERG

M Sc (Econ), APA
Ernst & Young Oy

SUPERVISORY AUDITOR

ERNST & YOUNG OY

From the left: *Hannu Uusi-Pohjola, Peter Höglund, Kjell Antus, Stefan Sjöberg.*



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Mirka Scandinavia AB, Sweden
www.mirka.se

Mirka Abrasifs s.a.r.l., France
www.mirka.fr

Mirka Italia s.r.l., Italy
www.mirka.it

**KWH Mirka Ibérica S.A.U.,
Spain**
www.mirka.es

**KWH Mirka Mexicana, S.A. de C.V.,
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www.mirka.com.mx

Mirka Brasil Ltda., Brazil
www.mirka.com.br

**Mirka Asia Pacific Pte Ltd,
Singapore**
www.mirka-asiapac.com

**Mirka Trading Shanghai Co., Ltd,
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www.mirka.com.cn

Mirka Rus LLC, Russia
www.mirka.ru

**Mirka Abrasives Canada Inc.,
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www.mirka.ca

Mirka India Pvt Ltd, India
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Oy Moonway Ab
www.moonway.fi

Oy M. Rauanheimo Ab
www.rauanheimo.com

Stevena Oy
www.stevena.fi

Oy Otto Rodén Ab
www.rodenshipping.fi

A. Jalander Oy
www.jalander.com

Vaasa Stevedoring Oy
www.vaasastevedoring.fi

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