



POUCH IS THE FUTURE

# ELECSTER OYJ

## Annual Report 2015

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## Managing Director's Review



The past year 2015 will remain in Elecster company history as a year of stable positive development, despite of all the disruption in the surrounding world. The dramatic drop in oil price led to problems in quite many of our key customer countries, for example in Russia, Brazil and Colombia, causing decline of their currencies. It is obviously difficult to make investments when your own currency is losing in value, and it showed also in our past year machine delivery figures. But there were countries, which on the contrary profited of this situation, for example India, whose economics gained speed. Thanks to Elecster's world-wide market area, such economical differences partly compensate each other.

One of the major success stories of the year was the operation and development of our packaging material factory in Russia. Another important factor contributing to our good result was a remarkable increase in our trade to some African countries. Traditionally, Latin America has been and still is one of our key market areas. Thanks to excellent references, our market position thus grew even stronger.

In the warm temperature countries, it seems to be a clear world-wide trend to shift to aseptic (UHT) milk instead of pasteurized milk. This change requires investments the size of which is however holding them up. The world's biggest milk producing country, India, is a good example of this trend. In the hot climate conditions, it is always a challenge to keep milk good, which problem can however be solved by using UHT-treatment of milk. India is now set in motion towards UHT-milk however still at an initial stage. From our point of view, the direction is correct but the speed still slow.

In the past year, Elecster participated to a number of international events, the biggest of which was Anuga FoodTec exhibition held in Cologne, Germany, where we exhibited our newest technology, the world's highest capacity pouch packaging machine type EA-16000. Our new products, combined with customer friendly after-sales services are offering safe and competitive total solutions to our customers' needs.

In the current year, we expect the positive development to continue. Russia remains to play an important role. Economic

stability and growth are depending on how the oil price will develop. The Russian economics shows some signs of stabilization, even of slight increase. For us, fluctuation of the exchange rate is a bigger headache than the level of the rate.

In Africa and Latin America, we expect the positive development to continue this year. India and Iran, with the trade sanctions now relieved, might take unawares positive surprises.

In the last few years, we have made significant investments in developing our packaging material printing technology at our factories both in Finland and Russia. Our new Full HD technology has raised the quality of our printing works to a new level. In order to secure the production capacity and efficiency at our packaging material factory in Russia, we will this year invest a new packaging material production line, the installation of which is currently in progress.

This year, Elecster will celebrate its 50<sup>th</sup> anniversary. Since the beginning, the company strongly aims to exports, and to a global nature. Expanding the market area was understood to be an imperative requirement in order to have adequate resources in product development. Our success has always been based on technical superiority, combined with excellent after-sales services. In our year of celebration, we can proudly state to be the 'Number One in Pouch' company. Technology delivered by Elecster is in use in well over 80 countries all around the world. Elecster has always targeted to be a global company, and we will look after it also in coming years.

In our year of celebration, I look up to our long-term partners whom all I wish to thank for the good cooperation throughout these decades. We have had a long journey together and raised Elecster Oyj to one of the leading companies in the world in this sector. I want to thank our shareholders for their patience until today's success. I also thank Elecster's own personnel for the good work done and support in our ongoing project to conquer the world.

In Akaa 1.3.2016  
Jarmo Halonen

## Consolidated Financial Statements, IFRS

### Consolidated income statement

<b>EUR 1.000</b>	<b>1.1.-31.12.2015</b>	<b>1.1.-31.12.2014</b>
<b>Net sales</b>	<b>46 108</b>	<b>45 833</b>
Change in inventories of finished goods and work in progress	-1 735	-1 321
Production for own use	149	491
Other operating income	325	318
Material and services	-20 504	-21 927
Employee benefit expenses	-10 124	-10 345
Depreciation	-2 121	-2 029
Other operating expenses	-7 782	-6 753
<b>OPERATING PROFIT</b>	<b>4 316</b>	<b>4 266</b>
Financial income	1 570	1 236
Financial expenses	-1 954	-2 363
<b>PROFIT BEFORE TAXES</b>	<b>3 932</b>	<b>3 139</b>
Income taxes	-796	-742
<b>PROFIT FOR THE PERIOD</b>	<b>3 136</b>	<b>2 397</b>
<b>NET PROFIT/LOSS ATTRIBUTABLE TO</b>		
Equity holders of the parent	3 084	2 425
Minority interest	52	-27
	3 136	2 397
Earnings per share calculated on profit attributable to equity holders of the parent		
Earnings per share undiluted (EUR), continuing operations	0,82	0,65
Earnings per share diluted (EUR), continuing operations	0,82	0,65

### Statement of comprehensive income

	<b>1.1.-31.12.2015</b>	<b>1.1.-31.12.2014</b>
PROFIT FOR THE PERIOD	3 136	2 397
<b>OTHER COMPREHENSIVE INCOME:</b>		
Exchange difference on translating foreign operations	-778	-2 511
Cash flow hedges, net of tax	0	15
Other comprehensive income, net of tax	-777	-2 496
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2 359</b>	<b>-99</b>
<b>Total comprehensive income attributable to</b>		
Equity holders of the parent	2 307	-69
Minority interest	52	-30
	2 359	-99

## Consolidated Financial Statements, IFRS

### Consolidated balance sheet

EUR 1.000	31.12.2015	31.12.2014
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	731	640
Tangible assets	12 376	12 436
Investments available for sale	420	420
Long-term receivables	769	1 383
Deferred tax assets	350	209
<b>TOTAL NON-CURRENT ASSETS</b>	<b>14 645</b>	<b>15 088</b>
<b>CURRENT ASSETS</b>		
Inventories	15 345	13 521
Trade receivables and other receivables	11 153	10 836
Tax receivable, income tax	164	245
Cash and bank	5 900	4 790
<b>TOTAL CURRENT ASSETS</b>	<b>32 563</b>	<b>29 393</b>
<b>TOTAL ASSETS</b>	<b>47 208</b>	<b>44 480</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	3 152	3 152
Share premium account	4 239	4 239
Fair value reserve	-21	-22
Other reserves	103	98
Translation differences	562	316
Retained earnings	12 300	11 294
	20 334	19 076
Minority interest	1 049	998
<b>SHAREHOLDERS' EQUITY</b>	<b>21 383</b>	<b>20 074</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability	586	612
Long-term liabilities, interest-bearing	11 723	10 239
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>12 310</b>	<b>10 851</b>
<b>CURRENT LIABILITIES</b>		
Short-term interest-bearing liabilities	6 948	8 406
Trade payables and other liabilities	6 411	5 032
Tax liability, income tax	157	118
<b>TOTAL CURRENT LIABILITIES</b>	<b>13 515</b>	<b>13 555</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47 208</b>	<b>44 480</b>

## Key indicators

### Financial indicators

<b>1000 EUR</b>	<b>IFRS 2015</b>	<b>IFRS 2014</b>	<b>IFRS 2013</b>	<b>IFRS 2012</b>	<b>IFRS 2011</b>
Net sales	46 108	45 833	45 349	43 856	45 407
Net sales change, %	0,6 %	1,1 %	3,4 %	-3,4 %	15,3 %
Operating profit	4 316	4 266	3 531	3 401	3 403
% of net sales	9,4 %	9,3 %	7,8 %	7,8 %	7,5 %
Profit before extra-ordinary items and taxes	3 932	3 139	2 853	2 953	2 836
% of net sales	8,5 %	6,8 %	6,3 %	6,7 %	6,2 %
Return on equity, %	15,1 %	11,6 %	11,0 %	11,3 %	11,9 %
Return on investment, %	12,7 %	12,4 %	10,6 %	11,4 %	11,3 %
Balance sheet total	47 208	44 480	43 251	44 044	43 474
Equity ratio, %	45,7 %	45,7 %	49,7 %	47,6 %	44,8 %
Gearing, %	59,7	69,0 %	51,5 %	63,1 %	75,2 %
Gross investments	2 276	3 985	2 261	1 176	928
% of net sales	4,9 %	8,7 %	5,0 %	2,7 %	2,0 %
Research and development	1 081	1 033	1 054	1 061	942
% of net sales	2,3 %	2,3 %	2,3 %	2,4 %	2,1 %
Average number of personnel during year about which abroad	325 175	333 180	343 184	338 180	335 174

### Adjusted share-related indicators

	<b>IFRS 2015</b>	<b>IFRS 2014</b>	<b>IFRS 2013</b>	<b>IFRS 2012</b>	<b>IFRS 2011</b>
Earnings per share, eur	0,82	0,65	0,60	0,59	0,54
Earnings per share (diluted), eur	0,82	0,65	0,60	0,59	0,54
Dividend per share (A-share), eur	0,30 *)	0,28	0,26	0,25	0,22
Dividend per share (K-share), eur	0,30 *)	0,28	0,26	0,25	0,22
Dividend per earnings, %	36,6 %	43,1 %	43,3 %	42,3 %	40,7 %
Effective dividend yield, %	4,1 %	4,8 %	4,3 %	5,3 %	5,3 %
Equity per share, eur	5,43	5,09	5,37	5,22	4,82
Price per earnings ratio (P/E-ratio)	9	9	10	8	8
Trading volume (A-share), 1000 pcs	415	228	204	223	240
% average number of shares	22,8 %	12,5 %	11,2 %	12,3 %	13,2 %
Average number of shares	3 748 116	3 748 116	3 748 116	3 748 116	3 748 116
Number of shares at the end of period					
A-share	1 820 116	1 820 116	1 820 116	1 820 116	1 820 116
K-share	1 928 000	1 928 000	1 928 000	1 928 000	1 928 000
Adjusted share (A-share)					
lowest share price, eur	5,75	5,56	4,60	4,00	3,40
highest share price, eur	7,50	6,50	6,30	4,88	4,83
share price at December 31, eur	7,26	5,85	6,05	4,75	4,16
Market capitalization of shares December 31, euros millions	27,2	21,9	22,7	17,8	15,6

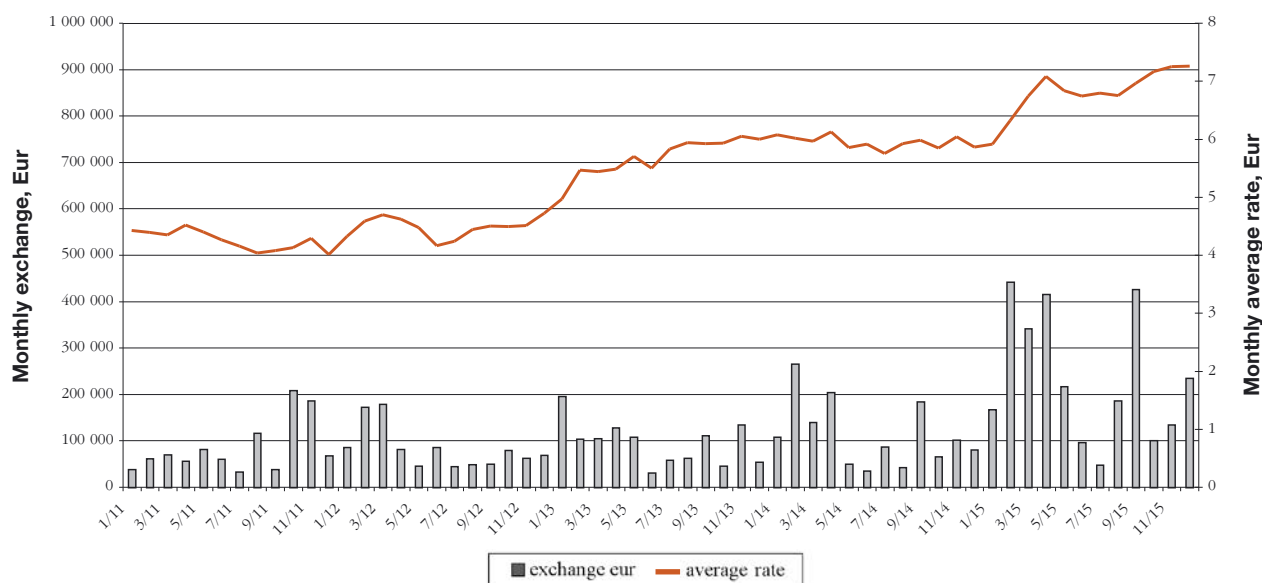
\*) proposal by the Board of Directors

## Calculation of key figures

Return on equity, %	$\frac{\text{Profit before extra-ordinary items and taxes - direct taxes}}{\text{Total equity (average)}} * 100$
Return on investments, %	$\frac{\text{Profit before extra-ordinary items and taxes + interest expences and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities (average)}} * 100$
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - advance payments received}} * 100$
Gearing, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Total equity}} * 100$
Earnings/share	$\frac{\text{Profit before extra-ordinary items - taxes - +/- minority interest}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity/share	$\frac{\text{Equity attributable to shareholders of parent company}}{\text{Adjusted numbers of shares at 31 December}}$
Price/earnings ratio (P/E)	$\frac{\text{Adjusted share price at 31 December}}{\text{Earnings/share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Adjusted share price at 31 December}} * 100$

## Exchange of shares and turnover

Exchange of shares and average rate  
1/2011 - 12/2015



Share  
A-share

Share price 31 Dec 2015  
7,26

Lowest price  
5,75

Highest price  
7,50

Trading volume  
414.755

%- of A-share  
22,8

## Share information

### Principal shareholders on December 31st, 2015

	A-share	K-share	%-of shares	%-of votes
1. Finha Capital Oy	509 179	520 000	27,46 %	27,06 %
2. Okuli Oy	70 000	957 920	27,42 %	45,73 %
3. Halonen Irma	3 700	388 760	10,47 %	18,44 %
4. Mandatum Henkivakuutusosakeyhtiö	117 000		3,12 %	0,55 %
5. Mandatum Life Unit-Linked	100 000		2,67 %	0,47 %
6. Määttä Mikko	80 000		2,13 %	0,38 %
7. Tam-Kraft Oy	59 713		1,59 %	0,28 %
8. Nordea Henkivakuutus Suomi Oy	50 000		1,33 %	0,24 %
9. Halonen Jukka	11 950	26 280	1,02 %	1,30 %
10. Tilander Tapio	35 202		0,94 %	0,17 %

At the end of 2015, the members of Elecster's Board of Directors, Managing Director and the corporations in their authority hold a total 48.760 shares.

These shares represent 1,30 percent of the total share capital and 1,35 percent of voting rights.

### Structure of share capital on December 31st, 2015

Series of shares	Number of shares	% of shares	% of votes	Share capital Eur
K-shares	1 928 000	51 %	91,37 %	1 621 331,61
A-shares	1 820 116	49 %	8,63 %	1 530 607,68
Total	3 748 116	100 %	100,00 %	3 151 939,29

### Distribution of shareholding on December 31st, 2015

#### Breakdown of shareholding

	Number of shares	Number of shareholders	% of shareholders	Shares	% of shares
	1-100	353	31,13 %	20 315	0,54 %
	101-1 000	620	54,67 %	250 502	6,68 %
	1 001-5 000	125	11,02 %	257 956	6,88 %
	5 001-10 000	18	1,59 %	130 394	3,48 %
	10 001-100 000	14	1,23 %	516 755	13,79 %
	100 001-	4	0,35 %	2 566 559	68,48 %
Total		1 134	100,00 %	3 742 481	99,85 %
Number of shares not entered in the book entry systems				5 635	0,15 %
Number issued				3 748 116	100,0 %

#### According to shareholders

	Number of shareholders	% of shares
Companies	63	59,28 %
Credit and insurance institutions *)	9	7,56 %
General Government	1	0,03 %
Non-profit institutions	4	0,06 %
Households	1 053	32,83 %
Foreign owners	4	0,09 %
Number of shares not entered in the book entry system		0,15 %
Total	1 134	100,00 %

\*) Also the administratively registered shares are included in this figure.

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