

# Annual Report 2016



Skellefteå Kraft

# This is Skellefteå Kraft

We are striving to become Sweden's top energy company and view ourselves as the industry challenger. We put the customer and the customer's needs first and are a driving force in the work to create a sustainable future by investing in our own renewable energy production and in research and development. The mission of our owner, Skellefteå Municipality, is to secure the region's energy supply while creating profitable growth that promotes development of the region.

## Our operations

Skellefteå Kraft is one of Sweden's five largest electricity producers and the largest of the municipally-owned power companies. Our production is concentrated in northern Sweden and we have our own production plants for wind power, hydropower, thermal power and bioenergy.

### Energy production

We produce electricity from renewable energy sources. The majority of the electricity comes from hydropower and wind power in Norrland. In 2016, a total of 762 GWh of heat and 4,056 GWh of electricity was produced.

### Electricity grid

Our electricity grid is 12,000 km long and is available in nine municipalities. It is one of Sweden's regional networks.

### District heating

Our largest district heating network is located in Skellefteå, and we also have several smaller networks in the region. Our district heating is produced primarily with the use of biofuels.

### Fibre-optic network

We build and own the fibre-optic network in Skellefteå and its environs. Eight out of ten municipal inhabitants have access to one of Sweden's fastest and best networks.

### Development for the future

We are investing in research and cooperation projects to develop the energy supply of tomorrow.

### Customer focus

We put customers and their needs first. The goal is to be perceived as Sweden's best energy company.



**609 employees\***



**Motivated Employee Index**



We are responsible for a total of  
**12,000 km of electricity grid**



Share of renewable energy production  
**87.4%**



Best customer service  
**5 consecutive years**



**Our profit**  
SEK 437 million

\*The average number of employees in 2016 was 578.

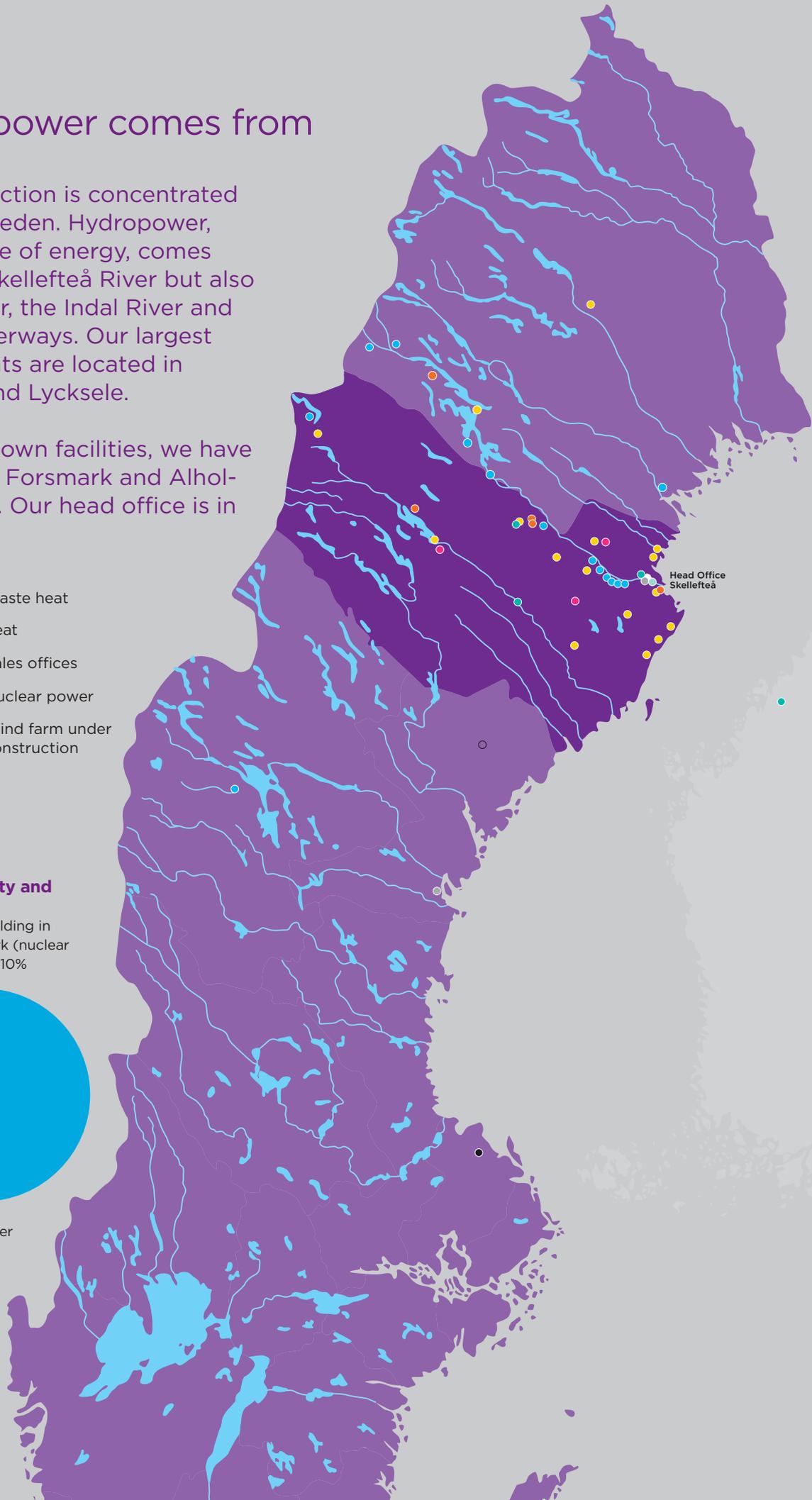
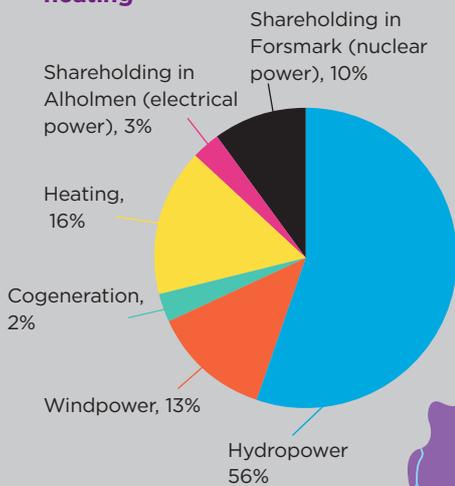
## Where the power comes from

Our energy production is concentrated in the north of Sweden. Hydropower, our primary source of energy, comes mainly from the Skellefteå River but also from the Pite River, the Indal River and some smaller waterways. Our largest cogeneration plants are located in Skellefteå, Malå and Lycksele.

In addition to our own facilities, we have equity interests in Forsmark and Alholmen in Jakobstad. Our head office is in Skellefteå.

- Hydropower
- Wind power
- District heating
- District cooling
- Cogeneration
- Waste heat
- Peat
- Sales offices
- Nuclear power
- Wind farm under construction

### Production mix electricity and heating



# Board of Directors' report

## Operations

Skellefteå Kraft is a fictitious group consisting of the municipal administration Skellefteå Kraftverk (the parent company) and the sub-group Skellefteå Kraftaktiebolag. The purpose of this report is to present the performance and financial position of the municipality's total energy business. The report is thus a summation of the performance and position of the company sphere and Skellefteå Kraftverk. The sub-group Skellefteå Kraftaktiebolag has been reviewed by the company's auditor and the municipal committee Skellefteå Kraftverk has been reviewed by Skellefteå Municipality's auditor. The fictional consolidated financial statements have not been reviewed, however, as there is no requirement for such a review.

The consolidated financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice and guidelines, 2012:1 Annual report and consolidated financial statements (K3). For more detailed information, see the section Accounting and valuation principles.

The company sphere encompasses Skellefteå Kraftaktiebolag with its wholly-owned subsidiaries Skellefteå Kraft Elnät AB, Skellefteå Kraft Energihandel AB, Skellefteå Kraft Service AB, Greenwind AB, Skellefteå EnergiUnderhåll HB (under liquidation), Energiservice Skellefteå AB and Skellefteå Kraft Fibernät AB.

The political parties in the municipality nominate candidates for the boards of the municipality-owned companies. The nomination takes into consideration aspects like gender, age and geographical place of residence. The Municipal Council appoints the board prior to each term. Skellefteå Kraft's current Board of Directors consists of nine members (no substitutes), three women and six men. Alf Marklund is the Chair.

Skellefteå Kraft is Sweden's fifth largest power producer, with its own production facilities for wind power, hydro-electric power, heat and bioenergy. Its operations are mainly located in Västerbotten and comprise both technical development and sales and supply. With extensive investments in renewable energy production, the company is driving the development of renewable energy in Sweden. Skellefteå Kraft has its own electricity grids and provides energy and maintenance services. Its operations also extend to real estate leasing and fibre-optic network.

In ownership directives, the owner has stated that the Group shall create profitable growth conducive to the development of the region. In brief, this means the Group will secure the region's energy supply, create a good infrastructure within energy, telecommunications and data communication and provide the region with capital and business expertise.

Society is entirely dependent on access to reliable and competitive energy. For Skellefteå Kraft, sustainable energy production means that the production and supply of energy are managed responsibly and with an awareness of the environmental and social impact. Skellefteå Kraft strives for resource-efficient investments and holdings in renewable energy in order to eventually achieve 100 per cent sustainability. Read more about Skellefteå Kraft's responsibility in the Group's Sustainability Report.

The Annual Report and Consolidated Statements are written in SEK millions, unless otherwise stated.

## Significant events during the financial year

Operating profit exceeded the plan but was SEK 54 million lower than in 2015, primarily related to lower earnings from wind power business due to low average winds. The efficiency programmes initiated in recent years are running according to plan and have thus far provided profit increases of over SEK 150 million.

The price of electricity continued to decrease during the first half of the year, but has since recovered. For all of 2016, the electricity prices in Sweden have been higher than in 2015, however, the average revenue from electricity production was lower in total than last year, as the hedging has no longer yielded the same profit reinforcement. Skellefteå Kraft's average electricity revenue was around SEK .01/kWh lower than in 2015, which corresponds to a negative impact of approximately SEK 40 million.

The year began with reservoir levels higher than usual, but the runoff has been significantly lower than normal, meaning that by the end of the year, the reservoirs were filled to 45% (normally 61%). Hydropower production was 46 GWh more than in a normal year.

Wind-wise, 2016 has been a weak year, and Skellefteå Kraft's facilities have thus produced far less than planned. The third stage of the Blaiken wind farm has been in full operation, and stage four has started producing towards the end of the year. Despite the additional turbines, annual production has been lower than last year, which has yielded a negative result for wind power business. Skellefteå Kraft's oldest farm in Uljabuouda has not reached the availability values in line with other farms and has been written down by SEK 60 million this year.

The temperature has been warmer than normal but the heating business still continues the trend of recent years with increasing profits. The previously implemented restructuring of the heating business continues to yield improved performance, and this, together with good fuel prices and the positive impact of the new flue gas condensation unit at Hedensbyn, has meant that earnings have increased by SEK 22 million compared with the previous year.

During the year, a broad political agreement within the energy sector has, inter alia, led to capacity tax on nuclear power being removed and property tax on hydropower being reduced. This means that hydropower will be subject to competitive market rules and that a reversal of a previous write-down within hydropower of approximately SEK 54 million has been implemented.

The number of private customers has continued to increase and this year's customer satisfaction survey shows that the company's customers are still more satisfied than the energy industry as a whole. The company also won the prize for Sweden's best customer service for the fifth consecutive year.

The storm Elvira caused disruptions in the electricity grid in early June which has affected the grid's earnings in the form of repairs and outage compensation. Weatherproofing the grid means continued large investments. During the year, a decision was made to invest in the replacement of existing

household meters to cope with new requirements such as hourly readings and the management of micro-production.

Skellefteå Kraft has decided during the year to, together with Fortum, invest in the construction of the Solberg wind farm Solberg on the border with Västernorrland County.

The construction of the farm started in 2016 and is scheduled for completion by year-end 2017/2018. During the year, the fourth and final stage of the Blaiken wind farm has also been completed and it is now, with its 99 turbines, one of Europe's largest land-based farms.

Broadband operations have continued to show good growth in customer base and profitability. The need for bandwidth continues to grow in pace with the increasing digitisation of society. In addition, residential construction in Skellefteå's central district continues to grow. Overall, this means there continues to be a good demand for both fibre optic connections and internet services with a high bandwidth.

Energiservice Skellefteå AB has had a first fiscal year in which the financial targets have been exceeded and the business has expanded. Efforts to create an effective management model for client and provider functions and to establish facility-controlled maintenance continue and are being developed gradually.

Skellefteå Kraftaktiebolag (SKAB) owns 48.7% of Norrlands Etanolkraft AB (NEKAB), which in turn owns 70% of SEKAB BioFuel Industries AB (SEKAB) and related subsidiaries. During the year, SEKAB has shown lower earnings than expected due to reduced demand and falling market prices. This, combined with a downward adjustment to expected earning capacity in the long term, has led to Skellefteå Kraft writing down the shares in NEKAB in the amount of SEK 68 million. The Skellefteå Kraft Group's results are not affected by the write-downs in the parent company.

In order to facilitate active and courageous work in the development of new products and services, autumn saw the creation of a new business area which will be responsible for positioning the company in the forefront of the market by driving development and future projects in line with our strategy. The first focus areas are sun and charging, as well as a focus on attracting energy-intensive industries to northern Sweden. The new organisation is responsible for coordinating the work within research, development and innovation. Skellefteå Kraft also supports research and development within the energy sector, mainly in collaboration with industry organisations and universities.

## Significant events following the financial year's end

In January 2017, the County Administrative Board of Västerbotten decided to allocate Skellefteå Kraft Fibernät AB project aid under the Rural Development Programme for the connection of households and businesses in some 30 sparsely populated villages in Skellefteå Municipality. Along with the decisions to provide aid made by the County Administrative Board in autumn 2016, which covered some 10 villages, total agreed funding for expansion during the years 2017 to 2019 amounts to SEK 34 million.

Skellefteå Kraft and Vattenfall are engaged in a joint initiative to get energy-intensive industries from around the

world to establish themselves in Sweden. In connection with this, there was a joint acquisition of The Node Pole (North Sweden Datacenter Locations AB) in February 2017, a company that has been working on attracting data centre operations to Norrbotten. The company becomes a jointly-owned associated company that will market the region internationally. At the same time, Skellefteå Kraft is forming a wholly-owned subsidiary, Skellefteå Kraft Industry Locations AB, which will develop appropriate sites for energy-intensive industries in the surrounding region.

At the beginning of 2017, prices of electricity certificates have been significantly lower than before.

The hedging carried out in previous years, however, is dampening the impact of the price drop on the Group in 2017, but if the prices of certificates continue to be low for a longer period, the earnings impact will be felt for our renewable production.

## Multi-year overview

The Group	2016	2015	2014	2013	2012
Net turnover	3,369	3,459	3,800	4,250	4,606
Operating profit/loss (EBIT)	437	491	486	327	663
Balance sheet total	11,366	11,376	11,069	10,650	10,505
Equity	5,663	5,497	5,085	4,936	4,994
Return on equity (before tax), %	6.9	12.3	8.0	3.2	12.6
Equity ratio, %	49.8	48.3	45.9	46.3	47.5
Number of employees	578	599	624	637	634

Notes: The year 2012 above is not recalculated according to K3.

The comparatively low return in 2013 is due primarily to the impairment of assets, inter alia, linked to the decision to discontinue the production of pellets. The revenue decrease as of 2012 is due to the falling electricity price trend which has gradually affected the company.

For further key ratios, refer to page 11.

## Staff

Skellefteå Kraft's vision is to become Sweden's top energy company. To achieve this vision, it is crucial to have happy and motivated employees. Skellefteå Kraft therefore has the goal of becoming the sector's best employer and working actively to become an attractive workplace and to secure current and future expertise. The Group offers exciting work assignments and unique professional development, for example within the field of wind power in cold climates. Every year, Skellefteå Kraft takes on students working on degree projects, interns and around 70 summer workers.

The results of the employee surveys show that the company has satisfied employees and a good leadership. The company is also actively engaged in various development areas such as equality and diversity, health and safety and corporate culture.

In 2016, the focus has been on developing our working methods, clarifying our vision and strategy, implemented process mapping and various training initiatives.

For more detailed information, see Skellefteå Kraft's sustainability report.

## Environment

The Group runs 51 operations subject to a permit requirement and 31 operations subject to a mandatory notification requirement under the Swedish Environmental Code. Of the operations subject to a permit requirement, nine are combustion plants for district heating and electricity, two permits relate to wind farms and ten relate to permits for the interim storage and transportation of hazardous waste. Furthermore, twenty-five permits are for the handling of flammable products, two water-related rulings pertain to district cooling and the use of river water, and three concession permits relate to peat cutting.

Of the 31 operations subject to a mandatory notification requirement, 27 relate to biofuel-based production of district heating, three relate to wind turbines and one relates to the establishment of a fuel plan. All operations have valid permits. In 2014, Skellefteå Kraft submitted an application for review of the operations at Skogsbacka and Forsbacka. The review relates to the Group's thermal power plant and hot water station in the locality of Lycksele. The permits are being renewed, as they are older than ten years, which means they can be reviewed at the request of the supervisory authority. Skellefteå Kraft has therefore subjected the operations to voluntarily review; no changes are occurring during ongoing operations. Because of the heavy workload of the County Administrative Board, a decision is not expected until 2017.

At the plant in Hedensbyn, the flue gas condensation unit is now in full operation. During the year, construction began on a new wind farm in Solberg together with Fortum. The wind farm to be erected will consist of a total of 22 turbines and is scheduled for completion by year-end 2017/2018.

The operations that are subject to a permit requirement impact the environment in that cogeneration and heat production involve the burning of wood fuel, peat and oil, which in turn results in airborne emissions. The emissions consist of both fossil CO<sub>2</sub> from peat and oil, biogenic CO<sub>2</sub> from wood fuel, NO<sub>x</sub> and a certain quantity of sulphur and dust. All of our facilities are equipped with different types of purification systems for flue gases, and at our facility in Hedensbyn there is also equipment for NO<sub>x</sub> reduction.

On 21 November, the Group Management decided to initiate a project to prepare a sustainable decommissioning of our peat production and peat use. The aim is for the decommissioning to be complete no later than 2030.

For more detailed information, see Skellefteå Kraft's sustainability report.

## Future development

Skellefteå Kraft continues its work with a focus on core business and on the rationalisation of internal processes in order to ensure an operation capable of providing a good return even if electricity prices remain at a low level for

some time to come. At the same time, the Board has decided on a new strategic framework for active and courageous work in the development of new products and services in the future digitised energy landscape. The first focus areas are already initiated and include sun and charging, as well as a focus on attracting energy-intensive industries to northern Sweden.

The Energy Commission's final report, presented in January 2017, revealed among other things that in addition to the five parties, as many as seven out of eight parties are behind the agreement that the reduction of property tax on hydropower should be reduced to the same level as applies for most other electricity production plants, i.e. 0.5 %. For Skellefteå Kraft, this is an important outcome that provides stable long-term market rules for hydropower. Furthermore, the Energy Commission states in its report that the goal for 2040 is 100% renewable electricity production and that Sweden will have a robust electrical system with high security of supply, low environmental impact and electricity at competitive prices. The national policy thereby indicates its clear recognition and support of the production mix and the future strategy that Skellefteå Kraft has chosen with ownership and further investments in renewable power – mainly water and wind.

## Risk management

The definition of risk is events that, if they occur, would negatively impact the company's objectives. Risk is an active component in all business activity. The higher the risk, the higher the profit margin required. Balancing risk versus profit margin is called risk management and is one of the cornerstones of any business and a priority focus area.

For Skellefteå Kraft, the focus is on business risks and its two main areas; operational risks and financial risks. The goal is to create a functional level of control over future cash flows and earnings. The acceptable level of risk is determined by ownership directives and the company's ability to bear risks.

### Operational risks

Market changes and political risks are managed at the executive level for the company and the business areas through continuous monitoring and as an important parameter in all business decisions. The greatest political risks are found in the areas of energy taxation and environmental policy which, from time to time, can alter the economic competitiveness of different energy solutions. Examples of these risks include price regulation within electricity distribution and transmission and other changes to the regulatory framework governing the energy industry, such as changes in taxes, environmental fees and rules regarding environmental certificates and emission rights. Political decisions are mainly influenced by participating in referral management and public debate.

Information is the basis for all decisions. Incorrect and inaccurate information or information disruptions threaten not only the survival of the company, but can also be disseminated via mass media and IT and be directly subversive. The

information risk is limited, inter alia, through compliance with and upgrading and annual audits of our communication plan and the company's guidelines for information security that exist to improve the information flows within the company and prevent interruptions and intrusions.

Privacy risks consist primarily of criminal acts performed by individuals or organisations with the intention and for the purpose of personal gain or harming the company.

Facility risks relate to unforeseen damage to physical property, possibly accompanied by a disruption cost of greater or lesser extent. These risks are covered by property insurance, third party liability insurance and business interruption insurance. The risk-taking is regulated with deductibles.

Liability insurance covers compensation claims by third parties. The coverage level has been assessed based on the operation's maximum needs. Exceptions exist for compensation claims which may arise as a result of dam failures. There is strict liability regarding dam failure.

A great deal of work has been put into improving dam safety, for example with the help of the quality system RIDAS (Guidelines for Dam Safety), which includes all factors such as the technical design of dams, measurement, monitoring, supervision, inspection and information. There are special external auditors designated to verify compliance with the guidelines.

The risk of dam failure must be considered negligible. All dams in the country have been classified on the basis of the consequences that may arise in the event of dam failure. Certain dams, where failure is expected to lead to extensive personal injury and property damage, have been placed in the highest class – Class 1. Class 3 relates to low-fallout dams, where lower demands are imposed on the design.

Skellefteå Kraft has six dams belonging to Class 1, two belonging to Class 2 and some thirty dams belonging to Class 3.

Skellefteå Kraft has, in group form together with Sweden's largest dam owner, taken out liability insurance directly with companies on the international reinsurance market. The insurance covers personal injury and property damage as well as economic loss caused by dam failure. The maximum insured amount is SEK 10,000m, with a limit of SEK 8,950m for economic loss. For Skellefteå Kraft's part, the amount should be sufficient unless other major dam failures occur in the same year.

### Financial risk management

The financial risks include currency risks, interest rate risks, credit risks, refinancing risks, liquidity risks and cash flow risks. These are regulated at a comprehensive level in the policy documents "Finanspolicy Skellefteå kommunkoncern" (Finance Policy Skellefteå Municipal Group) and "Regler för finans- verksamheten i Skellefteå kommun" (Rules for Financial Activities in Skellefteå Municipality).

In addition to these overarching policy documents, Skellefteå Kraft's Board of Directors has also established a Risk Policy which is a more detailed framework for the Group's entire operations. The policy is supplemented by a set of guidelines which establish detailed frameworks for the financial risk exposure within different areas, as well as how monitoring and reporting are to be done.

### Currency risks

Currency exposure, mainly in EUR, arises in connection with the procurement of goods and fuels from foreign suppliers and in conjunction with physical or financial power transactions with Nord Pool, Nasdaq or a foreign counterpart.

### Interest rate and liquidity risk

The liquidity risk is reduced by Skellefteå Stadshus AB's internal bank guaranteeing Skellefteå Kraft's liquidity based on established forecasts of needs.

As of 31 December 2016, Skellefteå Kraft Group's external loan debt amounted to SEK 3.875 billion (3.876) with an average fixed-interest term of 2.9 years (3.0). Of the loan stock, 25% (28) had a variable rate.

The interest rate risk is managed by Skellefteå Stadshus AB's internal bank by means of the interest due on the debt portfolio being spread out over time. Most of the fixed-interest term is distributed relatively evenly within a 6-year period. A benchmark is that the fixed-interest term should on average be between 3-4 years with a deviation of 1.0 year in either direction. The market situation affects the current fixed-interest term.

### Credit risk

Credit risks attributable to accounts receivable are managed in the operative organisation. Credit risks associated with bilateral electricity trading are treated as counterparty risk and regulated in guidelines for power trading. The highest individual loan loss which may occur is in the order of SEK 50-80 million.

### Power trading risks

Power trading risks refer primarily to the risks associated with trading for Elspot and electricity futures and forward contracts (elterminaler). For the management of these risks, there are guidelines for electricity trading that describe how the risk management works and which clarify roles and responsibilities and establish trade mandate.

Power trading risks include currency risks, counterparty risks and market risks on electricity. Counterparty risk when trading via Nasdaq is eliminated since Nasdaq acts as counterparty in its clearing system. Clearing means that the actors on the Nasdaq Stock Market provide security for their obligations.

Our trading activities are divided in a structure comprising several portfolios that represent different parts within production and sales. The portfolios are filled with forecasts regarding future contracts which are thus hedged internally via Skepool. The production and sales operations are responsible for these forecasts. The forecasts are processed according to an established hedging strategy. The volumes from the portfolios are subsequently hedged on the Nasdaq Stock Market. In the production portfolio, there is a volume risk as a result of rainfall variations. This risk is limited via a mandate for the optimisation of production (OPT) that can be initiated depending on the hydrological balance and price level on the futures market.

## Sensitivity analysis

In the short term, earnings are not affected by an electricity price fluctuation in the end-user market due to fixed margins and the hedging described above. On the other hand, a lasting change of SEK .01 with regard to Nord Pool's futures prices has an impact of around SEK 40m per year on earnings under normal production conditions and depending on the time horizon.

A change in the selling price of district heating of SEK .01 affects earnings by nearly SEK 7 million.

During a “dry year”, i.e., low rainfall, a loss of production in the realm of 800 GWh is possible. The loss of production can be offset with a multi-year storage of around 150 GWh and external purchases of 650 GWh. These external purchases can increase costs for the Group by SEK 200m.

In a year of extremely high rainfall, a production increase of almost 500 GWh can be achieved, representing a revenue increase of SEK 100-150 typically.

Of the loan stock, 75% has a fixed interest rate. An interest rate change of +/- 1% would have a short-term impact on the net interest income of +/- SEK 9.7m (10.9), if no actions were taken. A long-term change in interest rate would have an impact on the net interest income of +/- SEK 39m (39), with the same assumption.

## Appropriation of profits

Skellefteå Kraft's profit was SEK 122,000,000 after balance-sheet appropriations.

According to a decision of the Municipal Council, the contribution has been paid to the municipality as compensation for capital invested in power plant operations.

## The Group's Profit and Loss Statement, SEK (million)

	2016	2015
<b>OPERATING INCOME</b>		
Net turnover	3,369.3	3,458.5
Capitalised production costs	21.7	52.8
Other operating revenues	10.5	14.6
Total income	3,401.5	3,525.9
<b>OPERATING COSTS</b>		
Energy and production costs	-1,600.2	-1,709.5
Other external costs	-534.2	-498.5
Staff costs	-428.0	-446.5
Depreciation and amortisation	-402.6	-372.8
Other operating costs	-2.5	-10.3
Share in associated company profits	2.6	2.8
Total costs	-2,964.9	-3,034.8
<b>OPERATING PROFIT/LOSS</b>	<b>436.6</b>	<b>491.1</b>
Profit/loss from other securities and receivables which are fixed assets	26.2	254.3
Other interest income and similar profit/loss items	9.8	0.9
Interest charges and similar profit/loss items	-87.6	-97.5
Financial items, net	-51.6	157.7
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>385.0</b>	<b>648.8</b>
Balance-sheet appropriations	0.0	0.0
Tax on profit/loss for the year	-71.9	-42.8
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>313.1</b>	<b>606.0</b>

## The Group's Balance Sheet, SEK (million)

	31/12/2016	31/12/2015
<b>ASSETS</b>		
Non-current assets		
Intangible fixed assets	24.7	0.0
Tangible fixed assets	9,232.8	9,237.9
Shares in associated companies	53.0	34.3
Receivables from associated companies	490.1	465.7
Other long-term securities holdings	8.4	8.4
Other long-term receivables	362.7	340.5
<b>Total fixed assets</b>	<b>10,171.7</b>	<b>10,086.8</b>
Current assets		
Inventories	103.1	111.0
Accounts receivable	190.4	225.3
Receivables from associated companies	50.4	13.6
Other receivables	123.4	166.9
Prepaid expenses and accrued income	372.1	355.2
Cash and cash equivalents	355.0	417.1
<b>Total current assets</b>	<b>1,194.4</b>	<b>1,289.1</b>
<b>TOTAL ASSETS</b>	<b>11,366.1</b>	<b>11,375.9</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
Basic capital	204.0	204.0
Unrestricted reserves	5,145.5	4,687.4
Profit/loss for the year	313.1	606.0
<b>Total equity</b>	<b>5,662.6</b>	<b>5,497.4</b>
Non-current liabilities		
Liabilities to credit institutions	3,875.4	3,869.9
Provisions for pensions	33.2	43.5
Other provisions	26.5	26.8
Provision for taxes	886.5	814.6
Other liabilities	103.1	90.9
<b>Total long-term liabilities</b>	<b>4,924.7</b>	<b>4,845.7</b>
Current liabilities		
Liabilities to credit institutions	0.0	6.1
Advances from customers	5.7	3.8
Accounts payable	322.5	602.1
Tax liabilities	11.1	53.6
Other liabilities	122.9	95.7
Accrued expenses and deferred income	316.6	271.5
<b>Total short-term liabilities</b>	<b>778.8</b>	<b>1,032.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,366.1</b>	<b>11,375.9</b>

## The Group's Cash Flow Statement, SEK (million)

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Profit/loss after financial items	385.0	648.8
Adjustments for items not included in the cash flow		
depreciations	402.6	372.8
write-downs of financial fixed assets	0.0	0.0
profit share in associated companies	-2.6	-2.8
profit/loss on the sale etc. of fixed assets	8.4	0.5
increase/decrease of interest receivable, liabilities	0.0	0.0
Paid(-)/refunded income tax	-	-
<b>Cash flow from operating activities before working capital changes</b>	<b>793.4</b>	<b>1,019.3</b>
Cash flow from changes in working capital		
increase(-)/decrease in inventories, etc.	7.9	5.6
increase(-)/decrease in operating receivables	24.7	60.0
increase/decrease(-) in provisions	-10.6	14.1
increase/decrease(-) in operating liabilities	-247.9	251.9
<b>Cash flow from operating activities</b>	<b>567.5</b>	<b>1,350.9</b>
<b>INVESTMENT ACTIVITIES</b>		
Acquisition of intangible fixed assets	-24.7	-
Acquisition of tangible fixed assets	-410.1	-900.3
Acquisition of financial fixed assets	-16.7	-0.1
Sale of fixed assets	4.3	164.5
Increase(-)/decrease in other long-term receivables	-46.6	-16.4
<b>Cash flow from investment activities</b>	<b>-493.8</b>	<b>-752.3</b>
<b>FINANCING ACTIVITIES</b>		
Increase in utilised credit	-0.6	-395.6
Repayments and redeemed loans etc.	0.5	-
Increase/decrease(-) in other long-term liabilities	12.2	-18.6
Dividends	-25.9	-
Contributions to the municipality's other operations	-122.0	-194.0
<b>Cash flow from financing activities</b>	<b>-135.8</b>	<b>-608.2</b>
Cash flow for the year	-62.1	-9.6
Cash and cash equivalents at beginning of year	417.1	426.7
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>355.0</b>	<b>417.1</b>

<b>FROM THE PROFIT AND LOSS STATEMENT, SEK (MILLION)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Net turnover	3,369.3	3,458.5	3,800.1	4,249.8	4,606.5	5,139.5	4,541.3	3,618.8	3,626.5	3,075.8
Costs incl. other operating items	-2,530.1	-2,594.6	-2,949.8	-3,367.6	-3,492.2	-4,110.0	-3,510.3	-2,684.4	-2,544.0	-2,197.8
Depreciations	-402.6	-372.8	-364.6	-555.6	-451.7	-514.2	-326.2	-407.6	-350.2	-276.1
<b>OPERATING PROFIT/LOSS (EBIT)</b>	<b>436.6</b>	<b>491.1</b>	<b>485.7</b>	<b>326.6</b>	<b>662.6</b>	<b>515.3</b>	<b>704.8</b>	<b>526.8</b>	<b>732.3</b>	<b>601.9</b>
Financial income etc.	36.0	255.2	26.4	-54.0	48.5	30.9	-62.0	23.4	40.7	44.3
Financial costs	-87.6	-97.5	-112.7	-116.0	-112.3	-117.3	-113.7	-115.4	-151.2	-139.7
<b>PROFIT/LOSS AFTER NET INTEREST INCOME</b>	<b>385.0</b>	<b>648.8</b>	<b>399.4</b>	<b>156.6</b>	<b>598.8</b>	<b>428.9</b>	<b>529.1</b>	<b>434.8</b>	<b>621.8</b>	<b>506.5</b>
Group contributions	-	-	-	-7.3	-	-	-	-	-	-
Taxes	-71.9	-42.8	-39.1	-16.3	63.2	-19.3	-82.2	-75.5	-8.0	-62.8
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>313.1</b>	<b>606.0</b>	<b>360.3</b>	<b>133.0</b>	<b>662.0</b>	<b>409.6</b>	<b>446.9</b>	<b>359.3</b>	<b>613.8</b>	<b>443.7</b>
<b>FROM THE BALANCE SHEET, SEK (MILLION)</b>										
Intangible fixed assets	24.6	0.0	3.5	8.0	148.6	159.9	168.7	156.4	161.7	166.0
Tangible fixed assets	9,232.8	9,237.9	8,871.9	8,527.5	8,054.1	7,769.7	7,357.5	7,071.8	6,858.7	6,361.0
Financial fixed assets	914.3	848.9	827.6	750.2	851.5	616.5	523.0	768.7	678.3	581.6
Current receivables and bearings	839.4	872.0	939.7	880.8	1,071.5	1,043.6	1,312.7	985.2	1,070.9	1,188.2
Cash and placements	355.0	417.1	426.7	483.9	379.0	132.1	51.8	17.4	23.6	15.2
<b>TOTAL ASSETS</b>	<b>11,366.1</b>	<b>11,375.9</b>	<b>11,069.4</b>	<b>10,650.4</b>	<b>10,504.7</b>	<b>9,721.8</b>	<b>9,413.7</b>	<b>8,999.5</b>	<b>8,793.2</b>	<b>8,312.0</b>
<b>EQUITY AND LIABILITIES, SEK (MILLION)</b>										
Equity	5,662.6	5,497.4	5,085.4	4,936.1	4,993.6	4,539.8	4,326.7	4,123.3	3,939.7	3,464.5
Interest-bearing long-term liabilities and provisions	3,908.6	3,913.4	4,303.2	4,010.2	3,816.4	3,456.6	2,776.2	2,916.8	2,640.2	2,627.8
Non-interest-bearing long-term liabilities and provisions	1,016.1	932.3	905.9	850.8	842.0	875.7	800.6	726.7	656.9	665.4
Interest-bearing short-term liabilities	0.0	6.1	0.0	5.4	0.0	5.0	643.1	573.1	833.1	975.8
Non-interest-bearing short-term liabilities	778.8	1,026.7	774.9	847.9	852.7	844.7	867.1	659.6	726.0	578.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,366.1</b>	<b>11,375.9</b>	<b>11,069.4</b>	<b>10,650.4</b>	<b>10,504.7</b>	<b>9,721.8</b>	<b>9,413.7</b>	<b>8,999.5</b>	<b>8,795.9</b>	<b>8,312.0</b>
<b>KEY FIGURES, SEK (MILLION)</b>										
Return on equity (before tax), %	6.9	12.3	8.0	3.2	12.6	9.7	12.5	10.8	16.8	15.3
Return on capital employed, %	5.0	7.9	5.6	3.1	8.5	6.9	8.4	7.3	10.7	9.7
Return on total capital, %	4.2	6.6	4.7	2.6	7.0	5.7	7.0	6.2	9.0	8.2
Operating margin, %	13.0	14.2	12.8	7.7	14.4	10.0	15.5	14.6	20.2	19.6
Net margin, %	11.4	18.8	10.5	3.7	13.0	8.3	11.7	12.0	17.1	16.5
Equity ratio, %	49.8	48.3	45.9	46.3	47.5	46.7	46.0	45.8	44.8	41.7
Self-financing ratio, %	125.2	88.7	76.5	69.7	112.7	81.9	106.1	124.6	88.2	86.5
Interest coverage ratio, times	5.4	7.7	4.5	2.4	6.3	4.7	5.7	4.8	5.1	4.6
Debt ratio, times	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.9	1.0
Rate of capital turnover, times	0.35	0.37	0.41	0.48	0.55	0.65	0.59	0.48	0.50	0.46
<b>OTHER INFORMATION, SEK (MILLION)</b>										
Capital employed	9,571.2	9,416.9	9,388.6	8,951.7	8,810.0	8,001.4	7,746.0	7,613.2	7,413.0	7,068.1
Net investments in assets	410.1	900.3	721.2	898.3	726.4	921.6	681.4	614.4	815.6	700.0
Net investments in shares	41.3	0.0	0.0	0.0	1.8	4.0	49.7	3.3	112.1	60.6
Contributions to the municipality's other operations	220.0	220.0	211.0	215.0	205.0	196.0	180.0	170.0	153.0	124.0

Notes: The years 2007 to 2012 above have not been recalculated according to K3.



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