Beijer Ref AB
Q2-2019

English version

Beijer Ref AB Q2-2019

Continued strong growth

- Net sales increased by 14% in the second quarter compared to the same period last year and amounted to SEK 3,996 million (3,510). Organic growth was 4.4%.
- The operating profit for the quarter amounted to SEK 373 million (345), an increase of 8% compared with the same period last year. The operating margin was 9.3% (9.8%), of which 0.2% is a positive IFRS 16 effect.
- Profit for the period totalled SEK 265 million (255). Profit per share amounted to SEK 2.08 (1.98).
- The company's liquidity is good and unutilised credit amounts to SEK 1427 million (393).
- With effect from 1 January 2019, the company applies IFRS 16 with regard to the group's leasing agreements and all figures for 2019 include this change. The conversion affected operating profit positively by SEK 7 million and net profit by SEK 0.1 million. The equity ratio has decreased by 3.3 percentage points as a result of an increased balance sheet total.

Key figures [1]	Q2-19	Q2-18	Δ%	H1-19	H1-18	Δ%	12 months 18
Net sales, sek m	3 996	3 510	13.9	7 430	6 115	21.5	13 015
EBITDA, sek m	479	372	28.8	825	566	45.7	1 191
Operating profit, sek m	373	345	7.9	617	518	19.2	1 085
Profit margin, %	9.3	9.8		8.3	8.5		8.3
Net profit, sek m	265	255	4.1	435	375	15.8	780
Profit per share, sek [2]	2.08	1.98	4.8	3.40	2.90	17.1	6.07
Return on operating capital, %				16.6	15.9		19.4
Return on equity, %				21.8	20.1		22.0
Average number of employees				3 820	3 605	6.0	3 703

1) 2019 have been affected by IFRS 16 Leasing standard. For further information, see page 12.
2) Conversion of number of shares has been performed following completion of share split 2018 in order to enable comparability between the years.

The total amount in tables and statements might not always summarize as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the total.

Comments by the CEO

Environmentally-friendly refrigeration technology and air conditioning drive growth

The market during the quarter was characterised by continuing strong demand and both sales and profit increased, both organically and through acquisitions. In total, net sales amounted to SEK 3,996 million (3,510), an increase of 14% of which 7% is acquired sales and more than 4% is organic growth. The operating margin, including the effect of IFRS 16, amounted to 9.3% (9.8%). The margin is slightly lower than in the previous year, mainly due to the price of refrigerants not being at the same high level as in 2018.

One of the main features of the quarter is that our OEM and HVAC segments are moving forward strongly, especially in Europe. Both segments are driven by the EU's phasing-out programme for HFC gases, which are being gradually replaced by environmentally friendly alternatives. The OEM segment grew in total by 32% during the quarter and accounted for 10% of the group's sales.

The warm summers of recent years in Europe have contributed to an increased interest in heat pumps, since these are also used for air conditioning. This, combined with a generally high demand, contributes to the strong development of the HVAC segment. Long-term partnerships with strong brands, such as Toshiba, Carrier and Mitsubishi Heavy Industries, give us a good market position. In total, sales in HVAC increased by 37% and now represent 41% of the group's sales.

The quarter has tough comparative figures, since 2018 was a year when the price of refrigerants was at a historically high level. From autumn 2018 and during the first half of 2019, prices have gradually fallen, which affects the commercial refrigeration segment negatively, although volume sales did not decline at the same rate. The decline in sales is well offset by the growth of other segments, which means that the importance for the group of the price trend for refrigerants is declining. The assessment is that the price of refrigerants will stabilise during the autumn. The phasing-out period runs until 2030, with the next major reduction in import quotas in 2021.

All of our geographical regions show growth apart from Eastern Europe, which has been most affected by the price trend for refrigerants. It is positive that the African market is showing growth after having previously been in recession, and we see potential for continuing improvement in earnings.

In general, we can see how more and more countries outside Europe are committing to resolutions that involve phasing out HFC gases. Recently, for example, Cuba became the 73rd country to sign the Kigali agreement and more are being added on an ongoing basis. The agreement means that the consumption of HFC gases is to be reduced by more than 80% over the next 30 years.

During the autumn, we will start a project to expand our production capacity in OEM in order to better meet the increasing demand for eco-friendly refrigeration technology. We will also invest in our own production line, which will handle natural, environmentally friendly refrigerants at the company's filling unit in Gothenburg.

Our market is growing globally and we have much left to do. The group's liquidity is good, which opens up opportunities for new acquisitions. Overall, we are entering the third quarter in excellent shape.

Per Bertland
CEO

Second quarter of 2019

14% Increased sales

8% Improved operating profit

17% Return on operating capital

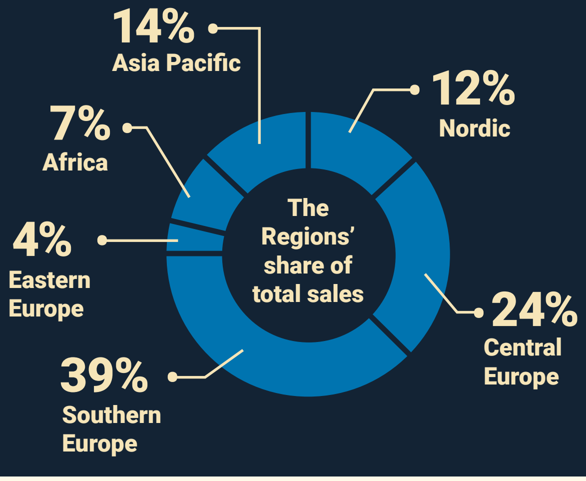
33% Equity ratio

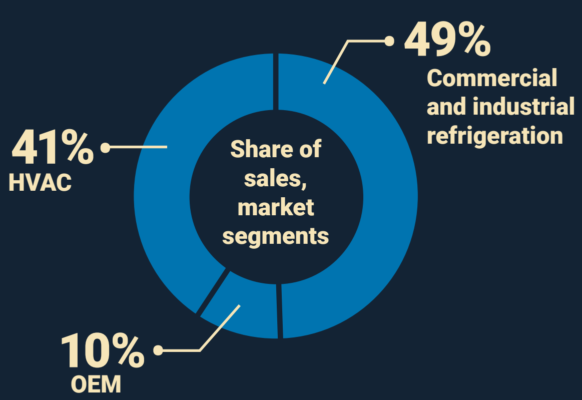
NET SALES

Beijer Ref increased its net sales by 14 per cent to SEK 3,996 million (3,510) in the second quarter of 2019, 7% of which is explained by the acquisitions made in 2018. Adjusted for exchange rate changes and acquisitions, organic growth in net sales was 4.4 per cent. All regions except Eastern Europe show sales growth. Commercial refrigeration represents 49% of the company's sales, 41% is air conditioning and OEM accounts for 10% of total sales. The latter two show a 20% increase in sales during the quarter, while dependence on refrigerants has decreased.

Sales, sek m	Q2	%	H1	%
Net sales 2018	**3 510**		**6 115**	
Organic change	159	4.4	368	5.8
Change through acquisitions [1]	242	6.9	757	12.4
Exchange rate fluctuation	85	2.6	190	3.3
Change total	486	13.9	1 315	21.5
Net sales 2019	**3 996**		**7 430**	

1) Refers to Tecsa which is included from 1 March 2018, Heatcraft which is included from 5 May 2018 and Lumelco which is included from 1 August 2018. After 12 months of holding, the acquisitions are transferred to organic change.





The figures above relate to the distribution of net sales during the second quarter of 2019.

A weakened Swedish krona resulted in positive currency effects of SEK 85 million (133), corresponding to 2.6% (5.8), since most of the company's sales are in currencies other than Swedish kronor.

PROFIT

The group's operating profit totalled SEK 373 million (345) during the second quarter, an increase of 8 per cent. The operating margin was 9.3% (9.8%), the main explanation for which is lower prices for refrigerants and that companies acquired during 2018 have a slightly lower margin. Adjusted for IFRS 16 effect, the company's net financial items are in principle unchanged compared with the previous year despite increased borrowing.

The pre-tax profit was SEK 359 million (342). Profit for the period was SEK 265 million (255). Profit per share amounted to SEK 2.08 (1.98).

CASH FLOW

Cash flow from current operations before changes in working capital amounted to SEK 381 million in 2019, compared with SEK 286 million in 2018. The increase is due to improved profits during the quarter and a positive effect of SEK 74 million attributable to depreciation of usage rights assets arising from the transition to IFRS 16 (leasing). The corresponding amount of SEK 74 m is reported as a decrease in financing activities.

Working capital increased by SEK 426 million during the quarter compared with SEK 275 million the previous year. This gives cash flow from operating activities of SEK -45 million, compared with SEK 11 million the previous year. The change in working capital from year to year is due primarily increasing capital build-up during the quarter. At the end of the period, the group had unutilised credit facilities totalling SEK 1,427 million (393).

INVESTMENTS

The group's investments in fixed assets including business combinations totalled SEK 40 million (626) during the quarter and refer primarily to investments in fixed assets. In the previous year, Kirby HVAC & Refrigeration Pty Ltd was acquired during the quarter.

COMPANY ACQUISITIONS

No major acquisitions were made during the quarter, but the company is continuously evaluating new opportunities for growth and complementary acquisitions.

The group made a small asset acquisition in Switzerland of a distributor of insulation materials, Durissol, amounting to SEK 3.6 m, which gives the company exclusive rights to their products for five years.

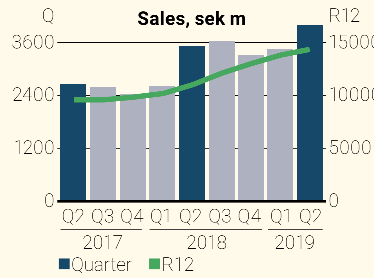
SIGNIFICANT EVENTS AFTER THE QUARTER

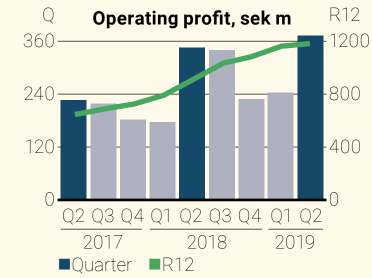
The group has made a minor supplementary acquisition after the quarter of the remaining shares in AC & Ref Parts CQ Patton Pty Ltd in Australia and now owns 100% of the company. The company has annual sales of approximately SEK 25 million through two sales branches. The company is included in its entirety in the consolidated accounts with effect from 1 July 2019.

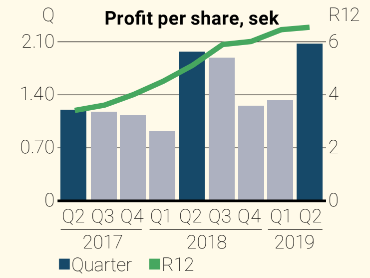
Cash flow, sek m	**Q2 2019**	**Q2 2018**
Cash flow from current operations		
before changes in working capital	381	286
Change in working capital	-426	-275
Cash flow from current operations	**-45**	**11**

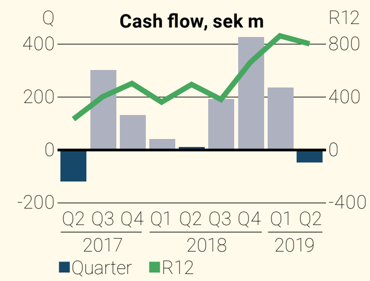
THE SHARE

Since 2 January 2019, Beijer Ref's B share has been listed on Nasdaq OMX Stockholm's Large Cap list. The share capital in Beijer Ref totals SEK 371,685,513, made up of 127,434,690 shares, each with a quota value of SEK 2.92. There are two types of share, A shares and B shares, with ten and one vote respectively. Beijer Ref had 7,893 shareholders on 28 June 2019. At present there are 9,918,720 A shares and 117,515,970 B shares.









RISK DESCRIPTION

The Beijer Ref Group's operations are subject to a number of business environment factors, the effects of which on the Group's operating profit can be controlled to varying degrees. The Group's operations depend on general economic trends, primarily in Europe, which determine demand for Beijer Ref's products and services. Acquisitions are normally associated with risks, for example loss of key employees. Other operating risks, such as agency and supplier agreements, product liability and delivery commitments, technical development, warranties, dependence on key individuals, etc., are analysed continually. Where necessary, measures are taken to reduce the Group's risk exposure. In its operations, Beijer Ref is subject to financial risks such as currency risk, interest rate risk and liquidity risk. The Parent's risk profile is the same as that of the Group. For further information, see the Group's Annual Report.

ACCOUNTING POLICIES

This interim report was prepared in accordance with IAS 34, the Swedish Annual Accounts Act and RFR 2. Beijer Ref continues to apply the same accounting policies and valuation methods as described in the most recent annual report.

IFRS 16 Leases

IFRS 16 Leases, is applied from 1 January 2019. Beijer Ref has chosen to report the transition to the new standard using the simplified method. The relief rule not to create a comparative year has been applied. A discount rate has been defined per each country and are decided quarterly. Right of use agreements of less than 12 months are reported as short-term agreements and are therefore not included in the reported liabilities or rights of use. Right of use agreements with an acquisition value below USD 5,000 have been classified as low-value agreements and are not included in the reported liabilities or rights of use.

The lease portfolio contains approximately 1,500 contracts and comprises primarily operational leases for offices, warehouses, company cars, forklift trucks and office equipment. Beijer Ref has identified many agreements, primarily relating to properties, with the right to extend. As a result of these considerations, many leases have been deemed to be longer. All leases relating to properties that fall due in 2019 have been extended by three years.

Comparative information is not recalculated and is still reported in accordance with IAS 17 Leases and IFRIC 4 Determining whether an Agreement contains a Lease.

Financial assets and liabilities by category and measurement level

Financial assets and liabilities consist of financial assets valued at fair value and also financial assets and liabilities valued to discounted acquisition cost.

Financial assets valued at fair value consist of two holding, one of which (SEK 22 million) refers to listed shares and is valued at market value on the balance sheet date (measurement level 1). The second holding (SEK 25 million) is an unlisted holding and is valued at estimated fair value (measurement level 3). Financial assets valued at discounted acquisition cost, such as accounts receivables including other receivables and liquid funds, amount to SEK 4 131 million on the balance sheet date and financial liabilities, such as trade creditor including other liabilities, borrowing and other long-term liabilities, amount to SEK 7 432 million.

Financial interest-bearing liabilities such as borrowing linked to financing are valued at discounted acquisition cost and are considered representing a reasonable approximation of the fair value.

WEB MEETING Q2 2019

The company invites investors, analysts and the media to attend a web meeting at which CEO Per Bertland and CFO Maria Rydén present the interim report for the second quarter of 2019. The presentation will be held in English and lasts for about 20 minutes. The meeting is on 12 July at 10.00 CET.

Email your wish to participate at info@beijerref.com and a link will be distributed before the meeting. Internet connection is required. The presentation will be available on the company's website www.beijerref.com.

For more information on this report:
Per Bertland, CEO – switchboard, +46 (0)40-35 89 00
Maria Rydén, CFO – switchboard, +46 (0)40-35 89 00

This interim report has not been the subject of examination by the Company's Auditors.

The Board of Directors and the President assure that the six-month report is prepared in accordance with generally accepted accounting principles for listed companies.
The information provided corresponds with the actual conditions in the operation and nothing of significant importance has been left out which could affect the picture of the Group and the parent company that has been created by the six-month report.

Malmö, Sweden, 12 July 2019

Bernt Ingman Chairman	Peter Jessen Jürgensen Board Member	Frida Norrbom Sams Board Member	William Striebe Board Member
Chris Nelson Board Member	Monica Gimre Board Member	Joen Magnusson Board Member	Per Bertland President

This information is information that Beijer Ref AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 CET on 12 July 2019.

Summarised profit and loss account, sek m	Q2-19	Q2-18	H1-19	H1-18	R12	Full year 18
Net sales	3 996	3 510	7 430	6 115	14 330	13 015
Other operating income	4	6	9	16	12	20
Operating expenses	-3 522	-3 144	-6 614	-5 565	-12 893	-11 843
Depreciation	-106	-26	-208	-49	-265	-106
Operating profit	**373**	**345**	**617**	**518**	**1 185**	**1 085**
Net financial income/expense	-13	-4	-29	-9	-50	-31
Profit before tax	**359**	**342**	**588**	**508**	**1 134**	**1 055**
Tax	-94	-87	-153	-133	-295	-275
Net profit	**265**	**255**	**435**	**375**	**839**	**780**
Net profit attributable to:						
The parent company's shareholders	263	251	430	369	831	769
Non-controlling interests	2	3	4	6	8	10
Net profit per share before dilution, sek [1]	2.08	1.98	3.40	2.90	6.57	6.07
Net profit per share after full dilution, sek [1]	2.06	1.97	3.38	2.89	6.52	6.04

1) Conversion of number of shares has been performed following completion of share split 2018 in order to enable comparability between the years.

The Group's report on other comprehensive income, sek m	Q2-19	Q2-18	H1-19	H1-18	R12	Full year 18
Net profit	265	255	435	375	790	780
OTHER COMPREHENSIVE INCOME						
Items which will not be reversed in the profit and loss account:						
Revaluation of the net pension commitment	–	–	–	–	13	13
Change in fair value in respect of equity instruments valued at fair value via other comprehensive income	–	–	1	–	-7	-7
Items which can later be reversed in the profit and loss account:						
Exchange rate differences	55	159	164	333	-40	64
Hedging of net investment	-6	-7	7	-8	-34	-35
Other comprehensive income for the year	**48**	**152**	**172**	**325**	**-69**	**35**
Total comprehensive income for the period	**313**	**406**	**607**	**700**	**721**	**814**
Attributable to:						
The parent company's shareholders	309	402	597	689	709	801
Non-controlling interests	4	4	10	11	13	13

Summarised balance sheet, sek m	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Fixed assets:			
Intangible fixed assets	2 145	2 071	2 077
Tangible fixed assets	479	448	458
Other fixed assets	328	321	314
Right of use assets	998	–	–
Total fixed assets	**3 951**	**2 840**	**2 849**
Current assets:			
Inventories	3 866	3 609	3 507
Trade debtors	3 161	2 839	2 204
Other receivables	371	292	375
Liquid funds	565	604	909
Total current assets	**7 964**	**7 345**	**6 996**
Total assets	**11 914**	**10 185**	**9 845**
EQUITY AND LIABILITIES			
Shareholders' equity	3 974	3 712	3 785
Total equity	**3 974**	**3 712**	**3 785**
Long term liabilities	3 741	3 072	3 090
Total long term liabilities	**3 741**	**3 072**	**3 090**
Current liabilities:			
Trade creditors	2 086	1 951	1 451
Other liabilities	2 114	1 449	1 520
Total current liabilities	**4 200**	**3 401**	**2 970**
Total equity and liabilities	**11 914**	**10 185**	**9 845**
Of which interest-bearing liabilities	4 389	3 435	3 431
Net debt *	3 824	2 830	2 522
Authorised credit limit	3 939	3 713	4 085
Of which remains to be utilised	1 427	393	1 433

*) Of the increased net debt, 1 039 is referable to the new acounting standard IFRS 16. See Lease note on page 12.

Key figures	30 June 2019	30 June 2018	31 Dec 2018
Equity ratio, %	33.4	36.4	38.4
Equity per share before dilution, sek [1]	31	29	30
Equity per share after full dilution, sek [1]	32	29	31
Return on equity after full tax, %	21.8	20.1	22.0
Return on capital employed, %	15.3	14.9	17.3
Return on capital employed in operations, %	16.6	15.9	19.4
Debt ratio	1.0	0.8	0.7
Interest coverage ratio	20.7	27.0	25.0
Number of outstanding shares [1]	126 536 710	126 841 440	126 536 710
Holding of own shares [1]	897 980	593 250	897 980
Total number of shares [1]	127 434 690	127 434 690	127 434 690
Average number of outstanding shares [1]	126 536 710	127 007 265	126 802 780

1) Conversion of number of shares has been performed following completion of share split 2018 in order to enable comparability between the years.

Summarised consolidated cash flow analysis, sek m	H1 2019	H1 2018	Full year 2018
Operating profit	617	518	1 085
Non-cash generated items	206	74	144
Paid interest	-31	-17	-44
Paid income tax	-133	-135	-236
Cash flow from current operations before changes in working capital	**659**	**439**	**949**
Changes in working capital	-468	-387	-259
Cash flow from investment operations	-67	-975	-1 081
Cash flow from financial operations	-298	1 193	969
Dividend paid	-190	-244	-244
Change in cash and bank	**-364**	**27**	**335**
Exchange rate difference in liquid funds	19	18	15
Cash and bank on 1 January	909	559	559
Cash and bank at the period end	**565**	**604**	**909**

Shareholders' equity, sek m	30 June 2019	30 June 2018	31 Dec 2018
Opening balance	3 785	3 294	3 294
Adjustment on adoption of IFRS 16	-32	–	–
Total comprehensive income for the period	607	700	814
Dividend	-380	-244	-244
Repurchase of own shares	–	-48	-98
Option premium received from exercising of option to purchase	–	11	11
Acquisitions from holders with no controlling influence	–	–	10
Transactions with holders with no controlling influence	–	–	-1
Dividend to shareholders with no controlling influence	-6	–	-1
Closing balance	**3 974**	**3 712**	**3 785**

Q2 sek m	Nordic		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net sales by operation	501	460	967	907	1 635	1 326	147	163	283	276	548	449	4 082	3 581
Internal sales between operations													-86	-72
Net sales													3 996	3 510
Operating profit by operation	93	84	92	98	158	139	18	30	15	7	18	15	393	374
Group-wide expenses													-20	-29
Operating profit													**373**	**345**
Net financial													-13	-4
Tax													-94	-87
Net profit													**265**	**255**
Working capital, average for the period	582	510	974	912	1 732	1 404	194	197	514	536	833	691	4 830	4 250
Group eliminations													-9	-5
Total average working capital													4 820	4 246

H1 sek m	Nordic		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net sales by operation	934	827	1 740	1 601	2 871	2 308	246	254	630	519	1 154	725	7 575	6 234
Internal sales between operations													-145	-119
Net sales													7 430	6 115
Operating profit by operation	143	132	135	134	249	210	23	38	43	20	63	40	657	572
Group-wide expenses													-40	-55
Operating profit													**617**	**518**
Net financial													-29	-9
Tax													-153	-133
Net profit													**435**	**375**
Working capital, average for the period	550	490	983	885	1 582	1 266	187	186	514	477	832	547	4 648	3 852
Group eliminations													-9	-5
Total average working capital													4 638	3 847

Reporting for segments

Operating segments

The Group's operation is split into operating segments based on how the company's highest executive decision maker, i.e. the CEO, monitors the operation. The Group has the following segments; the Nordic countries, Central Europe, Southern Europe, Eastern Europe, Africa and Asia Pacific.

The segments reporting for the regions contains the profit and loss account up to and including operating profit. Internal sales within each segment are eliminated in net sales by operation, internal sales between segments are eliminated on total level. The working capital includes inventories, trade debtors and trade creditors and is an average based on monthly values for the period.

Effects on implementation of IFRS 16, leasing

As of 1 January 2019, the new accounting standard related to lease are applied (IFRS 16). The lease standard requires that assets and liabilities attributable to all leasing agreement, with some exceptions, are reported in the balance sheet. For more information, please see Annual Report 2018 (page 67, 71 and 77).

This new standard means that assets and liabilities in Balance sheet have increased with right of use assets and leasing liabilities (long- and shortterm). For certain contracts a retroactive approach has been applied, which has had a negative effect on opening equity. There is also an effect in the Profit and Loss account as the lease cost are reclassified to depreciation and interest expense. The leasing portfolio contains appr. 1500 agreements and comprises primarily of buildings, company cars and trucks.

The effects in the Balance sheet and Profit and Loss account as well as in key figures, which the transition to the new leasing standard entails, are presented below.

Summarised profit and loss account, sek m	**Q2-19 incl IFRS 16**	**Q2-19 IFRS 16 effect**	**Q2-19 excl IFRS 16**	**H1 -19 incl IFRS 16**	**H1 -19 IFRS 16 effect**	**H1 -19 excl IFRS 16**
Operating income	4 001		4 001	7 439		7 439
Operating expenses	-3 522	-81	-3 603	-6 614	-160	-6 774
Depreciation	-106	74	-32	-208	145	-63
Operating profit	**373**	**-7**	**366**	**617**	-15	602
Financial net	-13	7	-6	-29	13	-16
Profit before tax	**359**	**–**	**359**	**588**	**-1**	**587**
Tax	-94	–	-94	-153	–	-153
Net profit for the year	**265**	**–**	**265**	**435**	**-1**	**434**
Attributable to:						
The parent company's shareholders	263	–	263	430	-1	430
Non-controlling interests	2	–	2	4	–	4

Summarised balance sheet, sek m	**Q2-19 incl IFRS 16**	**Q2-19 IFRS 16 effect**	**Q2-19 excl IFRS 16**	**CB/OB-analysis**		
				OB 1812	**IFRS 16 effect**	**CB 1901**
ASSETS						
Fixed assets:						
Total fixed assets	**3 951**	**-1 008**	**2 943**	**2 849**	**1 033**	**3 882**
Total current assets	**7 964**	**–**	**7 964**	**6 996**	**–**	**6 996**
Total assets	**11 914**	**-1 008**	**10 907**	**9 845**	**1 033**	**10 878**
EQUITY AND LIABILITIES						
Total equity	**3 974**	**31**	**4 005**	**3 785**	**-32**	**3 754**
Total long term liabilities	**3 741**	**-744**	**2 997**	**3 090**	**767**	**3 857**
Total current liabilites	**4 200**	**-295**	**3 905**	**2 970**	**298**	**3 268**
Total equity and liabilities	**11 914**	**-1 008**	**10 907**	**9 845**	**1 033**	**10 878**
Net debt	3 824	-1 039	2 785			

Key figures	**Q2-19 excl IFRS 16 effect**	**Q2-18**	**Δ% excl IFRS 16 effect**	**H1 -19 excl IFRS 16 effect**	**H1 -18**	**Δ% excl IFRS 16 effect**
EBITDA, sek m	398	372	7.0	665	566	17.5
Operating profit, sek m	366	345	5.8	602	518	16.3
Profit margin, %	9.1	9.8		8.1	8.5	
Net profit, sek m	265	255	4.1	434	375	15.6
Net profit per share before dilution, sek	2.08	1.98	4.8	3.40	2.90	16.9
Net profit per share after full dilution, sek	2.06	1.97	4.4	3.37	2.89	16.5
Equity ratio, %				36.7	36.4	
Equity per share before dilution, sek				32	29	
Equity per share after full dilution, sek				33	29	
Return on equity after full tax, %				21.7	20.1	
Return on capital employed, %				16.2	14.9	
Return on operating capital, %				17.7	15.9	
Dept ratio				0.7	0.8	
Interest coverage ratio				26.7	27.0	

Parent company profit and loss account in summary, sek m	H1 2019	H1 2018	Full year 2018
Operating income	1	1	60
Operating expenses	-36	-45	-84
Depreciation	-2	-1	-3
Operating profit	**-37**	**-46**	**-27**
Net financial income/expense	23	-4	-15
Result of participations in Group companies	401	332	347
Profit before appropriations	**388**	**282**	**305**
Appropriations	2	–	114
Profit before tax	**390**	**282**	**419**
Tax	–	–	-16
Net profit	**390**	**282**	**403**

Parent company balance sheet in summary, sek m	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Intangible fixed assets	8	8	8
Tangible fixed assets	4	5	5
Financial fixed assets	3 796	3 581	3 707
Current assets	1 446	1 458	1 373
Total assets	**5 254**	**5 052**	**5 093**
EQUITY AND LIABILITIES			
Shareholders' equity	1 824	1 743	1 814
Long-term liabilities	2 740	2 822	2 836
Current liabilities	690	486	443
Total equity and liabilities	**5 254**	**5 052**	**5 093**

Financial definitions

Δ% Change in percentage.

Capital employed Balance sheet total with a deduction for non-interest-bearing liabilities and deferred tax liability.

Debt/equity ratio Net debt in relation to equity. The objective is to show borrowing in relation to book value of equity.

EBITDA Earnings before interest, taxes, depreciation and amortisation of tangible and intangible fixed assets. The objective of reporting EBITDA is that the Group regards it as a relevant measure for an investor who wants to understand the generation of earnings before investments in fixed assets.

Equity ratio Equity at the end of the period in relation to balance sheet total.

Interest-bearing liabilities Interest-bearing liabilities include interest-bearing provisions.

Interest coverage ratio Earnings before tax plus financial expenses in relation to financial expenses. The objective of this measure is to show the proportion of earnings allocated to paying interest expenses and other financial expenses.

Net debt Interest-bearing liabilities less liquid funds including current investments. We are of the opinion that the net debt is useful for the users of the financial report as a complement for assessing the possibility for a dividend, for carrying out strategic investments and for assessing the Group's possibilities for living up to financial commitments.

Operating capital Capital employed minus liquid funds, financial assets and other interest-bearing assets.

Operating margin Operating profit in relation to net sales.

Organic change Comparative figures year over year adjusted for translation effects on consolidation and changes in the structure.

Profit per share before/after dilution Net profit in relation to average number of shares before/after dilution.

R12 Rolling twelve is the latest 12 months.

Return on capital employed Profit before tax plus financial expenses (rolling 12 months) in relation to average capital employed.

Return on equity Earnings after tax (rolling 12 months) as a percentage of average equity. The objective of return on equity and other return measures is to put the earnings in relation to important balance sheet items.

Return on operating capital Operating profit (rolling 12 months) as a percentage of average capital employed in operations.

Trade terms

ARW Air Condition & Refrigeration Wholesale.

Chiller Liquid refrigeration unit.

CO_2 equivalent A measurement of greenhouse gas emissions and how much carbon dioxide is needed to produce the same effect on the climate.

F-gas Artificial gases containing fluorine, such as HCFCs and HFCs.

GWP Global Warming Potential

HCFC HydroChloroFluoroCarbons, which affects the ozone layer and contribute to global warming.

HFC HydroFluoroCarbons, Fluorised greenhouse gases which contribute to global warming.

HFO HydroFluoroOlefins, synthetic environmentally friendly refrigerants.

HVAC Heating, Ventilation, Air Conditioning.

OEM Original Equipment Manufacturer.

Transcritical Heat transfer with gas cooler.

Geographic areas

Africa Botswana, Ghana, Mozambique, Namibia, South Africa, Tanzania, Zambia

Asia Pacific Australia, China, India, Malaysia, New Zealand, Singapore, Thailand

Central Europe Belgium, Ireland, The Netherlands, Switzerland, Germany, UK

Eastern Europe Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia

Nordic Denmark, Finland, Norway, Sweden

Southern Europe France, Italy, Portugal, Spain

Other

CSR Corporate Social Responsibility.

The Kigali Agreement Amendment to the Montreal Protocol. An agreement between countries that have committed themselves to reducing the production and consumption of HFCs by more than 80% over the next 30 years (2050).

KPI Key Performance Indicator.

PIM Product Information Management, centralised management of product information that is needed to market and sell the products through one or more distribution channels.

Beijer Ref in short

The Beijer Ref Group is focused on trading and distribution operations within refrigeration products, air conditioning and heat pumps. The product programme consists mainly of agency products from leading international manufacturers and, in addition, some manufacture of own products, combined with service and support for the products. The Group creates added value by contributing: technical competence to the products; accounting for knowledge and experience about the market; and by providing efficient logistics and warehousing.

Operations are carried out by region within the Beijer Ref, which comprises Beijer Ref ARW (Air conditioning, refrigeration, wholesale) and Toshiba's distribution operation within air conditioning and heating. The Beijer Ref Group is a leading operator within the refrigeration sector in Europe and has a significant position within air conditioning in Europe. The operation is split into six geographic segments: Nordic countries, Southern Europe, Central Europe, Eastern Europe, Africa and Asia Pacific. Growth is achieved both organically and through the acquisition of companies which supplement existing operations.

Seasonal effects

Beijer Ref's sales are seasonally dependent as demand for refrigeration and air conditioning is at its peak during the warm months of the year. It means that demand in the northern hemisphere is at its peak during the second and third quarters whilst demand in the southern hemisphere is at its peak during the first and fourth quarters.

Financial calendar

• The Interim Report for the third quarter 2019 will be published on 22 October 2019.

• The Interim Report for the fourth quarter 2019 will be published on 30 January 2020.

• Annual Report 2019 will be published in March 2020

• AGM will be held in Malmö in April 2020

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