

**Beijer Ref AB**  
**Q3-2020**

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# Beijer Ref AB

## Q3-2020

Key figures	Q3-20	Q3-19	Δ%	YTD 20	YTD 19	Δ%	R12	FY 19
Net sales, sek m	3 837	3 953	-2.9	10 654	11 383	-6.4	14 089	14 817
EBITDA, sek m	450	466	-3.6	1 111	1 291	-14.0	1 474	1 655
Operating profit, sek m	342	358	-4.5	780	975	-20.0	1 035	1 230
Profit margin, %	8.9	9.1		7.3	8.6		7.3	8.3
Net profit, sek m	246	256	-3.9	548	690	-20.6	731	873
Profit per share before dilution, sek	1.92	2.00	-3.9	4.29	5.41	-20.6	5.71	6.82
Profit per share after dilution, sek	1.91	1.99	-3.9	4.26	5.37	-20.6	5.67	6.78
Return on operating capital, %	4.6	5.2		10.5	14.0		13.8	17.8
Return on equity, %	5.6	6.3		12.4	17.1		16.7	21.4
Average number of employees				3 802	3 811	0.2	3 860	3 869

*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.*

### Third quarter

- Net sales decreased by 2.9% in the third quarter compared to the same period last year and amounted to SEK 3,837M (3,953). Acquisition effects amounted to 3.3% (1.7%). Currency effects amounted to -4.5% (2.7%). Organic growth was -1.7% (5.2%), mainly due to lower refrigerant prices. Covid-19 has also had a negative impact, but the end of the quarter shows sales on a par with the previous year. The company's product area in HVAC business shows organic growth of 8.5%.
- The operating profit for the quarter amounted to SEK 342M (358), a decrease of 4.5% compared with the same period last year, which was mainly due to lower refrigerant prices. The operating margin amounted to 8.9% (9.1%).
- Profit before tax was SEK 329M (344). Net financial items are better than in the previous year, mainly due to improved cash flow and lower net liabilities.
- Profit per share before and after dilution amounted to SEK 1.92 (2.00) and SEK 1.91 (1.99) respectively, which is a decrease of 4%.
- Cash flow from current activities was positive during the quarter and amounts to SEK 381M (371). Unused credit amounts to SEK 1,484M (1,480). During the quarter, Beijer Ref has performed refinancing of SEK 2.9 billion of the granted credit facilities, originally maturing in November 2020. The refinancing is distributed among four different banking partners and with average maturity of three years and eight months.
- During the third quarter, Beijer Ref signed a new exclusive agreement with Carrier International Corporation until 2023 regarding the continued sale and distribution of Carrier's comfort cooling product lines on the European market.

## Nine-month period 2020

- Net sales decreased by 6.4% during the period compared to the same period last year and amounted to SEK 10,654M (11,383). Acquisition effects amounted to 3.0% (8.5%). Currency effects amounted to -1.6% (3.0%). Organic growth was -7.8% (5.6%).
- The operating profit for the period amounted to SEK 780M (975), a decrease of 20% compared with the previous year. The operating margin amounted to 7.3% (8.6%). The reason is mainly lower net sales due to Covid-19 and lower prices of refrigerants. The operating profit includes net savings of approximately SEK 230M.
- Profit before tax was SEK 738M (932). Net financial items are better than in the previous year, mainly due to improved cash flow and lower net liabilities.
- Profit per share before and after dilution amounted to SEK 4.29 (5.41) and SEK 4.26 (5.37) respectively, which is a decrease of 21%.
- The acquisition of the wholesale company ACD Trade in Australia was completed in the first quarter of 2020. The company has annual sales of SEK 540M with 60 employees across 9 branches. The company is included in the group's financial statements with effect from 1 February 2020 and it has contributed SEK 346M to sales.
- The first nine months of the year have been greatly marked by the Covid-19 pandemic and its effects. Measures have been taken in all parts of the business to fend off some of the effects.

# Comments by the CEO

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The second quarter of the year was largely marked by closed markets with gradual recovery, a trend that has continued in the third quarter.

Organic growth was -1.7% in the quarter. This is an acceptable figure in view of the ongoing Covid-19 pandemic and the continued fall in the price of refrigerants. It must also be taken into account that we have a challenging comparison with the previous year's heat wave in July. We regard August and September as normal months in terms of organic growth.

The refrigeration segment shows negative organic growth of 8.5%, most of which can be explained by lower prices of refrigerants. Towards the end of the period, we have seen signs of some stabilisation in prices and a cautious assessment is that refrigerant prices will not have as great an impact on future quarters. The next reduction in the permitted amount of f-gases will take place in January 2021 when the permissible volume is reduced by a further 29% in Europe, which can affect the market.

One cause for celebration is the HVAC business, which shows organic sales growth of 8.5%. Sales development has been strong in all geographical regions except Africa.

In general, the OEM business is in a positive phase, even though organic growth was negative by 5% in the third quarter. This is an effect of temporarily deferred investment decisions by end customers due to the Covid-19

crisis. During the third quarter, orders received have gradually increased and are now at a relatively high level.

The cost-cutting program launched at the end of March has reduced costs during the period by approximately SEK 80 million. The majority of the savings are from reduced personnel costs and consist of permanent as well as temporary reductions.

We continue to work according to our global digitalisation strategy and during the period the business in Australia has implemented the same cloud-based platform as our companies in New Zealand. Europe is next and work on further implementations is already underway. Experience from the installations in Australia and New Zealand contributes to a smooth process. In parallel, e-commerce is being developed and this is constantly growing stronger.

Despite an expanded security system, our operations in France suffered a cyber attack, which led to a shutdown of computer systems for a week. We estimate that the total effect of the outage amounts to approximately SEK 25 million in lower sales and approximately SEK 8 million in lower profits. We are now further reviewing operational security to avoid this type of attack in the future.

A strong cash flow and a strong balance sheet make us well prepared for new acquisitions. There are a number of possibilities that we are analysing at the moment.

In September, the largest shareholder Carrier sold approximately 9 million shares in one placement, which corresponds to 7.9% of the total number of shares. The offer was quickly oversubscribed, which we see as proof that the market has confidence in our business and our share and sees potential for further development. Carrier remains the largest shareholder and, as in the past, will be an important trading partner for us. It is important to point out that the transaction does not affect our good business relations.

Although the outside world is currently uneasy, we have a positive outlook for the future. Megatrends benefit us, a decentralised organisation with motivated employees gives power for growth and a strong balance sheet opens up business opportunities for acquisitions.



**Per Bertland**  
CEO

# Third quarter of 2020

**-2.9%**

Change in sales

**-4.5%**

Change in operating profit

**4.6%**

Return on operating capital

**38.1%**

Equity ratio

## NET SALES

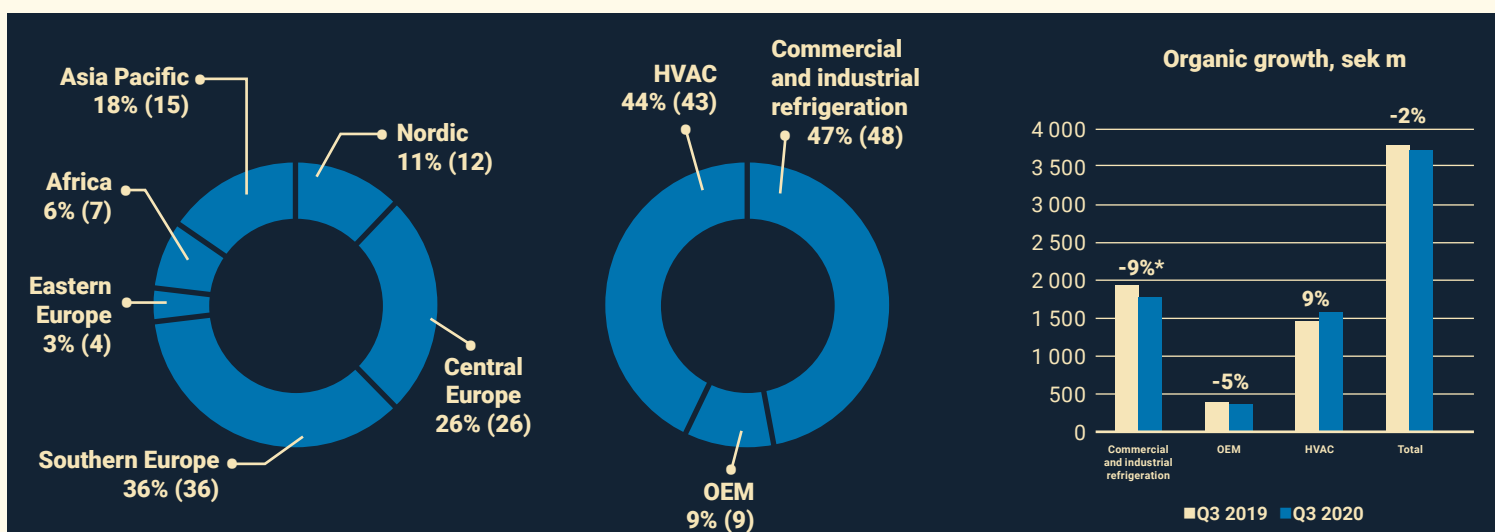
Beijer Ref net sales decreased by 2.9 per cent to SEK 3,837 million (3,953) in the third quarter of 2020. Adjusted for exchange rate changes and acquisitions, organic change in net sales was -1.7 per cent (5.2). The main reason is lower prices of refrigerants. Covid-19 has also had a negative impact. The decrease in sales has affected all geographical segments but had the greatest impact in southern Europe and Africa and the least impact in Asia Pacific. Air conditioning has developed strongly in 2020 and has grown organically by 8.5%, largely thanks to good cooperation with Toshiba, Mitsubishi Heavy, Carrier and Gree. Sales develop-

Sales, sek m	Q3	%	YTD	%
<b>Net sales 2019</b>	<b>3 953</b>		<b>11 383</b>	
Organic change	-63	-1.7	-872	-7.8
Change through acquisitions <sup>1</sup>	129	3.3	346	3.0
Exchange rate fluctuation	-182	-4.5	-203	-1.6
Change total	-116	-2.9	-729	-6.4
<b>Net sales 2020</b>	<b>3 837</b>		<b>10 654</b>	

1) The acquisition relates to ACD Trade, which is included in the consolidated financial statements from February 2020.

ment within HVAC has been strong in all regions except Africa. It has been particularly strong in the Nordic countries and Eastern Europe.

A stronger Swedish krona resulted in currency effects of SEK -182 million (91), corresponding to -4.5 per cent (2.7), since most sales are in currencies other than Swedish kronor.



The figures above relate to the distribution of net sales during the third quarter of 2020. Figures in brackets refer to the corresponding period last year.

\*) About 70% of the decline is explained by falling prices and lower volumes of refrigerants.

## PROFIT

The group's operating profit totalled SEK 342 million (358) during the third quarter, which is a decrease of 4.5 per cent. Exchange rate effects of SEK -14.1 million (9.7) are included in the operating profit figures. The operating margin amounted to 8.9 per cent (9.1). The reduction in profit is due to the effects of Covid-19, lower prices of refrigerants and a shift in the mix to a higher proportion of air conditioning. This is offset by net savings of approx. SEK 80 million. Operating profit also includes positive acquisition effects of SEK 7.5 million for the quarter. Profit before tax was SEK 329 million (344) and profit for the period was SEK 246 million (256). Profit per share before dilution amounted to SEK 1.92 (2.00).

## CASH FLOW

Cash flow from current operations before changes in working capital during the third quarter was similar to previous years at SEK 381 million (371). Working capital decreased by SEK 73 million during the quarter compared with SEK 212 million during the corresponding period of the previous year. Normally, the Group binds capital during the first half of the year and frees up capital in the second half of the year, but during the current pandemic, cash flow has been positive in previous quarters. The change in working capital between the years is due primarily to a decrease in capital tied up in stock. Altogether, this gives cash flow from current operations after changes in working capital of SEK 455 million (583).

Cash flow from current operations for the first nine months of the year before changes in working capital amounted to SEK 903 million in 2020, compared with SEK 1,030 million for the corresponding period in 2019. The change is mainly due to lower profit during the quarter. Working capital decreased by SEK 77 million during the first nine-month period com-

pared with an increase of SEK 256 million the previous year. The change in working capital between the years is due primarily to improved supplier conditions. Altogether, this gives cash flow from current operations after changes in working capital of SEK 979 million (774).

At the end of the period, credit facilities amounted to SEK 4,356 million (4,100), of which unutilised credits amounted to SEK 1,484 million (1,480). In total, net liabilities decreased from SEK 3,362 million to SEK 2,942 million. Refinancing of SEK 2.9 billion of the company's granted credit facilities occurred, divided over four different banking partners and with average maturity of three years and eight months.

## INVESTMENTS

Cash flow from investment activities during the third quarter amounted to SEK -31 million (-36), which relates primarily to investments in fixed assets.

Cash flow from investment activities during the period amounted to SEK -298 million (-103), which relates primarily to business combinations and investments in fixed assets. During the first quarter, the company acquired ACD Trade.

## COMPANY ACQUISITIONS

During the third quarter of 2020 no acquisitions were made, but the company continuously evaluates different acquisition candidates in order to increase its range and consolidate the market. Acquisition activity has naturally been hampered by the ongoing pandemic and travel restrictions, but the company has intensified its acquisition discussions.

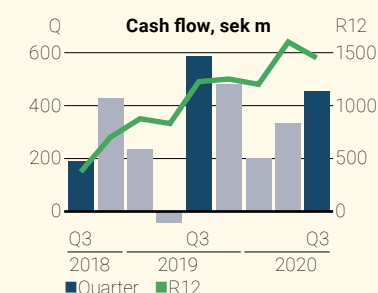
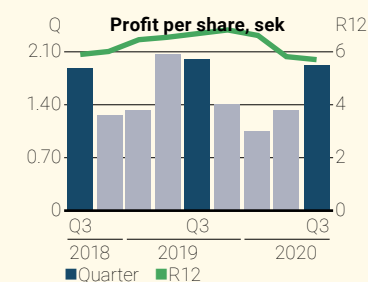
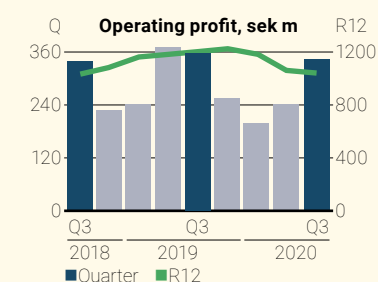
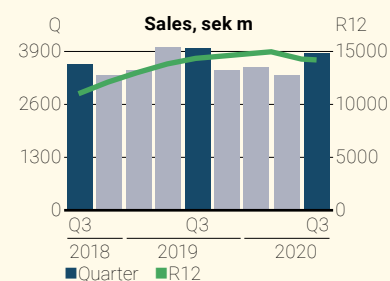
## SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

The first nine months of the year have been greatly marked by the Covid-19 pandemic and its effects, although effects in the third quarter were less marked. Mea-

sures to counter the effects of the pandemic were taken quickly in the first quarter to mitigate the effects.

Beijer Ref estimates that net savings of SEK 80 million have been effected during the quarter, including support measures of SEK 6 million. For the nine-month period, the net savings amount to SEK 230 million, including support measures of SEK 50 million, which have been reported as a reduction in costs.

Beijer Ref is relatively insensitive to economic cycles, but the general economic situation is having an effect, not least in our main markets in southern Europe.



Cash flow, sek m	Q3 2020	Q3 2019
Cash flow from current operations before changes in working capital	381	371
Change in working capital	73	212
<b>Cash flow from current operations</b>	<b>455</b>	<b>583</b>

However, a possible decline is offset by the need for the food industry to switch to environmentally friendly systems, which increases the demand for our products. This, together with an increased standard of living, is driving our sales development forward. The company's assessment is that Covid-19 will have a smaller effect on earnings for the remainder of 2020.

During the third quarter, Beijer Ref signed a new exclusive agreement with Carrier International Corporation until 2023 regarding the continued sale and distribution of Carrier's comfort cooling product lines on the European market. The agreement has been drawn up on market terms.

Carrier sold approximately 9 million shares in Beijer Ref in September, representing 7.9% of the total number of shares, but remains the largest shareholder and the distribution agreement with them is not affected by the sale.

In early September, the company's subsidiary in France was the subject of a cyber attack caused by a computer virus. This meant that the subsidiary could not deliver any products for a week. The total effect of the interruption is estimated to amount to approximately SEK 25 million in reduced sales and SEK 8 million in reduced profit. Beijer Ref is now further reviewing operational security to avoid this type of intrusion in the future.

#### **DIVIDEND**

Due to the increasing spread of Covid-19, there is still uncertainty about how the markets will develop and the Board's previous ambition to call shareholders to an extraordinary general meeting in 2020 to decide on an extra dividend has therefore been reconsidered. The board considers that, under the circumstances, liquidity should remain in the company, thereby strengthening the company's scope for carrying out acquisitions. The Board will not call for an extraordinary general meeting.

#### **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 371,684,513, 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,

which represent ten and one votes respectively. Beijer Ref had 10,434 shareholders on 30 September 2020 (7,716). The proportion of foreign shareholders amounts to 4.5% (4.4), with a capital shareholding of 56.6% (57.6). As of 30 September 2020, there were 9,918,720 class A shares and 117,515,970 class B shares. The company's ten largest shareholders hold 77.1% (79.6) of the votes and 61.9% (66) of the capital. Average sales of the Beijer share in the quarter amounted to 177,558 shares (153,440) per day at an average purchase price of SEK 325 (217). The closing price on 30 September 2020 was SEK 296 (224). As of 30 September 2020, the market value was SEK 37.7 billion (28.5).

#### **RISK DESCRIPTION**

Beijer Ref group's operations are affected by a number of external factors whose effects on the group's operating profit can be monitored to varying degrees. The group's operations depend on general economic developments in Europe in particular, which govern demand for Beijer Ref's products and services.

Like other global companies, Beijer Ref is affected by pandemics and in 2020 the Group is affected by Covid-19. The company is taking the necessary steps to reduce its impact and is following the WHO recommendations.

Acquisitions are normally associated with risks, such as loss of key personnel. Other operating risks, such as agency and supplier agreements, product liability and delivery commitments, technical development, guarantees, dependence on individuals etc., are continuously analysed. If necessary, measures are taken to reduce the group's risk exposure. In its operations, Beijer Ref is exposed to financial risks such as foreign exchange risk, interest rate risk and liquidity risk. The parent company's risk pattern 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. In-

formation pursuant to IAS 34.16A, in addition to disclosure in the financial reports and their associated notes, also appears in other parts of the interim report.

#### *Financial assets and liabilities by category and level of valuation*

The group's financial assets and liabilities consist of financial assets measured at fair value through other comprehensive income and financial assets and liabilities valued at accrued acquisition value.

Financial assets valued at fair value through other comprehensive income consist of two holdings, one of which (SEK 10M) refers to listed shares and is valued at market value on the balance sheet date (valuation level 1). The second holding (SEK 25M) is an unlisted holding and is valued at estimated fair value (valuation level 3). Financial assets valued at accrued acquisition value, such as trade receivables and other receivables, as well as cash and cash equivalents, amount to SEK 4,193M on the balance sheet date and financial liabilities valued at accrued acquisition value such as accounts payable, leasing liabilities and borrowings, as well as other long-term liabilities, amount to SEK 6,747M.

Financial interest-bearing liabilities such as loans linked to financing are entered at accrued acquisition value and are considered to constitute a good estimate of fair value taking into account the fixed terms and the setting of interest rates.

#### **TELEPHONE CONFERENCE Q3 2020**

The company invites investors, analysts and the media to attend a telephone conference at which CEO Per Bertland and CFO Maria Rydén will present the interim report for the third quarter of 2020. The presentation is held in English and lasts about 20 minutes. The meeting is on 20 October at 10.00 CET.

Follow the link: <https://financialhearings.com/event/12923>.

Teleconference: Dial-in number  
SE: +46 8 566 427 04  
UK: +44 33 330 092 71  
US: +1 833 823 05 90

The presentation will also be available on the company's website [www.beijerref.com](http://www.beijerref.com) from 08.40 on 20 October.

This interim report for Beijer Ref AB (publ) has been submitted following approval by the Board of Directors.

Malmö, 20 October 2020

Beijer Ref AB (publ)  
Per Bertland, CEO & President

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 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 20 October 2020.*

## **AUDITOR'S REPORT**

Beijer Ref AB (publ), corp. reg. no. 556040-8113

### **INTRODUCTION**

We have reviewed the condensed interim financial information (interim report) of Beijer Ref AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 20 October 2020  
Deloitte AB

Richard Peters  
Authorized Public Accountant



Summarised profit and loss account, sek m	Q3-20	Q3-19	YTD 20	YTD 19	R12	FY 19
Net sales	3 837	3 953	10 654	11 383	14 089	14 817
Other operating income	3	14	14	22	19	28
Operating expenses	-3 391	-3 500	-9 557	-10 114	-12 634	-13 191
Depreciation	-108	-108	-331	-316	-438	-424
<b>Operating profit</b>	<b>342</b>	<b>358</b>	<b>780</b>	<b>975</b>	<b>1 035</b>	<b>1 230</b>
Net financial income/expense	-13	-14	-42	-43	-56	-56
<b>Profit before tax</b>	<b>329</b>	<b>344</b>	<b>738</b>	<b>932</b>	<b>980</b>	<b>1 174</b>
Tax	-83	-88	-190	-241	-249	-301
<b>Net profit</b>	<b>246</b>	<b>256</b>	<b>548</b>	<b>690</b>	<b>731</b>	<b>873</b>
<i>Net profit attributable to:</i>						
The parent company's shareholders	244	254	543	684	723	864
Non-controlling interests	2	2	5	6	8	9
Net profit per share before dilution, sek	1.92	2.00	4.29	5.41	5.71	6.82
Net profit per share after full dilution, sek	1.91	1.99	4.26	5.37	5.67	6.78

The Group's report on other comprehensive income, sek m	Q3-20	Q3-19	YTD 20	YTD 19	R12	FY 19
Net profit	246	256	548	690	731	873
OTHER COMPREHENSIVE INCOME						
Items which will not be reversed in the profit and loss account	-2	-4	-3	-3	-29	-29
Income tax relating to components in above item	0	1	1	1	5	4
Items which can later be reversed in the profit and loss account	-16	66	-233	239	-308	163
Income tax relating to components in above item	2	–	12	-2	11	-4
<b>Total comprehensive income for the period</b>	<b>230</b>	<b>318</b>	<b>326</b>	<b>925</b>	<b>409</b>	<b>1 008</b>
<i>Attributable to:</i>						
The parent company's shareholders	232	311	327	907	410	990
Non-controlling interests	-2	8	-1	18	-1	18

Summarised balance sheet, sek m	30 Sep 2020	30 Sep 2019	31 Dec 2019
<b>ASSETS</b>			
<i>Fixed assets:</i>			
Intangible fixed assets	2 179	2 175	2 134
Tangible fixed assets	533	465	486
Right of use assets	944	983	998
Deferred tax asset	198	184	188
Other fixed assets	154	145	140
<b>Total fixed assets</b>	<b>4 008</b>	<b>3 952</b>	<b>3 947</b>
<i>Current assets:</i>			
Inventories	3 603	3 908	3 755
Trade debtors	2 664	2 842	2 247
Other receivables	383	377	334
Liquid funds	1 086	925	795
<b>Total current assets</b>	<b>7 736</b>	<b>8 053</b>	<b>7 132</b>
<b>Total assets</b>	<b>11 745</b>	<b>12 006</b>	<b>11 079</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	4 470	4 291	4 369
<b>Total equity</b>	<b>4 470</b>	<b>4 291</b>	<b>4 369</b>
Long term liabilities	3 569	3 639	2 102
Deferred tax liability	109	117	108
<b>Total long term liabilities</b>	<b>3 678</b>	<b>3 756</b>	<b>2 210</b>
<i>Current liabilities:</i>			
Trade creditors	1 897	1 933	1 538
Other liabilities	1 700	2 026	2 961
<b>Total current liabilities</b>	<b>3 596</b>	<b>3 959</b>	<b>4 499</b>
<b>Total equity and liabilities</b>	<b>11 745</b>	<b>12 006</b>	<b>11 079</b>
Of which interest-bearing liabilities	4 028	4 288	4 002
Net debt	2 942	3 362	3 207
Authorised credit limit	4 356	4 100	4 043
Of which remains to be utilised	1 484	1 480	1 753

Key figures	30 Sep 2020	30 Sep 2019	31 Dec 2019
Equity ratio, %	38.1	35.7	39.4
Equity per share before dilution, sek	35	34	35
Equity per share after full dilution, sek	36	35	35
Return on equity after tax, %	12.4	17.1	21.4
Return on capital employed, %	9.3	12.4	15.9
Return on capital employed in operations, %	10.5	14.0	17.8
Debt ratio	0.7	0.8	0.7
Interest coverage ratio	16.2	19.1	18.4
Interest coverage ratio	126 536 710	126 536 710	126 536 710
Holding of own shares <sup>1</sup>	897 980	897 980	897 980
Total number of shares	127 434 690	127 434 690	127 434 690
Average number of outstanding shares	126 536 710	126 536 710	126 536 710

1) Holdings of own shares ensure the delivery of shares to participants in the options programme. The options programme falls due in June 2021.

Summarised consolidated cash flow analysis, sek m	YTD 2020	YTD 2019	FY 2019
Operating profit	780	975	1 230
Non-cash generated items	323	320	438
Paid interest	-49	-51	-67
Paid income tax	-151	-213	-313
Profit on sale of tangible fixed assets	–	–	-8
<b>Cash flow from current operations before changes in working capital</b>	<b>903</b>	<b>1 030</b>	<b>1 280</b>
Changes in working capital	77	-256	-25
Cash flow from investment operations	-298	-103	-137
Cash flow from financial operations	87	-275	-570
Amortisation of leasing liabilities	-233	-220	-296
Dividend paid	-221	-190	-380
<b>Change in cash and bank</b>	<b>314</b>	<b>-14</b>	<b>-127</b>
Exchange rate difference in liquid funds	-23	19	12
Cash and bank on 1 January	795	909	909
<b>Cash and bank at the period end</b>	<b>1 086</b>	<b>916</b>	<b>795</b>

Shareholders' equity, sek m	30 Sep 2020	30 Sep 2019	31 Dec 2019
Opening balance	4 369	3 785	3 785
Adjustment on adoption of IFRS 16	–	-32	-32
Total comprehensive income for the period	326	925	1 008
Dividend	-221	-380	-380
Transactions with holders with no controlling influence	–	-1	1
Dividend to shareholders with no controlling influence	-4	-6	-12
<b>Closing balance</b>	<b>4 470</b>	<b>4 291</b>	<b>4 369</b>

Q3 sek m	Nordic		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales by operation	430	458	990	1 033	1 434	1 476	128	154	231	299	680	595	3 892	4 015
- of which Commercial and industrial refrigeration	246	271	543	607	508	601	86	113	165	199	251	261	1 799	2 049
- of which HVAC	155	141	406	382	798	745	37	33	36	53	271	164	1 702	1 517
- of which OEM	30	47	40	43	128	130	4	8	31	47	158	170	391	447
Internal sales between operations														
Net sales													-55	-63
													3 837	3 953
Operating profit by operation	53	70	96	96	138	151	13	20	19	18	37	26	356	382
Group-wide expenses													-15	-24
<b>Operating profit</b>													<b>342</b>	<b>358</b>
Net financial													-13	-14
Tax													-83	-88
<b>Net profit</b>													<b>246</b>	<b>256</b>
Working capital, average for the period	467	551	893	991	1 581	1 790	176	199	372	541	828	843	4 318	4 915
Group eliminations													-4	-6
Total average working capital													4 313	4 909

YTD sek m	Nordic		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales by operation	1 293	1 392	2 672	2 773	3 857	4 347	354	400	696	929	1 967	1 749	10 839	11 590
- of which Commercial and industrial refrigeration	765	802	1 496	1 707	1 362	1 671	245	300	486	609	755	816	5 109	5 901
- of which HVAC	403	450 <sup>1</sup>	1 073	952	2 117	2 263	94	87	131	194	797	481	4 615	4 428
- of which OEM	125	140	103	114	378	413	14	13	79	126	415	452	1 115	1 258
Internal sales between operations														
Net sales													-185	-207
													10 654	11 383
Operating profit by operation	156	214	207	231	300	400	31	43	39	62	110	89	843	1 040
Group-wide expenses													-63	-65
<b>Operating profit</b>													<b>780</b>	<b>975</b>
Net financial													-42	-43
Tax													-190	-241
<b>Net profit</b>													<b>548</b>	<b>690</b>
Working capital, average for the period	518	550	951	985	1 495	1 651	181	191	431	523	869	836	4 445	4 737
Group eliminations													-3	-8
Total average working capital													4 441	4 729

1) Last year is effected by one-time sales amounting to SEK 50M outside geographical territories.

## 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. Net sales are distributed by product area, i.e. Commercial and Industrial Refrigeration, HVAC and OEM. The working capital includes inventories, trade debtors and trade creditors and is an average based on monthly values for the period.

## Company acquisitions

For each acquisition, the company performs a materiality assessment based on net sales, product area and market. It is our assessment that an acquisition is significant in cases where the net sales of the acquired company exceed 5% of total net sales.

### 2020

#### First quarter

During the quarter, Beijer Ref acquired ACD Trade, a leading company in HVAC distribution in Australia with some 60 employees. With the acquisition of ACD Trade, the group's presence in Australia has been further strengthened. Sales are made through nine branches and annual sales amount to approximately SEK 540M. The total purchase price amounts to SEK 211M and is included in the consolidated financial statements with effect from 1 February 2020. ACD Trade contributed SEK 345.9M to the group's net sales for the first nine months 2020 and made a positive contribution to operating profit of SEK 19.3M.

#### Second quarter

No acquisitions made during the quarter.

#### Third quarter

No acquisitions made during the quarter.

### 2019

#### First quarter

No acquisitions made during the quarter.

#### Second quarter

No acquisitions made during the quarter.

#### Third quarter

No acquisitions made during the quarter.

Acquisitions of companies	ACD Trade Reported value	Fair value adjustment	Fair value in the Group
Goodwill	51	51	102
Customer lists	0	18	18
Tangible fixed assets	15	0	15
Deferred tax assets	5	1	6
Inventories	88	-4	84
Other current assets	72	0	72
Liquid funds	31	0	31
Deferred tax liability	-6	-5	-11
Other current liabilities	-217	112	-105
<b>Total identifiable net assets</b>	<b>38</b>	<b>173</b>	<b>211</b>
<i>Effect on the cash flow</i>			
Consideration	-211		-211
Liquid funds	31		31
	-180		-180

Parent company profit and loss account in summary, sek m	YTD 2020	YTD 2019	FY 2019
Operating income	1	1	57
Operating expenses	-55	-54	-74
Depreciation	-2	-2	-3
<b>Operating profit</b>	<b>-57</b>	<b>-55</b>	<b>-20</b>
Net financial income/expense	-39	28	53
Result of participations in Group companies	20	460	448
<b>Profit before appropriations</b>	<b>-76</b>	<b>433</b>	<b>481</b>
Appropriations	—	2	68
<b>Profit before tax</b>	<b>-76</b>	<b>435</b>	<b>549</b>
Tax	20	—	-20
<b>Net profit</b>	<b>-55</b>	<b>435</b>	<b>529</b>

Parent company balance sheet in summary, sek m	30 Sep 2020	30 Sep 2019	31 Dec 2019
<b>ASSETS</b>			
Intangible fixed assets	6	7	7
Tangible fixed assets	4	4	4
Financial fixed assets	3 951	3 828	3 800
Current assets	702	1 361	1 050
<b>Total assets</b>	<b>4 663</b>	<b>5 201</b>	<b>4 860</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	1 686	1 869	1 963
Long-term liabilities	2 737	2 759	1 222
Current liabilities	240	573	1 675
<b>Total equity and liabilities</b>	<b>4 663</b>	<b>5 201</b>	<b>4 860</b>

<b>Financial definitions</b>		<b>Trade terms</b>	
<b>Δ%</b>	Change in percentage.	<b>ARW</b>	Air Condition & Refrigeration Wholesale.
<b>Capital employed</b>	Balance sheet total with a deduction for non-interest-bearing liabilities and deferred tax liability.	<b>Chiller</b>	Liquid refrigeration unit.
<b>Debt/equity ratio</b>	Net debt in relation to equity. The objective is to show borrowing in relation to book value of equity.	<b>CO<sub>2</sub> equivalent</b>	A measurement of greenhouse gas emissions and how much carbon dioxide is needed to produce the same effect on the climate.
<b>EBITDA</b>	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.	<b>F-gas</b>	Synthetic gases containing fluorine, such as HCFCs and HFCs.
<b>Equity before / after dilution</b>	Equity before / after dilution in relation to average number of outstanding shares	<b>GWP</b>	Global Warming Potential
<b>Equity ratio</b>	Equity at the end of the period in relation to balance sheet total.	<b>HCFC</b>	HydroChloroFluoroCarbons, which affects the ozone layer and contribute to global warming.
<b>Interest-bearing liabilities</b>	Interest-bearing liabilities include interest-bearing provisions.	<b>HFC</b>	HydroFluoroCarbons, Fluorised greenhouse gases which contribute to global warming.
<b>Interest coverage ratio</b>	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.	<b>HFO</b>	HydroFluoroOlefins, synthetic environmentally friendly refrigerants.
<b>Net debt</b>	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.	<b>HVAC</b>	Heating, Ventilation, Air Conditioning.
<b>Operating capital</b>	Capital employed minus liquid funds, financial assets and other interest-bearing assets.	<b>OEM</b>	Original Equipment Manufacturer.
<b>Operating margin</b>	Operating profit in relation to net sales.	<b>Transcritical</b>	Heat transfer with gas cooler.
<b>Organic change</b>	Comparative figures year over year adjusted for translation effects on consolidation and changes in the structure.	<b>Geographic areas</b>	
<b>Profit per share before / after dilution</b>	Net profit in relation to average number of shares before/after dilution.	<b>Africa</b>	Botswana, Ghana, Mozambique, Namibia, South Africa, Tanzania, Zambia
<b>R12</b>	Rolling twelve is the latest 12 months.	<b>Asia Pacific</b>	Australia, China, India, Malaysia, New Zealand, Singapore, Thailand
<b>Return on capital employed</b>	Profit before tax plus financial expenses (for each period) in relation to average capital employed.	<b>Central Europe</b>	Belgium, Ireland, The Netherlands, Switzerland, Germany, UK
<b>Return on equity</b>	Earnings after tax (for each period) 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.	<b>Eastern Europe</b>	Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia
<b>Return on operating capital</b>	Operating profit (for each period) as a percentage of average capital employed in operations.	<b>Nordic</b>	Denmark, Finland, Norway, Sweden
		<b>Southern Europe</b>	France, Italy, Portugal, Spain
		<b>Other</b>	
		<b>CSR</b>	Corporate Social Responsibility.
		<b>The Kigali Agreement</b>	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).
		<b>KPI</b>	Key Performance Indicator.
		<b>PIM</b>	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 fourth quarter 2020 will be published on 28 January 2021.
- Annual Report 2020 will be published in March 2021.
- AGM will be held in Malmö in April 2021.

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This document is a translation of the Swedish language version.

In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.