

Beijer Ref AB

Q4-2020

English version

BEIJER REF

Beijer Ref AB

Q4-2020

Stable profits and increased dividend

Fourth quarter

- Net sales decreased by 0.8% in the fourth quarter compared to the same period last year and amounted to SEK 3,408 million (3,435).
- Operating profit before depreciation, interest and tax (EBITDA) amounted to SEK 367 million (363), corresponding to an EBITDA margin of 10.8% (10.6). Operating profit for the quarter amounted to SEK 256 million (256). The operating margin amounted to 7.5% (7.4%).
- Profit before tax was SEK 239 million (242). Net financial items are SEK 3 million higher (-16M vs -13M) than in the previous year, mainly due to financing acquisitions and costs of an extended credit capacity.
- Profit per share before and after dilution amounted to SEK 1.42 (1.42) and SEK 1.41 (1.41) respectively, which is unchanged from the previous year.
- Cash flow from current activities was positive during the quarter and amounted to SEK 559 million (480). Unused credit amounted to SEK 1,516 million (1,752).
- During the fourth quarter of 2020, Beijer Ref invested in a minority holding in Fenagy A/S in Denmark, which develops environmentally friendly industrial pumps.
- Beijer Ref also acquired 85% of the air conditioning company Sinclair in the Czech Republic. The company has an annual turnover of SEK 400 m with good profitability. Consolidated in the group from 2021.
- The board will propose to this year's Annual General Meeting an increased dividend to SEK 2.50 (1.75) and an additional dividend of 0.50 to compensate for lower dividend in 2020.

Key figures	Q4-20	Q4-19	Δ%	FY 20	FY 19	Δ%
Net sales, sek m	3 408	3 435	-0.8	14 062	14 817	-5.1
EBITDA, sek m	367	363	0.9	1 477	1 655	-10.7
EBITDA, %	10.8	10.6		10.5	11.2	
Operating profit, sek m	256	256	0.0	1 036	1 230	-15.8
Profit margin, %	7.5	7.4		7.4	8.3	
Net profit, sek m	180	183	-1.2	729	873	-16.5
Profit per share before dilution, sek	1.42	1.42	-0.1	5.71	6.82	-16.4
Profit per share after dilution, sek	1.41	1.41	-0.1	5.67	6.78	-16.4
Return on operating capital, %	3.4	3.7		13.9	17.8	
Return on equity, %	4.1	4.5		16.5	21.4	
Average number of employees				3 856	3 869	-0.3

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.

Full year 2020

- Net sales decreased by 5.1% during 2020 compared to the same period last year and amounted to SEK 14,062 million (14,817). Organic change was -6.2% (0.9%).
- EBITDA amounted to SEK 1,477 million (1,655), corresponding to an EBITDA margin of 10.5% (11.2%). The operating profit for the period amounted to SEK 1,036 million (1,230), a decrease of 15.8% compared with last year. The operating margin amounted to 7.4% (8.3%).
- Profit before tax was SEK 977 million (1,174). Net financial items are SEK 3 million higher (-59M vs -56M) than in the previous year, mainly due to financing acquisitions and an extended credit capacity.
- Profit per share before and after dilution amounted to SEK 5.71 (6.82) and SEK 5.67 (6.78) respectively, which is a decrease of 16.4%.
- The acquisition of the wholesale company ACD Trade in Australia was completed in the first quarter of 2020. The company has 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 554 million to sales.
- 2020 has been greatly marked by the Covid-19 pandemic and its effects. Measures have been taken in all parts of the business to fend off the effects, in the second and third quarters in particular.

Comments by the CEO

Stable conclusion to a challenging year



2020 was a year largely marked by the corona pandemic and we took swift action to mitigate the negative effects of a market that was characterised by tough restrictions and shutdowns. Our savings programme and rapid reorganisation have paid off. Compared to the second quarter, which was the period most affected by closures, markets have remained relatively stable in the last few months in spite of new restrictions.

The group's net sales for the fourth quarter are in line with sales in the same period last year and amounted to SEK 3.4 billion. Organically, our Central Europe and Asia Pacific re-

gions have experienced growth and southern Europe is in line with the previous year.

Operating profit amounted to SEK 256 million in the fourth quarter, which is in line with the corresponding quarter of 2019. Apart from the acquisition of ACD Trade, it is mainly the effects of Covid-19 and lower prices of refrigerants that have affected earnings. Volume, but above all the fall in the price of refrigerants, has led to a loss of sales of approximately SEK 60 million in the quarter, and almost SEK 450 million on an annual basis. There are some indications that refrigerant prices are stabilising. The EU

rules for phasing out f-gases, which regulate the permissible amount of CO₂ equivalent emissions, were further tightened at the end of the year, which may affect the price. However, we do not expect the same development as in 2018. My assessment is that future price changes will not affect Beijer Ref's performance to the same degree as they have in the last two years.

Our HVAC product area shows growth of just over 3 per cent in the fourth quarter. In general, the demand for air conditioning and heat pumps is rising and therefore it is positive that we succeeded in performing an acquisition in this area at the end of the year. The Czech HVAC company Sinclair is from 1 January 2021 part of our group, which strengthens our overall offering. The company distributes products to several countries in Europe, mainly through its own brand. A brand that we will further develop and launch in other Beijer Ref markets. It is also gratifying that our Dutch company Coolmark had one of its strongest quarters ever with an organic sales increase of 14 per cent. Coolmark's profits increased by approximately 50 per cent for the full year, which shows

that there will be a big impact on profits as sales increase.

Apart from lower refrigerant prices, the Commercial refrigeration product area grew by approximately 2 per cent in the quarter. This part of our business is socially important, which has allowed us to keep activity at a stable level even during periods of shutdowns.

The entire OEM product area had an organic sales loss of 6 per cent compared to the same quarter last year. The decrease can be attributed to geographical areas such as the Nordic region and Africa, where restrictions due to the pandemic have made investment decisions delayed for a quarter. In Italy, we are now preparing to open operations in our new, environmentally friendly production facility, which will double capacity in the sustainable self-produced segment. Orders received in Q4 have been strong, meaning that we are entering the new year with a well-stocked order book.

OEM is a focus area and it is therefore positive that we were able to perform another acquisition that strengthens

our offering in the product area. By investing in the Danish company Fenagy, with the option to take over as principal owner within a few years, we will be able to offer sustainable industrial heat pumps on the northern European market based on the environmentally friendly refrigerant CO₂.

At the end of the year, Beijer Ref had a new principal owner in EQT when Carrier decided to sell its holding. This is a statement of strength and a recognition that what we have built up is considered to be viable for a long time to come. EQT will greatly contribute to Beijer Ref's continued journey of growth, through its knowledge and broad network.

I would also like to take this opportunity to thank Carrier for eleven years of successful cooperation. They have been involved in the globalisation of Beijer Ref and have opened many doors for us. I am pleased that in the future we will continue our cooperation, since Carrier is an important supplier.

As I mentioned, 2020 has been a special year in many ways. When we sum up the year, we still have a lot to be

proud of. The rapid adaptation to a new reality has required a great deal from our employees, who made it possible through their sacrifices, carried out with great loyalty.

Our balance sheet is strong and we have every opportunity to continue growing, both organically and through acquisitions.

The board's proposal for an increased dividend reflects our optimistic confidence in the future and hopefully 2021 will be the year in which the business returns to normal.

Per Bertland
CEO

Fourth quarter of 2020

-0,6%

Organic
change

10,8%

EBITDA

3,4%

Return on
operating capital

39,3%

Equity
ratio

NET SALES

Net sales decreased by 0.8 per cent to SEK 3,408 million (3,435) in the fourth quarter of 2020. The decrease in sales has been greatest in the Nordic region, southern Europe and Africa and is due to exchange rate changes and Covid-19. Apart from exchange rate changes and acquisitions, the organic change in net sales was -0.6 per cent (0.9).

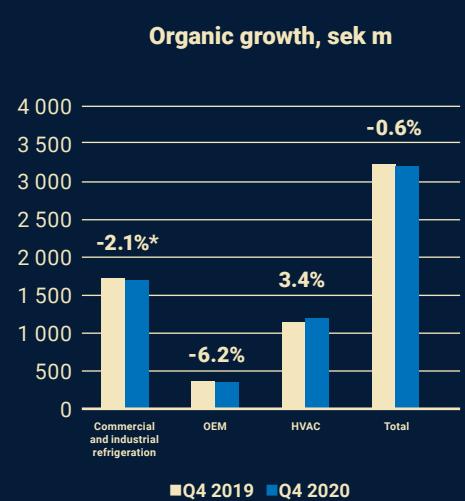
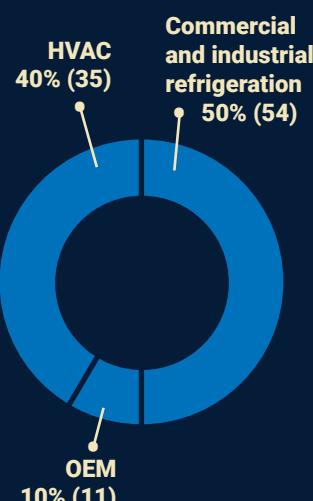
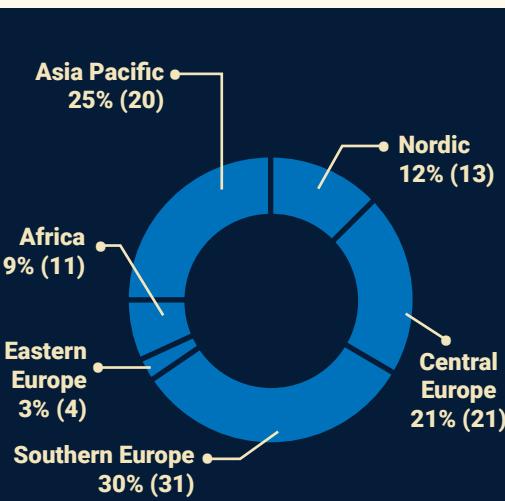
Air conditioning has however developed strongly during the quarter and has grown organically by 3.4%, largely thanks to good cooperation with Toshiba, Mitsubishi Heavy, Carrier and Gree. Sales development in air conditioning has been

Sales, sek m	Q4	%	FY	%
Net sales 2019	3 435		14 817	
Organic change	-19	-0.6	-890	-6.2
Change through acquisitions ¹	208	6.1	554	3.7
Exchange rate fluctuation	-216	-6.2	-419	-2.7
Change total	-27	-0.8	-755	-5.1
Net sales 2020	3 408		14 062	

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

strong in all regions except Africa and Eastern Europe, and particularly strong in the Nordic region and Central Europe. A stronger Swedish krona resulted in ex-

change rate effects of SEK -216 million (111), corresponding to -6.2 per cent (3.4), since most sales are in currencies other than Swedish kronor.



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

*) Excluding lower sales of refrigerants, Commercial Refrigeration shows an organic growth of 2% in Q4 2020.

Net sales decreased by 5.1 per cent to SEK 14,062 million (14,817) during 2020. Adjusted for exchange rate changes and acquisitions, the organic change in net sales was -6.2 per cent (4.4). The main reasons are the effects of Covid-19 and lower prices for refrigerants. The decrease in sales has affected all geographical segments and had the greatest impact in Southern and Central Europe.

PROFIT

The group's operating profit amounted to SEK 256m (256) in the fourth quarter, which is unchanged compared to the previous year, thanks to savings achieved and positive acquisition effects of SEK 19.7m. The operating margin amounted to 7.5% (7.4%). Exchange rate effects of SEK -19.2 million (7.5) are included in the operating profit figures. Profit before tax was SEK 239 million (242) and profit for the period was SEK 180 million (183). Profit per share before dilution amounted to SEK 1.42 (1.42).

The group's operating profit for the full year 2020 was SEK 1,036m (1,230), which is 16 per cent lower than in the previous year. Exchange rate effects of SEK -32.8 million (36.1) are included in the operating profit figures. The operating margin amounted to 7.4 per cent (8.3). In 2020, the company made net savings of approximately SEK 300 m. The operating profit also includes positive acquisition effects of SEK 39.6 million for the year. Profit before tax was SEK 977 million (1,174) and profit for the year was SEK 729 million (873). Profit per share before dilution amounted to SEK 5.71 (6.82).

CASH FLOW

Cash flow from current operations before changes in working capital during the fourth quarter was similar to the previous year at SEK 210 million (250). Working capital decreased by SEK 350 million during the quarter compared with SEK 231 million during the corresponding period of the previous year. Normally, the group

binds capital in the first half of the year and frees up capital in the second half of the year. The change in working capital between the years is due primarily to a decrease in goods in stock. Altogether, this gives cash flow from current operations after changes in working capital of SEK 559 million (480).

Cash flow from current operations before changes in working capital amounted to SEK 1 112 million in 2020, compared with SEK 1,280 million for the corresponding period in 2019. The change is mainly due to a lower operating profit. Working capital decreased by SEK 426 million in 2020 compared with an increase of SEK 25 million the previous year. Altogether, this gives cash flow from current operations after changes in working capital of SEK 1,538 million (1,255).

At the end of the period, credit facilities amounted to SEK 4,259 million (4,040), of which unutilised credits amounted to SEK 1,516 million (1,752). In total, net liabilities decreased by SEK 263 million.

Refinancing of SEK 2.9 billion of the company's granted credit facilities occurred, divided over four different banking partners and with an average maturity of 3 years 5 months.

INVESTMENTS

Cash flow from investment activities during the fourth quarter amounted to SEK 265 million (33), which relates primarily to acquisitions and investments in fixed assets.

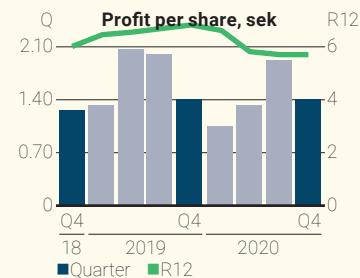
Cash flow from investment activities during 2020 amounted to SEK 560 million (137), which relates primarily to business combinations and investments in fixed assets.

COMPANY ACQUISITIONS

In the fourth quarter of 2020, two acquisitions were made, a minority holding in Fenagy A/S in Denmark and 85% of the shares in the Czech company Sinclair.

Fenagy is newly formed and is in the process of developing and launching a new industrial product range in industrial heat pumps and cooling systems based on the environmentally friendly refrigerant CO2. The company is included in the consolidated financial statements with effect from 1 December and is reported as a financial asset.

Sinclair is headquartered in Brno in the Czech Republic with sales offices in Slovakia, Hungary and Croatia. Sinclair sells air conditioning and heat pumps to a number of countries and most of the sales consist of HVAC products of its own Sinclair brand.



Cash flow, sek m	Q4 2020	Q4 2019
Cash flow from current operations before changes in working capital	210	250
Change in working capital	350	231
Cash flow from current operations	559	480

IMPORTANT EVENTS 2020

The year has been greatly marked by the Covid-19 pandemic and its effects, although effects in the fourth quarter were less marked. Measures to counter the effects of the pandemic were taken immediately during the first quarter to mitigate the effects. It is estimated that the company will lose sales by approximately SEK 500 million as a result of the pandemic in 2020.

Beijer Ref estimates that net savings of SEK 70 million have been effected during the quarter, including support measures of SEK 7 million. For 2020, the net savings amount to SEK 300 million, including support measures of SEK 57 million, which have been reported as a reduction in costs.

Beijer Ref is relatively insensitive to economic cycles as about half of the company's sales are made to end customers active in the food industry. The general economic situation is having an effect, not least in the main markets of southern Europe. However, a possible decline is offset by the need for the food industry to switch to environmentally friendly systems, which increases the demand for the company's products. This, together with an increased standard of living, is driving our sales development. The company's current assessment is that Covid-19 will have a smaller effect on earnings 2021.

Carrier sold its entire holding of shares in Beijer Ref in December, corresponding to 29.6% of the capital and 26.4% of the votes, to EQT, a Swedish investment company, listed on Nasdaq in Stockholm.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

After the end of the financial year, the company acquired 100% of the shares of Complete Air Supply (CAS) in Australia. This company is active in HVAC and has a range that in particular complements ACD Trade well and which makes what Beijer offers for residential and commercial properties more comprehensive. CAS has annual sales of SEK 140 million, with 40 employees in 2 branches. The company will be included in the company's financial statements with effect from 1 February 2021.

Per Bertland has informed Beijer Ref AB's (publ) Board of Directors that he plans to

step down as CEO. The transition will take place when a successor has been found or during the latter part of 2021 at the latest.

DIVIDEND

The board will propose to this year's Annual General Meeting an increased dividend to SEK 2.50 (1.75) and an additional dividend of 0.50 to compensate for lower dividend in 2020. The proposal is that the dividend is paid in two instalments, SEK 1.75 in April and SEK 1.25 in October, so as to meet the company's seasonal variations.

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 11,046 shareholders on 31 December 2020 (8,750). The proportion of foreign shareholders amounts to 4.3% (4.5), with a capital shareholding of 55.3% (59.8). As of 31 December 2020, there were 9,918,720 class A shares and 117,515,970 class B shares. The company's ten largest shareholders hold 76.6% (78.2) of the votes and 61.1% (63.8) of the capital. Average sales of the Beijer share in the quarter amounted to 244,101 shares (207,819) per day at an average purchase price of SEK 295 (252). The closing price on 31 December 2020 was SEK 376 (275). As of 31 December 2020, the market value was SEK 47.8 billion (35.0).

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 was affected by Covid-19. The company has been 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. Information 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 three holdings, one of which (SEK 11M) refers to listed shares and is valued at market value on the balance sheet date (valuation level 1). The two other holdings (SEK 29M) is unlisted holdings 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 3,953M 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 6,517M.

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 Q4 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 fourth quarter of 2020. The presentation is held in English and lasts about 20 minutes. The meeting is on 28 January at 10.00 CET.

Follow the link: <https://financialhearings.com/event/12924>.

Teleconference: Dial-in number
SE: +46 8 505 583 53
UK: +44 33 330 092 61
US: +1 833 526 8397

The presentation will also be available on the company's website www.beijerref.com from 08.40 on 28 January.

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

Malmö, 28 January 2021

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

For more information on this report:

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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 28 January 2021.

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

Summarised profit and loss account, sek m	Q4-20	Q4-19	FY 20	FY 19
Net sales	3 408	3 435	14 062	14 817
Other operating income	11	6	25	28
Operating expenses	-3 053	-3 077	-12 610	-13 191
Depreciation	-111	-108	-442	-424
Operating profit	256	256	1 036	1 230
Net financial income/expense	-16	-13	-59	-56
Profit before tax	239	242	977	1 174
Tax	-59	-60	-248	-301
Net profit	180	183	729	873
<i>Net profit attributable to:</i>				
The parent company's shareholders	179	180	722	864
Non-controlling interests	1	3	6	9
Net profit per share before dilution, sek	1.42	1.42	5.71	6.82
Net profit per share after full dilution, sek	1.41	1.41	5.67	6.78

The Group's summarised report on other comprehensive income, sek m	Q4-20	Q4-19	FY 20	FY 19
Net profit	180	183	729	873
OTHER COMPREHENSIVE INCOME				
Items which will not be reversed				
in the profit and loss account	-16	-27	-19	-29
Income tax relating to components in above item	3	4	5	4
Items which can later be reversed				
in the profit and loss account	-140	-74	-372	163
Income tax relating to components in above item	-9	-3	3	-4
Total comprehensive income for the period	18	83	344	1 008
<i>Attributable to:</i>				
The parent company's shareholders	20	83	348	990
Non-controlling interests	-2	—	-3	18

Summarised balance sheet, sek m	31 Dec 2020	31 Dec 2019
ASSETS		
<i>Fixed assets:</i>		
Intangible fixed assets	2 103	2 134
Tangible fixed assets	544	486
Right of use assets	1 184	998
Deferred tax asset	180	188
Other fixed assets	144	140
Total fixed assets	4 156	3 947
<i>Current assets:</i>		
Inventories	3 389	3 755
Trade debtors	2 069	2 247
Other receivables	633	334
Liquid funds	1 161	795
Total current assets	7 253	7 132
Total assets	11 408	11 079
EQUITY AND LIABILITIES		
Shareholders' equity	4 489	4 369
Total equity	4 489	4 369
Long term liabilities	3 755	2 102
Deferred tax liability	105	108
Total long term liabilities	3 860	2 210
<i>Current liabilities:</i>		
Trade creditors	1 640	1 538
Other liabilities	1 419	2 961
Total current liabilities	3 059	4 499
Total equity and liabilities	11 408	11 079
Of which interest-bearing liabilities	4 105	4 002
Net debt	2 944	3 207
Authorised credit limit	4 259	4 040
Of which remains to be utilised	1 516	1 752

Key figures	31 Dec 2020	31 Dec 2019
Equity ratio, %	39.3	39.4
Equity per share before dilution, sek	35	35
Equity per share after full dilution, sek	36	35
Return on equity after tax, %	16.5	21.4
Return on capital employed, %	12.3	15.9
Return on capital employed in operations, %	13.9	17.8
Debt ratio	0.7	0.7
Interest coverage ratio	15.6	18.4
Number of outstanding shares	126 536 710	126 536 710
Holding of own shares ¹	897 980	897 980
Total number of shares	127 434 690	127 434 690
Average number of outstanding shares	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	FY 2020	FY 2019
Operating profit	1 036	1 230
Non-cash generated items	434	438
Paid interest	-67	-67
Paid income tax	-288	-313
Profit on sale of tangible fixed assets	-2	-8
Cash flow from current operations before changes in working capital	1 112	1 280
Changes in working capital	426	-25
Cash flow from investment operations	-560	-137
Cash flow from financial operations	-22	-570
Amortisation of leasing liabilities	-310	-296
Dividend paid	-221	-380
Change in cash and bank	426	-127
Exchange rate difference in liquid funds	-59	12
Cash and bank on 1 January	795	909
Cash and bank at the period end	1 161	795

Shareholders' equity, sek m	31 Dec 2020	31 Dec 2019
Opening balance	4 369	3 785
Adjustment on adoption of IFRS 16	—	-32
Total comprehensive income for the period	344	1 008
Dividend	-221	-380
Transactions with holders with no controlling influence	—	1
Dividend to shareholders with no controlling influence	-4	-12
Closing balance	4 489	4 369

Q4 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 - of which Commercial and industrial refrigeration	400	427	703	740	1 084	1 131	108	122	321	391	857	679	3 474	3 490
- of which HVAC	210	236	433	475	433	481	77	83	229	252	321	321	1 702	1 848
- of which OEM	153	143	241	224	530	537	26	31	59	92	378	192	1 385	1 219
38	48	30	41	122	114	6	8	34	47	158	166	387	423	
Internal sales between operations													-66	-55
Net sales													3 408	3 435
Operating profit by operation	63	65	48	45	50	49	9	10	38	58	74	53	283	280
Group-wide expenses													-27	-24
Net profit													256	256
Net financial													-16	-13
Tax													-59	-60
Net profit													180	183
Working capital, average for the period	428	554	859	1 040	1 319	1 527	165	192	381	544	842	861	3 993	4 717
Group eliminations													-1	2
Total average working capital													3 992	4 719

12 months 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	1 693	1 819	3 375	3 512	4 941	5 479	462	522	1 017	1 320	2 825	2 428	14 313	15 080
- of which Commercial and industrial refrigeration	974	1 046	1 929	2 182	1 795	2 152	322	383	715	861	1 076	1 137	6 811	7 760
- of which HVAC	556	594 ¹	1 314	1 176	2 646	2 800	120	118	189	286	1 175	673	6 001	5 648
- of which OEM	163	180	133	154	500	527	20	21	113	173	574	618	1 502	1 672
Internal sales between operations													-251	-263
Net sales													14 062	14 817
Operating profit by operation	219	279	255	277	350	449	40	53	77	119	184	142	1 126	1 319
Group-wide expenses													-90	-89
Net profit													1 036	1 230
Net financial													-59	-56
Tax													-248	-301
Net profit													729	873
Working capital, average for the period	498	551	928	999	1 451	1 620	177	191	418	528	862	842	4 335	4 732
Group eliminations													-3	-6
Total average working capital													4 332	4 726

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. 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 554M to the group's net sales for the first eleven months 2020 and made a positive contribution to operating profit of SEK 39M.

Second quarter

No acquisitions made during the quarter.

Third quarter

No acquisitions made during the quarter.

Fourth quarter

During the quarter, an agreement was entered into to acquire 85% of the shares of Sinclair Global Group with an option to acquire the remaining shares within three years. Sinclair is headquartered in Brno in the Czech Republic with sales offices in

Slovakia, Hungary and Croatia. The company has approximately 110 employees with annual sales of approximately SEK 400 million and good profitability. The purchase price amounts to approximately SEK 220 million and it is included in the consolidated accounts from 1 January 2021. Net assets amount to approximately SEK 150million, which gives goodwill of approximately SEK 70million. The acquisition calculation is preliminary and goodwill is not allocated.

During the quarter, an investment was made in the Danish refrigeration technology company Fenagy A/S. Beijer Ref has acquired a minority holding (10.5%) with the possibility to acquire a corresponding holding in 2021 and can thus hold 20.95% by the end of 2021. Thereafter, there is an option to become the majority shareholder within a few years. Fenagy A/S is newly formed and is developing industrial heat pumps and cooling systems based on the environmentally friendly refrigerant CO₂. The company has ten employees and its head office is located in Aarhus, Denmark.

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.

Fourth quarter

No acquisitions made during the quarter.

Acquisitions of companies 2020, sek m	ACD Trade Reported value	Fair value adjustment	Fair value in the Group
Goodwill	51	52	103
Customer lists	0	18	18
Tangible fixed assets	15	0	15
Deferred tax assets	7	1	8
Inventories	88	-4	84
Other current assets	72	0	72
Liquid funds	31	0	31
Deferred tax liability	-9	-5	-14
Other current liabilities	-217	112	-105
Total identifiable net assets	37	174	211
<i>Effect on the cash flow</i>			
Consideration	-211		-211
Liquid funds	31		31
	-181		-181

Parent company profit and loss account in summary, sek m	FY 2020	FY 2019
Operating income	54	57
Operating expenses	-79	-74
Depreciation	-3	-3
Operating profit	-28	-20
Net financial income/expense	10	53
Result of participations in Group companies	21	448
Profit before appropriations	3	481
Appropriations	53	68
Profit before tax	55	549
Tax	-7	-20
Net profit	48	529

Parent company balance sheet in summary, sek m	31 Dec 2020	31 Dec 2019
ASSETS		
Intangible fixed assets	6	7
Tangible fixed assets	5	4
Financial fixed assets	3 891	3 800
Current assets	771	1 050
Total assets	4 672	4 860
EQUITY AND LIABILITIES		
Shareholders' equity	1 789	1 963
Long-term liabilities	2 682	1 222
Current liabilities	201	1 675
Total equity and liabilities	4 672	4 860

Financial definitions

Δ%	Change in percentage.	Operating capital	Capital employed minus liquid funds, financial assets and other interest-bearing assets.
Capital employed	Balance sheet total with a deduction for non-interest-bearing liabilities and deferred tax liability.	Operating margin	Operating profit in relation to net sales.
Debt/equity ratio	Net debt in relation to equity. The objective is to show borrowing in relation to book value of equity.	Organic change	Comparative figures year over year adjusted for translation effects on consolidation and changes in the structure.
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.	Profit per share before / after dilution	Net profit in relation to average number of shares before/after dilution.
Equity before / after dilution	Equity before / after dilution in relation to average number of outstanding shares	R12	Rolling twelve is the latest 12 months.
Equity ratio	Equity at the end of the period in relation to balance sheet total.	Return on capital employed	Profit before tax plus financial expenses (for each period) in relation to average capital employed.
Interest-bearing liabilities	Interest-bearing liabilities include interest-bearing provisions.	Return on equity	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.
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.	Return on operating capital	Operating profit (for each period) as a percentage of average capital employed in operations.
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.		

For more details including calculations, see www.beijerref.com/alternative-performance-measures/

Trade terms		Geographic areas
ARW	Air Condition & Refrigeration Wholesale.	Africa Botswana, Ghana, Mozambique, Namibia, South Africa, Tanzania, Zambia
Chiller	Liquid refrigeration unit.	Asia Pacific Australia, China, India, Malaysia, New Zealand, Singapore, Thailand
CO₂ equivalent	A measurement of greenhouse gas emissions and how much carbon dioxide is needed to produce the same effect on the climate.	Central Europe Belgium, Ireland, The Netherlands, Switzerland, Germany, UK
F-gas	Synthetic gases containing fluorine, such as HCFCs and HFCs.	Eastern Europe Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia
GWP	Global Warming Potential	Nordic Denmark, Finland, Norway, Sweden
HCFC	HydroChloroFluoroCarbons, which affects the ozone layer and contribute to global warming.	Southern Europe France, Italy, Portugal, Spain
HFC	HydroFluoroCarbons, Fluorised greenhouse gases which contribute to global warming.	Other
HFO	HydroFluoroOlefins, synthetic environmentally friendly refrigerants.	CSR Corporate Social Responsibility.
HVAC	Heating, Ventilation, Air Conditioning.	KPI Key Performance Indicator.
OEM	Original Equipment Manufacturer.	PIM Product Information Management, centralised management of product information that is needed to market and sell the products through one or more distribution channels.
Transcritical	Heat transfer with gas cooler.	

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

- Annual Report 2020 will be published in March 2021.
- AGM will be held in Malmö on 15 April 2021.
- The Interim Report for the first quarter 2021 will be published on 22 April 2021.
- The Interim Report for the second quarter 2021 will be published on 15 July 2021.
- The Interim Report for the third quarter 2021 will be published on 19 October 2021.
- The Interim Report for the fourth quarter 2021 will be published on 27 January 2022.

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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.