

# Beijer Ref

Q3 2015

**Strong quarter  
after a hot summer**

**1234**

# the quarter

in brief

**19.9%**

Increase in sales

**14.5%**

Increase in operating profit

**7.7%**

Operating margin

**121.3 mkr**

Net profit

**2.82 kr**

Profit per share

## Quarter 3 2015

- Net sales amounted to SEK 2,335.4M (1,947.4).
- Operating profit amounted to SEK 180.7M (157.8).
- Net profit amounted to SEK 121.3M (107.0).
- Profit per share amounted to SEK 2.82 (2.49).
- Continued positive trend during the third quarter with sales growth of 19.9 per cent and an operating profit improvement of 14.5 per cent compared with the corresponding quarter in the previous year.
- Strong development in Southern Europe, breakthrough order for the recently acquired company, Patton, in Australia and continued expansion in Africa with establishment in Ghana.
- After the end of the reporting period, the acquisition of the refrigeration wholesale company, Realcold, was approved by the competition authority in New Zealand.

## Key figures

sek m	Q3 2015	Q3 2014	Change	9 months 2015	9 months 2014	Change	Full year 2014
Sales	2 335.4	1 947.4	19.9%	6 334.0	5 399.3	17.3%	7 189.0
Operating profit	180.7	157.8	14.5%	433.2	366.0	18.4%	481.4
Operating margin, %	7.7	8.1	-0.4	6.8	6.8	0.0	6.7
Net profit	121.3	107.0	13.4%	289.1	242.0	19.5%	324.5
Profit per share, sek	2.82	2.49	13.3%	6.69	5.56	20.3%	7.46

# on the way

towards an extended summer

## Comments by the CEO

Beijer Ref's third quarter of 2015 showed a continued stable growth. The hot summer in Southern Europe, in combination with an improved economic cycle, confirms the upward trend with yet another strong quarter for Beijer Ref's largest market region, Southern Europe. This, in combination with a positive development in Eastern Europe, Thailand and Sweden, contributed to enabling Beijer Ref to increase its sales for the third quarter by 20 per cent. Of the sales increase, nine per cent is organic whereas seven per cent consists of acquisitions. The operating profit increased to SEK 180.7M – an increase of 15 per cent compared with the same period in 2014 - and represents a new record for Beijer Ref.

### Strong quarter for Toshiba

Beijer Ref's collaboration with the Japanese company, Toshiba, gives Beijer Ref the sole right in eleven countries in Europe for the distribution of the company's air-conditioning units, heat pumps and ventilation systems. The collaboration is both far-reaching and close, which gives Beijer Ref the opportunity to influence the product range and development.

The Toshiba sales was also favoured by the hot summer in Southern Europe, as hot periods drive demand for air-conditioning plants. During the autumn, Toshiba is launching new products, which means that we are looking forward to the fourth quarter with confidence.

### The acquisition of Realcold approved

Beijer Ref's acquisition of the refrigeration wholesale company, Realcold, which has its head office in Auckland, New Zealand, and more than 20 branches in New Zealand and Australia, was approved by the competition authority in New Zealand at the beginning of October. As the conditions for the acquisition are, therefore, complied with, the work of completing the transaction and integrating Realcold with the previous acquisition of the refrigeration wholesale company, Patton, based in New Zealand and Australia now begins. Realcold will be consolidated into Beijer Ref's accounts during the fourth quarter of 2015.

Patton, which was acquired in March this year, has now sold its first chiller from Beijer Ref's sector-leading Italian manufacturing company, SCM Frigo – a synergy which is expected to increase in the future and is in line with Beijer Ref's OEM strategy. Both Patton and the refrigeration wholesale company, RNA Engineering & Trading, which was acquired at the beginning of the year and has its head office in Kuala Lumpur, Malaysia, are developing well in accordance with the plan.

### Global spread levels out the results

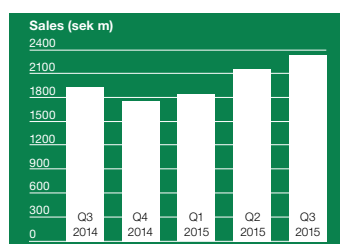
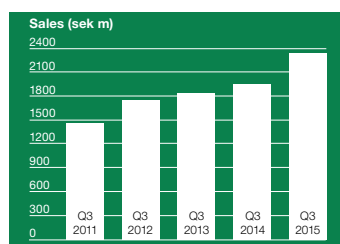
Beijer Ref's strategy of global expansion through acquisition is partly aimed at levelling out seasonal variations. With operations in both the northern and southern hemisphere, these seasonally driven differences will reduce in the long term. The year's acquisitions of Patton, Realcold and RNA in Oceania were supplemented during the third quarter with the establishment of a new operation in Accra, capital of Ghana, in Africa. This is an exciting addition to our ongoing expansion in Africa for Beijer Ref as a modern and environment-conscious refrigeration group.

Our ambition is to continue this growth strategy and we look forward to being able to present additional acquisitions in the future.

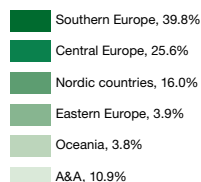
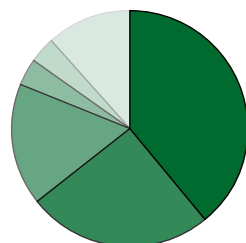
*Per Bertland*  
CEO, Beijer Ref AB

# quarterly

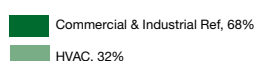
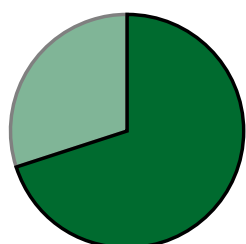
## report Q3 2015



The regions' share of total sales, %



Share of sales, market segments, %



### About Beijer Ref

Beijer Ref is one of the largest refrigeration wholesalers in the world and the leading company in this sector in Europe. The Group offers competitive and innovative solutions within refrigeration and air conditioning providing customer-adapted products, chillers developed by the company itself, a high level of service and efficient logistics.

### Sales

Beijer Ref increased its sales by 20 per cent to SEK 2,335.4M (1,947.4) for the third quarter of 2015. Adjusted for exchange rate fluctuations and acquisitions, the organic change in sales was nine per cent.

The Group increased its sales by 17.3 per cent to SEK 6,334.0M (5,399.3) during the period January to September which organically is an increase of five per cent.

Beijer Ref operates in three market areas: commercial refrigeration, industrial refrigeration and HVAC (comfort cooling). The Group splits its operation in the global market into six geographic segments: Nordic countries, Central Europe, Eastern Europe, Southern Europe, A&A (Africa and Asia) and Oceania.

Behind this quarter's sales increase lies a positive development, especially in Southern Europe. The segment which showed the biggest increase within Beijer Ref during the quarter is air conditioning, demand for which was affected positively by the hot summer.

### Results

The Group's operating profit amounted to SEK 180.7M (157.8) for the third quarter. The result increase can mainly be explained by increased sales in Southern Europe. When adjusted for exchange rate fluctuations and acquisitions, the organic increase in operating profit was seven per cent.

The Group's financial income/expense amounted to SEK -10.6M (-10.6) for the third quarter. Profit before tax was SEK 170.1M (147.2). Net income was SEK 121.3M (107.0). Profit per share amounted to SEK 2.82 (2.49). For the first nine months of the year, the Group's financial income/expense amounted to SEK -26.8M (-26.7). Profit before tax was SEK 406.4M (339.3). Profit after tax was SEK 406.4M (339.3). Net income amounted to SEK 289.1M (242.0). Profit per share was SEK 6.69 (5.56).

### Other financial information

Consolidated capital expenditure, including acquisitions, amounted to SEK 188.1M (136.5) for the first nine months of the year. Shareholders' equity amounted to SEK 2,677.4M (2,457.5). The net debt was SEK 1,587.1 (1,528.9). The equity ratio amounted to 42.5 per cent (41.6). The average number of employees during the period was 2,419 (2,194).

### Significant events during the first nine months of the year

In January, Beijer Ref signed an agreement with Carrier International Corporation, the world-leading American refrigeration group. The agreement gives the Swedish refrigeration wholesaler the exclusive right to distribute Carrier's DX product series within the comfort-cooling segment and to all pertaining service of these products in Europe.

In February, Beijer Ref acquired all the shares in the refrigeration wholesale company, RNA Engineering & Trading, which has its head office in Kuala Lumpur, Malaysia. The company reports sales of approximately SEK 45M. It is the leading refrigeration wholesaler in the Malaysian market for commercial refrigeration, estimated to be worth nearly SEK 480M with a stable growth of around 10 per cent per annum.

In March, Beijer Ref acquired all the shares in the refrigeration wholesale company, Patton, which has its head office in Auckland, New Zealand, and operations in New Zealand, Australia, India and Thailand. Patton was founded in 1923 and reports sales of approximately SEK 400M. It is the leading refrigeration wholesaler in New Zealand, with some sales of products manufactured by the company itself. The acquisition gives Beijer Ref a foothold in the important New Zealand, Australian and Indian markets and, at the same time, strengthens the existing operation in Thailand.

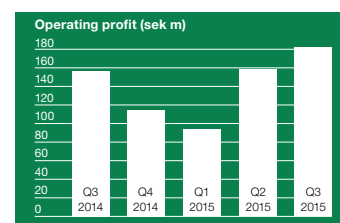
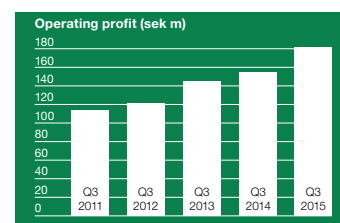
In May, Beijer Ref expanded its OEM division through the formation of the company SCM REF France which, with its registered office in Lyon, will focus on the development of an assembly operation to Beijer Ref's subsidiaries in Southern Europe. The Group transfers its collective refrigeration competence to a growing portfolio with products manufactured by the company itself, modelled on the Italian company's, SCM Frigo, recipe for success. In Sweden, the manufacturing company, SCM REF Sweden, already exists.

In June, Beijer Ref Poland signed its first order for carbon dioxide-based refrigeration systems, which is a step forward in the Group's ambition to be the driving force in the changeover to eco-friendly refrigeration technology in Europe.

In September, Patton Australia sold its first chiller from Beijer Ref's sector-leading Italian manufacturing company, SCM Frigo, which can be seen as a breakthrough order.

In September, Beijer Ref strengthened its operation in Africa by establishing an operation in Ghana.

The refrigeration wholesale company, Realcold, which has its head office in Auckland, New Zealand, and around 20 branches in New Zealand and Australia was acquired in July. In October, after the end of the reporting period, the acquisition was approved by the competition authority in New Zealand.



**Risk assessment**

The operation of the Beijer Ref Group is affected by a number of external factors, the effects of which on the Group's operating profit can be controlled to a varying degree. The Group's operation is dependent on the general economic trend, especially in Europe, which controls the demand for Beijer Ref's products and services. Acquisitions are normally linked with risks such as, for example, staff defection. Other operating risks, such as agency and supplier agreements, product responsibility and delivery undertaking, technical development, warranties, dependence on individuals, etc., are continually being analysed and, when necessary, action is taken to reduce the Group's risk exposure. In its operation, Beijer Ref is exposed to financial risks such as currency risk, interest risk and liquidity risk. The parent company's risk picture is the same as that of the Group. For further information see the Group's Annual Report.

**Financial information**

- The Year-end Report for 2015 will be published on 10 February 2016.
- The Annual Report for 2015 will be published in March 2016.
- The Three-Month Report for 2016 will be published on 20 April 2016.
- The Six-Month Report for 2016 will be published on 15 July 2016.
- The Nine-Month Report for 2016 will be published on 19 October 2016.

*Malmö, 22 October 2015*

*Beijer Ref AB*

*Per Bertland, CEO*

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**Accounting principles**

This interim report has been prepared in accordance with IAS 34, the Annual Accounts Act and RFR 2. Beijer Ref continues to apply the same accounting principles and valuation methods as those described in the latest Annual Report, with the exception of what is stated below.

New and changed standards applicable as of 1 January 2015 are not expected to have any material effect on the financial position of either the group or the parent company.

**Report of Review of Interim Financial Information****Introduction**

We have reviewed the condensed interim financial information (interim report) for the period 1 January 2014 to 30 September 2015 for Beijer Ref AB (publ). 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, 22 October 2015*  
*PricewaterhouseCoopers AB*

*Lars Nilsson*  
*Authorized Public Accountant*  
*Auditor in charge*

*Cecilia Andréén Dorselius*  
*Authorized Public Accountant*

## Summarised profit and loss account

sek m	Q3 2015	Q3 2014	9 months 2015	9 months 2014	Full year 2014
Net sales	2 335.4	1 947.4	6 334.0	5 399.3	7 189.0
Other operating income	2.7	5.3	12.3	10.2	20.9
Operating expenses	-2 139.7	-1 779.2	-5 861.4	-4 997.2	-6 666.1
Depreciation	-17.7	-15.7	-51.7	-46.3	-62.4
<b>Operating profit</b>	<b>180.7</b>	<b>157.8</b>	<b>433.2</b>	<b>366.0</b>	<b>481.4</b>
Net interest expense	-10.6	-10.6	-26.8	-26.7	-34.9
<b>Profit before tax</b>	<b>170.1</b>	<b>147.2</b>	<b>406.4</b>	<b>339.3</b>	<b>446.5</b>
Tax	-48.8	-40.2	-117.3	-97.3	-122.0
<b>Net profit</b>	<b>121.3</b>	<b>107.0</b>	<b>289.1</b>	<b>242.0</b>	<b>324.5</b>
Net profit attributable to:					
The parent company's shareholders	119.7	105.7	283.8	235.6	316.4
Non-controlling interests	1.6	1.3	5.3	6.4	8.1
Net profit per share before and after dilution, sek	2.82	2.49	6.69	5.56	7.46

## The Group's report on other comprehensive income

sek m	Q3 2015	Q3 2014	9 months 2015	9 months 2014	Full year 2014
Net profit	121.3	107.0	289.1	242.0	324.5
OTHER COMPREHENSIVE INCOME					
Items which will not be reversed in the profit and loss account					
Revaluation of the net pension commitment	—	—	—	—	-6.7
Items which can later be reversed in the profit and loss account					
Exchange rate differences	-32.5	3.5	-45.8	87.0	178.4
Cash flow hedging	0.5	0.4	1.6	0.5	1.0
Hedging of net investment	0.0	-0.2	10.1	-2.7	-9.3
<b>Other comprehensive income for the period</b>	<b>-32.0</b>	<b>3.7</b>	<b>-34.1</b>	<b>84.8</b>	<b>163.4</b>
<b>Total comprehensive income for the period</b>	<b>89.3</b>	<b>110.7</b>	<b>255.0</b>	<b>326.8</b>	<b>487.9</b>
Attributable to:					
The parent company's shareholders	90.2	107.8	253.1	316.8	474.8
Non-controlling interests	-0.9	2.9	1.9	10.0	13.1



## Summarised balance sheet

sek m	2015 09-30	2014 09-30	2014 12-31
<b>ASSETS</b>			
Fixed assets	2 065.1	1 941.7	2 005.3
Current assets	3 951.6	3 617.2	3 457.1
Liquid funds	283.7	344.0	236.1
<b>Total assets</b>	<b>6 300.4</b>	<b>5 902.9</b>	<b>5 698.5</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	2 677.4	2 457.5	2 618.6
Long term liabilities	1 519.7	1 475.7	1 274.3
Current liabilities	2 103.3	1 969.7	1 805.6
<b>Total equity and liabilities</b>	<b>6 300.4</b>	<b>5 902.9</b>	<b>5 698.5</b>
Of which interest-bearing liabilities	1 870.8	1 872.9	1 665.9

## Key figures

sek m	2015 09-30	2014 09-30	2014 12-31
Equity ratio, %	42.5	41.6	46.0
Equity per share, sek	63	58	62
Return on equity after full tax, %	14.5	12.7	12.9
Return on capital employed, %	12.4	11.6	11.9
Return on capital employed in operations, %	13.5	12.2	12.7
Number of outstanding shares	42.391.030	42.391.030	42.391.030
Average number of outstanding shares	42.391.030	42.391.030	42.391.030
Holding of own shares	87.200	87.200	87.200

## Summarised consolidated cash flow analysis

sek m	9 months 2015	9 months 2014	Full year 2014
Cash flow from current operations	411.0	304.5	380.2
Changes in working capital	-130.5	-285.9	-139.3
Cash flow from investment operations	-146.1	-131.9	-168.8
Change in financing operation	131.1	471.3	170.8
Dividend paid	-212.0	-201.4	-201.4
<b>Change in cash and bank</b>	<b>53.5</b>	<b>156.6</b>	<b>41.5</b>
Exchange rate difference in liquid funds	-5.9	6.0	13.2
Cash and bank on 1 January	236.1	181.4	181.4
<b>Cash and bank at the period end</b>	<b>283.7</b>	<b>344.0</b>	<b>236.1</b>

## Shareholders' equity

sek m	2015 09-30	2014 09-30
Opening balance	2 618.6	2 417.0
Total comprehensive income for the period	255.0	326.8
Dividend	-212.0	-201.4
Non-controlling interest arising on business combinations	15.8	-84.9
<b>Closing balance</b>	<b>2 677.4</b>	<b>2 457.5</b>

## The Group's segment reporting

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 operating segments: Southern Europe, the Nordic Countries, Central Europe, Eastern Europe, A&A (Africa and Asia) and Oceania.

The segment reporting for the regions contains the profit and loss account up to and including operating profit and working capital. The working capital consists of inventories, trade debtors and trade creditors and is an average for the respective period.

Undistributed costs in the table below represent group-wide costs.

Q3 sek m	Southern Europe		Central Europe		Nordic Countries		Eastern Europe		A&A		Oceania		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUES														
Revenues	1 038.9	796.3	656.5	600.5	377.4	374.3	100.7	88.9	249.1	210.4	104.7	0.0	2 527.3	2 070.4
Internal revenues	-88.9	-62.7	-52.6	-40.0	-25.9	-18.1	-4.8	-2.2	-10.6	0.0	-9.1	0.0	-191.9	-123.0
<b>Total revenues</b>	<b>950.0</b>	<b>733.6</b>	<b>603.9</b>	<b>560.5</b>	<b>351.5</b>	<b>356.2</b>	<b>95.9</b>	<b>86.7</b>	<b>238.5</b>	<b>210.4</b>	<b>95.6</b>	<b>0.0</b>	<b>2 335.4</b>	<b>1 947.4</b>
RESULTS														
Result by operation	87.8	56.6	37.3	39.8	35.7	39.3	8.0	7.9	18.9	17.3	3.8	0.0	191.5	160.9
Undistributed costs													-10.8	-3.1
<b>Operating profit</b>	<b>87.8</b>	<b>56.6</b>	<b>37.3</b>	<b>39.8</b>	<b>35.7</b>	<b>39.3</b>	<b>8.0</b>	<b>7.9</b>	<b>18.9</b>	<b>17.3</b>	<b>3.8</b>	<b>0.0</b>	<b>180.7</b>	<b>157.8</b>
Net interest income													-10.6	-10.6
Tax													-48.8	-40.2
<b>Net profit</b>													<b>121.3</b>	<b>107.0</b>
OTHER INFORMATION														
Working capital, average for the period	1 070.6	1 030.4	671.1	649.2	421.8	426.4	146.5	138.1	394.1	328.8	275.4	0.0	2 979.5	2 572.9

9 months sek m	Southern Europe		Central Europe		Nordic Countries		Eastern Europe		A&A		Oceania		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUES														
Revenues	2 725.5	2 346.5	1 754.4	1 589.4	1 099.3	980.2	260.7	243.4	749.8	592.3	263.4	0.0	6 853.1	5 751.8
Internal revenues	-246.7	-196.4	-142.9	-99.5	-65.9	-51.0	-9.7	-5.6	-35.1	0.0	-18.8	0.0	-519.1	-352.5
<b>Total revenues</b>	<b>2 478.8</b>	<b>2 150.1</b>	<b>1 611.5</b>	<b>1 489.9</b>	<b>1 033.4</b>	<b>929.2</b>	<b>251.0</b>	<b>237.8</b>	<b>714.7</b>	<b>592.3</b>	<b>244.6</b>	<b>0.0</b>	<b>6 334.0</b>	<b>5 399.3</b>
RESULTS														
Result by operation	192.0	150.3	73.4	93.7	109.9	90.3	16.9	21.3	60.2	48.5	17.7	0.0	470.1	404.1
Undistributed costs													-36.9	-38.1
<b>Operating profit</b>	<b>192.0</b>	<b>150.3</b>	<b>73.4</b>	<b>93.7</b>	<b>109.9</b>	<b>90.3</b>	<b>16.9</b>	<b>21.3</b>	<b>60.2</b>	<b>48.5</b>	<b>17.7</b>	<b>0.0</b>	<b>433.2</b>	<b>366.0</b>
Net interest income													-26.8	-26.7
Tax													-117.3	-97.3
<b>Net profit</b>													<b>289.1</b>	<b>242.0</b>
OTHER INFORMATION														
Working capital, average for the period	973.1	951.0	649.9	596.4	423.9	392.1	142.1	135.1	397.7	295.1	207.8	0.0	2 794.5	2 369.7

## Parent company profit and loss account in summary

sek m	9 months 2015	9 months 2014	Full year 2014
Operating income	0.1	—	21.1
Operating expenses *	-39.9	-18.9	-30.3
Depreciation and write-downs of intangible and tangible fixed assets	-0.4	-0.2	-0.4
<b>Operating profit</b>	<b>-40.2</b>	<b>-19.1</b>	<b>-9.6</b>
Net interest income/expense	27.7	-3.0	-5.4
Result of participations in Group companies and associated companies	86.3	89.8	223.4
<b>Profit after financial investments</b>	<b>73.8</b>	<b>67.7</b>	<b>208.4</b>
Appropriations	—	—	14.4
<b>Profit before tax</b>	<b>73.8</b>	<b>67.7</b>	<b>222.8</b>
Tax on the period's profit	2.7	4.8	0.2
<b>Net profit</b>	<b>76.5</b>	<b>72.5</b>	<b>223.0</b>

\*) The figures are not comparable as costs incurred in 2015 have been re-allocated from undistributed costs to the parent company.

## Parent company balance sheet in summary

sek m	2015 09-30	2014 09-30	2014 12-31
<b>ASSETS</b>			
Intangible and tangible fixed assets	5.1	2.0	4.0
Financial fixed assets	2 191.4	1 381.7	1 350.6
Current assets	1 199.4	822.4	1 512.0
<b>Total assets</b>	<b>3 395.9</b>	<b>2 206.1</b>	<b>2 866.6</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholder's equity	1 599.5	1 584.5	1 735.0
Long-term liabilities	1 755.7	334.2	1 109.0
Current liabilities	40.7	287.4	22.6
<b>Total equity and liabilities</b>	<b>3 395.9</b>	<b>2 206.1</b>	<b>2 866.6</b>

*Beijer Ref is a technology-oriented trading Group  
which, through added-value products,  
offers competitive solutions within  
refrigeration and air conditioning*

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Here, we publish financial information, news releases and much more.

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