

# G&L BEIJER Q2 2011



- Net sales increased by 12 per cent to SEK 2,741.5M (2,455.6).
- Operating profit rose by 40 per cent to SEK 197.8M (141.5).
- Profit after tax increased to SEK 177.5M (106.2) including the capital gain of SEK 51.7M from the divestment of shares in Beijer Alma.
- Profit per share rose to SEK 8.19 (5.01). Excluding the capital gain, profit per share amounted to SEK 6.39 (5.01).
- Letter of intent to acquire Toshiba's distribution operations in eleven European countries.





# G & L Beijer AB

## Six-Month Report

### January – June 2011



The diagrams refer to the remaining operation and are adjusted for one-time items which occurred in 2007, 2008 and 2011.

	6 months 2011	6 months 2010	6 months 2009
Sales, SEK M	2 741.5	2 455.6	2 292.7
Operating profit, SEK M	197.8	141.5	118.1
Profit after tax, SEK M	139.4	106.2	79.9
Profit per share, SEK	6.39	5.01	4.05

The table refers to the remaining operation and are adjusted for one-time items.



G & L Beijer is a technology-oriented trading Group which, through a combination of added-value agency products and products of the company's own development, offers competitive solutions for its customers.

In the previous year, operations were consolidated into comprising only products within refrigeration and air conditioning. The operational activities as a whole are carried out under the name of Beijer Ref.

## Sales

The positive trend from the first quarter was consolidated during the second quarter with strong growth and increased profit. Consolidated sales for the first six months of the year increased by 12 per cent to SEK 2,741.5M (2,455.6). Acquisitions contributed positively to sales whilst the stronger Swedish currency had a negative effect. Organically, sales increased by approximately 11 per cent. Sales for the second quarter increased by 11 per cent to SEK 1,473.0M (1,325.7). Organically, the increase was 10 per cent. At the end of the first quarter of 2010, the Beijer Tech business area was divested, which means that Beijer Tech's sales and results are not included in the comparative figures for 2010.

The organic growth remains extensive and comprises virtually all markets in which G & L Beijer operates. France, which is the Group's largest individual market, developed especially strongly as did Italy and Spain. South Africa, Finland and Thailand also developed very positively. United Kingdom and Central Europe reported good growth. Eastern Europe recovered strongly, albeit from low levels. In comparison with the other markets, the Scandinavian market did not show the same strength. However, the Swedish operation had a large backlog of orders at the end of the reporting period.

## Results

Consolidated operating profit for the first six months increased by 40 per cent to SEK 197.8M (141.5). Operating profit for the second quarter rose by 24 per cent to SEK 125.6M (101.0). The result improvement is explained by rising volumes, acquisitions and continued strict cost control.

The Group's financial income/expense amounted to SEK 50.3M (-0.8) for the first half of the year, of which SEK 0.3M (-0.8) for the second quarter. Financial in-

come/expense includes the capital gain from the divestment of shares in Beijer Alma, with SEK 51.7M (0) and a share in profits of associated companies of SEK 3.0M (4.0) for the six-month period. The second quarter included a share in profits of associated companies of SEK 1.5M (2.0).

Profit before taxes increased to SEK 248.1M (140.7) for the first half of the year, including the capital gain, of which SEK 125.9M (100.2) was for the second quarter. Profit after tax amounted to SEK 177.5M (106.2) for the half year and to SEK 89.7M (77.5) for the second quarter. Profit per share increased to SEK 8.19 (5.01) for the first six months. Excluding the capital gain, profit per share amounted to SEK 6.39 (5.01).

## Other financial information

Consolidated capital expenditure including acquisitions amounted to SEK 97.8M (13.4) for the first half of the year. Liquid funds, including unutilised bank overdraft facilities, were SEK 525.7M (436.2) on 30 June 2011. Shareholders' equity amounted to SEK 2,302.2M (2,190.1). Net indebtedness amounted to SEK 372.9M (542.6). The equity ratio was 55.0 per cent (51.9). The average number of employees during the period was 1,817 (1,674).

## Significant events

During the first quarter, G & L Beijer completed its acquisition of the Italian SCM Frigo group. SCM Frigo designs, develops and builds chillers. The company reports annual sales of approximately SEK 220M and has 70 employees. Initially, G & L Beijer acquired 51 per cent of the shares in SCM Frigo with an option to acquire the remaining 49 per cent. SCM Frigo is included in G & L Beijer's accounts from 1 January 2011.

During the first quarter, G & L Beijer divested its entire holding of 2.7 million shares in Beijer Alma, equivalent to 9.0 per cent of capital and 4.5 per cent of votes. The divestment of the shares generated sales proceeds of approximately SEK 365M and G & L Beijer made a capital gain of SEK 51.7M before tax and SEK 38.1M after tax. The shares in Beijer Alma were received as part payment on the sale of Beijer Tech during the spring of 2010. The divestment of the shares was another step forward in creating increased scope to take action for the continued expansion within the strongly growing refrigeration wholesale operation.

In June, G & L Beijer signed a letter of intent with Carrier Corporation to acquire the distribution operation for Toshiba's products within the refrigeration, heating and air-conditioning segment in eleven European countries. Carrier Corporation, though a jointly-owned company with Toshiba, has the exclusive distribution rights for Toshiba's products within the heating, ventilation and air-conditioning segment (HVAC) outside Japan. The transaction means that Carrier will transfer staff and assets related to Toshiba's operation to G & L Beijer. The price for the acquisition amounts to nine times the operation's annual operating profit. For the latest twelve-month period until the end of the first quarter of 2011, sales of Toshiba's distributor operation in the countries involved amounted to approximately EUR 130M (around SEK 1,200M) and operating profit to approximately EUR 10M (around SEK 93M). The addition of the Toshiba distribution operations is expected to increase profit per share by SEK 2.09 on a yearly basis. The final purchase price is subject to a due-diligence process and a mutual agreement between the parties.

The acquisition is important for G & L Beijer from several aspects. Air conditioning and heating are growth areas driven by an increased need for energy savings and greater consideration for the environment. Through its distribution capacity and organisation, G & L Beijer can significantly increase Toshiba's sales and, at the same time, benefit from an increased size and expanded product portfolio. Carrier's distribution of Toshiba's products comprises sales in eleven European markets; Germany, France, Spain, Portugal, Italy, Sweden, Finland, Poland and the three Baltic States. The distribution rights in the countries involved are exclusive. Assets relating to the operation and approximately 160 employees will be transferred. G & L Beijer can take advantage of its strong balance sheet as the acquisition, which is made on a debt free basis, will be financed with own funds and increased borrowing.

The transaction is subject to the customary due diligence processes and to the parties reaching a final purchase agreement, which is expected to be signed during the third quarter of 2011. The completion of the transaction is also subject to obtaining regulatory clearance if required. Carrier Corporation, which is G & L Beijer's largest individual shareholder with 41.4 per cent of capital and

33.3 per cent of votes, has two representatives on the G & L Beijer Board of Directors. The transaction is, therefore, classified as a related-party transaction and the Board Members who represent Carrier are not participating in the Board of Directors' handling of the acquisition. In addition, G & L Beijer will obtain a fairness opinion relating to the transaction and its terms from an independent external party.

## Risk assessment

The operations of the G & L Beijer Group are 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 operations are dependent on the general economic trend, especially in Europe, which controls the demand for G & L Beijer's products and services. Acquisitions are normally linked with risks, 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 operations, G & L Beijer 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.

## Financial information

- The Nine-Month Report will be published on 21 October 2011.
- The Year-End Report for 2011 will be published in February 2012.
- The Annual Report for 2011 will be published in April 2012.

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*This interim report has not been the subject of an examination by the company's auditors.*

## Accounting principles

This interim report has been prepared in accordance with IAS 34, the Annual Accounts Act and RFR 2.

G & L Beijer AB continues to apply the same reporting principles and valuation methods as those described in the latest Annual Report.

*The Board of Directors and the Managing Director assure that this Six-Month Report gives a true and fair view of the company's and the Group's operations, position and results and describes significant risks and factors of uncertainty which the company and the companies included in the Group are facing.*

Malmö, Sweden, 18 July 2011

Peter Jessen Jürgensen  
Chairman

Bernt Ingman  
Board Member

Anne-Marie Pålsson  
Board Member

William Striebe  
Board Member

Philippe Delpech  
Board Member

Harald Link  
Board Member

Joel Magnusson  
Board Member  
Managing Director



## Summarised profit and loss account (SEK M)

	6 months 2011	6 months 2010 Remaining operation	6 months 2010 Divested operation	6 months 2010 Total Group	Q2 2011	Q2 2010	Full year 2010
Net sales .....	2 741.5	2 455.6		2 455.6	1 473.0	1 325.7	5 044.3
Other operating income.....	1.7	3.2		3.2	0.5	1.8	12.7
Capital gain, divestment of Beijer Tech....	—	—	140.0	140.0	—	—	140.0
Operating expenses.....	-2 523.1	-2 297.3		-2 297.3	-1 336.6	-1 216.5	-4 672.0
Depreciation.....	-22.3	-20.0		-20.0	-11.3	-10.0	-41.0
Operating profit .....	197.8	141.5	140.0	281.5	125.6	101.0	484.0
Net interest expense.....	-4.4	-4.8		-4.8	-1.2	-2.8	-7.0
Other financial results <sup>1</sup> .....	54.7	4.0		4.0	1.5	2.0	8.0
Profit before tax .....	248.1	140.7	140.0	280.7	125.9	100.2	485.0
Tax <sup>1</sup> .....	-70.6	-34.5		-34.5	-36.2	-22.7	-86.3
Net profit for the period .....	177.5	106.2	140.0	246.2	89.7	77.5	398.7
Current result of the divested operation...	—	—	4.8	4.8	—	—	4.8
Total profit for the period .....	177.5	106.2	144.8	251.0	89.7	77.5	403.5
<i>1) The period's result for 2011 includes a capital gain for the divestment of Beijer Alma shares in the line 'Other financial results' with SEK 51.7M and in the line 'Taxes' with SEK -13,6M.</i>							
Net profit for the period attributable to:							
The parent company's shareholders.....	173.5	106.2		251.0	87.7	77.5	404.5
Non-controlling interests .....	4.0	—		—	2.0	—	-1.0
Net profit for the period per share before and after dilution, sek .....	8.19	5.01	6.83	11.84	4.14	3.66	19.08
Net profit for the period per share excluding capital gain and divested operation, sek .	6.39	5.01	—	5.01	4.14	3.66	12.25

## The Group's report on other comprehensive income (SEK M)

	6 months 2011	6 months 2010	Q2 2011	Q2 2010	Full year 2010
Net profit for the period .....	177.5		89.7	77.5	403.5
<i>Other comprehensive income</i>					
Exchange rate differences.....	2.4	-80.4	59.8	-10.7	-176.7
Revaluation of financial assets available for sale .....	-93.5	-18.2	—	-18.2	93.5
Other comprehensive income for the period.....	-91.1	-98.6	59.8	-28.9	-83.2
Total comprehensive income for the period.....	86.4		149.5	48.6	320.3
Attributable to:					
The parent company's shareholders.....	82.0		147.1	48.6	321.3
Non-controlling interests .....	4.4	—	2.4	—	-1.0

## Summarised balance sheet (SEK M)

	2011 06-30	2010 06-30	2010 12-31
<b>Assets</b>			
Fixed assets .....	1 283.3	1 566.0	1 635.1
Current assets .....	2 756.1	2 412.8	2 159.2
Liquid funds .....	147.2	243.1	174.3
<b>Total assets .....</b>	<b>4 186.6</b>	<b>4 221.9</b>	<b>3 968.6</b>
<b>Equity and liabilities</b>			
Shareholders' equity .....	2 302.2	2 190.1	2 358.7
Long term liabilities .....	299.2	440.1	314.1
Current liabilities .....	1 585.2	1 591.7	1 295.8
<b>Total equity and liabilities .....</b>	<b>4 186.6</b>	<b>4 221.9</b>	<b>3 968.6</b>
Of which interest-bearing liabilities .....	520.1	785.7	569.7

## Key figures <sup>1)</sup>

	2011 06-30	2010 06-30	2010 12-31
Equity ratio, % .....	55.0	51.9	59.4
Equity per share, sek .....	109	103	111
Return on equity after full tax, % .....	14.6	16.8	17.6
Return on capital employed, % .....	16.0	15.3	17.2
Return on capital employed in operations, % .....	16.4	17.9	20.8
Number of outstanding shares .....	21.195.515	21.195.515	21.195.515
Average number of outstanding shares .....	21.195.515	21.195.515	21.195.515
Holding of own shares .....	43.600	43.600	43.600

1) The profit/loss items in the Group's key figures refer to the remaining operations for all periods. 2010 also includes a capital gain relating to the divestment of Beijer Tech. The comparative figures of the balance sheet items have not been adjusted.

## Summarised consolidated cash flow analysis (SEK M)

	6 months 2011	6 months 2010	Full year 2010
Cash flow from current operations* .....	180.1	112.8	260.8
Changes in working capital* .....	-221.5	-159.0	-114.2
Cash flow from investment operations* .....	243.9	24.9	3.1
Change in financing* .....	-59.4	75.0	-158.0
Dividend paid .....	-169.6	-137.8	-137.8
Change in cash and bank .....	-26.5	-84.1	-146.1
Exchange rate difference in liquid funds .....	-0.6	-6.6	-13.4
Cash and bank on 1 January .....	174.3	333.8	333.8
Cash and bank at the period end .....	147.2	243.1	174.3

## \* ) of which divested operations (SEK M)

	6 months 2011	6 months 2010	Full year 2010
Cash flow from current operations .....	—	4.2	4.2
Changes in working capital .....	—	9.3	9.3
Cash flow from investment operations .....	—	-0.4	-0.4
Change in financing .....	—	-9.7	-9.7

## Shareholders' equity (SEK M)

	2011 06-30	2010 06-30
Opening balance.....	2 358.7	2 175.5
Total comprehensive income for the period.....	86.4	152.4
Dividend .....	-169.6	-137.8
Acquisition of non-controlling interests .....	26.7	—
Closing balance .....	2 302.2	2 190.1

## Reporting for segments (SEK M)

	Beijer Ref		Beijer Tech <i>(Divested operation)</i>		Group	
	6 months 2011	6 months 2010	6 months 2011	6 months 2010	6 months 2011	6 months 2010
<b>R e v e n u e s</b>						
External revenues .....	2 741.5	2 455.6	—	141.8	2 741.5	2 597.4
Total revenues.....	2 741.5	2 455.6	—	141.8	2 741.5	2 597.4
<b>R e s u l t s</b>						
Result by operation.....	210.3	153.9	—	6.3	210.3	160.2
Capital gain on the sale of Beijer Tech .....			—	140.0	—	140.0
Undistributed costs .....					-12.5	-12.4
Operating profit.....	210.3	153.9	—	146.3	197.8	287.8

	Beijer Ref		Beijer Tech <i>(Divested operation)</i>		Group	
	2011 06-30	2010 06-30	2011 06-30	2010 06-30	2011 06-30	2010 06-30
<b>A s s e t s</b>						
Assets.....	4 231.3	4 037.6	—	—	4 231.3	4 037.6
Undistributed assets/eliminations .....					-44.7	184.3
Total assets .....	4 231.3	4 037.6	—	—	4 186.6	4 221.9



## Parent company profit and loss account in summary (SEK M)

	6 months 2011	6 months 2010	Full year 2010
Operating income .....	—	—	—
Operating expenses.....	-11.2	-10.3	-18.1
Depreciation and write-downs of intangible and tangible fixed assets .....	-0.3	-0.2	-0.5
Operating profit .....	-11.5	-10.5	-18.6
Net interest income/expense.....	2.6	-0.7	-0.1
Result of participations in Group companies and associated companies.....	—	170.1	311.2
Results from other long-term securities holdings.....	51.7	—	—
Profit after financial investments .....	42.8	158.9	292.5
Appropriations .....	—	—	0.2
Profit before tax .....	42.8	158.9	292.7
Tax on the period's profit.....	-11.3	1.2	4.6
Net profit .....	31.5	160.1	297.3

## Parent company balance sheet in summary (SEK M)

	2011 06-30	2010 06-30	2010 12-31
<b>A s s e t s</b>			
Intangible and tangible fixed assets.....	1.7	1.5	1.8
Financial fixed assets.....	1 235.8	1 460.9	1 549.0
Current assets.....	242.3	357.7	91.3
Total assets .....	1 479.8	1 820.1	1 642.1
<b>E q u i t y   a n d   l i a b i l i t i e s</b>			
Shareholder's equity.....	1 453.3	1 453.5	1 591.4
Untaxed reserves.....	1.2	1.4	1.2
Long-term liabilities .....	—	3.0	—
Current liabilities .....	25.3	362.2	49.5
Total equity and liabilities .....	1 479.8	1 820.1	1 642.1

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