

Beijer Ref

Q1 2015

**Oceania –
a new market**

1234

the quarter

in brief

16.7%

Increase in sales

sek 94.2M

Operating profit

5.1%

Operating margin

sek 60.5M

Net profit for the period

sek 1.39

Profit per share

Quarter 1 2015

- Net sales amounted to SEK 1,845.7M (1,581.0).
- Operating profit amounted to SEK 94.2M (71.3).
- Net profit amounted to SEK 60.5M (45.6).
- Profit per share amounted to SEK 1.39 (1.03).
- Sales growth of 16.7 per cent and an operating profit improvement of 32.1 per cent compared with the corresponding quarter in the previous year. Organic increase in sales of 2.5 per cent and an organic increase in operating profit of 10.0 per cent.
- Acquisition of the refrigeration wholesaler, RNA Engineering & Trading, in Malaysia.
- Acquisition of the refrigeration wholesaler, Patton, in New Zealand, Australia, Thailand and India.
- Exclusive distribution agreement with the American refrigeration group, Carrier International Corporation, for comfort cooling products in Europe.

Key figures

sek m	Q1 2015	Q1 2014	Change	Full year 2014
Sales	1 845.7	1 581.0	16.7%	7 189.0
Operating profit	94.2	71.3	32.1%	481.4
Operating margin %	5.1	4.5	0.6	6.7
Net profit for the period	60.5	45.6	32.7%	324.5
Profit per share, sek	1.39	1.03	35.0%	7.46

continued expansion

Comments by the CEO

Southern Europe thaws out?

Beijer Ref started 2015 with a strong first quarter where, maybe, the biggest cause for rejoicing is that Southern Europe – which accounts for approximately 40 per cent of the Group's total sales – shows signs of recovery from the recession that began with the financial crisis in 2008. This, combined with the fact that the acquisitions made during 2014 and in the first quarter of 2015, contributes positively to the result. The market again shows underlying strength and prices for refrigerants are increasing. These are the contributing factors that enabled Beijer Ref to increase its sales for the first quarter by 16.7 per cent and to achieve an operating profit of SEK 94.2M – an increase of 32.1 per cent compared with the corresponding period in 2014.

The Nordic markets also enjoyed a strong opening of the year, not least because eco-friendly refrigeration systems of Beijer Ref's own development continue to gain ground. The Group's strategy, with an increased focus on own manufacturing of eco-friendly refrigeration systems, has had a promising start. The Scandinavian countries are at the forefront in the changeover to the new technology.

In Central Europe, operations also remain stable and Beijer Ref can now be said to have gained a foothold in the important German market. In Germany, we established an operation as late as in 2012. Since then Beijer Ref in Germany has reported growth. Holland and Belgium also report growth whereas the United Kingdom has stagnated slightly. Eastern Europe is developing positively, albeit at a slower rate.

As I have already stated, the biggest cause for rejoicing in Europe is Southern Europe where France and Italy especially are again enjoying growth after a relatively long period of stagnation. In addition to stronger markets, implemented market investments are beginning to generate results.

In A&A (Africa and Asia), South Africa continues its positive development and there appears to be good prospects for further strengthening its positions in the neighbouring countries of Botswana, Namibia, Mozambique and Zambia.

The expansion continues

All companies acquired during 2014 are integrated into the Beijer Ref organisation and the Group is looking forward towards new opportunities to expand, both inside and outside Europe.

In the European markets, the year started well with the important news that Beijer Ref and the world-leading American refrigeration group, Carrier International Corporation, have signed an exclusive distribution agreement which gives Beijer Ref the distribution rights in most European countries for Carrier's competitive DX production series, including spare parts, within the comfort cooling segment.

Soon thereafter, the Group strengthened its position in Asia. At the same time, Oceania became a new part of the global operation following the acquisition of Patton, the leading refrigeration wholesaler in New Zealand. The acquisition also comprises Patton's companies in Australia, Thailand and India, which is fully in line with Beijer Ref's strategy to grow outside Europe.

The refrigeration wholesaler, RNA Engineering & Trading in Malaysia, was also acquired during the first quarter. This complements both Beijer Ref's existing operation in Thailand and the acquisition of Patton's four companies in Asia and Oceania.

Continued aggressive investment

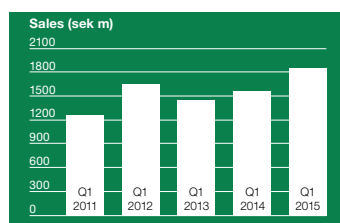
The European logistics project, which was initiated during the second half of 2014, continues according to plan. A comprehensive software system is being implemented in some of the largest markets in Southern and Central Europe, with the aim of reducing capital tied up through more efficient logistics. The signals from the countries which have made most progress are promising.

The positive market development, the opportunities for new interesting acquisitions and the effects of the favourable currency effects as a result of the weak SEK all indicate that, at this moment in time, we can look forward to the next quarter with cautious optimism.

Per Bertland
CEO, Beijer Ref AB

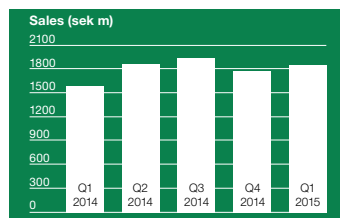
quarterly

report Q1 2015



About Beijer Ref

Beijer Ref is one of the largest refrigeration wholesalers in the world and the leading company in Europe. The Group offers competitive and innovative solutions within refrigeration and air conditioning providing customer-adapted products, environment-friendly and energy-efficient chillers developed by the company itself and an efficient service.

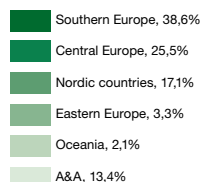
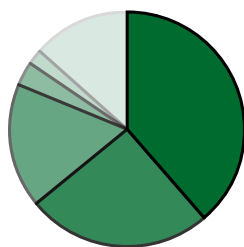


Sales

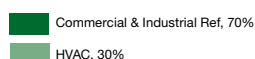
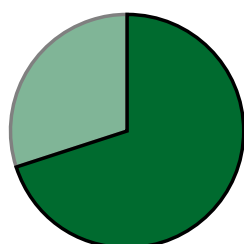
Beijer Ref increased its sales by 16.7 per cent to SEK 1,845.7M (1,581.0) for the first quarter of 2015. Adjusted for exchange rate fluctuations and acquisitions, the organic change in sales was 2.5 per cent. The acquired growth was 4.1 per cent.

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: The Nordic countries, Central Europe, Eastern Europe, Southern Europe, A&A (Africa and Asia) and Oceania.

The regions' share of total sales, %



Share of sales, market segments, %



Behind the quarter's sales increase lies a positive development in Southern and Central Europe, the Nordic countries and A&A, acquisitions and the weaker SEK.

Results

The Group's operating profit amounted to SEK 94.2M (71.3) for the first quarter. The result increase can mainly be explained by increased sales in the Nordic countries, Southern and Central Europe and South Africa. When adjusted for exchange rate fluctuations and acquisitions, the organic increase in operating profit was 10.0 per cent.

The Group's financial income/expense amounted to SEK -9.3M (-7.5) for the first quarter. Increased debt because of acquisitions explains the difference. Profit before tax was SEK 84.9M (63.8). Profit after tax was SEK 60.5M (45.6). Profit per share amounted to SEK 1.39 (1.03).

Other financial information

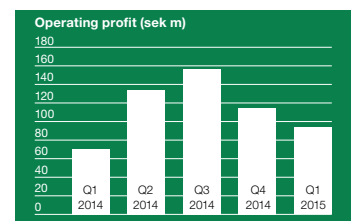
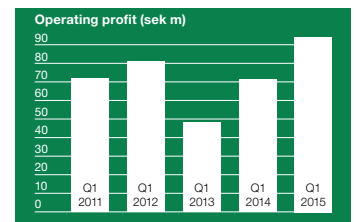
Consolidated capital expenditure, including acquisitions, amounted to SEK 153.6M (28.4) for the first three months of 2015. Of this, the major portion refers to the acquisition of Patton. Liquid funds, including unutilised bank overdraft facilities, were SEK 618.6M (420.4) on 31 March 2015. Shareholders' equity amounted to SEK 2,733.6M (2,467.2). The net debt was SEK 1,550.0M (1,234.8). The equity ratio amounted to 44.0 per cent (46.6). The average number of employees during the period was 2,243 (2,158).

Significant events during the year

In January, Beijer Ref signed an agreement with the world-leading American refrigeration group, Carrier International Corporation. The agreement gives the Swedish refrigeration wholesaler the exclusive right to distribute Carrier's DX product series within the comfort cooling segment, and 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, which is estimated to be worth nearly SEK 480M with a stable growth of around ten 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.



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 Six-Month Report for 2015 will be published on 17 July 2015.
- The Nine-Month Report for 2015 will be published on 22 October 2015.
- The Year-end Report for 2015 will be published in February 2016.
- The Annual Report for 2015 will be published in March 2016.

Malmö, 23 April 2015
Beijer Ref AB (publ)
Per Bertland, CEO

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This interim report has not been the subject of 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. 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.

Summarised profit and loss account

sek m	Q1 2015	Q1 2014	Full year 2014
Net sales	1 845.7	1 581.0	7 189.0
Other operating income	2.8	2.4	20.9
Operating expenses	- 1 737.8	-1 497.1	- 6 666.1
Depreciation	-16.5	-15.0	-62.4
Operating profit	94.2	71.3	481.4
Net interest expense	-9.3	-7.5	-34.9
Profit before tax	84.9	63.8	446.5
Tax	-24.4	-18.2	-122.0
Net profit for the period	60.5	45.6	324.5
Net profit for the period attributable to:			
The parent company's shareholders	58.9	43.7	316.4
Non-controlling interests	1.6	1.9	8.1
Net profit for the period per share before and after dilution, sek	1.39	1.03	7.46

The Group's report on other comprehensive income

sek m	3 months 2015	3 months 2014	Full year 2014
Net profit for the period	60.5	45.6	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	35.4	4.9	178.4
Cash flow hedging	0.5	0.2	1.0
Hedging of net investment	1.1	-0.5	-9.3
Other comprehensive income for the period	37.0	4.6	163.4
Total comprehensive income for the period	97.5	50.2	487.9
Attributable to:			
The parent company's shareholders	93.0	48.0	474.8
Non-controlling interests	4.5	2.2	13.1

Summarised balance sheet

sek m	2015 03-31	2014 03-31	2014 12-31
ASSETS			
Fixed assets	2 079.1	1 866.4	2 005.3
Current assets	3 877.4	3 264.7	3 457.1
Liquid funds	249.5	166.4	236.1
Total assets	6 206.0	5 297.5	5 698.5
EQUITY AND LIABILITIES			
Shareholders' equity	2 733.6	2 467.2	2 618.6
Long term liabilities	1 422.9	988.2	1 274.3
Current liabilities	2 049.5	1 842.1	1 805.6
Total equity and liabilities	6 206.0	5 297.5	5 698.5
Of which interest-bearing liabilities	1 799.5	1 401.2	1 665.9

Key figures

sek m	2015 03-31	2014 03-31	2014 12-31
Equity ratio, %	44.0	46.6	46.0
Equity per share, sek	64	58	62
Return on equity after full tax, %	13.1	10.7	12.9
Return on capital employed, %	12.5	10.7	11.9
Return on capital employed in operations, %	13.0	11.4	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	3 months 2015	3 months 2014	Full year 2014
Cash flow from current operations	83.2	61.0	380.2
Changes in working capital	-74.0	-53.6	-139.3
Cash flow from investment operations	-100.5	-26.2	-168.8
Change in financing operation	103.1	4.0	170.8
Dividend paid	—	—	-201.4
Change in cash and bank	11.8	-14.8	41.5
Exchange rate difference in liquid funds	1.6	-0.2	13.2
Cash and bank on 1 January	236.1	181.4	181.4
Cash and bank at the period end	249.5	166.4	236.1

Shareholders' equity

sek m	2015 03-31	2014 03-31
Opening balance	2 618.6	2 417.0
Adjusted opening balance	2 618.6	2 417.0
Total comprehensive income for the period	97.5	50.2
Non-controlling interest arising on business combinations	17.5	—
Closing balance	2 733.6	2 467.2

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 Oceania has been added in Q1 due to the acquisition of the Patton Group which has its main operation in New Zealand and Australia.

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 quarter based on monthly values for January to March. The calculation of the working capital has changed. Previously, the working capital for the quarter has been based on the balance carried forward on the balance sheet date. Undistributed costs in the table below represent group-wide costs.

3 months 2015 sek m	Southern Europe	Central Europe	Nordic countries	Eastern Europe	A&A	Oceania	Group
REVENUES							
Revenues	772.1	509.9	339.3	66.9	268.2	42.6	1 999.0
Internal revenues	-80.5	-40.0	-19.7	-2.2	-10.9	—	-153.3
Total revenues	691.6	469.9	319.6	64.7	257.3	42.6	1 845.7
RESULTS							
Result by operation	35.2	10.0	27.6	2.1	27.9	5.5	108.3
Undistributed costs							-14.1
Operating profit	35.2	10.0	27.6	2.1	27.9	5.5	94.2
Net interest income							-9.3
Tax							-24.4
Net profit for the year							60.5
OTHER INFORMATION							
Working capital, average for the quarter	867.5	621.7	426.4	136.9	410.0	197.5	2 660.0

3 months 2014 sek m	Southern Europe	Central Europe	Nordic countries	Eastern Europe	A&A	Oceania	Group
REVENUES							
Revenues	704.6	447.1	278.0	61.4	201.6	—	1 692.7
Internal revenues	-65.6	-28.1	-16.2	-1.8	—	—	-111.7
Total revenues	639.0	419.0	261.8	59.6	201.6	—	1 581.0
RESULTS							
Result by operation	31.3	12.0	15.2	2.7	19.7	—	80.9
Undistributed costs							-9.6
Operating profit	31.3	12.0	15.2	2.7	19.7	—	71.3
Net interest income							-7.5
Tax							-18.2
Net profit for the year							45.6
OTHER INFORMATION							
Working capital, average for the quarter	827.6	544.8	359.7	128.5	270.8	—	2 131.4

Parent company profit and loss account in summary

sek m	3 months 2015	3 months 2014	Full year 2014
Operating income	—	—	21.1
Operating expenses	-9.2	-6.5	-30.3
Depreciation and write-downs of intangible and tangible fixed assets	-0.1	-0.1	-0.4
Operating profit	-9.3	-6.6	-9.6
Net interest income/expense	15.1	—	-5.4
Result of participations in Group companies and associated companies	—	—	223.4
Profit after financial investments	5.8	-6.6	208.4
Appropriations	—	—	14.4
Profit before tax	5.8	-6.6	222.8
Tax on the period's profit	—	—	0.2
Net profit	5.8	-6.6	223.0

Parent company balance sheet in summary

sek m	2015 03-31	2014 03-31	2014 12-31
ASSETS			
Intangible and tangible fixed assets	4.5	2.0	4.0
Financial fixed assets	2 216.2	1 292.4	1 350.6
Current assets	2 065.8	489.6	1 512.0
Total assets	4 286.5	1 784.0	2 866.6
EQUITY AND LIABILITIES			
Shareholder's equity	1 740.8	1 706.8	1 735.0
Long-term liabilities	1 651.8	—	1 109.0
Current liabilities	893.9	77.2	22.6
Total equity and liabilities	4 286.5	1 784.0	2 866.6

*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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