

Q3

2016

BEIJER REF

Weak start of the quarter but gradual improvement

- Net sales for the third quarter of 2016 increased by 5.4 per cent compared with the corresponding period in the previous year and amounted to SEK 2,461M (2,335). The increase is mainly due to the acquisition of HRP in the United Kingdom and Realcold in Australia/New Zealand.
- Weak month of July. Organic growth in August and September.
- Operating profit for the third quarter of 2016 amounted to SEK 173M (181).
- Profit for the quarter amounted to SEK 117M (121).
- Profit per share amounted to SEK 2.71 (2.82).

Key figures	Q3-16	Q3-15	Δ%	9 months 16	9 months 15	Δ%	Full year 15
Net sales, sek m	2 461	2 335	5.4	6 845	6 334	8.1	8 361
EBITDA, sek m	193	198	-2.9	505	485	4.2	636
Operating profit, sek m	173	181	-4.5	448	433	3.4	567
Profit margin, %	7.0	7.7	—	6.5	6.8	—	6.8
Net profit, sek m	117	121	-3.8	299	289	3.4	373
Profit per share, sek	2.71	2.82	-4.0	6.88	6.69	2.8	8.64
Return on operating capital, %	—	—	—	13.0	13.5	—	14.1
Return on equity, %	—	—	—	13.8	14.5	—	14.2
Average number of employees	—	—	—	2 621	2 419	8.4	2 506

Comments by the CEO



+ 5 %

Sales

» The development in August and September gives us confidence for the next quarter. «

Weak start of the quarter but gradual improvement

Although profit for the quarter did not reach the level of the previous year, the third quarter of the year was one of our strongest quarters ever. Only the month of July was the weak month of the quarter, whilst both August and September showed growth, organically as well as incrementally. The heatwave Europe experienced in July last year, which at the time had a strong impact on demand, was not repeated this year.

In our regional markets, the Nordic countries stand out negatively, mainly due to a weaker development in Sweden. We see this as a normal fluctuation as there is no business cycle or structural signs that would indicate demand is declining. Central Europe shows growth, mainly due to the fact that the acquisition of HRP in the United Kingdom has been consolidated. In the region, we can also see a positive development in markets such as the Netherlands, Switzerland and Germany. The Southern Europe region was affected by the cooler weather during July compared with the previous year. Eastern Europe shows a positive development in Czech Republic, Slovakia, Romania and the Baltic States. The markets in Africa also show growth in local currency and in Asia Pacific we see an excellent development, especially in Malaysia and New Zealand.

The work of making our own organisation even more efficient continues through the creation of a clear structure with a country manager and a joint back-office in every country. The United Kingdom, France, the Netherlands and Norway are the remaining countries in which we are currently implementing these measures which will give us a more efficient organisation and clear cost savings.

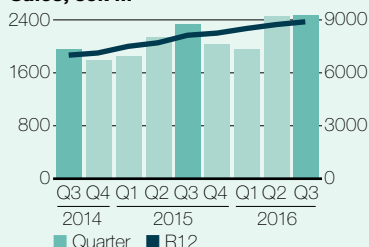
During the quarter, we have initiated the work of strengthening our digital competence. There are significant opportunities with digitalisation in our sector and the objective is to develop our digital capacity.

We are working with our own organisation and our cost side, and are also continually evaluating new acquisition opportunities. Taken together, the outcome for the quarter is lower than anticipated. However, the development in August and September gives us confidence for the next quarter.

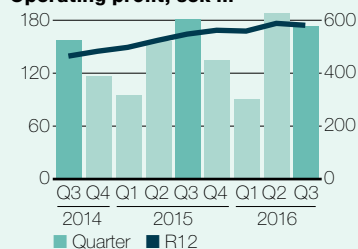
Per Bertland
CEO, Beijer Ref

Third quarter of 2016

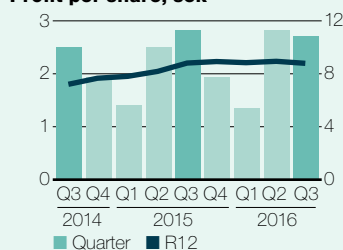
Sales, sek m



Operating profit, sek m



Profit per share, sek



Sales

Beijer Ref increased its net sales by 5.4 per cent to SEK 2,461M (2,335) for the third quarter of 2016. When adjusted for exchange rate fluctuations and acquisitions, the organic change in sales was -2.0 per cent. The decrease in sales is attributable to the fact that sales for the month of July did not reach the previous year's level. The month of July in the previous year was strongly influenced by a heatwave through large parts of Europe.

Net sales for the first three quarters of the year increased by 8.1 per cent to SEK 6,845M (6,334). When adjusted for exchange rate fluctuations and acquisitions, the organic sales change was 4.1 per cent.

Sales, sek m	Q3	%	9 months	%
Net sales 2015	2 335		6 334	
Organic change	-45	-2.0	251	4.1
Change through acquisitions ¹	196	8.4	448	7.0
Exchange rate fluctuation	-25	-1.0	-188	-3.0
Change, total	126	5.4	511	8.1
Net sales 2016	2 461		6 845	

1) The acquisitions relate to Patton, Realcold and RNA made in 2015 and HRP which is included in the consolidated accounts from June 2016 (Australia, New Zealand, Malaysia and UK)

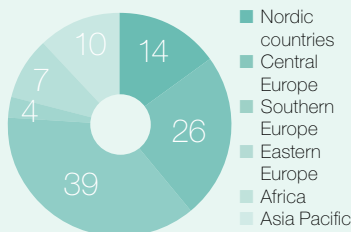
Results

The Group's operating profit amounted to SEK 173M (181) for the third quarter, equivalent to a decrease of 4.5 per cent. The result decrease is mainly explained by the lower sales in the month of July as described above under the section about sales.

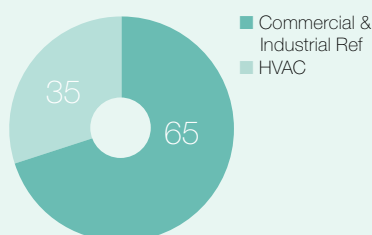
The lower operating margin for the quarter, 7.0 per cent (7.7), is mainly explained the fact that HRP and Realcold were acquired and that these companies initially have lower margins than the average in the Group.

When adjusted for exchange rate fluctuations and acquisitions, the organic decrease in operating profit was 6.7 per cent during the quarter. For the first three quarters of the year, operating profit increased by 3.4 per cent to SEK 448M (443). When adjusted for exchange rate fluctuations and acquisitions, the organic increase in operating profit was 4.1 per cent. The Group's financial income/expense amounted to SEK -25M (-27) for the first three months of the year. Profit before tax was SEK 423M (406). Net profit for the period was SEK 299M (289). Profit per share amounted to SEK 6.88 (6.69).

The regions' share of total sales, %



Share of sales, market segments, %



Cash flow

Cash flow from the current operation before change in working capital was SEK 381M for the first nine months of 2016 compared with SEK 411M for the corresponding period in the previous year. During the first nine months of the year, the working capital increased by SEK 352M compared with SEK 130M for the same period in the previous year, as a result of the increased business volume and the acquisitions of HRP and Realcold. This gives a cash flow from the current operation of SEK 29M compared with SEK 281M in the previous year.

Cash flow, sek m	9 months 16	9 months 15
Cash flow from current operations before changes in working capital	381	411
Change in working capital	-352	-130
Cash flow from current operations	29	281

Investments

Consolidated capital expenditure, including acquisitions, amounted to SEK 66M (188) for the first nine months of 2016.

Significant events during the year

During the first quarter, the UK Competition & Markets Authority (CMA) initiated an examination of our acquisition of HRP Ltd with 15 branches in the United Kingdom. On 8 June, CMA announced that it had no objections to the transaction. As a result, we were able to start our planned restructuring work. HRP is included in the Group's accounts as from June.

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.

Malmö, 19 October 2016

Beijer Ref AB (publ)
Per Bertland, CEO

For further information, please contact:

Per Bertland, CEO – switchboard +40 35 89 00
Jonas Lindqvist, CFO – switchboard +40 35 89 00

This information is information that Beijer Ref AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 CET on 19 October 2016.

Accounting principles

This interim report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and RFR 2. Beijer Ref continues to apply the same accounting principles as those described in the latest Annual Report, with the exception of what is stated below. New and amended standards applied from 1 January 2016 are not deemed to have any significant effect on the Group's or the parent company's results or financial position.

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) for the period 1 January 2016 to 30 September 2016 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, 19 October 2016
PricewaterhouseCoopers AB

Lars Nilsson
Authorized Public Accountant
Auditor in charge

Rikard Fransson
Authorized Public Accountant

Financial information

Summarised profit and loss account, sek m	Q3-16	Q3-15	9 months 16	9 months 15	R12	Full year 15
Net sales	2 461	2 335	6 845	6 334	8 872	8 361
Other operating income	8	3	16	12	23	19
Operating expenses	-2 276	-2 140	-6 356	-5 861	-8 238	-7 744
Depreciation	-20	-18	-57	-52	-75	-69
Operating profit	173	181	448	433	582	567
Net financial income/expense	-10	-11	-25	-27	-41	-42
Profit before tax	162	170	423	406	541	525
Tax	-46	-49	-124	-117	-158	-152
Net profit	117	121	299	289	383	373
<i>Net profit attributable to:</i>						
The parent company's shareholders	115	120	292	284	374	366
Non-controlling interests	2	2	7	5	9	7
Net profit per share before and after dilution, sek	2.71	2.82	6.88	6.69	8.82	8.64

The Group's report on other comprehensive income, sek m	Q3-16	Q3-15	9 months 16	9 months 15	R12	Full year 15
Net profit	117	121	299	289	383	373
OTHER COMPREHENSIVE INCOME						
<i>Items which will not be reversed in the profit and loss account:</i>						
Revaluation of the net pension commitment	—	—	—	—	-20	-20
<i>Items which can later be reversed in the profit and loss account:</i>						
Exchange rate differences	95	-33	158	-46	54	-150
Cash flow hedging	—	1	1	2	1	2
Hedging of net investment	2	—	-3	10	—	13
Other comprehensive income for the period	97	-32	156	-34	35	-155
Total comprehensive income for the period	214	89	455	255	418	218
<i>Attributable to:</i>						
The parent company's shareholders	210	90	445	253	406	214
Non-controlling interests	4	-1	10	2	12	4

Summarised balance sheet, sek m	30 Sep 2016	30 Sep 2015	31 Dec 2015
ASSETS			
<i>Fixed assets:</i>			
Intangible fixed assets	1 637	1 504	1 488
Tangible fixed assets	309	278	277
Other fixed assets	232	283	276
Total fixed assets	2 177	2 065	2 041
<i>Current assets:</i>			
Inventories	2 569	2 075	1 982
Trade debtors	1 808	1 651	1 395
Other receivables	310	226	274
Liquid funds	350	284	348
Total current assets	5 039	4 235	3 999
Total assets	7 216	6 300	6 040
EQUITY AND LIABILITIES			
Shareholders' equity	2 866	2 677	2 634
Total equity	2 866	2 677	2 634
Long term liabilities	1 831	1 520	1 530
Total long term liabilities	1 831	1 520	1 530
<i>Current liabilities:</i>			
Trade creditors	1 333	997	857
Other liabilities	1 186	1 106	1 019
Total current liabilities	2 519	2 103	1 876
Total equity and liabilities	7 216	6 300	6 040
Of which interest-bearing liabilities	2 189	1 871	1 831
Net debt	1 838	1 587	1 483

Key figures	30 Sep 2016	30 Sep 2015	31 Dec 2015
Equity ratio, %	39.7	42.5	43.6
Equity per share, sek	68	63	62
Return on equity after full tax, %	13.8	14.5	14.2
Return on capital employed, %	12.0	12.4	13.0
Return on capital employed in operations, %	13.0	13.5	14.1
Dept ratio	0.6	0.6	0.7
Interest coverage ratio	14.3	13.6	11.9
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 16	9 months 15	Full year 15
Cash flow from current operations before changes in working capital	381	411	488
Changes in working capital	-352	-130	7
Cash flow from investment operations	-61	-146	-236
Change in financing operation	240	131	82
Dividend paid	-223	-212	-212
Change in cash and bank	-15	54	129
Exchange rate difference in liquid funds	17	-6	-17
Cash and bank on 1 January	348	236	236
Cash and bank at the period end	350	284	348

Shareholders' equity, sek m	30 Sep 2016	30 Sep 2015	31 Dec 2015
Opening balance	2 634	2 619	2 619
Total comprehensive income for the period	455	255	218
Dividend	-223	-212	-212
Non-controlling interest arising on business combinations	—	16	9
Closing balance	2 866	2 677	2 634

Q3 sek m	Nordic countries		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales	324	352	714	604	914	950	103	96	174	174	231	160	2 461	2 335
Operating profit by operation	27	36	40	37	86	88	10	8	12	12	10	11	185	191
Group-wide expenses													-13	-10
Operating profit	27	36	40	37	86	88	10	8	12	12	10	11	173	181
Net financial income/expense													-10	-11
Tax													-46	-49
Net profit													117	121
Working capital, average for the period	426	422	746	671	1 076	1 071	153	147	301	284	355	213	3 055	2 807

9 months sek m	Nordic countries		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales	974	1 033	1 792	1 611	2 634	2 479	267	251	491	537	687	423	6 845	6 334
Operating profit by operation	86	110	86	73	210	192	23	17	36	45	45	33	486	470
Group-wide expenses													-37	-37
Operating profit	86	110	86	73	210	192	23	17	36	45	45	33	448	433
Net financial income/expense													-25	-27
Tax													-124	-117
Net profit													299	289
Working capital, average for the period	414	424	652	650	985	973	141	142	257	299	334	249	2 784	2 737

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. Previously, two companies in Asia together with Africa were reported in one segment, defined as Africa and Asia. As from 2016, these Asian companies are reported together with the previous segment, Oceania, in a new defined segment, Asia Pacific, and Africa is reported separately. Comparative figures for the previous period have been recalculated. The segment reporting for the regions contains the profit and loss account up to and including operation profit and working capital. The working capital consists of inventories, trade debtors and trade creditors, and is an average based on monthly values for the respective period.

Parent company profit and loss account in summary, sek m	9 months 16	9 months 15	Full year 15
Operating income	1	—	33
Operating expenses	-34	-40	-47
Depreciation	-1	—	-1
Operating profit	-34	-40	-15
Net financial income/expense	-9	28	32
Result of participations in Group companies	174	86	128
Write-down of financial fixed assets	-7	—	—
Profit before appropriations	123	74	145
Appropriations	—	—	8
Profit before tax	123	74	153
Tax	—	3	-5
Net profit	123	76	148

Parent company balance sheet in summary, sek m	30 Sep 2016	30 Sep 2015	31 Dec 2015
ASSETS			
Intangible fixed assets	3	2	2
Tangible fixed assets	5	4	6
Financial fixed assets	2 656	2 191	2 586
Current assets	1 035	1 199	914
Total assets	3 700	3 396	3 508
EQUITY AND LIABILITIES			
Shareholders' equity	1 552	1 599	1 651
Long-term liabilities	2 130	1 756	1 369
Current liabilities	18	41	488
Total equity and liabilities	3 700	3 396	3 508

Financial definitions and glossary

Capital employed

Balance sheet total with a deduction for non-interest-bearing liabilities and deferred tax liability.

Debt/equity ratio

Net debt in relation to equity.

The objective is to show borrowing in relation to book value of equity.

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.

Equity ratio

Equity at the end of the period in relation to balance sheet total.

Interest-bearing liabilities

Interest-bearing liabilities include interest-bearing provisions.

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.

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.

Operating capital

Capital employed minus liquid funds, financial assets and other interest-bearing assets.

Operating margin

Operating profit in relation to net sales.

Organic change

Comparative figures year over year adjusted for translation effects on consolidation and changes in the structure.

Profit per share

Net profit in relation to average number of shares.

R12

Rolling twelve (R12) is the latest 12 months.

Return on capital employed

Profit before tax plus financial expenses (rolling 12 months) in relation to average capital employed.

Return on equity

Earnings after tax (rolling 12 months) 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.

Return on operating capital

Operating profit (rolling 12 months) as a percentage of average capital employed in operations.

Beijer Ref in short

The Beijer Ref Group is focused on trading and distribution operations within refrigeration products, air conditioning and heat pumps. The product programme consists mainly of agency products from leading international manufacturers and, in addition, some manufacture of own products, combined with service and support for the products. The Group creates added value by contributing: technical competence to the products; accounting for knowledge and experience about the market; and by providing efficient logistics and warehousing.

Operations are carried out by region within the Beijer Ref, which comprises Beijer Ref ARW (Air conditioning, refrigeration, wholesale) and Toshiba's distribution operation within air conditioning and heating. The Beijer Ref Group is a leading operator within the refrigeration sector in Europe and has a significant position within air conditioning in Europe. The operation is split into six geographic segments: Nordic countries, Southern Europe, Central Europe, Eastern Europe, Africa and Asia Pacific. Growth is achieved both organically and through the acquisition of companies which supplement existing operations.

Seasonal effects

Beijer Ref's sales are seasonally dependent as demand for refrigeration and air conditioning is at its peak during the warm months of the year. It means that demand in the northern hemisphere is at its peak during the second and third quarters whilst demand in the southern hemisphere is at its peak during the first and fourth quarters.

Financial calendar

- The Year-End Report for 2016 will be published on 16 February 2017.
- The Annual Report for 2016 will be published in March 2017.
- The Interim Report for the first quarter 2017 will be published on 24 April 2017.
- The Interim Report for the second quarter 2017 will be published on 14 July 2017.
- The Interim Report for the third quarter 2017 will be published on 20 October 2017.

BEIJER REF

Stortorget 8, SE-211 34 Malmö, Sweden
Telephone +46 40-35 89 00
Corporate ID number 556040-8113

www.beijerref.com

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.

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.