Sustainability and growth

BEIJER REF

ANNUAL REPORT

2016

Beijer Ref in short

One of the largest refrigeration wholesalers in the world

Beijer Ref is a technology-oriented trading and manufacturing Group which, through added-value products, offers its customers competitive solutions within refrigeration and air conditioning. Beijer Ref is a world-leading refrigeration wholesaler with around 330 branches in 33 countries, 1,200 suppliers, 100,000 products and 70,000 customers.

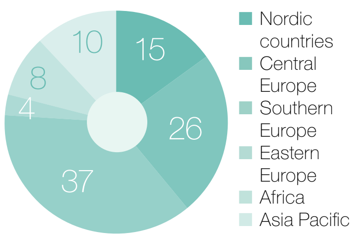
Sales (sek m)
9045

Employees
2667

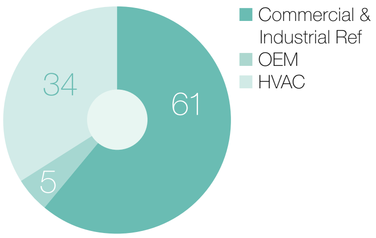
Branches
330

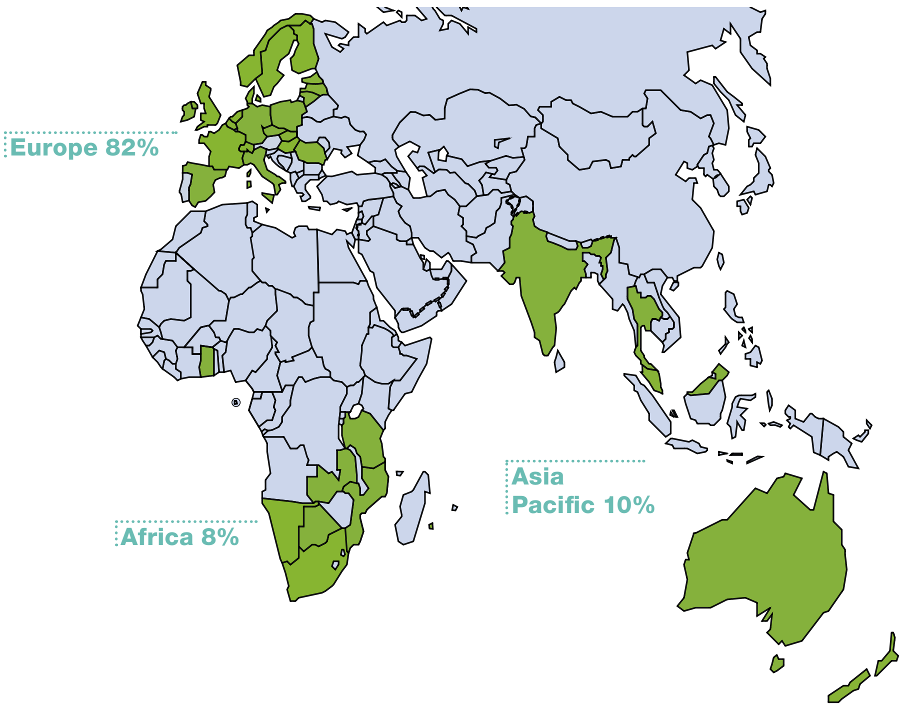
Sales by market

The regions' share of total sales, %



Share of sales, market segments, %



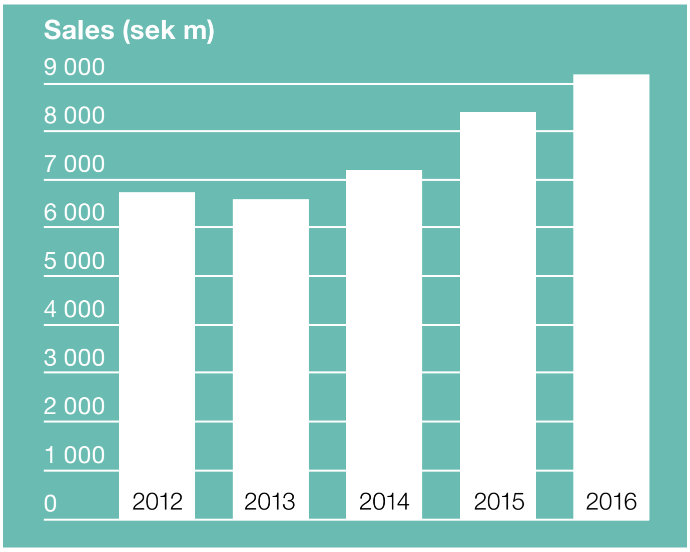


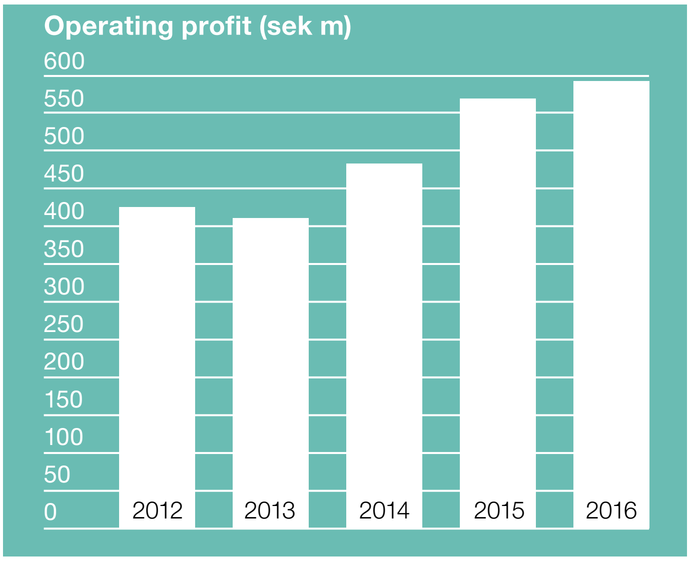
Key figures	2016	2015	2014
Sales, SEK M	9 045	8 361	7 189
Operating profit, SEK M	593	567	481
Profit after tax, SEK M	399	373	325
Profit per share, SEK	9.17	8.64	7.46
Dividend per share, SEK	5.50*	5.25	5.00

*In accordance with the Board of Directors' proposal

Customers
70000

Products
100000





Contents

Beijer Ref AB is a public limited company with corporate identity number 556040-8113. The company has its registered office in Malmö, Sweden.

All amounts are expressed in Swedish kronor with the abbreviation 'SEK K' for thousand kronor and 'SEK M' for million kronor. Figures in brackets refer to 2015 unless otherwise stated.

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.

Data about markets and the competitive situation are Beijer Ref's own assessments if no other source is specified. This report contains future-oriented information based on Beijer Ref's analysis and assessments made at the beginning of 2017.

Although the company's management is of the opinion that the anticipations evident from such future-oriented information are reasonable, no guarantee can be given that these anticipations will be proved to be correct. The formal Annual Report comprises pages 22-23 and 35-63.

This Annual Report is published on the company's website (beijerref.com). Printed copies will be sent on request to shareholders and other interested parties by Beijer Ref. A complete list of addresses over the Group's companies is available on www.beijerref.com.

Time to acquire

During 2016, we continued to strengthen our organisation and the offer to our customers. We increased sales for products with eco-friendly refrigeration technology of our own manufacturing. Our Comfort Cooling business segment (HVAC) made strong progress, not least through our close collaboration with Toshiba. We also initiated digitalisation work and increased our involvement in sustainability matters. Sales increased by 8.2 per cent, of which organic growth accounted for 2.8 per cent. Operating profit increased by 4.5 per cent. Both sales and results are the highest ever for Beijer Ref.

If 2015 was a year of acquisition, 2016 was a year when we focused on integrating the acquisitions into our existing organisation and on strengthening our support functions. A decentralised sales organisation is an important part of the Group's DNA. At the same time, however, we have seen a need for increased co-ordination between, and within, the subsidiaries. During the year, therefore, we implemented a new organisation with a country manager in every country. In many markets, we continue to operate under several brands but, by increasing the integration of back-office-functions and logistics, we are able to work more cost-efficiently and actually also give our customers a better offer.

One such example is the United Kingdom where, at the end of 2015, we acquired an option relating to the remaining shares in HRP Ltd. On its own initiative, the UK Competition & Markets Authority (CMA) chose to examine the transaction but approved it in June 2016 without reservation. The examination delayed our integration work by six months but, towards the end of the year, we saw that the work had produced an effect. For the United Kingdom, we have co-ordinated a number of joint functions to Leeds and, in that way, can benefit from the transfer of knowledge between staff and a more efficient way of working. All in all, we have achieved a significantly improved offer in that market.

In other important markets, such as France and Holland, we also initiated a work of change during the year. In Australia, we have chosen to merge Realcold and Patton, and to work under the Beijer Ref Australia brand. However, we retain separate brands in New Zealand. The integration work in several markets resulted in one-off costs during 2016, but this is building a stronger structure for the coming years.

Apart from HRP, we did not make any major acquisitions during the year, but evaluated several potential transactions. The CMA's examination of the HRP acquisition required significant resources, both internally and from external advisors, and this limited our possibilities to fully execute our acquisition strategy.

I expect that we will be able to revert to an increased acquisition rate during 2017. In addition to companies within our existing operation, there are also synergies for related sectors.

Good development in all markets

In our regions, we generally see stable positive development. The Nordic countries reported a lower result than in the previous year, mainly because our Norwegian manufacturing company made an unusually high profit at the end of 2015. Sweden was weaker than anticipated during the first half of 2016, but reported good results toward the end of the year.

Southern Europe continues to show growth in spite of the exceptionally warm weather in 2015, which drove up demand. Spain has developed especially well. Eastern Europe shows double-digit growth, with Romania and the Czech Republic as two strong markets. In Central Europe, Holland and the United Kingdom, reported the best development during the year. We see good organic growth in Germany but expect more in the future.

Asia Pacific is also developing well, especially New Zealand. In Africa, we established an operation in Tanzania during the year, but South Africa remains the engine in our African operation.

With regard to the business segments, Comfort cooling (HVAC) enjoyed a strong year, not least as a result of our close collaboration with Toshiba. Commercial and industrial refrigeration is doing well and ended the year strongly.

Important decision in Kigali

In the world around us we are monitoring the effects of the US presidential election and the Brexit decision. We have seen some exchange rate fluctuation resulting from Brexit, but it is too early to say what the referendum decision, as such, will mean for our sector in the long term. Our understanding is that the market in the United Kingdom will be stable over time; due to a significant demand for investment in commercial refrigeration.

An important decision was taken in Kigali, Rwanda in October 2016, when 170 UN countries agreed on the phasing out of traditional HFC refrigerants. For Beijer Ref, this could result in a growing market in the long term, as refrigeration installations all over the world will need to be rebuilt or replaced. However, it is important to be aware of the fact that for most countries the decision in Kigali involves a phasing out operation over several decades.

In Australia, quotas will be reintroduced in 2018 and in the EU the F-gas Regulation has been in force since 2015. All in all, the changes in rules and regulations throughout the world mean that we will see an increasing demand for eco-friendly solutions and systems based on natural refrigerants. As our domestic market in the Nordic countries is at the forefront of the development around such solutions, Beijer Ref has both the competence and the experience to meet this demand.

Successes for OEM manufacturing

During the year, we intensified our investment in OEM manufacturing, which now shows a double-digit growth. Many of our subsidiaries already have some manufacturing competence, but by bringing this together under the same management in Italy, we are able to increase the product supply and environmental awareness and combine the competence. We currently have units in Italy, France, Sweden, South Africa, Thailand and Holland.

OEM manufacturing lets us deliver both standardised and customised eco-friendly refrigeration systems all over the world. So far, we have mainly delivered systems in Europe and in New Zealand. However, towards the end of the year, our first installation was made in Chile. It has the support of, among others, the Chilean Department of the Environment and will be a pilot installation aimed at showing the food sector in the country that there are eco-friendly alternatives. During the spring of 2017, we will deliver the first OEM transcritical CO_2 installations to South Africa and Australia.

We have continued our work of developing small chillers under the CUBO brand and will launch the $CUBO_2$ Smart series, aimed at small stores and restaurants, at the beginning of 2017. It is a carbon dioxide-based solution with lower energy consumption and almost the same price picture as solutions based on traditional refrigerants. It shows our ability to carry out sustainable development that is also financially favourable for our customers.

Digitalisation increasingly important

Sustainability is already a central parameter in our sector and we reckon that the development will continue. We have, therefore, strengthened our central competence within sustainability and CSR to enable us to offer our companies better support. It is a good example of how we continue to have a decentralised organisation, but with expert competence at a central level.

Another such example is the investment we are making in the digitalisation of our operation. The geographic proximity to our customers is decisive for our business, but we also need to adapt ourselves to a changed purchasing pattern. An increasing number of customers enquire about the possibility of ordering on-line and have the products delivered direct. This is one of the reasons why we have initiated an extensive pilot study into how we can utilise digitalisation for our benefit. In addition to sales, it concerns optimising our logistics flows through digital solutions. It is also important from a sustainability perspective, as it can reduce the volume of transports. We expect to launch new e-commerce solutions during 2017.

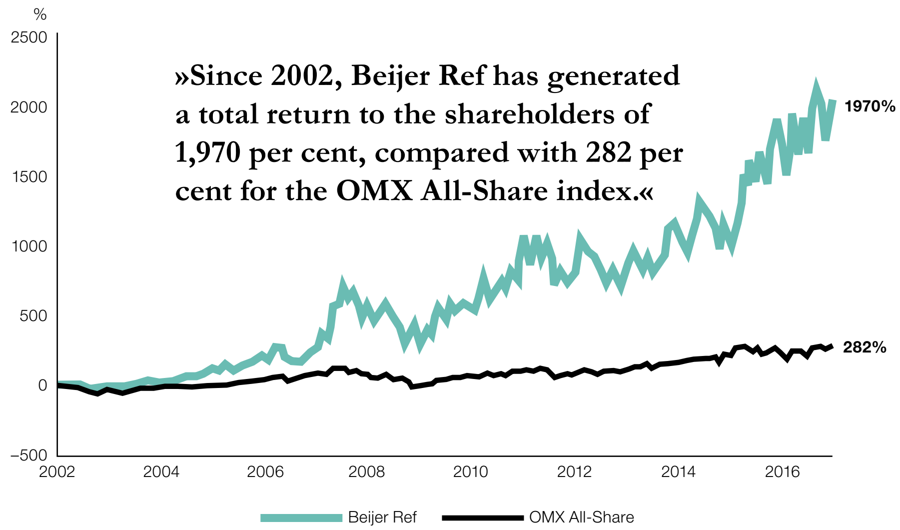
Long-term planning and afterthought

Precisely as in our other decisions, the work related to digitalisation is characterised by long-term planning and careful analysis of possible routes.

Since 2002, Beijer Ref has generated a total return to the shareholders of 1,970 per cent, compared with 282 per cent for the OMX All-Share index. It shows our ability to take the right decisions over a long period of time. The Board of Directors has proposed that the Annual Meeting of shareholders resolves to increase the dividend to SEK 5.50, which is yet further proof of our successful work.

We celebrated our 150th anniversary during 2016 and had reason to reflect on what it is that characterises our company. For me, it is clear that one of our greatest strengths is the combination of a decentralised sales organisation that is close to the customers and central functions which provide support in matters such as purchasing, sustainability and financial control. I also believe that the fact that we are a Swedish company with strong ethical values is something that benefits us in many markets.

I would like to thank all staff within Beijer Ref for your dedicated work during the year and for all the good ideas and proposals you have converted into solutions for our customers. I would also like to thank the shareholders and the Board of Directors for your devoted work during the year.



»Since 2002, Beijer Ref has generated a total return to the shareholders of 1,970 per cent, compared with 282 per cent for the OMX All-Share index.«

During 2017, we will continue to develop as a leading global operator in our market. We expect to increase our acquisition rate and to expand both product-wise and geographically. We will offer the market a number of new eco-friendly and energy-efficient solutions, and we have improved our own organisation which will increase efficiency. All in all, our intensive work during 2016 will lay the foundation for good growth for many years ahead.

Per Bertland

Development of the Beijer share 2016

Nasdaq OMX Stockholm rose in 2016 in spite of significant and sometimes surprising events in the world around us. The United Kingdom's Brexit decision, the outcome of the US presidential election and rising market rates contributed to creating uncertainty in the market. The Beijer share continued its positive trend and rose by 7.7 per cent.

At the year-end, the Nasdaq OMX Stockholm had risen by 5.8 percent (5.7) since the start of the year. The price paid for the Beijer Ref B share rose 7.7 per cent (57.3) in 2016.

Shareholders

The Beijer Ref B share has been listed on the stock market since 1983. The share is currently quoted on the Nasdaq OMX Stockholm Mid-Cap list. The share capital in Beijer Ref amounts to SEK 371,684,512.5, represented by 42,478,230 shares, each with a nominal value of SEK 8.75. Beijer Ref had 3,496 shareholders on 31 December 2016. There are two classes of shares: 3,306,240 A shares and 39,171,990 B shares. Each A share represents ten votes and each B share one vote. The distribution of the ownership is shown in the table on page 7.

Long-term and high yield

Profit per share after tax amounted to SEK 9.17 (8.64). Total yield of the Beijer Ref B share amounted to 10.3 per cent. This can be compared with the SIXRX index which had a return of 9.65 per cent. In the past five years, the Beijer Ref B share has had a total yield averaging 20.8 per cent per annum. The corresponding figure for the SIXRX index 2 is 16.1 per cent per annum.

Market value and trading

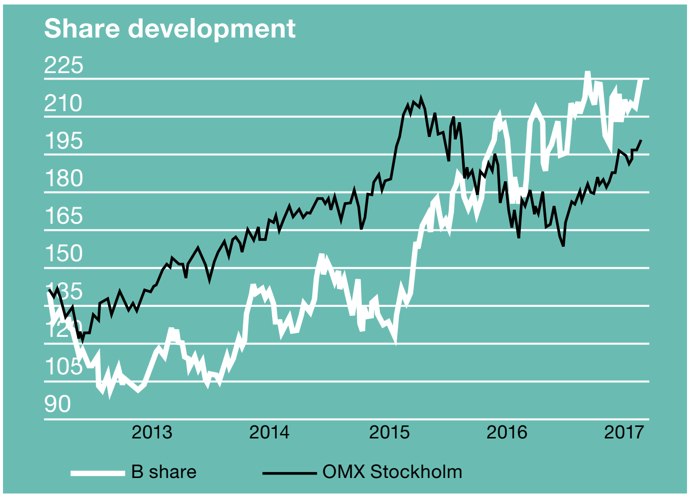
During 2016, a total of 2 305 953 Beijer Ref shares were traded (5,074,692). The total value of trading in the share amounted to SEK 464,778,483 (779,707,674). Average daily trading amounted to 9,114 shares (20,218) or SEK 1.8M (3.1). The highest price paid during the year of SEK 230 was registered on 8 September and the lowest price of SEK 169 was registered on 9 February. Further information about the Beijer Ref share is available on www.beijerref.com.

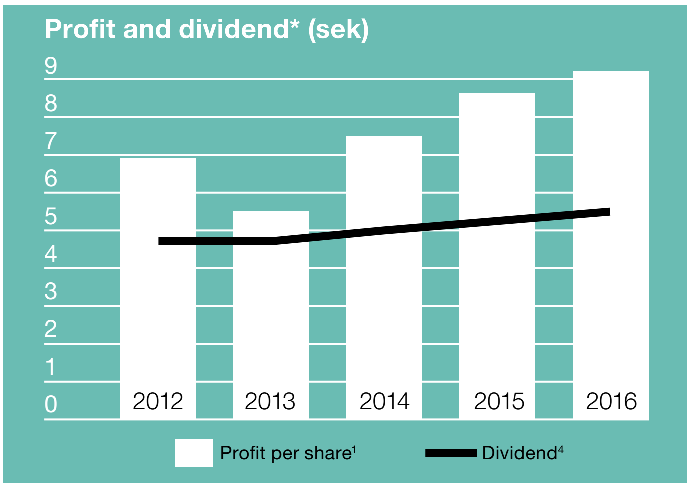
Dividend

The Board of Directors has proposed a dividend of SEK 5.50 (5.25) for the 2016 financial year. The dividend proposal is equivalent to 60 per cent (61) of the Group's profit after tax for 2016 and to 8.0 per cent (8.6) of shareholders' equity at the year end. The yield, i.e. the proposed dividend as a percentage of the latest price paid during the year, amounts to 2.5 per cent (2.6).

OMXS PI, OMX Stockholm PI, an index which weighs together the value of all shares listed on NASDAQ OMX Stockholm.

SIXRX, SIX Return Index, the average development on NASDAQ OMX Stockholm, including dividends.





Ownership, 10 largest shareholders and other owners

on 2016-12-30	*A shares*	*B shares*	*Total*	*Capital*	*Votes*
Carrier Refrigeration ECR Holding	717 420	16 874 858	17 592 278	41.4%	33.3%
Magnusson, Joen (private and companies)	1 040 000	70 802	1 110 802	2.6%	14.5%
Bertland, Per (private and companies)	787 000	125 000	912 000	2.1%	11.0%
Jürgensen, Peter Jessen	560 620	—	560 620	1.3%	7.8%
SEB Investment Management	—	3 422 537	3 422 537	8.1%	4.7%
Lannebo fonder	—	3 029 118	3 029 118	7.1%	4.2%
Fjärde AP-fonden	—	2 348 489	2 348 489	5.5%	3.3%
Hain, Jan (private and companies)	160 000	129 000	289 000	0.7%	2.4%
Didner & Gerge Fonder AB	—	1 096 588	1 096 588	2.6%	1.5%
Handelsbanken fonder	—	1 075 762	1 075 762	2.5%	1.5%
Total, 10 largest shareholders	3 265 040	28 172 154	31 437 194	73.9%	84.2%
Other owners	41 200	10 912 636	10 953 836	26.1%	15.8%
Shares in own custody	—	87 200	87 200		
Total	3 306 240	39 171 990	42 478 230	100.0%	100.0%
Votes			72 234 390		

Share distribution by size

Owners of	*No. of shareholders*	*A shares*	*B shares*	*Holding (%)*	*Votes (%)*	*Market value (sek k)*
1 - 500	2 533	280	309 123	0.73	0.43	66 831
501 - 1000	382	1 920	295 579	0.70	0.44	64 260
1001 - 2000	222	—	341 550	0.80	0.47	73 779
2001 - 5000	158	—	522 240	1.23	0.72	112 804
5001 - 10000	82	1 000	584 524	1.38	0.82	126 473
10001 - 20000	41	16 000	584 471	1.41	1.03	129 702
20001 - 50000	24	56 500	730 478	1.85	1.79	169 987
50001 - 100000	20	40 000	1 359 489	3.29	2.44	302 290
100001 -	34	3 190 540	34 444 536	88.60	91.85	8 129 176
Total 2016-12-30	3 496	3 306 240	39 171 990	100.00	100.00	9 175 298

Share data* (sek)

	2016	*2015*	*2014*	*2013*	*2012*
Profit per share [1]	9.17	8.64	7.46	5.51	6.96
Equity per share [2]	70	62	62	57	57
Cash flow per share [3]	11.27	11.52	9.12	6.09	7.91
Dividend [4]	5.50	5.25	5.00	4.75	4.75
Market value [5]	216.0	200.5	127.5	140	108
Yield, % [6]	2.5	2.6	3.9	3.4	4.4

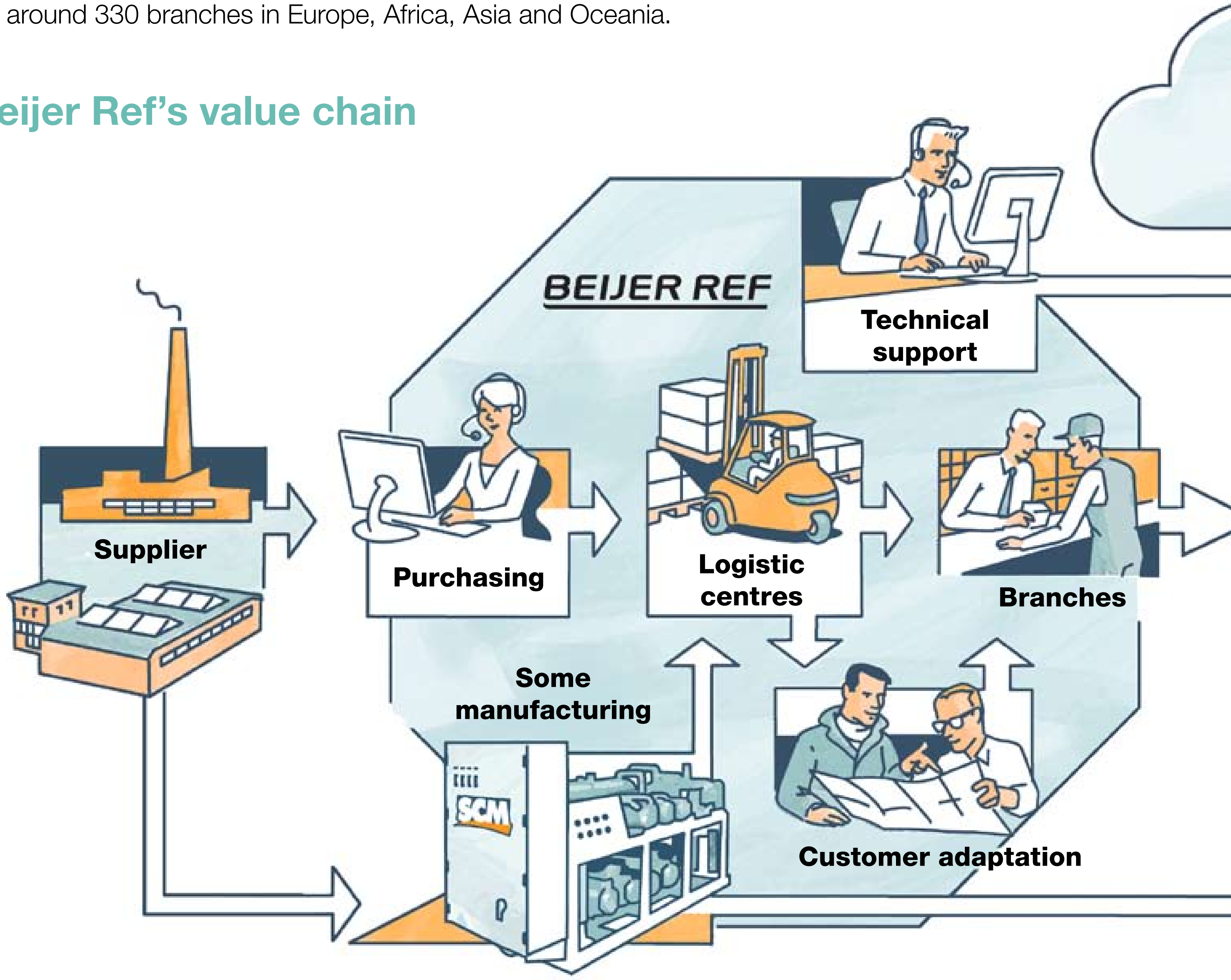
*) Share split carried out on 29 June 2012. All comparative figures are recalculated taking into account the implemented split.

Definitions
1) Refers to the remaining operation. Net profit for the year divided by the average number of outstanding shares.
2) Shareholders' equity divided by the number of outstanding shares at year end.
3) Refers to the remaining operation. Cash flow from the current operation before changes in working capital divided by average number of outstanding shares.
4) For 2016, in accordance with the Board of Directors' proposal.
5) On 31 December.
6) Dividend in relation to market value on 31 December.

Business concept and business model

Beijer Ref is one of the largest operators in the global refrigeration wholesale market. We sell refrigeration systems, components for refrigeration systems, air conditioning and heat pumps via around 330 branches in Europe, Africa, Asia and Oceania.

Beijer Ref's value chain



Throughout the world, solutions from Beijer Ref contribute to the right temperature, good air and a stable indoor climate. Refrigeration, heating and air conditioning are hygiene factors for many operations, which must be able to rely on the systems functioning properly.

Our customers install and service equipment in stores, offices, restaurants, service halls and many other sensitive environments where reliability in service is central. Therefore, our customers are dependent on our product range being broad and accessible as well as one which offers modern, eco-friendly technology at the right price.

Business concept – to offer added value

Beijer Ref's business concept is to be a technology-oriented trading Group which, through added-value products, offers its customers competitive solutions within refrigeration and air conditioning.

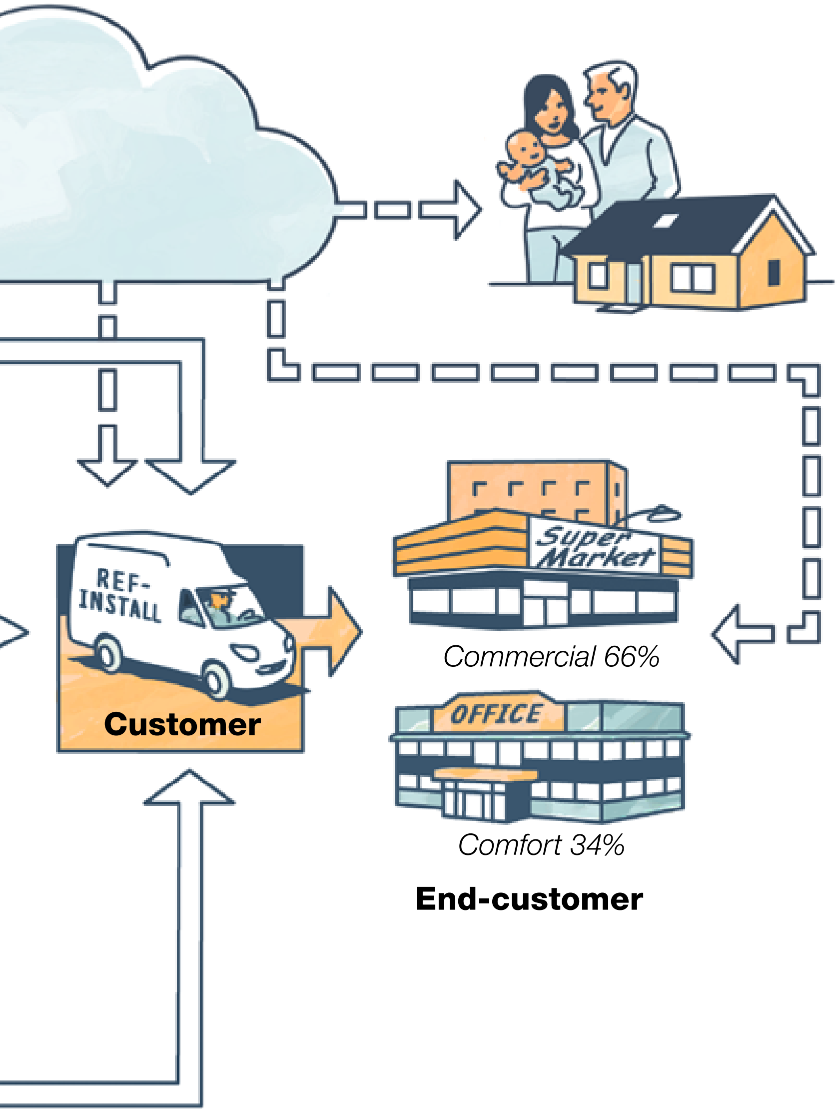
Business model

Our value chain consists of purchasing; own manufacturing and customer adaptation of products by contributing technical expertise; efficient logistics, warehousing and system solutions. We meet our customers through a market-adapted sales organisation consisting of 330 branches which also offer technical support and service. Sales are mainly made to refrigeration installation contractors, service companies and contractors.

The variables of the value chain are continually evaluated from the customer's perspective. These variables include decentralisation, local presence, accessibility, rapid and efficient logistics, technical expertise and service. Our investment in an increased OEM offer is an example of how the knowledge gained from such an evaluation has led to tangible change.

Our business model is based on a Business-to-Business (B2B) operation i.e. trading with products and services between

Beijer Ref's business model is in its entirety designed with a focus on the customer's requirements. The customers shall have access to a broad range of brands and products. Geographic proximity and rapid deliveries are key components. The value that Beijer Ref brings into the value chain from manufacturer to customer is warehousing, distribution, technical support and customer adaptation both through design and manufacturing. Extensive work is in progress aimed at analysing and adapting the business model's variables to changed purchasing patterns as a consequence of digitalisation.



companies. Over the years, our business model has been sustainable and stable. The fundamental concept is the focus on trading operations and on the distribution of refrigeration components, refrigeration systems and air conditioning. We offer products from a large number of market and technology-leading brands within our entire product range.

The digitalisation of the refrigeration sector is a process which is proceeding rapidly. Beijer Ref wants to be at the forefront of this process and to be prepared when digitalisation starts to influence the way of doing business with customers more extensively. The objective of the digitalisation work is to be prepared for new business models in the refrigeration sector, to find new and increased business opportunities right now and, at the same time, utilise the benefits that digitalisation brings about relating to quality assurance and cost savings.

The business model generates stable results. During the latest five-year period, operating profit has increased by 7.4 per cent per annum on average. The operating margin (operating profit in relation to sales) has averaged 6.4 per cent during this five-year period. It has shown variations with a low of 5.7 per cent and a high of 6.8 per cent. During the same period, the return on capital employed in operations averaged 12.5 per cent. Return on equity was 12.8 per cent on average.

Organisation

Our operation is characterised by decentralisation. Of the Group's around 2,700 employees, 20 work in central functions. The objective is to create well-functioning local companies which work close to their markets and get the necessary support from the Group functions.

In most of the acquisitions made, the management group and organisation structure have been maintained in order to preserve competence and maintain focus on the customer. Exceptions are acquisitions made in markets in which Beijer Ref is already operating and where there are clear advantages (purchasing, logistics, service etc.) in merging these functions. The Beijer Ref brand will be used increasingly in the future. Group co-ordination takes place within areas such as purchasing and logistics, whereas the local companies have greater freedom to take decisions in relation to market strategy and customer offers.

The investment in an increased OEM offer focuses on own product development and manufacturing of chillers. Refrigeration competence has, therefore, been accumulated in local companies in France, Italy, Sweden, South Africa, Thailand and Holland. The number of such manufacturing companies is planned to increase in future years. The existing companies already provide markets all over the world with individual standard solutions and tailor-made overall concepts.

The Group functions have a supporting task and handle matters such as company and financial control, logistics optimisation, overall marketing, sustainability matters, acquisitions, legal matters and purchasing. Continual management is exercised through representation in local boards of directors, a well-developed reporting system and close dialogue.

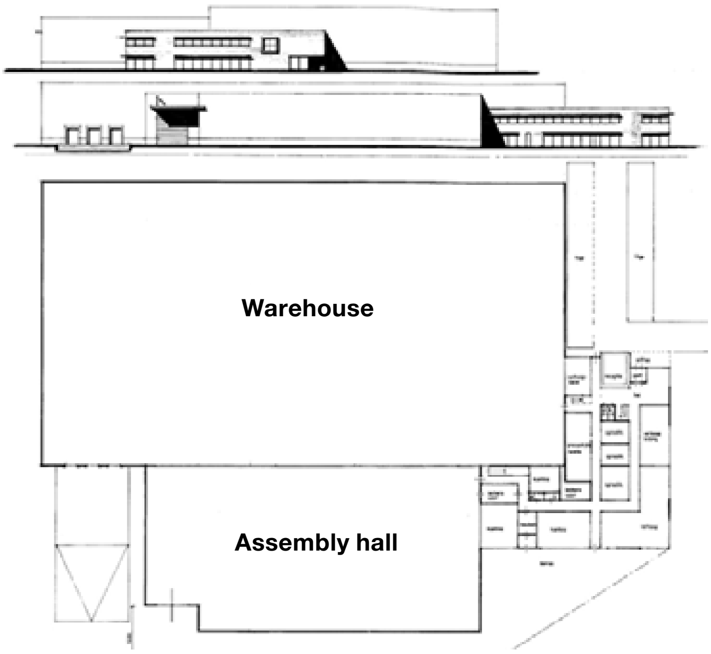
Beijer Ref Support Center

Establishing a common logistics center for Beijer Ref's four companies in the Benelux region will increase efficiency, cut costs and improve the customer offering. Coolmark, ECR-Nederland, ECR-Belgium and Unichemie will continue to operate independently, each with its specific commercial and technical market approach, but with shared back office, logistics and warehousing. These functions will be handled by Beijer Ref Support BV, a new company which is currently building a new logistics center close to Eindhoven in the southern Netherlands.

Covering more than 12,000 m2, the new facility will contain office space, meeting rooms, showrooms, training facilities and an assembly hall. The project's crown jewel is a highly automated warehouse, equipped with seven robots. An Autostore system will enable selection of up to 400 orders per hour, a huge improvement compared to manual work. Designed specifically for handling spare parts, the robots are guided by an ICT system to simultaneously handle multiple orders.

Unit and systems assembly will be handled by SCM Ref BV, a new company that also moves into the facility and will be an important part of Beijer Ref's OEM strategy. Pooling all assembly operations in one entity will enable the four companies to better meet the increasing demand for complete solutions and systems.

Located near Eindhoven, the new center is easy to access from most parts of the region and well positioned for international transport. It will have a staff of around 100, including all staff from ECR-Nederland.



Robert Schweig
VP Procurement

"For any wholesaler, profitability starts at the purchase level. At Beijer Ref we are constantly evaluating our supplier relationships and internal processes to develop an ideal product portfolio and competitive pricing in all our markets. Our critical mass as a global player allows us to establish long term partnerships with leading key suppliers.

"We firmly believe in creating a win-win environment with our suppliers, and I trust this will become even more important given the changes in the market. Cycle times are getting shorter, and climate-related changes less predictable, which requires amplified supplier reliability to manage the demand for increased stock rotation.

"In the last year, we have further tailored our business intelligence system to create more transparency in our global supplier, product and pricing portfolios. This enables real time internal benchmarks and immediate visualization of potential savings, which helps us to define our purchasing strategy.

"We will continue to digitalize our processes to improve our benchmark indicators, cut costs and optimize pricing. We will also develop advanced order procedures together with our suppliers to reduce costs through efficient production planning."

Eco-friendly for small stores

Aside of SCM, CUBO is Beijer Ref's own brand. The CUBO range is primarily directed at small installations. During 2017, $CUBO_2$ Smart will be launched. It is the first transcritical chiller suitable for installations in, for example, small stores, petrol stations and restaurants. It takes up little space and can be rapidly and simply installed, partly thanks to preinstalled software.

$CUBO_2$ Smart uses carbon dioxide as refrigerant and, therefore, has a GWP value close to zero. It makes $CUBO_2$ Smart one of the most eco-friendly solutions in the market, which is expected to be a very strong competitive advantage, not least in the Nordic countries and other European countries. Energy consumption is lower, and the price level insignificantly higher, than for comparable products with traditional refrigerants.

The CUBO series shows Beijer Ref's competence in constructing eco-friendly, carbon dioxide-based solutions for both large and small customers.

Strategy and objectives

Beijer Ref has at its objective to grow faster than the market and to continue to grow as a global operator. Growth shall be made both organically and through acquisition.

Our operation focuses on commercial and industrial refrigeration, air conditioning and heat pumps. The resources are mainly concentrated on the wholesale operation, but also on own development of advanced eco-friendly refrigeration systems. This is a complement to the existing trading operation and opens new market segments.

Beijer Ref will continue to grow organically and through supplementary acquisitions in existing and new markets, both in Europe and in the rest of the world.

• The Group will give priority to long-term planning and stability in its business relationships
• The primary interest groups consist of shareholders, customers, employees and suppliers.

The value for the shareholders is created through a positive share price development, through dividends and through growing with a good return on invested capital. For our customers, we create value by developing new attractive products and services, developing further and improving the existing offer, and by securing good accessibility and short delivery times.

Through a close collaboration with our suppliers, we create value where our joint market insights can be converted into attractive products and services. For our employees, we create value by offering a stimulating job with remuneration on market terms, good opportunities for competence development and a secure and healthy working environment.

Investment in OEM

In accordance with the new strategy, manufacturing companies were established in Sweden and France in 2015 based on the model that has proved so successful for our subsidiary, SCM Frigo, in Italy. This so-called OEM model (Original Equipment Manufacturer) is driven by a demand among our customers for larger and, in many instances, customised solutions.

The objective is to establish additional similar manufacturing companies – all with a focus on developing modern, eco-friendly refrigeration systems.

Digitalisation

Beijer Ref's objective with regard to the digitalisation is to be at the forefront in the sector's development within the segment. Beijer Ref will extend and co-ordinate more strongly the existing e-commerce structure and be prepared to do business to a greater extent by digital means when this is requested. In addition, Beijer Ref's digitalisation process should also lead to new business opportunities, higher delivery quality and cost savings.

Organic growth in excess of GDP

The majority of our markets are mature. In spite of that, our growth rate in these markets exceeds GDP by around two per cent on average. This is mainly due to the fact that operation has close links to the food industry, which has good underlying growth.

Our sales are not distributed evenly over the year, but have traditionally been stronger in Q2 and, especially, in Q3 due to increased demand during the months when the weather is at its warmest in Europe. Demand then increases for both new installations and for the refurbishment of, and repairs of, old installations. Through expansion in the southern hemisphere, we also gain access to warm periods in Q4 and Q1, which will even out the sales variations in the long term.

Acquisition as part of the strategy

A significant part of the growth strategy consists of expansion in new markets and a strengthened presence in markets where we have already been established. During 2015, the acquisition rate was high, with acquisitions in, among other countries Australia and New Zealand. Therefore, 2016 became a calmer year, during which only HRP in the United Kingdom was acquired.

During the latest ten-year period, 2007-2016, Beijer Ref has reported an annual organic growth of 3 per cent on average.

Long-term partnerships

A cornerstone in our operation is our long-term and stable relationships with important suppliers. Together with our suppliers, we convert our knowledge of the market into products that meet the customers' demands and requirements.

Objectives

• Beijer Ref aims to further strengthen its position as a leading operator in the world and to continue to grow as a global operator. The objective is to grow faster than the market.

• The Group aims to achieve a return on operating capital of at least 11 per cent.

• The Group aims to have good cash flows and a high-dividend capacity. The objective is to distribute more than 30 per cent of profit after tax. However, the level will be weighted every year against the Group's capital requirements and prospects for the future.

• The equity ratio shall not fall below 30 per cent.

Development of the Group's OEM strategy

Simon Karlin
COO & EVP

During 2016, our OEM operation continued to show good results. We initiated the venture a few years ago, as a result of an increase in the demand for customised and ready-built solutions. We now see a double-digit annual growth and plan to increase further our presence around the world.

We accumulate our manufacturing competence in a number of companies under the management of our Italian subsidiary, SCM Frigo, which has a long experience of building advanced and eco-friendly systems. In addition to Italy, we have operations in Sweden and France, and have recently established units in South Africa and Thailand. Very soon, Holland will also be attached to our OEM operation.

During the year, we have met a number of suppliers and presented our OEM venture. Due to an increased purchasing volume, we achieve improved purchasing terms for some components. The OEM operation demands even closer collaboration with our suppliers and the drawing up of clear borderlines between this offer and our role as distributor. Here, the transparency is important.

Our customers should know that Beijer Ref can provide advice and support relating to the very latest technology in our sector. We help out with design and construction, which facilitates our customers' work.

First CO_2 installation in Chile

In January 2017, the food chain, Jumbo, opened a new store in Valdivia in southern Chile. The store contains the country's first transcritical refrigeration system, which was installed with the support of the Chilean Department of the Environment and the Global initiative the Climate and Clean Air Coalition (CCAC). The objective is that the store will be the good example that will inspire other operators in the Chilean food market to select HFC-free refrigeration systems.

SCM Frigo has delivered the installation, which is Beijer Ref's first carbon dioxide-based installation in South America. The assignment is yet further proof of Beijer Ref's ability to deliver eco-friendly carbon dioxide-based refrigeration systems all over the world.

Local presence in a global market

Beijer Ref operates in a large number of local markets in Europe, Africa, Asia and Oceania. What the markets have in common is that the demand for new installations is to a great extent controlled by the general economy, whilst the demand for repair and maintenance work is more stable.

In mature markets, primarily in Europe, a changing consumption pattern has been seen over the past decades. The consumption of refrigerated and frozen dishes is increasing, the raw materials are more perishable and the proportion of ready meals has increased. It contributes to investment requirements and increased demand from both the traditional food trade and from completely new store categories. In Asia and Africa the living standard is increasing, which drives the demand for commercial refrigeration, comfort cooling and air conditioning.

The EU's decision gradually to ban refrigerants with a greenhouse effect will in future years require refurbishment or replacement of a large number of refrigeration installations. This F-gas ordinance is an example of how changes in rules and legislation can generate market effects for Beijer Ref. Our assessment is that similar ordinances will be decided in other markets globally. Partly as an effect of stricter environmental regulations, the demand for energy-efficient installations is also increasing, and we see a growing number of questions about the future recycling of products.

Traditionally, Beijer Ref has primarily been operating in Europe. This has generated high sales in Q2 and Q3 due to the warm summer months in Southern Europe, but lower sales in Q1 and Q4. Now that we are expanding in Africa, Asia and Oceania, we gain access to several markets with a stable warm climate, which will even out sales over the year.

Markets and customers

Beijer Ref's products are found in refrigeration, freezer and air-conditioning systems which together are a necessary part of a modern society. We split our offer into three segments:

• Commercial refrigeration - refrigeration installations supplied to, among others, food stores, shopping malls, cafés and hotels

• industrial refrigeration - process refrigeration provided to, for example, ice rinks, offices and computer rooms

• comfort cooling - climate control and ventilation for private residences, offices and stores.

Sales are mainly made to refrigeration installation contractors, service companies, and contractor companies. We also deliver components to manufacturers of refrigeration products which, in turn, deliver to end customers. Of our 70,000 customers, the five largest customers account for less than five per cent of sales. The aftermarket accounts for nearly 70 per cent of sales.

The product programme consists both of the sector's leading brands and of a growing segment with products developed by the Group itself. We have the exclusive distribution rights in eleven countries in Europe for the Japanese company's, Toshiba, air-conditioning and heating products and an exclusive agreement for the sales and service of the American company's, Carrier, comfort-cooling products in most countries in Europe and in South Africa.

Beijer Ref's competitive edge is the breadth and depth in its technical competence and product range. We have a local presence via a large number of branches on four continents and an efficient distribution network with rapid access to spare parts for service, maintenance and repair. We also offer a delivery of system solutions that simplify installation.

Commercial and industrial refrigeration

Commercial and industrial refrigeration accounts for 66 per cent our operation. We hold the distribution rights to a large number of well-known products, such as compressors and refrigerants as well as equipment for control and monitoring.

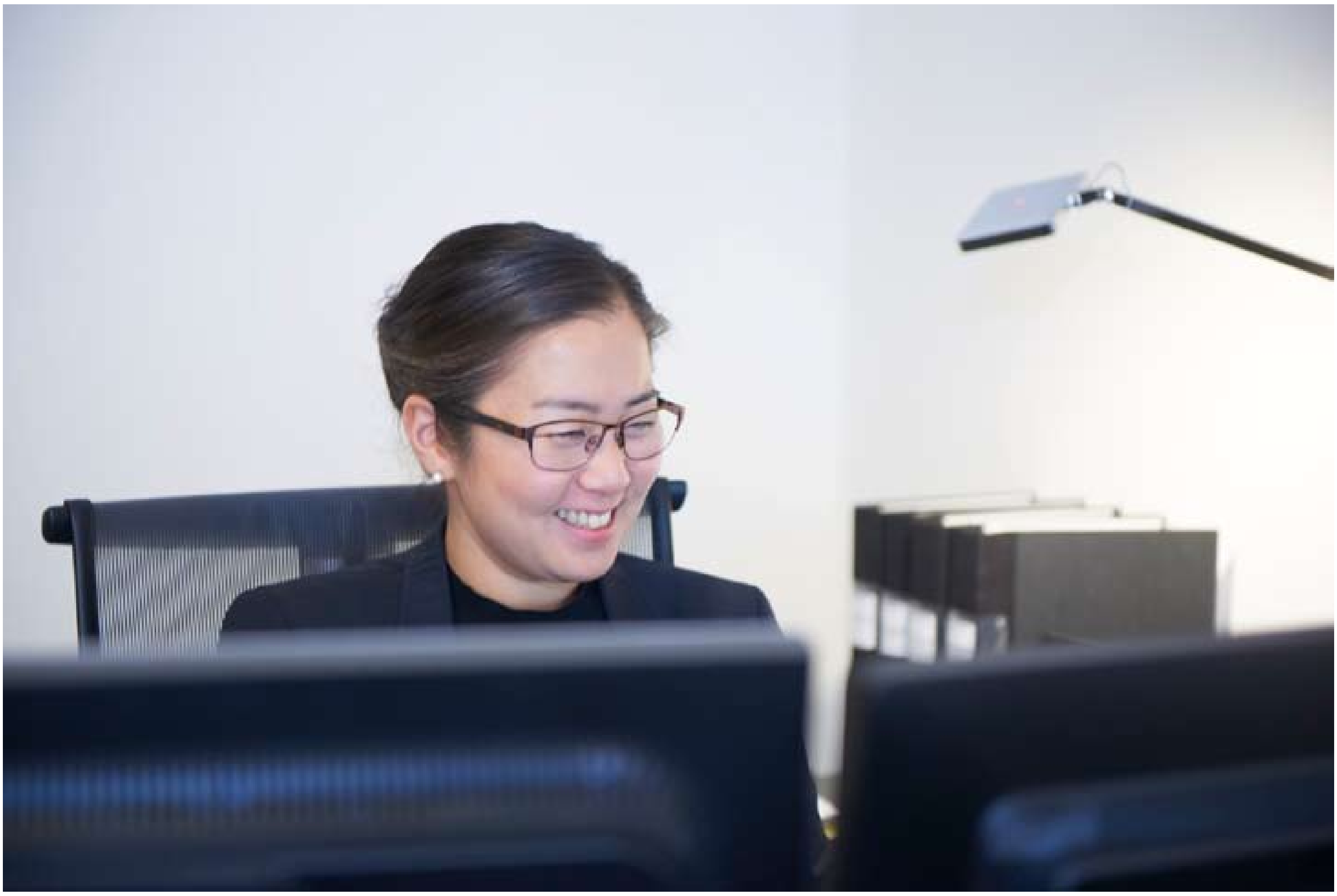
The EU's F-gas ordinance is deemed to have a significant impact on the demand for commercial and industrial refrigeration in years to come. A large number of installations around Europe will need to be replaced or reconstructed as an effect of the new rules and regulations, which will generate a positive market development.

In a global perspective, there is increased demand for commercial and industrial refrigeration, partly as an effect of changing living patterns. Consumers eat more ready meals, which are sold refrigerated or frozen. It requires additional refrigerated display counters and expanded distribution installations. Rising living standards, partly in Asia and Africa, also drive up the demand for refrigerated and frozen foods, with a positive market development as the result.

Comfort cooling (HVAC)

The comfort cooling segment covers heating, air conditioning and comfort cooling for both private residences and offices. The market is growing in the long term, but is more cyclical than the market for commercial refrigeration. Demand is influenced by the local climate, but also by factors such as living standards and economic development.

In Europe, the largest markets for comfort cooling are found in the south whereas, for natural reasons, the countries in Northern Europe are more developed within solutions which regulate heat. The growing middle classes in Asia have a positive effect on demand and the same applies in many parts of Africa. Within the heating segment, highly-efficient air/water-heat pumps continue to replace traditional oil and gas burners, which is benefitting the demand for our products.



Exclusive agreements with strong brands

An important part of Beijer Ref's strategy is to establish long-term and close relationships with our suppliers. We currently have the sole right in eleven countries in Europe for the distribution of Toshiba's air-conditioning units and heat pumps. Toshiba is a leading brand in Europe and is known for high quality and low energy consumption.

We also have an exclusive distribution agreement with the world-leading American refrigeration group, Carrier. The agreement gives Beijer Ref the sole right for sales and service of the DX comfort cooling products in most countries in Europe and in South Africa.

Other brands that Beijer Ref offers include Danfoss, Bitzer, Mitsubishi Heavy Industries, Copeland, Tecumseh, Alfa Laval, Honeywell, Mitsubishi Electric, Lu-Ve, Cupori, Hitachi, Carel, Panasonic, Armacell, Embraco and Daikin.

We also sell small chillers under our own brands, SCM, CUBO and Patton. Some components within refrigeration and air conditioning are sold under the Totaline brand.

In total, Beijer Ref collaborates with around one hundred suppliers. It gives us an independent position in the market and benefits the customers through a broad and extensive product supply.

Customers with strict demands

The majority of sales are made to installation companies and contractors who also maintain existing equipment.
In most cases, they are small, independent companies that have strong demands from their customers for a short installation time and to solve any technical problems rapidly that have arisen.

Beijer Ref's most important role as a wholesaler is, therefore, to provide a cost-efficient logistics chain which includes a broad range of products that meet the requirements of the local market. We need to have warehousing which corresponds with the demand that exists in every country.

Another important role is to offer technical advice relating to the products and systems we distribute. This is becoming an increasingly important factor in the customer's choice of partner and is in step with products and systems becoming more complex.

Distribution and sales

We distribute our products mainly through our own wholesale network which, on the comfort side, is complemented with a network of resellers. Distribution and sales have been co-ordinated with the existing structure for the refrigeration wholesale operation and consists of offices and branches as well as warehouses and logistics centres in the respective country.

The local country organisations are designed to offer a first-class service to our customers both within new sales and the aftermarket. In addition to sales engineers and technical staff, there are usually functions for marketing and logistics. As a result, we secure close local ties with, and proximity to, the customer in each market. The fact that the units also provide warehouses ensures efficient and rapid delivery of products and spare parts, which is of significant value to the customers.

Expanded logistics

Efficient logistics is a prerequisite in a sector where the aftermarket accounts for the majority of sales and the assignments are often time-critical. Beijer Ref has more than 25 logistics centres and around 330 branches specialising in refrigeration and air conditioning.

We work with the overhaul and optimisation of the logistics organisation with the aim of improving the use of capital. Even more efficient logistics will also have positive effects on the environment.

Angelo Bertoldero
GM, Toshiba Italy

The global recession which started in 2008 delivered a hard blow to the Italian economy. As in other industry segments, investments in cooling and heating solutions plunged. In 2016, we saw the first proper growth in almost a decade, and we are now looking forward to a growing market in the years to come.

The Italian HVAC market is one of the largest in Europe. Our products are used to heat and cool homes, small offices and shops and for commercial installations in large offices, hotels and other premises. We distribute through a network of wholesalers or directly to installers. We have been in business in Italy since 1981 and worked closely with Beijer Ref since 2011.

Looking at the market, we see an increase in acceptance for electric heat pumps as the primary heat source. This has been the case for some years in the small business segment, but the trend is spreading into the residential market. We also see a growing interest in home automation solutions as consumers seek to integrate Wi-Fi and smartphones to gain enhanced control of air quality, temperature and cost. We stand well positioned to meet this demand thanks to the high technological level of our solutions. Product design is also crucial because aesthetics are fundamental in the Italian market.

The Italian government is incentivizing the renovation of buildings and systems to encourage more efficient energy use. This and the EU F-gas regulation are driving the market and increasing the demand for more environmentally friendly solutions. For us at Toshiba Italy, this means providing continued support and advice to our customers to assist them in finding the best technical and financial solution.

Monica Serbu
MD
Beijer Ref Romania

“We operate in a fast-growing market with very high potential. Romania’s retail industry is undergoing change, with most of the large retail chains either entering the market or renovating existing supermarkets. This is driving substantial investment in new equipment and aftermarket services, and is a trend on which we can capitalize. About one third of our revenue comes from the retail market; the rest derives from industrial solutions, smaller installations and aftermarket services.

“Beijer Ref Romania also operates in Moldavia and Bulgaria, employing a total of 25 people. We serve around 600 customers, mostly smaller installation companies. Like all Beijer Ref businesses, we depend on close and cordial relations with our customers. As well as products, we also offer technical competence and consulting services. Together with our suppliers, we cover the whole chain – from technical specification to delivery and installation of the entire solution. Refrigeration has been our focus, but we see a surge in demand for air conditioning.

“Looking ahead, we believe the retail sector will continue to grow. We hope Romanian companies and organizations will benefit from EU funds, which would increase investment in the industrial sector. Altogether, I believe we stand well equipped for continued growth in the region.”

Jonas Steen
VP, Asia Pacific

In 2015, Beijer Ref established an operation in Oceania through its acquisitions of Patton and Realcold. During 2016, we carried out extensive integration work to take advantage of large-scale benefits and purchasing synergies. In Australia, we have merged the two companies into Beijer Ref Australia, whilst we have chosen to retain the previous brands in New Zealand.

In most parts of Australia, the climate is warm and humid whilst the southern regions of the country, and especially New Zealand, have a significantly colder climate. It means large variations in demand in the two countries and we benefit greatly from the fact that both Patton and Realcold have been operating for a very long time and have a well-adapted system.

Seen with regard to the development towards eco-friendly refrigeration technology in our sector, the two countries are a few years behind Europe but, especially in Australia, there are several food chains that drive the development within commercial refrigeration. This applies, not least, to eco-friendly carbon dioxide-based solutions where we see increasing demand.

We also expect that the decision to reintroduce quotas for HFC refrigerants in Australia in 2018 will drive the demand towards natural refrigerants. In New Zealand, the system of pricing based on carbon dioxide equivalents has significantly driven up the price of refrigerants with a large impact on the environment.

We have enjoyed significant assistance from our sister companies in Europe with regard to the construction and development of eco-friendly systems and have already sold several installations. Together with the extensive competence and long experience that exists among our colleagues in Australia and New Zealand, I consider the prospects for Beijer Ref in Oceania to be good.

Economies of scale in a competitive market

The UK refrigeration and air conditioning market is mature, with more than 70 companies battling for customers' attention. Vendors range from small one-man shops to large players, one of them being Beijer Ref UK & Ireland. After entering the market in 2004, Beijer Ref has since grown to become the largest wholesaler of refrigeration and air conditioning equipment and aftermarket services in the UK and Ireland. Dean & Wood Ltd, HRP Ltd, DWG Refrigeration Wholesale Ltd Ireland and RW Refrigeration Wholesale Ltd are the four largest Beijer Ref brands in this market.

"They trade independently and offer different services and products. But to work efficiently, we've gathered our logistics expertise in Leeds, together with back office functions such as marketing, finance, IT and purchasing," says John Billson, Country Manager for Beijer Ref UK & Ireland.

HRP merger with delay

2016 proved a more eventful year than expected. In late 2015, Beijer Ref acquired an option relating to the remaining shares of HRP Ltd with the intention of rapidly integrating the company into the Beijer Ref group. However, the Competition & Market Authority (CMA) decided to investigate the merger and did not approve the deal until June 2016.

"This resulted in us losing a bit of momentum, and we didn't complete the integration process until November 2016. But HRP is now a part of our offering and brings strength in OEM to the table. The merger has certainly reinforced our offering in this competitive market," Billson says.

John Billson
MD
Beijer Ref UK & Ireland

Changing customer patterns

Beijer Ref's customers are trade contractors who offer services and products to end-users. These include anyone who needs to buy or repair a refrigeration or air conditioning system, ranging from homeowners to Tesco hypermarkets. Traditionally, sales are over the counter, but times are changing.

"We see an increase in internet sales and we believe a 24 hours per day, 365 days a year service will become the norm. We're also experiencing growing demand for us to deliver products directly to the end-user workplace rather than over the counter or to the customer's premises," Billson says.

"This will require some changes to our offering and logistics, but at the same time we believe reliance on locally stocked products for the service and repair market will be as strong a requirement as it is today."

Positive outlook

F gas regulations have been – and will continue to be – the biggest driver of change in the industry. One challenge will be to manage customer expectations because there is always a time lag between the launch of a new refrigerant and the availability of suitable capital equipment and components. The UK's departure from the EU will definitely have an impact in the long term, but as yet it is unclear whether Brexit will be good or bad for business. Billson, however, has a positive outlook.

"Our team of refrigeration and air conditioning experts have a wealth of industry and product knowledge. They live and breathe wholesaling. This means innovation and decisions are based on industry experience."

Environmental decision drives the market

Changes in legislation, rules and regulations are deemed to have a significant effect on Beijer Ref's market in future decades. Decisions in the EU and the UN respectively will lead to an environmental changeover in the entire refrigeration sector.

The refrigerant is one of the very central parts in a refrigeration system. It is the refrigerant that transports the heat away and, in that way, contributes to chilling. Historically, many refrigerants have been based on hydrogen-fluoride-carbon compounds, so-called freons. In recent years, however, the EU and the UN have taken decisions which will lead to a significant changeover in the refrigeration sector. The objective of the decisions is to replace the freons with other types of refrigerants aimed at reducing the impact on greenhouse effect.

On 1 January 2015, the EU's F-gas ordinance came into force. It will gradually ban refrigerants with a greenhouse effect (so-called greenhouse gases) so that they will only constitute 21 per cent of the current levels by the end of 2030. In October 2016, 170 UN countries signed an agreement that involves a gradual phasing out of HFC refrigerants in all countries. However, the time horizon for the UN decision is significantly longer than it is within the EU (see inset).

The two decisions mean that an extensive restructuring of the refrigeration sector will take place over the next decades, with significant needs for investments in eco-friendly refrigeration technology. We already see a strongly increasing interest among our customers for installations with low environmental impact. We also see an increasing need for guidance and the construction of new eco-friendly refrigeration systems.

One way of meeting this demand is the training programmes which take place within Beijer Ref Academy. This is an ambitious training venture started by SCM Frigo, with a focus on carbon dioxide technology. Via Beijer Ref Academy, all Beijer Ref units will be able to offer their staff, as well as customers and collaboration partners, a correct picture of the opportunities with natural refrigerants for applications in different parts of the world, regardless of climate. Via SCM Frigo, we can also offer an advanced test environment where our customers are also allowed to test new eco-friendly products in a realistic environment.

Our investment in an increased OEM offer shall also be seen in the light of the increased environmental demands. We have the competence and capacity to construct and build efficient and eco-friendly systems and installations based on natural refrigerants. Here, Beijer Ref offers both customised installations and finished systems such as the CUBO series.

Europe and especially the Nordic countries are at the forefront for the changeover to eco-friendly refrigeration technology, which gives us a competitive advantage as these have traditionally been our domestic markets. We also see an increasing demand in markets such as Australia and New Zealand, and have already delivered several installations. It shows that Beijer Ref has the capacity to deliver eco-friendly refrigeration systems globally.

Inset

A central concept with regard to the environmental impact of refrigeration installations is the GWP value (Global Warming Potential), which shows the impact on the environment of the refrigerant. Traditional HFC refrigerants have a GWP value in excess of 1,400, whilst certain natural refrigerants have a GWP value closer to zero. Ammonia, carbon dioxide and propane are examples of natural refrigerants with low GWP values. As examples, propane is inflammable and carbon dioxide can bring health risks for those exposed to a large volume. Intensive research is in progress aimed at producing a new generation of synthetic and eco-friendly refrigerants. Decisive factors are energy efficiency, environmental impact, safety and economy within the respective area of application.

Inset

Important decision in Kigali

In October 2016, representatives of 170 countries assembled in Rwanda's capital, Kigali. The meeting had been preceded by several years of preparation and the objective was to sign a joint resolution about initiating a global phasing out of HFC-based refrigerants. After negotiations lasting several days and nights, the countries concurred and the agreement was signed. Industrialised countries such as the USA and Japan will initiate a phasing out as early as 2019, whilst China and more than 100 developing countries will start their work in 2024. India, Pakistan and some countries in the Middle East will follow with a start in 2028. The decision becomes a complement to the work that is already ongoing within the EU, as a result of the F-gas ordinance decided in 2015.

Strong ethical values

Katarina Olsson
General Counsel and VP

Beijer Ref will increase its ambition with regards to sustainability. It has therefore been decided that the overall responsibility for sustainability matters has been moved up to Group level, whereas previously they have been mainly vested in the individual subsidiaries. Beijer Ref's overall objective is to meet the demands of its customers, owners and staff; and their expectations of a sustainable business.

During 2016, we initiated the work of mapping how far our subsidiaries had progressed in their sustainability work. We compared subsidiaries in 16 priority markets and noted that there are large differences between the countries. It depends, among other things, on the companies' size and history, the degree of maturity of the local market and which legislation exists in the country. Our focus will now be on establishing a consensus and a joint framework for the sustainability work, and to create relevant focus areas which we can use for measuring our sustainability work.

Beijer Ref is a Swedish group with Swedish ethical values and we want this to be recognised in the organisation. At the same time, freedom under responsibility is an important part of our business model.

We note a clear rise in the demand for eco-friendly alternatives, especially in the more mature markets in Europe, Australia and New Zealand. Our own OEM production and our close collaboration with suppliers give us a product portfolio which offers our customers increasingly eco-friendly alternatives.

We monitor actively the development in the world around us and look very positively on the EU's decision regarding the F-gas directive and the UN decision in Kigali on a global phasing out of HFC gases. In addition to that, we contribute to a lower global impact on the environment, we consider that the decisions give us commercial advantages.

In parallel with our internal work of reducing our own environmental impact through different activities, we contribute to a reduced impact on the environment by offering our customers eco-friendly products. A more rapid changeover to eco-friendly refrigerants slows down the increase in greenhouse gases. We therefore want to increase our training efforts with regard to new eco-friendly refrigeration technology that has a low GWP impact. We have a sound base in the Beijer Academy and will evaluate how our course programme can be strengthened.

We will work with raising the environmental and sustainability competence internally. We will also strive towards a closer collaboration with partners and suppliers around developing energy-efficient and eco-friendly products which support the new refrigerants. If we also put sustainability demands on our suppliers, it will produce a strong dispersion effect in the sustainability area. In the long term, we want to be able to use our ongoing digitalisation work further to help our customers make environmental choices.

With regard to social factors, we continue our work towards increased equality, partly through our continued active recruiting strategy for senior positions.

During 2017, we will work proactively with evaluating which areas and activities we will focus on in the future in the sustainability area, both internally and in relation to our customers and suppliers. We will also continue our work with strengthening our corporate governance.

Group summary

The Board of Directors and the CEO of Beijer Ref AB (publ), corporate identity number 556040-8113, submit their annual report and consolidated accounts for the 2016 financial year.

Group
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 products from leading international manufacturers and, in addition, some manufacturing 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 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.

Parent company
Beijer Ref AB is the parent company of the Beijer Ref Group. The parent company carries out central functions such as group management, group control, group-wide purchasing and company law. The company's registered office is in Malmö. The parent company reports a profit after tax of SEK 245M (148) for the 2016 financial year.

Significant events during the financial year
In June, the UK Competition and Markets Authority (CMA) approved the acquisition of the refrigeration wholesale company, HRP Holdings Limited (HRP). The acquisition was announced in November 2015 and was completed during February 2016. Thereafter, the CMA has examined the transaction.

CMA confirmed in June that the acquisition will not influence the competitive situation in the UK refrigeration wholesale market. Beijer Ref could thus continue the reconstruction work it had already started, although it had been under CMA's examination since 25 February 2016. During the period of CMA's examination, HRP has not been included in Beijer Ref's accounts.

Sales and results
Consolidated sales increased by 8.2 per cent to SEK 9,045M (8,361). Organically, the sales increase was 2.8 per cent compared with the previous year.

2016 was characterised by stable demand on a good level with an organic sales increase of 2.8 per cent. This increase should be seen in the light of very strong comparative figures for 2015, which was characterised by a strong increase in demand as a result of the heatwave in Europe that year. The acquisition of HRP, which could be completed in June after examination by the UK competition authority, and the acquisition of Realcold in Australia and New Zealand have also contributed to the total sales increase of 8.2 per cent.

Commercial and industrial refrigeration reported sales of SEK 5,954M (5,660) and accounted for 66 per cent of total sales. Comfort cooling reported sales of SEK 3,091M (2,701) and accounted for 34 per cent of sales. OEM is included in commercial and industrial refrigeration and amounts to seven per cent of its sales.

Consolidated operating profit for the 2016 full year amounted to SEK 593M (567).

The Group's financial income/expense amounted to SEK -33M (-42) for the full year.

Profit before tax amounted to SEK 560M (525) and profit after tax to SEK 399M (373) for the full year.

Profit per share amounted to SEK 9.17 (8.64).

Profitability
Return on operating capital amounted to 13.4 per cent (14.1) and 12.3 per cent (13.0) respectively. Return on equity was 14.2 per cent (14.2).

Capital expenditure, liquidity and employees
Cash flow from investment operations amounted to SEK 80M (237). Liquid funds, including unutilised bank overdraft facilities, were SEK 782M (751) at the year end. The average number of employees was 2,667 (2,506).

Cash flow, financing and equity ratio
The cash flow from the current operation was SEK 65M (495). The net debt was SEK 1,815M (1,483). Shareholders' equity amounted to SEK 2,967M (2,634). The change in shareholders' equity amounted to SEK 333M (16). It consisted of, among other things, net comprehensive income for the year of SEK 556M (218) and a deduction for a dividend of SEK 223 (212) to the parent company's shareholders and a dividend to holders with no controlling influence of SEK 1M (0). The equity ratio amounted to 43.3 per cent (43.6) at the year end.

Research and development
Beijer Ref's presence in the market is important for the suppliers' research and development.

Prospects for 2017
The stable demand for refrigeration products and also for air-conditioning systems is expected to continue during 2017. The link to food distribution is an important factor for the stability in the demand for refrigeration products, as this is the largest end-customer segment.

Additional products produced by the company will be launched during 2017. The environmental aspects extensively influence the market and Beijer Ref is at the forefront in the development of products aimed at meeting the increased environmental demands.

The logistics project initiated in 2015 is to be carried on and extended by incorporating the selected country organisations. Construction of a new logistics centre for the Netherlands has started.

The work with the Group's digitalisation continues. The digitalisation is expected to involve new business opportunities as well as quality assurance and cost savings.

The activity relating to acquisitions is expected to increase again during 2017 after the lower activity in 2016 as a consequence of the resource-demanding competition examination to which the UK company, HRP, became subjected.

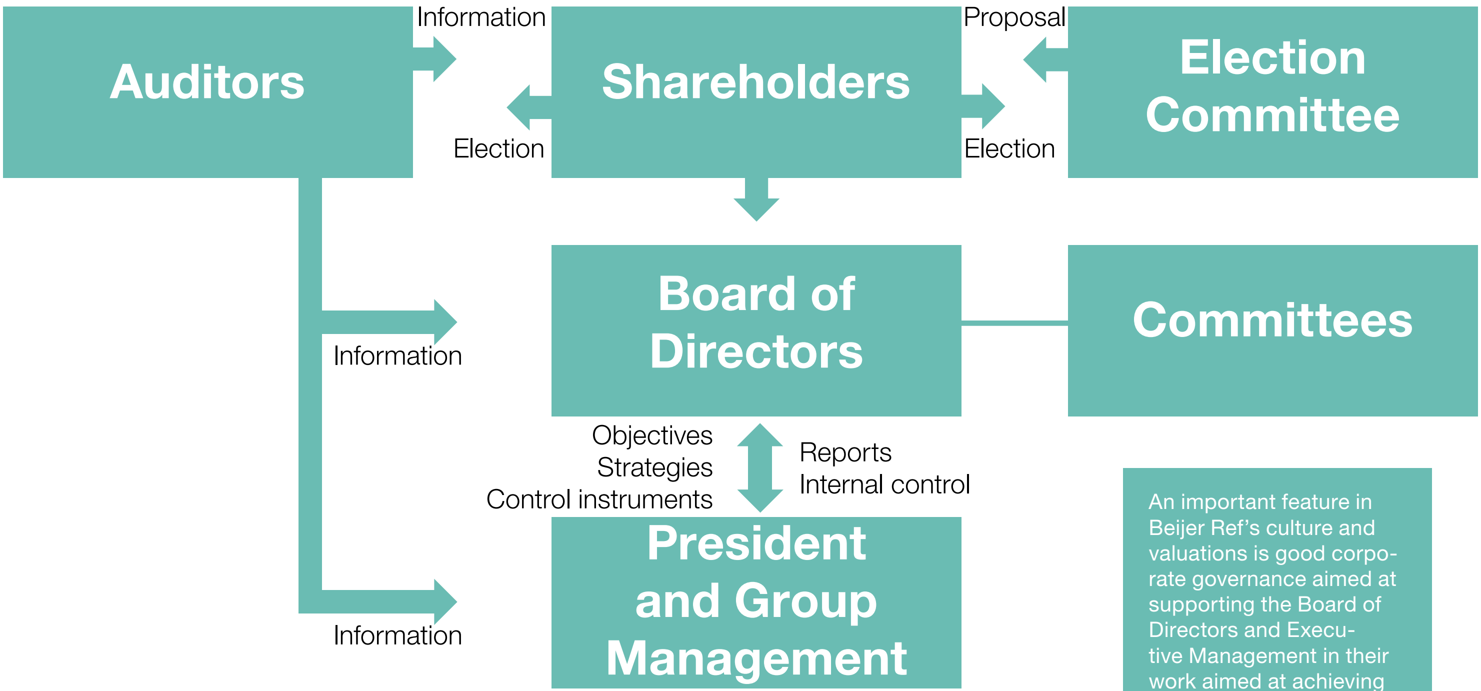
Environment
Beijer Ref strives to contribute to a sustainable development. The Group carries out operations which are liable to give notification. These comprise the handling of refrigerants. Beijer Ref is not involved in any environmental disputes. For further information about Beijer Ref's environmental work, see pages 20-21.

Financial review	2016	2015
Operating income, SEK M	9 045	8 361
EBITDA, SEK M	671	636
Operating profit, (EBIT), SEK M	593	567
Profit after financial items, SEK M	560	525
Profit for the year, SEK M	399	373
Operating margin (EBIT), %	6.6	6.8
Return on average capital employed, %	12.3	13.0
Return on average equity, %	14.2	14.2
Return on average operating capital, %	13.4	14.1
Equity ratio, %	43.3	43.6
Cash flow from current operations, SEK M	65	495
Liquid funds (incl. Unutilised credits), SEK M	782	751
Number of employees	2 667	2 506
Profit per share after tax, SEK	9.17	8.64
Shareholders' equity per share	70	62

Corporate governance

Corporate governance and corporate responsibility

Beijer Ref is a Swedish public limited company quoted on the NASDAQ OMX Stockholm Mid-Cap list. Beijer Ref applies the Swedish Code for Corporate Governance and here submits its Corporate Governance Report for 2016. An examination of the corporate governance report in accordance with RevU 16 has been carried out by the company's Auditor.



An important feature in Beijer Ref's culture and valuations is good corporate governance aimed at supporting the Board of Directors and Executive Management in their work aimed at achieving increased customer benefits as well as value and transparency for the shareholders.

Corporate governance - introduction
Beijer Ref shall create value for both customers and shareholders, through organic as well as acquired sustained growth, and shall be a world-leading technology-oriented trading group within refrigeration and air conditioning. It is a comprehensive objective and it extensively characterises the Board of Directors' discussions and decisions as well as the work in the company.

Beijer Ref is a global and decentralised company where the subsidiaries are responsible for their respective local markets. At the same time, we utilise our economies of scale where this is possible. This type of organisation places high demands on routines and corporate governance. By having a clear structure with functioning routines and processes, and clear rules, we ensure that Beijer Ref complies with relevant legislation and ordinances, that the company is managed in a sustainable, responsible and efficient way and that the focus of the management and staff is to continue to develop the business. This strengthens the confidence in Beijer Ref in our customers, in the capital markets and in the general public, which is very important for enabling us to realise our strategy. Clear and efficient corporate governance creates good order for the Board of Directors as well as management and staff. In the corporate governance report are described Beijer Ref's corporate governance instruments and how these integrate, how the assignment of responsibilities is made and which control and monitoring structures are established.

The Board of Directors works in accordance with an annual plan which covers the normal issues that a board shall handle. In addition to this I, as the Chairman of the Board of Directors, discuss with the CEO ahead of every board meeting if there are other specific questions or decisions that are to be raised at an upcoming board meeting. The questions which have been discussed during 2016 are the strategic growth plans, acquisitions and integration of acquisitions, sustainability work as well as risk assessment and the handling of these risks. One specific issue, in which the Board of Directors has been very involved during the year, is the acquisition of the UK company, HRP Holdings Limited, which took a very long time as the UK Competition and Markets Authority (CMA) carried out an examination of the acquisition.

During 2016, the Board of Directors established an Audit Committee which consists of Frida Norrbom Sams and myself. It has an annual plan adopted by the Board of Directors and reports to the Board which then decides in matters it has instructed the Audit Committee to analyse or investigate. In this way, there is a greater focus on the preparation of some matters such as internal control, routines and the development of internal reporting as well as the need to create more time for the Board of Directors to focus on the company's business.

Prioritised future questions for the Board of Directors are strategic growth initiatives, both organic and through acquisition, risk handling and the preparation of the environmental orientation that the EU's and other geographic areas' F-gas ordinances will involve.

I will end by thanking the Beijer Ref management, other staff and the Members of the Board of Directors for their work during 2016 and look forward to a continued good development during 2017.

Bernt Ingman
Chairman of the Board of Directors

Shareholder influence through the Annual General Meeting
The shareholders' influence is exercised through participation in the Annual Meeting of shareholders which is Beijer Ref's highest decision-making body. The Meeting makes decisions about the Articles of Association and, at the Annual Meeting, the shareholders elect Board Members, the Chairman of the Board of Directors and the Auditor, and determine their remuneration. In addition, the Annual Meeting deals with resolutions on the adoption of the profit and loss account and the balance sheet, on the distribution of the company's profit and on the discharge from liability towards the company for the Board Members and the CEO. The Annual Meeting of shareholders also passes resolutions on the appointment and work of the Election Committee and takes decisions about principles for remuneration and terms of employment for the CEO and other senior executives. Beijer Ref's Annual Meeting of shareholders is generally held in April.

2016 Annual Meeting of shareholders
The 2016 Annual Meeting of shareholders was held on 7 April 2016 in Malmö. The meeting was attended by 126 shareholders, personally or through proxies. Together, they represented approximately 83 per cent of the total votes. Four shareholders, Carrier, Peter Jessen Jürgensen, Joen Magnusson and Per Bertland, together represented around 81 per cent of the votes represented at the Meeting. Bernt Ingman was elected as Chairman of the Meeting. All Board Members elected by the Meeting were present with the exception of Philippe Delpech and Bill Striebe.

The full Minutes are published on Beijer Ref's website. The resolutions passed by the Meeting included:
• A dividend in accordance with the Board of Directors' and the CEO's proposals of SEK 5.25 per share for the 2015 financial year.
• Re-election of the Board Members: Peter Jessen Jürgensen, Bernt Ingman, Joen Magnusson, William Striebe, Monica Gimre and Frida Norrbom Sams. Bernt Ingman was re-elected as Chairman of the Board of Directors.
• Election of the Board Member Ross B Shuster.
• Philippe Delpech did not stand for re-election.
• Determination of remuneration of the Board of Directors and the Auditor.
• Principles for remuneration of, and other terms of employment for, the CEO and other Senior Executives.
• Report on the work of the Election Committee.
• Re-election of PricewaterhouseCoopers AB as the Company's Auditor for 2016.

The next Annual Meeting of Beijer Ref's shareholders will be held on 6 April 2017 in Malmö. For further information about the next Annual Meeting, see page 68 in this Annual Report.

For information about shareholders and the Beijer Ref share, see pages 6-7 and Beijer Ref's website.

Election Committee
The Election Committee represents the company's shareholders and nominates Board Members and Auditors, and proposes their remuneration.

Election Committee ahead of the 2017 Annual Meeting of shareholders
The Election Committee was appointed in October 2016. The Members of the Election Committee were appointed from the Company's largest owners and consist of: Johan Strandberg (SEBs fonder) also Chairman of the Election Committee, Bernt Ingman (Chairman of the Beijer Ref Board of Directors), Muriel Makharine (Carrier), Mats Gustafsson (Lannebo Fonder) and Joen Magnusson (Member of the Beijer Ref Board of Directors).

The 2016 Election Committee has held 3 (5) meetings. The Election Committee has carried out its work by evaluating the work, composition and competence of the Board of Directors.

Proposal for the 2017 Annual Meeting of shareholders
The Election Committee has worked out the following proposal to be submitted for resolution by the 2017 Annual Meeting: The Election Committee has decided to propose to the Annual Meeting of shareholders:
• the re-election as Board Members of: Peter Jessen Jürgensen, Bernt Ingman, Joen Magnusson, William Striebe, Monica Gimre, Frida Norrbom Sams and Ross B Shuster
• the re-election of Bernt Ingman as Chairman of the Board of Directors
• the re-election of PricewaterhouseCoopers AB as the Company's Auditor for 2017.

Board of Directors
The Board of Directors has the overall responsibility for Beijer Ref's organisation and administration. In accordance with the Articles of Association, the Board of Directors shall consist of not less than four and not more than eight Members with or without Deputy Members. The Board Members are elected annually by the Annual Meeting of shareholders for a term until the end of the next Annual Meeting of shareholders.

The Board of Directors' composition in 2016
In 2016, Beijer Ref's Board of Directors consisted of seven Members elected by the Annual Meeting of shareholders. The CEO attends all Board Meetings and, when required, other employees attend the Board Meetings as persons reporting on specific issues.

For further information about the Board Members, see pages 30-31 and Note 6, page 52.

The Chairman's responsibility
The Chairman is responsible for ensuring that the Board's work is well organised, carried out efficiently and that the Board of Directors fulfils its duties. The Chairman monitors the operation in a dialogue with the CEO. He is responsible for ensuring that the other Board Members receive the information and documentation necessary for high quality discussion and decisions, and monitors that the decisions of the Board of Directors are executed.

The Board of Directors' independence
The Board of Directors' assessment, which is shared by the Election Committee, relating to the Members' state of dependence in relation to Beijer Ref and the shareholders is stated in the table on pages 30-31. As the table makes clear, Beijer Ref complies with the demands of the Swedish Code for Corporate Governance that the majority of the Members elected by the Annual Meeting of shareholders are independent in relation to Beijer Ref and the Executive Management, and that at least two of these Members are also independent in relation to Beijer Ref's major shareholders.

Board of Directors' work in 2016
During 2016, the Board of Directors of Beijer Ref held 6 (6) Ordinary Meetings, of which one was a strategy meeting. The company's economic and financial position, as well as investment requirements, are discussed at every Ordinary Board Meeting. The work during 2016 focused extensively on matters relating to strategy and continued expansion.

The company's Auditors were present at the Board Meeting which discussed the annual accounts and at a meeting held in October. Between the Board Meetings, there has been considerable contact between the company, its Chairman and other Board Members. The Board Members have also been provided with continual written information regarding the company's operations, economic and financial position, as well as other information of importance for the company.

The measures taken by the Board of Directors to monitor and ensure that the internal control is working in connection with financial reporting and reporting to the Board of Directors, include asking for in-depth information within certain areas, undertaking in-depth discussions with the parts of the Executive Management and asking for descriptions of the methods used to provide internal control in connection with reporting.

The Board of Directors has a working procedure which is determined at the Inaugural Board Meeting following the Annual Meeting of shareholders. At the same time, the Board determines instructions for the CEO.

Bill Striebe participated in five Board Meetings; Ross B Shuster participated in four Board Meetings; Bernt Ingman, Joen Magnusson, Monica Gimre, Frida Norrbom Sams and Peter Jessen Jürgensen participated in all six Board Meetings.

Evaluation of the Members of the Board of Directors and the CEO in 2016
The Chairman of the Board of Directors is responsible for the evaluation of the Board's work, including the achievements of individual Members. This takes place through an annual, structured evaluation and with ensuing discussions in the Board. Here the compiled result from the questionnaire, including comments made, is presented by reporting individual answers to each question as well as medium and standard deviation. During 2016, the evaluation has been made through a web-based Board evaluation where the Board Members individually, and anonymously, comment on statements relating to the Board as a whole, the Chairman of the Board, the CEO's work in the Board of Directors and their own efforts. Among other things, the evaluation focuses on the improvement of the Board's efficiency and focus areas as well as the need for specific competence and working methods. The evaluation is also presented by the Chairman of the Board in the Election Committee and has formed the foundation for the proposal for Board Members and remuneration levels. In addition, the Election Committee has interviewed individual Board Members. The Board, in addition to the above annual Board and CEO evaluation, continually evaluates the CEO's work by monitoring the operation's development towards the set targets.

Board of Directors' committees
During the year, The Board of Directors has appointed an Audit Committee consisting of Bernt Ingman, Chairman, and Frida Norrbom Sams. The majority of the Board Members are independent in relation to the company and the Executive Management. More than one of the Members is independent in relation to the company, the Executive Management and to the company's major shareholders.

The Audit Committee held 8 (5) Meetings during 2016. The work focused mainly on:
• Accounting matters
• Review of interim reports, year-end report and annual report
• Review of reports from the company's Auditor elected by the Annual Meeting of shareholders, including the Auditor's audit plan
• Assistance in the preparation of a proposal for the Annual Meeting of shareholders' resolution about election of an Auditor
• The introduction of routines and working plan for the work of the new Committee
• Ensuring that policies exist and rules and regulations comply within the CSR area.

Up until the Board of Directors appointed the Audit Committee Members Bernt Ingman and Frida Norrbom Sams, the Audit Committee consisted of the Board of Directors as a whole.

The Board of Directors has formed the opinion that two members are sufficient for correctly dealing with Beijer Ref's most important areas relating to risk assessment and audit matters and that the Members who constitute the Audit Committee have a long and extensive experience within these areas from other listed companies.

The Board of Directors of Beijer Ref as a whole constitutes the company's Remuneration Committee and fulfils its tasks. The matter is prepared during the first Board Meeting of the year and is decided at the Board Meeting held in connection with the Annual Meeting of shareholders. The task of the Remuneration Committee includes monitoring and evaluating:

- All programmes for variable remuneration for the Executive Management
- The application of the company's guidelines for the remuneration of senior executives as well as applicable remuneration structures and remuneration levels in the company.

External Auditors
The Annual Meeting of shareholders elects the external Auditor. Beijer Ref's Auditor is the registered public accounting firm, PricewaterhouseCoopers AB, with the Authorised Public Accountants, Lars Nilsson and Rikard Fransson. Lars Nilsson is the auditor in charge. PricewaterhouseCoopers AB was elected by the 2016 Annual Meeting of shareholders as Beijer Ref's auditor for a term until the 2017 Annual Meeting of shareholders.

Internal audit
A limited internal control organisation exists. The function has carried out a risk assessment, compiled focus areas and carried out a self-assessment procedure with the Group's companies. A fully-developed internal audit function does not exist in the Beijer Ref Group. In accordance with the regulations contained in the Swedish Code for Corporate Governance, the Board of Directors in Beijer Ref AB has considered the need for a specific internal audit function. The Board has found that, in the current situation, there is no need for this organisation within the Beijer Ref Group.

The background to the standpoint is the company's risk picture as well as the control functions and control activities which are built into the company's structure. These include proactive Boards of Directors in all companies, a high level of representation by local management teams, board representation by the management at the level above, etc.

Beijer Ref has defined internal control as a process which is influenced by the Board of Directors, the Audit Committee, the CEO, the Executive Management and other staff members and which has been designed to give a reasonable assurance that Beijer Ref's targets will be reached relating to: appropriate and efficient operation; reliable reporting; and compliance with applicable laws and regulations. The Internal Control process is based on the control environment which creates discipline and gives a structure for the components in the process: risk assessment; control structures; and monitoring.

For further information about internal control relating to the financial reporting, see the Internal control section. For information about risk handling, see pages 28-29.

CEO and Group Management
Per Bertland is the CEO of the Beijer Ref Group. The CEO leads Beijer Ref's current operation. The CEO is assisted by a Group Management consisting of heads of business operation, purchasing, IT, jurisprudence and control function.

At the 2016 year end, the Group Management consisted of nine persons. For further information about the Group Management, see page 32-33.

Remuneration of senior executives
Senior executives consist of the CEO, CFO, COO of Beijer Ref and the COO of Beijer Ref Toshiba. The Board of Directors' proposal for guidelines for the remuneration of senior executives is in line with the previous year. The remuneration consists of a fixed salary, variable salary, pension and other remuneration such as a company car. The total remuneration shall be on market terms and support the shareholders' interest by enabling the company to attract and retain senior executives. The fixed salary is renegotiated annually and takes into account the individual's area of responsibility, competence, performance and experience. The variable portion of the salary is based on financially quantifiable target fulfilment. The individual will receive a maximum amount equivalent to six months' salary. In addition to this, there is a three-year incentive scheme which can pay up to four months' salary per annum. For more detailed information, see Note 6, page 52 in this Annual Report.

Further information about corporate governance
The information published on www.beijerref.com includes:
- Previous years' corporate governance reports as from 2005
- Notice of Annual Meeting of shareholders
- Minutes
- Year-End Report

Internal control
The Board of Directors' responsibility for internal control is regulated in the Swedish Companies Act and the Swedish Code for Corporate Governance.

Internal control relating to the financial reporting is aimed at giving reasonable security relating to the reliability in the external financial reporting in the form of quarterly reports, annual reports and year-end reports and to ensure that the external financial reporting is complying with legislation, applicable reporting standards and other demands on listed companies.

External control instruments
The external control instruments which form frameworks for corporate governance within Beijer Ref include:
- The Swedish Companies Act
- Swedish and international accounting legislation
- NASDAQ OMX Stockholm's rules and regulations
- The Swedish Code for Corporate Governance.

Internal control instruments
The internal binding control instruments include:
- Articles of Association
- The Board of Directors' working procedure
- Instruction for the President
- Authorisation and authority regulations
- Ethical guidelines
- Finance policy
- Finance manual
- Internal Control process
- Process for Whistle-blower

Risks and risk handling

The Beijer Ref Group's operations 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.

Group-wide rules and regulations, which are determined by the Board of Directors, form the foundation for the handling of these risks at different levels within the Group. The objective of these rules is to achieve an overall picture of the risk situation, to minimise negative effects on the result and to clarify responsibilities and authorities within the Group. Monitoring to ensure that the rules and regulations are complied with is made by the person responsible and is reported to the Board of Directors.

Control environment and structure

Beijer Ref is a company with a strong owner influence. The owners are represented on the Board of Directors and in executive positions within the company. Beijer Ref is decentralised in its nature and the individual companies' own organisations fulfil important functions relating to company culture and the control environment through the short decision-making routes which exist and the strong presence of local management. The legal organisation extensively coincides with the operational organisation and there are, therefore, few decision-making venues which are disengaged from the responsibilities regulated in civil law which are vested in the different legal entities. The management focus is based on the work of the Board of Directors, which is the backbone of the Executive Management and goes out into the organisation's different company boards of directors. The rules and regulations which deal with company management, such as the Companies Act, form the foundation for how the Board work is carried out and, as a result of this, to the working procedures, authorities and responsibilities which are regulated through this legislation. The decisions made by the Boards of Directors are documented and carefully monitored. Senior Executives from the Group and the business area management teams are represented in Boards of Directors at the underlying organisational level and also in individual companies of significance. It is through this Board work that control activities and monitoring are decided and implemented with strong local support. Throughout the Group, the procedure applied is that, in critical matters such as important personnel matters, organisational matters, etc., the nearest manager goes to his or her manager to get support for decisions before they are made.
The principle about far-reaching decentralisation is of great importance for the different companies' feeling for their importance and for their work motivation. The distribution of responsibilities and authorities leads to a strong will to live up to these responsibilities and the ensuing expectations.

Risk assessment

Risk assessment relating to the financial reporting in Beijer Ref is aimed at identifying and evaluating the most significant risks which influence the internal control relating to the financial reporting in the Group's companies, business areas and processes. The current position is assessed and points for improvement established. The control activities are also evaluated on a continuous basis.

Monitoring

Monitoring aimed at securing the efficiency in the internal control relating to the financial reporting is made by the Board of Directors, the CEO and the Group Management. The monitoring includes the monitoring of monthly financial reports against budget and target, quarterly reports with results supplemented with written comments in the Group's companies and regions. The monitoring also includes the monitoring of observations reported by Beijer Ref's Auditor. Beijer Ref works in accordance with an annual plan, which has its starting point in the risk analysis and comprises prioritised companies, the business area and processes as well as work programme and budget.

Operating risks

The economic trend

Customer risk

Acquisitions

Agreements

Competition

Reputation

Key competence

Legal risk

Financial risks

Currency risk

Interest risk

Refinancing risk

Liquidity risk

Capital risk

Risk	Handling and exposure
The Group is dependent on the general economic trend, especially in Europe, which controls demand for products and services.	The Group has a good geographic spread with sales in 33 markets in Europe, Africa, Asia and Oceania. The food sector is a frequent end customer which is less sensitivity to economic fluctuations than most other sectors.
Few customers in a small market.	The Group has a large number of customers and a broad product programme within the areas of operation which usually reduces the risks.
Acquisitions are normally linked with risks, for example staff defection.	Over time, the Group has achieved a not insignificant experience of acquisitions within the refrigeration and air conditioning sector. In addition, expert help is engaged within different partial segments such as law in order to handle the risks in different ways, for example through agreements and warranties. A large number of suppliers and a large number of customers means that staff defections, if any, constitute a limited risk.
Agency and supplier agreements, product responsibility and delivery undertaking, technical development warranties, dependency on individuals, etc.	The agreements are analysed continually and, when required, measures are taken in order to reduce the Group's risk exposure
The Group meets competition in its local markets.	All subsidiaries are well-established in their markets and successfully keep up with the local competition. In addition, there are the advantages within, for example, purchasing which have been achieved through the work with consolidating many markets.
Beijer enjoys a good reputation in its markets, locally as well as overall towards suppliers.	The different markets are worked locally and the subsidiaries normally work under their own name. The Beijer name is not vulnerable through contamination in the event of a problem in a local market. Overall, Beijer Ref works towards suppliers, which is not vulnerable taking into consideration market risks and the risk for reduced sales.
Risk of losing individuals with key competence.	The key competence within the Group is well distributed in the organisations and the countries in which the Group operates.
Risk that local legislation is not complied with.	Every company has a functioning board of directors with a presence of individuals from Beijer's management. Through the board work, which is based on the local companies' environment and legal requirements, lies the responsibility for compliance, both locally and centrally. The local knowledge is secured through the work of the board of directors while, at the same time, the global linking and competence is present.
Beijer Ref has sales in several countries. The largest sale currencies are EUR, ZAR, GBP, NZD, AUD, SEK, CHF and NOK. Purchases are mainly made in EUR, GBP and USD.	The Group is exposed to transaction risks on acquisitions/sales and financial transactions in foreign currency. The currency exposure relates primarily to EUR and USD. Continual price adjustments are made on a par with changed purchase prices caused by, among other things, exchange rate fluctuations. On translation to the Group currency, SEK, the Group is exposed to a translation risk. This currency risk is generally not hedged. In some cases, however, an equity hedge is set up. The arisen exchange rate difference compared with the previous year is shown in Note 15. On the balance sheet date, the group had no outstanding forward exchange agreements.
The Group's financial liabilities lie in several currencies and with several durations with different interest terms.	The Group's revenues and cash flow from operations are essentially independent of changes in market interest levels. The Group has no significant interest-bearing assets. The Group partly handles the interest risk by using interest swaps with the financial significance to convert the borrowing from floating to fixed interest rates. The Group usually raises long-term loans at floating interest rates and converts them through interest swaps to fixed interest rates which are lower than if the borrowing had taken place directly at fixed interest rates. The interest swaps mean that the Group agrees with other parties to exchange, with stated intervals (usually by quarter), the difference between interest amount in accordance with the fixed contract interest rate and the floating interest amount, calculated on contracted nominal amounts. The Group has a large focus on the current trend in interest rate and the question of possibly fixing the interest is under continuous consideration by the Beijer Ref AB's Board of Directors.
The Group continually renews its financial undertakings.	The Group has continuous and close contact with its external financing sources, which mainly are banks, in order to ensure that anticipations on both future loan requirements and the financiers' view on the risk and, therefore, interest terms are communicated and reconciled.
As the Group's operation is, in part, cyclical during the year, the liquidity requirement varies.	The Group ensures that there is a prudent margin between the liquidity requirement and the limits and resources the Group has at its disposal.
The risk that some or all loans can be rolled over when they mature.	The Group's objective relating to the capital structure is to secure the Group's ability to continue its operation in order to enable it to generate a return for its shareholders whilst the capital structure is kept at an optimum in order to keep the capital costs down. In order to change the capital structure, for example, the dividend can be changed, new shares issued or assets sold to reduce the liabilities. The capital risk is measured as net debt ratio, which means interest-bearing liabilities reduced by liquid funds in relation to shareholders' equity.

Board of Directors



	Bernt Ingman	Joen Magnusson	Peter Jessen Jürgensen
Born:	1954	1951	1949
Position:	Chairman	Board Member	Board Member
Education:	MBA	MBA	Graduate engineer and MBA in Denmark.
Elected:	2006	1985	1999
Other significant assignments:	Management Consultant. Chairman of SBC Sveriges BostadsrättsCentrum AB. Chairman of Handelsbanken Local Office, Kista. Board Member of Pricer AB.	Kungliga Fysiografiska Sällskapets Ekonomiska råd and other assignments.	Chairman of Bio Aqua A/S, Profort A/S, Labotek A/S, Labotek Nordic AB, Bies Ökoproduktion Aps. Board Member of IKI Invest A/S. CEO of Labotek Deutschland GmbH.
Dependence:	No	Yes, of the largest shareholders. No, of the company and the Management.	Yes, of the largest shareholders. No, of the company and the Management.
Work experience:	CFO of Munters AB. CFO of Husqvarna AB.	Managing Director of G & L Beijer AB until 30 June 2013. Employed in Teglund Marketing AB, Statskonsult AB, Skrinet AB.	Engineer in Atlas. Work in the family company HJJ as Managing Director of the subsidiary Ajax and later as Managing Director of IKI and Managing Director of TTC in Danmark.
Shareholding in Beijer Ref 2016:	40,000 A shares 6,000 B shares	1,040,000 A shares 70,802 B shares	560.620 A shares 0 B shares
Shareholding in Beijer Ref 2015:	40,000 A shares 6,000 B shares	1,040,000 A shares 170,802 B shares	560.620 A shares 0 B shares
Presence at Board Meetings:	Board Member 6 out of 6	Board Member 6 out of 6	Board Member 6 out of 6
Remuneration 2016:	550 sek k	275 sek k	275 sek k

William Striebe	Monica Gimre	Frida Norrbom Sams	Ross B Shuster
1950	1960	1971	1965
Board Member	Board Member	Board Member	Board Member
Doctor of Laws degree from University of Connecticut Law School, BA in history, Fairfield University.	Master of Science in Chemical Engineering.	M. Sc. in Business Administration.	MBA and Bachelor of Science of Mechanical Engineering.
2009	2015	2015	2016
Vice President, Global Business Development, UTC Climate, Controls & Security.	EVP Tetra Pak Processing Systems.	EVP, Head of Applications Division, nkt cables A/S, Board Member of Ballingslöv International AB.	President of International for United Technologies' Climate, Controls & Security business unit.
Yes, of the largest shareholders. No, of the company and the Management.	No	No	Yes, of the largest shareholders. No, of the company and the Management.
Vice President, Business Development, United Technologies Building and Industrial Systems. Vice-President within legal matters for Carrier's North-American operation. Vice President with responsibility for Carrier's business development and legal matters in Europe.	VP Technical Service Tetra Pak, VP Market support Tetra Pak Processing for China, South East Asia, North America and Central Europe, MD Tetra Pak Systems UK, VP Marketing & Portfolio Management Tetra Pak Processing Systems, R&D Manager Alfa Laval South East Asia, VP Supply Chain Tetra Pak Processing Systems.	EVP, Head of EMEA at Husqvarna Group, VP Sales and Service region 2 at Husqvarna Group, SVP & Managing Director North Europe Sanitec Oy, EVP & CIO Sanitec Oy, Senior Manager BearingPoint/Andersen Business Consulting.	President of Asia for United Technologies Carrier business unit.
0 A shares 0 B shares	0 A shares 0 B shares	0 A shares 3.200 B shares	0 A shares 0 B shares
0 A shares 0 B shares	0 A shares 0 B shares	0 A shares 2.000 B shares	0 A shares 0 B shares
Board Member 5 out of 6	Board Member 6 out of 6	Board Member 6 out of 6	Board Member 4 out of 6
–	275 sek k	275 sek k	–

Group Management


Per Bertland


Jonas Lindqvist


Simon Karlin


Yann Talhouet

Per Bertland
CEO & President. Born 1957. Employed since 1990.

Education: MBA, University of Lund.

Work experience: COO, Beijer Ref. CFO, Indra AB and Ötab Sport AB within the Aritmos Group, employed in Set Audit Bureau.

Shareholding 2016: 787,000 A shares, 125,000 B shares

Shareholding 2015: 787,000 A shares, 125,000 B shares

Simon Karlin
COO & Executive Vice President, Beijer Ref ARW. Born 1968. Employed since 2001.

Education: MBA, University of Lund.

Work experience: Business & Finance Director Beijer Ref, Business control Svedala Industri Group.

Shareholding 2016: 0 A shares, 39,600 B shares

Shareholding 2015: 0 A shares, 39,600 B shares

Jonas Lindqvist
CFO & Executive Vice President. Born 1962. Employed since 2004.

Education: MBA, University of Lund, EMBA Stockholm School of Economics, AMP Harvard Business School.

Work experience: VP Finance Polyclad Europe, CFO of Nolato Polymer/Medical and BMH Marine AB.

Shareholding 2016: 0 A shares, 1,110 B shares

Shareholding 2015: 0 A shares, 1,110 B shares

Yann Talhouet
COO & Executive Vice President, Beijer Ref Toshiba HVAC. Born 1974. Employed since 2010.

Education: MA, Paris Dauphine University, MBA, Insead, Fontainebleau.

Work experience: MD of Toshiba HVAC Western Europe, Carrier Corporation. Management Consultant in A.T. Kearney.

Shareholding 2016: 0 A shares, 0 B shares

Shareholding 2015: 0 A shares, 0 B shares


Jonas Steen


Enrique Gibelli


Robert Schweig


Katarina Olsson


Johan Bern

Jonas Steen
Vice President Beijer Ref ARW, Asia Pacific. Born 1976. Employed since 2010.

Education: Master of Science Chemical Engineering, Business Administration, University of Lund.

Work experience: Business & Finance Manager in Beijer Ref, Business Control in Trelleborg Group.

Shareholding 2016: 0 A shares, 2,000 B shares

Shareholding 2015: 0 A shares, 2,000 B shares

Enrique Gibelli
Vice President Beijer Ref ARW, South Europe, East Europe & Africa. Born 1967. Employed since 2009.

Education: Bachelor of Science in Agro Economics, Argentina. Master of Science, Purdue University, USA.

Work experience: Asgrow Seed Company, Argentina.Carrier Corporation, USA and EMEA. Beijer Ref, France.

Shareholding 2016: 0 A shares, 1,283 B shares

Shareholding 2015: 0 A shares, 1,283 B shares

Robert Schweig
Vice President Beijer Ref ARW, Procurement. Born 1958. Employed since 1990.

Education: Mechanical Engineering. NEVI Professional Procurement.

Work experience: Procurement experience in wholesale and different industries, 24 years at senior management level, within Elsmark/Danfoss, Aircool/Eriks, Delair/Atlas Copco, Royal Dutch Navy Shipyard.

Shareholding 2016: 0 A shares, 0 B shares

Shareholding 2015: 0 A shares, 0 B shares

Katarina Olsson
General Counsel and Vice President Beijer Ref AB. Born 1971. Employed since 2016.

Education: Master of Law, University of Lund, LLM, Queen Mary and Westfield College, London University.

Work experience: Risk Management Director at ICA AB, Corporate Legal Counsel at ICA AB, Corporate Legal Counsel at Ericsson AB.

Shareholding 2016: 0 A shares, 0 B shares

Shareholding 2015: 0 A shares, 0 B shares

Johan Bern
CIO and Vice President Beijer Ref AB, Managing Director HJJ AB. Born 1958. Employed since 1998.

Education: Master of Science Mechanical Engineering, KTH Royal Institute of Technology, Stockholm.
Diploma in Management Studies, Birmingham City University, Birmingham.

Work experience: Managing Director at Kylma AB, SCMREF AB and Clima Sverige AB, Business Area Manager at Elektroskandia AB.

Shareholding 2016: 0 A shares, 66,000 B shares

Shareholding 2015: 0 A shares, 66,000 B shares

Auditors


Lars Nilsson — Rikard Fransson

Lars Nilsson
Authorised Public Accountant, auditor in charge. Born 1965. PricewaterhouseCoopers AB. Auditor in the Beijer Group since 2012.

Rikard Fransson
Authorised Public Accountant. Born 1986. Pricewater-houseCoopers AB. Auditor in the Beijer Group since 2016.

Financial Information

Consolidated profit and loss account

SEK K	Note	2016	2015
OPERATING INCOME			
Net sales	5	9 044 758	8 360 583
Other operating income	7	39 384	18 940
Total income		**9 084 142**	**8 379 523**
OPERATING EXPENSES			
Raw materials and necessities		-426 727	-405 721
Goods for resale		-5 898 581	-5 419 405
Other external costs	8, 9	-777 807	-682 343
Personnel costs	6	-1 307 991	-1 234 288
Depreciation and write-down of intangible and tangible fixed assets	18, 19	-77 963	-69 310
Other operating expenses		-2 311	-1 342
Operating profit		**592 762**	**567 114**
RESULT OF FINANCIAL INVESTMENTS			
Financial income	11	2 995	5 691
Financial expenses	12	-35 839	-47 995
Profit before tax		**559 918**	**524 810**
Tax on the year's profit	14	-161 386	-151 683
Net profit for the year	15	**398 532**	**373 127**
Attributable to:			
The parent company's shareholders		388 843	366 280
Non-controlling interests		9 689	6 847
The year's profit per share, sek [1]	16	9,17	8,64
Dividend per share, sek [2]	17	5,50	5,25

1) No dilution exists
2) For 2016, in accordance with the Board of Directors' proposal

The Group's report on other comprehensive income

SEK K	Note	2016	2015
Net profit for the year		398 532	373 127
OTHER COMPREHENSIVE INCOME			
Items which will not be reversed in the profit and loss account			
Revaluation of the net pension commitment		-11 972	-19 514
Items which can later be reversed in the profit and loss account			
Exchange rate differences		163 969	-149 952
Hedging of net investment		4 923	12 655
Cash flow hedging	3, 14	1 008	1 910
Other comprehensive income for the year		**157 928**	**-154 901**
Total comprehensive income for the year		**556 460**	**218 226**
Attributable to:			
The parent company's shareholders		544 160	213 841
Non-controlling interests		12 300	4 385

Consolidated balance sheet

SEK K	Note	2016-12-31	2015-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	18	1 643 931	1 487 978
Tangible fixed assets	19	306 382	276 649
Financial assets available for sale	21	24 844	85 954
Deferred tax assets	27	121 811	118 294
Trade debtors and other receivables	22	83 619	72 607
Total fixed assets		**2 180 587**	**2 041 482**
Current assets			
Inventories	23	2 485 274	1 982 266
Trade debtors and other receivables	22	1 832 448	1 666 548
Income taxes recoverable		14 430	1 898
Liquid funds	24	342 080	347 684
Total current assets		**4 674 232**	**3 998 396**
TOTAL ASSETS		**6 854 819**	**6 039 878**
SHAREHOLDERS' EQUITY			
Equity and reserves which can be attributed to the parent company's shareholders			
Share capital	25	371 685	371 685
Other contributed capital		901 172	901 172
Reserves		-70 290	-237 579
Profit brought forward		1 712 657	1 558 339
Total		**2 915 224**	**2 593 617**
Non-controlling interests	34	52 033	40 575
Total equity		**2 967 257**	**2 634 192**
LIABILITIES			
Long-term liabilities			
Borrowing	26	1 550 525	1 285 793
Other long-term liabilities		22 564	38 330
Deferred tax liabilities	27	88 483	82 473
Pension commitments	28, 31	124 814	108 194
Other provisions	29	24 135	15 428
Total long-term liabilities		**1 810 521**	**1 530 218**
Current liabilities			
Trade creditors and other liabilities	30	1 534 042	1 379 699
Borrowing	26	482 063	437 438
Current tax liabilities		37 519	40 017
Other provisions	29	23 417	18 314
Total current liabilities		**2 077 041**	**1 875 468**
Total liabilities		**3 887 562**	**3 405 686**
TOTAL LIABILITIES AND EQUITY		**6 854 819**	**6 039 878**

Consolidated changes in equity

SEK K	Share capital	Other contributed capital	Reserves	Profit brought forward	Non-controlling interests	Total equity	Note
	Attributable to the parent company's shareholders						
Shareholders' equity on 2014-12-31	**371 685**	**901 172**	**-104 654**	**1 423 656**	**26 784**	**2 618 643**	
Net profit for the year				366 280	6 847	373 127	
Revaluation of the net pension commitment				-19 514		-19 514	
Exchange rate differences			-147 490		-2 462	-149 952	
Hedging of net investment			12 655			12 655	
Cash flow hedging			1 910			1 910	
Other comprehensive income for the year	**–**		**-132 925**	**-19 514**	**-2 462**	**-154 901**	
Total comprehensive income for the year	**–**		**-132 925**	**346 766**	**4 385**	**218 226**	
Dividend for 2014				-211 955		-211 955	17
Acquisitions from holders with no controlling influence				-128	-6 264	-6 392	
Transactions with holders with non-controlling interest					15 670	15 670	
	–	**–**	**–**	**-212 083**	**9 406**	**-202 677**	
Shareholders' equity on 2015-12-31	**371 685**	**901 172**	**-237 579**	**1 558 339**	**40 575**	**2 634 192**	
Net profit for the year				388 843	9 689	398 532	
Revaluation of the net pension commitment				-11 972		-11 972	
Exchange rate differences			161 358		2 611	163 969	
Hedging of net investment			4 923			4 923	
Cash flow hedging			1 008			1 008	
Other comprehensive income for the year	**–**		**167 289**	**-11 972**	**2 611**	**157 928**	
Total comprehensive income for the year	**–**		**167 289**	**376 871**	**12 300**	**556 460**	
Dividend for 2015				-222 553		-222 553	17
Dividend to holders with no controlling influence					-842	-842	
	–	**–**	**–**	**-222 553**	**-842**	**-223 395**	
Shareholders' equity on 2016-12-31	**371 685**	**901 172**	**-70 290**	**1 712 657**	**52 033**	**2 967 257**	

Consolidated cash flow statement

SEK K	Note	2016	2015
CURRENT OPERATIONS			
Operating profit		592 762	567 114
Adjustments for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	18, 19	77 963	69 310
Change in pension, guarantee and other provisions		3 162	2 712
Profit on sale of tangible fixed assets		-7 405	-619
Total		**666 482**	**638 517**
Paid interest	12	-32 977	-41 988
Paid income tax		-155 617	-108 265
Cash flow from current operations before changes in working capital		**477 888**	**488 264**
CHANGES IN WORKING CAPITAL			
Change in inventories		-260 500	18 795
Change in operating receivables		38 485	-99 949
Change in operating liabilities		-191 148	88 277
Cash flow from current operations		**64 725**	**495 387**
INVESTMENT OPERATIONS			
Received interest	11	2 995	3 715
Acquisition of shares and participations		-11 676	-16 247
Acquisition of tangible and intangible fixed assets	18, 19	-96 099	-59 386
Liquid funds in acquired operations	32	2 557	33 542
Sale of shares and participations		730	3 318
Acquisition of operations	32	-10 468	-203 583
Sale of tangible fixed assets		32 019	1 773
Cash flow from investment operations		**-79 941**	**-236 868**
FINANCIAL OPERATIONS			
Raising of loans		212 983	88 422
Paid dividend to shareholders		-222 553	-211 955
Dividend to holders with non-controlling interest		-842	—
Transactions with holders with non-controlling interest		—	-6 384
Cash flow from financial operations		**-10 412**	**-129 917**
Change in liquid funds		**-25 628**	**128 602**
Exchange rate difference, liquid funds		20 024	-17 010
Liquid funds on 1 January		347 684	236 092
Liquid funds on 31 December	24	**342 080**	**347 684**

Parent company profit and loss account

SEK K	Note	2016	2015
OPERATING INCOME			
Other operating income	7	42 949	32 727
Total income		**42 949**	**32 727**
OPERATING EXPENSES			
Other external costs	8	-15 737	-20 271
Personnel costs	6	-28 363	-26 615
Depreciation and write-down of intangible and tangible fixed assets	18, 19	-1 169	-849
Operating profit		**-2 320**	**-15 008**
RESULT OF FINANCIAL INVESTMENTS			
Result of participations in Group companies	10	225 313	127 768
Financial income	11	35 829	61 935
Financial expenses	12	-38 067	-29 676
Profit after financial investments		**220 755**	**145 019**
APPROPRIATIONS			
Appropriations	13	31 813	8 491
Profit before tax		**252 568**	**153 510**
Tax on the year's profit	14	-7 609	-5 252
Net profit for the year	**15**	**244 959**	**148 258**

Parent company's report on other comprehensive income

SEK K	2016	2015
Net profit for the year	244 959	148 258
Total comprehensive income for the year	**244 959**	**148 258**

Parent company balance sheet

SEK K	Note	2016-12-31	2015-12-31
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Capitalised expenditure for software	18	3 301	1 931
Total intangible fixed assets		**3 301**	**1 931**
Tangible fixed assets			
Buildings and land	19	2 161	2 286
Equipment, tools and installations	19	3 338	3 432
Total tangible fixed assets		**5 499**	**5 718**
Financial fixed assets			
Participations in Group companies	20	2 127 070	2 151 539
Financial assets available for sale	21	24 844	57 931
Receivables from Group companies		546 876	376 087
Other long-term securities holdings		1 000	1 000
Total financial fixed assets		**2 699 790**	**2 586 557**
TOTAL FIXED ASSETS		**2 708 590**	**2 594 206**
CURRENT ASSETS			
Current receivables			
Receivables from Group companies		1 087 637	896 936
Other current receivables		9 691	14 808
Prepaid expenses and accrued income		1 624	2 195
Total current receivables		**1 098 952**	**913 939**
TOTAL CURRENT ASSETS		**1 098 952**	**913 939**
TOTAL ASSETS		**3 807 542**	**3 508 145**
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	25	371 685	371 685
Total restricted equity		**371 685**	**371 685**
Non-restricted equity			
Share premium reserve		901 604	901 604
Profit brought forward		155 439	229 734
Net profit for the year		244 959	148 258
Total non-restricted equity		**1 302 002**	**1 279 596**
TOTAL EQUITY		**1 673 687**	**1 651 281**
LIABILITIES			
Long-term liabilities			
Borrowing	26	1 550 525	1 285 556
Long-term interest-bearing liabilities to Group companies	26	97 582	82 215
Other long-term liabilities		1 000	1 000
Total long-term liabilities		**1 649 107**	**1 368 771**
Current liabilities			
Trade creditors		1 522	765
Borrowing	26	451 565	414 066
Liabilities to Group companies		8 339	55 404
Tax liabilities		8 028	2 217
Other liabilities		970	547
Accrued expenses and prepaid income		14 324	15 094
Total current liabilities		**484 748**	**488 093**
TOTAL EQUITY AND LIABILITIES		**3 807 542**	**3 508 145**

Parent company changes in equity

SEK K	Share capital	Non-restricted equity	Total equity	Note
Equity on 2014-12-31	**371 685**	**1 363 278**	**1 734 963**	
Net profit for the year		148 258	148 258	
Total comprehensive income for the year	**–**	**148 258**	**148 258**	
Dividend for 2014		-211 955	-211 955	17
Merger result		-19 985	-19 985	
Equity on 2015-12-31	**371 685**	**1 279 596**	**1 651 281**	
Net profit for the year		244 959	244 959	
Total comprehensive income for the year	**–**	**244 959**	**244 959**	
Dividend for 2015		-222 553	-222 553	17
Equity on 2016-12-31	**371 685**	**1 302 002**	**1 673 687**	

Parent company cash flow statement

SEK K	Note	2016	2015
CURRENT OPERATIONS			
Operating profit		-2 320	-15 008
Adjustment for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	18, 19	1 169	849
Total		**-1 151**	**-14 159**
Paid interest		-26 920	-28 213
Paid income tax		-1 798	-1 682
Cash flow from current operations before changes in working capital		**-29 869**	**-44 054**
CHANGES IN WORKING CAPITAL			
Change in operating receivables		-251 793	-492 651
Change in operating liabilities		-46 655	-43 879
Cash flow from current operations		**-328 317**	**-580 584**
INVESTMENT OPERATIONS			
Received interest		35 729	27 519
Received dividend		236 259	173 455
Acquisition of shares and participations		-22 297	-116 572
Acquisition of intangible and tangible fixed assets	18, 19	-2 321	-2 069
Sale of shares and participations		730	3 318
Cash flow from investment operations		**248 100**	**85 651**
FINANCIAL OPERATIONS			
Raising of loans		302 770	706 791
Paid dividend		-222 553	-211 955
Cash flow from financial operations		**80 217**	**494 836**
Change in cash and bank		**–**	**-97**
Cash and bank on 1 January		–	97
Cash and bank on 31 December		**–**	**–**

Notes

1 General information

Beijer Ref AB (the parent company) and its subsidiaries (together, the Group) is a technology-oriented trading Group which, through added-value products, offers competitive solutions within refrigeration and air conditioning. The product programme consists mainly of products from leading international manufacturers and, in addition, some manufacturing of our own products, combined with service and support relating to 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. The Group has subsidiaries in large parts of Europe and in Africa and Asia Pacific.

The parent company is a limited company which is located and registered in Malmö, Sweden. The address to the head office is Stortorget 8, SE-211 34 Malmö.

These consolidated accounts were approved for publication by the Board of Directors on 7 March 2017.

2 Applied reporting and valuation principles

General reporting principles
These consolidated accounts have been prepared in accordance with the Annual Accounts Act, RFR 1. Supplementary reporting regulations for Groups and International Financial Reporting Standards (IFRS) and IFRIC interpretations such as they have been adopted by the EU. Standards which have been published, but which have not yet come into force are not adhered to at present.

The Annual Report for the parent company has been prepared in accordance with the Annual Accounts Act. The parent company applies the same reporting principles as the Group with the exceptions and additions stipulated by the Swedish Financial Accounting Standards Council's recommendation RFR 2, 'Reporting for legal entities'. In the parent company is reported 'Financial instruments' in accordance with the exemption in RFR 2, i.e. IAS 39 is not applied. Financial instruments are instead reported with a basis in acquisition values in accordance with the Annual Accounts Act. The reporting principles for the parent company are stated in the section 'Parent company reporting principles'. The principles have been consistently applied for all the years presented, unless otherwise stated.

Implementation of new reporting principles
New and amended standards applied by the Group
None of the IFRS or IFRIC interpretations, which for the first time are obligatory for the financial year that started in January 2016, have had any significant impact on the Group.

New standards and interpretations of existing standards which have not yet been applied prematurely by the Group
In the preparation of the consolidated accounts at 31 December 2016, several standards and interpretations have been published which have not yet come into force. Below follows the standards and pronouncements which could have an influence on Beijer Ref's financial reports:

IFRS 9 'Financial instruments' handles classification, valuation and reporting of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces parts of IAS 39 which handles classification and handling of financial instruments. The standard shall be applied for financial years which start in January 2018, however an earlier application is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

IFRS 15 'Revenue from contracts with customers' regulates how reporting of revenues shall be made. The principles on which IFRS 15 are based shall give users of financial reports more usable information about the company's revenues. The Group has not started the analysis work, but will begin the preliminary study analysis during the first half of the year.

IFRS 16 "Lease" a new leasing standard which will replace IAS 17. The standard demands that assets and liabilities attributable to all leasing agreements, with some exceptions, are reported in the balance sheet. This reporting is based on the approach that the lessee has a right to use an asset during a specific period and, at the same time, an obligation to pay for this right. The reporting for the lessor will essentially be unchanged. The standard is applicable for financial years starting on 1 January 2019 or later. The Group has not yet evaluated the effects of IFRS 16.

None of the other IFRS or IFRIC interpretations, which have not yet come into force, are expected to have any significant influence on the Group.

Conditions on the preparation of the Group's financial reports
The parent company's functional currency is SEK, which is also the reporting currency for both the parent company and the Group. All amounts stated have been rounded up or down to the nearest thousand unless otherwise stated.

The reporting principles applied in the preparation of these consolidated accounts are stated below. These principles have been applied consistently for all the years presented unless otherwise stated.

Consolidated accounts
Subsidiaries
Subsidiaries are all companies over which the Group has a controlling interest. The Group controls a company when it is exposed to, or has the right to, a variable return from its investment in the company and has the opportunity to influence the return through its influence in the company.

Subsidiaries are included in the consolidated accounts from the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling interest ceases.

Acquisition accounting is used for reporting the Group's acquisitions of subsidiaries.

The acquisition of a subsidiary consists of the actual value of transferred assets, liabilities and the shares issued by the Group. The consideration also includes the actual value of all assets or liabilities which are a consequence of an agreement about conditional consideration. Conditional considerations are classified either as equity or financial liability depending on whether it is settled with an equity instrument or cash and is reported initially at actual value. Revaluations relating to conditional considerations, which are reported in subsequent periods, are reported either as an equity instrument or financial liability with revaluation to actual value over the profit and loss account.

Acquisition-related costs are written off when they arise. Identifiable acquired assets and liabilities taken over in a business combination are initially valued at actual values on the date of acquisition. For every acquisition, the Group determines if all holdings with non-controlling interest in the acquired company are reported at actual value or at the holding's proportional share of the net assets of the acquired company. The amount by which the purchase price, holding with non-controlling interest and actual value on the date of acquisition of previous shareholdings exceeds the actual value of the Group's share of identifiable acquired net assets is reported as goodwill or as other intangible asset. If the amount is less than the actual value of the acquired subsidiary's net assets, such as in the event of a 'bargain purchase', the difference is reported direct in the profit and loss account.

Intra-Group transactions and balance sheet items, as well as unrealised profits on transactions between Group companies, are eliminated. Unrealised losses are also eliminated unless the transaction constitutes evidence that there is a need for a write-down in respect of the transferred asset. Where applicable, the reporting principles for subsidiaries have been changed to guarantee a consistent application of the Group's principles.

Transactions with holders with non-controlling interest
Transactions with holders with non-controlling interest are treated as transactions with the Group's shareholders. On acquisitions from holders with non-controlling interest, the difference between paid consideration and the actual acquired proportion of the reported value of the subsidiary's net assets is reported in shareholders' equity. Gains and losses on divestments to holders with no controlling influence are also reported in shareholders' equity.

When the Group no longer has a controlling or significant interest, every remaining holding is revalued at actual value and the change in reported value is reported in the profit and loss account. The actual value is used as the first reported value and forms the foundation for the continued reporting of the remaining holding as associated company, joint venture or financial asset. All amounts relating to the divested unit, which have previously been reported in other total results, are reported as if the Group had directly divested the pertaining assets or liabilities. This can result in amounts which have previously been reported in other total results being reclassified to profit or loss.

Reporting for segments
An operating segment is a part of the Group which carries out an operation from which it can generate revenues and incur costs and for which independent financial information is available. 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. In 2016, the Group had the following operating segments: Southern Europe, the Nordic countries, Central Europe, Eastern Europe, Africa and Asia Pacific. For further description of the regions, see page 51.

Classification, etc
Fixed assets and long-term liabilities consist essentially only of amounts which are expected to be recovered or paid after more than twelve months calculated from the balance sheet date. Current assets and current liabilities consist essentially only of amounts which are expected to be recovered or paid within twelve months calculated from the balance sheet date.

Valuation principles, etc
Assets and liabilities have been valued at their acquisition value unless it is otherwise stated below.

Intangible assets
Intangible assets acquired by the company are reported at their acquisition value less accumulated depreciation and write-downs with the exception of what relates to goodwill and intangible assets with an indefinite useful life which is reported at acquisition value less accumulated write-downs. Additional expenditure for an intangible asset is added to the acquisition value only if it increases future financial benefits. All other expenditure is written off as it arises. Depreciation is based on acquisition values less residual values, if any. Depreciation is made in a straight line over the period of use of the asset and is reported as a cost in the profit and loss account. The residual values and period of use is tested on every balance sheet date and adjusted when required.

Research and development
Expenditure for research and development is reported as costs as it arises. Costs arisen in development projects (which applies to the design and testing of new or improved products) are reported as intangible assets when the following criteria are fulfilled:
(a) it is technically possible to complete the intangible asset so that it can be used,
(b) the Executive Management intends to complete the intangible asset and use or sell it,
(c) there are conditions for using or selling the intangible asset,
(d) it can be shown how the intangible asset will generate probable future financial benefits,
(e) adequate technical, financial or other resources for completing the development and for using or selling the intangible asset are available, and
(f) the expenditure attributable to the intangible asset during its development can be calculated in a reliable way.

Research and development expenditure which has previously been reported as a cost is not reported as an asset in the ensuing period. Research and development expenditure which has been capitalised is written off in a straight line from the date when the asset is ready for use. The amortisation is made over the anticipated period of use. However, this is not for more than five years.

Goodwill
Goodwill consists of the amount by which the acquisition value exceeds the actual value on the Group's share of the acquired subsidiary's identifiable net assets on the date of acquisition. Goodwill on acquisition of subsidiaries is reported as intangible assets. Goodwill is tested annually in order to identify any needs for a write-down and is reported at acquisition value less accumulated write-down. Write-down of goodwill is not reversed. Profit or loss on the divestment of a unit includes the remaining net value of the goodwill that refers to the divested unit.

Goodwill is distributed on cash-generating units on an assessment of any need for a write-down. Cash-generating units are the regions, Southern Europe, the Nordic countries, Central Europe, Eastern Europe, Africa and Asia Pacific, which are the same as those identified as operating segments.

Amortisation periods, Intangible assets:

	Group	Parent company
Acquired intangible assets:		
Computer programs	3-5 years	3 years
R & D	5 years	—
Agencies	40 years	
Customer lists	10-20 years	—

The portion which consists of ”Agencies” relates to an exclusive and time-unlimited distribution right of a world-leading manufacture (Toshiba). There is a significant value in the right to sell Toshibas air-conditioning and heating products and its European organisation, which has been made into an integrated part of Beijer Ref. Toshiba, is an organisation with a long history and a strong market position in several areas, also outside the refrigeration and air conditioning sectors. The management's best judgement is that a useful life of 40 years best corresponds to an approximation of the period during which the asset generates future financial advantages.

Tangible assets
Tangible fixed assets are reported as assets in the balance sheet when, based on available information, it is probable that the future economic use linked with the holding accrues to the Group/company and that the acquisition value of the asset can be calculated in a reliable way. Tangible fixed assets are reported at acquisition value with a deduction for depreciation. Depreciation is based on acquisition values less estimated residual value. Depreciation is made in a straight line over the estimated use of the asset. The assets' residual values and period of use are tested on every balance sheet date and adjusted when required.

The following depreciation periods are applied:

	Group	Parent company
Buildings	25-50 years	40 years
Land improvements	20 years	—
Machinery and other technical plant	5-10 years	—
Equipment, tools and installations	3-10 years	3-10 years

Additional expenditure is added to the reported value of the asset or is reported as a separate asset, depending on which is appropriate, only when it is probable that future financial benefits linked with the asset will accrue to the Group and the acquisition value of the asset can be measured in a reliable way. All other forms of repair and maintenance are reported as costs in the profit and loss account during the period in which they arise.

Profits and losses on divestment are determined by a comparison between the sales proceeds and the reported value and are reported in 'Other operating income' or 'Other operating expenses'.

Write-down of non-financial assets
Assets which have an indefinite period of use are not written off but are tested annually relating to the need for write-down, if any. Assets which are written off are assessed with regard to depreciation whenever events or changes in conditions indicate that the reported value is not recoverable. A write-down is made with the amount by which the reported value of the asset exceeds its recovery value. The recovery value is the higher of an asset's actual value less selling expenses and the value of use. When assessing the need for a write-down, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

When calculating the value of use, future cash flows are discounted at an interest rate after tax which is intended to take into account the market's evaluation of risk-free interest and risk linked with the specific asset. An asset which is dependent on other assets is not considered to generate any independent cash flows. Such an asset is, instead, assigned to the smallest cash-generating unit in which the cash flows can be determined.

A write-down is reversed if there has been a change in the calculations applied to determine the recovery value. A reversal is only made to the extent that the reported value of the asset would have been if no write-down had been made. On every balance sheet date, an examination is made to establish if reversal should be made.

Financial assets
The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss; loans and receivables; financial instruments held to maturity; and financial assets available for sale. The classification is dependent on the objective for which the instruments were acquired. The Executive Management determines the classification of the instruments at the first reporting. In the 2016 Annual Report there are financial assets of the loans and receivables, and financial assets available for sale categories.

Loans and receivables are non-derivative financial assets with determined or determinable payments which are not listed in an active market. The characteristic is that they arise when the Group provides money, products or services direct to a customer with no intention of trading with the arisen receivable. They are included in current assets, with the exception of items with a due date of more than 12 months after the balance sheet date, which are classified as fixed assets. The Group's loans and receivables consist of 'Trade debtors and other receivables', and 'Liquid funds' in the balance sheet.

Financial assets available for sale are assets which are not derivatives and where the assets have been identified as that they cannot be sold or have not been classified in any of the other categories. They are included in fixed assets unless it is the intention of the management to divest the asset within 12 months after the end of the reporting period.

Acquisitions and sales of financial instruments are reported on the transaction date, i.e. the date on which the Group undertakes to acquire or sell the asset. Financial instruments valued at actual value via the profit and loss account are initially reported at actual value whilst attributable transaction costs are reported in the profit and loss account. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has either expired or been transferred and the Group has transferred virtually all risks and benefits linked with the ownership. Loans and receivables are reported after the date of acquisition at accrued acquisition value by application of the effective rate method. Financial assets available for sale are initially reported at actual value and in subsequent periods, if it is possible to determine, otherwise the valuation is made at acquisition value. When securities classified as financial assets available for sale are sold or written down, accumulated adjustments of actual value are transferred from shareholders' equity to financial income/expense in the profit and loss account. Dividend on share instruments available for sale is reported in the profit and loss account as a part of financial income/expense. There is one exemption in the standard which states that if actual value for financial assets available for sale cannot be determined, these instruments shall be reported at acquisition value.

Write-downs of financial assets
At the end of every reporting period, the Group assesses if there is objective evidence that there is a need for write-down in respect of a financial asset or a group of financial assets. A financial asset or group of financial assets has a need for write-down and is written down only if there is objective evidence for a need for write-down as a consequence of the fact that one or several events have occurred after the asset has been reported the first time and that this event has an influence on the estimated future cash flows for the financial asset or group of financial assets which can be estimated in a reliable way.

Write-down for financial assets in the loans and receivables category is calculated as the difference between the reported value of the asset and the current value of estimated future cash flows discounted at the original effective rate. If the need for write-down decreases in a subsequent period and the decrease can be attributable to an event which occurred after the write-down was reported, the reversal of the previously reported write-down is reported in the consolidated profit and loss account. When it concerns an own-capital instrument classified as financial assets available for sale, a significant or prolonged fall in actual value for an instrument to a level below its acquisition value is taken into consideration as evidence that there is a need for write-down. If such evidence exists for financial assets available for sale, the accumulated loss – calculated as the difference between the acquisition value and actual value, with a deduction for previous write-downs, if any, which have been reported in the profit and loss account – is removed from shareholders' equity in the balance sheet and reported in the profit and loss account. Write-downs of equity instruments, which have previously been reported in the profit and loss account, are not reversed over the profit and loss account.

Inventories
Inventories are entered at the lower of acquisition value and net sales value. The acquisition value is calculated in accordance with the 'first-in, first-out' principle or in accordance with weighted average prices. Weighted average prices are applied in those units in the Group where a variation in the price of goods is deemed to be significant. In semi-finished or finished products of the company's own manufacture, the acquisition value consists of direct manufacturing costs, such as direct material and payroll expenses, and a reasonable proportion of indirect manufacturing costs. On valuation, normal capacity utilisation has been taken into account. Loan costs are not included. The net sales value is the estimated sales price in the current operations with a deduction for applicable variable selling expenses.

Trade debtors
Trade debtors are initially reported at actual value and, thereafter, at accrued acquisition value by application of the effective rate method, less a provision for depreciation, if any. A provision for depreciation of trade debtors is made when there is objective evidence that the Group will not be able to receive all amounts which have fallen due in accordance with the original terms of the receivables. Significant financial difficulties of the debtor; the probability that the debtor will become bankrupt or go through financial reconstruction, and non-payments or delayed payments, are regarded as indications that a need for the write-down of a trade debtor could exist. The size of the provision consists of the difference between the reported value of the asset and the current value of estimated future cash flows, discounted by the original effective rate. The reserved amount is reported in the item 'Other external costs' in the profit and loss account. When a trade debtor cannot be recovered, it is written off. Recovery of previously written off amounts is credited to 'Other external costs' in the profit and loss account.

Liquid funds
Liquid funds comprise cash and immediately available bank balances.

Share capital
Ordinary shares are classified as shareholders' equity. When a Group company buys the parent company's shares (buy-back of own shares), the purchase price paid, including directly attributable transaction costs (net after tax), if any, reduces profit brought forward until the shares are cancelled or divested. If these shares are later divested, the amounts received (net after directly attributable transaction costs and tax effects, if any) are reported in profit brought forward.

Trade creditors
Trade creditors are initially reported at actual value and, thereafter, at accrued acquisition value by application of the effective rate method.

Borrowing
Borrowing is initially reported at actual value, net after transaction costs. Thereafter, borrowing is reported at accrued acquisition value and the difference, if any, between the amount received (net after transaction costs) and the repayment amount is reported in the profit and loss account, distributed over the loan period, by application of the effective rate method.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

Taxes
Total tax consists of current tax and deferred tax. Taxes are reported in the profit and loss account except where the underlying transaction is reported as a component in 'Other comprehensive income' or directly against shareholders' equity. In such instances, the tax is also reported in 'Other comprehensive income' and shareholders' equity respectively. Current tax is tax calculated on taxable profit for the period. To this also belongs adjustment of current tax attributable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method on all temporary differences between reported and fiscal values on assets and liabilities. However, the deferred tax is not reported if it arises as a result of a transaction which constitutes the first reporting of an asset or liability which is not an acquisition of an operation and which affects neither reported nor fiscal results on the date of acquisition. Deferred income tax is calculated by application of tax rates (and tax legislation) which have been decided or announced as per the balance sheet date and which are anticipated to apply when the deferred tax assets are realised or the deferred tax liability is settled. In the consolidated accounts, on the other hand, untaxed reserves are divided into deferred tax liability and shareholders' equity.

Deferred tax assets are reported to the extent it is likely that future fiscal surpluses will be available, against which the temporary differences can be utilised. Deferred tax is calculated on temporary differences which arise on participations in subsidiaries, except where the date for reversal of the temporary difference can be controlled by the Group and it is likely that the temporary difference will not be reversed in the foreseeable future.

Provisions (with the exception of deferred tax)
A provision is reported in the balance sheet when the company has a formal or informal commitment as a consequence of an event that has occurred and it is probable that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount can be made.

The provisions are valued at the current value of the amount that can be expected to be required to settle the commitment. In this connection, a discount rate before tax is applied which reflects a current market valuation of the time-dependent value of money and the risks linked with the provision. The increase in the provision which is due to the fact that time passes is reported as an interest expense.

Guarantee reserve
A provision is reported when the underlying product or service has been sold. The guarantee provision is calculated on the basis of previous years' guarantee expenditure and of forecast future guarantee commitments.

Restructuring reserve
A provision is reported when a detailed restructuring plan has been adopted and the restructuring has either started or been announced publicly.

Remuneration of employees
Pension commitments
The Group's pension costs are reported in full under the heading remuneration of employees in the profit and loss account.

In defined contribution plans, the company pays fixed contributions to a separate legal entity and has no commitment to pay additional contributions. The Group's profit is charged for costs as the benefits are earned.

In defined benefit pension plans there is stated the amount for the pension benefit an employee receives after retirement. This is usually based on one or several factors such as age, period of service and salary. The Group carries a risk of ensuring that the payments undertaken are made. The defined benefit pension plans are both funds invested in various pension plans and floating debts. Where the funds are invested, the assets which belong to the plans are separated from the Group's assets in externally managed funds. These managed assets can only be used to pay benefits in accordance with the pension agreements.

In the balance sheet is reported the net of the calculated current value of the commitments and the actual value of the managed assets, either as a provision or a long-term financial receivable. Where a surplus in the plan cannot be utilised in full, only the portion of the surplus which the company can recover through reduced contributions or repayments is reported. Set-off against a surplus in a plan against a deficit in another plan is only made if the company has the right to utilise a surplus in one plan to regulate a deficit in another plan, or if the commitments are intended to be settled on a net basis.

The pension cost and the pension commitment for the defined benefit pension plans is calculated in accordance with the projected unit credit method. The method distributes the cost for pensions in step with the employees carrying out services for the company which increase their right to future compensation. The company's commitment is based on calculations by independent actuaries. The commitment consists of the current value of the anticipated future payments. The actuarial calculations are based on assumptions about discount rates, anticipated return on plan assets, future salary increases, inflation and demographic conditions. The most important actuarial assumptions are stated in Note 28.

When determining the current value of the commitment and the actual value of the managed assets, actuarial profits and losses could arise. These arise either because the actual outcome is different from the previous assumption or because assumptions change. The actuarial profits and losses are reported direct in other comprehensive income as they arise. Costs for previous employment are reported immediately. Interest expenses and the anticipated return on plan assets is reported net as an income/expense by applying the discount rate, which is used to discount the pension commitment included in the consolidated pension provision. Costs for the year's earning and net income/expense are reported in the operating result.

Commitments for retirement pension and family pension for salaried employees in Sweden are secured through insurance in Alecta. This is a defined benefit plan which comprises several employers. As the Group has not had access to information which makes it possible to report this scheme as a defined benefit plan, this plan is, therefore, reported as a defined contribution plan.

Payments on termination of employment
A provision in connection with termination of employment of staff is only reported if the company is demonstrably obliged to end an employment before the normal date or when payments are made as an offer to encourage voluntary termination. When the company needs to make staff redundant, a detailed plan is prepared which contains at least work location, positions and the approximate number of people involved, as well as payments for each staff category or position and the time for the implementation of the plan.

Variable remuneration
Variable remuneration of Senior Executives is reported in Note 6. The variable remuneration is decided annually by the Beijer Ref AB Board of Directors and can amount to not more than six months' salary. In addition, there is a three-year incentive scheme which can give up to four months' salary per annum. The variable remuneration is based on qualitative and quantitative target fulfilment. Otherwise, variable remuneration of employees in addition to senior executives exists only to a limited extent. Remuneration is reported in the period when the legal commitment arises.

Revenues
Revenue recognition is made in the profit and loss account when it is probable that the future financial benefits will accrue to the company and these benefits can be calculated in a reliable way. The revenues include only the gross inflow of financial benefits the company receives or can receive on its own account. Income on sale of goods is reported as income when the company has transferred the significant risks and benefits linked with the ownership of the goods and the company does not exercise any real control over the goods sold. The revenues are reported at the actual value of what has been received or will be received with a deduction for VAT, made discounts and returned goods. Income from services is reported in the period they have been carried out. The criteria for revenue recognition are applied to each transaction per se. Payments in the form of interest, commission and dividend are reported as income when it is probable that the financial benefits linked with the transaction accrue to the company and that they can be calculated in a reliable way. Interest income is reported as revenue distributed over the duration by application of the effective rate method. Dividend income is reported when the right to receive payment has been determined.

Leasing – lessees
In the consolidated accounts, leasing is classified either as financial or operational leasing. Financial leasing exists when the financial risks and benefits linked with the ownership have been essentially transferred to the lessee. If this is not the case, it is a matter of operational leasing. Operational leasing means that the leasing charge is written off over the duration with the use as a starting point, which can differ from what has de facto been paid as a leasing charge during the year. No significant financial lease contracts exist. See Note 9.

Hedge reporting
The Group applies hedge reporting for financial instruments aimed at hedging the following financial risks: future commercial cash flows in future interest payments relating to the Group's borrowing and net investments in operations abroad. When the transaction is entered into the relation between the hedging instrument and the hedged item is documented or the transaction as well as the objective of the risk handling and the strategy for taking different hedging actions. The Group also documents its assessment, both at the start of the hedging and current, as to whether the derivative instruments used in the hedging transaction are effective with regard to mitigating changes in actual value or cash flow for hedged items.

Hedgings are designed to ensure that they can be expected to be effective. Changes in actual value for derivative instruments which do not meet the conditions for hedge reporting are reported immediately in the profit and loss account. The Group raises interest derivatives to hedge the desired interest level on the Group's net debt. Amounts to be paid or received in accordance with interest derivatives are reported on a current basis as interest income or interest expense. Changes in actual value on the hedging instrument are reported in the total result until the maturity date. An ineffective part, if any, is reported immediately in the profit and loss account. If the borrowing and, therefore, future interest payments no longer exist, the accumulated profit or loss reported in the total result is immediately transferred to the profit and loss account.

Translation of foreign currency
Functional currency and reporting currency
Items included in the financial reports for the different units in the Group are valued in the currency used in the financial environment in which the respective company mainly operates (functional currency). In the consolidated accounts SEK is used, which is the parent company's functional currency and reporting currency.

Transactions and balance sheet items
Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates applicable on the date of transaction. Exchange gains and losses, which arise on payment of such transactions and on the translation of monetary assets and liabilities in foreign currency at the balance sheet date rate, are reported in the profit and loss account.

Group companies
Results and financial position for all Group companies (none of which have a high inflation currency), which have functional currency other than the reporting currency, are translated into the Group's reporting currency as follows:

- assets and liabilities for each balance sheet are translated at the balance sheet date rate,
- income and expenses for each profit and loss account are translated at the average exchange rate and
- all exchange rate differences which arise are reported as a separate component in 'Other comprehensive income'.

On consolidation, the year's exchange rate differences, which arise as a result of translation of net investments in foreign operations and of borrowing and other currency instruments which have been identified as hedgings of such investments, are reported as a component in 'Other comprehensive income' and accumulated among reserves in shareholders' equity. On the divestment of a foreign operation, such exchange rate differences are reported as a part of the capital gain/loss in the profit and loss account.

Goodwill and adjustments of actual value which arise on the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the balance sheet date rate. The arisen exchange rate differences are reported as a separate component in 'Other comprehensive income'.

Dividends
Dividend to the parent company's shareholders is reported as liability in the Group's financial reports in the period when the dividend is approved by the parent company's shareholders.

Related parties transactions
Information about the Board of Directors', the President's and other senior executives' salaries and other remuneration, costs and obligations relating to pensions and similar benefits, agreements made relating to severance pay is outlined in Note 6. Other transactions with related parties appear in Note 33.

Parent company reporting principles

The parent company's financial reports have been prepared in accordance with the Annual Accounts Act and RFR 2. Financial instruments are reported on accordance with the exception in RFR 2, i.e. IAS 39 is not applied. Financial instruments are instead reported with a basis in acquisition values in accordance with the Annual Accounts Act.

In its financial reports, the parent applies the company International Financial Reporting Standards (IFRS) which have been approved by the EU when this is possible within the framework of the Annual Account Act and taking into account the relationship between reporting and taxation.

Subsidiaries
In the parent company's accounts are reported participations in subsidiaries at acquisition value with a deduction for write-downs, if any. As dividend from subsidiaries is only reported a dividend received from profits earned after the acquisition.

Group contributions
Group contributions which the parent company receives from subsidiaries are reported as appropriations.

3 Financial risk handling

Financial risks
Through its operations, the Group is exposed to a large number of different financial risks, inclusive of the effects of changes in prices in the loan and capital markets, exchange rates and interest rates. The Group's overall risk-handling programme focuses on the unpredictability in the financial markets and strives to minimise potential unfavourable effects on the Group's results. The risk handling is managed by a central finance department (Group Finance) in accordance with principles approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operational units. The Board of Directors formulates principles for both the overall risk handling and for specific areas such as currency risks, interest risks, and investment of surplus liquidity.

Financial instruments by category in the Group

The reporting principles for financial instruments have been applied as below:

31/12 2016	Loan receivables and trade debtors	Financial assets available for sale	Total
Assets in the balance sheet			
Financial assets available for sale		24 844[1]	24 844
Trade debtors and other receivables	1 916 067		1 916 067
Liquid funds	342 080		342 080
Total	2 258 147	24 844	2 282 991

	Other financial liabilities	Total
Liabilities in the balance sheet		
Borrowing	1 566 064	1 566 064
Bank overdraft facilities	466 524	466 524
Trade creditors and other liabilities	1 534 042[2]	1 534 042
Total	3 566 630	3 566 630

1) Financial assets available for sale are valued in accordance with level 3. See Note 21.
2) Includes hedging instruments amounting to 0 valued in accordance with level 2, the year's influence on comprehensive income amounts to 1,008.

31/12 2015	Loan receivables and trade debtors	Financial assets available for sale	Total
Assets in the balance sheet			
Financial assets available for sale		85 954[1]	85 954
Trade debtors and other receivables	1 739 155		1 739 155
Liquid funds	347 684		347 684
Total	2 086 839	85 954	2 172 793

	Other financial liabilities	Total
Liabilities in the balance sheet		
Borrowing	1 293 905	1 293 905
Bank overdraft facilities	429 326	429 326
Trade creditors and other liabilities	1 379 699[2]	1 379 699
Total	3 102 930	3 102 930

1) See Note 21.
2) Includes hedging instruments amounting to 1,293 valued in accordance with level 2 which after tax amounts to 1,008, of which the year's influence on comprehensive income amounts to 1,910.

Market risk

Currency risks

The Group is exposed to transaction risks on acquisitions/sales and financial transactions in foreign currency. The majority of the sales are made in the local currency of the respective subsidiary, only around one per cent (2) is made in another currency whilst approximately 22 per cent (28) of purchases are made in a currency other than the respective local currency. The currency exposure relating to purchases is primarily in EUR and USD. In order to handle these risks, quotations and price lists usually contain a currency clause and continual price adjustments are made on a par with changed purchasing prices caused by, among other things, exchange rate fluctuations.

A weakened SEK of 10 per cent against the EUR relating to product transactions involves a change in the profit margin of approximately -3.3 (-1.4) percentage points. The correspondent weakening against the USD gives a change in the profit margin of -3.1 (-0.4) percentage points.

On translation to the Group currency, SEK, the Group is exposed to a translation risk. This type of currency risk is not hedged. In some cases, however, an equity hedge is set up. The arisen exchange rate difference compared with the previous year is shown in Note 15. On the balance sheet date, the Group had no outstanding forward exchange agreements of a significant nature for which actual value shall be reported. The effect of an SEK strengthened by 10 per cent against all currencies would influence the operating result by SEK -60M (-55) but only give a marginal percentage effect on the operating margin.

Interest risks

The Group's revenues and cash flow from operations are essentially independent of changes in market interest levels. The Group has no significant interest-bearing assets. The Group has a large focus on the current trend in interest rate and the question of possibly fixing the interest rate is under continuous consideration by the Beijer Ref AB's Board of Directors. Based on total borrowing in accordance with Note 26 at balance sheet date, an increase in the interest rate of one percentage point would result in an increased interest expense of SEK 20M (17) for the Group.

Credit risk

The Group has no significant concentration of credit risks. The Group adapts itself to local conditions in the respective market and works with local knowledge in order to ensure that sales of products are made to customers with an appropriate credit background. Due to the fact that the Group has of a large number of customers and transactions, the credit risk is kept at a low level.

Liquidity risk

The handling of liquidity risks is made with prudence as the starting point. This involves maintaining sufficient liquid funds, available financing and sufficient agreed bank overdraft facilities. On the balance sheet date, liquid funds including unutilised bank overdraft facilities totalled SEK 782M (751). In addition, there are limits granted by the Group's banks to cover the working capital requirement which may arise. Further information is presented in Note 26.

Below is shown the Group's duration analysis of the liabilities which are classified as financial liabilities. The amounts stated are in contractual undiscounted cash flows.

Capital risk

The Group's objective relating to the capital structure is to secure the Group's ability to continue its operation in order to enable it to generate a return for its shareholders, whilst the capital structure is kept at an optimum in order to keep the capital costs down. In order to change the capital structure, for example, the dividend can be changed, new shares issued or assets sold to reduce the liabilities.

The capital risk is measured as debt ratio, which means interest-bearing liabilities reduced by liquid funds in relation to shareholders' equity.

Group	**2016**	**2015**
Interest-bearing liabilities	2 157 402	1 831 425
Liquid funds	-342 080	-347 684
Net debt	1 815 322	1 483 741
Shareholders' equity	2 967 257	2 634 192
Debt ratio	0,61	0,56

Duration analysis 2016-12-31 **Financial instruments**	**0-3 months**	**3-6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**> 5 years**
Borrowing inclusive of interest payments	5 761	6 843	480 089	17 882	1 583 308	
Trade creditors and other long-term liabilities	1 036 921	79 282	15 451	25 309	3 767	14 214
Total	**1 042 682**	**86 125**	**495 540**	**43 191**	**1 587 075**	**14 214**

Duration analysis 2015-12-31 **Financial instruments**	**0-3 months**	**3-6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**> 5 years**
Borrowing inclusive of interest payments	15 170	7 051	443 418	17 566	1 317 997	
Trade creditors and other long-term liabilities	910 786	77 508	52 946	23 186	18 135	11 370
Total	**925 956**	**84 559**	**496 364**	**40 751**	**1 336 132**	**11 370**

4 Important estimates and assessments for reporting purposes

The Corporate Management and the Board of Directors make assessments and assumptions about the future. These assessments and assumptions influence reported assets and liabilities, as well as revenues and costs, and other given information. These assessments are based on historic experiences and the different assumptions deemed to be reasonable under current circumstances. Conclusions drawn by these means form the foundation for decisions relating to reported values of assets and liabilities where these cannot be determined through other information. Areas which include such assessments and assumptions which can significantly influence the Group's result and financial position include:

- The examination of the need for a write-down of goodwill and other assets with an indefinite useful life: The need for a write-down of goodwill is examined annually in connection with the annual accounts or as soon as changes indicate that a need for a write-down should exist, such as a changed business climate or a divestment or closure of an operation. A write-down is made if the reported value exceeds the estimated value in use. See also Note 2 and Note 18. The Group's goodwill amounts to approximately 39 per cent of the Group's equity.

- Other tangible and intangible assets are reported at acquisition value with a deduction for accumulated depreciation and write-downs, if any. Intangible assets with an indefinite useful life are included in the annual examination of the need for a write-down, see above. Depreciation is made over the estimated useful life down to an assessed residual value. The reported value of the Group's fixed assets is examined as soon as changed circumstances show that there is a need for a write-down. The value in use is measured as anticipated future discounted cash flow, primarily from the cash-generating unit to which the asset belongs but, in specific cases, also in relation to individual assets. An examination of the reported value of an asset also arises in connection with a decision having been taken about a close-down. The asset is taken up at the lowest of the reported value and the actual value after a deduction for selling expenses. Tangible and intangible assets except goodwill amount to approximately 27 per cent of the Group's equity.

- Calculation of deferred tax asset and tax liability respectively: Assessments are made to determine both current and deferred tax assets or liabilities, especially with regard to deferred tax assets. In this connection, the likelihood that the deferred tax assets will be utilised for settlement against future taxable profits is assessed. The actual value of these future taxable profits can differ with regard to future business climate and earning capacity or changed fiscal regulations. See also Note 27.

5 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 segments reporting for the regions contains the profit and loss account up to and including operating profit, working capital, depreciation and investments. The working capital included inventories, trade debtors and trade creditors and is based on an average of the four quarters of the year. Investments are reported in the segment where the asset is found and consists of the year's investments, including investments from acquisition of companies.

12 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
Sales	1 406	1448	2 564	2 247	3 665	3 519	359	343	771	800	1 005	673	9 769	9 030
Internal sales	-78	-84	-203	-177	-319	-315	-15	-14	-53	-47	-57	-31	-725	-670
Net sales	1 329	1 363	2 360	2 069	3 346	3 204	344	329	718	753	948	642	9 045	8 360
Result by operation	122	154	128	94	230	224	26	23	65	72	66	47	637	615
Undistributed costs													-44	-47
Operating profit													**593**	**567**
Financial net													-33	-42
Tax													-161	-152
Net profit													**399**	**373**
Working capital, average for the period	415	422	678	646	998	962	143	140	289	290	342	256	2 865	2 716
Depreciation	16	16	31	28	18	17	4	4	3	2	6	3	76	69
Investments	12	12	53	24	12	16	1	2	5	3	13	3	96	59

Net sales in Sweden amount to approximately SEK 334M (341). The individually significant country is France where net sales amount to approximately SEK 2,048M (2,035). Total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 73M (49) in Sweden. The individually significant countries are France and Switzerland where total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 488M (465) and SEK 303M (287) respectively.

6 Employees and remuneration of employees

Average number of employees	2016		2015	
Parent Company	Total	of whom men	Total	of whom men
Sweden	14	64%	10	60%
Total in Parent Company	**14**	**64%**	**10**	**60%**
Subsidiaries	Total	of whom men	Total	of whom men
France	483	82%	483	97%
South Africa	389	86%	383	86%
United Kingdom	268	76%	208	77%
Italy	199	82%	180	82%
The Netherlands	176	84%	170	79%
Spain	131	79%	120	75%
Sweden	87	89%	85	82%
Norway	102	88%	112	88%
Switzerland	75	75%	76	75%
Denmark	76	71%	74	78%
Thailand	125	45%	115	42%
Germany	70	86%	61	87%
Poland	43	81%	41	83%
Finland	40	80%	39	79%
Hungary	25	84%	30	80%
Romania	25	64%	24	67%
Belgium	22	86%	21	86%
Czech Republic	11	82%	12	83%
Mozambique	9	78%	9	78%
Ghana	2	100%	2	100%
Estonia	7	86%	7	86%
Ireland	9	67%	11	73%
Lithuania	8	75%	7	71%
Latvia	7	86%	7	86%
Zambia	6	100%	5	100%
Botswana	5	60%	5	60%
Slovakia	4	75%	4	75%
Namibia	4	100%	4	100%
New Zealand	116	81%	91	79%
Australia	84	89%	76	90%
India	22	95%	17	100%
Malaysia	23	61%	17	55%
Total in subsidiaries	**2 653**	**81%**	**2 496**	**74%**
Total Group	**2 667**	**81%**	**2 506**	**74%**

Salaries, other remuneration and social costs (sek k)	**2016** Salaries & other remuneration	Social costs	Total remuneration of employees	**2015** Salaries & other remuneration	Social costs	Total remuneration of employees
Parent company	22 191	10 495	32 686	18 459	9 463	27 922
of which pension costs [1]		3 901	3 901		3 587	3 587
Subsidiaries	983 342	237 751	1 221 093	951 890	202 988	1 154 878
of which pension costs		60 423	60 423		57 266	57 266
Group	**1 005 533**	**248 246**	**1 253 779**	**970 349**	**212 451**	**1 182 800**
of which pension costs [2]		**64 324**	**64 324**		**60 853**	**60 853**

1) Of the parent company's pension costs, SEK 1,427K (1,116) relate to the Board of Directors and the CEO.
2) Of the Group's pension costs, SEK 5,240K (5,322) relate to the Board of Directors and the CEO.

Benefits for senior executives

For 2016, a directors' fee of SEK 550K was paid to the Chairman and SEK 275K to each of the other Board Members with the exception of Board Members employed in the UTC group, to whom no remuneration has been paid. The Board consists of five men and two women (five men and two women). The CEO, Per Bertland, has received a salary, remuneration and other benefits amounting to SEK 5,889K (6,487), including a bonus payment of SEK 810K (1,688). An annual amount equivalent to 26 per cent of his gross salary is appropriated to a pension insurance scheme. The pension solution is contribution-based. The retirement age for the CEO is 65. Where notice of termination is given by the company, the CEO will receive 24 months' salary and the company will pay a pension insurance premium of 26 per cent. Notice of termination by the CEO is six months and does not trigger any severance pay. On new employment, there is no deduction of severance pay.

The Group's other senior executives, consists of three men (three men). Other senior executives consist of the CFO, the COO of Beijer Ref ARW and the COO of Beijer REF TOS. For further information about the senior executives, see pages 32. They received salary, remuneration and other benefits amounting to SEK 7,271K (8,094) including bonus payments of SEK 975K (2,052). Pension solutions to two of the senior executives are contribution-based and amount to 24 per cent of gross salary. The third senior executive has a defined benefit pension solution, the terms of which are based on rules and regulations in France. Where notice of termination is given by the by the company, the senior executives receive 12 months' salary.

A bonus payment is decided annually by the Board of Directors and can amount to up to six months' salary. In addition, there is a three-year incentive scheme which can give up to four months' salary per annum. The bonus payment is based on qualitative and quantitative target fulfilment.

The Board of Directors handles matters relating to remuneration of the senior executives on CEO and Executive Vice President level. The Board, as a whole, constitutes the Remuneration Committee. However, the CEO does not participate in decisions relating to his own remuneration. The matter is prepared during the first Board Meeting of the year and decided at the Board Meeting held in connection with the Annual Meeting of shareholders.

7 Other operating income

Group	2016	2015
Rents	4 229	3 815
Exchange gains	2 967	5 166
Capital gain	8 103	348
Commission	114	1 648
Other	23 971	7 963
Total	**39 384**	**18 940**

Parent company		
Group revenues	41 997	31 622
Rent	976	948
Exchange loss / gain	-46	113
Other	22	44
Total	**42 949**	**32 727**

8 Remuneration of auditors

Group	2016	2015
PwC		
Audit assignment	7 008	8 320
Audit business in addition to audit assignment	150	200
Tax consultancy	866	660
Other services	1 439	3 102
Total	**9 463**	**12 282**
Other auditors		
Audit assignment	932	1 205
Tax consultancy	113	310
Total	**1 045**	**1 515**
Total	**10 508**	**13 797**

Parent company		
PwC		
Audit assignment	860	820
Audit business in addition to audit assignment	150	200
Tax consultancy	—	61
Other services	694	521
Total	**1 704**	**1 602**

9 Lease contracts

Group	2016	2015
The year's leasing cost	187 212	147 725
Leasing charge which falls due		
- within 1 year	155 389	142 494
- within 1-5 years	388 454	294 638
- later than 5 years	90 070	79 039

The above amounts mainly relate to operational lease contracts for premises, but leasing charges for cars, trucks and office equipment are also included. The lease contracts run with customary index clauses and the car contracts run with normal interest terms.

10 Results of participations in Group companies

Parent company	2016	2015
Dividends received, Group companies	236 259	173 455
Capital result from sold participations in Group companies	-10 946	-12 929
Write-down of partipication in Group companies	—	-32 758
Total	**225 313**	**127 768**

11 Financial income

Group	2016	2015
Interest income	2 971	2 946
Exchange gain	—	1 976
Other financial income	24	769
Total	**2 995**	**5 691**

Parent company		
Interest income, Group companies	35 829	27 515
Interest income, external	—	4
Exchange gain	—	34 416
Total	**35 829**	**61 935**

12 Financial expenses

Group	2016	2015
Interest expenses	-32 977	-40 855
Exchange loss	-1 780	-6 007
Other	-1 082	-1 133
Total	**-35 839**	**-47 995**

Parent company		
Interest expenses, Group companies	-1 021	-1 361
Interest expenses, external	-25 899	-26 852
Exchange loss	-4 067	—
Write-down of financial assets available for sale	-7 080	—
Other	—	-1 463
Total	**-38 067**	**-29 676**

13 Appropriations

Parent company	2016	2015
Group contribution	31 813	8 447
Difference between book depreciation and depreciation according to plan		
– Equipment, tools and installations	—	44
Total	**31 813**	**8 491**

14 Tax on the year's profit

Group	2016	2015
Current tax	-144 344	-138 727
Deferred tax (Note 27)	-17 042	-12 956
Tax on the year's profit	**-161 386**	**-151 683**
Reconciliation of effective tax		
Profit before taxes	559 918	524 810
Tax expense calculated according to actual tax rate, 22% (22%)	-123 182	-115 458
Effect of different tax rates	-23 900	-31 932
Non-deductible costs	-19 621	-15 049
Non-taxable income	4 080	4 552
Tax attributable to previous years	196	1 084
Tax losses for which no deferred tax asset was recognised	8 434	4 146
Other*	-7 393	974
Net effective tax	**-161 386**	**-151 683**
Effective tax rate	28,8%	28,9%

*) Other consists of French tax (CVAE) and tax on dividend in France.

Deferred tax expense in other comprehensive income amounts to SEK 2,636K (7,044) and relates to cash flow hedging -284K (-539) and pension provisions 2,920K (7,583).

Parent company		
Current tax	-7 609	-3 899
Deferred tax (Note 27)	—	-1 353
Tax on the year's profit	**-7 609**	**-5 252**
Reconciliation of effective tax		
Profit before taxes	252 568	153 510
Tax expense calculated according to actual tax rate, 22% (22%)	-55 565	-33 772
Non-deductible costs	-3 813	-10 113
Non-taxable income	51 769	38 160
Tax losses for which no deferred tax asset was recognised	—	473
Net effective tax	**-7 609**	**-5 252**
Effective tax rate	3,0%	3,4%

15 Currency effect in result

Group	2016	2015
Currency effect in operating profit	2 967	5 166
Currency effect in financial income and expenses	-1 780	-4 029
Currency effect in profit after tax	**1 187**	**1 137**
Parent company		
Currency effect in operating profit	-46	113
Currency effect in financial income and expenses	-4 067	34 416
Currency effect in profit after tax	**-4 113**	**34 529**

16 Profit per share

	2016	2015
Profit attributable to the parent company's shareholders	388 843	366 280
Weighted average number of outstanding shares	42 391 030	42 391 030
Profit per share, sek *	9,17	8,64

*) No dilution exists

17 Dividend per share

Dividends paid during 2016 and 2015 amounted to SEK 222,553K (SEK 5.25 per share) and SEK 211,955K (SEK 5.00 per share) respectively.

A dividend of SEK 5.50 per share for 2016, SEK 233,151K in total, will be proposed at the Annual Meeting of shareholders on 6 April 2017.

18 Intangible fixed assets

CAPITALISED EXPENDITURE FOR SOFTWARE

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	126 241	115 721
Acquisitions during the year	20 473	11 630
Acquisition of companies	—	1 910
Divestments and disposals	—	-11
Reclassification	-1 256	1 336
The year's translation differences	7 557	-4 345
Total	**151 759**	**126 241**
Accumulated amortisation		
On 1 January	-96 883	-90 010
The year's amortisation	-11 252	-8 848
Acquisition of companies	—	-1 415
Divestments and disposals	—	11
Reclassification	1 652	—
The year's translation differences	-5 154	3 379
Total	**-111 637**	**-96 883**
RESIDUAL VALUE	40 122	29 358

CAPITALISED EXPENDITURE FOR RESEARCH AND DEVELOPMENT, ETC

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	4 800	4 329
Acquisitions during the year	1 313	533
The year's translation differences	188	-62
Total	**6 301**	**4 800**
Accumulated amortisation		
On 1 January	-2 334	-1 940
The year's amortisation	-543	-375
The year's translation differences	-56	-19
Total	**-2 933**	**-2 334**
RESIDUAL VALUE	3 368	2 466

AGENCIES AND CUSTOMER LISTS

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	528 110	523 209
Acquisitions during the year	275	661
Acquisition of companies	10 225	7 522
Reclassification	-559	—
The year's translation differences	3 544	-3 282
Total	**541 595**	**528 110**
Accumulated amortisation		
On 1 January	-67 690	-53 290
The year's amortisation	-15 314	-14 416
Acquisition of companies	—	-645
The year's translation differences	-896	661
Total	**-83 900**	**-67 690**
RESIDUAL VALUE	457 695	460 420

GOODWILL

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	995 734	963 178
Acquisition of companies	86 876	61 294
Reclassification	559	—
The year's translation differences	59 577	-28 738
RESIDUAL VALUE	1 142 746	995 734

The recoverable amount for a cash-generating unit is determined based on calculations of value of use. These calculations are based on estimated future cash flows which, in turn, are based on financial budgets approved by the Executive Management for the immediate year. Thereafter, estimates have been made by the business area's management, which have been approved by the Executive Management, and which cover a five-year period. Cash flows beyond the five-year period are calculated based on maintained profitability and no growth. The most important variables for the calculation of value of use are operating margin and growth. These are estimated based on sector experience and historic experience.

The discount rate before tax has been determined with the aid of current tools for the calculation of the yield requirements on capital and the weighted average of the yield requirement on the company's total capital. The discount rate has been adapted to the respective segment based on an overall assessment consisting of operating margin and size of segment. The discount rate varies from 7.75 per cent (7.27) up to a maximum of 8.25 per cent (8.27). Calculated on the recoverable amount, it demonstrates a prudent safety margin of 19-70 per cent (39-165) in addition to the recorded value per segment.

Sensitivity analyses have been made for all segments. These show a prudent margin between recoverable values and book values. The sensitivity analysis shows that an increase in the discount rate by one percentage point gives a margin between the recovery value and the book value per segment of 5-52 per cent (22-137). A sensitivity analysis relating to growth shows that at 0 per cent growth leads to a reduction in the recovery value of one per cent (2). On a sensitivity analysis of the operating margin with minus one percentage point per segment, it gives a margin in the range of 10-49 per cent (17-120).

The calculations show that there is no need for a write-down.

GOODWILL PER SEGMENT	**2016**	**2015**
Nordic countries	411 411	391 818
Central Europe	295 905	208 520
Southern Europe	265 969	253 423
Eastern Europe	10 690	10 135
Africa	72 257	60 044
Asia Pacific	86 514	71 794
Total	**1 142 746**	**995 734**

TOTAL INTANGIBLE FIXED ASSETS

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	1 654 885	1 606 437
Acquisitions during the year	22 061	12 824
Acquisition of companies	97 101	70 726
Divestments and disposals	—	-11
Reclassification	-1 256	1 336
The year's translation differences	70 866	-36 427
Total	**1 842 401**	**1 654 885**
Accumulated amortisation		
On 1 January	-166 907	-145 240
The year's amortisation	-27 109	-23 639
Acquisition of companies	—	-2 060
Divestments and disposals	—	11
Reclassification	1 652	—
The year's translation differences	-6 106	4 021
Total	**-198 470**	**-166 907**
RESIDUAL VALUE	1 643 931	1 487 978

CAPITALISED EXPENDITURE FOR SOFTWARE

Parent company

Accumulated acquisition values	**2016**	**2015**
On 1 January	4 002	1 991
Acquisitions during the year	2 028	2 011
Total	**6 030**	**4 002**
Accumulated amortisation		
On 1 January	-2 071	-1 756
The year's amortisation	-658	-315
Total	**-2 729**	**-2 071**
RESIDUAL VALUE	3 301	1 931

19 Tangible fixed assets

BUILDINGS AND LAND

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	219 747	226 245
Acquisitions during the year	3 551	1 238
Acquisition of companies	47 977	—
Divestments and disposals	-11 543	—
The year's translation differences	5 123	-7 736
Total	**264 855**	**219 747**

Accumulated depreciation		
On 1 January	-101 228	-98 136
The year's depreciation	-5 147	-5 391
Acquisition of companies	-27 852	—
Divestments and disposals	1 504	—
The year's translation differences	-382	2 299
Total	**-133 105**	**-101 228**
RESIDUAL VALUE	131 750	118 519

MACHINERY AND OTHER TECHNICAL PLANT

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	89 559	84 594
Acquisitions during the year	19 491	6 657
Acquisition of companies	31 507	5 886
Divestments and disposals	-123	-637
Reclassification	1 241	-183
The year's translation differences	7 269	-6 758
Total	**148 944**	**89 559**

Accumulated depreciation		
On 1 January	-58 245	-55 940
The year's depreciation	-8 069	-5 914
Acquisition of companies	-30 558	-1 218
Divestments and disposals	85	637
Reclassification	-177	183
The year's translation differences	-4 482	4 007
Total	**-101 446**	**-58 245**
RESIDUAL VALUE	47 498	31 314

EQUIPMENT, TOOLS AND INSTALLATIONS

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	470 063	429 876
Acquisitions during the year	34 829	38 142
Acquisition of companies	42 807	19 413
Divestments and disposals	-14 225	-7 914
Reclassification	238	406
The year's translation differences	5 505	-9 860
Total	**539 217**	**470 063**

Accumulated depreciation		
On 1 January	-344 177	-314 414
The year's depreciation	-37 638	-34 366
Acquisition of companies	-42 056	-8 312
Divestments and disposals	12 632	6 759
Reclassification	-510	-492
The year's translation differences	-3 334	6 648
Total	**-415 083**	**-344 177**
RESIDUAL VALUE	124 134	125 886

CONSTRUCTION IN PROGRESS

Group	**2016**	**2015**
On 1 January	930	1 703
Accrued expenses during the year	3 201	525
Reclassification	-1 188	-1 250
The year's translation differences	57	-48
RESIDUAL VALUE	3 000	930

TOTAL TANGIBLE FIXED ASSETS

Group

Accumulated acquisition values	**2016**	**2015**
On 1 January	780 299	742 418
Acquisitions during the year	74 038	46 562
Acquisition of companies	122 291	25 299
Divestments and disposals	-38 857	-8 551
Reclassification	291	-1 027
The year's translation differences	17 954	-24 402
Total	**956 016**	**780 299**

Accumulated depreciation		
On 1 January	-503 650	-468 490
The year's depreciation	-50 854	-45 671
Acquisition of companies	-100 466	-9 530
Divestments and disposals	14 221	7 396
Reclassification	-687	-309
The year's translation differences	-8 198	12 954
Total	**-649 634**	**-503 650**
RESIDUAL VALUE	306 382	276 649

BUILDINGS AND LAND

Parent company

Accumulated acquisition values	**2016**	**2015**
On 1 January	5 875	—
Added through merger	—	5 875
Total	**5 875**	**5 875**

Accumulated depreciation		
On 1 January	-3 589	—
The year's depreciation	-125	-125
Added through merger	—	-3 464
Total	**-3 714**	**-3 589**
RESIDUAL VALUE	2 161	2 286

EQUIPMENT, TOOLS AND INSTALLATIONS

Parent company

Accumulated acquisition values	**2016**	**2015**
On 1 January	5 582	4 435
Acquisitions during the year	292	58
Added through merger	—	1 089
Total	**5 874**	**5 582**

Accumulated depreciation		
On 1 January	-2 150	-662
The year's depreciation	-386	-409
Added through merger	—	-1 079
Total	**-2 536**	**-2 150**
RESIDUAL VALUE	3 338	3 432

20 Participations in Group companies

Parent company	2016	2015
On 1 January	2 151 539	1 147 739
Added through merger	—	936 235
Acquisitions	10 463	81 220
Reclassification	26 007	—
Reduction of share capital	-145 721	-32 758
Shareholders contribution	84 782	19 103
Book value of shares in Group companies	**2 127 070**	**2 151 539**

Specification of the parent company and the Group holdings of shares and participations in Group companies

Owned by the parent company	Company ID No.	Registered office	Direct share of capital, % [1]	Indirect share of capital, % [1]	Book value 2016	Book value 2015
G & L Beijer Förvaltning AB	556020-8935	Malmö	100		7 418	7 418
GFF SA	552130296	Lyon	100		611 643	611 643
Delmo SA	49360517	Villeurbaunne	100		111 226	111 226
Kylma AB	556059-7048	Solna	100		7 637	7 637
Fastighets AB Asarum 40:196	556072-3289	Malmö	100		11 551	11 551
SCM Ref AB	556546-2412	Alvesta	100		2 480	2 480
Clima Sverige AB	556314-6421	Ängelholm	100		500	500
H. Jessen Jürgensen AB	556069-2724	Gothenburg	100		360	360
G & L Beijer A/S	56813616	Ballerup	100		142 552	142 552
OY Combi Cool AB	5999255	Helsinki	100		561	561
Schlösser Möller Kulde AS	914492149	Oslo	100		14 292	14 292
Ecofrigo AS	894871172	Moss	100		27 322	27 322
Børresen Cooltech AS	918890025	Oslo	100		7 811	7 811
Külmakomponentide OÜ	10037180	Tallinn	100		325	325
Max Cool SIA	344341	Riga	100		29	29
UAB Beijer Ref, Lithuania	1177481	Vilnius	100		2 836	2 836
Coolmark B.V.	24151651	Barendrecht	100		84 284	84 284
Uniechemie B.V.	8032408	Apeldoorn	100		27 667	27 667
Werner Kuster AG	280.3.001.874-3	Frenkendorf	100		27 716	27 716
Charles Hasler AG	020.3.911.192-5	Regensdorf	100		140 252	140 252
Dean & Wood Ltd	467637	Leeds	100		109 153	109 153
RW Refrigeration Wholesale Ltd	3453694	Leeds	100		6 548	6 548
DWG Refrigeration Wholesale Ltd	299353	Dublin	100		5 159	5 159
Equinoxe Kft	01-09-163446	Budapest	100		5 409	5 409
Beijer Ref Romania s.r.l.	J35-2794-29	Timisoara	100		3 127	3 127
Beijer Ref Slovakia s.r.o	36551856	Nové Zámky	100		158	0
Beijer Ref Czech s.r.o	16734874	Plzen	100		1 161	1 161
ECR Italy SpA	728980152	Milan	100		28 797	28 797
Frigoram Commerciale SpA	7202290156	Milan	100		30 805	30 805
SCM Frigo S.p.A.	04342820281	Padua	100		143 038	143 038
ECR Belgium BVBA	0807.473.926	Aartselaar	100		23 200	23 200
Beijer ECR Iberica S.L	ES B85608925	Madrid	100		20 669	20 669
Cofriset	961500261	Lyon	100		163 101	163 101
Beijer Ref Deutschland GmbH	HRB195155	Munich	100		131 226	120 227
Metraclark South Africa (Pty) Ltd	2008/016731/07	Johannesburg	100		60 435	173 097
Beijer B.Grimm (Thailand) Ltd	105537024313	Bangkok	49		8 366	8 366
Beijer Ref Holdings Ltd, NZ	5654928	Auckland	100		48 161	81 220
Beijer Ref Holdings AU Pty Ltd	607082379	Victoria	100		73 625	0
HRP Holdings Ltd	393196	Leeds	100		36 470	0
Bolag som ägs av koncernen						
H. Jessen Jürgensen A/S	16920401	Ballerup		100		
Armadan A/S	16920436	Ballerup		100		
BKF-Klima A/S	18297094	Ballerup		100		
TT-Coil A/S	19509519	Ballerup		100		
Air-Con Teknik A/S	49360517	Ebeltoft		100		
TT-Coil Norge AS	947473697	Mysen		100		
ECR Nederland B.V.	17014719	Nuenen		100		
Paulus Schweiz AG	280.3.017.001-9	Frenkendorf		100		
Phoenix Racks (Pty) Ltd	1999/025734/07	Centurion		100		
Metraclark LDA	100248697	Cidade de Maputo		100		
Metraclark Refrigeration and AC Wholesalers Namibia (Pty) Ltd	2008/992	Windhoek		100		
Scotcool Refrigeration Wholesales (Pty) Ltd	2003/5506	Gabarone		100		
Metraclark (Zambia) Limited	109483	Lusaka		51		
Eurocool (Pty) Ltd	2013/128289/07	Johannesburg		100		
TFD SNC	534687306	Saint Priest		100		
Beijer Ref Polska Sp.z o.o	206476	Warszaw		100		
G & L Beijer AB	556076-3442	Malmö		100		
G & L Beijer Ltd	SC38231	Glasgow		100		
SCM Ref SAS, France	811242882 R.C.S.	Lyon		100		
RNA Malaysia	224933-A	Kuala Lumpur		49		
Patton Ltd	92864	Auckland		100		
RealCold NZ Ltd	5735187	Auckland		100		
Patton Aero	0115550008521	Samutprakarn provine		100		
Patton Beijer Ref Australia Pty Ltd	133913283	Victoria		100		
Patton Refrigeration (India) Pvt Ltd	U29191DL2007PTC170816	New Delhi		100		
Mcdalea Pty Ltd	145801298	New South Wales		60		
Metjak Pty Ltd	120512610	Western Australia		60		
AC & Ref Parts CQ Pty Ltd	126029472	Queensland		60		
HRP Ltd	832237	Leeds		100		
Total Group					**2 127 070**	**2 151 539**

1) Share of capital corresponds with share of vote for the total number of shares, with the exception of Beijer B. Grimm (Thailand) Ltd and RNA Malaysia where share of vote amounts to 51 per cent.

21 Financial assets available for sale

Group	2016	2015
On 1 January	85 954	85 954
Reclassification	-61 110	–
On 31 December	**24 844**	**85 954**

Moderbolaget		
On 1 January	57 931	57 931
Reclassification	-26 007	–
Write-down	-7 080	–
On 31 December	**24 844**	**57 931**

The book value of holdings in unlisted shares amounts to SEK 25M (86). The holding relates to an 18 per cent holding in a Spanish refrigeration wholesale company. It has not been possible to calculate the actual value of these securities at 31 December 2016 in a reliable way and the valuation has, therefore, been made at the Group's acquisition value.

During the year, the remaining participations in the UK company, HRP, were acquired and have, therefore, been reclassified to Participations in Group companies, see Note 20.

None of the financial assets are deemed to be in need of a write-down. Financial assets available for sale are expressed in SEK.

22 Trade debtors and other receivables

Group	2016	2015
Trade debtors	1 559 224	1 394 679
Prepaid expenses and accrued income	117 662	115 750
Other receivables	239 181	228 726
Total	**1 916 067**	**1 739 155**
Minus long-term portion	-83 619	-72 607
Short-term portion	1 832 448	1 666 548

All long-term receivables mature within five years of the balance sheet date. Actual value of trade debtors and other receivables correspond with reported values. There is no concentration of credit risks relating to trade debtors as the Group has a large number of customers who, in addition, are spread internationally.

Age analysis	2016	2015
Non-matured receivables	1 174 835	1 012 232
Receivables due between 1-30 days	251 733	273 133
Receivables due between 31-60 days	74 701	61 653
Receivables due between 61-90 days	31 487	28 397
Receivables due >90 days	127 829	112 583
Total	**1 660 585**	**1 487 998**

Provisions for doubtful receivables	2016	2015
On 1 January	93 339	84 797
Costs for bad debt losses	-15 140	-17 512
Allocated during the period	23 150	26 054
On 31 December	**101 349**	**93 339**

23 Inventories

Group	2016	2015
Raw materials and supplies	89 846	68 740
Work-in-progress	31 932	21 774
Finished products and goods for resale [1]	2 362 267	1 890 539
Advances to suppliers	1 229	1 213
Total inventories	**2 485 274**	**1 982 266**
1) Of which reported to net sales value	28 573	35 357

24 Liquid funds

Liquid funds in the Group consist of cash and bank and amounted to SEK 342,080K (347,684).

25 Share capital

Number of shares	2016	2015
A shares with number of votes 10	3 306 240	3 306 240
B shares with number of votes 1	39 171 990	39 171 990
Total	**42 478 230**	**42 478 230**
Shares in own custody	-87 200	-87 200
Number of outstanding shares	**42 391 030**	**42 391 030**

Each share has a nominal value of SEK 8.75.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	155 439
Net profit for the year	244 959
Total	**1 302 002**

The Board of Directors and the President propose that the profit be distributed as follows:

Dividend, SEK 5.50 per share	233 151
To be carried forward	1 068 851
Total	**1 302 002**

26 Borrowing

Group	2016	2015
Long-term		
Bank loans	1 550 525	1 285 793
Total long-term	**1 550 525**	**1 285 793**
Current		
Bank overdraft facilities	466 524	429 326
Bank loans	15 539	8 112
Total current	**482 063**	**437 438**
Total borrowing	**2 032 588**	**1 723 231**

The Group's borrowing by currency is as follows:

	2016	2015
EUR	997 564	873 202
SEK	450 271	368 850
GBP	270 141	197 658
NZD	165 104	150 520
CHF	74 539	70 341
PLN	25 994	25 854
NOK	25 069	17 041
DKK	-12 197	-6 144
THB	24 587	18 309
Other currencies	11 515	7 600
Total	**2 032 588**	**1 723 231**

The Group's financial agreement runs until November 2019. The financial agreement includes all long-term bank loans and the majority of the reported overdraft facility. Of the current liabilities not included in the Group's financial agreement, the bank loans fall due within three months and the overdraft facilities are extended by three months at a time.

Parent Company	2016	2015
Long-term		
Bank loans	1 550 525	1 285 556
Long-term liabilities to Group companies	97 582	82 215
Total long-term	**1 648 107**	**1 367 771**
Current		
Bank overdraft facilities	451 565	414 066
Total current	**451 565**	**414 066**
Total borrowing	**2 099 672**	**1 781 837**

The Parent Company's borrowing by currency is as follows:

	2016	2015
EUR	1 089 731	946 163
SEK	450 271	368 850
GBP	270 141	197 658
NZD	165 104	150 520
CHF	74 539	70 341
PLN	25 994	25 854
NOK	8 457	7 585
DKK	-12 197	-6 144
THB	20 866	14 677
Other currencies	6 766	6 333
Total	**2 099 672**	**1 781 837**

All long-term loans are payable in full at maturity and run with a variable interest rate. All reported amounts for borrowing form a good approximation of their fair value.

All financial conditions, which we are obliged to report in accordance with the financial agreement, were fulfilled on 31 December 2016.

27 Deferred tax

	Amount on 2015 01-01	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2015 12-31	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2016 12-31
Group											
Deferred tax asset:											
Fixed assets	1 579	288	-723		40	1 184	1 844	2 382		122	5 532
Trade debtors	7 140	89	-187		-370	6 672		-3 331		344	3 685
Inventories	3 844	921	2 070		-367	6 468		606		595	7 669
Provision for pensions	18 720	228	-2 871	7 583	-577	23 083		-1 595	2 920	587	24 995
Other provisions	10 582	8 075	-1 413	-539	-595	16 110		1 119	-284	967	17 912
Loss carry forwards	69 264	575	-2 174		-2 763	64 902	9 861	-14 423		2 110	62 450
Set-off	-502		377			-125		-307			-432
Total deferred tax asset	**110 627**	**10 176**	**-4 921**	**7 044**	**-4 632**	**118 294**	**11 705**	**-15 546**	**2 636**	**4 725**	**121 811**
Deferred tax liabilities:											
Fixed assets	-62 844	-1 753	-7 260		1 089	-70 768	-2 174	-4 792		-1 745	-79 479
Inventories	-11 650		-398		218	-11 830		2 992		-598	-9 436
Set-off	502		-377			125		307			432
Total deferred tax liabilities	**-73 992**	**-1 753**	**-8 035**		**1 307**	**-82 473**	**-2 174**	**-1 496**		**-2 343**	**-88 483**
Deferred tax	**36 635**	**8 423**	**-12 956**	**7 044**	**-3 325**	**35 821**	**9 531**	**-17 042**	**2 636**	**2 381**	**33 328**

Deferred tax attributable to fixed assets, pension commitments and the major part of loss carry forward is expected to be utilised after 12 months. Otherwise, a duration of less than 12 months is expected. There is no time limit on the loss carry forward.

28 Pension commitments

Group	2016	2015
The amounts reported in the balance sheet have been calculated as follows:		
Current value of invested commitments [1]	264 609	229 818
Actual value of plan assets	-172 610	-152 593
Deficit in invested plans	**91 999**	**77 225**
Current value of uninvested commitments	32 815	30 969
Net liability in the balance sheet	**124 814**	**108 194**

1) 2016 value includes a liability for a direct pension of SEK 1,000K (1,090)

The change in the defined benefit obligation during the year is as follows:		
On 1 January	259 697	284 584
Costs for service during the current year	13 771	6 720
Costs for service during previous years	—	-8 087
Interest expense	3 406	4 193
Contributions from employees	5 185	7 404
Revaluation effects	14 888	33 376
Payments made	-7 941	-11 485
Settlement [2]	-130	-58 920
Other	-675	92
Translation difference	8 223	1 820
On 31 December	**296 424**	**259 697**

The change in the actual value of plan assets during the year are as follows:		
On 1 January	152 593	202 380
Interest income	1 800	2 682
Revaluation effects	-5	6 279
Contributions from the employer	10 824	651
Contributions from employees	5 185	7 407
Payments made	-7 485	-10 999
Settlement [2]	—	-58 920
Other	—	-207
Translation difference	9 697	3 320
On 31 December	**172 610**	**152 593**

2) Settlement of a pension scheme 2015 in Holland has been made for both assets and liabilities. No effect on the result has, therefore, arisen

The plan assets consist of the following:		
Invested with pension managers	141 409	125 067
Interest-bearing securities	19 699	16 676
Properties	3 124	3 077
Shares	2 169	2 286
Cash	1 478	1 398
Other	4 731	4 089
Total	**172 610**	**152 593**

The amounts reported in other comprehensive income are the following (revaluations):		
Actuarial (profit) or loss on the current value of the commitment	14 888	33 376
Return on plan assets excluding amounts included in the interest expence	5	-6 279
Total pension cost or (income)	**14 892**	**27 097**

Defined benefit plans
Within the Group there are several defined benefit plans, where the employees have a right to compensation after they have finished employment based on final salary and period of employment. The defined benefit plans exist in Switzerland, Italy, Holland, France, Norway and Sweden.

Pension insurance in Alecta
Commitments for retirement pension and family pension for salaried employees in Sweden are secured through insurance in Alecta. In accordance with the statement by the Swedish Financial Reporting Board, UFR 10, this is a benefit-based plan which comprises several employers. For the 2016 financial year, the company has not had access to information which makes it possible to report this scheme as a benefit-based plan. The pension plan in accordance with ITP, which is secured through insurance in Alecta, is, therefore, reported as a contribution-based plan. The year's contributions for pension insurance plans subscribed in Alecta amount to SEK 1.8M (2.5). Alecta's surplus can be distributed to the policy holders and/or the insured. At the 2016 year end, Alecta's surplus in the form of the collective consolidation level amounted to 149 per cent (153). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's insurance technical calculation assumptions which do not correspond with IAS 19.

The most important actuarial assumptions were the following:

		2016
	Holland	Switzerland
Discount rate, %	2.06	0.65

		2015
	Holland	Switzerland
Discount rate, %	2.57	0.75

The sensitivity in the defined benefit obligation for changes in the weighted significant assumptions is:

	Decrease in the obligation	Increase in the obligation
Holland		
Discount rate, +0.5%	-2 239	
Discount rate, -0.5%		1 674
Switzerland		
Discount rate, +0.5%	-5 415	
Discount rate, -0.5%		6 219

The above sensitivity analyses are based on a change in one assumption whereas all other assumptions are kept constant. In practice, it is unlikely that this occurs and changes in some of the assumptions can be correlated. On calculation of the sensitivity in the defined benefit obligation for significant actuarial assumptions, the same method is applied (the present value of the defined benefit with application of the projected unit credit method at the end of the reporting period) as on calculation of the pension provision which is reported in the report over financial position.

The composition of the defined benefit net obligation by country is reported below:

				2016
	Holland	Switzerland	Other	Total
Present value of the obligation	22 911	194 776	79 737	297 424
Fair value of plan assets	-9 267	-130 251	-33 092	-172 610
Total	**13 644**	**64 526**	**46 645**	**124 814**

				2015
	Holland	Switzerland	Other	Total
Present value of the obligation	12 592	174 369	73 826	260 787
Fair value of plan assets	-3 967	-119 129	-29 497	-152 593
Total	**8 625**	**55 240**	**44 329**	**108 194**

29 Other provisions

Group	2016	2015
Guarantee commitments	7 149	7 041
Other	40 403	26 701
Total	**47 552**	**33 742**
Long-term portion	24 135	15 428
Current portion	23 417	18 314
Total	**47 552**	**33 742**
Guarantee commitments		
Net value at the start of the period	7 041	9 053
Provisions made during the period	4 211	4 011
Amounts utilised during the period	-3 970	-5 672
Restored unutilised amount	-89	-152
Translation difference	-44	-199
Net value at the period end	**7 149**	**7 041**
Other provision		
Net value at the start of the period	26 701	26 257
Acquisitions of companies	6 394	346
Provisions made during the period	44 176	18 582
Amounts utilised during the period	-35 149	-11 304
Restored unutilised amount	-3 427	-5 356
Translation difference	1 708	-1 824
Net value at the period end	**40 403**	**26 701**

Guarantee reserve
A guarantee reserve is reported when the underlying product or service has been sold. The warranty provision is calculated on the basis of previous years' warranty expenditure and a calculation of the future guarantee risk.

Other provision
A provision, reported as other provision, consists largely of sales-related provisions such as bonus and commission.

30 Trade creditors and other liabilities

Group	2016	2015
Trade creditors	985 307	857 207
Advances from customers	6 697	2 830
Accrued expenses and prepaid income	375 415	322 243
Other current liabilities	166 623	197 419
Total	**1 534 042**	**1 379 699**

31 Contingent commitments/ Contingent liabilities

Group	2016	2015
Undertakings towards pension institutions	—	130
Total	**—**	**130**
Parent company		
Guarantees, SHB for the benefit of subsidiaries	1 670	1 606
Guarantees, Nordea	1 148	1 398
Guarantees, other	4 596	9 612
Guarantees, Group companies	—	130
Total	**7 414**	**12 746**
Guarantees for the benefit of Group companies	7 414	12 746
Total	**7 414**	**12 746**

The parent company's guarantee commitments are to banks for subsidiaries' credits.

32 Acquisitions of companies

2016

During the year, the remaining participations (56 per cent) of the UK refrigeration wholesale company, HRP Ltd, were acquired. HRP has been 44 per cent-owned since 2009 and has 14 branches around the United Kingdom. With the acquisition, Beijer Ref has strengthened its position in Europe and especially in the United Kingdom. During the first quarter, the UK Competition & Markets Authority (CMA) initiated an examination of the acquisition. Examination by the CMA is regularly made on acquisitions over a certain size or where there could be a risk that the acquired company can reach a market share in excess of 25 per cent. On 8 June, CMA announced that it has no objections to the transaction and the planned reconstruction work could, therefore, begin. HRP is included in the consolidated accounts as from June.

During the year, HRP Ltd has influenced the Group's net sales by approximately SEK 265M and operating profit by SEK 12M. At the start of 2016, the Group owned 44 per cent of the shares and votes in HRP. In accordance with IFRS 3, a revaluation to actual value shall be made of an existing holding when a controlling influence is achieved, which happened during 2016 in connection with the acquisition of the remaining 56 per cent of the shares and votes. In accordance with IFRS, the transaction price for the remaining equity participations normally serves as guidance on determination of actual value of existing participations. As the transaction has been made with a related party, valuation with a starting point other than the transaction price has been chosen. The acquisition costs amounted to approximately SEK 0,7M. Expected total annual sales will amount to approximately SEK 450M. The acquisition analysis is preliminary and some balance sheet items, such as inventory value and deferred tax, could be changed after further evaluation. The acquisition gives a goodwill of around SEK 75M and around SEK 10M relates to lists of customers. Goodwill is motivated by synergy gains with the Group's existing operations and, therefore, these surplus values have been classified as goodwill. The acquisition value of lists of customers has been valued based on estimated customer loyalty and has been reported as Agencies and lists of customers in the balance sheet and will be amortised over 10 years.

Reported amounts of identifiable acquired assets and liabilities

	Reported value in the acquired companies before the acquisition	*Actual value adjust-ment*	*Actual value in the Group*
Goodwill	3 869	80 731	84 600
Customer lists	—	11 713	11 713
Fixed assets	24 738	—	24 738
Deferred tax assets	9 076	2 295	11 371
Inventories	136 435	—	136 435
Other current assets	134 753	—	134 753
Liquid funds	2 557	—	2 557
Deferred tax liability	-7 579	—	-7 579
Interest-bearing loan	-51 980	—	-51 980
Other current liabilities	-275 030	—	-275 030
Total identifiable net assets	-23 161	94 739	71 578

Effect on the cash flow	
Consideration	-10 468
Liquid funds in acquired companies	2 557
	-7 911

2015

During the year, a number of acquisitions were made, which is in line with the Group's strategy aimed at increasing growth and strengthening our market position. The acquired companies lie within the Group's existing area of operation. Through the year's acquisitions, we have strengthened our position outside Europe and expanded with one segment, Oceania, which mainly includes New Zealand and Australia. We have also strengthened our position in Asia through acquisitions in Malaysia and Thailand. The total consideration for the acquisitions amounted to approximately SEK 251M. Together, the units acquired during the year have affected the Group's net sales by approximately SEK 445M and the operating profit by around SEK 31M. Total annual sales in the acquired companies amount to approximately SEK 700M. The acquisitions are also described in the Directors' Report. None of the acquisitions has individually been deemed to be significant and information about the companies is, therefore, presented together.

Of the total consideration of SEK 257M, approximately SEK 63M relates to Goodwill and around SEK 7M relates to customer lists. Goodwill is motivated by synergy gains with the Group's existing operations and these surplus values have, therefore, been classified as goodwill. The acquisition value of customer lists has been valued on the basis of estimated customer loyalty and has been entered as Agencies and customer lists and will be written off over 10 years.

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 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.

In July, Beijer Ref acquired the refrigeration wholesale company, Realcold, which has its head office in Auckland, New Zealand, and around 20 branches in New Zealand and Australia. Realcold was founded in 1955. The company reports annual sales of more than SEK 260M and is the second largest refrigeration wholesaler in New Zealand. Realcold has more than 100 employees in New Zealand and Australia.

33 Transactions with related parties

Purchase of goods is made on normal commercial terms from Carrier which is an owner company. During the year, purchases at a value of SEK 115.0M (166.4) were made. Sales to Carrier are also made on normal commercial terms. During the year, sales at a value of SEK 85.5M (86.4) were made.

Beijer B. Grimm (Thailand) Ltd rents premises in a property owned by a company controlled by Harald Link, who is a co-ownership party in Beijer B. Grimm (Thailand) Ltd. The rent amounted to SEK 698K (763) for the year.

H. Jessen Jürgensen A/S rents premises in a property owned by parties related to Peter Jessen Jürgensen, board member of Beijer Ref. The rent is on market terms and amounted to SEK 6,419K (5,738) for the year.

Remuneration of senior executives is shown in Note 6.

34 Transactions with holders with no controlling influence

	2016	2015
On 1 January	40 575	26 784
Share of the year's result	9 689	6 847
Translation difference	2 611	-2 462
Dividend	-842	—
Acquisition of additional participation in subsidiary	—	-6 264
Holders with non-controlling influence which have arisen on acquisition of operations	—	15 670
On 31 December	**52 033**	**40 575**

Holders of participations with non-controlling interest relate to Beijer B. Grimm (Thailand), Metraclark Zambia Limited, Metjak Pty Ltd, Mcdalea Ltd, AC & Ref Parts CQ Pty Ltd and RNA Malaysia.

35 Events after the balance sheet date

The CFO of Beijer Ref AB (publ) Jonas Lindqvist, employed since 2004, has chosen to resign from his position at Beijer Ref for an equivalent position in another company. The process to recruit a successor is initiated. Jonas Lindqvist will continue as CFO in Beijer Ref during his notice period.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	155 439
Net profit for the year	244 959
Total	**1 302 002**

The Board of Directors and the President propose that the profit be distributed as follows:

Dividend, SEK 5.50 per share	233 151
To be carried forward	1 068 851
Total	**1 302 002**

The Board of Directors finds that the proposed dividend is within the framework of the company's long-term objective and is defensible taking into account what is stipulated in Chapter 17 Para. 3 of the Companies Act relating to the demands which the nature, extent and risks of the operations places on the size of shareholders' equity and the need for consolidation, liquidity and the position in general for the parent company and the Group. The consolidated equity ratio after the proposed dividend amounts to 40 per cent.

The profit and loss account and balance sheet will be submitted for adoption to the Annual Meeting of shareholders on 6 April 2017. 10 April 2017 is proposed as the record day.

Beijer Ref AB (publ)
Corporate Identity Number: 556040-8113
Address: Stortorget 8, SE-211 34 Malmö, Sweden
Registered Office: Malmö

The Board of Directors and the CEO assure that the annual accounts have been prepared in accordance with generally accepted accounting principles for stock market companies. The given information corresponds with the actual circumstances in the operations and nothing of significant importance has been left out which could affect the picture of the Group and the parent company created by the annual accounts.

Malmö 7 March 2017

Bernt Ingman
Chairman

Peter Jessen Jürgensen
Board Member

Monica Gimre
Board Member

William Striebe
Board Member

Ross B Shuster
Board Member

Frida Norrbom Sams
Board Member

Joen Magnusson
Board Member

Per Bertland
CEO

Our Audit Report was submitted on 9 March 2017
PricewaterhouseCoopers AB

Lars Nilsson
Authorised Public Accountant
Auditor in charge

Rikard Fransson
Authorised Public Accountant

To the annual meeting of the shareholders of Beijer Ref AB (publ), corporate identity number 556040-8113

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Beijer REF AB (publ) for the year 2016 with the exception of the Corporate Governance Report on pages 24-33. The annual accounts and consolidated accounts of the company are included on pages 22-23 and 34-63 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the Corporate Governance Report found on pages 24-33. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section.

We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Based on this we scope entities considered to be significant and decided upon which audit procedures to be performed. We have included major sales entities from each segment respectively. Entities not considered to be significant have been reviewed by the central audit team through analytical procedures, in order to identify possibly material misstatements.

When preparing the audit plan, we have decided which audit procedures to be performed for each significant entity. The majority of the group operations are located outside of Sweden and we receive reporting from our local audit teams throughout the year. The central audit team assesses annually which level of involvement, in the audit of the local entities that will be required in order for us to be able to ensure that sufficient audit procedures have been performed. We select on a rotation basis which entities to visit by the central audit team.

In addition, the central audit team has audited the parent company, the consolidation, the annual accounts and significant estimates. Based on audit procedures described above, our opinion is that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters

1. Impairment of intangible assets

As of December 31, 2016, goodwill and other intangible assets amount to MSEK 1 644. In note 18 to the annual report, goodwill and other intangible assets are allocated on geographical segment and the basis and assumptions made by management in connection to the impairment tests are described.

Management performs impairment tests based on discounted cash flows from the cash generating units (CGU) where goodwill and other intangible assets are recognized, which comprise of the geographical segments. Management has not identified any need for impairment during 2016.

Impairment tests are based on assumptions about future cash flows as well as conditions that are complex and include significant judgments.
The assumptions made by management regarding growth and weighted average cost of capital (WACC) includes significant judgments.

How our audit addressed the Key audit matter 1
As part of our audit, we have focused on indicators that could potentially lead to a need for impairment regarding goodwill and other intangible assets.
During our audit, we have reviewed the impairment model used by management and we have verified important assumptions against budgets and strategic plans of the company, without identifying any misstatements.
We have challenged the assumptions made by management, primarily regarding those assumptions that will have most impact on the impairment tests, such as growth, EBIT margins and WACC. We have performed independent sensitivity analysis to verify the head rooms of each CGU, respectively. We have also tested the effect of changes in estimated operating result, growth and WACC and based on this assessed the risk of an impairment situation.
Based on audit procedures performed, we have not identified any significant differences compared to management's conclusions regarding need for impairments.

2. Consolidation, accounting and disclosure of HRP acquisition
During 2016, the group has acquired HRP Ltd, which is described in detail in note 32 to the annual report. HRP Ltd is a large refrigeration wholesale in Great Britain.
According to IFRS 3, acquired assets and liabilities should be valued at fair value. Management shall identify and guarantee the completeness and valuation of separate identifiable assets and liabilities acquired. This process involves judgment and estimates.
The acquisition price amounts to MSEK 72 and the purchase price allocation (PPA) has resulted in goodwill of MSEK 85 and other intangible assets of MSEK 12.
As of January 1, 2016, the Beijer REF group owned 44 % of the shares and votes of HRP Ltd, which is described in note 32.
According to IFRS 3, existing shares should be revalued at fair value when the group gets controlling influence over the acquired business, which took place in 2016. IFRS 3 states that the price of the remaining shares is an indicator of the fair value of existing shares. Since the transaction constitutes a related party transaction, the management has found that the price of remaining shares is not relevant to use. This method is also in accordance with IFRS 3, although it is associated with estimates.

How our audit addressed the Key audit matter 2
We have evaluated judgments made by management related to estimates regarding value of identified assets and liabilities acquired. The PPA has resulted in that 86 % of the excess value has been recognized as goodwill and the remaining excess value as other intangible assets. Judgments made by management are mainly based on experience from prior year's acquisitions where future cash flows have been estimated.
As a base for our audit of the HRP acquisition, we have read the share transfer agreement and reached an understanding of the acquisition. We have evaluated the judgments made by management regarding the point that the price of the remaining shares is not the best indicator of the fair value of existing shares. In connection to these procedures, we have challenged the judgments and estimates made by management in terms of the facts that the transaction is made between related parties. Our audit of significant judgments has also included review of the opening balances as of acquisition date.
Our audit has not resulted in significant differences and in our opinion, the annual report present fairly, in all material respects, the significant judgments and estimates made by management.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-21 and 67-72. The Board of Directors and the Managing Director are responsible for this other information.
Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.
In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.
If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.
In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.
The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.
A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Beijer REF AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.
We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.
The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
• in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.
Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.
A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 24-33 has been prepared in accordance with the Annual Accounts Act.
Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, 9 March 2017
PricewaterhouseCoopers AB

Lars Nilsson *Authorised Public Accountant* *Auditor in charge*	*Rikard Fransson* *Authorised Public Accountant*

Five-year summary

SEK M	2016	2015	2014	2013	2012
Sales and results (1)					
Net sales	9 045	8 361	7 189	6 595	6 758
Other operating income, etc	39	19	21	14	11
Operating expenses excluding amortisation	-8 413	-7 743	-6 666	-6 171	-6 291
Amortisation	-78	-69	-62	-61	-63
Operating profit	593	567	481	378	415
Net interest income and expenses	-33	-42	-35	-31	-35
Result from shares in associated companies	—	—	—	—	24
Profit before taxes	560	525	447	347	405
Tax	-161	-152	-122	-102	-99
Net profit for the year	399	373	325	244	306
Attributable to:					
Parent company's shareholders	389	366	316	234	295
Non-controlling interests	10	7	8	10	11
Capital structure					
Cash and bank including unutilised bank overdraft facilities	782	751	504	563	538
Shareholders' equity	2 967	2 634	2 617	2 417	2 400
Capital employed (2)	5 147	4 504	4 309	3 829	3 838
Operating capital (3)	4 780	4 070	3 987	3 567	3 567
Interest-bearing liabilities	2 157	1 831	1 666	1 393	1 417
Total assets	6 855	6 040	5 699	5 108	5 013
Key figures (4)					
Equity ratio, % (5)	43,3	43,6	46,0	47,3	47,9
Return on equity after full tax, % (6)	14,2	14,2	12,9	10,1	12,7
Return on capital employed, % (7)	12,3	13,0	11,9	10,0	11,6
Return on operating capital, % (8)	13,4	14,1	12,7	10,6	11,8
Interest coverage ratio (9)	16,6	11,9	12,7	10,1	11,3
Debt ratio (10)	0,6	0,6	0,5	0,5	0,5
Operating margin, % (11)	6,6	6,8	6,7	5,7	6,1
Other information (1)					
Average number of employees	2 667	2 506	2 215	2 137	2 141
of whom outside Sweden	2 566	2 411	2 115	2 028	2 028
Payroll excluding social security contributions	1 006	1 025	791	727	735
of whom outside Sweden	944	967	733	661	678
Cash flow from investment operations	80	237	81	54	15

Definitions

(1) Relates to the remaining operation.
(2) Total assets minus non-interest-bearing liabilities including deferred tax.
(3) Capital employed minus liquid funds, financial assets and other interest-bearing assets.
(4) The profit/loss items in the Group's key figures relate to remaining operations for all periods.
(5) Shareholders' equity including holdings with no controlling influence as a percentage of total assets.
(6) Profit after deduction for full tax as a percentage of average equity.
(7) Profit before taxes plus financial costs as a percentage of average capital employed.
(8) Operating profit as a percentage of average operating capital.
(9) Profit before taxes plus financial costs divided by financial costs.
(10) Net debt divided by equity.
(11) Operating profit as a percentage of net sales for the year.

To the Shareholders

The Annual Meeting of shareholders will be held at 3 pm on Thursday 6 April 2017 at Börshuset, Skeppsbron 2, Malmö, Sweden.

RIGHT TO PARTICIPATE IN THE ANNUAL MEETING OF SHAREHOLDERS

In accordance with the Simplified Share Handling Act, with which the company complies, shareholders who wish to participate in the Annual Meeting of shareholders must be entered in the Register of Shareholders maintained by Euroclear Sweden AB, not later than 31 March 2017. To be entitled to vote at the Annual Meeting, shareholders whose shares are nominee-registered through the trust department in a bank or private securities brokerage company must re-register their shares temporarily in their own name with the Euroclear.

NOTIFICATION

Shareholders who wish to participate in the Annual Meeting must notify the Board of Directors not later than noon on 31 March 2017 by mail to: Beijer Ref AB, Stortorget 8, SE-211 34 Malmö, Sweden; or by telephone +46 40-35 89 00; or by e-mail to lpl@beijerref.com. For information about the details required in a notification by e-mail, visit our website www.beijerref.com.

DIVIDEND

The Board of Directors proposes a dividend of SEK 5.50 per share for the 2016 financial year and 10 April 2017 as the record day. Payment is expected to be remitted by Euroclear on 13 April 2017.

FINANCIAL INFORMATION 2017

- The Interim Report for the first quarter will be published on 24 April 2017.
- The Interim Report for the second quarter will be published on 14 July 2017.
- The Interim Report for the third quarter will be published on 20 October 2017.
- The Year-End Report for 2017 will be published in February 2018.
- The Annual Report for 2017 will be published in March 2018.

Glossary

Financial definitions

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 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.

Trade terms

ARW Air Condition & Refrigeration Wholesale.

HFC gases HydroFluoroCarbons, Fluorised greenhouse gases which contribute to global warming.

HVAC Heating, Ventilation, Air Conditioning.

OEM Original Equipment Manufacturer.

Geographic areas

Africa Botswana, Ghana, Mozambique, Namibia, South Africa, Tanzania, Zambia

Asia Pacific Australia, India, Malaysia, New Zealand, Thailand

Central Europe Belgium, Ireland, The Netherlands, Switzerland, Germany, UK

Eastern Europe Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia

Nordic countries Denmark, Finland, Norway, Sweden

Southern Europe France, Italy, Spain

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On our website, www.beijerref.com, you will always find the latest information.
Here, we publish financial information, news releases and much more.

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